



De-Dollarization and its Impact on India

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Abstract-

The US dollar has dominated the global financial system since the end of World War II when the Bretton-Wood twins were created with the help of petrol-exporting countries. The US has virtually captured the world market by the mid-70s. They have dominated since then, and this has given rise to continuous tension between the US and growing superpowers like China and Russia. Since the start of Russian aggression over Ukraine, global support for Ukraine against Russia has given a new debate on De-dollarization.

De-dollarization is gaining momentum. It is inevitable, especially among emerging markets and BRICS nations like India, driven by the desire for greater economic independence and reduced vulnerability to U.S. dollar fluctuations. Geopolitical tensions and the instability of global financial systems have accelerated the push for alternative currencies and payment mechanisms. India, by increasing the use of local currencies and diversifying its foreign reserves, aims to reduce its reliance on the U.S. dollar and strengthen its financial autonomy. Although challenges like liquidity issues remain, this strategy aligns with broader global trends toward a more multipolar and resilient economic system.

Introduction:

The US dollar has dominated the global financial system since the end of World War II when the Bretton-Wood twins were created with the help of petrol-exporting countries. The US has virtually captured the world market by the mid-70s. They have dominated since then, and this has given rise to continuous tension between the US and growing superpowers like China and Russia. Since the start of Russian aggression over Ukraine, global support for Ukraine against Russia has given a new debate on De-dollarization.

De-dollarization is a process of reducing reliance on the US dollar as the primary currency for international trade and financial transactions. This trend involves countries shifting towards using their currencies or other alternative currencies for trade and investment.

For decades, the US dollar has held a dominant position in the global financial system. Its status as the **world's primary reserve currency** has provided the United States with significant economic and geopolitical advantages. Dollarization is happening due to a combination of factors:

Geopolitical Tensions:

- **Sanctions and Economic Warfare:** The use of sanctions by the US against other countries has highlighted the risks of relying heavily on the dollar. Countries are seeking to reduce their vulnerability to such measures.
- **Strategic Competition:** The rising geopolitical rivalry between the US and China is driving countries to diversify their economic relationships and reduce dependence on the dollar.

Economic Concerns:

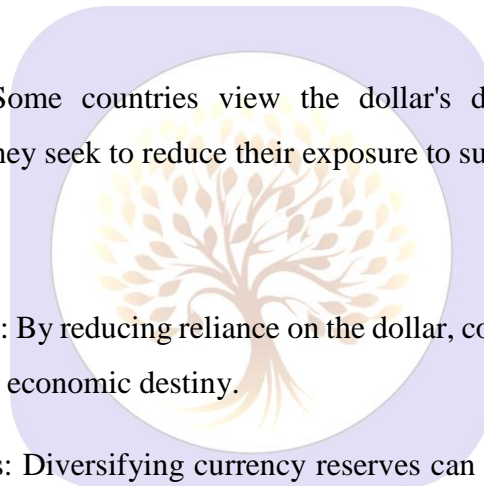
- **Inflationary Pressures:** The US Federal Reserve's monetary policies can have significant global implications, including inflationary pressures in other countries. De-dollarization can help mitigate these effects.
- **Currency Manipulation:** Some countries view the dollar's dominance as a tool for currency manipulation by the US. They seek to reduce their exposure to such risks.

Financial Independence:

- **Sovereign Monetary Policy:** By reducing reliance on the dollar, countries can gain greater control over their monetary policies and economic destiny.
- **Diversification of Reserves:** Diversifying currency reserves can help reduce risk and protect against potential losses.

Technological Advancements:

- **Alternative Payment Systems:** The development of alternative payment systems, such as China's UnionPay, is challenging the dominance of the US-dominated SWIFT system.
- **Cryptocurrencies:** While still in their early stages, cryptocurrencies offer the potential to disrupt traditional financial systems and reduce reliance on the dollar.



Literature Review:

De-dollarization is the process of continuous reduction of the dominance of the U.S. dollar in global trade, finance, and reserves. This phenomenon has gained traction as countries aim to reduce reliance on the dollar due to geopolitical tensions, economic sanctions, and the risks

associated with a dollar-centric financial system. Based on such concerns, here are some research papers presented which establish that de-dollarization is inevitable and global economy is hunting for an alternative for the US Dollar so that they can de-risk themselves

Nelson, M. Rebecca; Sutter, M. Karen; 2021 in their paper “**De-Dollarization Efforts in China and Russia**” highlights efforts by China and Russia to reduce reliance on the U.S. dollar, mainly to counter sanctions and seek greater economic autonomy. Both countries are promoting alternatives like the Chinese yuan and digital currencies. However, despite these efforts, the U.S. dollar remains dominant globally. The report discusses the ongoing shift in global financial power dynamics and potential long-term implications for U.S. influence in international markets.

Zongyuan, Zoe Liu, and Mihaela, Papa, 2022 in their paper “*Can BRICS De-dollarize the Global Financial System?*”, offers a detailed analysis of de-dollarization efforts by BRICS nations (Brazil, Russia, India, China, and South Africa). The authors propose a “Pathways to De-dollarization” framework to explore how BRICS members aim to reduce dependence on the US dollar and bypass associated risks, such as currency volatility and US sanctions. The study highlights two primary strategies pursued by BRICS nations:

1. **Go-it-alone strategies:** These involve establishing independent institutions and market mechanisms, such as the New Development Bank (NDB), promoting local currencies for trade, and exploring alternatives like a BRICS digital currency. Examples include China’s yuan oil futures contracts and Russia’s cross-border messaging systems.
2. **Reform-the-status-quo strategies:** These aim to renegotiate rules within existing global financial systems, advocating for more diverse currency representation and reforms in organizations like the IMF.

