Essays on Caste, Gender and Inequality in Nepal: An Empirical Investigation

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In developed countries, a significant body of research has examined the racial and ethnic differences in educational achievement and has found striking differences in achievement. However, in developing countries, although there has been substantial research on educational stratification, most of the research in the past has focused on how family background factors, specifically, socioeconomic status, relate to educational inequalities. Only few empirical papers have given attention to caste and ethnicity as a determinant of educational achievement. Similarly, the empirical literature on differences in living standards between various caste/ethnic groups is very limited for developing countries. Using the School Leaving Certificate Exam (SLC) data collected by the Ministry of Education (2005) and the National Living Standard Survey II (2004) data, this proposal empirically investigates the issues of racial and caste/ethnic stratification in educational achievement and income for the case of Nepal. The first chapter examines the differences in educational achievement between upper and lower caste students in Nepal using quantile regression models. The School Leaving Certificate (SLC) exam score is used as a measure of educational achievement. Applying Machado and Mata (2005) technique to decompose the upper-lower caste gap across the entire distribution the results show that the upper-lower caste gap is mainly caused by differences in the distributions of covariates between the two groups. This implies that for all students, differences in their individual, family and school characteristics matter more than differences in returns to those characteristics. For example, upper caste students have more educated parents and they spend less time on household chores compared to lower caste students. The gap is wider at the lower end of the distribution. The second chapter estimates quantile regressions to analyze the upper-lower caste inequality in welfare. The measure of welfare is real per capita household consumption expenditure (rpce). The results show that the inequality in welfare between the upper and lower caste households is caused by both the difference in covariates as well as the returns to those covariates. The returns effect dominates the covariate effects in the lower half of the distribution and covariate effect dominates the returns effect in the upper half. This implies that for those households from the middle to the top of the log rpce distribution, the upper-lower caste gap is mostly caused by the differences in their characteristics. For example, the level of education is lower among lower caste households than upper caste households in the top part of the distribution. On the other hand, for those households from the middle to the bottom of the log rpce distribution, the upper-lower caste gap is mostly the result of higher returns to the characteristics for the upper caste households. This implies that being a member of the upper caste household pays more for their characteristics than being a member of the lower caste household. We believe that differences in education quality, cultural development and geographical isolation may cause the differences in returns to economic characteristics. The third chapter examines the gender and caste gap in educational achievement in public and private schools in Nepal using OLS and Probit models. Furthermore, the study uses Heckman (1979) two step procedure to correct for possible sample selection bias. Work on this is currently in progress.