Chapter VI

FINDINGS, SUGGESTIONS AND CONCLUSIONS

The following are the leading findings and conclusions of the study as well as the suggestions.

- The Foreign Exchange Reserve in India in absolute terms has increased from Rs. 75447 Crore to Rs. 2264400 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 30.01 times.
- The following details are inferred from the above table that the Gold Reserve in India in absolute terms has increased from Rs. 15658 Crore to Rs. 123300 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 7.87 times.
- The Reserve Tranche Position in IMF in India in absolute terms has increased from Rs. 1063 Crore to Rs. 8400 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 7.90 times.
- The Special Drawing Rights Reserve in India in absolute terms has increased from Rs. 280 Crore to Rs. 26000 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 92.85 times.
- The Foreign Currency Assets Reserve in India in absolute terms has increased from Rs. 58446 Crore to Rs. 2106700 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 36.05 times.
- The Overall Balance of Payment in India in absolute terms has increased from Rs. 4048 Crore to Rs. 217292 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 53.67 times.
- The Current Account Balance in India in absolute terms has increased from Rs. -19606 Crore to Rs. -216206 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 11.02 times.
➢ The Trade Balance in India in absolute terms has increased from Rs. 38060 Crore to Rs. 881840 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 23.16 times.

➢ The Import Value in India in absolute terms has increased Rs. 146541 Crore to Rs. 2892556 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 19.73 times.

➢ The Export Value in India in absolute terms has increased from Rs. 108481 Crore to Rs. 2010716 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 18.53 times.

➢ The Invisibles balance in India in absolute terms has increased from Rs. 18454 Crore to Rs. 665634 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 36.06 times.

➢ The Invisibles Receipts in India in absolute terms has increased from Rs. 59481 Crore to Rs. 1400530 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 23.54 times.

➢ The Invisibles Payments in India in absolute terms has increased from Rs. 41027 Crore to Rs. 734896 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 17.91 times.

➢ The Capital Account balance in India in absolute terms has increased from Rs. 14271 Crore to Rs. 433498 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 30.37 times.

➢ The Foreign Investment in India in absolute terms has increased from Rs. 15623 Crore to Rs. 461938 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 29.56 times.

➢ The Foreign Investment Inflow in India in absolute terms has increased from Rs. 19041 Crore to Rs. 564824 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 29.66 times.

➢ The Foreign Investment Outflow in India in absolute terms has increased from Rs. 3418 Crore to Rs. 102886 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 30.10 times.
The Foreign Direct Investment in India in absolute terms has increased from Rs. 7176 Crore to Rs. 194834 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 27.15 times.

The Foreign Direct Investment Inflow in India in absolute terms has increased from Rs. 7277 Crore to Rs. 201848 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 27.73 times.

The Foreign Direct Investment Outflow in India in absolute terms has increased from Rs. 101 Crore to Rs. 7016 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 69.46 times.

The Foreign Portfolio Investment in India in absolute terms has increased from Rs. 9097 Crore to Rs. 267104 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 29.36 times.

The Foreign Portfolio Investment Inflow in India in absolute terms has increased from Rs. 11717 Crore to Rs. 275546 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 23.51 times.

The Foreign Portfolio Investment Outflow in India in absolute terms has increased from Rs. 2620 Crore to Rs. 8442 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 3.22 times.

The Public Debt in India in absolute terms has increased from Rs. 7974 Crore to Rs. 49442 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 6.20 times.

The Public Debt Inflow in India in absolute terms has increased from Rs. 38395 Crore to Rs. 546484 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 14.32 times.

The Public Debt Outflow in India in absolute terms has increased from Rs. 30421 Crore to Rs. 497042 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 16.33 times.

The External Assistance in India in absolute terms has increased from Rs. 3302 Crore to Rs. 7354 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 2.22 times.
The External Assistance Inflow in India in absolute terms has increased from Rs. 10101 Crore to Rs. 31210 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 3.08 times.

The External Assistance Outflow in India in absolute terms has increased from Rs. 6799 Crore to Rs. 23858 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 3.50 times.

The Commercial Borrowing in India in absolute terms has increased from Rs. 4578 Crore to Rs. 42088 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 9.19 times.

The Commercial Borrowing Inflow in India in absolute terms has increased from Rs. 14470 Crore to Rs. 77314 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 53.43 times.

The Commercial Borrowing Outflow in India in absolute terms has increased from Rs. 9892 Crore to Rs. 73105 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 73.90 times.

The External Banking Service in India in absolute terms has increased from Rs. 2445 Crore to Rs. -6554 Crore for the years 1995-1996 to 2014-2015. It represents an increase of -2.68 times.

The External Banking Service Receipt in India in absolute terms has increased from Rs. 21691 Crore to Rs. 522724 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 24.09 times.

The External Banking Service Payments in India in absolute terms has increased from Rs. 19246 Crore to Rs. 529278 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 27.50 times.

The Rupee Debt Service in India in absolute terms has increased from Rs. -3105 Crore to Rs. -654 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 0.21 times.

The Other Capital Receipts in India in absolute terms has increased from Rs. 2474 Crore to Rs. 150426 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 60.80 times.
The Other Capital Payments in India in absolute terms has increased from Rs. 11140 Crore to Rs. 190622 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 17.11 times.

The External Short term debt in India in absolute terms has increased from Rs. 16637 Crore to Rs. 594134 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 35.71 times.

The External Short term debt in India in absolute terms has increased from Rs. 304091 Crore to Rs. 2258545 Crore for the years 1995-1996 to 2014-2015. It represents an increase of 7.42 times.

SUGGESTIONS

CONCLUSIONS

The above discussion clearly indicates the reasons for accumulation a high level of foreign exchange reserves in India. In the past few years India occupies the ninth position, among the high reserve countries in the world.

India’s external shock absorptive capacity has improved dramatically in recent years. The country now ranks among the top group of developing economies in terms of ability to counter speculative attacks on her currency. In taking into account the demand for and adequacy of foreign exchange reserves has been more useful in estimating the opportunity cost of hoarding reserves. The degree of openness and exchange rates showed an inverse relationship between the foreign exchange reserves will diminish with the weakening of exchange rate and intervention in the forex market by the central bank. High volatility in exports needs to hoard foreign exchange reserves.