

**SOCIAL NORMS AND INDIVIDUAL DECISION MAKING**  
**AN EMPIRICAL INVESTIGATION OF OCCUPATIONS IN PUNJAB**

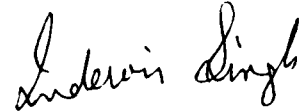
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**June, 2008**

*I hereby affirm that the work for this dissertation, "Social Norms and Individual Decision Making: An Empirical Investigation of Occupations in Punjab", being submitted as apart of the requirements of the M.Phil Programme in Applied Economics of the Jawaharlal Nehru University, was carried out entirely by myself. I also affirm that it was not part of any other programme of the study and has not been submitted to any other University for the award of any Degree.*

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**Certified that this study is the bona fide work of Indervir Singh, carried out under our supervision at the Centre for Development Studies.**



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*AFFECTIONATELY DEDICATED  
TO  
MY ALL TEACHERS*

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*Indervir Singh*

## ***Abstract***

*Social norms are the informal laws of the society, which are sustained by social sanctions. There are a number of social norms which increase the welfare of the society. However, some social norms make the whole or a significant part of the population worse-off and largely influence the economic activities. The present study is mainly an attempt to analyze the impact of social norms on occupations. Choice of occupation is one of the most important decision for a person as it involves significant time and efforts. Because of the prevalence of the caste system in India in old times, occupation of an individual was decided by the caste in which he/she is born. In modern India, caste based discrimination is illegal; nevertheless it has not lost its importance and one can easily find the differences in occupational structure and welfare level of the upper and the lower caste groups. These differences in occupations are not only between the upper and the lower castes, but also there within the upper castes too. This study aims to analyze the role of social norms in occupational choice of two upper castes of Punjab, namely, Bania and Jat. The study also examines the impact of social norms on the efficiency of agriculture, business and government services. The study is chiefly based on the primary survey, whereas a few secondary sources are also used. Even though Banias and Jats are similar in their social status, education and asset levels, males of both the caste groups are found active in different occupations. Caste based social relationship, intra-caste arrange marriages and perceived identity are found to be the main reasons behind this trend. Social norms are the cause of various efficiencies and inefficiencies in agriculture, business and government service. The study shows that an activity is generally not influenced by severe punishments such as out casting or physical reprisal; rather it is the outcome of addition of many mild punishments such as noncooperation, shame, criticism etc. Because of presence of more than one penalty at various stages of the activity, people choose not to undertake that activity. The study emphasizes on micro level investigation of various activities to separate out the effect of social norms on economic activities.*

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# Chapter 1

## Introduction

### 1.1 Nature of the Problem

Tanner [*seriously*]: “I know it, Ramsden. Yet even I could not wholly conquer shame. We live in an atmosphere of shame. We are ashamed of everything that is real about us; ashamed of ourselves, of our relatives, of our income, of our accents, of our opinions, of our experience, just as we are ashamed of our naked skins. Good Lord, my dear Ramsden, we are ashamed to walk, ashamed to ride in an omnibus, ashamed to hire a hansom instead of keeping a carriage, ashamed of keeping one horse instead of two and a groom-gardener instead of coachman and footman. The more things a man is ashamed of, the more respectable he is. Why, you're ashamed to buy my book, ashamed to read it: the only thing you are not ashamed of is to judge me for it without having read it; and even that only means that you're ashamed to have heterodox opinions.”

**Bernard Shaw (*Man and Superman*, Act One)**

Bernard Shaw's characteristic sarcasm brings home the bitter truth as to how one is influenced by society while taking various decisions. These influences do not end just here but in turn shape the society's present and future welfare. For example, reluctance to express one's own opinion can deprive the whole society of a valuable idea and all the welfare it may have generated (Kuran, 1995). Social norms related to fairness, trust, reciprocal altruism and honesty play an important role in various decisions including economic decisions and significantly affect the level of economic activity (Basu, 2000; Trivers, 1971; Kahneman *et al.*, 1986). In day-to-day life people often use social norms rather than doing rational calculations or thinking about the legal provisions (Ellickson, 1991; Posner, 2000). A number of studies in economics and other social sciences have shown that studying social norms is crucial for understanding various economic

phenomena and policy making. Basu (2000: 67) said, “The prosperity and progress of an economy are not just a matter of guns and butter- or, for that matter, tariff levels, fiscal deficit and macroeconomic stability- but also attitude towards work, level of mutual trust, standard of ethics, and social norms. What is more surprising is that a norms-free economics may not simply be empirically flawed but analytically so. Some may even argue that a norms-free economics is not possible.” Many explanations and reasons are given by different social scientists for the existence of these norms; but they are widely agreeing on the view that it is very important to consider social norms while studying any social issue which may be economic or non economic.

Before discussing this further, it is important to know what the social norms are. In simple terms, social norms are informal laws of the society. Here society acts as an institution, which makes and executes the law, and punishes those people who break the law. Social norms can be different for different groups and these groups may overlap, also. For example, all the Hindus are one group, which has many caste sub-groups. Whereas the Hindus may have many common social norms, contrary to that, they may also have different caste-based social norms. Similarly, the Hindus and the Muslims may have different norms like marriage norms; however, they may be following the similar norms of co-operation while working. Social norms always have some type of punishment in case of non-compliance, which can be in the form of physical punishment, social stigma, non-cooperation and the feeling of guilt. For instance, feeling of shame and guilt create unpleasantness for people. Hence, it is a type of punishment for doing the activity which generates these. Unlike shame, which arises because of observation of other people, feeling of guilt is the result of a person’s internal feelings. That is why, various researchers discussed the feeling of guilt as the result of private norms rather than social norms, because activities which generate this feeling are not sustained by approval or disapproval of others and also are not necessarily be shared with others. However, this feeling is often the result of the internalization of social norms which are shared by a particular group. For example, one may not take non-vegetarian food even when no one is observing him because of feeling of guilt. This is also true in the case of less alcohol consumption by Muslims and less tobacco consumption by Sikhs. However, this feeling

should be considered as the result of social norms, if it is because of the internalization of a social norm which may have governed his/her behavior at some point of time.

Social norms are similar to law in the sense that these restrict some of the activities and encourage the other activities. However, the reason behind presence of social norm and law and their way of enforcement make them different. Law has rationality for its presence and is made and executed by a legitimate government authority. But social norms do not have any explicit rationality for its presence and are made and executed by the society. Some social norms may also be beneficial for the individual or the society; however, these do not exist because of their rationality (Elster, 1989). The main motivation behind sustaining a norm is punishment associated in case of non compliance. Social norms simply instruct people to undertake some activities or not to perform some activities or to respond to a situation in a particular way, and do not provide any rational reason behind these instructions. Social norms influence individuals' decisions in large number of activities, for example, one's eating and drinking habits, attitude about different occupations, notion of fairness, marriage decision and way of contract enforcement.

Social norms are very important as far as economic activity is concerned. A social norm, which ensures mutual trust in a society, can benefit economy by increasing the level of economic activity. But it is not so in the presence of norms which are deterrent to the economic activity. Furthermore, social norms can affect individual decisions either directly by entering the utility function as happens in the case of identity formation; or indirectly by providing social capital through norms of cooperation, reciprocal altruism etc (Basu, 2000; Akerlof 1976, 1980, 1997; Akerlof and Kranton, 2005; Lindbeck *et al.*, 1999). From this one can conclude that there is immense need to study the impact of social norms on the various economic activities.

## **1.2 Review of Literature**

Economists have produced substantial literature related to different issues in social norms. Both theoretical and empirical literature on social norms discussing its merits and

demerits are available. Discussion on this literature is crucial to the understanding of the various issues in social norms. Some important studies are reviewed under the following sub-headings:

### **1.2.1 Preliminary Studies**

Since long researchers are trying to understand the impact of social structure on various activities and the consequences of this impact. Hume (1739) was, perhaps, one of the first who point out the role of society. He highlighted the role of sense of pride, humility, justice and moral values in human society. The moral duty and sense of justice are the main factors behind the fulfillment of one's obligation or the contract. Social structure also plays a critical role in deciding the possession of the rights on property. Veblen (1899) noted that the society is divided into the leisure class (upper class) and the labor class (lower class). Leisure classes (e.g. feudal in Europe and Japan, and Brahmins in India) are active in government, welfare, religion and sports activities and manual labor is for lower class people. Upper class people are not just exempted from manual job but debarred by prevailing social norms. Leisure class indulged in what he called as conspicuous consumption or conspicuous waste which is in the form of religious activities, exchange of gifts and creates other wasteful expenditures. These activities do not have consumption use, and are only to show status in society. Fear of loss of reputation and habit formation encourages consistent following of social norms and made people reluctant to adopt the new ideas. Giving the reason for outdated ideas of leisure class, he writes, "The advantage of accredited locutions lies in their reputability; they are reputable because they are cumbrous and out of date." (Veblen 1899: 223)

### **1.2.2 Studies on Non-selfish Human Behavior and Prevalence of Social Norms**

Most of the earlier literature in economics is criticized for "selfishness" of human being. Thus behavioral economists showed that human being is not motivated just by self-interest behavior but also think about others and is affected by cultural and social norms. Economists and other social scientists (sociologist, psychologist, anthropologist etc.) have studied various aspects of human behavior especially related to economic behavior.

Trivers (1971) argues that each individual has both altruistic and cheating (i.e. not reciprocating other's altruistic behavior) tendencies and its expression depends upon local, social and ecological environment. Altruistic tendencies in many conditions favor natural selection and benefit the altruistic persons in the long run through reciprocal altruism, and selection can operate against cheaters by punishing them or not cooperating with them. Altruistic behavior can be shown towards strangers when there is possibility of reciprocation in future, and friendship, dislike, moralistic aggression, gratitude, sympathy, trust, suspicion, trustworthiness, aspects of guilt, some forms of dishonesty and hypocrisy are the important factors in regulating altruistic decisions.

Kahneman *et al.* (1986) argues that the people care about fairness of an action. They like to be treated fairly and treat others fairly, and some implicit rules are applied to test the fairness of an action. An experiment in which people quoted higher prices for one beer bottle which was purchased from a fancy hotel compared to grocery store by a friend. People value fairness and tend to reject a deal if they think it unfair. Economic principles or intuitions cannot predict the actions considered unfair by the people and can be explained only on the basis of empirical evidence. Accordingly, many economic phenomena like the stickiness of prices or wage rates can be explained on the basis of fairness assumption and economic theory can include this by doing minor changes in the original frameworks.

Another study by Henrich *et al.* (2004) discusses the results of game theory experiments in fifteen small-scale societies. They found very striking results which were contradictory to many earlier experiments on university students. Three types of game experiments, namely ultimatum game<sup>1</sup>, dictator game<sup>2</sup> and public good game<sup>3</sup> were used to study the

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<sup>1</sup> In ultimatum game, one player, often called the 'proposer' is given money and is asked to propose one portion of it to other often called the 'responder'. If responder accepts the proposal both gets the share according to proposal and in case of rejection both gets nothing.

<sup>2</sup>In dictator game, one player, often called the 'proposer' is given money and is asked to offer one portion of it to other. But in this case receiver is not allowed to reject the offer.

behavior of the people. They found high difference in responses among the societies. While, some societies accepted approximately all low offers (even 10 or 14 percent in some cases) in ultimatum game; some others rejected low offers more frequently. Surprisingly, some societies rejected even very high offers which were more than 50 percent of total money. Public good game also showed cross-group variations, where mean contribution varies from 22 percent to 65 percent of the given money. But usual contribution is from 40 percent to 60 percent. Furthermore, these groups were also not similar in frequency distribution of their data sets in the case of public good game. Whereas, a few data sets were unimodal (having one peak in frequency distribution); others were bi- or multi-modal (having two peak in frequency distribution). Some groups were showing mode at full non-cooperation, a few of them were showing mode in middle and one amongst them at full cooperation. In dictator game which was conducted in only three societies, money offered was quite significant and mean of this was from 60 percent to 80 percent of the mean of ultimatum game. These experiments showed that the social norms like attitude towards fair division, social responsibility etc. play an important role in individuals' decision making. No impact of education, wealth level, age etc. was found in inter-group and intra-group variations. There is positive and significant effect of social cooperation in productive activities and society's integration with market on the observed mean offer in ultimatum game in explaining inter-group variations. These experiments revealed that each society has its own notion of fairness or public responsibility and social characteristics such as cooperation in productive activity exert significant influence on individuals' choices.

Fehr and Fischbacher (2004) show on the basis of game theory experiment that third-party punishment can be an important factor for sustaining a social norm. Third-party punished the proposer in 60 percent cases of unfair deal in dictator game. Experiment results show that while the second-party punishment was strong enough to make the deal unprofitable, the third-party punishment was comparatively less strong to make the deal

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<sup>3</sup> In Public good game, people are given money and asked to contribute any amount from zero percent to 100 percent of given money towards common pool. This contributed amount is then increased by 50 percent of doubled and distributed equally among participants.



unprofitable. But they argued that third-party punishment will be enough to make the first party move unprofitable in case of large number of people. Third-party sanctions are driven by negative emotions produced by unfairness deal.

Frank (2006) argues that people tend to coordinate more when they expect coordination from other people. In prisoner's dilemma game experiments, 74 percent of the people coordinated when they were allowed to communicate with each other before making the decision, which increased to 84 percent when the other person's coordination is predicted, and decreased to 57 percent in case, the defection is predicted from the other person. But this percentage was far less (about half) in case of economics students and there were difference between the students having economics as their major and students having economics as their minor. Significant difference in results for economics major students from September (when classes started) to December, compared to students from other subjects, were found. In another experiment, most of people expected that they would get their lost purse back, in case any of their friends or relatives found it and saw their name slip on it.

### **1.2.3 Reasons for the Prevalence of Social Norms**

Many explanations were given for the prevalence of social norms. Some studies argued that the social norms are the self-interest behavior; therefore, many economists did not take social norms into considered as a relevant factor while formulating their models. For example Becker (1973, 1974) while modeling the marriage decisions of the individuals does not consider the effect of any of the social norm or social custom. Furthermore, Becker (1976) argues that all human behavior can be studied on the basis of the assumption of utility maximization, stable preference and market equilibrium.

Moreover, some studies concluded that norms are in society's interest as these ensure trust and solve many problems where market cannot work efficiently. With this regard, Arrow (1971) argues that social norms, ethics and moral codes exist because they promote society's common interest and are needed to correct market failure. No one will trust each other in the absence of norms, and it will adversely affect the economic

activity. Even in case trust can be provided through market mechanism, it will be very costly to include new entrants. These norms can be considered as agreements among people to provide those commodities which cannot be provided through market mechanism.

Supporters of bounded rationality argument also expressed the similar views. Simon (1997) argues that pure altruistic behavior is limited only to closed relatives and most of the altruism for others is the part of reciprocal altruism. Individuals depend on the society for information, recommendations and suggestions, which provide benefit to individuals through increasing his/her fitness. As someone benefits from the society, the society in turn imposes a 'tax' on him/her by encouraging him/her to get engaged in the altruistic behavior. Individuals' bounded rationality (because of his/her limited cognitive power) prevents him/her from avoiding this tax. Upper limit to this altruistic behavior is at a point where individual has net fitness-gain. This increases the overall fitness of a group compared to other groups which are less altruistic as group loyalty is a way to increase group benefits.

On the same lines and applying the concept of bounded rationality, Boyd (2001) stresses that the norms are for the benefit of society and are accumulated wisdom of society but only a few people know their benefits, therefore these are imposed on the people due to their bounded rationality. Study proposed a model in which there are two type of people; imitators and learners. People imitate because their payoff will be more by following these norms as compared to the learner because imitators have less chances of making mistakes. Moreover, they will imitate successful learners and norms of other successful groups, which can make them better off. A beneficial norm will spread only if the interaction among groups is intermediate, as it will not survive in initial population in case of high interaction and it will not spread in case of very less interaction. Furthermore, he argued that the persistence of non-adaptive and maladaptive norms is because of uncontrolled part of human nature.

Many economists criticized these functional views of social norms; for instance, Elster (1989) points out that the social norms do not originate from individuals' rational

thinking to fulfill self-interest. Rational actions are mainly the outcome-oriented, for example, if you want Y do X. But social norms are not outcome-oriented, for example, they simply commands to do X or to do X if doing Y or to do X if others do Y or to do X if all are doing X. For example, a person who is not ready to pay more than \$ 10 for mowing his lawn and rather chooses to mow himself. However, same person may not be ready to mow other person's lawn for \$ 20. This type of behavior cannot be explained with the help of self-interest behavior. Social norms are for the welfare of society only. Notwithstanding, the existence of diverse norms which are beneficial for the society, every social norm is not so and many times norms make significant populations worse off or at least do not make any one better off. If norms exist because people find them beneficial for the society, then they have to get regular feed back about their beneficial impact on the society for maintaining these norms. Otherwise people cannot distinguish between bad and good norms. Therefore, these viewpoints cannot be conformed until one does not specify the feed back mechanism required to maintain these norms. In many cases, a norm does not exist when it is needed for solving a social problem, on the contrary, it exists in many other cases when it is least needed. Both social norms with self-interest behavior influence the decisions of the individuals.

