

India looks at expanding ₹ trade to make currency stronger

AGENCIES

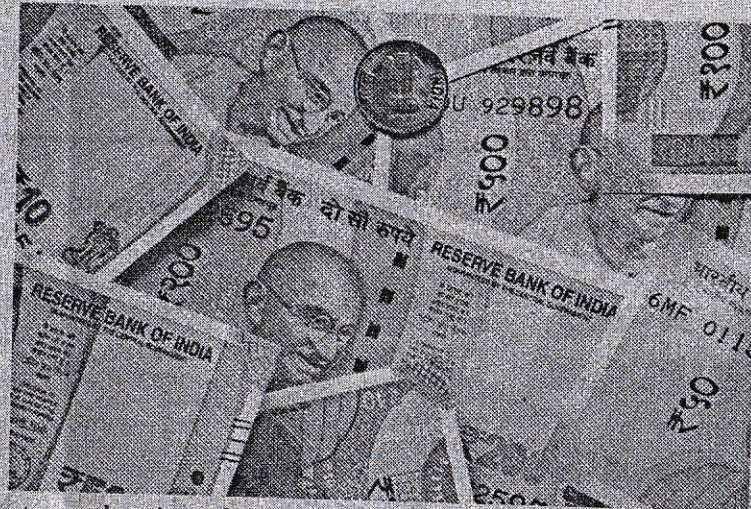
NEW DELHI, 21 DECEMBER

India, which has already been in talks with Russia for a rupee-rouble payment system, is now looking at expanding the rupee trade with other nations as well, including several countries in Africa, UAE and Saudi Arabia among others.

Besides cash-starved Sri Lanka is also likely to start using the Indian currency for bilateral trade.

An analyst working for an industry body noted that as many countries look at setting up alternative supply chains in India, there is an "openness in accepting the rupee trade."

Expanded trading in rupees will help India to reduce dependence on its foreign exchange reserves and even help in boosting the balance of payments position and



strengthening the fundamentals of the economy.

The exercise will also strengthen the rupee and internationalise it while reducing the impact of exchange rate fluctuations on the economy.

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has already started taking appropriate steps to make the rupee more acceptable internationally," a government insider told India Narrative. He added that there are a few issues which have come up and those need to be resolved for a smooth deal.

Ashwani Mahajan, nation-

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al co-convenor of Swadeshi Jagran Manch added that India must also take up the issue of rupee trade with countries with which it is looking at inking trade agreements.

"This issue is a serious one, we must move fast on internationalising the rupee not just with countries which are dollar deficient like Sri Lanka or Bangladesh but even with those that share cordial ties with New Delhi," Mahajan said.

Meanwhile, China has already started putting in measures to internalise its

currency renminbi (RMB).

The People's Bank of China, the country's central bank, stated earlier that it will look at ways to expand the use of renminbi globally for trade and even cross border investments.

According to China Daily, Zhou Maohua, an analyst at China Everbright Bank said that the renminbi's accelerated internationalization is reflected by its lifted weighting in the International Monetary Fund's Special Drawing Rights currency basket, which became effective in May.