

### Meta Data of E content (Pre Production)

S. No.	Area of Meta Data	To be Filled by Content Generator(s)
1	Topic	Black Economy
2	Subject	Economics
3	Topic Connected to which area of Subject	Economics
4	Class/Level	IX and XI
5	Objectives	<ul style="list-style-type: none"><li>• To familiarize the students with the concept of black money</li><li>• To make them understand the evil of black money</li></ul>
6	Summary	The concept of black money has been introduced by providing them a distinction between white money and black money. Further, how it is generated and what are the implications of black money in the society has been discussed.
7	Key Words	Black Money, Economy, Parallel Economy, Corruption, Taxes
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9	Subject Coordinator	Jaya Singh

# Black Money

An Economy consist of economic system of the nations which includes land, labor, capital, resources; and people who help in the process of production and distribution in order to make income. The total income which is generated in the country is termed as National Income. Now this national income constitutes of money which is visible or available to be counted.



Is there other money as well which is not visible; which is not counted in the National Income? What is it called? Where does it come from? Who brings it?

Yes, Income generated in the economy is in two forms:

**White Money**

**Black Money**

Note: Only White Money is used in the Calculation of National Income.

As per World Bank Report, it was estimated that in India has almost 20% of National Income as black money. That means these amounts are not even counted while calculating for National Income.



Incomes which are taxable but are not disclosed to the tax institutions or authorities is known as Black Money. The economy in which black money circulates is known as black economy. Black economy is also called unaccounted economy, illegal economy, subterranean economy or unsanctioned economy. While preparing the estimates of black income in the economy- the study excludes income generated through illegal activities like smuggling, acceptance of bribe, black market transaction and kickbacks etc.

## Generation of Black Money

Non salary income above the exemption limit of income tax is evaded

Tax evasion due to non payment or under payment of excise duty, sales tax or custom duties

Income accruing from the agriculture is not taxed

Therefore, any person involved in the illegal activities and generating income through that or hiding the income for the fear of paying taxes, may unknowingly generate black money in the economy.



## **Why is Black Money Not Good for the Economy?**

- It increases the gap between the rich and the poor in the society. Rich keeps becoming richer and poor keeps becoming poorer.
- It leads to underestimation of our National Income
- There is loss of revenue to the government. If government has more revenue, more can be spend for welfare of the people.
- It leads to diversion of investment from the production of essential commodities to the purchase of luxury housing, real estate and so on.

## Activity for the Students

Q1) Find out the countries which has the highest supply of black money in their economy

Q2) Mark True/False

a) Increase in black money leads to increase in National Income

b) Black money is generated by tax evasion

c) Black economy is also called unaccounted economy

Answers:

(a) F (b) T (c) T