(a) the details of the impact of demonetisation of India's Gross Domestic Product (GDP) for the financial year 2016-17 along with growth rate registered, sector-wise including agriculture and allied services, manufacturing and service sector;
(b) whether the Government is in agreement with the GDP estimates given by various domestic and international agencies including World Bank and International Monetary Fund after demonetisation and if so, the details thereof and if not, the reasons therefor;
(c) whether the manufacturing units in the country had to reduce the number of shifts and cut back operations after 8 November 2016 due to demonetisation and if so, the details thereof; and
(d) the corrective steps taken by the Government in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a): The Gross Domestic Product (GDP) of a country depends on a number of factors including monetary factors (which is partly reflected by demonetisation). Therefore, it is not possible to pinpoint the impact of demonetisation on India's GDP. As per the second advance estimates released by Central Statistics Office on 28th February 2017, the growth rate of GDP at constant market prices is estimated to be 7.1 per cent in 2016-17, as against a growth of 7.9 per cent in 2015-16. The agriculture and allied sectors, manufacturing and services sector registered a growth rate of 4.4 per cent, 7.7 per cent and 7.9 per cent respectively in 2016-17, as compared to the corresponding growth rates of 0.8 per cent, 10.6 per cent and 9.8 per cent respectively in 2015-16.

(b): From time to time, domestic and international agencies including Word Bank and International Monetary Fund (IMF) estimate the GDP according to their own assessment and analysis of the economy. The Global Economic Prospects published by the World Bank in January 2017, projected the Indian economy to grow at 7.0 per cent in 2016-17. However, the IMF in its World Economic Outlook Update released in January 2017 estimated that India would grow at the rate of 6.6 per cent in 2016-17. As per the results of the survey of professional forecasters, published by the Reserve Bank of India on 8th February 2017, the real gross value added (GVA) at basic prices is projected to grow by 6.7 per cent in 2016-17 (median value). The Government takes note of these different estimates. The Central Statistics Office of the Government of India has estimated that the growth of GDP at constant market prices would be 7.1 per cent in 2016-17.

(c): Information regarding reduction in the number of shifts and cutting back of operations by the manufacturing units due to demonetisation, based on any comprehensive survey by the Government, is not available.

(d): The Government of India has taken various initiatives to boost the growth in manufacturing sector which, inter alia, include; fillip to manufacturing and infrastructure and concrete measures for transport and power sectors as well as other urban and rural infrastructure. Government has also announced various measures in the Budget 2017-18 to promote growth of the economy which, *inter alia*, include push to infrastructure development by giving infrastructure status to affordable housing, higher allocation to highway construction, focus on coastal connectivity and taking up second phase of Solar Park. The other growth promotion measures include: lower income tax for companies with annual turnover up to Rs 50 crore; allowing carry-forward of MAT credit up to a period of 15 years instead of 10 years at present; further measures to improve the ease of doing business; the proposed scheme for creating employment in the leather and footwear industries; and, a major push to digital economy. The Budget has also targeted to provide higher agricultural credit and to increase employment significantly.

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