

Title of Project: Role of Financial Frictions for Monetary Policy Transmission in India: A New Keynesian Analysis

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Objective of the project: Transmission channels of monetary policy are quite diverse across the countries. In this project, we are examining how these channels are working in presence of financial frictions for the Indian economy using a structural macroeconomic model with nominal rigidities. Our project investigates the credit channel of monetary transmission via the lending behaviour and balance sheet constraint of the commercial banks.