

**(I) TRENDS IN INDUSTRIAL PRODUCTION**

Industrial activity in Ceylon during 1962 showed an unmistakable quickening in tempo, but it is too early to evaluate in overall terms the practical effect of this on the volume of domestic production and employment. While a sizeable proportion of the industrial investment initiated has still to lead up to the point of commercial production, limitations in the scope and reliability of statistics for this sector of the economy preclude a composite picture being drawn of industrial trends during the period. In the case of the State Industrial Corporations, even when up-to-date information is available, there exist problems of comparability of data and their aggregation, due chiefly to a lack of uniformity in the presentation of financial accounts; in the private sector, on the other hand, the rapid emergence of a considerable number of small enterprises, makes the assembling of data difficult, partly owing to the weak response of such enterprises to statistical enquiries. The following account of current industrial trends therefore seeks mainly to highlight some of the more apparent features of the expansion that has taken place both in the public and private sectors.

**PUBLIC SECTOR**

Measures, both administrative and technical, for re-organizing the operation of State industrial projects were continued during the past year. Though conceived in the context of an expansion programme, more realistic investment and production targets than before were laid down. Many of the existing Corporations have consciously directed their effort towards achieving a closer degree of inter-industry co-ordination and towards a fuller utilization of their plant and equipment. In some cases this has entailed expanding investment in related branches of manufacture. A further reduction of average production costs has also been planned through a policy of extended mechanization, with parallel investments, for example, in materials handling and transport. Brief notes indicative of the operational trends of selected State Corporations are given below.

*Industrial Estates Corporation*

Ceylon's first industrial estate, located at Ekala (in the Ja-ela district), occupies a land area of 70 acres, divided into four main zones. The first stage of the project costing Rs. 5 mn. has been completed, and constitutes a 'nursery' of nearly 25 acres to accommodate 20 small and medium-scale industrial units. Each of these has a factory building together with office space, an enclosed paved yard for vehicles, and access from the main roadway to the factory. All industrial units are provided with water, power and sewerage. The rest of the estate has been planned to consist of two industrial blocks, comprising 31 acres, as well as a service area of 14 acres. One of these industrial blocks is for larger industries and the other for non-compatible ones—tanneries, cement works and the manufacture of hollow bricks, for example, which have to be segregated on account of excessive noise, smells or dust.

The policy envisaged by the Corporation is to achieve a diversified industrial pattern, whilst ensuring a suitable degree of complementarity and interdependence; the economies resulting from the latter are, of course, one of the main advantages

of this type of industrial location. The enterprises eligible for a place in the Industrial Estate are those in the Ministry of Industries' category of 'approved industries', and the rentals payable are calculated merely to meet the Corporation's expenses. When completed, the estate would be the nucleus of a modern industrial community, equipped with a bank, post-office, a telephone auto-exchange and workers' housing.

In the nursery section of the Estate 18 of the industrial units have been allocated for the manufacture or the assembly of a fairly wide range of products. Of these enterprises, seven have very recently commenced production (the first in October, 1962); and five others have moved into their allotments. Those that are in commercial operation are producing fruit cordials, jams, jellies and chutneys; radio components; fibre suit cases and travel goods; carbon paper; plastic goods and lamp shades; brushes, and tea chest fittings. The apparent lack of complementarity among the existing industries is largely the result of the Corporation's decision to relax temporarily the original criteria of selection.

The estimated total value of machinery and other equipment installed in the seven enterprises that are in operation is approximately Rs. 700,000 and the number of workers which they were scheduled to employ is 245. The corresponding aggregates for the 18 enterprises that have been selected for places in the Industrial Estate are respectively Rs. 3 million and 662. (Based on data supplied to the Corporation by the enterprises when applying for accommodation).

#### *Leather Products Corporation*

Output both in the tannery section and in the shoe factory has increased considerably since their inception; the rate of increase, however, was especially pronounced in 1962. In this year the output of chrome leather was 511 thousand sq. ft. compared with an output of less than 400 th. sq. ft. in 1961; shoe production on the other hand, almost doubled in 1962, compared with the output of the preceding year. The total number employed in the Corporation during 1962 was 345, or nearly 16 per cent more than the number in 1961. These changes in production have been the result of an expansion programme for foot-wear involving the construction of a new shoe factory. The total capital of the Corporation was increased in 1962 by a sum of Rs. 3.5 mn. obtained as a loan from Government. Most of this sum has already been invested in the new shoe factory, and the full impact of the expansion programme on output would be felt during 1963.

