

I. INDUSTRIAL DEVELOPMENT*

(a) Overall Trends

The aggregate value of industrial output at current prices as given by a Central Bank survey of manufacturing firms showed a very substantial increase during 1964 over the corresponding figure for 1963. The increase in output value amounted to Rs. 105.8 million compared with the rise of Rs. 44.4 million in the preceding year. This increase in the value of production does not altogether reflect an expansion in real output. Shortages of imported raw materials and component parts especially towards the end of the year in fact restrained activity in certain industries causing a general rise in excess capacity.

The apparent increase in aggregate values is mainly attributable to two factors the impact of which it was not possible to estimate. One was the rise in prices during the year which contributed to the value increase; the other, the registration as business firms of many small enterprises (particularly in the Garments industry) which operated formerly on a household basis. The total number of manufacturing firms covered by the Central Bank's analysis was 717 in 1964 compared with 433 in the preceding year. Nearly one-half of the new firms covered were engaged in two industries: Garments and Metal Products. The inclusion of these firms in our tables for 1964 would have thus resulted in a value increase of a statistical nature which may to some extent overstate the actual increase in the volume of production.

The rate of expansion in the value of industrial output in this year as given by the data was 24.5 per cent compared with 11.4 per cent in 1963. If the manufactured coconut products (oil, desiccated coconut and poonac), which involve the processing of the traditional primary products and which have a high weightage in the overall value of industrial output, are excluded so as to focus attention on the new lines of manufacturing activity, the rates of increase in 1963 and 1964 over the corresponding previous years, are respectively 18.4 per cent and 31.4 per cent.

The increase in the value of production in 1964 was accompanied by an expansion of industrial employment *the real extent of which cannot be gauged owing to problems affecting the comparability of the annual data. In contrast to the garments industry in which the expansion in employment did not add significantly to the value of output, the metal products industry with its high capital intensity of production and the very high proportion of the value of materials used in production, generated little additional employment in relation to the increase in the value of output. In the garments industries while the average number of employees increased,

* The statistics of the value of industrial output given in this section are based on a survey carried out by the Bank. The number of reporting firms in 1964 were considerably greater than those whose data were taken into account in 1963. For this reason the increase in the annual value of industrial production and employment shown for 1964 must not be interpreted to represent the actual increase that occurred during this year. Further the annual rate of expansion given in this section is not comparable with that used in section on National Product and Expenditure. The latter estimate which, in fact, represents the value added in industry as distinguished from the change in the gross value of output, has been obtained after making a adjustment for the increased coverage of the Central Bank's industries survey in 1964.

