



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

इ-मेल email: helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस.मार्ग, मुंबई-400001

DEPARTMENT OF COMMUNICATION, Central Office, S.B.S.Marg, Mumbai-400001

फोन/Phone: 91 22 2266 0502 फैक्स/Fax: 91 22 22660358

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**Sources of Variation in Foreign Exchange Reserves in India
during April-June 2014**

Earlier today, the Reserve Bank of India released the Balance of Payments (BoP) data for April-June 2014 on its website (www.rbi.org.in). On the basis of these data, the sources of variation in foreign exchange reserves during April-June 2014 have been compiled.

Sources of Variation in Foreign Exchange Reserves: April-June 2014

During April-June 2014, there was an increase in the foreign exchange reserves. The sources of variation in the foreign exchange reserves are set out in Table 1.

Table 1: Sources of Variation to Foreign Exchange Reserves*				
(US \$ billion)				
Items		2013-14 April-June	2014-15 April-June	
I.	Current Account Balance	-21.8	-7.9	
II.	Capital Account (net) (a to f)	21.4	19.0	
	a. Foreign Investment <i>of which</i>	6.3	20.6	
	<i>Foreign Direct Investment</i>	6.5	8.2	
	<i>Portfolio Investment</i>	-0.2	12.4	
	<i>FII</i>	-0.5	12.5	
	<i>ADR/GDR</i>	0.0	0.0	
	b. Banking Capital	10.3	-0.1	
	<i>Of which: NRI Deposits</i>	5.5	2.4	
	c. Short term credit	2.5	0.2	
	d. External Assistance	0.3	0.0	
	e. External Commercial Borrowings	0.9	1.7	
	f. Other items in capital account	1.2	-3.3	
III.	Valuation change	-9.2	0.7	
	Total (I+II+III) @ Increase in reserves (+) / Decrease in reserves (-)	-9.6	11.9	
*: Based on old format of BoP				
@: Difference, if any, is due to rounding off.				
Note: 'Other items in capital account' apart from 'Errors and Omissions' include SDR allocations, leads and lags in exports, funds held abroad, advances received pending issue of shares under FDI and transactions of capital receipts not included elsewhere.				

On balance of payments basis (*i.e.*, excluding valuation effects), foreign exchange reserves increased by US\$ 11.2 billion during April-June 2014 as against a decline of US\$ 0.3 billion during April-June 2013. Foreign exchange reserves in nominal terms (including valuation effects) increased by US\$ 11.9 billion during April-June 2014 as compared to a decline of US\$ 9.6 billion during the same period of preceding year (Table 2).

Table 2: Comparative Position of Variation in Reserves

			(US\$ billion)	
Items		2013-14	2014-15	
		April-June	April-June	
1	Change in Foreign Exchange Reserves (Including Valuation Effects)	-9.6	11.9	
2	Valuation Effects (Gain (+)/Loss (-))	-9.2	0.7	
3	Change in Foreign Exchange Reserves on BoP basis (<i>i.e.</i> , Excluding Valuation Effects)	-0.3	11.2	
Note: Increase in reserves (+)/Decrease in reserves (-). Difference, if any, is due to rounding off.				

The valuation gain, reflecting the depreciation of the US dollar against major currencies, amounted to US\$ 0.7 billion during April-June 2014 as compared to a loss of US\$ 9.2 billion during the same period of the preceding year.

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Alpana Killawala
Principal Chief General Manager