The Triple Engine Effect: Does Full Vertical Alignment Unlock the State?*

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Abstract

Does "full vertical alignment"—political congruence across national, state, and local tiers—drive economic development? Using a sharp regression discontinuity design based on close state elections in India, we estimate the causal effects of multilevel alignment on growth, inequality, and public service delivery. We find that full vertical alignment reduces annual nightlight-based inequality by 2.5%, boosts local growth by 2%, and significantly expands welfare access and banking penetration. Critically, these redistributive effects are concentrated in marginalized (SC/ST) constituencies and are absent under partial (dyadic) alignment. These results suggest a vital non-linearity in political economy: a "critical mass" of congruence is required to overcome entrenched bureaucratic friction and unlock the state's distributive capacity.

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1 Introduction

Federal systems confront a persistent governance paradox: fiscal authority is centralized, yet implementation is delegated downwards. National governments design and fund expansive welfare programs, but execution depends on state and local actors whose political incentives may diverge sharply (Asher and Novosad, 2017; Brollo and Nannicini, 2012; Besley and Persson, 2009). As a result, programs that appear well resourced on paper frequently exhibit leakage, underspending, or incomplete delivery. This tension raises a foundational puzzle in political economy: does partisan alignment across multiple tiers of government strengthen distributive capacity by reducing coordination frictions, or does it simply reallocate resources toward co-partisan constituencies?

In multilevel democracies, distributive politics often hinges on partisan congruence. In the United States, co-partisan governors receive more federal transfers (Dynes and Huber, 2015; Berry, Burden, and Howell, 2010; Larcinese, Rizzo, and Testa, 2006). Similar patterns arise in Brazil (Bugarin and Ferreira, 2021; Brollo and Nannicini, 2012) and in Germany, India, and Nigeria, where co-partisan ties shape employment, investment, and the geographic distribution of growth (Schneider, Wech, and Wrede, 2022; Bury, Feld, and Köhler, 2025; Hossain and Hossain, 2024; Asher and Novosad, 2017). Yet the existing literature overwhelmingly analyzes dyadic alignment, between national and state governments, or between state and local governments. Missing is a systematic analysis of full vertical alignment, where partisan congruence spans all three layers of government simultaneously. Such alignment may generate non-linear effects because political effort becomes complementary only when coordination extends across the entire federal hierarchy.

This paper fills that gap by studying triple political alignment in India, the concurrence of partisan control across the local Member of the Legislative Assembly (MLA), the state Chief Minister, and the national Prime Minister. India provides a natural setting for this

inquiry. Fiscal authority is centralized, transfers to states are both systematic and discretionary, and administrative capacity is uneven (Muralidharan, 2024). These conditions create chronic bottlenecks: resources remain unspent, benefits fail to reach marginalized groups, and redistributive programs underperform. For instance, despite large federal outlays, states held over $19 billion in unspent balances from centrally sponsored schemes by 2024.[1] These frictions can prevent resources from reaching intended beneficiaries, making political coordination potentially crucial for effective implementation.

Our conceptual contribution is to reinterpret partisan alignment not only as a vehicle for favoritism and rent redistribution (e.g., Bardhan and Mookherjee, 2006; Arulampalam et al., 2009; Cole, 2009; Ferraz and Finan, 2011; Iyer and Reddy, 2013; Asher and Novosad, 2017), but also as a mechanism that mitigates administrative frictions across tiers of government. We formalize this idea in a dynamic framework where national, state, and local actors exercise effort, potentially coordinate, and may sabotage one another when non-aligned. The model predicts powerful complementarities under full vertical alignment, whereas partial alignment fails to generate similar gains because crucial implementation bottlenecks, particularly at the constituency level, remain unresolved.

Using a sharp regression discontinuity design (RDD), we exploit close state assembly elections from 2011–2019 to identify the causal effects of partisan alignment at the constituency level. We assemble a new panel combining electoral data with constituency-level indicators of inequality, economic growth, social program delivery (MGNREGA), and financial development (bank branch expansion and credit–deposit ratios). Our primary outcomes are night-light growth and night-light Gini coefficients, validated proxies for local economic activity and intra-constituency inequality, respectively.

Our findings show economically meaningful and statistically robust effects of full verti-

[1] Based on Government of India's 2024–25 expenditure accounts.

cal alignment. Constituencies that narrowly achieved triple alignment experienced a 2% annual increase in night-light growth, and a 2.5% decline in night-light inequality in the year following the election. These effects persist across the five-year political cycle ((4-5% over the election term) and are negligible in partially aligned constituencies. Notably, the 2% annual night-lights growth premium represents a nearly 50% acceleration over the baseline growth rate, suggesting that triple alignment not only redistributes resources, but significantly expands the local economic frontier. Additionally, triple-aligned constituencies exhibit significantly higher uptake of MGNREGA, with over 11,000 additional job cards and more than 1,000 additional households completing the full 100-day work entitlement. Second, they exhibit measurable improvements in financial infrastructure, with an increase in branch presence and higher credit-to-deposit ratio.

The distributive gains of triple alignment are especially pronounced in constituencies with high shares of SC/ST populations (high need constituencies), where MGNREGA uptake expands sharply. By contrast, financial development gains are concentrated in constituencies with lower SC/ST shares, consistent with differential absorptive capacity and demand-side constraints.

To distinguish coordination from favoritism, we examine fiscal flows and administrative friction through delays in MGNREGA payments. Triple alignment does not increase completed expenditure under the Act, but it lowers growth in payment delays by nearly 20%, and continues to generate large program gains even after conditioning on total expenditure. These findings suggest that distributive improvements operate through enhanced administrative coordination, not preferential fiscal allocation.

Robustness checks, including alternative functional forms, placebo thresholds, donut holes, bandwidth multipliers, and pre-trend tests, confirm that the results are causal and persistent. Reductions in inequality remain detectable two and three years after elections,

suggesting consistent improvements in state functionality rather than short-lived windfalls.

Our conceptual model contributes in demonstrating that a non-linear administrative threshold governs resource transmission in federal systems. Dyadic alignment is insufficient: unless the local legislator is politically synchronized with both upper tiers, complementary effort does not materialize. Full vertical alignment provides the "critical mass" of political congruence required to overcome bureaucratic friction. As the primary local executor, the MLA's efficacy depends on vertical alignment between state and central governments. Such institutional support enables the mobilization of the local bureaucracy and ensures the inter-agency coordination necessary to translate fiscal outlays into measurable welfare outcomes.

Beyond this core conceptual point, the paper makes three additional contributions. First, it expands the distributive politics literature by showing that triple alignment, not dyadic alignment, shapes the spatial distribution of development (Besley and Case, 1995; Brollo and Nannicini, 2012; Asher and Novosad, 2017; Grossman and Slough, 2022). Second, it contributes to research on spatial inequality in developing economies (Ferraz and Finan, 2011; Golden and Min, 2013; Prakash, Rockmore, and Uppal, 2019), identifying intergovernmental coordination as a key mechanism for reducing local inequality and promoting economic growth. Third, it links partisan alignment to literature on fiscal federalism and institutional development (Rodden and Wilkinson, 2005; Rodden, 2006; Treisman, 2007; Banerjee and Duflo, 2014; Burgess and Pande, 2005; Jha, Shayo, and Weiss, 2025; Jha, Koudijs, and Salgado, 2024), showing how political congruence substitutes for weak enforcement and enables the expansion of welfare programs and financial infrastructure.

More broadly, the results reposition alignment in federal governance. In contexts characterized by vertical fiscal dependence and fragmented implementation authority, alignment functions less as a channel for favoritism and more as a coordination technology that ex-

pands the state's distributive reach. While our evidence comes from India, the logic has broader implications for Brazil, Nigeria, and the United States, where uneven implementation persists despite substantial federal transfers.

2 Conceptual Model of Coordination and Favoritism

2.1 Set up

Consider a common federal system with three political tiers: a national executive (P), a state chief minister (S), and a local legislator (L). Each tier belongs to one of two political parties and faces a continuum of local constituencies indexed by i. Constituency i has a need parameter $\theta_i > 0$ that captures poverty, marginalization, or development deficits. In each period, the three actors simultaneously choose non-negative implementation efforts $e_{j,i,t} \geq 0$, where $j \in \{P, S, L\}$ indexes the tier and t indexes the period. Effort incurs a quadratic disutility $\frac{1}{2}e_{j,i,t}^2$, ensuring interior solutions.

Let the alignment vector $\mathbf{A}_t = (I_{P,S,t}, I_{S,L,t}, I_{P,L,t})$ collect binary indicators for whether each pair of tiers belongs to the same political party in period t: $I_{j,\ell,t} = 1$ if tiers j and ℓ are aligned and $I_{j,\ell,t} = 0$ otherwise. There are three regimes: full alignment ($\mathbf{A}_t = (1, 1, 1)$), partial or dyadic alignment ($\mathbf{A}_t$ has exactly one entry equal to 1), and no alignment ($\mathbf{A}_t = (0, 0, 0)$). We treat alignment as an exogenous Markov process that reflects electoral outcomes across tiers, consistent with the regression-discontinuity design exploited in the empirical analysis.

The national government allocates a per-period budget B across constituencies. Let $T_{i,t}$ denote the transfer received by constituency i in period t; we assume

$$T_{i,t} = \theta_i + \mu_{\mathbf{A}_t} \tag{1}$$

where θ_i is the baseline funding proportional to local need and $\mu_{\mathbf{A}_t}$ captures political favoritism associated with the prevailing alignment pattern. Specifically, under full alignment the transfer receives an additive bonus $\mu_3 > 0$; under dyadic alignment it receives a smaller bonus $\mu_2 \geq 0$ (reflecting partial favoritism); and under no alignment there is no bonus ($\mu_1 = 0$). This formulation nests the standard case $T_{i,t} = \theta_i$ when favoritism is absent.

Effort by different tiers is not perfectly substitutable. Coordination among aligned tiers can yield synergies, whereas non-aligned may induce sabotage, duplication, or strategic withholding of effort. We capture these effects through a multiplicative efficiency factor $\lambda_{\mathbf{A}_t} > 0$, which scales the effectiveness of combined fiscal and administrative inputs. Specifically,

$$\lambda_{\mathbf{A}_t} = \prod_{(j,\ell)\in\{(P,S),(S,L),(P,L)\}} \left[(1+\kappa)^{I_{j,\ell,t}}(1-\sigma)^{1-I_{j,\ell,t}}\right], \tag{2}$$

where $\kappa \geq 0$ measures coordination gains from each aligned link and $\sigma \in [0, 1)$ captures sabotage losses from each non-aligned link. Each term in the product contributes $(1 + \kappa)$ if the corresponding pair of tiers is aligned and $(1 - \sigma)$ if non-aligned, so that efficiency compounds across political relationships.

Under full alignment ($\mathbf{A}_t = (1, 1, 1)$), all three pairs are aligned and $\lambda_{(1,1,1)} = (1 + \kappa)^3$. Under dyadic alignment, exactly one link is aligned and two are non-aligned, giving $\lambda_{\text{dyad}} = (1+\kappa)(1-\sigma)^2$. Under no alignment ($\mathbf{A}_t = (0, 0, 0)$), all links are non-aligned and $\lambda_{(0,0,0)} = (1 - \sigma)^3$.

The effective public good produced in constituency i at time t is

$$G_{i,t} = \lambda_{\mathbf{A}_t}\Big[T_{i,t} + e_{P,i,t} + e_{S,i,t} + e_{L,i,t}\Big]. \tag{3}$$

Each politician cares about local welfare (weighted by need) and incurs the cost of effort.

For simplicity we take the perperiod utility of actor j to be

$$u_{j,i,t} = \theta_i \, G_{i,t} - \frac{1}{2} e_{j,i,t}^2,$$

and assume they maximise the discounted sum $\sum_{t=0}^{\infty} \eta^t u_{j,i,t}$ with common discount factor $\eta \in (0,1)$.[2] Because alignment is exogenous, the game can be analyzed period by period.

2.2 Equilibrium

Conditional on the transfer T and the alignment pattern $\mathbf{A}$, each actor chooses effort taking others' efforts as given. The firstorder condition for actor j is[3]

$$\frac{\partial u_j}{\partial e_j} = \theta \, \lambda_{\mathbf{A}} - e_j = 0 \quad \Longrightarrow \quad e_j^* = \theta \, \lambda_{\mathbf{A}}.$$

Thus, in any alignment regime, the Nash equilibrium has each tier exerting the same effort $e_j^* = \theta \lambda_{\mathbf{A}}$. Total effort is $E = 3\theta\lambda_{\mathbf{A}}$. Substituting into (3) yields effective output

$$G^*(\mathbf{A}) = \lambda_{\mathbf{A}} \Big[T + 3\theta\lambda_{\mathbf{A}} \Big]. \tag{4}$$

Using the definition of T from (1) we have

$$G^*(\mathbf{A}) = \lambda_{\mathbf{A}} \Big[\theta + \mu_{\mathbf{A}} + 3\theta\lambda_{\mathbf{A}} \Big], \tag{5}$$

where $\mu_{\mathbf{A}}$ denotes the relevant favoritism bonus (μ_3 under full alignment, μ_2 under dyadic, zero otherwise). Finally, the equilibrium utility of each actor is

$$u_j^*(\mathbf{A}) = \theta \, G^*(\mathbf{A}) - \frac{1}{2} [\theta\lambda_{\mathbf{A}}]^2.$$

[2] η governs how much alignment amplifies the conversion of political effort and transfers into public goods.

[3] For simplicity, we fix a period and suppress subscripts i, t.

2.3 Comparative Statics

(i) Need: For any alignment pattern $\mathbf{A}$, public output $G^*(\mathbf{A})$ is strictly increasing in θ. Constituencies with greater need receive more effort and larger transfers. (ii) Favoritism: A higher favoritism bonus $\mu_{\mathbf{A}}$ increases T and hence $G^*(\mathbf{A})$. Comparing full and dyadic alignment reveals how much of the alignment premium arises from additional transfers versus efficiency. (iii) Coordination: The coordination parameter κ raises $\lambda_{\mathbf{A}}$ for each aligned link, leading to higher efforts and output in aligned regimes. The gap between full and dyadic alignment isolates the marginal benefit of an additional aligned link. (iv) Sabotage: A higher sabotage parameter σ lowers $\lambda_{\mathbf{A}}$ whenever pairs are non-aligned. Consequently $G^*(\mathbf{A})$ falls under dyadic and no alignment but not under full alignment. This mechanism can rationalise why partial alignment delivers weaker effects than triple alignment, as the reviewer noted.

Since $(1+\kappa)^3 > (1+\kappa)(1-\sigma)^2 > (1-\sigma)^3$ for $\kappa > 0$ and $\sigma \in (0,1)$, output satisfies

$$G^*((1,1,1)) > G^*(dyadic) > G^*((0,0,0)).$$

Thus, triple alignment yields the largest redistribution, dyadic alignment produces intermediate outcomes, and non-aligned leads to the lowest output. Moreover, the difference between triple and dyadic alignment isolates coordination benefits, while the difference between dyadic and non-aligned regimes highlights the role of sabotage.

These comparative statics generate testable implications. First, the model predicts a discrete jump in public good provision when a constituency crosses the threshold into full alignment. Second, the relative magnitudes of the triple–dyadic and dyadic–none gaps inform whether coordination (via κ) or favoritism (μ) dominates. Third, the model implies that alignment premiums should be larger in high-need constituencies (larger θ).

3 Data

To examine the link between total partisan alignment and economic inequality/development at the constituency level, we compile multiple datasets on electoral outcomes, economic inequality, social welfare programs, and financial development. Given the need for high-frequency constituency-level estimates, our approach integrates satellite-based measures with administrative and survey-based data sources to construct a panel spanning multiple election cycles.

3.1 Election Data

Our primary electoral data is sourced from Trivedi Centre for Political Data (TCPD), which consolidates election results from the Election Commission of India (ECI). The dataset includes detailed information on State Legislative Assembly elections,[4] capturing the characteristics of individual candidates, including their name, gender, education, age, caste, party affiliation, and total votes received, as well as key constituency-level characteristics, such as the number of candidates contesting, proportion of female candidates, total electorate size, reserved status, voter turnout, and victory margins. The primary electoral variable of interest is the party affiliation of the winning and runner up candidates, which allows us to determine the partisan alignment of each constituency with the ruling party in the state and the centre.

