

Economics Seminar, Indian Statistical Institute, New Delhi.

SPEAKER: Gurbachan Singh, Visiting Professor (ISI Delhi)

TITLE: Bank runs, line of credit, and Pigouvian subsidies

TIME: 11:30-1:00 P.M.

DAY & DATE: Friday, 19th March 2010

PLACE: Seminar Room 2

Abstract:

Under some conditions, it can be mutually beneficial for two commercial banks to use a line of credit (LOC) to take care of, what we call, near-systemic runs (shift from a less-reputed bank to a more-reputed bank). Similarly, it can be mutually beneficial for (efficient) inflation targeting central bank and a commercial bank to use LOC in case of systemic runs. Under other conditions, Pigouvian subsidies can be used. Finally, we will show how systemic runs at present are ‘simpler’ than those under Gold Standard. We will end with a discussion on related policy issues like indexation, and general macro-financial stability.

<http://www.isid.ac.in/~pu/seminar.html>