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IMPACT OF GLOBALISATION ON CASTE SYSTEM: AN ECONOMETRIC ANALYSIS

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Abstract:-Affirmative action in terms of quotas in favour of SC(schedule caste) in India has faced huge criticism in the past few years. One of the reasoning given for that is, in the times of globalisation the need for actions related to problems of the past like Caste System does not arise and also that even if there is a need, globalisation is sufficient enough to fade away the caste inequality present in the country. This paper attempts to address the question 'Has Globalisation made any impact on the Caste System of India and if it has, then what kind of an impact has it made?'With the help of econometric methodology we would like to find the answer to the above mentioned question. And the results were quite different from what might have been expected.

Keywords: Globalisation, Caste System, FDI, level of significance, p-value.

INTRODUCTION :

Perhaps, the words Globalisation and Caste System make one feel that we are talking about phenomenon associated with two different time horizons. Globalisation seems to be a reality of the latest times and Caste System of a bygone era. But not only are the two coexisting together but the interaction between them has had an effect on the Caste System in India.

As it has already been established from various other studies that Caste System is still very much prevalent in contemporary India despite all the measures been taken to eradicate it, justifies the need to look at it in the light of various other changes happening in the society and the economy. It is widely believed that Globalisation has made an impact on most facets of many individuals' lives. It is not feasible for me in this small study to look into all the aspects of their effects and whether the effects were welfare increasing or not, and so, I would like to restrict my attention to only its affect on the Caste System which is also in itself a very integral part of the contemporary Indian society.

REVIEW OF LITERATURE

Globalisation: According to the definition of the *International Monetary Fun*d globalization is the growing economic interdependence of countries worldwide through increasing volume and variety of cross-border transactions in goods and services, free international capital flows, and more rapid and widespread diffusion of technology.

Therefore, we would like to assess how the three aspects of Globalisation, namely **trade** (transactions in goods and services), **capital inflows** and **diffusion of technology** have had an impact on the caste system.

Caste System: The origin of the caste system belongs to the pre-historic times of India. The word caste derives from the Portuguese word *casta*. Indian castes are grouped in the four varnas -Brahmins, Kshatriyas, Vaisyas and Sudras. Among them, the 'Sudras' were classified as inferior and the last Varna to other three varnas, in ancient social system in India. Along with this several social, economic and political restrictions were imposed on them. This classified 'Sudras' includes various caste groups, which have suffered social and economic inequity since ages. Article 15 (4) and 16 (4) of the Indian constitution has made provision of reservation for backward classes in educational institutions and public employment. we will use the castes categorised under these Articles as Scheduled Castes to describe 'Sudras' and the ones not categorised as 'Others'. Hence, in this paper the Caste System will be defined as the economic inequality between the 'Scheduled Caste' group and the 'Others' group.

The existing literature on the issue consists of many theories regarding the different impacts Globalisation can have on the caste system.

There are two main views that have been found:

a)One view is that globalisation **will take away the jobs from the poor low castes and give more jobs to the rich high caste thereby increasing inequality.** This view also supports the argument that it will only lead to **a change in the form of the caste system** and not actually bring about any change in the system.

This view is held by David Pick and Kandy Dayaram and also by Suresh Kakde. They show that in the case of India the traditional practices of caste have indeed not disappeared from the Indian social, cultural, political, and economic landscape, instead it has been re-invented, re-structured, and re-justified within the context of global capitalism. It remains an indelible feature of the social, cultural, and political landscape.

b)The other view is that *due to the impact on the social and cultural values of the people the differences among the castes will disappear over time with globalisation.* This view is backed by the theory proposed by Beck of 'de-traditionalisation' which means 'the exhaustion, dissolution, and disenchantment of the collective and group-specific sources of identity and meaning [for example, caste, ethnicity, class consciousness] of industrial society'. This means that the society will have change in its approach towards caste due to inclusion of new ideas into the society.

