

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1990**  
TO BE ANSWERED ON DECEMBER 19, 2022

**STRENGTHENING OF RUPEE**

1990. Shri K. Muraleedharan :

Ms. Nussrat Jahan :

Will the Minister of FINANCE be pleased to state:

- (a) whether the value of rupee against the US dollar has been continuously decreasing during the last few months and if so, the details thereof and the reasons therefor;
- (b) whether the Government has taken any steps to increase the value of Rupee against the Dollar;
- (c) if so, the details thereof and if not, the reasons therefor;
- (d) whether Government has formulated any long-term plans to strengthen the value of Rupee in the international markets and if so, the details thereof; and
- (e) whether the Government has formed a committee to control the plummeting value of Indian Rupee and if so, the details thereof

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a): The value of the Indian Rupee is market-determined. As global spillovers from geo-political tensions and aggressive monetary policy tightening across the world intensified alongside a surge in crude oil prices, the US dollar strengthened by 7.8% in the financial year (till November 30, 2022). While the Rupee has witnessed a depreciation of 6.9% in the current financial year till November 30, 2022, it has performed better than most Asian peer currencies, including the Chinese Renminbi (10.6%), Indonesian Rupiah (8.7%), Philippine Peso (8.5%), South Korean Won (8.1%), Taiwanese Dollar (7.3%) etc during the financial year.

(b) to (e): The Reserve Bank of India (RBI) closely monitors the foreign exchange markets and intervenes only to maintain orderly market conditions by containing excessive volatility in the exchange rate, without reference to any pre-determined

target level or band. During the financial year, the RBI's operations have resulted in net sales of US\$33.42 billion till September 2022 (settlement basis).

Further, the RBI had announced various measures in the recent period to diversify and expand the sources of forex funding to mitigate exchange rate volatility and dampen global spillovers. Some of these measures are:

- Incremental Foreign Currency Non-Resident (Bank) [FCNR(B)] and Non-Resident (External) Rupee (NRE) deposit liabilities were exempted from the maintenance of cash reserve ratio (CRR) and statutory liquidity ratio (SLR) for deposits mobilized up to November 4, 2022.
- Fresh FCNR(B) and NRE deposits were exempted from the extant regulation on interest rates (i.e. 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 foreign portfolio investments in debt flows has been revised to encourage foreign investment in Indian debt instruments.
- The external commercial borrowing limit (under automatic route) has been raised to US\$1.5 bn and the all-in-cost ceiling has been raised by 100 basis points in select cases up to December 31, 2022.
- Authorized dealer Category 1 Banks can utilize overseas foreign currency borrowing for lending in foreign currency to end use prescriptions as applicable to external commercial borrowings.
- In order to promote the growth of exports from India and to support the increasing interest of the global trading community in the Indian Rupee, RBI has put in place an additional arrangement for invoicing, payment, and settlement of exports/imports in INR on July 11, 2022.

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