SURVEY

OF

CEYLON'S CONSUMER FINANCES

1963

CENTRAL BANK OF CEYLON

DEPARTMENT OF ECONOMIC RESEARCH

COLOMBO

1964
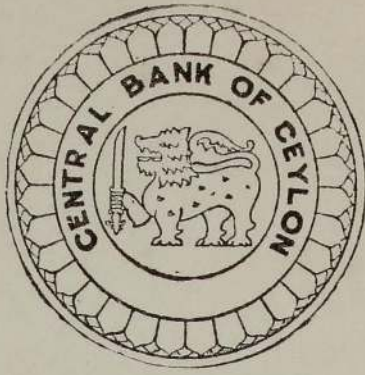
REPORT

ON THE

SAMPLE SURVEY OF CONSUMER FINANCES

Conducted by the Central Bank with the assistance of the
Department of Census and Statistics in March–April 1963.

V. Nithiyanandan

13/10/75

PART I

CENTRAL BANK OF CEYLON

FOREWORD

The first all-island enquiry into consumer income and expenditure was conducted in 1953 on a fairly limited sample and the Report was published by the Central Bank in 1954 under the title " Report on the Sample Survey of Ceylon's Consumer Finances." The Monetary Board of the Central Bank thought it desirable to establish a Sample Survey Unit in the Department of Economic Research of the Central Bank and to conduct a more comprehensive survey than was possible on the previous occasion. This volume which is now being placed for the use and information of economic and social planners, legislators, economists, statisticians, and the public in general, is a Report of the survey conducted in 1963 by the Sample Survey Unit under the direction of Dr. Warnasena Rasaputram, with the co-operation of the Department of Census & Statistics and the Department of Co-operative Development, whose field officers have rendered a valuable service. It is hoped that the data obtained on distribution of income, main and subsidiary occupations, property, mode and level of living, etc., would be found useful to all who are interested in these matters.
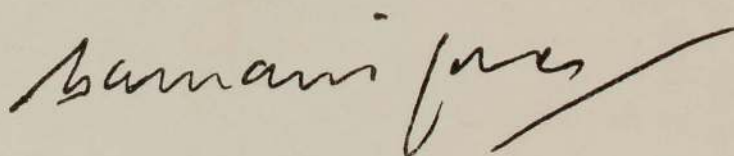
Governor.

INTRODUCTION

This is the second of the surveys on consumer income and outlay undertaken by the Central Bank. The previous Survey was conducted ten years ago in 1953. The present Survey is based on a sample of nearly 5,000 households as against the 1,000 or so households sampled in the 1953 Survey. But like its predecessor, the present Survey was specifically designed to cover certain aspects of consumer finance and particularly those relating to patterns of income and expenditure. Other data are also presented ; but they are subject to the limitations of an investigation which was essentially designed to obtain information on the specific aspects of consumer finance.

The present publication comprises Part I of the Survey and presents its major findings. It is hoped that Part II, containing more detailed tables as well as the questionnaires used for the Survey, would also be made available to the public shortly. The Central Bank will in addition welcome any requests for such further information and clarification as it may be able to provide.

The Survey was planned and executed by the Sample Survey Unit of the Department of Economic Research of the Central Bank under the leadership of Dr. W. Rasaputram, who was assisted in this work by Messrs. M. Swaminathan, S. Thayanitty and K. S. E. Jayatilake. The Central Bank also wishes to express its thanks to the Department of Census and Statistics and the Department of Co-operative Development for the services of their staff in the processes of supervision and field investigation. It also wishes to acknowledge the assistance of representatives of the Department of Census and Statistics, the Department of National Planning and the Central Bank, who served on a committee which prepared the questionnaire.

The data provided in the Survey should be of value for the study of many aspects of the Ceylon economy and of some of the changes that have taken place since 1953. It is hoped, therefore, that it would be of use for purposes of research and policy formulation in many fields and specially for purposes of national planning.

Assistant to the Governors

and

Director of Economic Research.

14th July, 1964.

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NOTE

The results of the survey, apart from being analysed by three sectors, were analysed by four zones. The demarcation of these zones is as follows :—

Zone I included urban, rural and estate households in the districts of Colombo, Kalutara, Galle and Matara.

Zone II included urban and rural households in the districts of Hambantota, Moneragala, Amparai, Polonnaruwa, Anuradhapura and Puttalam. No estates with resident labour are found in these districts.

Zone III included urban and rural households in the districts of Jaffna, Mannar, Vavuniya, Trincomalee and Batticaloa.
No estates with resident labour are found in these districts.

Zone IV included urban, rural and estate households in the districts of Kandy, Matale, Nuwara Eliya, Badulla, Ratnapura, Kegalle and Kurunegala. This zone comprised the bulk of the estate sector.

SECTION A—GENERAL FEATURES OF THE SURVEY

I INTRODUCTION

The Central Bank conducted the first all island enquiry into consumer income and expenditure in 1953. That enquiry was undertaken to fill a part of the large gap that existed in the field of statistics relating to income and expenditure. The results of this enquiry were very useful in formulating plans for economic development, in studies of tax burdens by income classes, and in studies relating to income distribution and consumption patterns by various income groups. The data obtained in 1953 provided the only statistics relating to income and expenditure for Ceylon as a whole. These data have to be supplemented with more up to date information in order to study the changes in the pattern of income distribution and of consumption.

The demand for statistics, mostly economic and social statistics, grows with the growth in population and the economic advancement of the country. In a developing economy the need for statistical data grows even faster than the rate of development itself, for instance, it may be necessary to assess the strength and weakness of past programmes before new plans for implementation are taken up. The value of statistics in making policy decisions is well known. As all economic planning and policy decisions are for the betterment of future living standards the data that have to be collected must be useful in the formulation of such future programmes. Apart from the fact that the demand for statistics in new fields is growing there is also a backlog of statistical information that has to be made good. The quality of existing statistics has also to be improved. Every attempt has to be made to fill at least a part of the large gap in basic statistics relating to socio-economic fields and at the same time statistics required for future planning and policy decisions have to be collected, analysed and interpreted.

A larger and better statistical programme for Ceylon is a necessity. The value of statistics must be appreciated both by the public and the makers of policy decisions. The public should be aware of the dangers involved in giving incorrect information. The public have a responsibility to supply accurate data.

For any survey to be successful the public must co-operate with the field officers. The users of statistics have the obligation to educate the public about the importance of statistics in everyday life and the contribution of such statistics towards the betterment of their own future. The Central Bank gave wide publicity through the press and the radio before this consumer survey was undertaken.

The Central Bank has in mind the collection of other up to date statistical information that will be directly useful for formulating policy decisions and for use in economic and social studies. With this in view a separate sampling unit within the Economic Research Department has now been set up. This is the first survey carried out since the establishment of this unit. It is proposed to conduct other socio-economic inquiries regularly in the future so as to keep the policy makers as well as the public better informed than at present.

Objectives of the Survey

The primary objective of this survey is to secure direct estimates relating to income, expenditure, housing and other social characteristics, and indebtedness of households and spending units. It is also necessary for purposes of economic research to collect up to date information on the distribution of income received by the people from sources connected with their main occupation, subsidiary occupation, property and transfers. Very little is known about the pattern of the existing income distribution and perhaps nothing is known about changes that have taken place since 1953 survey. The survey gives the first opportunity to study such changes between two points of time. Furthermore, data on expenditure among commodities in relation to income of the spending unit gives an indication of the level of living. An assessment of the level of living of the population is a pre-requisite in preparing either a long term perspective plan or a short term plan of implementation and also in evaluating the effects of projects undertaken.

Some of the uses to which the results of this survey can be used include the estimation of consumers' expenditure for national income purposes ; an analysis of the effects of income redistribution by studying changes in the Gini coefficient relating to income inequality ; a study of demand for certain items of expenditures by using Engel's curves with a view to obtaining elasticities of demand for economic interpretation and forecasting and in the provision of basic data so essential for planning for economic development.

II. SAMPLE DESIGN

The general sampling design adopted in this survey differed from that used in 1953. The larger size of the sample and the need to keep down costs at a reasonable level made it necessary to deviate from the simple unistage stratified random sampling design adopted in the 1953 survey.

The population was stratified into urban, rural and estate sectors, whereas in 1953 the stratification was into estate and non-estate sectors only. The present stratification of households into three sectors will improve the efficiency and the precision of the estimates considerably.

For the purpose of stratification into these three sectors the most recent information about the distribution of population among these sectors was obtained. It may have been possible to employ the population figures of the 1953 census but for the fact that subsequent internal migration, especially between rural and urban sectors, would have resulted in the present proportions of population in these sectors being different from that of the 1953 distribution. Therefore it was found necessary to use the population data given in the most recent list of households maintained by the Food Commissioner for the purpose of issuing rice ration books. This list of households constituted our sampling frame.

Every household, in urban and rural sectors and every person in estate sector was required to fill in a householder's list. This list was considered complete. The

latest series of householder's lists (revised in 1962) however gave a population figure of 9·962 million. This figure was less than the population figure obtained at the census of 1963 by nearly 712,000. Assuming that the population between 1962 and 1963 would have increased by about 270,000 (*i.e.* 2·7 per cent annual increase) the actual underestimation of the population figure given by the householders' lists would amount to about 442,000 or about 4 per cent.

The drawing of households from the three sectors was done in such a way that the expected number of households selected from each sector was proportionate to its population.

Rural Sector

A stratified two-stage sampling design, was used for the rural sector. The stratification of this sector into 108 strata was by Divisional Revenue Officer's Divisions (D.R.O. Divisions). The D.R.O. divisions are units of Central Government administration and within each of these there is a large number of Village Headman's Divisions (V.H. Divisions). The first stage units in the rural sector were the V.H. divisions ; the households formed the second stage units.

From each D.R.O. division (stratum) a simple random sample of V.H. divisions was selected. The number of V.H. divisions thus selected from a D.R.O. division was equal to 0·115 times the total number of V.H. divisions in that D.R.O. division. In the second stage a simple random sample of households was drawn from each selected V.H. division. The number of households drawn was proportional to the total number of households in the V.H. division, and the sampling fraction at this stage was 0·021.

The sampling fractions of 0·115 and 0·021 were derived as follows :—The desired total sample size was 5,000 households. The expected sample size in each sector was made proportional to their populations. Hence the expected sample size in the rural sector was 4,090 households. It was decided to select 409 V.H. divisions from the sector so that on the average a selected V.H. division will have 10 sample households, a number which one investigator could investigate conveniently. In all there are 3,564 V.H. divisions in the rural sector. Therefore the first stage sampling fraction (·115) was obtained by dividing 409 by 3,564. The average number of households selected per V.H. division divided by average number of households per V.H. division gives the second stage sampling fraction (0·021).

Estate Sector

The estate sector accounted for nearly 11 per cent of the population (according to figures provided by Food Controller's Department) and therefore about 11 per cent of the sampled households, *i.e.* 550 in all, were drawn from this sector. As in the rural sector a stratified two-stage sample was drawn. This sector was stratified into 11 Deputy Food Controller's (D.F.C.) divisions. A total of 110 estates were drawn into the sample, the number drawn from each D.F.C. division being proportional to the population of the division. Unlike in the rural sector, the first stage units (estates) were drawn with replacement and with probabilities proportional to the population of the estates. According to this method it was possible

for an estate to appear in the sample more than once. From each selected estate a simple random sample of five households was drawn. (If an estate was drawn twice, ten households were drawn from it). The estate sector had a list of persons and not a list of households. As such it was necessary to resort to the use of lists of estate employees kept by the Employees' Provident Fund. From the list of employees of a selected estate five names were drawn at random and the households to which they belonged were taken as sample households. This method of selection has its shortcomings. There was the probability of more than one person of the same family being drawn. This did not actually happen. Also the method did not give every household equal probability of appearing in the sample. It is obvious that the households which had more workers had a greater chance of being selected. But in working out the expressions for various estimates we have assumed that these probabilities are equal.

Urban Sector

For the present survey the households under municipal and urban councils were considered as urban. A sampling frame separating all urban households from all rural households was not available and if such a frame was available the sampling design would have been much simpler. However, we were able to separate eleven urban areas from the non-estate household frame. The households in these eleven areas were collectively named urban sector 1.

The selection of the sample households from the urban sector 1 was according to stratified random sampling method. From each of the eleven areas a simple random sample of households was drawn and the number thus drawn was 0·0025 times the number of households in the area. The sampling fraction 0·0025 is the probability of a household appearing in the sample.

From the definition of urban sector it follows that the rural sector included all the rural households and certain urban households. These urban households formed the urban sector 2. The urban sector therefore included urban sector 1 and urban sector 2. Once the sample was drawn from the rural sector, the selected households were again separated into rural and urban households. The latter group represents the urban sector 2. The methods of analysis of data subject to this way of stratification has been recently developed under the title of Domain Studies. In the absence of proper sampling frames, and in fact in many other situations, these methods become indispensable.*

The urban sector 2 formed a sizeable proportion of sampling frame used. Therefore from a large sample an estimate of the proportion of urban households can be made with high precision. From this it follows that the arithmetic mean would be a good estimate of the mean of a variable in the urban sector.

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* *Vide* Hartley, H. O. Analytic Studies of Survey data. Volume in Onore di Corrado Gini, Instituto di Statistica, Facolta di Scienze Statistiche, Demografiche e Attuariali, Rome Yates, F., Sampling methods for censuses and surveys. 2nd ed. London, Charles Griffin and Co., Ltd., 1953.

MATHEMATICAL EXPRESSIONS OF ESTIMATES

We introduce the following notation :—

Subscript h refers to stratum.
,, i .. ,, primary unit.
.. j ,, .. secondary unit.

Notation pertaining to the population:

L = No. of strata in the sector.
N = No. of primary units in the sector.
M = No. of secondary units in the sector.
N_h = No. of primary units in stratum h.
M_h = No. of secondary units in stratum h.
M_{hi} = No. of secondary units in primary unit i in stratum h.

Notation pertaining to the sample :

n = No. of primary units from the sector.
m = No. of secondary units from the sector.
n_h = No. of primary units from stratum h.
m_h = No. of secondary units from stratum h.
m_{hi} = No. of secondary units from primary unit i in stratum h.

y_{hij}, x_{hij} are variate values attached to secondary unit j in primary unit i in stratum h.

We define :

$$y_{hi} = \sum_{j=1}^{m_{hi}} y_{hij} \qquad \bar{\bar{y}}_{hi} = y_{hi} / m_{hi}$$

$$y_h = \sum_{i=1}^{n_h} y_{hi} \qquad \bar{\bar{y}}_h = y_h / m_h$$

$$y = \sum_{h=1}^{L} y_h \qquad \bar{\bar{y}} = y / m$$

$$\bar{y}_h = \frac{y_h}{n_h}$$

$$\bar{y} = \frac{y}{n}$$

Similarly the notation for means and totals of x_{hij} are defined.

Also we define r as : $r = \dfrac{y}{x}$

The corresponding capital letters denote the population values.

Estate Sector

Here n_h were selected such that

$$\frac{n_h}{M_h} = \cdot 0005 = d \quad (\text{say})$$

Also we had $m_{hi} = 5$.

An unbiased estimate of the population mean is given by

$$\frac{1}{M} \sum_{h=1}^{L} \frac{M_h}{n_h} \sum_{i=1}^{n_h} \bar{\bar{y}}_{hi}$$

This expression reduces to the simple average $\bar{\bar{y}}$.

The variance of $\bar{\bar{y}}$ is given by :

$$V(\bar{\bar{y}}) = \frac{1}{nM} \sum_{h=1}^{L} \sum_{i=1}^{N_h} \left[M_{hi} \, (\bar{\bar{Y}}_{hi} - \bar{\bar{Y}}_h) + (M_{hi} - m_{hi}) \frac{S_{hi}^2}{m_{hi}} \right]$$

where $S_{hi}^2 = \frac{1}{M_{hi} - 1} \sum_{j=1}^{M_{hi}} (y_{hij} - \bar{\bar{Y}}_{hi})^2$

A sample estimate of this variance is :

$$v(\bar{\bar{y}}) = \sum_{h=1}^{L} \frac{M_h^2}{M^2} \frac{1}{n_h (n_h - 1)} \sum_{i=1}^{n_h} (\bar{\bar{y}}_{hi} - \bar{\bar{y}}_h)^2$$

$$= \frac{1}{25 \, n^2} \sum_{h=1}^{L} \left[\sum_{i=1}^{n_h} y_{hi}^2 - \frac{y_h^2}{n_h} \right]$$

An approximate expression for the variance of the ratio estimate r is :

$$V(r) \doteq \frac{1}{dX^2} \sum_{h=1}^{L} \sum_{i=1}^{N_h} \left[M_{hi}' \left\{ (\overline{\overline{Y}}_{hi} - \overline{\overline{Y}}_h) - R(\overline{\overline{X}}_{hi} - \overline{\overline{X}}_h) \right\}^2 \right.$$

$$\left. + \frac{M_{hi} - m_{hi}}{m_{hi}} S_{hi}^2 \right]$$

where $S_{hi}^2 = \frac{1}{M_{hi}-1} \sum_{j=1}^{M_{hi}} \left\{ (y_{hij} - \overline{\overline{Y}}_{hi}) - R(x_{hij} - \overline{\overline{Y}}_{hi}) \right\}^2$

We estimate $V(r)$ by :

$$v(r) \doteq \frac{1}{(n \, \overline{\overline{x}})^2} \sum_{h=1}^{L} \left[\sum_{i=1}^{n_h} (y_{hi} - r\overline{\overline{x}}_{hi})^2 - n_h (\overline{\overline{y}}_h - r\overline{\overline{x}}_h)^2 \right]$$

Rural Sector

Sampling design is such that we have

$$\frac{n_h}{N_h} = \text{Constant} = a \text{ (say)}$$

and

$$\frac{m_{hi}}{M_{hi}} = \text{Constant} = b \text{ (say)}$$

We introduce $\hat{Y}_h = \frac{1}{n_h} \sum_{i=1}^{n_h} M_{hi} \, N_h \, \bar{\bar{y}}_{hi}$

This simplifies to $\hat{Y}_h = \frac{1}{ab} \, y_h$

Similarly we introduce $\hat{X}_h = \frac{1}{ab} \, x_h$

A ratio estimate is defined by :

$$r = \frac{\sum^{L} \hat{Y}_h}{\sum^{L} \hat{X}_h} = \frac{y}{x}$$

When $x_{hij} = 1$, we obtain an estimate of mean $r = \bar{\bar{y}}$.

Estimates of variances of r and $\bar{\bar{y}}$ are :

$$v(r) = \frac{1}{(X\,ab)^2} \sum_{h}^{L} \sum_{i}^{n_h} \left[(y_{hi} - r\,x_{hi}) - (\bar{y}_h - r\,x_h) \right]^2$$

and $v(\bar{\bar{y}}) \doteq \dfrac{1}{m^2} \displaystyle\sum_{h}^{L} \sum^{n_h} \left[(y_{hi} - \bar{\bar{y}} \, m_{hi}) - \dfrac{1}{n_h} (y_h - \bar{\bar{y}} \, m_h) \right]^2$

Urban Sector

The notation for this sector is slightly different from that for other two sectors. Stratum h has M_h households and from it m_h households were drawn such that $m_h = c M_h$ (c is a constant). y_{hi} is a variable attached to a household. $\bar{y}$ the average per household is an unbiased estimate of the population mean, and an estimate of its variance is :

$$v(\bar{y}) = \frac{1-c}{m^2} \sum_{h}^{L} \left[\sum_{i}^{m_h} y_{hi}^2 - \frac{y_h^2}{m_h} \right]$$

$$\text{where } m = \sum_{h} m_h.$$

Also we have the ratio estimate $r = \dfrac{y}{x}$ and its variance is estimated by :

$$v(r) = \frac{1-c}{c^2 x^2} \sum_{}^{L} \sum_{}^{m_h} \left[(y_{hi} - y_h) - r(x_{hi} - \bar{x}_h) \right]^2$$

III. CONCEPTS AND DEFINITIONS

The problems relating to the application of the concepts used in the survey are discussed elsewhere. This section mainly deals with the definitions used in the survey.

It was noted earlier that the household is the ultimate sampling unit. For the purpose of the survey a household was defined as consisting of one or more persons living in the same dwelling and sharing the same kitchen for cooking purposes. These people need not necessarily be related but they shared the cost of meals and other household expenses. Within a certain household there could be temporary absentees while other households were likely to have guests. All temporary absentees were included but guests were excluded from a household. The responsibility of declaring the composition of the household was left to the head of the household. However, professional boarding houses that had more than three boarders, hotels, boutiques, hostels, schools, hospitals, institutions, etc., were excluded from the list of households.

It was mentioned earlier that for purposes of finding out how people spend as a unit the concept of a spending unit was adopted. The definition of spending unit in this survey differed slightly from that used in the 1953 survey. In the 1953 survey the definition of a spending unit was as follows :—

(1) All persons in a spending unit must live in the same house or in a closely related group of houses and must be all related by blood, marriage or adoption.

(2) All income receivers in such a house must contribute half or more of his (her) income to the food and shelter expenses of the spending unit.

(3) All dependent persons belong to a spending unit.

This definition of spending unit was very close to the one used by the Federal Reserve Board of U.S.A. in carrying out its Consumer Finance Surveys. There was, however, a difficulty in finding out whether an income receiver contributed half or more of his income to the expenses of the spending unit. Furthermore, it was very difficult to allocate food expenses among such spending units as they shared the same " pot of rice." These difficulties of enumeration and allocation made us drop this definition in favour of the definition that is normally adopted in certain other countries like Canada. The 1963 survey, therefore, adopted the following definition of a spending unit.

(1) All persons (including dependents) living in the same house or closely related group of houses who pool their incomes for major items of expenditure constituted a spending unit.

(2) All servants formed separate spending units.

This definition was more workable than the one used in the 1953 survey. This meant that all who shared the same " pot of rice," excluding servants, formed one spending unit. They did their spending as a unit and kept the accounts of the spending unit together. One significant shortcoming of this definition was the vagueness of the term " major items of expenditure." In most instances food was

considered a major item of expenditure. However, in the higher income groups food expenses were seldom shared, and there were instances when only rent had been shared.

All domestic servants whether they were paid a money wage or paid in kind were considered as separate spending units. The food received from the household in which he or she worked was entered as part of the servants income. A separate food form was filled in for the servants in the manner described earlier and care was taken to avoid any kind of duplication.

All persons who had rented out only a part of a house and had meals separately were treated as separate spending units.

All households that had more than three boarders were considered as commercial boarding houses and were excluded from the enquiry.

The survey included non-citizens as well. The only non-citizens who were excluded from the enquiry were members of the diplomatic corps and members of foreign technical aid missions.

It is not uncommon in Ceylon for people who run their boutiques to live in the same premises. A part of the same house was thus used for business purposes while the members of the family lived in the other portion. Care had to be taken to exclude all business expenses from the household expenditure. The imputed rent of business premises had to be excluded. Since these family businesses were small very few of them kept records. Nearly 80 per cent of these family concerns did not pay income tax. Since the practice of keeping accounts is not well established among some of them, they were unable to separate business expenses such as rent, rates, fuel and light and repairs to buildings. Wherever the separation of expenditures was difficult the investigators reported the matter to the supervisors who were required to get the best possible estimate of household expenditure exclusive of business expenditures.

It should be noted that no attempt has been made here to obtain any information on the basis of a family unit. A family normally corresponded to a spending unit in most rural areas, but in urban areas it was less so as the membership of a spending unit may have included married children, relations, etc., not ordinarily included as family members.

IV. ORGANISATION OF THE SURVEY

A survey of this kind, especially in a country like Ceylon, cannot be carried out successfully by sending out the questionnaires by post. Most people in Ceylon would be unable to fill in answers to a comprehensive questionnaire of the type used in the survey by themselves. The questionnaire was a detailed one and contained many questions relating to income and expenditure of a spending unit. It was necessary at the outset to group the members of families and households into spending units before the respondents gave information on income and expenditure.

The concepts used in the survey had to be explained carefully to the informant and it was not possible to do this by instructions sent by post since all the informants did not possess the necessary educational background to understand fully the meaning of terms used in the questionnaire. Besides, the rate of response when postal questionnaire method is used, is relatively low. The degree of error would also be high. Thus at the very outset it was decided not to conduct the enquiry by post. Personal interviews with the informants were arranged. For this purpose it was necessary to get a body of well trained investigators to visit the selected households and obtain the necessary information.

Organisation of Field Work

The Central Bank did not have the necessary field staff to carry out a survey of this kind. The Department of Census and Statistics was engaged in the task of taking the population Census of July, 1963. The Department of Census was therefore unable to release its investigators to carry out even a part of the field work. It was, therefore, found necessary to enlist the assistance of the field staff of the Department of Co-operative Development. This department has inspectors of co-operative societies stationed in all parts of the island. These inspectors, owing to the very nature of the work of auditing accounts of co-operative stores and the like, could easily grasp the meaning and methods of a family budget enquiry. They lived in rural areas and knew the village conditions fairly well. These inspectors were also able to trace all the families selected for the survey as all or most of them were members of co-operative societies and obtained their rice ration from co-operative stores. The fact that they knew the village as well as the villagers was an added advantage in checking some of the information given by the respondents. The co-operative inspectors were trained before they were put to the field by the statistical officers of the Department of Census & Statistics.

The statistical officers of the Department of Census & Statistics were the Regional Supervisors for the survey. Every district had a statistical officer who performed the duty of a regional supervisor. These regional supervisors had to look after their investigators, train them, conduct practice interviews if necessary and check at least 40 per cent of the work done by the investigators. All investigators were thus given full instructions about their job and all were provided with comprehensive notes and instructions. They were also given identity cards.

The regional supervisors who were drawn from the statistical officers of the Department of Census & Statistics had undergone an intensive training in similar surveys conducted by the Department of Census & Statistics. They had to be briefed on the details of the work allotted to them. The meaning of the terms and concepts used in the survey were explained to them at the training class held at the Central Bank.

The work of the regional supervisors was in turn supervised by a chief supervisor for the zone. The island was divided into four zones and each zone was placed under the charge of a chief supervisor from the Survey Unit of the Central Bank. The chief supervisors were also required to meet a cross-section of the investigators

in each zone and check the work done by them. The chief supervisors met the regional supervisors as often as possible and also checked the work of nearly 40 per cent of the investigators in each zone. The chief supervisors themselves visited some of the selected households with the investigators and checked the accuracy and reliability of the data collected by the investigators. Close and continuous contact among the chief supervisor, the regional supervisor and the investigators was thus ensured.

Before the field work of the survey commenced on 4th March, 1963, details of the enquiry were given in advance to the daily Press and to Radio Ceylon. The wide publicity given by the Press and the Radio to this survey was very helpful in clearing doubts and dispelling misgivings that the respondents may have other-wise entertained if the investigators went to them without such publicity. The task of the investigators was thus facilitated. This publicity contributed a great deal to the success of the survey.

The period for interviewing the members of a household was confined to ten days during which an investigator had to visit the household at least thrice. Due to organisational problems it was not possible to adhere to the same ten days for all areas. As such the field work of the survey which commenced on 4th March ended on 10th April, 1963.

Each investigator was given a maximum of ten households to be covered within the prescribed period of ten days. Depending on local arrangements the investigator was required to make first visits to all the households within the first three days. Since the interview period was to be completed within ten days it was essential that expenditure on food which was collected for seven consecutive days had to be obtained from the very first day of the visit. Specific instructions were given to the investigator to fill the Daily Expenditure Form by going over the details of expenditure on goods actually consumed by the members of a spending unit. If any member of the spending unit was literate enough to fill the form it was left behind with the spending unit requesting the spending unit to fill in the details of expenditure for the next three days. The investigators called on the household on the fourth day and went over the data filled in. Similar instructions were again left behind and the investigator called on the spending unit on the seventh day. If no member of the spending unit was sufficiently literate the investigator was required to visit the spending unit almost daily and collect the information on daily expenditure. It was, however, observed that all the investigators were unable to make such frequent visits to record expenditures of " ' illiterate ' spending units." In most such cases there was a uniformity in expenditure over a particular week. It was also observed that spending units with low incomes and low expenditures could well remember the details of their food consumption for a period of two or three consecutive days. Some of the investigators thus depended on the " strong memory " that the members of these spending units had in collecting the daily expenditures. This procedure may have created some kind of bias. Information obtained from records kept by the members of the spending units may tend to overestimate the expenditure. The investigator, however, was required to go through the details of expenditure recorded with the members of the spending unit on his second visit and correct inconsistencies as far as possible at this stage.

Since the quantity and value of goods actually consumed were required there was some difficulty in obtaining daily expenditures on items like currystuffs. In such cases the informants were required to give the expenditure data for one week. It is most likely that the expenditure on currystuffs has been overestimated.

The spending units which cooked their meals together but kept all other expenses separately had to fill a separate food form as well. Domestic servants were treated as separate spending units. They often took their meals from the spending unit which hired their services. For such spending units it was necessary to fill in separate food forms even though they had their meals together. The investigator was required to send in blank food forms for such subsidiary spending units and the total food expenditure was allocated to the spending unit on a *pro rata* basis at the office. In the case of domestic servants this allocation left out the items like eggs, butter, cheese and alcohol. Consumption of alcohol, tobacco and betel by servants was recorded separately after interviewing them individually. Such allocation of expenditures for spending units having infants was made difficult because of the high consumption of milk by such spending units. In such cases the average daily consumption of milk that is normally consumed by an infant of that age was taken into consideration in this allocation. Thus the amount that the infant should normally consume was recorded as expenditure of the spending unit to which the infant belonged, while the balance was apportioned among the spending units.

Apart from the Daily Food Form the investigator had to fill in five other forms. Very often he tried to fill most of the forms during the first visit. In some cases, investigators met with some ' resistance ' from the householders during the second visit though at the first visit they were most co-operative. This might perhaps have been due to the intervention of neighbours who tried to dissuade the house-holders from giving any information. In general, however, the villagers became better informed by the time the second visit was made about the scope and purpose of the survey and they were more co-operative and gave fuller information.

Most of the visits to the urban households were made after 5·00 p.m. on week days and in the mornings on Sundays. In rural areas the peasant farmers were usually at home between 12 and 2 p.m. and after 5·00 p.m. A large number of the visits was made during these hours when the head of the household or the spending unit would be usually at home.

In locating the households the investigators had little or no difficulty as the headman was very co-operative in most areas. In selecting village headman's divisions as first stage units the aim was to get most of the households in a particular area clustered together so that costs of travelling and surveying may be cut down to a minimum. In the many rural areas of Ceylon there were village headman's divisions sparsely populated but large in size. For instance, it was found that in the Hambantota district some of the sampled households in the village headman's division of Ranakeliya South were in Kirinda, some in Magama while others were in Katagamuwa. The distance between Magama and Kirinda was over four miles. Katagamuwa is a village in the jungle not so easily accessible. This made it difficult for one investigator to survey more than four households in such difficult areas.

The dwelling units selected were on the basis of Food Control lists and the addresses given in such lists were in many cases incomplete. The head of the household, however, was known to the villagers or to the headman. Therefore, whenever proper addresses were not available the household rather than the dwelling unit became the ultimate sampling unit.

In all cases an investigator had to explain to the informants the purpose of the survey and how their households were chosen and not their neighbours'. They were told that they were not purposely singled out but that due to randomness in the selection their households had been chosen. In order to secure full co-operation from members of the spending unit and to obtain a fuller account of the income, expenditure, savings, debts, etc., members of the spending unit were interviewed separately.

Since most people would not like any stranger prying into their private financial affairs the investigators had to carry identity cards stating that they were conducting the enquiry for the Central Bank. The informants had to be reassured that the information given by them would be treated as confidential and that nobody other than those directly connected with the survey would have access to any of the filled in forms.

The Forms

The first task of an investigator was to identify the number of spending units (as defined earlier) in a dwelling unit. There were altogether five schedules to be filled in. Four of these schedules, i.e., Schedules II to V were designed to collect information about income, expenditure, savings, etc., of a spending unit, while Schedule I collected information on sex, age, education, community, employment and particulars about housing.

It was not difficult for the investigator to obtain most of the information required to complete Schedule I from some responsible person within a spending unit. The interviewers were required to write down the information about the " economic head " of the spending unit first but this presented considerable difficulties. In most rural areas a spending unit considers the eldest person in the house, possibly the father, as the customary head even though he may be dependent on his son. However, very often it was rather difficult to find out who the head of the spending unit was and the decision in such cases was somewhat arbitrary. There were instances where the daughter who was an earner maintained the old parents but the daughter would not consider herself as the head of the spending unit. Due to housing difficulties the married children often lived with their parents and shared the major items of expenditure. It was difficult to find out whether the control of the housekeeping was with the parents or with the married son or daughter. This same difficulty arose when two brothers, both earners, lived together.

In reporting the main occupation of the respondent regularity of employment was the main consideration. The unemployed who had worked one or two months during the 12 months preceding the survey were not willing to admit that they had been in employment for short periods. Very often the neighbours who had

gathered round the householders interviewed informed the interviewers whenever the respondent's memory seemed to " fail." There were many who were tied to the village life around them and would not like to move out if a job had been offered to them outside their village. By definition these were not included in the category of the unemployed.

In this same schedule questions relating to housing of the household were included. Information about the possession of equipment such as sewing machines, radios and cookers was also obtained. Where a household had two or more spending units the number of radios, etc., that belonged to all the spending units were recorded.

Schedule II collected information on consumption of food and certain non-food items, during the survey week. The information required in this case was the actual consumption of the items mentioned in the schedule for a period of seven consecutive days. The items of consumption covered by this form are related to food, drink and tobacco. One form had to be filled in for every spending unit. There was some difficulty with regard to the filling of this form in respect of every spending unit, because of the inability to show separately the expenditure of a household into expenditures by the spending units that comprised the household when such expenditures were shared by all the spending units of the household. Where domestic servants formed different spending units the allocation of daily expenditure of the household among the different spending units was also difficult. In the case of domestic servants allocation of expenditure was made by splitting the expenditure on items generally expected to be consumed by domestic servants, according to the ratio of the number of persons in the spending unit. For instance, expenditure on items like butter, cheese, alcoholic drinks were considered to be part of the expenditure of the main spending unit and not a part of the expenditure of domestic servants who were employees of the main spending unit. The domestic servants were interviewed separately to obtain information about their consumption of such items like alcoholic beverages and meals outside main spending unit. In the case of other spending units the total expenditure was allocated in proportion to the number of people in each spending unit.

The investigator was required to leave the daily expenditure form with the spending unit if there was any single person in the spending unit capable of filling in the schedules. If, however, the spending unit interviewed did not have a person capable of filling in the forms the investigator was required to keep the form and fill it himself during his subsequent visits. Nevertheless, the members of these spending units were requested to keep a record of their daily expenditure at least for a couple of days. Since the two visits were made within a short interval and the *recall* period was thus short the informants could be expected to remember what they consumed during the last two days especially when they were requested to keep records of them. As an inducement to maintain records of items actually consumed each household unit was offered Rs. 2/- for supplying information.

Records kept by the informants were very often scrappy and the investigator had to put in supplementary questions to obtain the information. The use of recall method (*i.e.* relying on memory to recall the facts relating to expenditure) and the ' diary records ' for seven consecutive days at intervals of almost two days

indicated that most of the informants preferred to answer oral questions rather than keep records of their expenditures. It is likely that during a period as short as one week when three visits are made to the household the recall method would yield almost the same estimate of total weekly expenditure as the ' diary records.' In estimating expenditure of certain items like curd and confectionery which are not consumed regularly differences may arise when the two methods are employed. It is most likely that the recall method would give less accurate information than the ' diary record ' in such cases.

In the 1953 survey, along with the weekly recall of daily expenditures on food, drink and tobacco informants were required to give an estimate of their expenditures on these items for an average week. It was found that the average expenditure based on a global question was very much higher for certain important items of expenditure while it was very low for certain unimportant items of expenditure than the same expenditure average obtained on seven consecutive days. In 1963 it was decided to drop global questions as the recall lapse on the part of respondents may be very high when a long period is involved. There were, however, instances when they made purchases for the entire week and they were unable to give the consumption expenditure for a particular day as the value of that particular item consumed on that day could not be estimated accurately. This was true of condiments and items like butter and cheese.

The investigators were required to find out as far as possible the quantity and value of the items consumed each day for seven consecutive days. Where it was difficult to estimate the quantity the value of the amount actually consumed had to be entered. All items whether purchased, received as gifts or obtained from ones own garden had to be recorded. All articles produced and consumed at home were valued at the fair market price.

