

UPDATED NATIONAL INDUSTRIAL CLASSIFICATION-2004

Introduction

A statistical system must be capable of measuring the contribution of all the economic activities towards the national wealth and be responsive to the needs of the planners to critically evaluate the steps necessary for planned development. Such measurements should also provide comparable estimates over time between regions and allow for corrective steps to achieve the goal of maximum benefit to the entire society. The official statistical data have to be collected and presented according to classifications designed to facilitate their use for national economic policy and for international comparison.

2. A standard industrial classification is essential for developing a proper statistical system in any country. Such classifications are frequently used in classifying the economically active population, statistics of industrial production and distribution, the different fields of labour statistics and other economic data such as national income. Comparability of statistics available from various sources, on different aspects of the economy, and usability of such data for economic analysis, are prerequisite for standardisation of a system of classification.

International Scenario

3. The issue of standardisation of industrial classification at the international level was deliberated in the First International Conference of Labour Statisticians (ICLS) as early as 1923, wherein International Labour Organisation (ILO) prepared a report summarising the classifications in use in different countries and enunciating the principles concerning industrial classification. It recommended the classification of economic activity under three broad categories viz.,

- (I) primary production (agriculture and mining) ;
- (II) secondary production (manufacturing and construction) ; and
- (III) services (transport, commerce, administration, etc.)

4. The matter received further consideration at the Second (1925) and Third (1926) Conferences as a result of which a provisional list of the principal branches of economic activity was prepared mainly to help compilation of labour statistics in a comparable manner. The Committee of Statistical Experts of the League of Nations to whom the whole question was subsequently referred recommended in 1938 two lists of industrial groups - a minimum list and a more detailed list- for classification of the gainfully occupied population.

5. The Statistical Commission of the United Nations took up the question afresh and recommended an International Standard Industrial Classification (ISIC) of all Economic Activities. The classification was approved by the Economic and Social Council of the United Nations in 1948 for adoption by the various countries as a framework for rearranging national classifications to facilitate international comparability.

6. The ISIC was used both nationally and internationally in classifying data according to the kind of economic activity in various fields. A number of countries had utilised ISIC, as the basis for devising their own industrial classifications. Substantial comparability had been attained between the Industrial Classifications of such countries and ISIC by ensuring, as far as practicable, that the categories at the detailed level of classification in the national schemes fitted into only one category of ISIC. The United Nations, the International Labour

Organisation, the Food and Agriculture Organisation and other international bodies utilised ISIC in publishing and analysing their statistical data.

7. The experience gained over time in the use of ISIC, revealed the need for periodic review of the structure and definition, of its categories and the underlying principles. Changes take place in the organisation of economic activities and new types of economic activities become important. Continuing experience in the use of ISIC reveals aspects which should be amplified, clarified or improved in other ways. The U.N. Statistical Commission, therefore, undertook a review and revision of ISIC in 1956, 1965 and again in 1979 leading to ISIC-1958 (Rev.1), ISIC- 1968 (Rev. 2) and ISIC- 1990 (Rev. 3) systems. In each instance the Commission emphasised the need to maintain as much comparability between the revised and preceding versions of ISIC as was possible, while introducing the alterations, modifications and other improvements.

International Standard Industrial Classification (ISIC) Rev. 3

8. In the economic field, two related but distinct types of international classifications have been in use: a classification of the economic activities, and a classification of the goods and services resulting from these activities. While the ISIC provides the framework for capturing the data of the producers of goods and services, two separate classifications have been used for recording the data on the output of the economic activities : the Standard International Trade Classification (SITC), issued by the UN Statistical Office and the Customs Co-operation Council Nomenclature (CCCN). Since all the three were developed independently, the resultant data suffered from a serious limitation : they could not be meaningfully compared.

9. On the basis of subsequent developments the next revision of the CCCN (named as the Harmonised Commodity Description and Coding System or HS) was agreed to be used as the vehicle for harmonisation of all economic classifications. This was sought to be achieved by using the most detailed categories of the HS as the building blocks for the future revision of other economic classifications as also development of new classifications. (The HS itself entered into force in 1988 with India being one of the first countries to ratify and adopt it both as an instrument for customs duty administration as well as for recording its trade statistics).

10. The third revision of ISIC which was published in 1990 (ISIC Rev.3), has taken into account the past experience of its use, and is mainly structured by requirements of harmonisation.

