SHRI RAM COLLEGE OF COMMERCE

ISSN 2581-4931 (Print)

STRIDES - A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

VOLUME 3 - ISSUE 2

January-June 2019

STRIDES - A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

VOLUME 3 ISSUE 2 JANUARY - JUNE 2019 ISSN 2581- 4931 (Print)

WEBLINK
Visit : http://www.srcc.edu/publications/students-publications

IMPRINT LINE

Printed and published by Prof. Simrit Kaur (Principal, Shri Ram College of Commerce) on behalf of 'Shri Ram College of Commerce' and printed at Multiplexus (India), C-440, DSIIDC, Narela Industrial Park, Narela, Dehli-110040, INDIA and published at Shri Ram College of Commerce, University of Delhi, Maurice Nagar, Delhi-110007, India.
Editor - Dr. Santosh Kumari

License No. – DCP / LIC No. F. 2 (S / 37) Press / 2017
Registration No. DELENG / 2018 / 75093
ISSN 2581- 4931 (Print)

All correspondence relating to publication of the Journal should be addressed to:
The Principal
Shri Ram College of Commerce
University of Delhi, Maurice Nagar
Delhi-110007 (India)
Email: principaloffice@srcc.du.ac.in

ORIGINAL

भारत सरकार
GOVERNMENT OF INDIA

सत्यमेव जयते

भारत के समाचारपत्रों के पंजीयक का कार्यालय
OFFICE OF THE REGISTRAR OF NEWSPAPERS FOR INDIA

पंजीयन प्रमाण–पत्र
CERTIFICATE OF REGISTRATION

प्रमाणित किया जाता है कि प्रेस और पुस्तक पंजीकरण अधिनियम, 1867 के अन्तर्गत इस समाचारपत्र को पंजीकृत कर लिया है :
This is to certify that this newspaper has been registered under the Press and Registration of Books Act, 1867 :

1. समाचार पत्र का नाम Title of the Newspaper	**STRIDES - A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE**
2. समाचार पत्र की पंजीयन संख्या Registration Number of the Newspaper	**DELENG/2018/75093**
3. भाषा/भाषाएं, जिसमें/जिनमें समाचारपत्र प्रकाशित किया जाता है Language/Languages in which it is published	**अंग्रेजी ENGLISH**
4. इसके प्रकाशन का नियतकाल तथा जिस दिन/दिनों/तिथियों को यह प्रकाशित होता है Periodicity of its publication and the day/days/dates on which it is published	**अर्ध वार्षिक HALF YEARLY**
5. समाचारपत्र की फुटकर कीमत Retail selling price of the newspaper	**FREE DISTRIBUTION**
6. प्रकाशक का नाम/Publisher's Name	**SIMRIT KAUR**
राष्ट्रीयता/Nationality	**INDIAN**
पता/Address	**341, NARMADA APARTMENTS, ALAKNANDA, NEW DELHI-110019**
7. मुद्रक का नाम/Printer's Name	**SIMRIT KAUR**
राष्ट्रीयता/Nationality	**INDIAN**
पता/Address	**341, NARMADA APARTMENTS, ALAKNANDA, NEW DELHI-110019**
8. सम्पादक का नाम/Editor's Name	**DR. SANTOSH KUMARI**
राष्ट्रीयता/Nationality	**INDIAN**
पता/Address	**T-7, NEW TEACHERS FLAT, SHRI RAM COLLEGE OF COMMERCE, UNIVERSITY OF DELHI, MAURICE NAGAR, DELHI-110007**
9. जिस स्थान पर मुद्रण का काम होता है, उसका सही तथा ठीक विवरण True and precise account at the premises where printing is conducted	**M/S SUDHA PRINTING PRESS B-21/3, OKHLA INDUSTRIAL AREA, PHASE-II, NEW DELHI-110020. (2) M/S POONAM PRINTERS, C-145, BACKSIDE NARAINA INDUSTRIAL AREA, PHASE-I, NEW DELHI.**
10. प्रकाशन का स्थान Place of publication	**SHRI RAM COLLEGE OF COMMERCE, UNIVERSITY OF DELHI, MAURICE NAGAR, DELHI-110007**

दिनांक /Date: 4/5/2018

RKBardwaj
(आर. के. भारद्वाज/ R.K. BHARDWAJ)
उप प्रेस पंजीयक/ Deputy Press Registrar
कृते भारत के समाचारपत्रों के पंजीयक
FOR REGISTRAR OF NEWSPAPERS FOR INDIA

भारत के समाचारपत्रों के पंजीयक
भारत सरकार
नई दिल्ली
सूचना एवं प्रसारण मंत्रालय

Owner(for reference):
SHRI RAM COLLEGE OF COMMERCE

NATIONAL INSTITUTE OF SCIENCE COMMUNICATION AND INFORMATION RESOURCES
(Council of Scientific and Industrial Research)
14, Satsang Vihar Marg, New Delhi 110 067

निस्केयर
NISCAIR

ISSN
INTERNATIONAL STANDARD SERIAL NUMBER INDIA

S. B. Burde,
Head, National Science Library, ISSN
Phone: 91-11-26863759
E-Mail: issn.india@niscair.res.in

No. NSL/ISSN/INF/2018/210 **Dated: June 01, 2018**

Shri Ram College of Commerce,
University of Delhi, Maurice Nagar,
Delhi - 110007

Dear Sir/Madam,
महोदय/महोदया,

We are happy to inform you that the following serial(s) published by you has/have been registered and assigned ISSN(s) [Print].
हमें आपको यह सूचित करते हुए प्रसन्नता हो रही है कि निम्नलिखित प्रकाशन पंजीकृत कर लिए गये है एवं **प्रिन्ट** आई.एस.एस.एन. आबंटित कर दिये गये हैं|

ISSN 2581-4931 Strides - A Student's Journal of Shri Ram College of Commerce

It is mandatory that the ISSN must be printed on every issue preferably at the right-hand top corner of the cover page.
प्रकाशन की प्रत्येक प्रति के कवर पेज के दाहिनें ओर के ऊपरी सिरे पर आई.एस.एस.एन. छपा होना अनिवार्य है|

We will be responsible for monitoring the use of ISSN(s) assigned to Indian Serials and for supplying up-to-date data of the same to the International Centre for ISSN, Paris. For this purpose, we request you to send us the forthcoming issue of your serial on complimentary basis.
भारतीय राष्ट्रीय केंद्र की जिम्मेदारी होगी कि वह भारतीय पत्रिकाओं को आबंटित आई.एस.एस.एन. की जांच करेगा एवं उद्यतन डाटा की जानकारी इंटरनेशनल सेंटर फॉर आई.एस.एस.एन. पेरिस को भेजेंगे| अतः आपसे अनुरोध है कि इस कार्य हेतु प्रकाशन की एक प्रति आई.एस.एस.एन. प्रिंट करके सम्मानार्थ भेंट हमें भेजें|

Kindly note that assigning the ISSN does not amount to approving the journal or its contents by National Science Library/CSIR-NISCAIR. In future, the names and/or logos of NISCAIR, CSIR should not be mentioned on the journal or the journal website.
कृपया ध्यान दें कि आवंटित किया जा रहा आई.एस.एस.एन. राष्ट्रीय विज्ञान पुस्तकालय/सी.एस.आई.आर.-निस्केयर द्वारा किसी भी जर्नल/पत्रिका या इसकी विषय- वस्तु को अनुमोदित करने का द्योतक नहीं है**|** भविष्य में पत्रिका या पत्रिका की वेबसाइट पर निस्केयर या सी.एस.आई.आर. का नाम अथवा प्रतीक चिन्ह नहीं दर्शाया जाये|

We solicit your cooperation in this regard.
आपके सहयोग के लिए हम आभारी रहेगें|

Yours sincerely,

For Head
ISSN National Centre of India

STRIDES – A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE
ISSN 2581-4931 (PRINT)

Shri Ram College of Commerce is well known for its academic excellence and dedicated approach towards dissemination of knowledge in the academic world. The college appreciates the role of research in education and is committed to developing an inclination towards research in both faculty and students. In this pursuit, the college has taken the initiative to launch a new Journal named 'Strides – A Students' Journal of Shri Ram College of Commerce'.

