

Abstract

Economists and policy makers have a longstanding interest in measuring the earnings associated with acquiring more education. From a private point of view; it provides a measure of returns to investment in additional schooling. From a social standpoint, the return to education provides an indication of the relative scarcities of people with different level of schooling and thus it provides a guide for educational policies.

After the development of human capital theory in the sixties and the pioneering work of Mincer (1974), several studies emerged the rates of return to education in both developed and developing countries. However, most of these studies have estimated the average returns to education, which may be, interpreted as the returns to schooling for an individual. The implicit assumption used in these studies is that schooling related earnings increment is constant across the wage distribution.

The issue of dispersion of returns to education has gained momentum soon after the work of Card(1999) & Buchinsky (1994) who examined the issue , both theoretically and empirically. After that, many recent studies have started investigating the pattern of returns to an additional earning along the earning distribution.

This study helps in finding private returns to education for regular salaried workers in urban India, apart from this, it also analyze the heterogeneity in returns to schooling in India using the employment –unemployment rounds of NSS data (2009-10) and the Quantile regression method for regular salaried workers in urban India. Using quantile regression method, we show the effect of education is not the same across the wage distribution. Returns differ considerably within education groups across different points of the wage distribution.