

Market forces versus state intervention: Reevaluating the efficacy of caste-based affirmative action in India's socioeconomic transformation

Amit Mishra¹, Himanshu Kumar Pandey¹, Ikhlas Ahmad¹, Sanjay Sonker²

¹ Research Scholar, Banaras Hindu University, Varanasi, Uttar Pradesh, India

² Professor, Banaras Hindu University, Varanasi, Uttar Pradesh, India

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Abstract

This paper critically examines the effectiveness of India's caste-based affirmative action policies (reservation system) in dismantling caste hierarchies and promoting social equality over seven decades of implementation. Through analysis of empirical data on social mobility, educational outcomes, and caste identity persistence, this study argues that reservation policies have achieved limited success in their primary objective of caste dissolution while generating significant unintended consequences for institutional excellence and meritocratic advancement (Deshpande, 2013; Weisskopf, 2004). The analysis demonstrates that caste identity and hierarchy remain deeply entrenched in social structures despite extensive preferential policies, suggesting fundamental limitations in state-directed approaches to social transformation (Thorat & Newman, 2010). Conversely, market-driven economic liberalization and capitalist development have facilitated more substantial changes in caste-based behavioral patterns, particularly in urban employment and consumption domains (Jodhka & Newman, 2007; Kapur et al., 2010). The paper employs cost-benefit analysis to evaluate reservation policies' net impact, examining trade-offs between representation goals and institutional performance across education, healthcare, and public services. This research contributes to ongoing debates about affirmative action effectiveness, offering empirical grounding for policy reform discussions while acknowledging the complexity and contested nature of these issues. The conclusion advocates for policy recalibration emphasizing market-based solutions alongside targeted interventions addressing root causes of disadvantage rather than identity-based preferences alone.

Keywords: Affirmative action, caste system, reservation policy, social mobility, market liberalization, meritocracy, India, institutional excellence, economic development

Introduction

India's reservation system represents one of the world's most extensive and longest-running affirmative action programs, constitutionally mandating preferential treatment for Scheduled Castes (SCs), Scheduled Tribes (STs), and Other Backward Classes (OBCs) in educational institutions, government employment, and legislative representation (Galanter, 1984; Deshpande, 2013) ^[12, 21]. Initiated in 1950 with the explicit goal of dismantling centuries-old caste hierarchies and promoting substantive equality, these policies have expanded over seven decades to cover nearly 50% of India's population through various quota mechanisms (Weisskopf, 2004; Bertrand et al., 2010) ^[6, 44]. The underlying premise—that state intervention through group-based preferences can transform deeply entrenched social structures and eliminate caste-based discrimination—has shaped policy discourse and political mobilization across independent India's history (Jaffrelot, 2003^[25]; Yadav, 1999).

However, after seven decades of implementation, fundamental questions emerge about these policies' effectiveness in achieving their stated objectives while managing unintended consequences (Sowell, 2004; Deshpande & Ramachandran, 2019) ^[13, 38]. This paper argues that empirical evidence reveals a troubling paradox: despite extensive preferential policies, caste identity and hierarchy persist in social domains with remarkable tenacity, while the policies themselves may have contributed to institutional decline and reduced excellence in critical sectors including education, healthcare, and public

administration (Bertrand et al., 2010; Bagde et al., 2016) ^[2, 6]. Simultaneously, market-driven economic liberalization and capitalist development—often overlooked in policy discussions—have facilitated more substantial changes in caste-based behavioral patterns, particularly in domains such as urban employment, consumption, and private sector interactions (Jodhka & Newman, 2007; Kapur et al., 2010) ^[26, 27].

This argument does not deny the historical reality of caste-based oppression, ongoing discrimination in many contexts, or the legitimate claims of historically marginalized groups to representation and redress (Thorat & Attewell, 2007; Thorat & Newman, 2010) ^[41, 42]. Rather, it contends that the current policy framework may be neither the most effective mechanism for achieving social transformation nor optimally balanced in terms of benefits versus costs. The persistence of caste consciousness, combined with evidence of institutional performance decline and the emergence of new inequalities, suggests that the reservation system's costs may increasingly outweigh its benefits, necessitating fundamental policy recalibration (Deshpande, 2013; Weisskopf, 2004) ^[12, 44].

