

RETURNS TO HUMAN CAPITAL INVESTMENTS AND EMPLOYMENT OUTCOMES IN INDIA

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SUMMARY STATISTICS

Variable	Obs	Mean	Std. Dev.	Min	Max
Monthly earnings	4126	6959.51	10824.31	500.00	450000
log wage	4126	8.47	0.78	6.21	13.02
Age	10175	31.16	12.30	14.00	60.00
Experience in years	10175	15.74	12.48	-4.00	46.00
Years of schooling	10175	7.88	4.85	0.00	16.00
Level of education	10175	2.61	1.85	0.00	6.00
sex (Male-1, Female-2)	10175	1.46	0.50	1.00	2.00
Caste (Other-0, SC/ST-1)	10175	0.37	0.48	0.00	1.00
Migrant (Non-migrant-0, Migrant-1)	10175	0.09	0.29	0	1
City (Delhi-1, Ranchi-2)	10175	1.35	0.48	1.00	2.00

SUMMARY STATISTICS FOR MIGRANTS

Variable	Obs	Mean	Std. Dev.	Min	Max
Monthly earnings	432	6812.42	6926.82	800.00	40000
log wage	432	8.50	0.74	6.68	10.60
Age	934	29.16	9.16	14.00	60.00
Experience in years	934	13.85	9.21	-2.00	46.00
Years of schooling	934	7.81	4.72	0.00	16.00
Level of education	934	2.57	1.78	0.00	6.00
sex (Male-1, female-2)	934	1.48	0.50	1.00	2.00
Caste (Other-0, SC/ST-1)	934	0.32	0.47	0.00	1.00
City (Delhi-1, Ranchi-2)	934	1.32	0.47	1.00	2.00

SUMMARY STATISTICS FOR NON-MIGRANTS

Variable	Obs	Mean	Std. Dev.	Min	Max
Monthly earnings	3694	6976.71	11192.36	500.00	450000
log wage	3694	8.47	0.78	6.21	13.02
Age	9241	31.36	12.56	14.00	60.00
Experience in years	9241	15.93	12.75	-4.00	46.00
Years of schooling	9241	7.89	4.86	0.00	16.00
Level of education	9241	2.61	1.86	0.00	6.00
sex (Male-1, female-2)	9241	1.46	0.50	1.00	2.00
Caste (Other-0, SC/ST-1)	9241	0.38	0.48	0.00	1.00
City (Delhi-1, Ranchi-2)	9241	1.35	0.48	1.00	2.00

