

## **Parallel Economy**

Parallel economy is the functioning of an unsanctioned sector in the economy whose objectives run in opposite to the objectives of official, sanctioned or legitimate sector. The parallel economy has political, commercial, legal, industrial, social and ethical aspects.

Prevalence of black money gives rise to parallel economy. The term parallel economy is also referred as black economy, unaccounted economy, illegal economy, subterranean economy or unsanctioned economy.

A striking point about parallel economy is that it promotes the type of economic activities where undisclosed income remains hidden to the tax authorities. Usually, conspicuous consumption, real estate, investment in foreign assets, criminal activities, corruptions etc are the typical spending pattern in the parallel economy. Transactions are executed in an opaque manner.