Indian National Accounts Revision: A Comparative Analysis of the Old and New GDP Series

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Abstract. In February 2026, the Ministry of Statistics and Programme Implementation (MoSPI) released a comprehensive revision of India's national accounts, shifting the base year from 2011–12 to 2022–23 and introducing significant methodological reforms. This paper provides a detailed comparative analysis of the old and new GDP series. We examine the impact on nominal GDP levels—which declined by approximately 3.08% for FY26—and trace the sources of this revision to improved informal sector measurement through the Annual Survey of Unincorporated Sector Enterprises (ASUSE), the adoption of double deflation for manufacturing, expanded administrative data sources including GST and LLP filings, and the introduction of Supply-Use Tables (SUT). We decompose sectoral growth into contributions from better data collection and improved deflation methodology by analysing implied inflation across sectors. Our analysis reveals that the tertiary sector experienced the most significant downward revision in nominal levels, while manufacturing saw substantial upward revision in real growth rates (from 4.5% to 9.3% in FY25) driven primarily by the shift to double deflation. Quarterly data further reveal a more optimistic trajectory for manufacturing than annual figures suggest.

1. Introduction

In February 2026, MoSPI released significantly revised GDP figures by shifting the base year from 2010-11 to 2022-23. But, the base year was only one of the few changes incorporated. Instead, it reflected a far greater uphaul in how we approximate the gross and real output in our country. While, at first glance, it is a mix of pessimism and optimism, the true story

is understood when we delve deeper into how each sector has been impacted. After the new methodological changes, the nominal GDP level for FY26 reduced by around 3.08% from Rs 357 lakh crores to Rs 345 lakh crores. The changes incorporated were several - better data collection for sectors, double deflation and better corporate filings. The revision was long overdue - while many cheered India's 8.2% real GDP growth last quarter, critics made note of the embarrassing 'C' rating we got from the IMF. The revisions do address a lot of the concerns brought along with the Fund's low rating. We delve deeper into how this revision impacts GDP levels, growth and inflation. The structure is as follows- the first part discusses the levels of GDP, the second part looks at growth and inflation and the third part concludes.

2. Looking at Levels

2.1 Changes in Methodology

Like mentioned above, the nominal GDP actually saw a decrease in absolute terms. It fell by around 3.08% this financial year, and 3.2% last FY. Now, there could be several reasons behind why our nominal GDP level was revised downwards. And, it's important to understand the changes in GDP estimation to try and reconcile this reduction. Firstly, MoSPI hasn't just changed our base year - it has revamped India's entire national accounts methodology. To briefly cover the majority of changes, which we'd eventually explain in greater detail:

(i) The new series covers a more frequent and accurate estimation of the informal sector by using the ASUSE survey (Annual Survey of Unincorporated Sectors). We were previously relying on lesser frequent surveys and forecasting the informal sector based on overall growth projections.

(ii) For certain sectors like Manufacturing, we've shifted from a single-deflation method to a double deflation method. In essence, this allows to differentially deflate the outputs and inputs while calculating real gross value added.

(iii) MoSPI has expanded data sources to include LLP filings, GST data and updated Ministry of Corporate Affairs (MCA-21) filings.

(iv) The Supply-Use Tables (SUT) which track the total origin of goods and where they're utilized help reduce discrepancies when we calculate GDP from the production and demand side.

And finally, of course, the base year has been updated to 2022-23 from 2011-12

2.2 Looking at Levels- Across Different Sectors

The nominal GDP has reduced. And, by a significant amount that cannot be ignored. But, it is important to ask why. There could be two reasons-

- **Expanded data collection** has made us more realistic about our assumptions. It could be that with more frequent and accurate surveys that map the unincorporated sector,

MoSPI is no longer overestimating the informal sector. This would lead to a reduction in the nominal levels of the GDP.

- **Methodological/Deflatory Technique (Double Deflation)**: This requires some nuance to understand. Generally, GDP calculation in India is done from nominal to real *and* from real to nominal terms. The former is rather straightforward - one looks at total output and input based on nominal terms, and then one deflates it to reflect its amount in base year terms. To go from real to nominal - we actually look at units of production and then inflate them to reflect their value added in base year terms. But, how does this revise our nominal GDP downwards? In scenarios wherein the input prices increase faster than the output prices, input deflators would be lower than output deflators. Before, a common WPI deflator was used for both input and output. With double deflation, the effective deflator will be lower if input prices rise faster than output prices. As such, for sectors which go from real to nominal, they're inflated by a lower amount because you multiply the output by the effective deflator.

