

## GOVERNMENT OF INDIA

### MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

#### Understanding the New Series of GDP

#### Frequently Asked Questions

##### 1. What is Gross Domestic Product? How it differs from GVA?

GVA (Gross Value Added) is the total value of goods and services produced in the country after subtracting the cost of raw materials and inputs used to produce them. It is a measure of the contribution to GDP made by an individual producer, industry or sector. GDP is arrived at by summing all the GVAs and adding taxes on products and subtracting subsidies on products (often stated together as “taxes less subsidies on products” or “net taxes on products”). In order to assess the change in economy from one period to another in a meaningful manner, it is important to ensure that same measurement-methods and data sources have been used for both the periods.

##### 2. What is Base Year and why is Base Revision undertaken?

The base year is the reference year with which we compare changes in economic indicators like GDP, CPI and IIP over time. To reflect the changes that have happened in the economy over the years, it is important to update the base year and incorporate new data sources and methods into the estimation of GDP. This helps to make economic data more accurate.

Methodology and data sources used in compilation of GDP and other macro-economic indicators for a particular series are finalized at the time of base year revision and continue for all subsequent years till the base year is revised again.

##### 3. What is the frequency of base year revisions undertaken by MoSPI?

Under normal conditions, it has been MoSPI's endeavor to revise the base year periodically in five years, as per international recommendation.

##### 4. Why is the GDP base year being revised to FY 2022-23?

The chosen year must be a “normal” year, meaning there should be no major economic shocks or unusual events in that year so that it reflects the real state of the economy. For the current revision, 2022-23 has been chosen as the base year based on the recommendations of Advisory Committee on National Accounts Statistics, that includes members from various Central Ministries and Departments, State Governments, Academia and Research Institutions as they found FY 2022-23 to be a normal economic year, and important survey data needed for estimating national income was also available for this year. Other years between 2017–18 and 2021–22 could not be used because of events like the GST rollout and hence required time for consolidation, the COVID19 pandemic, etc.

**5. What is Back Series of GDP? In the new GDP series, for how many years will the back-series data be provided for? By when can we expect it?**

On 27 February 2026, both the annual and quarterly estimates for the year 2022-23 to 2025-26 will be released. Back series means estimating the past GDP numbers using updated data and methods so they align with the new base year. The back series is expected to be released by December 2026. As per the practice, in India, back-series estimates are recalculated using revised methodology of the new GDP series up to the previous base year. After that, it is extended back to 1950-51 using a different method (splicing method). However, the final method for preparing the back-series will be decided in consultation with the Advisory Committee set up to guide MoSPI.

**6. How comparable will the revised GDP series be with international statistical standards such as the UN System of National Accounts?**

India prepares its GDP estimates according to the 2008 System of National of Accounts (SNA 2008), which is a globally accepted standard. The United Nations Statistical Division (UNSD) is now moving from SNA 2008 to SNA 2025. Countries are expected to adopt a new standard during 2029-30. India plans to shift to SNA 2025 in its next base year revision. Besides, India is also a subscriber of IMF's Special Data Dissemination Standard (SDDS), which indicates that the country meets all the tests of good statistical citizenship. The revised series is in sync with the international statistical standards.

**7. Is MoSPI planning to release a detailed document on methodology and data sources used in the new series?**

Yes.

Methodology and data sources used in compilation of estimates will be presented comprehensively in MoSPI's publication 'Sources and Methods'. The publication is scheduled to be released in the next few months.

**8. What new data are being incorporating in the new GDP series?**

Several new and improved data sources are being used in the new GDP series to make the estimates more accurate and reliable.

**Measurement of the Household Sector:** Earlier, the household sector was estimated using growth rates between surveys or proxy indicators. In the new series, actual level estimates are being prepared using regular annual surveys such as Annual Survey of Unincorporated Sector Enterprise (ASUSE) and Periodic Labour Force Survey (PLFS). These surveys will measure the dynamism in the household sector more accurately and regularly. GST data will also be used to cross-check the estimates obtained from other data sources.

**GST data:** Data from GST are being used for allocation of all-India estimates for private corporate sector across states, and for cross-validation in annual accounts besides its extensive use in quaternization and as an indicator in Quarterly National Accounts.

**e-Vahan:** Data from e-Vahan are being used to estimate Private Final Consumption Expenditure (PFCE) related to road transport services.

