

Title: Distributional Effects of Agricultural Interventions in India

Speaker: Prof. Shresth Garg, University of Pennsylvania

Area: Economics

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Abstract:

How do government programs that distort prices in agricultural markets affect producers and consumers along the income distribution? We study the distributional effects of three of the largest and longest-running agricultural interventions in India: fertilizer subsidies, procurement of crops at minimum support prices (MSP), and sale of subsidized grains to households. These interventions directly impact hundreds of millions of people and cost about 1.2% of India's GDP. To examine their effects, we introduce and estimate a structural model of supply and demand with heterogeneous risk-averse producers, who choose a portfolio of crops and crop-specific inputs, and heterogeneous households who make consumption decisions. Using the estimated structural parameters, we solve for counterfactual equilibria in which these interventions are phased out. Our main results show that these programs provide large benefits to the poorest consumers, but also hurt some of the smallest farmers.

Speaker Profile:



Shresth Garg is an Assistant Professor of Economics at University of Pennsylvania. He works at the intersection of industrial organization and development economics. His ongoing work examines the trade-offs associated with government interventions in various sectors of the Indian economy, including agriculture, cement, and solar.

Webpage Link: <https://shresth-garg.github.io/>