

Table 2. India: Data Quality Assessment Framework—Summary Presentation of Results

Element	National Accounts	Consumer Price Index	Wholesale Price Index	Government Finance Statistics	Monetary Statistics	Balance of Payments Statistics	Comments
<b>0. Prerequisites of quality</b>							
0.1 Legal and institutional environment	LO	O	LO	LNO	O	LO	See paragraphs 17, 19, 20, and 21
0.2 Resources	O	O	O	LO	O	O	See paragraph 20
0.3 Quality awareness	O	O	O	O	O	O	
<b>1. Integrity</b>							
1.1 Professionalism	O	O	O	O	O	O	See paragraphs 24 and 25
1.2 Transparency	O	O	LO	LO	O	O	
1.3 Ethical standards	O	O	O	O	O	O	
<b>2. Methodological soundness</b>							
2.1 Concepts and definitions	LO	O	LO	LNO	O	LO	See paragraphs 27, 29, 30, and 32
2.2 Scope	LNO	LNO	O	LO	O	O	See paragraphs 27, 28, and 30
2.3 Classification/sectorization	LO	O	O	O	LO	LO	See paragraphs 27, 31, and 32
2.4 Basis for recording	LO	O	O	O	LO	O	See paragraphs 27 and 31
<b>3. Accuracy and Reliability</b>							
3.1 Source data	LNO	LNO	LNO	O	O	LO	See paragraphs 33, 34, 35, and 38
3.2 Statistical techniques	LNO	LO	LO	O	O	O	
3.3 Assessment and validation of source data	O	O	O	O	O	O	
3.4 Assessment and validation of intermediate data and statistical outputs	O	O	O	O	O	O	
3.5 Revision studies	LO	O	O	LO	O	LO	See paragraphs 33, 36, and 38
<b>4. Serviceability</b>							
4.1 Relevance	O	O	O	LO	LO	LO	See paragraphs 42, 43, and 44
4.2 Timeliness and periodicity	O	O	O	LO	O	O	See paragraph 42
4.3 Consistency	O	O	O	O	O	O	
4.4 Revision policy and practice	LO	LO	O	LO	O	O	See paragraphs 39, 40, and 42
<b>5. Accessibility</b>							
5.1 Data accessibility	LO	O	O	LO	O	O	See paragraphs 45 and 48
5.2 Metadata accessibility	LO	O	LO	LNO	O	LO	See paragraphs 45, 47, 48, and 50
5.3 Assistance to users	LO	O	LO	LO	O	O	See paragraphs 45, 47, and 48

Key to symbols: NA = Not Applicable; O = Practice Observed; LO = Practice Largely Observed; LNO = Practice Largely Not Observed; NO = Practice Not Observed

INTERNATIONAL MONETARY FUND

INDIA

**Report on the Observance of Standards and Codes (ROSC)-Data Module**  
Response by the Authorities

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Contents

Response by the authorities .....	<a href="#">2</a>
Annex A .....	<a href="#">9</a>

## **India-Report on the Observance of Standards and Codes —Data Module Response by the Authorities**

A Staff Mission which was in India in May 2002, has sent the revised draft Report on the Observance of Standards and Codes—Data Module (the Report) for response by the authorities. Based on the comments from the Central Statistical Organization (CSO), the Labour Bureau (LB), the Office of the Economic Advisor (EA) in the Ministry of Commerce and Industry, the Controller General of Accounts (CGA), Ministry of Finance, the Comptroller and Auditor General of India (CAG), and the Reserve Bank of India (RBI) and reflecting the developments subsequent to the Mission visit the Response as below:

