Labor Productivity in Indian Manufacturing: A Temporal and Regional Analysis
Kankana Mukherjee –Economics

A rapid rate of growth in the manufacturing sector is vital to India’s future growth strategy. Attaining high labor productivity is central in this process. This paper examines both the temporal and regional trends in labor productivity in the Indian manufacturing sector. A Fisher type index is proposed here to decompose the changes in labor productivity at the aggregate manufacturing sector into two components – a ‘pure’ labor productivity effect and a structure effect. The study examines data from the Annual Survey of Industries, India for the years 1998-99 to 2007-08. The results reveal that labor productivity grew at an annual average rate of 8.4% in the manufacturing sector over the sample period. Most of this increase in productivity came from an increase in pure productivity rather than a change in the structure of the manufacturing sector. Comparison across states reveals that even some of the large manufacturing states lag in terms of labor productivity. The results support policy measures that are more focused on training workers to develop skills that would make them employable in the capital intensive industries.

Exemption and Education: Exploiting a Discontinuity in Military Service Law
Mahdi Majbouri– Economics

"Would the fear of conscription entice the youth to get more education despite their will? This paper uses a discontinuity in the military service law in Iran to answer this question. Iranian males become eligible for military service when they reach 18. But, sole sons whose fathers' age is above 59, at the time of son's eligibility, are exempted from the service. Sole sons whose fathers' age is a bit below the threshold may stay in school until their father reaches (or passes) 59, in order to get exemption after leaving school. This study shows that, as a result of this, there is a discontinuity in education levels of sole sons at the father's age of 59. Sole sons whose fathers' age was below the threshold are five percentage points more likely to attend college than those whose fathers' age was above it."