₹ breaches 90/$, down 5% this yr

Local currency may continue downward 'crawl'

ANJALI KUMARI
Mumbai, 3 December

The rupee slipped through the psychological and technical barrier of 90 per dollar on Wednesday, pressured by steady capital outflows, persistent uncertainty over trade negotiations with the US and firm dollar demand through the past week, amid what traders described as limited market intervention by the Reserve Bank of India (RBI).

With a fall of more than 5 per cent against the dollar so far in 2025, the Indian currency is the worst performer in Asia this year. It has taken just 773 trading sessions for the rupee to tumble from 80 per dollar to 90.

On Wednesday, the currency dropped to an intraday low of 90.30 before central bank dollar sales trimmed losses. It closed at 90.20, compared with 89.88 in the previous session.

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₹ vs $ (spot)

Dec 2,'25	89.88
Dec 3,'25	90.20

1-day chg %
▼-0.36

Journey to the nervous 90s

₹ vs $ (spot) @	Date	Close level	Trading days
50	Nov 20, '08	50.15	2,812
60	Jun 26, '13	60.73	1,112
70	Aug 16, '18	70.16	1,241
80	Sep 22, '22	80.87	1,004
90	Dec 3, '25	90.2	773

Weakness all-round

Rupee vs major currencies

	Change % YTD	FYTD
Euro	-15.08	-12.34
Malaysian ringgit	-12.50	-11.92
British pound	-10.25	-7.74
Chinese renminbi	-8.22	-7.84
Japanese yen	-5.74	-2.16
South Korean won	-5.59	-5.47
US dollar	-5.08	-5.24
Indonesian rupiah	-2.16	-4.81

Source: Bloomberg Compiled by BS Research Bureau

"IT'S (RUPEE'S DECLINE VERSUS DOLLAR) NOT HURTING OUR EXPORTS OR INFLATION. I'M NOT LOSING MY SLEEP OVER IT. IF IT HAS TO DEPRECIATE, NOW PROBABLY IS THE RIGHT TIME"

V Anantha Nageswaran, Chief Economic Advisor

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Tracking ₹ trajectory

After remaining broadly stable over the past two years, the rupee has depreciated by about 5.1 per cent so far in 2025, from 85.61 per dollar at the end of 2024 to 90.20. It is the worst-performing Asian currency this year.

While the current decline is milder than crisis years such as 2008, 2011, and 2013, the fall from 80 to 90 per dollar took 773 trading days, the fastest pace ever recorded. The rupee's slide in 2025 is its steepest since 2022, when it dropped more than 10 per cent following Russia's invasion of Ukraine. In 2013, the Indian unit lost 11 per cent amid the US Fed's taper tantrum.

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Currencies against US$

Rupee is the worst-performing Asian currency this year so far, falling over 5% against the dollar

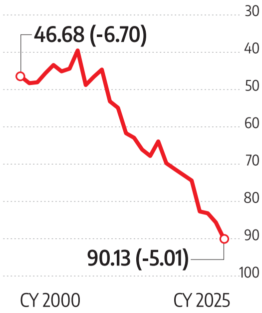
(% change)

Price of 1 USD	Dec 31, 23	Dec 31, 24	Dec 3, 25	CY24	CY25
Indian Rupee	83.21	85.61	90.20	-2.81	-5.08
Indonesian Rupiah	15,399.00	16,132.00	16,628.00	-4.54	-2.98
South Korean won	1,291.07	1,478.60	1,464.47	-12.68	0.96
Japanese Yen	141.04	157.20	155.53	-10.28	1.07
Malaysian Ringgit	4.59	4.47	4.12	2.73	8.49

Rupee spot

The rupee's decline in 2025 is the worst since 2022, when it fell by over 10% following the Russian invasion of Ukraine.

(in reverse scale)



Figures in brackets are chg%

Forex reserves

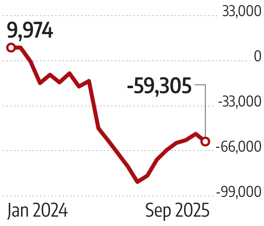
Compared to 2013, the country's foreign exchange reserves are healthy, standing at approximately $700 billion, which provides a cover for more than 11 months of goods imports.

(in $ bn)

Net outstanding forward position

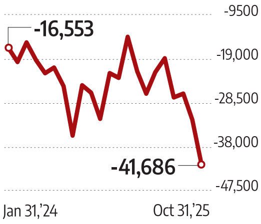
(in $ mn)

The dollar deficit on the forward has started to swell, which will put pressure on ₹.

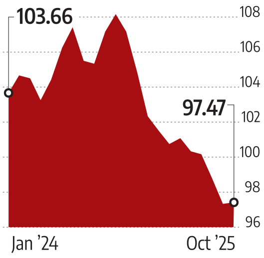


India merchandise trade balance ($ mn)

India's merchandise trade deficit surged to an all-time high of $41.7 billion in October 2025 from $26.2 billion in October 2024.



REER value



REER of rupee based on 40-currency basket (Base: 2015-16=100)

Compiled by BS Research Bureau

Source Bloomberg/NSDL

₹ breaches 90/$, down 5% this yr

The rupee has continued to weaken after breaching the RBI's earlier defence near 88.80. Market participants said persistent dollar buying on any dip suggested that any recovery in the currency was likely to remain shallow and short-lived, with the RBI expected to focus on smoothing volatility rather than halting the trend. While a sharp fall from current levels appears unlikely, further depreciation into next year remains the base case for many analysts.

