

# **Votes and Policies: Evidence from Close Elections in India**

## **Abstract:**

Electoral considerations affect government policies and economic outcomes in various ways. In this paper, I use a close election regression discontinuity design to study the development effects of political alignment between local legislative constituency representatives and state governments in India. I analyze policy and outcome variables from sources of non-proprietary data available annually at a legislative constituency level for the last decade. Constituencies with elected representatives aligned to the ruling party have less growth of visible long term fixed investment goods like new administrative headquarters and educational institutes. However, there is little evidence of aligned constituencies having less receipts and implementation of different government schemes or less growth in night-time luminosity. Together with previous findings of more economic growth due to less regulatory obstacle in aligned constituencies, my results can be rationalized by a theory in which the state government has different types of resources to transfer. The state government substitutes policies attributed more to the local constituency representatives with policies which are attributed primarily to the state government in constituencies whose representatives are not aligned to the ruling political party of the state.