

# Global Factors Behind ₹ Fall, No Need for Knee-Jerk Reaction: FM

Jaitley says fluctuations will come down and RBI is doing whatever is necessary

## Our Bureau

**New Delhi:** Finance minister Arun Jaitley ruled out any "panic and knee-jerk reaction" to rupee depreciation saying there was no need for any such action from the world's fastest growing economy as he attributed the fall in the Indian currency to global factors.

"I don't think there is any need for the world's fastest-growing economy to come out with panic and knee-jerk reactions," Jaitley said at a press conference after cabinet meeting. "Rupee is better off than other currencies."

The rupee closed at 71.76 a dollar, down 0.27%, from Tuesday's close of 71.57 after touching a low of 71.97. The benchmark bond yields climbed to their highest since November 28, 2014, surging way past 8%

He said the fluctuations will come down and the Reserve Bank of India is doing whatever is necessary for this purpose as he attributed the decline in the Indian currency to the strengthening US dollar.

"If you look at the domestic economic situation and the global situation there are virtually no domestic reasons which are attributable to this. The reasons are global," Jaitley said.

"In the last few months the dollar has strengthened against almost every currency. And therefore most global currencies have weakened vis-à-vis the dollar," Jaitley said in his first presser after resuming office after his medical treatment.

He said the currency upheaval against the dollar will eventually settle down and the inherent strength of the economy will play an important role.

He added that the depreciation was only against the dollar and as far as other currencies are concerned, the rupee has consistently either strengthened or remained in a range, he said.

"In fact, against most of the other currencies in the world compared to what it was four or five years ago, the rupee is better-off," he said citing data.

"I will give you September 2013 and September 2018 figures. The pound (UK) in September 2013 was 101.42 today it is 92.05. The Euro was 84.67 after five years it is 83.13... Similarly if you take the other four emerging markets, almost against each



one of them, we have strengthened if you take the overall package of global currencies," he said.

Asked about crude prices he said the government is keeping a watch.

"We are a net buyer of oil. When crude oil prices goes up by creating shortages, it adversely impacts us," he said, adding that there is no straight line movement of crude. "They go up, they go down," he said, reiterating that these are not situations which merit knee-jerk and panic reaction.

On Congress raising the issue of Jaitley criticising the previous government on inflation and prices, he said this government's record on inflation management has been exemplary. "We rightly criticised 11% inflation then," he said pointing that inflation has largely remained below 5% in this government.