



CASTE AND UNEQUAL RETURNS TO HUMAN CAPITAL IN INDIA'S LABOUR MARKET: EVIDENCE FROM PLFS 2023-24

Praveen Kumar

Department of Economics, Central University of Himachal Pradesh, Dehra (H.P)

ABSTRACT

DOI No: 10.36713/epra31520

Article DOI: <https://doi.org/10.36713/epra31520>

The study examines wage differences across castes using insights from the Periodic Labour Force Survey (PLFS) 2023. It evaluates wages earned by Scheduled Castes, Other Backward Classes, and Scheduled Tribes relative to those of workers from other castes. In addition to wages, comparisons are made in terms of education, vocational and technical training, and employment type. The study concludes that the relative wages of deprived castes have improved, yet they still earn less than others, even with improved standards of education. Furthermore, this gap does not narrow with educational advances; in many cases, it widens. The Oaxaca-Blinder decomposition method reveals that while part of the gap can be explained by differences in education, experience, and occupations, a significant proportion remains unexplained. In turn, this inequity is felt most by those engaged in regular work, regardless of caste. The study also provides evidence that a greater number of deprived castes work in informal jobs. The paper argues that closing the caste wage gap requires a broad policy response, including anti-discrimination law, formalisation of informal work, and fairer hiring practices.

KEYWORDS: Caste-based wage discrimination, Oaxaca-Blinder decomposition, Scheduled Castes, Scheduled Tribes, OBC, labour market inequality, India, PLFS 2023-24

1. INTRODUCTION

Caste plays a major role in determining wages in the Indian labour market. India's economy has evolved over several years of affirmative action, government protection, and constitutional safeguards. Nevertheless, people belonging to the Scheduled Castes (SC), Scheduled Tribes (ST), and Other Backward Classes (OBC) earn much less than those from other castes with similar skills and experience. This gap persists even when experience and qualifications are the same. There are two reasons for these disparities. The first is pre-market discrimination, which manifests as unequal access to education, social capital, and resources. The second is post-market discrimination, which appears in wage setting, hiring, and job placement (Papola and Kannan 2017; Thorat et al. 2021).

There are two theories explaining how discrimination occurs in the labour market. Becker's model (1957/1971) of taste-based discrimination holds that some employers choose not to employ workers from particular groups, even though doing so reduces their profits. By contrast, Arrow's model (1973) of statistical discrimination holds that, when full information about workers' productivity is lacking, employers use group membership as a proxy for individual productivity. Studies provide evidence for both theories in India (Jodhka and Newman 2007;

Madheswaran and Attewell 2007). The private sector is largely unaffected by reservation policy, and studies show that it is characterised by both occupational segregation and wage discrimination (Singhvi and Madheswaran 2017; Thorat et al 2021).

A considerable body of research has examined the caste-based wage gap. Much of this work draws on the National Sample Survey (NSS) rounds conducted in 2004-05 and 2011-12, as well as the PLFS 2018-19. This study builds on that evidence and uses PLFS 2023-24 data to further extend research on the caste-based wage gap, about a decade after the last NSS rounds, while taking into account additional demographic and policy changes.

The paper proceeds as follows. Section 2 reviews the literature. Section 3 outlines the data and methodology. Section 4 analyses wage differentials by qualification level and examines wage differences across occupations. Section 5 discusses employment types and education levels. Section 6 presents the results of the Oaxaca-Blinder decomposition. Sections 7 and 8 conclude and offer policy recommendations.

2. REVIEW OF LITERATURE

The existing models of caste discrimination in India are based on theories developed to analyse racial and sexual discrimination, as well as on economic ideas. Becker (1957/1971) maintains that the costs of avoiding dealings with a particular population group are borne by consumers and employers alike. In turn, Arrow (1973) offers a radically different explanation. He claims that employers treat group membership as an indicator of productivity due to a lack of full information.