The weekly expenditure data were blown up to obtain the value of consumption for two months. The estimate for two months referred to February and March, the months for which income data were collected.

Schedule III was designed to collect information on housing, clothing, fuel and light, transport, education, medical expenses, gifts and services of various kinds in respect of the two months immediately preceding the survey, i.e. February and March, 1963. A separate form was filled in for each spending unit. All members of the spending unit who did some kind of spending were questioned. Since the recall period was two months it is possible that information of certain unimportant items was not fully covered. The degree of recall lapse would therefore vary according to the importance of the item in the consumers budget and the degree of literacy among the members of the spending unit.

The month of February included the Ramazan festival when the Muslims would normally spend more than in any other month. In fact all Muslim households investigated showed a high expenditure on clothing, transport, etc.

The questionnaire used here (i.e. Schedule III) was very detailed and expenditure on all important items was recorded. The details were necessary to jog the memory of the respondents and to avoid global type questions which presuppose unambiguous interpretations by the respondent or involve lengthy explanations

by the investigators which may not always be resorted to by the investigators. The respondent in any case has to add up the expenditure on individual items to obtain an estimate of total expenditure for a particular group like clothing. If such details are not shown in a questionnaire it is likely that the respondent will form his own questions to explain certain items. Furthermore, itemization of expenditure will enable the respondent to recall his expenditure on items which he may have already forgotten. Thus schedule III specified 131 items of which 29 items were in respect of consumer durables.

In 1953 the consumer expenditure on items other than food, drink and tobacco was obtained on a global basis. The respondents had to give an account of expenditure for the month preceding the survey as well as for the average month. The items were grouped and no information was obtained on individual items such as sarongs and banians within the clothing group. This procedure was given up in 1963 as it was found that itemization should improve the accuracy of the results.

Schedule IV was designed to obtain information on income of each income receiver. Data on both money income and income in kind for two months and twelve months preceding the survey periods were collected. The informant was required to state the total income from all sources. Coding of the occupations of an income receiver according to the broad nature of the work enabled the incomes to be classified into those obtained from work only and from work and property. There were certain difficulties in entering the income of garden produce. For instance, a household may have four coconut trees the produce of which was consumed by the members of the household. This would be recorded as income of the person who owned the coconut trees. If more than one person had proprietary rights to these coconut trees the income from the trees was entered as income of the chief income receiver of the spending unit. In entering this income some investigators recorded it as income originating in kind against the chief or subsidiary occupation of the income receiver while others entered them as other income.

The recall lapse on 12 months income was so high for certain spending units that certain investigators merely recorded this as equivalent of six times the two-month income. The estimation of two-month income was also beset with many problems. The agricultural farmers obtained bulk of their income from the two or three paddy harvests during the year. The survey was carried out during a period when the paddy harvest in most areas has just been completed. Even so the computation of income after allowing for costs was difficult because the farmers had no knowledge of the cost of inputs in the production of their total output. The investigator was instructed to itemize all costs involved. A value had to be imputed for certain cost items. All production costs were deducted in estimating the income of the farmers. A similar procedure was adopted for assessing the incomes of fishermen, boutique-keepers and others who received their income from work and property.

Schedule IV is similar to that used in 1953. In both surveys the components of income for which details were required were compiled after taking into consideration the possibility of obtaining reliable information and emphasising the need to compare such information with independent sources of data, etc.

Income in kind had to be estimated by imputing a value for a commidity at fair market price. In all cases income net of expenditure incurred in generating

that income was obtained. In the case of income from boarders gross income had to be reported as expenditure in feeding them would have been entered in the expenditure schedule, of the spending unit.

Schedule V was designed to obtain information on savings, investments, debts and taxes. It is the usual practice to resort to the oversampling of higher income groups as persons in these income groups are expected to do most of the saving. No such attempt was made to oversample the high income receivers. Data on savings and investments were obtained from the same survey and from the same households. The data on Savings and investments are useful as a pilot study for a more detailed savings survey which may be undertaken in the future. The investigators were instructed to obtain information on savings of the spending unit from every possible saver in the spending unit. Very often the person most familiar with the financial affairs of the spending unit could give accurate answers. In the case of debts it is possible that debts incurred by certain junior members of the spending unit are completely left out for it often happens that the juniors do not give an account of their debts if they are questioned in the presence of their elders. The size of this type of debt is not likely to be large. In any case the reliability of estimates of asset holdings and indebtedness cannot be determined to the same extent as in the case of income and expenditure data.

However, this provides useful information on the relationship between income, asset holdings, and indebtedness.

Schedule VI was designed to collect information on the time spent by the investigators on the survey work and the distance covered during the survey. This information is necessary to plan future surveys, especially to enable the control of expenditures in future surveys. It is possible to find out the relationship between these variables with a view to reducing costs and planning any future survey more efficiently. Information recorded in this schedule has not been presented in this report. These will be available for office use and guidance in future surveys.

Response

The response rate in the 1963 survey was somewhat higher than that of the 1953 survey. The response rates for the six schedules is shown below :—

TABLE I

Response Rates—1953 and 1963

Per cent of total

Year	Schedule						All House-holds
	I	II	III	IV	V	VI*	
1953	94·3	90·1	89·6	88·2	89·7	—	88·2
1963	98·7	95·6	94·3	96·1	97·2	62·0	96·1

*Per cent of total investigators.

The higher response rate in 1963 despite a sample almost five times as big as the 1953 sample was due to better organisation, supervision and control of the survey work.   The sample of 1953 was a unistage one and the households selected were far apart.   Some remote households could not be traced and had to be abandoned as ' non-contacts.'   In the 1963 sample survey the adoption of a multistage sampling scheme made supervision and control easier.   The co-operation from the respondents was greater in 1963 than in 1953.   The increase in the response rate for every schedule in 1963 was partly due to schedule design and survey methods.   Also there was a greater awareness among the public of the needs for and objects of survey in general.

The number of rejects in the 1963 survey is analysed by sectors in the following table :—

TABLE II

Number of Households Selected and Rejected

Sector	Total No. of H'hold (Estimated)	% of total	Number selected	% of total	Number Re-jected	Number used	% of total
Urban	338,298	15 ·2	835	16 ·1	67	768	15 ·4
Rural	1,659,040	74 ·7	3799	73 ·3	128	3671	73 ·7
Estate	223,473	10 ·1	550	10 ·6	5	545	10 ·9
Total	2,220,811	100 ·0	5184	100 ·0	200	4984	100 ·0

Among the 200 records or sets of schedules rejected were in respect of unidentified households, non-response and editing rejects.   Some households could not be traced due to incomplete addresses.   The other instances of records that had to be rejected were, households that could not be contacted as a result of the house being demolished, or the occupants being permanently away from home.   The number of such not contacted households was small.   The degree of non-response varied from sector to sector ; it was highest among urban areas.   In urban areas most of the households that refused information belonged to the upper income brackets. Editing rejects were very small and numbered only 14.   Rejection was based on observed internal inconsistencies and the failure to answer important questions on income and expenditure.   Response rate analysed by schedules show that the lowest response was recorded in respect of the income schedule.   In editing certain assignments and estimates had to be made where the gain from retention of valuable data was believed to be considerably greater than the possible introduction of any error through assignment.   It was not found to be possible to check internal inconsistencies on the basis of a financial balance sheet by relating income, expenditure, assets and debts.   The response rate in this survey is therefore most satisfactory.

That the response rate was as high as 96 per cent shows that the people in general were very co-operative in giving the information required.   The survey experience shows that certain types of families showed a high refusal rate than the others. Especially, divorced women, unmarried women with children, unattached individuals had a higher refusal rate than those with high incomes.

V. TABULATION AND PROCESSING

The filled in forms were checked for internal inconsistencies. It was decided to reinvestigate only six households in Colombo for correcting such inconsistencies. As the cost of reinvestigation is high the number of cases reinvestigated was limited to this number. As mentioned earlier inconsistencies were not checked through a financial balance sheet but through details relating to income and consumption. The usable forms were then coded. There was some amount of coding done by the investigators themselves. Additional codes such as those for employment and income groups were entered in each schedule. In the classifications of occupations two codes were employed. One code referred to the industrial classification of occupations recommended by the United Nations while the other code was the occupational classification by type of work.

Most coding, however, was done at the headquarters. The tabulation of the information collected was done at the Department of Census & Statistics. The tabulation programme did not proceed as expected as the machines that were mainly built to carry out the work of a census was not equipped to do this type of work which involved many cross tabulations of income and expenditures and various other cross tabulations of three-way classifications. This resulted in the adoption of hand tabulation of income and expenditure due to the lack of suitable other machines to process this type of data in Ceylon. Hand tabulation is slow and has to be carried out with utmost care so that no errors enter into the results. The Central Bank had to resort to this process in order to obtain the results quickly so as to increase the timeliness of the data. However, a combination of hand tabulation and machine tabulation enabled the Central Bank to put out an interim report in October, 1963.

Several detailed tables such as occupation and industry of the individual classified by sex, age and education could not be obtained because the machines of the department of Census & Statistics could not handle such a volume of work. It was the intention earlier to obtain several cross classifications with income but this was not practicable as some of the tabulations had to be done by hand.

VI. SAMPLING AND NON-SAMPLING ERRORS

In any survey there are many types of errors due to sampling techniques used, the availability of an adequate and sufficient sampling frame, the method of conducting the survey, the degree of response from the respondents and the ability of the respondents to answer questions intelligently. The error due to the sampling method used is measured by the sampling error, while those due to non-sampling are not easily measurable.

The non-sampling error in a country like Ceylon can be large and may often be a more serious problem than the sampling error. These can be of two major types; (1) errors of observation, and (2) errors of non-observation. Errors of observation may be due to bias creeping in due to faulty investigation, response errors and errors due to processing of data. The use of a long reference period for collecting information may also vitiate certain results especially in respect of food and other consumer expenditure. The schedules used in the survey may not have

been the most appropriate forms for collecting information though it must be pointed out that the entire questionnaire was tested before it was finally adopted. The pretesting of the schedule was confined only to a certain part of Ceylon. There were instances, especially in rural areas, where the questionnaire could not take adequate account of the households investigated and replies to such questions could not be very thorough. These being few could be ignored and perhaps these can be cancelled against certain other types of errors of observation in the sample. Also in the rural areas that the villager in several instances was not aware of the importance of the survey and was unable to grasp the concepts or meanings of certain terms used in the survey. In such instances the investigator did not make serious attempts to explain these terms to the respondent concerned and the answers given by the respondents may be biased.

The survey results can be influenced to a large extent by interviewer bias. Interviewer bias can result from many factors.

The sample survey was conducted by temporary investigators who were trained. However the benefit derived from training varied according to the educational background and experience in this type of field work. Thus the variance between interviewers would influence the manner and mode of interviewing and collection of data. Some investigators considered themselves " superior " to the rural peasants who formed the bulk of the respondents in rural areas. This feeling of superiority made them put leading questions to the informants and the answers to such leading questions may have a certain degree of bias.

All the investigators were paid on a " per household basis." This kind of payment reduced costs considerably. In remote rural areas where it was not so easy to keep a close check on the work of the investigators it is probable that some investigators paid only the first and last visit to the households rather than the minimum of three visits that was required. This procedure may not have biased the results very much in the case of households that were able to keep records of daily expenses. But households that could not keep such records had to recall from memory their expenses on the last day. The accuracy of the results would therefore depend on the degree of recall lapse on the part of respondents in these cases.

There were certain questions that the interviewer may not have actually put to the respondent. There was a tendency on the part of some investigators either to assume the answer or even omit the question. It was found that a few investigators had omitted a question. One such question was whether a particular income receiver contributed a part of his income to meet major items of expenditure necessary for the upkeep of a certain family or household. The answer to this question determined whether this income receiver belonged to a separate spending unit. Another question that was not properly put to the respondent was the one relating to the literacy that was acquired without attending any school. The accuracy of answers to the literacy question may be even exaggerated. It is however important to point out at this stage that there was some interviewer resistance to finding out whether a person who has not been to any school was literate or not. Some investigators thus assumed that anybody who had no schooling was illiterate. There are various grades of literacy and therefore it is difficult to adopt any objective test in determining the literacy of an individual. There was no proper definition of literacy

and no " literacy test " was put to the respondents to find out their standards. This was especially avoided as householders would consider it irksome to answer such questions and therefore would resist giving answers to other questions as well. The investigators, however, were required to put probing questions to determine the accuracy of answers to literacy questions. It is doubtful that investigators who were hired to work on the survey on a part time basis spent much time with the householders on such questions as literacy. They would have merely recorded what the informants had to say.

The educational level depended on the highest examination passed by the informant. The interviewer in obtaining information on this had to have clear instructions and cross check the information. Certain investigators may not have resorted to probing questions to determine the level of education attained—especially between primary and secondary education levels—and to determine the technical nature of the education received by the informants.

In the case of age additional questioning tend to alter the replies of females and older people. It is likely that some investigators did not put any additional questions to determine the exact age. There were certain schedules that had no entries relating to age.

The informants were required to state their main occupation in the household schedule as well as in the income receiver schedule. The main occupation was determined by the regularity of employment. The main occupation reported in the general household schedule should be the same as that reported in the income receiver schedule. There were many instances where this was not so and the schedules had to be carefully edited. When similar occupations were reported as main and subsidiary occupations and the incomes derived from them were nearly the same it was difficult to edit the schedules for wrong entries. In such cases the main occupations may differ in the two schedules. It is also likely that the occupation over the 2-month period differed from his occupation prior to this period. Thus a person may have worked four months in one occupation prior to the survey and at the time of the survey he was in some other occupation. In such instances the respondents may have reported in the household schedule the occupation in which he was occupied for four months and in the income schedule he would have reported his occupation during the last two months. This difficulty was encountered mostly in plantation areas of rubber and coconut.

Data on the number of days worked cannot be given a high degree of reliability except in the case of people who were permanently and regularly employed. The rural folks were unable to give an account of the number of days worked except on a rough basis. Similarly the information on the number of months worked during the 12 months immediately preceding the survey has a low degree of reliability. Some people worked for 2 days of a month while others worked for 20 days. Both reported that they were employed during the month. The vagueness of the replies given to this question vitiates the usefulness of these data. As such no attempt has been made to analyse except in a broad way the information on the number of months worked.

Income data are normally underestimated. It is however difficult to gauge the amount of underestimation because of the absence of independant estimates

on income and income distribution. The survey was carried out in March and in early April. This period coincided with the paddy harvesting season and with the period which income tax returns are being filled. This enabled the farmers to remember their earnings easily and facilitated the income tax payers to consult their records before completion of the income questionnaire. One schedule on income was filled for each income receiver and the grouping of income returns into spending units was done by office staff. This method of enumeration would have increased the accuracy of results. The enumerators, however, came up with difficulties regarding the interpretation of concepts relating to income in kind. The imputation of a value for services rendered without any money payment was particularly difficult. The definition of income used for income tax purposes differed from that used in the survey. It is therefore likely that some respondent reported income data after deducting repairs to houses, interest on loans paid out of current income and the like. This would result in underestimation of incomes. Since expenditures on repairs to houses, etc., are entered on expenditure side the estimate of expenditure would thus be overstated.

Since the information required was on items actually consumed during the survey week, one week may be regarded as the minimum period from which a representative average for a particular month may be worked out. In this survey, however, two months data have been estimated from weekly expenditures. The variations in expenditure between months of the year have not been studied and therefore it is difficult to make any statement about the degree of bias that may result by following such a procedure. Furthermore, the week of survey was not the same all over Ceylon. The survey was carried out in March and during the first week of April. This period is generally a normal period without any festivities intervening to break up its normal character. However, any month has four poya days when the expenditure among certain Buddhist households is higher than in other days due to alms-giving and other religious activities. The blown up estimates for two months may therefore be more than the actual household consumption particularly among some of the Buddhist households. It is however difficult to assess the degree of reliability of these data as independant estimates from other sources covering the whole population and obtained by a different method are not available to make any comparisons. Much emphasis was given in the editing procedure to the internal inconsistencies through balance between receipts and expenditures. Wherever a discrepancy of more than 10 per cent occurred the data relating to dissaving and debts were examined. The schedules that appeared reasonable were thus accepted. This method of accepting schedules outside the ' allowable ' balancing difference of 10 per cent if the schedules showed a compensatory dissaving and/or debts may lead to some sort of error, because of the fact that section on assets and debts may have not been properly filled in. Spending units in most cases were not willing to supply complete data on assets and indebtedness.

It is likely that some members of spending units did not give an accurate account of their expenditures. This is especially true of teenagers who consumed liquor, tobacco and spent on entertainment. Such members of the family were not willing to divulge the amount of expenditure incurred on such items in the presence of the elders of the family because of the prevalent social customs.

Some informants, particularly the very poor class, thought that they would receive some kind of benefit from the Government on the findings of the survey. Their hopes increased when they were offered Rs. 2/- for giving the required inform- ation. Such respondents may have shown that they are poorer than they were and even overestimated their food expenditures and indebtedness.

Generally the poorer classes were very co-operative. Some did not consider it proper for these investigators to pry into their private affairs. In certain rural areas the houses were in a cluster and when one family was being interviewed most of the neighbours gathered round the investigator either to listen to what the inform- ant had to say or to tell the investigator their own tale of woe. These villagers who did not fall to the sample biased the answers given by the informant. Some- times the informants were unwilling to give any information on savings and indebted- ness as long as their neighbours were listening to their replies.

Errors arising from coding and processing are not likely to be large. A check was undertaken for any errors due to coding and processing and it was found that 68 income receiver forms out 7,781 had income codes entered incorrectly. These were subsequently corrected and retabulated. There were also processing errors mainly in the income receiver cards. The Central Bank had to tabulate these by hand once again as the machines of the Department of Census & Statistics were not " built " to undertake a job of this kind. Hand tabulation may also give rise to a certain amount of error. All data tabulated by hand were checked twice and if any errors have arisen even after that the percentage of error ought to be small.

In the case of food and non-food items of expenditures data for the whole island were first tabulated by the machines and then data for zones and sectors were obtained. In a few items the all island expenditure differed from that obtained by adding up the sectors or zones. Here too the machine tabulations were checked as far as possible. Thus there was an attempt to correct most processing errors with regard to food and non-food items.

General information such as age and sex were not rechecked as the macnines of the Department of Census & Statistics are specially built to tabulate this type of information. Any processing errors relating to these would then be as a result of punching. The Department of Census & Statistics carried out 100% verification and as such it is unlikely that errors in these cards are large.

The sampling frame used in the survey was the list of households available for the distribution of rice ration books under the scheme of rationing of rice adopted in Ceylon. This list is brought up to date once a year by the village headmen. But this list cannot be regarded as an up to date one because the last revision was done about an year ago before it was used as a sampling frame. There was no better sampling frame available at that time. The list of households that was prepared for census purposes was not available at that time. The only other avail- able list of households is the electoral register but this is not a complete list because non-citizens are not included in such a list. No list of households can be most up to date unless it is revised almost every month.

SECTION B—THE RESULTS
I THE POPULATION

Household Size

There were altogether 28,668 persons in the 4,984 sampled households in respect of which the collected data were processed. The mean size of a household was thus 5·75 persons. The estimate of the median size was 5·10 persons. These two forms of the average size of a household calculated for sectors and zones are given below :—

TABLE 3

Average Household Size—By Sectors and Zones

Sector/Zone	Arithmetic mean	Median
Urban	5 ·97	5 ·15
Rural	5 ·70	5 ·06
Estate	5 ·80	5 ·20
Zone 1	5 ·70	5 ·02
Zone 2	5 ·58	4 ·90
Zone 3	5 ·47	4 ·86
Zone 4	5 ·92	5 ·30
All Island	5 ·75	5 ·10

It is seen that the mean household size in the urban sector is larger than that in either the rural sector or the estate sector. The mean household size was smallest in the rural sector. However, when we consider the median as an estimate of the average household size the estate and urban sectors change their relative positions in respect of the size of the average. It is also evident that the median in all the sectors and zones is smaller than the mean. The household, according to the definition adopted in this survey, included resident servants and boarders, provided the number of boarders did not exceed three. The large family size in the urban sector, therefore, could be due to the fact that many urban households included servants and boarders as well as married children who shared the same house. The sample distribution of households by the household size is given in the table shown below.

TABLE 4

Distribution of Households by Size of Household
By Sectors and Zones .

Size of House-hold No. of Persons	Number of Households							
	Urban	Rural	Estate	Zone 1	Zone 2	Zone 3	Zone 4	All Island
1 ..	29	155	12	77	23	20	76	196
2 ..	55	256	34	109	51	52	133	345
3 ..	77	365	48	191	50	64	185	490
4 ..	99	506	91	253	80	70	293	696
5 ..	109	520	71	251	78	80	291	700
6 ..	97	523	82	276	73	84	269	702
7 ..	76	488	80	205	59	54	326	644
8 ..	76	321	57	147	51	62	194	454
9 ..	56	218	30	95	31	33	145	304
10 ..	45	159	23	84	28	16	99	227
11—14 ..	46	155	14	80	23	13	99	215
15—19 ..	3	5	3	4	1	1	5	11
20 & Over ..	—	—	—	—	—	—	—	—
Total ..	768	3671	545	1772	548	549	2115	4984

It is clear that the proportion of one person households is the lowest in the estate sector being only 2 per cent of the total number of households in that sector. The mode, that is the group that has the highest number of households, is at 5 persons in the urban sector while it is at 6 persons in the rural sector. It is interesting to note that about half the households in the urban sector are above the modal level.

The average size of household is compared below with average number of income receivers, spending units and dependants per household.

TABLE 5

Average Size of Household, Number of Income Receivers, Spending
Units and Dependants per Household—By Sectors and Zones

Average	Urban	Rural	Estate	Zone 1	Zone 2	Zone 3	Zone 4	All Island
Average size of household ..	5·97	5·70	5·80	5·70	5·58	5·47	5·92	5·75
Average No. of Income Receivers per household ..	1·50	1·39	2·80	1·52	1·28	1·30	1·73	1·56
Avg. No. of S. Units per household ..	1·21	1·07	1·02	1·11	1·05	1·07	1·07	1·08
Avg. No. of dependants per household ..	4·47	4·31	3·00	4·18	4·30	4·17	4·19	4·19

The average number of income receivers was highest in the estate sector which also reported the lowest number of dependants. On the average there were 1·56 income receivers per household of 5·75 persons. This would mean that an average household had 4·19 dependants. The number of spending units per household was highest in the urban sector. Since the largest number of income receivers and the smallest number of spending units per household are in the estate sector it is obvious that pooling of incomes to meet major items of expenditure is practiced most in this sector.

The distribution of households, persons, spending units and income receivers is shown below :—

TABLE 6

Distribution of Households, Persons, Spending Units and Income Receivers by Size of Household—All Island

Size of House-hold Persons	Household		Persons		Spending Units		Income Receivers			
	No.	%	No.	%	No.	Avg. Per H'hold	No.	Avg. Per H'hold	Avg. Per Person	Avg. Per S.Unit
1 ..	196	3·93	196	0·68	196	1·00	196	1·00	1·00	1·00
2 ..	345	6·92	690	2·41	357	1·03	416	1·20	0·60	1·16
3 ..	490	9·83	1470	5·13	520	1·06	660	1·34	0·45	1·26
4 ..	696	13·97	2784	9·71	727	1·04	1001	1·43	0·35	1·37
5 ..	700	14·05	3500	12·21	765	1·09	1033	1·47	0·29	1·35
6 ..	702	14·08	4212	14·69	745	1·06	1089	1·55	0·26	1·46
7 ..	644	12·92	4508	15·73	703	1·09	1054	1·63	0·23	1·49
8 ..	454	9·11	3632	12·67	493	1·08	813	1·79	0·22	1·64
9 ..	304	6·10	2736	9·54	338	1·11	550	1·80	0·20	1·62
10 ..	227	4·56	2270	7·92	270	1·18	469	2·06	0·20	1·73
11–14..	215	4·31	2483	8·66	270	1·25	456	2·12	0·18	1·68
Over 15 ..	11	0·22	187	0·65	15	1·36	44	4·00	0·23	2·93
Total/ Avg. ..	4984	100·00	28668	100·00	5399	1·08	7781	1·56	0·27	1·44

This table shows that households with more than 8 persons was 15·3 per cent and they had 26·8 per cent of the people. Six-member households, which is the modal group for Ceylon, had 14·69 per cent of the people, 1·06 spending units per household and 1·55 income receivers per household. This same group had 26 income receivers to every 100 persons and 1·46 income receivers to every spending unit. As household size increases the average number of income receivers per person falls. Thus 2-member household had 60 income receivers per 100 persons and the 10-member households had 20 income receivers for every 100 persons. The number of income receivers per spending unit, however, tends to increase with household size. This increase is most marked in the estate sector as evidenced by the following table :—

TABLE 7

Distribution of Households, Spending Units and Income Receivers by Size of Household —By Sectors

Size of House-hold No. of Persons	Urban			Rural			Estate		
	Per-cent of H'hold	Avg. per H'hold Spend-ing Units	Income Re-ceiver	Per-cent of H'hold	Avg. per H'hold Spend-ing Units	Income Re-ceiver	Per-cent of H'hold	Avg. per H'hold Spend-ing Units	Income Re-ceiver
1 person ..	3 ·78	1 ·00	1 ·00	4 ·22	1 ·00	1 ·00	2 ·20	1 ·00	1 ·00
2 persons ..	7 ·16	1 ·09	1 ·25	6 ·97	1 ·03	1 ·12	6 ·21	1 ·00	1 ·79
3 to 4 ..	22 ·92	1 ·20	1 ·36	23 ·72	1 ·03	1 ·31	25 ·51	1 ·03	2 ·05
5 to 6 ..	26 ·82	1 ·21	1 ·47	28 ·42	1 ·06	1 ·34	28 ·07	1 ·01	2 ·75
7 to 8	19 ·80	1 ·22	1 ·68	22 ·04	1 ·08	1 ·43	25 ·14	1 ·01	3 ·30
9 to 10 ..	13 ·14	1 ·24	1 ·71	10 ·27	1 ·14	1 ·69	9 ·72	1 ·04	3 ·92
11 to 14 ..	5 ·99	1 ·44	1 ·67	4 ·2?	1 ·23	1 ·94	2 ·57	1 ·00	5 ·57
15 to 19 ..	0 ·39	1 ·33	2 ·33	0 ·14	1 ·60	5 ·20	0 ·5?	1 ·00	3 ·67
Over 20 ..	—	—	—	—	—	—	—	—	—
Total	100 ·00	1 ·21	1 ·50	100 ·00	1 ·07	1 ·39	100 ·0?	1 ·02	2 ·80

Sex and Age

The sex distribution of population showed that for every 100 females there were 103 males. In other words, 50·7 per cent of the population were males. The sex ratio in sectors followed a similar pattern as that for the island. In the case of zones, however, it was seen that there were more females than males in zones 1 and 3 where the ratio was 100 males to 100·2 females and 101·5 females respectively. The population classified by sex and age is shown in Part II of the report. Table 8 gives the percentage of males in major age groups. It is seen that the proportion of males in age groups 0—55 is around 50 per cent while in the age group above 55 it is 57·8 per cent for all island. In the estate sector nearly two-thirds of the persons above 55 years are males. Males outnumber females in this age group by an appreciable margin in all the sectors and zones. It is likely that the females particularly in this age group understated their ages.

The relatively young nature of the population is brought out by table 9 and the Charts 1a and 1b showing the population pyramids. In fact 52 per cent of the people are below 19 years of age and nearly 40 per cent are below 14 years. The proportion of children in school going age (i.e. 5 to 14 years) amounted to 27·1 per cent for all island. In the zones the lowest observed proportion of children in school going age was in zone 1 with 24·5 per cent and the highest was in zone 2 with 30·5 per cent. The proportion of people between 14 and 55 years was 52 per cent for the island. It is from this age group that the potential labour supply is drawn. Table 9 shows percentage of population in major age groups. Of the potential labour force 50 per cent are females.

POPULATION PYRAMIDS FOR ZONES

ZONE 1

FEMALE   MALE

FEMALE	MALE	Age Group
7·6	8·6	46 — 55
10·8	10·4	36 — 45
13·2	11·8	26 — 35
12·1	11·5	19 — 25
11·8	11·8	14 — 18
36·1	35·5	0 — 13

ZONE 2

FEMALE   MALE

FEMALE	MALE
3·8	7·8
9·5	9·2
13·1	12·1
10·3	7·6
11·5	9·6
46·8	45·9

ZONE 3

FEMALE   MALE

FEMALE	MALE	Age Group
5·9	8·9	46 — 55
11·0	10·9	36 — 45
12·7	9·3	26 — 35
10·6	9·6	19 — 25
12·1	10·5	14 — 18
40·7	42·1	0 — 13

ZONE 4

FEMALE   MALE

FEMALE	MALE
5·8	7·8
9·6	9·7
13·7	11·2
11·4	10·3
11·3	11·8
43·2	42·3

N.B. Numbers within the blocks indicate the percentage population by age and sex.

POPULATION PYRAMIDS FOR SECTORS & ALL CEYLON

URBAN

FEMALE   MALE

FEMALE	MALE	Age Group
7·8	9·8	46 — 55
11·6	10·6	36 — 45
12·0	10·6	26 — 35
11·8	11·6	19 — 25
13·5	12·8	14 — 18
37·8	36·1	0 — 13

RURAL

FEMALE	MALE
6·0	7·8
9·8	9·8
13·8	11·4
10·8	9·7
11·0	11·2
41·4	41·2

ESTATE

FEMALE   MALE

FEMALE	MALE	Age Group
5·6	9·0	46 — 55
10·8	10·6	36 — 45
13·2	11·4	26 — 35
15·3	13·2	19 — 25
12·5	11·1	14 — 18
40·3	39·8	0 — 13

ALL CEYLON

FEMALE	MALE
6·4	8·2
10·2	10·0
13·4	11·4
11·5	10·4
11·6	11·4
40·9	40·3

N.B. Numbers within the blocks indicate the percentage population by age and sex.

TABLE 8

Sex Ratio—Percentage of Males—By Sectors and Zones

Sector/Zone	Age in years			
	0—13	14—18	19—55	Over 55
Urban	48 ·9	48 ·5	49 ·5	58 ·0
Rural	50 ·6	51 ·1	50 ·0	57 ·3
Estate	50 ·7	48 ·3	51 ·0	66 ·4
Zone 1	49 ·6	50 ·0	49 ·2	55 ·1
Zone 2	50 ·2	46 ·1	50 ·6	61 ·7
Zone 3	50 ·5	46 ·2	48 ·7	54 ·9
Zone 4	50 ·9	52 ·4	50 ·4	61 ·4
All Island	50 ·4	50 ·3	49 ·8	57 ·8

TABLE 9

Percentage Distribution of Population by Age Group
By Sectors and Zones

Sector/Zone	0—13	14—18	19—25	26—35	36—45	46—55	Over 55
Urban	37 ·0	13 ·2	11 ·6	11 ·3	11 ·1	8 ·9	6 ·8
Rural	41 ·4	11 ·1	10 ·3	12 ·6	9 ·8	6 ·9	7 ·9
Estate	40 ·1	11 ·8	14 ·3	12 ·3	10 ·6	7 ·5	3 ·5
Zone 1	35 ·8	11 ·8	11 ·8	12 ·5	10 ·6	8 ·1	9 ·3
Zone 2	46 ·4	10 ·6	8 ·9	12 ·6	9 ·4	5 ·8	6 ·3
Zone 3	41 ·4	11 ·3	10 ·1	11 ·0	11 ·0	7 ·4	7 ·8
Zone 4	42 ·7	11 ·5	10 ·9	12 ·5	9 ·7	6 ·9	5 ·7
All Island	40 ·5	11 ·5	10 ·9	12 ·4	10 ·1	7 ·3	7 ·2

EDUCATION

The sample distribution of persons by educational standards is given in Part II of the Report. The figures are also classified by sectors and zones.

The number of persons who had had no schooling formed 36·6 per cent of the total sampled population. This ratio, when estimated for different sectors, varies from 26·5 for urban sector to 57·1 for estate sector. The percentage of persons who had no schooling was 35·7 in the rural sector. On a zonal basis no schooling was most marked in zone 2 and zone 4. Zone 4 has a large estate population and this fact accounts for the high percentage of persons without any schooling. Those people above the age of 5 years and who have gained literacy without attending any school have been included here.

The sectoral differences in educational status of the people suggest the availability of educational opportunities in different sectors as well as the interest shown in the attainment of a certain standard of education. In the urban sector nearly two-third of its population had an education below the secondary level. The corresponding percentages for rural and estate sectors were 76 and 91·8 per cent respectively. The proportion of persons who had an education above the secondary

level was 9·6 per cent in the urban sector and 4·0 per cent and 1·1 per cent in rural and estate sectors. Zone 2 had the highest proportion of people with an educational standard below the primary level.

Comparisons of this nature can give only a general idea about the position of one educational category against another. Hence, it is desirable to have an index which will be a measure of the educational standard attained by a domain or educational category. An index, to be called 'Index of Education Attained' is proposed for this purpose. Values are attached to educational standards on the assumption that higher the educational standard higher its value is. Then a weighted average is computed. The value of the index is affected by the set of values and therefore the selection of the set of values has to be given careful consideration.

The set of values selected for the data presented here is based on the minimum number of years necessary to attain a certain educational standard. For instance, the values given to no schooling (illiterate) and no schooling (literate) are zero and one respectively. In the case of primary education it is assumed that schooling starts at 5 and finishes at 11. Hence the average number of years spent by a person who had primary education is regarded as three years.

The values assigned to each educational standard attained and the method of computing the index of education is illustrated below :—

TABLE 10

Index of Education attained—Urban Sector

Education	No. of Persons (2)	Value assigned to each standard (3)	Educational value (2) × (3)
No Schooling (Illiterate) excluding those under five years	494	0	0
No schooling (literate)	183	1	183
Primary	1690	3	5070
Secondary	1244	8·5	10574
Passed G.C.E./S.S.C.	309	11	3399
Higher	104	14	1456
Technical	14	13	182
Unspecified	13	0	0
Total	4051		20864

The table is self-explanatory and the index for the urban sector is given by $\frac{20864}{4051}$ (=5·15).

The index has been calculated for the zones and sectors and the results are as follows :—

TABLE 11

Index of Education attained—Sectors and Zones

Sector/Zone	Index of Education attained
Urban	5 ·15
Rural	3 ·94
Estate	2 ·09
Zone 1	4 ·62
Zone 2	3 ·47
Zone 3	4 ·15
Zone 4	3 ·43
All Island	3 ·94

It should be remembered that this index indicates by sectors and zones the average number of years spent on schooling :—

The ' education index ' for the urban sector is the highest and that for the estate sector is the lowest, in the above table. Zone 1, which comprises most of the South West areas of Ceylon, has the highest index and zone 2 which takes in the South Eastern areas, the lowest.

The widespread diffusion of education, as well as the rising level of education is seen in the data of 1953 and 1963 in table 12 below :—

TABLE 12

Percentage Distribution of Population by Education—1953 and 1963

Education	Estate Sector		Non-Estate Sec.		All Island	
	1953	1963	1953	1963	1953	1963
No Schooling ..	61 ·2	57 ·1	38 ·5	34 ·0	41 ·6	36 ·6
Primary	35 ·8	34 ·9	48 ·5	39 ·8	46 ·8	39 ·3
Secondary	2 ·8	7 ·2	10 ·9	21 ·2	9 ·8	19 ·6
Passed GCE/SSC ..	0 ·2	0 ·6	1 ·1	3 ·8	0 ·9	3 ·4
Higher and Technical	—	0 ·2	1 ·0	1 ·2	0 ·9	1 ·1
Total	100 ·0	100 ·0	100 ·0	100 ·0	100 ·0	100 ·0

It can be seen that the proportion of people below secondary level has been reduced from 88·6 per cent in 1953 to 75·9 per cent in 1963 for the island : the corresponding reduction in the non-estate sector was from 87·2 per cent in 1953 to 73·8 per cent in 1963 while in the estate sector the proportions were 97·1 and 91·8. The largest gain was among the category of G.C.E./S.S.C. educated persons who increased their importance in the population three-fold in the estate sector, and nearly three and a half times in the non-estate sector. There was a large rise in other categories of higher education as well. Thus the proportion with an educational standard above the secondary level increased two and half times for the island as a whole.

