

THE EFFECTS OF TERTIARY EDUCATION IN POVERTY

Jaswinder Kaur¹, Ramandeep Kaur²

^{1,2}Guru Kashi University, Talwandi Sabo

ABSTRACT

Economic progress is hampered by widespread poverty. Education is promoted as the major weapon against poverty because of the importance of the Millennium Development Goals (MDGs) and the "Education for All" campaign. As a result, studying how education affects poverty in India is critical. As poverty-causing factors, this study examines the impact of varying education, experience, and gender levels among those in the workforce (employers, self-employed, wage earners, and unpaid family workers). This data is used to construct a logistic regression model, with the chance of an individual being impoverished as the dependent variable and a set of educational levels, experience, and gender as explanatory factors. Poverty prevalence is found to be adversely correlated with both years of experience and educational attainment. Higher education also boosts a person's chances of not becoming impoverished. In addition, being a man gives you an edge in staying over the poverty line.

Key words: Poverty, Education, India

I. Introduction

Investing in education and human capital has been increasingly important since East Asian nations (Singapore, Hong Kong, the Republic of Korea, and Taiwan) made significant economic success in the 1970s and 1980s as a result of their education and human capital formation investments. Poverty and illiteracy go hand in hand. The more educated a population is, the fewer people will fall into poverty since education provides information and skills that lead to a higher standard of living. Education has a direct impact on poverty reduction through raising salaries and income. Education's indirect impact on 'human poverty' is significant since it makes it simpler for people to meet their fundamental needs and boosts their living standards, which in turn lowers their poverty level. A woman's reproductive decisions and family planning are directly influenced by the knowledge she receives, as well as her access to essential services like water, sanitation, and health care. It is widely accepted that the existence of these basic needs boosts productivity and earnings, which in turn lifts people out of poverty (Stoet, *et al.* 2020). There are two ways to look at the relationship between education and poverty: In the first place, putting money into education raises the standard of living and incomes of low-income families. It raises the standard of living and raises the income level (human development). First and foremost, poverty is a major barrier to educational success. Poverty has a profound impact on educational outcomes in three ways. When poverty takes hold of an institution, it has a negative impact on the quality of the education provided to students, as well as on the institution's ability to educate effectively. For example, poor nations have low levels of education, and children of poor households do not go to school, on a macro and micro scale (Tchamy, *et al.* 2019). There are 6.5 million children who are not in school in India, with 80% of them never having attended

school. Economic and non-economic obstacles are to blame for the absence of disadvantaged children from schools. Girls tend to be more supportive of their moms in the family and caring for younger siblings, whereas boys are more likely to be employed as child labourers. Girls' education is also hindered by some irrational societal standards and so-called religious doctrines. As a result, a person's low earning potential is exacerbated by their lack of education, and this cycle of poverty continues into future generations. In India, more than 60 percent of the population lives on less than \$2 a day, making it the second most poverty-stricken country in the world. 'Education poverty' (a lack of education) and 'Income poverty' (a lack of money) both have a mutually reinforcing relationship. As a primary cause of poverty, a lack of education cannot be remedied simply by a lack of income or wages.

II. Review of literature

Human capital, which includes things like a person's education and health, is essential if they are to become productive and enjoy a higher quality of living. The efficient use of physical and natural resources, as well as technology and expertise, necessitates the presence of human capital. Human capital is one of the most important foundations of development, and India has taken ownership of the poverty reduction plan document. The objective of development or poverty eradication is inescapable without the formation of human capital, and the accumulation of human capital is mostly reliant on education and skills. It is also noteworthy that education has a straight linear relationship with incomes when it comes to the importance of education for eradicating poverty. An extra year of schooling in India has been proven to raise a worker's monthly wages by 7.3%. Having 10 years of schooling instead of no schooling increases earnings by 37% (Jain, *et al.* 2020). Additional education also raised incomes by 3%, 5%, and 7.1% to 8.2% for those who went to high school or college, respectively. Increased earnings of 2.5% were seen for every extra year of technical training. Thus, it is clear that education may help the impoverished earn more money and become more self-sufficient. In India, the family head's level of education is the most important factor in determining the level of poverty in the home. Raising the educational attainment of the household's primary breadwinner has a major impact on the family's ability to escape poverty. Increased educational attainment of household heads not only improves their productivity and incomes, but it also encourages other family members to become educated and/or skill-oriented, which in turn increases the productivity of the entire household.

