

## RBI releases Half Yearly Report on Management of Foreign Exchange Reserves for October-March 2017-18

The 30th Half Yearly Report on Management of Foreign Exchange Reserves pertains to the period October-March 2017-2018. The foreign exchange reserves stood at USD 400.21 billion as at end-September 2017. During the half year under review, reserves decreased to USD 399.23 billion as at end-October 2017, and increased to USD 401.94 billion as at end-November 2017, USD 409.07 billion as at end-December 2017. Subsequent month witnessed an increase in the reserves, which stood at USD 422.37 billion as at end-January 2018. The reserves stood at USD 420.96 billion as at end-February 2018, and USD 424.55 billion as at end of March 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 (30th in the series) is with reference to the position as at end-March 2018. During the half year under review, reserves stood at USD 400.21 billion as at end-September 2017. During the half year under review, reserves decreased to USD 399.23 billion as at end-October 2017, and increased to USD 401.94 billion as at end-November 2017, USD 409.07 billion as at end-December 2017. Subsequent month witnessed an increase in the reserves, which stood at USD 422.37 billion as at end-January 2018. The reserves stood at USD 420.96 billion as at end-February 2018, and USD 424.55 billion as at end of March 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 only. Movements in the FCA occur mainly on account of purchases and sales 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
September-17	375186	21241	1502	2276	400205
			(1063)		
October-17	374802	20667	1493	2263	399225
			(1063)		
November-17	377456	20703	1502	2280	401942
			(1061)		
December-17	385104	20422	1512	2035	409072
			(1061)		
January-18	397222	21514	1547	2083	422367
			(1061)		
February-18	395842	21523	1523	2067	420963
			(1059)		
March-18	399442	21848	14540	2079	424545
			(1059)		

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 to Maldives 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 assets (receivables) of the Reserve Bank in domestic foreign exchange market stood at USD 20.85 billion as at the end of March 2018.

**Adequacy of Reserves**-- At the end of December 2017, the import cover decreased to 10.8 months from 11.3 months at end-March 2017. The ratio of volatile capital flows (includes cumulative portfolio inflows and outstanding short-term debt) to foreign exchange reserves declined from 88.1 per cent at end-March 2017 to 86.9 per cent at end-December 2017.

**Management of Gold Reserves**— The Reserve Bank holds 560.32 tonnes of gold; of which, 268.01 tonnes are held overseas in safe custody with the Bank of England and the Bank for International Settlements (BIS). Gold as a share of the total foreign exchange reserves in value terms (USD) stood at about 5.0 per cent as at end-March, 2018.

**The detailed 30<sup>h</sup> 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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