**Differences between the new and old GDP series**

The main differences between the old way of calculating the GDP before and now are :

1. Changing the base year from 2004-05 to 2011-12
2. Changing the “method” of calculating GDP - Moving from factor prices to market prices. Previously costs of production or factor prices were used to calculate GDP i.e. GDP was calculated from the production costs. The current uses the Gross Value Added (GVA) at market prices i.e. prices at which consumers buy goods and services. The usage of market prices is consistent with international norms.
3. Using a larger sample of companies – Previously data was taken from 2 lakh companies in the ASI, but now the database draws from 5 lakh companies registered with the Ministry of Corporate Affairs (MCA21). This led to the manufacturing being better represented in GDP calculation.

**POINTS OF CONTENTION**

1. The new formula showed a 5.3% growth in manufacturing in 2013-14 but the earnings of NSE listed companies was actually falling. Potential reason suggested is that the unlisted companies in the informal sector made up for this? We can potentially find suggestive evidence of this by looking at rural areas
2. In August 2018, the NSC released comparable (to the current method) GDP numbers from 1994 onwards. This showed that the growth rates of the old series were higher till 2003-04, but then the growth rates in the UPA era were even higher than what was given in the old GDP series.
3. But in November, NITI Aayog released a revised set of growth numbers from 2004-05 which significantly shrunk the growth rates in the UPA era. Their claim was that the way the NSC “back-cast” the series was incorrect.