

Forex reserves cover of imports falls to 8.7 months

Our Bureau
Mumbai

India's foreign exchange reserves at \$532.9 billion as on October 7, 2022 were equivalent to 8.7 months of imports projected for 2022-23, according to Reserve Bank of India's latest monthly bulletin.

"So far, in 2022-23, the re-

serves have been depleted by \$74.4 billion; however, most of the depletion was on account of valuation loss due to the appreciation of the US dollar against major currencies," per the article "State of the Economy".

At end of December 2021, foreign exchange reserves cover of imports (on balance of payments basis) declined to 13.1 months from 14.6

months at end-September 2021, per RBI's 'Half Yearly Report on Management of Foreign Exchange Reserves: October 2021 - March 2022'.

'Globally foreign currency reserves are falling at a record pace as central banks across the globe intervene to support their currency,' RBI officials said in the article. According to the IMF's COFER (Currency Composition

of Official Foreign Exchange Reserves), 22 reserves have declined by around \$884 billion during the first half of 2022.

FALL OF THE RUPEE

In the foreign exchange market, the rupee depreciated by 0.8 per cent vis-a-vis the US dollar (m-o-m) in September 2022 on the back of FPI equity outflows and strong

US dollar, the authors said. As compared to major Emerging Market Economies (EMEs), however, the rupee continues to show a modest depreciation against the US dollar, they added. In real effective terms, the rupee appreciated by one per cent m-o-m in September 2022, mainly due to its appreciation in nominal effective terms, the article said.