

**(B) INDUSTRIAL PRODUCTION**

This survey on industrial production covers industrial activity in the calendar year 1969. Data on production, employment and wages were obtained by a postal questionnaire which was issued by the Central Bank on its own for the first time<sup>1</sup> and was followed up by personal calls on the industrialists. To make the survey as comprehensive as possible, statistics relating to a few enterprises which did not respond to the Central Bank questionnaire in time but were available at the Ministry of Industries and Fisheries were obtained from their Statistics Branch. The response to the Central Bank survey from the larger units in all categories of industry was almost 100 per cent. Despite the limited time available to obtain the returns and to process the information, more than 85 per cent of all existing new industries have been included in the survey.

In 1968, there was an unprecedented increase in the overall value of industrial production. As stated in the last Annual Report, this was due largely to the increase in prices of manufactured goods following the devaluation of November 1967, and the introduction of the FEEC Scheme in May 1968. As the impact of the price increase in 1968 remained in 1969 as well, a comparison of industrial statistics for 1969 in relation to 1968 gives a more accurate picture of the extent of growth in industry than between the years 1967 and 1968.

**Principal Trends**

Recent Government policies relating to liberalization of imports of industrial raw materials has had a significant impact on industrial production. The total value of industrial output of reporting firms in 1969, as seen in Table II (B) 1, amounted to Rs. 1,626.8 million, an increase of Rs. 228.2 million or 16.3 per cent over the previous year.

The nine broad categories of industry listed in the above mentioned table show increases in the recorded value of production. Industrial categories which were mainly responsible for this increase are Fabricated metal products, machinery and equipment (26 per cent), Chemical, petroleum, coal, rubber and plastic products (20 per cent), Textiles, wearing apparel and leather industries (19 per cent) and Food, beverages and tobacco industries (14 per cent). Fabricated metal products, machinery and equipment, and Chemical, petroleum, coal, rubber and plastic products, which together comprised almost half the total increase in production in 1969, have been the leading and dynamic industrial categories, especially when viewed in the context of the country's agricultural development programme. The increase in production in these two categories which supply a variety of inputs to the agricultural sector, such as trailers, components for equipment, weedicides and fungicides, confirms the view expressed in the Annual Report for 1968, in the section Economic Performance, Problems and Policies that agriculture uses a

1. In previous years the Central Bank and the Ministry of Industries and Fisheries have carried out joint surveys. The response from industrialists has been excellent this year despite the fact that the questionnaire was not issued in the name of the Director of Industrial Development, Ministry of Industries and Fisheries.

## INDUSTRIAL PRODUCTION AND

Industrial Group	Number of Firms				Number of Employees			
	1966	1967	1968	1969	1966	1967	1968	1969
I. Manufacture of Food, Beverages and Tobacco ..	711	822	588*	654	21838	26401	24878	31889
II. Textiles, Wearing apparel and Leather Industries ..	249	393	496	537	21102	20052	35528	25469
III. Manufacture of Wood and Wood Products including Furniture ..	1	14	20	15	744	2453	2575	3393
IV. Manufacture of Paper and Paper Products ..	54	78	90	95	2369	2660	4146	4876
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	204	246	284	276	7509	8117	11213	12414
VI. Manufacture of Non - Metallic Mineral Products except Petroleum and Coal ..	13	61	53	75	2216	6118	6084	7811
VII. Basic Metal Products ..	—	—	1	1	—	—	950	960
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment ..	144	183	253	282	5124	7648	15529	16119
IX. Manufactured Products, n.e.s. ..	21	33	19	27	516	506	445	795
<b>TOTAL</b>	<b>1394</b>	<b>1830</b>	<b>1804</b>	<b>1962</b>	<b>61418</b>	<b>73955</b>	<b>101348</b>	<b>103726</b>

\* Wage bill is in respect of only 365 firms.

TABLE II (B) 1.

## EMPLOYMENT 1966-69 STATISTICAL SUMMARY

Total Man-days (Thousand)				Wage Bill (Rupees Million)				Production Value (Rupees Million)				Wage per Man-day (Rupees)				Man-days per Employee			
1966	1967	1968	1969	1966	1967	1968	1969	1966	1967	1968	1969	1966	1967	1968	1969	1966	1967	1968	1969
5831	7251	7122	8982	38.5	52.0	46.8	58.3	389.9	422.3	609.6	641.8	6.60	7.17	6.57	6.49	267	275	286	282
5504	5324	9301	6433	25.5	25.8	46.0	31.8	178.9	177.1	224.3	267.1	4.63	4.85	4.95	4.94	261	266	262	253
222	458	752	949	2.0	3.1	6.6	7.0	6.5	10.4	16.9	18.0	9.00	6.77	8.78	7.38	298	187	292	280
674	673	1187	1412	4.3	5.2	8.9	10.8	33.8	34.7	54.6	62.3	6.38	7.73	7.50	7.65	284	253	286	290
1964	1916	3124	3459	13.8	15.9	30.8	34.1	137.2	136.7	203.3	249.8	7.03	8.30	9.86	9.86	261	236	279	279
595	1581	1670	2131	5.0	11.2	17.1	18.6	32.5	69.5	92.8	123.3	8.40	7.08	10.24	8.73	269	258	275	273
—	—	260	288	—	—	3.4	4.0	—	—	27.3	28.8	—	—	13.08	13.89	—	—	274	300
1194	1970	3932	4501	7.6	14.1	28.2	33.7	69.8	102.0	167.1	226.2	6.37	7.16	7.17	7.49	233	258	253	279
139	144	114	212	0.7	0.7	0.6	1.2	1.7	1.5	2.7	9.5	5.04	4.93	5.26	5.66	269	281	256	267
16123	19315	27462	28367	97.4	128.0	188.4	199.5	850.3	954.2	1398.6	1626.8	6.04	6.62	6.86	7.03	263	261	271	273