2. The Indian Statistical System (ISS) was established in the pre-independence regime and subsequently brought under the jurisdiction of an independent ministry. The ISS is fully autonomous and in the course of time evolved to capture a wide variety of data of very large and decentralized economy, which served the needs efficiently. However, in the recent past, the system suffered in operational efficiency, particularly in regard to data about industrial production following the reform driven delicensing of procedures. Under such circumstances, considering the growing statistical requirement of an expanding and changing economy the government felt the need for revamping ISS to create a strong co coordinating mechanism to generate and disseminate adequate data of high quality, reliability, and credibility in a timely manner. Thus, the National Statistical Commission (NSC) was constituted to examine ISS comprehensively. The NSC has submitted its report in August 2001.
3. The need for improving reliability, credibility, adequacy and timeliness of statistical system of the country to strengthen the information base for policy formation and planning has been stressed in the report of the NSC. A number of measures including the construction and maintenance of a business register, improvement of services sector statistics, infrastructure sector statistics, strengthening of Central and State Statistical Systems etc., were recommended by the Commission for improving the statistical system in the country. An important recommendation of the Commission is to achieve systematic improvement in the statistical system through establishment of Statutory Statistical Commission to act as an effective mechanism for determining statistical priorities, standardization of concepts and definitions and for ensuring credibility of core statistics. The required legislative process for the implementation of the recommendations has started.
4. The Commission has made 623 recommendations which have to be implemented by various central ministries/departments and the states. There has been steady progress in the implementation of these recommendations and about 140 of these have already been implemented. The remaining are being pursued by the Ministry of Statistics and Program Implementation for expeditious implementation.
5. The ROSC—Data Module in its independent investigation also makes suggestions in the direction of the NSC recommendations.

6. The Department of Economic Affairs (DEA) has developed the National Summary Data Page (NSDP) which is hyperlinked with the IMF Dissemination Standards Bulletin Board. [http://www.finmin.nic.in/stats\\_data/nsdp\\_sdds/index.html](http://www.finmin.nic.in/stats_data/nsdp_sdds/index.html) . Copy of the Press Note issued at the launch of the NSDP is at Annex - A.

## 7. National Accounts:

The national accounts of India are compiled following a mix of SNA 1968 and SNA 1993 and these are publicly accessible at the website [http://www.mospi.nic.in/national\\_account\\_main.htm](http://www.mospi.nic.in/national_account_main.htm) with details on sources and methods, and contact points for clarifications. The estimates of National/State domestic product and related aggregates are derived from data generated by public administration system as well as those collected through official surveys and periodic censuses. Due to limitations in the availability of data and, keeping in view the caution sounded in SNA on the unilateral usage of double deflation method, particularly in the manufacturing sectors, where value added is a small percentage of the output, the single indicator method is used for industry and service sectors (India has been publishing the trade data and the expenditure aggregates at constant prices since July 2002. With this, the annual data on expenditures of GDP is now available at constant prices). Further, to raise consistency between the quarterly and annual estimates, use of various techniques are being adopted to avoid the 'step' problem.

**Issues relating to agricultural sector:** In the Indian national accounts, since the compilation of national accounts started in the early 1950s, it has been assumed that crop production during agriculture year (July to June) is deemed to have accrued during the financial year (April to March). This assumption has been adopted on account of the reasons that (a) crop production data is not available according to financial years, (b) bulk of the Rabi (winter crop season) farm operations are generally completed by March and only part of the harvesting remains for completion in April or beginning of May, and (c) the difference in the crop harvest during April to June between two successive years is marginal. This assumption, although involves some deviation from the concepts of SNA, is not considered a major problem area, as agricultural crops account for about 16 per cent of the total GDP of the country, and for the reasons mentioned at (b) and (c) above.

**Issues relating to constant price estimate:** India adopts double deflation procedure for the primary sectors, and largely adopts single indicator methods for industry and services sectors to estimate GDP at constant prices. The use of single indicator methods has been on account of (a) paucity of price data on item-wise inputs and outputs, particularly on those relating to services and (b) low proportion of value added to the total output, particularly in manufacturing sector. While adopting single indicator methods in the GDP estimates at constant prices, India has taken into account the SNA concerns on the unilateral usage of double deflation methods.

