



Institute of  
Management Technology  
Nagpur



# REPORT

**Guest Lecture By-**

**Mr. Ritesh Kumar Singh**  
**General Manager & Group Economist**  
**Raymond Limited**

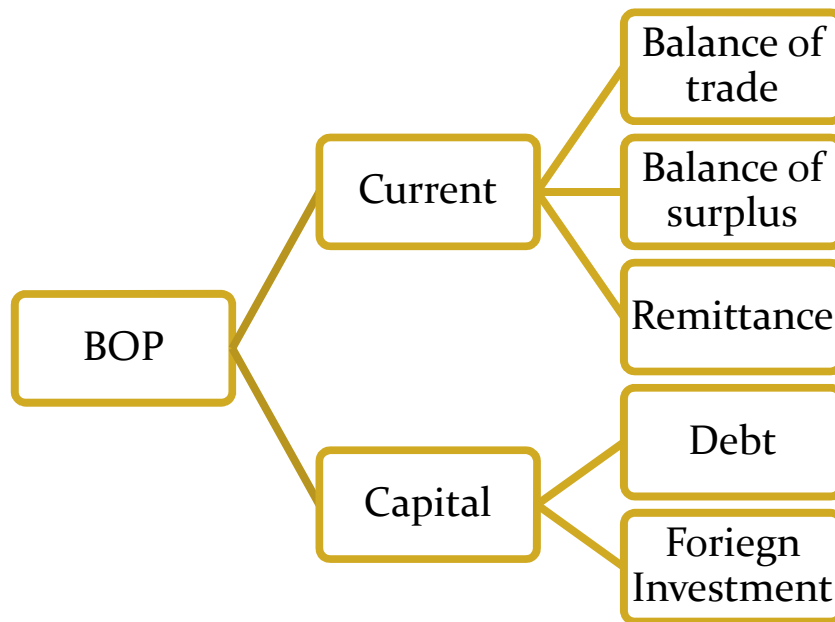
Kindly find below the profile and short write up on the guest lecture delivered by Mr. **Ritesh Kumar Singh** on the topic **India's Currency Dilemma-A Stronger or a Weaker Rupee** on **22nd October, 2015** as part of CIC Guest Lectures.

### PROFILE:

- General Manager & Group Economist - Raymond Limited
- Group Trade Economist – Aditya Birla Group
- Assistant Director-13th Finance Commission, Dept. of Economic Affairs, Ministry of Finance, India
- Research Officer (Economics) Cab Sect. Govt. of India

### SUMMARY OF THE LECTURE:

Mr. Ritesh Kumar Singh is presently working as General Manager & Group Economist - Raymond Limited. The session commenced with Pallavi B. introducing the guest Mr. Ritesh Kumar Singh. The guest was felicitated by Dr. Gajavelli V S. The stage was handed over to Mr. Ritesh Kumar Singh, who began with the topic - **India's Currency Dilemma-A Stronger or a Weaker Rupee**. He started explaining about what is Balance of Payment.



**Fig.1.Types of Balance Of Payment(BOP)**

He explained how exchange rate is determined basically by Law of Supply in USD and Law of Demand in USD. Since Indian currency is not convertible, the whole trade depends on USD. He elaborated on how and what is causing the deficits in our country, how we need to cater to export, through which the money can be earned and the cost of production can be reduced. How too much dependant on export means contributing more to the other economy to do well.

Then, he continued with explaining about the impact of Rupee Exchange rate on:

### **Exports**

- Compositional change in India's export basket from the dominance of traditional price elastic goods to income elastic goods. Thus, a much higher depreciation of rupee needed to boost India's export. Also, importers start to ask for discount of rupee if its weakened which erodes any competitive advantage which export have.
- Competitive devaluation: Rupee depreciation may not work in every country as each country is trying the currency devaluation route to capture an increasing share of sluggish global demand. Hence export argument is not very strong.

### **External Debt Management**

Better rated Indian company are going for cheaper foreign currency loans. RBI data ECBs from march 2014 to march 2015 increased by 32%-This is 38% of India's total outstanding external debt.

### **Impact on Imports.**

- He stated that India as a country and India inc as a whole are net exporters-thus a stronger rupee will keep the cost of imports like crude oil, edible oil, electronics etc-lower.
- He explained us how stronger rupee keeps fuels and fertilizer bills under check and how it hurts MSMEs and hence stronger rupee is nothing but anti-poor.
- He continued saying that import parity pricing of inputs is the prevalent norm since import duties are not as high as it used to be pre-reformed era. Thus, whether we use imported goods or not, our input cost will be determined by what would be the cost of their import substitute.
- He added how domestic businesses are safeguarded by lowering rupee through cheaper imports.

### **Impact of Inflation Management.**

The guest added here that inflation is more anti poor than it is anti rich. It reduces the real purchasing power of the poor and encourages the income and standard of living.

He concluded the session by saying that Stronger Rupee will help India in keeping import bills under control when exports are not showing any sign of recovery, which partly may be because of competitive devaluation of the currencies of India's export competitors. He added that India's export is suffering from internal and external factors that need to be tackled urgently such as poor trade facilitation regime and increasing import trade barriers erected by importing countries.

The formal vote of thanks was delivered by Divya George and the guest was thanked and a memento was presented by Dr. Gajavelli V S.

Here are the glimpses of successfully conducted guest lecture by Mr Ritesh Kumar Singh:



Mr. Ritesh Kumar Singh delivering the lecture to student managers



Dr.Gajavelli V S presenting memento to Mr.Ritesh Kumar Singh



Dr. Gajavelli V S thanking the guest.