

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS**

**LOK SABHA  
STARRED QUESTION NO. 504  
ANSWERED ON MARCH 30, 2026**

**DEPRECIATION VALUE OF INDIAN RUPEE AND RISING INFLATION**

**\*504. Shri Shyamkumar Daulat Barve:  
Shri Dharmendra Yadav:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware that in recent years/times the value of the Indian Rupee has depreciated against the US Dollar and inflation has increased due to rising prices of essential commodities;
- (b) if so, the details of the exchange rate of the Rupee and the rate of inflation during the last five years, year-wise;
- (c) whether the depreciation in the value of the Rupee has had any impact on imported goods and domestic inflation, if so, the details thereof;
- (d) whether the Government is considering any measures or policy to maintain the stability of the Rupee and to control rising inflation, if so, the details thereof;
- (e) whether the Government has conducted any study for the depreciation of the Rupee and if so, the key findings thereof; and
- (f) whether the depreciation of the Rupee has caused any economic loss to the country or has reduced the country's credit worthiness/goodwill and if so, the details thereof?

**ANSWER**

THE MINISTER OF FINANCE  
(SMT. NIRMALA SITHARAMAN)

(a) to (f): A statement is laid on the Table of the House.

**Statement referred in reply to parts (a) to (f) of the Lok Sabha Starred Question No. 504 raised by Shri Shyamkumar Daulat Barve and Shri Dharmendra Yadav for answer on 30th March 2026, regarding “Depreciation Value of Indian Rupee and Rising Inflation”**

(a) The Indian Rupee (INR) depreciated against the US Dollar (USD), closing at ₹94.82 per USD on March 27, 2026, with a depreciation of 9.9 per cent in 2025-26 (till March 27, 2026). Since the commencement of the Middle East conflict on February 28, 2026, the INR has depreciated by 4.1 per cent. However, this depreciation is not specific to INR, as during this period, major Asian currencies have also depreciated. Certain peers such as South Korean Won, Thai Baht and Philippine Peso have declined against the USD more than INR, by 4.6 per cent, 5.5 per cent and 4.8 per cent respectively.

However, inflation in India has eased, with the average retail inflation (measured by the Consumer Price Index [CPI]) declining from 6.2 per cent in 2020-21 to 4.6 per cent in 2024-25 and further to 1.9 per cent in 2025-26 (April-February). Prices of most essential commodities have remained stable or exhibited a decreasing trend.

(b) The details of the exchange rate of INR against USD during the last five years is given below.

<b>Calendar Year (CY)</b>	<b>Value of INR against USD (at end of CY)</b>
2021	74.34
2022	82.74
2023	83.21
2024	85.61
2025	89.88
2026 (as on 27 March)	94.82
Source: Bloomberg	

The average inflation rate based on the Consumer Price Index (CPI) for the last five years is given below.

<b>Year/Month</b>	<b>Average Retail inflation based on CPI* (%)</b>
2020-21	6.2
2021-22	5.5
2022-23	6.7
2023-24	5.4
2024-25	4.6
2025-26 (April-Feb)	1.9
Source: MoSPI	
Note: * Based on CPI (2024)	

(c) The depreciation of currency is likely to enhance export competitiveness, which in turn impacts the economy positively. On the other hand, depreciation may raise the prices of imported goods. However, the overall impact of exchange rate depreciation on domestic prices depends on the extent of the pass-through of international commodity prices to the domestic market.

Furthermore, besides exchange rate movements, imports are determined by several other factors, including global supply-demand conditions, geopolitical developments, domestic demand, and factors such as global value chain integration necessitating imports of intermediate goods for production and exports, and international prices of imported goods, etc. Thus, the impact of exchange rate movements on imported goods, and hence on domestic inflation, cannot be isolated.

(d) The value of the INR is market-determined, with no target or specific level or band. The RBI regularly monitors the foreign exchange market and intervenes in situations of excess volatility. Further, the RBI monitors key developments across the globe which may have an impact on the USD-INR exchange rate. Among others, it includes monetary policy actions of the major Central Banks, major economic data releases across the globe and their impacts thereof, OPEC+ meeting decisions, tracking, and analysing geopolitical events, daily movements in G-10 and EME currencies, etc. The measures taken by RBI to boost forex inflows and to mitigate volatility in the exchange rate, as well as the steps taken to reduce the dependency on hard currencies and increase the acceptability of INR among non-residents, which in turn may ease the depreciation pressure on INR, include:

- In order to curb the volatility arising from speculative activity in the INR, a day-end limit of USD 100 million on banks' onshore deliverable open positions (unhedged/ uncovered) has been notified on March 27, 2026 thereby capping the open position on INR in the forex market.
- In February 2026, the revised External Commercial Borrowings framework was introduced, in terms of which the eligibility norms were simplified, the minimum average maturity period was standardised, end-use provisions were eased, and operational flexibility was enhanced (including interest rates).
- In October 2025, Authorised Dealer banks in India were permitted to lend in INR to residents of Nepal, Bhutan or Sri Lanka for cross-border trade transactions.
- In August and October 2025, surplus balances in Special Rupee Vostro Account were permitted to be invested into Government Securities, non-convertible debentures/bonds, commercial papers, etc.

Further, the Government has undertaken a series of administrative measures, including fiscal and trade policy, to control inflation and mitigate its impact on the common citizen. These include, *inter alia*, augmentation of buffer stocks for essential food items, strategic sales of procured grains in the open market, facilitation of imports and export curbs during periods of short supply, implementation of stock limits to push more supplies of select commodities into the market, retail sales of select food items under the Bharat brand at subsidised rates, market intervention for perishable horticultural and agricultural commodities, reduction in fuel taxes, creation of scientific storage capacity and above all, increasing the disposable income of individuals by exempting annual incomes up to ₹12 lakh (and ₹12.75 lakh for salaried individuals with standard deduction) from income tax and the recent rationalization of Good and Services Tax (GST) rates. Concurrently, as part of inflation management, the Monetary Policy Committee (MPC) has also reduced the policy rate by 125 basis points cumulatively since February 2025. These coordinated fiscal and monetary measures have helped manage inflation, while sustaining economic growth above 7 per cent and contributing to a decline in unemployment in recent years.

(e) The Government closely tracks the trends in key economic parameters, including exchange rate movements, along with their implications for economic growth and fiscal stability. These issues are discussed at various forums at various levels of the Government.

(f) At present, the macroeconomic fundamentals of the Indian economy remain strong. Growth continues to be supported by robust domestic demand, moderating inflation, improved corporate balance sheets, and sustained fiscal discipline. Real GDP has consistently grown at over 7 per cent during the last three years. As stated in (a), headline consumer price inflation has also eased significantly.

\*\*\*