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Discrimination against the Immigrants in Unorganised Labour Market of Rajasthan

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Abstract—*Discrimination is denial of rights on basis of factors other than merits, which ultimately result in the loss of the employer and hinders the growth of society as a whole. The origin and effect of discrimination can be traced back to the origin of life and civilisation.*

Rajasthan being the largest state in India has major potential for labour market, hence needs a look upon.

Immigrants form a vital part of Rajasthan's unorganized labour market and immigration is a common feature to Rajasthan economy. The casual labourers dominate the total workforce in the unorganized labour market. With the increase in the number of casual labourers, the percent of daily wage earners has increased simultaneously. Daily wage earners who are dependent on their daily jobs, their place of work is not defined or fixed.

The unorganized labour market of Rajasthan showed dominance of immigrants which constitutes 57.7% of the total workforce. The threefold decomposition of Blinder Oaxaca technique suggests that there exists a difference between the individual income of immigrants and locals in the unorganised labour market of Rajasthan and the unexplained part originates from the discrimination in favour of natives of Rajasthan, even when the endowments part is not considered.

The paper uses Multinomial Logistic Regression model to understand the relationship between the variables present in the study, along with other statistical measures, such as, correlation, mean, median, histograms and pie- charts. With the help of Oaxaca package in 'R', this paper tries to highlight the way discrimination leads to inequality of income.

Keywords*: Unorganised, discrimination, immigrants, unorganised labourers, labour market.*

1. INTRODUCTION

Rajasthan being the largest state (area wise) and a rapidly developing state which has been known for princely estates and its colourful culture has often been stereotyped with caste and other inequality.

This research work is an attempt to find the reality of the presence of discrimination in the society and labour market of Rajasthan, keeping above facts in mind. In Rajasthan, the population of the three most populated districts - Jaipur, Alwar and Jodhpur are 6,626,178, 3,674,179 and 3,687,165 respectively. The urban population for them stands at 3,471,847, 495,099 and 1,264,614 respectively. In the course of this research, the largest sample size (406) was collected from Jaipur, as it is the highest populated district in Rajasthan. Second largest sample size was collected from Alwar (328) and the smallest sample size was taken from Jodhpur (194). The survey used stratified sampling to categorize the cities and manual workers in groups. In the final stage of data collection, unit sample was collected through systematic sampling of the stratified workers. The interview method was used to conduct surveys through prepared schedule, from the sampled workers. The workers in the informal sector of Rajasthan are a part of the population of this research. The information for the survey was collected through a Schedule, whose idea was taken from the Schedule 10 of the National Sample Survey Office. The schedule included a range of information on the following aspects:

i. Household characteristics, like number of dependents, number of children, caste, religion, occupation, individual income, household income, type of income

ii. Demographic characteristics, like age, gender, place of birth, languages known, educational level, reasons for leaving native place

iii. Other category of information addressed personal health issues of the workers, such as, life threatening diseases, genetic disorder and frequency of falling ill

iv. Work- specific information such as type of work, kind of workplace, total years of work experience, years of work in the present job, reasons for leaving previous job, difficulties faced in finding job, job satisfaction

2. HYPOTHESES

In order to study the unorganized labour market of Rajasthan and prove certain theories related to the labour market without any bias, this study built following Null hypotheses which formed the basis of the research work.

i. H0: There is no regional discrimination in Rajasthan

3. LIMITATIONS

Although the research conducted is an attempt to accurately cover the major part of the informal workforce of the State, but there were some potential human limitations to the work. The information provided by the respondents may be biased. Since the actual size of the unorganized sector is vast, the sample was taken from the urban, informal workers of the three highest populated cities of Rajasthan, thus the area may also be a limiting factor.

