

**(C) PUBLIC ENTERPRISES<sup>1</sup>**

In 1969, the total number of industrial corporations increased with the setting up of the Ayurvedic Drugs Corporation, by the transfer of the drug manufacturing section of the National Small Industries Corporation. There was no increase in the number of other public enterprises, in 1969.

Generally, there was a higher level of activity in industrial corporations in 1968/69<sup>2</sup>. The National Milk Board, the Ceylon Oils & Fats Corporation, the Kantale factory of the Sri Lanka Sugar Corporation, the National Salt Corporation, the State Flour Milling Corporation, the Ceylon Leather Products Corporation, the National Textile Corporation, the Ceylon Plywoods Corporation, the Ceylon Tyre Corporation the Ceylon Fertilizer Corporation, the Ceylon Ceramics Corporation, the Ceylon Cement Corporation, the Ceylon Mineral Sands Corporation, the National Small Industries Corporation and the Ceylon Steel Corporation recorded increases in their output in 1968/69. Of these, the most noteworthy increase was in the Cement Corporation. On the other hand, the output of the Gal-Oya Sugar factory, the Eastern Paper Mills Corporation, the Paranthan Chemicals Corporation and the State Hardware Corporation showed decreases in 1968/69 over the previous year. The decline at the Paper Mills was on account of a shift in production to low-weight types of paper. In other instances, industrial strife, sales difficulties and non-availability of adequate raw material contributed to the fall in performance.

The profits of several industries showed an improvement in 1968/69. The National Milk Board, the Kantale Sugar Factory, the Ceylon Leather Products Corporation, the National Textiles Corporation, the Ceylon Plywoods Corporation, the Eastern Paper Mills Corporation, the Ceylon Tyre Corporation, the Ceylon Fertilizer Corporation, the Ceylon Ceramics Corporation, the Ceylon Mineral Sands Corporation and the Ceylon Steel Corporation recorded enhanced profits. This was due, inter alia, to improvement in productivity, increases in prices, greater capacity utilization, and expansion of more remunerative lines of activity. Only the Ceylon State Hardware Corporation increased its losses and this was due to sales difficulties and the consequent under-utilization of capacity. Lower aggregate profits were recorded by the National Salt Corporation, the Ceylon Cement Corporation, the Paranthan Chemicals Corporation and the National Small Industries Corporation. This was due to higher import costs of raw materials (e.g. clinker for the Cement grinding plant), reduced output and higher wage costs. The Gal Oya Sugar industry was able to reduce its losses on account of a higher profit from spirits.

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1. The analysis of public enterprises which was expanded in the last year's Annual Report, has been further improved this year by widening of the coverage and presentation of additional data. This analysis is based on quarterly and annual surveys conducted by the Central Bank. At the request of certain Corporations which face active competition from the private sector certain detailed information has been withheld from publication. Also, the various public enterprises have been re-classified according to the International Standard Industrial Classification (United Nations: International Standard Industrial Classification of All Economic Activities, New York, 1968.)

2. Most industrial Corporations have accounting years extending from April to March.

As mentioned last year, it should be noted that financial profits or losses should be used with utmost caution in evaluating the efficiency or inefficiency of any public enterprise. This is mainly because they are not entirely free to fix prices and also because they are often required to perform un-economic social obligations, which are not likely to be borne by private commercial firms.

Of the other public enterprises, there was a general overall improvement in physical performance in 1968/69 or 1969, except perhaps in the Air Ceylon, the Co-operative Wholesale Establishment and the National Lotteries Board. The Railway and the Ceylon Transport Board recorded enhanced financial losses in the year under review, in spite of an increase in output. Enhanced wage payments were a contributory factor.

A notable feature in the current accounting year 1969/70 or 1970 is that in most enterprises, the actual performance observed so far seems to fall considerably short of the anticipated budgeted performance. It is no doubt encouraging to see that most public enterprises prepare comprehensive budgets in advance. The apparent shortfall may be due to cuts made in their budgets on account of foreign exchange difficulties. It was also due to fairly optimistic expectations.

It was also observed that statistical and accounting services in many Corporations were far from satisfactory. This may be due to the difficulties experienced in recruiting competent personnel on the relatively low salary scales offered. In certain cases of very large enterprises, no reliable data could be obtained at all.

Employment in these public enterprises have shown a rapid increase in the last few years. In certain cases, the increase was much greater than the increase in the enterprise's activity. It appears that many enterprises could save much needless expenditure by a more effective utilization of already available man-power.

## INDUSTRIES IN THE PUBLIC SECTOR

### Food, Beverages and Tobacco

Among the public sector enterprises in this category were the National Milk Board (with diverse functions in milk marketing and production), the Ceylon Oils & Fats Corporation (whose main activity was the production of animal feeds), the Sri Lanka Sugar Corporation (which made sugar and alcoholic spirits), the National Salt Corporation (which was a salt manufacturing and trading organization) and the State Flour Milling Corporation (which made wheat flour and by-products). While the first two faced competition from the private sector, the rest were largely state monopolies. Certain data on their operations in recent years are given in Table II (C) 1.

TABLE II (C) 1

## State Industries—Food,

1. National Milk Board <sup>a</sup>		1965	1966	1967	1968	1969
1.1 Capital Invested <sup>b</sup> (Rs. '000)	..	14741	14741	18852	27332	42353
1.1.1 Processing & distribution	..	11956	11956	13156	18566	24000
1.1.2 Condensed Milk Factory	..	2785	2785	5696	6300	8664
1.1.3 Powdered Milk Factory	..	—	—	—	1800	5750
1.1.4 Sterilized Milk Project	..	—	—	—	666	3939
1.2 Production Quantity						
1.2.1 Processed Milk—('000 pints)	..	16935	18566	20382	24968	28302
1.2.2 Condensed Milk ('000 cans)	..	—	—	—	11514	19632
1.2.3 Powdered Milk ('000 1 lb. tins)	..	—	—	—	—	2280
1.3 Value of production (Rs. '000) <sup>d</sup>	..	n.a.	10940	10629	21672	40603
1.3.1 Processed Milk	..	—	10940	10629	12855	15030
1.3.2 Milk Products	..	—	—	—	8817	17222
1.3.3 Condensed Milk	..	—	—	—	—	8351
1.3.4 Powdered Milk	..	—	—	—	—	—
1.4 Sales Quantity						
1.4.1 Milk Processed ('000 pints)	..	16353	17203	19526	23084	26292
1.4.2 Condensed Milk ('000 cans)	..	—	—	—	6011	19333
1.4.3 Powdered Milk ('000 1 lb. tins)	..	—	—	—	—	2281
1.5 Value of Sales (Rs. 000)	..	10160	10717	13227	24092	46089
1.5.1 Milk & Milk Products	..	10160	10717	13227	17465	19101
1.5.2 Condensed Milk	..	—	—	—	6627	20837
1.5.3 Powdered Milk	..	—	—	—	—	6151
1.6 Profit (+) or Loss (—) (Rs. '000) <sup>e</sup>	..	— 641	— 889	—1500	— 950	+8938
1.6.1 Processing and Distribution	..	— 641	— 889	—1500	—1400	+ 637
1.6.2 Condensed Milk Factory	..	—	—	—	+ 450	+7734
1.6.3 Powdered Milk Factory	..	—	—	—	—	+ 567
1.7 Employment (Nos) <sup>f</sup>	..	852	889	1241	1092	1166
1.7.1 Processing and Distribution	..	852	889	1104	910	851
1.7.2 Condensed Milk Factory	..	—	—	137	182	226
1.7.3 Powdered Milk Factory	..	—	—	—	—	89
2. Ceylon Oils and Fats Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
2.1 Capital Invested <sup>b</sup> (Rs. '000)	..	21940	21940	21940	27940	28540
2.2 Production Quantity (Tons)	..					
2.2.1 Coconut oil	..	2080	1759	1300	1166	1500
2.2.2 Provender	..	23810	29234	30011	51524	60000
2.2.3 Fatty Acids	..	—	—	350	6286	3150
2.2.4 Glycerine	..	—	—	22	549	315
2.2.5 Other oils	..	—	—	—	88	—
2.3 Value of Production (Rs. '000) <sup>g</sup>	..	13200	18200	21576	33825	55000
2.4 Sales Quantity (tons)	..					
2.4.1 Coconut oil	..	1442	2207	1293	1184	1500
2.4.2 Provender	..	23754	29144	30383	54061	60000
2.4.3 Fatty acids	..	—	—	220	1319	3150
2.4.4 Glycerine	..	—	—	—	133	315
2.4.5 Other	..	—	—	—	24	—
2.5 Sales value (Rs. '000) <sup>e</sup>	..	12304	18406	18747	23225	47385
2.6 Profit (+) or Loss (—) (Rs. '000) <sup>e</sup>	..	+ 568	—1611	+1000	+4552	— 440
2.6.1 Coconut Oil plant	..	— 904	—2033	n.a.	+ 549	n.a.
2.6.2 Provender plant	..	+1963	+1359	n.a.	+ 435	n.a.
2.6.3 Fatty Acids plant	..	—	—	n.a.	+3118	n.a.
2.6.4 Glycerine plant	..	—	—	n.a.	—	n.a.
2.6.5 Other	..	— 491	— 937	n.a.	+ 450	n.a.
2.7 Employment (Nos) <sup>f</sup>	..	550	696	697	722	746
2.8 Exports	..					
2.8.1 Fatty Acids	..	—	—	220	1285	3150
2.8.1.1 Quantity (tons)	..	—	—	357	2275	8249
2.8.1.2 Value (Rs. '000)	..	—	—	—	—	—
2.8.2 Glycerine	..	—	—	—	92	315
2.8.2.1 Quantity (tons)	..	—	—	—	206	857
2.8.2.2 Value (Rs. '000)	..	—	—	—	—	—
3. Sri Lanka Sugar Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
3.1 Capital Invested <sup>b</sup> (Rs. 000)	..	33700	34700	35000	35000	35000
3.1.1 Kantale Unit	..	117200	117200	122621	n.a.	n.a.
3.1.2 Gal Oya Unit	..	—	—	—	n.a.	n.a.
3.1.3 Sugar Cane cultivation	..	n.a.	n.a.	n.a.	n.a.	n.a.

(a) Figures are for accounting years April to March, except for the National Milk Board, whose financial year is the calendar year. The latest figures are budgeted figures, except for National Milk Board where actual figures for 1969 are given.

(b) Cumulative, as at end of accounting year.

(c) Maximum production possible in a year.

(d) Value of production is ex-factory. Value of imports is c. i. f.

# Beverages and Tobacco

3. Sri Lanka Sugar Corporation <sup>a</sup> (Contd.)		1965/66	1966/67	1967/68	1968/69	1969/70
3.2 Production Quantity						
3.2.1 Kantale Unit						
3.2.1.1 Sugar (metric tons)	..	3299	2587	1403	3653	5600
3.2.1.2 Spirits ('000 proof gallons)	..	729	871	426	832	600
3.2.2 Gal Oya Unit						
3.2.2.1 Sugar (metric tons)	..	6492	915	5789	4684	5200
3.2.2.2 Spirits ('000 proof gallons)	..	379	249	300	473	606
3.3 Value of production (Rs. '000) <sup>d</sup>		7044	10854	17087	16410	18055
3.3.1 Kantale Unit		7044	6310	3590	7785	9185
3.3.1.1 Sugar	..	3543	2741	1520	5143	5715
3.3.1.2 Spirits	..	3501	3569	2071	2642	3468
3.3.2 Gal Oya Unit		n.a.	4544	13497	8625	8870
3.3.2.1 Sugar	..	n.a.	3711	11672	6637	5402
3.3.2.2 Spirits	..	n.a.	833	1825	1988	3468
3.4 Sales Quantity						
3.4.1 Kantale Unit						
3.4.1.1 Sugar (metric tons)	..	3299	2587	1403	3653	5500
3.4.1.2 Spirits ('000 proof gallons)	..	707	832	503	795	600
3.4.2 Gal Oya Unit						
3.4.2.1 Sugar (metric tons)	..	6379	2539	5789	4684	5200
3.4.2.2 Spirits ('000 proof gallons)	..	307	282	480	317	600
3.5 Value of Sales (Rs. '000)		22755	21592	21778	25232	28475
3.5.1 Kantale Unit		14926	15743	10008	16713	14125
3.5.2 Gal Oya Unit		7829	5849	11769	8519	14350
3.6 Profit (+) or Loss (-) (Rs. '000) <sup>e</sup>		+ 430	+ 10550	- 1598	+ 5947	+ 7523
3.6.1 Kantale Unit		+ 6725	+ 7814	+ 1785	+ 8389	+ 8700
3.6.1.1 Sugar	..	n.a.	- 2763	- 3612	- 2154	- 2050
3.6.1.2 Spirits	..	n.a.	+ 10577	+ 5397	+ 10543	+ 10750
3.6.2 Gal Oya Unit		- 6295	+ 2736	- 3383	- 2442	- 1177
3.6.2.1 Sugar	..	- 12391	- 2266	- 9338	- 9780	- 10850
3.6.2.2 Spirits	..	+ 6096	+ 5002	+ 5955	+ 7338	+ 9673
3.7 Employment <sup>f</sup>		931	1104	2215	2220	2235
3.7.1 Kantale Unit	..	871	1052	1029	1048	1063
3.7.2 Gal Oya Unit	..	n.a.	n.a.	1127	1109	1109
3.7.4 Other	..	60	52	59	63	63
4. National Salt Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
4.1 Capital Invested (Rs. '000) <sup>b</sup>		2103	5322	8300	13010	20476
4.2 Production Capacity (Tons) <sup>c</sup>		63709	74335	72850	85500	97450
4.2.1 Corporation Salterns		49919	57690	60800	71900	83900
4.2.2 Private Salterns		13790	16645	12050	13600	13550
4.3 Production Quantity (Tons)		59324	66251	79166	99932	87150
4.3.1 Corporation Salterns		48097	51864	62839	81417	69500
4.3.2 Private Salterns		11227	14387	16327	18515	17650
4.4 Value of Production <sup>d</sup> (Rs. '000)		5168	5965	9000	8054	5086
4.4.1 Corporation Salterns		4329	4667	7345	5955	4056
4.4.2 Private Salterns		839	1298	1655	2099	1030
4.5 Sales Quantity (Tons)		13990	60800	77546	79388	82000
4.6 Sales Value (Rs. '000)		1112	5463	7025	7543	8811
4.7 Profit (+) or Loss (-) (Rs. '000) <sup>e</sup>		+ 618	+ 1674	+ 2196	+ 1964	+ 2816
4.8 Employment (Nos) <sup>f</sup>		953	946	1948	1309	1242
5. State Flour Milling Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
5.1 Capital Invested (Rs. '000) <sup>b</sup>		11115	15153	19992	25323	25692
5.2 Production capacity <sup>c</sup> (Tons)						
5.2.1 Flour		—	—	—	70000	70000
5.2.2 By-products		—	—	—	n.a.	n.a.
5.3 Production Quantity (Tons)						
5.3.1 Flour		—	—	—	6649	49700
5.3.2 By-products		—	—	—	4382	20300
5.4 Value of Production (Rs. '000) <sup>d</sup>		—	—	—	3963	32132
5.4.1 Flour		—	—	—	3963	22814
5.4.2 By-products		—	—	—	—	9318
5.5 Sales Quantity (Tons)						
5.5.1 Flour		—	—	—	9274	50731
5.5.2 By-products		—	—	—	5420	20698
5.6 Sales Value (Rs. '000)		—	—	—	5520	35589
5.6.1 Flour		—	—	—	4063	27851
5.6.2 By-products		—	—	—	1457	7738
5.7 Profit (+) or Loss (-) (Rs. '000) <sup>e</sup>		—	—	—	n.a.	920
5.8 Employment (Nos) <sup>f</sup>		—	—	63	413	418

Source: Central Bank of Ceylon.

(e) Before taxation.

(f) As at end of accounting year, except for 1969/70 where actual figures as at 31st December, 1969 are given.

(g) Wholesale

**(a) National Milk Board**

In its original function of milk purchasing, processing and distribution, the Board has made steady progress, especially in the last two years 1968 and 1969. Largely due to an increasing turnover and a diversification of its activities, the Board is likely to end its series of losses in past years with a profit in 1969.

The Board has, of late, diversified its activities by manufacturing condensed milk and re-packing bulk-imported powdered milk. The Condensery increased its production substantially in 1969, although it worked below capacity. The resulting enhanced profit accounted for three fourths of the aggregate profit of the Board. The Powdered Milk Packing factory at Welisara which commenced in October, 1969 packed about 2.3 million tins (of one pound equivalent) in 1969, and made a moderate profit. In sum, the National Milk Board appears to have just emerged as an economically viable enterprise.

The Milk Board intends to further expand and diversify its activities in the future. The Welisara Packing Plant was only the first stage of its Powdered Milk project. It has already commenced work on the second stage, namely, the milk spray-drying factory at Ambewela. Estimated to cost Rs. 20 million, this factory will finally have a capacity of spray-drying 200,000 pints of milk per day, which will meet the total of Ceylon's requirements of full cream milk powder. The factory will commence production (on a smaller scale, initially) in early 1971. The Board also has plans to extend its network of processing and collecting centres.

