India's Forex Reserves Drop

Source: IE

India's **forex reserves** fell by USD 2.282 billion to USD 640.334 billion in the week ending 19th April 2024, as per the **Reserve Bank of India (RBI).**

- **Components of Reserves:**
  - **Foreign currency assets** decreased by USD 3.793 billion to USD 560.86 billion.
  - **Gold reserves** increased by USD 1.01 billion to USD 56.808 billion.
  - **Special Drawing Rights (SDRs)** decreased by USD 43 million to USD 18.034 billion.
  - Reserve position with the **International Monetary Fund (IMF)** declined by USD 2 million to USD 4.631 billion.
- **Factors Influencing Decline:**
  - This decrease was primarily attributed to strategic interventions by the **central bank**, which deployed the **reserves to defend the rupee** amidst economic uncertainties and currency depreciation.
  - The RBI intervenes in the market to manage liquidity**, including selling dollars** to prevent sharp **rupee depreciation** and prevent excessive volatility in the exchange rate.
- It can be noted that in April 2024, India's forex kitty had reached an all-time high of USD 645.6 billion.

Read more: Decline in Forex Reserves