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## Transaction in Money as Rupee is Demand of Present Time : Its effect on Nationl as well as International

ORIGINAL ARTICLE



**Author**

**Niraj Dayal Singh**  
University Law College  
Vinoba Bhawe University,  
Hazaribag, Jharkhand, INDIA

### Abstract

*CBDC will provide convenience with security in all transaction. There are several models proposed by technology experts and evangelists on how the digital rupee could be transacted but a formal announcement by Reserve Bank of India will likely detail how the digital rupee will be transacted. one chief difference will be that a digital rupee transaction will be instantaneous as opposed to the current digital payment experience. Some economist view is that this trade in rupees will be successful in only those countries where export and import is equal. But this system will how does work if there will be balance of payment remains ? Govt. of India will make regional groups such as forming a reserve money system with BRIKS, due to this connected member countries will trade in cordial currencies. It is undoubted that with the successful application of this system*

*international transaction scenario will be in dynamic change. This system has main aim is not to devalue international money (such as Dollar or Pound) but to initiate Indian rupee as better transaction media (unit) in global market. It is demand of time that Indian as well as International market should open wider options to expand cordial market. In various type of financial resources of international trade, Indian rupees should be more liberal, generous and reliable which can easily accessible in global trade. For this it is essential for Indian rupee to establish strong foreign money market.*

### Key Words

*Dollar, Rupees, International Transaction, Export, Import, RBI, Currency.*

### Introduction

CBDC (Central Bank Digital Currency) is a legal tender issued by a Central bank in a digital form. It is similar to a fiat currency issued in paper and interchangeable with any other fiat currency recent reports of IMF indicates that global economy is moving towards global recession. Important currencies of world are getting weak due to perennial strength of dollar. Various countries foreign monetary deposit decreasing due to which global growth rate becoming slow day by day. World's geopolitical condition is changing due to changes in economic scenario (paridrishya). Govt. of India is seriously thinking about the effect of dollar on changing global economic conditions, Govt. is starting steps to reduce the dependency on dollar. RBI has announced that exporter and importer can trade in rupees also.

## Objective

The main aim of this scheme is to enhance the participation of Indian rupees in world trade and reduce world trade dependency in dollar. RBI has developed a system in which mutual transfer in rupees, in this both export and import's price and challan will be in rupees. CBDC goal is to provide user with convenience and security of digital as well as the regulated Reserve Bank circulation of the traditional banking system.

## Methodology

By observing the trends in trading in national as well as international transactions, online and offline transaction methods benefit and loss. Its causes, effect and remedial tendencies can make CBDC acceptable to all. For this attainment of primary along with secondary data of bank and e-wallets.

In money market there are three big trends:

1. Diverse forms of money- data, digital goods CBDCs.
2. Technology overlay on physical events like shopping dating sports.
3. Building sustainability in to all products and solutions developed.

Master cards innovated a cloud point of sale technology whose adoption is led by small merchants in India and its learning have been applied globally. This product moves key parts of the acceptance software – the component that enable processing of contactless transactions like a digital khata and it functions as an online store front. In 2017 credit card debit card cheque draft and mobile wallet etc all transaction was up to 22% but after 5 years according to aci world wide in March 2021 India's total digital transaction during a year was 2550Cr which make it global leader in this. 2<sup>nd</sup> was China with 1570 Cr S. Korea 3<sup>rd</sup> with 600 Cr America is on 9<sup>th</sup> with 120Cr. India is followed by many countries in terms of digital transaction as UPI, Bhim, Rupay etc. Digital money has many utilities. RBI has propagated digital money because it is low on cost in print and minting 2<sup>nd</sup> in low cost it can be provided to any corner of country or world with negligible transaction cost 3<sup>rd</sup> it can be transacted to distant far rural area where electricity and internet facilities are unavailable means it can be offline transaction easily without smart phone. Pilferage or loss of money has less chance it make transaction reliable and transparent. (Source CBDC – Central Bank Digital Currency ) According to World Economic Forum in more than 100 Countries are initiating strategy to allow Govt. controlled digital currency. China has already announced that from 2023 digital currency of Yen will be permissible. European unions 27 countries are also working to start common digital currency. South African countries are ahead in this they have already provided digital currency to its inhabitants.

In the rapid changing economic system of world many countries are unwillingly pressurised to trade in dollar, even India's 86% trade is in dollar. Since Indian import is more than export India needs more dollar for trade. During April to September 2022 India import was 378.53 Arab dollar and export was 229.5 Arab dollar. To establish status of rupee in relation to dollar RBI has spend more than 50 Arab dollar. Most of international trade happens in dollar and all of countries busy in maintaining stability in exchange rate. America has raised its interest rate with the help of Federal Reserve to control mahengai, due to it world's wealth flow is towards America, due to this dollar becoming more stronger. To control or reduce the power of dollar Govt. of India has taken right major step at right time. The decision to trade in rupees is on the such a time when major countries of world are facing problem of scarcity in Foreign Exchange (Foreign Money) and problem of financial transaction. Initiatives of trade in rupees by Govt. of India will sort out the problem of exchange rate fluctuations in this circumstances. This will reduce the problem of such Indian exporters whose payment was strucked due to war. It will be helpful for India to make trade relations with Iran and Russia who are victim of trade restrictions and isolation by America. With starting of trade in rupees whole world will accept it more frequently and economic status of India will also improve globally. Various countries specially Maldeev, Sri Lanka, South eastern Asian countries, African and Latin American Countries has given their acceptance to trade in Indian rupees its all due to successful initiation of Indian foreign ministry. Russia is

eagerly happy to trade with India in rupees. Action has initiated in trade with Rupees – Riyal, Rupees- Rubal, Rupees – Takka. Indian economy will be directly benefitted if all payment will be in rupees with these countries. Sri Lanka's economic status is not good therefore he is also ready to trade in rupees. In forthcoming days rupees will be certainly establishes its good recognition globally.

## Conclusion

Continuous reform in money market is necessarily require to maintain and update time to time for the establishment of good banking sector. In this CBDC will play a significant role. When Indian economy was a closed economy during previous century's ninty decades foreign money was scarce and dollar was God. With the change on time Russia and China has made an example in front of us that economy can be on the path of progress without dollar also. It can be hoped that Indian rupees will be stable and strong in comparison to other currencies of world. Size of Indian economy should be enlarged only then we can establish Indian rupees as global transaction unit. India should extend its economy as manufacturing hub then Indian rupee will be widely demanded. Expansion of trade and investment in rupee will enhance the value of rupees by the use of CBDC, which will create a new dimension of Indian rupees in global trade.

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