

## II. ECONOMIC AND FINANCIAL TRENDS — 1967

### (A) National Product and Expenditure <sup>(1)</sup>

#### Introduction

In 1967, Ceylon achieved a substantial expansion in real output. The keynote of this economic expansion was the high level of output in domestic agriculture and fishing.

According to provisional estimates, Ceylon's Gross National Product at current prices rose by 4.9 per cent in 1967. At constant prices the increase was 4.2 per cent. This encouraging performance was mainly the result of a high level of output in domestic agriculture and fishing. In per capita terms, Gross National Product increased by 2.7 per cent at current prices and by 2.0 per cent at constant prices. On account of the importance of foreign trade in the Ceylon economy, these gains however, have to be viewed against the changes in Ceylon's terms of trade. In 1967, export prices fell by 6.3 per cent while import prices rose by 3.4 per cent, terms of trade declining by 9.4 per cent. In the result, whereas Ceylon's real product increased by 4.2 per cent, Ceylon's real income increased by only 2.2 per cent.

Gross National Product at current prices in 1967 is provisionally estimated at Rs. 7,962 million compared to a revised figure of Rs. 7,587 million in 1966. This is an increase of 4.9 per cent. The increase in Gross National Product in 1967 was mainly the result of a rise in the net output of domestic agriculture. Net output of tea, rubber, and coconut growing fell owing to a decline in the average price in the case of rubber and to a decline in both price and quantity produced in the case of tea and coconut. The adverse effects of these movements, however, were outweighed by an increase in the net output of paddy, fish, subsidiary food crops and livestock products. Paddy production increased from 45.7 million bushels in 1966 to a record level of 55.1 million bushels in 1967, an increase of 20.6 per cent. Fish production is estimated to have increased by 20.4 per cent. Value added in the production of subsidiary food crops and livestock products, i.e. milk and eggs, is tentatively estimated to have increased by 5.3 per cent and 4.5 per cent, respectively. Expansion in other sectors also contributed to the rise in Gross National Product in 1967. Value added in banking and insurance increased by 23.8 per cent, in construction by 16.9 per cent, in services by 5.6 per cent.

When measured at constant prices, Gross National Product increased from Rs. 7,613 million in 1966 to Rs. 7,932 million in 1967, an increase of 4.2 per cent. This reflects the higher level of output of paddy, fish, rubber, livestock products, certain industrial products, notably cement and tobacco, in 1967. Against the increase in output in several economic sectors in 1967, Ceylon's terms of trade declined by 9.4 per cent compared to a decline of 13.1 per cent in 1966, again adversely affecting Ceylon's real national income, which is obtained by adjusting changes in real output for changes in terms of trade. While real output increased by 4.2 per cent, real national income increased by only 2.2 per cent. In 1967, the increase in real product was higher than the growth of population which was 2.2 per cent. Per capita real product therefore increased by 2.0 per cent. On the other hand, the increase in real income was the same as the rate of increase in population. Per capita real income therefore remained unchanged in 1967.

1 Certain estimates of National Product and Expenditure for the years prior to 1967, appearing in this Report differ from those appearing in previous Annual Reports due to (a) the incorporation of revised primary data supplied to the Bank, (b) the adoption of improved methods in computing estimates in order to fall in line with standard practice.

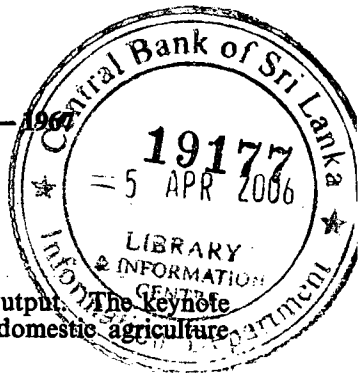


TABLE II (A) 1

## Summary Indicators of Product and Expenditure

	1959	1960	1961	1962	1963	1964	1965	1966	1967
<b>A. Values</b>									
(1) Gross National Product at Factor Cost Prices (Rs. Mn.) ...	5,893.3	6,286.8	6,313.3	6,502.5	6,796.7	7,290.5	7,376.9	7,587.4	7,962.3
(2) Gross Domestic Expenditure at Market Prices (Rs. Mn.) ...	6,576.0	6,849.3	6,875.6	7,011.4	7,412.7	7,892.1	7,833.5	8,270.5	8,920.8
(3) Private Consumption at Market Prices (Rs. Mn.) ...	4,582.2	4,960.6	4,847.9	4,951.6	5,241.8	5,688.9	5,675.5	5,654.1	6,455.3
(4) Public Consumption at Market Prices (Rs. Mn.) ...	881.3	911.0	926.2	979.4	1,010.6	1,090.1	1,156.7	1,153.3	1,223.3
(5) Gross Domestic Fixed Capital Formation at Market Prices (Rs. Mn.) ...	1,118.1	1,022.1	1,037.4	1,100.8	1,095.3	1,119.6	1,031.1	1,120.0	1,256.9
(6) Exports of Goods and Non-Factor Services (Rs. Mn.) ...	2,016.0	2,010.6	1,907.2	1,971.0	1,902.6	1,937.2	2,294.5	1,864.9	1,327.3
(7) Imports of Goods and Non-Factor Services (Rs. Mn.) ...	2,175.7	2,208.5	1,972.0	2,070.3	2,030.9	2,101.9	2,260.9	2,154.7	2,125.2
(8) Gross National Product <i>per capita</i> at Factor Cost Prices (Rs.) ...	612.3	635.3	620.9	622.7	634.5	664.5	656.9	660.3	678.2
(9) Gross Domestic Expenditure <i>per capita</i> (Rs.) ...	683.2	692.1	676.2	671.4	692.0	719.4	697.4	719.7	759.8
(10) Gross National Product at 1959 Factor Cost Prices (Rs. Mn.) ...	5,893.3	6,288.5	6,424.7	6,709.9	6,899.7	7,363.3	7,444.8	7,613.1	7,932.1
(11) Gross National Product <i>per capita</i> at 1959 Factor Cost Prices (Rs.) ...	612.3	635.5	631.9	642.5	644.1	671.2	662.8	662.5	675.6
<b>B. Index Numbers</b> 1959=100.0									
(1) Gross National Product at Factor Cost Prices ...	100.0	106.7	107.1	110.3	115.3	123.7	125.2	128.7	135.1
(2) Gross Domestic Expenditure at Market Prices ...	100.0	104.2	104.6	106.6	112.7	120.0	119.1	125.7	135.7
(3) Private Consumption at Market Prices ...	100.0	108.3	105.8	108.1	114.4	124.2	123.9	132.1	140.9
(4) Public Consumption at Market Prices ...	100.0	103.4	105.1	111.1	114.7	123.7	131.2	131.4	139.4
(5) Gross Domestic Capital Formation at Market Prices ...	100.0	91.4	92.8	98.5	98.0	100.1	92.2	100.2	112.4
(6) Exports of Goods and Non-Factor Services ...	100.0	99.7	94.6	97.8	94.4	96.1	103.9	92.5	90.6
(7) Imports of Goods and Non-Factor Services ...	100.0	101.5	90.6	95.2	93.3	96.6	94.7	99.0	97.7
(8) Gross National Product <i>per capita</i> at Factor Cost Prices ...	100.0	103.8	101.4	101.7	103.6	108.5	107.3	107.8	110.8
(9) Gross Domestic Expenditure <i>per capita</i> . ...	100.0	101.3	99.0	98.3	101.3	105.3	102.1	105.3	111.2

For explanatory notes see page 39.

Source: Central Bank of Ceylon.

In 1967, imports of consumer goods fell substantially. Nevertheless, private consumption expenditure increased, reflecting a higher level of domestic output. Government consumption also increased in 1967. Capital formation, particularly in building construction showed an increase in 1967. Total resources however, fell short of aggregate demand consisting of private and public consumption and gross domestic capital formation, as in the previous year. This shortfall is reflected in a deficit in Ceylon's balance of payments on current account of Rs. 329 million.

### **Production and Expenditure in Money Terms**

The year 1967 was marked by a substantial expansion in domestic agriculture. According to Table II (A) 2 which shows Gross Domestic Product according to industrial origin, 35.8 per cent of total Gross Domestic Product originated in agriculture, including the growing of tea, rubber and coconut for export, forestry and fishing. Changes in output in the sector would have therefore had a decisive influence on changes in total Gross Domestic Product. In 1967, net output of tea, rubber and coconut growing declined by 2.9 per cent. Nevertheless, the expansion in domestic agriculture and fishing was sufficiently large to bring about a substantial growth in total agriculture, forestry and fishing at current as well as at constant prices. Measured in terms of value added the expansion in domestic agriculture amounted to 19.2 per cent at current prices. At constant prices the increase was 12.2 per cent. Value added in total agriculture, forestry and fishing recorded an increase of 9.0 per cent at current prices and of 6.6 per cent at constant prices.

It is interesting to note that the expansion in the output of domestic agriculture in recent years coupled with the falling prices of export products has increased the relative importance of domestic agriculture in total agriculture, forestry and fishing. Thus, in 1959 net output of domestic agriculture, forestry and fishing constituted 46.6 per cent of total output in this sector. In 1967, this ratio had increased to 59.0 per cent.

Table II (A) 2 sets out estimates of Gross National Product at current factor cost prices. Figures of Gross Domestic Product are shown according to categories of industrial origin in order to highlight the relative importance of various industrial sectors in the Ceylon economy.

