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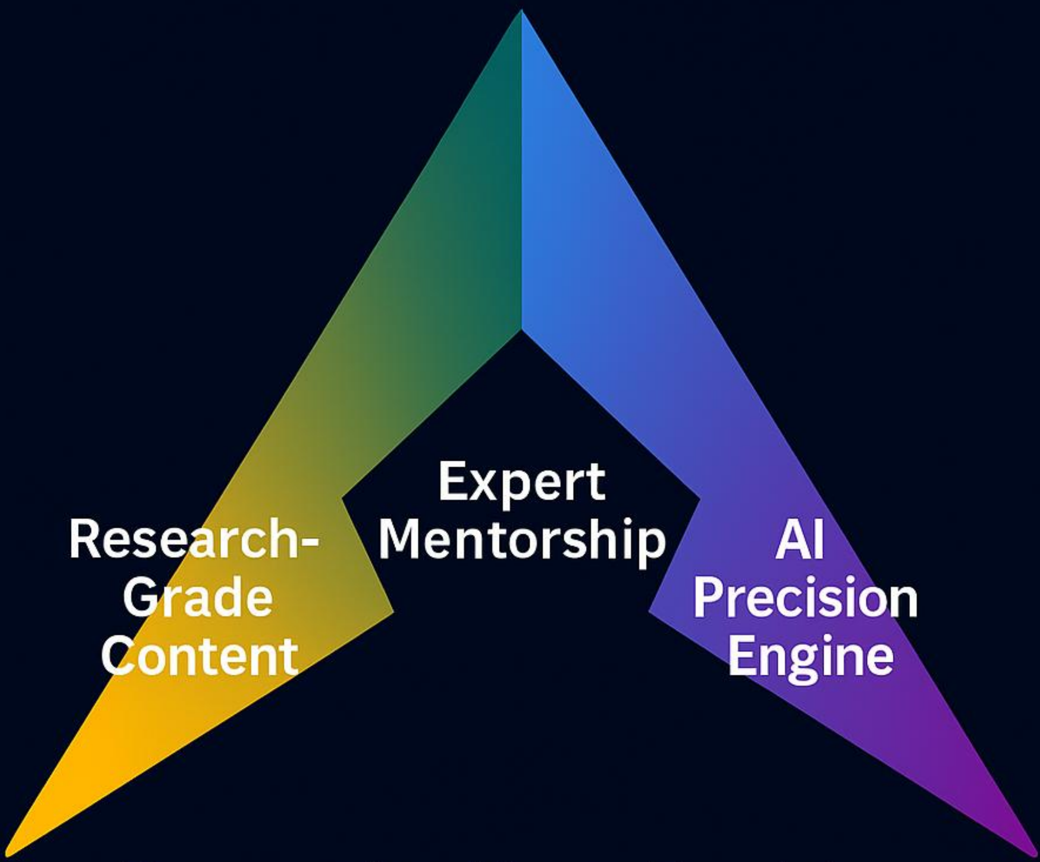

Preparation Meets Precision

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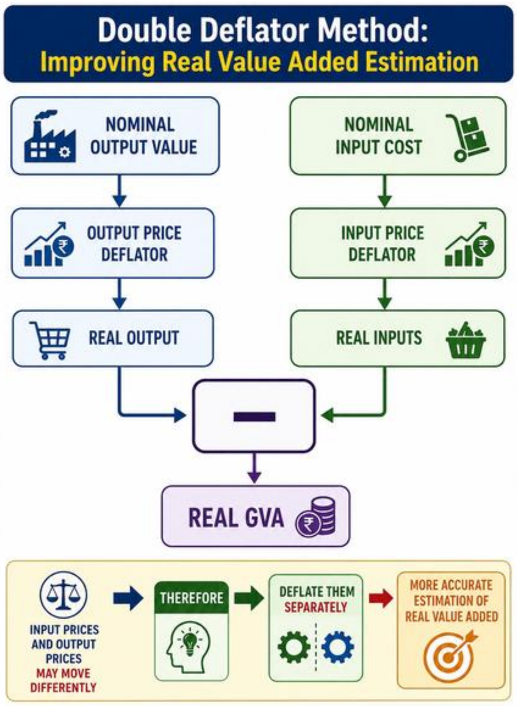
DAILY CURRENT AFFAIRS DATED 21.06.2026

GS Paper II: Current Affairs

1. Upgradation of India's Statistical Databases

a. Introduction

Reliable statistics are central to economic governance. They help the state estimate national income, measure inflation, assess industrial performance, frame monetary policy, design welfare schemes and evaluate development outcomes. When statistical databases continue to rely on old base years, they gradually become less representative of the economy. New products, changing consumption habits, digital services, emerging industries and altered sectoral shares may remain inadequately captured.



