



# 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](#)

PDF Refernece URL: <https://www.drishtias.com/printpdf/india-s-forex-reserves-drop>