

Inequality in Access to Education and Its Impact on the Labour Market: A Vicious Cycle

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Children from households in the lowest income group have much lower school enrolment rate compared to the highest income groups. In the primary education age group, 85 and 94 per cent children from the lowest and highest quartiles are in school. In the age group of 13 - 17 years, 54 per cent and 80 per cent from the lowest and highest income groups are enrolled in school. The enrolment rates in educational institutions are far smaller among 18-22-year-old persons, with large difference between income groups (0.8 per cent and 14.2 per cent in the lowest and highest income groups).

When it comes to 18-22-year-old population who completed SSC, the differences between income groups are large. Respectively 4.4 per cent and 41.4 per cent of the lowest and highest income groups have completed SSC.

Female enrolment rates are higher than male enrolment rates among 8 - 12 years and 13 - 17 years age groups. The pattern, however, reverses when one comes to 18-22- year-old group. In this group enrolment rates among men and women are 8.3 per cent and 4.5 per cent. In this age group 25.4 per cent boys and 18.1 per cent girls have completed SSC or higher levels.

The difference between boys and girls with SSC is even larger in the lowest income group (8.3 per cent boys and 2.6 per cent girls completed SSC or higher levels of education).

Impact of poverty on school enrolment is reinforced through a lack of motivation to obtain schooling for children which, in turn, is linked with the labour market outcomes. The labour force from low income groups have lower educational endowment which, in turn, keeps them confined to low wage casual employment and less days of employment.

Data show that girls' enrolment in secondary level is higher than the boys. But girls' SSC completion rate is much lower. The observed pattern is at least partially due to the lack of prospect of girls' employment.

The paper shows that inequality in income is strongly linked with inequality in access to education and this in turn results in disadvantages in the labour market outcomes among the poorest households.

Underemployment rate declines with education and this pattern prevails both among male and female labour force. The decline of underemployment with more years of education combined with the observation that the lower income groups have less years of education results in an inverse relationship between income and UDE rate. Labour force in salaried employment category rises from 7 per cent for those with no education to 32 per cent among SSC holders and to 55.5 per cent for those with HSC and above education. The link between income and status of employment shows that smaller percentage of workers from poorer groups and a larger percentage of labor force of high income groups are in regular employee' category 8 and 27 per cent respectively.

The cycle of low current income, low education and adverse situation in the labour market (low wage casual employment and higher underemployment) may not only affect the young labour force but also the future cohorts of children's education prospects through lack of incentives for education.