

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
LOK SABHA  
UNSTARRED QUESTION NO. 1336  
TO BE ANSWERED ON 22<sup>nd</sup> DECEMBER, 2017/1<sup>ST</sup> PAUSHA SAKA, 1939**

**Impact of Demonetisation**

**1336. SHRIMATI ARPITA GHOSH:  
SHRI VINCENT H. PALA:  
SHRI SANTOKH SINGH CHAUDHARY:  
SHRI Y.V. SUBBA REDDY:**

**QUESTION**

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has assessed the impact of demonetisation on fiscal and economic terms;
- (b) if so, the details thereof, sectorwise;
- (c) whether as per the Mid Term Economic Survey demonetisation has resulted more than half-a-percent of GDP and if so, the details thereof;
- (d) whether the Government has examined the probability of duplicating and counterfeiting the new rupees 500 and 2000 notes and if so, the details thereof; and
- (e) the extent by which digital payments have given an impetus since the declaration of demonetisation along with the increase/decrease in the use of physical notes in transactions, State/UT-wise?

**ANSWER**

**MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI P. RADHAKRISHNAN)**

(a) to (c): The overall economic growth of the Indian economy is dependent on many factors that, inter-alia, include the rate of capital formation and savings, utilization of technology, availability of infrastructure, efficiency of resource allocation, quality of institutions, governance and the policy framework in place, money supply and degree of financial development. It is difficult to pin-point the impact of demonetization on the economy via its impact on the aforesaid factors.

Economic Survey 2016-17, presented to the Parliament in January 2017, mentioned that demonetisation had temporarily affected real GDP and part of economic activity. The Real GDP Growth has shown a revival in 2017-18: Q2 registering a growth rate of 6.3 per cent from a growth rate of 5.7 per cent in 2017-18: Q1.

The Economic Survey 2016-17 Volume 2, published in August 2017, made an assessment of demonetization across some key sectors and found that the growth of taxpayers post-demonetization was significantly higher than in the previous year. It was also found that there was a deceleration of house price inflation post demonetization and a substantial increase in digitalization.

(d) There are incidents of seizure of counterfeit notes of ₹ 500 and ₹ 2000 after demonetisation. However as per available inputs no high quality counterfeit new currency notes have been seized by any agency so far.

Incorporating new security features/designs in the banknotes to stay ahead of the counterfeiters is an ongoing process. The security features are strengthened from time to time to enhance the counterfeit resistance of the notes.

(e): There is a significant increase in average volume and value of payments made through cards in post-demonetisation period. Further, the average payment value per transaction for cards has declined, implying that cards are being used for lower value transactions in recent period. Similar results are observed for transactions done using PPI as well. Mobile banking payments have also increased in recent period. Growth is observed for IMPS as well in post-demonetisation period. To promote digital payments several initiatives including monetary incentive schemes as **Promotional Scheme of BHIM Aadhaar, BHIM-**

**Cashback Scheme for Merchant, BHIM-Referral Bonus Scheme for Individuals, Digital Jagrit, DigiShala, have been launched.**

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