

WHAT IS INFLATION TARGETING IN ECONOMICS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Inflation & Monetary Policy

This refers to an approach to monetary policy where the primary mandate of a central bank is to manage the rate of price inflation in the wider economy. Economists who support inflation targeting believe that a stable inflation rate is essential to keep the economy fully employed while protecting the value of the currency at the same time. Central banks with an explicit inflation targeting mandate usually have a target range of inflation. They try to keep inflation within the target range by adjusting the economy's money supply. The policy of inflation targeting, which was first introduced in some European countries in the 1970s, became a popular approach in the 1990s.

It is time to make victim impact statements mandatory

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