



# Rupee as a Global Currency: Opportunities and Challenges

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## **Abstract:**

This study investigates the potential of de-dollarization and the rise of the Indian Rupee (INR) as a global currency. It assesses the benefits and drawbacks of promoting the INR in international financial and commercial transactions to reduce India's reliance on the US dollar. The research explores ways to improve INR circulation, examines revenue trends in currency swapping, and evaluates trade agreements that encourage the use of alternative currencies. By analyzing primary data from financial experts and secondary data on economic indicators, the study aims to provide insights into policy options and economic ramifications for enhancing the INR's international reputation and promoting financial resilience.

## **Introduction:**

De-dollarization refers to a country's efforts to reduce its reliance on the US dollar in international trade and financial transactions. This involves promoting the use of alternative currencies, establishing bilateral or multilateral agreements, and diversifying capital reserves. The concept has gained traction due to the evolving global economic environment and shifting power dynamics. De-dollarization is driven by a combination of political, strategic, and economic factors. Economically, it aims to mitigate the risks associated with the dominance of a single currency and reduce vulnerability to US dollar fluctuations. Politically, it reflects a desire for greater autonomy and independence from the United States, challenging established power structures. Strategically, it can enhance national security by shielding countries from economic sanctions and financial warfare.

Historical precedents for de-dollarization exist, but recent developments have accelerated the trend. The 2008 global financial crisis exposed the vulnerabilities of a dollar-dominated economy, eroding trust in the US dollar's stability. The rise of emerging powers like Russia and China has also fueled demands for a more multipolar global order, questioning the long-standing supremacy of the United States. The motivations for de-dollarization vary across nations, with a primary driver being the reduction of exposure to US dollar-related risks, such as currency volatility and the impact of US monetary policy decisions. Countries also seek to diversify their currency reserves to mitigate the potential negative consequences of a declining dollar. Furthermore, using alternative currencies in foreign investment and trade can lower transaction costs and improve economic efficiency.

De-dollarization presents both opportunities and challenges. It can enhance financial stability by reducing systemic risks associated with a single currency's dominance. It can also strengthen the resilience of the global financial system and foster greater economic cooperation among nations. However, de-dollarization also poses significant challenges, particularly in terms of international coordination and collaboration. Establishing alternative payment and clearing systems requires substantial financial investment and infrastructure development. Moreover, the potential fragmentation of the global financial system could lead to increased volatility and uncertainty. De-dollarization is likely to reshape the global power structure, marking a significant shift in the global economic landscape. Understanding the terminology and conceptual underpinnings of de-dollarization is crucial for comprehending its impact on the world financial system and geopolitical environment.

**Problem statement:**

The growing trend of de-dollarization and the search for alternative currencies in global trade present both opportunities and challenges for emerging economies like India. Despite India's expanding economic influence, the Indian Rupee (INR) has yet to achieve significant global adoption. The reliance on the US dollar for trade settlements, limited international acceptance of the INR, and geopolitical factors hinder its potential as a global currency.

**Significance of the study:**

This study investigates the impact of reducing dollar reliance on strengthening the INR and evaluates whether strategic de-dollarization efforts can enhance India's financial autonomy. Specifically, the research aims to:

- Analyse how the Indian Rupee's success in international commerce and finance relates to its decreased reliance on the dollar.
- Perform a study comparing the Indian rupee to other currencies used in developing economies, such as the Chinese Yuan, to assess their potential in replacing the US dollar.
- Analyze the role of transformational leadership in financial policymaking to promote INR usage in global markets, including cross-border trade, investment flows, and foreign reserves.
- Evaluate the effectiveness of Quality-Value-Allowance (QVA)-driven strategies in facilitating INR internationalization.

**Objectives of the study:**

The study's overarching goal is to assess the potential benefits and drawbacks of promoting the Indian Rupee in international financial and commercial transactions as a means of decreasing India's dependency on the US dollar. It looks at ways to improve the flow of Indian rupees, examines income trends in currency swapping, and assesses trade agreements that encourage the use of other currencies. In order to improve the Indian Rupee's reputation internationally and promote financial resilience, the research looks at policy options and economic ramifications.

- To reduce Dollar Reliance for Indian Rupee Strengthening: The major goal is to raise the value of

the Indian rupee by stressing the significance of decreasing reliance on the US currency. This aim underscores the potential benefits of transitioning to a more diversified currency portfolio in international transactions.

