CURRENT STATUS OF DEVELOPMENT OF BUSINESS SERVICE PRICE INDEX IN INDIA FOR INCLUSION IN WPI/PPI

- Decision to cover ten broad business services initially in India
  1. Railways
  2. Air transport
  2. Road transport
  4. Port
  5. Postal
  6. Telecommunication
  7. Banking
  8. Insurance
  9. Trade
  10. Business Services

- So far five business service indices have been compiled on an experimental basis
  1. Rail
  2. Air transport
  3. Banking
  4. Postal
  5. Telecom

- Fixed-base Laspeyres’ method has been used in all cases as is currently being done for Wholesale Price Index estimation.

OVERVIEW OF PROPOSED SERVICE PRICE INDEX

All indices are expected to be integrated as per the following framework:

RAILWAY SERVICE PRICE INDEX

BANKING SERVICE PRICE INDEX

POSTAL SERVICE PRICE INDEX

TELECOM (CELLULAR) SERVICE PRICE INDEX

WORK IN PROGRESS

A. Insurance Service Price Index
   a. Life insurance
   b. General insurance

B. Post Service Price Index
   a. Post office charges
   b. Post office duties
   c. Post office services

C. Road Transport Service Price Index
   a. Freight

D. Trade Service Price Index
   a. Wholesale trade except of motor vehicles
   b. Retail trade (except of motor vehicles)
   c. Repair of personal household goods
   d. Maintenance and repair of motor vehicles

E. Business Service Price Index
   a. Repair of machinery and equipment
   b. Computer software services
   c. Research and Development
   d. Other business activities
   e. Legal
   f. Bookkeeping, accounting, and auditing
   g. Tax consultancy
   h. Advertising

CHALLENGES

1. Conceptual and methodological complexities relating to definition of prices of services for inclusion in WPI/PPI
2. Data flow is very unsecured mainly confined to public sector
3. Issues relating to data flow from private sector companies for ensuring price series
4. No ready availability for private sector
5. No mechanism to collect the data in a systematic form for service sector indices
6. Absence of service sector sub-indexes
7. Consideration for use of monetary provisions to make a compliance for firms to respond with price estimates
8. Various statistics of service sector not readily publishable as a common medium leading to problems in fixing weighting criteria

Presented by:
1. Dr. Mohan Chintan, Economic Advisor
   E-mail: mohanchintan@gmail.com
2. Mr. Amanprana Mira, Deputy Economic Advisor
   E-mail: amanprananmira@gmail.com