Research Problem and Objectives

This research addresses three interconnected questions. First, to what extent have reservation policies succeeded in dismantling caste hierarchies and reducing caste-based discrimination in social practices? Second, what are the demonstrable costs of the reservation system in terms of institutional excellence, meritocratic advancement, and

overall social welfare? Third, what role have market forces and economic liberalization played in transforming caste-based behaviors, and how does this compare with state-mandated affirmative action? These questions are analyzed through examination of empirical data on social mobility patterns, educational outcomes, employment dynamics, and caste identity persistence across multiple decades (Desai & Kulkarni, 2008; Hnatkovska *et al.*, 2012) ^[11, 23].

The research employs multiple methodological approaches including analysis of national survey data (National Sample Survey, India Human Development Survey), educational performance metrics, labor market outcomes, and sociological research on caste practices (Thorat & Newman, 2010) ^[42]. It critically examines the theoretical assumptions underlying reservation policies, comparing predicted outcomes with actual empirical results. The analysis distinguishes between formal changes in representation statistics and substantive transformation of caste-based social practices, arguing that the former may mask limited progress on the latter (Deshpande & Ramachandran, 2019) ^[13].

Significance and Contribution

This research makes several contributions to scholarship on affirmative action and social policy in developing contexts. First, it provides comprehensive empirical assessment of long-term outcomes of caste-based reservations, synthesizing data across multiple sectors and time periods to evaluate effectiveness. Second, it introduces comparative analysis between state intervention and market forces as mechanisms of social change, an underdeveloped dimension in existing literature (Jodhka & Newman, 2007; Kapur *et al.*, 2010) ^[26, 27]. Third, it contributes to international debates about affirmative action by providing detailed case analysis of one of the world's most extensive programs, offering insights relevant beyond the Indian context (Sowell, 2004) ^[38].

The practical significance lies in informing ongoing policy debates in India and other societies considering or implementing group-based preferential policies. The analysis suggests that current approaches may require fundamental reconsideration, with greater emphasis on market-enabling policies, universal interventions addressing disadvantage, and targeted programs focused on capability-building rather than identity-based quotas (Deshpande, 2013) ^[12]. However, the paper acknowledges the deeply contested nature of these issues and the legitimate concerns of multiple stakeholders, presenting its arguments as one perspective within ongoing democratic deliberation rather than definitive conclusions (Jaffrelot, 2003) ^[25].

Literature Review and Theoretical Framework

1. The Caste System: Persistence and Change

The caste system represents one of history's most elaborate and enduring systems of social stratification, characterized by hereditary occupational specialization, ritual purity hierarchies, and strict endogamy rules (Dumont, 1980; Srinivas, 1962) ^[17, 39]. While scholarly debates continue about caste's precise origins and historical evolution, its fundamental features—hierarchical ordering of jatis (sub-castes), restrictions on inter-dining and intermarriage, occupation-based status differentiation, and concepts of purity and pollution—have persisted across centuries

despite various reform movements and modernization processes (Béteille, 1996; Dirks, 2001) ^[14].

Contemporary sociological research demonstrates that caste continues to structure social life in multiple domains. Studies document persistent caste endogamy, with inter-caste marriage rates remaining below 10% despite urbanization and education (Banerjee *et al.*, 2013; Desai & Andrist, 2010) ^[4, 9]. Research on social networks reveals substantial caste homophily, with social interactions, business partnerships, and informal support networks showing strong within-caste preferences (Munshi & Rosenzweig, 2006; Luke & Munshi, 2011) ^[28, 29]. Evidence of discrimination persists in labor markets, housing, credit access, and social services, though manifestations have evolved from overt untouchability practices to more subtle forms of exclusion (Thorat & Attewell, 2007; Thorat & Newman, 2010) ^[41, 42].

However, scholarship also identifies significant transformations in specific domains. Urbanization has weakened certain traditional caste practices, particularly restrictions on commensality and physical proximity in public spaces (Srinivas, 1966; Jodhka & Newman, 2007) ^[26, 40]. Market economy expansion has created occupational mobility opportunities transcending traditional caste-occupation links, though patterns of concentration persist (Hnatkovska *et al.*, 2012) ^[23]. Political mobilization and democratic participation have empowered lower-caste groups, challenging Brahminical dominance in political sphere (Jaffrelot, 2003^[25]; Yadav, 1999). These changes, however, coexist with caste persistence in other domains, creating complex patterns of simultaneous transformation and continuity (Desai & Dubey, 2011) ^[10].

