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RBI loses \$3 billion from reserves in first fortnight of 2016

By [Atmadip Ray](#), ET Bureau | Updated: Jan 22, 2016, 05:56 PM IST

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KOLKATA: In the fortnight that followed China's [stock market](#) crash in the first week of 2016, Reserve Bank of India lost over \$3 billion from its [foreign exchange](#) coffer with overseas investors withdrawing dollar from emerging economies including India as they look to invest in more developed economies.

With [rupee](#) coming under severe pressure, [RBI](#) is seen intervening in the [forex market](#) by releasing dollars from reserves to sweeten the fall, forex dealers said.

In fact, India's reserves fell for the three straight weeks since December 25 knocking off \$5 billion from the coffer.

Reserves now stood at \$347.209 billion.

The rupee touched Rs 68 a dollar Thursday as compared to a little over 66 per dollar on January 1, on predominant fears of a slowdown with China showing weakness. "While the cause has been external often they do get translated into affecting fundamentals which can pressurize the rupee," Care Ratings chief economist Madan Sabnavis said in a report on rupee released early this week.

The local currency bounced back Friday to close at 67.52 against the dollar, which dealers said, due to RBI's intervention in the market.

"The central bank has to be watchful on how speculative activity behaves as there is a tendency for such triggers to be unleashed with exporters holding back their earnings and importers rushing in," Sabnavis said

The problem this time, he said, is less acute compared with 2013 when the oil marketing countries had rushed in to buy their dollars at a time when the crude oil price was high.

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