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# *Reservation & Inclusive Growth*

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# RESERVATION AND INCLUSIVE GROWTH

Reservation and Inclusive Growth are both among the most intensely debated public policy initiatives of the Indian State in the contemporary India. There is hardly a newspaper, journal or academic discourse without reference to the issues in one form or the other. It may be reservations in higher education institutions or in the private sector, Sachar Committee or the Veerappa Moily Committee, Women Reservation Bill or Reservation for Religious Minorities, LPG or New Economic Policy, Poverty Line or Social Security, MNREGA or Right to Education, Food Security Bill or Health Insurance, National Social Assistance Programme or Affirmative Action in Industry, Human Development Report or Millennium Development Goals, Social Disparities, Faster Economic Growth, Inclusive Development and so on. The issues evoke noble sentiments or high passion among both proponents and opponents and thus, have given rise to plenty of public debates, numerous polemical and scholarly writings and research, frequent demonstrations and myriad law suits. The last is truer about the reservation than inclusive growth as the term has just entered the world of planning, policy debates and academic discourse. However, careful empirical analysis of the concepts and their consequences could lead to a more reasoned evaluation of their desirability for over all national development.

During the post independence days, there was an atmosphere of accommodation and a nationalistic brotherhood, where every citizen of the newly attained nation-state was concerned about the need for an integrated and harmonious society, free of social and communal conflicts. There was also a new found zeal and determination to create an egalitarian society by uplifting those who had been left behind due to inhuman social practices and ill-founded beliefs. Over the years, the feeling of accommodation and compassion has changed into confrontation and at times hatred. A common consensus and loyalty to the nation-making project were behind acceptance of reservation as a unanimously adopted public policy. Subsequent implementation or execution of the policy of reservation was not marked by the same zeal or enthusiasm as is usually the case with most such policies in India and elsewhere and the feeling of accommodation and generosity which were behind the consensual policy have turned into that of competing equalities in a situation of scarcity leaving the society divided into pro-reservationists and anti-reservationists.

The paper proposes to examine the background and conceptual development of the Reservation Policy and of the policy of Inclusive Growth. This necessitates a critical look at the theories of caste, discrimination, deprivation, exclusion, justice, social justice, compensatory justice,

reservation, affirmative action, equity and inclusion. The issues of planning, economic growth, human development, poverty, inequality, employment, production, consumption, income, expenditure and their equitable spread too will be discussed. The paper will also explore the mutual relationship, if any, between the policy of reservation and the aim of achieving an inclusive growth.

## **THE CONCEPTUAL BACKGROUND**

### **I. Reservation**

Reservation policy or the policies of affirmative action or preferential treatment and compensatory justice are one of the many tools adopted to promote positive equality. The theory of positive equality was developed to deal with the self-destructive social conflict between the dominant and the depressed classes and the realization that such destruction could only be avoided by working towards a more egalitarian society based on equality and non-discrimination. The concept is generally understood as involving three aspects: positive discrimination, reverse discrimination and compensatory discrimination. Positive discrimination denotes providing special treatment to those who are susceptible to exploitation. Reverse discrimination is a sort of vindictive measure, which means discrimination against those who had discriminated. Compensatory discrimination involves adoption of measures to safeguard the interests of historically disadvantaged sections of people. Reparations and compensation are defined as payment for an acknowledged grievous social injustice to a group (Darity, 1997).

Affirmative action and reservation policy are measures of distributive justice that endeavour to remedy such inequalities within a liberal framework. Reservation in India is a form of affirmative action that tries to allocate fixed number or percentage of seats in educational, political and administrative institutions for various under-represented communities to ensure a minimum representation for them. It is a social policy of the Indian state to ensure the participation and empowerment of the historically excluded section of the Indian society – through the mechanism of positive discrimination by way of fixing of quota in the electoral, public employment and educational institutions (Miller, 1976). The policy of reservation was a measure for the emancipation of the socially deprived and economically backward people of the nation known popularly and constitutionally as Scheduled Castes (SC), Scheduled Tribes (ST) and the hugely debated Other Backward Classes (OBC). It was conceived and advocated not as merely a tool for allocation of few seats or a percentage based quota,

which it was in fact, but a mission to evolve a strong and powerful nation based on social harmony wherein every citizen of the nation, irrespective of caste, creed, religion, sex etc. could have an open, impartial and abundant opportunity. It was also intended to create a network of support or social capital and to meet the deficit of 'cultural capital' for those who were alienated from social mainstream and deprived of opportunity, human freedom and dignity (Velaskar, 1986).

The policy is often explained as positive or protective or compensatory discrimination in favour of the backward classes for the purpose of mitigating inequalities and ensuring justice. Compensatory justice aims at providing counter-balancing benefits to those individuals who have been wrongfully injured/ deprived in the past so as to bring them up to the level of wealth and welfare which they would have had if they had not been disadvantaged. Thus, compensatory programmes are different from redistribution programmes mainly due to their concern with the past. Redistribution is concerned with eliminating the present inequalities, while compensatory justice is concerned not only with this but also with providing compensation for unfair burdens borne in the past. Therefore, consideration of compensatory justice can justify a person getting more in the present than he would unless we consider his past losses. What must be remembered is that it is not merely a poverty alleviation programme, as is generally misunderstood, but a tool of social revolution without violence to establish harmony in diverse societies.

Reservation is also called 'Discrimination in Reverse' or Reverse Discrimination (Anand, 1987). While affirming equality to all the citizens, the mechanism provides for a protective umbrella of ensuring a portion of the cake for those who are otherwise unable to avail off. Reasons for their inability are many. But the sum total is that they do need such protection. This may tantamount to discrimination i.e. instead of leaving the full cake for its use as per one's individual capacity or merit, a small portion of cake is put aside for those who are not only hungry, but are equally unable to claim their due share out of the total cake.

This terminology connotes that reservation, which works as a protection to the reserved categories i.e. scheduled castes, scheduled tribes and other backward classes, acts as a reverse discrimination against the upper castes. It is argued that a seat which should have otherwise gone to upper caste person with the same merit goes to a reserved category person. This is nothing but reverse discrimination and is unjust and irrational. But, in fact it is not so. The reservation provision is one of the measures of giving a little push for placing an unequal with the equal with an ultimate intention of bringing about total equality in the society. Moreover, the wording like

protective or reverse discrimination denotes a feeling of obligation on this deprived section. This is also not the intent under the constitution. It is a constitutional arrangement of equalizing the unequals of the society.

In fact, reservation seeks to make the constitutional promise of equality of opportunity a reality. A Constitutional Bench consisting of Chief Justice of India, Y.K. Sabharwal, Justice K.G. Balkrishnan and others explained that equality of opportunity combines two different and distant concepts. There is conceptual distinction between a non-discrimination principle and affirmative action under which the State is obliged to provide level playing field to the oppressed classes (M. Nagraj and Others, 2006). Affirmative action in the above sense seeks to move beyond the concept of non-discrimination towards equalizing results with respect to various groups.

At a theoretical and conceptual plane, reservation policy is a manifestation of social justice. 'Social justice is one of the sub-divisions of the concept of justice. It is concerned with the distribution of benefits and burdens throughout a society, as it results from social institutions, property systems, public organizations etc. The critical issue is what should be the basis of distribution? Writers like Raphael, Mill and Hume define, 'Social Justice' in terms of rights. Other writers like Hayek and Spencer define 'Social Justice' in terms of deserts. Socialist writers define 'Social Justice' in terms of need. (Miller, 1976, Jogdand et al, 2008). Therefore, there are three criteria to judge the basis of distribution, namely rights, deserts and needs. These three criteria can be put under two concepts of equality - 'Formal Equality' and 'Proportional Equality'.

**Formal Equality:** is known as the Jeffersonian concept of equality, it stipulates that each individual is to be protected in the exercise of his civil liberties so that each is afforded equal opportunity to fulfill his capabilities. This concept leans in favour of liberty and tends to guarantee equality of opportunity, not the equality of achievement (Anand, 1987). This form of equality concedes that human beings are diverse and unequal in most respects and that all such differences are irrelevant for purposes of distributing benefits and burdens among members of society. This model seeks to treat men identically in public sector regardless of inequalities in private situation.

Robert Nozick and Hayek are amongst the modern defenders of formal equality and liberty of men. Nozick objects to all conceptions of justice whose object is to arrive at a proper distribution of social goods (Nozick, 1974). Such views presuppose that one has a claim on what anyone makes out of exercising his talents. According to him, no conception of justice, which makes a certain pattern of distribution its favoured end, is compatible with anything less than a total suppression of liberty. He has put forward

his own theory of justice known as the 'theory of entitlements' which in essence pleads for maintenance of status quo. This concept of equality has been criticized by many writers as being crude, morally insufficient and socially unjust.

**Proportional Equality:** Known as the Jacksonian concept of equality, it postulates that it is not sufficient that law treats each person alike but the law should afford to each individual all those opportunities of basic nature which are important preconditions to the realisation of the full value of available liberties. People are equally entitled to all that facilitates their development as rational persons. This concept of equality ensures, for each individual, the existence of a broad class of external circumstances that facilitate full development and expression of the capacities involved in rational life, and which afford unrestricted access to available goods.

Thus, while formal equality guarantees equality of opportunity and leans in favour of liberty, proportional equality tries to gain equality of achievement which results in some infringement of liberty in order to secure a maximum of equality of condition, without which it is argued that opportunities cannot be equal. While formal equality has a negative or no role for the state, proportional equality necessitates a positive role for the government so that equality of conditions or results is produced.

Although the concept of proportional equality tilts in favour of equality, it does not favour to eliminate liberty. The concept of proportional equality is advocated by liberal democratic governments and writers who favour a welfare state, contending that statutory equality is meaningless unless a level playing field is provided.

There is also a need to distinguish between economic and social inequality. Social inequality is the result of discrimination perpetuated by institutional structures that over centuries have denied the possibility of a reasonably human existence. This then leads to a deficit of what Velaskar (1986) calls "cultural capital". Cultural capital is the ability to use knowledge, gained from praxis and contemplation, to both understand the world around us as well as articulate a world view that defines our identity. All communities, therefore, accumulate cultural capital. But in hierarchical and discriminatory societies such as ours, certain kinds of cultural capital are privileged over others because certain groups had access to society's accumulated knowledge through education that was earlier denied to the untouchables and the other backward classes, the deprived, and use that to both comprehend reality better and also learn how to leverage knowledge as a mechanism of power.

However, there are writers who can be said to favour proportional equality without even subordinating liberty to equality. One such example is

John Rawls' theory of justice, which tries to harmonize the principle of liberty and equality. Rawls' theory of justice consists of two principles: (1) Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all; (2) Social and economic inequalities are to be arranged so that they are both: (a) to the greatest benefit of the least advantaged, consistent with the just savings principles, and (b) attached to offices and positions open to all under conditions of fair equality of opportunity. (Rawls, 1972). Thus, Rawls tries to harmonise the three criteria, rights, deserts, and needs to provide justice to all.

Marc Galanter has argued in the Indian context that 'Compensatory Discrimination may be advocated not as a device to ensure fairness to individuals, but as a means to produce desired social customs, e.g. to reduce group disparities, afford representation, encourage development of social talent and so forth. To distribute benefits by neutral standards, will perpetuate and amplify unjust exactions and exclusions of the past. Fairness then, demands that present distribution be arranged to undo and offset old biases, not to perpetuate them'. (Galanter, 1984).

Thus, compensatory programmes differ from redistribution programmes mainly with regard to their concern with the past. Redistribution is concerned with eliminating the present inequalities, while compensatory justice is concerned not only with this but with also providing compensation for unfair burdens borne in the past. Therefore, considerations of compensatory justice can justify a person getting more in the present than he would unless we consider his past losses.

Some writers argue that in addition to compensatory justice for individuals there can also be compensatory justice for groups if one group injures another group or is enriched at the other group's expense. Paul W Taylor is one of the supporters of compensatory justice for groups. He points out that; "When an injustice has been committed to a group compensation or reparation must be made to that group. Group rights to compensation are not rights against wrongdoers but against society as a whole. The obligation to offer such benefits to the group as a whole is an obligation that falls on society in general, not on any particular person. For it is society that through its established social practice brought upon itself the obligation." (Taylor, 1973, p. 177).

Infact, the debate over reservation or affirmative action revolves around three key words: individual, equality and group. While the concept of group rights is a recent one, the origins of equality and individualism are traced to the Renaissance period in the 15th and 16th century Europe. Aleis de Tocqueville pointed to the simultaneous interrelationship between the concept

of equality and individualism (Tocqueville, 1956). Burckhardt had shown the link between the origins of individualism and the origin of the idea of 'equality of classes' (Burckhardt, 1954).

