

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 217
TO BE ANSWERED ON JULY 19, 2022

DEVALUATION OF INDIAN RUPEE

217. Dr. C. M. Ramesh:
Shri Raghav Chadha:

Will the Minister of FINANCE be pleased to state:

- (a) the value of Indian Rupee against US Dollar in each year from 2014 to 2021 including month-wise details during 2022-23;
- (b) whether Government has noticed that the value of Indian Rupee against US Dollar is at the lowest in 70 years;
- (c) if so, the details thereof and the reasons therefor;
- (d) whether any review/study has been made by Government in this regard, and if so, the details thereof along with its impact on various sectors of the country; and
- (e) whether Government has taken any steps to contain the downfall of Indian Rupee, and if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The value of Indian Rupee against US Dollar at each financial year ending from 2013-14 to 2020-21 as well as month end values during 2022-23 are in Annexure.

(b) and (c) Yes Sir. The exchange rate of the Indian Rupee against the dollar was Rs.79.87 per dollar as of July 14, 2022. Global factors such as the Russia-Ukraine conflict, soaring crude oil prices and tightening of global financial conditions are the major reasons for the weakening of the Indian Rupee against the US Dollar. Currencies such as the British pound, the Japanese yen and the Euro have weakened more than the Indian rupee against the US dollar and therefore, the Indian rupee has strengthened against these currencies in 2022.

(d) and (e) Nominal exchange rate is only one of the factors that impact an economy. The depreciation of a currency is likely to enhance the export competitiveness which in turn impacts the economy positively. The depreciation also impacts the imports by making them more costly. The Reserve Bank of India (RBI) regularly monitors the foreign exchange market and intervenes in situations of excess volatility. The Reserve Bank of India has raised interest rates in recent months that increase the attractiveness of holding Indian rupees for residents and non-residents.

Further, recent measures taken by RBI include 1) Exemption of Incremental Foreign Currency Non-Resident (Bank) [FCNR(B)] and Non-Resident (External) Rupee (NRE) deposits from the maintenance of CRR and SLR up to November 4, 2022; 2) Exemption of fresh FCNR(B) and NRE deposits from the extant regulation on interest rates to allow banks to provide higher interest rates till October 31, 2022 than those offered to comparable domestic rupee term deposits with a view to attract foreign currency deposits; 3) Revision of regulatory regime relating to Foreign Portfolio Investment in debt flows to encourage foreign investment in Indian debt instruments; 4) Raising of External Commercial Borrowing limit (under automatic route) to \$1.5 billion and the all-in-cost ceiling by 100 bps in select cases up to December 31, 2022; 5) Allowing Authorised Dealer Category-I (AD Cat-I) banks to utilise overseas foreign currency borrowing for lending in foreign currency to entities for a wider set of end-use purposes, subject to the negative list set out for external commercial borrowings.

Table 1: Value of Indian Rupee against US Dollar in each financial year end from 2013-14 to 2020-21

Date	USD/INR
31-Mar-14	60.10
31-Mar-15	62.59
31-Mar-16	66.33
31-Mar-17	64.84
30-Mar-18	65.04
29-Mar-19	69.17
31-Mar-20	75.39
31-Mar-21	73.50

Source: Reserve Bank of India.

Table 2: Month-wise details during 2022-23

Date	USD/INR
29-Apr-22	76.42
31-May-22	77.66
30-Jun-22	78.94
14-Jul-22	79.87

Source: Reserve Bank of India.