

Services Price Index

5.27 In pursuance of the recommendations of the Working Group on the revision of the

WPI, work on the development of the Services Price Index covering key services sectors has been initiated by the Government (Box 5.3).

Box 5.3 : Progress on development of the Services Price Index

The Working Group on the WPI recommended that a separate Services Price Index Numbers should be developed which would initially incorporate the following services:

- i. Financial services (such as banking and insurance),
- ii. Transport services (road and rail),
- iii. Communication (Postal and telecommunications),
- iv. Water supply, and
- v. Construction activities.

The Group has suggested that the Index be integrated with the WPI once the series gets stabilised.

The work relating to the Services Price Index is being carried out by the Office of the Economic Adviser, Ministry of Industry. The Office has got approved a Plan Scheme "Business Service Price Index" in the Tenth Five Year Plan. The practices adopted by the developed countries, particularly USA, UK, Japan and Australia, in compilation of the services price indices, with particular reference to concepts, scope and coverage, methodology for identification of representative services and index calculation have been reviewed.

Consultation meetings have been held with concerned Organisations/ Departments/sector specific experts, on issues involved in developing sector-specific service price indices. Consultations have been initiated with regard to road transport, air transport, railways, ports, postal services, telecom services, banking and insurance. Technical assistance as part of India's Statistical Strengthening Project from the World Bank for conducting sector-specific surveys to collect data on key services has also started. Sector-specific surveys/ studies are proposed to be conducted during 2004-05 and 2005-06, in consultation with the CSO and other Departments and experts.