

SARGAM GUPTA

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Citizenship: Indian

Research Interests

- Macroeconomics, Monetary Economics, Open Economy Macroeconomics, Financial Economics, Empirical Macroeconomics

Current position

- Visiting Assistant Professor, Indira Gandhi Institute of Development Research (IGIDR), Mumbai, Maharashtra. December 2019-present

Education

- Ph.D. Quantitative Economics, Indian Statistical Institute, New Delhi, India, December 2019 (expected)
Title: *Essays in Monetary Policy for Emerging Market Economies*
Status: Thesis submitted
Advisor: Prof. Chetan Ghate
- M.A. Economics, Centre for Economic Studies and Planning, Jawaharlal Nehru University, Delhi, India, 2010-2012
- B.A. Economics (Hons.), Shri Ram College of Commerce, University of Delhi, India 2007-2010

Research experience

- 2012-2013: National Institute of Public Finance and Policy (NIPFP), Research Associate, Delhi, India

Publications

- [Terms of Trade Shocks and Monetary Policy in India. With Chetan Ghate \(ISI Delhi\)](#) and Debdulal Mallick (Deakin University). *Computational Economics*, Vol. 51, Issue 1, January 2018, pages 75-121.

Other publications

- [Are grain procurement shocks inflationary?](#) (with Chetan Ghate and Debdulal Mallick)
Ideas for India, October 17, 2016 (a shorter version is published in [LiveMint-opinion](#) on October 20, 2016)

Research Papers

Uncertainty shocks and monetary policy rules in a small open economy ([Job Market Paper](#))

This paper explores the role of exchange rates (both nominal and real) and monetary policy in amplifying/stabilizing the real effects of global uncertainty shocks in a small open economy. Post global financial crisis (GFC) of 2008-2009, there has been a surge in the macroeconomics literature on aggregate uncertainty. The

recent literature has recognized that global uncertainty shocks reduces private consumption and investment severely in emerging market economies (EMEs). Using data we reproduce stylized facts showing significant movements in exchange rates when EMEs are hit with a global uncertainty shock. We find that interest rate rules are ineffective in stabilizing an EME as there arises trade-off in inflation and output stabilization. Using a small open economy NK-DSGE model, we show that exchange rate rules (ERRs) reduce welfare losses significantly compared to interest rate rules. The ERRs also reduce variability of exchange rates, inflation and output remarkably. This occurs because exchange rate rules generate a lower risk premium than interest rate rules.

Inefficient Shocks and Optimal Monetary Policy

The importance of trade-offs between inflation and output gap stabilization for monetary policy evaluation is well known. Real disturbances in the economy which lead to such trade-offs, however have not been studied much in the context of monetary policy setting in emerging market and developing economies (EMDEs). In this paper, we identify market price support (accompanied by procurement of commodity) present in the agriculture sector of EMDEs as an inefficient distortion, which leads to such trade-offs. We derive the welfare loss function for an economy featured with procurement distortion and characterize optimal monetary policy under discretion and commitment. We show that under both discretionary and commitment policy, trade-offs exist between core-inflation and output gap stabilization, and between headline inflation and output gap stabilization. This result departs from the existing popular view that *strict* core-inflation targeting rules are optimal monetary policy rules for EMDEs susceptible to supply shocks in agriculture sector. We also compare the response of the economy to a positive procurement shock and a negative productivity shock under different monetary policy rules. It is observed that an optimal simple rule with sectoral relative price gaps improves welfare outcomes significantly.

Teaching Experience

- RBI Academy- Programme on Macroeconomics for Central Banking (May 2019, December 2017, December, 2016): Teaching Assistance
- Macroeconomics I, ISI-Delhi (Spring 2015, 2016): Teaching Assistance
- Macroeconomics II, ISI-Delhi (Fall 2014, 2015, 2016): Teaching Assistance
- Monetary Economics- ISI-Delhi (Spring 2016): Teaching Assistance
- Indian Statistical Services (ISS) Probationers Training Programme-(Spring 2015, 2016, 2017): Teaching Assistance

Grants and Fellowships

- Royal Economic Society Conference travel grant (2017) £300
- International Growth Centre (IGC) grant - 2015-2016
Project title: Terms of trade shocks and monetary policy in India
Amount: £7,245; IGC Project code: 35327
- 2015-2019: ISI-Delhi, Senior Research Fellowship-Quantitative Economics
- 2013-2015: ISI-Delhi, Junior Research Fellowship-Quantitative Economics
- 2011: UGC - NET cum Junior Research Fellowship

Conferences/ Seminars/ Visits/ Summer Schools

- Visits
 - Deakin University, Melbourne- June 2016- to work on International Growth Centre (IGC) project
- Summer Schools
 - August 30-September 2, 2016: The Science and Art of DSGE modelling: A Dynare based course at University of Surrey, Guildford

• Conferences/ Seminars

- 2015: 21st Computing in Economics and Finance (CEF) conference, Taipei (June), Seminar in Indian Statistical Institute (ISI), Delhi (September), 4th Delhi Macroeconomic Workshop, Delhi (October), 11th Annual Growth and Development Conference, ISI Delhi (December), The Winter School, Delhi School of Economics (December)
- 2016: IGIDR Ph.D. Colloquium, Mumbai (November), 12th Annual Growth and Development Conference, ISI Delhi (December)
- 2017: 23rd Computing in Economics and Finance (CEF) conference, New York (June), 6th Delhi Macroeconomic Workshop, Delhi (October)
- 2018: Conference on DSGE Modeling for Emerging Economies, IGIDR-Mumbai (August), 7th Delhi Macroeconomic Workshop, Delhi (October), 12th Annual Growth and Development Conference, ISI Delhi (December)
- 2019: Conference on Economic Theory and Policy-Ambedkar University Delhi (March); Reserve Bank of India (RBI) seminar; Delhi School of Economics - CDE seminar; IGIDR Mumbai-Seminar; 12th International Research Conference (Central Bank of Sri Lanka), Sri Lanka; IMRDC-IIM, Bangalore

Referee and Memberships

- Referee for Computational Economics
- Member of Society for Computational Economics, American Economic Association, Royal Economic Society, Econometric Society

Languages and Computer Skills

- Hindi (Native), English (Fluent), German (Intermediate)
- Good knowledge of Windows, MS-Office, Scientific Workplace, Linux and Latex
- Statistical packages: Eviews, STATA
- Programming languages: MATLAB, R, Python (elementary)

References

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