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## CASTECONOMICS – Analyzing India’s Caste Mode of Production

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**ABSTRACT** - In this paper, the author wishes to challenge the existing conceptualizations on the structure and nature of Indian economy that describe it as one transitioning from ‘socialism-modeled-government-led’ to a ‘capitalist, modernizing and liberalizing economy post-1991’. The paper argues that the economy remains deeply embedded in the feudal relations of production under the caste structure given the extent of people employed in unorganized sector who remain woefully under-capitalized. In the absence of any meaningful land reforms, the agriculture sector has witnessed a shift from a landlord-based, rent-seeking production order to a corporation-led dependence model of cyclical exploitation. Micro, Small and Medium scale industries continue to produce the bulk of goods while remaining firmly insulated from both large capital investment opportunities and social security benefits. The fig leaf, the organized Service Sector, has plateaued and even at its peak catered to a small minority of educated, upwardly-mobile castes and classes. Thus, this caste mode of production is the biggest obstacle in national development. With a majority of Indians still stuck in their traditional caste occupations, the absence of socio-economic mobility greatly diminishes the productive capacities of our human resource. The complete dismantling of this hierarchical structure remains the only alternative towards achieving a holistic and egalitarian development, both in material and human terms.

**Keywords** – Caste mode of Production, Capital, National Development

### INTRODUCTION

Most scholarship on Indian Sociology over the last two centuries has preferred to analyze this peculiar South Asian phenomenon called ‘the caste system’ primarily within the religio-cultural realm. Given its over two millennia old history, caste has also been located firmly within the sociological framework of ‘tradition’, thus contrasting its characteristics with modern systems.

It is symptomatic of incongruous theorization that the Indian economy, post-1991 reforms has been termed as liberalized, just as was it was incongruous to call it socialistic before 1991. The mode of production, the factors of production, and the relations of production continue to remain deeply entrenched within the caste networks. What one produces, how much one produces, who one produces for, are all deeply regulated by such networks. If anything, it is closer to feudalism than any present-day other economic system. The biggest obstacle in the

path to national development is caste. This paper is based on secondary data, collected from both authentic government sources and independent academic and research institutions. The researcher wishes to establish two things through this paper. One, the caste system is embedded deeply in the economy and the mode of production in South Asia, and that none of the endogamous, non-interdining, purity-pollution principles are preconditions to the existence of caste. Two, the stringent control over all factors of production – land, labour, capital, entrepreneurship – by the Union Government is what drives this hierarchical framework, and that the underlying material and economic logic behind caste is driven presently by the political apparatuses of the Indian state. What is Caste? In the words of Kancha Ilaiah Shepherd, it is to institutionalize a life of leisure against a life of labour, whereas Dr. B.R. Ambedkar thought it to be a division of laborers at the pretext of dividing labour. In simpler terms, it is a social differentiation as a result of economic differentiation. All census figures from 1881 till 1931 and later revisions and reformulations have put the Caste numbers of India thus – the brahmins form roughly 3 percent of the population, the remaining so-called upper castes form approximately 20 percent, the Scheduled Castes about 16.6 percent, Scheduled Tribes around 8.6 percent, and the Other Backward Classes nearly 52 percent. These figures do not include the figures of analogous castes within minority religions such as Islam, Christianity, Sikhism etc., but only reflect the numbers within the Hindu fold (where Hindu itself is defined constitutionally as the umbrella term for all religions except Islam, Christianity, Judaism or Zoroastrianism).

### **CASTE MODE OF PRODUCTION**

Successive governments since 1947 have taken steps to change the economic situation that was inherited from the British. These steps have ranged from an optimistic Soviet-Russia styled large scale industrialization to unabashed opening up of the markets for foreign corporations. In between, the policies have reverted to type, and the Gandhian low-to-medium scale, localized formulae have been experimented with. But every single policy change has missed the crucial structural aspect that it is caste that determines and controls the various factors of production – land, labour, capital and entrepreneurship – and the relations of productions that are formed therewith. In Marxian terms, land is the primary and the principal route towards capital accumulation, especially in an under-capitalized economy like India's where the social relations between different actors of production are determined less by market principles and more by the feudal, rent-seeking clientelism. In the absence of substantial land reforms since 1947, the starkness in contrast between landed and landless has only grown, since the first step towards capital procurement and capital accentuation is often the presence of expendable/saleable land. It is even plausible to build on this logic and argue that access to higher education, especially in private and western colleges, is also a function of the same set of land-capital availability.