2. Reservation Policies: Design, Evolution, and Rationale

India's reservation system originated in pre-independence policies and found constitutional expression in Articles 15(4), 16(4), and 46, mandating special provisions for SCs, STs, and "socially and educationally backward classes" (Galanter, 1984) ^[21]. The Constitution initially reserved 22.5% of positions in public employment and educational institutions for SCs and STs, proportional to their population share. Subsequent expansions through the Mandal Commission recommendations (1990) and various state-level policies extended reservations to OBCs, raising total quotas to approximately 50% in many jurisdictions, limited only by Supreme Court mandates against exceeding this threshold (Jaffrelot, 2003; Deshpande, 2013) ^[12, 25].

The policy's underlying theoretical logic combines multiple rationales. The *compensatory justice* rationale emphasizes historical wrongs and the need for reparative measures to address past discrimination and deprivation (Dworkin, 1977) ^[18]. The *representation* rationale argues that proportional presence of all groups in institutions ensures inclusive decision-making and prevents discrimination (Pitkin, 1967) ^[31]. The *social transformation* rationale contends that advancement of lower-caste individuals into prestigious positions will break stereotypes, provide role models, and ultimately dissolve caste consciousness (Béteille, 1992; Weisskopf, 2004) ^[44]. The *distributive justice* rationale emphasizes fair distribution of opportunities and outcomes across social groups (Rawls, 1971) ^[34].

Critical scholarship questions these rationales' empirical assumptions. Béteille (1992) ^[7] argues that group-based preferences may reinforce rather than dissolve identity consciousness. Sowell (2004) ^[38] demonstrates internationally that preferential policies often benefit elite segments within designated groups rather than the most disadvantaged. Deshpande (2013) ^[12] notes that reservations address symptoms rather than root causes of disadvantage, doing little to improve primary education quality or address poverty. These critiques suggest theoretical foundations may rest on questionable sociological and economic assumptions deserving empirical scrutiny (Bagde *et al.*, 2016) ^[2].

3. Evidence on Reservation Policy Outcomes

Empirical research on reservation policy outcomes presents mixed findings but generally indicates limited success in primary objectives alongside significant unintended consequences. Studies document increased representation of SC/ST/OBC individuals in higher education and public employment, the policies' most direct and measurable impact (Weisskopf, 2004; Deshpande & Ramachandran, 2019) ^[13, 44]. However, research also reveals several problematic patterns.

First, benefits concentrate among already-advantaged segments within designated categories, creating intra-group inequality while leaving most disadvantaged members largely unaffected—the "creamy layer" problem (Deshpande, 2013; Thorat & Newman, 2010) ^[12, 42]. Second, educational research demonstrates significant mismatch effects, with students admitted through reservations to institutions beyond their preparation level experiencing higher dropout rates, lower performance, and reduced ultimate career success (Bertrand *et al.*, 2010; Bagde *et al.*, 2016) ^[2, 6]. Third, reservations appear to have displaced merit-based selection in ways reducing institutional quality, with documented declines in average student quality, faculty standards, and institutional performance (Frisancho & Krishna, 2016) ^[20].

Fourth, rather than dissolving caste consciousness, reservations may have intensified caste identity and mobilization, as groups compete for inclusion in reserved categories and political parties mobilize along caste lines (Jaffrelot, 2003^[25]; Yadav, 1999). Fifth, evidence suggests limited impact on private sector employment or wealth accumulation, where reservations don't apply and market forces dominate (Jodhka & Newman, 2007) ^[26]. Sixth, reservations create new inequalities, disadvantaging meritorious students from non-reserved categories and particularly harming economically disadvantaged upper-caste individuals (Deshpande & Ramachandran, 2019) ^[13].

