

**(A) INDUSTRIAL PRODUCTION****Introduction**

The analysis of industrial production given below is based on returns furnished by industrial undertakings in the private and public sectors. In table II (B) 1 these industries have been grouped into 24 categories. Categories XX to XXIV relate wholly or mainly to industrial undertakings of the public sector. The production trends in the public sector will be analysed separately in a subsequent section entitled " Industries in the public sector ".

**Principal Trends**

Table II (B) 1 shows an increase in the value of industrial production of Rs. 103.9 million in 1967 compared with an increase of Rs. 3.3 million in 1966. However, comparisons of performance of industry as between one year and another are subject to several qualifications. Industrial activity is so largely dependent on the availability of imported raw materials. In 1967, the supply of imported raw materials, which constitute a high percentage of raw materials used in industry, has been more than in the previous year. The sharp increase in the value of industrial production recorded in 1967 might also reflect an increase in prices which occurred and the better coverage of industrial units in this year's survey. The total number of manufacturing firms covered by the Central Bank Survey was 1830 in 1967 compared to only 1394 in 1966. Even though the scope of the survey was enlarged this year to include three new categories of industrial production (XVI, XVIII and XIX) it is still not possible to give a complete account of total output of industries in actual production because about 36% of firms in the private sector have not sent in returns.

The number of reporting firms in the category *Miscellaneous food preparations* increased from 86 to 106. Of all industrial groups, the largest increase in the number of reporting firms was in *Tobacco*, mainly because a large number of smaller units engaged in beedi manufacture were brought in. In the industrial groups *Biscuits and cocoa, chocolate and sugar confectionery*, the number of reporting firms decreased by one. The recorded value of production in this group fell by Rs. 5.3 million. In the group *Soft drinks and carbonated waters* though there was a reduction in the number of reporting firms the output increased; the number of firms was 18 as against 22 in 1966, while the value of output was Rs. 14.5 million as against Rs. 11.6 million in 1966.

In the industrial group *Knitted fabrics and articles and made-up garments and other apparel*, the number of reporting firms increased by 49 while the recorded value of production fell from Rs. 56.1 million to Rs. 48.1 million. Likewise, *The Miscellaneous chemical products* group had 35 more firms reporting this year but the value of its production fell from Rs. 101.9 million to Rs. 98.2 million. There was a large increase in the number of firms in *Spinning, weaving and finishing of textiles*, but the increase in value of output in this group was only Rs. 2.0 million. The current statistical statement included a large number of small units each of which made a small contribution to total output of the industry. *The Footwear and leather products* group continued to grow as in past years. There was a doubling in the number of reporting firms from 45 in 1966 to 91 in 1967 and the recorded value of its output increased by Rs. 4.2 million. With the increase in the number of reporting firms in the *Rubber products excluding footwear* group from 21 in 1966 to 31 in 1967, the recorded value of its production also increased from Rs. 18.9 million to Rs. 20.7 million. There was also a small increase of Rs. 0.9 million in the output of the *Paper, articles of paper and paper board* group while the number of reporting firms increased by 24. The *Metal products* group maintained the growth rate of the previous year; the number of reporting firms in the industry increased by 14 and the value of its output by Rs. 5.1 million.

# INDUSTRIAL PRODUCTION AND

INDUSTRIAL GROUP	Number of Firms				Number of Employees			
	1964	1965	1966	1967	1964	1965	1966	1967
I. Miscellaneous Food Preparations ... ..	62	96	86	106	3520	3622	3647	6301
II. Vegetable Oils and Fats ... ..	—	43	44	43	—	3770	3967	3940
III. Preserved and Canned Fruit, Vegetables, Meat, Fish and other sea foods ... ..	32	33	26	30	358	453	454	468
IV. Biscuits and Cocoa, Chocolate and Sugar Confectionery ... ..	82	65	58	57	2590	2927	3192	3125
V. Soft Drinks and Carbonated waters... ..	33	29	22	18	1088	1343	1257	1942
VI. Beer and Stout ... ..	1	1	2	2	300	338	416	431
VII. Tobacco ... ..	23	460	473	566	4214	8235	8905	10194
VIII. Knitted Fabrics and Articles and made-up Garments and other Apparel except footwear	103	110	123	172	6955	6341	6916	6663
IX. Spinning, Weaving and Finishing of Textiles	—	66	81	130	—	9650	11904	10659
X. Footwear and Leather Products ... ..	36	52	45	91	1990	2130	2282	2730
XI. Rubber Products (excluding Footwear) ...	24	27	21	31	1304	1435	1354	2195
XII. Miscellaneous Chemical Products ... ..	96	123	119	154	3306	4946	4704	4566
XIII. Paper, Articles of Paper and Paperboard ...	57	60	54	78	2187	2347	2369	2660
XIV. Metal Products ... ..	92	98	113	127	2629	3365	3912	4450
XV. Electrical Machinery, Apparatus, Appliances and Supplies ... ..	—	26	31	38	—	1126	1212	1851
XVI. Machinery (except Electrical Machinery) and Transport Equipment ... ..	—	—	—	18	—	—	—	1347
XVII. Manufactured Products, n.e.s. ... ..	69	75	81	93	1058	1742	1717	1582
XVIII. Manufactures of Wood ... ..	—	—	—	13	—	—	—	1466
XIX. Manufactures of Non-Metallic Mineral Pro- ducts and Products of Petroleum and Coal...	—	—	—	46	—	—	—	3043
XX. Ceramics ... ..	1	1	1	1	300	253	279	793
XXI. Plywood ... ..	1	1	1	1	611	624	744	987
XXII. Mineral Sands ... ..	1	1	1	1	105	120	118	314
XXIII. Basic Industrial Chemicals ... ..	1	1	1	1	200	200	250	280
XXIV. Cement, Cement Products and Asbestos Pro- ducts ... ..	3	11	11	13	1507	1868	1919	1968
TOTAL ...	717	1381	1394	1830	34222	56835	61418	73955

TABLE II (B)

## EMPLOYMENT 1964-67 STATISTICAL SUMMARY

Total Man-days(Th)				Wage Bill (Rs. Mn.)				Production Value (Rs. Mn.)				Wage per Man-day Rs.				Man-days per Employee			
1964	1965	1966	1967	1964	1965	1966	1967	1964	1965	1966	1967	1964	1965	1966	1967	1964	1965	1966	1967
901	1070	1053	1869	6.0	5.1	5.4	13.3	160.7	109.2	134.5	130.6	6.65	4.80	5.15	7.11	256	295	289	297
—	936	893	887	—	4.0	4.0	3.9	—	190.4	142.3	139.7	—	4.29	4.36	4.40	—	269	225	225
97	120	105	125	0.4	0.5	0.4	0.5	3.8	5.4	5.1	6.7	4.63	4.22	4.32	4.35	271	265	231	272
693	795	863	802	2.6	2.9	3.2	2.9	30.9	34.9	38.6	33.3	3.78	3.65	3.67	3.59	268	272	270	257
316	367	294	481	2.5	2.9	2.2	4.4	13.4	16.0	11.6	14.5	8.00	8.64	7.60	9.18	294	273	233	248
84	92	123	131	0.5	0.8	1.3	1.6	2.7	7.6	5.5	5.5	5.50	8.22	10.75	12.21	280	273	297	304
1175	2141	2500	1956	10.1	19.0	22.0	25.4	46.2	52.0	52.3	92.0	8.64	8.71	8.80	8.55	279	260	280	290
1749	1541	1617	1539	6.9	6.4	6.4	6.4	54.9	55.5	56.1	48.1	3.93	4.15	3.93	4.16	251	243	234	231
—	2801	3259	3050	—	9.9	13.8	13.3	—	91.3	95.1	97.1	—	3.54	4.24	4.36	—	290	274	286
538	590	628	735	4.5	4.6	5.3	6.1	23.4	24.7	27.7	31.9	8.30	7.75	8.44	8.25	270	277	275	269
361	396	346	450	1.9	2.0	1.9	3.2	17.0	19.1	18.9	20.7	5.21	5.15	5.37	7.17	277	276	256	205
884	1331	1258	1118	6.4	9.4	10.0	10.9	73.7	91.2	101.9	98.2	7.21	7.08	7.92	9.75	267	269	267	245
638	667	674	673	3.8	4.1	4.3	5.2	30.1	29.3	33.8	34.7	5.93	6.15	6.31	7.77	292	284	285	253
743	926	917	1099	4.1	5.2	5.0	7.8	38.5	44.7	49.0	54.1	5.52	5.57	5.42	7.10	283	275	234	247
—	263	277	493	—	1.9	2.6	3.4	—	14.0	20.8	28.1	—	7.19	9.25	6.87	—	234	229	266
—	—	—	378	—	—	—	2.9	—	—	—	19.8	—	—	—	7.63	—	—	—	281
279	415	418	399	1.2	1.6	1.9	1.7	11.0	14.7	16.2	17.4	4.31	3.96	4.42	4.25	264	238	243	252
—	—	—	182	—	—	—	0.7	—	—	—	3.6	—	—	—	3.78	—	—	—	124
—	—	—	761	—	—	—	2.3	—	—	—	10.2	—	—	—	3.00	—	—	—	250
86	71	78	198	0.8	0.8	0.8	2.0	2.4	2.4	2.3	4.4	8.68	11.50	10.18	10.25	288	253	278	280
171	187	222	276	1.3	1.8	2.0	2.4	3.9	5.2	6.5	6.8	7.70	9.48	8.91	9.00	280	300	298	280
33	36	36	72	0.3	0.2	0.2	0.6	0.9	1.3	1.4	1.4	7.52	6.12	6.20	7.89	312	300	305	229
62	65	81	91	0.6	0.6	0.7	0.8	1.0	1.6	1.9	1.9	8.06	8.61	8.71	8.75	310	325	325	325
470	526	481	550	3.5	4.9	4.0	6.3	23.0	36.5	28.8	53.5	7.33	9.29	8.39	11.40	312	282	264	279
9280	15336	16123	19315	57.4	88.6	97.4	128.0	537.5	847.0	850.3	954.2	6.19	5.78	6.04	6.62	271	270	263	261

Source : Central Bank of Ceylon.