While the Corporation has made a regular profit since 1956, the level of profits has fluctuated considerably owing to periodic increases in wage rates and raw material prices; the existing costs of labour and raw materials have neutralised in some degree the effect of an expansion of output and sales, selling prices of the Corporation's products having been held relatively unchanged. The present expansion programme of the Corporation, besides fully meeting local requirements of foot-wear and other leather products, is calculated to cater for an export market; when fully installed the new plant and equipment would be able to produce one million pairs of shoes, or ten times the Corporation's total output in 1962.

## Leather Products Corporation (a)

Year	Autho- rised Capital (Rs. mn.)	Fixed Capital (Rs. mn.)			Output(c)			Employ- ment
		Plant & Equip- ment	Land & Build- ings	Total incl. other	Tannery Pro- ducts		Shoes (e) (th. pairs)	
					Chrome (th. sq. ft.)	Others(d) (th. lbs.)		
1956(b) .. ..	1.7	0.45	0.38	0.83	74.9	156.1	11.8	221
1957 .. ..	1.7	0.32	0.51	0.83	128.1	231.0	30.4	251
1958 .. ..	1.7	0.39	0.50	0.89	193.6	224.3	42.1	288
1959 .. ..	1.7	0.39	0.50	0.87	306.3	223.8	51.8	295
1960 .. ..	1.7	0.38	0.47	0.97	335.1	203.8	55.6	298
1961 .. ..	1.7	0.40	0.47	1.57	396.7	206.7	52.2	300
1962 .. ..	5.2	2.00	2.23	5.20	511.0	199.0	101.0	345

(a) Financial data are for Accounting Years, April-March; Data on production and employment are for calendar years.

(b) 9 months April-December.

(c) Excluding the products of the leather goods section.

(d) Includes cow hides, goat skins, buffalo hides, etc.

(e) Boots and shoes including children's shoes.

## Mineral Sands Corporation

The production of ilmenite by the Corporation continued on a restricted scale and amounted to 11,500 tons in 1962; a small portion of this was exported mainly as commercial samples. The limitation of production was due partly to the Corporation having to engage itself on construction work and partly to the non-availability hitherto of sufficient export outlets for ilmenite. The small consignment of ilmenite exported during the year was sent to Japan and negotiations for larger orders are proceeding. Given sufficient outlets, the Corporation can expand its output with the existing machinery by introducing three shifts of production instead of one shift as at present.

The increase of fixed capital by more than Rs. 1 mn. in 1962 was largely on account of the purchase of shipping craft, and of the constructional work on a pier and a jetty for transporting the manufactured materials to the point of export.

## Mineral Sands Corporation

Year(a)	Autho- rised Capital (Rs. mn.)	Fixed Capital (Rs. mn.)			Employ- ment	Output of Il- menite (tons)	Profits (Rs. mn.)
		Plant & Equip- ment	Land & Build- ings	Total incl. other			
1959 .. ..	8.0	1.1(b)	0.3	1.4	n.a.	—	n.a.
1960 .. ..	8.0	1.6	2.1	3.7	90	—	n.a.
1961 .. ..	8.0	2.0	2.0	6.1	100	—	n.a.
1962 .. ..	8.0	2.0	2.0	7.3	100	11,500	n.a.

(a) Financial Year, April-March.

(b) Includes payments in advance for the supply and installation of machinery.

*The National Small Industries Corporation*

A series of small industrial ventures comprising 11 carpentry workshops, a mechanised boat building yard, 5 tile factories and an Ayurvedic drugs processing factory have been planned by the National Small Industries Corporation.

The initial authorised capital of the carpentry workshops (which replaced the mutual carpentry societies that existed during 1954-58) was Rs. 1 million. This has been fully utilised and a further sum of Rs. 850,000 has been allocated. The carpentry workshops manufacture furniture mainly for Government Departments and employ nearly 1000 workmen besides a clerical and administrative staff of 200.

The carpentry section of the Corporation has undergone recurrent losses, averaging, since its inception, approximately Rs. 8000 per year. Among the factors that have led to this result are the insufficient supply of good quality timber, the price ceiling for the Corporation's products imposed by Government regulations, and the difficulty of securing private orders in the face of growing excess capacity in the Island's carpentry industry, both in the private sector with its large number of small workshops and in the planned sector; the latter includes 2000 carpentry co-operative societies and a highly mechanised carpentry workshop recently set-up by the Gal-Oya Development Board.

An attempt has, however, been made to improve the competitiveness of the Corporation's furniture products through an incentive scheme for labour designed to raise productivity. The Corporation is also setting up its own saw mill which will eliminate its dependence on private contractors. Apart from financing this saw mill, the contemplated investment of Rs. 850,000 will be utilized for extending mechanisation to certain manufacturing processes, with a view to reducing production costs.

