Ritika Verma

Contact Information

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Address: 220 Bergen St, Apt 3, Harrison, New Jersey, NJ-07029

School and Program

School: New York University

Department: Economics

Area of interest: Entrepreneurial Finance and Innovation, Contract Design, Information Design

PhD Timeline

Year of entry into PhD program: 2021

Expected year of completion: 2027

Faculty Letter Writer

Name: Prof. Cecilia Parlatore

Affiliation: Associate Professor of Finance, Leonard N. Stern School of Business, New York University

Ritika Verma

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Education

New York University, USA Sept. 2021–
Ph.D. in Economics *3.82/4*

Delhi School of Economics, University of Delhi Aug. 2018 – Aug. 2020
Master of Arts, Economics (Rank 3 in a batch of 250+ students) *81.6% (1224/1500)*

Shri Ram College of Commerce, University of Delhi Jul. 2015 – May 2018
Bachelor in Arts, Economics (Rank 8 in a batch of 150+ students) *8.95/10*

Research Fields

Entrepreneurial Finance, Microeconomic Theory, Financial Economics, Contract Theory, Corporate Finance Theory

Working Papers

Financing Innovation with Reputation Concerns

In a dynamic model, an investor, financing the project, cannot observe project failure and the entrepreneur, facing career concerns, can hide failure. There is a tension between promoting early disclosure of failure and providing sufficient incentives for it. The optimal contract incentivizes disclosure of failure during an initial transparency stage. This is followed by a delayed disclosure stage, where the failure is disclosed with a lag of random length. The model explains several empirical patterns in venture capital financing and the financing of innovation.

Venture Capital Contracts with Informed Investors

A cashless entrepreneur designs a contract backed by future cash flows to raise funds from an informed investor. The entrepreneur can exert costly effort to improve payoff relevant outcome where the marginal benefit depends on the quality of the project. The quality of the project is observed privately by the investors. This study investigates the optimal contract that an entrepreneur proposes to an investor given these two specific information frictions. In equilibrium, a trade-off emerges between the surplus maximization of projects of different qualities. In particular, this tradeoff creates an endogenous preference for risk by the entrepreneur when designing the menu of contracts. The results are applied to predict the effect of divergence in the entrepreneur's subjective beliefs on the project's outcome and overall efficiency in the economy.

Work in Progress

Price Discrimination with Costly Search

Conference Presentations

Finance Theory Group Summer School 2025
University of Washington, Seattle, USA

6th Annual Economics Conference 2025

Ahemdabad University, Gujarat, India

19th Annual Conference on Economic Growth and Development 2024

Indian Statistical Institute, New Delhi, India

Teaching Experience

Political Economy (Undergraduate) Spring 2026, Spring 2025

Teaching Assistant for Prof. Arjada Bardhi

Game Theory I (MSQE) Fall 2025, Fall 2024

Teaching Assistant for Prof. Erik Madsen

Intermediate Microeconomics (Undergraduate) Fall 2025, Fall 2024, Spring 2024, Fall 2023

Teaching Assistant for Prof. Viplav Saini

Intermediate Microeconomics (Undergraduate) Summer 2025, Summer 2024

Main Instructor

Intermediate Microeconomics (Undergraduate) Spring 2023

Teaching Assistant for Prof. Basil Williams

Microeconomics I (PhD Core) Fall 2022

Teaching Assistant for Prof. Ariel Rubinstein & Prof. Alfred Galichon

Professional Activities

Service: NYU Micro Theory Student Lunch organizer 2023-2024, 2024-2025

Pre-PhD Projects

Land Pooling and Project Choice 2020

SEVA: Smart Extension of Vaccine Administration (link) Semi Finalist, 2019

The Geneva Challenge 2019, Graduate Institute of Geneva

Gender Bias, Fertility and Sex Selective Abortions in India 2017

Work Experience

Research Associate Sept. 2020 – Jul. 2021

CAFRAL, Reserve Bank of India *Mumbai, India*

Research Assistant (Part-time) Sept. 2020 – Jul. 2021

Prof. Mausumi Das *Delhi School of Economics & Institute of Economic Growth*

Summer Intern, Fraud Analytics Jun. 2019 – Jul. 2019

Barclays Global Service Centre Private Limited *Noida, India*

Summer Intern Jun. 2016 – Jul. 2016

Indian Realty Exchange, QUIKR India Pvt Ltd. *Delhi, India*

Scholarships and Grants

Henry M. MacCracken Doctoral Fellowship 2021-2026
New York University

GSAS Dean's Student Travel Grant 2024
New York University

C.V. Starr Travel Grant 2025, 2024
New York University

Prof. Late Suresh D.Tendulkar Memorial Scholarship 2019-2020
Delhi School of Economics

Delhi University Post Graduate Scholarship 2018-2019
Delhi School of Economics

KPMG Merit cum Need Scholarship 2017-2018
Shri Ram College of Commerce

KPMG Merit cum Need Scholarship 2016-2017
Shri Ram College of Commerce

Technical Skills

Languages: R, Python, Matlab, MySQL
Softwares: STATA, SAS Enterprise Guide, SAS Enterprise Miner, LaTeX, Microsoft Office

Languages

English (fluent), Hindi (native), French (basic)

Personal

Date of Birth: September 17, 1997
Citizenship: India
US Visa: F1 status

Verma, Ritika
Department of Economics
New York University

Research Statement

Financing Innovation with Reputation Concerns

My research studies how reputational concerns and information frictions shape capital allocation in entrepreneurial finance. Entrepreneurs often privately learn about project quality over time and care about their market reputation. Disclosing adverse information can trigger termination and damage career prospects, creating incentives to withhold bad news. Investors must therefore design financing arrangements, for instance milestones and reporting requirements, that account for these strategic disclosure incentives.