**(b) Ceylon Oils & Fats Corporation**

The output of all products except coconut oil recorded increases in 1968/69. Notable increases were observed in the production of animal feeds and fatty acids. The Corporation's budget for 1969/70 anticipated decreases in the exportable products of fatty acids and glycerine. Meanwhile, its major activity — the production of animal feed and the output of coconut oil was expected to be higher. The production trends in the first nine months of the year, however, indicate shortfalls in respect of all products. This was mainly due to breakdowns in machinery and shortage of raw materials and in the case of exportable products, on account of non-availability of packaging.

On an improved performance, the Corporation made a small profit in 1968/69. The budgeted performance in 1969/70 was to be even better. Nevertheless, the Corporation anticipated a loss, owing partly to heavy maintenance and repair expenses of its old machinery and mainly, due to the exclusion of a government subsidy from its budget. From 1965/66 (except in 1966/67), the government has annually voted a subsidy to the Corporation to meet the latter's losses on the sale of animal feeds at prices below cost of production on a government directive. Inclusion of this subsidy in the final accounts enabled the Corporation to show

a profit in those years. This practice was not adopted in 1969/70, and the result was a budgeted loss. On the basis of actual performance observed so far, it is likely that the loss of the Corporation will be higher in 1969/70.

Preliminary work was undertaken on the New Provender Mill of the Corporation. It is expected to be in production in about two years time.

#### (c) Sri Lanka Sugar Corporation

There is a high variability in the production of this Corporation as the sugar cane growing depends on the weather (or availability of water.) With a good harvest the Corporation's factories will be able to work during about six months of the year. At the Kantale factory, the output of sugar and spirits was higher in 1968/69, but at the Gal-Oya factory, the output of sugar was lower although the production of spirits was higher. Thus, higher sales of Kantale enabled the factory to reduce its losses on sugar and to double its profit from spirits, resulting in a four-fold increase in the overall profit. At Gal Oya, the fall in sales enhanced its losses on sugar, but on account of an increased profit on spirits, the overall loss was lower than in the previous year.

On the basis of anticipated increases in production<sup>1</sup> and sales, the Kantale factory expects to enhance its profit and the Gal Oya factory, to reduce its losses in 1969/70. On latest available figures, the Kantale factory appears to have exceeded its targets and therefore, the profit might be higher. No such information was available on the Gal Oya factory.

From its inception the state owned sugar industry of Ceylon has been beset with misfortunes owing to faulty planning and problems of organization. The highly remunerative production of spirits, however, might establish its economic viability in the long run. Hence, it may yet be premature to draw conclusions about this industry's future on the financial results of sugar production alone.

#### (d) National Salt Corporation

This Corporation produces salt at 6 salterns and purchases salt from 7 private salterns. Generally, there is a high seasonality in salt harvesting and the weather has an important effect on output. 1968/69 was an exceptionally good year and the Corporation was able to produce and purchase a record 99,932 tons of salt. Sales, however, were almost static but the profit was slightly lower largely on account of higher wage costs.

In 1969/70, the Corporation has budgeted for a lower output, largely because of the unsold stocks of the previous year. Sales, however, are expected to increase, and the Corporation anticipates a moderate increase in its profit.

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<sup>1</sup> The unusually high output of spirits at Kantale in 1968/69 was in excess of its rated capacity of 600,000 proof gallons. In view of the high profitability of spirit manufacture, the factory was overstrained to produce this output.

TABLE II (C) 2 State Industries-Textiles, Wearing

1. Ceylon Leather Products Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
1.1 Capital Invested (Rs. '000) <sup>b</sup>	..	5,200	5,200	6,245	7,147	10,148
1.1.1 Shoe Factory	..	3,500	3,500	4,225	4,225	4,225
1.1.2 Old Tannery	..	1,700	1,700	2,020	2,020	2,020
1.1.3 New Tannery	..	—	—	—	902	3,903
1.2 Production Capacity <sup>c</sup>						
1.2.1 Shoes ('000 pairs)	..	216	216	216	271	271
1.2.2 Chrome leather ('000 sq. ft.)	..	567	600	600	600	600
1.2.3 Bark & other leather ('000 lbs)	..	300	300	300	300	300
1.3 Production Quantity	..					
1.3.1 Shoes ('000 pairs)	..	184	246	260	275	350
1.3.2 Chrome leather ('000 sq. ft.)	..	514	649	629	667	661
1.3.3 Bark & other leather ('000 sq. ft)	..	248	289	334	364	378
1.3.4 Miscellaneous goods ('000 Nos)	..	n.a.	n.a.	n.a.	321	n.a.
1.4 Value of Production <sup>d</sup> (Rs. '000)	..	4,384	5,888	6,549	7,014	10,325
1.4.1 Shoes	..	2,990	4,056	4,604	4,716	7,203
1.4.2 Chrome leather	..	1,154	1,585	1,692	1,997	2,705
1.4.3 Bark & other leather	..					
1.4.4 Miscellaneous goods	..	239	245	252	320	416
1.5 Sales Quantity						
1.5.1 Shoes ('000 pairs)	..	211	244	255	253	350
1.5.2 Chrome leather ('000 sq. ft.)	..	165	118	145	125	174
1.5.3 Bark & other leather ('000 sq. ft)	..	46	22	26	n.a.	50
1.6 Value of Sales (Rs. '000)	..	4,507	5,230	4,888	6,975	10,411
1.6.1 Shoes	..	4,010	4,795	4,412	6,294	9,397
1.6.2 Chrome leather	..	185	132	140)		323
1.6.3 Bark & other leather	..	75	47	53)	229	98
1.6.4 Miscellaneous goods	..	237	256	283	452	593
1.7 Profit (+)/Loss (-) (Rs. '000 <sup>e</sup> )	..	+131	+297	+ 94	+168	+470
1.8 Employment (Nos) <sup>f</sup>	..	550	588	613	688	696
1.8.1 Shoe Factory	..	362	395	415	550	n.a.
1.8.2 Tannery	..	106	126	131	138	n.a.
1.8.3 Other	..	62	67	67	n.a.	n.a.
2. National Textile Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
2.1 Capital Invested (Rs. '000) <sup>b</sup>	..	50,300	51,467	69,707	98,050	209,400
2.1.1 Veyangoda Factory	..	50,300	50,300	50,300	50,300	53,300
2.1.2 Tulkiriya Project	..	—	1,167	7,208	35,000	143,000
2.1.3 Cotton Cultivation	..	—	—	—	50	300
2.1.4 Other projects	..	—	—	12,199	12,700	12,800

a Figures are for accounting years, April to March.

b Cumulative, as at end of accounting year.

c Maximum production possible in a year.

## Apparel &amp; Leather Industries

2. National Textile Corporation (Contd.)		1965/66	1966/67	1967/68	1968/69	1969/70
<b>2.2 Production Capacity<sup>c</sup></b> (Veyangoda Factory)						
2.2.1 Yarn ('000 lbs)	.. ..	3,400	3,400	3,400	3,400	3,400
2.2.2 Textiles ('000 yds)	.. ..	14,000	14,000	14,000	14,000	14,000
2.2.3 Finishing ('000 yds)	.. ..	—	—	—	34,000	34,000
<b>2.3 Production &amp; Imports Quantity</b>						
2.3.1 Veyangoda Factory						
2.3.1.1 Yarn ('000 lbs)	.. ..	2,658	2,345	1,958	2,397	3,100
2.3.1.2 Textiles ('000 yds)	.. ..	439	2,782	4,584	6,423	10,000
2.3.1.3 Finishing ('000 yds)	.. ..	—	6,009	6,639	7,640	14,000
2.3.2 Imports of Yarn ('000 lbs)	.. ..	2,138	8,316	9,849	11,600	14,000
<b>2.4 Cotton Cultivation</b>						
2.4.1 Acreage cultivated	.. ..	500	500	500	300	425
2.4.2 Acreage harvested	.. ..	500	500	500	300	425
2.4.3 Quantity of cotton harvested ('000 lbs)	.. ..	380	225	460	205	224
<b>2.5 Value of production (Rs. '000)<sup>d</sup></b>						
2.5.1 Veyangoda Factory	.. ..	9,304	11,497	13,596	25,498	37,543
2.5.1.1 Yarn	.. ..	n.a.	n.a.	n.a.	10,997	14,122
2.5.1.2 Textiles	.. ..	n.a.	n.a.	n.a.	13,987	22,577
2.5.1.3 Finishing	.. ..	n.a.	n.a.	n.a.	514	844
2.5.2 Trading-Value of imports	.. ..	9,118	28,702	40,372	46,473	n.a.
<b>2.6 Sales Quantity</b>						
2.6.1 Veyangoda Factory						
2.6.1.1 Yarn ('000 lbs)	.. ..	2,323	2,270	1,000	489	723
2.6.1.2 Textiles ('000 yds)	.. ..	—	1,924	5,431	5,028	10,365
2.6.2 Imported Yarn ('000 lbs)	.. ..	1,147	6,477	8,823	10,500	12,500
<b>2.7 Sales Value (Rs. '000)</b>						
2.7.1 Veyangoda Factory	.. ..	n.a.	38,286	51,354	65,936	n.a.
2.7.1.1 Yarn	.. ..	n.a.	10,737	14,846	14,636	30,124
2.7.1.2 Textiles	.. ..	n.a.	n.a.	n.a.	2,190	3,994
2.7.1.3 Finishing	.. ..	n.a.	n.a.	n.a.	11,538	24,052
2.7.2 Imported Yarn	.. ..	5,533	27,549	36,508	51,300	2,078
<b>2.8 Profit (+)/Loss (-) (Rs. '000)<sup>e</sup></b>						
2.8.1 Manufacturing	.. ..	+1,335	+ 719	+1,069	+2,734	+ 5,146
2.8.2 Trading	.. ..	+1,552	+1,092	+1,199	2,734	+ 5,146
	.. ..	- 217	- 373	- 130	n.a.	n.a.
<b>2.9 Employment (Nos)<sup>f</sup></b>						
2.9.1 Veyangoda Factory	.. ..	1,218	1,564	1,810	1,954	2,553
2.9.2 Tulhiriya Project	.. ..	1,103	1,411	1,588	1,656	2,054
2.9.3 Cotton Cultivation	.. ..	—	—	—	—	148
2.9.4 Other	.. ..	—	—	27	42	47
	.. ..	115	153	195	256	304

Source: Central Bank of Ceylon

d. Value of production at ex-factory prices and value of imports at c.i.f prices

e. Before taxation.

f. As at end of accounting year, except in 1969/70 where end December, 1970 figures are given.



The Corporation is continuously engaged in improving the existing salterns. A major scheme under-way is at the Elephant Pass saltern where it is hoped to increase the output from 34000 to 66000 tons per annum. It continued with preliminary investigations on the large mechanized saltern project at Chavakachcheri<sup>1</sup>. It appears that the economic viability of this heavy labour-saving project should be carefully examined, in the context of the overall demand for salt.

#### (e) State Flour Milling Corporation

The Flour Mill was commissioned at the end of 1968. The production budgeted for 1969/70 was below its maximum capacity. Also, on account of high import-cost of wheat, the Corporation expects to incur a loss in its first full year of operation.

#### Textiles, Wearing Apparel and Leather Industries

There were two state enterprises in this field, namely, the Ceylon Leather Products Corporation and the National Textile Corporation. Both faced stiff competition from well-established firms in the private sector. Certain details of their operations are given at Table II(C)2.

##### (a) Ceylon Leather Products Corporation

This Corporation tans leather and makes footwear. Its production of leather and footwear was higher in 1968/69, but its sales were below the previous year's level, owing to strong competition from the private sector. Its sale-value, however, was higher on account of price revisions after the devaluation of the Rupee and the introduction of the FEEC Scheme. Wage increases tended to increase costs. Yet, the profit in 1968/69 was higher. In 1968/69 the Corporation exported 3500 pairs of slippers and 7953 lbs. of leather. This was lower than the previous year's exports of 20,000 pairs of shoes and 17,386 lbs. of leather.

In 1969/70, the Corporation expects to more than double its profit on a higher level of production and turnover. Trends in the first 3 quarters indicate that the production is likely to be higher than in the previous year. Its sale of shoes is not doing as well, although the sale of leather shows an improvement.

The Corporation made rapid progress on the new Tannery with a capacity of 1.3 million sq. ft. of chrome leather and 0.4 million lbs. of bark leather. It is expected to be ready in early 1970.

##### (b) National Textile Corporation

This Corporation operates the textile factory at Veyangoda and also engages itself in import and sale of yarn. The production in 1968/69 was somewhat higher than in the previous year, but the factory continued to operate well below capacity due mainly to a shortage of trained personnel. However, on account of higher output and sales income, the factory made a profit of Rs. 2.7 million.

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1 For details, please see Annual Report 1968, p. 92.

In 1969/70, the Corporation expects to enhance its profits substantially on a higher level of production and sales. Current trends, however, leave little room for optimism on this account. Production is proceeding much below targets, especially in the case of textiles. Higher yarn sales were the only redeeming feature. Hence, the Corporation might have to content itself with a lower profit.

It is interesting to note that the turnover of Corporation's yarn imports is much higher than the turnover of its manufactures. This rapidly growing trading activity resulted in losses until 1967/68 and later figures were unobtainable.

Meanwhile, the Corporation made rapid progress on the establishment of its Textile Mill at Thulhiriya. Originally estimated to cost Rs. 193 million (the costs have risen since then), this factory when completed by end of 1970, is capable of producing 17.4 million lbs. of yarn and 14 million yards of fabric, and finishing 40 million yards of textiles.

### Wood and Wood products

Two public corporations compete with a large number of private firms in this field. Of these, the Ceylon Plywood Corporation (one of the oldest public enterprises in Ceylon) enjoys a monopoly of plywood production (especially of tea chests), but it faces competition from several other firms in production of other wood products such as doors, tables and other furniture items. In the field of furniture manufacturing, the Corporation had also to contend with Carpentry Section of the National Small Industries Corporation<sup>1</sup>, details of which are given in Table II (C) 6. The other state corporation in this field is the more recently established<sup>2</sup> State Timber Corporation, which took over the commercial activities of the Government Forest Department. In terms of turnover, this is the larger corporation of the two. It faces competition from several timber producing firms in the private sector. Certain relevant data on these two corporations are given in Table II (C) 3.

#### (a) Ceylon Plywood Corporation.

The budgeted production of the Corporation in 1969/70 at 26 million sq.ft. of 3-ply plywood is 14 per cent higher than the output of the previous year and reflects a continuance of an increasing production trend in recent years. The Corporation's Gintota Factory yet works below capacity owing to irregularity of timber supplies. Moreover, the production trends in the first 3 quarters of 1969/70 seem to indicate that the factory might not be able to fulfil its production target. This is largely due to a strike in late 1969.

1. This Corporation has been classified under "Non-Metallic mineral products" because its major activity now is the manufacture of tiles and bricks.
2. Established on April 2, 1968.

TABLE 2 (C) 3

## State Industries—Wood and Wood Products, Including Furniture

1. Ceylon Plywoods Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
1.1 Capital Invested <sup>b</sup> (Rs. '000)	..	2,800	2,800	3,456	12,300	12,300
1.1.1 Gintota Factory	..	2,800	2,800	2,800	2,800	2,800
1.1.2 Avissawella Project	..	—	—	656	9,500	9,500
1.2 Production Capacity <sup>c</sup> (Gintota Factory)	..					
1.2.1 Plywood ('000 sq. ft. of 3 ply)	..	18,000	18,000	25,000	30,000	30,000
of which: Tea chests '000 <sup>g</sup>	..	(840)	(1,260)	(1,300)	(1,300)	(1,300)
1.3 Production Quantity (Gintota Factory)	..					
1.3.1 Plywood ('000 sq. ft. of 3 Ply)	..	13,677	19,649	19,806	22,507	25,576
of which: Tea chests ('000) <sup>g</sup>	..	(634)	(855)	(854)	(1,103)	(1,100)
1.4 Value of Production (Rs. '000) <sup>d</sup>	..					
1.4.1 Plywood (in equivalent of 3 Ply)	..	n.a.	n.a.	n.a.	n.a.	n.a.
of which: Tea chests	..	3,877	5,110	5,240	7,392	7,651
1.5 Sales Quantity	..					
1.5.1 Tea chests <sup>g</sup> ('000)	..	646	846	846	1,077	1,137
1.6 Value of Sales (Rs. '000)	..	5,042	6,749	7,839	10,265	12,012
1.6.1 Tea chests	..	3,877	5,110	5,140	7,592	7,918
1.6.2 Other sales	..	1,165	1,639	2,699	2,673	4,094
1.7 Profit (+)/ Loss (-) <sup>e</sup> (Rs. '000)	..	+ 14	+ 597	+ 230	+ 1,886	+ 2,250
1.8 Employment (Nos) <sup>f</sup>	..	685	769	770	852	1,112
1.8.1 Gintota Factory	..	675	769	770	833	1,037
1.8.2 Avissawella Project	..	—	—	—	19	75
2. State Timber Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
2.1 Capital Invested <sup>b</sup> (Rs. '000)	..	—	—	—	10,103	10,624
2.1.1 Value of assets taken over from Forest Department	..	—	—	—	10,103	10,624
2.1.2 Capital Invested after take-over	..	—	—	—	n.a.	n.a.
2.2 Production Quantity (Timber '000 cu. ft.)	..	—	—	—	1,138	6,226
2.3 Value of production <sup>d</sup> (Rs. '000)	..	—	—	—	3,825	20,950
2.4 Sales Quantity—Timber ('000 cu. ft.)	..	—	—	—	1,138	4,775
2.5 Sales Value—(Rs. '000)	..	—	—	—	8,217	34,503
2.6 Profit (+)/Loss (-) <sup>e</sup> (Rs. '000)	..	—	—	—	- 612	+ 539
2.7 Employment (Nos) <sup>f</sup>	..	—	—	—	1,228	1,432

Source: Central Bank of Ceylon.

