

Expert urges Govt to check capital flight

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The foreign exchange reserves in the country could have touched \$40 billion currently but for the capital flight that has severely affected the economy, says an economic expert.

“Capital flight is used as a tax shield by some of the Indian businessmen and some industries by keeping money abroad and using abnormal trade pricing and then bringing a part of it back for converting black into white money”, says the director of the Indian Institute of Finance, JD Agarwal.

This has also deterred the non-resident Indians from undertaking massive investments in India, he said.

The country's external debt at the end of 1995-96 could have been about \$83.5 billion, he said at a seminar on the implications of flight capital from India.

Agarwal said capital flight is