

WHAT IS 'J-CURVE EFFECT' IN ECONOMICS?

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Foreign capital, Foreign Trade & BoP

This refers to a phenomenon wherein the trade balance of a country worsens following the depreciation of its currency before it improves. Generally, any depreciation in the value of a currency is expected to improve the economy's overall trade balance by encouraging exports and discouraging imports. However, this may not happen immediately due to some other frictions within the economy. Many importers and exporters in the country, for instance, may be locked into binding agreements that could force them to buy or sell a certain number of goods despite the unfavourable exchange rate of the currency.

The government's maternity benefit programme must be implemented better and comply with the Food Security Act

Our existing notification subscribers need to choose this option to keep getting the alerts.

END

Downloaded from crackIAS.com

© **Zuccess App** by crackIAS.com