

# *New GDP series to reboot consumption spending maths*

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In 2023-24, rural as well as urban Indian households spent more of their monthly budgets on non-food items like conveyance, clothing, and durable goods, than food items, marking a shift from previous decades. Now, these changed consumption patterns will be used to improve the consumption spending estimates computed to arrive at the economy's Gross Domestic Product (GDP).

For the country's revised GDP series, slated to be released on February 27, 2026, India's official statistical machinery has decided to use data from the Household Consumption Expenditure Surveys (HCES) conducted over 2022-23 and 2023-24, along with other survey and administrative data sources, to calculate the private final consump-



tion expenditure (PFCE).

This would be a departure from the National Statistical Office's (NSO) current practice of relying on a 'commodity flow' approach to estimate consumption. In a discussion paper released on Tuesday, the statistics ministry noted that "the approach is to find an alternative to the commodity flow [method] to derive an

independent estimate of the PFCE items to the extent of reliable and robust data availability."

As a result, data for 61 items included in the PFCE, which mostly consist of food items and are widely consumed across households, will be taken from the HCES data. Similarly, 34 PFCE items that include mobility services, fuel items

and other services like health & education will now be estimated directly, using administrative data from sources like E-Vahan (for vehicle purchases), the Directorate General of Civil Aviation (for air travel), Railways' travel data, petroleum consumption data, and electricity sales reported by the Central Electricity Authority.

Under the commodity flow approach used earlier, the PFCE is estimated from the marketed surplus of different consumer goods by accounting for production, intermediate use across sectors, net imports, changes in stocks, government consumption, and wastage, where relevant. This method produces consumption estimates that are independent of household consumption survey data and it treats household consumption as what is left after all other uses are accounted for. India used the commodity flow

approach in earlier series because consumption surveys were infrequent and inconsistent, and production data, especially for agriculture and manufacturing, was relatively stronger.

However, former National Statistical Commission (NSC) acting chairman PC Mohanan cautions that like the commodity flow approach, the use of actual HCES data is also prone to errors and misrepresenting the demand situation in the economy, as it underestimates the consumption especially for the higher income households.

The new GDP series will also adopt the Classification of Individual Consumption According to Purpose (COICOP) 2018, instead of the 1999 series currently in use, the ministry's discussion paper stated. COICOP is the UN's international standard for categorising household spending on goods and services.