Illiteracy

Illiteracy was defined to constitute all persons who were unable to read or write a language. There was no test of illiteracy as such and the replies given by the respondents were taken as true statements. All those children under five years of age were considered to be illiterate. There were certain people who had left school after about two or three years in the primary class—an education which they had received about 10 or 15 years ago. It is unlikely that some of these people were still literate though they considered themselves to be so. The children in the first and second year of the primary classes may also be considered as illiterate. It is however difficult to separate these categories and therefore it has been decided to show literacy by age groups.

Illiteracy by age groups is shown in the table given below :—

TABLE 13
Illiteracy by Age-Percentage—All Island

Age Group Years	Illiteracy (Per cent of People)
5– 9	22 ·6
10–13	9 ·4
14–18	9 ·4
19–25	12 ·8
26–35	21 ·9
36–45	28 ·1
46–55	30 ·9
Over 55	41 ·1

The rate of illiteracy for the island, leaving out the children under 5 years of age, was 17·8 per cent. Illiteracy rates by sectors and zones for persons over 5 years and 9 years are given below :—

TABLE 14
Per cent of Illiteracy by Sectors and Zones

Sector/Zone	Over 5 years	Over 9 years
Urban	10 ·8	8 ·8
Rural	16 ·9	13 ·6
Estate	34 ·3	27 ·7
Zone 1	13 ·5	11 ·1
Zone 2	19 ·8	15 ·3
Zone 3	15 ·1	11 ·7
Zone 4	21 ·4	17 ·3
All Island	17 ·8	14 ·4

Sex and Education

Table 15 gives the proportion of women to the total number of persons in each educational category. One noteworthy feature of this table is that the range of variation in the educational pattern of the females in the lower educational groups is small between urban and rural sectors. There was a larger percentage of females

with an educational standard higher than the G.C.E. or S.S.C. in the rural areas than in the urban areas. In the estate sector only three in the sample had pursued higher education and of those three one was a female who had received the higher education in Sinhala. In the case of technical education too sampling variation may have affected the pattern of distribution between the sectors. The urban sector for instance had two females with a technical education out of a total of 14 persons in the sample. The corresponding figures for the rural sector was 3 females out of 15 females. The position relating to higher education may have been little influenced by sampling variation when the estate sector is left out of the comparisons. It is also likely that the males who received higher and technical education migrated to the urban sector thereby depressing the ratio of females to total population in the urban sector and increasing it in rural and estate sectors.

TABLE 15

Educational Status of Women—Percentage of total—By Sectors

Education	Urban	Rural	Estate	All Island
No Schooling (illiterate)	58 ·85	59 ·62	64 ·15	60 ·30
No Schooling (literate)	53 ·01	48 ·94	39 ·00	47 ·58
Primary	49 ·17	44 ·40	35 ·12	44 ·21
Secondary	47 ·51	43 ·69	23 ·66	43 ·73
Passed G.C.E./S.S.C.	45 ·31	47 ·85	50 ·00	47 ·06
Higher	28 ·85	41 ·88	33 ·33	36 ·70
Technical	14 ·29	20 ·00	—	17 ·24
Total	50 ·26	49 ·21	48 ·89	49 ·34

Education and Community

Education by main community groups is shown in Part II of the report. Table 16 indicates that the Burgher community (included among ' others ') had the highest proportion of persons whose education went beyond the primary level. All other communities had less than 50 per cent of their number with an educational standard above the primary level.

The table given below compares the educational levels attained by different communities between 1953 and 1963.

TABLE 16

Education Classified by Community—1953 and 1963—All Island

Community	No Schooling 1953	No Schooling 1963	Primary 1953	Primary 1963	Secondary 1953	Secondary 1963	Passed G.C.E./S.S.C 1953	Passed G.C.E./S.S.C 1963	Higher 1953	Higher 1963
Kandyan Sinhalese	46 ·5	38 ·4	43 ·0	41 ·7	8 ·7	16 ·9	1 ·1	2 ·3	0 ·7	0 ·7
Low Country Sinhalese	34 ·3	30 ·0	50 ·8	39 ·3	12 ·8	24 ·5	1 ·2	4 ·3	0 ·8	1 ·3
Ceylon Tamil	38 ·3	36 ·0	50 ·8	38 ·9	8 ·3	18 ·4	0 ·8	4 ·2	1 ·8	2 ·2
Indian Tamil	60 ·5	60 ·7	35 ·9	31 ·8	3 ·6	6 ·6	—	0 ·6	—	0 ·1
Moors and Malays	49 ·8	42 ·2	43 ·1	39 ·1	5 ·5	15 ·3	0 ·3	2 ·8	1 ·3	0 ·4
Others	24 ·5	19 ·5	57 ·1	20 ·3	14 ·3	37 ·7	2 ·0	15 ·9	2 ·0	4 ·4
Total	41 ·6	36 ·6	46 ·8	39 ·2	9 ·8	19 ·6	0 ·9	3 ·4	0 ·9	1 ·1

It is evident that all communities had made substantial progress in education during this period. The proportion that received secondary education and above had doubled. The largest gain was reported by people in 'other' communities. Appreciable gains were also reported by all other communities. The differences in educational standards achieved by community groups is best brought out by the index of education shown below which indicates broadly the relative positions of the different communities based on the number of years of schooling.

TABLE 17

Index of Education 1963—By Community Groups

Communities	Index of Education attained All Island
Kandyan Sinhalese	3·07
Low-country Sinhalese	4·00
Ceylon Tamils	3·56
Indian Tamils	1·68
Moors	2·80
Malays	4·62
Burghers	6·83

It can be seen that the Burghers had put in the most number of years in education. An average Burgher had put in 6·8 years while a Low-country Sinhalese had put in 4 years. It should be remembered that in computing this index children under 5 years have been included. This limitation should be kept in mind in interpreting the results.

Medium of Instruction

The table given below shows that 72·5 per cent of those who have received an education had been educated in the Sinhala medium, 21·2 per cent in the Tamil medium and 6·2 per cent in the English medium. In the case of those with only a primary education Sinhalese was the medium of instruction for 73·3 per cent, Tamil for 25·1 per cent and English for only 1·5 per cent. The Tables in part II of the report show the percentages in each educational category and classified according to the medium of instruction through which this education has been received. English was the medium of instruction for 9·9 per cent of those with secondary education. This percentage of people educated in the English medium rises sharply till it reaches a peak at 62·1 per cent for the technically educated. The percentage in the Sinhala medium declined sharply from 74·7 per cent at the secondary level to 20·7 per cent at the technical level. The rise in percentage of people in the Tamil medium from 13·0 per cent at G.C.E. level to 16·5 per cent at the higher educational level is noteworthy. Of the total number of persons in all categories of instructions received females formed 40 per cent of the English educated, 45 per cent of the Sinhala educated and 41 per cent of the Tamil educated.

TABLE 17(a)

Percentage of Sampled Population (School Education) by Medium of Instruction—All Island

School Education	English			Sinhalese			Tamil			Unspecified			Total		
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
Primary ..	1·35	1·77	1·54	72·77	73·99	73·31	25·85	24·24	25·14	0·03	—	0·01	55·79	44·21	100·00
Secondary ..	9·79	10·08	9·92	73·78	75·89	74·70	16·18	13·70	15·09	0·25	0·33	0·29	56·27	43·73	100·00
Passed G.C.E./S.S.C. ..	37·22	20·48	29·35	49·50	66·59	57·55	13·08	12·93	13·00	0·20	—	0·10	52·94	47·06	100·00
Higher ..	41·42	24·49	35·21	40·24	61·22	47·94	18·34	13·27	16·48	—	1·02	0·37	63·30	36·70	100·00
Technical ..	66·67	40·00	62·07	20·83	20·00	20·69	12·50	40·00	17·24	—	—	—	82·76	17·24	100·00
Total ..	6·59	5·68	6·19	71·26	73·98	72·46	22·04	20·23	21·24	0·11	0·11	0·11	55·94	44·06	100·00

INDUSTRY

The Industrial Classification given in this report is a modification of the ' International Standard Industrial Classification of All Economic Activities ' prepared by the Statistical Office of the United Nations. The modified classification used in this report is intended to assist the study of demand by different industries, on the labour force. Data collected under 41 different industrial activities are presented in Part II of the report. The classification by 41 divisions is summarized into one of 20 divisions, and the latter is used for the study presented below.

In studying the data under the industrial classifications one should bear in mind that in each industrial activity there can be administrators, technicians, clerks, workers and any other type of employees. For instance, an estate superintendent, an estate clerk and an estate worker will be grouped under the activity, agriculture, forestry, etc.

The category ' Government Services' needs some explanation. The employees in Government or Local Government institutions engaged in maintaining law and order were included in this category. Other government servants employed in activities such as transport, communication, health, education, production, marketing, banking have been included under appropriate industrial activities.

Of the total persons employed (excluding the unpaid family workers) 52·7 per cent is in the group ' agriculture, forestry and hunting.' All the other industries thus employ less than 50 per cent. The second largest industry is seen to be the wholesale and retail trade with 7·9 per cent of the employed. The demands on the labour force by the three industries, community services, personal and recreation services, and transport and communication are almost equal. Each of these industries employs about 4·5 per cent of the total employed and the government service (defined above) employs 2·3 per cent.

Industry by Age

The Tables in Part II of the report give the labour demand on different age groups by industries . The patterns of distribution of percentages under the different age groups leaving out those under 19 are similar. That is to say that the percentages shown against an industry under the age group 19—25 and onwards are similar. It is also seen that the industries such as manufacture of tobacco, textiles and foot-

wear, personal and recreation services employ a comparatively large proportion of the employed persons of the age group 14 to 18 years.

It is also seen that 12 per cent of the employed were over 56 years of age and that a small percentage (0·53) were under 14 years. The latter were employed mostly as domestic servants and restaurant labourers.

Industry by Education

Among the illiterate employed persons 70·3 per cent were in agriculture and 5·8 per cent were in personal and recreation services. (See Table 19). A large number of illiterate persons did not give any adequate description of their employment. This was mostly so with casual labourers. It is seen that 18·2 per cent of the people who have passed the G.C.E. or S.S.C. and were employed were in Government Services. (Government employees in transport and communication, health services and education services have not been included in the category of Government Service). It is also seen that 37·7 per cent of those who have passed G.C.E./S.S.C. and 69·6 per cent of those who had a higher education were employed in community services which included those employed in educational, health, library and similar services.

Table 20 gives the percentages of the employed in each industry. Of those employed in agriculture, forestry, etc., 84·9 per cent have had either primary education or had no schooling at all. In the same category those who had a secondary education formed 14·1 per cent. The balance 1 per cent forming those who have had higher education were probably executives. In the fishing industry too the percentage distribution of numbers employed by education groups is similar to those of agriculture, forestry, etc.

All industries other than government service, business services and community services reported that majority of their employees had an education below secondary level. It is seen that 32·7 per cent of those employed in Government Services (excluding transport, communications, education, health services), 16·1 in business services and 34·8 per cent in community services had passed G.C.E./S.S.C. Those with higher or technical education formed 35·4 per cent of those employed in community services.

TABLE 18

Industry \ Age Groups	0–4 No.	0–4 Per cent	5–8 No.	5–8 Per cent	9–13 No.	9–13 Per cent	14 No.
1. Agriculture, Forestry, etc.	—	—	—	—	2	6·5	230
2. Fishing	—	—	—	—	—	—	1
3. Mining & Quarrying	—	—	—	—	—	—	1
4. Food & Beverage Industries	—	—	—	—	—	—	2
5. Tobacco Manufacture	—	—	—	—	2	6·5	14
6. Textiles & Footwear	—	—	—	—	—	—	13
7. Wood & Furniture	—	—	—	—	—	—	3
8. Paper & Printing	—	—	—	—	—	—	—
9. Metallic Products	—	—	—	—	—	—	2
10. Misc. manufactures	—	—	—	—	—	—	7
11. Construction	—	—	—	—	—	—	2
12. Electricity, gas & water	—	—	—	—	—	—	1
13. Wholesale & retail trade	—	—	—	—	—	—	9
14. Banks & Insurance	—	—	—	—	—	—	—
15. Transport & Communication	—	—	—	—	—	—	2
16. Government Services	—	—	—	—	—	—	—
17. Community Services	—	—	—	—	1	3·2	—
18. Business Services	—	—	—	—	1	3·2	2
19. Personal & Recreation Services	—	—	4	80·0	23	74·1	62
20. Activities not adequately described	—	—	1	20·0	2	6·5	42
Total			5	100·0	31	100·0	393

by Age—All Island

-18	19–25		26–35		36–45		46–55		Over 55		Total	
Per cent	No.	Per cent	No.	Per cent	No.	Per cent	No.	Per cent	No.	Per cent	No.	Per cent
58·5	584	52·8	913	49·6	884	50·6	668	50·8	510	57·8	3791	51·8
0·3	10	0·9	23	1·2	17	1·0	15	1·1	23	2·6	89	1·2
0·3	1	0·1	5	0·3	5	0·3	6	0·5	—	—	18	0·2
0·5	8	0·7	14	0·8	18	1·0	12	0·9	10	1·1	64	0·9
3·5	14	1·3	22	1·2	3	0·2	6	0·5	1	0·1	62	0·8
3·3	21	1·9	8	0·4	8	0·5	6	0·5	1	0·1	57	0·8
0·8	27	2·5	34	1·8	40	2·3	27	2·1	24	2·7	155	2·1
—	1	0·1	10	0·5	5	0·3	9	0·7	2	0·2	27	0·4
0·5	7	0·6	16	0·9	20	1·1	10	0·8	7	0·8	62	0·8
1·8	19	1·7	23	1·3	25	1·4	18	1·3	16	1·8	108	1·5
0·5	11	1·0	40	2·2	45	2·6	18	1·3	22	2·5	138	1·9
0·3	7	0·6	16	0·9	11	0·6	9	0·7	1	0·1	45	0·6
2·2	110	9·9	137	7·4	141	8·1	112	8·5	66	7·6	575	7·9
—	1	0·1	1	0·1	3	0·2	1	0·1	1	0·1	7	0·1
0·5	47	4·3	113	6·1	81	4·6	71	5·4	20	2·3	334	4·6
—	13	1·2	55	3·0	62	3·6	29	2·2	12	1·3	171	2·3
—	49	4·4	110	6·0	74	4·2	65	4·9	34	3·8	333	4·5
0·5	9	0·8	35	1·9	28	1·6	42	3·2	20	2·3	137	1·9
15·8	43	3·9	52	2·8	67	3·8	49	3·7	30	3·4	330	4·5
10·7	124	11·2	214	11·6	210	12·0	142	10·8	83	9·4	818	11·2
100·0	1106	100·0	1841	100·0	1747	100·0	1315	100·0	883	100·0	7321	100·0

TABLE 19

The employed classified by Educational Groups Percentages—All Island

Industry	No Schooling (Illiterate) No.	%	No Schooling (Literate) No.	%	Primary No.	%	Secondary No.	%	Passed GCE/SSC No.	%	Higher No.	%	Technical No.	%	Other No.	%	Total No.	%
1. Agriculture, Forestry	1098	70.3	450	64.7	1670	54.1	534	36.2	31	10.1	5	3.1	—	—	3	25.0	3791	51.8
2. Fishing	17	1.1	11	1.6	47	1.5	13	0.9	1	0.3	—	—	—	—	—	—	89	1.2
3. Mining and Quarrying	6	0.4	3	0.4	8	0.3	1	0.1	—	—	—	—	—	—	—	—	18	0.2
4. Food and Beverages	7	0.5	6	0.9	35	1.1	15	1.0	1	0.3	—	—	—	—	—	—	64	0.9
5. Tobacco	6	0.4	5	0.7	30	1.0	19	1.3	2	0.6	—	—	—	—	—	—	62	0.8
6. Textiles and Footwear	2	0.1	—	—	27	0.9	24	1.6	3	1.0	—	—	1	5.3	—	—	57	0.8
7. Wood and Furniture	5	0.3	8	1.2	91	3.0	48	3.3	3	1.0	2	1.2	—	—	—	—	155	2.1
8. Paper and Printing	—	—	2	0.3	4	0.1	16	1.1	2	0.7	1	0.6	1	5.3	—	—	27	0.4
9. Metallic Products	5	0.3	9	1.3	32	1.0	15	1.0	—	—	—	—	—	—	—	—	62	0.8
10. Misc. manufactures	29	1.9	8	1.2	43	1.4	24	1.7	3	1.0	—	—	1	5.3	—	—	108	1.5
11. Construction	8	0.5	3	0.4	82	2.6	39	2.6	3	1.0	—	—	3	15.7	—	—	138	1.9
12. Electricity, Gas & Water	15	1.0	2	0.3	14	0.5	11	0.8	—	—	1	0.6	1	5.3	1	8.3	45	0.6
13. Wholesale and Retail Trade	33	2.1	44	6.3	217	7.0	245	16.6	30	9.7	4	2.5	1	5.3	1	8.3	575	7.9
14. Banks & Insurance	1	0.1	1	0.1	2	0.1	2	0.1	1	0.3	—	—	—	—	—	—	7	0.1
15. Trans. & Communication	21	1.3	13	1.8	149	4.8	130	8.8	13	4.2	5	3.3	3	15.7	—	—	334	4.6
16. Government Services	2	0.1	1	0.1	18	0.6	75	5.0	56	18.2	16	9.9	2	10.5	1	8.3	171	2.3
17. Business Services	4	0.3	5	0.7	42	1.4	53	3.6	22	7.1	11	6.8	—	—	—	—	137	1.9
18. Community Services	8	0.5	9	1.3	25	0.8	56	3.8	116	37.7	112	69.6	6	31.6	1	8.3	333	4.5
19. Personal & Recreation Services	92	5.8	36	5.2	131	4.2	55	3.7	9	2.9	2	0.6	—	—	5	41.8	330	4.5
20. Activities not adequately described	203	13.0	80	11.5	420	13.6	101	6.8	12	3.9	2	1.2	—	—	—	—	818	11.2
Total	1562	100.0	696	100.0	3087	100.0	1476	100.0	308	100.0	161	100.0	19	100.0	12	100.0	7321	100.0

TABLE 20

The employed classified by Educational Groups—All Island

	Education			
Industry	Below Secondary	Secondary	Above Secondary	Total
1. Agriculture, Forestry, etc. ..	84·9	14·1	1·0	100
2. Fishing	84·3	14·6	1·1	100
3. Mining and Quarrying ..	94·4	5·6	—	100
4. Food and Beverage Industries.	75·0	23·4	1·6	100
5. Tobacco Manufacture ..	66·2	30·6	3·2	100
6. Textiles and Footwear ..	50·9	42·1	7·0	100
7. Wood and Furniture ..	66·7	30·8	2·5	100
8. Paper and Printing ..	22·2	59·3	18·5	100
9. Metallic Products ..	74·1	25·9	—	100
10. Misc. Manufactures ..	74·3	21·4	4·3	100
11. Construction ..	67·4	28·3	4·3	100
12. Electricity, gas and water ..	68·9	24·4	6·7	100
13. Wholesale and retail trade ..	51·1	42·6	6·3	100
14. Banks and Insurance ..	57·1	28·6	14·3	100
15. Transport and Communication	54·8	38·9	6·3	100
16. Government Services ..	12·3	43·8	43·9	100
17. Business Services	37·2	38·7	24·1	100
18. Community Services ..	12·6	16·8	70·6	100
19. Personal and Recreation Services	78·5	16·7	4·8	100
20. Activities not adequately described	85·9	12·4	1·7	100

EMPLOYMENT AND UNEMPLOYMENT

Employment

The data on employment and unemployment status of the sampled population were collected for the two months immediately preceding the survey, *i.e.* for January and February, 1963.

It should be noted that the collection of figures on employment and unemployment was not the main objective of the survey and as such the sampling scheme was not particularly designed for this purpose. Since the sample was confined to the collection of information from households, and those living in institutions such as armed forces, camps, hospitals, hostels and commercial boarding houses were left out from the sample, it is possible that certain categories of employment were under-represented which also means that certain others were over-represented.

The employed persons were classified according to the employment status and the number of days employed. Four distinct categories of employment status were recognised and these were : self-employed, employer, employee and unpaid family worker. A person was considered an employee if he (or she) was employed for wages. A self-employed person was one who worked on his own land or business but did not have a single employee working under him and an employed person was considered as an employer when he had at least one employee working for him. An unpaid family worker was one who worked for at least three hours a day in a business owned by a member of the household or in a household and did not receive any remuneration (board and lodging excepted).

It can be seen from table 21 given below that of the sample population 27·4 per cent are employed. The percentage employed in urban and rural sectors are 24·5 and 24·8 per cent respectively. The corresponding percentage for the estate sector is 48·1 per cent, a figure which was very much higher than the average for the island.

The percentage employed according to the 1953 survey was 33·4. This figure was 6 per cent more than that for 1963. A decrease in the percentage employed has occurred in all the sectors, the decrease being slightly greater in estate sector than non-estate. The percentage employed in estate and non-estate sectors.

TABLE 21

Employment by Sectors and Zones

Sector/Zone	Number						As a Per cent of Population				
	Self-Employed	Employer	Employee	Unpaid family worker	Total Employed	Employed and Un-employed	Self-Employed	Employer	Employee	Unpaid family worker	Total Employed
Urban ..	305	42	726	53	1,126	4,590	6·6	0·9	15·8	1·1	24·5
Rural ..	1,943	148	2,543	561	5,195	20,916	9·3	0·7	12·2	2·7	24·8
Estate ..	22	1	1,469	29	1,521	3,162	0·7	—	46·5	0·9	48·1
Zone 1 ..	743	89	1,605	190	2,627	10,094	7·4	0·9	15·9	1·9	26·0
Zone 2 ..	345	12	279	131	767	3,056	11·3	0·4	9·1	4·3	25·1
Zone 3 ..	292	25	321	38	676	3,004	9·7	0·8	10·7	1·3	22·5
Zone 4 ..	890	65	2,533	284	3,772	12,514	7·1	0·5	20·2	2·3	30·1
All Island	2,270	191	4,738	643	7,842	28,668	8·9	0·7	16·5	2·2	27·4

in 1953 were 55·4 and 29·9 respectively. The fall in the employment ratio was mainly due to an increase in the proportion of dependants—children and old people—per employed person. The fall in the employment ratio, *i.e.* the proportion of employed to the population was due to several reasons. As a result of the continued progress of the health services, the number of dependent children and of older persons are now proportionately larger than they were ten years ago. Also, it is observed that the proportion of women to men has increased, in relation to an equal number of men fewer women would seek employment. The change in sex distribution would depress the employment ratio. Finally the diffusion of free education has resulted in a larger schooling period for a greater proportion of the population.

The variation in the percentage employed between the four zones is not very large. The largest value is noted against zone 4 which includes 91·6 per cent of the sampled estate population. The percentage employed is seen to be lowest in zone 3.

It has been already mentioned that the proportions employed in urban and rural sectors are 24·5 and 24·8 per cent respectively which show hardly any difference. However, the numbers employed in various categories of employment in the two sectors reveal different patterns. The percentage of wage earners is higher in the urban sector, the percentages of self-employed and unpaid family workers are higher in the rural sector. The reasons for this pattern are perhaps obvious; the majority of wage-paying establishments are in the urban sector ; and there is a large number of owner cultivators in the rural sector having their family members helping them in their fields and in chenas.

Employment and Age

The distribution of labour force by broad age groups is shown in table 22. The age group 46—55 contained the highest percentage of employed persons for any age group. The employed as a percentage of the labour force rose with age up to age 55 years and fell sharply thereafter. The presence of employed persons within the age group 5—9 years is due to the existence of unpaid family workers and also due to the employment of children as domestic servants. The self-employed persons were 25 per cent of the total labour force. In the case of employees the rate of participation in economic activity shows a sharper rise in the age groups above 14 and below 35 years. It is however interesting to note that the proportion of self-employed persons is higher than that of employees for those persons over 56 years.

TABLE 22

Employment by Age—All Island

Age Group	As Per cent of Work Force in Age Group					As Per cent of Population in Age Group				
	Self-Employed	Employer	Employee	Unpaid family worker	Total Employed	Self-Employed	Employer	Employee	Unpaid family worker	Total Employed
5– 9+	—	—	—	—	—	—	—	0 ·1	0 ·2	0 ·3
10–13+	—	—	—	—	—	0 ·1	—	0 ·9	0 ·7	1 ·6
14–18+	2 ·6	—	38 ·3	11 ·6	52 ·5	0 ·7	—	10 ·9	3 ·3	14 ·9
19–25+	8 ·6	0 ·7	49 ·3	11 ·1	69 ·7	4 ·9	0 ·4	28 ·2	6 ·3	39 ·9
26–35+	22 ·2	2 ·0	61 ·0	6 ·9	92 ·2	13 ·6	1 ·2	37 ·1	4 ·1	56 ·0
36–45+	31 ·7	3 ·0	59 ·2	3 ·7	97 ·6	20 ·3	1 ·9	37 ·9	2 ·4	62 ·5
46–55+	38 ·9	3 ·2	51 ·1	4 ·1	97 ·3	26 ·1	2 ·2	34 ·3	2 ·7	65 ·3
Over 55	53 ·9	3 ·6	37 ·1	3 ·5	98 ·1	23 ·4	1 ·5	16 ·1	1 ·5	42 ·5

Work force=Employed+involuntary unemployed (Had been seeking work).

In the case of unpaid family worker the shape of the distribution is somewhat different. The proportion of children under 14 years of age who help in the family farms, business and enterprises is small. The availability of free education and the presence of family helpers in higher age groups within the same family tends to keep most of those children in school. In the age group 19—25 the ties of dependency are still strong and the number of persons waiting for employment is high. These may be the reasons for the highest percentage of unpaid family workers being found in the last mentioned age group.

Employment and Education

All employed persons were classified according to the educational status attained, and are shown in table 23.

The percentages shown in this table indicate that among those who had technical education 86·2 per cent were employed. Thus technical education had given the best opportunity and opened up the best avenues for employment. The second highest percentage of employed persons within the population was among those with higher education. In this category, 60·3 per cent were employed. These ratios are in respect of total population and not of the work force. Taken by themselves therefore they are of little significance. They may be compared only after allowance is made for students, and those generally not in employment but taking into account those seeking work. The percentages of the employed according to educational status of the work force can therefore be compared to bring out the significance of the data.

TABLE 23

Employment by Education—All Island

Education	Per cent of the Work Force					As a per cent of the Population in Education Group				
	Self-Employed	Employer	Employee	Unpaid family worker	Total Employed	Self-Employed	Employer	Employee	Unpaid family worker	Total Employed
No Schooling (illiterate) ..	16·9	9·6	66·3	9·9	93·7	3·5	0·1	13·7	2·0	19·3
No Schooling (literate) ..	31·9	2·2	54·9	5·2	94·3	16·3	1·1	28·0	2·7	48·1
Primary	29·6	2·4	50·9	6·5	89·5	9·6	0·8	16·6	2·1	29·2
Secondary ..	26·9	2·6	39·8	7·7	77·0	9·8	1·0	14·4	2·8	27·9
Passed G.C.E./ S.S.C.	9·3	2·2	45·4	3·9	60·7	5·2	1·3	25·7	2·2	34·4
Higher	9·6	2·7	72·7	1·1	86·1	6·7	1·9	50·9	0·7	60·3
Technical	15·4	7·7	73·1	—	96·2	13·8	6·9	65·5	—	86·2
Unspecified .:	—	—	—	—	—	—	—	—	—	—
Total ..	25·0	2·1	52·1	7·1	86·2	7·9	0·7	16·5	2·2	27·4

These ratios indicate that 96·2 per cent of the technically qualified persons have found employment and only 3·8 per cent of this work force was unemployed. A detailed analysis of unemployment will be given in a later section. Thus taking work force as the basis for computing percentages of the employed persons it can be seen that 93·7 per cent of the illiterate persons in the work force are employed. This is in contrast to the low percentage (19·3 per cent of illiterate people) shown when population is taken as the basis for computing the percentages. In the case of those persons with G.C.E. or S.S.C. qualifications the percentage of people employed as a per cent of total work force is the lowest at 60·7. As the educational status attained increases, the ability of an individual to obtain a job also increases. The proportion of persons who enter the work force also increases with education. Thus only 21 per cent of illiterate persons entered the labour force. The percentage of persons with G.C.E. or S.S.C. that entered the labour force was 57 per cent while the percentage with higher education was 70.

Employment by Community

The table given below shows that 51·4 per cent of Indian Tamils were employed during the period under consideration. The percentages employed in all communities, except Indian Tamils, are below the all island average of 27·4 per cent. Leaving out Indian Tamils and the ' unclassified ' the percentage of employed persons for other communities varies from 21·0 per cent to 26·5 per cent. The range of variation is only 5·5 per cent and is small.

The employed as a per cent of the work force is seen to vary little as between the communities. This percentage is close to the general average of 86·2 in the case of all the major community groups.

TABLE 24

Employment by Community—All Island

Community	Per cent of the Work Force in the Community					As Per cent of the total in the Community				
	Self Emp-loyed	Emp-loyer	Emp-loyee	Un-paid family worker	Total Emp-loyed	Self-Emp-loyed	Emp-loyer	Emp-loyee	Un-paid family worker	Total Emp-loyed
Kandyan Sinhalese	34·0	1·4	40·0	10·9	87·2	9·7	0·4	11·4	3·4	24·8
Low-country Sinhalese	25·4	2·5	48·0	4·3	82·5	7·9	0·8	14·9	2·0	25·6
Ceylon Tamils	27·6	2·5	52·2	4·8	88·3	8·3	0·8	15·7	1·7	26·4
Indian Tamils	1·9	0·5	88·4	3·1	93·3	1·0	0·3	48·8	1·1	51·4
Moors	31·8	4·1	43·7	2·1	85·4	9·5	1·1	11·9	1·1	22·6
Malays	22·2	2·8	58·3	13·8	97·2	5·9	0·7	15·6	3·7	25·9
Burghers	3·1	6·2	68·2	—	78·1	0·8	1·7	18·5	—	21·0
Others	60·0	40·0	—	—	—	17·6	11·8	5·9	—	35·3
No Reply	—	—	—	—	—	—	—	—	—	—
Total	25·0	2·1	52·1	7·1	86·2	7·9	0·7	16·5	2·2	27·4

Economically Active Population or the Work Force

The standard international definition of the economically active population is synonymous with that of the work force and comprises those persons who supplied as well as those who were willing to supply their labour for the production of goods and services during the period under reference. The economically active population expressed as a percentage of total population gives the crude activity rate. It should be noted, that in this report such terms as ' labour force,' ' work force ' are used as equivalent of economically active population.

The crude activity rate for Ceylon in 1963 was 31·7 per cent while in 1953 it was 35·6 per cent. It was mentioned earlier that there had been a fall in the percentage of people employed to total population between these two years. Since the samples of 1953 and 1963 varied in size sampling variation has affected the results to some extent. Another factor that has caused a fall in the crude activity rate is the rise in the proportion of dependants. In 1953 every 100 employed persons had 203 dependants ; in 1963 the proportions were 100 employed persons to 268 dependants. The population pyramids shown in charts 1a and 1b also show that the age structure of the population is such that it has a broad base. The relatively young nature of the population can be seen from the fact that 52 per cent of the population was under 20 years of age. There has been an appreciable increase in the number of dependants thus causing the crude activity rate to fall. The crude activity rate by sectors and zones is shown in the table given below :

TABLE 25

Crude Activity rate by Sectors and Zones

	Sectors			Zones				All Island
	Urban	Rural	Estate	1	2	3	4	
Crude Activity Rate ..	29 ·8	29 ·1	52 ·0	31 ·7	28 ·5	25 ·7	34 ·0	31 ·7

Contrary to what one might expect, there does not seem to be any significant difference between the activity rates for urban and rural sectors. The crude activity rate for estate sector is far above that for the island. The range of variation in the indices between zones is very small compared to that between sectors.

Crude activity rates for communities are set out in the table below :—

TABLE 26

Crude Activity rate by Communities—All Island

Community	Crude Activity Rate
Kandyan Sinhalese	28 ·4
Low-country Sinhalese	31 ·0
Ceylon Tamils	29 ·9
Indian Tamils	55 ·1
Moors	26 ·6
Malays	26 ·7
Burghers	26 ·9
All Island	31 ·7

From this table it appears that in respect of the activity rate the Indian Tamils stand out as a very conspicuous community from all others. Its activity rate is 23·3 per cent above the all Island figure. Further, the activity rates for all other communities are below the average for the island, and their range of variation is only 5·1 per cent.

Indian Tamils that formed the bulk of the estate population generally have a high rate of participation in economic activity. Both women and children work on the plantations when work is available. It was shown earlier that the years spent on education is lowest of all the communities. The fact that work is found close to their place of residence makes it attractive for them to withdraw children from school after they are 14 years to obtain or seek employment to enhance their total family earnings. The crude activity rate is lowest for Malays. Among the other major communities Kandyan Sinhalese have the lowest crude activity rate.

It has been already indicated that the crude economic activity rate is affected by the nature of the population. For instance, if the number of persons in the working age formed a large proportion of the population, the activity rate pertaining to this population is likely to be high. A comparative study of activity rates will

be facilitated if the effects of age structure on the crude activity rate is eliminated. This can be achieved by working out ' the age-specific activity rate.' This is the percentage of economically active people among the population of a given age group.

The age-specific activity rates for zones and sectors are given in table 27. (Generally in other countries, these rates for urban and rural sectors show similarity only in the middle age groups). In early and late age groups the rates for the rural sector has a tendency to be above those for the urban sector. The figures for the estate sector rise very quickly at the early stages and remain far above the others throughout. In the case of zones the differences are not so much as between the sectors.

A gross measure of the active years of a generation can be worked out for the purpose of comparison. This measure can also be considered as a summary of the age-specific activity rate. Since the effects of non-activity figures are ignored the mean of this rate is a gross figure.

In computing the gross years of active life, an assumption is made that the working age span of the generation is from 14 to 70 years. Table 28 shows the gross years of active life computed on the basis of age groups.

TABLE 27

Age-Specific Activity Rate

Sector/Zone	Age (Years)							
	5–9	10–13	14–18	19–25	26–35	36–45	46–55	Over 55
Urban	0·3	1·3	21·5	48·1	56·5	57·2	62·1	43·0
Rural	0·2	1·7	23·9	52·0	56·6	60·7	65·0	42·0
Estate	1·8	1·6	68·4	92·5	94·8	94·6	88·6	58·2
Zone 1	0·2	0·9	23·7	52·7	58·9	60·6	61·8	40·2
Zone 2	0·2	3·0	27·6	48·0	61·2	62·0	73·6	48·2
Zone 3	—	2·9	16·5	43·1	46·7	55·3	64·9	39·9
Zone 4	0·6	1·5	35·5	66·1	65·2	69·9	71·5	46·2
All Island	0·3	1·6	28·5	57·3	60·8	64·0	67·1	43·0

TABLE 28

Gross Years of Active Life for Ceylon

Age Group	Years in age group (2)	(Age-Specific Activity rate) ÷ 100 (3)	Gross years of active life (2) × (3)
14–18+	5	·285	1·425
19–25+	7	·572	4·004
26–35+	10	·608	6·080
36–45+	10	·640	6·400
46–55+	10	·671	6·710
56–69+	14	·430	6·020
Total gross years of active life			30·751

Similarly the gross years of active life has been calculated for sectors and zones and are given below :—

TABLE 29

Gross Years of Active Life for Ceylon by Sectors and Zones

	Sectors			Zones			
	Urban	Rural	Estate	1	2	3	4
Gross years of active life ..	28·1	29·0	46·6	28·6	31·2	26·1	33·5

When the effects of age structure are eliminated, the urban sector for which crude activity rate was slightly higher than that for rural, shows a lower value in the gross years of active life. This is due to the fact that in the rural sector people take to work while they are relatively young. Zones 2 and 3 have a higher average of gross years of active life than that for the island.

Input of Labour

The annual *per capita* input of labour may be approximately estimated by multiplying the average number of months worked by the ratio of employed persons to total population.

TABLE 30

Annual per capita input of labour by Sectors

Sector	Ratio of Employed to total population	Average Number of months worked	Per Capita Input of Labour (months)
Urban	24·5	10·18	2·50
Rural ..	24·8	9·04	2·25
Estate ..	48·1	10·89	5·24
All Island	27·4	9·56	2·62

It can be seen from the above table that the labour in the estate sector worked 10·89 months on the average. The *per capita* input of labour for this sector was 5·24 months and was double the average for the island. The input of labour on the part of the estate population is an impressive one when compared to other sectors, and it is not surprising that the output and activities of this sector accounts for more than one-third of the national income of the island. The input of labour in the rural sector is slightly lower than that of the urban sector but both these figures are less than the average for the island.

