

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:901

ANSWERED ON:25.11.2011

PLUNGING OF RUPEE AGAINST US DOLLAR

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**Will the Minister of FINANCE be pleased to state:**

- (a) the month-wise value of the Indian rupee against the US Dollar in 2010 and 2011 till date;
- (b) the reasons for steep rise and fall in the rupee value in comparison to US Dollar;
- (c) whether any assessment has been made by the Government in the matter under various parameters including the additional expenses likely to be incurred as a result thereof; and
- (d) if so, the details thereof?

**Answer**

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

(a) The monthly exchange rate (average of buying and selling by Foreign Exchange Dealer Association of India (FEDAI)) of rupee per US dollar during 2010 and 2011 is given below:

Month     Rs. per US\$

2010

January, 2010    45.96  
February, 2010   46.33  
March 2010       45.50  
April, 2010       44.50  
May, 2010        45.79  
June, 2010       46.54  
July, 2010        46.84  
August, 2010     46.57  
September, 2010 46.06  
October, 2010    44.46  
November, 2010 45.02  
December, 2010 45.16  
2011

January, 2011    45.39  
February, 2011   45.44  
March ,2011       44.97  
April, 2011       44.37  
May, 2011        44.90  
June, 2011       44.83  
July, 2011        44.42  
August, 2011     45.25  
September, 2011 47.63  
October, 2011    49.26  
November, 2011 50.30  
(upto November 22)

(b) The fluctuation in rupee exchange rate has been due to changing supply- demand balance in the domestic foreign exchange market. The main reason for depreciation of rupee against US dollar is uncertain global economic environment, particularly unfolding of euro zone sovereign debt crisis.

(c)&(d) Though in the long run, the Rupee fall would benefit exporters through higher export earnings and improved competitiveness vis-À-vis other emerging economies, the decline in the value of Rupee would have detrimental effect in the short run. The Rupee decline makes oil imports more expensive, contributing to inflationary pressures. The Rupee cost of other imports would also rise,

thereby contributing to price rise.