

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:868

ANSWERED ON:04.03.2005

FOREIGN EXCHANGE RESERVE

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Will the Minister of FINANCE be pleased to state:

- (a) the present status for foreign exchange reserves in the country as on February 28,2005
- (b) whether the foreign exchange reserves have come down during the month of January, 2005;
- (c) if so, the reasons therefor;
- (d) whether the value of dollar is falling continuously in the world trade;
- (e) if so, the details thereof including the reasons;
- (f) whether IMF has warned India towards the rising of foreign exchange reserves of the country;
- (g) if so, the reasons therefor alongwith the reaction of the Government thereto; and
- (h) the steps taken by the Government to maintain the foreign exchange reserve?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S. PALANIMANICKAM)

(a) India`s foreign exchange reserves stood at US\$135.66 billion as on February 25, 2005.

(b) & (c) : The foreign exchange reserves declined by US\$1.7 billion during January 2005, mainly on account of valuation losses arising from strengthening of the US Dollar against other major non-Dollar global currencies during the month.

(d) & (e): The US Dollar has been depreciating against some major international currencies since 2002. The movement of the US Dollar vis-a-vis other currencies is shown below:

US Dollar per national currency unit

2002 2003 2004

Euro	1.05	1.26	1.25#
Pound Sterling	1.50	1.63	1.83
Japanese Yen	0.01	0.01	0.01
Swiss franc	0.64	0.74	0.81

= Till November 2004

(f): No, sir.

(g) & (h): Does not arise.