

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 618
TO BE ANSWERED ON JULY 20, 2018

VALUE OF RUPEE AGAINST US DOLLAR

618. SHRI SATAV RAJEEV: SHRI JYOTIRADITYA M. SCINDIA: SHRI ASADUDDIN OWAISI:
SHRI RAM KUMAR SHARMA: SHRI DHANANJAY MAHADIK: SHRIMATI SUPRIYA SULE:
KUMARI SUSHMITA DEV: SHRI ANTO ANTONY: SHRI MOHITE PATIL VIJAYSINH
SHANKARRAO: SHRI P.R. SUNDARAM: DR. HEENA VIJAYKUMAR GAVIT:
DR. J. JAYAVARDHAN: SHRI SHIVKUMAR UDASI:

Will the Minister of FINANCE be pleased to state:

- (a) the value of Indian rupee against Pound, Dollar and Euro during each of the last twelve months along with reasons for difference/variations, currency-wise;
- (b) whether there has been a continuous fall in the value of rupee and the value of rupee collapsed to a record low of Rs. 69.09 against U.S. Dollar recently, if so, the details thereof including average value of Indian rupee against the U.S. dollar during the last ten years along with the resultant depletion in the Foreign Exchange Reserves;
- (c) the factors responsible for a sharp fall in the value of rupee against the dollar and its effect on the economy including imports, Current Account Deficit along with the extent to which the rising oil prices, trade war between China, United States (US) and India have contributed to this fall;
- (d) whether increase in imports have mainly caused the fall in the value of rupee, if so, the reaction of the Government thereto along with the details of the articles imported and estimated to be imported more during the year 2017-18 and 2018-19 respectively; and
- (e) whether the RBI/Government has taken corrective steps to protect the value of rupee against US dollar and its effect on the economy including imports, if so, the details thereof?

ANSWER

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

(a) to (c) The value of Indian rupee against British pound, US dollar and Euro during the period from July 2017 to June 2018 is given in Table 1.

Table 1: Value of Indian Rupee against Selected Currencies (Rupees per Unit of Foreign currency)

Month	British Pound	US Dollar	Euro
Jul-17	83.7544	64.4559	74.2036
Aug-17	83.0433	63.9684	75.5956
Sep-17	85.7254	64.4409	76.7891
Oct-17	85.9151	65.0813	76.4800
Nov-17	85.7741	64.8626	76.1211
Dec-17	86.1115	64.2423	75.9975
Jan-18	87.6500	63.6400	77.4500
Feb-18	90.0763	64.3738	79.5625
Mar-18	90.8382	65.0213	80.2499
Apr-18	92.5691	65.6363	80.6612
May-18	90.9732	67.5394	79.8248
Jun-18	90.0672	67.7931	79.1619

Note: Based on RBI Reference Rate. Source: Reserve Bank of India.

The value of Rupee vis-à-vis the US dollar remained in a relatively narrow range of Rs. 63.97 per US\$ to Rs. 65.08 per US\$ between July 2017 and December 2017. It appreciated somewhat in January 2018, but then depreciated till June 2018. The major reasons for depreciation of the rupee vis-à-vis the US\$, inter-alia, include: the recent global developments viz increase in the prices of crude oil, escalation of protectionist sentiments in some countries; rising interest rate and balance-sheet normalization by the US Fed, along with expansionary fiscal policy in the United States. The variations in the exchange rate (Reference rate) of the Rupee vis-à-vis other

currencies (Euro and British Pound) basically reflect the spot cross country rates of Euro/US\$ and British Pound/US\$, and are arrived at by crossing the USD/INR Reference rate with the ruling Euro/USD and British Pound/USD rates, respectively.

The value of Indian Rupee vis-à-vis US\$ has not fallen continuously. However, there are variations during the intermediate periods. It fell to an intra-day low of Rs. 69.09 per US\$ on 28 June 2018. The exchange rate of Indian rupee vis-à-vis US dollar and level of country's foreign exchange reserves, in last ten years are given in Table 2:

Table 2: The exchange rate of Indian rupee vis-à-vis US dollar and Foreign Exchange Reserves

Financial Year	Exchange rate INR /US\$ (Average for the year)	Foreign Exchange Reserves (End-financial year) US \$ million
2008-09	45.9933	251985
2009-10	47.4433	279057
2010-11	45.5626	304818
2011-12	47.9229	294398
2012-13	54.4099	292046
2013-14	60.5019	304223
2014-15	61.1436	341638
2015-16	65.4685	360176
2016-17	67.0720	369955
2017-18	64.4474	424545
2018-19 (April- June)	66.9896	405810 (As on 6 th July 2018)

Source: Reserve Bank of India.

(d) As stated in part (a) to (c) of the reply, the variations in the exchange rate of the rupee vis-à-vis other currencies is the result of many factors and significantly higher level of imports as compared to exports along with current account deficit could be among them. The level of imports of major commodities during 2017-18 and April-May 2018 is given in Table 3:

Table 3: Import of Principal Commodities Groups (Value in US\$ million)

Commodity	2017-18	2018-19 (Apr-May) (P)
1. Plantation	1,039	173
2. Agri & Allied Products	22,223	3,167
3. Marine Products	123	25
4. Ores & Minerals	31,740	5,850
5. Leather & Leather Manufactures	1,057	172
6. Gems & Jewellery	74,668	11,714
7. Sports Goods	292	52
8. Chemicals & Related Products	40,393	8,057
9. Plastic & Rubber Articles	17,038	3,063
10. Articles Of Stone, Plaster, Cement, Asbestos, Mica Or Similar Materials; Ceramic Products; Glass And Glassware	2,715	434
11. Paper & Related Products	8,277	1,379
12. Base Metals	27,429	5,153
13. Optical, Medical & Surgical Instruments	5,340	932
14. Electronics Items	51,541	8,823
15. Machinery	39,149	7,495
16. Office Equipments	47	7
17. Transport Equipments	19,175	2,057
18. Project Goods	2,078	429
19. Textiles & Allied Products	6,402	1,120
20. Petroleum Crude & Products	108,659	21,937
21. Others	6,193	1,023
Total Imports	465,578	83,063

Source : Department of Commerce, Ministry of Commerce and Industry. P: Provisional.

(e) The value of the Indian rupee against other currencies is market determined and the RBI conducts its foreign exchange market operations for orderly movement in the exchange rate and contain volatility. The Government as well as the RBI closely monitor the external developments on an ongoing basis to support robust macroeconomic outcome. The improvement in the current account balance is achieved by promoting exports and /or curtailing imports. To encourage capital inflows, the investment limits for foreign portfolio investors were eased in April, 2018.