

II. ECONOMIC AND FINANCIAL TRENDS—1963

(A) National Product and Expenditure

Introduction

According to provisional estimates, gross national product at current factor cost prices increased from Rs. 6,418 million in 1962 to Rs. 6,727 million in 1963. The rate of increase in 1963 at 4.8 per cent is higher than the rate of increase of 4.5 per cent in 1962 (revised estimates) and well above the average rate of increase of 3.1 per cent in the years 1960-1962.

In terms of constant¹ prices, gross national product in 1963 was 1.8 per cent higher than in 1962. This rate of increase was, however, lower than the rate of increase in 1962. Thus, while the rate of increase in money national product in 1963 has been higher than that in 1962, the rate of increase in real national product has been somewhat lower. Available data indicate that in 1963 there was a decline in the net output of the export sector. The value of domestic exports which had shown an increase of 5.1 per cent in 1962 showed a decline of 3.5 per cent in 1963. The change in the volume of exports as reflected in the estimates at constant prices amounted to a decline of 3.9 per cent in 1963. This was due largely to a decline in the volume of coconut exports and to a lesser extent to a decline in the volume of rubber exports; the volume of tea exports having risen moderately. However, the position as regards export stocks which had declined markedly in 1962 showed an overall increase in 1963. The net output of the export sector taking into account in addition to the value of exports, the increased value of changes in stocks, fell by 1.5 per cent in money terms and by 1.9 per cent in real terms.

In view of the decline in the net output of the export sector, the increase in the gross national product is wholly attributable to an increase in the net output of the domestic sector. At current prices the rate of increase in 1963 was 6.7 per cent as compared to the increase of 5.7 per cent in 1962. At constant prices the rate of increase in 1963 was 3.1 per cent as compared to an increase of 4.2 per cent in 1962. The main contribution to the expansion in the domestic sector came from industry, capital development in public enterprises and fisheries. Paddy production which had increased by 11.3 per cent in 1962 increased by only 2.3 per cent in 1963.

Total gross national expenditure at current market prices composed of expenditure on consumption and capital formation rose from Rs. 6,872 million in 1962 to Rs. 7,161 million in 1963, an increase of 4.2 per cent. Total capital formation declined but consumption expenditure increased to more than offset the fall in capital formation. In regard to consumption expenditure, outlays on imported goods declined, but expenditure on locally produced goods increased, more than offsetting the fall in expenditure on imported goods. The fall in consumption expenditure on imported goods is attributable to the import restrictions imposed in 1962 and 1963.

In 1963, overall import prices increased, while export prices remained unchanged. There was in consequence an adverse movement in the terms of trade. An adverse movement in the terms of trade reduces the quantum of imports which could be obtained per unit of exports. Such a movement in the terms of trade in an export-import economy, therefore, reduces the exchange value of total goods and services produced i.e. real national income. Estimates of real product when adjusted for the changes in the terms of trade provide estimates of real national income. While an increase in the real product provides an index of the increase in the volume

1. 1959 prices,

of goods and services produced, an increase in the real national income would be an appropriate measure of the increase in resources available to the country, through production and through international exchange. In 1963, real product recorded an increase of 1.8 per cent. However, on account of the deterioration in the terms of trade, real national income decreased by 0.7 per cent. This is in contrast to the experience of 1962. In that year, both real product and real income increased and the rate of increase in real national income was even larger than that in the real product since there was an improvement in the terms of trade.

The per capita money product which had increased from Rs. 604 in 1961 to Rs. 615 in 1962 rose to Rs. 628 in 1963. The rate of increase in the per capita money product in 1963 was 2.1 per cent. The per capita real product in 1963 was Rs. 617 as against Rs. 622 in 1962, a fall of 0.8 per cent as against a rise of 1.0 per cent in 1962.

TABLE II A-1

Summary Indicators of Product and Expenditure at Current Prices

	1959	1960	1961	1962	1963
<i>A. Values</i>					
1. Gross National Product at Factor Cost Prices (Rs. Mn.)	5,854	6,080	6,142	6,418	6,727
2. Gross Domestic Expenditure at Market Prices (Rs. Mn.)	6,617	6,820	6,820	7,023	7,313
3. Private Consumption at Market Prices (Rs. Mn.) ..	4,678	4,991	4,849	5,010	5,309
4. Public Consumption at Market Prices (Rs. Mn.) ..	881	911	926	979	1,011
5. Gross Domestic Fixed Capital Formation at Market Prices (Rs. Mn.) ..	1,069	966	978	1,031	982
6. Exports of Goods (a) and Non-Factor Services (Rs. Mn.)	2,016	2,011	1,907	1,966	1,914
7. Imports of Goods (b) and Non-Factor Services (Rs. Mn.)	2,176	2,209	1,972	2,070	2,014
8. Gross National Product per capita (c) at Factor Cost Prices (Rs.) ..	608	614	604	615	628
9. Gross Domestic Expenditure per capita (Rs.) ..	687	689	671	673	683
<i>B. Index Numbers (1959 = 100.0)</i>					
1. Gross National Product at Factor Cost Prices ..	100.0	103.9	104.9	109.6	114.9
2. Gross Domestic Expenditure at Market Prices ..	100.0	103.1	103.1	106.1	110.5
3. Private Consumption at Market Prices ..	100.0	106.7	103.7	107.1	113.5
4. Public Consumption at Market Prices ..	100.0	103.4	105.1	111.1	114.8
5. Gross Domestic Fixed Capital Formation at Market Prices ..	100.0	90.4	91.5	96.4	91.9
6. Exports of Goods (a) and Non-Factor Services ..	100.0	99.8	94.6	97.5	94.9
7. Imports of Goods (b) and Non-Factor Services ..	100.0	101.5	90.6	95.1	92.6
8. Gross National Product per capita (c) at Factor Cost Prices ..	100.0	101.0	99.3	101.1	103.3
9. Gross Domestic Expenditure per capita ..	100.0	100.3	97.7	98.0	99.4

Source: Central Bank of Ceylon.

(a) Exported Merchandise valued f.o.b.

(b) Imported Merchandise valued c.i.f.

