

RBI releases half yearly report on Management of Foreign Exchange Reserves for April-September 2018

The 31st Half Yearly Report on Management of Foreign Exchange Reserves pertains to the period April-September 2018. The foreign exchange reserves stood at USD 424.54 billion as at end-March 2018. During the period under review, reserves followed a declining trend from USD 420.52 billion as at end-April 2018, USD 412.37 billion as at end May 2018, USD 405.74 billion as at end-June 2018, USD 403.67 billion as at end July 2018 and USD 400.10 billion as at end-August 2018. It increased slightly to USD 400.43 billion as at end of September 2018.

The Reserve Bank of India publishes half-yearly reports on management of foreign exchange reserves for bringing about more transparency and enhancing the level 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 (31st in the series) is with reference to the position as at end-September 2018. During the period under review, reserves followed a declining trend from USD 420.52 billion as at end-April 2018, USD 412.37 billion as at end May 2018, USD 405.74 billion as at end-June 2018, USD 403.67 billion as at end July 2018 and USD 400.10 billion as at end-August 2018. It increased slightly to USD 400.43 billion as at end of September 2018.

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 -18	399442	21484	1540	2079	424545
			(1059)		
April -18	395277	21662	1523	2056	420517
			(1059)		
May -18	387661	21190	1497	2025	412373
			(1057)		
June -18	380768	21002	1486	2484	405740
			(1057)		
July -18	379175	20534	1485	2482	403675
			(1057)		
August -18	375987	20162	1477	2476	400102
			(1054)		
September -18	376243	20343	1471	2468	400525
			(1054)		

Source: RBI, Notes: (i) 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 0.96 billion as at the end of September 2018.

Adequacy of Reserves-- At the end of June 2018, the foreign exchange reserves cover of imports declined to 10.1 months from 10.9 months at end-March 2018. The ratio of short-term debt (original maturity) to reserves, which was 24.1 per cent at end-March 2018, increased to 24.3 per cent at end-June 2018. The ratio of volatile capital flows (includes cumulative portfolio inflows and outstanding short-term debt) to reserves increased from 85.3 per cent at end-March 2018 to 86.2 per cent at end-June 2018.

Management of Gold Reserves— The Reserve Bank holds 586.44 tonnes of gold, of which 294.14 tonnes are 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 5.0 per cent as at end-March, 2018 to about 5.08 per cent as at end September, 2018.

The detailed 31st Half Yearly Report on Management of Foreign Exchange Reserves released by RBI is attached for your kind reference.

Please contact for any query related to this mail to Ms. Surbhi Sharma, Associate Economist at surbhi@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in of PHD Chamber of Commerce & Industry.

Warm regards,

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