Huleppa, Talwar; 2023 in his paper “**The Statuses of Dollarization in the Indian Economy**” examines the de-dollarization trend, particularly its impact on the Indian economy. It highlights India's efforts, such as introducing rupee-based trade settlements with other countries, especially Russia. The paper discusses global de-dollarization trends, geopolitical motivations, and the challenges India faces, including the non-convertibility of its currency and dependence on foreign direct investments. It also explores potential alternatives like digital currencies and barter systems. The conclusion emphasizes the complexity of moving away from the U.S. dollar and the need for diversified currency markets.

Charles, Ani Ken; 2023 in his paper, ” **De-Dollarization: Implications for the Global Economy - The Risks and Costs of Weaponizing the Dollar**” , the US dollar's dominance, which has been leveraged in international policy for economic control, notably through sanctions. This "weaponization" of the dollar has led some countries to explore alternatives like the Chinese yuan. The shift away from the dollar (de-dollarization) could weaken the US's economic power and alter global financial stability. While the dollar's dominance offers geopolitical leverage, its misuse may prompt significant risks, as nations seek to reduce dependence on it for their own financial security. This shift challenges US dominance in global finance, weakening its geopolitical influence and potentially creating instability in the global economy. The risks include undermining trust in the dollar and diminishing the US's ability to manage international economic policy.

Thiagarajan, Ramu; Lacaille, F Richard; Hurd, Aaron; Metcalfe, Michael, and Im, Hanbin, 2023 in their research work “**De-dollarization: Is US Dollar Dominance Dented?**” explore the economic, geopolitical, and technological dimensions of De Dollarization, reflecting a growing interest in reducing global reliance on the U.S. dollar. Key studies highlight the historical dominance of the dollar, reinforced by its widespread use in trade, financial markets,

and central bank reserves. Research emphasizes the geopolitical motivations for de-dollarization, particularly in response to U.S. sanctions and trade policies, with countries like China and Russia leading efforts to assert financial independence. Central banks are diversifying reserves into other currencies and gold, while bilateral trade agreements and regional mechanisms are gaining traction. Emerging technologies, including central bank digital currencies (CBDCs), offer promising alternatives to dollar-based systems.

AM, Ravindran; 2023 in his article, “**Dedollarisation in action: Nations seek to reduce dependence on the dollar**” argues that the trend of dedollarization is gaining momentum as countries increasingly seek to reduce their dependence on the U.S. dollar in international trade and finance. Nations like China and Russia are leading efforts to bypass the dollar by promoting the use of local currencies in trade agreements, such as yuan-based settlements in China's global trade and India-Russia energy deals conducted in rupees. These moves are driven by a desire to mitigate risks associated with U.S. monetary policies and sanctions, particularly amid heightened geopolitical tensions. In Asia, China’s push to internationalize the yuan is complemented by India’s efforts to establish rupee-based trade systems, while in Europe, nations like France and Germany are advocating for a stronger role for the euro. Meanwhile, emerging markets in the Global South are pursuing financial sovereignty by diversifying reserves and adopting alternative payment systems like Russia’s SPFS and China’s CIPS, reflecting a broader push towards a multipolar global financial order.

Sachdeva, Sugandha; 2023, in her article, ” **De-dollarisation: The eroding dominance of the US Dollar**”, reflects that De-dollarisation is a global trend where nations aim to reduce their reliance on the U.S. dollar, driven by growing concerns about the U.S. monetary policy, geopolitical tensions, and the increasing adoption of alternative currencies. The dollar’s historical dominance as the world's primary reserve currency has granted the United States significant economic and geopolitical leverage. However, actions such as aggressive

monetary easing, sanctions, and weaponization of the dollar in international disputes have led countries to see

greater financial independence. Key players in this movement include China, Russia, and the BRICS nations, which are promoting local currencies for trade and diversifying reserves. For instance, China is boosting the yuan's use in global transactions, and Russia has turned to non-dollar trade with allies. Simultaneously, emerging economies are exploring central bank digital currencies (CBDCs) to facilitate cross-border trade without depending on the dollar. While the dollar remains dominant due to its liquidity and trust, the shift to a more multipolar financial order suggests that the era of unquestioned dollar supremacy may be fading. This change has profound implications for global markets, the U.S. economy, and international financial stability.

Rajah, Prabha; 2024 in his research “**The Impact of Dedollarization on Financial Markets**” explores how countries reducing reliance on the U.S. dollar are reshaping global finance. This "de-dollarization" trend, led by major economies like China and Russia, could alter trade dynamics, financial market stability, and the role of the U.S. in global economics. It examines the shift to alternative currencies and the implications of a multipolar world for international finance.

Saaida, Mohammad; 2024, authored a paper “**BRICS Plus: de-dollarization and global power shifts in new economic landscape**” which explores the growing influence of BRICS Plus in the global economy, focusing on its efforts to reduce reliance on the U.S. dollar. It discusses how this movement is challenging the dominance of the dollar and reshaping the global financial landscape. The rise of emerging economies within BRICS Plus signals a shift toward a multipolar world order, which could reduce U.S. influence in international trade and geopolitics. The article underscores the broader implications for economic governance and global power dynamics.

Su, Xianfang, and Chen, Meixia, 2024 in their paper “**Financial connectedness in BRICS: Quantile effects and BRICS SUMMIT impacts**” published in the **The North American Journal of Economics and Finance** discussed financial interconnectedness and risk transmission among BRICS countries. It finds that financial contagion is stronger during crises, with Russia acting as a risk transmitter and India as a risk receiver. The study uses dynamic factor models and quantile variance decomposition to assess risk under various market conditions. It also investigates the impact of the BRICS Summit on increasing financial linkages, suggesting that the summit has contributed to both enhanced cooperation and heightened financial risk contagion.

