

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:252
ANSWERED ON:09.12.2005
FOREIGN EXCHANGE RESERVE
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Will the Minister of FINANCE be pleased to state:

- (a) whether foreign exchange reserves have gone down during the last six months;
- (b) If so, the details thereof and the reasons therefor;
- (c) whether reserves kept with the International Monetary Fund have also gone down during the period;
- (d) If so, the details thereof; and
- (e) the steps taken by the Government to increase the foreign exchange reserve?

Answer

MINISTER OF FINANCE (SHRI P. CHIDAMBARAM)

(a), (b), (c), (d) & (e): A statement is placed on the Table of the House.

Statement referred to in reply to parts (a) to (e) of the Lok Sabha Starred Question No. 252 regarding 'Foreign Exchange Reserve' for answer on 09-12-2005.

(a), (b), (c) & (d): India's foreign exchange reserves comprise foreign currency assets (FCA), gold, special drawing rights (SDR) and the reserve tranche position (RTP) with the International Monetary Fund (IMF). Total foreign exchange reserves, which stood at US Dollar 1,38,370 million at end-June 2005, have increased to US Dollar 1,42,821 million at end-November 2005. The movements in various components of foreign exchange reserves, as well as total reserves, during the last six months (i.e. June-November 2005-06) are given below:

Movements in Foreign Exchange Reserves: June - November 2005-06 (in US\$ million)

At the end of	FCA	Gold	SDR	RTP	Total
June 2005	132352	4453	4	1561	138370
July 2005	134587	4395	4	1556	140542
August 2005	138107	4535	4	1433	144080
September 2005	136920	4712	4	1423	143059
October 2005	137286	4864	4	1419	143575
November 2005	136582	4925	4	1310	142821

(e): The Reserve Bank of India (RBI) does not have a policy target with regard to level of foreign exchange reserves. However, the broad principles guiding India's foreign exchange reserves management includes a policy of maintaining a level of foreign exchange reserves, which takes into account not only anticipated current account deficits, but also liquidity-at-risk arising from unanticipated capital movements. Taking these factors into account, the current level of India's foreign exchange reserves continues to remain adequate and comfortable.