

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1846**  
TO BE ANSWERED ON 16.12.2025

**DROP IN VALUE OF RUPEE**

**1846. Shri Derek O' Brien:**

Will the Minister of Finance be pleased to state:

- (a) whether Government has examined the reasons for the recent fall in the value of Rupee against the US Dollar;
- (b) if so, the steps taken to attract stable, long-term foreign investment and to manage capital outflows;
- (c) whether Government has assessed the impact of the weaker Rupee on inflation, import costs and the purchasing power of consumers, if so, the details thereof;
- (d) the measures taken to stabilise the Rupee; and
- (e) the US Dollar–Indian Rupee Exchange Rate on the last working day of each of the last ten financial years and the latest available Rate?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI PANKAJ CHAUDHARY)

- (a) Various domestic and global factors influence the exchange rate of the Indian Rupee (INR), such as the movement of the Dollar Index, trend in capital flows, level of interest rates, movement in crude prices, current account deficit etc. During the current financial year 2025-26, the depreciation of the INR has been influenced by the increase in trade deficit and likely prospects arising from the ongoing developments in India's trade agreement with the US, amid relatively weak support from the capital account.
- (b) To attract more foreign direct investments (FDI), the Government has implemented an investor-friendly FDI policy, wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. More than 90% of the FDI inflow is received under the automatic route. The Government is continuously working towards attracting FDI into the country by removing regulatory barriers, streamlining processes, developing infrastructure, bettering logistics and improving the business environment by enhancing the ease of doing business.
- (c) The depreciation of currency is likely to enhance 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 the pass-through of international commodity prices to the domestic market. Furthermore, the imports in the economy also depend on various factors including the demand and supply of commodities in the international market, the kind of tradeable (i.e. essential or luxury items), freight costs, availability of substitute goods, etc. Thus, the impact of the movement of the exchange rate on the import cost and hence on domestic inflation and on the economy in general cannot be isolated.

(d) The value of the INR is market-determined, with no target or specific level or band. The Reserve Bank of India (RBI) regularly monitors the foreign exchange market and intervenes in situations of excess volatility. Further, the RBI monitors key developments across the globe which may have an impact on USD-Rupee exchange rate. Among others, it includes monetary policy actions of the major Central Banks, major economic data releases across the globe and their impacts thereof, OPEC+ meeting decisions, tracking, and analyzing geo-political events, daily movements in G-10 and EME currencies, etc. Some of the measures taken by the RBI recently to enhance foreign exchange inflows, *inter-alia*, include:

- Relaxation in repayment of export credit was provided to exporters in November 2025 whereby the maximum credit period was enhanced from one year to 450 days for pre-shipment and post-shipment export credit disbursed till March 31, 2026.
- In October 2025, the time period for forex outlay was increased from four months to six months in case of Merchanting trade transactions. Separately, Authorised Dealer banks were allowed to lend in Indian Rupees to a person resident outside India in Bhutan, Nepal or Sri Lanka, including a bank in these jurisdictions for cross border trade transactions.
- In August 2025, persons resident outside India that maintain a Special Rupee Vostro Account for international trade settlement in Indian Rupees were permitted to invest their rupee surplus balance in the aforesaid accounts in Central Government Securities (including T-Bills)
- In May 2025, the requirement on Foreign Portfolio Investors' (FPIs) to comply with the short-term investment limit and concentration limit for their investments in corporate debt securities, was withdrawn.

(e) The value of INR against USD on 5 December 2025, and on the last working day during the last ten financial years is given below:

<b>Financial Year</b>	<b>Year-end INR/USD exchange rate</b>
2025-26 (as on Dec 5)	89.99
2024-25	85.46
2023-24	83.40
2022-23	82.18
2021-22	75.79
2020-21	73.11
2019-20	75.54
2018-19	69.15
2017-18	65.18
2016-17	64.85
2015-16	66.25

Source: Bloomberg

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