- a. Figures are for accounting years, April to March. The latest figures are budgeted figures.  
b. Cumulative as at end of accounting year.  
c. Maximum production possible in a year.  
d. Ex-factory.  
e. Before taxation.  
f. As at end of accounting year, except in 1969/70 where figures as at end December, 1969 are given.  
g. In equivalent of full chests.

Although the Corporation's main activity was the production of tea chests, it has successfully diversified its production by branching out in to highly remunerative manufacture of veneers and certain items of furniture. In spite of this, if the overall production is lower than anticipated, the profit of the Corporation in 1969/70 is likely to be lower than the budgeted Rs. 2 million. Incidentally, the Corporation has so far exported about 135,000 cubic metres of plywood boards and a small quantity of veneer.

Meanwhile, the Corporation also concentrated on its intergrated wood manufacturing complex at Avissawella which was estimated to cost Rs. 67 million<sup>1</sup>. The construction work of the Chipboard factory was completed and installation of machinery commenced in late 1969.

#### (b) State Timber Corporation

This Corporation established in April, 1968 completed the take-over of the commercial functions of the Government's Forest Department by early 1969. The functions of the Corporation include extraction, sawing and sale of timber and construction of roads and the establishment of mechanised units to facilitate timber extraction. An island wide organization decentralized into seven regions<sup>2</sup> has been established. The annual demand for timber in Ceylon is estimated at 12 million cubic feet, and the Corporation intends not only to meet almost the entire demand by 1972, but to export high-value timber such as ebony and satin wood.

Although the production of timber by the Corporation is expected to reach the full 6 million cubic feet level in 1969/70, it is yet about half of the country's requirements. Due to the severe curtailment of imports, the Corporation had to ration its sales to genuine builders. In view of the relatively low selling prices, however, the Corporation is expected to make a small profit in 1969/70.

The Corporation has plans for systematic exploitation of forests in Ceylon. Initially, it expects to exploit the areas coming under the Mahaveli Project. It also hopes to set up six mechanized logging units, a road construction and building unit and a few saw mills and an impregnation plant.

#### Paper and Paper products, Printing and Publishing.

Two public corporations - the Eastern Paper Mills Corporation and the State Printing Corporation, and the Government Department of Printing (which managed the Government Press) operates in this field. Of these, the recently established State Printing Corporation<sup>3</sup> has not yet commenced production. While the printing enterprises faced competition from the private sector, the Eastern Paper Mills Corporation enjoyed a monopoly of paper production and of imports as well (except certain direct user imports). Salient features of the operation of these enterprises (except the Department of Printing) are given in Table II (C) 4.

1. For details of this project, please see Annual Report 1968 - page 86.

2. Anuradhapura, Badulla, Colombo, Jaffna, Kandy, Ratnapura, and Southern regions.

3. Established on September 4, 1968.

TABLE II (C) 4

## State Industries—Paper &amp; Paper Products, Printing &amp; Publishing

1. Eastern Paper Mills Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
1.1 Capital Invested (Rs. '000) <sup>b</sup>	..	29,000	29,000	29,000	41,228	67,424
1.1.1 Paper Factory	..	29,000	29,000	29,000	29,000	29,000
1.1.2 Paper Board Mill Project	..	—	—	—	12,228	38,424
1.2 Production Capacity <sup>c</sup>						
1.2.1 Paper (tons)	..	7,345	8,050	9,000	9,000	9,000
1.3 Production & Imports Quantity (tons)						
1.3.1 Manufacturing (Paper)	..	7,360	9,156	9,500	7,968	8,230
1.3.2 Trading—Paper Imports	..	6,500	12,600	6,700	6,491	6,000
1.4 Value of Production <sup>d</sup> (Rs. '000)						
1.4.1 Manufacturing (Paper)	..	11,430	12,877	15,268	15,986	20,419
1.4.2 Value of Imports	..	10,020	13,800	6,850	6,500	7,544
1.5 Sales Quantity						
1.5.1 Manufacturing						
1.5.1.1 Paper (tons)	..	5,987	6,684	6,014	10,045	8,275
1.5.1.2 Exercise Books <sup>e</sup> (Nos. '000)	..	11,241	6,792	8,213	8,984	15,940
1.5.2 Trading						
1.5.2.1 Imported Paper (tons)	..	4,453	7,644	7,155	6,890	8,050
1.5.2.2 Paper bags (Nos. '000)	..	78	1,416	2,151	4,909	10,000
1.6 Sales Value (Rs. '000)						
1.6.1 Manufacturing	..	29,210	35,198	33,970	44,938	54,910
1.6.1.1 Paper	..	15,863	17,032	15,572	28,192	25,316
1.6.1.2 Exercise Books	..	14,536	16,230	14,603	26,662	22,881
1.6.2 Trading	..	1,327	802	969	1,530	2,435
1.6.2.1 Imported Paper	..	13,347	18,166	18,398	16,746	29,595
1.6.2.2 Paper bags	..	13,313	17,543	17,449	13,386	23,094
1.6.2.2 Paper bags	..	34	623	949	3,360	6,500
1.7 Profit/ (+) Loss (-) <sup>e</sup> (Rs. '000)	..	+3,159	+3,783	+4,575	+7,431	+4,396
1.7.1 Manufacturing	..	+1,617	+1,072	+1,496	+5,540	+2,473
1.7.2 Trading	..	+1,542	+2,711	+3,079	+2,856	+1,923
1.8 Employment <sup>f</sup> (Nos.)	..	1,005	1,202	1,333	1,379	1,776
1.8.1 Paper Factory	..	767	880	983	995	1,363
1.8.2 Other	..	238	322	350	384	413
2. State Printing Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
2.1 Capital Invested <sup>b</sup> (Rs. '000)	..	—	—	—	6,000	8,517
2.2 Employment <sup>f</sup> (Nos.)	..	—	—	—	n.a.	35

Source: Central Bank of Ceylon.

a. For accounting years April to March — 1969/70 figures are budgeted figures.

b. Cumulative, as at end of accounting year.

c. Maximum production possible in a year.

d. At ex-factory prices. Value of imports is c.i.f.

e. Before Taxation.

f. As at end of accounting year, except in 1969/70, where end of December, 1969 figures are given

g. In equivalent of 40 page books.

**(a) The Eastern Paper Mills Corporation**

The production of the Paper Factory at Valachchenai which declined in 1968/69 due to a change in type of paper produced<sup>1</sup> is expected to be higher in 1969/70, although that is yet below its 1967/68 level. Meanwhile, the Corporation hopes to clear its backlog of unsold writing and printing paper. In 1968/69, there was a record increase in its sales due to a revival of demand. Thus, there was a four-fold increase in the Corporation's manufacturing profits in that year. In 1969/70, on the basis of a lower sales estimate, the profit is expected to resume its former levels.

This Corporation is also a trader in imported paper. Its paper imports have been declining since 1966/67 due to import curtailments and its own surplus stocks. Its trading profits too, therefore, have been declining. The Corporation also makes and sells exercise books, made out of its manufactured paper and paper bags, made out of imported kraft paper mainly for the local cement industry.

The Capital Programme of the Corporation was centred on the Paper Board Mill which was being constructed at Valachchenai. This Mill with an annual capacity of 12,000 tons is expected to be in production in 1971. Along with its plans for two new Paper Mills at Embilipitiya and Rajangane, the Corporation hopes to meet a large share of island's requirements.

**(b) State Printing Corporation**

This Corporation was set up primarily to cater to the growing printing requirements of the Government (particularly of school text-books), which could not be adequately met by the existing Government Printing Press. It acquired 50 acres in Panagoda for its printing establishment and certain machinery ordered by the Government printer have been taken over. The original plans of the Corporation had to be revised due to certain deficiencies, and some progress has been made since then. The Corporation expects to commence production of school text books with available machinery in mid 1970.

**Chemicals Petroleum, Rubber and Plastic Products**

There are six public enterprises in this field, the Paranthan Chemicals Corporation manufacturing caustic soda, chlorine and table salt, the Ceylon Tyre Corporation making tyres, tubes and flaps, the Ceylon Fertilizer Corporation importing, mixing and issuing fertilizer, the Ceylon Petroleum Corporation's Oil Refinery making petroleum products, and the Ceylon Ayurvedic Drugs Corporation, which took-over the drug-manufacturing unit of the National Small Industries Corporation. The State Fertilizer Manufacturing Corporation has not yet commenced production. The Chemicals, Tyre and Oil Manufactories were monopolies, while others face some competition. Detailed information on the working of these enterprises is given at Table II (C) 5.

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1. Annual Report, 1968, page 83.

TABLE II (C) 5

## State Industries-Chemicals, Petroleum,

1. Parathan Chemicals Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
1. Capital Invested (Rs. '000) <sup>b</sup>	..	12321	12321	11802	11802	12377
1.2 Production Capacity (Tons) <sup>c</sup>	..					
1.2.1 Caustic Soda ..	..	1500	1500	1500	1500	1500
1.2.2 Chlorine ..	..	1400	1400	1400	1400	1400
1.2.3 Table Salt ..	..	100	100	175	175	175
1.3 Production & Imports Qty. (Tons)	..					
1.3.1 Production	..					
1.3.1.1 Caustic Soda ..	..	1082	1002	970	930	1200
1.3.1.2 Chlorine ..	..	288	397	540	518	475
1.3.1.3 Table salt ..	..	11	89	121	231	400
1.3.2 Imports (Caustic soda)	..	1350	3400	3000	2300	2300
1.4. Value of Production & Imports (Rs. '000) <sup>d</sup>	..					
1.4.1 Manufacturing	..	1641	2051	2416	2242	2604
1.4.1.1 Caustic soda ..	..	920	893	1022	930	1344
1.4.1.2 Chlorine ..	..	691	1128	1358	1243	1140
1.4.1.3 Table salt ..	..	30	30	36	69	120
1.4.2 Value of imports (Caustic soda)	..	688	939	1111	942	916
1.5 Sales Quantity (Tons)	..					
1.5.1 Manufacturing	..					
1.5.1.1 Caustic soda ..	..	1082	1002	970	908	1200
1.5.1.2 Chlorine ..	..	288	397	540	477	475
1.5.1.3 Table salt ..	..	11	89	121	215	400
1.5.2 Trading (Caustic soda)	..	—	1400	2333	2639	2300
1.6 Sales Value (Rs. '000) ..	..	3437	4331	4777	5278	5291
1.6.1 Manufacturing ..	..	1588	2019	2442	2390	2764
1.6.1.1 Caustic soda ..	..	875	887	911	969	1290
1.6.1.2 Chlorine ..	..	705	1064	1449	1275	1188
1.6.1.3 Table salt ..	..	8	68	82	146	256
1.6.2 Trading (Caustic soda)	..	1849	2312	2335	2888	2527
1.7 Profit (+)/Loss (-) (Rs. '000) <sup>e</sup>	..	- 471	+ 270	+ 667	+ 332	+ 488
1.7.1 Manufacturing ..	..	- 887	- 569	- 174	- 622	- 470
1.7.2 Trading ..	..	+ 416	+ 839	+ 841	+ 958	+ 958
1.8 Employment (Nos) <sup>f</sup>	..	242	263	312	300	281
2. Ceylon Tyre Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
2.1 Capital Invested (Rs. '000) <sup>b</sup>	..	55031	65624	67525	68124	68879
2.2 Production Capacity (Nos) <sup>c</sup>	..					
2.2.1 Tyres ..	..	—	—	250000	250000	250000
2.2.2 Tubes ..	..	—	—	152000	152000	152000
2.2.3 Flaps ..	..	—	—	88000	88000	88000
2.3 Production Quantity (Nos)	..					
2.3.1 Tyres ..	..	—	—	57622	58553	146000
2.3.2 Tubes ..	..	—	—	62062	40456	130100
2.3.3 Flaps ..	..	—	—	29477	4328	—
2.4 Value of production (Rs. '000) <sup>d</sup>	..	—	—	11317	18178	33289
2.4.1 Tyres ..	..	—	—	9384	17156	30340
2.4.2 Tubes ..	..	—	—	1541	953	2948
2.4.3 Flaps ..	..	—	—	392	69	—
2.5 Sales Quantity (Nos) ..	..					
2.5.1 Tyres ..	..	—	—	28284	58553	133400
2.5.2 Tubes ..	..	—	—	33063	40456	124315
2.5.3 Flaps ..	..	—	—	17873	4328	—
2.6 Sales Value (Rs. '000) ..	..	—	—	8540	25838	58918
2.6.1 Tyres ..	..	—	—	7080	23776	55534
2.6.2 Tubes ..	..	—	—	1103	1755	3584
2.6.3 Flaps ..	..	—	—	357	307	—
2.7 Profit (+) / Loss (-) (Rs. '000) <sup>e</sup>	..	—	—	+ 453	+ 3674	+ 10384
2.8 Employment (Nos) <sup>f</sup> ..	..	650	760	792	1095	1350
2.9 Exports Quantity	..					
2.9.1 Tyres (Nos) ..	..	—	—	—	320 <sup>g</sup>	—
2.9.1 Tubes (Nos) ..	..	—	—	—	320	—
2.9.3 Flaps (Nos) ..	..	—	—	—	120	—
3. Ceylon Fertilizer Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
3.1 Capital Invested (Rs. '000) <sup>b</sup>	..	7280	10677	12099	20938	28116
3.1.1 Trading network ..	..	7183	10048	9814	14024	8890
3.1.2 Fertilizer stores ..	..	—	481	1922	2807	8250
3.1.3 Mixing plant ..	..	—	2	165	3784	10000
3.1.4 Other ..	..	97	146	198	323	976

a. Figures are for accounting years April to March, except for the Oil Refinery whose financial year is the calendar year. Latest figures are budgeted figures.

b. Cumulative, as at end of accounting year.

c. Maximum production possible in a year.

d. Value of production is ex factory and value of imports is c.i.f.

