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Currency devolution its impact rate and exchange rate

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Abstract: This paper indicates the Indian currency depreciation against the dollar. The data for the study were collected and compiled from the RBI Website and Bulletin. In this paper the currency growth, foreign investment and macroeconomic studied. For the study required data were collected from various journals and magazines. The study concluded that the exchange rate in Indian currency was highly depreciation of Post-liberalization period and also its impact on the Indian economy. So, in order to Indian government take necessary step in to introduce new economic policy to switch over this scenario. We discussed also the term of currency devolution.

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Key words: Rupee Depreciation, Indian Currency growth between pre and post Liberalization, Exchange Rate, Inflation, Interest Rate, External

Introduction: Devaluation of Indian Rupee taken place 3 times since 1947. In 1947 the exchange rate was 1 USD to 1 INR but today we have to spend 66 INR to buy a USD. Devaluation means reduction in the external value of the domestic currency while internal value of the domestic currency remains constant. A country goes for devaluation of its currency to correct its adverse Balance of Payment (BOP). If a country is experiencing an adverse Balance of Payment (BOP) situation then it has to devalue its currency so that its export gets cheaper and import became costlier.

In such a situation one has to pay more than before to get units of foreign currency. This fall takes place in the market and on its own. Market determined exchange rate serves the purpose of aligning the domestic economy with the world economy was the price route. As consequences the domestic price gets linked up with those of the world price. With the liberalizations and globalization of the economy in recent years, imports are bound to increase. The lessening of restrictions on imports and lowering of tariff on imports which the economic reform implies, an increase in imports has in fact taken place. Again with trade has become an important element of the new strategy of growth.

The price of Indian rupees in comparison to USD

On the behalf of above fig. we can say that the price of Indian rupees falls year by year since 1990 to 2018. In this way we can say that if the price of Indian rupees falls down day by day than the value of Indian market increase day bay day.