

WAGE RATE INDEX - 2006

1. Introduction

This issue of 'Economic and Social Indicators' presents the wage rate index for year 2006. It is the fourteenth of the series published annually by the Central Statistics Office since 1993.

The index, having year 2000 as base, is computed from wage data collected through the Survey of Employment, Earnings and Hours of work carried out in September 2006 among a sample of large establishments, that is, those employing 10 or more persons. Weights used are according to the occupational structure of the working population at the 2000 Population Census and distribution of earnings in large establishments at March 2000. The methodology used is described at Annex.

The wage/salary rates of specific occupations, used in the calculation of the index, are the rates paid for normal time work, comprising basic wages and salaries, cost of living allowances, and other guaranteed and regular allowances paid at the end of each pay period. Overtime payments are therefore excluded.

Current estimates are subject to revision in later issues, as additional information becomes available.

2. Index 2006

2.1 *Wage rate index by industry*

The overall wage rate index, which stood at 136.9 points in September 2005, rose by 5.2 points (or 3.8 %) to reach 142.1 points in September 2006.

The wage rate indices for the major industry groups are shown in Table 1 while percentage changes from 2005 to 2006 are given in Table 2. A general upward movement is noted in the indices of all industry groups. 'Manufacturing, mining and quarrying', the most important industry group carrying 23.1% of total weight, went up 3.7 % from 136.9 points in September 2005 to 142.0 points in September 2006. 'Public administration and defence; compulsory social security', the second most important industry group with 17.3% of total weight, increased by 3 % from 134.5 points to 138.6 points.

The highest increase in wage rate (+9.5%) was registered in 'Construction' followed by 'Electricity and water' (+8.3 %), Hotels & restaurants (+7%) and 'Real estate, renting and business activities' (+6.2%). The lowest increase (+0.3 %) was noted in 'Health & social work'.

2.2 *Contribution of the industry groups to the index*

The contribution of the industry groups to the overall index is shown in Table 3. The main contributor to the increase of 5.2 points in the overall index was: 'Manufacturing, mining and quarrying' (1.2 points). Each of the three industry groups 'Agriculture and fishing', 'Public administration and defence; compulsory social security' and 'Construction' contributed 0.7 point while 'Hotels and restaurants' contributed 0.5 point to the index. Contributions of the remaining industry groups ranged from 0.1 to 0.3 point.

2.3 *Wage rate index by sector*

The wage rate index in the General Government sector, which comprises the Central Government and the Local Government, increased by 3 points (or 2.2 %) from 134.9 points in 2005 to reach 137.9 points in 2006. The sector, which accounts for around one third of the total weight, contributed 0.9 point to the increase of 5.2 points in the overall index.

The wage rate index in the EPZ sector which accounts for around 15% of the total weight stood at 143.7 in September 2006, that is an increase of 3.7 points (or 2.6 %) over the 2005 figure of 140.0 points. The contribution of the EPZ sector to the overall increase was 0.5 point.

3. Comparison with previous indices

Table 4 gives a series of wage rate indices since 1993. Indices for the year 1993 to 2000 have been computed using September 1992 as base. As from 2001, the index has been worked out with September 2000 as base.

The two series are not strictly comparable since they are based on different weighting patterns. However, for some particular purposes, users may want to have a continuous series of the wage rate index. A crude method of converting an index from the new base to the old

base is multiplying the new index by the 1.994. Conversely, an index on the old base can be converted to the new base by dividing the old index by 1.994.

The conversion factor (1.994) is obtained as the ratio of the wage rate index of year 2000 on old base (199.4) to wage rate index of year 2000 on new base (100.0).