The five tile factories which the Corporation plans to establish will have a total capacity of 3 million tiles a year. The first of these factories is scheduled to start producing in April, 1963.

The Corporation has been earning a profit on the operation of its boat building yard.

*The Eastern Paper Mills Corporation*

The output of paper by the Corporation has remained at about the same level since 1959, the figure for 1962 being 4.7 thousand tons. This amounts to 42 per cent of the estimated domestic market. The Corporation's annual operating losses have persisted; since 1959 they have been in the region of Rs. 1½ million a year. About the end of 1958 a technical and administrative re-organisation was initiated, leading to an increase in its fixed capital during 1962. The losses are attributable, however, to the relatively low prices paid for Government purchases as well as to an unsold stock of paper of substantial value, amounting at the end of the last accounting year to Rs. 7 million or to nearly a year's production. The cost of manufacturing paper has, in fact, steadily declined from Rs. 2,039 per ton (*ex stores Colombo*) in 1959 to Rs. 1,600 per ton in 1962. If the purchases made by Government in 1961-62 were valued at the prevailing market price and if

account were taken of the value of manufactured stocks in hand, the loss of Rs. 1.32 million by the Corporation at the end of 1962 would have been transformed, it is estimated, into a profit of nearly Rs. 277,000.

The extra investment which was made by the Corporation in the past year is expected to improve the efficiency of its technical operations and would also expand the range of paper products manufactured. Because of the difficulties previously encountered in collecting and transporting paddy straw (which together with Illuk grass forms a substantial portion of the Corporation's raw materials) mechanical balers have been introduced for baling straw and transporting it from the fields to the factories. By solving the problems of transport and handling, a sufficient and un-interrupted supply of paddy straw for the paper mill has been ensured. Machinery has also been installed for the manufacture of exercise books capable of supplying the Island's present requirements. The Corporation has, however, restricted the quantity of exercise books manufactured, in order not to encroach upon the market prospects of private manufacturers; the latter are, in fact, entitled to a special price for paper supplied by the Corporation if such paper is used for exercise books. The Corporation is exploring export markets for its exercise books and inquiries have already been had from Burma and Africa.

To overcome the problem created by the excessive breakage of glued bags for the packing of cement, a stitching machine has been installed. In addition to expanding the sale of its cement bags, there is a prospect of the Corporation supplying bags for the packing and transporting of poultry food and poonac. Finally, the improvements that have materialised during the past year include a more efficient pulping process. The feasibility of adding a card-board mill to the existing pulping and paper mill is under consideration.

#### Eastern Paper Mills Corporation (a)

Year	Authorised Capital (Rs. mn.)	Fixed Capital (Rs. mn.)			Output of Paper (Th. tons)	Employ- ment
		Plant & Equip- ment	Land & Buildings	Total incl. other		
1956 .. ..	22.0	9.2	8.2	18.5	0.36	n.a.
1957 .. ..	22.0	8.5	8.1	18.0	1.42	n.a.
1958 .. ..	22.0	8.2	8.0	17.2	1.25	404
1959 .. ..	22.0	7.8	7.9	16.5	4.19	472
1960 .. ..	22.0	7.7	8.1	15.9	4.56	522
1961 .. ..	26.1	7.3	8.2	15.6	4.53	567
1962 .. ..	29.0	n.a.	n.a.	n.a.	4.69	614

(a) Financial data for accounting years, April-March; production and employment data for calendar years.

*Ceramics Corporation*

The production of ceramic ware increased to 687 tons in 1962 from an annual average of 445 tons in the preceding three-year period. This increase is the outcome of an expansion programme begun by the Corporation in 1961, involving an addition of Rs. 2.7 mn. to the Corporation's fixed capital in 1962. Two new kilns were installed in this year with a total capacity of 840 tons.

The expansion programme of the Ceramic Corporation includes a kaolin refinery which has been established and is expected to be in production in 1963; the refinery would provide the Corporation with a sufficient and steady supply of kaolin, which constitutes a third of the raw material used by the Corporation, which is now wholly imported. The estimated output of kaolin from this project far exceeds the requirements of the present ceramic factory and will be the basis for the operation of a second ceramics factory with a rated capacity of 1,600 tons of ceramics, 300 tons wall dyes and 5,000 tons of sanitary ware. This new factory is scheduled to begin production at the end of 1964.