4. Market Forces and Social Change

An underexplored dimension in policy debates concerns market-driven social transformation. Economic liberalization since 1991 has created new employment opportunities, consumption patterns, and social interactions transcending traditional caste boundaries in ways potentially more transformative than reservations (Kapur *et al.*, 2010; Jodhka & Newman, 2007) ^[26, 27]. Research documents that private sector expansion, urbanization, and market integration have facilitated occupational mobility, inter-caste cooperation in business contexts, and weakening of traditional restrictions in urban environments (Hnatkovska *et al.*, 2012) ^[23].

Jodhka and Newman (2007) ^[26] demonstrate that market transactions in urban contexts operate with less caste discrimination than government employment or social domains, as profit motives create incentives for merit-based selection. Kapur *et al.* (2010) ^[27] show that entrepreneurship and private sector employment have enabled lower-caste individuals to achieve economic success independent of reservations. Studies of consumer behavior indicate that market-based consumption increasingly follows class rather than caste patterns (Fernandes, 2006) ^[19]. This suggests that capitalism's 'creative destruction' of traditional social structures may accomplish social transformation more effectively than state-directed preferential policies (Schumpeter, 1942) ^[36].

Empirical Analysis: Limited Success in Dismantling Caste

1. Persistence of Caste in Social Practices

Despite seven decades of reservation policies, empirical evidence demonstrates remarkable persistence of caste in social practices. Inter-caste marriage rates, perhaps the most sensitive indicator of caste dissolution, remain extremely low at approximately 5-7% of all marriages, showing minimal increase over decades despite modernization (Banerjee *et al.*, 2013; Desai & Andrist, 2010) ^[4, 9]. The India Human Development Survey (2011^[33]-12) reveals that 95% of marriages occur within caste boundaries, with rates showing only marginal variation by education or urbanization (Desai & Dubey, 2011) ^[10].

Untouchability practices, though constitutionally prohibited, persist in various forms. Thorat and colleagues' field experiments document continuing discrimination in housing, employment, and access to services, with Dalits facing rejection rates 30-40% higher than upper castes in otherwise identical applications (Thorat & Attewell, 2007) ^[41]. The National Sample Survey (68th round) reports that 27% of Indian households still practice untouchability in some form, and 70% do not permit inter-dining across caste lines (Government of India, 2014) ^[22]. These patterns persist with only marginal variation across states, suggesting deep cultural entrenchment resistant to policy intervention.

Social network analysis reveals persistent caste homophily. Munshi and Rosenzweig (2006) ^[29] demonstrate that business networks, informal credit, and labor market referrals operate predominantly within caste boundaries. Analysis of political networks shows that despite reservations in elected bodies, patronage and resource distribution often follow traditional caste hierarchies (Jaffrelot, 2003) ^[25]. Village-level studies document continuing spatial segregation, with Dalit settlements physically separated in over 80% of rural areas (Shah *et al.*, 2006) ^[37].

2. Intensification of Caste Identity and Politics

Contrary to predictions that reservations would dissolve caste consciousness, evidence suggests they have intensified caste identity and political mobilization. The proliferation of caste-based political parties, demands for reservation expansion from new groups, and competitive caste politics indicate heightened rather than diminished caste salience (Jaffrelot, 2003^[25]; Yadav, 1999). Castes previously lacking clear identity have organized to claim backward status and reservation benefits, creating what Srinivas (1962) ^[39] termed "Sanskritization" in reverse—strategic deployment

of disadvantage claims rather than upward mobility emulation.

The "creamy layer" phenomenon, where educated and economically successful members of reserved categories continue claiming benefits, demonstrates how reservations perpetuate rather than transcend caste identity (Deshpande, 2013) ^[12]. Political mobilization around caste has intensified, with parties competing for caste vote banks and policies becoming tools for caste-based patronage (Jaffrelot, 2003) ^[25]. Survey research shows that caste identity remains the strongest predictor of voting behavior, social networks, and marriage preferences, suggesting that decades of reservation have not weakened these patterns (Yadav, 1999).

3. Limited Impact on Inter-Generational Mobility

Research on inter-generational mobility reveals that despite reservations, caste continues to strongly predict educational and occupational outcomes across generations. Hnatkovska *et al.* (2012) ^[23] demonstrate that while overall mobility has increased slightly, caste-based gaps in inter-generational mobility persist, with SC/ST children significantly more likely than upper-caste peers to remain in their parents' occupational category. Analysis of panel data shows that reservation benefits concentrate among already-mobile families within reserved categories rather than enabling mobility for the most disadvantaged (Desai & Kulkarni, 2008) ^[11].

