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THE MAIN REASONS FOR THE DEPRECIATION OF GEL EXCHANGE RATE

ОСНОВНЫЕ ПРИЧИНЫ ОБЕСЦЕНИВАНИЯ КУРСА ЛАРИ

Abstract. Considering of the present economic and social situation in connection with the depreciation of GEL exchange rate was worked out suggestions and recommendations, which is important for the solution of the mentioned problems and to achieve to the real exchange rate.

In the process of determination of GEL exchange rate particular attention is drawn the methods, which are directly related to the mentioned issues. Existing and potential problems must be identified timely, where the pre-diagnostic mechanism has a special meaning, which must be reinforced by experts proposals and statistical data.

In terms of economic growth, which has nowadays, it is necessary to activate more to get a better currency in considering those proposals, which is presented in work. It will definitely positively effect on the result. A brief overview of the GEL exchange rate factors is presented in the work.

Conclusion. Many factors among them internal and external effect on the strengthening of the GEL rate. Finally these factors lead us to the certain conclusion. More dollars come into the country than it goes through. In this respect, the paper presents suggestions and recommendations and also determines the exchange rate for the calculation of the conditional analysis of internal and external factors.

Key words: Exchange rate, investment, import, export, transfer and the deposit.

Аннотация. Вопрос обесценивания обменного курса национальной валюты в настоящее время очень актуален, так как от его устойчивости во многом зависит экономическое развитие страны, что является определяющим социально-экономического уровня населения страны.

В труде рассмотрены те основные причины, которые оказывают влияние на обменный курс лари, и заострено внимание на те необходимые шаги, которые срочно надо осуществить в разрезе комплексных мероприятий.

В связи с этим представлена таблица условного расчета, где отражены те основные внутренние и внешние факторы, которые оказывают значительное влияние на определение курса национальной валюты, что будет значительно эффективнее при использовании реальных экономических показателей и статистических данных.

Наконец то, правда, что больше иностранной валюты должно войти в страну, чем выйти, на это у всех одно мнение. На национальную валюту страны спрос должен быть больше, чем на валюту других стран.

Ключевые слова: Обменный курс, инвестиции, импорт, экспорт, перевод и депозит.

Currency exchange rate does not lose its actuality due to current situation. At this time it is important for each country how to regulate the domestic manufacturing relationships in the world economy, its functional role is to provide international equivalent exchange. Which ultimately represents the currency relationship, based on the currency market (daily connections) between individ-

uals, firms, banks and other entities, in order to carry out international banking, credit and currency transactions.

In the recent period of the 20th century, there were many opinions about foreign exchange relations expressed by the economists of economics that are almost identical to the monetary system of capitalism, both in domestic and international monetary relations.

In the recent period there is a widespread opinion that the currency system is allocated to the independent category, which gives us the basis of difference between “currency policy”, “currency system” and “currency exchange”.

Currency policy is the combination of economic measures undertaken by state organizations and inter-governmental institutions based on the target programs developed by them. Currency Relation is the economic relationship associated with the functioning of world money and serves foreign trade, capital outlay, loan issuance, tourism, and so on.

Monetary system – is the averaging means of world economy current international taxing and payment operations, as an organic part of the Unified World Economic System.

Lari Course against the background of current economic processes in Georgia is the phrase, most often mentioned by all professionals, is indisputable and almost crucial for future economic development of the country. Today, most often, the reasons for changes in the course of the Lari and the forecasts are discussed. However, it should be noted that while analyzing in depth, all agree on one thing, namely the main reason is the relatively small dollar inflow into the country than it passes. The Final Course is determined by the National Bank of Georgia Decree No. 6 of May 22, 2009, where the official rate of Lari towards US Dollar is calculated on every working bank day, from the previous working day of the banking day at 16:30 to the day of calculation of 16:30 hours, considering the Bloomberg Electronic Trading transactions registered in the system, As a result of transactions made on the interbank currency market. It should be noted here that the market is very small and the main influence on the interbank currency market is created by 4–5 banks, according to which the calculation of the bank transactions is a definite determinant for the rest of the economy, but the currency market is significantly higher every year. Lari rate and course must be determined according to the amount of total transactions, wherein the Bank's interventions should be taken into account. Consequently, Lari course determining factor should be market and economic relations not the banks, the more will be the deal “result” of lari exchange rate (linked to foreign currency supply and demand), there will be less risk of speculation and lari will be dependent on only the real economic situation and not on some distinct part of it.

The structure of the Georgian economy has not been changed for the last 15 years. We mean foreign currency attraction by increasing exports and other sources. The trade balance still remains deficient due to years of a negative export balance. While foreign currency, got with the help of investments, deposit remittances, tourism grants

and international loans only undermines the outflow of foreign currency from the country. The amount of foreign currency coming into is equal of what runs out or even more, which has a negative impact on the exchange rate stability and lari course impairment. There are several reasons that may be related to the above mentioned issue, but considering today's reality, one of the main reasons for the impairment of the lariis paying foreign debts in large quantities. Which ruined the foundation of the Lari course. The question is how to strengthen the lari course. Here the answer is- more dollar must enter the country than it passes. This can be carried out in two directions: first, to attract foreign credits and the other -national currency would be strengthened by means of economic way, which is to be unattainable for our country. Famous scientist and public figure Niko Nikoladze in the XX century, said: “There will be an independent and free country, when import will be more than export”. Everything is said here. This is the alternative way of strengthening Georgia's economy and lari rate, There is no other way for our country.

The National Bank has an important place for strengthening the Lari Course. The central bank should take appropriate measures, but it has to be timely and effective, that the central bank may be able to finally solve the problem of the exchange rate depreciation. It only belongs to the realm of fantasy, because the central bank has strictly limited foreign exchange reserves, which will only contribute to the process of economic development and has a temporary positive impact on national currency depreciation process. Reserves of the National Bank will not be enough to overcome this issue. Assume that the patient, lying in bed with a bottle of medicine, after taking the medicine his condition will be improved, but in the end the bottle will empty (it means that strictly limited reserves will run out), In order to solve this problem the answer is simple. The country should have a permanent influx of foreign currency and a relatively lower flow. National Bank, as we know, determines the trading system official exchange rate due to the basis of spot transaction made during the interbank calculation period agreement from where unit average weight rate is calculated. Information source of exchange rate is “Reuters”, “Bloomberg” information systems and the country's central bank websites. Taking into consideration the current situation in the country, it would be desirable to have the information available on the exchange rate determined by the National Bank to be relatively accessible and public, which would in turn exclude additional questions regarding this issue. Exchange rate determination is not attributable to the commercial secret, it is one of the most important and vital indicator especially for our country's future economic development, where the import figures related to dollar

flow, conflict and in the case of exports standing beside a deposit remittance, tourism income, investments, grants and international credits.

Based on the above, it is possible to calculate the approximate rate of lariexchange due to the foreign and domestic factors of the country (without statistical data).

On the basis of the data on the conditional calculation table (see Table), the Lari exchange rate in case of the appropriate timely complex measures would be from 1,99 to 2,10 GEL.

Such interval is conditional because it lacks statistical data, but according to the detailed economic analysis and real indicators, the exchange rate of the Lari will be in close proximity.

“Panic” caused among population by the loss of Lari course, resulted in lari savings made by foreign currency, which increased demand on US dollars and accordingly depreciated lari exchange rate. Despite the fact that it was episodic in the end of 2014, it significantly depreciated the exchange rate.

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