# Exchange Control

In modern times various devices have been adopted to control international trade and regulate international indebtedness arising out of international working and dealings.

= The spirit of economics nationalism induces every country to look primarily to its own economic interests. Exchange control is one of the devices adopted for the purpose.

= Foreign exchange control is a system in which the government of the country makes regulations which are substituted for free market forces.

## Objectives of exchange control

1. To check ~~exodus~~ flight of capital (पूंजी बहिर्गमन पर रोक)
2. To ~~remove~~ correct balance of payment disequilibrium
3. To protect indigenous industries (Home producers)
4. To bring stability in exchange rates.
5. Redemption/ Freezing the foreign debt.
6. For economic Planning
7. To adopt independent Policy
8. Maintaining over value of Home currency
9. Generating Public Revenue.
10. To prevent spread of Depression.

# Methods of exchange control

Direct — Indirect.

1. Government Intervention
2. Exchange Restrictions
3. Blocked Accounts (अवरुद्ध खाते)
4. Multiple Exchange Rates.
5. Exchange Clearing Agreements.
6. Payment Agreements.
7. Compensation Agreements.
8. Exchange Equalization Accounts.

## Indirect Method

1. Changes in Interest Rates.
2. Import Duties
3. Export Bounties and Subsidies.