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# THE ROLE OF HIGHER EDUCATION ON INCOME INEQUALITY IN INDIA

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**ABSTRACT:** Higher education is defined as "Education beyond the secondary level" (Merriam-Webster, 2023). In a country like India, with a huge population, higher education has a different meaning depending on the context and perspective of the speaker. According to some people, higher education refers to education that paves the way for a postgraduate degree or professional qualification. Whereas, other individuals perceive higher education as the education that leads to higher mobility. There are various reasons for differences in the perception of higher education. The various reasons for differences in perceptions among the general public in India. These reasons are commonly classified as personal social, and professional goals and values. In general, there are 4 types of students identified by the British Council: Explorers, followers, strivers, and survivors. The present paper briefly analyzes the reviews on differences in the perception of Higher Education among the four types of students based on personal, social, and professional goals and values. The paper also compares the effectiveness of higher education policies in different states in India concerning income equality.

**KEYWORDS:** perception of Higher Education, and effectiveness of higher education policies

## CHAPTER-01

## INTRODUCTION

- **MEANING OF HIGHER EDUCATION:**

Higher Education is defined as "education beyond the secondary level"
(Merriam Webster, 2023)

- **Perceptions of Individuals on the Meaning of Higher Education:**

Individuals perceive the meaning of higher education differently based on various factors such as personal, social, and professional goals and values. Following are some of the that determine the way people perceive higher education.

- **The Purpose of Higher Education:**

According to some individuals, higher education is a means to acquire the knowledge and skills required for their professional competence. Some individuals may perceive higher education as a means to

develop intellectual, moral, and civic capabilities or enhance their interests or passions. Other individuals may look at the term as a tool to make changes in society and the world through their capacity to innovate and serve the society and world.

- **The Quality of Higher Education:**

Some Individuals rate higher education in terms of the institution's reputation, ranking, or accreditation According to some individuals, the quality of higher education matters less when compared to the quality of the teaching, learning, and assessment methods, or the availability of support systems and services. In the words of other individuals' higher education is rated based on its ability to generate employment opportunities for graduates.

- **The Accessibility of Higher Education:**

According to some individuals, higher education is a basic right that should be available to everyone who meets the academic standards. Some may perceive higher education as a market that must be accessible to a few individuals based on supply and demand, competition, and differentiation. Other individuals may find financial, geographical, social, or cultural barriers to receiving higher education.

- **CLASSIFICATION OF FACTORS CONTRIBUTING TO INDIVIDUAL DIFFERENCES IN PERCEPTION:**

Following is the classification of factors contributing to individual differences in perception of Higher Education;

Personal Goals and Values - Personal Goals and Values are the individual Aspirations and preferences that encourage the learners to seek higher education such as Career advancement, personal growth, intellectual curiosity, or social mobility.

Social Goals and Values- Social Goals and Values refer to the collective norms and expectations that encourage learners to seek higher education, such as family pressure, social status, social responsibility, etc.

Professional Goals and Values- Professional Goals and Values refer to the desired Outcomes and Principles that influence the decision of an individual to higher education pursue

- **COMMON PROBLEMS FACED BY INDIVIDUALS IN HIGHER EDUCATION:**

Following are some of the common problems faced by individuals in higher education:

➢ **Cost:**
- Higher Education has become very expensive, which puts a financial burden on students, especially from marginalized communities.
- This results in an unequal accessibility of educational resources to the general population of students.

➢ **Floundering:**
- Adjustment to college life is another important problem faced by students in the present era of education.
- They face the challenge of coping with academic pressure and balancing personal and professional goals.

➢ **Admissions:**
- The process of admission is competitive and biased.
- This method is used to select students for a city college does not reflect the true potential of the students.

➢ **Academic stress:**
- Students may find the courses in the college to require a lot of time and effort to complete their course assignments, prepare daily lessons and work hard for exams.
- The amount of stress that they experience in academics is proportional to the mental health, motivation, and performance of students.

➢ **Time Management:**
- Balancing time between their assignments and daily class preparation can be challenging for students.
- Some students may also find this act of balancing overwhelming for a day.

