

**(C) PUBLIC ENTERPRISES\*****GENERAL**

In 1967, there were 62 identifiable enterprises engaged in commercial activities in the public sector. With the establishment of the Ceylon Fibre Board (in March 1968), the Colombo District Reclamation and Development Board (in May 1968), and the State Printing Corporation (in September 1968), the total increased to 65 in 1968. Of this total, 55 were public corporations and the rest were operated as government departments. During 1968, the commercial activities of the Forest Department were transferred to the State Timber Corporation, which was established in April, 1968. Meanwhile, a bill has been presented in Parliament to transfer the government department of Government Electrical Undertakings to a public corporation titled "The Electricity Board", and action is being taken to unify port services under a single "Port Authority".

**INDUSTRIES IN THE PUBLIC SECTOR**

In 1968, the number of public corporations in the industrial sector rose from 21 to 23 with the establishment of the State Timber Corporation and the State Printing Corporation (which was to function in addition to the Ceylon Government's Printing Press). In addition, there were 3 enterprises organised as full or semi-government departments, namely, the State Distillery, the Marketing Department Cannery and the Government Press.

The State Flour Milling Corporation and the National Milk Board Condensary commenced production during 1968 while the State Fertilizer Manufacturing Corporation, the Ceylon Petroleum Corporation's Oil Refinery, and the State Printing Corporation had not commenced production. Of the other corporations, several made progress on their expansion programmes. Of these, the New Provender Plant of the Ceylon Oils and Fats Corporation, the reconditioned old Kiln of the Ceylon Cement Corporation, the Rutile and Zircon Separating Plant of the Ceylon Mineral Sands Corporation, the Structural Shop of the Ceylon Steel Corporation, the Cast-Iron Foundary of the State Hardware Corporation and several fertilizer stores of the Ceylon Fertilizer Corporation were commissioned during 1967/68.

Tables II (C) 1 to II (C) 4 give a statistical summary of the operations of the state industrial corporations in respect of capital investment, production, sales and profits and losses, according to their different activities and by their financial years, (which extend from April to March in all Industrial Corporations except the National Milk Board and the Ceylon Petroleum Corporation, which have the calendar year as the financial year) for a period of 5 years.

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\* Hitherto the Annual Report carried an analysis of the operations of public sector industries only. From this year, the analysis will be progressively extended to cover the major non-industrial public enterprises as well. Also, the analysis of public sector industries made so far has been on a calendar year basis. As these industries as well as most other public enterprises maintain their accounts on the basis of financial years which are different from calendar years, a high degree of approximation had entered into figures when specially extracted for calendar years. Hence, for the sake of greater accuracy, the analysis from now onwards will be carried on in terms of more reliable financial year figures.

Total capital invested in the 21 state industrial corporations which existed at the end of 1967/68 was about Rs. 762.5 million. Of this, about Rs. 643.9 million was in respect of activities which had commenced production. New investment during the financial year 1968/69 was about Rs. 255.6 million which was mainly in respect of the Puttalam factory of the Ceylon Cement Corporation, the Oil Refinery of the Ceylon Petroleum Corporation, the Thulhiriya Textile Mill of the National Textile Corporation, the Flour Mill of the State Flour Milling Corporation and the Avissawella Plywood-complex of the Ceylon Plywoods Corporation. Thus the capital investment at the end of financial year 1968/69 on 22 corporations was estimated to be Rs. 1,018.1 million, of which about Rs. 797.5 million was in respect of activities which had commenced production.

Production at most industrial corporations increased in 1967/68 over the previous year. Decreases were recorded only at the Sri Lanka Sugar Corporation (Kantalai factory) and Mineral Sands Corporation. There was also declines in output in some of the products of Ceylon Oils and Fats Corporation and Paranthan Chemicals Corporation. Trends during the first 3 quarters of the year 1968/69 indicate again that most of the corporations are likely to increase their production further. Shortfalls are anticipated at the Eastern Paper Mills Corporation, Sri Lanka Sugar Corporation (Gal Oya factory), National Textiles Corporation and the National Small Industries Corporation.

It could also be seen from the Tables referred to that almost all corporations operated below their full production capacity. A greater increase in production than what has been recorded, is thus attainable.

Most corporations recorded profits on their operations in 1967/68. Losses were recorded only at the National Milk Board (in 1967), Ceylon Oils and Fats Corporation, Sri Lanka Sugar Corporation (due to losses at Gal Oya factory), National Small Industries Corporation, Ceylon State Hardware Corporation and the Ceylon Fisheries Corporation. Current trends indicate that during 1968/69, the performance of the corporations will be better. Losses are anticipated only at National Milk Board, National Small Industries Corporation and Ceylon Fisheries Corporation. It should be noted, however, that financial profits or losses should be used with utmost caution in the evaluation of the corporations' relative efficiency or inefficiency. This is due to the fact that certain corporations have to perform un-economic social obligations. Moreover, certain corporations enjoyed partial or near monopoly power.

It was also noticeable that several industrial corporations were engaged in trading activities in addition to their manufacturing activities. Generally, these activities brought in considerable profits. Eastern Paper Mills, Paranthan Chemicals, National Textiles, and Ceylon Steel were such corporations. An attempt has been made at Table II (C) 2 to separate the results of these trading activities from the results of manufacturing activities.

**TABLE II (C) 1**  
**Annual Capacity, Output and Sales (Quantity) of State Industries — 1964/65-1968/69 (a)**

| Corporation                       | Units of output            | 1964/65  |            |       | 1965/66  |            |       | 1966/67  |            |       | 1967/68  |            |        | 1968/69* |            |        |
|-----------------------------------|----------------------------|----------|------------|-------|----------|------------|-------|----------|------------|-------|----------|------------|--------|----------|------------|--------|
|                                   |                            | Capacity | Production | Sales | Capacity | Production | Sales | Capacity | Production | Sales | Capacity | Production | Sales  | Capacity | Production | Sales  |
| <b>1. National Milk Board</b>     |                            |          |            |       |          |            |       |          |            |       |          |            |        |          |            |        |
| (a) Distribution network          |                            |          |            |       |          |            |       |          |            |       |          |            |        |          |            |        |
| (i) Milk purchases                | '000 pints                 | —        | 16938      | —     | —        | 17165      | —     | —        | 18583      | —     | —        | 22763      | —      | —        | 30776      | —      |
| (ii) Milk separated               | '000 pints                 | —        | 598        | n.a.  | —        | 229        | n.a.  | —        | 17         | n.a.  | —        | 1217       | n.a.   | —        | 2852       | n.a.   |
| (iii) Milk processed              | '000 pints                 | 59250    | 16340      | 16096 | 59250    | 16935      | 16353 | 59250    | 18566      | 17203 | 59250    | 20382      | 19526  | 59250    | 24968      | 23084  |
| (b) Condensed Milk Factory        | '000 cans                  | —        | —          | —     | —        | —          | —     | —        | —          | —     | —        | —          | —      | 25000    | 11514      | 6011   |
| <b>2. Estern Paper Mills</b>      |                            |          |            |       |          |            |       |          |            |       |          |            |        |          |            |        |
| (a) Manufacturing                 | Tons - Paper               | 6570     | 5950       | 5710  | 7345     | 7361       | 5987  | 8050     | 9156       | 6684  | 9000     | 9500       | 6014   | 9000     | 8333       | 9765   |
|                                   | '000 Exercise Books        | 6500     | 6606       | 4110  | 6000     | 10767      | 11241 | 6200     | 10327      | 6792  | 8500     | 7215       | 8213   | 8500     | 12000      | 12000  |
| (b) Trading                       | Tons - Paper               | —        | 800 (c)    | 652   | —        | 6500 (c)   | 4453  | —        | 12600 (c)  | 7644  | —        | 6700 (c)   | 7155   | —        | 6992 (c)   | 8510   |
| <b>3. Ceylon Ceramics</b>         |                            |          |            |       |          |            |       |          |            |       |          |            |        |          |            |        |
| (a) Negombo Factory               | Tons - Ceramicware         | 880      | 880        | n.a.  | 880      | 852        | n.a.  | 880      | 814        | n.a.  | 940      | 954        | n.a.   | 940      | 1021       | 1000   |
| (b) Piliyandala Factory           | Tons - Crockery            | —        | —          | —     | —        | —          | —     | 1600     | 189        | n.a.  | 1600     | 1180       | n.a.   | 1600     | 1133       | 1325   |
|                                   | Tons - Sanitary ware       | —        | —          | —     | —        | —          | —     | —        | —          | —     | 500      | 110        | n.a.   | 500      | 280        | 194    |
|                                   | Tons - Wall Tiles          | —        | —          | —     | —        | —          | —     | —        | —          | —     | 300      | 125        | n.a.   | 300      | 169        | 133    |
| (c) Kaolin Refinery               | Tons - Kaolin              | 5000     | 1630       | 998   | 5000     | 435        | 1054  | 5000     | 2027       | 1916  | 5000     | 2600       | 2181   | 5000     | 2750       | 2283   |
| <b>4. Ceylon Oils &amp; Fats</b>  |                            |          |            |       |          |            |       |          |            |       |          |            |        |          |            |        |
| (a) Oil Mill                      | Tons - Coconut oil         | 22320    | 1747       | 2259  | 22320    | 2050       | 1442  | 22320    | 1759       | 2207  | 22320    | 1300       | 1293   | 22320    | 1447       | 1447   |
| (b) Provender Plant               | Tons - Animal foods        | 31200    | 16804      | 16575 | 31200    | 23810      | 23754 | 31200    | 29234      | 29144 | 31200    | 30011      | 30383  | 31200    | 53016      | 56060  |
| (c) Fatty acid plant              | Tons - Fatty acids         | —        | —          | —     | —        | —          | —     | —        | —          | —     | 5400     | 350        | 220    | 5400     | 8028       | 1334   |
|                                   | Tons - Glycerine           | —        | —          | —     | —        | —          | —     | —        | —          | —     | 5400     | 22         | ...    | 5400     | 673        | 175    |
| (d) Other Units                   | Tons - Other oils          | —        | —          | —     | —        | —          | —     | —        | —          | —     | —        | —          | —      | —        | 104        | 20     |
| <b>5. Ceylon Plywoods (d)</b>     |                            |          |            |       |          |            |       |          |            |       |          |            |        |          |            |        |
|                                   | '000 sq. ft. 3 ply Plywood | 18000    | 15323      | —     | 18000    | 13677      | —     | 18000    | 19649      | —     | 25000    | 19807      | —      | 25000    | 25349      | —      |
|                                   | '000 Tea chests            | 780      | 731        | 722   | 840      | 714        | 727   | 1260     | 987        | 988   | 1300     | 977        | 974    | 1300     | 1163       | 958    |
|                                   | '000 Battens               | 700      | 428        | n.a.  | 710      | 410        | n.a.  | 480      | 312        | 338   | 750      | 215        | n.a.   | 750      | 20         | 306    |
|                                   | '000 sq. ft. Boards        | 993      | n.a.       | 697   | 1550     | n.a.       | 744   | 1250     | 1608       | 1109  | 2400     | 1099       | 1152   | 2400     | 910        | 923    |
|                                   | '000 Doors                 | 8        | 6          | 6     | 10       | 5          | 5     | 7        | 5          | 5     | 9        | 11         | 11     | 9        | 20         | 18     |
| <b>6. Ceylon Leather Products</b> |                            |          |            |       |          |            |       |          |            |       |          |            |        |          |            |        |
|                                   | '000 sq. ft. Chrome        | 646      | 473        | 135   | 567      | 514        | 165   | 600      | 649        | 118   | 600      | 629        | 145    | 600      | 695        | 156    |
|                                   | '000 prs. Shoes            | 216      | 184        | 181   | 216      | 184        | 211   | 216      | 246        | 244   | 216      | 260        | 255    | 271      | 309        | 307    |
|                                   | '000 lbs. Other Products   | 286      | 210        | 54    | 304      | 248        | 46    | 300      | 289        | 22    | 300      | 334        | 26     | 300      | 342        | n.a.   |
| <b>7. Paranthan Chemicals</b>     |                            |          |            |       |          |            |       |          |            |       |          |            |        |          |            |        |
|                                   | Tons - Caustic Soda        | 1500     | 844        | 844   | 1500     | 1082       | 1082  | 1500     | 1002       | 1002  | 1500     | 970        | 970    | 1500     | 1021       | 482    |
|                                   | Tons - Chlorine            | 1400     | 255        | 255   | 1400     | 288        | 288   | 1400     | 397        | 397   | 1400     | 540        | 540    | 1400     | 639        | 482    |
|                                   | Tons - Table salt          | —        | 11         | 11    | —        | 11         | 11    | —        | 89         | 89    | 175      | 121        | 121    | 175      | 205        | 196    |
| <b>8. Ceylon Cement</b>           |                            |          |            |       |          |            |       |          |            |       |          |            |        |          |            |        |
| (a) Kankasanturai Factory         | Tons - Cement              | 80000    | 73436      | 75583 | 80000    | 84477      | 86578 | 120000   | 81575      | 75105 | 265000   | 206631     | 214699 | 275000   | 240683     | 228246 |
| (b) Galle Factory                 | Tons - Cement              | 80000    | 73436      | 75583 | 80000    | 84477      | 86578 | 120000   | 81575      | 75105 | 165000   | 160491     | 164981 | 175000   | 155233     | 146083 |
|                                   | Tons - Cement              | —        | —          | —     | —        | —          | —     | —        | —          | —     | 100000   | 46140      | 49718  | 100000   | 85450      | 82163  |

|  |                                   |       |           |       |       |           |        |       |            |        |        |            |        |        |            |        |
|--|-----------------------------------|-------|-----------|-------|-------|-----------|--------|-------|------------|--------|--------|------------|--------|--------|------------|--------|
| 9. Sri Lanka Sugar<br>(a) Kantalai Factory | Tons - Sugar                      | 21000 | 1958      | 1958  | 21000 | 3299      | 3299   | 21000 | 2587       | 2587   | 21000  | 1403       | 1403   | 21000  | 3545       | 3545   |
|  | '000 proof gls. Sp'rits           | 600   | 423       | 400   | 600   | 729       | 707    | 600   | 871        | 832    | 600    | 426        | 503    | 600    | 735        | 782    |
|  | Tons - Sugar                      | 19200 | 5471      | 5393  | 19200 | 6492      | 6379   | 19200 | 915        | 2539   | 19200  | 5789       | 5789   | 19200  | 4542       | 4542   |
| (b) Gal-Oya Factory (e)                    | '000 proof gls. Spirits           | 750   | 391       | 374   | 750   | 379       | 307    | 750   | 249        | 282    | 750    | 500        | 480    | 750    | 480        | 347    |
|  | Tons - Ilmenite                   | 60000 | 46953     | 38380 | 60000 | 53742     | 50575  | 90000 | 53265      | 55480  | 90000  | 48281      | 73430  | 90000  | 71464      | 73430  |
|  | Tons - Rutile                     | —     | —         | —     | —     | —         | —      | —     | —          | —      | —      | —          | —      | 10500  | 1277 (f)   | —      |
| 10. Ceylon Mineaal Sands                   | Tons - Zircon                     | —     | —         | —     | —     | —         | —      | —     | —          | —      | —      | —          | —      | 9500   | —          | —      |
|  | Tons - Salt                       | 20000 | 10926     | 4527  | 30000 | 19127     | 13900  | 70000 | 63468      | 60800  | 70000  | 74611      | 77546  | 78000  | 90885      | 77688  |
|  | '000 lbs - Yarn                   | 3400  | 1971      | 2112  | 3400  | 2658      | 2323   | 3400  | n.a.       | 2270   | 3400   | 2669       | 1000   | 3400   | 2315       | 456    |
| 12. National Textiles                      | '000 yds - Textiles               | —     | —         | —     | 14000 | 439       | —      | 14000 | 2810       | 1924   | 14000  | 6682       | 5431   | 14000  | 6166       | 5208   |
|  | Value - Rs '000                   | —     | —         | —     | —     | —         | —      | —     | —          | —      | —      | —          | —      | —      | —          | —      |
|  | Furniture                         | —     | 3868      | 3814  | —     | 4575      | 4634   | —     | 4642       | 4404   | —      | 4584       | 4624   | —      | 4177       | 5175   |
| 13. National Small Industries              | Value - Rs '000                   | —     | —         | —     | —     | —         | —      | —     | —          | —      | —      | —          | —      | —      | —          | —      |
|  | Bricks & tiles                    | —     | —         | —     | —     | 1700      | 659    | —     | 2710       | 2018   | —      | 3005       | 1997   | —      | 3057       | 3234   |
|  | Value Rs '000 Drugs               | —     | —         | —     | —     | —         | —      | —     | 1283       | 416    | —      | 1368       | 642    | —      | 1080       | 1083   |
| 14. Ceylon Steel (g)                       | Metric tons - Rolled              | —     | —         | —     | —     | —         | —      | —     | —          | —      | —      | —          | —      | —      | —          | —      |
|  | Sections                          | —     | —         | —     | —     | —         | —      | —     | —          | —      | —      | —          | —      | —      | —          | —      |
|  | Metric tons - Wire                | —     | —         | —     | —     | —         | —      | —     | —          | —      | 60000  | 25425      | 24407  | 60000  | 26505      | 15950  |
| 15. Ceylon Tyre (h)                        | Products                          | —     | —         | —     | —     | —         | —      | —     | —          | —      | 12000  | 3343       | 3007   | 12000  | 4822       | 4976   |
|  | No - Tyres                        | —     | —         | —     | —     | —         | —      | —     | —          | —      | 250000 | 57622      | 28284  | 250000 | 62124      | 65260  |
|  | No. - Tubes                       | —     | —         | —     | —     | —         | —      | —     | —          | —      | 152000 | 62062      | 33063  | 152000 | 43108      | 46177  |
| 16. Ceylon State Hardware                  | No. - Flaps                       | —     | —         | —     | —     | —         | —      | —     | —          | —      | 88000  | 29477      | 17873  | 88000  | 2921       | 7004   |
|  | '000 - Mammothies                 | —     | —         | —     | —     | —         | —      | 200   | 12         | 12     | 200    | 214        | 138    | 281    | 187        | 141    |
|  | '000 - Other Agri-cultural equip. | —     | —         | —     | —     | —         | —      | —     | —          | —      | 13     | 5          | 1      | 121    | 8          | 5      |
| 17. Ceylon Fertilizer                      | '000 - Builders hardware          | —     | —         | —     | 895   | 46 (i)    | —      | 895   | 437        | 415    | 935    | 1023       | 704    | 1045   | 1147       | 600    |
|  | '000 - Water fittings             | —     | —         | —     | —     | —         | —      | —     | —          | —      | 244    | 173        | 57     | 1045   | 34         | 42     |
|  | '000 - Cutlery                    | —     | —         | —     | —     | —         | —      | —     | —          | —      | 500    | 29         | 15     | 600    | 73         | 51     |
|  | '000 - Carpentry tools            | —     | —         | —     | —     | —         | —      | —     | —          | —      | 65     | 12         | 5      | 195    | 18         | 13     |
|  | '000 - Engineering Equipment      | —     | —         | —     | —     | —         | —      | —     | —          | —      | —      | —          | —      | —      | —          | —      |
|  | Tons - Fertilizer                 | —     | 79733 (c) | 24283 | —     | 90180 (c) | 101241 | —     | 145000 (c) | 111787 | —      | 177182 (c) | 157756 | —      | 220000 (c) | 192080 |
|  | '000 Lbs - Fish                   | —     | —         | —     | —     | 5138      | 3930   | —     | 8467       | 7178   | —      | 9767       | 6711   | —      | 11784      | 6717   |
| 18. Ceylon Fisheries                       | (a) fish caught                   | —     | —         | —     | —     | 2527      | —      | —     | 5980       | —      | —      | 6633       | —      | —      | 9976       | —      |
|  | (b) fish purchased                | —     | —         | —     | —     | 2611      | —      | —     | 2487       | —      | —      | 3134       | —      | —      | 1808       | —      |
|  | '000 lbs Dried fish               | —     | —         | —     | —     | 64        | 37     | —     | 345        | 333    | —      | 378        | 366    | —      | 640        | 518    |
|  | '000 lbs Fish meal                | —     | —         | —     | —     | 41        | 41     | —     | 104        | 98     | —      | 85         | 85     | —      | 74         | 61     |
|  | '000 lbs - Liver oil              | —     | —         | —     | —     | 14        | —      | —     | 23         | 28     | —      | 23         | 31     | —      | 33         | 35     |
|  | Tons - Flour                      | —     | —         | —     | —     | —         | —      | —     | —          | —      | —      | —          | —      | 70000  | 4245       | 3245   |
| 19. State Flour Milling (j)                | Tons - By-Products                | —     | —         | —     | —     | —         | —      | —     | —          | —      | —      | —          | —      | —      | 1357       | 2115   |

\* Provisional

Source: Central Bank of Ceylon (Data supplied by the Corporations).

