

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 5872
TO BE ANSWERED ON 30.03.2026

**EFFECT OF THE DEPRECIATION OF RUPEE ON INDIA'S
FOREIGN EXCHANGE RESERVES**

†5872. Shri Neeraj Maurya:

Will the Minister of Finance be pleased to state:

- (a) whether the continuous fall in the value of the Indian Rupee against the US Dollar during the last 12 months has increased pressure on India's Foreign Exchange Reserves;
- (b) if so, the detailed breakdown of the increase in India's annual 'Petroleum and Crude Oil Import Bill' due to the depreciation of the Rupee;
- (c) whether the Government has formulated any new fiscal policy to control non-essential imports or provide export incentives to stabilise the weakening Rupee, if so, the details thereof; and
- (d) the estimated long-term impact of the falling currency on the country's Current Account Deficit (CAD) and GDP growth rate?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) The Indian Rupee (INR) depreciated against the US Dollar (USD), closing at ₹93.88 per USD on March 24, 2026, with a depreciation of 9.0 per cent in 2025-26 (till March 24, 2026).

The value of the INR is market-determined, with no target or specific level or band. The Reserve Bank of India (RBI) regularly monitors the foreign exchange market and intervenes in situations of excess volatility. During the period April 2025 to Jan 2026, the RBI has made a net sale of USD 50.8 billion in the forex markets. The forex reserves of India stood at 668.3 end-March 2025 and stand at USD 709.8 billion as of March 13, 2026. The reserves are at a comfortable level covering 11.2 months of goods imports.

(b) The import bill for India for crude oil and various petroleum products depends on multiple factors, including the domestic requirements of the products, the time the import contracts were executed, the prevailing international market prices of the products, the negotiated import price, cost of logistics, including maritime insurance and the INR-USD exchange rate at the time of payment. Hence, the one-to-one impact of the depreciation of the rupee against the dollar on the value of the import bill for crude oil and petroleum products cannot be isolated. This needs to be assessed alongside broader market and contractual dynamics.

(c) The Government has set the goal of achieving a self-reliant India with the primary aim of reducing dependence on foreign imports and building a resilient, developed nation. The Government is consistently working to boost exports and expand the country's global footprint, combining traditional strengths with emerging technology-driven sectors. Central to this ambition is the creation of a supportive ecosystem where exporters, particularly MSMEs, can compete confidently in international markets. This effort is reinforced by a dynamic policy framework, strong financial incentives, a growing digital infrastructure, improved trade facilitation, and a determined push to secure deeper market access through next-generation trade agreements.

(d) The impact of depreciation of INR against the USD on the current account deficit (CAD) and GDP growth depends on multiple factors, including global commodity prices, trade dynamics and capital flows. The depreciation of currency is likely to increase the import bill, which may impact CAD. On the other hand, depreciation is likely to enhance export competitiveness, which in turn impacts the economy positively. GDP would be impacted through the trade channel, likely imported inflation impacting consumption and investment, etc. Therefore, the overall impact on GDP growth and CAD would depend on the evolving trajectory of various macroeconomic parameters.
