RBI to Curb Rupee Volatility Amid External Pressures

Union Finance Minister Nirmala Sitharaman stated that RBI will continue efforts to curb excessive rupee volatility driven by global uncertainties.

Measures by the central bank and the finance ministry to manage exchange rate fluctuations and stabilize the domestic currency against global pressures.

KEY EXAM POINTS

- Union Finance Minister **Nirmala Sitharaman** stated on **October 13, 2026**, that the rupee has depreciated significantly over the past year and a half.
- The depreciation against the **U.S. dollar** is primarily driven by global uncertainties and external factors.
- India's macroeconomic fundamentals, including **foreign exchange reserves**, remain robust and strong.
- The **Reserve Bank of India** (RBI) is actively ensuring that the domestic currency remains stable amidst external shocks.
- The **Union government** continues to monitor foreign exchange markets closely to prevent excessive currency volatility.

DID YOU KNOW..!?

The Reserve Bank of India was established on **April 1, 1935**, under the **Reserve Bank of India Act, 1934**.

RBI was nationalized on **January 1, 1949**, following the Reserve Bank (Transfer to Public Ownership) Act, 1948.

The primary objective of RBI's **monetary policy** is to maintain price stability while keeping in mind the objective of growth.

Foreign exchange reserves of India are managed by the Reserve Bank of India under the Foreign Exchange Management Act (FEMA), 1999.

The central bank intervenes in the **foreign exchange market** by buying or selling US dollars to curb excessive volatility in the exchange rate.

India transitioned to a market-determined exchange rate system in **March 1993** based on the recommendations of the **Narasimham Committee**.

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RBI manages India's foreign exchange reserves and curbs rupee volatility under the FEMA Act, 1999.

Syllabus Relevance: High relevance for questions related to RBI functions, foreign exchange reserves, and macroeconomic policies in Unit 6.

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