



A Study on Impression of Black Marketing in Indian Economy

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ABSTRACT

The study has made an attempt to judge the various impacts of black marketing on the Indian economy, and the initiatives by the government to curb the black money in the country. Indian economy gets badly affected due to generation of illegal activities, illicit transactions. The research paper also explained the various variables of the economy which are especially affected. Black activities in the economy are also called as parallel economy whose only objective is to run opposite the legitimate sector. The paper is based on secondary data on the various aspects which are discontinuing our country like India to grow.

Keywords –Black, Economy, Parallel, Government, Inflation

1. Introduction:

A black market is a sector of the economy where transactions occur without the knowledge of the government and usually involve the breaking of certain laws such as filling proper tax returns. Underground market, hidden economy, grey market, unreported market are some of the reasons. A black market may also refer to the selling of particular goods. If price controls or quotas exist for a good, then usually a black-market starts developing in the country. The black market often involves cash transactions or digital currencies. It makes it harder for the establishments to track what's going on in the country.

The black marketing always leads to illegal activities. It is an activity which is confronted in front of tax authorities. In simple language if we are buying goods from the market, and the price of those goods is below the market price then it is called as Black marketing. Black word itself indicates illegal activity with happens with secrecy. The Indian economy is facing a lot of problem due to black marketing. In black marketing people make illegal goods, and make it available for others in cheap rate. Generally income of these transactions are not legal, and hence tax authorities do not get tax and revenue generations becomes very low. And Government revenues get decreased. It is said that if only some part of Black Money could have been paid as taxes it would benefit the Indian economy. Money which comes from donations without receipt comes in black marketing or called as Black money.

Donations are extremely high which are taken by schools and college institutions. Such donations are never paid by cheque, institution do not give accurate receipt of transactions. The worst thing for the government is corruption. Because it undermines the government strength and as a result economic growth badly get affected. Especially the variables which get affected are -

Macro financial stability, investment, and productivity of human being.

The worst thing about corruption is it makes government enervate and hence revenue generations became low, and also increases tax evasion. Main root is some government officials or other people who take shelter of illicit transaction to get their work done. And another thing which rising the rate of corruption is ignorance for the culprit, through corruption they get rescued and barely get any punishment from the law. The main aim of Black marketing in India is finding and getting deep knowledge in root cause of generation of black money and knowing effects of it in the Indian economy and the steps which are taken by the government.

2.Literature Review:

- The Parallel Economy In India: Causes, Impacts & Government Initiatives by Sukanta Sarkar on Economic Journal of Development Issues (2010)
According to the study conducted in the research paper, the author provides insight on parallel economy in India and also provided its causes, impacts and the initiative by the government. The main cause of Black money is defective Indian politics who manipulate policy decisions just to make more profit.
- An Insight into black money and tax evasion by Pradip Kumar Das on journal of International Business Research and marketing (2018)

According to the research paper, the author shows various facts about black money generations, tax evasion and also stated that black money is like a disease which grows at rapid growth if not checked timely will surely bring its ruination.

- The rise of the shadow economy- An Indian perspective by Priyanka Menon on Journal of Public Affairs (October 2018)
The study depicted about forward past evidence and the current situation of black money and concluded with showing differences in black wealth and black money and the impact of both in economy.
- Black Money In India(Issues and challenges by Parmil Kumar and Anurag on Online International Interdisciplinary Research Journal (November-December 2015)
According to the research paper, the author focused more on appropriate legislative framework for the central generation of black money and also showed the present status of black money in India and its impact on the economy.
- Black money and its importance on Indian economy by Manish Dubey on International Open Access Journal.
According to the research paper author pointed the source of black money towards some ministers. Ministers who focus more on personal growth rather than economic growth of the country. If the government provides proper or accurate service, then no "poor man would have to pay a high price for every good service.
- The Shadow Economy, Its causes and its consequences by Vito Tanzi on International Seminar on the Shadow Economy Index (12 march 2002)
According to the author causes of Black Marketing or black money is taxes, regulations, and corruption. It is very important to determine the fairness of tax system.

3. Research Methodology:

This research paper is based on Secondary data. Data for the research is collected from various online journals, articles and magazine.

