

Economic Times – All Editions

\$10bn trade surplus in fourth quarter of 2011-12 baffles all

Date: 01.06.2012

It was not only the meager 5.3% GDP growth in the fourth quarter of 2011-12 that disappointed economists on Thursday. Analysts continued to be baffled by the shoddy quality of expenditure estimates in the latest national accounts compiled by the Central Statistical Organisation in the Ministry of Statistics and Programme Implementation.

The recent data release shows that India had a \$10-billion trade surplus in the fourth quarter of 2011-12. Based on this surplus, India's GDP grew by 5.3%. However, analysts argue that such a trade surplus is invalidated by the huge current account deficit that India had during the period.

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Pronab Sen, former Chief Statistician of India and currently principal adviser to the Planning Commission, explained that such a discrepancy was a result of an economic rationale that is followed all over the world.

"There is always a mismatch between the trade numbers as they are adjusted to balance out the expenditure and consumption numbers with the current account. It is an economic principle of equilibrium and is a standard practice globally," Sen told ET.

Most of the economic think tanks and ratings agency do not question the GDP at factor cost data and say that it is unlikely that the growth figure of 5.3% for the quarter or 6.5% for the fiscal is going to be revised.

But they do point out skepticism over the expenditure numbers.

"I would not like to comment anything based on the expenditure and consumption figures. They are unreliable and there is a huge problem with them...they do not give the right picture," said Samiran Chakraborty, chief economist, Standard Chartered.

Also, a comparison between the 2010-11 growth numbers, given by the CSO a year ago, with the revised figures released on Thursday shows that the growth picture has changed. The quarters that were estimated to do better in 2010-11 have registered much lower growth while others that were estimated to have dampened growth have seen huge upward revisions.