


भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
वेबसाइट : www.rbi.org.in/hindiWebsite : www.rbi.org.inई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, एस.बी.एस. मार्ग, फोर्ट, मुंबई- 400 001

Department of Communication, Central Office, S.B.S. 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-December 2021**

Earlier today, the Reserve Bank of India released [balance of payments \(BoP\) data for October-December 2021](#) on its website (www.rbi.org.in). On the basis of these data, the sources of variation in foreign exchange reserves during April-December 2021 are detailed below.

Sources of Variation in Foreign Exchange Reserves: April-December 2021

During April-December 2021, there was an increase in the foreign exchange reserves, the sources of which are set out in [Table 1](#).

Table 1: Sources of Variation in Foreign Exchange Reserves*

(US\$ Billion)

Items		April-December 2021	April-December 2020
I.	Current Account Balance	-26.6	32.1
II.	Capital Account (net) (a to f)	90.1	51.8
a.	Foreign Investment (i+ii)	24.9	70.1
	(i) Foreign Direct Investment (FDI)	26.5	41.3
	(ii) Portfolio Investment	-1.6	28.9
	<i>Of which:</i>		
	Foreign Institutional Investment (FII)	0.2	30.5
	ADR/GDR	0.0	0.0
b.	Banking Capital	12.6	-16.6
	<i>Of which:</i> NRI Deposits	3.1	7.9
c.	Short term credit	13.3	-1.8
d.	External Assistance	2.7	7.2
e.	External Commercial Borrowings	4.9	-6.2
f.	Other items in capital account	31.7	-0.8
III.	Valuation change	-6.9	24.1
	Total (I+II+III) @ Increase in reserves (+) / Decrease in reserves (-)	56.6	108.0

*: 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 and 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\$ 63.5 billion during April-December 2021 as compared with US\$ 83.9 billion during April-December 2020. Foreign exchange reserves in nominal terms (including valuation effects) increased by US\$ 56.6 billion during April-December 2021 as compared with US\$ 108.0 billion in the corresponding period of the preceding year ([Table 2](#)).

Table 2: Comparative Position of Variation in Reserves			
(US\$ Billion)			
	Items	April-December 2021	April-December 2020
1	Change in Foreign Exchange Reserves (Including Valuation Effects)	56.6	108.0
2	Valuation Effects [Gain (+)/Loss (-)]	-6.9	24.1
3	Change in Foreign Exchange Reserves on BoP basis (<i>i.e.</i> , Excluding Valuation Effects)	63.5	83.9

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\$ 6.9 billion during April-December 2021 as against a valuation gain of US\$ 24.1 billion during April-December 2020.

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(Yogesh Dayal)
Chief General Manager