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Caste Comparisons in India: Evidence From Subjective Well-Being Data

XAVIER FONTAINE [a,b] and KATSUNORI YAMADA [c,d,*]

[a] *Paris School of Economics, France*
[b] *Sciences Po, Paris, France*
[c] *Kindai University, Higashi-osaka City, Japan*
[d] *Osaka University, Japan*

Summary. — This paper evaluates how caste influences economic comparisons in India. Using happiness data from an original panel survey, we find that both within-caste comparisons and between-caste comparisons reduce well-being. Between-caste comparisons reduce well-being three times more than within-caste comparisons. In absolute terms, an increase in rival caste expenditures affects well-being as much as primary expenditure. These findings highlight the strong influence that comparisons between rival castes have on well-being. Yet this comparison scheme turns out to be asymmetrical: only low-caste individuals are affected by the economic successes of their rivals, whereas only higher-caste individuals compete with their fellows.

Key words — subjective well-being, economic comparison, relative utility, caste, Asia, India

1. INTRODUCTION

India is well known for the clustering of its population into castes. Although the nature of caste and its influence on society have changed substantially throughout the previous century, it remains a central cause of inequality in India. Importantly, caste continues to generate significant social and political tensions among the population. Because of that, it is plausible that it affects the sense of well-being in India, even after we control for the effects on happiness from variables largely influenced by caste, such as expenditure levels and educational attainments. However, the lack of data on subjective well-being means that research on the caste system's happiness impact is scarce.

In this paper, we use subjective well-being data from an original dataset to study the impact of caste on well-being. We examine the direct effect of caste on happiness. Importantly, we also provide evidence about the impact on well-being of *caste-based comparisons*, that is, on the fact the economic successes of those in rival castes could be an important source of frustration. In the Indian context, such comparisons are likely to be strong and could cause significant well-being losses. By studying caste-based comparisons, this paper contributes to both the research on the well-being impact of caste and a line of research on the existence of between-group comparisons. While many studies have established that individual well-being can be affected by the consumption and income of others, a relatively newer, and still open, question is whether people with specific characteristics tend to compare themselves to certain types of rivals. India provides an opportunity to contribute to this line of research, as the country is one of very few characterized by well-defined social groups and strong between-group tensions.

We use subjective well-being data to assess the strength of within- and between-caste comparisons in India. Specifically, we make joint use of two datasets. The first dataset is an original urban panel survey for India conducted by researchers at the Osaka University, Japan. A nice feature of the survey is that it contains a happiness question, which is rare among surveys conducted in developing countries. The second dataset is a large, representative Indian population survey. This second survey enables us to estimate the expenditure of the groups to which respondents are likely to compare themselves.

Our main results are as follows. We find that the direct influence of caste on well-being is limited. Caste influences variables such as expenditure and education, which, in turn, affect happiness. However, once we control for those variables, the effect from caste membership itself is weak. This finding is similar to that of Linssen, van Kempen, and Kraaykamp (2011) for rural India, which is, to our knowledge, the only published work on happiness in India. However, that study focused on only the "raw" effect of caste membership on happiness. In the present paper, we also consider the possibility that caste affects well-being through within- and between-caste comparisons. We consequently focus on caste comparisons and show that the caste system does, in fact, affect happiness substantially in India. Specifically, we find the following. First, within-caste comparisons reduce well-being. This result suggests that expenditure by others from the same caste triggers envy more strongly than it acts as a positive signal about one's future prospects. As argued in Section 2(b), this finding differs

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from what might have been expected in such a rapidly growing and changing country. A consequence of this result is that the absolute benefits from economic growth may be diminished by relative concerns. Second, Indians view rival castes' economic situation with envy. Between-caste comparisons are unexpectedly strong and, in absolute terms, comparisons to rival castes affect well-being as much as expenditure does. We find that between-caste comparisons have triple the effect on happiness that within-caste comparisons do. These results show how fraught comparisons are in Indian society, and how much they affect well-being. Third, this comparison pattern appears to be asymmetrical: higher castes' economic successes are detrimental to low castes' well-being, but the reverse is not true. Additionally, within-caste comparisons are mostly made among members of higher castes. All of these results hold both when pooling the cross-sections and when adding individual fixed effects into the regression.

The rest of the paper is organized as follows. The second section provides some background on the Indian caste system and between-caste tensions. This section also reviews the literature on comparisons in India and the evidence of between-group comparisons in other countries. The third section describes our datasets. The fourth section presents our methodology and predictions. The fifth section provides empirical results, and the last section concludes the paper.

