**Measurement of services in National Accounts**

The service sector is a dominant contributor to the overall growth of the economy. The share of this sector is 54 percent in total GVA and is sector contributed around 64 per cent to the Gross Value Added growth in 2015-16. The share of financial services was 5.8 % in total GVA and 10.9 % in the total service sector during 2015-16. As per the provisional estimates of 2016-17, of the Central Statistics Office (CSO), the growth in services sector was 7.7 per cent during 2016-17.

For measuring output and value added for service industries the producers in each economic activity is bifurcated into market producers (who provide services at economically significant prices, which will normally enable the producers to generate operating surplus after meeting input costs) and non-market producers (who provide most of their output to others either free or at prices which are not economically significant). For the market producers engaged in service activities, output in nominal terms is measured from the books of accounts broadly as sum of sales and changes in inventories. On the other hand, for the non-market producers, output is measured at nominal prices as sum of costs which include compensation of employees, intermediate consumption and consumption of fixed capital. For both market and non-market producers, output and value added at constant prices is generally estimated by deflating the estimates of nominal prices by a relevant price deflator (mostly the CPIs or the WPIs) or by extrapolating the base year estimates with physical (volume) indicators.

Out of the total service sector value added including public administration & defence and Financial services, the share of household sector is 36%. While the organised sector estimates of GVA are compiled using detailed information available from budgets of Central and State Governments, financial statements of public and private corporations, the Household sector estimates are estimated indirectly through well established procedures using indicators that have linkages with the sectors they represent.

Overview and challenges in measuring the output/GVA of services sector including financial services would be presented.