

Govt Hopes Rupee Reflects Its True Value, says Jaitley

Says exports would benefit if rupee falls but imports would become costlier

Our Bureau

New Delhi: Finance minister Arun Jaitley has said the government would like the rupee to reflect its real value amidst call from experts that the currency should be allowed to depreciate against the dollar to give some competitive edge to country's exports.

"I would like the real value of the currency to reflect itself," Jaitley said addressing 'Growth Net', a conference organised by the Ananta Centre and Smadja & Smadja. Jaitley said currency is managed by the RBI at present and they are effectively handling it. "It is effectively handling that situation and therefore I don't think that the government should be unusually worried if the movement takes place a little higher or lower," he said adding that exports would benefit if the currency falls but imports such as oil would become costlier.

The Indian rupee on Wednesday declined 7 paise to end at 62.33 against dollar. Chief economic advisor Arvind Subramanian had told ET in an earlier interview that the rupee should be allowed to fall when possible.

"I think we have to be opportunistic, when there is a chance to allow it to drift down maybe a little bit it drift down but when lot of capital is coming in intervene to keep it stable," Subramanian had said. "I agree that there is a part of the community out there that wants a strong exchange rate, but that would be very detrimental to our exports," he had said. The rupee has been stable against the dollar but has appreciated against a basket of currencies, severely denting exports



ON THE WISH LIST

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competitiveness.

India's exports declined for third month running in February. Rupee has appreciated 22.4% against the euro in the current financial year.

On a trade-weighted basis, and after adjusting for inflation, in February rupee was the rupee was over 24% overvalued against a basket of currencies of India's six largest trade partners.

Asked on the prospects of a rate cut and if he would nudge public sector banks to lower interest rates, he said the government did not pressurise banks but there would cuts in future.

"What is within the domain of the RBI, I let them have the last word. I mentioned a few days ago in the presence of the RBI governor that we don't pressurise the banks to cut rates but we do expect that after assessing the situation they should act in a prudent manner.

The RBI, which cut interest rates twice this year outside the scheduled policy reviews, will come out with annual monetary policy for 2015-16 on April 7.

"Our banks, by and large, have been responsible and I am quite certain to see more cuts in future but as of today you asked me how much and when, it is the domain of the RBI and we know that. But, in my own view India needs to have lower interest rates," he said. Asked if he favoured a fixed term for the RBI governor to pro-

vide stability to fiscal policy, he said, "I think let others participate in the debate and I should speak at the end. I would rather reserve my comments for end."

On disinvestment, FM said the government is proposing to sell stakes in profit making public sector undertakings with management control besides sick ones. "I intend to step up disinvestment in the coming year. Dying units that are unable to revive cannot be funded by taxpayers. The list of strategic disinvestment has been drawn up," he said but declined to give any names.

The finance minister promised to step up public spending in infrastructure, ease entry barriers for overseas investors and push Goods and Services Tax (GST) to boost economic expansion.

"There are some initiatives in pipeline from entry point to time gap between the entry point and actual start of business to have enabling environment for exit and non adversarial tax regime...," he said

He strongly defended the land acquisition bill saying it would benefit the rural India by promoting industrial activity in non-urban centres. "Historic opportunity has revisited (us) and we have to use it to the maximum," Jaitley said, adding that states that want to acquire land for developmental purposes should not get constrained by states who do not want to.