Net output of agriculture, forestry and fishing which was responsible for 35.8 per cent of total Gross Domestic Product, recorded an increase of 9.0 per cent in 1967. Tea, rubber and coconut showed a disappointing performance in the year. Tea production fell by 3 million lbs. while the average Colombo market price declined by 7 cents per lb. In the case of rubber, production increased by 27 million lbs. while the average Colombo market price of RSS No. 1 declined by 10 cents per lb. Coconut production is estimated to have fallen by 1.9 per cent while the average producers' price of nuts is estimated to have declined by 0.8 per cent. Net output of tea, rubber and coconut thus declined by 2.9 per cent. In contrast, the performance in domestic agriculture has been an encouraging one. Value added in paddy production is estimated to have increased by 49.9 per cent. This is due to an increase in the output as well as of the average producers' price of paddy. Output is estimated to have increased from 45.7 million bushels in 1966 to 55.1 million bushels in 1967 while the average producers' price increased from Rs. 11.05 to Rs. 13.61 per bushel. Net output in fishing increased by 28.0 per cent, again due to a rise in both quantity of fish landings and the price received by producers. Net output from livestock production, i.e. milk and eggs, is also tentatively estimated to have increased by 4.5 per cent and from subsidiary food crops by 5.3 per cent.

TABLE II (A) 2

## Gross National Product at Current Factor Cost Prices

	Rupees Million									Percentage Change							
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1960 / 1959	1961 / 1960	1962 / 1961	1963 / 1962	1964 / 1963	1965 / 1964	1966 / 1965	1967 / 1966
1. Agriculture, Forestry, Hunting and Fishing	2,302.4	2,389.7	2,456.1	2,392.3	2,600.2	2,663.5	2,527.6	2,632.4	2,870.0	+ 3.8	+ 2.8	- 2.6	+ 8.7	+ 2.4	- 5.1	+ 4.1	+ 9.0
2. Mining & Quarrying	31.3	32.2	31.7	33.4	30.0	33.1	34.1	35.0	38.5	+ 2.9	- 1.6	+ 5.4	- 10.2	+ 10.3	+ 3.0	+ 2.6	+ 10.0
3. Manufacturing	682.1	711.7	709.5	748.9	783.6	819.4	887.8	844.2	864.3	+ 4.3	- 0.3	+ 5.6	+ 4.6	+ 4.6	+ 8.3	- 4.9	+ 2.4
4. Construction	282.9	283.1	279.1	297.0	285.4	306.3	284.4	289.6	338.6	+ 0.1	- 1.4	+ 6.4	- 3.9	+ 7.3	- 7.1	+ 1.8	+ 16.9
5. Electricity, Gas, Water and Sanitary Services	9.5	9.8	10.4	11.1	11.4	12.9	13.5	14.3	15.1	+ 3.2	+ 6.1	+ 6.7	+ 2.7	+ 13.2	+ 4.7	+ 5.9	+ 5.6
6. Transport, Storage & Communication	540.9	587.3	578.9	633.6	636.6	706.3	762.8	818.1	839.9	+ 8.6	- 1.4	+ 9.4	+ 0.5	+ 10.9	+ 8.0	+ 7.2	+ 2.7
7. Wholesale & Retail Trade	800.8	936.5	872.8	954.4	971.2	1,146.6	1,163.1	1,213.3	1,169.9	+ 16.9	- 6.8	+ 9.3	+ 1.8	+ 18.1	+ 1.4	+ 4.3	- 3.6
8. Banking, Insurance & Real Estate	50.9	51.5	58.4	64.5	68.5	75.9	93.2	85.8	106.2	+ 1.2	+ 13.4	+ 10.4	+ 6.2	+ 10.8	+ 22.8	- 7.9	+ 23.8
9. Ownership of Dwellings	200.6	213.5	233.1	248.6	260.3	275.3	294.0	314.0	335.5	+ 6.4	+ 9.2	+ 6.6	+ 4.7	+ 5.8	+ 6.8	+ 6.8	+ 6.8
10. Public Administration and Defence	301.0	314.4	323.5	343.7	365.1	363.3	371.9	396.5	402.9	+ 4.5	+ 2.9	+ 6.2	+ 6.2	- 0.5	+ 2.4	+ 6.6	+ 1.6
11. Services	727.6	801.3	799.7	821.5	836.9	923.6	959.9	981.0	1,036.1	+ 10.1	- 0.2	+ 2.7	+ 1.9	+ 10.4	+ 3.9	+ 2.2	+ 5.6
12. Gross Domestic Product	5,930.0	6,331.0	6,353.2	6,549.0	6,849.2	7,326.2	7,392.3	7,624.2	8,017.0	+ 6.8	+ 0.4	+ 3.1	+ 4.6	+ 7.0	+ 0.9	+ 3.1	+ 5.2
13. Net Factor Income from Abroad	38.7	- 44.2	- 39.9	- 46.5	- 52.5	- 35.7	- 15.4	- 36.8	- 54.7								
14. Gross National Product	5,893.3	6,286.8	6,313.3	6,502.5	6,796.7	7,290.5	7,376.9	7,587.4	7,962.3	+ 6.7	+ 0.4	+ 3.0	+ 4.5	+ 7.3	+ 1.2	+ 2.9	+ 4.9

Source: Central Bank of Ceylon.

Note: This is a new table appearing for the first time in this Annual Report.

See technical note and explanatory notes on pages 38 and 39

Gross National Expenditure at Current Market prices

TABLE II (A)

	Rupees Million									Percentage Change							
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1960/ 1959	1961/ 1960	1962/ 1961	1963/ 1962	1964/ 1963	1965/ 1964	1966/ 1965	1967/ 1966
<b>(I) Private Consumption</b>																	
<b>(A) Imports of Goods and Non-factor Services</b>																	
(i) Imports of food and other personal consumption goods ...	1,812.2	1,907.1	1,708.7	1,740.2	1,546.6	1,752.6	1,609.1	1,762.6	1,405.2	+ 5.2	-10.4	+ 1.8	-11.1	+13.3	- 8.2	+ 9.5	-20.3
(ii) Imports of non-factor services... Total	177.5	151.8	136.6	127.8	129.0	108.8	110.1	113.9	100.3	-14.5	-10.0	- 6.4	+ 0.9	-15.7	+ 1.2	+ 3.5	-11.9
	1,989.7	2,058.9	1,845.3	1,868.0	1,675.6	1,861.4	1,719.2	1,876.5	1,505.5	+ 3.5	-10.4	+ 1.2	-10.3	+11.1	- 7.7	+ 9.1	-19.8
<b>(B) Locally Produced Goods and Services:</b>																	
(i) Locally produced goods ...	2,026.8	2,134.3	2,301.7	2,384.0	2,745.3	2,862.3	2,889.7	3,111.1	3,810.9	+ 7.8	+ 5.4	+ 3.6	+15.2	+ 4.3	+ 1.0	+ 7.7	+22.5
(ii) Rents of dwellings ...	186.3	197.3	216.4	225.7	247.3	263.7	339.9	348.9	358.0	+ 5.9	+ 9.7	+ 4.3	+ 9.6	+ 6.6	+28.9	+ 2.6	+ 2.6
(iii) Transport and Communication ...	240.0	255.1	271.5	287.5	293.2	337.1	373.2	400.3	428.1	+ 6.3	+ 6.4	+ 5.9	+ 2.0	+15.0	+10.7	+ 7.3	+ 6.9
(iv) Services, n.i.e. ...	444.1	474.8	477.3	488.6	501.0	544.8	561.3	568.8	576.2	+ 6.9	+ 0.5	+ 2.4	+ 2.5	+ 8.7	+ 3.0	+ 1.3	+ 1.3
Less: Government Purchases ... Total	-109.8	- 41.2	-102.0	-132.7	- 50.0	- 50.0	- 55.3	- 85.0	- 90.0								
	2,787.4	3,070.3	3,164.9	3,253.1	3,736.8	3,957.9	4,108.8	4,344.1	5,083.2	+10.1	+ 3.1	+ 2.8	+14.8	+ 5.9	+ 3.8	+ 5.7	+17.0
<b>(C) Less: Goods and Services purchased by non-residents</b>	-194.9	-168.6	-162.3	-169.5	-170.6	-130.4	-152.5	-166.5	-132.9								
<b>Total Private Consumption</b>	4,582.2	4,960.6	4,847.9	4,951.6	5,241.8	5,688.9	5,675.5	6,054.1	6,455.8	+ 8.3	- 2.3	+ 2.1	+ 5.9	+ 8.5	- 0.2	+ 6.7	+ 6.6
<b>(II) Public Consumption</b>																	
(i) Current expenditure on goods and services-Central Govt. ...	771.4	803.2	831.3	879.7	905.8	980.0	1,043.7	1,034.3	1,099.3	+ 4.1	- 3.5	+ 5.8	+ 3.0	+ 8.2	+ 6.5	- 0.9	+ 6.3
(ii) Current expenditure on goods and services-Local Govt. ...	90.0	86.9	73.9	78.2	82.8	87.6	90.0	100.0	105.0	- 3.4	-15.0	+ 5.8	+ 5.9	+ 5.8	+ 2.7	+11.1	+ 5.0
(iii) Imputed rents of Government buildings ... Total	19.9	20.9	21.0	21.5	22.0	22.5	23.0	24.0	24.0	+ 5.0	+ 0.5	+ 2.4	+ 2.3	+ 2.3	+ 2.2	+ 4.3	...
	881.3	911.0	926.2	979.4	1,010.6	1,090.1	1,156.7	1,158.3	1,228.3	+ 3.4	+ 1.7	+ 5.7	+ 3.2	+ 7.9	+ 6.1	+ 0.1	+ 6.0
<b>(III) Gross Domestic Fixed Capital Formation</b>																	
(i) Government ...	256.2	237.7	249.4	259.9	256.7	238.8	249.9	265.0	327.2	- 7.2	+ 4.9	+ 4.2	+ 1.2	- 7.0	+ 4.6	+ 6.0	+23.5
(ii) Public Enterprises ...	79.6	79.4	91.7	103.7	127.3	101.8	129.8	123.8	114.8	- 0.3	+15.5	+13.1	+22.8	-20.0	+27.5	- 4.6	- 7.3
(iii) Public Corporations ...	90.4	88.4	77.3	88.7	94.0	151.1	149.6	208.5	814.9	- 2.2	-12.6	+14.7	+ 6.0	+60.7	- 1.0	+39.4	+11.4
(iv) Private Sector ... Total	691.9	616.6	619.0	648.5	617.3	627.9	501.8	522.7	814.9	-10.9	+ 0.4	+ 4.8	- 4.8	+ 1.7	-20.1	+ 4.2	+11.4
	1,118.1	1,022.1	1,037.4	1,100.8	1,095.3	1,119.6	1,031.1	1,120.0	1,256.9	- 8.6	+ 1.5	+ 6.1	- 0.5	+ 2.2	- 7.9	+ 8.6	+12.2
<b>(IV) Changes in Stocks</b>																	
(i) Government ...																	
(ii) Public Enterprises ...	- 21.9	- 14.4	+ 53.5	+ 39.8	+ 4.7	- 4.7	+ 23.8	- 35.5	+ 18.2								
(iii) Public Corporations ...																	
(iv) Private Sector ... Total	+ 16.3	- 30.0	+ 10.6	- 60.2	+ 60.3	- 1.8	- 53.6	- 26.4	- 38.4								
	- 5.6	- 44.4	+ 64.1	- 20.4	+ 65.0	- 6.5	- 29.8	- 61.9	- 20.2								
<b>(V) Gross Domestic Expenditure</b>	6,576.0	6,849.3	6,875.6	7,011.4	7,412.7	7,892.1	7,833.5	8,270.5	8,920.8	+ 4.2	+ 0.4	+ 2.0	+ 5.7	+ 6.5	- 0.7	+ 5.6	+ 7.9
<b>(VI) Net Investment Abroad</b>	-208.0	-220.5	- 93.8	-139.7	-167.6	-160.4	+ 58.9	-290.0	-328.6								
<b>(VII) Less: Net Receipts of International Gifts and Transfers</b>	+ 11.6	- 21.6	- 10.9	- 7.1	-13.2	- 40.1	- 40.7	- 36.6	-22.0								
<b>(VIII) Gross National Expenditure</b>	6,379.6	6,607.2	6,770.9	6,864.6	7,231.9	7,691.6	7,851.7	7,943.9	8,570.2	+ 3.6	+ 2.5	+ 1.4	+ 5.4	+ 6.4	+ 2.1	+ 1.2	+ 7.9

