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RESERVE BANK OF INDIA

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**Sources of Variation in Foreign Exchange Reserves in India  
during April-December 2022**

Earlier today, the Reserve Bank of India released [balance of payments \(BoP\) data for October-December 2022](#) on its website ([www.rbi.org.in](http://www.rbi.org.in)). On the basis of these data, the sources of variation in foreign exchange reserves during April-December 2022 are detailed below.

**Sources of Variation in Foreign Exchange Reserves: April-December 2022**

During April-December 2022, there was a decline in the foreign exchange reserves, the sources of which are set out in [Table 1](#).

<b>Table 1: Sources of Variation in Foreign Exchange Reserves*</b>				
			(US\$ Billion)	
Items			April-December 2022	April-December 2021
<b>I.</b>		<b>Current Account Balance</b>	<b>-67.1</b>	<b>-25.3</b>
<b>II.</b>		<b>Capital Account (net) (a to f)</b>	<b>52.4</b>	<b>88.9</b>
	a.	Foreign Investment (i+ii)	18.2	23.2
		(i) Foreign Direct Investment (FDI)	21.7	24.8
		(ii) Portfolio Investment	-3.5	-1.6
		<i>of which:</i>		
		Foreign Institutional Investment (FII)	-3.2	0.2
		ADR/GDR	0.0	0.0
	b.	Banking Capital	25.0	12.6
		<i>of which: NRI Deposits</i>	5.4	3.1
	c.	Short term credit	8.1	13.3
	d.	External Assistance	3.8	2.7
	e.	External Commercial Borrowings	-5.6	4.7
	f.	Other items in capital account	2.8	32.3
<b>III.</b>		<b>Valuation change</b>	<b>-29.9</b>	<b>-6.9</b>
		<b>Total (I+II+III) @</b>	<b>-44.6</b>	<b>56.6</b>
		Increase in reserves (+) / Decrease in reserves (-)		

\*: Based on the old format of BoP which may differ from the new format (BPM6) in the treatment of transfers under the current account and ADRs/ GDRs under portfolio investment.  
@: Difference, if any, is due to rounding off.  
**Note:** 'Other items in capital account' apart from 'Errors and Omissions' includes SDR allocation, leads and lags in exports, funds held abroad, advances received pending issue of shares under FDI and capital receipts not included elsewhere and rupee denominated debt.

On a BoP basis (*i.e.*, excluding valuation effects) foreign exchange reserves depleted by US\$ 14.7 billion during April-December 2022 as against an accretion of US\$ 63.5 billion during April-December 2021. Foreign exchange reserves in nominal terms (including valuation effects) decreased by US\$ 44.6 billion during April-December 2022 as against an increase of US\$ 56.6 billion in the corresponding period of the preceding year ([Table 2](#)).

<b>Table 2: Comparative Position of Variation in Reserves</b>			
(US\$ Billion)			
<b>Items</b>		<b>April-December 2022</b>	<b>April-December 2021</b>
1	Change in Foreign Exchange Reserves (Including Valuation Effects)	-44.6	56.6
2	Valuation Effects [Gain (+)/Loss (-)]	-29.9	-6.9
3	Change in Foreign Exchange Reserves on BoP basis ( <i>i.e.</i> , Excluding Valuation Effects)	-14.7	63.5
<b>Note:</b> Increase in reserves (+)/Decrease in reserves (-). Difference, if any, is due to rounding off.			

The valuation loss, reflecting the appreciation of the US dollar against major currencies, amounted to US\$ 29.9 billion during April-December 2022 as compared to a valuation loss of US\$ 6.9 billion during April-December 2021.

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