

(I) PRICES AND WAGES

1. PRICES

The major indicator of price changes in Sri Lanka is the Colombo Consumers' Price Index, but its usefulness as a reliable index has been vitiated by its well known short-comings which have been spotlighted in previous Annual Reports¹.

The annual average of the consumer prices, according to the Colombo Consumers' Price Index, increased by 9.7 per cent in 1973, as compared to an increase of 6.3 per cent in 1972. The increase in 1973 was mainly in the months of January, June, August and October when the index rose by 2.3, 2.9, 1.8 and 2.7 per cent respectively; during the rest of 1973, the index on the average rose by 0.5 per cent, per month.

The sharp price increases in 1973 were largely due to increased prices of important consumer items such as rice, wheat flour, fuel, textiles, milk foods, condiments, coconuts and eggs. Prices of many essential imported items increased sharply due to scarcities in world markets. Inflationary tendencies the world over and the increases in freight rates continued to exert pressure on prices in 1973. The international energy crisis added considerable momentum in pushing up prices locally. These factors had a pervasive effect on prices of most commodities. Adverse weather conditions that prevailed in 1973, too, resulted in a fall in local production creating scarcities and thus pushing up prices.

The coverage of the Business Turnover Tax was extended from 1st November, 1973 and certain articles which had hitherto been exempted were brought within the scope of the tax. The increase in the price of Foreign Exchange Entitlement Certificates and the broadening of the scope of Business Turnover Tax in late 1972 had their full impact in 1973. The sharp increases in the money supply particularly in June, July and August 1973 may have also contributed towards the situation.

1. The main drawbacks of the Colombo Consumers' Price Index are: -

- (a) The inadequacy of the index to measure the changes in the general level of prices as it is designed to measure changes in the cost of living of an average working class family in Colombo town only.
- (b) The weights have not been revised since 1952 despite substantial changes in the pattern of consumption of the working class.
- (c) Value weights of the index have been adjusted from time to time to take account of the non-availability of certain items or a possible reduction of the quantity consumed as a result of an unexpected change in the consumption pattern. This type of adjustment introduces an arbitrary element in to the index.
- (d) The inadequate attention paid to the relative importance of prices prevailing in open and controlled markets arising mainly from fluctuations in the supply of commodities caused by shortages.

There were significant changes in the rationing scheme for rice, wheat flour, sugar, maldive fish and dhal in 1973. For the first time, wheat flour was issued on ration from 1st October, 1973. Existing price controls on many essential items were continued but with upward revision of prices to take account of higher import costs or rise in production costs. The main items in this category were certain milk foods, mammoties (Lankaloha), some varieties of formic acid, asbestos sheets, umbrellas and cement. However, price controls on a few items such as satin materials and soap were removed whilst some varieties of infant milkfoods, one variety of formic acid and shirts made of synthetic materials were brought under price control during 1973.

(a) Colombo Consumers' Price Index

As mentioned earlier, the Colombo Consumers' Price Index rose by 9.7 per cent in 1973 as compared to an increase of 6.3 per cent in 1972. The sub-indices for clothing increased by 14.0 per cent, fuel and light by 12.7 per cent, food by 11.7 per cent and miscellaneous items by 0.3 per cent. The corresponding increases for 1972 were 12.8 per cent, 3.6 per cent, 6.0 per cent and 6.2 per cent, respectively.

