

India's Forex Reserves Rise

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Why in News?

Recently, India's foreign exchange (forex) reserves rose by \$12.4 billion to a record \$729.3 billion in the week ended August 21, 2026.

Foreign Exchange Reserves

- India's forex reserves are external assets held by the **Reserve Bank of India** to meet international payment requirements and maintain confidence in the Indian economy.
- **Major components**
 - Foreign Currency Assets (FCAs)
 - Gold reserves
 - Special Drawing Rights (SDRs)
 - Reserve Tranche Position (RTP) in the IMF

Reasons for the Increase

- **RBI's Concessional Swap Window** - Announced on June 5, the swap window mobilised \$72.8 billion by August 21, contributing to a \$62.4 billion increase in reserves.
- **Strong Capital Inflows** - The swap facility attracted significant foreign capital, thereby enhancing external liquidity and increasing reserves.
- **Revaluation Gains** - The appreciation of non-US currencies such as the euro, pound, and yen led to an increase in the dollar value of reserves.
- **Increase in FCAs** - Foreign Currency Assets increased by \$9.48 billion, reaching \$591.33 billion and further strengthening the reserves.



Contribution to the Rise in Forex Reserves



Factor	Contribution
 Concessional swap window	➤ Major source of fresh capital inflows
 Capital inflows	➤ Increased availability of foreign exchange
 Revaluation gains	➤ Increased dollar value of foreign assets/currencies
 Foreign Currency Assets (FCA)	➤ Rose by \$9.48 billion to \$591.33 billion
 Overall forex reserves	➤ Rose by \$12.4 billion to \$729.3 billion

India's Forex Reserve Position



Total Forex
Reserves

**\$729.3
billion**



Foreign Currency
Assets

**\$591.33
billion**



Coverage

More than
11 months
of goods imports



External debt
coverage

94%
of external debt
outstanding at the
end of March 2026.

Reference

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