➤ To facilitate Indian Rupee Circulation: Finding measures to make it easier for the Indian rupee to circulate as a medium of exchange in international transactions is the main emphasis of this purpose. It aims to explore strategies to increase the acceptance of the Indian rupee among various nations.

➤ To analyze Revenue Patterns in Currency Replacement: By studying revenue patterns in sectors where the Indian rupee could replace the US dollar, this aim seeks to provide insights into the potential economic gains that can arise from currency substitution.

➤ To evaluate Trade Engagements for Local Currency Support: This aim involves analyzing recent trade engagements and agreements of India with different countries to assess the potential support for promoting trade involving local currencies. It aims to explore opportunities for collaborative efforts to drive de-dollarization.

### **Scope of the study:**

The purpose of this research is to study the effect of de-dollarization on strengthening the Indian Rupee (INR) and to discuss strategic measures that need to be taken to increase its global acceptance. The study will analyze whether the reduction of dollar dependency can help India gain greater financial independence and economic stability, while it also examines the role of transformational leadership in financial policymaking. Comparative analysis of INR with other emerging market currencies, such as the Chinese Yuan, will be carried out in order to find their potentiality in replacing US dollar in the international trade. The study also discusses the ability of QVA-driven strategies to promote INR internationalization

### **The literature review:**

#### **Historical evolution of the INR:**

(Dr & Kaur, 2018) analyzed the history of the Indian Rupee from 1947 to the present. Over the last seventy years, the value of the Indian rupee has dropped by a factor of 68 relative to the dollar. The study aims to focus on the complex journey of Indian currency after independence. Numerous geopolitical and monetary developments have shaped its evolution during the last 70 years. This article also seeks to examine the implications of the rupee after independence when it adopted a fixed exchange rate currency system. Despite significant financial crises and two successive depreciations of the rupee in 1966 and 1991, the government was compelled to remove restrictions on its currency. Several reforms were implemented regarding current account transactions (including trade, interest payments, remittances, and certain capital transactions), resulting in the introduction of partial convertibility of the rupee in 1992, thereby enhancing the country's credit rating and reputation in the international community.

(Bansal & Singh, 2020) explored the historical background of Indian currency from the Mughal, British, and present-day periods. In particular, the article discusses the Paper Currency Act of 1861, which allowed the British

to issue notes in India. The Queen Victoria arrangement note was introduced in 1861, with Rs. 10, 20, 50, 100, and 1,000. The Portrait of Victoria arrangement was removed in 1867 to counter fraud. During World War I, the British introduced the Rs. 1 note in 1917. The Lord's representation arrangement began in 1923 with Rs. 10, and a number of notes were issued up to 1935, when the Reserve Bank of India was founded.

India is experiencing a transformational era with the emergence of virtual currencies, making it crucial to study the development and evolution of the Indian Banknote. (Khangar & Dua, 2021) provided insight into the evolution of currency notes, allowing for the development of more secure and convenient systems. Paper money continues to reign supreme in most financial transactions in India, even if digital currencies are making inroads into the market. Circulation of banknotes to GDP is steadily increasing, nearing the level before demonetisation, according to the Reserve Bank of India. Therefore, studying the Banknote of India is essential for understanding financial transactions in India.

The Indian rupee as global trade currency:

(Acharya & Vij, 2021) assert that macroprudential measures restricting capital flows may mitigate risks associated with corporate foreign currency borrowing in developing economies. Our analysis of extensive Indian firm-level data shows that the likelihood of a company issuing foreign currency debt rises as the gap between US and India short-term interest rates widens, suggesting a more profitable dollar "carry trade"; this trend is impacted by the time after the global financial crisis. As governments impose more stringent interest-rate constraints on borrowing foreign currency, the positive link between issuing and the 'carry trade' declines. Borrowers with greater risk, including importers and those facing elevated interest expenses, significantly reduced their issuance. Corporate stock exposure to foreign currency risk increased after issuance under advantageous financing circumstances and external sectors were left vulnerable during the 2013 'taper tantrum.' Macroprudential policy measures that restrict capital flows may mitigate this impact, as shown during the market turmoil caused by the COVID-19 epidemic.

