

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**RAJYA SABHA**  
**STARRED QUESTION No. 341**  
TO BE ANSWERED ON MARCH 27, 2018

IMPACT OF FOREIGN EXCHANGE RESERVES ON VALUE OF RUPEES

\*341. SHRI C.M. RAMESH

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that India achieved the mark of US \$400 billion as foreign exchange reserves in September last year for the first time in history;
- (b) if so, the details thereof and how India can be compared to other advanced and developed countries of the world so far as foreign exchange reserves are concerned;
- (c) what returns that the country is expected to get from this huge foreign exchange reserves;
- (d) to what extent the rise in foreign exchange reserves will have an impact on appreciation of Rupee; and
- (e) what are the current foreign exchange reserves?

**ANSWER**

FINANCE MINISTER  
(SHRI ARUN JAITLEY)

(a) to (e) A Statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO THE RAJYA SABHA**  
**STARRED QUESTION NO. 341 BY SHRI C.M. RAMESH**  
**DUE FOR ANSWER ON MARCH 27, 2018**

(a) & (b) The country's foreign exchange reserves, reached US \$400.7 billion on September 08, 2017. This was the first time the foreign exchange reserves reached the level of US \$400 billion. The details of foreign exchange reserves as on 8<sup>th</sup> September, 2017 are given in Table 1.

**Table 1: India's Foreign Exchange Reserves**

*(In US\$ billion)*

Date	Foreign Currency Assets	Gold	Reserve Tranch Position	SDRs	Total Reserves
As on 8th September 2017	376.2	20.7	1.5	2.3	400.7

Source: Reserve bank of India.

Foreign exchange reserves of some advanced and developing countries are given in table 2.

**Table 2: Foreign exchange reserves of some advanced and developing countries (excluding gold)**

Country	Reserves as in January, 2018 (Value in US\$ billion)	Share in World Reserves (per cent)
China	3,180	26.7
Japan	1,235	10.4

Hong Kong	441	3.7
India	402	3.4
South Korea	391	3.3
Brazil	373	3.1
Russia	367	3.1
Singapore	282	2.4
Germany	60	0.5
France	58	0.5
Others	5,123	43.0
<b>World</b>	<b>11,912</b>	<b>100.0</b>

Source: International Financial Statistics (IFS), IMF.

(c) & (d) Adequate foreign exchange reserves are maintained for ensuring less volatile foreign exchange market and support stability in the economy, even while meeting the international financial obligations of the country. Adopting the framework of safety, liquidity and returns, the Foreign Currency Assets (FCA), are invested in foreign securities and placed as deposits with Bank for International Settlements (BIS) / central banks / overseas branches of selected commercial banks. These earn interest. There is no fixed relationship between level of foreign exchange reserves and the value of rupee. However, large foreign exchange reserves can be expected to reduce volatility in the rupee vis-à-vis other currencies and provide buffer against large scale movement of the rupee in either direction.

(e) As on 16<sup>th</sup> March 2018, the country had foreign exchange reserves worth US \$421.3 billion.

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