Educational attainment gaps between castes have narrowed only marginally despite reservation expansion. While SC/ST enrollment in higher education has increased, completion rates remain substantially lower, and quality differentials persist (Deshpande & Ramachandran, 2019) ^[13]. Crucially, reservations have done little to address primary and secondary education quality disparities that constitute the fundamental barrier to mobility (Drèze & Sen, 2013) ^[16]. Economic mobility data shows that wealth and income gaps between castes remain substantial and have not significantly narrowed despite reservation policies (Thorat & Newman, 2010) ^[42].

Costs to Institutional Excellence and Meritocracy

1. Educational Quality and Performance Decline

Substantial evidence indicates that reservation policies have contributed to declining educational quality and performance in Indian institutions. Studies of elite engineering and medical colleges document significant performance gaps between students admitted through general merit and those admitted through reservations, with reserved category students showing substantially higher failure rates, longer time-to-degree, and lower subsequent career success (Bertrand *et al.*, 2010; Bagde *et al.*, 2016). Research by Bagde *et al.* (2016) ^[2, 6] analyzing engineering college data demonstrates that students admitted through SC/ST quotas with significantly lower entrance scores perform poorly, with failure rates 300-400% higher than general category students.

These patterns create mismatch effects, where students placed in institutions misaligned with their preparation level struggle academically and professionally (Arcidiacono & Lovenheim, 2016) ^[1]. Rather than benefiting from elite institution attendance, mismatched students often would achieve better outcomes at institutions matching their preparation level, where they could succeed academically

and develop confidence (Sander, 2004) ^[35]. The mismatch hypothesis receives support from Indian data showing that SC/ST students in lower-tier institutions often outperform peers in top institutions who were admitted with substantial preference (Bertrand *et al.*, 2010) ^[6].

Faculty recruitment through reservations has similarly contributed to quality concerns. With limited pools of qualified SC/ST/OBC candidates in many specialized fields, institutions have been forced to lower qualification standards or leave positions unfilled, affecting teaching quality and research productivity (Frisancho & Krishna, 2016) ^[20]. The resulting faculty quality decline has cascading effects on student learning and institutional reputation. International rankings of Indian universities have declined relative to institutions in countries with merit-based selection, though multiple factors contribute to this trend (QS World University Rankings, 2023).

2. Healthcare and Professional Services

Similar concerns arise in healthcare, where reservation-based medical school admissions and doctor recruitment affect service quality. Studies document performance differentials in medical licensing examinations, with reserved category doctors showing lower pass rates and scores (Pal, 2004) ^[30]. While these gaps narrow with experience, initial competency differences raise quality concerns for a profession where errors have severe consequences. Research on healthcare outcomes suggests correlations between doctor competency measures and patient outcomes, though direct attribution remains complex (Bertrand *et al.*, 2010) ^[6].

Public health infrastructure has suffered from reservation-mandated recruitment when insufficient qualified candidates exist. Medical colleges in rural areas struggle to fill specialized positions with reserved category requirements, leaving positions vacant for years or accepting underqualified candidates (Rao *et al.*, 2011) ^[33]. This contributes to India's healthcare crisis, where public facilities suffer severe quality problems while private sector healthcare (operating on merit-based selection) provides superior services—though at costs excluding the poor (Drèze & Sen, 2013) ^[16]. The irony is that reservation policies intended to help disadvantaged groups may compromise public services they disproportionately depend on.

3. Administrative Capacity and Governance

Reservation in civil services affects administrative capacity and governance quality. While ensuring SC/ST/OBC representation, the system has contributed to declining administrative competence as measured by service delivery metrics, implementation effectiveness, and corruption indicators (Iyer & Mani, 2012) ^[24]. Comparative analysis of states with different reservation intensities shows correlations between higher reservation percentages and poorer governance outcomes, though causation is difficult to establish given multiple confounding factors (Banerjee & Somanathan, 2007) ^[5].

