

## (C) PRICES AND WAGES

The Colombo Consumers' Price Index constructed by the Department of Census and Statistics in relation to working class family budgets in Colombo is used as the measure of changes in the cost of living. The weightage of commodities included in the Index follows the recommendations of Sessional Paper VI of 1953. The changes commodity-wise and sector-wise in the Consumers' Price Index for the last three years are shown in the following table.

TABLE II C-1  
Colombo Consumers' Price Index  
(Base 1952=100)

Year	All Items	Commodity-wise					Sector-wise		
		Food (61.9%)	Clothing (9.4%)	Fuel & Light (4.3%)	Rent (5.7%)	Miscellaneous (18.7%)	Domestic Group (51%)	Import Group (44%)	Export Group (5%)
1961	104.8	99.8	103.9	104.4	101.5	122.8	112.3	94.6	119.1
1962	106.3	100.9	108.2	105.6	101.5	124.9	113.9	96.7	113.8
1963	108.8	103.0	118.2	103.0	101.5	126.6	113.4	102.5	117.7

Sources: Department of Census and Statistics and Central Bank of Ceylon.  
Figures in parenthesis refer to the weights.

The changes over the months have been as follows:—

TABLE II C-2  
Changes in Consumers' Price Index  
(Base 1952=100)

Month	All Items			Import Group			Domestic Group			Export Group		
	1962	1963	change %	1962	1963	change %	1962	1963	change %	1962	1963	change %
Jan.	105.5	107.1	+1.5	95.3	98.7	+3.6	113.7	112.4	-1.1	113.2	128.7	+13.7
Feb.	105.9	107.8	+1.8	95.6	100.5	+5.1	113.7	112.5	-1.1	113.6	126.2	+11.1
March	106.2	108.0	+1.7	97.5	101.8	+4.4	113.0	112.0	-0.9	114.7	123.9	+8.0
April	106.3	109.1	+2.6	97.1	103.7	+6.8	113.5	112.6	-0.8	113.8	122.6	+7.7
May	106.5	109.1	+2.4	97.6	103.3	+5.8	113.4	113.3	-0.1	114.6	118.1	+3.1
June	106.6	109.2	+2.4	95.8	103.3	+7.8	115.2	113.9	-1.1	113.7	113.9	+0.2
July	106.4	109.3	+2.7	96.7	104.8	+8.4	114.3	112.8	-1.3	112.1	113.1	+0.9
Aug.	106.2	108.4	+2.1	97.6	104.3	+6.9	113.2	111.8	-1.2	111.3	111.4	+0.1
Sept.	106.2	108.0	+1.7	97.1	103.3	+6.4	113.3	111.6	-1.5	112.0	112.1	+0.1
Oct.	106.5	109.2	+2.5	96.4	102.2	+6.0	114.5	114.7	+0.2	113.6	114.2	+0.5
Nov.	107.2	109.8	+2.4	96.6	102.1	+5.7	115.7	116.0	+0.3	114.7	113.4	-1.1
Dec.	106.4	110.3	+3.7	97.2	101.9	+4.8	113.3	117.1	+3.4	118.0	115.0	-2.5
Aver.	106.3	108.8	+2.4	96.7	102.5	+6.0	113.9	113.4	-0.4	113.8	117.7	+3.4

Sources: Department of Census and Statistics and Central Bank of Ceylon.

The level of retail prices as measured by the Colombo Consumers' Price Index was on the average 2.4 per cent higher in 1963 than in 1962, reflecting an increase of 6.0 per cent in the import group index, and 3.4 per cent in the export group index, which more than offset a decline of 0.4 per cent in the domestic group index. The deterioration of the situation in the port towards the end of the year created scarcities and increased prices of several commodities.

Comparing the composite commodity group indices of Table II C-1 with those in 1962, the food group index was 2.1 per cent higher, the clothing index was 9.2 per cent higher and the miscellaneous sub-group index 1.4 per cent higher. The index for fuel and light, however, fell by 2.5 per cent. No change was recorded in the index for rent.

The rise in the food index was due solely to an increase in the prices of imported food-stuffs as the prices of domestically produced foodstuffs fell by 1.4 per cent. The latter was due to lower retail prices of meat, fish, eggs and limes which more than offset the higher vegetable prices. The increase in the price of vegetables towards the end of 1963 was influenced by the unseasonal rains in the months of September, October, November and December, which had adverse effects on vegetable cultivation. The rise in prices in the import food-group was due to increases in the prices of condensed milk, dried fish, maldivian fish and onions, and to changes in the prices of wheat flour and sugar. The price of white sugar was increased in February 1963, from 62 cents to 67 cents a pound, and of wheat flour from 23 cents to 28 cents in July 1961. In August 1963, the price of wheat flour was reduced to its former level. Brown sugar which was not available since January 1962 was marketed after November 1963, at 63 cents per pound. The export food group rose by 3.4 per cent largely due to the greater export demand for coconut products which was reflected in a rise in domestic prices. Fats and oils too recorded higher prices in the export food group in 1963.