India has recently upgraded major statistical databases relating to gross domestic product, industrial output and inflation. The reform assumes importance because older databases had become increasingly outdated, and concerns had also been raised after the International Monetary Fund assigned a low grade to India's national accounts statistics. The revision is therefore not merely a technical exercise. It is an attempt to strengthen the credibility, accuracy and policy relevance of India's statistical system.

This makes the issue important not only for economic measurement, but also for wider questions of governance, policy credibility and evidence-based decision-making.

b. Why the Overhaul Was Necessary

India's key economic databases were based on older economic realities. The base year for national accounts and the Index of Industrial Production has been shifted from 2011-12 to 2022-23. The Consumer Price Index has been revised from the 2012 base to the 2024 base. The Wholesale Price Index has also been updated from the 2011-12 base to 2022-23.

This overhaul became necessary because the structure of the Indian economy has changed considerably. Household consumption patterns are no longer the same as they were a decade ago. Digital services, online media, streaming platforms, compressed natural gas and piped natural gas now occupy a more visible place in everyday consumption. At the same time, several older items such as video cassette recorders, DVD players, tape recorders and cassettes have lost relevance.

Sectoral contribution to gross domestic product has also changed. The economy has become more services-oriented, and industrial activity itself has become more diverse. Inflation data must therefore reflect current household expenditure patterns rather than an outdated consumption basket.

Accurate price and output statistics are essential for the Reserve Bank of India's monetary policy, government expenditure planning, dearness allowance and dearness relief calculations, and real gross domestic product estimation.

Thus, the overhaul was necessary to ensure that India's official statistics reflect the economy as it exists today rather than the economy as it existed a decade ago.

c. Key Changes in National Accounts and Gross Domestic Product

Revision of Base Year

- The national accounts base year has been revised to 2022-23. This makes estimates of gross domestic product and gross value added more representative of the present economy.

Adoption of Double Deflator Method

One important improvement is the adoption of the double deflator method for agriculture and manufacturing.

- Under this method, input prices and output prices are adjusted separately while estimating real value added.
- This is significant because input costs and output prices may not move in the same direction or at the same pace.
- Separate adjustment therefore improves the accuracy of real gross domestic product estimation.

Better Use of Data Sources

- The revised framework also improves the sectoral allocation of output in enterprises engaged in multiple activities. Newer data sources, including Goods and Services Tax data and the Periodic Labour Force Survey, are being used to strengthen estimation.

Reduction of Statistical Discrepancies

- Methodological refinements are also expected to reduce statistical discrepancies. These changes improve the credibility of gross domestic product data, support better fiscal and monetary policy, and strengthen India's statistical governance.

The reform of national accounts is closely linked with industrial output measurement, because industrial production data feeds into broader estimates of economic activity.

d. Changes in Industrial Output Measurement

Base Year Revision

- The Index of Industrial Production has also been updated to the base year 2022-23. This revision is important because industrial production is a key monthly indicator of economic activity.

Expanded Sectoral Coverage

The coverage of the index has been expanded to include gas supply, water supply, sewerage and waste management.

- Electricity has been classified more clearly into renewable and non-renewable sources.
- Mineral production coverage has been improved by capturing different mineral types with greater detail.
- This makes the index better aligned with the contemporary industrial structure.

Larger Item Basket

- The item basket has expanded from 839 items to 1,042 products, mapped to a wider set of item groups. This makes the index more representative of the contemporary industrial structure.
- A more accurate Index of Industrial Production will also improve the estimation of gross domestic product and gross value added.

Industrial output captures production trends, while inflation indicators capture price movements. Both are necessary for a complete understanding of economic performance.

e. Changes in Inflation Indicators

Revision of Consumer Price Index

- Inflation measurement has also been modernised. The Consumer Price Index base year has been updated to 2024 and linked with the Household Consumption Expenditure Survey 2023-24. This allows the index to reflect more recent consumption patterns.

Expansion of CPI Basket

The number of items in the Consumer Price Index has increased from 299 to 358.

- Rural house rent has been included for the first time.
- New items such as online media services, compressed natural gas, piped natural gas and streaming services have been added.
- Obsolete items such as video cassette recorders, DVD players, radios and cassettes have been removed.

Improved Price Measurement

- The revised index also improves the measurement of telephone charges, rail fares, air fares, fuel prices and postal charges.
- This is important because the Consumer Price Index is used by the Reserve Bank of India to assess inflation and decide interest rates. It is also relevant for wage indexation, welfare planning and calculation of dearness allowance.

