



NATIONAL CONSUMER PRICE INDEX (NCPI)

January, 2021

Department of Census and Statistics
Ministry of Finance

The Department of Census and Statistics (DCS) has released the National Consumer Price Index (NCPI) and Inflation rate for the month of January 2021.

The NCPI has been released monthly from October 2015 with a time lag of 21 days. The NCPI has weights based on consumer spending in 2012/13 Household Income and Expenditure Survey (HIES), and reflects new methods consistent with international best practices. Also, the DCS has rebased the Colombo Consumer Price Index (CCPI) with the base period of 2013 from January 2017, covering the urban areas of Colombo district.

To reflect international recommendations and best practices, the index weights refer to each item's share in the total consumption expenditures of all Sri Lankan households. The provincial weights refer to the consumption expenditures within the province in proportion to the expenditures in the whole country. The index weights are based on expenditure data derived from the Household Income and Expenditure Survey (HIES) conducted in 2012/13. The 2012/13 HIES included all types of consumption expenditures by households, and was broadly representative of all households in the country. The year 2013 is considered as the base year for NCPI.

The national consumer basket includes 407 items which represent the consumption expenditure of all households in Sri Lanka. For the compilation of NCPI, three price quotations are collected for each of the items in every district town. Prices for some items are collected weekly (e.g. fresh fish, rice, vegetables, fruits, coconut etc.), while prices for other items are collected once every two weeks (e.g. leafy vegetables, dried fish, spices, etc.), monthly (e.g. Textile, Footwear, Non-durable household goods etc.) or quarterly (e.g. Consumer durables (furniture), Building materials, Pharmaceutical items etc.). The frequency of price collection is determined by on an average how frequently price changes take place.

- ▢ The NCPI for all items for the month of January 2021 was 142.1.
- ▢ The overall rate of inflation as measured by NCPI on Year-on-Year basis is 3.7% in January 2021
- ▢ The moving average inflation for the month of January 2021 is 5.8%.

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Source Publication

 <http://www.statistics.gov.lk/InflationAndPrices/StaticInformation/MonthlyNCPI>

01. Month on Month (M on M) change of NCPI:

The NCPI for all items for the month of January 2021 was 142.1. An increase of 0.9 index points or 0.6 percentage compared to December 2020 for which the index was 141.2. This increase represents increase in expenditure value of Rs. 282.42 in the "Market Basket".

Monthly changes of index numbers, expenditure values and percentage change of index numbers are given in the following table (Table 01).

Table 01: Monthly Changes by Main Groups of Market Basket

Main Group	Index Number			Monthly Changes of the Expenditure Value (Rs.)			Monthly changes of the index (%)		
	Jan 2020	Dec 2020	Jan 2021	Jan 2020	Dec 2020	Jan 2021	Jan 2020	Dec 2020	Jan 2021
All Items	137.0	141.2	142.1	649.25	462.11	282.42	1.50	1.03	0.62
Food and Non Alcoholic Beverages	143.0	149.9	151.4	495.18	456.58	217.01	1.14	1.02	0.48
Non Food	132.3	134.3	134.7	154.06	5.53	65.40	0.36	0.01	0.14
Alcoholic Beverages, Tobacco and Narcotics	206.3	216.9	214.5	14.23	-47.40	-17.09	0.03	-0.11	-0.04
Clothing and Footwear	130.9	133.5	133.9	2.51	1.78	3.84	0.01	0.00	0.01
Housing, Water, Electricity, Gas and Other Fuels	127.8	127.7	127.9	76.64	0.00	7.04	0.18	0.00	0.02
Furnishing, Household Equipment and Routine Household Maintenance	130.2	130.8	132.8	0.98	-0.83	21.30	0.00	0.00	0.05
Health	162.6	160.7	163.6	3.02	5.16	38.23	0.01	0.01	0.08
Transport	117.7	124.0	124.3	-1.41	46.39	6.83	0.00	0.10	0.02
Education	143.7	143.6	143.9	39.89	0.00	2.41	0.09	0.00	0.01
Miscellaneous Goods and Services	142.8	145.6	145.8	9.53	0.43	2.85	0.02	0.00	0.01
Other Groups	114.8	116.7	116.7	8.66	0.00	0.00	0.02	0.00	0.00

Note 1: There are 12 main groups of the market basket. Monthly significant changes were noted in nine main groups in January 2021, details on which are given in Table 02.

Note 2: For the January 2021, unchanged groups: 'Communication', 'Recreation and Culture', and 'Restaurants and Hotels' are considered as the 'Other Groups'

Contribution to Month-on-Month Changes:

Contributions to the NCPI on Month-on-Month basis (January 2021 as compared to December 2020) are given in Table 02. The month-on-month change was contributed by increases of index value of food items by 0.48% and non-food items by 0.14% respectively.