**TABLE II (B) 2**  
**Value of Industrial Production 1964 - 67 Classified**

INDUSTRIAL GROUP	Value of Production (Rupees Million)			
	1964	1965	1966	1967
<b>I. Miscellaneous Food Preparations</b> ... ..	160.7	109.2	134.5	130.6
Dairy Products ... ..	4.9	13.0	15.3	14.7
Cattle and Poultry Foods ... ..	23.5	26.4	61.1	54.2
Desiccated Coconut ... ..	13.2	62.2	49.7	51.1
*Edible Oils and Foods ... ..	114.4	—	—	—
Salt ... ..	0.5	1.5	5.1	6.0
Ice ... ..	1.3	1.8	1.5	1.7
Other ... ..	2.9	4.3	1.8	2.9
<b>II. Vegetable Oils and Fats</b> ... ..	—	190.4	142.3	139.7
<b>III. Preserved and Canned Fruit, Vegetables, Meat, Fish and Other Sea Foods</b> ... ..	3.8	5.4	5.1	6.7
Jams, Jellies, Sauces, etc. ... ..	2.3	3.4	3.2	2.5
Other ... ..	1.5	2.0	1.9	4.2
<b>IV. Biscuits and Cocoa, Chocolate and Sugar Confectionery</b> ... ..	30.9	34.9	38.6	33.3
Biscuits ... ..	16.4	14.8	19.6	16.1
Boiled Sweets ... ..	5.5	7.6	9.6	7.5
Chocolate and Toffees ... ..	5.5	10.0	7.0	8.3
Other ... ..	3.5	2.5	2.4	1.4
<b>V. Soft Drinks and Carbonated Waters</b> ... ..	13.4	16.0	11.6	14.5
<b>VI. Beer and Stout</b> ... ..	2.7	7.6	5.5	5.5
<b>VII. Tobacco</b> ... ..	46.2	52.0	52.3	92.0
<b>VIII. Knitted Fabrics and Articles and Made-up Garments and Other Apparel except Footwear</b> ... ..	54.9	55.0	56.1	48.1
Shirts ... ..	25.4	30.3	37.3	31.6
Other ... ..	29.5	25.2	18.8	16.5
<b>IX. Spinning, Weaving and Finishing of Textiles</b> ... ..	—	91.3	95.1	97.1
<b>X. Footwear and Leather Products</b> ... ..	23.4	24.7	27.7	31.9
<b>XI. Rubber Products excluding Footwear</b> ... ..	17.0	19.1	18.9	20.7
Car Tyres and Tubes ... ..	—	—	—	8.9
Tyre Retreading ... ..	11.0	11.1	11.9	6.7
Cycle Tyres and Tubes ... ..	4.2	4.9	3.4	2.0
Other ... ..	1.8	3.1	3.6	3.1
<b>XII. Miscellaneous Chemical Products</b> ... ..	73.7	91.2	101.9	98.2
Pharmaceuticals (including Glycerine) ... ..	5.2	9.5	13.2	13.6
Cosmetics ... ..	6.2	7.5	7.8	9.4
Soap and Cleaning Compounds ... ..	39.0	47.6	49.7	44.4
Safety Matches ... ..	10.3	12.3	8.7	6.7
Toothpaste and Toothpowder ... ..	3.3	3.4	4.4	4.4
Other ... ..	9.7	10.9	18.1	19.7
<b>XIII. Paper, Articles of Paper and Paperboard</b> ... ..	30.1	29.3	33.8	34.7
Writing Paper (including Exercise Books) ... ..	12.1	10.4	14.2	11.7
Printing Paper ... ..	3.9	3.8	4.5	7.2
Cartons and Other Packing Boxes ... ..	4.6	5.9	3.1	2.9
Wrapping Paper ... ..	2.3	3.4	3.9	3.8
Other ... ..	7.2	5.8	8.1	9.1
<b>XIV. Metal Products</b> ... ..	38.5	44.7	49.0	54.1
Aluminium Ware ... ..	9.2	9.0	7.7	7.7
Metal Containers ... ..	4.9	9.3	8.5	8.5
Barbed Wire ... ..	3.0	3.1	3.5	4.1
Wire Nails ... ..	3.9	3.8	2.9	2.3
Other ... ..	17.5	19.5	26.4	31.5
<b>XV. Electrical Machinery, Apparatus, Appliances and Supplies</b> ... ..	—	14.0	20.8	28.1
<b>XVI. Machinery (except Electrical Machinery) and Transport Equipment</b> ... ..	—	—	—	19.8
Transport Equipment and Spares ... ..	—	—	—	15.8
Other Machinery and Spares ... ..	—	—	—	4.0
<b>XVII. Manufactured Products, n.e.s.</b> ... ..	11.0	14.7	16.2	17.4
Plastics ... ..	5.8	8.8	10.7	13.8
Other ... ..	5.2	5.9	5.5	3.6
<b>XVIII. Manufactures of Wood</b> ... ..	—	—	—	3.6
<b>XIX. Manufactures of Non-Metallic Mineral Products and Products of Petroleum and Coal</b> ... ..	—	—	—	10.2
<b>XX. Ceramics</b> ... ..	2.4	2.4	2.3	4.4
<b>XXI. Plywood</b> ... ..	3.9	5.2	6.5	6.8
<b>XXII. Mineral Sands</b> ... ..	0.9	1.3	1.4	1.4
<b>XXIII. Basic Industrial Chemicals</b> ... ..	1.0	1.6	1.9	1.9
<b>XXIV. Cement, Cement Products and Asbestos Products</b> ... ..	23.0	36.5	28.8	53.5
<b>TOTAL</b> ... ..	536.5	847.0	850.3	954.2

by Type of Industry and by Principal Products

% within Industry				% of Total Industrial Production			
1964	1965	1966	1967	1964	1965	1966	1967
100.0	100.9	100.0	100.0	29.9	12.8	15.7	13.7
3.0	11.9	11.4	11.3	0.9	1.5	1.8	1.5
14.6	24.2	45.4	41.5	4.4	3.1	7.2	5.7
8.2	57.0	37.0	39.1	2.5	7.3	5.8	5.4
71.2	—	—	—	21.3	—	—	—
0.3	1.4	3.8	4.6	0.1	0.2	0.6	0.6
0.8	1.6	1.1	1.3	0.2	0.2	0.2	0.2
1.8	1.9	1.3	2.2	0.5	0.5	0.2	0.3
—	100.0	100.0	100.0	—	22.5	16.7	14.6
100.0	100.0	100.0	100.0	0.7	0.6	0.6	0.7
60.5	63.0	92.7	37.3	0.4	0.4	0.4	0.3
39.5	37.0	37.3	62.7	0.3	0.2	0.2	0.4
100.0	100.0	100.0	100.0	5.7	4.1	4.5	3.5
53.1	42.4	50.8	48.4	3.0	1.7	2.3	1.7
17.8	21.8	24.9	22.5	1.0	0.9	1.1	0.8
17.2	28.6	18.1	24.9	1.0	1.2	0.8	0.9
11.3	7.2	6.2	4.2	0.7	0.3	0.3	0.1
100.0	100.0	100.0	100.0	2.5	1.9	1.4	1.5
100.0	100.0	100.0	100.0	0.5	0.9	0.6	0.6
100.0	100.0	100.0	100.0	8.6	6.1	6.2	9.6
100.0	100.0	100.0	100.0	10.2	6.6	6.6	5.0
46.3	54.6	66.5	65.7	4.7	3.6	4.4	3.3
53.7	45.4	33.5	34.3	5.5	3.0	2.2	1.7
—	100.0	100.0	100.0	—	10.8	11.2	10.2
100.0	100.0	100.0	100.0	4.3	2.9	3.3	3.3
100.0	100.0	100.0	100.0	3.2	2.3	2.2	2.2
—	—	—	43.0	—	—	—	0.9
64.7	58.1	63.0	32.3	2.0	1.3	1.4	0.7
24.7	25.7	18.0	9.7	0.8	0.6	0.4	0.2
10.6	16.2	19.0	15.0	0.3	0.4	0.4	0.4
100.0	100.0	100.0	100.0	13.7	10.8	12.0	10.3
7.1	10.4	13.0	13.9	1.0	1.1	1.6	1.4
8.4	8.2	7.7	9.6	1.2	0.9	0.9	1.0
52.9	52.2	48.8	45.2	7.2	5.6	5.8	4.6
14.0	13.6	8.5	6.8	1.9	1.5	1.0	0.7
4.5	3.7	4.3	4.5	0.6	0.4	0.5	0.5
13.2	12.0	17.7	20.0	1.8	1.3	2.1	2.1
100.0	100.0	100.0	100.0	5.6	3.4	4.0	3.6
40.2	35.5	42.0	33.7	2.2	1.2	1.7	1.2
13.0	13.0	13.3	20.7	0.7	0.4	0.5	0.8
15.3	20.1	9.2	8.4	0.9	0.7	0.4	0.3
7.6	11.6	11.5	11.0	0.4	0.4	0.5	0.4
27.9	19.8	24.0	26.2	1.3	0.7	1.0	0.9
100.0	100.0	100.0	100.0	7.2	5.3	5.8	5.7
23.9	20.1	15.7	14.2	1.7	1.1	0.9	0.8
12.7	20.8	17.3	15.7	0.9	1.1	1.0	0.9
7.8	7.0	7.2	7.6	0.6	0.4	0.4	0.4
10.1	8.5	5.9	4.3	0.7	0.4	0.3	0.3
45.5	43.6	53.9	58.2	3.3	2.3	3.1	3.3
—	100.0	100.0	100.0	—	1.7	2.4	3.1
—	—	—	100.0	—	—	—	2.1
—	—	—	79.8	—	—	—	1.7
—	—	—	20.2	—	—	—	0.4
100.0	100.0	100.0	100.0	2.0	1.7	1.9	1.8
52.7	59.9	66.0	79.3	1.1	1.0	1.3	1.4
47.3	40.1	34.0	20.7	1.0	0.7	0.6	0.4
—	—	—	100.0	—	—	—	0.4
—	—	—	100.0	—	—	—	1.1
100.0	100.0	100.0	100.0	0.4	0.3	0.3	0.5
100.0	100.0	100.0	100.0	0.7	0.6	0.8	0.7
100.0	100.0	100.0	100.0	0.2	0.2	0.2	0.1
100.0	100.0	100.0	100.0	0.2	0.2	0.2	0.2
100.0	100.0	100.0	100.0	4.3	4.3	3.4	5.6
—	—	—	—	100.0	100.0	100.0	100.0

\* The figures for 1963 onwards are reflected under category II.

Source : Central Bank of Ceylon.

*Electrical machinery, apparatus, appliances and supplies* showed an appreciable increase in output from Rs. 20.8 million in 1966 to Rs. 28.1 million in 1967. The number of reporting firms in this group increased by 7. *Manufactured products not elsewhere specified*, consist mainly of plastic goods. Here the number of reporting firms increased from 81 to 93 while the increase in the value of output was only Rs. 1.2 million. Three new industrial categories<sup>1</sup> (which had not been covered before) are included here. Together they accounted for Rs. 33.6 million of industrial production. In the case of *Machinery, (except electrical machinery), and transport equipment*, returns were obtained from 18 firms and the value of output was Rs. 19.8 million. The number of reporting firms in the group *Manufactures of wood* was 13 ; together they contributed Rs. 3.6 million to total output. Forty-six firms manufacturing *Non-metalllic mineral products and products of petroleum and coal* had an output of Rs. 10.2 million.

### Composition of industrial output

The classification of industrial production by the major economic categories is given at Table II (B) 3. In 1967 Consumer goods represented 55.4 per cent of total value, Intermediate goods 31.2 per cent, and Investment goods 13.4 per cent. The value of output of each of these categories increased during the year, Consumer goods increasing by 10 per cent, Intermediate goods by 0.2 per cent, and Investment goods by as much as 74 per cent. These rates of increase alter the relative weightage of the three categories in the total value of industrial production. The share of Consumer goods and Intermediate goods fell while that of Investment goods increased.

As in the previous years, a large portion of the manufactured Consumer goods consisted of *Food, drink and tobacco*. The increase in the output of tobacco was particularly large amounting to Rs. 39.7 million. The sub-groups including *Garments, Footwear and leather products, Miscellaneous chemical products, Spinning, weaving and finishing of textiles* accounted for 52 per cent of the value of Consumer goods in 1967. The sharp rise in the value of Investment goods is mainly attributed to the rapid growth in output of *Cement and cement products* and the addition of two new categories of industrial production, viz. *Machinery (except electrical machinery) and transport equipment* and the *Manufacture of non-metalllic mineral products and products of petroleum and coal*.

More than 60 per cent of the increase of Rs. 103.9 million in the total value of industrial production in 1967 has been due to the expansion in the *Tobacco* industry and in the *Cement and cement products* industry. In the latter industry the increase in output was entirely due to an increase in the value of output of cement, which more than offset a fall in the value of output of firms manufacturing cement products. A few other industries show increases in value of output, i.e., *Preserved and canned fruit, vegetables, meat, fish and other sea foods, Soft drinks and carbonated waters, Spinning, weaving and finishing of textiles, Footwear and leather products and Rubber products excluding footwear*.

The *Metal products* industry whose value of output has been increasing since 1960 was able to maintain this steady rate of expansion in 1967. The value of output in this year was Rs. 54.1 million compared with Rs. 49.0 million in 1966. This expansion was in the Investment goods category of the industry, i.e. barbed wire, wire nails and galvanised products.