3.2 Constituency-level Measures of Growth and Inequality

The primary dependent variable is economic inequality at the constituency level. Traditional measures of inequality, derived from household consumption expenditure surveys, are typically aggregated at the state level, making them unsuitable for sub-state analysis.

[4]Throughout the paper, we refer to elected state legislators as Members of the Legislative Assembly (MLAs), who represent the smallest electoral unit at the state level.

Moreover, these surveys are conducted at irregular intervals, often every five years, further limiting their utility for analyzing short-term political dynamics. GDP-based indices are also infeasible at the constituency level.

To construct a constituency-level measure of inequality with annual frequency, we utilize night-time light (NTL) intensity, a widely used proxy for local economic activity and development. The NTL data has been extensively used in the literature as a measure of regional economic disparities, with applications in studying the impact of political characteristics on economic growth (Baskaran et al., 2024; Prakash, Rockmore, and Uppal, 2019; Jain et al., 2023). Studies like Galimberti, Pichler, and Pleninger (2023) validate the use of NTL data to estimate inequality measures against traditional income-based indices. Applications to regions such as the Belt and Road Initiative countries (Yang et al., 2024) and cross-national studies (Hirte, Lessmann, and Seidel, 2020) confirm the utility of NTL data for monitoring socioeconomic development and inequality dynamics.

The advantage of NTL data lies in its granularity, as it is available at the village/town level on an annual basis. NTL data, captured via DMSP (1992–2013) and VIIRS (2012–present), provides high frequency, village-level measures. DMSP data suffer from top-coding and lower spatial resolution, whereas VIIRS offers higher accuracy and predictive power for GDP (Gibson, 2021; Gibson et al., 2021). Consequently, we base our primary analysis on VIIRS data from 2011-2019, with robustness checks using DMSP data (1998-2019).

By aggregating village/town-level NTL values to the constituency level, we construct an inequality index based on the Gini coefficient of NTL intensity within each constituency. The spatial mapping follows a systematic procedure: villages and towns are first linked to their respective constituencies using geographic shape files. In cases where a village or town overlaps multiple constituencies, it is assigned to the constituency covering at least half of its population. Villages/towns fragmented across three or more constituencies without a

clear majority are excluded from the analysis. Using this spatial mapping, we compute the Gini coefficient of night lights for each constituency on an annual basis, ensuring a consistent and high-frequency measure of local economic inequality. Using the same data, we compute annual growth in average NTL intensity as a proxy for constituency level growth.

3.3 Outcome Indicators Based on Social Welfare Program

To supplement our night-light-based measure of economic inequality, we also examine the performance of MGNREGA as an alternative measure of economic development and redistribution. MGNREGA, introduced in 2005, provides 100 days of guaranteed manual wage employment to rural households and represents one of India's largest social welfare programs. Given its explicit pro-poor targeting, MGNREGA has the potential to reduce economic inequality and poverty at the local level, particularly in rural constituencies. We analyze whether partisan alignment influences MGNREGA implementation by compiling block-level administrative data on key program performance indicators, including the total number of job cards issued, the number of registered households, the number of families completing 100 days of work, and the total number of approved and completed works. Since spatial maps of administrative blocks are unavailable, we assign blocks to constituencies using a village/town mapping approach. In cases where a block spans multiple constituencies, it is assigned to the constituency containing at least half of its villages, ensuring consistency in constituency-level aggregation.

3.4 Outcome Indicators Based on Financial Development

In addition to inequality and employment-based measures, we examine financial development indicators, given the role of local financial institutions in influencing economic growth and redistribution. Financial development is commonly linked to reductions in economic inequality, as improved credit access facilitates upward mobility for marginalized groups.

However, constituency-level financial data is limited, necessitating the use of two key proxies: bank branch expansion and the credit-to-deposit ratio. To measure bank branch expansion, we utilize the Bank Directory compiled by Garg and Gupta (2020), which provides information on 154,505 bank branches across India, of which 151,104 are spatially linked to villages and towns in the 2011 Population Census (PC2011). Each branch's year of establishment is recorded, allowing us to track annual bank branch growth at the village/town level. These branches are then aggregated at the constituency level using the same spatial mapping methodology described above. This enables us to construct a constituency-level measure of bank branch expansion for each year from 2012 to 2019.

To complement this, we compute the credit-to-deposit ratio (CDR) as an alternative proxy for financial development. The Reserve Bank of India (RBI) provides bank-center-level quarterly data on total credit and total deposits, where a bank center refers to any village or town with an operational bank branch. We first merge bank centers with PC2011 data and then aggregate the figures to the constituency level using spatial mapping. This allows us to compute annual constituency level credit-to-deposit ratios from 2012 to 2019, providing an additional metric to assess the impact of partisan alignment on financial access and economic outcomes. The Table A1 (Appendix) summarizes the key variables used in our analysis, along with their definitions and data sources.

3.5 Time period of the study

State elections occur approximately every five years, though their timing varies across states due to staggered electoral cycles. A key challenge in constituency-level analysis arises from periodic delimitation exercises, which redefine electoral boundaries to maintain demographic balance. Based on the 1971 Census, constituency boundaries were redrawn, but subsequent adjustments were frozen under the 42nd Constitutional Amendment (1976) until the year 2000 (Verma, 2006). The most recent Delimitation Commission (2002) redefined electoral

boundaries based on the 2001 Census, with the changes implemented in 2008. Given the structural discontinuity in constituency characteristics before and after 2008, we divide our analysis pre and post delimitation years. Given that the indicators related to MGNREGA and financial development are consistently available from 2012 onwards, our primary analysis is restricted to one election cycle from 2011 to 2019 to ensure comparability. For robustness, we analyze a panel of two election cycles from 1998 to 2007 where we are able to analyze only the growth and inequality indicators derived from NTL data of DMSP satellite.

4 Empirical Methodology

We estimate the causal impact of triple political alignment (alignment of MLA with ruling party at the centre and state) on local economic outcomes using a sharp RD design centered on close elections between top two candidates. Specifically, we exploit the discontinuity in alignment status at a predetermined margin of victory threshold. When an aligned candidate narrowly wins a state legislative assembly election against non-aligned candidate, the constituency is treated as aligned with the CM irrespective of the alignment with the ruling party at the centre.[5]

Let Y_{ict} denote the outcome of interest such as the change in the nightlight-based Gini coefficient and the growth in nightlight intensity, for constituency c, in state i, at time t. We estimate the following local linear regression:

$$Y_{ict} = \alpha + \tau \cdot \mathbb{I}(\text{Margin}_{ict} \geq 0) + \beta \cdot \text{Margin}_{ict} + \epsilon_{ict} \tag{6}$$

where: $Margin_{ict}$ is the vote margin (in percentage points) between the aligned and non-

[5]RD is based on margin of victory for MLA elections, which are quasi-random near the cutoff. The key identifying assumption is that constituencies just above or below the victory threshold are statistically similar.

aligned candidate in constituency c at time t, normalized such that values above zero indicate a win by the aligned candidate and negative values represent a non-aligned winner. $\mathbb{I}(Margin_{ict} \geq 0)$ is an indicator function equal to one if the aligned candidate wins and zero otherwise. τ captures the local average treatment effect of alignment with the Chief Minister. In particular, it captures the difference in outcomes for constituencies which narrowly elected an aligned candidate against a non-aligned candidate with those constituencies which narrowly elected a non-aligned candidate against the aligned candidate. The term $\beta \cdot Margin_{ict}$ represents a linear function of the margin of victory. It controls for any continuous relationship between the margin and the outcome near the cutoff, ensuring smoothness in potential outcomes around the cutoff. The coefficient β captures the slope of this relationship and accounts for underlying trends that may vary with the vote margin. ϵ_{ict} is a mean-zero error term. Identification relies on the assumption that close elections produce quasi-random assignment near the cutoff (Imbens and Lemieux, 2008; and Lee and Lemieux, 2010). This analysis, by its design, represents the causal effects of having an elected candidate aligned with state-led government and serves as our base model.

Similarly, we define close elections strategy for alignment with the Prime Minister's party: when one of the top two candidates at the constituency is aligned with the ruling party of the central government, irrespective of his or her alignment with the state-level ruling party. We arrive at the effects of the triple alignment on our outcome indicators by bifurcating the sample of our baseline model based on alignment with the Prime Minister. In other words, we divide the analysis into constituencies aligned with the Prime Minister and non-aligned. In this way, we present analysis at different levels of alignment: alignment with Chief Minister irrespective of Prime Minister; alignment with only Chief Minister and not Prime Minister; alignment with Prime Minister irrespective of Chief Minister; alignment with only Prime Minister and not Chief Minister; and alignment with both Chief Minister and Prime Minister. While the first four categories represent partial alignment, the last

category represents triple (full) alignment.

We estimate Equation (1) using local linear regressions with a triangular kernel. Standard errors are clustered at the constituency level. For robustness, we estimate alternative specifications using second-order polynomials, bandwidth multipliers, alternative bandwidth selectors (CERRD and MSE-optimal), placebo cutoff tests, donut-hole checks, and assess pre-policy smoothness using pre-treatment outcomes. Our heterogeneity analysis is mainly based on the caste composition of the constituency. We check the impact of alignment in constituencies with above and below median share of Scheduled Caste and Scheduled Tribe population. Since constituencies with above-median shares of SC/ST population exhibit higher baseline levels of inequality, this allows us to examine whether political alignment has a stronger inequality-reducing effect in areas that are initially more unequal.

5 Results

5.1 Sample Balancedness

To validate the continuity assumption central to our RDD, we examine the distribution of the running variable, margin of electoral victory, around the zero cutoff. Figure 1 presents two complementary diagnostics. Panel A plots the raw histogram of the margin of victory, showing a smooth, symmetric distribution around the cutoff. There is no visible discontinuity in the density at zero, suggesting the absence of sorting or manipulation by candidates or parties near the threshold. Panel B of Figure 1 presents the results from the McCrary (2008) density test, a formal statistical procedure to detect discontinuities in the density of the running variable at the cutoff. The estimated density functions on either side of the threshold are visually smooth and statistically indistinguishable. The test yields a p-value of 0.789, indicating that the null hypothesis of continuity cannot be rejected. This supports the identifying assumption that the assignment of political alignment around the

cutoff is locally as-good-as-random, lending credence to the causal interpretation of our RDD estimates.

Table 1 shows that key observable electoral and demographic characteristics, such as candidate age, education, caste identity (SC/ST), voter turnout, and the number of contesting candidates, are smoothly distributed across the RD threshold. The coefficients are statistically insignificant, with p-values well above conventional thresholds, indicating no systematic differences between aligned and non-aligned constituencies on pre-treatment covariates. These results bolster the assumption that near the margin of victory, assignment to triple alignment is effectively random.

This balance is further illustrated in Figure 2, which presents cmogram diagnostics for a $\pm 8\%$ window around the RD cutoff. No discernible discontinuities are observed across treatment and control groups for the baseline covariates. Together, the evidence supports the validity of the regression discontinuity design and mitigates concerns that the estimated effects are driven by selection into alignment based on unobserved constituency characteristics.

Table A2 in the Appendix presents descriptive statistics for key variables across close and non-close elections. The distributions are largely similar, with only a few statistically significant differences, supporting the local comparability of constituencies near the cutoff. Table A3 reports summary statistics for key economic, programmatic, and financial indicators across constituencies aligned with the CM, only the CM and not the PM, and both the CM and PM. Observable characteristics are broadly similar across the three groups, supporting their comparability in mixed-election settings.

5.2 Political Alignment and Economic Inequality

Our theoretical model (Section 2) predicts that triple alignment (or full vertical alignment), by reducing coordination frictions, should enable more effective redistribution, especially in high-need constituencies. We start by examining whether this mechanism manifests in observed changes in local economic inequality for all constituencies. Table 2 estimates the effect of political alignment on constituency-level economic inequality. Panel A reports results without controls and Panel B adds pre-treatment covariates for precision in estimates.

Across specifications, alignment only with the Chief Minister (CM) has no measurable effect on inequality (Columns 1 and 2). Alignment with the Prime Minister (PM), however, reduces inequality: the Gini coefficient declines by 0.007–0.008 points ($p < 0.01$, Columns 3 and 4). We further bifurcate the analysis for constituencies which are only aligned with PM and not CM; and aligned with both PM and CM. Results show that the impact of PM alignment is observed only in the latter subsample, MLA's party aligns with both the CM and PM, where we find the impact to be the largest (-0.009 to -0.011 points ($p < 0.05$, Column 5)). The impact on inequality is absent in the former subsample (only-PM aligned areas).

The results reveal two patterns. First, national-level alignment alone shifts economic outcomes only marginally, while state-level alignment alone does not. Second, full partisan coordination across constituency, state, and national governments produces the strongest and most consistent reductions in inequality. These findings highlight the distributive power of political integration in federal systems, and show that incomplete alignment yields at best fragmented gains.

The magnitudes of our estimates are economically meaningful. A reduction of 0.009–0.011 points in the night light based Gini coefficient corresponds to a 2 to 3% decline relative to the baseline. The related literature in Indian context shows that political alignment attracts

more federal transfers from the central governments to the state levels (Arulampalam et al. 2009). Our estimates indicate that the coordinated efforts among different levels of the government as referred by the full vertical alignment, materializes into lower inequality at the local level. It produces distributive effects that are substantial relative to the scale of prior fiscal decentralization, and that these effects manifest even at the highly localized scale of electoral constituencies.

Importantly, these nightlight-based inequality reductions are corroborated using traditional consumption expenditure data. In Table A5, we analyze district-level inequality measured via Gini coefficients of household monthly consumption expenditure from the Periodic Labour Force Survey (PLFS, 2017–20). Using both OLS with district and year fixed effects and a 2SLS specification, where district-level alignment share is instrumented with the share of close-election aligned wins, we find that full vertical alignment produces statistically significant declines in consumption-based inequality on the order of 2 log points. The result is robust to both 3% and 5% margin-of-victory definitions and to the choice between OLS and IV estimation. Critically, neither alignment with only the CM nor alignment with only the PM generates any significant effect, replicating the same non-linearity documented in the nightlight analysis. These findings confirm that the redistributive effects of triple alignment extend beyond luminosity-based proxies to welfare-relevant measures of household consumption inequality, and that the core pattern, full vertical alignment matters, partial alignment does not, holds across units of analysis, data sources, and estimation strategies.

5.3 Political Alignment and Economic Growth

While the primary redistributive gains are expected through improved program implementation, our model (Section 2) also allows for complementary economic growth effects where coordination amplifies public investment.

We now test whether alignment also spurs local growth. Table 3 estimates the effect of

political alignment on local economic growth, proxied by changes in the logarithm of night-light intensity at the constituency level. Panel A presents results without controls; Panel B adds controls for baseline constituency characteristics. We find that alignment only with the Chief Minister (CM) does not affect nightlight growth: the estimated coefficients are small, close to zero, and statistically insignificant across specifications (Columns 1 and 2). In contrast, Asher and Novosad (2017) find increases (3.8 to 4 percentage points over a 5-year term) in night-light growth when constituencies are represented by the state ruling party. Our null for CM-only and the stronger gains under triple (CM+PM) alignment likely reflect differences in the alignment concept (dyadic ruling-party status vs. full vertical alignment) and period of analysis, rather than spatial sampling per se.

Alignment with the Prime Minister (PM) is associated with modest growth gains: a 0.008–0.009 log-point increase in nightlight intensity, statistically significant at the 10% level with controls (Column 3). Yet, when restricting the sample to constituencies aligned with the PM but not the CM (Column 4), the effect disappears, implying that the observed PM effect is driven by constituencies that are also aligned with the CM. The largest and most robust effects arise under full alignment. Constituencies with triple-aligned MLAs exhibit a 0.019—0.020 log point increase in nightlight intensity across both panels (Column 5). These estimates are large relative to typical year-on-year nightlight growth rates observed in developing economies. Relative to the sample mean growth of 3.6% (Table A2), this represents a 55% acceleration in the pace of local economic development.