**Ceramics Corporation (a)**

Year	Authorised Capital (Rs. mn.)	Fixed Capital (Rs. mn.)			Output of Ceramic ware (tons)	Employment
		Plant & Equipment	Land & Buildings	Total incl. other		
1957(b) .. ..	3.0	1.1	1.1	2.2	338	147
1958(c) .. ..	5.2	1.0	1.1	2.1	290	139
1959 .. ..	5.2	0.8	1.2	2.0	453	132
1960 .. ..	5.2	0.8	1.2	2.0	466	186
1961 .. ..	5.2	0.8	1.2	2.0	417	190
1962 .. ..	5.2	3.5	1.2	4.7	687	235

(a) Data since 1959 are for financial years.

(b) Calendar year.

(c) Period 1st August, 1958-31st March, 1959.

*Paranthan Chemicals Corporation*

The production of caustic soda and chlorine increased considerably in 1962, approximating 915 tons and 217 tons respectively (the corresponding figures in 1961 were, respectively, 666 tons and 183 tons). In view of the constancy in the fixed capital employed by the Corporation during the past few years and in the face of a slight decline in its total labour force in 1962, the increased output has clearly been due to a greater utilisation of installed capacity. Whereas the output of chlorine exceeds the Island's present requirements (the excess having to be 'neutralised'), the increased output of caustic soda has had an import-saving effect; the Corporation's output of caustic soda in 1962 amounted to 40% of total requirements, compared with a ratio of 23% for 1961.

A continuing improvement in the efficiency of its operations is envisaged by the Corporation for 1963, causing a further decline in production costs; an extra capital expenditure of Rs. 800,000 will also be incurred to expand the utilisation of the existing potential. This investment will finance the installation of centrifugal pumps, a stand-by converter to lessen the likelihood of interruptions to the factory's operations, and a rotary drier which would make possible the marketability of the evaporated salt.

#### Paranthan Chemicals Corporation

Year	Authorised Capital (Rs. mn.)	Fixed Capital (Rs. mn.)			Employment	Output	
		Plant & Equipment	Land & Buildings	Total incl. other		Caustic Soda (tons)	Chlorine (tons)
1956 .. .. .	15.7	8.3	2.6	11.5	n.a.	—	—
1957 .. .. .	15.7	5.8	3.2	9.5	n.a.	—	—
1958 .. .. .	15.7	6.0	3.4	10.0	174	25	2
1959 .. .. .	15.7	6.0	3.4	10.1	n.a.	—	—
1960 .. .. .	15.7	6.3	3.5	10.5	223	64	70
1961 .. .. .	15.7	6.3	3.5	10.5	222	666	183
1962 .. .. .	15.7	6.3	3.5	10.5	210	915	217

#### Ceylon Cement Corporation

A revised phasing of the expansion programme for the cement industry has been given effect to, partly in the light of a lower trend of cement consumption in Ceylon than was forecast earlier. Production is now estimated to increase from the present figure of 85 th. tons per year to 450 th. tons in 1966. Realisation of this target is based upon an expansion of the Kankesan cement works, and the establishment of a clinker grinding plant at Galle and a second cement plant at Puttalam. The manufacture of several cement products is also envisaged. These include telephone kiosks, telegraph posts and cable ducts.

The operation of the clinker grinding plant with clinker supplied from Kankesan would lead to a cheapening of the transport cost of manufactured cement. The cement plant which is to be set up in Puttalam with an annual capacity of 200 th. tons constitutes the major work in the cement expansion programme, and accounts for a substantial portion of the estimated total investment. The site for the new plant has been cleared. Constructional work has also begun on the scheme for expanding the existing factory at Kankesan. The erection and commissioning of the clinker plant in Galle is scheduled for completion by the first quarter of 1964.

The increase in investment and production on the scale visualised, with the setting up of three factories and an island-wide network for the distribution of cement and cement products, is expected to impose fresh strains on the existing framework of management and operational procedure. A re-organisation has therefore been planned on the basis of a review that was recently made of the Corporation's organizational structure and accounting and administrative procedures.

## Ceylon Cement Corporation

Year (a)	Authorised Capital (Rs. mn.)	Fixed Capital (Rs. mn.) (b)			Employment	Output Cement (Tons)
		Plant & Equipment	Land & Buildings	Total incl. Other		
1956 .. ..	26.8	7.01	7.39	14.62	n.a.	83.4
1957 .. ..	26.8	6.02	6.16	12.40	n.a.	48.2
1958 .. ..	26.8	5.40	6.52	12.11	n.a.	79.1
1959 .. .. (Jan.-March)	26.8	5.21	6.64	12.03	n.a.	23.0
1959/60 .. ..	64.8	5.25	5.98	11.48	n.a.	91.9
1960/61 .. ..	64.8	4.68	5.27	10.27	972	80.5
1961/62 .. ..	64.8	2.93	4.72	8.13	987	85.7

(a) 1956, 1957, 1958: Calendar years. 1959-60 onwards: Financial years April-March.