1 These were Machinery (except electrical machinery) and transport equipment, Manufactures of wood and Manufactures of non-metalllic mineral products and products of petroleum and coal.

TABLE II (B) 3

**VALUE OF INDUSTRIAL PRODUCTION 1964-67 BY MAJOR ECONOMIC CATEGORIES**

	Rs. Million				Per Cent			
	1964	1965	1966	1967	1964	1965	1966	1967
<b>A. Consumer Goods</b> ... ..	<b>340.1</b>	<b>456.9</b>	<b>480.3</b>	<b>528.9</b>	<b>63.3</b>	<b>53.9</b>	<b>56.5</b>	<b>55.4</b>
FOOD, DRINK AND TOBACCO ...	133.0	143.9	144.0	185.7	24.8	17.0	16.9	19.5
Miscellaneous Food Preparations (1)	36.0	28.0	30.9	33.7	6.7	3.4	3.6	3.5
Preserved & Canned Fruit, Vegetables, Meat, Fish and other Sea Foods (2) ... ..	3.8	5.4	5.1	6.7	0.8	0.6	0.6	0.7
Biscuits and Sugar Confectionery ...	30.9	34.9	38.6	33.3	5.7	4.1	4.5	3.5
Aerated Waters ... ..	13.4	16.0	11.6	14.5	2.5	1.9	1.4	1.5
Beer and Stout ... ..	2.7	7.6	5.5	5.5	0.5	0.9	0.6	0.6
Tobacco ... ..	46.2	52.0	52.3	92.0	8.6	6.1	6.2	9.7
GARMENTS (3) ... ..	54.9	55.5	56.1	48.1	10.2	6.5	6.6	5.0
FOOTWEAR AND LEATHER PRODUCTS	23.4	24.7	27.7	31.9	4.3	2.9	3.3	3.3
MISCELLANEOUS CHEMICAL PRODUCTS (4) ... ..	73.7	91.2	101.9	98.2	13.7	10.8	12.0	10.3
PAPER, ARTICLES OF PAPER AND PAPER BOARD (5) ... ..	19.2	16.2	22.3	20.8	3.6	1.9	2.6	2.2
METAL PRODUCTS (6) ... ..	9.2	9.0	7.7	7.7	1.7	1.0	0.9	0.8
MANUFACTURED PRODUCTS, n.e.s. (7)	11.0	14.7	16.2	17.4	2.0	1.7	1.9	1.8
CERAMICS ... ..	2.4	2.4	2.3	4.4	0.4	0.3	0.3	0.5
RUBBER PRODUCTS (8) ... ..	13.3	8.0	7.0	14.0	2.5	1.0	0.8	1.4
SPINNING, WEAVING AND FINISHING OF TEXTILES ... ..	—	91.3	95.1	97.1	—	10.8	11.2	10.2
MANUFACTURES OF WOOD ... ..	—	—	—	3.6	—	—	—	0.4
<b>B. Intermediate Goods</b> ... ..	<b>146.3</b>	<b>316.1</b>	<b>296.5</b>	<b>297.2</b>	<b>27.2</b>	<b>37.3</b>	<b>34.9</b>	<b>31.2</b>
MISCELLANEOUS FOOD PREPARATIONS (9) ... ..	124.7	271.6	245.9	236.6	23.2	32.1	28.9	24.8
METAL PRODUCTS (10) ... ..	4.9	9.3	8.5	8.5	0.9	1.1	1.0	0.9
PAPER, ARTICLES OF PAPER AND PAPERBOARD (11) ... ..	10.9	13.1	11.5	13.9	2.0	1.5	1.4	1.5
PLYWOOD ... ..	3.9	5.2	6.5	6.8	0.7	0.6	0.8	0.7
MINERAL SANDS ... ..	0.9	1.3	1.4	1.4	0.2	0.2	0.2	0.1
BASIC INDUSTRIAL CHEMICALS (12) ...	1.0	1.6	1.9	1.9	0.2	0.2	0.2	0.2
ELECTRICAL GOODS ... ..	—	14.0	20.8	28.1	—	1.6	2.4	3.0
<b>C. Investment Goods</b> ... ..	<b>51.1</b>	<b>74.0</b>	<b>73.5</b>	<b>128.1</b>	<b>9.5</b>	<b>8.7</b>	<b>8.6</b>	<b>13.4</b>
METAL PRODUCTS (13) ... ..	24.4	26.4	32.8	37.9	4.5	3.1	3.8	4.0
RUBBER PRODUCTS (14) ... ..	3.7	11.1	11.9	6.7	0.7	1.3	1.4	0.7
CEMENT, CEMENT PRODUCTS AND ASBESTOS PRODUCTS ... ..	23.0	36.5	28.8	53.5	4.3	4.3	3.4	5.6
MACHINERY (EXCEPT ELECTRICAL MACHINERY) AND TRANSPORT EQUIPMENT ... ..	—	—	—	19.8	—	—	—	2.0
MANUFACTURES OF NON-METALLIC MINERAL PRODUCTS AND PRODUCTS OF PETROLEUM AND COAL ... ..	—	—	—	10.2	—	—	—	1.1
<b>Total</b> ... ..	<b>537.5</b>	<b>847.0</b>	<b>850.3</b>	<b>954.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source : Central Bank of Ceylon.

- Notes : (1) Dairy products, ice cream, salt, margarine, etc.  
 (2) Jams, jellies, sauces, fruit cordials, etc.  
 (3) Shirts, banians, etc.  
 (4) Pharmaceuticals, cosmetics, soaps and cleaning compounds, matches, toothpaste, etc.  
 (5) Writing paper, exercise books, etc.  
 (6) Aluminium ware.  
 (7) Plastic goods, etc.  
 (8) Car and Cycle tyres and 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 and wrapping paper.  
 (12) Caustic soda and Chlorine.  
 (13) Barbed wire, wire nails, galvanised products, etc.  
 (14) Tyre retreading.

### The size of the Industrial Unit

The size distribution of manufacturing firms according to the value of the output is given at Table II (B) 4. Of a total of 1,069 reporting firms (791 in 1966), 75.6 per cent are in the category where the annual output is less than Rs. 250,000. However, their combined output is only 8.3 per cent of total output. The comparable figures for the previous year were 66.6 per cent and 7.8 per cent, respectively. Thus, the relative share of the smaller firms in total output has remained virtually unchanged despite the large increase in the number of reporting firms in this group. The percentage of reporting firms carrying a total output between Rs. 250,000 and Rs. 2 million was 18.9 in 1967 and their combined output amounted to 25.3 per cent of total output. Only 5.5 per cent of firms had an annual output of more than Rs. 2 million, but the share of these firms was 66.4 per cent.

TABLE II (B) 4 (x)

#### Size of Firm and Output

	Firms as % of Total		Output as % of Total	
	1966	1967	1966	1967
0 — Rs. 250,000 ... ..	66.6	75.6	7.8	8.3
Rs. 250,000—2 mn. ... ..	27.2	18.9	28.6	25.3
Rs. 2 mn. and over ... ..	6.2	5.5	63.6	66.4
	100.0	100.0	100.0	100.0

Source : Central Bank of Ceylon.

In the group *Preserved and canned fruit, vegetables, meat, fish and other sea foods* there were 21 firms producing 26.7 per cent of total output in 1966 whereas in 1967 the number of firms had increased to 25 while their share of total output declined to 20.3 per cent. There has been a marked change in the relative importance of those firms with an output of between Rs. 250,000 and Rs. 2 million. In 1966, there were 5 firms producing between them 73.3 per cent of total output whereas in 1967, there were 4 firms producing only 28.6 per cent of total output. One firm whose value of annual output was over Rs. 2 million produced nearly 52 per cent of the total output of this group.

In a number of industrial groups one or a few firms controlled a substantial proportion of total output. In *Soft drinks and carbonated waters* one firm provided 67.3 per cent of output, in the *Biscuits and cocoa, chocolate and sugar confectionery* 5 firms provided 66.5 per cent of the supplies, in the *Beer and stout* industry there were only 2 firms, one of which supplied 71.4 per cent of output. In *Footwear and leather products, Rubber products excluding footwear, Miscellaneous chemical products, Machinery and transport equipment, and Cement, cement products and asbestos products* a few large firms had a very substantial share of the domestic market.

Table II (B) 5 gives the size distribution of manufacturing firms based on the wage bill. Even though the wage bill is not an accurate indicator of the size of a firm the comparison of the two tables shows a relationship between the two. Thus, the largest number of industrial firms were in the group where the total wage bill



TABLE II (B) 4

**SIZE DISTRIBUTION OF MANUFACTURING FIRMS, 1967 BASED ON VALUE OF OUTPUT**

INDUSTRIAL GROUP		VALUE OF OUTPUT			
		Rs. <250 Th.	Rs. 250 Th. <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 & Canned fruit, Vegetables, Meat, Fish & Other Sea Foods ... ..	No. of Firms % of Output	25 20.3	4 28.6	1 51.1	30 100
IV. Biscuits and Cocoa, Chocolate & Sugar Confectionery ... ..	No. of Firms % of Output	40 9.1	12 24.4	5 66.5	57 100
V. Soft Drinks and Carbonated Waters ... ..	No. of Firms % of Output	11 3.4	6 29.3	1 67.3	18 100
VI. Beer and Stout ... ..	No. of Firms % of Output	—	1 28.6	1 71.4	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	138 19.8	31 41.9	3 38.3	172 100
IX. Spinning, Weaving and Finishing of Textiles ... ..	No. of Firms % of Output	101 4.8	22 16.3	7 78.9	130 100
X. Footwear and Leather Products ... ..	No. of Firms % of Output	81 13.8	7 16.5	3 69.7	91 100
XI. Rubber Products excluding Footwear ... ..	No. of Firms % of Output	18 6.9	11 36.6	2 56.5	31 100
XII. Miscellaneous Chemical Products ... ..	No. of Firms % of Output	122 7.2	21 12.8	11 80.0	154 100
XIII. Paper, Articles of Paper and Paperboard ... ..	No. of Firms % of Output	59 11.5	18 35.3	1 53.2	78 100
XIV. Metal Products ... ..	No. of Firms % of Output	83 8.4	35 43.2	9 48.4	127 100
XV. Electrical Machinery, Apparatus, Appliances and Supplies ... ..	No. of Firms % of Output	20 6.7	15 54.2	3 39.1	38 100
XVI. Machinery (except Electrical Machinery) and Transport Equipment ... ..	No. of Firms % of Output	10 5.8	4 19.8	4 74.4	18 100
XVII. Manufactured Products, n.e.s. ... ..	No. of Firms % of Output	81 19.5	9 39.1	3 41.4	93 100
XVIII. Manufactures of Wood ... ..	No. of Firms % of Output	10 15.7	3 84.3	—	13 100
XIX. Manufactures of Non-Metallic Mineral Products and Products of Petroleum and Coal ... ..	No. of Firms % of Output		Not Available		
XX. Ceramics ... ..	No. of Firms % of Output	—	—	1 100	1 100
XXI. Plywood ... ..	No. of Firms % of Output	—	—	1 100	1 100
XXII. Mineral Sands ... ..	No. of Firms % of Output	—	1 100	—	1 100
XXIII. Basic Industrial Chemicals ... ..	No. of Firms % of Output	—	1 100	—	1 100
XXIV. Cement, Cement Products and Asbestos Products ... ..	No. of Firms % of Output	9 1.0	1 3.4	3 95.6	13 100
<b>TOTAL</b> ... ..	No. of Firms % of Output	808 8.3	202 25.3	59 66.4	1,069 100

Source : Central Bank of Ceylon.