3.1. Research objectives:

- To understand the crucial economic problems and areas of economy which are badly affected due to black money in the Indian economy
- To find out the measures to reduce the problem of black marketing

4. Impact of black marketing in the Indian economy:

The power of terrorist's increases because of black money, like supply of illegal weapons using drugs, doing murders, human trafficking, gambling, prostitution, endangered species etc.

It is found that 16 million people are forced to work in factory as a labour. Not only this, but there is many more crimes which may be difficult to accept, like- Trafficking of 'human organs'

Various cybercriminals get access to individual bank accounts, credit cards and steal all the data, and which leads to financially bankruptcy. Hacking of information is mostly done either through computer website or mobiles. Roots of black marketing can destroy everything, as roots are the only thing that can help to grow Uprooting the roots becomes extremely important as we are unaware of the growth and the way the roots create their path

black money that is not shown and kept hidden and the result is less currency with banks, less credit creation, and there are fewer establishments of new businesses, as new businesses do not have enough money to start a business and they cannot get credit also. All these reasons can cause unemployment. Individuals will have less job opportunities. A Good circulation of money is very important in the economy because, due to less money supply in the economy, people do not have enough money to spend on buying and due to which there is less demand for goods and services, and as a result, industries and businesses bear losses and ultimately that results in closure of industries, This turns out to be a vicious cycle in which many entities get trapped.

5. Effects on national income and real capita income:

People show low income to the government while paying tax and, as a result, the national income of the country decreases. The national income of the country will get highly increased the amount of black money in circulation is backed up. That will increase the quality of life for the whole country. Formation of government policies, are not able to count exact national income just because of hidden black money. If laws are made with exact calculations keeping in mind each individual of the economy, our country's progression will be much faster than now.

6. A road map of government initiatives to curb black money:

Demonetization and GST are the new initiatives adopted by government to get rid of black money, to remove existence of black money from the country. A ban on currency notes was a big step by the government to remove black money. According to RBI there is no exact information which is available of much black money is recognized and eliminated. Income Tax department was able to collect the pending receivables after demonetization and introduction of GST. Although because of demonetization, the stock exchanges indices fell over to 6% because of few initiatives taken by government. The impact of cash shortages definitely brings a detrimental impact on the economy.

The another step by the government is linking of bank accounts with aadhar cards to keep a track in accounts of every person, and to check whether individuals are paying taxes or not and know to know a person's earning and levy tax accordingly. Unique Identification Authority of India (UIDAI) confirmed that no one can misuse anyone's aadhar and can't do any financial loss. Government has cancelled 3.50 lakh suspicious companies and signing of automatic financial information, exchange agreements with various countries. Ram Nath Kovind said that during last two years, 4 lakh 25 thousand companies directors had disqualified and the registration of thousands of company has been revoked. (The Economics Times)

In fact, according to studies it is found that people who are unemployed have higher chances to do black marketing because to earn money or to earn higher money, people tend to be involve in suspicious activities.

7. Finding:

India is being a developing economy and has a huge task on hand. Black money provides a big bottleneck in the development but a question has to be asked as to whether the black money is destroyed or discovered. The government receives illegal tender money and it cannot be used in the economy and eventually it has to be destroyed and replaced with the new currency. Owing to insufficient allocations and due to ineffectiveness of spending, the black economy results in policy failure. Investment is redirected to unproductive markets, resulting in a lack of real investment savings. Foreign exchange shortages prohibit the importation of essentials and technology. The country is not short of money, but a substantial portion of resources are not only lost because of the presence of the black economy, but are either lying idle or syphoned away from the nation. Paradoxically, as growth has been stunted and dynamism has diminished, the interests of those who have gained most from the black economy have been harmed the most.

8. Conclusion:

Black money is becoming a big hurdle in the developing country like India. The major outcome of the government policies has been that it has created a sense of awareness amongst the people regarding black money and have also created a sense of fear in keeping with them money in the form of hard cash. It is not possible to totally remove the black money from the country. But a strict and severe action against hoarders of black money can be implemented which can lead to reduction in black marketing. The future of black money in the country will still depend upon the legal and legislative measures to be taken by the government from time to time. The government and the people of the country need to make more concerted efforts to persuade the tax port countries to disclose information on these black accounts that can be brought back to our country.

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