TABLE II (I) 1
Colombo Consumers' Price Index
1952 = 100

Year	All Items	Commodity-wise					Sector-wise		
		Food	Clothing	Fuel & Light	Rent	Miscellaneous	Domestic Group	Import Group	Export Group
Weights ..	100.0	61.9	9.4	4.3	5.7	18.7	60.0	35.0	5.0
1969 Average ..	130.5	127.9	130.9	124.9	108.4	147.1	134.2	123.6	148.2
1970 Average ..	138.2	136.6	137.3	136.1	109.8	153.2	142.9	129.3	157.3
1971 Average ..	141.9	139.1	145.0	140.8	109.8	159.5	148.9	129.7	157.9
1972 Average ..	150.8	147.5	163.4	145.9	109.8	169.4	161.6	136.1	140.6
1st Quarter ..	148.1	144.8	154.2	142.8	109.8	168.9	157.7	133.9	147.2
2nd Quarter ..	150.3	147.0	160.1	146.4	109.8	169.3	160.8	135.3	143.6
3rd Quarter ..	152.2	148.8	168.2	146.4	109.8	169.5	164.0	137.2	128.8
4th Quarter ..	153.0	149.4	171.4	148.0	109.8	170.2	164.0	137.8	143.0
1973 Average ..	165.4	164.8	186.1	164.4	109.8	170.0	167.8	162.5	171.9
1st Quarter ..	157.7	155.5	181.6	155.4	109.8	168.7	164.6	148.3	159.0
2nd Quarter ..	161.4	160.7	181.6	155.4	109.8	170.4	165.8	154.6	170.4
3rd Quarter ..	167.8	169.3	188.7	167.5	109.8	170.4	169.8	166.1	171.6
4th Quarter ..	174.8	179.3	192.3	179.2	109.8	169.8	171.2	181.2	186.6
Percentage change 1972 over 1971 ..	6.3	6.0	12.8	3.6	0.0	6.2	8.5	4.9	-11.0
Percentage change 1973 over 1972 ..	9.7	11.7	14.0	12.7	0.0	0.3	3.8	19.4	22.3

Source: Census & Statistics Dept. and Central Bank of Ceylon.

The sub-index for the food group which has the highest weightage (61.9 per cent) in the overall index rose sharply during the months of January, June, and October by 2.7, 4.7 and 4.0 per cent, respectively. During the rest of 1973, the average monthly increase in the index for food was 0.8 per cent.

This substantial increase in the sub-index was mainly due to the increases in the cost of imported food items such as wheat flour, sugar, butter, spices, pulses and other condiments. In 1973, the free ration of rice was reduced from one measure to a half and the price of the second measure on ration was increased from Rs. 1.00 to Rs. 1.60 and was finally reduced to Rs. 1.40. Wheat flour was rationed for the first time in 1973 and its price was raised from 33 cts. per lb. to 70 cts. in three steps. In parallel with these changes the price of bread rose from 34 cts. to 76 cts. per lb. and only a limited quantity was available. The other major commodity that experienced price increases is sugar. The sugar issued on the ration was reduced from 2 lbs. per person per month to 3/4 lb. at the former price of 72 cts. per lb. Off ration sugar formerly priced at Rs. 1.50 per lb. was raised to Rs. 2.00. There was also a steep rise in the prices of coconuts and coconut oil as a result of a fall in local production. The prices of fresh milk and condensed milk were raised with effect from 26th May, 1973. Also, owing to the high cost of poultry food, the price of eggs increased sharply. Marked price increases were also recorded in food items such as tea, coffee, salt, lime, jam and biscuits.

Following the trend in 1972, the sub-index for clothing in 1973 recorded the largest percentage increase among sub-group indices. The 1973 increase was 14.0 per cent, as against an increase of 12.8 per cent in 1972.

The sub-index for fuel and light recorded an increase of 12.7 per cent during 1973 as compared to an increase of 3.6 per cent in 1972. A good part of this was due to the upward revisions in the prices of kerosene oil on 31st December, 1972 and 24th August, 1973; and there was a rise in the price of firewood in August, 1973.

In 1973, the sub-index for rent remained unchanged.

The increase in the sub-index for the miscellaneous group in 1973 was only 0.3 per cent, when compared with the increase for 1972 of 6.2 per cent. A downward revision in the excise on tobacco helped to partly offset the average annual increase in the sub-index. On account of the rise in the price of coconut oil, the controlled price of soap was revised upward by about 20 per cent in March, 1973. Again, for the same reason, the price of soap was decontrolled with effect from 1st October, 1973 causing further increase in prices of about 9 per cent in October and 8 per cent in November.

