MELTING OF INDIAN RUPEE

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ABSTRACT
Since Independence in 1947, India has faced three major financial crises and consequent devaluations of the rupee in these periods. These crises were in 1966 and 1991 and now in 2012-13, all these periods have similar causes, impacts and implications… India's financial markets have been caught in the vortex of the East Asian economic meltdown. The Indian rupee fell to all-time lows against the US dollar and the British pound. At the same time, a downward slide over several weeks in Indian stock values turned into a rout. This article focuses on the recent depreciation of the Indian rupee. We will try to study the concerns of a country facing depreciating currency, the factors that led to this depreciation and the measures government can take to stabilize the situation. Most importantly we will see if global economic uncertainty rides over all the other domestic factors to determine strength of a currency especially in developing economies. This paper covers the trend of Indian Rupee and its exchange rate against us $ historically, the concept of devaluation, the causes and the steps taken by government on the major devaluations, that took place in India and the real implications of the depreciation of the rupee on the Indian economy

KEYWORDS: Devaluation, Economic crises, Current account deficit, Inflation, Capital flows, Forex reserves, foreign direct investment, External Commercial borrowings