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Adjustment Costs of Linguistic Integration: Evidence from Residential School Migrations in India

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Abstract

Do language transitions impose temporary adjustment costs or persistent human capital losses? We study this question using a large-scale residential school migration program in India that requires approximately 30 percent of Grade IX students to spend one academic year in a linguistically different region. Since participating schools share standardized curricula, assessments, and residential conditions, the program generates plausibly exogenous variation in linguistic exposure while holding institutional inputs constant. Using administrative student level panel data and a difference-in-differences design comparing migrants and non-migrants within schools, we find a short-run decline of approximately 0.14 baseline standard deviations in aggregate test scores during the migration year. The decline is concentrated in cognitively intensive subjects, while performance in language improves. Over time, score differences attenuate and become statistically insignificant, consistent with temporary adjustment costs arising from cognitive reallocation during linguistic transition rather than permanent loss in human capital.

Keywords: linguistic integration; language transition; learning outcomes; human capital; peer effects