

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 45
TO BE ANSWERED ON NOVEMBER 18, 2019

Value of Indian Currency

45. SHRI D. K. SURESH

Will the Minister of Finance be pleased to state:

- (a) whether the Government has taken serious note of destabilising the Indian rupee against the US Dollar;
- (b) if so, the details thereof;
- (c) the details of measures announced to boost market confidence, curb the widening current account deficit and to control the falling value of rupee;
- (d) whether the Government is contemplating to take necessary steps to cut down non-essential imports and increase export; and
- (e) if so, the details thereof;

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) & (b) Government does not have a benchmark to evaluate the movement in exchange rate. However, the Reserve Bank of India closely monitors the exchange rate of rupee vis-à-vis the US dollar with a view to maintaining orderly conditions in the domestic foreign exchange market. This the Reserve Bank does by intervening in the forex market through operations that contain excessive volatility of the currency.

(c) Recent measures announced by Government to address deceleration in GDP growth include:

- Further liberalisation of Foreign Direct Investment policy,
- Reduction of the base corporate tax from 30 percent to 22 percent,
- Merger of 10 public sector banks into four entities and infusion of Rs.70 thousand crores into public sector banks to improve liquidity in the market,
- Deduction of additional income tax of Rs.1.5 lakh on the interest paid on loans taken to purchase electric vehicles, and reduction of GST rate on electric vehicles from 12 percent to 5 percent,
- Number of measures announced to improve housing sector including relaxation of ECB guidelines for Affordable Housing.

Measures announced to boost exports include:

- Extending the scheme of reimbursement of taxes and duties for export promotion replacing MEIS to incentivize exporters,
- Fully automated electronic refund for Input Tax Credits (ITC) in GST,
- Expanding the scope of Export Credit Insurance Scheme (ECIS) by Export Credit Guarantee Corporation (ECGC),
- Revised priority sector lending norms for exports credit.

Government had expanded the cash transfer scheme “PM-Kisan” providing an income support of Rs. 6000 per year to all farmers, which was limited to farmers with a land holding of less than 2 hectares. In addition, the Union budget 2019-20 provides a push to infrastructure development with the intention to invest Rs.100 lakh crore in infrastructure over the next five years and by restructuring of National Highway Programme. Scheme of Fund for Upgradation and Regeneration of Traditional Industries (SFURTI) has been started to facilitate cluster based development to make the traditional industries more productive, profitable and capable for generating sustained employment opportunities.

The above measures inter-alia shall boost market confidence while keeping our exports competitive.

(d) & (e) The trade policy of the Government reflects the desired composition of import and export basket which may change from time to time based on country’s priorities and exigencies.