Jörg, Mayer; 2024 in his research named “**De-Dollarization, the Global Payment Infrastructure, and Wholesale Central Bank Digital Currencies**” explains the shift from reliance on the U.S. dollar in global financial systems. It highlights how this shift is impacting global payment infrastructure and the rise of wholesale central bank digital currencies (CBDCs). The move to de-dollarization aims to diversify financial systems, reduce dependency on the U.S. dollar, and improve financial sovereignty for countries, though it brings challenges in terms of infrastructure and coordination.

Singh, Ram; Chaudhary, Aaqib; Kumar, Mahender, 2024 in their paper “**Exploring India’s Central Bank Quest for De-Dollarization**” explores the landscapes of de-dollarization in response to the shifting global geo-economic landscape and the impact of economic sanctions, India is actively exploring alternatives to the US dollar for international trade and financial transactions. The country's rising geo-strategic influence has prompted efforts to promote the Indian Rupee (INR) as a settlement currency for global trade, aiming to bypass sanctions and reduce dependence on the dollar. Key initiatives include encouraging trade in INR, leveraging digital platforms like the Unified Payments Interface (UPI) for international transactions, and exploring digital currencies to protect national interests. However, challenges to the INR's internationalization remain, such as the need for stronger economic fundamentals and the dollar's entrenched dominance in global markets. While India's de-dollarization efforts align with a broader global trend, achieving widespread adoption of the INR will likely face significant obstacles in the near term, limiting its potential impact without further economic reforms and infrastructure development.

Research Gap:

While current efforts by the Reserve Bank of India (RBI) aim to reduce reliance on the US dollar in trade and reserves, comprehensive empirical analyses are lacking, particularly in comparing India’s strategies with those of other nations like China and Russia. Additionally, sectoral impacts of de-dollarization—such as its influence on trade, export dynamics, financial systems, and payment infrastructure—remain underexplored. The ripple effects of these policies on global financial systems, including shifts in geopolitical alignments and systemic trust in the Indian Rupee, also demand further study. Moreover, evaluating the effectiveness of RBI’s policies, including challenges like liquidity constraints or stakeholder adoption, could provide insights into their real-world impact. Finally, examining how businesses and financial institutions adapt to non-dollar settlements, alongside shifts in investor confidence, could reveal crucial behavioral and market dynamics. Addressing these gaps could significantly advance understanding of the opportunities and challenges in India’s journey toward de-dollarization.

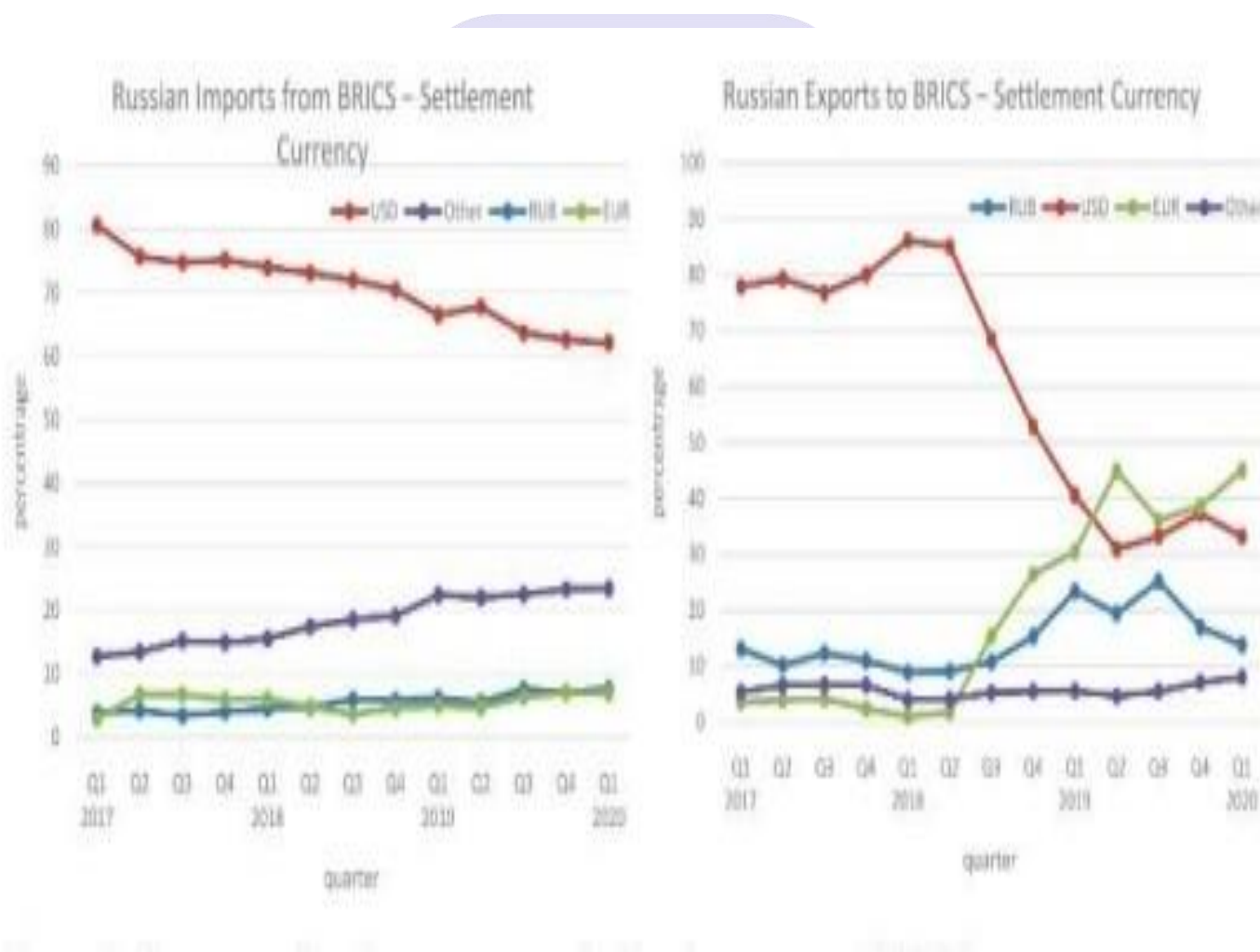
De-dollarization in India:

India, the world’s fifth-largest economy, is a key player in the process of de-dollarization. While the US dollar remains dominant, the use of other currencies like the Euro, the Japanese Yen, and the Chinese Renminbi has been on the rise, along with the Indian Rupee. De-dollarization has brought about an increase in trade denominated in local currencies, including the Indian Rupee. This development has given India more leeway in setting monetary policy and protecting its economy from external shocks. For instance, trading in local currencies reduces the risk of currency exchange rate fluctuations, safeguarding Indian exporters and importers from such risks.

India, as a key member of BRICS, is actively exploring ways to reduce its reliance on the U.S. dollar in global trade and finance. Motivated by both geopolitical tensions and the desire to strengthen its regional economic influence, India has shown interest in using its local currency, the rupee, for trade agreements, particularly

within the BRICS framework. India has been part of initiatives like the BRICS New Development Bank, which finances projects in local currencies, promoting the use of the rupee in regional trade. Furthermore, India has pursued bilateral trade agreements with countries like Russia to settle transactions in local currencies, reducing dependence on the dollar. As part of a broader effort, India has also been diversifying its foreign exchange reserves, moving away from dollar-heavy portfolios to include gold and other currencies. While these efforts could help India gain more economic autonomy and reduce vulnerability to dollar fluctuations, challenges remain, such as the deep integration of the dollar in global markets and the need for robust financial infrastructure to support the rupee's wider use in international trade. The BRICS Bridge initiative is designed to reshape the global financial order by creating an alternative to Western-dominated financial systems. This ambitious project aims to foster economic independence for BRICS nations (Brazil, Russia, India, China, and South Africa) through collaborative financial strategies, including efforts to decouple from traditional Western financial institutions. The project is seen as part of a broader effort to establish a more balanced and multipolar global economy.

Fig 1: Percentage of Settlements currency for Russian Exports to BRICS



Source: On de-risking and de-dollarizing intra-BRICS trade via smart contracts, Aggarwal, P*, 2020

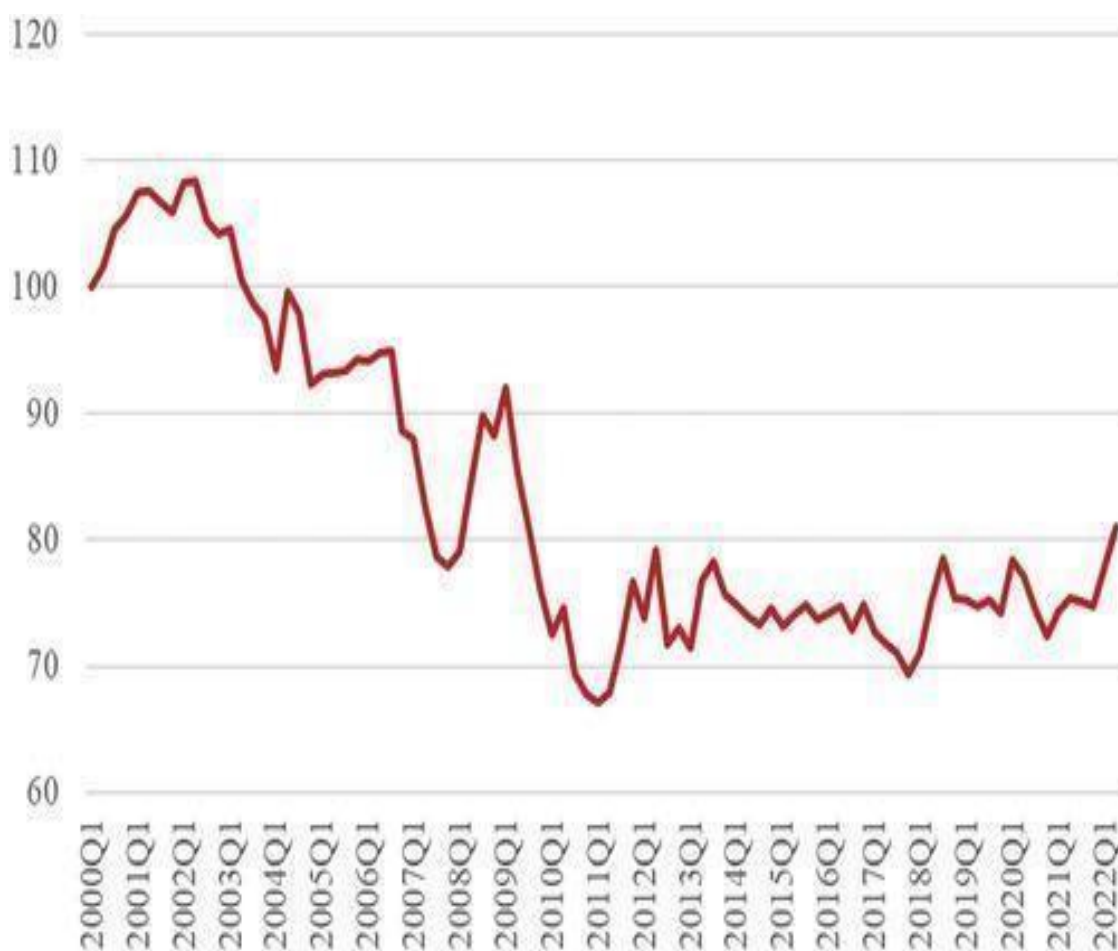
Challenges of De-dollarization in India:

In the context of India, de-dollarization faces similar challenges as those in other emerging economies, but with specific dynamics tied to India's unique economic structure and global positioning.