TABLE II (I) a I

INDUSTRIAL PRODUCTION AND EMPLOYMENT 1960-64

STATISTICAL SUMMARY

	No. of Firms					No. of Employees					Total Man-days (Th.)					Wage Bill (Rs. Mn.)					Production Value (Rs. Mn.)					Wage per Man—Day (Rs.)					Man—Days p Employee			
	1960	1961	1962	1963	1964	1960	1961	1962	1963	1964	1960	1961	1962	1963	1964	1960	1961	1962	1963	1964	1960	1961	1962	1963	1964	1960	1961	1962	1963	1964	1960	1961	1962	1963
I. MISCELLANEOUS FOOD PREPARATIONS	47	52	57	60	62	2472	2624	3151	3433	3520	606	664	797	871	901	4.5	4.7	5.4	5.8	6.0	44.0	146.9	147.8	147.6	160.7	7.40	7.08	6.77	6.62	6.65	245	253	253	254
II. PRESERVED AND CANNED FRUIT AND VEGETABLES	8	9	14	16	32	120	149	208	238	358	34	42	58	67	97	0.1	0.2	0.2	0.3	0.4	1.3	1.6	2.3	3.4	4.5	3.94	3.95	4.16	4.30	4.63	283	282	279	282
III. BISCUITS AND CONFECTIONERY	22	39	49	62	82	907	1302	1699	2065	2590	280	395	487	591	693	1.0	1.3	1.6	2.3	2.6	11.5	18.2	21.9	28.8	30.9	3.63	3.36	3.36	3.94	3.78	309	303	287	286
IV. AERATED WATERS	17	23	24	25	33	860	939	949	988	1088	252	273	275	284	316	2.0	2.1	2.1	2.1	2.5	8.3	7.8	10.0	11.4	13.4	7.94	7.62	7.56	7.54	8.00	293	291	290	287
V. BEER AND STOUT	1	1	1	1	1	187	198	309	303	300	58	61	67	68	84	0.3	0.3	0.4	0.4	0.5	3.1	2.4	2.2	2.4	2.7	5.27	5.34	5.19	5.45	5.50	308	308	309	303
VI. TOBACCO ..	23	23	23	23	23	3574	3664	3955	3960	4214	975	1023	1104	1104	1175	8.2	8.3	9.2	9.6	10.1	30.0	29.0	35.0	39.0	46.2	8.41	8.12	8.37	8.66	8.64	273	279	279	279
VII. GARMENTS ..	22	24	32	34	103	2606	2787	3947	4500	6955	768	816	1102	1261	1749	2.6	2.9	3.9	4.3	6.9	19.4	19.8	29.3	38.4	54.9	3.40	3.56	3.56	3.43	3.93	295	293	279	280
VIII. FOOTWEAR AND LEATHER PRODUCTS	9	9	10	11	36	1383	1289	1421	1616	1990	365	348	373	419	538	2.2	2.4	3.0	3.3	4.5	8.3	8.5	19.6	22.3	23.4	6.09	6.80	7.96	7.86	8.30	264	270	262	259
IX. MISCELLANEOUS CHEMICAL PRODUCTS	30	37	56	70	96	1569	1740	2070	2498	3306	426	492	609	673	884	2.2	3.2	3.8	4.6	6.4	36.4	40.3	51.5	56.0	73.7	5.68	7.25	6.33	6.90	7.21	267	282	295	270
X. ARTICLES OF PAPER AND PAPERBOARD	19	21	28	33	57	804	892	1139	1316	2187	198	226	300	374	638	1.7	2.0	2.5	2.9	3.8	12.5	13.9	15.4	18.3	30.1	8.68	8.77	8.29	7.70	5.93	246	253	263	284
XI. METAL PRODUCTS	20	23	26	28	92	496	593	770	876	2629	137	166	217	240	743	0.7	0.9	1.3	1.2	4.1	7.4	9.1	11.2	15.1	38.5	4.56	4.98	5.11	5.17	5.52	260	279	272	270
XII. MANUFACTURED PRODUCTS, N.E.S.	23	30	41	44	69	323	499	616	671	1058	87	137	167	191	279	0.3	0.5	0.6	0.8	1.2	1.5	3.7	4.3	5.8	11.0	3.23	3.56	3.75	4.11	4.31	270	275	271	285
XIII. CERAMICS ..	1	1	1	1	1	178	193	240	261	300	53	57	66	81	86	0.4	0.4	0.5	0.6	0.8	1.0	1.1	1.9	2.5	2.4	7.29	7.46	7.95	7.79	8.68	297	294	276	259
XIV. RUBBER PRODUCTS EXCLUDING FOOTWEAR ..	15	18	20	20	24	833	964	1022	1177	1304	232	264	293	377	361	1.3	1.5	1.7	2.3	1.9	6.8	8.3	10.9	13.7	17.0	5.43	5.63	5.81	6.10	5.21	279	279	287	320
XV. PLYWOOD ..	1	1	1	1	1	370	490	554	579	611	123	153	177	185	171	0.8	0.9	1.4	1.4	1.3	2.3	2.9	3.4	3.9	3.9	6.50	6.10	7.65	7.65	7.70	332	313	320	320
XVI. MINERAL SANDS	1	1	1	1	1	47	91	102	83	105	13	25	33	23	33	0.2	0.2	0.3	0.2	0.3	—	0.1	0.1	0.1	0.9	12.02	8.49	7.95	6.81	7.52	287	276	324	282
XVII. BASIC INDUSTRIAL CHEMICALS ..	1	1	1	1	1	168	164	197	199	200	50	49	59	62	62	0.4	0.4	0.5	0.5	0.6	—	0.2	1.1	1.2	1.0	7.40	7.82	7.60	7.61	8.06	297	297	301	311
XVIII. CEMENT AND CEMENT PRODUCTS ..	2	2	2	2	3	1542	1410	1512	1541	1507	457	414	442	440	470	3.5	3.1	3.4	3.4	3.5	19.6	17.9	20.2	22.5	23.0	7.80	7.80	7.80	7.79	7.33	312	312	312	312
TOTAL	262	315	387	433	717	18,439	19,988	23,861	26,304	34,222	5114	5605	6620	7301	9280	32.4	35.3	41.8	46.0	57.4	313.4	331.7	388.0	432.4	538.2	6.22	6.19	6.31	6.30	6.19	277	280	277	278

Source: Central Bank of Ceylon

TABLE II (I) a 2.
Value of Industrial Production, 1960-64 Classified by Type of
Industry and by Principal Products

