

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3977
ANSWERED ON:23.03.2001
REALISTIC EXCHANGE RATE MANAGEMENT POLICY
ANANDRAO ADSUL

Will the Minister of FINANCE be pleased to state:

- (a): whether it is proposed to formulate a realistic exchange rate management policy;
- (b): if so, the details thereof; and
- (c): if not, the reasons therefore?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b) & (c) : The day-to-day movements in exchange rates are largely determined by demand and supply conditions in the foreign exchange market in India and are also influenced to some extent by the developments in international currency markets. The developments in the financial markets in India and abroad are monitored closely both by the Government and the Reserve Bank of India and appropriate measures are taken, when necessary, to reduce excessive volatility in the exchange rate, prevent the emergence of destabilizing speculative activities, develop an orderly foreign exchange market conditions and to help maintain adequate level of foreign exchange reserves.