(b) Prices not covered by the Colombo Consumers' Price Index

In addition to the prices of items covered by the Colombo Consumers' Price Index, the Central Bank has regularly collected the prices of a limited number of other items. These were obtained by direct inquiry from the retailers in the city of Colombo. Published trade price lists too, were scrutinised for this purpose.

For detailed analysis these items are broadly classified as consumer, intermediate and investment goods. Percentage changes in the prices of selected items from end of year 1972 to that of 1973 are shown by the table II (I) 2. These figures may be treated as rough indicators of the extent of price movements in each class of goods.

TABLE II (I) 2

Prices outside the Colombo Consumers' Price Index*

Type of Article	Percentage change 1973/1972
Consumer Goods	
Par boiled rice	+ 50 to 55
Tinned fish	+ 30
Jam, jellies, sauces & cordials	+ 7 to 51
Toothpastes	+ 23
Talcum powder	+ 44 to 76
Eau de Cologne	+ 15 to 40
Shirts	+ 21 to 50
Candles	+ 22
Leather products assorted	+ 5
Torch & transistor batteries	+ 9 to 20
Electric fans	+ 16
Sewing machines	+ 13 to 27
Electric bulbs	+ 15
Electrical fittings (Mainly wire cables)	+ 26 to 49
Motor spares	+ 2 to 62
Car batteries	+ 47 to 52
Intermediate Goods	
Paper	+ 21 to 25
Petrol	+ 14 to 15
Copper wire	+ 40 to 67
Soda ash	+ 22
Caustic soda	+ 4
Investment Goods	
Building materials	
1. Wash basin with stand (22" x 16") local	+ 29
- do - without stand (-do-)	+ 1
2. Low level suite -	+ 22
3. Earthenware pipes (2" x 4") British	+ 15
Mammoties	+ 45
Lankaloha axes	+ 16
Mild steel	+ 12 to 28
Hinges	+ 8 to 21
Motice door locks	+ 14
Auto cables	+ 30 to 50
Flat twin	+ 20 to 54
Rubber machinery	+ 5

Source: Central Bank of Ceylon.

* The range of percentage change shown against the types of articles indicates the lowest and the highest percentage changes of representative items.

Consumer goods

The annual average increase in the open market price of par boiled rice in Colombo for the year 1973 fluctuated between 50 and 55 per cent. The average price of rice for the first three quarters of 1973 increased by 18 per cent in comparison with the corresponding period of 1972. During the last quarter of 1973, however, the average price of rice, on a similar comparison increased by about 155 per cent. This price increase was largely due to the increased demand for open market rice induced by the reduction in the rice ration and the rationing of wheat flour.

The main reasons for the increase in the prices of other consumer goods were increased cost of imported raw materials, higher freight rates and increased wages. Further, the enhanced price of Foreign Exchange Entitlement Certificates and the increase in the Business Turnover Tax which came into effect in the latter part of 1972 would have had their full impact in 1973.

Intermediate goods

The increase in the price of paper was partly due to the increase in price of Foreign Exchange Entitlement Certificates. There was also a world-wide scarcity of paper during 1973 resulting in a sharp escalation of prices. Higher production costs were the main reason for the increases in prices of locally manufactured intermediate goods. The price of super petrol was raised from Rs. 5.75 to Rs. 6.50 per gallon whilst, that of ordinary petrol was raised from Rs. 5.30 to Rs. 6.10 per gallon with effect from 24th August, 1973. Rising costs of imported crude oil and freight rate increases were the main causes for this upward revision.