11. Nevertheless, general structure of ISIC Rev. 3 has not been changed considerably, although the coding system and the names given to the different levels of classification are different from those in the previous versions. In order to improve its usefulness, the levels of details have become much greater than in ISIC Rev. 2. The greater details occur almost everywhere in the classification, especially in the part dealing with the service activities. The need was felt that the expansion in this sector of the economy in most of the countries should however be reflected in the revised ISIC. In India also, an emergence of new activities in the services sector especially in software/hardware development, pollution-related activities, information technology, environment activities, financial and banking services etc., has been witnessed.

12. ISIC Rev. 3, like its predecessors, does not draw distinction according to kind of ownership, type of legal organisation or mode of operation, because such criteria do not relate to the characteristics of the activity itself. Units engaged in the same kind of economic

activity are classified in the same category of ISIC, irrespective of whether they are (part of) incorporated enterprises, individual proprietors or government, and whether or not the parent enterprise consists of more than one establishment. Classifications according to the kind of legal ownership, kind of organisation or mode of operation may be constructed independently of the classification according to kind of economic activity. Cross-classifications with ISIC will provide useful extra information. Similarly, manufacturing units are classified according to the principal kind of economic activity in which they engage, whether the work is performed by power-driven machinery or by hand, or whether it is done in a factory or in a household; modern versus traditional is not a criterion for ISIC, although the distinction may be useful in some statistics. Also, ISIC does not make the distinction between formal and non-formal or (illegal) production.

13. The coding system of ISIC Rev. 3 has not been extended beyond the four digit. However, several categories that were shown at three or even at four digit level in Rev. 2 have been upgraded to a higher level. Efforts were made to maintain the principle that 2 digit level of ISIC is thought to be suitable for the purpose of classifying the enterprises and similar units and that each of the four levels may be used in the classification of kind-of-activity units or establishments.

14. The names given to the categories at different levels in ISIC Rev.3 as compared to Rev.2 have been changed, except for the term 'division' which has been maintained at the two digit level. This has been done for two reasons. First, it seemed better to discontinue the use of a name in combination with a number of digits, as used in ISIC Rev.2, to prevent users from confusing categories from Rev.3 with those from Rev.2. The second reason was to harmonize the use of category name with other classifications of the UN such as Standard Industrial Trade Classification (SITC). For practical reasons, the tabulation categories are called '*sections*', the two-digit categories '*divisions*', the three-digit categories '*groups*' and the four-digit categories '*classes*'. The number of sections is 17. Each section consists of one or more divisions which are 60 in total. Each division, in turn may be further divided into nine groups, which are 159. Further sub-division of these groups resulted in 292 classes at four-digit level.

The 2002 update to International Standard Industrial Classification (ISIC) Rev. 3

15. There was a lot of change in the economic structure in many countries of the world. New technologies have emerged, new divisions of labour between organizations have created new types of activities and new forms of industries during the last 10 years since the publication of ISIC Rev.3 in 1990, at an unprecedented rate. In response to the growing demands of providers and users of data, the Expert Group on International Economic and Social Classifications, at its fourth meeting in 1999, recommended that an update of the third revision of ISIC be undertaken to better reflect changed structures and analytical requirements.

16. In this update to ISIC, Rev.3, the structure of the classification and the boundaries of its building blocks remain largely unchanged. Attention has been paid to providing explanatory notes in extended detail, allowing for more accurate interpretation of the content and boundaries of individual classes. New activities that have emerged over the previous 10 years are reflected in the new explanatory notes, allowing for easier, and more consistent and thus less ambiguous application of ISIC.

17. The definition of alternate aggregations for analytical use has been reviewed and updated. While some of the aggregations previously published in the ISIC manual have now been replaced by defined aggregations in other specialized frameworks, new needs for

aggregations have emerged. The creation of an “Information sector” was requested by many countries in order to better reflect its importance for national economic activities related to the production and dissemination of information, as well as the interest of analysts in this evolving area. In order to minimize the impact of the creation of this new category, following requests by most countries to preserve the existing structure of ISIC while reflecting change of the economic reality, it was decided to create the information sector in an alternate structure. Experiences with the implementation and use of this alternate structure will be evaluated for inclusion in the regular structure of the classification in future revisions. The definition of an alternate aggregation for the informal sector is in pursuance of the need experienced by many countries to have an internationally agreed definition for data collection and analysis in this area, which is extremely important for a large number of countries. Considering the above facts ISIC Rev.3 has been updated and ISIC Rev.3.1 has been published.

