

Q. With most of the western world in a difficult Economic space, India has a tremendous opportunity to surge ahead. Explain.

→ India there is steady erosion of the rupee to the dollar. Even as oil prices have gone up and down.

→ Forex value determined by external developments like Quantitative tightening and Quantitative easing.

Issue

→ Inflows/outflows of FPI money impact the rupee value. The dollar is the global reserve currency and therefore there is a flight to dollar in times of uncertainty and this will keep the dollar strong.

→ Rupee is performing relatively better than a basket of the other currencies.

Impact

→ ↳ The drain on import bill of oil will come down.

20% reduction in
Price of fuel

→ Annual stimulus of ₹ 1 lakh crore.

↓
Consumption of
other Goods.

→ ↳ Imported fertilizers can be pulled back.

→ ↳ India's GDP in dollar terms will be at least 25% higher.

↳ Export

↳ we should remember that even when the rupee was trading around ₹60 to dollar, there exporters performing good.

↳ we need a concerted plan of action, making use of expectations about the rupee dollar exchange rate.

↳ Need of the hour

↳ Plan to strengthen rupee quickly.

↳ plan for reduction in oil consumption and imports and elimination of waste.

↳ target zero growth in time by encouraging alternative fuels as well as conservation of oil.

↳ Bring exports together, including export labour and present a more healthy state of the foreign exchange inflow into the country.

↳ Attract Forex to the country; Exports, FDI inflows, tourism earning etc.

↳ Attract diaspora funds. → Bond-India-Bonds

↳ Eliminate wasteful imports that can be easily produced locally.