(c) The following estimates of population have been adopted:—

	1959	1960	1961	1962	1963
Mid-year population ..	9,625,000	9,896,000	10,168,000	10,443,000	10,712,000
Index Number ..	100.0	102.8	105.6	108.5	111.3

TABLE II A-2
Gross National Product at Current Factor Cost Prices

	Rupees Million					Percentage Change			
	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
I. Production for Export									
(i) Domestic Exports: F.O.B. Values	1,692	1,775	1,681	1,766	1,705	+ 4.9	- 5.3	+ 5.1	- 3.5
Value of Change in Stocks	- 2	- 39	+ 15	- 34	+ 12				
Less Imported Materials used (at market value)	-124	-120	-135	-151	-160				
Less Distribution Cost of Exported Goods	-104	-109	-114	-123	-119				
Net Output	1,462	1,507	1,447	1,458	1,437	+ 3.0	- 4.0	+ 0.8	- 1.4
(ii) Re-Exports: Value Added	3	2	2	2	1	-20.0	...	-20.0	-37.5
Total Production for Export: Net Output	1,465	1,509	1,449	1,460	1,438	+ 3.0	- 3.9	+ 0.7	- 1.5
II. Production for Domestic use (Net Output)									
(i) Agriculture, Forestry, Livestock and Fisheries	1,276	1,341	1,385	1,426	1,498	+ 5.1	+ 3.3	+ 2.9	+ 5.0
(ii) Industry, n.i.e.	255	305	342	406	484	+19.3	+12.1	+19.0	+19.1
(iii) Capital Development (Goods and Services):									
(a) Government	189	146	193	204	200	-22.4	+31.6	+ 5.7	- 1.6
(b) Public Enterprises	55	61	65	86	106	+11.5	+ 6.4	+31.1	+24.0
(c) Private Sector and Public Corporations	265	259	252	270	262	- 2.2	- 2.9	+ 7.2	- 2.9
(iv) Transport and Communication (Non-Government)	450	493	476	500	532	+ 9.7	- 3.4	+ 5.0	+ 6.3
(v) Trade (Non-Government)	628	633	608	643	742	+ 0.7	- 4.0	+ 5.9	+15.3
(vi) Ownership of dwellings	169	178	196	205	223	+ 5.9	+ 9.9	+ 4.5	+ 8.9
(vii) Government, n.i.e.	702	755	759	792	802	+ 7.6	+ 0.6	+ 4.3	+ 1.3
(viii) Services, n.i.e.	438	445	457	474	493	+ 1.5	+ 2.8	+ 3.5	+ 4.0
Total	4,426	4,616	4,733	5,005	5,341	+ 4.3	+ 2.5	+ 5.7	+ 6.7
III. Gross Domestic Product	5,891	6,124	6,182	6,464	6,779	+ 4.0	+ 0.9	+ 4.6	+ 4.9
IV. Net Factor Income from Abroad	- 37	- 44	- 40	- 47	- 52				
V. Gross National Product	5,854	6,080	6,142	6,418	6,727	+ 3.9	+ 1.0	+ 4.5	+ 4.8

Source: Central Bank of Ceylon.

Definition of Items :

- Government [items II (iii) (a) and II (vii)] is defined to cover Central and Local Government, but to exclude public corporations and Government enterprises (i.e. the Railway, Electrical Undertakings, Port Commission, Post & Telecommunication and Salt Departments).
- Item II (vii) (Government, n.i.e.) includes imputed rents of Government buildings.
- The net output of capital development in Government Sector [Item II (iii) (a)] is inclusive of:—
(a) the net output of Government capital works done on contract, and
(b) ancillary services rendered in the process of capital development e.g., transport of capital goods imported by Government.
- The net output of capital development in the private sector and public corporations [item II (iii) (c)] comprises of:—
(a) the net output of constructional industries,
(b) the net output of industries producing constructional materials and other capital goods for domestic use, and
(c) the net output of planting and replanting.
- Item II (iv) [Transport and Communication (Non-Government)] and item II (v) [Trade (Non-Government)] include the net output of public enterprises operating in these fields. These items also cover services rendered to the export sector. The Estimates of Trade and Transport have been revised to take account of the increase in transport charges and trade margins as determined on the basis of a random enquiry.

General Notes :

- Apart from published sources (such as the Ceylon Customs Returns) and special sources on certain specific items (e.g., the Department of Industries on industrial output) much of the primary data necessary for the preparation of this Table, as well as for the Table on the Gross National Expenditure, has been supplied by the Department of Census and Statistics.
- On account of rounding of numbers in the Tables, component items may not add up exactly to the totals.
- The percentage changes shown in the Tables have been computed on the basis of values in rupees million taken to one decimal place.
- n.i.e. = not included elsewhere.
- The estimates of product and expenditure for the years 1959 to 1962 published in the Central Bank Annual Report for 1962 have been revised. The estimates for 1963 are provisional.

Product and Expenditure in money terms

Table IIA-2 sets out the components of gross national product at current factor cost prices in the export sector and the domestic sector separately. In the export sector, the value of each of the principal export products fell in 1963. The value of tea exports fell by 0.8 per cent, the value of rubber exports by 11.5 per cent, and the value of coconut and coconut products by 9.8 per cent. Thus the value of total domestic exports, which had increased by 5.1 per cent in 1962, decreased by 3.5 per cent in 1963. However in 1963, estimates of the overall stock position in the export sector showed an improvement over the previous year. When this fact is taken into account, the net output of the export sector declined by only 1.5 per cent. As regards the production of export crops, tea production expanded by 3.9 per cent, as compared with an expansion of 2.6 per cent in 1962. The production of rubber increased by only 0.9 per cent, as compared with a rate of increase of 6.5 per cent in 1962. Coconut production is estimated to have declined by 10.2 per cent.

In the domestic sector, net output of agriculture, livestock and fisheries rose by 5.0 per cent, as compared to an increase of 2.9 per cent in 1962. The rise in 1963 was largely on account of a rise in the value of fish production by 24.4 per cent. Net output of industry (consumer goods) is estimated to have increased at about the same rate as in 1962, viz. by 19.1* per cent. Total capital development, which had increased by 9.7 per cent in 1962, rose by 1.7 per cent. Capital development by the private sector and public Corporations taken together recorded a decline of 2.9 per cent, while capital development by the public enterprises recorded a substantial increase of 24.0 per cent. Net output of the service sector as a whole rose by 6.7 per cent, compared with a rise of 4.8 per cent in 1962. Trade, transport and communication and ownership of dwellings increased at rates higher than in the previous year. The net output of the domestic sector as a whole rose by 6.7 per cent as against a rise of 5.7 per cent in 1962.

In 1963, total gross domestic product in money terms increased by 4.9 per cent. This is higher than the rate of increase in any of the previous three years. Since net factor income from abroad fell in 1963, the increase in total gross national product, at 4.8 per cent, was slightly less than that of total gross domestic product.

It is noteworthy that the net output of the domestic sector i.e. production for domestic use as a ratio of gross domestic product shows a rising trend. This ratio, which stood at 75.1 per cent in 1959, increased to 77.4 per cent in 1962 and to 78.7 per cent in 1963.