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Table 1 - Wage rate index by industry group, 2005 and 2006
(Base : September 2000 = 100)

Industry group	Weights	Index 2005	Index 2006
Agriculture, hunting, forestry and fishing	92	139.1	146.9
Manufacturing, mining & quarrying	231	136.9	142.0
Electricity and water	18	153.4	166.2
Construction	49	143.9	157.6
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	68	143.7	148.2
Hotels and restaurants	47	138.5	148.2
Transport, storage & communications	83	136.9	138.0
Financial intermediation	42	126.5	129.5
Real estate, renting and business activities	38	134.8 ¹	143.2
Public administration and defence; compulsory social security	173	134.5	138.6
Education	86	132.3	135.8
Health & social work	54	135.4	135.8
Other community, social and personal services	19	137.8	142.1
All sectors	1,000	136.9	142.1
<i>of which General Government</i>	<i>310</i>	<i>134.9¹</i>	<i>137.9</i>
<i>EPZ</i>	<i>147</i>	<i>140.0¹</i>	<i>143.7</i>

¹ Revised

Table 2 - Annual percentage change over previous year in wage rate index by industry group, 2005 and 2006

Industry group	2005	2006
Agriculture, hunting, forestry and fishing	4.9	5.6
Manufacturing, mining & quarrying	5.5	3.7
Electricity and water	6.2	8.3
Construction	7.1	9.5
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	6.4	3.1
Hotels and restaurants	5.8	7.0
Transport, storage & communications	5.2	0.8
Financial intermediation	5.2	2.4
Real estate, renting and business activities	3.8 ¹	6.2
Public administration and defence; compulsory social security	5.7	3.0
Education	1.1	2.6
Health & social work	2.7	0.3
Other community, social and personal services	4.6	3.1
All sectors	5.0	3.8
<i>of which General Government</i>	<i>4.0¹</i>	<i>2.2</i>
<i>EPZ</i>	<i>6.5¹</i>	<i>2.6</i>

¹ Revised

Table 3 - Contribution of industry groups to overall change in index (in points) over previous year, 2005 and 2006

Industry group	Change in points	
	2005	2006
Agriculture, hunting, forestry and fishing	0.6	0.7
Manufacturing, mining & quarrying	1.6	1.2
Electricity and water	0.2	0.2
Construction	0.4	0.7
Wholesale & retail trade; repair of motor vehicles, motorcycles, personal & household goods	0.6	0.3
Hotels and restaurants	0.3	0.5
Transport, storage & communications	0.6	0.1
Financial intermediation	0.3	0.1
Real estate, renting and business activities	0.2	0.3
Public administration and defence; compulsory social security	1.3	0.7
Education	0.1	0.3
Health & social work	0.2	0.0
Other community, social and personal services	0.1	0.1
All sectors	6.5	5.2
<i>of which General Government</i>	1.6	0.9
<i>EPZ</i>	1.3	0.5

Table 4 - Wage rate index, 1993 - 2006

Year	Wage Rate Index		Annual percentage change
	Base : September 1992 = 100	Base : September 2000 = 100	
1993	115.5		15.5
1994	127.6		10.5
1995	136.6		7.1
1996	144.0		5.4
1997	160.7		11.6
1998	177.5		10.5
1999	191.0		7.6
2000	199.4	100.0	4.4
2001		105.0	5.0
2002		109.9	4.7
2003		122.7	11.6
2004		130.4 ¹	6.3
2005		136.9	5.0
2006		142.1	3.8

¹ Revised

**Table 5 - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2005 - September 2006**

Industry group	Occupation	Average wage ¹ per hour (Rs)		% Change 2006 over 2005
		2005	2006	
Agriculture				
Sugarcane plantations	Overseer - Grade I	69.21	71.79	3.7
	Field worker (other than special category)	55.13	59.40	7.7
Tea plantations	Field worker	26.22	29.57	12.8
	Sirdar/Gangman	38.85	42.82	10.2
Manufacturing				
Poultry & other meat	Farm worker	37.00	37.92	2.5
	Factory worker	31.37	33.95	8.2
Biscuits & confectionery	Machine operator	33.22	34.44	3.7
	Factory worker	21.64	22.91	5.9
Sugar	Fitter - Grade I	50.09	54.95	9.7
	Welder - Grade I	49.85	51.97	4.3
	Motor mechanic (Heavy Mechanical Unit)	50.58	55.90	10.5
	Factory operator - Grade I	40.89	42.87	4.8
Tea	Factory worker	28.02	26.27	-6.2
	Factory operator	33.39	35.21	5.5
Soft drinks	Beverage machine operator	43.87 ²	46.33	5.6
	Driver/Salesman	73.05	73.01	-0.1
	Lorry helper	48.50 ²	47.18	-2.7

