

LOK SABHA
UNSTARRED QUESTION NO. 485
TO BE ANSWERED ON JULY 20, 2018

APPRECIATION OF RUPEE

†485. SHRI ALOK SANJAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether rupee has appreciated against US dollar in recent months;
- (b) if so, the details thereof along with the present price of rupee vis-à-vis dollar along with the reasons therefor;
- (c) the steps taken by the Government to strengthen rupee vis-à-vis dollar; and
- (d) the impact of rupee appreciation on various sectors of the economy?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON. RADHAKRISHNAN)

(a) & (b) The Indian rupee has depicted depreciating trends vis-à-vis US\$ in the recent months. The value of the rupee vis-à-vis US\$ since January 2018 is given in the following table.

Exchange rate	
Month / Date	Value of the Rupee vis-à-vis US dollar Rupees per dollar (Reference Rate)
January 2018	63.6400
February 2018	64.3738
March 2018	65.0213
April 2018	65.6363
May 2018	67.5394
June 2018	67.7931
As on July 17, 2018*	68.2978

Source: Reserve Bank of India. *FBIL Reference Rate

The recent episode of depreciation of the rupee vis-à-vis US\$ can be mainly ascribed to adverse global developments viz increase in the prices of crude oil, escalation of protectionist sentiments in some countries; rising interest rate and balance-sheet normalisation by the US Fed along with expansionary fiscal policy in the United States. These factors, among some others, led to strengthening of US\$ vis-à-vis a large number of currencies, including the Indian rupee.

(c) The RBI does not target any particular level of the exchange rate of Rupee. It intervenes in the currency market to ensure orderly movement and curb volatility in the foreign exchange market, and remains vigilant to market developments. In order to encourage capital inflows, the limits for foreign portfolio investments in Central Government debt have been raised in April 2018. Further, the level of foreign exchange reserves is adequate and enables the RBI in curbing the volatility in foreign exchange market and maintain orderly conditions.

(d) Other things remaining the same, an appreciation of the Rupee vis-à-vis other foreign currencies would tend to encourage imports and may reduce exports from different sectors of the economy.
