

## **THE EXCLUSION AND THE MARGINALIZATION OF SCHEDULED CASTE IN INFORMAL SECTOR OF ECONOMY**

**Ravi A Gajbhiye**

### **ABSTRACT:**

SCs1 are interlocked in a traditional occupation, manifesting inadequate social network, lack of social capital, socio-economic boycott, lack of education etc. And lacking social security, protection of law; undecided working hours, oppression and law paid employment. They are historically disadvantage position, countering immeasurable difficult arising from hierarchal social structure of caste system.

Socio-economic inequalities are seen in labour market. This study is exploring the impact of exclusion and marginalization on SCs in labour markets. Exclusion and marginalization of Scheduled castes are coupled with caste system, they suffer exclusion and marginalization because of lower status in social ranking of caste system; it is fixed and unchangeable by birth.

Informal sector or informal economy or gray market is the part of unregulated labour market. It is not monitored and tax by the government and no as such protection is given; calculate 90 percent of Indian economy covering wide ranges of economic activities. It seems to a coping mechanism for marginalized section to enhance livelihoods opportunities, because of earning opportunities is scarce in formal sector and encompasses from street vender, shoe shining, and food processing other minor activities requiring little skills.

### **INTRODUCTION**

It is important to focus on disparities because of two reasons, first, it is well known that almost all social groups formed on the basis of certain identifiable social characteristic in India follow or practice some or other kind of exclusion (Santhakumar, 2013). They are lagging behind the economic and social underdevelopment. SCs in urban areas are engaged in casual labour work, (S. Thorat 2009) are relatively disadvantages position compares with Non-SCs workers hence it reflects SCs percentage in self employment that are lower (9 percentage, 2009) and casual labour is higher (14 percentage points). However, proportion of regular wage/ salaried. As mentioned previously about reduction of employment in public sectors cause SCs to find the ways to work in self employment.

---

1 Article 341: Scheduled Castes

Definitions"(24) "Scheduled Castes" (SCs) means such castes, races or tribes or parts of or groups within such castes, races or tribes as are deemed under article 341 to be Scheduled Castes for the purpose of the Constitution." (SCs are Previous ex Untouchables caste)

SCs are historically suffering of exclusion and marginalization. They are excluded from the labour market due to socio-economic prejudices. As economic point of views large percentage of population are excluded gaining entries into labour market. This is not good for economic development of nation. And another side, It is retaining underdevelopment of SCs.

Exclusion of SCs in labour market is predominately happen because they belong to certain groups as lower castes. It happens in other ways also. They are not given preference in labour market as they are considering "impure" by old caste system. Consequently, the impact of old belief system of caste can be seen in labour market. This study is mainly focus on the various aspect of discrimination in labour market with SCs.

#### Scheduled caste occupation interlocking

SCs works in various occupation and as mentioned earlier they are interlocked in old traditional occupation it considers inhuman such as cleaning toilets, skinning cows, digging graves in the past, the discrimination practice in the informal sector is unchecked. SCs are more poor and illiterate, constitute a bulk of India's landless labourers they are unemployed and underpaid. It is acknowledge that India's informal sector suffer socio-economic discrimination compare with formal sector. The prominent features India's labour markets are lower real wages and poor working / living conditions.

#### Economic development and status of Scheduled caste

Understand a rapid shrinking of socio-economic development of SCs it is become theoretical discourse to study an enhancement of socio- economic inequalities. The cumulative impact of these disparities is reflected in high levels of poverty in the S.C. community. About 36 per cent of SCs were poor as compared with 21 per cent among non-S.Cs/S.Ts (Thorat, 1999-2000).

Scheduled castes and Scheduled tribes make up 16.2% and 8% of the total Indian population, but their control over resources of the country is marginal—less than 5%. Close to half of the Scheduled caste population lives under the Poverty Line, and even more (62%) are illiterate. Among the Scheduled castes, most of those engaged in agricultural work are landless or nearly landless agricultural labourers. Scheduled castes and tribes are exploited because of their lower status in society and are disparaged of getting a full participation in socio-economic development.

Scheduled caste population 16.2 in India, counted in 29 states 1,150 castes among SCs (Census 2011). They are in Hindu, Sikh, and Buddhist and christen religions (Sachar committee report, 2006). In Maharashtra state 13 percents population of SCs and 59 castes can be seen.

Caste system is the reason of socio-economic oppression; it was prepared to maintain socio-economic hierarchal inequalities. SCs are historically denied rights to live with dignity. They are confronting with discrimination on the basis of work they involved. The UN defines this kind of problem as 'discrimination on the basis of work and descent. In India, labour market has been undergoing major shift including enhancement of informal labour activities, inferior quality of employment in terms of social security and wages. Declining the worker bargaining power is indicating as weakening social security.

The caste and religion breakdown for the formal and informal sectors (self-employed and informal wage labour) show interesting patterns. As one would suspect, Brahmins and

people belong to high caste are more likely to be in the formal sector, compared to the lower social castes. If we divert our attention to the distribution of people by caste and religion based on the principal source of household income, we see that Brahmins and people belong to high caste are more likely to be salaried workers or professionals, whilst Dalits and Muslims are more likely to be non-agricultural labourers or artisans.

### **Origin of old practices discrimination**

The old practices of caste system demeaning SCs and has been forbidden to engaging better occupation and taking up well paid of economic activities. The classification of Varna into four groups that are Brahmin, Kshatriyas, Vasishya and Shudras, there is another group of people cut out from Varna system that are antishudra. Consider outside the Varna system. Thus nobody can deny its democratizing potential where the dominance of a few castes/communities over economic affairs in society.

