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Sl. No.	Name of the bank
@4.	Allahabad Bank
@5.	Bank of Baroda
6.	IndusInd Bank
7.	ING Vysya Bank
@8.	HDFC Bank
@9.	ICICI Bank
@10.	Axix Bank

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@Denotes banks which were repeatedly referred to in the media reports issued on the three dates.

#### **Impact of falling rupee**

186. SHRIMATI JHARNA DAS BAIDYA:  
SHRI RAJIV PRATAP RUDY:  
DR. PRADEEP KUMAR BALMUCHU:  
SHRI ARVIND KUMAR SINGH:  
SHRI PRABHAT JHA:  
SHRI ALOK TIWARI:  
SHRIMATI KUSUM RAI:  
SHRI THAAWAR CHAND GEHLOT:  
SHRI M.P. ACHUTHAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Indian rupee traded at a lifetime low compared to the US dollar in the month of June;
- (b) if so, the details thereof and the reasons therefor;
- (c) the details of the fluctuating value of rupee against US dollar over the last two years, month-wise;

(d) whether Government has looked into the impact of a sharp depreciation of rupee on the economy and various sectors such as aviation, power, FII inflows etc.; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (c) The rupee traded at its lowest level at Rs. 61.12 per US dollar (RBI's reference rate) on July 31, 2013. Details of monthly average exchange rate of rupee during last two years and in current year, month-wise, are given in the Statement (*See below*).

The sharp fall in value of rupee in the recent period can be explained by the supply-demand imbalance in the domestic foreign exchange market on account of volatility in FII inflows, strengthening of US dollar in the international market due to the *safe haven* status of US Treasuries and heightened risk aversion and deleveraging due to the euro area crisis that impacted financial markets across advanced and emerging market economies and 'risk-off' investor sentiment triggered by apprehensions of possible rollback of quantitative easing by the US Federal Reserve. Apart from the global factors, there were some domestic factors that have added to the weakening trend of the rupee, which include lower growth and higher inflation.

(d) and (e) The impact of exchange rate depreciation on different sectors of Indian economy depends on a number of factors like elasticity of exports and imports, relative prices of domestic and global product etc. Theoretically, the depreciation of a currency should boost the country's domestic production and exports as goods produced by domestic companies become relatively cheaper. Therefore, while the rupee depreciation should benefit export oriented companies, though with a lag, the same makes the imports costly for import oriented companies. However, exchange rate is one of the several factors that determine the competitiveness of exports. The other factors include productivity growth, technological innovations, price elasticity, import intensity of exports, demand and supply conditions in the global market. Rupee depreciation also increases the burden of debt in rupee terms where borrowing is in foreign currency.

***Statement****Details of monthly average exchange rate of rupee*

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<b>Year/Month</b>	<b>Monthly Average Exchange Rate of Rupee per US dollar</b>
<b>2011-12</b>	
April, 2011	44.37
May, 2011	44.90
June, 2011	44.83
July, 2011	44.42
August, 2011	45.25
September, 2011	47.63
October,2011	49.26
November,2011	50.86
December,2011	52.68
January,2012	51.34
February,2012	49.17
March, 2012	50.32
<b>2012-13</b>	
April, 2012	51.81
May, 2012	54.47
June, 2012	56.03
July, 2012	55.49
August, 2012	55.56

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Year/Month	Monthly Average Exchange Rate of Rupee per US dollar
September, 2012	54.61
October,2012	53.02
November,2012	54.78
December,2012	54.65
January,2013	54.32
February,2013	53.77
March,2013	54.40
<b>2013-14</b>	
April 2013	54.38
May 2013	55.01
June 2013	58.40
July 2013	59.78

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Source: Reserve Bank of India (RBI)

#### Devaluation of rupee

187. SHRI K.C. TYAGI:

SHRI PRAKASH JAVADEKAR:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that value of Indian currency is declining *vis-a-vis* US dollar since 2010;

(b) whether it is having an impact on the various sectors of the economy;

(c) whether the steps taken by Government till date have proven to be ineffective in controlling the free fall of rupee;