ABOUT THE JOURNAL

It is a double blind reviewed bi-annual Journal launched exclusively to encourage students to pursue research on the contemporary topics and issues in the area of commerce, economics, management, governance, polices etc. The journal provides an opportunity to the students and faculty of Shri Ram College of Commerce to publish their academic research work.

PUBLICATION POLICY

Shri Ram College of Commerce is committed to upholding the high academic standards. Therefore, the Committee On Publication Ethics (COPE) follows a 3-Stage Selection Process while approving a paper for publication in this Journal. The policy is as follows:

Stage-1. Screening of Plagiarism

To maintain high academic standards, academic ethics and academic integrity each research paper received by COPE (Committee On Publication Ethics) is sent for screening of plagiarism on "Turnitin". The committee adheres to the maximum tolerance limit of 25%.

After screening for plagiarism, research papers are sent to the *Referees* (Subject Experts) for double blind review.

Stage-2. Double Blind Review

The journal adheres to a rigorous double-blind review policy. Each research paper received by COPE is sent for review to the *Referee* (Subject Expert). The reports submitted by the *Referees* are sent to the respective students for improvement (if any, suggested by the *Referees*). After reporting all the suggestions recommended by the *Referees*, the revised and improved version of the papers are re-submitted by the students to the COPE.

If a research paper is rejected by the *Referee*, no further proceedings are taken into account. Once rejected by the expert means cannot be published at all.

Stage-3. Approval by Committee on Publication Ethics (COPE)

After double blind review and screening of plagiarism, research papers are submitted for final approval to the Committee on Publication Ethics (COPE). The research papers approved by COPE are finally sent for publication.

Since COPE is the apex authority to take all decisions related to publication of research papers and articles in 'Strides – A Students' Journal of Shri Ram College of Commerce', the decision of COPE is final and binding.

INSTRUCTIONS FOR MANUSCRIPT DRAFT

The following guidelines are to be carefully adhered by the students before final submission of the manuscript. The submitted manuscripts not conforming to the following guidelines are not taken into consideration for any further processing.

Format

Format of the article on the front page should be:

a) Title
b) Name(s) of the student(s) and mentor along with their details
c) Abstract
d) Keywords

Abstract

The abstract should capture the essence of the article and entice the reader. It should typically be of 100 -150 words, and in Italics.

Font type and word limit

The research paper is to be typed on A-4 size paper with single line spacing. The complete length of the paper should not exceed 5000 words including endnotes and references. The font size should be 12 and font style should be Times New Roman.

Referencing style

The Journal adheres to the APA (American Psychological Association) Referencing Style, Sixth Edition. Students must refer to the APA Referencing Guidelines to ensure conformance to this reference style. For further information you may visit the following link - http://www.apastyle.org

Endnotes

Endnotes should be serially arranged at the end of the article well before the references and after conclusion.

Table, Figures, Graphs

The first letter of the caption for table, figure, graph, diagram, picture etc. should be in capital letter and the other words should be in small letter - e.g. Table-1: Demographic Data of Delhi, Figure-1: Pictorial Presentation of Population etc.

MANUSCRIPT SUBMISSION GUIDELINES

Soft Copy: The soft copy of the manuscript should be sent through e-mail to the editor at strides@srcc.du.ac.in and cc to principaloffice@srcc.du.ac.in.

Hard Copy: The hard copy (3-Sets) of the manuscripts should be submitted in the Administrative Office of the College.

Declaration

As part of the submission process, the student and mentor needs to declare that they are submitting original work for the first publication in the Journal and that their work is not being considered for publication elsewhere and has not already been published elsewhere. Again, the paper should not have been presented in any seminar or conference. The scanned copy of duly signed declaration by the students and their respective mentors has to be emailed along with the research paper.

COPYRIGHT

The student(s) remain the whole and sole author of their respective research papers published in 'Strides – A Students' Journal of Shri Ram College of Commerce' and hold its copyright. Also, the 'author' is wholly and solely responsible for plagiarism caught after publication (if any). The Editor, Referees, Mentors, COPE, SRCC, Printer, Publisher and Printing Press shall not be responsible for any plagiarism.

AWARD

The authors of best three papers from every Issue are awarded – First Prize, Second Prize and Third Prize on the SRCC Annual Day.

Principal's Message

The mission statement of the college signifying the existence and its road map to the achievement of its vision, reads as:

"To achieve and sustain excellence in teaching and research, enrich local, national and international communities through our research, improve skills of alumni, and to publish academic and educational resources"

To achieve and promote excellence in publications and applied research, the college has taken the initiative to launch a new journal exclusively to publish students' research papers and articles. It will be an add-on to the enriched catalogue of college publications and academic literature.

The Journal has provided an opportunity to the students of our college to focus on research. Since the students were not opened to the research methodologies at the undergraduate level, they were mentored by experienced faculty of our college. Simultaneously, their articles were also reviewed by the referees and tested for plagiarism before publication. After reporting all the suggestions recommended by the referees, the articles were revised and then finally published. The college had successfully released the foundation issue of the Journal **"Strides - A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17"** on the occasion of 91st Annual Day of the College held on 13th April, 2017. The Journal was released by **Shri Prakash Javadekar, Honb'le Union Minister of Human Resource Development, Government of India.**

I would like to congratulate the students whose papers are published in this issue of the journal and simultaneously encourage all the students to contribute their research papers and articles for the successive issues of the Journal.

Best wishes for their future endeavors.

Prof. Simrit Kaur
Principal

Editor's Message

Shri Ram College of Commerce is well known for its academic excellence and dedicated approach towards dissemination of knowledge in the academic world. The college appreciates the role of research in education and is committed to developing an inclination towards research in both faculty and students. In this pursuit, the college has taken the initiative to launch a new Journal named 'Strides - A Students' Journal of Shri Ram College of Commerce' to encourage students to pursue research under the guidance of the faculty of Shri Ram College of Commerce.

It is a bi-annual Journal launched exclusively to publish academic research papers and articles by the students on contemporary topics and issues in the area of commerce, economics, management, governance, policies etc.

In order to maintain the high standards of publication, COPE (Committee On Publication Ethics) has been constituted. The COPE shall be the apex authority to take all the decisions related to the publication of research papers and articles in Strides. The decision of COPE shall be final and binding.

To maintain the high academic standards, academic ethics and academic integrity, a rigorous process of double blind review of research papers is followed along with screening of plagiarism of each manuscript received by the COPE for publication. The research work published in Strides is original and not published or presented at any other public forum.

The foundation issue of the Journal **"Strides - A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17"** was successfully released on 91st Annual Day of SRCC held on 13th April, 2017 by **Shri Prakash Javadekar, Honb'le Union Minister of Human Resource Development, Government of India.**

The successive Issues of 'Strides - A Students' Journal of Shri Ram College of Commerce' shall be bi-annually released.

I congratulate all the students whose research papers are published in this Issue of Strides and express my sincere thanks to their mentors and referees.

