



WIDER Working Paper 2016/52

## **Affirmative action policy in developing countries**

Lessons learned and a way forward

Elizabeth Kaletski<sup>1</sup> and Nishith Prakash<sup>2</sup>

May 2016

**Abstract:** There are several countries who have responded to concerns regarding historically disadvantaged groups, particularly ethnic and racial minorities and women, with not only anti-discrimination legislation, but also affirmative action policies. Although these policies are seemingly well intentioned, there continues to be little consensus about their actual impact. This paper seeks to examine the current state of the literature on one specific affirmative action policy, political reservation in India. The Indian constitution mandates seats be reserved at various levels of government for political representation of Scheduled Castes, Scheduled Tribes and women. This paper discusses the existing inequalities across these groups, along with the basic theory behind political reservation in fixing these inequalities, while also recognizing that theory provides many channels through which affirmative action policy can impact a variety of outcomes. Thus we turn to the vast empirical literature on the topic to shed light on what can be learned from the Indian context and how future policy can be reformed and shaped based on these experiences.

**Keywords:** affirmative action, minorities, India

**JEL classification:** J15, J18, J71, J78

**Acknowledgements:** We would like to thank all the participants at the UNU-WIDER workshop ‘Discrimination and affirmative action: what have we learnt so far’ for their helpful comments and suggestions.

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<sup>1</sup> Department of Economics, Ithaca College, Ithaca, NY, US; corresponding author: [ekaletski@ithaca.edu](mailto:ekaletski@ithaca.edu); <sup>2</sup> Department of Economics and Human Rights Institute, University of Connecticut, Storrs, CT, USA; [nishith.prakash@uconn.edu](mailto:nishith.prakash@uconn.edu).

This study has been prepared within the UNU-WIDER project on ‘Discrimination and Affirmative Action: What have we learnt so far?’, which is part of a larger research project on ‘Disadvantaged Groups and Social Mobility’.

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ISSN 1798-7237 ISBN 978-92-9256-095-9

Typescript prepared by Liisa Roponen.

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The Institute is funded through income from an endowment fund with additional contributions to its work programme from Denmark, Finland, Sweden, and the United Kingdom.

Katajanokanlaituri 6 B, 00160 Helsinki, Finland

The views expressed in this paper are those of the author(s), and do not necessarily reflect the views of the Institute or the United Nations University, nor the programme/project donors.

## 1 Introduction

Historical discrimination against racial, ethnic, and religious minorities and women has led to the emergence of disadvantaged groups which are often excluded from accessing opportunities and resources. In response, policymakers around the world have turned to both anti-discrimination and compensatory affirmative action policies in order to correct existing inequalities. In India, much of the focus has been on improving outcomes for Scheduled Castes (SCs) and Scheduled Tribes (STs), as those groups have been discriminated against and prevented from engaging in opportunities and claiming rights that could improve their status in Indian society. In recent years, the discussion has also expanded to encompass women, Other Backward Classes (OBCs), and Muslims. In response, the Indian government has mandated reservation for some of these disadvantaged groups in education, public sector employment and politics.<sup>1,2</sup>

These policies aim to reach a wide range of intended objectives. The first, and most straightforward, is that through force, previously underrepresented groups will now see greater representation across these fields. The hope is that this additional representation results in an increase in bargaining power for those specific groups. This is the case in regards to political reservation since policies that target SCs, STs and women increase their representation within the field of politics, and further empower them and allow their preferences and voices to be heard. Part of this directly relates to how resources are allocated within society. Certain public goods may be highly valued among these groups and their increased political power could cause a shift in the allocation of resources in their favour (Chattopadhyay and Duflo 2004b). In addition, there can be a general feeling of empowerment across an entire community, for example, when individuals see members of their own group succeeding, it increases their feelings of prominence and optimism (Jaffrelot 2006). This could further translate into increasing the aspirations of younger generations to close gaps in leadership and educational attainment across groups (i.e. having a role model changes behaviour, Beaman et al. 2012). This aspirational shift should then translate into an actual shift in educational attainment, labour force participation, and further political involvement. This is also one channel through which the government can target bigger problems related to poverty, discrimination, oppression and exclusion (Parikh 2012). Thus the goals of such policies go well beyond the basic increase in representation.

However, despite the fact that they are both well intentioned and extremely prevalent, affirmative action policies remain controversial. Some of the controversy stems out of the fact that theoretically, affirmative action policies can have both positive and negative impacts on the overall population and the intended beneficiaries. It is possible that these policies reach their intended targets and even have positive spillover effects (as explained above), benefitting both minority and non-minority groups in the process. However, elite capture could occur or any benefits to minority group members could be at the expense of non-minorities, resulting in a net welfare loss to society and an increase in inequality. Further, the efficiency of such policies can be called into question. For instance, in the case of political reservation for women, men are no longer eligible to be elected in a reserved seat. This policy then restricts the potential pool of candidates, which could lead to worse options, lower candidate quality, and thus poorer outcomes. With these tradeoffs in mind, it is also important to highlight the backlash against affirmative action policies that has emerged. Part of this is due to the expanding coverage of such policies and the increase in inequality within many of these groups. Thus a lack of

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<sup>1</sup> For specific evidence on reservation in higher education, see Bertrand, Hanna and Mullainathan (2010).

<sup>2</sup> SCs and STs have mandated quotas in all three sectors, women in political reservation, OBCs in government job reservation and education, while Muslims, despite being viewed as disadvantaged, are not the target of any of these affirmative action policies.

satisfaction among both disadvantaged individuals within non-targeted groups and individuals within targeted groups has led to an increase in social conflict (Parikh 2012). This then begs the question as to how far these policies should be expanded and where the line should be drawn to stop their coverage.

Researchers have tried to inform the controversy surrounding affirmative action policies through empirical studies. The research proposed here seeks to summarize the findings of that literature within the context of developing countries, with a specific focus on political reservation in India. Duflo (2005) contributes significantly to this discussion by reviewing the literature on state and local level political reservation for SC and ST groups, as well as women. However, since Pande's (2003) seminal work on the topic, a large amount of additional research has been conducted. Thus, although some survey articles on affirmative action exist,<sup>3</sup> it has become necessary to build on Duflo's (2005) important original work and summarize the state of the current literature in order to draw broader conclusions and inform future policy.

This study then seeks to examine the existing state of the literature on affirmative action policies in developing country contexts, specifically India. In order to do this, we will first make note of the existing inequalities within and across marginalized groups. This can be accomplished through analysing current trends regarding income, education, health, and employment within Indian society. In particular, we will compare these outcomes for SCs, STs, women, OBCs, and Muslims relative to the rest of the population. After discussing patterns in the data, we can then examine the potential causes of these inequalities, including economic development, discrimination, and cultural norms. The final step involves evaluating and informing policies that are already in place. In the case of India, this will include assessing one of the common policy responses, affirmative action within the specific realm of political reservation. This is done by discussing the purpose of political reservation and its' intended goals, and determining whether such policy reaches those objectives.

The focus on India comes from its unique policy and development position. Despite seeing rapid growth and a decline in poverty since the 1980s, two-fifths of the Indian population still live below the US\$1.25 per day poverty line (Chen and Ravallion 2010). Further, and partially in response to this non-inclusive growth pattern, India is known to have one of the most aggressive affirmative action programmes in the world, spanning across education, public sector employment, and politics.

Examining the existing literature is then essential in determining whether affirmative action policies have the intended consequences. Recognizing issues within current policy, particularly if it harms those it is intended to protect or hurts overall social welfare, is essential in understanding how policy can be improved upon. This may involve tweaking and removing specific policies or incorporating additional strategies to existing affirmative action. Such additional programmes may include but are not limited to, conditional cash transfers, improvements in access and quality of education, and working to change attitudes within society.