### **Constitution rights and its violation**

In 1950, the Constitution of India enacted and implemented a 'representation policies' After having some reservation SCs found in various government sectors employments, but many of them forcefully are engaged in informal work, in this sector lack of social security, underemployment. According to the 61st round of National Survey – NSS (2004-05) a little more than 29% of all urban SC households were in category of self-employed. Though this number was significantly higher for Other Backward Classes (OBCs) (nearly 40.3%) and "other" (nearly 38.6%) categories of households, though the proportion of SCs owning private enterprises was significantly lesser than their population in urban areas (around 7% against their population of around 12%) their presence is not insignificant (Thorat and Sadana 2009).

### **Brief history of SCs**

History of caste system traced back to more than two thousand years ago. It is believed that earlier Varna system exited basic of Karma, increasingly it turn into the reason for manifestation of hierarchy of caste on basic of birth. (B.R. Ambedkar 2007) SCs are segregated and restricted into outskirts of villages.

Nearly, 1500 BCE, Rigveda has showed the caste genesis was an initial point yet there were not caste specific peculiarity, the period of Bhagavad Gita had showed the symptom of caste hierarchy used as a ritual in daily practice c. 200 BCE-200 CE. The Law of Manu defines duty of caste (third century AD) the inhuman punishments were inscribed in order to preserve a purity and impurity on caste line. Inhuman treatment had been given protecting a ritual of lower caste were given the duty to perform manual work. Manusmriti was considered a religion book in Hinduism undoubtedly an authoritative to legitimizing socio- economic inequalities have been divided into a numerous caste and sub-caste.

The caste-based untouchability dated back to 4th century, first noted by a famous Chinese Buddhist Fa Xian. He had illustrated that "Chandalas" had isolated as "Untouchable" from mainstreams had been initiation of Untouchability

SCs are compelled to perform menial jobs turn out to less income results chronic poverty. In the modern India they become part of dirt (Guru, 2006). According to (Thorat, Sadana and 2009) the caste system is highly unequal entitlement of rights. The perpetuation of historical injustice and inhuman treatment has denial of equality and justice. SCs are linked with a notion of impurity therefore suffers from socio- economic exclusion made them dependent on so called higher caste for their survival. In villages have been a tradition-bound notion and attitude are being observed in nomenclature of caste.

After independence 1947, cognizable socio-economic changes can be seen in caste system in term of access to land, education and occupation opportunity. Similarly flipside of this, A disparity has been increasing between SCs and Non – SCs.(Thorat) (P.Gopinath, 2010).

For a long time SCs were denied education and were not allowed to gain the property and not allowed to enter the ponds, temple, hostels, hotels, schools, school and hospital Although legally caste discrimination and untouchability has banned by the constitution of India but situation has not changed many incidents suggests to practice of untouchability prevails. The constitution of India has enacted various provisions in respect to safeguards SCs in year 1955, civil rights acts and atrocities acts (prevention of prohibition of acts) in 1989.

SCs in the state of Maharashtra become socially and politically active and asserted their rights to live with dignity, the effort of the Dr. Ambedkar was responsible to realize SCs rights and make them politically united. The result of all these movements was that the untouchables became conscious of the significance of education for social upliftment (Omvedt, Gail 2013). The major caste among the SCs in Maharashtra, namely Mahar, Mang and Chambhar are estimated about 83.16 percentage Apart from this, five caste namely, Dhor, Khatik, Holar, Bhangi, Lingader are accounted 8.42 percentage, All of remaining 51 caste are numerically represented low that make up less than 1 percent of the population among the SCs. There are as many as 1.45 per cent unspecified scheduled castes in the state. (Census, Government of India 2011). The problem of caste discrimination was the major hurdle in the path of social and economical development of the dalit

An employment only in dirty jobs such as cleaning toilets, skinning cows, digging graves in the past, The discrimination practice have minimized but not completely abolished when compare with other population SCs are more poor and illiterate, SCs constitute a bulk of India's landless laborers they are unemployed and underpaid. In the last two decades since India began liberalizing its economy, the number of millionaires and billionaires in the country has grown phenomenally. In 2011, India had 55 (dollar) billionaires, six more than the previous year. Two Indians figure among the 10 richest in the world. Despite Indian government policies to empower SCs (historically socially marginalized group also known as “untouchables” through a welter of affirmative action programs, they still comprise one-third of the country's poor, double their one-sixth share in the population. Following the onset of economic liberalization, India's robust economic growth has shifted economic opportunities to the private sector, During 1950 Constitution of India have framed and have special provision in the forms of safeguard to protect the SCs by enacting special provision of reservation in jobs and education, In 1955, The prevention of untouchability act were enacted It is also called as civil

rights act and in 1989 another acts implemented It is call as atrocity prevention acts to ensure the justice and dignity to SCs.

According to the 61st round of National Survey – NSS (2004-05) a little more than 29% of all urban SC households were in category of self-employed. Though this number was significantly higher for Other Backward Classes (OBCs) (nearly 40.3%) and “other” (nearly 38.6%) categories of households, though the proportion of SCs owning private enterprises was significantly lesser than their population in urban areas (around 7% against their population of around 12%) their presence is not insignificant (Thorat and Sadana 2009).

Table 1: Incidence of Poverty by Social Groups (%) (Expert Group Method)

Group	1993-94	1999-2000	2009-10
Scheduled Castes (SC)	48.6	37.9	30.3
Scheduled Tribes (ST)	49.6	43.8	32.5
Others	30.7	22.7	17.7
All Hindus	35.1	26.9	21.7
Muslims	45.9	35.5	25.1
All	35.9	27.5	21.0
Source: Thorat and Dube (2012)			

### Labour Market: Evidence of Discrimination

Poverty is the main output of informal sectors it affects from income deriving from work participation. Do the marginalised groups like low caste Hindus, tribals and Muslim minorities have lower access to labour market and better paid jobs? Do they get paid lower than others? They are undergone underpaid and underreported in labour market. They have to face discrimination not only from social but also from economic per se; they are victim of social injustice.