(a) All figures are in respect of the financial years of the corporations. The National Milk Board has the calendar year as its financial year. All other corporations have financial years extending from April to March. Please also see footnote (e) below. (b) Production commenced in March, 1968. (c) Represents the quantity imported. (d) The entire output of the corporation is first given in equivalent of 3-ply plywood. Sales figures are available only in respect of finished products and they are given separately. The Corporation also makes small quantities of other products, which are not included here. (e) The Corporation took over the Gal-Oya factory in September, 1966. (f) Production commenced in July 1968. The figure given there fore is for July 1963 to March 1969. (g) Commenced production in April 1967. (h) Commenced production in May 1967. (i) Commenced production in February, 1966. (j) Commenced production in July 1968.

TABLE II (C) 2

## Value of Sales, Profitability and Investment

| Corporation                               | Value of Sales |         |         |          |           |
|---|----------------|---------|---------|----------|-----------|
|   | 1964/65        | 1965/66 | 1966/67 | 1967/68* | 1968/69*  |
| 1. National Milk Board ..                 | 9,566          | 10,160  | 10,717  | 13,227   | 23,517    |
| (a) Processing Centres ..                 | 9,566          | 10,160  | 10,717  | 13,227   | 16,890    |
| (b) Condensed Milk Factory ..             | —              | —       | —       | —        | 6,627     |
| (c) Sterilized Milk Project ..            | —              | —       | —       | —        | —         |
| 2. Eastern Paper Mills ..                 | 15,964         | 27,737  | 33,430  | 32,004   | 43,301    |
| (a) Manufacturing ..                      | —              | —       | —       | —        | —         |
| (i) Paper Factory ..                      | 13,864         | 14,537  | 16,230  | 14,604   | 24,601    |
| (ii) Paper Board Mill ..                  | —              | —       | —       | —        | —         |
| (b) Trading ..                            | 2,100          | 13,200  | 17,200  | 17,400   | 18,700(e) |
| 3. Ceylon Ceramics ..                     | 2,932          | 3,348   | 4,421   | 10,075   | 13,004    |
| (a) Negombo Factory ..                    | 2,658          | 3,058   | 3,219   | 4,000    | 4,756     |
| (b) Piliyandala Factory ..                | —              | —       | 675     | 5,475    | 7,604     |
| (c) Kaolin Refinery ..                    | 274            | 290     | 527     | 600      | 644       |
| 4. Ceylon Oils & Fats ..                  | 10,179         | 12,304  | 18,406  | 18,747   | 23,388    |
| (a) Coconut Oil Plant ..                  | 2,421          | 1,760   | 2,665   | 1,660    | 629       |
| (b) Provender Plant ..                    | 6,134          | 9,232   | 11,330  | 14,666   | 19,088    |
| (c) Fatty Acids Plant ..                  | —              | —       | —       | 357      | 2,731     |
| (d) Glycerine Plant ..                    | —              | —       | —       | —        | 239       |
| (e) Other Plants ..                       | 1,624          | 1,312   | 4,411   | 2,064    | 701       |
| 5. Ceylon Plywoods ..                     | 5,039          | 5,102   | 6,749   | 7,839    | 10,265    |
| (a) Gintota Factory ..                    | 5,039          | 5,102   | 6,749   | 7,839    | 10,265    |
| (b) Avissawella Factory ..                | —              | —       | —       | —        | —         |
| 6. Ceylon Leather Products ..             | 3,817          | 4,507   | 5,230   | 4,893    | 7,889     |
| (a) Shoe Factory ..                       | 3,368          | 4,010   | 4,795   | 4,417    | 7,147     |
| (b) Tannery ..                            | 449            | 497     | 425     | 476      | 742       |
| 7. Paranthan Chemicals ..                 | 1,642          | 3,437   | n.a.    | n.a.     | 4,920     |
| (a) Manufacturing ..                      | 1,406          | 1,588   | 2,019   | 2,442    | n.a.      |
| (b) Trading ..                            | 236            | 1,849   | n.a.    | n.a.     | n.a.      |
| 8. Ceylon Cement ..                       | 13,573         | 15,244  | 15,815  | 39,898   | 48,046    |
| (a) Kankesanturai Factory ..              | 13,573         | 15,244  | 15,815  | 29,656   | 29,448    |
| (b) Galle Factory ..                      | —              | —       | —       | 10,242   | 18,598    |
| (c) Puttalam Project ..                   | —              | —       | —       | —        | —         |
| 9. Sri Lanka Sugar (e) ..                 | 8,495          | 14,926  | 21,592  | 21,777   | 25,455    |
| (a) Kantalai Factory ..                   | 8,495          | 14,926  | 15,743  | 10,008   | 16,467    |
| (i) Sugar ..                              | 1,104          | 1,846   | 852     | 702      | 2,007     |
| (ii) Spirits ..                           | 7,391          | 13,080  | 14,891  | 9,306    | 14,460    |
| (b) Galoya Factory ..                     | 9,604          | 7,829   | 5,849   | 11,769   | 8,988     |
| (i) Sugar ..                              | 2,753          | 2,254   | 822     | 2,887    | 2,571     |
| (ii) Spirits ..                           | 6,851          | 5,575   | 5,027   | 8,882    | 6,417     |
| 10. Ceylon Mineral Sands ..               | 946            | 1,372   | 1,453   | 2,503    | 3,150     |
| (a) Ilmenite Factory ..                   | 946            | 1,372   | 1,453   | 2,503    | 3,150     |
| (b) By Products Factory ..                | —              | —       | —       | —        | —         |
| 11. National Salt ..                      | 407            | 1,112   | 5,463   | 7,025    | 7,049     |
| 12. National Textiles ..                  | 7,274          | n. a.   | 9,700   | 12,988   | 13,484    |
| (a) Veyangoda Factory ..                  | 7,274          | n. a.   | 9,700   | 12,988   | 13,484    |
| (b) Tulhiriya Project ..                  | —              | —       | —       | —        | —         |
| (c) Other Projects ..                     | —              | —       | —       | —        | —         |
| 13. National Small Industries ..          | 3,814          | 5,293   | 6,838   | 7,263    | 9,492     |
| (a) Carpentry Section ..                  | 3,814          | 4,634   | 4,404   | 4,624    | 5,175     |
| (b) Brick and Tile Factories ..           | —              | 659     | 2,018   | 1,997    | 3,234     |
| (c) Ayurvedic Drugs Factory ..            | —              | —       | 416     | 642      | 1,083     |
| 14. Ceylon Steel ..                       | —              | —       | —       | 25,665   | 22,652    |
| 15. Ceylon Tyre ..                        | —              | —       | —       | 8,541    | 25,187    |
| 16. Ceylon State Hardware ..              | —              | 23      | 513     | 2,564    | 2,985     |
| (a) Hardware Factory ..                   | —              | 23      | 513     | 2,564    | 2,985     |
| (b) Cast Iron Foundry ..                  | —              | —       | —       | —        | —         |
| 17. Ceylon Fertilizer ..                  | 9,795          | 41,339  | 47,000  | 68,838   | 99,245    |
| (a) Mixing Plants etc. ..                 | 9,795          | 41,339  | 47,000  | 68,838   | 99,245    |
| (b) Fertilizer Stores ..                  | —              | —       | —       | —        | —         |
| (c) Factory ..                            | —              | —       | —       | —        | —         |
| 18. Ceylon Fisheries ..                   | —              | 2,718   | 7,029   | 8,229    | 9,089     |
| (a) Fishing Fleet and Sales network ..    | —              | 2,718   | 7,029   | 8,229    | 9,089     |
| (b) Fishery harbours and boatyards ..     | —              | —       | —       | —        | —         |
| 19. State Flour Milling ..                | —              | —       | —       | —        | 2,687(f)  |
| 20. State Fertilizer Manufacturing (g) .. | —              | —       | —       | —        | —         |
| 21. Ceylon Petroleum - Refinery (g) ..    | —              | —       | —       | —        | —         |
| 22. State Printing (g) ..                 | —              | —       | —       | —        | —         |
| 23. State Timber ..                       | —              | —       | —       | —        | n. a.     |

\* Provisional.

(a) All figures are in respect of the financial years of the Corporations. The National Milk Board and the Ceylon Petroleum Corporation have the calendar year as the financial year. All other Corporations have financial years extending from April to March. Please also see footnote 'e' below.

(b) Before taxation.

(c) Cumulative totals as at the end of the financial year, without depreciation.

| Profit (+) or Loss (-)(b) |          |          |          |          | Capital Invested(c) |         |         |          |          |
|---------------------------|----------|----------|----------|----------|---------------------|---------|---------|----------|----------|
| 1964/65                   | 1965/66  | 1966/67  | 1967/68* | 1968/69* | 1964/65             | 1965/66 | 1966/67 | 1967/68* | 1968/69* |
| - 1,392                   | - 641    | - 889    | - 1,500  | - 63     | 14,741              | 14,741  | 14,741  | 20,352   | 22,971   |
| - 1,392                   | - 641    | 889      | - 1,500  | - 513    | 11,956              | 11,956  | 11,956  | 13,156   | 14,506   |
| -                         | -        | -        | -        | + 450    | 2,785               | 2,785   | -       | 5,696    | 6,300    |
| -                         | -        | -        | -        | -        | -                   | -       | -       | 1,500    | 2,165    |
| + 766                     | + 3,159  | + 3,783  | + 3,919  | + 6,440  | 29,000              | 29,000  | 29,000  | 29,000   | 35,700   |
| + 250                     | + 1,617  | + 1,072  | + 1,496  | + 5,040  | 29,000              | 29,000  | 29,000  | 29,000   | 29,000   |
| -                         | -        | -        | -        | -        | -                   | -       | -       | -        | 6,700    |
| + 516                     | + 1,542  | + 2,711  | + 2,423  | + 1,400  | -                   | -       | -       | -        | -        |
| + 276                     | + 442    | + 775    | + 1,802  | + 4,008  | 8,075               | 8,075   | 19,000  | 20,000   | 20,000   |
| + 378                     | + 581    | + 728    | + 743    | + 987    | 5,000               | 5,000   | 5,000   | 5,000    | 500      |
| -                         | -        | + 24     | + 989    | + 2,830  | -                   | -       | 10,934  | 11,925   | 11,925   |
| - 102                     | - 139    | + 23     | + 70     | + 191    | 3,075               | 3,075   | 3,075   | 3,075    | 3,075    |
| + 215                     | + 568    | - 1,611  | + 642    | + 4,552  | 21,940              | 21,940  | 21,940  | 21,940   | 27,940   |
| - 1,010                   | - 904    | - 2,033  | - 1,288  | + 549    | -                   | -       | -       | -        | -        |
| + 1,289                   | + 1,963  | + 1,359  | + 609    | + 435    | -                   | -       | -       | -        | -        |
| -                         | -        | -        | + 970    | + 3,118  | -                   | -       | -       | -        | -        |
| - 64                      | - 491    | - 937    | + 353    | + 450    | -                   | -       | -       | -        | -        |
| + 378                     | + 14     | + 597    | + 281    | + 1,603  | 2,800               | 2,800   | 2,800   | 3,456    | 14,800   |
| + 378                     | + 14     | + 597    | + 281    | + 1,603  | 2,800               | 2,800   | 2,800   | 2,800    | 2,800    |
| -                         | -        | -        | -        | -        | -                   | -       | -       | 656      | 12,000   |
| + 309                     | + 214    | + 391    | + 187    | + 413    | 5,200               | 5,200   | 5,200   | 6,245    | 6,245    |
| n.a.                      | n.a.     | n.a.     | n.a.     | n.a.     | 3,500               | 3,500   | 3,500   | 4,225    | 4,225    |
| n.a.                      | n.a.     | n.a.     | n.a.     | n.a.     | 1,700               | 1,700   | 1,700   | 2,020    | 2,020    |
| - 614                     | - 471    | + 270    | + 733    | + 865    | 12,321              | 12,321  | 12,321  | 12,321   | 12,321   |
| - 674                     | - 887    | - 569    | - 124    | n.a.     | 12,321              | 12,321  | 12,321  | 12,321   | 12,321   |
| + 60                      | + 416    | + 839    | + 857    | n.a.     | -                   | -       | -       | -        | -        |
| + 4,441                   | + 9,628  | + 8,004  | + 13,875 | + 13,160 | 51,622              | 61,442  | 100,533 | 110,138  | 170,114  |
| + 4,441                   | + 9,628  | + 8,004  | + 12,550 | + 13,070 | 38,120              | 44,534  | 50,197  | 52,120   | 65,952   |
| -                         | -        | -        | + 1,325  | + 90     | 7,578               | 10,275  | 13,514  | 14,489   | 18,234   |
| -                         | -        | -        | -        | -        | 5,924               | 6,633   | 36,822  | 43,529   | 85,928   |
| + 900                     | + 6,725  | + 7,657  | - 4,500  | + 4,140  | 33,300              | 33,700  | 151,900 | 157,621  | 163,911  |
| + 900                     | + 6,725  | + 7,814  | + 500    | + 5,140  | 33,300              | 33,700  | 34,700  | 35,000   | 35,000   |
| n.a.                      | n.a.     | - 2,763  | - 2,500  | - 4,360  | n.a.                | n.a.    | n.a.    | n.a.     | n.a.     |
| n.a.                      | n.a.     | + 10,577 | + 3,000  | + 9,500  | n.a.                | n.a.    | n.a.    | n.a.     | n.a.     |
| - 6,195                   | - 6,295  | - 157    | - 5,000  | - 1,000  | 112,900             | 117,200 | 117,200 | 122,621  | 128,911  |
| - 12,182                  | - 12,391 | - 5,094  | - 10,000 | n.a.     | n.a.                | n.a.    | n.a.    | n.a.     | n.a.     |
| + 5,987                   | + 6,096  | + 4,937  | + 5,000  | n.a.     | n.a.                | n.a.    | n.a.    | n.a.     | n.a.     |
| - 502                     | - 600    | + 54     | + 192    | + 1,088  | 10,100              | 11,100  | 11,100  | 11,100   | 14,875   |
| - 502                     | - 600    | + 54     | + 192    | + 1,088  | 10,100              | 11,100  | 11,100  | 11,100   | 11,375   |
| -                         | -        | -        | -        | -        | -                   | -       | -       | 3,500    | 3,500    |
| + 860                     | + 629    | + 1,000  | + 2,196  | + 2,500  | 1,718               | 2,103   | 6,503   | 8,862    | 13,067   |
| + 1,368                   | + 1,335  | + 719    | + 1,964  | + 3,546  | 45,400              | 50,300  | 54,467  | 64,500   | 93,600   |
| - 1,368                   | + 1,335  | + 719    | + 1,964  | + 3,546  | 45,400              | 50,000  | 53,300  | 53,300   | 53,300   |
| -                         | -        | -        | -        | -        | -                   | -       | 1,167   | 7,208    | 40,300   |
| -                         | -        | -        | -        | -        | n.a.                | n.a.    | n.a.    | n.a.     | n.a.     |
| - 1,468                   | - 1,004  | - 1,154  | - 1,160  | - 515    | 14,632              | 19,832  | 21,410  | 21,760   | 22,760   |
| - 1,084                   | - 766    | - 841    | - 987    | - 704    | 1,350               | 1,350   | 2,378   | 2,378    | 2,378    |
| - 384                     | - 238    | - 439    | - 420    | - 45     | 12,249              | 17,282  | 17,832  | 18,182   | 19,182   |
| -                         | -        | + 126    | + 247    | + 234    | 1,033               | 1,200   | 1,200   | 1,200    | 1,200    |
| -                         | -        | -        | + 1,988  | + 7,827  | 80,273              | 94,395  | 115,900 | 121,065  | 123,300  |
| -                         | -        | -        | + 800    | + 3,000  | 37,721              | 58,731  | 67,396  | 67,525   | 67,525   |
| -                         | -        | 28       | - 1,052  | - 37     | -                   | 15,127  | 16,704  | 30,170   | 43,455   |
| -                         | -        | 28       | - 1,052  | - 37     | -                   | 15,127  | 16,249  | 15,667   | 21,952   |
| -                         | -        | -        | -        | -        | -                   | -       | 455     | 14,503   | 21,503   |
| + 235                     | + 2,204  | + 2,073  | + 1,210  | + 5,939  | 90                  | 165     | 927     | 2,463    | 13,600   |
| + 235                     | + 2,204  | + 2,073  | + 1,210  | + 5,939  | 90                  | 165     | 245     | 377      | 600      |
| -                         | -        | -        | -        | -        | -                   | -       | 681     | 1,922    | 6,000    |
| -                         | -        | -        | -        | -        | -                   | -       | 1       | 164      | 7,000    |
| -                         | - 1,447  | - 3,400  | - 3,553  | - 2,800  | -                   | n.a.    | 11,077  | 13,632   | 53,800   |
| -                         | - 1,447  | - 3,400  | - 3,553  | - 2,800  | -                   | n.a.    | 9,346   | 9,684    | 30,721   |
| -                         | -        | -        | -        | -        | -                   | n.a.    | 1,731   | 3,948    | 23,078   |
| -                         | -        | -        | -        | n.a.     | 5,194               | 11,115  | 15,153  | 19,992   | 29,106   |
| -                         | -        | -        | -        | -        | -                   | -       | 800     | 2,800    | 10,000   |
| -                         | -        | -        | -        | -        | -                   | -       | 8,075   | 17,521   | 56,521   |
| -                         | -        | -        | -        | -        | -                   | -       | -       | -        | n.a.     |
| -                         | -        | -        | -        | n.a.     | -                   | -       | -       | -        | 2,500    |

Source: Central Bank of Ceylon. (Data furnished by the Corporations).

(d) Budgeted or estimated figures.

(e) The Corporation took-over the Gal-oya Factory from the River Valleys Development Board in September 1966. As the Gal-oya Factory operated on a financial year October to September, its figures upto 1965/66 have not been cumulated with the Corporation's figures.

(f) Sales commenced in December, 1968.

(g) Not in production, yet.

TABLE II (C) 3

## Employment in State Industries—1966/7 to 1968/9(a)

| Corporation                              | Executives  |             |             | Clerical and Non Executives |             |             | Factory and other workers |              |              | Total        |              |              |
|--|-------------|-------------|-------------|-----------------------------|-------------|-------------|---------------------------|--------------|--------------|--------------|--------------|--------------|
|  | 1966/<br>67 | 1967/<br>68 | 1968/<br>69 | 1966/<br>67                 | 1967/<br>68 | 1968/<br>69 | 1966/<br>67               | 1967/<br>68  | 1968/<br>69  | 1966/<br>67  | 1967/<br>68  | 1968/<br>69  |
| 1. National Milk Board ..                | n. a.       | n. a.       | n. a.       | n. a.                       | n. a.       | n. a.       | n. a.                     | n. a.        | n. a.        | 889          | 1,275        | 1,171        |
| 2. Eastern Paper Mills ..                | 32          | 35          | 36          | 219                         | 229         | 250         | 611                       | 662          | 793          | 862          | 926          | 1,079        |
| 3. Ceylon Ceramics ..                    | 29          | 34          | 38          | 71                          | 123         | 95          | 736                       | 745          | 788          | 836          | 902          | 921          |
| 4. Ceylon Oils & Fats ..                 | 28          | 26          | 26          | 93                          | 109         | 113         | 575                       | 557          | 583          | 696          | 697          | 722          |
| 5. Ceylon Plywood ..                     | 10          | 12          | 9           | 67                          | 69          | 44          | 692                       | 697          | 989          | 769          | 778          | 1,042        |
| 6. Ceylon Leather Products ..            | 15          | 13          | 13          | 88                          | 99          | 101         | 485                       | 531          | 547          | 588          | 643          | 661          |
| 7. Paranthan Chemicals ..                | 11          | 14          | 14          | 29                          | 37          | 37          | 240                       | 259          | 263          | 280          | 310          | 314          |
| 8. Ceylon Cement ..                      | 51          | 65          | 73          | 305                         | 334         | 358         | 1,171                     | 1,364        | 1,476        | 1,527        | 1,763        | 1,907        |
| 9. Sri Lanka Sugar (b) ..                | n. a.       | 36          | 42          | n. a.                       | 897         | 520         | n. a.                     | 1,083        | 1,768        | 2,933        | 2,016        | 2,333        |
| 10. Ceylon Mineral Sands ..              | 4           | 7           | 7           | 21                          | 48          | 37          | 76                        | 125          | 155          | 101          | 180          | 209          |
| 11. National Salt ..                     | 16          | 18          | 23          | 36                          | 122         | 127         | 402                       | 1,257        | 1,158        | 454          | 1,397        | 1,309        |
| 12. National Textiles ..                 | 12          | 16          | 310         | 73                          | 98          | 311         | 1,417                     | 1,622        | 1,400        | 1,502        | 1,736        | 2,021        |
| 13. National Small Industries ..         | 42          | 44          | 44          | 483                         | 491         | 509         | 1,403                     | 1,425        | 1,396        | 1,928        | 1,960        | 1,949        |
| 14. Ceylon Steel ..                      | 29          | 36          | 60          | 49                          | 61          | 133         | 518                       | 853          | 801          | 596          | 950          | 994          |
| 15. Ceylon Tyre ..                       | 19          | 19          | 24          | 43                          | 52          | 67          | 698                       | 726          | 892          | 760          | 797          | 983          |
| 16. Ceylon State Hardware ..             | 23          | 24          | 30          | 94                          | 120         | 124         | 489                       | 2,066        | 1,006        | 606          | 2,210        | 1,160        |
| 17. State Flour Milling ..               | 9           | 9           | 11          | 19                          | 20          | 48          | 34                        | 34           | 162          | 62           | 63           | 221          |
| 18. Ceylon Fertilizer ..                 | 10          | 12          | 16          | 70                          | 113         | 152         | 31                        | 36           | 97           | 111          | 161          | 265          |
| 19. Ceylon Fisheries ..                  | 89          | 94          | 94          | 862                         | 875         | 803         | 411                       | 411          | 411          | 1,362        | 1,380        | 1,308        |
| 20. State Fertilizer<br>Manufacturing .. | 2           | 3           | n. a.       | 4                           | 4           | n. a.       | 4                         | 4            | n. a.        | 10           | 11           | n. a.        |
| 21. Ceylon Petroleum—<br>Oil Refinery .. | —           | n. a.       | 39          | —                           | n. a.       | 43          | —                         | n. a.        | 82           | —            | 52           | 164          |
| 22. State Timber ..                      | —           | —           | 42          | —                           | —           | 249         | —                         | —            | 890          | —            | —            | 1,181        |
| <b>Total</b> ..                          | <b>431</b>  | <b>517</b>  | <b>951</b>  | <b>2626</b>                 | <b>3901</b> | <b>4148</b> | <b>9,993</b>              | <b>14457</b> | <b>15382</b> | <b>16872</b> | <b>20207</b> | <b>21914</b> |

Source. Central Bank of Ceylon (Data Supplied by the Corporations)

(a) Figures for 1966/67 and 1967/68 are as at end of the financial years of Corporations. The National Milk Board's and the Ceylon Petroleum Corporation's financial years end on 31st of December. All other Corporations have financial years ending on 31st of March. Figures for 1968/69 are as at 31st of December, 1968, and are provisional.