Indian Scenario

18. In India, industrial classifications have for long been in use in the population census, industrial surveys, labour statistics, national income estimates, etc. However, a wide variety of industrial classifications were used by the various organisations entrusted with the task of collection of statistical data in various census, surveys etc. and the need to evolve a common industrial classification which could be used by different agencies became extremely urgent. While attempts were made in the past in several cases to bring them in line with the framework of the ISIC, these had produced different versions of different details depending on the nature of the respective needs.

19. The Central Statistical Organisation (CSO), which is responsible for setting up of statistical standards, took up the task of evolving a standard industrial classification in early 1960 and invited suggestions from various concerned agencies of the Government of India such as Registrar General; Economic Advisers to the Ministries of Finance, Food & Agriculture, Commerce and Industry; Indian Bureau of Mines; National Employment Service; Labour Bureau; Planning Commission; National Sample Survey and Indian Statistical Institute etc. Taking into account the suggestions received and keeping in view the requirements, the CSO drew up a draft Standard Industrial Classification (SIC), which was subsequently finalised and released in 1962. The SIC was 4-digit classification and consisted of 9 divisions, 55 major groups, 284 groups and 753 sub-groups. It followed the ISIC Rev.1 in its entirety at the division (1-digit) level with slight deviations at the major group (2-digit) level. At the group (3-digit) level, SIC retains all the groups of the ISIC and provides some more groups to give due recognition to the special features of the Indian economy. While the ISIC stops at the group level, the SIC attempts a lower level of classification in terms of sub-groups (4-digit) level so as to meet the national requirements adequately. The totals for the ISIC groups can be provided by suitable combination wherever necessary of two or more SIC groups/sub-groups.

20. Significant changes in the organisation and structure of the industries necessitated the revision of SIC 1962. This revision was completed in 1970 taking into account the principles enunciated in the International Standard Industrial Classification 1968 Rev. 2. In the National Industrial Classification 1970, all the 3-digit categories were matched or made equivalent to, all the International Classification categories upto 4-digit level i.e. 4-digit classification of ISIC were encompassed in NIC 3-digits structure. There was one-to-one correspondence at 1 and 2 digit levels. The 4-digit level of NIC 1970 was primarily meant to meet the national requirements of various user organisations. To accommodate coverage at 3-digit level, the NIC 1970 had a special code structure starting with ‘0’ instead of ‘1’ as was in ISIC 1968,

which gave a provision of allowing for an extra class at each level of classification in NIC. Two Divisions viz. 2 & 3 had been given to Manufacture instead of one in ISIC 1968. Two additional Divisions incorporated in NIC were *Division 'X', for Activities not Adequately Defined* and *Division 'Y' for Personal and Repair Services*.

21. The NIC 1970 while accepting the major features of ISIC-68, departed from the latter in regard to certain aspects. For example, “restaurants and hotels” was shifted from “services” to “trade” and a new first digit classification was formed by clubbing Banking, Insurance, Real Estate and Business Services. Moreover, in ISIC 1968 attempt had been made to classify enterprises in addition to establishments up to fourth digit of the classification. In NIC 1970 on the other hand it was not found necessary to extend beyond the third digit level for classification of enterprises type units. The fourth digit extension in NIC 1970 was made for a different reason altogether, namely, the need for more details in classifying establishments. Another differential feature in the NIC 1970 was the possibility of inclusion of *Repair Services* under manufacturing instead of *Household and Personal Services* as was in ISIC. In fact, an option was provided in NIC 1970 to include *Repair Services* either in division 3 (manufacturing) or under division 9 according to convenience and requirement of users.

22. The first three levels (i.e. one-digit, two-digit and three-digit) of NIC 1970 witnessed expansion, whereas at the ultimate digit level there was a compression of categories. The NIC 1970 consists of 9 Divisions with 2 special Divisions X & Y; 64 Major groups; 383 Groups and 590 Sub-groups as compared to 9 Divisions, 55 Major Groups, 284 Groups and 753 Sub-groups of SIC-62.

23. There were significant changes in the structure and organisation of industries resulting, inter alia, in substantial diversification and/or changes in the product-mix of the establishments as also in the technologies of operation during the period 1970 to 1987. In view of this, revision of NIC 1970 was included as one of the components of the CSO Plan Scheme on “*Standardisation of Classifications*”. To implement the above plan scheme a Steering Committee under the Chairmanship of the then Director General, Central Statistical Organisation was constituted.