4. DATA ANALYSIS

Table 1: Cross-tabulation caste versus occupation (immigrant)

	Occupation					
	Agriculture	Agricultural Labour	Casual Labour	Private sector	Domestic Help	Total
Schedule Caste	7	24	172	35	2	240
Schedule Tribe	0	5	18	7	2	32
Other Backward Caste	6	20	94	34	0	154
General	3	4	61	24	4	96
Others	0	0	4	9	0	13
Total	16	53	349	109	8	535

Table 2: Cross-tabulation education vs income(local)

		Individual Income				
		100-500	501-5000	5001-10000	10001-20000	Total
	Illiterate	78	11	39	1	129
	Primary School	23	13	59	1	96
	Secondary School	38	6	89	0	133
	Pre University	4	0	10	0	14
	Degree	2	2	10	0	14
	Post Graduate	3	0	3	0	6
Total		148	32	210	2	392

Table 3: Cross-tabulation caste vs income(immigrant)

		Individual Income				
		100-500	501-5000	5001-10000	10001-20000	Total
	Illiterate	194	7	27	0	228
	Primary School	75	15	37	0	127
	Secondary School	67	4	66	0	137
	Pre University	12	1	9	1	23
	Degree	2	1	7	0	10
	Post Graduate	5	0	1	0	6
	Vocational	0	0	4	0	4
Total		355	28	151	1	535

Tables 1 showing cross-tabulation between caste and occupation highlights that 32% of immigrant schedule caste workers are involved in casual labour, while only 15% of the local schedule caste workers are casual labourers. Figures above highlight that 44% of the immigrant workforce belongs to the schedule caste, which indicates bias against them.

Table 2 representing cross-tabulation of education versus individual income shows that 34% of local labourers are secondary school pass-outs, whereas 33% of them are illiterate.

Table 3 shows 36% of immigrants as illiterate and 13% of them as secondary school passout.

These figures indicate bias towards the local workers' individual income. A comparison shows only 20% of native illiterate labourers earn in an income range of Rs. 100-500, while 36% of illiterate labourers among immigrants, earn between Rs. 100-500. Figures also show that only 0.01% of secondary school pass local labourers earn lowest while 13% of the immigrants who are secondary pass earn in the lowest income range.

4.1 Blinder-Oaxaca Decomposition Technique(R)

The data was further analysed and decomposed using 'R' software to perform the Blinder-Oaxaca technique and find the components of discrimination.

The data is divided into two groups A and B, where A is group of native respondents and B is group of immigrants.

$n.A [1] 392 $n.B [1] 535 $n.pooled [1] 927

Y is the difference of the mean outcomes of the observations of groups A and B:

$$\Delta Y_M = Y_A + Y_B$$

$$438.0315 = 2885.852 + 2447.821$$

The component of the resulting "Oaxaca" class component suggests that the mean or average income of the natives of Rajasthan is Rs. 2885.85/- and the mean income of the immigrants in the labour market of Rajasthan is Rs. 2447.82/-. The difference of Rs. 438.03/- is to be explained by the Blinder-Oaxaca decomposition technique. To explain the difference in the individual income, we go to the threefold decomposition, which gave below results.

4.1.1. The three-fold decomposition result

The threefold decomposition result suggests that out of the difference of Rs. 438.03/-, Rs. 275.84/- is due to group differences in the explanatory variables like Age, Education, Caste and Occupation. This result also signifies that the mean income of the immigrants would have increased by Rs. 275.84/- if they had the same explanatory characteristics as the natives. Difference of Rs. 107.29/- is due to differences in the coefficients and the rest Rs. 54.89/- is accounted by the interaction between the two.