The view of Becker and Arrow, that discriminatory tastes are responsible for the racial discrimination, is criticized by Akerlof (1980) on the ground that the social norms also play an important role that prevails mainly because of incentives and disincentives. The study made an attempt to model employment decisions where social norms were one of the important factor in choosing to be employed or not. Because of the existing social norms, one may decide to remain unemployed rather than accepting a job prohibited by the norms. It is seen that customs which are highly costly to follow will disappear in the course of time. But people keep on following those customs which are fairly costless as noncompliance would lead into social sanction. Regardless of the benefits of disobeying a social norm, some people may continue to believe in it and follow it.

#### **1.2.4 Studies on Consequences of Social Norms**

Significant theoretical literature exists showing the positive as well as negative consequences of the society's pressure in both large and small groups. A study by Akerlof (1976) shows that conventional economic models, which supported the view that efficiency can be attained through competition, may not explain the situation when society is divided into caste groups. The caste norms restrict, through social sanctions, the competition amongst the people by reserving certain activities for a particular group. A person may not go against existing social norms because an action which is profitable in the absence of social norm may not be the same in presence of cost imposed by the society. People who follow social norms may benefit more in long run as compared to those who break the law and have to bear social sanctions. For example, marriage norms in India where one who marry according to the prevailing social customs may be better off than otherwise.

Kandel and Lazear (1992) disagree with the common perception that sharing profits with individual employees will increase the efforts of employees, since everyone will get just a small part of the total increase in that income which is the result of his greater efforts, which in turn decrease the efforts because of the free rider problem. However, sharing of profit by the peer group could ensure higher work efforts through peer group pressure which is in the form of shame. The peer group means the individuals about whom a worker cares or who monitor the worker. Peer group pressure may ensure greater efforts with the increase in size of the group, nonetheless, efforts may decrease when group becomes too large to ensure sufficient peer group interactions. Partnership in peer group is more likely to happen among people who perform same type of task as monitoring is more efficient.

Another study by Akerlof (1997) emphasizes the need to examine the role of externalities which are created by social interaction. These externalities are very important as they influence individuals' decisions and provide better framework for the rational analysis of social choice. In a school, where six grade class students were offered college scholarship, 40 out of 51 students were likely to join the college. Formation of peer group among students and the fact that each one of them got reinforcement from each other were important reasons for the successful joining of college by most of them, as one

would be out of the group in case he/she could not cope up with his/her peer-group in the studies. Research findings of the psychologists showed that harmonious relation amongst the students and between the teachers and the students improve educational achievements and the students' attitude. Therefore study emphasized the need for studying indirect effects of policy through social interaction rather than just direct effects.

Basu (2000) argues that economic development of a country does not just depend on the fiscal and the monetary policy, tariff levels or macroeconomic stability but also depends upon the mutual trust, attitude towards work, moral values and social norms. Every person has a set of action which he/she can choose to perform. But as a person is brought up in the society by following social rules in a particular way that some options becomes unavailable to him, for instance, for a person stealing is an option which he will never choose as he never finds it in his choice basket. These norms can be divided into three categories; rationality limiting norms, preference-changing norms and equilibrium selecting norms. Rationality limiting norms are the ones which prevent one person from doing certain activities even when those are in his benefit. Preference changing norms are those which change the preferences of the persons as they internalize these, for example, a person may prefer to work over remaining unemployed. Equilibrium selecting norms are the ones which can keep one particular equilibrium state when there are multiple equilibrium points possible and the existing equilibrium may be at lower or upper welfare level. This is a widely studied norm. He gave the example of his widow aunt who had to follow a life full of difficulties because of the social norms related to widows but she cannot say no to these norms because of the fear of criticism from the relatives. Relatives may not even have any incentive to criticize her, but have to do so as they also fear criticism from others. Therefore no one is better off and situation will remain at lower level of equilibrium. Sometimes norm and law acts in opposite ways in this type of equilibrium, and the law has to go to the other extreme to break the equilibrium.

Basu (2005a) explains that people are not just guided by their 'selfish' motives but behave unselfishly and care about fairness. People do not walk-off without paying the taxi fare which is mainly because of the social norms. Someone may argue that they pay because of the fear of beating from the driver. However the question arises: why does taxi

driver not take more money by threatening them which he could have done in the absence of payment? Moreover, there are many contracts which have time lag in exchange and where both parties are interacting just once; people do not default because of the social norms.

Akerlof and Kranton (2005) argue that identity building through differentiating insiders and outsiders can make substantial difference in the working efficiency of an organization. Insiders feel that they are attached to their organization, thereby, find themselves identified with their organization or group. This identity building can substitute for monetary a benefit which in turn leads to increase the efforts, as identity provides additional utility to a person. In an organization, identity can be a substitute for high wage differences to encourage persons to put in higher work effort. Thus, employer can get higher work effort without increase in monetary benefits if an employee is made to feel identified with his organization, and there are substantial difference between the insider and the outsider. Army is a good example of identity formation which is used to ensure higher job efforts.

Kreps (1997) classifies norms into two categories- Intrinsic Motivation and Extrinsic Incentives. Norms are internalized in the case of former category and do not change with change in place, time and environment. But the latter category is influenced by incentives (negative or positive) like punishment, social opposition and, therefore, are specific to time and place (this can be compared to English idiom, while you are in Rome, do as Romans' do). The former category of norms exists because of the habit formation; whereas the latter category prevails because of the fear of punishment.

Kuran (1995) shows the various ways through which social customs and norms are likely to influence the person's decision. People do not reveal their actual preference because they consider this as impolite or against the norms of the society. These are the 'preference falsifications' by the people and have many welfare implications. Nevertheless, it prevents several conflicts, it also prevent spread of better ideas as one does not express his views in front of the others. Due to this, lots of ideas which may have capacity to generate large welfares may not be known to others. Therefore, this

norm has some social cost. The debate over issue of veiling by women in Turkish society where many favored prohibition of veiling and others argued in favor of freedom of veiling is an important example of the social cost which was imposed by a norm. Those who favored prohibition argued that the potential criticism from other women who prefer veiling will prevent those who do not want to veil, despite the fact that law permits women not to veil. With the help of examples such as the caste system in India, the study shows that preference falsification influences the individuals' decisions, thereby, affect the society's welfare.

In another study, Basu (2005b) points out that the culture and the social norms can lead to equilibrium at less welfare level in the case of multiple equilibrium, and many situations like teachers' truancy in India can be explained through the social norms. Social norms may have resulted in large variation in the truancy rate across Indian states, nonetheless legal sanctions are same. Strength of social norms depends on number of person following that norm. Therefore, social stigma against truancy will be high with less number of truant teachers, whereas it will be less in case of high truancy rate. Because truancy depends on monetary benefits, legal cost and social cost, high welfare equilibrium can be achieved through increasing monetary benefits. This will also increase the social cost which provides enough disincentives for the truant behavior that the removal of monetary benefits at later stage will not affect the equilibrium level.

Lindbeck (1997) and Lindbeck *et al.* (1999) notes that social norms are very important determinants of individuals' decisions about work, saving and consumption. In a welfare state whether one person's decision, either to live on unemployment allowance or choose to work, depends on existing social norms about work. If there is a norm that leads to the criticism of one who is idle and depends on transfers, then more people will be willing to work for the same amount of unemployment benefits than in case of absence of such norm. Similarly, a norm to punish those outsiders who underbid the wages may prevent outsiders from underbidding. Insiders will punish those who underbid the wage, and in case one insider is not punishing the outsiders for underbidding, other will punish him too. Likewise, saving rate in a society also depends upon social norms which may have

developed in course of time because of the uncertainties, however present changes like the welfare states, may cause savings to come down.

Frank (1987) argues that normal utility function, used in economic analysis, is neither necessary nor sufficient for economic analysis, and inclusion feelings like honesty, anger, fairness can change the results. The study proposes a model to show that results are different from standard utility function when feeling of honesty is included in the formal economic analysis. The model shows how people decide about entering into a joint venture in a society when interaction is just one-time or situation is like one-shot game, and there is no punishment for cheating. Standard game theory into this situation predicts that they will decide to cheat or will not enter in this joint activity. But feeling of honesty among a share of population, if can be recognized by certain signals, can result in different outcomes. In this situation, honest person on the average will earn more as they will try to enter joint venture with an honest person, who can be identified from certain characteristics with certain probability of error. Cost of sensitization (cost of signaling to show honesty or separate himself from dishonest people) by an honest person can also be included in expected payoffs and established equilibrium will always be between two extremes, where all will be honest at one extreme and all will be dishonest at another. As payoff of being dishonest will be high when all are honest because the net payoff from sensitization will decrease with increase in the number of honest persons, therefore, less people will choose to be sensitized. Similarly, payoff of being honest will be high when few people are honest and people will choose to get sensitized to get another honest person as net payoff of being sensitized will be high and the number of honest persons will grow until the equilibrium is reached between the number of honest and dishonest people. Outcomes of many feelings like anger, fairness and guilt can be explained with the same logic.

Posner (2000) argues that people usually do not rely on formal law to ensure coordination and rather do it through informal rules because legal suits are costly and time consuming. In most of the cases, people do not know about the existing legal provisions, and do not let law influence their relation with others. Most of the people rely on signals from different individual which have originated from the past behavior of the individuals.



Honest people expect long time relations, therefore, their discount rate for future payoffs will be less as compared to the bad ones who are interested in short time relationship. Honest people observe these signals and try to coordinate with other good ones.

### **1.2.5 Empirical Studies**

There are a number of empirical studies designed to understand the impact of social norms on different activities and individuals' important decision making. For instance, Ellickson (1991) observes that economists argue for legal framework to influence individuals' decisions on the basis of economic models which showed individuals' reactions as responses to various incentives and disincentives. However in reality people do not consider legal provisions and many times are unaware and even have wrong information about prevailing law. His study is based on the survey of cattlemen in Shasta County, California. Cattlemen in Shasta County solve their conflicts over cattle-trespassing and sharing of fencing-cost on the basis of existing social norms, and most of time, are unaware of existing legal provisions. Social norms in Shasta County are based on mutual cooperation, and gossips and mild physical reprisals are main instruments to discipline deviants. Following social norms in any activity by an individual depends on monetary incentives, shortness of future relationship and probability that cost can be transferred to a third-party. Moreover, people follow informal control because of their low transaction cost as compared to the legal procedure, and informal law is more prevalent in those cases where law equalizes powers among the involved parties.

Ichino and Maggi (2000) analyze the reason for north-south difference in the rate of absenteeism and misconduct within a large Italian Bank. Many variables such as individual background, group interaction, sorting (north-south movements of employee within bank), local attributes (unemployment and size of branch), different hiring policy and discrimination against southern workers are studied. The Study finds that individual background, group interaction and sorting effect explain the absenteeism and misconduct within bank. The maximum north-south differences are explained by individual background, where group interaction and sorting effect are other important factors in this regard.

Cutler and Edward (2007) argue that the individual decisions are largely influenced by his/her peer group such as smoking behavior. The study finds large influence of peer group on smoking behavior, and the spouses of those people, who faced a work place ban on smoking, are less likely to smoke. There is 40 percent less probability of one's smoking if his/her spouse leaves smoking. Further, the variance in smoking rates across different places would be seven times more if there were no social interactions. There is a significant multiplier effect of smoking ban at work places. Smoking ban on large population will have more impact as compared to the small population. This type of intervention will have both direct as well as indirect effect which attributes to the ban on smoking and the peer group pressure respectively.

Fisman and Miguel (2007) show, in their study of violation of parking rules in New York City by diplomats of 149 countries, that in the absence of any legal enforcement the number of parking rule violations by diplomats are strongly correlated with corruption level in their home country. Social norms about corruption behavior in the home country significantly affect an individual's behavior at other places. People from low-corruption level countries also showed increase in the number of violations when they passed more time in New York. This may be due to the increase in familiarity with the existing rules with time. This also showed the impact of rational thinking. Legal enforcement also plays an important role in determining the individual behavior as violations has decreased by 98 percent after legal enforcement.

Costa and Kahn (2007) study the effect of social norms on migration decisions of US civil-war deserters. Public shame is one of the main determinants of migration of deserters as desertion is considered to be a shameful activity. Based on the panel data, it is found that deserter's probability to leave his state was 0.135 higher and their probability to move more than 350 km was higher by 0.115. Deserters from pro-war communities were more likely to migrate than anti-war communities due to the fact that person from anti-war communities were less likely to face sanctions for deserting.

Knack and Keefer (1997) examine the impact of trust and civic norms on economic performance of these countries with the help of data from World Value Survey on 29

counties. They find favorable impact of trust and civic norms on economic performance of a country, whereas the impact of social capital is not significant. Therefore, decrease in social association will not adversely affect the nations if they have strong trust and civic norms. Trust and civic norms are strong for countries with higher incomes levels, lesser inequalities, more homogenous population, better legal institutions and higher educational attainments. Since, trust and civic norms show correlation with higher income level, the role of legal institutions becomes more important for the economic development of poor nations.

### **1.2.6 Summary of the Literature**

Literature on social norms and selfless behavior of humans shows that people do not pursue just self-interest; rather they behave selflessly on various occasions and are motivated by the informal rules of the society. Selfless-behavior of the people increases the trust and coordination among them, thereby, solves the problems of prisoner's dilemma and free rider in many cases. Because of many favorable impacts of social norms, some economists argue that these are to promote society's common interest. However, social norms do not always increase the welfare of the society. Many norms make whole or a significant part of the society worse off and do not have any short or long run favorable impact on society. Moreover, if society's common interest is the main reason behind any norm, then these require a feed back mechanism to know about their good or bad impact of the norms. This feed back mechanism is crucial to make a distinction between the good and the bad norms which, in turn, is required to sustain the good norms and get rid of the bad ones; however it is usually not available in the society. Third-party punishment plays an important role in maintaining a norm. Nonetheless, punishment by one individual may not be enough to sustain a norm; collective punishment by large number of people can create enough disincentives to prevent a person from breaking the norm. Social norms may have both favorable and unfavorable impact on the society. Some norms ensure more trust among people by increasing the predictability of others' decisions by changing incentive structure through making some activities costlier for them. Studies have also argued for the favorable impact of trust and civic norms on economic development of a county. But the norms such as child marriage

and the caste system in India can put the whole or a significant section of the society in lower welfare equilibrium level. Furthermore, some norms have both favorable and unfavorable impact. For example, norm which prevents the people from expressing their true opinions because it is considered as impolite lowers the chance of conflict. However, it stops the people from expressing their views too, which in turn could deprive of the society from the potential welfare effect of these valuable ideas. Empirical studies show that people care about the social norms, and in most of the cases they use them as reference point for negotiating deals and solving conflicts in their day-to-day affairs. Peer group pressure, also, influences people's decisions. Studies have found that chance of smoking by a person decreases with the increase in the number of non-smokers in his peer group.

Literature shows significant impact of social norms on many economic matters. However, a useful framework for studying the issues related to social norms is still lacking. Although, a number of theoretical studies have predicted the consequences of their presence for the society, yet only a limited number of empirical studies are available. There is also much less understands on some of the issues like the factors responsible for the existence and the disappearance of a norm. Below we discuss some of the important gaps in the existing literature.

### **1.2.7 Gaps in the Existing Literature**

Considerable progress has been made by the researchers in studying the economic impact of social and cultural factors. They have explained various reasons for the people to follow the informal rules and suggested different ways through which these can affect the economic outcomes. However, understanding of researchers about reasons behind sustaining norms and factors resulting into change in these over the period of time is incomplete. There is much more to understand the implication of social norms on economic outcomes. Some of the important gaps in the existing literature on social norms are as follows:

#### **a) Role of Emotions**

Emotions are one of the main factors behind the second and the third-party punishment, thereby, sustain the social norms. Therefore, these need more intention. All the studies, discussed above, take incentives or disincentives as main reason for existence the social norms. For example, Basu (2000) and Akerlof (1976, 1980) argue that the a person follows the social norms because he is afraid of social sanctions, whereas other people punish a defector due to the fear of retribution from others, which is expected, in case they fail to punish the defector. Others penalize that person who do not punish defector because they also fear reprisal from others. In this way, the whole society is trapped into a bad equilibrium. However, each punishing activity also has a cost as a person has to put time and efforts for this. And as one go far from the defector in the chain of an action, the cost imposed by others through punishment decreases as punishing others is also a costly activity. This increases the chance that the person will not punish those who do not punish the rule breaker (Elster, 1998). However, sanctions originated because of emotions can sustain for a long time.

Studies in behavioral economics have ignored the role of emotional or moral intuitions in decision making. These intuitions guide the human behavior many times and are related to many social norms. Due to these intuitions one finds one action morally correct, whereas other morally incorrect. Frank (2006) gives one example, where a trolley is moving on railway track and is going to crush four persons. The study compares two different situations having the same outcome. In the first situation, one can save them by diverting the trolley to another track where there is only one person, therefore can have the net gain of three lives. In the second case, one is standing on a bridge and can save the lives of four persons by throwing one person from above on the track to stop trolley. Even though there will be net gain of three lives in both the situation, most of the people may perform the former action but not the latter as moral intuition provides different answers in both the situations. Studying these moral intuitions can provide more insights about sustainability of the norms.