Essentially, a combination of both; more accurate and granular data as well as double deflation led to a shrink in the GDP. The real GDP on the other hand increased from Rs 202 lakh crores to Rs 322 lakh crores. But, we cannot compare these two numbers because they use different base years. The old methodology using base year as 2011 witnessed very high accumulated inflation till FY26 which will obviously lead to a very high GDP deflator. The newer real GDP level takes 2022-23 as the base year, and systematically the GDP deflator will be much lower. We now also compare the primary, secondary and tertiary in nominal levels: old vs new series.

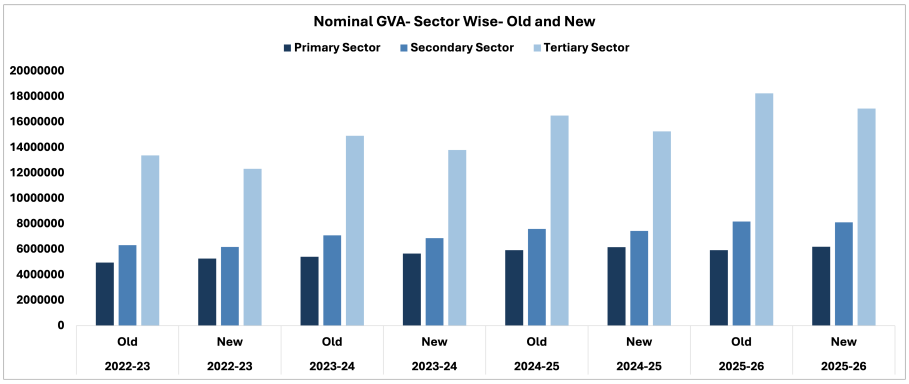

Figure 1: Change in Nominal GVA

In nominal terms, the primary and secondary sector either stayed similar or improved marginally, but the reduction was most stark in the tertiary sector. A large part of the tertiary sector remains informal which could have seen a revised, less optimistic estimation.

This is visible when we look at the sectoral contributions to nominal GVA between the old and new series.

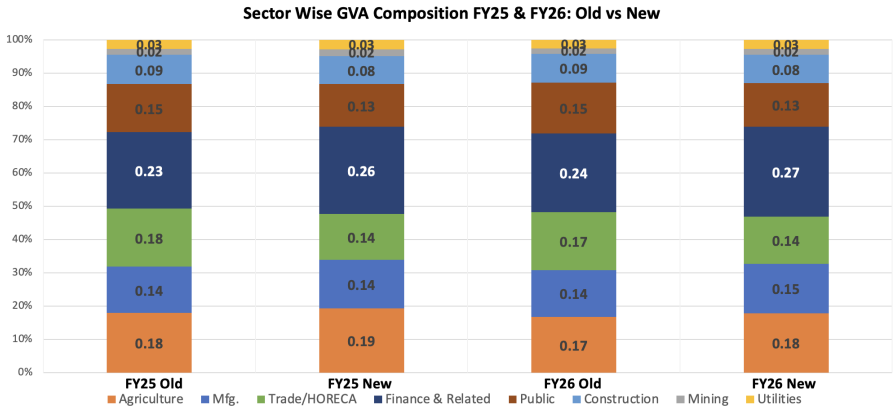

Figure 2: Sector Wise Composition for Old vs New- FY25 & FY26

Among the service-intensive sectors, Trade/HORECA and Public Administration witness significant declines of 3 pct pts and 2 pct pts respectively in their contribution to FY26 Nominal GVA (between the old and new series). This decline can be explained by the method in which the new series measures the informal sector (a huge aspect of the tertiary sector).

2.3 How the GVA goes from nominal to real? Or vice-versa

Previously, there were broadly only two ways to estimate India's GDP. We continue to remain an economy chiefly measured by gross value added and not from the demand side. The two ways in the previous methodology were single deflation when going from nominal to real, and real to nominal GDP by first measuring output. We still continue to technically measure the GDP from first nominal and also from first real. However, there's an added method under real to nominal GDP. To go from real to nominal GDP we now also follow *volume extrapolation*. A volume index is tracked from the base year and the current year's volume index is multiplied by the GVA of the base year (nominal or real doesn't matter since they're the same in the base year). Double deflation is another method which is very simply deflating nominal output to get real output, with the added characteristic of differentially deflating outputs and inputs. Single extrapolation is a novel method which tracks a nominal indicator for a particular sector. This indicator is then deflated to its base year and then multiplied by the indicator-to-output ratio as calculated in the base year. Previously, a third of the GDP was calculated from real to nominal and two-thirds from nominal to real. Based on our approximation, 23.3% of the GDP now goes from nominal to real via double deflation, 21.6% through volume extrapolation and 55.2% through single extrapolation.

