

## ABSTRACT

The first develop country New Zealand was adopt inflation targeting policy in 1990 for controlling price level and stable inflation and get success from that policy. After the adoption of several developed countries of inflation targeting strategy then different emerging economies move toward that policy because of great outcomes of inflation targeting. In this research want to assess credibility of inflation targeting policy of central bank in emerging economies and credibility impact on GDP growth. Analysis of credibility of inflation targeting in selected eight emerging economies Brazil, Chile, Czech Republic, Mexico, Philippines, South Africa, South Korea, Poland and almost adopt inflation targeting policy and adoption year almost same in that emerging economies. For analysis of credibility quarterly data used from 2000Q1 to 2023Q1 and check credibility impact on GDP growth annual data used from 2000 to 2022 for eight emerging economies. The variables used in this research as given, inflation, inflation target with tolerance interval, expected inflation, GDP per capita growth, credibility of inflation targeting and control variables. The econometric techniques are used in this research for credibility time varying credibility index proposed, OLS and for impact of credibility on GDP growth panel dynamic model and pooled mean group (Pesaran) used. The results of this research are elaborate that credibility has important role to control inflation and inflation expectation converge to target. The credibility of inflation targeting has long run positive and significant relation to GDP growth. Overall suggest this research that inflation targeting policy is a very good policy for control inflation and achieve economic stability but required with that policy time consistency with commitment of transparency of central bank and political role.

Keywords: Inflation, Inflation expectations, Inflation targets with tolerance interval, Credibility of inflation targeting, GDP growth