Figure 3 depicts the effects of political alignment graphically. Panel (a) shows a sharp reduction in spatial inequality, as measured by the change in the Gini coefficient one year after the election ($Gini_{t+1}$ - $Gini_t$). This effect intensifies and persists into the second post-election year (Panel c), suggesting both immediate and enduring distributive consequences of full alignment across state and central governments. Panel (e) extends this result over the full electoral term, demonstrating a sustained decline in inequality throughout the

political cycle. Complementing these distributional dynamics, Panels (b), (d), and (f) document a significant and compounding increase in local economic activity. Panel (b) captures an initial rise in nightlight luminosity one year post-election ($NL_{t+1} - NL_t$), followed by continued expansion in the second year (Panel d). Panel (f) confirms that these gains are maintained over the fullelection term, indicating persistent effects on local economic growth.

5.3.1 Effects during two-election cycles (1998-2013)

Next, when analyzing a longer horizon of two election terms, Table 5 reveals that during 1998–2013, political alignment significantly boosts night light growth, but fails to reduce inequality. This divergence from the one election term–post-2011– findings likely stem from two institutional features. First, the period 1998–2011 was characterized by fragmented coalition governments and less centralized fiscal authority, which constrained redistributive efficiency. Rodden and Wilkinson (2005) argue that India's fiscal federalism during coalition eras allowed state-level discretion but limited the center's ability to enforce equitable intergovernmental transfers. Second, Iyer and Reddy (2013) and Narasimhan and Weaver (2024) highlight that constituency delimitation in 2008 disrupted continuity in geographic targeting and political incentives for redistribution due to redrawn voter bases. Together, these factors suggest that while alignment facilitated infrastructure and project implementation, captured by significant growth in night lights, it lacked the institutional and political levers to drive reductions in inequality. The results underscore that the distributive returns to alignment are conditional on institutional coherence and stable electoral geographies.

5.4 Political Alignment, Public Distribution and Financial Development

In this section we examine potential mechanisms driving the inequality reducing effects of alignment. Notably, we focus on welfare delivered through public and private channels.

Specifically, we focus on MGNREGA, India's flagship rural employment scheme in the former and financial sector development in the latter category. The public welfare schemes typically involve the coordination among different levels of government administrative machinery. Therefore, MGNREGA is also expected to be influenced through state capabilities and coordination at the local levels. Private welfare such establishment of bank branches and credit disbursement, on the other hand, could be more influenced by factors driving local demand. Concurrently, it may not be entirely free of political and government influence (Cole, 2009; Dinç, 2005). In other words, banks could behave in a peculiar way and shift their financial development priorities conditional on prevailing political scenario.

5.4.1 Political Alignment, and Public Welfare Distribution

Building on the model's implication that partisan alignment reduces implementation frictions, we first examine whether triple alignment enhances the delivery of redistributive public programs through measurable improvements in MGNREGA reach and intensity, capturing administrative responsiveness. Table 6 presents the results.

Consistent with our core argument, triple alignment (Column 5) yields the largest and most statistically robust gains. Constituencies aligned with both the CM and PM register nearly 11,850 more households and issue 11,688 more job cards, alongside significant increases in SC/ST job cards (7004 job cards), total approved work projects (1854), total completed works (709), and also an increase in families completing 100 days of work (1006), all significant at conventional levels. The statistical significance and magnitudes of these effects underscore the legislative and bureaucratic coherence enabled by partisan congruence across tiers, which is critical for the successful implementation of the MGNREGA. In contrast, partial alignment, whether with only the CM, or only the PM, generates inconsistent and statistically weak effects. Notably, alignment with only the PM increases approved works, but fails to meaningfully raise job creation. It yields insignificant coefficients across all

outcomes (Column 4). Alignment with only the CM has modest effects. These findings suggest frictions in state-level implementation when political interests diverge. The results highlight a key mechanism: alignment not only determines the scale of implementation, but also shapes the administrative traction necessary to convert resources into tangible employment guarantees. This pattern of impact on public program provides direct support for the distributive pathway linking triple alignment to reduced inequality. Beyond allocative favoritism, aligned constituencies see structurally enhanced delivery of one of India's large redistributive programs. These results quantify the scale of alignment-induced expansion in public employment provision.

5.5 Disentangling Coordination from Fiscal Favoritism

A central concern is that the observed expansion in MGNREGA delivery under triple alignment may reflect fiscal favoritism rather than coordination among different players responsible for implementation. We address this concern as follows.

First, we examine the NREGA payment delays under different forms of political alignment. Along with employment provision of up to 100 days, the Act also stipulates that the wage payments should be made within 15 days of work completion. NREGA SoP guidelines describe that the coordination among key stakeholders is required to make timely payments to the beneficiaries. The burden of compliance falls on central government along with state/UT administrations. The key stakeholders in this process are Department of Rural Development, MGNREGA Programme Division, PFMS, NIC, Banking entities, and NPCI.[6]

We compute growth in total delayed payments for each constituency. The triple aligned constituencies experience nearly 20 percent lower growths in delayed payments. It shows that full vertical alignment enhances coordination among different layers of administration reducing the payment delays and ensuring timely payment to the beneficiaries.

[6]For more details, see: Slide 1 and SoP Timely payment MGNREGA.pdf

Second, the elements of favouritism can translate into higher fiscal transfers (Arulampalam et al. 2009). In this context, we examine whether full vertical alignment leads to more expenditure under the Act. Due to data paucity on NREGA specific fiscal transfers from central to state constituencies, we use total completed expenditure under the program. The estimates in Table A6 show no increase in completed expenditure under full alignment—the coefficient is small and imprecise (0.148)—and growth in expenditure is weakly negative (0.071). Moreover, neither CM-only nor PM-only alignment generates higher spending, and PM-only alignment is associated with a decline in expenditure growth. Taken together, these results rule out the possibility that the observed improvements in program reach are mechanically driven by higher fiscal transfers. The combined evidence implies that the distributive gains from full vertical alignment arise from reduced implementation frictions across political tiers rather than through preferential financial allocation. This pattern aligns with the model's prediction that complementarities in effort materialize only when coordination extends across all three levels of government.

Third, Table 7 estimates the effects of alignment on program outcomes while conditioning on constituency-level completed expenditure. If distributive gains were driven by preferential resource allocation, the coefficients on triple alignment should attenuate once expenditure is absorbed. Instead, the effects remain large and statistically meaningful: constituencies with full vertical alignment experience increases of 11,691 registered households, 11,447 job cards, and 6,672 SC/ST job cards in the following year, alongside substantial gains in approved and completed works. These patterns indicate that alignment improves administrative traction even when fiscal inputs are held constant, consistent with a coordination mechanism rather than expanded funding.

5.6 Political Alignment and Financial Development

This empirical section is motivated by the extended model in Section 2.3, where alignment facilitates institutional development alongside direct redistribution.

Table 7 presents the reduced-form effects of alignment on two key indicators of financial development: the growth in the number of bank branches, and the credit-deposit ratio in the following year. The estimates are derived from a sharp regression discontinuity design comparing close electoral winners and losers, without controls.

The results reveal substantively meaningful and statistically significant effects of alignment—particularly when the alignment involves the PM or jointly with the CM. Constituencies aligned with the PM exhibit an increase of 11.2 percent in bank branch growth, while those under full vertical alignment show an even larger gain of 14.3 percent. These magnitudes are nontrivial given the aggregate volatility in branch expansion, and suggest that vertical congruence in political power facilitates financial intermediation. By contrast, alignment with only the CM or only the PM yields smaller and statistically insignificant effects.

Turning to the credit-deposit (C-D) ratio, we observe a similar pattern. Alignment with the PM is associated with a 0.133 points higher C-D ratio, while alignment with both CM and PM generates a comparable gain of 0.15 points. These improvements in the local financial intermediation environment are unlikely to emerge purely from electoral selection, given the quasi-experimental identification strategy, and instead point to preferential allocation of banking resources or regulatory facilitation in aligned constituencies.

These results suggest that partisan alignment between state and central governments eases the political frictions surrounding the expansion of formal financial infrastructure. This mechanism aligns with theoretical models of distributive politics in multilevel democracies, where co-partisan ties enhance the credibility of intergovernmental transfers and bureau-

cratic coordination. The absence of significant effects in the partially aligned configurations further strengthen the interpretation that alignment serves as a conduit for state capacity to manifest locally through financial sector development.

6 Caste Based Heterogeneous Effects of Political Alignment

6.1 Heterogeneous effects on Night Lights Gini

We begin by examining heterogeneity in the effects of triple political alignment along the dimension of caste-based marginalization. Table 9 presents estimates of alignment-induced changes in economic inequality, measured via Gini coefficients derived from night lights intensity, disaggregated by whether a constituency's SC/ST population share falls below or above the median threshold of 20.55 percent. Across both strata, alignment exerts a downward pressure on inequality, yet the magnitude and statistical salience of this effect are sharper in constituencies with higher SC/ST shares. In these areas, alignment is associated with a reduction of 0.014 Gini points, compared to a 0.010-point decline in lower SC/ST constituencies. The stability of estimates across specifications with and without covariates underscores the robustness of the findings. These patterns suggest that the redistributive gains from partisan alignment may be disproportionately realized in historically disadvantaged communities, consistent with models of political targeting under limited state capacity (Bardhan and Mookherjee, 2006). The disproportionate gains in high SC/ST constituencies likely reflect strategic targeting by aligned governments seeking political consolidation through visible redistribution to electorally salient, historically marginalized groups (Besley and Persson, 2009; Bardhan and Mookherjee, 2006).

6.2 Caste-Based Heterogeneity in MGNREGA Implementation

We interrogate whether the distributive effects of partisan alignment are mediated by the caste composition of constituencies, focusing on the implementation of the MGNREGA. Table 10 reports local linear RD estimates, stratified by whether the share of SC and ST populations exceeds the sample median of 20.55%. While alignment with both state and national incumbents leads to observable expansion in MGNREGA implementation across the board, the magnitude and targeting of this expansion exhibit sharp caste-based asymmetries.

In constituencies with high SC/ST populations, alignment induces substantively larger and statistically more robust improvements in program delivery. SC/ST job card issuance increases by over 12,000—an order of magnitude greater than the effect in low SC/ST areas, where the estimate is small and imprecise. Similarly, aligned governments in these constituencies approve nearly 3,000 more NREGA works, complete over 1,100 additional projects, and provide the full 100-day employment guarantee to more than 1,300 additional beneficiaries. By contrast, alignment effects in constituencies with lower SC/ST shares are markedly attenuated, with weak or null effects on targeted delivery metrics. Notably, while overall household registration and general job card issuance rise in both strata, the locus of distributional intensity, both in volume and in targeting, shifts decisively toward caste-marginalized constituencies.

This pattern of heterogeneous responsiveness is theoretically consistent with models of political resource allocation under informational and fiscal constraints. In such environments, electoral returns to redistribution are highest where the marginal utility of transfer is large and program visibility is high (Banerjee and Duflo, 2011; Muralidharan, Niehaus, and Sukhtankar, 2016). Constituencies with a high density of SC/ST households, historically underserved yet programmatically identifiable, become natural targets for alignment-

driven state effort. These findings resonate with evidence that identity-based demographic composition conditions sub-national bureaucratic effort (Jensenius, 2017), and echo broader arguments that electoral alignment serves as a coordinating mechanism to reallocate constrained state capacity toward electorally salient constituencies (Bardhan and Mookherjee, 2006; Besley and Persson, 2009).

Importantly, the caste-based divergence in alignment effects on MGNREGA cannot be explained by mechanical differences in program eligibility or baseline provision, as the RD design ensures local balance around the electoral threshold. Rather, the results point to an active re-optimization of distributive effort, whereby aligned governments selectively intensify implementation in historically marginalized constituencies. In doing so, they reinforce the political salience of state-led redistribution, while simultaneously using caste as a vector of programmatic visibility and electoral reward.

6.3 Caste-Based Heterogeneity in Banking Sector Expansion

We next examine whether the distributive logic of partisan alignment extends to the financial sector, focusing on constituency-level changes in formal banking infrastructure and credit activity. Table 11 presents RD estimates for two outcomes: growth in the number of bank branches and changes in the credit-deposit ratio, disaggregated by whether the SC/ST population share falls below or above the sample median (20.5%). The contrast is striking: alignment significantly stimulates financial expansion in constituencies with relatively lower SC/ST shares, but has no statistically detectable effect in caste-marginalized regions.

In low SC/ST constituencies, alignment with both the state and national incumbent is associated with a 25.4 percent increase in bank branches and a 19.6 percentage increase in the credit-deposit ratio, both statistically significant at the 5% level. These findings suggest that partisan congruence facilitates greater penetration of financial services, possibly by relaxing bureaucratic constraints or channeling centrally sponsored programs more ef-

fectively through aligned administrative tiers. However, in constituencies with high SC/ST populations—where state capacity was shown to be most responsive in MGNREGA delivery—aligned governments exhibit no measurable effect on banking outcomes. Point estimates are positive but small, and imprecisely estimated.

This asymmetric pattern stands in sharp contrast to the previous subsection's findings and reveals a domain-specific divergence in the logic of distributive politics. Whereas welfare programs like MGNREGA may be electorally incentivized to target historically marginalized groups, the expansion of banking infrastructure appears skewed toward constituencies that are relatively less disadvantaged by caste. This may reflect structural biases in financial intermediation, wherein the deployment of banking resources favors regions with higher baseline economic activity, administrative capacity, or private sector demand for credit—characteristics more prevalent in upper-caste or mixed-population areas (Gupta and Sedai, 2023; Bhukta et al., 2023).

Alternatively, the divergence may signal a form of electoral segmentation: aligned governments may prioritize visible, employment-generating public works in caste-marginalized areas, while reserving capital-intensive financial investments for constituencies where the political returns to such investments are higher due to stronger local economic linkages or elite voter responsiveness. This resonates with arguments in the political economy literature that state capacity is endogenously allocated based on both need and expected political payoff (Grossman and Slough, 2022; Bardhan and Mookherjee, 2006).

This pattern is consistent with the model extension in Section 2, where the returns to institutional investment may be lower in high-SC/ST constituencies, leading aligned governments to allocate effort more heavily toward direct redistribution (i.e., a lower effective value of λ).

In sum, while alignment facilitates the expansion of state-led development channels, the

sectoral distribution of these gains is not uniform. The financial sector—arguably less electorally visible and more tightly coupled to market-oriented logics—exhibits a regressive tilt in the geography of alignment-induced expansion, underscoring the conditional and domain-contingent nature of distributive politics in low-capacity democracies.

7 Robustness

In this section, we examine the robustness of our findings using alternative measures of the outcome variables, addition of control variables, and a battery of standard RD diagnostics, including placebo cut-offs, optimal bandwidth selectors and multipliers (Imbens and Lemieux, 2008; Imbens and Kalyanaraman, 2012; Calonico, Cattaneo, and Titiunik, 2014), donut hole tests, and polynomial sensitivity checks (Gelman and Imbens, 2019).

Alternative measure of inequality: First, we examine robustness using alternative measures of inequality in Table A4. Panel A reports the annual change in the population-weighted Gini, while Panel B presents the annual log difference in the Gini coefficient. Across both panels, full vertical alignment is associated with statistically significant reductions in inequality—0.009 Gini points (Panel A) and a 0.6% decline (Panel B). PM-only alignment also yields consistent negative effects. In contrast, estimates under CM-only or partial alignment are small and statistically insignificant. This result reinforces that partisan congruence remains a robust predictor of localized reductions in economic inequality.

A more fundamental concern with the nightlight-based Gini is that luminosity may not track welfare-relevant inequality. Nightlights capture variation in economic activity broadly, but household-level consumption inequality, the standard metric in the Indian inequality literature, may respond differently to political interventions. To address this, we construct district-level Gini coefficients of household monthly consumption expenditure using three rounds of the PLFS: 2017–18, 2018–19, and 2019–20, and estimate the effect of political

alignment on consumption-based inequality directly.