There is continuous talk about expanding these policies in the Indian context to cover additional sectors and groups. Thus understanding the consequences will provide insight into whether or not this expansion is useful, and whether the current policies should continue to be renewed over time. Further, despite the focus on India in this study, similar policies have also been

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<sup>3</sup> For example, in addition to Duflo's (2005) work, Holzer and Neumark (2000) review the literature in the context of the United States. Galanter (1984) analyses the affirmative action policies in India for members of Scheduled Castes and Scheduled Tribes, but does not touch the impacts of such policies. Mookherjee (2014) also reviews political economy issues and evidence associated with these and other such policies.

applied in a number of other contexts worldwide, including Malaysia, Nigeria and Sri Lanka. Although generalization is often difficult, understanding the impacts of these policies in the Indian context is not only important for informing Indian policy, but could also lead to significant lessons in other developing countries as well.

Thus this study seeks to add to the existing literature by summarizing the current status of disadvantaged groups and the impacts of affirmative action policies in India and other developing countries. In addition, it will draw upon that literature in order to provide insight into the types of policies that are successful and potential channels policymakers should consider in the future. It should be noted that the literature surrounding affirmative action is immense and thus in order to make this a manageable task we focus on the academic research surrounding political reservation in particular. In addition, we seek to draw out the larger implications of such research without too much discussion of methodology and data.

This paper will proceed as follows. Section 2 identifies the existing inequalities within and across marginalized groups as well as touching on some of the potential causes of these inequities described in the literature. Section 3 discusses the broad strategies for combating discrimination, while Section 4 focuses on describing political reservation policy specifically. Section 5 presents the theoretical and empirical evidence on the topic. Sections 6 and 7 draw out potential tradeoffs and bigger conclusions about what, if anything, can be learned from India's experience regarding affirmative action as a policy response to existing issues.

## **2 Identifying existing inequalities within marginalized groups**

It is well established that certain groups have been excluded from participating to the full extent within India society, resulting in large discrepancies across caste, ethnicity, religion, and gender. This is often traced back to the Hindu caste system which dominates the social structure of Indian society. As Desai and Kulkarni (2008) explain, the caste system divides individuals into four basic groups (*varnas* or castes). These include Brahmin (priests and teachers), Kshatriya (rulers and warriors), Vaishya (traders, retailers, and money lenders), and Shudra (servants and manual labour) (Desai and Kulkarni 2008). Over time, as the economy became more complex, these four groups were then further divided into smaller castes (*jatis*).<sup>4</sup>

The group now officially referred to as Scheduled Castes (SCs) or Dalits (formerly untouchables), were left out of the caste system due to their menial employment. According to the 2011 Census, SCs make up 16.6 per cent of the Indian population, but continue to have low social and ritual standing in the Hindu caste hierarchy and are still often distinguished by their unskilled occupations. Another historically disadvantaged group, Scheduled Tribes (STs) or Adivasis (also outside of the caste system) make up 8.6 per cent of the population and are identified based on their tribal cultural, geographic isolation, and linguistic characteristics.<sup>5</sup> Although there is little information on the broad group of Other Backward Classes (OBCs) because they were not included as a separate group in the census until 2001, according to the 2004-05 National Sample Survey, they make up 43 per cent of rural and 34 per cent of urban populations (Desai and Kulkarni 2008). They are generally defined based on lack of education, as well as underrepresentation in civil service and other sectors (Jaffrelot 2006). Further, despite

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<sup>4</sup> Although the exact number is unknown, it is estimated that there are currently somewhere between 2000-3000 *jatis*. (Deshpande 2008).

<sup>5</sup> The Scheduled Castes and Scheduled Tribe Order of 1950 stipulates which groups are considered SCs and STs. Further, the Scheduled Castes and Scheduled Tribe Order of 1976 requires that SC and ST definitions be uniform across all states.

being a predominantly Hindu country, there is a diverse religious population including Christians, Jains, Sikhs, and Buddhists. The next largest religious group after Hindus is Muslims, making up about 12 per cent of the population. Due to migration that occurred after independence, much of the Muslim population that remains in India tends to be poorer and have often been excluded from formal sector occupations and education (Desai and Kulkarni 2008).

The social stratification that resulted from this hierarchy results in active discrimination and exclusion. Despite its evolution over time and the fact that the current *jati* system is based on more than just occupation, what has emerged is a system of graded inequality where certain groups are still pushed towards traditional occupations (Deshpande 2008).<sup>6,7</sup> The problem that remains is, of course, that those at the lower end of the system (SCs and OBCs) or outside the system altogether (STs and Muslims) are subject to discrimination and exclusion leaving them disadvantaged. Many believe that although these issues began with historical discrimination, the current economic system has perpetuated and even exasperated some of the issues these groups face.

Previous research has pointed out a number of obvious trends across and within these marginalized groups in India in terms of education, employment, income, and political representation. Overall, evidence suggests that ST households tend to be the most disadvantaged, followed by SCs, while OBCs and Muslims are somewhere between SCs and the upper castes. According to empirical estimates, these disadvantages are extremely large, indicating that it continues to be necessary to focus on policies working to improve the status of these groups in Indian society (Azam 2012).

More specifically, Pande (2003) points out that SCs and STs have worse outcomes than the rest of the population (including OBCs) in terms of poverty, literacy and occupation. In particular, in 1991, Pande (2003) shows that 48.3 per cent and 52 per cent of SCs and STs were below the poverty line, respectively. This is in comparison to 31.4 per cent in the rest of the population. Further, the general population has a literacy rate of 57.8 per cent, while it is only 37.4 per cent for SCs and 29.6 per cent for STs. SCs and STs are further more likely (77.1 per cent and 90 per cent, respectively) to be employed in the primary sector relative to the rest of the population (62.1 per cent). Prakash (2010) further compares STs and SCs relative to non-SC/ST populations and finds that they have higher infant mortality rate, lower literacy rates and school enrolment, and higher poverty headcount ratios (see Table 2 in Prakash 2010 for details). Again, there is much less information on OBCs, but Azam (2009) points out that they have lower standards of living, higher incidence of poverty, larger poverty gaps and lower educational attainment than higher caste populations. Further, Deshpande and Ramachandran (2014) show that OBCs have fallen in between general and SCs/STs groups in terms of education, per capita consumption expenditure, wages, and occupational categories.<sup>8</sup> In terms of education, 17 per cent of upper caste male Hindus have never enrolled in formal schooling, while the numbers are 32 per cent for Muslims, 37 per cent for SCs, and 44 per cent for STs.

In addition to disparities based on class and religion, gender remains a large issue within India society and across the world. It has been pointed out that women have made great strides in

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<sup>6</sup> Munshi and Rosenzweig (2008) develop a model of caste-based labour markets, which explains why occupational choices have been consistent across social groups for decades.

<sup>7</sup> Deshpande (2008) further points out that Brahmins, for example, would remain unemployed rather than become a scavenger (one of the most stigmatized jobs), reinforcing the role of occupations within the current system.

<sup>8</sup> Desai and Kulkarni (2008) show that in 1999-2000 average per capita spending (Rs.) is lowest among STs (453.0), followed by SCs (495.6), Muslims (600.5), and then upper caste groups (731.40).

terms of their economic opportunities, education, and legal rights. Still, as pointed out in Deshpande and Kulkarni (2008), across all castes and religions, women have lower educational attainment than their male counterparts. Further political representation remains one area in which there has been the least progress. In June 2000, only 13.8 per cent of parliament members in the world were women (Duflo and Topalova 2004).

The causes of these disparities are numerous, but previous literature has mentioned a role for overt discrimination, perpetuating social norms, and a lack of human capital (related to education, experience, and resources) and assets that could improve each groups' standing in Indian society.

The focus of this paper will be on SCs, STs, and women as they are the ones that have specific political reservation policies. However, as this section notes, they are not the only disadvantaged groups in India society, though they are arguably the worst off. It should also be noted that affirmative action policies go much beyond political reservation and have the capacity to influence not only the targeted groups, but other disadvantaged, and non-disadvantaged groups as well. This will be discussed further below.

