

WAGE RATE INDEX - 1994

Introduction

This is the second issue of the wage rate index, which is published by the Central Statistical Office, as from 1993. This index, having as base 1992, is computed from wage data collected through the Survey of Employment, Earnings and Hours of work, carried out among a sample of large establishments (i.e. in general, those having 10 or more employees) in September of each year.

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

2. Changes in the index

The index, which stood at 115.5 in September 1993, reached 129.5 in September 1994, thus registering another 14 points in addition to the 15.5 points already obtained in 1993. Industry group sub-indices ranged from 119.8 for 'Electricity and Water' to 137.9 for the construction industry. The indices of the two sectors which mostly affect the overall index, because of their important weights, that is, 'Manufacturing' and 'Community, social and personal services', were 132.7 and 129.6 respectively. Sub-indices of all major industry groups for the years 1993 and 1994 are given in table 1.

Between 1993 and 1994, wage increases have varied between 5.7% in non-government community, social and personal services and 31.3% in construction firms. The overall increase for all sectors works out to 12.1% compared to 15.5% between 1992 and 1993 (Table 3).

3. Contribution of the industry groups to the index

Though the construction industry showed the sharpest rise in salaries during the period September 1993 to September 1994, its share in the rise of 14 points noted in the overall index, was only 1.8 points compared to 5.5 and 2.7 points in the manufacturing sector and 'Community, social and personal services' respectively. The contribution of the manufacturing sector, which is the highest compared to other sectors, is due to its important weight in the index (312 out of 1,000) and wage increases of the order of 15 percent in 1994. The contribution of each of the industry groups to the overall index is shown in table 2.

The high increase in 'Construction' is mainly attributable to high wages prevailing in 1994 because of labour shortage. The other sectors where important rises in wages occurred are 'Manufacturing' (15.3%), 'Agriculture and fishing' (14%) and 'Transport, storage and communication' (12.7%). The increase in the manufacturing sector is almost similar to that noted in 1993, i.e. around 15%. In 'Agriculture and fishing' the increase of 14% is mainly attributable to the new package deal concerning agricultural workers of the Sugar Industry, which came into effect in January 1994. In 'Transport, storage and communication', wages have gone up by a further 12.7% in 1994, following the 12% rise in 1993. This rise is due to wage increases of 10% and above noted in almost all sub-sectors of 'Transport, storage and communication' and in particular to the dock services where the wage rate of dockworkers have gone up by 16% in 1994.

In general, higher wage increases have been noted in sectors where payments are made to a large extent according to piece rates.

4. Limitations

To show genuine changes in the price of labour, it would be necessary to proceed in the same way as for pricing of commodities for the Consumer Price Index. In other words, wages of specific individual workers at specific establishments, would have to be measured over time. This exercise is practically impossible in any country. The next best approach is to follow changes in the wages of groups of employees performing the same jobs, i.e. changes in wage rates of specific occupations. However, the following limitations have to be faced :-

- (i) Any changes in the mix of employees within the selected occupations is bound to affect the calculated rates and hence the corresponding sectoral indices.
- (ii) Wage adjustments resulting from changes in the tasks associated with a particular occupation, cannot be separated from pure price changes.
- (iii) Similarly it is not possible to isolate the effects of productivity changes.

Table 1 - Wage index by industry group , 1993-1994**(Base:September 1992 = 100)**

Industry group	Weights	Index 93	Index 94
Agriculture and fishing	93	111.1	126.6
Manufacturing,mining & quarrying	312	115.1	132.7
Electricity and water	23	111.9	119.8
Construction	54	105.0	137.9
Wholesale, retail trade, restaurants and hotels	88	112.5	123.1
Transport, storage & communication	68	112.0	126.2
Financing, insurance, real estate and business services	48	114.7	125.4
Community, social and personal services	313	121.0	129.6
of which Government services	(257)	(119.9)	(128.9)
Other services	(56)	(125.9)	(133.1)
All sectors	1,000	115.5	129.5

Table 2 - Contribution of industry groups to change in index point , 1992-93 and 1993-94

Industry group	1992-93	1993-94
Agriculture and fishing	1.0	1.4
Manufacturing,mining & quarrying	4.7	5.5
Electricity and water	0.3	0.2
Construction	0.3	1.8
Wholesale, retail trade, restaurants and hotels	1.1	0.9
Transport, storage & communication	0.8	1.0
Financing, insurance, real estate and business services	0.7	0.5
Community, social and personal services	6.6	2.7
of which Government services	(5.1)	(2.3)
Other services	(1.5)	(0.4)
All sectors	15.5	14.0

Table 3-Annual percentage change in wage rates by industry group,1992-93 and 1993-94

