



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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**Sources of Variation in India's Foreign Exchange Reserves
during April-December 2023**

Today, the Reserve Bank of India released [balance of payments \(BoP\) data for October-December 2023](#) on its website (www.rbi.org.in). On the basis of these data, the sources of variation in foreign exchange reserves during April-December 2023 are detailed below in [Table 1](#).

Table 1: Sources of Variation in Foreign Exchange Reserves*			(US\$ billion)	
Items			April-December 2023	April-December 2022
I.		Current Account Balance	-31.1	-65.7
II.		Capital Account (net) (a to f)	64.0	51.0
	a.	Foreign Investment (i+ii)	41.2	18.1
		(i) Foreign Direct Investment (FDI)	8.5	21.6
		(ii) Portfolio Investment	32.7	-3.5
		<i>of which:</i>		
		Foreign Institutional Investment (FII)	33.0	-3.2
		ADR/GDR	0	0
	b.	Banking Capital	33.6	25.0
		<i>of which: NRI Deposits</i>	9.3	5.4
	c.	Short-term Credit	-1.8	6.8
	d.	External Assistance	5.4	3.8
	e.	External Commercial Borrowings	-1.6	-5.4
	f.	Other Items in Capital Account	-12.9	2.6
III.		Valuation Change	11.1	-29.9
		Total (I+II+III) @		
		Increase in reserves (+) / Decrease in reserves (-)	44.0	-44.6

*: 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, capital receipts not included elsewhere, and rupee denominated debt.

On a balance of payments basis (*i.e.*, excluding valuation effects), foreign exchange reserves increased by US\$ 32.9 billion during April-December 2023 as against a depletion of US\$ 14.7 billion during April-December 2022. Foreign exchange reserves in nominal terms (including valuation effects) increased by US\$ 44.0 billion during April-December 2023 as against a decrease of US\$ 44.6 billion in the corresponding period of the preceding year ([Table 2](#)).

Table 2: Comparative Position of Variation in Reserves			
		(US\$ billion)	
Items		April- December 2022	April- December 2023
1	Change in Foreign Exchange Reserves (Including Valuation Effects)	-44.6	44.0
2	Valuation Effects [Gain (+)/Loss (-)]	-29.9	11.1
3	Change in Foreign Exchange Reserves on BoP basis (i.e., Excluding Valuation Effects)	-14.7	32.9
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, lower bond yields and higher price of gold, amounted to US\$ 11.1 billion during April-December 2023 as against a valuation loss of US\$ 29.9 billion during April-December 2022.

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