(b) Net of depreciation at end of each accounting year.

*Kantalai Sugar Corporation*

The sugar factory in Kantalai had an output of 1,044 tons of sugar in 1962, or nearly one half of one per cent of the Island's requirements in 1962. (The output of sugar by the Gal Oya Development Board in 1961-62 was 2,541 tons). Though the Corporation's sugar output in 1962 represents an improvement over the two preceding years, the factory still produces far below its existing capacity, rated at about 14 thousand tons. The basic limitations to its operations, leading to un-economic production costs, is a shortage in the supply of sugar cane. This has been due both to manpower problems, especially in sugar cane harvesting, and to certain natural impediments. The former arises largely from the pronounced seasonality in labour requirements, which often correspond with the paddy cultivation cycle; the latter relate to an inadequacy of water and to damage to the standing crop by elephants. As a solution to the first problem the Corporation has recognized the need to at least partially mechanize cane harvesting. Apart from seriously restricting the area of cane planted, the shortage of labour has led to insufficient attention to certain cultural operations and to a consequent persistence of relatively low yields. The recovery ratio of manufactured sugar from sugar cane increased to 8.6 per cent in 1961 from a figure of 4 per cent initially; sugar cane trials conducted in Kantalai, however, have shown the possibility of a recovery rate of 10 per cent.

The power alcohol factory making use of molasses, an important by-product from the manufacture of cane sugar, is very near completion. The alcohol distillery is expected to start producing this year. The operation of the alcohol factory and the distillery will effect a considerable reduction in overall production costs of the Corporation. When these two units are in full production, further investment is expected to be made on workers' housing.



## Kantalai Sugar Corporation

Year(a)	Capital contributed by Govt. (Rs. mn.)	Fixed Capital (Rs. mn.)			Employment	Output Sugar (Tons)
		Plant & Equipment	Land & Buildings	Total including other		
1958 .. ..	10.0	—	0.04	0.06	n.a.	—
1959 .. ..	14.7	6.1	0.80	7.4	n.a.	—
1960 .. ..	18.5	11.7	1.85	14.9	n.a.	274
1961 .. ..	23.3	12.7	7.40	21.9	360	307
1962 .. ..	28.9	n.a.	n.a.	n.a.	—	1,044

(a) All figures except those in the last column are for financial years, April-March. Figures of sugar output are for calendar years.

## Plywoods Corporation

The output of plywood and plywood products (tea chests) has been steadily increasing since the inception of the Corporation, except in 1958 when there was a slight drop in production. In 1962 there was a considerable increase in the output of plywood and plywood products (tea chests) approximating 12.5 mn. sq. ft. and 702,400 respectively (as compared with 9.8 mn. sq. ft. and 458,100 respectively in 1961). In view of the relatively small increase in 1962 both in the fixed capital of the Corporation and in the size of its labour force, the appreciably higher output in this year clearly signifies an improved utilisation of productive capacity.

## Plywoods Corporation

Year	Authorised Capital (Rs. mn.)	Fixed Capital (Rs. mn.)			Employment	Output		Profit before taxation (Rs. mn.)
		Plant & Equipment	Land & Buildings	Total		Plywood (c) (mn. sq. ft.)	Tea (a) chests (th.)	
1956(b) ..	2.8	0.7	0.8	1.5	351	5.6	367.2	0.4
1957 .. ..	2.8	0.6	0.8	1.4	354	7.6	353.0	0.4
1958 .. ..	2.8	0.6	0.7	1.3	356	6.9	330.7	-0.5
1959 .. ..	2.8	0.8	0.8	1.6	389	8.3	412.3	0.7
1960 .. ..	2.8	n.a.	n.a.	n.a.	n.a.	9.3	434.3	0.4
1961 .. ..	2.8	0.8	1.3	2.1	n.a.	9.8	458.1	n.a.
1962 .. ..	2.8	1.4	1.3	2.7	594	12.5	702.4	n.a.

(a) Both full chests complete with fittings and linings and half chests (without fittings and linings).

(b) 9 months commencing 1st April, 1956.

(c) In terms of 3-ply plywood.

