

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:827
ANSWERED ON:22.11.2002
FOREIGN EXCHANGE RESERVES
V. VETRISELVAN

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) the total foreign exchange reserves with the RBI as on date;
- (b) whether the Government propose to use the fresh reserves to retire high interest debt;
- (c) if so, the details thereof; and
- (d) the extent to which this decision would reduce possible reserves and debt and maintain adequate debt and import cover?

Answer

Minister of State in the Ministry of Finance and Company Affairs (Shri Anandrao V. Adsul)

- (a) The total foreign exchange reserves with the RBI amounted to US\$ 65,376 million as on Nov.08, 2002.
- (b&c) The Government undertakes prepayment of high cost external debt from time to time. This forms a part of prudent debt management policy. An amount of US\$ 702.82 million has been prepaid during 2001-02 and 2002-03 so far.
- (d) Prepayment does not have automatic impact on foreign exchange reserves held by RBI. While debt services are undertaken by the Government by purchasing foreign exchange from the market, the reserves maintained by the RBI is the net result of transactions on both current and capital account of external sector. The foreign exchange reserves have increased from US\$ 54,106 million at the end March, 2002, to US\$ 65,376 million as on Nov. 08, 2002 which is equivalent to more than one year's import requirements.