



## STEG-PEDL Virtual Course on 'Private Enterprises, Productivity and Economic Growth'

### Session 8: Friday 27 March 2026

[Ezra Oberfield](#)

[Presentation slides](#)

[Video](#)

Continue the conversation on [Piazza](#)

**Q: How do you infer which product is the final product?**

A: I suspect final goods are the ones that are sold by and large to final consumers rather than firms or investment goods. I am not sure though.

**Q: Those input materials.... Are they mostly coming from other formal sector firms or informal firms or from international??**

A: I believe Ezra will touch on this.

**Q: How should we think about multi-product firms? In this framework, it seems that firms produce many products because they are less productive. Is that correct? More generally, how should we think about economies of scope in this framework?**

A: Another good question. Let's leave this to ask directly at the end.

**Q: How many of the congestion cases in the court are related to manufacturing contract enforcement? Because I am thinking it could also be that congestion affects services more (less standardized industries), and then linkages or wages affect industries. Does that make sense?**

A: In principle, I think the theory would apply to both manufacturing and services equally, but the firm data he has is manufacturing as is the input data. I don't know whether the court cases include services as well.

**If you have questions for Ezra in the Q&A please submit them here:**

Q1: Is the model consistent with the idea that court efficiency shapes not only the extent of vertical integration, but also the composition of input suppliers—so that efficient courts support formal and imported relationship-specific input markets, whereas congested courts push production toward informal local suppliers and greater in-house production by incumbent firms? Given the large informal sector in India (90 percent of whole population works in the informal sector), can your framework accommodate the idea that court congestion affects the boundary of the firm partly by shaping whether relationship-specific inputs are sourced from formal/imported suppliers or from informal local producers?