### *New Industrial Projects*

Plans for several new industrial projects in the public sector are in varying degrees of finality. Feasibility reports have been received by Government for the establishment of a nitrogenous fertilizer plant, a petroleum refinery, a hardware project for producing agricultural implements, a flour mill, and for the manufacture of silicate bricks and gelatine and glue. The technical and economic advantages relating particularly to power supplies for the fertilizer plant have dictated the need to co-ordinate the construction programme for the petroleum refinery with that for the fertilizer plant. Detailed specifications for the refinery are to be soon completed. Construction work on the hardware project is scheduled to begin this year. Investigations are being made on the availability and supply of lime for the manufacture of silicate bricks on a site tentatively selected close to the Industrial Estate at Ekala.

#### *Ceylon Tyre Corporation*

The Ceylon Tyre Corporation, which was set up in January 1962, is scheduled to begin commercial production in April, 1965. Civil engineering work is proceeding in connection with the erection of the factory. A total sum of Rs. 18.5 million has been voted by Government for the two years beginning 1961-62. The foreign costs for these years, amounting to Rs. 8.75 million, have been provided for out of the Soviet line of credit established under the Agreement on Economic and Technical Co-operation between Ceylon and the U.S.S.R.

#### *Ceylon Steel Corporation*

The Corporation proposes to set up a factory at an estimated cost of Rs. 80 million capable of producing 35,000 tons of rolled steel and wire products per annum. The factory will be established on a contract under the Ceylon-U.S.S.R. Agreement. The factory is expected to start producing in 1965 with an estimated employment of 400 persons.

### PRIVATE SECTOR

In the absence of comprehensive data on industrial production in the private sector, the information given in Tables II (1)-1 and II (1)-3 relates only to the capital structure, employment and cost of machinery of new industrial projects approved by Government in the period 1961-1962, as stated by prospective investors. These new industrial projects have been classified by the main branches of industry on lines similar to the International Standard Industrial Classification. The promotional assistance granted in all cases covers concessionary rates of duty on capital equipment, and on spares and replacements imported for the use of these enterprises during the first five years. Table II (1)-1 relates to medium and large-scale enterprises, with an estimated capital of Rs. 2 lakhs or more, for which approval is given by the Development Division of the Ministry of Industries. Table II (1)-3 refers to small-scale industries, with a capital of less than Rs. 2 lakhs, approval being granted in their case by the Department of Rural Development and Small Industries.

The scheme of assistance to approved industries was initiated in May, 1961. In the 18-months period after this date a wide range of industries totalling 396(†) were approved. Nearly one-third were medium and large-scale projects, about one-half of which were approved in the second half of 1961. Although the number of approved medium and large-scale projects tended to fall every half-year, the size of the projects approved after 1961 has increased. The estimated capital per enterprise for the projects approved in each of the three half-yearly periods from July-December 1961 was respectively Rs. 549,000, Rs. 716,000 and Rs. 951,000. This sequence, based on the short period for which data are available, may suggest a tendency for private industrial enterprise to initially engage in projects that require small amounts of capital, leaving out the relatively large industries for a later date.

The medium and large-scale industries considered in the Tables have an estimated total capital of Rs. 79 million, nearly 90 per cent of which was stated as being Ceylonese capital. Practically one-half of the approved projects in this group belong to four branches of industry, viz., textiles (including the manufacture of cordage, rope and twine;) metal products; miscellaneous chemical products including fertilizer; and electrical apparatus and appliances. Whereas the new medium and large-scale enterprises in the Food and Drink Group (ISIC Nos. 201-03, 207-09 and 213) have a relatively low coefficient of both capital and labour, projects approved for the manufacture of non-metallic products including those of clay and glass (ISIC Nos. 331-32 and 399) have a high capital coefficient per project and a low labour coefficient. The increase in employment, on the other hand, has been mainly in the group of textile industries, with their relatively high coefficient of both capital and labour.

In the 18 months following May 1961, 272 small-scale industries were approved. As shown in Table II (1)-4, three-fifths of them, or 160, relate to five branches of industry viz. textiles, garments (wearing apparel excluding footwear), chemical products, including fertilizer, metal products, and food, drink and tobacco. The estimated total capital in the small scale enterprises approved before 1963 is Rs. 18 mn., or less than Rs.7,000 per enterprise, compared with a figure of nearly Rs. 700,000 for the medium and large-scale sector. The relatively labour-intensive nature of the small industries is apparent, the estimated capital per worker being in the region of Rs. 2,700, compared with Rs. 8,400 for the medium and large-scale industries.

More than one-half of the small industries, or 144, were approved in the period January-June 1962, and there was a sharp fall in approvals during the next six months. Of the 272 small industries approved before 1963, at least 107 are now in commercial production.(‡)

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(†) Nine of these were medium and large-scale enterprises that had already been in existence and were approved for the manufacture of new products. These industries are not included in Table II (1)-1 owing to the difficulty of relating that portion of their capital and employment to the products for which approval was given.

