

**VOLATILITY OF INDIAN RUPEE: CAUSES AND IMPACT ON
INDIAN ECONOMY**

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ABSTRACT

The volatility of the rupee has recently emerged as a contentious economic issue in India. The continued decline in rupee value in past few months has substantial impact on the Indian economy. A huge decline has been seen in the worth of rupee i.e., almost 10% depreciation this year. The rupee has plummeted multiple times over the past year and on 7 October 2022; it recorded its all-time low of 82.80 per dollar. The Indian economy has impacted both favourably and adversely as a consequence of rupee volatility, but the negative consequences are so tremendous that they overshadow all that are positive ones and leaving only the adverse aspects visible. Our economy that has been already facing a significant deficit of current and fiscal account was further negatively impacted by the frequent rupee volatility. The RBI and the Indian government should require to make numerous strict and critical actions in order to retrace it back on the correct path and to promote maximum stability. This study highlights several possible reasons behind this volatility as well as its potential solutions and impacts on economy.

KEYWORDS: Exchange Rate, Rupee Volatility, Current Account Deficit, Oil Prices.

Jel Classification Codes: F3, F21, F32.

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