(b) Figures are incomplete.

TABLE II (C) 4

Exports by State Industries - 1964/65 to 1968/69

| Corporation                | Unit of Product          | 1964/65 |                  | 1965/66 |                  | 1966/67 |                  | 1967/68* |                  | 1968/69* |                  |
|----------------------------|--------------------------|---------|------------------|---------|------------------|---------|------------------|----------|------------------|----------|------------------|
|                            |                          | Qty.    | Value<br>Rs. 000 | Qty.    | Value<br>Rs. 000 | Qty.    | Value<br>Rs. 000 | Qty.     | Value<br>Rs. 000 | Qty.     | Value<br>Rs. 000 |
| 1. Ceylon Oil & Fats       | Fatty Acids - tons       | —       | —                | —       | —                | —       | —                | 220.0    | 356.7            | 2700.0   | 5400.0           |
|                            | Glycerine - tons         | —       | —                | —       | —                | —       | —                | 1.0      | 0.2              | 300.0    | 715.0            |
| 2. Ceylon Leather Products | Shoes - '000 pairs       | —       | —                | —       | —                | 2.0     | 44.5             | —        | —                | 20.0     | 984.3            |
|                            | Leather - '000 lbs.      | 34.9    | 55.6             | —       | —                | 5.9     | 9.8              | 11.5     | 13.5             | —        | —                |
| 3. Ceylon Mineral Sands    | Ilmenite - '000 tons     | 38.4    | 945.7            | 50.6    | 1372.4           | 55.5    | 61453.2          | 73.4     | 2503.0           | 84.0     | 3150.0           |
| 4. Paranthan Chemicals     | Chlorine - tons          | 6.7     | 7.8              | 13.4    | 15.6             | 13.3    | 15.4             | —        | —                | —        | —                |
| 5. Ceylon Tyre             | Tyres - Nos.,            | —       | —                | —       | —                | —       | —                | —        | —                | 320      | } 38.6           |
|                            | Tubes - Nos.,            | —       | —                | —       | —                | —       | —                | —        | —                | 320      |                  |
|                            | Flaps - Nos.,            | —       | —                | —       | —                | —       | —                | —        | —                | 120      |                  |
| 6. Ceylon Fisheries        | Fish - '000 lbs.         | —       | —                | —       | —                | —       | —                | 986.6    | 648.1            | 1.9      | 1459.7           |
|                            | Shark Fins '000 lbs.     | —       | —                | —       | —                | 5.9     | 44.8             | 3.7      | 13.7             | 7.1      | 56.5             |
|                            | Other products '000 lbs. | —       | —                | —       | —                | —       | —                | 41.4     | 7.1              | —        | —                |
| Total earnings             | ..                       | —       | 1009.1           | —       | 1388.0           | —       | 1567.7           | —        | 3542.3           | —        | 11804.1          |

Source: Central Bank of Ceylon (Data supplied by the Corporations).

\* Provisional



Of late, the Corporations have shown a tendency to expand exports of their products. The Table II (C) 4 give figures of exports by corporations during the last five years. It will be seen that the value of exports by corporations had risen from Rs. 1.0 million in 1964/65 to Rs. 3.5 million in 1967/68. In 1968/69, exports are estimated at Rs. 11.8 million. The main exporters were the Ceylon Oils and Fats Corporation (of Fatty Acids and Glycerine), Ceylon Mineral Sands Corporation (of Ilmenite) and Ceylon Fisheries Corporation (of fish, shark-fins and other products).

The employment at industrial corporations, classified by executives, office staff and factory staff during the last 3 years is given at Table II (C) 3. It will be seen therefrom that the employment increased from 16,872 in 1966/67 to 20,207 in 1967/68. In December 1968, it had further risen to 21,914. Of this total, the major increase was in the factory labour force. Of the Corporations, Sri Lanka Sugar, National Textiles, National Small Industries and Ceylon Cement Corporations were the major employers.

A more detailed account of their operations by each industrial corporation is given below.

### **National Milk Board**

The National Milk Board was set up in 1954 to establish and maintain "efficient and cheap milk production and marketing services", and to promote the development of such services by other institutions, so that "an adequate supply of milk of good quality at reasonable prices is available to consumers in Ceylon".<sup>1</sup> Of late, the Board has expanded its activities by initiating the setting up of several factories for processing of milk and milk products.

Expansion of the milk processing and distribution has been a significant feature of the Board's activities, especially during the last two years. Milk purchases increased by 4.2 million pints (or 22.5 per cent) in 1967 as against an increase of 1.4 million pints in the previous year. During 1968, the purchases increased further by 8.0 million pints (or 35.2 per cent). This notable increase was the result of the increase in the price paid to producers by 10 cents to 45 cents per pint from January, 1967 as an incentive to higher production. It was also due to the fact that the Board was in a position to increase its capacity-utilization consequent on an increased demand for fresh milk arising partly from the scarcity of imported powdered milk. Until recently, milk purchases in certain Centres had to be kept within limits due to deficient demand. Excess milk from these surplus centres were sent to Colombo for processing, and the disposal of this milk was dependant on demand conditions. The setting-up of the Condensed Milk factory also proved useful in absorbing the surplus quantities of milk. Thus, the Milk Board was able to expand its activities considerably since 1967.

1. Milk Board Act No. 12 of 1954, as amended by Acts No. 28 of 1955, No. 9 of 1957 and No. 18 of 1964.

Processing of Milk too increased proportionately during recent years for reasons given above. The sales of milk during 1967 and 1968 increased by 2.3 million and 3.6 million pints respectively. This was inspite of an increase in price by 10 cents (average) in January 1967 along with the increase in the price paid to producers. Increased sales were also noticeable in the case of other products of the Board such as ice-cream, yoghurt and curd. Thus, on a higher turnover, the Board was able to reduce its losses in its trading from Rs 1.5 million in 1967 to Rs 0.5 million (provisional) in 1968. The increase in the loss in 1967 over the previous year was due largely to enhanced wage-costs consequent on the payment of "interim" allowances. Incidentally, the Board continued to provide school-children with milk at a subsidized price which was 10 cents lower than its market price.

The above-mentioned losses in milk distribution were partly offset by the profit earned by the Condensed Milk Factory in 1968. Having commenced production in March 1968, this factory which has an annual capacity of 25.0 million cans, produced 11.5 million cans up to end of December 1968. Sales, however, were about half the production due to availability in the market of imported condensed milk. Hence, its profit during the year was estimated at Rs. 0.5 million. On full capacity operation and sales, the Condensary will be able to earn a higher profit, but such high profits were only realisable when relatively cheaper imported raw material was used, as was done in 1968. As the Board plans to progressively substitute imported raw materials with local milk from 1969 onwards, it appears that the condensary will not be able to make high profits in the future.

### **Eastern Paper Mills Corporation**

The functions of the Eastern Paper Mills Corporation were the production of paper at its Valaichenai factory and the import and sale of paper. The production of paper in 1967/68 increased to 9,500 tons or by 3.7 per cent over the previous year. This was achieved by a further increase in the annual capacity of the factory by 950 tons and by high utilization of capacity for the third consecutive year. According to the performance of the factory during the first 3 quarters of 1968/69 and the Budget for that year the output of 1968/69 might be lower than the previous year's output by about 1,167 tons. This was due to the greater emphasis placed in 1968/69 on the production of Bank and Bond Paper, which were thinner and lighter (but higher priced) than Writing, Printing and other paper on the production of which it had concentrated so far. This change was possible due to the accumulation of unsold stocks of the latter variety of paper in recent years.

As mentioned last year,<sup>1</sup> the Corporation was faced with a sales problem due to a decline in demand from the private sector. The Corporation thus accumulated high stocks which had to be disposed of during the last two years. The sales-volume which declined by 10.0 per cent to 6,014 tons

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1. Annual Report 1967. p. 54

in 1967/68, showed an increasing trend in 1968/69. On current trends, the sales in 1968/69 are expected to increase sharply by 61.7 per cent to 9,765 tons, and therefore, the sales revenue is expected to increase by Rs. 10.0 million. The profit on the sale of manufactured paper during 1967/68 showed a small increase despite the sales difficulties. The trends during the first three quarters of 1968/69, however, indicate that a much higher profit will be earned in 1968/69 due mainly to enhanced sales during the year.

With regard to its trading activities, the Corporation imported 6,700 tons of paper in 1967/68, and this is estimated to increase to 6,992 tons in 1968/69. Of this, the Corporation sold 7,155 tons in 1967/68 and plans to sell 8,510 tons in 1968/69. The resultant profit on trading operations in 1967/68 was Rs. 2.4 million, which was 10.6 per cent lower than in the previous year due mainly to a reduction in sales. On the otherhand, the estimated profit for 1968/69 shows a further decline to Rs 1.4 million due to enhanced cost of imports consequent on the devaluation and the FEEC Scheme, which is expected to offset the profit from the higher turnover anticipated.<sup>1</sup> The employment at the Corporation increased from 862 in 1966/67 to 926 in 1967/68 and to 1,079 in 1968/69.

The Corporation made some progress in the establishment of a Paper Board Mill at Valaichenai with a capacity of 12,000 tons per annum. An agreement was signed in March 1968 with a firm in Federal Republic of Germany for the supply of machinery and equipment for this Mill. It is expected to be in production by 1971. Meanwhile, the Corporation made feasibility studies on the construction of a Pulp and Paper Mill at Embilipitiya with an annual capacity of 15,000 tons and another Paper Mill of same capacity to be sited at Rajangane.

### **Ceylon Ceramics Corporation**

The Ceramics Corporation operated two ceramicware factories at Negombo (annual capacity - 940 tons) and Piliyandala (annual capacity - 1600 tons) and a Kaolin Refinery<sup>2</sup> (annual capacity 5,000 tons) at Boralesgamuwa. The total capital investment by the Corporation was Rs. 20 million of which Rs. 11.9 million was accounted for by the Piliyandala factory.

Ceramicware output of the Corporation more than doubled from 1,003 tons in 1966/67 to 2,369 tons in 1967/68 and on trends during the first 3 quarters of 1968/69, is likely to increase further to 2,603 tons during the current year. The increase in 1967/68 was due chiefly to the coming into operation of the new Piliyandala factory. The further increase in 1968/69 is attributable to increases in production of crockery at the Negombo factory and of sanitary ware and walltiles at the Piliyandala factory. It should be noted however, that while the Negombo factory operated at full capacity, the new Piliyandala factory operated

1. In October 1968, prices of imported paper were increased to take account the higher import-cost. Hence, the trading profit in 1968/69 may be higher.

2. Kaolin is a mineral used mainly in the manufacture of ceramicware.

well below capacity during the last two years. The Kaolin refinery too has increased its output consistently since 1965/66, although it continued to operate well below its rated capacity. According to Corporation sources, the operation of some of the factories below capacity is due to the policy of the Corporation in adjusting production to market demand.

The sales of the corporation in value terms has increased progressively. The estimated increase in 1968/69 was Rs. 3.0 million as compared to an increase of Rs. 5.7 million in the previous year. It is evident that after having catered to the backlog of demand in the past years arising from import restrictions, the Corporation has settled down to a slower annual increase in demand. This indicates that the Corporation will have to adopt a more active and diversified sales policy in the future if it is to utilize its full-capacity and also meet the competition from plastic and other substitutes.

The steady increase in production as well as in sales resulted in increasing profits for the Corporation. The profit in 1967/68 of Rs. 1.8 million showed an increase of Rs. 1.0 million over the previous year. This profit is estimated to increase by more than twice in 1968/69 which was due also to an increase in certain prices in 1968. The major contributor to these profits has been the Piliyandala factory. The employment at the Corporation increased from 836 in 1966/67 to 902 in 1967/68, and to 921 in December 1968.

The Corporation made some progress on its development programme estimated to cost Rs. 5.0 million. This includes the expansion and rationalization at the Negombo factory which includes the setting up of an insulator manufacturing plant. Meanwhile, the wall-tile manufacturing unit at Piliyandala is to be expanded.

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

Initially, the Oils and Fats factory was established to manufacture a high-quality cocount oil by a more scientific process (which would yield more oil than the conventional processes) and the production of fats and animal feeds were to be by-products. Due to an adverse change in world markets for such oil, and difficulties in obtaining raw materials, the Corporation had over time, gradually changed over to the manufacture of animal feeds, and of late, of glycerine and fatty acids. The capital investment by 1968/69, inclusive of unused and partially used original equipment was estimated at Rs. 27.9 million.

The declining trend in coconut oil production in 1966/67 and 1967/68 was somewhat checked in 1968/69. In the latter year, the current trends indicate a slight increase in output by 147 tons. Nevertheless, the Oil Mill worked at 5.8 per cent and 4.1 per cent of its capacity in 1967/68 and 1968/69, respectively. On the other hand, the Provender Plant, whose output of animal feeds rose by 777 tons in 1967/68, is expected, on current trends, to make a record increase in its output by 23,005 tons in 1968/69. This signifies the coming into full operation of the new provender plant and its high capacity utilization. The Fatty acid and Glycerine manufacturing complex, commissioned in late 1967 also recorded a substantial increase in production in 1968/69.

There was, however, a decline in sales of coconut oil as part of the oil output was used in the manufacture of fatty acids and glycerine. The sales income from animal feeds, fatty acids and glycerine showed sharp increases during the last 2 years. Thus, during 1967/68, the corporation made a profit of Rs. 0.6 million due largely to profits from animal feeds, fatty acids and glycerine which offset a loss on coconut oil. During 1968/69, the profit is estimated to rise sharply to Rs. 4.6 million due mainly to high profits from Glycerine and a profit for the first time since its inception from the cocount oil mill. The number of employees of the Corporation rose from 696 in 1967/68 to 722 in December, 1968.

### Ceylon Plywoods Corporation.

The original plywood factory was established in 1941 at Gintota. After its incorporation in 1955,<sup>1</sup> the factory has been expanded to a capacity of 25 million sq. ft. of 3 ply plywood per annum. The investment as at the end of 1968/69 is estimated to be Rs. 14.8 million, of which only Rs. 2.8 million was in respect of the Gintota factory. At present, the corporation manufactures a variety of items ranging from its major product tea chests to battens, plywood-boards, block boards, doors, table-tennis and writing tables (and of late) to veneers.

The Corporation's output in terms of 3-ply plywood which increased by about 6.0 million sq. ft. in 1966/67 by greater utilization of capacity, increased marginally by 158,000 sq. ft. in 1967/68. The current trends in 1968 however, indicate a substantial increase by about 5.5 million sq. ft. in 1968/69, due to fuller utilization of capacity installed during the previous years.

The slight decline in sales of tea chests during the last 3 years under review was due to the increased emphasis placed by the Corporation of late on production of more lucrative items such as doors, tables and veneers. The value of sales showed a steady increase over the years. The corporation has continued to earn profits and it anticipates a record increase in 1968/69. While costs have increased on one hand due to payment of interim allowances, economies have been achieved by reducing absenteeism. The higher turnover also would contribute to the higher profits of 1968/69. The employment at the Corporation (inclusive of development projects) increased from 778 at the end of 1967/68 to 1,042 at the end of December, 1968.

The Corporation entered into a contract with Industrial Export of Rumania<sup>2</sup> in July 1968 for the construction of an integrated wood manufacturing complex at Avissawella, which is estimated to cost Rs. 66.5 million. Some progress has been made since then, and with the completion of the Chipboard plant in 1970 and the Plywood plant and the Saw Mill in June 1971, the entire complex is expected to be in commercial production in August 1971. Working on 3 shifts per day, the output is estimated to be 32,750 cu. metres of plywood and veneer, 21,500 cu. metres of sawn timber, and 9,000 cu. metres of chipboard. It is expected to provide employment to about 2000 and save foreign exchange of about Rs. 20 million per annum.

1. It was re-incorporated as the present public corporation in 1957.

2. A state-owned trading company.

### Ceylon Leather Products Corporation

Initially, a leather factory consisting of a tannery and a shoe-factory was established in 1941 and incorporated in 1956.<sup>1</sup> Since then, it has expanded by establishing a new shoe factory. At present, the Corporation produces shoes, chrome and bark leather and a host of other miscellaneous leather goods.

In 1967/68, the production of chrome leather declined by 20,000 sq. ft. to 629,000 sq. ft. This was compensated by an increase in the production of "other products" (mainly bark leather) by 45,000 lbs. The production of shoes also increased by 14,000 pairs in 1967/68. On latest available figures for 1968/69, the output of both chrome and bark leather show increases. Shoe production also indicates a significant rise of 49,000 pairs. The Corporation has operated much above the initial rated capacity during the last 3 years. The low sales (quantity) figures of chrome and bark leather (other goods) was due to the use of most of this leather in the production of shoes.

The sales revenue of the corporation declined by Rs. 0.34 million in 1967/68 due entirely to a fall in income of the shoe factory. This was caused by sales difficulties arising from stiff competition from the private sector. As a result, value of stocks rose by 66.9 per cent in 1967/68. In 1968/69, however, the corporation is likely to clear these stocks by increased sales. Hence, the profit of the corporation which dipped to Rs. 0.19 million in 1967/68 is expected to rise to Rs. 0.41 million in 1968/69. The number of employees in the corporation increased from 588 in 1966/67 to 643 in 1967/68 to 661 in December 1968.

The development plans of the corporation include the establishment of a new tannery and the promotion of export markets for local leather products. The tannery with a capacity of 1,250,000 sq. ft. of chrome leather and 430,000 lbs. of vegetable leather, is estimated to cost Rs. 6.2 million. It is expected to be in production in 1969.

### Paranthan Chemicals Corporation

A chemical complex for the production of Caustic Soda, Chlorine and D.D.T. was commenced in 1951 and was subsequently incorporated in 1956. The plans for manufacture of D.D.T. was abandoned and the corporation now manufactures refined table salt as well. Also, since 1964, the corporation imports and sells caustic soda to users in Ceylon. The total capital investment is estimated at Rs. 12.3 million in 1968/69.

Of its manufacturing activities, the production of caustic soda declined by 32 tons to 970 tons in 1967/68. Meanwhile, the output of Chlorine and Table Salt increased substantially. On latest available figures, there will be an all-round increase in production in 1968/69. The Corporation worked below capacity in 1967/68 and will continue to do so in 1968/69 except in the case of table salt. The sales problem regarding Chlorine produced by the Corporation

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1. Re-incorporated in its present form in 1957.

was mentioned in the last annual report.<sup>1</sup> Although there was an encouraging increase in sales of chlorine in 1967/68 and in 1968/69, the corporation had to dispose of surplus chlorine, which is a by-product of caustic soda manufacture. In fact, the demand for chlorine imposed a constraint on the production of caustic soda by the factory.

The income from the sale of manufactured products showed a steady increase in recent years due primarily to the increasing saleability of chlorine and table salt. Hence the corporation was able to progressively reduce its losses from manufacturing activities since 1965/66. No data are available in respect to its trading activities except that it resulted in increasing profits since 1964/65. In fact, the accounting-profit of the entire corporation in 1966/67 and 1967/68 was due to the excess of trading profits over manufacturing losses.

The corporation has improvised two plants for the manufacture of Hydrochloric Acid and Potassium Chloride<sup>2</sup> with an annual capacity of 600 tons and 25 tons respectively. These were meant to absorb the surplus chlorine of the corporation. Both will be in production during 1969.

