

# Rupee least misaligned in face of global spillovers: Das

**Our Bureau**  
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Reserve Bank of India (RBI) Governor Shaktikanta Das, on Wednesday, emphasised that the story of currency movements following the war in Ukraine is more about India's resilience and stability in the face of the unrelenting strengthening of the US dollar, rather than a story of weakness.

This comment comes in the backdrop of Union Finance Minister Nirmala Sitharaman's observation last month that she would look at the domestic currency's depreciation as not rupee sliding but as dollar strengthening (incessantly against all other currencies).

Das said that on a financial year basis — from April 1 to October 31, 2022 — the rupee (INR) has depreciated by 8 per cent. Over the same

period, the US dollar (USD) has appreciated by 13 per cent. This holds true even on a calendar year basis — from January 1 to October 31, 2022 — INR has depreciated by 9.8 per cent, whereas the US dollar has appreciated by 15.8 per cent.

“On a financial year basis, almost all major currencies — barring a few like the Swiss franc, Singapore dollar, Russian rouble and Indonesian rupiah — have depreciated against the US dollar more than the INR.

“In fact, the INR appreciated against all other major currencies barring, of course, the US dollar, and a few other currencies I just mentioned,” said the Governor at the FICCI-IBA annual banking conference.

## **RUPEE APPRECIATION**

The size of the INR's appreciation was the highest vis-à-vis the Japanese yen (12.4 per

**The Governor underscored that India's growth differential with the global economy has improved from 3% in 2013 to 3.8% in 2022**

cent), Chinese yuan (5.9 per cent), the pound sterling (4.6 per cent) and the euro (2.5 per cent).

On a financial year basis — between March 2022 and September 2022 — the INR has appreciated by 3.7 per cent in real terms (cross-country comparisons of exchange rate movements are often made on an inflation-adjusted basis or what is called in real effective terms), even as the euro, Japanese yen, pound sterling and Chinese yuan have depreciated.

Thus, even in real terms,

the INR is the least misaligned in the face of tsunamis of global spillovers, said Das. The Governor noted that since March 2020, the world has been buffeted by extraordinary and repetitive shocks (pandemic, war in Ukraine, globalised inflation, and the aggressive and synchronous monetary policy tightening around the world and the accompanying hawkish forward guidance).

“This has pitched the world into a storm. The result has been tightening of external financial conditions, capital flight from emerging markets, sharp currency depreciations and reserve losses. No country can be immune to these developments.

“Yet, the strength of our macro-fundamentals has stood out in comparison with peers, bearing testimony to prudent macroeconomic policies and the resilience of the buffers we have built up,”

the Governor emphasised.

Das said fundamental factors that drive the exchange rate have also moved distinctly in favour of India since 2013.

In 2013, inflation in advanced economies was at 1.4 per cent, as against 10.1 per cent in India. The inflation differential of India vis-à-vis AEs is now negative, a rare development with several AEs experiencing double digit inflation, he added.

The Governor underscored that India's growth differential with the global economy has improved from 3 per cent in 2013 to 3.8 per cent in 2022.

“In this complex world in which both push and pull factors are at play, the INR, which is market-determined, should be allowed to find its level, and that is what we have been striving to ensure...the INR has seen a very orderly movement since the onset of the geopolitical crisis.”