



Nanyang Technological University

ECONOMIC GROWTH CENTRE

Seminar Series

The Division of Economics and Economic Growth Centre cordially invites you to a seminar by Assistant Professor Sujata VISARIA

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- Speaker** : **Assistant Professor Sujata VISARIA**
Department of Economics
the Hong Kong University of Science and Technology
- Topic** : **"Distributive Impacts of Microloans to Finance Smallholder Agriculture (joint with Pushkar Maitra, Sandip Mitra and Dilip Mookherjee)"**
- Chairperson** : **Associate Professor James ANG**
Division of Economics
School of Humanities & Social Sciences
- Date** : **Tuesday, 16 August 2016**
- Time** : **10:00 am - 11:00 am**
- Venue** : **HSS Meeting Room 6** (HSS 04-91)
Nanyang Technological University
School of Humanities and Social Sciences
14, Nanyang Drive
Singapore 637332

About the Speaker:

Sujata Visaria is Assistant Professor in the Department of Economics at the Hong Kong University of Science and Technology. She has a Ph.D. from Columbia University, and worked at Boston University for four years before joining HKUST in 2009. Her research has studied how financial institutions affect micro-level outcomes in developing countries, how and why incentives affect student behaviour and outcomes, and the determinants of religious conflict. She is an affiliate of the Bureau for the Research and Economic Analysis of Development (BREAD) and the Small and Medium Enterprise Initiative of Innovations for Poverty Action.

Abstract:

We examine the distributive impacts of a novel microcredit approach involving agent-intermediated lending called TRAIL, where local traders recommended village residents for individual liability micro-loans. We compare these with the distributive impacts of traditional group-based lending (GBL). Twenty-four villages in West Bengal, India were each randomly assigned to TRAIL and GBL treatments. Partitioning village households on the basis of landownership or caste, we estimate selection probabilities as well as conditional treatment effects on farm income for each land or caste category under TRAIL and GBL respectively. We then follow the approach of Atkinson (1970) to compare welfare impacts of the two schemes under different parameters of inequality aversion. We find that TRAIL generated significantly higher welfare across a wide range of inequality aversion parameters, when households are partitioned by landholdings. This is because TRAIL generated significantly higher average treatment effects for the village as a whole, as well as higher conditional treatment effect for landless households. When households are partitioned by caste, the welfare impacts are not significantly different, although the point estimates show that low caste households have larger treatment effects under GBL and therefore a higher welfare impact for high enough inequality aversion. Hence TRAIL dominated GBL with respect to both efficiency and equity impacts when households are partitioned by land, while equity comparisons are ambiguous when they are partitioned by caste.

Reservation:

Admission is free. No need for reservation.