Raghuram Rajan

An insider's view of the Reserve Bank of India Duvvuri Subbarao's term as the governor of the Reserve Bank of India from 2008 to 2013 was an unusually turbulent period. The global financial crisis erupted; India was in the throes of a decade-high, stubborn inflation rate, followed by a sharp depreciation of the rupee. This was also a time when questions about the breadth of the RBI's mandate, autonomy and accountability became subjects of debate in financial circles and in the media at large. Who Moved My Interest Rate is an authoritative account of the dilemmas and quandaries he confronted while leading the Reserve Bank through these extraordinary economic and political challenges.

When Raghuram G. Rajan took charge as Governor of the Reserve Bank of India in September 2013, the rupee was in free fall, inflation was high, India had a large current account deficit and India's exchange reserves were falling. As measure after measure failed to stabilize markets, speculators sensed a full-blown crisis and labelled India one of the Fragile Five economies. Rajan's response was to go all out, not just to tackle the crisis of confidence, but also to send a strong message about the strength of India's institutions and the country's ongoing programme of reform. He outlined a vision that went beyond the immediate crisis to focus on long-term growth and stability, thus restoring investor confidence. Boldness and farsightedness would be characteristic of the decisions he took in the ensuing three years. Rajan's commentary and speeches in I Do What I Do convey what it was like to be at the helm of the central bank in those turbulent but exciting times. Whether on dosanomics or on debt relief, Rajan explains economic concepts in a readily accessible way. Equally, he addresses key issues that are not in any banking manual but essential to growth: the need for tolerance and respect to assure India's economic progress, for instance, or the connection between political freedom and prosperity. I Do What I Do offers a front-row view into the thinking of one of the world's most respected economists, one whose commitment to India's progress shines through in the essays and speeches here. It also brings home what every RBI Governor discovers for himself when he sits down at his desk on the 18th floor: the rupee stops here. Right here!

This book charts the course of Kaushik Basu’s career over seven years, as he moved out of the cloisters of academe to the frenetic world of policymaking, first in India as Chief Economic Adviser to the Indian Government and after that as Chief Economist at the World Bank in Washington. The Indian years were a period of high inflation, growth challenges (as the global financial crisis arrived in India), and also a remarkable growth recovery story, with India moving past China’s GDP growth rate. There were corruption scandals breaking, causing widespread street protests, a lot of late-night decision-making, which one knew would rock the stock market the next day, and getting to know politicians who were outstanding as statesmen in the midst of all this, and also many who were not. The World Bank years weren’t that close to actual policymaking, but nevertheless breath-taking in their scope. They ranged from interacting with policymakers in tiny remote countries like Samoa to gigantic nations with comparable heft, such as China. It entailed sitting down with leading researchers to compute and announce global numbers on extreme poverty and rankings on how easy it is to do business in different countries (fully aware that there would be calls from irate finance ministers as soon as these were published). And there was the handling of politics within the World Bank, which could actually be as enjoyable as any global economic problem! This book is a revised version of the diary that Kaushik Basu kept for seven years. Revised because he often wrote the diary in a hurry at the day’s or even week’s end. He has now inserted some reflections in retrospect, without altering any descriptions of what actually happened.

Many prominent critics regard the international financial system as the dark side of globalization, threatening disadvantaged nations near and far. But in The Next Great Globalization, eminent economist Frederic Mishkin argues the opposite: that financial globalization today is essential for poor nations to become rich. Mishkin argues that an effectively managed financial globalization promises benefits on the scale of the hugely successful trade and information globalizations of the nineteenth and twentieth centuries. This financial revolution can lift developing nations out of squalor and increase the wealth and stability of emerging and industrialized nations alike. By presenting an unprecedented picture of the potential benefits of financial globalization, and by showing in clear and hard-headed terms how these gains can be realized, Mishkin provides a hopeful vision of the next phase of globalization. Mishkin draws on historical examples to caution that mismanagement of financial globalization, often aided and abetted by rich elites, can wreak havoc in developing countries, but he uses these examples to demonstrate how better policies can help poor nations to open up their economies to the benefits of global investment. According to Mishkin, the international community must provide incentives for developing countries to establish effective property rights, banking regulations, accounting practices, and corporate governance--the institutions necessary to attract and manage global investment. And the West must be a partner in integrating the financial systems of rich and poor countries--to the benefit of both. The Next Great Globalization makes the case that finance will be a driving force in the twenty-first-century economy, and demonstrates how this force can and should be shaped to the benefit of all, especially the disadvantaged nations most in need of growth and prosperity.

