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India's GDP Base Year Revision — From 2011-12 to 2022-23 and the Data Credibility Debate

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India's GDP Base Year Revision — From 2011-12 to 2022-23 and the Data Credibility Debate

*The Ministry of Statistics and Programme Implementation (MoSPI) released a new GDP series with base year 2022-23 on **27 February 2026**, replacing the decade-old 2011-12 base year. Separately, a March 2026 working paper by the Peterson Institute for International Economics (PIIE) claimed that India has **overestimated GDP growth by 1.5-2 percentage points** annually between 2012 and 2023, reigniting the data credibility debate.*

WHAT IS A GDP BASE YEAR AND WHY DOES IT CHANGE?

The Concept

A GDP base year is the **reference year** against which all subsequent economic output is measured. Prices of the base year are treated as constant (=100), and real GDP growth in later years is computed relative to this benchmark. Over time, as **consumption patterns shift, new industries emerge, and relative prices change**, the base year becomes outdated and must be updated.

Why 2022-23?

The Advisory Committee on National Accounts Statistics (ACNAS), a **26-member body** chaired by **Prof. Biswanath Goldar** and set up by MoSPI in **June 2024**, selected FY 2022-23 as the new base year because it represents the first **normal post-COVID year** with robust and comprehensive data across all sectors. The committee included representatives from **RBI, NITI Aayog, the Agriculture Ministry, GSTN, DPIIT**, and the Department of Commerce.

India's Base Year Revision History

REVISION	OLD BASE YEAR	NEW BASE YEAR	KEY CHANGE INTRODUCED
August 1967	1948-49	1960-61	First major update post-Independence
January 1978	1960-61	1970-71	Expanded sectoral coverage
February 1988	1970-71	1980-81	Updated input-output tables
February 1999	1980-81	1993-94	Aligned with SNA 1993
January 2010	1993-94	1999-2000	Enterprise survey integration
January 2015	2004-05	2011-12	Shift to GVA; MCA-21 corporate database introduced
February 2026	2011-12	2022-23	Double deflation; SUT framework; HCES 2022-23 data

The **National Statistical Commission (NSC)** recommends revising the base year every **five years**, though the gap between 2011-12 and 2022-23 stretched to **11 years** — the longest since Independence. The delay was caused partly by COVID-19 disruptions and partly by the suppression of the 2017-18 Household Consumption Expenditure Survey (HCES).

THE NEW NUMBERS — WHAT CHANGED?

Nominal GDP: India's Economy Shrinks on Paper

The headline surprise: **India's nominal GDP for FY26 under the new series is Rs 345.47 lakh crore** — approximately **3.3% smaller** than the Rs 357 lakh crore estimated under the old series. For FY24 and FY25, the downward revision is even steeper at **~3.8% each**.

This matters because all fiscal ratios — **fiscal deficit-to-GDP, debt-to-GDP, tax-to-GDP** — use nominal GDP as the denominator. A smaller GDP base automatically **worsens these ratios** without any change in actual government spending or borrowing.

Real GDP Growth: Mixed Revisions

FINANCIAL YEAR	OLD SERIES (2011-12 BASE)	NEW SERIES (2022-23 BASE)	CHANGE
FY 2023-24	9.2%	7.2%	-2.0 pp
FY 2024-25	6.5%	7.1%	+0.6 pp
FY 2025-26 (est.)	7.4%	7.6%	+0.2 pp

The **sharp downward revision of FY24 real growth from 9.2% to 7.2%** is the most dramatic change. This was driven primarily by the shift from **single deflation to double deflation** in manufacturing, which corrected an artificial inflation of real output when input prices fell faster than output prices.

The Private Consumption Puzzle

The new series reveals a **massive gap in private consumption expenditure**. Cumulative Private Final Consumption Expenditure (PFCE) from FY23 to FY26 under the new series is **Rs 80.7 lakh crore lower** — or **10.5% less** — than the old series estimate. In FY26 alone, PFCE under the new series is **Rs 195.8 lakh crore** versus **Rs 219.6 lakh crore** under the old series, a gap of nearly **Rs 24 lakh crore**.

This reduction suggests that **Indian households may have been spending significantly less** than official data previously indicated — a finding consistent with independent surveys showing weak demand, rising household debt, and sluggish rural consumption.

METHODOLOGICAL IMPROVEMENTS — WHAT THE NEW SERIES GETS RIGHT

Double Deflation

The single most important methodological upgrade. Previously, India used **single deflation** — deflating gross output by a single price index to arrive at real Gross Value Added (GVA). This approach **distorts real growth** when input and output prices diverge significantly.

