

**Title: Political Connections During a Crisis**

**Speaker: Prof. Sheetal Sekhri (University of Virginia)**

**Area: ESS**

**Date: 07.07.2022, Venue: P22 @ 4PM**

**Abstract:**

Using detailed data on firm operations along with a novel method of measuring political connections, we study whether and how political connections matter for firms during an economic downturn. We first document that connected firms have lower TFP on average than non-connected ones. Using a synthetic difference-in-differences framework in the context of a large macroeconomic shock in India, we then find that connected firms are relatively more likely to get access to short-term credit, especially from banks, and can delay their short-term interest and debt payments owed to suppliers and creditors. They are therefore able to invest in productive assets, resulting in 8-10% higher income, sales, expenses, as well as substantial TFP gains that are persistent for over a three-year period following the crisis. Put together, our results highlight the role that political connections in providing access to scarce resources during a crisis.

**Speaker Profile:**



Sekhri is a tenured associate professor in the Department of Economics at the University of Virginia in the US. She got her PhD from Brown University in 2008. Her research uses theoretical insights and data to answer questions related to water scarcity and pollution, higher education, skilled labor markets, and state capacity in developing countries. Sekhri has written numerous research in these areas with publications in the American Economic Journal, Journal of Development Economics, Journal of Human Resources, and Journal of Environmental Economics and Management. She has won numerous grants and was the Giorgio Ruffolo fellow in sustainability Science at the Harvard Kennedy School from 2012-to 13 <https://economics.virginia.edu/people/ss5mj>