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Development in India: New Evidence
from National Household Survey Data***

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Fertility, Parental Education and Development in India: New Evidence from National Household Survey Data *

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Fertility, Parental Education and Development in India: New Evidence from National Household Survey Data

Summary

This paper empirically investigates the determinants of fertility drawing upon large household data sets in India, namely NSS and NFHS over the period 1992-2006. Broadly similar and consistent results are found for the two surveys for different years. We have found a negative and significant association between the number of children and mother's education. Both direct and indirect effects are observed for mother's education which not just directly reduces fertility but also increases mother's potential wages or opportunity costs which would deter her from having a baby. Father's education became increasingly important in reducing fertility in the last two rounds.

Key Words: Fertility, Parental Education, NSS (National Sample Survey), NFHS (National Family Health Survey), India, Asia

I. Introduction

The population problem is still one of the important global issues in the 21st century in light of alleviating world poverty and guaranteeing food security. The population increase is also closely related to global warming simply because more people will consume more resources.¹ Based on the UN estimate, the world population is projected to reach 6.90 billion by the end of 2010 and 9.15 billion in 2050 (Table 1). More than one third of the current world population is concentrated in India and China: India's population is 1.21 billion, ranked second in the world after China with the population being 1.35 billion in 2010.

¹ See Valley (2008) for the recent debate.

However, India is likely to be the most populous country in the world by 2050 with 1.61 billion people; 17.6% of the world population, while China's population will only reach \$1.41 billion under certain assumptions on mortality and fertility changes (the United Nations, 2009). No doubt, curbing the population growth in Sub-Saharan African (SSA) countries will remain crucial in providing a solution for the global population problem as their population is expected to increase from 0.86 billion in 2010 to 1.75 billion in 2050. India's population problem, however, would be equally important, at least in terms of its size. Besides, it could be controlled by the governmental policy of a single country, not many as in the SSA region.

(Table 1 to be inserted)

The population problem is one of the crucial domestic issues for India as well because, for example, the fertility decline will have direct and indirect impacts on national poverty.² If the calculation of the poverty rate is based on per capita expenditure or income, the reduction in fertility will decrease it significantly. If the household has fewer children, then the access to education or health services for each child will be increased, which would improve the poverty situations indirectly. Economic growth is influenced by population growth and fertility changes, while the former would affect the latter in a complex way, for example, through technical changes (e.g. Rosenzweig, 1990).

Although India was among the first developing countries to implement family planning programs, authoritarian birth control measures corresponding to China's 'one child policy' have never been included as a policy option except for a very short period during the mid 1970's. While the population trend has been upwards since the last century, it is conjectured that India is now moving from the second stage to the third stage of the demographic

² Poverty head count ratio based on the national poverty line in 2004/5 is 28.7% (Himanshu, 2007).

transition.³ Indeed, the crude birth rate is 25 per thousand in 1999 compared to 43 in 1960, and the total fertility rate (TFR), the average number of children women bear over their lifetime, was 3 in 1999 as against 6 in 1960. Consequently, the annual growth rate of the population went down from 2.3% in 1960-1970 to 1.9% in 1990-1995 and further to 1.7% in 1995-2000 (Mahbub ul Haq Human Development Center 2002). Few studies, however, have examined the causes for this structural change using the household or individual survey data.

The main objective of the present study is thus to identify the determinants of decline in fertility rates in India drawing upon two different sources of multi-rounds of large national household survey data spanning from 1992 to 2006, namely National Sample Survey (NSS) Data in 1993-4, 1999-2000 and 2004-5 and National Family Health Survey (NFHS) Data in 1992-3, 1998-9 and 2005-6. An individual household's fertility decision which underlies macro-level demographic transition can be directly analyzed by using the household data sets. Our main focus is on the role of parental education in reducing the fertility rates. The impacts of other household socioeconomic characteristics on fertility are also tested.

It is widely known that female education contributes to fertility reduction. For example, according to Subbarao and Raney (1995, p. 105),

Female education increases the value of women's time in economic activities by raising labor productivity and wages, with a consequential rise in household incomes and a reduction in poverty. Female education also produces social gains by improving health (the women's own health and the health of her children), increasing child schooling, and reducing fertility.

Drèze and Sen (2002, p.19) extended this line of argument:

...women's emancipation (through basic education, economic independence, political organization and related means) tends to have quite a strong impact on fertility rates. This linkage has been widely observed in international comparisons, but it is consistent also with recent experiences of remarkably rapid fertility reduction.... Through this connection with demographic

³ The theory of demographic transition explains the common pattern of transition in population history. While the first stage of transition before economic modernisation sees stable population due to high birth and death rates, the population grows rapidly in the second stage where death rates decline more rapidly than birth rates, for example, through better educational systems and medical and health care facilities only available in modernised society. The population becomes stable again in the third stage when further modernisation and better education cause fertility to go down.

change, the role of women's agency extends well beyond the interest of today's women, and even beyond the interests of all living people today, and has a significant impact on the lives of future generation.

The form of the data (e.g. cross section or panel data) or their level of aggregation (e.g. national, state, district, or household level) varies considerably among different studies to draw these conclusions. Along the lines of Subbarao and Raney (1995), Drèze and Murthi (2001) empirically found that female education is the most important determinant of fertility, using the district-level data, the data which aggregate the census data at district levels in India. However, few studies have examined the determinants of fertility using household level data despite the fact that fertility decision is actually made at individual or household levels. Drèze and Murthi (2001: 40) recognize the utility of employing household-level data as follows: “...if fertility decisions are, in fact, driven mainly by individual and household characteristics (with social effects playing little role), then household-level analyses are more appropriate, bearing in mind the potential aggregation problems involved in treating the district as the unit of analysis.”⁴

While we examine the direct effect of education on fertility by including variables on education as explanatory variables in the fertility equation, the indirect effect of parental education through the change in opportunity costs of parents is also tested by including predicted parental wages which are also estimated by education. This is an extension of Foster and Rosenzweig (2006) who analyzed the fertility decline in India using panel data by incorporating predicted wages into the fertility equation.⁵ One would also claim that

⁴ There is a huge theoretical literature on household fertility decision (e.g. Becker 1960, Becker and Lewis, 1973, Bardhan and Udry 1999, Browning and Chiappori 1998). For example, Bardhan and Udry (1999) applied the ‘collective’ model of household behavior that explicitly models intra-household resource allocation and showed that the increase in women’s opportunity cost of raising children would reduce the number of children.

⁵ Drawing upon the household panel data sets in India over the period 1971-1999, Foster and Rosenzweig find evidence on the importance of changes in the implicit cost or shadow price of children and women as sources of fertility change. The main departure of our study is that we use the individual education in estimating male and female wage equations based on much larger nationwide

education is not exogenous determinants of fertility. Another contribution would be made by estimating the instrumental variable (IV) model where parental education is instrumented by the availability of village-level education in grandparent's age.

The rest of the paper is organized as follows. The data we use in this paper are described with their basic statistical analysis in Section II. After the presentation of econometric models in Section III, we report and discuss the regression results in Section IV. The final section offers concluding remarks with some policy implications.

II. Data

This study draws upon three rounds of employment schedule of National Sample Survey (NSS) Data in 1993-4, 1999-2000 and 2004-5 (or 50th, 55th and 61st round) and National Family Health Survey (NFHS) Data in 1992-3, 1998-9 and 2005-6 (or NFHS-1, NFHS-2 and NFHS-3). There are two reason for using both NSS and NFHS. First, detailed data on fertility behavior are available only in NFHS, while we could construct only the proxy for fertility, namely the number of children in the household from NSS. Potentially important determinants of fertility, such as parental wages or household expenditures, are only available from NSS. Second, comparing the results based on the same econometric model applied to these two different survey data would not only make our conclusion more robust but also provide additional insights into fertility behavior in India.

The NSS, set up by the Government of India in 1950, is a multi-subject integrated sample survey conducted all over the India level in the form of successive rounds relating to various aspects of social, economic, demographic, industrial and agricultural statistics.⁶ We use the data in the 'Employment and Unemployment' schedule, called 'the scheduled 10', one of the

household data sets, while Foster and Rosenzweig use village-level education, which is not significant.

⁶ See the website of National Sample Survey Organisation http://mospi.nic.in/nssso_test1.htm for more details of NSS.

series of quinquennial surveys in 1993-4, 1999-2000 and 2004-5. These form the repeated cross-section data sets, each of which contains a large number of households across India.⁷ The employment and unemployment schedule contains a variety of information related to employment and unemployment situations together with basic socio economic characteristics of the household (e.g. sex, age, religion, caste, and land-holding) and mean per capita expenditure (MPCE). The comparison across different years is possible only at the aggregated regional unit, such as state or NSS region.

The NFHS is another major nationwide, large multi-round survey conducted in a representative sample of households in India with focus on health and nutrition of household members, especially of women and young children.⁸ The survey also contains the detailed data on fertility and mortality. The years for the three rounds of NFHS roughly correspond to those for NSS, which enables us to compare NSS and NFHS for each round.

