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Changes in Intergenerational Occupational Mobility in India: Evidence from National Sample Surveys, 1983–2012

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Summary. — The last two decades of high economic growth in India has been accompanied by increasing economic inequality. The rise in inequality raises concerns about fall in opportunities for social mobility. This paper examines changes in intergenerational occupational mobility for males in India over three decades (1983–2012). Once we control for changes in occupational structure across the years, we find a decline in intergenerational occupational mobility during 1983–2012 in India. However, the decline in intergenerational occupational mobility was sharper for Scheduled Castes and Scheduled Tribes, historically deprived sections of the Indian population, than for non-Scheduled Castes and Scheduled Tribes.

Key words — intergenerational occupation mobility, caste, inequality of opportunity, India

1. INTRODUCTION

This paper examines the pattern of intergenerational occupational mobility in India over the last three decades. The question of the degree of intergenerational mobility and the associated availability of opportunities is an important question as the Indian economy has undergone significant changes in recent decades, characterized by high economic growth and increasing economic inequality.

Studies based on data from developed countries have shown that increases in inequality tend to limit social mobility (Andrews & Leigh, 2009; Corak, 2013). Corak (2013) using earning data on individuals and their adult children shows the strong negative correlation between cross-sectional inequality and intergenerational mobility and this inverse relationship is known as the "Great Gatsby Curve". The literature points to several channels through which inequality affects intergenerational mobility. "Inequality lowers mobility because it shapes opportunity."(Corak, 2013, p. 98). Another way in which labor market outcomes are passed on to the succeeding generation is by the investment made by parents in children's human capital (Solon, 2004). Arguing on similar lines Burtless and Jencks (2003) stated that as inequality rises, so does the difference in educational advantages that can be bought by richer and low-income parents for their children. This, in turn, would lead to a decline in intergenerational mobility. We believe that the study of social mobility in the context of a period of high economic growth accompanied by growing inequalities in India is important, and one inadequately addressed in the existing literature.

In the last two decades, rates of economic growth in India have been much higher than ever before. After a long period of low economic growth, the Indian economy experienced a relatively high growth rate of 5% per annum in the 1980s and 1990s, reaching around 8–9% per annum in the period 2007–12 (Dev, 2013). At the same time, official data show a decline in poverty during the last two decades.[1] Between 1993–94 and 2004–05, the head count ratio of poverty, as per official statistics, declined from 45.3% to 37.2% (Government of India., 2013). According to the Planning Commission, the decline in the poverty was much sharper during the recent period from 37.2% in 2004–05 to 21.9% 2011–12 (Government of India, 2013).

Scholars have shown that this period of high economic growth has been one of increasing inequalities (see Motiram & Sarma, 2014; Sarkar & Mehta, 2010; Subramanian & Jayaraj, 2013; Subramanian & Jayaraj, 2015 among others). Inequalities with respect to income, wages, and wealth have increased during this period of accelerated economic growth. Motiram and Vakulabharanam (2012), using data from consumption expenditure surveys of National Sample Survey Office, showed that during 1993–2010 interpersonal inequality increased at the rural, urban, and all-India levels. The expenditure of an individual in the 90th percentile as a percentage of the median consumption expenditure increased from 212.63% in 1993–949 to 234.41% in 2009–10 (Motiram & Vakulabharanam, 2013). On the contrary, the corresponding expenditure of an individual in the 10th percentile, as a percentage of the median consumption expenditure, decreased slightly from 56.67% in 1993–94 to 55.99% in 2009–10. Azam and Shariff (2011), based on sample surveys conducted by the National Council of Applied Economic Research (NCAER), showed that the Gini coefficient for rural incomes increased from 0.46% in 1993–94 to 0.50% 2004–05. During the same period another study by Sarkar and Mehta (2010), based on data from Employment and Unemployment Surveys (EUS) of National Sample Survey Office, showed that wage inequality increased among regular wage workers in India. India also experienced a rise in wealth inequality. Jayadev, Motiram, and Vakulabharanam (2011, p. 88) showed that between 1992–93 and 2002–03 "the ratio of assets held by the individuals at the 95th percentile to those held by the median individual rose from 758% to 814%."

Indian society has traditionally been characterized by another form of inequality, that based on the caste system. Discrimination based on caste is an issue that is specific to South Asia, and there is a large literature on discrimination

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and social and economic exclusion among the historically marginalized populations such as the people from Scheduled Castes and Scheduled Tribes (Deshpande, 2011; Madheswaran & Attewell, 2007; Ramachandran & Swaminathan, 2014; Thorat & Neuman, 2012). Deshpande and Ramachandran (2013) find that, when compared to different social groups in India, Scheduled Castes and Scheduled Tribes occupy the lowest rank in all important indicators of individual well being such as educational attainment, occupation, wages, and consumption expenditure. Madheswaran and Attewell (2007, p. 4153) using National Sample Survey data showed that "discrimination accounts for a large part of the gross earnings difference between Scheduled Castes and Scheduled Tribes and others in the regular salaried jobs in urban labour market." They further argued that occupational discrimination is more pronounced than wage discrimination for Scheduled Castes and Scheduled Tribes in urban labor markets. Another study by Borooah (2005) using data from the NCAER survey showed that about a third of the income differentials between Scheduled Castes and Scheduled Tribe households and other privileged caste households in India could be attributed to discrimination faced by Scheduled Castes and Scheduled Tribes. Based on an experiment, Thorat and Neuman (2012) found that individuals belonging to Scheduled Castes having the same educational levels and skills as individuals belonging to other castes were discriminated against in employment in the urban labor market. From these studies on caste in India it is clear that not only do Scheduled Castes and Scheduled Tribes perform poorly on different social and economic indicators, but that they also experience discrimination in the labor market.