III. Data and methodology

HIES is a survey done by the Federal Bureau of Statistics (FBS) that provides us with precise information about household income and expenditure in India. "This study makes use of data from the years 1998-1999 and 2001-2002. A household-level database of this size and significance is the only one of its type accessible in India. This research uses the logistic regression method to examine the relationship between education and poverty in India.. Employed people's likelihood to be impoverished will be examined in light of their educational level, work experience and gender. For the dependent variable, the value 1 indicates that the individual is poor, whereas the value 0 indicates that the individual is not poor. As a first step, we need to define the criteria for determining whether an individual is poor or not. In other words, we may say that the dependent dichotomous variable is assigned a value of one (poor) or zero (not poor). Different ways are available for this work, such as

the fundamental requirements approach or calorie-based, however here we use quintiles to identify individuals. We'll divide them into four groups based on how much they make each month. Individuals with the lowest monthly earnings will be found in the bottom (fourth) quintile. The dependent variable will have a value of one for those in the bottom quintile, while the other three quintiles will all have a value of zero for those in the middle and upper quintiles. An educational variable that is a dummy variable in explanatory variables is given the value one in response to a high degree of education (Collin, & Weil, 2020). To put it another way, the educational level will fall into one of the following categories: matriculation, intermediate, bachelors, or professional (masters and above). Experimentation (exp) and gender are also important factors. Subtracting the number of years a person has been in school and the age at which they began school gives us the experience variable. It isn't the actual experience that matters, but rather the possibility of one. As a reference point, the personal traits include gender (male=1, female=0). We will not use the coefficients to interpret the findings, but rather the odd ratios in logistic regression to determine whether the occurrence of a certain event increases or decreases the chance of being poor and by what percentage as opposed to the reference group. A group with larger odd ratios of binary outcomes is said to have a higher odd ratio, and this may be determined by comparing the odds of the two groups. There is a positive correlation between a dependent variable and an independent variable with a number larger than one. A number greater than one implies a positive connection.

IV. Results and discussion

Based on experience and education, a logistic regression model was used to evaluate the chance of becoming impoverished. Report shows the overall findings, while Report provide the data broken down by gender. For both 1998-99 and 2001-02, the odd ratios of all variables are smaller than zero, which indicates a negative correlation between the poverty condition of the employed people's educational levels, experience, and gender. When compared to 'primary education,' the odds of working people being impoverished drop by 57.5 percent, 79.7 percent, 89.2 percent, 96.6 percent, and 99.4 percent, respectively, at the intermediate, matriculation, intermediate, bachelors, and professional (prof) levels. Individuals' chances of being poor fell by 54.8%, 78.5%, 88.9%, 97%, and 99.1% in 2001-02 when compared to the same reference category with higher educational attainment again. A year-to-year comparison of these educational qualities clearly shows that the negative impact of education on poverty continues, although its severity decreases for those with lower levels of education.

Estimates for each year show that the risk of being poor decreases as education levels rise. For the years 1998-1999 and 2001-2002, the probability that an individual will be poor decreased by 4.5% with each additional year of experience, whereas the likelihood of being poor increased by 5.0% with each additional year (Breedvelt, *et al.* 2019). Obviously, the effect is little, but the improvement is noticeable. Our findings support the commonly held belief of gender bias, since being a man lowers one's odds of poverty by 93.7% when compared to the reference group of women, and that percentage rose to 94.6% in 2001-02. Report show independent gender estimates that are consistent with the general interpretation of the data given above. All educational degrees have a detrimental impact on the poor situation of employed people, regardless of gender or experience level. Furthermore, the proportional drop in the likelihood of poverty that occurs as education progresses rises steadily. As compared to 1998-99, the percentage of males who had positive experiences increased from 4.7% to

