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Revision In The Base Year And Method Of National Income Accounting

The Central Statistics Office (CSO), in January 2015, released the new and revised data of National Accounts, effecting two changes:

1. The Base Year was revised from 2004-05 to 2011-12. This was done in accordance with the recommendation of the National Statistical Commission (NSC), which had advised to revise the base year of all economic indices every five years.
2. This time, the methodology of calculating the National Accounts has also been revised in line with the requirements of the System of National Accounts (SNA)-2008, an internationally accepted standard.

The major changes incorporated in this revision are as given below:

(i) Headline growth rate will now be measured by GDP at constant market prices, which will henceforth be referred to as 'GDP' (as is the practice internationally). Earlier, growth was measured in terms of growth rate in GDP at factor cost and at constant prices.

(ii) Sector-wise estimates of Gross Value Added (GVA) will now be given at basic prices instead of factor cost. The relationship between GVA at factor cost, GVA at basic prices and GDP (at market prices) is given below:

GVA at basic prices = CE + OS/MI + CFC + production taxes less production subsidies.

GVA at factor cost = GVA at basic prices - production taxes less production subsidies.

GDP = GVA at basic prices + product taxes - product subsidies.

[Where CE: compensation of employees; OS: operating surplus; MI: mixed income; and CFC: consumption of fixed capital (i.e., depreciation). Production taxes or production subsidies are paid or received with relation to production and are independent of the volume of actual production. Some examples of production taxes are land revenues, stamps and registration fees and tax on the profession. Some production subsidies are subsidies to Railways, input subsidies to farmers, subsidies to the village and small industries, administrative subsidies to corporations or cooperatives, etc. Product taxes or subsidies are paid or received on per unit of the product. Some examples of product taxes are excise tax, sales tax, service tax, and import and export duties. Product subsidies include food, petroleum and fertilizer subsidies, interest subsidies are given to farmers, households, etc., through banks, and subsidies for providing insurance to households at lower rates].

(iii) Comprehensive coverage of the corporate sector both in manufacturing and services by incorporation of annual accounts of companies as filed with the Ministry of Corporate Affairs (MCA) under their e-governance initiative, MCA21. Use of MCA21 database for manufacturing companies have helped in accounting for activities other than manufacturing undertaken by these companies.

(iv) Comprehensive coverage of the financial sector by the inclusion of information from the accounts of stockbrokers, stock exchanges, asset management companies, mutual funds, and pension funds, and the regulatory bodies including the Securities and Exchange Board of India (SEBI), Pension Fund Regulatory and Development Authority (PFRDA) and Insurance Regulatory and Development Authority (IRDA).

(v) Improved coverage of activities of local bodies and autonomous institutions, covering around 60 percent of the grants/transfers provided to these institutions.

Income Estimates for 2017-18

Major data estimates related to India's national income for the financial year 2017-18 (as per the Economic Survey 2017-18, Vol. 2) are as given below:

- (i) GDP (Gross Domestic Product) at constant market prices are likely to be Rs. 129.85 lakh crore with a growth rate of 6.5 percent (down from 7.1 percent of 2016-17).
- (ii) GVA (Gross Value Added) at constant basic prices are estimated to be Rs. 118.71 lakh crore with a growth rate of 6.1 per cent (down from 6.6 per cent of 2016-17).
- (iii) PCI (Per Capita Income) at current prices (2017-18) is estimated to be Rs.1,11,782 (around 6.1 per cent higher than 2016-17 when it was Rs. 1,03,219).

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