DIAGRAM 1: SCATTER OF YEARS OF EDUCATION & MONTHLY EARNINGS IN FORMAL SECTOR

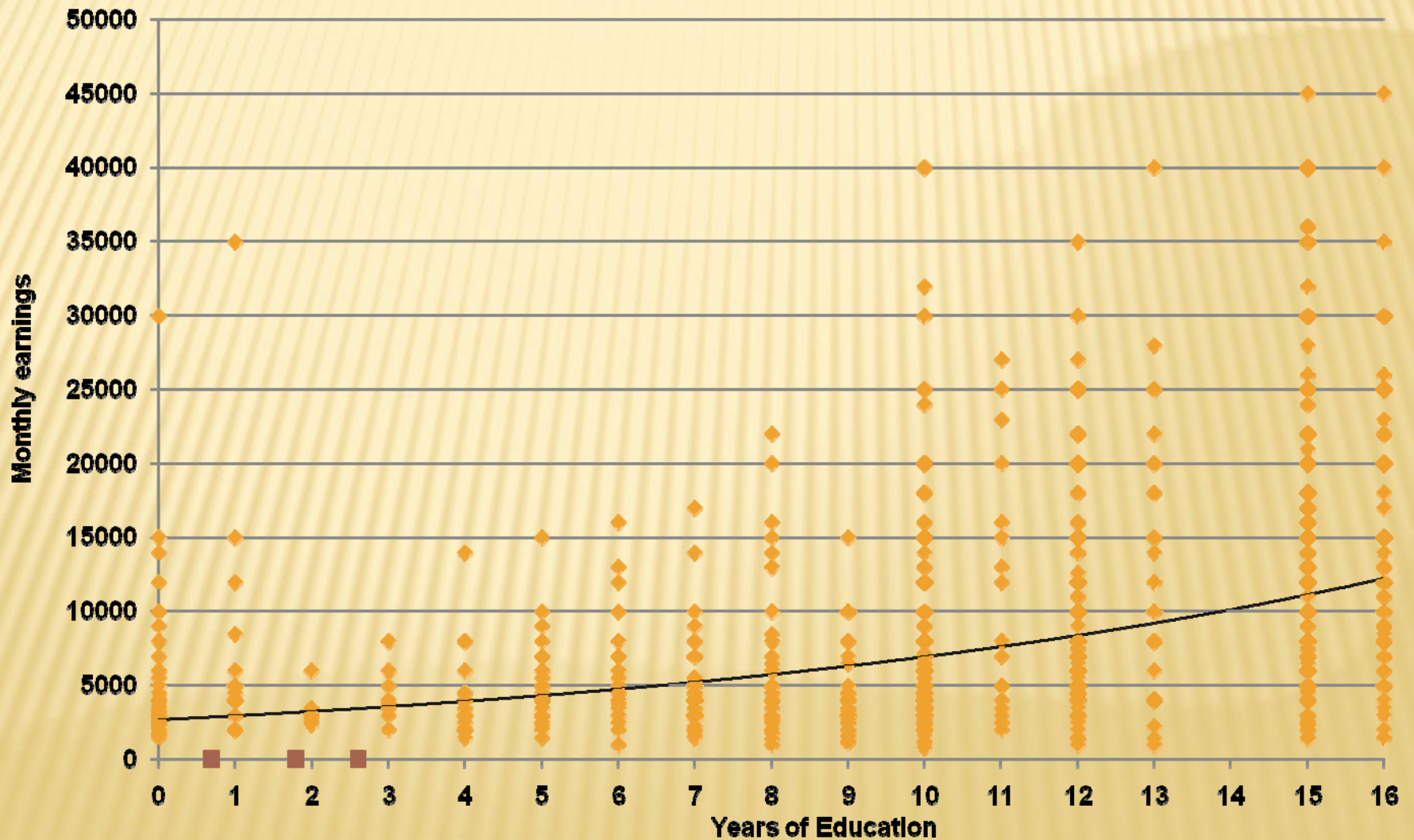
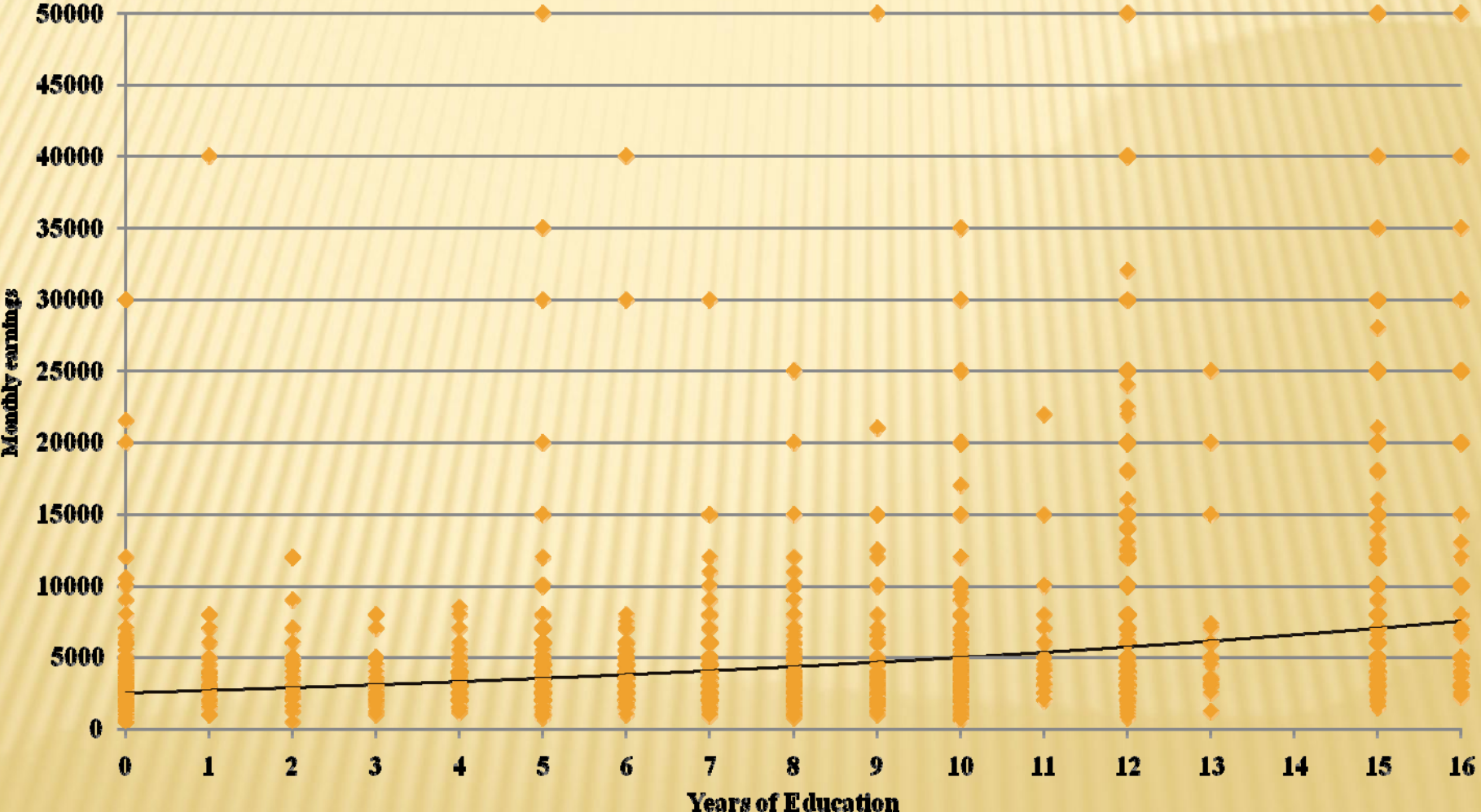