The International Monetary Fund (IMF) recently reclassified India's exchange rate regime as a "crawl-like arrangement" from a "stabilised arrangement", reflecting gradual adjustments in line with inflation differentials.

Asked about the weakening currency on the sidelines of an event in New Delhi, Chief Economic Advisor Anantha Nageswaran said: "It will come back next year. Right now, it's not hurting our exports or inflation. I am not losing my sleep over it. If it has to depreciate, now probably is the right time."

Following the latest slide, FX strategists at Barclays revised their forecast for the rupee to 94 per dollar by 2026, from 92 previously. "As long as the currency continues on its 'crawl', moving roughly along the path implied by forwards, it should not prompt major resistance from the RBI," the bank said in a note. RBI Governor Malhotra "does not appear to be particularly concerned", it added, arguing that the depreciation was broadly in line with inflation gaps between India and advanced economies.

Should the fall accelerate, the central bank still has "plenty of ammunition" in the form of its FX reserves, which stood at $688 billion as of November 21, covering roughly 11 months of imports, according to the note.

"The rupee breached a psychologically important level of 90 today. The slide was one of the quickest in recent times after the heady days of the Taper Tantrum," said Soumya Kanti Ghosh, group chief economic advisor at State Bank of India. "The decline is being driven to the edge by the trifecta of limbo in the US-India trade deal, FPI outflows (chiefly equities after two years of robust inflows) and the RBI's clear stance of distancing itself from an 'interventionist regime'." As of October 2025, the rupee's real effective exchange rate stood at 97.47, according to the RBI. Before the latest depreciation, the REER had risen from 103.66 in January 2024 to a peak of 108.14 in November 2024. "The latest REER data indicates the rupee is undervalued for a third straight month, reflecting a softer currency and lower inflation," said Ghosh.

The rupee has sharply weakened against other currencies, too, this year. Against the euro, it is down over 12 per cent this year, and nearly 8 per cent versus the Chinese renminbi. Traders said each leg down in the rupee had triggered fresh dollar buying, particularly from importers, while exporters were reluctant to sell holdings. With capital inflows still subdued, this demand-supply mismatch has kept the currency under pressure. "The recent intervention bias suggests the currency will be allowed to find its equilibrium, to better reflect underlying macro shifts. The need to maintain the currency at competitive levels stems from the broader focus on manufacturing, unfavourable tariff differentials at this juncture and a subdued portfolio flows outlook," said Radhika Rao, executive director and senior economist at DBS Bank. Attention is now firmly on the US trade deal, viewed as a catalyst for stabilising the battered currency.

"The retracement will only happen after the trade deal is signed; otherwise, the pressure will continue," said Anshul Chandak, head of treasury at RBL Bank. "We expect the rupee to appreciate to 89–89.50 per dollar by the end of the financial year."

With the monetary policy committee beginning its December meeting on Wednesday, investors are watching to see whether the rupee's sharp slide will colour the MPC's rate discussions. With rates benign and growth robust, the decision is expected to be finely balanced.

Facing backlash, govt withdraws Sanchar Saathi pre-install order

The department added that more than 600,000 citizens registered to download the app in a single day after the DoT diktat — a tenfold increase. It said 14 million users had downloaded the app and were contributing information on 2,000 fraud incidents a day. "The number of users has been increasing rapidly and the mandate to install the app was meant to accelerate this process and make the app available easily to less-aware citizens," the department said, outlining the rationale behind its earlier directive.

The Indian Cellular and Electronics Association (ICEA), which represents most handset makers operating in India, including Apple, said the government's shift reflected a pragmatic policy approach and underscored the importance of stakeholder consultations. "We welcome the government's decision to withdraw the earlier mandatory requirement and to remove the mandatory cap associated with the Sanchar Saathi app, while maintaining a strong focus on combating cybersecurity frauds," said ICEA Chairman Pankaj Mohindroo. He added that the measure initially suggested by the government, aimed at enhancing cybersecurity, would be most effective if not imposed mandatorily but advanced with clarity and confidence-building.

"This decision also reaffirms the importance of comprehensive stakeholder consultations to ensure that future digital-security policies are inclusive, technically robust, and aligned with on-ground realities," he said. Mishi Choudhary, founder of legal services organisation SFLC.in, flagged concerns about arbitrary policy decisions taken without efficacy assessments and asked the Centre to address the root causes of fraud. "This is a welcome move, but arbitrary policy decisions without any analysis of what effectively works to curb frauds is concerning. While this may have been rolled back, the SIM-binding mandate is still a major concern that will make citizens' lives harder. If DoT is serious about solving the issue, it should address major fraud vectors such as social engineering like phishing, smishing, remote-access apps, SIM swap, mule bank accounts, fake loan apps, and cross-border call centres. These require financial-network controls, not a phone-side app," she said.

Earlier in the day, Telecom Minister Jyotiraditya Scindia told the Lok Sabha the government was open to modifying rules that mandated pre-loading of the app, based on consumer feedback.

The Sanchar Saathi portal, launched in 2023, and the app, launched in January 2025, have together enabled the disconnection of 15 million fraudulent connec-