The supporters of this view also argue that globalisation will make things easier for dalits as they are able to westernise a lot easily as compared to Brahmins.

DATA

We have used the cross-section data on 25 states and union territories of India for the year 2004-2005.

RESEARCH METHODOLOGY

Econometric Analysis:

To find out what really has been the actual impact we have used the Simple Regression as the tool. As the average MPCE for Rural and Urban is given separately, there are two different regressions for the Rural and Urban households for the same state and UTs. This measures how the level of globalisation in different states and UTs has had different effects on the disparity between castes.

Dependent Variable:

We have used the NSS 61st Round (2004-2005) data on Monthly Per capita Consumption Expenditure (MPCE) of the SC and Others (this includes cereal, food and non-food items).It has been taken as a proxy for income. The formulae for the dependent variable Y is:

Y= (Average MPCE of Others – Average MPCE of SCs)/Average MPCE of All.

where All refers to the state-wise Average taking all castes SC, OBC, ST and Others. The same exercise has been done for both Rural and Urban households. This variable shows the difference between the average consumption expenditure of SC and Others as a proportion of the state-wise average. This makes it a unit free variable.

Independent Variables:

Looking at the three major components of globalisation in section 1 capital inflows, trade and technological diffusion:-

1) Capital Inflows – For capital inflows I have used the state-wise data on FDI (As on 2004) as this will measure the cumulative effect of foreign capital inflows till 2004. The intuitive reasoning behind using this variable is that the cumulative FDI in different states will capture the job opportunities available to the different caste groups and also the replacement of the petty jobs of the lower castes.

2) Trade-To capture the effect of trade we have used the state-wise revenue collection data from the customs duty. This tries to measure the state-wise imports as state-wise import data is not available. Intuitively it can show the competition that is faced by the local tradesmen.

3) Diffusion of technology-To measure the diffusion of technology we have used the data on state-wise internet subscribers and state-wise number of telephone/mobile connection per 100 persons (i.e. state-wise teledensity). It shows a very important aspect of globalisation which is an increase in the ease of communication. It also covers the social and cultural effects of globalisation as it shows how information can be passed on a lot more easily.

SATISTICS USED AND RESULTS ACHIEVED:

Using EVIEWS 3.0 the results of the regression are –

Rural:

Table showing the regression results of the Rural households-

Dependent Variable: Y
Method: Least Squares

Included observations: 25

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.037879	0.086383	0.438499	0.6657
CUSTOM_DUTY	0.544720	0.440398	1.236882	0.2305
FDI	0.552477	0.189006	2.923064	0.0084
INTERNET	-0.027159	0.011112	-2.444057	0.0239
MOBILE_TD	0.031904	0.018548	1.720051	0.1009

R-squared	0.378572	Mean dependent var	0.241677
Adjusted R-squared	0.254286	S.D. dependent var	0.341075
S.E. of regression	0.294535	Akaike info criterion	0.570017
Sum squared resid	1.735015	Schwarz criterion	0.813792
Log likelihood	-2.125216	F-statistic	3.045981
Durbin-Watson stat	1.749560	Prob(F-statistic)	0.041101

Note: In the case of Rural households, as the independent variable Overall_td (Overall teledendisty which means number of landline connections per hundred persons in a state or UT) was neither significant nor was it increasing the significance of other variables so to avoid specification bias it was excluded from the model.