1.1.1. Contribution of Food items: 0.48%

As shown in Table 02, the increases in index values were reported for Rice(0.16%), Coconuts(0.15%), Green chillies(0.15%), Vegetables (0.15%), Red onions(0.08%), Fresh fish(0.05%), Fresh fruits(0.03%), Turmeric powder(0.03%), Coconut oil(0.01%), Tamarind(0.01%) and Dried chillies(0.01%). However, decreases in index values were reported for Big onions (0.20%), Potatoes (0.13%), Eggs(0.05%), Manioc(0.01%) and Chicken (0.01%).

1.1.2. Contribution of Non-food items: 0.14%

The increases in index values of non-food groups in January 2021 compared to the previous month was mainly due to the price increases in groups of items 'Health'(Fees to private medical practices, Payments to private hospitals room charges) (0.08%), 'Furnishing, Household equipment and Routine household maintenance'(Wages of servants) (0.05%), 'Housing, Water, Electricity, Gas and Other fuels' (Materials for the Maintenance) (0.02%), 'Transport'(Tyres, tubes and spare parts) (0.02%), 'Clothing and Footwear' (0.01%), 'Miscellaneous Goods and Services' (0.01%) and 'Education' (0.01%). However, price decrease in group of items was reported in 'Alcoholic Beverages, Tobacco and Narcotics'(Areca nuts) (0.04%) compared to the preceding month. Meanwhile, the price indices of 'Communication', Recreation and Culture', and 'Restaurants and Hotels' groups remained unchanged during the month.

Table 02: Contribution to the increase in NCPI (Base 2013=100) on Month-on-Month basis
(January 2021 as compared to December 2020)

Sub Group/Commodity	Rs. cts	Value change		
		Increase	% Change Decrease	Net effect
Food	217.01	0.87	0.39	0.48
Rice	70.54	0.16		
Coconuts	68.61	0.15		
Green chillies	66.21	0.15		
Vegetables	65.95	0.15		
Red onions	36.38	0.08		
Fresh fish	24.69	0.05		
Fresh fruits	14.78	0.03		
<i>Banana</i>	8.94	0.02		
<i>Papaw</i>	5.54	0.01		
Turmeric powder	12.43	0.03		
Coconut oil	6.54	0.01		
Tamarind	5.38	0.01		
Dried chillies	3.41	0.01		
Big onions	-92.24		0.20	
Potatoes	-59.05		0.13	
Eggs	-20.55		0.05	
Manioc	-3.70		0.01	
Chicken	-3.37		0.01	
Other food items	21.02	0.05		
Non Food	65.40	0.18	0.04	0.14
Alcoholic Beverages, Tobacco & Narcotics	-17.09		0.04	
<i>Areanuts</i>	-19.05		0.04	
Clothing & Footwear	3.84	0.01		
<i>Clothing</i>	2.41	0.01		
Housing ,Wate, Electricity, Gas and Other Fuels	7.04	0.02		
<i>Materials for the maintenance</i>	7.04	0.02		
Furnishing ,Household Equipment and Routine Household Maintenance	21.30	0.05		
<i>Wages of servants</i>	6.67	0.01		
Health	38.23	0.08		
<i>Fees to private medical practices</i>	19.47	0.04		
<i>Payments to private hospitals room charges</i>	17.53	0.04		
Transport	6.83	0.02		
<i>Tyres, tubes and spare parts</i>	6.61	0.01		
Education	2.41	0.01		
Miscellaneous Goods and Services	2.85	0.01		
Other Groups	0.00	0.00		
All Items	282.42			0.62

2. Inflation

The NCPI is a macroeconomic indicator compiled to measure inflation which is defined as a sustained increase in the general level of prices for goods and services and it is measured as an annual percentage increase by NCPI. Inflation can be measured in two ways. One measure is the Year-on-Year base or Point- to-Point inflation (The percentage change in the current month CPI over same month CPI of last year). The other measure is Moving Average Inflation (The percentage difference between the average Price Indices of last 12 months & the average Price Indices of previous 12 months).

