

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:531
ANSWERED ON:09.07.2004
EURO CURRENCY
Paswan Shri Sukdeo

Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government has any plan to take up initiative for making reserve of Euro currency in view of beginning of the end of dollar raj;
- (b) if so, the action being taken in this regard;
- (c) if not, the reasons therefor?

Answer

MINISTER OF STATE (REVENUE) IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a): India`s foreign exchange reserves are kept in major convertible currencies like US Dollar, Euro, Pound Sterling, and Japanese Yen. Euro is one of the major currencies in which India`s foreign exchange reserves are maintained. Decisions on the exposure in respect of currencies are taken on the basis of likely currency movements and other medium-term considerations, such as, the necessity of maintaining major portion of reserves in the intervention currency, of maintaining the approximate currency profile of the reserves in alignment with the external trade invoicing pattern, and of the benefits from diversification of currency risk. In view of its importance, Euro has also been made RBI`s intervention currency in the domestic foreign exchange market in addition to US Dollar.

(b) & (c) : Does not arise.