Dr. Santosh Kumari
Editor

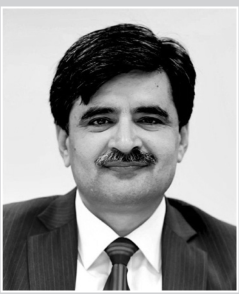
STRIDES - A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

Volume 3 Issue 2 January- June 2019 ISSN 2581-4931 (Print)

RESEARCH PAPERS

Does India Really Need Inflation Targeting?

Riya Mathur
B.A. Economics (Hons.)
SRCC, DU



Mentor:
Ashwani Kumar
Assistant Professor
Department of Economics
SRCC, DU

Abstract

Inflation Targeting was adopted for the first time by New Zealand in 1990 and soon became the norm for other countries all over the world. Following the recent adoption of Inflation Targeting in India, experts have pondered how it would affect an emerging country. Another related question is if India can do better than the current set target of 4%. How should the policy be amended to suit the Indian system? Would a policy directed explicitly towards controlling inflation prove to be too tight for an economy that has been slowing down of late? With a working population of around 50 crore according to the last Census, can there be a heavy trade-off between reduced inflation and high unemployment rates? In an effort to analyse the implementation of IT in the country, setting the Indian framework side by side with that of New Zealand can help provide perspective as to how India can strive to achieve a similar success story. The aim of this paper is to provide a detailed view of the rationale behind Inflation Targeting, in the context of New Zealand's success and its subsequent learnings for India. Furthermore, this paper attempts to find out if the current rate (4%) is indeed sufficient for this country to walk in New Zealand's footsteps.

INTRODUCTION

The unique dilemma that India faces today is a possibility of stagflation, characterised by high inflation driven by the CPI, rising prices and a simultaneously slowing growth. India adopted Inflation Targeting (IT) in August 2016 for a time period of 5 years, till March 2021. Thus, it might just be too soon to say how the policy has panned out with respect to the Indian context. Nonetheless, it becomes imperative to lay down the strengths, drawbacks and possible scope for a sustained IT model and subsequent implementation. This paper attempts to bring out such aspects of the policy, drawing parallels with peers which adopted IT on the basis of similar economic concerns and individually crafted modifications to suit the country's current objectives.

After bringing out how IT has an edge over other models that arrived before it, this paper then introduces a brief summary of how New Zealand (considered as the pioneer of the model), as an example, made a name for itself through successful implementation of the same. Given the macroeconomic differences in countries like New Zealand and India, the model, albeit beneficial, must be customised to fit the Indian context. That being said, credible national data has been used to estimate the nature of relationship between unemployment and inflation to answer if the current target of 4% is enough to achieve the desired results without impacting national growth.

OBJECTIVE

The objective of this paper is to assess IT as a successful policy for India, as compared to New Zealand in terms of methodology, comparative advantages and status of the economy. Taking a look at both the countries' policies and resulting implementation can be a key factor in guiding India's future course of action for achieving effective IT without hampering other macroeconomic indicators like unemployment.

RESEARCH METHODOLOGY

This paper uses correlation to arrive at a relationship between Unemployment rate and Inflation (CPI). The model has been used to indicate mathematically that a 4% target may not be desirable for an emerging economy. Sources include the official websites of the RBI, The World Bank, The Reserve Bank of New Zealand (RBNZ), The Federal Reserve of St. Louis (St. Louis Fed), The Federal Bank of San Francisco(FRBSF) and the IMF. The calculations presented thereafter make use of data provided by the World Bank and the Economic Survey of India for the years 2019-2020.

BACKGROUND

Given how inflation relates to the general price level of the economy, it interests the general public just as much as it intrigues policy makers and economists. For this sole purpose, the Central Banks of almost all countries all over the world (eg. Japan, England, the United States, Canada) mention 'price stability' explicitly in their mandates (FRBSF, 2006). Nonetheless, inflation as a factor of economic growth cannot be overlooked. Moderate inflation is characteristic of a healthy and growing economy as the rise in demand due to economic growth pushes prices higher which theoretically translates to an increase in wages. Then when these workers now go out to purchase goods and services, the prices are driven even higher and the cycle continues (Warr, 2019, WEF). Referring to the Phillips Curve introduced by A. W. Phillips in 1958, which can be extended to bring out the inverse relationship between price inflation and unemployment rate, gives us important insights as to how low inflation can have adverse impacts on a growing economy. Following serious critiques like those from Lucas (1976), the model was soon revised to include rational expectations, unemployment gap and supply shocks. According to Donald Kahn, Vice Chairman of the Board of Governors of the Federal Reserve System, "A model in the Phillips curve tradition remains at the core of how most academic researchers and policymakers—including this one—think about fluctuations in inflation; indeed, alternative frameworks seem to lack solid economic foundations and empirical support."(FRBSF, 2008) Despite its drawbacks and criticisms, even today the Phillips curve continues to function as a crucial guide in forming public policies (Daly, 2019).

It is not difficult to see that both very high and very low inflation can ruin an economy. Thus the key lies in maintaining a reasonable rate of inflation within a certain acceptable limit which is why most Central Banks set numerical targets or intervals for the inflation rate they wish to achieve for their respective economies.

Furthermore, inflation is perhaps one of the select few topics of economics which concerns the general public such a great deal. That makes policies related to it prone to the popular "Rules vs. Discretion" debate which basically outlines the consequences of making decisions which serve the requirements of the short run but prove to be time inconsistent in the long run, causing 'Floodgates to open' (Buol, 2003). Kydland and Prescott (1977) introduced the importance of the framework of the policy just as much as its desirability. Then, a rule (and not discretion) based framework marked by credibility turns out to be time consistent where policy responses follow a clearly specified plan looking at the bigger picture. Needless to say, a discretionary policy allows more room for flexibility which has its own advantages given a particular set of circumstances. Taking the argument to monetary policy, Simons (1936), Friedman (1948) and other prominent economists showed how a rule-oriented policy especially when matters of money supply and price levels are concerned can avoid the mistakes that a discretionary framework makes. Rule based foundation can greatly benefit price fluctuations in the economy while discretion, beneficial in times of uncertainty, might lead to higher than socially optimum inflation levels which can allow the Central Bank to enjoy greater revenue (Brennan and Buchanan (1981)). Barro (1984) emphasizes how rule-based structures work better than those based on discretion towards growth when monetary policy is involved under certain conditions like credibility, certainty and no sudden shocks in price levels. It is important to notice that Inflation Targeting as a model is in fact a rule based monetary policy.

LITERATURE REVIEW

Inflation Targeting has emerged as one of the most popular policies for countries all over the world. After the shortcomings of its predecessors like currency pegs and monetary targeting were realised, there was a global need for a stable nominal anchor – a standard variable for countries to make use of in order to peg their respective price levels− as defined by the IMF. While the former meant less control over the country's monetary policy and its subsequent inability to resist shocks to the

TARGETING INFLATION

Countries across the world have adopted inflation targeting irrespective of their income level.