Source: Central Bank of Ceylon

## VALUE OF INDUSTRIAL PRODUCTION 1965-69 CLASSIFIED

Industrial Group	Value of Production (Rupees Million)				
	1965	1966	1967	1968	1969
<b>1. Manufacture of Food, Beverages and Tobacco</b> ..	<b>415.5</b>	<b>389.9</b>	<b>422.3</b>	<b>609.6</b>	<b>641.8</b>
(a) Food preparations ..	109.2	134.5	130.6	250.0	230.5
(b) Vegetable oils and fats ..	190.4	142.3	139.7	162.0	169.5
(c) Preserved and canned fruit, vegetables, meat, fish and other sea foods ..	5.4	5.1	6.7	8.4	8.6
(d) Biscuits, cocoa, chocolate and sugar confectionery ..	34.9	38.6	33.3	44.3	49.9
(e) Beverages and spirits ..	23.6	17.1	20.0	34.4	77.4
(f) Tobacco ..	52.0	52.3	92.0	110.5	105.9
<b>2. Textiles, Wearing Apparel &amp; Leather Industries</b> ..	<b>171.5</b>	<b>178.9</b>	<b>177.1</b>	<b>224.3</b>	<b>267.1</b>
(a) Knitted fabrics and articles, made-up garments and other apparel except footwear ..	55.5	56.1	48.1	55.7	56.0
(b) Spinning, weaving and finishing of textiles ..	91.3	95.1	97.1	136.2	172.2
(c) Footwear and leather products ..	24.7	27.7	31.9	32.4	38.9
<b>3. Manufacture of Wood and Wood Products Including Furniture</b> ..	<b>5.2</b>	<b>6.5</b>	<b>10.4</b>	<b>16.9</b>	<b>18.0</b>
(a) Manufacture of wood ..	—	—	3.6	8.0	9.2
(b) Plywood ..	5.2	6.5	6.8	8.9	8.8
<b>4. Manufacture of Paper and Paper Products</b> ..	<b>29.3</b>	<b>33.8</b>	<b>34.7</b>	<b>54.6</b>	<b>62.3</b>
<b>5. Manufacture of Chemical, Petroleum, Coal, Rubber and Plastic Products</b> ..	<b>125.3</b>	<b>137.2</b>	<b>136.7</b>	<b>203.3</b>	<b>249.8</b>
(a) Industrial chemicals ..	1.6	1.9	1.9	2.3	2.2
(b) Miscellaneous chemical products ..	91.2	101.9	98.2	118.9	155.6
(c) Petroleum and coal products ..	—	—	—	8.3	11.0
(d) Rubber products ..	19.1	18.9	20.7	41.3	52.8
(e) Plastic products ..	13.4	14.5	15.9	32.5	28.2
<b>6. Manufacture of Non-metallic Mineral Products except Petroleum &amp; Coal</b> ..	<b>40.2</b>	<b>32.5</b>	<b>69.5</b>	<b>92.8</b>	<b>123.3</b>
(a) Ceramics ..	2.4	2.3	4.4	8.5	8.7
(b) Glass and glass products ..	—	—	—	4.8	7.7
(c) Cement, cement products and asbestos products ..	36.5	28.8	53.5	70.0	89.0
(d) Manufacture of ilmenite ..	1.3	1.4	1.4	2.2	3.1
(e) Bricks and tiles ..	—	—	10.2*	7.3	14.8
<b>7. Basic Metal Products</b> ..	<b>—</b>	<b>—</b>	<b>—</b>	<b>27.3</b>	<b>28.8</b>
Iron and steel basic industries ..	—	—	—	27.3	28.8
<b>8. Manufacture of Fabricated Metal Products, Machinery and Equipment</b> ..	<b>58.7</b>	<b>69.8</b>	<b>102.0</b>	<b>167.1</b>	<b>226.2</b>
(a) Fabricated metal products other than machinery and equipment ..	44.7	49.0	54.1	79.4	82.0
(b) Machinery (except electrical) and transport equipment ..	—	—	19.8	45.9	77.9
(c) Electrical machinery, apparatus, appliances and supplies ..	14.0	20.8	28.1	41.8	66.3
<b>9. Manufactured Products, n.e.s.</b> ..	<b>1.3</b>	<b>1.7</b>	<b>1.5</b>	<b>2.7</b>	<b>9.5</b>
<b>TOTAL</b> ..	<b>847.0</b>	<b>850.3</b>	<b>954.2</b>	<b>1,398.6</b>	<b>1,626.8</b>

\* Includes glass and glass products.

