2. India's New GDP Series- Economy

New GDP series to eliminate 'discrepancies' component; full back series by Feb 2027

To align with India's structural economic shifts, MoSPI is revising the GDP base year to 2022-23 and integrating Supply and Use Tables (SUTs) to eliminate statistical discrepancies. This overhaul utilizes digital datasets like GST and updated household surveys to ensure national income statistics accurately reflect the modern digitised economy.

Revision of India's GDP Framework

The Ministry of Statistics and Programme Implementation (MoSPI) has released a discussion paper proposing major methodological updates to how India's Gross Domestic Product (GDP) is calculated. This is aimed at improving the accuracy and transparency of national income data.

Administrative Developments

Advisory Committee- In 2024, MoSPI constituted a 26-member Advisory Committee on National Accounts Statistics.

Chairperson- The committee is headed by Biswanath Goldar.

Objective- To determine the new base year for GDP data.

Timeline- The new GDP series is scheduled for release on February 27, 2026.

New Base Year- The proposed base year for the new series is the financial year 2022-23.

Understanding GDP and Base Year

Gross Domestic Product (GDP)

Definition- GDP is the total monetary value of all final goods and services produced within a country's **domestic territory** during a specific period (usually a quarter or a year).

Current Base Year- The existing data uses 2011–12 as the base.

Releasing Authority- National Statistical Office (NSO), under MoSPI.

Calculation Methods- Expenditure Approach- Sums up all spending on final goods/services (Consumption + Investment + Govt Spending + Net Exports). Income Approach- Sums all incomes earned by factors of production (Wages, Profits, Rent). Production/Value-Added Approach**-** Aggregates the value added by each industry at every stage of production.

Base Year

Definition- A benchmark year used as a reference point for comparison in economic and statistical calculations.

Function- It serves as a fixed point against which current indicators (GDP, CPI, IIP) are measured to track changes.

Significance

Real Growth Calculation- It helps remove the effect of inflation (price rise) to reveal "real" economic growth.

Economic Reflection- It ensures data reflects the current structure of the economy, including modern consumption patterns and prices.

Need for the Change of Base Year

The shift from the 2011-12 base is driven by several structural and statistical necessities-

Structural Transformation- India's economy has evolved significantly due to digitisation, formalisation (e.g., GST), and shifts in consumption. The old base year fails to capture these changes.

Data Quality Issues- Current estimates rely heavily on outdated surveys and static ratios, which limit accuracy.

The "Discrepancy" Problem- GDP is calculated using both production and expenditure approaches. Due to differences in data sources, coverage gaps, and time lags, the numbers often do not match. These persistent and volatile discrepancies reduce the transparency and interpretability of growth numbers, affecting the confidence of policymakers and investors.

Key Changes in the New GDP Series

The new framework proposes three major shifts to enhance data reliability.

Elimination of 'Discrepancies'

Integration of SUTs- MoSPI plans to integrate Supply and Use Tables (SUTs) directly into the annual GDP compilation.
Mechanism- SUTs map how goods/services are supplied (by domestic industries/imports) and how they are used (intermediate/final consumption/exports).
Goal- This will ensure that supply matches use, thereby limiting discrepancies in early estimates and fully eliminating them in final estimates.
Use of Digital and Administrative Data- The new series will move away from static data to dynamic, real-time datasets including-

1. e-Vahan- For vehicle registration data.
2. GST Network- For tracking formal sector production and trade.
3. Other administrative records to capture economic activity more accurately.

Updated Surveys as Data Backbone- Estimates will be anchored by recent high-quality surveys-
Household Consumption Expenditure Survey (HCES)- Using data from 2022–23 and 2023–24. Updated surveys covering both formal and informal enterprises.

Challenges Ahead

Transitioning to the new system involves significant hurdles
Methodological Complexity- Even with better tools, GDP estimation remains mathematically complex.
Data Integration- Merging diverse administrative datasets (like GST) with traditional survey data poses challenges regarding consistency and quality.
Timeliness- The success of the new calendar depends on the timely availability of reliable survey data.
Comparability- The shift may initially create difficulties in comparing new data with long-term historical trends.

Comparison- Old vs. New Framework

Feature	**Current Series**	**Proposed New Series**
Base Year	2011–12	2022–23
Release Date	-	February 27, 2026
Primary Data Sources	Older surveys, static ratios	HCES (2022-24), e-Vahan, GST data
Handling Discrepancies	Discrepancies exist between methods	Supply and Use Tables (SUTs) used to eliminate discrepancies
Focus	Traditional economic structure	Digital & Formalised economic structure

Concluding Remarks

The revision of India's GDP series is a decisive step toward enhancing the credibility and transparency of national income statistics. By updating the base year and resolving statistical discrepancies, the new framework will better reflect the ground realities of a rapidly digitizing and formalizing economy.
Source- https://indianexpress.com/article/business/new-gdp-series-to-eliminate-discrepancies-component-full-back-series-by-feb-2027-10423606/