Investment goods

During the course of 1973, there was a substantial increase in prices of many of the finished products of the Ceylon Steel Corporation. The price of imported mammothies was decontrolled in 1973, in order to provide an incentive to local production. Prices of a good number of investment goods increased owing to the increased costs of raw materials and to the increased costs of production.

(c) Wholesale prices of locally manufactured commodities

There was a satisfactory response, from manufacturers to the Central Bank's inquiries regarding movements of wholesale prices of locally manufactured commodities during 1973. Price movements for few of the representative items covered by the study are given in table II (I) 3. These prices do not contain margins charged by bulk distributors at various points of the distributive trade, but refer to those quoted by the manufacturers themselves or their sole agents.

Except in the case of drugs, tobacco and some items of textiles the wholesale prices showed considerable increases. Price increases were mainly due to increase in the cost of imported raw materials, increase in Business Turnover Tax and increased wages.

The decrease in the wholesale prices of cigarettes and tobacco was due to the reduction in the excise on tobacco. Further, as a result of the reduction of Business Turnover Tax and the introduction of price controls on synthetic textiles in 1973 some of these wholesale prices decreased. During the year the price controls kept static the wholesale prices of a variety of drugs in great demand.

Wholesale prices of Selected Locally

	Unit	Factory price Rs. 1972	Factory price Rs. 1973	% change 1973/72
1. Food, Beverages & Tobacco				
Biscuits (Cream Crackers)	tin	6.32	7.67	+ 21
Powdered Milk (Lakspray)	1 lb. tin	2.98	3.99	+ 34
Condensed Milk	14 ozs. tin	1.15	1.65	+ 43
Butter	1 lb.	5.40	5.40	—
Mineral Waters (Portello)	bot.	0.40	0.42	+ 5
— do — (Soda)	..	0.20	0.22	+ 10
Cordials (Passiona)	..	5.00	5.60	+ 12
— do — (Orange)	..	5.25	6.00	+ 14
Tobacco (Island Pride)	lbs.	61.10	56.45	- 8
Cigarettes (Three Roses)	1000s	148.85	139.55	- 7
2. Textile and Apparel				
Cloth (L.D.M.) White	yard	2.40	2.85	+ 19
Cloth (L.D.M.) Fancy	..	2.50	3.35	+ 34
Poplin - White	..	2.75	3.65	+ 33
Voile - White	..	2.25	2.90	+ 29
Yarn 30s Uncorded	1 lb.	5.20	7.20	+ 38
Saree Fabric (Printed Feather Georgette) 44"/45"	yard	10.50	9.33	- 11
Saree (Ceysilk) 44"/45"	..	8.80	10.46	+ 19
Shirting (Tetrolene Polyester) 35"/36"	..	15.00	15.00	—
Shirting (Ceysilk - Silverline) 35"/36"	..	12.50	11.50	- 8
Dress Fabric (Nylon satin) 35"/36"	..	10.25	9.00	- 12
Suiting (Ceysilk - Kapitán) 27"/28"	..	18.50	22.33	+ 21
3. Drugs & Toilet Preparations				
Aspirin BP Tablets 5 grains	1000s	6.75	6.75	—
C-B's Tablets (Vitamin C & B Complex)	1000s	62.70	62.70	—
Terramycin Capsules	100 cap. bot	69.50	69.50	—
Obron Capsules	30 cap. bot.	6.61	6.61	—
Duroil	1 bot.	4.05	4.05	—
Waterburys Vitamin Tonic	1 bot. (6 oz.)	3.47	3.47	—
Penicillin 'V' Dumex	bot.	64.00	64.00	—
Caustic Soda	500 tab. bot.	1,836.80	2,038.40	+ 11
Chlorine Liquid	ton	2,531.20	2,755.20	+ 9
Calcium Chloride	ton	1,232.00	1,500.00	+ 22
4. Furniture & Home Furnishing				
Office Cupboard (Steel)	1	495.00	575.00	+ 16
Filing Cabinet	1	545.00	590.00	+ 8
Rubberised Fibre Mattress (72" x 36" - Standard)	1	112.00	140.25	+ 25
Rubberised Fibre Mattress (72" x 48" - De Luxe)	1	164.00	182.75	+ 11
Rubberised Fibre Mattress (72" x 60" - Super Deluxe)	1	236.00	289.00	+ 22
Uncovered Mattress 2"	Sq. ft.	2.60	3.61	+ 39
5. Hardware & Electrical Goods				
Steel M.S. Rounds 3/4"	Metric ton	1,930.00	2,470.00	+ 28
Steel M.S. Equal Angles 1" x 1" x 3/8"	..	1,980.00	2,535.00	+ 28
Binding wire black (5.6 m.m.)	..	2,135.00	2,790.00	+ 31
Barbed Wire	56 lbs.	57.25	80.50	+ 41
Mammoties (Lankaloha)	1	12.00	17.05	+ 42