In the fall of 2008, fifteen of the world's leading economists--representing the broadest spectrum of economic opinion--gathered at New Hampshire's Squam Lake. Their goal: the mapping of a long-term plan for financial regulation reform. The Squam Lake Report distills the wealth of insights from the ongoing collaboration that began at these meetings and provides a revelatory, unified, and coherent voice for fixing our troubled and damaged financial markets. As an alternative to the patchwork solutions and ideologically charged proposals that have dominated other discussions, the Squam Lake group sets forth a clear nonpartisan plan of action to transform the regulation of financial markets--not just for the current climate--but for generations to come. Arguing that there has been a conflict between financial institutions and society, these diverse experts present sound and transparent prescriptions to reduce this divide. They look at the critical holes in the existing regulatory framework for handling complex financial institutions, retirement savings, and credit default swaps. They offer ideas for new financial instruments designed to recapitalize banks without burdening taxpayers. To lower the risk that large banks will fail, the authors call for higher capital requirements as well as a systemic regulator who is part of the central bank. They collectively analyze where the financial system has failed, and how these weak points should be overhauled. Combining an immense depth of academic, private sector, and

public policy experience, The Squam Lake Report contains urgent recommendations that will positively influence everyone's financial well-being--all who care about the world's economic health need to pay attention.
‘The Reserve Bank of India would like to assure the General public that Indian Banking system is safe and stable.’ – RBI Statement, 1 October 2019 Why did India’s central Bank have to issue an unprecedented statement to that effect? In Pandemonium: The Great Indian Banking Tragedy, bestselling author Tamal Bandyopadhyay takes you in search for the answer. It is a definitive insider story on the rot in India’s banking system – how many promoters easily swapped equity with debt as bank managements looked the other way to protect their balance sheets, until the RBI began waging a war against ballooning bad loans. The same troubles quickly spilled over to India’s mushrooming non-banking financial companies, which were quick to spot the post-demonetisation easy liquidity and banks’ reluctance to lend, prompting them to make the cardinal sin of borrowing short to lend long. What really ails public sector banks, the backbone of India’s financial system? Is it the government ownership itself, or how this owner actually behaves? And just when many were rooting for privatisation as a way out, powerful bankers such as Chanda Kochhar and Rana Kapoor exposed the soft underbelly of seemingly more efficient and profitable private banks of India. A timely and insider look at dramatic forces reshaping banking in Asia’s third-largest economy, this book is a bird’s-eye view of Indian banking and also a fly-on-wall documentary. A must-read to understand contemporary India’s challenges and economic potential.
We examine one of the most important and intriguing puzzles in economics: why it is so hard to find a robust effect of aid on the long-term growth of poor countries, even those with good policies. We look for a possible offset to the beneficial effects of aid, using a methodology that exploits both cross-country and within-country variation. We find that aid inflows have systematic adverse effects on a country's competitiveness, as reflected in a decline in the share of labor intensive and tradable industries in the manufacturing sector. We find evidence suggesting that these effects stem from the real exchange rate overvaluation caused by aid inflows. By contrast, private-to-private flows like remittances do not seem to create these adverse effects. We offer an explanation why and conclude with a discussion of the policy implications of these findings.
SHORTLISTED FOR THE FINANCIAL TIMES AND MCKINSEY BUSINESS BOOK OF THE YEAR AWARD 2019 From one of the most important economic thinkers of our time, a brilliant and far-seeing analysis of the current populist backlash against globalization and how revitalising community can save liberal market democracy.
The must-read summary of Raghuram G. Rajan’s book: “Fault Lines: How Hidden Fractures Still Threaten the World Economy”. This complete summary of “Fault Lines” by Raghuram G. Rajan, a globally renowned economist, shows how the serious flaws in the economy were to blame for the global financial crisis. He warns readers that these fractures have not been fixed and that there is a possibility that another devastating crisis could strike if action is not taken. He outlines what needs to be done to find a solution. Added-value of this summary: • Save time • Understand the financial crisis and

the flawed economy that contributed to it • Expand your knowledge of global economics and finance To learn more, read “Fault Lines: How Hidden Fractures Still Threaten the World Economy” and discover what needs to be done to prevent a future global crisis.