TABLE II (B) 5

## Size Distribution of Manufacturing Firms, 1967 Based on Wage Bill

INDUSTRIAL GROUP				Rs. <15 Th.	Rs. 15Th. <50 Th.	Rs. 50Th. <500 Th.	Rs. 500Th. and 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	23	5	2	—	30
				20.6	25.0	54.4	—	100
iv.	BISCUITS AND COCOA, CHOCOLATE AND SUGAR CONFECTIONERY ...	No. of Firms	% of Wage Bill	30	15	11	1	57
				5.4	15.7	44.1	34.8	100
v.	SOFT DRINKS AND CARBONATED WATERS	No. of Firms	% of Wage Bill	11	2	4	1	18
				1.0	1.8	18.7	78.5	100
vi.	BEER AND STOUT ...	No. of Firms	% of Wage Bill	Not Available				
vii.	TOBACCO ...	No. of Firms	% of Wage Bill	Not Available				
viii.	KNITTED FABRICS AND ARTICLES AND MADE UP GARMENTS AND OTHER APPAREL EXCEPT FOOTWEAR	No. of Firms	% of Wage Bill	99	48	22	3	172
				8.8	19.7	38.2	33.3	100
ix.	SPINNING, WEAVING AND FINISHING OF TEXTILES ...	No. of Firms	% of Wage Bill	83	23	20	4	130
				3.1	4.2	16.4	76.3	100
x.	FOOTWEAR AND LEATHER PRODUCTS	No. of Firms	% of Wage Bill	62	19	8	2	91
				6.3	7.6	19.8	66.3	100
xi.	RUBBER PRODUCTS EXCLUDING FOOTWEAR ...	No. of Firms	% of Wage Bill	11	10	9	1	31
				2.0	8.3	31.2	58.5	100
xii.	MISCELLANEOUS CHEMICAL PRODUCTS...	No. of Firms	% of Wage Bill	106	26	17	5	154
				5.0	7.0	25.7	62.3	100
xiii.	PAPER, ARTICLES OF PAPER AND PAPERBOARD ...	No. of Firm	% of Wage Bill	42	21	14	1	78
				4.2	11.2	28.1	56.5	100
xiv.	METAL PRODUCTS ...	No. of Firms	% of Wage Bill	63	28	34	2	127
				4.5	9.7	57.9	27.9	100
xv.	ELECTRICAL MACHINERY, APPARATUS, APPLIANCES AND SUPPLIES ...	No. of Firms	% of Wage Bill	12	12	14	—	38
				2.1	11.1	86.8	—	100
xvi.	MACHINERY (EXCEPT ELECTRICAL MACHINERY) AND TRANSPORT EQUIPMENT ...	No. of Firms	% of Wage Bill	4	4	8	2	18
				0.9	5.2	33.9	60.0	100
xvii.	MANUFACTURED PRODUCTS n.e.s. ...	No. of Firms	% of Wage Bill	70	12	11	—	93
				19.6	20.4	60.0	—	100
xviii.	MANUFACTURES OF WOOD ...	No. of Firms	% of Wage Bill	9	1	3	—	13
				8.9	4.3	86.8	—	100
xix.	MANUFACTURES OF NON-METALLIC MI- NERAL PRODUCTS AND PRODUCTS OF PET- ROLEUM AND COAL ...	No. of Firms	% of Wage Bill	Not Available				
xx.	CERAMICS ...	No. of Firms	% of Wage Bill	—	—	—	1	1
				—	—	—	100	100
xxi.	PLYWOOD ...	No. of Firms	% of Wage Bill	—	—	—	1	1
				—	—	—	100	100
xxii.	MINERAL SANDS ...	No. of Firms	% of Wage Bill	—	—	—	1	1
				—	—	—	100	100
xxiii.	BASIC INDUSTRIAL CHEMICALS ...	No. of Firms	% of Wage Bill	—	—	—	1	1
				—	—	—	100	100
xxiv.	CEMENT, CEMENT PRODUCTS AND ASBES- TOS PRODUCTS ...	No. of Firms	% of Wage Bill	6	3	2	2	13
				0.6	1.5	11.3	86.6	100
TOTAL		No. of Firms	% of Wage Bill	631	229	179	28	1067
				4.1	7.7	29.8	58.4	100

Source: Central Bank of Ceylon.

was less than Rs. 15,000 per annum. In *Knitted fabrics and articles and made-up garments*, such firms numbered 99, in *Footwear and leather products* 62, in *Spinning, weaving and finishing of textiles* 83, and in *Miscellaneous chemical products*, 106.

The number of firms where the total wage bill exceeded Rs. 500,000 per year tended to decrease. One firm in the *Soft drinks and carbonated waters* group accounted for 78.5 per cent of the wage bill and one in the *Paper, articles of paper and paper board* group for 56.5 per cent of the wage bill.

### Use of Raw Materials

Data were received from only 563 firms regarding the use and origin of raw materials as against 1830 firms who supplied production data. The raw materials were classified according to origin whether local or foreign. These data are given in Table II (B) 6. The total value of raw materials used by reporting industrial firms was Rs. 166.3 million of which 64.8 per cent or Rs. 107.7 million was imported raw material and Rs. 58.4 million or 35.2 per cent was raw material of domestic origin. The actual value of imported raw materials might have been higher had reporting firms not classified imported raw materials purchased from wholesalers in the local market as being of domestic origin. Thus, the foreign exchange component of the cost of total industrial production appears to be very high.

Imported raw materials constituted 37.5 per cent of the value of raw materials used in the *Paper, articles of paper and paper board* group, 34.5 per cent in the *Miscellaneous food preparations* group and 5.3 per cent in the *Manufactures of wood* group. The import content of raw materials in *Preserved and canned fruit, vegetables, meat, fish and other sea foods* was 46.7 per cent and in *Footwear and leather products* 41.0 per cent. In all other categories of industries foreign raw materials used exceeded 50 per cent of the value of all raw materials used. The imported raw material content was the highest in the following groups: *Beer and stout* (100 per cent), *Spinning, weaving and finishing of textiles* (85.6 per cent), *Miscellaneous chemical products* (73.1 per cent), *Metal products* (93 per cent), *Electrical machinery, apparatus, appliances and supplies* (81.9 per cent) and *Manufactured products not elsewhere specified* (90.3 per cent).

### Employment

The increase in the value of production in 1967 was accompanied by an expansion of industrial employment. In contrast to the *Miscellaneous food preparations* group in which an increase in employment occurred despite a fall in aggregate value of production, *Cement, cement products and asbestos products* having a high capital ratio generated little additional employment in relation to the increase in the value of output. In the *Tobacco* industry which has a high labour intensity of production the number of employees rose from 8,235 in 1966 to 8,505 in 1967 corresponding to an increase in value of output of Rs. 39.7 million.

In several of these industrial groups, while the number of employees increased, the volume of employment as given by man-days per employee declined in 1967. In *Knitted fabrics and articles and made-up garments and other apparel except footwear*, the decline in employment from 6,916 in 1966 to 6,663 in 1967 was also accompanied by a fall in the volume of employment as given by the man days worked per employee from 234 to 231. In the *Spinning, weaving and finishing of textiles* industry total employment increased by 575 while the number of man days worked per employee declined by 16.

**TABLE II (B) 6**  
**PRODUCTION AND RAW MATERIALS—1967**

Industrial Group	No. of Firms	Production	Rupees Thousand		
			Raw Materials		
			Local	Foreign	Total
I. Miscellaneous Food Preparations ...	22	28,326	(65.5) 14,948	(34.5) 7,858	(100.0) 22,806
II. Vegetable Oils and Fats		Not Available			
III. Preserved and Canned fruit, Vegetables, Meat, Fish and other Sea foods	15	1,882	(53.3) 361	(46.7) 316	(100.0) 677
IV. Biscuits and Cocoa, Chocolate and Sugar Confectionery ...	26	16,064	(49.0) 3,861	(51.0) 4,022	(100.0) 7,883
V. Soft Drinks and Carbonated Waters ...	10	13,202	(32.8) 1,802	(67.2) 3,689	(100.0) 5,491
VI. Beer and Stout ...	2	5,463	—	(100.0) 2,375	(100.0) 2,375
VII. Tobacco		Not Available			
VIII. Knitted Fabrics and Articles and made-up Garments and other Apparel except Footwear	100	18,837	(40.2) 4,582	(59.8) 6,827	(100.0) 11,409
IX. Spinning, Weaving and Finishing of Textiles ...	67	43,665	(14.4) 2,031	(85.6) 12,106	(100.0) 14,137
X. Footwear and Leather Products ...	37	6,133	(53.0) 1,301	(47.0) 1,155	(100.0) 2,456
XI. Rubber Products excluding Footwear	17	13,110	(45.7) 2,067	(54.3) 2,460	(100.0) 4,527
XII. Miscellaneous Chemical Products ...	71	34,036	(26.9) 3,262	(73.1) 8,869	(100.0) 12,131
XIII. Paper, Articles of Paper and Paperboard ...	31	23,599	(62.5) 7,029	(37.5) 4,218	(100.0) 11,247
XIV. Metal Products	72	47,224	(7.0) 1,878	(93.0) 24,779	(100.0) 26,657
XV. Electrical Machinery, Apparatus, Appliances and Supplies ...	19	20,003	(18.1) 1,930	(81.9) 8,740	(100.0) 10,670
XVI. Machinery (except Electrical Machinery) and Transport Equipment ...	16	19,620	(36.5) 4,354	(63.5) 7,581	(100.0) 11,935
XVII. Manufactured Products n.e.s. ...	36	5,326	(9.7) 300	(90.3) 2,793	(100.0) 3,093
XVIII. Manufactures of Wood ...	13	3,566	(94.7) 1,865	(5.3) 104	(100.0) 1,969
XIX. Manufactures of Non-Metallic Mineral Products and Products of Petroleum and Coal ...		Not Available			
XX. Ceramics		Not Available			
XXI. Plywood		Not Available			
XXII. Mineral Sands ...	1	1,373	(100.0) 300	—	(100.0) 300
XXIII. Basic Industrial Chemicals		Not Available			
XXIV. Cement, Cement Products and Asbestos Products ...	8	53,184	(40.4) 6,670	(59.6) 9,842	(100.0) 16,512
TOTAL	563	354,613	(35.2) 58,541	(64.8) 107,734	(100.0) 166,275

Note:—Figures in brackets denote percentages.

Source: Central Bank of Ceylon.

## Productivity and Wages

Total man-days worked increased from 16.1 million to 19.3 million. In the following groups the number of man-days worked exceeded a million: *Miscellaneous food preparations, Tobacco, Knitted fabrics and articles and made-up garments and other apparel, Spinning, weaving and finishing of textiles, Miscellaneous chemical products and Metal products.*

The total wage bill of reporting firms increased from Rs. 97.4 million in 1966 to Rs. 128.0 million in 1967. The highest wage bill of Rs. 25.4 million was in the *Tobacco* industry. The wage bill in the *Miscellaneous food preparations* group increased from Rs. 5.4 million in 1966 to Rs. 13.3 million in 1967 and in the *Cement, cement products and asbestos products* group from Rs. 4 million to Rs. 6.3 million. In the other groups of industry there was little change in the total wage bill.

Wages per man-day rose from Rs. 6.04 to Rs. 6.62. Wages per man-day in the different industrial groups indicate the relative disparities in wage levels. In the *Miscellaneous chemical products* group, the wage per man-day was Rs. 9.75 while it was only Rs. 3.59 in *Biscuits and cocoa, chocolate and sugar confectionery*. Wages per man-day increased in most industries. For instance, in *Miscellaneous food preparations* the wage per man-day rose from Rs. 5.13 to Rs. 7.11. However, there were a few industrial groups where the wage per man-day fell, viz. in *Biscuits, and cocoa, chocolate and sugar confectionery* from Rs. 3.67 to Rs. 3.59. In *Footwear and leather products* from Rs. 8.44 to Rs. 8.25, and in *Electrical machinery, apparatus, appliances and supplies* from Rs. 9.25 to Rs. 6.87. Generally, the industrial undertakings of the public sector paid higher wages per man-day ; for instance *Ceramics, Plywood and Mineral Sands Corporations* paid the highest wages per man-day.