TABLE II A-3
Locally Produced Goods for Domestic Consumption Valued at Current Producers' Prices

	Rupees Million					Percentage Change			
	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
(i) Agriculture, Forestry, Livestock and Fisheries									
Rice	400	472	475	524	527	+ 18.2	+ 0.6	+10.4	+ 0.4
Coconut and Coconut Products	208	168	147	135	159	-19.4	-12.2	- 8.2	+17.2
Tea	54	56	56	55	55	+ 4.3	...	- 1.8	+ 0.7
Other Food Crops	327	350	382	382	390	+ 7.1	+ 9.3	...	+ 2.1
Tobacco	14	15	19	21	22	+10.9	+23.7	+13.8	+ 3.3
Betel and Arecanuts	34	37	38	34	36	+ 7.3	+ 1.6	- 8.3	+ 4.7
Firewood	14	14	15	15	15	+ 3.7	+ 3.5	+ 2.7	+ 2.7
Livestock	142	134	139	136	150	- 5.6	+ 4.3	- 2.7	+10.4
Fish	60	69	86	101	125	+13.9	+25.3	+17.1	+24.4
Miscellaneous Agricultural and Forest Products	49	52	53	55	58	+ 5.1	+ 2.9	+ 2.6	+ 6.4
Less Imported materials used (a)	- 25	- 25	- 25	- 33	- 40				
Value added by Domestic Production	1,276	1,341	1,385	1,426	1,498	+ 5.1	+ 3.3	+ 2.9	+ 5.0
(ii) Industry (excluding Capital Development)									
Factory Industries	314	379	416	454	494	+20.8	+ 9.8	+ 9.0	+ 8.9
Cottage Industries	110	113	116	120	122	+ 2.5	+ 2.9	+ 3.6	+ 1.3
Less Imported materials used (a)	-168	-187	-191	-167	-132				
Value added by Domestic Production	255	305	342	406	484	+19.3	+12.1	+19.0	+19.1

Sources: Central Bank of Ceylon;
Department of Census & Statistics;
Department of Industries;
Department of Fisheries, etc.

(a) At Market Values.

*This estimate was made before the results of a survey of Industrial Production discussed elsewhere in this Report became available. In the light of the results of this survey, it is possible that the rate of increase of industrial output as shown above may be somewhat overstated.

Details of locally produced goods at current producers' prices are shown in Table IIA-3.

It will be seen from Table IIA-3 that the producers' value of rice, which had increased by 10.4 per cent in 1962, increased by only 0.4 per cent in 1963. In 1963, output of paddy was affected by excessive rain in the paddy-growing areas. Paddy production increased in 1963 by only 1.1 million bushels as against an increase of 4.9 million bushels in 1962. The slight increase in the producers' value of rice thus reflects the modest increase in paddy production in 1963.

The producers' value of coconuts and coconut oil shows an increase of 17.2 per cent. This is largely because of the rise in the average producers' prices of these products. Estimates relating to fish indicate a substantial increase in output. In 1963, according to provisional data supplied by the Department of Fisheries, the producers' value of all varieties of fish increased by 24.4 per cent.

TABLE II A-4
Gross National Expenditure at Current Market Prices

	Rupees Million					Percentage Change			
	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
I. Private Consumption									
(A) Imports of Goods and Non-Factor Services									
(i) Imports of Food and other Personal Consumption Goods (a)	1,817	1,913	1,718	1,751	1,711	+ 5.3	-10.2	+ 2.0	- 2.3
(ii) Imports of Non-Factor Services	178	152	137	128	130	-14.5	-10.0	- 6.4	+ 1.9
Total	1,995	2,065	1,854	1,879	1,841	+ 3.5	-10.2	+ 1.3	- 2.0
(B) Locally Produced Goods (a) and Services									
(i) Locally Produced goods	2,093	2,208	2,282	2,416	2,695	+ 5.5	+ 3.4	+ 5.9	+11.5
(ii) Rents of Dwellings	186	197	216	226	247	+ 5.9	+ 9.6	+ 4.3	+ 9.6
(iii) Transport and Communication	241	256	272	286	293	+ 6.2	+ 6.4	+ 4.9	+ 2.5
(iv) Services, n.i.e.	467	475	488	506	523	+ 1.6	+ 2.8	+ 3.6	+ 3.5
Less Government purchases	-110	- 41	-102	-133	-119				
Total	2,878	3,095	3,157	3,301	3,639	+ 7.5	+ 2.0	+ 4.6	+10.2
(C) Less Goods and Services Purchased by Non-Residents	-195	-169	-162	-170	-171				
Total Private Consumption	4,678	4,991	4,849	5,010	5,309	+ 6.7	- 2.9	+ 3.3	+ 6.0
II. Public Consumption									
(i) Current Expenditure on Goods and Services—Central Government	771	803	831	880	906	+ 4.1	+ 3.5	+ 5.8	+ 3.0
(ii) Current Expenditure on Goods and Services—Local Government	90	87	74	78	83	- 3.4	-15.0	+ 5.8	+ 5.9
(iii) Imputed Rents of Government Buildings	20	21	21	22	22	+ 5.0	+ 0.5	+ 2.4	+ 2.3
Total	881	911	926	979	1,011	+ 3.4	+ 1.7	+ 5.7	+ 3.2
III. Gross Domestic Fixed Capital Formation									
(i) Government	256	238	249	260	257	- 7.2	+ 4.9	+ 4.2	- 1.2
(ii) Public Enterprises	80	79	92	104	127	- 0.3	+15.5	+13.1	+22.8
(iii) Private Sector and Public Corporations	733	649	637	668	598	-11.5	- 1.9	+ 4.9	-10.5
Total	1,069	966	978	1,031	982	- 9.7	+ 1.2	+ 5.5	- 4.8
IV. Changes in Stocks									
(i) Government	- 23	- 17	+ 52	+ 43	...				
(ii) Public Enterprises									
(iii) Private Sector and Public Corporations (c)	+ 12	- 31	+ 16	- 41	+ 12				
Total	- 11	- 47	+ 67	+ 2	+ 12				
V. Gross Domestic Expenditure (d)	6,617	6,820	6,820	7,023	7,313	+ 3.1	...	+ 3.0	+ 4.1
VI. Net Investment Abroad (e)	-208	-221	- 94	-144	-146				
VII. Less Net Receipts of International Gifts and Transfers	+ 12	- 22	- 11	- 7	- 5				
VIII. Gross National Expenditure	6,420	6,578	6,715	6,872	7,161	+ 2.5	+ 2.1	+ 2.3	+ 4.2

Sources: See General Notes to Table II A-2.

(a) At retail values.

(b) Changes in stocks of the following items only: imported rice, wheat flour and sugar; Guaranteed Price Scheme paddy; arrack.

(c) Changes in stocks of tea, rubber and livestock only.

(d) Equals expenditure on consumption, gross domestic fixed capital formation and changes in stocks.

(e) Net investment abroad \equiv surplus of the nation on current account.