Table II (I) 3

Manufactured Commodities

	Unit	Factory price Rs. 1971	Factory price Rs. 1972	% change 1972/71
5. Hardware & Electrical Goods				
Pick axes Straight (Lankaloha) ..	1	18.00	21.69	+ 21
Nail Wire (5.6 m.m.) ..	Metric ton	2,135.00	2,695.00	+ 26
P.V.C. Insulated and sheathed cables 1/044 ..	100 yds.	31.58	36.60	+ 16
Auto Cables 35/012 ..	100 ft.	23.59	26.85	+ 14
General lighting service lamps (25 W) ..	1	2.07	2.39	+ 15
Special lamps (15 W) ..	1	2.15	2.48	+ 15
Daylight bulbs (60 W) ..	1	2.30	2.65	+ 15
6. Industrial, Commercial and Agricultural Machinery and Equipment and Tyres and Tubes				
Bicycle Tyres 28" x 1 1/2" (Lotus) ..	1	7.45	9.00	+ 21
Heavy Duty Tyres 28" x 1 1/2" (Lotus) ..	1	9.25	10.75	+ 16
Seamless Tubes 26" x 1 1/2" (Lotus) ..	1	3.70	3.95	+ 7
Sewing Machine (266H/55 Singer) ..	1	668.15	808.15	+ 21
do - (273M/1W) ..	1	1,145.40	1,285.40	+ 12
Centric Piston Pump 3/4" (PB/1) ..	1	970.00	1,211.00	+ 25
Centric Industrial Pump 1 1/2" (140/1) ..	1	1,373.00	1,609.00	+ 17
Centric Agricultural Pump 2" (EKJ) ..	1	1,476.00	1,706.00	+ 16
Table Fan - Popular 36" W/L ..	1	363.00	531.75	+ 46
Pedestal Fan 16" ..	1	529.00	604.00	+ 14
7. Agricultural raw materials				
Special Vegetable Fertilizer (No. 1) ..	ton.	489.58	524.16	+ 7
Special Paddy Fertilizer Mixture ..	"	577.50	642.16	+ 11
Muriate of potash (60 %) ..	"	633.33	728.33	+ 15
Urea ..	"	753.33	865.00	+ 15
Sulphate of Ammonia ..	"	543.75	572.50	+ 5
Saphos Phosphate ..	"	413.75	420.83	+ 2
Agro Chemicals (D.D.T. 25% EC) ..	1 gallon	16.92	19.35	+ 14
do - (Trithion 2 E) ..	"	108.00	108.00	-
Rubber Process Oil (L) ..	"	10.08	17.19	+ 71
8. Lumber & Construction Materials				
Corrugated Sheets ..	Sq. ft.	0.90	1.14	+ 27
Flat Sheets ..	"	0.56	0.77	+ 38
Cement (Kankesan) ..	cwt.	10.50	12.00	+ 14
Cement (Ruhunu) ..	"	12.00	13.00	+ 8
Cement (Tammanna) ..	"	11.25	12.50	+ 11
9. Miscellaneous				
Flashlight batteries ..	1	0.64	0.83	+ 30
Transistor batteries ..	1	0.67	0.93	+ 39
Radio batteries ..	1	32.00	33.50	+ 5
Automotive Batteries 6V 60 amps. ..	1	100.00	150.00	+ 50
Automotive Batteries 12V 60 amps. ..	1	166.00	245.00	+ 48
Writing Paper (Creamlaid) ..	500 sheets	43.20	43.20	-
Typewriter Carbons 8" x 10" ..	1 Box	14.00	16.00	+ 14
Floor Polish (Ronux) ..	1 lb. tin	4.00	5.65	+ 41
Car Wax ..	1/2 lb. tin	4.75	6.80	+ 43
Safety Matches ..	case (7200 boxes)	340.00	472.00	+ 39