From the above table we can observe that -

a) Custom duty has a positive coefficient that means, if custom duties from a state which we were using as a proxy for imports or competition increases caste inequality increases. The reason could be that as competition increases the jobs will also get more competitive and so similar to what Kakde said, jobs from lower caste will be snatched away by the upper caste. But as the variable is not significant at all. The result may not be valid.

b)FDI has a positive coefficient of 0.552477 and has a p-value of 0.0084 which is significant even at 1 % level. Increase in FDI in a state/UT increases the economic inequality between higher caste and lower caste. This result is similar to the first view that globalisation increases inequality. The reason could be availability of more high paying jobs to the high caste in MNCs and at same time declining availability of stagnant and less paying government jobs to lower caste due to privatisation.

c)Internet subscribers have a negative coefficient of -0.027159 and p-value of 0.0239 which significant at 5% level. Thus, it can be said that diffusion of internet technology helps reducing caste inequality. It can also be inferred that internet helps in the process of 'de-traditionalisation' by bringing about information ideas and culture into the society and slowly fading the old societal barriers.

d)Mobile teledensity has a positive and insignificant coefficient. The positive sign is different from the expectations but as the coefficient is insignificant at all levels it does not pose many problems.

Urban:

Table below is showing the regression results for Urban households-

Dependent Variable: Y
Method: Least Squares

Included observations: 25

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.178218	0.131427	1.356020	0.1902
FDI	0.412498	0.173176	2.381955	0.0273
INTERNET	-0.014386	0.007302	-1.970317	0.0628
MOBILE_TD	-0.046849	0.057695	-0.812004	0.4263
OVERALL_TD	0.042175	0.039016	1.080975	0.2926

R-squared	0.320657	Mean dependent var	0.429926
Adjusted R-squared	0.184789	S.D. dependent var	0.303189
S.E. of regression	0.273746	Akaike info criterion	0.423627
Sum squared resid	1.498742	Schwarz criterion	0.667402
Log likelihood	-0.295340	F-statistic	2.360054
Durbin-Watson stat	1.346291	Prob(F-statistic)	0.088068

Note: In the case of Urban households, as the independent variable custom duty was neither significant nor was it increasing the significance of other variables so to avoid specification bias it was excluded from the model.

From the above table we can see that

a)FDI has a positive coefficient of 0.412498 and has a p-value of 0.0273 which is significant at 5 % level. Therefore, it can be said that an increase in foreign investment has had a significant impact on the caste inequality. Increase in FDI in a state/UT increases the economic inequality between higher caste and lower caste. This result is similar to the first view that globalisation increases inequality. The reason could be availability of more high paying jobs to the high caste in MNCs and at same time declining availability of stagnant and less paying government jobs to lower caste due to privatisation.
b)Internet subscribers have a negative coefficient of -0.014386 and p-value of 0.0628 which significant at 5% level. Thus, it can be said that diffusion of internet technology helps reducing caste inequality. It can also be inferred that internet helps in the process of 'de-traditionalisation' by bringing about information ideas and culture into the society and slowly fading the old societal barriers.
c)Mobile teledensity has a negative and insignificant coefficient .Here the sign is according to the expectations unlike in Rural case. And the reason for the negative could the same as in the case of internet because mobile teledensity also shows an increase in communication which should reduce the inequality but as the coefficient is insignificant at all significant levels it is not valid.
d)Overall teledensity has the same problem as was the case in mobile teledensity in Rural households where the coefficient has a positive sign but is insignificant. Once again the sign is against the expectations as it should increase communication and so reduce inequality but as the coefficient is insignificant at all levels it is not a serious problem.

CONCLUSION

1)*The coefficient of FDI was found to be positive and significant in both the Rural and Urban case.* Therefore, we can say that FDI which is related to Globalisation in the capital market i.e. Economic Globalisation does increase the caste inequality as was proposed earlier in the literature. So, data backs the theory.
2)*The coefficient of Internet was found to be negative and significant in both the Rural and Urban case.* Therefore, we can say that internet which is related to the Cultural Globalisation as it has an impact on the society decreases caste inequality which is also similar to the theory proposed earlier.
3)Thus, we see that Globalisation has two effects one positive and one negative and *whether it increases or decreases the caste inequality depends upon which aspect of Globalisation we are focussing on. But as a net effect we can also say that it will overall increase the inequality rather than reducing it* as the coefficient of FDI is much greater than the coefficient of the internet.

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