GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1269
TO BE ANSWERED ON 28.07.2025

INDIA'S FOREX RESERVE LEVEL

1269. Shri Arun Bharti:

Will the Minister of FINANCE be pleased to state:

(a) the details of the strong performance in service exports for reducing the current account deficit and supporting India's forex reserve levels;
(b) the measures being implemented by the Government to diversify India's forex reserves, including investments in Special Drawing Rights (SDRs), gold holdings and to safeguard against economic volatility;
(c) the steps taken/being taken by the Government to further strengthen service exports and remittances as key contributors to forex reserves;
(d) the steps taken by the Government to increase the number of contingency measures underpinned by forex reserves to manage any potential future financial or economic crises; and
(e) whether the Government is considering to leverage the growing reserves for large-scale investments in green energy or technology-driven sectors to boost long-term economic growth, if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) India's net services exports have increased from USD 143.3 billion in 2022-23 to USD 188.8 billion in 2024-25, as per Balance of Payments (BoP) data of the Reserve Bank of India (RBI). Service exports are a vital contributor to India's forex inflows, contributing to the moderation of the current account deficit and accretion of foreign exchange reserves.

(b) The RBI Act, 1934, provides the overarching legal framework for the deployment of reserves in different foreign currency assets and gold within the broad parameters of currencies, instruments, issuers, and counterparties. The foreign currency assets comprise multi-currency assets that are held in multi-asset portfolios as per the existing norms, which conform to the best international practices followed in this regard. Further, with the objective of exploring new strategies and products in reserve management while diversifying the portfolio, a small portion of the reserves is being managed by external asset managers. The investments made by the external asset managers are governed by the permissible activities as per the RBI Act, 1934.

(c) The Government of India has been following a multi-pronged approach to boost India's services exports, which comprises the following:

i. Negotiating meaningful market access through multilateral, regional and bilateral trade agreements.

ii. Trade promotion through participation in and organisation of national fairs/exhibitions like the Global Exhibition on Services, Higher Education Summit, etc. Focused strategies are undertaken for specific markets and sectors.

iii. Addressing domestic sectoral challenges and difficulties which are identified through periodic consultations with the stakeholders. Moreover, efforts are made to engage with the concerned Ministries/Departments to pursue a domestic reform agenda to make the services sector competitive globally.

Inward remittances into India are being facilitated by enhanced convenience, speed, and transparency of cross-border transfers. For instance, the RBI has allowed Money Transfer Operators (MTOs) to offer digital products in conjunction with banks to facilitate more seamless transactions. In November 2021, the RBI announced issuance of pre-paid instruments by banks and authorised non-bank entities, appointed as Indian agent of overseas principal, to beneficiaries of remittances under the Money Transfer Service Scheme. Further, remittances have benefited from reduced cost of cross-border transfers through the leveraging of digital public infrastructure. India has been making efforts to enhance cross-border payments with multiple bilateral arrangements for interlinking India's Unified Payments Interface (UPI) with other fast payment systems (FPSs) across the world, and its participation in Project Nexus to facilitate multilateral linkage of FPSs of four ASEAN Nations (Malaysia, Philippines, Singapore, and Thailand).

(d) India's foreign exchange reserves continue to be at comfortable levels, standing at USD 668.3 billion as of March 2025, providing an import cover of about 11 months and covering 90.8 per cent of external debt outstanding. The ratio of short-term debt (original maturity) to reserves stood at 20.1 per cent. The latest position of forex reserves is USD 696.7 billion as of July 11, 2025.
Further, various measures have been taken by the RBI to enhance foreign exchange inflows into the country by, *inter alia*, removing short-term investment and concentration limits for FPIs in corporate debt, introducing Special Non-Resident Rupee accounts for non-residents with business interest in India to facilitate cross-border transactions; raising interest rate ceiling on FCNR(B) deposits till March 2025 to incentivise deposits etc.

(e) The foreign exchange reserves are invested with the objective of safety, liquidity, and returns and are invested in approved sovereign and sovereign-guaranteed investments only.

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