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## Social Exclusion and Economic Perspectives in India

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### Introduction

The origin of the term “Social Exclusion” goes back to mid-1970s when René Lenoir first developed the expression of ‘Social Exclusion’ as a complement to the framework of market discrimination conceptualized by Gary Becker during 1960s (Sen., 2004). However, the phenomenon of social exclusion in the Indian context is not similar to the experience of excluded groups in other countries. In the Indian context, social exclusion differs from other countries mainly on three counts. One, the basis of the social exclusion in Indian context is birth and continues till the death. The birth of an individual in a particular *Varna* (a term that represents groups of castes) decides the socio-economic status in the society. Two, exclusion of an individual is not caused due to the individual characteristics, but could be attributed to societal phenomenon in the sense that an individual can be excluded not due to his characteristics, but due to the reason that he belongs to a certain social group. And thirdly, the notion of impurity is attached to the exclusion and religious sanctions which are continued historically.

This differential treatment has been initially conceptualized by Sukhdeo Thorat through the concept of social exclusion to understand the problem of all marginalized groups in India. The main objective of this research paper is to understand the nature of social exclusion concept in Indian context basically in economic perspective. For this, to understand this concept I have used writings of Prof. S.K. Thorat about this concern. According to Thorat, “in India, exclusion revolves around the societal institution that exclude, discriminate, isolate and deprive some groups on the basis of, gender and others” (Thorat and Sadana, 2004). Further, he simplifies that the concept of exclusion is related to the societal institution which exclude, discriminate, isolate and deprives some groups on the basis of group’s identity like caste, ethnicity, religion, gender etc. Social exclusion describes a process by which certain groups are systematically discriminated against because of their caste, religion, gender, disability or other factors. Social exclusion keeps a social group outside power centers and resources. It takes the form of segregation from the social, political, economic, cultural, educational and religious domains of society. It thus imbues a sense of superiority and inferiority in members.

### The Nature of Social Exclusion in Indian Context: Economic Perspective

Exclusion on the basis of race, color, religion, ethnic background, national or social origin exists in many nations under diverse social, economic and political system, and India has been no exception. The concern about exclusion at the policy level is primarily because of its consequences on economic growth, inequality and deprivation that it particularly brings to the excluded and discriminated groups. He said that social exclusion has been defined as “the process through which individuals or groups are wholly or partially excluded from full participation in the society within which they live.” Two defining characteristics of exclusion are particularly emphasized, firstly the societal relations (or institution) that causes exclusion and secondly its consequences in terms of deprivation in multiple spheres –coming mainly through denial of equal rights (Thorat 2005). The concept thus focuses attention on social relations and the institutions underlying the process of exclusion and its adverse consequences in multiple spheres on the excluded groups.

The application of the concept of social exclusion in the Indian context is developed on the basis of the formulations provided by Amartya Sen and Buvinic. Thorat points out two major distinctions of the concept given by Sen (2004). One, there is a distinction between the situation where some people are being kept out, and where some people are being included in deeply unfavorable inclusion.

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The unfavorable inclusion with unequal treatment may carry the same adverse effect as “unfavorable exclusion”. Two, differentiation between “active and passive exclusion” for the casual analysis and policy response, as it is important to distinguish between “active exclusion” fostering of exclusion through the deliberate policy interventions by the government, or by any other willful agents to exclude some people from some opportunity, and passive exclusion which works through the social process in which there are no deliberate attempts to exclude, but may result in exclusion from a set of circumstances.

Besides, there is another distinction Sen provides, which Thorat discusses, is the “constitutive relevance” of exclusion from that of “instrumental importance”. The former have an intrinsic importance of their own. For instance not being able to relate to others and to take part in the life of the community can directly impoverish a person’s life, which may further generate further deprivation. This is different from social exclusion of “Instrumental importance”, in which the exclusion in itself, is not impoverishing, but can lead to impoverishment of human life.

In the approach of Thorat, these developments in social science literature indeed enable us to comprehend the meanings and manifestations of the concept of social exclusion, and its applicability to caste and ethnicity based exclusion in India. Thus, the manner in which it has been developed in social science literature, the concept of social exclusion in general and economic exclusion in particular, essentially refers to namely the “Societal institutions” (of exclusion), and their “outcomes” (in terms of deprivation). In order to understand the dimensions of exclusion, therefore, it is necessary to understand the social relations, which lead to exclusion of certain groups causing deprivation in multiple spheres i.e., civil, cultural, political, and economic. For a broader understanding of the concept of exclusion the insights into the societal process and institutions of exclusions are as important as the outcome in terms of deprivation for certain groups (Thorat 2005).