The initial empirical confirmation of caste wage discrimination in urban India was provided by Banerjee and Knight (1985), who found that SC workers were paid less than OC workers, even after adjusting for human capital. Subsequently, Madheswaran and Attewell (2007), using information from the NSS and the Blinder-Oaxaca decomposition method, established that the majority (54%) of the SC-OC wage differential results from discrimination, not from human capital differences. They also found that public sector employees experienced less discrimination, consistent with the provisions of reservation-related legal protection.

Occupational segregation has helped sustain wage inequality. According to Jodhka and Newman (2007), private-sector hiring practices are influenced by social networks, family constraints, and the 'hidden language of caste.' This makes it harder for people from low castes to compete with others on their skill ratings. Deshpande and Newman (2007) noted that the employment practices of private-sector organisations appear less meritocratic than often presumed. Madheswaran and Singhari (2016) observed the effects of the so-called 'glass ceiling' in the private sector and the 'sticky floor' in the public sector. These two phenomena lead to an employment crisis for people from lower-caste communities at the lower end of the income spectrum.

More recent research has examined self-employment and informal work. Deshpande and Sharma (2016) showed that there are major income differences among small business owners from SC/ST communities, with discrimination accounting for more than 50 per cent of this gap. Thorat et al. (2021) stated that SC workers are underpaid and cannot secure regular paid jobs, which is another problem for their economic status. Mansoor and Abraham (2021) and Meher (2021) argued that marginalised groups are over-represented in informal and casual jobs compared with other groups.

Gender compounds caste disadvantages. According to Agrawal (2014), the relationship between endowments and wages explains only a small share of the caste wage gap, whereas discrimination accounts for most of the gender wage gap. Caste and gender together create even more obstacles for women. Datta et al. (2020) and Kanjilal-Bhaduri and Pastore (2018) show that women's education and labour force participation coincide. Caste exacerbates the gender wage gap.

Kumar and Singh (2024) published the most comprehensive study of caste wage inequality, using data from NSS 2004-05, NSS 2011-12, and PLFS 2018-19. They found that wage ratios for disadvantaged castes have gradually increased over time, while the unexplained component of the Oaxaca-Blinder

decomposition has also grown. They argue that higher wages for underprivileged castes reflect greater education and human capital rather than less discrimination. This study builds on Kumar and Singh (2024) by applying their methodology to the PLFS 2023-24 data to assess whether these patterns persist.

3. DATA AND METHODOLOGY

In this study, we use data from the latest Periodic Labour Force Survey (PLFS) 2023-24 report, conducted by the National Statistical Office (NSO) under the Ministry of Statistics and Programme Implementation. The PLFS is a comprehensive survey that collects data on employment and wage patterns for people aged 15 and above, taking into account their social status, education level, industry, job, and type of employment. Following previous studies in this area of research (Kumar and Singh 2024; Thorat et al. 2021), workers are classified into four caste categories, namely Scheduled Tribe (ST), Scheduled Caste (SC), Other Backward Class (OBC), and Others; the last category is used as the reference category as well.

In this study, we will measure the relative wage difference using the wage ratio, obtained by dividing the average wage of the deprived caste category by that of the Other Caste category. The ratio equals 1 when wages are equal; a value less than 1 indicates lower wages for the deprived caste, while a value greater than 1 indicates that deprived groups earn more. We calculate the wage ratio separately for regular and casual workers, and we further break it down by education, technical education, vocational training and occupation.

To decompose the wage gap into explained and unexplained components, we use the Blinder-Oaxaca decomposition method (Blinder 1973; Oaxaca 1973) and its subsequent extensions. Following Mincer (1974), we estimate semi-log wage equations separately for Other Caste (OC) and deprived caste (DC) workers:

$$\ln \bar{W}_{OC} = \Sigma \delta_{OC} \bar{X}_{OC} + \mu_{OC} \quad (1)$$

$$\ln \bar{W}_{DC} = \Sigma \delta_{DC} \bar{X}_{DC} + \mu_{DC} \quad (2)$$

Here, $\ln \bar{W}$ denotes the geometric mean wage, δ is the vector of estimated coefficients, $\bar{X}$ is the vector of mean regressor values (education, experience, occupation and employment type), and μ is the error term. We express the wage gap as:

$$\ln \bar{W}_{OC} - \ln \bar{W}_{DC} = \Sigma \beta_{DC} (\bar{X}_{OC} - \bar{X}_{DC}) + \Sigma \bar{X}_{OC} (\beta_{OC} - \beta_{DC}) \quad [D=1] \quad (3)$$