Table 1: Approximate Shares of Estimation Methods in Nominal GVA (FY2024–25, New Series)

Method	**Share (%)**	**Covered Sectors**
Double Deflation (or similar)	∼23.2	Manufacturing, Crops (Agriculture)
Single Extrapolation (or similar)	∼21.6	Forestry, Fishing, Mining, Electricity, Gas, Transport, Telecom
Volume Extrapolation (or similar)	∼55.2	Trade/HORECA, Water, Remediation, Other Services, Construction

We also prepare a table highlighting the deflatory technique in every sector, the direction of estimation and the key data sources incorporated while calculating the sector's GVA in the new series:

Table 2: Sectoral Comparison: Estimation Methods and Data Sources

Sector	**Old Method**	**New Method**	**Direction**	**Key Sources (New)**
Agriculture & Allied	Volume extrap.	Double defl. + Volume extrap.	Nominal to Real (crops: real first)	Crop estimates, livestock production, ASUSE
Mining & Quarrying	Single defl.	Volume extrap.	Real to Nominal	Item-level IIPs, state minor minerals data
Manufacturing	Single defl.	Double defl.	Nominal to Real	Listed co. results, GST by business type, MCA-21
Electricity, Gas	Single defl.	Volume extrap.	Real to Nominal	IIP Electricity, natural gas consumption
Water, Utilities	Single defl.	Single extrap.	Nominal to Real	SAC-wise GST data
Construction	Single defl.	Volume extrap.	Real to Nominal	Cement index, steel consumption, IIP infra
Trade, Hotels, Storage	Single defl.	Single extrap.	Nominal to Real	GST (SAC-wise), listed co. results
Transport, Telecom	Single defl.	Volume extrap.	Real to Nominal	Cargo, rail tonne-km, air traffic, telecom
Financial Services	Single defl.	Volume extrap.	Real to Nominal	Bank credit/deposits, NBFC data, insurance
Real Estate, IT, Prof. Svcs	Single defl.	Single extrap.	Nominal to Real	GST, CPI-based deflators
Public Admin	Single defl.	Single extrap.	Nominal to Real	PFMS salary data, state budgets

3. Focus on Growth!

Before we go on to elucidate on why we must focus on growth numbers, there's a brief explanation on why real GDP gets compressed.

3.1 Why real GDP gets compressed under single deflation

Here is a brief example to illustrate how real GDP got compressed under single deflation. Some assumptions around this simplistic model- we only look at two periods, and GVA= outputs-inputs. Assume that in year 1 our output is nominally valued at Rs 100, and inputs at Rs 60. Our nominal GVA is hence Rs 40. Now, assume we used an overall inflation measure of 3%. Then in year 2, say our output and input are nominally the same- Rs 100 and Rs 60. Under single deflation, the value added in previous years' prices (base year prices) is Rs 40 divided by 1.03 giving us 38.83. But, now assume that outputs' prices increased by 2% and inputs by 4%. Applying double deflation we divide the output by 1.02 and the inputs by 1.04 to get a value added (in previous years' prices) of 40.35. Hence, real value added increased even in an overall inflationary environment, previously not possible with single deflation.

In the illustration above, it's easy to see how real GVA got compressed under single deflation. But, when we allow inflation to accumulate for a couple of years, it's hard to compare in which year it got compressed and which year it got expanded. Hence, an alternative we use to analyse and dissect the GDP is via growth figures.

3.2 Break growth down

A simple yet powerful formula we use is the bridge between nominal and real growth.

$$Gross\ Nominal\ Growth = Gross\ Real\ Growth \times Gross\ Inflation$$

or rather $(1 + g_{nominal}) = (1 + g_{real})(1 + \pi)$. Hence, for each sector, we can calculate the implied inflation rate if nominal and real GDP growth rates are given.

The compressed GVA is revealed when the implied inflation is higher than it should be. In this scenario, if single deflation is used, then the implied inflation rate would be higher than it should be if input prices have increased more than output prices. We do this exact exercise for each sector which reveals where growth is coming from- is it better approximations through newer data, or just reduced inflation, or even deflation?

3.2.1 Looking at Implied Inflation

We first look at the implied inflation. Given by the formula:

$$Implied\ Inflation = (1 + g_{nominal})/(1 + g_{real}) - 1$$

and we compare the implied inflation for each sector in the old series and new series for the last two years.