## Power and fuel

Table II (B) 7 shows the use of power and fuel. A large number of firms did not report on the use of power. Only 326 firms sent data regarding the use of power and fuel as against 1,830 who sent production data. The main source of power used was electricity. The value of electrical power used by the reporting firms was Rs. 5.7 million, the value of petrol and oil was Rs. 3.6 million and coal and gas Rs. 0.7 million.

In 1967, industrial production was higher than in 1966. This has been made possible largely because of the higher exchange allocations given to industry. The industrial sector has the capacity to increase production further but is restricted by the limited foreign exchange allocation for the import of raw materials.

**TABLE II (B) 7**  
**PRODUCTION AND FUEL 1967**

Rupees Thousand

INDUSTRIAL GROUP	No. of Firms	Production	FUEL USED				
			Electricity	Coal and Gas	Petrol and Oil	Other	Total
I. Miscellaneous food preparations	29	30,471	599	20	100	—	719
II. Vegetable oils and fats	...	...	Not Available				
III. Preserved and canned fruit, vegetables, meat, fish and other sea foods	8	835	4	2	12	...	18
IV. Biscuits and cocoa, chocolate and sugar confectionery	20	12,381	96	41	90	24	251
V. Soft drinks and carbonated waters	7	11,079	45	5	79	—	129
VI. Beer and stout	...	...	Not Available				
VII. Tobacco	...	...	Not Available				
VIII. Knitted fabrics and articles and made-up garments and other apparel except footwear	32	8,970	47	5	35	16	103
IX. Spinning, weaving and finishing of textiles	41	42,631	525	22	96	3	646
X. Footwear and leather products	14	4,519	31	...	7	—	38
XI. Rubber products excluding footwear	13	11,883	444	311	102	...	857
XII. Miscellaneous chemical products	38	26,400	230	1	43	11	285
XIII. Paper, articles of paper and paper-board	18	21,733	475	—	2	488	965
XIV. Metal products	50	33,910	466	35	119	3	623
XV. Electrical machinery, apparatus, appliances and supplies	13	11,915	136	172	11	53	372
XVI. Machinery (except electrical machinery) and transport equipment	14	11,262	120	44	31	50	245
XVII. Manufactured products, n.e.s.	20	4,737	51	—	10	...	61
XVIII. Manufactures of wood	4	1,148	16	—	3	—	19
XIX. Manufactures of non-metallic mineral products and products of petroleum and coal	...	...	Not Available				
XX. Ceramics	...	...	Not Available				
XXI. Plywood	...	...	Not Available				
XXII. Mineral sands	...	...	Not Available				
XXIII. Basic industrial chemicals	...	...	Not Available				
XXIV. Cement, cement products and asbestos products	5	48,603	2,393	—	2,867	—	5,260
TOTAL	326	282,477	5,678	658	3,607	648	10,591

Source : Central Bank of Ceylon.

**(b) Industries in the Public Sector****General**

At the end of 1967, the number of public corporations in the industrial sector was the same as at the end of the previous year, namely 21. Of these, four had not yet commenced production. They were the State Flour Milling, State Fertilizer Manufacturing, the National Milk Board (Condensery) and the Ceylon Petroleum Corporation (Oil Refinery). The last two Corporations were originally established for the distribution of milk and petroleum respectively, but in 1966, they initiated action to set up manufactories.

The total capacity, output and sales (quantity) of various State industrial Corporations is given at Table II (B) 9 and II (B) 10. Out of the 17 operational industries, 10 showed higher levels of output in the major lines of production in 1967 over the previous year. Most industries, however, continued to operate below capacity.

**Eastern Paper Mills Corporation**

The Eastern Paper Mills Corporation (which produces paper from paddy straw) whose output increased sharply in 1966 due to improvements made over the previous year, was able to maintain the high level of output in 1967. The Mill has operated three shifts per day since 1965 ; utilization of capacity increased from 91 per cent in 1966 to 95 per cent in 1967. Though there was a 4.6 per cent increase in production, in 1967, sales fell below the 1966 level by as much as 31 per cent.

The sales problem of the Corporation arose largely from the Government takeover of printing of school text books and the consequent curtailment of printing by the private sector. As the private sector demand declined, the sales particularly of printing paper declined. As printing and writing paper were the largest production items of the Corporation, the decline in sales resulted in a fall in revenue from Rs. 17.2 million in 1966 to Rs. 15.5 million in 1967, and increase in stocks at the end of the year by 5,751 tons of paper. Continued imports by the various direct users tended to aggravate the problem which is expected to solve itself when the existing supply in the local market is consumed in due course.

The fall in sales revenue coupled with the rise in cost of production mainly as a result of the increase freight surcharge and the increase import licensing fee (the Corporation uses imported wood-pulp and fuel) resulted in the fall in profits from Rs. 3.4 million in 1966 to Rs. 3.2 million in 1967.

This Corporation has finalized preliminary arrangements in 1967 to set up a paper board mill at the existing paper factory site at Valaichenai. The project is financed by a loan of 14 million Deutsche Marks from the Federal Republic of Germany. The capacity of the mill will be 12,000 tons per annum and it is expected to go into production by June, 1970. Preliminary investigations have been completed for a second paper mill at Ambalantota.

**Ceramics Corporation**

The output of the Ceramics Corporation rose from 813 tons in 1966 to 1,956 tons in 1967. The increased output came mainly as a result of the commencement of production at the new factory at Piliyandala, which produced 1,038 tons, while the output of the old factory at Negombo rose by about 105 tons. The Negombo factory had been operating constantly at near capacity, but the new factory with an annual capacity of 2,400 tons of ceramics ware had operated at 47 per cent of capacity.

Due to import restrictions, the demand for its output consistently exceeded supplies and the Corporation had to ration its sales. The profits almost increased three-fold over the 1966 level. In 1967 nearly 55 per cent of these profits came from the Piliyandala factory which had been producing below capacity level. The share of profit of the old factory at Negombo was 41 per cent of the total, while the profits of Kaolin Refinery was 4 per cent of the total. The capital invested remained the same in 1967 as in the previous year, but the rate of return on this capital increased from 3.1 per cent in 1966 to 9.1 per cent in 1967.

The Ceramics Corporation commenced construction of its expansion scheme of the Negombo factory in 1967. This project is expected to increase capacity by 160 tons per annum and includes a project for the manufacture of insulators.

### **Ceylon Plywoods Corporation**

The output of the Plywoods Corporation increased substantially in 1966 after expansion of capacity, but suffered a setback in 1967, when the output of tea chests, battens and boards declined substantially. Production was well below capacity in spite of the fact that the factory was operated on three shifts per day at certain times. This was largely due to a shortage of timber. Owing to changing weather conditions the timber supplies from the Forest Department tends to be erratic. It was also partly due to the long-standing problem of absenteeism among workers, which is attributed to the habits of workers who sporadically seek more lucrative opportunities of employment elsewhere, especially during the paddy cultivation and harvesting seasons. The Corporation which deducted only a day's basic wages for a day's absence hitherto, has now decided to deduct a day's gross wages for a day's absence. As the gross emoluments of a worker are much higher than basic emoluments, this measure is expected to reduce the problem of absenteeism appreciably.

The sales revenue of the Plywoods Corporation rose by 7.2 per cent in 1967 over the previous year, and the profits rose from Rs. 420,000 to Rs. 542,000 in spite of the decline in production by nearly 1,119 tons. While the sales of tea chests and ply-boards declined slightly, there was an increase in the sales of battens, doors and other products. In fact, the demand for doors in 1967 far exceeded supply, and sales had to be rationed. The Corporation supplies only about 25 per cent of tea chest requirements of Ceylon, and with imports regulated in relation to Corporation's output, it faced no sales difficulties. The other products of the Corporation too enjoyed a protected market as a result of import bans on veneer, block boards, doors and commercial grade plywood. The costs, on the other hand showed an increasing trend in 1967 due mainly to the increase of wages.

### **Ceylon Oils and Fats Corporation**

The Ceylon Oils and Fats Corporation continued its emphasis on the production of animal and poultry foods and coconut meal, whose production increased from 33,452 tons in 1966 to 43,206 tons in 1967. The output of coconut oil which increased slightly in 1966 declined steeply to half the previous year's level. Generally, the output of coconut oil was much below capacity, but in the production of animal foods, the factory operated 33 per cent above full capacity. The Corporation exported 97 tons of fatty acids valued at Rs. 145,689 in 1967.

### **Ceylon Leather Products Corporation**

In the production of shoes, the Corporation's capacity was raised by 25 per cent per annum during 1967. This resulted in an increase in output from 224,000 pairs to 251,000 pairs or by 11.6 per cent. Production of chrome leather declined slightly, but there was an increase in the production of other leather products. Production was almost at full capacity, as in the previous year. Sales too kept up with output levels,



This Corporation had a sales revenue of Rs. 5.4 million in 1967, of which Rs. 4.9 million or 91 per cent was earned by the sale of shoes. In its sales, it had to contend with keen competition from four large manufacturing concerns and a large number of small scale producers of leather footwear.

Costs in 1967 were generally higher, reflecting the wage increases granted on Government directives. Nevertheless, due to higher sales last year, the Corporation's profit for 1967 was nearly twice that of 1966. It amounted to 4.4 per cent of the capital invested. The Corporation exported 2,000 pairs of shoes valued at Rs. 52,000 to the U.S.S.R. in 1967.

A new line of footwear manufacture (cemented line manufacture) was set up in 1967. The expansion of the Tannery did not take place last year as expected, as Government approval of the plan is being awaited. After the experience of exporting shoes in 1967, the Corporation hopes to establish regular export markets in the future.

### **Paranthan Chemical Corporation**

In 1967, the production of caustic soda declined marginally while the production of chlorine and table salt increased. Out of raw salt, the Corporation produces caustic soda, chlorine gas and hydrogen gas. Although caustic soda has a ready market (the Corporation now produces about 30 per cent of Ceylon's needs), chlorine is not so saleable. Thus the Corporation's ability to dispose of surplus chlorine (now it is rented) determines the output of other chemicals. With the slow expansion of the demand for chlorine in Ceylon, the Corporation worked well below capacity. Nevertheless, the ration of capacity utilization has been improving over the last few years due to the gradual increase in the demand. Meanwhile, the Corporation has increased its output of another by-product, namely, refined table salt.

There was a steady increase in the income of the Corporation over the last five years ; it increased marginally in 1967. This was because the increase in income from chlorine in 1967 offset slight declines in income from caustic soda and table salt ; this bears out the claim that the key to the financial viability of this enterprise is the saleability of chlorine. Increased wages and higher prices paid for raw materials of salt put up costs during the year. There were no price revisions in 1967. The Corporation recorded a profit of Rs. 389,466 on all its activities in 1967. This was more than double that of the previous year.

The new Hydro-chloric Acid Plant of the Paranthan Chemicals Corporation was completed, and it will commence production in 1968. This plant which will use about 400 tons of chlorine will partially solve the chronic problem of surplus chlorine of the Corporation. In 1967, the Corporation also fabricated a plant to produce potassium chloride, which is now in an experimental stage of production. Feasibility studies are being made for the manufacture of soda ash and ammonium chloride.

### **Cement Corporation**

The Cement Corporation whose capacity had not expanded since the inception of the Kankesanthurai Cement Factory in 1950, took a step forward in 1966 when a new factory was set up at the same location. The old kiln which was shut down for repairs at the same time was not ready for production in 1967. The new kiln with a total capacity of 165,000 tons per annum was operated at 92 per cent of capacity in 1967, after the initial operational difficulties faced in 1966 were satisfactorily overcome. Thus, recorded output of the Kankesanthurai Unit in 1967 was nearly twice the output of 1966. Also in 1967, the Ruhunu Cement Plant at Galle with an annual capacity of 100,000 tons, commenced operations. The ori-

ginal plan was to transport clinker from Kankesanthurai by sea to be ground to cement at Galle. But due to lack of harbour facilities at Kankesanthurai (cost of overland carriage of clinker being uneconomical) it has been decided to import the clinker required. However, a shortage of clinker in world markets curtailed its programme to one-third of total capacity.

