



Dr. B.R. Ambedkar's Monetary Thought and Contemporary Rupee-Dollar Dynamics

Anand Mallikarjun

Population Research Centre, Institute for Social and Economic Change ISEC Bengaluru-72

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ABSTRACT

Dr. B.R. Ambedkar made significant contributions to Indian monetary economics through his analytical work on currency stability, exchange rate management, and the institutional framework of central banking in India. His landmark work, *The Problem of the Rupee: Its Origin and Its Solution*, laid the intellectual foundation for understanding the structural weaknesses of Indian currency management during the colonial period. The present study examines Ambedkar's monetary thought in relation to the changing dynamics of the Indian Rupee against the US Dollar during the last decade. The paper evaluates how exchange rate fluctuations influence inflation, trade balance, foreign investment, public debt, and macroeconomic stability in India. The study uses secondary data collected from the Reserve Bank of India (RBI), Ministry of Finance, World Bank, and International Monetary Fund (IMF) reports for the period 2014–2026. The findings indicate that the Indian Rupee has experienced a continuous depreciation trend against the US Dollar due to global oil price volatility, trade deficits, capital outflows, geopolitical tensions, and monetary tightening by the US Federal Reserve. Ambedkar's emphasis on monetary discipline, price stability, and institutional regulation remains highly relevant in contemporary exchange rate management. The paper concludes that strengthening domestic production, export competitiveness, and prudent monetary policies are essential for maintaining rupee stability in the global



Introduction

Dr. B.R. Ambedkar is widely recognized as the architect of the Indian Constitution, but his contributions to monetary economics and currency policy remain equally important in the history of Indian economic thought. His scholarly work, **The Problem of the Rupee: Its Origin and Its Solution** (1923), critically examined the instability of Indian currency under British colonial administration and proposed measures for achieving monetary stability. Ambedkar strongly advocated for a scientifically managed currency system, controlled inflation, and institutional mechanisms for regulating money supply. His ideas later influenced the establishment of the Reserve Bank of India in 1935. In the present globalized economy, exchange rate stability has become a crucial determinant of economic growth, external trade, inflation control, and financial sustainability. The Indian Rupee has experienced considerable fluctuations against the US Dollar over the last decade due to both domestic and international economic factors. Rising crude oil imports, widening current account deficits, global financial uncertainties, and changes in US monetary policy have contributed to the depreciation of the rupee. The weakening of the rupee directly affects import costs, inflationary pressures, external debt servicing, and investor confidence in India. In this context, Ambedkar's monetary philosophy offers valuable insights into contemporary exchange rate management and macroeconomic stability. The present study attempts to analyze the relevance of Ambedkar's monetary thought in understanding the changing dynamics of the Indian Rupee against the US Dollar.

Literature Review

Dr. B.R. Ambedkar's monetary ideas have attracted considerable academic attention due to their long-term relevance to Indian economic policy. Ambedkar (1923) argued that currency instability adversely affects economic development and emphasized the need for systematic monetary regulation. His analysis of the gold exchange standard highlighted the dangers of uncontrolled currency expansion and inflationary tendencies. Jadhav (1991) observed that Ambedkar's monetary writings reflected a deep understanding of international finance and exchange rate mechanisms. According to Rao (2006), Ambedkar's recommendations significantly contributed to the intellectual foundation of the Reserve Bank of India and modern monetary governance in India. Patnaik (2010) emphasized that Ambedkar's concern for price stability remains relevant in developing economies facing external vulnerabilities. Contemporary studies on the rupee-dollar exchange rate indicate that exchange rate volatility has become



a major challenge for India’s macroeconomic stability. RBI reports (2023) reveal that fluctuations in global crude oil prices and capital movements strongly influence rupee depreciation. Sengupta and Sinha (2021) found that the appreciation of the US Dollar due to Federal Reserve policy tightening negatively affects emerging market currencies including the Indian Rupee. Studies by the IMF (2022) and World Bank (2023) indicate that exchange rate depreciation increases imported inflation and external debt burdens in developing economies. Recent literature also highlights that geopolitical tensions, global recessionary trends, and post-pandemic recovery uncertainties have intensified exchange rate instability in India. However, limited studies have connected Ambedkar’s monetary philosophy with present-day rupee-dollar dynamics, creating a significant research gap addressed by the present paper.