Further, it has not been possible to estimate the taxes on products at constant prices using the base year tax rates and current year's quantities of products, in the absence of availability of such data. It is felt that this is a minor issue in the whole system of national accounts compilation and is limited only to the constant price data.

The non-availability of a broad-based consumer price index and non-inclusion of services in the wholesale price index are the main concerns in the estimation of expenditures on GDP at constant prices for certain specific items.

### ***Other Issues and plans of improvement***

The classification system followed for economic activities in the national accounts statistics is presently the NIC 1987, which is broadly based on the versions prior to ISIC Rev.III. The CSO has plans to introduce NIC 1998 (which is based on ISIC Rev.III) for classifying economic activities, in the new series of national accounts, which is scheduled for introduction in 2005.

The CSO will present separate accounts in respect of the institutional sectors general government, public financial corporations and public non-financial corporations in the new series of national accounts. Also planned for inclusion in the new series are the estimates at basic/producers prices and the gross national income (GNI).

Action has been initiated to improve quality and coverage of source data that is used in the compilation of National accounts through the measures listed below. The ongoing actions spelt in paras 3 and 4 above are, *inter alia*, aimed at these and the improvements in the coverage of price indices. As the contemplated actions require improvements in the present statistical system, it may not be possible to indicate a precise time schedule for their implementation as at present.

- o Quarterly and annual enterprise survey
- o Introduction of business registers

The CSO has the following targets aimed at improving the national accounts for completion and dissemination by March, 2007:

- o Implementing the major features of 1993 SNA
- o Introducing the latest industrial and purpose classifications
- o Compiling the annual supply-use tables
- o Introducing quarterly expenditures of GDP
- o Reducing substantially the present time-lag in the release of data on expenditure aggregates.

### ***Statistical Techniques***

Element No.3.2 in Table 2 of Summary Presentation of Results in the ROSC Data Module refers to the statistical techniques in the compilation of national accounts. The grading given to India under this element, which is LNO, gives an impression to the users that India largely does not observe statistical techniques. This, however, is not a correct reflection of Indian national accounts. What India has not been able to follow are the SNA procedures' in few areas, rather than the application of 'Statistical Techniques'. These few areas listed in the ROSC Data Module and DQAF, where India is not able to follow the SNA recommended procedures due to paucity of data, are not considered large enough in the overall system of national accounting to warrant the grading of LNO. The term "statistical techniques" has a broader connotation and "SNA procedures" may have been a better title for this Element.

#### **8. Consumer Price Index:**

The Labor Bureau brings out consumer price index numbers. The choice of source data and statistical techniques for sampling, processing and validation is based solely on internationally accepted statistical techniques. The summary methodology is available on Bureau's web-site <http://labourbureau.nic.in/> The CPI-IW is designed to measure the rate of change in prices of fixed basket of goods and services over a period of time consumed by the industrial workers with a view to compensate the rise in their cost of living. Therefore, the target group being the industrial workers, the scope of CPI-IW is confined to the population of industrial worker families only, rather than the whole population of resident households, such as recommended in 1993 SNA. The scope of consumption expenditure of CPI-IW broadly follows the 1993 SNA. Thus, the CPI-IW being a target oriented index, there is no chance of the scope of the same being expanded as per SNA 1993. However, the Indian Government is in the process of compiling an All-India CPI covering whole population of the country mainly for the purpose of measuring the inflation in the country.

Similarly, the source data for both prices and weights broadly approximate the internationally accepted statistical techniques. The weights are based on source data from 1981-82 survey. However, a new set of weights have already been derived on the basis of a special survey known as Working Class Family Income and Expenditure Survey carried out during 1999-2000. The compilation of revised CPI-IW on new weights is in process and is likely to be ready for release by 2003 while simultaneous efforts are being made to revise the base at an interval of 10. years.

