

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 885
TO BE ANSWERED ON 11.02.2025

DEPRECIATING RUPEE

885. Smt. Renuka Chowdhury:

Will the Minister of *Finance* be pleased to state:

- (a) whether Government has identified the reason for the Rupee falling to all-time low against the dollar, if so, the details thereof;
- (b) whether due to weakening of the Rupee the Foreign Portfolio Investment (FPI) has seen net outflows, if so, the details of the net FPI in the last two financial years; and
- (c) the total money spent as monetary policy measure by the Reserve Bank of India (RBI) to support the Rupee from weakening in the last 6 months, month-wise?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The value of the Indian Rupee (INR) is market-determined, with no target or specific level or band. In general, the factors that influence the exchange rate of INR include a host of domestic and global factors such as the movement in US Dollar Index, trends in capital flows, level of interest rates, movement in crude prices, current account deficit etc. Factors that have contributed to the recent depreciation of the INR are as follows:

- Since the commencement of the last quarter of calendar year 2024, INR along with other Asian currencies depreciated against the US Dollar (USD) amid uncertainties surrounding results of US elections. US Dollar Index rose 7.0% during October 1, 2024, to January 30, 2025, with all major Asian currencies depreciating against the US Dollar. INR has depreciated 3.3% during this period. South Korean Won and Indonesian Rupiah depreciated by 8.1% and 6.9% respectively in this period. Further, all G-10 currencies also depreciated during this period by more than 6.0% with Euro and British Pound depreciating by 6.7% and 7.2% respectively.

- INR was also under pressure owing to narrowing interest rate differential between US and India. The US 10-year yield rose 74 bps during the aforementioned period, while the Indian generic 10-year yield remained relatively stable.
- Foreign portfolio investments (FPI) outflows of around USD 20 billion from Indian markets during October 1, 2024, to January 30, 2025, contributed to the depreciation of INR against the US Dollar.
- The trade deficit of USD 31.8 billion for November 2024 also exerted pressure on INR.

(b) FPI flows into a country depend upon various factors such as economic growth outlook, exchange rate movements, interest rates, market liquidity, regulatory environment, etc. The net FPI flows into India, in the last two financial years were as follows:

Financial Year	Amount (-) outflow/(+) inflow (in USD million)
2022-23	(-) 5,510
2023-24	(+) 41,043
2024-25	(+) 3,010 (upto February 5, 2025)

(c) The data on purchase /sale of USD by the RBI for June to November 2024 is as below:

Month	Net Purchase (+)/ Sale (-) of USD (millions)	Equivalent INR amount (₹ crore)
November 2024	-20,228	-1,70,629.74
October 2024	-9,275	-77,968.62
September 2024	9,639	80,549.22
August 2024	-6,494	-54,475.51
July 2024	6,934	57,887.36
June 2024	-2,107	-17,688.16