24. The CSO finalised in 1987 the revision of the NIC 1970 within the ambit of ISIC 1968 Rev. 2, as there had been no corresponding revision in industrial classification in the international scenario. At the one digit level there had not been any major changes in the NIC 1987 as compared to the NIC 1970 and the economy remained divided into 9 sections and the special section X “*Activities not Adequately Defined*”. The activities relating to *Repair Services*, which were provided for in two places viz. Division Y and 9 (major group 97) of NIC 1970, had been placed only at Division 97 of NIC 1987, thereby dropping the special Division Y in the revised NIC. At the two digit level there had been an expansion of 8 divisions bringing it to 72 divisions as against 64 in NIC 1970. Of the eight additional two digit codes, three were in Mining and Quarrying Section, with one each in Manufacturing (*Repair of Capital goods*) and Electricity (*Generation of non-conventional energy*) Sections and the remaining three in the Section relating to Finance, *Insurance, Real Estate and Business Services*. Similarly, the three digit level categories were also increased to meet the requirement of more detailed activities which had become important in the intervening period. Finally, in order to differentiate the scale and/or technologies of operation and also to take into account the product specialisation, four digit classification appeared through out in NIC-1987; unlike in case of NIC-1970 where four digit classification was developed only for the sections dealing with mining and manufacturing. There was an expansion at the 3-digit

level making a total of 461 as compared to 383 in NIC 1970. The number of four digit level categories in NIC 1987 was 918 as against 590 in NIC 1970.

25. With the advent of ISIC Rev. 3 in 1990, at the international panorama to enfold the changes in the organisation of economic activities on account of technological evolution and to capture the emergence of new activities especially in the services sector, since the last classification, it was exigent to review and revise NIC 1987.

National Industrial Classification – 1998

26. To accomplish the task of revising the NIC-1987 consistent with the ISIC Rev. 3, the CSO constituted a Steering Committee in November 1997, under the Chairmanship of Director General, CSO with the following terms of reference :

- (i) To examine ISIC Rev. 3 to accommodate new activities which need separate specifications.
- (ii) To examine the feedback material from the user organisations.
- (iii) To consider and finalise the draft chapters of classification.
- (iv) To prepare Concordance Tables between the revised and existing versions of the NIC as also between revised NIC and the ISIC.
- (v) To revise the Common Product Nomenclature (CPN) 1988, based on the revised NIC.

27. The Steering Committee had representatives from the various Central Ministries/Departments, Registrar General of India, State Governments, Reserve Bank of India and Federation of Indian Chambers of Commerce & Industry etc.

28. The Steering Committee, after having considered the issues involved in the revision of NIC 1987 decided on the broad framework for undertaking the revision. The following two principles were laid down by the Committee :-

- (a) To follow ISIC-1990 codes (alongwith nomenclature) in toto and extend them to 5-digit coding system in order to accommodate all NIC 1987 codes and also to meet national requirements to cover or delete emerging/obsolete activities.
- (b) Every 4/5 digit category of the NIC may be so structured that one or more sub-heading(s) of the HS (applicable only to transportable goods) can be assigned as a whole to only one such category in the NIC to the extent possible.

29. The Committee constituted five subject specific sub-groups to cover all sectors of the economy viz. (a) agriculture and allied activities (b) mining and quarrying (c) manufacturing (d) financial, insurance, real estate and business services (e) services sector (except financial services). Recognising the experience gained by the user organisations in identification of new/emerging activities, the committee also decided to involve them in the subject specific sub-groups to undertake the revision of economic activities.

30. The draft NIC 1998, prepared on the basis of draft classifications attempted by the subject specific sub-groups was circulated for comments to various Departments of Government of India, all State DESs, user organisations and members of the Steering Committee. The feed back was examined and the suggestions/comments thereon were deliberated threadbare in the penultimate meeting of the Steering Committee and the draft report was modified accordingly.

31. The Committee considered the Common Product Nomenclature (CPN) issued by CSO in 1988 & 1990 which provide a national standard classification of products by grouping together products of similar nature within the economic activities classified according to NIC 1987. It was decided that the next revision of CPN will be attempted by the Standardisation of Classifications Unit of CSO after the finalisation of NIC 1998.

