

Measurement of Central Bank Output – Methodological Issues for India

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The paper deliberates on methodological issues relating to the measurement of central bank output in the Indian context. Central Statistics Office (CSO) in the Ministry of Statistics and Programme Implementation (MoSPI), Government of India (GoI) compiles the output

of the economy including that of the Reserve Bank. In the earlier series of GDP, output of the RBI compiled by CSO was partly market and partly non-market. Entire output of the RBI, however, is now treated by CSO as non-market in the new series of GDP with 2011-12 as base. Cost approach as per SNA 2008 is adopted to measure the output of the RBI. Output of the RBI witnessed downward revision of around 87 per cent as per the new method.

The paper argues that collective nature of the RBI activities could be the primary reason to treat all its output as non-market as per SNA 2008 recommendations and not the non-separation of market from non-market output. An alternative perpetual inventory method (APIM) is presented in the paper to estimate consumption of fixed capital. The paper discusses some aspects in connection with measurement of the RBI output and proposes a method to measure the same.

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