Industry group		Percentage change	
		1992 to 1993	1993 to 1994
I	Agriculture and fishing	11.1	14.0
II	Manufacturing, mining & quarrying	15.1	15.3
III	Electricity and water	11.9	7.1
IV	Construction	5.0	31.3
V	Wholesale, retail trade, restaurants and hotels	12.5	9.4
VI	Transport, storage & communication	12.0	12.7
VII	Financing, insurance, real estate and business services	14.7	9.3
VIII	Community, social and personal services	21.0	7.1
	of which Government services	(19.9)	(7.5)
	Other services	(25.9)	(5.7)
Overall change		15.5	12.1

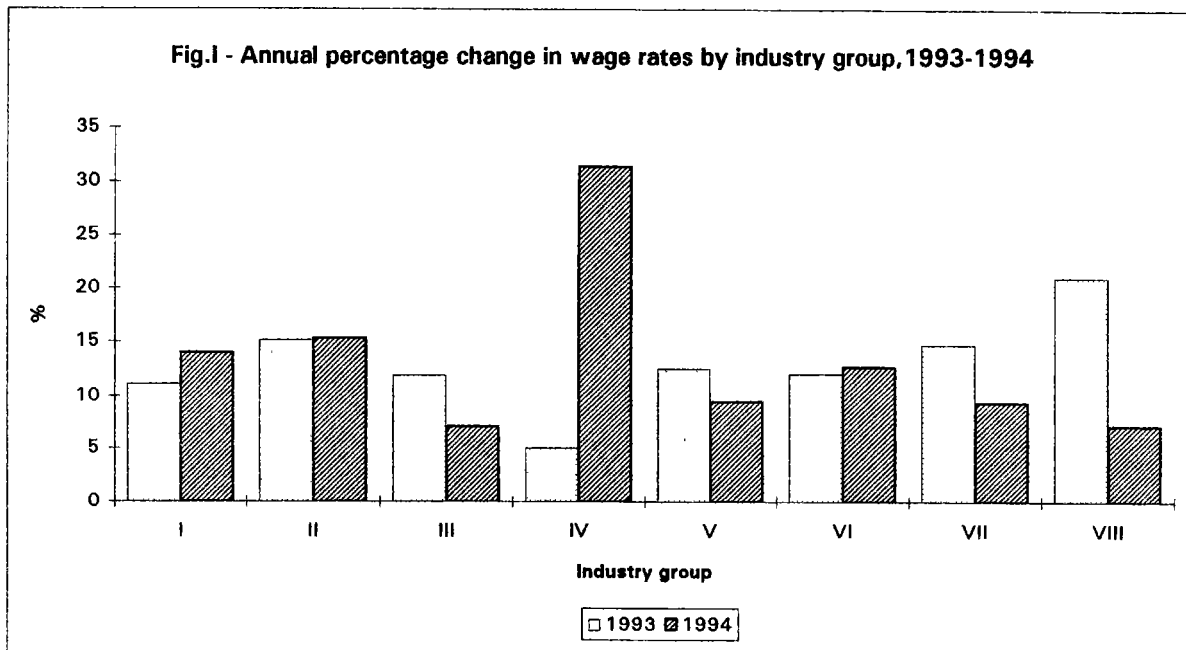
Fig. I - Annual percentage change in wage rates by industry group, 1993-1994

Table 4 - Average wages per hour of selected occupations by industry group (excluding government), September 1993 - September 1994

Industry group	Occupation	Average wages ¹ per hour	
		1993 (Rs)	1994 (Rs)
<u>Agriculture</u>			
Sugarcane plantations			
	Overseer - Grade I	23.89	28.19
	Field worker (other than special category)	20.87	23.85
Tea plantations			
	Fieldworker	13.65	14.75
	Sirdar/Gangman	18.21	20.20
<u>Manufacturing</u>			
Poultry breeding & processing			
	Farm worker	14.19	15.98
	Factory worker	14.04	15.89
Biscuits and confectionery			
	Machine operator	13.87	16.80
	Factory worker	9.31	9.99
Sugar factories			
	Fitter - Grade I	21.40	26.40
	Welder Grade I	20.90	24.51
	Driver (heavy mechanical unit) -Grade I	19.83	24.63
	Factory operator -Grade I	16.23	19.65
Tea factories			
	Factory worker	12.43	14.82
	Factory operator	15.63	17.79
Soft drinks			
	Beverage machine operator	15.55	19.58
	Driver/Salesman	26.14	28.87
	Lorry helper	14.58	19.36
Textiles			
(excluding wearing apparel)			
	Machine operator	14.30	15.75
	Factory worker	14.97	16.22
	Unskilled worker	11.91	12.49
Wearing apparel			
(except footwear)			
	Machine operator	13.21	15.31
	Weaver/Knitter	14.31	15.85
	Unskilled worker	11.96	13.42