His paper notes that “in urban areas, too, there is prevalence of discrimination particularly discrimination in employment which operates at least in part through traditional mechanisms; SCs (scheduled castes) are disproportionately represented in poorly paid, dead-end jobs. Further, there is a flawed preconceived notion that they lack merit and are unsuitable for informal employment”. It has recognized marginal status of SCs and their continued discrimination in urban labour market. (11th Five Year) How did an average SC entrepreneur deal with his/her marginal position in the urban economy and his/her lack of resources? While they talks about difficulties they are being faced in mobilizing finances required for running a successful enterprise and in a manners in which their caste background continued to matter even when they moved to a completely “secular” occupation, they respond to questions on how they dealt with caste prejudices and how they plan to move ahead. One of the evident responses was expectations of state support. They wanted government agencies to help them by providing cheap and easy loans and protection. However, there were also some who emphasized on need for social networks. As one of them put it: data obtained in 2007, about 17 per cent of Scheduled Caste persons in the country cultivate land; about 12 per cent in rural

areas and 28 per cent in urban areas are in business, albeit small; the literacy rate among them has gone up to 57 per cent; unemployment has diminished; and the share of the S.Cs in government services has improved. As a consequence of all these positive changes, poverty has declined among SCs, (Thorat, 2012).

(Thorat, 2010) rightly says that notwithstanding some gains made in past 50 years or so, the disparities between SCs and other sections of Indian society continue. With SCs lag behinds with respect to a number of development-related indices. In other words, while SCs have posted measurable gains in their own lives, there is nothing to show that a similar widespread trend is taking place in the entrepreneurial realm. If they do succeed, it is primarily because of an indefatigable spirit and a belief in oneself that helps them claw their way to the top.

The whole idea and its likely implementation seems to be a 'veritable revolution of sorts' in the ethos perpetuated by Manu Dharma which had prohibited dalit from becoming an employer of non-dalits or becoming a money maker. For an outsider the logic definitely looks attractive. If millions amongst

They become entrepreneurs then thousands amongst them can metamorphose into big time capitalists. And this way they can chase away Manu Dharma. It is also underlined that without support from state and society it would be impossible to achieve this.

It has a few case studies also illustrating how caste origins act as a hindrance if you want to transcend your traditional business. Discrimination as "the valuation in the market place of personal characteristics of the worker are unrelated to worker productivity" (Kenneth Arrow). These personal characteristics may be sex, race, height, appearance, age, national origin or sexual preference – or indeed any other identifiable characteristic. SCs open a business but due to social prejudice one can find a caste of person and don't purchase or stigmatize the goods of shops". It causes a failure of market unable to equally access to resources, bank loan, training, availability of market spaces, and insecurity in business. Socio-economic inequalities are existed and to operate at least in part through the traditional mechanism, viz. assignment to jobs, with the scheduled castes entering poorly-paid „dead-end" jobs.

SC and ST groups have a higher worker to population ratio; but that among Muslims is lower. It may, however, not necessarily mean that the better representation of SCs and STs is a result of higher demand for their labour in the market. It seems mostly a result of the greater need for participation in some remunerative activity by the members (including women and children) of their households on account of poverty and low earning per worker. A lower work participation rate among Muslims is primarily a result of a very low participation of women. Women constitute 30 per cent among SC and 37 per cent among ST workers, but only 18 per cent among Muslim workers. Among workers from other groups women make up 27 per cent.

Participation rate is the highest among Scheduled Tribes, so that they account for about 10 per cent among workers against only 8 per cent in population. But only 8 per cent of the ST workers are in regular jobs, with secure employment relatively better earnings and some measure of social security. Among SC workers, 14 per cent belong to this category and among Muslims 15 per cent. Among 'others', 19 per cent are regular workers. Thus while quantity wise ST are most 'employed', followed by SC and Muslims, in terms of quality of employment, they

follow a reverse order. Employment among all three of them, however, is generally of lower quality than among other groups, in so far as the regularity of work and income is concerned.

Table 2: Participation in Workforce by Social Group

Social categories	Share in population (%)	Share in workforce (%)	
		Total	In regular jobs
Scheduled Castes	16.2	20.1	13.6
Scheduled Tribes	8.2	9.6	8.1
Muslims	13.4	10.9	14.6
Others	62.2	59.6	19.2

Sources: Census of India 2011, NSSO (2009)

Informal sector labour market and traditional work force: Socio-economic exclusion

The employment growth of formal sector is less compare to informal sector. Formal sector is incapable to provide employment indication faster growth of the informal sector employment. NSSO data suggests that employments are increasing more informal manner over last decade (NSSO, 55th round 1999-2000 and 2004 to 05).

The informal sector characterized seasonality of employment, casual and contract and daily wage labourer, absence of social security and welfare legal remedy. Poor human capital base (in terms of education, skill and training) as well as lower mobilization status of the work force further add to the vulnerability and weaken the bargaining strength of workers in the informal sector. Thus, the sector has become a competitive and low cost device to absorb labour, which cannot be absorbed elsewhere, whereas any attempt to regulate and bring it into more effective legal and institutional framework is perceived to be impairing the labour absorbing capacity of the sector.

Historically the caste system operates principles and customary rules that involve division wherein assignments of rights determined by birth on hereditary that unequal and hierarchical. With those at a top enjoying most rights coupled with least duties and those at a bottom performing most duties coupled with no rights. (a system of social and economic penalties) in case of any deviations.