## Expenditure on Gross National Product

	1959	1960	1961	1962	1963	1964	1965	1966	1967
<b>1. Gross National Product at Factor Cost Prices ...</b>	5,893.3	6,286.8	6,313.3	6,502.5	6,796.7	7,290.5	7,376.9	7,587.4	7,962.7
<b>2. Indirect Taxes Less: Subsidies ...</b>	383.2	407.5	384.3	490.7	485.2	484.5	529.3	629.4	828.6
<b>3. Gross National Product at Market Prices ...</b>	6,276.5	6,694.3	6,697.6	6,993.2	7,281.9	7,775.0	7,906.2	8,216.8	8,791.3

For explanatory notes please see page 40

TABLE II (A) 4

at Current Prices

Rupees Million

	1959	1960	1961	1962	1963	1964	1965	1966	1967
4. Consumption Expenditure: Private ...	4,582.2	4,960.6	4,847.9	4,951.6	5,241.8	5,688.9	5,675.5	6,054.1	6,455.8
5. Consumption Expenditure: Government ...	881.3	911.0	926.2	979.4	1,010.6	1,090.1	1,156.7	1,158.3	1,228.3
6. Gross Domestic Capital Formation: Private Sector and Public Corporations ...	798.6	675.0	706.9	677.0	771.6	777.2	597.8	704.8	776.5
7. Gross Domestic Capital Formation Government and Public Enterprises ...	313.9	302.7	394.6	403.4	388.7	335.9	403.5	353.3	460.2
8. Gross Domestic Expenditure ...	6,576.0	6,849.3	6,875.6	7,011.4	7,412.7	7,892.1	7,833.5	8,270.5	8,920.8
9. Exports of Goods and Non-Factor Services ..	2,016.0	2,010.6	1,907.2	1,971.0	1,902.6	1,937.1	2,034.5	1,864	1,829.0
10. Less: Imports of Goods and Non-Factor Services ...	-2,175.7	-2,208.5	1,972.0	-2,070.3	-2,030.9	-2,101.9	-2,060.9	-2,154.7	-2,125.2
11. Expenditure on Gross Domestic Product at Market Prices ...	6,416.3	6,651.4	6,810.8	6,912.1	7,284.4	7,727.3	7,867.1	7,980.7	8,624.6
12. Net Factor Income from Abroad ...	-36.7	-44.9	-39.9	-46.5	-52.5	-35.7	-15.4	-36.8	-54.4
13. Residual: Unidentified changes in stocks and statistical discrepancy ...	-103.1	+87.1	-73.3	+127.6	+50.0	+83.4	+54.5	+272.9	+221.1
14. Expenditure on Gross National Product at Market Prices ...	6,276.5	6,694.3	6,697.6	6,993.2	7,281.9	7,775.0	7,906.2	8,216.8	8,791.3

Source: Central Bank of Ceylon.

Value added in total manufacturing showed an increase of 2.4 per cent. Net output in the manufacture of tea, rubber and coconut products fell by 13.5 per cent. This reflects a decline in the price of tea, rubber and coconuts as well as in the output of tea and coconut, as discussed in the previous paragraph. In regard to other manufactures, value added increased by 9.9 per cent. This was principally due to an increase in the output of cement and cigarettes. In 1967, while cement production increased from 81,000 tons to 189,000 tons, cigarette production is estimated to have increased by 10 per cent.

Value added in constructional activity increased by 16.9 per cent. This reflects greater building activity particularly in certain public corporations in which expenditure on construction is known to have increased substantially. The increase in production of cement is likely to have been an important factor contributing to increased building activity in 1967.

Income from banking and insurance increased by 23.8 per cent reflecting again greater activity in commercial banking as manifested by the number of new branch offices opened in 1967. The number of new branch offices opened amounted to 28 while the number of rural banks opened by the People's Bank was 14.

Value added in public administration also increased by 1.6 per cent. Other services including health and education too recorded an increase of 5.6 per cent in the value added. Personal emoluments in the Health and Education departments showed an increase of Rs. 21.7 million over the previous year.

Total Gross Domestic Product is estimated to have increased by 5.2 per cent in 1967. Since net factor income from abroad showed a larger outflow at Rs. 54.4 million as compared with Rs. 36.8 million in 1966, the increase in Gross National Product at 4.9 per cent was smaller than the increase in the Gross Domestic Product.

Table II (A) 3 shows estimates of Gross National Expenditure at current market prices. Alternative estimates of Gross National Expenditure obtained as a sum of Gross National Product plus net indirect taxes are shown in Table II (A) 4.

In 1967, Gross National Expenditure at market prices recorded an increase of 7.9 per cent compared to a rise of 1.2 per cent in 1966. The increase in 1967 is a result of higher outlay on consumption by both private and public sectors and an expansion in gross capital formation. Private consumption expenditure rose by 6.6 per cent compared to a rise of 6.7 per cent in 1966. Public consumption which had increased by only 0.1 per cent in the previous year rose by 6.0 per cent in 1967. Total capital formation increased by 16.9 per cent. This increase took place largely in the private sector including public corporations.<sup>(1)</sup>

Details of private consumption expenditure are shown in Table II (A) 5. In contrast to 1966, when imports of goods and non-factor services increased by 9.1 per cent, in 1967 expenditure on imports declined sharply by 19.8 per cent. Expenditure on imported rice, flour and sugar fell by 2.4 per cent while expenditure on imported personal consumption goods fell by 29.5 per cent. The fall in expenditure on imported goods was more than offset by a significant increase in expenditure on locally produced goods. Total expenditure on these goods rose by 22.5 per cent. Expenditure on locally produced rice is estimated to have increased from Rs. 279 million to Rs. 631 million, reflecting an increase in the open market price of rice and the larger quantity of paddy sold in the open market. The latter phenomenon was the consequence of the reduction of rice sold on ration by the Government in December, 1966, and the increase in the domestic production of paddy.

(1) Figures of capital formation for private sector and public corporations are not available separately.



