

(B) INDUSTRIAL DEVELOPMENT**(a) Private Sector****Production****Principal Trends**

The analysis of industrial production given below has been based as in the previous years, on returns furnished by industries in the private sector. These industries have been placed in 21 industrial categories. In some of the categories as indicated in Table II (B) a. 1 the number of firms that sent in returns this year was less than in 1965. But despite this the total number of industrial firms furnishing data increased slightly from 1381 to 1394.

On the above basis, the value of industrial production rose from Rs. 847·0 million in 1965 to Rs. 850·3 million, an increase of 0·39 per cent as against 57·6 per cent in 1965.¹ Gains in industrial output were achieved in Miscellaneous food preparations, Biscuits and cocoa, chocolate and sugar confectionery, Miscellaneous chemical products and Electrical machinery, apparatus, appliances and supplies. Some of these industrial groups had a higher level of output even though in some cases fewer firms sent in returns. It is not possible to indicate the extent to which the present survey gives an accurate picture of the total output of the major categories of products or the extent to which the survey covers industries in actual production. Some of those that did not send in returns may have gone out of production because of competition from the more efficient units or the non-availability of adequate supplies of raw materials. However, in most cases, firms that did not send in returns were usually the smaller units in these industrial groups and it is possible that the increase in output of the larger units which have been included here has more than off-set the effect on total output of the non-inclusion of the smaller units whose output has not been included here.

In 1966, 86 firms in the category Miscellaneous food preparations furnished data as against 96 in the previous year. Output increased from Rs. 109·2 million to Rs. 134·5 million. In the group Vegetable oils and fats the number of reporting firms was almost the same, but there was a sharp fall in output from Rs. 190·4 million in 1965 to Rs. 142·8 million in 1966. In the Biscuits and cocoa, chocolate and sugar confectionery industries production increased from Rs. 34·9 million to Rs. 38·6 million even though the number of reporting units decreased by seven. Output in the Beer and stout making industries decreased sharply from Rs. 7·6 million in 1965 to Rs. 5·5 million in 1966 owing to an inadequacy of raw materials while the number of reporting units increased from one to two. In the Tobacco industry the number of units increased from 460 in 1965 to 473 in 1966 but the increase in production was negligible. Similarly, in the Knitted fabrics and

¹ The sharp increase in 1965 was due to a substantial widening of the scope of the Survey in that year.

TABLE II (B) a. 1

INDUSTRIAL PRODUCTION AND EMPLOYMENT 1963-66 STATISTICAL SUMMARY

INDUSTRIAL GROUP	Number of Firms				Number of Employees				Total Man-days (Th.)				Wage Bill (Rs. Mn.)				Production Value (Rs. Mn.)				Wage per Man-Day (Rs.)				Man-days per Employee			
	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	1966	1963	1964	1965	1966
I. MISCELLANEOUS FOOD PREPARATIONS	60	62	96	86	3433	3520	3622	3647	871	901	1070	1053	5.8	6.0	5.1	5.4	147.6	160.7	109.2	134.5	6.62	6.65	4.80	5.13	254	256	295	289
II. VEGETABLE OILS AND FATS	-	-	43	44	-	-	3770	3967	-	-	936	893	-	-	4.0	4.0	-	-	190.4	142.3	-	-	4.29	4.36	-	-	269	225
III. PRESERVED AND CANNED FRUIT, VEGETABLES, MEAT, FISH AND OTHER SEA FOODS	16	32	33	26	238	358	453	454	67	97	120	105	0.3	0.4	0.5	0.4	3.4	3.8	5.4	5.1	4.30	4.63	4.22	4.32	282	271	265	231
IV. BISCUITS & COCOA, CHOCOLATE & SUGAR CONFECTIONERY	62	82	65	58	2065	2590	2927	3192	591	693	795	863	2.3	2.6	2.9	3.2	28.8	30.9	34.9	38.6	3.94	3.78	3.65	3.67	286	268	272	270
V. SOFT DRINKS & CARBONATED WATERS	25	33	29	22	988	1088	1343	1257	284	316	367	294	2.1	2.5	2.9	2.2	11.4	13.4	16.0	11.6	7.54	8.00	8.64	7.60	287	294	273	233
VI. BEER & STOUT	1	1	1	2	303	300	338	416	68	84	92	123	0.4	0.5	0.8	1.3	2.4	2.7	7.6	5.5	5.45	5.50	8.22	10.75	303	280	273	297
VII. TOBACCO	23	23	460	473	3960	4214	8235	8905	1104	1175	2141	2500	9.6	10.1	19.0	22.0	39.0	46.2	52.0	52.3	8.66	8.64	8.71	8.80	279	279	260	280
VIII. KNITTED FABRICS & ARTICLES & MADE-UP GARMENTS & OTHER APPAREL EXCEPT FOOTWEAR	34	103	110	123	4500	6955	6341	6916	1261	1749	1541	1617	4.3	6.9	6.4	6.4	38.4	54.9	55.5	56.1	3.43	3.93	4.15	3.93	280	251	243	234
IX. SPINNING, WEAVING & FINISHING OF TEXTILES	-	-	66	81	-	-	9650	11904	-	-	2801	3259	-	-	9.9	13.8	-	-	91.3	95.1	-	-	3.54	4.24	-	-	290	274
X. FOOTWEAR & LEATHER PRODUCTS	11	36	52	45	1616	1990	2130	2282	419	538	590	628	3.3	4.5	4.6	5.3	22.3	23.4	24.7	27.7	7.86	8.30	7.75	8.44	259	270	277	275
XI. RUBBER PRODUCTS EXCLUDING FOOTWEAR	20	24	27	21	1177	1304	1435	1354	377	361	396	346	2.3	1.9	2.0	1.9	13.7	17.0	19.1	18.9	6.10	5.21	5.15	5.37	320	277	276	256
XII. MISCELLANEOUS CHEMICAL PRODUCTS	70	96	123	119	2498	3306	4946	4704	673	884	1331	1258	4.6	6.4	9.4	10.0	56.0	73.7	91.2	101.9	6.90	7.21	7.08	7.92	270	267	269	267
XIII. PAPER, ARTICLES OF PAPER AND PAPER-BOARD	33	57	60	54	1316	2187	2347	2369	374	638	667	674	2.9	3.8	4.1	4.3	18.3	30.1	29.3	33.8	7.70	5.93	6.15	6.31	284	292	284	285
XIV. METAL PRODUCTS	28	92	98	113	876	2629	3365	3912	240	743	926	917	1.2	4.1	5.2	5.0	15.1	38.5	44.7	49.0	5.17	5.52	5.57	5.42	270	283	275	234
XV. ELECTRICAL MACHINERY, APPARATUS, APPLIANCES & SUPPLIES	-	-	26	31	-	-	1126	1212	-	-	263	277	-	-	1.9	2.6	-	-	14.0	20.8	-	-	7.19	9.25	-	-	234	229
XVI. MANUFACTURED PRODUCTS, n.e.s.	44	69	75	81	671	1058	1742	1717	191	279	415	418	0.8	1.2	1.6	1.9	5.8	11.0	14.7	16.2	4.11	4.31	3.96	4.42	285	264	238	243
XVII. CERAMICS	1	1	1	1	261	300	253	279	81	86	71	78	0.6	0.8	0.8	0.8	2.5	2.4	2.4	2.3	7.79	8.68	11.50	10.18	259	288	253	278
XVIII. PLYWOOD	1	1	1	1	579	611	624	744	185	171	187	222	1.4	1.3	1.8	2.0	3.9	3.9	5.2	6.5	7.65	7.70	9.48	8.91	320	280	300	298
XIX. MINERAL SANDS	1	1	1	1	83	105	120	118	23	33	36	36	0.2	0.3	0.2	0.2	0.1	0.9	1.3	1.4	6.81	7.52	6.12	6.20	282	312	300	305
XX. BASIC INDUSTRIAL CHEMICALS	1	1	1	1	199	200	200	250	62	62	65	81	0.5	0.6	0.6	0.7	1.2	1.0	1.6	1.9	7.61	8.06	8.61	8.71	311	310	325	325
XXI. CEMENT, CEMENT PRODUCTS & ASBESTOS PRODUCTS	2	3	13	11	1541	1507	1868	1819	440	470	526	481	3.4	3.5	4.9	4.0	22.5	23.0	36.5	28.8	7.79	7.33	9.29	8.39	312	312	282	264
TOTAL	433	717	1381	1394	26304	34222	56835	61418	7301	9280	15336	16123	46.0	57.4	88.6	97.4	432.4	537.5	847.0	850.3	6.30	6.19	5.78	6.04	278	271	270	263

Source : Central Bank of Ceylon.

made-up garments industries the number of reporting units increased from 110 to 123 with little change in the value of output. Returns from industries in the Spinning, weaving and finishing of textiles were received from 81 as against 66 in 1965 and production increased from Rs. 91.3 million to Rs. 95.1 million. In the Footwear and leather products industries the number of firms that furnished data decreased from 52 to 45 while output increased from Rs. 24.7 million in 1965 to Rs. 27.7 million in 1966.

Firms making Rubber products (excluding footwear) decreased by 6 units to 21 with a fall in output from Rs. 19.1 million in 1965 to Rs. 18.9 million in 1966. Firms in the Miscellaneous chemical products group decreased from 123 to 119 while production increased from Rs. 91.2 million to Rs. 101.9 million. In the categories Metal products, Electrical machinery, apparatus, appliances and supplies and Manufactured products not elsewhere specified, the number of reporting firms increased and there were appreciable gains in production. For metal products output increased from Rs. 44.7 million in 1965 to Rs. 49.0 million in 1966; for Electrical machinery, apparatus, appliances and supplies from Rs. 14.0 million to Rs. 20.8 million and for Manufactured products not elsewhere specified from Rs. 14.7 million to Rs. 16.2 million. In Ceramics, Plywood, Mineral sands and Basic industrial chemicals where there is only one firm in each category, gains in production were reported in Plywood and Basic industrial chemicals. The number of reporting firms in the group Cement, cement products and asbestos products fell from 13 to 11 and output fell from Rs. 36.5 million to Rs. 28.8 million.

