

# Current Affairs 30-10-2025

Credit - Drishti Ias

## RBI Gold Reserves Surpass USD 100 Billion



Source: Mint

### Why in News?

The **Reserve Bank of India (RBI)** has stepped up its **gold repatriation efforts**, bringing back nearly **64 tonnes of gold** from abroad between **April and September 2025**, raising India's **gold reserves** to **USD 108 billion**.

- Over the past decade, **India** saw its **gold share in foreign exchange reserves** almost **double** from **less than 7%** to **nearly 15%**.
- As of **September 2025**, the **RBI** held **880.8 tonnes of gold** — **575.8 tonnes in India**, **290.3 tonnes abroad** (Bank of England & **Bank for International Settlements**), and **14 tonnes as deposits**.

### What are the Key Reasons Behind the RBI's Increase in Its Gold Reserves?

- **Diversification of Forex Reserves:** India's **forex reserves** are mainly in **US dollars**, **euros**, and other currencies. Increasing **gold holdings diversifies risks**, protecting reserves from **currency volatility**.
- **Hedge Against Global Uncertainty:** During **global crises** like **wars**, **inflation spikes**, or **financial instability**, **gold** acts as a **safe-haven asset**.
  - Rising **geopolitical tensions** and **market uncertainty** drive the **RBI** to boost **gold holdings** as a **safety buffer**.
- **Strong Returns:** **Gold prices** show **long-term appreciation**, often outperforming currencies in uncertainty. The **RBI's increased gold holdings** ensure **asset gains** and **reserve security**.
- **De-dollarization Trend:** Many **central banks** like **China**, **Russia**, **Turkey**, and **Poland** are buying **gold** to cut **US dollar dependence**.
  - The **RBI's gold purchases** align with this **de-dollarization trend**, boosting **monetary autonomy**.
- **Domestic Factors and Management:** Part of the **RBI's gold accumulation** comes from **domestic banks** that import gold, adding to reserves **without using foreign currency**.
  - This marks a **return to prudent reserve management**, reflecting lessons from the **1991 crisis** and **2008 Global Financial Crisis**.

## India's Foreign Exchange Reserve

- **Foreign Currency Assets (FCA)** are held in currencies such as the US dollar, euro, pound sterling, and Japanese yen.
- The reserves of gold maintained by the Reserve Bank of India.
- The Reserve Bank's financial holdings with the International Monetary Fund.
- **Special Drawing Rights (SDR)**, a reserve asset created by the IMF to enhance the reserve assets of its member countries, earning interest.
- **Reserve Tranche Position (RTP)**: The difference between a member's IMF quota and the IMF's holdings of the member's currency, which can be withdrawn without stringent conditions.
- **Total Reserves: India's foreign exchange reserves stand at USD 702.28 billion as of October 2025 .**
- **Composition of Reserves:**
  - **Foreign Currency Assets (FCA)**: USD 570.411 billion.
  - **Gold Reserves**: USD 108.546 billion
  - **Special Drawing Rights (SDRs)**: USD 18.722 billion.
  - **Reserve Position with IMF**: USD 4.602 billion

## Why does the RBI Store Part of India's Gold Reserves Abroad?

- **Geopolitical Risk Mitigation**: RBI diversifies gold storage across **London, New York, and Zurich** to avoid over-concentration and ensure access during disruptions.
- **International Liquidity**: Gold in global hubs enables **quick conversion to cash** and access to **international markets** when needed.
- **Economic Resilience**: **Overseas gold reserves** can be **pledged or swapped** with global institutions like the **IMF** or **BIS** to quickly raise **foreign currency** and help **India meet financial obligations** during **crises**.
- **Trusted Custodians**: The **Bank of England** and **BIS** provide **secure, reliable frameworks** for gold storage.
- **Advanced Security**: Vaults in **London, Switzerland, and New York** feature **reinforced structures, biometric access, and 24/7 monitoring** for maximum protection.

## Conclusion

**RBI's accelerated gold repatriation** is a **strategic move** to **de-risk India's sovereign assets** from **geopolitical financial warfare**, enhancing **economic sovereignty** and **financial security** in a **fragmented world**.

### Drishti Mains Question:

**Q** . Analyse the strategic rationale behind the RBI's gold repatriation drive since 2023 and its implications for India's financial sovereignty

## Frequently Asked Questions (FAQs)

### **1. How much gold does the RBI hold domestically and overseas (Sept 2025)?**

Total 880.8 tonnes: 575.8 tonnes domestic, 290.3 tonnes with Bank of England/BIS, plus 14 tonnes as deposits.

### **2. What proportion of India's reserves is constituted by gold?**

Gold accounts for 13.9% of India's foreign reserves (Sept 2025), increasing strategic reserve diversification.

### **3. How does gold repatriation affect India's import cover and resilience?**

Repatriation improves reserve adequacy and import cover (now ~11 months), strengthening ability to meet external obligations

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# **UPSC Civil Services Examination, Previous Year Questions (PYQs)**

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## **Prelims**

Q.What is/are the purpose/purposes of Government's 'Sovereign Gold Bond Scheme' and 'Gold Monetization Scheme'? (2016)

1. To bring the idle gold lying with Indian households into the economy.
2. To promote FDI in the gold and jewellery sector.
3. To reduce India's dependence on gold imports.

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 and 3 only
- (c) 1 and 3 only
- (d) 1, 2 and 3

Ans: (c)

Q.Which one of the following groups of items is included in India's foreign-exchange reserves? (2013)

- (a) Foreign-currency assets, Special Drawing Rights (SDRs) and loans from foreign countries
- (b) Foreign-currency assets, gold holdings of the RBI and SDRs
- (c) Foreign-currency assets, loans from the World Bank and SDRs
- (d) Foreign-currency assets, gold holdings of the RBI and loans from the World Bank

Ans: (b)

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## **Mains**

Q. Craze for gold in Indians has led to surge in import of gold in recent years and put pressure on balance of payments and external value of rupee. In view of this, examine the merits of Gold Monetization scheme. (2015)