GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 227
ANSWERED ON JULY 19, 2022

RUPEE HITTING ALL-TIME LOW

227. Shri Mallikarjun Kharge:

Will the Minister of Finance be pleased to state:

(a) whether it is a fact that the Rupee has hit all-time low values repeatedly over the last few months;

(b) if so, the reasons for this continuous decline of the currency;

(c) the impact that this depreciation in value of our currency has had on the export/import of various commodities;

(d) how the declining value of the Rupee has led to increased inflation and rise in fuel prices;

(e) whether Government is planning to curb import of non-essential goods to counter this depreciation; and

(f) if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) and (b) While the Indian Rupee has weakened against the US Dollar, it has strengthened against other major currencies such as the British pound, the Japanese yen and the Euro during 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.

(c) to (f) Exchange rate is only one of the several different factors such as, demand for domestic and foreign goods, commodity prices, crude oil prices etc., which affect India's export and import demand. India's merchandise exports touched a record high of US$ 421.9 billion during 2021-22. India's exports during each month of the current year have been higher than those of the corresponding months of the previous year. India's exports and imports during 2021 and 2022 are in annexure. 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.

Department of Commerce regularly monitors and sensitizes line Ministries/Departments and other stakeholders from time to time and in various forums on the following broad strategy to address the issue: (i) Addressing domestic supply rigidities and looking at domestic production opportunities/enhancement of capacity; (ii) Timely use of trade remedial options; (iii) Adoption of mandatory technical standards; (iv) Enforcing rules of origin; (v) Tariff measures/inverted duty correction etc.

Besides, the Department of Commerce has been carrying out import data monitoring on monthly and annual basis to identify any visible changes and to monitor surges in imports. All concerned Ministries/Departments are apprised of item wise imports surge at 8 HS digit level on a monthly basis such that appropriate action may be initiated where necessary. A Position paper of structure of Imports is also circulated to all concerned Ministries/Departments annually since 2014. Further, there is an Importing Monitoring System for providing advance information on imports to Government and stakeholders for i) Steel, ii) Non-Ferrous Metal, iii) Coal and iv) Chips (Integrated Circuits)

ANNEXURE

Table: India's merchandise exports and imports during 2021 and 2022

	2021		2022	
	Exports (USD Billion)	**Imports (USD Billion)**	**Exports (USD Billion)**	**Imports (USD Billion)**
January	27.54	42.03	35.22	52.49
February	27.63	40.75	37.14	55.83
March	35.26	48.90	44.49	62.98
April	30.75	46.04	39.79	60.20
May	32.30	38.83	39.04	63.25
June	32.49	42.09	40.13	66.31

Source: DGCI&S

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