#### **b) Approach of Studying Social Norms**

Another problem in the literature is the way in which social norms are studied. A large volume of empirical studies analyze the role of a particular social norm on one or more than one activities rather than analyzing all the norms related to a particular activity, for example, some studies show the role of peer group on occupational choice, and some others show the role of community action or shame in choice between working and living on welfare payments; but only a few studies analyze the role of all relevant social norms on a particular activity (barring Ellickson,1991 which analyzes all the possible social norms in case of different choices by cattlemen of Shasta County, California). It is very difficult to get a macro level picture from the studies which have examined the impact of only one particular norm on various activities as this approach does not help in predicting about the activity due to the influence of many other factors on that activity. This approach will help, not just in analyzing micro aspect properly but also to get macro level picture of a particular society or an economy. The present study tries to take care of this aspect.

### **1.3 Context and Scope of the Study**

The present study is mainly an attempt to analyze the various consequences of social norms. It aims to examine the role of social norms on occupations. Two aspects related to occupations are discussed in this study. First aspect is the choice of occupation. One of the most important decisions one takes during his life time is about choosing an occupation. This decision is important because it involves significant time and efforts, has significant sunk cost, and is irreversible many times. Occupation of an individual in old times in India was decided by the caste in which he/she is born. In modern India, when caste based discrimination is legally prohibited, it has not lost its importance and one can find large difference in occupational structure and welfare level of the upper and the lower caste groups. These differences are attributed to their earlier education level and socio-economic status. But the difference in occupations is not limited to the case of upper and lower caste only, and one can also find difference in choice of occupations among upper castes. Occupational structure of many castes has changed over time; however one can easily find the occupations, each dominated by a particular caste group.

Neither any strict punishment like out-casting nor any legal procedure is responsible for it. These groups are mostly similar in their educational attainments and socio-economic status. Therefore, it becomes important to look into the underlying processes responsible for these differences. This provides the context to study the effect of both monetary and non-monetary factors on the choice of occupations.

Second aspect is related to those decisions which influence the efficiency of occupation. These decisions are very important from both an individual's and society's point of view. It has been observed many times that an occupation showed better performance at a particular place than the other. For example, a few states in India are comparatively more agriculturally developed than the others; similarly some are more industrially developed. There are also difference in decisions related to level of investment, efforts to decrease cost and increase revenue, fulfillment of agreements and efforts in the form of hard work from one place to other. These decisions determine the income level of an individual, which in turn decide the income level of the whole society. Empirical studies mostly provide economic factors such as educational attainments, technology level, rate of returns on investment etc. behind these differences whereas social norms, often discussed informally, are comparatively less mentioned because of the difficulty in their quantification. However, many theoretical studies have emphasized the role of trust, civic norms and peer group pressure in the efficiency of different economic activities. A few empirical studies also try to highlight the impact of trust on the economic development of a country. Though these studies have increased our understanding about the social norms, there is lot of possibility to explore various issues related to social norms. Therefore, it is important to study the impact of social norms on efficiency of occupations.

#### **1.4 Objectives of the Study**

In the light of the above discussion, the main objective of this study is to analyze the effect of social norms on different aspects of occupations. More specifically the objectives are as follows:

1. to analyze the role of the social norms in the choice of occupation;



2. to examine the impact of the social norms on the efficiency of work.

## **1.5 Methodology**

The present study is mainly based on primary survey, details of which are provided in the second chapter. In addition to primary data, some secondary data are also used which includes Census of India 1931, Report on Punjab, Part I; Census of India 2001, Report on Punjab; Human Development Report 2004 Punjab and data used by other published articles. Simple percentages and averages are calculated to analyze the data. Chi-square test and Cramer's V are also used to test the relationships and extent of relationship wherever possible.

## **1.6 Organization of the Study**

The study is organized into five chapters. Following this introductory chapter, data methodology is given in the second chapter, that discuss the reasons behind choosing Bania and Jat castes for the study, procedure adopted for sampling, information collected and method of calculating population share of different caste groups.

The third chapter discusses the impact of social norms on occupational choice of both the castes. Furthermore, both the caste groups are compared on the basis of their educational attainment, asset level, returns from their traditional occupations, their occupational preferences, social relations and perceived caste identity to find the reasons for their different occupational choices.

The fourth chapter examines the role of social norms on the efficiency in agriculture, business and government job. People's decisions about coordinating, work efforts and investment are analyzed to highlight the role of social norms on efficiency.

And the fifth chapter summarizes and concludes the study.



## **Chapter 2**

### **Data Source and Methodology**

#### **2.1 Introduction**

The present study is based on survey of two caste groups in Punjab; Bania and Jat. For this study primary data were collected by means of two surveys. First was a pilot survey to get a picture about the ground reality and second was the main survey. The whole study is almost based on the findings of the main survey. But I have also used some data from my first field experience; therefore I will explain a few important things about the pilot survey. I also calculated the expected share of different caste groups in total population of Punjab; method used for this estimation is also discussed in the present chapter.

#### **2.2 Reason for Taking Bania and Jat**

There are three reasons to take Bania and Jat communities in preference to the other communities.

1. Indian caste system was based on division of occupations. I want to study the impact of caste system on choice of occupation. There are many studies both theoretical and empirical which talk about the impact of caste system on the differences between the upper castes and lower castes (or backward castes). But there is hardly any study in economics to find the differences, and reasons for these differences, in occupational choices in caste groups with same social status. Here both the caste groups, Bania and Jat, are upper caste groups and have same social status, in the caste system.

2. Both Bania and Jat are traditionally active in totally different occupations where the former are mainly businessmen and the latter are agriculturist. With time, the term Bania (which was an occupational term) came to be known as their caste; the term Jat in some sense has also become synonymous with agriculturist.

3. Both the groups are known to be different in certain characteristics. While Jats are considered to be brave, less clever and less “money-minded”, Banias are known to be clever and “money-minded”. Census of India 1931 Report<sup>4</sup> on Punjab talked about common perception in people that a Sikh Jat could easily get recruited to army. But Jats were mostly depending on Bania for credit.

Thus even when both the groups have same social status, there is substantial difference between their occupations, making an interesting case to study the influence of social norms on occupational decisions.

## **2.3 Pilot Survey**

The pilot survey was conducted from November 9<sup>th</sup> to 25<sup>th</sup>, 2007.

### **2.3.1 Location of the Survey**

This survey was carried out in Nihal Singh Wala which is a small town in district of Moga of state of Punjab. This place was chosen because firstly it was convenient for me as I am familiar with the area and some people; secondly it has a good number of people from both the communities; and thirdly as it is neither a village nor a city; one can find both agricultural and business activities in this place which makes it a suitable place for the study.

### **2.3.2 Sampling**

A total of 81 males were interviewed out of 100 selected (50 from each community). Among these 41 were Bania and 40 were Jat. All of them were active in some or other type of occupation during the time of survey. Sampling done for this was random in nature and a few were selected purposively to find the reasons for divergence from common observations. For random sampling, based on information provided by a few local people, I made a list of persons from both the caste groups and chose people on the

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<sup>4</sup> this was the last caste based census

basis of stratified random sampling. In this survey I collected data about age, education and occupation of their 8 to 10 family members and close relatives. To avoid double counting, while preparing the list I avoided blood relatives, mainly brothers and sons, of those people whose names were already in the list. The major family information collected was about their own family members and persons from mother or wife's family. As social norms in Punjab prohibit within village marriages, mother or wife's family must be from other place, and therefore there are few chances of double counting.

### 2.3.3 Information used from Pilot Survey for Study

From pilot survey main information used in this study is about the age, education and occupation of different interviewed persons and their relatives. As information about 8 to 10 persons were collected from each interviewed person, I got a sufficiently large size of sample to analyze some characteristics relevant for my study. Different characteristics of the collected data are given below.

**TABLE 2.3.1: CASTE VS. SEX**

Caste\ Sex	Male	Female	Total
Bania	282	100	382
Jat	256	113	369
Total	538	213	751

In addition to this quantitative data, some field experience and a few cases are also discussed as and when required.

## 2.4 Main Survey

The main survey was conducted from December 25<sup>th</sup>, 2007 to January 20<sup>th</sup>, 2008.

### 2.4.1 Location of the Survey

This survey was conducted in two districts; Moga and Mansa. In the district of Moga, it was carried out in four places; Nihal Singh Wala, Patto Hira Singh, Khai and Rounta. In the district of Mansa also, it was conducted in four places; Mansa city (one colony), Bappiana, Bachhuana and Sardulgarh. Among these, Patto Hira Singh, Khai, Rounta, Bappiana and Bachhuana are villages having mainly agriculture related activity and

comparatively less business activity; Mansa city is the district headquarter having mainly business and other service activity; and Nihal Singh Wala and Sardulgarh are towns having both agriculture and business activity. These places are also selected according to my convenience to survey the place and to ensure proper representation of both the castes.

**TABLE 2.4.1: DEMOGRAPHIC FEATURES OF SURVEYED AREAS**

Place	Total Population	Share in State Population	Sex Ratio	Literacy rate			Work Force Participation Rate			HDI Ranking (Out of 17 Districts)
				Male	Female	Total	Male	Female	Total	
Moga	894854	3.67	883	68.4	59.0	63.9	54.3	24.2	40.1	13
Mansa	688758	2.83	875	59.1	45.1	52.5	57.6	25.1	40.7	17
All Punjab	24358999	100	874	75.6	63.6	69.9	54.1	18.7	37.6	-

Note: 1. all data are for year 2001

2. HDI = Human Development Index; HDI ranking is based on Human Development Report 2004

Source: Census of India, 2001 and Human Development Report 2004, Punjab

Table 2.4.1 shows some of the features of both the districts. Share of population of Punjab living in district Moga and district Mansa is respectively 3.67 and 2.83 percent. Mansa is the most underdeveloped district of Punjab. Human Development Report, 2004 ranks the district of Mansa as last among the 17 districts in terms of Human development Index (HDI); on the other hand, the district of Moga is comparatively better off than others in many development indicators and it is 13<sup>th</sup> out of 17 districts in terms of Human development Index (HDI). Mansa shows relatively higher work force participation both in the case of males (57.6 compared to 54.3 percent of Moga) and females (25.1 compared to 24.2 of Moga). Moga enjoys a better position in sex ratio (883 compared to 875 of Mansa) and literacy rate of both males (68.4 compared to 59.1 of Mansa) and females (59.0 compared to 45.1 of Mansa). Both the districts show higher work force participation than Punjab as a whole in the case of both male and female. Compared to

total Punjab's average, Moga is better in terms of sex ratio, while Mansa is close to the state average. But both the districts show lower literacy rate compared to Punjab as a whole.

Table 2.4.2 shows some important features of the surveyed places. Among all the surveyed places, Mansa (Town) has the highest population (72627) and literacy rate (64.22). Khai has the highest sex ratio (910) and share of females in main workers (45.21). Bappiana has the lowest population (2125), while Bachhuana has the lowest sex ratio (874) and literacy rate (39.18).

**TABLE 2.4.2: DEMOGRAPHIC FEATURES OF SURVEYED AREAS**

Places	Total Population	Sex Ratio	Male Literacy rate	Female Literacy rate	Total Literacy rate	Male Main Workers	Female Main Workers	Total Main Workers
Nihal Singh Wala	9152	878	61.89	53.66	58.04	2516 (91.46)	235 (8.54)	2751 (100)
Patto Hira Singh	6127	895	58.10	48.88	53.75	1449 (83.18)	293 (16.82)	1742 (100)
Khai	3141	916	50.82	48.54	49.73	886 (54.79)	731 (45.21)	1617 (100)
Rounta	6484	881	53.42	46.57	50.22	1676 (70.51)	701 (29.49)	2377 (100)
Mansa (Town)	72627	876	68.97	58.80	64.22	19369 (86.83)	2937 (13.17)	22306 (100)
Bappiana	2125	887	55.42	43.64	49.88	613 (93.87)	40 (6.13)	653 (100)
Bachhuana	5048	874	43.24	34.54	39.18	1274 (86.31)	202 (13.69)	1476 (100)
Sardulgarh (Town)	16315	887	59.41	47.89	53.99	4383 (80.32)	1074 (19.68)	5457 (100)

Note: Figures in brackets are percentages of total  
Source: Census of India, 2001

### **2.4.2 Sampling**

For the main survey, a total of 102 males were interviewed out of the 120 selected. Among these 54 were Bania and the rest (48) were Jat. All of them were active in some or other type of occupation during the survey time. Based on the voters' list and information provided by local people, I made a list of persons from both the caste groups in both the areas and chose 60 persons from each community by applying stratified random sampling. I could not interview some of them who were either not available at the time of survey or were reluctant to give any information.

### **2.4.3 Questionnaire**

The questionnaire (given in the appendix to this dissertation) has mainly four categories; personal information, occupation and income and those related to social relations-related information, and self-identification. Information collected under these items is discussed below.

#### **a) Personal Information**

Information collected under this category is about persons' age, education level, occupation, family members, asset category, and age, occupation and educational attainment of their parents. This is mainly to know the various factors which may influence person's various decisions. Information on assets was not very reliable even after cross-checking this with other reliable sources. Asset value was easy to calculate for agriculturists from their land size and approximate value of their land, however it was very difficult in case of businessmen who have assets in the form of money and urban property can easily hide their assets. Therefore rather than using the absolute asset values, I divided them into three asset categories which was more reliable.

#### **b) Information on Occupation and Income**

Under this category, information is collected on the reason to choose present occupation, initial investment level, approximate income, relation with person who helped to start the

work, his own and his communities' preference among different occupations and information about various factors which influence the efficiency in an occupation.

#### **c) Information on Social Relations**

This is about the degree and nature of mutual professional and non-professional help (given to or received from) own community and other communities). This is to see if their social relations are biased towards their own community.

#### **d) Information on Perceived Identity**

This is to know a person's perceived caste identity i.e. their feeling about their own caste in comparison to other caste group and their liking towards any particular occupation. Some of this information was not collected through direct questions but rather inferred from informal talk with them about their relations with relatives, their views about their neighbors, their thinking about other caste groups.

#### **2.4.4 Other Data**

During the survey, information on the caste of persons who were working in different business was collected. This information was collected from different worker/trade unions. These include Kariana (Grocery Shop) Union from Nihal Singh Wala, Sheller (Rice mill) Union from Nihal Singh Wala, Commission Agents' Union of Nihal Singh Wala, Kariana Union from Mansa, Drug Shop Union from Mansa and Bus Transport Union, Mansa.

#### **2.4.5 Limitations of the Survey**

Main limitation of the survey is the unreliable answers to a few questions mainly on initial investment level, income and debt, and therefore I have to leave this information unused. Secondly, I had to drop a few aspects while doing the survey because of the difficulty in collecting data or those which would need larger sample size (e.g. information on cases of people working at place different than their place of residence for

those whose occupation is different from his traditional occupation, or failure rate those doing work other than his traditional occupation involves, since these would require a very large sample size to get unbiased results.

## 2.5 Population Shares of Different Caste groups

The shares of different caste groups are calculated on the basis of 1931 and 2001 census reports. These estimations are based on 1931 Census which was the last caste based census.

**TABLE 2.5.1: POPULATION SHARE OF DIFFERENT CASTES**

Caste Groups	1931	2001
	Percentage Share in Total Population in PAPSU	Estimated Percentage Share in Total Population in Punjab
All Traders	14.16	12.53
Jat	26.91	23.81
Other General and OBC	39.35	34.81
SC	19.58	28.85
Total	100	100

Note: PAPSU= Patiala and Eastern Punjab States Union  
Source: Census of India, 1931 and Census of India, 2001

First of all, the share of all the groups in total population is calculated for 1931. After the partition of India and Pakistan, due to the large migration of people migrated, only a very small set of Muslim population remained in this area; therefore all the Muslim population is ignored while calculating the shares of different castes. Proportion of the schedule castes (SC) population in 1931 (it is calculated by adding all population of all the caste groups which are included in SC category) was compared to the 1951 census figures to check the reliability of the estimates. Calculated SC population in 1931 was 19.58 percent compared to the 1951 census figure of 19.36 percent for Patiala and Eastern Punjab States Union (called as PAPSU and includes Punjab, Haryana and Himachal Pradesh) and 18.88 percent for Punjab currently. However SC population has increased from 18.88 percent in 1951 to 28.9 percent in 2001. So, we adjusted all the figures by



assuming that growth rates of population for other castes were same except for SC group. It may not be completely reliable but is very less likely to affect the results as approximately same fertility rate for other caste groups can easily be observed.

## Chapter 3

### Social Norms and Choice of Occupation

#### 3.1 Introduction

Caste system has been prevailing in India for a very long time. The caste system was linked to different occupations and every caste was having a specific occupation or task to perform. The system underwent some changes with time as Brahmins did not remain only priests but also started entering in trade and agriculture. These changes also created some new castes groups (e.g. 1931 Census Report on Punjab talks about some lower caste groups claiming to be upper caste). However, these changes were minimal and did not occur among all the castes. Mostly, they remained in their traditional occupations. This influence is still dominating in their respective occupations. This study is based on two caste groups Bania and Jat in Punjab state. Out of these two, Bania is trading community and Jats are in agriculture. Both of these castes have by and large equal social status. Here I should make clear that Bania is not a caste in itself but it is an occupational term. Traditionally, there are three trader caste groups; Aggarwal, Arora and Khatri. Among these Aggarwals are widely known as Bania. I am using the term Bania instead of Aggarwal as most of them mix name of their caste with sub castes and approximately all people reckon them as Bania.<sup>5</sup> In this study, I am taking only Aggarwals, because compared to other two castes they are in large number in the surveyed regions. But to examine caste dominance in different type of trade and business, I take all the three castes as business communities. On the other side, Jat is a caste in itself. There are also some other agriculture castes.<sup>6</sup> But they are very less in numbers and could not get the same social status as Jats. In the case of Punjab, this important change came about because of Guru Nanak Dev who was the founder of Sikhism and had a great influence on people's life in this region. Guru Nanak Dev was a Khatri but in his later age, he started doing agriculture. He considered agriculture as the best occupation, trade as second best and

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<sup>5</sup> See Census of India 1931, Report on Punjab, Part I

<sup>6</sup> For example, Rajput, Arain, Saini, Kamboh etc.

being servant or doing job for other person as worst occupation. Still another change took place when Sikhs came to power, and it was mainly Jat who ruled this region. Thus Jat is the dominant agricultural caste in this region. All these had increased the social status of Jats and made agriculture a respected profession.

