

RBI's net \$ sales highest since 2008 crisis

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Mumbai, 22 May

The Reserve Bank of India (RBI) sold \$34.5 billion in financial year 2024-25 (FY25) on the net basis, the highest since the global financial crisis of 2008-09, latest data released by the central bank showed. In addition, the RBI has cut down its forward book for the first time in seven months, which fell to \$84.34 billion as on March 31, 2025 as compared to \$88.75 billion in February.

After a period of relative stability of almost two years, the Indian rupee (INR) experienced a sharp

depreciation in the latter half of FY25, primarily due to a surge in the US dollar index to 108, prompting the central bank to intervene in the foreign exchange market to curb undue volatility.

The rise in dollar index was driven by inflationary concerns following US President Donald Trump's assumption of office.

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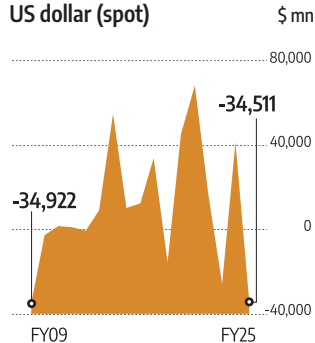
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■ Notes in circulation rose to ₹34.8 trn

■ Outward remittance under LRS fell 6.85%

Selling spree

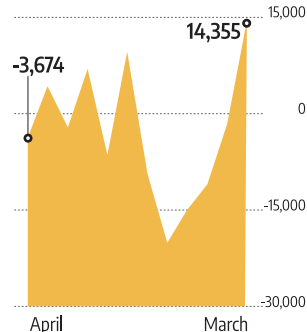
RBI's net purchase/sale of US dollar (spot)



Source: Bloomberg; BS Research Bureau

Trend in FY25

Net buy/sell in spot (\$ mn)



Source: RBI

RBI net sold \$43 bn in second half of FY25

The RBI had net sold the highest amount of \$20 billion in November 2024. The rupee depreciated by 2.4 per cent in FY25.

In response to the panic triggered by Trump's trade policies, the RBI net sold approximately \$43 billion in the second half of FY25 to curb volatility, as the rupee plunged to a low of 87.95 per dollar in February this year.

India's foreign exchange reserves also fell from \$705 billion in the last week of September 2024 to below \$625 billion in January 2025.

"US dollar initially strengthened following Trump's election victory on expectations of pro-growth policies. However, starting January 2025, the dollar lost steam as tariff and tax announcements on foreign countries raised trade war concerns, weighing on the US economy," said V R C Reddy, head of treasury at Karur Vysya Bank. "This shift supported emerging market currencies, with the INR appreciating sharply from 87.95 (February 10) to 83.75 (May 2)," he added.

The RBI has been a net seller of dollars since October 2024. However, it was a net buyer of dollars in the first half of FY25 (April-September), with \$8.52 billion worth of US dollars purchased during the period. In FY24, the central bank had net bought \$41.27 billion.

Further, on the back of the substan-

tial dollar sale during the year, market experts expect the central bank to transfer a record surplus to the government. The RBI gross sold around \$399 billion during FY25. The rupee saw significant volatility over the year, allowing the RBI to capitalise on dollar sales and record gains, they said.

"The high dollar sale will be the basis for the record dividend from the RBI to the government this year," said Madan Sabnavis, chief economist at Bank of Baroda. "The gross numbers are quite higher than net sale data," he added.

The central bank is expected to transfer a surplus between ₹2.5 trillion and ₹3 trillion for FY25, against ₹2.1 trillion in FY24.

The RBI had net bought the highest amount in March 2025 when the rupee regained strength against the dollar, buoyed up by inflows after hitting new lows earlier in the year. The RBI intervened in the foreign exchange market to curb excessive volatility and conducted buy/sell swap auctions. These measures helped inject rupee liquidity into the banking system while also supporting the rupee amid global uncertainties. As a result, the rupee strengthened significantly in March, recovering from nearly 88 per dollar to regain all losses for the calendar year (CY25).