

## **Il Dipartimento di Economia Organizza il Seminario**

### ***FINANCIALIZATION AND CORPORATE INVESTMENTS: THE INDIAN CASE***

**SUNANDA SEN**

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**Abstract:**

Financialization creates space for the financial sector in economies, and in doing so helps to raise the share of financial assets in the portfolios held by market participants. Largely driven by deregulation, the process works to make financial assets relatively attractive as compared to other assets, by offering both better returns and potential capital gains. Both the trend toward a more financialized economy and the expected returns on financial investments have provided incentives to corporate managers to invest larger sums in financial assets, resulting in growth of the share of financial assets relative to other assets held in portfolios. Assets held in the financial sector, however, failed to generate asset growth for the corporates. The need to obtain resources by borrowing in order to meet current liabilities reflects a pattern of Ponzi finance on their part. This paper traces the above pattern in corporate holdings of assets and its implications, with emphasis on the Indian economy.

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**La partecipazione è aperta a tutti gli interessati**