

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 1022**  
TO BE ANSWERED ON 29.07.2025

**DEPRECIATION OF RUPEE AGAINST DOLLAR**

**1022 Shri Derek O' Brien:**

Will the Minister of Finance be pleased to state:

- (a) the year-wise details of Rupee vs Dollar exchange rate for the financial years 2019-20 to 2024-25;
- (b) whether Government has assessed the impact of the depreciation of Rupee on the Indian economy;
- (c) if so, the details thereof and if not, the reasons therefor; and
- (d) the steps taken by Government to prevent depreciation in the last five years?

**ANSWER**

THE MINISTER OF STATE FOR FINANCE  
(SHRI PANKAJ CHAUDHARY)

- (a) The value of Indian Rupee against US Dollar for the financial years 2019-20 to 2024-25 is given below:

As at end of FY	USD/INR exchange rate
2019-20	75.54
2020-21	73.11
2021-22	75.79
2022-23	82.18
2023-24	83.40
2024-25	85.46

*Source: Bloomberg*

(b) and (c): The depreciation of currency is likely to enhance export competitiveness, which in turn impacts the economy positively. On the other hand, depreciation 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 depend on various factors including the demand and supply of commodities in the international market, the kind of tradeable (i.e. essential or luxury items), freight costs, availability of substitute goods, etc. Thus, the impact of the movement of the exchange rate on the import cost and hence on domestic inflation and on the economy in general cannot be isolated.

(d) The value of the Indian Rupee (INR) is market-determined, with no target or specific level or band. The RBI has taken various measures in the last five years to diversify and expand the sources of forex funding to mitigate volatility in the exchange rate. These measures, inter alia, include:

- In May 2025, the requirement on Foreign Portfolio Investors (FPIs) to comply with the short-term investment limit and concentration limit for their investments in corporate debt securities was withdrawn.
- With effect from January 2025, persons resident outside India, having a business interest in India, were allowed to open a Special Non-Resident Rupee Account with an authorised dealer in India or its branch outside India to facilitate cross-border payments.
- The ceiling rate for Foreign Currency Non-Resident (Bank) (FCNR(B)) deposits was raised on December 6, 2024, allowing banks to offer higher interest rates on such deposits mobilised till March 31, 2025.
- An operational framework for the reclassification of foreign portfolio investment by FPI to FDI, upon breach of the stipulated limits, was released in November 2024.
- Authorized dealers in India were permitted to allow persons resident outside India to open, hold and maintain an interest-bearing account in Indian Rupees and/or foreign currency for the purpose of posting and collecting margin in India, for a permitted derivative contract entered into by such persons in terms of Foreign Exchange Management (Margin for Derivative Contracts) Regulations in May 2024.
- Incremental FCNR(B) and Non-Resident (External) Rupee (NRE) deposit liabilities were exempt from the maintenance of CRR and SLR for deposits mobilised up to November 4, 2022. Fresh FCNR(B) and NRE deposits were exempted from the extant regulation on interest rates (interest rates shall not be higher than those offered by the banks on comparable domestic rupee term deposits) till October 31, 2022. Further, the regulatory regime relating to FPI investment in debt flows has been revised to encourage foreign investment in Indian debt instruments. The External Commercial Borrowing limit (under automatic route) was raised to \$1.5 bn, and the all-in-cost ceiling was raised by 100 bps in select cases up to December 31, 2022. AD Cat-I banks could utilise overseas foreign currency borrowing for lending in foreign currency to end-use prescriptions as applicable to external commercial borrowings.

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