Salient Features of NIC-1998

32. The NIC-1998 is a classification of economic activities undertaken by the economic units. It does not draw the distinction according to the kind of ownership, type of legal organisation, type of technology and scale/mode of operation. This is because such criteria do not relate to the characteristics of the economic activity. Economic units engaged in the same or similar kind of economic activity are classified in the same category of the NIC, regardless of whether they are incorporated enterprises, individual proprietors or government, and whether or not the parent enterprise consists of more than one establishment. Similarly, manufacturing units are classified according to the principal kind of economic activity in which they engage, whether the work is performed by power-driven machinery or by hand, or whether it is done in a factory or in a household.

33. The NIC 1998 has followed the principles of ISIC Rev. 3 and unlike in NIC 1987, the scale of operation/technology has not been used as a criteria for classifying certain activities in the manufacturing sector. To meet the national requirements at the 5-digit level, efforts have been to restrict categories in such a manner that the resultant activity does not become a product classification.

34. One of the significant features of the NIC 1998 is that apart from being identical with the ISIC Rev.3 in structure upto the 4-digit level, the appropriate four-digit categories of NIC – 1987 and the national requirements have been incorporated at the five-digit level. For meeting the requirements of user organisations relating to disaggregated statistics the use of the additional information on type of organisation code alongwith NIC in identifying the frame and collection of data therefrom can be made.

35. Both the NIC-1970 and NIC-1987 had an entirely hierarchical system of categories arranged on a decimal coding system with four levels, which was similar to that of ISIC Rev. 2. The coding structure of NIC- 1998 is no longer the earlier 1+1+1+1 hierarchical system; it is now a 2+1+1+1 system identifying 99 categories at the 2-digit level of the classification. Further, at the primary level NIC-98 as in ISIC Rev.3. makes use of the so-called concept of ‘tabulation categories’ which makes it possible to identify more than 9 broad categories of the economy. The new NIC has 17 such tabulation categories, ‘A’ through ‘Q’. The new tabulation categories can easily be converted into one digit major divisions of NIC 1987. This conversion can be done as follows:

36. New Sections A+B=0 (Old Div.); C=1; D=2 & 3; E=4; F=5; G+H=6; I=7; J+K=8; L to Q=9. The main exception is Research and Development activities which have been now transferred from Section 9 (Community, Social and Personal Services) to the new section K (Real Estate, Renting and Business Activities).

37. The total number of tabulation categories in NIC-98 is 17. Each tabulation categories consists of one or more Divisions, which are 60 in total. In turn, each Division has a provision for a maximum of 9 groups. There are a total of 159 Groups in the revised NIC. These Groups are further sub-divided into 292 Classes. The ultimate category at the 5-digit level is termed as Sub-class which is carved, mainly to meet the national requirements and to

accommodate appropriate 4-digit categories of NIC 1987. The number of such sub-classes is 1021.

38. A new group *Growing of crops combined with farming of animals (mixed farming)* has been introduced in Section A relating to *Agriculture, Hunting and Forestry*. This kind of mixed farming occurs very often and creates considerable problems in classifying such units. Since the primary activity of the unit can easily change over the years, statistical time series would get disturbed. The creation of new group may prevent such inconveniences.

39. In the manufacturing Sections, the main changes introduced involve a much greater detail of classification. One new division has been created, in the manufacturing section i.e., division 37 *Recycling*, which is meant to include the transformation of unusable waste and scrap into usable waste and scrap by means of an industrial process. On the other hand, there has been compression of categories in the mining Section.

40. In the *Construction* Section a break down has been introduced according to broad categories carried out by general or special trade contractors engaged in construction of buildings or civil engineering works. Also 'Site preparation' (class 4510) and 'Renting of construction or demolition equipment with operator' (class 4550) have been included.

41. In Section G relating to '*Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods*', a separate division (50) for all activities related to motor vehicles and motorcycles and retail sale of automotive fuel has been introduced. This has been done because many of the activities included there are often carried out in the same units, although in different combinations. A separate division (51) included all other wholesale which is further sub-divided according to the goods sold. A separate group (511) within this division refers to all wholesale on a fee or contract basis (commission sales etc.). Another division (52) including other retail sale and repair of household goods has been carved which has been sub-divided at the group level according to the way goods are sold and at the class level mainly according to the goods that are sold.

42. A separate division (63) has been created in the '*Transport*' Section to encompass all supporting and auxiliary transport activities regardless of the mode of transport they serve. This is contrary to the approach followed in NIC 1987, where these activities were included in the categories for each mode of transport. It has been experienced that many of these activities are performed by independent units that often work for different modes of transport, especially when more than one mode of transport is involved in a particular consignment.

