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**SECRET ECONOMY**

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*Informal economy, Data collection, Statistical analysis, Economic activity, Economic policy, Forecasting, Market mechanisms, Economic analysis, Principles, Database, Socio-economic research, Analytical methods, Efficiency, Resources distribution, Economic growth.*

*This article explores the basic concepts and techniques of the shadow economy. The secret economy is a methodology based on statistical analysis and collecting data on a large scale for the study and analysis of economic activity. The article examines the basic principles of the informal economy, data collection methods, and their impact on economic analysis. It also emphasizes the practical importance of the informal economy, including its role in the formulation of economic policy, economic forecasting, and analysis of market mechanisms. This study shows the importance of using the informal economy in the economic decision-making process and its impact on economic growth.*

**INTRODUCTION.** Researches and analyzes carried out in the field of informal economy help to better understand the complexity of economic processes. This direction collects and analyzes various data and statistics to study economic activity and plays an important role in economic decision-making. The informal economy also uses analytical methods to study the dynamics of socio-economic systems, market mechanisms and resource allocation.

This area is important in economic analysis and forecasting, in the formulation of state policy and in increasing economic efficiency. Through the basic principles and methodologies of the informal economy, it is possible to expand economic knowledge, ensure the process of effective decision-making and, as a result, stimulate economic growth.

This article examines the underlying principles of the informal economy, its data collection and analysis methods, and their implications for economic policy.

The frequency of non-compliance with various legal norms serves as an indicator of the size of the underground economy. However, before starting to solve the task of its quantitative measurement, it is necessary to describe various elements of secret economy. In general, the secret economy is a field in which economic activity is carried out outside the framework of the law, that is, transactions are carried out without using the law, legal norms and official rules of economic life. The secret economy consists of several elements. The classification of the secret economy proposed by the famous economist E. Feig is worthy of attention.

According to Feig, the definition of each particular type of secret economy is determined by the set of institutional rules that its representatives violate, that is, their activities are based on established rules and norms.

goes beyond or bypasses the system and, in turn, is not measured and socially accounted for.

In some cases, the violation of some rules is a criterion for distinguishing types of secret economy. Using this criterion as a basis for the classification system, E. Feig distinguishes four types of secret economic activities: illegal (secret, secret), unaccounted for, unregistered and informal economic activities.

1. Illegal economy. Illegal economy participates as a synonym of income generated by economic activity that violates legal norms, defining the field of legal forms of commerce. Illegal entrepreneurs are involved in the production and distribution of prohibited goods and services (illegal production of narcotics, currency exchange by speculators, etc.). Such prohibited economic activities are a profitable source of income, bypassing the law. It also serves to undermine the stability of political, economic and legal institutions.

2. Unaccounted economy. The unaccounted economy includes economic activity that circumvents or evades fiscal rules that are institutionally established and recorded in the tax code. Income from the unaccounted economy is not reported to the tax authorities. In this case, there is a "tax gap" - the difference between the amount of tax revenue and the actual income.

3. Unregistered economy. Unregistered economy is a type of economic activity that bypasses the institutional rules established by the requirements of government statistical authorities found Here, the amount of income not registered in the state national statistics system is the main indicator. According to E. Feig, unregistered income is the difference between the actual total income and the income registered by the statistical system.

As mentioned above, there is a direct correlation between the high cost of law enforcement and the large size of the underground economy. However, there are also costs associated with conducting confidential exchanges.

Costs of using confidential dispute resolution procedures. The open legal system has a number of sub-institutions of dispute resolution - family-kinship and mafia mechanisms.

There are costs associated with using both alternatives to resolve disputes. First, maintaining good relations with a large number of relatives, compatriots and other "ones" requires time and resources to exchange services for attention.

**Summary:**

The decision of an economic entity to choose an open or secret institutional environment for its business is determined by comparing the transaction costs incurred in the implementation of transactions in the first and second cases. In other words, the norm of obeying the law is once again rationally based: a person fulfills its demand not under the influence of its absolute priority (everything legal is good), but because of the benefits expected from following the law. Factors encouraging voluntary obedience to the law appear in a person only if he is able to realize his interests by reducing transaction costs in the public sector of the state economy.

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