The proliferation of reserved category positions combined with "creamy layer" exploitation has created perverse incentives. Rather than encouraging excellence and competition, the system incentivizes caste identity assertion and political lobbying for reservation expansion. Meritorious students from all backgrounds face reduced

opportunities, discouraging effort and talent development (Deshpande, 2013) ^[12]. The result is a system where neither disadvantaged group advancement nor overall institutional excellence is optimally served—a lose-lose outcome rather than the intended win-win of equity with efficiency (Weisskopf, 2004) ^[44].

Market Forces as Drivers of Social Transformation

1. Economic Liberalization and Occupational Mobility

Economic liberalization since 1991 has created unprecedented opportunities for occupational mobility transcending traditional caste-occupation linkages (Hnatkovska *et al.*, 2012; Kapur *et al.*, 2010) ^[23, 27]. Private sector expansion, particularly in IT, services, and manufacturing, has generated millions of jobs filled primarily through merit-based selection where caste plays minimal role (Jodhka & Newman, 2007) ^[26]. This contrasts sharply with public sector employment where reservations dominate hiring and caste consciousness remains high.

Research demonstrates that lower-caste individuals achieving success in private sector entrepreneurship and employment experience greater social mobility and respect than those entering government service through reservations (Kapur *et al.*, 2010) ^[27]. Market success confers legitimacy through demonstrated competence rather than preferential treatment, reducing stigma and challenging caste-based stereotypes more effectively than quotas (Jodhka & Newman, 2007) ^[26]. The IT industry exemplifies this pattern, with Dalit engineers and entrepreneurs achieving recognition based purely on technical merit (Upadhyaya & Vasavi, 2006) ^[43].

Comparative analysis of occupational mobility in liberalized versus protected sectors shows significantly higher caste-transcending mobility in market-oriented sectors (Hnatkovska *et al.*, 2012) ^[23]. While reservations guarantee positions for some, market forces have enabled economic advancement for vastly larger numbers through entrepreneurship, skilled employment, and small business ownership. The magnitude of market-driven mobility may exceed reservation-facilitated mobility by significant margins, though precise quantification remains challenging given data limitations (Kapur *et al.*, 2010) ^[27].

2. Urban Markets and Weakening of Traditional Restrictions

Urbanization and market integration have weakened traditional caste restrictions more effectively than legal prohibitions or quotas. Urban environments characterized by market transactions, residential mixing, and public space sharing have eroded practices like untouchability and inter-dining restrictions that persist in rural areas (Jodhka & Newman, 2007) ^[26]. Commercial interactions necessitate cross-caste cooperation, with profit motives overriding purity concerns in ways moral suasion and legislation have not achieved (Fernandes, 2006) ^[19].

Consumer markets demonstrate particularly striking patterns. Shopping, dining, and entertainment increasingly follow class rather than caste patterns in urban contexts (Fernandes, 2006) ^[19]. Middle-class consumption communities transcending caste boundaries have emerged around shared consumption preferences and lifestyles (Donner, 2011) ^[15]. While caste still structures marriage markets, consumer markets operate with minimal caste

consciousness—a stark contrast suggesting market forces' unique capacity for social transformation.

Workplace interactions in private sector organizations demonstrate reduced caste salience compared with government offices. Jodhka and Newman's (2007) ^[26] ethnographic research shows that professional environments oriented toward market performance develop cross-caste collegial relationships foreign to caste-conscious public sector workplaces. While subtle discrimination persists, the market's emphasis on productivity creates incentives for merit-based evaluation absent in reservation-dominated contexts where identity considerations override performance (Thorat & Newman, 2010) ^[42].

3. Capitalism's Creative Destruction of Traditional Hierarchies

Market capitalism's "creative destruction" mechanism, identified by Schumpeter (1942) ^[36], may explain its transformative effect on caste. Capitalism rewards innovation, efficiency, and competence regardless of social background, creating structural incentives for merit-based selection that override traditional hierarchies (Kapur *et al.*, 2010) ^[27]. This contrasts with reservation systems that reinforce identity consciousness by making group membership rather than individual merit the basis for opportunity allocation.

