

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 888**  
ANSWERED ON JULY 30, 2024

**UNPRECEDENTED FALL OF VALUE OF INDIAN RUPEE**

**888. Shri R. Girirajan:**

Will the Minister of FINANCE be pleased to state:

- (a) the reasons for the unprecedented fall of the value of Indian Rupee against US dollar (1US Dollar = 83.63 INR on 20 June, 2024);
- (b) the problems and issues faced by public and private players involved in imports of various goods due to the continuous fall of value of Indian Rupee against the US Dollar and the remedial action taken by Government in this regard; and
- (c) whether Government has received any information about the fluctuations in the prices of crude oil and Gold?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) Various domestic and global factors influence the exchange rate of the Rupee (INR), such as movement of the Dollar index, trend in capital flows, level of interest rates, movement of crude oil prices, current account deficit etc. One of the main reasons for the depreciation of INR against US dollar during the current calendar year has been strengthening of US dollar. During the current calendar year, INR has been one of the best performing Asian currencies, having depreciated by 0.6% against the US dollar (as on July 24, 2024). Other major Asian currencies like the Japanese Yen and South Korean Won have declined by 8.4% and 6.7% respectively against the US dollar (as on July 24, 2024). During the same period, the Dollar index has strengthened nearly 3.0% while all G10 currencies except British Pound have weakened more than 1% against the US Dollar. Further, Brent crude prices have risen more than 6% in 2024 (as on July 24, 2024), accentuating pressure on INR.

Despite the global headwinds, the relative stability of the INR bears testimony to India's sound and resilient economic fundamentals, macroeconomic and financial stability.

(b) The depreciation of currency is likely to enhance the export competitiveness which in turns impacts the economy positively. On the other hand, depreciation may raise the prices of imported good. 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. Furthermore, the imports in the economy also depends on various factors including the demand and supply of commodities in the international market, kind of tradeable (i.e. essential or luxury items), freight costs, availability of substitutes goods etc. Thus, the impact of movement of the exchange rate on the importers cannot be isolated.

(c) Fluctuations in prices of various commodities, including that of crude oil and gold, are reflected in the price indices calculated and published by the Government.

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