TABLE II A-5
Expenditure on Gross National Product at Current Prices

		Rupees Million										
		1959	1960	1961	1962	1963	1959	1960	1961	1962	1963	
1. Gross National Product at Factor Cost Prices ..		5,854	6,080	6,142	6,418	6,727						
2. Indirect Taxes (a) ..												
Less Subsidies ..		389	413	390	472	455						
							4. Consumption Expenditure: Private ..	4,678	4,991	4,849	5,010	5,309
							5. Consumption Expenditure: Government ..	881	911	926	979	1,011
							6. Gross Domestic Capital Formation: Private Sector and Public Corporations ..	745	618	652	627	610
							7. Gross Domestic Capital Formation: Government and Public Enterprises ..	313	300	393	407	384
							8. Gross Domestic Expenditure (b) ..	6,617	6,820	6,820	7,023	7,313
							9. Exports of Goods and Non-Factor Services ..	2,016	2,011	1,907	1,966	1,914
							10. Less Imports of Goods and Non-Factor Services ..	-2,176	-2,209	-1,972	-2,070	-2,014
							11. Expenditure on Gross Domestic Product at Market Prices ..	6,457	6,622	6,755	6,918	7,214
							12. Net Factor Income from Abroad ..	37	44	40	47	52
							13. Residual: Unidentified changes in Stocks and Statistical Discrepancy ..	-177	85	-184	+ 18	+ 20
3. Gross National Product at Market Prices ..		6,243	6,493	6,532	6,890	7,182	14. Expenditure on Gross National Product at Market Prices (c) ..	6,243	6,493	6,532	6,890	7,182

Source: Central Bank of Ceylon.

(a) Inclusive of local rates.

(b) Equals expenditure on consumption and gross domestic capital formation.

(c) The algebraic sum of items 11 and 12 of this table equals the gross national expenditure as shown at item VIII of Table II A-4. Item 14 of this table (expenditure on gross national product at market prices) differs from the algebraic sum of items 11 and 12, only by the amount shown as item 13 (unidentified changes in stocks and statistical discrepancy).

Table II A-4 presents direct estimates of gross national expenditure at current market prices. On the left hand side of Table IIA-5 gross national expenditure is estimated by adjusting gross national product at factor cost prices for net indirect taxes. It is seen from the Table II A-4 that total private consumption expenditure increased by 6.0 per cent, compared to an increase of 3.3 per cent in 1962. This increase in private consumption is largely on account of the higher outlay on locally produced goods, which rose by 11.5 per cent as against the rise of 5.9 per cent in 1962. Expenditure on imported goods and services at market prices, however, fell by 2.0 per cent as against the rise of 1.3 per cent in 1962. Public consumption rose by 3.2 per cent in 1963 as compared to an increase of 5.7 per cent in 1962. Total consumption, by both private and public sectors, increased by 5.5 per cent as against an increase of 3.7 per cent in the previous year.

Table II A-4 also gives estimates of total capital formation. Total capital formation consists of fixed capital formation and changes in stocks. Gross domestic fixed capital formation, which had increased in 1961 and 1962 by 1.2 per cent and 5.5 per cent respectively, fell by 4.8 per cent in 1963. Estimates of stocks¹ indicate a small increase in 1963. When account is taken of this rise in stocks, total capital formation shows a fall of 3.8 per cent in 1963.

1. Includes food stocks obtained from the Food Commissioner's Department.

TABLE II A-6

Composition of Private Consumption Expenditure at Current Market Prices

	Rupees Million					Percentage Change			
	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
A. Imports of Goods and Non-Factor Services									
(i) Rice, Wheat Flour and Sugar ..	490	488	522	545	531	- 0.3	+ 7.0	+ 4.4	- 2.6
(ii) Other Personal Consumption Goods ..	1,328	1,425	1,196	1,206	1,180	+ 7.3	-16.1	+ 0.9	- 2.2
(iii) Non-Factor Services ..	178	152	137	128	130	-14.5	-10.0	- 6.4	+ 1.9
Total ..	1,995	2,065	1,854	1,879	1,841	+ 3.5	-10.2	+ 1.3	- 2.0
B. Locally Produced Goods and Services									
(i) Locally Produced Goods									
Rice ..	312	308	275	306	319	- 1.5	-10.6	+ 11.2	+ 4.4
Coconut Products ..	232	187	162	154	186	-19.4	-13.4	- 4.8	+20.3
Tea ..	63	67	69	70	70	+ 7.5	+ 2.2	+ 1.7	- 0.1
Other Food Crops ..	398	433	473	473	483	+ 8.6	+ 9.4	...	+ 2.1
Tobacco ..	20	22	27	31	32	+11.3	+24.0	+13.8	+ 2.9
Betel and Arecanuts ..	46	50	50	46	48	+ 7.1	+ 1.8	- 8.3	+ 4.5
Firewood ..	15	16	17	17	18	+ 3.9	+ 3.8	+ 3.0	+ 5.3
Livestock ..	174	168	184	181	190	- 3.3	+ 9.3	- 1.8	+ 5.0
Fish ..	80	92	115	134	167	+13.9	+25.5	+17.0	+24.5
Miscellaneous Agricultural and Forest Products ..	57	59	61	63	67	+ 4.6	+ 3.4	+ 2.6	+ 6.4
Industrial Products ..	696	808	849	942	1,116	+16.0	+ 5.2	+10.9	+18.5
Total ..	2,093	2,208	2,282	2,416	2,695	+ 5.5	+ 3.4	+ 5.9	+11.5
(ii) Rents of Dwellings ..	186	197	216	226	247	+ 5.9	+ 9.6	+ 4.3	+ 9.6
(iii) Transport and Communication ..	241	256	272	286	293	+ 6.2	+ 6.4	+ 4.9	+ 2.5
(iv) Services, n.i.e.									
Financial Services to Persons (a) ..	13	14	15	16	18	+ 8.5	+ 7.1	+ 8.0	+ 8.0
Recreation and Entertainment ..	24	25	26	27	28	+ 3.3	+ 3.2	+ 2.7	+ 3.4
Domestic Services ..	200	203	209	218	226	+ 1.5	+ 3.1	+ 4.0	+ 3.7
Hotels and restaurants ..	119	121	125	130	135	+ 1.5	+ 3.1	+ 4.0	+ 3.9
Professional and Institutional Services, n.i.e. (b) ..	61	61	61	61	61	...	...	...	...
Personal Services n.i.e. (c) ..	50	51	52	54	57	+ 1.4	+ 3.2	+ 4.0	+ 4.6
Total ..	467	475	488	506	523	+ 1.6	+ 2.8	+ 3.6	+ 3.5
Less Government Local Purchases ..	-110	- 41	-102	-133	-119				
Grand Total ..	2,878	3,095	3,157	3,301	3,639	+ 7.5	+ 2.0	+ 4.6	+10.2
C. Less Goods and Services Purchased by Non-Residents ..	-195	-169	-162	-170	-171				
TOTAL PRIVATE CONSUMPTION ..	4,678	4,991	4,849	5,010	5,309	+ 6.7	- 2.9	+ 3.3	+ 6.0

Source: Central Bank of Ceylon.

- (a) The value of services rendered by banks, insurance companies and other financial institutions to households as distinct from enterprises.
- (b) Private medical, legal and educational services and services rendered by non-profit-making bodies (religious and welfare organisations, trade unions, etc.)
- (c) Services of dhobies, barbers, astrologers, undertakers, etc.