However, later on writers like Simmel started pointing out that individualism and equality always do not go hand in hand (Simmel, 1971). He pointed out that individualism might lead to either an appreciation of human equality or a preoccupation with the inequality of man, and he distinguished between what he called the individualism of equality and the individualism of inequality.

Individualism of inequality drew the attention of society to unequal conditions of life in which some sections of population were struggling. The affected sections found that they cannot compete properly because they largely belong to a group which has traditionally been subjected to oppression. Therefore, formal equality and independence to compete remain a dream for them unless their group is given special advantages to break off the economic, social and psychological constraints to which it has been subjected for years. According to this view, some individuals excel because they belong to a traditionally dominant group while some do not because they belong to a traditionally depressed group- a view quite strikingly similar to that of Ambedkar when he argued for constitutional safeguards including reservation. Thus, the three concepts, that of equality, individual and group, are central to the debate on reservations. The concept has led to different competing ideas on social justice, merit and group identity, which are very much relevant in any discussion on reservation.

### **Question of Merit**

John Rawls has described the concept of justice as one of careers 'open to talents' (Rawls, 1972). This concept was first adopted by the egalitarians of the enlightenment period that rejected previous aristocratic understandings of human worth. The meritocratic ideal is that positions in society should be based on the abilities and achievements of the individual rather than on characteristics such as family background, race, religion or wealth. According to this ideal, merit must be objective in the sense of being definable without reference to those personal characteristics. A Society based on merit allows everyone to compete for success. This notion tends to believe that people are treated unjustly and discriminated against "when their merit is assessed according to their status rather than according to the value of their traits or products" (Daniel, 1995, p.853). According to this notion, an individual work should be assessed by scientific objective criteria because an individual work is the outcome of his talent and not of his belonging to any group. Thus, under this conception of merit, discrimination



“is irrational and unjust because it denies the individual what is due to him or her under the society’s agreed standards of merit” (Kennedy, 1990). This view has been attacked by scholars who not only question the validity of existing standards but also doubt whether there can ever be objective or substantive standards of merit. This view rejects the possibility that one person can actually be better than another. The reality, according to this view, is that actually the dominant power structure assesses individuals favourably and then prefers the individual assessed better to the other individual.

Known as ‘**radical constructivism**’, this view holds that merit can play no independent role in accounting for the relative positions of different groups in society. Thus, in the US, the issue of merit has invited responses from two opposite streams: one represents the liberal attitude towards race, which Peller calls integrationism and Kennedy calls colourblindness; while the other represents critical theorists. According to integrationists, people are treated unjustly and discriminated against when their merit is assessed according to their status rather than according to their traits and products. Therefore, according to this view, racial discrimination is unjust and unfair. Though, adherents of meritocratic ideal are sometimes supporters of affirmative action also. But for them consideration of race remains a regrettable if necessary deviation from the ideal of a colourblind meritocratic system.

But the radical constructivists do not at all believe that ‘it is real merit that institutions measure anywhere in the system’. According to them, currently dominant groups have the power to create traditions within which they make judgments of merit and these traditions are obviously “culturally and ideologically specific products”. Thus, there can be no objective standard of merit applicable to all groups within the society. The ‘critical race’ theorists in the US term the current standards as a “gate built by a white male hegemony that requires a password in the white man’s voice for passage” (Kennedy, 1990). Critical race theorists also contend that current concepts of merit are invalid even as applied to whites. Derrick Bell rejects the standards used to evaluate employment and educational qualifications. According to him, these credentials “are often irrelevant or of little importance and therefore serve mainly as barriers to most minorities and a great many whites as well” (Bell, 1979). For Delgado, affirmative action is a way of keeping their own deficiencies neatly hidden while assuring only people like them get in (Delgado, 1992).

Thus, in the US, the opposition to meritarian ideas is on two inter-related grounds. It is always the dominant group which imposes its notions of merit, therefore, the merit tests may not be the real indicators of a person’s

merit. The second argument is put forward by advocates of national diversity. They contend that there cannot be any objective criteria of merit. The views and thinking process of a person can be influenced by the cultural group to which he belongs. It cannot be said that one viewpoint is superior to the other because there is no scientific objective criteria of knowledge. Therefore, different views should be given representation in institutions to promote diversity, which is healthy for social and the political life of the country.

For Miller, Rawls' concept of justice advocates equal distribution of 'all social primary goods – liberty and opportunity income and wealth and the basis of self-respect – unless an unequal distribution of any or all of these goods is to the advantage of the least favoured' (Miller, 1976: 41). However, the world seems to have moved even beyond mere equality now to, what Amartya Sen calls, the 'equality of capability' and from 'equality of opportunity' to 'substantive opportunities' and 'freedom of citizens to invoke and utilize procedures that are equitable'. He feels, "A theory of justice – or more generally an adequate theory of normative social choice – has to be alive to both the fairness of the processes involved and to the equity and efficiency of the substantive opportunities that people can enjoy". (Sen, 2009: 296)

## II. Inclusive Growth

Inclusive growth is a broad concept covering economic, social, and cultural aspects of development (Dev, 2008, xiv). It is often used interchangeably with a suite of other terms, including 'broad-based growth', 'shared growth', and 'pro-poor growth'. A growth, which is, broad-based across sectors, and *inclusive* of the large part of the country's poor, disadvantaged, deprived and excluded sections of citizens. Some scholars treat 'inclusive growth' as synonymous with 'equitable development'. In their framework, there is complementarity between growth and equity. Economic growth can create opportunities for wider participation of people while equity can help to raise economic growth by harnessing physical and human resources on a broader scale.

Inclusive growth strategy suggests that people of all sections and regions get an opportunity to participate in the growth process, which implies engendering the policy design that includes the people who get excluded in normal course as also to make a variety of provisions and services accessible to all sections including those who got excluded so far. There are sections and regions which have remained relatively backward. While practically all sections and all regions in India might have advanced in absolute terms, growth experience has been widely different across sections/regions. Per

capita income of say Bihar, in absolute terms, may have gone up but it has steadily declined in comparison to that of the richer states. Likewise the share of poor persons within the states of Bihar and UP, and among the SCs, STs, and the OBCs has increased or remained much beyond the increase in their population shares. The rural-urban divide is also on increase with more than 50 per cent of GDP and a little more than 25 per cent population in urban areas enjoying per capita income 2.8 times more of their rural counterparts.

There are certain essential attributes and inter-related components of inclusive growth in India. These are opportunity, capability, access, security, agricultural growth, employment generation, poverty reduction, investment in social sector, and reduction in regional and other socio-economic and sectoral disparities. Inclusive Growth is a process in which economic growth measured by a sustained expansion in GDP, contributes to an enlargement of the scale and scope of all four dimensions mentioned above. Higher growth in agriculture is an important element of inclusive growth as the livelihoods of the majority of people depend on the performance of this sector. Since consumption patterns of the population are shifting toward non-food grains, diversification of agriculture is important to match the changing demand (Bott, 2004). From crop sector, higher growth in horticulture, livestock, and fisheries is needed to achieve four per cent growth in agriculture. For accelerating growth in agriculture, there needs to be a focus on (a) land and water management; (b) research and extension; (c) inputs including credit; and (d) marketing including price policy and above all land distribution and spread of irrigation facilities.

Despite acceleration in the overall GDP growth rate in the post-reform period, there is no evidence of higher rate of decline in poverty when compared to the pre-reform period. Second, income inequality increased significantly in the post-reform period as compared to the previous decade. Higher overall growth increases in agriculture and rural non-farm sector growth and reduction in regional, rural-urban, and social disparities is essential for faster reduction in poverty as well as inclusive growth. Besides, relatively low food prices are also important for reducing poverty (Suryanarayana and Silva, 2007). In this context, there is also a need for interventions focused on the hard core poor numbering 115 million.

Effective working of social safety nets, examined with the help of macro data as well as micro-level studies, can help reduce rural poverty. More than 90 per cent of the Indian workers are unorganized and do not get social security benefits (Kundu and Sharma, 2001). More than 90 per cent of them are from the backward excluded sections. There have been several programmes, introduced by Central Government, State Governments, and

NGOs, for social security of unorganized workers. But they cover only a small proportion of the unorganized workers. Employment Guarantee Scheme is one important component of social security of the unskilled workers. Apart from this, we need protective type social security like old age pension, maternity benefits, and health benefits for them so that social security may be extended to around 400 million workers covering all states and all groups of workers.

We also need to examine issues relating to human development and Millennium Development Goals (MDGs). Inclusive Growth strategy must address the following problems: (a) low levels of human development indicators; (b) slow progress in these indicators; (c) significant regional, social and gender disparities; (d) slow growth in public expenditures in social sector, (e) poor quality of delivery systems in both health and education; and (f) privatization of health and education services (Dev, 2008).

The studies show that regional disparities increased in India in respect of poverty, consumption inequality, underweight children, and infant mortality. There is a need for greater devolution of finances, functions, and powers to the Panchayats to ensure greater efficiency and accountability in development. Governance has to be improved in general and especially in the less developed regions.

With the stress on Inclusive growth during the Eleventh Five Year Plan, it seems that a new and long overdue era of inclusive economic development with exclusive emphasis on inclusive growth has arrived in India. It also implies that the development and delivery of assured and better conditions and opportunities for the growth of all, without neglecting any segment of the Indian population has become the utmost priority. This was reflected in the first address of the president of India to the 15<sup>th</sup> Lok Sabha. Introducing the new government agenda, the President of India described the framework of the government's overall action plan to be an "expansion and deepening of the 'inclusive growth' model of development" (<http://presidentofindia.nic.in>).

The model was first spelt out in the Eleventh plan Approach Paper suggestively titled as "Towards Faster and More Inclusive Growth" in 2004 and was further elaborated in volume I of the Eleventh Five Year Plan 2007-2012 specifically subtitled: "Inclusive Growth". It heralded the arrival of a new paradigm: the paradigm of Inclusive Growth. The paradigm involves fundamental and at times, radical changes in the very formulation of the required patterns of growth as also in the conventional economic models of distributive justice.

The inclusiveness in growth necessitates equitable distribution of benefits of growth to all sections of the society. The UNDP in its report has

emphasized that the market driven technological innovations tend to miss out on the goals of equity, poverty eradication, and enhanced human security (UNDP, 2008). Others, however, allege that the catchphrase of ‘inclusiveness’ has been constituted to provide humane face to the neo-liberal market policies which have resulted in enormous disparities – economically, socially and politically – within and among countries.

It is designed to reduce poverty and focus on bridging the various divides that continue to fragment our society. These are the broad objectives that successive Five Year Plans in India have sought to achieve in some form or the other right from the beginning. Of course, the context of economic reform, involving changes in the economic policy framework since 1991, has called for a careful scrutiny of the distributional consequences of the growth process and an appropriate strategy to deal with the emerging issues. For that matter, the concept of inclusive growth has gained wide currency in several countries including India (Bolt, 2004).

Inclusive growth may be defined as “the process and the outcome where all groups of people have participated in the organization of growth and have been benefited equitably from it”. (UNDP, 2008). It can be achieved by “focusing on expanding the regional scope of economic growth, expanding access to assets and thriving markets and expanding equity in the opportunities for the next generation of Indian citizens no matter who they are or where they live” (World Bank, 2006).

Taking a clue from few other important interpretations of inclusive growth in the available literature, we can say that: “a necessary condition for inclusive growth is that the disparity in per worker income between agriculture and non-agriculture should not widen” (Sen, 2007); it may be measured in terms of inclusiveness of the poor in the growth process” (Besley *et al.* 2007); and it may be achieving a growth process in which people from different walks of life feel that they too benefit significantly from the process” (Ahluwalia, 2007) etc.

The inclusive growth paradigm looks at the fact that poverty is uni-dimensional, but lack of inclusion is multi-dimensional and interlinked with regional and caste issues. It is no longer about a model; it is about pulling together a whole lot of forces and impulses... An Inclusive Strategy should provide for health, education and agriculture. The idea is to convey that the growth process under review or being proposed is such that it has benefited even those sections that are deprived of both physical and human asset endowments and hence, generally belong to the bottom rungs of income distribution and are incapable of participating / benefiting from the growth process.

An inclusive or broad based growth process is one wherein there is all-

round improvement as reflected in the three alternative perspectives of macro economy, viz., production, income and expenditure. The inclusion (participation) of the relatively deprived in such a growth process may be defined with reference to the order-based average of the outcome measure only, that is, assess their economic status with reference to a threshold (Suryanarayana, 2008).