TABLE II (B) 2

BY TYPE OF INDUSTRY AND BY PRINCIPAL PRODUCTS

% within Industry					% of Total Industrial Production				
1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
100.0	100.0	100.0	100.0	100.0	49.1	45.9	44.3	43.6	39.5
26.3	34.5	30.9	41.0	35.9	12.9	15.8	13.3	17.9	14.2
45.8	36.5	33.1	26.6	26.4	22.5	16.7	13.0	11.6	10.4
1.3	1.3	1.6	1.4	1.3	0.6	0.6	0.7	0.6	0.5
8.4	9.9	7.9	7.3	7.8	4.1	4.5	3.5	3.2	3.1
5.7	4.4	4.7	5.6	12.1	2.8	2.0	2.8	2.4	4.8
12.5	13.4	21.8	18.1	16.5	6.1	6.2	8.9	7.9	6.5
100.0	100.0	100.0	100.0	100.0	20.2	21.0	18.6	16.0	16.4
32.4	31.4	27.2	24.8	21.0	6.5	6.6	5.0	4.0	3.4
53.2	53.1	54.8	60.7	64.5	10.8	11.2	10.2	9.7	10.6
14.4	15.5	18.0	14.5	14.5	2.9	3.2	3.4	2.3	2.4
100.0	100.0	100.0	100.0	100.0	0.6	0.8	1.1	1.2	1.1
-	-	34.6	47.3	51.1	-	-	0.4	0.6	0.6
100.0	100.0	65.4	52.7	48.9	0.6	0.8	0.7	0.6	0.5
100.0	100.0	100.0	100.0	100.0	3.5	4.0	3.6	3.9	3.8
100.0	100.0	100.0	100.0	100.0	14.8	16.1	14.3	14.5	15.3
1.3	1.4	1.4	1.1	0.9	0.2	0.2	0.2	0.2	0.1
72.8	74.3	71.8	58.5	62.3	10.8	12.0	10.3	8.5	9.6
-	-	-	4.1	4.4	-	-	-	0.6	0.7
15.2	13.8	15.2	20.3	21.1	2.2	2.2	2.2	3.0	3.2
10.7	10.5	11.6	16.0	11.3	1.6	1.7	1.6	2.3	1.7
100.0	100.0	100.0	100.0	100.0	4.7	3.8	7.3	6.6	7.6
6.0	7.1	6.3	9.1	7.1	0.3	0.3	0.5	0.6	0.5
-	-	-	5.2	6.2	-	-	-	0.3	0.5
90.8	88.6	77.0	75.4	72.2	4.3	3.4	5.6	5.0	5.5
3.2	4.3	2.0	2.4	2.5	0.1	0.1	0.1	0.2	0.2
-	-	14.7	7.9	12.0	-	-	1.1	0.5	0.9
-	-	100.0	100.0	100.0	-	-	-	2.0	1.8
-	-	100.0	100.0	100.0	-	-	-	2.0	1.8
100.0	100.0	100.0	100.0	100.0	6.9	8.2	10.7	12.0	13.9
76.1	70.2	53.0	47.5	36.3	5.3	5.8	5.7	5.7	5.0
-	-	19.4	24.2	34.4	-	-	2.1	3.3	4.8
23.9	29.8	27.5	28.3	29.3	1.6	2.4	2.9	3.0	4.1
100.0	100.0	100.0	100.0	100.0	2	0.2	0.1	0.2	0.6
					100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Ceylon.

large variety of inputs from industry and the higher the degree of modernisation in agriculture, the higher will be the volume and value of inputs originating in industry.

Table II (B) 2 further reveals that the sub-group Machinery (except electrical machinery) and transport equipment in the category Fabricated metal products, machinery and equipment and the sub-group Miscellaneous chemical products in the category Chemical, petroleum, coal, rubber and plastic products show significant increases, each contributing 34 and 62 per cent, respectively. Other sub-groups which have shown marked increases in the value of production are the Beverages and spirits industries from Rs. 34 million to Rs. 77 million, the Spinning, weaving and finishing of textiles from Rs. 136 million to Rs. 172 million and Electrical machinery, apparatus, appliances and supplies from Rs. 42 million to Rs. 66 million. Moderate increases in production were observed in the sub-groups Cement, cement products and asbestos products from Rs. 70 million to Rs. 89 million, and Rubber products from Rs. 41 million to Rs. 53 million.

Sub-groups which did not record any appreciable gains in 1969 were Vegetable oils and fats, Biscuits, cocoa, chocolate and sugar confectionery, Footwear and leather products, Paper and paper products, Petroleum and coal products, Glass and glass products, Bricks and tiles, Fabricated metal products other than machinery and equipment, Wood products, Iron and steel basic industries and Ilmenite. In the case of Preserved and canned fruit, vegetables, meat, fish and other sea foods, Knitted fabrics and articles, made-up garments and other apparel except footwear, Plywood, Industrial chemicals and Ceramics there was hardly any change in the value of production, while there was a decrease in output in Food preparations and Tobacco. A classification of industrial sub-groups according to increase in value of production is at Table II (B) 2 (1).

