

Forex reserves fall \$48 bn in 2 months

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India's foreign exchange reserves have declined \$48 billion in the past two months (since September 27) as the Reserve Bank of India (RBI) intervened in the forex market to protect the domestic currency from depreciating sharply against the dollar.

Foreign exchange reserves fell for the eighth straight week after touching an all-time high of \$705 billion on September 27.

According to the latest data released by the RBI, in the week ended November 22, India's foreign exchange reserves declined by \$1.31 billion to stand at \$656.58 billion.

Foreign currency assets — a key component of the reserves — decreased \$3.043 billion to \$566.791 billion, data showed. Meanwhile, gold reserves increased \$1.828 billion to \$67.573 billion during the week.

Additionally, the special drawing rights (SDRs) fell \$79 million to \$17.985 billion. India's reserve position with the International Monetary Fund (IMF) was also down by \$15 million to \$4.232 billion in the reporting week.

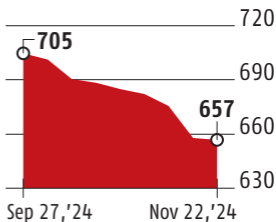
A stronger dollar index and capital outflows have contributed to the sharp decline in India's forex reserves, experts said. The RBI has been intervening in the foreign exchange market to curb volatility, which has also contributed to the fall.

The rupee depreciated by 0.48 per cent against the dollar in November, after falling 0.25 per cent in October. In 2024, the domestic currency weakened by 1.52 per cent against the dollar.

In the previous week, the reserves declined \$17.76 billion — the sharpest weekly fall ever — to hit a four-month low of \$657.8 billion for the week ended November 15, owing to the strengthening of the US dollar and the RBI's dollar sales.

The previous highest weekly fall in forex exchange reserves was \$15.5 billion, recorded for the week ended October 24, 2008, during the global financial crisis.

DECLINING TREND India's forex kitty (\$ bn)



Compiled by BS Research Bureau
Source: RBI