The sales revenue more than doubled that of the previous year. The Corporation had a monopoly of local production which meets about 50 per cent of the domestic demand for cement. The rest of the requirements of the country was imported by the Co-operative Wholesale Establishment.

The average cost of production at Kankesanthurai declined from Rs. 114.62 per ton in 1966 to Rs. 108.59 per ton in 1967, until November, 1967, due largely to economies of scale at the new factory. Since the devaluation of the Rupee in November, however, average cost has risen to Rs. 125.41 per ton due to higher prices payable on fuel and other imported items. The average cost of cement ground from imported clinker at Galle, on the other hand, was appreciably higher, being Rs. 214.99 per ton (post devaluation price). In fact, the clinker input alone was costed at Rs. 159.72 per ton which was higher than the average cost of finished cement at Kankesanthurai. The c.i.f. value of a ton of imported cement was Rs. 80.50 in 1967. The c.i.f. cost to the Corporation of a ton of clinker was Rs. 93.00. The retail price of Kankesan cement was lowered from Rs. 190/- to Rs. 180/- per ton from February 1967 and the retail price of Ruhunu cement (Galle) was lowered from Rs. 220/- to Rs. 210/- per ton from April 1967. Yet, on the higher turnover, the Corporation was able to increase its profits from Rs. 2.5 million (after tax) in 1966 to Rs. 13.0 million in 1967 (before tax). When allowance is made for taxation, the increase in profits would be lower. The profit (before tax) of 1967 works out to 9 per cent on the total capital invested by the Corporation.

The work on the modernization of the old kiln at Kankesanthurai is expected to be completed in 1968. The additional production from this kiln is expected to be 110,000 tons of cement per annum. Meanwhile, progress was made in the Stage I of the Development Programme at Puttalam, which is expected to produce another 220,000 tons after its completion in 1969. The Corporation has plans for the second Stage of the Puttalam Programme, whereby a further 220,000 tons could be produced by the addition of another kiln. It also plans to transport cement clinker from Kankesanthurai to its grinding plant at Galle, but this has to await the development of port facilities at the source and destination.

### **The National Small Industries Corporation**

The National Small Industries Corporation produces several varieties of furniture, bricks, tiles and ayurvedic drugs. Its production of furniture expressed in value terms, increased marginally in 1967, as in the case of the previous year. Its output of bricks and tiles, however, showed a substantial increase, with the new factories coming into operation. However, production had to be curtailed sometimes due to difficulties in saleability of tiles due to relative price advantage enjoyed by local asbestos sheet manufacturing industries ; but with the curtailment of imports of raw materials for the production of asbestos the sales and production of the Corporation gathered momentum towards the latter part of 1967. The production of ayurvedic drugs too showed some increase.

The sales revenue of the National Small Industries Corporation in 1967 reflected the increasing trend noticeable since 1963. This was due to higher revenue from the manufacture of furniture and ayurvedic drugs, which more than offset the decline in income from the sale of bricks and tiles. In the case of tiles, the Corporation products were not moving in spite of its superior quality due to the relative cheapness of asbestos roofing, but with the curtailment of import of raw

materials for manufacture of asbestos, towards the end of the last year, the saleability of tiles has increased. The costs of production were higher primarily due to higher wage costs as a result of Government directives. The furniture department continued to operate at a loss, while the brick and tile departments too operated at a loss in 1967. This was partly offset by the profit from the drugs department, resulting in an overall deficit of Rs. 926,000 which was 15.8% higher than the loss in 1966. It should be mentioned here that the Corporation operates the furniture department as a virtual employment subsidy to a group of carpenters ; this prevents the Corporation from rationalizing production by adoption of better techniques.

### **National Salt Corporation**

In Ceylon, common salt is manufactured by solar and wind evaporation of seabrine. Until July 1966, there were two State authorities controlling the 15 major salterns in the island, namely, the Government Salt Department, which managed 11 salterns in the Northern and Western regions and the National Salt Corporation which was in charge of 4 salterns in the Southern regions. In July 1966, all the salterns were placed under the Corporation. Hence, the trebling of output in 1966 was a statistical increase due to the inclusion of the former Salt Department's output in the total of the Corporation. In 1967, the output of salt increased by 17.5% to 74,611 tons, and even exceeded the average capacity of the salterns. This was largely the result of the better weather conditions that prevailed. This output is yet slightly below the annual requirements of Ceylon, which is estimated at 78,000 tons. In sales, the Corporation faced no difficulties, as it enjoyed a near-monopoly of salt-production in Ceylon.

The quantity sold increased steadily over the last five years and the income of the National Salt Corporation also showed a steady increase. In 1967, the quantity sold and sales income were double those of the previous year. Accordingly, the profit of the corporation rose by 65% to about Rs. 2.0 million. This amounted to 26.4% of the capital invested.

Since the takeover of the functions of the Government Salt Department, the National Salt Corporation is in a position to co-ordinate the development of the entire salt industry in Ceylon. The Corporation in 1967 concentrated on the development of the four major salterns in Ceylon. The expansion of the Elephant Pass Saltern commenced in 1965 and is expected to be completed in 1970. At an estimated cost of Rs. 3.2 million, it is hoped to increase the annual average capacity from 26,000 to 66,000 tons. The Palavi Saltern, whose development commenced in 1966 will be completed by 1969. The capacity will be increased from 4,500 to 16,000 tons per annum at a cost of Rs. 1.4 million. The development of the Puttalam Salterns commenced in 1965 and will be completed by 1969 at a cost of Rs. 0.5 million, increasing the capacity from 5,300 tons to 9,000 tons per annum. The development of two salterns around Hambantota commenced in 1962 and is expected to be complete in 1968. This will raise the capacity from 6,100 tons to 22,000 tons per annum, at an estimated cost of Rs. 2.5 million. The Corporation also has plans for the expansion of two other minor salterns in the future, thereby raising their capacities from 1,250 to 17,000 tons per annum. Meanwhile the construction of the new mechanized saltern at Chavakachcheri is expected to commence in 1970, and to be ready in 1974. It will cost about Rs. 25 million and the annual capacity will be 115,000 tons.

### **Ceylon Mineral Sands Corporation**

The quantity of ilmenite extracted by the Ceylon Mineral Sands Corporation (after a 5.7% increase in 1966 over 1965) fell during 1967 by 7.8% to 49,115 tons. The production here showed a high seasonality and had to be carefully oriented towards the overseas demand for ilmenite. While 88% of capacity output was produced in 1966, in 1967 the ratio declined to 70%. The quantity sold however increased appreciably by 5,130 tons or 12.7%.

Although the output of the Mineral Sands Corporation declined, its sales volume increased by 37.5% owing to running down stocks. As a result its sales revenue increased proportionately. This was the result of a contract with a Japanese firm to export 50,000 tons of ilmenite in 1967. The average unit costs rose from Rs. 23.59 per ton in 1966 to Rs. 27.31 in 1967, largely as a result of higher wage costs. The contracted sale price was Rs. 26 per ton, but due to the devaluation of the Rupee, a higher rupee-price is likely to be realized in future. The Corporation registered a higher profit owing to the higher turnover. The profit amounted to 2.5% of the capital invested.

The expansion plans of the Mineral Sands Corporation were directed towards the processing of new products, Rutile and Zircon, which fetch much higher prices than the Ilmenite which it produces. (The market price of a ton of ilmenite, rutile and zircon are about Rs. 26, Rs. 500 and Rs. 340 respectively). Hence the Corporation commenced the construction of a rutile and zircon separating plant in 1967 at Trincomalee, and it is expected to be ready for production in April, 1968.

### **Fisheries Corporation**

The output of the Fisheries Corporation in 1967 increased slightly from that of the previous year. Although the number of trawlers in 1966 remained constant at 6, there was an increase in the number of 11 ton boats from 13 in 1966 to 25 in 1967. The Corporation also added 2 Tuna-boats to its fleet in 1967. The overall output increased in 1967 in spite of a fall in the output from trawlers from 5.6 to 4.8 million lbs. This decline in output was more than offset by an increase in the output from 11-ton boats from 0.15 million lbs. to 0.83 million lbs. and the new output of the Tuna boats of 0.99 million lbs. in 1967. In addition to the fish hauled in by its own fleet, the Corporation continued to make purchases from local fishermen. These purchases increased from 2.75 million lbs. in 1966 to 2.79 million lbs. in 1967. A greater increase of domestic purchases was not possible because the fish that was usually offered by local private producers were not the more popular varieties. Although, the Corporation sold 69.4% of the fish it had available for sale in 1967, in contrast to 81.3% sold in the previous year, it is estimated that the Corporation supplies only about 5% of the domestic market.

The revenue of the Fisheries Corporation increased by about 8% in 1967, in spite of the fact that fish-sales declined by about 7% from the previous year. This was partly due to the fact that prices during the period May to September were increased (with a view to paying competitive prices to private producers to procure the higher-priced varieties of fish) and partly to the fact that more fish of higher-priced varieties were sold in 1967 than in the previous year. With regard to costs, the Corporation had high wage costs in marketing and administration. Also its activities have been curtailed by lack of sufficient transport facilities. Altogether, the financial loss in 1967 is estimated at Rs. 2.0 million, which amounts to about 10% of the capital employed.

The Fisheries Corporation concentrated on the development of Fisheries Harbours at Colombo (Mutwal), Galle, Tangalle and Mirissa. Construction work was in progress at Colombo, Galle and Tangalle. Mirissa harbour is in the planning stage. The Corporation also hopes to strengthen its fishing fleet steadily, and to develop brackish water fisheries at Pitipana and Mannar.

### **Ceylon Fertilizer Corporation**

The Ceylon Fertilizer Corporation continued to produce fertilizer by mixing imported raw material. It used the 'mixing facilities' available in privately-owned factories for this purpose. The increase in the sales of fertilizer in 1967 over the previous year reflects the increased requirements under the Government's agricultural development programme.

The higher level of activity of the Ceylon Fertilizer Corporation in 1967 is reflected in an appreciable increase in its income. Accordingly, the profits or its financial year 1966/67 was nearly 4 times higher than its profits in 1966. This profit amounted to about 18% on the capital employed.

The Ceylon Fertilizer Corporation made progress with its programme commenced in 1966 of setting up District Fertilizer Stores. In 1967, 17,000 tons of store capacity was constructed. It plans to set up a Fertilizer Mixing Plant of its own in the future.

### **State Hardware Corporation**

The State Hardware Corporation whose output in the first year (i.e. 1966) was much below capacity, recorded an overall increase in output in 1967. The factory operated on a single shift per day, until September, and on three shifts per day since October. Production was also rationalized by discontinuing the batch-system of manufacture and by shortening "throughout time" by continuous production. Except in the production of hinges, mammoties and axes, however, the Corporation operated below the annual rated capacity. This was due to break-down and shortages of certain equipment. It is estimated that the Corporation supplied 25% of Ceylon's requirements of hinges, 60% of mammoties, and the entire needs of bolts, hasps and sanitary fittings.

The value of sales of the Hardware Corporation in 1967 was nearly three times higher than in the previous year, due to higher production, and restriction on import of similar items. Prices which were fixed in 1966 on the basis of prices of imported equivalents, were not revised in 1967. Costs showed an increasing trend due primarily to higher wage costs. This, coupled with the fact that the Corporation operated much below capacity, probably contributed to the increase in the loss over the previous year.