COUNTRY	INFLATION TARGETING ADOPTION DATE	TARGET INFLATION RATE AT TIME OF ADOPTION	COUNTRY	INFLATION TARGETING ADOPTION DATE	TARGET INFLATION RATE AT TIME OF ADOPTION
New Zealand	1990	1 – 3	Philippines	2002	4 +/– 1
Canada	1991	2 +/– 1	Guatemala	2005	5 +/– 1
United Kingdom	1992	2 (point target)	Indonesia	2005	5 +/– 1
Australia	1993	2 – 3	Romania	2005	3 +/– 1
Sweden	1993	2 (point target)	Serbia, Republic of	2006	4 – 8
Czech Republic	1997	3 +/– 1	Turkey	2006	5.5 +/–2
Israel	1997	2 +/– 1	Armenia	2006	4.5 +/–1.5
Poland	1998	2.5 +/– 1	Ghana	2007	8.5 +/–2
Brazil	1999	4.5 +/– 2	Uruguay[1]	2007	3–7
Chile	1999	3 +/– 1	Albania	2009	3 +/– 1
Colombia	1999	2 – 4	Georgia	2009	3
South Africa	2000	3 – 6	Paraguay	2011	4.5
Thailand	2000	0.5 – 3	Uganda	2011	5
Hungary	2001	3 +/– 1	Dominican Republic	2012	3–5
Mexico	2001	3 +/– 1	Japan	2013	2
Iceland	2001	2.5 +/– 1.5	Moldova	2013	3.5–6.5
Korea, Republic of	2001	3 +/– 1	India	2015	2–6
Norway	2001	2.5 +/– 1	Kazakhstan	2015	4
Peru	2002	2 +/– 1	Russia	2015	4

Sources: Hammond 2011; Roger 2010; and IMF staff calculations.
Note: Countries are classified as inflation targeters based on the IMF's Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER) database.
[1]Adoption date is based on the starting point when the interest rate became the main monetary policy instrument.

Figure 1 Source: IMF

economy, the feats achieved by monetary targeting remained inconsistent due to regular fluctuations in money demand.

Following this, many countries like New Zealand, Canada and United Kingdom chose to go for a system which would allow central banks to target inflation and thus hold considerable control over money supply and prevailing interest rates (IMF, RBNZ, BoC, BoE). The IMF, in its F&D section, iterated the key steps to be undertaken by any country to embark on its journey to efficient inflation target setting (IMF). These include establishing clear and concise quantitative targets as well as establishing credibility regarding inflation as a priority. Consequently, setting up of a forward-looking procedure coupled with the adoption of inflation forecasting techniques further strengthened the basis for IT introduction, which also had the comparative advantages of being easily understood and directly affecting essential variables like interest rates. Furthermore, the rationale behind the shift towards IT was also a reduction of time inconsistent lags in other models (Jha, 2008). For most developed countries the model has had profound effects characterised by robust inflation targets and uncompromised growth. According to Svensson (2006), adoption of IT has aided in attaining a dynamic internal decision process; systematic, consistent, transparent and accountable. Sarwat Jahan, Chief economist at the Asia Pacific Department of the IMF further hailed the birth of IT due to its ability to call for a flexible yet robust framework which held the capability to survive even the most major of international crises (IMF).

However, according to Svensson (2006), IT, although accepted globally, may not be a robust, one-kind-fits-all model. Every country faces individualistic concerns which may range from structural inefficiencies to inept transmission systems to shaky international positions.

Kirsanova et al. (2006) showed in great detail how IT may not be optimal at all for developing countries like India until transformed into a model with terms of trade and exchange rate considerations. There is thus scope for improvement; which can go on to encompass different priorities depending on each country's own situation. In the context of developing nations, it becomes increasingly necessary to limit the unintended consequences a tight inflation target could have on the economy. As an example, advanced economies like the United Kingdom, Japan, Sweden and Czech Republic linger around 1-2% while emerging economies like South Africa witnessed rates around 5-5.5%. Taking a look at historic data for India, even though the 1990s were periods of relative price stability, the same could not be said for financial stability (Jha(2008), RBI). Subject to structural changes, even the RBI acknowledged reservations regarding the introduction of a new monetary policy which focused explicitly on price levels. (RBI 2004)

In most of what have been named 'transition economies', Jha argues, susceptibility to volatilities in unemployment, output and interest rates added to the woes of insufficient confidence and inefficient financial markets can have drastic drawbacks. Serious consequences could also come from the capital account with large-scale changes in devaluation of the national currency (Jha, 2008).

Masson et al. (1997) emphasize the importance of infrastructural resilience to absorb public and private debt without hampering the independence of the Central Bank from government interference. Countries like Kenya, Chile and Thailand that have also sought to implement models initiated by their developed counterparts require similar structural support in order to lend a strong conducive environment for IT to flourish. Going beyond the situation of structure, Svensson (2006) further argues the significance of fostering transparency on account of the Central Bank, which can be achieved by regular publications of all internal targets and projections, including the desired direction it wished to take for its instrument-rate paths. This would not only complement effective policy implementation but also provide the public with the opportunity to scrutinise the performance of the bank as well as that of its Executive Board members; and thus believes Svensson argues that detailed explanations of such optimal targets can lead many countries to achieve substantial progress through IT. James Bullard, President and CEO of the Federal Reserve Bank of St. Louis emphasised the importance of the public's role even further, elaborating how modern economic theory argues that inflation expectations are a crucial feature of the process of Inflation Targeting (St. Louis Fed). Like those followed by Germany and Norway, perhaps the biggest test for any developing country attempting to get a great deal out of IT is maintaining credibility.

THE CLASSIC CASE OF NEW ZEALAND

New Zealand is almost synonymous with the concept of IT, ever since it adopted IT as a formal model in the year 1990. Following this New Zealand succeeded in effective control of its erratic inflation patterns without compromising its growth rates or its position in the international market. Furthermore, as Damien O'Connor, Minister of State for Trade and Export Growth

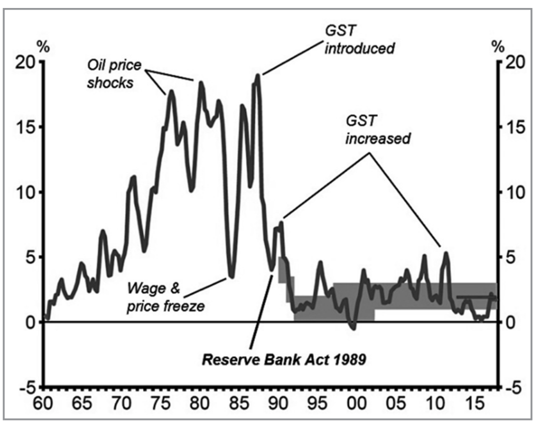


Figure 2 Source: RBNZ

put it, both these countries (India and New Zealand) face similar legal systems, comparative industry & demographic advantages and cultural backgrounds. New Zealand too, like India, began as a humble agrarian economy striving to improve its industry sector through technological progress. Setting such a precedent thus necessitates a more detailed understanding of the reasons behind the success of this model, and to lay down challenges and goals for a country like India vis-à-vis those faced by New Zealand.