### **Ceylon Cement Corporation**

Initially, a cement factory was established in October 1950 at Kankasanturai with an annual capacity of 80,000 tons.<sup>3</sup> This was incorporated as the Kankesan Cement Works Corporation in November 1956 and re-incorporated<sup>4</sup> in the present form as the Ceylon Cement Corporation in January 1959. Its functions include the manufacture, import<sup>5</sup> and sale of cement and cement products. After incorporation, it has expanded its activities to setting up additional factories at Galle (a grinding plant only), Kankasanturai and Puttalam.

The output of the Cement Corporation increased sharply by 125,056 tons, to 206,631 tons in 1967/68. This was due to the commissioning of 45,000 tons of additional capacity at Kankasanturai and 100,000 tons of new capacity at the Galle grinding plant, which raised the total capacity of the Corporation to 265,000 tons. The resultant increase in production, however, was 78,916 and 46,140 tons at Kankasanturai and Galle, respectively. In 1968/69, the latest available figures indicate a slight decline in cement production at Kankasanturai of 5,258 tons, which is more than offset by an increase in production at Galle of

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1. Annual Report 1967. p. 56
  2. Used in the manufacture of fireworks and safety matches.
  3. The original rated capacity was 100,000 tons, but this was reduced due to certain technical problems.
  4. The initial incorporation was set up under the Government Sponsored Corporations Act No. 19 of 1955 and subsequent incorporation was under the State Industrial Corporations Act No. 47 of 1957.
  5. For sometime in the past, the Corporation enjoyed a monopoly of import of cement to Ceylon.

39,310 tons, resulting in an overall increase of 34,052 tons. The decline at Kankesanturai was due to the interruptions in operation resulting from the integration of the re-conditioned old factory with the new factory. Meanwhile, the Galle Grinding plant which had to operate at 46.1 per cent of its capacity in 1967/68 managed to increase its production to 85.5 per cent of capacity due to a relatively greater availability of clinker from abroad. It should be noted however that both factories operated below capacity.

The sales of the Corporation showed a progressive increase in recent years. In fact, the Corporation was faced with no sales difficulties, because cement imports to Ceylon were usually co-ordinated with estimated market requirements and the output of the Corporation.<sup>1</sup> During the latter part of 1968, however, the sales turnover slowed down due to a glut of imported cement in the market, which is attributed to a concentration of arrivals of delayed shipments. The decline in sales at Kankesanturai in 1968/69 was due to this factor.

The profit of the Corporation, on a higher turnover, increased sharply by Rs. 5.9 million to Rs. 13.9 million in 1967/68. This was almost entirely accounted for by the Kankesanturai factory. The Galle factory recorded a small profit of Rs. 1.3 million due to high-cost of imported clinker and the under-utilization of capacity. In 1968/69, current trends indicate a slight diminution of the profit of the Corporation, due to a fall in the profits at Galle which more than offset a budgeted marginal increase at Kankesanturai. The fall in profits at Galle inspite of a higher capacity utilization, was due to a sharp increase in the cost of imported clinker consequent on the Foreign Exchange Entitlement Certificate Scheme. This decline in profit would have been more if not for the upward revision of cement prices by Rs. 30 per ton in September 1968.<sup>2</sup> The total number of employees in the Corporation increased from 1,527 in 1966/67 to 1,763 in 1967/68, to 1,907 as at December 1968.

The Corporation was unable to use the reconditioned kiln at Kankesanturai (which was commissioned in January 1969) to full capacity (100,000 tons) due to the inadequacy of milling capacity. Hence construction of a third cement grinding mill at Kankesanturai commenced in February 1969 and will be complete by the end of 1969. This would raise the capacity of Kankesanturai works by a further 100,000 tons. Also the Corporation made rapid progress on Stage I of the Puttalam Expansion Scheme, which envisages a production of 220,000 tons per annum at a cost of Rs. 94.5 million. It is expected to be completed by the end of 1969. The Corporation also signed a contract with Messrs Klockner Humboldt Deutz A.G. of the Federal Republic of Germany for the supply of machinery for the Stage II of the Puttalam Works. This project is expected to produce a further 220,000 tons of cement when completed in 1971. The estimated cost of the project is Rs. 89.7 million.

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1. At Present, the Co-operative Wholesale Establishment (C.W.E.), a state trading organization, enjoys a monopoly of Cement imports.
  2. The price of Kankesan cement was raised from Rs. 180 to Rs. 210 per ton and of Ruhunu (Galle) cement from Rs. 210 to Rs. 240 per ton.



## Sri Lanka Sugar Corporation

Originally, the Kantalai Sugar Corporation was set up in 1957 to produce 21,000 tons of sugar per annum and for the utilization of by-products (molasses) in a Distillery with an annual capacity of 600,000 proof gallons of alcohol. At the same time, another sugar factory cum-Distillery with an annual capacity of 19,200 tons of sugar and 750,000 proof gallons of spirits, was established at Hingurana, Gal Oya, which was operated under the then Gal Oya Development Board. Both factories grew their own sugar cane for processing. Following a decision by the government in 1963 to vest the operation of all state-owned sugar industries under one management, the former corporation's name was changed to "Sri Lanka Sugar Corporation". The Gal Oya sugar-complex was transferred to this Corporation in October 1966 and the planned sugar project at Uda Walawe was handed over in 1968. Thus, at present, the corporation produces sugar, molasses and rectified spirits at Kantalai and Gal Oya, and sugar-syrup on an experimental basis at Uda Walawe.

From its inception, the Kantalai and Gal Oya Sugar factories have operated well below capacity due to the lack of a regular and adequate supply of sugar cane for crushing. This was initially due to a lack of co-ordination between cane cultivation and sugar production, and a shortage of labour for cane cultivation and harvesting. In 1967/68, the output of the Kantalai factory declined to about half of its previous year's output due to an acute shortage of water for sugar cultivation. The Gal Oya factory which had a more reliable supply of water increased its output five-fold during the same year. In 1968/69, the latest available figures indicate a sharp rise in the sugar output at Kantalai and a decline at Gal Oya, attributed entirely to weather conditions. The output of spirits which depends entirely on the molasses output (which is a by-product of sugar manufacture) showed the same trends as in sugar manufacture over the years.

The Corporation had to sell its entire sugar output to the government at prevailing world market prices, which averaged about Rs. 550 per ton (or about 24 cents per lb) during the last 3 years. The cost of production per lb., on the other hand, at Kantalai was about 62 cents in 1966/67 and nearly a rupee in 1967/68. The costs at Gal Oya were even higher. As a result, the Corporation made heavy losses in sugar production, more at Gal Oya than at Kantalai. In contrast, the production of spirits has been a highly profitable venture. The profits from this source dipped in 1967/68 at Kantalai due to lower production, but are expected to improve considerably in 1968/69. At Gal Oya too, an increasing trend in profits from this activity was discernible. The number of employees at Kantalai and Gal Oya (excluding employment at Gal Oya plantation, figures of which are not available) had increased from 2,016 in 1967/68 to 2,333 in December 1968.

The Corporation is primarily concerned with the problem of capacity-utilization at its factories which have been affected by the non-availability of adequate and steady supplies of cane. It hopes to increase output by ensuring more regular supplies of water to its plantations.

### Ceylon Mineral Sands Corporation

The Mineral Sands Corporation was established in 1957 to exploit an estimated 4 million tons of Ilmenite-bearing sands at Pulmoddai for export. The Ilmenite separating plant with an annual capacity of 90,000 tons has been in operation since 1962. Subsequently, the corporation has established a By-products plant at Trincomalee to exploit Rutile and Zircon also found in the same sand.<sup>1</sup> The estimated capital investment at the end of 1968/69 was Rs. 11.4 million on the Ilmenite plant and Rs. 3.5 million on the Rutile-Zircon plant.

The production of ilmenite which declined slightly in 1967/68 is expected on current trends, to increase sharply in 1968/69. As mentioned in last year's Annual Report, the production at Pulmoddai shows a high seasonality (due to weather conditions) and furthermore, the corporation produces on the basis of actual orders received from foreign buyers. A firm order from Japan enabled the corporation (as in the case of certain previous years) to step up production in 1968/69. Yet, there was considerable under utilization of capacity. Production of Rutile commenced only in July, 1968. There was some delay in the production of Zircon due to an inadequacy of water supplies.

On the basis of higher sales of Ilmenite, the corporation has been making increasing profits since 1966/67. The anticipated profit for 1968/69 of Rs. 1.1 million was much higher than that of the previous year of Rs. 0.1 million. The profitability of the Corporation is expected to increase considerably in the future along with the manufacture and sale of higher-priced Rutile and Zircon.

The By-products factory at Trincomalee was completed on schedule and test-runs in the manufacture of Rutile commenced in April 1968. Meanwhile, anticipating a greater and steadier demand for Ilmenite in the future, the Corporation expects to instal a 20-ton drier which will ensure uninterrupted production during the monsoon-rains. When this drier will be installed by 1969, the capacity of the Ilmenite-extraction plant will rise to 120,000 tons per annum.

### National Salt Corporation

Initially, this corporation was established in 1957 for the development of the four salterns in the Hambantota region (at Palatupana, Bundala, Koholankala, and Hambantota) to produce 500,000 tons of salt per annum for export. Meanwhile, the government Salt Department was in overall charge of the other salterns in the Northern and Western regions which catered to the domestic market. After the abandonment of the Hambantota Scheme<sup>2</sup> in 1963, it was decided to consolidate all salt-production activities under the Corporation.

1. The mineral bearing sands on the eastern coast around Pulmoddai and Trincomalee are estimated to contain 72 per cent Ilmenite, 10% Rutile and 10% Zircon and some Monazite. Ilmenite is used in the manufacture of pigments for the paint industry. Rutile is used in the manufacture of Titanium, a metal extensively used in welding and in spacecraft missiles and supersonic jet aircraft for its heat-resistant qualities. Zircon is used in the manufacture of refractories, foundry facings and in the ceramic and nuclear industries.

2. For reasons, please see Ceylon Sessional Paper No. 9 of 1963—the Report of the Salt Commission.

Thus in July 1966, the Salt Department was brought under the Corporation. At present, the Corporation owns 8 salterns with an annual capacity of 63,500 tons (the above mentioned four in the Southern region and others at Palavi and Mannar in the Western region, and Irupalai and Elephant Pass in the Northern region) and purchases salt from 7 privately owned salterns with an annual capacity of 14,500 tons (at Puttalam, Kalpitiya and Nachchikali in the Western region, and at Chiviyatheru, Kalundai, Kumburupitiya and Nilaveli in the Northern region). Of these, the Bundala and Koholankala Salterns are not in production, and four major salterns at Elephant Pass (34,000 tons), Hambantota (18,000 tons), Puttalam (9,000 tons) and Palavi (8,000 tons) account for 88.5 per cent of annual output. The total capital investment, excluding the value of land (which has not been assessed as yet) at these salterns is estimated to be Rs. 13.1 million at the end of 1968/69.

Due to favourable weather, the output of the Corporation has shown sharp increases of 11,143 tons and 16,274 tons in 1967/68 and 1968/69 respectively. Sales meanwhile, have increased marginally. The profits of the Corporation which increased by Rs. 1.2 million in 1967/68 due to a higher turnover, are estimated to increase further by Rs. 0.3 million in 1968/69. The latter increase was due also to an increase in the price from Rs. 80 to Rs. 110 per ton in July 1968, the income from which more than offset an increase in wage costs (due to payment of "interim" allowances) and packing costs. The employment at the corporation increased from 454 in 1966/67 to 1397 in 1967/68 due mainly to the addition of the former Salt department staff. In December 1968, however, it had fallen to 1308. The employment at the Corporation fluctuates due to seasonal nature of production.

The corporation continued its development work at the Elephant Pass, Palavi and Puttalam Salterns during 1968/69. Much progress was also made at Palatupana and Bundala. Meanwhile, preliminary investigations on the proposed mechanized saltern at Chavakachcheri were completed in 1968. This 115,000 ton-capacity saltern (which is nearly 4 times as large as the Elephant Pass Saltern which is the largest in Ceylon now) when complete in 1970, will more than double the national output. The Corporation also expects to modernize other salterns in Ceylon.

### National Textile Corporation

This Corporation was established in 1958 and at first, a Spinning Mill with an annual capacity of producing 3.4 million lbs. of yarn was established at Veyangoda in August, 1963.<sup>1</sup> A Weaving and Finishing Mill with an annual capacity of weaving 14.0 million yards of textiles and finishing 40.0 million yards of textiles was added in 1965. In addition, the Corporation incurred some expenditure on another textile mill to be set up at Pugoda, but this was later abandoned. Instead, the Corporation had commenced construction of an integrated textile mill at Thulhiriya in 1967/68. In addition to the above manufacturing activities, the

1. The construction was completed in 2 stages, the first stage of 12,880 spindles being commissioned in April 1961 and the second of 13,800 spindles in August, 1963.

corporation has been entrusted, since November 1964, of a monopoly in the import of cotton yarn to Ceylon, which is sold by the corporation to the local weavers. Furthermore, the corporation in 1966 took-over the government Agricultural department's 2,000 acre cotton farm at Ambalantota. The total capital invested at the Veyangoda textile complex was estimated to be Rs. 53.3 million. The capital investment on its new project at Thulhiriya upto 1968/69 was Rs. 40.3 million. Amount spent on other ventures is not known.

The output of the Spinning Mill has been somewhat fluctuating during the last 5 years due to uneven raw cotton supplies from abroad, absenteeism and industrial strife. The yarn output which increased in 1967/68 is likely to fall in 1968/69. The mill has been operated below capacity since inception. The output of the weaving mill which showed a progressive increase up to 1967/68 is likely to register a slight fall in 1968/69 (although an increase was budgeted for) due mainly to a prolonged strike during the early part of the year and chronic absenteeism. The under utilization of capacity of the Weaving Mill was greater than in the case of the Spinning Mill. On the basis of budgeted increases in production of yarn and textiles, however, the Corporation hoped to enhance its profits substantially by Rs 1.6 million in 1968/69. There was an increase in profit during the previous year too. The low sales-quantity figure (in Table II (C) 2) is due to the fact that corporation uses a major portion of the yarn it produces at its own Weaving Mill and sells only the surplus. No data are available with regard to its trading activities. The employment at the corporation increased from 1736 at the end of 1967/68 to 2021 at the end of December, 1968.

The Corporation made rapid progress since 1968 in the construction of its integrated textile complex at Thulhiriya. When completed by the middle of 1970, this factory is estimated to produce 17.4 million lbs. of yarn and 14.0 million yards of textiles and finish a further 40.0 million yards of textiles per annum.

### **National Small Industries Corporation**

In 1945, immediately after the second world war, the government established carpentry workshops to provide employment to several carpenters who were demobilized. These were first converted to "carpentry societies" on a co-operative basis, and were later incorporated as the "Ceylon Carpentry Corporation", with a view to manufacturing furniture, at least for government offices. This was re-constituted in 1958 as the "National Small Industries Corporation" with the inclusion of additional functions, namely the manufacture of Bricks, Tiles, Boats and Ayurvedic Drugs. The Boat-yard has been transferred to the Fisheries Corporation in 1968. At present, the corporation has carpentry workshops at Kandy, Batticaloa, Mattakuliya, Moratuwa, Koggala, Bandarawela and Jaffna. Meanwhile, the corporation had between 1961 and 1964, established 6 Brick and Tile (mainly Tile) factories at Bangadeniya, Anuradhapura, Yatiyana, Weuda, Alutnuwara and Mullativu. While the first four had a capacity of 2 million bricks or tiles per annum, the Alutnuwara and Mullativu factories had

capacities of 4 million and 1 million units per annum. Of these, the Anuradhapura factory has been handed over to the State Engineering Corporation in 1967 for the conducting of certain experiments. On the other hand, the Ayurvedic drugs factory at Nawinna commenced production in 1966. The total capital invested by the Corporation at the end of 1968/69 was estimated to be Rs. 22.8 million, Rs. 19.2 million of which was on account of the Brick and Tile factories.

The value of production of furniture, tiles and bricks, and drugs of the corporation has shown a steady increase upto 1967/68. The current trends in 1968/69, however, indicate a slight decline in the value of furniture and drugs while the brick and tile factories show a continuance of the earlier trend. The sales revenue on the other hand has been increasing steadily, mainly on account of enhanced receipts from bricks and tiles, the demand for which had improved considerably, and from carpentry products. As a consequence, the Corporation expects to reduce its losses on brick and tile manufacture. Also, on a higher turnover, the drugs section is expected to increase its sales income. Thus, the overall loss of the corporation is expected to decline by half in 1968/69. This performance, inspite of the enhanced wage-costs, is attributed to greater utilization of capacity.

The Corporation commenced construction of another Brick and Tile plant at Hanwella in October 1968. Planned to be complete in early 1970, it has an annual capacity of 17 million units, which exceeds the total combined capacity of all the existing Brick and Tile factories of the Corporation by 6 million units. It also has plans for the manufacture of floor tiles, small quantities of which are being manufactured at present.

### **Ceylon Steel Corporation**

This Corporation was set up in 1961 with a view to utilizing a loan from the U.S.S.R. for the construction of a steel manufacturing complex at Oruwela. Initially, a steel-rolling mill with an annual capacity of 60,000 tons of rolled sections and a wire-mill with a capacity of 12,000 tons of wire-products was constructed at a cost of Rs. 118.1 million. Production on this first stage commenced in April 1967. The Corporation also acquired agency rights in Ceylon of Hindustan Machine Tools Ltd. about 2 years ago and thus operates a profitable trading activity.

The production of rolled steel and wire-products, on latest available figures, indicates an increase in 1968/69 over the previous year. It is note worthy, however, that both mills continued to operate well below capacity, the ratio of capacity utilization being 44.2 per cent and 40.2 per cent at the Rolling and Wire Mills, respectively. This is because the Corporation has planned to achieve full capacity in gradual stages due to the complexity of production processes and the anticipated slow increase in demand. The Corporation expected to increase its profits from Rs. 2.0 million in 1967/68 to Rs. 7.8 million in 1968/69 on an anticipated higher sales turnover. Latest available figures however indicate that the corporation may not be able to attain this target in 1968/69 due primarily to

a slowing down in sales. This drop in sales was due to the permission to import certain rolled sections under open general licence after the introduction of the Foreign Exchange Entitlement Scheme which resulted in heavy imports. These items were removed from the open-general-licence-list in January 1969, and sales are expected to improve in 1969/70.

The construction also at Oruwala, of a Steel Foundry with an annual capacity of 700 tons of castings was completed and trial production will commence in May 1969. The Corporation has deferred the construction of the Galvanizing plant, but the Structural Shop was completed and production commenced in January, 1968. It also took preliminary steps to establish a Machine Tools Plant with the technical collaboration of Hindustan Machine Tools Ltd. Initially, it will utilize existing building facilities at Oruwala to assemble 5 lines of machine tools from June 1969. Later it hopes to manufacture these machines locally. The estimated cost of manufacturing equipment is about Rs. 0.3 million. Meanwhile, preliminary work continued on the Stage II of the development programme which envisages manufacture of steel out of imported pig-iron and local scrap-steel. It is only during the third stage that the Corporation expects to utilize local iron-ore deposits in its manufacture.

#### **Ceylon Tyre Corporation**

As in the case of the Steel Corporation, this corporation too was established in 1962 to utilize a loan from the U. S. S. R. for the setting up of a tyre and tube manufacturing plant at Kelaniya. The capacity output of the first stage of the factory, which commenced production in May 1967, was 250,000 tyres, 152,000 tubes and 88,000 flaps per annum. The capital cost of the project was Rs. 67.5 million.

On the latest available figures, the production of tyres in 1968/69 showed an increase of 4,502 over the previous year while the production of tubes and flaps declined. The former was due partly to the introduction of new sizes in 1968. Again, the corporation operated at well below capacity. In fact, the ratios of capacity-utilization in 1968/69 are expected to be only 24.9 per cent in tyres and 28.4 per cent in tubes. As in the case of steel manufacture, this was attributed to a policy of gradual increase in capacity utilization due to complexities in technology and the growth of demand. The sales, on the other hand, which were sluggish in 1967/68 due to the availability of imported tyres in the market, increased sharply in 1968/69 due to a progressive curtailment of imports. Thus, the Corporation was able to clear much of the previous year's unsold stocks. With the gradual easing of tyre-shortages in the country, the Corporation will have to settle down to more modest increases in sales in the future.

The Corporation budgeted for a profit of Rs. 20.0 million in 1968/69 on the basis of a production of 135,000 tyres. But due to the delay in arrival of tyre moulds, the actual production was reduced to about half the budgeted production. Latest available figures, therefore, indicate a more modest profit of Rs. 3.0 million, which compares with a profit of Rs. 0.8 million in the previous year 1967/68.

Once the present factory is brought to full capacity operation (the Corporation plans to export the surplus production), the Corporation expects to implement the second stage of the project. This envisages the expansion of annual capacity to 360,000 tyres and 350,000 tubes and flaps. The key to its expansion will be the success of an export-drive which has been launched by the Corporation.