Production analysed by type of industry

Within the group Miscellaneous food preparations where an overall increase in production has taken place, the increases in output were in the dairy products and the cattle and poultry foods industries. Dairy products increased from Rs. 18.0 million in 1965 to Rs. 15.3 million in 1966 whereas the output of cattle and poultry foods more than doubled from Rs. 26.4 million in 1965 to Rs. 61.1 million in 1966. The output of salt also increased sharply from Rs. 1.5 million in 1965 to Rs. 5.1 million in 1966. The other categories, desiccated coconut and ice did not show increases. The increase of dairy products has been appreciable since 1962. The current level of output is almost five times the value in 1962. The sharp increase in cattle and poultry foods which was three times as much as in 1962 is mainly due to a considerable expansion in the poultry breeding industry and the substitution of local poultry foods with the curtailment of imported supplies.

Two of the four groups of products under the principal group Biscuits and cocoa, chocolate and sugar confectionery increased. The output of biscuits increased from Rs. 14.8 million in 1965 to Rs. 19.6 million in 1966, boiled sweets increased from Rs. 7.6 million to Rs. 9.6 million, while chocolates and toffees decreased from Rs. 10 million to Rs. 7 million. The Beer and stout industry which was producing an average output of about Rs. 2.4 million up to 1964 increased its production to Rs. 7.6 million in 1965, but production fell in 1966 to Rs. 5.5 million

TABLE II (B) a. 2

**Value of Industrial Production, 1962-1966 Classified by Type of Industry
and by Principal Products**

INDUSTRIAL GROUP	Value (Rs. Mn)					% Within Industry					% of Total Industrial Production				
	1962	1963	1964	1965	1966	1962	1963	1964	1965	1966	1962	1963	1964	1965	1966
I. MISCELLANEOUS FOOD PREPARATIONS ...	147.8	147.6	160.7	109.2	134.5	100.0	100.0	100.0	100.0	100.0	38.1	34.2	29.9	12.8	15.7
Dairy Products ...	8.0	4.1	4.9	18.0	15.3	2.0	2.8	3.0	11.9	11.4	0.8	0.9	0.9	1.5	1.8
Cattle and Poultry Foods ...	18.4	19.6	23.5	26.4	61.1	12.4	13.8	14.6	24.2	45.4	4.7	4.5	4.4	3.1	7.2
Desiccated Coconut ...	11.4	11.0	13.2	62.2	49.7	7.7	7.5	8.2	57.0	87.0	2.9	2.5	2.5	7.9	5.8
*Edible oils and fats ...	110.7	109.0	114.4	—	—	74.9	73.8	71.2	—	—	28.5	25.2	21.3	—	—
Salt ...	0.7	0.4	0.5	1.5	5.1	0.5	0.3	0.3	1.4	3.8	0.2	0.1	0.1	0.2	0.6
Ice ...	1.4	1.1	1.3	1.8	1.5	0.9	0.7	0.8	1.6	1.1	0.4	0.3	0.2	0.2	0.2
Other ...	2.2	2.4	2.9	4.3	1.8	1.5	1.6	1.8	3.9	1.8	0.6	0.6	0.5	0.5	0.2
II. VEGETABLE OILS AND FATS ...	—	—	—	190.4	142.3	—	—	—	100.0	100.0	—	—	—	22.5	16.7
III. PRESERVED AND CANNED FRUIT, VEGETABLES, MEAT, FISH AND OTHER SEA FOODS ...	2.3	3.4	3.8	5.4	5.1	100.0	100.0	100.0	100.0	100.0	0.6	0.8	0.7	0.6	0.6
Jams, Jellies, Sauces etc. ...	0.9	2.2	2.3	3.4	3.2	39.1	64.7	60.5	63.0	62.7	0.2	0.5	0.4	0.4	0.4
Other ...	1.3	1.2	1.5	2.0	1.9	61.8	35.2	39.5	37.0	37.3	0.3	0.3	0.3	0.2	0.2
IV. BISCUITS AND COCOA, CHOCOLATE AND SUGAR CONFECTIONERY ...	21.9	28.8	30.9	34.9	38.6	100.0	100.0	100.0	100.0	100.0	5.6	6.7	5.7	4.1	4.5
Biscuits ...	12.7	15.7	16.4	14.8	19.6	58.0	54.5	53.1	42.4	50.8	8.8	8.0	3.0	1.7	2.3
Boiled Sweets ...	5.1	6.6	5.5	7.6	9.6	23.3	22.9	17.8	21.8	24.9	1.3	1.5	1.0	0.9	1.1
Chocolate and Toffees ...	1.3	3.1	5.5	10.0	7.0	5.9	10.8	17.2	28.6	18.1	0.3	0.7	1.0	1.2	0.8
Other ...	2.8	3.4	3.5	2.5	2.4	12.8	11.8	11.8	7.2	6.2	0.7	0.8	0.7	0.8	0.3
V. SOFT DRINKS AND CARBONATED WATERS ...	10.0	11.4	13.4	16.0	11.6	100.0	100.0	100.0	100.0	100.0	2.6	2.6	2.5	1.9	1.4
VI. BEER AND STOUT ...	2.2	2.4	2.7	7.6	5.5	100.0	100.0	100.0	100.0	100.0	0.6	0.6	0.5	0.9	0.6
VII. TOBACCO ...	35.0	39.0	46.2	52.0	52.3	100.0	100.0	100.0	100.0	100.0	9.0	9.0	8.6	6.1	6.2
VIII. KNITTED FABRICS AND ARTICLES, & MADE-UP GARMENTS & OTHER APPAREL, EXCEPT FOOTWEAR ...	29.3	38.4	54.9	55.5	56.1	100.0	100.0	100.0	100.0	100.0	7.6	8.9	10.2	6.6	6.6
Shirts ...	14.2	20.7	25.4	30.8	37.3	48.5	53.9	46.3	54.6	66.5	3.7	4.8	4.7	3.6	4.4
Other ...	15.1	17.7	29.5	25.2	18.8	51.5	46.1	53.7	45.4	33.5	3.9	4.1	5.5	3.0	2.2
IX. SPINNING, WEAVING AND FINISHING OF TEXTILES ...	—	—	—	91.3	95.1	—	—	—	100.0	100.0	—	—	—	10.8	11.2
X. FOOTWEAR AND LEATHER PRODUCTS ...	19.6	22.3	23.4	24.7	27.7	100.0	100.0	100.0	100.0	100.0	5.1	5.2	4.3	2.9	3.3
XI. RUBBER PRODUCTS EXCLUDING FOOTWEAR ...	10.9	13.7	17.0	19.1	18.9	100.0	100.0	100.0	100.0	100.0	2.8	3.2	3.2	2.3	2.2
Tyre Retreading ...	6.8	9.1	11.0	11.1	11.9	62.4	66.4	64.7	58.1	63.0	1.8	2.1	2.0	1.3	1.4
Cycle Tyres and Tubes ...	2.6	2.7	4.2	4.9	3.4	23.9	19.7	24.7	25.7	18.0	0.7	0.6	0.8	0.6	0.4
Other ...	1.5	2.0	1.8	3.1	3.6	13.8	14.6	10.6	16.2	19.0	0.4	0.5	0.3	0.4	0.4
XII. MISCELLANEOUS CHEMICAL PRODUCTS ...	51.5	56.0	73.7	91.2	101.9	100.0	100.0	100.0	100.0	100.0	13.3	13.0	13.7	10.8	12.0
Pharmaceuticals (including glycerine) ...	1.9	4.2	5.2	9.5	13.2	3.7	7.5	7.1	10.4	13.0	0.5	1.0	1.0	1.1	1.6
Cosmetics ...	3.5	5.6	6.2	7.5	7.8	6.8	10.0	8.4	8.2	7.7	0.9	1.3	1.2	0.9	0.9
Soap and cleaning compounds ...	35.1	34.0	39.0	47.6	49.7	68.2	60.7	52.9	52.2	48.8	9.0	7.9	7.2	5.6	5.8
Safety Matches ...	5.6	4.5	10.3	12.3	8.7	10.9	8.0	14.0	13.6	8.5	1.4	1.0	1.9	1.5	1.0
Toothpaste ...	2.2	2.9	3.3	3.4	4.4	4.3	5.2	4.5	3.7	4.3	0.6	0.7	0.6	0.4	0.5
Other ...	3.2	4.8	9.7	10.9	18.1	6.2	8.6	13.2	12.0	17.7	0.8	1.1	1.8	1.3	2.1
XIII. PAPER, ARTICLES OF PAPER AND PAPER BOARD ...	15.4	18.2	30.1	29.3	33.8	100.0	100.0	100.0	100.0	100.0	4.0	4.2	5.6	3.4	4.0
Writing Paper (including exercise books etc) ...	6.8	8.9	12.1	10.4	14.2	44.2	48.9	40.2	35.5	42.0	1.8	2.1	2.2	1.2	1.7
Printing Paper ...	4.2	3.1	3.9	3.8	4.5	27.3	17.0	13.0	13.0	13.3	1.1	0.7	0.7	0.4	0.5
Cartons and other packing boxes ...	0.7	1.7	4.6	5.9	3.1	4.5	9.3	15.3	20.1	9.2	0.2	0.4	0.9	0.7	0.4
Wrapping Paper ...	0.5	1.2	2.3	3.4	3.9	3.2	6.6	7.6	11.6	11.5	0.1	0.3	0.4	0.4	0.5
Other ...	3.2	3.8	7.2	5.8	8.1	20.8	18.1	23.9	19.8	24.0	0.8	0.8	1.3	0.7	1.0
XIV. METAL PRODUCTS ...	11.2	15.1	38.5	44.7	49.0	100.0	100.0	100.0	100.0	100.0	2.9	3.5	7.2	5.3	5.8
Aluminium Ware ...	5.8	7.3	9.2	9.0	7.7	47.3	48.3	23.9	20.1	15.7	1.4	1.7	1.7	1.1	0.9
Metal containers ...	2.7	2.1	4.9	9.3	8.5	24.1	13.9	12.7	20.8	17.3	0.7	0.5	0.9	1.1	1.0
Barbed Wire ...	0.7	1.1	3.0	3.1	3.5	6.3	7.3	7.8	7.0	7.2	0.2	0.3	0.6	0.4	0.4
Wire Nails ...	1.8	2.7	3.9	3.8	2.9	16.1	17.9	10.1	8.5	5.9	0.5	0.6	0.7	0.4	0.3
Other ...	0.7	1.9	17.5	19.5	26.4	6.8	12.6	45.5	43.6	53.9	0.2	0.4	3.3	2.3	3.1
XV. ELECTRICAL MACHINERY, APPARATUS, APPLIANCES AND SUPPLIES ...	—	—	—	14.0	20.8	—	—	—	100.0	100.0	—	—	—	1.7	2.4
XVI. MANUFACTURED PRODUCTS, N.E.S. ...	4.3	5.8	11.0	14.7	16.2	100.0	100.0	100.0	100.0	100.0	1.1	1.3	2.0	1.7	1.9
Plastics ...	2.5	3.1	5.8	8.8	10.7	53.1	53.4	52.7	59.9	66.0	0.6	0.7	1.1	1.0	1.3
Other ...	1.8	2.7	5.2	5.9	5.5	41.9	46.6	47.3	40.1	34.0	0.5	0.6	1.0	0.7	0.6
XVII. CERAMICS ...	1.9	2.5	2.4	2.4	2.3	100.0	100.0	100.0	100.0	100.0	0.5	0.6	0.4	0.3	0.3
XVIII. PLYWOOD ...	3.4	3.9	3.9	5.2	6.5	100.0	100.0	100.0	100.0	100.0	0.9	0.9	0.7	0.6	0.8
XIX. MINERAL SANDS ...	0.1	0.1	0.9	1.3	1.4	100.0	100.0	100.0	100.0	100.0	—	—	0.2	0.2	0.2
XX. BASIC INDUSTRIAL CHEMICALS ...	1.1	1.2	1.0	1.6	1.9	100.0	100.0	100.0	100.0	100.0	0.3	0.3	0.2	0.2	0.2
XXI. CEMENT, CEMENT PRODUCTS AND ASBESTOS PRODUCTS ...	20.2	22.5	23.0	36.5	28.8	100.0	100.0	100.0	100.0	100.0	5.2	5.2	4.3	4.3	3.4
TOTAL ...	388.0	432.4	537.5	847.0	850.3	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0