(Coquidé et al., 2023) At their April 2023 meeting, Brazil and China suggested the idea of a BRICS-backed trade currency. The US dollar, the euro, and a made-up BRICS currency were all analysed using a mathematical model to determine their relative effect. By analysing trade flows and the proportional importance of each country in global international commerce, the model was able to calculate the trade preference of each country. For the euro, nine member states of the Eurozone came together; for the dollar, five member states of the Anglo-Saxon world came together; and for the new currency, five member states of the BRICS came together. As far back as 2012, the findings revealed that 58 percent of nations would have chosen to trade in BRICS currency, 23 percent in euro, and 19 percent in US dollar. This suggests a favourable prospect for the dominance of the BRICS currency in international trade.

(Chamoso et al., 2019) discussed the use of social computing in airports to simplify currency exchange processes for people of all nationalities. The proposed system, based on a Multi- Agent System (MAS), improves user interaction and ensures fast and secure operations. A case study at Sydney airport with Global Exchange showed a Net Promoter Score of 29.81, indicating customer satisfaction. The system increased currency exchange operations by 34% and reduced service time by 73.67% on average.

(Sanati, 2022) To facilitate global commerce amid an imprecise settlement system encountered by Russia, the RBI has permitted the invoicing and settlement of exports and imports in rupees. As the Russian Central Bank is hit hard by US sanctions, the shift into INR settlement is a prudent strategy to safeguard commercial transactions with Russia and to assess market sentiment. The internationalization of a currency necessitates an increase in commercial transactions conducted in that currency. Consequently, due to the war and the pandemic-induced vulnerabilities in supply chains, the United States and its allies' transition towards friend-shoring in global commerce may significantly influence the future settlement of transactions among BRICS and other Asian nations via INR settlement.

(Banerjee, 2023) concentrated on the notion of monetary power within the global economy. Specifically, how India, a country with unparalleled economic potential and aspirations to become a global powerhouse, may leverage its resources, namely the Indian Rupee and its financial system, to establish and exercise monetary influence within global economic frameworks. The global power dynamics are swiftly changing, allowing for several emerging participants. Consequently, India has a much larger role to assume in the global political economy. This policy paper will provide a theoretical and empirical framework for India to enhance its monetary strength and ascend within global power systems.

### **Countries leading the de-dollarization movement:**

(Wagdi et al., 2023) discussed the shift from the US dollar as the primary currency for oil trade and the global monetary system, focusing on AOPEC countries' views on the petrodollar. The global oil market is prepared to leave the petrodollar, according to the study, which surveyed academics and professionals in Arab oil-exporting nations using an Arabic questionnaire. The study estimates that it will take three to five years to fully unload more than half of the market. In an effort to weaken the United States' grip on the international monetary system, Russia and China have joined forces, with the US imposing a Russian oil price cap as a risk. Meanwhile, currency diversification policies are being adopted by oil-exporting countries to preserve their revenues and reduce risks of imported inflation and US dollar fluctuations.

(Gouvea & Gutierrez, 2023) The international economy has been rocked by a cascade of unanticipated geopolitical and economic repercussions as a result of Western sanctions on Russia and China in response to the Russia-Ukraine conflict. It has helped set up a new multipolar global economic and geopolitical framework, which has brought about the "ideal global economic and geopolitical storms," such as the renewed effort to replace the US dollar as the leading reserve currency in the world. This article examines the primary ramifications of a novel global economic and political framework, whereby the U.S. dollar will assume a diminished position in international economic and financial markets.

(Magash, 2024) For a long time, the US dollar has been the unofficial ruler of international finance, serving as both a reserve currency and the basis for international trade and investment. Brazil, Russia, India, China, and South Africa (BRICS) pose a growing challenge to this dominance, according to recent events. These nations make up a large chunk of the world's population and gross domestic product (GDP), may significantly impact

the global economy via their shift towards de-dollarization. This article analysed the reasons, procedures, and prospective implications of BRICS' initiatives to diminish dependence on the US currency, assessing its effects on international commerce, financial markets, and geopolitical dynamics.

(Waxing & Avoidance, 1991) explored the concept of de-dollarization in China, focusing on monetary diversifications and mutual interest between emerging economies. The political and commerce processes in China deviate from the typical predatory capitalist system of monopoly and unilateralism. According to the article, China wants to diversify its currency, become a commercial powerhouse, and undermine the dollar via innovative business deals. In order to structure methods to reduce reliance on the dollar in the global financial and economic system, the article argues that periphery economies must be more integrated via mutual cooperation organizations. The paper suggests that China's international trade policy should not be limited to BRICS Plus or the Belt and Road Initiative, but should involve a variety of economic partnerships formed by emergent economies.