Table 03: Movements of the NCPI (Base: 2013=100)

Year	Month	All Item				Food				Non Food			
		Index Number	% Change Month on Month	Inflation %		Index Number	% Change Month on Month	Inflation %		Index Number	% Change Month on Month	Inflation %	
				Y on Y	12 Month Moving Avg.			Y on Y	12 Month Moving Avg.			Y on Y	12 Month Moving Avg.
2020	January	137.0	1.5	7.6	4.1	143.0	2.5	13.7	2.2	132.3	0.7	3.0	5.5
	February	137.0	0.0	8.1	4.5	142.9	-0.1	16.3	3.8	132.4	0.1	2.1	5.1
	March	135.2	-1.3	7.0	4.9	138.5	-3.1	14.1	5.1	132.6	0.2	1.8	4.7
	April	134.8	-0.3	5.9	5.1	137.5	-0.7	12.2	6.2	132.6	0.0	1.1	4.2
	May	135.4	0.4	5.2	5.2	139.0	1.1	11.1	7.2	132.6	0.0	0.8	3.7
	June	137.3	1.4	6.3	5.6	143.2	3.0	13.6	8.6	132.6	0.0	0.8	3.2
	July	137.3	0.0	6.1	5.9	142.8	-0.3	12.9	9.9	133.0	0.3	1.0	2.8
	August	137.8	0.4	6.2	6.1	143.5	0.5	13.2	11.0	133.4	0.3	1.1	2.4
	September	138.9	0.8	6.4	6.2	145.1	1.1	12.7	11.6	133.9	0.4	1.4	2.1
	October	139.1	0.1	5.5	6.2	145.6	0.3	10.6	11.9	134.0	0.1	1.5	1.9
	November	139.8	0.5	5.2	6.3	146.7	0.8	9.4	12.3	134.3	0.2	1.7	1.7
	December	141.2	1.0	4.6	6.2	149.9	2.2	7.5	12.2	134.3	0.0	2.2	1.5
2021	January	142.1	0.6	3.7	5.8	151.4	1.0	5.9	11.5	134.7	0.3	1.8	1.4

2.1. Year-on-Year Inflation

The overall rate of inflation as measured by NCPI on Year-on-Year basis is 3.7% in January 2021 and inflation calculated for December 2020 was 4.6% (Table 03). Year-on-Year inflation of both food group and non food group have decreased from 7.5% in December 2020 to 5.9% in January 2021 and from 2.2% in December 2020 to 1.8% in January 2021 respectively.

Contribution to Year-on-Year inflation:

On Year-on-Year basis, contribution of food commodities to inflation was 2.70 percent in January 2021 compared to that of January 2020 (Table 04).

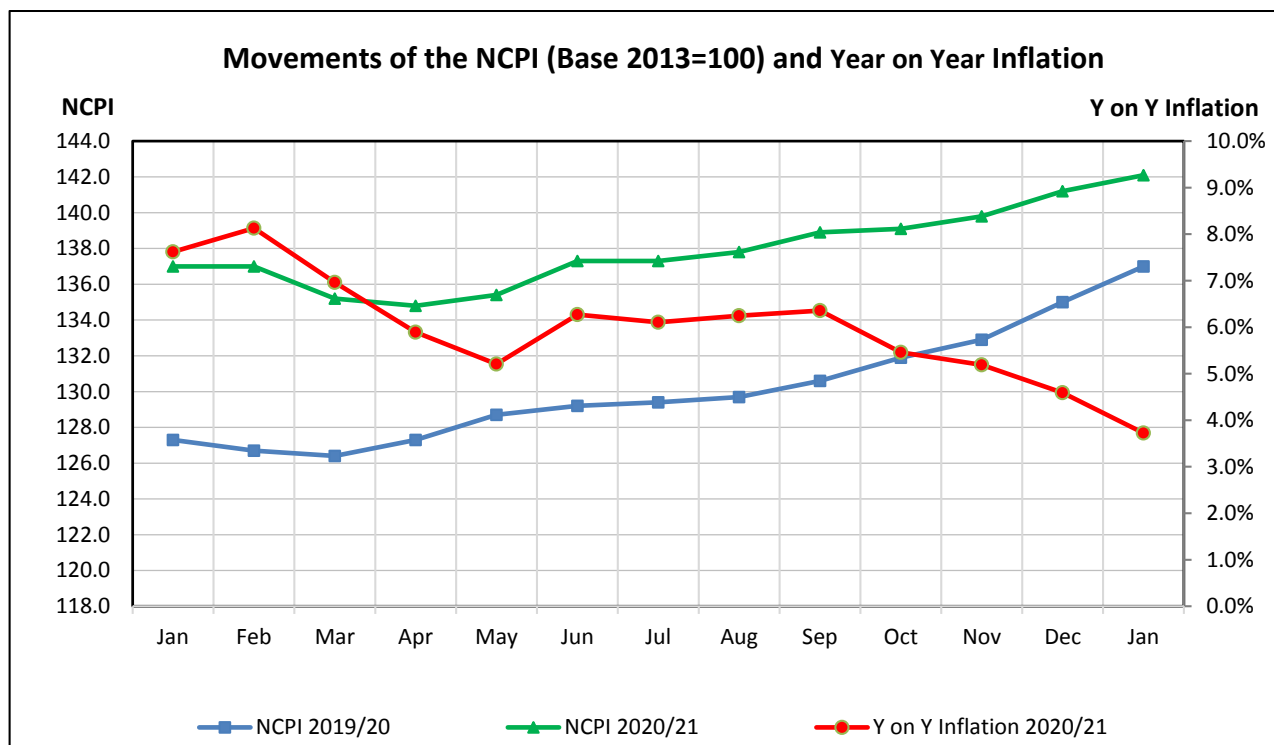
Contribution of non-food items was 0.99 percent. This was mainly due to price increases in groups of 'Transport'(0.47%), 'Alcoholic beverages, Tobacco and Narcotics'(0.14%), 'Restaurant and Hotels' (0.10%), 'Miscellaneous goods and services'(0.10%), Clothing and Footwear'(0.07%), 'Furnishing, Household equipment and Routine household maintenance'(0.06%), 'Health'(0.03%) and 'Housing, Water, Electricity, Gas and Other fuels'(0.01%). Further, very slight price increases were reported in groups of 'Education' and 'Recreation and Culture'. Meanwhile, the group of 'Communication' remained unchanged during the period.