The Third PillarHow Markets and the State Leave the Community BehindPenguin

Revised and updated Shortlisted for the Financial Times/McKinsey Business Book of the Year Award From one of the most important economic thinkers of our time, a brilliant and far-seeing analysis of the current populist backlash against globalization. Raghuram Rajan, distinguished University of Chicago professor, former IMF chief economist, head of India's central bank, and author of the 2010 FT-Goldman-Sachs Book of the Year Fault Lines, has an unparalleled vantage point onto the social and economic consequences of globalization and their ultimate effect on our politics. In The Third Pillar he offers up a magnificent big-picture framework for understanding how these three forces--the state, markets, and our communities--interact, why things begin to break down, and how we can find our way back to a more secure and stable plane. The "third pillar" of the title is the community we live in. Economists all too often understand their field as the relationship between markets and the state, and they leave squishy social issues for other people. That's not just myopic, Rajan argues; it's dangerous. All economics is actually socioeconomics - all markets are embedded in a web of human relations, values and norms. As he shows, throughout history, technological phase shifts have ripped the market out of those old webs and led to violent backlashes, and to what we now call populism. Eventually, a new equilibrium is reached, but it can be ugly and messy, especially if done wrong. Right now, we're doing it wrong. As markets scale up, the state scales up with it, concentrating economic and political power in flourishing central hubs and leaving the periphery to decompose, figuratively and even literally. Instead, Rajan offers a way to rethink the relationship between the market and civil society and argues for a return to strengthening and empowering local communities as an antidote to growing despair and unrest. Rajan is not a doctrinaire conservative, so his ultimate argument that decision-making has to be devolved to the grass roots or our democracy will continue to wither, is sure to be provocative. But even setting aside its solutions, The Third Pillar is a masterpiece of explication, a book that will be a classic of its kind for its offering of a wise, authoritative and humane explanation of the forces that have wrought such a sea change in our lives.

In this paper, we develop a proposal for a controlled approach to capital account liberalization for economies experiencing large capital inflows. The proposal essentially involves securitizing a portion of capital inflows through closed-end mutual funds that issue shares in domestic currency, use the proceeds to purchase foreign exchange from the central bank and then invest the proceeds abroad. This would eliminate the fiscal costs of sterilizing those inflows, give domestic investors opportunities for international portfolio diversification and stimulate the development of domestic financial markets. More importantly, it would allow central banks to control both the timing and quantity of capital outflows. This proposal could be part of a broader toolkit of measures to liberalize the capital account cautiously when external circumstances are favorable. It is not a substitute for other necessary policies such as strengthening of the domestic financial sector or, in some cases, greater exchange rate flexibility. But it could in fact help create a supportive environment for these essential reforms.

Contributed articles.

Abstract: Major technological, regulatory, and institutional changes have made finance more widely available in recent years, amounting to a bone fide 'financial revolution'. In this article, we focus on the impact the financial revolution has had on the way firms are (or should be) organized and managed, and on the policy consequences.

"This book identifies four distinct functions of American higher education that colleges and universities have acquired over the past two hundred years and that are integral to liberal democracy: social mobility, citizenship education, the discovery and communication of knowledge, and the cultivation of a pluralistic society. Each chapter takes up one of these functions to analyze and assess"--

Originally published by Allen Lane, New Delhi, in 2015.

