"In with the Big, Out with the Small: Removing Small-Scale Reservations in India"

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Online Appendix

Appendix A can be found in the main paper.

Appendix B: Data Appendix

Annual Survey of Industries Data

We use an establishment-level panel from the Annual Survey of Industries (ASI) covering 2000-01 through 2007-08. The ASI sampling frame covers all registered (formal) manufacturing firms. Large firms are considered part of the "Census" sector, and are surveyed every year. Smaller firms are considered part of the "Sample" sector, and are surveyed every few years. The survey provides sampling weights that allow the construction of representative samples at the state-by-industry level. We excluded services and mining establishments from our analysis. We also excluded a few establishments due to missing data or likely data entry errors, such as establishments for which we cannot identify age, and those that always report no employment in our sample period. The main regressions exclude observations in which establishments are flagged as closed, although the last figure that explores the relationship between size, age and growth does include those observations in order to account for entry and exit.

We also used the panel nature of the data to check if year-to-year observations are consistent. Specifically, establishments report opening and closing values of six variables: stock of raw materials, fuels, and stores; stock of semi-finished goods; stock of finished goods; inventory; loans; and fixed capital. We tested the extent to which the closing value in a particular year matches the opening value in the following year, for establishments observed to be open in adjacent years, and that report non-missing, non-zero values. Table B.1a shows that for each variable, between 77 and 90 percent of opening values

were within one percent of closing values from the previous year. As we expand the window to 2 percent and 5 percent, respectively, the share of matches increases.

Tables B.1b and B.1c illustrate the match rate for the stock of finished goods across states and industries, respectively, while Table B.1d illustrates the match rates for the stock of finished goods by year. The overall match rate is 86 percent; rates vary to some extent across states, ranging from 78% in Punjab to over 95 percent in Meghalaya and Tripura. Match rates range between 80 percent and 90 percent within industries, and between 83 and 87 percent over time. The other five variables exhibit similar patterns.

Overall, the relatively high rate of open/close matches suggests that the ASI panel correctly identifies annual observations belonging to each establishment.

Table B.2 contains a comparison of the ASI and Prowess datasets.

District Codes

This analysis uses the ASI panel identifiers supplied by Ministry of Statistics and Programme Implementation. The panel dataset does not include district identifiers; we merge these in from the annual cross-sections that we purchased separately.

Matching Establishment-Level Data with Product Reservation Status

During the years we study (2000-01 through 2007-08), product codes in the ASI were classified under the ASI Commodity Classification (ASICC). During this period, there were 5,389 ASICC product codes in manufacturing that respondents could identify. In our panel, 4,805 ASICC product codes are actively used. Although respondents could in theory list up to 10 manufactured products, over 90% of respondents listed 4 or fewer products. For most years of the panel, 50-60% of respondents listed only one product. While it is possible that some establishments underreport the number of products they make, our finding

that 50-60% of establishments report only one product is consistent with evidence from the US, where only 39% of manufacturing firms report multiple products (Bernard, Redding, and Schott, 2010, Table 1).[1]

If establishments in our dataset do underreport products, it is possible that we fail to identify some establishments that should be flagged as producing SSI products (either reserved or de-reserved). The direction of any potential bias would depend on how these establishments compare with establishments that do report SSI products. However, given the similarity between our findings and those of Bernard et al. (2010) we do not believe that there is substantial underreporting of products.

We created a concordance between the ASICC product codes and the list of reserved and de-reserved products. Because some of the ASICC codes are very broad, we matched reserved products to each establishment based on both ASICC and 5-digit industry. In some cases, the match between ASICC codes and SSI codes was so exact that we were able to create the match based solely on the product descriptions. In other cases, we used the lengthy descriptions associated with the industry codes to help resolve many questionable concordances. We assumed that a product was matched to an ASICC code if it was at least a partial match.

Table B.3 shows the number of products that were de-reserved in each year starting in 1997. Table B.4 shows a subset of illustrative matches between ASICC codes and reserved products.

1 Bernard, Andrew B. and Redding, Stephen and Schott, Peter K., 2010, "Multiple-product firms and product switching," American Economic Review 100 (1), 70-97.

