

# Parental Socio-Economic Status and Intergenerational Mobility in India

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## Introduction

### Objective

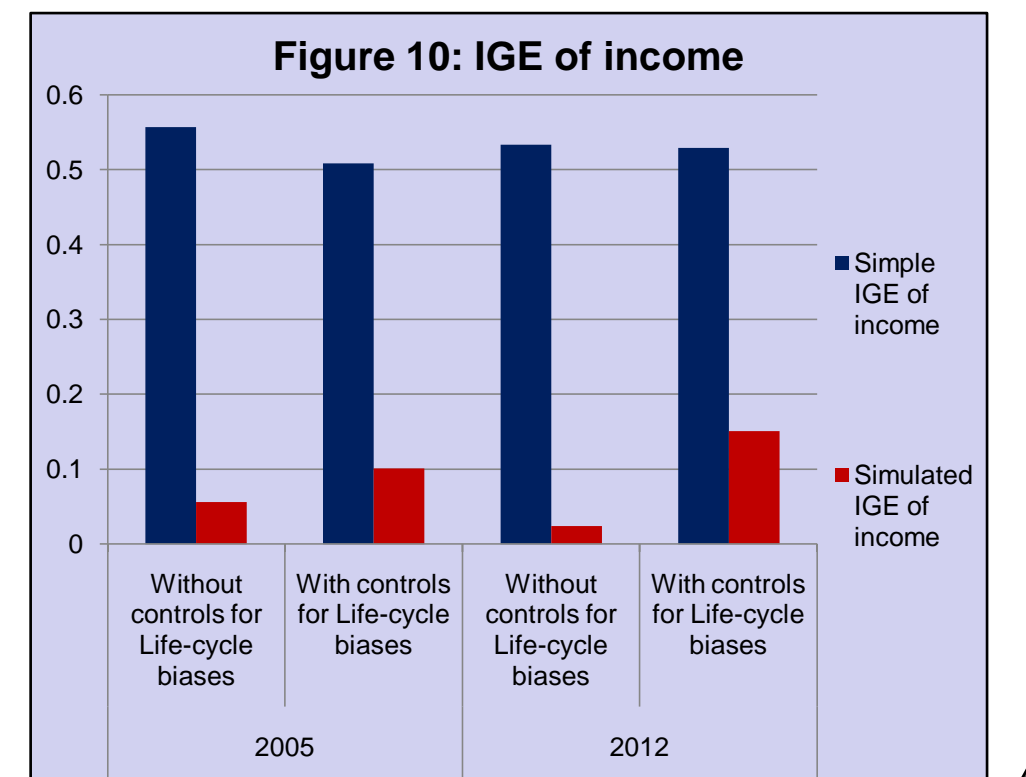
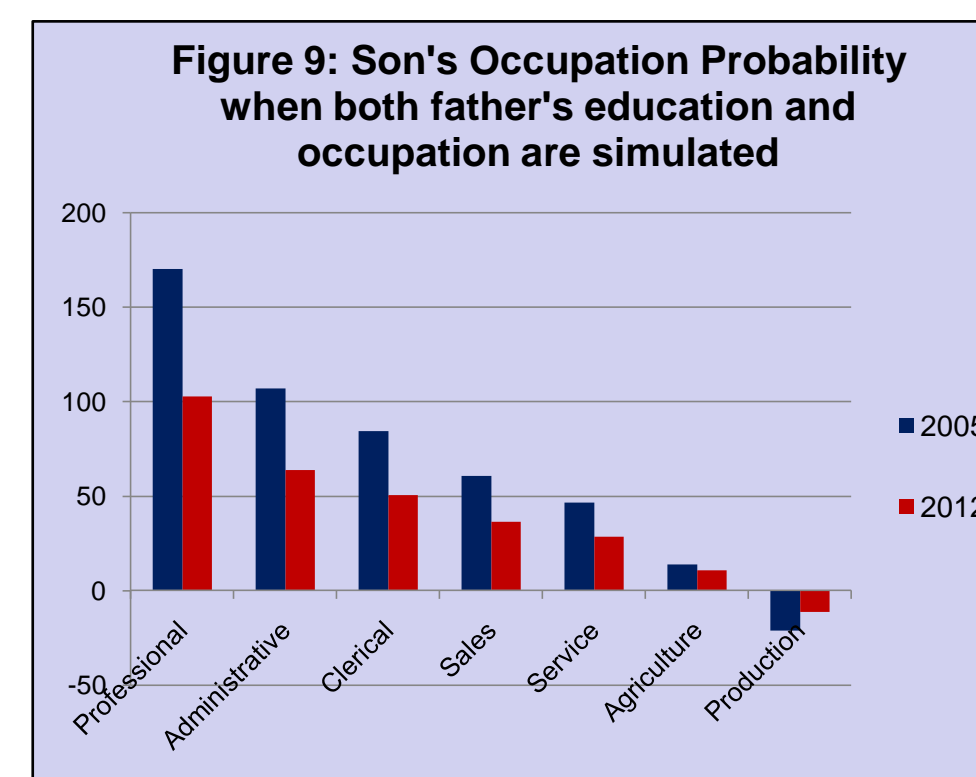
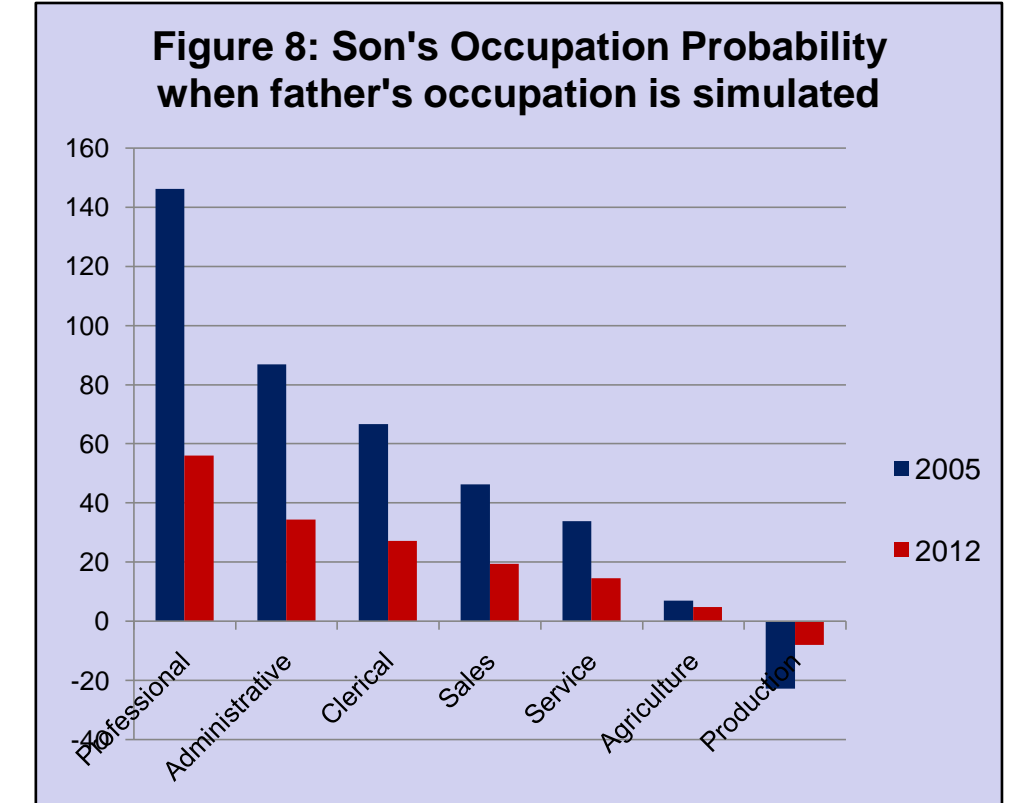
