Wage difference between caste classes in 1983-2000:

Quantile regression decomposition approach

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Abstract

Recent studies indicate that the discrimination caused by the caste system reduces. The purpose of this paper is to examine the transition of discrimination related to the wage difference between Scheduled Castes (SCs)/Scheduled Tribes (STs) and the others in 17 years, 1983 to 1999, using National Sample Survey micro data. In particular, I focus on the effect of the reservation policy on the wage difference over the whole wage distribution. For that purpose, I adopt the recent decomposition method, which is based on the results of quantile regression with bootstrap. The result shows that the contribution of the difference of occupational structure (30-50%) is largest effect on the wage difference. The caste system is based on the functional classification. Thus, this decomposition result suggests the difficulty to mitigate the wage difference related to the difference of occupational structure between SCs/STs and the others unless the reservation policy contains the agenda, which alleviate the rigor of occupational choice attributed to the caste system. In addition, the result also indicates that the reservation policy could expand the inequality within SCs/STs.