Re-estimation of Official Poverty Lines (OPL) due to the update of the Base year of the National Consumer Price Index (NCPI) from (Base : 2013=100) to (Base : 2021=100)

"The National Consumer Price Index (NCPI) is a macroeconomic indicator compiled to measure inflation and is more precise for estimating the Official Poverty Line (OPL). The index adheres to methodologies consistent with international best practices and is calculated using the prices gathered from all nine provinces of Sri Lanka. The first base year for the NCPI was 2013 (Base: 2013=100).

A decade after its initial establishment, the OPL was updated based on the data from the Household Income and Expenditure Survey (HIES) conducted in 2012/13. Updated OPL was published in the year 2021 based on data from the HIES conducted in 2019 and adjusted for changes due to inflation based on the NCPI (Base : 2013=100). Accordingly, the revised OPL value in 2012/13 was Rs.5,223 and Rs. 6966 for the year 2019.

The Department of Census and Statistics (DCS), updated the base year of the NCPI from 2013 to 2021. The DCS released the rebased NCPI (Base : 2021=100), from January 2023 onwards. The DCS has introduced the Modified, or Two-Stage, Laspeyres formula for the calculation of NCPI (Base : 2021=100). The NCPI's weighting structure is based on the data from the HIES-2019, which comprises all types of consumption expenditure incurred by a household. The OPL was re-estimated using the rebased NCPI (Base: 2021=100) for the entire year 2022.

District level official poverty lines have been revised based on spatial price indices developed using data from the HIES-2019. National and District level poverty lines are calculated on an ongoing basis using the NCPI computed monthly by the DCS. The values of the previous and revised poverty lines, adjusted with the CCPI and the NCPI, are presented in Table 1.

Table 1 : Values of previous and updated poverty lines adjusted by CCPI and NCPI (Rs.)

Price index and Base year	Survey years						Estimated values for poverty lines		
	2002	2006/07	2009/10	2012/13	2016	2019	2020	2021	2022
Adjusted by CCPI (Base: 2002=100)									
Old poverty line (2002, HIES)	1,423	2,142	3,028	3,624	4,166	4,830	5049	5350	
Updated poverty line (2012/13, HIES)	2,051	3,087	4,364	5,223	6,004	6,961			
Adjusted by NCPI (Base: 2013=100)									
Old poverty line (2002, HIES)					4,244	4,834			
Updated poverty line (2012/13, HIES)					6,117	6,966	7,395	7,913	11,905
Adjusted by NCPI (Base: 2021=100)									
Updated poverty line (2012/13, HIES)									13,838