Revision of Wholesale Price Index

- The Wholesale Price Index has also been revised to the base year 2022-23. Its item basket has expanded from 697 items to 957 items. Crude petroleum and natural gas have been shifted to the Fuel and Power category, and methodological refinements have been introduced.

Introduction of Producer Price Index

A major reform is the introduction of the Producer Price Index.

- Unlike the Wholesale Price Index, the Producer Price Index separately tracks the prices producers pay for inputs and the prices they receive for outputs.
- It excludes transport costs and indirect taxes, making it a cleaner measure of producer-level prices.
- It includes both goods and services.
- The government plans to gradually phase out the Wholesale Price Index over five years, with the Consumer Price Index and Producer Price Index becoming India's main price indicators.

Together, these reforms modernise India's inflation framework and make price data more relevant for monetary policy, welfare planning and economic analysis.

f. Analysis/Observation

Significance

The upgradation of statistical databases has several important benefits.

- It improves the accuracy of gross domestic product, inflation and industrial output data.
- It helps governments design policies based on current economic realities rather than outdated assumptions.
- It enables the Reserve Bank of India to take better monetary policy decisions.
- It improves fiscal planning and strengthens welfare targeting.
- It enhances India's statistical reputation and strengthens investor confidence.

As India seeks to position itself as a major global economy, the reliability of its official statistics becomes an important element of economic credibility.

Concerns

However, some concerns remain.

- Frequent methodological changes may create comparability issues with older data.
- The quality of source data must remain high, especially when administrative databases such as Goods and Services Tax data are used.
- State-level statistical systems need strengthening because national data quality depends heavily on state capacity.
- If methodologies are not clearly explained, doubts may arise over data credibility.

Therefore, the success of the reform depends not only on technical improvement, but also on institutional independence and public trust.

The reform has strong potential, but its credibility will depend on how transparently and consistently it is implemented.

g. Way Forward

- **Regular Base-Year Revision:** India should institutionalise regular base-year revisions so that statistical databases remain aligned with economic change.
- **Strengthening Statistical Institutions:** The National Statistical Commission should be strengthened to protect professional autonomy and improve confidence in official statistics.
- **Transparency in Methodology:** Methodologies must be transparently published, and changes should be explained in a clear and accessible manner.
- **Capacity Building at State Level:** State statistical systems require investment in manpower, technology and data validation capacity because national-level data quality depends heavily on state-level reporting.
- **Careful Use of Digital Databases:** Digital databases such as Goods and Services Tax records should be used carefully, with strong safeguards for accuracy and consistency.
- **Back-Series Data:** The government should release back-series data to maintain comparability between old and new series. This will allow researchers, policymakers and markets to understand long-term economic trends without confusion.

These steps can ensure that the statistical overhaul becomes a durable governance reform rather than a one-time technical revision.

Conclusion

The upgradation of India's statistical databases is more than a routine technical revision. It is a governance reform that seeks to make economic measurement more accurate, representative and credible.

Better data can lead to better policy, but the long-term credibility of the exercise will depend on transparency, institutional independence, methodological consistency and regular updating of statistical systems. In this sense, statistical reform is not merely about numbers. It is about strengthening the foundations of evidence-based governance in India.

Reader's Note — About This Current Affairs Compilation

Dear Aspirant,

This document is part of the PrepAlpine Current Affairs Series — designed to bring clarity, structure, and precision to your daily UPSC learning.

While every effort has been made to balance depth with brevity, please keep the following in mind:

1. Orientation & Purpose

This compilation is curated primarily from the UPSC Mains perspective — with emphasis on conceptual clarity, analytical depth, and interlinkages across GS papers.

However, the PrepAlpine team is simultaneously developing a dedicated Prelims-focused Current Affairs Series, designed for:

- factual coverage
- data recall
- Prelims-style MCQs
- objective pattern analysis

This Prelims Edition will be released separately as a standalone publication.

2. Content Length

Some sections may feel shorter or longer depending on topic relevance and news density.
To fit your personal preference, you may freely resize or summarize sections using any LLM tool (ChatGPT, Gemini, Claude, etc.) at your convenience.

3. Format Flexibility

The formatting combines:

- paragraphs
- lists
- tables
- visual cues

—all optimised for retention.

If you prefer a specific style (lists → paras, paras → tables, etc.), feel free to convert using any free LLM.

4. Monthly Current Affairs Release

The complete Monthly Current Affairs Module will be released soon, optimized to a compact 100–150 pages — comprehensive yet concise, exam-ready, and revision-efficient.