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India's Index of Service Production (ISP) — MoSPI Proposes Monthly Services GDP Tracking

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ECONOMY

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CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)**ALSO FROM THE CREATOR****BharatNotes**Free UPSC notes, MCQs, PYQ analysis. **100% Free.**bharatnotes.com →**ADVERTISE****Advertise with Ujiyari**

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WHY IN NEWS

The **Ministry of Statistics and Programme Implementation (MoSPI)** released an **Approach Paper** proposing the creation of an **Index of Service Production (ISP)** — India's first monthly index to measure output in the formal services sector. The ISP will function analogously to the **Index of Industrial Production (IIP)** for manufacturing. MoSPI has invited comments from stakeholders by **May 5, 2026**. The base year is **2024-25** and the primary data source will be the **GST Network**.

THE DATA GAP THE ISP FILLS

India's current statistical architecture for measuring economic output has a significant gap:

INDEX	WHAT IT MEASURES	FREQUENCY	EXISTS?
IIP (Index of Industrial Production)	Manufacturing, mining, electricity output	Monthly	✓ Yes (MoSPI, since 1950)
WPI (Wholesale Price Index)	Prices of manufactured goods	Monthly	✓ Yes
CPI (Consumer Price Index)	Consumer prices incl. services	Monthly	✓ Yes
GDP (Services)	Services sector output	Quarterly (GVA)	✓ Yes — but only quarterly
ISP (Index of Service Production)	Services sector output	Monthly	✗ Proposed — does not exist yet

The problem: Services account for over **50% of India's GDP** — yet unlike manufacturing (IIP is released monthly within 6 weeks of the reference month), there is no monthly tracker for services output. Policymakers, RBI, and financial markets rely on surveys like the **PMI Services** (Purchasing Managers' Index, from S&P Global) — a private sector survey — as the best monthly proxy for services activity.

ISP — PROPOSED DESIGN

FEATURE	DETAIL
Base year	2024-25
Frequency	Monthly
Primary data source	GST Network (GSTN) — largest real-time administrative dataset on formal sector activity
Secondary sources	Administrative data (MCA21, banks, insurance data), ASISSE enterprise survey
Coverage	Formal services sector — approximately 67% of total services GVA
Excluded	Informal services; GST-exempt sectors (health, education, government services)

Sub-sectors Covered

- Wholesale and retail trade
- Transport and storage
- Hotels and restaurants
- Banking and financial services
- Insurance
- Real estate
- Professional, scientific and technical services
- Communications (telecom)
- Arts, entertainment and recreation

WHY GST NETWORK IS THE KEY DATA SOURCE

The **GST Network (GSTN)** — operational since July 2017 — contains monthly e-filing data on sales, purchases, and turnover for approximately **14 crore registered businesses**. It is the most comprehensive real-time dataset on India's formal economy. Using GSTN as the foundation allows the ISP to be compiled with a **6-8 week lag** — comparable to the IIP's turnaround time.

This is a significant methodological advance: previous services output measurement relied on surveys (slow, subject to non-response bias) or proxy indicators (electricity consumption, freight data). GSTN data is administrative — reported directly by businesses under legal obligation.

SIGNIFICANCE FOR ECONOMIC POLICY

BENEFICIARY	HOW ISP HELPS
RBI (Monetary Policy Committee)	Monthly services data improves inflation and growth nowcasting — critical for rate decisions
Finance Ministry	Better tracking of GST-eligible services for revenue forecasting
CSO/GDP estimation	Reduces dependence on benchmark-and-indicator methodology for quarterly services GVA
Financial markets	Replaces reliance on private PMI surveys with official government data
UPSC-relevant	Monthly service sector data complements IIP for a more complete picture of India's economic momentum

UPSC RELEVANCE

PAPER	ANGLE
GS3 — Economy	National income accounting; GDP measurement; IIP vs ISP; GVA vs GDP
GS2 — Governance	MoSPI; statistical system; data-driven policymaking
GS3 — Economy	GST Network; formalisation of economy; digital transaction data

Mains Keywords: Index of Service Production, ISP, MoSPI, Index of Industrial Production, IIP, services sector GDP, GST Network, national income accounting, services measurement, base year 2024-25

Facts Corner

ITEM	FACT
Index name	Index of Service Production (ISP)
Proposed by	MoSPI (Ministry of Statistics and Programme Implementation)
Existing analogue	Index of Industrial Production (IIP) — for manufacturing
Base year	2024-25
Primary data source	GST Network (GSTN)
Coverage	~67% of services GVA (formal sector)
Excluded from ISP	Informal services; health, education (GST-exempt)
Consultation deadline	May 5, 2026
Services share of India GDP	50%+
IIP base year (current)	2011-12
PMI Services	Private survey by S&P Global — currently best monthly proxy

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Bharat Choudhary

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