The rise in the clothing group index was due, both to increases in the import duties in the two preceding years and restrictions on imports of textiles. In August, 1963, however, the duties on some of the lower priced textiles were reduced. The increase in the miscellaneous sub-group index was mainly due to the increase in the duty on tobacco in August, 1963.

The chief factors bringing about a fall of 2.5 per cent in the fuel and light group in 1963 compared with the previous year was the reduction in the duty on kerosene oil in August 1963, and a fall in the price of firewood.

It should be noted, however, that the Colombo Consumers' Price Index is not an adequate measure of price changes in the economy as a whole. It is restricted to items entering into the pattern of working class consumption in Colombo. Items whose prices are subsidised or controlled, or which are not subject to strict import restrictions, account for relatively heavy weight in the index. Data relating to price changes of items not in the index reveal that prices of durable consumer goods like sewing machines, refrigerators, chinaware etc., and of items such as electrical equipment, tyres and tubes and spare parts of motor vehicles a wide range of machinery, base metals, and construction materials have shown considerable increases. The increase in the prices of durable consumer goods was due to import restrictions, the increases in import duties introduced in 1961, 1962 and 1963 and to increases in unit profit margins due to scarcities.

## Wages

In 1963 wage rates of most workers were unchanged. Where changes were recorded these were brought about mainly by an increase in allowances which vary with the changes in the cost of living index. At the end of the year, however, the wage rates of shop employees were revised upwards and they were given an incremental scale in place of the fixed wage. Indices on the year to year movements in the wage rates of workers are available only in respect of Government employees and Government school teachers and workers employed in the Wages Board Trades.

The following table gives the movements in the wage rates and real wage rates of central government employees and government school teachers for the past four years. During 1963 there was no change in the wage rates of these employees.

**TABLE II C-3**  
**Wage Rate Index Numbers of Government Employees**  
**(1952=100)**

Period	Clerical and Technical Employees		Minor Employees		Central Government Employees (a)		Government School Teachers	
	Wage Rate Index	Real Wage Rates	Wage Rate Index	Real Wage Rates	Wage Rate Index	Real Wage Rates	Wage Rate Index	Real Wage Rates
1960 ..	122.3	118.2	130.4	126.0	126.7	122.4	117.4	113.4
1961 ..	122.3	116.7	130.4	124.4	126.7	120.9	117.4	112.0
1962 ..	122.3	115.0	130.4	122.6	126.7	119.2	117.4	110.4
1963 ..	122.3	112.4	130.4	119.9	126.7	116.5	117.4	107.9

*Source:* Central Bank of Ceylon.

(a) Combined index for clerical and technical employees and minor employees.

Data on the movement of wage rates in the private sector are available only in respect of workers in those industries for which Wages Boards have been set up. Workers in agriculture constitute 89.4 per cent of all workers covered by these Boards.

The following table gives the movement in the wage rates and real wage rates of workers in Wages Boards Trades for the past four years.

**TABLE II C-4**  
**Minimum Wage Rate Index Number of Workers in Wages Boards Trades**  
**(1952=100)**

Period	Workers in Agriculture		Workers in Industry		Workers in all Wages Boards Trades (a)	
	Minimum Wage Rate Index	Index of Real Wage Rates	Minimum Wage Rate Index	Index of Real Wage Rates	Minimum Wage Rate Index	Index of Real Wage Rates
1960 ..	110.2	106.5	128.1	123.8	111.8	108.0
1961 ..	110.7	105.6	128.4	122.5	112.3	107.2
1962 ..	111.9	105.2	129.5	121.8	113.7	106.9
1963 ..	113.3	104.2	130.9	120.3	115.2	105.9

*Source:* Department of Census & Statistics and Central Bank of Ceylon.

(a) Combined index for workers in agriculture and workers in industry and commerce.

In 1963, the wage rates of workers in agriculture were 1.3 per cent higher and those of workers in industry and commerce were 1.1 per cent higher than in 1962. The rise in the wage rates was due solely to an increase in their allowances following the rise in the cost of living index.