

## **Summary**

Jobs and education, key drivers of economic development, are so intertwined that their effects on people's lives cannot be distinguished. While education enhancement is itself a development goal, education also equips people for productive employment and increased household income jobs can increase investment in children's education (World Bank, 2012).

India, world's fastest growing major economy, had average annual growth of about 7% in last two decades. Most of this remarkable growth was driven by development of the service sector. However, the recently growing modern service sector, most of which is skill-requiring and labor-saving, cannot absorb all available workers due to population growth. As a result, unskilled workers often can only find work as low-return casual workers. This is one major cause of persistent poverty, notably in rural areas.

The objective of this dissertation is to inquire into the role of jobs and education in economic development by empirically examining job choice and decision making concerning investment in education. The analysis in chapter 2 provides a characterization of the mechanism underlying the diversification of activities of rural households in four eastern states of India. These four states are poor and agrarian, and rural households there commonly work off-farm to mitigate risks and improve livelihood. This study analyzes

survey data for over 25,000 individuals to investigate the contribution of individual, household, community level characteristics to the securing of lucrative jobs and higher income. It is found that workers with higher human capital and more wealth have better access to high-return jobs, while low social status workers have largely casual and low-paying jobs. Based on the findings reported in chapter 2, I propose that factory jobs are a potential occupation for disadvantaged workers.

Chapter 3, focused on education, identified in chapter 2 as one of the most important determinants of obtaining high-return jobs, identifies the determinants of school progression in a dynamic framework by means of analysis of panel data for approximately 1,000 children in Andhra Pradesh state. Child ability at young age is found to have long-lasting positive effects on school progression; higher wages for casual jobs are found to lead to increased school drop-out; and the presence of a factory has a positive effect on school progression in a community.

An integrated approach is proposed combining manufacturing sector development and the provision of enhanced job opportunity information access, which could promote household investment in education and access to high-return jobs, two keys to the fostering of human capital, and in turn, of improved livelihood.