

CONCEPT PAPER ON POSTAL SERVICE PRICE INDEX

I) Definition of product and its sub-elements:

Postal Service sector in India can be broadly classified into two distinct constituents namely the Postal services and the Courier services. The postal services including parcel service in the country are in the public domain whereas the Courier services mainly related to picking up letters, parcels & packages and its delivery to the destined places at national and international level provided by private players are in the private sector. Because of certain reservations of courier service provider associations, this segment is being dealt separately and is not a part of this index.

The Indian Postal Service currently provides scores of services such as Communication services (Letters, Post Cards etc.), Transportation Services (Parcel, Logistics Post etc.), Financial Services (Savings Bank, Money Order, International Money Transfer Service, NSC, KVP, IVP, Postal Life Insurance etc), Premium Value added services (Speed post, Business Post ,Retail Post) and Other Services (renting out of post box number, philately etc)

The financial services of India Post not being part of the classification of Common Product Classification are being excluded from the purview of this study. Taking the international practices into consideration, for the construction of postal service price index these services are categorized into

- 1) **Postal Services related to letters** i.e. collection, transport and delivery services for letters, brochures, leaflets, journals, periodicals etc
- 2) **Postal services related to Parcels** i.e. collection, transport and delivery of services for parcels and packages
- 3) **Post Office counter services** i.e. services rendered at post office counters e.g. sales of postal stamps, handling of certified and registered letters etc
- 4) **Other services** includes services rendered by Business Development & Marketing Directorate of the Department of Postal services such as speed post, Express Post, Business Post, Bill mail Service, Mail box rental service, e-post etc

Total 100 items are covered in these four categories. The allocation of different items falling under each group and sub-group constituted for postal price index, is as under. List of the items is given in the Annexure

Group No.	Name of the Group	No. of items
1	Postal Services related to letters	51
	National	29
	International	22
2	Postal services related to Parcels	2
3	Post Office counter services	31
	National	25
	International	6
4	Other services	16
	Total	100

ii) Price of the product :

The prices used in the compilation of the index are in respect of the selected services and the selected items within the service. Only listed prices have been utilized. All prices are in Rs. Per unit of item e.g. Rs. 0.50 per postcard.

However since the tariffs/charges are weight sensitive and/or distance sensitive all the tariffs/charges classified by different categories within a service have been treated as different entities e.g. an envelope with weight upto 20 grams has been treated as a separate entity than an envelope in excess of 20 grams.

iii) Methodology and weighting diagram:

Laspeyre's formula shall be used for index compilation

$$P_{ot} = \frac{\sum P_t Q_0}{\sum P_0 Q_0} \times 100$$

P_0 - Base year price
 P_t - Current year price
 Q_0 - Base year weight

The basis of selection of an item (service) is its share in the revenue generated by the particular service group. However the item wise revenue generated by each service are not available, therefore the estimates of revenue generated for each specified categories were built up utilizing the volume of traffic data and the prevailing. Aberrations in the total estimated revenue were then adjusted to the actual revenue figures for 2004-05. Weights assigned on the basis of estimated revenue of each item are as follows

Weighting Diagram

Name of the Group	weights
1. Postal Services related to letters	34.35
National	32.92
International	1.43
2. Postal services related to Parcels	4.88
3. Post Office counter services	41.15
National	40.80
International	0.34
4. Other services	19.62
Total	100

i) Source of Data :

The Postal Service Price Index shall basically utilize the rates/ tariffs charged by the Department of Post (DOP) for its services from the customers. The only source of price data is the DOP, New Delhi. Price data for items in Group I, II and III will be obtained from Director (Tariff and Costing), DOP, whereas data for items in Group IV will be obtained from DGM(operations), Business Development and Marketing Directorate, DOP.

ii) Frequency of release of the index :

The Index for Postal services is proposed to be released on monthly basis.

iii) Nature of potential fluctuations and reasons thereof :

Department of Post being single agency of postal services in India, charges uniform prices for its set of services throughout India. Therefore not many changes are envisaged in postal services price index in shorter duration.

Limitations

- Postal services extended to armed forces personnel through APOs of base circle are not being covered for reasons of national security
- Sale of revenue stamp, IPO and money order, International money transfer through Western Union have not taken as postal service because of the classification of CPC