### **De-Dollarization trends:**

Extant research has provided insight into the phenomenon of de-dollarization in cross-border payments. Many previous efforts to de-dollarize have been studied by researchers; also considered were geopolitical issues, worries about the US economy, and attempts to strengthen regional economic cooperation as drivers of de-dollarization tendencies. Another topic that academics have argued over is the relevance of the de-dollarization movement. Some see de-dollarization as a major trend that may eventually cause a multipolar international monetary system and put pressure on the US dollar's hegemony. However, there are many who believe that de-dollarization is more of a myth and that the US dollar will continue to dominate for various reasons. These include the large and liquid US financial markets, the international transactions that involve the dollar, and the lack of viable alternatives.

For example, (Moralyska, 2023) looked at the Euro and how it could have affected the US dollar's supremacy. This review scientific paper's objective is to examine the primary methodological stances on the green transition, with a particular focus on the EU's green transition's fairness. This study's methodology comprises a systematic approach, descriptive and comparative analysis, and desk research based on analysis and synthesis. The study's main conclusion is that, in spite of the many policy documents, rules, and suggestions, there is currently no thorough methodology to assess the fairness of the EU's green transition. More investigation is required to determine the accuracy of the indicators that must be created and for which statistical data must be gathered. The author offers insight into this little-known subject, which will have a significant short-term effect on social Europe.

When a nation starts using a foreign currency as its legal money, it is known as dollarization. In order to successfully reverse financial dollarization, (Levy-Yeyati, 2003) contended that a two-pronged strategy is required, which consists of: i) modifying the prudential framework to address the externalities that tend to favour financial dollarization by underpricing real exchange rate risk, and ii) creating domestic markets for local currency substitutes in order to lessen the impact of the currency switch on the domestic cost of funds.

The primary features of these two elements are covered in the article, along with the range of possible policies

in each situation.

The currency in question is usually the US dollar. Alternatively, the term "de-dollarization" describes the process of shifting focus away from the US dollar and towards other currencies. Sources indicate that there is a worldwide movement away from the US dollar and towards other currencies, which is known as de-dollarization (Galindo & Leiderman, 2005).

Numerous publications address the main stylised facts of the region's dollarization and dedollarization (Narlikar, 2005). One of these sources emphasises the dangers of de-dollarization. Concerns are specifically expressed about the possible loss of seigniorage income and the efficacy of monetary policy in a dollarised economy. (Lebedeva & Shkuropadska, 2023) analysed the reasons for and economic ramifications of the EU's monetary policy shift, which has been manifested via modifications to the instruments used by the European Central Bank (ECB). To do this, the descriptive analytical approach was used. Based on the findings, the European Central Bank raised interest rates primarily to bring core inflation rates down. The Pandemic Emergency Purchase Program and similar asset purchase activities, which have increased liquidity growth in the past, have been terminated, the ECB increased the refinancing

rate from 0.5% to 2.5% in 2022. Notwithstanding these modifications, forward guidance has remained a valuable instrument for informing the public and financial markets about the direction of monetary policy going ahead. The analysis concludes that a variety of economic sectors are likely to be impacted by the move towards contractionary monetary policy, with higher borrowing costs possibly resulting in less investment and slower rates of economic growth.

(Platonova, 2019), another source, highlights the significance of regulatory and preventative actions and recommends the creation of financial products intended to protect against currency risk. The essay is on outlining the benefits and drawbacks of Southern Europe's collaboration with the Belt and Road Initiative, the actual tools China has at its disposal for this endeavour, and the reasons for Brussels' stance. The authors have exposed the key BRI potential for Southern European nations as well as the true risks of this kind of collaboration, demonstrating that the risks Brussels fears are not the same as the actual ones.

Furthermore, the research (Bocola & Lorenzoni, 2020) emphasised the need of expanding the domestic financial markets for local currency assets and progressively extending their maturity. In developing countries, a factor that adds to financial instability is foreign currency debt. They proposed a theory in which liability dollarization arises from an insurance motive of domestic savers. When investing in local currency, savers want a higher risk premium since depreciations are linked to financial crises. This factor raises the cost of debt denominated in a country's currency and pushes borrowers towards issuing debt denominated in foreign currencies. Supporting borrowers after the fact will lessen the impact of the crisis on savers' income, which will decrease their need for insurance. Surprisingly, it can also lessen the ex-ante incentives to borrow foreign currency.

