

keeps forex reserves

ight is used as a tax shield by some Indian and industries by keeping money abroad and trade pricing and then bringing a part of it back into white money



J D Agarwal,
Director, **IF**

gh over-invoices and under-invoice of exports to persist concerns of such a massive outflow towards the current account deficit and central government's massive tax evasion using abnormal techniques.

ved in this malpractices and evaded corporate tax, import and export said.

Agarwal, a part

of the money kept abroad, generated through abnormal trade pricing is brought back to the country through hawala route.

This brings about distortion in exchange rate and despite the government, introducing the convertibility of current account and trade account, it has left a gap between the official rate and unofficial rate in the exchange value of Indian rupee.

Hawala transactions do not allow a currency to attain the status it deserves and accordingly is an indicator of an ill-health of the economy, he said.

Use of black money today also affects the position, and does quantitative and securities used by Reserve Bank effective to control in

Prevalence of high in the Indian economy because of existence of black money in the liquidity crunch is such situations.

While speaking on **Agarwal** stated that

ous reasons which for such massive cap

Outlining the re political uncertainty, foreign exchange, export and delays in release had contributed menace.

He said the institutions evade taxes, reaping transactions, use of foreign as a hedge for business as well as other trans