DIAGRAM 2: SCATTER OF YEARS OF EDUCATION & MONTHLY WAGES IN INFORMAL SECTOR



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- ✘ From Diagram 1 it is clear that Monthly earnings increase with the increase of Years of Schooling.
 - ✘ In Informal Sector (Diagram 2) Monthly Earning is less sensitive in Years of Schooling.
 - ✘ Above two diagrams show it clearly that data points are much more dispersed in case of Informal sector.

SECTOR CHOICE REGRESSION (FORMAL SECTOR PARTICIPATION)

	Pr(Formal sector)	Adding Migrant
<i>Illiterate reference group</i>		
Primary	0.207	0.204
Middle	0.331	0.336
Secondary	0.567	0.562
Higher Secondary	0.809	0.811
Diploma	1.369	1.369
Graduate & above	1.257	1.262
experience	0.026	0.026
exp_square	Not Sig	Not Sig
<i>Male reference</i>		
Female	Not Sig	Not Sig
SC/ST	0.171	0.176
Migrant dummy		0.162
<i>Ranchi reference city</i>		
Delhi	0.199	0.198
Identifying variable	2.045	2.045
_cons	-1.898	-1.919
Number of obs.	4126	4126

TABLE 2: RETURNS TO YEARS OF SCHOOLING FOR ALL SAMPLE AND WORKERS (SECTOR WISE)

	Estimates from Without Selectivity/with selectivity correction (Heckman)		Sample of Workers	Estimates from OLS		Estimates from ML (Switching Reg.)	
	Pure Mincer	With other controls		Pure Mincer	With other controls	Pure Mincer	With other controls
years of schooling	0.092	0.084	Years of schooling in Formal Sector	0.104	0.101	0.105	0.103
			Years of schooling in Informal Sector	0.075	0.062	0.072	0.058

TABLE 3: RETURNS TO LEVEL OF EDUCATION FOR WORKERS (SECTOR WISE)

	Formal Sector	Informal Sector
<i>Illiterate reference group</i>		
Primary	0.151	0.083
Middle	0.203	0.146
Secondary	0.417	0.279
Higher Secondary	0.834	0.672
Diploma	0.988	0.623
Graduate & above	1.458	1.187

