

\$1.6-b capital flight to US in 1993: Study

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THERE is a capital flight of over \$1.6 billion from India to US in the year 1993, thanks to the abnormal pricing of the bilateral trade between the two countries.

This was revealed in a study by three American economists — John Zdanowicz, William Welch and Simon Pak.

According to the study, the capital flight figures might go up to \$4.4 billion mark if the calculation is done leaving a narrow margin for the US-world average price deviation.

The prices of India's imports from the US, compared to the imports of other countries from US, were much higher, the study revealed.

For instance, while the World-US average export price of unworked diamond was \$617.2/car India had to export the same at a rate of \$5.51/car. The other Indian export items that are underpriced include disc harrows (US-world average \$3,821/unit, Indo-US average \$13.89/unit), facsimile machines (World-US average \$ 447.54/unit, Indo-US average \$ 61.33/unit), bananas (world-US average \$ 1.36/kg, Indo-US average \$ 0.16/kg), emeralds (World-US average \$ 69.31/car, Indo-US average \$ 13.16/car).

Similarly, the prices of India's exports to US, compared with the prices of other countries' exports to US, were heavily