

India's New GDP Series - Towards a More Accurate Measure of Economic Growth

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India's New GDP Series Latest News

- The Ministry of Statistics and Programme Implementation (MoSPI) is releasing a new series of National Accounts Statistics (NAS) with **2022-23** as the base year, replacing the 2011-12 base year.
- The revised series aims to provide a more **accurate and granular** measurement of Gross Domestic Product (GDP) and Gross Value Added (GVA).

Why the New GDP Series Matters

- **Updating the economic structure:** Since the last revision in 2015, India's economy has undergone major transformations. **For example,**
 - Expansion of digital economy and e-commerce
 - Increased formalisation due to GST
 - Changes in consumption and employment patterns

- Growth of financial and services sectors
- **Updating the base year ensures:** Better measurement of real economic growth, improved sectoral representation, and reliable policy formulation.

Key Structural Changes

- **Base year revision:** The base year updated from 2011-12 to 2022-23, reflecting current economic structure, and improving comparability across time.
- **Improved sector-wise measurement:**
 - **Private corporate sector: Old method:** Entire company's GVA allocated to the dominant sector.
New method: Activity-wise revenue share approach. Captures sectoral contributions more accurately.
 - **General government sector:** New inclusions are housing services provided to government employees. Better coverage of autonomous bodies, local governments. This improves measurement of government output.

Better Measurement of Household Sector

- The household sector, a major contributor to India's economy, will now be estimated more accurately.
- **Improved data sources:** Annual use of Annual Survey of Unincorporated Sector Enterprises (**ASUSE**), and Periodic Labour Force Survey (**PLFS**). Earlier, data was extrapolated, but direct annual estimation now.

Improved Consumption Estimates

- Private Final Consumption Expenditure (**PFCE**) will be estimated using –
 - Household Consumer Expenditure Surveys
 - Production data
 - Administrative datasets
- This improves measurement of domestic demand, and consumption-driven growth.

Integration of New Data Sources

- **GST data:** Expanded use of Goods and Services Tax (GST) data, which will be applied for –
 - Regional output estimation
 - Corporate value addition measurement
 - Identification of active companies
- **Impact:** Better measurement of formal economy, and reduced estimation errors.

Financial Sector Improvements

- **Banking sector:** The new series will use the Statistical Table Related to Banks in India (STRBI) published by the Reserve Bank of India (RBI) to estimate the activity of both public sector banks as well as private sector banks.

- **NBFC sector:**

- The earlier proxy-based approach to estimate the activity of private Non-Banking Financial Companies (NBFCs) is being replaced by the use of actual financial data of NBFCs from the Ministry of Corporate Affairs.
- Result will be improved financial sector GVA estimates.

Informal Sector and Agriculture

- **Better coverage of informal sector:**

- Enhanced use of ASUSE data captures insurance agents' activity, informal enterprises, and Gross Fixed Capital Formation (GFCF) in the unincorporated sector.
- **Significance:** Better representation of India's informal economy.

- **Agriculture sector improvements:**

- Updated methodologies and datasets based on studies by –
 - Inland Grassland and Fodder Research Institute
 - Central Marine Fisheries Research Institute
 - Central Inland Fisheries Research Institute
 - Agricultural Development and Rural Transformation Centre
- **Impact:** Improved estimation of livestock, fisheries, and fodder production.

Measure Methodological Upgrade - Double Deflation

- **Old system - Single deflator method:**

- Same inflation rate applied to inputs, and outputs, resulting in **overestimation** when input prices fall slower than output prices, and underestimation when input prices rise faster.
- **Example:** Real GDP growth in 2025 possibly overstated due to this method.

- **New system - Double deflator method:**

- Separate inflation adjustment for inputs, and outputs, resulting in more accurate real GVA and GDP, sector-specific deflators, and reduced growth distortions.
- **Significance:** Major statistical reform in GDP estimation.

- **Integration with Supply and Use Tables (SUT):**

- SUT will be integrated into national accounts. They show production sources, imports, intermediate consumption, final consumption, and exports.
- **Benefits:** Reduced statistical discrepancy, and improved consistency between production approach, and expenditure approach.

- **Data improvements from States:** Enhanced reporting by States includes local bodies, and autonomous institutions, resulting in increased direct estimation, and reduced imputation.

- **Release timeline:**

- The new series of national accounts data to be released on February 27, 2026.
- However, it will take almost a year to get a 'back series' that shows GDP data for years before 2022-23 as per the new GDP series.

Possible Impact

- **On growth estimates:**
 - GDP revisions may raise growth estimates in some years, lower estimates in others.
 - **Previous revision (2015):** 2013–14 growth revised from 4.7% from ~6.4–6.9%
 - **New revision:** May change recent growth estimates significantly.
- **International statistical standards:**
 - The 2008 System of National Accounts (SNA 2008) – the international statistical standard for national accounts data – is currently being used by India and other countries to compile GDP.
 - Last year, the United Nations Statistical Commission adopted an updated version of these norms, called SNA 2025.
 - India plans to shift to SNA 2025 in its next base year revision.

Challenges and Way Forward

- **Statistical challenges:** Complexity of double deflation, large data integration requirements, and back-series reconstruction difficulties.
 - **Statistical reforms:** Regular base-year revisions (every 5 years), faster release of back-series data, and improved administrative data integration.
- **Institutional challenges:** State-level data quality variations, informal sector measurement gaps, and data lag from surveys.
 - **Institutional measures:** Strengthen State statistical systems, improve survey frequency, and enhance digital data collection.
- **Credibility issues:** Past GDP revisions triggered debates, and there is the need for transparency in methodology.
 - **Global alignment:** Timely adoption of SNA 2025, and improved international comparability.

Conclusion

- The 2022–23 GDP base-year revision marks one of the most significant statistical upgrades in India's national accounts in over a decade.
- If implemented transparently and updated regularly, the revised GDP framework will strengthen **evidence-based policymaking** and international confidence in India's economic statistics.

Source: **TH** | **IE**

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