

RBI releases half yearly report on Management of Foreign Exchange Reserves for April-September, 2019

The Reserve Bank of India publishes half-yearly reports on management of foreign exchange reserves for bringing enhancing transparency and levels of disclosure. These reports are prepared half yearly with reference to the position as at end-March and end September each year. The present report (33rd in the series) is with reference to the position as at end-September 2019. The foreign exchange reserves stood at USD 413 billion as at end-March 2019. During the half-year period under review, reserves followed an increasing trend from USD 419 billion as at end-April 2019 to USD 434 billion as at end-September 2019.

Although both US dollar and Euro are intervention currencies and the Foreign Currency Assets (FCA) are maintained in major currencies, the foreign exchange reserves are denominated and expressed in US dollar terms. Movements in the FCA occur mainly on account of purchase and sale of foreign exchange by the RBI, income arising out of the deployment of the foreign exchange reserves, external aid receipts of the Central Government and changes on account of revaluation of the assets.

Movement in Foreign Exchange Reserves					
	(USD Million)				
Month End	FCA	Gold	SDR	RTP	Forex Reserves
March-19	385357	23071	1457	2986	412871
			(1049)		

April-19	390966	23022	1454	3351	418793
			(1049)		
May-19	394135	22959	1443	3331	421868
			(1047)		
June-19	400715	24304	1456	3362	429837
			(1047)		
July-19	398239	25505	1441	3636	428820
			(1047)		
August-19	395962	27339	1432	3617	428349
			(1046)		
September-19	402026	26650	1427	3604	433707
			(1046)		

Source: RBI, Notes: FCA (Foreign Currency Assets): FCA are maintained as a multi-currency portfolio comprising major currencies, such as, US dollar, Euro, Pound sterling, Japanese yen, etc. and are valued in terms of US dollars. FCA excludes (a) investment in bonds issued by IIFC (UK) (b) SDR holdings of Reserve Bank, which is included under SDR and (c) amount lent under SAARC Swap Arrangement. SDR (Special Drawing Rights): Values in SDR have been indicated in parentheses. RTP refers to the Reserve Tranche Position in the IMF. Difference, if any, is due to rounding off.

Forward Outstanding— The net forward liability (payable) of the Reserve Bank in domestic foreign exchange market stood at USD 7.5 billion as at the end of September 2019.

Adequacy of Reserves- At the end of June 2019, the foreign exchange reserves cover of imports increased to 10.0 months from 9.6 months at end-March 2019. The ratio of short-term debt (original maturity) to reserves, which was 26.3 per cent at end-March 2019, declined to 25.5 per cent at end-June 2019. The ratio of volatile capital flows (including cumulative portfolio inflows and outstanding short-term debt) to reserves declined from 88.7 per cent at end-March 2019 to 86.7 per cent at end-June 2019.

Management of Gold Reserves- As at end-September, 2019, the Reserve Bank held 618.17 tonnes of gold, with 325.87 tonnes being held overseas in safe custody with the Bank of England and the Bank

for International Settlements, while the remaining gold is held domestically. In value terms (USD), the share of gold in the total foreign exchange reserves increased marginally from about 5.59 per cent as at end-March 2019 to about 6.14 per cent as at end-September 2019.

Sources of Accretion to Foreign Exchange Reserves - On a balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves increased by US\$ 14 billion during April-June 2019 as against a decrease of US\$ 11.3 billion during April-June 2018. The foreign exchange reserves in nominal terms (including valuation effects) increased by US\$ 17 billion during April-June 2019 as against a decrease of US\$ 19 billion in the corresponding period of the preceding year.

The detailed 33rd Half Yearly Report on Management of Foreign Exchange Reserves released by RBI is attached for your kind reference.

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Warm Regards,

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