Does the current national accounting & analytical framework misses out many key dimensions of a complex economy? Comment.

The official statistics of India is a public good, gives info. about the state of the economy & the success of governance. Recent withholding of Employment-unemployment of data & consumption expenditure data from releasing cries for impartiality in delivering data.

National Accounting & its Analytic Framework

System of National Accounting is designed to measure productivity, consumption and accumulation of wealth & income which gives info. about performance of the economy (GDP)

- In turn GDP influences market, signalling investment sentiment, flow of funds & Balance of Payments
- GDP estimated at current price, then deflated for constant price adjusted via Price Index

Missing dimensions & its issues

i) Absence of price indices for most service sector companies which contributes about 60% GDP

ii) While calculating GDP, MCA-21 is added which has not weeded out defunct enterprises (Shell companies - 20%)

iii) Unchanged approach of collection of data e.g. Yield rate of Paddy estimated by crop cutting

iv) Does not consider complex character of the economy i.e, constantly experimenting technology & institutions transitions

v) No consideration of automation, robotics, other other labour-replacing technologies while calculating emp-unemployment data

Way forward

- Utilise data captured under e-governance initiatives and create a integrated data system
- Create datawarehouse of Big data technology to analyse huge volume of data as recommended by Rangarajan Commission
- At last understand micro behaviour of individuals and structure of their mutual interaction through these analysis and make use of it policy making to achieve the target of $5 trillion economy by 2024-25