	Value (Rs. mn.)					% within Industry					% of Industrial Production				
	1960	1961	1962	1963	1964	1960	1961	1962	1963	1964	1960	1961	1962	1963	1964
I. MISCELLANEOUS FOOD PREPARATIONS	144.0	146.9	147.8	147.6	160.7	100.0	100.0	100.0	100.0	100.0	46.5	44.3	38.1	34.2	29.9
Dairy Products ..	1.9	3.5	3.0	4.1	4.9	1.3	2.4	2.0	2.8	3.0	0.6	1.1	0.8	0.9	0.9
Cattle and Poultry Foods ..	17.1	17.3	18.4	19.6	23.5	11.9	11.8	12.4	13.3	14.6	5.5	5.2	4.7	4.5	4.4
Desiccated Coconut ..	13.4	8.8	11.4	11.0	13.2	9.3	6.0	7.7	7.5	8.2	4.3	2.7	2.9	2.5	2.5
Edible oils and fats ..	104.8	111.7	110.7	109.0	114.4	72.8	76.0	74.9	73.8	71.2	33.4	33.7	28.5	25.2	21.3
Salt ..	4.2	2.7	0.7	0.4	0.5	2.9	1.8	0.5	0.3	0.3	1.3	0.8	0.2	0.1	0.1
Ice ..	1.3	1.2	1.4	1.1	1.3	0.9	0.8	0.9	0.7	0.8	0.4	0.4	0.4	0.3	0.2
Other ..	1.3	1.7	2.2	2.4	2.9	0.9	1.2	1.5	1.6	1.8	0.4	0.5	0.6	0.6	0.5
II. PRESERVED AND CANNED FRUIT AND VEGETABLES	1.3	1.6	2.3	3.4	4.5	100.0	100.0	100.0	100.0	100.0	0.4	0.5	0.6	0.8	0.8
Jams, Jellies, Sauces etc. ..	0.4	0.5	0.9	2.2	3.0	30.8	31.3	39.1	64.7	66.7	0.1	0.2	0.2	0.5	0.5
Other ..	0.9	1.1	1.3	1.2	1.5	69.1	69.7	61.8	35.2	33.3	0.3	0.3	0.3	0.3	0.3
III. BISCUITS AND CONFECTIONERY	11.5	18.2	21.9	28.8	30.9	100.0	100.0	100.0	100.0	100.0	3.7	5.5	5.6	6.7	5.7
Biscuits ..	6.2	10.5	12.7	15.7	16.4	53.9	57.7	58.0	54.5	53.1	2.0	3.2	3.3	3.6	3.0
Boiled Sweets ..	3.9	3.4	5.1	6.6	5.5	33.9	18.7	23.3	22.9	17.8	1.2	1.0	1.3	1.5	1.0
Chocolate and toffees ..	1.5	3.5	2.8	3.4	3.5	13.0	19.2	12.8	11.8	11.3	0.5	1.1	0.7	0.8	0.7
Other ..	1.5	3.5	2.8	3.4	3.5	13.0	19.2	12.8	11.8	11.3	0.5	1.1	0.7	0.8	0.7
IV. AERATED WATERS	8.3	7.8	10.0	11.4	13.4	100.0	100.0	100.0	100.0	100.0	2.6	2.4	2.6	2.6	2.5
V. BEER AND STOUT	3.1	2.4	2.2	2.4	2.7	100.0	100.0	100.0	100.0	100.0	1.0	0.7	0.6	0.6	0.5
VI. TOBACCO	30.0	29.0	35.0	39.0	46.2	100.0	100.0	10.00	100.0	100.0	9.6	8.7	9.0	9.0	8.6
VII. GARMENTS	19.4	19.8	29.3	38.4	54.9	100.0	100.0	100.0	100.0	100.0	6.2	6.0	7.6	8.9	10.2
Shirts ..	7.1	7.3	14.2	20.7	25.4	36.6	36.9	48.5	53.9	46.3	2.3	2.2	2.7	4.8	4.7
Other (mainly Banians) ..	12.3	12.5	15.1	17.7	29.5	63.4	63.1	51.5	46.3	53.7	3.9	3.8	3.9	4.1	5.5
VIII. FOOTWEAR AND LEATHER PRODUCTS	8.3	8.5	19.6	22.3	23.4	100.0	100.0	100.0	100.0	100.0	2.6	2.6	5.1	5.2	4.3
IX. MISCELLANEOUS CHEMICAL PRODUCTS	36.4	40.3	51.5	56.0	73.7	100.0	100.0	100.0	100.0	100.0	11.6	12.1	13.3	13.0	13.7
Pharmaceuticals (including Glycerine) ..	2.2	2.5	1.9	4.2	5.2	6.0	6.2	3.7	7.5	7.1	0.7	0.8	0.5	1.0	1.0
Cosmetics ..	1.6	1.7	3.5	5.6	6.2	4.4	4.2	6.8	10.8	8.4	0.5	0.5	0.9	1.3	1.2