Table A5 reports the results. In Panel A, we estimate a Panel OLS specification with district and year fixed effects, controlling for turnout percentage, electorate size, share of constituencies with female leaders, and share of reserved constituencies. The main explanatory variable is the share of constituencies in the district where an aligned candidate won against a non-aligned candidate in a close election, defined alternately at 3% and 5% margins of victory. Across both margin definitions, full vertical alignment (CM PM) generates a large and highly significant reduction in consumption inequality: the log Gini declines by approximately 2.0 log points. By contrast, alignment with only the CM yields a precisely estimated null, and alignment with only the CM but not the PM produces a small, statistically insignificant coefficient.

In Panel B, we address the endogeneity of district-level alignment shares using a 2SLS framework. The alignment share is instrumented with the share of constituencies in which an aligned candidate narrowly won against a non-aligned candidate in close elections, exploiting the quasi-random assignment of alignment near the electoral threshold—mirroring the identification logic of the constituency-level RDD. The IV estimates reinforce the OLS findings: full vertical alignment reduces consumption-based inequality by 2.4–2.5 log points, while partial alignment remains insignificant.

The magnitudes of the PLFS-based estimates are larger than those obtained from nightlight Gini. This divergence is expected for three reasons. First, the unit of analysis differs: districts aggregate multiple constituencies, and where a substantial share of constituencies within a district achieve alignment, the pooled effect on district-level consumption inequality may be amplified. Second, consumption-based Gini and nightlight-based Gini measure fundamentally different objects—the former captures the household expenditure distribution directly, whereas the latter proxies spatial variation in economic activity through luminosity.

Nightlights may understate the redistributive effect if welfare programs raise consumption at the bottom of the distribution without proportionally increasing luminosity. Third, the estimation framework differs: Panel OLS and 2SLS at the district level exploit variation across districts and over time, whereas the constituency-level RDD identifies effects from a narrow bandwidth around the electoral threshold. Despite these differences in scale, data, and method, the qualitative pattern is identical across both approaches: only full vertical alignment drives significant reductions in inequality; partial alignment has no detectable effect. This convergence across an independent data source, a different unit of analysis, and an alternative identification strategy provides external validation for the core finding.

Next, we analyze the impact of political alignment on the average change in inequality over the election term, in continuation of the preceding results. Table 4 presents estimates that show constituencies with full alignment between the MLA, Chief Minister, and Prime Minister experience a significant reduction in inequality over the term. Specifically, constituencies aligned with both the CM and PM see an average decline in the Gini coefficient of approximately 0.014 points ($p < 0.01$) with (Panel B) and without (Panel A) control variables. In contrast, partial alignment, whether only with the CM or only with the PM, results in smaller and statistically less robust effects. Alignment solely with the PM shows a modest reduction, but the magnitude is substantially smaller than under full alignment.

Sensitivity to control variables: We include pre-treatment control variables in the baseline specification for MGNREGA outcomes in Table 6 to check the stability of the estimates. Results are presented in Table A5.

The inclusion of controls, such as baseline constituency characteristics, does not substantially alter the magnitude or direction of the main coefficients. The triple alignment effect remains strong and statistically significant across nearly all MGNREGA indicators: constituencies aligned with both CM and PM experience gains of over 12,000 additional

households and job cards, 6,889 more SC/ST job cards, 1,934 approved works, and 726 completed works, with statistical significance at conventional thresholds. Similarly, we evaluate whether the alignment-induced expansion in financial development documented earlier remains robust when conditioning on observable constituency characteristics (Table A6). Compared to the baseline estimates without controls in Table 7, the inclusion of covariates has little effect on the magnitude or significance of the estimates. Constituencies aligned with the PM—and especially those jointly aligned with both CM and PM—continue to experience significant post-election increases in the number of bank branches. The effect is strongest under full alignment (0.149, p = 0.050), and also sizable when alignment is solely with the PM (0.125, p = 0.023). While the estimates on credit-deposit ratio are somewhat imprecise, the consistent positive signs across specifications underscore the robustness of the financial development channel as an underlying mechanism through which partisan alignment reshapes local economic outcomes.

Pre-trends in the effects: We further examine whether the estimated reductions in economic inequality following alignment reflect genuine post-treatment effects rather than following the pre-existing trends. The first two columns in Table A7 assess the change in Gini coefficient in the year preceding the election. Across specifications, with and without controls, the coefficients are small and statistically insignificant, indicating the absence of differential trends prior to treatment. This lends credibility to the RD identifying assumption that, under the absence of alignment, inequality in constituencies on either side of the cutoff would have evolved similarly.

Forward Lags: We test whether the impact of alignment is short lived or persists beyond one year (Columns 3-6, Table A7). The forward-looking specifications reveal sizable and statistically significant declines in inequality two and three years after alignment. Specifically, full vertical alignment is associated with a 0.029–0.030 point reduction in the Gini coefficient two years after the election, with the effect persisting at approximately 0.022–0.027

points at the three-year horizon. These patterns, which remain robust to the inclusion of controls, suggest that the effects of alignment are not short-lived electoral anomalies but rather sustained distributive shifts that emerge and deepen over time.

7.1 Generic RD Robustness Checks

We conduct a comprehensive battery of robustness tests that affirm the consistency and local validity of the estimated effects of political alignment on changes in economic inequality.

First, Table A8 reports RD estimates with second-degree polynomials for the running variable (margin of victory) on each side of the threshold, allowing more flexibility of potential curvature in the relationship between the running variable and the outcome. The results remain consistent in sign, magnitude, and significance. Specifically, the estimated effect of full alignment on inequality is 0.016 without controls and 0.015 with controls, similar to the baseline linear RD estimates of 0.011 and 0.009 respectively in Table 2. Similarly, alignment with only the PM yields a significant reduction in the Gini coefficient (0.009 to 0.010 here vs. 0.007 to 0.008 in the main table). These findings confirm that the observed distributive effects of alignment are robust to higher-order functional form assumptions in the RD specification.

Second, we estimate the model across alternative data-driven bandwidth selectors—specifically, the conventional error-based (CERRD), mean squared error with second-order bias correction (MSETWO), and robust bias-corrected (CERTWO) selectors—with and without constituency-level controls (Table A9). Across all specifications, alignment with both CM and PM yields a statistically significant decline in the Gini coefficient, with magnitudes ranging from -0.009 to -0.014. Notably, the estimates are tightly clustered, indicating that the results are not artifacts of bandwidth choice, and remain significant at conventional levels even with the inclusion of controls.

Third, Table A10 further probes the sensitivity of our estimates to a wide range of bandwidth multipliers around the MSE-optimal bandwidth. The negative and highly significant coefficients across bandwidths as narrow as 0.5× and as wide as 2× of the optimal bandwidth not only corroborate the robustness of the main effect but also mitigate concerns of overfitting or undue reliance on bandwidth tuning. The declining effect size with broader bandwidths is consistent with local heterogeneity and underscores the importance of identification in a narrow window around the cutoff.

Fourth, to ensure that the estimated discontinuity is not spuriously driven by other breaks in the running variable distribution, Table A11 presents placebo tests by shifting the RD cutoff to alternative margins, both positive and negative, away from the true threshold. The absence of statistically significant effects at these placebo thresholds, with the exception of an isolated coefficient at c = 1, provides strong evidence that the observed discontinuity is not the product of functional form artifacts or unrelated discontinuities in the assignment variable.

Lastly, we strengthen identification by deploying the "donut hole" test, shown in Table A12, which excludes observations closest to the cutoff, i.e., those most susceptible to strategic manipulation. Even when omitting observations within ±0.01 to ±0.20 margins of victory, the alignment effect on inequality remains negative and significant across all specifications, with consistent magnitudes. This suggests that the discontinuity is not driven by irregularities or sorting behavior around the threshold, reinforcing the assumption of local randomization. Overall, these robustness checks demonstrate the stability of the RD estimates across a variety of empirical choices. The alignment-induced decline in local inequality is not an artifact of bandwidth selection, model misspecification, or sorting, but rather reflects a meaningful shift in distributive outcomes driven by political alignment. These findings bolster the credibility of our identification strategy and lend further confidence to our interpretation of the results.

8 Conclusion

This paper investigates whether partisan alignment across national and sub-national governments affects geography of economic growth and inequality. We apply sharp regression discontinuity design based on close elections to Indian state legislatures between 2011 and 2019. Results show that full vertical alignment, where a constituency's MLA, the Chief Minister at the state, and the Prime Minister at the centre, all belong to the same party, leads to significant increase in economic growth and reductions in spatial inequality, measured through constituency-level Gini coefficients of night light intensity. These effects are statistically robust across bandwidths, placebo thresholds, and model specifications.

The effects of alignment are more pronounced in constituencies with higher SC/ST populations– areas with low baseline infrastructure and higher inequality. These patterns suggest that alignment enables governments to jointly target historically marginalized regions that are otherwise difficult to reach and lack access to public goods.

The delivery of public welfare programs and financial development are plausible mechanisms enabling the reductions in inequality. Triple-aligned constituencies experience measurable gains in access to welfare program as MGNREGA implementation expands significantly with increased issuance of job cards, a higher number of households completing the full 100-day employment, and larger number of works completed. These constituencies also experience higher financial sector development as reflected by the increase in the number of bank branches and improved credit-deposit ratio. Interestingly, as underserved areas experience larger reduction in inequality due to full alignment, the mechanisms work differently. While public welfare channel has stronger effects in constituencies with higher share of SC/ST population; financial development which is guided by the local demand works only in low SC/ST constituencies.

The observed inequality reductions reflect real changes in state functionality, rather than

mechanical or statistical artifacts. Our findings contrast with earlier accounts that view alignment primarily through the lens of clientelism, elite capture, or fiscal favoritism. By showing that triple alignment does not increase completed expenditure under MGNREGA, but lowers growth in payment delays, we argue that coordination among different layers of government is a crucial channel leading to higher program delivery.

In a system defined by vertical fiscal dependence and decentralized implementation, partisan congruence across tiers appears to lower coordination frictions and enable more effective distributive action. Rather than simply redirecting public resources toward co-partisan regions, alignment in this context enhances the state's ability to reach under-resourced populations. It operates less as a tool of political favoritism and more as an institutional mechanism that improves administrative coherence across levels of government.

The broader implication is that political alignment should not be understood as an inherently distortive feature of federal governance. Its effects depend on how political structure interacts with institutional constraints, social structure, and the complexity of program implementation. In the Indian context, alignment increases economic growth and reduces inequality in constituencies that are both socially disadvantaged and administratively underserved. These findings open a research agenda on the conditions under which alignment amplifies the state's distributive reach rather than reinforcing structural exclusion. Future work should examine whether these gains persist across electoral cycles and whether alignment affects not only distributive outcomes but also political behavior and state capacity formation over time.

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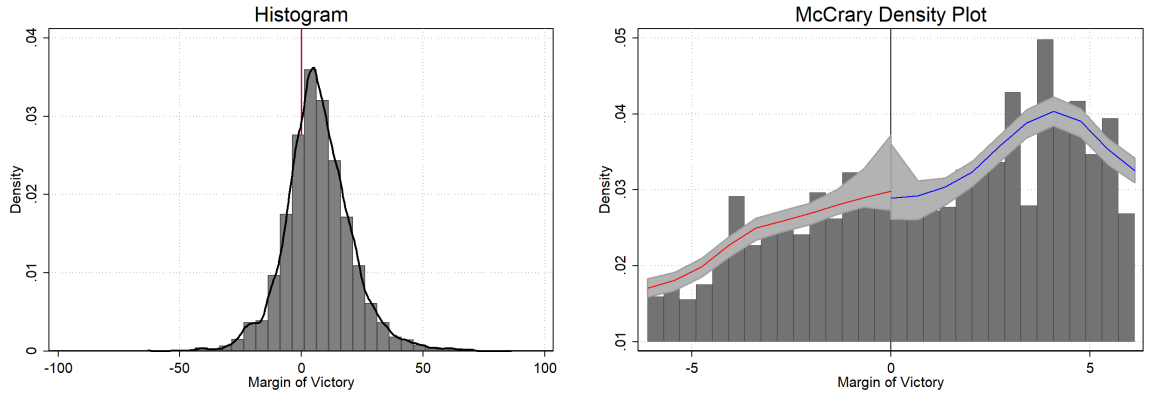
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Notes

9 Figures and Tables



(a) Histogram of Margin of Victory **(b)** McCrary Density Test at the Cutoff

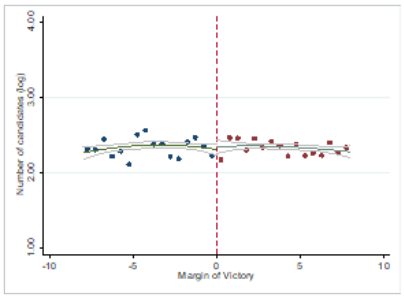
Figure 1: Distributional Checks Around the RDD Cutoff

Note: Panel A displays the distribution of the running variable—margin of electoral victory—used in the RDD framework. The distribution is centered around zero, with no apparent discontinuity. Panel B shows the McCrary density test (McCrary, 2008), which formally evaluates whether there is a statistically significant difference in the density function on either side of the cutoff. The test yields a p-value of 0.789, suggesting no evidence of manipulation or sorting around the threshold. Both diagnostics support the validity of the RDD design.

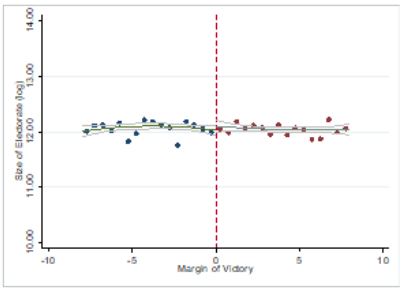
Table 1: Balancedness Check: Impact of Political Alignment on Electoral and Demographic Characteristics

	No. of Cand. (log)	No. of Female Cand.	Electors (log)	Valid Votes (log)	Turnout (%)
Aligned with CM & PM	-0.009	0.021	0.020	0.034	0.539
SE	{0.085}	{0.172}	{0.099}	{0.089}	{1.653}
p-value	[0.912]	[0.903]	[0.843]	[0.703]	[0.744]
Obs	4751	4751	4751	4751	4751
Effective N	2286	2556	2399	2470	2354
Bandwidth	9.127	10.494	9.680	10.139	9.457
	Age	Education Rank	ENOP	SC Winner	ST Winner
Aligned with CM & PM	0.403	0.152	0.222	0.009	0.048
SE	{1.503}	{0.208}	{0.184}	{0.054}	{0.064}
p-value	[0.789]	[0.464]	[0.228]	[0.861]	[0.453]
Obs	4726	4620	4751	4751	4751
Effective N	3077	2651	2409	2621	2924
Bandwidth	13.564	11.531	9.721	10.859	12.773

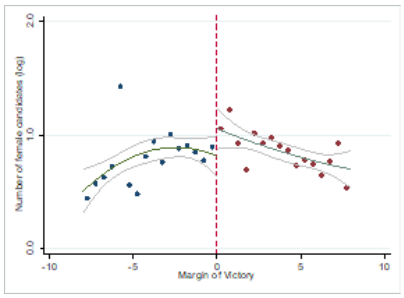
Notes: This table presents results from regression discontinuity (RD) estimates examining balance on pre-treatment characteristics at the political alignment cutoff. Each coefficient reflects a separate local linear RD regression of the form: $Y_{ic} = \alpha + \beta\,\text{Aligned}_{ic} + f(Distance_{ic}) + \epsilon_{ic}$, where Y_{ic} is the outcome, Aligned_{ic} indicates MLA alignment with CM and PM, and $f(Distance_{ic})$ is a linear control for the running variable. Regressions use triangular kernels and optimal bandwidths selected following Calonico et al. (2014). Standard errors clustered at the constituency level are reported in curly braces, p-values in square brackets. Panel A presents electoral outcomes: number of candidates, female candidates, electors, valid votes, and turnout. Panel B presents demographic outcomes: candidate age, education rank (higher rank = lower education), Effective Number of Parties (ENOP), and SC/ST seat victories. Lack of statistically significant coefficients supports the random assignment near the cutoff.



