

PARENTAL INVESTMENT RESPONSES TO LOW BIRTH WEIGHT CHILDREN: EVIDENCE FROM INDIAN HOUSEHOLDS

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ABSTRACT

Endowments have been proven to dictate child outcomes across dimensions such as health, cognitive ability, school grades and even later-life outcomes such as performance in the labour market. It is also well-established that parents tend to adjust human capital investments on their children based on the child's ability as perceived by them. A quantitative analysis using 2005-06 and 2015-16 rounds of the National Family Health Survey is performed with Low Birth Weight (LBW) as the proxy for endowment, to understand how Indian parents respond to perceived child abilities. The results indicate that Indian parents exhibit reinforcing behaviour across inputs such as breastfeeding and vaccination, thus exacerbating existing endowment differences. LBW children are found to be weaned sooner and are also provided lesser protection in terms of vaccination and immunization against disease as compared to Normal Birth Weight (NBW) children. The results are robust to specifications modelled to tackle potential endogeneity concerns.