



Department of Humanities and Social Sciences Special Lecture  
Indian Institute of Technology Guwahati

# India's Black Economy Implications, Causes, Remedies

**Prof. Arun Kumar**

**Date: Wednesday, 07 December 2016**

**Time: 4 pm**

**Venue: Mini Auditorium**

India's black economy is roughly estimated to be 62% of GDP – generating at current prices in 2016-17, about Rs.93 lakh crore or \$1.4 trillion. It is so extensive because it is generated in every sector and economic activity and all the elite sections of society are involved in it. It is in both the public and the private sectors and involves the entire elite class of India like, politicians, industrialists, army men, judges, bureaucrats, lawyers and teachers.

Taxes not collected at current rates of taxes would amount to about 24% of GDP in 2014-15. If this amount could be collected, there would be a surplus in the budget rather than a deficit and enough money for employment generation, education and infrastructure, like, roads.

It aggravates the major problems facing society like, inflation, unemployment, fiscal crisis, balance of payments problems, flight of capital, inequality, criminalization in society, vitiation of the elections and politics and poor work ethic. It results in the failure of policy and waste of national resources thus slowing down development. It is the underlying cause of the uncivilized conditions in which the vast majority of Indian live today.

It needs to be remedied but to do that we need to understand the causes underlying its existence and growth since independence. There have been dozens of committees and commissions that have looked at its different aspects and made thousands of suggestions. Hundreds of these suggestions have been implemented but the black economy has continued to grow. Recently various steps have been taken but without making a dent on the problem.

The talk will briefly address issues like, what the black economy is and what it is not, what are its consequences, what are the implications, causes, remedies that have been tried and what may work.

## **About the Speaker**

Prof Arun Kumar is former Sukhamoy Chakravarty Chair Professor in the Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi. His specialization has been on Development, Public Finance and Public Policy, and Macro-economics. He is one of the most widely quoted authors on black money. Among several of his writings, the most noted are *The Black Economy in India* (Penguin, 1990) and *Indian Economy since Independence: Persisting Colonial Disruption* (Vision Books, 2013).