Thus, the definition of the concept of Inclusive growth presupposes the identification of the set of the deprived that cannot and hence, do not (i) participate effectively in the production process; (ii) benefit from it in terms of income generated; and (iii) experience welfare improvements as measured by consumption. At the same time, in order to verify whether this deprived set has benefited / participated in the programme, it is important to ensure that the norm used for its identification is also related to some measure of economic performance so that categorical statements about their participation or otherwise in the process can be made. If so, an absolute norm for identification of the poor may not constitute an appropriate approach. Instead, it has to be one relative to the average economic performance or level of the economy, which may be measured in terms of a rank-order based median to ensure robustness (Suryanarayana, 2008).

It is further felt that, inclusion in a plural society has two dimensions: (i) inter-group and (ii) intra-group. Inter-group dimension could be examined with reference to differences / disparities in levels of income / consumption expenditure across social groups while the intra-group dimension could be examined in terms of Income/ Consumption defined with respect to group-specific as well as overall level.

### **THE POLICY PERSPECTIVE**

Indian society is characterized by its highly rigid caste based hierarchical structure, with its ascending order of privileges and descending order of disabilities, with an overwhelming majority of it still being backward – socially, economically, educationally, and politically. Though, all these categories are together known by the generic term ‘backward classes’, the nature and magnitude of their backwardness are not the same. Although each caste, except the uppermost, suffers from the unequal and hierarchal positioning, it is the ‘untouchables’, referred to officially as the Scheduled Castes (SCs) – which have and continue to suffer the most. Historically they were denied the right to property, business, education, and all civil, cultural and religious rights, except manual labour and service to castes above them. They also suffered from residential segregation and social isolation (Dutt, 1931; Srinivas, 1980; Thorat, 1999).

Most social scientists and sociologists have not been able to agree on the origin and growth of the unique institution of caste in India. Nonetheless it is usually believed that the varna system divided the society into four classes/groups – Brahmanas, Kshatriyas, Vaishyas and the Shudras in the early vedic age and they had distinctly defined occupations: (Rigveda– Purush Sukta, Gita).

With the passage of time, the varnas turned into castes and the Indian Society got divided into numerous castes/sub-castes. Gradually, caste grew into a rigid and complex system and thus also became the cause of social discrimination and economic inequalities. The lowest castes were treated as ‘untouchables and they were forced to remain confined to manual labour and service to the castes above them which resulted in their social exclusion. Groups like the *Adivasis* (meaning indigenous) – referred to officially as Scheduled Tribes (STs) – suffered from isolation, neglect, underdevelopment and exclusion due to their geographical and cultural isolation. In their case, exclusion came in the form of denial of the right to resources and displacement induced by economic development.

The contemporary Indian society has been described as one consisting of multi-layered caste based hierarchies (Krishnan, 2009). The topmost layer is the layer of privilege and prestige. It consists of castes, to which all or the major proportion of persons in prestigious and privileged positions and occupations traditionally belong. Such traditional positions and occupations include religious/spiritual authority, State governance and public administration, control over agricultural land (irrespective of whether and when individual ownership came into existence in a region), military professions, commerce and the like. The second layer consists of land-owning cultivating peasant castes. In relation to land, their traditional position was between land-controlling castes and agricultural labour castes. But, as a result of post-Independence land reforms, they have recently become land-controlling castes in many areas. Some of the peasant castes are also castes of herders of cattle, sheep and goats. The third layer consists of two or three sub-layers—the castes of traditional artisans and of other Artisanal producers, the castes providing various personal services and pastoral castes. The lowest layer consists essentially of castes of agricultural labourers.

The castes of the three lower layers have traditionally been producing primary and secondary goods and rendering various types of services and labour mainly for the top layer, on unequal terms adverse to the former, in varying degrees and forms, and involving exploitation in varying degrees and of different forms (Krishnan, 2009). In general, the lower layers have lower ownership of capital assets, depend on casual wage labour, are less educated, and suffer from higher degrees of poverty and child mortality (Thorat , 2006: 74).

Jawaharlal Nehru, the first Prime Minister while addressing the Congress Parliamentary Party on 2nd November 1954 stated, “The conception and practice of caste embodied the aristocratic ideal and was obviously opposed to democratic conceptions. It had its strong sense of noblesse oblige provided people kept their hereditary stations and did not challenge the established order. India’s success and achievements were on the whole confined to the upper classes, those lower down in the scale had very few chances and their opportunities were strictly limited. These upper classes were not small limited groups but large in numbers and there was also diffusion of power, authority and influence. Hence, they carried on successfully for a very long time. But the ultimate weakness and failing of the caste system and the Indian social structure were such that they degraded a mass of human beings and gave them no opportunities to get out of that condition educationally, culturally or economically. That degradation brought the deterioration all along the line including in its scope even the upper classes. It led to the petrification which became a dominant feature of India’s economy and life”.

These groups lost their self-dignity. They accepted their pitiable condition as a punishment of sins of their earlier life. Inferiority complex, separate inhabitation outside the village, starvation, illiteracy coupled with unhygienic living etc. have added to their miseries over a period of time. This has also disturbed the development of the nation as a whole. The low credential to the different but indispensable jobs in the society eliminated the environment of innovations and advancements in such jobs.

Thorat has also pointed out that in Indian society there are diverse ways which result in social exclusion which in turn, can cause deprivation and poverty. For him, social exclusion involves social process that excludes, discriminates, isolates and deprives some groups on the basis of group characteristics like caste and ethnicity (these include ex-untouchables, tribal, nomadic, semi-nomadic, de-notified tribes). By examining the relative economic and social situation of the SCs and STs with respect to poverty, ownership of capital assets, employment, education, health and other indicators of development, Thorat has found that the gap between these groups and the rest of high caste groups is still considerable. (Thorat, 2006: 74).

The Post Independence Indian state’s approach towards these groups was reflected in the preamble and key provisions of the country’s constitution: the principles of ‘non-discrimination and equal opportunity’, and ‘the directive to the state to take steps to ensure non-discrimination and equal opportunity in practice’. The approach involved three main elements, namely: (1) legal and other safeguards against discrimination; (2) pro-active measures in the field of employment and education under the state and state-supported



sectors, in the form of the reservation policy; and (3) welfare measures in informal sector in agriculture, and private industry, as part of the general developmental and empowerment measures.

### **Genesis of Reservations in Modern India**

Reservation policy has remained an integral part of public policy of both the British and Princely India. A policy that was formulated by the British to provide representation to Indians in the administrative set up was later extended to recruitment, promotion, and to educational institutions. The successive democratic governments continued to pursue this policy while effecting some cosmetic changes to it now and then.

Reservations in favour of Backward Classes (BCs) were introduced long before Independence in a large area, comprising the Presidency areas and the Princely States south of the Vindhyas. Chhatrapati Sahuji Maharaj, Maharaja of Kolhapur in Maharashtra introduced reservation in favour of backward classes as early as 1902 to eradicate poverty from amongst them and to give them their due share in the State administration. The notification of 1902 created 50 per cent reservation in services for backward classes/communities in the State of Kolhapur. This notification stands out as the first Government Order providing for reservation for the welfare of depressed classes in India.

The formal demand for reservation of government jobs was made as early as 1891 with an agitation in the princely State of Travancore against the recruitment of non-natives into public service overlooking qualified native people. Reservations were introduced by the British in 1908 in favour of a number of castes and communities that had little share in the administration. Madras Presidency introduced the Communal Government Order in which reservation of 44 per cent for non-Brahmins, 16 per cent for Brahmins, 16 per cent for Muslims, 16 per cent for Anglo-Indians/ Christians and eight per cent for Scheduled Castes were fixed in 1921. The native state of Mysore (1921) and the Bombay Presidency (1931) were others to follow suit.

These patently communal reservations were challenged in *Venkataramana Vs. State of Madras* (AIR 1951 S.C. 29) wherein the Court held that 'this ineligibility created by the communal Government Order (regarding Brahmins) does not appear to us to be sanctioned by the clause (4) of Article 16 and is an infringement of the fundamental rights guaranteed to the petitioner as an individual citizen under Article 16(1) and (2) of the Constitution. The Court, however, did not upset the whole selections but only directed that the case of the applicant be considered without reference to the Government Order. The States still persisted in taking advantage of the situation, when the Mysore Government classified 'non-brahmins' as

'backward classes' and the Mysore High Court (A.I.R. 1954 -Mysore 20) upheld the said classification and this unjust order of Government of Mysore remained valid till the time Supreme Court in *M.R. Balaji V/s. State of Mysore* (A.I.R. 1963 S.C. 649) held that no section of citizens shall be treated as 'backward classes' simply because it is not so advanced as the most advanced section of the society. The 'backwardness' 'should be social as well as educational and caste cannot be the sole criterion as the phrase used is 'backward classes' and not "backward castes'. (See also *Triloki Nath Tikku V/s. State of Jammu and Kashmir*, 1969, vol. I.S.C.W.R. 489). The court further held that if the reservation is excessive (i.e. 60% -in this case) then it is plainly inconsistent with the concept of Special provision allowed by the Article 16(4) of the Constitution. The matter again became matter of controversy in *Chitralakha V/s. State of Madras* (1965 S.C.A., Vol. 1,132) wherein the reservation of 18 per cent and backward classes 30% was held to be valid but the court has not since allowed the Carrying forward of the non-utilized part to next year, as allowing carrying forward will mean excessive reservation in such year virtually denying reasonable opportunity to the members of other communities. (*T. Devadasan V/s. Union of India*, 1965 LLJ 560). The Supreme Court has, however, refused to confine the benefit of Article 16(4) of Constitution to the initial appointment only but held that the reservation applies afterwards also. (*General Manager V/s. Rangachari* 1962, Vol. 2, S.C.R. 586).

The Backward Classes movement first gathered momentum in South India particularly in Tamil Nadu. The continuous efforts of some of the social reformers of the country viz. Rettamalai Srinivasa Paraiyar, Ayothidas Pandithar, Jyotiba Phule, Chhatrapati Sahu ji Maharaj, Babasaheb Ambedkar and others, contributed substantially towards the destruction or lowering of the wall created by the upper classes between them and the untouchables.

The Indian constitution prohibits discrimination on the grounds of religion, race, caste, sex and place of birth. While providing equality of opportunity for all citizens, the constitution contains special clauses "for the advancement of any socially and educationally backward classes of citizens or for the Scheduled Castes and the Scheduled Tribes". Separate constituencies were allocated to Scheduled Castes and Tribes to ensure their political representation for 10 years, which have been subsequently extended every 10 years through constitutional amendments. It was realized by the constitution-makers that because of the accumulated disadvantages of the backward classes, it is only through sponsored mobility programmes that they could participate in independent India's national life on anything like terms of equality with other groups. In the absence of such programmes India's commitment to advance the historically backward groups to the

level of the advanced could only remain a pious goal.

In 1953, Kalelkar Commission was established to assess the situation of the socially and educationally backward classes. The report was accepted as far as Scheduled Castes and Scheduled Tribes were concerned and schedules were amended accordingly. However, its recommendations for OBC's were rejected. More than twenty five years later, in 1979 a commission popularly known as the Mandal Commission was established to assess the situation of the socially and educationally backward classes/castes. The commission evolved a multi-pronged criterion to identify backwardness but didn't have exact figures for the Other Backward Class (OBC), and used the 1930 census data, further classifying 1,257 communities as backward, to estimate the OBC population at 52 per cent. The commission submitted its report in 1980, and recommended changes to the existing quotas, increasing them from 22 per cent to 49.5 per cent.

A large number of castes were identified as backward in each state as a result of a country wide socio-educational survey covering 405 out of the then 407 districts with the help of bureau of economic and statistics of various states from February to June, 1980. A state-wise list of the eleven groups of the primitive tribes, exterior castes, criminal tribes, etc. contained in the Registrar General's of India compilation of 1961 were culled and included in the commissions lists of OBCs. This was done on the premise that the social and educational status of these castes/communities was more or less akin to the SCs/STs. However, the set of eleven indicators (criteria), being caste-based, could not be applied to non-Hindu communities. In view of this, a separate set of three criteria was evolved for the identification of non-Hindu backward communities. On the basis of the available census data, the population of Hindu and non-Hindu OBCs was estimated to be 52 per cent of the total population of India. This was in addition to the population of SCs and STs which amounts to 22.5 per cent. Reservation for SCs and STs was in proportion to their population i.e. 22.5 per cent. But as there was a legal obligation to keep reservations under Article 15(4) and 16(4) of the Constitution below 50 per cent, the commission recommended besides many other recommendations, a reservation of 27 per cent for OBCs in all government services as well as technical and professional institutions in the centre as well as in the state.