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

² Revised

**Table 5 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2005 - September 2006**

Industry group	Occupation	Average wage ¹ per hour (Rs)		% Change 2006 over 2005
		2005	2006	
Textiles (excluding wearing apparel)	Factory worker	25.19	28.49	13.1
	Cleaner/Helper	21.81	22.31	2.3
	Machine operator	30.48	31.94	4.8
Wearing apparel (excluding footwear)	Machine operator	25.75 ²	28.25	9.7
	Weaver/Knitter	25.43 ²	28.45	11.9
	Cleaner/Helper	21.64	21.53	-0.5
Leather products	Machine operator	34.69	36.38	4.9
Footwear	Shoemaking machine operator	28.88	30.26	4.8
Paper products	Machine operator	37.48	38.10	1.7
Printing & publishing	Reporter/Journalist	158.26	153.61	-2.9
	Photo-type setting operator	68.18 ²	70.11	2.8
Chemical products	Mixing/Blending machine operator	47.18 ²	46.71	-1.0
	Cleaner/Helper	32.91 ²	33.54	1.9
Rubber products	Machine operator	34.99	40.24	15.0
Plastic products	Machine operator/Factory operator	26.04	27.34	5.0

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

² Revised

**Table 5 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2005 - September 2006**

Industry group	Occupation	Average wage ¹ per hour (Rs)		% Change 2006 over 2005
		2005	2006	
Basic metals	Machine operator	38.89	38.40	-1.3
	Factory worker	38.41	40.33	5.0
Fabricated metal products	Factory worker	49.94	52.44	5.0
Electrical machinery & apparatus	Electrician	43.65	45.40	4.0
Furniture (wooden)	Cabinet Maker/Varnisher	38.86	44.58	14.7
Jewellery & related articles	Diamond cutter/Polisher	30.00	32.13	7.1
Electricity	Lineman	88.46	94.12	6.4
	Power generating machine operator	93.93	105.37	12.2
	Meter reader	105.69	123.55	16.9
Water	Meter reader	87.29	92.19	5.6
	Tradesmen/Assistant tradesman	62.23	61.65	-0.9
	Labourer/Unskilled worker	42.48	44.01	3.6
Construction	Mason - Grade I	50.79	57.36	12.9
	Carpenter - Grade I	48.89	54.02	10.5
	Labourer/Helper	38.20	38.32	0.3
Wholesale, retail trade, repair of motor vehicles				
Wholesale trade	Salesperson/Sales representative	123.17	126.06	2.3

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

**Table 5 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2005 - September 2006**

Industry group	Occupation	Average wage ¹ per hour (Rs)		% Change 2006 over 2005
		2005	2006	
Retail trade	Salesperson	49.94	51.44	3.0
Repair of motor vehicles	Garage mechanic - Grade I	44.90	47.91	6.7
	Panel beater - Grade I	35.16	39.38	12.0
Hotels				
	Receptionist	45.13	46.24	2.5
	Waiter	33.14	35.40	6.8
	Cook	47.72	51.03	6.9
	Maid/Servant	36.13	40.63	12.5
Transport, storage & communication				
Bus Transport	Bus driver	43.00	44.29	3.0
	Bus conductor	38.42	39.57	3.0
Communication	Telephone installer/Servicer	87.80	91.92	4.7
	Telephone operator	133.05	136.68	2.7
	Telecom technician	150.56	156.14	3.7
Financial intermediation				
Banks	Bank teller	85.79	85.67	-0.1
	Clerk/Senior clerk	128.97	137.71	6.8
	Messenger	56.00	56.18	0.3
Insurance	Insurance clerk	64.03	63.39	-1.0
	Clerk/Senior clerk	100.37	97.31	-3.0

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

**Table 5 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding General Government), September 2005 - September 2006**