Leading economists consider the shape of future economic policy: will it resume the pre-crisis consensus, or contend with the post-crisis “new normal”? What will economic policy look like once the global financial crisis is finally over? Will it resume the pre-crisis consensus, or will it be forced to contend with a post-crisis “new normal”? Have we made progress in addressing these issues, or does confusion remain? In April of 2015, the International Monetary Fund gathered leading economists, both academics and policymakers, to address the shape of future macroeconomic policy. This book is the result, with prominent figures—including Ben Bernanke, John Taylor, and Paul Volcker—offering essays that address topics that range from the measurement of systemic risk to foreign exchange intervention. The chapters address whether we have entered a “new normal” of low growth, negative real rates, and deflationary pressures, with contributors taking opposing views; whether new financial regulation has stemmed systemic risk; the effectiveness of macro prudential tools; monetary policy, the choice of inflation targets, and the responsibilities of central banks; fiscal policy, stimulus, and debt stabilization; the volatility of capital flows; and the international monetary and financial system, including the role of international policy coordination. In light of these discussions, is there progress or confusion regarding the future of macroeconomic policy? In the final chapter, volume editor Olivier Blanchard answers: both. Many lessons have been learned; but, as the chapters of the book reveal, there is no clear agreement on several key issues. Contributors Viral V. Acharya, Anat R. Admati, Zeti Akhtar Aziz, Ben Bernanke, Olivier Blanchard, Marco Buti, Ricardo J. Caballero, Agustín Carstens, Jaime Caruana, J. Bradford DeLong, Martin Feldstein, Vitor Gaspar, John Geanakoplos, Philipp Hildebrand, Gill Marcus, Maurice Obstfeld, Luiz Awazu Pereira da Silva, Rafael Portillo, Raghuram Rajan, Kenneth Rogoff, Robert E. Rubin, Lawrence H. Summers, Hyun Song Shin, Lars E. O. Svensson, John B. Taylor, Paul Tucker, José Viñals, Paul A. Volcker

This book is your ultimate Raghuram Rajan resource. Here you will find the most up-to-date information, facts, quotes and much more. In easy to read chapters, with extensive references and links to get you to know all there is to know about Raghuram Rajan's whole picture right away. Get countless Raghuram Rajan facts right at your fingertips with this essential resource. The Raghuram Rajan Handbook is the single and largest Raghuram Rajan reference book. This compendium of information is the authoritative source for all your entertainment, reference, and learning needs. It will be your go-to source for any Raghuram Rajan questions. A mind-tickling encyclopedia on Raghuram Rajan, a treat in its entirety and an oasis of learning about what you don't yet know...but are glad you found. The Raghuram Rajan Handbook will answer all of your needs, and much more.

We examine the effects of aid on growth-- in cross-sectional and panel data--after correcting for the bias that aid typically goes to poorer countries, or to countries after poor performance. Even after this correction, we find little robust evidence of a positive (or negative) relationship between aid inflows into a country and its economic growth. We also find no evidence that aid works better in better policy or geographical environments, or that certain forms of aid work better than others. Our findings, which relate to the past, do not imply that aid cannot be beneficial in the future. But they do suggest that for aid to be effective in the future, the aid apparatus will have to be rethought. Our findings raise the question: what aspects of aid offset what ought to be the indisputable growth enhancing effects of resource transfers? Thus, our findings support efforts under way at national and international levels to understand and improve aid effectiveness.

Raghuram G. Rajan's commentary and speeches in I Do What I Do convey what it was like to be at the helm of the central bank in those turbulent but exciting times. Whether on dosanomics or on debt relief, Rajan explains economic concepts in a readily accessible way. Equally, he addresses key issues that are not in any banking manual but essential to growth. I Do What I Do offers a front-row view into the thinking of one of the world's most respected economists, one whose commitment to India's progress shines through in the essays and speeches here.

