



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

इ-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

February 26, 2016

**RBI Working Paper Series No. 3:
Global Spillovers and Monetary Policy Transmission in India**

The Reserve Bank of India today placed on its website a Working Paper titled [Global Spillovers and Monetary Policy Transmission in India](#) under the Reserve Bank of India Working Paper Series*. The Paper is co-authored by *Michael Debabrata Patra, Sitikantha Pattanaik, Joice John and Harendra Kumar Behera*.

With the world's largest economies setting divergent courses for monetary policy, India faces significant risk of spillovers. This paper examines the impact of global spillovers on transmission channels of monetary policy through domestic financial markets in India. Drawing on stylised facts and using a dynamic factor model to develop an indicator of global spillovers (IGS), a time varying parameter vector auto-regression (TVP-VAR) model is estimated.

The results indicate that there is no strong evidence of domestic monetary policy losing traction because of global spillovers although there are effects on some segments of the market spectrum. Monetary policy responds to volatility-driven stress in domestic financial market conditions as a policy choice in the context of meeting domestic goals, rather than a loss of independence.

** The Reserve Bank of India introduced the RBI Working Papers series in March 2011. These papers present research in progress of the staff members of the Reserve Bank and are disseminated to elicit comments and further debate. The views expressed in these papers are those of authors and not of the Reserve Bank of India. Comments and observations may kindly be forwarded to authors. Citation and use of such papers should take into account its provisional character.*

Press Release : 2015-2016/2022

Anirudha D. Jadhav
Assistant Manager