

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1081  
ANSWERED ON:30.07.2010  
VALUE OF RUPEE  
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**Will the Minister of FINANCE be pleased to state:**

- (a) the details of exchange rate variation between the rupee and euro during each of the last 12 months;
- (b) whether rise or fall in the value of the rupee over euro has adversely affected the exporters;
- (c) if so, the details thereof and the action taken or proposed to be taken by the Government in the matter;
- (d) whether any demand or proposals have been made by any entity for protection of the interests of exporters on account of fluctuation in the exchange rate; and
- (e) if so, the details thereof and the reaction of the Government thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a) The monthly average exchange rate of rupee per euro and its variation during the last twelve months is given below:

S1 Month Rupee per Appreciation(+) /  
Euro# Depreciation (-)  
over previous month

1. July 2009 68.24 (-) 1.9
2. August 2009 68.87 (-) 0.9
3. September 2009 70.44 (-) 2.2
4. October 2009 69.29 (+) 1.7
5. November 2009 69.50 (-) 0.3
6. December 2009 68.18 (+) 1.9
7. January 2010 65.71 (+) 3.8
8. February 2010 63.40 (+) 3.6
9. March 2010 61.77 (+) 2.7
10. April 2010 59.66 (+) 3.5
11. May 2010 57.66 (+) 3.5
12. June 2010 56.90 (+) 1.3

Note # FEDAI indicative market rate  
Source: RBI

The Rupee, however, has depreciated against the Euro lately. The Rupee–Euro exchange rate was Rs 60.80 per Euro as on July 27, 2010 indicating 6.3 per cent depreciation over the exchange rate of Rs 56.95 per Euro as on 30 June 2010.

(b) to (e) Theoretically, the appreciation in exchange rate could make Indian exports less competitive in the international markets and vice versa. However, exchange rate is one of the several factors that determine the competitiveness of exports. The other factors include productivity growth, technological innovations, price elasticity, import intensity of exports, demand and supply conditions and global developments.

The exchange rate policy in India is guided by the broad principles of careful monitoring and management of exchange rates with flexibility, while allowing the underlying demand and supply conditions to determine its movements over a period in an orderly manner. Subject to this predominant objective, RBI intervention in the foreign exchange market is guided by the goals of reducing excess volatility, preventing the emergence of destabilizing speculative activities, maintaining adequate levels of reserves, and developing an orderly foreign exchange market.