ABHISHEK BHARDWAJ

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RESEARCH INTERESTS

Financial Intermediation, Corporate Finance, Household Finance

EDUCATION

NYU Stern School of Business 2016-Present
Ph.D. in Finance

Indian Institute of Technology, Kharagpur 2007-2012
Dual Degree (B.Tech, M.Tech) in Metallurgical Engineering

WORKING PAPERS

Old Wine in New Bottles: Why do Relationships Matter in Securitized Lending? (Job-Market Paper) (available on request)

Managerial Incentives and Precautionary Fire Sales
with Kose John and Saptarshi Mukherjee (available on request)

Technological Adoption, Household Uncertainty and Wealth Inequality
with Saptarshi Mukherjee

PUBLICATIONS

Relationship Banking and Monetary Policy Transmission: Evidence from India
with Krishnamurthy Subramanian and Prasanna Tantri
Forthcoming in the Journal of Money, Credit and Banking

AWARDS AND HONORS

- Stern CGEB Research Grant 2020
- Jules I Bogen Fellowship 2020
- NYU Stern Teaching Commendation 2019
- Glucksman Institute Award 2019
- New York University Doctoral Fellowship 2016-2021

CONFERENCE PRESENTATIONS

2021[*]: 2021 NFA Conference, 61th SFA Meeting, UT Austin Ph.D. Symposium, NYU Stern Department Seminar

2020: Northeastern University Brown-Bag Seminar[†]

TEACHING

Instructor, Foundations of Finance (Undergraduate) Summer 2019
Awarded commendation for exceptional teaching score (4.6/5.0) NYU Stern

Teaching Assistant, Financial Theory II (Ph.D.) Fall 2020
Professor Viral Acharya NYU Stern

Grader, Corporate Finance (Undergraduate) Fall 2020
Professor Cecilia Parlatore NYU Stern

[*] including scheduled presentations
[†] co-author presentation

PRIOR EXPERIENCE

Researcher, Centre for Analytical Finance (CAF) 2014-16
Indian School of Business Hyderabad, India

Analyst, Fixed Income, Currency and Commodities (FICC) Division 2012-2014
Deutsche Bank Mumbai, India

REFERENCES

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ABSTRACTS

Old Wine in New Bottles: Why do Relationships Matter in Securitized Lending? (Job-Market Paper) (available on request)

This paper shows that bank relationships are valuable for firms in the originate-to-distribute market for loans because they insure them against fire-sale risk in the secondary loan market. Using comprehensive data on securitized corporate loans, I show that banks develop institutional relationships with Collateralized Loan Obligations (CLO) managers through their securities underwriting business. These institutional relationships make it less likely that firms related to the CLO underwriter are fire-sold when managers face a liquidity shock. As a result, relationship firms experience lower price impact and issue more loans during a liquidity crunch. Banks benefit from the underwriting fee on these issuances and compensate the CLO managers by arranging cheaper debt financing on their new deals. Overall, I show that securitization has not eliminated the value of relationships but has transformed the mechanism through which they enhance firms' borrowing capacity.

Managerial Compensation and Precautionary Fire Sales

with Kose John and Saptarshi Mukherjee (available on request)

This paper investigates how precautionary behavior of fund managers induced by compensation linked incentives affect prices of downgraded loans in the leveraged loans market. Using detailed portfolio data from Collateralized Loan Obligation (CLO) funds, we find that fund managers with more uncertain equity linked fee structure are more likely to sell downgraded loans. We also show that this trading behavior is driven by precautionary motives of fund managers, currently unconstrained, in anticipation of future binding collateral constraints. Loans subject to a high probability of incentive-induced selling exhibit large price declines and subsequent reversals. Our results provide new insights into the role of incentives on managerial risk taking and fire sale externalities in the corporate debt market.

Technological Adoption, Household Uncertainty and Wealth Inequality

with Saptarshi Mukherjee

We document the existence of a novel *portfolio re-allocation* channel through which technology adoption impacts long-term wealth inequality across workers in different occupations. Using an exogenous policy change that incentivized employers to invest in technology, we show that the routine workers respond to heightened displacement risk by lowering the share of liquid wealth invested in equities and mutual funds. This conservative shift in portfolio composition lowers the expected return on liquid wealth and generates a wedge between the wealth accumulation of routine and non-routine households. This channel is independent of the skill-premium and savings channels that have been previously documented in the macro literature. Our simulations show that ceteris paribus, the portfolio re-allocation channel can explain about a fourth of the total inequality, while the remaining three-fourths can be attributed to the skill premium channel. However, the relative strength of the portfolio channel increases with household wealth, reaching over 95 percent for the top 1% of the wealth distribution. Through extensive robustness checks, we show that our results are not driven by households that have different stock market participation constraints, experienced a layoff, or face differential trends in income and wealth unrelated to their occupation. We also document the importance of government-funded and self-funded insurance mechanisms in diminishing these trends in wealth accumulation patterns.

Relationship Banking and Monetary Policy Transmission: Evidence from India

with Krishnamurthy Subramanian and Prasanna Tantri

Forthcoming in the Journal of Money, Credit and Banking

Though the monetary policy transmission and financial intermediation literature have highlighted the role of the "bank credit channel" and relationship banking respectively, the effect of relationship banking on the transmission of monetary policy has not been investigated. In this paper, we study the impact of relationship banking on the transmission of monetary policy. Theoretically, relationship banking could ameliorate or exacerbate the effects of monetary policy shocks. Using unique and comprehensive data on bank-borrower relationships in India, we find that firms that enjoy an exclusive banking relationship are less susceptible to monetary policy shocks than firms that bank with multiple banks.