

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 5106
DUE FOR ANSWERED ON APRIL 03, 2023

FOREX RESERVE OF INDIA

5106. Dr. Umesh G. Jadhav :
Shri Sanganna Amarappa :
Shri L. S. Tejasvi Surya :

Will the Minister of FINANCE be pleased to state:

- (a) whether the forex reserves has doubled in the last six years and if so, the details thereof and the total forex reserves in the country as on date;
- (b) whether the Government has utilised any amount of forex reserves for payoffs and loan repayments in the last ten years and if so, the details thereof; and
- (c) the steps taken by the Government to improve foreign exchange reserves to reach the levels of China, Japan and Switzerland?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

- (a) The foreign exchange reserves of the country have increased from USD 369,955 million (₹23,98,200 crore) as on March 31, 2017 to USD 572,801 million (₹47,27,502 crore) as on March 17, 2023.
- (b) External debt can be raised by private entities as well as the Government. The repayment of such debts is done by respective entities, sourcing foreign exchange requirements from foreign exchange markets.
- (c) Accretion to or depletion of forex reserves depends on the amount of net capital inflows through the capital account and the absorption of such inflows by the economy as measured by the balance on the current account of the balance of payments. If the capital inflows are more than the absorptive capacity represented by the current account deficit (CAD), the excess capital inflows would add to the forex reserves.

The Government has taken various measures to encourage foreign direct investment and foreign portfolio investments and also enhance exports. The Government has taken, inter-alia, the following measures to boost exports and reduce trade deficit:

- i. Foreign Trade Policy (2015-20) extended upto 31-03-2023.
- ii. Interest Equalization Scheme on pre and post shipment rupee export credit has also been extended upto 31-03-2024.
- iii. Assistance provided through several schemes to promote exports, namely, Trade Infrastructure for Export Scheme (TIES) and Market Access Initiatives (MAI) Scheme.
- iv. Rebate of State and Central Levies and Taxes (RoSCTL) Scheme to promote labour oriented textile export has been implemented since 07.03.2019.
- v. Remission of Duties and Taxes on Exported Products (RoDTEP) scheme has been implemented since 01.01.2021.
- vi. Common Digital Platform for Certificate of Origin has been launched to facilitate trade and increase Free Trade Agreement (FTA) utilization by exporters.
- vii. 12 Champion Services Sectors have been identified for promoting and diversifying services exports by pursuing specific action plans.
- viii. Districts as Export Hubs has been launched by identifying products with export potential in each district, addressing bottlenecks for exporting these products and supporting local exporters/manufacturers to generate employment in the district.
- ix. Active role of Indian missions abroad towards promoting India's trade, tourism, technology, and investment goals has been enhanced.
- x. Package announced in light of the COVID pandemic to support domestic industry through various banking and financial sector relief measures, especially for MSMEs, which constitute a major share in exports.

To promote Foreign Direct Investment (FDI), the Government has put in place an investor-friendly policy, wherein except for a few sectors, most sectors are open for 100% FDI under the Automatic route. Further, the policy on FDI is reviewed on an ongoing basis, and its provisions have been progressively liberalized and simplified across various sectors in the recent past to make India an attractive investment destination.