The social rules maintain oppressive, hierarchical social order that keep people according to their family birth. It has still relevance despite legally punishable, because it govern and sanction by religion. The UN defines this kind of problem as “discrimination on the basis of work and descent” Government and non-government sector should take more initiative that ensures Dalit access to same rights and services enjoyed by mainstream society. Some repaid and effective measure is necessary to identify this inequalities and human right issues

to implement affirmative action programs to ensure equal access and opportunities. SCs share percentage in total population of India 16.4 and in Non- agricultural enterprise in the country late 2005 they share 9.8 percent in this enterprise. Despite Indian government policies to empower Dalits (a historically socially marginalized group also known as “untouchables”), they still comprise One-third of the country’s poor, double their one-sixth share in the population. Following the onset of economic liberalization, Indians robust economic growth has shifted economic opportunities to the private sector, leading to contentious debates on the implications of the shift to a market economy for the community. Markets are eroded stigmatizing caste practices, leading to greater social freedoms and economic empowerment – (CASI survey in 2008). The study is attempt to SCs point of view to answering to question about socio-economic inequalities in businesses they are being faced.

The issue of social exclusion and discrimination has received considerable attention in academic debates and social science research in recent years (World Bank, 2011; 2013). Sen’s (2000) conceptualizes social exclusion in the framework of capability deprivation and poverty, wherein he categorises various forms of exclusions and inclusions. The employment growth of formal sector is less compare to informal sector. Formal sector is incapable to provide employment indication faster growth of the informal sector employment. (NSSO data suggests that employments are increasing more informal manner over last decade (NSSO, 55th round 1999-2000 and 2004 to 05)

The informal sector characterized seasonality of employment, casual and contract and daily wage labourer, absence of social security and welfare legal remedy. Poor human capital base (in terms of education, skill and training) as well as lower mobilization status of the work force further add to the vulnerability and weaken the bargaining strength of workers in the informal sector. Thus, the sector has become a competitive and low cost device to absorb labour, which cannot be absorbed elsewhere, whereas any attempt to regulate and bring it into more effective legal and institutional framework is perceived to be impairing the labour absorbing capacity of the sector.

“Most Dalit entrepreneurs face problems varying from difficulty in getting enough supplies on credit, lack of social networks, absence of kin groups in the business, and control of traditionally dominant business-caste groups. These, along with other social variables such as lack of social capital, make the Dalit situation in India more complicated and vulnerable to homogeneous categorization. Thorat reveals, with support of data, that cumulative impact of these disparities is reflected in high levels of poverty in the S.C. community. In 1999-2000, about 36 per cent of SCs were poor as compared with 21 per cent among non-S.Cs/S.Ts. Absence of kin groups in the business, and control of traditionally dominant business-caste groups. These, along with other social variables such as lack of social capital, make the dalit situation in India more complicated and vulnerable to homogeneous since independence, India has had a strong commitment to social justice, particularly towards making sure that the centuries of acute discrimination against those at the bottom of the caste hierarchy come to an end. Besides making untouchability illegal, reservation of seats in institutions of higher education and government jobs has been the cornerstone of the government’s policy in ensuring the social and economic advancement of the scheduled castes and tribes.



### **BRIEF HISTORY OF SCS IN MAHARASHTRA**

SCs are compelled to perform menial jobs turn out to less income results chronic poverty. In the modern India they become part of dirt (Guru, 2006). According to (Thorat, Sadana and 2009) the caste system is highly unequal entitlement of rights. The perpetuation of historical injustice and inhuman treatment has denial of equality and justice. SCs are linked with a notion of impurity therefore suffers from socio- economic exclusion made them dependent on so called higher caste for their survival. In villages have been a tradition-bound notion and attitude are being observed in nomenclature of caste.

Since the onslaught of liberalization, labour has never been cheaper than it is today. This has resulted in a labour market flooded with the working poor, who are largely unskilled and illiterate. Informally employed workers, already lacking essential labour protections, deserve special consideration when they are also excluded due to social reasons, as these can significantly magnify the already raw nature of poverty these workers experience.

The use of term informal sector coined by W. Arther Lewis, to discussed the economic development model. It described to discuss employment or livelihood generation in the developing worlds. It was considered outside the industrial development. It is also define as who don't have work security, social security, and employment security. Labour market of minimum wages, social security, working condition, employments has enhanced informal economy that deprives workers getting benefits (Feige).

Indian economy contributes 93 percent of informal sector employment (2007-08, economic survey), report shows a shift of labour force during 1990-00 and 2009-10 which can be broadly divided in to self employed, regular, and casual workers. (Casual workers are employees who do not enjoy the same benefits and security. All daily wage employees and some categories of contract employees are casual labourers, and categorized informal labour force under four groups in terms of Occupation, nature of employment, especially distressed categories and service categories. (The Ministry of Labour, Government of India,)

In India, labour market has been undergoing major shift including enhancement of informal labour activities, inferior quality of employment in terms of social security and wages. Declining the worker bargaining power is indicating as weakening social security.

Predominance of informal employment has been seen one of the major feature of the labour market in India. While informal sector is contribute around half of the GDP. It is dominance in the employment front is such that more than 90% of the total workforce has been engaged in the informal economy. As per the latest estimation of a Sub-committee of the National Commission for Enterprises in the Unorganized Sector (NCEUS), the contribution of unorganized sector to GDP is about 50% (NCEUS 2008).

The expansion of industrial sector in India, major cities as Bangalore, Delhi and Mumbai face labour exploitation. There are people who rely on manual labour for their own livelihood has been expanding. The naka worker, vegetable vender, construction worker, garment worker, cobbler and security worker, cobblers, agarbati worker, drivers they have their own story to tell.

Another increasing shares of the labour force works under part time, own-account employment and temporary work offer limited benefit of social protection. Many though not

all people working under such arrangements in developing countries would most likely be identified as having informal jobs (ILO, 2012a, Chapter 3).