1. Economic Dependence on the Dollar

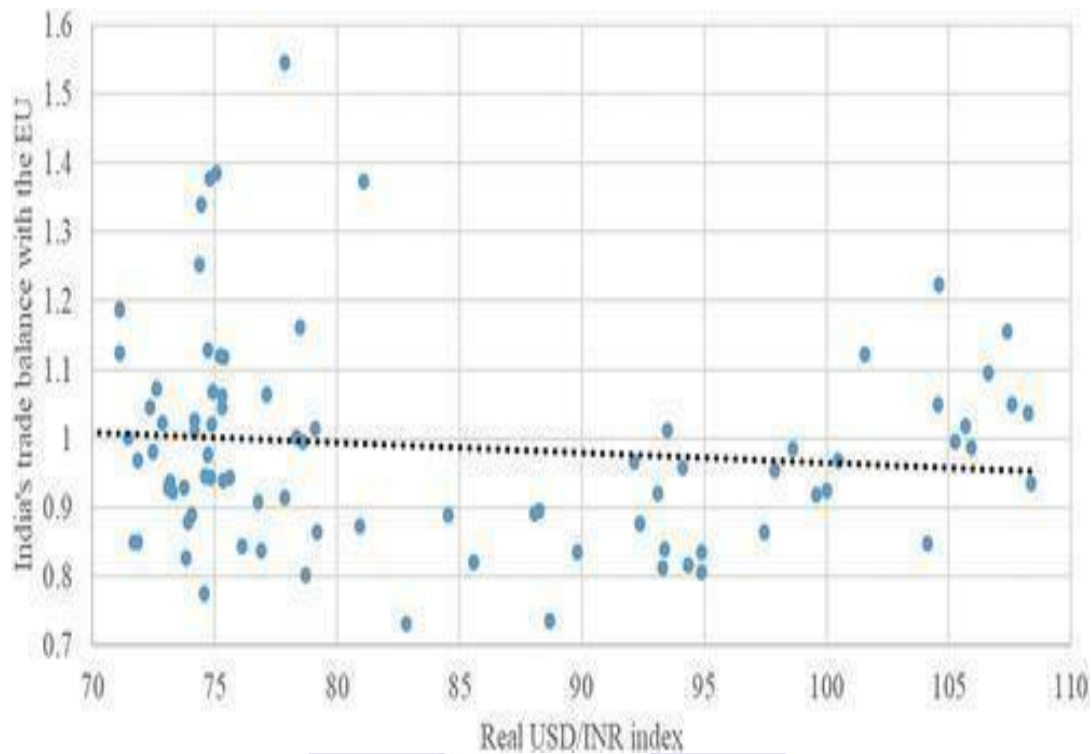
India is heavily integrated into the global economy, with the US dollar playing a central role in international trade, especially in commodities, oil, and gold. Given that India imports a large volume of energy resources and other essential goods priced in dollars, the reliance on the dollar for trade remains high. This external trade dependence means that de-dollarization would require a significant shift in how India conducts its international business.

Fig 2. The real exchange rate index between the US dollar and the Indian rupee from 2000Q1 to 2022Q2.



Source: The US dollar and trade balance: New findings from the international trade of India with the European Union

Fig 3. The scatter plot between the dollar-rupee real exchange rate index and India's trade balance with the EU during 2000Q1–2022Q2.



Source: The US dollar and trade balance: New findings from the international trade of India with the European Union

2. Dollar-Denominated Debt

India, like many countries, holds substantial foreign debt that is denominated in US dollars. As of the end March 2024, India's external debt stood at approximately \$663.8 billion, with a significant portion being dollar-denominated. This creates a "dollar trap," where a decrease in the value of the rupee against the dollar can increase the burden of repaying foreign debt. The government and businesses may be reluctant to reduce dollar usage for fear of exacerbating debt servicing costs and the Stability of the Rupee** One of the key drivers for dollarization in any economy, including India, is the perception of the US dollar as a more stable store of value. The Indian rupee has experienced volatility and depreciation in recent decades, especially during periods of economic turbulence (e.g., during the global financial crisis or recent geopolitical events). This has led both individuals and businesses to prefer holding US dollars, particularly for savings and investments, due to concerns about inflation and the rupee's purchasing power .

India's external debt continued to be sustainable and prudently managed. As of the end of March 2024, it stood at US\$ 663.8 billion, growing by 6.4 per cent over the level a year ago. The external debt ratio to GDP was 18.7 percent, while the foreign exchange reserves to external debt ratio were 97.4 per cent. At the end of March 2024, the sovereign external debt at US\$ 148.7 billion rose by 11.5 per cent over its level a year ago, mainly because of increased foreign portfolio investment (FPI) in government securities. The non-sovereign debt grew 5.0 per cent to US\$ 515.1 billion over the level at the end of March 2023. Commercial borrowings, NRI deposits and short-term trade credit are the three biggest constituents of non-sovereign debt, accounting for as

much as 95.1 per cent of total non-sovereign debt. While NRI deposits increased by 9.4 per cent to US\$ 151.9 billion, commercial borrowings grew by 13.3 per cent to US\$ 250.4 billion. On the other hand, short-term trade credit at US\$ 118.0 billion contracted by

