

## **Economics Seminar, Indian Statistical Institute, New Delhi.**

SPEAKER: Ashok S. Rai, Williams College

TITLE: Financial Fragmentation And Insider Arbitrage

DAY & DATE: Friday, 26<sup>th</sup> March 2010

PLACE: Seminar Room 2

### **Abstract:**

If there were no impediments to the flow of capital across space, then the returns to capital should be equalized. We provide evidence to the contrary. There are large differences in the return to comparable investments across different towns in the state of Tamil Nadu in South India. We explore why these differences are not arbitrated away and suggest that if an insider has monopoly power in arbitraging across towns then it is in his profit-maximizing interest to reduce but not eliminate the differences in returns to capital.

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