



**भारतीय रिज़र्व बैंक**  
**RESERVE BANK OF INDIA**

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Website : [www.rbi.org.in](http://www.rbi.org.in)  
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संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई - 400 001  
**Department of Communication**, Central Office, Shahid Bhagat Singh Marg, Fort,  
Mumbai - 400 001 फोन/Phone: 022 - 2266 0502

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**Sources of Variation in Foreign Exchange Reserves in India  
during April-September 2023**

Earlier today, the Reserve Bank of India released [balance of payments \(BoP\) data for July-September 2023](#) 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-September 2023 are detailed below.

**Sources of Variation in Foreign Exchange Reserves: April-September 2023**

During April-September 2023, there was an increase 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>			<b>(US\$ Billion)</b>	
<b>Items</b>			<b>April-September 2023</b>	<b>April-September 2022</b>
<b>I.</b>		<b>Current Account Balance</b>	-17.5	-48.9
<b>II.</b>		<b>Capital Account (net) (a to f)</b>	44.5	23.1
	a.	Foreign Investment (i+ii)	25.4	11.5
		(i) Foreign Direct Investment (FDI)	4.8	19.6
		(ii) Portfolio Investment	20.7	-8.1
		<i>of which:</i>		
		Foreign Institutional Investment (FII)	21.4	-7.8
		ADR/GDR	0.0	0.0
	b.	Banking Capital	17.3	10.6
		<i>of which: NRI Deposits</i>	5.4	2.8
	c.	Short term credit	-1.5	5.4
	d.	External Assistance	2.3	2.3
	e.	External Commercial Borrowings	2.8	-3.0
	f.	Other items in capital account	-1.9	-3.7
<b>III.</b>		<b>Valuation change</b>	-17.7	-48.9
		<b>Total (I+II+III) @</b>	9.3	-74.6
		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><b>Note:</b> '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\$ 27.0 billion during April-September 2023 as against a depletion of US\$ 25.8 billion during April-September 2022. Foreign exchange reserves in nominal terms (including valuation effects) increased by US\$ 9.3 billion during April-September 2023 as against a decrease of US\$ 74.6 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- September 2023</b>	<b>April- September 2022</b>
1	Change in Foreign Exchange Reserves (Including Valuation Effects)	9.3	-74.6
2	Valuation Effects [Gain (+)/Loss (-)]	-17.7	-48.9
3	Change in Foreign Exchange Reserves on BoP basis ( <i>i.e.</i> , Excluding Valuation Effects)	27.0	-25.8
<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 and higher bond yields, amounted to US\$ 17.7 billion during April-September 2023 as compared with a valuation loss of US\$ 48.9 billion during April-September 2022.

**(Yogesh Dayal)**  
Chief General Manager

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