5.6%, whereas the percentage of females who had positive experiences did not increase at all. Report shows that the chance of being poor decreases from 95 percent to 96.1 percent at the bachelor's level, although the probability of being poor decreases from middle, intermediate, and professional levels, and the effect of matriculation is the same for the two years. More or less all educational levels fail to improve. As a whole, the findings show a link between education and a person's likelihood of living in poverty. In other words, as one's educational attainment rises, so does one's likelihood of falling into poverty. Because of this, education plays a significant role in alleviating poverty in the country.

V. Conclusion

The goal of this research is to determine the impact of education on India's poverty rate. HIES 1998-99 and HIES 2001-02, performed by the Federal Bureau of Statistics, are utilised for this task's data collection. When adopting programmes aimed at alleviating poverty, policymakers should take educational attainment into account first and foremost, according to the widespread consensus reached by the logistic regression's results. The study's findings suggest that having a higher level of education has a negative influence on poverty. It's also worth noting that, as educational attainment rises, the possibility of a person falling into poverty decreases, making it easier for people to rise out of poverty (Adeoye, *et al.* 2020). As a result, the most effective way to combat poverty is through increased access to education. Gaining a college degree raises one's earning potential, which in turn allows one to escape the cycle of impoverishment. Higher levels of education will be more and more effective in reducing poverty since education has a negative correlation with poverty. Experience also has a negative correlation with poverty since a person's proficiency in a certain sector increases as their experience improves, giving them the potential to earn more. It may be seen as a rise in knowledge and ability that has a beneficial impact on the fight against poverty. The 'feminization of poverty' refers to the fact that women face far more problems in escaping poverty than males because of their limited educational and career options. There is a need to take evasive action to provide a congenial employment environment for women and equal educational opportunities because they are almost half of our society and their well-being would definitely help us eradicate poverty, as the current study shows.

VI. References

- Adeoye, I. A., Adanikin, A. F., & Adanikin, A. (2020). COVID-19 and E-learning: Nigeria tertiary education system experience.
- Breedvelt, J. J., Amanvermez, Y., Harrer, M., Karyotaki, E., Gilbody, S., Bockting, C. L., ...& Ebert, D. D. (2019). The effects of meditation, yoga, and mindfulness on depression, anxiety, and stress in tertiary education students: a meta-analysis. *Frontiers in psychiatry, 10*, 193.
- Collin, M., & Weil, D. N. (2020). The effect of increasing human capital investment on economic growth and poverty: A simulation exercise. *Journal of Human Capital, 14*(1), 43-83.
- Jain, R., Budlender, J., Zizzamia, R., & Bassier, I. (2020). The labor market and poverty impacts of covid-19 in South Africa.
- KwasiFosu, A. (2018). Economic structure, growth, and evolution of inequality and poverty in Africa: An overview. *Journal of African Economies, 27*(1), 1-9.
- Mlachila, M. M., & Moeletsi, T. (2019). Struggling to make the grade: A review of the causes and consequences of the weak outcomes of South Africa's education system.
- Palomino, J. C., Rodríguez, J. G., & Sebastian, R. (2020). Wage inequality and poverty effects of lockdown and social distancing in Europe. *European economic review, 129*, 103564.
- Serneels, P., & Dercon, S. (2021). Aspirations, poverty, and education. Evidence from India. *The Journal of Development Studies, 57*(1), 163-183.
- Stoet, G., & Geary, D. C. (2020). Gender differences in the pathways to higher education. *Proceedings of the National Academy of Sciences, 117*(25), 14073-14076.
- Tchamyou, V. S., Asongu, S. A., & Odhiambo, N. M. (2019). The role of ICT in modulating the effect of education and lifelong learning on income inequality and economic growth in Africa. *African Development Review, 31*(3), 261-274.