GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

**RAJYA SABHA**
**UNSTARRED QUESTION NO. 1828**
ANSWERED ON AUGUST 2, 2022

# CONTINUOUS DEPRECIATION OF INDIAN RUPEE

1828. Shri Abdul Wahab:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Indian Rupee is continuously depreciating its value against Dollar in the last few months;
(b) the losses Indian economy would face due to this continuous depreciation of Rupee; and
(c) the measures taken by Government to stabilise the Rupee?

## ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The monthly average exchange rate of the Indian Rupee vis-à-vis the US Dollar stood at Rs. 76.17/US$ in April 2022, depreciated to Rs. 77.32/US$ in May 2022 and Rs. 78.07/US$ in June 2022.

(b) 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 impact of exchange rate depreciation on domestic prices depends on the extent of pass-through of international commodity prices to the domestic market.

(c) The Reserve Bank of India (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 INR vide its circular on International Trade Settlement in Indian Rupees (INR) dated July 11, 2022.

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