2. BACKGROUND AND LITERATURE

(a) *A conflictual caste society*

This section provides some background that is helpful in understanding the tensions that may exist between castes. The caste system clusters Indian society into thousands of small endogamous communities called *jatis*. The traditional Hindu view additionally considers that individuals can be further agglomerated in "four plus one" groups, although the correspondence between jatis and these groups has historically been debated and subject to change (Gupta, 2000). The four first groups are the *varnas*: the three "twice-born" varnas (*Brahmans*, *Kshatriyas*, and *Vaishyas*), who enjoy the highest social status, and the *Shudras*, or servants. The last group is the Untouchables, whose members are considered in some religious texts as too impure to claim membership in a varna. In the following, we will use the term "caste" mostly to refer to jatis.

The jati system is characterized by large inequalities. Traditionally, the social and economic positions of individuals were largely shaped by the jati to which they belonged, conferring social and economic power on some castes and excluding others. Indeed, the jati used to determine the type of jobs one could have, and consequently the level of wealth and possession that an individual could expect, even though this correspondence was not one-to-one (Beteille, 1992; Gupta, 2000). Interactions between members of different jatis, including bodily contact or food sharing, were strictly codified. Even though these codes were sometimes questioned (see Corbridge, Harriss, & Jeffrey, 2013 for a review), they endowed some groups with a dominant position and could lead some others—most notably, the Untouchables—to be subject to a sharp form of social exclusion.

Over the last decades, however, this traditional view has lost a significant amount of validity in the eyes of Indians themselves. [1] For instance, occupation is less and less related to jati. The appearance of new, caste-free industrial and agricultural specializations and administrative jobs accounts for part of this change (Beteille, 2012; Desai & Dubey, 2012). This phenomenon has also been accentuated by the reservation programs that were enacted in the 1950s. These policies have been applied according to a division of the population into four groups, which can be loosely described as follows (see Bayly, 2001 or Jaffrelot *et al.*, 2010 for further details): the *Scheduled Castes* or SCs, which are mostly the former Untouchable castes; the *Scheduled Tribes*, or STs, which are mostly disadvantaged tribes, i.e. social groups whose languages, cultural practices and economic activities are traditionally distant from the rest of the population (Blackburn, 2012), and which are often considered by themselves and the others as being outside of the caste system (Singh, 1994); the *Other Backward Classes* or OBCs, which are other groups that are considered to be economically and socially disadvantaged, including jatis that have traditionally been considered as Shudras and also individuals outside the varna system, such as Muslims; the rest of the population is categorized as *Others*. [2] These groups represent approximately 20%, 9%, 42%, and 30% of the population, respectively. [3] To compensate for the economic and social disadvantages of the SCs, STs, and OBCs, the Indian governments have reserved seats for members of these groups in the administration, higher education, and elected bodies, allowing for a greater social diversity in these places. Modernization, urbanization, and education have also greatly weakened the sway of caste in determining the way individuals interact. The larger proportion of inter-jati marriages illustrates these changes well. Importantly, the hypergamy rule, by which women could not marry men from "inferior" jatis in many setting, has virtually disappeared. This disappearance is emblematic of the substantial weakening of hierarchical concerns (Beteille, 1996). Another illustration of these changes is the fact that the separation of castes during lunches is now largely considered unacceptable in urban areas (Beteille, 2012), and is increasingly rejected in rural areas (Kapur, Prasad, Pritchett, & Babu, 2010).

Even if people associate caste less and less with position in the social hierarchy, caste still plays an important role in India and continues to generate important tensions in the population. Caste concerns are increasingly a matter of struggle for economic and political power, rather than a matter of claims about hierarchical position. In fact, inequalities remain sharp despite positive-discrimination programs. The reservation system has been shown to accrue benefit largely to the most advantaged jatis among the SCs and OBCs (Jaffrelot *et al.*, 2010; Deshpande, 2011). More generally, even though social mobility exists, it remains limited (Kumar, Heath, & Heath, 2002; Deshpande, 2011). In term of per capita household expenditure, Indians from higher castes consume on average 63% more than STs, 46% more than SCs, and 27% more than OBCs. Higher castes also tend to be more educated, with lower illiteracy rates than among STs (by 44%), SCs (by 42%), and OBCS (by 31%). [4] This situation is frustrating for members of low castes. As a consequence, it calls for an expansion of reserved places continue, especially among OBCs. On the other hand, members of higher castes feel threatened by the empowerment of low castes, which empowerment is actually detrimental to their personal economic and political situation. A symptom of this threat perception was the self-immolation by higher-caste students when reserved places in various administrations have been granted to members of an OBC. Some members of higher castes have enacted political and economic strategies to block the progression of members of low castes (Corbridge *et al.*, 2013), for instance in the housing (Bayly, 2001) and labor market (see the reviews in Thorat & Neuman (2012), or Deshpande (2011); and more recent research such as Ito (2009) and Siddique (2011)).