Table II (A) 5

## Composition of Private Consumption Expenditure at Current Market Prices

	Rupees Million									Percentage Changes							
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1960/ 1959	1961/ 1960	1962/ 1961	1963/ 1962	1964/ 1963	1965/ 1964	1966/ 1965	1967/ 1966
<b>A. Imports of Goods and Non-Factor Services</b>																	
(i) Rice, Wheat Flour and Sugar...	484.5	482.2	513.2	534.0	516.9	516.7	598.0	600.8	586.1	- 0.5	+ 6.4	+ 4.1	- 3.2	...	+15.7	+ 0.5	+ 2.4
(ii) Other Personal Consumption Goods	1,327.7	1,424.9	1,195.5	1,206.2	1,029.7	1,235.9	1,011.1	1,161.8	819.1	+ 7.3	- 16.1	+ 0.9	- 14.6	+ 20.0	- 18.2	+ 14.9	- 29.5
(iii) Non-Factor Services	177.5	151.8	136.6	127.8	129.0	108.8	110.1	113.9	100.3	- 14.5	- 10.0	- 6.4	+ 0.9	- 15.7	+ 1.2	- 3.5	- 11.9
<b>Total</b>	1,989.7	2,058.9	1,845.3	1,868.0	1,675.6	1,861.4	1,719.2	1,876.5	1,505.5	+ 3.5	- 10.4	+ 1.2	- 10.3	+ 11.1	- 7.6	+ 9.1	- 19.8
<b>B. Locally Produced Goods and Services</b>																	
(i) Locally produced goods:																	
Rice	312.2	307.5	274.9	305.6	319.1	318.3	235.9	278.6	631.4	- 1.5	- 10.6	+ 11.2	+ 4.4	- 0.3	- 25.9	+ 18.1	+ 126.7
Coconut products	231.9	187.0	162.0	154.3	209.5	217.3	275.5	278.7	292.9	- 19.4	- 13.4	- 4.8	+ 35.8	+ 3.7	+ 26.8	+ 1.2	+ 5.1
Tea	62.7	67.4	68.9	70.1	78.2	78.6	77.5	78.5	75.9	+ 7.5	+ 2.2	+ 1.7	+ 11.6	+ 0.5	- 1.4	+ 1.3	- 3.3
Other Food Crops	357.3	414.5	477.8	442.3	458.8	497.5	489.1	507.5	516.9	+ 16.0	+ 15.3	- 7.4	+ 3.7	+ 8.4	- 1.7	+ 3.8	+ 1.9
Tobacco	19.5	21.7	26.9	30.6	31.5	32.3	33.0	33.8	50.4	+ 11.3	+ 24.0	+ 13.8	+ 2.9	+ 2.5	+ 2.2	+ 2.4	+ 49.1
Betel and Arecanuts	81.0	86.9	88.3	80.9	84.6	78.5	70.8	68.0	71.0	- 7.3	+ 1.6	- 8.4	+ 4.6	- 7.2	- 9.8	- 4.0	+ 4.4
Firewood	70.6	73.0	76.0	77.9	79.7	81.8	82.6	83.7	85.6	+ 3.4	+ 4.1	+ 2.5	+ 2.5	+ 2.6	+ 1.0	+ 1.3	+ 2.3
Livestock products	124.2	122.7	137.2	133.2	172.4	182.8	189.8	198.0	270.1	- 1.2	+ 11.8	- 2.9	+ 29.4	+ 6.0	+ 3.8	+ 4.3	+ 36.4
Fish	78.3	102.6	144.9	176.8	181.4	191.0	191.8	210.3	319.3	+ 31.0	+ 41.2	+ 22.0	+ 2.6	+ 5.3	+ 0.4	+ 9.6	+ 51.8
Industrial products	689.1	801.0	844.8	912.3	1,130.1	1,184.2	1,243.7	1,374.0	1,497.4	+ 16.2	+ 5.5	+ 8.0	+ 23.9	+ 4.8	+ 5.0	+ 10.5	+ 9.0
<b>Total</b>	2,026.8	2,184.3	2,301.7	2,384.0	2,745.3	2,862.3	2,889.7	3,111.1	3,810.9	+ 7.8	+ 5.4	+ 3.6	+ 15.2	+ 4.3	+ 1.0	+ 7.7	+ 22.5
(ii) Rents of dwellings	186.3	197.3	216.4	225.7	247.3	263.7	339.9	348.9	358.0	+ 5.9	+ 9.7	+ 4.3	+ 9.6	+ 6.6	+ 28.9	+ 2.6	+ 2.6
(iii) Transport and Communication Services, n.i.e.	240.0	255.1	271.5	287.5	293.2	337.1	373.2	400.3	428.1	+ 6.3	+ 6.4	+ 5.9	+ 2.0	+ 15.0	+ 10.7	+ 7.3	+ 6.9
Financial Services to Persons... Recreation and Entertainment	12.9	14.0	15.0	16.2	17.9	19.3	21.1	22.3	23.6	+ 8.5	+ 7.1	+ 8.0	+ 10.5	+ 7.8	+ 9.3	+ 5.7	+ 5.7
Domestic Services	24.4	25.2	26.0	26.7	27.5	28.6	29.7	30.0	27.8	+ 3.3	+ 3.2	+ 2.7	+ 3.0	+ 4.0	+ 3.8	+ 1.0	- 7.3
Hotels and Restaurants	200.1	203.1	209.4	217.8	226.6	237.3	243.8	249.1	255.8	+ 1.5	+ 3.1	+ 4.0	+ 4.0	+ 4.7	+ 2.7	+ 2.7	+ 2.7
Professional and Institutional Services, n.i.e.	119.2	121.0	124.7	129.7	134.5	141.2	145.0	148.3	151.7	+ 1.5	+ 3.1	+ 4.0	+ 3.7	+ 5.0	+ 2.7	+ 2.3	+ 2.3
Personal Services, n.i.e.	37.6	60.9	50.0	43.9	37.8	59.6	60.3	56.1	52.2	+ 62.0	- 17.9	- 12.2	- 13.9	+ 57.7	+ 1.2	- 7.0	- 7.0
<b>Total</b>	49.9	50.6	52.2	54.3	56.5	58.8	61.0	63.0	65.1	+ 1.4	+ 3.2	+ 4.0	+ 4.1	+ 4.1	+ 3.7	+ 3.3	+ 3.3
<b>Total</b>	444.1	474.8	477.3	488.6	501.0	544.8	561.3	568.6	576.2	+ 6.9	+ 0.5	+ 2.4	+ 2.5	+ 8.7	+ 3.0	+ 1.3	+ 1.3
Less: Government Local Purchases	109.8	41.2	102.0	132.7	50.0	50.0	55.3	85.0	90.0								
<b>Grand Total</b>	2,787.4	3,070.3	3,164.9	3,253.1	3,736.8	3,957.9	4,108.8	4,344.1	5,083.2	+ 10.1	+ 3.1	+ 2.8	+ 14.9	+ 5.9	+ 3.8	+ 5.7	+ 17.0
Less: Goods and Services purchased by non-residents	194.9	168.6	162.3	164.5	170.6	130.4	152.5	166.5	132.9								
<b>TOTAL PRIVATE CONSUMPTION</b>	4,582.2	4,960.6	4,847.9	4,951.6	5,241.8	5,688.9	5,675.5	6,054.1	6,455.8	+ 8.3	- 2.3	+ 2.1	+ 5.9	+ 8.5	- 0.2	+ 6.7	+ 6.6

For explanatory notes please see page 40.

Source: Central Bank of Ceylon.

Expenditure on other goods and services also rose due to an increase in the quantities produced as well as in retail prices. Notable increases were observed in expenditure on fish and livestock products. Expenditure on passenger transport mainly bus travel, also rose by 6.9 per cent. Passenger and luggage receipts of the Ceylon Transport Board increased from Rs. 218 million in 1966 to Rs. 242 million in 1967. Bus mileage also rose from 185 million to 209 million.

Details of capital formation at current market prices are shown in Table II (A) 6. Gross domestic capital formation rose by 16.9 per cent in 1967. This is in contrast to 1966 when it rose by only 5.7 per cent. In 1967, gross fixed capital formation recorded an increase of 12.2 per cent. Gross domestic fixed capital formation in the private sector and public corporations rose by 11.4 per cent. Capital formation in building construction alone increased by 16.5 per cent reflecting the increased quantity of building materials available in 1967. As mentioned previously, cement production rose from 81,000 tons to 189,000 tons while sales of cement rose from 75,000 tons to 192,000 tons. Capital formation in imported plant and machinery increased by 12.2 per cent while that in transport equipment declined by 18.7 per cent. Expenditure on other imported capital goods however, rose by 45.4 per cent in 1967.

Fixed capital formation in the government sector also recorded a sizeable increase of 13.7 per cent. This reflects increased expenditure on irrigation, land development, and public works in 1967.

#### Availability and Use of Resources

Table II (A) 7 shows total resources available through production and imports. In 1967, total resources available increased by 8.0 per cent. It will be seen that in contrast to 1966, the expansion in resources was entirely on account of an increase in domestic production, imports having fallen by 1.4 per cent. These developments also led to an increase in the share of Gross Domestic Product in total resources from 78.7 per cent in 1966 to 80.2 per cent in 1967 and a corresponding reduction in the proportion of imports from 21.3 per cent to 19.8 per cent.

Table II (A) 7 also shows the pattern of utilisation of resources. In 1967, resources used for consumption rose by 6.5 per cent as against an increase of 5.6 per cent in 1966. Resources used for capital formation which increased by 5.7 per cent in 1966, rose by 16.9 per cent in 1967. The ratio of resources used for capital formation in total resources also showed an increase in 1967. This ratio which stood at 10.4 per cent in 1966 rose to 11.5 per cent in 1967.

Table II (A) 8 compares estimates of Gross Domestic Expenditure with those of Gross National Product at market prices. A persistent tendency in recent years, as indicated in previous Annual Reports, is for resources available through domestic production to fall short of aggregate demand as measured by Gross Domestic Expenditure. In 1959, for instance, the ratio of Gross Domestic Expenditure to Gross National Product stood at 103.1 per cent. This ratio, after some fluctuations had increased to 104.1 per cent in 1966. In 1967, the ratio remained at the same level as in 1966, i.e. at 104.1 per cent. The shortfall in 1967 was met by an increase in international indebtedness amounting to Rs. 329 million and net receipts of international gifts and transfers amounting to Rs. 22 million.

Estimates of direct import content of public consumption, private consumption and capital formation are shown in Table II (A) 9. The increase in the availability of domestically produced goods and a fall in imports resulted in a general decline in the direct import content of consumption as well as of capital formation. The import content measured at c.i.f. prices of private consumption fell from 21.6 per cent in 1966 to 15.6 per cent in 1967. When measured at market prices this ratio fell from 31.0 per cent to 23.3 per cent.