Table B.1a: Consistency in Opening/Closing Stock Variables

Variable	Number of Adjacent, Non-Zero Observations	Percent of Opening Values within x% of Previous Year's Closing Value		
		Within 1%	Within 2%	Within 5%
Fixed capital	124,764	78%	80%	84%
Stock of raw materials, fuels, and stores	114,477	84%	85%	86%
Stock of semi-finished goods	60,908	90%	91%	91%
Stock of finished goods	92,661	86%	86%	88%
Inventory	117,318	89%	90%	91%
Loans	91,296	77%	78%	79%

Table B.1b Consistency in Opening/Closing Values of Stock of Finished Goods by State

	States with x Percent of Opening Values within 1% of Previous Year's Closing Value
78%	Punjab
80-85%	Dadra & Nagar Haveli, Delhi, Karnataka, Haryana, Rajasthan, West Bengal, Jharkhand, Andhra Pradesh, Tamil Nadu, Kerala, Gujarat
85-90%	Uttar Pradesh, Daman & Diu, Assam, Maharashtra, Uttaranchal, Chhattisgarh, Manipur
90-95%	Madhya Pradesh, Pondicherry, Goa, Orissa, Bihar, Himachal Pradesh, Jammu & Kashmir, Nagaland, Chandigarh, Andaman & Nicobar Islands
95-100%	Meghalaya, Tripura

Table B.1c Consistency in Opening/Closing Values of Stock of Finished Goods by Industrial Sector

	Industrial Sectors with x Percent of Opening Values within 1% of Previous Year's Closing Value
81-82%	Cotton ginning, Office machinery, Wearing apparel
83-84%	Textiles, Other transport equipment, Food products and beverages, Precision instruments, Fabricated metal products, Motor vehicles, Communication equipment
85%	Machinery and equipment, Rubber and plastics, Basic metals, Leather, Refined petroleum products
86-87%	Electrical machinery, Wood products, Chemicals, Non-metallic mineral products, Publishing, Manufacturing n.e.c.
90%	Tobacco products, Paper products

Table B.1d Consistency in Opening/Closing Values of Stock of Finished Goods by Year

Adjacent years	Percent of Opening Values within 1% of Previous Year's Closing Value
2000-01 to 2001-02	83.4%
2001-02 to 2002-03	84.9%
2002-03 to 2003-04	85.7%
2003-04 to 2004-05	85.8%
2004-05 to 2005-06	86.9%
2005-06 to 2006-07	86.4%
2006-07 to 2007-08	85.8%

Table B.1e Consistency in Opening/Closing Values of Stock of Finished Goods by Establishment Size (Average Labor Force)

Labor decile	Average labor force	Percent of Opening Values within 1% of Previous Year's Closing Value
1	Less than 11	84.6%
2	11 to 20	85.9%
3	20 to 35	85.7%
4	35 to 61	85.3%
5	61 to 99	85.4%
6	99 to 142	85.4%
7	142 to 200	85.7%
8	200 to 297	86.0%
9	297 to 505	85.6%
10	505 or more	85.9%

Notes: Authors' calculations based on comparing closing values in one year against opening values in the following year, for observations identified as belonging to the same establishment in the ASI panel. Average labor force is the average number of employees for the current year and the previous year.

Table B.2: Comparing ASI and Prowess Datasets

Year	Number of Establishments (ASI) or Firms (Prowess) that List:							
	Labor		Wages		Capital		Output	
	ASI	Prowess	ASI	Prowess	ASI	Prowess	ASI	Prowess
2000	30,850	90	30,603	7,240	30,268	7,557	30,274	7,143
2001	32,933	173	32,670	7,549	32,316	7,951	32,322	7,463
2002	33,079	538	32,891	8,951	32,472	9,531	32,594	8,900
2003	44,447	741	44,058	9,833	43,554	10,550	43,663	9,793
2004	38,444	744	38,036	10,464	37,614	11,350	37,771	10,403
2005	41,879	696	41,464	10,682	40,955	11,702	41,164	10,658
2006	41,207	768	40,890	10,550	40,325	11,683	40,651	10,561
2007	36,145	774	35,963	10,675	35,494	11,901	35,718	10,727

Notes: Authors' calculations of number of establishments in the ASI dataset and firms in the Prowess dataset that report each of the variables of interest. No sampling multipliers applied.

