

Economic Advisory Council to Prime Minister releases a detailed analysis on robustness of India's GDP estimation methodology

The Economic Advisory Council to the Prime Minister released a detailed note titled 'GDP estimation in India- Perspectives and Facts', providing a clear rationale for India's switch to an improved GDP estimation methodology in January 2015.

The new methodology that uses 2011-12 as the base year includes two major improvements: a) Incorporation of MCA21 database, and b) Incorporation of the Recommendations of System of National Accounts (SNA), 2008. This change was in line with other countries that have changed their methodologies in line with SNA 2008 and revised their respective GDP figures. On an average, real GDP estimates saw an increase of 0.7% among OECD countries.

The note concludes with the point that India's GDP estimation methodology is by no means a perfect exercise and the Ministry of Statistics and Program Implementation is working on multiple aspects to improve the accuracy of economic data. However, the direction and pace of improvement is commendable and as of today India's GDP estimation methodology is at par with its global standing as a responsible, transparent and well-managed economy. Going forward, Indian National Income Accounting is bound to change for good and an important step in accomplishing that will involve criticism from experts and academics.

The detailed note titled, GDP estimation in India- Perspectives and Facts, released by the Economic Advisory Council to the Prime Minister has been enclosed for your kind reference.

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