

Sitharaman's remark on the dollar is taken as an admission of the problem without actually accepting it

17/10/2022

Finance Minister Nirmala Sitharaman's defense of the rupiah's 8% fall against the dollar this year by claiming the dollar has strengthened has drawn criticism from political circles, with memes created as netizens believe that the government has, for the first time, admitted to a problem without actually saying so.

In response to a question about the falling rupee, Sitharaman, who is currently in the United States for the annual meetings of the International Monetary Fund (IMF) and the World Bank, said on Saturday: "First of all, I would not look like a sliding rupee but like a strengthening dollar.

The finance minister said the dollar is getting stronger all the time, so obviously all other currencies are behaving against the strengthening dollar.

"I'm not talking about technicalities, but it's a fact that the Indian rupee has probably resisted this rise in the dollar...I think the Indian rupee has done much better than many other emerging market currencies ", she said. saying.

Sitharaman claimed that the Reserve Bank of India (RBI) did not intervene in the market to fix the value of the Indian rupee, but rather was concerned with preventing excessive volatility.

The Finance Minister's statement, however, did not go down well with people, and Twitter users responded with bizarre memes.

She was also reprimanded by opposition leaders for making such statements.

Congress leader Rahul Gandhi said the people were paying the price for the government's "incompetence and bad policies".

He asked, "How long will the work of the RSS-BJP weaken India by deceiving the public?"

Popular memes that caused laughter on the internet included those that said: "The plane doesn't crash, gravity pulls it down" and "We didn't lose the game, the opposing team won" .

Congress Spokesman Supriya Shrinete said only the finance minister could explain the meaning of this new theory and claimed that the government's efforts to strengthen the rupiah over the past 11 months had failed because foreign investors did not trust his policies.

"The rupiah is now on the verge of crossing 83 against 1 USD and it looks like Prime Minister Narendra Modi 'will not stop until he breaks through 100,'" she said.

Shrinete noted that since 86% of India's trade is in US dollars, a weakening of the rupee has an impact on India's economy, trade and imports.

"But the finance minister is indifferent; she has come up with a new theory: a weakening rupee drives prices up; the rupee does not weaken; there is no unemployment; there is no rising prices; all of this is being said while the people are grappling with these issues," Shrinete said.

The Minister of Finance was ridiculed and criticized earlier for her words and actions, so this is not a first. An MP asked Sitharaman if she ate onions when she testified at the Lok Sabha in December 2019 about the shortage and the rising price of onions, which then reached Rs 100 per kilogram. "I don't have much to do with onions," replied the minister.

The opposition had spoken out against Sitharaman's "insensitive" comments and compared her to Marie Antoinette.

Although the RBI intervened to prevent the Indian rupee from falling further against the US dollar, the exchange rate hit a new low on September 26 when it was trading at Rs 81.60.

The Fed's hawkish outlook is one of the main reasons for the currency's decline. The Fed has raised interest rates in recent months to control inflation. On Monday, the rupee appreciated towards the level of Rs 82.20 amid weak crude oil prices.

Professor M Govinda Rao, Chief Economic Adviser, Brickwork Ratings, Member of the 14th Finance Committee and former Director of the National Institute of Public Finance and Policy, opined that what the minister was possibly saying, c It's not just the Indian rupee that's slipping but currencies are slipping against the dollar all over the world.

"It's not because the Indian rupee is weak. Things are happening because the dollar is getting stronger, that's the point. So, in other words, there is a depreciation of currencies all over the world and India is no exception. Other countries also have this problem and hence the depreciation in India to this extent is much less than anywhere else in the world. Whether it is the British Pound or the Euro or the Japanese Yen or the Euro, the Indian currency has not depreciated against other currencies, only against the US Dollar," he said. he declared.

Rao added that in his mind, Sitharaman admitted there was a negative impact.

"Depreciation reduces the value of a country's currency relative to the currency of other countries. Currently, depreciation has discouraged imports because imported goods have become more expensive due to a decline in the value of the currency. It's like saying a watermelon falls on a knife or a knife is stuck in a watermelon. The result is the same," he said.