TABLE II (B) 2 (1)

Classification of Industries according to increase in value of production

0—Rs. 5 million	Rs. 5 million—Rs. 20 million	Rs. 20 million—Rs. 50 million
1. Preserved foods 2. Knitted fabrics 3. Wood 4. Plywood 5. Petroleum 6. Ceramics 7. Glass 8. Ilmenite 9. Iron and steel 10. Fabricated metal	1. Vegetable oils and fats 2. Biscuits and confectionery 3. Footwear and leather 4. Paper products 5. Rubber products 6. Cement and cement products 7. Bricks and tiles 8. Manufactured products, n.e.s.	1. Beverages and spirits 2. Spinning and weaving 3. Miscellaneous chemicals 4. Machinery and equipment 5. Electrical machinery

The number of reporting firms increased from 1,804 in 1968 to 1,962 in 1969. The 158 additional units in the 1969 survey were mostly very small enterprises, and their inclusion had very little impact on total industrial production

because their output was relatively low. The change in the number of reporting firms and the value of production in the major industrial categories are summarised in Table II (B) 2 (2).

**TABLE II (B) 2 (2)**  
**Number of Reporting Firms and Value of Production**

Industrial Group	Change in No. of Reporting Firms	Change in Value of Production Rs. Mn.
I. Manufacture of Food, beverages & tobacco .. ..	+ 66	+ 32.2
II. Textiles, wearing apparel & leather industries .. ..	+ 41	+ 42.8
III. Manufacture of Wood & wood products including furniture .. ..	- 5	+ 1.1
IV. Manufacture of Paper and paper products .. ..	+ 5	+ 7.7
V. Manufacture of Chemicals, petroleum, coal, rubber & plastic products .. ..	- 8	+ 46.5
VI. Manufacture of Non-metallic mineral products except petroleum and coal .. ..	+ 22	+ 1.5
VII. Basic metal products .. ..	—	+ 1.5
VIII. Manufacture of Fabricated metal products, machinery and equipment .. ..	+ 29	+ 59.1
IX. Manufactured products n.e.s. .. ..	+ 8	+ 6.8

In the category Food, beverages and tobacco, although there was an increase in the number of reporting firms from 588 to 654 and in the recorded value of production from Rs. 609.6 million to Rs. 641.8 million, the sub-group Food preparations fell from Rs. 250 million to Rs. 230.5 million. This was mainly due to the fall in the value of production of desiccated coconut which forms a substantial component of this sub-group. The Beverages and spirits sub-group, on the other hand, increased from Rs. 34.4 million to Rs. 77.4 million. This was primarily due to an increase in the output of arrack and other spirits. In the Textiles category where the number of reporting firms increased by 41 firms, the value of production rose from Rs. 224.3 million to Rs. 267.1 million and was mainly due to an increase in production by one large unit which almost doubled its output in 1969. Chemicals, petroleum, coal, rubber and plastic products also had a substantial increase of Rs. 46.5 million. Of this increase, 79 per cent was accounted for by the sub-group Miscellaneous chemical products which includes agricultural chemicals. The sub-group Cement, cement products and asbestos products in the category Non-metallic mineral products except petroleum and coal, contributed as much as two-thirds of the increase in output in this category. The increase in production in Fabricated metal products, machinery and equipment of Rs. 59.1 million was primarily confined to the sub-groups Machinery (except electrical) and transport equipment and Electrical machinery, apparatus, appliances and supplies.

#### Structure and Pattern of Industrialisation

A significant feature (as depicted in Table II (B) 2) is the relative decline from 49 per cent in 1965, to 40 per cent in 1969 of the category Food, beverages and tobacco in total industrial production, while over the same period the value

of production of Fabricated metal products, machinery and equipment has doubled from 7 to 14 per cent. This latter trend has also been found in the Chemical, petroleum, coal, rubber and plastic products.

With regard to individual products in the group Fabricated metal products, machinery and equipment an important feature has been the increase in the output of sewing machines, bicycles and various types of electrical appliances. These items which were once luxury goods in the urban households are now looked upon as necessities even in the rural homes, and the market for them has expanded considerably. This could, to some extent, be associated with agricultural development and increased incomes in the agricultural sector.

Consumer resistance to locally manufactured blades, a product included in the sub-group Fabricated metal products, was clearly evident because all the individual firms manufacturing this product had a conspicuous drop in production. The demand for this local product has been falling recently, especially because imported blades of a very high quality, despite the ban on them, are available freely. All the firms manufacturing this commodity have effected drastic cuts in output, one enterprise having cut down production by as much as 70 per cent while the overall decrease in production in this branch of industry was 51 per cent of the total value recorded in 1968.

A classification of industrial production by the major economic categories as given in Table II (B) 3 shows that during 1969 there was little change in the relative shares of the three main categories, consumer goods, intermediate goods and investment goods. However, if data for the period 1965 to 1969 are considered, the shift in production is away from consumer and intermediate goods to investment goods. Over this period the share of consumer goods and intermediate goods in total value of production declined from 53.9 per cent to 51.7 per cent and 37.3 per cent to 31.1 per cent, respectively, while that of investment goods rose from 8.7 to 17.2 per cent. In the consumer goods category significant increases in the value of production were recorded in Food, drink and tobacco, Miscellaneous chemical products and Spinning, weaving and finishing of textiles, while in intermediate goods, the sub-group Miscellaneous food preparations which chiefly comprises vegetable oil and desiccated coconut showed a decrease from Rs. 371.2 million to Rs. 354.2 million. The sub-group Electrical machinery, apparatus and appliances, however, rose from Rs. 41.8 million to Rs. 66.3 million. In the category investment goods, sub-groups Cement, cement products and asbestos products and Machinery (except electrical) and transport equipment were responsible for about 93 per cent of the increase of Rs. 55 million.