### **Challenges to de-dollarization:**

Challenges may arise from companies used to the dollar's dominance, as well as from short- term instability and currency rate swings. Asian, European, and Latin American nations are making concerted efforts to reduce the dominance of the US dollar in international investment and trade, which is fuelling the de-dollarization movement. An important step in this direction is the deal that Brazil and China have reached to settle their commerce in their respective currencies, demonstrating a conscious attempt to wean themselves off of the US currency. This change is also seen in the continuing debates concerning the introduction of a new currency inside the BRICS framework. Even digital assets like Bitcoin are becoming viable alternatives in this environment of currency diversification, offering more ways to lessen reliance on the US dollar. The intricate dynamics of currency diversification are highlighted by the difficulties that nations face when they investigate various options, such as possible dangers including increased sovereign risks and the potential for a decline in their global credit rating (Otero- Iglesias, 2012).

The BRICS countries' (Brazil, Russia, India, China, and South Africa) cautious approach to the launch of a new currency is indicative of the many difficulties involved in such a big project. The August 2023 BRICS meeting's decision-making process most likely entailed a careful analysis of a number of variables. Scholarly publications that

concentrate on the weaponization of the US dollar and the abuse of economic sanctions, such those by (Drezner, 2021), (Tsouloufas & Rochat, 2023), and (Drezner et al., 2021), provide in-depth understandings of the intricacies and consequences associated with these behaviours. These variables include a wide variety of topics, such as divergent economic strategies, geopolitical influences, and the challenging process of creating an institutional and legal foundation for a new currency. The difficulties that the BRICS countries are facing are complicated and highlight how difficult it will be to move away from a single global reserve currency.

In his analysis of the US dollar payment system's design and political implications, (Faudot, 2018) emphasises how it affects international financial and political trends. Nevertheless, the current dollar standard may be used as a tool for political standardisation and by the issuing country to consolidate its payment system via central-bank money emissions. By focussing on the dollar's asymmetrical character and dependence on a domestic payment system rather than a genuinely global one, this article highlights the shortcomings of the dollar payment system.

De-dollarization is examined by (Gouvea & Gutierrez, 2023) as a revolutionary phenomenon with implications for international political and economic systems. Similar to this, (M. B. Saaida, 2023) provided insights into international relations by analysing the geopolitical ramifications of BRICS countries' attempts to lessen their dependency on the US currency. Speculation over how the BRICS countries' decision to abandon the US dollar would influence international relations and diplomacy. The BRICS countries are working to reduce their dependence on the US dollar in global business and finance, and one possible next step is to create their own currency. South Africa, Brazil, Russia, India, and China make up the BRICS group. The action may cause the BRICS nations to become more economically independent and sovereign, which might change the balance of power in the global system. But there are also possible hazards and difficulties associated with it, such as heightened rivalry and hostility with the US and even disputes among the BRICS nations over how to handle the new currency. The action may result in increased political collaboration between the BRICS nations and the creation of a group that opposes Western powers' hegemony in world politics. However, the BRICS nations' capacity to work together efficiently and control the risks and difficulties involved in establishing a new currency while navigating any possible political ramifications on the global scene will determine whether or not this initiative is successful.

While (Burova et al., 2021), investigated the connection between dollarization, financial stability issues, and monetary policy, (Aqeeq et al., 2023) investigated how emerging nations' policy regimes influence the financial structure to support a future with economically and ecologically sustainable energy. In order to investigate the policy and investment dynamics of utility-scale solar (USS) as well as Based on the example of USS integration in Pakistan, they discuss its impacts on economic progress. To eliminate misunderstandings, criticism, and information asymmetry, we first dissect, contrast, and evaluate the national regulator's PPA model, assumptions, and input parameters. They then use project-level modelling to estimate PPA/LCOE for 130 districts nationwide. According to this research, USS can produce power in more than 50 districts for less than 4 USc/kWh, and a low PPA price of 3.30 USc/kWh is feasible. By modifying the financing structure (cost, percentage, and loan tenor), we also explain the potential lowering of PPA pricing. Lastly, they highlight solutions and policy imperatives to

support sustainable economic growth. Two methods emerged from our analysis:

(i) de-dollarization by means of regional financial development as well as (ii) efficient use of resources by means of policy de-risking. Researchers looked at the nation's ability to generate money at home and found other financial development players, mechanisms, and opportunities. The findings of this study pave the way for other studies to examine the interplay of policy, financial resources, and economic development.

