

# **Central Bank Strategies, Credibility and Independence: Global Evolution and Indian Experience**

*Dr. Narendra Jadhav*<sup>\*</sup>

## **Abstract**

The present paper aims at offering a comprehensive perspective on central banking in India. To place the issue in context, it begins by tracing the evolution of central banking, against the backdrop of the debates in the much-contested field of monetary economics. This sets the stage for the genesis, evolution and development of the Reserve Bank of India since Independence in 1947, responding to domestic compulsions on the one hand, and the evolving international best practices, on the other. Against this historical background, the Paper turns to three contemporary issues in central banking: formulation and conduct of monetary policy, strengthening financial stability and management of the changes in the payments and settlement system. The emphasis is not only on identifying the contours of the contemporary debates in the international financial community but also on highlighting the challenges and policy dilemmas facing the central bankers in India and abroad today.

---

<sup>\*</sup> Dr. Narendra Jadhav is currently Principal Adviser, Department of Economic Analysis and Policy (DEAP), Reserve Bank of India. The author is grateful to Sitikantha Pattnaik, Indranil Sen Gupta and Arindam Roy for assistance. Comments on parts of the paper by Mridul Saggur and Partha Ray are also gratefully acknowledged.