### 3.2 Education Level and Occupations of both the Castes Groups

I have already discussed that both the groups have same social status but it is also important to know the educational level of both castes because this indicates both the social status and set of occupational opportunities available to a person. Here the education level and occupational pattern of both males and females of these caste groups are discussed.

#### 3.2.1 Education Level and Occupations of Males and Females

##### a) Education

**TABLE 3.2.1: AGE GROUP WISE MALE AND FEMALE EDUCATION LEVEL OF JATS AND BANIAS**

Caste	Age Group					
	Mean Years of Schooling (Male)			Mean Years of Schooling (Females)		
	Up to 40	Between 40 and 60	Above 60	Up to 40	Between 40 and 60	Above 60
Bania	11.68	9.94	6.57	12.71	7.48	3.79
Jat	11.65	9.20	6.87	11.84	7.38	3.67

Source: Based on pilot survey

Table 3.2.1 shows that males of both the caste groups have approximately similar mean years of schooling in all the age groups. Jat and Bania females have similar status except in the first age group (up to 40 years) where Bania females are little better off. Mean years of schooling is increasing from third (above 60 years) to first age group for both caste groups. Women are increasingly becoming equal to males in educational attainment. While in the second (between 40 and 60 years) and third age group, males have more mean years of schooling than females, but both have approximately same

mean years of schooling in first age group. This shows that gender discrimination in case of education has come down with time.

**a) Occupations**

**TABLE 3.2.2: AGE GROUP WISE OCCUPATIONS OF MALE JATS AND BANIAS**

Occupation	Age Group					
	Up to 40		Between 40 and 60		Above 60	
	Bania	Jat	Bania	Jat	Bania	Jat
Agriculture	0 (0.0)	90 (54.5)	0 (0.0)	40 (57.6)	0 (0.0)	31 (68.9)
Agriculture related business	3 (2.3)	2 (1.4)	2 (1.7)	1 (1.5)	1 (2.7)	0 (0.0)
Old type Business	85 (64.8)	7 (4.1)	89 (75.2)	0 (0.0)	28 (75.7)	0 (0.0)
New type Business	26 (19.5)	14 (8.3)	10 (8.5)	7 (10.6)	2 (5.4)	0 (0.0)
Government Job	11 (8.6)	33 (20.0)	14 (12.0)	19 (27.3)	3 (8.1)	11 (24.4)
Private Job	6 (4.7)	19 (11.7)	3 (2.6)	2 (3.0)	3 (8.1)	3 (6.7)
Total	131 (100)	165 (100)	118 (100)	70 (100)	37 (100)	45 (100)

Note: Figures in brackets are percentages

Source: Based on pilot survey

Males of both the groups have similar education status, but there are large differences in their occupations (Table 3.2.2). Where Jats are mostly active in agriculture in all age groups, Bantias are mainly businessmen. To see the pattern of movements of Jats in business compared to Bantias, I have divided the businesses into three groups: business related to agriculture, old type of business and new type of business. Agriculture related businesses are those which are related to farming and livestock activities e.g. pesticide and insecticide shop, seeds, dairy etc. Those businesses which are just about buying products (except agriculture) from one place and sell at other place and don't require any educational training e.g. grocery store, cloth merchant, cosmetics, book shop etc., as old type. Lastly, providing services and manufacturing goods or trade which requires some educational or institutional training e.g. drug shop, computer related business, electrical mechanic, Transport Company etc., as new type of business.

By comparing all these three types, one can observe that there was no Jats doing any type of business in the age group of above 60 years. However, Jats are approximately equally active in agricultural related business in the first and second age group. In the new type of businesses, Jats (10.6 percent) are a little more active than Baniyas (8.5 percent) in second age group but in first age group Jats (8.3 percent) are very less active compared to Baniyas (19.5 percent). Main difference in entry can be seen in the old type of businesses, where Jats do not prevail in the second and third age group and a small presence (4.1 percent) in first age group. Most of the Baniyas are active in old type of business. But their percentage has come down from about 75 percent in third age group to 64.8 percent in first age group.

One interesting feature observed here is the presence of different castes in government jobs and private jobs. In both the caste groups the percentage in government jobs is increasing from third age group to second age group and then decreases in first age group. But in all the age groups percentage of Jats in government jobs are more than Baniyas. In private jobs, Baniyas are comparatively less in first age group, approximately similar in second age group and more in third age group. If we take joint percentage of both government and private job, over-time percentage of people choosing either of the jobs are approximately same for all the age groups especially among Jats. In all age groups, approximately 30 percent of Jats are serving either in government or private sector (31.7 percent, 30.3 percent and 31.1percent in first, second and third age group respectively). Main observation from these two tables is that even when both the caste groups have approximately similar education level, they differ in their occupational pattern and most are active in their traditional occupations. Both groups are showing movements in new emerging businesses (even this is more for Baniyas), but they are not entering each others' traditional occupations.

Table 3.2.3 shows that most of the women are housewives in both the communities for all the age groups. Percentage of women who are housewives is approximately the same in

both the caste groups for all age groups. Government job<sup>7</sup> is another occupation where women are active in all age groups. Like males, percentage of women in government job also shows a decline from third to second age group and again shows increase in first age group. Small percentages of Bania and Jat females are in government jobs with Jats showing slightly higher presence in all age groups. After government job, it is the private jobs where females are present especially those belonging to the second age group. Whereas they have the same percentage in the case of both private and government job in the second age group, percentage of females in private job has increased many times in first age-group.

**TABLE 3.2.3: AGE GROUP WISE OCCUPATIONS OF FEMALE JATS AND BANIAS**

Occupation	Age Group					
	Up to 40		Between 40 and 60		Above 60	
	Bania	Jat	Bania	Jat	Bania	Jat
Agriculture	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Business	4 (8.9)	1 (1.9)	0 (0.0)	0 (0.0)	0 (0.0)	0 (0.0)
Government Job	3 (6.7)	4 (7.7)	1 (2.4)	1 (3.3)	1 (7.1)	1 (8.3)
Private Job	8 (17.8)	13 (23.1)	1 (2.4)	1 (3.3)	0 (0.0)	0 (0.0)
Household Work	30 (66.7)	38 (67.3)	39 (95.1)	37 (93.3)	13 (92.9)	17 (91.7)
Total	45 (100)	56 (100)	41 (100)	39 (100)	14 (100)	18 (100)

Note: Figures in brackets are percentages

Source: Based on pilot survey

Compared to their male counterparts, women from both the caste groups show similar percentages in the second age-group (2.4 and 3.3 percent of Bania and Jat females against to 2.6 and 3 percent of Bania and Jat males respectively) and much higher (17.8 and 23.1 percent of Bania and Jat females vis-a-vis 4.7 and 11.7 percent of Bania and Jat males,) in the first age group in respect of private jobs. Women from these communities who are doing any private job are mostly working in private schools and hospitals and not in any

<sup>7</sup> Initially some people were commenting on other people whose wives were in government job that they were living on wives' income. But as more income improved the financial situation of those households, now views have changed in favor of this.

private company. There is no woman active in agriculture<sup>8</sup> in all age groups, and none in business in the second and third age groups. Some women are doing business in the first age group, and Banias (8.9 percent) are comparatively more active in business than Jat women (1.9 percent). Neither Bania nor Jat women have their own independent business and are just helping their husbands in their businesses.

This may have much to do with the way parents transfer their property to their children. While mostly males get productive assets like land, money, equipments etc. and parents are usually responsible for helping his son to start a business, females get share in the form of dowry which is mainly consumption goods, and money given goes to the hands of husbands. Parents do not have any responsibility to help their daughter to start business, but some time they help their son-in-law. But to get a government or private job, only thing needed is education which women are acquiring increasingly (this change is mostly due to increased demand for educated brides in marriage market). Women are active in agriculture in middle Punjab<sup>9</sup> (land between river Satluj and Bias known as Doaba). This is because of large migration of Jat<sup>10</sup> males from this region to USA, Canada and other European countries. Even when peoples' views have changed in the case of government and private job (mainly teaching, doctor and nursing), there is not much change in the case of agriculture and business. People do not criticize women for doing business or agriculture but rather comment on husband for not being able to feed his family and for making his wife to work. One lecturer in Punjabi language told that if a person from north Punjab (Maja) quarrels with person from middle Punjab (Doaba), the former comments that they live on women's income. In this case even social norms against woman working as farmer may have influenced them, but the absence of males created a need for it and also provided them access to resources which may have helped them to become agriculturist. Here there may also be some role for financial needs. Hence both social norms related to property distribution which determines access to

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<sup>8</sup> Women are not working in fields but they do prepare food for laborers who are given food for days they work in field.

<sup>9</sup> My primary survey is based on southern part of Punjab also known as Malwa region.

<sup>10</sup> Most of the agriculture is done by Jat community

resources and social norms on work may be the reasons for the less entry of women into business and agriculture. But women had shown entry in different occupations and had also changed the social norms in the long run whenever they were given access to resources like that to education or productive resources (like in Doaba region).

### 3.3 Tastes towards Occupations

It is interesting that the two groups have different tastes towards occupations even when both have the similar education level (and can be expected to have the same level of returns from doing a particular occupation). In the survey, people were asked to give their preferences for different occupations and their most and least preferred professions are given in table 3.3.1 and 3.3.2. These tables shows that both Bania and Jat state different preferences.

**TABLE 3.3.1: MOST PREFERRED OCCUPATION OF JATS AND BANIAS**

Occupation	Castes		Total
	Bania	Jat	
Any Job Abroad	7 (13.0)	22 (45.8)	29 (28.4)
Agriculture	0 (0.0)	6 (12.5)	6 (5.8)
Business	25 (46.3)	1 (2.1)	26 (25.5)
Government Job	21 (38.9)	19 (39.6)	40 (39.2)
Private Job	1 (1.9)	0 (0.0)	1 (0.1)
Total	54 (100)	48 (100)	102 (100)

Note: Figures in brackets are percentages

Source: Based on main survey

For Bania community, the most preferred occupation is business (first preference of 46.3 percent Banias compared to 2.1 percent Jats). Most preferred occupation for Jat is any kind of job abroad<sup>11</sup> (the first preference of 45.8 percent Jats, compared to 13 percent of

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<sup>11</sup> Here we considered only USA, Canada and European countries and did not consider gulf and other countries



Bania). But for both the communities, the second most preferred occupation is government job (the first preference of 38.9 percent Bania and 39.6 percent of Jat). Agriculture is the third most preferred occupation for Jat (the first preference of 12.5 percent of Jat but no Bania has given agriculture as his first preference). Private Job is a preferred occupation for only a few people in both the caste groups and no Jat has given it as first preference and just about 2 percent Bania has given it as their first preference. It is also evident from that 87.5 percent Jats have given it their last preference but no Bania has given it as his last preference. For Bania the least preferred occupation is agriculture as about 98 percent Banias have chosen it as their last choice (Jats have given business their second least preferred occupation as 10.4 percent Jats have given it as their last choice but no Bania has given it as his last choice.)

**TABLE 3.3.2: LEAST PREFERRED OCCUPATION OF JATS AND BANIAS**

Occupation	Castes		Total
	Bania	Jat	
Any Job Abroad	1 (1.9)	0 (0.0)	1 (1)
Agriculture	53 (98.1)	1 (2.1)	54 (52.9)
Business	0 (0.0)	5 (10.4)	5 (4.9)
Government Job	0 (0.0)	0 (0.0)	0 (0.0)
Private Job	0 (0.0)	42 (87.5)	42 (41.2)
Total	54 (100)	48 (100)	102 (100)

Note: Figures in brackets are percentages

Source: Based on main survey

Table 3.3.1 and 3.3.2 show that Banias prefer doing business more whereas more Jats prefer to go abroad. They have, however, a common preference for government job. But while choosing between agriculture and business, about 73 percent of the Jats preferred agriculture over business and the remaining 27 percent business over agriculture (Table 3.3.3). But all the Banias preferred business over agriculture. Preference of Jat for going abroad is clear from the fact that 27.1 percent Jats said that they had at least one brother

or sister abroad compared to just 1.9 percent of Bania (Table 3.3.4). One other important aspect is the occupation of migrant Jats.

**TABLE 3.3.3: PREFERENCE BETWEEN AGRICULTURE AND BUSINESS BY JATS AND BANIAS**

Caste	Number of Persons Who Preferred		Total
	Agriculture over Business	Business over Agriculture	
Bania	0 (0.0)	54 (100)	54 (100)
Jat	35 (72.9)	13 (27.1)	48 (100)

Note: Figures in brackets are percentages  
Source: Based on main survey

**TABLE 3.3.4: MIGRATION TRENDS OF JATS AND BANIAS**

Number of Respondents Who had at Least One Brother or Sister Abroad		
Caste	Abroad	Total
Bania	1 (1.9)	54 (100)
Jat	13 (27.1)	48 (100)

Note: Figures in brackets are percentages  
Source: Based on main survey

One study by Gurpreet Bal (2006) showed that most of the Jats in America and other developed countries are mainly agriculturist, professionals and industrial workers. He also found that Jats are rarely businessmen. This also shows the importance of agriculture for Jats and their reluctance to do business. This high participation of Jats in agriculture (both here and Abroad) and Banias in business (Table 3.2.2 and *ibid*) show that their differential tastes may have impact on the actual choice of occupation by these communities. But government service is an occupation which is preferred equally by both the caste groups. This may be so since both the groups find it remunerative. Government job is liked by Jats as they do not have to leave agriculture if they live in a joint family, because other family members can do agriculture in their absence. Also land rent is very

high, therefore Jats can lease out their land without sacrificing much. However, Baniyas do not have such options. That is why, more Jats males are doing government job compared to Baniyas, whereas females do not show this type of differences (compare table 3.2.2 and 3.2.3).

### **3.4 Reasons for Observed Differences**

Males from both the communities are living at same place, have almost the same educational level and are exposed to the same type of opportunities; then why are both the communities active in different occupations? It can have four reasons:

- 1) Difference in their asset holdings;
- 2) same returns from business and agriculture (because if returns are same, people may not feel any need to move to each other's traditional occupations);
- 3) difference in the expected return for both the communities; and
- 4) non-monetary benefits.

Below we try to analyze the influence of all these factors.

#### **3.4.1 Difference in Assets Holding**

If there is a difference in the asset holdings of the two communities, then the community which has lower asset level may not enter in an occupation which needs higher investment. Some of the differences between the upper and the lower castes can be attributed to this reason. To analyze the influence of asset level on choice of occupation in the present case, I have divided sample respondents into three asset categories based on the value of physical assets as follows:

- a) exceeding Rs. 50 lakh (first category),
- b) between Rs.20 and Rs. 50 lakh (second category),

c) up to Rs. 20 lakh (third category).

Information about their assets was collected from them and it was cross checked with the help of information provided by other local people. Table 3.4.1 shows that most of the persons in both the communities fall in the first category; however Jats (70.8 percent), in the first category, are comparatively more than Bania (44.4 percent). Banias are comparatively more in the second (38.9 percent) and third category (16.7 percent). Chi square value is also significant at 5 percent level which shows possible relationship between caste groups and assets. However Cramer's V (significant at 5 percent level) shows that the relationship between these two is very weak. It shows that on the average Jats are better off in terms of asset category but the relationship is not strong.

**TABLE 3.4.1: DISTRIBUTION OF THE SAMPLE RESPONDENTS IN ASSET CATEGORIES**

Asset Categories	Caste		Total
	Bania	Jat	
1 <sup>st</sup> (above Rs. 50 Lakh)	24 (44.4)	34 (70.8)	58 (56.9)
2 <sup>nd</sup> (between Rs. 20 and Rs. 50 Lakh)	21 (38.9)	12 (25.0)	33 (32.3)
3 <sup>rd</sup> (up to Rs. 20 lakh)	9 (16.7)	2 (4.2)	11 (10.8)
Total	54 (100)	48 (100)	102 (100)
Pearson Chi-square value = 8.309; df = 2; approximate significance (two sided) = 0.016			
Cramer's V = 0.285; Approximate significance = 0.016			

Note: Figures in brackets are percentages

Source: Based on main survey

There may be a few Bania who are very rich compared to any Jat but I considered a limit of Rs. 50 lakh as all surveyed businessman told that for starting any good business, Rs. 40 to Rs. 50 lakhs of investment is needed. Also with an investment of Rs. 50 lakh in agriculture, one can buy land enough to be included in semi-medium farmers (above 2 hectare). One reason, for better asset level of Jats, can be remittances from other countries as they the main people who migrate to developed countries. Secondly, there may be some under-reporting by Banias as they keep most of their income in form of

liquid assets<sup>12</sup> (money or bonds) rather than investing in physical assets whereas Jats comparatively invest more in physical assets. Therefore, Bania can easily hide their assets. Banias also have limited social relationship (discussed in next sections) which makes it difficult for others to know about their income and wealth. This may have caused some bias in results, however both the groups are not much different as far as our categorization is concerned. But when both the communities were asked which occupation is more profitable (business or agriculture), all from both the community agreed that business is more profitable than agriculture. However, we can see only a very small percentage of people from Jat community (who has capacity to invest) in business. This shows that difference in assets is not an important reason for this trend.

