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Economy

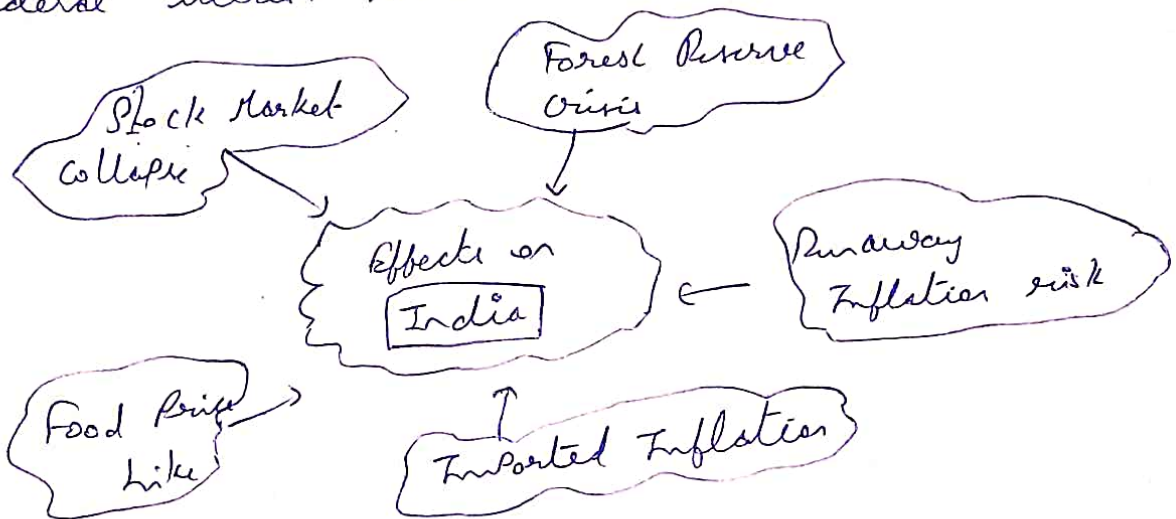
The US Federal Reserve's interest rate hike due to ^{India} will have effect on Andhra. (Key words)

U.S. Fed has increased the interest rate by 75 basis points instead of 50 basis points as announced in the last interest hike.

U.S. has been doing so, so as to tame the runaway inflation and it will do it again until it reaches its goal of 2% inflation.

U.S. Interest rate effect on India:

Essentially the financial sector has ^{been} hit by a crisis because of Covid, Ukraine-Russia war and US Federal interest rate. And this results in ^{global} inflation.



Forest Reserve Crisis:

As U.S. increased the interest rate, the global investors have been withdrawing their

Convergence and volatility in U.S. Market, as it will
catch Profit bear them. So our Foreign reserve depletion

Stock Market Collapse:

As Global investors previously invested in
Bonds and Stocks, their withdrawal has been affecting
India Stock Market.

For Ex: Today Stock Market Value have been reduced
by 50 basis points all over.

Rupee depreciation: Becoz of less dollar availability
there will be huge demand as it is in positive
situation, a normal demand for dollar depreciates Rupee

Ex: Today 78 Rs = \$1, previously it was ₹77 = 1\$
all most.

Food Price hike and Imported Inflation:

Probably the oil ^{& petrol} Price have been on high, the
Price we have to pay bear them will be depleting
boxes and this is seen like the import bill.

The Prices of Food has also got hit by
U.S. Fed interest hike.

Runaway Inflation Risk:

To control the withdrawal of foreign

banks, RBI will involve in hiking our interest rate.

This can lead to accumulation of balance of payments deficit. It can also lead to ~~recession~~ ~~to~~ recession in the long term sense.

Way forward:

In order to save our economy, RBI has slowly hiked the interest rate and also accommodated the expansion Policy which was previously announced.

RBI and Govt both has been working together in order to tame inflation, also It must accommodate the inflation targeting Policy in order to support the business.