

# SL to rebase inflation indices from January

- New base years for NCPI and CCPI are 2021 and 2019, respectively
- Re-basing exercise likely to have positive impact on inflation
- Govt. stresses that re-basing is carried out based on sound scientific reasonings and not with political interference
- SL entered hyperinflationary territory last year following rupee devaluation, debt default

The Cabinet has cleared the path for the Department of Census and Statistics (DSC) to update the Colombo Consumer Price Index (CCPI) and the National Consumer Price Index (NCPI) with new base years and new expenditure weightages with effect from January this year.

President Ranil Wickremesinghe in his capacity as the Minister of Finance, Economic Stabilisation and National Policies sought the approval of the Cabinet of Ministers to update the base year of NCPI from 2013 to 2021 and CCPI from 2013 to 2019 with effect from January 2023.

The re-based NCPI will also be updated with new weighting based on consumer spending in 2019 and it is

to be compiled and published every 21 days from January 2023.

According to latest data, CCPI stood at 244.3 points in January recording a 54.2 percent YoY increase in inflation. NCPI in December last year stood at 256.3 points with 59.2 percent YoY increase in inflation.

The re-basing exercise is likely to have a positive impact on inflation calculations.

The country entered into a hyperinflationary environment last year following the devaluation of the rupee in March and pre-emptive default on its external debt in April.

However, Cabinet Spokesperson Minister Bandula Gunawardana stressed that the re-basing is carried out based on sound scientific

reasoning and with political interference.

“The reference year for the first data series of the National Consumer Price Index is 2013.

The items contained in the goods and services basket and the weights of goods and services should also be updated to reflect the current consumption expenditure of households in Sri Lanka,” the Department of Government Information noted.

NCPI is a key determinant of Gross Domestic Product deflation while being a more descriptive indicator of overall inflation in the country, while CCPI is a leading indicator of inflation in urban areas of the Colombo District.