NOTES : * The figures for 1965 onwards are reflected under category II

Source : Central Bank of Ceylon.

The production of shirts increased from Rs. 30.3 million in 1965 to Rs. 37.3 million in 1966 while other made-up garments fell from Rs. 25.2 million to Rs. 18.8 million. The value of output of shirts in 1966 has been the highest so far. In the Rubber goods industries, there was an increase in the output of tyre retreading while manufacture of cycle tyres and tubes decreased by about 30 per cent. This increase was partly the result of a shortage of new imported motor car tyres in the market at various times during the year. The manufacture of pharmaceuticals including glycerine was valued at Rs. 13.2 million and represented more than three times the value of output in 1963. The upward trend in the production of cosmetics has continued from year to year; the value of output increased from Rs. 7.5 million in 1965 to Rs. 7.8 million in 1966 and the current level of output is more than double the level of output in 1962. There is a similar trend in the production of soaps and cleaning compounds where output has tended to increase progressively. The current level of output of Rs. 49.7 million may be compared with the value of output of Rs. 34.0 million in 1963. The production of safety matches has shown an erratic trend. In 1962 the value of output was Rs. 5.6 million, in 1963 production fell to Rs. 4.5 million but rose to Rs. 12.3 million in 1965 and in 1966 it has fallen again to Rs. 8.7 million. With regard to Metal products, all categories except barbed wire, reported lower production figures. The most significant fall was in aluminiumware where output fell from Rs. 9.0 million to Rs. 7.7 million; but the level of production in 1966 was higher than in 1963. The production of wire nails fell from Rs. 3.8 million to Rs. 2.9 million, and metal containers from Rs. 9.3 million to Rs. 8.5 million. The output of manufactured products out of plastics increased from Rs. 8.8 million to Rs. 10.7 million continuing a steady growth from a level of Rs. 2.5 million in 1962.

Relative shares of Industries in Total Output

The relative position of Industries within Major Industrial Groups

Within the Group Miscellaneous food preparations the relative share of cattle and poultry foods represented 45.4 per cent of total output whereas in 1965 the share was 24.2 per cent. Desiccated coconut which represented 57.0 per cent of total output in 1965 in this category declined to 37.0 per cent in 1966. The relative share of dairy products has changed very little. With the increase in output of salt the share of salt in total output within this category increased from 1.4 per cent in 1965 to 3.8 per cent in 1966. In the categories jams, jellies, sauces, etc., under the major category Preserved and canned fruit, vegetables, meat, fish and other sea foods, there was very little change. The percentage decreased very slightly from 63.0 per cent in 1965 to 62.7 per cent in 1966 while the share of the other products within this group increased slightly from 37.0 per cent in 1965 to 37.3 per cent in 1966. The share of biscuits within the main industrial group Biscuits and cocoa, chocolate and sugar confectionery increased from 42.4 per cent in 1965 to 50.8 per cent in 1966. Since 1962, the output of biscuits as a percentage of production in this category decreased from 58 per cent in that year to 42.4 per cent in 1965 but rose thereafter to 50.8 per cent. The share of chocolates and toffees has fallen sharply from 28.6 per cent in 1965 to 18.1 per cent in 1966.

TABLE II (B) a. 3

Value of Industrial Production 1962-66

By Major Economic Categories

	Rs. Million					Per Cent				
	1962	1963	1964	1965	1966	1962	1963	1964	1965	1966
A. CONSUMER GOODS	236.1	275.1	340.1	456.9	480.3	60.8	63.7	63.3	53.9	56.5
FOOD, DRINK AND TOBACCO	105.0	119.1	133.0	143.9	144.0	27.1	27.6	24.8	17.0	16.9
Miscellaneous Food										
Preparations (1) ...	38.6	34.1	36.0	28.0	30.9	8.7	7.9	6.7	3.4	3.6
Preserved and Canned										
Fruit, Vegetables, Meat										
Fish & other Sea foods(2)	2.8	3.4	3.8	5.4	5.1	0.6	0.8	0.8	0.6	0.6
Biscuits and Confectionery	21.9	28.8	30.9	34.9	38.6	5.6	6.7	5.7	4.1	4.5
Aerated Waters ...	10.0	11.4	13.4	16.0	11.6	2.6	2.6	2.5	1.9	1.4
Beer and Stout ...	2.2	2.4	2.7	7.6	5.5	0.6	0.6	0.5	0.9	0.6
Tobacco ...	35.0	39.0	46.2	52.0	52.3	9.0	9.0	8.6	6.1	6.2
GARMENTS (3) ...	29.3	38.4	54.9	55.5	56.1	7.5	8.9	10.2	6.5	6.6
FOOTWEAR AND LEATHER										
PRODUCTS ...	19.6	22.3	23.4	24.7	27.7	5.0	5.2	4.3	2.9	3.3
MISCELLANEOUS CHEMICAL										
PRODUCTS (4) ...	51.5	56.0	73.7	91.2	101.9	13.3	13.0	13.7	10.8	12.0
PAPER, ARTICLES OF PAPER										
AND PAPER BOARD (5) ...	10.0	12.2	19.2	16.2	22.3	2.6	2.8	3.6	1.9	2.6
METAL PRODUCTS (6) ...	5.3	7.3	9.2	9.0	7.7	1.4	1.7	1.7	1.0	0.9
MANUFACTURED PRODUCTS										
N.E.S. (7) ...	4.3	5.8	11.0	14.7	16.2	1.1	1.3	2.0	1.7	1.9
CERAMICS ...	1.9	2.5	2.4	2.4	2.3	0.5	0.6	0.4	0.3	0.3
RUBBER PRODUCTS (8) ...	9.2	11.5	13.3	8.0	7.0	2.4	2.7	2.5	1.0	0.8
SPINNING, WEAVING AND										
FINISHING OF TEXTILES ...	—	—	—	91.3	95.1	—	—	—	10.8	11.2
B. INTERMEDIATE GOODS	126.9	126.8	146.3	316.1	296.5	32.7	29.3	27.2	37.3	34.9
MISCELLANEOUS FOOD										
PREPARATIONS (9) ...	114.2	113.5	124.7	271.6	245.9	29.4	26.2	23.2	32.1	28.9
METAL PRODUCTS (10) ...	2.7	2.1	4.9	9.3	8.5	0.7	0.5	0.9	1.1	1.0
PAPER, ARTICLES OF PAPER										
AND PAPER BOARD (11) ...	5.4	6.0	10.9	13.1	11.5	1.4	1.4	2.0	1.5	1.4
PLYWOOD ...	3.4	3.9	3.9	5.2	6.5	0.9	0.9	0.7	0.6	0.8
MINERAL SANDS ...	0.1	0.1	0.9	1.3	1.4	...	...	0.2	0.2	0.2
BASIC INDUSTRIAL										
CHEMICALS (12) ...	1.1	1.2	1.0	1.6	1.9	0.3	0.3	0.2	0.2	0.2
ELECTRICAL GOODS ...	—	—	—	14.0	20.8	—	—	—	1.6	2.4
C. INVESTMENT GOODS	25.1	30.4	51.1	74.0	73.5	6.5	7.0	9.5	8.7	8.6
METAL PRODUCTS (13) ...	3.2	5.7	24.4	26.4	32.8	0.8	1.3	4.5	3.1	3.8
RUBBER PRODUCTS (14) ...	1.7	2.2	3.7	11.1	11.8	0.4	0.5	0.7	1.3	1.4
CEMENT, CEMENT PRODUCTS										
AND ASBESTOS PRODUCTS ...	20.2	22.5	23.0	36.5	28.8	5.2	5.2	4.3	4.3	3.4
TOTAL	388.0	432.0	537.5	847.0	850.3	100.0	100.0	100.0	100.0	100.0

Source : Central Bank of Ceylon.