Unemployment

The survey collected data on unemployment during the two months preceding the survey period. All those persons who had been looking for work and were willing to go out of their place of residence to engage themselves in such work but were unable to find employment were classified as unemployed. Information was also collected about the number of months worked during the last 12 months preceding the survey by these unemployed persons. These two sets of information could not be related to each other due to the failure of the tabulation programme.

In all studies on unemployment it is difficult to specify a particular period of time for which unemployment data may be collected. As in the 1953 survey it was decided to find out the extent of unemployment at the time of survey period in 1963. The reference period for the 1963 survey however was 2 months.

In populations where unemployment is acute there are persons who being aware that no work is available for them do not actively seek work. This is particularly true among the illiterate persons. In this survey no attempt was made to estimate the number of such persons. In the 1953 survey the number under-employed was also estimated on the basis of number of hours worked per week. This measure of underemployment was found to be unsatisfactory as it did not relate the number of hours worked to labour productivity, the nature of work and conditions of employment. Since it is difficult to estimate the extent of under-employment except from a survey specifically designed for this purpose, no data on underemployment were collected in the 1963 survey.

Data about those not in employment were collected under four different categories. These were (1) Juniors under 14 years, (2) people unable to work due to infirmities, (3) those who did not actively seek work and (4) those who were willing to work but were unable to find employment.

The housewives who attended to domestic work only and able bodied men and women who did not look for work were included in the third category. Only those who were willing to move out of their village for employment were included in the fourth group and it is this category that is considered to consist the unemployed of the labour force.

The labour force or the work force comprises the employed and the involuntarily unemployed persons. The latter category will be referred to as the unemployed in this section. The tables shown below give the percentage of unemployed persons in the work force and in the population by sectors and zones, by educational groups, by age groups and by community groups.

TABLE 31

Involuntarily unemployed by Sectors and Zones—1963

Sector/Zone	As a % of Population	As a % of Work Force
Urban	5·3	17·8
Rural	4·2	14·6
Estate	3·9	7·5
Zone 1	5·7	17·9
Zone 2	3·4	11·8
Zone 3	3·2	12·4
Zone 4	3·9	11·4
All Island	4·4	13·8

TABLE 32

Involuntarily unemployed by Age Groups—1963—All Island

Age Group (Years)	As a % of Population in the Age Group	As a % of Work Force in the Age Group
14–18	13·5	47·5
19–25	17·3	30·3
26–35	4·7	7·8
36–45	1·5	2·4
46–55	1·8	2·7
55 and Over	0·8	1·9

TABLE 33

Involuntarily unemployed by educational status—All Island

Educational status	As a % of Population in Educational Group		As a % of Work Force in Educational Group	
	1953	1963	1953	1963
No Schooling (illiterate) ..	⎫	1·3	⎫	6·3
No Schooling (literate) ..	8·81 ⎬		16·6 ⎬	
	⎭ 2·9		⎭	5·7
Primary	10·90	3·2	16·4	10·5
Secondary	13·98	8·3	17·9	23·0
Passed G.C.E./S.S.C. ..	28·20	22·2	25·0	39·3
Higher	3·56	9·7	2·9	13·9
Technical	—	3·4	—	3·8

TABLE 34

Unemployment by Community—All Island

Community	As a % of Population in the Community Group		As a % of Work Force in the Community Group	
	1953	1963	1953	1963
Kandyan Sinhalese ..	5·3	3·6	15·6	12·7
Low-country Sinhalese ..	6·9	5·4	18·9	17·5
Ceylon Tamils	3·2	3·5	8·4	11·6
Indian Tamils	12·8	3·7	17·8	6·7
Moors		4·0 ⎤		14·9 ⎤
	5·5	⎬	15·9	⎬
Malays		0·7 ⎦		2·8 ⎦
Burghers	—	5·9	—	21·9
Others	—	—	—	—
All Races	6·6	4·4	16·6	13·8

It can be seen that unemployment is highest in the urban sector being 17·8 per cent of the work force and 5·3 per cent of the population. The estate sector which had a higher percentage of unemployed persons in 1953 than other sectors showed the lowest percentage of unemployed persons in 1963, for any sector or zone.

The unemployed classified by education shows that those with G.C.E. or S.S.C. qualifications had the highest percentage of the unemployed for any educational category. Nearly one-fourth of the population and more than one-third of the work force of G.C.E. or S.S.C. qualified persons were found to be unemployed, in 1963. Unemployment tends to rise with education until it reaches a peak at the G.C.E. level and then falls off sharply.

Lowest rate of unemployment was among the technically qualified. The rate of unemployment among illiterate persons was low because they found some sort of employment either as unskilled labourers at low levels of wages or unpaid family workers. In agricultural communities as those found in Ceylon the absence of farm wage earners on a large scale makes it possible for most people to find some kind of work in return for payment in kind. The chances of engaging in odd jobs are greater for illiterate persons than for persons with some degree of education.

A comparison with the data of 1953 shows that there is a fall in the incidence of unemployment among those with primary education and below. All other categories showed a higher incidence of unemployment in 1963 than in 1953. The biggest rise in incidence of unemployment was seen among those with an education higher than the G.C.E. or S.S.C.

The G.C.E. educated youth find it still more difficult to obtain some kind of employment in keeping with their educational status. On the basis of data collected it may be estimated that 457,730 people were involuntarily unemployed. The total number of persons with G.C.E. or S.S.C. may be estimated at 355,500 and among those 78,900 were involuntarily unemployed.

Unemployment classified by age indicated that the highest percentage of un-employment is between the ages 19 and 25 years. The percentage of unemployment falls sharply beyond the age 26 years. A comparison of education with age indicate that unemployment is highest among the educated youth and the ability to obtain a job increases both with age and education.

Among the larger communities Low-country Sinhalese and Ceylon Tamils showed an unemployment rate higher than the all island average. Indian Tamils showed a relatively low incidence of unemployment compared to 1953. Only Ceylon Tamils showed a higher rate of unemployment in 1963 than in 1953. There is a decline in the incidence of unemployment among other communities both in terms of population and work force.

HOUSING

The survey collected information relating to housing, sanitation and the avail-ability of amenities and equipment in each of the households surveyed. When two or more spending units formed a household the equipment belonging to the two spending units were treated as those belonging to the same household.

Of the total number of households surveyed 73·6 per cent were in the rural sector, 15·4 per cent were in the urban sector and the balance in the estate sector. Two-roomed households were the most common in all the three sectors. The median number of rooms in a household in the urban sector was 3·4 while in the rural sector the median was 3·2. The mode of the distribution of houses by the number of rooms was the same in sectors and zones.

The average number of persons per household was highest in the urban sector but the range of variation between the rural sector which had the lowest average and the urban sector was very small.

The average number of persons, per household classified by sectors according to the size of house (number of rooms) is shown in table 35.

The definition of a room was such that it included living room, bed room, kitchen and enclosed verandah. Thus on this definition 14·2 per cent of the households were one-roomed houses and 32 per cent were two-roomed houses. Nearly 40 per cent of the population lived in houses with two rooms or less.

One measure of overcrowding is the number of persons per room. All households that have more than two persons per room may be considered as overcrowded. On this definition all households with 1, 2 and 3 rooms were overcrowded. The one-roomed houses had on the average 4—5 persons in a room. Two-roomed houses had on the average 2—3 persons per room.

The proportion of overcrowded houses was 72 per cent and 68 per cent of the population lived in them. Overcrowding was highest in the estate sector where 93 per cent of houses with 3 rooms or less had 91 per cent of the people. Over-crowding was less severe in the urban sector than in rural areas. In the rural sector 70 per cent of the houses with 3 rooms or less had 65 per cent of the people while in the urban sector the corresponding proportion of people was 57 per cent in 63 per cent of the houses.

TABLE 35

Per cent of Houses, Persons, and Average Number of Persons per House

Size of House Number of rooms	Urban			Rural			Estate			All Island		
	Per cent of		Average persons per house	Per cent of		Average persons per house	Per cent of		Average persons per house	Per cent of		Average persons per house
	Houses	Persons		Houses	Persons		Houses	Persons		Houses	Persons	
1	12·76	8·56	4·01	11·58	8·54	4·20	33·76	28·53	4·90	14·19	10·75	4·36
2	27·86	25·78	5·53	30·86	28·67	5·29	41·29	42·16	5·92	31·54	29·69	5·41
3	22·92	23·78	6·20	27·79	29·39	6·03	17·98	20·87	6·73	25·96	27·56	6·10
4	12·89	14·62	6·78	14·35	15·62	6·20	3·67	3·86	6·10	12·96	14·16	6·28
5	8·20	9·11	6·63	7·57	8·69	6·54	1·84	2·69	8·50	7·04	8·10	6·61
6	4·95	5·64	6·82	3·84	4·29	6·36	—	—	—	3·59	4·03	6·46
7	3·65	4·31	7·07	1·82	2·08	6·48	0·18	0·22	7·00	1·93	2·23	6·66
8–10	5·73	7·02	7·32	1·36	1·89	7·92	0·73	0·98	7·75	1·97	2·61	7·64
11–14	0·65	0·98	9·00	0·23	0·30	7·75	—	—	—	0·26	0·37	8·23
Over 14	—	—	—	—	—	—	0·18	0·19	6·00	0·02	0·02	6·00
Not stated	0·39	0·20	3·33	0·60	0·53	5·05	0·37	0·50	8·00	0·54	0·48	5·07
Total	100·00	100·00	5·98	100·00	100·00	5·70	100·00	100·00	5·80	100·00	100·00	5·75

Assuming that standard rate of overcrowding is when it exceeds two persons per room, it is possible to estimate the number of one, two and three-roomed houses required to ease the overcrowding.

TABLE 36

New Houses Required—Number and Per cent

Classified by Size of House

Size of house Number of rooms	Urban		Rural		Estate		All Island	
	No.	%	No.	%	No.	%	No.	%
1	99	101 ·0	469	110 ·4	267	145 ·1	835	118 ·1
2	82	34 ·6	366	32 ·3	108	48 ·0	556	35 ·4
3	6	3 ·4	5	0 ·5	12	12 ·1	23	1 ·8
Total ..	187	27 ·8	840	32 ·6	387	76 ·3	1414	39 ·6

The above table shows the number of houses required to relieve overcrowding which already exists in one, two and three-roomed houses. No attempt is made here to estimate the requirements of ' better ' houses in respect of those who lived in one-roomed shanties and shacks. It can be seen that 110 per cent more one-roomed houses are required in rural areas and 145 per cent in estate areas. The lower percentage of houses required in urban areas than in rural areas is note-worthy. This may be due to the fact that more new houses are being built in urban areas than in rural areas. All those who lived in shanties and slums in urban areas are considered to be in occupation of some kind of a house. The estimate of new houses required is not an estimate of ' better ' houses.

Tables in Part II give the percentage of houses classified according to the type of roof, type of wall and type of floor.

Amenities and Equipment

Electricity was available in 7 per cent of the households in the island. In the urban sector the percentage of households that had electricity was 36 per cent while the rural and estate sectors had 2 per cent each. This is an improvement from the position in 1953 when only 4 per cent of the households had electricity for the island as a whole.

Pipe borne water was available in 21 per cent of the households in the urban sector while the All Island average was 5 per cent. In 1953 on the other hand, 11 per cent of the households reported they had pipe borne water. Those two percentages are not comparable because in 1953 all pipe borne water available outside the house such as in estates and in urban areas and along main roads may have been included as pipe borne water available to certain households. In the 1963 survey pipe borne water available inside the house was treated separately from that available outside the houses.

TABLE 37

Amenities and Equipment Expressed as a Percentage of Total—

Number of Households and Percentages

Amenities Equipment	Urban sector	% household	Rural sector	% household	Estate sector	% household	Zone I	% household	Zone II	% household	Zone III	% household	Zone IV	% household	All Island	% household
Total No. of households	768	100	3671	100	545	100	1772	100	548	100	549	100	2115	100	4984	100
Lavatory-not shared	407	53	1358	37	111	20	684	39	145	27	158	29	889	42	1876	38
Lavatory-shared	187	24	984	27	350	64	1006	57	16	3	37	7	462	22	1521	31
No latrines	174	23	1329	36	84	16	82	4	387	70	354	64	764	36	1587	31
Pipe borne water inside house	163	21	67	2	32	6	122	7	11	2	26	5	103	5	262	5
Electricity	279	36	81	2	9	2	211	12	7	1	69	13	82	4	369	7
Sewing machine	308	40	706	19	81	15	519	29	70	13	100	18	406	19	1095	22
Radio	287	37	606	17	91	17	451	26	77	14	91	17	365	17	984	20
Cooker	144	19	79	2	14	3	130	7	8	2	37	7	62	3	237	5
Refrigerator	46	6	12	0·3	1	0·2	45	3	3	0·5	2	0·4	9	0·4	59	1
Telephone	31	4	9	0·3	2	0·4	28	2	—	—	2	0·4	12	0·6	42	0·8

The proportion of households that did not have latrines was 31 per cent. In the urban sector, where generally one would expect better sanitation facilities than the rural sector, 23 per cent of the households had no latrines while the corresponding proportion for the rural sector was 36 per cent. The lack of latrine facilities was most marked in zone 2 where 70 per cent of the households had no latrines. Compared with 1953 the position relating to sanitation has improved. The percentage of households without latrines had reduced from 50 per cent in 1953 to 31 per cent in 1963. Table 37 gives the percentage of households having certain amenities and equipment.

It can be seen that one in five households had a sewing machine, a radio, one in twenty had a cooker and one in 100 had a refrigerator or a telephone. The sectoral differences and zonal differences are clear from the above table 37.

II—INCOME

Distribution of Personal Income

The survey gave special emphasis to the collection of income data. Income is received both in money and in kind over a particular period of time. The survey, it was mentioned, was confined to a period which coincided with the paddy harvesting season in most parts of Ceylon. Income data therefore would include, among others, seasonal incomes of farmers as well as income from regular sources. The respondents were also required to give their total incomes received over the 12 months immediately preceding the survey. The data relating to 12 months cannot claim as much accuracy as the data for 2 months mainly because of the recall lapse of informants in reporting income data as far back as 12 months.

Income can be defined in several ways. Generally, all returns to effort or on wealth can be regarded as income. Capital gains, lump sum benefits such as provident fund benefits, gratuities and compensations can also be included under income. A distinction has to be made between income and wealth. Very often some people sell a part of their wealth such as furniture and livestock and use the proceeds to meet their current expenditure. There is at times no clear dividing line between income and capital. It is therefore a matter of definition as to whether these items should be included as income. The view has been expressed that in deciding whether a particular receipt should be considered as income or not, what is relevant is whether or not it contributes to an individual's spending power during a particular period.

Thus income consisted of all receipts from work, work and property, property, transfers and other receipts that added to the spending power of an individual during the reference period of two months and of 12 months, immediately preceding the survey. It should not be forgotten that all types of income whether received in money or in kind entered into this definition. This meant that imputed rentable value of owner occupied houses and goods produced and consumed at home were included.

Income data shown in table 38 relate to incomes of income receivers during 2 months and 12 months. These incomes are before tax. These exlcude incomes

of companies, corporate business, people living in commercial boarding houses, hotels and restaurants. Institutional population is customarily excluded from a survey of households of this type. The distribution of income for 2 months and 12 months is shown in the following table.

TABLE 38

Income Receivers—Income Distribution by Income Group

Income Group of Income Receiver (Income for 2 months)	No. of Income Receivers	2 Months		12 Months	
		Total Income	As % of Total Inc.	Total Income	As % of Total Inc.
0–25	266	3,429 ·77	0 ·16	58,981 ·40	0 ·50
26–50	475	18,622 ·77	0 ·90	151,677 ·80	1 ·29
51– 75	568	36,562 ·12	1 ·76	278,506 ·40	2 ·37
76– 100	808	71,061 ·18	3 ·42	477,110 ·30	4 ·05
101– 125	772	87,517 ·07	4 ·21	552,142 ·80	4 ·69
126– 150	683	94,400 ·77	4 ·54	555,881 ·30	4 ·72
151– 175	526	85,764 ·24	4 ·12	519,941 ·60	4 ·42
176– 200	506	95,599 ·25	4 ·60	533,571 ·80	4 ·54
201– 250	662	149,551 ·62	7 ·19	815,583 ·83	6 ·93
251– 300	525	144,914 ·29	6 ·97	784,457 ·30	6 ·67
301– 350	407	132,819 ·97	6 ·38	739,214 ·90	6 ·28
351– 400	349	132,134 ·67	6 ·35	715,581 ·60	6 ·08
401– 450	208	89,328 ·30	4 ·29	504,585 ·30	4 ·29
451– 500	183	85,989 ·66	4 ·13	474,941 ·90	4 ·04
501– 600	237	130,234 ·89	6 ·26	676,620 ·08	5 ·75
601– 700	171	111,263 ·70	5 ·35	593,737 ·40	5 ·05
701– 800	99	75,362 ·19	3 ·62	393,900 ·90	3 ·35
801– 900	77	65,891 ·69	3 ·17	348,926 ·10	2 ·97
901–1000	59	57,473 ·86	2 ·76	325,639 ·30	2 ·77
1001–1200	62	67,870 ·73	3 ·26	360,443 ·30	3 ·06
1201–1400	28	36,483 ·00	1 ·75	212,182 ·50	1 ·80
1401–1600	23	34,528 ·80	1 ·66	156,542 ·53	1 ·33
1601–1800	14	23,595 ·60	1 ·13	109,975 ·40	0 ·94
1801–2000	14	26,840 ·66	1 ·29	153,027 ·90	1 ·30
2001–2500	23	51,318 ·63	2 ·47	270,351 ·20	2 ·30
2501–3000	8	22,334 ·00	1 ·07	152,342 ·40	1 ·29
Over 3000	28	149,649 ·59	7 ·19	849,084 ·00	7 ·22
Total	7,781	2,080,543 ·02	100 ·00	11,764,951 ·24	100 ·00

The number of income receivers both for 2 months and 12 months was essentially the same.

The above table shows that the percentage of income received by those receiving less than Rs. 175 for two months was greater when 12 month incomes are considered than that for 2 months. This may be due to the lower income groups obtaining income from other sources which are of a seasonal nature.

It can be seen that 84 per cent of the income receivers obtained 51 per cent of the total income for 2 months. This same percentage of income receivers obtained 53 per cent of income for 12 months.

The graph shown below indicates that income receivers and spending units have a central tendency between income levels Rs. 100 and Rs. 400 for two months. It is to be noted that the central tendency of the distribution of income receivers is towards the lower limit of the Rs. 100-Rs. 400 range while that of the distribution of spending units is towards the upper limit of that range.

Chart 2

GRAPH SHOWING THE DISTRIBUTION OF INCOME RECEIVERS
AND SPENDING UNITS

Percent of
Income Receivers
and Spending Units

(INCOME FOR TWO MONTHS)

Percent of
Income Receivers
and Spending Units
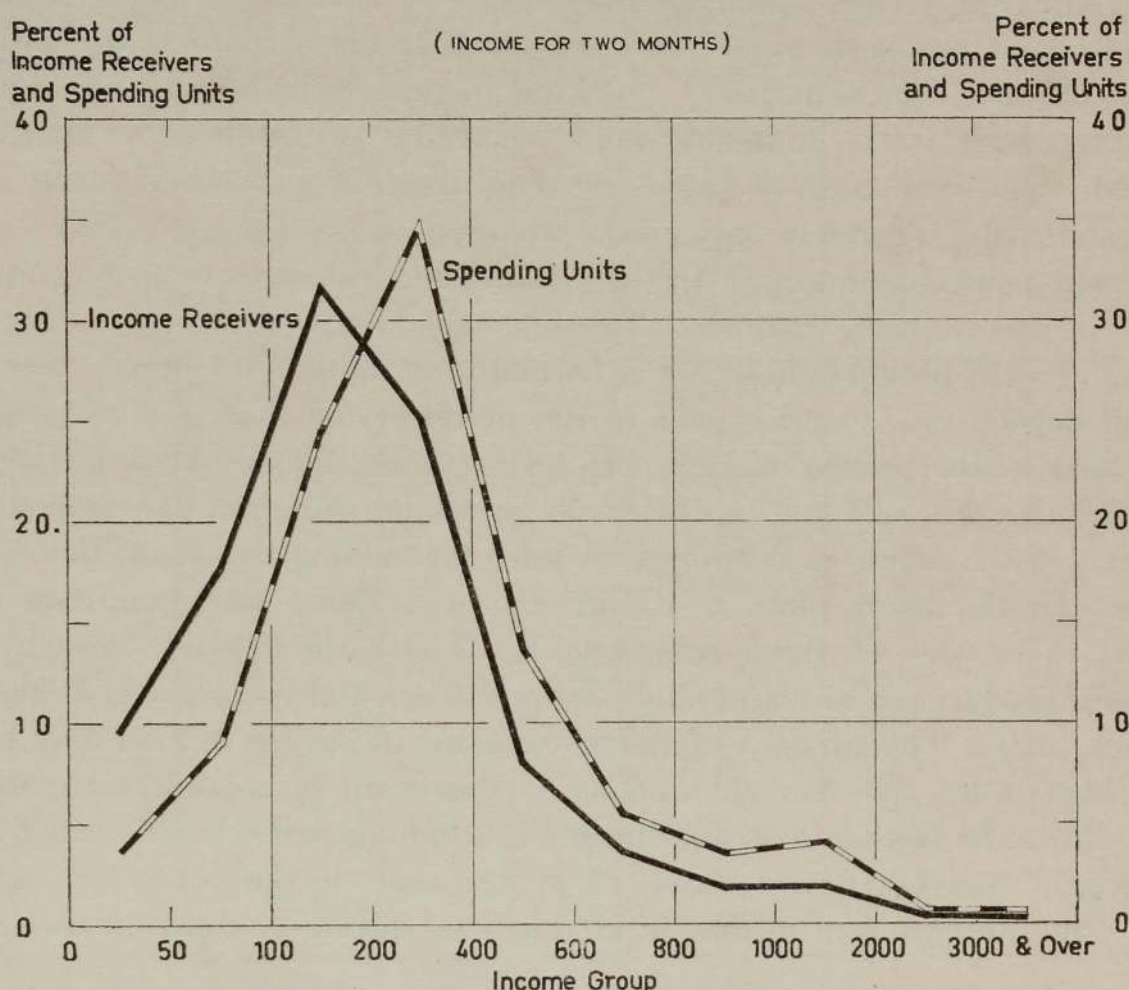
It is the general experience in surveys of this kind that incomes tend to be underestimated. Under-reporting of incomes by the informants is largely due to the fear that any declaration of true incomes would result in the loss of existing benefits or in the imposition of burdens upon them. The amount of underestimation would vary from one type of income receiver to another and from one group to another. Income receivers around the lower taxable limit would tend to underestimate their incomes to a larger extent than others. Sometimes underestimation is confined to income in kind. This is unavoidable.

Income in kind included value of goods produced and consumed at home, goods received free and consumed, the discount that a worker would receive when he purchases goods from the place he works such as a shoe factory or shirt factory and other benefits that are directly convertible into money plus inconvertible benefits. The inconvertible benefits included free meals and lodging, free quarters and housing and holiday warrants. Free education and free medical benefits are inconvertible benefits which have not been included as income in kind because of various difficulties in imputing a money worth to these benefits. Free books and free mid-day meals in schools have also been ignored.

In fact the estimation of income in kind is beset with many difficulties. The tax system may be such that this will induce certain employers to give benefits such as health, accident, legal aid, and domestic services, and many other fringe benefits. These benefits that the employees receive may be given a value by the employers but the recipient may be unable to give a value to them. Definitional and valuational problems may arise. In the first place there is the problem of definition of production boundary. The total amount of goods and services produced and consumed within the household would normally be considered as income of the household. The estimation of value added by services was impracticable and had to be abandoned. Therefore only goods produced and consumed within the household entered as income in kind. In the second place valuation of such goods had to be done in an arbitrary manner. These goods do not enter the market. The valuation of such products however is normally at the market price. The market price will depend on the price paid to the producer for that part of output that may be sold in the nearest market. If such a price did not exist for some time the investigator was required to obtain the prices prevailing at the nearest market at the time of the survey and apply that price for valuing the quantities consumed at home. In the third place it is difficult to estimate the quantities actually consumed in respect of these commodities. The estimates of consumption of agricultural produce, livestock production, vegetables and coconuts have been made on a rough basis. The amount of underestimation of income in kind may therefore be of a high order. Income in kind as a proportion of total income fluctuated widely. For most income receivers income in kind was considered small but when the aggregate was taken it formed 17·4 per cent of the total for all income groups. The proportion of income in kind to total income is shown in the following table.

TABLE 39

Income in Kind as per cent of Total Income of that Group by Sectors

Income Group (Income for 2 months)	Urban	Rural	Estate	Total
0– 50	11 ·32	13 ·38	5 ·77	11 ·86
51– 100	15 ·93	10 ·15	7 ·03	9 ·53
101– 200	15 ·13	29 ·32	11 ·87	22 ·58
201– 400	18 ·30	20 ·10	25 ·57	20 ·06
401– 800	19 ·15	18 ·52	7 ·86	18 ·57
801–1600	15 ·09	13 ·55	9 ·11	14 ·19
1601–2000	14 ·58	10 ·53	—	13 ·30
2001–3000	9 ·81	14 ·65	—	12 ·00
Over 3000	4 ·82	14 ·41	—	7 ·20
Total	14 ·45	19 ·50	12 ·42	17 ·40

Income in kind as a proportion of total income did not seem to behave according to any general pattern. There was, however, a tendency for it to increase with income at lower income levels and then fall off at higher income levels after reaching a peak at the mid income levels. The value of fringe benefits in different types of employment and the consumption of home produced goods have to be analysed separately if the existence of any such relationship between income levels and income in kind is to be established.

The average income of an income receiver in 1963 was Rs. 267·39 for 2 months compared to Rs. 214·80 in 1953. This 25 per cent rise in average income constituted an average yearly gain of nearly 2 per cent over the last decade. When the increase of 10 per cent in consumer prices, as indicated by the index of cost of living—in the absence of any better indicator—is taken into consideration the rise in real income amounts to 13 per cent over this period. The median (middlemost) income rose 25 per cent in money terms from, i.e. Rs. 132·6 to Rs. 165·5, over the same period.

TABLE 40

Percentage of Income Receivers and Total Income Received

Average Income (Income for 2 months)	1953		1963	
	Income Receivers	Total Income	Income Receivers	Total Income
0– 50	9 ·66	1 ·39	9 ·52	1 ·06
51– 100	26 ·58	9 ·46	17 ·68	5 ·18
101– 200	34 ·01	22 ·31	31 ·96	17 ·47
201– 400	20 ·84	26 ·22	24 ·97	26 ·89
401– 800	6 ·79	17 ·04	11 ·54	23 ·65
801–1600	1 ·41	7 ·39	3 ·21	12 ·60
1601–2000	0 ·18	1 ·39	0 ·36	2 ·42
2001–3000	0 ·24	2 ·52	0 ·40	3 ·54
Over 3000	0 ·29	12 ·28	0 ·36	7 ·19
Total	100 ·00	100 ·00	100 ·00	100 ·00

It is interesting to note that in 1953 only 0·29 per cent of the income receivers had an income of over Rs. 3,000 for 2 months. This group obtained 12·28 per cent of total income. In 1963 the percentage of income receivers in the same group had increased to 0·36 but their total income had fallen to 7·19 per cent. There was a decline in the percentage of income receivers below Rs. 200 for 2 months from 70·25 per cent in 1953 to 59·16 per cent in 1963. The proportion of income receivers between Rs. 200 and Rs. 800 had risen from 27·63 per cent in 1953 to 36·51 per cent in 1963. This upward shift in the frequency of high incomes was maintained throughout all the income groups above Rs. 200.

The distribution of income receivers by size of income has undergone a change and the readjustments that have taken place over the last 10 years have reduced the proportion shared by the top 1 per cent, for this proportion declined from 18·2 per cent in 1953 to 12·43 per cent in 1963. There has been a reduction in the proportion of income obtained by the lower income brackets. This is not due to any decline in the average incomes of the lowest income groups but due to a considerable number of lower income receivers moving into higher income brackets thereby depressing the relative share of total income received by the lower income groups. This can be seen from the table showing the percentage of income received by each tenth of the income receivers.

TABLE 41

Percentage of Total Income Received by each Tenth of Income Receivers and Spending Units

Deciles	By each tenth of Income Receivers		By each tenth of Spending Units	
	1953	1963	1953	1963
Highest 10th	42·49	39·24	40·60	36·77
Second	14·16	16·01	13·20	15·54
Third	10·39	11·46	10·10	11·22
Fourth	7·94	8·98	8·30	9·00
Fifth	6·31	6·82	6·90	7·54
Sixth	5·71	5·55	6·40	6·27
Seventh	4·37	4·51	5·20	5·21
Eighth	3·56	3·56	4·10	4·00
Ninth	3·56	2·70	3·30	2·95
Lowest	1·51	1·17	1·90	1·50

A comparison between the two years indicates the extent of readjustment that has taken place by each tenth of income receivers. This table also gives an indication of the degree of inequality. This can be more clearly seen with the help of Lorenz curves (see chart III.) The Lorenz curve is a graphic indication of the degree of income inequality. The diagonal in the chart given below is the line of equal distribution. If a distribution is perfectly equal 10 per cent of the income receivers must obtain 10 per cent of the total income and 20 per cent of the income receivers must receive 20 per cent of total income and so on. The departure of the income distribution curve from the line of equal distribution (diagonal) indicates the extent of inequality. Thus it can be seen from the Lorenz curve that at lower income levels the 1953 distribution is less unequal than the 1963 distribution but at middle income levels this position has been reversed.

TABLE 42

Concentration Ratios

Year	Concentration Ratio (Income Receiver)	Concentration Ratio (Spending Unit)
1953	0·50	0·46
1963	0·49	0·45

The concentration ratio is another measure of the degree of inequality in the distribution of income. This is a measure involving the area under the Lorenz curve. The higher the concentration ratio higher will be the inequality in the distribution of income. Thus it can be seen from the concentration ratios presented above that the overall income distribution (before taxes) of income receivers showed a smaller degree of inequality in 1963 than in 1953. The distribution of income of spending units also moved towards less inequality during this period.

Chart 3

INCOME RECEIVERS
LORENZ CURVE SHOWING DISTRIBUTION OF INCOME _ 1953 AND 1963
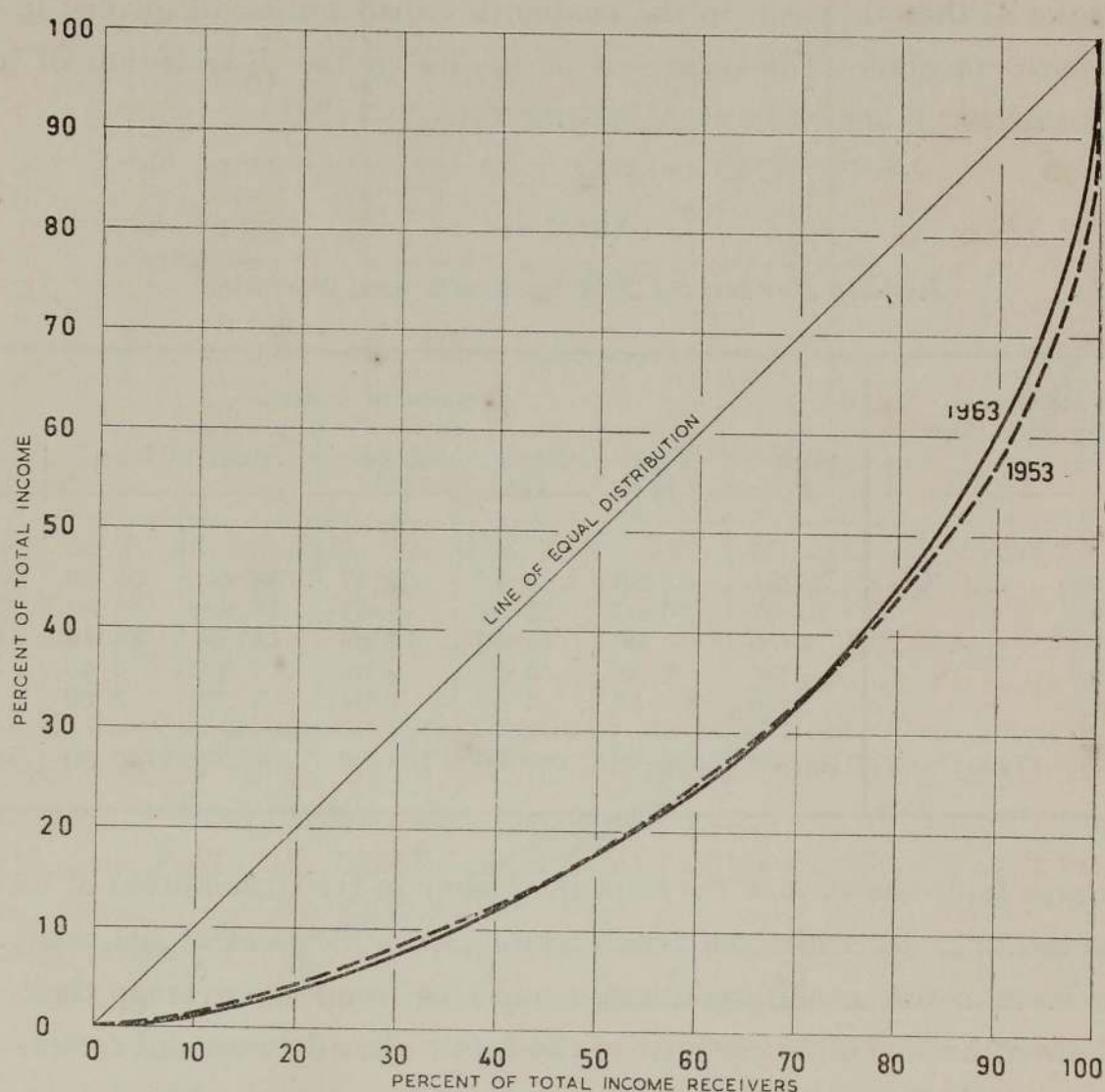
Income distributions by income receivers and spending units for zones and sectors are shown in tables in Part II of the Report. The average income (arithmetic mean) for urban sector was Rs. 510·18 for 2 months while the average income for rural sector was almost half that of the urban sector ; the average income for estates was almost half that of rural areas.

TABLE 43

Average Incomes and Dispersions by Zones and Sectors

	Sectors			Zones			
	Urban	Rural	Estate	I	II	III	IV
1. Average Inc. (Arithmetic mean)	510 ·18	254 ·01	128 ·93	334 ·56	279 ·18	314 ·93	206 ·45
2. Median Income ..	296 ·10	181 ·75	114 ·02	210 ·84	186 ·29	233 ·76	132 ·60
3. Ratio of Avg. to median	172 ·30	139 ·76	113 ·04	158 ·67	149 ·86	134 ·72	155 ·69
4. Quartiles (1)	158 ·00	93 ·69	95 ·22	111 ·45	105 ·22	131 ·13	86 ·28
5. Quartiles (3)	540 ·60	317 ·93	147 ·66	377 ·43	363 ·54	388 ·96	227 ·49
6. Quartiles Deviation ..	191 ·30	112 ·12	26 ·22	132 ·99	129 ·16	128 ·91	70 ·60

The income receivers in the urban sector accounted for 28·2 per cent of total income while the rural and estate sectors accounted for 62·3 per cent and 9·5 per cent of the total. The percentage of income receivers in the urban, rural and estate sectors were 14·9 per cent, 65·5 per cent and 19·6 per cent respectively. As shown by the ratio of arithmetic mean to the median the distribution of income in urban areas was most unequal. The degree of inequality in the distribution of income by sectors and zones is shown by the following table :—

TABLE 44

Income Ranked by 20th by Zones and Sectors

Income Receivers Ranked by each 20th	Percent of Income						
	Zone I	Zone II	Zone III	Zone IV	Urban	Rural	Estate
Highest 20th	55 ·54	54 ·23	48 ·42	53 ·47	58 ·54	51 ·39	38 ·19
Second 20th	20 ·47	20 ·07	22 ·53	19 ·53	18 ·96	22 ·08	21 ·59
Third 20th	12 ·95	13 ·66	15 ·19	12 ·66	11 ·85	14 ·18	17 ·45
Fourth 20th	7 ·98	8 ·51	9 ·76	9 ·40	7 ·36	8 ·75	14 ·22
Lowest 20th	3 ·06	3 ·53	4 ·10	4 ·94	3 ·29	3 ·60	8 ·55
Total ..	100 ·00	100 ·00	100 ·00	100 ·00	100 ·00	100 ·00	100 ·00

The above table shows that the least inequality in the distribution of income is seen in the estate sector while the urban sector shows the greatest inequality. The income receivers in the second twentieth group receive on the average their corresponding share of income of 20 per cent of the total. In all zones and sectors except the estate sector the lowest twentieth of income receivers obtained half or something less than half of what the next higher 20th received as income. Distribution of income by sectors is more unequal than that by zones. The Charts 4 and 5 bring this out clearly. The extent of inequality shown by this distribution is made more explicit by the concentration ratios given below.

