

ACKNOWLEDGEMENT

In 1970s decade is a time of turning point in the realm of international economics and finance when Britton Woods System broke down and flexible exchange rate system replaced the fixed exchange rate system. Determination of exchange rates became the centre-price of discussions in international economics while the management of Balance of Payments became almost an insignificant part. Consequently, attention of economists moved from Balance of Payments to exchange rate. Thereafter, several exchange rate theories grew up since 1970. The most exciting feature of this period is the growth of renewed interest of economists in the 'Interest Arbitrage Parity Doctrine'. As a matter of fact, 'Interest Rate Arbitrage Parity Theory' is almost an invariable ingredient of the macroeconomic models of exchange rate whether by itself or the combination with other equilibrium conditions. This theory is theoretically attractive no doubt but the empirical support for the theory is mixed. Some authors find in favor of the theory while others do not. Yet the research on 'Interest Rate Arbitrage Parity Theory' is extensive in my perception. The up-growing Rupee/Dollar exchange rate and domestic interest rate since 2011 to 2015 has been indicating the evidence of this theoretical existence. This motivated my idea to adopt research work in order to examine the relevance of this theory in Indian foreign exchange market.

Initial birth of an idea of doing research in this area goes to my respected Co Supervisor Prof. Chandan Kumar Mukhopadhyay. I would like to express my deep sense of gratitude to Prof. Chandan Kumar Mukhopadhyay, Ph.D (Illinois, USA), Professor (Retd.) of the Department of Economics, University of North Bengal and my respected Supervisor Dr. Kanchan Datta, Associate Professor of the Department of Economics, University of North Bengal. I thank God, for giving me an opportunity for doing research under such great academic personalities and great persons. The present work would have never been complete without their able guidance, valuable suggestions, advice and encouragements. They regularly inspired me during the course of my present study and went through each and every step of the present work and suggested many improvements despite the heavy pressure of their academic and personal research involvements. I did not only get the chances of receiving academic insights from them but also learnt how a sensitive person can think for the weaker and poorer sections of the society I also learnt how self-esteem is essential for accelerating the pace of self-confidence. I am inspired with their advice “No one comes to the earth with complete knowledge; One acquires it through relentless effort and dedication”.

My special thanks goes to Professor Anil Bhuimali, Department of Economics, University of North Bengal, (Late) Nilanjan Biswas, former eminent research scholar, department of Economics, University of North Bengal, Dr. Kaushik Ghosh, Assistant Professor, Department of Political Science, Bankura University,

Dr. Shyam Charan Barma, Assistant Professor of Economics, KGT College, Bagdogra, Dr. Biswajit Maitra, Assistant Professor of Economics, Gourbanga University, Dr. Amit Kundu, Assistant Professor of Economics, Mathabhanga College.

Finally, my respectful thanks go to Amma, Madam (Mrs. Mukhopadhyay) and my mother Smt. Jyotsna Sikdar who shared enduring compassion which gave me respite during my frequent detachment from them along the journey of this research study.

Suman Sikdar