**Public Finance Management System (PFMS):** Data from the PFMS are being used to compile central government estimates and allocate them among states. This will allow the use of actual expenditure data instead of Revised Estimates (RE) at the FRE stage itself.

**Studies:** New and updated rates and ratios are being adopted based on recent studies conducted by expert institutions. These include: (i) a grass and fodder study conducted by the Indian Grassland and Fodder Research Institute for agriculture; (ii) fisheries studies conducted by the Central Marine Fisheries Research Institute and the Central Inland Fisheries Research Institute; (iii) a study on milk and milk products conducted by the National Dairy Research Institute for use in Private Final Consumption Expenditure (PFCE); and (iv) a study on transport services conducted by Jawaharlal Nehru University for PFCE.

## 9. What are the major methodological changes in the new GDP series?

The major methodological improvements include:

### Increased dynamism in measuring the household sector

- Earlier, to know how much small businesses and household enterprises that cover a large part of informal sector, contributed to the economy, the data from surveys of unincorporated enterprises/employment from the base year was used. For the next years, the numbers were estimated using the growth from past surveys or using related indicators. Now, in the new method, since the data is being collected every year from regular surveys like the Annual Survey of Unincorporated Sector Enterprises (ASUSE) and the Periodic Labour Force Survey (PLFS), this sector will be estimated more accurately as every year direct estimates will be generated, without just working on old survey numbers. It helps in better capturing of the contribution of the informal sector to the GDP in the economy.

### Use of double deflation or single extrapolation

- Sometimes value of goods and services produced rises just because prices go up, not because more is produced. When we talk about real increase, we mean the actual growth in the amount of goods and services produced or sold, not just higher prices. Therefore, in estimating real growth the price effect has to be removed. In revised series a detailed method (double deflation) of adjusting the GDP for price

changes will be used for manufacturing sector in addition to agriculture sector. Under this method the effect of prices is removed separately for inputs and outputs and therefore it gives a much clearer picture of real growth. In the new series, single deflation has been completely done away with. Deflators will be used at a more granular level and over 300 item-level indices have been used in new series of national accounts.

### **Lower discrepancy through Supply and Use Tables**

- In India, the GDP is published in two ways - one, by adding the value of everything that was produced (production), two, by adding all the money that people, businesses and government spent (expenditure). In theory, both numbers should be the same. But often these two numbers don't match exactly. This small difference is called the 'statistical discrepancy'. It happens because some data especially on the spending side, is not available, or reported late. To fix this, in this base revision, the Ministry has used a big checking list (called Supply and Use Table) following international guidelines. It matches what is produced with how it is used and mismatches, if any, are adjusted and therefore, discrepancy is minimized/eliminated.

### **Updated rates and ratios**

- When GDP is calculated, then always exact numbers are not available for estimating everything. So, in some cases, rates and percentages are used for estimation and these are derived based on surveys or expert studies. So, when GDP numbers are updated, the rates and ratios are also updated. This makes the final numbers more correct and closer to the real situation in the country.

### **Segregation of multi-activity private corporations**

- Some big companies do many kinds of business at the same time, for example, they might produce household goods, run a software business, and provide other services all together. Earlier, in the absence of detailed data, to estimate the contribution of such multi activity companies to the country's GDP, all their output was put under the main business. Now, with new company data available i.e. (MGT-7/7A), these companies report exactly how much money comes from each activity. So, their total GVA can be split properly across different businesses. This makes GDP numbers clearer, showing exactly how much each type of business is contributing.

### **More nuanced estimation of PFCE**

- The new series uses a mixed approach: (a) enhanced use of the Household Consumer Expenditure Survey; (b) direct estimation based on production and other data sources; (c) the commodity flow approach. The latest relevant standard, COICOP 2018, has also been adopted.

## **New data sources**

- GST data, PFMS, e-Vahan, and other sources that are more comprehensive and available at a shorter time lag have been explored for augmenting existing data sources for compilation and corroboration of estimates.

### **10. From where details of improvements listed above can be accessed?**

Advisory Committee on National Accounts Statistics (ACNAS) was constituted in 2024 to suggest MoSPI, among other things, on issues such as methodological improvements, incorporation of new data sources etc. Five sub-committees were constituted under ACNAS to simultaneously deliberate on specific subjects. 56 experts who were members of these committees deliberated in 39 meetings during the past two years on these issues.

