



16 JANUARY 2024

Dr. Asha Sundaram, an esteemed economist from the University of Auckland, presented a seminar titled "Roads, Competition, and the Informal Sector" at the Policy Studies Institute on January 16, 2024. The aim of the seminar was to discuss the impact of road infrastructure on formal and informal firms, focusing on a case study in Ethiopia.

Seminar

A Seminar on Roads, Competition, and the Informal Sector Presented at Policy Studies Institute

Dr. Sundaram's presentation highlighted the key findings of the research. The study revealed that increased competition due to better road connectivity had a significant impact on the formal and informal sectors.

In the formal sector, increased competition was associated with higher labor productivity, capital intensity, investment in physical capital and wages. In the informal sector, however, there was no similar increase in labor productivity or wages. I

The presentation emphasized the importance of taking into account the heterogeneity of firms when studying the impact of infrastructure investments. It also highlighted the important role of the informal sector in job creation and structural change in developing countries.



Roads, Competition, and the Informal Sector

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The research study utilized geolocalized data on road improvements under a significant infrastructure investment program in Ethiopia. Dr. Sundaram and her co-authors examined how increased competition resulting from better connectivity to domestic markets affected both formal and informal sectors.

The seminar participants, who were made up of PSI researchers, actively participated in the discussions following the presentation. The research findings stimulated thought-provoking conversations on the impact of policy reforms and the need to address the particular constraints faced by informal sector firms.

Conclusion

Dr. Sundaram thanked the Policy Studies Institute and acknowledged the valuable feedback from the participants

In conclusion, PSI participants said that the seminar presented by Dr. Asha Sundaram had provided valuable insights into the relationship between road infrastructure, competition and the formal and informal sectors. The findings contribute to the understanding of how infrastructure improvements can impact different types of firms and have important policy implications for promoting inclusive economic growth.



DR. ASHA SUNDARAM

Senior Lecturer

Dr. Asha Sundaram's research on trade and development issues has been published in leading journals, Oxford University Press books and research-based policy analysis portals such as VoxEU and VoxDev. She has been a visiting scholar at Stanford, Columbia, Michigan, Ann-Arbor and at the Center for Advanced Financial Research and Learning (CAFRAL) at the Reserve Bank of India. She has worked as a consultant for international organizations such as the World Bank, the Asian Development Bank and the Economic Research Institute for ASEAN and East-Asia (ERIA).