Research paper on dollar vs rupee

This paper is conceptual study based on Indian Rupee Fluctuation VS. Dollar ND relationship in terms of Rupee appreciation that is dollar depreciation and rupee depreciation that is dollar appreciation. It provides valuable insights into impact of changes in currency relations on various sectors of economy keeping in focus economy in general and Indian economy in particular. Pros and Cons of currency appreciation and depreciation are studied as boon and bane for the economic growth. Keywords: Appreciation, Rupee Fluctuation, Depreciation, Rupee-Dollar.

Induction The rupee has depreciated by more than 18 percent since May 2011, moreover with The rupee breaching the 53 dollar mark, profit margins of nannies that import commodities or components would come under severe pressure, which could result in price increases for the consumer. The rupee depreciation will particularly hit the industrial sector and put higher pressure on their costs as items like oil, imported coal, metals and minerals, imported industrial intermediate products all are getting affected.

Although the prices of most of the imported commodities have fallen, the depreciating rupee has meant that the importer gets no respite as they need to pay more to purchase the same quantity of raw materials. The depreciating rupee loud keep the price of imported commodities elevated. Thus the industrial sector is bound to get adversely hit the appreciating rupee is posing a unique set of challenges for the Indian economy. The impact would not be limited to macro economy alone but it will also affect down to the level of firms under various sections of economy.

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Pros and Cons of currency appreciation and depreciation are studied as boon and bane for the economic growth. It also provides suggestions or steps needed to control as well as to overcome leftists of excessive fluctuations between rupee and dollar keeping in view current trends. Related Literature Ever since the advent of the ARCH model by Engle (1982), research on the remission mechanism of volatility between various segments of the financial market has been fast advancing. The application of ARCH and its generalized form, I. E. GARTH has advanced rapidly in examining volatility transmission among stock markets. Studies on volatility transmission based on low-frequency foreign exchange data are, however, relatively sparse. The initial application of GARTH model to the foreign exchange market could be traced back to the works of Dibbled and Nerves (1989). They employed a vector autoregressive (VARY) model as a basis for the variance decomposition f forecast error variances in order to measure the magnitude of return and volatility spillovers in the foreign exchange market.