Source: Central Bank of Ceylon.

2. WAGES

The Central Bank's wage rate indices for technical and clerical employees, minor employees and school teachers in the government sector are based on the minimum salaries and wages and allowances payable in representative scales. Overtime and incremental payments, are therefore not included. Wage rate indices for workers in agriculture and industry and commerce covered by wages boards in the private sector are published by the Labour Department. These indices are based on minimum wage rates fixed by wages boards and from December, 1967 include "devaluation allowances."

It should be noted that the wage rate indices referred to do not represent actual earnings which would include overtime, and in the private sector, incentive or special payments such as bonuses. Indices of real wage rates are calculated by the Central Bank by deflating the wage rate indices by the Colombo Consumers' Price Index.

TABLE II (I) 4
Wage Rate Index Numbers for Government Employees
1952=100

	Technical and Clerical Employees		Minor Employees		Central Government Employees (a)		Government School Teachers	
	Wage Rate Index	Real Wage Rate Index	Wage Rate Index	Real Wage Rate Index	Wage Rate Index	Real Wage Rate Index	Wage Rate Index	Real Wage Rate Index
1972 Average ..	157.4	104.4	183.4	121.6	171.7	113.8	141.2	93.6
1st Quarter ..	157.2	106.2	182.9	123.5	171.3	115.7	141.1	95.3
2nd Quarter ..	157.2	104.6	182.9	121.7	171.3	114.0	141.1	93.9
3rd Quarter ..	157.2	103.3	182.9	120.2	171.3	112.6	141.1	92.7
4th Quarter ..	158.2	103.4	185.2	121.0	173.0	113.1	141.5	93.5
1973 Average ..	163.0	98.6	194.2	117.5	180.1	108.8	144.3	87.3
1st Quarter ..	160.2	101.6	189.9	120.4	176.5	111.9	142.4	90.3
2nd Quarter ..	160.2	99.3	189.9	117.7	176.5	108.7	142.4	88.3
3rd Quarter ..	160.2	95.5	189.9	113.2	176.5	105.2	142.4	84.9
4th Quarter ..	171.3	98.0	207.2	118.6	190.9	109.3	149.8	85.7
Percentage change 1973 over 1972 ..	+ 3.6	- 5.6	+ 5.9	- 3.4	+ 4.9	- 4.4	+ 2.2	- 6.7

Source: Central Bank of Ceylon.

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

Note The index numbers are calculated on fixed weights, based on the numbers employed as at 30th September, 1959. The wage rate used in the calculations of index numbers are the initial salaries and wages and allowances in each representative scale.

Table II (I) 4 shows the annual and quarterly indices of wage rates and real wage rates of government employees for 1972 and 1973.

The annual average indices of wage rates of all categories of government employees were higher in 1973 than the average for 1972. The indices of wage rates of technical and clerical employees, minor employees and school teachers rose by 3.6 per cent, 5.9 per cent and 2.2 per cent respectively.