**TABLE II (A) 6**  
**Gross Domestic Capital Formation at Current Market Prices**

	Rupees Million									Percentage Change							
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1960 / 1959	1961 / 1960	1962 / 1961	1963 / 1962	1964 / 1963	1965 / 1964	1966 / 1965	1967 / 1966
<b>(A) PRIVATE SECTOR AND PUBLIC CORPORATIONS</b>																	
<b>(i) Gross Domestic Fixed Capital Formation:</b>																	
Planting, Replanting and Land Development ... ..	62.1	63.2	63.2	64.0	69.5	87.2	69.1	68.7	67.1	+ 1.8	....	+ 1.3	+ 8.6	+25.5	-20.8	- 0.6	- 2.3
Building and Certain Other Construction ... ..	384.2	396.1	387.2	405.0	362.2	409.1	375.9	370.3	431.4	+ 3.1	- 2.3	+ 4.6	-10.6	+12.9	- 8.1	- 1.5	+16.5
Plant and Machinery ... ..	116.8	74.8	112.0	114.3	155.7	174.5	112.1	137.4	154.1	-36.0	+49.7	+ 2.1	+36.2	+12.1	-35.8	+22.6	+12.2
Transport Equipment ... ..	152.5	108.7	85.0	91.9	62.8	50.1	62.7	98.0	79.7	-28.7	-21.8	+ 8.1	-31.7	-20.2	+25.1	+56.3	-18.7
Capital Goods, n.i.e. ... ..	66.7	62.2	60.3	62.0	61.1	58.1	31.6	56.8	82.6	- 6.8	- 3.1	+ 2.8	- 1.5	- 4.9	-45.6	+79.7	+45.4
<b>TOTAL</b> ... ..	782.3	705.0	707.7	737.2	711.3	779.0	651.4	731.2	814.9	- 9.9	+ 0.2	+ 4.2	- 3.5	+ 9.5	-16.4	+12.3	+11.4
Private Sector ... ..	691.9	616.6	619.0	648.5	617.3	627.9	501.8	522.7	814.9	-10.9	+ 0.4	+ 4.8	- 4.8	+ 1.7	-20.1	+ 4.2	+11.4
Public Corporations ... ..	90.4	88.4	77.3	88.7	94.0	151.1	149.6	208.5	814.9	- 2.2	-12.6	+14.7	+ 6.0	+60.7	- 1.0	+39.4	+11.4
<b>(ii) Changes in Stocks</b>																	
Tea ... ..	+ 1.0	- 12.5	- 3.1	- 37.1	- 16.9	- 23.5	- 64.1	+21.6	- 24.4								
Rubber ... ..	- 2.5	- 26.8	+ 18.6	+ 2.9	+ 20.3	- 12.2	- 10.7	-14.7	+ 10.3								
Coconut Oil ... ..						- 4.2	+ 10.3	+ 2.0									
Livestock ... ..	+ 17.8	+ 9.3	- 4.9	- 26.0	+ 56.9	+ 38.1	+ 10.9	-35.3	- 24.3								
<b>TOTAL</b> ... ..	+ 16.3	- 30.0	+ 10.6	- 60.0	+ 60.3	- 1.8	- 53.6	-26.4	- 38.4								
<b>Gross Domestic Capital Formation</b>	798.6	675.0	718.3	677.2	771.6	777.2	597.8	704.8	776.5	-15.5	+ 6.4	- 5.7	+13.9	+ 0.7	-23.1	+17.9	+10.2
<b>(B) GOVERNMENT AND PUBLIC ENTERPRISES</b>																	
<b>(i) Gross Domestic Fixed Capital Formation:</b>																	
Imported Rice, Wheat Flour and Sugar ... ..	+ 13.0	- 26.3	- 12.1	- 2.0	+ 0.1												
G.P.S. Paddy ... ..	- 34.8	+ 9.7	+ 65.3	+ 45.1	+ 9.6	4.7	+ 22.0	-37.6	+ 18.2								
Arrack ... ..	- 0.1	+ 2.2	+ 0.3	- 3.3	- 5.0		+ 1.8	+ 2.1									
<b>TOTAL</b> ... ..	- 21.9	- 14.4	+ 53.5	+ 39.8	+ 4.7	4.7	+ 23.8	-35.5	+ 18.2								
<b>(ii) Changes in Stocks</b>																	
Imported Rice, Wheat Flour and Sugar ... ..																	
G.P.S. Paddy ... ..																	
Arrack ... ..																	
<b>TOTAL</b> ... ..																	
<b>Gross Domestic Capital Formation</b>	335.8	317.1	341.1	363.6	384.0	340.6	379.7	388.8	442.0	- 5.6	+ 7.6	+ 6.6	+ 5.6	-11.3	+11.5	+ 2.4	+13.7
<b>(C) ALL SECTORS</b>																	
<b>(i) Gross Domestic Fixed Capital Formation:</b>																	
Planting, Replanting and Land Development ... ..	1,118.1	1,022.1	1,037.4	1,100.8	1,095.3	1,119.6	1,031.1	1,120.0	1,256.9	- 8.6	+ 1.5	+ 6.1	- 0.5	+ 2.2	- 7.9	+ 8.6	+12.2
Building and Certain Other Construction ... ..	- 5.6	- 44.4	+ 64.1	- 20.4	+ 65.0	- 6.5	- 29.8	- 61.9	- 20.2								
Plant and Machinery ... ..	1,112.5	977.7	1,101.5	1,080.4	1,160.3	1,113.1	1,001.3	1,058.1	1,236.7	-12.1	+12.7	- 1.9	+ 7.4	- 4.1	-10.0	+ 5.7	+16.9
Transport Equipment ... ..																	
Capital Goods, n.i.e. ... ..																	
<b>TOTAL</b> ... ..	1,112.5	977.7	1,101.5	1,080.4	1,160.3	1,113.1	1,001.3	1,058.1	1,236.7	-12.1	+12.7	- 1.9	+ 7.4	- 4.1	-10.0	+ 5.7	+16.9

For explanatory notes please see page 40

Source : Central Bank of Ceylon.

**TABLE II (A) 7**  
**Resources and their Utilisation at Current Market Prices**

	RUPEES MILLION									PERCENTAGE CHANGE							
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963	1965 over 1964	1966 over 1965	1967 over 1966
<b>A. Resources</b>																	
Gross Domestic Product ...	6,416.3	6,651.4	6,810.8	6,912.1	7,284.4	7,727.3	7,867.1	7,980.7	8,622.9	+ 3.7	+ 2.4	+ 1.5	+ 5.4	+ 6.1	+ 1.8	+ 1.4	+ 8.0
Imports of goods and non-factor services ...	2,175.7	2,208.5	1,972.0	2,070.3	2,030.9	2,101.9	2,060.9	2,154.7	2,125.2	+ 1.5	-10.7	+ 5.0	- 1.9	+ 3.5	- 2.0	+ 4.6	- 1.4
<b>Total</b> ...	<b>8,592.0</b>	<b>8,859.9</b>	<b>8,782.8</b>	<b>8,982.4</b>	<b>9,315.3</b>	<b>9,829.2</b>	<b>9,928.0</b>	<b>10,135.4</b>	<b>10,748.1</b>	+ 3.1	- 0.9	+ 2.8	+ 3.7	+ 5.5	+ 1.0	+ 2.1	+ 6.0
<b>B. Utilisation</b>																	
Consumption ...	5,463.5	5,871.6	5,774.1	5,931.0	6,252.4	6,779.0	6,832.2	7,212.4	7,684.1	+ 7.5	- 1.7	+ 2.7	+ 5.4	+ 8.4	+ 0.8	+ 5.6	+ 6.5
Gross Domestic Capital Formation ...	1,112.5	977.7	1,101.5	1,080.4	1,160.3	1,113.1	1,001.3	1,058.1	1,236.7	-12.1	+12.7	- 1.9	+ 7.4	- 4.1	-10.0	+ 5.7	+16.9
Exports of goods and non-factor services ...	2,016.0	2,010.6	1,907.2	1,971.0	1,902.6	1,937.1	2,094.5	1,864.9	1,827.3	- 0.3	- 5.1	+ 3.3	- 3.5	+ 1.8	+ 8.1	-11.0	- 2.0
<b>Total</b> ...	<b>8,592.0</b>	<b>8,859.9</b>	<b>8,782.8</b>	<b>8,982.4</b>	<b>9,315.3</b>	<b>9,829.2</b>	<b>9,928.0</b>	<b>10,135.4</b>	<b>10,748.1</b>	+ 3.1	- 0.9	+ 2.3	+ 3.7	+ 5.5	+ 1.0	+ 2.1	+ 6.0

For explanatory notes please see page 40

Source: Central Bank of Ceylon

TABLE II (A) 8

Gross Domestic Expenditure and Availability of Resources

	1959		1960		1961		1962		1963		1964		1965		1966		1967	
	Rupees Million	Percentage of Row 6	Rupees Million	Percentage of Row 6	Rupees Million	Percentage of Row 6	Rupees Million	Percentage of Row 6	Rupees Million	Percentage of Row 6	Rupees Million	Percentage of Row 6	Rupees Million	Percentage of Row 6	Rupees Million	Percentage of Row 6	Rupees Million	Percentage of Row 6
1. Consumption Expenditure: Private ...	4,582.2	71.8	4,960.6	75.1	4,847.9	71.6	4,951.6	72.1	5,241.8	72.5	5,688.9	74.0	5,675.5	72.3	6,054.1	76.2	6,455.8	75.3
2. Consumption Expenditure: Government ...	881.3	13.8	911.0	13.8	926.2	13.7	979.4	14.3	1,010.6	14.0	1,090.1	14.2	1,156.7	14.7	1,158.3	14.6	1,228.3	14.3
3. Gross Domestic Capital Formation: Private Sector & Public Corporations	798.6	12.5	675.0	10.2	706.9	10.4	677.0	9.9	771.6	10.7	777.2	10.1	597.8	7.6	704.8	8.9	776.5	9.1
4. Gross Domestic Capital Formation: Government & Public Enterprises ...	313.9	4.9	302.7	4.6	394.6	5.8	403.4	5.9	388.7	5.4	335.9	4.4	403.5	5.1	353.3	4.4	460.2	5.4
5. Gross Domestic Expenditure ...	6,576.0	103.1	6,849.3	103.7	6,875.6	101.5	7,011.4	102.1	7,412.7	102.5	7,892.1	102.6	7,833.5	99.8	8,270.5	104.1	8,920.8	104.1
6. Gross National Product—(Adjusted) ...	6,379.6	100	6,607.2	100	6,770.9	100	6,865.6	100	7,231.9	100	7,691.6	100	7,851.7	100	7,943.9	100	8,568.2	100
7. Excess of (5) over (6) met by—																		
(a) Net disinvestment abroad ...	+ 208.0		+ 220.5		+ 93.8		+ 139.7		+ 167.6		+ 160.4		- 58.9		+ 290.0		+ 330.2	
(b) Net receipts of international gifts & transfers ...	- 11.6		+ 21.6		+ 10.9		+ 7.1		+ 13.2		+ 40.1		+ 40.7		+ 36.6		+ 22.4	
(a) + (b)	+ 196.4		+ 242.1		+ 104.7		+ 145.8		+ 180.8		+ 200.5		- 18.2		+ 326.6		+ 352.6	

For explanatory notes please see page 40.