The informal labour market: definitions and a review of some earlier studies

The informal sector is found in almost all countries. It is being defined by nature and context of particular country. It names as shadow economy, black market etc. Some of the definition given by the well know organization, ILO defined informal sector as activities of the enterprises. (Hart, 1973) defined the informal sectors as person working in self employment. There is ambiguity found in recognition of formal and informal sector or partly formal or informal Perry et al. (2007). In this study informal sector is the sector where no social security and welfare measure is being taken by government.

Informal sector: The unorganized sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers.

Informal worker/employment: Unorganised workers consist of those working in the unorganised sector or households, excluding regular workers with social security benefits provided by employers and the workers in the formal sector without any employment and social security benefits provided by employers. (2009 Sengupta p. 3)

The Indian informal labour market: some background information

The recent report of the National Commission for Enterprises in the Unorganised Sector by the Government of India (Sengupta, 2009) found that 86% of the total employment in 2004–2005 was in the informal sector. Further, agricultural sector consisted almost entirely of informal workers.

The non-agricultural workers in the informal sector were 36.5% of the total, most of who were self-employed. From 1999–2000 to 2004–2005 most of the increase in employment in the formal sector consisted of informal workers (Sengupta, 2009, p.14).

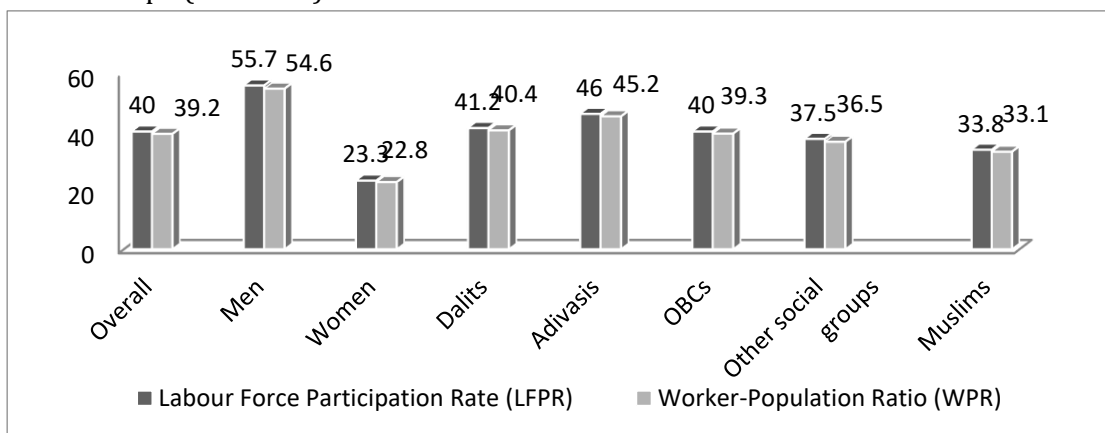
The NSSO, (2012), p ii document found that in 2009–2010 in the non-agriculture sector, nearly 71% of the workers in rural areas and 67% in urban areas worked in the informal sector. It found that the informal sector activities are concentrated mainly in the manufacturing, construction, wholesale and retail trades, and transport, storage and communication industries.

We define the urban informal sector as artisans, petty traders, small business people (who do not hire any labour), and non-agricultural casual workers in the informal or formal sectors. The informal sector consists of the self-employed and informal wage labour. We define self-employment as petty traders who do not hire any workers and those in the organised trade/business category who do not hire any workers. Note that this is a stricter definition than that suggested by, for example, Sengupta (2009). The informal wage labour category covers those who are in the informal sector but are not self-employed, i.e., the artisans, and non-agricultural labourers who are casually employed. The formal sector consists of salaried employees, professionals, and organised trade/business people who hire workers. In our study we limited our analysis to only the heads of the representative households. The summary statistics of our sample is depicted. It is interesting to notice the industry and occupational

distribution of the formal and informal sectors of the economy in our sample data (see Figure 1). Most of the informal wage labour is in manufacturing, construction, wholesale and retail trades, restaurants, and hotels, and in community, social and personal services. Self-employment is concentrated (not surprisingly) in the wholesale and retail trades, restaurants, and hotels. Informal wage labour is concentrated in occupations: production and related workers, transport equipment operators and labourers (presumably unskilled workers) (see Figure 2). If we look at the distribution of migrants moving into these sectors, (see Figure 3) we find that 61% of the migrants work in the formal sector; almost 10% are self-employed entrepreneurs and 29% are informal wage workers. A high proportion of migrants (28%) are working primarily in the community, personal and social services, 23% in wholesale and retail trades, restaurants and hotels, and 28% in manufacturing (see Figure 4). A high proportion of migrants (30%) are employed as production and related workers, transport equipment operators and labourers while almost 29% are sales and service workers (see Figure 5). It is interesting to note that the main income source for migrants (50.14%) is salaried employment; another 21.09% are in non-agricultural labour.

The caste and religion breakdown for the formal and informal sectors (self-employed and informal wage labour) show interesting patterns. As one would suspect, Brahmins and people belong to high caste are more likely to be in the formal sector, compared to the lower social castes and Muslims. If we divert our attention to the distribution of people by caste and religion based on the principal source of household income, as depicted in Table 2, we see that Brahmins and people belong to high caste are more likely to be salaried workers or professionals, whilst Dalits and Muslims are more likely to be non-agricultural labourers or artisans.

**Figure 1:** Labour Force Participation Rate (LFPR) and Worker Population Ratio (WPR) for Different Groups (2009–10)



Source: National Sample Survey Organization (2012), 'National Sample Survey Organization (2013), 'Employment and Unemployment Situation among Major Religious Groups in India', NSS 66th Round (2009– 10), New Delhi: MoSPI.