In the framework of the Belt and Road Initiative, (Joshua & Joshua, 2019) talk about de-dollarization and the interdependence of international financial systems. The current state of the world's financial system, together with the goals and functioning of reserve currencies and exchange rates on a global scale, are investigated in depth. The financial crisis of 2008–2009 is considered a precursor to these shifts in this regard. Financial institutions will ultimately adjust to the new multipolar global system; it has become clear. We have looked at the RMB's internationalisation and the dollar's decline alongside China's currency rate management. A worldwide reserve currency must be independent of any one nation's economic circumstances. The global financial system may ultimately undergo other changes as a result of the BRI. Lastly, an explanation of the present worldwide shift in economic power is provided.

Furthermore, (Gallagher & Papa, 2023) The Rising Power Alliances project researched Power and Deterrence, Global Order: The Changing Definitions and Compositions of Global Alliances/Coalitions for the Minerva Research Initiative. Under Area Studies, the project examines the political, military, and social climates of growing regional powers and their impacts on regional stability; under Global Order, it delves into the factors influencing the ability of states to influence, interact, collaborate, and compete with one another in order to accomplish national-level goals. For a long time, people have assumed that the global governance infrastructure is a breeding ground for new powers and that the institutions lead by the United States would be able to weather any storms that may come their way. Brazilian, Russian, Indian, Chinese, and South African (BRICS) nations are forming revisionist alliances and developing new institutions or a rival system, endangering USA's position as a world leader. Already, this shifting global landscape is having an effect on American security interests and making Americans nervous that they may face unfamiliar valid global rules it did not create. The ability to analyse increasing power alliances and their ramifications has been restricted by the extremes of the discussion, which either envisions a new Cold War or ignores them. We lack theoretical and empirical frameworks that account for emerging countries' alliance strategies and their intricate interconnections.

(Y. Chen, 2023) complemented more general viewpoints by focussing on Russia's involvement within BRICS Plus. Economic sanctions were levied on Russia by the US and EU in response to the events in Ukraine. Russia issued the "ruble settlement order" and carried out the wave of de-dollarization in foreign exchange reserves, settlement fields, and methods for clearing, so that the Russian financial industry is not affected by the US currency. As a result, the rest of society was impacted by this paradigm. Using regression analysis, this research evaluates the US dollar's position on the global stage by looking at the proportion of US dollars held in reserves across the globe. It

then analyses asset substitution and Russia's de-dollarization policy to determine the degree to which the country has dollarised its economy. Although Russia's de-dollarization strategy won't soon displace the US dollar as the world's leading currency, it will damage the dollar's credibility in the realm of foreign exchange reserves and boost the RMB's visibility abroad. It offers guidelines for nations all around the globe to dedollarize.

Lastly, (Y. Li, 2023) offered a thorough examination of the forces behind, patterns in, and future possibilities of de-dollarization. Over the last eight decades, it is becoming increasingly obvious that the dollar is becoming the dominant currency and that the United States' economic influence in the global economy is dwindling. Overreliance on the dollar hurts emerging nations. The recent weaponization of the dollar and payment clearance system has prompted national states and enterprise-wide efforts to reconsider the dollar's function sparked the greatest de-dollarization movement in the Middle East, Latin America, and Southeast Asia. BRICS and commodities exporters have pioneered de-dollarization in many ways. There are several obstacles to serious de-dollarization. Although progress has been made, de-dollarization attempts have been modest. Foreign exchange reserve diversification and trade invoicing have reduced overreliance on the dollar as shown by Foreign exchange reserves assigned to the dollar have been declining, whereas trade invoiced and conducted in other currencies have been rising. Areas requiring a huge financial market and network, such payment processing, foreign exchange transactions, and debt issuance, have not seen a drop in the value of the dollar. The BRICS should lead de-dollarization efforts to restructure the worldwide financial system.

### **Methodology:**

#### **Research design for primary data:**

The research design serves as the essential foundation for executing a scientific investigation. It offers a framework that assists the researcher in addressing the research questions and evaluating hypotheses. This procedure includes making decisions about many elements, including the study's objective, site, instruments, and the extent of data processing. study design is a detailed framework delineating the essential procedures for doing the study. All elements of the study are rationally and cohesively interconnected to properly tackle the research challenge. A precisely designed study design is essential for every research endeavour, and every stage must be rigorously adhered to throughout the research process.