4.8 per cent. The long-term external debt constituted 81.5 percent of the total, while the remaining 18.5 per cent was of short-term maturity. Within short-term debt, trade credit for financing imports accounted for 96.3 per cent of the total short-term debt, underscoring the stability aspect of the debt. The non-financial corporations were the largest borrowers, with an outstanding external debt estimated at US\$ 248.1 billion at the end of March 2024. The access to foreign debt was primarily through loans, accounting for 33.4 percent, followed by deposits

(23.3 percent), trade credits (17.9 percent), and debt securities (17.3 percent). In terms of the denomination of external debt, the US dollar was the leading currency (53.8 percent). The Indian Rupee was the second leading currency (31.5 percent), with debt mainly in the form of NRI deposits and FPI investment in Indian debt securities, providing an element of comfort from a currency risk standpoint. The US dollar appreciated vis-à-vis the Indian rupee and major currencies such as the yen, the euro, and SDR as of the end of March 2024 over the level a year ago. As a result, the valuation gains due to the appreciation of the US dollar were placed at US\$

8.7 billion. Excluding the valuation effect, external debt would have increased by US\$ 48.4 billion instead of US\$ 39.7 billion at the end of March 2024 over the level a year ago. Thus, apart from increased commercial borrowings, FPI investment, NRI deposits, and smaller trade credit, a stronger US dollar also contributed to the movements in the foreign debt level as of March 2024. Above all, the debt vulnerability indicators continued to be benign. The external debt to GDP ratio fell to 18.7 percent at the end of March 2024 from 19.0 percent at the end of March 2023. Similarly, the ratio of foreign exchange reserves to total external debt improved to

97.4 percent from 92.7 percent during the period. The debt service payment obligations arising out of the stock of external debt as of the end of March 2024 are projected to trend downwards over the coming years. From a cross-country perspective, India's external debt is modest. In terms of various debt vulnerability indicators, India's sustainability was better than that of the Low and Middle-Income Countries (LMICs) as a group and vis-à-vis many of them individually

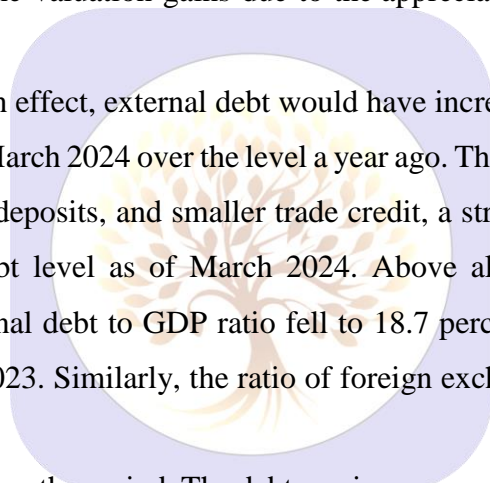
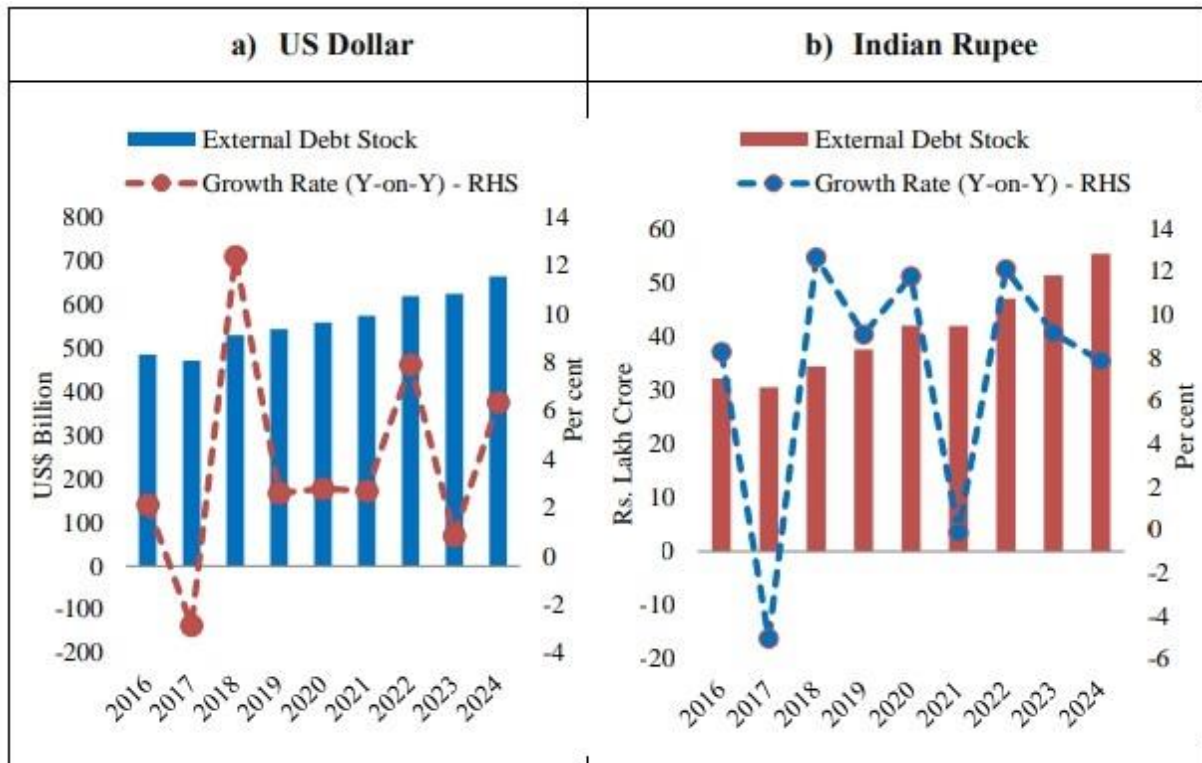


