

## RBI releases half yearly report on Management of Foreign Exchange Reserves for October-March 2018-19

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 (32nd in the series) is with reference to the position as at end-March 2019. The foreign exchange reserves stood at USD 400.53 billion as at end-September 2018. During the half-year period under review, reserves declined to USD 392.08 billion as at end-October 2018, and thereafter registered an increasing trend reaching USD 412.87 billion as at end of March 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					
Month End	FCA	Gold	SDR	RTP	(USD Million)
					Forex Reserves
September -18	376243	20343	1471	2468	400525
			(1054)		
October -18	367189	20816	1457	2624	392085
			(1054)		
November -18	368488	21150	1455	2626	393718
			(1052)		
December -18	369799	21690	1463	2640	395592
			(1052)		
January -19	373372	22686	1473	2659	400190

			(1052)		
<b>February -19</b>	374635	23253	1467	3007	402362
			(1049)		
<b>March -19</b>	385357	23071	1457	2986	412871
			(1049)		

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 13.77 billion as at the end of March 2019.

**Adequacy of Reserves-** At the end of December 2018, the foreign exchange reserves cover of imports stood at 9.1 months compared to 9.5 months at end-September 2018. The ratio of short-term debt (original maturity) to reserves, which was 26.1 per cent at end-September 2018, increased to 26.4 per cent at end-December 2018. The ratio of volatile capital flows (include cumulative portfolio inflows and outstanding short-term debt) to reserves increased from 88.4 per cent at end-September 2018 to 88.7 per cent at end-December 2018

**Management of Gold Reserves-** As at end-March, 2019, the Reserve Bank held 612.56 tonnes of gold, with 320.26 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 5.08 per cent as at end-September, 2018 to about 5.59 per cent as at end March, 2019.

**Sources of Accretion to Foreign Exchange Reserves -** On a balance of payments basis (i.e., excluding valuation effects), the foreign exchange reserves decreased by US\$ 17.5 billion during April-December 2018 as against an increase of US\$ 30.3 billion during April-December 2017. The foreign exchange reserves in nominal terms (including the valuation effects) decreased by US\$ 29.0 billion during April-December 2018 as against an increase of US\$ 39.1 billion during the same period of the preceding year.

**The detailed 32<sup>nd</sup> Half Yearly Report on Management of Foreign Exchange Reserves released by RBI is attached for your kind reference.**

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