

'HURRIED ATTEMPT TO DRAW CONCLUSIONS'

Modi's EAC Refutes Subramanian's Claim on GDP Nos

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Our Bureau

New Delhi: The Economic Advisory Council (EAC) to the Prime Minister refuted former chief economic advisor (CEA) Arvind Subramanian's assertion that India's GDP was overestimated between FY12 and FY17. It said there seems to have been a "hurried attempt to draw conclusions" about India's complex economy and its evolution, relying more on private agencies such as Centre for Monitoring Indian Economy (CMIE) while raising doubts about Central Statistics Office (CSO) data.

The EAC, in a detailed paper, asserted that India's GDP estimation methodology is on par with its global standing as a major and responsible economy while highlighting that Subramanian used 17 high-frequency indicators, but ignored the representation of the services sector (60% in GDP) and the agriculture sector (18%) in the analysis. The report is the latest attack on Subramanian's findings, which were published last week by the Center for International Development at Harvard University.

"If anything, the weakness of Dr Subramanian's attempt to suggest that the growth numbers are overestimated confirms that the estimation process is robust to spurious criticism," it said.

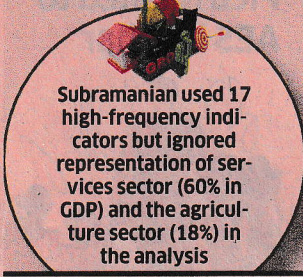
"The fact of the matter is that India's GDP methodology is consistent with internationally accepted standards and is in a continuous process of improvement."

The paper, authored by economists Bibek Debroy, Rathin Roy, Surjit Bhalla, Charan Singh and Arvind Virmani, said the former

EAC's Counter

There seems to have been a "hurried attempt to draw conclusions" about India's complex economy and its evolution

There has been greater reliance on private agencies such as CMIE while raising doubts about CSO data.



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CEA had overlooked tax data. "For anyone who reads Dr Subramanian's paper, it is evident that he trusts CMIE but distrusts CSO... This blind trust in a private agency (CMIE) and blind distrust

The EAC paper said the former CEA had overlooked tax data

in a government institution (CSO) that has served India appears unwarranted for a neutral academic," it said. Subramanian admits, the EAC noted, that "the results in the paper are by no means the final word". However, the sweeping conclusions and broad policy implications he lays out seem to suggest that India needs to be alarmed, the EAC said. Subramanian, who stepped down as the chief economic advisor last year, said in the research paper that India's economic growth rate had been overestimated by about 2.5 percentage points between FY12 and FY17 due to a change in methodology for calculating GDP.

Hard Numbers >> 9