::::::::::::: DISCLAIMER::::::::::::: All ?f ?ur books ?r? ?nt?nd?d ?? companions' t?, n?t replacement f?r, th? original t?tl??. ContentPush is wholly responsible for all ?f th? content ?nd is not ???????t?d w?th the ?r?g?n?l authors' ?n ?n? w??.::::::::::::: ABOUT BOOK::::::::::::: The Third P?ll?r (2019) tr???? the ?v?lv?ng r?l?t??n?h?? b?tw??n the three "??ll?r?" ?f human l?f? - the ?t?t?, m?rk?t? ?nd ??mmun?t??? - fr?m the medieval period t? our ?wn ?g?. E??n?m??t R?ghur?m Rajan ?rgu?? that, thr?ugh?ut history, ?????t??? h?v? ?truggl?d t? find a sustainable balance b?tw??n th??? ??ll?r?. T?d?? is no d?ff?r?nt: caught b?tw??n uncontrolled markets ?nd a d???r?d?t?d state, ??mmun?t??? everywhere are ?n d??l?n?. Th?t, R?j?n ??n?lud??, ?? j?t fu?l f?r ???ul??t m?v?m?nt?. But a m?r? balanced k?nd ?f ?????l order ?? possible.::::::::::::: ABOUT TH? AUTH?R::::::::::::: R?ghur?m Rajan ?? ?n ???n?m??t ?nd Pr?f????r of Finance ?t th? Un?v?r??t? of Ch???g? B??th S?h??l ?f Bu??n???. H? w?? the Chief E??n?m??t ?nd Director ?f R????r?h ?t th? Int?rn?t??n?l M?n?t?r? Fund between 2003 ?nd 2006 ?nd th? G?v?rn?r of th? R???rv? Bank of Ind?? b?tw??n 2013 and 2016. His previous book, F?ult L?n?? H?w Fr??tur?? St?ll Threaten th? W?rld E??n?m? (2010), won the 2010 F?n?n???l Times & Goldman S??h? Bu??n??? Book ?f the Year Award.::::::::::::: INTRODUCTION::::::::::::: A blueprint for a b?tt?r world.Society rests on thr?? "??ll?r?" - the state, m?rk?t? ?nd ??mmun?t???. Each ??ll?r h?? a d?ff?r?nt r?l?. Th? ?t?t? gu?r?nt??? l?w and ?rd?r as w?ll as ?r?v?d?ng th? ?nfr??tru?tur? th?t makes social l?f? possible. M?rk?t? ?r?v?d? an ?utl?t for ?ng?nu?t? ?nd w??lth ?r??t??n. Finally, ??mmun?t??? ?r??t? a ??n?? of attachment, ?d?nt?t? ?nd solidarity. But societies ?nl? ?r??t? th? ??nd?t??n? f?r hum?n fl?ur??h?ng when ???h ?f these thr?? supports is equally ?tr?ng - und?rm?n? ?n? ??ll?r ?nd th? whole structure b?g?n? t? l??k pretty ?h?k?. Th?t balance h?? been historically ?lu??v?. Medieval society h?d strong communities but l??k?d both a ?t?t? ?nd markets. C?mm?r???l n?t??n? ?n th? ??ght??nth and nineteenth centuries, on the ?th?r hand, had thr?v?ng marketplaces but sorely l??k?d a state capable ?f ?r??t?ng a l?v?l ?l???ng f??ld. Today, we're suffering fr?m ?ur own ?mb?l?n???. Aft?r th? f??lur? ?f th? state-driven models, wh??h d?l?v?r?d unprecedented gr?wth ?n th? w?k? ?f th? Second W?rld War, W??t?rn societies ?tt?m?t?d to construct a n?w ?rd?r