### **3 Approaches to combating discrimination**

Due to the vast disparities within and across these groups in Indian society and their persistence through the current economic system, the Indian government has enacted legislation in order to combat these inequities. Pande (2003) points out that improving the standing of historically disadvantaged groups is not simply a moral obligation, but also an economic one. Many of these individuals have been prevented from reaching their full potential and further contributing productively to Indian society. Further, it is increasingly clear that this is not just an issue in India, but around the world, making research on both anti-discrimination and affirmative action policy essential (Mitra 2015).

In addition to simple anti-discrimination policy, in order to correct historical discrimination, India has a long history of aggressive and mandated affirmative action policies aimed at increasing opportunities for disadvantaged groups in the areas of education, public sector employment, and political reservation. These policies are significantly different as they require pro-active compensatory steps meant to level the playing field across groups. Affirmative action policies can further come in two distinct forms, those that use a mandated quota system and reserve jobs for individuals from specific groups and those in which preferential treatment is given to specific groups' members (for school admission or employment), but no direct quotas are put in place. The latter form is common in the US and UK, while the quota system is used in countries including Malaysia, Sri Lanka, and of course, India (Prakash 2010).

More specifically, as mandated by the Indian Constitution and subsequent amendments, seats are reserved for disadvantaged groups in the areas of education, public sector employment, and politics. The focus of this paper is on the last case of political reservation policy. Current political reservation policy applies to parliament, state legislative assemblies, and panchayat institutions at the district, taluk, and village levels and is detailed below. These well intentioned policies are meant to counteract historical discrimination that has restricted minority groups from fully participating in Indian society (Azam 2009). One way to go about this is by reducing or eliminating the barrier of underrepresentation in political arenas. Without such adequate representation or policies created in their interest, many disadvantaged groups will find it difficult to improve their socioeconomic status (Pande 2003). Further, as Jaffrelot (2006) points out, there are psychological benefits to any reservation policy, where an entire community can feel

more included in society when they see a member of their own group in a position of power. This could further translate into an increase in the aspirations of younger generations in terms of political leadership (Beaman et al. 2012) and then an actual increase in their political participation.<sup>9,10</sup>

Although this paper details the case of India, it is further important to remember that political participation of minorities is an issue not just in India, but across the world. It is further increasingly concerning when minorities are socioeconomically disadvantaged (Mitra 2015).

#### 4 Background on political reservation<sup>11</sup>

India has a long history of affirmative action policies mandated by the Constitution of India aimed at bridging the gap across the two disadvantaged minorities—SCs and STs. The affirmative action policies seek to increase opportunities for the two groups in education, public sector employment, and political representation.

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<sup>9</sup> In regards to education, initially, the policies were driven by lower cutoff scores for SC and ST candidates (Desai and Kulkarni 2008). However, today the specific policy mandates quotas for disadvantaged groups (SCs and STs) in higher education, but also includes policies related to free secondary schooling, state level scholarships to reduce costs, and lunch programmes, among other things (Cassan 2014). The original policy was expanded and enforcement was increased in the 1990s (Desai and Kulkarni 2008). In particular, in central government controlled colleges, 7.5 per cent of seats have been reserved for STs, 15 per cent for SCs, while in state colleges, the percentage of seats reserved for SCs and STs is proportional to their population share (Bertrand, Hanna and Mullainathan 2010). As noted below, this reservation policy has also been expanded to include 27 per cent reservation for OBC populations, despite a large amount of protest against such policies. Some states already expanded the policy to include OBCs without government mandate. The results regarding these policies are mixed (For example, see Desai and Kulkarni 2008; Bertrand et al. 2010; Deshpande and Ramachandra 2014), but in general the empirical evidence on this topic remains limited within the Indian context. Much more work has been done on the effects of affirmative action within the US. However, even from this minimal evidence, it seems clear that although education quotas are well intentioned policies they may have substantial negative consequences that cannot be ignored.

<sup>10</sup> Another set of literature examines the impacts of employment quotas and job guarantee schemes as pro-active policies meant to target disadvantaged groups. Reservations for government jobs for SCs and STs remain important as the government accounts for 66 per cent of all formal sector jobs in India (Desai and Kulkarni 2008). Further, the goal of job reservation is not just to improve outcomes, but to improve the feelings of disadvantaged groups in terms of their importance and relevance in Indian society. The material benefits of a job are reserved for the individual, but the psychological result is that an entire community can feel more optimistic and important when a member of their group is doing work that is thought to be important (Jaffrelot 2006). Thus as Prakash (2010) discusses, job reservations should improve the situation for minorities as there are more public sector jobs available to them. Some individuals directly benefit by getting a reserved job, while others can benefit from increasing their human capital in response to this policy. Although not all individuals will receive employment through this policy, competition for the positions will cause individuals to invest in human capital making them more qualified and increasing their chances of getting other employment as well (Prakash 2010). Though the magnitude of the effects will depend on the number of jobs available, the quality of the candidates, and the location of employment. Although most of these policies surround SCs and STs, OBCs have targeted affirmative action policies in the area of public employment as well (Azam 2009). In 1993, the government added a provision that entitled 27 per cent reservation for public employment and higher education for OBCs. The number is not representative of the group's population share, but was determined in order to keep quotas below 50 per cent. Individual states have since increased this amount so as to be more reflective of OBC population shares and have reservation in public sector employment and college admissions well above the 50 per cent mark (Bertrand, Hanna and Mullainathan 2010). These policies were enacted and upheld in the face of widespread protest (ibid.). The empirical evidence on these policies remains limited, but the currently available evidence seems to suggest that employment quotas have improved outcomes for the intended targets (For example, see Howard and Prakash 2012; Prakash 2010; Borooah et al 2007; Deshpande and Ramachandra 2014). However, it is not clear whether these improvements come at a large cost for other groups or whether there are less financially and socially costly alternative policies.

<sup>11</sup> It should be noted that the background on political reservation is not new information, but is borrowed heavily from previous work by Kaletski and Prakash (2015, 2016).



The Constitution of India effective 26 January 1950, requires representation for SCs and STs in the lower house of Parliament (*Lok Sabha*) and state legislative assemblies (Article 330 and 332) according to their population share in the last preceding census. Specifically, 15.4 per cent and 8.6 per cent of seats in parliament are reserved for SCs and STs, respectively.<sup>12</sup> According to the policy, only members of the given group can be elected to the reserved seats, but they are elected by all voters in the territory regardless of voters' social background. Upon the arrival of new census figures, the Delimitation Commission is then responsible for revising the number of seats reserved in each state for SCs and STs, along with designating the specific constituencies in which they are reserved.<sup>13</sup>

India is a federal republic with a parliamentary system of government, where the formal political structure parallels that of the national structure. The Parliament of India consists of the President of India and the two Houses—The Upper House (also called the *Rajya Sabha* or Council of States) and The Lower House (also called the *Lok Sabha* or House of the People). Those elected or nominated to either house of the Parliament are referred to as members of parliament (or MPs). The states in India follow similar structure where The Upper House is called *Vidhan Parishad* (or Legislative Council) and The Lower House is called the *Vidhan Sabha* (or Legislative Assembly). Those elected or nominated to either house of the Parliament are referred to as Member of Legislative Assembly (or MLAs). Both federal and states are divided into single-member constituencies and characterized by a first-past-the-post election system. Electors cast one vote for a candidate in their respective constituency and candidates compete in elections to win the single-member legislative constituency by plurality. Elections are scheduled to take place every five years, although it is possible to have elections before the 5-year term mostly due to shifting of political alignments. According to the Indian Constitution, any Indian citizen who is registered as a voter and is over the age of 25 years can run for election to the Federal Government or the State Legislative Assemblies. However, candidates running for the State Legislative Assemblies should be a resident of the same state. Members of the Legislative Assembly (MLA) are elected for the purpose of catering to their constituency. Voters have the ability to voice concerns directly to their MLA, who can then use their power to induce action by district officials when it is in their best interest.

