

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:299
ANSWERED ON:22.03.2002
PURCHASING OF FOREIGN CURRENCY BY RBI
SATYAVRAT CHATURVEDI;SUNDER LAL TIWARI

Will the Minister of FINANCE be pleased to state:

- (a): whether the Reserve Bank of India is purchasing foreign currency from the market on large scale for repaying foreign debts;
- (b): if so, the details thereof; and
- (c): the steps taken by the Government to check its adverse impact on exchange rate of Indian rupee?

Answer

MINISTER OF FINANCE (SHRI YASHWANT SINHA)

(a), (b) & (c): A statement is laid on the Table of the House.
Statement referred to in reply to parts (a) to (c) of the Lok Sabha Starred Question No. 299 regarding 'Purchasing of Foreign Currency by RBI' for answer on 22-03-2002.

(a), (b) & (c): The Reserve Bank of India (RBI) makes both purchases and sales of foreign currency in the market from time to time as a part of foreign exchange reserve management policy to even out demand and supply in the foreign exchange market and thereby to avoid large swings in the exchange rate of rupee. The developments in the financial markets in India and abroad are monitored closely both by the Government and the Reserve Bank of India and appropriate measures are taken, when necessary, to reduce excessive volatility in the exchange rate, prevent emergence of destabilizing speculative activities, develop an orderly market condition and to help maintain adequate level of foreign exchange reserves.