Table B.3: Dates of Reservation and De-reservation for SSI Products

Year	**Number Products Reserved At Beginning of Year**	**Number Products De-Reserved During the Year**	**Number of Products Still Reserved at End of Year**
1997	1045	15	1030
1998	1030	0	1030
1999	1030	9	1021
2000	1021	0	1021
2001	1021	15	1006
2002	1006	51	955
2003	955	75	880
2004	880	85	795
2005	795	108	687
2006	687	187	500
2007	500	253	247
2008	247	225	22
2009	22	0	22
2010	22	2	20
2015	20	20	0

Notes: Authors' compilations based on various publications of the Government of India, Ministry of Micro, Small, & Medium Enterprises.

Table B.4 Sample Product Matches

Panel (a): Sample of Exact Product Matches, Including Partial Matches

SSI product code	SSI product description	ASI product code	ASI product description
202501	Pickles & chutneys	13532	Chutneys
20530101	Biscuits	13401	Biscuit, cookies
271001	Sawn timber	51105 51107	Timber/wooden planks, sawn/resawn Sawn timber posts / squares
292001	Leather garments	44202	Garments, leather
30350101	Polyethylene films with thickness less than 0.10 mm except co-extruded film cross linked polymer films and high density molecular films	42405	Film, polythene
315102	Cashew shell oil	12114	Cashewnut shell liquid
31922030	Sodium nitrate-lab.	31331	Sodium nitrate
340101	Steel almirah	71501	Almirah, steel
340403	Cocks and valves--water pipe fittings	71362	Sanitary fittings, iron/steel
353134	Rice and dal mill machinery	76235	Rice mill machinery
36420101	Radio/car radio-low cost up to Rs. 250 each	78237	Radio

Panel (b): Sample of Industry-Product Matches

SSI product code	SSI product description	Industry	Industry description	ASI product code	ASI product description
204200	Rice milling	15312	Rice milling	12311 12312 12315 12317 15312	Rice, par-boiled Rice raw excl. basmati Rice, basmati Rice, broken Bran, rice
224302	Synthetic syrups	15542	Manufacture of synthetic flavored concentrates and syrups	13971 13977	Essence/flavour used in food products Concentrates/emulsion used in food products
260101 260102 260103 260104 260106 260199	Cotton cloth knitted Cotton vests knitted Cotton socks knitted Cotton undergarments knitted Cotton shawls knitted Other cotton knitted wears	17301	Manufacture of knitted and crocheted cotton textile products	63323 63348 63437	Knitted fabrics, cloth, cotton Hosiery knitted cloth, cotton Garments, knitted- cotton
290201	Sole leather	19112	Tanning and finishing of sole	43302	Leather, semi-tanned

			leather	43304 43301	Leather, semi-processed Leather, tanned
27210301	Wooden crates	20231	Manufacture of wooden boxes, barrels etc. (except plywood)	51102	Wooden crates
281904	Corrugated fiber board containers	21023	Manufacture of corrugated fibre board containers	57104	Boxes, corrugated sheet
312203xx 312207xx 312210xx 312211xx	Basic dyes Azo dyes (direct) Acid dyes Reactive dyes Fast colour bases	24114	Manufacture of dyes	35115 35126 35152 35166 35199	Chrome, dye Dye, intermediates, others Dye, synthetic, others Direct dye excl. congo red Dyeing/tanning materials, n.e.c (+ 13 color-specific)
34359901 350102 350104 350105 350106 350108 35080101 343507 343510 343511	Other agricultural implements Winnowers--up to 5 h.p. motive power Seed cleaners--up to 5 h.p. motive power Grain Driers--up to 5 h.p. motive power Sheel Huskers--up to 5 h.p. motive power Cotton Deliniting machine--up to 5 h.p. motive power Harvester grader, baler & other earth moving blades used in agricultural machines Plough shears/iron ploughs Insecticide dusters--manual Insecticide sprayers--manual	29219	Manufacture of other machinery and equipment for use in agriculture, horticulture or forestry, bee-keeping and fodder preparation n.e.c.	76189	Agricultural & forestry machinery/parts, n.e.c
3768xx	(39 bicycle component products: tube valves, fork handles, pedal assemblies, chains, etc.)	35923	Manufacture of parts and accessories for bicycles, cycle - rickshaws and invalid carriages	82489 82414	Cycles-others and parts, n.e.c Parts for motor cycle/moped/ cycle, n.e.c.

Notes: Sample of matches between SSI product codes and ASICC codes.

Appendix C: Additional Robustness Tests

This appendix shows results from several robustness tests discussed in the main text.