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

² Revised

**Table 4 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding government), September 1993 - September 1994**

Industry group	Occupation	Average wages ¹ per hour	
		1993 (Rs)	1994
Manufacture of leather products (except footwear)	Factory worker	11.11	12.90
Footwear	Shoemaking machine operator	14.00	15.83
Furniture	Furniture upholsterer - Grade I	18.95	21.96
	Varnisher/Cabinet maker -Grade I	18.71	21.32
Manufacture of paper products	Machine operator	21.51	22.60
	Unskilled worker	14.19	15.15
Printing & publishing	Reporter/Journalist	69.38	75.87
	Typist/Stenographer	30.98	36.18
	Printing machine operator	23.69	26.12
	Binder/Cutter	17.26	20.28
Chemical products (excluding fertilisers)	Mixing/Blending machine operator	16.07	17.72
	Unskilled worker	13.65	14.74
Manufacture of rubber products	Machine operator	15.94	17.02
Plastic products	Factory operator	15.48	18.50
	Other fact.worker	19.66 ²	22.55
Iron & steel basic industries	Factory worker	16.38	19.68
Manufacture of metal products (except machinery)	Factory worker	19.21	21.39
Non-electrical machinery	Fitter	22.28	23.33
	Mechanic	20.55	22.64
Electrical machinery & appliances	Factory worker	15.44	17.81

**Table 4 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding government), September 1993 - September 1994**

Industry group	Occupation	Average wages ¹ per hour	
		1993	1994
Jewellery & related articles	Diamond cutter/Polisher	19.46	21.44
<u>Electricity</u>	Lineman	32.42	34.66
	Power generating machine operator	30.93	35.08
<u>Water</u>	Meter reader	36.86	39.26
	Tradesmen	27.88	29.51
	Labourer/Unskilled worker	19.83	20.73
<u>Construction</u>	Mason -Grade 1	27.78	36.76
	Carpenter - Grade 1	24.77	31.46
	Labourer/Helper	14.86	18.65
<u>Wholesale, retail trade, restaurants and hotels</u>			
Wholesale & retail trade	Salesperson	24.13	25.04
	Sales representative	64.53	67.86
Hotels	Receptionist	23.04	28.31
	Waiter	16.22	19.81
	Cook	22.36	25.13
	Cleaner	13.65	16.57
<u>Transport, storage & communication</u>			
Bus transport	Bus driver	24.51	26.80
	Bus conductor	21.42	23.98
Docks & stevedoring	Dock worker	21.60	25.09
Communication	Telephone installer/Service	31.09	36.58
	Telephone operator	33.73	39.05
	Telecommunication technician	47.45	55.11
<u>Financing, insurance, real estate and business services</u>			
Banks and other financial institutions	Bank teller	36.91	39.82
	Clerk/Senior clerk	45.42	49.65

**Table 4 (cont'd) - Average wage per hour of selected occupations by industry group
(excluding government), September 1993 - September 1994**

Industry group	Occupation	Average wages ¹ per hour	
		1993	1994
Insurance	Insurance clerk	37.20	41.52
	Clerk- General	39.55	46.82
Engineering and architectural services	Draughtsman	33.61	39.14
	Engineer	99.48	103.87
<u>Community, social and personal services</u>			
Sanitary services	Office/Building cleaner	14.39	15.99
	Scavenger/Street sweeper	12.73	14.00
Private education services	Education Officer	77.68 ²	78.07
	Lecturer (full-time)	95.43	98.28
Private health services	Professional Nurse	32.52	37.59
	Nursing Aid	18.74	21.04
Repair of motor vehicles	Garage mechanic - Grade I	21.14	24.60
	Panel beater - Grade I	29.69	35.08
Laundry services	Machine operator	13.15 ²	16.91
	Driver	17.05	22.76

Table 5 - Average wages/salaries per month of selected occupations in government services, September 1993 - September 1994

Central government	1993	1994
Occupations:	(Rs)	(Rs)
Education officer	12,182	13,586
Nursing officer	6,079	6,459
Teacher/Senior teacher	6,469	6,670
Clerical officer/higher clerical officer	4,889	5,374
Police constable	5,620	6,105
Mason	5,049	5,422
Carpenter	4,957	5,368
Driver	4,413	4,764
Hospital servant	4,214	4,455
Labourer	3,601	3,875
Local government		
Occupations :		
Inspector of health	7,101	7,089
Clerical officer	5,245	5,279
Gardener	3,617	3,877
Mason	4,824	5,179
Carpenter	4,594	4,826
Driver	4,300	4,593
Refuse collector	3,469	3,664
Labourer	3,165 ¹	3,477

¹ revised