43. The tabulation category J relating to '*Financial Intermediation*' is more developed as compared to NIC 1987. The new approach reflects better recent developments in the Banking and Insurance Sector. Financial leasing is also included in this category.

44. In NIC 1987 renting and leasing activities were scattered. Since all renting and leasing activities are similar regardless of the goods rented or leased, such activities are now all combined in a new division (71) relating to '*Renting of machinery and equipment without operator and of personal and household goods*'.

45. A new division (72) has been created for all computer related activities. It includes activities such as consultancy of hardware and software configurations, software supply, data processing and data base activities as well as repair and maintenance of (mostly smaller) computers and office machines. Much of this repair and maintenance is carried out by

independent units with no relationship with the units that produce or trade these machines. Upgrading or updating of main frames is to be classified under manufacturing.

46. Research and development activities which were classified in NIC 1987 in Section 9 relating to 'Community, Social and Personal Services' have been transferred to Business activities (division 73). It includes basic and applied research in the fields of natural and social sciences.

47. Units that repair or overhaul capital goods are classified in the same class as the units that produce the goods. Three main exceptions exist to this rule; repair and maintenance of motor vehicles and motorcycles, which is classified in group 502 and 504, respectively; repair of personal and household goods, which is classified in group 526; and repair and maintenance of computers and office equipment, which is classified in class 7250.

48. Retail trade of goods produced in the same unit should not be considered as a separate activity. Such units should be classified in the manufacturing industry. If, however, in addition to self-produced goods other products are also sold, classification should be done according to the principal activity of the unit. The secondary and ancillary activities may be disregarded when classifying a unit.

49. Activities carried out by government units that are specifically attributable to other areas of classification should be classified in the appropriate class of NIC and not in division 75 "Public administration and defence; compulsory social security".

Statistical Unit and Rules of Classification

50. The basis of classification being the nature of economic activity carried out in an establishment it follows that the unit of classification is taken as the establishment. The term "establishment" is defined as an economic unit, which is engaged in one or predominantly one economic activity (as identified by the activity codes in NIC-98) at a single physical location under single ownership control of a firm or enterprise, which may have more than one establishment engaged in different activities at the same location or the same activities at different locations. Each establishment is to be counted separately and classified appropriately. Where a single physical establishment is engaged in one or more than one activity it would be desirable to treat each of the component technical units as a separate establishment but where it is not possible to separate technical, ancillary or welfare units from the parent establishment, the establishment will have to be classified into one or the other groups in the classification according to the major activities of the establishment. The major activities of the establishment should be measured with regard to the value added by production of different products and services, or net revenue derived from various activities. Where such assessment is not possible, classification may be done in terms of gross revenue attributed to the products, or services of the establishments, the number of persons employed for various activities.

Conversion keys

51. For the purposes of maintaining international comparability of data and also to maintain the time series of the national data, it is necessary that the data compiled according to a classification is convertible to the corresponding international classification and also to the earlier version of the classification. As regards international comparability, there exists perfect one-to-one correspondence upto 4-digit level between NIC 1998 and ISIC Rev. 3. To meet the requirement of convertibility with earlier version (i.e. NIC-87), two concordance

tables have been prepared and appear as a part of this publication : a concordance table between 4-digit level of NIC-98 and three-digit level of NIC-87 and the other between 2-digit level of NIC-87 and appropriate level of NIC-1998. The former is meant to enable translating NIC-87 based data in terms of the 4 digit classes of NIC-98 while the latter is to enable conversion of the NIC-98 based data in terms of 2-digit codes of NIC-87.

Updated National Industrial Classification – 2004

52. As a result of changes in the structure of economy during the last four-five years, many new activities have come in existence and similarly some of the old activities have either disappeared or become insignificant. Further, the United Nations Statistics Division (UNSD) undertook updation of ISIC Rev.3 and released ISIC Rev 3.1. In order to meet the national requirements on account of changes in the structure of economy after release of NIC-1998 and maintain consistency with the classification of economic activities released by UNSD, it was decided to update NIC 1998.

53. The updation of NIC-98 has been taken with a limited objective of accommodating national requirements while maintaining international comparability with the updated ISIC Rev.3.1. The exercise does not effect any major changes in the structure of the existing classification i.e. NIC-98 except removing ambiguity/duplications/omissions etc. by suitably modifying the explanatory notes. The major structural changes required in the classification will be considered in the next revision of NIC in pursuance of new version of ISIC Rev.4 to be released in 2007.