Establishment-Specific Time Trends

The baseline results control for establishment-specific, time-invariant characteristics. However, we might also be concerned that the de-reservation policy attracted entrants that were already growing quickly. To address this possibility, we conduct a robustness check that controls for establishment-specific time trends. Given the large number of individual establishments, including a separate variable with a time trend for each establishment is infeasible. Therefore, for each outcome of interest, we first conduct a separate regression, for each establishment, of the outcome on a time trend.

We use the coefficient on the time trend to generate predicted values for that outcome of interest and for that establishment. We then combine all of the establishment-specific predicted values for a particular outcome of interest into one variable (for example, log(labor)_hat) and include this variable as a control in the relevant regression (i.e. the regression for that outcome of interest; for example we include log(labor)_hat in the labor regressions, log(output)_hat in the output regressions, and so forth). When including the predicted variables as independent variables, we bootstrap standard errors. Results, shown in Table C.1, are very close to the baseline results. It is important to note that the number of observations is lower than in the baseline results because we can only include an establishment-specific trend for establishments observed at least twice.

Product-Specific Time Trends

To address the possibility that the de-reservation policy was first targeted at products that were already growing quickly, we conduct a robustness check that controls for product-specific time trends. We first identify each establishment's primary product. As in the previous robustness check, we conduct a separate regression, for each primary product, of establishment-level outcomes on a time trend. We then

use the coefficient on the time trend to generate predicted values for that outcome of interest and those establishments. Finally, we combine all of the establishment-specific predicted values for a particular outcome of interest into one variable (for example, log(labor)_hat) and include this variable as a control in the relevant regression. When including the predicted variables as independent variables, we bootstrap standard errors.

Results are shown in Table C.2. As in the case of the regressions with establishment-level trends, the regressions with product-level trends are very similar to the baseline regressions.

Additional Controls

The main text shows that product de-reservation does not appear to be associated with pre-de-reservation trends at the product level. However, we may also be concerned that industries with certain characteristics were selected into de-reservation at earlier dates. We check for this possibility by re-running our baseline specification including a number of different controls:

- Industry-by-year dummies (industry dummies at the 3-digit level)
- Initial location dummies interacted with year dummies
- Initial age (dummies for 5 age groups) interacted with year dummies
- Initial ratio of production to total workers (dummies for 10 deciles) interacted with year dummies
- Initial ratio of capital to number of workers (dummies for 10 deciles) interacted with year dummies

Table C.3 shows the results from these regressions. The additional controls are not shown because of space considerations, but are included in all specifications.

Industry-Level Regressions

In addition to the product and establishment-level results, we also test whether our results are robust to using an aggregate industry-level measure of exposure to the SSI policy. We use the sampling weights provided by the ASI to create a representative sample of establishments at the industry level. We follow a similar logic as we used in the district-level regressions, following Topalova (2010).[2] We calculate the exposure of each industry *j* to de-reservation at time *t* as the sum over all products of revenue associated with each product *p* in industry *j* in 2000, multiplied by a dummy variable indicating whether the product was de-reserved, and divided by total product revenues in that industry in 2000.

$$FrDeres_{jt} = \frac{\sum_p (Revenue2000_{jp} XDeres_{pt})}{TotalProductRevenue2000_{\square}}$$

Our left-hand side variables are contemporaneous measures of aggregate labor, output, capital, average wage (calculated as aggregate wage payments divided by aggregate labor), and aggregate number of establishments at the industry level. We then estimate the effects of exposure to de-reservation on each outcome of interest *y* as follows:

$$y_{jt} = \beta FrDeres_{jt} + \mu_{jt}$$

We also include a long-difference specification, which uses the change in the fraction de-reserved, and the changes in the outcomes of interest, between 2000 and 2007:

$$\Delta y_j = \beta \Delta FrDeres_j + \mu_j$$

2 Topalova, Petia, 2010, "Factor Immobility and Regional Impacts of Trade Liberalization: Evidence on Poverty from India," American Economic Journal: Applied Economics, 2, 1-41.

The results shown in Table C.4 demonstrate that de-reservation is associated with an increase in total employment. Although the coefficient on output is also positive, it is not statistically different from zero, and the percentage increase is less than the percentage increase in employment. These findings are consistent with our district-level results, which also show that de-reservation is associated with increases in employment and output.

