Nirupama Kulkarni

Contact Information

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Research Fields

PRIMARY
Corporate Finance and Banking

SECONDARY
Real Estate and Household Finance

Current Position (2016 –)

Research Director
Center for Advanced Financial Research and Learning
Promoted by the Reserve Bank of India

Education

2016	Ph.D. in Finance and Real Estate, Haas School of Business, UC Berkeley
2004	B.Tech. in Electrical Engineering, Indian Institute of Technology, Mumbai
2009	M.B.A., NYU Stern School of Business

Papers

GOVERNMENT GUARANTEES AND BANK VULNERABILITY DURING THE FINANCIAL CRISIS OF 2007–09: EVIDENCE FROM AN EMERGING MARKET with Viral Acharya

Revise and Resubmit from Journal of Financial Economics

We analyze the performance of banks in India during 2007-09 to study the impact of government guarantees on bank vulnerability to a crisis. We find that vulnerable private-sector banks performed worse than safer banks; however, the opposite was true for state-owned banks. To explain this puzzling result we analyze deposit and lending growth. Vulnerable private-sector banks experienced deposit withdrawals and shortening of deposit maturity. In contrast, vulnerable state-owned banks grew their deposit base and increased loan advances, but at cheaper rates, and especially to politically important sectors. These results are consistent with greater market discipline on private-sector banks and a lack thereof on state-owned banks which can access credit cheaply despite underperforming as they have access to stronger government guarantees and forbearance.

CREDITOR RIGHTS AND ALLOCATIVE DISTORTIONS – EVIDENCE FROM INDIA

Presentations: ABFER 2017, CFIC 2017, CICF 2019 (Scheduled), EEA 2019 (Scheduled)

Weak creditor rights can prevent the allocation of resources to their most productive use. I exploit a collateral reform in India that made it easier for secured creditors to seize defaultersâ assets and show that banks cut credit to low-quality firms while increasing credit to high-quality firms post the collateral reform. This is partly attributable to a reduction in credit to otherwise insolvent borrowers (zombies). Importantly, the resulting zombie decongestion increased secured debt, employment and capital expenditure of non-zombie borrowers that operate in decongested industries and reallocated labor and capital away to firms with higher marginal products of labor and capital.

ANATOMY OF A BANKING PANIC (with Viral Acharya, Abhiman Das, Prachi Mishra and N. R. Prabhala)

Presentations: EFA 2016, NEUDC 2018, WFA 2018, IFC 2018, CUHK-RCFS 2019 (Scheduled)

We develop micro-level evidence on a large-scale flight to safety by retail bank depositors. Private banks in India, who had little exposure to US experienced sudden withdrawals of deposits after the 2008 financial crisis in the US, reflecting pure panic of retail clients. We quantify, characterize, and examine the lending consequences of the deposit flight using granular branch-level data on deposits. Deposit flights are local as they transfer resources from private to public sector banks in the same district. The panic results in flight of both short and long-term deposits but the deposit gains are in term deposits, suggesting that panics result in more stable funding in the aggregate. There is significant credit reallocation due to panic flows due to differences in sectoral adjustments between branches losing and gaining deposits. Flights to safety thus reallocate deposits within local markets but transform the structure of bank assets and liabilities within the markets.

HOMEOWNERSHIP AND THE AMERICAN DREAM – AN ANALYSIS OF INTERGENERATIONAL MOBILITY EFFECTS with Ulrike Malmendier

Presentations: NBER 2015, Becker Friedman Institute Conference 2016, EFA 2017

The benefits of homeownership feature prominently in the academic and policy discussions alike. Increasing homeownership has been a major policy goal for decades, especially in low-income areas. We show that the positive relationship between homeownership and intergenerational mobility is highly place-dependent. First, we link commuting zone-level homeownership rates to intergenerational mobility, and find a strong positive relationship. The relationship persists after instrumenting for ownership using housing supply and price shocks. Second, we show that the positive relation between of homeownership and upward mobility is significantly diminished or disappears in areas with high sprawl or segregation, whether we use income segregation, racial segregation, or a new measure of homeowner segregation. These results, as well as additional findings on the formation of social capital and on school quality, suggest that homeownership may not benefit, or may even disadvantage children in segregated, poor areas, possibly through reduced residential mobility.

