



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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**Sources of Variation in Foreign Exchange Reserves in India
during 2021-22**

Earlier today, the Reserve Bank of India released [balance of payments \(BoP\) data for January-March 2022](#) on its website (www.rbi.org.in). On the basis of these data, the sources of variation in foreign exchange reserves during 2021-22 are detailed below:

Sources of Variation in Foreign Exchange Reserves: 2021-22

During 2021-22, there was an increase in the foreign exchange reserves, the sources of which are set out in [Table 1](#).

| Table 1: Sources of Variation in Foreign Exchange Reserves* | | | | |
|---|----|---|--------------|-------------|
| (US\$ Billion) | | | | |
| Item | | | 2021-22 | 2020-21 |
| I. | | Current Account Balance | -38.8 | 23.9 |
| II. | | Capital Account (net) (a to f) | 86.3 | 63.4 |
| | a. | Foreign Investment (i+ii) | 21.8 | 80.1 |
| | | (i) Foreign Direct Investment (FDI) | 38.6 | 44.0 |
| | | (ii) Portfolio Investment | -16.8 | 36.1 |
| | | <i>Of which:</i> | | |
| | | Foreign Institutional Investment (FII) | -14.1 | 38.7 |
| | | ADR/GDR | 0.0 | 0.0 |
| | b. | Banking Capital | 6.7 | -21.1 |
| | | <i>Of which: NRI Deposits</i> | 3.2 | 7.4 |
| | c. | Short-term Credit | 20.1 | -4.1 |
| | d. | External Assistance | 5.4 | 11.2 |
| | e. | External Commercial Borrowings | 8.1 | -0.1 |
| | f. | Other Items in Capital Account | 24.2 | -2.6 |
| III. | | Valuation Change | -17.2 | 11.9 |
| | | Total (I+II+III) @ | 30.3 | 99.2 |
| | | Increase in reserves (+) / Decrease in reserves (-) | | |
| <p>*: 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.</p> | | | | |

On a balance of payments basis (*i.e.*, excluding valuation effects), foreign exchange reserves increased by US\$ 47.5 billion during 2021-22 as compared with US\$ 87.3 billion during 2020-21. Foreign exchange reserves in nominal terms (including valuation effects) increased by US\$ 30.3 billion during 2021-22 as compared with US\$ 99.2 billion during 2020-21 ([Table 2](#)).

| Table 2: Comparative Position of Variation in Reserves | | | |
|--|---|----------------|----------------|
| (US\$ Billion) | | | |
| Items | | 2021-22 | 2020-21 |
| 1 | Change in Foreign Exchange Reserves (Including Valuation Effects) | 30.3 | 99.2 |
| 2 | Valuation Effects [Gain (+)/Loss (-)] | -17.2 | 11.9 |
| 3 | Change in Foreign Exchange Reserves on BoP basis (<i>i.e.</i> , Excluding Valuation Effects) | 47.5 | 87.3 |
| Note: 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\$ 17.2 billion during 2021-22 as against a valuation gain of US\$ 11.9 billion during 2020-21.

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