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**ASSESSING THE IMPACT OF VOCATIONAL TRAINING ON
PRODUCTIVITY: AN ANALYSIS OF NSSO DATA AND A CASE
STUDY OF A MANUFACTURING FIRM IN INDIA**

Abstract:

This paper aims to study the sources through which skills are acquired and do a comparative analysis of the importance of various sources. The chief sources for acquiring skills are education, formal vocational training and informal vocational training. The importance of education was analysed by reviewing its current demand by employers, dropout rates and unemployment levels among educated individuals. The econometric analysis for informal and formal vocational training was done using National Sample Survey Household data. To measure their impact on wages (a measure of productivity), OLS log-linear regression was done using education, experience, regional and social class differences as control variables. The correlation matrix generated was used to determine whether the three training types are exclusive. A sizeable proportion of population still acquires training through informal means, therefore, to study the types of skills acquired and the relative importance of the different sources of informal training, case study was done for a labour-intensive manufacturing firm in North India. Linear regression was done to compare the productivity difference for workers who had acquired informal training in the firm with those who had acquired it through other sources. In the conclusion, policy implications were discussed.

Keywords:

formal vocational training, informal vocational training, education, productivity

JEL Classification: J24, J08