Notes :

- (1) Dairy products, ice cream & salt.
- (2) Jams, jellies, sauces, fruit cordials, etc
- (3) Shirts, banians etc.
- (4) Pharmaceuticals, cosmetics, soaps and cleaning compounds, matches, tooth paste etc.
- (5) Writing paper, exercise books etc.
- (6) Aluminium ware
- (7) Plastic goods etc.
- (8) Cycle tyres & tubes, toys and household goods.
- (9) Cattle and poultry foods, vegetable oils, ice, desiccated coconut etc.
- (10) Containers
- (11) Printing paper, cartons, other packing boxes & wrapping paper.
- (12) Caustic soda and chlorine.
- (13) Barbedwire, wire nails, galvanised products etc.
- (14) Tyre retreading.

In the group Knitted fabrics and articles and made-up garments, the share of the output of shirts has increased steadily over the last three-year period and is now 66·5 per cent, whereas the share of other products in this category has declined from 45·4 per cent in 1965, to 33·5 per cent in 1966. In the Rubber products (excluding footwear) the share of output of the tyre retreading industries has increased from 58·1 per cent in 1965 to 63·0 per cent in 1966, whereas the share of cycle tyres and tubes has fallen from 25·7 per cent in 1965 to 18·0 per cent in 1966 and in the other industries belonging to this group the percentage share has risen from 16·2 per cent to 19·0 per cent.

Pharmaceuticals in the category Miscellaneous chemical products increased from 10·4 per cent in 1965 to 13·0 per cent in 1966 while cosmetics, soap and cleaning compounds and safety matches declined. The share of writing paper in the group Paper, articles of paper and paper board increased from 35·5 per cent in 1965 to 42·0 per cent in 1966; while the share of printing paper and packing paper remained practically unchanged. The relative share of output of cartons and other packing boxes declined substantially from 20·1 per cent in 1965 to 9·2 per cent in 1966. In the Metal products group the relative shares of aluminium-ware, metal containers and wire nails declined while the share of other metal products increased from 43·6 per cent in 1965 to 53·9 per cent in 1966.

The Output of each Industry as a percentage of Total Production

The data in column 3 of Table II (B) a. 2 indicates the contribution of each industrial category producing closely associated products to total output. It also indicates the relative rate of expansion or contraction of each of these industries, and the relative position of each group in the industrial sector. Miscellaneous food preparations represented 15·7 per cent in 1966 of total industrial output as against 12·8 per cent in 1965. Within this group, cattle and poultry foods represented 7·2 per cent of total industrial output as against 3·1 per cent in 1965 and desiccated coconut 5·8 per cent in 1966 as against 7·3 per cent in 1965. The share of Vegetable oils and fats in total industrial output has fallen from 22·5 per cent in 1965 to 16·7 per cent in 1966. Biscuits and cocoa, chocolate and sugar confectionery was 4·5 per cent of total industrial production. Within this group, biscuits were 2·3 per cent in 1966 as against 1·7 per cent in 1965. Tobacco products accounted for 6·2 per cent of total industrial output. Shirts represented 4·4 per cent and other made-up garments 2·2 per cent of industrial output, Spinning, weaving and finishing of textiles 11·2 per cent, Miscellaneous chemical products accounted for 12·0 per cent in 1966 as against 10·8 per cent in 1965. Within this group, soap and cleaning compounds accounted for the major portion being 5·8 per cent in 1966 as against 5·6 per cent in 1965. Paper, articles of paper and paper board represented 4·0 per cent of total output as against 3·4 per cent in 1965. The share of writing paper rose from 1·2 per cent in 1965 to 1·7 per cent in 1966. The share of Metal products in industrial output rose from 5·3 per cent in 1965 to 5·8 per cent in 1966 while Electrical machinery, apparatus, appliances and supplies rose from 1·7 per cent in 1965 to 2·4 per cent in 1966. The share of

TABLE II (B) a. 4
Size Distribution of Manufacturing Firms, 1966
Based on Value of Output

INDUSTRIAL GROUP		Value of Output			
		Rs. <250Th	Rs. 250Th < 2 Mn	Rs. 2 Mn & over	Total
I. MISCELLANEOUS FOOD PREPARATIONS	No. of Firms % of Output		Not Available		
II. VEGETABLE OILS AND FATS ...	No. of Firms % of Output		Not Available		
III. PRESERVED AND CANNED FRUIT, VEGETABLES, MEAT, FISH AND OTHER SEA FOODS ...	No. of Firms % of Output	21 26.7	5 73.3	—	26 100
IV. BISCUITS AND COCOA, CHOCOLATE AND SUGAR CONFECTIONERY ...	No. of Firms % of Output	38 9.3	16 29.9	4 60.8	58 100
V. SOFT DRINKS AND CARBONATED WATERS ...	No. of Firms % of Output	16 10.0	5 35.3	1 54.7	22 100
VI. BEER AND STOUT ...	No. of Firms % of Output	—	—	2 100	2 100
VII. TOBACCO ...	No. of Firms % of Output		Not Available		
VIII. KNITTED FABRICS AND ARTICLES, AND MADE-UP GARMENTS AND OTHER APPAREL EXCEPT FOOTWEAR	No. of Firms % of Output	87 11.9	31 37.1	5 51.0	123 100
XI. SPINNING, WEAVING AND FINISHING OF TEXTILES ...	No. of Firms % of Output	52 3.3	21 13.2	8 83.5	81 100
X. FOOTWEAR AND LEATHER PRODUCTS	No. of Firms % of Output	37 9.7	5 11.5	3 78.8	45 100
XI. RUBBER PRODUCTS EXCLUDING FOOTWEAR ...	No. of Firms % of Output	7 3.4	11 31.3	3 65.3	21 100
XII. MISCELLANEOUS CHEMICAL PRODUCTS	No. of Firms % of Output	85 6.9	26 22.0	8 71.1	119 100
XIII. PAPER ARTICLES OF PAPER AND PAPER BOARD ...	No. of Firms % of Output	29 8.6	24 37.2	1 54.2	54 100
XIV. METAL PRODUCTS ...	No. of Firms % of Output	71 12.2	35 45.8	7 42.0	113 100
XV. ELECTRICAL MACHINERY, APPARATUS, APPLIANCES AND SUPPLIES ...	No. of Firms % of Output	14 4.6	15 61.2	2 34.2	31 100
XVI. MANUFACTURED PRODUCTS, N.E.S. ...	No. of Firms % of Output	63 26.5	18 73.5	—	81 100
XVII. CERAMICS ...	No. of Firms % of Output	—	—	1 100	1 100
XVIII. PLYWOOD ...	No. of Firms % of Output	—	—	1 100	1 100
XIX. MINERAL SANDS ...	No. of Firms % of Output	—	1 100	—	1 100
XX. BASIC INDUSTRIAL CHEMICALS ...	No. of Firms % of Output	—	1 100	—	1 100
XXI. CEMENT, CEMENT PRODUCTS AND ASBESTOS PRODUCTS ...	No. of Firms % of Output	7 1.8	1 5.9	3 92.3	11 100
TOTAL ...	No. of Firms % of Output)	527 7.8	215 28.6	49 63.6	791 100

Source : Central Bank of Ceylon.

Cement, cement products and asbestos products fell from 4·3 per cent to 3·4 per cent.

Table II (B) a. 3 shows the relative shares in total output of the major industrial categories, classified as consumer, intermediate and investment goods.

In 1966, the relative share of consumer goods increased from 53·9 per cent to 56·5 per cent while intermediate goods decreased from 37·3 per cent to 34·9 per cent and investment goods from 8·7 per cent in 1965 to 8·6 per cent in 1966. In the Consumer goods category changes in the relative shares of products coming within this group have not been significant except for Miscellaneous chemical products which increased from 10·8 per cent to 12·0 per cent and Paper, articles of paper and paper board which increased from 1·9 per cent to 2·6 per cent. Most of the other categories have fallen slightly or remained unchanged. The fall in intermediate goods has been due mainly to the fall in the share of Miscellaneous food preparations from 32·1 per cent to 28·9 per cent whereas the other items in this category have not changed very much. The slight fall in the share of investment goods in total output has been due to a fall in the share of Cement, cement products and asbestos products from 4·3 per cent in 1965 to 3·4 per cent in 1966 while the increases in the Metal products and Rubber products within this category were to some extent sufficient to offset this decrease.

The size of the Industrial Unit

The size distribution of manufacturing firms according to value of output is given in Table II (B) a. 4.

Of the 791 reporting firms, as against 782 in 1965, 527 firms are in the category where the annual value of output is less than Rs. 250,000 as against 540 in 1965. In the group where output is between Rs. 250,000 and Rs. 2 million there were 215 firms as against 188 in 1965. In 1965 there were 54 firms whose value of output was over Rs. 2 million, but in 1966 the number has decreased to 49. The principal change has been in the group with an output of between Rs. 250,000 and Rs. 2 million where the number of firms has increased by 27. This increase has taken place along with a reduction in the number of firms in the category with an output of less than Rs. 250,000. The share of firms whose value of output was greater than Rs. 2 million was 63·6 per cent as against 66 per cent in 1965 whereas those whose output was between Rs. 250,000 and Rs. 2 million was 28·6 per cent as against 26 per cent in 1965 and those less than Rs. 250,000, 7·8 per cent.

In the group Preserved and canned fruit, vegetables, meat, fish and other sea foods, in 1965 there were 29 firms whose value of output was less than Rs. 250,000 producing 35 per cent of total output whereas in 1966, the number of firms had decreased to 21 producing 26·7 per cent of output. In firms with an output of between Rs. 250,000 and Rs. 2 million there was a marked change in the relative shares of output; in 1965 there were 8 firms producing 20 per cent of the output whereas in 1966, there were 5 firms producing 73·3 per cent of the output. In

the Biscuits and cocoa, chocolate and sugar confectionery industry the larger units have continued to predominate. Here 4 firms are responsible for 60·8 per cent of the output in 1966 as against 5 firms responsible for 55 per cent of the output in 1965. In the Soft drinks and carbonated waters industry, five firms in 1965 with a total output of over Rs. 2 million manufactured 76 per cent of the products, while in 1966 one firm whose output was in excess of Rs. 2 million produced 54·7 per cent reflecting that during the year one firm has gained a very substantial share of the market at the expense of its competitors. In the Knitted fabrics and articles and made-up garments industry although there are a large number of smaller units, 87 in 1966 and 76 in 1965, with an output less than Rs. 250,000, yet the major portion of output was in the hands of 6 large industries in 1965 and 5 in 1966, now producing 51 per cent of total output. The position in the Spinning, weaving and finishing of textiles group is similar ; in 1965 there were 44 firms with an output of less than Rs. 250,000 and having a 3 per cent share of total output whereas in 1966 there were 52 industries in this group with 3·3 per cent of total output. In 1965 there were 7 firms in this category whose output was in excess of Rs. 2 million producing 87 per cent of the total, whereas in 1966 there were 8 firms in this category producing 83·5 per cent of total output.