Double deflation separately adjusts **output prices** (using producer/output price indices) and **input prices** (using input cost indices), then derives real GVA as the difference. This is the **international gold standard** recommended by the UN System of National Accounts (SNA 2008) and the IMF. India has now adopted it for **manufacturing and agriculture**, while other sectors continue to use single extrapolation.

Supply and Use Table (SUT) Framework

The new series integrates the **Supply and Use Table (SUT) framework** with National Accounts for the first time. SUTs match **total supply (production + imports)** with **total demand (consumption + investment + exports)** for each commodity, reducing the statistical discrepancy between **production-side GDP (GVA approach)** and **expenditure-side GDP**.

Improved Data Sources

COMPONENT	OLD SERIES (2011-12)	NEW SERIES (2022-23)
Private consumption	Commodity flow method	Mixed: HCES 2022-23 + production data + commodity flow
Manufacturing	Annual Survey of Industries (ASI)	ASI + MCA-21 + GSTN data
Services	Limited enterprise surveys	Enhanced GSTN + digital payment data
Deflators	WPI-based (single deflation)	PPI-based + sectoral deflators (double deflation)
Informal sector	Formal sector as proxy	Improved with PLFS + GSTN informal enterprise data

THE IMF'S "C" GRADE — WHAT IT MEANS

DQAF Assessment

The International Monetary Fund assessed India's national accounts under its **Data Quality Assessment Framework (DQAF)** in **November 2025** and assigned a **"C" grade** — the second-lowest rating on a scale from A (best) to D (worst).

Key Weaknesses Identified

The IMF flagged four critical issues:

- **Outdated base year** (2011-12 was still in use at the time of assessment)
- **Weak deflator methods** — excessive reliance on wholesale price indices (WPI) instead of producer price indices (PPI)
- **Inadequate informal sector coverage** — the informal sector employing ~90% of workers was proxied using formal sector data

- **Limited use of double deflation** — only single deflation was applied across most sectors

The new GDP series addresses several of these concerns, but the **IMF has not yet reassessed India's rating** following the February 2026 release. A grade upgrade to “B” would require sustained improvements in **timeliness, methodological transparency, and back-series data** — the latter is not expected until **December 2026**.

THE PIIE PAPER — “20 YEARS OF GDP MISESTIMATION”

The Claim

In March 2026, economists **Abhishek Anand** (visiting fellow, Madras Institute of Development Studies), **Josh Felman** (principal, JH Consulting), and **Arvind Subramanian** (senior fellow, PIIE) published Working Paper 26-3 titled “**India's 20 Years of GDP Misestimation: New Evidence**”.

Their central finding: India's GDP growth was **underestimated by ~1-1.5 percentage points** during the boom years of **2005-2011**, and **overestimated by ~1.5-2 percentage points** during **2012-2023**. They estimate that from 2011 to 2023, the economy grew at **4-4.5% on average**, not the officially reported **~6%**.

The Scale of Overestimation

The paper's most striking claim: as of 2025, the **level of real GDP is overstated by approximately 22%** and the **level of real consumption by approximately 31%**. If correct, this would imply India's economy is significantly smaller than official figures suggest, with profound implications for per capita income estimates, poverty calculations, and India's timeline to becoming a **\$5 trillion economy**.

Root Causes Identified

The PIIE paper identifies two structural methodological problems:

- 1 **Formal-informal sector proxy problem:** India's GDP calculations use the **formal sector's performance as a proxy** for the vast informal sector. After 2015, the informal sector was disproportionately hit by **demonetisation (November 2016)**, **GST implementation (July 2017)**, and **COVID-19 (2020-21)**, while formal sector data continued to show robust growth — creating a widening gap between measured and actual output.
- 2 **Deflator distortion:** Deflators for many sectors were based on **commodity prices**, which moved sharply relative to overall prices. This created cyclical biases in real GDP calculations, sometimes inflating real growth when commodity prices fell (making the deflator artificially low).

The 2019 Harvard Paper — Precursor

This is not Subramanian's first challenge to India's GDP data. In **June 2019**, while at the **Centre for International Development (CID), Harvard Kennedy School**, he published a working paper titled “**India's GDP Mis-estimation: Likelihood, Magnitudes, Mechanisms, and Implications**” (CID Working Paper No. 354).

That paper argued that India's GDP growth was **overestimated by 2.5 percentage points** (with a 95% confidence band of 1 pp) for the period post-2011. It estimated actual growth at **~4.5%** against the officially reported **~7%** for FY12 to FY17.

The 2026 PIIE paper effectively **doubles down** on the 2019 claims with updated data, suggesting the problem has persisted even after the 2015 methodology revision.