# Coal Rubber & Plastic Products

<b>3. Ceylon Fertilizer Corporation (Contd.)</b>					
	1965/66	1966/67	1967/68	1968/69	1969/70
3.2 Imports of fertilizer (Tons)	71402	127100	170377	237945	161350
3.3 Value of imports (Rs. '000)	21579	33172	46346	74433	51423
3.4 Sales Quantity (Tons)	101241	123968	161971	173069	259000
3.4.1 Paddy fertilizer	40380	47315	77991	84199	121000
3.4.2 Tea fertilizer	6949	3650	11460	12273	12000
3.4.3 Rubber fertilizer	646	852	597	584	1000
3.4.4 Coconut fertilizer	51405	53611	50982	62957	75000
3.4.5 Other	1861	18540	20951	13056	50000
3.5 Sales Value (Rs. '000)	42527	48250	70216	104678	130040
3.5.1 Paddy fertilizer	18156	20572	37485	55799	74004
3.5.2 Tea fertilizer	2990	1592	4914	5995	5759
3.5.3 Rubber fertilizer	254	258	230	271	463
3.5.4 Coconut fertilizer	19790	20953	19962	31047	33355
3.5.5 Other	1337	4875	7625	11566	16459
3.6 Profit (+) / Loss (-) (Rs. '000) <sup>e</sup>	+ 2204	+ 2073	+ 3675	+ 15910	+ 7973
3.7 Employment (Nos) <sup>f</sup>	90	112	160	212	246
3.7.1 Trading network	90	112	160	196	155
3.7.2 Mixing plant	—	—	—	16	91
<b>5. State Fertilizer Manufacturing Corporation<sup>a</sup></b>					
	1965/66	1966/67	1967/68	1968/69	1969/70
4.1 Capital Invested (Rs. '000) <sup>bh</sup>	—	—	715	4856	47455
4.2 Financial Results (Rs. '000)	—	—	—	—	—
4.2.1 Revenue	—	—	—	—	—
4.2.2 Expenditure	—	—	133	364	1398
4.2.3 Surplus (+) or deficit (-)	—	—	133	394	1398
4.3 Employment (Nos) <sup>f</sup>	—	—	8	33	106
<b>5. Ceylon Petroleum Corp. Refinery<sup>ah</sup></b>					
	1966	1967	1968	1969	1970
5.1 Capital Invested (Rs. '000) <sup>b</sup>	—	n.a.	61290	183200	191900
5.2 Imports of crude oil	—	—	—	—	—
5.2.1 Quantity (Barrels '000)	—	—	—	3764	12698
5.2.2 Value c.i.f. (Rs. '000)	—	—	—	36808	124182
5.3 Production Quantity ('000 gallons)	—	—	—	—	—
5.3.1 Gasoline	—	—	—	13368	43240
5.3.2 Kerosene	—	—	—	17194	71904
5.3.3 Chemical Naptha	—	—	—	—	—
5.3.4 Diesel	—	—	—	27365	86412
5.3.5 Fuel oil	—	—	—	—	—
5.3.6 Asphalt	—	—	—	48123	35790
5.3.7 Other products	—	—	—	1397	8680
5.4 Value of production (Rs. '000) <sup>d</sup>	—	—	—	57755	194809
5.5 Sales Quantity ('000 gallons)	—	—	—	—	—
5.5.1 Gasoline	—	—	—	13078	43240
5.5.2 Kerosene	—	—	—	16681	71904
5.5.3 Chemical Naptha	—	—	—	—	—
5.5.4 Diesel	—	—	—	26683	86412
5.5.5 Fuel Oil	—	—	—	47172	35790
5.5.6 Asphalt	—	—	—	701	8680
5.6 Sales Value (Rs. '000)	—	—	—	55903	154865
5.7 Profit (+) or Loss (-) (Rs. '000) <sup>e</sup>	—	—	—	n. a.	+ 21989
5.8 Employment (Nos) <sup>f</sup>	—	—	—	378	447
5.9 Exports	—	—	—	—	—
5.9.1 Chemical Naptha	—	—	—	—	—
5.9.1.1 Quantity ('000 gals)	—	—	—	5921	42912
5.9.1.2 Value (Rs. '000)	—	—	—	1717	12444
5.9.2 Fuel oil	—	—	—	—	—
5.9.2.1 Quantity ('000 gallons)	—	—	—	—	105351
5.9.2.2 Value (Rs. '000)	—	—	—	—	25975
5.9.3 Bunkers	—	—	—	—	—
5.9.3.1 Quantity ('000 gallons)	—	—	—	3069	21575
5.9.3.2 Value (Rs. '000)	—	—	—	1442	10140
<b>6. Ceylon Ayurvedic Drugs Corporation<sup>a</sup></b>					
	1965/66	1966/67	1967/68	1968/69	1969/70
6.1 Capital Invested (Rs. '000) <sup>b</sup>	—	—	—	—	1299
6.2 Value of production (Rs. '000) <sup>d</sup>	—	—	—	—	606
6.3 Value of sales (Rs. '000)	—	—	—	—	529
6.4 Profit (+) / Loss (-) (Rs. '000) <sup>e</sup>	—	—	—	—	n. a.
6.5 Employment <sup>f</sup> (Nos)	—	—	—	—	161

Source: Central Bank of Ceylon.

e. Before Taxation.

f. Figures are for accounting years except for 1969/70, where the figures are as at 31st December, 1969.

g. Total value of exports amounted to Rs. 38,603.

h. Includes Capital liabilities.



**(a) Paranthan Chemicals Corporation**

Although an all-round increase in production was anticipated, there was actually a slight fall in the production of caustic soda and chlorine in 1968/69. This was due largely to the difficulties of selling surplus chlorine and the interruptions in the working of old equipment. The production of table salt (a by-product), however, rose appreciably and in 1969/70, it is expected to rise further. In 1969/70, the production of caustic soda and chlorine is estimated to be higher. Also, a production of 20 tons of potassium chlorate by the new plant is anticipated. On the basis of production trends observed so far this year, however, it is very unlikely that these production targets could be maintained, except perhaps in the case of chlorine.

As mentioned in previous year's Annual Reports<sup>1</sup> the production of chlorine continued to be a constraint on the activities of the Corporation. In was not possible to increase caustic soda production to meet the country's demand because in the process, the Corporation will be left with a large quantity of unsaleable chlorine, a by-product. Hence the Corporation engaged itself in a profitable trading activity in the import and sale of caustic soda. As in the past years, the profit from this activity helped to offset the continuing manufacturing losses.

In fact, the Corporation in recent years has been financing a moderate capital maintenance programme out of its meagre trading profits. But in the not too distant future, it will have to incur heavy capital investment in replacing its 20-year old machinery. Of its minor projects, the Potassium Chlorate plant is expected to be in production in 1969/70, but there is some uncertainty over the Hydrochloric acid plant.

**(b) Ceylon Tyre Corporation**

In 1968/69, the production of tyres was marginally higher than in the previous year, but the output of tubes and flaps declined. The decreases were on account of production being geared to market demand. The slight increase in tyre production was attributed to a policy of gradual increase in capacity-utilization due to complexities of production and the non-availability of certain moulds. Hence, the Corporation limited itself to manufacture of certain sizes of tyres only. In 1969/70, a more than doubling of output has been budgeted. On current trends, however, the Corporation is not likely to fulfil more than half of the budgeted output. The production of tyres and tubes is likely to be about 50 per cent and 30 per cent respectively of targets. There has been, however, an appreciable rise in the production of flaps which was not initially budgeted for. Sales of tyres and tubes however, have been faring better so far in 1969/70 than in the previous year, on account of the import ban.

On the higher turnover in 1968/69, the Corporation enhanced its profits considerably. Furthermore, on the basis of an ambitious budget it hopes to more than treble its profit in 1969/70.

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1. Annual Report 1968 pp. 87-88.

The non-availability of sufficient tyre-moulds (sometimes due to delays in arrival) has been the main factor responsible for the low capacity utilization of the factory. In 1970, the Corporation hopes to have sufficient moulds and also to branch out into manufacture of other rubber products.

**(c) Ceylon Fertilizer Corporation**

Imports of fertilizer by the Corporation showed a record increase in 1968/69 although its sales (and issues) were 27 per cent lower than the quantity imported. Nevertheless its absolute volume of sales in 1968/69 was higher than in the previous year. On the higher turnover and on account of a price increase, the profit of the Corporation in 1968/69 was more than twice its profit in the previous year. In 1969/70, however, a decline is anticipated in its profit mainly on account of an expected increase in world prices of fertilizer compounds.

Along with the unsold stocks of (and lower imports in) 1968/69, the Corporation expects a record 50 per cent increase in its sales in 1969/70, owing to the agriculture development programmes; but on the trends of the first three quarters of the year, the Corporation is not likely to increase its sales by more than 10 per cent. The trading profits of the Corporation, therefore, are likely to be much lower than what has been budgeted for.

The Corporation made some progress with its Fertilizer Mixing project at Hunupitiya. With a revised capacity of mixing 25,000 tons per annum, this plant is expected to be ready in late 1970. Meanwhile, the Corporation made good progress on the construction of District Fertilizer Stores. By 1968/69, it had set up 46 such stores with a capacity of 88,134 tons. In 1969/70, it hopes to increase this capacity by 20,000 tons.

**(d) Ceylon State Fertilizer Manufacturing Corporation**

This Corporation which was to set up a Urea-factory of 285,000 tons per annum based on the petro-chemical by-products of the Refinery, has been engaged so far in preliminary work, such as the acquisition of 140 acres at Sapugaskanda and the planning of the project. Now that the Refinery has commenced production, it is expected to initiate construction by the end of 1970, and complete the work by 1973.

**(e) The Oil Refinery of the Ceylon Petroleum Corporation**

The construction of the Oil Refinery with a refining capacity of about 38,000 U. S. barrels of crude oil per day into 1.9 million metric tons of oil products per annum<sup>1</sup> was started in May, 1967 and completed in early 1969. The capital cost of the project so far has been about Rs. 190 million. A five year contract was signed with the Consolidated Petroleum Co. Ltd., London for the supply of crude oil, the operation of the Refinery, the supply of technical services and the sale of surplus products Naptha, Fuel oil and bunkers. Commercial

1. When the consumption of oil by the Refinery is allowed, the balance available is about 1.7 mln. metric tons.

TABLE II (C) 6

## State Industries-Non Metallic Mineral

	1965/66	1966/67	1967/68	1968/69	1969/70
<b>1. Ceylon Ceramics Corporation<sup>a</sup></b>					
<b>1.1 Capital Invested (Rs. '000)<sup>b</sup></b>	<b>8,075</b>	<b>19,009</b>	<b>20,000</b>	<b>20,030</b>	<b>20,030</b>
1.1.1 Negombo Factory ..	5,000	5,000	5,000	5,000	5,000
1.1.2 Piliyandala Factory ..	—	10,934	11,925	11,955	11,955
1.1.3 Kaolin Refinery ..	3,075	3,075	3,075	3,075	3,075
<b>1.2 Production Capacity (Tons)<sup>c</sup></b>					
1.2.1 Negombo Factory - Crockery ..	880	880	940	940	940
1.2.2 Piliyandala Factory ..	—	1,600	2,400	2,400	2,400
1.2.2.1 Crockery ..	—	1,600	1,600	1,600	1,600
1.2.2.2 Wall tiles ..	—	—	300	300	300
1.2.2.3 Sanitaryware ..	—	—	500	500	500
1.2.3 Kaolin Refinery - Kaolin ..	5,000	5,000	5,000	5,000	5,000
<b>1.3 Production Quantity (Tons)</b>					
1.3.1 Negombo Factory - Crockery ..	852	815	954	1,004	940
1.3.2 Piliyandala Factory ..	—	189	1,415	1,867	2,120
1.3.2.1 Crockery ..	—	189	1,180	1,338	1,500
1.3.2.2 Wall tiles ..	—	—	125	184	220
1.3.2.3 Sanitaryware ..	—	—	110	345	400
1.3.3 Kaolin Refinery - Kaolin ..	435	2,027	2,658	2,900	3,520
<b>1.4 Value of Production (Rs. '000)<sup>d</sup></b>	<b>2,182</b>	<b>2,900</b>	<b>7,128</b>	<b>8,842</b>	<b>9,510</b>
1.4.1 Negombo Factory - Crockery ..	2,117	2,058	2,663	2,749	2,580
1.4.2 Piliyandala Factory ..	—	538	4,067	5,658	6,402
1.4.2.1 Crockery ..	—	538	3,136	3,811	4,200
1.4.2.2 Wall tiles ..	—	—	267	338	390
1.4.2.3 Sanitaryware ..	—	—	664	1,509	1,812
1.4.3 Kaolin Refinery - Kaolin ..	65	304	398	435	528
<b>1.5 Sales Quantity (Tons)</b>					
1.5.1 Negombo Factory - Crockery ..	n.a.	n.a.	n.a.	1,045	940
1.5.2 Piliyandala Factory ..	—	—	n.a.	1,727	2,120
1.5.2.1 Crockery ..	—	—	n.a.	1,335	1,500
1.5.2.2 Wall tiles ..	—	—	n.a.	181	220
1.5.2.3 Sanitaryware ..	—	—	n.a.	211	400
1.5.3 Kaolin Refinery - Kaolin ..	1,054	1,916	2,181	2,824	3,520
<b>1.6 Sales Value (Rs. '000)</b>	<b>3,348</b>	<b>4,421</b>	<b>10,697</b>	<b>12,982</b>	<b>16,909</b>
1.6.1 Negombo Factory - Crockery ..	3,058	3,219	4,034	4,599	4,599
1.6.2 Piliyandala Factory ..	—	675	5,927	7,589	10,982
1.6.2.1 Crockery ..	—	675	4,777	5,360	7,498
1.6.2.2 Wall tiles ..	—	—	340	598	790
1.6.2.3 Sanitaryware ..	—	—	810	1,631	2,694
1.6.3 Kaolin Refinery - Kaolin ..	290	527	736	794	977
<b>1.7 Profit (+)/Loss (-) (Rs. '000)<sup>e</sup></b>	<b>+ 442</b>	<b>+ 775</b>	<b>+ 1,802</b>	<b>+ 4,303</b>	<b>+ 3,300</b>
1.7.1 Negombo Factory ..	+ 581	+ 728	+ 743	+ 1,184	+ 1,000
1.7.2 Piliyandala Factory ..	—	+ 24	+ 989	+ 3,094	+ 2,100
1.7.3 Kaolin Refinery ..	- 139	+ 23	+ 70	+ 25	+ 200
<b>1.8 Employment (Nos)<sup>f</sup></b>	<b>324</b>	<b>829</b>	<b>891</b>	<b>904</b>	<b>1,085</b>
<b>2. Ceylon Cement Corporation<sup>a</sup></b>					
<b>2.1 Capital Invested (Rs. '000)<sup>b</sup></b>	<b>61,442</b>	<b>100,533</b>	<b>110,138</b>	<b>170,114</b>	<b>243,341</b>
2.1.1 Kankasanturai Factory ..	44,534	50,197	52,120	65,952	80,101
2.1.2 Galle Factory ..	10,275	13,514	14,485	18,234	20,895
2.1.3 Puttalam Project ..	6,633	36,822	43,525	85,928	142,345
<b>2.2 Production Capacity (Tons)<sup>c</sup></b>	<b>80,000</b>	<b>120,000</b>	<b>265,000</b>	<b>275,000</b>	<b>350,000</b>
2.2.1 Kankasanturai Factory ..	80,000	120,000	165,000	175,000	250,000
2.2.2 Galle Factory ..	—	—	100,000	100,000	100,000
<b>2.3 Production Quantity (Tons)</b>	<b>85,681</b>	<b>86,729</b>	<b>206,631</b>	<b>246,632</b>	<b>270,000</b>
2.3.1 Kankasanturai Factory ..	85,681	86,729	160,491	158,367	180,000
2.3.2 Galle Factory ..	—	—	46,140	88,265	90,000
<b>2.4 Value of Production (Rs. '000)<sup>d</sup></b>	<b>16,279</b>	<b>16,583</b>	<b>38,578</b>	<b>54,441</b>	<b>59,460</b>
2.4.1 Kankasanturai Factory ..	16,279	16,583	28,888	33,257	37,860
2.4.2 Galle Factory ..	—	—	9,690	21,184	21,600
<b>2.5 Sales Quantity (Tons)</b>	<b>82,391</b>	<b>86,492</b>	<b>214,699</b>	<b>229,347</b>	<b>270,000</b>
2.5.1 Kankasanturai Factory ..	82,391	86,492	164,981	146,488	180,000
2.5.2 Galle Factory ..	—	—	49,718	82,859	90,000
<b>2.6 Value of Sales (Rs. '000)</b>	<b>15,244</b>	<b>15,815</b>	<b>39,898</b>	<b>40,121</b>	<b>59,833</b>
2.6.1 Kankasanturai Factory ..	15,244	15,815	29,656	30,456	38,233
2.6.2 Galle Factory ..	—	—	10,242	9,665	21,600
<b>2.7 Profit (+)/Loss (-) (Rs. '000)<sup>e</sup></b>	<b>+ 9,628</b>	<b>+ 8,004</b>	<b>+ 13,875</b>	<b>+ 13,160</b>	<b>+ 23,268</b>
2.7.1 Kankasanturai Factory ..	+ 9,628	+ 850.4	+ 12,550	+ 13,070	+ 20,386
2.7.2 Galle Factory ..	—	—	+ 1,325	+ 90	+ 2,882

a. Figures are for accounting years April to March. The latest figures are budgeted figures.

b. Cumulative, as at end of accounting year.

c. Maximum Production possible in a year.

