Land titling can reduce poverty and contribute to sustainable development by enhancing agriculture productivity. Worldwide, several countries have attempted to improve these rights with land titling programs. Though land titling can ensure property rights over land, its implication in encouraging investment and stimulating agricultural productivity is theoretically ambiguous. For instance, while land titling can reduce efficiency by eliminating the threat of eviction, it can also have the opposite effect on productivity by ensuring returns on investment. Empirically, the relationship is even more challenging when past investment ensures rights by use of land to secure land rights as in many developing countries. The main identification challenge is to isolate the impact of land titling from spurious effect caused by selection into the tenure security. Since institutions coevolve with other potential determinants of economic development, isolating the impact of land titling program is challenging.

We conduct a randomized experiment generating exogenous variation in the access to information on the significance of land titling among Indian farmers. The setting of the experiment is ideal to study the implications of property right institutions. Over 60 percent of the population is in the agriculture sector, and land distribution is mostly governed by customary law. As in the rest of the developing world, land rights are weak and informally determined. Our results show that simple nudges can increase agriculture productivity by up to 18 percent for treatment farmers relative to the control group. While these investments are financed by credit, the household borrowings can also result in unintended investment in consumption smoothing. Our results relate to a number of papers that span the institution and economic performance literature. The evidence from these studies is mixed, though it is not clear whether this is due to variation in programs offered, or methodological challenges associated with evaluating programs without plausibly exogenous variation. We directly confront the selection issue through random assignment and measurement of property rights by exogenously varying the nudge to obtain land titles. To the best of our knowledge, our study is the first rigorous experimental evaluation to test the significance of institutions on development outcomes.