

**Title: Unsecured Consumer Credit and Bankruptcy Policy in Emerging Economies**

**Speaker: Dr. Gautham Udupa, Research Director at CAFRAL**

**Area: ESS**

**Date: 06.07.2022, Venue: P22 @ 4PM**

**Abstract:**

Growth miracles in emerging economies can make credit access highly valuable to consumers: most will earn far more in the future than at present and would prefer to pull forward this income. Credit access in turn depends on the consequences of default. If growth miracles are possible, how should consumer bankruptcy regulation be positioned? In a rich life-cycle model with growth and defaultable debt, we show that "debtor-friendly" bankruptcy is costly, ex-ante. It stifles valued intertemporal smoothing while not delivering sufficient insurance against idiosyncratic risk. This tradeoff is viewed differently, however, by households who vary in age, earnings, and wealth, and also as growth becomes more inequitable.

**Speaker Profile:**



Dr. Gautham Udupa is working as a Research Director at CAFRAL for the last four years. His research interests include household finance, international trade, and macroeconomics and monetary policy. His expertise is in using structural models to answer policy relevant questions. In today's talk, he will be presenting one such paper on the interaction of high economic growth, unsecured consumer credit, and bankruptcy policy. Its findings are relevant for all developing economies, but especially so for India, which has been implementing bankruptcy policy in stages for the last six odd years. In addition to this paper, Gautham is working on questions related to cross-border shock spillovers via multinational activity, bank funding and currency of trade invoicing, and on how global shocks affect Indian households.