The dependent variable constructed by NSS is the number of children who are aged under 15 years old and deemed children of the head of the households or his or her spouse (to exclude the grandchildren of the head or maid in a large household). Mother, on the other hand, is defined as a female member of the household aged from 13 to 60 years old who is either the household head's spouse or the household head herself (including the case of single mothers) assuming that a woman could give a birth in the age from 13 to 45.⁹ We use these indirect ways of identifying children and mothers, as NSS does not have the data by

⁷ After dropping the households with missing observations in one of the explanatory variables, the number of households used for the estimation is 92399, 59869, and 91666 respectively for 50th, 55th and 61st round.

⁸ See <http://www.nfhsindia.org/index.html> for the detailed description of NFHS.

⁹ The problem with this procedure, which is inevitable for NSS, is that a representative mother is not necessarily a true mother as she could also be the grandmother in case of extended families. The same problem applies to representative fathers. However, we have confirmed based on NSS 55th round data that the percentage of representative parents not necessarily being true for children is less than 10%. The use of NFHS will overcome this limitation.

which we track a mother for each child. Our proxy for fertility based on NSS thus excludes children who died.

A more direct proxy for the fertility is available from NFHS, which would overcome the above limitation. NFHS has a question to ask mothers aged 15- 49 years old on how many children they have borne, after excluding any miscarriage but including any death of children. We used the number of children based on this question as a dependent variable. While NFHS has an ideal proxy for fertility, it lacks the data of household expenditure, father or mother's wages which are potentially important determinants of fertility and found in only NSS. The joint use of NSS and NFHS is thus necessary because of these limitations.

Table 2 summarizes the recent trend of total fertility rate (TFR)¹⁰ by region in India. Overall, TFR declined from 1992 to 2005 across different areas and regions in India. However, there remains a significant disparity between rural and urban areas. Also noted is a disparity among different regions, reflecting disparity among different states. TFRs are much lower in South (Andhra Pradesh, Karnataka, Kerala and Tamil Nadu) and West (Goa, Gujarat and Maharashtra) than in Central (Madhya Pradesh and Uttar Pradesh), East (Bihar, Orissa and West Bengal) or Northeast (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura). North is roughly at the national average, while TFR is varied within North ranging from 1.94 in Himachal Pradesh and 1.99 in Punjab to 3.21 in Rajasthan in 2005.

(Table 2 to be inserted)

¹⁰ TFR is the average number of children that would be born to a woman over her lifetime if she were to experience the exact current age-specific fertility rates through her lifetime, and she were to survive from birth through the end of her reproductive life.

III. Econometric Models

The main objective of our econometric models is to identify the key determinants of fertility proxied by the number of children. The basic idea of specifying the econometric model of fertility behavior draws upon Drèze and Sen (2001) and Foster and Rosenzweig (2006).

(1) Tobit Model

Using the cross sectional household data constructed by three rounds of NSS and NFHS, we estimate the following reduced form as a baseline model. In this version we do not insert wages of father or mother, assuming that the coefficients related to parental education capture both direct and indirect effects.

$$n_i = n_i(E_i^m, E_i^f, I_i, A_i^m, B_i, O_i, M_i, L_i, S_i, R, D) \quad (1)^{11}$$

i denotes household and the dependent variable is n_i the number of children defined separately for NSS and NFHS as discussed in the previous section. n_i is estimated by the following explanatory variables.

E_i^m : A vector of the mother's education (Case (1): whether literate; Case (3): whether literate, but has not completed primary school, whether completed primary school, whether completed middle school, whether completed secondary or higher secondary school, and whether completed higher education). Each dummy variable takes either 1 or 0.

In general, female education may be considered as a proxy for the opportunity cost of raising children. Furthermore, an increase in female education will empower women and increase their bargaining capability in households, which results in a decline in the number of children born, and thus avoids the physical risks of childbirth for mothers, or improves health and education of children.

¹¹ There is a high correlation between neo-natal mortality and fertility as a mother who has lost her baby is more likely to have another baby, analytically and empirically shown by Bhalotra and van Soest (2008) in the Indian context. In case where we use NSS, we may underestimate the fertility as our proxy of fertility excludes children who died. They are counted in case of NFHS.

E_f^i : A vector of the father's education (defined same as above).

Higher level of the father's education might lead him to cooperate with mother in developing the family plan and using contraceptives. This has been relatively neglected in the literature with a few exceptions, for example, Bhat (2002).

I_i : Household income (proxied by mean per capita expenditure or MPCE at household level).¹²

A_i^m : Mother's age and its square, which take account of the life cycle effect of mother.

B_i : Social backwardness of the household in terms of (i) whether a household belongs to scheduled caste and (ii) whether it belongs to scheduled tribe.

O_i : Occupation of parents in terms of (i) whether the household is classified as non-agricultural self-employment and (ii) whether as agricultural self-employment.

M_i : Religion of the household. We use the Muslim dummy only in consideration of the unique fertility behavior among Muslims.

L_i : Owned land as a measure of wealth.

S_i : Son-preference index (defined as [the number of female children]/[the total number of children]) following Arnold, Choe, and Roy (1998) and Drèze and Murthi (2001). In India, the fact that sons are preferred over daughters is well known and thus the expected sign of this index is positive.¹³

R : The degree of urbanisation proxied by the rural sector dummy (whether in rural areas).

D : A vector of state dummy variables.

¹² One of the fundamental factors underling income growth is technical change. See Rosenzweig (1990) who showed analytically and empirically that changes in returns to exogenous technical change induce human capital investments and reduce fertility.

¹³ Two other interpretations can be made of this index. First, it reflects higher expected wages of sons and higher expected expenses related to daughters (e.g. dowry), leading to higher expected household net income in the future by having more sons. Second, the index may be correlated with the opportunity cost of raising children, since young girls, whose opportunity costs are negligible, are usually involved in raising younger brothers and sisters.

Tobit model is used to take account of censoring at 0 as some households do not have any children.¹⁴

$$n_i^* = \alpha + \sum_{i=1}^q \beta^i x_i^1 + \epsilon_i \quad (2)$$

$$n_i = n_i^* , \text{if } n_i^* > 0$$

$$n_i = 0 , \text{if } n_i^* \leq 0$$

where n_i^* is the latent variable, whose actual value we cannot directly observe from the data set. x_i^1 is a vector of a set of explanatory variables, such as mother's education, E_i^m or Land, L , while β^i is a corresponding vector of coefficient. ϵ_i is an error term.

Tobit has the advantage of providing an unbiased and consistent estimator when the variance of the error term is homoscedastic, while the OLS estimator given in the first model is still biased and inconsistent. However, the Tobit estimator is neither unbiased nor consistent and the estimator is unreliable when the variance of the error term is heteroscedastic, while heteroscedasticity plays no role in the determination of the unbiasedness in the case of OLS. We have thus employed Tobit model based on the White-Huber robust variance-covariance estimator.

(2) IV Estimation

Education is deemed not exogenous due to the simultaneity in determining the number of children, the dependent variable, and the general level of education at household level. This will cause the correlation of education and the error term, which may bias the coefficient estimate. We use two stage least squares (2SLS) to address this issue in estimating the fertility equation. For example, if a household has fewer or no children, then young parents or couples could have time to go to school. A household with fewer children could spend

¹⁴ We have tried both OLS and Tobit for all the cases and obtained broadly similar results. Due to the space limitation, we report the results based on Tobit.

more in their education per child and in the next generation, they will have fewer children when they are grown up. IV (instrumental variable) estimation would at least partly take account of this problem. However, it is not generally easy to find the variable which affects parental education, but not the dependent variable, the number of their children. For NSS, we use the ratio of those who attended primary school in the total in the age group 50 or above for men and women separately at the village level (or the FSU (first sampling unit) village level). For NFHS, the ratios are constructed in the same way except that they are based on the secondary school attendance. These are proxies for general education levels or the availability of primary or secondary education for grandparents, which would affect parental education, but not fertility.¹⁵

(3) Incorporation of Wage Equation into the Fertility Model

While the higher level of parental education is likely to reduce fertility, it is not clear whether it is due to the increase in bargaining power or in opportunity costs for a mother. Educated women are more likely to earn higher wages and have a less incentive to have children. As NSS provides us with individual data of earnings during the previous week of the survey date, these could be used as proxies for wages of mothers and fathers. So in the first step, we estimate the parental wage equation by Tobit model.

$$w_j^{Female} = w_j^{Female}(E_p, A_p, B_v, O_v, M_t, L_{tv}, S_v, D) \quad (3)$$

$$w_j^{Male} = w_j^{Male}(E_p, A_p, B_v, O_v, M_t, L_{tv}, D) \quad (3)'$$

Here wage for female workers (or for male workers) is estimated by a set of variables at individual levels for the individual j , such as a set of education dummies, E_j , age or its square,

¹⁵ One may criticise the validity of this instrument for various grounds. For example, many women in India marry men outside the village. However, because of the data limitation which does not allow us to construct better instruments, we use the lagged education at village or community levels as an instrument. The results will have to be interpreted with caution.

denoted as a vector, A_j . These variables serve as identifying wage equations. Reflecting the difference in the labour market structure for rural and urban areas, the wage equation is estimated for rural and urban areas separately, and separately for w_j^{Female} and w_j^{Male} . This will give us predicted wages for female and male workers (including fathers and mothers), \hat{w}_j^{Female} and \hat{w}_j^{Male} , which will be directly used as predicted wages for mother and father for each household i , \hat{w}_i^M and \hat{w}_i^F . These predicted wages will be used as explanatory variables for the estimation of fertility together with the variables at household level, such as Q_i , M_i , and L_i in the second step.

$$n_i = n_i(\hat{w}_i^M(E_j, A_j, B_i, Q_i, M_i, L_i, S_i, D), \hat{w}_i^F(E_j, A_j, B_i, Q_i, M_i, L_i, S_i, D), E_i^m, E_i^f, I_i, A_i^m, B_i, Q_i, M_i, L_i, S_i, R, D)$$

(4)

The equation (4) will enable us to identify the direct and indirect effects of education of parents on fertility, the latter of which will be related to the effects of education on wages. This is an extension of Foster and Rosenzweig (2006) by taking account of the effects of individual education on wages.