Details of private consumption expenditure at current market prices are shown in Table II A-6. Total consumer expenditure on imported rice, flour and sugar, which had been increasing since 1961, fell in 1963 by 2.6 per cent. Expenditure on imports of other consumption goods fell by 2.2 per cent. The fall in expenditure on consumption goods, other than rice, flour and sugar, is attributable to the import restrictions imposed in 1962 and 1963. Expenditure on total imports, including non-factor services, decreased by 2.0 per cent in 1963.

Despite the fall in private consumption expenditure on imports, total private consumption expenditure increased mainly because expenditure on locally produced goods at market prices increased by 11.5 per cent. Expenditure on coconut increased by 20.3 per cent, reflecting increases in the retail prices of coconuts and coconut oil. Expenditure on fish also rose by 24.5 per cent.

TABLE II A-7

Gross Domestic Capital Formation at Current Market Prices

	Rupees Million					Percentage Change			
	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
A. Private Sector and Public Corporations									
(i) Gross Domestic Fixed Capital Formation	62	63	63	64	61	+ 1.8	...	+ 1.3	- 5.5
Planting and Replanting	..	..	..	..	..	..	..	..	..
Building and certain other construction	336	341	320	342	262	+ 1.5	- 6.0	+ 6.8	-23.5
Plant and Machinery	119	77	113	113	154	-35.1	+47.5	- 0.2	+36.0
Transport	153	109	85	92	63	-28.9	-21.8	+ 8.4	-31.7
Imported Capital Goods, n.i.e.	64	59	55	57	59	- 7.5	- 7.4	+ 3.1	+ 3.5
Total	733	649	637	668	598	-11.5	- 1.9	+ 4.9	-10.5
(ii) Change in Stocks									
Tea	+ 1	- 13	- 3	- 37	- 8				
Rubber	- 3	- 27	+ 19	+ 3	+ 20				
Livestock	+ 13	+ 9	..	- 7	..				
Total	+ 12	- 31	+ 16	- 41	+ 12				
Gross Domestic Capital Formation	745	618	652	627	610	-17.0	+ 5.5	- 3.9	- 2.7
B. Government and Public Enterprises									
(i) Gross Domestic Fixed Capital Formation	336	317	341	364	384	- 5.6	+ 7.6	+ 6.6	+ 5.6
(ii) Change in Stocks									
Imported rice, wheat flour and sugar	+ 13	- 26	- 12	- 2	- 10				
G.P.S. Paddy	- 35	+ 10	+ 65	+ 45	+ 10				
Arrack	- 1	..	- 2	..	..		
Total	- 23	- 17	+ 52	+ 43	..				
Gross Domestic Capital Formation	313	300	393	407	384	- 4.1	+30.8	+ 3.6	- 5.6
C. All Sectors									
(i) Gross Domestic Fixed Capital Formation	1,069	966	978	1,031	982	- 9.7	+ 1.2	+ 5.5	- 4.8
(ii) Change in Stocks	- 11	- 47	+ 67	+ 2	+ 12				
Gross Domestic Capital Formation	1,058	918	1,045	1,033	994	-13.2	+13.8	- 1.1	- 3.8

Source: Central Bank of Ceylon.

The composition of capital formation in the private sector and public Corporations is shown in Table IIA-7. It will be seen that the fall in fixed capital formation in the private sector and Corporations, relates principally to a decrease in investment in transport equipment and in building and other construction. Estimates of fixed capital formation are determined largely on the basis of imports of capital goods. In 1963, imports of building materials and transport equipment fell largely on account of the import restrictions imposed in 1962 and 1963. Consequent to the fall in imports of these goods capital formation in building and construction and in transport declined by 23.5 per cent and 31.7 per cent respectively. Capital formation in plant and machinery, however, recorded an increase of 36.0 per cent.

Table IIA-7 also presents data on fixed capital formation in the Government sector and changes in stocks in both the Government and private sectors. In 1963 total fixed capital formation in Government including public enterprises rose by 5.6 per cent, compared to a rise of 6.6 per cent in 1962. In the public enterprises fixed capital formation rose by 22.8 per cent as against a rise of 13.1 per cent in the previous year. In the rest of the Government sector i.e. excluding public enterprises, however fixed capital formation, which had increased by 4.2 per cent in 1962, fell by 1.2 per cent in 1963.

In 1963, as shown in the above Table (identifiable) stocks in the Government sector increased by Rs. 0.1 million on account of a fall in the stocks of imported rice, flour and sugar by Rs. 9.5 million and a rise in stocks of GPS paddy by Rs. 9.6* million. Stocks in the private sector, mainly export stocks, however, increased by Rs. 12.0 million. Total stocks of both private and Government sectors rose by Rs. 12.1 million.

Availability and Use of Resources

An account has been given in the preceding pages of the contributions made to gross national product by its main components on the one hand, and of the composition of gross national expenditure in broad terms under consumption and capital formation, on the other.

TABLE II A-8
Resources and their Utilization at Current Market Prices

	Rupees Million					Percentage Change			
	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
A. Resources									
Gross Domestic Product (a) ..	6,457	6,622	6,755	6,918	7,214	+ 2.6	+ 2.0	+ 2.4	+ 4.2
Imports of Goods and Non-Factor Services	2,176	2,209	1,972	2,070	2,014	+ 1.5	-10.7	+ 5.0	- 2.7
Total	8,633	8,831	8,727	8,988	9,228	+ 2.3	- 1.2	+ 3.0	+ 2.6
B. Utilization									
Consumption	5,559	5,902	5,775	5,990	6,319	+ 6.2	- 2.2	+ 3.7	+ 5.5
Gross Domestic Capital Formation Exports of Goods and Non-Factor Services	1,058	918	1,045	1,033	994	-13.2	+13.8	- 1.1	- 3.8
Total	8,633	8,831	8,727	8,988	9,228	+ 2.3	- 1.2	+ 3.0	+ 2.6

Source: Central Bank of Ceylon.

(a) This is Item III of Table II A-2 adjusted for indirect taxes net of subsidies (Item 2 of Table II A-5) and for unidentified changes in stocks plus statistical discrepancy (Item 13 of Table II A-5) to conform to the estimates of consumption and capital formation on the expenditure approach.

In the following pages it is proposed to analyse the data already given to highlight certain particular aspects of national product and expenditure.

Table IIA-8 shows the aggregate of resources available to the economy and the manner in which these resources were used. The resources available to a country consist of the goods and services produced plus goods imported from other countries. The relative importance of the latter varies from country to country depending on the degree of self sufficiency. In the case of Ceylon, the ratio of imports to total resources is of the order of 25 per cent.

