

## Education is a marker of household and societal well-being

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***However, rather than measuring education outcomes, we have to effectively measure 'learning outcomes'—so as to correctly evaluate the benefits of higher rates of school enrolment and its impact on learning.***

Education is one of the most significant markers of human development. It has a strong and positive correlation with employment, income, social status and is also considered to positively affect physical and mental health, thus impacting the overall well-being of a household.

The past few decades have seen a significant rise in literacy levels in India. According to Census 2011, the literacy rate stands at 72.99%, and the corresponding figures for male and female literacy are 80.90% and 64.64%, respectively. The success of the Sarva Shiksha Abhiyan, with its focus on primary education, has led to a rapid increase in school enrolment, resulting in considerably reducing the gender gap in school enrolment. There is enough evidence of the impact of higher literacy levels among women on improved maternal and child health, better management of finances, and decision-making at a household level.

In terms of well-being of households, it is easy enough to establish a positive association between higher levels of education and higher income. Mining the data from the ICE 360 Survey reveals that the average income of households—where the highest education of any family member is a college degree or above—is roughly four times more than that of a household where no family member is literate (R3,35,174 versus R80,759). Nearly 21% of all Indian households have at least one graduate-plus member while 10% are illiterate households. As a result, the contribution of graduate households to total income is 36% compared to just 4% for illiterate households.

If one were to consider education level as an indicator of growth in household income, it would appear that a primary-schooled household would have 75% higher income than that of an illiterate household, while those for matriculation, higher secondary school and college graduation households it would be 124%, 183% and 315%, respectively. It is interesting to note that the income difference between households with matriculate and higher secondary school certified members is not very significant.

Comparing education levels with the penetration of high-value consumer goods provides some clues to material well-being of households. At an all-India level, the penetration of cars stands at 7% compared to 31% for motorcycles. The penetration of television, refrigerator and life insurance of all households stands at 60%, 24% and 30%, respectively. If one looks at these penetration figures through the filter of education levels of households, the differences are quite stark. While 20% of all graduate households own cars and nearly half of them have motorcycles, the percentage for illiterate households stands at 1% and 9%, respectively. Similarly, only 6% illiterate households own refrigerators compared to 45% of graduate households. As for life insurance, this percentage works out to 8% among illiterate households versus 50% for graduate ones.

Clearly, then, the ownership of material goods among better educated households translates into better well-being across several parameters. Personal modes of transport such as cars or motorcycles enable these households to overcome the constraints of poor public transport; and refrigeration facilities at home allow them to cost-efficiently manage their food supplies and they are more aware about health


and hygiene issues. Access to sources of information, via colour TV ownership, makes them better informed, and life insurance policies indicate that better educated households are more equipped to face financial constraints.

Highest education level in the household and the level of earning				
	% of households	Income (%)	Avg income (₹/annum)	Income index (Illiterate=100)
Illiterate	10	4	80,759	100
Below primary	10	6	1,13,316	140
Primary	23	16	1,41,171	175
Matric	16	15	1,81,123	224
Higher secondary	20	23	2,28,887	283
Graduate and above	21	36	3,35,174	415
<b>Total</b>	<b>100</b>	<b>100</b>	<b>1,97,686</b>	<b>245</b>

Product ownership (% of households own)					
Education level	Car	Motorcycle	Colour TV	Refrigerator	Life insurance
Illiterate	1%	9%	25%	6%	8%
Below primary	1%	15%	40%	9%	12%
Primary	2%	20%	50%	13%	19%
Matric	4%	30%	62%	22%	29%
Higher secondary	7%	43%	76%	31%	40%
Graduate and above	20%	49%	78%	45%	50%
<b>Total</b>	<b>7%</b>	<b>31%</b>	<b>60%</b>	<b>24%</b>	<b>30%</b>

Source: ICE 360° Survey (Oct 2014) from People Research on India's Consumer Economy (PRICE)



However, it would be facetious to suggest that education alone is a necessary and sufficient condition for household well-being. If that were so, then savings levels for higher educated households would be more than that for lower educated ones. Analysis shows that among the 23% of all Indian households where the highest level of education is up to the primary level, 29% have no savings at all. The corresponding figure for graduate-level households is similar, at 27%—that is, nearly 27% of all graduate households in India (21%) do not have any savings.

Similarly, a decent percentage of better educated households—nearly 19% of higher secondary households and 14% of graduates ones—has lower earnings than below primary-schooled ones. Again, if one were to consider asset ownership, nearly 43% of primary households have at least one high-value consumer product (car, motorcycle, refrigerator, colour TV)

compared to 18% graduate households that have none of these. This is not to suggest that education is not important but rather that there are other factors that come into play. Often, such graduates live in underdeveloped areas and are engaged in low-paying activities due to lack of the right employment opportunities, and many are unemployable due to lack of appropriate skills and opportunities for skill enhancement as well as poor quality of education.

Media reports and education experts have pointed to the fact that there is a need to change the manner in which we measure education outcomes. It's not enough to measure inputs and expenditures. What is needed is a switch to measuring outcomes and, in the education arena, this would mean measuring 'learning outcomes'—to correctly evaluate the benefits of higher rates of school enrolment and its impact on learning. According to recent media reports, Kerala, which was once the country's most literate state, has failed to sustain its superlative record—more than a million neo-literates have relapsed into illiteracy. Moreover, we need to rejig how we look at education—the emphasis needs to be on learning beyond schooling and college graduation, at skilling and vocational training as much as certification.

Perhaps even more than a marker of household well-being, education is an indicator of societal well-being. For a developing economy like India, the social value of education needs to be underscored. Greater

investment in education is needed for the country to reap the returns of sustained economic growth and demographic dividend in the long run.

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