GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
STARRED QUESTION NO. 25
ANSWERED ON JULY 21, 2026

CONTINUOUS DEPRECIATION OF THE INDIAN RUPEE AGAINST US DOLLAR

***25 Shri Javed Ali Khan:**

Will the Minister of FINANCE be pleased to state:

(a) the reasons behind the continuous depreciation of the Indian Rupee against the US Dollar, which has crossed significant psychological barriers recently and touched around ₹97 per US Dollar;
(b) whether Government has assessed the impact of this weakening Rupee on inflation, import bills, cost of essential commodities, MSME sector and common citizens, if so, the details thereof;
(c) the concrete short-term and long-term measures Government/RBI has taken or proposes to take in this regard; and
(d) whether Government has conducted any internal assessment of the economic cost of this sustained weakness of Indian Rupee against US Dollar?

ANSWER

THE MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)

(a) to (d): A statement is laid on the Table of the House.

Statement referred in reply to parts (a) to (d) of the Rajya Sabha Starred Question No. 25 raised by Shri Javed Ali Khan for answer on 21st July 2026, regarding "Continuous depreciation of the Indian Rupee against US Dollar"

(a) The Indian rupee (INR) closed at ₹96.3 per USD on July 15, 2026. Various domestic and global factors influence the exchange rate of the Indian Rupee (INR), including movements in the Dollar Index, trends in capital flows, interest rates, crude oil prices, and the current account deficit.

The depreciation of the INR has been influenced by several factors, including reduced support from the capital account amidst rising crude oil prices in the wake of the conflict in the Middle East.

(b) 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. Further, besides exchange rate movements, imports are determined by several other factors, including global supply-demand conditions, geopolitical developments, domestic demand, and factors such as global value chain integration necessitating imports of intermediate goods for production and exports, and international prices of imported goods, etc. Thus, the impact of exchange rate movements on import bill, and hence on domestic inflation, cost of essential commodities, the MSME sector and on the common citizen in general, cannot be isolated.

(c) The value of the INR is market-determined, with no target or specific level or band. The 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 the USD-INR exchange rate. Various measures have been taken by RBI to boost forex inflows, which in turn may ease the depreciation pressure on INR, *inter-alia*, include:

- The External Commercial Borrowings (ECB) framework was amended in February 2026 through expansion of eligible borrower and recognised lender base, rationalisation of borrowing limits and restrictions on average maturity period, removal of restrictions on the cost of borrowing for ECBs, review of end-use restrictions and simplification of reporting requirements.
- Several measures were announced on June 5, 2026, which include:
  a. The universe of 'specified securities' under the Fully Accessible Route (FAR) has been expanded by including all new issuances of 15-year, 30-year and 40-year tenor Government securities, as well as Sovereign Green bonds in FAR eligible tenors. Limits pertaining to short-term investment, concentration and individual securities on FPI investment under the General Route have also been removed.
  b. The limits for investment by Non-Resident Indians (NRIs) and Overseas Citizens of India (OCIs) in equity instruments traded on the stock market without SEBI registration have been increased. Further, the same facility is being extended to all individual Persons Resident Outside India (PROIs) at par with NRIs and OCIs.
  c. A facility for bearing the full hedging cost incurred by Authorised Dealer (AD) banks for raising fresh 3 to 5 year Foreign Currency Non-Resident (Bank) [FCNR (B)] deposits was announced. This swap facility has already come into effect and will remain open till October 16, 2026.
  d. A facility of concessional forex swap has been announced to incentivise the External Commercial Borrowing by Public Sector Undertakings and overseas foreign currency borrowings with a minimum maturity of three years raised by AD banks, wherein the concessional rate of the swap was fixed at 1.5 per cent per annum compounded semi-annually. The swap facility has already come into effect and will remain open till January 15, 2027.
  e. The time period for realisation of exports has been restored to nine months from 15-month period stipulated earlier.

- In addition to the above, Memorandum of Understanding on Local Currency Arrangements with trading partners, i.e., UAE, Indonesia, Maldives, and Mauritius, have been signed.

The Government has also undertaken a series of measures to mitigate inflation and rising cost of essential commodities, including those arising from external factors, and to protect common citizens from undue price volatility. These include, *inter alia*, augmentation of buffer stocks for essential food items, strategic sales of procured grains in the open market, facilitation of imports and export curbs during periods of short supply, implementation of stock limits to push more supplies of select commodities into the market, retail sales of select food items under the Bharat brand at subsidised rates, market intervention for perishable horticultural and agricultural commodities, reduction in fuel taxes, creation of scientific storage capacity and above all, increasing the disposable income of individuals by exempting annual incomes up to ₹12 lakh (and ₹12.75 lakh for salaried individuals with standard deduction) from income tax and the recent rationalization of Good and Services Tax (GST) rates.

Further, MSMEs continue to be supported under the Foreign Trade Policy and initiatives such as Districts as Export Hubs, through export promotion, market access and capacity-building measures to enhance their competitiveness and resilience in external markets.

In May 2026, the Government approved the Emergency Credit Line Guarantee Scheme (ECLGS) 5.0, aimed at facilitating an additional credit flow of ₹2.55 lakh crore to businesses affected by the conflict-induced disruptions. The scheme provides 100 per cent guarantee coverage for MSMEs and 90 per cent coverage for non-MSMEs and airlines, without any guarantee fees.

(d) The Government closely tracks the trends in key economic parameters, including exchange rate movements, along with their implications for economic growth and fiscal stability. These issues are discussed at various fora at various levels of the Government.

***