The first term is the explained component, reflecting differences in endowments. The second term is the unexplained component, reflecting differences in returns to those endowments; researchers commonly interpret it as a measure of discrimination and structural disadvantage. We report results using four weighting schemes: Oaxaca-Blinder with the deprived caste wage structure ($D = 0$) and with the other caste structure ($D = 1$), Reimers (1983) equal weighting ($D = 0.5$), Cotton (1988) sample-proportion weighting, and Neumark (1988) pooled weighting. The wage equations include years of education, potential labour market experience (age minus years of schooling minus six), experience squared, gender, industry and occupation dummies, and state fixed effects.

4. WAGE INEQUALITY ACROSS CASTE GROUPS

Table 1 presents wage ratios for ST, SC and OBC workers relative to all other workers. It covers both formal and informal employment and is broken down by education level, vocational training and technical education. Across most education categories, all three deprived caste groups earn less than other caste workers.

4.1 Educational Attainment and Wage Gaps

In 2023-24, wage ratios for ST, SC, and OBC regular workers remain below 1 across almost all education levels. On average, ST regular workers earn 71% of what regular workers from other castes earn; SC regular workers earn 64%; and OBC regular workers earn 76%. These figures are close to those reported by Kumar and Singh (2024) for 2018-19, which were 0.74, 0.65, and 0.74, indicating only modest convergence over time.

One notable finding is that wage ratios do not rise steadily with education. Among regular workers, wage ratios rise across most

caste groups from the illiterate level up to higher secondary, then fall sharply at the graduate level. SC graduate regular workers earn 71% of what their other-caste peers earn, while ST graduate regular workers earn 82%. This pattern aligns with the glass ceiling effect documented by Madheswaran and Singhari (2016). It also aligns with Kumar and Singh (2024), who found that higher education raises absolute wages but does not close the wage-return gap between caste groups; the gap tends to widen at the top of the wage distribution.

Wage gaps among informal workers are generally smaller, consistent with the narrower range of hourly wages typical of informal work. Even so, ST casual workers face substantial wage disadvantages at every education level. For example, ST casual workers with a graduate degree earn only 66% of what their peers earn. For SC and OBC casual workers, the wage ratio at higher education levels often exceeds one, with a few exceptions. Kumar and Singh (2024) urge caution here, since such comparisons may place deprived-caste workers at the top of the casual-wage distribution, while other-caste workers are at the bottom.

Table 1: Ratios of Average Wages of Workers from Deprived and Other Castes by Educational Attainment, Technical Education and Vocational Training, 2023-24

Educational Attainment	Regular			Casual		
	ST	SC	OBCs	ST	SC	OBCs
Illiterate	0.85	0.93	0.91	0.71	0.96	0.94
Primary	0.86	1.01	0.95	0.77	1.00	0.98
Secondary	0.88	0.92	0.94	0.74	0.93	1.00
Higher Secondary	1.04	0.88	0.91	0.74	0.96	1.02
Graduate and above	0.82	0.71	0.79	0.66	1.06	1.07
All	0.71	0.64	0.76	0.73	0.95	0.98
Technical Education						
No Technical Education	0.81	0.70	0.80	0.73	0.95	0.97
Technical Degree	0.71	0.75	0.77	-	-	-
Tech. Diploma/Cert. below Grad.	0.85	0.86	0.85	0.56	1.03	1.02
Tech. Diploma/Cert. Grad. & above	0.74	0.64	0.78	-	-	-
Vocational Education						
No Vocational Education	0.72	0.64	0.76	0.77	0.96	0.96
Formal Vocational Education	0.87	0.75	0.85	0.54	0.84	0.78
Informal Vocational Education	0.63	0.63	0.73	0.68	0.96	1.02

Note: Wage ratio = average wage of deprived caste group ÷ average wage of Other Castes category. Values above 1.00 indicate deprived group earns more than Other Castes. '-' denotes cell unavailable due to very small sample size. Edu. = Education; Tech. = Technical; Cert. = Certificate; Grad. = Graduate. Source: Periodic Labour Force Survey (PLFS), 2023-24.

