

Recalibrating India's National Accounts



Clockwise from the left:
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INDIA HAS NOW redrawn its economic baseline. With the shift to a 2022–23 base year, the Ministry of Statistics and Programme Implementation has recalibrated the architecture of national income estimation. The exercise rests on three substantive levers: the integration of Periodic Labour Force Survey (PLFS) and Annual Survey of Unorganised Sector Enterprises (ASUSE) data into household-sector outputs, the reclassification of multi-activity corporate enterprises, and a more rigorous deflation framework in key sectors. This is not a cosmetic revision. It alters the structure and level of national income.



This recalibration has been years in the making. It is the culmination of nearly a decade of reforms within the statistical system. As India's economy diversified and grew into a more sophisticated market, driven by the proliferation of digital services and platform-based commerce, the legacy measurement proved increasingly inadequate. Household sector estimates relied heavily on extrapolations from older surveys. The unincorporated sector lacked a regular, comprehensive enterprise survey. Price adjustments relied in several cases on single-deflation methods that blurred the real and nominal effects. The IMF's assessment had also formally flagged issues in the GDP methodology. The current rebasing addresses these structural gaps.

What has changed in the new series reflects a reform effort that has been underway for several years. The ASUSE, which did not exist in its current form at the time of the last base revision, now does a systematic coverage of informal manufacturing and services, capturing the sector that employs the overwhelming majority of India's workforce. The PLFS is transitioning from quinquennial surveys to monthly releases and introducing calendar year re-

leases. Along with this, the earlier Effective Labour Input method in GDP calculation, which extrapolated value added from 2011–12 benchmarks, has been replaced with a framework that combines updated GVA-per-worker estimates from ASUSE with annual workforce data from PLFS. This represents a material improvement in accuracy.

Beyond the surveys, India's digital infrastructure has enabled the use of a wider range of administrative data that earlier versions of GDP estimations did not draw on, such as GST, e-Vahan vehicle registration database and the Public Financial Management System. On the corporate side, multi-activity enterprises are now reclassified based on their business activities rather than registration codes, directly affecting the sectoral composition of GVA.

As these data points now feed into the national estimates, they align the statistical measurement with the digital and economic architecture of

the economy being measured. The technical refinements are important. But they also carry broader implications. A change in GDP methodology does not simply revise growth rates. It reshapes benchmarks.

Per capita income, for instance, is derived from national income aggregates. When measurements of components that factor into GDP estimation improve, the benchmark itself shifts. That benchmark influences

State Gross Domestic Product calculations. States whose economic profiles align with sectors receiving revised rates are likely to see their GSDP estimates move accordingly. Due to the fact that fiscal ratios such as debt-to-GSDP are sensitive to the output denominator, even modest revisions can lead to a larger denominator effect.

Borrowing headroom, market perception and intergovernmental

near future.

Methodological Concerns

The highly consequential release of the back series in December 2026 will shed light on many of the questions and deliberations that have arisen. This release will enable policymakers and researchers to understand how long-term growth trajectories and sectoral contributions look under the new framework and will allow states to place their fiscal trajectories in context. For the average Indian, the significance of this reform does not lie in the numbers, but in the implications it will have for welfare programmes, subsidies, and sectoral restructuring and changes.

The revisions address several methodological concerns raised by the IMF and researchers over the past decades. By harmonizing data sources, improving deflation strategies, and leveraging digital administrative systems, these reforms enhance the timeliness, depth, and credibility of India's official statistics. This credibility is essential for evidence-based policymaking; an accurately measured economy forms the foundation for a well-designed policy system.

In consonance with these revisions, the release of the back series, the awaited census, and the initiation of updates on key baseline statistics, such as the poverty line, are necessary to consolidate this progress. These reforms will ensure that the Indian statistical infrastructure is in step to the standards needed for adaptive policymaking. In a rapidly evolving economy, ensuring that measurement aligns with reality is not only a technical necessity but a prerequisite for sound economic governance. **BW**

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policy design, international comparison and political messaging. It is also crucial that these estimates of per capita income are consistent with the ground reality of India's average income.

At the state level, the consequences are equally significant. Revisions in national methodology cascade into

negotiations are all influenced by these metrics. The Finance Commission's devolution formula, which assigns weight to income distance from the national average, will now be calibrated against these revised numbers. The extent to which horizontal transfers between states will be affected will become clear in the