

Illegal Money Market Subverting Afghan Economy

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Pakistani rupees are more common than afghanis in Helmand.

At the currency market in Lashkar Gah, money traders are doing brisk business exchanging Pakistani rupees and afghanis. Most of them are unlicensed, and technically the trade is illegal. But businessmen say rupees are more common than the national currency.

Abdul Rasheed Stanakzai heads the economic department in Helmand's provincial administration. He admits the government has little control over the market.

"Foreign currency has damaged the economy of Afghanistan," he said. "It is being traded a great deal in the bazaar, and it has just undermined the Afghan currency. That has hurt our economic independence."

Sardar Wali, who sells shoes and sandals in Lashkar Gah, says having access to rupees is vital for his business. He says about 80 per cent of transactions in Lashkar Gah are conducted in rupees.

"We purchase things from Pakistan and Iran, and they are foreigners. They don't accept Afghan currency so we pay them in Pakistani money," he said.

Zabihullah has the same problem. He owns a shop selling parts for water pumps, and says, "Any item we purchase in Kandahar, Kabul, Lahore, Pakistan or wherever, we have to pay for it in Pakistani currency."

The problem is not limited to Lashkar Gah. Agha Muhammad sells goods at the weekly markets held in various districts across Helmand.

"We purchase the stuff with Pakistani currency and we sell it in Pakistani currency too. We always deal in Pakistani currency - people don't accept Afghan money here."

Stanakzai urged Afghanistan's central bank to crack down on illegal currency trading.

The bank's general director for Helmand province, Al-Haj Momin Jan, would say only that there is a six-person team in the Lashkar Gah who can arrest and fine people found to be trading in foreign currency.

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