The elected state legislatures are largely autonomous from the central government and their responsibilities are laid out in the Indian Constitution. These responsibilities include ensuring public order, along with overseeing public health and sanitation, intrastate roads, water, land, agriculture and industry. Additionally, education, social security and insurance, and labour are jointly determined by the central and state governments. The main channel for the state government to affect outcomes is through allocation of state level spending, establishing and enforcing laws, outlining priorities, and supervising lower government levels (Chin and Prakash 2011). This structure leaves multiple channels through which representatives from minority groups can impact policy and the allocation of resources.

Further, decentralization of the government of India and representation of SCs, STs, and women at the local government level (*Gram Panchayat*) was established in 1992 by the 73rd and 74th amendments, which targeted rural and urban areas, respectively. Local government Pradhan (chief) positions and council seats are reserved relative to the population share of SCs and STs,

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<sup>12</sup> The Indian Constitution states that seats for STs are to be reserved in the constituencies where their population share is the highest. On the other hand, SC seats should be distributed in different parts of the state, primarily where their population share is relatively high (Krishnan 2007).

<sup>13</sup> The 42nd amendment in 1976 suspended new delimitations until after 2001. New constituencies have been formed based on the 2001 census and will be effective until the first census after 2026.

and at least one third of the total number of seats and Pradhan positions must be reserved for women.<sup>14</sup> Similarly, at least one third of the SC/ST reservations are reserved for women from SC and ST groups (Bardhan, Mookherjee and Torrado 2010).<sup>15</sup>

Each *Gram Panchayat* is made up of 10,000 people in rural areas where voters select council members, Pradhan, and Upa-Pradhan. Once selected, the council makes decisions by majority voting. The purpose of the amendments was to give more power to local governments, and to Pradhan in particular, in terms of implementing development programmes and identifying the needs of citizens. This is thought to improve overall governance as local governments then have significant power in determining public service allocation related to buildings, water, roads, and welfare programmes. Further, biannual meetings were established to lodge complaints where all villagers are invited to participate thus increasing individuals' voices in the decision-making process. This policy then gives further power to SCs, STs, and women specifically (Chattopadhyay and Duflo 2004a).<sup>16</sup> Although these policies were designed to be temporary, they have not only persisted but have expanded in scope and enforcement throughout the years in the face of continuing extensive inequalities (Desai and Kulkarni 2008).

## 5 Theoretical and empirical evidence on political reservation

It should be noted that the literature on affirmative action, and specifically political reservation in India, is enormous. Thus we have done our best to focus on academic research and have narrowed the discussion to the major takeaways of this literature rather than discussing the details of methodology and data. This will give us a bigger picture frame of what we can learn from the Indian experience with affirmative action policies.

### 5.1 Potential impact of political reservation

Political reservation for disadvantaged groups has the potential to significantly impact policy as per the constitutional mandate, nearly a quarter of all representatives in India come from reserved jurisdictions.<sup>17</sup> In determining how political reservation actually impacts outcomes for a wide range of individuals, there are a number of factors to consider.

It must be established that reservation results in an actual transfer of power to the elected official (Bardhan, Mookherjee and Torrado 2010).<sup>18</sup> Given the responsibilities of legislators at different levels of government laid out in the previous section, this condition should be met and reservation should result in a transfer of power to elected officials. However, even if the transfer of power occurs, as Duflo (2005) explains, in order for mandated political reservation to result in

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<sup>14</sup> All states follow this rule with the exception of Bihar and Uttar Pradesh in which 25 per cent of seats are reserved for women (Chattopadhyay and Duflo 2004a).

<sup>15</sup> The Women's Reservation Bill, originally introduced in 1998, which would reserve 33 per cent of seats in the legislature for women is still pending.

<sup>16</sup> It should be noted that very few women get elected outside of reservation, and very few are re-elected after reservation (Chattopadhyay and Duflo 2004a).

<sup>17</sup> This is in line with evidence in the US where affirmative action policies increase employment, enrolments, and contracting for minorities and women as expected (Holzer and Neumark 2000).

<sup>18</sup> There must be sufficient autonomy on the part of any policymaker in order to be effective. This seems obvious, but Arulampalam et al. (2009) provide evidence that the size of transfers from central to state governments is dependent not only on their political alignment, but also on whether a state is a swing state or not. Thus the central government continues to hold power over legislatures at the state level in this very important way, which will in turn impact the effectiveness of any policymaker.

a change in policy and have an impact on public good allocation, three additional conditions must be met. Without meeting these conditions, political reservation will have less or no impact on policy or resource allocation.

First, members of the disadvantaged groups must be under-represented without a reservation policy. This idea is supported by evidence that shows few disadvantaged group members are elected without reservation (Galanter 1984). Part of this is a reluctance to run for office (especially for women), while another part of this results from the perception on the part of voters that disadvantaged group members are worse leaders (Duflo and Topalova 2004). In particular, this sort of discrimination can manifest in the face of evidence that indicates disadvantaged group leaders are at least no worse than their advantaged counterparts and are also less corrupt (Duflo and Topalova 2004).<sup>19</sup> In this situation, political reservation becomes necessary to reduce the costs of running for office faced by disadvantaged populations.

Duflo (2005) also argues that there must be differences in preferences for public goods across groups and that the identity of the policymaker must impact the distribution of goods in favour of members of their own group. It should be recognized that the differences across preferences of policymakers themselves is not enough to guarantee that political reservation has any impact. For instance, in democracies where there is substantial electoral competition and candidates can commit to policy platforms, all politicians will converge to one policy, namely the one preferred by the median voter (Downs 1957). However when candidates cannot commit to policies, actual outcomes are more likely to represent the preferences of politicians, while citizens' voices are reflected in who they actually elect (Osborne and Slivinski 1996; Besley and Coate 1997).<sup>20</sup>

Duflo (2005) recognizes that there are distinct preferences across groups as some public goods are more beneficial to certain parts of the population. For example, poorer groups likely have stronger preferences for all public good transfers, while more elite groups will only prefer a subset of those goods. As an example of how this could work in practice, STs are more geographically isolated and concentrated, and thus may prefer public goods that have spillover effects that are useful to many members of the community, including education and health facilities. However, given that SCs are more immersed in the general population, they may prefer goods such as direct transfers, which only benefit the individual consuming it.

Similar arguments can be made regarding women as a historically disadvantaged group. Although up until recent years, the economic literature has treated the household as a single decision-making unit seeking to maximize total household utility, evidence has suggested that this is not in fact an accurate picture of reality. Men and women tend to make very different decisions and have different preferences. In particular, evidence has suggested that women are more likely to invest additional income back into the household in the form of improving nutrition, health and education. Further, other evidence has suggested they also prefer different public goods (Chattopadhyay and Duflo 2004b). Thus differences in preferences across groups and the identity of the policymaker will matter in determining outcomes.<sup>21</sup> In situations where these conditions do not hold, we shouldn't expect to see an impact of political reservation policy.

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<sup>19</sup> Duflo and Topalova (2004) provide evidence that women representatives provide public goods that are similar in quantity and quality to male representatives and are less likely to ask for bribes. Yet, villagers remain less satisfied with the performance of female leaders relative to their male counterparts.

<sup>20</sup> See Mookherjee (2014) for a review of political economy issues associated with government policy impacts.

<sup>21</sup> These arguments are in line with a citizen-candidate model where the differences in preferences across groups (SCs, STs, and women) drive a shift in the allocation of resources (Mookherjee 2014).

