

Economics
Seminar
Series
2016



SOUTH ASIAN UNIVERSITY
FACULTY OF ECONOMICS

Seminar

Inflation theory and Indian experience

Professor Pulapre Balakrishnan
Ashoka University

Date: August 26, 2016
(Friday)
Time: 2:00 p.m.
Venue: FSI Hall, Akbar Bhawan
Satya Marg, Chanakyapuri, New Delhi

All are Welcome

Abstract

Two generic models of inflation using Indian data are estimated. These are the currently dominant model, favoured by central banks, which relates inflation to the 'output gap' and the one that emerges in two-sector macro models currently out of fashion. Though work-in-progress yet, the results may be considered quite conclusive in that one model is decisively rejected in the econometric tests, the outcome extending to alternative specifications of the time period and when data of differing frequencies are used. They have implications for the design of anti-inflation policy in India.