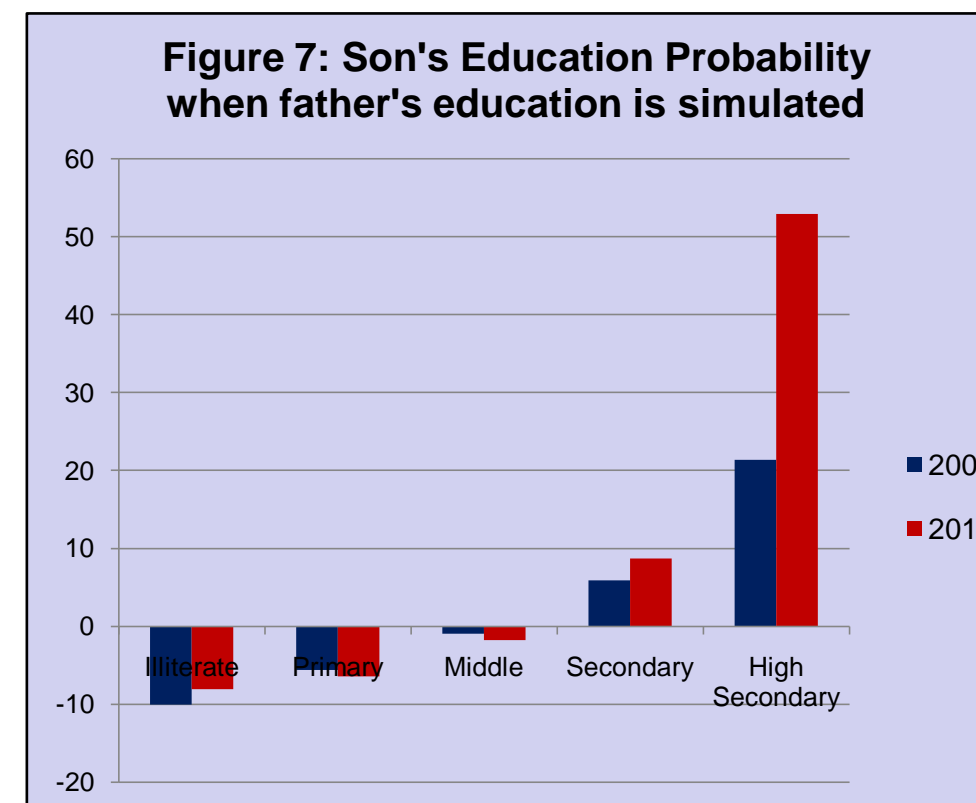
- How does parental background, especially father's education, occupation and income, impacts son's education, occupation and income?
- The paper explains a puzzle— the effect of the family background is strong on individual's occupation, but not on education.