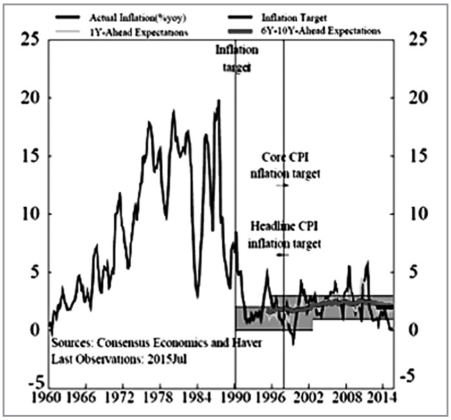


Figure 3 Source: RBNZ

'The organising framework provided by Inflation Targeting has the wonderful advantage of clarity-of-purpose, with a close alignment of that purpose with what monetary policy can actually be expected to achieve over the long term' (Archer (2000), RBNZ, IMF). The 1970-90 era was a period of great price instability and tightly regulated financial sectors, following which the need for an inflation control conductive to growth was realised (Kasa 2001). Consequently, in order to present such a policy shift as credible, four important factors were specified; operational independence; transparency; the single objective of price stability; and the Governor as sole decision maker, thereby making the RBNZ goal dependant but instrument independent (Kasa 2001). The need to avoid a restrictive target which hampers national growth made New Zealand focus on flexibility of the model ever since its inception, which was achieved through regular revision of the inflation target and systematic PTAs. 'Its Reserve Bank has seen more changes to its target than most other inflation-targeting central banks, and the process of renegotiation also provides more opportunity for government direction than is the case in some other countries' (Wadsworth, 2017). The Reserve Bank of New Zealand Act (RBNZ Act 1989) laid down a comprehensive institutional structure, outlining its top priority as price stability. Ingenious provisions such as the formation of Policy Targets Agreements (PTA) gave the Governor the power and subsequent accountability to introduce changes in monetary policy (RBNZ, 2000). Perhaps some of the biggest features which worked for the country were 'a public sector reform had been driven from the perspective of resolving related problems' which worked towards transparency for meeting its objectives supported by clean information and 'persistently high interest rates' related positively to the growth rate of potential output (RBNZ, IMF).

As seen in Figures 2 and 3, New Zealand faced immense price instability up until 1990. The fluctuations were mostly a result of supply side shock following which the authorities undertook a tighter policy, through both fiscal (introduction of a GST) and monetary (inclusion of price stability as a foremost agenda) changes. Consequently, it succeeded in toning down its price fluctuations by bringing the inflation rate down to a lower level, as desired.

The most striking feature of the RBNZ Act would be how the framework does not refer to Inflation Targeting but only agreements and measures which will be consistent with the national objective of price stability. As stated by David J. Archer, Assistant Governor of the Reserve Bank of New Zealand, 'The initial inflation target was not made on the basis of careful research. It was instead set simply as the best aiming point available' (RBNZ). The Central Bank changed its targets from 0-2% to 1-3% in order to accept wider fluctuations whilst nurturing credibility. Its flexible monetary policy was also centred on exchange rates and probable adjustments of policy instruments. Recent variations of the IT model have now been aiming at achieving transparency through more public announcements of national indicators.

THE CASE OF INDIA

The mandate of the Reserve Bank of India includes price stability citing it as a "necessary precondition for sustainable growth." (RBI) The RBI Act of 1934 was amended in May 2016 to provide a foundation for the implementation of the flexible Inflation Targeting framework.

Taking a look at Figure 4 below, India has seen considerable fluctuations in its inflation rates in its past. It was the era after 1997-98 which saw a rather increased focus on the trends of inflation in the country. Since 2000, India's trajectory can be broken down into three broad phases, as per RBI analysis. Till 2008, the country saw moderate inflation and national growth which started soaring in the later part of the period. With capital inflows, administered prices and an overwhelming excess of liquidity with

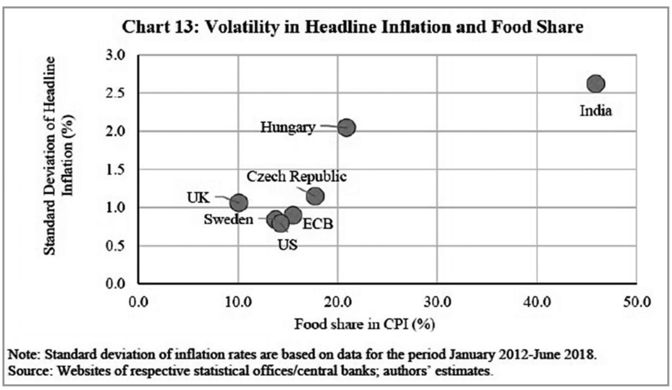


Figure 4 Source: RBI

banks to support an initial output gap, headline inflation remained well within its desired calculated range. The following 2008-2013 period saw a gloomy aftermath of the global financial crisis. Real agricultural wages declined, vegetables and pulses became scarce with respect to their demand and household consumption fell drastically. Government interventions, delayed monsoon, a liquidity crunch in the financial sector and highly fluctuating fuel prices affected a steep rise in annual inflation growth rates (RBI 2010). As a result, India faced far greater volatility in headline inflation as well as food share as compared to its peers, which made frequent large-scale fluctuations in inflation a problem (Figure 5).

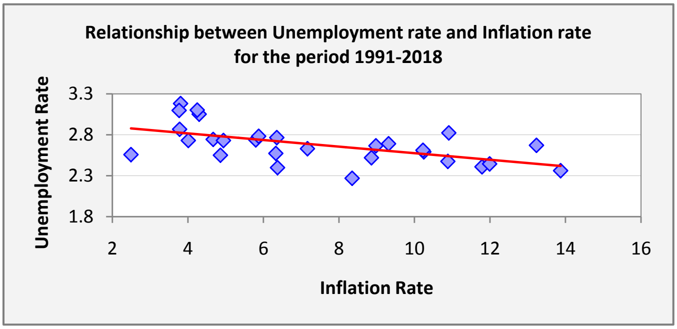


Figure 5 Source: RBI

It was during this time that the RBI set up the Expert Committee to revise and strengthen the Monetary Policy Framework, to report in 2014, realising the need to review the country's current framework and its ability to push through such crises. The submission of the report brought to national attention the urgency of a credible nominal anchor to help influence the scope of future monetary policy. One of the heroes of its policy recommendations was the adoption of a 'flexible Inflation Targeting structure' (RBI 2014). A tighter monetary policy and a stable exchange rate started creating impact nationally which could be felt through disinflationary pressures by December 2014 (RBI 2015-16). Reduction of inflation (with the CPI as the key indicator) remained a focus in the subsequent years as well, with core inflation reaching its targeted levels through constant cuts in the interest rates.

As is the norm, most developed countries set their target rates, on the basis of Personal Consumption Expenditure (PCE) as a measure of both final prices and the supply of businesses, around 2%. The target to be set becomes relatively tedious when dealing with developing countries, which are highly sensitive to destabilising consequences including but not limited to, exchange rate fluctuations, high unemployment rates and slowing output growth. The Reserve Bank of India Act (RBI Act, 1934) was amended to adopt IT as a formal model to control rising inflation rates, measured using All-India CPI-Combined published by the Central

Statistics Office (CSO). The model is in its first 5-year plan, which ends in 2021. Even in the Indian context, the RBI justified adoption of this system for a country like India as "enhancing the credibility and effectiveness of monetary policy, and particularly, the pursuit of the inflation targets that have been set." It stated that a flexible IT (FIT) would allow the Central Bank of a foremost emerging economy to present 'credibility in the government doing its part on the fiscal side and on supply constraints to reduce the burden on monetary policy in achieving price stability' (RBI Monetary Report 2015). Similar to regulatory bodies created in New Zealand, Chapter IIIF introduced through the Finance Act of 2016 called for a detailed structure and role of a Monetary Policy Committee (MPC) which would act as the apex authority in national monetary policy making and undertake setting of the repo rate which is a key indicator of inflation and growth due to its effects on aggregate demand (RBI). After the repo rate is arrived at, the RBI operated now under a framework focusing on liquidity management through daily actions aimed at anchoring the Weighted Average Call Rate (WACR), its newly accepted operation target. Further, it was the RBI Notification dated 27 June 2016 which introduced a desirable bandwidth of accepted ongoing inflation rates, any values outside of which would be considered as 'failure to achieve its target'.