### **Ceylon State Hardware Corporation**

The above Corporation was established in 1963 for the manufacture of hardware, small tools, agricultural implements and other miscellaneous ware, including founding, pressing and casting and allied processes in ferrous and non-ferrous metals. Initially, it established a hardware factory at Yakkala with a line of credit extended by the Polish Peoples Republic. Estimated to have cost Rs. 16.0 million, this factory had an annual capacity of about 3.4 million units of hardware. The main feature of the plant was that it was possible to manufacture a range of similar products because the machinery was not geared to the manufacture of specific products. The factory was thus capable of producing a wide variety of products ranging from mammoties and other agricultural equipment to builders hardware, water fittings, cutlery, carpentry tools and engineering equipment. Commercial production at the factory commenced in October 1965. The Corporation has also established a Cast-Iron Foundry at Enderamulla financed partly from a loan from the Federal Republic of Germany. Completed at a cost of Rs. 21.5 million, the foundry has an annual capacity of 6000 tons of castings (on a single shift per day). Trial production commenced in December 1968 and commercial production is expected to commence in April 1969, or when regular power supplies are available.

The hardware factory was in full production in 1967/68 and hence, there was an all-round increase in output (of 1.0 million units) in that year over the previous year. Latest available figures indicate that the output in 1968/69 at 1.47 million units will be slightly higher than that of 1967/68 of 1.46 million units, despite frequent interruptions due to power-failures.

The Corporation, however, was faced with tremendous sales difficulties, due to consumer preference for imported items due to the greater availability of imported equivalents after the liberalization of imports under the Foreign Exchange Entitlement Certificate Scheme. Price-wise, its products were competitive despite certain price increases in 1968. Thus, the corporation's sales declined in 1968/69, and it accumulated high stocks of finished products. The sales income, however, showed a slight increase due mainly to price increases ranging from 30 to 82 per cent consequent on the devaluation of the rupee and a 12 per cent increase in the price of mammoties in November 1968.

On the higher level of production and sales in 1967/68, the Corporation was able to reduce its losses appreciably from Rs. 1.1 million to Rs. 37,000, but due to sales-difficulties in 1968/69, it is not likely to achieve its budgeted profit for that year of Rs. 2.1 million. The economic viability of the Corporation depends

largely on the saleability of its products and steady production uninterrupted by frequent power-failures. The loss of production on account of power failures in 1967/68 was estimated at Rs. 267,750. Regular power supplies are of even greater importance at the Cast-Iron foundry which is about to commence production this year.

The Corporation called for tenders for the expansion of the agricultural implements (mainly mammoties) production capacity at Yakkala in December 1968. This project is estimated to cost Rs. 6.21 million. It has further plans to set up a factory to manufacture electric transformers, household meters and electric motors with aid from the Peoples Republic of Hungary.

### **Ceylon Fertilizer Corporation**

This Corporation was established in January, 1964 for the importation, processing, sale and distribution of fertilizer, mainly for the Government's fertilizer subsidy schemes for coconut, paddy, tea and rubber cultivation. It commenced production (i.e. importing raw material and mixing at the Hunupitiya Mills hired from Messrs Colombo Commercial Company Ltd) in October 1964. Subsequently the corporation proceeded to establish a series of fertilizer-stores in the districts to facilitate distribution.

The imports of raw material and the mixing and distribution of fertilizer by the corporation has shown a steady increase during the last five years. This was due to increased requirements under the government's agricultural development programme. The sales-revenue too showed a corresponding increase, but the profit in 1967/68 declined substantially due mainly to the enhanced import costs after the devaluation of the rupee. The estimated profit in 1968/69, however, shows a sharp increase due to a higher turnover and an increase in prices in April 1968. The employment at the Corporation increased from 111 in 1966/67 to 161 in 1967/68 and to 265 at the end of December, 1968.

There were 16 District Fertilizer stores with a capacity of 23,750 tons established at the end of 1967/68. The corporation proposes to establish a further 14 stores with a capacity of 19,000 tons in 1968/69. Also, it signed a contract with a British firm in November, 1968 for the establishment of a Fertilizer-Mixing Plant at Hunupitiya. Estimated to cost Rs. 11.6 million, this plant has a mixing capacity of 100,000 tons per annum.

### **Ceylon Fisheries Corporation**

This Corporation was established in October, 1964 for production, processing (i.e. canning, curing and drying) and marketing of fish, construction of fishery harbours and installations (including cold rooms), manufacture, import and sale of fishing gear, construction of boats and fishing craft, and provision of repair and maintenance facilities for fishing boats. It had set up wholesale depots and distribution points at Colombo, Kurunegala and Kandy. It had over 110 distributors for wet fish and over 250 agents for frozen "Ceyfish". In 1967/68, it took over the boatyard at Mattakuliya from the National Small Industries Cor-



poration, to manufacture boats. Meanwhile, it was engaged in the development of fishery harbours at Galle, Mirissa, Beruwala, Tangalle, Trincomalee, Thondamannar and other major fishing centres.

The volume of fish caught and purchased by the corporation has shown a steady increase upto 1967/68. In 1968/69, the current trends indicate a further increase, but this was due to a 50.0 per cent increase in the fish caught by its own fleet which has been partly set off by a substantial decline in purchases from the trade. On the other hand, the sales appear to be static in 1968/69, while it declined in 1967/68. The increase in the sales of dried fish indicates that a part of the unsold fish has been diverted there. Nevertheless, the decline in sales was attributable to the fact that the major portion of Corporation's output were achieved in periods when there was an abundance of fish in the local markets. With more evenly spaced out fishing operations, the corporation should be able to achieve higher sales.

The sales income of the corporation shows a small increase of Rs. 0.86 million in 1968/69. This increase was due to an increase in prices of wet fish and some increases in the sale of other products. The employment at the Corporation which increased to 1,380 in 1967/68, declined to 1,308 in December, 1968.

The Corporation intends expanding its distribution network progressively by setting up Wholesale terminals at Anuradhapura and Ratnapura. Work was proceeding at Pesalai on a fish cannery with an output of 2 tons of canned fish per day, estimated to be in production in 1969. It will also produce from the fish waste, another 1 ton of fish meal per day. Meanwhile, the construction of fishery harbours will be continued. The Boat-Yard acquired in 1966/67 will be equipped with modern machinery to undertake repairing of boats.

### **State Flour Milling Corporation**

This Corporation was set up in 1964 for the establishment and operation of a Flour Mill with aid received from the U.S.S.R. A mill with an annual capacity of milling 70,000 tons of wheat (producing 72 per cent flour, 23 per cent bran, 3 per cent cattle middlings) on three shifts per day, was established at Mutwal, Colombo, and commenced commercial production in December 1968. The capital cost of the project was Rs. 29.1 million.

Since commencement, the utilization of capacity has increased from 42.5 per cent in January 1969 to 76.6 per cent in February and March. On current trends, it appears to be able to operate at full capacity in 1969/70. The employment at the corporation increased from 63 in 1967/68 to 221 in December 1968.

### **OTHER PUBLIC ENTERPRISES**

In 1968, there were 39 identifiable commercial enterprises in the public sector, but outside the public industrial sector. These consisted of transport undertakings such as the Ceylon Transport Board and the Ceylon Government Railway, fuel and power supply industries such as the Ceylon Petroleum Corporation and the Department of Government Electrical Undertakings, public utilities

such as the Postal and Telecommunication department and the Ceylon Broadcasting Corporation, port authorities such as the Colombo Port Commission and the Port (Cargo) Corporation, financial institutions such as the Bank of Ceylon and the Insurance Corporation of Ceylon, research and propaganda institutes such as the Tea Research Institute and the Ceylon Tourist Board, trading enterprises such as the Co-operative Wholesale Establishment, and multi-purpose "area-development authorities" such as the River Valleys Development Board.

The performance of some of the major enterprises in this field during the last few years is analysed individually in the following section.

### Ceylon Government Railway

Ceylon's government-owned railway has been operated as a government department since its commencement in 1867. Certain relevant statistics with regard to the Railway are given at Table II (C) 5 below.

The total capital investment (undepreciated) since its inception up to the end of September, 1968 was Rs. 639.1 million, which represents an increase of Rs. 24.8 million over the previous year. Some of this capital expenditure has been incurred in 1967/68 in extending the railway track along the Puttalam line. The total track mileage at the end of 1967/68 stood at 1061 miles, consisting of 971 miles of broad gauge and 90 miles of narrow gauge. The total vehicle-stock on the other hand showed a slight decrease during 1967/68, due to retirement of old stock.

The number of passengers carried increased by 2.8 million or 3.6 per cent during 1967/68 as compared to an increase of 4.0 million or 5.4 per cent during the previous year. The passenger-mileage however, showed a greater increase in 1967/68 (of 7.7 per cent) than in the previous year (of 3.1 per cent). This indicates that the Railway has been somewhat successful in attracting the more profitable relatively long-distance traffic during the year under review.<sup>1</sup> This also explains the enhancement of passenger receipts by Rs 3.1 million in 1967/68, as against an increase of Rs. 1.7 million during the previous year.

With regard to goods traffic, there has been only a marginal increase in the volume carried in 1967/68 over the previous year (of 8000 tons). This is in keeping with trend in the last ten years or more, where the railway has been facing stiff competition from road transport. The position might have been worse if the road transport stock had been in a better condition than it is at present (due to the curtailment of imports). In fact, most of the goods traffic carried by the Railway has, as in the recent past, been government and bulk cargoes (such as rice, flour, cement and petroleum products). The ton-mileage of goods, however, has increased during 1967/68 as compared to a decrease in the previous year,<sup>2</sup> resulting in an increase in the average length of haul from 127.4 miles to 132.5 miles in 1967/68. The railway was, therefore, able to record a slight increase in goods-transport revenue of Rs. 0.9 million.

1. Average length of passenger journey increased from 20.1 miles to 20.9 miles in 1967/68.

2. There was, however, a slight increase in "paying goods-mileage" in 1966/67.

TABLE II (C) 5

## Ceylon Government Railway - 1963/64 to 1967/68 (a)

| Items  | 1963/64 | 1964/65 | 1965/66 | 1966/67 | 1967/68 |
|--|---------|---------|---------|---------|---------|
| <b>1. Capital Invested (Rs. mn.)</b><br>at end of year .. .. | 536.4   | 566.4   | 592.9   | 614.3   | 639.1   |
| <b>2. Track Mileage (miles)</b> .. ..                        | 1028    | 1033    | 1043    | 1053    | 1061    |
| (a) Broad gauge .. ..  | 938     | 943     | 953     | 963     | 971     |
| (b) Narrow gauge .. ..                                       | 90      | 90      | 90      | 90      | 90      |
| <b>3. Vehicles (Nos.)</b> .. ..                              | 7785    | 8010    | 8204    | 8067    | 7983    |
| (a) Locomotives .. ..  | 355     | 355     | 357     | 355     | 344     |
| (b) Carriages (b) .. ..                                      | 7430    | 7655    | 7847    | 7712    | 7639    |
| <b>4. Traffic carried</b>                                    |         |         |         |         |         |
| (a) Passengers (c) (No. in mn.) ..                           | 73.4    | 73.5    | 74.7    | 78.7    | 81.5    |
| (b) Goods (d) (mn. tons) .. ..                               | 1.9     | 1.6     | 1.7     | 1.8     | 1.8     |
| <b>5. Traffic Mileage</b>                                    |         |         |         |         |         |
| (a) Passenger - Mileage<br>(mn. Passenger miles) .. ..       | 1453.5  | 1498.4  | 1536.9  | 1584.9  | 1706.2  |
| (b) Goods - Mileage (mn. ton - miles) ..                     | 217.7   | 196.4   | 212.1   | 211.9   | 221.5   |
| <b>6. Total Revenue (Rs. mn.)</b> .. ..                      | 100.4   | 97.3    | 99.9    | 102.1   | 106.7   |
| (a) Passengers .. ..   | 47.6    | 48.0    | 48.9    | 50.6    | 53.7    |
| (b) Goods .. ..  | 44.5    | 40.4    | 43.7    | 43.3    | 44.2    |
| (c) Other .. ..  | 8.3     | 8.9     | 7.4     | 8.2     | 8.8     |
| <b>7. Total Expenditure (Rs. mn.)</b> .. ..                  | 139.6   | 145.1   | 150.2   | 148.3   | 154.4   |
| (a) Working expenditure .. ..                                | 120.9   | 124.9   | 128.3   | 125.0   | 129.6   |
| (b) Annuities (e) .. ..                                      | 7.6     | 8.2     | 9.0     | 9.7     | 10.5    |
| (c) Interest (f) .. ..                                       | 11.1    | 12.0    | 12.9    | 13.6    | 14.3    |
| <b>8. Profit (+) or Loss (-) (Rs. mn.)</b>                   |         |         |         |         |         |
| (a) On working .. ..   | - 20.5  | - 27.6  | - 28.4  | - 22.9  | - 22.9  |
| (b) Overall .. ..  | - 39.2  | - 47.8  | - 50.3  | - 46.2  | - 47.7  |
| <b>9. Employment</b>   |         |         |         |         |         |
| (a) Number employed .. ..                                    | 24,615  | 26,848  | 27,253  | 26,038  | 24,965  |
| (b) Total wage-bill (g) (Rs. mn.) ..                         | 79.2    | 81.3    | 83.4    | 82.6    | 82.9    |

Source: Ceylon Government Railway.

(a) For financial years October-September.

(b) In broad-gauge 4-wheelers.

(c) Includes season ticket travel computed on the basis of 50 journeys a month.

(d) Includes non-paying goods transport.

(e) Annuities are not repaid, but are deemed to have been repaid.

(f) Interest is not paid, but written - off subsequently.

(g) Includes superannuation.

The total revenue of the railway showed an increase of Rs. 4.6 million in 1967/68 as compared to an increase of Rs. 2.2 million last year. The total expenditure, on the other hand, increased more by Rs. 6.1 million, as against a decline of Rs. 1.9 million in 1966/67. The increase in 1967/68 was due mainly to an increase of Rs. 4.6 million in working expenses attributable partly to increased wages and pensions after the decision to pay "interim" allowances (the total wage bill increased by Rs. 0.3 million inspite of a decline in employment) and partly to increased operating costs. Thus, while the increase in operational costs cancelled out the increased revenue, the operational deficit of the railway in 1967/68 was the same as in last year. Due to enhanced annuity and interest charges, however, the overall deficit of the railway in 1967/68 showed an increase of Rs. 1.5 million to a sum of Rs. 47.7 million. Incidentally, the total number of employees which declined by 1,215 in 1966/67, declined further by 1,073 during the year under review.

### Ceylon Transport Board

The Ceylon Transport Board was established on January 1, 1958 to provide "an efficient and regular omnibus services in Ceylon".<sup>1</sup> With the vesting of the property of private bus companies (which operated before that date) with the Board, it was conferred with a monopoly of public road passenger transport. Certain salient features of the Board's operations during the five years ending 1967/68 (October-September<sup>2</sup>) and estimates for 1968/69 are shown in the Table II (C) 6 below.

The total capital invested by the Board at the end of September 1968 was Rs. 287.2 million, with was Rs. 31.0 million higher than that of the previous year. Of this investment, Rs. 231.2 million or 80.5 per cent was in respect of vehicles while the rest was on garages, depots and shelters etc.

The vehicle fleet owned by the Board increased by 128 to 5,184 in 1967/68. The operatable stock of buses, however, increased by 451 due to reconditioning of a number of old buses. The effective available stock however, declined by 189 buses, due to frequent breakdowns necessitating long repair periods. Thus the average number of buses operated daily rose by only 87 to 3686 in 1967/68. This constituted only 88.5 per cent of a total of 4167 buses required for daily operation under the existing time tables. This, however, was a slight improvement on the previous year's comparable ratio of 86.4 per cent.

The scheduled mileage in 1967/68 increased by 17.4 million miles. This was achieved mainly by re-scheduling routes, thereby obviating the need to have additional buses. The operated mileage on the other hand, increased by only 5.3 million miles. The ratio of operated to scheduled mileage thus dropped from 92.7 per cent in 1966/67 to 88.2 per cent in 1967/68. This was due mainly to an increase in lost mileage (caused by breakdowns and non-availabilty of crew at required time) by 10.9 million miles or 51.2 per cent to 32.2 million miles

1. Motor Transport Act No. 48 of 1957.

2. Please see footnote 'a' to Table II (C) 6

TABLE II (C) 6

## Ceylon Transport Board 1964 - 1968/69(a)

| Items  | 1964          | 1965          | 1965/66       | 1966/67       | 1967/68       | 1968/69<br>Estimate |
|--|---------------|---------------|---------------|---------------|---------------|---------------------|
| <b>1. Capital Invested as at end of year (Rs. mln.)</b> .. | <b>182.5</b>  | <b>203.3</b>  | <b>227.4</b>  | <b>256.2</b>  | <b>287.2</b>  | <b>318.3</b>        |
| (a) Vehicles ..  | 150.9         | 169.1         | 189.0         | 209.0         | 231.2         | 253.4               |
| (b) Other ..   | 31.6          | 34.2          | 38.4          | 47.2          | 56.0          | 64.9                |
| <b>2. Vehicle Fleet (Nos.)</b>                             |               |               |               |               |               |                     |
| (a) Owned ..   | 4820          | 4875          | 5085          | 5056          | 5184          | 5366                |
| (b) Operating Stock ..                                     | 4008          | 4225          | 4160          | 4363          | 4814          | n.a.                |
| (c) Available effective ..                                 | 3641          | 3498          | 3721          | 3937          | 3748          | n.a.                |
| (d) Required ..  | 3222          | 3826          | 4005          | 4167          | 4167          | 4621                |
| (e) Operated (Average) ..                                  | 2645          | 2931          | 3256          | 3599          | 3686          | 4033                |
| <b>3. Mileage (Mln. miles)</b>                             |               |               |               |               |               |                     |
| (a) Scheduled ..   | 149.0         | 167.9         | 190.7         | 222.0         | 239.4         | 258.4               |
| (b) Operated ..  | 133.8         | 153.3         | 177.4         | 205.9         | 211.2         | 232.6               |
| (c) Lost ..  | 18.6          | 18.3          | 18.8          | 21.3          | 32.2          | 32.5                |
| (d) Dead ..  | 2.1           | 2.0           | 2.2           | 2.3           | 2.2           | 2.1                 |
| <b>4. Capacity Utilization</b>                             |               |               |               |               |               |                     |
| (a) Total Seat Miles (mln.) ..                             | 6897.0        | 7965.1        | 9307.1        | 10868.6       | 11386.8       | 12560.0             |
| (b) Total passengers carried (mln.) ..                     | 761.6         | 893.7         | 1025.2        | 1144.8        | 1250.1        | 1340.0              |
| (c) Total passenger Miles (mln.) ..                        | 4373.0        | 4898.3        | 5582.1        | 6183.9        | 6823.5        | 7500.0              |
| (d) Load Factor (%) ..                                     | 63.4          | 61.6          | 60.0          | 56.9          | 59.9          | 59.7                |
| (e) Average Vehicle Utilization ..                         | 138           | 143           | 149           | 157           | 157           | 158                 |
| (f) Average Passenger journey (mls.) ..                    | 5.85          | 5.59          | 5.54          | 5.52          | 5.59          | 5.60                |
| (g) Average earnings per passenger (cents) ..              | 21.30         | 20.68         | 20.58         | 20.58         | 20.76         | 20.79               |
| <b>5. Revenue (Rs. mln.)</b> ..                            | <b>171.5</b>  | <b>145.1</b>  | <b>215.7</b>  | <b>241.0</b>  | <b>262.9</b>  | <b>286.2</b>        |
| (a) Passenger fares ..                                     | 169.1         | 141.9         | 211.4         | 236.0         | 257.5         | 280.8               |
| (b) Other ..   | 2.4           | 3.2           | 4.3           | 5.0           | 5.4           | 5.4                 |
| <b>6. Expenditure (Rs. mln.) b</b> ..                      | <b>158.5</b>  | <b>144.9</b>  | <b>212.9</b>  | <b>237.9</b>  | <b>261.4</b>  | <b>285.9</b>        |
| (a) Working ..   | 80.0          | 70.2          | 107.3         | 122.6         | 144.6         | 162.2               |
| (b) Engineering ..   | 31.4          | 28.7          | 42.7          | 48.3          | 50.6          | 54.8                |
| (c) General Working ..                                     | 24.9          | 20.6          | 30.7          | 32.5          | 32.9          | 35.0                |
| (d) Administration ..                                      | 22.2          | 25.5          | 32.2          | 34.5          | 33.2          | 33.8                |
| <b>7. Wage Bill (Rs. mln.)</b> ..                          | <b>66.5</b>   | <b>64.5</b>   | <b>109.6</b>  | <b>125.1</b>  | <b>143.5</b>  | <b>162.2</b>        |
| <b>8. Employment (No.) ..</b>                              | <b>23,854</b> | <b>26,089</b> | <b>28,441</b> | <b>32,165</b> | <b>34,936</b> | <b>n.a.</b>         |
| <b>9. Profit (+) or Loss (-) (Rs. mln.)</b> ..             | <b>+13.0</b>  | <b>+ 0.2</b>  | <b>+2.8</b>   | <b>+3.2</b>   | <b>-5.6</b>   | <b>+ .3 (c)</b>     |

Source: Ceylon Transport Board.