Almost after a decade, the Mandal Commission's recommendations were implemented in Government jobs by the then Prime Minister Vishwanath Pratap Singh. As a consequence, student organisations launched nationwide agitations. A Delhi university student even attempted self-immolation. The Government also fell. Interestingly, soon after, Narasimha Rao Government introduced 10 per cent separate reservation for Poor

among Forward Castes in 1991 and next year i.e. 1992, Supreme Court upheld reservations to the Other Backward Classes in Indira Sawhney Case. However, the concept of creamy layer was also introduced. (In 1995), Indian Parliament inserted Art 16(4) (A) permitting reservation in promotions to the Scheduled Castes and Scheduled Tribes. Later, it was further amended to include consequential seniority by the 85<sup>th</sup> amendment to the Constitution of India in the year 2001.

In 1998, the Central Government conducted large nationwide survey for the first time to estimate economic and educational status of various social groups. There is substantial debate over the exact number of OBC's in India, with census data compromised by partisan politics.

The Supreme Court delivered a unanimous judgment on 12 August 2005, in the case of P.A. Inamdar & Others vs. State of Maharashtra & Others declaring that the State can't impose its reservation policy on minority and non-minority unaided private colleges, including professional colleges. The government introduced the 93<sup>rd</sup> Constitutional amendment for ensuring reservations to other backward classes and Scheduled castes and Tribes in Private Educational institutions. This effectively reversed the 2005 August Supreme Court judgment. The Constitution Bench of the Supreme Court in M. Nagaraj & Others Vs. Union of India & Ors upheld the constitutional validity of Art 16(4) (A), and 16(4) (B) as well as provision to Art 335 in 2006 and the same year reservations were introduced for Other Backward Classes in Central Government Educational Institutions and government employment.

The Supreme Court of India upheld the Government's move for initiating 27 per cent OBC quotas in Government funded institutions (10 April 2008). The Court has categorically reiterated its prior stand that "Creamy Layer" should be excluded from the ambit of reservation policy. The Supreme Court has avoided answering the question whether reservations can be made in private institutions, stating that the question will be decided only as and when a law is made for reservations in private institutions.

It is difficult to see a pattern in the judicial approach to reservation. The effort to devalue 'caste' as a criterion has not been consistent and the political power as well as its concomitant benefits have been allowed to be channelized through traditional groups. (Rajgopal, 1991, p.54). It seems to corroborate what Rajni Kothari wrote long back, "those in India who complain of casteism in politics, are really looking for a sort of politics which has no basis in society". (Kothari, 1973)

Quite remarkably, the Indian Supreme Court has also clarified that reservation is not a charity but a parity. It is not a charity since it is a compensation of the age-old injustice made to these communities. It is a

parity because it is an effort to bring the unequal to a desired level with the equal and thereby making all as equals. This term was used by Justice Chenappa Reddy in the Supreme Court case of *Akhil Bharatiya Shoshit Karmachari Sangh, Karnataka*. He also further explained, “The backward classes are in search of aid. They need facility; they need launching; they need populism; their needs are their demands; the demands are matter of right and not of philanthrope they ask for parity; not charity.” (Indian Law Journal, 2007). He further added; “Therefore, we see that when posts whether at the stage of initial appointment or at the stage of promotion are reserved or other preferential treatment is accorded to the members of the scheduled castes and the scheduled tribes and other socially and economically backward classes, it is not a concession or privilege extended to them; it is in recognition of their undoubted fundamental right to equality of opportunity and in discharge of the constitutional obligation imposed upon the State to secure to all its citizens ‘Justice’-social, economic and political-and equality of status and opportunity to assure the dignity of the individual among all citizens, to promote with special care the educational and economic interests of the weaker sections of the people to ensure their share in the power and participation on equal basis in the administration of the country and generally to foster the ideal of a “Sovereign, Socialist, Secular Democratic Republic.”

### **Types of Reservations**

Reservations in India, as much as elsewhere, are intended to increase the social diversity in campuses and workplaces by lowering the entry criteria for certain identifiable groups that are grossly under-represented in proportion to their numbers in the general population. Caste is the most used criteria to identify under-represented groups. However there are other identifiable criteria for under-representation—gender (women are under represented), state of domicile (North Eastern States, and Bihar and Uttar Pradesh are under-represented), rural people, etc. — as revealed by the Government of India sponsored National Family Health and National Sample surveys.

The Constitution and law in India provides for a quota system whereby a percentage of posts are reserved for employment in Government and in the public sector units, and in all public and private educational institutions, except in the religious/ linguistic minority educational institutions, in order to mitigate backwardness of the socially and educationally backward communities and the Scheduled Castes and Tribes who do not have adequate representation in these services and institutions. The use of preferential policies is sometimes accompanied by the use of quotas. Quota system is one of the modes of providing preferential treatment. A quota is a numerical

goal or requirement for the hiring or admission of members of specified groups within a certain time and until a certain percentage is reached. (Nickel, 1975).

The quota system sets aside a proportion of all possible positions for members of a specific group. Those not belonging to the designated communities can compete only for the remaining positions, while members of the designated communities can compete for all positions (reserved and open). Seats in educational institutions and jobs are reserved on the basis of a variety of criteria.

### **Caste**

Accordingly to this criterion, seats are reserved for Schedules Castes, Scheduled Tribes, and Other Backward Castes (based chiefly on caste at birth) in varying ratios by the central government and state government. This caste is decided based on birth, and can never be changed. While a person can change his religion, and his economic status can fluctuate, his/her caste is permanent.

In central government funded higher education institutions, 22.5 per cent of available seats are reserved for Scheduled Caste and Scheduled Tribe students (15% for SCs, 7.5% for STs). This reservation percentage has been raised to 49.5 per cent, by including an additional 27 per cent reservation for OBCs. This ratio (15% and 7.5%) is followed even in Parliament and state assemblies elections where constituencies are earmarked for those from the SC and ST communities. In a few states like Tamil Nadu, the percentage of reservation is 18 per cent for SCs and one per cent for STs, based on local demographics. In Andhra Pradesh, there is provision for 25 per cent of educational institutes and government jobs for BCs, 15 per cent for SCs, six per cent for STs and four per cent for Muslims.

### **Management**

Another criteria of reservation is the Management quota. It is a quota based on economic status irrespective of caste, race and religion as anybody who has money can buy his seat. About 15 % seats in private colleges are reserved for the students who are admitted on the basis of the management's own criteria. The criteria may be the colleges own entrance exam or a minimum percentage of marks obtained in 10+2 examination.

### **Gender**

Although the constitution of India prohibits discrimination, women have recently been added, on the basis of sex as recipients of positive discrimination (R. Bajpai, 2000). Presently Women get 33 per cent reservation in gram panchayat (meaning village assembly, which is a form of local village

government) and municipal elections. There is a long-term plan to extend this reservation to parliament and legislative assemblies. In addition, women in India get reservation or preferential treatment in education and jobs. For instance, several law schools in India have 30 per cent reservation for females. Sizeable political opinion in India is strongly in favor of providing preferential treatment to women in order to create a level playing field for all of its citizens. The Women's reservation Bill was passed by the Rajya Sabha on 9 March 2010 by a majority vote of 186 members in favor and 1 against.

### **Religion**

The Constituent Assembly had discussed the issue of minority safeguards but declined to accept religion as a basis for positive discrimination. The Tamil Nadu government has allotted 3.5 per cent of seats each to Muslims and Christians, thereby altering the OBC reservation to 23 per cent from 30 per cent since it excludes persons belonging to Other Backward Castes who are either Muslims or Christians. The government's argument is that this sub-quota is based on the backwardness of the religious communities and not on the religions themselves.

Similarly, the Andhra Pradesh government has introduced a law enabling four per cent reservations for Muslims. This has been contested in court. Kerala Public Service Commission has a quota of 12 per cent for Muslims. Educational institutions with religious minority status also have 50 per cent reservation for their particular religions.

### **State of Domicile**

With few exceptions, all jobs under state governments and a dominant majority of admissions to state institutions are reserved for those who are domiciled in that State. For example, in Panjab Engineering College (PEC) Chandigarh, earlier 80 per cent of seats were reserved for candidates having Chandigarh domiciles and now it is 50 per cent.

### **Institution**

Institutes like Jawaharlal Institute of Post-graduate Medical Education and Research (JIPMER), Pondicherry, have a policy of reserving postgraduate seats for those who completed their MBBS in JIPMER. AIIMS used to reserve 33 per cent of its 120 postgraduate seats for its own 40 undergraduate students (meaning everyone who had completed MBBS in AIIMS was assured a postgraduate seat, which was later judged illegal).

### **Staff**

Most of the colleges, universities and institutes of higher/professional

learning and even schools have some kind of quota for the wards of the teachers/non teaching employees of these institutions. Indian Institute of Technology (IIT) (Kharagpur) has recently admitted in response to an RTI that it has been having 25 per cent quota for the sons/daughters of its faculty members, who only had to have 60 per cent marks in the 12<sup>th</sup> examination and for few years, did not even require clearing the Entrance Examination conducted for the purpose (H.T., July 27, 2010).

### **Other Criteria**

Some reservations are also made for Sons/Daughters/Grandsons/Grand daughters of Freedom Fighters; Physically handicapped; Sports personalities; non-Resident Indians (NRIs); candidates sponsored by various organizations; those who have served in the armed forces (ex-serviceman quota); dependants of armed forces personnel killed in action Repatriates; those born from inter-caste marriages; reservation in special schools of Government Undertakings /PSUs meant for the children of their employees (e.g. Army schools, PSU schools, etc.) and seat reservation for Senior citizens/ PH/women in Public Bus transport.

The paper basically and mainly focuses on the Reservation policy for the SCs, STs and OBCs as provided/ permitted under constitution of India. The 'reservation policy' is operative in three main spheres, namely appointment and promotion in government services, admissions to public educational institutions, and seats in Central, State and local legislatures, which are discussed below:

The most important aspect of the reservation policy is related to the government services. Article 16 (4) of the constitution empowers the State to make "any provision for reservation in appointments, or posts in favor of any backward class of citizens", and "provision for reservation in matters of promotion to any class or classes of posts, in the services under the State in favor of the SCs and STs." In pursuing this provision, the Government made reservation for the SCs, STs and lately the OBCs in proportion to their share of population. There are also reservations in the promotion of employed persons. The government services included are those in the Government Civil Services, public sector undertakings, statutory and semi-Government bodies, and voluntary agencies which are under the control of the government or receiving grant-in-aid. At the central level, some services are however excluded from the reservation policy. These include, most prominently, defence and the judiciary. The constitutional provisions as modified and amplified from time to time, are as follows:

- (1) Article 16(4), which empowers the state to make any provision for reservation in appointments or posts in favour of any



- backward class of citizens, which, in its opinion, is not adequately represented in the services under the state.
- (2) Article 16(4A), which specifies that nothing in this article shall prevent the state from making any provision for reservation in matters of promotion to any class or classes of posts in the services under the state in favour of the SCs and the STs which, in the opinion of the state, are not adequately represented in the services under the state.
  - (3) Article 16(4B), which specifies that nothing in this article shall prevent the state from considering any unfilled vacancies of a year which are reserved for being filled up in that year in accordance with any provision for reservation made under clause (4) or clause (4A) as a separate class of vacancies to be filled up in any succeeding year or years and such class of vacancies shall not be considered together with the vacancies of the year in which they are being filled up for determining the ceiling of 50 per cent, reservation on total number of vacancies of the year.
  - (4) Article 335, which specifies that the claims of the SCs and STs shall be taken into consideration, consistently with the maintenance of efficiency of administration, in the making of appointments to services and posts in connection with the affairs of the union or of a state; provided that nothing in this article shall prevent the state from making any provision in favour of the SCs and the STs for relaxation in qualifying marks in any examination or lowering the standards of evaluation, for reservation in matters of promotion to any class or classes of services or posts in connection with the affairs of the union or of a state.
  - (5) Article 320 (4), which provides that nothing in clause (3) shall require a Public Service Commission to be consulted for the manner in which any provision under Article 16(4A) may be made or the manner in which effect may be given to the provisions of Article 335.

