



Exchange rate of the Indian rupee

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The exchange rate of the Indian rupee has generally witnessed an appreciation trend against the US dollar in the recent period, notwithstanding intermittent bouts of volatility witnessed especially during November-December 2016 on the back of the US presidential election results and Fed rate hike (Table below):

Monthly Average Rs/\$ Exchange Rate

Month	Average Rupee/dollar Exchange rate
Apr-16	66.47
May-16	66.91
Jun-16	67.30
Jul-16	67.21
Aug-16	66.94
Sep-16	66.74
Oct-16	66.75
Nov-16	67.63
Dec-16	67.90
Jan-17	68.08
Feb-17	67.08
Mar-2017* [* Up to March 27, 2017]	66.04

Since February 2017, the rupee has appreciated with significant capital inflows, both portfolio and FDI. Net FII flows picked up significantly since February 2017 after turning negative during the period October 2016-January 2017. FDI inflows also continued to be robust during 2016-17 (April-January).

Positive sentiment generated by good growth prospects of the Indian economy, sound macroeconomic fundamentals with low inflation, low current account deficit, adequate forex reserves, etc. are driving capital inflows contributing to the strengthening of the rupee.

The exchange rate of the rupee is market determined. The Reserve Bank of India (RBI) intervenes in the domestic foreign exchange market to manage excessive volatility and maintain orderly conditions without having any fixed target or band for the exchange rate. The Government and the RBI are continuously monitoring the evolving situation on the exchange rate front and will take appropriate steps as and when required.

This was stated by Shri Arjun Ram Meghwal, Minister of State in the Ministry of Finance in written reply to a question in Lok Sabha today.