➢ **Job Security:**
- The last problem faced by a student is the most common obstacle to be perceived.
- Despite their enrollment in a college with teachers of high caliber and potential for excellence, there may still be a thought pondering on the student's mind about their job security.
- Job security is not restricted to fetching a job for oneself based on his/her skills, academic qualifications, and research publications. It also relates to income equality as perceived by the individual.

**Need for the study:**

The present study enables us to understand the role of college education on the perceived income equality by employees based on literature reviews. The study is important to assess the literature findings of existing researchers in light of the methods they used and the theoretical frameworks developed for the study. Analyzing the methods used and the theoretical frameworks adopted by various researchers would help identify the strengths and weaknesses of the past studies on the above topic.

# CHAPTER-2

## REVIEW OF LITERATURE.

A study was conducted by P. Geetha Rani (2023) on the impact of different levels of education, religion, caste, and living in urban and rural communities on earnings in India. In addition to the above factors, the researchers also considered the influence of English language ability on earnings in India. The study analyzed Mincer and augmented Mincer Equations among a large cross-section of people. The study's results found that the rates of return estimates obtained in the data and methods illustrate the influence of location, caste, religion, and English language ability on earnings in India. The rate of returns to higher education in workers living in rural areas is 4.9%, while the rate of returns to higher education is 32.8% among English language ability. Further, the results of the study indicated that the rate of variation was higher than reported in the Duraisamy reporting between the period of 1983 and 1993-1994.

A study was conducted by Sudeshna Ghosh (2023) on the relationship between gender parity in education levels and income inequality in India. The researcher used a time series econometric methodology for his study. The results of the study revealed that the situation of returns to higher education is highly unequal and it is important in determining income inequality in India. The study recommends adopting a different fee structure for higher education based on household incomes. Further, the study also suggests awarding scholarships to girl children with innate abilities.

A study by Smrutirekha Mohanty (2023) investigated the wage gap among men and women workers with similar technical education at various points in their wage distribution. The researcher obtained data for his study from the National Sample Survey conducted in the year 2011-2012. The descriptive analysis of the study found women in India to be less in proportion in obtaining technical education when compared to men. Obtaining technical education determines the probability of labor force participation of both men and women when compared to individuals who do not have an education. The researcher found the magnitude of the difference to be higher in women when compared to men. The researcher also found in the study that the unemployment rate was higher among women when compared to men. The researcher through the study recommends anti-discrimination labor market policies, public provision of daycare facilities, and compulsory creche facilities at workplaces to reduce the gender wage gap. Further, the study recommends setting gender sensitization committees and workplace behavioral standards.

A study was conducted by Daniel Checchi (2023) conducted a study to examine the relationship between education, inequality, and income inequality. The study results revealed that theoretical considerations reveal a non-linear correlation between the two inequality measures. The data indicates that average education has a stronger negative impact on measured income inequality. The researcher used multivariate analysis for the study. The analysis reveals that if the negative correlation between average years of education and income inequality is considered, the relationship between average years and income inequality is U-shaped, with a lower turning point at 6.5 years.

A study was conducted by Donna Bobbit Zeher (2023) on the role of education in the Gender income gap. The researcher obtained data for his study from the National Educational Longitudinal Survey. The results of the study found that men in their 20s who had graduated from college earn more than women in their 20s who had graduated from college. The results stress that the education gap can become substantial to about 4400$ per year in cases where men and women have similar
educational qualifications, scores on standardized tests, fields of study, and degrees from similar colleges. It has been found from the study that education is an important factor for income inequality for women in their workplace, there are also gender differences in the field of study for women. The gender differences in the workplace for women are considered more important than gender differences in education for understanding the differences in income equality for women.

# CHAPTER-3

# METHODOLOGY

**AIM:** To study the role of college education on income inequality in India.

**OBJECTIVES OF THE STUDY:**

1. To assess the trends in income inequality in India over time and across regions.
2. To investigate the theoretical and empirical linkages between college education and income inequality in India.