Soap and cleaning compounds ..	26.9	28.1	35.1	34.0	39.7	73.9	69.7	68.2	60.7	52.9	8.6	8.5	9.0	7.9	7.2
Matches ..	3.0	3.8	5.6	4.5	10.3	8.2	9.4	10.9	8.0	14.0	1.0	1.1	1.4	1.0	1.9
Toothpaste ..	1.1	2.2	2.2	2.9	3.3	3.0	5.5	4.3	5.2	4.5	0.4	0.7	0.6	0.7	0.6
Other ..	1.7	2.0	3.2	4.8	9.7	4.7	5.0	6.2	3.6	13.7	0.5	0.6	0.8	1.1	1.8
X. ARTICLES OF PAPER AND PAPER BOARD	12.5	13.9	15.4	18.2	30.1	100.0	100.0	100.0	100.0	100.0	3.8	4.2	4.0	4.2	5.6
Writing Paper (including exercise books etc.) ..	4.8	5.1	6.8	8.9	12.1	38.4	36.7	44.2	48.9	40.2	1.5	1.5	1.8	2.1	2.2
Printing Paper ..	4.5	5.9	4.2	3.1	3.9	36.0	42.4	27.3	17.0	13.7	1.4	1.8	1.1	0.7	0.7
Cartons and other packing boxes ..	0.1	0.5	0.7	1.7	4.6	0.8	3.6	4.5	9.3	15.3	0.2	0.2	0.4	0.4	0.9
Wrapping paper ..	0.7	0.5	0.5	1.2	2.3	5.6	3.6	3.2	6.6	7.6	0.2	0.2	0.1	0.3	0.4
Other ..	2.4	1.9	3.2	3.3	7.2	19.2	13.7	20.8	18.1	23.9	0.8	0.6	0.8	0.8	1.3
XI. METAL PRODUCTS	7.4	9.1	11.2	15.1	38.5	100.0	100.0	100.0	100.0	100.0	2.4	2.7	2.9	3.5	7.2
Aluminium ware ..	3.0	4.5	5.3	7.3	9.2	40.5	49.5	47.3	48.3	23.9	1.0	1.4	1.7	1.7	1.7
Metal Containers ..	1.4	1.5	2.7	2.1	4.9	18.9	16.5	24.1	13.9	12.7	0.4	0.5	0.7	0.5	0.9
Barbed Wire ..	0.1	0.2	0.7	1.1	3.0	1.4	2.3	6.3	7.3	7.8	0.1	0.1	0.2	0.3	0.6
Wire Nails ..	1.4	1.8	1.8	2.7	3.9	18.9	19.8	16.1	17.9	10.1	0.4	0.5	0.5	0.6	0.7
Other ..	1.5	1.1	0.7	1.9	17.5	20.3	12.1	6.3	12.6	45.5	0.5	0.3	0.2	0.4	3.3
XII. MANUFACTURED PRODUCTS, N. E. S.	1.5	3.7	4.3	5.8	11.0	100.0	100.0	100.0	100.0	100.0	0.5	1.1	1.1	1.3	2.0
Plastics ..	0.7	2.0	2.5	3.1	5.8	46.7	54.1	58.1	53.4	52.7	0.2	0.6	0.6	0.7	1.1
Other ..	0.9	1.5	1.8	2.7	5.2	60.0	40.5	41.9	46.6	47.3	0.3	0.5	0.5	0.6	1.0
XIII. CERAMICS	1.0	1.1	1.9	2.5	2.4	100.0	100.0	100.0	100.0	100.0	0.3	0.3	0.5	0.6	0.4
XIV. RUBBER PRODUCTS EXCLUDING FOOTWEAR	6.8	8.3	10.9	13.7	17.0	100.0	100.0	100.0	100.0	100.0	2.2	2.5	2.8	3.2	3.2
Tyre Retreading ..	4.4	5.3	6.8	9.1	11.0	64.7	63.9	62.4	66.4	64.7	1.4	1.6	1.8	2.1	2.0
Cycle Tyres and Tubes ..	1.2	1.7	2.6	2.7	4.2	17.6	20.5	23.9	19.7	24.7	0.4	0.5	0.7	0.6	0.8
Other ..	1.2	1.3	1.5	2.0	1.8	17.6	15.7	13.8	14.6	10.6	0.4	0.4	0.4	0.5	0.3
XV. PLYWOOD	2.3	2.9	3.4	3.9	3.9	100.0	100.0	100.0	100.0	100.0	0.7	0.9	0.9	0.9	0.7
XVI. MINERAL SANDS	—	0.1	0.1	0.1	0.9	—	100.0	100.0	100.0	100.0	—	—	—	—	0.2
XVII. BASIC INDUSTRIAL CHEMICALS	—	0.2	1.1	1.2	1.0	—	100.0	100.0	100.0	100.0	—	0.1	0.3	0.3	0.2
XVIII. CEMENT AND CEMENT PRODUCTS	19.6	17.9	20.2	22.5	23.0	100.0	100.0	100.0	100.0	100.0	6.3	5.4	5.2	5.2	4.3
TOTAL (I-XVIII)	313.4	331.7	388.0	432.0	538.2	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Ceylon.