Though the reference to “consistently with the maintenance of efficiency of administration” in Article 335, has often led to controversies, the following issues merit consideration: (1) The judiciary has often seen it in quantum terms, fixing an upper limit to the overall reservations for the three categories of backward classes. (2) The hitherto judicial pronouncements and reservation controversies have not affected the reservations for the SCs and STs, in as much as they continue to have, at least on paper, reservation

in public service more or less proportionate to their population in the state. (3) There are notable addition of Articles 16(4A) and 16(4B) and Article 320 (4) as well as the new categories in terms of OBCs and Women.

Reservation is accompanied by some other enabling provisions to increase the ability of the SCs, STs and OBCs to compete for government jobs. These include the relaxation of minimum age for entry into the service, relaxation in the minimum standard of suitability (subject to a required minimum qualification), the provision of pre-examination training, separate interviews for these categories and representation of people with these backgrounds on selection committees.

The second most important aspect of reservation policy relates to education. Article 15 (4) of the constitution empowers the State to make special provision for the educational advancement of the SCs and STs recently also extended to the OBCs. In pursuing this provision, the State reserves places for the SC and ST students in educational institutions, including all colleges run by the Central or State governments and all government-aided educational institutions. This is also supported by a number of financial schemes, including scholarships, special hostels for the SC, ST and OBC students, fee concessions, grants for books, and additional coaching.

The third most important sphere of the reservation policy relates to representation in Central and State legislatures. Under Articles 330, 332 and 334 of the Constitution, seats are reserved for the SCs and STs in the Central legislature and State legislatures in proportion to the population of these groups. Similar reservations are provided for women and the OBCs in both urban and rural local level bodies at district, Taluk and village level. The reservation of seats is complemented by statutory provisions to enhance political participation of the SCs and STs; smaller election deposits are required from members of these groups.

The reservations in political representation also had a time limit. They were initially provided for a ten-year period, with a provision for extension every ten years. However, in the areas of government services and education, it is left to the government to use reservations up to the point where it is considered that discrimination against the SCs and STs is no longer a major problem.

At times, the application of creamy layer rule in the case of SCs and STs on the pattern of OBCs is advocated. However, the Supreme Court in Indra Sawhney's case has ruled that the objective of reservation for SCs and STs is on different footing than that of the Backward Classes; hence, the principle of creamy layer cannot be applied in their cases. It is further suggested that the affluent castes out of Scheduled Castes should be

discouraged so that fruit of reservation could reach the remaining deprived castes. In the name of social engineering, certain state governments have divided the Scheduled Castes into 'Dalits' and 'Maha Dalits'. Similarly, the Backward Classes have also been divided into three categories, i.e. backward, more backward and most backward. There is a process of 'reverse sanskritization' also wherein more and more groups/communities are claiming to be included into OBCs or SCs and STs. The case of Malas and Madigas in Andhra Pradesh, the Jats in Delhi and the Gujars in Rajasthan (Choudhary, 2008) are some noteworthy struggles. The New Tribal Policy document (2006) has acknowledged the redundancy of the existing criteria and also stressed the need for a process "descheduling" so as to exclude those communities who have by and large caught up with the general population" (paras 1.2 and 2.4-6).

The Central Government has developed an administrative mechanism to regulate, monitor and implement the reservation policy. The main institutions involved are the Department of Personnel and Training (DoPT), the National Commission for the SCs and STs, the National Commission for the OBCs, the Committee of Parliament on Welfare of the SCs and STs, the Ministry of Social Justice and Empowerment, and the Ministry of Tribal Affairs. Recently, the Ministry of Minority Affairs has also been established to look into the issues of welfare of the minorities. The DOPT regulates and monitors the reservation policy in government services. Its main function is to enforce the rules and monitor the fulfilment of the quotas. It is supported by administrative units within each Ministry and/or government supported organisation.

The National Commissions for the SCs, the STs and the OBCs have the responsibility for investigating specific complaints received from the employees belonging to these groups regarding appointment and promotion matters. Similarly, the Commissions have the power of a Civil Court, and can call employers for enquiry. They also prepare annual reports which are to be discussed in the Parliament every year. The Ministry of Social Justice and Empowerment and the Ministry of Tribal Affairs are responsible for the all-round development of the SCs and STs, and carry out various schemes related to education and economic development. The Committee of Parliament on Welfare of the SCs and STs, is entrusted with examining the progress regarding the legislative representation of the SCs and STs, and also making recommendations for effective implementation of such policies and programmes.

Despite being one of the oldest national policies, the reservation policy is still based on Instructions and Office Memorandums (O.Ms). In government offices, these O.Ms are being supplied in loose forms and

sometimes, such O.Ms. do not reach the respective offices. The O.Ms have been issued, either under political compulsion or most of the times to keep pace with judicial pronouncements. In few cases, the O.Ms have been issued without looking to the previous one on the subject which have caused confusion and become the matter of litigations. The implementing authorities, some times do not give sufficient importance to the reservation rules, they being subordinate legislation. It is suggested that the rules regarding reservation policy should be codified in a systematic manner.

### ASSESSMENT/EVALUATION

Over the years, it has been noted that there has been a considerable increase in the share of the SCs and STs in government employment and educational institutions. Reservations in the legislature have also provided a space for the SCs and STs in the executive and the decision-making process. The formal reservation policy in the government sector and the informal affirmative action policy programmes have also contributed to an improvement in the human development of the SCs and STs. However, the rate of improvement has been rather slow, and disparities in human development attainment between the SCs, STs and OBCs on the one hand, and the rest on the other, continue even today.

The compensatory discrimination policies or reservation policy entails systematic departures from norms of formal equality (such as merit, evenhandedness and indifference to ascriptive characteristics). These departures are justified in several ways: First, preferential treatment may be viewed as needed assurance of personal fairness, as guarantee against the persistence of discrimination in subtle and indirect forms. Second, such policies are justified in terms of the beneficial results that they will presumably promote: integration, use of neglected talent, more equitable distribution, etc. With these two—the anti-discrimination theme and the general welfare theme – is entwined a notion of historical restitution, or reparation, to offset the systematic and cumulative deprivations suffered by lower castes in the past (Galanter, 1986).

Undeniably, compensatory discrimination policies have produced substantial redistributive effects. Reserved seats provided a substantial legislative presence, and a notable flow of patronage, attention and favourable policy to the SCs and STs. The reservation of jobs has given to them, a sizable portion of the earnings, the security, information, patronage and prestige that goes with government employment beneficiary groups. There has also been a considerable redistribution of educational opportunities to these groups.

Moreover, 'Preference programmes are integrative in several ways. For instance, in the office setting, there are relations of reciprocity and interdependence. Further, the broad participation afforded by reserved seats and reserved jobs is, for many, a source of pride and warrant of security. At the policy-making level, reserved seats have secured the acceptance of Scheduled Castes and Scheduled Tribes as groups whose interests and views must be taken into account. In every legislative setting they are present in sufficient numbers so that the issues affecting these groups remain on the agenda, (Galanter, 1986, p. 79)

It was expected that, education and jobs would and they have and do help weaken the stigmatizing association of the excluded/backward sections with ignorance and incompetence although they also in the short run, experience rejection in the offices, hostels and other settings into which they are introduced by preferential treatment resulting in another kind of exclusion instead of inclusion and mainstreaming. But that is a short run exclusion only. At times, it is argued that this policy has encouraged a tendency to absolve others of any responsibility for their betterment on the ground that it is a responsibility of the government (Galanter, 1986, p. 80). The pervasive overestimation of the amount and effectiveness of preferential treatment reinforces the notion that enough (or too much) is already being done and nothing more is called for.

It has undeniably succeeded in accelerating the growth of a middle class within these groups—who are urban, educated and largely in government service. Members of these groups have been brought into central roles in the society—to an extent unimaginable a few decades ago. There has been a significant redistribution of educational and employment opportunities to them; a sizable section of these groups can utilize these opportunities and confer advantages on their children; their concerns are firmly placed on the political agenda and cannot easily be dislodged or even neglected. By and large, the policy can be credited with producing a self-sustaining dynamic of inclusion (Galanter, 1986).

However, during the course of the implementation of India's reservation policy, some problems have also become apparent. First, its success has been uneven across sectors and departments. Generally speaking, participation of the SCs and STs is close to their population shares in lower categories of jobs, but much lower than their shares in high-grade positions. Due to indirect resistance, the extension and spread of reservation policy to several government sectors has also been slow. Another issue is of extending the formal affirmative action policy to private sector employment and private educational institutions (Thorat 2006 & 2008).

There is evidence to suggest that there has been a large increase in the

enrolment of the SCs and STs in educational institutions. In 1981, the proportions of the SCs and STs among total graduates were estimated to be 3.3% and 0.8% respectively, far below their shares in the total population. By the late 1990s, however, these figures had risen to 7.8 per cent and 2.7 per cent. Nevertheless, these figures are still low, compared with the groups' shares of total population. There is also evidence that the enrolment shares of the SCs, STs and OBCs are much lower in preferred educational institutions (Samujh, 2005).

But one cannot overlook the fact that quotas go unfulfilled, at least in part, because of the insensitive at best and obstructionist at worst behaviour of bureaucracies and professions particularly in the higher echelons. Guhan (2001) [quoted in Deshpande 2005] has noted that, a whole set of mechanisms are used to keep the SCs from climbing the hierarchy ladder: ad hoc and temporary positions; elimination through evaluation processes such as personal interviews and personality tests; and biased entries in confidential records. If standards are relaxed, it is due to personal biases and not institutional mechanisms and there can be no presumption that biases work only in one direction.

Similarly, seats are reserved for the SCs and STs in the Central and State legislatures in proportion to their shares of population. Thus in 2004, 75 (13.8%) of the 543 seats in the *Lok Sabha* were reserved for the SCs and 41 (7.6%) were reserved for the STs. Of the total number of seats in the *Vidhan Sabhas* (State legislative assemblies), more than 2000 seats were reserved for the SCs and STs. However, these figures are still based on the population shares of the SCs and STs in 1981, and there has been delay in updating the shares on the basis of figures from the 2001 census, which puts the population shares of the SCs and STs at 17.0 per cent and 8.5 per cent respectively. This indicates that both groups continue to suffer from under-representation in the Central and State legislatures.

However, studies conducted to assess the impact of reservation at the grass roots have shown that reservation for the SCs, STs, OBCs and women in the panchayati raj makes a difference. The studies suggest that both women and the backwards invest more in what women and the deprived seem to want e.g. water for women, goods in SC hamlets for the SCs and so on. The studies also suggest that, given the difficulty of targeting public transfers to specific groups in an otherwise decentralized system, reservation may be a tool to ensure not only adequate representation but also adequate delivery of local public goods to disadvantaged groups. They negate scepticism founded on anecdotes or prejudice that women or the deprived/excluded ones are not capable of being independent leaders. These researches show that, whatever the process underlying the effects may be,

these leaders from the excluded sections do make a difference on the ground and correcting imbalance in political agency does result in correcting inequities in other spheres as well [Sen, 1999, Pande, 2003 and Chattopadhyay and Duflo, 2004].

Moreover, currently, the reservation policy applies to government and government supported sectors only, and excludes the private sector. However, it is estimated that more than 90 percent of the workers from the excluded groups are employed in the private or/and unorganized sector, and such workers lack protection against discrimination (Kundu and Sharma, 2001). Similarly, all private educational institutions are also excluded from the reservation policy. The government has set up a Group of Ministers to develop a consensus between government and the private sector regarding the adoption of affirmative action policies in the private sector.

Infact, the constitutional provisions for reservations and related affirmative actions are intended to create conditions for the social advancement of the disadvantaged groups for their integration into the mainstream society, and participation in India's social life and opportunity structure on equal terms with the historically advantaged groups. In practice, however, the state has been in a dilemma of choosing between its alternatives. This is mainly because of the tenacious hold of traditional India's prejudices of hierarchy and inequality on the state and its bureaucracy; and partly because of the incorporation of the special dispensation provisions into a regime of constitutionally guaranteed rights, in particular rights to formal equality. The problem is confounded by political interventions, judicial interpretations and politicization of these provisions.

Even the reports of the statutory/ constitutional commissions/ committees are irregular and late, too brief and sketchy as to capture the problems of the disadvantaged sections; they do not provide any state wise data on education and employment and contain hardly any data that can be used by the states and concerned individuals and social groups for the amelioration of the condition of these sections. This is despite the fact that the commissions have the required facilities at its disposal. Predictably, the reports and the importance attached to them by the government of India are routine and ritualistic. If the commission cannot collect the relevant data, at least the state in its own interest, should endeavour to systematically collect these data, including representation of the SCs, STs and OBCs in the central services. Without reliable database, updated from time to time, even official sensitivity cannot do much good for empowerment and inclusion.

