GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
STARRED QUESTION NO. 166
ANSWERED ON AUGUST 2, 2022

DECLINING VALUE OF INDIAN RUPEE AGAINST THE US DOLLAR

166. Shri Vivek K. Tankha:

Will the Minister of FINANCE be pleased to state:

(a) whether Government has immediate plans to increase the value of Rupee against the Dollar;
(b) if so, the details thereof and if not, the reasons therefor;
(c) whether Government has formulated long-term plans to strengthen the value of Rupee in the international markets; and
(d) whether Government has formed a Committee to control the plummeting value of Indian Rupee, if so, the details thereof?

ANSWER

THE MINISTER OF FINANCE
(SMT NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE RAJYA SABHA STARRED QUESTION NO. 166 ON 'DECLINING VALUE OF INDIAN RUPEE AGAINST THE US DOLLAR" RAISED BY SHRI VIVEK K. TANKHA DUE FOR ANSWER ON 2ND AUGUST, 2022

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(a) to (d) The exchange rate of the Indian Rupee is determined largely by the market forces of demand and supply. The Reserve Bank of India (RBI) intervenes only to curb excessive volatility in the foreign exchange market and to maintain orderly conditions therein without targeting any specific level of the exchange rate.

RBI regularly monitors the foreign exchange market and intervenes in situations of excess volatility. 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.

Additionally, in order to promote growth of exports from India and to support the increasing interest of global trading community in the Indian Rupee, RBI has decided to put in place an additional arrangement for invoicing, payment, and settlement of exports/imports in Indian Rupee vide its circular on International Trade Settlement in Indian Rupees (INR) dated July 11, 2022.

The Government and RBI closely monitor developments in the exchange rate of the Indian rupee and calibrate macroeconomic policies on a regular basis.

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