the volume of employment as given by the man-days worked per employee declined in 1964 and was the lowest for all industries. This was due to two circumstances. Firstly, many new firms entered the industry during 1964 and these firms operated for only part of the year ; secondly, there is in this industry a preponderance of small firms which do not have a steady volume of work.

A classification of industrial production by the major economic categories, as given in Table III, shows little change compared with 1963 in the relative weightage of consumer goods, intermediate goods, and investment goods. While the proportion of consumer goods was practically unchanged (constituting 63 per cent of the total value of industrial output), there was, however, a slight shift away from the category of intermediate goods to that of investment goods.

Among the group of manufactured consumer goods there was little or no expansion in footwear and leather products and the biscuit and confectionery industries. Market limitations appear to have imposed a ceiling on their further growth. In the confectionery industry there has been a perceivable change in the production pattern, involving a decline in the output of boiled sweets and an increased production of chocolates and toffees. Whereas the former (boiled sweets) are based almost entirely on imported materials, the latter use local materials (principally cocoa) amounting to nearly 50 per cent of the total value of materials.

Several other industries, however, continued to show increases in value, viz. tobacco, garments, miscellaneous chemical products, articles of paper and paper-board, and manufactured products n.e.s.. The bulk of this increase was spread over a comparatively large range of individual products, viz. animal feed and coconut oil, tobacco, garments, soap, plastics, insecticides, polish, paints and varnishes, joss sticks, camphor, tooth powder, writing paper and exercise books.

In the case of the garments industry and that of articles of paper and paper-board the figures of the gross value of annual output exaggerate the real increase. A certain portion of the increased value of garments shown in the table, as stated already, is due to the inclusion of enterprises, whose output for earlier years is not recorded. The exaggerated nature of the increase in the value of paper and paper products is due, on the other hand, to an element of double counting, since writing paper, carton paper and kraft paper manufactured by the Eastern Paper Mills Corporation are used by other firms for the manufacture of products such as exercise books, envelopes, file covers and cartons.

Following a steady expansion of the metal products industry between 1960 and 1963 its growth during 1964 was abnormally rapid. The value of output in this year was Rs. 38.5 million compared with Rs. 15.1 million in 1963. The overwhelming share of this expansion was in the investment goods branch of the industry (wire fencing and barbed wire, wire nails and galvanized products) than in the production of consumer and intermediate types of goods (such as aluminium ware and metal containers). The considerably increased production of wire fencing, barbed wire and metal containers was associated with a reduction in imports by Rs. 2.5 million in 1964.

TABLE II (I) a. 3
Value of Industrial Production 1960-64
By Major Economic Categories

	Rupees Million					Per Cent				
	1960	1961	1962	1963	1964	1960	1961	1962	1963	1964
A. CONSUMER GOODS:	170.3	186.6	236.1	275.1	340.8	54.3	56.3	60.8	63.7	63.3
FOOD, DRINK AND TOBACCO:	87.8	94.8	105.0	119.1	133.7	28.0	28.6	27.1	27.6	24.8
Miscellaneous Food Pre-										
parations (1)	33.6	35.8	33.6	34.1	36.0	10.7	10.8	8.7	7.9	6.7
Preserved and Canned										
Fruit and Vegetables (2)	1.3	1.6	2.3	3.4	4.5	0.4	0.5	0.6	0.8	0.8
Biscuits and Confectionery	11.5	18.2	21.9	28.8	30.9	3.7	5.5	5.6	6.7	5.7
Aerated Waters	8.3	7.8	10.0	11.4	13.4	2.6	2.4	2.6	2.6	2.5
Beer and Stout	3.1	2.4	2.2	2.4	2.7	1.0	0.7	0.6	0.6	0.5
Tobacco	30.0	29.0	35.0	39.0	46.2	9.6	8.7	9.0	9.0	8.6
GARMENTS (3)	19.4	19.8	29.3	38.4	54.9	6.2	6.0	7.5	8.9	10.2
FOOTWEAR AND LEATHER										
PRODUCTS	8.3	8.5	19.6	22.3	23.4	2.6	2.6	5.0	5.2	4.3
MISCELLANEOUS CHEMICAL										
PRODUCTS (4)	36.4	40.3	51.5	56.0	73.7	11.6	12.1	13.3	13.0	13.7
ARTICLES OF PAPER AND										
PAPERBOARD (5)	7.2	7.0	10.0	12.2	19.2	2.3	2.1	2.6	2.8	3.6
METAL PRODUCTS (6)	3.0	4.5	5.3	7.3	9.2	1.0	1.4	1.4	1.7	1.7
MANUFACTURED PRODUCTS										
N.E.S.	1.5	3.7	4.3	5.8	11.0	0.5	1.1	1.1	1.3	2.0
CERAMICS	1.0	1.1	1.9	2.5	2.4	0.3	0.3	0.5	0.6	0.4
RUBBER PRODUCTS (8)	5.7	6.9	9.2	11.5	13.3	1.8	2.1	2.4	2.7	2.5
B. INTERMEDIATE GOODS:	119.4	122.7	126.9	126.8	146.3	38.0	37.0	32.7	29.3	27.2
MISCELLANEOUS FOOD										
PREPARATIONS (9)	110.4	111.1	114.2	113.5	124.7	35.2	33.5	29.4	26.2	23.2
METAL PRODUCTS (10)	1.4	1.5	2.7	2.1	4.9	0.4	0.4	0.7	0.5	0.9
ARTICLES OF PAPER AND										
PAPERBOARD (11)	5.3	6.9	5.4	6.0	10.9	1.7	2.1	1.4	1.4	2.0
PLYWOOD	2.3	2.9	3.4	3.9	3.9	0.7	0.9	0.9	0.9	0.7
MINERAL SANDS	—	0.1	0.1	0.1	0.9	—	0.2
BASIC INDUSTRIAL										
CHEMICALS (12)	—	0.2	1.1	1.2	1.0	—	0.1	0.3	0.3	0.2
C. INVESTMENT GOODS:	23.7	22.4	25.1	30.4	51.1	7.7	6.7	6.5	7.0	9.5
METAL PRODUCTS (13)	3.0	3.1	3.2	5.7	24.4	1.0	0.9	0.8	1.3	4.5
RUBBER PRODUCTS (14)	1.1	1.4	1.7	2.2	3.7	0.4	0.4	0.4	0.5	0.7
CEMENT AND CEMENT										
PRODUCTS	19.6	17.9	20.2	22.5	23.0	6.3	5.4	5.2	5.2	4.3
TOTAL	313.4	331.7	388.0	432.0	538.2	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Ceylon.