## THE RATIONALE AND RELEVANCE

It is argued that Reservation or affirmative Action schemes are in place in many countries including USA, South Africa, Malaysia, Brazil etc. Harvard University research has confirmed that Affirmative Action programmes are beneficial to the under-privileged. The studies found Blacks who enter elite institutions with lower test scores and grades than those of whites achieve notable success after graduation. They earn advanced degrees at rates identical to those of their white classmates.

Reservation schemes have helped many - if not everyone from under-privileged and/or under-represented communities to grow and occupy top positions in the world's leading industries. Reservation is a means to increase representation of hitherto under-represented caste groups and thereby improve diversity on campus.

In India, the debate over desirability of meritocratic ideal initially was basically centered around the first argument, but in recent years we find that arguments somewhat related to the second point have also been put forward. On the first point supporters of reservation contend that: (1) It cannot be said that backward classes lack merit. (2) The second argument is that efficiency cannot be measured only in terms of marks a person gets in tests and exams.

The anti-reservationists argue that the caste based reservation will only perpetuate the notion of caste in society, rather than weakening it as envisaged by the constitution. Reservation is a tool to meet narrow political ends. Allocating quotas is a form of discrimination which is contrary to the right to equality. Reservations reduce elections to quid pro quos pitting castes against each other and fragmenting Indian society. They also complain that the policy of reservation has never been subject to a widespread social or political audit. Before extending reservation to more groups, the entire policy needs to be properly examined, and its benefits over a span of nearly 60 years have to be gauged.

They also go further to say that the 60% of India that is rural needs schools, health care and infrastructure in rural areas, not reservation in urban institutions. This policy of the government has already caused increase in brain drain and may aggravate further. Under graduates and graduates will start moving to foreign universities for higher education.

They counter the logic of US researches by saying that they are not relevant since US affirmative action does not include quotas or reservations. Explicit quotas or reservations are illegal in the USA. In fact, even a points system to favor certain candidates was ruled unconstitutional.

Nonetheless, a global India has to find ways through which the new



generation youngsters of the excluded communities/ castes can be pushed forward towards upward mobility. Reservation is a sort of interventional support that ensures this transformation. A revolutionary transformation into the lives of these deprived masses has become a visible reality as a result of the constitutionally provided reservation system implemented since last 60 years.

The urgency of inclusive growth warrants the overruling perspective that governance undisputedly is the principal moving source and force of a stable and successful country or State. Its predominant features are no more just authority and power to rule but motivation and promotion, to make the people the included participants in an inclusive development and growth of the country not just as a political entity but a national community. If inclusive growth is to be the new futuristic destination of India, then governance must ensure to the reduction of disparities between the rich and the poor. This can happen only 'if opportunities are created for the poor, and if government expenditure is utilized effectively'. (Pachauri, 2009).

Even the democratic governance and development in India has been highly exclusionary and non-participatory since its inception as an independent nation. The deficit in participatory governance at all levels—centre, state or local—has led to the large-scale exclusion of masses from the development process. The Eleventh Five Year Plan has also emphatically reaffirmed the crucial need of improving the governance for the successful implementation of its public programmes. The multiple forms of deficit in democratic governance—pervasive nepotism, corruption, misappropriation of state funds, lack of transparency and accountability, and strong unwillingness to include the excluded as well as to delegate powers to the grass root organizations—have severely blocked the path of equitable socio-economic growth of the country. To foster just and equitable socio-economic growth, the crucial need is to develop a participatory, public-centric, accountable, transparent, efficient and inclusive democratic governance at all levels.

At the economic plane, for more than four decades since its independence, India has remained under the development paradigm of welfare state with a planned economy. The socialistic ideal to provide social and economic justice to its entire population had been on its main development agenda. On December 8, 1952, India's first Prime Minister, Jawaharlal Nehru presented to Parliament the First Five Year plan (1952-57) with a vision of newly independent India in these words: "The central objective of planning in India is to raise the standards of living of the people and to open to them opportunities for a richer and more varied life. Planning must, therefore, aim both at utilizing more effectively the resources .... and also

at reducing inequalities of income, wealth and opportunity.” Many constitutional arrangements, affirmative actions, and distributive policies have been undertaken for the welfare of the poor and the marginalized since then. Nevertheless, the exclusion of the poor and the marginalized from the development process could not be arrested for various reasons.

Fifty years later, the same vision was reinstated in the foreword of the Tenth Five Year Plan (2002-2007), where the then Prime Minister Atal Behari Vajpayee stated: “I have a vision of an India free of poverty, illiteracy and homelessness-free of regional, social and gender disparities-with modern physical and social infrastructure-a healthy and sustainable environment.” It clearly brings out that India has not succeeded in delivering social and economic justice to all, despite having a state controlled planned economy for more than four decades. Moreover, the emergence of market economy with minimal state in the Western countries is being taken as the consequence of the failure of Keynesian welfare state policies.

The predominance of Western neo-liberal market paradigm and the consequent structural adjustment programmes aimed at deregulation, privatization and roll back of statism have also resulted in deep socio-economic disparities due to inequitable growth. It has necessitated the discovery of a new paradigm of inclusive growth in the development discourse.

We started from aiming at growth with reductions in disparities and full employment at the beginning of planning and perhaps earlier and proposed strategies for growth and social justice or growth with social justice in many of the plans. We have reaffirmed the same in the Eleventh Plan by advancing the idea of inclusive growth. But the policies that were put in practice till mid-seventies seemed to be expecting a trickling down of growth, despite some attempts at checking concentration of economic power and spreading the sphere of public sector enterprises. These were later supplemented by a plethora of direct poverty alleviation programmes for different sections, until early nineties when the emphasis was placed on anyhow achieving high growth. Whatever was to be done or was being done was called ‘economic reforms’ though the policy changes sought were actually seeking market-orientation in the economy.

The Exclusion continued in terms of low agriculture growth increasingly visible in farmers’ suicides, low quality employment growth, concentration of poverty and low human development both geographically and in terms of social categories, increase in rural urban divides and regional disparities. Although we have constitutional commitment to equality and welfare, it had only a limited impact in reducing disparity and discrimination. The state has also failed in terms of ensuring health, nutrition and quality education to

all. Therefore, the criticism of economic reforms in the last 16 years has been that it neglected the divides within the country or it could not and has not significantly improved 'human face' of the reforms in general and ensured inclusion in particular.

Despite an urgent need for poverty reduction, international organizations were supporting or promoting growth agenda. For some time, they went on suggesting pro-poor growth and scholars across the countries set about defining what is pro-poor growth. In 2006, the World Bank in their India Development Policy Report advocated an inclusive growth that ensures correction of regional inequalities ingrained in the extant growth policy and consolidates recent economic gains. It is in this background that the Eleventh Plan thought of 'Faster and More Inclusive Growth' as the theme of its approach paper (and titling its first volume of the main Plan as Inclusive Growth). Then a Commission on Growth and Development set up by the World Bank, of which Montek Singh Ahluwalia was a member, came out with its Growth Report: 'Strategies for Sustained Growth and Inclusive Development'.

India entered the Eleventh Plan period with an impressive record of economic growth. After a lackluster performance in the Ninth Plan period (1997–98 to 2001–02), when gross domestic product (GDP) grew at only 5.5 per cent per annum, the economy accelerated in the Tenth Plan period (2002–03 to 2006–07) to record an average growth of 7.7 per cent, the highest in any Plan period so far. Besides, there was acceleration even within the Tenth Plan period and the growth rate in the last four years of the Plan had averaged 8.7 per cent, making India one of the fastest growing economies in the world.

These positive factors notwithstanding, a major weakness in the economy has been and is that the growth is not perceived as being sufficiently inclusive for many groups, especially the SCs, STs, OBCs and minorities. Gender inequality also remains a pervasive problem and some of the structural changes taking place have an adverse effect on women. The lack of inclusiveness is borne out by data on several dimensions of performance.

The percentage of the population below the official poverty line has come down from 36 per cent in 1993–94 to 28 per cent in 2004–05. However, not only is this still high, the rate of decline in poverty has not accelerated along with the growth in GDP, and the incidence of poverty among certain marginalized groups, for example the STs, has hardly declined at all. Because population has also grown, the absolute number of poor people has declined only marginally from 320 million in 1993–94 to 302 million in 2004–05. This performance is all the more disappointing since the

poverty line on which the estimate of the poor is based is the same as it was in 1973–74 when per capita incomes were much lower. Other indicators of deprivation suggest that the proportion of the population deprived of a minimum level of living is much higher. For example, National Family Health Survey-3 (NFHS-3) shows that almost 46 per cent of the children in the 0 to 3 years' age group suffered from malnutrition in 2005–06.

This is not to say that there has been no change or development. All Indicators of human development such as literacy and education, and maternal and infant mortality rates, show steady improvement, but they also suggest that the progress is slow and we continue to lag behind several other Asian countries. While the literacy rate has gone up from 18.3 per cent in 1951 to 64.8 per cent in 2001, the number of illiterate persons still exceeds 304 million, making India the country with the highest number of illiterate persons in the world.

Life expectancy at birth has increased from approximately 32 years for both males and females in 1951 to 63.9 years for males and 66.9 years for females in 2001–06. Yet this is well below the life expectancy of around 80 years in industrialized countries and 72 years in China. Although Indian women now have higher life expectancy than Indian men, as is the case in industrialized countries, India also has an adverse sex ratio with only 933 women per 1000 men. More disturbing, the child sex ratio (ages 0–6) has declined sharply from 962 in 1981 to 927 in 2001. India's maternal and infant mortality rates are much higher than those of the countries even in East Asia, showing poor access to essential health care services.

Over the years, the consumption levels of the excluded have improved and that there has been some democratization of land ownership in favour of lower castes (Mohanty, 2006). Despite this, upward mobility of excluded castes in the 1990s has been slowed by the agrarian crisis on the one hand and the changing labour market dynamics (which privileges educational attributes that lower castes relatively lack) on the other. As a result, the relative distance between them and the others remains unchanged if not wider. It is for all these reasons and to ensure that there is some modicum of upward mobility for segments of our society that have long been discriminated against, that reservation quotas across all institutions of higher learning (both public and private) became essential. And to ensure that quota-driven unequal access may not become another tool in perpetuating inequality, the state also have to invest in reasonably good quality, compulsory school education for all.

From the International perspective too, it is argued that globalization has largely affected the third world countries and it has also made the state weak for implementing social justice principles. In globalization, the gap

between the rich and the poor has widened and it has perpetuated the inequality and unevenness in societies. Dasgupta and Kiely (2006: 27-28) have argued that globalization operates in an unequal and uneven manner and the neo-liberal capitalism intensifies the unevenness and inequalities of the international capitalist economy and the international state system and thus further compounds the disparities in societies. It has been pointed out that the rich countries maintain domination on third world countries through the international economic institutions. The money, it is felt, has seldom trickled down to the poor and the loans are used for the development projects like dams which affect displaced poor and backward people while the beneficiaries are those affiliated with the government or in positions of influence. This gives rise to the rapidly increasing inequalities between countries and also to increasing inequalities within the country.

It has been felt that Globalization has undermined the inclusive role of public agencies and also removed the controls over private actors. It is argued in many studies that due to liberalization, privatization and globalization, social justice in India has suffered (continues to suffer), especially, for the economically and socially marginalized group. Sukhadeo Thorat (2006: 65) has also noticed growing disparities with globalization between SCs/STs and non-SCs/STs. The conditions of the poorest and marginalized groups, i.e. SCs, STs, OBCs, women, children and other social groups have deteriorated after globalization.

The insights from mainstream economic theory indicate that economic, particularly market, discrimination has multiple consequences; it hampers economic growth, induces income inequality and creates potential for inter-group conflict by denying equal opportunity to discriminated groups (Birdsall and Sabot 1991). Therefore, remedies against discrimination – legal, affirmative action or compensatory in nature are required both for equity and economic growth thus establishing a link between Reservation and Inclusive Growth. (Thorat, 2006 & 2008).

Thorat argues that all standard theories of economic discrimination predict adverse consequences of market discrimination on economic growth through their detrimental consequences on profits, wages and efficiency in the allocation of labour. They suggest that economic discrimination slows down growth by reducing efficiency due to sub-optimal allocation of labour among firms and economy, by reducing job commitment and effort of workers who perceive themselves to be victims of discrimination and, by reducing the magnitude of investment in human capital by discriminated groups. (Birdsall and Sabot 1991).