Thorat emphasizes on recognizing the group characteristic of exclusions and economic exclusion or discrimination is independent of income, productivity or merit of individuals in the group. Often people do get excluded from the market due to lack of income or unemployment due to low productivity/skill or no admission due to lower level of so called merit. In these cases, low income, productivity and merit are direct cause of exclusion. In the case of group based exclusion on the other hand, the basis of exclusion is group identity and not the economic characteristics of a group. The focus of exclusion is social group and not individual. It is a different matter that exclusion may necessarily lead to denial of economic opportunities and powerlessness. But low income, productivity or less merit are not the original sources, it is the outcome of exclusion associated with group identity. This group characteristic needs to be recognized when we discuss the policy and remedies against discrimination. It is also possible that some individuals in the discriminated group may be economically better off and they may have some advantage in overcoming the effect of discrimination compared with their poor counterpart. But since exclusion has group focus they would also suffer from discrimination- though may be not with the same degree and magnitude as the poor member of their group (Thorat 2005).

Buvinic also provides concept of social exclusion which emphasizes that, “...inability of an individual to participate in the basic political, economic and social functioning of society”, and it involves, “the denial of equal access to opportunities imposed by certain group in society upon others.” Above the definition, Thorat said, this definition captures three distinguishing features of social exclusion. One, it affect culturally defined group; two, it is embedded in social relations between them; and three, it results in deprivation or low income for those excluded. It is critical to take note of the particular form of exclusion in the Indian context where inscriptive rather than achieved characteristics are the basis of exclusion. The former are not amenable to alteration as a consequence of individual’s agency and cannot, therefore, be regarded in any fashion as a matter of personal responsibility (Thorat 2007).

Exclusion in the Indian case revolves around the societal interrelations and institutions that exclude, discriminate against, isolate and deprive some groups on the basis of group identities like caste and ethnicity or religion. The nature of exclusion revolving around the caste system, particularly, needs to be understood and conceptualized. Caste-based exclusion has formed the basis for various anti discriminatory policies in India. Add to this, Thorat said that the practice of caste-based exclusion and discrimination thus, necessarily involves failure of access and entitlements, not only to economic rights,

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but also to civil, cultural and political rights. It involves what has been described as “living mode exclusion”, exclusion in political participation, and exclusion and disadvantage in social and economic opportunities. The caste/untouchability and ethnicity based exclusion thus reflect in inability of individuals and groups like former untouchables, adivasi and other similar groups to interact freely and productively with others and to take part in the full economic, social, and political life of a community. They have incomplete citizenship or denial of civil rights, political rights and socioeconomic rights.(Thorat 2005-a).

In social science literature, there is general agreement on the core features of social exclusion, its principle indicators and the way it relates to poverty and inequality. Social exclusion is the denial of equal opportunities imposed by certain groups on others which leads to inability of an individual to participate in the basic political, economic and social functioning of a society (Thorat 2005-b).

Thorat discusses diverse ways in which social exclusion can cause deprivation and poverty. The consequences of exclusion thus depend crucially on the functioning of social institutions, and the degree to which they are exclusionary and discriminatory. Social exclusion has a considerable impact on an individual’s access to equal opportunity if social interactions occur between groups in a poor –subordinate relationship. The focus on groups recognizes the importance of social relations in the analysis of poverty and inequality (Thorat and Haan 2008-a)

The outcomes of social exclusion in terms of low income and high degree of poverty among the excluded groups depend crucially on the functioning of social and economic institutions through a network of social relations, and the degree to which they are exclusionary and discriminatory in their outcome. Social exclusion has a sizeable impact on an individual’s access to equal opportunities if social interactions occur between groups in power/subordinate relationship. The groups focus on social exclusion recognizes that people are excluded because of described rather than achieved features, beyond individual agency or responsibility (Thorat 2005-c).