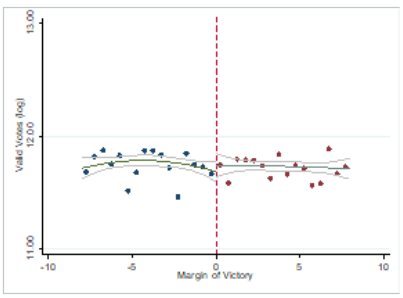
(a) Number of Candidates (log)



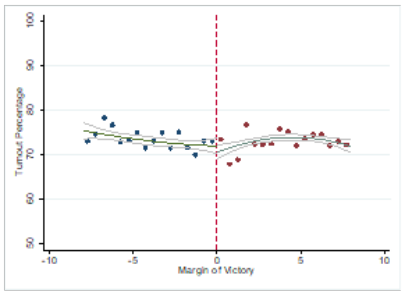
(b) Electors (log)



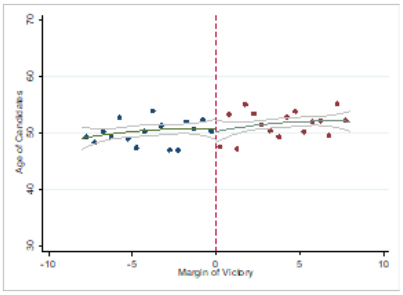
(c) Number of Female Candidates



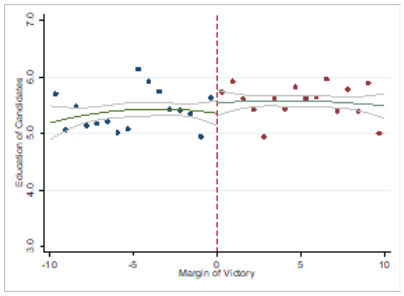
(d) Valid Votes (log)



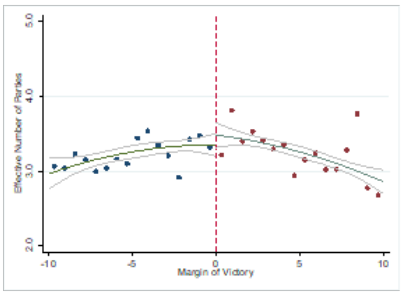
(e) Turnout Percentage



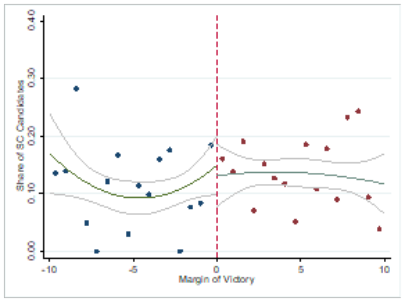
(f) Age of Winning Candidate



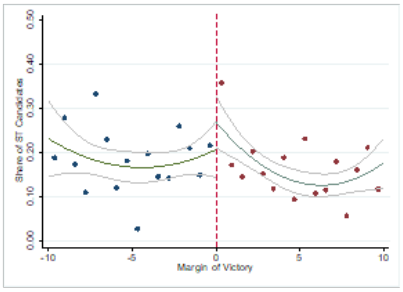
(g) Education Rank of Winning Candidates



(h) Effective Number of Parties (ENOP)



(i) Winning Candidate is SC



(j) Winning Candidate is ST

Figure 2: Regression Discontinuity Plots for Balancedness Check Across Electoral Outcomes

Table 2: Impact of Political Alignment on Inequality in Night Lights at the Constituency Level

	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Panel A: Without Controls					
Aligned politician	-0.003	0.000	-0.007**	-0.003	-0.011**
SE	{0.002}	{0.003}	{0.003}	{0.004}	{0.004}
P-val	[0.165]	[0.969]	[0.013]	[0.389]	[0.016]
N	10693	7052	6694	3053	3641
Effective N	5647	3872	3501	2323	1727
Bandwidth	9.611	9.820	9.608	15.761	8.954
Panel B: With Controls					
Aligned politician	-0.002	0.002	-0.008***	-0.007*	-0.009**
SE	{0.002}	{0.003}	{0.003}	{0.004}	{0.004}
P-val	[0.399]	[0.450]	[0.005]	[0.095]	[0.027]
N	10693	7052	6694	3053	3641
Effective N	6034	3981	3285	1478	1758
Bandwidth	10.444	10.137	8.916	8.436	9.139

Notes: (i) The table shows the impact of alignment of MLA with the ruling party at the state and/or centre on economic inequality at the constituency level. (ii) Analysis is conducted for one election term from 2011 to 2019. (iii) All models are estimated using a Regression Discontinuity Design. (iv) The dependent variable is the change in Gini coefficient, defined as $(\text{Gini}_{n+1} - \text{Gini}_n)$. (v) The main explanatory variable, *Alignment*, is a dummy equal to 1 if an aligned candidate wins against a non-aligned candidate, and 0 if a non-aligned candidate wins against an aligned candidate. (vi) Columns 1–5 differ based on type of alignment. (vii) All models are estimated using local linear and quadratic regressions with triangular kernels. (viii) Robust standard errors clustered at the constituency level are reported in curly braces. (ix) P-values are reported in square brackets. (x) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table 3: Impact of Political Alignment on Growth in Night Lights

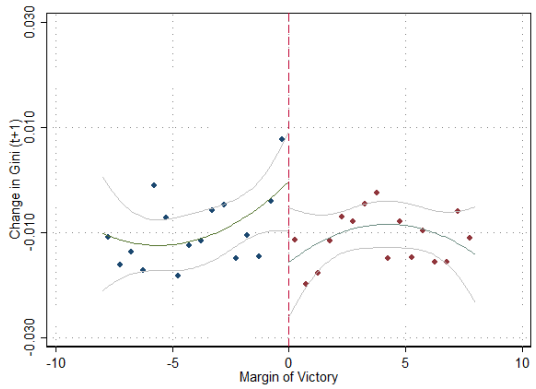
	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Panel A: Without Controls					
Aligned politician	0.003	-0.003	0.008	0.001	0.020***
SE	{0.003}	{0.004}	{0.005}	{0.008}	{0.006}
P-val	[0.282]	[0.471]	[0.107]	[0.880]	[0.001]
N	12272	8081	7975	3784	4191
Effective N	8102	3991	4262	2187	1564
Bandwidth	13.984	9.059	10.593	11.785	6.801
Panel B: With Controls					
Aligned politician	0.002	-0.007	0.009*	0.004	0.019***
SE	{0.003}	{0.004}	{0.005}	{0.006}	{0.006}
P-val	[0.535]	[0.121]	[0.054]	[0.526]	[0.001]
N	12272	8081	7975	3784	4191
Effective N	7721	3722	4158	2535	1564
Bandwidth	13.127	8.306	10.300	14.272	6.805

Notes: (i) The table shows the impact of MLA alignment with the ruling party at the state and/or center on growth in night light intensity at the constituency level. (ii) The outcome variable is defined as the change in log night lights: $\log(\text{NL}_{n+1}) - \log(\text{NL}_n)$. (iii) The analysis covers one election term from 2011 to 2019. (iv) All models are estimated using a Regression Discontinuity Design (RD) based on close electoral margins. (v) The main explanatory variable, *Alignment*, is a dummy equal to 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (vi) Columns 1–5 differ based on the type of political alignment. (vii) Models are estimated using local linear and quadratic regressions with triangular kernels. (viii) Robust standard errors clustered at the constituency level are reported in curly braces. (ix) P-values are reported in square brackets. (x) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

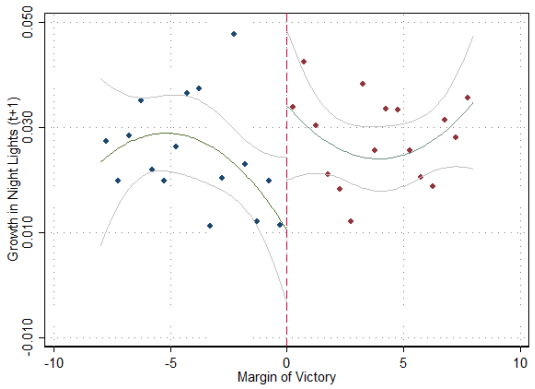
Table 4: Impact of Political Alignment on Average Change in Inequality Over the Election Term

	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Without Controls					
Aligned politician	-0.005*	-0.001	-0.006*	0.001	-0.015***
SE	{0.003}	{0.003}	{0.004}	{0.006}	{0.005}
P-val	[0.087]	[0.679]	[0.077]	[0.908]	[0.001]
N	2922	2003	1516	597	919
Effective N	1419	1188	700	375	294
Bandwidth	8.798	11.014	8.473	11.738	5.789
With Controls					
Aligned politician	-0.003	0.001	-0.009***	-0.004	-0.014***
SE	{0.002}	{0.003}	{0.003}	{0.004}	{0.004}
P-val	[0.236]	[0.860]	[0.006]	[0.357]	[0.001]
N	2922	2003	1516	597	919
Effective N	1536	1198	630	449	294
Bandwidth	9.680	11.211	7.465	14.851	5.784

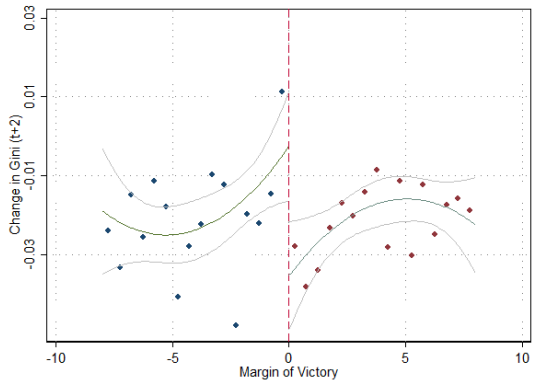
Notes: (i) The table presents results from regression discontinuity estimates where the dependent variable is the change in Gini coefficient averaged over the election term. (ii) The main explanatory variable, *Alignment*, is a dummy equal to 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (iii) Columns 1–5 define alignment with CM; only with CM not PM; PM; only with PM not CM; and with both CM & PM, respectively. (iv) All models are estimated using local linear regressions with triangular kernels. (v) Robust standard errors clustered at the constituency level are reported in curly braces, and p-values are reported in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.



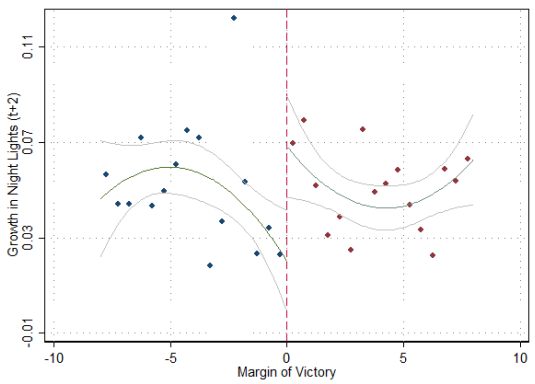
(a) Change in Gini Coefficient $(t+1)-t$



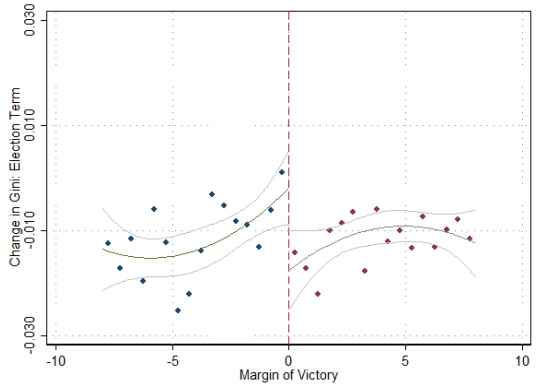
(b) Growth in Night Lights $(t+1)-t$



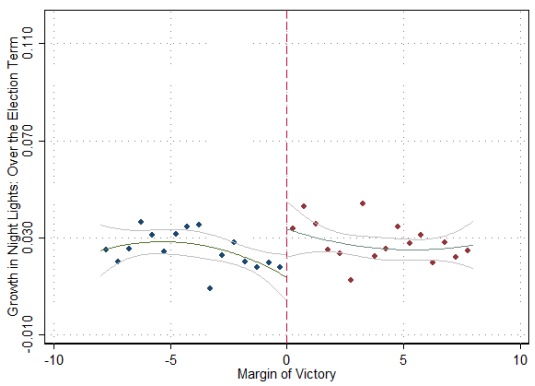
(c) Change in Gini Coefficient $(t+2)-t$



(d) Growth in Night Lights $(t+2)-t$



(e) Change in Gini: Over the Election Term



(f) Growth in Night Lights: Over the Election Term

Figure 3: RDD Estimates: Political Alignment, Inequality, and Economic Activity

Note: Each panel presents local polynomial regression discontinuity estimates using margin of victory as the running variable. Vertical dashed lines denote the zero cutoff. Outcomes include changes in Gini coefficients and growth in nightlight intensity across one- and two-year post-election horizons, and over the entire election term. Dashed lines represent 95% confidence intervals. Full alignment denotes congruence between state and central governments.

Table 5: Impact of Political Alignment on Economic Inequality: Over Two Election Terms (1998–2013)

	Gini ($\text{Gini}_{n+1} - \text{Gini}_n$)		Night Lights ($\text{NL}_{n+1} - \text{NL}_n$)	
	No Controls	Controls	No Controls	Controls
Alignment with CM & PM	-0.005	-0.006	0.032**	0.034**
SE	(0.004)	(0.004)	{0.013}	{0.014}
P-val	[0.196]	[0.178]	[0.016]	[0.011]
N	3971	3970	3972	3971
Effective N	2571	2577	2087	1907
Bandwidth	12.606	12.697	9.745	8.720

Notes: (i) The table re-estimates the base model for two election terms from 1998 to 2013. (ii) All models are estimated using a Regression Discontinuity Design (RD). (iii) Columns 1 and 2 use the change in Gini coefficient, defined as ($\text{Gini}_{n+1} - \text{Gini}_n$), as the dependent variable, while Columns 3 and 4 use the growth in night lights, measured as ($\text{NL}_{n+1} - \text{NL}_n$). (iv) The main explanatory variable, *Alignment*, is a dummy equal to 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (v) All models are estimated using local linear regressions with triangular kernels. (vi) Robust standard errors clustered at the constituency level are reported in parentheses for Gini regressions and in curly braces for night light regressions. (vii) P-values are reported in square brackets. (viii) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table 6: Impact of Political Alignment on NREGA Outcomes (No Controls)

	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Total Registered Households (n+1)					
Aligned Politician	5593.6**	2689.4	4118.5	-7973.3	11849.8***
SE	{2772.6}	{2985.1}	{3162.9}	{5729.8}	{4495.4}
P-val	[0.044]	[0.368]	[0.193]	[0.164]	[0.008]
N	7659	5002	4741	2084	2657
Effective N	4569	3481	3318	1103	1457
Bandwidth	10.825	13.281	13.936	9.041	10.581
Total Job Cards (n+1)					
Aligned Politician	5311.5*	2442.5	4003.2	-6685.2	11688.0***
SE	{2728.9}	{3084.8}	{3075.6}	{5354.2}	{4398.9}
P-val	[0.052]	[0.428]	[0.193]	[0.212]	[0.008]
N	7659	5002	4741	2084	2657
Effective N	4569	3235	3259	1146	1433
Bandwidth	10.812	11.743	13.567	9.394	10.386
Total SC/ST Job Cards (n+1)					
Aligned Politician	2809.7*	900.5	2427.7	-3345.7	7004.7**
SE	{1501.1}	{1538.4}	{1703.4}	{2039.1}	{2896.0}
P-val	[0.061]	[0.558]	[0.154]	[0.101]	[0.016]
N	7659	5002	4741	2084	2657
Effective N	4555	3116	3142	1045	1438
Bandwidth	10.769	11.069	13.019	8.557	10.412
Total Approved Works (n+1)					
Aligned Politician	395.1	-321.6	745.2*	-495.4	1854.5***
SE	{388.6}	{490.6}	{381.4}	{583.1}	{701.0}
P-val	[0.309]	[0.512]	[0.051]	[0.396]	[0.008]
N	7649	4998	4735	2084	2651
Effective N	4234	2579	3346	1143	1270
Bandwidth	9.909	8.564	14.146	9.365	8.663
Total Completed Works (n+1)					
Aligned Politician	136.3	-141.6	261.2	-209.8	709.1**
SE	{264.2}	{362.6}	{160.0}	{236.5}	{274.8}
P-val	[0.606]	[0.696]	[0.102]	[0.375]	[0.010]
N	7649	4998	4735	2084	2651
Effective N	4136	2597	3387	1271	1279
Bandwidth	9.531	8.674	14.475	10.692	8.949
Families Completed 100 Days of Work (n+1)					
Aligned Politician	173.6	-220.8	360.4	-416.1***	1006.9**
SE	{258.2}	{328.4}	{255.1}	{157.5}	{438.7}
P-val	[0.501]	[0.501]	[0.158]	[0.008]	[0.022]
N	7659	5002	4741	2084	2657
Effective N	4497	2753	2741	1222	1299
Bandwidth	10.587	9.385	10.660	10.131	9.115
Growth in Delay in Payments (Amount) (n+1)					
Aligned Politician	-0.095	0.008	-0.143	0.047	-0.208**
SE	(0.076)	(0.093)	(0.092)	(0.149)	(0.098)
P-val	[0.210]	[0.930]	[0.121]	[0.750]	[0.034]
N	6088	3812	3626	1350	2276
Effective N	3660	2621	1971	893	1360
Bandwidth	10.972	12.886	9.890	11.849	12.239