One of the blind spots that theorizations centered on rural-urban dichotomy in a third-world country like India introduces is that it leaves no space for organic change to be compartmentalized in the administrative categories they demand but only in those that exist beforehand, in India's case those of colonial Britain. Many local metrics have either been absorbed or buried within the new 'universal' metric when it comes to land assessment, its evolution, in its usage-patterns, and in the historicization of its past. In the table below, the Socio-Economic and Caste Census data reveals the disproportionately high share the Scheduled Castes and the Scheduled Tribes of India have in the landlessness statistic. Even though the undefined column does not divulge many caste details, it is not difficult to argue it is comprised largely by Other Backward Classes. The data does not even begin to reflect the extent of landlessness, the change in landlessness patterns since independence, or the relative progression or regression made ever since.

STATE	Landless Households	Landless Households SC	Landless Households ST	Undefined Landless Households
KARNATAKA	17.9	4.5	1.7	11.7
MAHARASHTRA	47.6	9.4	10.3	27.9
WEST BENGAL	75.6	25.4	6.1	44.1
UTTARPRADESH	79.0	26.0	0.62	52.38
RAJASTHAN	26.74	7.91	4.39	14.44
JHARKHAND	11.57	2.27	2.61	6.7
UTTARAKHAND	2.8	0.84	0.09	1.87
ODISHA	34.0	8.7	8.0	17.3
HARYANA	11.26	5.0	0.028	6.2
BIHAR	96.0	23.0	1.6	71.4
GUJARAT	25.5	2.7	5.2	17.6
CHHATISGARH	16.88	4.7	3.3	8.8
TAMIL NADU	56.0	19.0	0.94	36.0
PUNJAB	14.8	9.3	0.011	5.5
MADHYA PR.	50.0	10.45	13.92	26.35
ANDHRA PR.	45.0	10.8	2.5	31.7
KERALA	25.34	4.2	0.55	20.6
HIMACHAL	0.8	0.29	0.04	0.48
ASSAM	18.0	1.7	1.3	15.0
TELANGANA	19.7	4.7	1.97	13.3

The full expression of capital requires not only the presence of disposable or investable currency/wealth but a spirit of entrepreneurship, a zeal for periodic technological innovation. It also requires, as history shows us, a determined resistance of dogma and a fierce sense of personal liberty. In India, despite the birth of domestic industry at least a century and a half ago, and despite the recent three decades of continuous inpouring of foreign investment, the presence of a purely consumerist elite - unwilling to enter the uncertainty and risks of market – has meant that capital has more often than not ended up in bottomless sinks, rarely undertaking a full plunge into cycles of reproduction. A pattern with this consistent accumulation is its safe ensconcing in low-yielding enterprises, some of which is explicated here.

As researcher-activist Naren Bedide has noted, India's obsession with purchasing of gold in far greater proportion than its average purchasing power of goods and services betrays the general risk-averse behavior of its elite. In an age where investments with far greater returns exist, this continuous import of the yellow metal ends up in locking-in large swathes of utilizable capital.

A similar pattern could be seen in the 1950s and 60s when many states passed land ceiling laws to ensure nominal redistribution of lands. A large number of big landholders preferred to convert their estates into orchards to bypass such legislations, given how orchards were exempted from the land ceiling schemes. This has resulted in limiting the farm labour opportunities for several landless laborers, who could have gained land with those ceiling laws, or in worst case, worked on wheat/rice fields if the orchards had not replaced them. This inclination towards suffering small, short-term losses in order to procure large, long-term gains has been a hallmark of India's landed castes.

A 2008 study by Jeffrey et al showed how it was far easier for unemployed upper-caste youths in Uttar Pradesh, to tap into their cultural capital or caste networks and start small-scale local businesses while the Dalits of the same region were forced to migrate to earn their livelihood. There is also abundant historical proof about moneylending activities being controlled by a handful of upper-castes across villages in India. Hence, it is not just the availability of basic working capital but also the forward and backward linkage networks that is influenced by caste.