IV. Main Results

In this section we will report and discuss econometric results for the models described in the previous section. The results of cross-sectional estimations for the first, second and third rounds of NSS and NFHS are compared in Tables 3, 4, and 5. The results for wage equations are shown in Appendix 1. Selected state-wise regression results are found in Appendix 2.

Below, only key results are summarized for each case.

(1) Cross-sectional Regression Results for Households across all India

For each round of NSS and NFHS, we show six cases, four for NSS and three for NFHS in Tables 3, 4, and 5. In Case (1) for NSS and for NFHS, we estimate the equation (1) using the literacy dummies for mother and father by Tobit model. In Case (2), 2SLS is applied to take account of the endogeneity of education variables for mother and father (or their literacy) which are instrumented by the pre-generation access to primary school at the village level. In Case (3) for NSS, predicted wages of mother and father are used for Tobit model where dummy variables of mother and father's educational levels are used. The corresponding case for NFHS is Case (3) which uses similar education dummies without wages because wage data are not available from NFHS.

(Tables 3, 4 and 5 to be inserted)

Although NSS and NFHS are carried out for different purposes and the dependent variables are defined differently as we discussed in the previous section, we find very similar patterns of the results for the two surveys. This is important in two ways. First, this will justify our use of proxy for fertility constructed by NSS, or child number.¹⁶ Second, the robustness of our general conclusions is strengthened as a set of the results based on one survey serves as sensitivity tests for the other.

All the cases for three rounds show that the coefficient estimate of age is positive and significant and its square is negative and significant except a few cases (e.g. Case (1) of Table 5 where age is not significant). This reflects the non-linearity in the age-fertility relationship, i.e., the fertility rate first increases and then falls as the mother's age increases, which is consistent with the life cycle of a typical household.

¹⁶ The dependent variable for NSS (the number of children under 15 of the household head and spouse) and that for NFHS (the number of children a mother bears) aggregated at state level and disaggregated for rural and urban areas are positively correlated with relatively high correlation coefficients, 0.74, 0.80, and 0.75 for three rounds.

The non-agricultural self-employment dummies have a significant and positive sign in most of the cases. These results suggest that children work for household enterprises as family laborers, more so than in other types of households. The coefficients of the agricultural self-employment household dummy are also positive and significant in most of the cases. The results suggest that children, as agricultural labor input, are more valuable in agricultural households than in other types of households.

The coefficients of scheduled caste dummies are positive and significant in most of the cases for NSS and NFHS, whilst the results on scheduled tribe dummies are more mixed. It appears that the negative coefficients in the first round (significant in Cases (1) and (2)) turned into positive in the last round in a few cases. Drèze and Sen (2002) and Murthi, Guio, and Drèze (1995) found a negative coefficient on the scheduled tribes variable, while Drèze and Murthi (2001) found no relation between the scheduled tribes variable and fertility after controlling son-preference index. Maharatna (2000) finds a relatively low fertility rate in tribal communities by investigating historical material in British colonial India. Our results suggest that after controlling son-preference index the fertility level of tribal communities was relatively lower than the rest in the early 1990s, but it became relatively higher in 2004-6. The positive effect of scheduled caste and Muslim dummies on fertility found in all the cases is consistent with the earlier literature, for example, Mouhasha and Rama Rao (1999) and Bhat and Zavier (2005).^{17 18}

The coefficient estimates of MPCE, our proxy for household income, which is available only for NSS, are negative and significant in Cases (1) and (2) for NSS in Tables 3, 4, and 5.

¹⁷ Note that we excluded Muslim households with more than one female spouse of a male household head.

¹⁸ However, it should be noted that fertility declined among Hindus as well as Muslims in India as suggested, for example, by James and Nair (2005) and Kulkarni and Alagrajan (2005). We do not investigate this issue directly, but the results of state-wise fertility regressions show that Muslim dummy ceased to be significant in 2004-5 in a few states, such as Tamil Nadu, West Bengal, and Bihar, which suggests some recent changes in reproductive behavior among Indian Muslims.

Regarding the estimates of owned land, they are mostly negative and significant for NSS whereby it is defined as all the land possessed by the household. The signs are expected. However, due to the data limitation, NFHS has the variable of the area of agricultural land (which may be larger for rural households –which tend to have more children in a household in general- but some rich agricultural households may have fewer children) and thus we get mixed results. In 1992 and 1998, the effects of agricultural lands on fertility were by and large negative and significant as expected by theory, but they became positive in 2005. While the economic growth will contribute to a lower fertility rate as implied by the theory of demographic transition, this is not clearly supported by the micro-level household data.

The son preference index is significantly positive in all equations irrespective of the model specification. This result confirms that son preference increases fertility, as observed by Drèze and Murthi (2001).

Let us turn to the effects of education on fertility. Tables 3, 4 and 5 confirm that mother's education is negative and significant irrespective of the specifications (e.g. whether education is instrumented or not; literacy dummy or dummies on educational levels are used) over the period of 1992-2006 for both NSS and NFHS. The role of father's education appears to have changed over time from positive and significant (or non-significant) effects in 1992-4 to negative and significant effects in 1998-2000 to 2004-2006 for NSS and NFHS with a few exceptions. This implies that the role of father's education in reducing fertility became increasingly important over the years.

For example, in Case (1) for NSS and for NFHS in Tables 3, 4 and 5, we used the dummy variables on mother and father's literacy in the baseline specification without instrumenting them. In all the cases, mother's literacy dummy is negative and significant, while father's literacy dummy is negative and significant in Case (1) for NFHS-2 and 3 and Case (1) for the NSS 61st round. Negative and significant results for mother's literacy dummy are unchanged

in Case (2) for NSS and Case (2) for NFHS where dummy variables for mother and father's education are instrumented by pre-generation access to primary school for males and females using 2SLS.¹⁹ On the estimate of father's literacy dummy, it is negative and non-significant in 1993-4 and becomes negative and significant in 1999-2000 and in 2004-5 for NSS. However, it is positive for three rounds of NFHS.

In Case (3) for NSS and for NFHS, the predicted wages for father and mother as well as the dummy variables on their educational attainment are used to estimate fertility. Wages are predicted by the wage equations for males and females at individual levels for rural and urban areas separately as shown in Appendix 1. Appendix 1 shows that education level dummies (for which the baseline case is 'illiterate') are all positive and significant and the significance level is higher with higher levels of education in Tobit estimations. Predicted wages of mothers, defined for both the actual labor market participants and non-participants (the latter of which implied wages are derived by the individual characteristics) are negative and significant for all three rounds of NSS. This implies that higher wages would decrease the fertility through higher opportunity costs (Case (3) in Tables 3, 4, and 5). The negative and significant results are unchanged for all three rounds if actual wages are used only for households with small samples of labor market participants.²⁰ The predicted wages of father are negative and significant in 1993-4, positive and significant in 1999-2000 and 2004-5. It is important to note in these cases that the coefficient estimates of education-level dummies in fertility equations are negative and significant for mother throughout all three rounds. Those of father are positive in the first round and negative and significant in the second and the

¹⁹ The IV regression results are validated in all cases because coefficient estimates of the instruments are statistically significant in the first stage. Due to the space limitation, we report only the coefficient estimates and t-statistics of instruments in the first stage at the bottom of Tables 3, 4 and 5. Hausman test rejects the null hypothesis that difference of coefficient estimates of IV regression and those of OLS is systematic for NSS 50th and 55th rounds and NFHS-3, in which the choice of IV is justified. The hypothesis is not rejected in other cases.

²⁰ The results will be furnished on request.

third rounds. It can be concluded that mother's education has direct and indirect negative effects on fertility. Father's education has either direct (in 1999-2000 or 2004-5) or indirect (in 1993-4) negative effects on fertility.

Our result, therefore, justifies the greater role of female education in fertility reduction as emphasized by earlier studies, for example, Brookins and Brookins (2002), Drèze and Sen (2002), Drèze and Murthi (2001), Subbarao and Raney (1985), and Jain and Nag (1986).²¹ While Drèze and Murthi (2001) and Drèze and Sen (2002) claim that male literacy makes no contribution to reduction in fertility when controlled by female education, our study confirms that both male literacy and education attainments are closely associated with fertility reduction particularly in more recent years.

