GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1831
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VALUE OF RUPEE
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Will the Minister of FINANCE be pleased to state:

(a) the value of rupee in relation to the US dollar obtaining during each month of the last three years and the current year;

(b) the reasons for decline in the value against the US dollar and its impact on each sector of the economy; and

(c) the steps taken by the Government in this regard?

Answer

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

(a) The exchange rate value of rupee per US dollar during the last three years and current year, month wise, is given below:

Month	Year			
	2009-10	2010-11	2011-12	2012-13
	Rs. Per US dollar			
April	50.03	44.50	43.37	51.81
May	48.53	45.79	44.90	54.47
June	47.77	46.54	44.83	56.03
July	48.48	46.84	44.42	55.49
August	48.30	46.57	45.25	
September	48.44	46.06	47.63	
October	46.72	44.46	49.26	

November	46.57	45.02	50.86
December	46.63	45.16	52.68
January	45.96	45.39	51.34
February	46.33	45.44	49.17
March	45.50	44.97	50.32

Note: Data from April 2009 to April 2012 are monthly average of buying & selling rates of Foreign Exchange Dealers Association of India (FEDAI); Data from May 2012 onwards is monthly average of RBI's reference rate. Source: RBI.

(b) The reason for the appreciation / depreciation of exchange rate value of the rupee against US dollar is the supply-demand imbalance in the domestic foreign exchange market. The recent decline in the exchange rate value of the Indian rupee is due to widening of trade and current account deficits and slowdown in portfolio flows on account of escalation in euro zone crisis and strengthening of US dollar in the international market due to the safe haven status of US Treasuries.

Theoretically, the depreciation of a currency should boost the country's exports as goods produced by domestic companies become cheaper in the international market. Therefore, while the rupee depreciation should benefit export oriented companies, though with a lag, the same makes the imports costly for import oriented companies.

(c) The Government of India and the Reserve Bank of India have taken a number of steps to facilitate capital inflows and boost exports in order to augment supply of foreign exchange to stem Rupee decline. Recent measures taken, inter alia, include hike in FII investment in debt securities (both corporate and Government), enhancing all-in-cost ceiling for external commercial borrowings (ECBs) between 3-5 year maturity, higher interest rate ceiling for foreign currency Non-resident deposits and deregulation of interest rates on rupee denominated NRI deposits. The manufacturing and infrastructure sector companies can now avail external commercial borrowing up to a ceiling of US$ 10 billion for repayment of outstanding rupee loans towards capital expenditure. Besides, under the Annual Supplement 2012-13 to Foreign Trade Policy 2009-14, the Government has announced initiatives to boost exports to about US$ 360 billion in 2012-13.