



? New GDP Series with 2022-23 Base Year Introduces Five Further Changes in India's National Income Measurement

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Recent Developments:

- The **Ministry of Statistics and Programme Implementation (MoSPI)** released the new series of Annual and Quarterly National Accounts Estimates with **2022-23 as the base year** on 27 February 2026, replacing the earlier 2011-12 series. The revision aims to capture structural changes, incorporate newer data sources, improve estimation methods and strengthen the coverage and accuracy of national accounts.
- MoSPI subsequently released "**Sources and Methods for Compilation of National Accounts Statistics**" on 21 September 2026, providing a consolidated account of the concepts, data sources, classifications and methodologies used in the new series. The series remains based on 2022-23 despite subsequent incorporation of updated price and industrial indicators.
- The revision is broader than **base-year rebasing** and includes methodological improvements such as better deflation, wider use of administrative data, improved informal-sector measurement and more granular sectoral estimation.

Five Additional Methodological Changes:

1. Activity-Based Classification of Manufacturing and Services:

- Under the **2011-12 series**, enterprises engaged in multiple activities were generally classified according to their principal or major activity, with their GVA largely assigned to the sector contributing the largest share of turnover.
- Under the **2022-23 series**, GVA of a multi-activity enterprise is distributed between manufacturing and services according to the respective activity shares, providing a more granular representation of sectoral production.
- MoSPI uses activity-wise information from **MGT-7 and MGT-7A forms** filed with the Ministry of Corporate Affairs, where business activities contributing at least **10% of turnover** are reported with their respective shares.
- This change is important because large enterprises increasingly operate across manufacturing and service activities, making single-sector classification less representative of their actual economic contribution.

2. Inclusion of Government-Provided Housing Services:

- Government employees receiving official accommodation obtain a **housing service** even though they may not receive an equivalent House Rent Allowance for that accommodation.
- Under the earlier methodology, the imputed value of this housing service was not separately captured in the same manner, creating a coverage gap in measuring government-provided services.
- The new methodology values such housing services using the **cost of construction**, after accounting for repairs, maintenance and annual consumption of fixed capital.

- The change illustrates the national accounting principle that **non-market services can also have an economic value** and may need to be imputed when no market transaction directly records their value.

3. Revision of Useful Life of Fixed Assets:

- The new GDP series revises the estimated **average useful life of several fixed assets** for calculating consumption of fixed capital, commonly referred to as depreciation.
- For dwellings, the assumed average useful life has been revised to **60-75 years**, compared with **70-80 years** under the earlier series.
- MoSPI periodically reviews asset lives by considering **technological change, obsolescence, operating conditions, maintenance practices and regulatory requirements**.
- A revised useful life changes the annual consumption of fixed capital and therefore affects the measurement of **GVA and other national accounts aggregates**.

4. Improved Measurement of Household Savings:

- Household savings in national accounts include savings through **financial assets, physical assets and valuables**, including gold and silver ornaments.
- For financial savings, the new series uses data from **SEBI** for instruments such as shares, debentures, hybrid instruments and mutual funds, replacing the earlier reliance on RBI-based data for these components.
- The broader SEBI-based coverage facilitates the inclusion of newer investment instruments such as **REITs, InvITs and Alternative Investment Funds (AIFs)**.
- The estimated nominal household savings in gold and silver ornaments for **2022-23 increased to ₹1.65 lakh crore**, compared with ₹64,504 crore in the previous series.
- These estimates continue to rely on the **2019 All India Debt and Investment Survey (AIDIS)**, while MoSPI initiated a fresh AIDIS in July 2026, scheduled for completion in June 2027.

5. Inclusion of Household Rooftop Solar Electricity:

- The new series includes electricity generated by households through **rooftop solar systems for self-consumption**, thereby expanding the measured production boundary of the economy.
- For **2022-23 and 2023-24**, estimates are based on the respective Household Consumption Expenditure Surveys and population projections from the Ministry of Health.
- From **2024-25 onwards**, estimation uses growth in installed rooftop solar capacity reported by the **Ministry of New and Renewable Energy (MNRE)** along with the applicable per-unit electricity price.
- The estimated output is included under the **electricity, gas, water supply and other utility services** sector.
- The change improves measurement of decentralised renewable-energy production because electricity generated and consumed within households may not appear in conventional electricity-sales data.

