

The political economy of environmental regulation: Evidence from the sand mining sector in India

Abstract

This paper studies the unintended effect of regulation on the control of bureaucrats by politicians. In 2016 a reform of the mining sector in India, extended the requirement of environmental clearance to small sand mines, entrusting high ranking bureaucrats (District Collectors) with the decision power of granting environmental permits for sand mining. We analyse the impact of the reform on the behaviours of politicians, bureaucrats, and their interaction. We find that in districts more suitable to mining, the reform reduced district collectors' tenure while increasing their turnover, a tool used by politicians to control bureaucrats. We show that a reduction in tenure is associated with worse district performance in terms of rural development outcomes.

Caterina Gennaioli

**Associate Professor of Environmental Economics at Queen Mary
University of London**