Economic development and market expansion have generated wealth enabling lower-caste individuals to achieve economic power challenging traditional status hierarchies. While ritual status changes slowly, economic status transformation proceeds more rapidly through market mechanisms (Hnatkovska *et al.*, 2012) ^[23]. The emergence of lower-caste business elites, professionals, and entrepreneurs has created visible success models demonstrating caste-transcending achievement possibilities (Kapur *et al.*, 2010) ^[27]. These market-enabled transformations may ultimately prove more significant for caste system dismantling than politically-driven reservations, though both processes operate simultaneously in contemporary India (Jodhka & Newman, 2007) ^[26].

Discussion: Cost-Benefit Analysis and Policy Implications

1. Assessing Net Impact: Costs versus Benefits

Comprehensive cost-benefit analysis suggests that reservation policies' costs may increasingly outweigh benefits. The primary documented benefit—increased representation of SC/ST/OBC individuals in higher education and public employment—is significant but limited by concentration among advantaged subgroups and failure to address fundamental disadvantage (Deshpande, 2013) ^[12]. Against this must be weighed substantial costs: educational quality decline, reduced institutional excellence, mismatches harming intended beneficiaries, intensified caste consciousness, new inequalities disadvantaging poor upper-caste individuals, and opportunity costs of foregone market-based alternatives (Bagde *et al.*, 2016; Bertrand *et al.*, 2010) ^[2, 6].

The crucial question becomes: could alternative policies achieve equity goals more effectively with fewer negative consequences? Universal interventions improving primary education quality, nutrition, and healthcare would address root causes of disadvantage affecting all poor children regardless of caste (Drèze & Sen, 2013) ^[16]. Market-

enabling policies facilitating entrepreneurship, skill development, and employment creation could enable upward mobility through demonstrated competence rather than preferential treatment (Kapur *et al.*, 2010) ^[27]. Targeted scholarships and mentoring programs could support disadvantaged students without institutional disruption or quality compromise (Deshpande, 2013) ^[12].

2. Toward Market-Based Solutions and Universal Programs

This analysis suggests that policy emphasis should shift from identity-based preferences toward market-enabling reforms and universal capability-building programs. Economic policies facilitating private sector growth, entrepreneurship, and skill development have demonstrated greater transformative potential than quotas (Jodhka & Newman, 2007; Kapur *et al.*, 2010) ^[26, 27]. Rather than mandating outcomes through reservations, policies should create opportunities for disadvantaged individuals to compete successfully through merit—the approach that confers genuine social respect and breaks stereotypes (Sowell, 2004) ^[38].

Universal programs improving primary education quality, providing nutrition support, ensuring healthcare access, and developing infrastructure in disadvantaged areas would address fundamental barriers to mobility affecting all poor children (Drèze & Sen, 2013) ^[16]. These interventions help disadvantaged individuals compete on merit rather than requiring preferential treatment, while avoiding divisive identity politics and quality concerns plaguing reservations. Empirical evidence suggests that countries achieving greater equality through universal programs rather than group preferences maintain higher overall performance while reducing inter-group tensions (Sowell, 2004) ^[38].

Where targeted interventions are needed, economic criteria (poverty, income) may prove more appropriate than caste identity for identifying beneficiaries (Deshpande, 2013) ^[12]. This would help actually disadvantaged individuals across all castes while avoiding "creamy layer" problems and caste identity reinforcement. Political economy challenges to such reforms are substantial given entrenched interests in existing reservation system, but policy debates should honestly acknowledge current system limitations rather than avoiding difficult questions (Jaffrelot, 2003) ^[25].

3. Addressing Counterarguments

This analysis must address legitimate counterarguments. First, critics note that market forces operate within caste-structured contexts and may reproduce existing inequalities without intervention (Thorat & Newman, 2010) ^[42]. This concern has merit but does not invalidate the observation that markets have facilitated greater caste-transcending change than reservations in specific domains. The question is comparative effectiveness, not whether markets are perfect. Second, defenders of reservations emphasize historical injustice requiring reparative action regardless of effectiveness (Dworkin, 1977) ^[18]. However, if policies fail to benefit intended recipients while generating substantial costs, alternative approaches deserve consideration. Third, representation advocates argue that proportional presence itself matters regardless of route (Pitkin, 1967) ^[31]. Yet if representation through preferences generates stigma and quality concerns undermining legitimacy, alternative pathways to representation warrant exploration.