Fig 4 : Stock of India’s External Debt -US Dollar and Indian Rupees (at end-March)

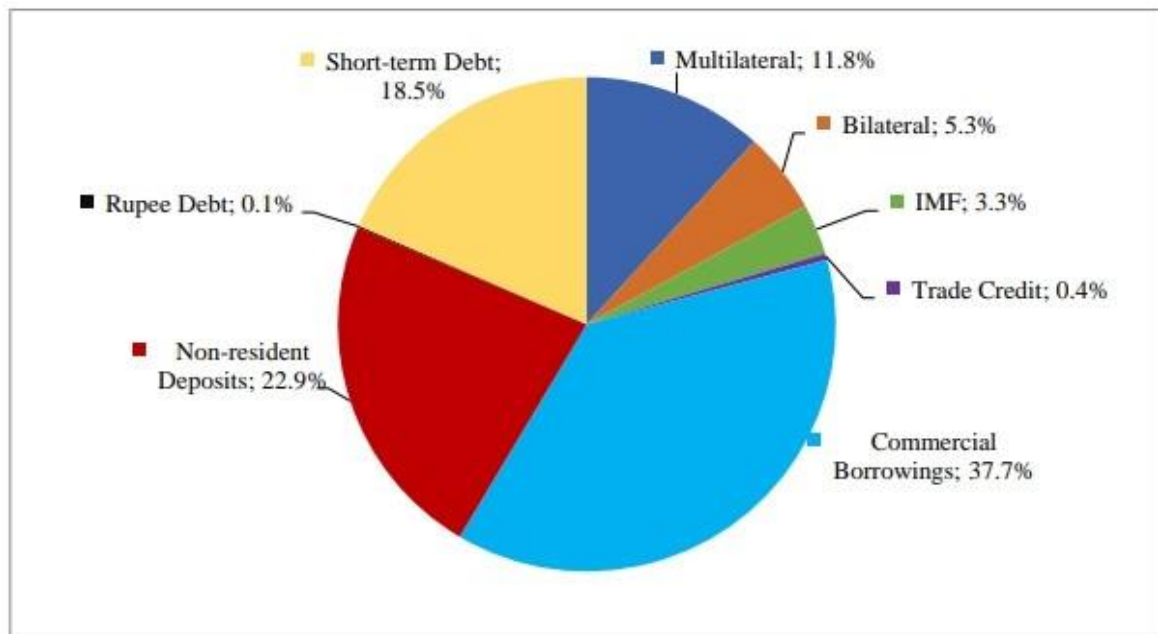


Source: RBI

Table 1: India’s External Debt: Debtor-wise

(US\$ Billion, unless indicated otherwise)				
Sector/Instrument	End-Mar 2023	End-Mar 2024	Variation	
			Absolute	Per cent
I. General Government	133.3	148.7	15.4	11.5
II. Central Bank	0.1	0.2	0.1	56.3
III. Deposit-Taking Corporations, except the Central Bank	163.4	186.8	23.4	14.3
IV. Other Sectors	297.8	296.7	-1.1	-0.4
IV.1. Other financial corporations	55.0	48.5	-6.5	-11.8
IV.2. Non-financial corporations	242.8	248.1	5.4	2.2
IV.3. Households and non-profit institutions serving households (NPISHs)	0.0	0.0	0.0	-16.5
V. Direct Investment: Inter-company Lending	29.4	31.4	1.9	6.6
GROSS EXTERNAL DEBT POSITION (I to V)	624.1	663.8	39.7	6.4