It will be seen from Table IIA-8 that total resources increased in 1963 by 2.6 per cent. Although imports, in fact, fell by 2.7 per cent in 1963, resources through production increased by 4.2 per cent. In regard to the use of resources, consumption expenditure increased by 5.5 per cent, while domestic capital formation and exports declined by 3.8 per cent and 2.6 per cent respectively.

* Provisional

TABLE II A-9

Gross Domestic Expenditure and Availability of Resources at Current Market Prices

	1959		1960		1961		1962		1963	
	Rs. Mn.	Percentage of Row (7)	Rs. Mn.	Percentage of Row (7)	Rs. Mn.	Percentage of Row (7)	Rs. Mn.	Percentage of Row (7)	Rs. Mn.	Percentage of Row (7)
1. Consumption Expenditure: Private	4,678	72.9	4,991	75.9	4,849	72.2	5,010	72.9	5,309	74.1
2. Consumption Expenditure: Government	881	13.7	911	13.8	926	13.8	979	14.2	1,011	14.1
3. Gross Domestic Capital Formation: Private Sector and Public Corporations	745	11.6	618	9.4	652	9.7	627	9.1	610	8.5
4. Gross Domestic Capital Formation: Public Enterprises	313	4.9	300	4.6	393	5.9	407	5.9	384	5.4
5. Gross Domestic Capital Formation: Government										
6. Gross Domestic Expenditure	6,617	103.1	6,820	103.7	6,820	101.5	7,023	102.2	7,313	102.1
7. Gross National Product (Adjusted)*	6,420	100.0	6,578	100.0	6,716	100.0	6,872	100.0	7,162	100.0
8. Excess of (6) over (7) met by:—										
(a) Net Disinvestment Abroad	208		221		94		144		146	
(b) Net Receipts of International Gifts and Transfers	— 12		+ 22		+ 11		+ 7		+ 5	
(a) + (b)	196		243		105		151		151	

Source: Central Bank of Ceylon.

*For the sake of consistency with other items of this Table, which are taken from the Table on the gross national expenditure (Table II A-4), the figures for gross national product at current market prices shown as item 3 of Table II A-5 have been adjusted by item 13 of that Table.

Table II A-9 shows the components of gross domestic expenditure and how they have been financed. The data in this Table indicate the extent to which it has been possible to finance total gross domestic expenditure by resources currently produced, i.e. the gross national product. It will be seen from this table that, in every year since 1959, gross national product at market prices fell short of gross domestic expenditure, and that these shortfalls were met almost entirely by disinvestment abroad.

In 1962 and 1963, gross domestic expenditure exceeded gross national product at market prices by 2.2 per cent and 2.1 per cent respectively. In 1962 the excess was met by net disinvestment abroad amounting to Rs. 144 million and from net receipts of international gifts and transfers of Rs. 7 million. In 1963, there was a net disinvestment of Rs. 146 million and a net receipt of international gifts and transfers of Rs. 5 million. Turning to the distribution of expenditure as between consumption and capital formation, it will be seen from this Table that, whereas in 1962, an amount equivalent to 87.1 per cent of gross national product went to consumption and 15.0 per cent to capital formation, in 1963, an amount equivalent to 88.2 per cent of gross national product went to consumption and 13.9 per cent to capital formation.

TABLE II A-10

Import Content of Components of Gross Domestic Expenditure

	1959				1960				1961				1962				1963			
	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks
1. Expenditure at market prices (Rs. Mn.) ..	4,678	881	1,069	-11	4,991	911	966	-47	4,849	926	978	+ 67	5,010	979	1,031	+ 2	5,309	1,011	982	+ 12
2. Import Component at c.i.f. prices																				
(a) Amount (Rs. Mn.) ..	1,426	82	365	+ 13	1,365	120	336	-26	1,166	65	306	-12	1,104	52	310	- 2	985	47	292	- 10
(b) Per cent ..	30.5	9.3	34.1		27.3	13.2	34.8		24.0	7.0	31.3		22.0	5.3	30.1		18.6	4.6	29.7	
3. Import Component at market values*																				
(a) Amount (Rs. Mn.) ..	1,995	84	565	+ 15	2,065	122	519	-28	1,855	67	472	-14	1,879	54	478	- 4	1,841	49	459	- 12
(b) Per cent ..	42.6	9.5	52.9		41.4	13.4	53.7		38.3	7.2	48.3		37.5	5.5	46.4		34.7	4.8	46.7	

Source: Central Bank of Ceylon.

*Government (Civil and Defence) imports and changes in stocks of imported goods are valued at c.i.f. prices. All other merchandise imports are valued at retail prices.

TABLE II A-11

Gross Domestic Product by Industrial Origin at Current Factor Cost Prices

Industry	1959		1960		1961		1962		1963		Percentage Change			
	Rs. Mn.	Per-cent	Rs. Mn.	Per-cent	Rs. Mn.	Per-cent	Rs. Mn.	Per-cent	Rs. Mn.	Per-cent	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
I. Agriculture, Forestry, Livestock and Fisheries*	2,763	47	2,872	47	2,857	46	2,907	45	2,952	44	+ 3.9	- 0.5	+ 1.8	+ 1.5
II. Mining and Quarrying	11	...	11	...	11	...	12	...	11	...	+ 6.7	- 4.5	+10.3	- 6.8
III. Manufacturing (excluding constructional materials)	271	5	317	5	353	6	417	7	498	7	+17.0	+11.1	+18.3	+19.4
IV. Construction (including constructional materials)	384	7	349	6	385	6	429	7	438	6	- 9.1	+10.3	+11.4	+ 2.1
V. Transportation, Storage and Communication	470	8	512	8	498	8	523	8	555	8	+ 8.9	- 2.7	+ 5.0	+ 6.1
VI. Wholesale and Retail Trade	647	11	647	11	624	10	662	10	760	11	...	- 3.6	+ 6.1	+14.8
VII. Banking, Insurance and other Finance	48	1	52	1	56	1	59	1	64	1	+ 8.6	+ 7.7	+ 5.7	+ 7.6
VIII. Ownership of dwellings	169	3	178	3	196	3	205	3	223	3	+ 5.9	+ 9.9	+ 4.5	+ 8.9
IX. Public Administration and Defence	387	7	402	7	403	7	444	7	450	7	+ 3.9	+ 0.2	+10.2	+ 1.4
X. Services, n.i.e.														
(a) Government Medical, Health, Educational, Broadcasting and Meteorological Services	315	5	353	6	356	6	348	5	352	5	+12.0	+ 1.0	- 2.3	+ 1.3
(b) All other Services	426	7	432	7	443	7	458	7	476	7	+ 1.3	+ 2.7	+ 3.4	+ 3.8
Total	741	13	784	13	799	13	806	13	828	12	+ 5.9	+ 1.9	+ 0.9	+ 2.7
Gross Domestic Product	5,891	100	6,124	100	6,182	100	6,464	100	6,779	100	+ 4.0	+ 0.9	+ 4.6	+ 4.9

Source: Central Bank of Ceylon.