Table 04: Contribution to the increase in NCPI (Base 2013=100) on year on year basis (January 2021 as compared to January 2020)

Sub Group/Commodity	Value change			
	Rs. cts	% Change		Net effect %
		Increase %	Decrease %	
Food	1189.53			2.70
<i>Coconuts</i>	739.45	1.68		
<i>Turmeric powder</i>	250.12	0.57		
<i>Coconut oil</i>	165.97	0.38		
<i>Rice</i>	100.13	0.23		
Non Food	434.95	0.99	0.00	0.99
Alcoholic beverages, Tobacco and Narcotics	59.62	0.14		
<i>Betel leaves</i>	-27.61		0.06	
<i>Arecanuts</i>	27.68	0.06		
<i>Bulathwita</i>	54.61	0.12		
Clothing and Footwear	32.78	0.07		
<i>Clothing</i>	31.35	0.07		
Housing, Water, Electricity, Gas and Other fuels	4.22	0.01		
<i>Material for the maintenance</i>	4.22	0.01		
Furnishings, Household equipment and Routing household maintenance	27.83	0.06		
Health	13.35	0.03		
<i>Purchase of medical/pharmacy products</i>	10.53	0.02		
<i>Spectacals</i>	4.89	0.01		
<i>Fees to private medical practices</i>	19.47	0.04		
<i>Consultation fees to specialists</i>	4.38	0.01		
<i>Payments to medical laboratories</i>	-64.57		0.15	
<i>Payments to private hospitals room charges</i>	38.39	0.09		
Transport	205.81	0.47		
<i>Purchase of vehicles</i>	30.67	0.07		
<i>Tyres, tubes and spare parts</i>	8.58	0.02		
<i>Lubricating oil</i>	2.79	0.01		
<i>Cost of servicing of vehicles</i>	19.14	0.04		
<i>Bus fare</i>	138.02	0.31		
<i>Airline fare</i>	8.74	0.02		
Restaurant and Hotels	45.87	0.10		
Miscellaneous Goods and Services	43.34	0.10		
Other Groups	2.14	0.00		
All Items	1624.47			3.69

2.2 Moving Average Inflation

The moving average inflation for the month of January 2021 is 5.8%. The corresponding rate for the month of December 2020 was 6.2%.



Information Note on Implications of second wave of COVID-19 on the National Consumer Price Index (NCPI): January 2021

To keep the higher accuracy of the Consumer Price Index, the majority of price data are collected by personal visits by the DCS price collecting officers.

The data collection by personal visit for the Colombo district was challenging due to the second wave of COVID-19 pandemic situation. In Colombo district, during the month of January 2021 prices data that were previously collected from outlets by personal visits were collected using phone by the DCS price collecting officers from outlets which were open.

Also, for the Colombo district considered other available food price data sources for the month of January 2021.

In particular, the collection of prices has become increasingly difficult. Issues and challenges include increased numbers of missing items in sampled outlets, the temporary closure of retail outlets etc.

When facing numbers of missing prices, it is important to mentioned that all temporarily missing prices were imputed using the methods described in Consumer Price Index Manual.

The other 24 districts prices data were collected by personal visits by the DCS price collecting officers on regular manner for the month of January 2021.

The Vision of DCS

"To be the leader in the region in producing timely statistical information to achieve the country's development goals."

The Mission of DCS

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