### Contributions

- Transmission channels identified are:
  - Association between father's education and son's occupation, via son's education
  - Direct association between father's occupation and son's occupation.
  - Intergenerational elasticity (IGE) of income
- Simulations are conducted
- Life-Cycle Biases controlled for.

## Simulation Exercise

Simulated father's characteristics with the average characteristics of the most advantaged families.



## Data

- IHDS-2004-05 and 2012 Data
- Father-son pairs in the working age group of 15-65 years
- Includes individuals who work in more than one occupation
- Primary occupation: Majority Time Criterion
- Includes self-employed individuals as well.

Table 1: Education Mobility Matrix, 2012

Father	Son				
	Illiterate	Primary	Middle	Secondary	High secondary
Illiterate	34.32	23.10	18.34	16.57	7.66
Primary	7.81	24.82	21.79	28.05	17.53
Middle	3.43	10.83	26.36	31.81	27.57
Secondary	2.36	4.31	11.20	40.20	41.93
High secondary	0.67	2.43	5.56	19.58	71.75
Total	20.40	19.39	19	23.10	18.48

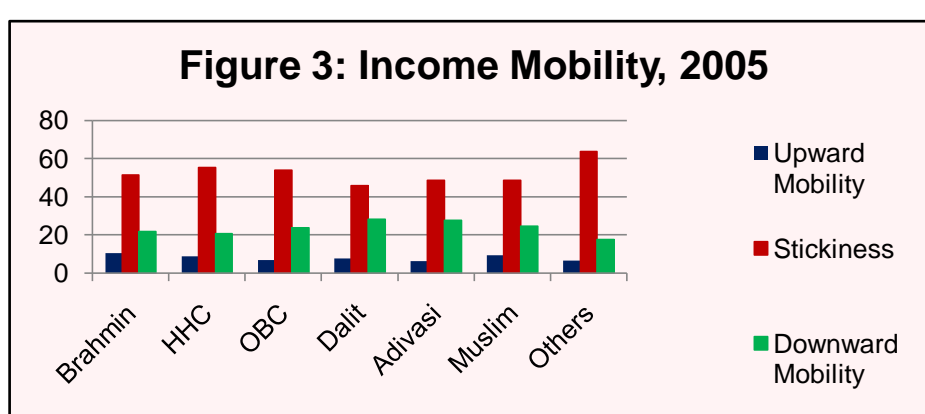
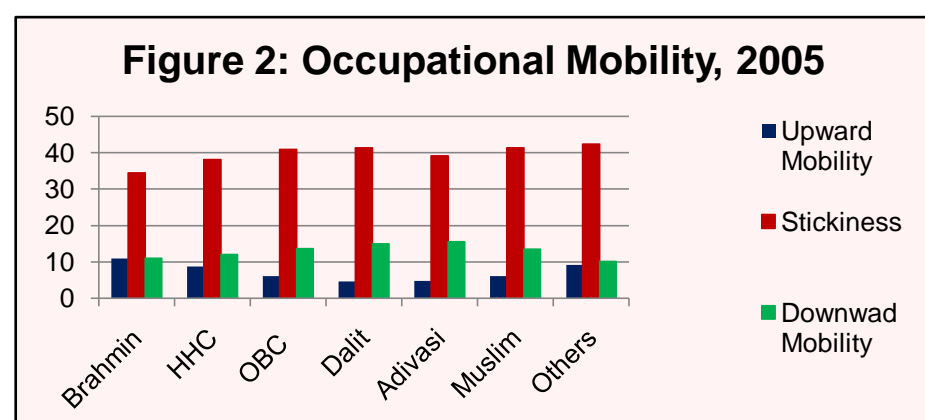
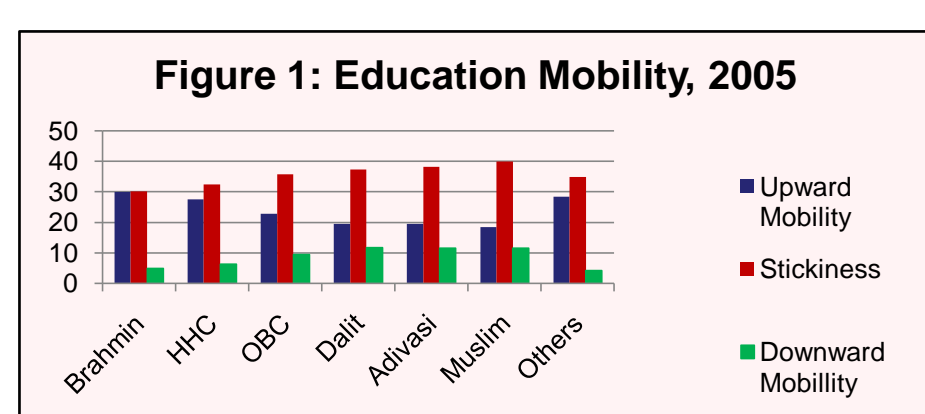
Table 2: Income Mobility Matrix, 2012

Father	Son			
	First Quartile	Second Quartile	Third Quartile	Fourth Quartile
First Quartile	65.03	17.99	11.04	5.93
Second Quartile	31.54	49.93	13.27	5.26
Third Quartile	14.61	21.91	52.04	11.44
Fourth Quartile	9.53	13.62	17.59	59.26
Total	31.69	26.73	22.36	19.23

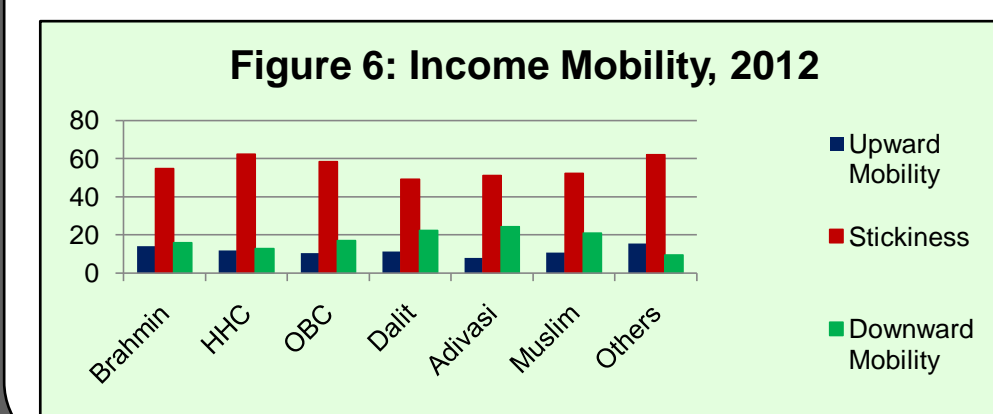
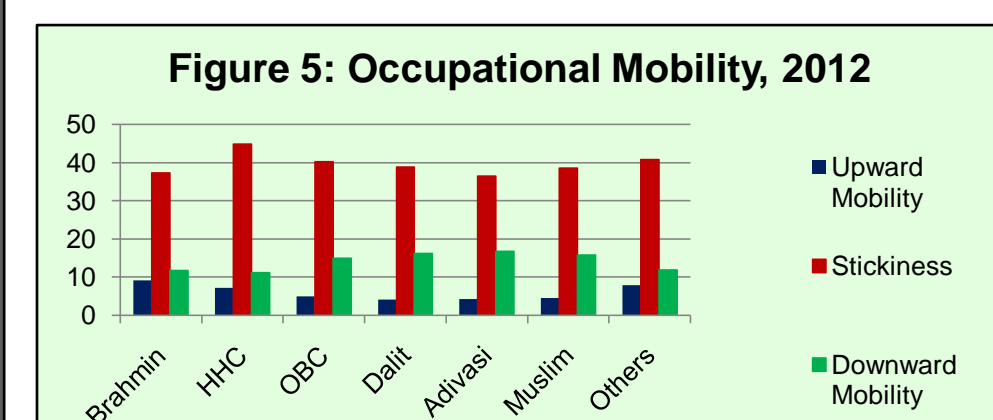
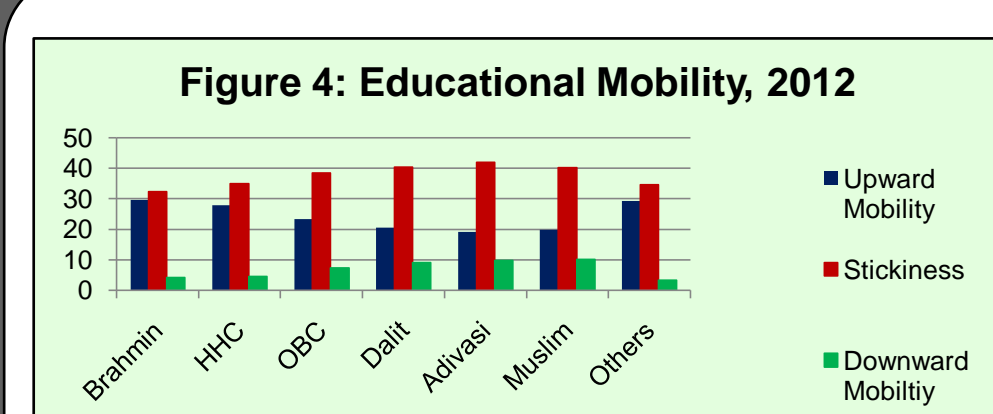
Table 3: Occupational Mobility Matrix, 2012

