



American economist says India's GDP growth appears solid

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Noted American economist Steve H Hanke has said that India's economic growth for 2016-17 is appearing 'solid' because the GDP figures did not take into account adverse impact of demonetisation on informal economy.

"India's growth is only solid b/c it ignores the adverse effect of #demonetisation on the massive informal economy," Hanke, an American applied economist at the Johns Hopkins University in Baltimore, Maryland, said in a tweet.

The Indian government had last month pegged GDP growth at a higher-than-expected 7.1 per cent for the current fiscal despite note ban. The Central Statistics Office had put the growth rate for October-December -- the quarter in which the government banned 86 per cent of the currency in circulation -- at 7 per cent, compared to 7.4 per cent in the second quarter and 7.2 per cent in the first quarter.

India's growth was higher than China's 6.8 per cent for the October-December period of 2016. The growth numbers were better than those projected by the RBI (6.9 per cent) and international agencies like IMF (6.6 per cent), OECD (7 per cent) in view of demonetisation.

The Organisation for Economic Cooperation and Development had in February last year projected the country's economy to expand at 7.4 per cent in 2016-17.

Buoyed by higher-than-expected GDP growth, Finance Minister Arun Jaitley has also said a 7 per cent expansion in third quarter belies exaggerated claims of note ban impact on rural economy.