**RESULTS:**

Table 3.1 shows the description of the variables used by the researcher for her study (Geetha Rani, 2023)

| Variable | Description | Base Category |
|---|---|---|
| Log Hourly Wage | Natural logarithm of hourly wages in rupees | |
| Work participation | Participation in work if more than 240 h=1, otherwise,0 | |
| Education | Completed years of schooling | |
| D-Elementary | Elementary=1, other=0 | Completed years of education between 1 and 8 years |
| D-Secondary | Secondary=1, others=0 | Completed years of education between 9 and 12 years |
| D-Higher | Higher=1, others=0 | Completed years of education with 13 years and above |
| Experience | Measured by the age of the respondent by taking away the number of years spent in schooling and the age at which the respondent started schooling | Assume that children start schooling at the age of five |
| Experience Square | Experience Square/100 | |
| **Ability control** | | |
| D-repeated | No=1, yes=0 | Not repeated |
| D-perfsec | No division=0, any division=1 | Not passed |
| D-graduate | Yes=1, No=0 | Not Graduate |
| D-English Fluency | Yes=1, No=0 | No English ability |
| D-English little | Yes=1, No=0 | No English ability |
| **Family Control** | | |
| D-Marital | Yes=1, No=0 | Married |
| D-Male | Male=1, Female=0 | Male |
| **Social and religion control** | | |
| D-High caste | Forward/High Caste=1, others=0 | Forward/High caste |
| D-OBC | Yes=1, Others=0 | Others |
| D-Muslim | Yes=1, others=0 | Muslims |
| **Exclusion restrictions** | | |
| N children | Number of children | |
| Household size | Number of persons | |
| D-Work salary | Salaried work=1, others=0 | If salaried work>240h |
| D-Rural | Rural=1, Urban=0 | Rural |

The above table depicts demographic variables considered by the researcher for the study purpose. The variables listed in the table are age, household size, number of children per household, location of the house rural/urban, social and religious group, literacy, school attended, number of school years completed, gender, marital status, relation to the household head, household income, consumption, household assets, poverty, income from agriculture, family farm income, income from animal care, non-agriculture income such as salaried work, family business, type of occupation, industry, number of hours of work, etc.

Concerning the quality of education, the researcher collected data on whether an individual failed or repeated a particular class, the division of marks the individual had secured higher and secondary education, and English Language ability. The data for English Language ability was collected in three ways: whether the individual possesses the particular ability. If the individual possessed the ability, then the information assessed was the nature of the language ability whether it is little or fluent.

The earnings of individuals in the age range of 10-60 years are used in the logarithm of the hourly earnings of the individual in the literature. The wage distribution is reduced to 0.1% at the top and bottom part of the wage distribution considering the outliers.

Table 3.2 shows the demographic characteristics of households.

| | Mean | Household size | Number of Children per Household | Highest Education of Adults |
|---|---|---|---|---|
| Rural | 29.5 | 5.84 | 1.92 | 6.9 |
| Urban | 30.1 | 5.34 | 1.47 | 9.9 |
| Forward/ High Caste | 30.8 | 5.31 | 1.41 | 10.4 |
| OBC | 29.9 | 5.63 | 1.73 | 8.0 |
| Dalit/Adivasi | 29.1 | 5.70 | 1.89 | 6.2 |
| Muslim | 28.0 | 6.51 | 2.28 | 6.7 |
| Other Minorities | 31.6 | 5.00 | 1.16 | 10.7 |
| No English | 30.1 | 5.73 | 1.88 | 6.8 |
| Little English | 27.8 | 5.63 | 1.47 | 11.5 |
| Fluent English | 31.2 | 5.11 | 1.15 | 13.9 |

The above table illustrates that the mean age varies from ages 27 to 31, indicating India's demographic dividend It can be observed that the highest number of persons in a household is higher among Muslims when compared to the number of persons per household among Christians, Sikhs, and Jains, who are referred to as Other Backward Classes. The average number of children is highest among Muslims. The smallest number of children is found across the groups of Christians, Jains, and Sikhs along with the English ability.

On the other hand, the average number of children was found to be the same across the groups of Urban, Forward, and high caste, little English ability, Dalit-Adivasi, and No English ability. Concerning schooling, the highest education of adults in the households varies from 6.2 years in the Dalit-Adivasi community to a maximum of 13.9 years across the English-fluent ability group.