### The Size of the Industrial Unit

The size distribution of industrial units according to the value of output and wage bill is given in Tables II (B) 4 and II (B) 5, respectively. The preponderance of small-scale industry is still evident in the consumer goods category where the chief products are processed foodstuffs, made-up garments and handloom textiles. As seen in Table II (B) 4, in the group where value of



**TABLE II (B) 3**  
**VALUE OF INDUSTRIAL PRODUCTION 1965-69**  
**By Major Economic Categories**

	Rupees Million					Per cent				
	1965	1966	1967	1968	1969	1965	1966	1967	1968	1969
<b>A. Consumer Goods</b> ..	456.9	480.3	528.9	694.8	841.4	53.9	56.5	55.4	49.7	51.7
I. Food, Drink and Tobacco ..	143.9	144.0	185.7	238.4	287.6	17.0	16.9	19.5	17.0	17.7
a. Food Preparations(1) ..	28.0	30.9	33.7	40.8	45.8	3.4	3.6	3.5	2.9	2.8
b. Preserved and Canned Fruits, Vegetables, Meat, Fish and other Sea Foods(2) ..	5.4	5.1	6.7	8.4	8.6	0.6	0.6	0.7	0.6	0.5
c. Biscuits and Sugar Confectionery ..	34.9	38.6	33.3	44.3	49.9	4.1	4.5	3.5	3.2	3.1
d. Aerated Waters ..	16.0	11.6	14.5	17.3	17.9	1.9	1.4	1.5	1.2	1.1
e. Arrack, Beer, Stout etc.(3) ..	7.6	5.5	5.5	17.1	59.5	0.9	0.6	0.6	1.2	3.7
f. Tobacco ..	52.0	52.3	92.0	110.5	105.9	6.1	6.2	9.7	7.9	6.5
II. Garments(4) ..	55.5	56.1	48.1	55.7	56.0	6.5	6.6	5.0	4.0	3.4
III. Footwear and Leather Products ..	24.7	27.7	31.9	32.4	38.9	2.9	3.3	3.3	2.3	2.4
IV. Miscellaneous Chemical Products(5) ..	91.2	101.9	98.2	118.9	155.6	10.8	12.0	10.3	8.5	9.6
V. Manufacture of Paper and Paper Products(6) ..	16.2	22.3	20.8	19.4	13.4	1.9	2.6	2.2	1.4	0.8
VI. Fabricated Metal Products other than Machinery and Equipment(7) ..	9.0	7.7	7.7	9.1	13.1	1.0	0.9	0.8	0.7	0.8
VII. Plastic Products ..	13.4	14.5	15.9	32.5	28.2	1.6	1.7	1.8	2.3	1.7
VIII. Glass and Glass Products ..	—	—	—	4.8	7.7	—	—	—	0.3	0.5
IX. Ceramics ..	2.4	2.3	4.4	8.5	8.7	0.3	0.3	0.5	0.6	0.5
X. Rubber Products(8) ..	8.0	7.0	14.0	28.2	41.3	1.0	0.8	1.4	2.0	2.5
XI. Spinning, Weaving and Finishing of Textiles ..	91.3	95.1	97.1	136.2	172.2	10.8	11.2	10.2	9.7	10.6
XII. Manufacture of Wood ..	—	—	3.6	8.0	9.2	—	—	0.4	0.6	0.6
XIII. Manufactured Products n.e.s.(9) ..	1.3	1.7	1.5	2.7	9.5	0.1	0.2	0.1	0.2	0.6
<b>B. Intermediate Goods</b> ..	316.1	296.5	297.2	478.8	505.2	37.3	34.9	31.2	34.2	31.1
I. Food Preparations(10) ..	271.6	245.9	236.6	371.2	354.2	32.1	28.9	24.8	26.5	21.8
II. Fabricated Metal Products other than Machinery and Equipment(11) ..	9.3	8.5	8.5	8.9	10.7	1.1	1.0	0.9	0.6	0.7
III. Manufacture of Paper and Paper Products(12) ..	13.1	11.5	13.9	35.2	48.9	1.5	1.4	1.5	2.5	3.0
IV. Plywood ..	5.2	6.5	6.8	8.9	8.8	0.6	0.8	0.7	0.6	0.5
V. Manufacture of Ilmenite ..	1.3	1.4	1.4	2.2	3.1	0.2	0.2	0.1	0.2	0.2
VI. Industrial Chemicals(13) ..	1.6	1.9	1.9	2.3	2.2	0.2	0.2	0.2	0.2	0.1
VII. Electrical Machinery, Apparatus, Appliances and Supplies ..	14.0	20.8	28.1	41.8	66.3	1.6	2.4	3.0	3.0	4.1
VIII. Petroleum and Coal Products ..	—	—	—	8.3	11.0	—	—	—	0.6	0.7
<b>C. Investment Goods</b> ..	74.0	73.5	128.1	225.0	280.2	8.7	8.6	13.4	16.1	17.2
I. Fabricated Metal Products other than Machinery and Equipment(14) ..	26.4	32.8	37.9	61.5	58.2	3.1	3.8	4.0	4.4	3.5
II. Rubber Products(15) ..	11.1	11.9	6.7	13.0	11.5	1.3	1.4	0.7	0.9	0.7
III. Cement, Cement Products and Asbestos Products ..	36.5	28.8	53.5	70.0	89.0	4.3	3.4	5.6	5.0	5.5
IV. Machinery (except electrical) and Transport Equipment ..	—	—	19.8	45.9	77.9	—	—	2.0	3.3	4.8
V. Bricks and Tiles ..	—	—	10.2*	7.3	14.8	—	—	1.1	0.5	0.9
VI. Iron and Steel Basic Industries(16) ..	—	—	—	27.3	28.8	—	—	—	2.0	1.8
<b>TOTAL</b> ..	<b>847.0</b>	<b>850.3</b>	<b>954.2</b>	<b>1,398.6</b>	<b>1,626.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Central Bank of Ceylon.