TABLE 45

Concentration Ratios by Zones and Sectors

Zones	Concentration Ratio	Sectors	Concentration Ratio
Zone I	0 ·47	Urban	0 ·49
Zone II	0 ·45	Rural	0 ·44
Zone III	0 ·41	Estate	0 ·27
Zone IV	0 ·43	All Island	0 ·49

INCOME RECEIVERS
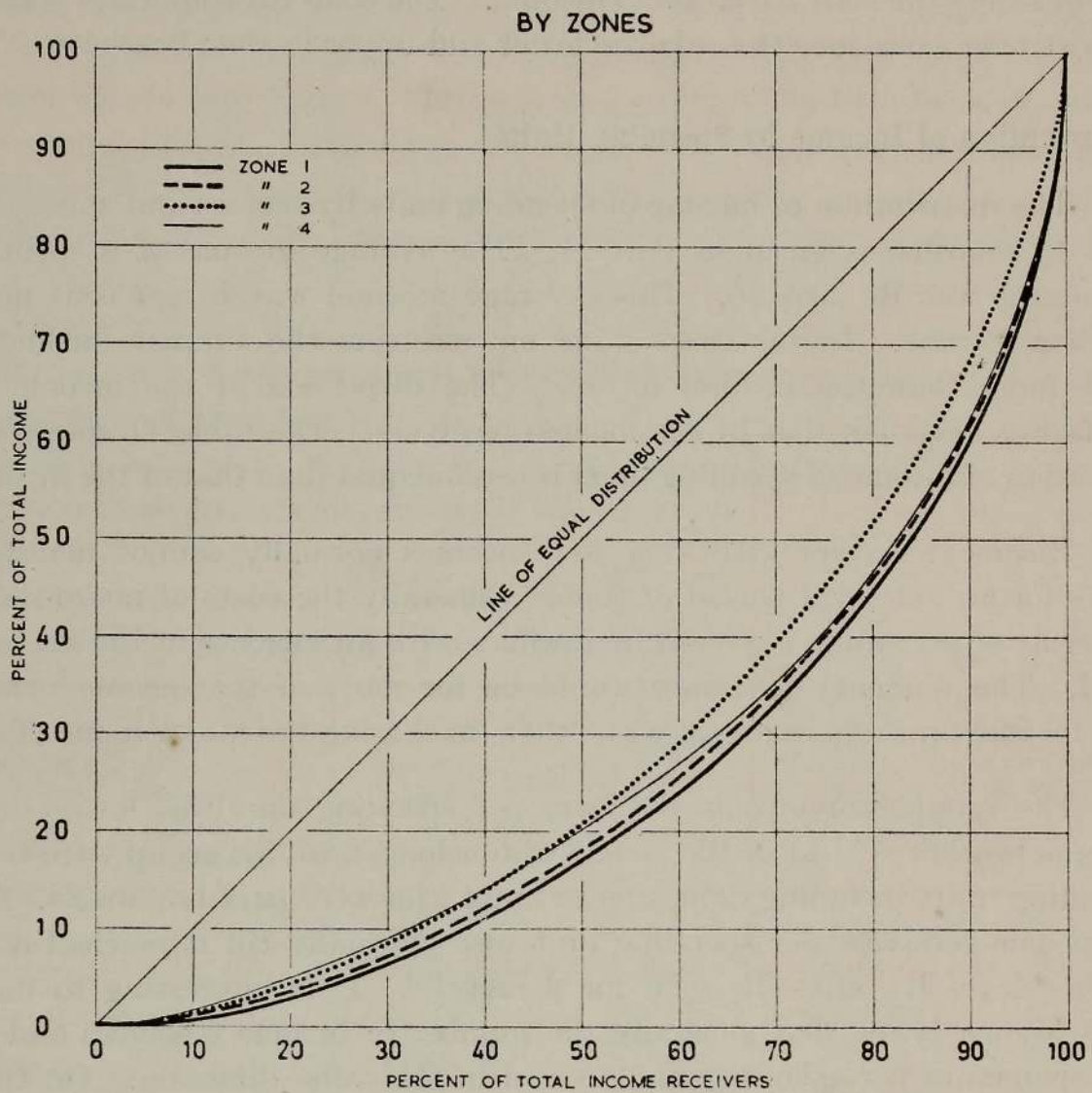
Chart 4

LORENZ CURVE SHOWING DISTRIBUTION OF INCOME FOR 2 MONTHS

BY ZONES

PERCENT OF TOTAL INCOME

ZONE 1
" 2
" 3
" 4

LINE OF EQUAL DISTRIBUTION

PERCENT OF TOTAL INCOME RECEIVERS

INCOME RECEIVERS

Chart 5

LORENZ CURVE SHOWING DISTRIBUTION OF INCOME

BY SECTORS

PERCENT OF TOTAL INCOME

URBAN
RURAL
ESTATE

LINE OF EQUAL DISTRIBUTION

PERCENT OF TOTAL INCOME RECEIVERS
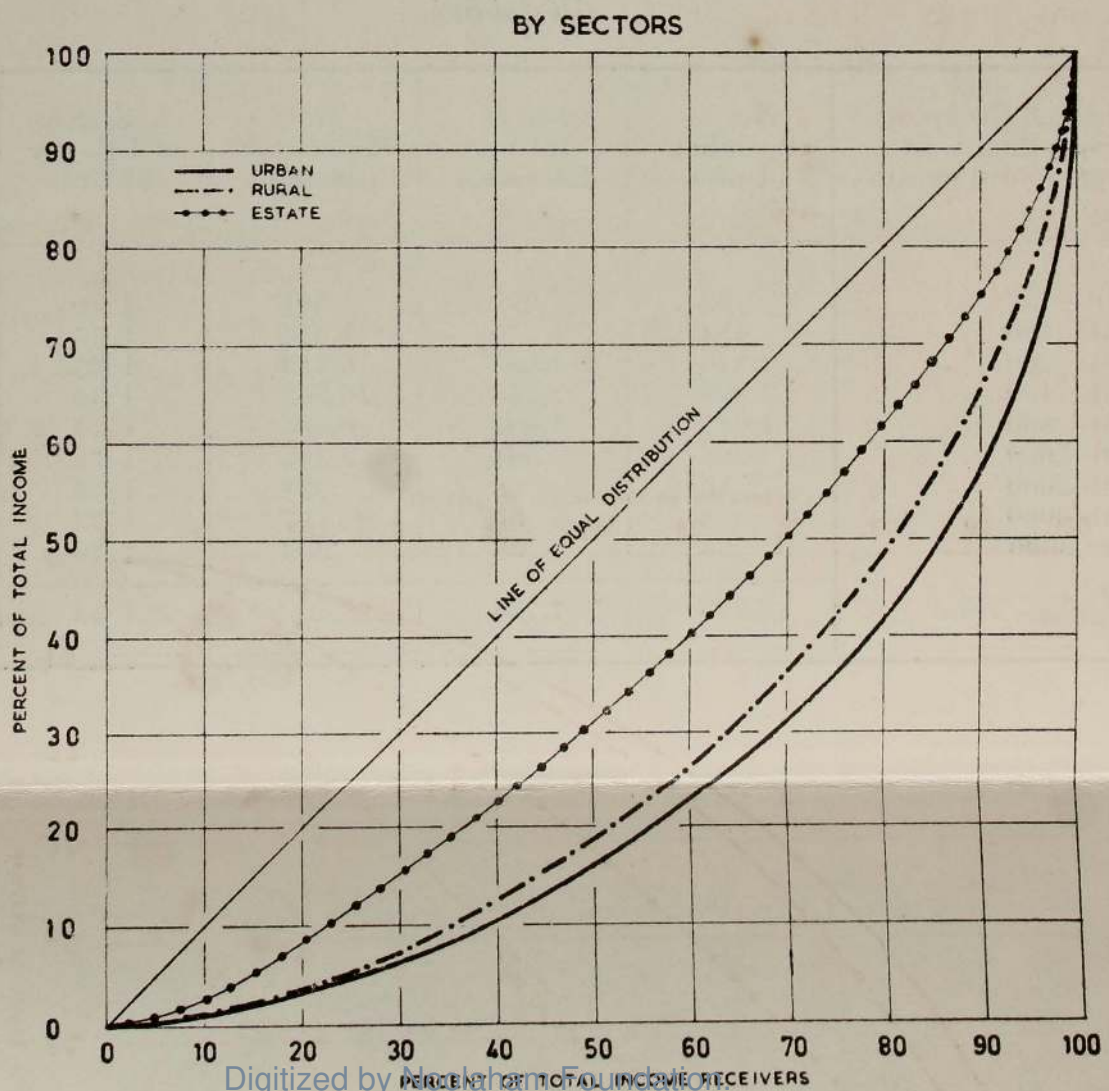
The degree of inequality in the urban sector is as high as that for all island. The inequality in the distribution of income in the urban sector may thus be having the largest influence on the overall inequality of the income distribution. The estate sector shows the least variation in income. The concentration ratio is also influenced by extreme variations towards the lower and upper income brackets.

Distribution of Income by Spending Units

The distribution of income of spending units by sectors and zones (for 2 months and 12 months) is given in Part II. The average income of a spending unit for 2 months was Rs. 385·36. This (average income) was 48 per cent more than the median income. In the case of income receivers the average income was 62 per cent more than the median income. The dispersion of the income of spending units was less than that of the income receivers. The table 41 shows that the distribution of income of spending units is less unequal than that of the income receivers.

Income receivers with very low incomes normally cannot maintain separate units for an extended period of time. Generally the costs of maintaining a person in terms of per capita expenditure declines with an increase in the size of the household. The tendency therefore would be for most of the income receivers in the low income brackets to merge with others in sharing the major items of expenditure.

The number of income receivers per spending unit was lowest in the lowest income bracket. Most of the people who belonged to this group were single member spending units including domestic servants who were paid low wages. The number of income receivers per spending unit rose gradually till it reached a peak at the income level Rs. 401—Rs. 800 for 2 months. It is interesting to note from the table shown below that generally the number of income receivers and the number of dependants per spending unit moved in the same direction. On the average a spending unit had 1·4 income receivers with 3·9 dependants.

TABLE 46

Number of Spending Units and Income Receivers by Income Groups—

All Island

Income Group of Spending Unit (Income for 2 months)	No. of Spending Units	No. of Income Receivers	Total Population in Sample	Avg. No. of I.R. per S. Unit	Avg. No. of Dependents per S. Unit
0– 50	193	212	581	1·10	1·91
51– 100	484	559	1,914	1·15	2·80
101– 200	1,316	1,653	6,149	1·25	3·42
201– 400	1,898	2,776	10,565	1·46	4·10
401– 800	1,027	1,804	6,496	1·75	4·57
801–1600	368	594	2,333	1·58	4·73
1601–2000	45	66	234	1·46	3·76
2001–3000	34	59	187	1·73	3·76
Over 3000	34	58	209	1·70	4·44
Total ..	5,399	7,781	28,668	1·44	3·87

The income group Rs. 201–Rs. 400 is the modal group for spending units, income receivers and for the sample population. The largest number of dependants are supported not by spending units with very high incomes but by those in middle income brackets. It was noted that the average number of dependants per spending unit is more in 1963 than in 1953. If the *per capita* incomes are equal between the two periods the average income of a spending unit would have been lower in 1963 because of the decline in the number of income receivers per spending unit. The rise in prices between the two periods is estimated to be 10 per cent. When allowance is made for this price increase, the rise in real income per spending unit had been only 3·62 per cent. The cost of living index tends to underestimate the actual rise in prices between these two dates. Since the gain in real income is small even when the cost of living index is used as a deflator any net gain in real income by the average spending unit would be as a result of a change in the distribution of income rather than as a result of a rise in the real income in any particular group. The rise in real income by income groups is shown below.

TABLE 47

Changes in Average Income for Two Months Between 1953 and 1963

Income Group of Spending Unit (Income for 2 months)	Average Income 1953	Average Income 1963	Average Income 1963 at 1953 Prices	1963 Real Income as % of 1953 Income
0– 50	31 ·68	33 ·27	30 ·25	95 ·49
51– 100	74 ·94	75 ·61	68 ·74	91 ·73
101– 200	149 ·88	153 ·75	139 ·77	93 ·25
201– 400	274 ·72	292 ·58	265 ·98	96 ·82
401– 800	533 ·66	544 ·25	494 ·77	92 ·71
801–1,600	1,031 ·02	1,068 ·30	971 ·18	94 ·20
1,601–2,000	1,661 ·74	1,751 ·15	1,591 ·95	95 ·80
2,001–3,000	2,252 ·74	2,462 ·48	2,238 ·62	99 ·37
Over 3,000	8,176 ·10	4,860 ·80	4,418 ·91	54 ·05
TOTAL	338 ·08	385 ·36	350 ·33	103 ·62

The real income in every income bracket has fallen but the real income for all income groups shows a rise of 3·62 per cent. Such a situation can arise as a result of the change in the distribution of income and the difference in the weighting pattern of the two distributions. The distribution for 1963 shows a higher weightage than that for 1953 above the income level Rs. 400 for 2 months. It was shown earlier that the income distribution for 1963 was more even than that for 1953. These factors have been responsible for the rise in real income for all income groups when the income groups themselves showed a fall.

The income distribution ranked by size of income was shown in table 41. This table shows that the highest tenth of spending units had the biggest decline in income, from 40·60 per cent in 1953 to 36·77 per cent in 1963. The biggest rise was shown by the second tenth group which increased from 13·20 per cent in 1953 to 15·54 per cent in 1963.

The degree of inequality in the distribution of income by spending units can be assessed from Charts shown in (pages 72 to 74).

Chart 6

SPENDING UNITS

LORENZ CURVE SHOWING DISTRIBUTION OF INCOME — 1953 AND 1963

Chart 7·

SPENDING UNITS
LORENZ CURVE SHOWING DISTRIBUTION OF INCOME FOR 2 MONTHS

BY ZONES

Chart 8.

SPENDING UNITS
LORENZ CURVE SHOWING DISTRIBUTION OF INCOME
BY SECTORS

PERCENT OF TOTAL INCOME

URBAN
RURAL
ESTATE

LINE OF EQUAL DISTRIBUTION

PERCENT OF TOTAL SPENDING UNITS
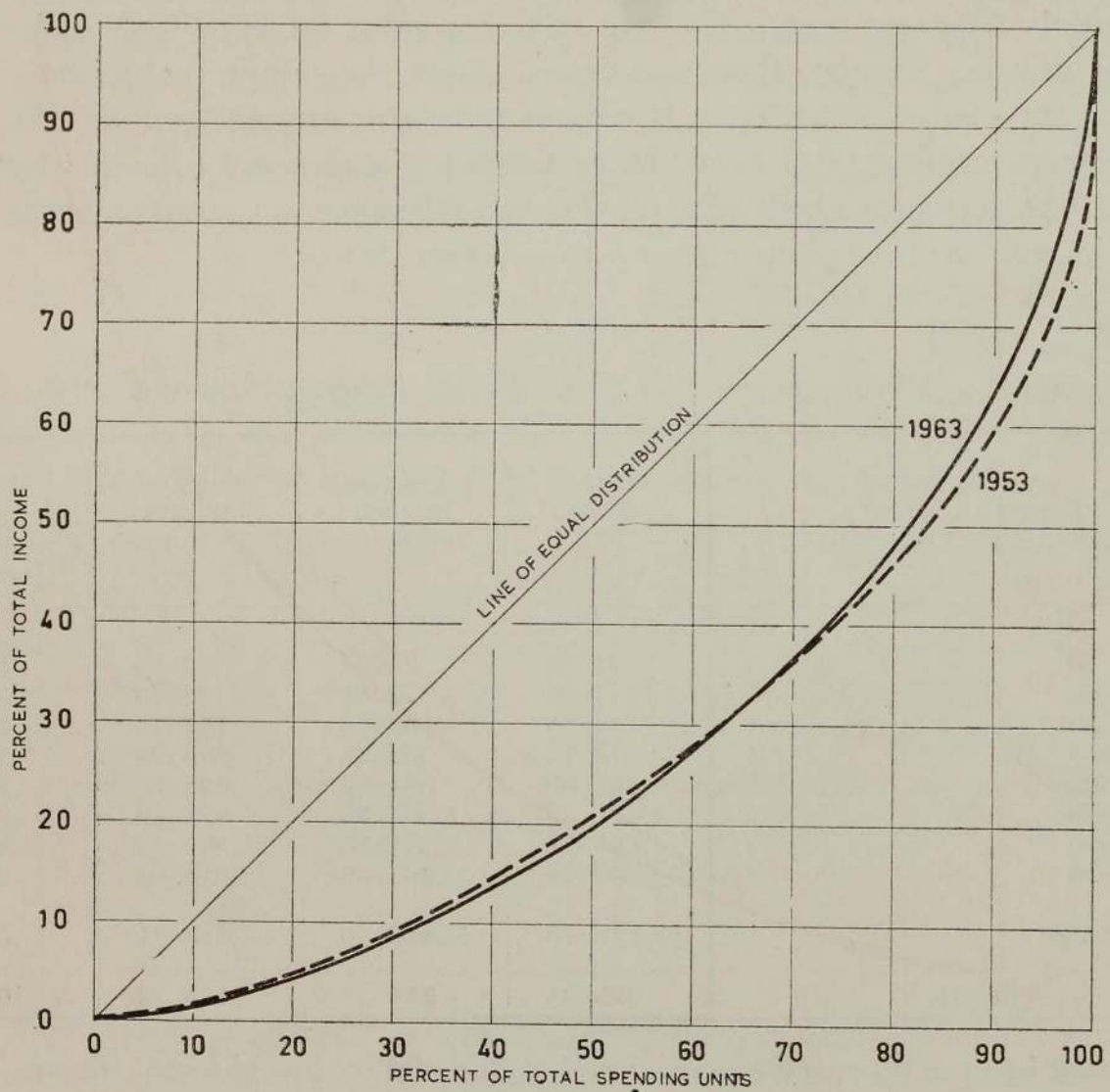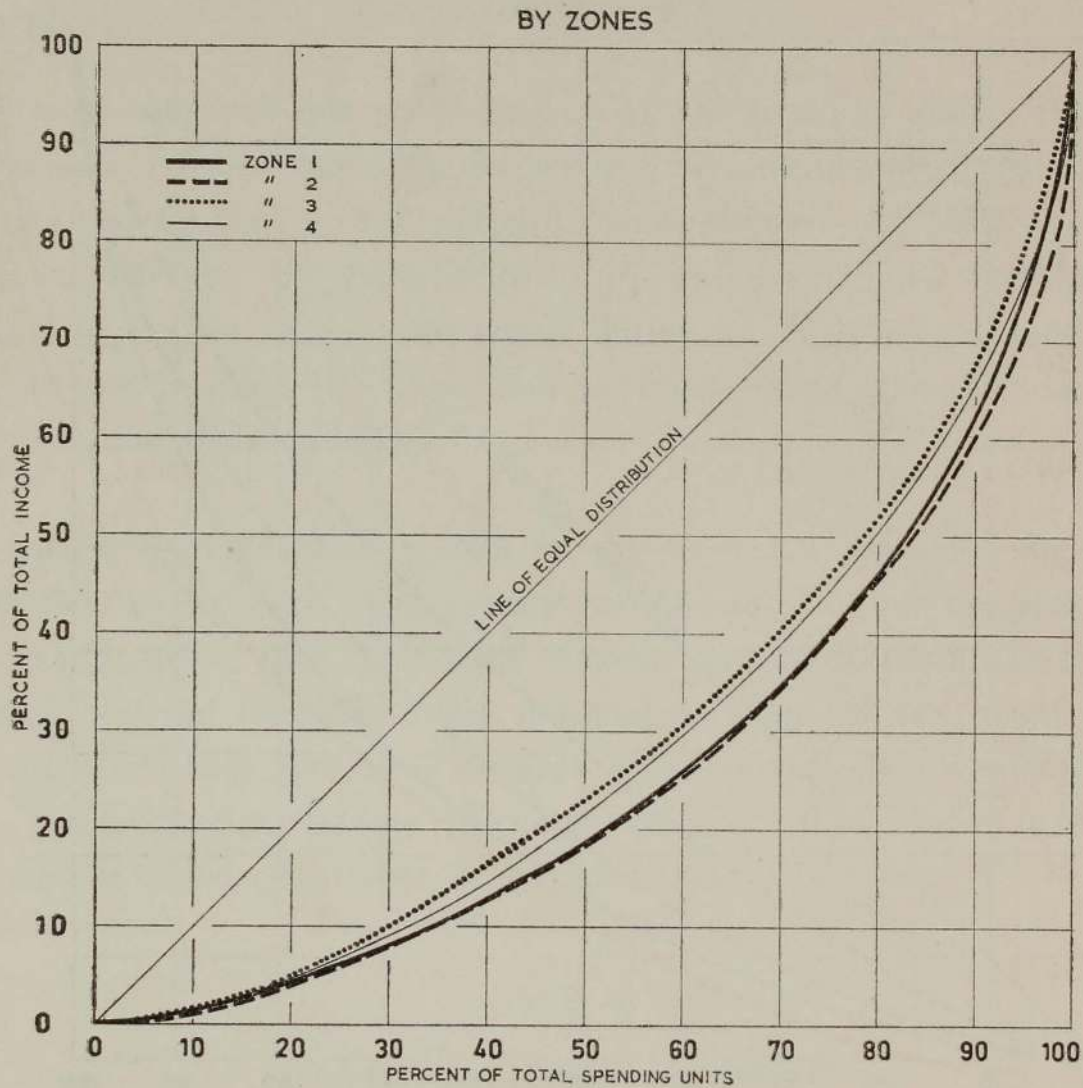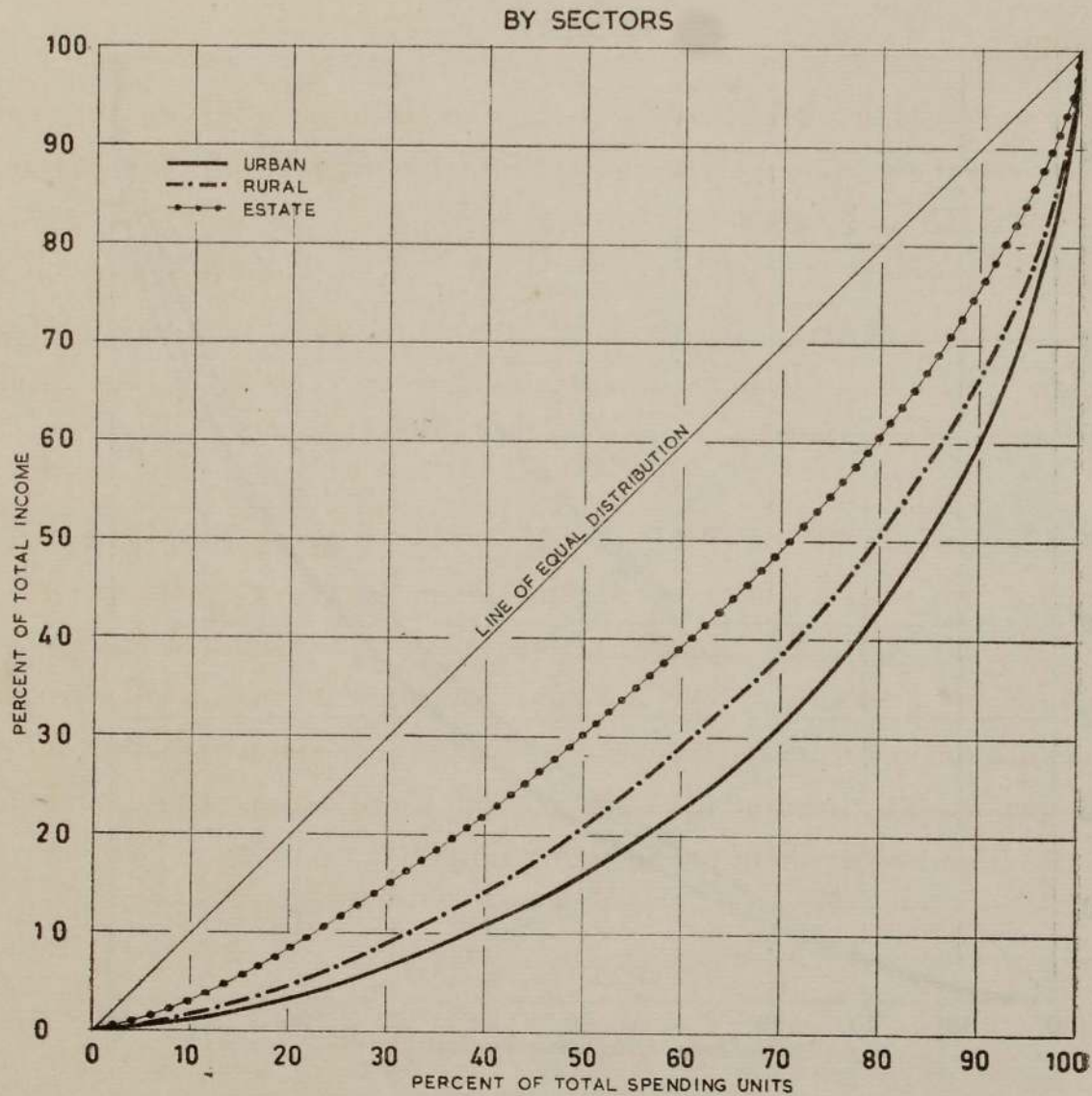
There had been a decrease in the degree of inequality in 1963 from the 1953 level.

The income distribution of spending units for the 12 months follows a similar pattern as that for 2 months. The variations in income between zones and between sectors is larger for 12 months than for 2 months.

Taxes and Income

The survey collected data on taxes paid by the spending units for the period under reference. Of these taxes, the income tax, wealth tax and gifts tax payments were on incomes received in 1961/62 and not on incomes for 1962/63—the year covered by the survey. On the other hand, the data on national development tax were related to incomes of the same period during which that tax is paid. It was therefore decided to compute the tax liability increase and relate this tax liability to incomes of the period 1962/63.

The survey revealed that in 1961/62 the total tax payments amounted to Rs. 82,801·36 for the year. The average tax (income tax) per spending unit for 2 months was Rs. 2·56. The tax liability (income tax only) for 1962/63 was Rs. 2·20 per spending unit for 2 months. The national development tax, wealth tax and gifts tax have not been estimated because of inadequate data available for the purpose. The tax liability (income tax only) computations are shown in the following table for the island as a whole for spending units.

TABLE 48

Income Tax Liability for 1962/63

Income Group of S. Unit (Income for 2 months)	No. of Spending Units	Total Income	Income tax liability	Income tax liability as % of Income	Income after tax
801– 900	102	87,071 ·70	2,860 ·08	3 ·28	84,211 ·62
901–1,000	88	81,771 ·80	3,465 ·44	4 ·24	78,306 ·36
1,001–1,200	99	110,054 ·00	6,607 ·26	6 ·00	103,446 ·74
1,201–1,400	47	65,281 ·12	5,091 ·98	7 ·80	60,189 ·14
1,401–1,600	32	48,954 ·10	4,143 ·04	8 ·46	44,811 ·06
1,601–1,800	23	37,815 ·30	3,372 ·26	8 ·92	32,443 ·04
1,801–2,000	22	40,986 ·40	3,947 ·90	9 ·63	37,038 ·50
2,001–2,500	18	40,152 ·50	4,505 ·40	11 ·22	35,647 ·10
2,501–3,000	16	43,571 ·80	5,580 ·96	12 ·81	37,990 ·84
Over 3,000	34	165,267 ·10	31,847 ·46	19 ·27	133,419 ·64
Total	481	720,925 ·82	71,421 ·78	9 ·91	649,504 ·04

Disposable income is defined here as income after deduction of income taxes, other than tax on capital gains, national development tax, gifts tax and wealth tax. Income after tax was estimated for each spending unit by deducting tax liabilities from money income before taxes. Unlike other data this tax liability was not obtained from the householders at the interview. These were actually computed on the basis of income, family size, family allowances and the prevailing rate of income tax for the year 1962/63. In calculating tax liabilities no deduction was made for dependants other than wife and children of the family. It should therefore be noted that these income tax computations are not actual payments but estimates of income tax liabilities.

The average income of Rs. 385·36 of a spending unit for 2 months has been reduced to a disposable income of Rs. 383·16. Tax payments by those obtaining an income of more than Rs. 600 for 2 months were 9·91 per cent of the total taxable income. The marginal increase in the percentage of these taxes to income indicates that the income receivers in the income group ' Rs. 1,201—1,400 ' pay 1·8 per cent more as income taxes than the income group ' Rs. 1,001—1,200.' But those within the income group Rs. ' 1,401—1,600 ' pay 0·66 per cent more than the next lower income group. The marginal increase in tax payments do not appear to be uniform from one income group to the next.

Income and Sex

The distribution of income by sex is shown in tables of Part II of the report. Of the 7,781 income receivers 75 per cent were males. The sex ratio of income receivers was 294 males to 100 females. The shape of the income distribution for females is very different from that of the males. The mean income of a female income receiver is slightly more than half the mean income for all income receivers for the island. The distribution of income of female income receivers has a tendency to be concentrated at the lower income groups. The low average and median incomes for females suggest that most women are paid lower wages than males and also perhaps that a large proportion of women do not attempt to earn the full amount they can. Some women earn when there is work around the place of residence ; some work part time for most part of the year. Their participation rate in the labour force is low due to their family obligations, attitude towards work and the availability of work close to their homes. Of the total income, females received only about 13·2 per cent.

Mean income for males is seen to be more than double that of females in all zones except zone 3 where mean male income is a little more than 50 per cent higher than mean female income. Mean income among males is highest in zone 1 while

among females it is highest in zone 3. Mean incomes are lowest for both sexes in zone 4. If median incomes are considered the differences between the zones seem to be less though average incomes among males are still highest in zone 1 and lowest in zone 4. But among females, median incomes are highest in zone 2. The proportion of males in the total number of income receivers is highest in zone 3 and lowest in zone 4. This partially accounts for the relatively higher average income per income receiver in zone 3.

Average incomes by sex are given in table 49 for each sector. The mean income for males is lowest in the estate sector being a little more than half the mean for all island. The urban sector has a mean income for males which is more than twice that in the rural sector. The differences in average incomes are not so significant in the case of female income receivers. Mean income for females in the urban sector is about 60 per cent higher than in the rural sector where mean income is about 51 per cent higher than in the estate sector. It should be noted that the mean income has risen by 22 per cent for males, and 46 per cent for females in 1963 over the 1953 levels. The proportion of male income receivers to all income receivers was 75 per cent in 1963 while it was 74 per cent in the 1953 sample. Males formed only 52 per cent of all income receivers in the estate sector while they were over 80 per cent in the rural sector and over 82 per cent in the urban sector.

If the median is taken as the average income, the difference between the sectors is considerably less. Among males, median income in the urban sector is 64 per cent higher than that in the rural sector where the median income is 54 per cent more than that in the estate sector. The median female income, unlike the mean, is seen to be higher in the estate sector than that in the rural sector. Compared with the 1953 survey, median male income is 40 per cent higher in 1963 and female median income is 30 per cent higher.

The percentage shares of total income accruing to the top 10 per cent, bottom 10 per cent and lower half of income receivers are given in the table 51 for each sector by sex. It is seen that incomes are more equally distributed among females in the urban and estate sectors. In the rural sector there is less variation in incomes among males than among females.

Income and Age

Tables 52 and 53 gives the distribution of income receivers and total two monthly income for each age group by sectors and zones.

TABLE 49

Average 2 Monthly Incomes by Sectors

Sex	RURAL			URBAN			ESTATE			ALL ISLAND		
	No. I.R.	Mean	Median	No. I.R.	Mean	Median	No. I.R.	Mean	Median	No. I.R.	Mean	Median
Males ..	4061	282·17	205·25	947	567·48	330·18	799	153·60	131·02	5807	311·01	198·35
Females ..	1041	144·13	85·49	205	245·48	138·60	728	101·84	98·77	1974	139·06	95·26
Total ..	5102	254·00	181·75	1152	510·18	296·10	1527	128·93	114·02	7781	267·39	165·53

TABLE 50

Average 2 Monthly Incomes by Zones

Sex	ZONE I			ZONE II			ZONE III			ZONE IV			ALL ISLAND		
	No. I.R.	Mean	Median	No. I.R.	Mean	Median	No. I.R.	Mean	Median	No. I.R.	Mean	Median	No. I.R.	Mean	Median
Males	2074	385·37	248·77	547	316·60	215·15	602	332·70	246·43	2584	245·09	160·33	5807	311·01	198·35
Females	626	166·25	99·71	154	146·27	127·64	111	217·72	123·00	1083	114·25	82·51	1974	139·06	95·26
Total ..	2700	334·56	210·83	701	279·18	186·04	713	314·80	233·28	3667	206·45	132·60	7781	267·39	165·53

I.R. = Income Receivers

TABLE 51

Percentage of Total Income Accruing to the Top 10%, *Bottom* 10% *and Lower Half of Income Receivers by Sectors and Sex*

Based on income for 2 months.

Sex	RURAL			URBAN			ESTATE			ALL ISLAND		
	Top 10%	Bot. 10%	Lower Half	Top 10%	Bot. 10%	Lower Half	Top 10%	Bot. 10%	Lower Half	Top 10%	Bot. 10%	Lower Half
Males ..	33·0	1·4	20·7	39·1	1·3	17·0	24·7	3·2	30·8	38·2	1·5	19·0
Females ..	39·0	0·7	16·0	38·1	1·2	45·5	19·0	3·1	34·2	38·0	1·3	20·9

The mean age of all income receivers was 37·1 years. As between sectors, there was little difference in the mean ages of urban and rural income receivers—both being nearly 39. But mean age in the estate sector was nearly 34. The median age of all income receivers was 37·5 while the median in the sectors were 38·7 in the rural, 39·9 in the urban and 32·3 in the estate. In the rural and estate sectors about a fourth of income receivers, the largest group, were in the age group 26–35. But in the urban sector only 21·3 per cent were in this age group while 24 per cent were in the age group 36–45. Another significant difference was in the percentage of income receivers aged over 55. While this group had 17 per cent of the income receivers in the rural and urban sectors, only 6 per cent were in this age group in the estate sector.

The median income is highest for the age group 46–55 years in all zones except in zone 3. The sectors show a similar central tendency in the same age group except in estate sector.

The general tendency is for average incomes to rise with age. But certain differences are seen as between the sectors. In both urban and rural sectors, average incomes rise from the age group 14-18 and the age group 46-55 and decline thereafter. However, in the rural sector mean income is highest in the age group 46-55 and it is only 24 per cent higher than the mean for all ages. In the urban sector mean income for group 46-55 is 46 per cent higher than the general mean for that sector. The variation of income with age is markedly greater in the urban sector. In the estate sector the variation is least. Mean income is highest in the age group 36-45 and declines thereafter. But, even in this age group mean income is only 15 per cent higher than the general mean for the estate sector. Even in the age group 14-18, it is only 18 per cent lower than the general mean. Variation of income with age is thus least in the estate sector.

TABLES 52 and 53

Income by Age—Mean and Median—By Zones and by Sectors

Income for 2 months.