(USD) as a worldwide trade currency. A total of 200 participants will be included in the research; they will be chosen by stratified random selection to guarantee variety among financial and economics specialists. The following important factors will be studied using structured surveys: the perception of INR as a foreign exchange alternative to the US dollar; its usage in the import of commodities such as crude oil, gold, coal, diamonds, and petroleum gas; and its role in the payment of exports. Along with the development of a shared currency via BRICS and its impact on de-dollarization, the research will also look at the liberalisation of INR trading and the issuing of national bonds. The study will also examine the implications of using INR for imports and export payments on its value, as well as the impact of replacing USD with INR on India's economic growth. We will also assess the results

of sovereign bond policies and trade liberalisation involving the Indian rupee, as well as the BRICS single currency's influence on de-dollarization and the rupee's value. In order to get insight into how these elements collectively affect the adoption of INR in international commerce and its ability to threaten the USD's supremacy, SPSS will be used for data analysis. Pearson's correlation test will be utilised to investigate correlations between these variables.

#### **Data collection for primary:**

In the study on De-Dollarization and the Emergence of Indian Rupee as a Global Currency, primary data gathering will involve surveying a sample size of 200 people. The participants will include of government officials, central bank representatives, multinational businesses, financial experts, Indian exporters and importers, and foreign merchants engaged in global commerce. Data will be gathered via structured surveys and interviews, focussing on how participants feel about the de-dollarization process, the potential of the Indian Rupee as a global currency, and how the rupee is currently used in international trade. The Indian Rupee's future in international markets, the challenges of moving away from the US Dollar, and the pragmatic aspects of currency adoption may all be better understood with the help of these original sources. The gathered data will augment the secondary data from international organisations, governmental papers, and financial publications to provide a thorough study.

#### **Research design for secondary data:**

This quantitative study uses secondary data gathered between 2000 and 2023 to examine De-Dollarization and the rise of the Indian rupee as a worldwide currency. Examining the Indian Rupee's prospects as a substitute for the US dollar in cross-border transactions, the research seeks to provide useful insights into the changing dynamics of international commerce and currency markets. The study utilises regression analysis to investigate critical economic indicators affecting the global acceptance of the Indian Rupee, including Trade Balance (USD Billion), Exports (USD Billion), Imports (USD Billion), Forex Reserves (USD Billion), Forex Interventions (USD Billion), and exchange rates such as INR/USD, INR/EUR, and INR/CNY. In order to assess the impact on de-dollarization and the increasing worldwide use of the Indian Rupee, these elements will be investigated. SPSS software will be used for data analysis to discern trends, correlations, and causes among these variables.

#### **Data collection for secondary:**

The study uses secondary data from 2000 to 2023 to analyse de-dollarization and the rise of the Indian Rupee as a worldwide currency. A number of national and international agencies, such as the Reserve Bank of India (RBI), the World Bank, the International Monetary Fund (IMF), as well as the Bank for International Settlements (BIS), have produced publications that will provide the data needed for the study. Furthermore, information from governmental publications, trade and economic reports, financial journals, and magazines will be used to analyse developments in currency reserves, international trade settlements, and bilateral agreements that advocate the utilisation of the Indian Rupee. This extensive data collecting method guarantees a thorough evaluation of worldwide currency preferences, exchange rate fluctuations, and policy changes affecting the de-dollarization

process, offering substantial information on the future of the Indian Rupee as a worldwide currency.

### Results:

The research aimed to answer questions about the Indian Rupee's (INR) possible function as a trade currency and its impact on de-dollarization; the results, based on secondary and primary data, were presented in the results chapter. Regression analysis was used to accomplish this. A structured survey was used to gather data from 200 participants, comprising financial experts, economists, policymakers, and professionals from the banking, trade, and academic sectors. With such a diverse pool of respondents, we get a full picture of how this shift in international commerce may affect India's GDP development and the possibility that the INR could eventually supplant the USD. Literature reviews, economic studies, policy papers, and trade figures sourced from throughout the world were among the secondary sources used to supplement the main data. This established a contextual framework for the study, supporting the interpretation of empirical findings from statistical analyses. Regression analysis was performed to evaluate the hypotheses and derive significant insights. It is feasible to assess whether the relationship among key factors influencing the adoption of INR as a trade currency is likely to impact economic growth and currency valuation. Analysis encompasses multiple domains, including the potential for INR to supplant USD and its feasibility; the role of INR in import and export sectors; the implications of INR trading liberalisation; sovereign bond issuance; and BRICS initiatives related to de-dollarization.