INSTITUTIONAL ARCHITECTURE — MOSPI AND NSO

Who Compiles India's GDP?

The **National Statistical Office (NSO)**, formed on **23 May 2019** by merging two legacy bodies:

- **Central Statistical Office (CSO)** — responsible for national accounts, CPI compilation, and industrial statistics
- **National Sample Survey Office (NSSO)** — responsible for large-scale socio-economic surveys since 1950

The NSO operates under the **Ministry of Statistics and Programme Implementation (MoSPI)**. The merger was intended to reduce duplication and improve coordination, but critics argued it **weakened NSSO's operational autonomy** from the government.

The National Statistical Commission (NSC)

The **NSC** was established in **June 2005** on the recommendation of the **C. Rangarajan Commission (2001)**. It is meant to serve as an **independent oversight body** for India's statistical system. However, concerns about its effectiveness have persisted — including the **resignation of two non-government NSC members in January 2019** over the suppression of the HCES 2017-18 data.

THE SUPPRESSED HCES 2017-18 — A DATA TRUST CRISIS

What Happened

The **NSSO's 75th Round Household Consumer Expenditure Survey (2017-18)** was completed and its results reportedly showed a **decline in real per capita consumption expenditure** — the first such decline in over four decades. The data allegedly showed that **rural consumption fell** between 2011-12 and 2017-18, contradicting the government's growth narrative.

In **November 2019**, the government announced it would **not release the HCES 2017-18 results**, citing "data quality issues." The Advisory Committee on National Accounts Statistics also recommended that 2017-18 was **not an appropriate year** to use as the new base year.

Why It Matters

The suppression created a **six-year gap** in household consumption data (2011-12 to 2022-23), precisely during the period when demonetisation, GST, and COVID-19 disrupted the informal economy. Without reliable consumption data, GDP estimates for this period relied heavily on **proxy indicators from the formal sector** — exactly the methodological weakness the PIIE paper highlights.

The next official HCES was conducted for **2022-23**, and its data has been integrated into the new GDP series. A subsequent HCES for **2023-24** was also conducted and its results released, providing updated consumption weights for the new CPI series (base 2024).

THE NEW CPI SERIES — BASE 2024

As part of the broader statistical modernisation, MoSPI released a **revised Consumer Price Index (CPI) with base year 2024=100** on **13 February 2026**, replacing the old CPI (base 2012=100).

Key Changes

- **Item basket expanded** from 299 to **358 weighted items** (goods: 259 to 308; services: 40 to 50)
- **New items added** reflecting modern consumption: streaming services, ride-hailing, online food delivery
- **Classification updated** to **COICOP 2018** (Classification of Individual Consumption According to Purpose)
- **Weights updated** using the **HCES 2023-24 data**, capturing post-pandemic consumption patterns
- January 2026 CPI inflation (base 2024): **2.75%** (rural: 2.73%; urban: 2.77%)

The new CPI base is critical because the RBI uses CPI inflation for its **monetary policy decisions** under the **flexible inflation targeting framework** (target: 4%, band: 2-6%).

THE EMPLOYMENT-GROWTH DISCONNECT

The Paradox

India's GDP grew at an average of **~6.7% annually** between 2011-12 and 2019-20, yet employment growth averaged only **~2.1%** over the same period. The **Periodic Labour Force Survey (PLFS)** data shows persistent underemployment, low female labour force participation, and a **massive informal workforce (~90% of total employment)** trapped in low-productivity activities.

Why This Challenges GDP Numbers

If the economy truly grew at 6-7% annually for a decade, employment and wages should have risen commensurately. The gap suggests either:

- 1 **Growth was genuinely “jobless”** — concentrated in capital-intensive sectors like IT, finance, and formal manufacturing, bypassing the informal workforce

- ② **GDP growth was overstated** — the formal sector proxy method captured growth in the organised economy but missed **stagnation** or contraction in the informal sector
- ③ **Employment data is incomplete** — PLFS may undercount gig work, platform employment, and informal service activities

The truth likely involves all three factors. The new GDP series attempts to address the second issue through better GSTN-based informal sector data, but a **comprehensive enterprise survey** (last conducted in 2015-16) remains overdue.

WHAT REMAINS UNRESOLVED

Back-Series Data

The new series currently provides data only from **FY23 onwards**. Back-series estimates (extending the new methodology backwards to earlier years) are expected by **December 2026**. Without back-series data, researchers cannot directly compare long-term growth trends under consistent methodology — a gap that fuels ongoing debates about whether India grew at 7% or 4.5% in the last decade.