(‡) Based on a postal enquiry in February 1963. No information is yet available on the progress of the remaining number of approved small industries; the answers to the questionnaire are incomplete or else were not received.

TABLE II (1)-1

**Estimated Capital and Employment in Medium and Large-Scale Industry  
approved during May 1961—December 1962**

I.S.I.C. No.	Branch of Industry	No. of Projects	Capital (Rs. mn.)		Employ- ment (No.)	Cost of Machinery (Rs. mn.)
			Local	Foreign		
201 & 203	Preparation and preserving of fruits, vegetables and meat	4	2.05	—	123	0.40
202	Manufacture of dairy products —milk foods	1	0.26	0.25	39	0.21
207 & 208	Manufacture of cocoa, chocolate, confectionery & jaggery	7	4.50	—	722	1.69
209	Manufacture of miscellaneous food preparations	1	0.40	—	n.a.	0.03
213	Breweries and manufacture of malt, toddy	2	3.60	—	850	2.60
231—33	Textiles including cordage, rope and twine	14	19.86	1.64	1,519	17.73
241	Manufacture of footwear	3	0.61	—	175	0.36
243	Manufacture of wearing apparel except footwear	3	1.33	—	154	0.29
271	Pulp, paper, paper-board mills	4	2.35	—	135	1.13
272	Manufacture of articles of pulp, paper, & paper board	2	0.40	—	32	0.25
300	Manufacture of rubber products	1	0.22	—	27	0.19
311 & 319	Manufacture of miscellaneous chemical products	11	2.90	2.06	387	1.89
331—32 & 339	Manufacture of non-metallic products—including those of clay and glass	3	6.45	0.60	720	6.12
341 & 350	Manufacture of metal products	22	8.09	0.84	1,289	4.45
360	Manufacture of machinery except electrical machinery	6	4.37	1.35	1,006	4.95
370	Manufacture of electrical machi- nery, apparatus, appliances & supplies	11	7.49	1.43	564	3.05
383	Assembly of motor-vehicles	1	0.15	—	5	0.15
393 & 399	Manufacturing industries not elsewhere specified	19	5.08	0.22	660	2.93
	<b>Total</b>	<b>115</b>	<b>70.11</b>	<b>8.39</b>	<b>8,407</b>	<b>48.42</b>

*Source: Based on information stated in the applications  
for recognition as an approved project by the  
Ministry of Industries.*

TABLE II (1)-2

Medium and large-scale Approved industries classified by period of approval, May 1961-December 1962.

ISIC No.	Branch of Industry	1961				1962			
		May-June		July-December		January-June		July-December	
		No. of Projects	Capital (Rs. mn.)	No. of Projects	Capital (Rs. mn.)	No. of Projects	Capital (Rs. mn.)	No. of Projects	Capital (Rs. mn.)
201 & 203	Preparation and preserving of fruits, vegetables and meat	—	—	2	0.37	1	0.15	1	1.53
202	Manufacture of dairy products—milk products	—	—	—	—	—	—	1	0.51
207 & 208	Manufacture of cocoa, chocolate, confectionery and jaggery	—	—	5	4.06	2	0.44	—	—
209	Manufacture of miscellaneous food preparations	—	—	1	0.40	—	—	—	—
213	Breweries and manufacture of malt, toddy	—	—	1	3.00	1	0.60	—	—
231—33	Textiles including cordage, rope and twine	—	—	4	1.68	5	12.85	5	6.97
241	Manufacture of footwear	1	0.06	—	—	2	0.55	—	—
243	Manufacture of wearing apparel except footwear	—	—	1	0.26	—	—	—	—
271	Pulp, paper, paper-board mills	—	—	3	1.50	—	—	2	1.07
272	Manufacture of articles of pulp, paper and paper-board	—	—	1	0.30	—	—	1	0.85
300	Manufacture of rubber products	—	—	—	—	—	—	1	0.10
319	Manufacture of miscellaneous products including fertilizer	—	—	7	3.18	3	0.88	1	0.22
331—32 & 339	Manufacture of non-metallic mineral products, including those of clay and glass	—	—	1	3.50	—	—	2	3.55
341 & 350	Manufacture of metal products	—	—	10	3.38	7	2.50	5	3.05
360	Manufacture of machinery except electrical machinery	—	—	4	1.72	1	1.00	1	3.00
370	Manufacture of electrical machinery, apparatus, appliances and supplies	1	1.00	6	4.92	4	3.00	—	—
383	Assembly of motor vehicles	—	—	—	—	1	0.15	—	—
393 & 399	Manufacturing industries, not elsewhere specified	1	0.65	8	1.35	7	2.22	3	1.08
	Total ..	3	1.71	54	29.62	34	24.34	24	22.83

Source: Based on information stated in the applications for recognition as an approved project by the Ministry of Industries.

