

# Nishant Vats

University of Chicago  
Booth School of Business  
Chicago-60637, IL

Website: <https://nishvats.github.io>  
E-mail: [nvats@chicagobooth.edu](mailto:nvats@chicagobooth.edu)  
Phone: +1-312-536-2120

## EDUCATION

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**Booth School of Business, University of Chicago**

2017 - 2023 (expected)

*Ph.D., Finance*

**Indian Institute of Technology (IIT), Kharagpur**

2009 - 2014

*B. Arch., Architecture & Regional Planning*

*Rank = 1/34*

*Minor, Economics*

## RESEARCH INTERESTS

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Primary Fields: Finance & Development, Financial Intermediation, and Corporate Finance

Secondary Fields: Macroeconomics and Political Economy

## JOB MARKET PAPER

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**Safety Nets, Credit, and Investment: Evidence from a Guaranteed Income Program** (with Pulak Ghosh)

## WORKING PAPERS

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What does Financial Heterogeneity Say about the Transmission of Monetary Policy? (solo-authored)  
***Revise & Resubmit at the Journal of Financial Economics***

Banking Networks and Economic Growth: From Idiosyncratic Shocks to Aggregate Fluctuations (with Shohini Kundu)

Political Voice and (Mortgage) Market Participation: Evidence from Minority Disenfranchisement (with Seongjin Park and Arkodipta Sarkar)

Political Power-Sharing, Firm Entry, and Economic Growth: Evidence from Multiple Elected Representatives (with Harsha Dutta, Pulak Ghosh and Arkodipta Sarkar)

What Explains Geographic Variation in Corporate Investment? (with Shohini Kundu)

The Geography of Bank Deposits and the Origins of Aggregate Fluctuations (with Shohini Kundu and Seongjin Park)

## HONORS AND AWARDS

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- NSE - NYU Stern Research Grant on the Study of Indian Financial Markets, 2022
- Sanford J. Grossman Fellowship in Honor of Arnold Zellner, 2021
- Shortlisted for the ESRB Ieke van den Burg Prize, 2021
- NSE - NYU Stern Research Grant on the Study of Indian Financial Markets, 2021
- Fama-Miller Research Grant, 2021

- Liew Fama-Miller Fellowship for the Best 3<sup>rd</sup> year Paper, 2020
- NSE - NYU Stern Research Grant on the Study of Indian Financial Markets, 2020
- Wheeler Institute for Business and Development Grant, 2019
- Center for Research in Security Prices (CRSP) Summer Paper Award, 2018
- NSE - NYU Stern Research Grant on the Study of Indian Financial Markets, 2017
- Institute Silver Medal, IIT Kharagpur, 2014
- Best Undergraduate Thesis Award, IIT Kharagpur, 2014

## CONFERENCE PRESENTATIONS

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- 2022:** NBER Entrepreneurship Working Group Fall 2022, Financial Research Association (FRA) Conference, NBER-ISB Conference on Entrepreneurship, Public Policy, and Economic Outcomes (scheduled), 18th Annual Conference on Corporate Finance at Washington University in St. Louis, Student-led Workshop in Entrepreneurial Finance and Innovation (WEFI), Webinar series in Finance and Development (WEFIDEV), Risk and Racial Bias Workshop at Federal Reserve Bank of Chicago, Chicago area Entrepreneurship Workshop, SFS Cavalcade, Transatlantic Doctoral Conference (TADC), Inter-Finance PhD Workshop, HEC Paris – CEPR Conference on Banking\*, RiskLab/BoF/ESRB Conference on Systemic Risk Analytics\*, Advances in Macro-Finance Tepper-LAEF Conference\*, OCC Symposium on Systemic Risk and Stress Testing in Banking\*, American Finance Association\*
- 2021:** 31st Annual Conference on Financial Economics and Accounting, Emerging Market Finance Conference, Second Conference on the Interconnectedness of Financial Systems at FRB, NSE-NYU Conference on Indian Capital Markets, 20th Annual FDIC Bank Research Conference\*, CAF-ISB Summer Research Conference\*, Midwestern Finance Association, 10th European Meeting of the Urban Economics Association, Webinar series in Finance and Development (WEFIDEV), Transatlantic Doctoral Conference (TADC), CEPR's Endless Summer Conference on Financial Intermediation and Corporate Finance\*
- 2020:** CAF-ISB Summer Research Conference, NSE-NYU Conference on Indian Capital Markets, Macro Finance Society Workshop Poster Session\*, Office of Financial Research PhD Symposium on Financial Stability, Empirics and Methods in Economics Conference, Young Economists Symposium\* (*\*presentation by coauthor*)