Table 3.3 shows the income, expenditure, property owned, and poverty levels of the households.

| | Household income | Per Capita Income | Per Capita Consumption Expenditure | No of assets Owned | Percentage of Poor |
|---|---|---|---|---|---|
| Rural | 38,032 | 7,093 | 623 | 9 | 29.05 |
| Urban | 83,501 | 17,806 | 1,165 | 16 | 23.29 |
| | | | | | |
| Forward/High Caste | 85,690 | 18,637 | 1,229 | 15 | 10.83 |
| OBC | 47,845 | 9,442 | 760 | 11 | 24.95 |
| Dalit/Adivasi | 39,502 | 7,675 | 614 | 9 | 36.54 |
| Muslim | 51,775 | 8,675 | 752 | 11 | 31.30 |
| Other minorities | 96,870 | 21,605 | 1,362 | 17 | 9.17 |
| | | | | | |
| No English | 37,687 | 7,267 | 630 | 9 | 32.38 |
| Little English | 97,318 | 19,062 | 1,255 | 17 | 9.29 |
| Fluent English | 167211 | 37,661 | 2,087 | 21 | 1.57 |

The above table clearly illustrates that the total household income varies from a minimum of 37,687 rupees in No English-Ability group to a maximum of 1,67,21 rupees in the Fluent English Ability group. The Per Capita income varies from a minimum of 7.093 rupees in the Rural group to 37,661 rupees in the Fluent English Ability group. The minimum number of assets are owned by rural, Dalit-Adivasi, and No English Ability groups. It can also be inferred from the above table that the poverty level is lowest in the Fluent English Ability group at 1.57 and is highest in the Dalit-Adivasi group at 36.54.

Table 3.4 shows the share of households concerning location, gender, social and religious group and English ability and sources of income.

| | Agriculture | | | Non- Agriculture | | |
|---|---|---|---|---|---|---|
| | Family Farm Labor | Agricultural Wage Labor | Salaried Work | Family Business | Non-Agricultural Labor | Mean Years of Schooling |
| Rural | 97.5 | 94.6 | 38.4 | 76.4 | 67.8 | 4.19 |
| Urban | 2.5 | 5.4 | 61.6 | 23.6 | 32.2 | 7.92 |
| | | | | | | |
| Forward Caste | 15.9 | 9.6 | 30.6 | 13.4 | 10.5 | 8.64 |
| OBC | 36.4 | 36.0 | 30.4 | 39.9 | 32.0 | 5.34 |
| Dalit/Adivasi | 41.4 | 47.9 | 24.4 | 34.0 | 40.2 | 3.92 |
| Muslim | 5.7 | 5.6 | 10.5 | 12.0 | 15.6 | 4.70 |
| Others | .5 | .9 | 4.1 | .7 | 1.7 | 9.21 |
| | | | | | | |
| No English | 90.8 | 96.2 | 52.7 | 85.6 | 90.6 | 3.69 |
| Little English | 8.1 | 3.7 | 32.9 | 10.9 | 8.7 | 11.41 |
| Fluent English | 1.2 | .1 | 14.5 | 3.5 | .7 | 14.01 |
| | | | | | | |
| Male | 69.5 | 58.4 | 82.7 | 79.4 | 82.4 | 6.31 |
| Female | 30.5 | 41.6 | 17.3 | 20.6 | 17.6 | 2.95 |

From Table 3.4, it can be inferred that the highest share of Family Farm Work was by the Dalit-Adivasi group. About 40% of their population is engaged in Family Farm Work.

Following them, about 36.4% of the Other Backward Castes are engaged in the Family Farm Work business. Concerning the Non-Agricultural sector, the highest share of Family Business is contributed by the OBC

and Dalit-Adivasi groups. It can also be inferred from the table, that the highest share of non-agricultural, the OBC and Dalit-Adivasi groups contribute sector.

