



India to Reset CPI and GDP Base Years After More Than a Decade to Modernise Economic Measurement

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After Budget 2026-27 was presented, the government announced that it will update the base years used to calculate GDP growth and inflation (CPI).

This change is expected to happen by the **end of February 2026**.

What is a “base year”?

A base year is a *reference year used as a benchmark to compare economic data over time*.

It makes measurements like GDP and inflation meaningful by giving them a common starting point.

What Is Being Changed?

GDP Base Year: The base year for GDP will be shifted from 2011–12 to 2022–23. This means future GDP growth figures will be calculated using prices and structure of the economy in 2022–23.

CPI Base Year: The base year for the Consumer Price Index (CPI) will be updated from 2012 to 2024. This update uses recent data on how households actually spend money.

Why the Revision Is Needed

Outdated Benchmark: The current base years (2011–12 for GDP and 2012 for CPI) are over a decade old and no longer represent India’s current economy.

Changed Consumption and Economy: People's spending patterns, the role of services, technology use, and overall production structures have changed significantly since the older base years.

Better Accuracy and Relevance: Updating the base years will make inflation, growth, and other economic data more accurate and relevant for policymaking.

How Numbers Will Change

Inflation Calculation: With the new CPI base year, the inflation basket and weights of items will better reflect current consumption patterns. This could change headline inflation figures, though it does not change the actual prices people pay.

GDP Measurement: GDP figures will be recalculated with the new base year of 2022–23, sometimes showing different growth rates compared to old series. This does not mean the real economy has suddenly become better or worse, but numbers may look different due to methodology change.

What This Means for Households and Businesses

Impact on Daily Life: Most people will not notice changes in everyday prices, wages, or spending because of this update.

Impact on Official Data: The way inflation and growth are reported and compared over time will improve. Policymakers, businesses, and analysts will have more reliable and up-to-date data.

Important Context

Periodic Revisions: Updating base years is a standard global practice to keep economic indicators relevant. Many countries revise base years periodically to reflect structural economic changes.

Effect on Policy: Better measurement helps institutions like the Reserve Bank of India (RBI) make more informed decisions on inflation and monetary policy.