### **Workforce interlock in informal sector -**

Informal sector employment is a residual; the lower the employment in the formal sector, the greater the number who look for work in the informal sector, and hence, the lower the wages (income) for this sector. 43% of the self-employed have taken out loans for business purposes, compared to only 14% in the formal sector and 16% in the informal wage labour group. It is clear that the self-employed have to take out loans for setting up and running a small enterprise. Presumably many of the informal wage workers would be interested in setting up a small business but are unable to access credit.

SCs works in employment such as cleaning toilets, skinning cows, digging graves in the past, the discrimination practice in the informal sector is unchecked. SCs are more poor and illiterate. SCs constitute a bulk of India's landless labourers they are unemployed and underpaid. It is acknowledge that India's informal sector suffer socio-economic discrimination compare with formal sector. The prominent features of the sector are lower real wages and poor working / living conditions. The cumulative impact of these disparities is reflected in high levels of poverty in the S.C. community. About 36 per cent of SCs were poor as compared with 21 per cent among non-S.Cs/S.Ts (Thorat, 1999-2000)

Scheduled castes and Scheduled tribes make up 16.2% and 8% of the total Indian population, but their control over resources of the country is marginal—less than 5%. Close to half of the Scheduled caste population lives under the Poverty Line, and even more (62%) are illiterate. Among the Scheduled castes, most of those engaged in agricultural work are landless or nearly landless agricultural labourers.

Scheduled castes and tribes are exploited because of their lower status in society and are disparaged of getting a full participation in socio-economic development.

### **Socio-economic life of SCs in India -**

In the urban area, discrimination is prevalence and operate through the traditional mechanism, it is seen that SCs are disproportionately represent in poorly- dead end jobs. And they have been discriminated by caste prejudice commenting that SCs are lacking "merit" and don't find suitable for white collar jobs. SCs status in labour market is considered as lower compared with other section of labour. (Thorat, 2013).

### **Socio-economic condition in informal sector -**

The informal sector is considered as inferior sector and holding back economic development to the formal sector helping to develop the economy rapidly see Mazumdar (1976), Weeks (1975), Bromley (1978), Gerxhani (2004)). Informal sector considered "pre capitalist form of production and formal sector considered profit maximizing sector (Mazumdar (1976) and debate has also ranged over whether informal sector workers are living in poor conditions with low incomes, or whether some of the informal sector workers are there out of choice and have a comfortable life (see Meng 2001, Perry 2007). Some individuals may have employment in the formal sector and work in the informal sector as well.

Informal sector contribute almost 86 percent of the total employment in 2004-05 (Sengupta 2009). Agriculture sector comes under informal sector. And non agriculture sector consists 36.5 percent of total, , most of whom were self-employed. From 1999-2000 to 2004-2005 most of the increase in employment in the formal sector consisted of informal workers

(Sengupta 2009, p.14). The NSSO (2012), p ii document found that in 2009–2010 in the non-agriculture sector, nearly 71% of the workers in rural areas and 67% in urban areas worked in the informal sector. It found that the informal sector activities are concentrated mainly in the manufacturing, construction, wholesale and retail trades, and transport, storage and communication industries.

We define the urban informal sector as artisans, petty traders, small business people (who do not hire any labour), and non-agricultural casual workers in the informal or formal sectors. Note that this is a stricter definition than that suggested by, for example, Sengupta (2009).

The informal wage labour category covers those who are in the informal sector but are not self-employed, i.e., the artisans, and non-agricultural labourers who are casually employed. The formal sector consists of salaried employees, professionals, and organised trade/business people who hire workers. In our study we limited our analysis to only the heads of the representative households.

To be in the formal sector, domestic capitalists need to have significant amounts of capital and access to credit. Inheritance plays a large part in providing either the original capital or access to credit. Multinationals come in with large amounts of capital with technology that is labour saving (embodied technological change). Employment in the formal sector is then limited by the use of imported technology and limited amounts of capital. Note that only a limited amount of labour-capital substitution is possible because of embodied technology.

Wages in the formal sector are fixed by the government (minimum wages), by unions or employers using efficiency wage ideas, or by multinational firms that constrain wages. Employers in the formal sector ration employment by using education/experience as an index of productivity, and using religion/caste as a signal for productivity (statistical discrimination). Given two people with the same education/skill levels, they would prefer a high caste Hindu to a low caste Hindu or a Muslim. Note: being in the formal economy is not a guarantee against poverty see (ILO 2002), p.31.

In the urban area, discrimination is prevalence and operate through the traditional mechanism, it is seen that SCs are disproportionately represent in poorly- dead end jobs. And they have been discriminated by caste prejudice commenting that SCs are lacking “merit” and don’t find suitable for white collar jobs. SCs status in labour market is considered as lower compared with other section of labour. (Thorat, 2013).

Female representation in the informal sector is attributed to a variety of factors. One such factor is the fact that employment in the informal sector is the source of employment that is most readily available to women. A 2011 study of poverty in Bangladesh noted that cultural norms, religious seclusion, and illiteracy among women in many developing countries, along with a greater commitment to family responsibilities, prevent women from entering the formal sector.

Transition theories argues that workers in informal sector are earn less and have less income and unable to access basis services and protection. It is largest economy in developing countries wherein women and children playing huge role. Mostly lower income and lower castes are depending upon the informal sector. Although, they are trapping in menial work, but

it equally true that informal sector provides ways to escape from extreme poverty and earn income for their survival.

