

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:615

ANSWERED ON:08.05.2015

UTILISATION OF FOREIGN EXCHANGE RESERVES

Pandey Dr. Mahendra Nath;Shetty Shri Gopal Chinayya

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 along with the fluctuation reported during the last three months;
- (b) whether the Government has utilised/proposes to utilise the foreign exchange reserves in a more meaningful and productive manner including making investment in basic infrastructure by providing loans at concessional rates; and
- (c) if so, the details thereof along with its impact in augmenting the growth and development of the economy?

Answer

FINANCE MINISTER (SHRI ARUN JAITLEY)

(a)to (c); A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 615 (POSITION NO. 15) BY SHRI GOPAL SHETTY AND DR.MAHENDRA NATH PANDEY REGARDING "UTILISATION OF FOREIGN EXCHANGE RESERVES" FOR ANSWER ON MAY 8, 2015

(a) The stock of foreign exchange reserves have increased from US\$ 292 billion at end March 2013 to US\$ 304.2 billion at end March 2014 and further to US\$ 341.6 billion at end March 2015. Details of the foreign exchange reserves at end March levels for the last three years and for the recent three end-months are given below.

Year (End-March)	FCA	Gold	SDR	RTP	Total
2012-13	259.7	25.7	4.3	2.3	292.0
2013-14	276.3	21.6	4.5	1.8	304.2
2014-15	317.3	19.0	4.0	1.3	341.6
Month end					
Jan-15	303.3	20.2	4.1	1.1	328.7
Feb-15	312.2	19.8	4.1	1.6	337.7
Mar-15	317.3	19.0	4.0	1.3	341.6
April 24, 2015	320.3	19.0	4.0	1.3	344.6

Source: RBI

FCA: Foreign Currency Assets; SDR: Special Drawing Rights; RTP: Reserve Tranche Position in IMF

(b) & (c) The investment in the domestic economy is made in rupee only. The level of foreign exchange reserves is largely the outcome of Reserve Bank of India's intervention in the foreign exchange market to stabilise the rupee value. 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 Reserve Bank of India holds foreign currency assets (FCAs) in major convertible currency instruments. These include deposits of other country central banks, the Bank for International Settlements 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 for capital preservation and liquidity. The overall growth rate of an economy is dependent on many factors that, inter-alia, include the rate of capital formation and savings (including foreign savings), utilization of technology, availability of infrastructure, efficiency of resource allocation, quality of institutions, governance and the policy framework in place.