GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3494
ANSWERED ON:14.12.2012
VALUE OF RUPEE
Gandhi Shri Dilip Kumar Mansukhlal;Kateel Shri Nalin Kumar;Rama Devi Smt. ;Shekhar Shri Neeraj;Singh Chaudhary Lal;Singh Shri Yashvir;Yadav Shri M. Anjan Kumar

Will the Minister of FINANCE be pleased to state:

(a) the value of rupee against US dollar by the 23rd of September, October and November, 2012 and the effects of rupee devaluation on the economy of credit rating of the country;

(b) the reasons for the continuous devaluation of Indian rupee;

(c) whether the Government has issued any direction to the banks in this regard;

(d) if so, the details thereof and response of the banks thereto; and

(e) if not, the reasons therefor?

Answer

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

(a) The value of rupee against the US dollar as on 23rd of September, October and November 2012 is given below:

```
Date    Rs.per US Dollar
September 24, 2012   53.29
October   23, 2012  53.59
November  23, 2012  55.34


 As September 23, 2012 was holiday, exchange rate as
on September 24,2012 is given.
```

RBI's reference rate

The credit rating of a country depends upon many factors that inter alia include macroeconomic environment (GDP growth, inflation), public finances (Gross general government debt, fiscal deficit), external finances (foreign exchange reserves, FDI inflows, remittances, external debt, balance of payment), funding structure, policy environment, socio-political fundamentals, institutional strengths etc.

Variations in the value of a country's currency by itself does not appear to constitute a major factor in the assessment of the credit strengths of the economy, unless such variation significantly impacts or carries the potential to significantly impact the above-mentioned key factors.

(b) 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) to (e) 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.