Prior to this breakthrough amendment in May 2016, The Agreement on Monetary Policy Framework dealt with keeping the rates of inflation in check. Since the RBI did not follow an explicit inflation control strategy, 'the public had no historical record from which to judge either the central bank's commitment to the announced long-term inflation target or whether its actions to this end would prove effective' (RBI 2015). Highly focused on open and transparent monetary policy making, the proceedings of the MPC along with the biannual Monetary Policy Report are published by the Central Bank in accordance with the provisions of Chapter IIIF of the RBI Act, 1934.

Up until 2015-16, a comprehensive monetary policy was carried out by a Technical Advisory Committee (TAC), an expert committee consisting of esteemed monetary economists, members of the RBI and senior managers in the fields of finance and commerce (RBI 2016). The years 2015-16 thus saw a major shift in RBI agenda, the birth of a core Quarterly Projection Model (QPM) for India, a designated focus on credibility and expectations, mitigating both supply and demand shocks and prompt policy responses (IMF 2018).Given the comparative advantages of IT as opposed to any other models that lived before it, there is no doubt that the model is key to the pursuit of a stronger economic future for most countries. However, the adoption of IT in emerging economies requires caution as the Central Bank following a policy which targets inflation as the topmost priority might affect other macroeconomic factors like output growth and unemployment adversely. In that case, an important question to ask is this; Assuming India carries on with its adoption of Inflation Targeting even after its 5-year target, is a 4% target suitable or might just it need a possible revision?

CALCULATIONS:

(Data used for the period 1991-2018), n=28

Coefficient of Correlation: $r = \sum pu / (\sum p^2 \sum u^2)^{1/2}$

$r = -11.6328 / 20.35276$

$r = -0.57156$

Figure: India-Inflation and Inflation Expectations

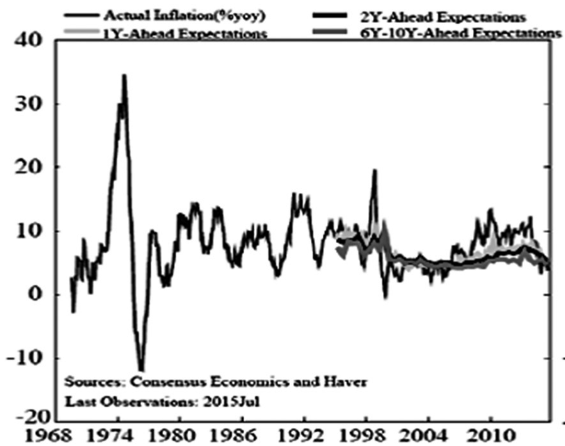


Figure 6: Author's calculations using secondary data

Findings: Annual Inflation and unemployment rates have been sourced from The World Bank and The Economic Survey of India 2019-20 over a period of 1991-2018. In Figure 6, the units of both variables have been changed to scale in order to make the relationship between them more visible. The graph shows a predominantly negative relationship between the inflation rate (in percentage) and the annual unemployment rate (in percentage).

Observations: An inflation target rate of 4% can prove to be too low for a populous country like India with adverse impacts on its unemployment rate, which might be too tight a policy for India to consider at the moment, given its slowing economy. As backed by theory, the negative relationship proves a higher inflation rate prevailing in the economy can in fact be an effective stimulus to obtain lower unemployment.

KEY POINTS WITH RESPECT TO THE INDIAN CONTEXT

Jha (2008) argues how developing countries like India must not neglect economic growth while pushing for price stability. The country's aversion to high inflation can risk its medium-term dynamics without the achievements of high economic growth. As a consequence, only when it has achieved substantial real output growth and a simultaneous reduction in unemployment rates should it consider going for a revised monetary policy regime. Furthermore, it is important to note how developing countries like India tend to deficit finance for development spending much more than their developed counterparts and a tight inflation-oriented policy might prove to be a hurdle to growth.

India continues to be affected greatly by structural changes as well as its proclivity to fluctuate due to external variations (Raj 2019, RBI). Consequently, it has witnessed variability in CPI values over October-2017-2018. In general, the key areas of differences can be defined in terms of openness, policy credibility and financial fragility (World Bank, OECD national accounts data). Ball (1999) and Svensson (2000) showed how the direct relationship between inflation and interest rates (i.e. the Taylor Rule) must go on to include exchange rates as a measure of the openness of the IT model, keeping in mind heavy reliance of countries like India on international imports. Furthermore, time lags in monetary policy implementation (RBI, Ball (1999)) along with the Phillips curve trade-off between inflation and unemployment can result in a very tight wound IT set up which could hamper economic growth. In such cases, flexibility of the IT must take into account future shifts in 'monetary conditions' (World Bank, OECD report). After formation of the policy, ensuring its credibility requires trust in the financial and political set up of the country. As seen in stark contrast with New Zealand, India needs a robust public sector and equal emphasis on current issues like budget deficits and falling foreign reserves spiralling out of hand, coupled with an independent central monetary authority which focuses explicitly on improving transparency. Jha and Sharma (2004) further emphasised the need of sustainable public debt, controlled exchange rate volatility, addressing of supply side shocks and enhanced transmission mechanisms, if India aspired to achieve results similar to those achieved by its more advanced counterparts.

According to the official website of the RBI, 46% of the CPI basket in India consists of food, far more than most of its peers. Like India faced a 'weakness in its former policy regime: it did not provide a firm nominal anchor to prevent the pass-through of food price shocks to a generalized spiral of inflation' (RBI 2015), volatility of food prices (through supply shock, government programmes creating distortions, structural changes) must be accounted for in all future models picked up from other countries.

As of today, India struggles with structural inadequacies. Transmission and transparency continue to be key areas of improvement (RBI). When dealing with issues like inflation which infiltrate every household, responses of the public become as essential as the formal procedure itself. Credibility then leads to the formation of rational expectations which are then incorporated into real wages and prices, that is these very expectations culminate into the target inflation rate being actually realised. 'There exists a weak link in the Indian policy transmission mechanism for any market-based monetary policy regime,' with a change of around 49 bps found for new loans even after a total change of 135 bps in interest rates recently (RBI 2015, 2019). Furthermore, the notification of the Gazette of India for June 2016 (RBI 2016) conveyed a rather fixed 4% target with a 2% tolerance level, leaving investors sceptical about the true flexibility mechanism of the policy. Adoption of a 'flexible inflation target'- with a dual mandate of securing a desired inflation target coupled with a stabilised real economy can help with accountability as well as more efficient forecast targeting (Svensson, 2006). Moreover, for developing countries it becomes important to note that a dynamic instrument rate may be more feasible and that IT in India can be broadened to arrive at a desirable instrument rate path as well (RBNZ, 2000, Svensson, 2006).

The year 2021 will present just how well IT as we know it today worked for India during its 5-year probation period. In 2018, the IMF reported that while the success of IT in the Indian context remains one of the most important policy adoptions to consider, it is a bit too early to say anything concrete as of today. Moreover, how the system holds ground in times of a supply shock (predominantly food and fuel) will prove to be a concrete test of the future scope of IT in India. Regardless, if 'IT 2.0' indeed moves towards becoming a reality, India will be ready.

CONCLUSION AND SCOPE FOR IMPROVEMENT

With the current slowdown and its related concerns (both cyclical and structural) shaping up, taking a look at India's adoption of Inflation Targeting as a model can hold the key towards sustained growth and the controlling unemployment rates in the country. It becomes necessary to note that Inflation Targeting reached India rather recently and as a consequence, there is not a wide range of data available (RBI). There is thus scope for further research into how IT adoption has worked out in the Indian context.

