



INSTITUTE OF DEVELOPMENT STUDIES KOLKATA

(A Centre of Excellence in Social Sciences funded by the Government of West Bengal)

SALT LAKE CAMPUS • DD 27/D, SECTOR 1, SALT LAKE, KOLKATA 700 064

21.08.2017

Seminar Notice

Dr. Prasenjit Bose, Economist based in Kolkata, will give a talk on:

'Riskless Capitalism' in India: Bank Credit and Economic Activity

Abstract: The Indian growth story of the 2000s cannot be simplistically explained as a result of "market-oriented" reforms. PSB credit-financed investments, particularly in the infrastructure sector, played a crucial role in generating high levels of economic activity in the aftermath of the global economic crisis in 2008–09, even against the backdrop of rising interest rates. The boom proved to be unsustainable, coming to an end in 2011–12 with bad loans piling up in the banking system. Our paper seeks to analyse the financial processes underlying India's high growth phase in the 2000s and its relationship with 'riskless capitalism' - a term first used by ex-Governor of RBI, Raghuram Rajan in 2014.

Dr. Rohit Azad, Assistant Professor, CESP/JNU and Formerly Visiting Fellow, New School and Columbia University, New York will give a talk on:

'Riskless Capitalism' in India: A Macro-Theoretic Analysis

Abstract: This paper seeks to analyse the growth patterns in post-reform India within a macro-theoretic framework. We improvise on Kalecki's principle of increasing risk (or Minsky's financial fragility hypothesis) to explain the relationship between corporate debt and growth in India. This paper makes two important contributions to the heterodox growth literature in this field. First, it provides a politico-economic basis for financial fragility arising even in a *regulated* financial sector such as India's. We argue that the state *creates* financial fragility in the system by pushing public sector banks into lending to the corporate sector. The bad loans crisis that this process generates opens up the possibility for *ex gratia* transfer of resources from the state to the corporate sector through a financial bail-out. Second, the model takes both the investment and the debt dynamics as central to this process instead of treating one of them as passive as is done in most heterodox models of this variety. It gives importance, as it were, to both the arms of the Minskyan scissor instead of just one.

Date : 25 August 2017, Friday

Time : 3 PM

Venue : IDSK Seminar Room, 5th Floor , Salt Lake

All are cordially invited to participate in the seminar

(Subhanil Chowdhury)

Convenor, Seminar Committee, IDSK

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