NOTE: KINDLY POST YOUR FEEDBACK/COMMENTS TO DEPUTY DIRECTOR, BSPI DIVISION

Annexure

Item No.	Item	Specification
	Group-1: Postal Services Related to Letters	
	Sub-group-1: National	
1	Ordinary Postcard	Ordinary
2	Printed Postcard	Printed
3	Meghdoot Postcard	Meghdoot
4	Competition Postcard	Competition
5	Letter card (Inland Letter)	Standard
6	Letter (Envelope) upto 20 to 40 grams	Upto 20 grams
7	Letter (Envelope) above 20 to 40 grams	Above 20 to 40 grams
8	Book Pattern and Sample Packets upto 50 grams	Upto 50 grams
9	book Pattern and Sample Packets above 50 to 100 grams	Above 50 to 100 grams
10	Book packets containing printed books upto 100 grams	Upto 100 grams
11	Book packets containing printed books upto 100 to 200 grams	Above 100 to 200 grams
12	Book packets containing periodicals of value upto Rs. 20/- and weight upto 100 grams	Upto 100 grams
13	Book packet containing periodicals of value upto Rs. 20/- and weight above 200 to 300 grams	Above 100 to 200 grams
14	Book packet containing periodicals of value upto Rs. 20/- and weight above 200 to 300 grams	Above 200 to 300 grams
15	Book packet containing periodicals having their value upto Rs.20/- and weight above 300 to 400 grams	Above 300 to 400 grams
16	Book packet containing periodicals of value above Rs 20 to Rs. 50/- and weight upto 100 grams	Upto 300 to 400 grams
17	Book packet containing periodicals of value above rs 20 to Rs.50/- and weight above 100 to 200 grams	Above 100 to 200 grams
18	Book packet containing periodicals of value above Rs 20 to Rs. 50/- and weight above 200 to 300 grams	Above 200 to 300 grams
19	Book packet containing periodicals of value above Rs 20 to Rs. 50/- and weight above 300 to 400 grams	Above 300 to 400 grams
20	Book packet containing periodicals of value above Rs.50/- and weight upto 100 grams	Upto 100 grams
21	Book packet containing periodicals of value Rs.50/- and weight above 100 to 200 grams	Above 100 to 200 grams
22	Book packet containing periodicals of value Rs.50/- and weight above 200 to 300 grams	Above 200 to 300 grams

23	Book packet containing periodicals of value above Rs.50/- and weight above 300 to 400 grams	Above 300 to 400 grams
24	Book packet containing periodicals of value Rs.50/- and weight above 400 to 500 grams	Above 400 to 500 grams
25	Single copy of Registered news paper upto 50 grams	Upto 50 grams
26	Single copy of Registered news paper upto 100 grams	Above 50 to 100 grams
27	Bundle of registered news paper up to 100 grams	Upto 100 grams
28	Bundle of registered news paper above 100 to 200 grams	Above 100 to 200 grams
29	Acknowledgement	Standard
	Sub-group-II: international	
30	Airmail letters upto 20 grams to Pakistan, Nepal, Bhutan, Bangladesh	Upto 20 grams
31	Airmail letters above 20 to 50 grams to Pakistan, Nepal, Bhutan, Bangladesh	Above 20 to 50 grams
32	Airmail letters upto 20 grams to Asia Pacific Postal Union Member countries except PNBB	Upto 20 grams
33	Airmail Letters above 20 to 50 grams to Asia Pacific postal union member countries except PNBB	Above 20 to 50 grams
34	Airmail Letters upto 20 grams to Universal postal union member countries except APPU	Upto 20 grams
35	Airmail letters above 20 to 50 grams to universal postal union member countries except APPU	Above 20 to 50 grams
36	Airmail Postcard to Asia pacific postal union member countries except PNBB	Asia pacific postal union member countries except PNBB
37	Airmail postcard to Universal Postal Union member countries except APPU	Universal Postal Union member countries except APPU
38	Aerogramme to Asia Pacific Postal Union Member countries except PNBB	Asia pacific postal union member countries except PNBB
39	Aerogramme to Universal Postal Union member countries except APPU	Universal Postal Union member countries except APPU
40	Airmail Sample & Small Packets upto 100 grams to Asia Pacific Postal Union Member countries except PNBB	Upto 100 grams
41	Airmail Sample & Small Packets to Universal Postal Union member countries except APPU	Upto 100 grams
42	Airmail Printed Papers (including Newspaper & Books) to Asia Pacific Postal Union member countries except PNBB	Upto 20 grams