In the Footwear and leather products industry the share of the 3 major firms whose output was over Rs. 2 million remained unchanged at approximately 78 per cent between 1965 and 1966. In the Rubber products industry (excluding footwear) the position between 1965 and 1966 has changed little with 3 firms whose value of output was in excess of Rs. 2 million enjoying 65·3 per cent of total output.

In the Miscellaneous chemical products industry there were 8 firms with an output in excess of Rs. 2 million producing 71·1 per cent of output in 1966 as against 74 per cent in 1965. In 1965 in the Paper, articles of paper and paper board industry there were two firms with an output of over Rs. 2 million producing 42 per cent of the output, whereas in 1966 there was one firm in this category producing 54·2 per cent of total output. In the Metal products industry 35 firms with an output between Rs. 250,000 and Rs. 2 million were controlling 45·8 per cent of total production in 1966 whereas in Electrical machinery, apparatus, appliances and supplies two firms in the over Rs. 2 million group controlled 34·2 per cent in 1966 as against one industry controlling 26·0 per cent in 1965. In the Electrical machinery, apparatus, appliances and supplies industry there were 15 industries with an output of between Rs. 250,000 and Rs. 2 million producing 61·2 per cent. In the category Manufactured products not elsewhere specified there were no large units with an output in excess of Rs. 2 million either in 1965 or 1966. There were 18 units with an output between Rs. 250,000 and Rs. 2 million producing 73·5 per cent of the output and 63 units with an output of less than Rs. 250,000 producing 26·5 per cent of total output.

The size distribution of firms analysed according to the size of the wage bill is given in Table II (B) a. 5. As pointed out in previous years the more appropriate indicator of the size of the industrial firm is total output. This table has been

TABLE II (B) a. 5
Size Distribution of Manufacturing Firms, 1966
Based on Wage Bill

INDUSTRIAL GROUP		Rs. < 15 Th.	Rs. 15 Th. < 50 Th.	Rs. 50 Th. < 500 Th.	Rs. 500 Th. & Over	Total
I. MISCELLANEOUS FOOD PREPARATIONS ...	No. of Firms % of Wage Bill			Not Available		
II. VEGETABLE OILS AND FATS	No. of Firms % of Wage Bill			Not Available		
III. PRESERVED AND CANNED FRUIT, VEGETABLES, MEAT, FISH, AND OTHER SEA FOODS	No. of Firms % of Wage Bill	17 16.7	8 47.6	1 35.7	—	26 100
IV. BISCUITS AND COCOA, CHOCOLATE AND SUGAR CONFECTIONERY ...	No. of Firms % of Wage Bill	24 5.4	22 21.6	11 37.4	1 35.6	58 100
V. SOFT DRINKS AND CARBONATED WATERS ...	No. of Firms % of Wage Bill	10 2.2	6 7.1	4 21.6	2 69.1	22 100
VI. BEER AND STOUT ...	No. of Firms % of Wage Bill	—	—	1 19.2	1 80.8	2 100
VII. TOBACCO ...	No. of Firms % of Wage Bill			Not Available		
VIII. KNITTED FABRICS AND ARTICLES, MADE-UP GARMENTS AND OTHER APPAREL EXCEPT FOOTWEAR ...	No. of Firms % of Wage Bill	57 5.6	38 14.9	25 43.2	3 36.3	123 100
IX. SPINNING, WEAVING AND FINISHING OF TEXTILES ...	No. of Firms % of Wage Bill	37 1.6	24 4.6	16 20.7	4 78.1	81 100
X. FOOTWEAR AND LEATHER PRODUCTS ...	No. of Firms % of Wage Bill	25 3.0	11 6.1	7 19.5	2 71.4	45 100
XI. RUBBER PRODUCTS EXCLUDING FOOTWEAR ...	No. of Firms % of Wage Bill	2 0.3	9 14.3	10 85.4	—	21 100
XII. MISCELLANEOUS CHEMICAL PRODUCTS ...	No. of Firms % of Wage Bill	59 4.2	36 9.7	21 33.0	3 58.1	119 100
XIII. PAPER, ARTICLES OF PAPER AND PAPER BOARD ...	No. of Firms % of Wage Bill	18 3.2	29 18.8	6 25.0	1 53.0	54 100
XIV. METAL PRODUCTS ...	No. of Firms % of Wage Bill	42 5.3	39 22.6	32 72.1	—	113 100
XV. ELECTRICAL MACHINERY, APPARATUS, APPLIANCES & SUPPLIES	No. of Firms % of Wage Bill	10 3.0	7 6.7	14 90.3	—	31 100
XVI. MANUFACTURED PRODUCTS, N. E. S. ...	No. of Firms % of Wage Bill	47 15.7	22 33.2	12 51.1	—	81 100
XVII. CERAMICS ...	No. of Firms % of Wage Bill	—	—	—	1 100	1 100
XVIII. PLYWOOD ...	No. of Firms % of Wage Bill	—	—	—	1 100	1 100
XIX. MINERAL SANDS ...	No. of Firms % of Wage Bill	—	—	1 100	—	1 100
XX. BASIC INDUSTRIAL CHEMICALS	No. of Firms % of Wage Bill	—	—	—	1 100	1 100
XXI. CEMENT, CEMENT PRODUCTS AND ASBESTOS PRODUCTS ...	No. of Firms % of Wage Bill	5 1.0	2 1.5	2 17.2	2 80.3	11 100
TOTAL ...	No. of Firms % of Wage Bill	353 0.04	253 0.14	163 9.38	22 90.44	791 100

Source : Central Bank of Ceylon.

included here in order to give some indication of the potential for earning wage income provided by the industrial sector. The data shows that the largest avenues for earning wage income are provided by 22 firms whose wage bill is in excess of Rs. 500,000 per year accounting for 90.44 per cent of the total wages paid out in the industrial groups included here. There are 163 firms with a wage bill of between Rs. 50,000 and Rs. 500,000 and representing 9.38 per cent of total wages paid and 253 firms had a wage bill between Rs. 15,000 and Rs. 50,000 and their wage payments were 0.14 per cent of the total. The bulk of the industrial firms had wage bills of less than Rs. 15,000. There were 353 firms in this category and the total wage bill was only .04 per cent. Since most of the wages in these industrial categories are regulated by minimum wage fixing machinery the variation in the size of the wage bill is due primarily to differences in the numbers employed in each of these industries rather than differences in wages paid to employees between firms within the same industrial group.

From the point of view of the wage bill large firms seem to predominate in some of the major industrial groups in Table II (B) a. 5. For instance, in Biscuits and cocoa, chocolate and sugar confectionery, one firm accounted for 35.6 per cent of the total wage bill, in Soft drinks and carbonated waters 2 firms accounted for 69.1 per cent, in Beer and stout one firm for 80.8 per cent, in Footwear and leather products 2 firms for 71.4 per cent and Paper, articles of paper and paper board one firm for 53.0 per cent of the total wage bill. A comparison of the data for 1965 and 1966 does not indicate that there has been a marked change in the size distribution of the manufacturing units based on the wage bill. In general terms, the earlier pattern seems to prevail with the exception that some of the large industrial firms have a slightly bigger share of the total wage bill in industry. This might indicate either an increase in wage levels or an increase in the total number of employees in each industrial unit reflecting a higher level of output.

The Use of Raw Materials

Of the 1,394 industries that sent in returns, 755 furnished data on the use and origin of industrial raw materials. The total value of raw materials used by 755 firms in 1966 was Rs. 260.6 million. In 1965, 1076 firms furnished data on utilisation of raw materials valued at Rs. 221.2 million. In 1966, the value of foreign or imported raw materials was Rs. 167.8 million or 64.4 per cent and local raw materials Rs. 92.8 million or 35.6 per cent. The distinction made between the local and foreign raw materials is not entirely accurate, because manufacturers very often classify imported materials purchased in the local market as local raw materials. Presumably the classification this year is slightly better than in 1965 when 57 per cent of the raw materials were classified as foreign and 43 per cent as local raw materials.

