

New Back Series GDP Data

What is the issue?

\n\n

The Central Statistics Office (CSO) and NITI Aayog recently released the back series detailing growth numbers for 2005-06 to 2011-12.

\n\n

What is the report on?

\n\n

\n

- Back series calculations are done to link a new series of national accounts with an old series, for better comparison of growth over the years.

\n

- The Central Statistics Office (CSO) moved to a new base year of 2011-12 from 2004-05 for national accounts, in January 2015.

\n

- A back series GDP data report was earlier released by an expert committee set up by National Statistical Commission (NSC). Click [here](#) to know more.

\n

- There were differences of opinion on the methodology adopted for this calculation. Click [here](#) to know more.

\n

- So the final back series data is now jointly released by the CSO and NITI Aayog.

\n

\n\n

What led to the complication in the earlier report?

\n\n

\n

- The CSO faced issues in evaluating GDP with the new base year for years preceding 2011-12 due to lack of availability of the MCA-21 database.

\n

- MCA-21 is an e-governance initiative of the Ministry of Company Affairs launched in 2006.

- \n
- This was to allow firms to electronically file their financial results.
- \n
- With the shift to the new base year 2011-12, the CSO did away with Gross Domestic Product (GDP) at factor cost.
- \n
- It instead adopted the international practice of valuing industry-wise estimates as gross value added (GVA) at basic prices.
- \n
- Also, the MCA-21 database got used in addition to
- \n

\n\n

- \n
- i. the volume index of Index of Industrial Production (IIP)
- \n
- ii. establishment-based dataset of Annual Survey of Industries (ASI)
- \n

\n\n

- \n
- So the calculation methodology was questioned, and the government termed the committee report 'unofficial'.
- \n

\n\n

What are the highlights of the new report?

\n\n

- \n
- The back series has trimmed the growth numbers for the UPA government's two terms (2005-06 to 2008-09 and 2009-10 to 2013-14).
- \n
- Indian economy growth is recorded at an average 6.7% in UPA's first term as well as the second term.
- \n
- [Significantly, these are lower than the earlier estimates of 8.1% and 7% respectively, with 2004-05 base.]
- \n
- These growth rates compare with an average 7.4% (2011-12 base year) in the first four years of the present NDA government.
- \n
- But the earlier report stated a faster growth under the UPA government from 2004-05 to 2013-14 than during the first four years of the current government.

- \n
- The new back series data released for years preceding 2011-12 scaled down growth rates for 2005-06 to 2013-14 by 0.8 to 2.1 percentage points.
- \n
- For 2012-13, with the new base year (2011-12), the GDP growth rate is revised upwards to 5.5% from 4.7% estimated earlier (2004-05 base year).
- \n
- Likewise, for 2013-14, the GDP growth rate was revised up to 6.4% from 5% estimated earlier.
- \n
- Sharp downward revisions were seen particularly for two years, 2007-08 and 2010-11.
- \n
- For 2010-11, the growth got revised downwards from a double-digit rate of 10.3% to 8.5%.
- \n
- The 8.5% cent growth in 2010-11 is the highest growth rate in the back series dating back to 2005-06.
- \n

\n\n

OLD & NEW FINDINGS, WITH ESTIMATES IN BETWEEN			
	Old series* (2004-05 base)	Committee estimates**	New series* (2011-12 base)
2005-06	9.3	9.60	7.9
2006-07	9.3	9.70	8.1
2007-08	9.8	10.23	7.7
2008-09	3.9	4.15	3.1
2009-10	8.5	8.84	7.9
2010-11	10.3	10.78	8.5
2011-12	6.6	6.96	5.2
2012-13	4.7	5.46	5.5
2013-14	5.0	6.39	6.4
2014-15			7.4
2015-16			8.2
2016-17			7.1
2017-18			6.7

**Source: CSO **Market price new back series by NSC's Committee on Real Sector Statistics*

\n\n

What are the concerns?

\n\n

- \n
- **Data** - The CSO release mentioned usage of several proxies.
- \n
- But there is not enough explanation for the choice of datasets and proxies, especially those datasets that did not exist before 2011-12.
- \n
- E.g. For years preceding 2006, when the MCA-21 database did not exist, the CSO has used Annual Survey of Industries (ASI) data for estimating manufacturing growth.
- \n
- But economists say there could have been other indicators for the same metric.
- \n
- **Calculation** - The current series is based on company data, MCA-21, which is the balance sheet data (financial).
- \n
- But the back series is based on volume data. E.g. the Annual Survey of Industries data for secondary sector
- \n
- The key difference between the volume index approach and the financial data approach is that the financial data captures changes in quality which volume data does not.
- \n
- So if a substantial part of the growth has been coming from quality, then the volume approach could have potentially underestimated growth.
- \n
- **Institution** - The CSO comes under the Ministry of Statistics and Programme Implementation (MoSPI).
- \n
- So the role of the NITI Aayog in the release of the statistical exercise has also been questioned as it goes against convention.
- \n

\n\n

What could the implication be?

\n\n

- \n
- During earlier instances of backcasting of GDP data, the political environment was not as deeply polarised as it is now.
- \n

- So the exercise remained more academic.
\n
- But the present data show that India never really grew in double-digits in 2010-11.
\n
- Also, India is projected not to be the high-growth economy in the five years preceding this as earlier thought to be.
\n
- It so happens that this period covers the two terms of the Congress-led United Progressive Alliance government.
\n
- The political influence in such professional data should seriously be taken note of by the policymakers, in long term interests.
\n

\n\n

\n\n

Source: Indian Express, The Hindu

\n

