

Sharma: RBI *Business* *Stel-245* *12* should intervene to check rupee slide

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Commerce and Industry Minister Anand Sharma said the Reserve Bank of India (RBI) would have to step in to stem the downslide of the rupee, which today slumped to a new low of 56.22 against the dollar.

"I had spoken to the Prime Minister (Manmohan Singh) and the Finance Minister (Pranab Mukherjee) yesterday and the government has decided that the RBI should intervene effectively to stabilise the volatility of the rupee," Sharma told reporters here.

"The weakening of the rupee is a matter of serious concern as it is having a telling effect on high imports bills and hitting many other components," he added. Talking about the steps to boost exports and create a balance between imports and exports, he said India's two-way trade has touched \$788 billion and the new trade policy to expand exports would be ready by July 5.

Referring to the unbridled price rise, the minister attributed this phenomenon to fluctuations in global economy and said that "Indian government cannot be held responsible for price rise in the country."



Anand Sharma

"Our import bill is already very high and due to rise in prices of petroleum globally, the petroleum bill has mounted to \$154 billion, adversely hitting the rupee," he argued.

Due to rupee depreciation, the government today raised prices of petrol by ₹7.50 a litre.

Further, the burden of import of cooking oil, pulses and other commodities has added to the problem, he said.

Yesterday, Finance Minister Pranab Mukherjee had said, "As and when RBI will consider necessary they will intervene. It depends on the market forces and market forces are uncertain." The rupee has been one of the worst performing currencies in Asia and has been consistently hitting lows in the last fortnight, in spite of RBI interventions by selling dollars in the forex market. The rupee has lost over 22 per cent since the beginning of the year.