However, in the present context, there is evidence that all three conditions hold and therefore political reservation has the ability to impact the allocation of goods.<sup>22</sup>

Even if political reservation has the ability to impact resource allocation, we still may be concerned about the negative impacts of such a system. For instance, if disadvantaged groups are by definition disadvantaged, they are also likely to be less educated, poorer, and less experienced. Chattopadhyay and Duflo (2004b) show that in fact women and SC representatives are less educated, poorer, and less politically experienced than their male or non-SC counterparts.<sup>23</sup> The result is that reservation could lead to lower candidate quality. Any restriction on the pool of eligible candidates could further contribute to this problem. Part of this may also come from the fact that if discrimination does not already occur, affirmative action imposes an inefficiency in the market by accepting lower quality candidates (Holzer and Neumark 2000). Banerjee and Pande (2007) argue that as citizens become more likely to care about and vote based on the ethnicity or *jati* of a candidate, the quality of political representatives will decline. This occurs because the probability that a dominant group's candidate wins increases, while the threshold at which they can win decreases.<sup>24</sup> Thus the dominance and homogeneity of a group leads to worse outcomes. This is in stark contrast to ideas presented in Alesina, Baqir and Easterly (1999) where ethnic fragmentation leads to worse outcomes precisely because heterogeneous groups cannot agree on preferred public goods.

Candidate quality has the potential to have significant impacts on a variety of outcomes. As described above, candidate quality can be measured using information on background or education. Prakash, Rockmore and Uppal (2015) take a different approach and proxy candidate quality with a measure of criminality. In particular, they measure how the number and type of criminal charges against a candidates seeking election in the Indian Parliament or State Legislative Assemblies impact measures of economic activity. They find a negative impact on constituency level indicators of economic activity and further indicate that the effects are driven by politicians accused of serious or financial crimes. Therefore there is some evidence to suggest that the quality of candidates does matter in determining outcomes.

Further, reservation policy may change the incentives of elected officials. Bardhan and Mookherjee (2006) argue that less competition for reserved seats could lead to worse leaders, more corruption and rent-seeking behaviour, and low motivation to improve public goods delivery. A separate, but related issue is pointed out by Krishna and Tarasov (2013) where in the face of statistical discrimination, when seats are reserved for a specific group, members of that group need to put in less effort in order to get elected. Others observe this pattern and assume representatives from reserved constituencies are less competent.<sup>25</sup> Mitra (2015) shows that when a minority group is disadvantaged, as in the case of SCs/STs, and when voters favour candidates in their own group, reservation can actually reduce transfers to the poor, increasing inequality within the group.

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<sup>22</sup> However, it must also be acknowledged that despite the fact that seats are reserved specifically for SC or ST members, they still are a demographic minority and thus must cater to a constituency of both minority and non-minority members. Thus it is not clear that reserved seat representatives will be able to change any allocation of resources even if their preferences differ (Krishnan 2007).

<sup>23</sup> However there is no evidence that public good allocation is worse in this case.

<sup>24</sup> Banerjee and Pande (2007) use data from Uttar Pradesh in 1980 and 1996 to further show that the increase in ethnic dominations within jurisdictions over time leads to an increase in corruption across the period (Banerjee and Pande 2007).

<sup>25</sup> Krishna and Tarasov (2013) review much of the theoretical work on affirmative action policies as they relate to statistical discrimination, credit constraints, and contests.

Mookherjee (2014) further points out that in situations where voters are less aware on average, which is highly related to their education level, politicians may pay less attention to the needs of poorer voters. This becomes increasingly problematic when certain groups with historically disadvantaged members (SCs, STs, and women) are less aware or politically active (have lower voter turnout rates) than the rest of the population. This issue is exasperated by the fact that election outcomes are rarely based on policy platforms alone, but often relate to the personality and background of candidates. Thus candidates coming from a favoured caste or family have an advantage, which could further lead to poorer outcomes in terms of the quality of representatives.

Further, entrenched incumbents can use their influence to remain in power thus decreasing the value of the democratic process by influencing their ability to get re-elected and engaging in corrupt activities. Incumbents make it more difficult for new challengers to enter the market, creating inequalities in terms of power that could worsen over time. Despite the fact that there is concern about corruption and social elites running the political process in India, there is evidence that incumbents actually face a large disadvantage. Linden (2004) shows that starting in 1991, with the reduction in power of the Congress party, incumbent candidates are 14 per cent less likely to win an election than non-incumbents. This is surprising given patterns around the world, and in India prior to 1991, in which incumbent candidates face a large advantage. However, it may work to reduce issues surrounding candidate quality, corruption, and rent-seeking.

Despite many potential channels for negative impacts of affirmative action, if discrimination is present (which seems to be well documented in the Indian case), affirmative action can improve efficiency by ridding the market of those discrimination induced inefficiencies and reducing the number of low quality majority candidates (Holzer and Neumark 2000).<sup>26</sup> Munshi and Rosenzweig (2008) further show that community involvement can be efficiency enhancing and can work to discipline the leaders that are put forward. They support this with evidence that the presence of a dominant sub-caste is associated with the selection of leaders with better observable characteristics and greater public good provision. Their results suggest that caste politics increases the competence and commitment of elected leaders by increasing local public goods in response to constituents' preferences.

Remaining issues surround whether any reallocation that occurs reaches intended beneficiaries. Even if representatives can impact policy, many have discussed the idea of a 'creamy layer' or elite capture where only the best-off in a group benefit. Elite capture could occur in two distinct ways within political reservation and is expected to be worse in situations where inequality is high and disadvantaged populations are vulnerable. For one, it could be the case that any representative elected is an elite within their own group and that their preferences differ from the rest of the disadvantaged population (Bardhan, Mookherjee and Torrado 2010). Additionally, even if reservation results in a change in policy and a reallocation of resources, elite capture may occur in which only the best-off within any group reap the benefits (through rent-seeking or superior access).

In addition to concerns regarding whether the allocation of resources is in the favour of the intended beneficiaries, these policies have the potential to spillover to non-minority groups.

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<sup>26</sup> See Holzer and Neumark (2000) for details on these theoretical results. They find that in the case of the US there is no evidence of poorer quality of performance related to women's affirmative action policy. There is some evidence that minorities have lower qualifications in terms of test scores and education, but little evidence that this results in worse performance.

Spillover effects onto non-minority groups could result in improvements for all. For example, investment in water and sanitation infrastructure would benefit everyone in a local community regardless of their caste or gender. However, any benefits received by minority groups could come at the cost of non-minority group members being made worse off (Chin and Prakash 2011).

Thus the potential impact of affirmative action policy, and political reservation more specifically, is not entirely clear. The theoretical models of affirmative action do not provide solid conclusions as to their impacts. In fact, in different circumstances, political reservation can have a positive effect, negative effect or no effect at all. The circumstances surrounding the policy will then impact the actual outcomes of political reservation. Further, this makes empirical evidence on the topic essential.<sup>27</sup>

## 5.2 Empirical evidence on SC and ST reservation at the state level

Given the wide range of potential impacts of political reservation, we turn to the empirical evidence to guide us on what happens in practice. To begin, we will examine the empirical impacts of SC and ST reservation at the state level. Pande's (2003) seminal work in this area estimates the causal impact of SC and ST political reservation on general and targeted government policies. She finds that ST reservation increases spending on ST welfare programmes and lowers educational and overall government spending. Further, SC reservation increases the number of state government jobs reserved for minorities. She concludes that although it seems clear that political reservation at the state level changes the allocation of resources in favour of the intended beneficiaries, it is unclear whether the policy is welfare enhancing (due to the many issues discussed above) and if the quality of candidates is impacted.