The State Hardware Corporation completed preparatory work on the construction of the Cast Iron Foundry, which is estimated to cost Rs. 21.5 million. It is expected to be completed and in production in late 1968. It will utilize local scrap iron to produce 6,000 tons of cast-iron pipes and fittings per annum. It is estimated to provide employment to 600 persons and save foreign exchange of about Rs. 3.0 million per annum.

### **Ceylon Tyre Corporation**

The Ceylon Tyre Corporation commenced production in May 1967. The development of the factory is in two stages. In Stage I which has now been completed, the factory has an annual capacity of 250,000 tyres and 240,000 tubes and flaps. With the expansion of the factory in Stage II, the capacity will be raised to 360,000 tyres and 350,000 tubes. Due to the complexity of the technological process and the necessity to acquire the skills, the Corporation hopes to achieve the Stage I target in 1969 systematically increasing capacity from about 50,000 tyres in 1967 and about 150,000 tyres in 1968. Thus, there was under-utilization of capacity in 1967. It was able, however, to exceed the planned production (as given at Table II (B) 10) of 1967 by operating on 2 shifts per day from May to July and on 3 shifts per day from July to December. This policy was adopted to meet a severe shortage of tyres and tubes in the market due to import restrictions. There were no serious difficulties in sales, in a protected market. The Corporation produced tyres in 4 popular sizes, and accounted for about 55% of the domestic market in those sizes. The quality of the product too compared favourably with the imported product. The low sales figures was due to the fact that sales commenced only towards the end of 1967. The sale prices were fixed in relation to the market prices of the imported products. The imported tyres and tubes were sold at

different prices, and the Corporation fixed its prices half-way between the price-ranges. The pricing policy is yet flexible and might be revised when production gets organized.

The Stage I of the Tyre Corporation is for production of about 250,000 tyres and 240,000 tubes per annum, which are expected to meet the domestic demand. The Corporation proposes to expand to a capacity of 360,000 tyres and 350,000 tubes per annum in Stage II if the domestic demand in those sizes increases or if export markets can be found. It also has plans for the setting up of a rubber-goods factory.

### **Ceylon Steel Corporation**

The Ceylon Steel Corporation commenced production in April, 1967, with the completion of Stage I of its development programme. The factory consists of a Steel Rolling Mill and a Wire Mill with a rated annual capacity of 60,000 tons of rolled products and 12,000 tons of wire, (on two shifts per day) respectively. The Corporation plans to achieve maximum capacity production in gradual stages. Hence, there was some under utilization of capacity in 1967. With restrictions on imports, there were no sales difficulties. The factory is estimated to supply about 40% of the domestic market.

The Ceylon Steel and the Ceylon Tyre Corporations had sales revenues of Rs. 8.8 and Rs. 4.5 million respectively, during the few months of operation in 1967. More than half the sales of the former were made to Government or public institutions. Its profit for the period is provisionally estimated at Rs. 100,000 which amounts to only 0.1% of the invested capital. The Tyre Corporation, which commenced sales even later, is not in a position to estimate a profit or loss as yet, but expects that it might just break-even in 1967.

The Ceylon Steel Corporation took steps to set up a Steel Foundry, a Structural Shop and Galvanizing Plant at an estimated cost of Rs. 5.2 million. The Foundry has a capacity of 700 tons of castings and the Structural shop, 3,800 tons, on a double shift. They are expected to be completed by October, 1968. The Corporation also initiated work on Stage II of its original project plan. In Stage I which has been completed, its operations are limited to rolling of imported steel billets and wire drawing. In Stage II, which is estimated to cost Rs. 45.7 million, the Corporation will manufacture its own steel out of imported pig-iron and local scrap steel. It is expected to be completed by end of 1969.

### **State Flour Milling Corporation**

The State Flour Milling Corporation was set up in 1964 for milling of imported wheat and other cereals to produce 50,400 tons of flour, 2,115 tons of animal food, and 16,215 tons of bran per annum. It is partially financed out of aid from the U.S.S.R. The Mill is estimated to cost Rs. 25.7 million, and upto the end of 1967, Rs. 20.0 million has been invested. The major construction work was completed and the Mill is expected to commence production in mid-1968. At full production, the annual saving in foreign exchange is estimated to be Rs. 2.2 million.

### **State Fertilizer Manufacturing Corporation**

The State Fertilizer Manufacturing Corporation was preparing plans for the construction of a plant to produce 307,000 tons of Urea per annum, at Sapugas-kande. It is estimated to cost Rs. 190 million and will be mainly financed by suppliers' credits. The raw materials will be supplied by the proposed Petroleum

**Refinery of the Ceylon Petroleum Corporation.** Construction is expected to be completed by 1971 and production will commence soon after. At optimum production, the factory is estimated to employ 800 persons and save Rs. 86 million in foreign exchange.

### **National Milk Board**

The National Milk Board commenced the construction of a Milk Condensery at Polonnaruwa in October 1965. The work was completed in 1967 and production will commence in early 1968. The cost of the project was Rs. 6.5 million, of which Rs. 1.3 million was received as aid from New Zealand. At full capacity, it will produce 25 million cans (14 ounces each) of condensed milk. It is estimated to employ 137 persons and save Rs. 3.2 million per annum in foreign exchange.

### **Petroleum Corporation**

The Ceylon Petroleum Corporation commenced construction of an Oil Refinery at Sapugaskanda in March 1967. It is estimated to cost Rs. 150 million. Rupees 72 million of foreign exchange will be available on credit given by the contractor, E.N.I. of Italy. The remainder will be financed by the Corporation (Rs. 41.5 million) and the Government (Rs. 36.5 million). Investment upto the end of 1967 amounted to Rs. 9.4 million. At full capacity, the Refinery will produce 137,000 tons Chemical Naptha, 164,500 tons of gasoline, 250,000 tons of Kerosene, 50,000 tons of Aviation fuel 220,000 tons of Automotive gas oil, 140,000 tons of Industrial Diesel oil, 400,000 tons of Industrial Furnace oil, 50,000 tons of bitumen and 180,000 tons of Bunker oil annually. The Refinery is estimated to provide employment to about 450 persons and save foreign exchange from Rs. 26 to Rs. 35 million per annum.

### **Pricing Policies of Public Enterprises**

A Committee was appointed in December 1965 to review the pricing policies of public corporations and enterprises. This Committee submitted its report in December, 1966.

The Committee recommended, first, that the Government should give clear policy directives on pricing. It suggested that prices should be fixed "in a manner to ensure

- "(a) a minimum return (after tax) to the Government of at least one per cent above the current borrowing rate of the Government, on the capital and capital Reserves ; and
- (b) an allocation to capital reserves as would be adequate, taking the nature of the enterprise into consideration."

The Committee felt that where for reasons of public interest, the Minister concerned did not wish to follow the above policy, he should propose an alternative scheme to the enterprise in writing. The enterprise then should be required to state the financial implications of the proposal and where it results in a loss of income, the Minister concerned should seek parliamentary sanction to vote a subsidy to the enterprise equivalent to the loss of income. Secondly, it recommended that the Government should organize the necessary institutional arrangements required to ensure the carrying out of the above policy directives. At the outset, it felt that the capital structure of every public corporation should be reviewed by a competent team to determine exactly the capital investment and value of assets, and that a special division be established by the Government to keep under constant review the financial and other policies of public enterprises and to advise the Gov-

ernment. Thirdly, it recommended that all public enterprises should pay taxes, duties and other fiscal levies payable by enterprises in the private sector. Fourthly, it held the view that the capital reserves of public enterprises should be deposited in the Treasury, and that no development project should be undertaken without the prior sanction of the Ministry of Planning and Economic Affairs.

The Government examined the above recommendations and decided in April, 1967, that it should issue clear-cut policy instructions on pricing. It decided that the Ministry of Planning and Economic Affairs should set up the Division to review the performance of public enterprises. It agreed that all public enterprises should pay taxes, duties and levies payable by private enterprises, that capital reserves should be deposited in the Treasury and that no investment should take place without the prior sanction of the Ministry of Planning.

### **Employment**

The employment in state industries in the last two years by category is given at Table II (B) 8.

There were 11,582 employees in the 19 industries which supplied information. This amounted to an increase of 1,995 employees (or by 17%) over the previous year. Highest employment was at the National Small Industries Corporation. Here, the majority of the employees were in the Carpentry Section which is a relic from the days of the Second World War, when the Government decided to set up carpentry societies to keep the carpenters employed during the war in employment after the war. These societies were organized later as the Ceylon Carpentry Corporation, which later expanded to be the National Small Industries Corporation. In view of the need to retain the carpenters in employment, the Corporation is unable to introduce mechanization and new techniques in order to reduce costs. This may be achieved if the Corporation expands its sales substantially but that too is precluded due to intense competition from low-cost private furniture manufacturers.

The other major employers were the Ceylon Cement, Ceylon Fisheries and Eastern Paper Mills Corporations. The employment potential of the Cement Corporation is high in view of its rapid expansion programme. Similar prospects are there on the Fisheries Corporation, whose indirect employment benefits are likely to be even greater. It is noteworthy, however, that there was a substantial increase in clerical and non-executive type employment at the Fisheries Corporation in 1967.



TABLE II (B) 8

## Employment—State Industries

Corporation	Executives		Clerical Non- Executives		Factory Workers		Total	
	1966	1967	1966	1967	1966	1967	1966	1967
1. Eastern Paper Mills ... ..	32	32	207	217	924	969	1,163	1,218
2. Ceylon Ceramics ... ..	17	25	50	104	573	664	640	793
3. Ceylon Oils and Fats ... ..	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4. Ceylon Plywoods ... ..	10	12	42	48	935	906	987	966
5. Ceylon Leather Products ... ..	11	13	85	86	438	537	534	636
6. Paranthan Chemicals ... ..	9	11	29	29	240	240	278	280
7. Ceylon Cement ... ..	42	44	154	171	1,136	1,215	1,332	1,430
8. Sri Lanka Sugar ... ..	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
9. Ceylon Mineral Sands ... ..	5	6	20	39	112	170	137	215
10. National Salt ... ..	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11. National Textiles ... ..	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
12. National Small Industries ... ..	43	44	139	157	1,448	1,641	1,630	1,842
13. Ceylon Steel ... ..	29	37	49	64	518	706	596	807
14. Ceylon Tyre ... ..	19	19	73	89	668	683	760	791
15. State Hardware ... ..	23	24	70	77	476	742	569	843
16. State Flour Milling ... ..	2	9	8	19	15	34	25	62
17. Ceylon Fertilizer ... ..	10	12	78	107	21	37	109	156
18. Ceylon Fisheries ... ..	75	89	566	862	186	411	827	1362
19. State Fertilizer Manufacturing ... ..	—	—	—	—	—	—	—	11
20. Petroleum Corporation (Oil Refinery) ... ..	—	—	—	—	—	—	—	52
21. Milk Board (Condensery) ... ..	—	—	—	—	—	—	—	118
<b>TOTAL ...</b>	<b>327</b>	<b>377</b>	<b>1,570</b>	<b>2,069</b>	<b>7,690</b>	<b>8,955</b>	<b>9,587</b>	<b>11,582</b>

Source : Returns furnished by the Corporations.

n.a. — not available.

