

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3443

ANSWERED ON:15.12.2006

‘PURCHASING POWER OF RUPEE’

Agarwal Shri Dharendra;Singh Deo Smt. Sangeeta Kumari

Will the Minister of FINANCE be pleased to state:

- (a) whether the purchasing power of the Indian Rupee is continuously declining over the last few years
- (b) if so, the average value of Rupee in the year 1991-92 and 2006-07 based on the value of the Rupee in 1980-81;
- (c) whether there is variation in the purchasing power of the rupee in different cities of the country;
- (d) if so, the reasons therefor; and
- (e) the steps taken by the Government to maintain the value of Rupee?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) to (e): Sir, the average value of the Indian rupee, taking 1980-81 as base, was 37 paise in 1991-92 and 14 paise in 2006-07 (average of April-October). There are variations in purchasing power of the rupee in different cities. This variation is due to the differential weighting pattern of the Consumer Price Index for Industrial workers (CPI-IW) in different cities of the country, as well as differences in price behaviour across cities. This results in different rates of increase of CPI-IW in various cities, the reciprocal of which gives the purchasing power of the rupee.

Rise in the level of prices i.e. inflation, results in a decline in the value of the rupee. Government, in order to control inflation, has recently taken various measures in this direction. These include strict fiscal and monetary discipline, lowering of duties, effective management of supply and demand of essential commodities through import, strengthening of the public distribution system and curbing of export of certain commodities.