Following Pande (2003), a number of additional papers emerged seeking to measure the impacts of reservation policy on other aspects of welfare and candidate quality. Krishnan (2007) explores both the allocation of resources and candidate quality, and shows that ST legislators do not appear to perform any differently from those in unreserved constituencies. On the other hand, SC representatives provide greater access to primary schools within their constituencies benefiting minorities and non-minorities alike (Krishnan 2007). Similarly, Cassan (2014) seeks to investigate the impact on education by exploiting the variation in SC status in 1976 and the redrawing of state lines, to compare outcomes of individuals who benefitted from the harmonization policy to those who did not benefit. The results indicate that SCs see an increase of 0.3 years of education, with males enjoying all of the effects, and little impact for females. Further, this increase in education appears to result in an increase in both literacy and numeracy, despite the questionable quality of some public educational facilities (Cassan 2014).<sup>28</sup>

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<sup>27</sup> This observation is in line with theoretical evidence on education policy from Krishna and Tarasov (2013). They build a model in which there are two types of groups, disadvantaged and non-disadvantaged, with two kinds of ability, native and acquired. Their results indicate that affirmative action may work in some circumstances, but not others. They specifically relate this to the situation of affirmative action in education, and find that in the case of the US, where education is costly, but easy to obtain, affirmative action is useful. However, it can be detrimental in a case like India, where education is heavily subsidized and access is limited. They suggest that this welfare reducing impact arises because entrance exam scores cutoff values are much lower for disadvantaged groups. Frisnacho Robles and Krishna (2012) further show that although affirmative action policy in higher education successfully targets disadvantaged individuals, these students tend to fall behind their peers, earn less, and are more likely to get worse jobs upon graduation.

<sup>28</sup> Although the gender differentials are problematic, this paper still provides evidence of the significant impact of SC reservation policy.

Further, Kaletski and Prakash (2016) continue the focus on public service delivery by using data from state and village level surveys on fifteen major Indian states to show that ST representatives increase the frequency of visits by both doctors and mobile medical units. On the other hand, SC representatives have a tendency to decrease the frequency of visits by mobile medical units, though the results for SCs are less robust. Thus there is increasing evidence that reservation at the state level impacts a variety of outcomes related to public service allocation.

In addition to public service delivery, other papers have sought to examine the impact on overall and household welfare. Chin and Prakash (2011) follow a strategy similar to Pande by exploiting the within-state cross-time variation in minority political reservation and show that the share of minority seats reserved for STs reduces overall poverty, while SC reservation has no impact on poverty. They specifically find that a one percentage point increase in seats reserved for STs in the state legislative assembly leads to a 1.2 percentage point decrease in the rural poverty rate and a 1.1 percentage point decrease in the aggregate poverty rate in the state. The channel through which this occurs is likely through increasing minority political voice. The authors identify political reservation as a policy that is both pro-minority and pro-poor. Kaletski and Prakash (2015) further examine the relationship between minority representation and household outcomes, namely the prevalence of child labour. They find that ST reservation decreases the total number of children working at the household level, while SC reservation tends to increase child labour.

This evidence then supports the idea that reservation does impact the allocation of resources. Benefits appear to manifest towards the intended groups, but can also have positive spillover effects for other non-disadvantaged groups. Further, there are clearly different impacts of SC and ST reservation. This could come from a number of mechanisms and is at least partly due to the difference in characteristics across the two groups. There is likely a stark divergence in their preferences as STs are more likely to live in rural areas than SCs (91 per cent relative to 80 per cent) and more likely to be in poverty (46 per cent relative to 40 per cent). STs are also geographically isolated, more likely to make up a majority in their local communities, and more homogenous as a group. All of these factors could influence not only the type of goods STs prefer, but also the targeting and delivery of public goods. SCs on the other hand are much more geographically dispersed, more politically active, but also need to cater to a broader range of constituencies.

One issue that remains at the state level is the number of SC and ST members that get elected from non-reserved constituencies. As of the most recent data, there is only one state in which there are more disadvantaged minority representatives than there are seats reserved, thus it appears that reservation policy is necessary to ensure SC and ST representatives get elected.<sup>29</sup> This leads to a few conclusions about reservation. The most likely explanation for this event is that political parties are not supporting SC and ST candidates outside those reserved seats. It should be duly noted here that most major political parties do not reserve party nominations for disadvantaged groups with one exception being the Bharatiya Janata Party (BJP).<sup>30</sup> This may be due to the belief that they will not be elected in unreserved constituencies because of the stigma or social perceptions surrounding their group. Additionally, this provides support for the continued use of reservation policy. Eventually, an additional goal of these policies would be to reach a point where they are no longer necessary in order to achieve a more diverse set of

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<sup>29</sup> These data come from the Election Commission of India at [http://eci.nic.in/eci\\_main1/ElectionStatistics.aspx](http://eci.nic.in/eci_main1/ElectionStatistics.aspx) and the most recent year varies by state as indicated. The one exception in the state of Orissa where there is one additional SC representative and one additional ST representative.

<sup>30</sup> The Bharatiya Janata Party (BJP) reserves 33 per cent of party nominations for women (Vyas 2007).

representatives. However, that is a slow process and government support remains an essential channel through which groups with lower social standing can be represented.

### **5.3 Empirical evidence on SC and ST reservation at the local level**

Similar work takes advantage of the 73<sup>rd</sup> and 74<sup>th</sup> amendments to examine the impact of decentralization of power and reservation at the local level. Here we will first address the results regarding reservation of SC and ST Pradhan and in the following section we will turn to the reservation for women. This evidence relies on data from a wide range of villages across many states in India. For example, Besley et al. (2004) use household and village survey data from three South Indian states to show that SC and ST Pradhan reservation increases the probability that households in that village have a toilet, electricity connection, and private waterline. Additionally, SC and ST Pradhan target below poverty line (BPL) cards towards households in their own groups. Further, overall allocation of roads, drains, streetlights and water sources was higher in villages where the Pradhan lived, regardless of reservation status. These results provide further evidence that local policymakers have their own preferences and have the ability to change the allocation of resources.

Chattopadhyay and Duflo (2004a), using data from Birbhum in West Bengal and Udaipur in Rajasthan, explore whether village reservations impact the allocation of resources to their own groups. Exploiting the fact that village level reservation is random, they show that, at least in Rajasthan, SC Pradhan invest in more public goods in SC hamlets than non-SC Pradhan. Bardhan, Mookherjee and Torrado (2010) also examine reservation in local governments of West Bengal from 1998-2004. They look at the impacts on housing and toilets constructed, public works programmes, below poverty line cards, Integrated Rural Development Programme (IRDP) loans, and agricultural mini-kit distribution. They find that reservation of Pradhan positions for SCs and STs improved targeting to both women and SC/ST households, while also benefiting the village as whole. Similarly, Duflo et al. (2005) find that SC Pradhan reallocate public goods towards SC hamlets, although the mix of public goods does not change. Further, the evidence they find suggests that even though there is clearly group targeting, SC Pradhan do not necessarily abuse power by putting goods back into their own village, but are more in tune with the preferences of individual citizens. Thus these papers provide evidence that representative identity does matter and reservation can positively impact the groups it is intended to benefit.

Banerjee and Somanathan (2007) investigate whether there is an increase in access to public goods across India between 1971 and 1999 in 500 parliamentary constituencies. They find that initially, in 1971, group caste and religious identities correlate with access to public goods. In particular, areas with high concentrations of SCs and STs have lower access to almost all public goods they investigate (relating to education, health, water, power, and communication facilities). Further, increased heterogeneity leads to lower access to public goods. However, significant improvements in infrastructure occurred over the period, resulting in convergence, where having higher access in 1971 was associated with slower growth in access to public goods over time. The authors believe this is a direct result of policies intended to improve access to public services for disadvantaged groups. However, Banerjee and Somanathan (2007) also point out that areas with high concentrations of SCs seem to benefit the most while ST and Muslim areas remain disadvantaged. They argue that in the early 1990s, STs had still yet to emerge as a political force and were relying on the Congress Party to serve their interests. On the other hand, SCs were already politically organized and developed their own party to serve their individual interests. The results then suggest that federal mandates have the power to improve access to public goods, but the characteristics of the group will determine the actual impact.



Thus the results in this section support evidence presented in the last section regarding reservation at the state level. SC and ST Pradhan, or simply the decentralization of power, significantly influences the allocation of resources in favour of their own group.

