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Title of Thesis: ***Returns to Investment in Higher Education and its Labour Market Aspects: An Analysis of Differences in Returns in IT Industry of Delhi***

### **Key Findings of Thesis**

The distribution of earnings in knowledge driven service sector economies is determined by the distribution of accumulated human capital (HC) investment. The ability and opportunity determine the distribution of HC endowments like schooling years, on-the-job experience, on-the-job and other than job trainings etc. HC model is found to have strong explanatory power supported by private rate of return (PRoR) as estimated in present study and earnings premium studies across every country. The evidence remains that education is an important and worthwhile investment for a large proportion of each age cohort. The present study empirical estimates provide us information on areas of high and low returns associated with particular schooling type. This will legitimize increased access to those types of higher education, which have high rate of return.

The Indian companies pay on an average INR 4.795 lacs while as foreign companies pay 5.3645 lacs annual salary to employees, indicates 11.86% higher than Indian companies. The present study has also shown intergroup differences in earnings of persons differing in schooling, experiences, schooling type, additional degree number, trainings, attrition rate etc. However the group of workers with equal schooling shows inequality in earnings. This inequality in earnings and RoR can be traced from the estimates of present study.

There lies a difference in accumulated human capital endowments, regardless of years of schooling. The post school investment behaviour including experiences, additional degrees and trainings have strong positive correlation with earnings. The interaction coefficient between schooling and experiences show negative sign revealing that level of higher education and labour market experiences are substitutable.

The inference from the interaction coefficient will prove fruitful in reducing gap between academia and industry besides reducing unemployment. The mismatch between the two has lead to over education, which is growing day by day. The interaction coefficient also tells us to what extent schooling years are substitutable to labour market experiences. The schooling

years can be minimized by some units and compensated by on-the-job experiences, allowing workers to inbuilt skills which an industry demands.

The research areas which need immediate in-depth treatment either by policy makers or by researchers are: (i) assessment of the inter-country disparities in human capital attainments, (ii) cross-industry research is needed in order to understand the extent to which occupational changes upgrade the shape of educational and training requirements, (iii) to look for the potential skills to be gained from educational and training qualification and their interpretation by employees, (iv) to look into the cause and effect relationship between attrition rate, employees and company's growth, (v) the problem of over-education and mode of acquiring degrees needs research work in broader perspectives both in-terms of costs and benefits.