

'NATIONAL CURRENCIES UNLIKELY TO REPLACE U.S. DOLLAR SOON'

Relevant for: International Relations | Topic: Effect of policies and politics of developed & developing countries on India's interests

National currencies will find greater use in the near future but they are not likely to replace the American dollar any time soon, according to a veteran Indian diplomat.

Addressing an online event organised by Russian media outlet Sputnik on Friday, former Indian ambassador to Russia D.B. Venkatesh Varma said that a "basket of currencies" could also be considered for future usage to deal with economic disruptions.

The issue of transacting in national currencies has acquired greater resonance in recent months as India-Russia trade and defence ties are facing payment issues because of sanctions on Russia due to its conflict with Ukraine.

"The notion of increasing use of national currencies has been under discussion for a number of years. But what has changed now is that the urgency has increased considerably. Over a period of time, number of countries are believing that holding all your accounts in dollars is not such a good thing. So there is a certain tendency towards moving away from the dollar, but to believe that this will lead to de-dollarisation of the global economy very quickly — I think is not going to happen," said Mr. Varma, who served as India's ambassador to Russia till last year.

The issue of payment in national currencies has acquired an urgency in view of the booming energy trade between Russia and India. Andrey Volodin, Professor of the Diplomatic Academy of the Ministry of Foreign Affairs of the Russian Federation, said that the Ukraine war had created difficulties in the international system but it had also thrown open new opportunities that did not exist previously. "Russian oil has come in handy for India. So, there is no secret that India sells Russian oil to western Europe and the United States." he said.

A 'basket of currencies' may be considered for future usage to deal with economic disruptions, says former Indian envoy to Russia

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