

GDP is reliable in measuring health of Indian economy. Do you agree comment.

Investment credit rating agency has projected India's GDP to grow by 9% in 2012.
GDP is not holistic, is reliable measure of economic health.

GDP estimation - a fragmented approach

The NSO which compiles the GDP has been attacked due to the -
double deflation problem - to convert nominal GDP to real GDP the former must be deflated twice - one for the input and output sides.

The NSO does not deflate on the input side leading to gross overestimation. The recent wholesale Price Index reaching 14% is due to this problem against consumer price Index of 5%.

Growth might be underestimated due to not updating sectoral weights

The base year stands at 2010-11.

The Information communication services & technology has boomed since. This may not report the growth of ICTs.

Measure of unorganised sector is unclear

Due to slew of measures such as CST, demonetisation, NBFC issues have negatively impacted unorganised sector. The data generated needs to be recalibrated.

Impact on environment - is unreported.

GDP estimation does not take into account natural resources and ecosystem services

Resource depletion greatly affects the

inequality

Way forward

Addressing the lacuna in GDP estimation and adopt ~~Gross~~ Gross Environment-product similar to Utterback at national level can help assess better our economic health.