#### **9. Wholesale Price Index:**

The Office of Economic Advisor (EA) in the Ministry of Commerce and Industry brings Out the widely used weekly wholesale price index (WPI) which can be accessed from the website at <http://eaindustry.nic.in/> The internationally accepted statistical technique are largely observed within the given constraints of source, time and user needs. However,

inline with the speed of changes in the economy to enlarge coverage of the commodities and to strengthen WPI, various measures are being considered to improve the techniques, expand the scope, shift the base year and revise the weights as well as to raise institutional capacity.

A Manual on the wholesale price indices has already been prepared with information on methodological issues. The Manual will be soon available on the website. Further, in order to ensure uniformity in collection of price data as per the recommendations of the NSC, a Technical Advisory Committee has been constituted and its proposals are under consideration. Meanwhile, whole sale price data collection work has already been outsourced. The data so collected would be used for the revised WPI series. Further, a Working Group has been constituted for revision of base year to 1999-2000 and the quality issues of WPL. Technical assistance is also being sought from the World Bank, which would cover (i) switch over from the wholesale price based indices to producer price based indices; (ii) development of Stage of Processing framework and (iii) development of services sector price indices.

#### **10. Government Finance Statistics:**

Government Finance statistics involve compilation of budgetary accounting data from the centre and state governments and it is done by the CGA, the CAG and the DEA in their respective fields. The first two entities have legal/constitutional obligations to perform while the DEA has functional data needs to be met especially pertaining to debt and other fiscal statistics. The RBI compiles and disseminates summary data on general government Finance under the requirement of SDDS. These data are compiled from Central and State government budget documents and disseminated after capturing the information from the budgets presented by all state governments, sometimes stretching two-three months beyond February.

The suggestion for integration and disseminating government finance statistics is a commendable one. However, if consolidation of General Government finances (which includes all 3 tiers including local Governments) is to be done to cover all levels of Government, it will require tremendous efforts—institutional, accounting and IT and to expect integrated accounts for General Government even within next 5 years would be at the very least an extremely optimistic view. The CAG, has constituted the Government Accounting Standards Advisory Board (GASAB) in August 2002. It is deliberating on the various Accounting Standards which are presently based on the IFAC Standards. The Board would also deliberate on the GFSM 2001 methodology, during the course of this exercise. The need for a single body to integrate and disseminate GFS is appropriate. Such a body could be located in Department of Economic Affairs. Currently there is a debate on transiting from cash based system towards accrual accounting system of the Government and the advantages and disadvantages of cash and accrual based system for a meaningful synthesis. The GASAB would no doubt consider this important issue during the course of its deliberations and is likely to encourage a study of this issue in depth so that there was greater clarity in the matter.

## 11. Monetary Statistics:

The Monetary statistics are extensively captured at the Reserve Bank of India (RBI) and disseminated to all users at the same time. The NSC observed that data released by the RBI on monetary aggregates compare favorably with international standards. The commission observed that data in respect of commercial banks are reliable, adequate, and timely. The Commission, however, had suggested a few measures towards further improvement of the quality of the monetary statistics. In pursuance of the NSC recommendation, data on cumulative cash balances of the scheduled commercial banks with the Reserve Bank on a daily basis are being published in the Weekly Statistical Supplement to the RBI Bulletins. Furthermore, the NSC had observed that since there are differing perceptions on the concepts of monetary aggregates, RBI should publish a time series on components of money at a disaggregated level so as to enable analysts to construct their own series. Accordingly, the Reserve Bank is publishing time series data (since 1970-71) for reserve money, narrow money, broad money and all the major components and sources of the monetary aggregates in the Handbook of Statistics on the Indian Economy. Moreover, information on new monetary aggregates compiled inter alia, based on the residency criterion and consistent with the requirement of the IMF's Manual for Monetary and Financial Statistics (MMFS) are also being disseminated.