# Products, Except Products of Petroleum

TABLE II (C) 6

2. Ceylon Cement Corporation (Contd.)		1965/66	1966/67	1967/68	1968/69	1969/70
2.8 Employment (Nos) <sup>f</sup>	..	1,016	1,366	1,898	1,786	2,165
2.8.1 Kankasanturai Factory	..	n.a.	n.a.	1,279	1,005	1,060
2.8.2 Galle Factory	..	n.a.	n.a.	126	163	251
2.8.3 Puttalam Project	..	n.a.	n.a.	371	471	687
2.8.4 Other	..	n.a.	n.a.	122	147	167
3. Ceylon Mineral Sands Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
3.1 Capital Invested <sup>b</sup> (Rs. '000)	..	11,100	11,100	14,600	15,225	20,860
3.1.1 Ilmenite Factory	..	11,100	11,100	11,100	11,100	12,353
3.1.2 By product Factory	..	—	—	3,500	4,125	8,492
3.1.3 Other	..	—	—	—	—	15
3.2 Production Capacity <sup>c</sup> (Tons)	..	60,000	90,000	90,000	90,000	120,000
3.2.1 Ilmenite	..	—	—	—	10,800	10,800
3.2.2 Rutile	..	—	—	—	9,500	9,500
3.2.5 Zircon	..	—	—	—	—	—
3.3 Production Quantity (Tons)	..	53,742	45,234	64,328	75,986	96,000
3.3.1 Ilmenite	..	—	—	—	1,967	3,450
3.3.2 Rutile	..	—	—	—	—	1,200
3.3.3 Zircon	..	—	—	—	—	—
3.4 Value of production <sup>d</sup> (Rs. '000)	..	1,126	1,126	1,543	1,769	4,566
3.4.1 Ilmenite	..	1,126	1,126	1,543	1,155	2,749
3.4.2 Rutile	..	—	—	—	614	1,124
3.4.3 Zircon	..	—	—	—	—	693
3.5 Sales Quantity (Tons)	..	50,575	40,360	55,350	73,430	79,000
3.5.1 Ilmenite	..	—	—	—	2	4,210
3.5.2 Rutile	..	—	—	—	—	—
3.5.3 Zircon	..	—	—	—	—	—
3.6 Sales Value (Rs. '000)	..	1,372	1,453	2,503	3,385	7,895
3.6.1 Ilmenite	..	1,372	1,453	2,503	3,385	3,959
3.6.2 Rutile	..	—	—	—	—	3,751
3.6.3 Zircon	..	—	—	—	—	185
3.7 Profit (+)/Loss (-) <sup>e</sup> (Rs. '000)	..	- 600	+ 54	+ 192	+ 1,088	+ 3,960
3.7.1 Ilmenite factory	..	- 600	+ 54	+ 192	n.a.	n.a.
3.7.2 By - products factory	..	—	—	—	n.a.	n.a.
3.8 Employment (Nos) <sup>f</sup>	..	n.a.	101	180	389	339
4. National Small Industries Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
4.1 Capital Invested (Rs. '000) <sup>b</sup>	..	17,459	18,826	19,021	20,881	21,232
4.1.1 Carpentry Section	..	1,350	2,378	2,378	3,132	3,132
4.1.2 Tile & Brick factories	..	14,909	15,248	15,443	16,549	18,100
4.1.3 Drugs Factory	..	1,200	1,200	1,200	1,200	—
4.2 Production Capacity <sup>c</sup>	..	21,264	21,264	21,264	19,226	17,726
4.2.1 Bricks & tiles ('000)	..	n.a.	n.a.	n.a.	—	—
4.2.2 Boat yard (boats-Nos)	..	—	—	—	—	—
4.3 Production Quantity	..	n.a.	10,620	11,347	11,797	17,286
4.3.1 Bricks & tiles ('000)	..	—	30	17	—	—
4.3.2 Boat yard (Nos)	..	15	—	—	—	—
4.4 Value of production (Rs. '000) <sup>d</sup>	..	6,418	7,895	8,815	8,234	7,910
4.4.1 Bricks & tiles	..	1,700	1,700	2,710	3,005	2,150
4.4.2 Carpentry	..	4,357	4,642	4,584	4,149	5,399
4.4.3 Ayurvedic Drugs	..	—	1,283	1,368	1,080	361
4.4.4 Boats	..	143	269	152	—	—
4.5 Sales Quantity	..	n.a.	11,121	11,059	10,998	17,286
4.5.1 Bricks & tiles ('000)	..	—	31	22	9	—
4.5.2 Boat yard (Nos)	..	56	—	—	—	—
4.6 Sales Value (Rs. '000)	..	5,800	7,723	8,860	7,791	9,143
4.6.1 Bricks & tiles	..	659	2,622	3,393	2,570	3,384
4.6.2 Carpentry	..	4,634	4,404	4,624	4,043	5,399
4.6.3 Ayurvedic Drugs	..	—	416	462	1,030	360
4.6.4 Boat yard	..	507	281	201	88	—
4.7 Profit (+)/Loss (-) (Rs. '000) <sup>e</sup>	..	-1,004	-1,085	-1,993	-1,635	- 483
4.7.1 Bricks & tiles	..	- 238	- 590	- 975	- 685	- 646
4.7.2 Carpentry	..	- 766	- 560	- 748	- 641	+ 163
4.7.3 Ayurvedic Drugs	..	—	+ 65	- 270	- 310	—
4.8 Employment (Nos) <sup>f</sup>	..	1,732	1,808	1,917	1,880	2,014

Source: Central Bank of Ceylon.

d. Value of propuction, ex - factory. Value of imports c.i.f.

e. Before taxation.

f. As at end of accounting year, except in 1969/70 where actual figures as at end of December, 1969 are given.

production commenced in September, 1969 and in 1970 almost the entire petroleum requirements of Ceylon are to be made at the Refinery and sold to the Ceylon Petroleum Corporation for sale<sup>1</sup> The Refinery also exported about 6 million gallons of Naptha and about 3 million gallons of bunkers for a total value of about Rs. 2 million in 1969. In 1970, it has planned to export 43 million gallons of Naptha, 105 million gallons of Fuel oil and 22 million gallons of bunkers, which is expected to earn about Rs. 48 million of foreign exchange.

With the coming on stream of the Refinery, there would be scope for the development of a petro-chemical industry in Ceylon. In many countries, petroleum refining has given an impetus to the growth of industries manufacturing fertilizer and other chemical products such as liquid petroleum gas, sulphur, carbon, plastics and synthetic fibres. The Refinery is already exploring manufacturing possibilities of liquid petroleum gas, sulphur and carbon black. Meanwhile, the State Fertilizer Manufacturing Corporation is expected to utilize Naptha in its manufacture.

#### (f) Ceylon Ayurvedic Drugs Corporation

This Corporation took over the drug manufacturing functions of the National Small Industries Corporation in July, 1969. It is expected to concentrate on manufacture, import and sale of Ayurvedic, Siddha and Unani drugs. It will also open district stores for purchase of medicinal herbs, and conduct research.

#### Non-Metallic Mineral Products (except Petroleum Products)

There were three state monopolies operating in this field, namely, the Ceylon Ceramics Corporation (manufacturing ceramicware) the Ceylon Cement Corporation (manufacturing cement) and the Ceylon Mineral Sands Corporation (manufacturing Ilmenite, Rutile and Zircon). In addition, the National Small Industries Corporation could be included in view of its major activity, viz. the manufacture of bricks and tiles. Only the latter Corporation had to contend with private sector competition. Salient features of the activities of these four Corporations are given at Table II (C) 6.

#### (a) Ceylon Ceramics Corporation

Generally, there was an all-round increase in the output of all manufacturing units of this Corporation in 1968/69. Although the output is expected to increase further in 1969/70, the latest trends indicate that there might be a shortfall in the budgeted production of crockery and wall tiles at the Piliyandala factory. This is mainly attributable to the employment of recently recruited and inadequately skilled labour at the factory.

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1. For details of the trading activities of the Ceylon Petroleum Corporation, please see Table II (C) 11 and the accompanying account.

The Corporation generally sold most of its products at relatively low prices and hence there were no sales difficulties, except in the case of slow moving sanitary ware. The latter problem was due to the availability of imported products. Meanwhile, the Corporation had to ration the sales of its other low-priced products.

On a higher turnover in 1968/69, the Corporation made a substantially enhanced profit, but in 1969/70, the budgeted profit on an even better turnover shows a fall. This is largely due to a sharp fall in profits of the Piliyandala factory where the wage-bill is expected to rise on account of additional employment.

The Corporation expects to expand its sanitary-ware production and also, to go in for production of Felspar, an important raw material of the ceramic and glass industry. The Felspar deposits in Ceylon are estimated to be so extensive as to permit the Corporation to exploit overseas markets.

#### **(b) Ceylon Cement Corporation**

This Corporation, which operated a small cement factory of about 80,000 tons per annum for about 15 years, has more than quadrupled its production capacity during the last 4 years. With the commissioning of the first stage of the Puttalam factory in early 1970, the capacity is expected to increase by another 220,000 tons or by 63 per cent.

With frequent commissioning of new plants, the output of the Corporation shows a sharply rising trend. According to latest trends, the Corporation is right on target of its budgeted production for 1969/70, but this is due to a higher than budgeted output at its Kankesanthurai factory offsetting a shortfall at its Galle Grinding Plant. There were no sales difficulties, due to coordination of imports with domestic production. However, in spite of a higher turnover, the Corporation's profits declined marginally in 1968/69. This was largely due to a sharp decline in the profitability of the Galle Plant which has to incur a higher cost on its imported clinker after the devaluation of the Rupee and the introduction of the FEEC Scheme. There was also an increase in wage costs. In 1969/70, however, the enhanced production at Kankesanthurai and increased substitution of imported clinker with local clinker at Galle, are expected to yield a much higher profit to the Corporation.

The first stage of the Puttalam Cement Factory is expected to commence operations in March, 1970. The second stage, which will double the output of the first stage (of 220,000 tons) is scheduled for commissioning in mid-1971. At Kankesanthurai, the modernization of the old plant was completed in 1968 and the third Cement Mill was established in early 1970. The combined output of these development programmes in 1972 will be about 790,000 tons, which is expected to meet the entire cement requirements of the country.

**(c) Ceylon Mineral Sands Corporation**

Due to an increase in demand, the Corporation has been able to increase its production of Ilmenite in the last two years. As the newly installed drier would ensure continuous production (uninterrupted by inclement weather), the factory's annual capacity has been raised to 120,000 tons and the Corporation expected to exploit the buoyant demand for Ilmenite, better. The production trends of the first nine months of the year, however, indicate a manufacture at about the same level as in 1968/69. Also, the production of Rutile in 1969/70 though higher than the previous year, might fall short of the budgeted estimate. Meanwhile, the Corporation has so far not made any Zircon.<sup>1</sup>

On a higher turnover in 1968/69, the Corporation made an enhanced profit. A further increase is anticipated in 1969/70 on the basis of expected higher production and turnover of Ilmenite and on the sale of higher-priced Rutile and Zircon. As no Zircon has been made and as Rutile is moving at about half the anticipated rate, the overall profit in 1969/70 is likely to be lower than the budgeted figure. It should be noted, however, that the Rupee-devaluation and the FEEC Scheme have improved the Rupee-income of the Corporation considerably. With the growing demand for the rare mineral products of the Corporation, it should be able to improve its performance in the future.

**(d) National Small Industries Corporation**

The Corporation which once produced a great variety of products<sup>2</sup> has now come to concentrate on its main line of production, viz. bricks and tiles. At present, its only other activity is the manufacture of furniture at six carpentry workshops. Its Ayurvedic drug factory has been handed over to a new Corporation in July, 1969.

The Corporation's five Brick and Tile factories were capable of producing about 17 million units per annum. The annual production in three years ending 1968/69 has been about 11 million units and the Corporation has made continuous losses on this activity. In 1969/70, the output is expected to be nearly 50 per cent higher than that of previous years. On this level of production, the Corporation hoped to break-even at last. But the first three quarters' production figures indicate that the Corporation is far behind its target. It appears that the shortfall will be as high as about 40 per cent. Hence, it is very unlikely that losses from this line of production could be reduced in 1969/70, as anticipated.

The income from furniture recorded a decline in 1968/69. Again, the Corporation anticipated to improve its performance in 1969/70, but in the first nine months of the year, it has not shown much cause for optimism on this account, either. In sum, although the transfer of unprofitable drug making to another Corporation will tend to reduce the overall losses, the Corporation

1. Difficulty of Zircon manufacture due to inadequate water supplies, was mentioned in Annual Report 1968 p. 91.

2. For details, please see Annual Report, 1968-pp. 93 - 94.

**TABLE II (C) 7**  
**State Industries - Basic Metal Industries**

<b>1. Ceylon Steel Corporation<sup>a</sup></b>	<b>1965/66</b>	<b>1966/67</b>	<b>1967/68</b>	<b>1968/69</b>	<b>1969/70</b>
<b>1.1 Capital Invested<sup>b</sup> (Rs. '000)</b>	94,395	115,900	121,000	123,000	133,000
<b>1.2 Production Capacity<sup>c</sup> (Mt. tons)</b>					
1.2.1 Rolled products	—	—	60,000	60,000	60,000
1.2.2 Wire products	—	—	12,000	12,000	12,000
<b>1.3 Import of raw materials</b>					
1.3.1 Steel quantity (Mt. tons)	—	—	28,175	35,158	37,880
1.3.2 Value (Rs. '000)	—	—	13,452	19,601	28,157
<b>1.4 Production &amp; Imports quantity (Mt. tons)</b>					
1.4.1 Manufacturing					
1.4.1.1 Rolled products	—	—	25,425	28,582	30,525
1.4.1.2 Wire products	—	—	3,343	4,930	5,710
1.4.1.3 Structures	—	—	—	—	800
1.4.2 Trading					
1.4.2.1 Barbed Wire	—	—	—	n.a.	—
1.4.2.2 Machine tools etc., (Units)	—	—	—	n.a.	60
<b>1.5 Value of production<sup>d</sup> (Rs. '000)</b>	—	—	24,258	31,148	38,177
1.5.1 Rolled products	—	—	20,831	25,725	30,525
1.5.2 Wire products	—	—	3,427	5,423	6,852
1.5.3 Structures	—	—	—	—	800
<b>1.6 Sales Quantity</b>					
1.6.1 Manufacturing					
1.6.1.1 Rolled products (Mt. tons)	—	—	24,407	18,284	32,700
1.6.1.2 Wire products (Mt. tons)	—	—	3,007	3,518	6,050
1.6.1.3 Structures (Nos)	—	—	—	—	800
1.6.2 Trading					
1.6.2.1 Barbed wire (Mt. tons)	—	—	—	497	—
1.6.2.2 Machines & tools (No)	—	—	—	n.a.	n.a.
<b>1.7 Sales Value (Rs. '000)</b>	—		25,665	26,157	52,584
1.7.1 Manufacturing					
1.7.1.1 Rolled products	—	—	24,390	20,790	41,517
1.7.1.2 Wire products	—	—	1,275	4,671	9,367
1.7.1.3 Structures	—	—	—	—	1,700
1.7.2 Trading					
1.7.2.1 Barbed Wire	—	—	—	696	n.a.
1.7.2.2 Machine tools	—	—	—	n.a.	n.a.
<b>1.8 Profit (+) Loss (-) (Rs. '000)<sup>e</sup></b>			+2,018	+2,650	+4,472
1.8.1 Manufacturing	—	—	+2,018	+2,880	+4,472
1.8.2 Trading	—	—	—	230	n.a.
<b>1.9 Employment (Nos)<sup>f</sup></b>	n.a.	596	950	953	969

Source: Central Bank of Ceylon.

a. For accounting years, April to March. The latest figures are budgeted figures.

b. Cumulative, as at end of accounting year.

c. Maximum production possible in a year on three shifts per day.

d. Ex-factory.

e. Before Taxation.

f. As at end of accounting year, except in 1969/70 where December, 1969 figures are given



has yet to demonstrate the economic viability of its activities. It should be noted, however, that the Corporation performs its carpentry functions more or less as an "employment subsidy".<sup>1</sup>

### **Basic Metal Industries**

The only public sector industry in this field was the Ceylon Steel Corporation, which manufactured Rolled Steel products, Wire products and Steel Structures for buildings etc. In steel rolling, it enjoyed a monopoly, but faced competition in other lines. It was also a small-scale trader in wire and machine tools. Certain data pertaining to this industry are given at Table II (C) 7.

#### **(a) Ceylon Steel Corporation**

The Corporation's output in 1968/69 of rolled sections and wire showed an increase, but its sales of rolled sections fell sharply while its wire products moved faster. As mentioned last year<sup>2</sup> this was mainly due to importation of certain rolled sections under Open General Licence after May, 1968. Thus the Corporation which anticipated to quadruple its profits had to be content with only a marginal increase.

In 1969/70, the corporation anticipates a near doubling of its profits on an estimated higher level of production and sales. The actual performance in the first three quarters of 1969/70, however, presents a pessimistic picture. There has been a shortfall in production targets due primarily to intermittent industrial unrest and sales too have been somewhat sluggish, particularly of wire products. As a result, the Corporation has been accumulating substantial stocks of finished products.

It should be noted that the Steel Factory continued to operate well below capacity. This is attributed to a policy of gradual expansion of production on account of technical complexities of production.

### **Fabricated Metal Products, Machinery & Equipment**

The public sector activity in this field includes the Ceylon State Hardware Corporation, the boatyard of the Ceylon Fisheries Corporation, the "Government Factory" of the former Public Works Department and certain activities of the State Engineering Corporation. Data are only available in respect of the major enterprise, the Hardware Corporation, (which faced stiff competition from several small local hardware manufacturers and from imports) and they are given at Table II (C) 8.

#### **(a) Ceylon State Hardware Corporation**

It was mentioned last year<sup>3</sup> that the Corporation faced difficulties in disposing of its hardware and other products of its factory owing to import liberalization that accompanied the introduction of the FEEC Scheme. As a

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1. Vide - Annual Report 1968 p. 93.

