

Preface

All is not well with the state of the Indian economy post 2007–2008. The growth rate of GDP declined following the subprime crisis in USA. Subsequently, the economy experienced serious volatility in terms of fluctuations in stock prices, exchange rates and rise in inflation rates. There were signs of revival of the economy in 2010–2011, but the growth rate has declined recently. As a manifestation of concerns in policy-making circles, we may cite the recent Reserve Bank of India initiative for an international deliberation on the new trilemma between monetary policy, debt sustainability and financial stability. Many of the certainties of the old macroeconomic management have been called into question by recent developments. For example, a membership of OECD (Organisation for Economic Co-operation and Development)—a rich nations’ club—was supposed to shield an economy against the kind of crisis that has repeatedly embroiled the smaller or newer members of the eurozone. Or to take another example, fiscal prudence was supposed to be a guarantee of investor faith and therefore balance-of-payments sustainability of an economy. Those kinds of certainty are now gone. Or to take yet another example, with high rates of interest on loans and a turbulent stock market, why is Indian investment so capital-intensive? In a world in which there is so much unemployment everywhere and in which incomes have become highly concentrated in a few hands, usual calculations of Engel elasticity-driven demand should have predicted a crash in food prices. But that has not happened. We are perhaps again facing problems of stagflation. But the old conservative remedy of defanging trade unions or weakening social security nets is not working. In order to suggest appropriate policies, we need better to understand the macroeconomics of this situation and the incentive structures that are nested within that macroeconomic framework.

With the aim of throwing more light on these burning issues the Institute of Development Studies Kolkata (IDSK) organized a national conference on “Money, Finance and Macroeconomics of the Real Economy” which was held during 26–28 April, 2012 at the Institute. The present volume is an outcome of the papers presented at the conference.

Many people have helped us in this endeavour. First of all, we are greatly indebted to Amiya Kumar Bagchi, former Director and presently Emeritus Professor of IDSK, for constant support and inspiration to organize the conference as well as

to complete this volume. We are also grateful to Achin Chakraborty, the Director of IDSK for constant support. Support from Ramkrishna Chatterjee, the Joint Director of IDSK, should be specially acknowledged. We are also indebted to the other faculty members and administrative staff of IDSK to organize the conference successfully. Our heartfelt thanks to Poulomi Lahiri, Simantini Mukhopadhyay, Abhinab Ghosh, Soumali Banerjee, Sucheta Sardar and Dyuti Sinha, the rapporteurs of the conference. We finally express our gratitude to all the eminent scholars who have contributed to this volume, for their active participation in the conference which enriched the quality of deliberation as well as their sincere cooperation which made it possible for us to prepare the volume without delay.

Finally, we thank Sagarika Ghosh and Nupoor Singh of Springer (India) for agreeing to publish this volume.

Market, Regulations and Finance
Global Meltdown and the Indian Economy
Khasnabis, R.; Chakraborty, I. (Eds.)
2014, XIII, 253 p. 105 illus., Hardcover
ISBN: 978-81-322-1794-7