

New GDP series to improve informal sector estimates

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India's new national accounts will leverage new data sources and surveys to enhance the measurement of the country's informal economy, and introduce double deflation methods across sectors, replacing the current system that relies on a single deflation mechanism in gross domestic product (GDP) calculations.

These changes, which would also tackle some of the data adequacy concerns raised by the International Monetary Fund (IMF) about India's national accounts, were highlighted by Ministry of Statistics and Programme Implementation (MoSPI) Secretary Saurabh Garg at a consultative workshop on Tuesday.

The revised national accounts series will rely on newly available and more comprehensive set of granular data, including the Annual surveys of Unincorporated Sector Enterprises (ASUSE), Periodic Labour Force Survey (PLFS), replacing proxy-based estimates used in earlier series due to data constraints, he said.

Another new feature would be the use of double deflation across all sectors, using volume extrapolation where needed and aligning the Wholesale Price Index (WPI) closer to the Producer Price Index (PPI). "In the new series, we will not have single deflation in any sector," he stressed. The new GDP series is scheduled for release on February 27, 2026.

Double deflation calculates real output by separately deflating an industry's gross output and its intermediate inputs and provides more accurate, consistent results than single deflation.

"In the new series, we will be using double deflation wherever robust data is available, including volume. The ministry is in touch with the Department for Promotion of Industry and Internal Trade (DPIIT) for producer price index data and service price index. Once this index will be available, we will use double deflation in all the sectors," said N K Santoshi, Director General (Central Statistics) in the Statistics ministry.

The ministry does not expect a significant change in GDP estimates with the revised national accounts series, Garg said. "[It is] too early to speak on its impact on GDP numbers. In general, we don't expect much change from our previous expectations," he said.

The ministry also talked about its plan to use real-time data to enable triangulation for national and state GDP estimates, and has planned to help build states' capacity on this front after February.

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able for example through the Goods and Services Tax Network (GSTN) and the Public Financial Management System (PFMS) that helps us have better triangulation of data which is available from surveys. In the gross state domestic product (GSDP), we will have better triangulation mechanisms available because of this," he underlined.

Garg also revealed other initiatives in the pipeline, like the Annual Survey of Service Sector Enterprises, an Index of Service Production, and a comprehensive National Product Classification that will cover both manufacturing and services. Recognising the importance of data as a separate class of asset, in line with the System of National Accounts (SNA) 2025, Garg said that work on different aspects of environmental accounts (forests, land, soil, ocean) and satellite accounts for digital economy, culture, tourism is underway. "A work that we are doing with all state governments and ministries is to ensure that data follows common classifications, standard definitions and is available in a machine readable format," he noted.

Informal economy math

Suman Bery, vice chairman, Niti Aayog called for better data on informal employment, questioning the International Labour Organization (ILO) definitions' fit for Indian context. "We are not going to be able to get a handle on what's happening to labour productivity until we can

comprehend what's going on in the informal sector, which is 50 per cent of the labour force," he said, calling it "frontier work".

Chief Economic Adviser (CEA) V Anantha Nageswaran said the informal economy's size may be overestimated due to structural blind spots and the prevailing accounting practices among small businesses, owing to the inability of sole proprietorships to separate personal and professional accounts that often leads to their classification as informal enterprises. This was not necessarily because firms operate outside the formal system, but because their financial records remain intermingled, and outside the ambit of data covered by MoSPI. "Since Indian businesses predominantly are sole proprietorships with small limited partnerships, the separation of books of accounts by individual business owners between personal and professional activities is quite blurred," he argued, adding that measuring informality is inherently complex. "It is not an easy exercise because definitions around the world are not particularly uniform," he pointed out.

The CEA pushed back on selective scepticism about India's growth data. "We don't hear too many murmurs when GDP data disappoint on the downside," he said, recalling the lack of methodological scrutiny when India had a sharp contraction in 2020-21. Concerns over data quality, Nageswaran averred, tend to surface only when growth surprises on the upside.