Table C.1: Impact of De-reservation on Establishment-Level Outcomes, Controlling for Establishment-Level Predicted Trends in Dependent Variables

Panel (a): Aggregate Results

	log(Labor)	log(Output)	log(Capital)	log(Wage)	log(Q/L)
t ≥ year de-reserved	-0.0159	0.0187	0.00194	0.0122	0.0145
	(0.00796)	(0.0118)	(0.0106)	(0.00543)	(0.00820)
Coefficient on predicted establishment-level trend of dependent variable	0.0772	0.0247	0.0234	0.0202	0.0363
	(0.0028)	(0.00183)	(0.00211)	(0.00124)	(0.0024)
Year FE	Yes	Yes	Yes	Yes	Yes
Establishment FE	Yes	Yes	Yes	Yes	Yes
R^2	0.02	0.01	0.01	0.03	0.01
No. Obs.	237,670	234,042	232,635	236,067	234,042

Panel (b): Incumbents versus Entrants

	log(Labor)	log(Output)	log(Capital)	log(Wage)	log(Q/L)
Incumbent X	-0.0342	-0.0239	-0.0152	-0.00006	-0.0165
t ≥ year de-reserved	(0.0103)	(0.00994)	(0.0120)	(0.00574)	(0.0111)
Entrant X	0.0596	0.229	0.0804	0.0712	0.183
t ≥ year de-reserved	(0.0208)	(0.0270)	(0.0260)	(0.0113)	(0.0304)
Coefficient on predicted establishment-level trend of dependent variable	0.0874	0.0296	0.0257	0.0213	0.0397
	(0.00275)	(0.00182)	(0.00192)	(0.00139)	(0.00216)
Year FE	Yes	Yes	Yes	Yes	Yes
Year of Entry X Year FE	Yes	Yes	Yes	Yes	Yes
Establishment FE	Yes	Yes	Yes	Yes	Yes
R^2	0.02	0.02	0.01	0.03	0.01
No. Obs.	237,670	234,042	232,635	236,067	234,042

Notes: Dependent variables are shown in column headings. "t ≥ year de-reserved" is a dummy variable that takes a value of 1 when the product is removed from the list of reserved products. All regressions control for the predicted, establishment-level trend in the dependent variable, as described in the text. "Incumbent" indicates that the establishment previously made the product when it had reserved status. "Entrant" indicates that the establishment only made the product after it had been de-reserved. In panel (b) we control for the interaction between year of entry and year fixed effects, where the year of entry is the first year in which we see an establishment switching the main product that it makes (regardless of whether it is an SSI product or not). Standard errors are bootstrapped.

Table C.2: Impact of De-reservation on Establishment-Level Outcomes, Controlling for Product-Level Predicted Trends in Dependent Variables

Panel (a): Aggregate Results

	log(Labor)	log(Output)	log(Capital)	log(Wage)	log(Q/L)
t ≥ year de-reserved	-0.00551	0.0243	0.00646	0.0132	0.0154
	(0.00843)	(0.0142)	(0.00870)	(0.00425)	(0.00962)
Coefficient on predicted product-level trend of dependent variable	0.00909	-0.0111	-0.00223	0.0131	-0.0147
	(0.00456)	(0.00322)	(0.00329)	(0.00314)	(0.00553)
Year FE	Yes	Yes	Yes	Yes	Yes
Establishment FE	Yes	Yes	Yes	Yes	Yes
R^2	0.01	0.01	0.003	0.03	0.01
No. Obs.	298,577	293,746	292,586	296,170	293,746

Panel (b): Incumbents versus Entrants

	log(Labor)	log(Output)	log(Capital)	log(Wage)	log(Q/L)
Incumbent X	-0.0226	-0.0179	-0.0110	0.00143	-0.0163
t ≥ year de-reserved	(0.00893)	(0.0127)	(0.0101)	(0.00552)	(0.0101)
Entrant X	0.0699	0.234	0.0866	0.0694	0.181
t ≥ year de-reserved	(0.0215)	(0.0276)	(0.0243)	(0.0152)	(0.0275)
Coefficient on predicted product-level trend of dependent variable	0.0139	-0.0115	-0.00359	0.0128	-0.0184
	(0.00426)	(0.00418)	(0.00387)	(0.00367)	(0.00522)
Year FE	Yes	Yes	Yes	Yes	Yes
Year of Entry X Year FE	Yes	Yes	Yes	Yes	Yes
Establishment FE	Yes	Yes	Yes	Yes	Yes
R^2	0.01	0.01	0.004	0.03	0.01
No. Obs.	298,577	293,746	292,586	296,170	293,746

Notes: Dependent variables are shown in column headings. "t ≥ year de-reserved" is a dummy variable that takes a value of 1 when the product is removed from the list of reserved products. All regressions control for the predicted, product-level trend in the dependent variable, as described in the text. "Incumbent" indicates that the establishment previously made the product when it had reserved status. "Entrant" indicates that the establishment only made the product after it had been de-reserved. In panel (b) we control for the interaction between year of entry and year fixed effects, where the year of entry is the first year in which we see an establishment switching the main product that it makes (regardless of whether it is an SSI product or not). Standard errors are bootstrapped.