Statistical Discrepancy

Despite the SUT framework's integration, a **persistent gap between production-side and expenditure-side GDP** remains. The discrepancy arises because expenditure data — particularly for private consumption and investment — is harder to measure in real-time than production data from tax returns and enterprise surveys.

IIP Base Year Update Pending

The **Index of Industrial Production (IIP)** base year revision to 2022-23 is scheduled for **May 2026**, meaning GDP and IIP currently operate on different base years — creating temporary inconsistencies in industrial output measurement.

UPSC RELEVANCE

GDP base year revision, double deflation, SUT framework, NSO formation (2019), ACNAS committee, DQAF grading system, CPI base year 2024, HCES surveys.

MAINS GS-III:

Challenges in GDP measurement, informal sector estimation, data credibility and institutional independence of statistical bodies, fiscal implications of nominal GDP revision.

ESSAY/INTERVIEW:

Can India trust its own growth numbers? The tension between statistical rigour and political narrative.

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GDP BASE YEAR REVISION 2022-23 — CORE DATA:

Released: 27 February 2026 by MoSPI/NSO

Previous base year: 2011-12 (in use since January 2015)

ACNAS: 26-member committee chaired by Prof. Biswanath Goldar (set up June 2024)

FY26 nominal GDP (new series): Rs 345.47 lakh crore (~3.3% lower than old series)

FY24 real GDP growth: revised from 9.2% (old) to 7.2% (new)

FY25 real GDP growth: revised from 6.5% (old) to 7.1% (new)

FY26 real GDP growth estimate: 7.6% (new) vs 7.4% (old)

Key methodological changes: double deflation (manufacturing + agriculture), SUT framework, HCES 2022-23 integration

PRIVATE CONSUMPTION EXPENDITURE (PFCE) GAP:

Cumulative PFCE gap (FY23-FY26): Rs 80.7 lakh crore lower under new series (10.5% less)

FY26 PFCE: Rs 195.8 lakh crore (new) vs Rs 219.6 lakh crore (old) — gap of ~Rs 24 lakh crore

PIIE WORKING PAPER 26-3 (MARCH 2026):

Authors: Abhishek Anand, Josh Felman, Arvind Subramanian

Claim: GDP overestimated by 1.5-2 pp annually (2012-2023); underestimated by 1-1.5 pp (2005-2011)

Real GDP level overstated by ~22% as of 2025; real consumption overstated by ~31%

Estimated actual growth 2011-2023: 4-4.5% vs official ~6%

ARVIND SUBRAMANIAN 2019 HARVARD PAPER (CID WP NO. 354):

Claimed GDP overestimation of 2.5 pp (95% CI: 1 pp) for post-2011 period

Estimated actual growth: ~4.5% vs official ~7% (FY12-FY17)

IMF DQAF ASSESSMENT (NOVEMBER 2025):

India rated “C” grade (second-lowest; scale A to D)

Issues: outdated base year, weak deflators (WPI-based), informal sector gaps, limited double deflation

NSO INSTITUTIONAL STRUCTURE:

NSO formed: 23 May 2019 (merger of CSO + NSSO)

Functions under: Ministry of Statistics and Programme Implementation (MoSPI)

National Statistical Commission (NSC): established June 2005 (per C. Rangarajan Commission 2001 recommendation)

CPI BASE YEAR REVISION:

New base: 2024=100 (from 2012=100); released 13 February 2026

Items expanded: 299 to 358 (goods: 259 to 308; services: 40 to 50)

Classification: COICOP 2018

Weights: based on HCES 2023-24

January 2026 CPI inflation (base 2024): 2.75%

HCES 2017-18 SUPPRESSION:

Conducted by NSSO (75th Round); results not released (November 2019)

Reportedly showed decline in real per capita consumption — first in 40+ years

Government cited “data quality issues”

Two non-government NSC members resigned in January 2019 over the suppression

OTHER RELEVANT FACTS:

India’s informal sector: ~90% of total employment

IIP base year revision to 2022-23: scheduled May 2026

GDP back-series data (new methodology): expected December 2026

India’s GDP measurement approaches: production (GVA) + expenditure + income

RBI inflation targeting framework: 4% CPI target (band: 2-6%), adopted under amended RBI Act 2016

MCA-21 database: Ministry of Corporate Affairs electronic filing system, key data source since 2011-12 base year

GSTN: Goods and Services Tax Network — new data source for both formal and informal enterprise activity

Sources: [PIB](#) , [MoSPI](#) , [PIIE](#) , [IMF DQAF](#) , [Drishti IAS](#) , [The Wire](#)

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