

ERRATUM: RETURNS TO CAPITAL IN
MICROENTERPRISES:
EVIDENCE FROM A FIELD EXPERIMENT

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Suresh de Mel, David McKenzie, and Christopher Woodruff's article in the November 2008 issue of this Journal (volume 123, number 4, pages 1329–1372) contains an error. In the abstract, the average real return to capital is 4.6–5.3 percent per month (55–63 percent per year). The corrected abstract is below.

Abstract

We use randomized grants to generate shocks to capital stock for a set of Sri Lankan microenterprises. We find the average real return to capital in these enterprises is 4.6%–5.3% per month (55%–63% per year), substantially higher than market interest rates. We then examine the heterogeneity of treatment effects. Returns are found to vary with entrepreneurial ability and with household wealth, but not to vary with measures of risk aversion or uncertainty. Treatment impacts are also significantly larger for enterprises owned by males; indeed, we find no positive return in enterprises owned by females.