

## Section - 1

- Q1
- a) Inflation targeting! → Inflation targeting means central banks are responsible for using monetary policy to keep inflation close to the agreed target. Inflation targeting is a monetary policy where a central bank follows an explicit target for the inflation rate for the medium term and announces this inflation target to the public.
- b) Price Level targeting! → Price Level targeting is a monetary policy framework that can be used to achieve price stability. Like inflation targeting price level targeting establishes targets for a price index like the consumer price index.
- c) Monetary Aggregates! → Money aggregates are broad categories that measure the money supply in an economy in United States. Labels are attributed to standardized monetary aggregates.
- A legacy aggregate known as M3 which further included time deposits.