After a period of about three years there was a rise in wage rates of government employees in December 1972 owing to the payment of a "special allowance" to monthly paid employees drawing less than Rs. 250 a month in accordance with the Budget proposals. Again, in the last quarter of 1973 the wage rate index for government employees increased further with the payment with effect from 1st October, 1973, of a "special allowance" of 10 per cent of salary, but not exceeding Rs. 20, to all government employees drawing less than Rs. 400 a month.

However, the real wages of the government employees in 1973 showed a decline. The indices for clerical employees, minor employees, and government school teachers declined by 5.6 per cent, 3.4 per cent, and 6.7 per cent respectively.

The following table shows the annual and quarterly indices of minimum wage rates for workers covered by certain wages boards in the private sector for 1972 and 1973.

TABLE II (I) 5
Minimum Wage Rate Index Numbers for Workers in
Wages Boards Trades (1952=100)

	Workers in Agriculture (a)		Workers in Industry and Commerce (b)		Workers in Wages Boards Trades (c)	
	Minimum Wage Rate Index	Real Wage rate Index	Minimum Wage Rate Index	Real Wage rate Index	Minimum Wage Rate Index	Real Wage rate Index
1972 Average	148.5	98.4	181.4	120.3	156.9	100.7
1st Quarter	145.6	98.3	180.5	121.9	149.2	100.8
2nd Quarter	146.3	97.3	181.1	120.5	149.8	99.7
3rd Quarter	148.5	97.6	181.9	119.5	152.0	99.9
4th Quarter	153.6	100.3	182.5	119.3	156.5	102.3
1973 Average	168.1	101.5	199.7	120.7	169.9	102.7
1st Quarter	158.8	100.7	191.7	121.5	162.1	102.8
2nd Quarter	160.4	99.4	194.0	120.2	163.9	101.5
3rd Quarter	165.7	98.7	196.0	116.8	168.6	100.5
4th Quarter	187.4	107.3	217.4	124.4	184.6	105.7
Percentage change 1973 over 1972	+ 13.2	+ 3.2	+ 10.1	+ 0.3	+ 8.3	+ 2.0

Source: Department of Labour and Central Bank of Ceylon.

- (a) Covers tea growing and manufacturing, rubber growing and manufacturing and coconut growing trades only.
- (b) Covers coconut manufacturing, engineering, printing, match manufacturing, motor transport, dock, harbour, port transport, tea export, rubber export, cinema and building trades only.
- (c) Combined index for workers in agriculture and workers in industry and commerce.

In 1973, the quarterly and annual average wage rate indices of private sector employees were higher than the indices for the previous year: the index for workers in agriculture recorded an increase of 13.2 per cent while the index for workers in industry and commerce rose by 10.1 per cent.

The rise in the indices is partly due to the fact that the formulae for wages of workers under wages boards contain an element to compensate for price increases and is partly due to the payment of a special allowance of 10 per cent with a ceiling of Rs 20, to all private sector employees drawing less than Rs 400 a month.

The annual average real wage rate index for workers in agriculture, industry and commerce, and wages boards trades rose by 3.2 per cent, 0.3 per cent and 2.0 per cent respectively in 1973.

The minimum rates of wages applicable to workers in three trades were consolidated with increases during the year. They were:

- (a) The Coconut Manufacturing Trade, an increase of Rs. 1.75 per day with effect from 1st January, 1973.
- (b) The Building Trade, an increase of Rs. 1.50 per day with effect from 1st March, 1973.
- (c) The Ice and Aerated Water Manufacturing Trade, an increase of approximately Rs. 2.00 per day with effect from 1st November, 1973.

The textile manufacturers employing not less than one hundred workers are required to pay to each unskilled worker a minimum monthly rate of wage amounting to Rs. 180, if such worker has worked for at least 25 days during the month. This came into effect on 1st December, 1973.

In June 1973 a wages board was established for workers in the timber and carpentry trade bringing the total number of wages boards to 33.