In my current project, I develop a dynamic contracting model in which an investor finances an entrepreneur who privately observes performance and faces reputation concerns. The investor chooses both disclosure requirements and continuation policies. A central result is that it is generally not optimal to induce immediate and truthful disclosure of all bad information. Instead, optimal contracts feature two phases: an initial period of full transparency with frequent checkpoints, followed by a phase in which the investor deliberately allows uncertainty to persist. In this second phase, investors may continue funding projects that have already failed in an economic sense, generating the appearance of "failure tolerance". In the model, however, this tolerance is an optimal response to reputational incentives rather than a preference for inefficiency.

The model delivers sharp empirical predictions. First, failed projects should be abandoned either very early or relatively late in the investment cycle, but rarely in intermediate stages. Second, delays in termination should be more pronounced when reputational penalties are stronger, when information about quality is revealed slowly, and when ex ante uncertainty is high. Third, the model also predicts heterogeneity across investors depending on experience, network position, and market prominence.

I am testing these predictions using detailed venture financing data from PitchBook. I examine the timing of funding cessation and shutdown to test for clustering in abandonment. I exploit geographic variation in stigma associated with entrepreneurial failure to assess whether stronger reputational concerns delay termination and contribute to capital misallocation. I also study how investor characteristics shape funding horizons and continuation decisions, and whether delayed termination is more common in high-uncertainty industries.

More broadly, my research agenda examines how contract design and career incentives interact to influence innovation, learning, and capital reallocation. I aim to extend this work to study investor competition and the aggregate implications of delayed exit for entrepreneurial ecosystems.

I seek to attend the NBER Entrepreneurship Boot Camp to deepen my understanding of the central questions and emerging issues in entrepreneurial finance, and to better situate my work within the broader research frontier. Engaging with faculty and peers would help me sharpen which mechanisms are most relevant for understanding startup financing, innovation, and capital reallocation, and refine how my model speaks to those debates. The feedback and exposure to ongoing work in the field would directly strengthen the empirical design and positioning of this project, while also shaping my future research agenda on strategic interactions between investors and entrepreneurs.

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CECILIA PARLATORE
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Finance Department

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February 19, 2026

Dear Members of the NBER Entrepreneurship Bootcamp Committee,

I am writing to offer my strongest recommendation for Ritika Verma, a Ph.D. candidate in the Economics Department at New York University, for the NBER Entrepreneurship Boorcamp. Ritika is a remarkably talented young economist whose research combines analytical depth with originality and practical relevance. Her academic record, intellectual maturity, and commitment to economic scholarship make her an ideal candidate for this program.

Ritika's work lies at the intersection of entrepreneurial finance, contract theory, and financial intermediation, with a particular focus on the role of information frictions in capital allocation and innovation. Her current research explores how reputational concerns and asymmetric information impact the dynamics of startup funding and investor behavior. In her project "Financing Innovation with Reputation Concerns," Ritika develops a dynamic contracting model in which investors strategically design disclosure rules for entrepreneurs with private information about project performance and career motivations. The model yields sharp predictions about when investors choose to remain uninformed and how this shapes continuation decisions and perceived failure tolerance in venture capital markets.

What distinguishes Ritika's work is its ambition to connect theory with empirically testable implications. Her research proposal outlines a carefully designed empirical strategy to test her model's predictions using detailed PitchBook data. In particular, she plans to study how reputational penalties and investor characteristics drive variation in project termination delays, failure tolerance, and funding horizons. These questions are central to understanding capital misallocation and regional inequality in innovation outcomes. Ritika's dual strength in theoretical modeling and empirical implementation is rare at this stage of training and speaks to her promise as a future leader in the field.

Ritika is also a thoughtful and generous member of our academic community. She has contributed extensively as a TA across undergraduate and graduate courses, and as an organizer of the NYU Micro Theory Student Lunch. Her initiative and leadership are matched by her collegiality and willingness to engage deeply with others' work.

The NBER Entrepreneurship Bootcamp would provide Ritika with a valuable opportunity to sharpen the empirical contribution of her job market paper and benefit from mentorship and community as she transitions toward the academic job market. She has a clear research agenda, a

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strong work ethic, and a demonstrated commitment to producing rigorous and relevant economic research. I am confident she will make the most of this opportunity.

Please note that the brevity of this letter is not indicative of my enthusiasm for Ritika's candidacy. I have a personal policy of keeping recommendation letters concise, and I believe Ritika's qualifications speak for themselves.

Please feel free to contact me if you would like any additional information.

Sincerely,



Cecilia Parlatore