

# Sri Lanka

## A: Identification

**Title of the CPI:** Colombo Consumers' Price Index (CCPI)

**Organisation responsible:** Prices and Wages Division, Department of Census and Statistics (DCS)

**Periodicity:** Monthly

**Price reference period:** 2006/2007 = 100

**Index reference period:** 2006/2007 = 100

**Weights reference period:** 2006/2007

**Main uses of CPI:** Indexation of wages, pensions and/or social security payment, main inflation indicator used for monetary policy and deflate household expenditures in National Accounts.

## B: CPI Coverage

### Geographical Coverage

*Weights:* Main city (can include surrounding areas)

*Price collection:* Main city (can include surrounding areas)

**Population coverage:** Resident households of nationals.

**Population groups excluded:** Institutional households.

### Consumption expenditure includes:

- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Food consumed away from home;
- Housing maintenance, minor repairs;
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross of claims;
- Licences and fees (e.g. driver's licence, hunting licence, vehicle registration)

### Consumption expenditure excludes:

- Income in-kind receipts of goods;
- Income in-kind receipts of services;
- In-kind goods received as gifts;

- In-kind services received as gifts;
- Purchase of owner-occupied housing;
- Mortgage repayments;
- Mortgage interest;
- Major repairs, conversions and extensions to owner occupied housing;
- Purchase of gifts of goods and services given to others outside the household;
- Luxury goods;
- Financial services (including fees for financial advice, brokerage fees);
- Interest payments (excluding mortgage interest payments);
- Life insurance premiums;
- Gambling expenditure, gross of winnings;
- Investment-related expenditures (e.g. purchase of shares/stocks);
- Occupational expenditures;
- Other business-related expenditures;
- Social transfers in-kind of goods and services from government and No-profit institutions serving households;
- Second hand goods purchased;
- Expenditures abroad

## C: Concepts, definitions, classifications and weights

**Definition of the CPI and its objectives:** CCPI compiled monthly by the DCS and released on the last working day of each month as an official measure of inflation in Sri Lanka. The CCPI is used for deflating of current values of aggregates in National Accounts, formulation of policy for the determination and evaluation of wages and salaries and social security benefits economic and social analysis.

**Definition of consumption expenditures:** Consumption expenditure is defined by the use approach.

**Classification:** COICOP (Classification of individual consumption by purpose) at 4-digit level

**Weights include value of consumption from own production:** Yes

**Sources of weights:** Household expenditure surveys.

**Frequency of weight updates:** Every 3-5 years

**Price updating of weight reference period to the index reference period:** Yes

**Weights for different population groups or regions:** No.

## D: Sample design

**Sampling methods:**

*Localities:* Judgmental sampling

*Outlets:* Judgmental sampling

*Products:* Judgmental sampling

**Frequency of sample updates:**

*Localities:* Continuous (on a rotating basis)

*Outlets:* Continuous (on a rotating basis)

*Products:* Continuous (on a rotating basis)

**Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples:** Location and outlets selections are based on purposive sampling. 14 price collection centres are selected and quotations taken from three outlets in each collection centres for one item.

**Criteria used for selecting an item variety in the outlet in case of loose specifications provided by the central office:** Care is taken to identify produce of average quality for such items when doing the price collection.

## **E: Data Collection**

**Approximate number of localities, outlets and price observations:** Localities: 14, Outlets: 535, Price observations: 10,539

**Frequency with which prices are collected:** Food items – weekly; non-food items (e.g. textiles, personal care, etc.) – twice in a month; furniture, electrical items, etc. – twice in a year; services – quarterly.

**Reference period for data collection:** Food items – every Tuesday and Wednesday of the week; non-food items (e.g. textiles, personal care, etc.) – Fridays of the first two weeks of the month; furniture, electrical items, etc. – June and December; services – February, May, August and November.

### **Methods of Price Collection**

- Personal data collection for all items.
- Telephone interviews for services.
- Internet for items, whose prices are available (e.g. electrical/electronic household appliances).
- Official tariffs for items, whose prices are administered by the government.

### **Treatment of:**

**Discounts and sales prices:** Discount prices are taken but sales prices are not taken.

**Black market prices:** Not collected.

**Second hand purchases:** Not included.

**Missing or faulty prices:** Missing prices are treated by carrying forward the previous observation.

Period for allowing imputed missing prices: Food for 4 weeks, Non-food for 2 months

**Disappearance of a given type or quality from the market:** Substitutes with the same specifications are selected.

**Quality differences:** No quality adjustment is made.

**Appearance of new items:** No new items are introduced.

### Treatment of seasonal items and seasonality

**Items that have a seasonal character and their treatment:** Six food items identified (green gram – local, kiri ala/taro, ground nuts – raw, bread fruit, jak fruit and b'onion-local). DCS does not apply special treatment to these items. When out of season, they are treated as missing prices.

**Seasonal food items:** Seasonal food items are included in the CPI using fixed weights approach: the weights are kept constant over the year, while prices of out-of season products are estimated or imputed.

**Method to impute the price of seasonal items:** The method used to impute price development in out-of season periods is carrying forward the last observed price.

### Treatment of housing

**Treatment of owner-occupied housing:** Owner occupied housing is not included in the CPI

**Types of dwellings covered by the rent data:** Rent index is based on the index of cost of construction of modern housing prepared by the Institute for Construction, Training and Development (ICTAD). This index is available quarterly and is computed of sub-indices for cement, bricks, other materials and labour cost.

## F: Computation

**Formula used for calculation of elementary indices:** The ratio of arithmetic mean prices (Dutot index) (Direct form)

**Formula to aggregate elementary indices to higher level indices:**

$$I = \frac{\sum \frac{P_{i1}}{P_{i0}} \times W_i}{\sum W_i},$$

where:

I = Index

$\frac{P_{i1}}{P_{i0}}$  = relative price of item  $i$

$W_i$  = expenditure value of item  $i$  in base period

$\sum W_i$  = total Expenditure in base period

$P_{i1}$  = price of item  $i$  in the current period

$P_{i0}$  = price of item  $i$  in the base period

**Formula of aggregating regional/population group indices into national index:** There is no aggregation since the CPI covers only Colombo district.

**Monthly and annual average prices:** Average prices are calculated by simple arithmetic average.

**Seasonally adjusted indices:** No seasonal adjustment.

**Software used for calculating the CPI:** Excel Spread Sheet Application

## G: Editing and validation procedures

**Control procedures used to ensure the quality of data collected:** Quality of collected data is supervised by price statisticians.

**Control procedures used to ensure the quality of data processed:** Analysis is based on mean, mode, minimum, maximum, CV and percentage changes.

## H: Documentation and dissemination

**Timeliness of dissemination of the CPI data:** CPI data is disseminated 1 week after the end of the reference month.

### Level of detailed CPI published

**Paper publication:** All items CPI

**Online:** All items CPI, Division-level (12 Divisions)

**Restricted Access:** Class-level (100 classes), Average prices

**Separate indices published for specific population groups:** No

**Type of products for which average prices are calculated and disseminated:** All items

### Documentation

**Publications and websites where indices can be found:** Index and Inflation figures are published on the DCS website: [www.statistics.gov.lk](http://www.statistics.gov.lk) at 3 p.m on the last working day of each month.

**Publications and websites where methodological information can be found:** Government Gazette, Website: [www.statistics.gov.lk](http://www.statistics.gov.lk) and Monthly Bulletin of Price Statistics.

## **I: Other Information**

Reported by the country in 2012.