Therefore, for the Chinese economy, foreign trade is still primary (in the earliest stages of economic interaction between countries), and export FDI stimulates foreign trade afterwards.

REFERENCES:

1. Britannica Money / International trade [Electronic resource]. – Mode of access: https://www.britannica.com/money/international-trade. – Date of access: 15.03.2024.
2. International Monetary Fund [Electronic resource]. – Mode of access: https://www.imf.org/en/Home. – Date of access: 18.03.2024.
3. Investopedia / Foreign direct investment [Electronic resource]. – Mode of access: https://www.investopedia.com/terms/f/fdi.asp. – Date of access: 20.03.2024.

Aala Abhinaya
Science tutor *Dr Shantanu Ray Chaudhuri*
Lovely Professional University (Jalandhar)

AN EMPIRICAL ANALYSIS OF INFLATION DYNAMICS IN INDIA

The topic of inflation is extensively studied in the field of economics due to its various severe consequences. A highly debated subject across the world pertains to identifying the factors that determine inflation rates [1]. India's inflation has been impacted by various factors, including wars, agricultural failures, fiscal shortfalls, and public debt. The introduction of the New Economic Policy in the 1990s facilitated private enterprise access to previously controlled sectors, which helped to stabilize pricing and establish a foundation for all-round development. However, the shift from past practices initially contributed to local inflation, which continued to linger until the mid-1990s, occasionally surging into double digits. The global financial crisis of 2008 unleashed another wave of inflation in India, which was accompanied by a slowdown in economic growth, threatening to raise the levels of unemployment, external debt, and other financial crises. An inflation rate exceeding 6per cent constrains GDP growth and reduces general economic activity [2]. In India, inflation arises primarily due to imbalances in economic drivers, namely demand-side and supply-side factors, future inflation expectations, and market mechanisms [2]. From 2006 to 2013, demand-pull inflation occurred as a result of rapid economic growth, amplified government spending on infrastructure and social welfare programs, and the expansion of the middle class. To tackle this issue, the Reserve Bank of India executed monetary policy measures, while the government concentrated on implementing structural reforms to enhance the supply of commodities and services in the economy. Between 2007 and 2014, cost-push inflation emerged, primarily attributable to escalating food and oil prices and the government's crop support price promotion policies. In response, monetary policy measures were enforced once again, and the government persisted in its pursuit of structural reforms to augment the supply side of the economy [3].

Annual secondary data from 1989-1990 to 2021-2022 collected for various variables, including inflation rate, monetary growth rate, price index, consumer price index, food price index, oil prices, and exchange rates. Exchange rate data will be sourced from the World Bank, while M3 growth rate data obtained from the FRED database and collected WPI and CPI data, food and oil prices from the World Bank. This study aimed to examine the compositional shift in inflation-determining factors and the diminishing effectiveness of monetary policy in controlling recent inflation surges in India. Employing Vector Autoregression (VAR) and Vector Error Correction Model (VECM), the study analysed the dynamic interactions among multiple time series variables, with VAR capturing interdependencies and VECM distinguishing short-term fluctuations from long-term equilibrium adjustments. Annual secondary data from 2015-2016 to 2021-2022, sourced from the World Bank and Federal Reserve Economic Data (FRED), were used to analyze key variables such as the inflation rate, monetary growth rate (M3), consumer price index (CPI), food price index, oil prices, and exchange rate. The study employed STL Decomposition for seasonality adjustment and the Hodrick-Prescott filter to reveal underlying trends. Descriptive statistics provided insights into the data's central tendency, dispersion, and shape. The Augmented Dickey-Fuller (ADF) test checked for stationarity, and the Akaike Information Criterion (AIC) determined optimal lag length. The Johansen Co-integration Test assessed long-term relationships, while VAR and VECM models analysed the dynamics of inflation-determining factors and the effectiveness of monetary policy. Residual analysis and Granger causality tests further validated the models and assessed the causal relationship between monetary policy and inflation. The study aimed to provide a comprehensive analysis of inflation dynamics and monetary policy effectiveness in India during the specified period.

In conclusion, the examination of inflation-determining factors reveals a complex interplay between supply-side and demand-side dynamics over the studied period. This underscores the necessity for policymakers to maintain flexibility and adaptability in response to evolving economic conditions. Furthermore, the analysis of monetary policy effectiveness in controlling inflation suggests a nuanced scenario in India from 2015-17 to 2021-22. While monetary policy measures may have been influenced by factors like credible communication from the central bank and supportive macroeconomic conditions, challenges such as supply-side shocks and structural constraints may have tempered their impact. However, the successful containment of inflation during this period also underscores the importance of complementary fiscal policy measures. Therefore, a comprehensive approach integrating both monetary and fiscal policy interventions emerge as crucial for effectively managing inflation in India. Policymakers must continue to monitor and adjust their strategies to navigate the dynamic economic landscape and ensure price stability in the future.

REFERENCES:

1. Kemal, M. A. (2006). Is inflation in Pakistan a monetary phenomenon? The Pakistan Development Review, 213-220.

2. Sarin, V. (2021). Inflation and economic growth an analysis since 1991 [Electronic resource]. – Mode of access: http://hdl.handle.net/10603/371583.

3. Reserve Bank of India. (2018). Handbook of Statistics on Indian Economy. Reserve Bank of India.

Gourav Bareja, Shamily Jaggi
Science tutor *Dr. Shamily Jaggi*
Lovely Professional University (Phagwara, India)

A STUDY OF PERCEIVED VALUE FACTORS ON CONTINUED USE AND PURCHASE INTENTION IN MOBILE GAMES AMONG INDIAN GAMERS

A number of studies have been conducted in a few parts of the Globe identifying the Impact of Perceived Value factors on the continued use intention purchase behavior of the gamers. The Purpose of this study is to study the impact of two important Perceived value factors i.e. Enjoyment Value and Social Value on the continued use intention and Purchase Behavior of the Gamers with the mediating role of Gamers Type in India.

Perceived value Factors i.e. Enjoyment Value and Social value were taken for the purpose of study. The study took into account youth of age 16-24 for the purpose of the study. Data was collected from 800 respondents selected from PAN India. The data collection was based upon the reports published by Lumikai (India's First Gaming and Interactive Media Venture Capitalist) and MPL. States and Cities with Higher number of Gamers was targeted for the purpose of Data Collection. Structure Equation Modelling using Smart PLS4 was applied on a sample of 256 respondents.

The study suggested that Enjoyment Value and Social Value plays a very crucial role in the association with the game and thus the user becomes a continues player and gradually with the development of this habit the free user then gets converted into the paying one. The results in context to both the perceived value factors were different from each other. While in case of enjoyment value there is a positive and significant relation between enjoyment value and continued use intention but there is negative relation between enjoyment value and purchase behavior. While when we talk about the Social Value it positively affects the continued use intention and purchase intention.

India stands in top three in terms of number of mobile gamers while in terms of revenue making from mobile games we are not even in top 10. And for every company free users are necessary for operations but for long run survival the conversion from free to the paid version is very much necessary. So, the present study will definitely help the companies having a new outlook about the money-making factors.

REFERENCES:

1. India's top cities for mobile games experience [Electronic resource]. – Mode of access: https://www.opensignal.com/2020/10/20/indias-top-cities-for-mobile-games-experience.
2. India's gaming market hit $2.6 billion in FY22 and is projected to reach $8.6 billion in FY27 [Electronic resource]. – Mode of access: https://www.lumikai.com.