Indian? Want to prosper? Learn English

Not that surprising, but this is one of the papers emerging from the Royal Economic Society conference I’m attending this week. The effect is large, especially for men: hourly wages up by a third. Here’s the press release:

Being fluent in English increases the hourly wages of men in India by 34% and of women by 22% relative to people who speak no English. The return to English language skills for men is as much as the return to completing secondary school and half as much as the return to completing an undergraduate degree.

But for younger entrants to the Indian labour market, getting these high returns to English language skills is increasingly reliant on having other types of education as well. These are among the findings of research by Nishith Prakash and colleagues, to be presented at the Royal Economic Society’s 2010 annual conference.

Using data from the India Human Development Survey, the study finds that while older workers of whatever education level typically earn higher wages from speaking English, among younger workers only the better educated are likely to earn a significant wage premium.

In India – and many other developing countries – there is considerable debate over whether to promote the local language in schools or a more globally accepted language, such as English. The authors note that while the local language might make primary schooling more accessible and strengthen national identity, it may reduce economic opportunities because of the special role of English in the global economy.

The full conference program is here. Of course if I find anything really cool you’ll be able to read about it in due course in the pages of FT Magazine.