4.2 Technical Education and Vocational Training

Technical and vocational training does not close the caste wage gap. Regular workers with a technical diploma or certificate below graduate level have wage ratios of 0.85 (ST), 0.86 (SC) and 0.85 (OBC), indicating that a sizeable caste gap persists even after training. Among casual workers with technical training, sample sizes were too small to draw reliable conclusions, consistent with earlier findings (Kumar and Singh 2024). Vocational training shows a similar pattern. Workers with formal vocational training have wage ratios of 0.87 (ST), 0.75 (SC) and 0.85 (OBC), while those with informal vocational training have lower ratios - 0.63 for both ST and SC. This suggests that the type and quality of training matter, not just whether a worker receives training at all. A study by Singh et al. (2020) supports this: deprived-caste workers with

technical or vocational training receive fewer high-wage job referrals than other-caste workers with the same training, pointing to a ceiling effect even for trained workers from deprived castes.

4.3 Occupational Wage Gaps

Table 2 presents wage ratios by occupation for 2023-24. For this purpose, we used the National Classification of Occupations (NCO), 2004. These ratios are considerably lower than the education-based ratios across most occupational categories, including highly skilled ones. Among legislators, senior officials and managers, ST workers earn 76% of what other-caste workers earn in the same role, SC workers earn 76%, and OBC workers earn 86%. Among professionals, technicians and associate professionals, wage ratios for all three

deprived groups range from 0.69 to 0.83. Caste-based wage penalties, then, persist even in highly skilled work.

Overall wage ratios (ST: 0.55, SC: 0.62, OBC: 0.72) are below the education-based ratios, indicating occupational segregation. ST workers face a particularly large disadvantage in skilled agriculture and fisheries, where the wage ratio is 0.61. A much higher share of ST workers holds these jobs than other caste groups. Only one category shows parity: ST clerks have a wage ratio of 1.08, matching Kumar and Singh's (2024) finding for 2018-19. OBC craft and related trade workers show a ratio of

1.04, likely reflecting more standardised wage-setting in that sector.

Together, these patterns show that both the way jobs are assigned and the fact that some jobs pay less than others drive the overall wage gap across occupations. Workers from deprived castes hold a much larger share of low-paying jobs, and within the same occupation they also earn less than similarly placed workers from other castes (Thorat et al. 2021). This aligns with evidence of wage discrimination within occupations in both the formal and informal sectors.

Table 2: Ratios of Average Wages of Workers from Deprived and Other Castes by Occupational Category, 2023-24

Occupational Category	ST	SC	OBCs
Legislators, Senior Officials and Managers	0.76	0.76	0.86
Professionals	0.81	0.72	0.83
Technicians and Associate Professionals	0.69	0.72	0.82
Clerks	1.08	0.85	0.84
Service Workers and Shop Workers	0.93	0.84	0.91
Skilled Agricultural and Fishery Workers	0.61	0.92	0.82
Craft and Related Workers	0.89	0.99	1.04
Plant and Machine Operators	0.90	0.97	0.97
Elementary Occupations	0.77	0.97	0.96
Total	0.55	0.62	0.72

Note: Wage ratios cover all workers (regular and casual combined). Ratios above 1.00 indicate that the deprived group earns more than Other Castes.

Source: Periodic Labour Force Survey (PLFS), 2023-24.

5. DISTRIBUTION OF WORKERS ACROSS EMPLOYMENT TYPES AND EDUCATION

Wage gaps need to be considered alongside gaps in employment arrangements across caste groups. Table 3 shows how workers are distributed by employment type in 2023-24.

