

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 2429
TO BE ANSWERED ON MONDAY, 18 DECEMBER, 2023

VALUE OF INDIAN RUPEE AGAINST US DOLLAR

2429. DR. T. SUMATHY (a) THAMIZHACHI THANGAPANDIAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the value of Indian Rupee against US Dollar which was at Rs. 59.18 per US Dollar on 30 May 2014 has declined to Rs. 83.34 per US Dollar on 24 November 2023, if so, the details thereof and the reasons therefor;
- (b) whether the continuous depreciation of the value of INR against US Dollar has heavy impact on the country's trade with foreign countries especially the huge imports we rely on China, USA, UAE, Middle East countries, European Union etc., if so, the details thereof;
- (c) the steps taken or likely to be taken by the Government to control the decline in value of INR against the US Dollar and to maintain a balance of trade; and
- (d) the expenditure incurred in terms of US Dollar for imports during the last five years and Forex gained during the corresponding years, year-wise?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a) The exchange rate of the Indian Rupee against the US Dollar on May 30, 2014 and November 24, 2023 are given in Table 1

Table 1: The exchange rate of the Indian Rupee against the US Dollar

Date	Exchange Rate of INR against USD
May 30, 2014	59.03
November 24, 2023	83.37

Note: Figures rounded off to two decimal places

Source: Reserve Bank of India /FBIL reference rates

The value of the Indian Rupee is market-determined. Global spillovers from geo-political tensions, aggressive monetary policy tightening across the world and recent surge in crude oil prices are some of the factors exerting pressure on the Indian Rupee against the US Dollar.

(b) The depreciation of a currency is likely to enhance the competitiveness of its exports while making imports of goods costlier. However, the exchange rate is only one of the several factors which affect demand for exports and imports in an economy. These factors include the kind of tradeable (i.e. essential or luxury items), availability of substitutes, freight costs, income growth of exports demanding countries, etc. Thus, the impact of recent depreciation of the Indian Rupee against the US Dollar, on levels of exports and imports cannot be isolated.

(c) The exchange rate of Indian Rupee (INR) is market-determined, with no target or specific level or band. The Reserve Bank of India (RBI) regulates the foreign exchange market with a view to ensure its orderly functioning and development while eschewing undue volatility. The RBI has announced various measures in the recent period to diversify and expand the sources of forex funding to mitigate exchange rate volatility and dampen global spill overs. Some of these measures are:

- Incremental Foreign Currency Non-Resident (Bank) [FCNR(B)] and Non-Resident (External) Rupee (NRE) deposit liabilities were exempt from the maintenance of CRR and SLR for deposits mobilised up to November 4, 2022.
- Fresh FCNR(B) and NRE deposits were exempted from the extant regulation on interest rates (interest rates shall not be higher than those offered by the banks on comparable domestic rupee term deposits) till October 31, 2022.
- The regulatory regime relating to FPI investment in debt flows has been revised to encourage foreign investment in Indian debt instruments.

- The External Commercial Borrowing limit (under automatic route) was raised to \$1.5 bn and the all-in-cost ceiling was raised by 100 bps in select cases up to December 31, 2022.
- AD Cat-I banks could utilise overseas foreign currency borrowing for lending in foreign currency to end use prescriptions as applicable to external commercial borrowings.

Further, several steps have been taken by the Government of India to boost exports and reducing dependence on imports keeping in view India's increased integration in the global value chain. Some of the measures include providing export incentives, easing trade processes through digital platforms, and negotiating free trade agreements (FTAs) with various countries and blocs to enhance market access for Indian products. Regular monitoring of export performance with Commercial Missions abroad, Export Promotion Councils, Commodity Boards/ Authorities and Industry Associations is being done and corrective measures are being taken from time to time. Further, the new Foreign Trade Policy has been launched with effect from 1st April, 2023. The policy lays down a blue print to integrate India with the global market and make it a reliable and trusted trade partner. It will further improve India's trade performance and competitiveness.

(d) The data on India's import payments and foreign exchange reserves are presented in Table 2 below.

Table 2: India's import and foreign exchange reserves

		(US\$ billion)				
S.No.	Items	2018-19	2019-20	2020-21	2021-22	2022-23
1.	Import Payments	517.5	477.9	398.5	618.6	721.4
2.	Foreign Exchange Reserves (end-March)	412.9	477.8	577.0	607.3	578.4
3.	Change in Foreign Exchange Reserves	-11.7	64.9	99.2	30.3	-28.9

Source: RBI.