Industries with a very high foreign raw material component were Beer and stout 100 per cent, Spinning, weaving and finishing of textiles 91.4 per cent, Metal products 94.1 per cent, Electrical machinery, apparatus, appliances and supplies

TABLE II (B) a. 6
Production and Raw Materials

INDUSTRIAL GROUP	No. of Firms	Production	Rupees Thousand		
			Raw Materials		
			Local	Foreign	Total
I. Miscellaneous food preparations ...	29	57,078	(73.7) 28,024	(26.3) 8,198	(100) 31,222
II. Vegetable oils and fats ...		Not Available			
III. Preserved and canned fruit, vegetables, meat, fish and other sea foods ...	21	4,660	(75.7) 1,946	(24.3) 625	(100) 2,571
IV. Biscuits and cocoa, chocolate and sugar confectionery ...	50	37,243	(42.5) 8,010	(57.5) 10,843	(100) 18,853
V. Soft drinks and carbonated waters ...	21	12,143	(33.9) 2,188	(66.1) 4,266	(100) 6,454
VI. Beer and stout ...	2	5,508	—	(100) 2,465	(100) 2,465
VII. Tobacco ...		Not Available			
VIII. Knitted fabrics and articles, made-up garments and other apparel except footwear ...	114	55,008	(37.1) 13,698	(62.9) 23,253	(100) 36,951
IX. Spinning, weaving and finishing of textiles ...	76	60,485	(8.6) 2,085	(91.4) 22,068	(100) 24,153
X. Footwear and leather products ...	38	24,700	(32.5) 2,724	(67.5) 5,658	(100) 8,382
XI. Rubber products excluding footwear...	20	14,457	(47.9) 2,360	(52.1) 2,566	(100) 4,926
XII. Miscellaneous chemical products ...	109	100,721	(43.2) 20,115	(56.8) 26,432	(100) 46,547
XIII. Paper, articles of paper and paper-board ...	48	32,423	(36.1) 6,254	(63.9) 11,055	(100) 17,309
XIV. Metal products ...	106	45,196	(5.9) 1,786	(94.1) 28,609	(100) 30,395
XV. Electrical machinery, apparatus, appliances and supplies ...	30	20,771	(16.8) 2,102	(83.2) 10,387	(100) 12,489
XVI. Manufactured products, n.e.s. ...	79	16,183	(21.3) 2,078	(78.7) 7,691	(100) 9,769
XVII. Ceramics ...	1	2,297	(98.3) 59	(1.7) 1	(100) 60
XVIII. Plywood ...	1	6,517	(84.4) 2,104	(15.6) 390	(100) 2,494
XIX. Mineral sands ...		Not Available			
XX. Basic industrial chemicals ...		Not Available			
XXI. Cement, cement products and asbestos products ...	10	28,766	(40.1) 2,230	(59.9) 3,331	(100) 5,561
TOTAL ...	755	524,156	(35.6) 92,763	(64.4) 167,838	(100) 260,601

Source : Central Bank of Ceylon.

83·2 per cent and Manufactured products not elsewhere specified 78·7 per cent. Industries using largely local raw materials were Miscellaneous food preparations with local raw material content of 73·7 per cent, Preserved and canned fruit, vegetable, meat, fish and other sea foods 75·7 per cent, Ceramics 98·8 per cent and Plywood 84·4 per cent.

Employment

In 1966 the total number of employees in 1394 industrial units was 61,418 as against an employment figure of 56,835 in 1381 units in 1965. Whereas the number of reporting industrial units increased by 13, employment rose by 4,583, reflecting that the expansion in industry during the year has provided a fair amount of employment. Since the coverage of the surveys in 1965 and 1966 has been more or less the same, the increase in employment is probably due to greater employment opportunities rather than to an increase in coverage. The largest gains in employment opportunities were in Spinning, weaving and finishing of textiles, Metal products, Tobacco, Vegetable oils and fats and in Biscuits and cocoa, chocolate and sugar confectionery. Employment had decreased in Soft drinks and carbonated waters, Rubber products (excluding footwear) and Miscellaneous chemical products. In some cases even with a decrease in the number of reporting firms total employment has increased. For instance in Miscellaneous food preparations, the number of firms decreased from 96 in 1965 to 86 in 1966, whereas employment increased from 8,622 to 8,647. Similarly, in Biscuits and cocoa, chocolate and sugar confectionery the number of firms decreased from 65 to 58 but the number of employees increased from 2,927 to 3,192. In the Beer and stout making industry a new manufactory was included in the data in 1966 and this increased employment from 388 to 416. In the Tobacco industry, the number of units increased from 460 to 473 while employment increased from 8,235 to 8,905. In the Knitted fabrics and articles and made-up garments industry the number of reporting firms increased from 110 in 1965 to 123 in 1966 while the number of employees increased from 6,341 to 6,916. In the Spinning, weaving and finishing of textiles the number of firms increased from 66 to 81 and the number of employees from 9,650 in 1965 to 11,904 in 1966.

Productivity and Wages

The total man-days increased from 15·3 million in 1965 to 16·1 million in 1966. The total man-days exceeded 2 million per annum in the Tobacco and Spinning, weaving and finishing of textiles and it exceeded a 1 million per year in the Miscellaneous food preparations, Knitted fabrics and articles and made-up garments and Miscellaneous chemical products. The highest wage bills also appear in those industries with the highest number of man-days for the year. This to some extent indicates that wage payments have been mainly on the basis of daily pay.

The total wage bill of reporting firms increased from Rs. 88·6 million in 1965 to Rs. 97·4 million in 1966. The highest wage bill of Rs. 22 million as against

TABLE II (B) a. 7
PRODUCTION AND FUEL

Rupees Thousand

INDUSTRIAL GROUP	No. of Firms	Production	Fuel Used				
			Electricity	Coal and Gas	Petrol and Oil	Other	Total
I. Miscellaneous food preparations ...	10	22,061	235	—	310	—	545
II. Vegetable oils and fats ...			Not Available				
III. Preserved and canned fruit, vegetables, meat, fish and other sea foods ...	10	2,705	15	2	15	—	32
IV. Biscuits and cocoa, chocolate and sugar confectionery ...	23	30,102	578	90	107	7	782
V. Soft drinks and carbonated waters ...	7	8,194	74	37	13	—	124
VI. Beer and stout ...	2	5,508	104	—	170	—	274
VII. Tobacco ...			Not Available				
VIII. Knitted fabrics and articles and made-up garments and other apparel, except footwear ...	25	6,452	33	—	6	14	53
IX. Spinning, weaving and finishing of textiles ...	19	34,580	480	25	613	2	1,070
X. Footwear and leather products ...	11	24,617	235	17	81	—	333
XI. Rubber products excluding footwear ...	7	2,145	34	4	35	—	73
XII. Miscellaneous chemical products ...	20	27,091	152	21	14	10	197
XIII. Paper, articles of paper and paperboard ...	12	3,266	22	4	1	—	27
XIV. Metal products ...	42	25,524	210	30	35	—	275
XV. Electrical machinery, apparatus, appliances and supplies ...	10	9,991	108	89	12	—	209
XVI. Manufactured products, n.e.s. ...	16	2,594	23	3	1	—	27
XVII. Ceramics ...	1	2,297	101	—	157	—	258
XVIII. Plywood ...	1	6,517	169	—	55	—	224
XIX. Mineral sands ...			Not Available				
XX. Basic industrial chemicals ...			Not Available				
XXI. Cement, cement products and asbestos products ...	2	23,376	1,709	—	2,923	—	4,632
TOTAL ...	227	237,020	4,232	322	4,548	33	9,135

Source : Central Bank of Ceylon.

Rs. 19 million in 1965 was in the Tobacco industry. The wage bill in the Spinning, weaving and finishing of textiles increased from Rs. 9.9 million in 1965 to Rs. 13.8 million in 1966 and in the Miscellaneous chemical products industry from Rs. 9.4 million in 1965 to Rs. 10.0 million in 1966. The data also indicates the relative disparities in wage levels in some industries. For instance, in the Miscellaneous food preparations industry there are 3,647 employees earning Rs. 5.4 million. In the Spinning, weaving and finishing of textiles 11,904 employees received Rs. 13.8 million. As against this, in other industries where minimum wages have existed for a long time for instance, in the Tobacco industry where 8,905 employees received a wage bill of Rs. 22 million and in Miscellaneous chemical products where 4,704 employees earned Rs. 10 million, the average wage levels have been appreciably higher.

The wage per man-day rose from Rs. 5.78 in 1965 to Rs. 6.04 in 1966. The wage per man-day has increased substantially in most industries except in the Knitted fabrics and articles and made-up garments industry, Metal products, Plywood and Cement, cement products and asbestos products. In the Beer and stout making industry, the wage per man-day rose from Rs. 8.22 to Rs. 10.75 and in the Electrical machinery, apparatus, appliances and supplies industry from Rs. 7.19 to Rs. 9.25. High wages per man-day were also earned in the Soft drinks and carbonated water industry (Rs. 7.60) Tobacco (Rs. 8.80), Footwear and leather products (Rs. 8.44) and in Ceramics (Rs. 10.18). The lowest earnings were in the Knitted fabrics and articles and made-up garments industry (Rs. 3.93) and in the Biscuits and cocoa, chocolate and sugar confectionery group (Rs. 3.67). In the latter groups there has been a tendency during the last 5 years for the wage per man-day to be at a level generally less than Rs. 4/-.

Power and Fuel

On the use of power and fuel 227 firms sent data as against 221 firms in 1965. The value of fuel used was Rs. 9.1 million as against Rs. 5.0 million in 1965. Of the total cost of fuel used 45 per cent or Rs. 4.2 million was for electricity, Rs. 4.5 million for petrol and oil, and Rs. 322,000 for coal and gas. In 1965 the cost of electricity was Rs. 2.6 million or 51.5 per cent of power used and petrol and oil Rs. 544,000 or 10.9 per cent and coal and gas Rs. 1.6 million. The largest users of power were the Biscuits and cocoa, chocolate and sugar confectionery industry using power valued at Rs. 782,000, and the Spinning, weaving and finishing of textiles industry using power valued at Rs. 1 million. The difference in the figures between 1965 and 1966 does not represent an absolute increase in the amount of power used but primarily more accurate reporting and better coverage.

(b) Public Sector**Production**

At the end of 1966, of the eighteen Industrial Corporations fifteen were in production, while three others had not commenced production.¹ These were the Ceylon State Flour Milling Corporation, the Ceylon Steel Corporation and the Ceylon Tyre Corporation.

The production of cement at the Kankasanturai Cement Works had decreased by 2,428 tons, from 84,000 tons in 1965 to 81,572 tons in 1966. Over the preceding ten-year period the output of cement by the Corporation has tended to fluctuate, and the highest level of output of the Kankasanturai plant was attained in 1965. There has been no trend towards a progressively higher level of output, but this situation is likely to be reversed from 1967 onwards. Production capacity has now been increased by the installation of a new kiln and accessory equipment in June 1966. In the middle of 1966, the old kiln which had been in operation since the establishment of the plant was shut down for repairs and modernisation, and the new kiln was put into service. The fall in output during the year has been due to teething trouble in the new plant after it was brought into operation. Both the old and the new kiln are expected to be in service in 1967; this should almost double the output of cement. In 1966 the terminal cement grinding and packing plant at Galle with an initial capacity of 100,000 tons per annum was completed. This plant was expected to utilize the surplus clinker from the Kankesan works to produce cement. Difficulties have been experienced in ensuring supplies of clinker because the original plan to transport clinker coastwise by boat has not yet materialised.

