New IIP series may use GST data, be seasonally adjusted

Statistics ministry is looking to replace obsolete, non-responsive factories, those that have changed production lines

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The National Statistics Office (NSO) is mulling over using goods and services tax (GST) data in the new index of industrial production (IIP) series, which is slated to be released in February next year, Saurabh Garg, secretary, Ministry of Statistics and Programme Implementation (Mospi), said on Thursday.

Speaking at an event titled "Transforming India's National Statistical System", organised by the World Bank, he further highlighted that the new IIP series will also have a seasonally adjusted series at the sectoral level.

Besides, the new IIP series will be chain-based as the annual survey of industries (ASI) data is available to adjust the weights of different industries. Also, the ministry is working to substitute factories that have changed their line of production and become obsolete, or remained non-responsive.

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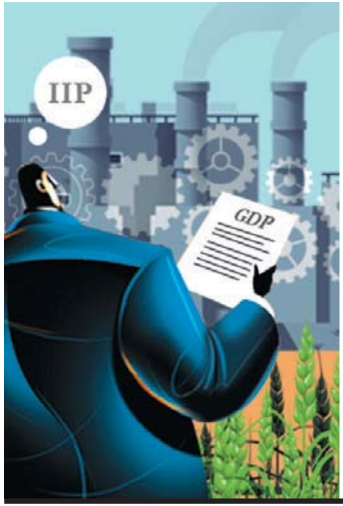

DATA INTEGRATION

- New IIP series, set for release in Feb 2026, would incorporate GST data to capture unorganised manufacturing
- IIP will move to a chain-based system, updating industry weights annually instead of relying on a fixed base year
- Factories that have changed production, become obsolete, or shut down will be replaced for better accuracy
- Countries like the US use chain-based indexing, but experts caution that India's seasonal and monsoon-driven economy may face data distortions
- NSO is revising the IIP base year from FY12 to FY23, with the first updated series expected alongside the revised GDP series in February 2026

"As part of the ongoing base-year revision process in the country, where we are updating base year for all the macro indicators, we are looking to add these new features in the new series, so that we get a better picture of the economic activities in the country," said Garg.

Currently, the NSO is working on revising and updating the base year of the IIP to financial year 2022-23 (FY23) from FY12 at present. It is expected to release the first revised series in February 2026 along with the revised gross domestic product (GDP) series.

Madan Sabnavis, chief economist, Bank of Baroda, said that using GST data will help in better capturing of the unorganised manufacturing sector, as a lot of units operating in the small and medium categories have registered under the GST.

"Besides, seasonally adjusting the series at sectoral level will present a better picture of production in the country, as a lot of production in developing economies is seasonal and their weight needs to be adjusted. For example, food products like ice cream are seasonal in nature. Keeping their weight intact in the series throughout the year doesn't present a correct picture," he added.

PC Mohanan, former acting chairman, National Statistical Commission, said: "For the current series, the sample of factories was fixed way back in 2011, and manufacturing establishments, in particular, have a short life. They get established quickly and die out soon. So, chaining will help in better capture of data."

In the chain-based mechanism, the IIP is compared to the previous year, as opposed to the current IIP series, which compares production levels to a single base year and the weights assigned to different industries remain constant throughout this time period.

On the other hand, the chain-based IIP uses weights that are updated annually, reflecting the current structure of the economy. A few developed economies like the US use the chain-based method.

But Sabnavis has a different view. "In developing economies like India, with monsoon-dependent agriculture and production, individual prices and quantities produced fluctuate, hence chaining the IIP will produce distorted results," he added.