The details of above-mentioned improvements are available in the reports of three sub-committees dealing with all-India estimates, which are available on the website of the Ministry. Report of the Sub-committee on Regional Accounts and Sub-committee on SNA Update will be released later.

### **11. What measures have been taken in the new series to capture India's household sector more comprehensively?**

Earlier, to know how much small businesses and household enterprises that cover a large part of informal sector, contributed to the economy, the data from surveys of unincorporated enterprises/employment from the base year was used. For the next years, the numbers were estimated using the growth from past surveys or using related indicators. Now, in the new method, since the data is being collected every year from regular surveys like the Annual Survey of Unincorporated Sector Enterprises (ASUSE) and the Periodic Labour Force Survey (PLFS), this sector will be estimated more accurately as every year direct estimates will be generated, without just working on old survey numbers. It helps in better capturing of the contribution of the informal sector to the GDP in the economy.

### **12. Is the contribution of the hired domestic workers (like cooks, drivers, persons cleaning households, etc.) by the households included in the estimation of GDP?**

Yes, such activities are termed as the “activities of households as employers of domestic personnel” and their contribution is included in the estimation of the GDP. The estimation is based on the number of such workers and their wages as available from the annual PLFS data.

### **13. How will the revised base year improve measurement of newer sectors like digital services, platform economy, gig workers etc.?**

All economic activities, including digital services and intermediary platforms etc. were already covered through MCA-21 data for the corporate sector.

In the 2022-23 series, with availability of two annual surveys namely, ASUSE and PLFS, the contribution of GDP of these sectors in the household sector (like unincorporated small businesses, self-employed people, informal economic work, etc.) is being more accurately captured annually through these survey-based estimates. All economic activities are being captured more comprehensively in the new series.

### **14. What is a GDP deflator? Does the new series comprehensively resolve the persistent concerns regarding the accuracy of the GDP deflator?**

Sometimes value of goods and services produced rises just because prices go up, not because more is produced. When we talk about real increase, we mean the actual growth in the amount of goods and services produced or sold, not just higher prices. Suppose a country produced 100 bicycles last year, selling each for ₹1,000 → value of output = ₹100,000. This year, the country produced the same 100 bicycles, but price went up to ₹1,100 → value of output = ₹110,000. At first glance, it looks like GDP grew by 10%, but the number of bicycles didn't increase, only the price did. The GDP deflator removes the effect of the price increase, showing that real growth is 0%, no extra bicycles were actually produced.

To remove the price effect from the GDP growth, certain price indices like the CPI, WPI etc. are used, these are called deflators. These remove the effect of price changes so the government can see the real growth how much more stuff is actually being produced, not just how much prices went up.

An advisory Committee was set up to guide the base revision of GDP. A sub-committee specifically examined issues related to deflators. As per the recommendation of the Committee, in the new series, single deflation has been completely eliminated. In fact, double deflation is being applied in sectors like manufacturing and agriculture. In other sectors, single extrapolation is being used. Deflators are being applied at a more detailed, granular level. These changes are expected to improve the accuracy and reliability of GDP deflators in the new series.

### **15. Is MoSPI still using the WPI with 2011-12 base year in calculating GDP estimates in the new series? Will the ministry use the PPI prepared by DPIIT in the new GDP series?**

The base year revision of WPI is still in progress. Until the updated WPI becomes available, the existing WPI will continue to be used as a deflator. However, it is important to note that the method of use of WPI has undergone change in new series

compared to the old series. In the new series, WPI is used at granular level. Separate item-level WPI for output and intermediate consumption are used in Manufacturing sector. Adoption of double deflation in manufacturing sector will enable improved measurement of its GVA estimates compared to old series where same WPI was used for both output and input items. Using WPI at the item level also avoids distortions caused by changes in weights when aggregating across items and sub-categories.

Additionally, the Ministry plans to incorporate the PPI in the near future once it is officially released by the DPIIT.

## **16. What is Supply and Use Table Framework?**

Supply and Use Tables show where all goods and services in the economy come from, whether they are made in the country or brought from other countries, and how they are used. They track if products are used to make other things, sold to households, used by the government, invested, or exported. Total supply in an economy should match total use and if it doesn't then it means there are some data issues. Therefore, SUT helps in checking and balancing all the numbers from production, income, and expenditure side, thus making GDP measurements more accurate.

