

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1010
TO BE ANSWERED ON 10.02.2025

DEPRECIATION OF RUPEE AGAINST US DOLLAR

1010. Shri Manish Tewari:
Shri Dinesh Chandra Yadav:

Will the Minister of FINANCE be pleased to state:

- (a) the value of the Indian Rupee in relation to the US Dollar on May 16, 2014, and on January 20, 2025;
- (b) the total outflow of foreign exchange recorded during the last five years, particularly in the last financial quarter, along with the key factors contributing to it, year-wise;
- (c) whether the economy of the country is likely to be affected due to weakness in rupee in comparison to dollar and a big fall in foreign exchange reserves, if so, the details thereof;
- (d) whether the Reserve Bank of India (RBI) has recently altered its strategy regarding the management of the rupee, if so, the details thereof and expected outcomes of this change;
- (e) the measures taken by the Government to address the depreciation of the rupee and its potential impact on inflation, especially with regard to imported goods like petroleum products; and
- (f) the steps being undertaken to ensure adequate liquidity in the system amidst forex market interventions by the RBI?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): The value of the Indian Rupee (INR) against the US Dollar (USD) was ₹58.78/USD on May 16, 2014, and ₹86.57 on January 20, 2025.

(b): The factors impacting net outflows/inflows of capital in the country include the level of exports, imports, foreign remittances, foreign institutional investments, and foreign direct investments etc. The Balance of Payments (BoP) presents transactions (both current and capital account) between residents and non-residents during a period. The table below provides gross outflows (debits) in column 3, across the last five years and recent quarters of 2024-25.

Table: Year wise inflow (credit) and outflow (debit) under Balance of Payments
(figures in USD billion)

Year	Total inflow (Current receipts + Capital inflows)	Total outflow (Current payments + Capital outflows)	Net receipts (+)/ payments (-)
(1)	(2)	(3)	(4)
2019-20	1254.04	1194.54	+59.50
2020-21	1203.53	1116.24	+87.29
2021-22	1561.60	1514.10	+47.50
2022-23	1595.33	1604.47	-9.14
2023-24	1796.37	1732.67	+63.70
Q1:FY25	507.45	502.22	+5.23
Q2:FY25	553.56	534.94	+18.61
Note: The figures include Errors & Omissions. Source – RBI, BoP statements.			

(c): No Sir. Strengthening of US Dollar against INR is likely to enhance the export competitiveness of Indian exports, which in turn impacts the economy positively.

The foreign exchange reserves with RBI are USD 629.56 billion as of 24 January, 2025. The reserves continue to be at comfortable levels providing a cover of about 11 months of imports, 90 per cent of external debt outstanding and 18.9 per cent of short-term debt (original maturity) as at end-September 2024.

(d) and (e): No Sir. The approach towards exchange rate management has remained consistent and well-articulated, in terms of which the value of the INR is market-determined, with no target or specific level or band.

Depreciation of the rupee may raise the prices of imported goods. However, the overall impact of exchange rate depreciation on domestic prices depends on the extent of the pass-through of international commodity prices to the domestic market. Furthermore, the imports in the economy also depends on various factors including the demand and supply of commodities in the international market, kind of tradeable (i.e. essential or luxury items), freight costs, availability of substitutes goods etc. Thus, the impact of movement of the exchange rate on the import cost and hence on domestic inflation cannot be isolated.

(f): The RBI actively monitors and takes necessary steps to ensure orderly liquidity conditions and proper functioning of financial markets. Recent measures announced by RBI to inject liquidity into the banking system include conduct of daily/56-day Variable Rate Repo (VRR) auctions, Open Market Operations (OMO) purchase auctions of Government of India securities and undertaking USD/INR Buy/Sell Swap auctions.
