Nirupama Kulkarni

Contact Information

CAFRAL
RBI, Main Building, Mezanine Floor
Shahid Bhagatsingh Road, Fort
Mumbai 400001

+91 7506291802 (M) +91 22694582 (O)
nirupama.kulkarni@gmail.com
https://sites.google.com/site/nirupamarkulkarni/

Research Fields

PRIMARY
Corporate Finance and Banking
Real Estate and Household Finance

SECONDARY
Business and Law

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

"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.

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

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.

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

"DIVIDENDS AND BANK CAPITAL" with Viral Acharya, Irvind Gujral and Hyun Shin
(Being revised for resubmission to *Corporate Finance Review*)
The headline numbers appear to show that even as banks and financial intermediaries suffered large credit losses in the financial crisis of 2007-09, they raised substantial amounts of new capital, both from private investors and through government-funded capital injections. However, on closer inspection a large part of the newly raised capital came from debt like hybrid claims such as preferred equity and subordinated debt. The erosion of common equity was exacerbated by large scale payments of dividends especially in the early part of the crisis, in spite of widely anticipated credit losses. Dividend payments represent a transfer from creditors (and potentially taxpayers) to equity holders in violation of the priority of debt over equity. The dwindling pool of common equity in the banking system may have been one reason for the continued reluctance of banks to lend over this period. We draw conclusions on how capital regulation may be reformed in light of our findings.

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
(Based on "Government Guarantees and Bank Vulnerability during the Financial Crisis Of 2007–09: Evidence from an Emerging Market" with Viral Acharya)
The global financial crisis which began in the fall of 2007 and progressively worsened in 2008, affected the Indian financial sector beginning only in 2008. While Indian financial firms have been fairly resilient compared with their global counterparts, we show that Indian private sector firms faced greater losses compared with public sector firms during the crisis period of 2008–09. We use a stock market-based measure of systemic risk, marginal expected shortfall (MES), to determine the systemic risk contributed by each Indian financial firm for the period preceding the crisis (January–December 2007) and compare it to its realized returns during the crisis (January 2008–February 2009). Our results show that public sector firms outperformed private sector firms despite having greater systemic risk during the crisis. We conclude that investors rewarded Indian public sector firms with greater systemic risk while penalizing private sector firms with similar risk. We attribute this finding to the explicit and implicit government backing of public sector banks. We find that riskier public sector banks with high ex ante systemic risk and low Tier 1 capital received greater capital support from the government.

"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).

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

Presentations

Bay Area Macro/Trade/Finance student conference (2015)
International Growth Center – India Central Annual Growth conference (2012)
4th Berkeley-Stanford Student Finance Seminar (2012)
Growth Week 2012 from the International Growth Center (London School of Economics) (2012)
LBS Trans-Atlantic Doctoral Conference (2011)

References

Professor Ulrike Malmendier
Edward J. and Mollie Arnold Professor
of Finance And Professor of Economics
ulrike@berkeley.edu

Professor Nancy Wallace
Lisle and Roslyn Payne Chair in Real Estate
Capital Markets
wallace@haas.berkeley.edu

Professor David Sraer
Assistant Professor of Economics & Finance
sraer@berkeley.edu