

## **Economics Seminar, Indian Statistical Institute, New Delhi.**

SPEAKER: Tanika Chakraborty, Washington University in St Louis

TITLE: English Language Premium: Evidence from a policy experiment in India

TIME: 4-5.30 P.M.

DAY & DATE: Wednesday, 1<sup>st</sup> October 2008

PLACE: Seminar Room 2

### **Abstract:**

A key question facing education policymakers in many emerging economies is whether to promote the local language, as opposed to English, in elementary schools. The dilemma is particularly strong in countries that underwent rapid globalization making English a lingua franca for international as well as domestic exchange. In this paper, we estimate the change in returns to English skills, in response to globalization, by exploiting an exogenous language policy intervention in India. In a two-way fixed effects model we combine differences across birth cohorts and districts in the exposure to English education, to estimate the effect of the language policy on wage premium. Moreover, since the policy was introduced only in the state of West Bengal, we combine other states with no such intervention to address the potential threat of differential district trends confounding our two-way estimates. Our results indicate significantly high English skill premium in the labor market. A 1% decrease in the probability of learning English lowers weekly wages by 1.6%. On the average this implies a 68% reduction in wages due to the language policy change. We provide further evidence that occupational choice played a decisive role in determining the wage gap.

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