2. Annual Report, 1968, pp. 94-95.

3. Annual Report, 1968. p. 96.

TABLE II (C) 8

## State Industries-Fabricated Metal Products, Machinery and Equipment

1. Ceylon State Hardware Corporation <sup>a</sup>	1965/66	1966/67	1967/68	1968/69	1969/70
1.1 Capital Invested <sup>b</sup> (Rs. '000) .. ..	15127	16704	30170	36167	39620
1.1.1 Hardware Factory .. ..	15127	16249	15667	16282	17152
1.1.2 Cast Iron Foundry .. ..	—	455	14503	19885	22468
1.2 Production Capacity <sup>c</sup>					
1.2.1 Hardware Factory ('000 Units) .. ..	—	3400	3400	3400	3400
1.2.2 Cast Iron Foundry (Tons) .. ..	—	—	—	—	3000
1.3 Production Quantity					
1.3.1 Hardware Factory ('000 units) .. ..	46	449	1456	1205	3217
1.3.2 Cast Iron Foundry—castings .. ..	—	—	—	—	n.a.
1.4 Value of Production (Rs. '000) <sup>d</sup> .. ..	n.a.	578	5031	5008	23000
1.5 Sales Quantity					
1.5.1 Hardware Factory ('000 units) .. ..	n.a.	427	920	847	3139
1.5.2 Cast Iron Foundry—Castings .. ..	—	—	—	—	n.a.
1.6 Sales Value (Rs. '000)					
1.6.1 Hardware Factory .. ..	23	513	2564	3122	18100
1.6.2 Cast Iron Foundry .. ..	23	513	2564	3122	10800
1.7 Profit (+) or Loss (—) <sup>e</sup> (Rs. '000) .. ..	— 28	— 1052	— 37	— 706	+ 4231
1.7.1 Hardware Factory .. ..	— 28	— 1052	— 37	— 706	+ 2270
1.7.2 Cast Iron Foundry .. ..	—	—	—	—	+ 1960
1.8 Employment <sup>f</sup> (Nos) .. ..	290	606	2210	1081	1081
1.8.1 Hardware Factory .. ..	220	519	2077	922	922
1.8.2 Cast Iron Foundry .. ..	—	—	34	159	159
1.8.3 Other .. ..	70	87	99	n.a.	n.a.

Source: Central Bank of Ceylon

- a. Figures are for accounting years April to March. The latest figures are budgeted figures.  
b. Cumulative, as at end of accounting year.  
c. Maximum possible production in a year.  
d. Wholesale Value.  
e. Before Taxation.  
f. As at end of accounting year, except in 1969/70 where figures as at 31st December, 1969 are given.

result, the Hardware Factory's production in 1968/69 had to be curtailed (thus operating well below capacity), in order to clear heavy unsold stocks. Thus the Corporation's budgeted profit of Rs 2 million turned into a moderate loss

In 1969/70, with the gradual exhaustion of imported equivalents, the Corporation expects to increase its turnover several-fold, and thus turn the loss of the previous year into a substantial profit. It also expects this profit to be enhanced by the surplus from its other line of activity, namely, the Cast-Iron Foundry, which commenced production in late 1969. The actual performance in the first three quarters of 1969/70, however, indicates that the Corporation has been somewhat over-optimistic. Production has dropped to about three-fourths of previous year's level (which was much lower than that of the preceding year), but sales have shown a tendency to pick up. Nevertheless, the Corporation has so far performed well below its targets, and its sales income is less than one-fourths of what was expected.

The Corporation plans investigations into manufacture of malleable and sponge iron, electrical motors and transformers and welding rods.

#### OTHER PUBLIC ENTERPRISES

##### **Agriculture, Forestry and Fishing**

Two public corporations could be classified in this category—the Ceylon Fisheries Corporation and the State Plantations Corporation<sup>1</sup>. Some data on these Corporations are given at Table II (C) 9.

##### **(a) Ceylon Fisheries Corporation**

The diverse functions of this Corporation including fishing, purchase of fish, storage and sale of fish, fish-canning, construction of boats, manufacture of fishing-gear and by-products of fish, and the development of fishery harbours.

In 1968/69, the fish-catch was about 50 per cent higher, but the purchases from the market fell by almost half. Thus, although there was an increase in the quantity of wet fish available, the sales were at about the same level as in the previous year. A part of the unsold quantum was converted to by-products, but there appeared to be some waste due to inadequate storage. The reduction in the loss of the Corporation could be attributed largely to price increases. A limited quantity of fish was canned at the Corporation's cannery at Pesalai, but this has yet to reach the market.

In 1969/70, the Corporation budgeted for an ambitious programme. It is very unlikely that this will be fulfilled owing to constant industrial strife. No data were obtainable in respect of 1969/70.

##### **(b) State Plantations Corporation**

In 1967/68, the number of plantations increased to 15 with the inauguration of State plantations at Kondachchi (1000 acres), Mankerni (1000 acres) and Pallekelle (4086 acres). The total acreage of plantations thus increased to

1. For background data on these Corporations, please see Annual Report, 1968. pages 97-98, 118-119.

**TABLE II (C) 9**  
**Agriculture, Hunting, Forestry and Fishing**

<b>1. Ceylon Fisheries Corporation<sup>a</sup></b> .. ..	1965/66	1966/67	1967/68	1968/69	1969/70
<b>1.1 Capital Invested (Rs. '000)<sup>b</sup></b> .. ..	<b>1,528</b>	<b>11,077</b>	<b>13,632</b>	<b>53,799</b>	<b>85,840</b>
<b>1.2 Production Capacity<sup>c</sup></b>					
1.2.1 Fish canning factory ('000 cans) .. ..	—	—	—	933	1,400
1.2.2 Boat-yard (Nos) .. ..	—	—	—	32	32
<b>1.3 Production &amp; Purchases Quantity</b>					
1.3.1 Fish Caught ('000 lbs) .. ..	2,527	5,980	6,663	9,976	21,314
1.3.2 Fish purchased ('000 lbs.) .. ..	2,611	2,487	3,134	1,808	n. a.
1.3.3 Canning factory ('000 cans) <sup>g</sup> .. ..	—	—	—	65	n. a.
1.3.4 Boat-yard (Nos) .. ..	—	—	1	32	n. a.
1.3.5 By-products ('000 lbs.) .. ..					
1.3.5.1 Cured fish .. ..	64	345	378	640	3,044
1.3.5.2 Fish Meal .. ..	41	104	85	74	955
1.3.5.3 Shark Liver Oil .. ..	14	23	23	33	181
1.3.5.4 Shark Fins .. ..	3	4	5	n. a.	53
<b>1.4 Value of Production<sup>d</sup> (Rs. '000)</b> .. ..	<b>n. a.</b>	<b>7,335</b>	<b>6,986</b>	<b>16,043</b>	<b>25,000</b>
<b>1.5 Sales Quantity</b>					
1.5.1 Wet and Frozen fish ('000 lbs.) .. ..	3,930	7,178	6,711	6,717	16,497
1.5.2 Other products ('000 lbs.) .. ..					
1.5.2.1 Cured fish .. ..	37	333	366	518	940
1.5.2.2 Fish Meal .. ..	41	98	85	61	n. a.
1.5.2.3 Shark Liver Oil .. ..	—	28	31	35	n. a.
1.5.2.4 Shark Fins .. ..	—	—	—	—	n. a.
1.5.2.5 Ice .. ..	—	—	—	—	n. a.
1.5.3 Canned fish - (No. cans) .. ..	—	—	—	—	n. a.
1.5.4 Boat-yard - (Nos) .. ..	—	—	1	32	n. a.
<b>1.6 Value of Sales (Rs. '000)</b> .. ..	<b>2,718</b>	<b>7,029</b>	<b>8,239</b>	<b>8,779</b>	<b>16,364</b>
<b>1.7 Profit (+) or Loss (-)<sup>e</sup> (Rs. '000)</b> .. ..	<b>-1,447</b>	<b>-3,400</b>	<b>-3,553</b>	<b>-2,800</b>	<b>+1,514</b>
<b>1.8 Employment (Nos)</b> .. ..	<b>n. a.</b>	<b>1,362</b>	<b>1,380</b>	<b>1,308</b>	<b>n. a.</b>
<b>2. State Plantations Corporation<sup>a</sup></b> .. ..	1964/65	1965/66	1966/67	1967/68	1968/69
<b>2.1 Capital Invested (Rs. '000)<sup>b</sup></b> .. ..	<b>27,954</b>	<b>33,542</b>	<b>39,185</b>	<b>32,000</b>	<b>36,000</b>
2.1.1 Plantations .. ..	22,848	28,378	34,000	25,000	28,000
2.1.2 Factories .. ..	5,106	5,164	5,185	7,000	8,000
<b>2.2 Plantations</b>					
2.2.1 Number .. ..	12	12	12	15	15
2.2.2 Acreage .. ..	8,435	8,654	8,654	14,734	15,582
2.2.3 Acreage planted .. ..	5,290	5,565	5,513	6,719	9,949
2.2.4 Revenue (Rs. '000) .. ..	2,130	1,841	3,193	5,184	5,523
2.2.5 Profit (+) or Loss (-) (Rs. '000) <sup>e</sup> .. ..	+8	+111	-350	+725	+180
2.2.6 Employment (Nos) <sup>f</sup> .. ..	6,209	6,631	6,441	8,594	8,252
<b>2.3 Factories</b>					
2.3.1 Number .. ..	3	3	3	4	4
2.3.2 Revenue (Rs. '000) .. ..	2,038	2,107	1,458	1,125	1,547
2.3.3 Profit (+) or Loss (-) (Rs. '000) <sup>e</sup> .. ..	+6	-33	-134	-77	+184
2.3.4 Employment (Nos) <sup>f</sup> .. ..	254	215	192	356	334
<b>2.4 Total Corporation</b>					
2.4.1 Total Revenue (Rs. '000) .. ..	4,168	3,948	4,651	6,309	7,070
2.4.2 Profit (+) or Loss (-) (Rs. '000) <sup>e</sup> .. ..	+14	+78	-484	+648	+364
2.4.3 Employment (Nos) <sup>f</sup> .. ..	6,463	6,846	6,633	8,950	8,586

Source: Central Bank of Ceylon

- a. Fisheries Corporation figures are for accounting years April to March and figures of State Plantations Corporation are for October to September. Latest figures are budgeted or provisional figures.
- b. Cumulative, as at end of accounting year.
- c. Maximum production possible in a year.
- d. Wholesale values.
- e. Before taxation.
- f. As at end of accounting year.
- g. In equivalent of 15 oz. cans.

14,734 acres, of which 6,719 acres were planted, showing an increase of 1,206 in the acreage planted. Taken together, the plantations recorded a profit in 1968/69 as compared to an aggregate loss in the previous year. This result was mainly on account of profits from Eadella, Yatawatta, Yellangowry, Geragama, Pelawatta and Habarakada plantations offsetting losses incurred by Nellaoolla, Lachesis, and Yahalatenne plantations. According to provisional data for 1968/69, the aggregate profit on plantations was lower than in the previous year. This was mainly the result of a substantial loss at the Pelawatta and Geragama plantations.

On the other hand, the operation of the 4 tea factories of the Corporation showed a reduced aggregate loss in 1967/68 and according to provisional figures for 1968/69, the previous year's aggregate loss has been converted to a profit.

### **Transport, Storage and Communication**

This field was dominated by several public enterprises. The government department of the Ceylon Govt. Railway had a monopoly of public passenger transport by rail, while the Ceylon Transport Board had a monopoly (other than a few taxi-cabs etc.) of such transport by road. Internal air transport was the monopoly of Air Ceylon Ltd, which competed with other airlines on regional and international flights. The Ports of Ceylon and their operations were managed by several diverse organizations. The Colombo Port Commission owned installations of several harbours and was responsible for the general administration of ports. The Port (Cargo) Corporation had a monopoly of cargo handling in the three major ports. The Customs department was responsible for the revenue-collections at ports and a recently constituted Ports Tally and Protective Services Corporation provided the tallying and security services. Meanwhile the Department of Post and Telecommunications was in charge of the postal, telegraph and telephone services. An ancillary of this department, the Overseas Telecommunications Service operated international telecommunication functions, somewhat independently. Salient features of some of these enterprises are shown in Table II (c) 10.

#### **(a) Ceylon Government Railway**

A substantial capital investment was made by the Railway in increasing its vehicle fleet (locomotives and carriages) and in extending the track by 24 miles in 1968/69. The increase in the fleet was in contrast to a decrease in the previous year. There was a Rs. 3 million increase in revenue, which was due to increased passenger receipts which offset a decrease in goods receipts. On the other hand, the payment of "interim allowances" increased the wage-bill substantially. These had their effects on revenue and expenditure, leading to a substantial increase in the working and the overall deficit of the Railway in 1968/69. According to Government Budget Estimates for 1969/70, the Railway is expected to do better this year. Total revenue is estimated at Rs. 111 million and total expenditure, Rs. 166 million. As there are several cross-entries in Governments Estimates, these figures are not quite comparable with figures of Table II (C) 10.

**(b) Ceylon Transport Board**

The Transport Board invested Rs. 94 million in 1968/69. This was largely on account of vehicles. This helped to narrow the gap between the required number of vehicles and the available effective fleet. An increase in the scheduled mileage and lost mileage however reduced the impact of the additional vehicles. Meanwhile, an increase in passenger-mileage brought about an enhanced revenue, but a bigger increase in expenditure largely on account of higher wage costs, contributed to a near doubling of its overall loss.

In 1969/70, the Board plans to make a bigger investment (Rs. 128 million) and that too, mostly on vehicles. But, a pronounced increase in scheduled mileage is expected to widen the gap between required and available (and effective) fleet. On the basis of current low fares, and some improvement in services, a sharp increase in passenger-mileage is anticipated. The resulting increase in revenue is expected to reduce the loss in 1969/70.

It should be noted that inspite of rising prices, the bus fares in Ceylon have remained almost unchanged for well over 15 to 20 years.

**(c) Air Ceylon Ltd.**

The value of Air Ceylon's assets rose sharply in 1968/69 with the purchase of a "Trident" airliner, which was used in the regional services. The number of passengers has been declining slightly since 1965/66, while the cargo tonnage fluctuated. The passenger-mileage has declined since 1966/67, but goods ton-mileage has shown an improvement. The ratio of capacity utilization has shown an improvement on internal and international services, but in the regional services where the new airliner operated, it had fallen sharply. In order to encourage greater utilization of capacity on this service, the government now permits foreign exchange for pilgrimages to Thailand.

The slight increase in revenue of the airline in 1968/69 was mainly on account of additional revenue on regional services. Expenditure rose more, mainly on account of higher aircraft operation costs. Thus, the profit in 1968/69 is estimated to fall sharply over the previous year.

