



Review of Sri Lanka's Inflation Target and Related Parameters

Public Consultation Survey

The purpose of this consultation survey is to obtain views of general public on the inflation target and related parameters, including the inflation measure, target level, and margin, as part of the inflation target review required under the Central Bank of Sri Lanka Act No. 16 of 2023 (CBA).

1. Introduction

The **primary objective of the Central Bank of Sri Lanka**, as set out in the CBA, is to **achieve and maintain domestic price stability**.

To achieve this objective, the Central Bank conducts monetary policy under a **Flexible Inflation Targeting (FIT) framework**. This framework aims to keep inflation aligned with the target set out in an agreement between the Minister of Finance and the Central Bank. This agreement is known as the **Monetary Policy Framework Agreement (MPFA)**.

The **current agreement**, published in the Government Gazette in October 2023, **requires the Central Bank to maintain quarterly headline inflation** (Colombo Consumer Price Index (CCPI) based) **at 5%**. A **margin of ± 2 pps** is allowed under MPFA (i.e., 3.0%–7.0%) to measure potential deviations from the target and **for accountability purposes**. Specifically, the inflation target of 5% and the ± 2 pps margin, along with the requirements in the CBA, require the Monetary Policy Board of the Central Bank to report to Parliament if the quarterly average inflation remains outside the 3.0%-7.0% range for two consecutive quarters.

The **CBA requires the inflation target and related parameters** to be reviewed **at least once every three years**, or at shorter intervals under exceptional circumstances. Accordingly, the Central Bank of Sri Lanka is currently undertaking a review of the inflation target and related parameters to assess their continued appropriateness in the context of Sri Lanka's evolving economic environment. **As part of this review, the Central Bank invites views from general public through this survey**. The information collected will support the review process and contribute to ensuring that the monetary policy framework remains effective in maintaining price stability.

2. Further Information

To support respondents in better understanding the inflation target and related parameters, the following materials are provided as optional reading. Respondents are encouraged to review these materials before completing the survey.

- The Central Bank of Sri Lanka Act No. 16 of 2023 (CBA) - [central_bank_of_sri_lanka_act_2023_e.pdf](#)
- Monetary Policy Framework Agreement - [monetary_policy_framework_agreement_2352_20_e.pdf](#)
- Overview of Monetary Policy - [Monetary Policy | Central Bank of Sri Lanka](#)
- Monetary Policy Reports - [Monetary Policy Report | Central Bank of Sri Lanka](#)
- Information on Monetary Policy Accountability and Inflation Targets - [13_Box_04.pdf](#)
- Investigating Factors Affecting the Target Level of Inflation: The Case of Sri Lanka - [staff_studies_Vol_53_2023.pdf](#)
- Choice of the Inflation Target for Flexible Inflation Targeting (FIT) in Sri Lanka – Box 09, Annual Report 2018 - [11_Chapter_07_Box_Article.pdf](#)

3. Guidance for Respondents

Respondents are requested to provide accurate and thoughtful responses based on their knowledge, experience, and available information. Responses should reflect informed judgement and clear reasoning, rather than personal preference alone, given the importance of the information collected and the need to ensure its reliability.

Feedback closes on 15 July 2026.

4. Public Consultation Survey on the Review of the Inflation Target in Sri Lanka to be Achieved by the Central Bank of Sri Lanka

Section 1: Respondent Profile

Please provide the following information. The information collected will be used solely for classification and analytical purposes.

1. Respondent Category (Mandatory Field)

- Household
- Professional
- Student
- Academic / Researcher
- Business / Enterprise
- Government Institution/ Policymaker
- Other (Please Specify)

2. Full Name (Mandatory Field)

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3. Contact Information (email address) (Optional Field)

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Section 2: Understanding of the existing target

1. How well do you believe you understand the Central Bank of Sri Lanka's existing inflation target of 5%? (Mandatory Field)
 - a. Very well
 - b. Somewhat
 - c. Not at all
 2. How much confidence do you have that the Central Bank of Sri Lanka can achieve and maintain its inflation target over the medium term? (Mandatory Field)
 - a. High confidence
 - b. Low confidence
 - c. No confidence
- Please explain the reason(s) for your selection

Section 3: Inflation Target and Related Parameters

1. Which of the following measures of inflation do you consider most appropriate for use as the target to guide monetary policy in Sri Lanka? (Mandatory Field)

- d. Headline Inflation (refers to the overall change in consumer price index over a period of time)
- e. Core Inflation (refers to the change in consumer price index excluding volatile food, energy and transport over a period of time - generally used to measure underlying demand conditions)

▪ Please explain the reason(s) for your selection

2. Which of the following consumer price indices do you consider most appropriate for measuring the inflation target in Sri Lanka?

- a. Colombo Consumer Price Index
- b. National Consumer Price Index
- c. Other

▪ Please explain the reason(s) for your selection

3. Do you consider the current inflation target of 5% to be appropriate? (Mandatory Field)

a. Yes

b. No

▪ Please explain the reason(s) for your selection

3.1 If your answer to Question 3 is "No", what level of inflation target would you consider appropriate? Please specify. (Mandatory Field)

Please explain the reason(s) for your selection

4. Do you consider the current margin of ± 2 percentage points around the inflation target for accountability purposes to be appropriate? (Mandatory Field)

- a. Yes
- b. No

▪ Please explain the reason(s) for your selection

4.1. If your answer to Question 4 is "No", how should the current margin be revised? (Mandatory Field)

- a. Narrowed
- b. Widened
- c. Removed

▪ Please explain the reason(s) for your selection (Mandatory Field)

4.2. If you prefer the margin to be narrowed or widened, what margin around the inflation target would you consider appropriate? (Mandatory Field)

- a. ± 1 percentage point
- b. ± 2.5 percentage points
- c. Other (please specify):

▪ Please explain the reason(s) for your selection

5. Please provide any additional comments or suggestions regarding the inflation target and related parameters.

End of Survey

Thank you for your participation in this national endeavour; your valuable contribution is greatly appreciated. Once completed, the questionnaire could be emailed to mfd@cbsl.lk with a copy to directorerd@cbsl.lk. Any additional analysis or feedback may also be emailed to mfd@cbsl.lk with a copy to directorerd@cbsl.lk.

Feedback closes on 15 July 2026.