As a conclusion of this paper, it is sufficient to say that while arriving at a clear numerical estimate for a revised IT policy on the basis of this data is not possible, a 4% target can be a restricting and fixed Inflation Targeting policy. Furthermore, it is important to note one clear inference here, the coefficient of correlation does in no case imply causation, it merely indicates the direction for co-movement. The purpose of making use of the concept of correlation is not to offer strong recommendations given the country's recent adoption of IT. The value of r (-0.57156) indicates a significant negative relationship between inflation and unemployment rates in the Indian context for the period 1991-2018.

Going back to the New Zealand model, an economy which adopted IT in 1990 has consistently revised its desired target range over time. After more than a decade, its current estimate ranges from 0-3%. Using this figure as a benchmark, it may seem only apt that India, which followed the trend in 2016, considers probable leeway in setting its medium run inflation target above 4% or expands its interval to accommodate FIT. Going beyond the numbers as well, there is considerable evidence of the advantages of adopting IT for any country, provided it is coupled with adept infrastructure, sound efficiency and robust employment structures.

BIBLIOGRAPHY

1. Adrian et al. (2018), *Chapter 11. India: Stabilizing Inflation*, IMF
2. Albagli (2005), *"By How Much and Why Do Inflation Targeters Miss Their Targets?"* Santiago: Central Bank of Chile.
3. Amato et al. (2002), *"Communication and Monetary Policy"* Oxford Review of Economic Policy
4. Archer, D. (2004), *"Communication with the Public",* Paper presented at the Czech National Bank conference "Practical Experience with Inflation Targeting," Prague, 13–14 May
5. Archer (2000), Assistant Governor, RBNZ, *Inflation targeting in New Zealand*, IMF publication

   https://www.rbnz.govt.nz/research-and-publications/speeches/2018/speech2018-04-12
6. Balakrishna (1991), *"Pricing and inflation in India"*, Delhi: Oxford University Press
7. Ball (1999), *Policy Rules for Open Economies,* Monetary Policy Rules, University of Chicago Press

8. Barro, Robert J. *"Recent Developments in the Theory of Rules versus Discretion."* Economic Journal, Supplement, (1985), pp. 23-37. https://www.nber.org/papers/w1473.pdf

9. Bean, C. (2003), *"Asset Prices, Financial Imbalances and Monetary Policy: Are Inflation Targets Enough?",* BIS working paper 140, Basel, Switzerland: Bank for International Settlements.

10. Benes et al. (2016), *"Quarterly Projection Model for India: Key Elements and Properties",* RBI Working Paper

11. Brennan and Buchanan (1981), The American Economic Review, Vol. 71, No.2

12. Buol,J.,Vaughan,M.(2003) https://www.stlouisfed.org/publications/regional-economist/january-2003/rules-vs-discretion-the-wrong-choice-could-open-the-floodgates#4

13. Cabral et al. (2016), *"Inflation Targeting and Exchange Rate Volatility in Emerging Markets"*, Policy Research Working Paper;No. 7712, World Bank, Washington, DC

14. Callen, T., and D. Chang. (1999), *"Modelling and forecasting inflation in India"* IMF Working Paper WP/99/119, International Monetary Fund, Washington, D.C.

15. Cecchetti et al. (2001), "Does Inflation Targeting Increase Output Volatility? An International Comparison of Policymakers' Preferences and Outcomes." In Monetary Policy: Rules and Transmission Mechanisms, edited by N. Loayza and K. Schmidt-Hebbel, 247–74. Santiago: Central Bank of Chile.

16. Cecchetti et al. (2002), "Central Bank Structure, Policy Efficiency, and Macroeconomic Performance: Exploring Empirical Relationships." Federal Reserve Bank of St. Louis Review

17. Christiano et al. (1999), *"Monetary policy shocks: What have we learned and to what end?"*, Handbook of macroeconomics (Vol. 1, pp.)

18. CSO (2014), Annual CPI Report

19. Daly (2019), *"Prospects for Inflation in a High Pressure Economy: Is the Phillips Curve Dead or is it just Hibernating?"*, U.S. Monetary Policy Forum, President and Chief Executive Officer, Federal Reserve Bank of SanFranciscohttps://www.frbsf.org/our-district/press/presidents-speeches/mary-c-daly/2019/

february/prospects-for-inflation-in-a-high-pressure-economy-is-the-phillips-curve-dead-or-is-it-just-hibernating/

20. Evers (2018), *"Inflation, Liquidity and Innovation"*, Policy Research Working Paper; No. 8436, World Bank, Washington, DC, 29842 License: CC BY 3.0 IGO

21. FEC (2008), *Inquiry into the future monetary policy framework*, Report of the Finance and Expenditure Committee

22. Federal Reserve Bank of Saint Louis Review (2004), *"Inflation Targeting and Optimal Monetary Policy"*

23. Federal Reserve of San Francisco (2008),*"What is the relevance of the Phillips Curve to Modern Economies?"*

    https://www.frbsf.org/education/publications/doctor-econ/2008/march/phillips-curve-inflation/

24. Fischer et al. (1994), *"Monetary Policy Credibility and Price Uncertainty: The New Zealand experience of Inflation Targeting"*, OECD Economic Studies No. 22

25. Glasner (2017) *"Rules Versus Discretion in Monetary Policy Historically Contemplated"*, Journal of Macroeconomics, Forthcoming. Available at SSRN: https://ssrn.com/abstract=2973620

26. Hammond (2011) *"State of the Art of Inflation Targeting."* Centre for Central Banking Studies Handbook—No. 29, London: Bank of England.

27. Hu, Y. (2004), *"Empirical investigations of inflation targeting",* Institute of International Economics, mimeo

28. Jha (2008), *"Inflation targeting in India: issues and prospects",* International Review of Applied Economics, 22:2, 259-270, DOI: 10.1080/02692170701880783

29. Kareem (1996), *Inflation Targeting In India*, Indian Economic Service

30. Kasa (2001), *Will Inflation Targeting work in Developing countries*?, frbsf.org, FRBSF Economic Letters

31. Kydland, F., & Prescott, E. (1977). Rules Rather than Discretion: The Inconsistency of Optimal Plans. Journal of Political Economy, 85(3), 473-491. Retrieved May 14, 2020, from www.jstor.org/stable/1830193

32. Leeper, E. M. et al. (1996), *"What does monetary policy do?"*, Brookings Papers on Economic Activity

33. Lomax, R. (2005), *"Inflation Targeting in Practice: Models, Forecasts and Hunches,"* Atlantic Economic Journal 33(3, September): 251–65

34. Meyer, L.H. (2004), *"Practical Problems and Obstacles to Inflation Targeting"* Federal Reserve Bank of Saint Louis Review 86(4): 151–60

35. Mishkin et al. (1997), *"Inflation Targeting: Lessons from Four Countries"*, Economic Policy Review 3(3): 9–110. Federal Reserve Bank of New York

36. Mishkin, F. S., and K. Schmidt-Hebbel (2002), *"One Decade of Inflation Targeting in the World: What Do We Know and What Do We Need to Know?"* In Inflation Targeting: Design, Performance, Challenges, Central Bank of Chile

37. Mishkin et al. (2007), *"Does Inflation Targeting Make A Difference",* Working Paper 12876 National Bureau of Economic Research

38. Mishra, A., & Mishra, V. (2009), *"Preconditions for inflation targeting in an emerging economy: The case of India",* DRU Working Paper No. DEVDP 09-08. Development, Research Unit, Monash University

