

# ₹ hits new low on US visa shock

Exporters don't expect much relief; currency may slip to 89.5 vs \$ by year-end

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The rupee slid to a fresh low of 88.75 against the dollar on Tuesday, dragged down by the sharp rise in H-1B visa fees that threatens India's information technology (IT) services margins and remittance inflows. Dealers said the move compounded fragile sentiment, even as the trade outlook remained under sustained pressure from higher US tariffs on Indian goods.

The currency had closed at 88.31 per dollar the previous day.

Foreign investors offloaded equities worth ₹3,551 crore on Tuesday. Over the past two days, their net selloff amounts to nearly ₹5,523 crore.

Exports have already been squeezed by a 50 per cent tariff on shipments to the US, leaving Indian goods overpriced by as much as 30-35 per cent, while Europe's slowdown has narrowed diversification options. According to exporters, although a weaker rupee would usually aid competitiveness, tariff barriers blunt much of the advantage.

## Major currencies vs \$

	Change %		
	1-day	1-mth	1-yr
Turkish lira	-0.09	-1.06	-17.55
Indonesian rupiah	-0.46	-2.02	-8.88
Indian rupee	-0.50	-1.38	-5.86
South Korean won	-0.24	-0.77	-4.26
Japanese yen	-0.08	-0.61	-2.86
China renminbi	0.04	0.79	-0.84
Malaysian ringgit	0.00	0.66	0.09
British pound	0.01	-0.08	1.26
Euro	-0.09	0.64	6.13
Russian ruble	0.09	-3.59	11.29

Source: Bloomberg; compiled by BS Research Bureau

"Even if we are gaining a 2-3 per cent (edge) vis-à-vis our competitors, this will not help much," said Ajay Sahai, director-general and chief executive of the Federation of Indian Export Organisations.

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## SECTION II, P1 Gold at fresh high



Gold surged to a fresh record on Tuesday, driven by Asia-led demand and expectations of US rate cuts. In India, yellow metal prices spiked as global gains combined with a weakening rupee pressured by higher H-1B visa fees. In Mumbai's Zaveri Bazaar, the price of standard 10-gram gold jumped nearly 2 per cent to a record ₹1,13,856.

## It's glittering

		Change %		
	Sep 23, '25	1-day	1-mth	1-yr
Gold international (\$/Oz)	3,785.0	1.0	12.5	44.0
Gold std (₹/10 gm)	1,13,856	1.9	15.1	53.5

Sources: Bloomberg, IBJA; compiled by BS Research Bureau

■ Gold retailers craft new ways to keep festival sparkle alive P2 ▶

■ Chris Wood hints 76% gold price rise to \$6,600 Sec II, P1 ▶

# ₹ sinks to new low on US visa shock

The increased \$100,000 H-1B visa fee for new applicants has sharpened risks for the IT sector, which earns more than half its revenues from the US. The proposed HIRE Act, calling for a 25 per cent tax on outsourcing payments and removal of their tax-deductible status, has further raised fears of tighter pricing power and delays in contract execution. "...This Bill, if passed in its current form, could erode competitive pricing, squeeze margins, and lead to renegotiations or delays in outsourcing contracts," warned Abhishek Goenka, founder and chief executive of IFA Global.

The factors that weakened the rupee also weighed on equities. The Sensex shed 57.87 points, or 0.07 per cent, to close at 82,102.10, while the Nifty 50 slipped 32.85 points, or 0.13 per cent, to 25,169.50. IT majors and large private banks led declines as foreign funds sold off, though auto stocks and state-owned lenders provided some support.

Analysts expect further depreciation. Madan Sabnavis, chief economist at Bank of Baroda, sees the rupee drifting towards 89–89.50 per dollar by year-end, with the Reserve Bank of India seemingly allowing a gradual slide to offset tariff-related losses.

"Fundamentally the rupee shouldn't be falling this much, but once we cross a psychological level like 88, it tends to set a new minimum," Sabnavis said.

India's current account shifted into a \$2.4 billion deficit, or 0.2 per cent of GDP,

in the April–June period, against a \$13.5 billion surplus in the previous quarter. Remittances are also expected to soften following the visa fee hike, though the overall effect on the balance of payments is still unclear. "On the one hand remittances will decrease but on the other outsourcing will increase. So the net impact is yet to be determined," said Gaura Sen Gupta, chief economist at IDFC First Bank.

The rupee has fallen 3.7 per cent in the current financial year and 3.54 per cent so far in 2025, making it Asia's second-worst performing currency after the Indonesian rupiah. By contrast, the Japanese yen and Chinese yuan have lost 2.86 per cent and 0.84 per cent respectively against the dollar.

In September so far, the rupee has depreciated by 0.61 per cent.

"To add to the pain is the strength of the dollar against the euro and the Chinese currency. Also, there was a lack of inflows and bidding was there from oil companies," said a dealer with a state-owned bank.

Some exporters expect modest relief from the weaker currency. "Our hardships will get mitigated to a certain extent," said SK Saraf, founder chairman of Technocraft Industries, predicting the rupee could touch 100 per dollar within five months. Others warn the depreciation will raise push up costs for crude oil, electronics, overseas education, and travel.

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(With PTI inputs)