

# Maldives

## A: Identification

**Title of the CPI:** Maldives Consumer Price Index

**Organisation responsible:** Department of National Planning

**Periodicity:** Monthly

**Price reference period:** June 2004

**Index reference period:** June 2004

**Weights reference period:** June 2004

**Main uses of CPI:** Main inflation indicator used for monetary policy and deflate household expenditures in national accounts.

## B: CPI Coverage

### Geographical Coverage

*Weights:* Nation-wide

*Price collection:* Nation-wide

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

**Population groups excluded:** Institutional households.

### Consumption expenditure includes:

- Food consumed away from home;
- Housing maintenance, minor repairs;
- Luxury goods;
- Licences and fees (e.g. driver's licence, hunting licence, vehicle registration)

### Consumption expenditure excludes:

- Foods produced for own final consumption;
- Other goods produced for own final consumption;
- Services produced for own final consumption;
- 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;
- Purchase of gifts of goods and services given to others outside the household;
- Second hand goods purchased;
- Financial services (including fees for financial advice, brokerage fees);
- Interest payments (excluding mortgage interest payments);
- Non-life insurance premiums (e.g. vehicle, housing, other property, medical), gross of claims;
- 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;
- Expenditures abroad

## C: Concepts, definitions, classifications and weights

**Definition of the CPI and its objectives:** A consumer price index (CPI) measures changes in the price level of consumer goods and services purchased by households. Its objective is to measure the rate of price inflation as perceived by households and changes in their cost of living.

**Definition of consumption expenditures:** Household consumption expenditure used for derivation of the weights is the value of consumer goods and services purchased (cash expenditure) by a household for the satisfaction of the needs and wants of its members.

**Classification:** COICOP (Classification of individual consumption by purpose)

**Weights include value of consumption from own production:** No

**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:** The base period for the CPI is June 2004 and the expenditure values obtained from HIES 2002/03 were updated to 2004 June price levels by taking into account the price changes between these periods.

**Weights for different population groups or regions:** Weights are compiled for urban and rural areas and at the national level.

## D: Sample design

**Sampling methods:**

*Localities:* Judgmental sampling

*Outlets:* Judgmental sampling

*Products:* Cut-off sampling (the elements with the highest sales or value of other auxiliary variable are included into the sample)

### **Frequency of sample updates:**

*Localities:* Every five years, based on expenditures by locality. However, outlets and products are replaced if required.

*Outlets:* Every five years, based on expenditures by locality. However, outlets and products are replaced if required.

*Products:* Every five years, based on expenditures by locality. However, outlets and products are replaced if required.

**Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples:** Cut off sampling method is used to select items to be included in the CPI basket.

## **E: Data Collection**

**Approximate number of localities, outlets and price observations:** Localities: 5, Outlets: 342, Price observations: 7,894

**Frequency with which prices are collected:** Prices are collected on a monthly basis except for fish which are collected on a daily basis and averaged.

### **Methods of Price Collection**

- Personal data collection for food items.
- Telephone interviews for non-food items.

### **Treatment of:**

**Discounts and sales prices:** They are used in the calculation of the index.

**Missing or faulty prices:** Extrapolation by using the change of the other prices for the same item.

Period for allowing imputed missing prices: 6 months.

**Disappearance of a given type or quality from the market:** Products/varieties that disappear are not replaced.

**Quality differences:** No quality adjustments are done.

**Appearance of new items:** No new items are introduced in the CPI.

## Treatment of seasonal items and seasonality

**Items that have a seasonal character and their treatment:** Fresh fruits and vegetables. If the item is not available at the time of price collection, its last observed price is carry forward. There are no many seasonal products in the basket.

**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.

**Seasonal Clothing:** Seasonal clothing 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 data includes 1, 2 and 3 room's apartments; rent quotes are collected on a monthly basis.

## 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:**

$$I_p = \frac{\sum p_1 q_0}{\sum p_0 q_0} = \left[ \frac{\sum \frac{p_1}{p_0} \cdot p_0 q_0}{\sum p_0 q_0} \right] * 100$$

where:

$I_p$  is the index for period 1 compared with base period

$p_1$  is the price of item  $j$  in period 1

$p_0$  is the price of item  $j$  in base period 0

$q_0$  is the quantity of item  $j$  in base period 0

$p_1/p_0$  is the price relative of item  $j$  between period 1 and base period 0

$p_0 * q_0$  is the expenditure on item  $j$  in the base period

$p_1 * q_0$  is the expenditure on the same quantity of item  $j$  in period 1

$\Sigma$  means the summation over all selected items in the basket

**Monthly and annual average prices:** Average prices are computed only for matched cases.

**Seasonally adjusted indices:** No

**Software used for calculating the CPI:** PRIMA system (Price Index Management system)

## **G: Editing and validation procedures**

**Control procedures used to ensure the quality of data collected:** Random checks by visiting or calling outlets are done by the price unit staff to verify the collected price data.

**Control procedures used to ensure the quality of data processed:** PRIMA program does consistency checks and filters those products whose prices increase more than 25% for rechecking.

## **H: Documentation and dissemination**

**Timeliness of dissemination of the CPI data:** Male' and national CPI are published on the 15th and 31st of the month following the reference month respectively.

### **Level of detailed CPI published**

**Paper publication:** All items CPI

**Online:** All items CPI

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

**Type of products for which average prices are calculated and disseminated:** Major categories and those products which show a significant price change.

### **Documentation**

**Publications and websites where indices can be found:** Consumer Price Index –National, available at [www.planning.gov.mv](http://www.planning.gov.mv)

**Publications and websites where methodological information can be found:** Rebasing the consumer price index (CPI), June 2004, Male', available at [www.planning.gov.mv](http://www.planning.gov.mv)

## **I: Other Information**

Reported by the country in 2012.