An Approach Paper to Compilation of the Index of Service Production (ISP) for the formal sector of the economy

MoSPI invites comments/ feedback from stakeholders on the Approach Paper

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The services sector is the most dynamic and rapidly expanding segment of the economy. In terms of economic significance, the services sector contributes more than half of India's GDP, generates millions of jobs and has been a major catalyst for the country's economic transformation in the last few decades.

Unlike the Index of Industrial Production (IIP) for the industrial sector, at present, there is no Index of Service Production (ISP) to capture short-term movements in the services sector. NSO, MoSPI has been grappling with the issue of compilation of Index of Service Production for quite some time. Due to limited data availability, the past were met with significant challenges. The unavailability of ISP created a critical data gap in assessing overall economic performance.

Recent times have seen a huge change in data landscape in India fuelled by data demand, adoption of technology and digitalization of administrative and secondary data sources. The implementation of the Goods and Services Tax (GST) in India on July 1, 2017, marked a fundamental shift in economic analysis as monthly GST collection data acts as a powerful barometer for economic activity. Beyond its primary goal of taxation, the Goods and Services Tax Network (GSTN) has emerged as a powerful data source for production and outward supplies across different sectors of the economy.

NSO, MoSPI proposes to use the aggregated GST data to monitor the progress of services sector. MoSPI does not have access to nor does it require individual unit level data for this purpose, thus preserving the confidentiality of such dis-aggregated information. However, the data requires careful analysis of its suitability for statistical purposes. To take this forward, a Technical Advisory Committee on ISP (TAC-ISP) had been constituted in May, 2025. Twenty four members of the TAC – ISP, over the past year, have held several deliberations and an Approach Paper on the compilation of ISP for the formal sector has been prepared. The proposed approach has been developed with reference to international best practices and in consultation with members of the TAC - ISP.

The approach paper comprehensively analyses more than 40 sub – sectors of the services sector in terms of availability of data on output and their suitability in terms of coverage. The paper also discusses availability of most appropriate price deflators and methods to standardize the base of these deflators. The key sub – sectors covered include wholesale and retail trade, transport, banking, insurance, communication, hotels and restaurants, real estate, professional, scientific and technical services, arts, entertainment and recreation, etc

MoSPI invites views and comments from experts, academicians, Central government Ministries/ departments, State governments, financial institutions and other stakeholders on the proposed methodology. The Approach Paper is available on the MoSPI website, can be accessed through the link https://www.mospi.gov.in/uploads/announcements/announcements_1777286 440613_75065afb-ded9-4c80-ba5dbdd2fc61f355_Services_sector_approach_paper_final_merged.pdf. It can also be accessed through the QR code given below. Comments and suggestions may be sent to the email to ddgec.esd@mospi.gov.in by 5th May, 2026.

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