**(d) Colombo Port Commission**

The bulk of the work of the Commission was in respect of the Port of Colombo. The increase in revenue in 1968/69 was due partly to an increase in exports and imports, and partly to delays in removal of goods from warehouses. In 1969/70, a much higher increase in revenue is anticipated mainly on account of FEECs earned and an anticipated higher turnover. Capital and recurrent expenditure rose in 1968/69 and are expected to rise further in 1969/70. The former was chiefly due to higher costs resulting from the recent exchange reforms, and the latter, on account of wage increases. Hence the current surplus of the Commission which ropped sharply

TABLE II (C) 10

Transport,

1. Ceylon Government Railway <sup>b</sup>		1964/65	1965/66	1966/67	1967/68	1968/69
1.1 Capital Invested (Rs. '000) <sup>c</sup>	.. ..	566,400	592,900	614,300	639,132	665,679
1.2 Track Mileage (Miles)	.. ..	1,033	1,043	1,053	1,053	1,076
1.3 Vehicles (Nos.)	.. ..	8,010	8,204	8,067	7,353	7,484
1.3.1 Locomotives	.. ..	355	357	355	344	393
1.3.2 Carriages <sup>f</sup>	.. ..	7,655	7,847	7,712	7,009	7,091
1.4 Traffic Carried						
1.4.1 Passengers (Mln.) <sup>g</sup>	.. ..	73.5	74.7	78.7	81.5	n. a.
1.4.2 Goods (Mn. tons) <sup>h</sup>	.. ..	1.6	1.7	1.8	1.8	n. a.
1.5 Traffic Mileage						
1.5.1 Passenger mileage (Mn. passenger miles)	.. ..	1498.4	1536.9	1584.9	1678.3	n. a.
1.5.2 Goods-mileage (Mn. ton-miles)	.. ..	196.4	212.1	211.9	221.5	n. a.
1.6 Total Revenue (Rs. '000)	.. ..	97,300	99,900	102,100	108,769	109,680
1.6.1 Passengers	.. ..	48,000	48,900	50,600	53,944	57,280
1.6.2 Goods	.. ..	40,400	43,700	43,300	44,154	43,912
1.6.3 Other	.. ..	8,900	7,400	8,200	8,671	8,488
1.7 Total Expenditure (Rs. '000) <sup>i</sup>	.. ..	145,100	150,200	148,300	168,444	n.a.
1.8 Profit (+) or Loss (-) <sup>d</sup> (Rs. '000)						
1.8.1 On working	.. ..	-27,600	-28,400	-22,900	-22,900	-30,998
1.8.2 Overall	.. ..	-47,800	-50,300	-46,200	-47,666	-57,439
1.9 Employment						
1.9.1 Employed Number <sup>e</sup>	.. ..	26,848	27,252	25,038	24,965	23,826
1.9.2 Total Wage-Bill (Rs. '000) <sup>j</sup>	.. ..	81,300	83,400	82,600	87,250	98,576
2. Ceylon Transport Board <sup>b</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
2.1 Capital Invested <sup>c</sup> (Rs. '000)	.. ..	227,400	256,200	345,700	439,400	567,500
2.1.1 Vehicles	.. ..	189,000	209,000	262,300	319,100	395,000
2.1.2 Other	.. ..	38,400	47,200	83,400	120,300	172,500
2.2 Vehicle Fleet (Nos.)						
2.2.1 Owned	.. ..	5,085	5,056	5,457	5,881	6,115
2.2.2 Operating Stock	.. ..	4,160	4,363	4,721	5,110	5,418
2.2.3 Available Effective	.. ..	3,721	3,937	3,772	4,077	4,325
2.2.4 Required	.. ..	4,005	4,167	3,939	4,085	4,975
2.2.5 Operated Average	.. ..	3,256	3,599	3,700	3,935	4,792
2.3 Mileage (Mn. Mls.)						
2.3.1 Scheduled	.. ..	190.7	222.0	239.4	249.9	277.6
2.3.2 Operated	.. ..	177.4	205.9	211.2	217.4	249.9
2.3.3 Lost	.. ..	18.8	21.3	28.2	32.5	27.8
2.3.4 Dead	.. ..	2.2	2.3	2.3	1.9	1.5
2.4 Capacity Utilization						
2.4.1 Total Seat Miles (Mn. miles)	.. ..	9307.1	10,868.6	11,386.8	11,643.5	13,467.6
2.4.2 Total Passengers carried (Mn. Miles)	.. ..	1025.2	1,144.8	1,250.1	1,313.6	1,435.5
2.4.3 Total Passenger Miles (Mn. Miles)	.. ..	5582.1	6,183.9	6,823.5	7,156.5	7,995.6
2.4.4 Load Factor (%)	.. ..	60.1	56.9	59.9	61.5	59.4
2.4.5 Average Vehicle Utilisation (Miles per day)	.. ..	149	157	157	157	161
2.5 Revenue (Rs. '000)	.. ..	215,700	241,000	265,600	279,500	309,700
2.5.1 Passenger fares	.. ..	211,400	236,000	259,600	273,600	304,100
2.5.2 Other	.. ..	4,300	5,000	6,000	5,900	5,600
2.6 Expenditure (Rs. '000) <sup>k</sup>	.. ..	219,900	237,900	272,900	292,200	309,200
2.7 Wage Bill (Rs. '000)	.. ..	109,600	125,100	149,700	163,300	183,300
2.8 Employment (Nos.) <sup>l</sup>	.. ..	28,441	32,165	37,547	40,097	42,728
2.9 Profit (+) or Loss (-) <sup>d</sup> (Rs. '000)	.. ..	+ 2,800	+ 3,200	- 6,709	- 13,152	- 7,971
3. Air Ceylon Limited <sup>b</sup>		1964/65	1965/66	1966/67	1967/68	1968/69
3.1 Value of Assets (Rs. '000) <sup>l</sup>	.. ..	6,334	7,126	13,303	13,698	39,910
3.2 Passengers & Goods Carried						
3.2.1 Passengers (No.)	.. ..	64,070	86,955	82,286	80,880	78,656
3.2.2 Goods (tons)	.. ..	471	531	513	550	516
3.3 Passenger & Ton Mileage						
3.3.1 Passenger m leage ('000)	.. ..	37,418	59,447	64,547	60,577	59,619
3.3.2 Goods Ton Mileage ('000)	.. ..	4,356	6,456	7,170	7,322	8,011
3.4 Capacity Utilization (Load Factor %)						
3.4.1 Internal Services	.. ..	68.1	57.6	38.2	56.4	67.1
3.4.2 Regional Services	.. ..	48.1	52.1	50.5	50.3	40.4
3.4.3 International Services	.. ..	48.1	39.8	42.4	48.0	49.6
3.5 Total Revenue (Rs. '000)	.. ..	4,888	8,855	10,348	10,593	10,697
3.6 Total Expenditure (Rs. '000)	.. ..	4,689	6,289	6,551	7,952	9,962
3.7 Profit (+) or Loss (-) <sup>d</sup> (Rs. '000)	.. ..	+ 199	+ 2,566	+ 3,797	+ 2,571	+ 735
3.8 Employment (No.) <sup>e</sup>	.. ..	244	303	584	553	605

(a) Figures for the latest 2 years are provisional. In certain instances, figures have been rounded off to nearest million.  
 (b) Figures are for Accounting year October-September except in the Port (Cargo) Corporation, whose accounting year is from August-July. (c) Cumulative as at end of year. (d) Before tax. (e) As at end of accounting year. (f) In broad gauge 4 wheelers. (g) Included season ticket travel computed on the basis of 50 journeys a month. (h) Includes non-paying goods transport. (i) Includes Annuities and Interest. (j) Includes Superannuation. (k) Includes interest paid on Government loans. (l) Including Aircraft. (m) Based on a valuation of Colombo Port assets in 1955, which amounted to Rs. 177.4 million.

## Storage & Communication<sup>a</sup>

4. Colombo Port Commission <sup>b</sup>	1965/66	1966/67	1967/68	1968/69	1969/70
4.1 Capital Expenditure (Rs. '000) <sup>cm</sup>	277,194	292,060	305,053	312,294	327,524
4.1.1 Colombo Port	248,191	267,170	273,382	280,443	290,284
4.1.2 Galle Port	13,419	20,920	25,784	29,087	31,975
4.1.3 Trincomalee Port	164	1,033	1,399	1,806	2,125
4.1.4 Other Ports	—	—	—	958	3,140
4.2 Revenue (Rs. '000)	33,789	33,777	36,328	41,000	47,932
4.2.1 Colombo Port	33,359	33,448	35,959	40,750	47,682
4.2.2 Out Ports	430	329	369	279	290
4.2.2.1 Galle Port	42	73	30	33	25
4.2.2.2 Trincomalee Port	340	234	244	217	225
4.2.2.3 Other Ports	48	22	95	29	40
4.3 Working Expenditure <sup>n</sup> (Rs. '000)	22,437	23,743	23,265	n. a.	n. a.
4.3.1 Colombo Port	21,501	22,725	22,370	26,762	30,487
4.3.2 Other Ports	298	306	215	n. a.	n. a.
4.3.3 Coast Protection	638	685	663	n. a.	n. a.
4.4 Surplus (+) or Deficit (-) (Rs. '000) <sup>p</sup>	+11,352	+10,934	+13,063	+6,590	n. a.
4.4.1 Colombo Port	+11,858	+10,723	+13,589	n. a.	n. a.
4.4.2 Other Ports	+132	+23	+154	n. a.	n. a.
4.5 Employment (Nos.) <sup>e</sup>	n. a.	n. a.	n. a.	8,489	9,968
5. Port (Cargo) Corporation <sup>b</sup>	1964/65	1965/66	1966/67	1967/68	1968/69
5.1 Capital Invested <sup>c</sup> (Rs. '000)	45,100	52,700	52,700	64,200	67,400
5.1.1 Colombo	44,400	50,100	50,100	58,100	61,000
5.1.2 Galle	700	2,600	2,600	6,100	6,100
5.1.3 Trincomalee	—	—	—	—	300
5.2 Goods Handled ('000 tons)	2,949	3,029	3,093	3,185	3,607
5.2.1 Colombo	2,849	2,957	3,040	2,906	3,277
5.2.2 Galle	100	72	53	56	51
5.2.3 Trincomalee	—	—	—	223	279
5.3 Revenue (Rs. '000)	62,000	73,700	75,800	86,700	115,554
5.3.1 Colombo	60,600	72,600	74,700	80,200	105,661
5.3.2 Galle	1,400	1,100	1,100	1,100	1,406
5.3.3 Trincomalee	—	—	—	5,400	8,487
5.4 Expenditure (Rs. '000)	70,000	76,700	80,600	101,200	115,210
5.4.1 Colombo	67,500	73,800	77,700	90,800	99,755
5.4.2 Galle	2,500	2,900	2,900	3,100	3,315
5.4.3 Trincomalee	—	—	—	7,300	12,140
5.5 Profit (+) or Loss (-) <sup>d</sup> (Rs. '000)	-8,000	-3,000	-4,800	-14,500	+344
5.5.1 Colombo	-6,900	-1,200	-3,000	-10,600	+5,906
5.5.2 Galle	-1,100	-1,800	-1,800	-2,000	-1,909
5.5.3 Trincomalee	—	—	—	-1,900	-3,653
5.6 Employment (Nos.) <sup>e</sup>	17,059	17,792	17,974	20,188	20,128
5.6.1 Colombo	16,259	16,992	17,336	17,077	16,777
5.6.2 Galle	800	800	638	631	932
5.6.3 Trincomalee	—	—	—	2,480	2,419
5.7 Total Wage Bill (Rs. '000)	51,800	56,700	67,700	83,000	n. a.
5.7.1 Colombo	50,200	54,900	65,200	74,400	n. a.
5.7.2 Galle	1,600	1,800	2,500	2,800	n. a.
5.7.3 Trincomalee	—	—	—	5,800	n. a.
6. Postal & Telecommunication Services <sup>b</sup>	1963/64	1964/65	1965/66	1966/67	1967/68
6.1 Capital Employed <sup>ca</sup> (Rs. '000)	92,700	99,000	105,200	114,500	121,400
6.2 Postal Service (Rs. '000)					
6.2.1 Income	50,700	49,800	52,500	51,500	58,500
6.2.2 Expenditure	46,200	46,000	46,500	51,400	55,900
6.2.3 Net Profit (+) or Loss (-)	+4,500	+3,800	+6,000	+100	+2,594
6.3 Telegraph Service (Rs. '000)					
6.3.1 Income	15,200	16,300	17,900	20,000	26,700
6.3.2 Expenditure	17,900	19,700	19,700	22,200	28,000
6.3.3 Net Profit (+) or Loss (-)	-2,700	-3,400	-1,800	-2,200	-1,297
6.4 Telephone Service (Rs. '000)					
6.4.1 Income	19,600	20,400	22,900	26,100	26,300
6.4.2 Expenditure	21,400	21,900	24,700	24,300	27,900
6.4.3 Net Profit (+) or Loss (-)	-1,800	-1,500	-1,800	+1,900	-1,600
6.5 Operating Results (Rs. '000)					
6.5.1 Total Income	86,500	87,300	94,200	98,700	111,529
6.5.2 Total expenditure	86,400	88,600	91,900	99,000	111,787
6.5.3 Net Profit (+) or Loss (-)	+100	-1,300	+2,300	-300	-200
6.6 Employment (Nos.) <sup>er</sup>	24,762	25,031	22,187	22,117	22,638

Source: Central Bank of Ceylon

(n) Recurrent expenditure: (p) 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: (q) Includes capital investment of Overseas Telecommunication Services whose current income and expenditure has been apportioned between Telegraph and Telephone Services. (r) 1963/64, 1964/65, 1965/66 figures are from commercial accounts. The rest is from Administration Reports.



in 1968/69, is estimated to decline again in 1969/70. It should be noted, however, that the accounts of the Commission are not kept according to commercial practices, and it is believed that such accounts are likely to show an operating loss on the Commission's activities.

**(e) Port (Cargo) Corporation**

The cargo handled by the corporation rose appreciably in 1968/69. This was due to increases at Colombo and Trincomalee, offset slightly by a decrease at Galle. The revenue of the corporation recorded a bigger increase, mainly on account of a 25 per cent increase in most charges and a 15 per cent increase in other charges. Thus, the corporation was able to end a series of continuous losses by recording a small profit. According to the Corporation's 1969/70 budget, it expects an increase in its profit by Rs. 3 million. This is mainly owing to an estimated additional income of Rs. 19 million on FEECs to be earned by the Corporation.

**(f) Port Tally and Protective Services Corporation**

Before August, 1967 the functions of tallying and watching cargo in the ports were performed by various contractors on behalf of shippers, in addition to the tallying and security services performed by the Port (Cargo) Corporation. There was considerable unrest, however, among the private tally and watching firms, due to uncertainty of employment. After several experimental solutions were tried and were found inadequate to prevent dislocation of cargo handling, the Government entrusted these functions to the above Corporation from August 1, 1967. The initial capital of the Corporation is Rs. 1 million, and at the end of 1968/69, the total employment was 791.

In 1968/69, the income of the Corporation (at Rs. 7.5 million) was higher owing mainly to a fair increase from tally services. Expenditure too rose mainly on account of higher wage and overtime payments; but on account of the higher increment in income, the Corporation more than doubled its profits (to Rs. 0.8 million). In 1969/70, the Corporation anticipates a fall in revenue, a further increase in expenses, and the estimated profit has decreased to Rs. 0.2 million.

**(g) Postal & Telecommunication Services**

The increase in the capital expenditure was mainly on the development of the telephone system (The Outer Colombo Area Development Scheme). The expenditure on postal services increased in 1967/68 chiefly on account of wage increases, but the increase in income was such that a sharp increase was recorded in the surplus. In the case of Telegraph services, the higher increase in income set off a smaller increase in expenditure and the overall loss has been reduced appreciably. The Telephone income in 1967/68 rose only marginally and a sharp increase in costs due largely to wage increases, converted the previous year's profit of Rs. 1.9 million to a loss of Rs. 1.6 million. With the subsequent increase in the telephone tariff, the service is expected to reverse this trend in future years.

**TABLE II (C) 11**  
**Wholesale & Retail Trade**

<b>1. Co-operative Wholesale Establishment<sup>a</sup></b>	<b>1965</b>	<b>1966</b>	<b>1967</b>	<b>1968</b>	<b>1969</b>
<b>1.1 Capital (Rs. '000)</b>	<b>64,000</b>	<b>75,400</b>	<b>107,500</b>	<b>116,074</b>	<b>119,112</b>
1.1.1 Fixed (voted)	12,200	10,900	16,200	17,967	20,595
1.1.2 Working (nett)	51,800	64,500	91,306	98,107	98,517
<b>1.2 Total Turnover (Rs. '000)</b>	<b>732,200</b>	<b>784,200</b>	<b>800,641</b>	<b>758,066</b>	<b>483,746</b>
<b>1.3 Total Expenditure (Rs. '000)</b>	<b>700,400</b>	<b>750,000</b>	<b>713,954</b>	<b>684,838</b>	<b>440,423</b>
<b>1.4 Profit (+) or Loss (-) (Rs. '000)<sup>c</sup></b>	<b>+27,848</b>	<b>+38,479</b>	<b>+56,021</b>	<b>+42,436</b>	<b>+12,568</b>
<b>1.5 Operating Results of Major Departments</b>					
<b>Profit or Loss (Rs. '000)</b>					
1.5 General Trading <sup>e</sup>	+23,298	+36,136	+50,089	+42,436	+12,568
1.5.2 Dried Fish	+4,550	+2,343	+6,169		
<b>1.6 Employment (Nos.)<sup>d</sup></b>	<b>4,467</b>	<b>4,918</b>	<b>5,581</b>	<b>5,205</b>	<b>5,163</b>
<b>2. Ceylon Petroleum Corporation<sup>a</sup></b>	<b>1966</b>	<b>1967</b>	<b>1968</b>	<b>1969</b>	<b>1970</b>
<b>2.1 Capital Invested (Rs. '000)<sup>b,g</sup></b>	<b>n.a.</b>	<b>n.a.</b>	<b>148,021</b>	<b>271,371</b>	<b>303,906</b>
2.1.1 Trading network	n.a.	n.a.	60,551	71,052	88,084
2.1.2 Oil Refinery	n.a.	n.a.	61,290	103,160	126,864
2.1.3 Blending Plant	n.a.	n.a.	2,794	4,595	7,198
2.1.4 Seismic Survey	n.a.	n.a.	680	1,564	2,064
<b>2.2 Oil Imports &amp; Purchases (Mn. glns.)<sup>f</sup></b>	<b>195.5</b>	<b>224.5</b>	<b>226.9</b>	<b>239.6</b>	<b>247.4</b>
2.2.1 Gasoline	42.8	39.4	42.2	44.1	45.4
2.2.2 Auto Diesel	45.4	55.5	55.9	58.5	62.5
2.2.3 Industrial Diesel	21.6	21.3	23.0	24.6	25.3
2.2.4 Furnace Oil	35.8	39.6	40.9	43.2	40.3
2.2.5 Kerosene	49.9	68.7	64.9	69.2	73.9
<b>2.3 Oil Sales (Mn. glns.)<sup>f</sup></b>	<b>200.8</b>	<b>219.4</b>	<b>230.4</b>	<b>245.3</b>	<b>247.4</b>
2.3.1 Gasoline	41.0	41.2	43.3	44.1	45.4
2.3.2 Auto-Diesel	47.2	53.2	55.9	59.2	62.5
2.3.3 Industrial Diesel	21.6	23.5	25.4	29.6	25.3
2.3.4 Furnace Oil	34.4	40.3	40.9	43.2	40.3
2.3.5 Kerosene	56.6	61.2	64.9	69.2	73.9
<b>2.4 Income (Rs. '000)</b>	<b>300,600</b>	<b>318,300</b>	<b>358,750</b>	<b>380,686</b>	<b>407,593</b>
2.4.1 Oil sales	298,800	316,100	355,630	378,000	404,000
2.4.2 Other	1,800	2,200	3,120	2,686	3,593
<b>2.5 Expenditure (Rs. '000)</b>	<b>277,500</b>	<b>303,100</b>	<b>343,299</b>	<b>363,994</b>	<b>394,395</b>
2.5.1 Purchase Price of products sold	238,500	205,800	300,140	315,000	339,524
2.5.2 Other	39,000	43,300	43,159	48,994	54,871
<b>2.6 Net Trading Profit (+) (Rs. '000)</b>	<b>+23,100</b>	<b>+16,100</b>	<b>+15,875</b>	<b>+22,592</b>	<b>+20,360</b>
<b>2.7 Employment (Nos.)<sup>d</sup></b>	<b>2,129</b>	<b>2,215</b>	<b>2,288</b>	<b>2,406</b>	<b>2,853</b>

Source: Central Bank of Ceylon.