The SUT framework relies on the principle of product balancing, which ensures that:

The total supply of a product (from domestic production + imports) equals the total use of that product (for intermediate consumption + final consumption + capital formation + exports).

In simplified terms:

Output + imports = intermediate consumption + final consumption expenditure + capital formation + exports

This ensures that every product entering the economy is fully accounted for.

## **17. What is statistical discrepancy? Why does this discrepancy arise in data? How MoSPI is addressing this issue in the base revision exercise?**

In India, the GDP is published in two ways - One, by adding the value of everything that was produced (production), two, by adding all the money that people, businesses and government spent (expenditure). In theory, both numbers should be the same. But often these two numbers don't match exactly. This small difference is called the 'statistical discrepancy'. It happens because some data on the especially on the spending side, is not available, or reported late and also because each approach might use slightly different methods.

To fix the issue of discrepancy, in this base revision, the Ministry has used a big checking list (called Supply and Use Table) following international guidelines. It matches what is produced with how it is used and mismatches, if any, are adjusted and therefore, discrepancy is minimized/eliminated.

## **18. What are the SNA recommendations to handle this discrepancy?**

As per the System of National Accounts 2008 (SNA 2008) and continued in System of National Accounts 2025 (SNA 2025), the following recommendations are made for handling statistical discrepancy in GDP estimates:

- i) The statistical discrepancy may be explicitly shown and published alongside official GDP estimates. This enhances transparency enabling users to clearly understand the statistical difference instead of adjusting the estimates to force equality.
- ii) Another approach is to reconcile the Production/Income and Production side estimates by borrowing strength from Supply and Use Table (SUT) framework.

## **19. How are sector wise GDP estimates compiled and what are the data sources used in compilation of these estimates?**

The economy is broken into sectors and each sector's GDP is estimated separately. The main sectors and their data sources are:

- Private businesses (non-financial corporations): Data from company records (e.g. filings with the corporate registry).
- Financial sector: Data from financial regulators and the central bank (like RBI, SEBI) because banks and insurance companies are closely monitored.
- Government: Central and state budget documents and government accounts (budget receipts, expenditures, local body accounts).
- Households (and non-profits): Survey data (like employment or consumption surveys, e.g. ASUSE/PLFS) cover the output and spending of households and charities.

Estimates for each industry are prepared by institutional sector. For the Household Sector, industries such as Agriculture, Construction, and Ownership of Dwellings use a different methodology than other industries. Detailed explanations of these methods are available in the relevant discussion papers and sub-committee reports.

## **20. What are the major data sources to compile the estimates of General Government Sector? How the estimates of General Government sector are compiled?**

As the Government output is not sold in the market, we estimate it by adding up costs incurred in production. The main data sources are central and state budget documents, plus local government accounts. The government's Gross Value Added (GVA) is calculated by summing:

- Compensation of employees: All government salaries, pensions, and benefits.
- Intermediate consumption: The cost of goods and services the government uses (like electricity, office supplies, etc.).

- Consumption of fixed capital: The depreciation or “wear-and-tear” of government buildings, vehicles, and equipment.

These costs together give the government’s output value. In other words, government output = wages & pensions + other operating costs + depreciation of assets.

## 21. What major changes have been incorporated in the estimation of General Government Sector in the new series?

Some of the major improvements incorporated in estimation of General Government in the new series are as follows:

- Adjustment for pension due to rollout of NPS and coexistence of OPS and NPS
- Imputation of accommodation provided by government in lieu of HRA
- Improved coverage in case of local bodies and autonomous institutes
- Use of volume extrapolation method for estimating the product subsidies at constant prices

Details are available in the reports of the subcommittee.

## 22. What methodological improvements have been introduced in quarterly GDP estimation under the new base year 2022–23?

Now, a better method for estimating quarterly GDP is being used. This method smooths out the numbers, so the quarterly GDP changes gradually and more accurately show the real ups and downs in economic activity.

## 23. What new or expanded data sources are being used in quarterly GDP compilation?

The new or expanded datasets being used in quarterly GDP compilation are as follows:

- **GST tax data:** The Goods and Services Tax records from businesses are used for manufacturing and services. Monthly GST collections show how much is sold in different sectors, serving as a high-frequency activity indicator.
- **Taxes and subsidies:** Better volume indicators are used to estimate taxes on products and subsidies in line with actual output.
- **Alignment with annual methods:** The way we measure investment (Gross Fixed Capital Formation) and services trade quarterly is now closer to the annual method.
- **Price indexes:** More detailed price indices (CPI, WPI, etc.) at the item level are used to adjust values.