*Inclusive of processing of agricultural exports.

Table IIA-10 shows, at both c.i.f. and market values, the import content of public consumption, private consumption, and total fixed capital formation. It will be seen that the import content of each of these categories of expenditure, whether at c.i.f. or market value, has generally fallen from 1959 to 1963. Thus the import content of private consumption expenditure, at c.i.f. value, which was 30.5 per cent in 1959, fell to 22.0 per cent in 1962 and declined further to 18.6 per cent in 1963. At market prices, it fell from 42.6 per cent in 1959 to 37.5 per cent in 1962, and to 34.7 per cent in 1963. Similarly, in the case of fixed capital formation, the import content, at c.i.f. values fell from 34.1 per cent in 1959 to 30.1 per cent in 1962, and to 29.7 per cent in 1963. At market value, it fell from 52.9 per cent in 1959 to 46.4 per cent in 1962, but rose slightly to 46.7 per cent in 1963.

Gross Domestic Product by Industrial Origin

Figures of gross domestic product presented earlier are re-arranged in Table IIA-11 to indicate the industrial structure of the economy. The basic industrial pattern of the economy in 1963 is very much the same as in previous years, except that between 1962 and 1963 share of construction (including constructional materials) has fallen slightly from 7 per cent to 6 per cent. The share of the agricultural sector which, fell from 47 per cent in 1960 to 46 per cent in 1961 and 45 per cent in 1962 declined further to 44 per cent in 1963.

Table IIA-11 also shows that the value of output in 1963 increased at high rates in manufacturing, in wholesale and retail trade, ownership of dwellings, and in banking, insurance and finance.

Real Product, Real Income and Real Expenditure

Table IIA-12 shows provisional estimates of gross national product at constant 1959 prices. In 1963, for the first time since 1960, there has been a fall in the real value of exports by 3.9 per cent. However, taking into account the rise in the value of stocks, the fall in the net output of the export sector at constant prices is 1.9 per cent.

TABLE II A-12

Gross National Product at Constant 1959 Factor Cost Prices

	Constant 1959 Values in Rs. Million					Percentage Change			
	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
I. Production for Export									
(i) Domestic Exports: F.O.B. Value ..	1,692	1,778	1,862	1,995	1,917	+ 5.1	+ 4.7	+ 7.2	- 3.9
Value of changes in stocks ..	- 2	- 37	+ 17	- 37	+ 15				
Less Imported materials used (at market value) ..	-124	-120	-133	-157	-163				
Less Distribution Cost of Exported Goods ..	-104	-108	-110	-118	-115				
Net Output ..	1,462	1,513	1,635	1,684	1,653	+ 3.5	+ 8.1	+ 3.0	- 1.8
(ii) Re-Exports: Value Added ..	3	2	2	2	1	-20.0	+ 5.0	-14.3	-38.9
Total Production for Export: Net Output ..	1,465	1,515	1,638	1,686	1,655	+ 3.4	+ 8.1	+ 2.9	- 1.9
II. Production for Domestic Use (Net Output)									
(i) Paddy, Tea and Coconut Products ..	642	723	731	788	806	+12.6	+ 1.1	+ 7.8	+ 2.2
(ii) Government, n.i.e. ..	702	755	759	792	802	+ 7.6	+ 0.6	+ 4.3	+ 1.3
(iii) Other Goods and Services ..	3,082	3,129	3,173	3,277	3,399	+ 1.6	+ 1.4	+ 3.3	+ 3.8
Total ..	4,426	4,607	4,663	4,857	5,007	+ 4.1	+ 1.2	+ 4.2	+ 3.1
III. Gross Domestic Product ..	5,891	6,122	6,300	6,543	6,662	+ 3.9	+ 2.9	+ 3.8	+ 1.8
IV. Net Factor Income from Abroad ..	- 37	- 44	- 40	- 50	- 51				
V. Gross National Product ..	5,854	6,078	6,260	6,493	6,611	+ 3.8	+ 3.0	+ 3.7	+ 1.8

Source: Central Bank of Ceylon.

In the domestic sector, paddy, tea and coconuts expanded by only 2.2 per cent as against 7.8 per cent in the previous year. In regard to Government, the increase in the real product, at 1.3 per cent, was lower than in 1962. In the case of the rest of the domestic sector, however, the increase was 3.8 per cent as against 3.3 per cent in 1962.

Total gross national product in real terms increased by 1.8 per cent compared to an increase of 3.7 per cent in 1962. The rate of increase in the real product in 1963 is lower than the rate of population growth which, according to provisional estimates, was 2.6* per cent for 1963. The per capita real product, therefore, declined from Rs. 622 in 1962 to Rs. 617 in 1963. The rate of decline in the per capita real product in 1963 was 0.8 per cent, as against a rate of increase of 1.0 per cent in 1962.

TABLE II A-13
Real National Income and Expenditure

	Rupees Million					Percentage Change			
	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
1. Gross National Product at Constant 1959 Factor Cost Prices	5,854	6,078	6,260	6,493	6,611	+ 3.8	+ 3.0	+ 3.7	+ 1.8
2. Terms of Trade Effect due to exports of—									
(i) Tea		— 26	— 39	+ 2	—134				
(ii) Rubber		+ 39	— 25	— 14	— 56				
(iii) Coconut Products		— 33	—111	— 96	— 79				
(iv) Other Products		+ 6	+ 1	+ 5	+ 6				
(v) All Products		— 14	—173	—102	—262				
3. Gross National Income at Constant 1959 Factor Cost Prices	5,854	6,064	6,087	6,391	6,349	+ 3.5	+ 0.3	+ 5.0	— 0.7
4. Indirect Taxes less Subsidies (adjusted)	389	403	404	425	422				
5. Gross National Expenditure at Constant 1959 Market Prices	6,243	6,467	6,491	6,816	6,771	+ 3.5	+ 0.3	+ 5.0	— 0.6

Source: Central Bank of Ceylon.

Table II A-13 presents estimates of real national income and expenditure. Estimates of real national income are derived by adjusting estimates of real product for the terms of trade effect. Despite the increase in the real product by 1.8 per cent, real national income in 1963 was lower than in 1962 by 0.7 per cent. This was the result of an adverse movement in the terms of trade, which reduced the exchange value of the goods exported. The years 1960 and 1961 have also been marked by adverse movements in the terms of trade. It will be seen from Table II A-13 that in each of these years too, the rate of increase in the real national income was lower than that of the real product.

Production and Exports

Table II A-14 indicates the movements in the quantities produced of the principal agricultural crops. Table II A-15 shows the f.o.b. values of export produce at current and at 1959 prices.

* Based on mid-year estimates.