TABLE II (1)-3

**Estimated Capital and Employment in Small-scale industries  
approved during May 1961 - December 1962**

ISIC No.	Branch of Industry	No. of Projects	Capital (Rs. Th.)	Employment (No.)	Cost of Machinery (Rs. Th.)
201 & 203	Preparation and preserving of fruits, vegetables and meat	6	283	59	178
207 & 208	Manufacture of cocoa, chocolate, confectionery and jaggery	15	755	434	389
209	Manufacture of miscellaneous food preparations	13	699	403	290
213	Breweries and manufacture of malt, toddy	1	112	45	55
220	Tobacco manufacture	3	460	208	345
231-33	Textiles including cordage, rope and twine	32	2265	842	1439
241	Manufacture of footwear	7	520	133	279
243	Manufacture of wearing apparel except footwear	17	741	421	499
260	Furniture and fixtures	4	291	69	155
272	Manufacture of articles of pulp, paper and paper board	8	417	100	316
280	Printing, publishing and allied industries	1	90	16	130
292	Manufacture of leather products	6	274	89	161
300	Manufacture of rubber products	5	504	168	180
311 & 319	Manufacture of miscellaneous chemical products, including fertilizer	47	2381	999	1308
331-32 & 339	Manufacture of non-metallic mineral products including those of clay and glass	11	760	222	423
341 & 350	Manufacture of metal products	26	2280	970	1159
360	Manufacture of machinery except electrical machinery	7	776	324	444
370	Manufacture of electrical machinery, apparatus, appliances and supplies	9	405	104	202
381	Shipbuilding and repairing	2	227	160	107
392-3 & 399	Manufacturing industries, not elsewhere specified	52	3308	787	1766
	Total	272	17,548	6,523	9,775

*Source: Based on information stated in the applications for recognition as an approved project by the Ministry of Industries.*

TABLE II (1)-4

Small-scale Approved industries classified by period of approval, May 1961–December 1962.

ISIC No.	Branch of Industry	1961				1962			
		May-June		July-December		January-June		July-December	
		No. of Projects	Capital (Rs. Th.)	No. of Projects	Capital (Rs. Th.)	No. of Projects	Capital (Rs. Th.)	No. of Projects	Capital (Rs. Th.)
201 & 203	Preparation and preserving of fruits, vegetables and meat	—	—	—	—	3	72	3	211
207 & 208	Manufacture of cocoa, chocolate, confectionery and jaggery	—	—	2	110	9	310	4	335
209	Manufacture of miscellaneous food preparations	—	—	3	110	7	219	3	370
213	Breweries and manufacture of malt, toddy	—	—	—	—	1	112	—	—
220	Tobacco manufacture	—	—	—	—	2	300	1	160
231—33	Textiles including cordage, rope and twine	—	—	4	424	24	1491	4	350
241	Manufacture of footwear	1	15	4	215	1	80	1	210
243	Manufacture of wearing apparel except footwear	—	—	1	6	13	492	3	243
260	Furniture and fixtures	—	—	—	—	3	266	1	25
272	Manufacture of articles of pulp, paper and paper board	—	—	—	—	5	172	3	245
280	Printing, publishing and allied industries	—	—	—	—	1	90	—	—
292	Manufacture of leather products	—	—	—	—	3	61	3	213
300	Manufacture of rubber products	—	—	—	—	4	379	1	125
311 & 319	Manufacture of miscellaneous chemical products including fertilizer	1	3	17	694	18	845	11	839
331-32&339	Manufacture of non-metallic mineral products including those of clay and glass	—	—	2	45	4	400	5	315
341 & 350	Manufacture of metal products	—	—	6	570	9	975	11	735
360	Manufacture of machinery except electrical machinery	—	—	—	—	7	776	—	—
370	Manufacture of electrical machinery, apparatus, appliances and supplies	—	—	1	30	2	113	6	263
381	Shipbuilding and repairing	—	—	—	—	2	227	—	—
392-3 & 399	Manufacturing industries, not elsewhere specified	—	—	10	365	26	1776	16	1167
	Total ..	2	18	50	2569	144	9156	76	5806

Source: Based on information stated in the applications for recognition as an approved project by the Ministry of Industries.