These differences from the earlier studies are related to our contributions made by taking account of heterogeneity within districts and the extensive use of survey data covering more recent periods. The robustness of our results is further strengthened by using IV to take account of the endogeneity of education.

(2) State-wise Results

Appendix 2 provides cross-sectional regressions applied to household-level data constructed from NSS for selected states. Andhra Pradesh and Tamil Nadu experienced remarkable reduction of TFR from 1992-3 to 2005-6, 2.59 to 1.79 and 2.48 to 1.80 respectively. Kerala is the state of which the fertility rate was already low (2.00) in 1992-3 and experienced the small degree of reduction to 1.93 in 2005-6. West Bengal and Orissa experienced the similar decline in TFR from 2.92 to 2.27 or 2.37 in the same period. Bihar remained one of the states

²¹ We are not excluding the possibility that the fertility among illiterate parents have recently declined in India as argued by Bhat (2002). It must be noted, however, that fertility declined among illiterate parents, but more so among educated parents, implying the importance of parental education. For example, if we estimate the pseudo panel for the first difference of the number of children, education dummies are negative and significant in some cases. The results will be furnished on request.

with the highest TFR in India (from 4.00 to 3.83). The specification same as Case (3) in Tables 3, 4, and 5 is used.

Four observations are made to summarize the results on key variables, land, wage and parental education. First, land is negative and significant in all the states. Second, in the states which experienced the remarkable decline in TFR (e.g. Andhra Pradesh, Tamil Nadu, West Bengal and Orissa), (i) mother's education is generally important and the negative and significant effects of mother's educational attainment, particularly at middle school, secondary school and higher education became increasingly pronounced in 1999-2000 and 2004-5, (ii) father's education became important in the last two or in the last survey, reflected in the negative and significant coefficient estimates, and (iii) mother's wage is negative and significant, while father's wage is positive in the last round. Third, in Kerala education attainments at higher levels are not significant and mother's wage is not significant either, in contrast with results for Andhra Pradesh or Tamil Nadu. This may be because Kerala had already reached the stage where the relative importance of higher levels of education or higher mother's wage was low. Finally, even in Bihar with high TFR, mother's wage is negative and significant and mother's educational attainments as well as higher education of father are associated with lower fertility in 2004-5.

V. Concluding Observations

This paper examines the determinants of fertility drawing upon three rounds of NSS and NFHS data over the period 1992-2006. That fertility declined dramatically in many parts of India during the period is consistent with the view that India is seen to be moving through the second stage toward the third stage of demographic transition. The investigation of fertility in India is important not only for providing an insight into the population problem for the

second populous country in the world. It also serves as a background for the debate on poverty in India which would be influenced by the geographical pattern of population growth.

This paper sheds an empirical light on the determinants of fertility by applying several econometric models (namely Tobit, IV for parental education, and the two step estimation where parental wages are estimated in the first stage and fertility is estimated by Tobit) to the large household data sets constructed by NSS and NFHS. Finally, state-wise regressions are estimated for selected states. One of the important contributions of the present study is made by our finding of broadly similar and consistent results for the two different surveys, NSS and NFHS, which have been used separately in the empirical literature. Besides, the results are not much different across different years and for different models. Our main findings are summarized below.

First, consistent with the literature, mother's education is related to reduction in fertility. We have confirmed by Tobit model a negative and significant association of the number of children (the number of children under 15 in a household who are deemed children of household heads or spouse for NSS and the number of children a mother bears for NFHS) and mother's education. This negative and significant relationship is unchanged over the different years (i) when mother's literacy is instrumented by pre-generation access to primary education of mother and (ii) when parental wages estimated by individual education are inserted.

Second, we have found significant and negative estimates for father's education, particularly relatively higher levels of education in the second round in 1998-2000 and the third round in 2004-6 of NSS and NFHS. Third, the significant negative relation between fertility and mean per capita expenditure at household level is observed, while owned land is negative and significant in the cases where NSS is used. Finally, some diversity is observed on the determinants of fertility in different states.

Our results suggest that policies of national and state governments to support social infrastructure, such as school at various levels and to promote both male and female education, together with facilitating female labor market participations, would be very important to reduce fertility and to speed down the population growth. These policies would play particularly important roles in backward states or for socially disadvantaged groups (e.g. Scheduled Castes) which have higher fertility as well as poverty rates.

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Table 1 Population Projection for India, China, Sub-Saharan Africa and World in 2005

	India	China	SSA ²	World
1980	693	981	390	4438
	(15.6%)	(22.1%)	(8.8%)	(100%)
2010	1214	1354	863	6909
	(17.6%)	(19.6%)	(12.5%)	(100%)
2050	1614	1417	1753	9150
	(17.6%)	(15.5%)	(19.2%)	(100%)

¹. Unit: million. The number in the brackets: share in the world.

². Sub-Saharan Countries total.

³. Source: UN (2009). The figures in 2010 and 2050 are the estimate of medium variant.

Table 2 Total Fertility Rate for 15-49 in India based on NFHS-1, 2 and 3 (1992-3, 1998-9 and 2005-6)

	URBAN			RURAL			Total		
	1992	1998	2005	1992	1998	2005	1992	1998	2005
North	2.69	2.15	1.95	3.60	2.98	2.68	3.32	2.71	2.43
Central	3.43	2.75	2.66	4.65	3.94	3.64	4.36	3.65	3.37
East	2.64	2.21	2.04	3.46	2.86	3.04	3.28	2.75	2.82
Northeast	2.53	2.08	2.09	2.70	3.43	3.17	3.31	3.12	2.87
West	2.33	2.09	1.87	2.76	2.53	2.31	2.58	2.34	2.11
South	2.22	1.90	1.76	2.60	2.22	1.99	2.48	2.13	1.90
All India	2.70	2.27	2.06	3.67	3.07	2.98	3.39	2.85	2.68

Source: Based on National Family Health Survey in 1998-99 and 2005-6 (Table 4.3)

Table 3 Determinants of Fertility (based on NSS 50th round in 1993/4 and NFHS-1 in 1992/3)
Dependent Variable: Number of Children

Explanatory Variables	Based on NSS 50 (1993/4)			Based on NFHS-1 (1992/3)		
	Case (1) Tobit Coef. (t value)	Case (2) IV for Education Coef. (t value)	Case (3) With education dummies & wages Coef. (t value)	Case (1) Tobit Coef. (t value)	Case (2) IV for Education Coef. (t value)	Case (3) Tobit with education dummies Coef. (t value)
Mother's Age	0.494 (89.38)**	0.216 (62.86)**	0.589 (91.99)**	0.307 (20.20)**	0.15 (10.77)**	0.316 (20.76)**
(Mother's Age) ²	-0.008 (96.13)**	-0.003 (63.28)**	-0.009 (95.72)**	-0.002 (7.06)**	0.00 (0.17)	-0.002 (7.77)**
Scheduled Tribe (ST) dummy (ST=1, otherwise=0)	-0.077 (3.35)**	-0.137 (5.80)**	0.007 (0.29)	-0.084 (1.30)	-0.089 (0.64)	-0.091 (1.40)
Scheduled Caste (SC) dummy (SC=1, otherwise=0)	0.038 (2.15)*	-0.054 (3.05)**	0.035 (1.83)	0.263 (4.17)**	0.164 (2.10)*	0.235 (3.72)**
non-agricultural self employment dummy (non-agricultural self employment=1 otherwise)	0.186 (12.39)**	0.156 (13.21)**	0.352 (13.41)**	0.147 (2.75)**	0.055 (0.70)	-0.008 (0.15)
agricultural self employment dummy (agricultural self employment=1 otherwise)	0.214 (8.61)**	0.124 (6.57)**	0.287 (9.43)**	0.199 (3.65)**	0.077 (0.55)	0.029 (0.50)
monthly per capita expenditure (MPCE) (Rs.) (/10 ⁶)	-13.20 (21.58)**	-2.80 (2.86)**	- -	- -	- -	- -
Land Owned	-0.001 (1.49)	-0.001 (1.64)	-0.001 (1.33)	-0.001 (2.44)*	0.00 (0.95)	-0.001 (2.24)*
Muslim dummy (Muslim=1, otherwise=0)	0.585 (27.51)**	0.391 (20.49)**	0.606 (26.75)**	0.32 (3.88)**	0.309 (2.78)**	0.281 (3.39)**
Mother's Literacy (whether mother literate)	-0.052 (3.08)**	-0.497 (4.23)**	- -	-0.354 (8.11)**	-2.389 (2.46)*	- -
Father's Literacy	0.033 (2.12)*	-0.164 (1.27)	- -	-0.053 (1.18)	1.658 (1.33)	- -
Mother's Wage	- -	- -	-9.16 (2.76)**	- -	- -	- -
Father's Wage	- -	- -	-11.9 (6.66)**	- -	- -	- -
Whether mother is literate, but has not completed primary school	- -	- -	-0.086 (3.46)**	- -	- -	-0.147 (2.92)**
Whether mother completed primary school	- -	- -	-0.08 (3.21)**	- -	- -	-0.484 (8.83)**
Whether mother completed middle school	- -	- -	-0.116 (2.48)*	- -	- -	-1.146 (10.28)**
Whether mother completed secondary or higher secondary school	- -	- -	-0.132 (1.06)	- -	- -	- -
Whether mother completed higher education	- -	- -	-0.29 (1.54)	- -	- -	- -

