



Relationship Between Black Money & Poverty in India

KEYWORDS

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ABSTRACT In our country has been so many problem i.e. starvation, black money, inflation, poverty, corruption unemployment, regional inequality etc. But major focus is the Black money & poverty. Averagely black money & poverty is 30% to 40% in India. Black money is an illness of Economic development in India and it criticized for the Economic factor so, our country tries to increase the growth rate of economy as compare to china, America and Japan country. The several committees has been trying the estimate of black money i.e. N. Kaldor, Wanchoo, Ranganekar, Chopra, Poonam Gupta, & Sanjeev Gupta, NIPEP, Suraj B. Gupta & World bank. Poverty means the society is unable to fulfil even its basic necessities of life. Poverty is social phenomenon which related to third world; exhibit invariably the existence of mass poverty. Different committees (economists) have to try the estimation of poverty in India i.e. Dandekar & Rath committee, Minhas, Bardhan, Planning commission, Lakadwada, Montek Shing Ahluwalia, World Bank, Hashim committee.

Introduction:

Poverty and Black money is much correlated in each other India has become differential country in the world poverty and illiteracy ratio is related to inflation. There is much more discussion on Black money and poverty issue at present. The result of that the poverty has been increased day to day. Now the question arises when black money was comes in our society. India is democratic country so, there is need to study on corruption issue, Black money, unemployment, poverty. 37.7% people come in the BPL which is reported by Suresh Tendulkar committee in India. World Bank is submitted the report in 2010, they say that average 50% (IMF) Black money in India. This data shows that there is positive relationship between Black money and poverty that means if black money increases, poverty also increase. Some problem is related to the price increases of petroleum factors, drought, starvation, corruption, lack of Government policy etc. The last two decade so many corruptions are in business and Economic sector in India.

Black money is an illness of Economic development in India and it criticized for the Economic factor so, our country tries to increase the growth rate of economy as compare to china, America and Japan country. But our Economy not solves the problem of poverty. The concept of parallel Economy, black money is related to the unaccounted sector. The result of that earlier we have trying of social Economy & structural economy for full employment, income and income distribution equality, poverty reduction, self-sufficient, equal opportunity for development. The poverty of the country are increases in before & after independence but our country is depend on the traditional thinking. Near about the 8 to 10 % children are comes under in starvation. We have taken the social exclusion and inclusive policy in 11th and 12th five year plan. But real condition has been unchanged in our country. The present research paper is focus on black money, its relation to poverty & present condition of Poverty. The generally accepted definition of poverty is emphasis minimum level of living rather than a reasonable level of living and black economy or black money. It refers the unaccounted money, illegal economy unsanctioned economy. So, that is need of the discussion the poverty and black money and its relation in present study.

Objective of the study:

The present study objectives are follows

- 1) To study the concept of Black money
- 2) To review the relationship of Black money and poverty

- 3) To observe the current situation of Black money
- 4) To suggest the reduce the poverty

Methodology:

Present study is totally depending on secondary source. Basically some research activity depends on primary as well as secondary data. The data has been collected through different journals, different books, magazines, which is related to the study. Then report in newspaper subject of black money and poverty and also collected through Government report. After 1991, the Globalization were comes in our country but we trying maximise the growth rate of the economy, which is near about 7 to 8 % in last five year plan, it is focus on human welfare in the measurement of economic development. The present study concentrate on the three ways one is black money- concept, measurement & current situation, second one poverty & third one concluding remark & suggestion.

Parallel Economy:

The D.K. Dandekar say that if the "parallel economy" press a serious threat to stability and growth of the official economy, surely it stems from the fact that the magnitude of "black money" is large & rigged deals are growing in volume & complexity at an alarming rate. Parallel economy is cannot the functioning of an unsanctioned sector in the economy whose objectives run parallel, rather in centrality with a views social objective. Parallel economy is variously referred as to black economy, unaccounted economy, illegal economy, subterranean economy or unsanctioned economy. Parallel economy was constructed by the black money, now question arises, how comes the black money in economy. That means the magnitude of operation is the black money operator for the establishment of parallel economy. In India near about 50% Black money is available at present by the report of IMF. The black money is variously estimated in India. The several committees has been trying the estimate of black money i.e. N. Kaldor, Wanchoo, Ranganekar, Chopra, Poonam Gupta, & Sanjeev Gupta, NIPEP, Suraj B. Gupta & World bank. Different estimators in different times have estimated through Indian Tax reform & Direct tax Enquiry committee. The report of World Bank, on black money, they are reducing the black money from 23.3% to 20.7% in 2007 but this data is depending on weighted average. So, IMF has report the available Black income is 50% in India.

