



Department of Humanities and Social Sciences Seminar Series
Indian Institute of Technology Guwahati

Does the Banking Sector or the Stock Market Development matter for Economic Growth?

Kausik Chaudhuri

Date: Thursday, 06 April 2017

Time: 4 pm

Venue: Seminar Room, HSS

This paper examines the empirical relationship between financial sector development and economic growth. As financial systems expanded in size and complexity there are concerns on the ability of a single indicator to capture the true capacity of financial developments. We examine the relationship using both banking sector and stock market developments since these sectors provide different financial services crucial for economic growth. These financial developments are treated as latent variables which are explained by some causal variables. The latent variables in turn determine a host of indicator variables for both the banking sector and stock market developments. Using the data from 101 countries over the period 1990-2014, we find a robust negative relationship between banking sector development and economic growth. The effects of stock market development are in fact positive on economic growth up to a limit as we find robust evidence of a threshold after which the effect of stock market development becomes negative.

About the Speaker

Dr. Kausik Chaudhuri is an Associate Professor (Senior Lecturer) at Economic Division, Leeds University Business School. Prior to this he was Associate Professor at Indira Gandhi Institute of Development Research, India. Dr. Chaudhuri has held several visiting positions: University of Sydney, University of New South Wales, Madras School of Economics, Indian Statistical Institute, Delhi and at Indian Institute of Management, Bangalore. Dr. Chaudhuri has published 40 papers in journals and edited books chapters including European Journal of Operational Research, Journal of Royal Statistical Society, Journal of Productivity Analysis, Economic Letters, Journal of Development Economics, Journal of Development Studies, Journal of Banking and Finance, Applied Economics and Social Indicators Research. He was awarded Mahalanobis National Award for outstanding contributions to quantitative economics, while working in India in 2010 and has been nominated for Excellent Staff Award by the World Bank In 1996.