Recent scholarly work has laid great emphasis on how market forces have worked as an unlikely equalizer on the economic scene in India, breaking boundaries with respect to old normative structures, allowing movement of labour, up-skilling, opening new avenues of entrepreneurship, raising the glass ceiling for previously disadvantaged social groups. It is a matter of fresh analysis why caste boundaries remain largely intact despite the winds of liberalization.

To take one example, beef ban has been a matter of hot political debates and even riots and lynching in a few cases. While upper castes practicing the Hindu faith have argued cow is sacred to them, the laboring castes who form over three quarters of the population see beef as the cheapest source of protein, thus necessary to the intensive labour their occupations demand. The cow ecosystem is made up of cattle-rearing castes such as Yadavs who nurture the milch animals, the Chamars and other ex-untouchable castes that dispose the dead cattle and turn it into leather. The priestly caste, the brahmins, who control the reins of Hindu religion are the ones most instrumental in worshipping cows, despite having no stake in the animal's earthly existence – from birth to death. Ever since the ban on cow slaughter a few years ago, India has emerged as the largest beef exporter in the world, with eight of the top Indian beef exporting firms being owned by mercantile castes, mainly Baniyas.

The reins of production remain even more firmly within the grips of upper castes when it comes to private sector. A report published in the Economic and Political Weekly of India confirmed that 91% of the Corporate board members were brahmins and baniyas, castes that comprise less than 5 percent of India's population. In the government sector, there seems a reproduction of the graded hierarchy we see in a village society. A 2011 data sample here shows the percentage of employees from SC and ST categories in different levels of hierarchy in government services. It is evident how the number of people from these sections starts to thin as we move up the government hierarchy. It is noteworthy that the percentage of people entering these services at their induction stage is the same, a constitutionally mandated 15% and 7.5% respectively.

POSITION/ RANK	SCHEDULED CASTE	SCHEDULED TRIBE
SAFAI KARAMCHARIS	39.3%	6.2%
GROUP D	19.3%	7.0%
GROUP C	16.0%	7.8%
GROUP B	14.3%	5.5%
GROUP A	11.1%	4.6%
DIRECTOR	2.9%	1.2%
JOINT SECRETARY	6.5%	3.1%
ADDITIONAL SECRETARY	1.9%	1.9%
SECRETARY	0.0%	2.7%

Similar studies carried out by CSDS and Yogendra Yadav have shown the near absence of Dalits, tribals and OBCs in decision-making positions in national media, whether print, electronic or television.

A pertinent critique of capitalist economies is that whereas it allows free flow of capital, it restricts flow of labour using nationalist and cultural logic. In India, the problem is deepened due to production of a surplus of laborers owing to the caste system. Dr. Ambedkar, in the book *Castes in India: their mechanism, genesis and development*, wrote that problem of surplus women was solved using practices Sati and by forbidding widow remarriage. This sharp anthropological insight can be extrapolated to understand how Indian state produces surplus laborers by restricting logistical, educational, legal and technological know-how to the major of working castes.

Two studies, conducted eight years apart, have shown how the Green Revolution ended up widening the divide between land-owning castes such as Jats and the landless tillers, who are mostly Dalits. This case of technological innovations being carried out without an informed Social Impact Assessment, thus leading to inequality, is not a stray one; such patterns can be seen in the co-operative movements of 1960s and 70s. A constant feature of the regular shifts in labour practices in India has been the retention of caste hierarchies in factory roles. In Tiruppur garment industry in Tamil Nadu, a study by Carswell, De Neve and Heyer has shown that Dalits and non-Dalits are profiled on the basis of insanitary aspect of a particular chore. For example, Dalits are far likelier to be assigned working in the dirty dyeing units. A far more damning study by Guerin, D' Espallier and Venkatsubramanian shows how entrepreneurial flights are stunted by caste histories – people from darzi (weaver), dhobi (washermen) and baajgi(musician) castes were engaged in businesses in their caste professions to ensure a steady clientele.

