

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1120

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Demonetisation

Banerjee Shri Prasun;Kumar Shri Kaushalendra;Venugopal Shri K. C.;Vichare Shri Rajan Baburao

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

whether the demonetisation has made any impact on the slowdown of India's economic growth in the fourth quarter and if so, the details thereof;

(b) whether any other policy factors are responsible for the slow economic growth in the country and if so, the details thereof;

(c) whether the demonetisation has affected the manufacturing and construction sectors in the country and if so, the details thereof;

(d) the details of growth rate of manufacturing and construction sectors during the last three financial years including the post demonetization quarter along with the estimated damage caused to the economy due to slow GDP growth including the long term effect on the economy and the time by which the economy is likely to recover; and

(e) the details of expenditure incurred by the Government in printing of Rs. 500 and Rs. 2000 new notes as on date?

**Answer**

(a) & (b) The economic growth of a country depends on a number of factors including monetary factors (which is partly reflected by demonetisation). Therefore, it is not possible to isolate the impact of demonetisation on India's GDP. However, Economic Survey 2016-17, presented to the Parliament in January 2017, mentioned that demonetisation had temporarily affected real GDP and part of economic activity.

(c) & (d): The estimates of on growth of Gross Value Added, i.e. GVA of manufacturing and construction sectors at constant (2011-12) basic prices are given below:

Growth in Sectoral GVA (per cent)

GVA at Basic prices from 2014-15 2015-16 2016-17 2016-17

Q3 Q4

Manufacturing 8.3 10.8 7.9 8.2 5.3

Construction 4.7 5.0 1.7 3.4 -3.7

While the growth in manufacturing, construction etc. slowed down in the second half of 2016-17, many key indicators of the economy remained robust. The positive indicators, inter alia, included acceleration in growth of exports in second half of 2016-17, higher number of foreign tourist arrivals in the second half of 2016-17 as compared to second half of 2015-16 and the record-high production of food grains, etc.

(e) New notes are being printed continuously to fulfil the needs of the public.