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USA Removes India from Currency Watch List

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The US Treasury Department has removed **India and Switzerland** from its **currency monitoring watch** list of major trading partners.

Currency Monitoring Watch List

- The US Department of Treasury releases the **semi-annual report** where it has to track developments in international economies and inspect foreign exchange rates.
- India, along with China, Japan, Germany, Switzerland and South Korea, **was placed in the bi-annual currency watch list of countries with potentially questionable foreign exchange policies in October last year.**
- **China** because of its "persistently weak currency" **continues to be in monitoring list.**
- Inclusion in the list does **not subject to any kind of penalty and sanctions** but it deteriorates the global financial image of the country in the financial markets in terms of foreign exchange policies including undervaluation of currencies to gain export advantages.

Criteria

US removed India from its currency monitoring list of major trading partners after certain developments and steps were taken by the country to avert concerns surrounding foreign exchange irregularities and due to a significant bilateral surplus with the United States.

Significance of the Move

- This is a positive development for India as it is out of the currency watch list radar, which could have ultimately led to a tag of being a currency manipulator. Countries which indulge in manipulating the currency exchange rate for gaining unfair competitive advantage in international trade often end up with the tag of a currency manipulator.
- Exclusion from the list will certainly pave the way for negotiations in Indo-US bilateral

trade relations and can reduce trade related differences, particularly **Generalized System of Preferences (GSP)**.

- Recent move of USA will complement the Indian government's decision to halve the **import tariff on Harley-Davidson motorcycles from 100% to 50%** in reversing the USA's claim on India as "**Tarrif King**" and blame on India that it imposes "tremendously high" tariffs on American products.
- It will also improve India's **global financial image** in the international financial market.