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Q9

**Which one of the following effects of creation of black money in India has been the main cause of worry to the Government of India? (a) Diversion of resources to the purchase of real estate and investment in luxury housing (b) Investment in unproductive activities and purchase of precious stones, jewellery, gold, etc. (c) Large donations to political parties and growth of regionalism (d) Loss of revenue to the State Exchequer due to tax evasion**  
**Official key: D.**

UPSC Civil Services Prelims 2021 · General Studies · 2 marks · Economy

Indian economy, budget, schemes - Prelims GS Paper I.

**Explanation**

**(a)**

Luxury housing. A symptom, not the main fiscal worry as keyed.

**(b)**

Gold and jewellery. Another sink for **black money**.

**(c)**

Political donations. A governance worry, not the revenue line.

**(d) Official key**

Loss of revenue to the exchequer from tax evasion. That is the government's main fiscal complaint.

**Summary**

Official key is (d). **Black money**'s core public-finance harm is tax evasion - revenue lost to the State. Real estate, gold and donations are channels, not the keyed 'main cause of worry'.

**Related possible facts**

These can be asked in a future Prelims paper.

**Black money**

Income not reported to the tax authority.

**Demonetisation 2016**

A later policy framed as an attack on that stock.

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