TABLE II (B) 9

## Value of Sales, Profitability and Investment of

CORPORATIONS	Value of Sales in				
	1963	1964	1965	1966	1967
1. Eastern Paper Mills ... ..	13,630	12,243	13,075	17,195	15,264
2. Ceylon Ceramics ... ..	2,558* <sup>5</sup>	2,932* <sup>5</sup>	3,348* <sup>5</sup>	4,421* <sup>5</sup>	
(a) Negombo ... ..	(2,558)	(2,658)	(3,058)	(3,219)	
(b) Piliyandala ... ..	—	—	—	(675)	
(c) Kaolin ... ..	—	(274)	(290)	(527)	
3. Ceylon Oils and Fats ... ..					18,373
4. Ceylon Plywoods ... ..		4,658	5,129	6,352	6,816
5. Ceylon Leather Products ... ..					
6. Paranthan Chemicals ... ..	1,326* <sup>5</sup>	1,406* <sup>5</sup>	1,588* <sup>5</sup>	1,821* <sup>5</sup>	1,851
7. Ceylon Cement ... ..	13,310	13,620	15,530	14,270	34,980
(a) Kankasanturai—Old ... ..	(13,310)	(13,620)	(15,530)	(14,270)	—
(b) Kankasanturai—New ... ..	—	—	—	—	(27,500)
(c) Galle ... ..	—	—	—	—	(7,430)
(d) Puttalam* <sup>4</sup> ... ..	—	—	—	—	—
8. Sri Lanka Sugar ... ..	n. a.	n. a.	n. a.	n. a.	n. a.
9. Ceylon Mineral Sands ... ..	488	894	1,316	1,049	1,443
(a) Ilmenite Factory ... ..	(488)	(894)	(1,316)	(1,049)	(1,443)
(b) By-Products Factory ... ..	—	—	—	—	—
10. National Salt ... ..	n. a.	465	1,040	3,340	6,840
11. National Textiles ... ..	n. a.	n. a.	n. a.	n. a.	n. a.
12. National Small Industries ... ..	3,663	3,814	5,295	6,838	7,273
(a) Furniture ... ..	(3,663)	(3,814)	(4,635)	(4,404)	(4,624)
(b) Bricks and Tiles ... ..	—	—	(660)	(2,018)	(1,997)
(c) Ayurvedic Drugs ... ..	—	—	—	(416)	(642)
13. Ceylon Steel ... ..	—	—	—	—	8,800
14. Ceylon Tyre ... ..	—	—	—	—	4,460
15. Ceylon State Hardware ... ..	—	—	—	358	1,804
(a) Hardware ... ..	—	—	—	—	—
(b) Cast Iron Foundry* <sup>4</sup> ... ..	—	—	—	—	—
16. Ceylon Fertilizer ... ..	—	—	32,901	41,363	58,673
17. Ceylon Fisheries ... ..	—	—	—	9,946	10,746
18. State Flour Milling* <sup>4</sup> ... ..	—	—	—	—	—
19. State Fertilizer Manufacturing* <sup>4</sup> ... ..	—	—	—	—	—
20. National Milk Board—Condensary* <sup>4</sup> ... ..	—	—	—	—	—
21. Ceylon Petroleum—Refinery* <sup>4</sup> ... ..	—	—	—	—	—

n.a. — not available.

\*<sup>1</sup> Some figures published in previous Annual Reports have been revised, in view of more reliable data now available.\*<sup>2</sup> Before taxation.\*<sup>3</sup> Excludes working capital. The figures refer to capital actually contributed by the Government and others as grants and loans.\*<sup>4</sup> Not in Production.\*<sup>5</sup> For financial years April to March.

State Industries—1963 - 1967 \*1

Rupees Thousand

Profit (+) or Loss (—)*2 in					Capital Invested*3	
1963	1964	1965	1966	1967	1966	1967
+ 82	— 371	+ 1,463	+ 3,411	+ 3,200	19,924	22,113
+ 351 (+ 351)	+ 503	+ 512	+ 623	+ 1,802*5 (+ 743) (+ 982) (+ 70)	19,852 (5,000) (11,777) (3,075)	19,852 (5,000) (11,777) (3,075)
—	—	—	—	—	—	—
—	— 350	—	+ 559	—	7,898	7,454
+ 139	+ 268	+ 232	+ 420	+ 542	9,800	15,500
+ 443	+ 478	+ 257	+ 144	+ 272	5,639	6,220
— 780	— 730	— 208	+ 190	+ 390	12,321	12,321
+ 6,045 (+ 6,045)	+ 6,136 (+ 6,136)	+ 4,940 (+ 4,940)	+ 2,500 (2,500)	+ 13,000	1,22,056 (19,873) (46,420) (11,248) (10,437)	1,52,442 (48,272) (12,812) (37,906)
—	—	—	—	—	—	—
— 3,400	+ 500	—	—	—	—	—
— 626 (— 626)	+ 103 (+ 103)	— 309 (— 309)	+ 6 (+ 6)	+ 369 (+ 369)	7,402	14,495 (11,337) (3,158)
—	—	—	—	—	—	—
—	—	+ 548	+ 1,200	+ 1,962	7,250	7,500
—	+ 1,500	+ 1,600	+ 1,400	—	39,900	—
— 700 (— 700)	— 690 (— 790)	— 663 (— 905) (+ 37)	— 800 (— 550) (— 350) (+ 100)	— 926 (— 837) (— 364) (+ 275)	18,200	18,500
—	—	—	—	—	—	—
—	—	—	—	+ 100	96,600	1,01,300
—	—	—	—	—	58,731	67,396
—	—	—	— 325	— 388	18,737	23,175 3,655
—	—	+ 518	+ 450	—	8,500	11,000
—	—	—	—	— 2,000	13,425	21,000
—	—	—	—	—	14,513	20,026
—	—	—	—	—	152	576
—	—	—	—	—	1,300	6,500
—	—	—	—	—	8,075	7,521

Source : The Returns furnished by the Corporations.

TABLE II

## Annual Capacity \*1 Output and

Corporation	Unit of Output	1964		
		Capacity	Output	Sales
1. Eastern Paper Mills	Tons of Paper	6600	6451	6621
2. Ceylon Ceramics	Tons ceramicware	880	888	n. a.
(a) Negombo	—do—	(880)	(888)	n. a.
(b) Piliyandala	—do—	—	—	—
(c) Kaolin Refinery	Tons Kaolin	5000	—	—
3. Ceylon Oils and Fats	Tons coconut oil	22320	1961	n. a.
	Tons animal foods	31200	21565	n. a.
4. Ceylon Plywoods	'000 sq.ft. plywood	18000	12216	n. a.
	'000 Tea Chests	(780)	(657)	(645)
	'000 Battens	(700)	n. a.	(385)
	'000 Sq.ft. Boards	(993)	n. a.	(610)
	'000 Doors	(8)	n. a.	(6)
	'000 Other Product	(7)	n. a.	(2)
5. Ceylon Leather Products	'000 Sq.ft. chrome	544	511	n. a.
	'000 Shoes	216	168	n. a.
	'000 lbs. other products	370	216	n. a.
6. Paranathan Chemicals	Tons caustic soda	1500	895	844
	Tons chlorine	1320	230	255
	Tons table salt	—	—	—
7. Ceylon Cement	Tons of cement	80000	79508	75660
(a) Kankeskanturai	—do—	(80000)	(79508)	(75660)
(b) Galle	—do—	—	—	—
8. Sri Lanka Sugar	Tons of sugar	n. a.	1958	n. a.
	'000 gallons spirits	n. a.	—	n. a.
9. Ceylon Mineral Sands	Tons Ilmenite	50000	45503	34380
10. National Salt	Tons — Salt	20000	10926	5171
11. National Textile	'000 lbs. yarn	2850	2185	n. a.
	'000 yards textiles	—	—	—
12. National Small Industries	Value (Rs. '000) Furniture	3868	n. a.	3814
	Value (Rs. '000) Bricks & Tiles	—	—	—
	Value (Rs. '00) Drugs	—	—	—
13. Ceylon Steel	Metric tons—Rolled sections	—	—	—
	Metric tons—Wire	—	—	—
14. Ceylon Tyre	Number of tyres	—	—	—
	Number of tubes	—	—	—
	Number of flaps	—	—	—
15. Ceylon State Hardware	'000 Hinges	—	—	—
	'000 Bolts	—	—	—
	'000 Mammoties and Axes	—	—	—
	'000 Other products	—	—	—
16. Ceylon Fertilizer <sup>5</sup>	Tons of Fertilizer	—	—	—
17. Ceylon Fisheries	'000 Pounds of fish	—	—	—
	(a) fish caught	—	—	—
	(b) fish purchased	—	—	—
	'000 lbs. dried fish	—	—	—
	'000 lbs. fish meal	—	—	—
	'000 lbs. liver oil	—	—	—

... Negligible

n. a. Not available

- (1) Annual rated capacity on a single shift per day, except where the factory's capacity is specifically rated at more than a single shift per day.
- (2) Some figures published in previous Annual Report have been revised in view of more reliable data now available. The 1967 figures are provisional in certain instances.

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## Sales of State Industries 1964-67\*2

1965			1966			1967		
Capacity	Output	Sales	Capacity	Output	Sales	Capacity	Output	Sales
8300	6696	6540	10000	9081	8123	10000	9503	4869
880	863	n. a.	880	813	n. a.	3340	1956	n. a.
(880)	(863)	n. a.	(880)	(813)	n. a.	(940)	(918)	n. a.
—	—	—	—	—	—	(2400)	(1038)	n. a.
5000	1630	n. a.	5000	435	n. a.	5000	2027	n. a.
22320	1514	n. a.	22320	2408	n. a.	22320	1280	n. a.
31200	22158	n. a.	31200	33452	n. a.	31200	43206	n. a.
18000	13969	n. a.	18000	16920	n. a.	25000	15801	n. a.
(840)	(707)	(679)	(1260)	n. a.	(934)	(1300)	(888)	(859)
(710)	n. a.	(399)	(480)	n. a.	(397)	(750)	(227)	(441)
(1550)	n. a.	(723)	(1250)	n. a.	(581)	(2400)	(1670)	(538)
10	n. a.	(4)	(7)	n. a.	(3)	(9)	(10)	(9)
(28)	n. a.	(4)	(24)	n. a.	(15)	(38)	(22)	(20)
646	473	n. a.	600	617	n. a.	600	597	n. a.
216	188	n. a.	216	224	n. a.	271	251	247
286	200	n. a.	300	290	n. a.	300	328	n. a.
1500	956	1082	1500	1049	1002	1500	1037	736
1320	265	288	1320	361	397	1320	551	420
—	—	—	—	69	n. a.	—	117	n. a.
80000	84000	86570	120000	81572	75110	265000	188741	192190*3
(80000)	(84000)	(86570)	(120000)	(81572)	(75110)	(165000)	(152235)	(154300)
—	—	—	—	—	—	(100000)	(36506)	(37890)
n. a.	3273	n. a.	n. a.	2553	n. a.	n. a.	n. a.	n. a.
n. a.	—	n. a.	n. a.	834	n. a.	n. a.	n. a.	n. a.
60000	50350	50608	60000	53254	40350	70000	49115	55400
30000	19129	11556	70000	63469	37113	70000	74611	76000
3863	2412	n. a.	3863	2357	n. a.	3863	n. a.	n. a.
—	—	—	5000	2810	n. a.	5000	n. a.	n. a.
4575	4360	4635	4642	4428	4404	4584	4220	4624
2407	1558	659	3647	2533	2018	4600	3154	1997
—	—	—	1283	600	416	1368	906	642
—	—	—	—	—	—	30000	16150	10550
—	—	—	—	—	—	4000	2450	2200
—	—	—	—	—	—	21250*4	39701	14820
—	—	—	—	—	—	29625*4	40301	22868
—	—	—	—	—	—	15500*4	23575	17657
—	—	—	415	281	271	415	541	488
—	—	—	480	131	66	480	183	89
—	—	—	84	2	1	84	128	117
—	—	—	734	—	—	734	66	44
—	92057	92057	—	112214	112214	—	157117	157117
—	—	—	—	8617	7004	—	9431	6543
—	—	—	—	(5869)	—	—	(6642)	—
—	—	—	—	(2748)	—	—	(2789)	—
—	—	—	—	346	331	—	283	278
—	—	—	358	108	89	358	83	97
—	—	—	112	11	28	112	25	24

Source: Returnd furnished by the Corporation.

(3) Includes some cement produced during trial-production.

(4) Planted production target for 1967.

(5) This Corporation only mixes fertilizer for sale.