### **3.4.2 Returns from Business and Agriculture**

It can also be argued that if people are getting same returns for same investment level from both business and agriculture, then they may not move to each other's occupation. I tried getting estimates on returns from business and agriculture to test the validity of the argument. But, I could not get any income estimates for these as people (especially businessmen) were reluctant to reveal it. When I asked one shopkeeper about his sales, he told me to write two thousand per year. But one other shopkeeper told me that his daily sale was more than fifty thousand rupees. I used some other method to capture this. I asked people which occupation (business or agriculture) in general is more profitable. All the respondents (both Bania and Jat) said that business is more profitable. One person from Bania community, who sells vegetables and do not have his own shop, told that he buys approximately Rs. 2,000 worth vegetables daily and earns approximately Rs. 8,000 a month. This income is equal to that from about 3 acres of land which needs approximately Rs. 30 lakhs of investment in fixed assets. After deducting the rent of land, this income is approximately equal to cultivating 15 acres of land as approximate income from per acre of rented land is about Rs. 5,000. In Nihal Singh Wala area, where a farmer earns maximum Rs. 30,000 per acre per year, land price is approximately Rs. 10 lakh per

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<sup>12</sup> This is the reason that I have divided them into three asset categories rather than taking the absolute asset values.

acre<sup>13</sup>. In urban area, one can get a rent of approximately Rs. 1 lakh 80 thousand (Rs. 15,000 per month) from a shop which costs near by about 35-40 lakh rupees. I told one farmer that he could sell four acres of land to buy one shop and he would be getting Rs. 60,000 more income without doing anything. He told me that a Jat cannot sell his land as he is recognized by his agriculture land. This shows that the argument that both the occupations are equally remunerative is not much valid.

### **3.4.3 Differences in Expected Return for Both Communities**

One can get higher returns from business when one community has more social networks to get needed help and necessary information. As already noted in the literature survey, social networks like friends and relatives play an important role in job searching. Among Jats, 17.2 percent preferred business to agriculture but they are still active in agriculture, and this can be due to the inexperience of business and lack of adequate social network. There are many types of skills needed to be successful in business, for example, how to behave with customer, identify people whom goods can be given on credit etc. When I was sitting in a grocery shop for interviewing the shopkeeper, he sent his 12-13 years old son to ask for the balance money from a customer. That boy fought with that customer and the customer complained to the shopkeeper about his son's behavior. Shopkeeper calmed the customer and also made him feel shameful for not paying balance money without directly insulting him. His language was very tricky. When the customer left he told his son that shouting or fighting is not a good solution and he should know how to insult people without shouting, or else they will lose customers. Account keeping, knowledge of wholesale market to buy goods at low prices etc. are very important skills and they need a minimum level of guidance. Similarly, there are many things in agriculture which needs some informal training. Therefore all people take significant amount of time for learning skills before entering the business and farming. This apprenticeship may be with the father, brother, relative or friends etc. Table 3.4.2 shows

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<sup>13</sup> Land price also depends on many things like its location as land on roadside and near city is priced very high. But here I am referring to land which has just agricultural use. Land price is usually a little less when its size is less than one acre.

that people have, on an average, spent 6 years in the case of agriculture and 4.6 years in the case of business to acquire skills; before entering their respective occupations. One Bania who sells vegetables tried one grocery shop and lost approximately Rs. 2 lakh in it. He told that he failed because of his inexperience in that job. He was selling vegetables for approximately 15 years but could not sell grocery goods. He told that both are different; and his relatives also suggested to him not to start grocery shop as he did not have enough experience.

**TABLE 3.4.2: MEAN YEARS SPENT FOR ACQUIRING SKILLS BEFORE ENTERING AN OCCUPATION**

Occupation	Average Number of Years Spent
Agriculture	6.0 Years
Business	4.6 Years

Source: Based on main survey

**TABLE 3.4.3: SOURCE OF INFORMATION OR SKILLS FOR PRESENT WORK**

Source of Information	Caste		Total
	Bania	Jat	
Father	33 (61.1)	24 (50.0)	57 (55.9)
Brother	7 (13.0)	1 (2.1)	8 (7.8)
Relatives	6 (11.1)	6 (12.5)	12 (11.8)
Friends	3 (5.6)	7 (14.6)	10 (9.8)
Education or Any Institutional Training	5 (9.3)	10 (20.8)	15 (14.7)
Total	54 (100)	48 (100)	102 (100)
Pearson Chi-square value = 8.865; df = 4; approximate significance (two sided) = 0.065			
Cramer's V = 0.295; Approximate significance = 0.065			

Note: Figures in brackets are percentages

Source: Based on main survey

An important point is how people acquire skills for doing different jobs. Table 3.4.3 shows that most of the people (in both the caste groups) acquire their skills from their father. Second most important source is education or institutional training for Jats and

brothers for Banias. Other important sources are relatives and education for Banias, and friends and relatives for Jats. Chi-square test shows that both the groups are similar as far as source of information and skills are concerned, and Cramer's V shows that this relationship is weak. More Banias depend on close relatives whereas Jats tend to depend comparatively more on friends and education. Education and institutional training is available to all. But as these castes have only intra caste marriages, skills do not transfer from one community to another through relatives, as all the community members are active by and large in the same type of occupation. People help their own community member in acquiring skills because of own community's pressure and also some reciprocal altruistic tendencies especially in the case of relatives; but other community members receive comparatively very less help, as community pressure is absent in this case. The only way left to acquire skills is through friends.

**TABLE 3.4.4: SOCIAL RELATIONSHIPS OF BANIAS AND JATS**

Caste	Social Relationship				Total
	Without any Strong Relationship	With Jat	With Bania	With Others	
Bania	13 (24.1)	4 (7.4)	33 (61.1)	17 (31.5)	54 (100)
Jat	0 (0.0)	48 (100)	0 (0.0)	7 (14.6)	48 (100)

Note: Figures in brackets are percentages

Source: Based on main survey

Table 3.4.4 shows that both Jat and Bania tend to have social relationship mostly within their own caste. And only 7.4 percent of the Banias have friends in Jat community and no Jats reported any social relationship with Banias. 24.1 percent of the Banias said that they do not have any strong social relationship with the other people. Both these caste also shows some relationship with castes other than Bania and Jat, 31.5 percent Bania and 14.6 percent Jat said that they have social relationship with other castes. This shows strong impact of caste system on having social relationships. In a few cases, where Banias helped Jats to start business, it was also to their own benefit. Like all the three cases where a Bania friend helped a Jat to start business, the location where Bania was doing business was different from Jat's place of starting business. In one case, Bania helped him so that they can share transport cost. In another case, he helped to sell his own



goods as previously Jat's village people can go to any shop in the city to buy things. But by helping the Jat in establishing business in his village, the Bania could sell his goods to the people of that village through the Jat (as this Jat, being his friend, was expected to buy things from him). This was actually implicit in the contract between the two parties where one helps the other to establish business and other buys all commodities from him. Third case is a little different; in this case both Jat and Bania are followers of one common saint and the Jat approached Bania through the local president of the community of saint's followers. Thus, they were the member of common new community and informal pressure could be developed.

All this shows that there are significant barriers in acquiring skills and information which are very important for increasing the expected returns from a particular occupation. These barriers are stronger in the case of old type of business and agriculture as new type businesses more or less depend on education.

#### **3.4d Non-monetary benefits**

In this case two non-monetary benefits are very important; a) Marriage and b) Perceived Identity.

##### **a) Marriage**

As in most of parts of India, marriages in Punjab are mostly arranged and intra-caste. As male members of family are supposed to earn livelihood for whole family, marriage of a boy also depends on his occupation and earning capacity. Given the same type of education level and opportunities, one can expect similar type of preferences for groom's occupation in marriage market. However both the castes show different preference for occupation of boy to marry their daughter/sister. Table 3.4.5 shows the distribution of the most preferred occupation of bridegroom by Jats and Banias for their daughter. Where 81.5 percent Banias gave business as the most preferred occupation for the prospective bridegroom for their daughter, no Jat preferred "businessman" for marring their daughter. 68.8 percent Jats preferred a boy who is abroad, and second most preferred occupation for Jats is agriculture (16.7 percent). Jats were asked to choose between two boys to

marry their daughter. One of them has agricultural land and other has urban property of same value, and both of them have same income. All Jats preferred boy with agricultural land and the main reason given by them was Jats' liking for agricultural land. But this is not the same for Bania as only about 2 percent of Bania the most preferred is a boy, who is abroad and no Bania preferred agriculturist. In the case of government and private job, both caste shows similarity where government job is the most preferred occupation for 14.8 percent of Bania and it is preferred by 14.6 percent of Jats. Similarly private job is the most preferred occupation for about 2 percent Bania and no Jat prefer to marry his daughter off to a person doing job in a private company.

**TABLE 3.4.5: MOST PREFERRED OCCUPATION OF BRIDEGROOM BY JATS AND BANIAS**

Occupation	Caste		Total
	Bania	Jat	
Any Job Abroad	1 (1.9)	33 (68.8)	34 (33.3)
Agriculture	0 (0.0)	8 (16.7)	8 (7.8)
Business	44 (81.5)	0 (0.0)	44 (43.2)
Government Job	8 (14.8)	7 (14.6)	15 (14.7)
Private Job	1 (1.9)	0 (0.0)	1 (1)
Total	54 (100)	48 (100)	102 (100)

Note: Figures in brackets are percentages

Source: Based on information from main survey

Table 3.4.6 shows the distribution of the least preferred occupation of bridegroom by Jats and Banias for their daughter. For 91.7 percent of Jats, private job is the least preferred occupation of prospective groom for their daughter. This may be providing direct incentives to all Jats to go abroad, or to do agriculture or to get a government job rather than doing business. For another 8.3 percent of Jats, business is the least preferred occupation. But for all Banias, agriculture is the least preferred occupation of groom. Similarly all businessmen Banias may be better off than others of the same caste as far as gains from marriage are concerned.

**TABLE 3.4.6: LEAST PREFERRED OCCUPATION OF BRIDEGROOM BY JATS AND BANIAS**

Occupation	Caste		Total
	Bania	Jat	
Any Job Abroad	0 (0.0)	0 (0.0)	0 (0.0)
Agriculture	54 (100)	0 (0.0)	54 (52.9)
Business	0 (0.0)	4 (8.3)	4 (3.9)
Government Job	0 (0.0)	0 (0.0)	0 (0.0)
Private Job	0 (0.0)	44 (91.7)	44 (43.1)
Total	54 (100)	48 (100)	102 (100)

Note: Figures in brackets are percentages  
Source: Based on main survey

#### **b) Perceived Identity**

Identity is another important factor which may be providing direct utility to them for choosing a particular occupation. Most of the people consider Jats as more aggressive compared to Banias. It is clear from Table 3.4.7 that 87.5 percent of Jats experienced physical fight compared to 24.1 percent of Banias. Chi square test also suggests a relationship between caste group and experience of physical fight which is significant at 1 percent level and Cramer's V (0.636) suggests a strong relationship between these two at 1 percent level of significance.

People say that Jats are brave and do not think before doing anything. On the contrary, Bania are considered clever, miser and farsighted people. But they are also considered coward by nature. During the interview, 85.4 percent of Jats felt proud in their caste identity (Table 3.4.8); whereas no Bania felt the same pride in their caste identity and mostly try to remain neutral (92.6 percent Banias try to remain indifferent). There were also some Banias (7.4 percent) who claimed traits of Jats and called themselves as Jat-Bania i.e. Bania having traits of Jat. These facts show that both the castes have an identity related to their caste and Jats gets utility from claiming their identity.

**TABLE 3.4.7: EXPERIENCE OF PHYSICAL FIGHT IN LIFE BY JATS AND BANIAS**

Caste	If Experienced any Physical Fight		
	Yes	No	Total
Bania	13 (24.1)	41 (75.9)	54 (100)
Jat	42 (87.5)	6 (12.5)	48 (100)
Pearson Chi-square value = 41.211; df = 2; approximate significance (two sided) = 0.0 Cramer's V = 0.636; Approximate significance= 0.0			

Note: Figures in brackets are percentages  
Source: Based on main survey

**TABLE 3.4.8: FEELINGS ABOUT OWN AND OTHER COMMUNITY'S CASTE IDENTITY**

Feelings towards Caste Identity\ Caste	Bania	Jat
Feel Proud in their Caste Identity	0 (0.0)	41 (85.4)
Try to Claim Character of Other Caste	4 (7.4)	0 (0.0)
Neutral	50 (92.6)	7 (14.6)
Total	54 (100.0)	48 (100.00)

Note: Figures in brackets are percentages  
Source: Based on information from main survey

People told some jokes about Jat's traits and the difference between Jat and Bania. Among those, I heard two jokes many times (Box 3.4.1) about the difference in Bania and Jats.

These Jokes were proudly told by many Jats. They want to say that only a Jat can do this type of irrational activity. Contrary to our economic rationality assumption, here one person is trading his utility from a gainful activity with that from an "irrational activity" on which he is proud of. Both the jokes show irrational attitude of Jats compared to Banias and Jats feel proud in their identity. This may have some relation with their being a fighting community. People need more altruistic behavior for winning the war which means more irrational behavior. This irrational behavior as a signal may have ensured mutual trust within the group.<sup>14</sup> These types of signals may continue for long time as not

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<sup>14</sup> Some other activities can also be explained by this type of behavior. For example, not binding seat belt while driving car is neither considered as bravery nor anyone remembers it. However, most people do it

adhering to these social norms invites cost in the form of shame and less trustworthiness in his/her group.

**BOX: 3.4.1**

“Once there was a fight among communities about the caste of Hanuman.<sup>15</sup> All communities were saying that Hanuman belonged to them. That time one Jat stood up and said that Hanuman could be a Jat only. Others asked him, how? He said that look, someone had abducted someone else’s wife, and he got his tail burnt. Only a Jat could do this.”

Second joke is about the difference between the Jat and Bania. Once a Bania and a Jat died together and reached God’s abode. But God found that they had one more year left so they were sent back to earth, and as a compensation for His mistake, both were given one thousand rupees and one wine bottle. After one year when they died again, God asked them what they did with the money and the wine. Bania said, “After reaching earth, I sold the wine bottle and found that it was a good business so I started buying wine, mixing it with water and selling again. Then I opened one wine shop. But this was not a peaceful business so I sold wine shop and started cloth business. And in the end of year, I built a house for myself and had Rs. 10 lakh’s bank balance.” Then God asked Jat about the money and the wine. Jat said, “I drank the bottle on the way but it was not enough so I bought another for one for hundred. After drinking, I fought with my neighbor and broke his head.” “So you spent other nine hundred on your case?” God asked. Jat said, “What are You talking about? God! You are very innocent. How can a case like this be resolved with just nine hundred? What about those 2 lakh rupees which I borrowed from this Bania?”

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just to show that they are irrational. People do various activities to show their irrationality to others which many times become the part of their behavior. These are the signals to show their trustworthiness as it shows that one is not selfish profit-maximizer.

<sup>15</sup> A monkey-god and devotee of Lord Rama.

During the pilot survey, some Jats told me that a Jat cannot sit in a shop for a long time and they also do not like to do business which involves small transactions like those in a grocery shop. This may be to distinguish themselves from Banias as most of the traditional businesses done by Banias are of this type. To check the veracity of these two comments, I gave them two job options; one is of a bus driver and second is of employment in a shop (Table 3.4.9). I told them that both jobs have same salary and same working hour and asked them to choose one out of these two. 81.3 percent Jats preferred to be bus driver over getting employed in a shop whereas this percentage was just 7.4 for Banias. Chi square test and Cramer's V test also show strong relationship between caste and choice of job at 1 percent significance level. Surprisingly, all Bania who chose to be bus driver were the persons who called themselves as "Jat-Bania".

**TABLE 3.4.9: CHOICE BETWEEN WORKING EITHER AS AN EMPLOY IN SHOP OR AS BUS DRIVER**

Caste	Bus Driver	Employ in Shop	Total
Bania	4 (7.4)	50 (92.6)	54 (100)
Jat	39 (81.3)	9 (18.8)	48 (100)
Pearson Chi-square value = 60.112; df = 1; approximate significance (two sided) = 0.000			
Cramer's V = .768; Approximate significance= 0.000			

Note: Figures in brackets are percentages

Source: Based on main survey

**TABLE 3.4.10: CHOICE BETWEEN WORKING EITHER AS AN EMPLOYEE IN SHOP OR AS A BUS DRIVER BY JATS WITH DIFFERENT OCCUPATIONS**

Occupation	Jats Who Choose to		Total
	Work in a Shop	Be a Driver	
Agriculturist	2 (6.9)	27 (93.1)	29 (100)
Has own transport company or working in it	0 (0.0)	3 (100)	3 (100)
Others	7 (43.8)	9 (56.3)	16 (100)
Total	9 (18.8)	39 (81.3)	48 (100)

Note: Figures in brackets are percentages

Source: Based on main survey

Table 3.4.10 shows that just 6.9 percent of agriculturist Jats preferred to work in shop whereas no Jat, who had either own transport company or working in it, liked to be employed in a shop. But the number of respondents who have either own transport company or work in it are just 3 and they have already made their choice in favor of transportation, and therefore the results are not conclusive. This is the reason that we have made a separate category of these people. Opposite to other categories, 43.8 percent of the Jats who were active in other occupations had chosen to work in a shop. These people were mainly businessman or serving in government and private sector. This shows that people who are in agriculture are more likely to show the characteristics which match general views. This also shows that Jats, while doing business, try to avoid those businesses which are traditional Bania type. This also shows that Jats also change when they start doing other work like government job.