#### 5.4 Empirical evidence on women's reservation

The empirical evidence regarding the impact of women's reservation remains less clear.<sup>31</sup> In fact, several studies find no effect of women reservation on a variety of outcomes. For example, Ban and Rao (2008) find that women leaders in local governments have no impact on the participation of women in village meetings and perform no differently relative to male leaders regarding a variety of public goods, i.e., roads, water, sanitation, etc..<sup>32</sup> Similarly, Rajaraman and Gupta (2008) find that although spending on building construction in four Indian states appeared to increase with women's reservation, there are no significant impacts on expenditures for water and sanitation, or on revenue collected by the government.

Other studies do find significant effects, though in varying directions and to varying degrees. For example, in order to investigate whether political reservation reaches its goal of increasing publicly provided goods to the intended beneficiaries, Bardhan, Mookherjee and Torrado (2010) examine reservation for women in local governments of West Bengal from 1998-2004. They find that reservation of Pradhan positions for women has no impact on drinking water, roads or benefit programmes delivered to female headed households, and actually made within village targeting for SC and ST households worse. This is in line with other work that finds women Pradhan reservation does not improve delivery of public goods, and further their reservation may have actually reduced the quality of schools and roads (Gajwani and Zhang 2015). Bardhan, Mookherjee and Torrado (2010) attribute their results to the fact that women are politically inexperienced. Reservation in this case disrupted the current system in which the leader of the local government traded off goods they did not personally value to disadvantage households in exchange for their support, while keeping programme benefits they do value for themselves and other members of their group. Thus women's reservation resulted in worse outcomes for some because it interrupted the status quo.

On the other hand, a number of studies find positive and important social effects regarding women's reservation. Chattopadhyay and Duflo (2004a) explore whether village reservations impact the allocation of resources to their own groups using data from Birbhum in West Bengal and Udaipur in Rajasthan. Exploiting the fact that village level reservation is random, they show that women representatives invest more in goods that women deem important, such as water (in both West Bengal and Rajasthan) and roads (in West Bengal). Further, the results appear to be driven by gender, and not by the fact the women may be less experienced, less educated, or less likely to be re-elected.

In a similar vein, Bhalotra and Clots-Figueras (2014) focus on how women's political representation in state legislature impacts health services and outcomes. Although there is no official policy for women reservation in state legislatures, their evidence shows that a one standard deviation increase in women's political representation results in a 1.5 percentage point reduction in neonatal mortality. This occurs through increased investment in health infrastructure and information in which more public health facilities are built, and there is an

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<sup>31</sup> Mookherjee (2014) provides a summary of similar results and concludes that the long run impact of women's reservation remains unclear.

<sup>32</sup> However, Ban and Rao (2008) do find that panchayats reserved for women have more education related activities and women benefit more from political experience than their male counterparts.

increase in antenatal care visits, institutional delivery, and breastfeeding. In line with these results, Clots-Figuera (2011) further finds that when women legislators are in seats reserved for SCs and STs in the state legislatures, they invest more in not only health, but also early education and women friendly laws (all typically preferred by women). This is in stark contrast to female legislators from higher castes, who instead invest in higher levels of education and reduce spending on social programmes. Thus, in this case, both gender and caste determine policy outcomes.

Broader evidence has also shown that not only is woman's representation good for improving outcomes that women directly care about at household and local levels, but it can also be good for growth. Baskaran et al. (2014) use close elections across between male and female representatives to show that female legislatures increase the growth of night lights (a proxy for GDP growth). Their results indicate that female politicians are actually more educated and more effective at attracting state level resources than their male counterparts. These papers then provide evidence that men and women do have different preferences over public goods, and thus the identity of the politician does matter and can positively impact the groups it is intended to benefit.

An additional goal of reservation is the hope that over time injustices will be corrected through a change in attitudes and social norms. For example, Duflo and Topalova (2003) directly address this idea by showing that despite the perception by many that they are worse leaders, in districts that are reserved for women, the quality of water provided is better and women are less likely to demand bribes. These results are particularly important as they show that despite their lack of experience and potentially lower education levels, women are not less effective leaders, at least in terms of public service delivery, but the perception that they are remains. Beaman et al. (2007) find similar results where women's empowerment in political leadership leads to higher quality public goods, investments in clean drinking water, increases in child immunization, and a reduction in the gender gap in schooling. Further, women's reservation for Pradhan positions makes women more likely to participate in discussions during biannual general assembly meetings and enables them to better voice their opinions. However, villagers continue to be less satisfied with women leaders, despite this better provision of public goods and that fact that they are less likely to take a bribe. These papers provide evidence that it is not necessarily that women leaders are incompetent, but rather that villagers perceive them to be so.

However, the perception of their incompetence and the fact that women still have less influence during public meetings is troubling, although it may provide an additional reason for political reservation policy. Beaman et al. (2008) show that over time women's reservation reduced negative stereotypes about gender in both household and public roles, while also reducing the bias about female competence among male villagers. The result is that just ten years after the reservation policy has been in place, women are more likely to stand for and win seats in villages where female reservation was previously required and villages were exposed to female leadership. Bhavnani (2009) reiterates this result by showing that in Mumbai, the probability of women being elected in previously reserved constituencies is five times higher than in constituencies that had not been previously reserved. Similarly, Bhalotra, Clots-Figuera and Iyer (2015) show that once a woman wins an election, the fraction of female candidates fielded by major political parties in Indian state elections increases by 9.2 percentage points in subsequent elections within the same constituency. These results are primarily driven by previous candidates running for re-election, but show a change in perception once female candidates prove themselves as competent. This evidence sheds positive light on the potential impact of reservation policy for changing social norms regarding women's roles within Indian society.

This further works to change the attitudes and aspirations of individuals from different groups. Beaman et al. (2012) use the reservation policy at the local level to show that in districts where positions were reserved for women for two election cycles, gender gaps in aspirations decreased by 20 per cent for parents and 32 per cent for children. Further, these aspirations result in the elimination of differences across boys and girls in terms of educational attainment. This evidence supports the idea that not only does reservation for women allow females to show that they are competent in leadership roles, but it creates optimism and aspirations for other individuals within the group. Having a female role model (can also apply to other disadvantaged groups) in a position of power, allows younger generations to adjust their future aspirations, goals, and even actual educational attainment in the direction of closing gender gaps (Beaman et al. 2012). This is the most powerful result and gives hope that in the future, gender gaps in politics will be eliminated in India.

The empirical evidence on women's reservation at the local level remains mixed. Research has shown female leaders can have a variety of effects depending on the specific circumstances and how their impacts are measured. However, recent evidence seems to support the idea that reservation works towards changing broader attitudes and social norms, at least as they relate to women's empowerment and leadership.

## **6 Potential trade-offs and a way forward**

The previous sections sought to highlight the evidence on the impact of political reservation policy related to a wide range of outcomes. In doing so, it also brought to light some important implications regarding the structure of beneficial policy and potential tradeoffs of any affirmative action policy. These implications are further explored here.

To begin, in addition to the short-run goals of improving the allocation of resources towards historically disadvantaged groups, affirmative action policies seek to empower these groups and change their social status within Indian society. This involves changing both their self-perception as well as how non-disadvantaged groups perceive disadvantaged individuals. Thus the hope should be that at some point these policies become redundant and disadvantaged groups are able to run and win elections in non-reserved constituencies. Although the process has been slow, it appears, at least in the case of women, these policies are having some longer-term effect. Though slow progress is still progress, it brings up the additional question of the result of increasing aspirations without increasing real opportunities. Thus a careful balance of psychological and actual empowerment remains necessary.