(a) The Board's financial year which was the Calendar Year upto 1965 has been changed from September 1965, to October-September Financial Year. Hence 1964 figure is for Calendar Year, the 1965 figure is for 9 months of that year (i.e., January to September) and the later figures are for the years October to September.

(b) Includes interest paid on Government loans.

(c) Budgeted figure.

1967/68. Meanwhile dead-mileage (due to empty-travel of buses from garages to starting point, etc.) has remained constant at the level of about 2.0 million miles during the last five years.

The total number of passengers carried, which had increased steadily over the past years, rose by 105.3 million to 1250.1 million in 1967/68. While the total seat-miles (of available capacity) increased by 518.2 million, to 11386.8 million, the total passenger-miles increased at the same time by 639.6 million to 6823.5 million, resulting in a slight increase in the load factor (the ratio of passenger-miles to capacity seat-miles) from 56.9 per cent in 1966/67 to 59.9 per cent in 1967/68. The average length of passenger journey too increased from 5.52 miles to 5.59 miles. The average vehicle utilization (the number of miles operated by a bus per day), however, which had increased steadily upto 1966/67, showed no increase in 1967/68.

The increase in passengers and the passenger-mileage along with the increase in the load factor resulted in an increase of Rs. 21.9 million or 9.1 per cent in revenue, Rs. 21.5 million of which was due from an increase in passenger receipts. This increase, however, was lower than the Rs. 25.3 million increase in revenue in the previous year, Rs. 24.6 million of which was due to an increase in passenger receipts.

The expenditure of the Board, on the other hand, rose by Rs. 23.5 million to Rs. 261.4 million in 1967/68. The increase during the previous year was Rs. 25.0 million. This increase was almost entirely in the working expenditure. This can be attributed largely to a substantial increase in employment at the Board during the last two years, and the payment of additional 'interim' allowances to the employees. The employment increased by 3,724 or 13.1 per cent in 1966/67 and by 2,771 or 8.6 per cent in 1967/68. This increase is much greater than the increase in buses operated and in the scheduled and operated mileages during these years.

Thus, due to an increase in expenditure which more than offset an increase in revenue, the Transport Board operated at a loss of Rs. 5.6 million in 1967/68. This was in contrast to a profit of Rs. 3.2 million in the previous year and profits in the two years before.

### **Air Ceylon Limited**

Ceylon's national airline 'Air Ceylon' commenced operations in December 1947 as a branch of the Government Department of Civil Aviation, and was later constituted as a Corporation.<sup>1</sup> At present, it operates internal services (which serves points within Ceylon), regional services (in pool with Indian Airways Corporation in the Indo-Ceylon region) and an International Service (between London and Singapore via Ceylon, in pool-partnership with the B.O.A.C. and QANTAS). Certain salient aspects of Air Ceylon's operations for four years ending 1967/68 (for financial years October to September) are given in Table II (C) 7 below.

1. Initially named as 'Ceylon Airways Limited', it adopted the name 'Air Ceylon' in 1948. The present corporation was established in 1951 under the Air Ceylon Act No. 7 of 1951.

TABLE III (C) 7

Air Ceylon Limited - 1964/65 to 1967/68<sup>(a)</sup>

| Items   | 1964/65. | 1965/66 | 1966/67 | 1967/68 |
|---|----------|---------|---------|---------|
| 1. Value of Assets (Rs. '000) (b) as at end of year .. .. | 6,334    | 7,126   | 13,303  | 13,286  |
| 2. Passengers and goods carried                           |          |         |         |         |
| (a) Passengers (No.) .. ..                                | 64,070   | 86,955  | 82,286  | 80,880  |
| (i) Internal Services .. ..                               | 32,889   | 39,867  | 32,934  | 33,473  |
| (ii) Regional Services .. ..                              | 23,226   | 36,863  | 38,049  | 36,308  |
| (iii) International Services .. ..                        | 7,945    | 10,225  | 11,303  | 11,099  |
| (b) Goods (Tons) .. ..                                    | 471      | 531     | 513     | 542     |
| (i) Internal services .. ..                               | 46       | 46      | 36      | 45      |
| (ii) Regional services .. ..                              | 192      | 256     | 187     | 130     |
| (iii) International services .. ..                        | 233      | 229     | 290     | 367     |
| 3. Passenger and Ton Mileage                              |          |         |         |         |
| (a) Passenger - Mileage ('000) .. ..                      | 37,418   | 59,447  | 64,547  | 60,577  |
| (i) Internal services .. ..                               | 5,958    | 7,395   | 5,928   | 6,093   |
| (ii) Regional services .. ..                              | 8,507    | 12,847  | 14,371  | 14,192  |
| (iii) International services .. ..                        | 22,953   | 39,205  | 44,248  | 40,292  |
| (b) Goods - Ton Mileage ('000) .. ..                      | 4,356    | 6,456   | 7,170   | 7322    |
| (i) Internal Services .. ..                               | 441      | 547     | 432     | 435     |
| (ii) Regional services .. ..                              | 703      | 1,032   | 1,099   | 1,102   |
| (iii) International services .. ..                        | 3,212    | 4,877   | 5,639   | 5,785   |
| 4. Capacity Utilization                                   |          |         |         |         |
| Load Factor (%)   |          |         |         |         |
| (a) Internal services .. ..                               | 68.1     | 57.6    | 38.2    | 56.4    |
| (b) Regional services .. ..                               | 48.1     | 52.1    | 50.5    | 50.3    |
| (c) International services .. ..                          | 48.1     | 39.8    | 42.4    | 48.0    |
| 5. Total Revenue (Rs. '000) .. ..                         | 4,888    | 8,855   | 10,348  | 10,105  |
| (a) Internal Services .. ..                               | 1,221    | 1,130   | 1,330   | 1,727   |
| (b) Regional Services .. ..                               | 2,883    | 4,442   | 4,784   | 5,625   |
| (c) International Services .. ..                          | 141      | 946     | 2,009   | 1,642   |
| (d) Other .. ..   | 643      | 2,337   | 2,225   | 1,111   |
| 6. Total Expenditure (Rs. '000) .. ..                     | 4,689    | 6,289   | 6,551   | 7,385   |
| (a) Aircraft operation costs .. ..                        | 2,886    | 3,863   | 4,305   | 4,743   |
| (b) Route and ground costs .. ..                          | 1,616    | 2,156   | 1,913   | 2,083   |
| (c) Financial charges .. ..                               | 173      | 155     | 205     | 255     |
| (d) Other .. ..   | 14       | 115     | 128     | 304     |
| 7. Profit (+) or Loss (-) - Rs. '000 (before tax) .. ..   | + 199    | + 2,566 | + 3,797 | + 2,720 |
| 8. Employment (No.) .. ..                                 | 244      | 303     | 584     | 578     |

Source : Air Ceylon Limited.

(a) For financial years October-September; 1966/67 and 1967/68 figures are provisional.

(b) Including aircraft.

The value of assets (including aircraft) stood at Rs 13.3 million in September 1968.<sup>1</sup> The number of passengers carried declined by 1,406 in 1967/68, while the tonnage of goods carried increased by 29 tons. The former decline was due to reduction in regional and international traffic partly compensated by an increase in internal traffic. The latter increase was due to increases in international and internal transport partly offset by a decline in regional traffic. The passenger-mileage declined by 3,970, due primarily due to a fall in international traffic. The goods ton-mileage, on the other hand, increased by 152 ton-miles due mainly due to a rise in international carriage. The load-factor showed an appreciable increase on the internal and international services, but the total revenue declined by 0.24 million due to increases from regional and internal services being more than offset by declines from international services and other engineering and traffic services for foreign airlines operating through Ceylon. The expenditure increased by Rs. 0.8 million due chiefly to increases in aircraft operation costs. The profit of Air Ceylon, therefore, showed a decline from Rs 3.8 million in 1966/67 to Rs 2.7 million in 1967/68.

The airline has signed a contract for the purchase of a Trident IE jet aircraft which is expected to be delivered in June 1969. With this aircraft, it hopes to establish a service connecting Karachchi, Bombay, Delhi and Bangkok and thereby attract a considerable amount of tourist traffic.

### Colombo Port Commission

Before 1950, the administration of the Port of Colombo (and other major ports of Ceylon) was handled mainly by the Customs department, "a common phenomenon in the early days of ports all over the world".<sup>2</sup> The customs were advised by a body of representatives of Port users. In 1950, a Colombo Port Commission was set up consisting of representatives of major port users and headed by a Port Commissioner.<sup>3</sup> The administration of the Colombo port (and other outports) was made the responsibility of a government department, also called "the Colombo Port Commission". The Customs, which was thus separated from port administration, continues to perform functions of collection of duties and prevention of smuggling etc. at the ports. The establishment of another organization, the Port (Cargo) Corporation, in 1958 to handle cargo has resulted in a further division of functions at the port. Hence, it is difficult to disentangle the considerable overlapping of functions, but generally the Port Commission could be deemed to be in overall charge of the maintenance of installations and efficient operation of the ports in Ceylon. It also undertakes coastal protection and construction of fishery harbours, the latter function overlapping with the same function of the Ceylon Fisheries Corporation.

Certain salient features of the operations of the Colombo Port Commission during the last 4 years and the estimates for 1968/69 are shown in the Table II (C) 8 below—

1. Inclusive of current assets, the total value was Rs 31.1 million.
2. NEDECO: Report on the Operations and Development of the Port of Colombo and certain Outports of Ceylon., The Hague, 1961. p. 17.
3. Port of Colombo (Administration) Act No. 10 of 1950.



TABLE II (C) 8

## Colombo Port Commission - 1964/65 - 1968/69 (a)

| Items   | 1964/65 | 1965/66 | 1966/67 | 1967/68 | 1968/69<br>Estimate |
|---|---------|---------|---------|---------|---------------------|
| <b>1. Capital Expenditure (Rs. '000)</b>                  |         |         |         |         |                     |
| (cumulative) (b) ..                                       | 263,292 | 277,194 | 292,060 | 305,053 | 322,918             |
| of which:   |         |         |         |         |                     |
| (a) Colombo ..  | 248,191 | 258,618 | 267,170 | 273,382 | 283,095             |
| (b) Galle ..  | 13,419  | 15,993  | 20,920  | 25,784  | 28,706              |
| (c) Trincomalee ..  | 164     | 466     | 1,033   | 1,399   | 1,898               |
| <b>2. Revenue, Rs. '000)</b> ..                           | 29,113  | 33,789  | 33,777  | 36,328  | 36,643              |
| (a) Colombo ..  | 28,413  | 33,359  | 33,448  | 35,959  | 36,382              |
| of which:   |         |         |         |         |                     |
| (i) Port dues ..  | 4,260   | 4,653   | 4,599   | 5,823   | 5,500               |
| (ii) Harbour dues ..                                      | 6,770   | 8,018   | 7,930   | 7,880   | 7,500               |
| (iii) Rents ..  | 7,946   | 9,909   | 9,727   | 9,954   | 10,282              |
| (iv) Oil facilities ..                                    | 3,558   | 3,536   | 4,381   | 5,124   | 5,700               |
| (b) Outports ..   | 700     | 430     | 329     | 369     | 261                 |
| of which:   |         |         |         |         |                     |
| (i) Galle ..  | 88      | 42      | 73      | 30      | 25                  |
| (ii) Trincomalee ..                                       | 528     | 340     | 234     | 244     | 200                 |
| <b>3. Working Expenditure (c)</b><br>annual (Rs. '000) .. | 21,954  | 22,437  | 23,743  | 23,265  | 30,053              |
| of which:   |         |         |         |         |                     |
| (a) Colombo ..  | 21,019  | 21,501  | 22,725  | 22,370  | n. a.               |
| (b) Other ports ..  | 310     | 298     | 306     | 215     | n. a.               |
| (c) Coast protection ..                                   | 541     | 638     | 685     | 663     | n. a.               |
| <b>4. Surplus (+) or Deficit (-) (d)</b> ..               | +7,159  | +11,352 | +10,934 | +13,063 | +6,590              |
| of which:   |         |         |         |         |                     |
| (a) Colombo ..  | +7,394  | +11,858 | +10,723 | +13,589 | n. a.               |
| (b) Other Ports ..  | + 390   | + 132   | + 23    | + 154   | n. a.               |

Source: Colombo Port Commission.

(a) For financial years October to September.

(b) Based on a valuation of Colombo Port assets in 1955, which amounted to Rs. 177.4 million.

(c) Recurrent expenditure.

(d) Items 2-3. The Port Commission, like most Government Departments, maintains accounts on a revenue and expenditure basis. If accepted commercial accounting procedures are adopted, it is estimated that the Commission will make losses on its operation.

The estimated capital investment by the Port Commission, on the basis of a 1955 valuation of assets at Colombo, amounted to Rs. 305.1 million in September 1968. With the current years development work, it is expected to rise to Rs. 322.9 million. About 90.0 per cent of this investment has been in respect of the port of Colombo.

The revenue of the Commission<sup>1</sup> which declined slightly in 1966/67, has risen appreciably in 1967/68. This was due mainly to the increase in port charges in 1967 (Port dues, harbour dues and warehouse rent were raised from December, 1967 and other charges from March, 1967) and collection or arrears of revenue. Revenue in 1968/69 is estimated to increase slightly. Almost the entire revenue was earned at the Colombo port, while the revenue from outports has been negligible. The operational (recurrent) expenditure which has been somewhat steady up to 1967/68, is expected to increase sharply in 1968/69. This is due chiefly to the payment of "interim" allowances, and the increasing cost of maintenance of equipment.

The consequent surplus<sup>2</sup> (i.e. Revenue less working expenditure) of the Commission rose sharply in 1967/68 due mainly to enhanced revenue in that year. With the anticipated increase in operational cost in 1968/69, the surplus is estimated to decline appreciably in 1968/69.

A firm of engineering consultants from Netherlands in a report issued in 1961<sup>3</sup> on the operation of ports in Ceylon recommended the establishment of a unified "Port Authority" incorporating the present functions of the Port Commissioner and the Port (Cargo) Corporation. This semi-autonomous authority was to be advised by a Committee of port users and labour. It also recommended the removal of interference by Customs in port administration, simplification of port charges, substitution of the present system of exemptions from port charges by payment of direct government subsidies, creation of a Standing Committee of Trade Unions where all trade unions are represented, establishment of a personnel department to improve personnel matters, improvement of labour efficiency by changing the existing systems of labour deployment, and certain structural changes in the port facilities provided. Some of these recommendations are being implemented. The port also plans to provide facilities for "containerised cargo".

### Port Cargo Corporation

The Port (Cargo) Corporation was set up in August, 1958 to provide cargo-handling facilities at the Port of Colombo along with the nationalization of cargo-handling firms in that port.<sup>4</sup> Since then, the cargo-handling at the Ports of Galle and Trincomalee have been nationalized and vested with the Corporation with effect from October, 1964 and October, 1967, respectively. The following Table II (C). 9. provides certain data on the operations of the Corporation during the last five financial years. (From August to July)

- 
1. Derived mainly from dues, rents and charges for use of equipment.
  2. Please see foot-note (d) Table II (C) 8.
  3. NEDECO: op. cit. pp. xiii to xvi.
  4. Port (Cargo) Corporation Act No. 13 of 1958.

TABLE II (C) 9

## Port (Cargo) Corporation - 1963/64 to 1967/68(a)

| Items  | 1963/64       | 1964/65(b)    | 1965/66       | 1966/67       | 1967/68       |
|--|---------------|---------------|---------------|---------------|---------------|
| <b>1. Capital Invested (Rs. mn.) cumulative</b> .. | <b>42.6</b>   | <b>45.1</b>   | <b>52.7</b>   | <b>52.7</b>   | <b>64.2</b>   |
| (a) Colombo ..                                     | 42.6          | 44.4          | 50.1          | 50.1          | 58.1          |
| (b) Galle ..                                       | —             | 0.7           | 2.6           | 2.6           | 6.1           |
| (c) Trincomalee ..                                 | —             | —             | —             | —             | —             |
| <b>2. Goods handled ('000 tons)</b> ..             | <b>2,567</b>  | <b>2,949</b>  | <b>3,029</b>  | <b>3,093</b>  | <b>3,185</b>  |
| (a) Colombo ..                                     | 2,567         | 2,849         | 2,957         | 3,040         | 2,906         |
| (b) Galle ..                                       | —             | 100           | 72            | 53            | 56            |
| (c) Trincomalee ..                                 | —             | —             | —             | —             | 223           |
| <b>3. Revenue (Rs. mn.)</b> ..                     | <b>55.0</b>   | <b>62.0</b>   | <b>73.7</b>   | <b>75.8</b>   | <b>86.7</b>   |
| (a) Colombo ..                                     | 55.0          | 60.6          | 72.6          | 74.7          | 80.2          |
| (b) Galle ..                                       | —             | 1.4           | 1.1           | 1.1           | 1.1           |
| (c) Trincomalee ..                                 | —             | —             | —             | —             | 5.4           |
| <b>4. Expenditure (Rs. mn.)</b> ..                 | <b>61.3</b>   | <b>70.0</b>   | <b>76.7</b>   | <b>80.6</b>   | <b>101.2</b>  |
| (a) Colombo ..                                     | 61.3          | 67.5          | 73.8          | 77.7          | 90.8          |
| (b) Galle ..                                       | —             | 2.5           | 2.9           | 2.9           | 3.1           |
| (c) Trincomalee ..                                 | —             | —             | —             | —             | 7.3           |
| <b>5. Profit (+) or Loss (-) (Rs. mn.)</b> ..      | <b>- 6.3</b>  | <b>- 8.0</b>  | <b>- 3.0</b>  | <b>- 4.8</b>  | <b>- 14.5</b> |
| (a) Colombo ..                                     | - 6.3         | - 6.9         | - 1.2         | - 3.0         | - 10.6        |
| (b) Galle ..                                       | —             | - 1.1         | - 1.8         | - 1.8         | - 2.0         |
| (c) Trincomalee ..                                 | —             | —             | —             | —             | - 1.9         |
| <b>6. Employment (Nos.)</b> ..                     | <b>16,059</b> | <b>17,059</b> | <b>17,792</b> | <b>17,974</b> | <b>20,188</b> |
| (a) Colombo ..                                     | 16,059        | 16,259        | 16,992        | 17,336        | 17,077        |
| (b) Galle ..                                       | —             | 800           | 800           | 638           | 631           |
| (c) Trincomalee ..                                 | —             | —             | —             | —             | 2,480         |
| <b>7. Total Wage Bill (Rs. mn.)</b> ..             | <b>46.0</b>   | <b>51.8</b>   | <b>56.7</b>   | <b>67.7</b>   | <b>83.0</b>   |
| (a) Colombo ..                                     | 46.0          | 50.2          | 54.9          | 65.2          | 74.4          |
| (b) Galle ..                                       | —             | 1.6           | 1.8           | 2.5           | 2.8           |
| (c) Trincomalee ..                                 | —             | —             | —             | —             | 5.8           |

Source: Port (Cargo) Corporation.

(a) For financial years August - July. Figures for 1966/67 onwards are provisional.

(b) The figures on Port of Galle are for 10 months, from 1st October 1964 to 31st July 1965.

The cumulative capital investment of the Corporation at the end of the financial year 1967/68 (i.e. as at end of July 1968) stood at Rs. 64.2 million, representing an increase of Rs. 11.5 million over the previous year. Of this increase, Rs 3.5 million was in respect of the Galle port, and the rest was on the Colombo port.

The tonnage of goods handled by the Corporation increased by about 92,000 tons or 3.0 per cent in 1967/68 as against an increase of about 64,000 tons or 2.1 per cent in the previous year. The increase in 1967/68 was almost entirely

due to the inclusion of the output at the Trincomalee harbour in that year. In fact, the output of the Colombo Port declined by about 134,000 tons in 1967-68 over the previous year.

The revenue from cargo handling, on the other hand, rose by Rs. 10.9 million to Rs. 86.7 million in 1967/68, as against an increase of only Rs. 2.1 million in the previous year. This was due partly to the additional revenue from Trincomalee of Rs. 5.4 million and from Colombo of Rs. 5.5 million offset by a slight decline in revenue from Galle. The revenue of Colombo rose in spite of a fall in quantity of goods handled due mainly to an increase in charges in 1967/68. There was thus a sharp increase in revenue from stevedoring (of Rs. 4.5 million). The main decline was in the revenue from coal handling which fell by Rs. 0.7 million.