Notes:

- (1) Dairy Products (including Ice-cream), Edible oils and fats, etc.
- (2) Jams, Jellies, Sauces, Fruit Cordials, etc.
- (3) Shirts, Banians, etc.
- (4) Pharmaceuticals, Cosmetics, Soaps and Cleaning compounds, Matches, Toothpaste, etc.
- (5) Writing Paper, Exercise Books etc.
- (6) Aluminium-ware.
- (7) Plastic Goods etc.
- (8) Tyre-retreading, Cycle Tyres and Tubes, Toys and Household goods.
- (9) Cattle and Poultry food, oils and fats, ice, desiccated coconut etc.
- (10) Containers.
- (11) Printing Paper, Cartons and other packing boxes and wrapping paper.
- (12) Caustic Soda and Chlorine.
- (13) Barbed wire, Wire Nails, Galvanised Products, etc.
- (14) Tyre-retreading.

TABLE II (I) a. 4

Size Distribution of Manufacturing Firms, 1964
Based on value of Output

		Value of Output			
		Rs. <250 Th.	Rs. 250 Th. < 2 Mn.	Rs. > 2 Mn.	Total
I. MISCELLANEOUS FOOD PREPARATIONS	No. of Firms % of Output			Not Available	
II. PRESERVED AND CANNED FRUIT AND VEGETABLES	No. of Firms % of Output	25 16.9	7 83.1	— —	32 100.0
III. BISCUITS AND CONFECTIONERY	No. of Firms % of Output	59 12.4	21 40.7	2 46.9	82 100.0
IV. AERATED WATERS	No. of Firms % of Output	27 10.4	4 20.7	2 68.9	33 100.0
V. BEER AND STOUT	No. of Firms % of Output	— —	— —	1 100.0	1 100.0
VI. TOBACCO	No. of Firms % of Output	10 1.9	11 19.7	2 78.4	23 100.0
VII. GARMENTS	No. of Firms % of Output	73 9.9	23 29.3	7 60.8	103 100.0
VIII. FOOTWEAR AND LEATHER PRODUCTS	No. of Firms % of Output	28 6.2	6 19.0	2 74.8	36 100.0
IX. MISCELLANEOUS CHEMICAL PRODUCTS	No. of Firms % of Output	70 6.4	20 22.9	6 70.7	96 100.0
X. ARTICLES OF PAPER AND PAPERBOARD	No. of Firms % of Output	35 10.6	19 39.8	3 49.6	57 100.0
XI. METAL PRODUCTS	No. of Firms % of Output	64 12.6	23 43.6	5 43.8	92 100.0
XI. MANUFACTURED PRODUCTS, N.E.S.	No. of Firms % of Output	59 41.9	10 58.1	— —	69 100.0
XIII. CERAMICS	No. of Firms % of Output	— —	— —	1 100.0	1 100.0
XIV. RUBBER PRODUCTS EXCLUDING FOOTWEAR	No. of Firms % of Output	12 8.8	9 26.9	3 64.3	24 100.0
XV. PLYWOOD	No. of Firms % of Output	— —	— —	1 100.0	1 100.0
XVI. MINERAL SANDS	No. of Firms % of Output	— —	1 100	— —	1 100.0
XVII. BASIC INDUSTRIAL CHEMICALS	No. of Firms % of Output	— —	1 100	— —	1 100.0
XVIII. CEMENT AND CEMENT PRODUCTS	No. of Firms % of Output	1 0.3	— —	2 99.7	3 100.0
TOTAL	No. of Firms % of Output	463 8.7	155 28.4	37 62.9	655 100.0