AGE (Years)	ZONE I			ZONE II			ZONE III			ZONE IV		
	No. I.R.	Mean	Median	No. I.R.	Mean	Median	No. I.R.	Mean	Median	No. I.R.	Mean	Median
0–13	16	102·60	89·33	5	80·00	—	—	—	—	14	74·63	75·00
14–18	138	96·39	83·76	22	109·79	84·00	25	122·12	125·00	209	88·95	89·37
19–25	330	184·12	143·14	68	198·99	134·00	88	206·09	163·00	641	112·37	99·57
26–35	633	300·94	218·22	178	248·30	195·20	152	323·47	272·42	912	187·86	140·49
36–45	628	382·25	260·42	173	272·57	212·60	172	367·06	271·97	835	263·25	169·23
46–55	490	496·87	280·40	138	383·88	217·33	143	331·66	264·08	623	265·45	170·66
Over 55	465	330·35	209·17	117	299·39	163·00	133	327·32	219·85	433	251·45	146·82
Total	2700	334·56	210·84	701	279·18	186·04	713	314·80	233·28	3667	206·45	132·60

AGE (Years)	URBAN			RURAL			ESTATE			ALL ISLAND		
	No. I.R.	Mean	Median	No. I.R.	Mean	Median	No. I.R.	Mean	Median	No. I.R.	Mean	Median
0–13	11	77·32	79·00	23	93·63	86·80	1	73·80	—	35	87·94	83·71
14–18	55	125·58	113·00	213	80·64	79·93	126	105·37	104·60	394	94·82	87·35
19–25	137	246·27	214·47	632	143·64	98·80	358	111·55	109·82	1127	145·93	111·33
26–35	241	460·44	309·48	1254	235·82	188·00	380	127·65	114·30	1875	242·77	171·16
36–45	271	576·21	362·02	1175	306·74	233·61	362	148·02	116·99	1808	315·35	208·26
46–55	246	744·81	397·67	939	315·38	215·43	209	142·97	133·64	1394	365·31	209·76
Over 55	191	502·05	258·35	866	269·69	182·00	91	127·63	115·57	1148	297·09	181·45
Total	1152	510·18	296·10	5102	254·01	181·75	1527	128·93	114·02	7781	267·39	165·53

Income and Education

All income receivers were classified according to the broad educational level attained. It was already mentioned that the tabulation procedure did not proceed according to plan because the machines of the Department of Census and Statistics, where tabulation was done, was unable to cope with this type of work. As a result it was not possible to obtain data relating to income classified by age, education and sex and sex by medium of instruction and education. The results presented in this section are therefore only in respect of income and educational level attained. Income for two months and for twelve months are shown here.

There is a tendency for income to rise with the level of academic education attained. Both the 1953 survey and the 1963 survey revealed that incomes rose steeply and consistently with education. One significant difference between the two sets of data is that the rate of change in income, as one attains a higher educational level, showed a gradual rise in 1963 in contrast to 1953 when the rate of change fluctuated. The following table shows the average incomes and their rates of change by educational levels.

TABLE 54

Changes in Income by Education—Total for 2 months

Education	1953 Average Income		1963 Average Income		1963 as a percentage of 1953 Income
	Total	Per cent Change	Total	Per cent Change	
No Schooling	117 ·40	—	154 ·38	—	131 ·50
Primary	189 ·00	60 ·99	224 ·73	45 ·57	118 ·90
Secondary	427 ·40	126 ·14	365 ·69	62 ·72	85 ·56
Passed GCE/SSC	590 ·40	38 ·14	599 ·72	64 ·00	101 ·58
Higher	1,008 ·80	70 ·87	1,040 ·88	73 ·56	103 ·18
Technical	—	—	—	—	—
Total	214 ·80	—	267 ·59	—	124 ·58

Income receivers with no schooling had the highest percentage increase in income over the past ten years. Those with secondary education showed a decline in income. This may be due to the fact that in 1953 secondary education was a sufficient qualification in obtaining employments carrying higher wages than in 1963. As the number of persons with higher education increased the chances of those with secondary education obtaining jobs carrying salaries equal to those received in 1953 began to decline. The earnings of SSC/GCE qualified income earners and those with higher education showed only a very small improvement in money terms over the last ten years. In real terms, taking the cost of living index as a measure of price changes, the incomes of these categories had declined over the 1953 levels.

In any case money spent on education would result in higher productivity of the individual and therefore demand for people with higher qualifications will continue. As long as there is a large supply of such people the wages paid to them

TABLE 55

Income Differences by Zones and Sectors for Broad Educational Groups

Mean and Median Income for 2 months

Educational Category	Urban		Rural		Estate		Zone I		Zone II		Zone III		Zone IV	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
No Schooling (Illiterate) ..	268·36	164·00	126·50	92·18	103·79	105·99	133·44	107·70	158·42	138·00	170·51	140·40	119·15	111·15
No Schooling (Literate) ..	445·04	237·75	200·10	159·25	138·00	133·66	259·58	167·00	319·75	175·00	253·20	194·00	159·36	132·56
Primary	292·70	221·20	231·57	177·01	136·96	118·20	269·32	197·79	227·24	171·13	246·99	204·77	192·97	133·05
Secondary ..	614·11	381·03	313·99	245·34	171·66	121·40	391·90	281·07	312·66	245·10	326·91	261·04	356·32	229·72
Passed GCE/ SSC	736·74	520·80	534·62	393·00	319·45	265·70	655·45	455·90	636·59	607·19	572·54	475·50	515·71	352·88
Higher	1,462·37	934·00	748·43	510·00	6,494·69	—	1,091·57	644·31	4,873·35	—	952·81	838·12	704·28	534·00
Technical ..	1,186·59	750·50	741·60	363·25	—	—	915·66	600·00	524·00	—	1,222·35	850·50	741·10	413·25
Total ..	510·18	296·10	254·01	181·75	128·93	114·02	334·56	210·84	279·18	186·04	314·80	233·28	206·45	132·60

can be equal or only slightly higher than that paid in 1953. The 1963 survey shows the existence of such a tendency.

Between 1953 and 1963 there has been a rapid rise in the supply of educated and qualified workers and also a narrowing down of wage differentials within certain educational groups. It remains to be seen whether the rise in the proportion of academically qualified workers has resulted in the narrowing down of wage differentials. The data obtained in this survey when analysed by sectors would give a better indication of the presence or absence of such differences. (Table 55).

The usual pattern where earning capacity increases with education is clearly seen in rural sector, zone 1 and zone 4. In the other sectors and zones this pattern is disturbed by the kink observed in average income for literate income receivers without any schooling. In these areas both the median income and mean income of literate income receivers without any schooling were higher than those for income receivers with primary education. The attainment of literacy without attending any school itself requires some perseverence. The ability of those persons may be higher than those with two or three years of schooling who reported they had a primary education.

Income differences do not show a tendency to narrow down. The percentage gain in income of those with a higher education over the level of income of G.C.E. educated income receivers is much more than the gain by G.C.E. educated over those with secondary education. Though there has been an increase in the supply of educated workers the demand for them has not expanded in the same proportion. The demand for persons with higher education may have been largely for those with special skills rather than for persons with more academic achievements.

The ratio of mean to median is larger at higher educational levels and also for illiterate persons. This indicates the existence of larger inequalities in the distribution of income at these levels than at primary and secondary levels of education. The extent of inequality in the distribution of income by educational levels can be seen from the following table which gives the income received by each 20th of income receivers.

TABLE 56

Percentage of Income Taken by Each 20th of Income Receivers

Based on income for 2 months.

Income Rank	No schooling (Illiterate)	No schooling (Literate)	Primary	Secondary	GCE/SSC	Higher	Technical
Lowest 20th	3·33	5·94	5·60	4·26	4·70	5·44	3·94
Second 20th	10·17	10·33	10·30	8·71	10·43	10·49	9·28
Third 20th	15·08	14·63	17·32	14·56	14·32	12·86	14·73
Fourth 20th	19·67	20·72	27·30	21·26	21·69	19·50	19·51
Highest 20th	51·75	48·38	39·48	51·21	48·86	51·71	52·54
Total	100·00	100·00	100·00	100·00	100·00	100·00	100·00

Nearly half the total income is received by the highest twentieth in each educational group. The distribution of income for income receivers with primary education shows less inequality than those shown by the corresponding distributions for other levels of education. One interesting feature is that even income receivers with higher education show more inequality in the distribution of income than those with primary education. This can be clearly seen with the help of concentration ratios.

The concentration ratios presented here have been worked out on the basis of total income received by twentieths of income receivers. (See also the Charts 9*a* and 9*b* shown below).

Chart 9 a

INCOME RECEIVERS
LORENZ CURVE SHOWING DISTRIBUTION OF INCOME
BY EDUCATION LEVELS
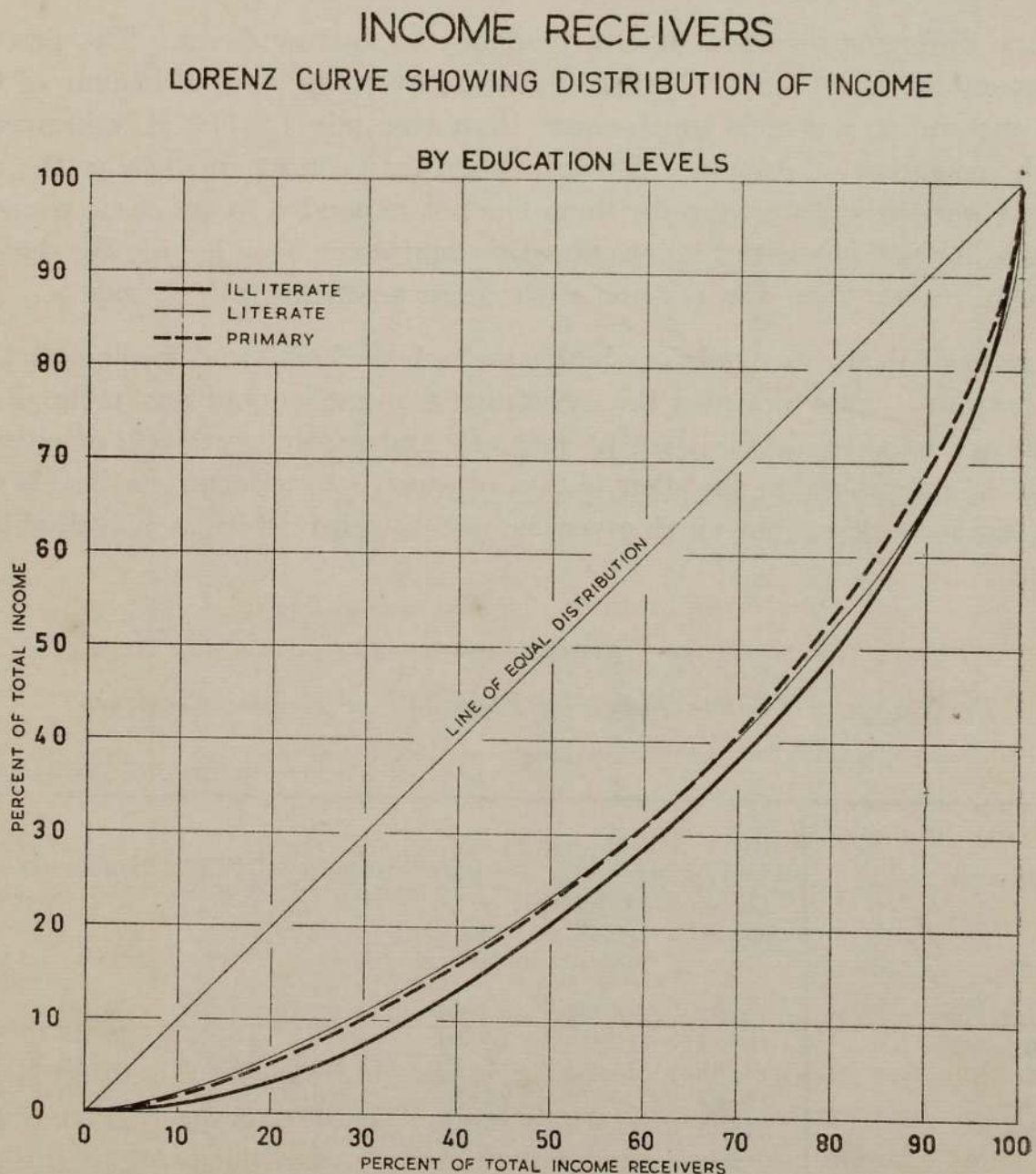
INCOME RECEIVERS
LORENZ CURVE SHOWING DISTRIBUTION OF INCOME
BY EDUCATION LEVELS
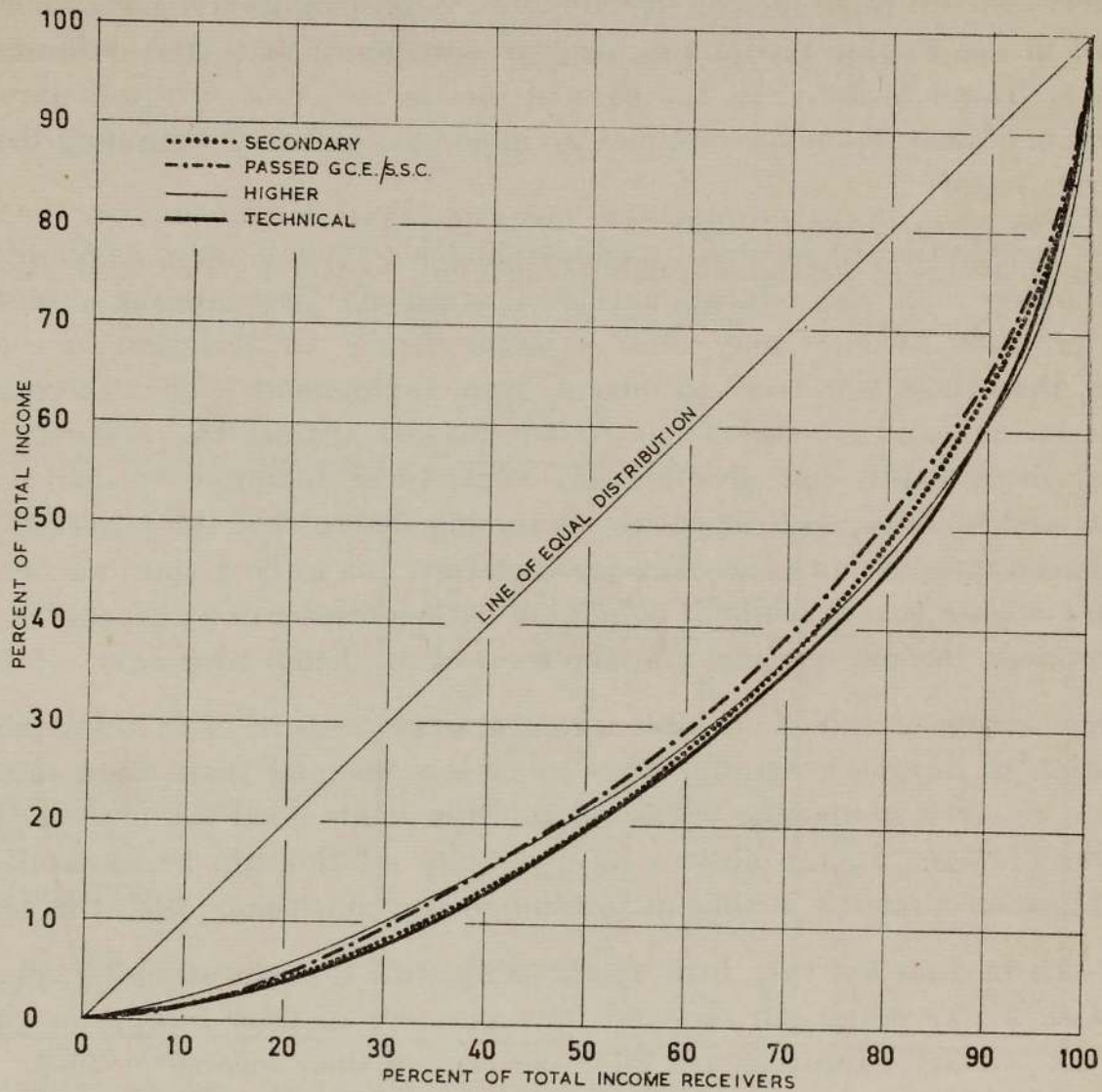
TABLE 57

Concentration Ratios by Educational Level

Educational Level	Concentration Ratio
No Schooling (illiterate)	0·43
No Schooling (literate)	0·38
Primary	0·34
Secondary	0·43
Passed GCE/SSC	0·40
Higher	0·41
Technical	0·43

The higher the concentration ratio more unequal will be the distribution of income. Thus, contrary to what one would expect the income receivers with higher education show a greater degree of inequality in their distribution than those with primary education. This may be due to the fact that the quality and standard of higher education received can vary widely. In the case of primary education

such wide differences cannot exist. The distributions of incomes at secondary education and G.C.E. levels show greater inequality than that at primary education level. This may be due to the type of education received after the primary level and the medium through which instructions have been received. The presence of income receivers educated in all three media within these categories of education would have caused these income distributions more unequal, for an income receiver educated in the English medium is likely to earn more than those educated in the Sinhala or Tamil media. In the case of income receivers with primary education the medium of instruction may not play an important part in determining the amount of income received.

The distribution of income by educational levels may show inequality due to reasons other than the educational level attained. The income receivers who receive property incomes may show a larger degree of variation in the income received, than those who received income from employment. Thus the relationship between income and education has to be checked against the influence of other factors such as family background, and connections, inherited wealth, differences in efforts and abilities, and differences in intelligence so that the observed relationship between income and education does not turn out to be a spurious one. However the evidence that is available points out to the presence of a high degree of correlation between income received and the level of academic education attained.

When income received in kind forms a large proportion of total income the distribution of income generally tends to be less unequal than when most of the income is received in money. This relationship holds good for four of the seven educational levels. In the absence of a definite relationship between all or most types of income earners it is difficult to come to any conclusion about this behaviour.

Income in kind has very little relationship with the educational level attained. Those with higher education received 12·4 per cent of their income in kind while those with primary education had 20·9 per cent of their income in kind.

The estate sector (except for one income receiver with higher education having a very high income) had the lowest average incomes at all educational levels ; the highest average incomes were in respect of the urban area. The urban area had the largest numbers of income receivers in the categories of primary (38 per cent) and secondary (32 per cent) educational levels. These two received 23 per cent and 40 per cent of the income of the urban area respectively. In the urban area an income receiver with G.C.E./S.S.C. obtained about half the average income received by an income receiver with higher education.

In the rural sector, which had nearly 62 per cent of the total income of Ceylon, 45 per cent of the income receivers had a primary education. Of the total income receivers with primary education 70 per cent were in the rural area.

In the estate sector a large number of income receivers (nearly 41 per cent) was illiterate while 32 per cent had primary education.

The number of income receivers with primary education and below was highest in zone 4 while those with secondary education and above were highest in zone 1. The average income of income receivers at all educational levels was higher in zone 1

than in zone 4. In fact the lowest incomes by all educational levels other than secondary and technical were reported in zone 4. The income differences among educational levels is also lowest in zone 4, while it is highest in zone 2. It should, however, be mentioned that average incomes by educational levels in zones 1 and 4 show the general pattern of an increase in income with a higher educational level attained. In zones 2 and 3 this same pattern can be observed except for a kink in the case of income receivers who are literate with no schooling.

Income and Community

Data on income were analysed by main community groups of the island. The distribution of income by sectors for each community group is shown in tables of Part II. A summary of the average and median incomes is shown below.

TABLE 58

Average and Median Incomes by Community—Income for 2 Months—All Island

Community	Number of Income Re-ceivers	Average Income for two Months Rs.	Median Income for two Months Rs.	Quartiles		Quartile Devi-ation Rs.
				Q1 Rs.	Q3 Rs.	
Kandyan Sinhalese	2,079	218 ·47	146 ·40	81 ·78	274 ·69	96 ·46
Low-country Sinhalese	3,049	292 ·54	199 ·43	108 ·11	345 ·91	118 ·90
Ceylon Tamils	962	327 ·01	198 ·10	103 ·14	369 ·38	133 ·12
Indian Tamils	1,124	148 ·02	118 ·53	85 ·39	157 ·60	36 ·11
Moors and Malays	521	414 ·12	259 ·17	129 ·09	419 ·38	145 ·15
Others	46	819 ·28	467 ·33	215 ·29	956 ·69	370 ·70
All Island	7,781	267 ·39	165 ·53	94 ·90	306 ·39	105 ·75

The average income for two months is highest for the community group which includes Burghers, Europeans and other minority communities. There are 46 income receivers in this category and the average is affected by the extreme varia-tions in the data caused by the presence of two income receivers in the highest income bracket. Extreme variations affect the arithmetic mean and this makes it difficult to compare two averages. The median income however does not show such wide variations between communities as the arithmetic mean. There are large differences between the arithmetic mean and the median for communities such as Ceylon Tamils, Moors and Malays and ' Other ' communities including ' whites.' The difference between the two measures of averages is explained by the extent of dispersion shown by the quartile deviation. Among the communities the distribution of income is least unequal for Indian Tamils while the degree of inequality is highest for Moors and Malays and " Other " communities. Among the larger community groups in Ceylon Low-country Sinhalese had the highest median income.

The Indian Tamils who form the bulk (68 per cent) of the income receivers in the estate sector had 64 per cent of the total income in this sector. The following table gives the total number, average and median income of income receivers by sectors.

TABLE 59

Number of Income Receivers, Average and Median Incomes by Sectors

Income for 2 months

Community	Number			Average			Median		
	Urban	Rural	Estate	Urban Rs.	Rural Rs.	Estate Rs.	Urban Rs.	Rural Rs.	Estate Rs.
Kandyan Sinhalese ..	80	1,847	152	484 ·05	215 ·27	117 ·63	257 ·13	154 ·47	108 ·76
Low-country Sinhalese	557	2,357	135	442 ·66	265 ·99	136 ·57	270 ·49	193 ·26	115 ·26
Ceylon Tamils	246	541	175	517 ·85	301 ·89	136 ·37	331 ·95	211 ·09	110 ·79
Indian Tamils	37	56	1,031	535 ·14	370 ·60	122 ·04	307 ·13	175 ·00	116 ·51
Moors and Malays ..	205	284	32	635 ·87	285 ·88	131 ·61	316 ·85	187 ·51	100 ·00
Others	27	17	2	922 ·10	360 ·91	3,327 ·35	717 ·50	109 ·17	—
All Island	1,152	5,102	1,527	510 ·18	254 ·01	128 ·93	296 ·10	181 ·75	114 ·02

The mean, median and per capita incomes by major communities are given in the following table for 1953 and 1963 :—

TABLE 60

Incomes for Two Months in 1953 and 1963—per Income Receiver and per Capita Income—All Island

Community	Arithmetic mean Rs.		Median Rs.		Mean as % of Median		Per capita Income Rs.	
	1953	1963	1953	1963	1953	1963	1953	1963
Kandyan Sinhalese	181 ·40	218 ·47	134 ·40	146 ·40	134 ·97	149 ·22	52 ·00	53 ·00
Low-country Sinhalese	231 ·80	292 ·54	147 ·00	199 ·43	157 ·69	146 ·69	68 ·40	71 ·36
Ceylon Tamils	249 ·40	327 ·01	166 ·20	198 ·10	150 ·06	165 ·07	86 ·40	105 ·85
Indian Tamils	122 ·20	148 ·02	96 ·40	118 ·53	126 ·76	124 ·88	70 ·60	67 ·17
Moors and Malays	411 ·20	414 ·12	175 ·00	259 ·17	234 ·97	159 ·79	119 ·00	107 ·18
Others	801 ·60	819 ·28	436 ·60	467 ·33	183 ·60	175 ·31	180 ·00	273 ·09
All Communities	214 ·80	267 ·39	132 ·60	165 ·53	162 ·00	161 ·52	70 ·80	72 ·57

A comparison of 1953 and 1963 mean (arithmetic mean) income figures (before tax) indicates that the largest gain in percentage terms was reported by Ceylon Tamils who received 31 per cent more in 1963 than in 1953. The income gains of Kandyan Sinhalese and Low-country Sinhalese over the same period were 20 per cent and 26 per cent respectively. The median income, however, was lower in 1963 than in 1953 for Kandyan Sinhalese. The median incomes of the Low-country Sinhalese, Moors and Malays indicated increases of 36 per cent and 48 per cent respectively over the same period.

The difference between mean and median income can give an indication of the extent of inequality in the distribution of income. Thus the mean expressed as a percentage of the median shows that the income distribution for Kandyan Sinhalese and Ceylon Tamils was more unequal in 1963 than in 1953. In respect of all other

communities income inequality was less in 1963 than in 1953. In 1953 as well as in 1963 inequality was highest for Moors and Malays while it was lowest for Indian Tamils.

Indian Tamils who had the highest number of income receivers per spending unit had a per capita income which was higher than that for Kandyan Sinhalese or Low-country Sinhalese in 1953. In 1963 their per capita income fell and was lower than that for Low-country Sinhalese. The per capita income of Kandyan Sinhalese rose only by one rupee over the last decade. This meant that per capita income in real terms actually fell by nearly 7 per cent. The largest rise in per capita income in money terms was observed in community groups that included Burghers and Europeans while the Ceylon Tamils too showed a substantial increase in per capita incomes.

Income in kind seems to be more related to the type of occupation than to the educational level or community group or level of income of the income receiver. Indian Tamils who received free quarters and certain foodstuffs at concessional rates obtained 12·5 per cent of their income in kind. The following table, however, shows that Kandyan Sinhalese who had the lowest per capita income received highest (20·7 per cent) income in kind, but the Indian Tamils, who had the second lowest per capita income, had the third lowest income in kind. (See Table 62).

Average incomes by sectors indicate that the Kandyan Sinhalese receive the lowest average income in rural areas while in the estate sector lowest income is received by the Indian Tamils, the bulk of whom are estate labourers. In rural and urban areas the Indian Tamils were engaged mostly in commerce and they received an income higher than that received by Ceylon Tamils or Sinhalese communities. Furthermore, 80 per cent of the Indian Tamils who had received primary education or no education were in the estates. Moors and Malays who had 81 per cent of their income receivers with primary education or no education received the second highest average income. It may be noted that 39 per cent of them lived in urban areas. Thus it is possible that the income differences among communities is partly explained by the differences in educational level and partly by the degree of urbanisation. The table given below shows the percentage of population of each community by sectors.

TABLE 61

Degree of Urbanisation

(Percentage of Population)

Community	Urban	Rural	Estate	Total
Kandyan Sinhalese	3·68	92·63	3·69	100·00
Low-country Sinhalese..	22·11	75·57	2·32	100·00
Ceylon Tamils	12·75	74·66	12·59	100·00
Indian Tamils	10·14	5·73	84·13	100·00
Moors and Malays	38·90	56·58	4·52	100·00
Others	71·03	23·91	5·06	100·00

The level of education reached by each community is shown in table 16 and its comparison with tables 61 and 62 indicates the degree of association between education level, degree of urbanisation and income received.

TABLE 62

Income by Community—Rupees for Two Months

Community	Income in Kind					Money Income					Total Income					Income as % of Total	
	Urban	Rural	Estate	All Island	Receipts of each Community as % of Total	Urban	Rural	Estate	All Island	Receipts of each Community as % of Total	Urban	Rural	Estate	All Island	Receipts of each Community as % of Total	Income in Kind	Money Income
Kandyan Sinhalese ..	217·87	40·57	12·13	45·32	26·0	266·18	174·69	105·49	173·15	21·0	484·05	215·27	117·63	218·47	21·8	20·7	79·3
Low-country Sinhalese ..	63·91	55·84	18·45	55·66	46·9	378·75	210·14	118·12	236·87	42·0	442·66	265·99	136·57	292·54	42·9	19·0	81·0
Ceylon Tamils ..	51·29	57·04	15·91	43·94	12·8	466·56	244·84	120·46	278·92	15·6	517·85	301·89	136·37	327·01	15·1	14·7	85·3
Indian Tamils ..	106·31	22·35	15·38	18·72	5·8	428·85	348·25	106·66	129·30	8·5	535·14	370·60	122·04	148·02	8·0	12·6	87·4
Moors and Malays ..	70·16	39·76	13·02	50·08	7·2	565·71	246·12	118·59	364·04	11·0	635·87	285·88	131·61	414·12	10·4	12·1	87·9
Others ..	35·65	158·41	537·20	102·82	1·3	886·45	202·50	2,790·15	716·46	1·9	922·11	360·91	3,327·35	819·28	1·8	12·5	87·5
Total ..	73·72	49·52	16·02	46·53	100·0	436·46	204·48	112·90	220·86	100·0	510·18	254·01	128·93	267·39	100·0	17·4	82·6

Income and Occupation

Each income receiver was classified both according to the industry in which he was employed and according to the main occupation in which he was engaged. The industrial classification cut across all types of occupations. The occupational classification, on the other hand, cut across all industries. Persons were grouped under different categories of occupations such as clerical, executive and managerial.

The income receivers obtained nearly 73·0 per cent of their income from the main occupation. The average income received by the income receivers in each category of occupation is shown below for the island. It should be noted that column 4 of this table gives the average income from main occupation only while the column 3 shows the average income from main occupation plus all other sources such as rent, dividends, interest, transfers, etc.

TABLE 63

Income from Main Occupation —All Island

Main Occupation of income Receiver (1)	Number of Income Receivers (2)	Average Income from Main occupation and all other sources (3) Rs.	Average Income from Main Occupation only (4) Rs.	$(4) \div (3)$ $\times 100$ $= (5)$ (5)
1. Agriculture and Fishing (Ownership) ..	1,354	350 ·90	239 ·30	68 ·20
2. Semi-skilled and unskilled labour ..	3,270	152 ·54	119 ·78	78 ·52
3. Clerical and Allied	310	457 ·67	397 ·70	86 ·90
4. Managerial..	92	1,006 ·72	767 ·25	76 ·21
5. Professional	245	608 ·50	489 ·65	80 ·46
6. Technical	130	443 ·32	438 ·18	98 ·84
7. Craft	413	232 ·21	186 ·20	80 ·18
8. Commerce	509	554 ·02	448 ·57	80 ·96
9. Service	401	252 ·98	173 ·03	68 ·39
10. Total Including activities not adequately described and property and transfers	7,781	267 ·39	195 ·16	72 ·98

The number of income receivers who had a main occupation was 6,884 or 88·5 per cent. This number differs from that shown under industrial classification of occupations because many income receivers did not describe their occupations fully though they gave an account of the industry in which they worked.

The percentage distribution of income receivers by occupational status is given below :—

TABLE 64

Distribution of Income Receivers by Main Occupation—Percentages

Main Occupation	Income Group of Income Receivers (2 months)									Total	Per cent of income receivers to total
	0–50	51–100	101–200	201–400	401–800	801–1,600	1,601–2,000	2,001–3,000	Over 3,000		
Agriculture..	5	13	30	30	17	4	·4	·1	·4	100	19
Labour ..	10	21	47	19	3	·2	—	—	—	100	48
Clerical ..	1	5	18	31	31	12	1	1	·1	100	5
Managerial ..	—	1	6	25	33	21	4	2	8	100	1
Professional	—	2	2	36	41	16	1	·4	2	100	4
Technical ..	2	1	16	43	25	11	1	—	1	100	2
Craft ..	11	14	28	34	12	1	·2	—	—	100	6
Commerce ..	3	8	22	28	25	8	2	2	2	100	7
Service ..	8	22	32	27	9	1	—	—	—	100	6
Unspecified..	7	11	32	26	11	6	1	4	1	100	2
Total ..	7	16	36	25	12	3	·4	·4	·4	100	100

The above table shows that the largest number of income receivers (48 per cent of total) are semi-skilled and unskilled labourers while cultivators and fishermen form the second highest group with 19 per cent. The managerial group has only 1 per cent of the income receivers but received 4·7 per cent of the total income. The semi-skilled labourers received 25·8 per cent of total income.

Bulk of the farmers, cultivators and fishermen—(nearly 78 per cent) received incomes ranging between Rs. 100 and Rs. 400 for two months. This category had less than one per cent of income receivers who received more than Rs. 1,600 for two months.

Table 63 shows that those engaged in Agriculture and Fishing received 68·2 per cent of the total income from the main occupation. This ratio of main occupation income to total income from all sources is lowest for this occupational category. Thus it can be seen that their average income from the main occupation increased by 47 per cent as a result of income received from subsidiary occupations and other sources. Regularity of employment and the absence of a steady income from main occupation during the farmers' " off season " makes him to take to subsidiary occupations to supplement his low income. These farmers and fishermen and others in agricultural pursuits (as owners) were seldom fully employed during the 12 months prior to the survey. Some were not employed over the entire period of 12 months in this occupation. They reported a variety of subsidiary occupations such as poultry farming and dairy farming.

It should also be noted that this occupational category includes owner cultivators of paddy, non-owner cultivators, poultry farmers, dairy farmers and fishermen.

The income of the chief occupations that make up the category of agriculture and fishing is shown below.

TABLE 65

Main Occupation Category—Agriculture and Fishing—Income by Components

Income in Rs. for 2 months

	Urban		Rural		Estate		Total	
	No.	Average	No.	Average	No.	Average	No.	Average
Paddy owner cultivator	13	1,138 ·15	738	240 ·20	6	245 ·75	757	255 ·66
Paddy non-owner cultivator ..	3	135 ·60	136	259 ·71	—	—	139	257 ·03
Vegetable cultivator	2	362 ·50	19	93 ·23	1	120 ·00	22	118 ·93
Cultivator—other	4	306 ·25	251	171 ·30	3	97 ·00	258	172 ·53
Poultry, Dairy and Livestock Farming	—	—	13	163 ·70	—	—	13	163 ·70
Fishermen	16	233 ·56	59	239 ·76	—	—	75	238 ·44
Total	38	549 ·73	1216	225 ·24	10	188 ·55	1264	234 ·50

The owner cultivators of paddy in urban areas received an average income which was nearly five times as high as that received by his rural counterpart. It is likely that in urban areas those who owned paddy land did less of actual cultivation but more of supervision and managerial functions and they had been included here. The income of fishermen was almost equal to the average for the whole group. Dairy farming and poultry keeping was carried on only in rural areas as the main occupation of a few (less than 1 per cent of agriculture and fishing) income receivers. It should, however, be mentioned that dairying and poultry farming formed an important subsidiary occupation among a few urban and rural income receivers. The sample had 63 income receivers or 8 per cent of the total with dairying and poultry farming as the first subsidiary occupation. Their average income from subsidiary occupation alone was Rs. 83·80 for two months. Another 30 income receivers (or 4 per cent of total) reported this as their second subsidairy occupation and their average income from this was Rs. 50·76 for two months.

Semi-skilled and unskilled labour had the highest (48 per cent) proportion of income receivers for any group. Of these income receivers 30 per cent received an income less than Rs. 100 for two months ; 66 per cent received incomes between Rs. 100 to Rs. 400. This category reported the lowest average income for any group. They received 21 per cent of total income from subsidiary occupation and other sources. Unlike in the case of other categories the fact that they were semi-skilled and unskilled gave them few opportunities for work outside their main occupation.

Clerical and allied services employed 5 per cent of the total income receivers, but received nearly 8 per cent of the total income. In this category 80 per cent of the income receivers received incomes ranging between Rs. 100 and Rs. 800 for two months.

The highest average income was reported by the managerial class. They received Rs. 1,006·72 for two months. Their income from the main occupation amounted to 76 per cent of the total average income. The percentage of people having such occupations was only 1 per cent of the total, but they received 5 per cent of the total income. This class had no persons receiving less than Rs. 50 for two months and only 1 per cent received less than Rs. 100.

The professional class reported the second highest average income. Their average income was however only 60 per cent of that received by the managerial class. Among the professional group none received less than Rs. 50 a month. The bulk of income receivers were in the income group Rs. 200 to Rs. 1,600, the highest concentration being however within the income group Rs. 300 to Rs. 600. About 4 per cent of the income receivers were in this category and they received nearly 8 per cent of the total income.

The largest proportion of income received from main occupation was reported by the technically qualified persons who obtained 98 per cent of their income from main occupations only. Of the total only 2 per cent of the income receivers had technical occupations and they accounted for nearly 4 per cent of the total income. Among the technical occupation the bulk of the income was received by the income receivers within the income group of Rs. 200 to Rs. 400.

