

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 2017**  
TO BE ANSWERED ON DECEMBER 21, 2018

WIDENING CAD

2017. SHRI E. T. MOHAMMED BASHEER :  
SHRIMATI RANJANBEN BHATT :

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has noted that the declining value of rupee, rising prices of oil and widening Current Account Deficit (CAD) has ill effect on the economy;
- (b) if so, the details thereof;
- (c) whether the Government proposes to take any steps/appropriate action to curb/check the situation arising out of the above issues; and
- (d) if so, the details thereof?

**ANSWER**

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

(a) and (b) The value of Indian rupee against US\$ has declined by 4.5 per cent during second quarter (Q2) of 2018-19 over first quarter (Q1) of 2018-19. Contributing to the decline has been the crude oil price of Indian Basket, which increased by 2.6 percent across the same period. The decline in the value of rupee and increase in crude oil prices are among various factors that may have increased the current account deficit from 2.4 percent of GDP in Q1 of to 2.9 per cent in Q2 of 2018-19.

(c) and (d) The exchange rate of the rupee is market determined. The Reserve Bank of India (RBI), however, intervenes in the domestic foreign exchange market to manage excessive volatility and maintain orderly conditions without having any fixed target or band for the exchange rate. The RBI will continue to monitor the evolving situation and take appropriate steps to bring stability during periods of forex market volatility.

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