Source: Central Bank of Ceylon,

Table II (I) a. 5

Size Distribution of Manufacturing Firms 1964

Based on Wage Bill

		Rs. < 15 Th.	Rs. 15th, < 50 Th.	Rs. 50 Th. < 500 Th.	Rs. > 500 Th.	Total
I. MISCELLANEOUS FOOD PREPARATIONS	No. of Firms % of Wage Bill		Not Available			
II. PRESERVED AND CANNED FRUIT AND VEGETABLES ..	No. of Firms % of Wage Bill	22 16.3	8 49.6	2 34.1	— —	32 100.0
III. BISCUITS AND CONFECTIONERY	No. of Firms % of Wage Bill	52 10.8	21 21.6	8 28.8	1 38.8	82 100.0
IV. AERATED WATERS	No. of Firms % of Wage Bill	22 4.0	5 3.5	5 37.7	1 54.8	33 100.0
V. BEER AND STOUT	No. of Firms % of Wage Bill	— —	— —	1 100.0	— —	1 100.0
VI. TOBACCO	No. of Firms % of Wage Bill		Not Available			
VII. GARMENTS	No. of Firms % of Wage Bill	57 4.8	26 10.1	16 31.6	4 53.5	103 100.0
VIII. FOOTWEAR AND LEATHER PRODUCTS	No. of Firms % of Wage Bill	23 2.6	5 3.7	5 17.4	2 76.3	35 100.0
IX. MISCELLANEOUS CHEMICAL PRODUCTS ..	No. of Firms % of Wage Bill	55 4.3	22 9.5	17 38.0	2 48.2	96 100.0
X. ARTICLES OF PAPER AND PAPER BOARD	No. of Firms % of Wage Bill	24 5.1	24 20.0	7 20.8	2 54.1	57 100.0
XI. METAL PRODUCTS	No. of Firms % of Wage Bill	38 5.6	29 18.9	25 75.5	— —	92 100.0
XII. MANUFACTURED PRODUCTS N.E.S. ..	No. of Firms % of Wage Bill	38 19.7	26 53.2	5 27.1	— —	69 100.0
XIII. CERAMICS	No. of Firms % of Wage Bill	— —	— —	— —	1 100.0	1 100.0
XIV. RUBBER PRODUCTS EXCLUDING FOOTWEAR ..	No. of Firms % of Wage Bill	5 1.6	9 12.5	10 85.9	— —	24 100.0
XV. PLYWOOD	No. of Firms % of Wage Bill	— —	— —	— —	1 100.0	1 100.0
XVI. MINERAL SANDS	No. of Firms % of Wage Bill	— —	— —	1 100.0	— —	1 100.0
XVII. BASIC INDUSTRIAL CHEMICALS	No. of Firms % of Wage Bill	— —	— —	— —	1 100.0	1 100.0
XVIII. CEMENT AND CEMENT PRODUCTS	No. of Firms % of Wage Bill	1 0.3	— —	— —	2 99.7	3 100.0
TOTAL	No. of Firms % of Wage Bill	337 4.3	175 11.0	102 34.9	17 49.8	631 100.0

Source: Central Bank of Ceylon.

Imported materials are the basis of the metal products industry and their value forms a very high proportion of the normal production costs, making the foreign exchange saving from import substitution very slight. Imported raw materials used by 9 of the firms in this industry in 1964 amounted to Rs. 4.8 million compared with a total wage bill of Rs. 371 thousand. Yet local production has been profitable for two reasons. In the case of bulky goods (such as aluminium hollow-ware and metal containers used both for packaging and for the transport and storage of oil) there is a saving on shipping freight even when production is based on imported sheet metal. In the case of other products (such as barbed wire, wire nails, staples and razor blades) profitability has been ensured by a rise in the local market prices of these products following restrictions on imports. Although the production of metal containers has shown a significant increase, the lack of standardization in the size and shape of containers used by different firms for the sale of cosmetics, confectionery and preserved fruits has restricted the possible economics of scale in local production.

(I) (b) PUBLIC SECTOR INDUSTRIES IN 1964

Table II (I) b. 1 which follows, gives the output of the corporations for the period 1962 - 1964.

TABLE II (I) b. 1

Output of 10 State Industrial Corporations

1962-64

Name of Corporation	Unit of Output	Output in 1962	Output in 1963	Output in 1964
Ceylon Cement Corporation	.. Tons ..	85,700	76,764	79,508
National Textile Corporation	.. lb., Cotton Yarn ..	1,146,745	1,956,976	2,184,559
Sri Lanka Sugar Corporation	.. Tons ..	1,044	1,467	1,958
Eastern Paper Mills Corporation	.. Tons ..	4,690	5,340	6,451
Paranthan Chemicals Corporation	.. Tons, Caustic soda ..	915	985	895
	.. Tons, Chlorine ..	217	270	230
Ceylon Oils and Fats Corporation	.. Tons, Coconut Oil ..	13,163	9,467	1,961
	.. Tons, Coconut meal ..	20,321	19,305	21,565
	.. Animal and Poultry feeds ..			
Ceylon Ceramics Corporation	.. Tons, Ceramic ware ..	687	770	888
Ceylon Mineral Sands Corporation	.. Tons, Ilmenite ..	3,383	5,020	45,503
Ceylon Leather Corporation	.. Sq. ft, Chrome ..	511,000	500,100	511,310
	.. lb., Other Tannery products ..	199,000	215,400	216,900
	.. Pairs of Shoes ..	101,000	162,700	168,490
Ceylon Plywoods Corporation	.. Sq. ft, 3 ply Plywood, ..	11,063,000	13,558,000	12,215,658

Source: Data obtained from the respective corporations

It will be seen that excepting the Chemicals, Oils and Fats and the Plywoods corporations, all others produced more in 1964 than in 1963. The improved performance is to be attributed in most cases to fuller utilization of existing productive capacity; this is to be expected in industries which are still in the early stages of development. The rise in output of the Sugar Corporation was due largely to an increase in the planted acreage. In the Paper Mills Corporation the increase is to be ascribed mainly to technical adjustments and improvements made on the present equipment. With the increased experience and skill gained by workers, the Ceramics Corporation has been able to turn out better and more wares.

