

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 796
TO BE ANSWERED ON 14th DECEMBER, 2018/23RD AGRAHAYANA SAKA, 1940

Assessment of Demonetisation

796. SHRI P. KARUNAKARAN:
SHRI TEJ PRATAP SINGH YADAV:

QUESTION

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has assessed/studied the impact and after effects of demonetisation on the economy;
- (b) if so, the details thereof;
- (c) the amount of money returned to the Reserve Bank of India along with the details thereof;
- (d) whether there have been several challenges faced by the Indian economy, like continuous fall in the value of rupee, decrease in forex, low credit growth, increase in current account deficit etc.; and
- (e) if so, the details thereof and the steps taken by the Government in this regard?

ANSWER

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

(a): No Madam.

(b): Does not arise.

(c): As per data published in Annual Report 2017-18 of the Reserve Bank of India, the total value of Specified Bank Notes (SBNs) in circulation as on November 08, 2016, post verification and reconciliation, was Rs.15,417.93 billion, and the total value of SBNs returned from circulation was Rs.15,310.73 billion.

(d) & (e): The rupee witnessed two-way movement in 2018, showing a general depreciating trend up to early October, 2018 and appreciating since then. The rupee touched an intra-day low of Rs.74.49 per US dollar on October 11, 2018, depreciating by 14.3 percent in 2018 mainly reflecting the rising crude oil prices and foreign portfolio investment outflows due to the rising interest rates in the US, international trade concerns and geo-political issues. However, the rupee recovered subsequently and closed at Rs.69.58 per US dollar on November 30, 2018, reducing the extent of depreciation to 8.20 per cent. The general appreciating trend of the rupee since October, 2018 was driven by the easing of crude oil prices and foreign portfolio inflows of US\$ 1.8 billion in the month of November, 2018.

As per Department of Commerce Press Release dated 15th November 2018 on "India's Foreign Trade October 2018", India's exports & imports increased by 13.3 per cent and 16.4 per cent during 2018-19 (April-October) as compared to corresponding period of the previous year.

As per RBI, Year-wise details of Foreign Exchange Reserve is as under:

Items	USD Billion (As on Nov 23, 2018)	USD Billion (As on Nov 24, 2017)	USD Billion (As on Nov 25, 2016)	USD Billion (As on Nov 20, 2015)
FCA	367.7	376.3	341.1	328.4
GOLD	20.9	20.7	20.5	18.7
SDR	1.5	1.5	1.4	4.0
RTP	2.6	2.3	2.3	1.3
FER(Total)	392.8	400.7	365.3	352.3

Growth of Credit extended by Scheduled Commercial Banks (including Regional rural Banks) from the quarter-ended March 2016 to September 2018 is furnished below:

Quarter ended	Amount in Rs. Millions	Growth (y-o-y, %)
Mar-16	75209287	9.3
Sep-16	75178857	12.1
Dec-16	74959731	7.0
Mar-17	79270028	5.4
Jun-17	78253586	8.0
Sep-17	80059499	6.5
Dec-17	83015981	10.7
Mar-18	86825727	9.5
Jun-18	86976019	11.1
Sep-18	90579875	13.1

India's Current account deficit (CAD) increased to US\$ 35.0 billion in H1 of 2018-19 (2.7 per cent of GDP) as compared with US\$ 21.9 billion in H1 of 2017-18 (1.8 per cent of GDP).

The exchange rate of the rupee is market determined. The Reserve Bank of India (RBI), however, intervenes in the domestic foreign exchange market to manage excessive volatility and maintain orderly conditions without having any fixed target or band for the exchange rate. The RBI will continue to monitor the evolving situation and take appropriate steps to bring stability during periods of forex market volatility.