\* Includes Glass and Glass Products.

1. Dairy products, ice cream, salt etc.
2. Jams, jellies, sauces, fruit cordials etc.
3. Production figures for arrack relate to 1968 & 1969 only.
4. Shirts, banians etc.
5. Pharmaceuticals, cosmetics, soaps and cleaning compounds, matches, toothpaste etc.
6. Writing paper, exercise books etc.
7. Aluminium ware.
8. Car and cycle tyres and tubes, toys and household goods.

9. Brushes, printing blocks, toys, musical instruments etc.
10. Cattle and poultry foods, vegetable oil, ice, desiccated coconut etc.
11. Containers.
12. Printing paper, cartons, other packing boxes and wrapping paper.
13. Caustic soda and chlorine
14. Barbed wire and wire nails, galvanised products etc.
15. Tyre retreading.
16. Rolled sections and wire products.

output is less than Rs. 250,000, 1,105 units account for only 5.9 per cent of total value of output, while in the group where the value of output is Rs. 2 million and over, 126 firms account for 78.1 per cent of total output. Changes in the structure of industry are evident in a comparison of data pertaining to the years 1968 and 1969. In 1968, while the percentage value of production was 28.1 in the group where output was less than Rs. 250,000 it was 54.7 in the group Rs. 2 million and over. In 1969, however, the corresponding figures were 5.9 per cent and 78.1 per cent, respectively. This clearly shows that production is being concentrated in a few large units. There has not been any change in the value of output in the group Rs. 250,000 and less than Rs. 2 million, the relative shares being 17.2 per cent and 16.0 per cent in 1968 and 1969, respectively.

TABLE II (B) 4

## Size Distribution of Manufacturing Firms 1969, Based on Value of Output

Industrial Group		Value of Output			Total
		Rs. <250 Th	Rs. 250Th <2 Mn.	Rs. 2 Mn. & over	
I. Manufacture of Food, Beverages and Tobacco	No. of firms	141	41	24	206
	% of output	3.6	9.1	87.3	100.0
II. Textiles, Wearing Apparel and Leather Industries	No. of firms	466	72	22	560
	% of output	10.2	16.3	73.5	100.0
III. Manufacture of Wood and Wood Products including Furniture	No. of firms	7	6	2	15
	% of output	2.6	30.8	66.6	100.0
IV. Manufacture of Paper and Paper Products	No. of firms	59	31	5	95
	% of output	7.9	37.9	54.2	100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	No. of firms	198	52	26	276
	% of output	5.7	13.5	80.8	100.0
VI. Manufacture of Non-metallic Mineral Products except Petroleum and Coal	No. of firms	50	15	10	75
	% of output	3.5	7.1	89.4	100.0
VII. Basic Metal Products	No. of firms	—	—	1	1
	% of output	—	—	100.0	100.0
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment	No. of firms	167	80	35	282
	% of output	5.6	24.6	69.8	100.0
IX. Manufactured Products, n. e. s.	No. of firms	17	9	1	27
	% of output	8.6	70.2	21.2	100.0
TOTAL	No. of firms	1,105	306	126	1,537
	% of output	5.9	16.0	78.1	100.0

Source: Central Bank of Ceylon.

Data relating to size distribution of firms based on wage bill at Table II (B) 5 shows that small-scale firms predominate where the wage bill is less than Rs. 15,000. In this category, as many as 553 units share only 2.5 per cent of the wage bill, while in large-scale industry 57 units account for 61.2 per cent. The corresponding percentages in 1968 were 3.1 and 62.7 per cent, respectively.