The division of the economy into formal and informal sectors has a long heritage. Arthur Lewis in his seminal work *Economic Development with Unlimited Supply of Labour*, published in the 1950s, was the celebrated paradigm of development for the newly independent countries in the 1950s and 1960s. The model assumed that the unorganized sector with the surplus labour will gradually disappear as the surplus labour gets absorbed in the organized sector. The Lewis model is drawn from the experience of capitalist countries in which the share of agriculture and unorganized sector showed a spectacular decline, but it didn't prove to be true in many developing countries, including India. On the other hand, probabilistic migration models developed by Harris and Todaro in the 1970s envisaged the phenomenon of the informal sector as a transitional phase through which migrants move to the urban centers before shifting to formal sector employment. Hence it is not a surprise to see policy invisibility in the informal sector. Curiously, the informal sector does not find a permanent place in the Marxian theory since they anticipate the destruction of the pre-capitalist structure as a result of the aggressive growth of capitalism. To them, in the course of development, 'the small fish is being eaten by the big fish'. Therefore, neither in the Marxian theory nor in the classical economic theory, the unorganized sector holds a permanent place in the economic literature.

The informal sector has been expanding as more economies have started to liberalize. This pattern of expansion began in the 1960s when a lot of developing countries didn't create enough formal jobs in their economic development plans, which led to the formation of an informal sector that didn't solely include marginal work and actually contained profitable opportunities. In the 1980s, the sector grew alongside formal industrial sectors. In the 1990s, an increase in global communication and competition led to a restructuring of production and distribution, often relying more heavily on the informal sector.

Historically, development theories have asserted that as economies mature and develop, economic activity will shift from the informal to the formal sphere. In fact, much of the economic development discourse is centred around the notion that formalization indicates how developed a country's economy is; for more on this discussion see the page on fiscal. However, evidence suggests that the progression from informal to formal sectors is not universally applicable. While the characteristics of a formalized economy - full employment and an extensive welfare system - have served as effective methods of organizing work and welfare for some nations, such a structure is not necessarily inevitable or ideal. Indeed, development appears to be heterogeneous in different localities, regions, and nations, as well as the type of work practiced. For example, at one end of the spectrum of the type of work practiced in the informal economy are small-scale businesses and manufacturing; on the other "street vendors, shoe shiners, junk collectors and domestic servants." Regardless of how the informal economy develops its continued growth that it cannot be considered a temporary phenomenon.

As informal economy has significant job creation and income generation potential, as well as the capacity to meet the needs of poor consumers by providing cheaper and more accessible goods and services, many stakeholders subscribe to the third perspective and

support government intervention and accommodation. Embedded in the third perspective is the significant expectation that governments will revise policies that have favored the formal sphere at the expense of the informal sector.

Theories of how to accommodate the informal economy argue for government policies that, recognizing the value and importance of the informal sector, regulate and restrict when necessary but generally work to improve working conditions and increase efficiency and production.

### **Discrimination**

Discrimination is based on caste system that is root of socio-economic inequalities in labour market cause of discrimination. The informal economy is unregulated and doesn't process remedial measure and social security policy. Discrimination in the employment is easy and difficult to address.

### **Poverty**

There is a relationship between the informal sectors and poverty, people who are engaged in informal economy are poor paid and without social protection. In India SCs are historically oppressed and are engaged in dead end jobs.

Economic divide within Scheduled Castes and within Scheduled Tribes

### **All-India level**

In rural areas, the economic disparity ratio has increased by 23% within SCs and 12.5% within STs. In urban areas the economic disparity ratio has increased by 22.1% for SCs and 10% for STs. Notably, the economic disparity ratio has increased more for SCs compared to STs and the increase is more in rural areas compared to urban India. State-level

To conclude, economic disparity has increased substantially for both SCs in both rural and urban areas during the past 30-odd years. However, if we only look at the post-economic reforms period of the analysis, there is an unambiguous increase in inequality among both SCs for both rural and urban areas. Moreover, inter-state inequality within SCs has also gone up enormously in both rural and urban areas. Informal sector provides economic opportunities for poor and to those who don't able to enter into formal sector. As we know formal sector requires the education and certain set of skill without that entry into formal sector is impossible. Informal sector has been expanding since the 1960s. It becomes challenges merging informal economy into formal economy.

Female representation in the informal sector is attributed to a variety of factors. One such factor is the fact that employment in the informal sector is the source of employment that is most readily available to women. A 2011 study of poverty in Bangladesh noted that cultural norms, religious seclusion, and illiteracy among women in many developing countries, along with a greater commitment to family responsibilities, prevent women from entering the formal sector.

Transition theories argues that workers in informal sector are earn less and have less income and unable to access basis services and protection. It is largest economy in developing

countries wherein women and children playing huge role. Mostly lower income and lower castes are depending upon the informal sector. Although, they are trapping in menial work, but it equally true that informal sector provides ways to escape from extreme poverty and earn income for their survival.

The division of the economy into formal and informal sectors has a long heritage. Arthur Lewis in his seminal work Economic Development with Unlimited Supply of Labour, published in the 1950s, was the celebrated paradigm of development for the newly independent countries in the 1950s and 1960s.

### **CONCLUSION:**

SCs work in diverse occupations ranges from self employment or unpaid family shops, shoe shiners, street vendors and rack picker etc. Informal sector as said earlier carries insecurity and don't access to social benefits and welfare protection or representation. These features make informal sector differ from formal sector. Home based work and street vendors, shops are mainly prevalent type of work in informal sector. These fields make up around 20 percent of non agriculture work workforce in developing countries. Women tend to make up the greatest portion of the informal sector, often ending up in the most erratic and corrupt segments of the sector.

An implementation of affirmative action programs in informal sector is needed ensuring for equal access and development of opportunities. SCs are facing a difficult entering into new occupation due to lack of social network and inheritance capital skills, education, and guidance etc. The caste system is an oppressive, hierarchical social order is sanction to divides people by birth. Some effective measure is indispensable for development of informal sector and minimise discrimination.

