GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 1031
TO BE ANSWERED ON 28.07.2026

DEPRECIATION OF THE INDIAN RUPEE AGAINST THE US DOLLAR

1031 Smt. Renuka Chowdhury:

Will the Minister of Finance be pleased to state:

(a) the exchange rate of the Indian Rupee against the US Dollar in May 2014 and the corresponding exchange rate at present, along with the annual average exchange rate and annual rate of depreciation/appreciation since 2021, year-wise;
(b) the amount of foreign exchange reserves utilised by the Reserve Bank of India through the sale of US Dollars or any other intervention to stabilise the Rupee since 2021, year-wise, along with the net amount of US Dollars purchased and sold during the said period; and
(c) the impact of the depreciation of the Rupee on imports, inflation, external debt servicing and the current account balance?

ANSWER
THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The monthly average exchange rate of the Indian Rupee (INR) against the US Dollar (USD) in May 2014 was ₹59.3/USD, and the corresponding exchange rate in May 2026 was ₹95.6/USD. Further, INR reached ₹96.57/USD on July 22, 2026. The annual average exchange rate and the annual rate of depreciation/appreciation since 2021 are given below.

Year	Annual Average Exchange Rate (INR/USD)	Appreciation (+)/Depreciation (-) of INR against USD (%)
2020-21	74.23	-4.48
2021-22	74.50	-0.37
2022-23	80.36	-7.29
2023-24	82.79	-2.93
2024-25	84.58	-2.11
2025-26	88.31	-4.23

(b) 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. The details of the RBI's foreign exchange interventions since 2021 have been presented below.

Calendar Year	**Net purchase (+)/sale (-) of USD (in million)**
2026 (till April 2026)	(-) 8,767
2025	(-) 51,714
2024	(-) 12,350
2023	(+) 18,135
2022	(-) 46,237
2021	(+) 33,349

(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, thereby contributing to imported inflation. Further, besides exchange rate movements, imports are determined by several factors, including global supply-demand conditions, geopolitical developments, domestic demand, exchange rate movements, and factors such as global value chain integration necessitating imports of intermediate goods for production and exports, and international prices of imported goods, etc.

However, the impact on domestic prices depends on the extent to which international commodity prices are passed through to the domestic market, along with domestic supply conditions, and the effectiveness of policy responses. Thus, the impact of exchange rate movements on imports, and hence on domestic inflation, cannot be isolated.

The impact on external debt servicing also depends on factors such as the currency composition, maturity profile and hedging practices of borrowers. Similarly, the impact on the current account balance depends on trade dynamics, transfers and global commodity prices, and cannot be attributed to exchange rate movements alone.

Notwithstanding exchange rate movements, India's current account deficit (CAD) moderated from 2.0 per cent of GDP in FY 2022-23 to 0.6 per cent in FY 2025-26. Further, as per RBI, the current account recorded a surplus of USD 2.8 billion during April-May 2026 as compared to a deficit of USD 4.1 billion during April-May 2025.

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