Source: RBI and Ministry of Finance

Fig 5 : Share of External Debt as End-March: Creditor-wise

Source: RBI and Ministry of Finance

3. Lack of domestic Currency

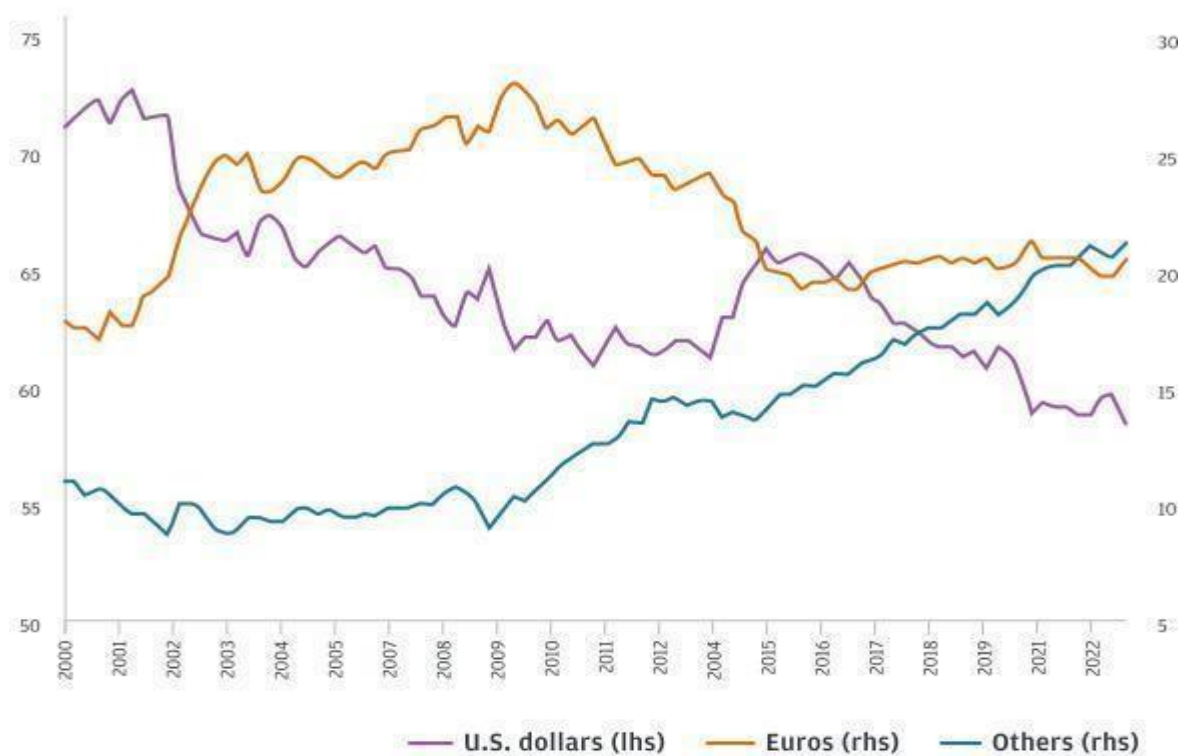
India's challenge with de-dollarization is compounded by periods of rupee depreciation, which erode public confidence in the currency. Despite the Reserve Bank of India (RBI) implementing measures to stabilize the rupee and reduce dollar dependency, the lack of consistent confidence in the rupee prevents large-scale movement away from the dollar. India's historical experience with inflationary pressures and currency volatility reinforces this reluctance to fully trust the domestic currency for savings and loans. The Indian rupee held near the record low of 84.4 per USD in November, refraining from extending its plunge from earlier in the month amid the hawkish outlook for the Reserve Bank of India. Domestic inflation surged to 6.2% in October, overshooting the RBI's target band for the first time in over one year, and delaying expectations on the start of the central bank's rate cuts. In turn, the currency pair was supported by a soaring dollar as the outlook of expansionary fiscal policy and tariffs in the US ahead of Trump's commencement drove investors to trim the magnitude of cuts expected by the Fed. Meanwhile, concerns that India's economy will not be able to sustain its aggressively high growth momentum in upcoming years drove investors to reduce their positions in domestic capital markets. Net outflows aligned with the rebound for G-Sec yields and the decline in the Sensex and the Nifty since reaching their record highs in September.

4. Institutional Challenges

The de-dollarization requires a robust institutional framework capable of implementing and enforcing policies that strengthen the national currency. In India, while the RBI plays a critical role, challenges related to financial infrastructure and regulatory frameworks can undermine efforts. Despite the rise of alternative mechanisms like the Internationalization of the Rupee and trading in regional currencies with neighboring countries, the existing structure makes a rapid transition away from the dollar difficult. The IMF presents a significant challenge to de-dollarization due to its heavy reliance on the U.S. dollar in its operations. The IMF's quota system and the dominance of the dollar in its Special Drawing Rights (SDRs) reinforce the dollar's status as the global reserve currency. Additionally, IMF-backed financial stability measures and bailout packages often require the use of the dollar, further entrenching its role in global trade and finance. As a result, the IMF's structure and policies make it difficult for other currencies to effectively challenge the dollar's dominance, hindering progress toward de-dollarization.

5. Global Financial Integration

Embedded in the global financial system, where the US dollar plays a dominant role. For India to successfully de-dollarize, it would need to shift the structure of global trade and investment flows significantly, which would require cooperation with other countries, particularly in the context of the International Monetary Fund (IMF), the World Trade Organization (WTO), and other international financial institutions. While India has pursued initiatives like the Rupee-Ruble trade agreement with Russia and increased use of the rupee in bilateral trade with other countries, these efforts face substantial hurdles due to the global dominance of the dollar. SWIFT, as a centralized global financial messaging system, poses significant challenges to global equity and financial sovereignty. Its reliance on Western nations, particularly the United States and the European Union, means that countries outside these regions can be subjected to economic exclusion and sanctions, as seen in Russia's disconnection from the network. This gives a few nations undue control over global financial flows, creating an imbalance in power. Moreover, SWIFT's centralized nature makes it a target for cyberattacks, posing risks to the stability of the global economy. As alternative technologies like blockchain and digital currencies evolve, SWIFT's dominance may be increasingly seen as an outdated and vulnerable system that does not reflect the needs of a more decentralized and inclusive global financial landscape.

Figure 6: The trend of de dollarization shown in the figure below:

Source De-dollarization: Is the US dollar losing its dominance? - JP Morgan Chase

Suggestion to De-Dollarize India:

De-dollarization for India would require a multifaceted approach that gradually reduces the reliance on the US dollar in trade, reserves, and financial transactions. One key strategy is to promote the use of the Indian rupee in bilateral trade agreements. By encouraging trading partners to settle transactions in INR rather than the dollar, India can reduce its exposure to dollar fluctuations and promote the rupee as a regional currency. Expanding the use of the rupee in cross-border transactions, such as through the development of rupee-denominated financial products and instruments, could further increase demand for the currency globally.

In addition, India should work towards strengthening its financial markets to make the rupee more attractive to foreign investors. This includes improving liquidity, transparency, and access to Indian debt markets, enabling the INR to become a viable alternative to the US dollar for reserve assets. Encouraging foreign central banks to hold INR as part of their reserves could play a pivotal role in establishing the rupee as a regional reserve currency. Expanding India's bond markets and encouraging international investors to participate in rupee-denominated bonds can support this effort.

The development of a Central Bank Digital Currency (CBDC), or Digital Rupee, is another promising strategy for de-dollarization. A digital rupee could facilitate easier cross-border payments and help increase the use of the INR in global trade. Additionally, India could explore further diversification of its foreign reserves by increasing holdings in assets like gold, special drawing rights (SDRs), or other non-dollar-denominated

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