Whether father is literate, but has not completed primary school	-	-	0.076	-	-	-
	-	-	(3.38)**	-	-	-
Whether father completed primary school	-	-	0.122	-	-	-0.01
	-	-	(4.90)**	-	-	(0.20)
Whether father completed middle school	-	-	0.21	-	-	-0.123
	-	-	(6.34)**	-	-	(2.30)*
Whether father completed secondary or higher secondary school	-	-	0.349	-	-	-0.306
	-	-	(5.50)**	-	-	(3.66)**
Whether father completed higher education	-	-	0.619	-	-	-
	-	-	(5.37)**	-	-	-
rural sector dummy (rural=1 urban=0)	0.016	-0.062	-0.162	0.163	-0.07	0.053
	(0.94)	(3.71)**	(6.06)**	(2.99)**	(0.77)	(0.96)
Son's Preference Index	0.28	0.226	0.273	1.971	1.255	1.963
	(48.91)**	(41.34)**	(47.27)**	(48.45)**	(35.32)**	(48.36)**
Number of Adults	-0.153	-0.089	-0.163	0.051	0.062	0.056
	(32.67)**	(27.66)**	(30.47)**	(5.41)**	(4.29)**	(5.90)**
Constant	-5.897	-1.366	-7.355	-7.58	-3.53	-7.43
	(60.05)	(12.94)	(69.33)	(29.29)	(8.04)	(28.78)
Observations	92399	83789	79112	11726	11585	11663
R-squared	-	0.31	-	-	0.38	-
Joint Significant Test	Wald Chi ² (45)	F(45,83743)	Wald Chi ² (54)	Wald Chi ² (37)	F(37,11547)	Wald Chi ² (41)
	=26569**	=1068.8**	=22362**	=11670**	=227.47**	=11768**
Coefficient estimates and z statistics of instruments in the first stage						
(1) For Mother's Literacy						
the availability of education for grandmothers	-	0.239	-	-	0.050	-
	-	(36.62)**	-	-	(0.99)	-
the availability of education for grandfathers	-	0.201	-	-	0.453	-
	-	(41.54)**	-	-	(17.07)**	-
(2) For Father's Literacy						
the availability of education for grandmothers	-	0.009	-	-	-0.139	-
	-	(1.39)	-	-	(2.66)**	-
the availability of education for grandfathers	-	0.213	-	-	0.381	-
	-	(43.10)**	-	-	(13.80)**	-
Hausman Test for IV and OLS	-	Chi ² (43)=732.42** Prob> Chi ² =0.000	-	-	Chi ² (35)=16.24 Prob> Chi ² =0.997	-

Notes 1. Robust z t statistics in parentheses. * significant at 5%; ** significant at 1%
2. State dummies are included in the regressions, but are omitted to save the space.

Table 4 Determinants of Fertility (based on NSS 55th round in 1999/2000 and NFHS-2 in 1998/9)
Dependent Variable: Number of Children

Explanatory Variables	Based on NSS 55 (1999/2000)			Based on NFHS-2 (1998/9)		
	Case (1)	Case (2)	Case (3)	Case (1)	Case (2)	Case (3)
	Tobit Coef. (t value)	IV for Education Coef. (t value)	With education dummies & wages Coef. (t value)	Tobit Coef. (t value)	IV for education Coef. (t value)	Tobit with education dummies Coef. (t value)
Mother's Age	0.522 (69.14)**	0.202 (56.95)**	0.231 (56.07)**	0.263 (28.27)**	0.089 (4.45)**	0.273 (29.78)**
(Mother's Age) ²	-0.008 (76.07)**	-0.003 (74.02)**	-0.004 (68.82)**	-0.001 (8.87)**	-0.001 (2.07)*	-0.001 (10.29)**
Scheduled Tribe (ST) dummy (ST=1, otherwise=0)	-0.006 (0.18)	-0.074 (2.92)**	0.137 (5.47)**	0.067 (1.57)	0.218 (1.00)	0.028 (0.66)
Scheduled Caste (SC) dummy (SC=1, otherwise=0)	0.051 (2.21)*	-0.039 (1.92)	0.143 (7.69)**	0.289 (9.52)**	0.288 (1.70)	0.207 (6.85)**
non-agricultural self employment dummy (non-agricultural self employment=1 otherwise)	0.177 (9.59)**	0.133 (9.72)**	0.076 (1.93)	0.018 (0.63)	-0.047 (0.58)	0.003 (0.12)
agricultural self employment dummy (agricultural self employment=1 otherwise=0)	0.18 (6.01)**	0.069 (3.50)**	0.015 (0.48)	0.093 (3.47)**	0.309 (1.67)	0.024 (0.88)
monthly per capita expenditure (MPCE) (Rs.) (10 ⁶)	-1,263.80 (24.18)**	-466.85 (10.63)**	- -	- -	- -	- -
Land Owned	-0.002 (3.23)**	-0.001 (5.15)**	-0.002 (7.01)**	-0.005 (2.05)*	-0.004 (1.14)	-0.004 (1.91)
Muslim dummy(Muslim=1, otherwise=0)	0.699 (26.55)**	0.452 (20.83)**	0.495 (20.98)**	0.482 (11.48)**	0.638 (2.85)**	0.355 (8.47)**
Mother's Literacy (whether mother literate)	-0.247 (11.46)**	-0.384 (2.65)**	- -	-0.452 (17.18)**	-4.746 (3.15)**	- -
Father's Literacy (whether father literate)	-0.007 (0.31)	-0.317 (2.07)*	- -	-0.077 (2.50)*	5.952 (2.24)*	- -
Mother's Wage	- -	- -	-6.63 (7.77)**	- -	- -	- -
Father's Wage	- -	- -	4.28 (3.83)**	- -	- -	- -
Whether mother is literate, but has not completed primary school	- -	- -	-0.162 (7.19)**	- -	- -	-0.121 (3.82)**
Whether mother completed primary school	- -	- -	-0.246 (10.30)**	- -	- -	-0.428 (13.75)**
Whether mother completed middle school	- -	- -	-0.351 (14.05)**	- -	- -	-1.088 (26.72)**
Whether mother completed secondary or higher secondary school	- -	- -	-0.283 (11.54)**	- -	- -	- -
Whether mother completed higher education	- -	- -	-0.229 (4.63)**	- -	- -	- -
Whether father is literate, but has not completed primary school	- -	- -	0.016 (0.73)	- -	- -	0.043 (1.21)
Whether father completed primary school	- -	- -	-0.036 (1.70)	- -	- -	-0.094 (2.83)**
Whether father completed middle school	- -	- -	-0.074 (3.51)**	- -	- -	-0.252 (6.24)**
Whether father completed secondary or higher secondary school	- -	- -	-0.16 (6.82)**	- -	- -	- -
Whether father completed higher education	- -	- -	-0.253 (7.42)**	- -	- -	- -

rural sector dummy (rural=1 urban=0)	-0.043 (2.01)*	-0.053 (2.97)**	0.477 (9.28)**	0.31 (11.94)**	-0.001 0.00	0.154 (5.85)**
Son`s Preference Index	0.314 (36.07)**	0.248 (31.66)**	0.248 (31.36)**	1.669 (68.12)**	1.013 (23.71)**	1.671 (68.91)**
Number of Adults	-0.158 (27.06)**	-0.111 (31.21)**	-0.111 (32.38)**	0.086 (13.91)**	0.049 (1.43)	0.089 (14.56)**
Constant	-5.87 (43.50)	-0.747 (9.28)	-2.409 (21.15)	-6.44 (40.70)	-3.80 (4.29)	-6.41 (41.27)
Observations	59869	56927	52971	26955	26955	26872
R-squared		0.36	0.34	-	-	-
Joint Significant Test	Wald Chi ² (45) =20576**	F(45,56881) =789.01**	Wald Chi ² (54) =17354**	Wald Chi ² (38) =22646**	F(38,26916) =182.40**	Wald Chi ² (42) =23806**
Coefficient estimates and z statistics of instruments in the first stage						
(3) For Mother's Literacy						
the availability of education for grandmothers	-	0.177 (20.92)**	-	-	-0.107 (1.93)	-
the availability of education for grandfathers	-	0.197 (29.51)**	-	-	0.421 (10.10)**	-
(4) For Father's Literacy						
the availability of education for grandmothers	-	0.008 (1.01)	-	-	-0.195 (3.80)	-
the availability of education for grandfathers	-	0.262 (42.21)**	-	-	0.262 (7.53)**	-
Hausman Test for IV and OLS	-	Chi ² (35)=114.24** Prob> Chi ² =0.000	-	-	Chi ² (37)=9.96** Prob> Chi ² =1.00	-

Notes 1. Robust z t statistics in parentheses. * significant at 5%; ** significant at 1%.
2. State dummies are included in the regressions, but are omitted to save the space.