Although production has tended to expand, in many industries it is nevertheless much less than the full capacity of the installed plant and equipment. Perhaps the most striking instance is that of the Sugar Corporation, which still produces only about one-tenth the capacity of the factory. Problems of recruiting labour for harvesting and skilled staff are some of the factors impeding

further growth in production. The output of the labouring force is also low being 0.4 tons per man day compared with about 4 tons in Australia. The Oil Mill and the Provender Plant of the Oils and Fats Corporation are similarly functioning only at 35% and 56% respectively of rated capacity. The chief factors limiting the attainment of capacity output are the lack of satisfactory external markets for the oil-mill by-product and the fluctuation of demand for compounded poultry feeds due to stiff competition from low-cost small manufacturers.

The Paper Mills, Chemicals and Mineral Sands corporations likewise produce only about 3/4 the full capacity. Although the Paper Mills Corporation does not experience much difficulty in securing local raw materials or in recruiting labour, the problem of absenteeism has to be met during the harvesting season. The inability of the Chemicals Corporation to find adequate markets for its chlorine retards expansion of output to capacity levels. Production in fact declined in 1964 due largely to two strikes and breakdown in the plant. The Plywoods Corporation's output also fell in 1964 owing to similar reasons.

The general increase in output in public sector industries had a restraining influence on production costs. In some corporations unit costs of production actually declined owing to the fixed costs being spread out over a larger output. In certain others they either remained unaltered or rose slightly, as the increased output was just counterbalanced or more than offset by a rise in wage costs and prices of raw materials and the imposition of the manufacturers' turnover tax.

The prices charged by corporations for their products in 1964 were much the same as in 1963. Pricing policies of the various corporations present several contrasting features. The Cement, Sugar and Paper Mills Corporations tend to adopt the import prices of similar products plus duties as a basis for price fixing. Provender of the Oils and Fats Corporation, tannery products of the Leather Corporation and products of the Ceramics and Plywoods corporations are priced on the basis of production costs plus a margin of profit. Quite unlike most other corporations, the Leather Products Corporation faces stiff competition and hence its shoe prices have to be set at competitive levels. The Mineral Sands Corporation, which produces entirely for export, has similarly to accept the competitive world market prices.

The better output performance of some public sector industries in 1964 is reflected in an improvement in their financial position. The table which follows shows that all corporations but one made a larger profit (or a smaller loss) in 1964 than in 1963.

TABLE II (I) b.2
Profits (before Direct Taxes) earned by 12 State
Corporations in 1963 and 1964

Name of Corporation	Profit/Loss 1963 Rs.	Profit/Loss 1964 Rs.	Capital employed in 1964 Rs.	Profit for 1964 as a percentage of capital employed %
Ceylon Cement Corporation	Profit 6,045,418	Profit 6,136,198	81,050,893	7.57
National Textile Corporation	n.a.	Profit 1,150,000	44,000,000	2.61
Sri Lanka Sugar Corporation	Loss 3,400,000	Profit 500,000	35,000,000	1.43
Eastern Paper Mills Corporation	Profit 82,068	Loss 371,156	27,200,000	
National Small Industries Corporation	Loss 700,000	Loss 690,000	11,998,685	
Paranthan Chemicals Corporation	Loss 779,536	Loss 730,000	10,500,000	
Ceylon Oils and Fats Corporation	n.a.	Loss 350,000	9,058,575	
Ceylon Ceramics Corporation	Profit 351,000	Profit 507,892	9,000,000	5.64
Ceylon Mineral Sands Corporation	Loss 625,778	Profit 103,000	8,096,039	1.27
Ceylon Leather Corporation	Profit 443,124	Profit 478,100	6,663,998	7.17
Industrial Estates Corporation	n.a.	Loss 6,373	5,522,144	
Ceylon Plywoods Corporation	Profit 139,326	Profit 267,800	5,204,581	5.14
Total	Profit 1,555,622	Profit 6,995,461	253,294,915	2.76

n.a. = not available.

Source: Data obtained from the respective corporations.
 These figures are provisional and subject to audit.

Seven of the 12 corporations listed in Table 2 yielded a profit or surplus. In 4 corporations the surplus in fact amounted to over 5% of the employed capital. The average rate of return on employed capital of the 12 corporations works out at 2.76 per cent. The improvement in financial results of the corporations is an encouraging sign, for it is vital that public sector industries should yield surpluses for further investment and growth. The most obvious method of augmenting these surpluses is to step up output to levels nearer to capacity, for costs per unit of output will decline and the margin of profit will increase as output expands. In most cases there is ample demand for such increased output.

New Industrial Projects

Progress was made on several new State industrial projects, which are now in varying degrees of completion. The Steel Corporation's rolling mill and wire mill were under construction during the year and may be completed by early 1966. Construction work and training of personnel by the Tyre Corporation have proceeded according to schedule and the factory is expected to commence production in 1965 with an annual output of 250,000 tyres. Preliminary work connected with site development and factory construction were also undertaken by the Hardware, Hardboard and Flour Milling corporations.