Seminario de Microeconomía Aplicada - Indigenous Land Rights and Firm Behavior

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Abstract: Indigenous communities often inhabit ecologically sensitive land without enjoying formal property rights, leaving these areas vulnerable to commercial overreach. Whether formalizing land rights for tribal communities can deter industrial exploitation is an open question. We develop a model of firms seeking land-use permits which predicts that tribal forest rights reduce overall land demand near tribal areas but shift the composition of economic activity toward larger firms. This occurs because land rights raise land acquisition costs, which constrain smaller firms more, while the general equilibrium reduction in permit applications benefits all firms equally. We test these predictions using India's Forest Rights Act (FRA), which granted nationwide tribal forest rights in 2008. New data on deforestation permits and a firm panel confirm that land demand declines in districts with higher tribal forest-dependent populations, driven by longer permit processing times. The decline is strongest for smaller projects and firms, and weaker or absent for larger ones. Firm inputs and productivity mimic this pattern. Consequently, land conflicts and population displacement intensify post-reform, especially around large projects. Our findings point to a re-sorting rather than retreat of development pressure on indigenous land.

About the exhibitor: Raahil Madhok is an Assistant Professor of Applied Economics at the University of Minnesota. His research is at the intersection of environmental economics, development economics, and political economy. His work studies how economic activity and institutions shape the natural environment in developing countries. Raahil holds a Ph.D. and M.A. from the University of British Columbia and a B.A. from McGill University.

Exposure time: 1 hora y 30 minutos.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/seminario-microeconomia-aplicada-indigenous-land-rights-and-firm-behavior