Objectives

1. To examine Dr. B.R. Ambedkar’s monetary thought and its relevance to modern Indian currency management.
2. To analyze the trend and fluctuations of the Indian Rupee against the US Dollar during 2014–2024.
3. To evaluate the economic implications of rupee depreciation on inflation, trade, investment, and macroeconomic stability in India.

Methodology

The present study is based entirely on secondary data collected from authentic and official sources. The exchange rate data relating to the Indian Rupee against the US Dollar for the period 2014–2026 were collected from the Reserve Bank of India (RBI Handbook of Statistics on Indian Economy, 2024), World Bank Database (2024), International Monetary Fund (IMF) reports, and Ministry of Finance Economic Surveys. The study adopts descriptive and analytical research methods to examine exchange rate trends and interpret their economic implications. Historical analysis has been used to understand Dr. B.R. Ambedkar’s monetary thought through his seminal work *The Problem of the Rupee: Its Origin and Its Solution* (1923). Trend analysis and comparative interpretation were used to examine rupee depreciation patterns and their relationship with inflation, imports, trade balance, and monetary policy in India.

Table 1: Indian Rupee Exchange Rate against US Dollar (2014–2026)

Year	Average Exchange Rate (₹ per US Dollar)
2014	61.03



2015	64.15
2016	67.21
2017	65.12
2018	68.43
2019	70.41
2020	74.13
2021	73.93
2022	77.44
2023	82.57
2024	83.12
2025	86.84
2026*	95.20

Source: Reserve Bank of India (RBI), CEIC Data 2014-2026.

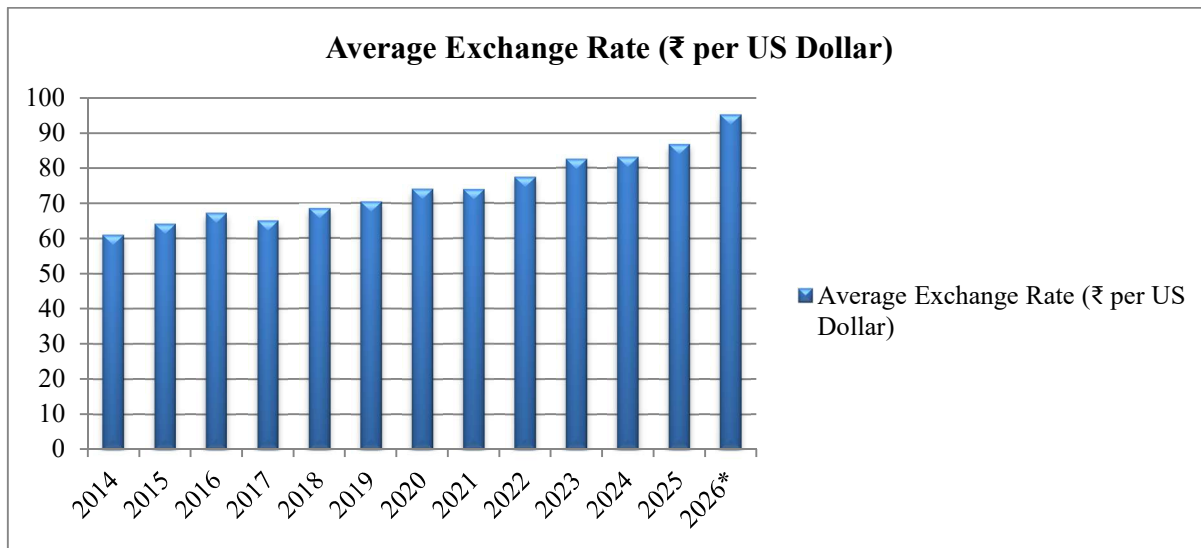
Table 1 shows the changing value of the Indian Rupee against the US Dollar from 2014 to 2026. It clearly indicates that the Indian Rupee has continuously depreciated over the years. In 2014, one US Dollar was equal to ₹61.03, whereas by 2026 it reached around ₹95.20. This means the rupee lost a significant portion of its value in the international foreign exchange market over the last decade.