Notes: (i) The table shows the impact of MLA alignment with the ruling party at the state and/or center on MGNREGA outcomes from 2014 to 2019. (ii) All models use Regression Discontinuity Design based on close margins. (iii) The explanatory variable, *Alignment*, equals 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (iv) Columns 1–5 define alignment with CM, only CM not PM, PM, only PM not CM, and both CM & PM, respectively. (v) Local linear regressions are used with triangular kernels. (vi) Robust standard errors clustered at the constituency level are reported in curly braces; p-values are in square brackets. (vii) *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table 7: Impact on MGNREGA Outcomes Controlling for Expenditure (n+1)

	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Total Registered Households	3678.9*	-109.2	5440.1*	587.1	11690.9***
	{1920.0}	{2483.8}	{2771.9}	{5157.1}	{3694.3}
Total Job Cards	3477.5*	-272.8	5443.9**	803.5	11446.9***
	{1872.1}	{2446.3}	{2674.0}	{4844.6}	{3604.7}
Total SC/ST Job Cards	2227.5	-376.1	3947.1**	-1677.3	6672.4***
	{1396.4}	{1586.9}	{1994.0}	{1969.0}	{2769.6}
Total Approved Works	322.1	-401.3	957.0**	209.0	1839.6***
	{324.5}	{422.9}	{378.5}	{478.3}	{629.0}
Total Completed Works	-10.2	-154.9	209.4	-399.9	508.7***
	{206.2}	{290.7}	{168.4}	{249.8}	{230.0}
Families Completing 100 Days	90.3	-302.4	357.4	-338.5**	938.0**
	{229.6}	{307.3}	{225.4}	{150.8}	{420.6}
Growth in Delay of Payments	-0.078	0.03	-0.144	-0.068	-0.186*
	0.071	0.093	0.091	0.161	0.096

Notes: Each cell reports the local linear RD estimate of the effect of partisan alignment on constituency-level MGNREGA outcomes in the year following the election (n+1), **conditional on log of total completed expenditure**. Standard errors clustered at the constituency level are shown in braces. Estimates are based on MSE–optimal bandwidths with a triangular kernel and separate linear trends on either side of the cutoff. "CM" indicates alignment with the Chief Minister; "PM" indicates alignment with the Prime Minister; "CM & PM" denotes triple alignment. All specifications include the logarithm of completed MGNREGA expenditure to absorb fiscal variation, allowing the coefficient on alignment to capture implementation effects rather than changes in funding.

Table 8: Impact of Political Alignment on Financial Development (No Controls)

	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Growth in Number of Bank Branches					
Aligned Politician	-0.031	-0.096**	0.112**	0.074	0.143*
SE	{0.037}	{0.047}	{0.057}	{0.085}	{0.075}
P-val	[0.391]	[0.041]	[0.050]	[0.383]	[0.057]
N	6492	4349	3917	1774	2143
Effective N	4057	2692	2305	1222	1235
Bandwidth	12.386	11.633	11.383	13.378	11.566
Credit-Deposit Ratio (n+1)					
Aligned Politician	-0.014	-0.037	0.133**	0.151	0.151**
SE	{0.066}	{0.086}	{0.062}	{0.117}	{0.068}
P-val	[0.827]	[0.667]	[0.030]	[0.195]	[0.026]
N	9016	5869	5819	2672	3147
Effective N	3842	2305	3621	1317	1700
Bandwidth	7.441	6.527	12.216	8.699	10.593

Notes: (i) The table reports the impact of MLA alignment with the ruling party at the state and/or center on financial development outcomes. (ii) Outcomes include growth in number of bank branches and change in Credit-Deposit Ratio at the constituency level. (iii) Models are estimated using Regression Discontinuity Design with triangular kernels. (iv) The explanatory variable, *Alignment*, equals 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (v) Robust standard errors clustered at the constituency level are reported in curly braces; p-values in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table 9: Heterogeneous impact on inequality by Share of SC & ST Population

	Below Median (SC&ST < 0.2055)		Above Median (SC&ST ≥ 0.2055)	
	No Controls	With Controls	No Controls	With Controls
Alignment of MLA	-0.012**	-0.010*	-0.013*	-0.014**
SE	{0.006}	{0.006}	{0.007}	{0.007}
P-val	[0.028]	[0.059]	[0.070]	[0.045]
N	1651	1651	1990	1990
Effective N	710	735	828	824
Bandwidth	8.948	9.334	6.982	6.862

Notes: (i) The table reports the impact of MLA alignment with the ruling party on economic inequality, separately for constituencies with below-median and above-median shares of Scheduled Caste (SC) and Scheduled Tribe (ST) populations. (ii) The median share is 0.2055. (iii) Estimates are based on Regression Discontinuity Design using local linear regressions with triangular kernels. (iv) The explanatory variable, *Alignment*, equals 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (v) Robust standard errors clustered at the constituency level are reported in curly braces; p-values are reported in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table 10: Impact of Political Alignment on NREGA Outcomes: Heterogeneity by Caste Composition

	Reg. HH	Job Cards	SC/ST Job Cards	App. Works	Comp. Works	100 Days of Work
SC & ST Pop.< 0.2055						
Alignment with CM & PM	15653.8**	13327.0**	701.3	1788.0***	726.2**	176.3
SE	{6348.2}	{5843.7}	{1246.8}	{622.2}	{369.2}	{527.2}
P-val	[0.014]	[0.023]	[0.574]	[0.004]	[0.049]	[0.738]
N	992	992	992	989	989	992
Effective N	548	607	481	392	423	541
Bandwidth	12.465	14.162	10.344	7.950	8.626	11.974
SC & ST Pop. ≥ 0.2055						
Alignment with CM & PM	13762.8**	13602.2**	12057.6***	2930.0***	1100.4***	1302.8**
SE	{5395.2}	{5340.8}	{4048.6}	{960.1}	{365.3}	{616.5}
P-val	[0.011]	[0.011]	[0.003]	[0.002]	[0.003]	[0.035]
N	1665	1665	1665	1662	1662	1665
Effective N	774	763	775	637	652	766
Bandwidth	7.715	7.574	7.722	6.394	6.523	7.619

Notes: (i) The table reports the impact of MLA alignment with the ruling party on NREGA outcomes, separately for constituencies with below-median and above-median shares of Scheduled Caste (SC) and Scheduled Tribe (ST) populations. (ii) Outcomes are measured at the constituency level in the year after the election (n+1). (iii) Models are estimated using Regression Discontinuity Design with local linear regressions and triangular kernels. (iv) The explanatory variable, *Alignment*, equals 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (v) Robust standard errors clustered at the constituency level are reported in curly braces; p-values are in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table 11: Impact of Political Alignment on Banking Outcomes: Heterogeneity by Caste Composition

	(SC&ST Share < 0.205)		(SC&ST Share ≥ 0.205)	
	Gr. Bank Br.	Cr.-Dep. Ratio	Gr. Bank Br.	Cr.-Dep. Ratio
Alignment with CM & PM	0.254**	0.196**	0.097	0.036
SE	{0.103}	{0.090}	{0.100}	{0.087}
P-val	[0.014]	[0.029]	[0.333]	[0.680]
N	1188	1558	955	1589
Effective N	610	700	528	856
Bandwidth	11.026	9.225	9.695	9.812

Notes: (i) The table reports the impact of MLA alignment with the ruling party on banking sector outcomes, separately for constituencies with below-median and above-median shares of Scheduled Caste (SC) and Scheduled Tribe (ST) populations. (ii) Growth in the number of bank branches and changes in the Credit-Deposit Ratio are measured at the constituency level in the year after the election (n+1). (iii) Estimates are based on Regression Discontinuity Design using local linear regressions with triangular kernels. (iv) The explanatory variable, *Alignment*, equals 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (v) Robust standard errors clustered at the constituency level are reported in curly braces; p-values are in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively. Gr. Bank Br. is growth in bank branches. Cr.-Dep. Ra.(n+1) is the credit to deposit ratio in period $t + 1$.

A Appendix

A.1 Equilibrium Derivations for Dynamic Model of Alignment

In this section, we formally derive the equilibrium effort levels and redistribution outcomes presented in the main text. Each actor $j \in \{L, S, P\}$ selects effort $e_j \geq 0$ to maximize their per-period utility:

$$\max_{e_j \geq 0} \ \theta_i G_i(A_t, e_L, e_S, e_P) - \frac{1}{2} e_j^2,$$

taking the efforts of the other tiers as given.

Triple Alignment ($A_t = 1$): In the aligned regime, public good provision is frictionless, such that $G_i = e_L + e_S + e_P$. The marginal benefit of effort for any actor is θ_i, and the first-order condition yields:

$$\theta_i - e_j = 0 \quad \Rightarrow \quad e_j^* = \theta_i.$$

Thus, in equilibrium, each politician exerts effort equal to θ_i. The total redistribution is the sum of all three efforts:

$$R_i(1) = G_i = 3\theta_i.$$

Partial or non-aligned ($A_t = 0$): In the non-aligned regime, coordination frictions reduce implementation efficiency. Public good provision becomes $G_i = \phi(e_L + e_S + e_P)$, where $\phi \in (0, 1)$. The marginal return to any individual effort is now $\theta_i \phi$, and the FOC becomes:

$$\theta_i \phi - e_j = 0 \quad \Rightarrow \quad e_j^* = \phi \theta_i.$$

Each actor contributes less than in the aligned regime. Substituting into the output equation, total effective redistribution becomes:

$$R_i(0) = G_i = \phi(3\phi\theta_i) = 3\phi^2\theta_i.$$

Comparative Statics: These results yield three comparative insights:

First, redistribution increases in need. That is, $\partial R_i / \partial \theta_i > 0$ in both alignment regimes. Second, the non-aligned outcome increases in efficiency: $\partial R_i(0) / \partial \phi = 6\phi\theta_i$. Third, alignment always improves redistribution, and the difference is given by:

$$R_i(1) - R_i(0) = 3\theta_i(1 - \phi^2),$$

which is increasing in θ_i.

These closed-form solutions justify the empirical strategy used in the main paper and offer a structural rationale for the observed patterns in redistribution.

To underscore the theoretical foundation and empirical reach of the model, we consider three

extensions that preserve tractability while enhancing the interpretability of institutional frictions under non-aligned.

1. Strategic Underperformance under non-aligned. We allow each politician $j \in \{L, S, P\}$ to choose effort e_j in the presence of non-aligned not only under a lower marginal return $\phi < 1$, but also with strategic incentives to withhold effort to avoid giving electoral credit to higher-tier actors. Formally, let $u_j = \theta_i G - \frac{1}{2}e_j^2 - \delta(e_{-j})$ where $\delta(\cdot)$ captures a disutility from benefiting another tier's political reputation. Under non-aligned, $\delta > 0$ induces effort suppression beyond the efficiency loss ϕ—resulting in $e_j^* < \phi\theta_i$.

2. Endogenous Alignment Probability. We extend the model to allow A_{t+1} to depend probabilistically on performance in period t. Specifically, let $\Pr(A_{t+1} = 1|G_t) = \gamma_0 + \gamma_1 G_t$, with $\gamma_1 > 0$. Higher joint effort in period t increases the likelihood of alignment in $t + 1$, thereby creating dynamic incentives for cooperation. In equilibrium, even under non-aligned, actors may exert higher effort today to improve future political coordination.

3. Citizen Feedback and Participation. We incorporate a representative voter whose utility depends on public good provision and who votes in periodic elections. Political alignment in the next term is a function of perceived delivery, $A_{t+1} = f(G_t, \epsilon)$, where f is increasing in G_t and ϵ is a voter preference shock. This closes the model with a feedback loop: better delivery under alignment sustains future alignment through voter behavior, reinforcing redistribution over time.

A.2 Graphical Representation of the Dynamic Model

Figure 4 below summarizes the core structure and predictions of the theoretical model. The diagram illustrates how redistribution outcomes vary based on the political alignment state across three government tiers. When triple alignment is present, coordination is frictionless and effort complementarities yield maximal redistribution. Under non-aligned, coordination frictions reduce effective investment and lead to systematically lower redistribution, scaled by the efficiency penalty ϕ^2.

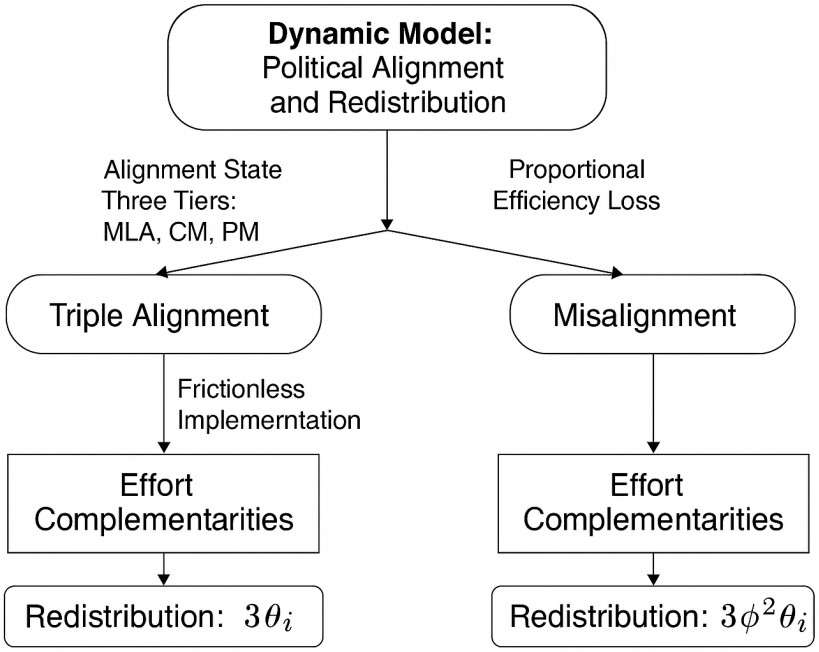


Figure 4: Flowchart: Political Alignment and Redistribution. The figure summarizes the core structure and predictions of the theoretical model presented in Section 2. The diagram illustrates how redistribution outcomes vary based on the political alignment state across three government tiers. When triple alignment is present, coordination is frictionless and effort complementarities yield maximal redistribution. Under non-aligned, coordination frictions reduce effective investment and lead to systematically lower redistribution, scaled by the efficiency penalty ϕ^2.