th?t emphasized efficiency ?nd profit-making. Th? r??ult? In??u?l?t? h?? exploded, ?r??t?ng a r???ntful ?l??? poorly ??u????d t? d??l w?th th? challenges ?f gl?b?l?z?t??n. Th?t, ?n turn, h?? fu?ll?d th? great ?nt?-??t?bl??hm?nt crusade of t?d??'? populists. But as Raghuram R?j?n ?h?w?, it doesn't h?v? t? be th?? way. In th??? summary, w?'ll explore h?? blu??r?nt for a better ?nd m?r? balanced w?rld. Al?ng the w??, ??u'll l??rn H?w th? nation-state ?v?ntu?ll? replaced th? m?d??v?l ?????l order; Why Ch?n? w?ll h?v? t? r?th?nk its current ???n?m?? m?d?l; and Wh?t an Ind??n city struggling w?th l?tt?r?ng ?
This chapter discusses the impact of global recession on the working population and looks at the future of work in the global economy from a variety of angles. IMF economist Prakash Loungani leads off with an overview of the global jobs landscape and examines the reasons behind the slow recovery of jobs in the wake of the global financial crisis. The chapter also highlights an argument for a jobs- and wage-led global recovery, while IMF researchers probe the relationship between declining trade union membership and inequality.
| LONGLISTED FOR THE TATA LITERATURE LIVE BUSINESS BOOK OF THE YEAR AWARD 2019 | | LONGLISTED FOR THE TATA LITERATURE LIVE BUSINESS BOOK OF THE YEAR AWARD 2019 |Immediately upon completing his DPhil degree, young Mukund Rajan came back to India and joined the Tata group as Ratan Tata's executive assistant. Over the next twenty-three years, as he worked closely with Ratan Tata, he got an inside view of the ups and downs, the controversies and achievements of the Tata group. In this book, his memoirs, he talks of what really went on during those turbulent times and how the Tatas pulled through each of these situations. Along with that, this book offers a close portrait of the enigmatic Ratan Tata from his longest-serving executive assistant. The Brand Custodian is a study of the Tata group's evolution and explains the relevance of the conglomerate to the world we live in.
From Amartya Sen to Aamir Khan, Raghuram Rajan, Sachin Tendulkar, His Holiness the Dalai Lama, Pranab Mukherjee, Arun Jaitley, Nirmala Sitharaman and Sania Mirza among others, in this book eminent journalist Sonia Singh opens a window to the myriad worlds of these stalwarts, who share their idea of India in freewheeling conversations. Chatty, candid and amazingly gripping these 15 interviews uncover the pivotal moments in their lives that have become defining moments in the history of the nation.
All of us love to spend. But before we can do that, we have to have earned or saved some money. Only sovereigns don't have to: they can print money, or borrow; in our country, where they own banks, they can use our deposits to lend and splurge for goals that may not always be economic in nature. Many rulers have succumbed to the temptation, with dire results - inflation, debased currency, payments crises, bankrupt banks, economic stagnation, loss of public confidence. After centuries of ruinous experiences, some governments learnt, others haven't, to control themselves, create self-governing Central banks and let them manage money and regulate banks. Sometime in 2015, news of unsustainable bad debts (non-performing assets or NPAs) in the Indian banking sector started to first trickle out, and then became a flood. In the forefront were some of India's largest government banks, and a series of tycoons who were running their empires on unpaid debts. The banks' problems landed on the table of Urjit Patel when he became Governor of Reserve Bank of India in September 2016. Based on thirty years of macroeconomic experience, he worked out the '9R' strategy which would save our savings, rescue our banks and protect them from unscrupulous racketeers. In this book, he explains the problem and how it blew up; and how he would have resolved it if he had not been prevented.
NEW YORK TIMES BESTSELLER • A roadmap to what lies ahead and the decisions we must make now to stave off the next global economic and financial crisis, from one of the world’s most influential economic thinkers and the author of When Markets Collide • Updated, with a new chapter and author’s note “The one economic book you must read now . . . If you want to understand [our] bifurcated world and

where it’s headed, there is no better interpreter than Mohamed El-Erian.”—Time Our current economic path is coming to an end. The signposts are all around us: sluggish growth, rising inequality, stubbornly high pockets of unemployment, and jittery financial markets, to name a few. Soon we will reach a fork in the road: One path leads to renewed growth, prosperity, and financial stability, the other to recession and market disorder. In The Only Game in Town, El-Erian casts his gaze toward the future of the global economy and markets, outlining the choices we face both individually and collectively in an era of economic uncertainty and financial insecurity. Beginning with their response to the 2008 global crisis, El-Erian explains how and why our central banks became the critical policy actors—and, most important, why they cannot continue is this role alone. They saved the financial system from collapse in 2008 and a multiyear economic depression, but lack the tools to enable a return to high inclusive growth and durable financial stability. The time has come for a policy handoff, from a prolonged period of monetary policy experimentation to a strategy that better targets what ails economies and distorts the financial sector—before we stumble into another crisis. The future, critically, is not predestined. It is up to us to decide where we will go from here as households, investors, companies, and governments. Using a mix of insights from economics, finance, and behavioral science, this book gives us the tools we need to properly understand this turning point, prepare for it, and come out of it stronger. A comprehensive, controversial look at the realities of our global economy and markets, The Only Game in Town is required reading for investors, policymakers, and anyone interested in the future.