Meanwhile, the expenditure of the Corporation showed a sharp increase of Rs. 20.6 million or 25.6 per cent in 1967/68. Of this, Rs. 7.3 million was accounted for by Trincomalee, while the increase in Colombo was Rs. 13.1 million or 16.9 per cent. Most of this increase was accounted for by wage costs, which rose by Rs. 15.3 million or 22.6 per cent during 1967/68. Of this, Rs. 5.8 million was in respect of the 2,480 employees enrolled after the nationalization of cargo handling at Trincomalee. The increase in the wage bill at Colombo, which rose by Rs. 9.2 million or 14.1 per cent, virtually accounted for the rest. In fact, the total wage bill alone accounted for 82.0 per cent of the expenditure of the entire corporation in 1967/68. During the previous year, the corresponding ratio was 84.0 per cent. This high ratio indicates that the key to the success of port operations in Ceylon lie in the increasing of the productivity of labour which accounts for a major share of cost. The total employment at the Corporation in 1967/68 increased by 2,214 or 12.3 per cent, as against a marginal increase of 182 or 1.0 per cent during the previous year. This increase was entirely on account of the new employees at Trincomalee, which offset slight declines at Colombo and Galle.

Thus, the sharp increase in expenditure (in spite of the fall in the goods-volume handled) offset the increase in revenue during 1967/68 to enhance the loss of the Corporation from Rs. 4.8 million in 1966/67 to Rs. 14.5 million in 1967/68. Of the latter, the loss at Colombo amounted to Rs. 10.6 million, and the losses at Galle and Trincomalee to Rs. 2.0 million and Rs. 1.9 million respectively. The Corporation expects to reduce further losses after the implementation of a development programme at all three ports which has been approved recently. This programme, estimated to cost Rs. 11.1 million is expected to raise the labour-efficiency at the respective ports.

### **Ceylon Petroleum Corporation**

The Ceylon Petroleum Corporation which was established for the import, sale and production of oil and oil products, commenced business in April, 1962 in competition with existing oil-trading companies. Once the internal oil distribution was nationalized in 1963, it acquired a monopoly of oil products in Ceylon. Since 1965, it had ventured into the construction of an Oil Refinery

and a Blending Plant and had also conducted seismic surveys (all of which are not yet completed). The following Table II (C) 10 reveals certain salient features of the oil-distribution activities of the Corporation from 1964 to 1968 (calendar years).

TABLE II (C) 10

## Ceylon Petroleum Corporation - 1964-1968(a)

| Items   | 1964   | 1965   | 1966   | 1967   | 1968* |
|---|--------|--------|--------|--------|-------|
| <b>1. Fixed Assets at Cost</b><br>(Rs. mn. cumulative) .. | 46.5   | 80.6   | 89.2   | 99.7   | 170.3 |
| (a) Trading network ..                                    | 46.5   | 78.2   | 81.2   | 81.6   | 87.2  |
| (b) Oil Refinery Project ..                               | —      | 2.4    | 8.0    | 17.2   | 77.2  |
| (c) Blending Plant Project ..                             | —      | —      | —      | 0.5    | 5.0   |
| (d) Seismic Survey ..                                     | —      | —      | —      | 0.4    | 0.9   |
| <b>2. Oil Imports (mn. glns.) (b)</b> ..                  | 208.8  | 183.9  | 195.5  | 224.5  | 214.3 |
| (a) Super Petrol ..                                       | 19.8   | 19.7   | 22.3   | 23.2   | 22.2  |
| (b) Ordinary Petrol ..                                    | 24.1   | 19.7   | 20.5   | 16.2   | 18.2  |
| (c) Auto Diesel ..  | 46.3   | 42.1   | 45.4   | 55.5   | 53.2  |
| (d) Industrial Diesel ..                                  | 26.3   | 22.9   | 21.6   | 21.3   | 26.1  |
| (e) Furnace Oil ..  | 42.6   | 24.5   | 35.8   | 39.6   | 33.2  |
| (f) Kerosene ..   | 49.7   | 55.0   | 49.9   | 68.7   | 61.4  |
| <b>3. Oil Sales (mn. glns.) (b)</b> ..                    | 175.2  | 186.8  | 200.8  | 219.4  | 222.0 |
| (a) Super Petrol ..                                       | 20.3   | 21.1   | 22.4   | 23.4   | 22.9  |
| (b) Ordinary petrol ..                                    | 21.9   | 20.4   | 18.6   | 17.8   | 18.1  |
| (c) Auto - Diesel ..                                      | 39.6   | 42.8   | 47.2   | 53.2   | 53.4  |
| (d) Industrial Diesel ..                                  | 22.3   | 21.9   | 21.6   | 23.5   | 22.3  |
| (e) Furnace Oil ..  | 21.6   | 29.7   | 34.4   | 40.3   | 43.1  |
| (f) Kerosene ..   | 49.5   | 50.9   | 56.6   | 61.2   | 62.2  |
| <b>4. Income (Rs. mn.)</b> ..                             | 265.3  | 265.9  | 300.6  | 318.3  | 350.8 |
| of which: Oil sales ..                                    | 263.0  | 264.5  | 298.8  | 316.1  | 348.6 |
| <b>5. Expenditure (Rs. mn.)</b> ..                        | 234.1  | 245.2  | 277.5  | 303.1  | 346.2 |
| (a) Landed cost of products sold ..                       | n. a.  | 208.4  | 238.5  | 259.8  | 301.5 |
| (b) Other ..  | n. a.  | 36.8   | 39.0   | 43.3   | 44.7  |
| <b>6. Net Profit (+) Rs. mn.</b> ..                       | + 31.2 | + 20.7 | + 23.1 | + 16.1 | + 4.6 |
| <b>7. Employment - Nos</b> ..                             | 1,595  | 1,750  | 2,129  | 2,215  | 2,515 |

\* Provisional

Source : Ceylon Petroleum Corporation

(a) Figures are for financial years January to December.

(b) Excludes certain minor items such as lubricants, greases etc.

The total capital investment by the Corporation increased by Rs 70.6 million to Rs 170.3 million in 1968. This was mainly in respect of the Oil Refinery Project (Rs 60.0 million), the distribution network (Rs 5.6 million) and the Blending Plant project (Rs 4.5 million).

The Corporation's oil imports have fluctuated during the last five years. The increased imports in 1967 was necessiated by the outbreak of hostilities in the Middle-East and the resultant threat to international shipping. Thus, the decrease in imports during 1968 could be attributed to the running down of stocks after the Middle-Eastern crisis abated somewhat. In its domestic sales, however, the corporation has made steady and continuous progress. The increase of only 2.5 million gallons in 1968 as against much higher increases in the previous years could be attributed to the increase in the price of petrol in 1967 (which also resulted in a decline in the sales of supergrade petrol and a slight increase in the sales of the relatively lower-priced ordinary grade petrol). There was a drop in sales of industrial diesel as well. Sales of furnace oil and kerosene have shown a steady increase over years, the former (much used in industries) increasing at a faster rate.

As a result, the income of Corporation too has risen steadily, and in 1968, it rose by Rs 32.5 million to Rs 350.8 million. The expenditure of the Corporation rose more, i.e. by Rs 43.1 million to Rs 346.2 million in 1968. This increase was almost entirely due to an increase in the landed cost of products sold due to the devaluation of the Ceylon Rupee. As a consequence, the Corporation's profit for the year 1968 diminished to Rs 4.6 million as compared with profits of Rs 16.1 million and Rs 23.0 million in 1967 and 1966, respectively. The total employment by the Corporation increased by 300 to 2,515 in 1968. This was largely on account of the new investment activities such as the Refinery and Blending Plant projects.

The construction of the Oil Refinery with a capacity of handling about 38,000 barrels of crude oil per day, at an estimated cost of Rs 150 million, is expected to be complete by the end of March, 1969. Commercial production is sheduled to commence about three months later. A contract has been signed with the Consolidated Petroleum Supply Co. Ltd., London for the supply of crude oil, provision of technical services and the sale of surplus products of the Refinery.

### **Department of Posts and Telecommunications**

The government department of Posts and Telecommunications has operated the postal, telegraph, and telephone services in Ceylon for well-over 100 years. Although it maintains accounts on a receipts and payments basis as all government departments, it publishes a separate set of "commercial accounts" making allowances for free facilities provided (e.g. to government departments) and depreciation etc. A relevant summary of such commercial accounts for four years ending 1966/67 (later figures are not yet available) are given in Table II (C) 11 below:

TABLE II (C) 11

## Postal and Telecommunication Services 1963/64 – 1966/67 (a)

| Items   | 1963/64       | 1964/65       | 1965/66       | 1966/67       |
|---|---------------|---------------|---------------|---------------|
| <b>1. Capital employed (Rs. mn.) (b)</b><br>(Rs. mn. – cumulative) .. | <b>92.7</b>   | <b>99.0</b>   | <b>105.2</b>  | <b>114.5</b>  |
| (a) Telegraphs ..   | 2.9           | 2.9           | 3.0           | 3.0           |
| (b) Telephones ..   | 84.8          | 90.6          | 96.4          | 105.4         |
| (c) Other ..  | 5.0           | 5.5           | 5.8           | 6.0           |
| <b>2. Postal Service (Rs. mn.)</b>                                    |               |               |               |               |
| (a) Income ..   | 50.7          | 49.8          | 52.5          | 51.5          |
| (b) Expenditure (c) ..  | 46.2          | 46.0          | 46.5          | 51.4          |
| (c) Net Profit (+) / Loss (-) ..                                      | + 4.6         | + 3.8         | + 6.0         | + 0.1         |
| <b>3. Telegraph Service (Rs. mn.)</b>                                 |               |               |               |               |
| (a) Income ..   | 15.2          | 16.3          | 17.9          | 20.0          |
| (b) Expenditure (c) ..  | 17.9          | 19.7          | 19.7          | 22.2          |
| (c) Net Profit (+) / Loss (-) ..                                      | - 2.7         | - 3.4         | - 1.8         | - 2.2         |
| <b>4. Telephone Service (Rs. mn.)</b>                                 |               |               |               |               |
| (a) Income ..   | 19.6          | 20.4          | 22.9          | 26.1          |
| (b) Expenditure (c) ..  | 21.4          | 21.9          | 24.7          | 24.3          |
| (c) Net Profit (+) / Loss (-) ..                                      | - 1.8         | - 1.5         | - 1.8         | + 1.9         |
| <b>5. (a) Total Income ..</b>   | <b>86.5</b>   | <b>87.3</b>   | <b>94.2</b>   | <b>98.7</b>   |
| <b>(b) Total Expenditure ..</b>                                       | <b>86.4</b>   | <b>88.6</b>   | <b>91.9</b>   | <b>99.0</b>   |
| <b>(c) Net Profit (+) / Loss (-) ..</b>                               | <b>+ 0.1</b>  | <b>- 1.3</b>  | <b>+ 2.3</b>  | <b>- 0.3</b>  |
| <b>6. Employment (d) ..</b>   | <b>24,762</b> | <b>25,031</b> | <b>22,187</b> | <b>22,844</b> |

Source: Post and Telecommunications Department

(a) For financial years October to September.

Figures for 1966/67 are provisional

(b) Excludes Overseas Telecommunication Service.

(c) Includes Annuities.

(d) 1963/64 and 1964/65 figures are from Commercial accounts. The rest is from Administration Reports.

The total capital employed on the postal and telecommunications services is estimated at Rs 114.5 million as at September, 1967.<sup>1</sup> The telephone service accounts for Rs 105.4 million of this amount.

The income attributable to the postal service in 1966/67 was Rs 51.5 million, which was the result of a decline of Rs 1.0 million from the previous year. The expenditure (including annuities) increased by Rs 4.9 million in 1966/67, reducing the profit from Rs 6.0 million in 1965/66 to Rs 0.1 million in 1966/67. The income from telegraphs rose by Rs 2.1 million to Rs 20.0 million

1. Unlike in the case of the Ceylon Government Railway, comprehensive figures of capital invested from inception are not available in respect of the Postal and Telecommunication Services. This figure represents investments in recent times.

in 1966/67. Expenditure increased by Rs. 2.5 million, enhancing the loss in 1966/67 to Rs 2.2 million. There was an increase in revenue from the telephone service of Rs 3.2 million. The expenditure however declined in 1966/67, to convert the loss of Rs 1.8 million in 1965/66 to a profit of Rs 1.9 million in 1966/67. On the whole, the Postal and Telecommunications Services operated at a loss of Rs 0.3 million in 1966/67 as compared to a profit of Rs 2.3 million during the previous year. The major factors responsible for this were the decline in postal revenue, and increases in postal and telegraph expenditure which more than offset the improved results from the telephone service.

### Ceylon Broadcasting Corporation

The Ceylon Broadcasting Corporation which was set up in January, 1967, was vested with the property of the former Government Department of Broadcasting. The operations of the Corporation in 1967/68 (year ending September, 1968) along with comparable data pertaining to the former Department of Broadcasting is given in Table II (C) 12 below:

TABLE II (C) 12  
Ceylon Broadcasting Corporation - 1963/64 to 1967/68 (a)

| Items                                  | 1963/64 | 1964/65 | 1965/66 | 1966/67 | 1967/68* |
|--|---------|---------|---------|---------|----------|
| 1. Value of Assets (b) (Rs. mn.) ..    | n. a.   | n. a.   | n. a.   | 6.0     | 6.0      |
| 2. Revenue (Rs. mn.) ..                | 8.4     | 8.5     | 7.8     | 8.8     | 8.3      |
| (a) Licence fees ..                    | 4.2     | 4.3     | 3.9     | 4.5     | 3.5      |
| (b) Commercial service sale of time .. | 3.6     | 3.7     | 3.4     | 3.5     | 4.0      |
| (c) Other ..                           | 0.5     | 0.6     | 0.5     | 0.7     | 0.8      |
| 3. Expenditure (Rs. mn.) ..            | 7.3     | 7.5     | 8.3     | 7.6     | 7.5      |
| of which                               |         |         |         |         |          |
| (a) National Service ..                | 4.2     | 4.3     | 4.6     | 3.9     | n. a.    |
| (b) Commercial Service ..              | 3.1     | 3.2     | 3.7     | 3.7     | n. a.    |
| 4. Profit (+) Loss (-) (Rs. mn.) ..    | +1.1    | +1.1    | -0.5    | +1.2    | +0.8     |
| 5. Employment (number) (b) ..          | 795     | 795     | 841     | 798     | 935      |

\* Provisional

Source: Ceylon Broadcasting Corporation.

(a) For financial years October to September. 1967/68 figures are provisional. The Broadcasting services performed by the Department of Broadcasting were transferred to the Ceylon Broadcasting Corporation on 5th January, 1967.

(b) As at the end of the year.

The value of assets of the Corporation was estimated to be Rs 6.0 million in September 1968. Meanwhile, revenue in 1967/68 showed a slight decline to Rs 8.3 million due mainly to a shortfall in radio-licence fees which was partly offset by a rise in sale of time over the commercial services. The expenditure



at Rs 7.5 million was marginally lower than in the previous year. As a result, there was a demerit in the profits from broadcasting from Rs 1.2 million in 1966/67 to Rs 0.8 million in 1967/68. Employment at the Corporation increased by 137 to 935 at the end of 1967/68.

### The Co-operative Wholesale Establishment

This Corporation was established in July 1950, as a continuation of the trading and distribution network established to meet shortages of essential goods during the Second World War. Originally intended to be a wholesale-trading organisation, it expanded (particularly in the late Nineteen-Fifties) as a retail sales organization on an island-wide basis. By 1964, its activities had expanded to import and sale of essential consumer goods (including a monopoly of dried fish), drugs, fertilizer, transport, printing, exports and even the operation of a petrol filling station. The fertilizer, advertising and drugs departments were closed down during 1964-65. The work handled by the Textile and Export Departments were handed over to two new public-companies, <sup>1</sup> Lanka Salu Sala Ltd., and Consolidated Exports (Ceylon) Ltd., with effect from 1st October, 1967 and 1st January, 1968, respectively. At present, its major activities are in the import and sale of groceries (e.g. sugar and canned fish), cement, hardware and other household requisites.

Certain basic statistics of the C.W.E. for four years ending 1967 are given in Table II (C) 13 below:

**TABLE II (C) 13**  
**Co-operative Wholesale Establishment 1964-67<sup>(a)</sup>**

| Items  | 1964  | 1965   | 1966   | 1967*  |
|--|-------|--------|--------|--------|
| 1. Capital (Rs. mn.) ..  | 40.9  | 64.0   | 75.4   | 107.5  |
| (a) Fixed (voted) ..   | 11.7  | 12.2   | 10.9   | 16.2   |
| (b) Working (nett) ..  | 29.2  | 51.8   | 64.5   | 91.3   |
| 2. Total Turnover (Rs. mn.) ..                                     | 689.5 | 732.2  | 784.2  | 837.5  |
| 3. Total Expenditure (Rs. mn.) ..                                  | 680.2 | 700.4  | 750.0  | 779.2  |
| 4. Profit (+) or Loss (-) (Rs. mn.) ..                             | + 9.3 | + 31.8 | + 34.2 | + 58.3 |
| 5. Operating results of major departments Profit or Loss (Rs. mn.) |       |        |        |        |
| (a) General Trading (b) ..   | + 5.7 | + 27.3 | + 31.8 | + 52.2 |
| (b) Dried fish ..  | + 2.5 | + 3.8  | + 2.4  | + 5.4  |
| 6. Employment (Nos) ..   | 4,322 | 4,467  | 4,918  | 5,581  |

\* Provisional Source : Co-operative Wholesale Establishment  
 (a) Figures are for financial years January to December. Figures for 1968 are not yet available.  
 (b) Certain expenses not allocated to various Departments have been charged to "General Trading".

1. Formed in terms of the Co-operative Wholesale Establishment (Amendment) Act No. 38 of 1966.

It will be seen that the total turnover of the C. W. E. has shown a steady increase during the period. In 1967, the increase was Rs 53.3 million or 6.8 per cent. In contrast, the expenditure increased at a slower rate. This was due partly to the closing down of certain uneconomical operations, as mentioned earlier. This fact, along with the gradual increase in turnover, resulted in the progressive annual enhancement of its net profits since 1965. The net profit of Rs 58.3 million in 1967 was the highest on record. Of its activities, the major profit-earner has been general trading (which accounted for 89.4 per cent of the total profit) and import and sale of dried fish. Meanwhile, employment showed a steady increase upto 1967, inspite of the closing down of certain activities. Although employment at the end of 1967 increased to 5,581, it declined slightly to 5,505 at the end of 1968.

### Industrial Estates Corporation

The above Corporation was established in January, 1960 for the purpose of constructing "industrial-estates" (i. e. collections of industrial premises with all necessary facilities to be rented out at reasonable rates to prospective industrialists). The Corporation completed the first industrial estate at Ekala in 1965. (Stage I of 20 industrial units was completed in 1963 and Stage II of 23 units was completed in 1965). Particulars of operation of this industrial estate is given in Table II (c) 14 below —

TABLE II (C) 14  
Industrial Estates Corporation 1963/64-1967/68(a)

| Items   | 1963/64 | 1964/65 | 1965/66 | 1966/67 | 1967/68* |
|---|---------|---------|---------|---------|----------|
| 1. Capital invested as at end of year (Rs. '000) .. | 5,137   | 7,637   | 7,707   | 7,807   | 8,707    |
| 2. Capacity (No. of Industrial units) ..            | 43      | 43      | 43      | 43      | 43       |
| 3. Total receipts Rs. '000 (Factory rentals) ..     | 157     | 176     | 251     | 360     | 350      |
| 4. Profit (+) or Loss (-) Rs. '000 ..               | - 6     | + 3     | + 46    | + 52    | + 91     |
| 5. Employment (Nos.) ..                             | 16      | 17      | 22      | 21      | 23       |

Source: Industrial Estates Corporation.

\*Provisional

(a) For financial years from April to March

The capital invested by the Corporation was Rs. 8.7 million at the end of 1967/68. This was mainly in respect of the 43 industrial premises constructed at Ekala. The total revenue of the Corporation (consisting of factory rentals) at Rs. 0.35 million was slightly lower than in the previous year. The profit of the Corporation, however, rose to Rs. 0.09 million in 1967/68. The employment by the Corporation amounted to 23.

The Corporation plans to set up 3 more industrial estates at Kandy, Galle and Jaffna, and to expand the present Ekala industrial complex. The Kandy estate (Stage I) is for 35 industrial units costing Rs. 12.6 million. The construction is expected to commence in April 1969 and to be completed by September 1970. The Galle Estate (Stage I), of same capacity and cost, is also expected to be ready by September 1970. Furthermore, the Jaffna industrial complex of 35 units costing Rs. 10 million is scheduled to be complete by the same time. An addition of 60 more units at Ekala is also being contemplated.

### **River Valleys Development Board**

From its inception in 1949 up to 1965, this Corporation was known as the Gal-Oya Development Board<sup>1</sup> and was in overall charge of development of the 1217 square-mile valley of the Gal-Oya (river). As an "area-development authority", its functions included construction of irrigation facilities, flood control, settlement of farmers, development of agriculture, industry, transport, communications and civic amenities, and the overall administration of the "area of authority" assigned. With the completion of a major part of development, the Board commenced handing-over of the areas developed to the Central Government administration in 1961. Since then, the headworks (dams, reservoir, and channels), the Sugar industry, the air strip, the electricity installation, the Technical Training Institute and the rice mill have been handed over to various government departments and corporations.

