

# **CPI DATA COLLECTOR's MANUAL**

## 1. Introduction

The Consumer Price Index (CPI) is one of the most important statistical series. It is designed to show changes in the cost of buying a fixed basket of goods and services consumed by private households over time. Its purpose is to measure the inflation rate and the cost of living, beside it is used as a base for adjusting wages and salaries and it also used for research purposes.

The development of CPI is based on the collection of prices for selected commodity items by the Price Collectors in the selected outlets. It is a crucial significance that noted prices are correct.

A too low price measured by the CPI relative to the true one might imply too low wage and salary adjustment. A too high price measured by CPI relative to the true one might force the government to economic policy actions, for example by raising the general interest rates.

Price Collectors are therefore **strictly** warned not to evade price collection and just quote previous period's prices as current prices, without having visited the outlets. This behaviour is a break of office discipline and conditions of service, and also violates the provisions of the Statistics Act 2001.

The purpose of this manual is to serve as a guideline for Price Collectors. The quality of the collected price data is crucial determinant of the reliability of CPI. Hence, great care should be taken to ensure that the prices obtained are actual transaction prices and are collected systematically and in a standard manner in order to ensure consistency in the price collection procedures and in CPI itself.

## 2. Consumption Items

The price collection will relate to all goods and services, which are purchased for domestic consumption by private households. This would include things like food, fuel, furniture, clothing e.t.c.

## 3. Commodity Specifications

The commodity specifications used for pricing selected items are very important and should **strictly** be adhered to at all times. They ensure comparability between successive quotations and will assist in the selection and evaluation of substitutes. The commodity specifications include brand name, size or quantity, type and description of the commodity.

Price collectors should be aware that a commodity can be sold under different specifications and hence, for pricing purposes, they would constitute different items for pricing surveys. For example canned beef can be in a tin of 155 grams, made up of 6% cereal and can be packed under a brand name of Bull Brand or

Leox. The two types are not interchangeable for the purpose of price surveys, i.e. if Bull Brand has been selected for pricing, it should not be interchanged.

### Examples of Item Specifications

Item	Name	Quality	Quantity
Mealie-Meal	Induna	Special sifted	12.5 kg
Mutton	—	Sirloin without Bone	1kg
Beef	Bull Brand	Canned 6% cereal	115g in tins
Paraffin	Laurel	Domestic use	1liter
Coal	—	Domestic use	50 kg bag
Blanket	Alpha	65% wool, 35% warp	155*220 cm

### 4. Methods of Pricing

The items for which prices are to be collected are specified on forms, and Price Collectors have to adhere strictly to the specifications noted and to the selected outlets. Prices collected should be those on price tags or made public in any way in the outlet.

In most case, commodities are easy to identify, but with some items like clothing, there may be some problems. Hence, the Price Collector should seek the assistance of the outlet assistant or even the manager.

Items like vegetables and fruits are priced per quantity (weight), so the Price Collector should carry a weighing scale for such purposes. The quantity of such items should be specified on the price collection form. Both quantity and price should be specified on the forms, the price per kg is price (P) divided by quantity (Q),  $P/Q$ .

Some items are sold per kilogram; but the price on the price tag may be for different weight. E.g. chicken is normally sold per kilogram, but may not always be sold in kilogram. The Price Collector should check the actual price per kilogram. This might be pre-printed on the price tag, if not the Price Collector should inquire the actual price per kilogram from the shop assistant or the manager.

Prices for the previous period are given in the forms. This facilitates easier identification of the items to be priced in the outlets.

## **5. Value Added Tax**

The Price Collector should carefully note if the price on the price tag, etc., excludes the general value added tax.

## **6. Prices to be included**

Items to be priced shall be priced bearing the normal price charged by the retailer. However, items on sale, items offered at discount prices, items offered at cut prices and items put at special offers are to be priced as such, the Price Collector should specify that such an item is either on sale, as a special offer, cut price or at a discount etc. These prices should only be included if they are offered to the general public and not only to a selected group. If offered to a selected group, the Price Collector should ask for the normal price.

## **7. Prices to exclude**

The Price Collector should take a precaution when dealing with items specified under 6. above, because those concessions may be made because the item

- may be stale, i.e. rotten or not fit for human consumption,
- may be damaged, shop soiled or imperfect, i.e. an item having a factory fault.

Such items should not be priced. In such cases, they would rather be specified temporarily out of stock. The Price Collector should use his judgement, especially when collecting prices of perishable items like fruits and vegetables and some of the take-away foods. He should ensure that such items are **fresh**.

## **8. Temporarily out of Stock**

If the commodity to price is out of stock, check with the outlet staff if this is occasional. If yes, ask what the price would have been, note the price in the relevant space on the form that it is an estimate, due to temporary out of stock. If no, select another variety (other size/quantity, brand, etc.) and try to get the price for this new variety also for the previous survey month. Note the action taken on collectors' form and describe the new variety carefully.

## **9. Not Sold**

If an item to price is out of stock (o/s) for three consecutive months, check with the outlet owner or staff if this will never be on stock, if yes and there is no item with the same specifications e.i. cannot be substituted, then the price collector can note down **NOT SOLD (N/S)** after discussion with the supervisor.

## **10. Unable to contact.**

In some cases, the Price Collector may not be able to contact the respondent (i.e. it may be the outlet is closed) to obtain price quotations. In such cases, he must make note of that and try to find out when contact can be made. If the outlet is closed down, the Price Collector should immediately contact the Price Statistician for further decision.

## **11. Changes in commodities**

If an item to price has been changed in any way, e.g. in package or quantity, the Price Collector should very carefully note the changes and the price of the “new item”. Try to get the price of the “new” item for the previous survey month.

## **12. Non-Response**

Non-response should be so noted by the Price Collector and reported to the Price Statistician, who will then take action. At certain times, non-response is sparked off by the Price Collector himself, either because he did not introduce himself properly to the management or he was rude to the assisting staff. As a Price Collector, you are advised to introduce yourself cordially to the management and seek permission to price in his outlet. Always produce your official identification card.

## **13. Rejected Observations**

At certain times, the Price Statistician upon editing might reject some observations, because they show an abnormal difference from previous observations. In such case, he will make a note and the Price Collector will have to re-price the items. If the observation rejected appears to be the correct one, the Price Collector will have to seek some further clarification from the outlet manager or assistant, and note such explanation explicitly for the benefit of the Price Statistician.

## **14. Timing of Price Collection**

### **What is happening now**

Prices are collected from the first working day of every month to the fifth working day, ie the first five working days of every month.

### **Areas Covered**

Prices are collected in ten towns and other rural areas.