

Forex reserves drop \$1.5 bn to \$575.27 bn

RBI sold \$ to protect ₹ amid Adani crisis: Analysts

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The Reserve Bank of India's foreign exchange reserves declined by \$1.5 billion to \$575.27 billion in the week ended February 3, latest central bank data showed.

The drop in the RBI's reserves was largely on account of a decline in the central bank's foreign currency assets, which fell \$1.3 billion to \$507.69 billion in the previous week, the data showed.

In the week ended February 3, the rupee shed 0.4 per cent to the dollar, ending at 81.84 per dollar.

According to analysts, the fall in reserves last week was likely owing to dollar sales by the RBI as it stemmed volatility in the rupee following the Adani crisis.

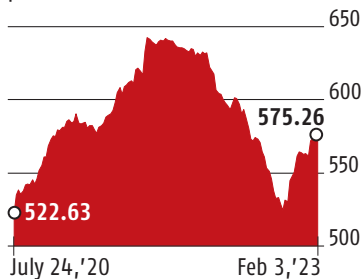
Shares of the Adani group plunged following allegations of malpractice by US-based research firm Hindenburg.

With the stock slide culminating in the Adani group calling off its follow-on public offer, foreign portfolio investors were said to have sold Indian equities.

"Following the foreign fund outflows due to the Adani saga, the rupee depreciated during the first week of February. To protect the sharp depreciation and volatility, the central bank

END OF 3-WEEK RISING TREND

\$ billion



Source: RBI

Compiled by BS Research Bureau

has sold dollars in the week ending February 03," HDFC Securities research analyst Dilip Parmar said.

The decline last week comes after a recent spree of gains in the central bank's reserves.

Following a decline of \$100 billion in its reserves from February to September of 2022, the RBI has over the last three months been replenishing its foreign exchange reserves.

From June to October of 2022, the RBI was a net seller of US dollars in the currency market as the central bank sought to rein in excessive volatility in the rupee's exchange rate amid the Ukraine war and aggressive rate hikes by the Federal Reserve.