Table C.3: Impact of De-reservation on Establishment-Level Outcomes, With Industry Fixed Effects and Initial Characteristics

Panel (a): Aggregate Results

	log(Labor)	log(Output)	log(Capital)	log(Wage)	log(Q/L)
t >= year dereserved	-0.00956	0.00987	0.0212	0.0153	0.0130
	(0.00964)	(0.0141)	(0.0114)	(0.00580)	(0.0113)
Industry X Year FE	Yes	Yes	Yes	Yes	Yes
Establishment FE	Yes	Yes	Yes	Yes	Yes
Industry Characteristic Controls	Yes	Yes	Yes	Yes	Yes
R^2	0.058	0.059	0.036	0.058	0.039
No. Obs.	298,883	294,059	292,897	296,474	294,059

Panel (b): Incumbents versus Entrants

	log(Labor)	log(Output)	log(Capital)	log(Wage)	log(Q/L)
Incumbent X	-0.0201	-0.0273	0.00432	0.00443	-0.0194
t ≥ year de-reserved	(0.0105)	(0.0147)	(0.0122)	(0.00605)	(0.0118)
Entrant X	0.0462	0.187	0.0872	0.0645	0.163
t ≥ year de-reserved	(0.0191)	(0.0328)	(0.0252)	(0.0137)	(0.0268)
Industry X Year FE	Yes	Yes	Yes	Yes	Yes
Year of Entry X Year FE	Yes	Yes	Yes	Yes	Yes
Establishment FE	Yes	Yes	Yes	Yes	Yes
Industry Characteristic Controls	Yes	Yes	Yes	Yes	Yes
R^2	0.061	0.061	0.037	0.058	0.040
No. Obs.	298,883	294,059	292,897	296,474	294,059

Notes: Dependent variables are shown in column headings. "t ≥ year de-reserved" is a dummy variable that takes a value of 1 when the product is removed from the list of reserved products. "Incumbent" indicates that the establishment previously made the product when it had reserved status. "Entrant" indicates that the establishment only made the product after it had been de-reserved. All specifications include industry fixed effects and industry characteristics interacted with year fixed effects, as described in the text. In panel (b) we control for the interaction between year of entry and year fixed effects, where the year of entry is the first year in which we see an establishment switching the main product that it makes (regardless of whether it is an SSI product or not). Errors are clustered at the establishment level.

Table C.4: Impact of De-reservation on Industry-Level Outcomes

Panel (a): Within-industry

	log(Labor)	log(Output)	log(Capital)	log(Wage)	log(Q/L)	log(Estab)
Fraction de-reserved	0.253	0.152	0.0598	-0.00815	-0.101	-0.00371
	(0.0877)	(0.133)	(0.138)	(0.0428)	(0.0844)	(0.0543)
No. Obs.	992	992	992	992	992	992
No. Industries	124	124	124	124	124	124
R^2	0.301	0.503	0.251	0.061	0.354	0.036
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes

Panel (b): Long differences 2000-2007

	Δlog(Labor)	Δlog(Output)	Δlog(Capital)	Δlog(Wage)	Δlog(Q/L)	Δlog(Estab)
Δ Fraction de-reserved	0.565	0.288	0.128	0.0686	-0.277	0.0521
	(0.119)	(0.209)	(0.143)	(0.0722)	(0.173)	(0.120)
No. Obs.	124	124	124	124	124	124
R^2	0.164	0.024	0.005	0.009	0.046	0.002

Notes: Dependent variables are shown in column headings. "Fraction de-reserved" is the fraction of an industry's output that is de-reserved. Industry classification is based on NIC 1998 at 4-digit level. "Q/L" indicates labor productivity (real output divided by number of employees). Regressions are weighted by initial labor shares. In panel (a) standard errors are clustered at the industry level. In panel (b) standard errors are heteroskedasticity-robust.