In India, it pays — literally — to speak English

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Language chauvinism is rampant in Indian political circles — be it Hindi, Marathi or Tamil — and some politicians have even called for a ban on the use of English on the ground that it is “elitist”. However, a path-breaking research study by a team of developmental economists has established that English-language proficiency among Indian workers leads to higher hourly wage earnings.

The research conducted by Dr Nishith Prakash, post-doctoral research associate at the Charles H Dyson School of Applied Economics and Management at Cornell University and research fellow at the Institute for the Study of Labour in Bonn; Dr Mehtabul Azam at the World Bank; and Dr Aimee Chin at the University of Houston, quantifies for the first time in an Indian context, the returns to English-language skills.

The findings have implications for language policy in a linguistically diverse country like India, says Dr Prakash. In an interview to DNA, he points out that knowing the returns to English would help individuals and policy makers make decisions about how much to invest in English skills. Excerpts:

Is English-language proficiency a passport to higher earnings?

Our study established that English-language proficiency leads to higher earnings. Men who speak fluent English earn, on average, 34% higher hourly wages than those who speak no English; even workers who speak a little English earn 13% higher hourly wages.

A second, somewhat surprising, finding from our study was that the younger cohort does not receive a wage premium if their English language proficiency is not complemented by good education. It implies that it doesn’t help younger people to enrol in crash courses on English learning of the sort offered in Indian cities for exorbitant fees. It’s more rewarding for them to enrol in schools where they might acquire proficiency in English alongside a wholesome education.

Why are these findings significant?

A big part of labour economics is 'returns to education', that is, the understanding that the more educated you are, the higher your earning potential is (subject, of course, to other factors, such as demand and supply). We added an additional layer, language proficiency, and estimated the rewards from that in the Indian context. And for the first time, we’ve established clearly that there are significant returns for workers who speak fluent English — and we’ve quantified it. This has implications for language policy in a linguistically diverse country like India.

Knowing the returns to English would help individuals and policy makers make decisions about how much to invest in English skills. Language skills are costly to acquire, and it’s difficult to make optimal choices without knowing the expected benefits.

How do you reconcile your findings with the fact that English isn’t the dominant language in India?

It’s true, according to the 2001 Census, that English is only 44th on the list of languages in India with most native speakers. Only 0.2% of the Indian population reported English as their mother tongue, but considerably more know it as a second or third language. In urban locations, about 35% speak English with some level of proficiency; among the 18-35 age group, about 25% speak English. Among graduates with more than 15 years of schooling, more than 88% speak English. That’s a pretty big number.

Since English-language proficiency reflects higher educational attainment, could it be said that higher earnings came from better education and not just from English-language proficiency?

That’s a valid question: this aspect of any scientific research is called the identification strategy. In this study, we encounter the problem of ‘omitted variable bias’. Without going into technical details, I’d say we’ve accounted for every factor that could weaken the argument we make. For example, years of schooling, location, how well you performed in the 10th standard, family background, and so on. And
the estimates of the wage premium for

English-proficient workers are at the lower bound: that is, this is the minimum wage premium they might enjoy.

Do women enjoy a wage premium if they're proficient in English?

The estimates in respect of women are imprecise, with a higher margin of error. However, what we’ve seen is that women who have English ability enjoy 22% higher wages than women who don’t; the premium is less than for men. In urban areas, the wage premium that English-proficient women enjoy is pretty large; this may be accounted for by density of employers and the fact that given the demand-and-supply equation, women with certain skills, being fewer in number, can enjoy a wage premium. Inversely, women in rural areas don’t benefit, perhaps because they are still less mobile, dependent, or have household responsibilities.

And how are the returns to English-language skills for the various social categories in India?

The returns to English proficiency are significantly lower for the scheduled castes relative to the ‘upper castes’ but no different for scheduled tribes and other backward classes. However, the estimates in respect of scheduled tribes are imprecise given the low sample size. The findings may perhaps be explained by the larger story of social discrimination, whereby they don’t get the same returns despite their having skills. But we probably need to explore this theme in greater detail.

What policy implications does your study have, considering language policy is an intensely political issue?

If the medium of instruction in primary schools is the mother tongue, there’s a case to be made that schooling will be more accessible to children. There are also claims that this has a correlation to national identity — although, in my view, that is to be established. Yet, there’s a trade-off that policy makers must make: schooling in one’s mother tongue reduces economic opportunity than if the medium of instruction had been English.

But, enrolling for crash courses in English speaking isn’t helpful. English classes from the school upwards are better. Of course, quality of schooling is also important, but I’m not aware of a

nationally representative survey on quality of schooling in India.

Should policy makers provide subsidies for English language learning?

A few other scholars have looked at the arena of private tuitions and rewards therefrom. Perhaps in primary education or even in secondary education, subsidies that advance English proficiency would be great. People do spend a lot of money on acquiring such skills.

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