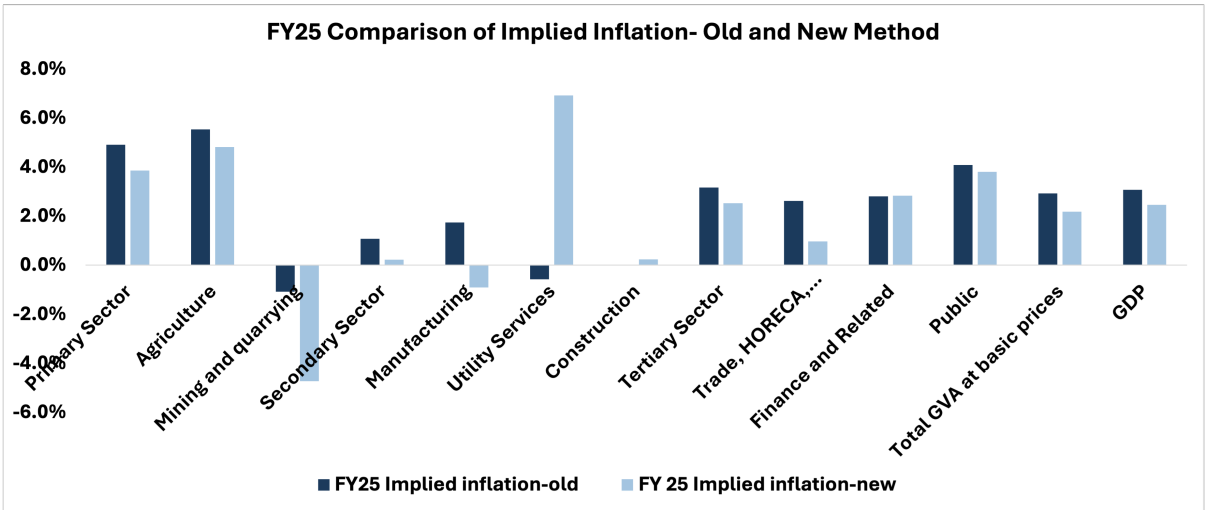

Figure 3: FY25- Implied Inflation- Old vs New

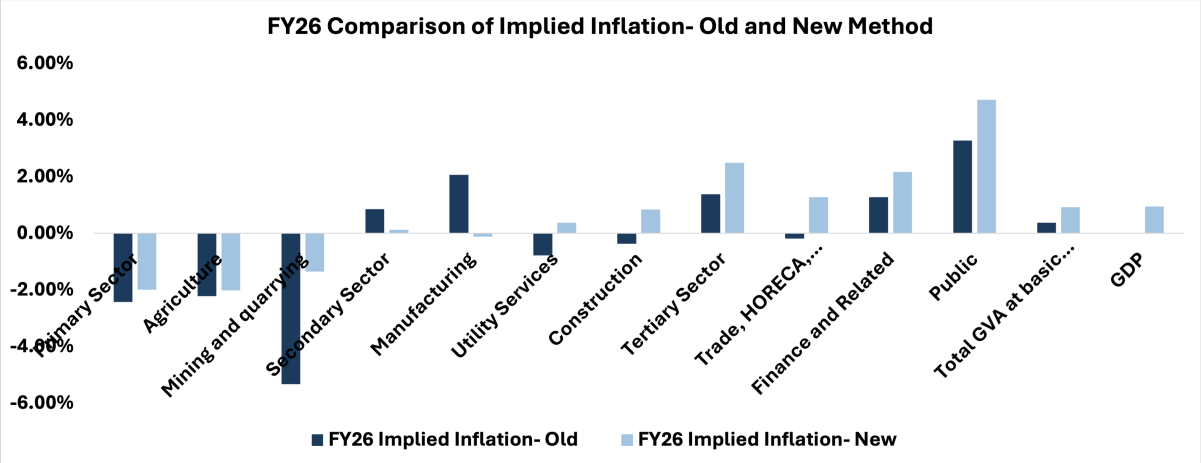

Figure 4: FY26- Implied Inflation- Old vs New

Let's start by comparing the implied inflation for the old and new series for FY25. Overall, the implied inflation for GVA has reduced- some sectors see inflation being revised in the opposite direction. Consider manufacturing's implied inflation for FY25- it got revised from 1.7% to -0.91%. This is not a small change and it changes how we look at real output growth in manufacturing. In the old estimation, the implied inflation by using single deflation indicated that the real growth for manufacturing was lesser than the nominal growth, but with double deflation, real growth expanded even more than nominal growth owing to input prices increasing faster than output prices. The same can be seen in FY26 as well.

3.3 So, where does growth come from?

We need two ingredients to see where the growth can be attributed two- better data collection or a better measure of inflation. Firstly, we need to know if that particular sector goes from

nominal to real or real to nominal, and secondly we need to know the implied inflation rate. Let's consider the two scenarios:

1. *For sectors that go from nominal to real*: Upgrading the nominal GDP growth can be attributed to better data collection, whereas upgrading the real GDP growth can be attributed to either better data collection, disinflation, or both. But, they can work in opposite directions

2. *For sectors that go from real to nominal*: Upgrading the real GDP is, in fact, because of better data collection, whereas the increased nominal GDP growth could be better data, or higher inflation.