Source: Central Bank of Ceylon.

**TABLE II (A) 9**  
**Direct Import Content of**

	1959			1960			1961			1962			Private Consumption
	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	
Expenditure at Market prices (Rs. Mn)	4,582.2	881.3	1118.1	4,960.6	911.0	1,022.1	4,847.9	926.2	1,037.4	4,951.6	979.4	1,100.8	5,241.8
Import component at c. i. f. prices													
(a) Amount (Rs. Mn.)	1,426.3	88.1	365.2	1,364.8	125.8	336.2	1,165.6	71.2	305.0	1,104.3	56.7	309.9	983.8
(b) Per cent	31.1	10.0	32.7	27.5	13.8	32.9	24.0	7.7	29.4	22.3	5.8	28.2	18.8
Import component at Market value													
(a) Amount (Rs. Mn)	1,989.7	97.3	565.5	2,058.9	139.0	518.7	1,845.3	78.7	471.6	1,868.0	62.7	478.9	1,675.6
(b) Per cent	43.4	11.0	50.6	41.5	15.3	50.7	38.1	8.5	45.5	37.7	6.4	43.5	32.0

## Gross Domestic Expenditure

1963		1964			1965			1966			1967		
Public Consumption	Gross Domestic Fixed Capital Formation	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation
1,010.6	1,095.3	5,688.9	1,090.1	1,119.6	5,675.5	1,156.7	1,031.1	6,054.1	1,158.3	1,120.0	6,455.8	1,228.3	1,256.9
51.8	292.5	1,431.3	47.2	294.5	945.3	59.3	218.7	1,305.8	80.8	304.4	1,008.9	78.9	315.0
5.1	26.7	25.2	4.3	26.3	16.7	5.1	21.2	21.6	7.0	27.2	15.6	6.4	25.1
57.2	465.5	1,861.4	52.3	486.3	1,719.2	65.5	386.2	1,876.5	89.3	512.0	1,505.5	87.2	522.2
5.7	42.5	32.7	4.8	43.4	30.3	5.7	37.5	31.0	7.7	45.7	23.3	7.1	41.5

Source: Central Bank of Ceylon.

Again the import content at c.i.f. prices of capital formation fell from 27.2 per cent in 1966 to 25.1 per cent in 1967. Measured at market prices, the ratio fell from 45.7 per cent to 41.5 per cent.

### Real Product and Income

Estimates of Gross National Product at 1959 constant prices are shown in Table II (A) 10. In 1967, Ceylon's real product recorded an increase of 4.2 per cent compared with a revised figure of 2.3 per cent in 1966. The most important contribution to the increase in real product came from agriculture. Although the real value of tea and coconut declined, the real value of rubber, paddy, livestock, fish and other food crops showed marked increases in 1967, the most prominent being the increase of 20.3 per cent in paddy production.

Value added in manufacturing increased by 6.3 per cent. This was due to a higher level of output in rubber, cement and cigarettes. The value of constructional activity is estimated to have increased by 16.8 per cent and reflected to a large extent the higher level of building activity in 1967 particularly in public corporations.

The value of banking and insurance is estimated to have increased by 18.7 per cent. This reflected greater banking activity during 1967 as manifested by the increased number of branches opened and the amount of cheque clearings. In 1967, 28 new branch offices and 14 rural banks were opened in Ceylon. The value of cheques cleared also rose from a monthly average of Rs. 928 million in 1966 to Rs. 990 million in 1967.

Real output of transport, communication and warehousing increased by 2.4 per cent in 1967. This reflected the increased passenger transport services provided by the Ceylon Transport Board. As stated previously, total bus mileage of the Ceylon Transport Board increased from 185 million to 209 million in 1967.

Total Gross Domestic Product at constant prices increased by 4.3 per cent in 1967 as against a rise of 2.5 per cent in 1966. Gross National Product, i.e. Gross Domestic Product adjusted for net factor income from abroad, recorded an increase of 4.2 per cent compared to a revised figure of 2.3 per cent in 1966.

Ceylon's mid-year population provisionally estimated at 11,741,000 was 2.2 per cent higher than that in 1966. This represents a continuation of the falling trend in the rate of population growth observed in recent years. The rate of population growth based on mid-year estimates in 1959 for instance was 2.8 per cent.

Ceylon's per capita real product recorded a rise of 2.0 per cent in 1967. This is in contrast to 1966 when according to the revised estimate, it remained at the same level as in the previous year.

The economic expansion in 1967 has to be viewed against the background of falling prices of exports and rising prices of imports. This is necessary on account of the important role played by exports and imports in the Ceylon economy; the value of exports as a percentage of Gross National Product at factor cost prices as well as value of imports as a percentage of Gross National Expenditure at market prices was 21 per cent in 1967. In 1967, since export prices fell by 6.3 per cent and import prices rose by 3.4 per cent the declining trend in the terms of trade continued. The fall in 1967 was 9.4 per cent compared to a fall of 13.1 per cent in 1966. The adverse effect of the decline in the terms of trade measured from the base year of 1959 is estimated at Rs. 666 million compared to Rs. 505 million in 1966, as shown in Table II (A) 11, on Real National Income. Real National Income obtained by adjusting estimates of real product for the terms of trade effect increased from Rs. 7,108 million to Rs. 7,266 million in 1967. This is an increase of only



TABLE II (A) 10

Gross National Product at Constant 1959 Factor Cost Prices

	Rupees Million									Percentage Change							
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1960/ 1959	1961/ 1960	1962/ 1961	1963/ 1962	1964/ 1963	1965/ 1964	1966/ 1965	1967/ 1966
1. Agriculture, Forestry, Hunting and Fishing ...	2,302.4	2,435.5	2,613.5	2,694.5	2,846.0	2,945.9	2,817.6	2,856.6	3,045.6	+ 5.8	+ 7.3	+ 3.1	+ 5.6	+ 3.5	- 4.4	+ 1.4	+ 6.6
2. Mining and Quarrying ...	31.3	32.4	31.8	33.2	29.5	32.1	33.1	33.8	35.7	+ 3.5	- 1.9	+ 4.4	- 11.1	+ 8.8	+ 3.1	+ 2.1	+ 5.6
3. Manufacturing ...	682.3	728.0	745.9	797.6	853.0	901.3	952.0	977.0	1,038.9	+ 6.7	+ 2.5	+ 6.9	+ 6.9	+ 5.7	+ 5.6	+ 2.6	+ 6.3
4. Construction ...	282.9	280.9	268.6	281.5	271.8	283.3	263.8	267.7	312.7	- 0.7	- 4.4	+ 4.8	- 3.4	+ 4.2	- 6.9	+ 1.5	+ 16.8
5. Electricity, Gas, Water and Sanitary Services ...	9.5	9.8	10.4	11.1	11.4	12.9	13.5	14.3	14.7	+ 3.2	+ 6.1	+ 6.7	+ 2.7	+ 13.2	+ 4.7	+ 5.9	+ 2.8
6. Transport, Storage and Communication ...	540.9	584.8	565.7	608.1	591.8	640.7	698.4	746.9	764.8	+ 8.1	- 3.3	+ 7.5	- 2.7	+ 8.3	+ 9.0	+ 6.9	+ 2.4
7. Wholesale and Retail Trade ...	800.8	928.8	839.4	891.9	875.1	1,003.1	1,023.8	1,059.2	1,038.6	+ 16.0	- 9.6	+ 6.3	- 1.9	+ 14.6	+ 2.1	+ 3.5	- 1.9
8. Banking, Insurance and Real Estate ...	50.9	51.8	58.5	64.2	67.4	73.6	90.4	83.0	98.5	+ 1.8	+ 12.9	+ 9.7	+ 5.0	+ 9.2	+ 22.8	- 8.2	+ 18.7
9. Ownership of Dwellings ...	200.6	211.8	224.2	235.8	227.2	254.8	272.8	272.8	265.4	+ 5.6	+ 5.9	+ 5.2	- 3.6	+ 12.1	+ 7.1		- 2.7
10. Public Administration & Defence	301.0	314.4	323.5	343.7	365.1	363.3	371.9	396.5	388.9	+ 4.5	+ 2.9	+ 6.2	+ 6.2	- 0.5	+ 2.4	+ 6.6	- 1.9
11. Services ...	727.6	754.2	783.3	798.1	812.3	886.0	921.8	941.4	973.7	+ 3.7	+ 3.9	+ 1.9	+ 1.8	+ 9.1	+ 4.0	+ 2.1	+ 3.4
12. Gross Domestic Product ...	5,930.0	6,332.4	6,464.8	5,759.7	6,950.6	7,397.0	7,459.1	7,649.2	7,977.5	+ 6.8	+ 2.1	+ 4.6	+ 2.8	+ 6.4	+ 0.8	+ 2.5	+ 4.3
13. Net Factor Income from Abroad	- 36.7	- 43.9	- 40.1	- 49.8	- 50.9	- 33.7	- 14.3	- 36.1	- 45.4								
14. Gross National Product ...	5,893.3	6,288.5	6,424.7	6,709.9	6,899.7	7,363.3	7,444.8	7,613.1	7,932.1	+ 6.7	+ 2.2	+ 4.4	+ 2.8	+ 6.7	+ 1.1	+ 2.3	+ 4.2

Note:—This is a new table appearing for the first time in this Annual Report. See technical note and explanatory notes to Tables on pages 38 and 39.

