



Number theory

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Number theory-The larger lessons from the GDP back series must not be clouded by a political slugfest

- Backcasting, or reworking past national accounts statistics based on the latest base year, is a regular exercise that governments carry out.
- Mainly done to enable precise comparison and analysis, it is a difficult exercise prone to contestation as it involves the inclusion of newer data sources, exclusion of outdated ones and making some subjective assumptions in the process.
- Throw in the political element, and GDP backcasting can become a controversial exercise, as it has now become in the case of the release of back series data from 2005-06 to 2011-12, the new base year.
- The data computed by the Central Statistics Office (CSO) and released by the Niti Aayog show that India never really grew in double-digits in 2010-11, nor was it the high-growth economy in the five years preceding this as earlier thought to be.
- The danger in the political slugfest now is that the many valuable insights that can be gleaned from the data will be lost sight of.
- The biggest of these is that India never really decoupled from the global economy during the years of the financial crisis (2008-10), unlike what was earlier believed.
- The new back series data show a much lower growth rate.
- The method of computation reflects the latest United Nations System of National Accounts; it also captures changes in the economy since 2004-05.
- Data sources have also been updated.
- Experts had testified to the robustness of the method when it was introduced in 2015, even while underlining that the availability of reliable data was crucial to arrive at the correct overall picture.
- There is little doubt that India needs to invest more in data collection and integration and do informal sector surveys more frequently.
- Robust, updated data are, in fact, insurance against politicians hijacking

what is essentially an economic exercise.

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