

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2413
ANSWERED ON:07.12.2012
EXCHANGE RATE OF INDIAN RUPEE
Shekhawat Shri Gopal Singh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India is procuring foreign exchange from market at a large scale for payment of foreign currency loan;
- (b) if so, the details in this regard; and
- (c) the steps taken by the Government to prevent its adverse impact on the exchange rate of Indian rupee?

Answer

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

(a) to (c) The Reserve Bank of India (RBI) intervenes in the foreign exchange market through buying / selling of US dollar to stem excess volatility in the exchange rate of rupee.

The Reserve Bank of India and the Government of India have taken a number of steps to facilitate capital inflows 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. The RBI also intervened in the foreign exchange market through net sale of US dollars amounting to US\$ 20.1 billion in 2011-12 (September 2011 to February 2012) and US\$ 2.1 billion during April-September 2012.