Imparting an invaluable perspective on contemporary domestic affairs, a classic work of political theory examines the competing forces in American political discourse and how fringe groups can influence--and derail--the larger agendas of a political party. Reprint. 12,500 first printing.

From an economist who warned of the global financial crisis, a new warning about the continuing peril to the world economy Raghuram Rajan was one of the few economists who warned of the global financial crisis before it hit. Now, as the world struggles to recover, it's tempting to blame what happened on just a few greedy bankers who took irrational risks and left the rest of us to foot the bill. In Fault Lines, Rajan argues that serious flaws in the economy are also to blame, and warns that a potentially more devastating crisis awaits us if they aren't fixed. Rajan shows how the individual choices that collectively brought about the economic meltdown—made by bankers, government officials, and ordinary homeowners—were rational responses to a flawed global financial order in which the incentives to take on risk are incredibly out of step with the dangers those risks pose. He traces the deepening fault lines in a world overly dependent on the indebted American consumer to power global economic growth and stave off global downturns. He exposes a system where America's growing inequality and thin social safety net create tremendous political pressure to encourage easy credit and keep job creation robust, no matter what the consequences to the economy's long-term health; and where the U.S. financial sector, with its skewed incentives, is the critical but unstable link between an overstimulated America and an underconsuming world. In Fault Lines, Rajan demonstrates how unequal access to education and health care in the United States puts us all in deeper financial peril, even as the economic choices of countries like Germany, Japan, and China place an undue burden on America to get its policies right. He outlines the hard choices we need to make to ensure a more stable world economy and restore lasting prosperity.

Banking crises are usually followed by a decline in credit and growth. Is this because crises tend to take place during economic downturns, or do banking sector problems have independent negative effects on the economy? To answer this question we examine industrial sectors with differing needs for financing. If banking crises have an exogenous detrimental effect on real activity, then sectors more dependent on external finance should perform relatively worse during banking crises. The evidence in this paper supports this view. Additional support comes from the fact that sectors that predominantly have small firms, and thus are typically bank-dependent, also perform relatively worse during banking crises. The differential effects across sectors are stronger in developing countries, in countries with less access to foreign finance, and where banking crises have been more severe.

While previous reports have focused solely on the ‘big’ issues like capital account convertibility, bank privatization, and priority sector norms, A Hundred Small Steps: Report of the Committee on Financial Sector Reforms goes deep into other areas where reforms are less controversial, but perhaps as important. The report argues that we need a change in mindset for the financial sector, one that recognizes that efficiency, innovation, and value for money are as important for the poor as they are for our new Indian multinationals, and these will come from improved governance, new entry and competition. Indeed the Committee believes that the road to making Mumbai an international financial centre runs through every village in India. The report is divided into separate self-contained chapters; the underlying theme behind all the proposals is the need to enhance inclusion, growth, and stability by allowing players more freedom, even while strengthening the financial and regulatory infrastructure. The role of the government is to create an enabling environment by building sound financial infrastructure. The Committee has focused primarily on broad principles and directions, without entering too much into details of implementation. It emphasizes three important reasons for financial sector reform: to include more Indians in the growth process; to foster growth itself; and to improve financial stability, flexibility, and resilience and thus protect the economy against the kind of turbulence that is affecting the world today. The Committee recognizes this is a difficult time to propose financial sector reforms in India. The near meltdown of the US financial sector seems to be proof that markets and competition do not work. This is clearly the wrong lesson to take from the debacle. The right lesson is that markets and institutions do succumb occasionally to excesses, which is why regulators have to be vigilant. The report argues for skilled regulators who encourage growth and innovation even while working harder to contain risks.