The clearest finding is that deprived-caste workers are strongly under-represented in regular salaried jobs. Only 12.59% of ST workers and 20.59% of SC workers hold regular salaried jobs, compared with 30.32% of other-caste workers. This ten- to eighteen-percentage-point gap matters because regular workers earn far more on average than casual workers. By contrast,

casual work is far more common among SC (33.19%) and ST (27.00%) workers than among other-caste workers (9.53%), and it typically means low pay and no social safety net.

Most workers across all groups are self-employed, though the nature of self-employment varies sharply. ST workers have the highest share of unpaid family workers (29.67%), indicating reliance on subsistence agriculture. Other-caste workers have the highest share of employers (5.89%), suggesting better access to capital and entrepreneurial opportunities. OBC workers fall between these two groups: their casual work rate (17.44%) is lower than that of SC and ST workers but remains well above the rate for other-caste workers.

Table 3: Distribution of Workers across Employment Types, 2023-24 (%)

Employment Type	ST	SC	OBCs	Others
Self-Employed Workers	60.42	46.23	62.33	60.14
1.1 Employer	1.30	1.73	3.35	5.89
1.2 Own Account Worker	29.45	29.76	38.29	38.54
1.3 Unpaid Family Workers	29.67	14.74	20.69	15.72
Regular Salaried Worker	12.59	20.59	20.22	30.32
Casual Workers	27.00	33.19	17.44	9.53
Total	100	100	100	100

Source: Periodic Labour Force Survey (PLFS), 2023-24.

Table 4 shows the distribution of workers by education, technical education and vocational training, separately for regular and casual workers. Among regular workers, ST (28.45%) and SC (26.67%) workers with a graduate degree or higher make up a much smaller share than other-caste workers (48.72%). This education gap remains an important driver of the explained component of the wage gap. Among casual workers, the under-representation of deprived castes at higher education levels is even sharper: graduate-level casual workers

make up a tiny share of the group, and small sample sizes limit some wage ratio estimates at this level.

Technical education remains uncommon across all caste groups, but the gap between deprived and other castes is substantial. Among regular workers, 3.39% of ST workers and 4.03% of SC workers hold a technical degree, compared with 10.74% of other-caste workers. Informal vocational training is common across groups, whereas formal vocational education

remains rare for all. These findings align with Singh et al. (2020) and Kumar and Singh (2024), confirming that the human

capital gap remains a structural driver of the explained component of wage inequality.

Table 4: Distribution of Workers across Education Levels, Technical Education and Vocational Training by Employment Type and Caste, 2023-24 (%)

Educational Attainment	Regular Workers				Casual Workers			
	ST	SC	OBCs	Others	ST	SC	OBCs	Others
Illiterate	10.49	11.00	6.09	4.15	36.76	35.14	31.57	21.41
Primary	15.00	16.08	11.60	8.11	29.23	26.42	26.73	33.22
Secondary	19.82	21.38	17.83	13.44	21.93	22.26	23.49	28.11
Higher Secondary	26.24	24.87	26.34	25.58	10.74	14.11	15.73	15.39
Graduate and above	28.45	26.67	38.14	48.72	1.34	2.07	2.48	1.87
Total	100	100	100	100	100	100	100	100
Technical Education								
No Technical Education	90.95	89.99	84.22	81.08	99.83	99.29	99.17	99.63
Technical Degree	3.39	4.03	7.14	10.74	0.04	0.10	0.08	0.00
Tech. Diploma/Cert. below Grad.	4.32	4.24	6.46	4.56	0.11	0.58	0.70	0.37
Tech. Diploma/Cert. Grad. & above	1.34	1.74	2.18	3.63	0.02	0.03	0.05	0.00
Total	100	100	100	100	100	100	100	100
Vocational Education								
No Vocational Education	44.99	52.07	45.69	49.22	59.03	61.94	58.86	51.87
Formal Vocational Education	12.32	7.88	10.33	12.30	0.48	0.68	0.68	0.74
Informal Vocational Education	42.69	40.06	43.97	38.48	40.49	37.38	40.46	47.40
Total	100	100	100	100	100	100	100	100

Note: Edu. = Education; Tech. = Technical; Cert. = Certificate; Grad. = Graduate. Source: Periodic Labour Force Survey (PLFS), 2023-24.

