

# Economists not as optimistic as govt about GDP growth

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None of the 10 economists and experts that *Business Standard* spoke to believe the country's economic growth would be 7.1 per cent for the current financial year, as announced by the statistics office of the government on Friday.

The most optimistic projection by an economist was seven per cent, but he also gave a range of 6.7-7 per cent. Former chief statistician Pronab Sen said his assumption was that re-monetisation would not be completed before March 31. Going by that calculation, the economy would see six per cent growth rate. But if it takes longer, the expansion would be less than six per cent.

Former member of the prime minister's economic advisory council Govinda

Rao said the GDP numbers have been estimated on the basis of data up to October. It does not take into account the impact of the withdrawal of bank notes.

"Even without that, the CSO expects GDP to decelerate from 7.6 per cent to 7.1 per cent. Gross value added was seven per cent. If you take into account withdrawal of currency, it will be much lower. GDP will be just about 6.5 per cent," he said.

Rao said there was substantial compression of demand in November and December, and it would be difficult to make up for this in the fourth quarter. "Maybe only next year," said Rao.

State Bank of India Chief Economic

Advisor Soumya Kanti Ghosh said though an objective assessment of demonetisation on output growth was a difficult one, GDP growth would be 6.7 per cent for 2016-17 with a downward bias.

He pegged GDP expansion at six per cent in the third quarter and 6.3 per cent in the fourth quarter. CRISIL chief economist D K Joshi said: "Our estimate on December 1 was 6.9 per cent. Prior to demonetisation, we had estimated 7.9 per cent. Data availability

has been reduced by one month. There was also a disruption (demonetisation). Both together have led to overestimation of 7.1 per cent." EY chief policy advisor D K Srivastava pegged GDP growth at 6.6 per cent.