Capitalism’s biggest problem is the executive in pinstripes who extols the virtues of competitive markets with every breath while attempting to extinguish them with every action. Saving Capitalism from the Capitalists is a groundbreaking book that will radically change our understanding of the capitalist system, particularly the role of financial markets. They are the catalyst for inspiring human ingenuity and spreading prosperity. The perception of many, especially in the wake of never-ending corporate scandals, is that financial markets are parasitic institutions that feed off the blood, sweat, and tears of the rest of us. The reality is far different. •Vibrant financial markets threaten the sclerotic corporate establishment and increase corporate mobility and opportunity. They are the reason why entrepreneurship flourishes and companies like The Home Depot and Wal-Mart—mere fly specks a quarter of a century ago—have surged as they have. •They mean personal freedom and economic development for more people. Throughout history, and in most of the world today, the record is one of financial oppression. Elites restrict access to capital and severely limit not only general economic development but that of individuals as well. •Open borders help check the political and economic elites and preserve competitive markets. The greatest danger of the antiglobalization movement is that it will keep the rich rich and the poor poor. Globalization forces countries to do what is necessary to make their economies productive, not what is best for incumbent elites. Open borders limit the ability of domestic politics to close down competition and to retard financial and economic growth. •Markets are especially susceptible in economic downturns when the establishment can exploit public anger to restrict competition and access to capital. While markets must be free to practice “creative destruction,” Rajan and Zingales demonstrate the political and economic importance of a sustainable distribution of wealth and a baseline safety net. Capitalism needs a heart for its own good! There are no iron laws of economics that condemn countries like Bangladesh to perpetual poverty or the United States to perpetual prosperity. The early years of the twentieth century saw vibrant, open financial markets that were creating widespread prosperity. Then came the “Great Reversal” during the Great Depression. It can—and will—happen again, unless there is greater understanding of what markets do, who benefits, and who really wants to either limit them or shut them down. Saving Capitalism from the Capitalists breaks free of traditional ideological arguments of the right and left and points to a new way of understanding and spreading the extraordinary wealth-generating capabilities of capitalism.

In the wake of recent business scandals, financial markets are often thought of as parasitic institutions that feed off the blood, sweat, and tears of human endeavor. This guide shows that such markets in fact supply the fuel of a vital economy.

Over the last decade, Indian banks in general and the government-owned public sector ones in particular have gradually got themselves into a big mess. Their bad loans, or loans which haven't been repaid for ninety days or more, crossed Rs 10 lakh crore as of 31 March 2018. To put it in perspective, this figure is approximately seven times the value of farm loan waivers given by all state governments in India put together. And this became the bad money of the Indian financial system. Why were the corporates unable to return these loans? Was it because they had no intention of doing so?Who were the biggest defaulters of them all? Are Vijay Mallya and Nirav Modi just the tip of the iceberg?How much money has the government spent trying to rescue these banks?How are the private sector banks gradually taking over Indian banking?Is your money in public sector banks safe?How are you paying for this in different ways?And what are the solutions to deal with this? In Bad Money, Vivek Kaul answers these and many more questions, peeling layer after layer of the NPA (non-performing assets) problem. He goes back to the history of Indian banking, providing a long, deep and hard look at the overall Indian economy. The result is a gripping financial thriller that is a must for understanding a crisis that threatens our banking system and economy.

China has achieved tremendous economic progress in the last three decades, but there is much work to be done to make the economy resilient to large shocks, ensure the sustainability of its growth, and translate this growth into corresponding improvements in the economic welfare of its citizens. We discuss the complex challenges that Chinese policymakers face in striking the right balance in terms of speed and coordination of reforms. We argue that China's current stage of development, along with its rising market orientation and increasing integration with the world economy, may make the incremental and piecemeal approaches to reforms increasingly untenable and, in some cases, could even generate risks of their own. The present favorable domestic and external circumstances provide an excellent window of opportunity for bolder reforms and for tackling some deep-rooted problems without causing much economic disruption.

Theory suggests the reduction in financing capacity after the failure of a financial intermediary can reduce the value of financial assets. Forced sales of the intermediary's assets could consume liquidity, depressing the liquidation value of the assets of healthy intermediaries and causing contagious runs. These financial fire sales can both cause, and exacerbate, real fire sales, the focus of previous studies. This study investigates the relevance of financial fire sales using new datasets covering bank failures during the farm depression in the U.S. just before the Great Depression, as well as bank failures during the Great Depression. The authors find that the reduction in local financing capacity as a result of bank failures reduces the recovery rates on failed assets of nearby banks, depresses local land prices, renders land markets illiquid, and is associated with subsequent distress in nearby banks. All this indicates a rationale for why bank failures are contagious. Tables and figures. This is a print on demand report.