ARE UNIFORM PRICING POLICIES UNFAIR? MORTGAGE RATES, CREDIT RATIONING, AND REGIONAL INEQUALITY

Federal policy often institutes uniform pricing across regions in the name of fairness. I study the unintended consequences of such uniform pricing in the context of the residential mortgage market, which is heavily influenced by the securitization policies of the government sponsored enterprises (GSEs). I show that the regional uniformity of GSE-conforming mortgage rates leads to credit rationing. I develop three results by exploiting differences in the strength of lender rights — state laws that limit a lender's recourse and ability to foreclose on property — as a source of regional variation. First, controlling for borrower characteristics, I find that GSE-securitized mortgage rates *do not vary* across lender rights whereas those of privately securitized mortgages *do vary.* Second, the lack of regional variation in mortgage rates leads to the credit rationing of marginal borrowers in regions with borrower-friendly laws, whereas, regression discontinuity and bunching estimates show that the GSEs "cherry-pick" the better risks leading to greater credit access in lender-friendly areas. Finally, I find that the GSEs' cost of funds advantage distorts the pool of borrowers available to the private market and that only some of the GSE-rationed borrowers can access privately securitized mortgages. Overall, the results demonstrate how uniform regional pricing and cost of funds advantages of the GSEs distorts the competitive landscape of the US mortgage market.

WORKS-IN-PROGRESS

CASH SUPPLY SHOCK, DIGITIZATION AND FORMALIZATION – EVIDENCE FROM INDIA'S DEMONETIZATION EPISODE (with Bhavya Aggarwal)
Presentations: German Economic Association 2019 (Scheduled), EEA 2019 (Scheduled), DIAL 2019 (Scheduled)

WHY LESS CAN BE MORE: CROWDING OUT EFFECTS OF GOVERNMENT FINANCING (with Viral Acharya, Bhavika Nanawati and Seema Sagar)
Presentations: DebtCon3 2019, IIMA FDBCF conference 2019 (Scheduled)

THE UNINTENDED CONSEQUENCES OF REGULATORY FORBEARANCE (with Anusha Chari and Lakshita Jain)

VAT AND CAPITAL INVESTMENTS (with S. K. Ritadhi and Abhay Aneja)
Presentations: VAT conference 2019 organized by University of Michigan/Columbia/World Bank

Book Chapters And Policy Papers

WHAT SAVED THE INDIAN BANKING SYSTEM: STATE OWNERSHIP OR STATE GUARANTEES? (with Viral Acharya). *The World Economy*, Vol. 35, Issue 1, pp. 19-31, 2012

CAPITAL, CONTINGENT CAPITAL, AND LIQUIDITY REQUIREMENTS (with Viral V. Acharya and Matthew Richardson) in Viral V. Acharya, Thomas F. Cooley, Matthew P. Richardson, Ingo Walter editors, *Regulating Wall Street: The Dodd-Frank Act and the New Architecture of Global Finance John Wiley and Sons* (2010).

DIVIDENDS AND BANK CAPITAL (with Viral Acharya, Irvind Gujral and Hyun Shin)
Being revised for resubmission to Corporate Finance Review

Fellowships And Awards

2010-2015	Fisher Center Fellowship, UC Berkeley.
2014-2015	Fisher Center Grant, UC Berkeley.
2014	Vanier Family Foundation Summer Grant, UC Berkeley.
2009	FWA Clarin S. Schwartz Memorial Scholar, NYU Stern.
2008-2009	Glucksman Research Fellow under Prof. Lawrence White, NYU Stern.

Teaching Experience

Graduate Student Instructor (Teaching Assistant) at Haas School of Business, UC Berkeley for

- MBA Real Estate Finance and Securitization, Prof. Jiro Yoshida (Fall 2014)
- UGBA Introduction to Real Estate and Urban Economics, Prof. David Nelson (Fall 2015)

Referee Service

Review of Finance, Journal of Financial Economics.

Discussions

Discussion of “How Does Consumer Bankruptcy Protection Impact Household Outcomes?" by Carlos Parra at ASSA-AREUEA conference 2017.

Discussion of “Peer Financial Distress and Individual Leverage" by Ankit Kalda at ISB CAF 2017 conference.

Discussion of “Assessing the Quality of Bank Loan Ratings" by Radhakrishnan Gopalan, Yadav Gopalan, and Kevin Koharki at NYU-NSE Research Conference 2018.

References

Available on request.