Father	Son						
	Professional Work	Administrative Work	Clerical Work	Sales work	Service Work	Farm work	Production work
Professional Work	27.97	6.28	10.63	14.79	3.30	16.46	20.58
Administrative Work	8.40	35.83	5.50	12.77	1.84	9.95	25.70
Clerical work	10.56	6.50	24.63	13.67	4.25	13.88	26.51
Sales work	4.45	4.70	4.03	52.44	1.97	8.26	24.15
Service Work	5.29	3.93	5.92	8.92	30.41	14.27	31.25
Farm work	2.64	2.11	3.09	5.28	2.56	57.05	27.27
Production Work	2.78	3.25	3.99	8.44	2.54	13.46	65.54
Total	3.93	3.48	4.41	9.88	3.62	39.04	35.64

Mobility Trends by Social Group, 2005



Mobility Trends by Social Group, 2012



## Main Changes over 2005 to 2012

- Intergenerational mobility of education is higher Brahmins than for Dalits.
- For fathers educated beyond higher secondary, rather than being illiterate, the probability of their son studying beyond higher secondary increased from 22.24% to 73.74% for Brahmins but only from 21.05% to 45.90% for Dalits.
- The association between father's occupation and son's occupation has reduced for low-end occupations, like production, construction, and other service works, but has not reduced for high-end occupations, like professional and related works.
- For fathers employed in professional and related occupations, the probability of their sons getting employed in professional jobs increased from 23% to 26% for Brahmins, but only from 9% to 11% for Dalits
- More than 50% of the variations in son's income is explained by father's income, even after controlling for son's own education and occupation.
- Intergenerational Elasticity of Income (IGE) reduces from 0.557 to 0.534 over the two rounds. However, with the controls for life-cycle biases, IGE for income increases from .509 to .529, over the two rounds.
- This implies that there is a fall in intergenerational income persistence over the two rounds, but it depends upon how the IGE is measured.

Results from Mobility Matrices:

- Greater intergenerational education upward mobility than occupation or income mobility.
- Brahmins, regarded as the top of the caste hierarchy, continue to show the highest intergenerational upward mobility.
- These results are valid for both the rounds.

## Conclusion

- The association between father's occupation and son's occupation is stronger than the association between son's own occupation and his education.
- This trend continues to hold over the two rounds of IHDS.
- This could imply that the education advantage has not been translated to occupation or income advantage.
- Policy Implication: There should be effective anti-discriminatory policies, including affirmative action, firmly in place in the labour market, as labour market discrimination is likely to be an important factor that prevents educational advances being transformed into occupational mobility.