Table 5 Determinants of Fertility (based on NSS 61st round in 2004/5 and NFHS-3 in 2005/6)
Dependent Variable: Number of Children

Explanatory Variables	Based on NSS 61 (2004/2005)			Based on NFHS-3 (2005/2006)		
	Case (1)	Case (2)	Case (3)	Case (1)	Case (2)	Case (3)
	Tobit Coef. (t value)	IV for Education Coef. (t value)	With education dummies & wages Coef. (t value)	Tobit Coef. (t value)	IV for Education Coef. (t value)	Tobit with education dummies Coef. (t value)
Mother's Age	-0.006 (1.23)	0.121 (47.16)**	0.15 (50.13)**	0.55 (78.52)**	0.068 (4.81)**	0.362 (50.72)**
(Mother's Age) ²	0.00 (4.75)**	-0.002 (66.34)**	-0.002 (64.63)**	-0.006 (56.50)**	-0.001 (3.00)**	-0.003 (31.42)**
Scheduled Tribe (ST) dummy (ST=1, otherwise=0)	0.023 (1.00)	0.00 (0.02)	0.106 (7.07)**	0.114 (2.93)**	0.09 (1.74)	0.22 (5.72)**
Scheduled Caste (SC) dummy (SC=1, otherwise=0)	0.111 (4.28)**	0.054 (3.31)**	0.051 (2.99)**	0.241 (8.70)**	0.077 (1.95)	0.204 (7.49)**
non-agricultural self employment dummy (non- agricultural self employment=1 otherwise)	0.185 (12.91)**	0.087 (9.44)**	0.037 (1.64)	0.193 (9.74)**	0.173 (4.71)**	-0.027 (1.45)
agricultural self employment dummy (agricultural self employment=1 otherwise=0)	0.145 (8.51)**	0.026 (2.49)*	-0.044 (2.00)*	-	-	-
monthly per capita expenditure (MPCE) (Rs.) (/10 ⁶)	-0.033 (2.63)**	-0.011 (4.80)**	-	-	-	-
Land Owned	0.00 (0.90)	0.00 (0.83)	0.00 (14.07)**	0.019 (10.11)**	0 (0.02)	0.024 (9.03)**
Muslim dummy(Muslim=1, otherwise=0)	0.595 (27.73)**	0.378 (24.08)**	0.336 (20.50)**	0.479 (13.63)**	0.159 (3.45)**	0.476 (13.54)**
Mother's Literacy (whether mother literate)	-0.383 (24.65)**	-0.344 (3.90)**	-	-0.902 (46.14)**	-5.31 (7.91)**	-
Father's Literacy (whether father literate)	-0.133 (7.60)**	-0.296 (2.85)**	-	-0.288 (9.16)**	5.764 (5.44)**	-
Mother's Wage	-	-	-2.36 (16.28)**	-	-	-
Father's Wage	-	-	0.74 (8.13)**	-	-	-
Whether mother is literate, but has not completed primary school	-	-	-0.094 (6.74)**	-	-	-0.217 (7.37)**
Whether mother completed primary school	-	-	-0.079 (5.91)**	-	-	-0.656 (29.12)**
Whether mother completed middle school	-	-	-0.145 (8.83)**	-	-	-1.171 (42.26)**
Whether mother completed secondary or higher secondary school	-	-	-0.037 (2.50)*	-	-	-
Whether mother completed higher education	-	-	-0.233 (11.02)**	-	-	-
Whether father is literate,	-	-	-0.253	-	-	-0.013

but has not completed primary school	-	-	(16.79)**	-	-	(0.40)
Whether father completed primary school	-	-	-0.188	-	-	-0.056
	-	-	(13.82)**	-	-	(1.86)
Whether father completed middle school	-	-	-0.202	-	-	-0.355
	-	-	(11.97)**	-	-	(9.24)**
Whether father completed secondary or higher secondary school	-	-	-0.163	-	-	-
	-	-	(10.98)**	-	-	-
Whether father completed higher education	-	-	-0.003	-	-	-
	-	-	(0.10)	-	-	-
rural sector dummy (rural=1 urban=0)	0.172	0.004	0.496	0.301	-0.035	0.11
	(11.49)**	(0.32)	(16.42)**	(14.17)**	(0.98)	(5.24)**
Son's Preference Index	1.961	1.397	1.385	1.222	0.687	1.096
	(114.54)**	(116.29)**	(111.21)**	(73.40)**	(24.37)**	(64.02)**
Number of Adults	0.07	-0.114	-0.124	0.08	0.137	0.153
	(14.78)**	(37.25)**	(44.79)**	(13.70)**	(15.45)**	(24.08)**
Constant	0.701	-0.149	-1.585	-11.05	-3.08	-7.73
	(7.65)	(2.43)	(20.04)	(-79.21)	(-8.07)	(-57.07)
Observations	91666	91666	82390	47441	47341	35376
R-squared	-	0.45	0.45	-	-	-
Joint Significant Test	Wald Chi ² (45) =25961**	F(45,91626) =303.21**	Wald Chi ² (54) =23413**	Wald Chi ² (32) =39504**	F(32,47308) =433.08**	Wald Chi ² (36) =26222**
Coefficient estimates and z statistics of instruments in the first stage						
(1) For Mother's Literacy						
the availability of education for grandmothers	-	0.208	-	-	0.128	-
		(31.63)**			(10.50)**	
the availability of education for grandfathers	-	0.169	-	-	0.349	-
		(34.85)**			(32.53)**	
(2) For Father's Literacy						
the availability of education for grandmothers	-	0.037	-	-	0.014	-
		(6.21)**			(1.64)	
the availability of education for grandfathers	-	0.226	-	-	0.265	-
		(50.74)**			(34.40)**	
Hausman Test for IV and OLS	-	Chi ² (43)=52.33 Prob> Chi ² =0.1746	-	-	Chi ² (31)=91.12** Prob> Chi ² =0.000	-

Notes 1. Robust z t statistics in parentheses. * significant at 5%; ** significant at 1%.
2. State dummies are included in the regressions, but are omitted to save the space.

**Appendix 1 Wage Equations for male and female workers based on NSS data in 1993, 1998, and 2004
(Rural Areas)**

	1993		1998		2004	
	Male Wage	Female Wage	Male Wage	Female wage	Male Wage	Female Wage
	Coef. (t value)	Coef. (t value)	Coef. (t value)	Coef. (t value)	Coef. (t value)	Coef. (t value)
Land Owned	0.349 (0.98)	-0.324 (4.86)**	-0.452 (5.89)**	-0.386 (2.75)**	0.00 (2.39)*	-0.082 (8.35)**
Scheduled Tribe (ST) dummy (ST=1, otherwise=0)	-322.569 (0.87)	1,018.14 (4.08)**	-27.535 (2.32)*	-148.539 (13.75)**	-121.41 (9.13)**	-108.96 (7.53)**
Scheduled Caste (SC) dummy (SC=1, otherwise=0)	-2,177.57 (7.95)**	-381.166 (1.89)	-18.872 (2.03)*	-77.975 (8.45)**	-	-
non-agricultural self employment dummy (non-agricultural self employment=1 otherwise)	7,216.57 (10.27)**	2,324.92 (5.49)**	-1,306.23 (52.30)**	-460.104 (25.18)**	-1,859.26 (68.44)**	-566.23 (21.97)**
agricultural self employment dummy (agricultural self employment=1 otherwise=0)	7,899.48 (15.13)**	5,204.41 (14.37)**	-1,181.15 (53.85)**	-579.812 (23.35)**	-2,196.08 (69.07)**	-880.79 (22.83)**
Muslim dummy(Muslim=1, otherwise=0)	746.744 (1.61)	185.894 (0.46)	29.163 (2.18)*	-210.77 (12.87)**	113.494 (5.59)**	-330.9 (10.79)**
Age	662.822 (8.65)**	204.695 (3.65)**	69.715 (30.66)**	28.053 (10.97)**	139.625 (37.08)**	49.933 (10.15)**
Age ²	-4.072 (4.17)**	-1.257 (1.69)	-0.86 (32.63)**	-0.359 (11.03)**	-1.638 (39.07)**	-0.637 (10.24)**
Whether mother (or father) is literate, but has not completed primary school	3,542.99 (12.71)**	2,126.39 (7.36)**	20.675 (1.89)	-98.23 (7.56)**	92.081 (5.10)**	-205.98 (8.72)**
Whether mother (or father) completed primary school	7,518.66 (23.01)**	3,208.70 (7.49)**	70.519 (5.94)**	-234.546 (13.56)**	175.043 (9.45)**	-227.04 (9.53)**
Whether mother (or father) completed middle school	14,163.75 (29.57)**	10,200.92 (8.09)**	155.273 (12.13)**	-197.743 (10.15)**	360.514 (19.49)**	-192.21 (7.37)**
Whether mother (or father) completed secondary or higher secondary school	35,055.00 (56.87)**	38,201.86 (26.88)**	532.061 (36.19)**	284.545 (12.11)**	810.913 (33.86)**	201.04 (5.63)**
Whether mother (or father) completed higher education	57,151.06 (47.65)**	53,253.26 (17.32)**	1,091.99 (38.63)**	736.177 (14.63)**	1,473.09 (64.15)**	1,004.51 (20.43)**
Constant	-2,171.00 (1.50)	4,216.78 (4.18)**	-1,366.54 (27.84)**	-954.455 (17.48)**	-2,940.20 (34.97)**	-1,749.97 (16.65)**
Observations	33720	15849	64631	62488	67168	59221