**TABLE 3.4.11: CHOICE BETWEEN BUSINESS AND AGRICULTURE TO INVEST UNEXPECTED MONEY**

Investment of Unexpected Money		
Choice for Investment	Bania	Jat
Business	53 (98.1)	10 (20.8)
Agriculture	1 (1.9)	38 (79.2)
Total	54 (100.0)	48 (100.0)
Pearson Chi-square value = 58.820; df = 1; approximate significance (two sided) = 0.0		
Cramer's V = 0.759; Approximate significance= 0.0		

Note: Figures in brackets are percentages  
Source: Based on main survey

In another question they were asked to choose between agriculture and business to invest some unexpectedly gained money (Table 3.4.11). While, 79.2 percent of Jats said that they would like to invest in agriculture, it is just 1.9 percent of the Banias who chose that options. The remaining 98.1 percent of the Banias said that they would like to invest in business. Here again, the chi square test and Cramer's V test show strong association between caste and investment choice at 1 percent level of significance. I have also

checked how many among Jat businessmen chose to invest in agriculture in order to know whether their choice is biased by their present occupations (Table 3.4.12). Among the all Jat businessmen interviewed, 72.7 percent chose to invest in agriculture. This shows that their choice was not just to investment in their present profession

**TABLE 3.4.12: JAT BUSINESSMEN'S CHOICE ABOUT INVESTING UNEXPECTED MONEY**

Total Jat Businessmen	Who Chose to Invest in	
	Agriculture	Business
11 (100.0)	8 (72.7)	3 (27.3)

Note: Figures in brackets are percentages  
Source: Based on main survey

Another possibility is that the choice of investment might have been influenced by assets. Table 3.4.13 shows the relationship between asset category and investment decision. Results suggest that there is no significant relationship between these two (as chi square value is insignificant even at 10 percent level).

**TABLE 3.4.13: RELATIONSHIP BETWEEN INVESTMENT OF UNEXPECTED MONEY AND ASSET CATEGORY**

Asset Category	Investment of Unexpected Money		Total
	Agriculture	Business	
1st	24	34	58
2nd	11	22	33
3rd	2	9	11
Total	37	65	102
Pearson Chi-square value = 2.335; df = 2; approximate significance (two sided) = 0.311			
Cramer's V = 0.151; Approximate significance= 0.311			

Source: Based on main survey

Investment of unexpectedly gained money in business or agriculture by Jats is checked vis-a-vis asset category (Table 3.4.14). We find that the percentage of people who want to invest in business are maximum (26.5 percent) in the first asset category, which decreases to 8.3 percent in second category and further decreases to zero percent in the



third category. It shows that initial land holding may have impact on this phenomenon. Jats feel proud to have agriculture land and there are other incentives like marriage linked to it. As discussed earlier, Jats find agricultural land as their “identity-object”. Therefore once a Jat has already a good size of land, he may like to invest somewhere else. This is also one of the reasons that Jats do not want to sell his land for doing business and none of the Jats who are doing business has sold their land. But opposite to it, two Bania whose fathers were farmers<sup>16</sup> sold their land after starting their business (these persons were from village Rounta). They told me that many years back, a few Baniyas were doing agriculture in that village. But they do not know why their father chose agriculture. They told that that was the only village (as per their knowledge) in the Nihal Singh Wala area where Baniyas were doing agriculture. This was a rare thing but could be found in some places 20 to 30 years earlier. This may be due to many reasons. ‘Land Alienation Act, 1900’,<sup>17</sup> passed during the British rule, prevented the people other than the agriculturists to own the land. And many times farmers mortgage their land to Bania for their credit needs. But in case farmers could not repay the debt, Baniyas were not able to acquire the land. Therefore, it might be an attempt to surpass the law. Another reason for it may be the identity related to Jat caste which might have encouraged them to enter in this profession. This may be the reason that both Baniyas who has farmer fathers has world ‘Singh’ with their name (name was chosen by their fathers) but their own sons do not have this. Approximately all Jats in Punjab region are Sikh and all male Sikh use the title “Singh’ with their name. Their father might have got influenced by this identity. One of them who was doing agriculture during his marriage told me that he faced problem during marriage, and after marriage his in-laws came and started a shop in his village. His in-laws ran that shop for three years and then left that to him. During this period, he also learnt how to run a shop. But the second person had started a shop before marriage with the help of his uncle (father’s brother) who was a shopkeeper.

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<sup>16</sup> These persons were interviewed during main survey so they are not included in table about occupational pattern (Table 3.2.2). But as it is a rare phenomenon, it should not affect the results.

<sup>17</sup> This law was passed because of farmers’ agitations.

**TABLE 3.4.14: RELATIONSHIP BETWEEN ASSET CATEGORY AND INVESTMENT OF UNEXPECTED MONEY BY JATS**

Asset Category	Investment of Unexpected Money by Jats in		Total
	Business	Agriculture	
1st	9 (26.5)	25 (73.5)	34 (100)
2nd	1 (8.3)	11 (91.7)	12 (100)
3rd	0 (0.0)	2 (100)	2 (100)
Total	10 (20.8)	38 (79.2)	48 (100)

Note: Figures in brackets are percentages

Source: Based on main survey

Some Jats told that Jats in general do not like to do business with small transactions. To know the type of business Jats like, I asked the type of business where they would like to invest money. Approximately all of them named four types of business; Transport Company, computer hardware, mobile repair, and pesticide shop. None of these is old type of business. It also shows difference between Jat and Bania in the type of business as Bania showed mixed choices of both old and new types of business.

In this respect, it is significant to cite a study by Bal (2006) which shows that migrant Jats are active in mainly agriculture, agriculture related businesses, taxi driving and some professional jobs, and tend to avoid business, whereas Patidars who are agriculturist from Gujarat are active in businesses. He writes, "The famous local proverb *Jat kee jane longan da bhaa* (A Jat does not know the price of cloves), in other words that a Jat knows nothing about business aptly describes a Jat." (Bal, 2006: 201)

This also shows that agriculture related identity of Jats and tendency to separate themselves from Banias is an important factor in Jats' occupational decisions.

### **3.5 Caste wise Entry in Different Businesses**

Even though the data show the different choices of occupation and reasons for those choices between castes, this does not show the other side of story i.e., which are the caste groups dominating in different businesses and what the extent of dominance is. Here I

shall also try to show the impact of the factors discussed earlier. In this we will compare the different business and entry in those by different caste groups. Here I have taken four groups; all trading communities (Bania, Arora, Khatri), Jats, other general and other backward classes (OBC) communities except trading communities, and all schedule caste groups. This information was taken from two places Nihal Singh Wala (Table 3.5.1) and Mansa (Table 3.5.2). I got the information about these businesses from their respective unions' list and union members. To compare different caste groups, I have also estimated their percentage share in total population (procedure is explained in date and methodology part).

**TABLE 3.5.1: CASTE-WISE ENTRANCE IN DIFFERENT BUSINESSES IN COMPARISON TO THEIR POPULATION SHARE IN NIHAL SINGH WALA**

Caste Groups	All Punjab	Nihal Singh Wala		
	Estimated Share in Total Population*	Grocery Shop**	Commission Agent***	Rice Sheller****
All Trading Communities	12.5	93.2	70.5	75.0
Jat	23.8	0.0	23.1	22.2
Other General and OBC	34.8	6.8	6.4	2.8
SC/ST	28.9	0.0	0.0	0.0
Total	100	100	100	100

Note: The entire figures are in percentage terms

\* Information taken from 1931 census, which was the last caste based census and adjusted for SC information in 2001 (methodology of the adjustment is given in detail in Chapter 2)

\*\* From list of grocery store union having 59 retail shopkeepers as members

\*\*\* Got information from one commission agent about commission agents (total 78) in his area

\*\*\*\* From list of Sheller (rice mill) union having 36 members

Table 3.5.1 shows that in all the businesses, trading communities (all of them are mainly Banias) are dominating compared to their share in total population and schedule castes (SC) are not entering in any type of business which may be because of their poor economical, social and educational status. Note that this also shows there is some avenue for other general and OBCs in business. But in the case of Jat where they do not have any

grocery shop; they work as commission agents and have rice shellers (mills where rice chaff is removed). Commission agents are the middle man between farmer and government agriculture agencies to procure food grains (mainly wheat and rice) but also help farmers to sell some other crops. These people get commission for it. These people also provide easy credit to farmers for their next cultivation, any investment and some times for their daily consumption needs. They need license from government to do this business. This originates from an old system where Banias used to provide credit to farmers and farmers used to sell their yields to them. As farmer often fails to pay their debt back, they were bound to sell their yield to one person only. Therefore, this business was originally dominated by the Bania community. But with time, Jats who have large cultivated area started entering this business (according to one commission agent, it started mainly 10-15 years back) to earn more money. They established themselves easily because they could influence other Jats who were from their own community to sell their yield through them. Earlier, they had problem with keeping accounts<sup>18</sup> in which Banias were efficient. But with increase in education and opening of institute to teach accounting, it became easy for them to learn accounting or hire an accountant. Commission agents sell wheat directly to procuring agencies but in case of rice, government agencies do not take rice directly from commission agents and rather tell commission agent to give this to any rice sheller where they get one slip on which quantity of rice is written. Then this rice goes to procurement agencies after removing shells. So agriculture has link with business commission agents, which in turn are connected with that of rice sheller. Therefore some Jats started becoming first as commission agents and then started rice sheller.<sup>19</sup> This is the reason that the most of the rice sheller owners have started as commission agents or are the relatives or friends of them. It is clear that either informational disadvantage or non-monetary benefits like

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<sup>18</sup> One Jat who is working as an accountant with a commission agent told that while he had been learning accountancy in an institute, one Bania had commented him that Jat cannot be an accountant. He said that that day he had decided to learn accounting at any cost.

<sup>19</sup> This information is provided by one commission agent. But there are a few people who first started Rice Sheller and then entered into business of commission agent. But these people are mostly friends or relatives of commission agents.

identity are not present; we can find the entry of other castes; that is, information related to commission agent business lowered the entry barrier, and Jats started entering into this business. And in most of the cases, identity is also not affected as they could do it without leaving agriculture.

Similarly in Mansa (Table 3.5.2), the Jats show no entry to grocery trading business and show a very little entry (3.2 percent) in the drug shops. In both the cases trading communities (Bania, Arora and Khatri) are showing dominance (94.9 percent in grocery shops and 91.1 percent in drug shops) and the SC show no entry. Other general and OBC show a little entry (5.1 percent in grocery shops and 5.6 percent in drug shops). It is lesser than their share in total population but more than Jats. Drug stores business needs education about medicines which is equally available to all the communities but this is also somewhat old Bania type business (but I considered it in new business) which involves buying from one place and selling at other. Even skills needed for it are not the same as in old Bania type business, but here identity issue may have played an important role because of its being a Bania type business.

The case of Bus Transport companies is opposite to other business where Jats are dominating with 80 percent share, other general and OBC (13.3 percent) are second in having the total number of companies, and SCs are showing no entry. Here trading communities are showing very less presence (6.7 percent). They gave two reasons for this trend; first of all most of these companies were established by bus drivers and conductors (told by owner of one transport company) who were mostly Jats. Secondly this profession involves lots of fights (e.g. fights with students who want to travel free), problems with police and transport officers, and also they have to send the buses on political rallies for free which is not liked by Banias. However, Jats' characters of being more violent and their tendency to behave less rationally make them suitable to handle these difficult situations. That is why a few Banias who earlier started bus transport companies had to sell these soon. This example shows that though Jats could not enter grocery and drug shop business because of information and identity problem, they are more successful in transport business as identity related social norms like experience with physical fights, liking "hard" jobs etc. have shaped their behavior to survive in that environment. The fact

that most of the transport companies are started by bus conductors shows that initially those Jats who had less land started entering the businesses.

**TABLE 3.5.2: CASTE-WISE ENTRANCE IN DIFFERENT BUSINESSES IN COMPARISON TO THEIR POPULATION SHARE IN MANSA (TOWN)**

Caste Groups	All Punjab	Mansa (in percentage)		
	Estimated Share in Total Population	Grocery Shop*	Drug Store**	Transport Company***
All Trading Communities	12.5	94.9	91.1	6.7
Jat	23.8	0.0	3.2	80.0
Other General and OBC	34.8	5.1	5.6	13.3
SC/ST	28.9	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0

Note: The entire figures are in percentage terms

\* \*\*From list of grocery store union having 235 shopkeepers

\*\* From list of Drug Store union having 124 members

\*\*\*From list of Bus Transport union having 30 members

### 3.6 Conclusion

Banias and Jats, living at the same place and having similar socio-economic status, show difference in their choices of occupations. These differences can not be explained on the basis of differences in education, asset or returns on investment only. Other factors like marriage norms, transfer of property, perceived identity, social-networks also explain these choices. The son-based property inheritance is the main reason in male-female occupational difference which deprives the females of productive assets, whereas education has helped them in doing government and private jobs. In case of males, caste based social network and intra caste marriages help for a group in getting some important skills and deprive other from those. Intra-caste arranged marriages also cause difference in incentives for different castes for doing the same job.

## Chapter 4

### Impact of Social Norms on Efficiency of Different Occupations

#### 4.1 Introduction

Efficiency is a debatable topic as decisions which are efficient for an individual may be inefficient for society and decisions which are efficient in short run may prove to be inefficient in the long run or vice-versa. But all this makes the study of efficiency more important and interesting. Here based on the information obtained during the field survey, I shall try to discuss all the possible positive or negative effects of social norms on efficiency of three types of occupations; agriculture, business and government service. This chapter is also based on survey of Baniyas and Jats. However, this analysis is not based on caste groups (especially in the case of business and government service) unless explicitly mentioned.

#### 4.2 Agriculture

Punjab is one of the most agriculturally developed region in India. Therefore it is interesting to understand some of the basic issues of efficiency or inefficiency caused by social norms. Economic theories based on marginalistic approach assume people as rational who try to maximize their profits in a given situation. Profit maximizing efforts require both minimizing cost and maximizing revenue and lack of any of these efforts will result in low profits.

In my field survey, I found many efforts to maximize revenue<sup>20</sup> but comparatively less efforts to minimize cost. Punjab is known for highly mechanized farming; where cultivation is mainly done with the help of tractor and other machinery and one can easily notice overcapitalization in agriculture. For example, take the case of tractors, minimum

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20 These efforts are actually to maximize production but as farmers don't have control over prices which are fixed by government (mainly in case of rice and wheat as minimum support price) or determined through market forces, we can take these efforts as maximizing revenue.

power tractor is enough to cultivate 30 acres of land (this is more than 25 acres which someone needs to be included in the category of large farmers), but approximately all farmers including small and marginal farmers<sup>21</sup> have own tractors. Average annual use of tractor in Punjab is just 400 hours compared to the minimum viable 1000 hours (Singh, 2004). One old man told that his two sons who had divided the land last year were previously cultivating land with one tractor but after separation both had separate tractors for the same size of land. After interviewing many people, I came to know that in the early phase of mechanization, there were farmers (mainly small and marginal but also semi-medium<sup>22</sup> in a few cases) who cultivate others' land for money. There were also some landless people who had bought tractor and other equipments to provide this service. But these have mostly disappeared with time and these days just four or five small and marginal farmers are providing these service and that also to very small farmers. Surprisingly most of the farmers do not want to cultivate someone else's land for money but are ready to do it without taking it. On the other side, most of the farmers are ready to receive these services after paying money but not free. It seems people think it shameful to be a servant of someone and people mostly consider providing this type of service as being a servant. Roots of this lies in the saying of founder of Sikhism, Guru Nanak Dev who said that agriculture is the best occupation, second best is business and worst occupation is to serve other "( *uttam kethi madham vyapar nakidh chakeri*)". These lines even now have their impact not only in Punjab but also in nearer areas. One study by Omvedt (1981) showed that agriculture laborers in Punjab are approximately all dalits. In her words,:

"... local caste Hindu landless apparently prefer to work at almost any kind of job rather than as field labourers." (Omvert, 1981: A- 153)

This is the main reason that some people started providing this service earlier but very soon they left this, and now there are just a few small and marginal farmers who are

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21 Small farmers are those who have land less than 5 acres (2 hectare) and marginal farmers who have land less than 2.5 acre (1 hectare).

