

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 714
TO BE ANSWERED ON DECEMBER 13, 2022

VALUE OF RUPEE AGAINST US DOLLAR

714 Shri Vaiko:
Shri M. Shanmugam:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Indian Rupee slipped to record low of 82 level against the US Dollar recently;
- (b) if so, the reasons therefor;
- (c) whether it is due to wrong financial policies being followed by Government; and
- (d) the details of measures taken to arrest the trend to save precious foreign exchange and to help Indian importers?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) Yes Sir. The Indian Rupee (INR) breached the Rs 82/US\$ level on October 7, 2022.

(b) and (c): As global spillovers from geo-political tensions and aggressive monetary policy tightening across the world intensified alongside a surge in crude oil prices, the US dollar strengthened by 7.8% in the financial year (till November 30, 2022). The INR depreciated by 6.9% in the current financial year (till November 30, 2022). It has performed better than most Asian peer currencies, including the Chinese Renminbi (10.6%), Indonesian Rupiah (8.7%), Philippine Peso (8.5%), South Korean Won (8.1%), Taiwanese Dollar (7.3%) etc during the financial year.

The value of the Rupee is market-determined. The Reserve Bank of India (RBI) closely monitors the foreign exchange markets and intervenes only to maintain orderly market conditions by containing excessive volatility in the exchange rate, without reference to any pre-determined target level or band.

(d) The RBI had announced various measures in the recent period to diversify and expand the sources of forex funding to mitigate exchange rate volatility and dampen global spillovers. Some of these measures are:

- Incremental Foreign Currency Non-Resident (Bank) [FCNR(B)] and Non-Resident (External) Rupee (NRE) deposit liabilities were exempted from the maintenance of cash reserve ratio (CRR) and statutory liquidity ratio (SLR) for deposits mobilized up to November 4, 2022.
- Fresh FCNR(B) and NRE deposits were exempted from the extant regulation on interest rates (i.e. interest rates shall not be higher than those offered by the banks on comparable domestic rupee term deposits) till October 31, 2022.
- Further, the regulatory regime relating to foreign portfolio investments in debt flows has been revised to encourage foreign investment in Indian debt instruments.
- The external commercial borrowing limit (under automatic route) has been raised to US\$1.5 bn and the all-in-cost ceiling has been raised by 100 basis points in select cases up to December 31, 2022.
- Authorized dealer Category 1 Banks can utilize overseas foreign currency borrowing for lending in foreign currency to end use prescriptions as applicable to external commercial borrowings.
- In order to promote the growth of exports from India and to support the increasing interest of the global trading community in the Indian Rupee, RBI has put in place an additional arrangement for invoicing, payment, and settlement of exports/imports in INR on July 11, 2022.