Table 4: Threefold Decomposition result for natives vs immigrants

Coef (endowments)	Se (endowments)	Coef (coefficients)	Se (coefficients)	Coef (interaction)	Se (interaction)
275.84287	86.84359	107.2899	212.37241	54.8987	118.688

The endowments and coefficient components of the threefold decomposition are examined by each variable separately in fig. 1:

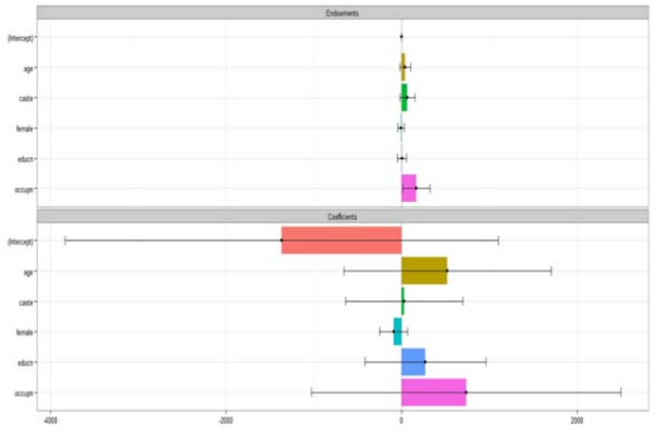

Fig. 1: Endowment and coefficient components of threefold Blinder-Oaxaca decomposition of the native and immigrants income-gap

Fig. 1 shows the estimation results for each variable along with error bars which indicate 95% confidence intervals. In the endowments component, only occupation seems to have some influence on the individual income and all the other variables seem to be either statistically insignificant. It seems that the major wage-gap difference is attributed to difference in occupation of the natives and immigrants. The difference is then analysed through the pooled regression which gave below results.

Estimate Std. Error t value Pr(>|t|)

5.967255e+02 1.325568e+02 4.501660e+0 7.607309e-06

The pooled regression coefficient on 'occupation' shows that individuals with higher category of occupation earn higher income. Further, we can see from the result of the mean difference of occupation that lesser number of immigrants have higher category of occupation and thus earn lesser income.

5. OCCUPATION

0.3388518

The difference in occupation categories attribute to the income gap between the natives and immigrants in the unorganized labour market of Rajasthan.

In the coefficients component, none of the variables seem to hold statistical significance. Fig. 1 clearly shows that the differences in the regression coefficient on occupation account for the decisive portion of the income gap.

4.1.2. Twofold Decomposition result

After finding the statistically significant regression coefficient components, a weighted column output is shown which indicates the relative weights of coefficients from a regression on observation from groups of natives(A) and immigrants(B) respectively in the reference coefficient vector. The two negative weights indicate that the reference coefficients come from pooled regression either without (-1) or with (-2), which is the group indicator variable included as covariate.

Twofold Decomposition result

weight	coef(explained)	se(explained)	coef(unexplained)	se(unexplained)
[1,] 0.0000000	275.8429	86.11898	162.1886	220.4254
[2,] 1.0000000	330.7416	100.08148	107.2899	219.7467
[3,] 0.5000000	303.2922	71.86486	134.7393	211.8635
[4,] 0.5771305	307.5266	73.82144	130.5049	212.0085
[5,] -1.0000000	305.7025	68.31261	132.3290	194.6794
[6,] -2.0000000	295.2803	69.82535	142.7512	211.2325

coef(unexplained A)	se(unexplained A)	coef(unexplained B)	se(unexplained B)
1.621886e+02	2.204254e+02	0.00000	0.00000
0.000000e+00	0.000000e+00	107.28990	219.74666
8.109431e+01	1.102127e+02	53.64495	109.87333
6.858461e+01	9.321116e+01	61.92028	126.82251
7.637111e+01	1.124205e+02	55.95790	82.39522
4.297362e-11	1.242405e-11	142.75118	211.23246

According to Neumark(1988) decomposition, which uses pooled regression coefficient as the reference coefficient set and is denoted by (-1) in the weights column, the difference of Rs. 438.03/- in the income of natives and immigrants can be decomposed into Rs. 305.70/- which is explained by group differences in the explanatory variables and Rs. 132.33/- that is unexplained.

