

Reserve Bank of India's Statement on Forex Markets

In order to reduce the temporary demand-supply gaps that may emerge in the forex markets due to the impact of any uncertainty or speculation in the next few weeks, the Reserve Bank has taken the following measures :

- (i) Arrangements have been made by the Reserve bank of India, to meet fully or partially, the foreign exchange requirements for import of crude oil by the Indian Oil Corporation.
- (ii) Reserve Bank will similarly meet the Government debt service payments directly as necessary.
- (iii) In case there is a temporary demand-supply gap, the Reserve Bank will be prepared to intervene directly or sell dollars through SBI in order to augment supply in the market, as considered necessary.

2. All the above transactions by Reserve Bank of India will be at the market rate.

3. Country's foreign exchange reserves are comfortable and more than adequate to meet any genuine requirements of foreign exchange. Reserve Bank's total foreign exchange reserves are US \$ 33.2 billion as on 21st August 1999. At the current level, reserves are higher by US \$ 700 million during the current financial year despite the impact of Kargil. Compared with a year ago, gross reserves are higher by US \$ 6.2 billion. In net terms, after taking into account forward liabilities, reserves are higher by nearly US \$ 6.6 billion over the same time last year.

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