43	Airmail Printed Papers (including Newspaper & Books) to universal Postal Union member countries except APPU	Upto 20 grams
44	Airmail Registered Newspaper to Asia Pacific Postal Union Member countries except PNBB	Upto 20 grams
45	Airmail Registered Newspaper upto 20 grams to Universal Postal Union member countries except APPU	Upto 20 grams
46	Surface mail Letters upto 20 grams to Pakistan, Nepal, Bhutan, Bangladesh	Upto 20 grams
47	Surface mail Letters above 20 to 40 grams to Pakistan, Nepal, Bhutan, Bangladesh	Above 20 to 40 grams
48	Surface mail Letters upto 20 to 40 grams to Asia Pacific postal union member countries except PNBB	Upto 20 grams
49	Surface mail letters upto above 20 to 40 grams to Asia Pacific postal union member countries except PNBB	Above 20 to 40 grams
50	Surface mail letters upto 20 grams to Universal postal union member countries except APPU	Upto 20 grams
51	Surface mail letters above 20 to grams to Universal postal union member countries except APPU	Above 20 to 40 grams
	Group-II: Postal Service Related to Parcel	
52	National Unregistered Parcels upto 500 grams	Upto 500
53	National Unregistered Parcels above 500 to 1000 grams	Above 50 to 100 grams
	Group III: Postal Office counter Services	
	Sub-group-I: National	
54	Registered letter (Envelope) Upto 20 Grams	Upto 20 grams
55	Registered letter (Envelope) Above 20 to 40 Grams	Above 20 to 40 grams
56	Registered Book Pattern and Sample Packets upto 50 grams	Upto 50 grams
57	Registered Book Pattern and Sample Packets above 50 to 100 grams	Above 50 to 100 grams
58	Registered Book Packets containing printed book upto 100 grams	Upto 100 grams
59	Registered Book Packets containing printed book above 100 to 200 grams	Above 100 to 200 grams
60	Registered Book Packets containing periodicals of value upto Rs. 20/- and weight upto 100 grams	Upto 100 grams
61	Registered book packet containing periodicals of value upto Rs. 20/- and weight above 100 to 200 grams	Above 100 to 200 grams
62	Registered book packet containing periodicals of above Rs.20/- to Rs. 50/- and weight upto 100 grams	Upto 100 grams

63	registered book packet containing periodicals of above Rs. 20/- to Rs. 50/- and weight above 200 to 300 grams	Above 200 to 300 grams
64	Registered book packet containing periodicals of above Rs.50/- and weight upto 100 grams	Upto 100 grams
65	Registered book packet containing periodicals of above Rs. 50/- and weight above 100 to 200 grams	Above 100 to 200 grams
66	insured letters of insurance value Rs (1-200)	Upto 20 grams
67	Insured letters of insurance value Rs (201-300)	Upto 20 grams
68	VP letters of value upto Rs 20 and weight upto 20 grams	Upto 20 grams
69	VP letters of value upto Rs 20 and weight above 20 to 40 grams	Above 20 to 40 grams
70	VP letters of value above Rs 20 to Rs 50 and weight upto 20 grams	Upto 20 grams
71	VP letters of value above Rs 20 to Rs 50 and weight above 20 to 40 grams	Above 20 to 40 grams
72	VP letters of value above Rs 50 and weight upto 20 grams	Upto 20 grams
73	VP letters of value above Rs 50 and weight above 20 to 40 grams	Above 20 to 40 grams
74	VP packet containing printed books having value above Rs 50	Above 300 to 400 grams
75	Registered parcels upto 500 grams	0-500 grams
76	Registered parcels above 500 to 1000 grams	Upto 500 grams
77	Insured parcels having above Rs 50	Upto 500 grams
78	VP Parcels of value above Rs 50	Upto 500 grams
	Sub-group-II: international	
79	Registered Airmail letters upto 20 grams to Asia Pacific Postal Union Member countries except PNBB	Upto 20 grams
80	Registered Airmail letters above 20 to 50 grams to Asia Pacific Postal Union Member countries except PNBB	Above 20 to 50 grams
81	Registered Airmail letters upto 20 grams to Universal Postal Union Member countries except PNBB	Upto 20 grams
82	Registered Airmail letters to Universal Postal Union member countries except APPU	Above 20 to 50 grams
83	Registered Aerogramme to Asia Pacific Postal Union Member countries except PNBB	Asia pacific Postal union member countries except PNBB
84	Registered Aerogramme to Universal Postal Union member countries except APPU	Universal Postal Union member countries except APPU
	Group IV: Other services	

85	Local Speed Post Upto 50 grams	Local
86	Speed post upto 50 grams for upto 200 kms	Local 200 kms
87	Speed post upto 50 grams for upto 200 to 1000 kms	201-1000 kms
88	Speed Post Upto 50 grams for above 1000 to 2000 kms	1001-2000 kms
89	Speed post upto 50 grams for above 2000 kms	Above 2000 kms
90	Local speed post above 50 to 200 gms	Local
91	Speed post above 50 to 200 grams for upto 200 kms	Upto 200 kms
92	Speed post above 50 to 200 grams for Above 200 to 1000 kms	201-1000 kms
93	Speed post above 50 to 200 grams for above 1000 to 2000 kms	1001-2000 kms
94	Speed post above 50 to 200 grams for above 2000 kms	Above 2000 kms
95	Local Express parcel post upto 3kg	Local
96	Express parcel post upto 3kg for upto 500 kms	Upto 500 kms
97	Express parcel post upto 3kg for above 500 to 1000 kms	501-1000 kms
98	Express parcel post upto 3kg for above 1000 to 2000 kms	1001-2000kms
99	Express parcel post upto 3kg for above 2000 kms	Above 2000 kms
100	Bill Mail Service	Upto 20 gms