6. DECOMPOSITION RESULTS

Table 5 reports the Oaxaca-Blinder decomposition results for 2023-24, covering both casual and regular workers. The largest wage gap in log terms is observed among SC regular workers, at 0.407, followed by ST regular workers at 0.359 and OBC regular workers at 0.237. SC workers, then, face the largest overall wage gap in regular employment. This aligns with the patterns in Tables 2 and 3, which show that SC workers are strongly under-represented in high-wage occupations and in regular salaried jobs.

The explained component is large for ST regular workers - 0.259 out of a total gap of 0.359 - indicating that differences in education and occupation strongly shape the ST wage gap, consistent with the education patterns in Table 4. The explained component is smaller for SC workers (0.187) and OBC workers (0.098), meaning a larger share of the SC and OBC wage gaps remains unexplained than for ST workers.

Using Cotton's (1988) weighting, the unexplained share of the regular worker wage gap is 33.1% for ST, 44.5% for SC and

55.3% for OBC. Across all methods, the unexplained share for regular workers ranges from about 28% to 59%. This supports the view that observable worker characteristics cannot account for most of the caste wage gap and points instead to labour market discrimination and structural disadvantage. Kumar and Singh (2024), using Cotton's weighting on 2018-19 data, found similar figures - 38.1% for ST, 42.4% for SC and 47.1% for OBC - indicating that the unexplained share has not fallen meaningfully since then.

The wage gap for casual workers is more volatile than that for regular workers, and some unexplained components turn negative. This likely reflects the narrow, compressed wage distribution typical of casual work, where small shifts in group composition can produce large swings in the estimated unexplained share (Kumar and Singh 2024).

Even so, the unexplained share for ST casual workers remains high across methods (45.9%-75.8%), despite a smaller raw wage gap (0.261 in log terms). This suggests that ST workers face structural disadvantage even in casual work, a disadvantage that other measured factors cannot explain.

Table 5: Oaxaca-Blinder Decomposition Results for Regular and Casual Workers, 2023-24

	ST vs Others		SC vs Others		OBCs vs Others	
	Regular	Casual	Regular	Casual	Regular	Casual
High Group Mean (log wages)	6.458	6.050	6.458	6.050	6.458	6.050
Low Group Mean (log wages)	6.098	5.789	6.051	6.010	6.220	6.024
Raw Differential (R)	0.359	0.261	0.407	0.040	0.237	0.026
Due to Endowments (E)	0.259	0.141	0.187	0.029	0.098	0.034
Due to Coefficients (C)	0.123	0.198	0.159	-0.031	0.120	-0.023
Due to Interaction (CE)	-0.022	-0.078	0.061	0.042	0.019	0.015

Oaxaca (1973) & Blinder (1973): D = 0						
% Unexplained	28.0	45.9	54.0	26.9	58.7	-29.4
% Explained	72.0	54.1	46.0	73.1	41.3	129.4
Oaxaca (1973) & Blinder (1973): D = 1						
% Unexplained	34.1	75.8	39.1	-78.7	50.7	-87.1
% Explained	65.9	24.2	60.9	178.7	49.3	187.1
Reimers (1983): D = 0.5						
% Unexplained	31.1	60.9	46.5	-25.9	54.7	-58.2
% Explained	68.9	39.1	53.5	125.9	45.3	158.2
Cotton (1988): D = Sample Proportions						
% Unexplained	33.1	58.9	44.5	-0.5	55.3	-42.3
% Explained	66.9	41.1	55.5	100.5	44.7	142.3
Neumark (1988): D = Pooled						
% Unexplained	32.2	49.8	38.0	-32.4	53.3	-42.3
% Explained	67.8	50.2	62.0	132.4	46.7	142.3

Note: The raw differential equals the log mean wage of Other Castes minus the log mean wage of the deprived caste group. A negative % unexplained for casual workers reflects the compressed wage distribution and small raw differentials in that segment.

Source: Periodic Labour Force Survey (PLFS), 2023-24.