In his paper, David Mosse contends that, “Prejudice is materialized through a caste-networked economy, seen in the ‘glass-ceiling’ effect in salaried employment and the ‘sticky-floor’ effect in self-employment, and rendered durable intergenerationally through the closures of caste endogamy.” One could also flip this argument on its head and contend that prejudice itself is a socialization of material iniquities, and matter and its social manifestations share a dialectical relationship.

Even though many provisions for federalization exist in Indian constitution, the economy remains deeply centralized. This trend of concentration of resources at the union level has remained a constant feature despite the reforms in 1991, and has strengthened with the introduction of Goods and Services Tax recently. The constitution of India put ‘Land’ in the State list of legislations under Schedule VII, but ‘Land Acquisition’ was put under Concurrent List, thus enabling the union government to legislate on the matter with a clear upper hand in case of a conflict. The laws passed on the matter land appropriation and redistribution in the last four decades have carried provisions such as ‘Eminent Domain’, wherein lands belonging to the most marginalized can be bought by the State at market prices despite the selling party’s disinclination, citing reasons such as national security.

All financial instruments - the Finance Commission, the Planning Commission in the past, the Comptroller and Auditor General – are designed as union-centric, and the budgetary procedures do not substantively involve the Council of States of the Indian Parliament but in a merely procedural manner. The taxation system of India first acts as an inverted funnel that concentrates all the revenue produced by the states towards the union and later acts as an upright funnel in helping trickle down some of the same revenue towards the states. There is a very strong need to federalize the economy of the Indian union to enable the states towards self-sufficiency and financial autonomy.

In sum, one could infer that the state-market binary that results in theorization based on empty categories such as ‘neo-liberal’ does little to capture the entrenched caste-based iniquities in India. As the economy transitioned from one where agriculture contributed the majority to India’s GDP to the one where Services form the majority chunk, the bypassing of the intermediate stage of industrialization cost not just labour and capital development but also an opportunity to make a lasting denting on India’s caste system.

## CONCLUSION

In India, the processes of capital formation, capital accumulation, capital spreading and capital reproduction move at a pace that keeps the working castes in a state of perpetual servility. As explained above through examples in agriculture, industry and other enterprises, it is evident that the concentration of wealth in hands of a small minority of castes – those which had achieved maximum economic mobility in the colonial phase – has resulted in the pauperization of the masses. It is not nearly enough to theorize on inequality in abstract terms, as has been the case owing to global indices originating in OECD, UN etc., but there is a need to dismantle this

iniquitous structure. The first step towards that is the publishing of the Social Economic and Caste Census of 2011 in full. This data, however, is only the first of many levels of concerted action that this task of annihilating the caste system entails.

It is important to critically examine, first, the periodic lapse into feudal, pre-modern solutions such as small and cottage scale industries that the policymakers keep producing at periodic intervals. Second, at the other end of the policy spectrum, technocratic solutions such as funding local NGOs, encouraging Self Help Groups and introducing microfinance institutions, should also be analyzed for their cost-benefit analysis and the underlying social factors that necessitate and propel them. Results the world over show that in pre-modern, under-capitalized and labour-intensive economies, the first step towards prosperity is usually a sustained push towards large-scale industrialization, and scaling-up of small and medium sized industries is but a natural progression towards self-sustenance.

It is equally important to remember Dr. Ambedkar's clear and unequivocal cautionary advice that it was futile to build anything on the foundation of caste, especially not a nation, since castes intrinsically were anti-national in character, against fraternity or any spirit of freedom or equality. Therefore, any national, holistic, multi-dimensional development could not happen with caste relations governing our society. Lastly, it is pertinent to underline the fact that caste is not a cultural, religious or ideological superstructure but the absolute base upon which Indian economy and society is erected. Lenin thought politics to be the most concentrated expression of economics, likewise in the Indian setting, the political economy of caste determines the other auxiliary aspects such as religion, culture and other civic facets. The union government, where all economic streams are centrally controlled, holds the key to this political and social change. Caste is tied to the centralization of resources at the level of Indian Union. Therefore, there is an imminent need to federalize in the true economic sense.

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