54. To accomplish the task of revising the present NIC- 98 consistent with the ISIC Rev. 3.1, the CSO was provided guidance by the Standing Committee on Industrial Statistics (SCIS) under the Chairmanship of Prof. K. L. Krishna, Indian Council for Research on International Economic Relations (ICRIER). For detailed discussions on the subject, the SCIS had set up a Sub-Group headed by Prof. K.L. Krishna himself. After detailed deliberations, the Sub Group decided the following broad framework for updation of NIC:-

- (i) All the changes incorporated in ISIC Rev. 3.1 may be carried forward in the updated NIC-2004.
- (ii) All the 5-digit changes suggested by users may be incorporated where necessary in the updated NIC-2004.
- (iii) Shadow 3/4 digit groups/classes may be introduced in the structure of updated NIC-2004 in order to meet national requirements.
- (iv) Activities such as cotton ginning etc. may be classified distinctly, say at 5 digit level, to facilitate separation of such data through appropriate re-tabulation, and
- (v) The major structural changes required in the classification may be considered in the next revision of NIC in pursuance of new version of ISIC Rev. 4 to be released in 2007.

56. The draft NIC 2004, prepared on the basis of the comments received from various Departments of Government of India, all State DESs, user organisations and members of the Standing Committee was examined and the suggestions/comments thereon were deliberated threadbare in the meetings of the Sub-group of Standing Committee and finally the draft updated NIC-2004 was approved by the SCIS.

The Committee considered the draft updated NIC-2004 and approved the same.

Salient Features of Updated NIC-2004

- The tabulation categories A to Q of NIC-98 have been replaced by sections A to Q in respect of NIC-2004. NIC-2004 has 17 sections, 62 divisions, 161 groups, 310 classes and 1191 subclasses.
- The updated NIC-2004 is also comparable with ISIC Rev 3.1 till four digits in totality. In other words, all the changes reflected in ISIC Rev. 3.1 including creation of new classes 0501 & 0502 under group 050 (Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing), classes 5151, 5152 & 5159 under the group 515 (Wholesale of Machinery, Equipment and Supplies), classes 7221 & 7229 under the group 722 (Software Consultancy and Supply), creation of division 96 and 97 under the Section P (Undifferentiated Production Activities of Private households and activities of Private Households as employers) have been incorporated in updated NIC-2004.
- To accommodate suggestions of the user organizations shadow 4-digit classes 1713 & 1714 under Group 171 (Spinning, weaving and finishing of textiles), classes 1724 & 1725 under Group 172 (Manufacture of other textiles) and classes 2711 to 2719 under the Group 271 (Manufacture of Basic Iron and Steel) have been created.
- Sub-classes on activities of 'repair and maintenance' have been introduced under their related 4-digit classes. However, because of non-availability of space under certain classes, the newly introduced sub-classes are shown as ****8(A).
- While maintaining compatibility with ISIC Rev.3.1 upto 4 digit level (except shadow classes), the suggestions of users for changes at 5-digit (sub-class) level have been incorporated, wherever necessary, to meet national requirement. Against 1021 five digit subclasses in NIC-1998, the updated NIC-2004 has total 1191 subclasses.
- Explanatory notes of updated ISIC Rev. 3.1 along with inclusion/exclusion statements have also been incorporated in updated NIC-2004 to remove ambiguity in the scope of various 4-digit classes to facilitate distinct classification of all economic activities.

57. The Statements I and II indicate the number of categories at various levels of classification in the Indian system of industrial classifications since 1962 and comparative position of National Industrial Classification vis-à-vis International Standard Industrial Classification respectively.