While the activities at Gal-Oya were thus being gradually wound-up, the Corporation was reconstituted as the "River Valleys Development Board" in 1965.<sup>2</sup> Its functions have been expanded to cover river-basin development and similar work in any other part of Ceylon. Initially, it was entrusted with the development of the 954 square-mile basin of the Walawe-ganga (river). The estimated cost of this project was Rs. 373.7 million. Meanwhile, its staff and heavy machinery at the former "Base-workshop" at Gal-Oya have been centralized as a "Heavy Construction Division" in 1967. This has enabled the Board to function as a heavy-construction organization.<sup>3</sup> Also, the Board, had ventured into the manufacture of country-made liquor such as brandy, gin and (in association with Gala Cosmetics Ltd. London) into manufacture of perfumes and cosmetics.

Reliable statistics with respect to the Boards' multifarious activities were extremely difficult to obtain, and the following Table II (C) 15 presents some figures of its operations during the four years ending 1967/68 (October to September.)

- 
1. Gal-Oya Development Board Act No. 51 of 1949.
  2. River Valleys Development Board Act. No. 6 of 1965.
  3. Similar to the State Engineering Corporation.

TABLE II (C) 15

## River Valleys Development Board 1963/64 to 1966/67 (a)

| Items   | 1963/64 | 1964/65  | 1965/66  | 1966/67 |
|---|---------|----------|----------|---------|
| <b>1. Capital employed (b)</b>                  |         |          |          |         |
| (Rs. mn.) (cumulative) ..                       | 779.8   | 832.1    | 875.3    | 791.0   |
| (a) Gal-Oya Scheme ..                           | 660.2   | 674.0    | 682.9    | 700.8   |
| (b) Gal-Oya Sugar Industry ..                   | 109.1   | 112.9    | 117.2    | —       |
| (c) Uda-Walawe Scheme ..                        | 10.5    | 45.2     | 75.2     | 90.2    |
| <b>2. Profit (+) or Loss (-) (c) (Rs. '000)</b> |         |          |          |         |
| (a) Head Office (d) ..                          | n. a.   | n. a.    | - 815    | - 1,449 |
| (b) Gal-Oya Scheme ..                           | n. a.   | - 10,319 | - 11,500 | - 9,161 |
| of which  |         |          |          |         |
| (i) Brick & Tile Factory ..                     | + 138   | + 160    | + 117    | + 57    |
| (ii) Electricity ..                             | + 1,229 | + 341    | —        | —       |
| (iii) Rice Mill ..                              | - 4     | - 93     | - 15     | —       |
| (iv) Carpentry Workshop ..                      | - 345   | - 297    | - 261    | + 380   |
| (c) Sugar Industry ..                           | - 4,281 | - 6,195  | - 6,295  | —       |
| (i) Sugar Factory ..                            | - 8,689 | - 12,182 | - 12,392 | —       |
| (ii) Distillery ..                              | + 4,408 | + 5,987  | + 6,096  | —       |
| (d) Uda-Walawa Scheme ..                        | n. a.   | n. a.    | n. a.    | n. a.   |
| of which—                                       |         |          |          |         |
| (i) Equipment Branch ..                         | n. a.   | n. a.    | - 495    | + 4,105 |
| (ii) Saw Mills ..                               | n. a.   | n. a.    | - 201    | - 75    |
| (iii) Other commercial ..                       | n. a.   | n. a.    | - 154    | + 28    |
| activities                                      |         |          |          |         |
| (e) Cosmetics Factory ..                        | —       | —        | —        | + 43    |
| <b>3. Employment (Number)</b> ..                | n. a.   | n. a.    | 11,499   | 14,695  |

Source: River Valleys Development Board

- (a) For financial years October to September. All figures are provisional.  
 (b) Includes investment in certain items now handed over to other institutions.  
 (c) In certain cases, the figures represent the difference between revenue and expenditure.  
 (d) Separate accounts for Head Office have been maintained only since 1965/66

The total capital employed by the Board in 1966/67 showed a decline of Rs. 84.3 million due mainly to the exclusion of the capital investment on the sugar industry since its transfer to the Sri Lanka Sugar Corporation in October, 1966. Investment on Gal-Oya and Uda-Walawe showed increases. No further breakdown of investment is available.

The operation and administration of the remainder of the Gal-Oya area of authority resulted, as in the past years, in a deficit in 1966/67. The Brick and Tile Factory and the carpentry workshop operated at a profit. It is estimated that over 100,000 acres of land at Gal-Oya had been provided with irrigation facilities.

Much data on the Uda-Walawe Scheme are also not available, except that the equipment branch and certain commercial activities operated at a profit while the saw mills worked at a loss. When the entire scheme is completed, about 60,000 acres of new land will be provided with irrigation and 5940 kilowatts of power will be developed.

The Cosmetics Factory recorded a profit of about Rs. 43,000 in 1966/67. The Board meanwhile continues to bottle country-made liquor for sale.

### Ceylon State Plantations Corporation

This Corporation was set up in 1959 to take over and manage eight estates belonging to the Government (i. e. to the Land Commissioner and the Commissioner of Inland Revenue). In addition, the Corporation has opened up 4 plantations. At the end of 1967/68, the Corporation managed 12 plantations<sup>1</sup> and 4 factories.<sup>2</sup> Details of their operation are shown separately in Table II (C) 16 below —

TABLE II (C) 16  
State Plantations Corporation 1963/64-1967/68 (a)

| Items  | 1963/64 | 1964/65 | 1965/66 | 1966/67 | 1967/68 |
|--|---------|---------|---------|---------|---------|
| 1. Capital invested (as at end of year) on ..  |         | 27,954  | 33,542  | 39,185  | 43,577  |
| (a) Plantations .. ..                          | n.a.    | 22,848  | 28,378  | 34,000  | 36,500  |
| (b) Factories .. ..                            | 4,900   | 5,106   | 5,164   | 5,185   | 7,077   |
| 2. Plantations                                 |         |         |         |         |         |
| (a) Number .. ..                               | 12      | 12      | 12      | 12      | 12      |
| (b) Total acreage .. ..                        | 8,441   | 8,435   | 8,654   | 8,654   | 8,654   |
| (c) Total acreage planted .. ..                | 5,097   | 5,290   | 5,565   | 5,513   | 5,794   |
| (d) Total Revenue (Rs '000) .. ..              | 2,029   | 2,130   | 1,841   | 3,193   | 4,509   |
| (e) Profit (+) or Loss (-) (Rs '000) .. ..     | -235    | + 8     | +111    | -350    | +290    |
| (f) Employment .. ..                           | 6,181   | 6,209   | 6,631   | 6,441   | 7,213   |
| 3. Factories                                   |         |         |         |         |         |
| (a) Number .. ..                               | 3       | 3       | 3       | 3       | 4       |
| (b) Total revenue (Rs '000) .. ..              | 1,901   | 2,038   | 2,107   | 1,458   | 3,155   |
| (c) Profit (+) or Loss (-) Rs '000 .. ..       | - 3     | + 6     | - 33    | -134    | + 20    |
| (d) Employment .. ..                           | 231     | 254     | 215     | 192     | 246     |
| 4. Total Corporation                           |         |         |         |         |         |
| (a) Total revenue (Rs '000) .. ..              | 3,930   | 4,168   | 3,948   | 4,651   | 6,065   |
| (b) Profit (+) or loss (-) (Rs '000) (b) .. .. | -238    | +14     | + 78    | -484    | +310    |
| (c) Employment .. ..                           | 6,412   | 6,463   | 6,846   | 6,633   | 7,459   |

Source: State Plantations Corporation

(a) For financial years ending September. All figures are provisional

(b) Before taxation. These profit/loss figures which are the totals of item 2 (e) and 3 (c) of this table differ from the figures published in the annual reports of the corporation. According to the latter, the corporation made a loss of Rs. 97,000 in 1963/64, a profit of Rs. 35,000 in 1964/65, a loss of Rs. 86,000 in 1965/66 and a profit of Rs. 16,000 in 1966/67

The total acreage under the 12 plantations managed by the Corporation has remained since 1965/66, at 8,654 acres. The total income of all the plantations was Rs. 4.5 million in 1967/68, resulting in an aggregate profit of Rs. 0.29 million as compared with the loss of Rs. 0.35 million in the previous year. This was the result of profits from Eadella, Yellangowry, Higgoda/Knavesmire, Pelawatta,

1. Comprising Nella Oolla, Eadella, Yatawatta, Lachesis, Yellangowry, Higgoda/Knavesmire, Yahaletenna/Dippitiya, Geragama, Pelawatta, Habarakada, Samanalwatta, and Nuwara Eliya plantations.

2. Comprising Mandaranuwara, Derangala, Delgoda and Kalubowitiyana tea factories.

Geragama plantations offsetting losses from Nella Oolla, Yatawatte and Yahalattenna/Dippitiya plantations. The total employment at the twelve plantations amounted to 7,213 in 1967/68, indicating an increase of 772 over the previous year.

The total revenue from the 4 tea factories of the Corporation in 1967/68 was Rs. 3.2 million. These factories operated at an aggregate profit of Rs. 0.2 million in 1967/68 which compared with a loss of Rs. 0.13 million in the previous year. This was mainly due to a profit of Rs. 0.44 million from the Kalubowitiyana factory which was taken over in 1967. Of the rest, the Derangala factory registered a small profit while the others operated at a loss. It should be noted, however, that these factories were set up and operated more with a view to assisting small scale tea cultivators who had been settled on "Highland Colonization Schemes" than with a view to operating at a profit on commercial lines. The employment at these factories in 1967/68 was 246.

When the profits and losses from the factories and plantations are aggregated, the Corporation ended up with a profit of Rs. 0.31 million in 1967/68, as against a loss of Rs. 0.48 million in the previous year.<sup>1</sup>

### Insurance Corporation of Ceylon

With the nationalization of Life Insurance in 1961, the above Corporation was established and assigned with a monopoly of Life Insurance business in Ceylon with effect from January 1, 1963.<sup>2</sup> Later in 1963, the corporation was vested with a monopoly of General Insurance (excluding Marine Insurance) as well. The authorized capital of the corporation was Rs. 20.0 million, of which the government had contributed Rs. 10.0 million. The following Table II (C) 17 presents certain important features of the corporation during the last five financial years (which are calendar years).

The number and value of life policies issued and outstanding showed a steady increase over the years under review, although the increase in 1967 was slower than in the previous years. Premium income too has risen steadily and the amount in the Life Assurance Fund at the end of 1968 stood at Rs. 100.5 million. The surplus on operations too showed a consistent increase, with the expense-ratio (ratio of expenses to income) declining steadily up to 1967. In 1968, the expense-ratio shows a marginal increase due primarily to higher wage payments.

The premium income from Fire Insurance has been somewhat steady since 1966, but a decline in claims in 1967 resulted in a higher profit in that year. In 1968, the profit had declined due primarily to an increase in claims. In General Accident Insurance, the premium income has been increasing steadily, but due to a sharp increase in claims since 1966, the profit has shown a declining trend. Meanwhile, the Corporation has done relatively little Marine Insurance business. Here, its income and profits have been fluctuating. The total employment at the corporation has increased from 1,388 in 1967 to 1,505 in 1968.

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1. Please see footnote (b) to Table II (C) 16.  
2. Insurance Act No. 2 of 1961.

TABLE II (C) 17

## Insurance Corporation of Ceylon 1964-68(a)

| Items  | 1964   | 1965   | 1966   | 1967    | 1968* |
|--|--------|--------|--------|---------|-------|
| 1. Capital contributed ..                                    | 10.0   | 10.0   | 10.0   | 10.0    | 10.0  |
| 2. Life Insurance  |        |        |        |         |       |
| (a) No. of Life Policies in force (end of year) ..           | 69,902 | 85,110 | 98,246 | 103,285 | n. a. |
| (b) Value of Life Policies in force (end of year) Rs. mn. .. | 323.5  | 411.6  | 509.6  | 540.5   | n. a. |
| (c) Premium Income (during year) Rs. mn. ..                  | 15.5   | 21.0   | 26.5   | 27.6    | 36.8  |
| (d) Claims (during year) Rs. mn. ..                          | 0.5    | 0.9    | 0.8    | 1.6     | 1.7   |
| (e) Life Assurance Fund (amt. at end of year) Rs. mn. ..     | 14.1   | 28.8   | 49.6   | 71.4    | 100.5 |
| (f) Total Income(b) Rs. mn. ..                               | 16.7   | 23.0   | 29.8   | 31.9    | 42.1  |
| (g) Total Expenditure(b) Rs. mn. ..                          | 7.5    | 8.3    | 9.0    | 9.7     | 13.3  |
| (h) Surplus (+) or Deficit (-)(c) Rs. mn. ..                 | + 9.2  | +14.7  | +20.8  | +22.2   | +28.8 |
| (i) Expense ratio (per cent) ..                              | 45.3   | 34.9   | 30.6   | 29.5    | 30.1  |
| 3. Fire Insurance (during year) Rs. mn.                      |        |        |        |         |       |
| (a) Net Premium ..   | 14.5   | 15.5   | 19.1   | 19.1    | 20.0  |
| (b) Net Claims paid and outstanding ..                       | 1.3    | 3.6    | 3.9    | 3.3     | 4.7   |
| (c) Profit (+) or loss (-) ..                                | + 5.0  | +11.2  | +13.4  | +17.5   | +14.0 |
| (d) Underwriting Reserve ..                                  | 9.4    | 10.1   | 12.4   | 12.4    | 13.2  |
| 4. General Accident Insurance (during year) Rs. mn.          |        |        |        |         |       |
| (a) Net Premium ..   | 19.9   | 20.8   | 22.2   | 24.5    | 30.1  |
| (b) Net claims paid and outstanding ..                       | 4.8    | 8.8    | 18.6   | 24.1    | 29.3  |
| (c) Profit (+) or loss (-) ..                                | + 2.0  | + 8.4  | + 4.7  | + 4.3   | + 3.6 |
| (d) Underwriting Reserve ..                                  | 13.0   | 13.5   | 14.4   | 15.9    | 19.5  |
| 5. Marine Insurance (during year) Rs. mn.                    |        |        |        |         |       |
| (a) Net Premium ..   | 1.9    | 2.7    | 3.1    | 2.8     | 4.4   |
| (b) Net claims paid and outstanding ..                       | 0.8    | 1.3    | 1.4    | 2.8     | 3.6   |
| (c) Profit (+) or loss (-) ..                                | ...    | + 0.6  | + 2.2  | + 1.1   | + 1.4 |
| (d) Underwriting Reserve ..                                  | 1.9    | 2.7    | 3.1    | 2.8     | 4.4   |
| 6. Employment (Nos. at the end of year) ..                   | 820    | 1310   | 1390   | 1388    | 1505  |

Source: Insurance Corporation of Ceylon

\* Provisional

(a) For financial year January to December

(b) Including annuities and other policies

(c) Items f minus g.

## National Lotteries Board

Since inception in 1956 until the end of 1963, this Board was known as "the Hospital Lotteries Board", with its surplus specifically earmarked for the development of health services in Ceylon. In January 1964, it was re-constituted in its present form and has had its activities progressively expanded. Table II (C) 18 below presents certain data on activities of the Board during the last five financial years (October to September).

TABLE II (C) 18

## National Lotteries Board 1963/64-1967/68 (a)

| Items   | 1963/64 | 1964/65 | 1965/66 | 1966/67* | 1967/68* |
|---|---------|---------|---------|----------|----------|
| 1. Capital Invested (Rs. '000)                                | 45      | 54      | 20      | 176      | 600      |
| 2. Number of Lotteries held                                   | 26      | 41      | 52      | 52       | 54       |
| 3. Income (Rs. '000)  | 6,773   | 12,256  | 26,306  | 29,940   | 38,956   |
| (a) Sale of tickets   | 6,622   | 11,975  | 25,318  | 28,909   | 37,960   |
| (b) Other   | 151     | 281     | 988     | 1,031    | 996      |
| 4. Expenditure (Rs. '000)                                     | 3,913   | 6,724   | 14,289  | 16,424   | 22,048   |
| (a) Value of Prizes   | 2,649   | 4,580   | 10,127  | 11,564   | 15,184   |
| (b) Admn. (including commission)                              | 1,264   | 2,144   | 4,162   | 4,860    | 6,864    |
| 5. Income less Expenditure (Rs. '000)                         | +2,860  | + 5,532 | +12,017 | +13,516  | +16,908  |
| 6. Amount contributed to the consolidated fund (Rs. '000) (b) | 2,781   | 5,231   | 10,633  | 12,142   | 15,609   |
| 7. Employment (Nos.)  | 38      | 43      | 37      | 66       | 71       |

Source: National Lotteries Board

\*Provisional

(a) Figures are for financial years October to September.

(b) These figures differ from Government accounts due to lags in recording

The number of lotteries held has increased from 26 in 1963/64 to 52 in 1965/66. Since then, a weekly lottery has become an annual feature. In 1967/68, two additional lotteries (the "Jathika Sampatha" sweep) with enhanced ticket-prices and prizes have been introduced. This accounts partly for the sizeable increase in income from sale of tickets during 1967/68. Total income (including value of unclaimed prizes) increased from Rs. 28.9 million in 1966/67 to Rs. 40.0 million in 1967/68. At the same time, expenditure too has risen appreciably. Of the increase in expenditure, Rs. 3.6 million was accounted for by the higher prize-money awarded and Rs. 2.0 million was due to higher cost of administration including commission.

Under the Finance Act No. 11 of 1963, the Board has to credit all cash available at the end of the financial year to the Consolidated Fund. Accordingly, such contributions have increased progressively and in 1967/68, the amount stood at Rs. 15.6 million. The permanent employment at the Board in 1967/68 was 71, which was 5 more than in the previous year. Indirect employment generated by the Boards' activities, however, was much higher.



**Ceylon Tourist Board**

Ceylon Tourist Board was established in May, 1966 with the view to promotion of tourism in Ceylon. Certain statistics with regard to the Board and tourist traffic are presented in the Table II (C) 19 below.

**TABLE II (C) 19**  
**Ceylon Tourist Board 1965/66—1967/68(a)**

| Items   | 1965/66(b) | 1966/67 | 1967/68* |
|---|------------|---------|----------|
| 1. Capital employed as at end of year (Rs '000) | 300.0      | 3,528.4 | 6,967.0  |
| 2. Value of Assets as at end of year (Rs. '000) | 7,717.1    | 8,448.7 | 12,535.5 |
| 3. Total Income (Rs '000)                       | 146.6      | 588.6   | 904.7    |
| 4. Profit (+) or Loss (-) (c) (Rs. '000)        | -200       | -2,061. | -3,272   |
| 5. Employment (No.) at end of year              | 96         | 190     | 198      |
| 6. Tourist Statistics (a)                       |            |         |          |
| (a) Tourist arrivals                            | 98,048     | 82,754  | 69,679   |
| (i) Tourists (No.)                              | 18,969     | 23,666  | 28,272   |
| (ii) Excursionists No.                          | 79,079     | 59,088  | 41,407   |
| (b) Tourist nights (e) (No.)                    | n.a        | 268,092 | 325,238  |

Source: Ceylon Tourist Board

\* Provisional

(a) Figures for item 1 to 5 concerning the Tourist Board are for financial years October to September. The tourist statistics at item 6 are for calendar years, 1966, 1967 & 1968.

(b) The Tourist Board commenced its activities on May 1, 1966.

(c) Excess of expenditure over revenue.

(d) A "Tourist" is defined as a visitor staying for one night or more.

An "excursionist" is a visitor who does not stay overnight.

(e) The number of nights spent by tourists.

The capital employed at the Board had increased by Rs. 3.4 million to Rs. 7.0 million at the end of 1967/68 (October to September). The value of the assets of the Board at the end of 1967/68 stood at Rs. 12.5 million. At the inception, the Board established a small Hotel and a Hotel School, meant for training hotel employees and managed 14 Rest Houses. Since April 1967, however, the rest-houses have been rented to the Ceylon Hotels Corporation and private enterprise.

The total income of the Board has shown slight increases in 1966/67 and 1967/68. Its expenditure on tourist promotion, however, has increased more and as a result the deficit (excess of expenditure over income) increased from Rs 2.1 million in 1966/67 to Rs 3.3 million in 1967/68. The number employed by the Board rose by 8 to 198 in 1967/68.

The number of visitors to Ceylon, however, has been decreasing in 1967 and 1968, by 15,294 and 13,075 respectively. This was due mainly to a sharp decrease in the arrivals of "excursionists" (those who do not stay overnight), consequent on a partial break-down in sea-traffic as a result of the Middle-Eastern war of June 1967. There was, however, a partly compensating increase in arrivals of "tourists" (those who stay for one night or more) of 4,697 in 1967 and 4,606 in 1968. There was also a notable increase in "tourists-nights" of 57,146 in 1968.

The Board has plans to establish holiday resorts and other tourist facilities in the Colombo region, the Eastern and Southern coasts, the ancient cities and the hill country, by construction of hotels and other holiday resorts. The Board had estimated the accommodation requirements by 1973 at 1,750 additional rooms. Twelve projects have already been approved to increase accommodation along the coastal areas by 800 rooms and in the ancient cities by 100 rooms. This programme is expected to be completed by 1973. The development of a tourist resort of 100 acres at Bentota and 10 acres at Polonnaruwa has already commenced.