## 12. BOP Statistics:

In respect of BOP Statistics, the staff assessment shows that India is either fully “observed” or largely observed. Quarterly external debt data will be disseminated in the public domain with a lag of one quarter starting from September 2003 in line with the SDDS requirement. Some major following achievement in the external sector statistics since May 2002 in the context of DQAF are also notable.

- The Report of the Technical Group on Statistics on International Trade in Services has been placed at the RBI website at <http://www.rbi.org.in/index.d11/32170?OpenStory?fromdate=03/01/02&todate=3/1/02&s1secid=0&2secid=0&secid=21/0/0&archivemode=0>
- The FDI Compilation Report and the first Action Taken Report of the TMG have been placed in RBI and DIPP websites (<http://www.rbi.org.in/> and <http://www.dipp.nic.in/>). The details on proposed coverage of FDI to India, FDI by India and revised FDI data (after inclusion of reinvested earnings and other capital: for the year 2002-03 are available at <http://www.rbi.org.in/index.d11/37393?OpenStory?fromdate=06/30/03&todate=06/30/03&s1secid=1001&2secid=1001&secid=4/23/0&archivemode=0>



- Revised BoP data for 2000-01 and 2001-02 taking into account changes in the compilation practices for FDI (which take into account 'equity capital of unincorporated entities' 'reinvested earnings' and 'other capital' in addition to equity capital of FDI companies), have been made available in the RBI website at <http://www.rbi.org.in/index.dll/37395?OpenStory?fromdate=06/30/03&todate=06/30/03&s1secid=1001&s2secid=1001secid=4/0/0&archivemode=0>
- Data on International Investment Position (IIP) have been posted in the RBI website from September 30, 2002 at <http://www.rbi.org.in/index.d1124?OpenSectionTextArea?fromdate=09/30/02&todate=09/30/02&s1secid=0&secid=0&ArchiveMode=1>

## PRESS NOTE

### **INDIA-National Summary Data Page (NSDP for Special Data Dissemination Standard (SDDS)).**

Shri D.C.Gupta, Finance Secretary, Government of India formally launched India's National Summary Data Page (NSDP) on July 21, 2003 under the Special Data Dissemination Standard (SDDS), established by the International Monetary Fund (IMF). India, thus, joins 53 select IMF member countries, which subscribed to SDDS.

2. The Special Data Dissemination Standard (SDDS) was established by the International Monetary Fund (IMF) to guide member countries that have, or that might seek, access to international capital markets in the provision of their economic and financial data to the public. The SDDS is expected to enhance the availability of timely and comprehensive statistics and therefore contribute to the pursuit of sound macro economic policies. The SDDS is also expected to contribute to the improved functioning of financial markets.

3. Subscription to SDDS was opened in early April, 1996. Although subscription is voluntary, it carries a commitment by a subscribing member to observe the standard and to provide information to the IMF about its practices in disseminating economic and financial data- metadata- for DSBB.

4. The NSDP provides quick access to a single comprehensive source of economic and financial data consistent with the data categories and components described in the subscriber's metadata. Additionally, the NSDP includes further links to additional data or information on other national Internet data sites. The NSDP needs to be one continuous page to which the Fund can establish the hyperlink

5. India had subscribed to the IMF Special Data Dissemination Standard (SDDS) in December, 1996 and started complying to the SDDS on January 1, 1999 ; and fully met the SDDS subscription on December 14, 2001 ( which indicates norms relating to coverage, timeliness and quality of data). As part of the SDDS, we were also required to create a NSDP which would contain various economic and financial data relating to India and hyperlinked with the IMF website. The relevant data are already in the public domain in the web-sites of the concerned Ministries/Departments of the Government of India like Ministry of Statistics & Programme Implementation, Department of Economic Affairs (Budget Division), Department of Expenditure (Controller General of Accounts), Ministry of Commerce & Industry, Registrar General of India and the other agencies including Reserve Bank of India (RBI). However, this data was required to be readily accessible and available to the interested persons, agencies, and Member countries of the IMF, worldwide.