



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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Sources of Variation in Foreign Exchange Reserves in India during April-December 2013

Earlier today, the Reserve Bank of India released the [Balance of Payments \(BoP\) data for October-December 2013](#) on its website (www.rbi.org.in). On the basis of these data, the sources of variation in foreign exchange reserves during April-December 2013 have been compiled.

Sources of Variation in Foreign Exchange Reserves: April- December 2013

During April-December 2013, there was an increase 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 to Foreign Exchange Reserves*				
			(US\$ billion)	
Items			2012-13 April- December	2013-14 April- December
I.		Current Account Balance	-70.0	-31.1
II.		Capital Account (net) (a to f)	71.1	39.4
	a.	Foreign Investment	29.7	16.2
		of which: Foreign Direct Investment	14.1	20.7
		Portfolio Investment	15.6	-4.4
		FII	16.0	-4.5
		ADR/GDR	0.2	0.0
	b.	Banking Capital	20.1	27.2
		Of which: NRI Deposits	12.0	35.1
	c.	Short term credit	17.2	-0.6
	d.	External Assistance	0.5	0.1
	e.	External Commercial Borrowings	4.3	6.7
	f.	Other items in capital account	-0.6	-10.2
III.		Valuation change	0.1	-6.6
		Total (I+II+III) @ Increase in reserves (+) / Decrease in reserves (-)	1.2	1.8
*: Based on old format of BoP @: Difference, if any, is due to rounding off. Note: 'Other items in capital account' includes apart from 'Errors and Omissions' SDR transactions, leads and lags in exports, funds held abroad, advances received pending issue of shares under FDI and transactions of capital receipts not included elsewhere.				

On balance of payments basis (*i.e.*, excluding valuation effects), the foreign exchange reserves increased by US\$ 8.4 billion during April-December 2013 as compared to an increase of US\$ 1.1 billion during April-December 2012. The foreign exchange reserves in nominal terms (including the valuation effects) increased by US\$ 1.8 billion during April-December 2013 as compared to an increase of US\$ 1.2 billion during the same period of preceding year (Table 2).

Table 2: Comparative Position of Variation in Reserves			
(US\$ billion)			
Items		2012-13	2013-14
		April-December	April-December
1	Change in Foreign Exchange Reserves (Including Valuation Effects)	1.2	1.8
2	Valuation Effects (Gain (+)/Loss (-))	0.1	-6.6
3	Change in Foreign Exchange Reserves on BoP basis (<i>i.e.</i> , Excluding Valuation Effects)	1.1	8.4
Note: Increase in reserves (+)/Decrease in reserves (-). Difference, if any, is due to rounding off.			

The valuation loss, mainly due to decline in international prices of gold, amounted to US\$ 6.6 billion during April-December 2013 as against a marginal valuation gain of US\$ 0.1 billion during the same period of preceding year.

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