22 Semi-medium farmers are those who have less than 10 acre (4 hectare) land.



providing this service. There are some farmers (of all size classes) who sell water to others<sup>23</sup> (for more details on water-pricing see Jain, 2003) which shows that the main reason for this trend is the reluctance of providing own labor to others for money. But it is also shameful for a person to get this service for free. Therefore, no one is ready to ask other person for free service. One of the respondents, a marginal farmer who was getting the help of his friends for cultivating his land was reluctant to tell this because of the shame associated with it. There is also some kind of honor attached to the ownership of a tractor as a few people who were hiring a tractor for cultivation were also reluctant to tell this. Another question is; why are they not hiring a driver to drive tractor whereas people are hiring driver to drive combine<sup>24</sup> (harvester)? It may be because of the difference in income from these two. According to a few interviewed, combine gives an income of about Rs. 1 lakh in one season (approximately for one month in a season with two seasons, rabi and khraif, in a year), while cultivating other's land with tractor gives just Rs. 25 to Rs. 30 thousand. And cost of hiring a trained driver is Rs. 15,000 for one season (this cost is for combine and as no one hires a driver for tractor, I have assumed the same in the case of tractor). These returns for a tractor are too meager to induce a farmer from semi-medium or larger category to hire a trained driver; as a result, rather than providing service they lease in the land. It shows some trade off between monetary gain and shame in many situations. Because of this trend, many marginal and some small farmers either lease out their land as high cost of cultivation for them reduce their returns to below market rent of land or in some cases lease in to reduce per acre cost of cultivation. One small farmer who left cultivation two years back told that he had been always in debt while cultivating himself, but now he did not have any debt. But despite all this, there are many small and marginal farmers who cultivate just a small piece of land and also have own farm equipments. These farmers mostly try to reduce the cost of cultivation by not hiring any labor.

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<sup>23</sup> Most of farmers has their own tube well but in few cases when one has a small piece of land at far place or a few marginal farmers purchase water.

<sup>24</sup> A large farm machine which cuts the plant, and separate and cleans the grains as it moves across the field.

During the study, sharing of farming equipments was found among some farmers (48 percent of the total interviewed farmers reported sharing of a few equipments). But these are mostly small equipments like leveler, plough etc. (all of them had started this sharing just a few years back as an experiment) and not the bigger one like tractor. Main reason given for this trend of not sharing a tractor is that it spoils the relationships. It may be because whoever purposes the sharing has to put more efforts and mainly responsible for doing approximately everything. This is just like the argument given by Elster (1989) that many times among friends or in a group whoever proposes an action has to take the responsibility to do it. There may also be some impact of honor attached to the owning of tractor. This is the reason that a few village co-operative societies are starting to buy equipments. These co-operative societies have bought tractor and other equipments, and have employed a driver for tractor. Farmers can hire tractor and other equipments; and farmers who have own tractors can just take equipments on rent. In present study I have not analyzed this in detail. But it will be interesting to know the impact of these new initiatives. And these initiatives may need more time to show their impact.

Besides sharing equipment, some informal contracts also happen in case of canal irrigation. For example time allotted for canal irrigation in one of the surveyed villages is just 15 minutes per acre per week<sup>25</sup> and time required to irrigate one acre is approximately 2.5 hours; therefore farmers make informal arrangement among them; where one takes other's turn one week and gives his turn to the other next week. These informal agreements depend on two conditions; firstly to get benefit of this arrangement, farmers should have subsequent turns without time gap; and secondly they should have good relationship with each other. In case two farmers are not in good terms, they will never come to an agreement even if both find it beneficial.

We have talked about norms and farmers' personal behavior which do not allow minimizing cost. Similar influence can be seen in the case of output too. Among farmers of this region, there is a feeling of competition to maximize output. None seems to even think about maximizing profit by investing in till marginal cost becomes equal to

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<sup>25</sup> This time is different for different villages.

marginal revenue. This happens mainly because of farmer's behavior of "commenting" (making fun of one person by reckoning him as less efficient or skilled i.e. inferior to others) on each other in the case of low per-acre yield. All interviewed farmers accepted the prevalence of these types of comments. One big farmer who is cultivating more than 100 acres of land tells that per-acre production from large land holding is comparatively low and he cannot produce as much as a farmer with 20 acres but all will comment on him if the yield difference per-acre is more than 2 quintal. But commenting happen in normal cases, for example, if yield is less because of less efforts or less investment, and do not happen in the case of crop failure. For example, in one of the surveyed villages, six farmers lost their whole yield because of fake pesticides; all farmers felt sorry for them and tried to help them in all possible ways. In a situation where the input ratios are by and large fixed, the norms to maximize output may have a profit-maximizing nature. But persistence of norms can be a problem even if ratio changes.

It causes deviation of behavior of the farmers from profit-maximizing because their investment decisions are influenced by both monetary cost and non-monetary cost (in the form of shame). Where increase in marginal of the former type of cost may be associated with decrease in the marginal of of the latter type of cost, and net monetary returns will be lower than otherwise. This was reason that by the mid-1980s, farmers in Punjab were getting lower net returns per hectare on wheat compared to their counterparts in Madhya Pradesh, even after incurring higher costs per-hectare on modern inputs, which was largely because of over-investment in farm-equipments, irrigation and less efficient use of input (Singh, 2000).

There are some possible macro level impacts of social norms in agriculture development. It is a widely accepted fact that green revolution was limited to just Punjab, Haryana and western Uttar Pradesh. Many reasons are given for this, like large public sector investment in irrigation, minimum support price, and extension services etc. But Bhaduri (1981) argues that class relations are mainly responsible for this difference. According to him, semi-feudal relations in Zamindari system were mainly responsible for the underdevelopment of eastern regions (Uttar Pradesh, West Bengal, Bihar and most of Orissa) compared to Ryotwari areas of north-western region (Punjab, Haryana and

western Uttar Pradesh) where cultivators were the proprietors of the land. He further argues that reasons like development of irrigation in Punjab is not applicable in the case of western Uttar Pradesh as both western and eastern parts are more or less same, except for one difference that Ryotwari system was prevailing in western part and Zamindari system in eastern part. He proposes a model to show that as income can be increased both by increasing level of output with constant share or increasing share in output with constant output, unproductive investment will be more compared to productive investment to get higher share in output in a situation when agriculturist class is dependent on money lending class. Productive investment will be more compared to unproductive investment to increase income by increasing output, when money lending class is dependent on agricultural class. The view on the existence of semi-feudalistic class relations in Zamindari system areas and class of proprietor farmers in Ryotwari areas is challenged by many studies. Bardhan and Rudra (1978) argue that semi-feudal agrarian relations exist in east India (Bihar, West Bengal and Eastern Uttar Pradesh). In a survey of 276 villages in this area, they find that most of the money lenders who are leasing out their land and big farmers whose main business is lending money happen to be in relatively agriculturally advanced areas. They also found that these landlords and money lenders are also lending money for productive purpose and landlords are encouraging tenants to use high yielding varieties and fertilizers. Therefore the existence of an exploitative structure like Bhaduri assumed in eastern region is doubtful. Moreover, Punjab was not the land of proprietor farmers since just 6.3 percent of farmers owned 52.8 percent of land in 1939 and total area under tenant cultivation was 48.8 percent in 1936-37 (see Mukherjee, 1980).

However there is hardly any attempt in understanding the role of the social structure or the role of caste system in agriculture development. The case of green revolution which was limited to just Punjab, Haryana and western Uttar Pradesh, one other important feature is the presence of Jats who dominates agriculture in these areas. Difference between Jats and others is that all other agriculture castes, even after getting economic power, could not get social status equal to Brahmins and remained Vaishya, which in class hierarchy comes only after Brahmins and Khattris. But contrary to this, Jats could

get not only economic and political power (there were many Jat rulers in this area) but also social status which was even higher than Brahmin. The cCensus of Punjab in 1931 observed:

“The main cause for the discarding of Hinduism by some of the agriculturist and artisan classes in the central and eastern Punjab is the enhanced prestige gained by agriculture tribes in the countryside by their becoming Sikh.....The Jat in Jullundur<sup>26</sup> and Hoshiarpur, if a Hindu, is looked down upon by his Hindu Rajput neighbour and so he becomes a Sikh. On the other hand in the south-east of Province, i.e., in Rohtak, Hisar and Gurganon, a Hindu Jat takes a pride in his caste and even looks down upon a Brahman, who in these districts is not a priest but like him a tiller of the soil.” (pp: 294)

This shows that Jat could climb up the ladder of class hierarchy and reached the top of it. Another important aspect of it is that for Jats agriculture became most respected occupation because of Guru Nanak Dev’s sayings.

#### Box: 4.2.1

I remember my school days when in my class, one Brahmin boy fought with a Schedule Caste (SC) boy. While fighting Brahmin commented on SC boy’s caste and in return SC boy said that they were hard workers and did not depend on others like them (Brahmins being priests depend on other’s income and do not earn by working). Hearing this Brahmin boy quickly responded that they were not priest Brahmin but were Jat Brahmin (he wanted to say that they were farmers and were not engaged in priestly activities).

Another incidence (which also inspired me to look into this aspect) happened when I met a Keralite in train who was serving in army and was posted in Punjab and Haryana for some time. He told me that he was very much impressed by the respect farmers get in that area and complained about Kerala society where people looked down upon farmers so much so that everyone would like to own land but not want to be a cultivator. He told me that he would also like to cultivate after retirement.

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<sup>26</sup> Jalandhar was written as Jullundur during British period.

Swaminathan, father of Indian green revolution, in his article 'The Punjab Miracle' wrote:

“Brimming with enthusiasm, hard-working, skilled and determined, the Punjab farmer has been the backbone of the revolution. Revolutions are usually associated with the young, but in this revolution, age has been no obstacle to participation. Farmers, young and old, educated and uneducated, have easily taken to the new agronomy. It has been heart-warming to see young college graduates, retired officials, ex-armymen, illiterate peasants and small farmers queuing up to get the new seeds. At least in the Punjab, the divorce between intellect and labour, which has been the bane of our agriculture, is vanishing.” (Swaminathan, 1969)

All these show that agriculture is a respectful occupation in Punjab and everyone, educated and uneducated, young and old feel proud of being a cultivator.

As everyone likes to go for a more enumerative and more respected occupation, investment in an economic activity can be more than others with similar monetary payoff if one gets more respect in society by doing that job. More respected occupation will attract more investment and efforts in comparison to less respected occupation. Taking all the above discussion into consideration, we can say that Punjab, Haryana and Uttar Pradesh may have got more investment and efforts from private players in agriculture compared to other places where surplus may have gone to non-agricultural sectors. This is also visible from the high mechanization of agriculture in this area compared to any other part in India. Ramesh Chand (2000), by analyzing state level data of public expenditure (during 1980-81 and 1995-96 at 1980-81 prices) and private fixed capital formation (average of 1981-82 and 1991-92) in agriculture in different states, shows that private investment has highly significant impact on agricultural growth and productivity after controlling for public investment and earlier attained production level. It clearly shows the importance of private investment for agriculture development. Results of Bardhan and Rudra (1978)'s study show that in east India, most of the money-lenders, who were leasing out their land, and big farmers, whose main business was lending money, were in relatively agriculturally advanced area. This seems to prove the

hypothesis that people were investing agricultural surplus in unproductive activities and trying to move out of agriculture. This tendency may have lowered the long time investment in agriculture.

In the case of Punjab, surplus from agriculture has been invested in agriculture unlike in other parts of India. Harish Damodaran in his forthcoming book talks about the India's rising new capitalist class. In a summary of book (available on site of Center for the Advanced Study of India, University of Pennsylvania) he says that business is no longer a monopoly of business castes like Baniyas, Marwaris, Bhatias etc. but agriculture and allied service castes like Kammas, Naidus, Reddys, Rajus, Gounders, Nadars, Ezhavas, Patidars, Marathas and Ramgarhias (an artisan caste from Punjab) are also coming up. An article in 'The Economist' referring to the same book says that Jats have not entered the business and one can rarely find a Jat having business or owning any manufacturing unit like sugar or flour mill. The reason given for it is the caste monopolies of certain merchant castes over business. But it is little surprising that Jats who are rich agriculturist of north-west India could not enter in business when other communities from same area like Ramgarhias are doing it.

Also a study, Bal (2006), compares the occupations of Patidars and Jats staying in other developed countries. Both are agriculturist castes. Where Patidars are from Gujarat; Jats are mainly from Punjab and near area (this study talks about Punjabi Jats only). Both castes are in large number and are staying for a long time in many developed countries (mainly USA, Canada and other European countries), but both show different occupational choices. While Patidars are mainly businessmen, Jats are mainly agriculturist, professionals and industrial workers in these countries. In some places in California<sup>27</sup> like Yuba City, more than 50 percent of Jats are farmers. But no Patidar has reported as agriculturist in any study. One of the reasons cited by this study is the passion of Jats towards agriculture.

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<sup>27</sup> California is one of the states of USA.

Our survey shows that Jats usually do not prefer business over agriculture especially in the case of well-off farmers. A highly educated young 25-year old, large farmer expressed pride in his being a cultivator while interviewing and do not show any interest in business. Business where Jats are dominating is transport, but according to information provided by union members, these transport companies are started by bus conductors who were from marginal and small farmers' families. Among those a few persons have left the business after buying agricultural land out of business profits. This happens only because Jats take pride in being a cultivator.

Technological development also had made cultivating large areas easier, and large farmers started cultivating themselves rather than leasing out the land. These people invested heavily in new technology which made technology adoption faster due to increasing awareness, creating competition and also providing second-hand machinery. As tractor is not only investment but farmer also gets some utility by owning it. Therefore rich farmers usually tend to change the tractor after a few years.

Our discussion shows that Punjab, Haryana and western Uttar Pradesh likely to have got more investment and efforts in agriculture than other areas where more of agriculture surplus may have invested in other activities (as Bardhan and Rudra, 1978's study seems to suggest). It can be the reason that these could develop more in agriculture. A particular sector can develop to different levels in each area depending on the monetary return on investment and strength of social norms. When returns from investing in other sector increases, after a certain limit people will eventually shift to that area. However, the required difference of returns in the two sectors to motivate people for shifting depends on the strength of social norm. Movement of some agriculture castes to business in some regions like Patidars from Gujarat whereas Jats are still active in agriculture indicates this type of shift.

Present study do not argue that reasons provided by others in the context of green revolution are not important or not valid, but it highlights the possible impacts of the social norms which may have had played a very important role in green revolution beside the other factors.



In the end I would say that though some social norms create inefficiency and increase the cost of cultivation for farmers, some other social norms, which may have linkage with inefficiency creating norms in some way, have helped agricultural development in this region compared to other regions.

### **4.3 Business**

Business seems to have been influenced very little by social norms in most of the cases. Norms are part of business in day-to-day events having both positive and negative impacts. Many studies suggest that trust is very important in doing business as one cannot go for formal legal procedure for daily transactions. In surveyed areas too, people do business on trust basis. Most of the persons do not break the contract as they think it shameful. If one person is reluctant to pay back money or default, society build social pressure on him to pay the money back. Other businessmen who may have nothing to do with that matter help in building pressure as next time they may also need the help of others. Choosing social pressure to enforce the contract is the more preferred way than formal institutions because formal enforcement is costly and takes more time. All the persons interviewed preferred social pressure to any formal mechanism to enforce such contracts. 24.5 percent of the all respondents said that written contract is not needed but others feel that written agreement is also needed to build social pressure (as a proof of one's commitment). Therefore, one can find unions of businessmen which take maximum efforts to protect the rights of their members. But these members also have to follow union rules, provide funds and help each other, if they fail to do so, it can invite non cooperation from other members. I found one person who was denied the help because he had not given the promised funds for union's work when he received help last time. Therefore a network enforced through social punishments is built to ensure the smooth functioning of business.

In the case of sharing transport cost, people are reluctant to have a contract even though parties may have benefited from this. During the survey, I have found that there were a few businessmen who were sharing cost many years back, but this practice did not exist now. There are two reasons given for this trend, firstly no one like others to know about

his business transactions and someone who shares cost with him may get to know him. Second reason given is the feeling of competition among them as everyone wants to be better than the other in his society and feel shame if someone performs better than him. I found that both the reasons seem to be valid. During the interview, businessmen were reluctant to talk about their business and on the question of sharing cost, some of them directly told that they do not want others to know about their business especially about profits, price at which they buy products etc. Hiding success can be considered as business decision which may not have any impact of social norms as they do not want to reveal their business strategies. But they tend to hide their failure also. This may happen because business loss has an impact on person's social status; or it may also be to save their creditworthiness. But most people also hide their failure from their close relatives who can help them. Therefore one can find people not disclosing any information about losses till they reach a position that they can no longer hide it. Second reason is mainly the result of more social than business competition as everyone wants to be better placed in society compared to others especially from his own relatives and business rivals. It is not that people are not ready to do joint business. People are more ready to have joint business, which may have complexities than sharing transport cost. It may be because in shared business they do not see each other as competitor and one's success means success of both (as one cannot differentiate the success of two partners). One Bania helped a Jat to establish business with whom can share transport cost and both did not have any competition as both were doing business in different cities (approximately 15 Km far from each other). However they stopped sharing cost after the Jat established good business. It happened mainly because he could not see the other having better business than him in a very short span of time. Because of this type of competition they usually do not go for a contract even when both can benefit from it. This is just like one is ready to sacrifice one eye if his neighbor losses both. In the case of some commodities people have started taking order and delivering the goods to the shops. But this is limited to a few commodities. Though market has started filling the gaps but these are far less than required. However this has not reduced the transport cost in all cases, and in some cases the only difference is that rather than buyer goes and orders, seller is coming to take order

and sending goods. This system may have significantly reduced the cost and improve the efficiency of system especially in cities.