The output of the Eastern Paper Mills Corporation increased appreciably by 2,385 tons from 6,696 tons in 1965 to 9,081 tons in 1966. The increase in output has been due to the plans initiated in 1960 to increase the rated capacity of the Mill from 3,750 tons to 9,000 tons by 1966 and the full utilization of plant capacity. The Mill is now working at full capacity.

The output of the two main products of the Paranthan Chemicals Corporation — caustic soda and chlorine — increased from 956 tons to 1,049 tons and 265 tons to 361 tons respectively in 1966. In addition, the Corporation also produced 69 tons of edible table salt. The increase in the output of chlorine was absorbed by an increase in the local requirements of this product. The Corporation was able to increase the output of caustic soda after the selling price of imported caustic soda was raised and the price of locally produced and imported caustic soda was fixed at Rs. 925 per ton.

The output of the Ceylon Ceramics Corporation fell by 50 tons, from 863 tons to 813 tons in 1966. Apart from finished domestic ceramicware, the Corporation also produced 1,472 tons of refined kaolin. The slight fall in output was due to

1. Of these, data requested from the Ceylon Oils & Fats Corporation, Sri Lanka Sugar Corporation & Industrial Estates Corporation were not received.

TABLE II (B) b. 1

Output of State Industrial Corporations 1963-1966

Name of Corporation	Unit of Output	Output in 1963	Output in 1964	Output in 1965	Output in 1966
1. Ceylon Cement Corporation ...	Tons ...	76,764	79,508	84,000	81,572
2. National Textile Corporation ...	Lbs., Cotton Yarn...	1,956,976	2,184,559	2,412,227	2,356,964
	yds., Cotton Textiles	—	—	—	2,809,578
3. Sri Lanka Sugar Corporation ...	Tons Sugar ...	1,467	1,958	3,273*	2,553
	Proof Gals. Spirits...	—	—	—	833,994
4. Eastern Paper Mills Corporation ...	Tons ...	5,840	6,451	6,696	9,081
5. Paranthan Chemicals Corporation ...	Tons-Caustic Soda	985	895	956	1,049
	Tons-Chlorine ...	270	230	265	361
	Tons-Table Salt ...	—	—	—	69
6. Ceylon Oils & Fats Corporation ...	Tons-Coconut Oil ...	9,467	1,961	1,514	n.a.
	Tons-Coconut Meal, Animal and Poultry Foods ...	19,805	21,565	22,158	n.a.
7. Ceylon Ceramics Corporation ...	Tons-Ceramicware	770	888	863	813
8. Ceylon Mineral Sands Corporation ...	Tons-Ilmenite ...	5,020	45,503	50,350	53,254
9. Ceylon Leather Products Corporation ...	Sq. ft. Chrome ...	500,100	511,310	473,180	616,860
	lb. Other Tannery Products ...	215,400	216,300	200,010	289,980
	Pairs of Shoes ...	162,700	168,430	188,200	224,190
10. Ceylon Plywoods Corporation ...	Sq. ft. 3 ply Plywood ...	18,558,000	12,215,658	13,969,144	18,800,000
11. National Small Industries Corporation ...	Furniture (Rs.) ...	—	—	4,360,000	4,428,317
	Tiles & Bricks (Rs.)	—	—	1,557,951	2,533,056
	Ayurveda Drugs (Rs.) ...	—	—	—	600,000
12. National Salt Corporation ...	Cwts. ...	—	—	382,589	1,269,372
13. Ceylon Fertilizer Corporation ...	Tons ...	—	—	92,057 ⁽¹⁾	107,147 ⁽¹⁾
14. Ceylon Steel Corporation ...	...	Not in Production			
15. Ceylon State Hardware Corporation ...	...	—	—	—	360,000
16. Ceylon State Flour Milling Corporation ...	...	Not in Production			
17. Ceylon Tyre Corporation ...	...	Not in Production			

Source : Data obtained from respective Corporations.

* Revised Figure.

⁽¹⁾ As at present, the Corporation does not produce any fertilizer but acts as an importer and distributor.

the stoppage of kilns for repairs in the last two months of the year. The production of kaolin at the Kaolin Refinery is about 50 per cent below capacity as the demand for kaolin is low. Refined kaolin is used as a raw material for ceramic-ware and also for the manufacture of insecticide sprays and in the paper industry. The demand for kaolin as a raw material in these industries has tended to fluctuate and as a result the refinery has had to work well below its rated capacity.

The output of the Ceylon Leather Products Corporation consisted of hides, miscellaneous leather products, assorted leather products, split and chrome leather and shoes. In 1966 the output of shoes increased by 35,990 to 224,190 pairs, valued at Rs. 3.6 million; the latter represented more than three-fifths of the value of total output of the Corporation. The production of chrome leather was about one-fifth of the total value of output. The value of assorted leather products was Rs. 209,290.

The output of the National Textile Corporation consisted of cotton yarn, cotton textiles and finishing of various types of textiles. The production of cotton yarn decreased slightly from 2.41 million pounds to 2.36 million pounds. The output of textiles was 2.8 million yards while 4.6 million yards of other materials were processed. These production figures were attained despite the stoppage of work for 2 months as a result of an industrial dispute in the textile mill.

The output of the Ceylon Mineral Sands Corporation increased by 2,904 tons to 53,254 tons in 1966. At present the output of the Corporation is mainly ilmenite, but plans have been undertaken to extend production to other minerals.

The National Small Industries Corporation produces three categories of goods. The value of output of furniture increased from Rs. 4.36 million in 1965 to Rs. 4.43 million, tiles and bricks from Rs. 1.56 million to Rs. 2.53 million, the value of ayurveda drugs produced was Rs. 600,000. Production in the Carpentry Section has been determined by the costs of labour and raw materials. Factors affecting production in the brick and tile section have been absenteeism, frequent breakdowns of machinery and technological problems.

The output of the Ceylon Fertilizer Corporation consisted of the preparation of inorganic fertilizers for paddy, coconut, tea, rubber and other crops. The total amount of fertilizers issued for agricultural purposes was 107,147 tons in 1966 as against 92,057 tons in 1965.

The value of output of the State Hardware Corporation was Rs. 360,000. The Corporation started production in 1966.

The principal products of the Ceylon Plywoods Corporation consisted of tea chests, flush doors, block boards and plyboards. The total value of output increased from Rs. 5,200,000 in 1965 to Rs. 6,517,000. Approximately two-thirds of the value of output consisted of the manufacture of plywood for the making of tea chests.

The output of sugar of the Sri Lanka Sugar Corporation fell from 3,273 tons to 2,553 tons in 1966. During the year in addition 833,994 proof gallons of spirits were produced. The output of common salt by the National Salt Corporation rose from 382,589 cwts., in 1965 to 1.3 million cwts., in 1966. This statistical increase in the output of salt by the Corporation was the result of the inclusion of Salt Department production figure with that of the National Salt Corporation after the Salt Department merged with the Corporation in July 1966.

Pricing Policy and Profits

The profits of the Ceylon Cement Corporation after tax were estimated at Rs. 2.5 million. The profits before payment of taxes in 1965 was Rs. 4.9 million. With the commissioning of new equipment the average cost of production of cement which is about Rs. 125 per ton is expected to fall appreciably. But even so the economy of the Kankesan Cement Works has been adversely affected due to the high rail transport cost of the finished products to the principal markets and of materials such as clay, gypsum and fuel that have to be transported to the plant. The retail selling price of cement manufactured by the Corporation was Rs. 190 per ton while the price to Co-operative Unions, Government departments and Public Institutions was Rs. 180 per ton. In terms of the capital employed, the Ceylon Cement Corporation has shown the highest return of 12.6 per cent among the Corporations.

With the substantial increase in output, the profits of the Eastern Paper Mills Corporation increased sharply from Rs. 1,462,762 to Rs. 3,411,085. After the Government agreed to increase its purchase price for various grades of paper, the Corporation was able to price its products on a realistic basis. The reduction in production costs in 1966 resulting from a larger output was offset by the increase in the world market price of raw materials and chemicals. Thus there were no changes in production costs between 1965 and 1966. The importation of paper has been entrusted to the Eastern Paper Mills Corporation and the prices of imported goods are determined on the basis of the c.i.f. value plus duty, plus a small margin to cover overheads. The prices of corresponding products manufactured by the Corporation are fixed in relation to the imported items. A part of the profits arising from production is utilized to subsidise certain items such as exercise books, which are sold at prices controlled by the Government.

For the first time since the establishment of the plant, the Paranthan Chemicals Corporation has shown a profit of Rs. 190,000 in 1966 as against a loss of Rs. 208,487 in 1965. This was achieved despite a slight increase in the cost of production arising from the increase in the cost of raw materials. Factors influencing profitability were increases in the output of edible table salt and chlorine. The Corporation was able to obtain a better price for caustic soda after the Government fixed the price of both the imported and locally manufactured products at Rs. 925 per ton. The profits of the National Salt Corporation in 1966 were estimated at Rs. 1.2 million. The prices of manufactured salt have been fixed by the Government at Rs. 4.50 per cwt. ex salterns, and Rs. 5.50 ex stores.

