

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:255
ANSWERED ON:06.12.2013
UTILISATION OF FOREIGN EXCHANGE RESERVES
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Will the Minister of FINANCE be pleased to state:

- (a) the details of the foreign exchange reserves in the country during each of the last three years and the current year;
- (b) whether Government proposes to utilise the foreign exchange reserves in a more meaningful and productive manner; and
- (c) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) India's foreign exchange reserves comprise (i) Foreign Currency Assets (FCAs), (ii) Gold, (iii) Special Drawing Rights (SDRs) and (iv) Reserve Tranche Position with the IMF (RTP). Year wise details of foreign exchange reserves during the last three years and in current year are given below:

(US\$ billion)						
Year	FCAs	Gold	SDRs	RTP	Total Foreign	
in IMF Exchange Reserves						
2010-11						
(end-March 2011)	274.3	22.972	4.569	2.947	304.8	
2011-12						
(end-March 2012)	260.1	27.023	4.469	2.836	294.4	
2012-13						
(end-March 2013)	259.7	25.692	4.328	2.301	292.0	
2013-14						
(As on November 22 2013)	258.7	21.227	4.421	1.951	286.3	

Source: Reserve Bank of India.

(b) & (c) The investment in the domestic economy is made in rupee only. In line with the principles of preserving the long-term value of the reserves in terms of purchasing power, minimizing risk and volatility in returns and maintaining liquidity, the RBI holds foreign currency assets (FCAs) in major convertible currency instruments. These include deposits of other country central banks, the Bank for International Settlements (BIS) and top-rated foreign commercial banks, and in securities representing debt of sovereigns and supranational institutions with residual maturity not exceeding 10 years, to provide a strong bias towards capital preservation and liquidity.