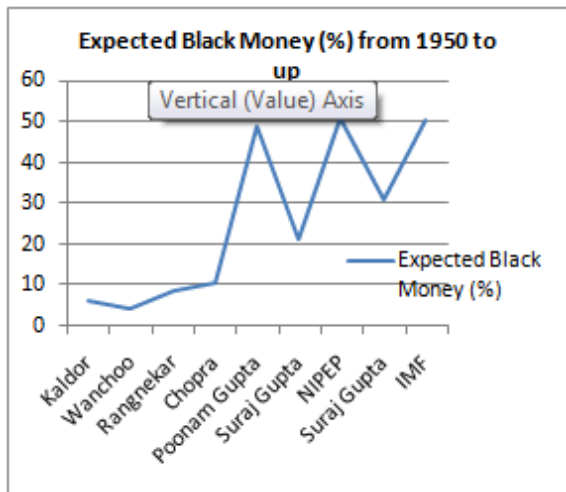
This is shown in text table:

This table shows that the black money is equal to the per-

centage poverty in India because poverty data is near about same as black money by estimated data. Now about 1.55 trillion dollar is available of black money in 2011. The India's ranking is 72th in corruption & Black money in the world.

Estimation of Black money in India

Table No- 1, Diagram



Sr. No.	The Name of Committee	Year	Expected Black Money (%)
1	Kaldor	1954	6
2	Wanchoo	1968	4.2
3	Rangnekar	1970	8.4
4	Chopra	1977	10.5
5	Poonam Gupta	1979	48.8
6	Suraj Gupta	1984	18 to 21
7	NIPEP	1988	50.7
8	Suraj Gupta	2007	31
9	IMF	2008	50

Source: Datta & Sundaram, 'Indian Economy', 2012

There is a serious element of under estimation of various counts. Firstly, this study was confine itself to only legal activities exclude smuggling, Black marketing, bribes, & kickbacks. It would have been better if an average of the range had been used.

Poverty Review:

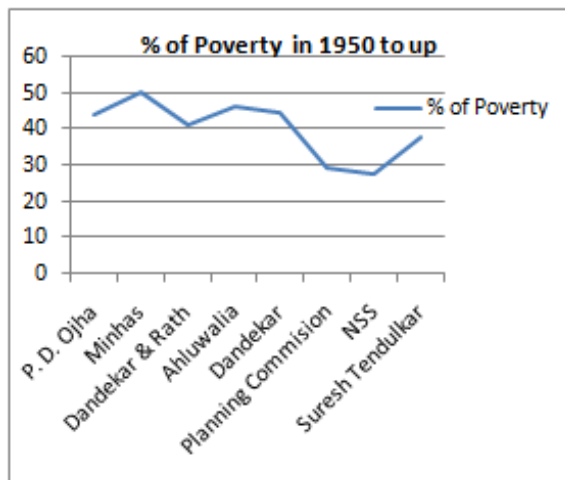
We have comparatively study with the help of parallel economy. It is included the restate the poverty increases by the parallel economy. The criteria of poverty estimation are used by Suresh Tendulkar committee i.e. Rs.32 per capita per day consumption expenditure in urban area & Rs.26 as for rural area. 27.5% people are coming under in below poverty line on the basis of Tendulkar committee report at present. The result of that poverty was decreasing by estimation of various committees.

Several economists have try to measures the poverty in India. But there is inequality in the measurement criteria of poverty i.e. calories intake, income, consumption expenditure. World Bank are used the criteria of income to measurement of poverty that is those people are comes under income in per day less than \$2 in 2010.