39. Mohanty et al. (2004), *"Monetary policy rules in emerging economies: issues and evidence",* Bank for International Settlements, Basel, Switzerland (BIS) Working Paper No. 149

40. Neumann (2002), *"Does Inflation Targeting Matter?"* Federal Reserve Bank of St. Louis Review

41. Rangarajan, C. (2001), *"Some critical issues in monetary policy"*, Economic and Political Weekly, 36(24), 2139–2146

42. Reserve Bank of India Act (1934)

43. RBI (2001), *Government's Response to Monetary Policy Review*

44. RBI (2002), Reserve Bank of India Bulletin, Mumbai: RBI

45. Reserve Bank of India (2016), Monetary Policy Report

46. RBI (2019), Mint Street Memo No. 19

47. RBNZ (2007b), Supporting Paper A6: *"Supplementary Stabilisation Instruments Project and the Macroeconomic Policy Forum",* supporting paper to the Finance and Expenditure Select Committee Inquiry into the Future Monetary

Policy Framework

48. Schaechter et al.(2000), *"Adopting Inflation Targeting: Practical Issues for Emerging Market Countries,"* IMF Occasional Paper No.202

49. Scott (2010), *"Inflation Targeting Turns 20."* Finance & Development. March: p(46–49)

50. Svensson (1997), *"Inflation targeting in an open economy: Strict or flexible inflation targeting?"*, Reserve Bank of New Zealand Discussion Paper

51. Svensson (1999), *"Inflation Targeting: Some Extensions"*, Scandinavian Journal of Economics 101(3): 337–61

52. Svensson, L.E.O. and N. Williams. (2005), *"Monetary Policy with Model Uncertainty: Distribution Forecast Targeting"*, Working paper, Princeton, N.J.: Princeton University

53. Svensson, Lars (2001), *"Independent Review of the Operation of Monetary Policy in New Zealand,"* Princeton University http://www.princeton.edu/~svensson/NZ/RevNZMP.htm

54. Taylor, J. B. (2017),*"Rules Versus Discretion: Assessing the Debate Over the Conduct of Monetary Policy"*, Federal Reserve Bank of Boston Conference on *"Are Rules Made to be Broken? Discretion and Monetary Policy"* https://web.stanford.edu/~johntayl/2017_pdfs/Rules_Versus_Discretion-Assessing_the_Debate-10-13-17.pdf

55. Truman, E. M. (2003),*"Inflation Targeting in the World Economy"*, Washington: Institute for International Economics.

56. Vega, M., and D. Winkelried (2005), *"Inflation Targeting and Inflation Behavior: A Successful Story?"*, Interest and Prices: Foundations of a Theory of Monetary Policy, Macroeconomics working paper 0502026, EconWPA, Princeton University Press.

57. World Economic Forum (2019), *"Inflation is healthy for the economy but too much can trigger a recession"*https://www.weforum.org/agenda/2019/06/inflation-is-healthy-for-the-economy-but-too-much-can-trigger-a-recession-7d37501704

IMPRINT LINE

Printed and published by Prof. Simrit Kaur (Principal, Shri Ram College of Commerce) on behalf of 'Shri Ram College of Commerce' and printed at Multiplexus (India), C-440, DSIIDC, Narela Industrial Park, Narela, Dehli-110040, INDIA and published at Shri Ram College of Commerce, University of Delhi, Maurice Nagar, Delhi-110007, India.

Editor – Dr. Santosh Kumari

License No. – DCP / LIC No. F. 2 (S / 37) Press / 2017
Registration No. DELENG/2018/75093
ISSN 2581- 4931 (Print)

ISSN 2581- 4931 (PRINT)

HISTORY OF THE JOURNAL

The idea to launch this Journal was discussed in December 2016 by the former Officiating Principal, **Dr. R. P. Rustagi** with **Dr. Santosh Kumari,** the Editor of the Journal. Since the idea appealed to **Dr. Santosh Kumari**, she took the initiative to contribute to SRCC by creating this new academic research Journal and took the responsibility for its Creation, Registration, License and ISSN (International Standard Serial Number) etc. along with *Editorship*. Therefore, **Dr. Santosh Kumari, Assistant Professor in the Department of Commerce, Shri Ram College of Commerce** was appointed as the Editor of the Journal vide. Office Order – SRCC/AD-158/2017 dated March 14, 2017. She meticulously worked hard in creating the concept and developing the structure of the Journal. She introduced the concept of COPE (Committee On Publication Ethics) to maintain the high academic standards of publication.

On behalf of SRCC, **Dr. Santosh Kumari** made every effort in seeking License from Deputy Commissioner of Police (Licensing), Delhi to register the Journal at "The Registrar of Newspapers for India, Ministry of Information and Broadcasting, Government of India". The paper work for seeking license started under the former Officiating Principal, **Dr. R.P. Rustagi** on March 27, 2017. The foundation Issue of the Journal "**Strides – A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17**" was successfully released on the 91st Annual Day of SRCC held on April 13, 2017 by **Shri Prakash Javadekar, Honb'le Union Minister of Human Resource Development, Government of India**. The title of the Journal got verified and approved by the Registrar of Newspapers for India, Ministry of Information and Broadcasting, Government of India on April 21, 2017. On September 1, 2017, **Prof. Simrit Kaur** joined SRCC as Principal and signed each and every legal document required for further processing and supported **Dr. Santosh Kumari**.

On December 18, 2017, the College got the license "**License No. - DCP / LIC No. F. 2 (S / 37) Press / 2017"** to publish 'Strides – A Students' Journal of Shri Ram College of Commerce'. Due to change of Printing Press, the License got updated on March 09, 2018. On April 26, 2018, the SRCC Staff Council unanimously appointed **Dr. Santosh Kumari as the 'Editor of Strides**' for the next two academic years.

On April 27, 2018 (The Foundation Day of the College), **Dr. Santosh Kumari** submitted the application for the registration of the Journal. On May 04, 2018, the SRCC received the '**Certificate of Registration**' for ***"Strides – A Students' Journal of Shri Ram College of Commerce"*** and got the **Registration No. DELENG/2018/75093** dated May 04, 2018. ***On behalf of Shri Ram College of Commerce, it was a moment of pride for Dr. Santosh Kumari to receive the 'Certificate of Registration' on May 04, 2018 at the Office of Registrar of Newspapers for India, Ministry of Information and Broadcasting, Government of India (website - www.rni.nic.in).***

On May 07, 2018, **Dr. Santosh Kumari** submitted the application for seeking ISSN (International Standard Serial Number) at "ISSN National Centre – India, National Science Library, NISCAIR (National Institute of Science Communication and Information Resources). Weblink - http://nsl.niscair.res.in/ISSNPROCESS/issn.jsp". Finally, the College received the International Standard Serial Number "**ISSN 2581-4931 (Print)**" **on June 01, 2018.**

We are proud that this journal is an add-on to the enriched catalogue of SRCC's publications and academic literature.

STRIDES - A STUDENTS' JOURNAL OF SHRI RAM COLLEGE OF COMMERCE

ISSN 2581-4931 (Print)

RELEASE OF FOUNDATION ISSUE OF STRIDES

Foundation Issue of the Journal *"Strides - A Students' Journal of Shri Ram College of Commerce, Volume 1, Issue 1, 2016-17"* was successfully released on the 91st Annual Day held on April 13, 2017 by Shri Prakash Javadekar, Honb'le Union Minister of Human Resource Development, Government of India.

SHRI RAM COLLEGE OF COMMERCE

University of Delhi, Maurice Nagar, Delhi - 110 007

Phone: 011-27667905 Fax: 011-27666510