## TEACHING EXPERIENCE

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- TA for Anthony Marciano: Corporate Finance (*Spring 2022*)
- TA for Michael Weber: Investments (*Winter, 2020; Winter 2021; Winter 2022*)
- TA for Emanuele Colonnelli: Emerging Markets Finance & Entrepreneurship (*Spring 2021; Winter 2022*)
- TA for John G. Fernald: Macroeconomics (*Autumn, 2021*)
- TA for Theo Vermaelen: Corporate Finance (*Summer 2021*)
- TA for George M. Constantinides: Financial Instruments (*Autumn, 2019*)
- TA for Kilian Huber: Money & Banking (*Autumn, 2019*)

## SERVICE

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- Organizer: Stigler Center Student Workshop, Booth Finance Student Brownbag
- Reviewer: *Review of Financial Studies* (RFS), *Journal of Financial Services Research* (JFSR)
- Discussant: Midwest Finance Association (MFA), Transatlantic Doctoral Conference (TADC), 10th European Meeting of the Urban Economics Association (UEA)

## RELATED EMPLOYMENT

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Centre for Analytical Finance, <b>Indian School of Business</b> <i>Research Associate</i>	2017
Centre for Advanced Financial Research & Learning, <b>Reserve Bank of India</b> <i>Research Associate</i>	2015 - 2017
Marketing Management & Analytics, <b>Ipsos MMA</b> <i>Research Analyst</i>	2014 - 2015

## REFERENCES

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**Prof. Raghuram G. Rajan** (*Co-chair*)

Katherine Dusak Miller Distinguished Service Professor of Finance  
University of Chicago  
Booth School of Business  
✉ [raghuram.rajan@chicagobooth.edu](mailto:raghuram.rajan@chicagobooth.edu)

**Prof. Amir Sufi** (*Co-chair*)

Bruce Lindsay Distinguished Service Professor of Economics and Public Policy  
University of Chicago  
Booth School of Business  
✉ [amir.sufi@chicagobooth.edu](mailto:amir.sufi@chicagobooth.edu)

**Prof. Emanuele Colonnelli**

Associate Professor of Finance and MV Advisors  
Faculty Fellow  
University of Chicago  
Booth School of Business  
✉ [emanuele.colonnelli@chicagobooth.edu](mailto:emanuele.colonnelli@chicagobooth.edu)

**Prof. Michael Weber**

Associate Professor of Finance and Fama Research Fellow  
University of Chicago  
Booth School of Business  
✉ [michael.weber@chicagobooth.edu](mailto:michael.weber@chicagobooth.edu)

**Prof. Constantine Yannelis**

Associate Professor of Finance and FMC Faculty Scholar  
University of Chicago  
Booth School of Business  
✉ [constantine.yannelis@chicagobooth.edu](mailto:constantine.yannelis@chicagobooth.edu)

## ABSTRACT – JOB MARKET PAPER

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[Safety Nets, Credit, and Investment: Evidence from a Guaranteed Income Program](#) (with Pulak Ghosh)

Abstract: Do safety nets affect investment? If so, how? Combining a natural experiment that gave guaranteed income to landowning farmers in India with transaction-level bank data and loan-level credit bureau data, we evaluate the impact of unconditional and perpetual guaranteed income on small farmer entrepreneurs. We find that \$1 of guaranteed income each year increases income by \$1.7. We then study the mechanisms behind this effect. We find that instead of *reducing* ambition and initiative, guaranteed income allows recipients to work *differently*. Guaranteed income provides protection against downside risk, which increases demand for credit and allows farmers to invest in a more capital-intensive mode of production. We estimate that a \$1 guaranteed income each year increases credit demand by \$15.7. Survey evidence suggests that guaranteed income increases credit demand by reducing the probability and severity of financial distress. Our results indicate that the uninsured risk inherent in an entrepreneurial venture may be a binding demand-side constraint inhibiting growth. The availability of basic income support increases entrepreneurs' risk-bearing ability and significantly improves their production activity.