The economic theories of the caste system clearly predict negative outcomes of caste and untouchability based market discrimination for

economic growth and income distribution (Akerlof 1976, Scoville 1984, Lal 1991, and Ambedkar 1987). Fixed occupations essentially involve restrictions on mobility of labour and capital across caste groups, leading to an imperfect market situation and a fragmentation of economic activities. The economic outcome of the caste economy in such situation is lower than in the perfectly competitive markets.

Ambedkar had argued that efficiency and productivity of labour is adversely affected by multiple disincentives involved in customary rules of castes. The economic pursuit in a caste system is not based on individual choice, sentiment and preference, in so far as it involves an attempt to allocate a task to an individual in advance, selected not on the basis of training or capacity but on the social status of parents. The social and individual efficiency requires us to develop the capacity of an individual to the point of competency to choose and make one's own career. This is missing in the overall scheme of the caste system. Further, some of these occupations are considered polluting or impure and therefore socially degrading. The social stigma of impurity and pollution reduces the social status of persons engaged in them and thus lowers the economic incentives. 'What efficiency can there be in a system under which neither men's hearts nor their minds are in their work?' (Ambedkar, 1936). And in the absence of efficiency, the productivity also suffers.

The consequences of caste based discrimination and/or exclusion are particularly pronounced in terms of income distribution, employment and poverty experienced by the excluded/discriminated groups. Since property rights under the caste system are assigned unequally across castes, income distribution is also biased along caste lines. Beside the general negative impact on income distribution, the labour immobility across occupation caused by the caste system also has an adverse impact on employment. Ambedkar ([1936] and Akerlof in a different context, 1980) argued that by restricting mobility of labour across caste occupations and thereby not permitting readjustment of employment, caste becomes a direct cause of 'voluntary unemployment' among high caste persons and 'involuntary unemployment' among the low caste persons. Reducing economic discrimination and promoting inclusion thus becomes essential because it is likely to increase economic growth, provide equal access to discriminated groups, reduce inequality between groups, ensure social and economic inclusion and minimise the potential social conflict.

A number of recent empirical studies on the working of labour and other markets, and social needs like education, housing and health services, have provided evidence of the persistence of market discrimination, particularly of former untouchables, and its end result in the form of lack of

access to fixed capital assets, employment, human development and culmination in high poverty and deprivation among them. (Action Aid study 2005, Thorat 1999, reports of the SC/ST Commission). The studies have also brought out the exclusionary and discriminatory working of private industrial labour markets (Papola, 2004). They also suggest that Reservation or some kind of Affirmative action is necessary for promoting competitiveness and economic growth, besides achieving the goal of equal opportunity.

In countries like USA and Northern Ireland, where the non-agriculture sector constitutes more than 90 per cent of the workforce, the focus is mainly on affirmative action policies for the labour market, both in public and private sectors. In some countries like USA, besides the labour market, legal and affirmative action measures also cover education, housing, and government contracts for construction and purchase of goods from minority businesses. In developing countries like Malaysia and South Africa where a substantial portion of population is engaged in the agriculture sector, and minority groups suffer from poor access to land and capital in addition to the labour market, the affirmative action measures are also extended to agricultural land and capital market in addition to affirmative action policies for basic social needs like education and housing. (Thorat, 2006).

The principles (and methods) applied to judge 'fair or just participation' in employment, educational admission, political participation or government contracting and other spheres vary among the countries. Generally speaking, the population share of minority groups constitutes the basis to judge fair participation or access. In some cases just participation is viewed in term of fixed quotas (similar to India), in other cases it is expressed in term of racial/religious minority (population or labour force) balance, and 'appropriate candidate pool' with numerical goals and timetables without quotas. Further, these fixed goals or targets are made legally mandatory or compulsory in some cases while in others they are pursued with an element of voluntary action on the part of firms. In both cases, however, some sort of enforcement machinery is designated to monitor goals and targets. The office of Federal Contact Compliance in USA and FAIR Employment Agency in Northern Ireland are some examples. (Thorat, 2006).

An overview of the strategies against economic and social discrimination used by different countries indicates three remedies – namely equal (employment) opportunity laws, reservation/affirmative action measures and reparation and compensation, either separately or in combination. **For ensuring inclusive growth**, Thorat advocates a reservation policy for the private sector, namely agriculture, private industry and service sector, and cooperative sector where more than 90 per cent of the SC and ST

population are engaged. Such policy should be guided by three principles. It should be applicable to multiple spheres, have fixed quotas with some kind of monitoring mechanism and, depending on the nature of discrimination, use all three instruments – legal, fair access and compensation – in combination.

Indian writers supporting reservation in services contend that, “Efficiency in public services particularly in a welfare state is to be considered not only in terms of individual capacity but also in terms of systems efficiency. Broad-based participation of different segments of population particularly the disadvantaged ones are likely to augment system’s efficiency in a certain sense” (Roy, 1992, 398). Hint of diversity notion can be found in the views of Justice Chinnappa Reddy in ‘Vasanth Kumar vs. state of Karnataka’: “The mere securing of marks at an examination may not necessarily make a good administrator. An efficient administrator must be one who possesses among other qualities the capacity to understand with sympathy and, therefore, to tackle bravely the problems of a large segment of population constituting the weaker section of the people...” (1985, Supp, p.714).

Especially, in relation with 16(4), it is pointed out that: “Efficiency means, in terms of good government, not only marks in examination, but responsible and responsive service to the people. A chaotic genius is a grave danger in public administration. The inputs of efficiency include a sense of belonging and of accountability which springs in the bosom of the bureaucracy (not pejoratively used) if its composition takes in also the weaker segments of ‘we the people of India’...Sincere dedication and intellectual integrity – these are some of the major components of ‘merit’ and ‘suitability’ – not the degrees from Oxford or Cambridge, Harvard or Stanford or Simian-though Indian institutions” (Iyer, 1979, 490).

Another criticism which has come up against the objective meritocratic ideal is the existence of corruption in Indian society and lack of any standards. It is contended that there are so many hidden reservations in appointments and that it is hypocritical to oppose the reservation policy. Even without reservations, people tend to appoint persons from their caste, community, group and relatives. Therefore it is a farce to say that reservations in any way destroy merit in India (Prasad, 1997, 112). The second contention is that the political and other institutions lack any fixed standards. Now and then, they lower the standards to accommodate temporary interests. (For instance, IIT, Kharagpur and many central University’s admission quota for the wards of the employee).

Any talk of efficiency in relation to employment reservation also appears to be superfluous. For, there is a minimum standard prescribed for even those passing through the reservation mill, and if the administration has the



will and the benevolence, even a dullard could be turned into a normally efficient, if not a wizard, by motivation, morale, and training. If the state has not been doing this, it is the state and not the reservation policy that needs to be blamed. Moreover, concession is by no means a surrogate for maintaining standards through motivation, morale, and training. For, as Tawney maintained, the nemesis of concession is death by dilution (Tawney, 1952).

In his arguments for Indianisation of the services and the claims of the backward classes, Ambedkar had pointed out, "First of all those who lay exclusive stress upon efficiency as the basis for recruitment in public services do not seem to have adequate conception of what is covered by administration in modern times. To them administration appears to be nothing more than the process of applying understanding of its scope and significance. Administration in modern times involves far more than the scrutiny of statutes for the sake of knowing the regulations of the State. Often, under the pressure of time or from convenience, a government department is now-a-day entrusted with wide powers of rule-making for the purpose of administering a particular law. In such cases it is obvious that administration cannot merely consist in applying the law. It includes the making up of rules which have the force of law and of working them out. This system of legislation by delegation has become a very common feature of all modern governments and is likely to be on the increase in years to come. It must be accepted as beyond dispute that such wide powers of rule-making affecting the welfare of large classes of people cannot be safely left into the hands of the administrators drawn from one particular class which as a matter of fact is opposed to the rest of the population in its motives and interest, does not sympathize with the living forces operating in them, is not charged with their wants, pains, cravings and desires and is inimical to their aspiration, simply because it comes out best by the test of education". (Ambedkar, Vol.2, p.395)

"These are the considerations which lead me to fight in favour of the Backward Classes. It will be noticed that these considerations are in no way different from the considerations that were urged in favour of Indianization. The case for Indianization, it must be remembered, did not rest upon efficient administration. It rested upon considerations of good administration. It was not challenged that the Indian was inferior to the European in the qualities that go into the make-up of an efficient administrator. European bureaucracy, efficient through it was, was condemned as it was found to be wanting in those qualities which make for human administration. It is therefore somewhat strange that those who clamoured for Indianization should oppose the stream flowing in the direction of the Backward Classes,

forgetting that the case for Indianization also includes the case for the Backward Classes” (Ambedkar, Vol. 2, p.398).

To substantiate his argument, Ambedkar referred to Gokhale’s passionate plea for indianization of services: “The late Honourable Mr. Gokhale once voiced the same feeling when speaking about the “excessive costliness of the foreign agency”. He said: “There is a moral evil which, if anything, is even greater. A kind of dwarfing or stunting of the Indian race is going on under the present system. We must live all the days of our life in an atmosphere of inferiority and the tallest of us must bend, in order that the exigencies of the existing system may be satisfied”. Quoting this, Ambedkar remarked “I beg to invite the attention of the Committee whether these sentiments which have been voiced by a Brahmin (a noble Brahmin to be sure) to the disgrace of the British bureaucracy cannot be more fittingly voiced by the untouchables to the disgrace of the Brahmin oligarchy? May it be said to the credit of the bureaucracy, that it has disproved the charge of being wooden and shown itself susceptible to feeling by proposing changes in the system of the Government which dwarfed the personality of those for whom it was devised. But can the oligarchy claim anything half as noble?” (Ambedkar, Collected Works, Vol. 2, p.397).

Fortunately, these issues of social exclusion are being discussed by politicians, bureaucracy, policymakers, and civil society. There is general consensus now that growth should be shared by all sections of the society rather than by a few categories of population. In order to achieve inclusive growth, besides reservation policy, more people-centered and pro-poor macro-policies need to be adopted. Since achieving inclusive growth is far more challenging than raising economic growth rate, it is argued that public policy should give priority to the ‘inclusive’ sectors to avoid lop-sided growth benefiting only few sections of the population. It is argued that growth and equity should be pursued simultaneously rather than the ‘growth first and equity next’ approach. There are strong social, economic, and political reasons for pursuing broader and inclusive growth. The importance of women’s economic and social empowerment, child development, and socially disadvantaged section like the SCs, STs and OBCs can and should not be ignored.

This is a consequence of the widely shared criticism that the planned developments over decades and recently adopted economic reforms have not achieved inclusive growth or equitable development. In spite of the relatively satisfactory performance in some of the macroeconomic variables, post-reform period witnessed slow rate of reduction in poverty, low quality of employment growth, increase in rural-urban disparities, inequalities across social groups, and regional disparities. Rural India and social sector were

facing severe crisis and social exclusion was evident in neglect of regions, social and marginal groups, women, minorities, and children. It was realized that there is a need to have a broad-based and inclusive growth to benefit all sections of the society.

There are strong social, economic, and political reasons for achieving broader and inclusive growth. Socially, lack of inclusive growth leads to unrest among people. Economically, the measures which raise equity also promote economic growth. As politically no government in a democracy can afford to ignore large sections of workers and non-working population. It is increasingly realized that the process of development in India must become more socially and economically inclusive. If it is not inclusive it can generate very severe social tensions that can lead to disruption and violence. Thus, even for having a stable and democratic society one needs to have inclusive growth. The agenda of inclusive growth has to be given highest priority in order to reduce exclusion, social tensions, inequality and improve overall economic development. India will be a running tiger if growth is more inclusive and benefit all sections of society.

India must adopt a growth paradigm that ensures broad-based improvement in the quality of life of the people, especially the poor, SCs/STs, other backward castes (OBCs), minorities and women. The National Development Council (NDC), in approving the Approach to the Eleventh Plan, endorsed a target of nine per cent GDP growth for the country as a whole. This growth is to be achieved in an environment in which the economy is much more integrated into the global economy, an integration that has yielded many benefits but also poses many challenges. If this is achieved, it would mean that per capita GDP would grow at about 7.6 per cent per year to double in less than ten years. However the target is not just faster growth but also inclusive growth, that is, a growth process which yields broad-based benefits and ensures equality of opportunity for all.

