Concerns with GDP Numbers

Why in news?

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The National Statistics Commission (NSC) is working on various alternative measures for back-casting GDP series.

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What is the GDP status of India?

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- The International Monetary Fund (IMF) recently reported that India continues to be the fastest growing economy.
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- India has expected growth rate of 7.3 per cent for the current year and 7.5 per cent for the next.
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- Indian agriculture contributes about 16 per cent to India's GDP by employing nearly half of the working population.
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What are the shortfalls with understating GDP?

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- An increased share of agriculture to GDP does not necessarily mean that farmers will have a better tomorrow.
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- For instance - There might be two paddy growing farmers, who help each other in their sowing activity by lending free labour, which is outside the purview of GDP calculation.
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- Increasing GDP of agriculture can happen with absolutely no increase in the farmer's income or their well-being.
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What areas needs to be taken care?

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- The agriculture sector is largely underemployed and inefficient, with the right practices, the same amount of food can probably be grown with half the people working.
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- But, by consciously developing rural enterprises, nurturing them and celebrating their success, India can possibly gainfully employ more of the population in agri-value-chain activities.
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- It is imperative that small farmers get end-to-end support in farming and post-harvest management with the right people and physical infrastructure backing them.
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Source: Business Line

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