Even if it is assumed that the unexplained component of income gap is due to labour market discrimination and the pooled regression coefficient is non-discriminatory, the Blinder-Oaxaca decomposition indicates that Rs. 76.37/- in the unexplained part originates from the discrimination in favour of natives of Rajasthan and Rs. 55.96/- from discrimination against the immigrants Fig. 2 shows the variable by variable result of a twofold decomposition. The twofold result is consistent with the threefold decomposition but has indicated another significant variable "Caste" as an explanatory variable for the wage gap. It signifies that more immigrants have less income due to difference in Occupation and Caste. The results explain that Natives have concentration in the higher categories of occupations such as private sector jobs and casual labour and earn more than immigrants. The second significant variable in the twofold decomposition, 'Caste', points to an important fact that the natives of higher caste have higher individual income than the immigrants.

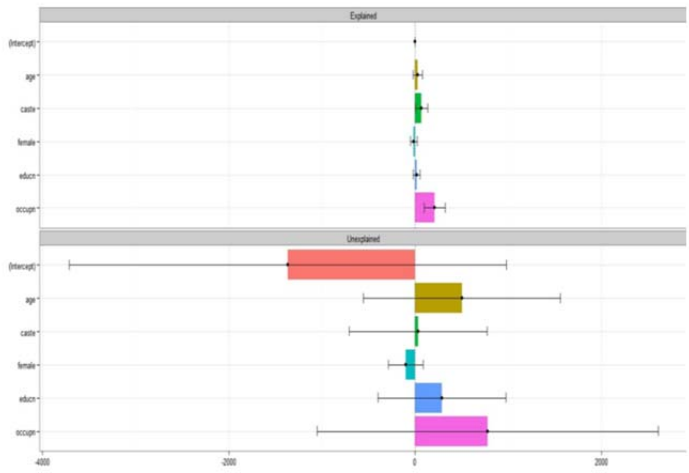

Fig. 2: Explained and Unexplained components of Twofold Blinder-Oaxaca Decomposition of Natives vs Immigrants

6. CONCLUSION

The empirical research analysis done on the data collected through schedules on the unorganised labour market of Rajasthan indicates vital patterns related to discrimination. The basic statistics of mean, median and frequency show an unequal distribution of individual income with vast differences in educational attainment between the local and immigrant workers. The study shows that 79.7% of the immigrant workers in this market belong to the lower caste categories like SC, ST and the OBC with SC leading with 45.1% of the workforce. Upon further investigation, the research has suggested 'occupation segregation' with 32.2% of SC workers engaged as casual labourers and 0.07% in private sector jobs. A detailed decomposition of the individual income through 'Blinder-Oaxaca' shows that the difference is mainly due to occupation segregation. Individual income earned by the workers in this category is as low as Rs. 100/- per day, much below the minimum subsistence level of wages determined by the Government of India. The minimum wages for the unskilled workers has been increased to Rupees 188-199 per day by the State Government of Rajasthan. There is a 'discrimination component' in the wage difference between the group of native workers and the immigrants. 53.6% of the natives earn an individual income between Rs. 5000/- to 10000/-, while 66.4% of immigrants lie in the income range of Rs. 100/- to 500/-. This is seconded by the 'Blinder-Oaxaca' decomposition where a larger portion of the wage difference between the natives and immigrant is unexplained and is generally attributed to the discrimination component. The 'null hypothesis' is therefore rejected by the results of the study in that there is no discrimination between the natives and immigrants in the unorganised labour market of Rajasthan.

7. POLICY IMPLICATION

Although the Government of Rajasthan seems to have taken several proactive measures to ensure the welfare of the working class in this sector, huge voids remain in the area of implementation and monitor. The results of the research are in compliance with previous reports and studies done in parts of the state that corroborate that gender and caste discrimination are rampant in Rajasthan. This study has added the element of 'regional discrimination' to the area with the help of results from the empirical study.

Certain steps like, more Labour Courts need to be established to increase awareness, awareness about the Minimum Wages Act, Social Security law and other benefit laws, ensuring equal opportunities for all castes and social strata in the schools and creating financial literacy.

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