

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1305

ANSWERED ON:30.11.2012

DEPRECIATION OF INDIAN CURRENCY

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Indian currency has depreciated during the last six months of the current financial year;
- (b) if so, the rate of depreciation of the Indian currency and its value per US dollar during the said period, month-wise and the reasons therefor; and
- (c) the effective measures taken/being taken by the Government and the Reserve Bank of India to address the issue and the achievements made as a result thereof?

Answer

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

(a) & (b) The value of rupee per US dollar during last six months of 2012-13, month wise, and its appreciation /depreciation is given in the table below:

Table: Value of Rupee per US Dollar and its Appreciation /Depreciation

Month	Rs. per US Dollar	Appreciation (+) / Depreciation (-)
of Rupee over the previous month (in per cent)		
May 2012	54.47	(-) 4.9
June 2012	56.03	(-) 2.8
July 2012	55.49	(+) 1.0
August 2012	55.56	(-) 0.1
September 2012	54.61	(+) 1.7
October 2012	53.02	(+) 3.0

Monthly average of RBI's Reference Rate, Source: Reserve Bank of India

The variation in the value of rupee against US dollar in the recent months has been due to supply-demand imbalance in the foreign exchange market and volatility in the US dollar exchange rate in the international market.

(c) The Government of India and the Reserve Bank of India have taken a number of steps to facilitate capital inflows and boost exports to augment supply of foreign exchange to stem the decline in rupee exchange rate. The measures, 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, deregulation of interest rates on rupee denominated NRI deposits and administrative steps to curb currency speculation. The Government has further liberalized FDI policy that inter alia includes allowing foreign direct investment in multi-brand retail. Under the Annual Supplement 2012-13 to Foreign Trade Policy 2009-14, the Government has announced initiatives to boost exports. The RBI also intervened in the foreign exchange market through net sale of US dollars amounting to US\$ 2.0 billion during April-August 2012.

The rupee which reached a low of Rs. 57.22 per US dollar (RBI's reference rate) on June 27, 2012 has rebounded and reached the level of Rs. 51.62 per US dollar on October 05, 2012. As of November 26, 2012, the exchange rate of rupee was Rs. 55.69 per US dollar.