

# Fx reserves fall to \$524.5 bn, lowest since July 2020

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The Reserve Bank of India's (RBI's) foreign exchange reserves declined \$3.8 billion to \$524.52 billion in the week ended October 21, the latest data showed. The current level of reserves is the lowest since July 24, 2020.

The decline in reserves is largely on account of a drop in the RBI's foreign currency assets, which fell \$3.6 billion to \$465.08 billion in the week ended October 21.

According to analysts, the drop in reserves in the previous week was largely attributable to the RBI's intervention in the currency market to support rupee.

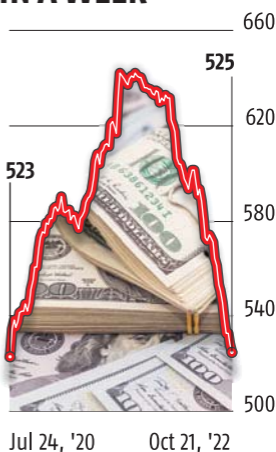
"It was the week in which the rupee touched a record low of 83.29 a dollar following weakness in the Asian currencies," HDFC Securities research analyst Dilip Parmar said. In the week ended October 21, the rupee depreciated 0.4 per cent versus the US dollar.

The US dollar index, which measures the US currency against six major currencies, strengthened 0.6 per cent over the same period. So far in 2022, the Indian currency has weakened 9.9 per cent against the US dollar.

The RBI's foreign exchange reserves have declined by more than \$100 billion since Russia invaded Ukraine in late February. As on February 25, the reserves were at \$631.53 billion.

Last month, RBI Governor Shaktikanta Das had said 67

**DOWN BY \$3.8 BN  
IN A WEEK**



Source: RBI  
Compiled by BS Research Bureau

**THE DROP IN FOREX RESERVES IS LARGELY ON ACCOUNT OF A FALL IN RBI'S FOREIGN CURRENCY ASSETS, WHICH DECLINED \$3.6 BILLION TO \$465.08 BILLION**

per cent of the fall in reserves so far in the current fiscal year was due to revaluation in the face of a stronger dollar. The latest RBI data showed that the central bank had net sold \$4.2 billion in the foreign exchange market in August, following sales of \$19 billion in July. The RBI had net sold \$3.7 billion in the market in June.

In April, the central bank had net bought \$1.9 billion in the currency market, followed by purchases of \$2.0 billion in May.

The current level of reserves represents an import cover of close to nine months. The level of reserves in September 2021 accounted for almost 15 months of imports.