A.3 Endogenous Allocation of Political Effort Under Alignment

We extend the baseline model by allowing the allocation of political effort across redistribution and institutional development to be endogenously chosen under full alignment. Let $E_{i,t} = \sum_j e_{j,i,t}$ denote total political effort in constituency i at time t. Under triple alignment ($A_t = 1$), assume the government allocates a fraction $\lambda \in [0, 1]$ to direct redistribution (e.g., MGNREGA) and the remainder to institutional development (e.g., financial infrastructure), so that:

$$R_{i,t} = \lambda E_{i,t}, \quad I_{i,t} = (1 - \lambda)E_{i,t}, \quad G_{i,t} = R_{i,t} + I_{i,t} = E_{i,t}$$

Assume each politician $j \in \{L, S, P\}$ derives utility from the total public good $G_{i,t}$ and faces convex costs of effort:

$$u_{j,i,t} = \theta_i G_{i,t} - \frac{1}{2} e_{j,i,t}^2 = \theta_i E_{i,t} - \frac{1}{2} e_{j,i,t}^2$$

Let e^* denote the symmetric Nash equilibrium effort choice. We then introduce a coordination mechanism wherein the aligned coalition chooses λ to maximize a weighted utility over redistribution and institutional investment:

$$W(\lambda) = \theta_i \left[\lambda E_{i,t} + \psi(1-\lambda) E_{i,t}\right]$$

where $\psi \in (0,1)$ captures the relative marginal political valuation of institutional development compared to redistribution. The allocation problem is:

$$\max_{\lambda \in [0,1]} W(\lambda) = \theta_i E_{i,t} \left[\lambda + \psi(1-\lambda)\right]$$

We now characterize the equilibrium allocation of effort.

Proposition 1 (Equilibrium Allocation Under Alignment) *Let $\psi \in (0,1)$ denote the political valuation of institutional development. Under triple alignment, the equilibrium allocation of political effort λ^* toward redistribution satisfies:*

$$\lambda^* = \begin{cases} 1, & \text{if } \psi < 1 \\ \text{any } \lambda \in [0,1], & \text{if } \psi = 1 \end{cases}$$

Total effort is $E_{i,t}^* = 3\theta_i$ in equilibrium, implying public goods:

$$R_{i,t}^* = \lambda^* \cdot 3\theta_i, \quad I_{i,t}^* = (1-\lambda^*) \cdot 3\theta_i$$

Proof 1 *Each politician maximizes:*

$$\max_{e_j} \theta_i E_{i,t} - \frac{1}{2} e_j^2 \quad \Rightarrow \quad \frac{\partial u_j}{\partial e_j} = \theta_i - e_j = 0 \Rightarrow e_j^* = \theta_i$$

Since all three politicians are symmetric, total equilibrium effort is $E_{i,t}^* = 3\theta_i$.

The planner's problem becomes:

$$\max_{\lambda \in [0,1]} \theta_i \cdot 3\theta_i \cdot [\lambda + \psi(1-\lambda)] = 3\theta_i^2 [\lambda + \psi(1-\lambda)]$$

The objective is linear in λ, and the derivative is:

$$\frac{dW}{d\lambda} = 3\theta_i^2 (1-\psi)$$

Since $\psi \in (0,1)$, $dW/d\lambda > 0$, implying $W(\lambda)$ is strictly increasing in λ. Hence, the optimal choice is $\lambda^* = 1$. If $\psi = 1$, then $W(\lambda)$ is constant over λ, so any $\lambda \in [0,1]$ is optimal.

Interpretation. Proposition 1 implies that when redistribution yields greater political returns than institutional development ($\psi < 1$), aligned governments will allocate all effort to redistribution programs such as MGNREGA. However, when returns are comparable ($\psi \approx 1$), effort may be endogenously split across sectors. This offers a theoretical rationale for the empirical coexistence of programmatic and institutional gains under alignment, especially in high-capacity or electorally competitive constituencies. Constituency-level variation in λ^* may then reflect local absorptive capacity, demographic salience, or the visibility of public goods across domains.

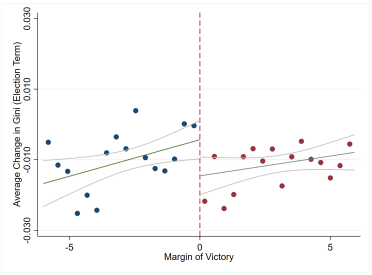
Table A1: Variable Description

Variable Description	**Data Source**
Gini at the Constituency Level	
Constituency-level Gini coefficient is computed by spatially merging village/town-level Night Lights data with constituency shape files (post-delimitation, post-2008) using Census 2011 boundaries. Villages are assigned to constituencies based on majority area (>50%); villages divided across multiple constituencies are dropped if no majority exists. Gini is calculated across villages within each constituency.	SHRUG (village/town NTL), World Bank (spatial maps)
Outcome Variables	
Annual change in inequality	Computed based on SHRUG
Annual change in log Gini (log difference)	Computed based on SHRUG
Annual growth in Night-Time Lights (log difference)	Computed based on SHRUG
Explanatory Variables	
Alignment dummy: 1 if Winner aligned with CM and Runner-up not aligned; 0 if vice versa	TCPD
Other Political Variables	
Turnout Percentage	TCPD
Log (Electors)	TCPD
Log (Valid Votes)	TCPD
Log (Candidates)	TCPD
Log (Female Candidates)	TCPD
Share of SC Candidates	TCPD
Share of ST Candidates	TCPD
Age of Winner	TCPD
Non-Political Constituency-Level Variables	
Share of SC & ST Population: Summation across villages mapped to constituency using Census 2011 spatial mapping	Population Census 2011
Number of Bank Branches: Derived from bank directory mapped to PC2011; aggregation at constituency level based on village/town mapping (2012–2019)	RBI Bank Directory (Garg and Gupta, 2020)
Credit to Deposit Ratio: Using RBI center-level quarterly data merged with PC2011 and spatially mapped to constituencies (2012–2019)	RBI (various years)
MGNREGA Performance Indicators: Block-level data mapped via village/town assignment; Constituency indicators computed where majority villages belong to one constituency	MGNREGA Portal

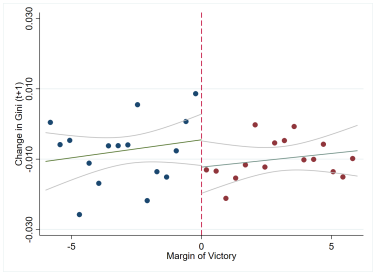
Table A2: Summary Statistics by Margin of Victory (MoV)

Variable	Full Sample			Close Election (MoV ≤ 8)			Non-Close Election (MoV > 8)			T-test (p-value)
	N	Mean	SD	N	Mean	SD	N	Mean	SD	
Gini	17045	0.440	0.147	7955	0.436	0.142	9090	0.435	0.152	-0.001 (0.63)
Gini (PW)	17045	0.420	0.159	7955	0.426	0.152	9090	0.413	0.164	-0.010 (0.00)***
Change in Gini_{t+1}	13451	-0.012	0.051	6294	-0.012	0.050	7157	-0.012	0.051	0.000 (0.97)
Change in Gini $(\text{PW})_{t+1}$	13451	-0.010	0.050	6294	-0.010	0.045	7157	-0.010	0.048	0.000 (0.59)
Growth in Night Lights_{t+1}	15409	0.036	0.080	6985	0.034	0.075	8424	0.037	0.084	0.003 (0.02)**
Growth in Night Lights_{t+2}	11342	0.068	0.107	5170	0.063	0.101	6172	0.071	0.112	0.008 (0.000)***
Registered HH_{t+1}	9653	41369.6	26488.3	4672	40792.7	25653.8	4981	41910.8	27239.3	1118.1 (0.04)**
Cumulative Job Cards_{t+1}	9653	40387.2	25640.9	4672	39911.4	25020.5	4981	40833.6	26204.1	922.2 (0.08)*
Cumulative SC/ST Job Cards_{t+1}	9653	14145.3	12510.4	4672	14631.7	12746.1	4981	13689.1	12268.9	-942.6 (0.000)***
Total Approved Work_{t+1}	9644	3030.2	3741.2	4670	2946.9	3397.2	4974	3108.4	4036.3	161.4 (0.03)**
Total Completed Works_{t+1}	9644	1693.1	2567.3	4670	1745.9	2495.2	4974	1643.6	2632.4	-102.3 (0.051)*
HHs Completed 100 Days Work_{t+1}	9653	1075.3	2201.2	4672	1091.0	2149.4	4981	1060.6	2248.9	-30.4 (0.498)
Completed Expenditure_{n+1}	9644	1360.5	1450.1	4670	1375.46	1458.7	4974	1346.5	1442.04	-28.96(0.33)
Growth Ln Completed Expenditure_{n+1}	7758	0.189	0.611	3745	0.193	0.626	4013	0.185	0.596	-0.008 (0.56)
Growth in Delay in NREGA Payments	7777	-0.277	1.207	3751	-0.246	1.173	4026	-0.305	1.238	-0.059 (0.03)**
Growth in Bank Branches_{t+1}	8096	-0.032	0.951	3752	-0.031	0.940	4344	-0.034	0.960	-0.003 (0.886)
CD Ratio_{t+1}	11476	0.647	0.603	5346	0.653	0.610	6130	0.640	0.600	-0.012 (0.288)

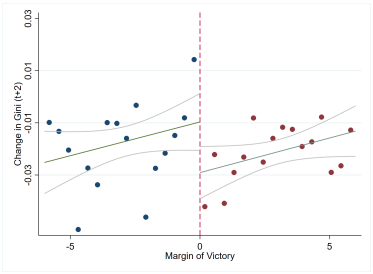
Notes: This table presents summary statistics for key outcome variables used in the analysis, comparing the full sample, close elections (defined as margin of victory (MoV) $\leq 8\%$), and non-close elections (MoV $> 8\%$). "PW" denotes population-weighted Gini coefficients. Variables measured at $t+1$ or $t+2$ are post-election outcomes. The final column presents the difference in means between close and non-close elections, along with the associated p-value from a two-sample t-test. Significance levels: * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$.



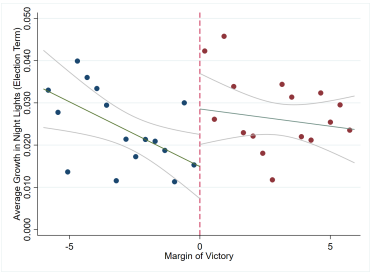
(a) Gini Change (Election Term)



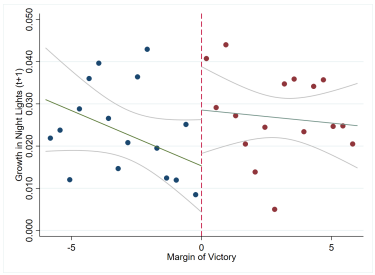
(b) Gini Change (t+1)



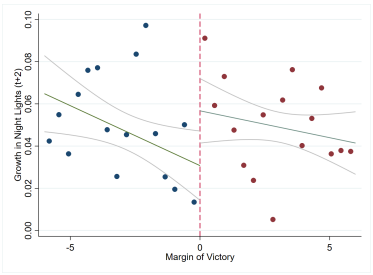
(c) Gini Change (t+2)



(d) Night Lights Growth (Election Term)



(e) Night Lights Growth (t+1)



(f) Night Lights Growth (t+2)

Figure 5: Local–linear RD plots of changes in inequality and night-lights growth around the margin-of-victory cutoff. Points represent binned constituency averages within a ±6 margin of victory window; fitted lines and confidence bands are estimated separately on each side of the threshold.

Table A3: Summary Statistics for Mixed Elections by Type of Political Alignment

Variable	Alignment with CM			Only CM not PM			CM & PM		
	N	Mean	SD	N	Mean	SD	N	Mean	SD
Gini	13534	0.440	0.150	8973	0.430	0.140	4561	0.460	0.150
Gini (Population Weighted)	13534	0.420	0.160	8973	0.420	0.160	4561	0.440	0.170
Change in Gini_{t+1}	10693	-0.012	0.050	7052	-0.012	0.050	3641	-0.010	0.046
Change in Gini (PW)_{t+1}	10693	-0.010	0.050	7052	-0.010	0.050	3641	-0.010	0.043
Growth in $\text{Night Lights}_{t+1}$	12272	0.033	0.080	8081	0.040	0.080	4191	0.026	0.070
Growth in $\text{Night Lights}_{t+2}$	9046	0.062	0.105	5904	0.070	0.112	3142	0.050	0.090
Registered HH_{t+1}	7659	40728.5	26238.4	5002	41919.3	26583.8	2657	38486.7	25429.6
Cumulative Job Cards_{t+1}	7659	39956.7	25565.2	5002	41199.9	25936.4	2657	37616.5	24686.7
Cumulative $\text{SC/ST Job Cards}_{t+1}$	7659	14520.1	12731.9	5002	14696.6	11965.9	2657	14187.7	14057.6
Total $\text{Approved Work}_{t+1}$	7649	3070.8	3758.5	4998	3175.0	3901.3	2651	2874.5	3465.4
Total $\text{Completed Works}_{t+1}$	7649	1836.6	2722.4	4998	2072.1	3070.9	2651	1392.6	1818.1
$\text{HHs Completed 100 Days Work}_{t+1}$	7659	1200.0	2348.6	5002	1265.4	2516.7	2657	1076.8	1988.5
$\text{Completed Expenditure}_{n+1}$	7649	1453.3	1523.9	4998	1488.4	1524.8	2651	1387	1520.2
Growth $\text{Ln Completed Expenditure}_{n+1}$	6071	0.193	0.606	3803	0.240	0.566	2268	0.113	0.661
Growth in Delay in NREGA Payments	6088	-0.276	1.224	3812	-0.150	1.272	2276	-0.486	1.108
Growth in $\text{Bank Branches}_{t+1}$	6492	-0.050	0.950	4349	-0.025	0.946	2143	-0.090	0.950
CD Ratio_{t+1}	9016	0.650	0.620	5869	0.664	0.705	3147	0.630	0.430
Avg. Change in Gini (term)	2851	-0.011	0.020	1957	-0.012	0.020	894	-0.010	0.016
Avg. Growth in NTL (term)	3245	0.035	0.040	2228	0.040	0.044	1017	0.030	0.023

Notes: This table presents descriptive statistics by type of political alignment in constituencies. "Alignment with CM" includes all constituencies where the MLA belongs to the same party as the Chief Minister. The "Only CM not PM" group includes constituencies aligned with the CM but not with the PM, while the "CM & PM" group includes constituencies aligned with both. Variables measured at $t+1$ or $t+2$ refer to one or two years after the election. The population-weighted Gini adjusts for local population distribution. CD ratio is the credit-deposit ratio; NTL refers to night-time lights. All monetary values are in Indian Rupees. This table supports heterogeneity analysis by revealing alignment-type variation in baseline development indicators.

