

## Department of External Investments & Operations

### I. Functions

The main activity of the Department is management and investment of foreign exchange reserves of the Reserve Bank of India. This involves:

- Management and investment of the foreign currency and gold assets of the Reserve Bank of India
- Handling external transactions on behalf of Government of India (GOI) including transactions relating to IMF
- All matters incidental to India's membership of the Asian Clearing Union
- Other matters relating to gold policy, membership of the Bank for International Settlements (BIS) and matters incidental to international co-operation/arrangements

### II. Management of Reserves

#### 1. Objectives

Our reserves are managed keeping in view the **Safety, Liquidity** and **Return** aspects (in that order).

#### 2. Legal Framework and Policy Guidelines

The essential legal framework for reserves management is provided by the Reserve Bank of India Act, 1934. Specifically, sub-sections 17(12), 17(12A), 17(13) and 33(1) of the Reserve Bank of India Act, 1934 define the scope of investment of external assets. In brief, the law broadly permits the following investment categories:

1. Deposits with other central banks and Bank for International Settlements (BIS).
2. Deposits with foreign commercial banks.
3. Debt instruments representing sovereign/sovereign-guaranteed liability. Residual maturity for debt papers should not exceed 10 years.
4. Other instruments/institutions as approved by the Central Board of RBI

In addition, the RBI has framed appropriate guidelines stipulating stringent criteria for issuers/counterparties/investments with a view to enhancing the safety and liquidity aspects of the reserves.

#### 2. Cross-country position regarding Disclosure

RBI's approach with regard to transparency and disclosure closely follows international best practices in this regard. RBI is among the 64 central banks all across the globe, which have adopted the Special Data Dissemination Standards (SDDS) template for publication of detailed data on foreign exchange reserves. The data template provides some information on a number of parameters including currency composition,

investment pattern and forward positions. However several countries including India do not disclose information on currency composition. These data are made available on monthly basis on RBI's Website. RBI also publishes a half-yearly report on management of foreign exchange reserves which is available to the public on its website [www.rbi.org.in](http://www.rbi.org.in)

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