7. DISCUSSION OF THE RESULTS

Wage disparity based on caste remains common, widespread and multi-faceted in the Indian workforce. Higher education helps poorer-caste employees earn more, but graduates have a smaller pay gap than workers at other educational levels within the regular work category. Still, the gap continues to widen for highly educated employees. This is referred to by Madheswaran and Singhari (2016) as the glass ceiling phenomenon of salary, where those with similar qualifications earn different salaries. The problem can be ascribed to a variety of reasons, including discrimination against higher-position employees, differences in the quality and signalling role of education across institutions, and unequal access to social networks (Jodhka and Newman 2007).

The proportion of Scheduled Tribes employed in casual and informal jobs highlights another aspect of the economic disadvantages faced by caste-based communities. Only 12.59% of Scheduled Tribe employees are in formal employment, whereas 27.00% of Scheduled Castes work in informal employment. The wage ratio alone fails to capture the full economic gap among caste communities. Among the self-employed, a high percentage of Scheduled Tribe workers are unpaid family workers, while Scheduled Castes and Scheduled Tribes have very low percentages of employers, indicating poor access to capital, credit, and entrepreneurship.

The unexplained wage difference remains substantial and persistent, accounting for between a third and more than half of the total gap, depending on the caste group and the method used. This suggests that differences in endowments cannot be the sole explanation for the wage gap across castes. Experimental studies (Hoff and Pandey 2006) and qualitative studies of recruitment in the private sector (Deshpande and Newman 2007) interpret this unexplained gap as evidence of caste discrimination. Kumar and Singh (2024) note that the unexplained share of the gap increased from 2011-12 to 2018-19, even as the overall gap shrank. This indicates that the narrowing of the total gap was achieved through gains in education and human capital.

8. CONCLUSIONS AND POLICY IMPLICATIONS

This paper analyses the relationship between caste and wage inequality in India using 2023 PLFS data. It extends Kumar and Singh's 2024 work. The research shows that caste-based wage inequality has been prevalent in India. Employees from ST, SC and OBC backgrounds are still paid less than those from other castes, irrespective of educational background, vocational training and job type. The lowest-paying jobs are held by employees from ST or SC castes in regular salaried positions, who earn 0.71 and 0.64 of the wages of employees from other castes.

The Oaxaca-Blinder decompositions indicate that a significant share of the disparity, ranging from 28% to 59% depending on caste group and methodology, is attributable to unaccounted-for observable worker characteristics. The unexplained fraction is believed to reflect labour market discrimination, unequal payout mechanisms for human capital invested through education, and disadvantages faced by workers from deprived castes in converting their human capital into income. There is no indication that the unexplained fraction has declined for workers from SC and OBC in the regular market since Kumar and Singh's (2024) 2018-19 calculations.

The distribution of employment types shows unequal opportunities to secure paid work, meaning that the chance to earn a better income with greater stability and protection is one of the main reasons for economic disadvantage connected to caste. Lower castes are still largely represented in informal and casual jobs. Improving the structural situation is as important as fighting discrimination in a particular job.

Based on the above analysis, the policy implications are clear. First, an anti-discrimination law should be introduced in India to cover the private sector as well, since this is where most jobs are created and where such a law does not currently apply. Second, protection against discrimination in formal employment should be extended to the informal economy, which will help reduce the vulnerability of poor-caste workers employed in informal jobs. Third, expanding access to quality higher and professional education for ST and SC employees is

crucial for overcoming the disparity gap. Finally, given the high, persistent, unexplained gap among the castes, policies must be directed towards addressing the lack of social capital, ensuring transparent and fair hiring procedures, and collecting statistics on salary differences among castes in both sectors.