Source : Central Bank of Ceylon.

2.2 per cent in contrast to the rise of 4.2 per cent in Ceylon's real product. Since the rate of increase in real income was the same as that of population, Ceylon's per capita real income remained unchanged between 1966 and 1967.

### Production and Exports

Table II (A) 12 shows quantities produced of the principal agricultural crops and Table II (A) 13 exports valued at current and constant prices. Paddy production which had increased by 27.0 per cent in 1966 showed a further increase of 9.4 million bushels, or 20.6 per cent to 55.1 million bushels during the year 1967. In the export sector, rubber production continued to expand while production of tea and coconut fell in 1967.

### Tea

Tea production in 1967 was 487 million lbs. compared to 490 million lbs. in 1966 showing a decline of 3 million lbs. or 0.6 per cent. In the Colombo market, the average price of all grades of tea declined by 7 cents per lb. Exports of tea during 1967, however, increased by 37 million lbs. over exports in 1966. Since the average f.o.b. price declined by 11 cents per lb. the total value of exports increased by Rs. 33 million.

The area under tea according to the registers of the Tea Control Department at the end of 1967 amounted to 598,814 acres as against 596,445 acres in 1966. The average yield per acre has been estimated at 816 lbs. in 1967 as compared with 823 lbs. in 1966. The Replanting and Rehabilitation Subsidy Schemes continued to operate in 1967. The total amount paid in subsidies under the Replanting Subsidy, Rubber into Tea and Tea Rehabilitation Schemes amounted to Rs. 14.9 million as compared with Rs. 14.5 million in 1966.

### Rubber

The acreage under rubber at the end of 1967 is estimated at 573,226 acres as compared to 567,744 acres at the end of the previous year. The number of acres replanted during 1967 was 10,075 compared to 11,583 in 1966. Production of rubber in 1967 was 316 million lbs. This was an increase of 27 million lbs. or 9.3 per cent over the previous year. The increase in production in 1967 was partly a reflection of higher yields obtained and of a greater extent of replanted areas coming into bearing. The yield per acre increased from 609 lbs. in 1966 to 647 lbs. in 1967, while the acreage in production increased from 475,610 to 487,702 in 1967. In the Colombo market the average price of RSS No. 1 declined by 10 cts. per lb. or by 11.2 per cent to 79 cents per lb.

The volume of rubber exported in 1967 was 291 million lbs. compared to 298 million lbs. in 1966. The average f.o.b. price declined from Rs. 1.13 per lb. in 1966 to 97 cents in 1967.

### Coconut

The estimates of coconut production based on the nut equivalent of internal consumption and exports showed a decline from 2,468 million nuts in 1966 to 2,421 million nuts in 1967. This is a fall of 1.9 per cent. The fall in production in 1966 is attributable to drought conditions prevailing in the previous years.

Coconut exports (nut equivalent) fell from 1,029 million nuts in 1966 to 951 million nuts in 1967, i.e. by 78 million nuts or 7.6 per cent. The f.o.b. price of all major coconut products, i.e. coconut oil, copra and desiccated coconut fell in 1967

**TABLE II (A) 11**  
**Real National Income and Expenditure**

	Rupees Million									Percentage Change							
	1959	1960	1961	1962	1963	1964	1965	1966	1967	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963	1965 over 1964	1966 over 1965	1967 over 1966
1. Gross National Product at Constant 1959 Factor Cost Prices	5,893.3	6,288.5	6,424.7	6,709.9	6,899.7	7,363.3	7,444.8	7,613.1	7,932.1	+ 6.7	+ 2.2	+ 4.4	+ 2.8	+ 6.7	+ 1.1	+ 2.3	+ 4.2
2. Terms of Trade effect due to Export of -																	
(i) Tea		- 31.9	- 36.9	+ 1.4	-133.7	-156.0	-211.8	-317.7	-419.2								
(ii) Rubber		+ 37.3	- 24.5	- 13.3	- 55.7	- 93.7	-103.5	-145.3	-190.1								
(iii) Three Major Coconut Products		- 26.0	- 90.3	- 79.6	- 63.1	- 84.4	- 12.0	- 44.6	- 54.7								
(iv) Other products		+ 10.0	+ 1.1	+ 9.6	+ 10.7	+ 18.3	+ 18.4	+ 2.3	- 1.8								
(v) All Products		- 10.6	- 150.6	- 81.9	-241.8	-315.8	-308.9	-505.3	-665.8								
3. Gross National Income at Constant 1959 Factor Cost Prices	5,893.3	6,277.9	6,274.1	6,628.0	6,657.9	7,037.5	7,135.9	7,107.8	7,266.3	+ 6.5	- 0.1	+ 5.6	+ 0.5	+ 5.7	+ 1.4	+ 0.4	+ 2.2
4. Indirect taxes less subsidies (Adjusted)	383.2	408.2	408.0	431.0	432.9	458.2	464.0	462.2	472.5								
5. Gross National Expenditure at Constant 1959 Market Prices	6,276.9	6,686.1	6,682.1	7,059.0	7,090.8	7,505.7	7,599.9	7,570.0	7,738.8	+ 6.5	- 0.1	+ 5.6	+ 0.5	+ 5.9	+ 1.3	- 0.4	+ 2.2

Source: Central Bank of Ceylon

as reflected in the export price index which declined from 90.2 in 1966 to 84.5 in 1967. Consequent on the fall in the quantity exported and the average f.o.b price, the value of exports declined from Rs. 196 million in 1966 to Rs. 167 million in 1967.

The Coconut Rehabilitation Scheme and the Coconut Subsidy Scheme continued to operate in 1967. Under the former 1,415,727 seedlings were issued at the subsidised price of 25 cents per seedling. The corresponding figure for 1966 was 1,128,139 seedlings. Under the fertilizer subsidy scheme 56,500 tons of fertilizer were issued in 1967, the cost of the subsidy being Rs. 10 million. The amount of fertilizer issued in 1966 was 55,000 tons.

### **Paddy**

Paddy production increased in 1967 reaching a record level of 55.1 million bushels compared to 45.7 million bushels in 1966. This was an increase of 20.6 per cent. In 1966/67 Maha, the yield was 34.9 million bushels, an increase of 13.7 per cent over the previous Maha. The Yala crop was estimated at 20.2 million bushels which was an increase of 34.7 per cent over the same season in the previous year. It is noteworthy that the output in 1967 was 1.7 million bushels over the target set out in the agricultural development proposals of the Ministry of Agriculture and Food. The average yield per acre in Maha 1966/1967 was 40.85 bushels compared to 35.91 bushels in Maha 1965/66. The figures for Yala were 42.33 bushels in 1967 and 35.04 bushels in 1966. These figures constitute an all-time record in paddy production in Ceylon.

The increase in production in 1967 is attributable to the higher open market price, higher intake of fertilizer, increased use of high quality seed paddy, availability of more storage facilities at the district, divisional and village levels, and vigorous propaganda work by the Government. The open market price of paddy in 1967 increased following the reduction of rationed rice from 2 measures to 1 measure in December, 1966. The guaranteed price was itself increased from Rs. 12 to Rs. 14 per bushel in November, 1967.

TABLE II (A) 12

Quantities Produced of the Principal Agricultural Crops

	1959	1960	1961	1962	1963	1964	1965	1966	1967	Percentage Change							
										1960/ 1959	1961/ 1960	1962/ 1961	1963/ 1962	1964/ 1963	1965/ 1964	1966/ 1965	1967/ 1966
										Tea (Million lbs)	413	435	455	467	485	482	503
Rubber (Million lbs)	205	218	215	229	231	246	261	289	316	+ 6.3	- 1.4	+ 6.5	+ 0.9	+ 6.5	+ 5.1	+10.7	+ 9.3
Coconut Products (Nut equivalent in million)	2,313	2,183	2,601	2,811	2,557	3,000	2,681	2,468	2,421	- 5.6	+19.1	+ 8.1	- 9.0	+17.3	-10.6	- 7.9	- 2.0
Paddy (Million bushels)	36.5	43.1	43.2	48.1	49.2	50.5	36.3	45.7	55.1	+18.1	+ 0.2	+11.3	+ 2.3	+ 2.6	-28.1	+25.9	-20.6

**TABLE**  
**F. O. B. EXPORT**

		CURRENT PRICES											
		Rupees Million									Percentage		
		1959	1961	1961	1962	1963	1964	1965	1966	1967	1963/ 1962	1964/ 1963	1965/ 1964
<b>DOMESTIC EXPORTS</b>													
Tea	... ..	1,046	1,097	1,115	1,149	1,141	1,142	1,210	1,027	1,060	- 0.7	+ 0.1	+ 6.0
Rubber	... ..	298	378	260	290	257	290	304	338	282	-11.5	+12.9	+ 4.9
Three Major Coconut Products*		244	184	202	228	198	274	275	196	167	-12.9	+37.9	+ 0.6
Others	... ..	105	116	104	99	109	137	127	116	72	+ 9.6	+25.5	- 7.2
	<b>Total</b>	1,692	1,775	1,681	1,766	1,705	1,842	1,916	1,676	1,581	- 3.5	+ 8.1	+ 4.0
<b>Re-Exports - Total</b>		62	57	52	42	26	34	33	24	59	-38.2	+30.8	- 4.6