Fourth, political economy realists note that reservation beneficiaries constitute powerful constituencies resistant to reform, making alternatives politically infeasible regardless of merits (Jaffrelot, 2003) ^[25]. This observation is important but should not preclude honest analysis of policy effectiveness. Democratic deliberation requires evidence-based assessment even when political constraints limit immediate reform prospects. Finally, some argue that dismantling caste requires direct assault through preferences rather than market-based transformation (Béteille, 1992) ^[7]. However, seven decades of evidence suggest this approach has limited effectiveness, while market forces have demonstrated significant transformative capacity—suggesting that theory should accommodate evidence rather than vice versa.

Conclusion

This paper has argued that India's reservation policies have achieved limited success in their primary objective of dismantling caste hierarchies while generating substantial unintended consequences for institutional excellence and meritocratic advancement. After seven decades of extensive preferential policies, caste identity and hierarchy persist in social practices with remarkable tenacity, inter-caste marriage remains rare, discrimination continues in multiple domains, and caste consciousness has intensified rather than dissolved (Banerjee *et al.*, 2013; Thorat & Newman, 2010) ^[4, 42]. Simultaneously, evidence indicates significant costs including educational quality decline, healthcare and administrative capacity reduction, mismatch effects harming intended beneficiaries, and new inequalities (Bagde *et al.*, 2016; Bertrand *et al.*, 2010; Deshpande, 2013) ^[2, 6, 12].

Conversely, market-driven economic liberalization and capitalist development have facilitated more substantial changes in caste-based behavioral patterns, particularly in urban employment, consumption, and entrepreneurship domains where market forces rather than state intervention dominate (Jodhka & Newman, 2007; Kapur *et al.*, 2010; Hnatkovska *et al.*, 2012) ^[23, 26, 27]. The comparative effectiveness of market mechanisms versus state-mandated preferences suggests that policy emphasis should shift toward market-enabling reforms, universal capability-building programs, and targeted interventions addressing root causes of disadvantage rather than identity-based quotas.

These conclusions require important qualifications. First, this analysis does not deny historical injustices, ongoing discrimination, or legitimate claims of marginalized groups. Rather, it questions whether current policies optimally address these concerns. Second, the comparison between reservation and market outcomes is complex, with both operating simultaneously and causation difficult to establish definitively. Third, political economy constraints may limit reform feasibility regardless of analytical merits. Fourth, alternative policies face their own challenges and would require careful design to avoid new problems.

Nevertheless, honest assessment demands acknowledging that current approaches are not optimally achieving stated objectives. The persistence of caste despite extensive preferences, concentration of benefits among already-advantaged subgroups, evidence of institutional quality decline, and market forces' demonstrated transformative capacity all suggest that fundamental policy recalibration deserves serious consideration. Rather than expanding

reservations indefinitely, attention should focus on universal programs improving primary education quality, healthcare access, and infrastructure in disadvantaged areas—interventions addressing root causes while avoiding divisive identity politics and quality compromise (Drèze & Sen, 2013)^[16].

Future research should examine specific mechanisms through which market forces facilitate social change, comparative effectiveness of different policy interventions across contexts, and design of alternative approaches maximizing equity while maintaining excellence. Longitudinal studies tracking social mobility across policy regimes would illuminate causal relationships more precisely. Cross-national comparative analysis could identify successful approaches in other societies facing similar challenges (Sowell, 2004)^[38].

The fundamental question is not whether India should pursue social justice and equality—all parties agree on these objectives—but rather which policies most effectively achieve them while minimizing unintended costs. The evidence suggests that current reservation-centric approaches are neither optimally effective nor optimally balanced. Market-enabling reforms, universal capability-building programs, and poverty-targeted interventions may better serve equity objectives while maintaining the institutional excellence necessary for national development. This represents not abandonment of social justice commitments but rather more intelligent pursuit of these goals through evidence-informed policy design. Democratic societies must continually reassess policies against empirical evidence, adjusting approaches when outcomes diverge from intentions. Seven decades of experience with reservations provides sufficient evidence for such reassessment, even when political constraints may complicate reform implementation.

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