In sectors wherein the new series upgrades the nominal GDP growth, downgrading inflation further pushes real GDP growth even higher, whereas inflation revised upwards dampens real GDP growth, or if strong enough, pulls it below zero. Inversely, sectors that experienced a downgrade in nominal GDP growth - downgrading inflation shall cushions the fallen real GDP growth by and upgrading inflation pushes real GDP growth even lower than nominal GDP growth. To see this in effect we create three variables- (a) change in nominal GDP growth, (ii) change in real GDP growth (iii) change in implied inflation.

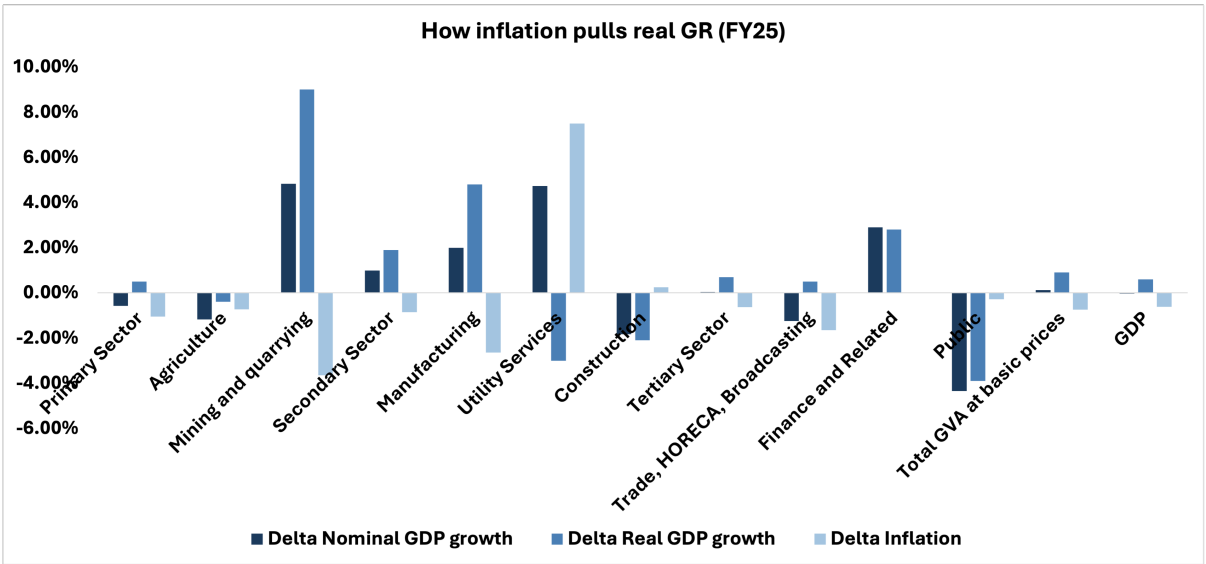

Figure 5: How inflation pulls growh- FY25

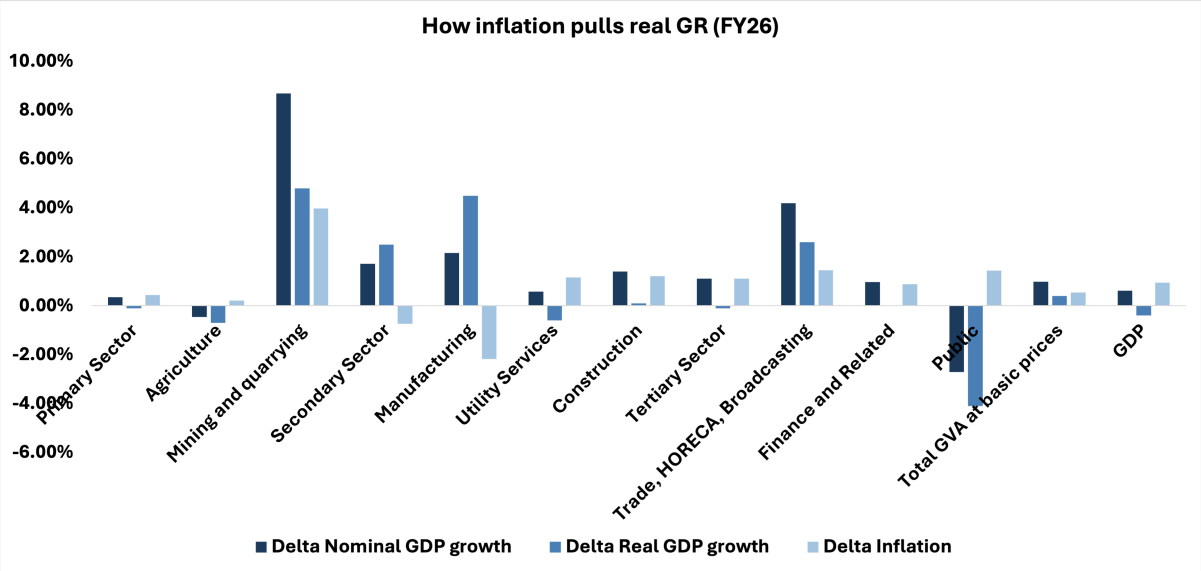

Figure 6: How inflation pulls growh- FY26

To better understand the genesis of growth, let's take the manufacturing sector for FY25. We know that for manufacturing, nominal GDP is calculated first. So any increase(decrease) in nominal GDP growth would be because of better data. But any increase(decrease) in real GDP growth could be because of the combined effect of better data and a better measure of inflation.

- Manufacturing's nominal growth rate upgraded from 6.3% to 8.3% - this is purely on better accounting and data collection which expanded to LLP filings within the corporate sector.
- Manufacturing's effective inflation rate, which we calculated, came to -0.91%. As such the real growth rate got upgraded by a massive 4.8 percentage points from 4.5% to 9.3%.

But, to illustrate another example- take the tertiary sector for FY26. The nominal GDP growth was revised upwards by 1.11%, but it saw almost no increase in real GDP growth (about -0.1%), why? Because inflation was also revised upwards by 1.11%, and inflation was strong enough to pull nominal GDP growth to almost below zero. Some other examples are:

Mining and Quarrying: This is a sector that goes from real to nominal, following the volume extrapolation method, where we track physical quantities first (the volume index could be a mineral-wise IIP, for instance). Hence, for FY25, a massive 9 pct pt upgrade in Real GDP growth rate is on account of better data like item-wise IIPs and the