**TABLE II (B) 5**  
**SIZE DISTRIBUTION OF MANUFACTURING FIRMS 1969, BASED ON WAGE BILL**

Industrial Group		Rs <15 Th.	Rs 15 Th. <50 Th.	Rs. 50 Th. <500 Th.	Rs 500 Th. & over	Total
I. Manufacture of Food, Beverages and Tobacco ..	No. of firms % of Wage Bill	101 3.2	53 6.8	34 23.8	7 66.2	195 100.0
II. Textiles, Wearing Apparel and Leather Industries ..	No. of firms % of Wage Bill	200 5.0	134 11.9	61 26.9	13 56.2	408 100.0
III. Manufacture of Wood and Wood Products Including Furniture ..	No. of firms % of Wage Bill	3 0.3	5 2.8	3 3.3	4 93.6	15 100.0
IV. Manufacture of Paper and Paper Products ..	No. of firms % of Wage Bill	29 2.1	37 9.4	21 39.6	2 48.9	89 100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	No. of firms % of Wage Bill	134 2.5	72 5.8	53 23.4	14 68.3	273 100.0
VI. Manufacture of Non-metallic Mineral Products Except Petroleum and Coal ..	No. of firms % of Wage Bill	16 0.7	23 3.9	30 21.9	6 73.5	75 100.0
VII. Basic Metal Products ..	No. of firms % of Wage Bill	— —	— —	— —	1 100.0	1 100.0
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment ..	No. of firms % of Wage Bill	59 1.4	82 7.0	113 48.8	10 42.8	264 100.0
IX. Manufactured Products, n. e. s. ..	No. of firms % of Wage Bill	11 7.8	6 13.4	10 78.8	— —	27 100.0
<b>TOTAL</b> ..	No. of firms % of Wage Bill	553 2.5	412 7.1	325 29.2	57 61.2	1347 100.0

Source: Central Bank of Ceylon.

Table II (B) 4 (1) giving data on production, employment and wages of 175 selected firms illustrates further, the trend in the local industrial sector where the process of consolidation of the larger enterprises is becoming increasingly evident. A group of 175 units which represent 8.9 per cent of the total number of reporting units account for 64.7 per cent of the total wage bill and 63.2 per cent of the total value of industrial production.

TABLE II (B) 4 (1)

Employment, Wage Bill and Value of Production of Selected Firms<sup>1</sup>

Industry	No. of Firms (1)	Employment (2)	Wage Bill Rs. Th. (3)	Value of Production Rs. Th. (4)	(4) as a % of total value of Production
1. Food preparations ..	13	3,944	8,483	136,184	59.1
2. Preserved and canned food ..	2	170	164	3,237	37.5
3. Biscuits and confectionery ..	8	1,622	2,744	40,531	81.2
4. Beverages ..	5	2,089	7,357	27,295	89.5
5. Tobacco ..	5	4,104	19,681	88,825	83.9
6. Garments and apparel ..	9	2,585	3,462	23,625	42.2
7. Spinning and weaving ..	19	10,509	11,124	139,806	81.2
8. Footwear and leather ..	4	1,979	6,116	30,975	79.7
9. Wood ..	3	1,927	4,513	6,421	70.1
10. Paper and paper products ..	12	2,567	7,345	45,298	72.7
11. Miscellaneous chemicals ..	20	3,552	15,836	139,398	89.6
12. Petroleum and coal products ..	2	341	1,237	10,215	92.7
13. Rubber products ..	4	2,118	7,229	45,018	85.3
14. Plastic products ..	8	897	1,562	17,324	61.4
15. Glass and glass products ..	2	565	881	5,400	69.8
16. Cement and asbestos ..	4	2,170	7,673	86,332	97.0
17. Bricks and tiles ..	4	1,299	2,037	9,534	64.3
18. Fabricated metal products ..	19	3,392	7,393	51,244	62.5
19. Machinery and transport equipment ..	15	3,380	9,919	63,316	81.2
20. Electrical machinery ..	17	2,005	4,236	57,458	86.7
<b>Total</b>	<b>175 (8.9*)</b>	<b>51,215 (49.4*)</b>	<b>128,992 (64.7*)</b>	<b>1,027,436 (63.2*)</b>	
<b>Grand Total</b>	<b>1962</b>	<b>103,726</b>	<b>199.5 (Mn)</b>	<b>1,626.8 (Mn)</b>	<b>100.0</b>

Source: Central Bank of Ceylon.

\* Expressed as percentage of grand total.

1 Production value over Rs. 1 Mn.

Not only wages but the concentration of production in a very small number of industrial units is evident in almost all branches of industry listed in Table II (B) 4 (1). Considering the branches of industry where the public sector does not operate, 8 units in Biscuits and confectionery accounted for 81.2 per cent of output while 5 firms each in the Beverages and the Tobacco industries had outputs of 89.5 and 83.9 per cent, respectively. In the Miscellaneous chemicals branch, 89.6 per cent of output was accounted for by 20 units.

**Use of Raw Materials**

Data on the utilisation of raw materials were furnished by 1,385 firms as against 1,298 in the previous year. Statistics on the use of raw materials both local and foreign are given in Table II (B) 6. A few general inferences could be

TABLE II (B) 6

## PRODUCTION AND RAW MATERIALS - 1969

Rupees Thousand

Industrial Group	No. of Firms	Production	Raw Materials					
			Local		Foreign		Total	
			Value	Percentage	Value	Percentage	Value	Percentage
I. Manufacture of Food, Beverages and Tobacco ..	184	231.7	75,548	53.4	65,858	46.6	141,406	100.0
II. Textiles, Wearing Apparel and Leather Industries	511	186.0	22,050	28.1	56,300	71.9	78,350	100.0
III. Manufacture of Wood and Wood Products including Furniture ..	15	18.0	6,324	87.2	931	12.8	7,255	100.0
IV. Manufacture of Paper and Paper Products ..	72	56.6	11,058	31.7	23,773	68.3	34,831	100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	263	244.9	20,481	25.9	58,528	74.1	79,009	100.0
VI. Manufacture of Non-metallic Mineral Products except Petroleum and Coal ..	66	118.8	15,711	37.2	26,549	62.8	42,260	100.0
VII. Basic Metal Products ..	1	28.8	982	5.7	16,251	94.3	17,233	100.0
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment ..	253	216.4	24,979	21.1	93,363	78.9	118,342	100.0
IX. Manufactured Products, n. e. s. ..	20	7.8	384	12.4	2,713	87.6	3,097	100.0
TOTAL ..	1,385	1,109.0	177,517	34.0	344,266	66.0	521,783	100.0