TABLE II (B) b. 2

**Profits (before Direct Taxes) earned by State Corporations
1964-1966**

Name of Corporation	Profit/Loss 1964 Rs.	Profit/Loss 1965 Rs.	Profit/Loss 1966 Rs.	Capital employed as at 1966 Rs.	Profit for 1966 as a % of Capital employed %
1. Ceylon Cement Corporation	Profit 6,136,198	Profit 4,940,000	Profit 2,500,000*	19,873,000	12.6
2. National Textile Corporation ...	Profit 1,500,000	Profit 1,600,000	Profit 1,400,000	39,900,000	3.5
3. Sri Lanka Sugar Corporation ...	Profit 500,000	n.a.	n.a.	n.a.	—
4. Eastern Paper Mills Corporation ...	Loss 371,156	Profit 1,462,762	Profit 3,411,085	19,272,602	2.1
5. Paranthan Chemicals Corporation ...	Loss 730,000	Loss 208,487	Profit 190,000*	10,000,000	1.9
6. Ceylon Oils and Fats Corporation ...	Loss 350,000	n.a.††	n.a.	n.a.	—
7. Ceylon Ceramics Corporation ...	Profit 507,892	Profit 511,500	Profit 623,741*	17,935,000	3.5
8. Ceylon Mineral Sands Corporation ...	Profit 103,000	Loss*** 309,046	n.a.	7,402,326	—
9. Ceylon Leather Products Corporation ...	Profit 478,100	Profit 257,600*	Profit 144,260*	3,795,040	3.8
10. Ceylon Plywoods Corporation ...	Profit 267,800	Profit 232,375	n.a.	n.a.	—
11. National Small Industries Corporation ...	Loss 690,000	Loss 868,000	Loss 800,000*	16,512,196	—
12. National Salt Corporation	—	Profit 548,083	Profit 1,200,000	n.a.	—
13. Ceylon Fertilizer Corporation ...	—	Profit 518,211*	Profit 450,000*	182,549 ⁽¹⁾	—
14. Ceylon Steel Corporation ...	—	Not in production	—	87,500,000	—
15. Ceylon State Hardware Corporation ...	—	—	Loss 325,000	17,250,000	—
16. Ceylon State Flour Milling Corporation ...	—	Not in production	—	15,983,175	—
17. Industrial Estates Corporation ...	Loss 6,873	Profit††† 40,000	n.a.	n.a.	—
18. Ceylon Tyre Corporation ...	—	Not in production	—	—	—
TOTAL ...	Profit 7,345,461	Profit 8,724,998	Profit 7,144,086†	144,537,838†	4.9

Source : Data obtained from respective Corporations.

These figures are provisional and subject to audit.

* After tax.

† Excludes figures for Ceylon Mineral Sands, National Salt, Ceylon Fertilizer, Ceylon Steel & Ceylon State Flour Milling Corporations.

*** Anticipated loss up to end of March, 1966.

††† Marginal profit anticipated.

††† Estimated ending 31.3.66.

n.a. not available.

(1) As at present, the Corporation does not produce any fertilizer but acts as an importer and distributor. Hence the fixed capital of the Corporation is low.

The profits of the Ceylon Ceramics Corporation at Rs. 623,741 in 1966 were approximately 20 per cent higher than in the previous year. The cost of production increased by about 2 per cent due mainly to increases in wages and salaries after the introduction of a new wage and salary structure. There was also a slight increase in the cost of imported raw materials owing to the delay in approving concessionary rates of import duties for these materials. The Corporation sold the bulk of its products on a commission basis to the Co-operative Wholesale Establishment while the latter distributes the products to Co-operative Multi-Purpose Production and Sales Unions. From the inception, the selling prices of the Corporation's products have not changed. The finished ceramicware of the Corporation has always had a very ready sale and the demand has been appreciably above what the Corporation produces. In 1966 the Corporation produced only 40 per cent of the local requirements of crockery.

The profits of the Ceylon Leather Products Corporation after tax was Rs. 144,260 as against the profit of Rs. 257,600 in 1965. The fall in profits was due to an increase in the cost of production while selling prices have remained unchanged. The selling prices have been determined on a competitive basis and fixed in relation to the prices charged for footwear by other manufacturers. The increase in the turnover tax from 3 to 5 per cent has also affected profits. The rise in the cost of imported raw materials was due to an increase in customs duty from an average of 17 per cent to 30 per cent. There was also an upward revision in wages and salaries which increased costs.

The estimated profit of the National Textile Corporation in 1966 before tax was Rs. 1.4 million as against Rs. 1.6 million in 1965. In determining the selling price of its products the Corporation took into account all costs and provided for an overall return of 10 per cent on investments. For the pricing of some products the Corporation also took into account the selling prices of comparable imported items.

The cost of production of ilmenite by the Ceylon Mineral Sands Corporation has remained more or less stable during the year. During the peak production months from March to August production costs normally tend to decline. But despite this, overall costs have not fallen because of increased expenditure on the maintenance of mining equipment. The profitability of the Corporation depends on the price of ilmenite which is beyond the control of the Corporation because the entire output is exported. The price of ilmenite has been static during the last few years and the output has been determined by weather conditions. In wet weather, production receives a severe setback. At present the market for ilmenite is almost entirely in Japan; the Corporation is exploring other market possibilities.

The Carpentry Section of the National Small Industries Corporation has been continuously running at a loss but during 1966 the loss was reduced to approximately Rs. 550,000. Owing to serious technological problems the tile factories ran at a loss of Rs. 350,000 in 1966, whereas the Corporation anticipated that a profit would be realised. The Ayurveda Drugs Section made a profit of Rs. 100,000 last year. The overall position of the Corporation was a loss of Rs. 800,000 during 1966.

The profitability of the Carpentry Section which produces furniture and boats depends mainly on the prices fixed by the Treasury on these items. The prices of bricks, tiles and drugs are determined with reference to prices obtaining in the market. In the Ayurveda Drugs Section, prices are fixed on the basis of cost estimates and in relation to the prices of drugs supplied to Government Institutions where the Commissioner for Ayurveda is consulted. Sales to the public are at prices 10 to 20 per cent above those for Government and Local Government Institutions.

The profits of the Ceylon Fertilizer Corporation after tax were approximately Rs. 450,000 ; profits in 1965 were higher at Rs. 518,211. The selling prices of the Corporation remained unchanged despite higher costs. The prices of fertilizers were determined on the basis of the c.i.f. price plus duty and charges to cover handling, storage and overheads. The Corporation has endeavoured to have stable prices by cushioning any increase or decrease in costs. Special prices are fixed for Government Institutions and Corporations who purchase in bulk.

The pricing policy of the Ceylon State Hardware Corporation in the initial stages of production has been to fix the prices of its products slightly below market prices.

Plans for Expansion

The current annual consumption of cement is about 300,000 tons of which, approximately 80,000 tons has been produced locally at the Kankesan Cement Works. Work was in progress for the expansion and modernization of the Kankesan Cement Works with the object of increasing its annual output from 80,000 tons to 275,000 tons. The first stage of this programme costing Rs. 67.0 million was completed with the commissioning of the new kiln in 1966. During the year the terminal cement grinding and packing plant of the Ceylon Cement Corporation at Galle with an initial capacity of 100,000 tons per annum was completed. Work on the new cement making plant at Puttalam with an initial capacity of 220,000 tons was started and the plant is due for completion in 1969. The capital expenditure on the first stage of the Puttalam Cement Factory would be approximately Rs. 81 million. The capital expenditure on the second stage designed to produce a further 220,000 tons will be approximately Rs. 61 million.

The scheme to extend the output of the paper mill of the Eastern Paper Mills Corporation from 3,750 to 9,000 tons was completed in 1966. The Corporation also proposes to start work in 1967 on the Paper Board Mill with a capacity of 9,000 tons to be located at Valaichchenai. A feasibility study for the erection of a newsprint mill up-country was also undertaken during the year. The possibility of establishing a further fine paper mill was also being examined.

The Paranthan Chemicals Corporation proposes to commission in 1967 a hydrochloric acid plant to utilize approximately 400 tons of surplus chlorine. During the next five years, the Corporation also proposes to establish a plant to

step-up the output of caustic soda by 200 per cent to meet the entire local demand. Consideration has also been given to the establishment of a plant for the manufacture of soda ash and ammonium chloride; the Corporation expects to export soda ash.

The commercial production of ceramicware at the new Piliyandala Factory of the Ceylon Ceramics Corporation started in December 1966 and the production of sanitaryware and wall tiles is expected to commence in 1967. The plans for the expansion of the kilns at the Negombo factory for the additional production of 160 tons of crockery and the insulator project for the production of 300 tons of insulators were examined during 1966. The Corporation in 1966 produced only about 40 per cent of the country's requirements of crockery. When the Piliyandala factory is in full production, the Corporation expects to meet the country's entire requirements of crockery. The possibilities for the export of refined kaolin were being examined so as to enable the Kaolin refinery to work at full capacity.

In 1967, preliminary work in connection with the integrated Cotton textile mill of the National Textile Corporation is expected to be completed. This mill when completed will have 113,000 spindles with a capacity of 17.4 million pounds of yarn per annum, 560 looms with a capacity of 14 million yards and 40 million yards finishing capacity per annum. The Corporation also proposes to set up in the future a Cotton Spinning and Weaving Mill under the Economic Aid Agreement with the People's Republic of China with 41,600 spindles and 700 looms with a capacity of 10 million yards per annum. In addition, a separate finishing plant with a capacity of 40 million yards is also being contemplated.

The Ceylon Leather Products Corporation undertook an evaluation of the tannery expansion project, and work on this is expected to commence in 1967 and will take about two years for completion. In 1966, the Corporation purchased machinery for the manufacture of a "cemented line" of footwear.

In order to eliminate lags in production resulting from bad weather, the Ceylon Mineral Sands Corporation proposes to install a 20 ton sand drier which would function during the off season. The object of the Corporation has been to explore the possibilities of processing heavy mineral sand, to obtain products other than ilmenite where the return tends to be higher. A ton of ilmenite sells for about Rs. 25 while rutile will sell at Rs. 500 and zircon at Rs. 340. The Corporation is in the process of setting up the rutile and zircon separation plant at China Bay at an estimated cost of Rs. 3.5 million. Production on a commercial scale is expected to commence around 1968.

The Ceylon Steel Corporation is planning to set up a steel foundry at a capital cost of Rs. 2.5 million in 1967 and a structural shop and Galvanizing plant at a cost of Rs. 2.8 million in 1968. The Corporation also hopes to establish a number of other subsidiary industries within the next few years to fully utilize the products

of the industry. The Ceylon State Hardware Corporation has taken steps to establish a cast-iron foundry.

The Ceylon Fertilizer Corporation started work in 1966 on the construction of a chain of District Fertilizer Stores at a cost of Rs. 5 million to be spread out over a period of 5 years. Action was also initiated during the year for the construction of a mixing plant estimated at Rs. 3 million.

The National Salt Corporation is now undertaking the expansion of the Elephant Pass and Puttalam Salterns and will shortly undertake the construction of a new Saltern at Chavakachcheri.