One of the important arguments, Thorat puts, is the individual exclusion versus group exclusion. The concept of social exclusion essentially refers to the process through which groups are wholly or partially excluded on the basis of group identities from full participation in the society, economy, and polity in which they subsist. It involves two crucial dimensions, namely, ‘societal relation’ (causing exclusion) and their ‘outcomes’ (causing deprivation). Therefore, for understanding the nature of exclusion, insights into societal relations and institution of exclusion is an important as delineating their outcomes in terms of deprivation for excluded groups (Thorat and Newman 2010).The concept of social exclusion clearly draws distinction between group exclusion and exclusion of an individual. In case of ‘group exclusion’, all persons belonging to a particular social/cultural group are excluded because of their group identity and not due to their individual attributes. Exclusion of an ‘individual’ is fundamentally different from the exclusion of a ‘group’. Individual (both from excluded and non-excluded group) often get excluded from access to economic and social opportunities for various reasons specific to them (and not because of their group social/cultural identity). For instance, individuals may be excluded from employment due to the lack of requisite education and skills. On the other hand, in case of the exclusion of a social group variables associated with social and cultural identities –such as social origin like caste, ethnicity, religion, gender, colour and race – become important and exclude all persons belonging to then from access to capital assets, business, employment, education, civil and political rights, and other social needs. Thus, the group characteristics of exclusion are based on social and cultural identity, and are irrespective of individual attributes (Thorat and Newman 2010).

### **Concept of Economic Discrimination –Market and Non-market Discrimination**

Within social science literature, a more precise elaboration of the concept of discrimination has come from the discipline of economics in the context of race and gender. Mainstream economics literature throws market and non-market transactions, and some develops the concept of market discrimination with some analytical clarity. In the market discrimination framework, the discrimination of a group may operate through restrictions on entry to markets and/or through ‘selective inclusion’, with unequal treatments in market and non-market transactions.

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Labor market discrimination, as Thorat argues, can occur in hiring –for instance, when two persons with similar employment experience, education, and training apply for employment, but because they differ in some non-economic characteristics, they face denial in hiring (Thorat and Newman 2010). The differences are thus, correlated with certain non-economic (social origins like caste, origin, ethnicity, and religious backgrounds) characteristics of an individual. He also said that, there are very few theoretical attempts at the economic interpretation of the caste system, but nevertheless, they do recognize that caste as a system of social and economic governance is determined by certain religious ideological notion, and customary rules and norms, which are unique and distinct. The economic organization of the caste system is based on the division of the people in social groups (or castes), in which the social and economic rights of each individual caste are pre-determined or ascribed by birth and made hereditary. The entitlement to economic rights is, however, unequal and hierarchical (graded). The economic and social rights are unequally assigned and, therefore the entitlement to rights diminishes as one move down the caste ladder. The system also provides for a community-based regulatory mechanism to enforce the system through the instruments of social ostracisms (or social and economic penalties), and is reinforced further with the justification from and philosophical elements in Hindu religion (Thorat and Newman 2010).

Caste/untouchability –based exclusion is reflected in the inability of individuals from the lower castes to interact freely and productivity with others and this also inhibits their full participation in the economic, social, and political life of community. Incomplete citizenship or denial of civil rights (freedom of expression, rule of law, right to justice), political rights (right and means to participate in the exercise of political power), and socio-economic rights (right to property, employment, and education) are the key dimensions of an impoverished life. From this perspective, Thorat gives the concept of caste and untouchability –based on market and nonmarket discrimination is defined.

1. Complete exclusion or denial of certain social groups such as the lower caste by higher castes in hiring or sale and purchase of factors of production, (like agricultural land, non-land capital assets, and various services and inputs required in production process) consumer goods, social needs like education, housing, health services, and other services transacted through market and non-market channels, which is unrelated to productivity and other economic attributes.
2. Selective inclusion but with differential treatment to excluded groups, reflected in differential price charged or received (different than market prices). This may include price of input factors involved in production such as wages to human labor, price for land or rent on land, interest on capital, and rent on residential houses. This may also include price or fee charged by public institutions for services such as water, electricity and other goods and services.
3. Unfavorable inclusion (often forced) bound by caste obligations and duties reflected, firstly, in over-work loss of freedom leading to bondage, and attachment and secondly, in differential treatment at the place of work.
4. Exclusion in certain categories of jobs and services of the former untouchables or scheduled castes who are involved in so-called ‘unclean or polluting’ occupations (such as scavenging, sanitary jobs, leather processing, etc.). This is in addition to the general exclusion or discrimination that persons from these castes would face on account of being low-caste untouchables (Thorat and Newman 2010).

### **Concluding remark**

Social Exclusion revolves around the societal interrelations and institutions that exclude, discriminate against, isolate and deprive some groups on the basis of group identities like caste and ethnicity or religion. In the case of untouchables the exclusion revolves around the caste system and another source of exclusion is linked with ethnic identity from which groups like Adivasis suffer. Exclusion in civil, educational and economic sphere is, thus, internal to the system and a necessary outcome of its governing principles. In the market –economy framework, occupational immobility would operate through restriction in various markets, and may include land, labor, capital, credit, other inputs, and services necessary for pursuing any business or educational activity. Economic discrimination