S. No	Factors	N	Mean	Std. Deviation
1	Perception of INR as a Trade Substitute for USD	200	3.7388	0.71122
2	Feasibility of INR Replacing USD in Global Trade	200	3.9238	0.68141
3	Use of INR for Importing Crude Oil, Gold, Coal, Diamonds, and Petroleum Gas	200	3.7588	0.69156
4	Use of INR for Export Payments	200	3.9638	0.70283
5	Liberalization of INR Trading and Issuance of Sovereign Bonds	200	3.7350	0.69755
6	Promotion of Common Currency through BRICS and its Effect on De-Dollarization	200	3.6988	0.69424
7	Possibility of INR Replacing USD in Trade	200	3.5038	0.69568
8	Impact of INR Replacing USD on Indian Economic Expansion	200	3.6925	0.74124
9	Impact of INR Usage for Imports on Its Value	200	3.7588	0.69156
10	Effect of INR Usage in Export Payments on Its Value	200	3.9638	0.70283
11	Effect of INR Trading Liberalization and Sovereign Bonds on INR Value	200	3.7800	0.63234
12	Effect of BRICS Common Currency on De-Dollarization and INR Value	200	3.8863	0.70790
	Valid N (listwise)	200		

### Discussion:

**From primary data analysis:** The research indicates a significant correlation between the feasibility of substituting the US dollar with the Indian rupee (INR) in foreign trade and India's prospective economic progress. Promoting the INR as a global currency and reducing reliance on the US dollar could lead to increased financial

stability, lower exchange rate risks, and improved trade competitiveness. While the study suggests that de-dollarization may boost India's GDP, the success of this shift depends on macroeconomic stability, policy changes, global acceptance of the INR, and a methodical, gradual strategy.

**From secondary data analysis:** The findings suggest that the INR can play a significant role in global trade, particularly in regions with strong economic ties to India, provided that robust trade agreements and regulatory reforms are implemented. The adoption of the INR in international trade could foster greater global financial integration by mitigating foreign exchange risks, enhancing trade stability, and bolstering India's economy. Furthermore, using the INR for importing essential commodities and for export payments may appreciate the value of the Indian rupee, improve India's trade balance, and reduce reliance on the US dollar. The issuance of sovereign bonds, liberalization of trading in the INR, and promotion of a common currency through regional organizations like BRICS can further enhance the value and acceptance of the INR, contributing to de-dollarization efforts and strengthening India's financial independence.

### **Conclusion:**

The study's findings suggest that the Indian Rupee (INR) has the potential to serve as a viable alternative to the US Dollar in international trade, provided that appropriate financial policies and trade agreements are implemented. Regression analyses demonstrate a positive correlation between the perception of INR as a trade substitute and its potential to replace USD, indicating that increased confidence and global acceptance of INR would enhance its standing in international trade. The use of INR in strategic imports, such as crude oil, gold, and petroleum gas, is identified as a method to enhance the value of INR in international markets, while payments derived from exports would contribute to a more stable balance of international accounts and enhance the global acceptability of the INR.

Furthermore, the research indicates that the liberalization of INR trading and the issuance of sovereign bonds may significantly enhance the value of the INR. Positive policy measures, such as enhanced convertibility and the promotion of the Indian Rupee in foreign exchange markets, are crucial for establishing it as a more viable global currency. Regional cooperation and trade blocs, such as BRICS, can also play a role in diminishing dependence on the USD. While the results show strong potential for INR to become a widely accepted global currency, factors such as worldwide acceptability, policy frameworks, currency rate volatility, and macroeconomic stability require careful attention.

In conclusion, the study underscores the importance of de-dollarization and the increased utilization of INR in international trade as a significant transformative economic opportunity for India. The analysis reveals that the Indian Rupee has a strong correlation with other major currencies, such as the Euro and the Chinese Yuan, indicating a shift in international transactions toward the use of INR. The study's findings support the idea that the Indian Rupee may boost India's economy if used as a replacement for the US dollar in international trade. Future initiatives must focus on enhancing INR liquidity within global forex markets, reinforcing bilateral trade agreements, and cultivating international confidence in INR as a stable trade currency to guarantee its sustainable global adoption.

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