GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 211
ANSWERED ON JULY 19, 2022

ILL EFFECTS ON THE ECONOMY DUE TO DEVALUATION OF RUPEE

211. Shri Ram Nath Thakur:

Will the Minister of FINANCE be pleased to state:

(a) the devaluation of Indian Rupee against Dollar during the last three years;
(b) the extent to which this devaluation of the Indian Rupee is causing ill-effects on the economy of the country; and
(c) the increase in the prices of imported goods due to the devaluation of Indian Rupee?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The appreciation/depreciation of Indian Rupee against U.S. Dollar during the last three years is given below:

Table 1: Appreciation/Depreciation of Indian Rupee against US Dollar

Financial Year	**Appreciation (+) / Depreciation (-)**
2019-20	(-) 8.46%
2020-21	(+) 3.32%
2021-22	(-) 3.53%
FY 23 till July 11, 2022	(-) 4.60%

Source: Reserve Bank of India

(b) & (c) 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. On the other hand, depreciation may raise the prices of imported goods. However, the overall impact of exchange rate depreciation on domestic prices depends on the extent of pass-through of international commodity prices to the domestic market.

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