Robust z-statistics in parentheses

* significant at 5% level; ** significant at 1% level

(Urban Areas)

	1993		1998		2004	
	Male Wage Coef. (t value)	Female Wage Coef. (t value)	Male Wage Coef. (t value)	Female wage Coef. (t value)	Male Wage Coef. (t value)	Female Wage Coef. (t value)
Land Owned	-3.614 (1.21).	15.997 (1.94).	0.075 (0.48).	-0.653 (2.90)**	0.001 (1.32).	-0.077 (2.36)*
Scheduled Tribe (ST) dummy (ST=1, otherwise=0)	-2,611.33 (2.53)*	4,112.63 (3.59)**	-78.439 (3.09)**	-703.703 (14.20)**	-55.486 (2.08)*	-634.305 (11.26)**
Scheduled Caste (SC) dummy (SC=1, otherwise=0)	-4,698.31 (8.11)**	-561.604 (0.83).	-17.674 (1.02).	-439.395 (11.33)**		
non-agricultural self employment dummy (non-agricultural self employment=1 otherwise)	21,496.64 (9.98)**	6,469.18 (5.82)**	-2,584.54 (62.16)**	-1,122.31 (23.35)**	-3,658.11 (44.47)**	-1,401.75 (22.58)**
Muslim dummy(Muslim=1, otherwise=0)	-4,223.52 (6.55)**	149.138 (0.14).	-85.447 (4.56)**	-420.463 (8.31)**	-37.205 (0.99).	-523.604 (5.76)**
Age	1,324.95 (6.99)**	1,030.76 (4.52)**	189.38 (49.12)**	113.16 (10.95)**	315.387 (28.86)**	212.348 (10.41)**
Age ²	-4.568 (1.80).	-6.226 (2.10)*	-2.267 (49.03)**	-1.262 (10.03)**	-3.74 (29.58)**	-2.49 (10.00)**
Whether mother (or father) is literate, but has not completed primary school	4,798.27 (7.49)**	5,090.88 (3.58)**	110.174 (4.77)**	-218.989 (4.49)**	173.623 (3.81)**	-430.541 (4.71)**
Whether mother (or father) completed primary school	6,855.26 (10.65)**	6,064.43 (7.23)**	115.636 (5.36)**	-530.84 (9.73)**	243.726 (5.86)**	-595.215 (7.01)**
Whether mother (or father) completed middle school	12,945.26 (20.70)**	15,461.91 (10.05)**	267.889 (13.16)**	-574.963 (10.59)**	429.975 (11.35)**	-854.305 (9.67)**
Whether mother (or father) completed secondary or higher secondary school	29,461.08 (46.56)**	37,408.31 (35.46)**	497.771 (25.91)**	295.871 (8.10)**	737.639 (18.08)**	-231.205 (2.51)*
Whether mother (or father) completed higher education	61,317.93 (63.86)**	56,576.27 (39.31)**	1,091.78 (45.37)**	1,300.66 (21.14)**	1,644.48 (41.56)**	1,539.72 (21.16)**
Constant	-14,176.68 (4.21)**	-13,738.35 (3.25)**	-3,524.42 (43.42)**	-4,121.62 (16.21)**	-6,186.53 (26.69)**	-6,791.28 (15.95)**
Observations	23968	5934	44205	39700	28367	24174

Robust z-statistics in parentheses

* significant at 5% level; ** significant at 1% level

Appendix 2 State-wise estimates of determinants of Fertility (based on NSS in 1993/4, 1999/2000, and 2004/5)

Dependent Variable: Proxied Fertility (Number of Unmarried Children under 15 years old of household head (Based on Robust Standard Errors))

	Andhra Pradesh			Tamil Nadu			Kerala		
	1993	1998	2004	1993	1998	2004	1993	1999	2004
	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.	Coef.
	(t value)	(t value)	(t value)	(t value)	(t value)	(t value)	(t value)	(t value)	(t value)
Mother`s Age	0.539 (22.43)**	0.542 (14.90)**	-0.08 (3.99)**	0.588 (21.91)**	0.447 (8.99)**	-0.047 (2.19)*	0.451 (10.82)**	0.3 (4.36)**	-0.31 (9.81)**
(Mother`s Age) ²	-0.009 (24.07)**	-0.009 (16.33)**	0.001 (2.26)*	-0.009 (23.14)**	-0.008 (10.33)**	0 (0.02)	-0.007 (12.38)**	-0.005 (5.89)**	0.003 (8.38)**
Scheduled Tribe (ST) dummy (ST=1, otherwise=0)	0.097 (0.94)	0.342 (2.17)*	0.191 (2.01)*	-0.06 (0.31)	-0.645 (1.64)	0.21 (0.58)	-0.361 (0.95)	0.11 (0.39)	-0.416 (1.38)
Scheduled Caste (SC) dummy (SC=1, otherwise=0)	-0.03 (0.49)	0.186 (1.97)*	0.053 (0.51)	0.03 (0.50)	0.217 (1.77)	-0.042 (0.12)	-0.012 (0.12)	0.694 (3.03)**	0.482 (1.55)
non-agricultural self employment dummy (non-agricultural self employment=1 otherwise)	0.193 (2.09)*	0.008 (0.03)	0.5 (3.37)**	0.188 (2.15)*	0.228 (0.90)	-0.091 (0.62)	0.037 (0.34)	0.616 (1.90)	-0.372 (2.22)*
agricultural self employment dummy (agricultural self employment=1 otherwise=0)	0.141 (1.57)	0.2 (1.11)	0.575 (3.76)**	0.343 (3.61)**	0.267 (1.25)	0.035 (0.24)	-0.067 (0.53)	0.615 (2.25)*	-0.236 (1.31)
Mother`s Wage	0.00001 (1.12)	-0.00025 (1.33)	-0.001 (4.38)**	0.000025 (3.07)**	-0.0001 (0.53)	-0.0003 (2.90)**	0.0002 (1.39)	-0.0004 (1.35)	0.0001 (0.87)
Father`s Wage	-0.00001 (1.30)	0.00001 (0.58)	0.0003 (3.61)**	0.00001 (2.88)**	0.00008 (0.53)	0.00003 (0.47)	-0.00001 (1.23)	0.003 (2.56)*	-0.0002 (2.44)*
Land Owned	-0.004 (4.38)**	-0.008 (7.10)**	-0.001 (9.83)**	-0.006 (5.62)**	-0.006 (3.86)**	-0.001 (5.37)**	-0.006 (2.45)*	-0.006 (1.90)	-0.002 (3.88)**
Muslim dummy(Muslim=1, otherwise=0)	0.391 (4.85)**	0.811 (7.07)**	0.329 (3.18)**	0.514 (5.44)**	0.573 (3.76)**	0.098 (0.71)	0.745 (8.80)**	0.677 (4.37)**	0.837 (8.74)**
Whether mother is literate, but has not completed primary school	-0.326 (3.76)**	-0.501 (4.42)**	-0.338 (3.57)**	-0.123 (1.57)	-0.066 (0.46)	-0.138 (1.55)	-0.136 (0.89)	-0.159 (0.55)	-0.129 (0.76)
Whether mother completed primary school	-0.261 (2.88)**	-0.337 (2.71)**	-0.424 (4.73)**	-0.118 (1.59)	-0.04 (0.28)	-0.126 (1.60)	-0.313 (2.11)*	-0.724 (2.63)**	-0.314 (2.08)*
Whether mother completed middle school	-0.338 (1.95)	-0.405 (3.02)**	-0.459 (4.42)**	-0.404 (3.10)**	-0.097 (0.64)	-0.359 (3.89)**	-0.322 (1.40)	-0.427 (1.61)	-0.274 (1.80)
Whether mother completed secondary or higher secondary school	-0.695 (1.59)	-0.124 (0.96)	-0.226 (2.18)*	-1.216 (3.92)**	-0.075 (0.50)	-0.212 (2.04)*	-0.842 (1.37)	0.082 (0.30)	-0.144 (0.88)
Whether mother completed higher education	-1.205 (1.85)	0.143 (0.49)	0.411 (1.97)*	-1.883 (3.99)**	-0.076 (0.23)	0.155 (0.92)	-1.171 (1.29)	0.458 (1.09)	-0.286 (1.25)
Whether father is literate, but has not completed primary school	-0.13 (1.83)	0.185 (1.70)	-0.125 (1.54)	0.199 (2.60)**	-0.098 (0.65)	0.014 (0.16)	0.038 (0.24)	-0.259 (0.87)	-0.179 (1.13)