One view, which is expressed by most of the businessmen, is that both too little and too much of altruistic behavior is harmful. In first case others will stop helping him in crisis; and in second case, cost of altruistic behavior will be more than its benefits. Two persons who had shown more altruistic behavior have to bear substantial monetary loss and one of them has to sell one portion of his shop and some urban property. Therefore most of the businessmen tries to limit their social relationship to family members and keep only those business relationships which are based on mutual trust and limited altruism. Self-interest behavior in its wider sense, which many economists use to explain the existence of reciprocal altruism or norms, is applicable in these types of cases.

#### **4.4 Government Service**

In India, public sector employs large number of persons to provide administrative and development services. Efficiency of government service in providing education, health services, economic services etc. is important in reducing the socio-economic inequalities and increasing growth rates. Social norms play an important role in providing government services efficiently. Basu (2005b) argues that differences in efficiency of education system at different places may be because of social norms. Strength of a social norm is the increasing function of number of persons following it. In his paper, he says that teacher's truancy in India can be explained with the help of social norms, as cost imposed by society will be less in places where more teachers are truant and these societies will be at lower level of welfare equilibrium. He further argues that as truancy depends on both economic benefits and social norm, this equilibrium level can be changed to a higher level by giving more monetary benefits. According to him monetary incentives can be removed once equilibrium is stable at a higher level, as new equilibrium at higher level will increase the social cost of truancy and truancy will not increase again.

Arguments given by Basu (2005b) though provides important insights and another way of looking at these problems, do not capture many other dimensions. It assumes that just one norm is affecting the truancy. In reality many social norms causing both efficiency and inefficiencies can prevail together and affect one activity. For example, taking the case of truancy, it may not depend on number of truant teachers only as Basu (2005b) argues. But many other social norms may also play a role in deciding the level of truancy. For example, there are many teachers who are very honest towards their job and also criticize truants. But why do they not complain about others? During interview, some teachers were asked why teachers, who are not truants, do not speak against this even they think it bad. All of them said that it would be bad to do any thing which put their job in trouble and in that case their families would also suffer. This feeling is the result of social norm which criticize the people who complain about others. A person who takes pleasure in others' sufferings is considered bad. Therefore, no one likes to complain about them, rather they try to save them during investigation. This type of behavior is also developed in persons' childhood. I remember many cases in my childhood when those children were scolded or punished who complain about others. This type of behavior may keep on prevailing even after providing monetary incentive (as suggested by Basu, 2005b) which are not linked to their truant behavior (e.g. pay hike for all) if social norms ensures coordination from others. However it does not mean that hard working teachers do not try to change others but the way they adopt is a little different. It is mainly a tug of war type of situation where teachers who are work shirker try to avoid work and make others like them. Teachers who work hard try to make others worker hard. In this situation, teachers who do not want to work comments on hard workers and hard workers comment on work shirkers. In this struggle, equilibrium is decided by comparative strength which depends mainly on number of persons at each side and up to some extent on attitude and efficiency of the head of institution. Both sides feel pressure and goes towards an equilibrium point i.e. work shirkers become little more hard worker and hard workers starts working a little less hard. This situation is just like Basu (2005b) has modeled. But his argument that situation once improved will not deteriorate may not hold true. It has been seen that many schools, which once had very good results, show deterioration with time and some others show improvement. This mainly happens because adding a few

more work shirkers or taking a few hard workers can push the equilibrium towards work shirkers and vice versa. But at macro level the situation remains the same as the number of hard workers or work shirkers depends on the whole social system.

Some respondents told about a few incidents which made even hard worker a work shirker. One high school teacher told me about a primary school teacher who was single teacher for five classes but he was so much hard worker that every year they were getting good students. But once, village people scolded him with the help of local government for keeping a few students standing outside the class for not doing home work. After that incident, he never taught as he had no disincentive for not teaching and according to government policy, no student should be failed in primary classes. Therefore all the students, who are now coming out of that school, do not know how to write properly in their mother tongue. He was earlier having a feeling of responsibility and conscience which created shame and guilt in him if he did not perform his duty. But once village people started criticizing him, he could get rid of this feeling i.e. he was no more having the same disincentive for not teaching.

One important thing about government departments is that the feeling of guilt or shame would have played an important role in ensuring efficiency of work at a higher level than it had been otherwise; as one teacher told me, a teacher can spend his whole life without teaching if he is coming and leaving school at right time and doing paper work properly.

This type of situation is not particular to education system but all other government employees tell this type of stories. A doctor in public health centre, who was previously serving in army hospital, was very particular about his duty. But as others started making fun of his attitude, he changed fully and became like others in many respects, for example, coming late on duty, less responsible behavior etc. (after changing also he show behave more responsibly than this colleagues which may be because of internalization of a few norms). So if a society is becoming more responsible and hard workers are given more incentives and social respect, the situation will improve. However incentives or disincentives should be directly linked to the particular activity, we want to influence.

The situation may also improve if one can find some alternatives to the norms which cause inefficiency.

## **Chapter 5**

### **Summary and Conclusion**

#### **5.1 Introduction**

This study shows the various ways through which social norms are likely to influence occupations. It analyzes the impact of social norms at two levels; firstly when one chooses the occupation and secondly efficiency in it while working. While the first is based on caste norms, the second depends on work norms prevailing in the society or within that occupation.

#### **5.2 Social Norms and Choice of Occupation**

It shows that choice of occupation in Indian case is not operated merely through strict punishments like casting out as many theoretical models assumes. Many factors together influence an occupational choice where every factor adds height to entry barrier. Differences in occupational choices are also important beyond the divisions of upper and lower caste. One can find differences in occupational choices within different upper castes which are equal in their social status, education level and asset structure etc. This study has shown the difference in occupational choice of two caste groups; Bania and Jat. When both Banias and Jats males have approximately same mean years of schooling and approximately same asset level; but they are totally different in terms of their occupational choices. Where Banias are mainly businessmen; Jats are mainly agriculturists and both tends to avoid each others occupation. Even in the case of migration Banias are less interested compared to Jats who are ready to migrate to developed countries by any means. Even after migration Jats tends to do agriculture or agriculture related business, for example, in Yuba City of California more than 50 percent of Jat migrants are agriculturists and similarly early migrants of Jats to New Zealand largely took dairy business (Bal, 2006). Not just in choosing occupation for them but also while searching for groom to marry their daughters or sisters, both castes show opposite trends. While Banias search for Businessman, Jats search for any migrant in

developed country, a person with good farm land or a government employee. Beside the influence of income from a particular occupation, two main reasons are found for their different occupational choices. First, information about occupation and skills to perform that occupation are very important for ensuring entry to a particular occupation. This study found that in cases when educational training is not available, people depend on their close relatives and friends for necessary information and skills. But intra caste arranged marriages and people's tendency to make social relationship within their own caste group restrict the flow of information and skills within a caste group. Disadvantageous position of Jats to get necessary information and skills can be an important reason for their non-entry to business. Second, advantageous position of groom in marriage market if he is doing a particular occupation, in a context where all marriages are arranged and intra caste, both the caste groups show different choices. Differences in their caste identities provide non-monetary benefits which may also have motivated them towards different occupational choices. While both the castes show differences in occupational choice of males, both show similarity in occupational choice of females. Females in both the groups are mostly doing household work and have started entering government and private jobs but not in business and agriculture. This trend may be because of the way of transferring assets by parents to their children. Males mostly get productive assets, and females get human capital, and dowry which is mostly in the form of money and consumption goods. Improvements in female education have provided them the chance to enter government and private jobs.

### **5.3 Social Norms and Efficiency in Occupation**

This study indicates the likely effect of social norms in creating efficiency and inefficiency in three types of occupations; agriculture, business and government service. Efficiency and inefficiency in agriculture and business is important from both individual and the social point of view. Every individual loses a significant part of returns because of his/her inefficient decisions. Same decisions create inefficiencies at societal level too. However these are mainly important from social point of view in case of government



services. But people who provide government are also the part of society; they themselves also get affected indirectly.

In agriculture, social norms affect both cost and revenue side of production. Social norms have increased the cost of cultivation by restricting the development of market for farm equipments and sharing of farm equipments especially those large ones like tractors. On the other side these have ensured high-production efforts by farmers as low per-acre yield invites retribution by others in community. Small informal agreements can also be found in some situations like canal irrigations but these also depend on both parties' social relations. I have also argued that the presence of Jat community, which has high passion for agriculture, can be one of the main reasons for success of green revolution in Punjab, Haryana and western Uttar Pradesh and not in other places. Beside factors like public expenditure, extension service and minimum support price, high private investment by Jats in this region may be the reason for high growth rate of agriculture. This could happen because Jats could reach the top of the class/caste hierarchy and agriculture could become a highly respected profession in this region. This is one of the reasons why they did not enter business after becoming agriculturally developed whereas other agricultural castes like Kammas, Naidus, Reddys, Rajus, Gounders, Nadars, Ezhavas, Patidars and Marathas have shown significant entry.

In business, most of the norms are to facilitate day-to-day working and to ensure contract enforcement. Mostly these are based on reciprocal altruistic behavior. Businessmen work together in the form of union and use their social relations to put pressure on people, who break the contract. All have to contribute in the working of the union in the form of social relations or money or both. In case one is trying to get more benefits by behaving less altruistically, others punish him by non-cooperation. More altruistic people also have to face losses because they lose more than their gains from coordination. Here one can also find some inefficiency because of their care about social status and competition which is based on jealousy. These prevent them to cooperate in many cases when both can get benefits by cooperating and where there are no chances of defection.

In the case of government services, feeling like guilt and shame play an important role in ensuring more effort. These feelings also play an important role in deciding the equilibrium level as both work shirker and hard worker try to influence each other. But at macro level, equilibrium of the system depends on the whole society's attitude towards corrupt/lax behavior.

On the basis of previous discussion, it can be argued that social norms do influence human activities through various ways and it is important to study their effect. This study is not conclusive in many ways but gives a preliminary idea about the different ways through which social norms affect occupational choices of people and efficiency of occupations. A clear understanding of these processes is important, not only as a good academic exercise but also from a policy perspective.

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Household's ID:

Member's ID:

Name:

CONFIDENTIAL  
FOR RESEARCH PURPOSE ONLY ,

Questionnaire

Center for Development Studies  
Thiruvananthapuram  
Kerala, India

*TOPIC: SOCIAL NORMS AND INDIVIDUAL DECISION MAKING*

Name of the Investigator: Indervir Singh

1. Identification

1	Country Name	INDIA			
2	State's Name	PUNJAB			
3	District				
4	Panchayat				
6	Ward No				
7	House No.				
8	Household ID (Serial No.)				
9	Name of the Respondent:				
10	Gender of the Respondent	1	Male	2	Female
11	Caste	1	Bania	2	Jat
12	Asset category				

12 Comments:

Bania

## 2. Individual Characteristics

Sl. No	Name	Relation To Respondent *	Sex*	Age (in years)	Educational status*	Main Occupation		
						Type*	Work Earlier Tried but Failed*	Working region*
1	2	3	4	5	6	7	8	9
1								
2								
3								
4								

### \* Individual characteristics (codes)

**Column – 3 Relation to the Respondent** 1: Self; 2: Spouse of Respondent, 3: Son/Daughter, 4: Son-in-law/Daughter-in-law, 5: Mother/Father, 6: Grand Father/Grand Mother 7: Father-in-law/Mother-in-law, 8: Brother/Sister, 9: Cousin 10: Brother-in-law/Sister-in-law, 11: Other relatives, 12: Other non-relatives.

**Column – 4 Sex:** 1 – Male, 2 - Female

**Column – 8 Educational status:** 1: Illiterate, 2: Either read or write but not educated, 3: Primary, 4: SSLC, 5: HSC, 6: Degree, 7: Professional diploma; 8: Professional degree, 9: Master's, 10: Above Master's.

**Column – 8 & 9 Types of occupation:** 1: Cultivators; 2: Agricultural laboures; 3: Livestock & Forestry, 4: Fishing; 5: Other primary sector workers; 6: Mechanic (Electronic products); 7: Mechanic (Vehicles) 8: Household Industry (Manufacturing and Processing); 9: Other than household industry (Manufacturing and Processing); 10: Construction; 11: Shop (Grocery, cloths, utensils, shoes, and cosmetic); 12: Shop (Electronic Products); 13: Shop (Drug Store); 14: Shop (Agriculture related); 15: Shop (Spare Parts of Vehicles); 16: Other Trade and Commerce (Arat etc); 17:Transport, Storage and Communications; 18: Government Job (Civil); 19: Government Job (Defense); 20: Finance, Insurance and Real estate; 21: Private Job; 22: Milkman or Dairy; 23: Hair Dressing; 24: Other services; 25: Household Work.

**Column – 10 Working region:** 1- Home Town/ Village, 2- Home district, 3 – Outside the district in home state, 4 – Outside the state in home country, 5 – Other country, 6 – Not applicable.

## 3. Number of person unemployed between age 20 and 30?

Between 20 and 25				Between 25 and 30			
Working		Unemployed		Working		Unemployed	
Male	Female	Male	Female	Male	Female	Male	Female

Reasons for unemployment:

## 4. Land holding (1 Acre = 100 cents)

Total Land:

Type of land	Place of land	Land Size
Agriculture	Urban	
	Rural	
Non agriculture	Urban	
	Rural	

In case of Business:

Shop: 1. Own      2. Rented  
           Price        Rent:

### 5. Household's Assets and Livestock

Assets	No.	Assets	No.	Livestock	No.
Two wheelers		Television		Cow	
Four wheelers		Telephone		Buffalo	
Tractor		Refrigerator			
Water pump		Mobile phone			
Electricity connection in farm		AC			
Thresher		Life Insurance Policy			

6. What type of assets or property did you inherit from your father/mother/guardian?

Assets	Number	Estimated Price
Land		
House		
Shop		
Others		

7.

Total family members	
No of family members working	
No of family members helping or working with respondent	
Total permanent labour for work and their wage	
Total Brother and sisters	
Brother or sister abroad	

8. Why did you choose your present work?

9. Did anyone encouraged or discouraged you from doing this work? 1. Yes 2. No  
 If yes, why?

10. Did you have another job or professional opportunity except this? 1. Yes 2. No  
If yes then why didn't you take that?

11. What are the skills required to be successful in your present job?

12. How did you get the necessary skills to do this work?

13. How much time did you spend to acquire skills before entering the profession?

14. Who helped you to start this work and what way?

15. Do you have any partner? Reasons for having a partner and nature of partnership e.g. only cost sharing or divide the working time or see work at another place etc.

16. Are you satisfied from your present job? 1. Yes 2. No  
Reasons for satisfaction or dissatisfaction:

17. Do you think that you could have got more income from doing another work?  
1. Yes 2. No  
If yes, then from what type of work?

18. If you are asked to choose among govt. job, private job, business, going abroad and agriculture etc., what will be your order of preference and what are reasons for it?

Order of Preference	Occupation	Reason (if any)	Order of Preference	Occupation	Reason (if any)
1			4		
2			5		
3			6		

19. If you need to find a boy for your daughter or sister; what type of profession do you prefer a boy to have if family background and other things are the same?

Order of Preference	Occupation	Reason (if any)	Order of Preference	Occupation	Reason (if any)
1			4		
2			5		
3			6		

20. Initial Investment

21. Loan taken to start work

22. Debt

23. Estimated Investment and Income?

24. Expected amount of dowry for boys doing different professions:

Name of Profession	Approximate Dowry	Name of Profession	Approximate Dowry
Business		Government Job	
Agriculture		NRI	
Private Job			

25. Social Relationship or Mutual help (professional) e.g. Transport cost, Equipments, Labour etc.

Sr. No.	Name of Person	Asset Shared	Relationship/ Caste	Years Of Relationship	Nature of Help*
1					
2					
3					

\* 1: Both Help Provided and Received; 2: Only Help Provided; 3: Only Help Received

26. What are the reasons for not sharing assets, which could be shared?

27. Social Relationship or Mutual help (other than professional) e.g. bike, car, food etc.

Name of Person/ Family	Relationship/ Caste	Years Of Relationship	Type of Help Provided	Type of Help Received


28. Have you provided or received any major help in your life? 1. Yes 2. No  
If yes, type of help and to/from whom?

29. Do you have any physical fight in your life? (Yes/No) If yes, how many times and reasons for those:

30. Do you discuss about the new information or opportunities with others?  
1. Yes 2. No  
If yes

Name of Person	His Profession	Relation with person/ Caste

If no, why?

31. What are the your or common people's views about Castes like "Jat, Brahman, Mistri and Bania etc."?

Caste	Views
Jat	
Bania	

32. What are the your or common people's views about professions like "Farming, Government Jobs, Private Jobs, trade and other Business etc."?

Professions	Views
Farming	
Government Jobs	
Private Jobs	
Trade and other Business	

33. If you get unexpected lot of money, where will you like to invest it?

34. What do you think is more profitable, business or agriculture?

35. Do you depend on trust or legal contract in financial matters?
36. Do you think your community is trustworthy? 1. Yes 2. No
37. Which community do you think is more trustworthy?
38. Would you like to work in a shop under someone or be a bus driver (both private job), if income is same from both jobs?
39. Do people in your community comment on each other in case of lose or fewer yields?