Different committees (economists) have to try the estimation of poverty in India i.e. Dandekar & Rath committee, Minhas, Bardhan, Planning commission, Lakadwada, Montek Shing Ahluwalia, World Bank, Hashim committee. In 1973-1974 54.93% population was comes in BPL & 41.08% BPL population rural & 25.7% in urban area in 2004-2005. There is 37.7% population comes under in BPL reported by the Suresh Tendulkar committee, alternative estimates of poverty in In-

dia several economists (committee's) & organisations have conducted studies on the extent of poverty in India. This is shown in the next table.

Table No-2



Sr. no.	Name of committee	Year	% of Poverty
1	P. D. Ojha	1960-61	44
2	Minhas	1969-70	50.1
3	Dandekar & Rath	1969-70	41
4	Ahluwalia	1973-74	46.1
5	Dandekar	1983-84	44.4
6	Planning Commission	1996-97	29.2
7	NSS	2004-05	27.5
8	Suresh Tendulkar	2009-10	37.7

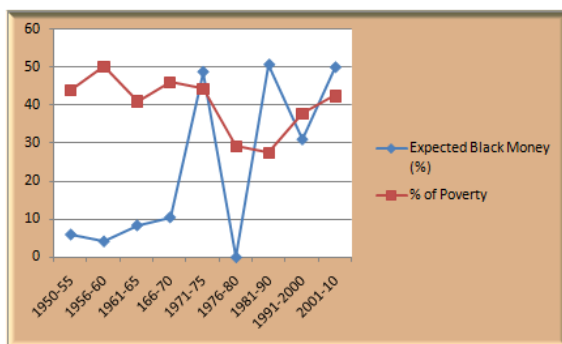
Source- Datta & Sundaram, 'Indian Economy', 2012

Economic & social problem arises due to black money & poverty. This table are shows more important & practical need of today, it focus on policy analysis to concentrate measures for the benefit of the poor, particularly the rural poor, who are more numerous but fail to catch as much attention as the urban poor.

Relationship between Black Money & Poverty:

The present research paper has concentrate on the relationship between Black Money & poverty in India. The Data are shows the one side near about 30% to 40% (average) black money estimated by various committees & other side same as 30% to 40% poverty level in our country. So, researcher will say that, if black money controlled by Government then poverty will automatically reduce in India. This statement will be true. We shows that the relationship of black money & poverty in next diagram-

Graph No. 3



This diagram shows the three things that is, 1950 to 1970

time period were went, in this time black money & poverty is unrealistic each other from beginning years. But after 1970-2000 they are closely related. Because average black money are 30-40% vice-versa poverty in last fourteen years.

Conclusion:

This study are conclude-

- 1) Positive relationship between black money & poverty.
- 2) The present study are shown near about 30 to 40% black money & poverty in India.
- 3) Different criteria are used for the measurement of black money & poverty.
- 4) The report is problematic of Suresh Tendulkar committee (26 for Rural & 32 for urban area)
- 5) The report of World Bank, near about 8.4 trillion is availability of black money in 2011-12 in India.
- 6) World Bank Report shows that 23.3% black money available in 2007, but IMF report shows that 50% black money has working in India.
- 7) Black money were creating by public activity develop the Infrastructure facilities, e.g. Road construction, Electricity, Irrigation etc.
- 8) There is an increase the inequality between Rich & Poor people.
- 9) Real situation were reducing the data of poverty not change actual poverty in India.

Suggestion:

There are increases the poverty due to increasing black money. So, how to reduce the poverty & black money in this situation are follows main suggestion by the researcher.

- 1) There should be try reducing the black money & corruption
- 2) The working currency should be stop in circulation (1000 & 500).
- 3) There should be open the information of Swiss Bank account.
- 4) There should be try to reduce the assessed to tax.
- 5) There should be complete the process of E-addhar card for reducing the corruption.
- 6) There should be use the good criteria for measurement of poverty.
- 7) There should be passed the Lokpal Bills in Parliament.
- 8) Corruption would automatically reduce by the "king working as king" (Economics of Kouthilya).
- 9) There should be increases Economic Literacy of people in India. (SEBI-Economic Literary)

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