Given the social structure in India, decreasing stigmas surrounding specific groups is necessary for longer run results. Further, even for those individuals who do not directly receive the benefit of affirmative action, the psychological empowerment that results from seeing a member of your own group in a position of power could have positive impacts on the broader community (Jaffrelot 2006). One question that comes to mind in this discussion is the targeted role for caste identity in society. Affirmative action policies inherently reinforce the importance of caste and group identities since individuals can only reap the benefit of such policy if they fall into certain groups (Parikh 2012). If a further goal of affirmative action is to reduce the importance of such social and group identities, then creating policies based on those identities may work against such a goal. Thus affirmative action policies that cut across groups (i.e. women) may be more effective in reaching those in the greatest need. However, the need for these policies more generally remains eminent as the inequalities that exist across these groups continue to be extremely large.

It also important to note the significant backlash against affirmative action policies and the consequences of that particular response. Although initially there was general consensus that SCs and STs needed these policies due to their history as disadvantaged groups in Indian society (Parikh 2012), as affirmative action policies continue to expand across groups and sectors, the controversy surrounding them is becoming increasingly obvious. Part of the problem stems from the tradeoffs that emerge due to elite capture already discussed. Since only some group members are able to take advantage of reservation policies (and affirmative action policies more generally), heterogeneity within groups has increased. Parikh (2012) points out that intra-group inequality has increased over time despite a decrease in overall poverty, and the elite of each group have made the largest gains. Further, in some cases the expansion of these policies has gotten so large that more than 50 per cent of seats are reserved (Jaffrelot 2006) and several other groups are demanding similar benefits (Parikh 2012). As a simple example, the Patel community of Gujarat has received ample attention for their demand to be included in OBC reservation (*Business Standard* 2015). Thus an increase in inequality has resulted from these policies (and other issues) and has led to increased social tension and conflict stemming from both targeted and non-targeted groups. Currently, the Jat community is seeking reservation under the Other Backward Classes (OBC) category. This led to an agitation resulting in the death of over ten people in the state of Haryana (*The Hindu* 2016).

Part of the problem currently faced is the process by which the government decides who is eligible to benefit from political reservation. For instance, Parikh (2012) acknowledges that caste distinction was a good proxy for discrimination and disadvantaged status in the past, but as inequality and heterogeneity has increased within these groups (especially among SCs and OBCs), a better policy may be one that directly targets the poorest members of society rather than a broad caste group. One way to mitigate the growing impact of inequality within groups is to modify policies so the elite members of targeted groups would not have the opportunity to take advantage of them (Parikh 2012). Of course, in regards to political reservation, this further limits the pool of candidates which puts additional strain on the candidate quality. Thus the tradeoff faced by this sort of action may have additional unintended consequences.

This then also provides a word of caution in regards to expanding these policies. Affirmative action in India has been extended to include OBCs in the areas of public sector employment and education, and the women's reservation bill seeks to further expand political reservation for women. Room should be left for a thorough examination of the impacts of this expansion and the Constitution should allow for adjustment of such policies on a regular basis based on these results (say, every ten years). These policies were, after all, initially designed to be temporary and revisited every ten years from the outset (Parikh 2012). Thus re-evaluating them at this interval is a reasonable expectation. Further, several countries including Nigeria, Malaysia, and Sri Lanka, have emulated these Indian policies in order to correct their own inequalities. Clearly outlining policy objectives and channels through which those objectives will be met is a necessary part of determining whether such policy has reached its intended goals. Broad stroke policies are unlikely to achieve the objectives of all groups, but rather identifying specific narrow targets will be more effective and efficient.

Further, although political reservation has improved representation of typically underrepresented groups and has worked to allocate resources towards disadvantaged households, it is clearly not a sufficient policy to target all of the issues disadvantaged groups face in India. Despite rapid growth and development in the past few decades, significant inequities remain. This is in line with evidence in the U.S. where affirmative action policies increase employment, enrolments and contracting for minorities and women, but historically disadvantaged groups still often face poorer outcomes.<sup>33</sup>

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<sup>33</sup> See Holzer and Neumark (2000) for a comprehensive review of the literature in the US context up to that point.

Some have argued that affirmative action is not as effective as it could be simply because there is no monitoring system or penalty for non-compliance (Deshpande 2008). Thus strengthening existing policy is part of the solution. However, political reservation alone cannot eliminate larger issues associated with education, poverty, employment, and empowerment. Overt discrimination remains and is evidenced by the fact that differences in characteristics across these groups continue to drive many of the gaps in outcomes (Azam 2009). Social mobility has been slow and remains a significant factor in how these groups are able to develop over time (*The Economist* 2013).<sup>34</sup> Further, these policies offer entitlements for disadvantaged members, rather than focusing specifically on development (Holzer and Neumark 2000). Education remains rife with inequities in terms of quality, attitudes of educators, access to resources (Deshpande 2008; Hanna and Linden 2012<sup>35</sup>), as well as information problems related to the returns to education (Azam 2009).

Therefore, some have argued that in the face of these broader issues the current policies are not enough and supplementary measures are necessary for success (Deshpande 2008). Supplementary policies should stress improving access to quality primary and secondary schooling so that all members of targeted groups have equal opportunity to take advantage of such policies (Parikh 2012). More specifically, this could include programmes that help struggling students and counselling that reduces dropout rates in education (Deshpande 2008). Further improvements in human capital (Borooah, Dubey and Iyer 2007) through job training programmes and increasing access to credit (Holzer and Neumark 2000) could also play a central role. Others argue employment opportunities remain an issue and encouraging a more active labour market, particularly in rural India, through programmes like NREGA may be useful (Azam 2009, 2012). These policies are compatible with affirmative action, but may be an additional necessary part of reaching intended goals.

The important tradeoffs related to affirmative action policies should be acknowledged and evaluated regularly. This will help inform how to improve existing policies, while also creating an environment for encouraging complementary policies which reach broader goals beyond simply increasing representation of historically disadvantaged groups.

## 7 Discussion and conclusion

Historical discrimination against minorities and women in Indian society has led to the emergence of disadvantaged groups that are often excluded from accessing opportunities and resources. In response, policymakers have enacted both anti-discrimination and compensatory affirmative action policies in order to correct existing inequalities. In particular, the Indian government has mandated reservation for some of these disadvantaged groups in education, public sector employment, and politics. Despite their prevalence, there is little consensus on the impact of such policies. This paper seeks to evaluate one such policy, namely political reservation for SCs, STs, and women at national, state, and local levels.

Given the evidence and in conjunction with the above discussion, there are a number of patterns and principles we could draw out in order to guide future policy and reforms. For one, political reservation for minorities has some redistributive impacts, and often in form of benefiting targeted as well as non-targeted groups, though the benefits are not shared equally. These results are clearly stronger for SC and ST reservation, but there is some evidence that this is the case for women's reservation as well. Thus the positive spillover effects are not always captured by elite members of groups as previously thought. Further, there is at least some evidence (Chin and

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<sup>34</sup> Desai and Kulkarni (2008) further show that as STs increase their income and move to rural areas, overt discrimination against them decreases, however SCs continue to face social exclusion even after controlling for their income and residence. Therefore changing the perceptions of SCs may be particularly difficult.

<sup>35</sup> Hanna and Linden (2012) show statistical discrimination in grading where teachers give lower caste students slightly lower scores than those of higher castes.

Prakash 2011) that benefits received through these policies do not appear to come at the cost of the least well-off; further research is required to support this idea as a broader conclusion.

Overall, it should be clear that the results of these affirmative action policies are difficult to generalize. There are significant differences across whether the political reservation policy targets SCs, STs, or women, and at which level seats are reserved. Therefore context is extremely important. The previous experience and attitudes towards these groups will have significant impacts on the policies' effects. Further the ability to change policy will depend on the political power associated with the reserved seat and perception of individual leader's competence.

There is reason to feel optimistic about the impact of political reservation policies within India. The evidence discussed here provides multiple channels through which reservation can reduce inequities and inequalities in Indian society. However, rigorous evaluation of affirmative action policies remains an essential component. This is especially true in the face of the tradeoffs related to such policy and the social implications of their expansion. Further, affirmative action policies may just be one part of a broader policy stance necessary to bring real change to any society.

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