

India's forex reserves contract by \$7.54 billion

OUR BUREAU

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India's foreign exchange reserves contracted by \$7.541 billion to \$572.712 billion in the week ended July 15, 2022.

The sharp decline in reserves came as the Reserve Bank of India (RBI) mounted a defence of the rupee, which has been weakening against the dollar due to a rise in US interest rates, FII related equity outflows and demand for dollars from oil marketing companies.

Decline in FCAs

The dip in reserves in the reporting week was mainly due to foreign currency assets (FCA) declining by \$6.527 billion.

FCA comprises multi-currency assets that are held in multi-asset portfolios (invest-



ment in securities, deposits with other central banks and BIS, and deposits with commercial banks overseas).

The other three components of the reserves declined too – gold by \$830 million, special drawing rights (\$155 million) and the reserve position in the IMF (\$29 million).

During the calendar year so far, the reserves have dwindled by \$40.018 billion. The reserves have declined by \$34.597 billion since March 31st till date.