During 2014–2016, the rupee gradually weakened from ₹61 to ₹67 mainly because of increasing imports, rising crude oil prices, and global economic uncertainty. In 2017, the rupee showed slight improvement and appreciated to ₹65.12 due to stronger foreign investment inflows and better macroeconomic conditions. However, from 2018 onwards, the rupee again started depreciating because of higher oil import bills, widening trade deficits, and fluctuations in global financial markets. The years 2020 and 2021 were heavily influenced by the COVID-19 pandemic. Economic slowdown, disruption in global trade, and capital outflows increased pressure on the Indian currency, causing the exchange rate to cross ₹74 per US Dollar. In 2022 and 2023, the Russia–Ukraine war, global inflation, and aggressive interest rate hikes by the US Federal Reserve further strengthened the US Dollar and weakened emerging market currencies including the Indian Rupee. The sharp depreciation during 2025 and 2026 reflects growing global economic uncertainty, rising crude oil prices, external debt pressures, and increased demand for the US Dollar in international trade and financial markets. A weaker rupee increases the cost of imports such as petroleum, machinery, fertilizers, and electronic goods, which contributes to inflation in India. At

the same time, it can benefit export-oriented sectors like IT services, pharmaceuticals, and textiles because Indian goods become relatively cheaper in global markets.

The overall trend demonstrates that exchange rate stability remains a major challenge for the Indian economy. In this context, Dr. B.R. Ambedkar’s monetary thought becomes highly relevant, as he strongly emphasized stable currency management, controlled inflation, and institutional regulation of monetary systems for long-term economic development.

Fig 1: Trending of Indian Rupee Exchange Rate against US Dollar (2014–2026)



Source: Reserve Bank of India (RBI), CEIC Data 2014-2026.

Table 2: Rupee inflation: 2014-2026 (in Percentage)

Year	Rupee Value	Inflation Rate
2014	\$1.00	6.35
2015	\$1.06	5.87
2016	\$1.11	4.94
2017	\$1.14	2.49
2018	\$1.19	4.86
2019	\$1.29	7.66
2020	\$1.36	5.56
2021	\$1.42	4.89
2022	\$1.51	5.90
2023	\$1.59	5.55



2024	\$1.65	3.80
2025	\$1.70	2.80
2026	\$1.73	2.19*

Source: Organisation for Economic Co-operation and Development OECD 2026.

Table 2 shows the trend in the value of the Indian Rupee and the inflation rate in India from 2014 to 2026. It indicates that both the rupee value and inflation have changed considerably over the years due to domestic economic conditions and global financial developments. In 2014, the rupee value was around \$1.00 with an inflation rate of 6.35 percent. During the following years, the rupee gradually weakened while inflation fluctuated depending on fuel prices, food prices, global economic conditions, and government monetary policies. Between 2015 and 2017, inflation declined steadily from 5.87 percent to 2.49 percent because of better monetary control, stable food prices, and lower international crude oil prices. This period reflected relatively better economic stability.

However, from 2018 onwards, inflation again started increasing due to rising fuel prices, increasing import costs, and global economic uncertainty. In 2019, inflation reached 7.66 percent, which was one of the highest levels during the study period. The rise in inflation was closely connected with the weakening of the rupee and higher import expenditure. In the years of 2020 and 2021 were affected by the COVID-19 pandemic, which disrupted production, supply chains, and international trade. Although inflation remained moderate during these years, economic uncertainty created pressure on both the rupee and domestic prices. In 2022 and 2023, inflation remained above 5 percent because of global crude oil price increases, the Russia–Ukraine conflict, and higher transportation and food costs.

From 2024 onwards, inflation gradually declined and reached around 2.19 percent in 2026. This indicates some improvement in monetary management, stabilization of global markets, and better control over price rise. Overall, the table shows that changes in the value of the rupee and inflation are closely connected. A weaker rupee generally increases import costs and contributes to inflationary pressure in the Indian economy. The trend highlights the importance of stable monetary policy and effective economic management for maintaining price stability and protecting the value of the Indian Rupee.