#### ISSUES / DISCUSSION POINTS

The critical questions are: Why are governments in developing and developed countries concerned about exclusion and discrimination? Why do they develop policies against such practices and for reservation and inclusion? Is inclusion only an issue of equity or does it also involve economic costs to the society? Are the costs it imposes on the society more social and political than economic? What, if any, is the relationship between growth and inclusion? These and certain more issues are posed below for all thinking minds to apply their brains for turning the issues into viable policy options:

- (1) Are there reliable or efficient mechanisms for reviewing, reporting and correcting distortions, or monitoring the

- implementation of the reservation policy? Are the disadvantaged really aware of these rights? If not why? If they are aware, are they aware that education is a precondition to avail of the reservation benefits? If they are aware, what prevents them from using the education ladder? Why are they waiting to move, in the words of Huxley, “from the gutter to the university”?
- (2) If there are economic and social disabilities which prevent them from getting educated, how best can the officials and/or the politicians be sensitized on the need for reaching out and investing in these excluded groups and sensitise the excluded ones on the need for educating the rising generation, among other things, to remain “socially fit” in the fast evolving competitive domestic and global market.
  - (3) As the official machinery is unwieldy, dealing with a much more unwieldy population, official work on a particular issue often turns out to be a case of one hand not knowing what the other hand does. To avoid this, it is necessary to have proper issue-based integration or at least coordination of departments.
  - (4) Often, other social groups have resented reservation for the backwards. The state needs to create social awareness among all the concerned groups – officials, backwards and the rest of society about the need and justification for such reservation. This cannot be done by merely quoting the constitutional provisions as each such agitation pushes us back from the path of faster inclusive growth. The more important issue for this purpose is to drive home the main features of secular, democratic governance, India’s constitutional commitment to such governance, and to the eradication of social inequalities, the need for building up democracy through democratization of individual, promotion of inclusive social ethos and practices, and expanding the civil and secular space in society.
  - (5) Whether the state is generating adequate employment every year to meet the requirements of the reservation policy? If the numbers are reduced to percentages and the quotas are filled only when vacancies arise and the backwards have to remain unemployed or wait for the state’s mercy till doomsday that can neither ensure inclusion nor faster growth.
  - (6) A realistic approach in the era of the paradox of ‘golden handshakes’ and VRS on one side and globalisation on the other would be to invest more, and also act more effectively on the education of the backwards and equip them for

- employment in the highly competitive labour market, so that their dependence on state employment becomes much less.
- (7) Although preferential treatment has kept the beneficiary groups and their problems visible to the educated public, it has not stimulated widespread concern to provide for their inclusion, apart from what is mandated by government policy. This lack of concern is manifest in the record of private sector employment-as it was in public undertakings employment before the introduction of reservations.
  - (8) While the affirmative action policy in many of the countries all over the world was, to begin with, used for both private and public sector, why did the India state never think of bringing the private sector under the purview of a reservation policy – even though it was the fact of discrimination in the private domain that led us to accept the reservation policy for the public sector?
  - (9) The denial of cultural capital and the lack of access to education inhibit in many ways one’s ability to deal with knowledge and leverage it. And this cultural capital takes much longer to build up than convergence in income levels. Therefore, is it really fair to think of a poor SC, ST, or an OBC and a poor Brahmin/ upper caste as being similarly situated, just as a middle class SC, ST or many middle class OBCs and middle and upper middle class Brahmin inhabit different worlds?
  - (10) Although caste is an important factor of exclusion at work in Indian society, other factors such as gender, economic conditions, geographical disparities and kind of schooling received cannot be altogether ignored. For example, a child studying in a village or municipal school does not enjoy the same status in society as another who has studied in an elite public school, caste notwithstanding. Some academics have argued that a better system of Affirmative Action and inclusion would be one which seeks to address all the factors of exclusion at work in society which restrict a person’s competitive abilities. For instance, the Multiple Index Related Affirmative Action [MIRAA] system suggested by Purushottam Agrawal of the Jawaharlal Nehru University (2006); another one suggested by Yogendra Yadav and Satish Deshpande of the Centre for the Study of Developing Societies [CSDS] and also suggestions from the Sachar Committee which has studied the backwardness of Indian Muslims and have recommended a

different scheme for identifying real backward and needy people.

- (11) Reservation decision must be taken based on objective basis , Emphasis should be given to proper primary (and secondary) education so that groups under-represented in higher education institutes and workplaces become natural competitors, the number of seats should be increased in the prestigious higher education institutes (such as IITs).
- (12) Should government announce long term plan to phase out reservations? It is suggested that using IT, the government must gather latest data on caste wise population, their educational attainment, occupational achievements, wealth etc. and present this information to the nation for a well-informed and well debated policy decision.

### CONCLUSION

In a nutshell, the Indian Constitution is a social document and the reservation policy has been conceived as a key to social reconciliation and power sharing. Keeping this in view, the nation is to be governed with absolute commitment, positive thinking, judicious planning, optimum effort, harmonizing initiatives and relentless determination, or to sum it up, a perfectly proactive and sensitized inclusive governance, to lead the nation to an era of development where the ideal of development would not need a contradistinctive term as inclusive growth, but growth itself would come to mean a natural, homogeneous and integral inclusive growth. There is a crucial need for the sensitization of every citizen of the country towards his or her individual role in creating, developing and maintaining the inclusive and sustainable development. This would include propagation of the express need of the nation and responsibility of all to preserve national resources and assets natural, physical as well as human. Mass awareness drives, creating in all a sense of responsibility and ethics towards the participation of all in the development of the nation, need to be constantly reinforced. The policy of reservation in its myriad forms and manifestations, with all other enabling and empowering constitutional provisions, implemented and monitored honestly, can be an effective strategy to ensure faster inclusive growth and both can lead to that beautiful collective future of this great civilizational entity called India which has been described in our traditional wisdom as “*happiness of all*” and envisioned by Tagore thus:

“Where the mind is without fear and the head is held high;

Where knowledge is free;  
 Where the world has not been broken up into fragments by narrow  
 domestic walls;  
 Where words come out from the depth of truth;  
 Where tireless striving stretches its arms towards perfection;  
 Where the clear stream of reason has not lost its way into the dreary  
 desert sand of dead habit;  
 Where the mind is led forward by thee into ever-widening thought  
 and action-  
 Into that heaven of freedom, my Father, let my country awake”.

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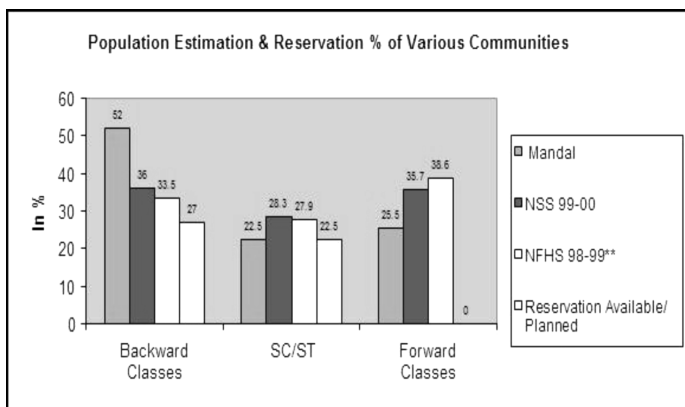
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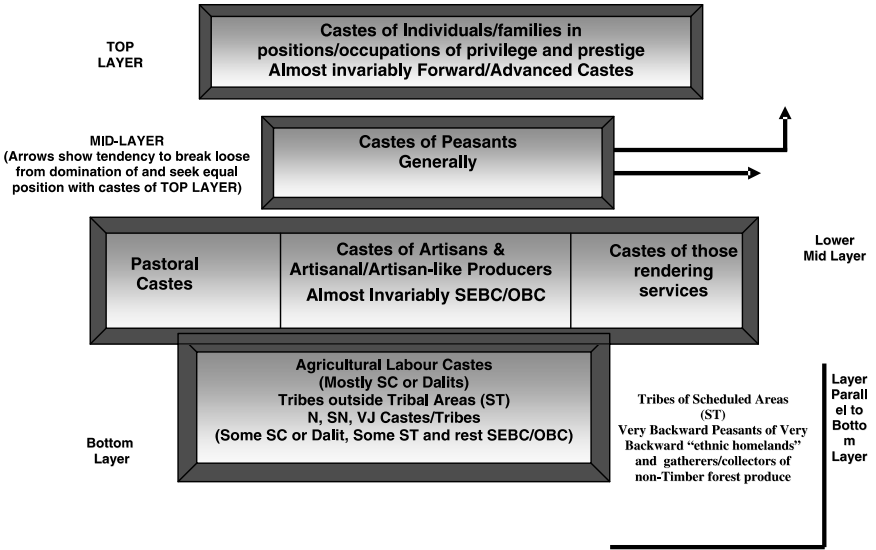
## Annexure – 1



\*\*NFHS Survey estimated only Hindu OBC population. Total OBC population derived by assuming Muslim OBC population in same proportion as Hindu OBC population)

Annexure – 2

**A Diagrammatic Representation of India's Traditional Socio-Economic Structure**



**N = Nomadic, SN = Semi-Nomadic, VJ =Vimukta Jatis (formerly Criminal), SEBC- Sociallv & Educationlv Backward Classes. OBC-Other Backward**

## Annexure – 3

<i>Select socio-economic Indicators*</i>				
<i>Indicator</i>	<i>SCs</i>	<i>STs</i>	<i>OBCs</i>	<i>Others</i>
<i>Population Share (% age)</i>	<i>16.33</i>	<i>8.08</i>	<i>52.1</i>	<i>23.49</i>
<i>Poverty ration – rural (% age)</i>	<i>45.9</i>	<i>36.3</i>	<i>27.1</i>	<i>15.2</i>
<i>Poverty ration – urban (% age)</i>	<i>38.5</i>	<i>34.8</i>	<i>29.5</i>	<i>15.4</i>
<i>Literacy rate (% age)</i>	<i>47.1</i>	<i>54.6</i>	<i>--</i>	<i>65.0</i>
<i>Total fertility</i>	<i>3.15</i>	<i>3.06</i>	<i>2.83</i>	<i>2.00</i>
<i>Infant mortality rate</i>	<i>84.2</i>	<i>83</i>	<i>76</i>	<i>61.8</i>
<i>Enrolment in Prof. colleges (% age)</i>	<i>4.5</i>	<i>13.3</i>	<i>--</i>	<i>--</i>
<i>Conversion School to graduate degree (% age)</i>	<i>42.75</i>	<i>37.44</i>	<i>41.25</i>	<i>54.91</i>
<i>Source: NSSO/census data; Data incorporated from the Oversight Committee Report – 2006.</i>				

**Annexure – 4**

Social Groups and Land holdings						
Size of holding	0.00	0.01-0.40	0.41-1.00	1.01-2.00	2.01-4.00	4.00
Caste Groups						
STs	72	391	243	165	99	30
SCs	100	650	147	65	28	11
OBCs	65	500	202	120	75	30
Others	58	463	191	128	93	67
Source: NSSO/census data; Data incorporated from the Oversight Committee Report – 2006.						

**Annexure – 5**

Sr.	Centrally Sponsored Schemes for SC /Jointly for SCs & STs
1.	Post-matric Scholarships for SCs & STs
2.	Aid to Voluntary organizations
3.	Girls Hostels for Scheduled Castes & Scheduled Tribes
4.	Coaching and Allied Scheme
5.	Machinery for Implementation of PCR Act [Prevention of Atrocity Act also added in 1980]
6.	Pre-matric Scholarships for children of those engaged in unclean occupations
7.	Book Bank Scheme for SC & ST students in Medical/Engineering Colleges
8.	Central Assistance to States for investment in share capital of their SC finance & Development Corporations
9.	Liberation & Rehabilitation of Safai Karamcharis and their families
10.	Research & Training
11.	Upgradation of Merit of SC & ST student.
12.	Ambedkar Foundation
13.	Rajiv Gandhi National Fellowship for SC & ST M. Phil & Ph. d Students.

**Annexure – 6**

<b>Plan instruments of development of SCs</b>
Special Component Plan (ScP) for SCs
Special Central Assistance (SCA) to SCPs of States
<b>National Finance &amp; Development Corporations</b>
National SC & ST F&D Corporations
National Safai Karamcharis F&D Corporation
National & States ST F& D Corporations
National BC F & D Corporation

<b>Plan instruments of development of STs</b>
Article 275 (1)
Tribal Sub Plan (TsP) including Central assistance to TsPs of States
<b>Non-Plan</b>
Overseas scholarship Scheme for SC & ST

*Reservation  
and  
Inclusive Growth*

**THEME PAPER FOR THE  
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**Sushma Yadav**

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**Indian Institute of Public Administration  
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