

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:673
ANSWERED ON:05.12.2003
FOREIGN EXCHANGE RESERVE
P.D. ELANGO VAN

Will the Minister of FINANCE be pleased to state:

- (a) the foreign exchange reserve maintained by the Reserve Bank of India at the end of each month during the last two years;
- (b) the number of times the RBI purchased Dollars to maintain the rupee value stable during the above period; and
- (c) the major contribution of Foreign exchange to the country during the last two years and their quantity?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL):

- (a) The details of foreign exchange reserves (in US\$ million) at the end of each month for the last two years is given in the Statement enclosed.
- (b) RBI's operations in the domestic foreign exchange market are guided by the objectivity of careful monitoring and management of exchange rates without a fixed target or a pre-announced target or a band. In pursuit of maintaining orderly conditions in the forex market, the RBI makes sales and purchases of US dollar in the domestic forex market. The quantum and frequency of sale/purchase operations of the RBI depend on market conditions. On certain occasions when the market is volatile, the RBI may operate in the market on more than one occasion during the day and on certain other occasions when the market conditions are orderly, the RBI may not purchase/sell US dollar at all during the day. As per established norms, the quantum of RBI's purchase/sale in the forex market is disclosed with a time lag of one month at an aggregated level.
- (c) Details of the major contributions to foreign exchange reserves of the country during the last two years is given in Statement-II enclosed.