The second lowest average income from main occupation was reported by those engaged in ' services.' These people included domestic servants, restaurant and hotel waiters, dhobies, drivers and barbers. This category should be distinguished clearly from the service category mentioned in the industrial classification, because that category included highly paid officers in the health, legal and community services, whereas service categories in this instance includes low wage services, such as domestic servants. This category of income receivers was only 6 per cent of the total and received about 5 per cent of the total income. Their income from main occupation was only 68·4 per cent of the total income. These too like the agricultural farmer engaged in other subsidiary occupations to enhance their low

average income and thus was able to bring their average income to a much higher level than the semi-skilled and unskilled labour and those engaged in craft.

The Occupational category ' Craft ' included carpenters, goldsmiths, weavers, spinners, tailors, cobblers, etc. These income receivers obtained 80 per cent of their total income from the main occupation.

It will be interesting to compare the urban rural differences in income by occupational status. The following table (Table 66) shows the average (arithmetic mean) and median incomes by sectors.

An urban income receiver in practically every occupation except ' services ' received an income higher than his counterpart in the rural area. The average income in agriculture and fishing in the urban sector was 67 per cent more from main occupation alone than in the rural sector.

The biggest difference in average incomes by sectors and by occupational categories was among those who had commerce as their main occupation. These income receivers in urban areas obtained 114 per cent more income than the rural income receiver engaged in commerce. This large difference may be due to the fact that commerce included shop owners and vendors. The rural shop owners who run a business mainly as a household enterprise cannot be strictly compared to the urban shop owner who does business on a larger scale. In the rural areas there were many itinerant vendors whose average income was generally low.

The average income of those engaged in service occupations (*e.g.* dhobies, domestic servants, drivers) was slightly higher in rural areas than in urban areas.

In the urban sector the largest number of income receivers were in the category of unskilled labour (25 per cent) while clerical and allied occupations had 12 per cent of the income receivers. In the rural sector the largest number was in the unskilled labour groups which had 38 per cent of the total income receivers of the rural sector. The second largest category was ' agriculture and fishing ' which had 29 per cent. The estate sector had 93 per cent of its income receivers in the unskilled and semi-skilled labour groups. The commerce group which normally received high incomes in the urban and rural sectors got the lowest income in estate sector.

TABLE 66

Arithmetic Average and Median Incomes—Main Occupation Incomes Only

Rs. for 2 months

Occupation	Urban		Rural		Estate		All Island	
	Arithmetic Average	Median	Arithmetic Average	Median	Arithmetic Average	Median	Arithmetic Average	Median
1. Agriculture and Fishing	390·23	239·50	233·25	215·50	151·30	116·60	239·30	214·55
2. Unskilled and semiskilled labour ..	164·49	187·50	122·97	142·30	106·86	121·15	119·78	130·85
3. Clerical and allied	507·75	509·25	324·08	331·15	216·55	170·20	397·70	373·90
4. Managerial	989·66	962·90	554·87	437·75	3,150·45	—	767·25	540·60
5. Professional	607·67	493·90	445·22	447·70	—	—	489·65	456·60
6. Technical	422·80	386·40	444·75	322·00	679·47	—	438·18	358·70
7. Craft	241·47	232·50	170·60	178·10	191·00	—	186·20	188·50
8. Commerce	715·81	458·35	334·02	271·10	100·87	—	448·57	324·70
9. Services	171·83	139·80	173·23	159·80	184·77	—	173·03	153·50
10. Others	475·26	266·60	230·45	183·20	106·06	—	358·70	176·00
Total ..	402·91	287·20	209·66	187·70	115·22	121·50	206·88	170·10

Income by Industry

Income Receivers in employment were classified according to the industrial group of the main occupation. The informants were required to state as their main occupation the employment in which they worked the major portion of the year. A full description of their main occupation was obtained and these occupations were classified according to the Standard Industrial Classification of Economic Activity adopted by the United Nations. The Industrial Classification cuts across all types of occupations such as labour, executive, managerial and professional. In other words, all employees in one industry or group of industries were classified into one category.

There were 7,781 income receivers of whom 94·3 per cent had a main occupation. Those receiving income from property only were 0·5 per cent, while transfers were received by 4·9 per cent of income receivers. Among the income receivers who had a main occupation 52·3 per cent were engaged in agriculture and forestry. Services employed 12·9 per cent, manufacture 7·3 per cent and commerce 7·5 per cent.

Agriculture accounted for 37·6 per cent of the total income, while services accounted for 22·7 per cent and commerce 12·2 per cent of the total.

Income from agriculture was estimated by deducting the cost of production from the value of total output. No allowance was made for any depreciation of assets. The items that were generally regarded as cost of production of a paddy cultivator were (i) seed, (ii) manure, (iii) irrigation charges and hiring of buffaloes, implements, etc. (iv) cost of food of livestock required, (v) repairs to implements and (vi) payments for any hired labour.

In the evaluation of agricultural output many problems were encountered. Valuation of products sold was at the market price fetched. In practice the cultivator sells part of his produce at different points of time. In fact the cultivator will sell his surpluses soon after harvesting if he is in need of money. If credit facilities are available to him he will sell his product at different times. If he wishes he can sell his entire output to the Government through the co-operative society at Rs. 12/- a bushel. Some cultivators who had borrowed money from the co-operative societies were not willing to sell their output to them as a part of the debt will be deducted when the output is sold. They chose instead to sell to private businessmen at a lower price. These factors made it difficult to value the unsold part of the output as the price that the farmer would get for his crop was most uncertain. To arrive at an average price that the cultivator would obtain for his output adequate statistical material will have to be collected over the entire year. Perhaps a weighted mean of the prices prevailing at the time the bulk of the crop is sold would approximate to the average harvest price. In the absence of adequate information the entire output of a cultivator was valued at the price fetched by the portion sold.

The portion of the output retained for consumption cannot be separated with a high degree of accuracy from that retained for seed. This will vary according to the size of the crop, the price and his economic condition. The amount retained to be consumed at home was valued at the same price as the quantity marketed.

Nearly 50 per cent of the income receivers had agriculture and forestry as their main occupation. The average income for the group was Rs. 203·95. In 1953 this category received an average income of Rs. 166·80. When allowance is made for a 10 per cent price increase the rise in real income was nearly 11 per cent over the past 10 years. Income from main occupation was about 73 per cent of total income for this category. The two subsidiary occupations added on an average income of Rs. 26·88 for two months. There were a few people who received pensions and who after retirement were engaged in agricultural pursuits. Over 80 per cent of the income receivers in agriculture and forestry owned their houses. Income from rent was nearly 7 per cent of their total income.

Manufacturing included those employed in factory industries as well as those in small scale industries. This group with nearly 7 per cent of the total income receivers accounted for 7 per cent of the total income. Their average income was Rs. 268·82 from all sources, while the average income from main occupation alone was Rs. 159·41 or 59 per cent of the total. They have increased their income by engaging themselves in subsidiary occupations and have been able to raise their average income to a level higher than that received by those engaged in agriculture and in mining. The average incomes of the main components of industry that comprise the category ' Manufacturing ' are shown below.

Income shown in this table gives average income from main occupation only.

TABLE 67

Manufacturing—Main Components by Sectors

Income from Main Occupation

Industry	Average Income for 2 months			
	Urban Rs.	Rural Rs.	Estate Rs.	Total Rs.
Food and Beverages ..	201 ·36	368 ·40	85 ·00	334 ·50
Tobacco and Beedi ..	698 ·00	129 ·84	—	178 ·82
Textiles and Footwear ..	252 ·30	104 ·05	—	148 ·97
Furniture and Wood ..	219 ·59	187 ·69	—	196 ·59
Printing and Paper ..	316 ·48	596 ·07	—	438 ·80

It should be noted that the urban rural differences in income for certain categories of industry such as printing have little significance because some of the factories are located in rural areas for technical and other reasons. The above table indicates that average income was highest in paper and printing for any industrial group within this category " manufacturing." Except for wood and furniture which had 2·1 per cent of the total income receivers all other sub-categories had less than one per cent in each. The average incomes of income receivers in " tobacco and beedi," " textiles and footwear" and " furniture and wood " were lower than the average for the entire category ' manufacturing.' The inclusion of beedi wrappers who live mainly in rural areas within the sub-category ' tobacco ' was mainly responsible for the lowering of average income for this group as evidenced by the urban-rural difference in average incomes.

The highest average income obtained by income receivers in any industry was in " services." This industry included the highly paid in the legal profession

and in health services as well as the poorly paid in domestic and personal services. The average incomes of the chief groups under this industry are given below. The income given in this table refers to income from main occupation only.

TABLE 68

Industry—Services—Income of Components

Industry	Average Income for 2 months in Rupees		
	Urban	Rural	All Island
Government Services ..	731 ·14	183 ·37	390 ·31
Community Services ..	867 ·81	436 ·57	577 ·27
Business Services ..	1,170 ·21	408 ·87	949 ·64
Recreation Services ..	603 ·00	255 ·50	476 ·64
Personal Services ..	236 ·60	127 ·56	157 ·02

The average income in " business services" was the highest among service industry groups. However in rural areas this average income was less than in community services. Those engaged in community services included doctors and nurses.

The Government services (excluding government servants in community services) employed 2·3 per cent of the income receivers. It is the usual practice for high income earners to reside in urban areas. The high incomes of government servants in urban areas compared to that received by those in rural areas explains the large difference in income between the two sectors.

The average income of a government servant was Rs. 390·31 compared to an average income of Rs. 949·64 in 'business services.' The government servants, according to this classification included labourers, clerical and allied workers and executives. The average income for the group 'services' was Rs. 500·08 from all sources. Income from main occupation alone was Rs. 412·91 for this category. Several income receivers in this category reported that they were engaged in subsidiary occupations such as poultry farming and cultivation of agricultural products.

The average income of an income receiver in 'Business Services' was the highest for any sub-group within the category of 'services.' This group consisted of lawyers, accountants, commission agents, brokers and auctioneers.

Domestic servants and hotel and restaurant waiters were included in the sub-group 'personal services' where average incomes were lowest for any sub-group within this industry category. The average income of this group may be an under-estimate to the extent that a certain part of income in kind may not have been included. In 1953 the average income of income receivers engaged in personal services for two months was Rs. 151·40.

Income receivers in Commerce had the second highest average income of Rs. 457·30, of which 73·2 per cent was received from main occupation alone. This category ' Commerce ' includes those in wholesale and retail trades and financial institutions. In the case of boutique-keepers and others who run businesses as household enterprises many did not keep separate accounts for the households and for their businesses. This made it difficult to assess the income except approximately. Income from household enterprises was normally low and these income receivers engaged themselves in other subsidiary occupations to raise the level of their income. The fact that these income receivers obtained over 25 per cent of their income from subsidiary incomes indicates the existence of a certain amount of underemployment in those industries.

Most of the rural income receivers engaged in commerce worked on their own businesses and were self-employed. Income from work and property accounts for 51 per cent of the total income from main occupation of income receivers in this category.

The sectoral differences in average income are shown in table 69.

There are sharp differences in average incomes between sectors for some industries like agriculture, manufacturing and commerce. The urban income for the group ' agriculture and forestry ' is twice as high as the rural income and almost four times as high as the average income in estates. Commerce showed a similar pattern. All the industries except hunting and fishing showed that incomes were higher in the urban sector than in the rural sector.

The income distributions in five of the industries showed wide disparities between the arithmetic average and the median incomes thus indicating the presence of a large degree of inequality in the distributions. The group ' commerce ' has the most unequal distribution. The inequality in the distribution is most pronounced in urban areas.

The difference in income which may be significant when industries are considered may not have the same significance on a sectoral basis for the same industries. Agriculture for instance is more a rural and estate ' industry ' rather than an urban ' industry.' Income receivers engaged in agriculture in urban areas are mostly people who reside in urban areas but direct and manage their farms and estates in rural and estate sectors.

In the case of property income sectoral differences in income are significant. The average income from rent in urban areas is more than twice the rural income. The income from dividends cannot be taken as representative of dividends received because only 10 people in the sample reported that they received their income from dividends only. Several income receivers who had a main occupation reported income from dividends as well. Income from interest only also has the same limitation as that applicable to dividends.

TABLE 69

Mean Income (Arithmetic Average) and Median Income by Sectors according to

Industrial Classification of Occupations and other sources —Income in rupees for 2 months

Industry	Urban		Rural		Estate		All Island	
	Arithmetic Mean	Median	Arithmetic Mean	Median	Arithmetic Mean	Median	Arithmetic Mean	Median
1. Agriculture and Forestry	494·36	261·5	242·61	199·7	128·53	113·9	203·95	137·4
2. Hunting and Fishing	266·25	209·1	281·10	254·9	—	—	276·78	205·4
3. Mining and Quarrying	—	—	249·70	225·5	—	—	249·70	225·5
4. Manufacturing and Industry	407·99	284·3	234·46	165·8	224·75	138·00	268·82	166·1
5. Construction	450·72	287·7	257·89	225·5	—	—	301·97	237·2
6. Electricity, Gas, Water and Sanitary Services	322·63	267·3	263·63	213·2	184·21	*	286·38	250·0
7. Trade and Financial Institutions	711·96	291·3	354·30	200·0	153·38	125·0	457·30	256·9
8. Transport, Storage and Communication	461·52	347·7	354·21	328·4	231·33	225·5	384·35	333·6
9. Government and Business Services	645·59	268·2	397·85	325·5	262·22	250·0	500·08	340·4
10. Activities not adequately described	222·14	184·2	159·82	136·7	193·49	119·0	170·60	142·4
11. Rent only	255·30	275·5	114·80	88·0	—	—	151·23	96·0
12. Dividends	241·00	*	518·41	225·5	—	—	483·74	225·5
13. Interest	110·00	*	—	—	—	—	110·00	*
14. Gifts	213·51	125·0	87·28	37·4	80·00	80·0	105·29	45·3
15. Pensions	483·35	375·5	336·83	113·3	36·58	34·8	312·89	256·4
16. Other Income	459·33	337·7	125·16	125·0	—	—	298·93	141·0
Total	510·18	296·1	254·01	181·8	128·93	114·0	267·39	165·5

*Small Sample.

The changes in average (money terms) income between 1953 and 1963 is compared below with that of real income.

TABLE 70

Changes in Average Income for two months by Main Industry—1953 and 1963

Industry	Per cent of total Income	Average Income 1953 Rs.	Average Income 1963 Rs.	Real Income 1963 (at 1953 prices) Rs.	Change in 1963 from 1953 (Per cent) +increase —Decrease
		(Arithmetic mean)			
1. Agriculture and Forestry ..	39·02	166·8	203·95	185·40	+ 11·16
2. Hunting and Fishing ..	1·19	212·8	276·78	251·62	+ 18·24
3. Mining and Quarrying ..	0·20	110·0	249·70	227·00	+106·36
4. Manufacturing and handicrafts	7·22	181·4	268·82	244·38	+ 34·71
5. Construction	2·11	364·4	301·97	274·52	— 24·67
6. Electricity, Gas, etc. ..	0·54	—	286·38	260·35	—
7. Commerce	12·63	385·6	457·30	415·73	+ 7·81
8. Transport and Communication	6·25	496·2	384·35	349·41	— 29·58
9. Services	23·53	246·7	500·08	454·62	+ 80·23
10. Activities not adequately described	7·31	126·6	170·60	155·09	+ 22·50
Total ..	100·00	214·8	273·28	248·44	+ 15·66

The real incomes of income receivers in all industries except construction and transport and communications show a rise in 1963 over that of 1953. Small increases in real income may actually not represent any gain because of the possible underestimation of the actual rise in prices over the last 10 years.

Source of Income

The survey also sought information on the sources of income of the various income receivers. All those who had a main occupation and who also received income from other sources were classified separately while others who received only property incomes and transfers were separated out from the rest.

The following table gives the income derived from different sources in 1953 and in 1963 :—

TABLE 71

Main Sources of Income 1953 and 1963—Percentages

Source	1953	1963
Main Occupation	79·4	75·7
Subsidiary Occupation	9·2	9·8
Rent	4·0	8·3
Interest, Dividends and other property income	1·5	1·6
Transfers (Gifts and Pensions)	4·7	2·9
Other income	1·2	1·7
Total ..	100·0	100·0

Nearly 9·5 income receivers for every 10 reported that they had a main occupation. This main occupation was connected either with work or with work and property combined. A person who received his income by 'selling his services' as an employee received income from work only. He did not work on his own property nor did he work on property rented by him. All self-employed persons who owned their property or leased or rented them and employers who managed their own business or enterprise received their income from work and property. Income from work and property in all occupations other than 'commerce' and 'hunting and fishing' was less than the income from work only. Table 72 gives the average income from work, work and property, etc., according to occupations classified by industry.

Income from main occupation, on the average constituted 75·7 per cent of total income from all sources. Income receivers in the industry 'transport and communications' showed the highest percentage (85·2 per cent) of income received from main occupation only while the lowest percentage of 59·3 was reported by those in the manufacturing industry.

Income from work only was 66·9 per cent of the income from main occupation. Agriculture and forestry accounted for 37·69 per cent of total income from main occupation. In this industrial category a larger percentage of income was received from work than from work and property. This was mainly due to the income of plantation workers who receive their wages from work only. The only industries that showed a higher percentage of income from work and property were 'hunting and fishing' and 'commerce.' These industries included a larger number of self-employed fishermen and boutique-keepers.

It is evident that 33·1 per cent of income was received from work and property. The average income from work and property is about half the income from work only. Property income of those with a main occupation as well as of those without any occupation was 9·6 per cent of total income. The percentage of income from work and property is related to the nature of the industry and the location of that industry. The rural areas, as expected showed a higher percentage of income from work and property.

Income from subsidiary occupation was almost equal to total income from property (rent, dividends, etc.). There was a sharp rise in the percentage of property income received from 5·5 per cent in 1953 to 9·9 per cent in 1963. This

TABLE 72

Income Recievers—Average Income from Main Occupation and Average Income from Work and Work & Property

Main Occupation	Income Receivers		Income as a per cent of total Income from Main Occupation	Income from work only		Income from work and property		Average Income from Main Occupation only Rs.	Average Income from all sources for I.R. having a M.O. Rs.	Income from Main Occupation as % of Income from all sources	Income from Work and Property as % of Income from all sources
	Number	Per cent		Average Income Rupees	as per cent of total Income from Main Occupation	Average Income Rupees	as per cent of total Income from Main Occupation				
1. Agriculture & Forestry	3838	49·33	37·69	75·81	19·16	73·31	18·53	149·12	203·95	73·12	49·16
2. Hunting & Fishing	86	1·10	1·27	98·39	0·55	126·47	0·72	224·86	276·78	81·24	56·24
3. Mining & Quarrying	16	0·20	0·19	154·81	0·16	27·78	0·03	182·59	249·70	73·12	15·30
4. Manufacturing	539	6·93	5·63	112·80	4·00	46·61	1·62	159·41	268·82	59·30	28·66
5. Construction	140	1·80	2·05	188·76	1·74	33·61	0·31	222·37	301·97	73·64	15·12
6. Electricity, Gas, etc.	38	0·49	0·60	237·22	0·59	2·11	0·01	239·33	286·38	83·57	0·88
7. Commerce	554	7·12	12·21	165·77	6·05	168·89	6·16	334·66	457·30	73·18	50·46
8. Transport, Storage, etc.	326	4·19	7·03	299·42	6·43	28·24	0·61	327·66	384·35	85·25	8·62
9. Services	944	12·13	25·67	335·97	20·89	76·94	4·71	412·91	500·08	82·57	18·63
10. Activities not adequately described	859	11·04	7·66	130·05	7·73	5·35	0·57	135·40	170·60	79·36	3·95
Total	7340	94·33	100·00	138·48	66·93	68·40	33·07	206·88	273·28	75·70	33·06

rise in property income was mainly due to the increase in rental incomes. Rental income, it should be noted, included income from rented out rooms, houses and commercial buildings, imputed rents of owner occupied houses and incomes from renting out machinery, animals, etc.

Dividends formed 1·6 per cent of total income. Dividends were a small proportion of income in various industries except in commerce where dividends formed 6 per cent of total income. Nearly 45 per cent of the total dividends received was by the income group that had a minimum income of over Rs. 3,000 for two months.

Gifts and pensions were the main components of transfer incomes. Transfer receipts are those for which no current work or use of property is given in exchange. Income received from transfer receipts was 2·8 per cent of the total. There were 92 persons or 1 per cent of income receivers who were dependent only on their pensions and this 1 per cent received 1·5 per cent of total income. The pensioners who were re-employed in some other occupation after their retirement amounted to 0·5 per cent of the total income receivers and they received 0·3 per cent of total income from pensions alone. Gifts and pensions formed a larger proportion of total income in 1953 than in 1963.

The category " Other income " accounted for 1·7 per cent of total income. This " catch-all " group was meant to include such items as free firewood collected mostly by children for the household or spending unit. Some informants either did not give the proper source of their income or the investigator had insufficient understanding of the concepts of main occupation, property income or transfers. This may have resulted in some respondents reporting " Other income " as the only source of income.

Table 73 shows the sources of income (for those with a main occupation) by income groups.

There does not seem to be a definite relationship between income group and income from subsidiary occupation. Rents, dividends and interests rise with income. The marginal rate of increase in income from property shows a sharp rise as income increases. Thus in the group " Rs. 1,600-2,000 " rental income was 8 per cent of total income whereas for the next higher income group rental income formed 18 per cent of total income. This same picture can be seen in the case of dividends and interests as well.

TABLE 73

Income Classified by Sources of Income

Rs. for 2 months

Income Group of Income Receiver (Rs. per two months)	No. of Income Receivers	Main Occupation Average	Subsidiary Occupation		Rent Average	Dividends Average	Interest Average	Annuities Average	Gifts Average	Pensions Average	Other Services Average	Total Average
			I Average	II Average								
0– 50	554	26·92	1·57	0·02	2·66	0·05	—	—	0·53	1·33	0·40	33·48
51– 100	1,309	52·28	9·13	4·60	9·30	0·15	—	0·06	1·59	0·07	1·30	78·50
101– 200	2,431	117·30	12·40	1·73	7·54	0·22	—	0·02	3·63	0·03	3·40	146·28
201– 400	1,867	222·21	31·76	3·16	18·57	0·74	0·14	0·02	5·66	0·98	4·80	288·06
401– 800	855	420·85	52·87	5·82	33·71	2·40	0·84	0·11	16·97	4·24	11·05	548·87
801–1600	237	829·49	69·01	7·24	89·15	15·48	1·37	0·25	25·67	2·83	6·46	1,046·98
1601–2000	28	1,448·24	91·35	10·13	152·74	15·76	9·83	—	55·00	—	18·23	1,801·29
2001–3000	31	1,418·90	87·84	—	435·87	247·46	23·06	—	71·00	37·91	53·84	2,375·89
Over 3000	28	3,362·90	155·07	26·36	1,123·86	465·36	37·85	12·50	108·57	—	52·14	5,344·63
Total	7,340	206·88	23·63	3·25	22·60	3·95	0·46	0·09	6·70	1·12	4·60	273·28

III—EXPENDITURE

Consumer Expenditure

The survey obtained information on actual money expenditure of a spending unit as well as imputed value of goods produced and consumed at home. All gifts consumed were also treated as expenditure of the spending unit. It should be remembered that imputed value of such items were also entered as income of the spending unit.

The survey was conducted during the month of March and during the first ten days of April. Data on food were collected for seven consecutive days. No attempt has been made here to analyse the expenditure details on food according to the week of the survey period. Such an analysis would give the variations of expenditure due to different periods being used for collecting information. Non-food expenditure data were collected for the two months preceding the survey. This period included the Ramazan festival. All Muslim households that entered the survey reported heavy expenditures on clothing, fuel and light, transport and on other non-food expenditures. The Sinhalese and Hindu New Year fell on 14th April. Though the day of New Year was out of the survey period it is likely that most purchases as new year gifts would have been made at the end of March when wage payments are generally received. There could have been an increase in food expenditure as well because most of the short eats and sweet meats would have been prepared in the early week of April. Considering these facts it is likely that the expenditure during this period is overestimated to a certain degree.

The average expenditure per spending unit or *per capita* expenditure is less meaningful than the proportion of expenditure by items. In comparing the expenditure on a particular commodity by the lower income group with that of a higher income group, the average size, composition, etc., of a spending unit, have to be taken into account if the data compared are the absolute figures. This could be avoided by comparing the percentages of expenditure devoted to each commodity.

The information on food expenditure for one week has been ' blown up ' by multiplying the data obtained for one week by the number of weeks in February and March, 1963—the reference period (*i.e.* 8·42857). It should be pointed out here that no attempt was made to assess the seasonal variation in the consumption pattern. The households that had high expenditures due to Ramazan festival and Thai Pongal would indicate unusual expenditures during this period. The ' blowing up ' of one week data to obtain expenditure for two months would in certain instances give a higher expenditure than the ' normal ' expenditure for two months. The limitations of data as a result of using a short reference period had been discussed in section A of this report.

Food Expenditure

The level and pattern of food expenditure of a people are determined by several factors—economic, social, agricultural, etc. Economic factors which influence food expenditure include income levels, prices, subsidies, taxes, marketing systems,

etc. Social prejudices and taboos regarding particular items of food are examples of social factors which influence food expenditure. Among agricultural factors the extent and variety of food crops cultivated and the type of terrain are important. All these factors also help to explain differences in the pattern of food consumption and expenditure between various social or geographical groups within the same country. In this report attention will be paid mainly to the economic factors influencing food expenditure, as reflected in the results of the survey.

The level of food expenditure of a person varies with the level of his income. The distribution of income within a country or a social group would therefore influence the pattern of expenditure on different items of food, given the tastes of different income groups. When the expenditure on food is expressed as a percentage of total consumption expenditure, it is observed that this percentage begins to fall off with increases in income. This is because as income increases, a level of sufficiency in food consumption is reached at a very early stage and thereafter out of every increase in income a higher percentage is devoted to expenditure on other items of consumption. This process can be observed even among different groups of food items. Expenditure on energy foods tends to stabilise itself after a point while expenditure on non-energy foods tends to rise sharply with every rise in incomes.

Expenditure details by income groups for sectors and zones are shown in Part II of the report. The expenditure on rice as a proportion of total food expenditure was 19·4 per cent for all income groups. This proportion was high in lower income groups and fell sharply in higher income groups. Thus rice formed 23·4 per cent of food expenditure in the income group Rs. 50-100 while it fell to 7·9 per cent in the income group over Rs. 3,000 per two months. The proportions spent on rationed rice given at subsidised prices was high in lower income groups but fell off gradually as income level rose. Expenditure on unrationed rice did not behave according to any such pattern. Expenditure on rationed rice as a per cent of total food expenditure was 8 per cent for all spending units with an income of over Rs. 800 for two months. In the case of unrationed rice this same group spent 14 per cent of food expenditure.

Compared to 1953 there had been a fall in the proportion of food expenditure on rice from 29·3 per cent to 19·4 per cent. All income groups showed a decline in the proportion of food expenditure on rice from that of 1953. A comparison of these proportions of expenditure on food is given in the following table :—

TABLE 74

Spending Units—Selected food items as a per cent of total food expenditure

Item	1953	1963	+increase —decrease
1. Rice ..	29·3	19·4	—9·9
2. Wheat flour ..	6·0	3·6	—2·4
3. Grains	0·7	0·5	—0·2
4. Bread and confectionery	4·1	6·6	+2·5
5. Meat..	2·3	5·4	+3·1
6. Fish ..	7·8	8·4	+0·6
7. Eggs	1·0	1·9	+0·9
8. Vegetables	11·3	10·6	—0·7
9. Condiments ..	9·1	5·2	—3·9
10. Coconuts	6·2	7·0	+0·8
11. Cooking oil	2·5	2·2	—0·3
12. Milk ..	3·2	4·2	+1·0
13. Milk products..	0·7	0·8	+0·1
14. Fruits	1·3	1·7	+0·4
15. Beverages, non-alcoholic	3·3	4·3	+1·0
16. Sugar	7·2	9·9	+2·7
17. Other	4·0	8·3	+4·3
Total	100·0	100·0	

The average expenditure per spending unit on rationed rice was highest in the estate sector and lowest in the urban sector. Zone 1 which contained the bulk of the urban spending units in the sample reported the lowest average expenditure on rationed rice per spending unit while zone 4 which contained the bulk of the estates reported the highest expenditure. On a per capita basis both the estate sector and zone 4 showed a lower per capita expenditure on rationed rice than the rural sector or zone 1 or zone 3.

In the case of unrationed rice the estate sector reported higher average expenditure per spending unit and per capita than any other sector or zone. The price of unrationed rice was higher in the estate sector than in urban or rural sector. This was mainly due to transport costs. The tables showing the quantities of rationed and unrationed rice consumed by income groups and according to sectors and zones would bring out the sectoral differences in consumption more clearly. The tables 76 and 77 give the quantities consumed by sectors and zones and by income groups.

TABLE 75

Physical Consumption of rationed and unrationed rice for 2 months—

By Sectors and Zones

Sectors/Zones	Per cent of spending unit that consumed rice		Average Quantity consumed in measures per spending unit		Quantity of rationed rice consumed as per cent of rationed rice available
	Rationed rice	Unrationed rice	Rationed rice	Unrationed rice	
Urban	90 ·65	84 ·73	63 ·37	15 ·82	76 ·17
Rural..	98 ·88	99 ·03	75 ·26	26 ·09	83 ·52
Estate	99 ·46	98 ·56	77 ·96	40 ·81	81 ·33
Zone 1	96 ·30	95 ·79	73 ·18	22 ·15	84 ·86
Zone 2	99 ·48	100 ·00	71 ·34	33 ·80	79 ·63
Zone 3	94 ·54	93 ·17	68 ·77	26 ·71	79 ·58
Zone 4	98 ·85	97 ·09	75 ·53	27 ·35	81 ·09
All Island ..	97 ·52	96 ·52	73 ·49	26 ·07	82 ·10

The above table shows that a slightly larger percentage of spending units consumed unrationed rice than rationed rice. Of the total ration available 82·1 per cent had been consumed during the reference period. Contrary to what one would expect the proportion of the unused ration was highest in the urban sector and lowest in the rural sector.

The quantity of rationed rice consumed by a spending unit was 73·49 measures for two months for the island and 14 measures per head. On the basis of per capita data ' blown up ' for the island the estimated consumption of rationed rice for an year amounts to 789,200 tons.

The physical consumption of rationed and unrationed rice by income groups is shown in the following table :—

TABLE 76

All Island—Per head Consumption of rationed and unrationed rice

Income Group of spending unit (Rs. per two months)	Rationed rice	Unrationed rice	Total projected consumption for the year (tons)	
	(Measures)		Rationed rice	Unrationed rice
0— 50	13 ·87	4 ·30	16,020	4,980
51— 100	14 ·30	4 ·00	54,420	15,240
101— 200	14 ·75	3 ·90	180,372	47,772
201— 400	14 ·55	4 ·75	305,712	99,792
401— 800	12 ·86	5 ·69	166,224	73,596
801—1,600	11 ·67	6 ·35	54,144	29,472
1,601—2,000	11 ·00	8 ·00	5,112	3,732
2,001—3,000	11 ·49	7 ·44	4,272	2,760
Over 3,000	7 ·02	6 ·17	2,916	2,400
Total	13 ·84	4 ·91	789,192	279,744

The per head consumption of unrationed rice, is one-third that of rationed rice. Generally (with a few exceptions) the per head consumption of rationed rice decreases with a rise in incomes. The consumption of unrationed rice, however, does not follow any such pattern mainly because of the consumption of home grown paddy and consumption of paddy by farm labourers.

The total consumption of rice projected for twelve months is 1,069 thousand tons of which 74 per cent was in rationed rice. This figure of consumption has been arrived at by projecting the per head consumption data obtained in the survey on the basis of population. Consumption of rice at hotels and restaurants, hospitals and institutions are excluded from this estimate. The total expenditure on meals outside the spending unit was obtained in the survey but this figure included the expenditure on items other than rice such as cool drinks, tea and preparations from wheat flour. Therefore it was not possible to separate the expenditure on rice from this figure " on meals outside the spending unit," so as to obtain an estimate of rice consumption outside the spending unit.

Of the total consumption of rationed rice 14·9 per cent was consumed in the urban sector and 74·2 per cent in the rural sector while 10·9 per cent was consumed in the estate sector. The consumption of rationed and unrationed rice by sectors and by income groups is shown in the following table :—

TABLE 77

Consumption of rationed and unrationed rice—Projected total for 12 months in tons

Income Group of spending unit (Rs. per 2 months)	Urban		Rural		Estate	
	Total rationed 12 months	Total un-rationed 12 months	Total rationed 12 months	Total un-rationed 12 months	Total rationed 12 months	Total un-rationed 12 months
0— 50	852	288	14,952	4,680	216	12
51— 100	3,552	1,092	49,884	13,812	984	336
101— 200	14,616	4,092	152,364	38,244	13,392	5,436
201— 400	36,888	8,844	221,724	68,904	47,100	22,044
401— 800	32,340	7,488	111,408	50,640	22,476	15,468
801—1,600	21,228	6,060	30,984	22,092	1,932	1,320
1,601—2,000	2,628	1,080	2,364	2,328	120	324
2,001—3,000	2,784	1,692	1,488	1,068	—	—
Over 3,000	2,316	1,140	600	1,260	—	—
Total ..	117,204	31,776	585,768	203,028	86,220	44,940

It can be seen that 72·6 per cent of the consumption of unrationed rice in the island was by the rural sector. The estate sector consumed a higher percentage of unrationed rice than the urban sector. Thus the estate sector consumed 16·1 per cent of the total unrationed rice while the urban sector consumed 11·3 per cent. This may be partly due to certain concessional grants of unrationed rice given to estate population by the management.

It is possible to compute the incidence of food subsidy by sectors and zones. These are shown below for sectors.

TABLE 78

Incidence of Subsidy on rationed rice by Sectors

Income Group of Spending Unit Rs. per 2 months	Urban		Rural		Estate	
	Average Income (Rs.)	Food subsidy as per cent of income	Average Income (Rs.)	Food subsidy as per cent of income	Average Income (Rs.)	Food subsidy as per cent of income
0– 50	31 ·89	13 ·67	33 ·33	26 ·79	38 ·60	20 ·16
51– 100	71 ·45	8 ·05	76 ·75	16 ·14	59 ·00	13 ·81
101– 200	152 ·77	5 ·84	153 ·25	9 ·55	161 ·10	9 ·47
201– 400	296 ·43	4 ·50	291 ·38	5 ·81	294 ·55	5 ·85
401– 800	565 ·32	2 ·67	539 ·10	3 ·09	537 ·87	3 ·26
801–1,600	1,097 ·18	1 ·30	1,053 ·64	1 ·43	991 ·11	1 ·49
1,601–2,000	1,730 ·30	0 ·53	1,786 ·37	0 ·84	1,771 ·30	0 ·71
2,001–3,000	2,454 ·65	0 ·50	2,476 ·83	0 ·51	—	—
Over 3,000	4,594 ·20	0 ·22	5,362 ·62	0 ·10	5,206 ·00	—
Total	631 ·97	1 ·94	331 ·19	4 ·61	354 ·08	4 ·69

The subsidy on rationed rice formed a very significant proportion of income in the lowest income group of the rural sector. This subsidy as a percentage of income also indicates size of the real income increase as a result of the subsidy. Those income groups below Rs. 200 for two months in the rural sector showed larger gains in real income than the corresponding income groups in the urban and estate sectors. On the average the rural sector obtained a real income increase of 4·61 per cent compared to 4·69 per cent and 1·94 per cent in estate and urban sectors respectively. As the income increased the gains in real income as a result of the subsidy declined faster in the case of the rural sector than in estate and urban sectors.

In the urban areas the consumption of rationed rice by the income groups below Rs. 200 per two months was less than that in the rural and estate sectors. In the rural areas vegetables and a few food items are obtained free from their own gardens by most households while in the urban sector these have to be purchased. In the estate sector too there are concessional grants of foodstuffs. This perhaps enabled the spending units in rural and estate sectors to purchase 99 per cent and 96 per cent of the available ration. The percentage of rationed rice purchased by the urban sector was below 80 per cent of the available ration.

This may be because they had to buy almost all their food requirements and very little was obtained from their own gardens. The rise in real income as a result of the subsidy is thus a function of the amount of rationed rice consumed and the availability of home grown foodstuffs particularly among the lower income groups.

This subsidy per spending unit on rationed rice was computed as follows :—

The difference in cost price (to Government) and subsidised price was multiplied by the quantities consumed per spending unit.