availability of data on minor minerals. However, the Nominal growth rate was upgraded by a smaller amount - 4.83 pct pts. This is on account of a better deflatory mechanism. Mining, which transitioned to volume extrapolation from erstwhile single deflation had a negative delta implied inflation of -3.64, compressing delta Nominal rates.

Construction: Here is another sector that goes from real to nominal via volume extrapolation. Therefore, in FY25, Real GDP growth rate is downgraded by 2.1 pct pts on account of better data collection. However, Nominal GDP rates are downgraded by just 1.84 pct pts on account of a positive delta implied inflation rate of 0.24%.

Trade, HORECA Broadcasting: This services-oriented sector follows single extrapolation, thereby going from a nominal indicator to a real number. Nominal growth rate was downgraded by 1.25 pct pts, possibly on account of better estimation of the informal sector via ASUSE. However, real growth rate was actually upgraded, on account of a better deflatory mechanism.

Utilities: Utilities present a very interesting picture in FY25, with a nominal growth rate upgrade of 4.74 pct points, but a real growth rate downgrade of 3 pct pts. However, the analysis here is nuanced, because while sub-sectors like electricity and gas follow volume extrapolation (nominal quantities to real GVA), utilities like water follow single extrapolation. However, most of the sector can be assumed to go from real to nominal, and therefore, the nominal rate upgrade can be thought of on account of a better deflator.

4. A new lens: Quarterly Data in Manufacturing

This section looks at quarterly data to answer the question- has the contribution of manufacturing to total GVA increased in the new series? We first start by looking at % changes over quarters for manufacturing against GVA- in the **old series**.

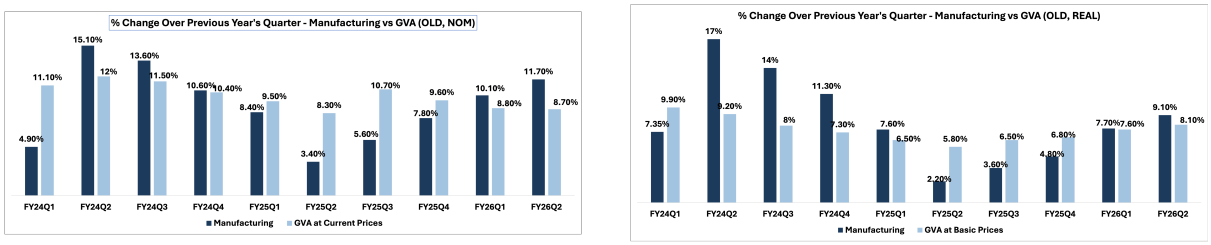

Figure 7: Quarterly Manufacturing vs GVA Growth, Old Series: Nominal (left) and Real (right)

In the old series, the growth rates for manufacturing were nothing impressive, and also saw some volatility- they exceeded GVA growth in some quarters and lagged in others. Consider the change in the new series:

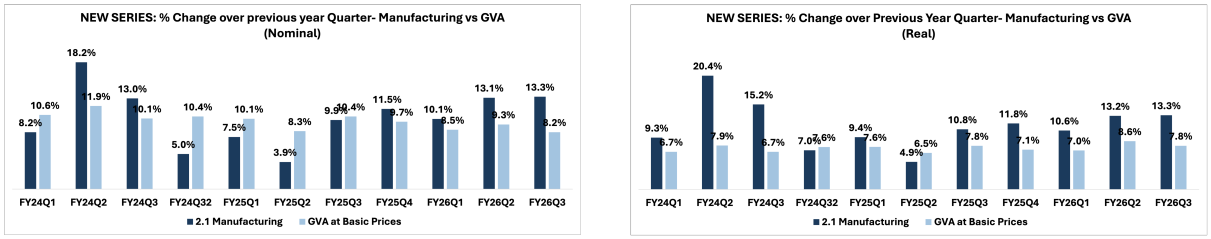

Figure 8: Quarterly Manufacturing vs GVA Growth, New Series: Nominal (left) and Real (right)

Here, manufacturing is consistently growing faster than GVA, and outperforms by a greater margin when we consider real growth. We can firmly establish that between the old and new series- manufacturing growth has outshone GVA growth. How about it's contribution towards GDP?

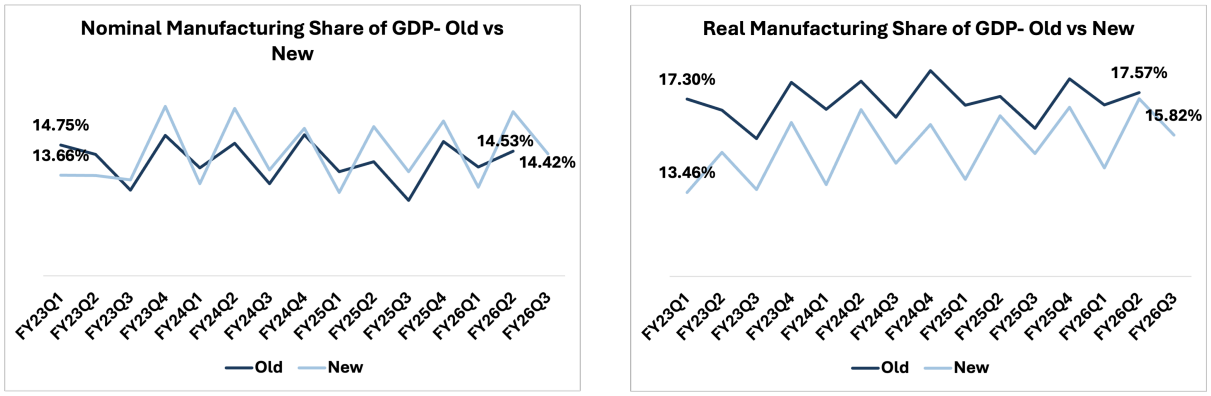

Figure 9: Share of manufacturing in old vs new- Nominal (left) and Real (right)

Firstly, there is considerable volatility in manufacturing contribution. In nominal terms, the share has marginally increased in the new series, but is considerably lesser in real terms. If we average out the volatility, we get the following:

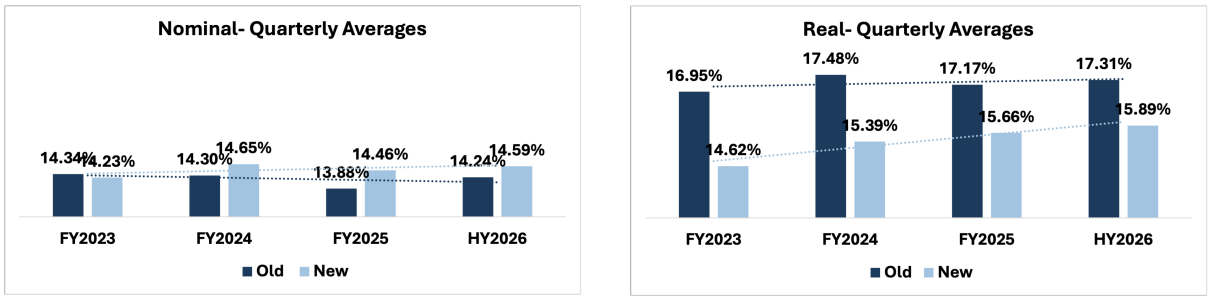

Figure 10: Quarterly Manufacturing Averages- Nominal (left) and Real (right)

Manufacturing's share in GVA is much lower in real terms. In nominal terms, it is marginally higher although the difference isn't much. **Why is the share of manufacturing in real terms lesser in the new series, if nominally it's actually higher?**. By identity,

$$Real\ Share = Nominal\ Share \div [\frac{Deflator_{Manufacturing}}{Deflator_{GVA}}]$$

If the real share has decreased in the new series it could be because (a) the nominal share decreased or (b) the ratio of the effective manufacturing deflator to the overall effective GVA deflator has increased. And it actually has. What the ratio means is how much is manufacturing getting deflated compared to the overall GVA.

