#### **CHAPTER 15: PRICES**

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he only price statistics currently compiled in Bhutan relate to Consumer Price Indexes, often referred to as the CPI. The CPI has been produced by the NSB twice a year since December 1979. In addition, a food price index for Thimphu has been produced each quarter since September 1987.

The purpose of the CPI is to provide a general indicator of the rate of price change for consumer goods and services. The CPI is important monitoring overall price development and assessing changes in the living standard of the population.

The CPI is formed by measuring the change in the cost of purchasing a basket of consumer goods and services where items in the basket are weighted according to their relative importance in the total spending of consumers. The baskets include food items (i.e. rice, other cereals, vegetables, oils and fats, and spices) together with non-food items such as clothing, fuel, furniture and other personal items. Items such as cereals are weighted more heavily than say furniture, because they represent a larger proportion of consumer expenditure. A price change in cereals will therefore have greater effect on the CPI than a price change for furniture.

The CPI is presented as Index Numbers, where the indexes are measured in relative to the base of June 1979 = 100.00, price change is estimated by measuring change in the Index numbers.