

NEW BASE YEAR GDP IIP & CPI TO 2024: ECONOMY

NEWS: New base year for GDP, CPI, IIP from early 2026; Services survey from Jan: MoSPI Secretary

WHAT'S IN THE NEWS?

India will update the base years for GDP and IIP to 2022-23 and CPI to 2024, ensuring economic data reflects current consumption patterns, industrial trends, and price levels. This enhances the relevance and accuracy of economic statistics for policymaking.

Context

- The Ministry of Statistics and Programme Implementation (MoSPI) has announced that the **Gross Domestic Product (GDP)**, **Index of Industrial Production (IIP)**, and **Consumer Price Index (CPI)** will adopt a **new base year** from next year onwards.

About the Change

Advisory Committee

- In 2024, MoSPI set up a **26-member Advisory Committee on National Accounts Statistics** to decide the base year for GDP data.
- The committee is chaired by **Biswanath Goldar**.

Base Year Updates

For GDP

- The new GDP series is scheduled to be released on **February 27, 2026**.
- The new **base year will be 2022-23** (Financial Year).
- Current base year is **2011-12**.

For IIP

- For IIP, **2022-23** has been **tentatively identified** as the revised base year.
- IIP with the revised base will be released starting **2026-27**.
- Current base year is **2011-12**.

For CPI

- For CPI, the base year will be updated to **2024**.
- The new item basket and weightages will be decided based on the **Household Consumer Expenditure Survey (HCES)** conducted by NSO in **2023-24**.
- The new CPI series is expected to be published from the **first quarter of 2026**.

- Current base year is **2012**.

What is a Base Year?

- A **base year** is a **benchmark year** used for comparison in economic and statistical calculations.
- It provides a **reference point** against which the current values of economic indicators like GDP, CPI, and IIP are measured.
- The purpose is to track **real changes** over time, free from the distortions of inflation or structural shifts.

Significance of Base Year

- It removes the **effect of inflation** and allows us to observe **real growth**.
- It helps in creating **index numbers** (for example, CPI = 100 in base year).
- Ensures that data reflects the **current structure** of the economy, **consumption patterns**, and **prices**.
- Regular updating helps maintain the relevance and accuracy of economic data.

Need for Changing the Base Year

- The base year is typically changed every **7–10 years** to reflect:
 - **New consumption patterns.**
 - **Changes in the economic structure.**
 - **Introduction of new goods and services.**
- Helps ensure that economic data remains **relevant** and **accurate**.
- Provides a **clearer picture** of the economy's current state and supports the design of **effective economic policies**.

Economic Datasets Explained

Gross Domestic Product (GDP)

- GDP represents the **total monetary value** of all **final goods and services** produced within a country's domestic territory during a specific period (quarter or year).
- It is calculated by summing up all expenditures in the economy:
 - **Household consumption.**
 - **Government expenditure.**
 - **Private business investment.**

- **Net exports** (exports minus imports).
- Provides a view of **aggregate demand** in the economy.
- Current base year: **2011–12**.
- Released by the **National Statistical Office (NSO), MoSPI**.

Index of Industrial Production (IIP)

- IIP measures the **volume of production** in the **industrial sector**, including:
 - **Mining.**
 - **Manufacturing.**
 - **Electricity.**
- It is a **volume-based index** (not value-based like GDP).
- It serves as a key indicator of **short-term industrial performance** and **economic momentum**.
- Published **monthly**.
- Current base year: **2011–12** (revision to **2022–23** underway).
- Released by **NSO, MoSPI**.

Consumer Price Index (CPI)

- CPI measures the **average change in prices** paid by consumers for a **basket of goods and services** over time — a key tracker of **retail inflation**.
- CPI reflects the **cost of living** and **purchasing power** of consumers.
- The index covers a wide range of items, including:
 - **Food.**
 - **Housing.**
 - **Clothing.**
 - **Transport, etc.**
- Published **monthly**.
- Current base year: **2012** (to be revised to **2024**).
- Released by **NSO, MoSPI**.

Conclusion

- By updating the base years — **GDP and IIP to 2022–23**, and **CPI to 2024** — India aims to better capture:
 - Recent shifts in **consumption patterns**.
 - **Industrial output**.
 - **Price structures**.
- These changes will ensure that the economic data used for **policy formulation, government planning, and economic analysis** is more **accurate, relevant, and reflective of contemporary conditions**.
- Ultimately, this will enhance the **effectiveness of policymaking** and the ability to monitor India's **economic progress** in a dynamic environment.

Source: <https://indianexpress.com/article/business/new-base-year-for-gdp-cpi-iip-from-early-2026-services-survey-from-jan-mospi-secretary-10055289/>