Implications of the depreciation of the Indian Rupee against the US Dollar

The study examines how the depreciation of the Indian Rupee against the US Dollar affects different sectors of the Indian economy. When the rupee weakens, India has to spend more rupees to purchase one US Dollar. Since India imports large quantities of crude oil, machinery, fertilizers, medicines, and



electronic goods, the cost of imports increases significantly. This rise in import expenditure directly contributes to inflation and increases the prices of fuel, transportation, and essential commodities in the domestic market. The study also explains the impact of rupee depreciation on foreign trade and investment. A weaker rupee can support exports by making Indian products cheaper in international markets, which may benefit sectors such as information technology, textiles, pharmaceuticals, and agriculture. However, higher import costs can widen the trade deficit and create economic pressure. Exchange rate fluctuations also affect foreign investment inflows, investor confidence, and business activities in India.

Further, the study highlights the broader impact of rupee depreciation on macroeconomic stability, including external debt burden, foreign exchange reserves, fiscal balance, and overall economic growth. Continuous weakening of the rupee creates challenges for maintaining economic stability and sustainable development in India.

Major Findings

- ✚ The study found that the Indian Rupee has continuously depreciated against the US Dollar during the period 2014–2026. The exchange rate increased from around ₹61 per US Dollar in 2014 to nearly ₹95 in 2026, indicating a significant weakening of the Indian currency in the global market.
- ✚ The depreciation of the rupee was mainly influenced by rising crude oil imports, widening trade deficits, global inflation, capital outflows, geopolitical tensions, and monetary tightening by the US Federal Reserve.
- ✚ The study observed a close relationship between rupee depreciation and inflation in India. A weaker rupee increased the cost of imports such as petroleum products, machinery, fertilizers, and electronic goods, which contributed to higher domestic prices and inflationary pressures.
- ✚ Rupee depreciation provided some benefits to export-oriented sectors such as information technology, textiles, pharmaceuticals, and agriculture because Indian goods became relatively cheaper in international markets.
- ✚ Exchange rate instability negatively affected foreign investment flows and created uncertainty in financial markets. Continuous fluctuations in the rupee also increased the burden of external debt and affected macroeconomic stability.



✚ The study found that B. R. Ambedkar monetary thought remains highly relevant in the present economic context. His emphasis on currency stability, controlled inflation, and institutional monetary management is important for addressing current exchange rate challenges in India.

Policy Recommendations

- ❖ The Government of India and the Reserve Bank of India should strengthen monetary and fiscal coordination to maintain exchange rate stability and control inflationary pressures.
- ❖ India should reduce excessive dependence on crude oil imports by promoting renewable energy, domestic energy production, and alternative fuel sources.
- ❖ Export diversification should be encouraged to increase foreign exchange earnings and reduce pressure on the Indian Rupee. Greater support should be provided to sectors such as manufacturing, pharmaceuticals, agriculture, and information technology.
- ❖ The Reserve Bank of India should continue maintaining adequate foreign exchange reserves to manage external shocks and stabilize the currency during periods of global financial uncertainty.
- ❖ Policies promoting foreign direct investment (FDI) and long-term capital inflows should be strengthened to improve investor confidence and support economic stability.
- ❖ Inflation control measures should be implemented effectively through better supply chain management, price monitoring, and prudent monetary policy interventions.
- ❖ India should encourage domestic production under initiatives such as “Make in India” to reduce import dependence and improve trade balance.
- ❖ Greater attention should be given to institutional monetary discipline and long-term economic planning, reflecting the monetary principles advocated by Dr. B.R. Ambedkar for sustainable economic development and currency stability.

Conclusion

Dr. B.R. Ambedkar’s contribution to monetary economics continues to hold immense relevance in the contemporary Indian economy. His vision of a stable and scientifically managed currency system provides important guidance for understanding modern exchange rate challenges. The study reveals that the Indian Rupee has experienced significant depreciation against the US Dollar during 2014–2024 due



to both domestic structural weaknesses and international financial developments. Exchange rate instability has affected inflation, imports, foreign debt obligations, and macroeconomic balance in India. Although rupee depreciation may support export competitiveness in certain sectors, persistent weakening of the currency creates long-term economic vulnerabilities. Ambedkar's emphasis on monetary discipline, institutional regulation, and price stability offers valuable lessons for policymakers in managing exchange rate volatility. Strengthening domestic manufacturing, reducing import dependence, improving foreign exchange reserves, and maintaining prudent monetary policy are essential for stabilizing the Indian Rupee in the global economy. The study concludes that Ambedkar's monetary thought remains highly significant for understanding and addressing contemporary challenges in India's currency and financial system.

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