

Rupee ends 12 paise stronger on \$ inflows

Top government
functionaries'
comments
create positive
sentiment for INR

OUR BUREAU

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The rupee closed about 12 paise stronger on the back of exporters bringing in dollars as signs emerged that the Reserve Bank of India (RBI) may not flinch from further dipping into the forex reserves to curb depreciation.

Also, dollar inflows on account of investment by foreign portfolio investors and comments by top government functionaries about the forex reserves helping smooth volatility in the currency movement, supported the rupee.

The Indian unit (INR) closed at 79.7350 per dollar (USD) against the previous close of 79.85. INR's intraday



low and high was 79.8725 and 79.6950, respectively.

RBI sells dollars

Besides inflows from exporters and FPIs, the central bank also enhanced dollar liquidity in the market by selling dollars, said the chief dealer of a public sector bank.

Sanjeev Sanyal, Member of the Economic Advisory Council of the Prime Minister, reportedly said the central bank is correct in using the forex reserves to smooth out volatility in rupee's movement against the dollar.

Since March-end 2022, In-

dia's forex reserves have declined by \$34.597 billion, partly due to the RBI's intervention (dollar sales) to prop up the rupee. The reserves stood at \$572.712 billion as at July 15, 2022.

To a question on depreciation of the rupee against the dollar, V Anantha Nageswaran, Chief Economic Advisor, Government of India, reportedly said the services and merchandise exports were on a growth path, balancing the oil import bill, even as he emphasised that the forex reserves were healthy.

Late last week, the RBI Governor Shaktikanta Das said: "We will continue to engage with the forex market and ensure that the rupee finds its level in line with its fundamentals.

"I would like to reiterate that we have no particular level of the rupee in mind, but we would like to ensure its orderly evolution and we have zero tolerance for volatile and bumpy movements."