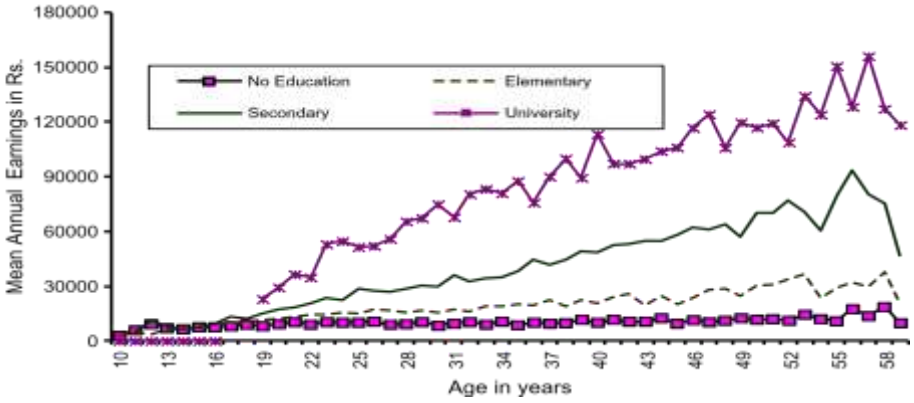
About 90% of the English Ability group is engaged in Family Farm Work, agricultural wage labor, and non-agricultural wage labor. 85% of the English Ability groups are engaged in family business and 52% of them are engaged in salaried work. About 32% and 15% of little and fluent English Ability groups are engaged in salaried work. Their mean years of schooling were found to be 11 and 14 years respectively. Concerning the total population, nearly 70% of them are engaged in rural and family farms. Much of the labor force is found to be engaged in non-farm businesses. From the perspective of gender-wise contribution, about 30% of women are engaged in Agriculture and 40% of them are engaged in Family Work and Agricultural Wage labor. Concerning the non-agricultural sector, less than or around 20% of the women population are involved. There was a difference found in the mean years of schooling among both men and women. In the case, of women, it was found to be 2.95 years. Whereas for men it was found to be 6.31 years.

Table 3.5 shows the earnings by levels of education and sources of income by households

| Major sources of Income | Levels of Education | | | |
|---|---|---|---|---|
| | No Education | Elementary | Secondary | Higher |
| Agriculture | | | | |
| Family Farm Work | 1,117 | 1,961 | 3,300 | 8,813 |
| Agricultural Wage Labor | 9,535 | 6,836 | 4,216 | ------- |
| Non-Agricultural | | | | |
| Salaried position | 5,083 | 13,720 | 42,592 | 122,987 |
| Family Business | 10,560 | 18.058 | 6,817 | 84,849 |
| Non-Agricultural Wage Labor | 8,716 | 11,227 | 8,910 | 2,579 |
| All | 10,172 | 17,814 | 36,556 | 84,438 |

**Figure 1. Age-earnings profiles of persons between age group 10 and 60 by levels of education in India.**

Source: Estimated from IHDS. Available from www.ihds.org.




The above figure illustrates the general shape and slope according to the human capital theory. The figure provides a measure of the private rate of return to education. It can be observed that the slope of the curve and returns to education have increased with education since the 1990s in India. Additional education has a stronger influence on higher earnings than lower education levels.

# CHAPTER- 4

## SUMMARY AND CONCLUSION

### SUMMARY:

The present study was conducted to study the role of higher education on Income Equality in India. The first chapter of the paper briefly presents a definition of the Higher Education. The themes analyzed in the first chapter include the purpose, Quality, Perceptions of Individuals and common problems faced by individuals concerning Higher Education. In the second chapter, the researcher analyses reviews related to the role of higher education on Income Equality in India. The Third Chapter of the paper analyses the aim of the study, the tools used for the study, and the results of the review on the role of higher education on Income Equality in India Chapter 2 of the paper.

### CONCLUSION:

From the analysis of the literature in Chapter 2, it can be concluded that higher education has an important role in income equality in India. Analysis of a review by Geetha Rani (2023) found that location, caste, religion, and English language learning ability influence earnings in India. A study by Sudeshna Ghosh (2023) found that gender parity in education levels is important in income inequality in India. A study by Smruthirekha Mohanty (2023) found a wage gap among men and women with similar technical education at various points in their wage distribution. A study by Daniel Checchi (2023) found that average education has a stronger negative influence on measured income inequality. A study by Donna Bobbit (2023) found education to be an important factor for inequality for women in the workplace. The study concludes by discussing the results of a review on the role of higher education in income inequality in India

### LIMITATIONS:

A major limitation of the study is it is not based on empirical data. The researcher concluded the study by analyzing existing sources of literature. Hence, the findings of the study cannot be generalized.

### SCOPE FOR FURTHER RESEARCH:

An extension of the study can be carried out in the future by collecting data concerning various demographic factors such as age, socio-economic status, gender, and location.

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