Wider Methodological Improvements in the 2022-23 Series:

Better Measurement of Real Economic Growth:

- The new series moves towards more **granular deflation techniques**, including double deflation for most manufacturing categories, instead of relying predominantly on a single broad deflator.
- As of the latest methodology information, **28 of 30 manufacturing categories** use double deflation, while work continues for the remaining two categories.
- Double deflation separately adjusts output and intermediate consumption for price changes, allowing real GVA to better reflect changes in physical economic activity.

New Data Sources and Administrative Databases:

- The revised national accounts make wider use of **GST data, PFMS, e-Vahan, household surveys and other administrative datasets**, reducing dependence on proxy indicators and improving sectoral estimation.
- The household sector is also estimated using more recent survey information, including the **Annual Survey of Unincorporated Sector Enterprises (ASUSE)** and Periodic Labour Force Survey-related information.
- The new framework also incorporates **Supply and Use Tables (SUTs)** to strengthen consistency between production, consumption and expenditure estimates. MoSPI released the first SUTs under the 2022-23 base year in May 2026.

Significance for Indian Economy and Policy:

More Representative National Accounts:

- The revised methodology captures economic activities that were previously **under-measured or classified less precisely**, including multi-activity enterprises, government housing services and self-consumed rooftop electricity.
- Greater use of administrative and survey data improves the **granularity, timeliness and sectoral coverage** of national income estimation.
- The revised asset lives and improved price-adjustment methods can alter measured GVA, depreciation and real growth without implying an equivalent change in the underlying physical economy.
- Better measurement of household financial assets is increasingly important because Indian households now use a wider range of **market-linked financial instruments**.

Implications for States and Regional Accounts:

- The base-year revision also requires States and Union Territories to update their **GSDP and regional accounts** to maintain consistency and comparability with national-level estimates. MoSPI issued uniform guidelines for Gross State Value Added (GSVA) estimates with the 2022-23 base year in May 2026.

UPSC Prelims and Mains Relevance:

Key Facts to Remember:

- **New GDP base year:** 2022-23.
- **Previous GDP base year:** 2011-12.
- **Revised by:** MoSPI.
- **Release of new GDP series:** 27 February 2026.
- **MGT-7/MGT-7A:** Used for activity-wise classification of multi-activity enterprises.
- **Turnover threshold for reported activities:** 10%.
- **SEBI:** New source for several household financial-savings components.
- **Gold and silver household savings, 2022-23:** ₹1.65 lakh crore.
- **Useful life of dwellings:** 60-75 years under the new methodology.
- **Rooftop solar:** Household self-consumption is included in national accounts.
- **MNRE:** Provides installed rooftop-solar capacity data used for later-year estimation.
- **AIDIS:** Provides important information for household assets and liabilities.

Value Addition for UPSC:

Conceptual Linkages:

- **GDP ? GVA:** GVA measures value added by producers, while GDP at market prices additionally incorporates net taxes on products.
- **Base Year ? Real GDP:** The base year provides the reference-price structure used for calculating constant-price estimates and real economic growth.

- **Double Deflation ? Real GVA:** Output and intermediate consumption are separately adjusted for price changes, improving measurement of real value added.
- **Consumption of Fixed Capital ? GVA:** Revised asset lives affect depreciation estimates and consequently influence national accounts aggregates.
- **Imputation ? Non-Market Production:** Government-provided housing and self-consumed rooftop solar demonstrate how national accounts assign economic values to production without conventional market transactions.
- **Administrative Data ? Statistical Modernisation:** GST, MCA filings, SEBI information, PFMS and e-Vahan illustrate the growing role of administrative datasets in official statistics.
- **UPSC GS-III Link:** The topic connects **national income accounting, economic growth, statistical reforms, renewable energy, financialisation of household savings and evidence-based policymaking.**
- **Mains Angle:** A strong answer can argue that GDP rebasing is not merely a statistical exercise; it is a periodic attempt to align the measurement framework with **structural transformation, technological change, emerging economic activities and improved data availability.**