₹ slips past 91/$ amid FPI outflows, riskoff trade

In Rajya Sabha, minister cites trade gap, delay in India-US deal as reasons

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Mumbai, 16 December

The rupee breached the 91-per-dollar mark to hit a fresh low of 91.09 on Tuesday, pressured by persistent foreign outflow, riskoff trade in global markets, and delay in India-US trade agreement, dealers said.

It strengthened marginally towards the end of the session to settle at 91.03 per dollar, compared with its previous close of 90.73. The local currency slid from 90 to 91 per dollar in just nine trading sessions. It has slipped 1.26 per cent against the greenback in the past five sessions alone. So far in 2025, the unit is the worst-performing Asian currency, with a depreciation of 5.95 per cent.

In a written reply in Parliament on Tuesday, Minister of State for Finance Pankaj Chaudhary attributed the sliding value of the local currency to widening trade deficit and the ongoing developments related to the India-US trade agreement. He said the rupee is market-determined, with no target, level, or band prescribed for the exchange rate.

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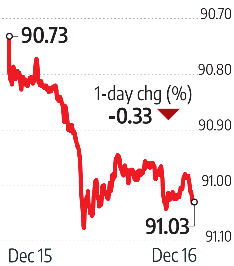
Fresh low

₹ vs $ spot (Inverted scale)



Fastest rupee slides

The least number of days taken by the rupee to fall 100 paise vs the dollar after breaching the 80-mark

	Date	Rupee spot	Trading days
80-81	Sep 26, 2022	81.6	2
81-82	Oct 7, 2022	82.3	8
82-83	Oct 19, 2022	83.0	8
89-90	Dec 3, 2025	90.2	8
90-91	Dec 16, 2025	91.0	9

Rupee vs major currencies

(Price of 1 unit in INR)

	Dec 16, 2025	YTD (Chg in %)
Euro	107.0	-16.6
Pound	122.1	-11.9
Renimbi	12.9	-9.3
Yen	0.6	-7.0
Dollar	91.0	-6.0

THE RUPEE IS ASIA'S WORST-PERFORMING CURRENCY IN 2025, HAVING SLID 5.95% SO FAR AND HIT 31 NEW LOWS AGAINST THE DOLLAR

Source: Bloomberg; Compiled by BS Research Bureau

RBI to act only if ₹ volatility rises beyond a point: Mishra

Neelkanth Mishra, chief economist at Axis Bank and head of global research at Axis Capital, told **Anjali Kumari** that the RBI will step in to contain volatility only if the rupee's depreciation accelerates beyond a tolerable pace. 6 ▶

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₹ slips past 91/$ amid FPI outflows, risk off trade

"The RBI continuously monitors developments in the foreign exchange market and intervenes only to address episodes of excessive volatility," Chaudhary said.

Foreign portfolio investors (FPIs) have withdrawn more than $2 billion in the first two weeks of December alone, putting the month among the largest episodes of net outflows seen this year.

Market participants said that globally, a rise in US Treasury yields, coupled with growing expectations of a policy rate hike by Bank of Japan, has led to an unwinding of yen-funded carry trades. This has triggered a broad-based risk-off shift across equities, credit markets, crypto assets, and select commodities, intensifying pressure on emerging market currencies, including the rupee.

"The rupee has slipped to a fresh low, crossing the 91 mark, making it one of the weakest major currencies globally this year and the weakest in Asia in 2025 so far. The pressure on the currency is being driven by three key factors: sentiment, capital flows, and the global macro backdrop," said Anindya Banerjee, head, currency and commodity research, Kotak Securities.

"Globally, rising US bond yields and expectations of a Bank of Japan rate hike have triggered an unwinding of the yen carry trade. This has led to risk aversion across equities, credit, crypto, and some commodities, adding speculative pressure on emerging-market currencies, including the rupee," he added.

In the near term, the 90-per-dollar level remains a key support, while 91.25 serves as an important resistance, market participants said. A sustained move beyond this could open the path towards 92 per dollar. The Reserve Bank of India's (RBI's) relatively restrained intervention so far appears deliberate, they said. With growth remaining robust and inflation well anchored, policymakers may be comfortable tolerating some depreciation, especially in a global trade-war environment where a weaker currency can aid export competitiveness, they added.

"Until there is a clear reversal in portfolio flows or a positive catalyst on the trade and global risk front, USD/INR is likely to remain under pressure, with volatility staying elevated," said Abhishek Goenka, founder and chief executive officer of IFA Global.

In the reply to questions from Members of Parliament Anand Bhadauria, V K Sreekandan, and Amra Ram, the minister said: "During the current financial year, the depreciation of the INR has been influenced by the increase in trade deficit and likely prospects arising from the ongoing developments in India's trade agreement with the US, amid relatively weak support from the capital account."

"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," he said.

The finance ministry also outlined recent currency movements and reiterated the government's stance on exchange-rate management.

"The exchange rate of the Indian rupee vis-à-vis the US dollar closed at ₹ 89.41 per dollar on November 21, 2025. It was at ₹89.64 per dollar on December 1, 2025, and further weakened to ₹90.42 per dollar on December 4, 2025," Chaudhary said.