



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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Sources of Variation in Foreign Exchange Reserves in India during 2012-13

Earlier today, the Reserve Bank of India released the Balance of Payments (BoP) data for 2012-13 on its website (www.rbi.org.in). On the basis of these data, the sources of variation in foreign exchange reserves during 2012-13 have been compiled.

Sources of Variation in Foreign Exchange Reserves: 2012-13

During 2012-13, there was a decline 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 in Foreign Exchange Reserves*

(US \$ billion)

Items		April-March 2011-12	April-March 2012- 13
I.	Current Account Balance	-78.2	-88.2
II.	Capital Account (net) (a to f)	65.4	92.0
a.	Foreign Investment (i+ii)	39.2	46.7
	(i) Foreign Direct Investment	22.1	19.8
	(ii) Portfolio Investment	17.2	26.9
	<i>Of which:</i>		
	<i>FII's</i>	16.8	27.6
	<i>ADRs/GDRs</i>	0.6	0.2
b.	External Commercial Borrowings	10.3	8.5
c.	Banking Capital	16.2	16.6
	<i>of which: NRI Deposits</i>	11.9	14.8
d.	Short-Term Trade Credit	6.7	21.7
e.	External Assistance	2.3	1.0
f.	Other Items in Capital Account	-9.4	-2.4
III.	Valuation Change	2.4	-6.2
	Total (I+II+III) @	-10.4	-2.4

*: Based on old format of BoP

@: Difference, if any, is due to rounding off.

Note: (i) '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.

(ii) Increase in reserves (+) / Decrease in reserves (-).

On a balance of payments basis (*i.e.*, excluding valuation effects), the foreign exchange reserves increased by US\$ 3.8 billion during 2012-13 as against a decline of US\$ 12.8 billion during 2011-12. The foreign exchange reserves in nominal terms (including the valuation effects) declined by US\$ 2.4 billion during 2012-13 as compared to a decline of US\$ 10.4 billion during the previous year (Table 2).

Table 2: Comparative Position of Variation in Reserves			
(US\$ billion)			
Items		April-March 2011-12	April-March 2012-13
1.	Change in Foreign Exchange Reserves (Including Valuation Effects)	-10.4	-2.4
2.	Valuation Effects (Gain (+)/Loss (-))	2.4	-6.2
3.	Change in Foreign Exchange Reserves on BoP basis (<i>i.e.</i> , Excluding Valuation Effects)	-12.8	3.8
4.	Percentage of increase/decline in Reserves explained by Valuation Gain/Loss	-23.1	262.7
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\$ 6.2 billion during 2012-13 as against a valuation gain of US\$ 2.4 billion during the preceding year.

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