Together, these new data sources and indicators give a richer and timelier picture of economic activity in the quarterly GDP.

#### **24. How has alignment between quarterly estimates and Annual National Accounts been strengthened?**

The revised quarterly compilation framework has been aligned more closely with the Annual National Accounts methodology in terms of sectoral classification, deflation strategies, and estimation practices. This harmonization ensures greater consistency between quarterly and annual GDP and GVA estimates. Also, new benchmarking method adopted in quarterly series will strengthen consistency with annual national accounts series.

#### **25. What sector-specific refinements and improvements in deflation practices have been introduced in Quarterly National Accounts?**

Several sector-specific refinements have been introduced in deflation method. Double deflation is adopted for Manufacturing sector against the previous practice of single deflation. Under this approach, outputs and inputs are deflated separately using their respective price indices leading to more accurate measurement of real growth of manufacturing sector. Further, deflators such as CPI, WPI, Unit Value Index, etc is being used at more granular level by moving from aggregate level in old series to item-group level in new series. Further, new series of CPI is considered and new series of WPI/PPI is being adopted whenever released in near future.

#### **26. How are the quarterly GDP estimates calculated?**

NSO, MoSPI calculates the quarterly GDP estimates using Benchmark-Indicator and this is a standard method used worldwide following the SNA 2008 and IMF's Quarterly National Accounts Manual 2017. The method works as follows:

- Annual GDP estimates act as a reference point or benchmark.
- High-frequency data, like monthly or quarterly indicators, are applied to these benchmark estimates to estimate quarterly GDP.

Benchmarking to annual estimates ensures temporal consistency. High frequency indicators are applied on the benchmark estimates to derive the estimates. Due to divergence of data sources of indicators and the annual estimates in terms of definition and coverage, quarterly estimates are inherently prone to revision. In the new series, adoption of proportional Denton benchmarking enhances, incorporation new data sources and increased granularity and better deflation strategy is likely to institute more stability and robustness of estimates.

#### **27. Whether previously released estimates and quarterly growth rates in the new series will undergo change?**

Yes. As the base year is being changed and the method of calculation is being updated like adding new indicators, using more detailed data, and better ways to

adjust for inflation, etc. The annual and quarterly estimates for the years 2022-23 to 2025-26 as per base year 2022-23 will be released on 27 February 2026.

### **28. What is the role of MoSPI in Gross State Domestic Product (GSDP) Estimation?**

NSO, MoSPI issues the guidelines for estimating the GSDP estimates and helps the States and the Union Territories (UT) to estimate their own Gross State Domestic Product (GSDP) in a consistent way by providing the guidance and advice following uniform definition, concepts and methodology. The Directorates of Economics and Statistics (DES) of the States/UTs compile their GSDP using their State/UT-specific data from the same data sources mostly.

### **29. When the GSDP series with new base is expected?**

When the national GDP base year is updated by NSO, MoSPI, the State/UTs also update their GSDP base year to match. This keeps the State/UTs' GSDP estimates consistent with the national estimate. After the GDP with the updated base year 2022-23 is released, NSO, MoSPI will inform the States/UTs about the methodological changes or improvements in the way GSDP is calculated.

### **30. What major methodological improvements are made in estimation of GSDP during a new Base Year revision?**

Major methodological improvements include: (i) reduction in allocation-based methods in favour of direct estimation for some sectors or sub-sectors, (ii) reduction in reliance on fixed ratios and proxies, (iii) improved use of State-wise information of economic activity, (iv) greater methodological consistency across States.

### **31. How the GDP estimates impact the lives of the common citizens?**

GDP estimate is not only a macro-economic indicator, it is a significant part of the human development at national level. GDP provides contribution of various sectors in the economy and helps formulate appropriate policies, which helps people including farmers, small businesses, manufacturers and service enterprises.

For example, earlier, in agriculture, more emphasis was on production of crops like paddy, wheat etc. GDP estimates provide crop wise production figures. Now enhanced focus is being provided for growing of fruits, oilseeds, pulses, fisheries sector etc. Similarly, enhanced emphasis is being provided to the manufacturing sector by the Government. In addition to this, the investment decisions, capacity to take loan etc. are also influenced by the GDP estimates. Thus, it plays a very important role in every citizen's lives.