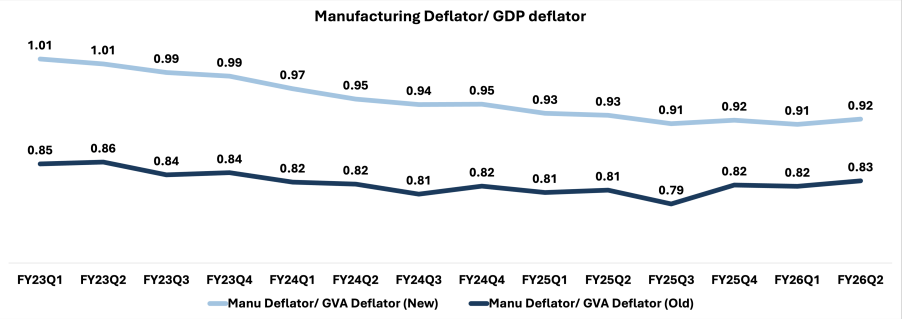

Figure 11: Effective Deflator Ratio

Previously, manufacturing deflator was 0.81 times the GVA deflator. Now, it's around 0.92. But, how does this reconcile with double deflation- shouldn't that allow for lower effective deflators when it boosts GDP growth. It's important to remember that the boost in real growth for manufacturing comes from disinflation and not the deflator. Evidently, the ratio has been reducing implying that prices within manufacturing are actually falling- hence the negative implied inflation.

The bottom line remains that manufacturing's importance is rather messy. In one quarter it can do great, and be a laggard in the other. And it's also crucial to note if you use real or nominal shares. The picture can be painted however depending on what data is being used. What remains true is that the growth in manufacturing the last two FYs is what stands out- especially real expansion.

5. Conclusion

The new series is indeed more than just a base year change. And, it's important we scrutinise every aspect of this change to better understand the numbers which are so commonly thrown around in the media. This paper comprehensively summarises each methodological change and how that translates in how we interpret growth and levels. Overall, we've come a very long way in approximating the GDP better, and there's a lot of room for growth and optimism. So far, this paper is the only one that explicitly shows where any change in growth between the old series and new comes from—be it better data collection or a better estimation of inflation. We also update approximate shares of the GDP that are calculated via volume or single extrapolation and double deflation.

That said, there remain open questions. The demand-side estimation of GDP is still largely unchanged, and statistical discrepancies, while narrower, continue to grow in the new series. The reliance on GST data, while a welcome addition, raises questions about how non-GST registered enterprises are captured going forward. ASUSE is a marked improvement over the ELI method, but its annual frequency will need to be maintained consistently for the data to remain credible.

We also note that while the manufacturing sector paints a far more optimistic picture under

the new series, much of this can be attributed to the mechanical effect of double deflation rather than a fundamental shift in the sector's nominal performance. Policymakers should be cautious in interpreting higher real growth numbers as evidence of a manufacturing revival without examining the underlying nominal trends.

Finally, we hope this paper serves as a useful reference for researchers, journalists and policymakers who wish to go beyond the headline GDP number. The revisions are not merely cosmetic, but they change how we understand India's growth story over the past decade. And, as the data infrastructure matures with more frequent surveys and better administrative records, future revisions should only bring us closer to the true picture.

6. Popular Articles/Papers in the media

Table 3: Selected Expert Assessments of the New GDP Series

Paper	**Takeaway**	**Our Review**
Arvind Subramanian et al. "India's 20 Years of GDP Misestimation: New Evidence"	India's GDP has been misestimated upwards in the last decade, and downwards the decade before	Uses turnover to prove claims—very different from GVA.
V. Anantha Nageswaran & Saurabh Garg *The Indian Express*, "India's GDP Debate: Right Questions, Wrong Numbers"	Criticises A. Subramanian's paper on using wrong proxies and highlights new GDP methodology strengths	Accurate criticism of A. Subramanian
Madan Sabnavis *Free Press Journal*, "Will the New Series of GDP Accomplish Anything?"	A brief overview of the revisions	Important stylised facts
Udit Misra *The Indian Express*, "The 'Discrepancies' in India's New GDP Data"	Discrepancies have reduced between old and new, but are still increasing in the new series and have gone up till 1.5% of GDP	Discrepancies are because the consumption side isn't affected by inflation/deflation. In nominal GVA, new series discrepancies are still less

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