A study of intergenerational occupational mobility can provide further insights into the rising economic and social inequalities in a period of high economic growth. However, given the lack of appropriate data, very few studies have documented intergenerational mobility in India. This paper advances the literature on intergenerational mobility in India in two ways. First, to the best of our knowledge, this is the first paper that examines intergenerational occupational mobility for a relatively long time period of 29 years (1983–2012). Second, unlike other studies, the methodology used here follows the standard mobility matrix approach.

The paper is organized as follows; the next section briefly reviews the literature on intergenerational occupational mobility in the Indian context. Section 3 describes the data set used in this paper. Section 4 explains the methods employed and Section 5 presents the main results. Section 6 presents results on Scheduled Castes and Scheduled Tribes. Section 7 presents the discussion and conclusions.

2. STUDIES ON INTERGENERATIONAL OCCUPATIONAL MOBILITY IN INDIA

In the context of developed countries, both sociologists and economists have carried out extensive empirical investigation on intergenerational mobility, using individual's socio-economic outcomes such as income, earnings, and occupation (see, Björklund & Jäntti, 2000; Blanden, 2013; Blau & Duncan, 1967; Chetty, Hendren, Kline, Saez, & Turner, 2014; Erikson & Goldthorpe, 1992; Hauser, 1982; Piraino, 2015; Solon, 1999; Solon, 2002 among others). However, given the lack of suitable data, there is a dearth of such studies in the context of developing countries, especially India. Only recently have researchers begun to analyze intergenerational mobility in India.

Since large-scale panel data on incomes or earnings of both individuals and their parents are not available, recent studies in India have used occupational data to analyze intergenerational mobility. Kumar, Heath, and Heath (2002a,b) analyzed the determinants of intergenerational occupational mobility in India using National Election Study data, 1996, conducted by Centre for the Study of Developing Societies, New Delhi. They found that a high level of inequality between classes persisted when it came to opportunities vis-a-vis occupational mobility. They attributed this inequality to differences in the financial, educational, and social resources possessed by different classes and argued that caste alone could not explain this inequality. Vaid (2012, p. 1) concluded that "Scheduled Castes have low upward mobility [with respect to occupation], [and] higher castes are not entirely protected from downward mobility." However, the data set used by both Kumar *et al.* (2002a,b) and Vaid (2012) not only had a small sample size but also provided limited information on occupations of an individual. Further, both these studies were limited to cross-sectional analysis of intergenerational mobility in India.

Motiram and Singh (2012), using data from the India Human Development Survey 2005, examined intergenerational occupational mobility in India. They showed that a substantial proportion of low-skilled and low-paid workers' sons remained in the same occupations as their fathers. This study too was limited to a cross-sectional analysis of intergenerational mobility, using data collected in 2004–05. Azam (2013) who also used the same data set found that mobility in the 1975–84 birth cohort was higher than mobility in the 1945–54 birth cohort.

National Sample Survey Office's EUS are the most reliable and regular source of nationally representative data on different labor market and demographic variables of individuals in India. There are two exclusive studies of mobility using EUS data. Both Majumder (2010) and Hnatkovska, Lahiri, and Paul (2013) have employed regression methods to examine trends in intergenerational occupational mobility in India. The regression method provides only a few parameters and does not allow for a detailed examination of rates and patterns of movement between occupations as is possible with mobility tables (Hauser, 1978). Given that each occupational category broadly represents a particular socio-economic position in a given society, regression analysis misses out on mobility in the socio-economic stratification system.

Hnatkovska *et al.* (2013) also presented transition matrices by classifying occupations into three categories namely white collar, blue collar, and farmers and agricultural workers and presented transition matrices for occupational mobility between generations. The diagonal cell values in their mobility tables show very high immobility for farmers and agricultural workers and blue collar workers both in 1983 and 2004–05.

Both these studies examined differences in intergenerational mobility across different social groups. Majumder (2010) used data from the 50th (1993–99) and 61st (2004–05) rounds of the EUS and studied mobility using regression method. He showed that intergenerational occupational mobility was significantly lower among the "excluded classes" (comprising Scheduled Castes, Scheduled Tribes and Other Backward Classes) than among the "advanced classes." Similarly, Hnatkovska *et al.* (2013) showed that between 1983 and 2004–05 the probability of intergenerational occupational switches rose from 33% to 42% for Other Caste males while the same increased from 30% to 39% for Scheduled Castes and Scheduled Tribes males. Based on these estimates they concluded that differences in intergenerational mobility for Scheduled Caste and Scheduled Tribe and Other Caste males have not changed in the period between 1983 and 2004–05.