

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA

UNSTARRED QUESTION NO. 403

TO BE ANSWERED ON FEBRUARY 3, 2017 / MAGHA 14, 1938 (SAKA)

DEMONETISATION

403: **SHRI KESINENI NANI**
SHRI KAUSHALENDRA KUMAR:
SHRI K.C. VENUGOPAL:
SHRI RAM KUMAR SHARMA

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

(a) whether the Reserve Bank of India (RBI) conducted any meeting prior to demonetization, and if so, the details thereof including the agenda and members present therein;

(b) whether the Government had prepared any inventory of new Rs. 2000 and Rs. 500 notes prior to the announcement of demonetization and if so, the details thereof and if not, the reasons therefor;

(c) whether any study/survey was conducted or experts/stakeholders consulted by the Government to assess the possible consequences of demonetization prior to its implementation and if so, the details thereof; and

(d) whether the Government had made any assessment of the estimated quantum of black money in the economy before the implementation of demonetisation of high value currency and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ARJUN RAM MEGHWAL)

(a) RBI held a meeting of its Central Board on November 8, 2016. The agenda of the meeting, inter-alia, included the item : “Memorandum on existing banknotes in the denomination of Rs 500 and Rs 1000 - Legal Tender Status”

The following Directors of Central Board of Reserve Bank of India attended the meeting:

1. Dr. Urjit R. Patel, Governor
2. Shri R. Gandhi, Deputy Governor
3. Shri S. S. Mundra, Deputy Governor
4. Shri Shaktikanta Das, Director
5. Ms. Anjuly Chib Duggal, Director
6. Dr. Nachiket Mor, Director
7. Shri Bharat N. Doshi, Director
8. Shri Sudhir Mankad, Director

(b) RBI periodically estimates and reviews the demand for currency and accordingly in consultation with Gol indents for supply is placed with the Presses. The same is a continuous process. As regards to printing of new banknotes in the denomination of Rs. 2000 and 500 the same had been printed to facilitate the cash requirements of the members of public. Towards this, Presses had augmented production of banknotes which were being sent to different parts of the country on priority.

(c) & (d) The white paper on Black Money, dated May, 2012 by the Department of Revenue had noted that the estimate of Black Money has increased from 15-18 % of GDP to 19-21 % of GDP during 1975-76 to 1983-84. Report of the Special Investigation Team (SIT) mentioned that in India a large amount of unaccounted wealth is stored and used in the form of cash and also there have been huge cash recoveries by law-enforcement agencies from time to time. As per the World Bank report, the shadow economy was estimated at 20.7% of the GDP in 1999 and had risen to 23.2% in 2007.