New GDP series to use 600 item level data

FOCUS ON ACCURACY. The revised series will adopt double deflation for sharper growth estimates

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The Ministry of Statistics will significantly expand the data used to calculate India's Gross Domestic Product (GDP) in the upcoming series with base year 2022-23, aiming to improve the accuracy of growth estimates.

The revised series, scheduled for release on Friday, will use nearly 600 item level data indicators under the double deflation method, more than three times the current 180 level data used for price adjustment.

NEW GROWTH DATA

A senior official said once the national GDP numbers under the new base year are released, work will begin on compiling revised growth data for States and Union Territories.

At the heart of the revision is the shift to full adoption of double deflation method for key sectors such as manufacturing and agriculture and complete elimination of single deflation method. Under this approach, the value of output and the cost of inputs are adjusted separately for price changes before calculating real growth. In simple terms, GDP aims to measure how much the economy is producing in real terms, that is after removing the impact of inflation. To do this, statisticians use price indices or deflators.

Under double deflation, the prices of finished goods (output) are adjusted separately. The prices of raw materials and services used to produce them (inputs) are also adjusted separately.

For example, if a factory produces shoes, bags and coats, statisticians must adjust the sales value of each product for changes in their prices. At the same time, they must separately adjust the cost of leather, rubber, glue and other materials used to make those products. Since output prices and input prices often move differently, using separate adjustments gives a more accurate picture of actual production growth. Previously, India used a mix of single and double deflation. In the new series, single deflation has been eliminated in the sectors concerned, a move that is expected to make GDP estimates more robust and internationally aligned.

However, the Wholesale Price Index will continue to be used as the main deflator until its own base year is updated. The expansion from 180 level data to nearly 600 item level data indicators means statisticians will track a much wider basket of goods and services to strip out inflation effects. According to international practice, including IMF guidance, double deflation is data-intensive and requires detailed price information across industries.

Officials said the broader price base will improve reliability of real growth numbers, especially in sectors where input costs fluctuate differently from output prices.

SURVEY-BASED DATA

The new GDP series will also rely more heavily on administrative and survey-based data rather than proxy estimates. Among the key changes are: household sector estimates will now be based on actual annual surveys such as the Annual Survey of Unincorporated Sector Enterprises (ASUSE) and the Periodic Labour Force Survey (PLFS), instead of interpolations between survey years. GST data will be used more extensively to allocate private corporate sector output across States and to cross-verify annual and quarterly estimates.

E-Vahan data will help estimate household spending on road transport services. Public Finance Management System data will be used to compile Central government expenditure and distribute it across States.

CHANGES AFOOT

- Annual quarterly estimates for 2022-23 to 2025-26 to be released on Friday
- Back series data are expected to be released by December 2026
- Statistics Ministry says the revised series is in sync with the international statistical standards
- Major methodological improvements include reduction in allocation-based methods in favour of direct estimation for some sectors/sub-sectors, and reduction in reliance on fixed ratios and proxies, besides others