REFERENCES

1. Agrawal, T. (2014). Decomposition of gender wage differentials using quantile regression: The case of India. *Indian Journal of Labour Economics*, 57(2), 185–208.
2. Arrow, K. J. (1973). *The theory of discrimination*. In O. Ashenfelter & A. Rees (Eds.), *Discrimination in labor markets* (pp. 3–33). Princeton University Press.
3. Banerjee, B., & Knight, J. B. (1985). Caste discrimination in the Indian urban labour market. *Journal of Development Economics*, 17(3), 277–307.
4. Becker, G. S. (1971). *The economics of discrimination* (2nd ed.). University of Chicago Press. (Original work published 1957)
5. Blinder, A. S. (1973). Wage discrimination: Reduced form and structural estimates. *Journal of Human Resources*, 8(4), 436–455.
6. Cotton, J. (1988). On the decomposition of wage differentials. *Review of Economics and Statistics*, 70(2), 236–243.
7. Datta, A., Bhatt, S., & Singh, H. (2020). Female labour force participation in India: Some key findings and issues. *Review of Development and Change*, 25(1), 1–24.
8. Deshpande, A., & Newman, K. (2007). Where the path leads: The role of caste in post-university employment expectations. *Economic & Political Weekly*, 42(41), 4133–4140.
9. Deshpande, A., & Sharma, S. (2016). Disadvantage and discrimination in self-employment: Caste gaps in earnings in Indian small businesses. *Small Business Economics*, 46(2), 325–346.
10. Hoff, K., & Pandey, P. (2006). Discrimination, social identity and durable inequalities. *American Economic Review*, 96(2), 206–211.
11. Jodhka, S. S., & Newman, K. (2007). In the name of globalisation: Meritocracy, productivity and the hidden language of caste. *Economic & Political Weekly*, 42(41), 4125–4132.
12. Kanjilal-Bhaduri, S., & Pastore, F. (2018). Why so few women in India? Explaining changes in female labour supply (IZA Discussion Paper No. 11443). IZA Institute of Labor Economics.
13. Kumar, P., & Singh, I. (2024). Caste and wage inequalities in India. *Economic & Political Weekly*, 59(20), 41–48.
14. Madheswaran, S., & Attewell, P. (2007). Caste discrimination in the Indian urban labour market: Evidence from the National Sample Survey. *Economic & Political Weekly*, 42(41), 4146–4154.
15. Madheswaran, S., & Singhari, S. (2016). Social exclusion and caste discrimination in public and private sectors in India: A decomposition analysis. *Indian Journal of Labour Economics*, 59(2), 175–201.
16. Mansoor, T., & Abraham, N. (2021). Caste, religion and the Indian labour market. *Economic & Political Weekly*, 56(29), 36–44.
17. Meher, R. (2021). Occupational segregation and earnings inequality in India. *Journal of South Asian Development*, 16(2), 145–168.
18. Mincer, J. A. (1974). Schooling, experience, and earnings. National Bureau of Economic Research.
19. National Classification of Occupations. (2004). National classification of occupations, 2004. Directorate General of Employment, Ministry of Labour and Employment, Government of India.
20. Neumark, D. (1988). Employers' discriminatory behaviour and the estimation of wage discrimination. *Journal of Human Resources*, 23(3), 279–295.
21. Oaxaca, R. (1973). Male-female wage differentials in urban labour markets. *International Economic Review*, 14(3), 693–709.
22. Papola, T. S., & Kannan, K. P. (2017). Towards an India wage report (ILO Asia-Pacific Working Paper Series). International Labour Organization.
23. Periodic Labour Force Survey. (2024). Periodic Labour Force Survey 2023–24. National Statistical Office, Ministry of Statistics and Programme Implementation, Government of India.
24. Reimers, C. (1983). Labor market discrimination against Hispanic and Black men. *Review of Economics and Statistics*, 65(4), 570–579.
25. Singh, S., Parida, J. K., & Awasthi, I. C. (2020). Employability and earning differentials among technically and vocationally trained youth in India. *Indian Journal of Labour Economics*, 63(2), 363–386.
26. Singhari, S., & Madheswaran, S. (2017). Wage structure and wage differentials in formal and informal sectors in India: Evidence from NSS data. *Indian Journal of Labour Economics*, 60(3), 389–414.
27. Thorat, S., Madheswaran, S., & Vani, B. P. (2021). Caste and labour market: Employment discrimination and its impact on poverty. *Economic & Political Weekly*, 56(21), 55–61.