TABLE II A-14

Quantities Produced of the Principal Agricultural Crops

Commodity	1959	1960	1961	1962	1963	Percentage Change			
						1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
Tea (Million lbs.)	413	435	455	467	485	+ 5.3	+ 4.6	+ 2.6	+ 3.9
Rubber (Million lbs.)	205	218	215	229	231	+ 6.3	- 1.4	+ 6.5	+ 0.9
Coconut Products* (Nut equivalent in millions)	2,313	2,183	2,601	2,811	2,523	- 5.6	+ 19.1	+ 8.1	-10.2
Paddy (Million bushels)	36.5	43.1	43.2	48.1	49.2	+ 18.1	+ 0.2	+ 11.3	+ 2.3

*Copra, desiccated coconut, coconut oil and fresh nuts.

Sources: Administration Report of the Tea Controller;
Administration Report of the Rubber Controller;
Department of Census & Statistics;
Central Bank of Ceylon.

The production of the principal agricultural crops, except coconut, increased in 1963. Production of tea shows a higher rate of increase than in 1962. The production of rubber and paddy also increased, but the rate of increase in each case was much less than in the previous year. Coconut production, however, declined in 1963 as compared with 1962. The fall in the production of coconut and the relatively unfavourable expansion in rubber and paddy were largely the result of adverse weather conditions in 1963.

In 1963, the f.o.b. value of each of the principal export products at current prices fell. The quantity exported increased during 1963 in the case of tea, but fell in the case of rubber and coconut. The f.o.b. value of other export crops increased but the value of total exports, which had increased by 5.1 per cent in 1962, fell by 3.5 per cent in 1963.

At 1959 constant prices, tea exports increased by 0.9 per cent, as against a rise of 6.1 per cent in 1962. Rubber and coconut, which rose by 13.5 per cent and 8.4 per cent respectively in 1962, fell by 5.9 per cent and 18.2 per cent respectively in 1963.

Tea

Tea production in 1963 is estimated at 485 million pounds, and increase of 18 million pounds or 3.9 per cent as compared with 1962. This is an improvement over the previous year when the rate of increase was only 2.6 per cent. The quantity of tea exported increased by 4.2 million pounds. Since the average f.o.b. price per pound fell by 4 cents, the total value of tea exports fell by Rs. 8.3 million.

The increase in tea production partly reflects the higher yield per acre in 1963, viz. 792 pounds as against 790 pounds in 1962. This, as in the previous years, has been due mainly to the increased use of fertilizers.

The area replanted in 1963 was 2,293 acres, as compared to 1,770 acres replanted in 1962. This is probably due in large measure to the increased subsidy of Rs. 3,750/-* per acre given since 1963, as compared to a subsidy of Rs. 2,500/- given previously. The total area replanted at the end of 1963 was 6,491 acres.

* Rs. 3,250/- per acre for land which need not be reconditioned.

TABLE II A-15
F. O. B. EXPORT VALUES

	CURRENT PRICES									CONSTANT 1959 PRICES								
	Rupees million					Percentage change				Rupees Million					Percentage Change			
	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1959	1960	1961	1962	1963	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962
Domestic Exports																		
Tea ..	1,046	1,096	1,115	1,149	1,141	+ 4.8	+ 1.7	+ 3.1	- 0.8	1,046	1,116	1,159	1,229	1,241	+ 6.7	+ 3.9	+ 6.1	+ 0.9
Rubber ..	298	378	260	290	257	+ 27.1	- 31.3	+ 11.6	- 11.5	298	337	286	324	305	+ 13.2	- 15.2	+ 13.5	- 5.9
Coconut and Co- conut products	285	238	247	274	247	- 16.5	+ 3.8	+ 10.6	- 9.8	285	270	359	389	318	- 5.6	+ 33.2	+ 8.4	- 18.2
Other ..	63	62	58	53	60	- 2.4	- 5.2	- 8.7	+ 13.1	63	56	58	52	53	- 11.7	+ 4.3	- 10.5	+ 1.2
Total ..	1,692	1,775	1,681	1,766	1,704	+ 4.9	- 5.3	+ 5.1	- 3.5	1,692	1,778	1,862	1,995	1,917	+ 5.1	+ 4.7	+ 7.2	- 3.9
Re-Exports-Total	62	57	52	42	26	- 7.9	- 7.9	- 18.9	- 38.2	62	58	57	49	29	- 6.5	- 0.4	- 15.0	- 39.9

Source: Ceylon Customs Returns,
Central Bank of Ceylon.

Rubber

Compared to tea, rubber production was unsatisfactory. Total production of rubber increased by only 2 million pounds or 0.9 per cent, as against an increase of 14 million pounds or 6.5 per cent in 1962. Average yield per acre rose from 434 pounds in 1962 to 440 pounds in 1963. This relatively poor performance in rubber production is the result of excessive rain in the rubber growing areas in many months of the year.

The quantity of rubber exported decreased by 15.0 million pounds in 1963, while the average f.o.b. price fell by 6 cents per pound. Consequently, the value of rubber exports fell by Rs. 33.4 million. This is in contrast to the rise in the value of exports in 1962 by Rs. 30.2 million.

Total acreage replanted under the Replanting Subsidy Scheme rose from 187,686 acres at the end of 1962 to 203,598 acres at the end of 1963, representing an increase of 8.5 per cent compared to an increase of 10.6 per cent in 1962.

Coconut

Estimates of coconut production, based on the nut equivalent of internal consumption and exports, show a decline from 2,811 million nuts in 1962 to 2,523 million nuts in 1963. This is a fall of 10.2 per cent as compared with the rise of 8.1 per cent in 1962 as against 1961. Coconut production too was affected by adverse weather conditions despite increased use of fertilizers.

Coconut exports (nut equivalent) declined from 1,537 million nuts in 1962 to 1,216 million in 1963, a decrease of 21 per cent. Although the f.o.b. prices of copra, coconut oil and desiccated coconut increased, the value of exports fell by Rs. 26.9 million. The fall in the total value of exports of coconuts and coconut products in 1963 was 9.8 per cent as compared with the increase of 10.6 per cent in 1962.

Paddy

Paddy production also suffered in 1963 owing to adverse weather conditions. The increase in production in 1963, according to provisional estimates, was only 1.1 million bushels or 2.3 per cent as compared with an increase of 4.9 million bushels or 11.3 per cent in 1962. Maha production in 1963 was 31.6 million bushels as against 30.3 million bushels in the previous Maha season but average yield per acre fell from 38.0 bushels to 37.8 bushels. The 1963 Yala crop recorded 17.6 million bushels as compared to 17.8 million bushels in the previous Yala season. The average yield per acre rose from 37.7 bushels in 1962 to 38.0 bushels in 1963.

The quantity of paddy purchased under the Guaranteed Price Scheme, increased from 25.3 million bushels in 1962 to 27.8 million bushels in 1963. Paddy production in terms of rice rose from 653,653 tons (revised figures) in 1962 to 668,407 tons in 1963. Imports of rice rose from 490,210 tons in 1962 to 508,230 tons in 1963. Total consumption of rice is estimated to have increased from 1,103,300 tons in 1962 to 1,145,100 tons in 1963.