Azadi Ka Amrit Mahotsav

Release of Report of the 'Sub-Committee on Methodological Improvements' in 2022-23 series of National Accounts

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Ministry of Statistics and Programme Implementation (MoSPI) is in the process of revising the base year of national accounts. An Advisory Committee on National Account Statistics (ACNAS) under the chairmanship of professor B.N. Goldar was constituted to advise MoSPI, among other things, on inclusion of new data sources and improvement in methodology for compilation and presentation of National Accounts Statistics for purposes of economic analysis and policy formulation.

Under ACNAS, following 5 Sub-committees were constituted to simultaneously deliberate upon specific subjects:

i. Sub-committee for Incorporation of New Data Sources, Rates and Ratios
ii. Sub-committee for Methodological Improvements
iii. Sub-committee for Constant Price Estimates
iv. Sub Committee on Regional Accounts
v. Sub-Committee for SNA 2025 Update

The estimates of new series are scheduled to be released on **27th February, 2026**. With a view to apprise the users of national accounts data about the changes being made in the new series, Ministry is releasing the report of the **Sub-Committee on Methodological Improvements** which focuses on methodological changes in compilation of various estimates of national accounts including GDP. The report encapsulates the key issues deliberated upon by the Sub-committee and the recommendations that emerged from the in-depth discussions held over the course of meetings.

Some of the major **changes** incorporated in the new series are:

Non-Financial Private Corporate Sector:

(a) **Segregation of activities** in case of multi-activity enterprises: In 2011-12 series, in case of Multi activity enterprise, entire GVA was allocated to the industry as per major share criterion. In the new series, activity wise revenue share for a company available in the MGT data is being used to segregate economic activities and consequently the value added by each business activity of the enterprise.

(b) **Use of multipliers at disaggregated level**: Multiplier, based on Paid-up Capital (PUC), was used in the 2011-12 series to derive the estimates of the non-reporting companies at overall level. In the new series, multipliers at disaggregated level are being used to account for the differences in capital intensity (measured by GVA to PUC ratio) across industries and size classes.

General Government Sector:

(a) Imputation of housing services provided by government: In the new series, imputation has been done to account for the value of the housing service provided by Government to its employees. This ensures that the valuation of services provided by government is properly captured in estimates of Output for General Government.

(b) Coverage of autonomous institutes and local bodies has also been enhanced in case of General Government.

Household Sector: In the new series, estimation of household sector has been improved through use of Annual Survey of Unincorporated Sector Enterprises and Periodic Labour Force Survey on annual basis instead of indicator-based extrapolation approach followed in the 2011-12 series. This ensures that household sector, which has a significant share in the economy, is directly estimated each year.

Updated Rates and Ratios: Updated rates and ratios are being used in the new series on the basis of different studies eg. in case of agriculture (Grass and fodder related study conducted by Indian Grassland and Fodder Research Institute, Fisheries related study conducted by Central Marine Fisheries Research Institute & Central Inland Fisheries Research Institute) and in case of Private Final Consumption Expenditure (study related to milk and milk products conducted by National Dairy Research Institute, study on transport services conducted by Jawaharlal Nehru University).

Use of New Data Sources: Some of the new data sources used in the new series are GST data for Quarterly National Accounts, regional allocation and corroboration of annual estimates, use of Public Financial Management System data for timely and updated estimates in case of Government sector, use of e-vahan data in production and consumption of land transport services.

Private Final Consumption Expenditure (PFCE): In the new series, estimation of PFCE is more nuanced through use of mixed approach (a) enhanced use of Household Consumer Expenditure Survey (b) Direct estimation based on production and other data sources (c) Commodity flow approach. Besides, latest relevant standard i.e. COICOP 2018 has also been adopted in compilation of PFCE.

Quarterly National Accounts (QNA): In the 2011-12 series, pro-rata method was used for benchmarking in case of Quarterly National Accounts. However, in the new series, internationally recommended Denton-proportional Benchmarking Method is being used to eliminate artificial discontinuities in the QNA series as well as to preserve the movement of the indicators. This also aligns QNA estimates with the annual national accounts estimates.

Reports of other Sub-Committees will also be released shortly

The report is available on MoSPI's website - www.mospi.gov.in.

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