Caste and affirmative action in India

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Is there caste discrimination today?

- Taste discrimination

- Statistical discrimination

- Self discrimination

- Taste discrimination at a decentralized level is unlikely to be dealt with by affirmative action.

- Statistical discrimination is usually targeted by some form affirmative action.

- Self discrimination: some kind of affirmative action might help

Evidence on taste discrimination

- From marriages among middle class Bengalis
- Using the decision to write back to a letter of interest
  - We observe what the decision makers observe
- We find that people have mostly horizontal preferences
- Very strong own caste preference
  - willing to trade off the difference between no education and a master's degree to avoid marrying outside their caste.
  - For men seeking brides, it is twice the effect of the difference between a self-described "very beautiful" woman and a "decent-looking" one.
- Looks like caste preference rather than "culture" preference
- Has very little impact on the equilibrium matching patterns: hence no economic pressure to change
- "Love marriages" main source of dynamism: 30% "exit" caste.
- Perhaps unlikely to see the same forces in rural India.

Evidence on Statistical Discrimination

- Audit study methodology:
  - Send changed versions of real resumes from naukri.com to employers who have posted ads
  - Vary caste of the applicants randomly keeping all other characteristics fixed.
  - Measure employer call-backs
- We sent out 3160 resumes to 371 jobs---2/3 software, 1/3 call center
- Varied in terms
  - Caste (upper-OBC-SC)
  - Religion (Hindu-Muslim)
  - Quality (BTech-BA)

Results

- No evidence of discrimination in the software sector.
  - No difference in overall callback rates across groups
  - Highest quality gradient for SCs
- Evidence of some discrimination in the call centers
  - OBCs, SCs and STs are 60% less likely to be called back
  - No difference for muslims versus upper castes
- Is this taste discrimination or statistical discrimination?

Self Discrimination

- Hoff and Pandey *AER*

- In Uttar Pradesh villages gets about 700 (half upper caste, half lower caste) children to solve mazes for money.

- In the baseline treatment caste was not mentioned.
  - Upper and lower caste children did equally well

- However when the children's caste same was casually introduced into the preamble, the lower castes do 25% worse than the upper castes.

Affirmative action?

- Pro:
    - Induced experimentation—people learn about themselves, about others
    - Evidence from US college residence lotteries
    - Second world war
- Contra:
    - Negative Incentive effects
    - Mismatch
    - Unfair?
    - Politically damaging?

Evidence on mismatch

- Bertrand, Hanna, Mullainathan
- Looked at engineering admissions exam in one India state in 1996.
- Tracked people just above and below the admission cutoff: Cut off 182 for SCs, 480 for UCs
- UC families around the cutoff are richer by 70%
- Find that the incomes gains for the SCs are between 3500 and 6000 rupees per month
- Which is a return 40-70%
- Which is a similar to the return for the UCs
- However in absolute terms the UCs would have gained more

Unfair?

- Unfair to the "meritorious"?
- Why not target by income?
- Why not improve education at the primary level?
- What about the those lower castes who have every advantage?