STATEMENT -II

DISTRIBUTION OF INDUSTRIES IN THE INDIAN SYSTEM OF CLASIFICACION VIS.-A-VIS. ISIC

Sections (0-9)/Tabulation Categories (A-Q)/ Sections (A-Q)	National Industrial Classification (NIC) -1987			NIC-1998		NIC-2004		ISIC Rev.2			ISIC Rev.3			ISIC Rev.3.1		
	No of Classifications			No. of 4- digit	No. of 5- digit	No. of 4- digit	No. of 5- digit	No of Classifications			No of Classifications			No of Classifications		
	2-digit	3-digit	4-digit					2-digit	3-digit	4-digit	2-digit	3-digit	4-digit	2-digit	3-digit	4-digit
Section 0																
A. Agriculture, Hunting & Forestry	7	51	41	9	41	9	45	3	6	7	2	6	9	2	6	9
B. Fishing				1	5	2	5				1	1	1	1	1	2
Section 1																
C. Mining & Quarrying	7	28	51	12	42	12	54	4	4	8	5	10	12	5	10	12
Sections 2 & 3																
D. Manufacturing	18	191	687	127	611	139	708	9	29	81	23	61	127	23	61	127
Section 4																
E. Electricity, Gas & Water Supply	4	8	5	4	12	4	12	2	2	4	2	4	4	2	4	4
Section 5																
F. Construction	2	15	5	5	19	5	19	1	1	1	1	5	5	1	5	5
Section 6																
G. Wholesale & Retail Trade; Repair of Motor Vehicles, Motor Cycles and Personal & Household Goods	10	68	79	29	110	31	124	3	4	4	3	17	29	3	17	31
H. Hotels and Restaurants				2	11	2	14				1	2	2	1	2	2
Section 7																
I. Transport, Storage & Communication	6	32	2	17	28	17	31	4	4	14	5	10	17	5	10	17
Section 8																
J. Financial Intermediation	7	28	34	12	19	12	20	3	5	12	3	5	12	3	5	12
K. Real Estate, Renting & Business				31	43	32	57				5	17	31	5	17	32
Section 9																
L. Public Admn. & Defence, Compulsory Social Security	10	40	14	8	19	8	19	6	16	28	1	3	8	1	3	8
M. Education				5	12	5	20				1	4	5	1	4	5
N. Health & Social Work				6	12	6	14				1	3	6	1	3	6
O. Other Community Social & Personal Services				22	35	22	45				4	9	22	4	9	22
P. Private Households with Employed Persons				1	1	3	3				1	1	1	3	3	3
Q. Extra Territorial Organisations and Bodies				1	1	1	1				1	1	1	1	1	1

Note : In NIC-1987 Activities not adequately defined were shown in Sections X.

STATEMENT-I

DISTRIBUTION OF THE INDIAN SYSTEM OF INDUSTRIAL CLASSIFICATION SINCE 1962

Section (0-9)/Tabulation Categories (A-Q)/ Section (A-Q)	National Industrial Classification (NIC)																
	No. of 2-digit groups					No. of 3-digit groups					No. of 4-digit groups					No. of 5-digit groups	
	1962	1970	1987	1998	2004	1962	1970	1987	1998	2004	1962	1970	1987	1998	2004	1998	2004
Section 0																	
A. Agriculture, Hunting & Forestry	4	7	7	2	2	18	47	51	6	6	76	-	41	9	9	41	45
B. Fishing				1	1				1	1				2	5	5	
Section 1																	
C. Mining & Quarrying	5	4	7	5	5	24	21	28	10	10	68	29	51	12	12	42	54
Sections 2 & 3																	
D. Manufacturing	19	18	18	23	23	134	170	191	61	61	365	561	687	127	139	611	708
Section 4																	
E. Electricity, Gas & Water Supply	8	3	4	2	2	5	4	8	4	4	5	-	5	4	4	12	12
Section 5																	
F. Construction	5	2	2	1	1	31	13	15	5	5	31	-	5	5	5	19	19
Section 6																	
G. Wholesale & Retail Trade; Repair of Motor Vehicle, Motor cycle and Personal & Household Goods	5	10	10	3	3	17	55	68	17	17	90	-	79	29	31	110	124
H. Hotels & Restaurants				1	1				2	2				2	2	11	14
Section 7																	
I. Transport, Storage & Communication	3	6	6	5	5	14	21	32	10	10	42	-	2	17	17	28	31
Section 8																	
J. Financial Intermediation	5	4	7	3	3	8	17	28	5	5	8	-	34	12	12	19	20
K. Real Estate, Renting & Business Activities				5	5				17	17				31	32	43	57
Section 9																	
L. Public Administration & Defence, Compulsory Social Security	1	10	10	1	1	34	35	40	3	3	68	-	14	8	8	19	19
M. Education				1	1				4	4				5	5	12	20
N. Health & Social Work				1	1				3	3				6	6	12	14
O. Other Community Social & Personal Services				4	4				9	9				22	22	35	45
P. Private Household with Employed Persons				1	3				1	3				1	3	1	3
Q. Extra Territorial Organisations and Bodies				1	1				1	1				1	1	1	1

Note: In NIC 1970/1987 Activities not adequately defined and Repair Services were shown in Sections X and Y.