Whether father completed primary school	-0.11 (1.27)	-0.196 (1.94)	-0.126 (1.70)	0.245 (3.30)**	-0.074 (0.53)	-0.004 (0.05)	-0.147 (0.96)	-0.159 (0.57)	-0.224 (1.50)
Whether father completed middle school	-0.098 (0.86)	-0.056 (0.50)	-0.388 (4.58)**	0.301 (3.15)**	0.003 (0.02)	0.062 (0.70)	-0.249 (1.40)	-0.347 (1.24)	-0.186 (1.25)
Whether father completed secondary or higher secondary school	-0.089 (0.43)	-0.363 (2.84)**	-0.414 (3.84)**	0.532 (3.21)**	-0.131 (0.78)	-0.025 (0.24)	-0.115 (0.38)	-0.704 (2.30)*	-0.34 (1.91)
Whether father completed higher education	-0.039 (0.10)	-0.622 (2.94)**	-0.702 (4.72)**	0.728 (2.37)*	-0.193 (0.78)	-0.089 (0.64)	0.179 (0.35)	-1.271z (3.02)**	-0.004 (0.02)
rural sector dummy (rural=1 urban=0)	-0.117 (1.43)	0.452 (1.43)	0.942 (3.71)**	0.05 (0.65)	0.282 (0.78)	0.604 (3.09)**	0.206 (1.78)	0.673 (1.45)	0.042 (0.17)
Son`s Preference Index	0.3 (15.84)**	0.312 (8.70)**	1.819 (29.71)**	0.271 (12.68)**	0.332 (8.20)**	1.732 (27.88)**	0.203 (7.34)**	0.344 (5.94)**	1.769 (21.15)**
Number of Adults	-0.136 (6.36)**	-0.075 (2.72)**	0.131 (5.50)**	-0.153 (7.63)**	-0.21 (6.14)**	-0.003 (0.14)	-0.234 (7.62)**	-0.204 (5.06)**	0.097 (3.46)**
Constant	-6.191 (16.79)**	-6.789 (9.64)**	0.761 (1.52)	-7.329 (17.44)**	-4.962 (5.17)**	1.36 (2.72)**	-4.453 (6.25)**	-2.783 (1.86)	7.443 (9.72)**
Observations	6507	4598	5315	5527	2498	4514	2528	1185	3019

Robust z statistics in parentheses * significant at 5%; ** significant at 1%

	West Bengal			Orissa			Bihar		
	1993 Coef. (t value)	1998 Coef. (t value)	2004 Coef. (t value)	1993 Coef. (t value)	1998 Coef. (t value)	2004 Coef. (t value)	1993 Coef. (t value)	1998 Coef. (t value)	2004 Coef. (t value)
Mother`s Age	0.666 (39.09)**	0.654 (27.99)**	0.161 (8.47)**	0.61 (18.29)**	0.543 (13.47)**	0.022 (0.92)	0.617 (30.36)**	0.633 (23.66)**	0.146 (7.24)**
(Mother`s Age) ²	-0.01 (40.62)**	-0.009 (29.77)**	-0.002 (8.79)**	-0.009 (19.27)**	-0.008 (14.55)**	0 (1.58)	-0.009 (31.09)**	-0.009 (24.71)**	-0.002 (7.18)**
Scheduled Tribe (ST) dummy (ST=1, otherwise=0)	0.271 (1.33)	0.086 (0.35)	-0.443 (2.01)*	0.002 (0.02)	0.373 (3.05)**	0.277 (3.52)**	0.138 (1.45)	0.175 (1.38)	-0.279 (3.18)**
Scheduled Caste (SC) dummy (SC=1, otherwise=0)	-0.123 (2.29)*	0.25 (3.25)**	0.612 (2.75)**	-0.1 (1.09)	0.361 (3.36)**	-0.172 (1.94)	0.088 (1.34)	0.18 (1.99)*	0.367 (3.75)**
non-agricultural self employment dummy (non-agricultural self employment=1 otherwise)	0.525 (6.27)**	0.483 (2.35)*	0.559 (3.64)**	0.219 (1.82)	0.339 (1.33)	(0.85) 0.181	0.445 (4.41)**	0.469 (2.20)*	0.753 (4.60)**
agricultural self employment dummy (agricultural self employment=1 otherwise=0)	0.5 (6.70)**	0.318 (1.68)	0.588 (3.80)**	0.343 (2.86)**	0.27 (1.35)	0.135 (0.63)	0.422 (4.77)**	0.161 (0.96)	0.581 (3.44)**
Mother`s Wage	0.000016 (1.31)	-0.00004 (2.18)*	-0.008 (7.16)**	-0.0001 (0.09)	-0.0006 (2.70)**	-0.0005 (3.37)**	-0.00001 (0.39)	-0.001 (4.71)**	-0.0008 (6.32)**
Father`s Wage	0.00002 (3.90)**	0.0003 (1.66)	0.0004 (5.19)**	-0.0001 (1.07)	0.0003 (1.76)	0.0002 (1.41)	-0.00001 (1.82)	0.0005 (3.18)**	0.0004 (5.10)**

Land Owned	-0.01	-0.01	-0.002	-0.007	-0.006	-0.001	-0.006	-0.011	-0.001
	(9.04)**	(2.46)*	(9.25)**	(4.01)**	(3.18)**	(7.96)**	(5.34)**	(6.58)**	(10.46)**
Muslim dummy(Muslim=1, otherwise=0)	0.589	0.723	0.135	0.981	1.067	0.837	0.751	0.601	-0.009
	(10.25)**	(7.78)**	(1.66)	(3.85)**	(4.04)**	(2.58)**	(10.66)**	(5.35)**	(0.10)
Whether mother is literate, but has not completed primary school	-0.156	-0.372	-0.537	0.061	-0.221	-0.319	-0.011	-0.121	-0.459
	(1.60)	(2.94)**	(4.62)**	(0.54)	(1.89)	(3.44)**	(0.10)	(0.94)	(4.51)**
Whether mother completed primary school	-0.101	-0.531	-0.581	-0.073	-0.069	-0.293	0.124	-0.313	-0.589
	(1.06)	(4.44)**	(6.77)**	(0.48)	(0.44)	(2.54)*	(0.87)	(1.90)	(5.32)**
Whether mother completed middle school	-0.356	-0.668	-0.807	-0.004	-0.434	-0.42	0.013	-0.464	-0.707
	(1.95)	(5.19)**	(8.34)**	(0.02)	(2.73)**	(3.67)**	(0.07)	(2.78)**	(6.33)**
Whether mother completed secondary or higher secondary school	-1.182	-0.532	-0.863	-0.204	-0.072	-0.225	0.018	-0.162	-0.512
	(2.56)*	(4.44)**	(7.69)**	(0.28)	(0.42)	(1.49)	(0.04)	(1.06)	(4.30)**
Whether mother completed higher education	-1.96	-0.531	0.246	-0.341	-0.141	0.853	-0.664	0.35	0.119
	(2.89)**	(1.94)	(1.40)	(0.32)	(0.41)	(3.23)**	(0.91)	(1.13)	(0.54)
Whether father is literate, but has not completed primary school	0.173	-0.051	-0.246	0.186	0.136	0.131	0.277	0.116	0.091
	(2.35)*	(0.51)	(2.54)*	(1.96)	(1.20)	(1.46)	(3.24)**	(1.21)	(1.04)
Whether father completed primary school	0.245	0.012	-0.253	0.266	-0.14	0.04	0.364	-0.076	-0.164
	(3.03)**	(0.13)	(3.53)**	(1.93)	(0.90)	(0.41)	(3.47)**	(0.63)	(1.85)
Whether father completed middle school	0.515	0.021	-0.339	0.46	-0.096	-0.236	0.488	-0.108	-0.108
	(4.71)**	(0.24)	(4.70)**	(2.75)**	(0.73)	(2.33)*	(3.94)**	(1.03)	(1.26)
Whether father completed secondary or higher secondary school	0.867	-0.234	-0.61	0.416	-0.213	-0.324	0.684	-0.338	-0.123
	(3.86)**	(2.11)*	(6.09)**	(1.24)	(1.29)	(2.04)*	(2.69)**	(2.55)*	(1.12)
Whether father completed higher education	1.534	-0.535	-0.992	0.365	-0.266	-0.64	1.083	-0.905	-0.622
	(3.75)**	(2.84)**	(7.20)**	(0.61)	(0.98)	(2.77)**	(2.37)*	(3.95)**	(3.79)**
rural sector dummy (rural=1 urban=0)	-0.214	0.894	1.71	0.039	1.035	1.047	-0.187	1.592	1.6
	(2.54)*	(3.08)**	(8.01)**	(0.26)	(2.85)**	(3.50)**	(1.65)	(4.98)**	(6.59)**
Son`s Preference Index	0.226	0.326	1.904	0.284	0.39	1.856	0.239	0.273	1.956
	(13.11)**	(11.00)**	(29.57)**	(10.48)**	(11.75)**	(24.89)**	(11.47)**	(9.79)**	(28.08)**
Number of Adults	-0.125	-0.124	0.104	-0.129	-0.139	0.041	-0.171	-0.161	0.115
	(10.90)**	(8.34)**	(6.74)**	(5.56)**	(5.46)**	(2.04)*	(10.08)**	(7.97)**	(6.35)**
Constant	-8.343	-9.551	-3.668	-7.63	-8.148	-0.814	-7.863	-10.212	-3.743
	(28.61)**	(16.35)**	(7.65)**	(13.56)**	(9.77)**	(1.32)	(22.21)**	(16.31)**	(7.31)**
Observations	9337	6685	9157	3055	2088	3574	6705	4837	6809

Robust z statistics in parentheses. * significant at 5%; ** significant at 1%