## ABSTRACT – OTHER WORKING PAPERS

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### [What does Financial Heterogeneity Say about the Transmission of Monetary Policy?](#) (solo-authored) *Revise & Resubmit at the Journal of Financial Economics*

Abstract: Do financial constraints determine the transmission of monetary policy? I examine this question using the staggered enactment of anti-recharacterization legislation as a source of exogenous variation in creditor rights that loosens firm-financial constraints. A 25 basis-point expansionary monetary policy shock results in a 2 percentage-point higher investment growth among treated (unconstrained) firms. This reflects their flatter marginal cost curves for financing, which amplifies responses to shifts in the marginal benefit curve. The relationship, however, reverses during economic downturns when investment opportunities are scarce. I rationalize these findings in a static model and quantify the channels using a Heterogeneous-Agent-New-Keynesian model.

### [Banking Networks and Economic Growth: From Idiosyncratic Shocks to Aggregate Fluctuations](#) (with Shohini Kundu)

Abstract: This paper explores the transmission of non-capital shocks through banking networks. We construct non-capital (idiosyncratic) shocks, using labor productivity shocks to large firms. We document a change in the relationship between foreign idiosyncratic shocks and domestic economic growth between 1978 and 2000. Contemporaneous changes in banking integration drive this phenomenon as geographically diversified banks divert funds away from economies experiencing negative shocks towards other unaffected economies. Our granular-IV estimates suggest that a 1% increase in bank loan supply is associated with a 0.05-0.26 pp increase in economic growth. Lastly, this can potentially explain the Great Moderation.

### [The Geography of Bank Deposits and the Origins of Aggregate Fluctuations](#) (with Shohini Kundu & Seongjin Park)

Abstract: What are the aggregate effects of deposit shocks? We introduce a new fact regarding the within-bank geographic concentration of deposits – 30% of deposits are concentrated in a single county. We construct deposit shocks by combining the within-bank deposit concentration with local natural disasters. We show that large shocks to deposit concentrated areas amplify through bank internal capital markets and generate aggregate fluctuations. Deposit shocks explain 3.30% of variation in economic growth. We identify the deposit elasticity of economic growth as 0.87 and the money multiplier as 1.18. Lender and borrower-side frictions are critical for the aggregation of local shocks.

### [Political Voice and \(Mortgage\) Market Participation: Evidence from Minority Disenfranchisement](#) (with Seongjin Park & Arkodipta Sarkar)

Abstract: This paper documents the link between political voice and economic decision-making. Combining the dilution of Section 5 of the Voting Rights Act as a shock to the enfranchisement of Black Americans with granular data on the US mortgage market, we document a 14.7% decline in mortgage origination for Black Americans. This decline is driven by a reduction in applications rather than changes in the denial rate, suggesting their self-selection out of the mortgage market. Additionally, we observe a flight of Black demand to Black lenders, indicating an increase in racial homophily. Our results indicate disenfranchisement reduces demand by increasing the fear of rejection, potentially emanating from the fear of discrimination.

## Political Power-Sharing, Firm Entry, and Economic Growth: Evidence from Multiple Elected Representatives (with Harsha Dutta, Pulak Ghosh & Arkodipta Sarkar)

Abstract: We examine the effect of political power-sharing on local economic activity by exploiting quasi-random variation in the number of politicians governing adjacent regions. We utilize the haphazard overlap of electoral and administrative boundaries in India. This allows us to exploit geographic discontinuity across boundaries separating single and multiple-politician-governed regions, and within-region variation in the number of politicians. We find increasing the number of politicians governing an area leads to new firm creation, lower unemployment, and greater real economic activity. The effect is driven by greater state efficiency, lower regulatory bottlenecks, and reduced cronyism following increased checks and balances among non-aligned politicians.

## What Explains Geographic Variation in Corporate Investment? (with Shohini Kundu)

Abstract: We show that history can explain the geographic concentration of investment over and above traditional agglomerative forces, geography, and expectations. We use spatial variation in direct and indirect British rule in India to identify differences in historical circumstances. Using this within-country variation in historical circumstances, combined with a local identification approach and instrumental variable strategy, we explain the spatial differences in investment. Differences in historical origins can explain 13% of total geographic variation in investment. Moreover, investment is 8-10% lower in direct ruled areas. Our results indicate that history can have long-run consequences through its effect on economic organizations.