Industry group	Occupation	Average wage ¹ per hour (Rs)		% Change 2006 over 2005
		2005	2006	
Real estate, renting and business activities				
Accounting & auditing services	Accountant/Auditor	221.05	240.94	9.0
	Accounts clerk	43.28	45.85	5.9
Architectural & engineering services				
	Draughtmans	94.78	99.52	5.0
	Engineers	215.72	205.81	-4.6
Private education services				
	Pre-primary education teacher	55.79	58.58	5.0
	Primary education teacher	140.58	149.01	6.0
	Education officer	147.00	154.63	5.2
	Cleaner/Caretaker	44.12	45.84	3.9
Private health services				
	Qualified/Professional nurse	61.86	62.48	1.0
	Nursing aid	31.64	34.82	10.1
Cleaning Services				
	Office/Building cleaner	22.04	22.13	0.4
	Scavenger/Garbage collector	18.67	19.36	3.7

¹ Wages include remuneration for normal time work inclusive of cost of living allowances and other guaranteed and regularly paid allowances

**Table 6 - Average wage/salary per month of selected occupations in General Government,
September 2005 - September 2006**

Occupation	2005 (Rs)	2006 (Rs)	% Change 2006 over 2005
Ministries/Departments			
Medical and Health officer	38,586	36,468	-5.5
Education officer	20,843	21,031	0.9
Nursing officer	13,715	13,981	1.9
Teacher/Senior teacher	15,056	15,278	1.5
Clerical officer/Higher clerical officer	10,597	10,820	2.1
Police constable	12,757	13,290	4.2
Mason	10,904	11,143	2.2
Carpenter	11,155	10,801	-3.2
Driver	10,226	10,468	2.4
Hospital servant	8,943	9,247	3.4
Labourer	8,245	8,448	2.5
Municipalities/District Councils			
Inspector/Assistant Inspector (Health)	13,233	13,044	-1.4
Clerical officer	9,743	9,671	-0.7
Gardener	8,666	8,825	1.8
Mason	10,252	10,145	-1.0
Carpenter	9,935 ¹	10,176	2.4
Driver	9,626	8,973	-6.8
Refuse collector	7,502	7,791	3.9
Labourer	7,296	7,378	1.1

¹ Revised

Methodology used for the computation of the Wage rate index

1. Approach adopted and limitations.

Ideally to show genuine changes in the price of labour, it would have been necessary for wages of specific individual workers at specific establishments to be measured over time. Since this is practically impossible, the next best approach has been adopted, that is, to follow changes in the wages of groups of employees performing the same jobs. This gives a measure of changes in wage rates of specific occupations.

The following limitations as regards the approach adopted are to be noted:

- (i) any change in the mix of employees within the selected occupations is bound to affect the calculated rates and hence the corresponding sectoral indices. Such changes can occur, for example, with a new intake of employees in a specific group - when the wages of the new recruits pull down the average wages for the whole group from one period to the next.
- (ii) wage adjustments resulting from changes in the tasks associated with a particular occupation, which cannot be separated from pure price changes.
- (iii) it is difficult to separate the effects of productivity from the overall change.

2. Index calculation

A Laspeyres type fixed base-weighted formula is used, where the occupational structure is held constant with reference to base year 2000. The changes in average wage rates are measured at the occupational level and the magnitude of these changes are then weighted to give a combined measure of the change for a given industry group. The following formula is used

$$I_t = \frac{\sum W_i (R_{it} / R_{io})}{\sum W_i} \times 100$$

where I_t = index for year t compared to base year o for a given industry
 W_i = weight of occupation i
 R_{io} = wage rate of occupation i in base year o
 R_{it} = wage rate of occupation i in year t

The aggregate indices for industry groups at higher level of classification or for all economic activities as a whole, are computed by taking a weighted average of the individual industry group indices.

3. Weightings

- (i) Census 2000 data on employment by occupation and wage rates at base year are used to determine the weighting pattern of occupations (W_i) for given industry groups.
- (ii) Distribution of earnings by industry group obtained at the March 2000 Survey of Employment and Earnings in large establishments is used as weights in the computation of aggregate indices for higher levels of industry groups or for all economic activities.