Source: Central Bank of Ceylon.

drawn from this data. First, the value of raw materials comprises about 50 per cent of the value of production. Second, the share of foreign raw materials is about twice that of the local component. Third, a very high percentage of foreign raw materials is used in the Chemicals (74.1), Basic metals (94.3) and Fabricated metals (78.9) categories which, as already mentioned, have shown substantial increases in production. Except for the Wood and wood products and Food, beverages and tobacco categories, where the percentage share of foreign raw materials was 12.8 and 46.6 per cent, respectively, all the other categories had foreign raw material inputs exceeding 62 per cent of total raw material requirements.

A comparison of data for the years 1968 and 1969 shows little change in the relative shares of utilisation of local and foreign materials. While the local and foreign components of raw materials in 1969 were 34.0 and 66.0 per cent, respectively, the corresponding percentages for the previous year were 35.5 and 64.5. However, there appears to be a marked change in the composition of local and foreign raw material inputs in the Textiles, wearing apparel and leather industries, where the local and foreign raw material components are 28.1 and 71.9 per cent in 1969 as compared with 41.7 and 58.3 in the previous year. Similarly, a higher percentage utilisation of foreign raw material inputs is observed in the category Chemical, petroleum, coal, rubber and plastic products, in 1969 than in 1968.

The conclusion is inescapable that industrial development in Ceylon is very largely dependent on the availability of foreign raw materials. In this connection, recent government measures permitting a free flow of industrial raw materials have been one of the main reasons for rapid progress in the industrial sector. On the other hand, the heavy reliance of industry on foreign raw materials is one of the chief factors responsible for the high cost of locally manufactured goods; it has also constituted a burden on the balance of payments.

### **Employment**

The workforce in the industrial sector, covered by this survey, totalled 103,726 as compared with 101,348 in the previous year. Whilst only a part of the net increase of 2,378 employees could be attributed to the increase in the number of firms which were mostly small units, the balance is accounted for by fluctuations in employment opportunities in the various categories of industry. This is illustrated by the fact that increase in employment was not always accompanied by a corresponding increase in output. In 1969, the output per employee was Rs. 15,648 as compared with Rs. 13,800 in 1968. The total number of man-days increased from 27,462 in 1968 to 28,367 in 1969, while the man-days per employee rose slightly from 271 to 273. The highest number of man-days appear in the Food, beverages and tobacco and Textiles, wearing apparel and leather industries.

### **Wages**

The total wage bill of reporting firms increased from Rs. 188.4 million in 1968 to Rs. 199.5 million in 1969. About 25 per cent of total wages is accounted for by the category Food, beverages and tobacco, while the two categories

Textiles, wearing apparel and leather and Chemicals, petroleum, coal, rubber and plastics together share 63 per cent of the total wage bill. In the two latter categories, although the wage bills were almost the same, the corresponding number of man-days in respect of one was double that of the other. This reflects a considerable disparity in the wage per man-day in these two industrial categories where wages per man-day were Rs. 4.94 and Rs. 9.86.

### Power and Fuel

Statistics relating to the use of power and fuel are given in Table II (B) 7. The number of firms furnishing data on power and fuel was 555 as compared to 506 in the previous year. Almost 50 per cent of the cost of power and fuel was accounted for by electricity, while the share of petrol and oil was also quite substantial, amounting to about 40 per cent. The cost of electricity, and petrol and oil used for production valued at Rs. 607.4 million was Rs. 9.1 million and Rs. 7.7 million, respectively. The cost of power and fuel per rupee value of output was .031 cts. in 1969 as compared with .029 cts. in 1968.

**TABLE II (B) 7**  
**Production and Fuel - 1969**

(Rupees Thousand)

Industrial Group	No. of Firms	Pro-duction	Fuel Used				Total
			Electri-city	Coal and Gas	Petrol and Oil	Other	
I. Manufacture of Food, Beverages and Tobacco ..	93	102,138	1,608	194	509	59	2,370
II. Textiles, Wearing apparel and Leather Industries ..	141	107,077	1,118	15	566	15	1,714
III. Manufacture of Wood and Wood Products including Furniture ..	4	1,685	18	-	-	-	18
IV. Manufacture of Paper & Paper Products ..	35	46,191	660	16	899	-	1,575
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	105	133,801	869	24	254	479	1,626
VI. Manufacture of Non-metallic Mineral Products except Petroleum and Coal ..	21	91,845	3,741	-	5,177	476	9,334
VII. Basic Metal Products ..	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment ..	139	121,311	1,069	393	309	139	1,910
IX. Manufactured Products, n.e.s. ..	17	3,390	35	2	3	1	41
<b>TOTAL</b> ..	<b>555</b>	<b>607,438</b>	<b>9,118</b>	<b>644</b>	<b>7,657</b>	<b>1,169</b>	<b>18,588</b>

Source : Central Bank of Ceylon.