Table A4: Impact of Political Alignment on Alternate Measures of Inequality

	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Panel A: Outcome – Change in Population-Weighted Gini (PW_Gini[n+1] - PW_Gini[n])					
Aligned Politician	-0.003	0.001	-0.006**	-0.004	-0.009**
SE	{0.002}	{0.002}	{0.003}	{0.004}	{0.005}
P-val	[0.241]	[0.804]	[0.033]	[0.327]	[0.042]
N	10693	7052	6694	3053	3641
Effective N	5888	4306	4040	1627	1641
Bandwidth	10.168	11.412	11.709	9.278	8.159
Controls	Yes	Yes	Yes	Yes	Yes
Panel B: Outcome – Growth in Log of Gini (ln_gini[n+1] - ln_gini[n])					
Aligned Politician	-0.001	0.002	-0.006***	-0.005	-0.006**
SE	{0.002}	{0.002}	{0.002}	{0.003}	{0.003}
P-val	[0.589]	[0.334]	[0.009]	[0.104]	[0.048]
N	10693	7052	6694	3053	3641
Effective N	6058	3981	3313	1495	1764
Bandwidth	10.480	10.132	8.991	8.513	9.180
Controls	Yes	Yes	Yes	Yes	Yes

Notes: (i) The dependent variable in Panel A is the annual change in the population-weighted Gini coefficient; in Panel B, it is the log difference in the Gini coefficient. (ii) All models are estimated after including relevant control variables. (iii) Estimates are based on Regression Discontinuity Design using local linear regressions and triangular kernels. (iv) The explanatory variable, *Alignment*, equals 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (v) Robust standard errors clustered at the constituency level are reported in curly braces; p-values are reported in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table A5: Impact of Alignment on Inequality using PLFS data (2017-18, 2018-19, and 2019-20): A District Level Analysis

Outcome:	Change in Gini $(\ln(\text{gini})_{n+1} - \ln(\text{gini}))$					
	Margin of Victory = 3%			Margin of Victory = 5%		
Alignment with:	State CM	CM and not PM	CM and PM	State CM	CM and not PM	CM and PM
	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Panel OLS						
Alignment	-0.019	0.125	-1.99***	0.056	0.136	-2.037***
SE	(0.20)	(0.233)	(0.081)	(0.133)	(0.156)	(0.083)
P-val	[0.922]	[0.590]	[0.000]	[0.673]	[0.384]	[0.000]
N	1256	755	501	1256	755	501
Panel B: 2SLS						
Alignment	-0.064	0.310	-2.51***	0.081	0.411	-2.37***
SE	(0.273)	(0.506)	(0.294)	(0.194)	(0.391)	(0.429)
P-val	[0.814]	[0.540]	[0.000]	[0.678]	[0.293]	[0.000]
N	1264	763	501	1264	763	501

Note: (i) The table presents the estimates of impact of political alignment on inequality at the district level. The inequality is measured as Gini coefficient of household monthly consumption expenditure for each district. It is measured using PLFS data of three years: 2017-18, 2018-19, and 2019-20. (ii) In Panel A, the estimates are computed based on a Panel OLS model. (iii) The main explanatory variable – 'Alignment' is a share of total constituencies where an aligned candidate won against a non-aligned candidate in a close fight at 3% margin of victory. (iv) Column 1, 2, and 3 present analysis for all constituencies aligned with CM, only with CM and not PM; with both CM and PM respectively. (v) The columns 4, 5, and 6 present same analysis for 5% margin of victory. (vi) All models include year fixed effects and district fixed effects; and control variables: turnout percentage; size of electors (log), share of constituencies with female leaders; and share of reserved constituencies for SC and ST groups. (vii) Panel B: presents the estimates of 2SLS model at the district level. (viii) The main explanatory variable – 'Alignment' is a share of aligned constituencies in a district. It is instrumented with the share of constituencies where an aligned candidate won against a non-aligned candidate in a close fight of 3% (columns 1, 2 and 3) and at 5% (columns 4, 5, and 6). (ix) All models include year fixed effects and district fixed effects. (x) Robust standard errors are reported and clustered at the district level. (xi) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table A7: Impact on NREGA After Adding Expenditure as a Control (All Four Controls)

	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Total Registered Households (n+1)					
Aligned Politician	3678.9*	-109.22	5440.1**	587.1	11690.9***
SE	{1920.0}	{2483.8}	{2771.9}	{5157.1}	{3694.3}
Effective N	3669	2053	2392	874	1071
Bandwidth	11.073	9.014	13.018	11.450	8.559
Total Job Cards (n+1)					
Aligned Politician	3477.5*	-272.8	5443.9**	803.5	11446.9***
SE	{1872.1}	{2446.3}	{2674.0}	{4844.6}	{3604.7}
Effective N	3671	2018	2344	880	1062
Bandwidth	11.133	8.806	12.748	11.546	8.394
Total SC/ST Job Cards (n+1)					
Aligned Politician	2227.5	-376.1	3947.1**	-1677.3	6672.4***
SE	{1396.4}	{1586.9}	{1994.0}	{1969.0}	{2769.6}
Effective N	3598	2143	2060	821	1234
Bandwidth	10.692	9.556	10.483	10.425	10.592
Total Approved Works (n+1)					
Aligned Politician	322.1	-401.3	957.0**	209.0	1839.6***
SE	{324.5}	{422.9}	{378.5}	{478.3}	{629.0}
Effective N	3346	1833	2272	1043	996
Bandwidth	9.756	7.820	12.164	14.820	7.755
Total Completed Works (n+1)					
Aligned Politician	-10.2	-154.9	209.4	-399.9	508.7***
SE	{206.2}	{290.7}	{168.4}	{249.8}	{230.0}
Effective N	3892	2018	2010	719	1010
Bandwidth	12.190	8.806	10.300	8.983	7.853
Families Completed 100 Days of Work (n+1)					
Aligned Politician	90.3	-302.4	357.4	-338.5**	938.0**
SE	{229.6}	{307.3}	{225.4}	{150.8}	{420.6}
Effective N	3853	2204	2562	762	1081
Bandwidth	11.950	9.925	14.189	9.544	8.862
Growth in Delay of Payments (n+1)					
Aligned Politician	-0.084	0.033	-0.184**	-0.174	-0.206**
SE	{0.069}	{0.088}	{0.090}	{0.159}	{0.097}
Effective N	3442	2312	1779	719	1284
Bandwidth	10.177	10.472	8.838	9.025	11.171

Notes: All specifications include the four controls described in the main text. Standard errors are clustered at the district level. *, **, *** denote significance at the 10%, 5%, and 1% levels.

Table A8: Impact on Total Completed Expenditure (n+1), Without Controls

	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Completed Expenditure (log)	0.068	0.038	-0.008	-0.393*	0.148
	{0.137}	{0.146}	{0.160}	{0.230}	{0.244}
N	7643	4995	4729	2081	2648
Effective N	4799	3373	3218	1078	1595
Bandwidth	11.759	12.625	13.466	8.853	12.185
Growth in Completed Expenditure	-0.056*	-0.039	-0.062	-0.080	-0.071
	{0.029}	{0.038}	{0.042}	{0.073}	{0.051}
N	6071	3803	3613	1345	2268
Effective N	3922	2348	2425	890	1165
Bandwidth	12.407	10.669	13.268	11.794	9.838

Notes: Each cell reports the local linear RD estimate of partisan alignment on constituency-level MGNREGA expenditure in the year following the election (n+1), without controls. Standard errors clustered at the constituency level are shown in braces. Estimates use MSE–optimal bandwidths with a triangular kernel and separate linear trends on either side of the cutoff. "CM" indicates alignment with the Chief Minister; "PM" indicates alignment with the Prime Minister; "CM & PM" denotes triple alignment.

The absence of meaningful increases in completed expenditure across all alignment regimes—and the negative expenditure growth under triple alignment—indicates that aligned constituencies do not receive greater fiscal allocations. Combined with Table 7, where triple-alignment effects on program delivery persist even after conditioning on expenditure, these results rule out fiscal favoritism as the primary mechanism in public distribution. Because MGNREGA funds are formula-based, centrally released, and not discretionarily allocated at the constituency level, partisan alignment cannot meaningfully redirect resources; the observed gains instead reflect improved coordination and implementation.

Table A9: Impact of Political Alignment on Financial Development (With Controls)

	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Growth in Number of Bank Branches					
Aligned Politician	-0.037	-0.103**	0.125**	0.065	0.149**
SE	{0.038}	{0.049}	{0.055}	{0.089}	{0.076}
P-val	[0.328]	[0.036]	[0.023]	[0.465]	[0.050]
N	6492	4349	3917	1774	2143
Effective N	3876	2366	2354	1078	1057
Bandwidth	11.464	9.866	11.722	11.250	9.487
Credit-Deposit Ratio (n+1)					
Aligned Politician	0.001	0.017	0.102*	0.176	0.111*
SE	{0.062}	{0.080}	{0.057}	{0.113}	{0.064}
P-val	[0.993]	[0.835]	[0.076]	[0.120]	[0.084]
N	9016	5869	5819	2672	3147
Effective N	3798	2242	4116	1295	1568
Bandwidth	7.340	6.266	14.732	8.486	9.565

Notes: (i) The table reports the impact of MLA alignment with the ruling party at the state and/or center on financial development outcomes. (ii) Outcomes include growth in number of bank branches and change in Credit-Deposit Ratio at the constituency level. (iii) Models are estimated using Regression Discontinuity Design with triangular kernels. (iv) The explanatory variable, *Alignment*, equals 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (v) Robust standard errors clustered at the constituency level are reported in curly braces; p-values in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table A10: Impact of Political Alignment on Backward and Forward Lags of Inequality

	Lag (gini$[n]$ − $[n-1]$)		(gini$[n+2]$ − $[n]$)		gini$[n+3]$ − $[n]$)	
	No C	With C	No C	With C	No C	With C
Alignment with CM & PM	0.006	0.005	-0.030***	-0.029***	-0.027*	-0.022*
SE	{0.007}	{0.007}	{0.009}	{0.009}	{0.015}	{0.012}
P-val	[0.389]	[0.453]	[0.002]	[0.002]	[0.070]	[0.092]
N	470	470	2720	2720	1622	1622
Effective N	275	248	1057	1057	723	727
Bandwidth	11.910	10.163	6.866	6.884	7.802	7.878

Notes: (i) The table reports the impact of MLA alignment with the ruling party on backward and forward measures of inequality. (ii) In the first two columns, the outcome is the backward lag change in Gini (gini$[n]$ − gini$[n-1]$). (iii) In columns 3 and 4, the outcome is the forward change over two years (gini$[n+2]$ − gini$[n]$). (iv) In columns 5 and 6, the outcome is the forward change over three years (gini$[n+3]$ − gini$[n]$). (v) All models are estimated using Regression Discontinuity Design with local linear regressions and triangular kernels. (vi) Robust standard errors clustered at the constituency level are reported in curly braces; p-values are reported in square brackets. (vii) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table A11: Impact of political alignment on inequality at the constituency level: P(2)

Alignment with	CM	Only CM not PM	PM	Only PM not CM	CM & PM
Without Controls					
Aligned politician	-0.003	0.001	-0.009**	-0.005	-0.016***
SE	{0.003}	{0.004}	{0.004}	{0.006}	{0.006}
P-val	[0.229]	[0.757]	[0.011]	[0.412]	[0.008]
N	10693	7052	6694	3053	3641
Effective N	7973	4411	4812	2105	2060
Bandwidth	16.194	11.850	15.161	13.247	11.293
With Controls					
Aligned politician	-0.002	0.005	-0.010***	-0.009	-0.015***
SE	{0.003}	{0.004}	{0.004}	{0.005}	{0.006}
P-val	[0.438]	[0.197]	[0.003]	[0.103]	[0.009]
N	10693	7052	6694	3053	3641
Effective N	7420	4259	4563	1992	2089
Bandwidth	14.287	11.207	13.749	12.183	11.542

Notes: (i) The table shows the impact of alignment of MLA with the ruling party at the state and/or centre on economic inequality at the constituency level. (ii) Analysis is conducted for one election term from 2011 to 2019. (iii) All the models are estimated on the basis of Regression Discontinuity Design. (iv) The dependent variable is the change in Gini coefficient, defined as $(\text{Gini}_{n+1} - \text{Gini}_n)$. (v) The main explanatory variable—'Alignment'—is a dummy which takes value 1 if an aligned candidate wins against a non-aligned candidate, and 0 if a non-aligned candidate wins against an aligned candidate. (vi) Columns 1–5 differ on the basis of alignment. (vii) All the models are estimated by a local linear and quadratic regression using a triangular kernel. (viii) Robust standard errors are reported in curly braces and clustered at the constituency level. (ix) The asterisks *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively.

Table A12: Alternative Bandwidth Analysis: Impact of Political Alignment on Change in Gini Index ($gini_{n+1} - gini_n$)

	No Controls			**With Controls**		
Bandwidth Type	*cerrd*	*msetwo*	*certwo*	*cerrd*	*msetwo*	*certwo*
Alignment with CM & PM	-0.014***	-0.010**	-0.012**	-0.014**	-0.009**	-0.011**
SE	{0.005}	{0.004}	{0.005}	{0.005}	{0.004}	{0.005}
P-val	[0.009]	[0.010]	[0.012]	[0.011]	[0.024]	[0.027]
N	3641	3641	3641	3641	3641	3641
Effective N	1271	2130	1563	1303	2199	1643
Bandwidth	6.218	8.137	5.650	6.346	8.694	6.037

Notes: (i) The table reports the sensitivity of the main results to alternative bandwidth selections. (ii) "CERRD" refers to the conventional error-based bandwidth, and "MSETWO" refers to a bandwidth minimizing the mean squared error with second-order bias correction. (iii) The outcome variable is the change in Gini coefficient between periods (gini$[n+1]$ − gini$[n]$). (iv) All models are estimated using Regression Discontinuity Design with local linear regressions and triangular kernels. (v) Robust standard errors clustered at the constituency level are reported in curly braces; p-values are in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table A13: Robustness to Bandwidth Choice: Impact on Change in Gini Index ($gini_{n+1} - gini_n$)

Bandwidth Type	0.5×	0.75×	1.25×	1.5×	2×
Alignment with CM & PM	-0.024***	-0.023***	-0.014***	-0.012***	-0.009***
SE	{0.007}	{0.005}	{0.004}	{0.004}	{0.003}
P-val	[0.000]	[0.000]	[0.000]	[0.001]	[0.003]
N	3641	3641	3641	3641	3641
Effective N	976	1378	2051	2342	2752
Bandwidth	4.477	6.715	11.193	13.431	17.908

Notes: This table reports robustness of the alignment effect on nightlight-based Gini coefficient to alternative bandwidths using the MSERD bandwith selector. Estimates are based on local linear regressions with MSERD-based bandwidth multipliers. Standard errors are reported in curly brackets, and p-values in square brackets. ***, ** denote significance at the 1% and 5% levels, respectively.

Table A14: Placebo Cut-off Tests: Impact of Political Alignment on Changes in Inequality

	$c(0.5)$	$c(1)$	$c(1.5)$	$c(2)$	$c(2.5)$	$c(3)$
Panel (A): Outcome: Change in Gini ($Gini_{n+1} - Gini_n$)						
Alignment with CM & PM	-0.007*	-0.002	0.005	0.007*	0.004	0.002
SE	{0.004}	{0.004}	{0.004}	{0.004}	{0.004}	{0.004}
P-val	[0.072]	[0.595]	[0.236]	[0.067]	[0.277]	[0.578]
N	3641	3641	3641	3641	3641	3641
Effective N	2146	2021	1801	1720	1940	2241
Bandwidth	11.969	10.567	8.891	8.310	9.707	11.527
	$c(-0.5)$	$c(-1)$	$c(-1.5)$	$c(-2)$	$c(-2.5)$	$c(-3)$
Panel (B): Outcome: Change in Gini ($Gini_{n+1} - Gini_n$)						
Alignment with CM & PM	0.001	0.009**	0.002	0.001	-0.001	0.002
SE	{0.004}	{0.004}	{0.004}	{0.004}	{0.003}	{0.004}
P-val	[0.737]	[0.030]	[0.548]	[0.884]	[0.708]	[0.525]
N	3641	3641	3641	3641	3641	3641
Effective N	2353	1575	1839	2147	2233	1914
Bandwidth	13.845	8.229	10.382	12.722	14.029	11.413

Notes: (i) The table presents placebo cutoff tests by re-estimating the main model at alternative margins around the cutoff. (ii) The main explanatory variable, *Alignment*, is a dummy equal to 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (iii) The model focuses on alignment with both CM & PM. (iv) All models are estimated using local linear regressions with triangular kernels. (v) Robust standard errors clustered at the constituency level are reported in curly braces, and p-values are reported in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively.

Table A15: Donut Hole Approach: Impact of Political Alignment on Changes in Inequality

	M > 0.01	M > 0.05	M > 0.10	M > 0.15	M > 0.20
Alignment with CM & PM	-0.011**	-0.011**	-0.015***	-0.013***	-0.011**
SE	{0.004}	{0.005}	{0.005}	{0.005}	{0.004}
P-val	[0.016]	[0.014]	[0.001]	[0.004]	[0.018]
N	3641	3637	3628	3623	3608
Effective N	1727	1698	1523	1639	1719
Bandwidth	8.954	8.690	7.587	8.276	9.089

Notes: (i) The table re-estimates the base model by applying a Donut Hole approach, eliminating observations close to the cutoff. For example, the model in column 1 omits observations where the margin of victory lies between 0 and 0.01. (ii) The main explanatory variable, *Alignment*, is a dummy equal to 1 if an aligned candidate wins against a non-aligned candidate, and 0 otherwise. (iii) The analysis focuses on alignment with both CM & PM. (iv) All models are estimated using local linear regressions with triangular kernels. (v) Robust standard errors clustered at the constituency level are reported in curly braces, and p-values are reported in square brackets. (vi) *, **, and *** denote significance at the 10%, 5%, and 1% levels, respectively. M denotes Margin.