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RESERVE BANK OF INDIA

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**Sources of Variation in Foreign Exchange Reserves in India
during April-September 2020**

Earlier today, the Reserve Bank of India released [balance of payments \(BoP\) data for July-September 2020](#) on its website (www.rbi.org.in). On the basis of these data, the sources of variation in foreign exchange reserves during April-September 2020 are detailed below.

Sources of Variation in Foreign Exchange Reserves: April-September 2020

During April-September 2020, there was an increase in the foreign exchange reserves, the sources of which are set out in Table 1.

		(US\$ billion)	
Table 1: Sources of Variation in Foreign Exchange Reserves*		April- September 2020-21	April- September 2019-20
Items			
I.	Current Account Balance	34.7	-22.6
II.	Capital Account (net) (a to f)	16.7	41.7
	a. Foreign Investment (i+ii)	31.4	28.6
	(i) Foreign Direct Investment (FDI)	23.8	21.3
	(ii) Portfolio Investment	7.6	7.3
	<i>Of which:</i>		
	Foreign Institutional Investment (FII)	8.8	7.2
	ADR/GDR	0.0	0.0
	b. Banking Capital	-8.9	1.6
	<i>Of which: NRI Deposits</i>	4.9	5.0
	c. Short term credit	-2.0	1.3
	d. External Assistance	6.0	1.9
	e. External Commercial Borrowings	-5.7	9.4
	f. Other items in capital account	-4.1	-1.2
III.	Valuation change	15.5	1.7
	Total (I+II+III) @	66.9	20.8
	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.</p> <p>@: Difference, if any, is due to rounding off.</p> <p>Note: 'Other items in capital account' apart from 'Errors and Omissions' include 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\$ 51.4 billion during April-September 2020 as compared with US\$ 19.1 billion during April-September 2019. Foreign exchange reserves in nominal terms (including valuation effects) increased by US\$ 66.9 billion during April-September 2020 as compared with US\$ 20.8 billion in the corresponding period of the preceding year (Table 2).

Table 2: Comparative Position of Variation in Reserves			
(US\$ Billion)			
Items		April- September 2020-21	April- September 2019-20
1	Change in Foreign Exchange Reserves (Including Valuation Effects)	66.9	20.8
2	Valuation Effects [Gain (+)/Loss (-)]	15.5	1.7
3	Change in Foreign Exchange Reserves on BoP basis (<i>i.e.</i> , Excluding Valuation Effects)	51.4	19.1
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 and increase in gold prices, amounted to US\$ 15.5 billion during April-September 2020 as compared with US\$ 1.7 billion during April-September 2019.

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