**Abstract**

In India after economic reforms, there was a development in the external sector of the economy because of the growth in the accumulation of Foreign exchange reserves in the country. India holds adequate foreign exchange reserves to meet the external shocks prevailing in the economy. Foreign exchange reserves are accumulated to meet the external debt of the country, merchandise trade operational activities and to reduce the volatility of the currency fluctuations. In this background there is a need to study the movements of foreign exchange reserves. The study focuses on the following objectives-i)To study the trend and growth of the foreign exchange reserves and its elements such as special drawing rights(SDR),Gold, foreign currency assets(FCA) and reserve tranche position. ii)The study also identifies the factors determining the foreign exchange reserves in India. The variables considered for the study are GDP, Exports, Imports and Exchange rate. The study has covered a period of ten years from 2007-08 to 2016-17. The statistical tools such as Year over Year basis(YOY) growth rate, multiple correlation and regression have been applied to analyse the elements of foreign exchange reserves and its economic factors.