Confronting challenges in informal sector and expanding socio-economic inequality and expansion of informal sector in recent years, has adversely affected employment and socio-economic security for larger majority of workforce in India. The scheduled caste labours are victimized historically and prohibited to choose occupation of their choice leading them into vulnerability.

In 1950, the Constitution of India enacted and implemented a 'representation policies' After having some reservation SCs found in various government sectors employments, but many of them forcefully are engaged in informal work, in this sector lack of social security, employment.

According to the 61st round of National Survey – NSS (2004-05) a little more than 29% of all urban SC households were in category of self-employed. Though this number was significantly higher for Other Backward Classes (OBCs) (nearly 40.3%) and "other" (nearly 38.6%) categories of households, though the proportion of SCs owning private enterprises was significantly lesser than their population in urban areas (around 7% against their population of around 12%) their presence is not insignificant (Thorat and Sadana 2009).

In most developing countries, there is a large sector of the economy that is called the informal sector or the unorganized sector. Employment in the informal labour market plays an important role in most developing economies. The informal labour market is a very large part



of the agricultural sector, but is also a significant part of the urban sector. There is a difference between employment in the formal sector and the informal sector in terms of the conditions of work, whether workers are subject to government taxes, have access to social security or insurance, are casual or contract workers, and whether or not they receive the minimum wages. Scheduled caste workers in informal sector are usually subject to indebtedness and bondage as their meagre income cannot meet with their livelihood needs. The unorganized workers are subject to exploitation significantly by the rest of the society. They receive poor working conditions especially wages much below that in the formal sector, even for closely comparable jobs, ie, where labour productivity is no different. The work status is of inferior quality of work and inferior terms of employment, both remuneration and employment.

The informal sector plays an important and controversial role. It provides jobs and reduces unemployment and underemployment, but in many cases the jobs are low-paid and the job security is poor. It bolsters entrepreneurial activity, but at the detriment of state regulations compliance, particularly regarding tax and labor regulations. It helps alleviate poverty, but in many cases informal sector jobs are low-paid and the job security is poor.

### **References**

Akerlof, George (1976) "The Economic of Caste and of Rat Race and Other Woeful Tales," Quarterly Journal of Economic, XC.4. Nov. 1976.

Ambedkar B.R. (first Published 1987), "Philosophy of Hindism" Vasant Moon (Edit) "Dr. Babasaheb Ambedkar Writings and Speeches" Vol.3 Page 1-94

Ambedkar B.R. (first published 1987), "The Hindu Social Order - Its Essential Features" in Vasant Moon (Edit), "Dr. Babasaheb Ambedkar Writing and Speeches," Vol.3, Page 95-115, Deptt. of Education, Govt. of Maharashtra, Bombay, Deptt. of Education, Govt. of Maharashtra.

Banerjee, Biswjit and Knight J.B. (1985) "Caste Discrimination in Indian Urban Labour Market" Journal of Developing Economics

David Romer (1984) "The Theory of Social Custom: A Modification and some Extension" in Quarterly Journal of Economics.

1 Guru, Gopal. Humiliation: Claims and Context. Vol. 1. New Delhi: Oxford UP, 2009. 20. Print.

1 Thorat, Sukhadeo, and Sudesh Nangia. Slum in a Metropolis. Vol. 1. Delhi: Shipra, 2000. Print.

1 "Scheduled Caste Welfare - List of Scheduled Castes." List of Scheduled Castes. Accessed November 16, 2015. <http://socialjustice.nic.in/sclist.php>.

1 "Bhimrao Ambedkar." Bhimrao Ambedkar. Accessed November 16, 2015. [http://c250.columbia.edu/c250\\_celebrates/remarkable\\_columbians/bhimrao\\_ambedkar.html](http://c250.columbia.edu/c250_celebrates/remarkable_columbians/bhimrao_ambedkar.html)

1 Kuber, W. N. B.R. Ambedkar. New Delhi: Publications Division, Ministry of Information and Broadcasting, Govt. of India, 1978.

1 Das, Bhagwan, and S. Anand. In Pursuit of Ambedkar. 2nd ed. Vol. 1. New Delhi: Navayana Pub., 2009. 23.

Jodhka, Surinder S. "Social Discourse." Caste in Contemporary India. 1st ed. Vol. 1. Oxford. 218. Print.

P.Gopinath. Wages, working conditions and socio-economic mobility of spinners and weavers in the unorganised khadi industry: findings from a survey in India. Indian journal of labour economy, 2010..

1 Mander, Harsh. A Fractured Freedom: Chronicles of India's Margins, 2004-2011. 1st ed. Vol. 23. Gurgaon: Three Essays Collective, 2012. Print.

1 Thorat, Sukhadeo, and Prashant Negi. "Development of SC's." Dalits in India: Search for a Common Destiny. 1st ed. Vol. 1. New Delhi: Sage Publications, 2009. 44. Print.

1 Smith, G. & Harris, R. (1972), 'Ideologies of Need and the Organisation of Social Work Departments', British Journal of Social Work 2 (1).

Ambedkar. Annihilation of Caste. Mumbai: Unknown, 1936. The essential writings of B.R. Ambedkar. Mumbai: GOI, 2007. The essential writings of B.R. Ambedkar. Mumbai, 2007.

Omvedt, Gail. Buddhism in India: Challenging Brahmanism and Caste. Sage, 2013.

Thorat, Sadana and. Rural non-farm employment of the scheduled castes: a comparative study. Mumbai: Indian Institute of Dalit Studies, 2009.

Wankhade. "Educational Inequalities among Scheduled Castes in Maharashtra." 2009.

Olivelle. British Untouchables: A Study of Dalit Identity and Education. UK: Paul ghuman,