Wheat Flour

The average expenditure for two months on wheat flour was Rs. 7·71 per spending unit. This constituted 2·01 per cent of total expenditure or 3·6 per cent of food expenditure. Nearly 90 per cent of the amount consumed was by the spending units that received less than Rs. 800 per two months. The per head expenditure on wheat flour for two months was Rs. 1·45. The sectoral differences in consumption by income groups can be seen from the table in part II of the report. This table shows that the estate sector spends as much as 9 times more than the average for urban and rural sectors on this item. Variation in expenditure by zones was also marked. Expenditure on wheat flour averaged Rs. 12·70 per spending unit in zone 4. In zone 2, the average two monthly expenditure on wheat flour was Rs. 2·15 per spending unit. The highest recorded expenditure on wheat flour per person within a single income group was in the estate sector where the income group Rs. 401—800 spent Rs. 7·17 for two months. The lowest recorded expenditure per person was by the income group Rs. 51—100 in the zone 2 where the average expenditure was 26 cents per head.

The consumption of wheat flour is the highest in the estate sector where 90 per cent of the spending units reported consumption of this item. On the average 42 per cent of the spending units in the island consumed wheat flour. The following table gives the consumption of wheat flour by sectors and zones.

TABLE 79

Consumption of Wheat Flour for two months

Sector/Zone	Per cent of Spending Units consuming flour	Average Quantity Consumed (lbs.)	
		Per Spending Unit	Per head
Urban	32·3	15·25	3·09
Rural	37·9	14·38	2·69
Estate	89·9	115·03	20·23
Zone 1	27·4	10·33	2·02
Zone 2	24·0	7·17	1·35
Zone 3	54·4	31·48	6·14
Zone 4	56·8	40·37	7·31
All Island	42·3	24·89	4·69

The per head consumption of wheat flour amounts to 4·7 lbs. per two months. On this basis total consumption of wheat flour by the population was 133,750 tons for 12 months. Of this 63,450 tons or 47 per cent of the island total was consumed in the estate sector and nearly 56,000 tons or 42 per cent of the total was consumed in the rural sector. As in the case of rice it is possible to compute the incidence of tax on the quantity of wheat flour consumed. The following table gives the tax* on wheat flour as a proportion of income by sectors.

*The word 'tax' is used here synonymous with the profit or revenue on the sale of wheat flour during the survey period. During the survey period (i.e. March and April of 1963) the Government made a profit of nearly 5 cents on the sale of wheat flour. This profit or 'tax' multiplied by the average quantity of wheat flour consumed per spending unit gives the 'tax' element per spending unit.

TABLE 80

Incidence of ' profit ' on Wheat flour—Tax as per cent of Income

Income Group of Spending Unit Rs. per 2 months	Urban	Rural	Estate	All Island
0– 50	1 ·19	1 ·20	—	1 ·17
51– 100	0 ·34	0 ·55	3 ·31	0 ·58
101– 200	0 ·36	0 ·40	2 ·36	0 ·55
201– 400	0 ·22	0 ·27	1 ·78	0 ·50
401– 800	0 ·18	0 ·17	1 ·38	0 ·36
801–1,600	0 ·08	0 ·10	0 ·81	0 ·12
1,601–2,000	0 ·06	0 ·08	0 ·21	0 ·07
2,001–3,000	0 ·06	0 ·02	—	0 ·05
Over 3,000	0 ·02	0 ·002	0 ·06	0 ·02
Total	0 ·12	0 ·22	1 ·62	0 ·32

It should be noted that the ' tax ' on wheat flour excludes import duty which is levied in addition to the profits made on wheat flour. It is clear that the estate spending units paid on the average 0·32 per cent of their income as revenue to government on sales of wheat flour to that sector. They paid as ' tax ' nearly five times as much as the national average out of their average income for two months. Relative to the estate sector the income spent as ' wheat flour tax ' was only 0·12 per cent by urban spending units and 0·22 per cent by rural spending units.

Sugar

An average spending unit spent more on sugar than on rationed rice. The percentage of total expenditure on sugar was 5·55 while this was 5·40 on rationed rice. In money terms an average spending unit spent Rs. 21·23 on sugar during the two months. The expenditure on sugar by income groups shows a rising trend as income rises. The lowest income group spent Rs. 9·90 while the highest income bracket spent almost 4½ times as much as the lowest group. In physical terms an average spending unit consumed 29.5 pounds of sugar during two months. The per capita consumption was 5·6 pounds. Consumption of sugar by income levels and by sectors is shown in the following table :—

TABLE 81

Consumption of Sugar per head by Sectors—lbs. per two months

Income Group of Spending Unit Rs. per 2 months	Urban	Rural	Estate	All Island
0– 50	6 ·06	4 ·65	6 ·02	4 ·74
51– 100	5 ·28	4 ·20	7 ·64	4 ·34
101– 200	5 ·33	4 ·54	4 ·45	4 ·60
201– 400	5 ·83	5 ·20	4 ·77	5 ·22
401– 800	6 ·96	6 ·50	4 ·77	6 ·33
801–1,600	7 ·78	7 ·73	5 ·35	7 ·63
1,601–2,000	8 ·16	9 ·42	9 ·63	8 ·75
2,001–3,000	7 ·91	9 ·31	—	8 ·34
Over 3,000	9 ·58	11 ·69	11 ·80	10 ·44
Total	6 ·66	5 ·42	4 ·80	5 ·55

The quantity of sugar consumed per head by the lowest income brackets in estate and urban sectors is very much higher than that consumed by the middle income groups, Rs. 101—400. Apart from this unusual behaviour the tendency is for per capita consumption to increase with income levels. The highest income bracket consumes almost twice as much as the national average.

It is interesting to note that all spending units in urban and rural sectors above the income level Rs. 201 per two months consumed sugar. The units consuming sugar in the income group Rs. 0-50 was 83 per cent in urban areas, 94 per cent in rural areas and 66 per cent in the estate sector. As income increased the number of spending units that consumed sugar also increased up to the income limit of Rs. 200 beyond which all spending units consumed this item.

It should be noted that the data on the consumption of sugar given in this report refer to household consumption. The amount of sugar consumed by hotels, restaurants, etc., is not known. The household consumption of sugar projected for 12 months was 158,240 tons of which 19 per cent was consumed in the urban sector and 71 per cent and 10 per cent were consumed in rural and estate sectors.

The revenue* from sugar on the basis of quantity consumed has been computed and presented below as a per cent of income.

TABLE 82

Revenue on Sale of Sugar as per cent of Income for Two Months

Income Group of Spending Unit Rs. per 2 months	Urban	Rural	Estate	All Island
0– 50	12 ·39	17 ·20	14 ·16	16 ·69
51– 100	7 ·16	9 ·02	12 ·41	8 ·79
101– 200	4 ·69	5 ·61	4 ·77	5 ·42
201– 400	3 ·84	3 ·96	3 ·43	3 ·86
401– 800	2 ·83	2 ·95	2 ·51	2 ·87
801–1,600	1 ·74	1 ·77	1 ·72	1 ·77
1,601–2,000	0 ·82	1 ·31	1 ·48	1 ·01
2,001–3,000	0 ·74	0 ·69	—	0 ·73
Over 3,000	0 ·45	0 ·62	0 ·44	0 ·51
Total	2 ·02	3 ·40	3 ·00	2 ·97

It can be seen from the above table that nearly 17 per cent of the income of the lowest income group was spent on ' taxes ' on sugar. On the average 3 per cent of the income was spent as ' taxes ' on sugar. The nature of the sugar ' tax ' is such that it is highly regressive. The amount spent in the form of sugar ' tax ' is only half of one per cent in the case of the highest income group. Almost every income group in the rural sector spent more in the form of sugar ' tax ' than the urban income groups.

The sugar ' tax ' as computed here is only on the sales of sugar and excludes the import duty collected at the customs.

*This revenue was estimated at 39 cents per lb. during the survey period.

Other Food Expenditure

The following table shows the expenditure per spending unit and per head by major groups of items :—

TABLE 83

Food Expenditure by Major Groups per Spending Unit for Two Months—All Island

Items	Expenditure per Spending Unit Rs. cts.	Expenditure per Head Rs. cts.	Expenditure on items as per cent of expenditure on food
1. Cereals and cereal preparations ..	58·96	11·12	27·4
2. Starches and starchy roots and pulses	15·99	3·02	7·5
3. Vegetables and Fruit	26·55	5·02	12·3
4. Meat and Eggs	15·67	2·96	7·3
5. Fish	18·05	3·41	8·4
6. Milk and Milk products..	10·55	1·99	5·0
7. Sugar	21·23	4·00	9·9
8. Condiments	11·25	2·12	5·2
9. Coconuts and cooking oil	19·65	3·70	9·2
10. Others	16·95	3·20	7·8
Total	214·85	40·54	100·0

The next major group of food expenditure after cereals was the group vegetables and fruit on which the expenditure constituted 12·3 per cent of the total food expenditure. The vegetables included those purchased and home produced. Expenditure on bought vegetables was almost three times as much as those on home produced and consumed vegetables. Imputation of a value for home produced and consumed vegetables posed many problems and it is likely that the values given are under-estimated. The value of home produced and consumed vegetables as a proportion of total expenditure however decreased as incomes rose. Thus at the two monthly income level Rs. 0–50 it comprised 8·76 per cent while it was 2·63 per cent at the income level of over 3,000. No breakdown of expenditure on items that constituted the vegetable group was obtained.

The expenditure on fish constituted 8·4 per cent of total expenditure on food. The percentage of expenditure on fish was more by 0·6 per cent than that shown in the 1953 survey. The proportion of expenditure on meat and eggs at the period of the 1963 survey was more than twice that shown at the 1953 survey.

The rise in prices between 1953 and 1963 partly accounts for the increase in value of these items and this would also affect the relative importance of each item especially when the price rise is not uniform. Therefore, it is necessary to correct these for price changes and compare the relative importance of each item in the 1963 family budget with that of 1953.

There is no average price worked out for the whole island for any of these items. The prices that were collected for the purpose of compiling the Colombo Consumers

Price Index have been used to deflate the value data. The following table compares the expenditure on selected food items between these dates at constant prices.

TABLE 84

Consumer Expenditure on Selected Food Items—1953 Survey data compared with 1963 Survey data at constant (1953) prices—Per Spending Unit for Two Months

Items	1953 Rs. Cts.	1963 at Constant (1953) prices Rs. Cts.	Per cent change in volume consumed
Wheat Flour	11 ·60	7 ·71	— 33 ·53
Meat	4 ·50	10 ·26	+128 ·00
Fish	15 ·20	18 ·05	+ 18 ·75
Eggs	1 ·86	3 ·23	+ 73 ·66
Vegetables	21 ·96	19 ·05	— 13 ·25
Coconuts	11 ·94	10 ·84	— 9 ·21
Cooking Oil	4 ·84	5 ·20	+ 7 ·44
Milk	6 ·18	11 ·45	+ 85 ·29
Milk Products	1 ·34	1 ·62	+ 20 ·90
Sugar	13 ·94	19 ·84	+ 42 ·34
Tobacco	7 ·02	4 ·24	— 39 ·60

It is evident from this table that the consumption of flour has dropped sharply from the level observed in the 1953 survey. This is mainly due to the increase in the quantity of rationed rice to two measures for an individual after 1953. There has been an appreciable increase in the volume of consumption of fish, meat and eggs. Milk and milk products also showed increases of 85 per cent and 21 per cent respectively. The rise in consumption of sugar was 42 per cent between the two periods.

It was not possible to work out the changes in the volume of consumption of these items by sectors because of non-availability of price data by sectors.

Housing Expenditure

In most urban areas more than one spending unit lived in a single house. The parts occupied by different spending units may not be separately assessed. In certain cases the married children formed a separate spending unit and the living accommodation they received was free. A value had to be imputed to such free accommodation. When a part of the house had been rented out that part was regarded as a separate dwelling unit.

Average expenditure on housing which consisted of rent, rates and repairs was Rs. 27·86 for two months per spending unit equivalent to 7·28 per cent of the total expenditure. Total expenditure on rent consisted of rent paid, imputed rent of owner occupied houses and rent equivalent of free accommodation. Rental expenditure was Rs. 21·94, of which Rs. 5·36 was paid as rent by tenants, Rs. 13·54 was the rent equivalent of owner occupied houses and Rs. 3·04 was the value of free accommodation. Rental expenditure (of rent paid) by the urban sector was 11 times more than the rural sector. The average expenditure on rent (paid) in the estate sector was only 0·07 cents per spending unit. The differences in rent

paid by zones was as marked as those by sectors. Zone 1 had the highest level of expenditure of Rs. 9·90 for two months per spending unit. This was about 14 times the lowest expenditure level on rent paid as reported by zone 2. The rent equivalent of owner occupied houses also showed a large degree of variation by zones and sectors. For instance, the urban rental value of an average owner occupied house was Rs. 33·32 for two months, per spending unit, while this was Rs. 10·50 and Rs. 1·81 in rural and estate sectors. In the case of free accommodation the highest level of expenditure of Rs. 12·84 for two months, per spending units was reported by the estate sector while the urban and rural sectors reported expenditures of Rs. 1·59 and Rs. 3·28 per spending unit for two months.

The proportion of spending units that lived in their own houses was 68 per cent of the total ; 11 per cent were tenants and 15 per cent had free quarters. About 6 per cent of the total spending unit did not report any expenditure on housing. Servants who formed separate spending units were not required to give an estimate of expenditure on rent as it was not possible to impute a value for accommodation provided to them. Married children who lived with their parents were unable to give the rental value of free quarters supplied to them. It is possible, for all practical purposes to consider those spending units as having received free quarters.

The average expenditure on repairs was Rs. 5·10 for two months per spending unit. This was about 18 per cent of total expenditure on housing. Rates paid was Rs. 0·82 cents per spending unit for two months. The expenditure on rates by urban spending units was nearly 12 times as high as the rates paid by the rural sector.

It should be noted that the costs of housing such as depreciation costs, mortgage and other payments have not been included. Interest on debt is shown as a separate item and it is not known how much of that interest constitutes the interest payments on mortgages and house purchases.

Clothing expenditure amounted to Rs. 36·38 per spending unit for two months. Of this Rs. 19·81 was spent on men's wear and Rs. 15·55 on women's wear. In the urban sector men and women spent almost an equal amount on clothing while in the rural sector men spent nearly 68 per cent more on clothing than women. Expenditure by income groups showed the usual tendency to rise with incomes. The details of expenditure by sectors, by zones and by income levels are shown in tables of Part II.

Transport and communications accounted for about 2·2 per cent of total expenditure. This ratio as a per cent of total expenditure rose with incomes. The average expenditure per spending unit for two months was Rs. 8·46, of which nearly 29 per cent was on petrol and oil and an equal percentage was on maintenance of vehicles. The urban spending units spent nearly four and half times the expenditure of rural dwellers on petrol and oil ; the corresponding expenditure on maintenance of vehicles was four times as much. Total expenditure on transport by the rural spending units was slightly less than twice that of the estate dwellers while the urban dwelling units spent nearly 3½ times that of the rural dwellers. It is likely that some businessmen and estate workers used business vehicles for private purposes. Such expenditures were either exaggerated by including a part of business expenses or not included at all.

All those spending units that had school going children reported a very high expenditure on school books. The survey was conducted in February and March and all expenses for the previous month were included. It is most possible that all school books are purchased either in January or February for the entire year. It was assumed that this was so and as such it was considered necessary to adjust the total expenditure so as to make it representative. The average expenditure on education per spending unit for two months was Rs. 6·80 or 1·8 per cent of total expenditure. Of this, total expenditure on school books was 25 per cent, while the expenditure on tuition, boarding fees and pocket money was 60 per cent.

The range of variation in expenditure on education was relatively less than on transport. Urban dwellers spent a little more than twice the expenditure incurred by rural dwellers while the expenditure of the estate dwellers was about 70 per cent of that of the rural dweller. Expenditure by zones showed relatively a lower degree of variation than that shown by sectors.

Alcohol, betel and tobacco accounted for almost 8 per cent of total expenditure and nearly 49% of this was on alcoholic beverages. In the rural and estate sectors and in zones 3 and 4 the average sum recorded as expenditure on alcoholic drink, betel and tobacco was greater than the average expenditure on housing. The rural dwellers spent Rs. 26·58 per spending unit for two months or 8·2 per cent of their total expenditure on alcoholic drink, betel and tobacco, while the corresponding expenditure of an average estate spending unit was Rs. 56·98 or 11·5 per cent of their total expenditure. In the rural sector it is significant to note that the lowest income bracket spent nearly 30 per cent of its income on alcoholic drinks. Both absolutely and relatively this income group spent more on alcoholic drinks than those receiving an income between Rs. 50 and Rs. 100 within the same sector.

The highest level of expenditure on tobacco was recorded by the urban sector where the average two monthly expenditure per spending unit was Rs. 14·62 or 2·6 per cent of total expenditure in this sector.

In the rural sector the expenditure on tobacco was less than half that of the urban sector, while in the estate sector it was about 59·8 per cent of urban expenditure.

The proportion of expenditure devoted to services comprising servants, entertainment, education, ceremonial, litigation, transport, laundry and personal spending was 9·20 per cent of total expenditure for the island. This proportion increased sharply with incomes thus following the usual pattern of devoting a relatively higher proportion of expenditure as incomes rose. Expenditure on services formed 2·74 per cent of the total in the income group obtaining less than Rs. 50 for two months, while it comprised one-fourth of the total in the two monthly income group Rs. 2,001-3,000 and 29·5 per cent of the total in the highest income brackets.

A summary of total expenditure by sectors and zones is shown in table 85. The total recorded expenditure showed large variations from sector to sector as well as from zone to zone. The range of variation between zones however was less than that between sectors. Average two monthly expenditure per spending unit in the urban sector amounted to Rs. 554·88. This was 71 per cent more than the rural sector expenditure and 12 per cent more than that of the estate sector. A comparison of the absolute amounts spent on food makes it clear that the estate dwellers spent almost twice the amount spent by urban dwellers on cereals. Total expenditure on food incurred by the estate sector was 16 per cent more than that incurred by the urban sector. In the estate sectors average food expenditures were lower than that of the urban sector in respect of a few items such as meat, fish and eggs, milk and milk products, sugar and ' other food.' The expenses on non-food items by the estate sector was 64 per cent of the urban sector expenditure on non-food. Rural expenditure on non-food was nearly half that of urban expenditure.

The average expenditure on food for zone 2 was the lowest recorded for any zone or sector but this was only 15 per cent less than the highest level of expenditure for a zone, viz. Rs. 220·97 for two months recorded by zone 3. The variations in the aggregates of non-food expenditure was also relatively lower for zones than for sectors.

It should be remembered that these absolute amounts of expenditure do not represent the differences in the standards of living by sectors or by zones. One important factor that should be taken into consideration in comparing these figures is the number of earners and the general composition of an average spending unit. It was observed earlier that the average spending unit in the urban sector had 4·9 persons and each spending unit had an average 1·25 earners while in the estate sector the average spending unit consisted of 5·70 persons with 2·75 earners per spending unit. The rural sector had 5·35 persons per spending unit and each spending unit had on the average 1·30 earners. The presence of a large number of income receivers in the estate sector would affect the spending pattern to a greater extent than when income receivers are few in number. In any case the differences in expenditure by sectors or zones cannot be regarded as precise.

TABLE 85

Consumption Expenditure by Major Groups per Spending Unit for 2 Months by Sectors Zones and All Island

Item	Urban	Rural	Estate	Zone I	Zone II	Zone III	Zone IV	All Island
1. Cereals and cereal preparations	52·29	54·16	103·93	51·16	58·58	64·65	64·36	58·96
2. Starches and pulses	15·55	14·25	28·93	15·48	13·17	13·08	17·90	15·99
3. Vegetables and fruits	29·75	24·99	32·22	26·14	23·09	23·70	28·55	26·55
4. Meat, fish and eggs	53·34	26·74	50·24	37·02	24·65	31·70	33·73	33·72
5. Milk and milk products	20·89	7·72	13·17	13·81	5·17	11·70	8·80	10·55
6. Sugar	23·61	20·84	19·99	22·87	21·15	22·03	19·62	21·23
7. Condiments	15·55	9·02	19·74	11·34	10·46	14·61	10·51	11·25
8. Coconuts and cooking oil	21·46	18·73	23·03	19·68	19·80	23·45	18·59	19·65
9. Other food	26·05	14·84	16·52	20·27	12·27	16·05	15·46	16·95
10. FOOD TOTAL	258·49	191·29	307·77	217·77	188·34	220·97	217·52	214·85
11. Clothing	54·05	29·52	54·85	41·81	25·07	41·34	33·30	36·38
12. Housing	70·30	19·42	16·25	37·22	25·91	35·07	19·54	27·86
13. Fuel and light	24·56	15·24	17·64	18·15	15·53	17·23	16·34	17·03
14. Alcoholic beverages	11·13	13·56	30·41	9·46	8·63	47·08	12·85	14·89
15. Betel and tobacco	20·06	13·02	26·57	15·84	11·68	14·95	16·62	15·63
16. Transport and communication	21·50	6·09	3·39	11·56	7·62	8·65	5·94	8·46
17. Medical	15·38	10·28	6·89	11·53	12·91	11·97	9·36	10·81
18. Education	12·46	5·87	4·19	7·89	5·91	8·11	5·83	6·80
19. Laundry	11·74	4·45	4·10	7·35	4·55	7·67	3·97	5·67
20. Servants	14·43	2·88	1·96	6·88	5·78	2·05	3·43	4·79
21. Other Non-food	40·78	13·04	23·06	22·41	12·72	18·53	18·35	18·90
22. TOTAL NON-FOOD	296·39	133·37	189·31	190·10	136·31	212·65	145·53	167·22
23. GRAND TOTAL	554·88	324·66	497·08	407·87	324·65	433·62	363·05	382·07
24. Expenditure as Per cent of Income	87·80	98·03	140·39	89·09	95·39	113·21	108·62	99·15

The pattern of expenditure also depends on whether the head of the spending unit is an employer, own account worker, labourer, white collar worker, etc. Thus there could be no uniformity in expenditure patterns even within one income group as expenditures of all sample spending units have to be analysed after taking into consideration all these factors. In the final analysis such an exercise far from being tedious would prove to be unrepresentative if the sample is small unless particularly designed to take in such factors.

Savings

Any results obtained from the data collected on savings would depend on the definition of 'savings' used. In the results given below the definition of savings was such that it excluded (*a*) investment in consumer durables except housing and jewellery, (*b*) the share of undistributed corporate profits which may be imputed to shareholders, (*c*) corporate savings, (*d*) savings of persons living in institutions and (*e*) employers' contribution to Provident funds. On this basis, there was a total net personal dissaving of Rs. 470,519 for the 5,399 spending units for the year 1962/63 during the 12 months preceding the survey. This works out to a negative personal saving of Rs. 14·52 per spending unit for two months. It is possible that in many cases the amount of loans taken was exaggerated or that account was not taken of loans repaid during the same period.

Total investments amounted to Rs. 720,641 for the year 1962/63 while net change in claims amounted negatively to Rs. 1,191,160 for the same year. Their components are given in tables 86 and 87.

TABLE 86

Components of Investment by Income Groups—All Island (Annual Values)

Income Group of Spending Unit (Rs. per two months)	Govt. Bonds and Savings Certificates	Jewellery	Shares	Land and Buildings	Machinery and Equipment	Business vehicles	Livestock	Fertilizer	Value of Additions to Buildings	Total
0- 50	—	—13·10	1·20	—7·00	23·70	45·00	—24·20	50·50	1,107·00	1,183·10
51- 100	1·00	125·10	6·70	551·20	1,975·30	—12·00	—80·50	236·50	11,868·00	14,671·30
101- 200	101·20	68·20	71·20	410·00	221·40	86·00	—256·50	429·80	30,332·00	31,463·30
201- 400	84·50	8,016·20	—525·60	563·30	899·40	—339·00	—302·10	854·70	116,309·00	125,560·40
401- 800	115·30	3,218·80	655·30	—3,637·00	847·30	113·00	319·80	1,264·70	108,373·00	111,270·20
801-1600	8·00	—37,528·40	518·80	11,754·30	710·10	3,761·50	246·80	1,504·70	248,984·00	229,959·80
1601-2000	—	36,192·50	—	—148·50	52·40	42·50	—12·70	119·40	29,843·00	66,088·60
2001-3000	—	591·00	170·20	775·00	29·00	12·00	—	99·10	64,310·00	65,986·30
Over 3000	20·00	56,138·00	—	—1,710·00	1,260·10	—	—99·50	—50·00	24,900·00	74,458·60
Total	330·00	60,808·30	897·80	8,551·30	6,018·70	3,709·00	—208·90	4,509·40	636,026·00	720,641·60

TABLE 87

Components of Change in Claims by Income Groups—All Island (Annual Values)

Income Group of Spending Unit (Rs. per two months)	Life Insurance	Cheetu Contributions	Provident Fund	Net loans taken	Cash and Bank Balances	Total changes in claims
0- 50	—	332·00	—	— 14,691·00	+ 86·70	— 14,272·30
51- 100	—	687·00	275·00	— 63,723·00	— 340·70	— 63,101·70
101- 200	760·00	14,363·00	5,733·00	— 215,950·00	— 643·60	— 195,737·60
201- 400	4,562·00	34,366·00	31,124·00	— 460,224·00	— 3,752·20	— 393,924·20
401- 800	23,712·00	46,552·00	31,730·00	— 413,816·00	— 1,922·30	— 313,744·30
801-1600	33,853·00	33,258·00	16,775·00	— 240,259·00	— 2,750·10	— 159,123·10
1601-2000	10,177·00	5,678·00	3,335·00	— 22,740·00	— 677·70	— 4,227·70
2001-3000	8,427·00	8,041·00	4,494·00	— 33,930 00	— 2,525·00	— 15,493·00
Over 3000	32,059·00	2,125·00	10,680·00	— 83,970·00	+ 7,569·60	— 31,536·40
Total ..	113,550·00	145,402·00	104,146·00	—1,549,303·00	—4,955·30	—1,191,160·30

It is clear that as much as 90 per cent of investments were in the form of additions and improvements to land and building, while jewellery constituted about 8 per cent of investments. Life insurance premia and contributions to cheetu and Provident Funds made up a positive net change in claims of Rs. 363,098 or Rs. 67·25 per spending unit per year. As against this the loans taken, net of loans given and a net decrease in cash and bank balances contributed to a negative change in claim of Rs. 1,554,258 or Rs. 287·88 per spending unit for the year.

Savings by Income Groups

Net savings and its components are given by income groups of the spending units in table 88.

TABLE 88

Net Annual Savings by Income Groups—All Island (Annual Values)

Income Group of Spending Unit (Rs. per two months)	Total Investments	Total change in claims	Net Savings
0– 50	1,183 ·10	— 14,272 ·30	— 13,089 ·20
51– 100	14,671 ·30	— 63,101 ·70	— 48,430 ·40
101– 200	31,463 ·30	— 195,737 ·60	—164,274 ·30
201– 400	125,560 ·40	— 393,924 ·20	—268,363 ·80
401– 800	111,270 ·20	— 313,744 ·30	—202,474 ·10
801–1600	229,959 ·80	— 159,123 ·10	+ 70,836 ·70
1601–2000	66,088 ·60	— 4,227 ·70	+ 61,860 ·90
2001–3000	65,986 ·50	— 15,493 ·00	+ 50,493 ·30
Over 3000	74,458 ·60	— 31,536 ·40	+ 42,922 ·20
Total	720,641 ·60	—1,191,160 ·30	—470,518 ·70

It is seen that up to the income levels of Rs. 800 per two months the spending units, on the average were net dissavers. Beyond this level there has been a net saving.

Net savings as percentage of total income is given for income groups in table 89.

TABLE 89

Net Savings as a Percentage of Income 1962/63

Income Group of Spending Unit Rs. per two months	No. of Spending Units	Total Income (for 2 months) Rs.	Net Savings for 2 months	Net Saving as % of Income
0– 50	193	6,421 ·80	— 2,182	—34 ·0
51– 100	484	36,596 ·30	— 8,071	—22 ·1
101– 200	1,316	202,340 ·40	—27,378	—13 ·5
201– 400	1,898	555,315 ·50	—44,727	— 8 ·1
401– 800	1,027	558,943 ·20	—33,746	— 6 ·0
801–1600	368	393,132 ·70	+11,806	+ 3 ·0
1601–2000	45	78,801 ·70	+10,310	+13 ·1
2001–3000	34	83,724 ·30	+ 8,416	+10 ·1
Over 3000	34	165,267 ·10	+ 7,154	+ 4 ·3
Total	5,399	2,080,543 ·00	—78,418	— 3 ·8

At the lowest level of income the average spending unit shows a dissaving of nearly 40 per cent of income. This progressively decreases with income. Net saving as a percentage of income rises from the income level of Rs. 800 to Rs. 2,000 for 2 months. At higher income levels the percentage saved appears to diminish. But it is likely that there was a downward bias in savings reported by the highest income groups.

Thus it is clear that the average spending unit dissaved 3·8 per cent of its income during the reference period. One significant factor to be noted is that the dissaving rate dropped as incomes rose up to the income level of Rs. 800 for two months. On the other hand, the saving rate became positive at the income level Rs. 800—1,600, reached a peak at the next higher income bracket and then diminished. This is an unusual behaviour from the normal pattern for it is believed that savings rate rises with income. This is partly due to the fact that the high income earners did not report their total savings.

LOANS

Of the 5,399 spending units covered by the Survey 2,555 units had incurred debts during the twelve months preceding the survey. Thus 47·32 per cent of the spending units had taken loans during the twelve months. The percentage was highest in the estate sector with 70·86 per cent of the spending units incurring debts. The corresponding figures for the urban and rural sectors were 40·43 and 45·61 per cent.

The average debt incurred per spending unit was Rs. 285·53 for the year. This represents 12·35 per cent of the two monthly average income of a spending unit. The average loan taken by a spending unit was highest in the urban sector with Rs. 534·86 for the year. The average for the estate and rural sectors were Rs. 238·90 and Rs. 232·89 respectively. It must be borne in mind that the information collected was in respect of loans taken during the period only and therefore do not give any indication of the actual position of indebtedness arising out of loans taken during earlier years and loans repaid in the survey period.

An analysis of the purposes of the loans given in table 90 showed that 1,621 spending units or 63 per cent obtained loans for consumption purposes. The amount of loans taken for this purpose formed 47·61 per cent of the total loans. Actually this percentage should be greater since a good portion of the loans which were classified under ' other and unspecified ' were connected with consumption of services (medical, ceremonial, etc.). Loans classified as ' other and unspecified ' formed 23·28 per cent of the total, but it is not possible to say what portion of this should be imputed to consumption. Loans for agricultural purposes came to only 15·93 per cent of the total, while loans for commercial and industrial purposes together came to 13·18 per cent.

TABLE 90

Loans Taken by Purpose of Loan—by Sectors (Annual Values)

Purpose	Rural		Urban		Estate		All Island	
	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
1. Agriculture ..	291	219,172	17	24,751	4	1,590	312	245,513
2. Industrial and Commercial ..	95	100,398	30	101,275	2	1,559	127	203,232
3. Consumption ..	1,056	397,597	240	230,416	325	105,940	1,621	733,953
4. Other	343	194,167	89	140,976	63	23,742	495	358,885
Total ..	1,785	911,334	376	497,418	394	132,831	2,555	1,541,583

TABLE 91

Loans Taken by Purpose of Loan—by Sectors (Percentages)

Purpose	Rural		Urban		Estate		All Island	
	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
1. Agriculture ..	16·3	24·0	4·5	5·0	1·0	1·2	12·2	15·9
2. Industrial and Commercial ..	5·3	11·0	8·0	20·4	0·5	1·2	5·0	13·2
3. Consumption ..	59·2	43·7	63·8	46·3	82·5	79·7	63·4	47·6
4. Other	19·2	21·3	23·7	28·3	16·0	17·9	19·4	23·3
Total ..	100·0	100·0	100·0	100·0	100·0	100·0	100·0	100·0

The amount of loans taken for agricultural purposes was naturally highest in the rural sector, where it accounted for 24 per cent. Even in the rural sector the amount of loans taken was highest for consumption being 43·7 per cent. In the estate sector nearly 80 per cent of the amount of loans was for consumption while in the urban sector 46 per cent was for consumption and 20 per cent for industrial and commercial purposes. These are brought out in tables 90 and 91.

The sources of loans were classified into money lender, friend, bank, boutique, co-operative society and others. Of these categories 'friend' appeared to be the most important source, 39·03 per cent of the total loans being reported under this category. Next in importance was the money lender, from which source 22·48 per cent of the loans were obtained. Boutiques, banks and co-operative societies were less important, though considerably significant, sources of loans. The loans taken from these sources formed 12·40, 7·89 and 6·42 per cent respectively. It may be mentioned here that the distinction between money lender and friend is very often blurred, so that a part of the loans classified under 'friend' should really be included under 'money lender'. It was also observed that in the case of loans obtained from money lenders, friend or boutique, the greater portion was for consumption purposes, whereas in the case of loans taken from co-operative societies and banks the greater portion was for agricultural purposes. The main source

differed as between the sectors. While the money lender was the main source in the urban sector accounting for 24·4 per cent of the amount of loans; the boutique was the main source in the estate sector with 43·72 per cent. In the rural sector the chief source was 'friend' (41·9 per cent), but here it is possible that the distinction between money lender and friend is even more blurred than in the other sectors. Co-operative societies as a source of loans was most significant in the urban sector where it accounted for as much as 8·63 per cent of the total amount of loans. Table 92 gives the number and amount of loans classified by sources for each sector and for all island.

TABLE 92

Loans Taken by Source of Loan (Annual Values)

Source	Rural		Urban		Estate		All Island	
	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
1. Money lender	275	185,944	100	121,376	98	39,306	473	346,626
2. Friend	771	382,152	161	192,579	99	26,966	1,031	601,697
3. Bank	20	53,261	17	67,970	2	400	39	121,631
4. Co-operative Society	134	55,995	20	42,950	1	10	155	98,955
5. Boutique	410	124,398	20	8,690	164	58,073	594	191,161
6. Other	175	109,584	58	63,863	30	8,076	263	181,523
Total	1,785	911,334	376	497,428	394	132,831	2,555	1,541,593

Information was sought on the type of security offered for the loans but are not published since they were in most cases very incomplete.

The data collected on rates of interest on loans from different sources are given in table 93.

However, these data have severe limitations. In many cases, the interest rates stated by the informants as annual rates appeared to be monthly rates. In other cases, the informants were not quite aware of the actual rates and therefore reported rates which were not reliable. There were also a considerable number of cases where no interest rates were specified either due to reluctance or due to ignorance. The average rate of interest was 17 per cent while the lowest rate (7 per cent) was charged by banks. Loans from co-operative societies carried an average rate of 8 per cent while apart from the unspecified group, money lenders charged the highest rate (22 per cent) on loans.

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TABLE 93

Rates of Interest Classified by Source of Loan (Annual Values)

Rate of Interest Per cent Per Annum	Money Lender		Friend		Bank		Boutique		Co-op. Society		Unspecified		Total	
	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.	No.	Amount Rs.
0– 2+	17	11,697	278	101,747	6	900	264	78,451	6	6,498	56	24,784	627	224,077
3– 5+	50	23,565	20	20,574	4	5,103	5	1,475	9	4,246	30	32,838	118	87,801
6– 8+	10	14,774	35	95,071	11	61,230	10	4,175	65	52,202	12	8,210	143	235,662
9– 11+	52	73,053	81	55,221	1	1,950	24	9,790	60	19,453	32	16,806	250	176,273
12– 14+	46	36,499	50	97,386	1	640	14	7,777	5	2,247	11	10,880	127	155,429
15– 20+	85	70,156	67	59,950	—	—	17	5,786	—	—	8	3,845	177	139,737
21– 30+	29	41,268	27	23,222	—	—	7	1,958	—	—	3	1,600	66	68,048
31– 60+	116	42,780	39	67,872	1	40	18	5,535	1	1,000	14	11,962	189	129,189
61–100+	10	5,320	1	50	—	—	3	675	—	—	3	7,130	17	13,175
Over 100	37	12,127	—	—	—	—	10	5,127	—	—	16	27,265	84	49,659
Unspecified	21	15,387	21	5,140	15	51,768	222	70,412	9	13,309	78	36,203	757	262,543
Total	473	346,626	412	75,464	39	121,631	594	191,161	155	98,955	263	181,523	2,555	1,541,593
			1,031	601,697										
Average mean rate of Interest	22		15		7		11		8		31		17	