\*Copra, Coconut oil & Desiccated Coconut

II (A) 13  
VALUES

		CONSTANT PRICES														
Change		Rupees Million										Percentage Change				
1966/ 1965	1967/ 1966	1959	1960	1961	1962	1963	1964	1965	1966	1967	1963/ 1962	1964/ 1963	1965/ 1964	1966/ 1965	1967/ 1966	
-15.1	+ 3.7	1,046	1,116	1,159	1,230	1,241	1,240	1,348	1,202	1,252	+ 0.9	- 0.1	+ 8.7	-10.8	+ 4.1	
+11.0	- 16.0	298	337	286	324	305	368	388	435	424	- 5.9	+20.7	+ 5.4	+12.1	- 2.5	
-28.9	- 14.8	244	208	294	324	256	343	269	213	193	-21.0	+34.4	-21.6	-21.1	- 9.3	
- 8.4	- 37.9	105	105	103	97	95	111	100	97	105	- 2.1	+17.0	- 9.8	- 3.1	+ 7.7	
-12.5	- 5.7	1,692	1,766	1,841	1,974	1,896	2,062	2,105	1,947	1,974	- 4.0	+ 8.7	+ 2.1	- 7.5	+ 1.4	
-27.3	+145.8	62	58	57	49	29	38	40	29	65	-39.9	+31.0	+ 5.3	-27.5	+14.1	

Sources: Ceylon Customs Returns;  
Central Bank of Ceylon.

**TECHNICAL NOTE ON NATIONAL PRODUCT AND EXPENDITURE****Estimates of National Product**

The Central Bank has in recent years been following a policy of continuous improvement of estimates of Gross National Product, on account of the many limitations from which the estimates suffer. One serious limitation in the estimates published hitherto, was the absence of figures of Gross Domestic Product according to industrial origin, as defined by the United Nations<sup>(1)</sup>. Estimates of Gross Domestic Product according to industrial origin as published in previous Annual Reports had been prepared, not on the lines recommended by the U.N. but under a system of classification adapted from the U.N. System. These figures gave a somewhat distorted picture of the actual industrial origin of Gross Domestic Product. Accordingly, a series of estimates of Gross Domestic Product according to industrial origin as recommended by the U.N. is presented in this Report for the first time. In order to provide a comparable series of estimates which is so essential for economic analysis, these figures are shown from 1959 onwards.

Estimates appearing in previous Reports were prepared by using generally, a combination of the product and income approaches<sup>(2)</sup>. Under the product approach, the procedure followed was to estimate the value of goods produced for final use at producers' prices and to deduct therefrom the value of imported materials used. In preparing the revised estimates in this Report too, a combination of product and income approaches were used. Under the product approach however, the procedure followed was to estimate the value of all goods and services produced, at producers' prices and to deduct therefrom the value of all materials and services purchased from outside the industry.

One important departure from the U.N. recommendations should, however, be noted. In Ceylon, taxes on exports have been traditionally regarded, for purposes of national income estimation, as direct taxes and therefore as part of factor payments. This practice has been continued in preparing the revised estimates. However, estimates of Gross Domestic Product excluding export taxes can be derived by deducting figures of export taxes given below from the published estimates of Gross Domestic Product.

**Figures of taxes on exports included in the estimates of Gross Domestic Product.**

	1959	1960	1961	1962	1963	1964	1965	1966	1967
1. Agriculture, Forestry, Hunting and Fishing	167.7	149.3	150.2	149.7	143.8	144.0	154.6	128.1	124.7
2. Mining and Quarrying	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
3. Manufacturing	170.3	152.4	155.0	154.6	148.6	149.1	158.5	131.8	128.0

Attention should be drawn to the inclusion under "manufacturing", of estimates of value added in the processing of tea, rubber and coconut which had been in the past, treated as activities falling under agriculture. They were estimated from data on cost of production. The value added in the processing of tea, rubber and coconut was separated from that of the growing of tea, rubber and coconut in a somewhat arbitrary manner since available cost of production data relate to the two processes combined.

In this Report it has been possible to present estimates of Gross Domestic Product at constant factor cost prices on a more detailed basis. In preparing these estimates, wherever possible, the estimates of value added at current prices for the base year (1959) were extrapolated by quantity indices. This was possible in the case of agriculture, forestry and fishing. In other cases, figures at current prices were deflated by using the available indices of prices and wages.

**Estimates of National Expenditure**

The series on National Expenditure was revised on account of the following:—

**Fish**

Estimates of fish production were revised on the basis of amended data obtained by the Bank.

(1) See, A System of National Accounts and Supporting Tables, U.N., 1964.

(2) For detailed description see National Income of Ceylon by K. Williams, 1952, and Annual Reports of the Central Bank for 1961, 1962 and 1966.



### Other Food Crops

This consists of two items (1) vegetables and fruits and (2) subsidiary food crops. Whereas previously, estimates for subsidiary food crops were based on per *capita* consumption data, the revised estimates are based on figures of production obtained from the Department of Census and Statistics.

### Capital Formation

Estimates of building construction. The procedure followed in regard to the computation of estimates of building construction was the same as that described in the Annual Report, 1966. However, the ratio of the value of building construction to the value of imported building materials plus ex-factory value of import substitute building materials for 1963 was revised on account of revisions in the data supplied to the Bank by the Public Corporations.

## EXPLANATORY NOTES TO TABLES ON NATIONAL PRODUCT AND EXPENDITURE

### General

1. Apart from published sources (such as the Ceylon Customs Return) and special sources on certain specific items (e.g. the Department of Industries on industrial output), much of the primary data for the preparation of these tables have been supplied by the Department of Census and Statistics.
2. On account of rounding of numbers in the tables, component items may not add up exactly to the totals.
3. The percentage changes shown in the tables have been computed on the basis of value in Rs. million taken to one decimal place.
4. n.i.e. = not included elsewhere.
5. Estimates for 1965 to 1967 are provisional.

### Table II (A)—1

Item (A) 6 — Merchandise exports are valued f.o.b.  
Item (A) 7 — Merchandise imports are valued c.i.f.

Items (A) 8, 9 and 10 — the following estimates of population have been used to compute per capita figures—

Year		1959	1960	1961	1962	1963
Mid-year population	...	9,625,000	9,896,000	10,168,000	10,443,000	10,712,000
Year		1954	1965	1966	1967	
Mid-year population	...	10,971,000	11,232,000	11,491,000	11,741,000	

### Table II (A)—2

This is a new table appearing for the first time in this Annual Report. It gives the revised series of estimates of Gross Domestic Product for 1959-67, discussed in the Technical Note on page 38. This table replaces tables II (A) 2 and II (A) 11 published in previous Annual Reports, entitled "Gross National Product at Current Factor Cost Prices" and "Gross Domestic Product by Industrial Origin at Current Factor Cost Prices". Table II (A) 3 of earlier Annual Reports which gave details of certain items of Table II (A) 2 is also omitted in this Annual Report.

**Table II (A)—3**

Item I (A) (i) Goods at retail values.

Item I (B) (i) Locally produced goods. Estimates of tea and coconut included in this item have been computed on the basis of data on per capita consumption; while the data used in computing the estimates for the years 1959 to 1962 have been obtained from the Consumer Finance Survey 1953, the data used from 1963 onwards have been obtained from the Consumer Finance Survey 1963. Thus the estimates for 1963 onwards are strictly not comparable with those for earlier years.

Item IV (i) and (ii)—Changes of stocks in the following items only—imported rice, wheat flour and sugar, GPS paddy, arrack.

Item IV (iii) —Changes in stocks of tea, rubber, coconut oil and livestock only.

Item V — Equals expenditure on consumption, gross domestic fixed capital formation and changes in stocks.

Item VI — Net investment abroad  $\equiv$  the surplus to the nation on current account.

**Table II (A)—4**

Item 2 — Inclusive of local rates.

Item 8 — Equals expenditure on consumption and gross domestic capital formation.

Item 14 — The algebraic sum of items 11 and 12 of this table equals the gross national expenditure as shown at Item VIII of Table II (A) 3: Item 14 of this table (expenditure on gross national product at market prices) differs from the algebraic sum of items 11 and 12 only by the amount shown as item 13 (unidentified changes in stocks and statistical discrepancy).

**Table II (A)—5**

Item B (i) — For estimates of tea and coconut see note to Table II (A)—3

Item B (iv) — Financial services to persons—the value of services rendered by banks, insurance companies and other financial institutions to households as distinct from enterprises.

Item B (iv) — Professional and Institutional services, n.i.e.—Private medical, legal and educational services and services rendered by non-profit making bodies (religious and welfare organisations, trade unions etc.)

Item B (iv) — Personal services, n.i.e.—Services, of dhobies, barbers, astrologers, undertakers, etc.

**Table II (A)—7**

Item A — Gross Domestic Product—This is item 12 of Table II (A)—2 adjusted for indirect taxes net of subsidies (Item 2 of Table II (A)—4) for unidentified changes in stocks plus statistical discrepancy (Item 13 of Table II (A)—4) to conform to the estimates of consumption and capital formation on the expenditure approach.

**Table II (A)—8**

Item 7 — For the sake of consistency with other items of this table, which are taken from the table on the gross national expenditure, i.e. Table II (A) — 3, the figures of gross national product at current market prices shown as item 3 of Table II (A)—4 have been adjusted by item 13 of that table.

**Table II (A)—10**

This is a new table appearing for the first time in this Report. It gives the revised estimates of Gross Domestic Product at constant prices discussed in the Technical Note on page 38. It replaces Table II (A) 12 published in previous Annual Reports.

**Table II (A)—12**

— Coconut and coconut products—This item covers copra, desiccated coconut, coconut oil and fresh nuts.