- (a) Figures are for accounting years, January-December. Figures for the last two years are provisional or budgeted estimates. In certain instances figures have been rounded off to the nearest million.
- (b) Cumulative as at end of year.
- (c) Before Taxation.
- (d) As at end of year.
- (e) Certain expenses not allocated to various departments have been charged to 'General Trading'.
- (f) Excludes certain minor items such as lubricants, etc. Also figures from 1965 to 1968, and a part of 1969 refer to imports of oil and their sale. Figures for 1970 and a part of 1969 refer to purchase of oil from the local refinery and their sale. The oil refinery commenced commercial production and sales in October, 1969.
- (g) Includes Capital liabilities of Rs. 22 million in 1968, Rs. 91 million in 1969, and Rs. 76 million in 1970.

Thus, the commercial accounts of the above-mentioned major activities of the Postal Department reflect an overall loss in 1967/68 of the same magnitude as in the previous year.

### **Wholesale and Retail Trade**

There were two public corporations predominantly engaged in trading activity. They were the Co-operative Wholesale Establishment which concentrated on the import, purchase and sale of food and groceries, cement, hardware and other household requisites, and the Ceylon Petroleum Corporation, which took-over the nationalized trading business of private oil companies. The latter enjoyed a monopoly while the former exercised the sole right of importing certain items. Certain details of these two institutions are given at Table II (C) 11.

#### **(a) Co-operative Wholesale Establishment**

The growth of this organization and the subsequent transfer of some of its activities to other institutions was described last year.<sup>1</sup> The drop in sales in 1968 was mainly on account of decline in trading in Textiles, Tyres and Tubes, Stationary, and Provisions. Hence, the C.W.E. recorded a lower profit in 1968.

Final data in respect of 1969 are not available. According to its budget, however, a sharp decline in turnover is anticipated. This is mainly on account of the transfer of its sugar trading activity to the Food Commissioner. Thus, inspite of an anticipated higher turnover in cement and provisions, the budgeted profit for 1969 is less than one-third of its profit in the previous year.

#### **(b) Ceylon Petroleum Corporation**

Towards the end of 1969, the Corporation shifted from the import of refined petroleum products to purchase from its own Refinery and the Lubricant Blending Plant. Generally the purchases (imports plus local purchases) and sales in 1969 were higher than in the previous year. This was reflected in the higher revenue figure for 1969. The increase in the cost of purchases, however, was much lower in 1969 than the corresponding increase in the previous year. This was inspite of the impact of the Rupee devaluation and could be attributed to a shift to cheaper sources in the Asian region in that year. Thus, the Corporation was able to record a higher profit in 1969.

In 1970, the Corporation has budgeted for a smaller profit. This was on account of an anticipated higher cost of purchases and distribution expenses, off-setting an enhanced receipt from sales.

### **Construction**

Among the public enterprises that could be included in this category, the major construction agency was the State Engineering Corporation. There was also a "Heavy Construction Division" of the River Valleys Development Board

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<sup>1</sup> Annual Report, 1968. p, 114.

which was engaged in similar activity. In volume of work, however, the Government Department of Buildings was not far behind the Engineering Corporation. Certain data on the Engineering Corporation are given at Table II (C) 12.

TABLE II (C) 12

## Construction

1. State Engineering Corporation <sup>a b</sup>	1964/65	1965/66	1966/67	1967/68	1968/69
1.1 Capital Invested <sup>c</sup> (Rs. '000) .. ..	500	3,270	19,655	29,330	37,500
1.2 Value of Assets (Rs. '000) .. ..	11,487	56,620	79,100	95,250	58,000
1.3 Output (Rs. '000)					
1.3.1 Value of new contracts under taken during year .. ..	35,000	22,900	140,200	46,685	75,272
1.3.2 Value of consulting and other services provided during year .. ..	297	100	160	210	979
1.3.3 Value of contracts outstanding at the end of year .. ..	58,549	61,449	179,500	198,500	233,201
1.4 Income (Rs. '000) .. ..	16,832	24,376	20,540	36,108	94,100
1.4.1 Construction and consultancy .. ..	16,824	24,369	20,527	36,082	94,000
1.4.2 Other .. ..	8	7	13	26	100
1.5 Expenditure (Rs. '000) .. ..	16,942	20,372	26,600	32,000	n.a.
1.6 Profit (+)/Loss (-) <sup>d</sup> (R. '000) .. ..	+ 614	+ 403	+1,200	+1,500	n.a.
1.7 Employment (Nos) <sup>e</sup> .. ..	5,251	5,612	6,548	11,616	14,633
1.7.1 Labour .. ..	4,751	4,998	5,444	10,116	11,617
1.7.2 Other .. ..	500	614	1,104	1,500	3,016

Source: Central Bank of Ceylon

a. Figures for 1968/69 and 1969/70 are provisional.

b. For accounting years April-March.

c. Cumulative as at end of year

d. Before taxation

e. As at end of year-

## (a) State Engineering Corporation

The expansion of this Corporation from a small-scale construction firm to a large concern, undertaking large and complex construction projects has been a notable feature. The Corporation undertook Rs. 75 million worth of contracts in 1968/69 and the value of contracts outstanding at the end of that year was 233 million. Its income in 1968/69 was more than twice that of the previous year. Nevertheless, its declared profits have been relatively low throughout, due probably to a policy of keeping small margins on its construction projects. The last published audited accounts of the corporation were in respect of accounting year 1964/65.

## Electricity, Gas and Water

Among the enterprises that operated in this field, the major one was the Ceylon Electricity Board. The others were the Water Supply, Drainage and Local Government Works Division of the Ministry of Local Government, the River Valleys Development Board and the Water Resources Board. Also engaged in development of water resources for agricultural purposes was the government's Irrigation Department. Certain details of a few of these enterprises are given at Table II (C) 13.

### (a) Ceylon Electricity Board

The former "Department of Government Electrical Undertakings" which managed the major portion of the Electric Power Supply System in Ceylon<sup>1</sup> was converted to a public corporation on November 1, 1969.<sup>2</sup>

The Board's capital investment in 1968/69 of Rs. 92 million was the highest for a single year. This was largely invested on the stage one of the Maskeli-Oya Project. The installed capacity of the system was raised by 81 megawatts in 1968/69. This was the result of the commissioning of the new Polpitiya Power Station of 75 megawatts in April, 1969 and of the Walawe Power Station of 6 megawatts in February, 1969.

With additional capacity, the Board was able to increase its power-generation by about 20 per cent in 1968/69. The plant utilization (load) factor, however, recorded a sharp fall (to 30 per cent). This was partly because the newly commissioned units operated for only a part of the year 1968/69. It was also due to a drought which affected the supply of water. The sale of power, however, showed a smaller increase when compared to the increase in generation owing to a sharp increase in transmission losses. Of the increment in power sold, more than half was accounted for by industries, reflecting the growth and expansion of industries in Ceylon.

The expenditure rose in 1968/69, largely on account of higher generation costs and interest and annuity charges on loans. Nevertheless, on a higher turnover, the Board recorded a moderate increase in its profit. It is also noteworthy that the employment in this industry has been rising very slowly, inspite of a substantial increase in output. Progressively better utilization of man-power has been a feature of the Board's operation. The Board's future development plans include the Maskeli-Oya Project, Stage II, which is expected to develop 90 megawatts, when completed in 1973. It also plans to expand the thermal capacity at the Grandpass Power Station by 25 megawatts by 1972.

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1. Certain industries and local authorities developed and even sold small quantities of electric power under licence from the Department.
  2. The term "Electricity Board" in the ensuing analysis refers to the Department of Government Electrical Undertakings as well

**TABLE II (C) 13**  
**Electricity, Gas and Water**

<b>1. Ceylon Electricity Board<sup>a</sup></b>		1964/65	1965/66	1966/67	1967/68	1968/69
<b>1.1 Capital Invested (Rs. '000)<sup>b</sup></b>	..	471,400	525,600	579,400	649,800	741,900
<b>1.2 Capacity (Mw)</b>						
1.2.1 Installed Capacity	..	181.0	195.0	181.0	181.0	262.0
1.2.1.1 Hydro-Power	..	100.0	110.0	111.0	111.0	192.0
1.2.1.2 Thermal-Power	..	81.0	85.0	70.0	70.0	70.0
1.2.2 Effective Capacity	..	155.0	154.0	154.3	168.5	222.5
<b>1.3 Power Generated and Sold (Mln. Kwh.)</b>						
1.3.1 Units generated	..	408.6	477.6	560.8	594.4	708.3
1.3.2 Units available <sup>c</sup>	..	401.9	468.9	547.3	581.4	696.1
1.3.3 Units lost in transmission etc.	..	55.9	61.4	75.5	70.4	122.3
1.3.4 Units sold	..	346.9	407.5	471.7	511.0	573.0
<b>1.4 Electricity Sales (Mln. kwh.)</b>	..	346.9	407.5	471.8	511.1	573.7
1.4.1 Domestic	..	43.8	45.2	47.9	53.2	57.0
1.4.2 Commercial	..	63.1	67.5	71.8	77.8	77.6
1.4.3 Industrial	..	142.4	162.4	224.5	250.5	284.9
1.4.4 Local Authorities	..	94.4	106.9	123.1	121.8	143.9
1.4.5 Other <sup>f</sup>	..	3.2	25.5	4.5	7.8	10.3
<b>1.5 Total Revenue (Rs. '000)</b>	..	50,800	58,300	64,900	73,200	81,800
1.5.1 Electricity Sales	..	48,500	53,700	61,600	69,800	76,000
1.5.2 Other	..	2,500	4,600	3,300	3,400	5,800
<b>1.6 Plant Utilization Factor (per cent)<sup>g</sup></b>	..	n.a.	28.1	35.3	39.4	30.3
<b>1.7 Total Expenditure (Rs. '000)</b>	..	41,300	44,300	53,100	64,100	72,200
of which:						
1.7.1 Generation	..	6,900	4,700	6,400	10,300	12,200
1.7.2 Transmission	..	2,100	2,700	3,000	3,300	3,900
1.7.3 Distribution	..	2,600	3,200	3,400	3,500	4,000
1.7.4 Overheads <sup>h</sup>	..	5,600	6,300	6,800	8,500	10,900
1.7.5 Interest and Annuities	..	24,100	27,400	33,500	38,500	40,800
<b>1.8 Profit (+) or Loss (-) (Rs. '000)<sup>c</sup></b>	..	+6,900	+7,600	+9,000	+8,500	+9,200
<b>1.9 Employment (Nos)<sup>d</sup></b>	..	5,434	5,630	5,690	5,869	5,871
<b>2. Water Supply, Drainage &amp; Local Government Works Division (of the Ministry of Local Government)<sup>a</sup></b>		1965/66	1966/67	1967/68	1968/69	1969/70
<b>2.1 Capital Expenditure (Rs. 000)<sup>b</sup></b>	..	5,411	4,245	5,584	9,472	14,611
2.1.1 Water supply schemes <sup>i</sup>	..	5,411	4,245	5,384	9,172	14,268
2.1.2 Other	..	—	—	200	300	343
<b>2.2 Current Expenditure (Rs. 000)</b>	..	2,707	3,958	4,122	4,866	5,591
2.2.1 Maintenance of water supply schemes	..	1,938	2,588	2,877	3,260	3,131
2.2.2 Central Administration	..	769	1,370	1,245	1,606	2,460
<b>2.3 Revenue (Rs. 000)</b>	..	—	—	5	278	2,500
<b>2.4 Employment Nos.)<sup>d</sup></b>	..	272	308	321	337	1,163
<b>3. Water Resources Board<sup>d</sup></b>		1965/66	1966/67	1967/68	1968/69	1969/70
<b>3.1 Capital Receipts (Rs. '000)<sup>j</sup></b>	..	—	245	76	300	300
<b>3.2 Income (Rs. '000)</b>	..	—	245	76	335	370
<b>3.3 Expenditure (Rs. '000)</b>	..	—	165	240	274	370
<b>3.4 Surplus (+) or Deficit (-) (Rs. '000)<sup>k</sup></b>	..	—	+ 135	- 165	+ 61	n.a.
<b>3.5 Employment (Nos)<sup>d</sup></b>	..	—	15	20	28	28

Source: Central Bank of Ceylon.

- (a) For accounting years October-September. Figures from 1968/69 onwards are provisional.  
The former "Department of Government Electrical Undertakings" was converted to the above-named public corporation, on November 1, 1969. Earlier figures relate to the former Government Department.
- (b) Cumulative as at end of year. (In case of water supply, cumulative since 1965/66.)
- (c) Before taxation.
- (d) As at end of year.
- (e) Units generated less units used in stations.
- (f) Includes Gal-Oya Development Board, Public Lighting etc.
- (g) Average ratio of plant utilization.
- (h) Head Office etc.
- (i) In case of major water supply schemes, the Local Government Institutions too make capital contributions. As the expenditure out of these contributions are not available, figures represent Central Government expenditure only.
- (j) As grants.
- (k) Income less Expenditure.

**(b) Water Supply, Drainage and Local Govt. Works Division**  
*(of the Ministry of Local Government)*

The function of water supply for domestic and sometimes industrial uses (a notable public utility function performed by governments or public corporations in many countries) is handled by the above named Division of the Ministry of Local Government.<sup>1</sup> This division, along with various local government bodies, constructs, maintains and/or operates a considerable number of major and minor water supply schemes. It has a central organization headed by a Director with branches for Designs, Construction, Maintenance, Sewerage and Drainage, Rural Water Supplies and Local Government Works, and a regional island-wide organization.

In spite of several requests and reminders, data on the operation of this important Division were unobtainable. Whatever is published in Table 2 (C) 13 was collected from Government Accounts. The financing of major supply schemes are generally shared by this Division (i. e. the Government) and the benefitting local Government authority. Usually, the Government is the major contributor. Nevertheless, the investment in water supply schemes are relatively low when compared with government investments in most other activities. The government collects a nominal fee from local authorities for the supply of water, and this appears to have no relation to the costs incurred by the Government. In short, water appears to be provided more as a subsidy than being sold as a given product. It should be noted, however, that rates in lieu of water supplies are a useful source of revenue to local authorities.

With the gradual growth of industrial enterprises, predominantly in or around the major cities<sup>2</sup>, and the pressing need for the extension of public water supplies for drinking, the organizational set up and the lack of commercial attitudes in water supply would appear to need scrutiny.

**(b) Water Resources Board**

This Board's functions were mainly advisory. It was to appraise the Minister on control, development, conservation and utilization of water resources of Ceylon. In this context it was expected to concentrate on irrigation, drainage, flood control, power-development and afforestation schemes, and on proposals for control of soil erosion, pollution of water courses etc. In sum, it was to integrate all plans for water-resource development of various authorities.

The Board has devoted its attention to several major water-resource projects, and is currently engaged in preparing a comprehensive plan of development for the entire country.

**Financing, Insurance, Real Estate & Business Services**

This category included the Insurance Corporation of Ceylon (which enjoys a monopoly of all insurance business in Ceylon (except marine insurance), the Industrial Estates Corporation (which constructs and leases industrial premises)

1. Until 1966/67, it was the function of the government department of Water Supply and Drainage in the Ministry of Local Government, but since then, this department and other departments under this Ministry have been amalgamated with the Ministry, as separate 'divisions.'
2. In developed countries, industries are the major users of water.

TABLE II (C) 14

## Financing, Insurance, Real Estate &amp; Business Services

1. Insurance Corporation of Ceylon <sup>a</sup>		1964	1965	1966	1967	1968
1.1 Capital contributed (Rs. '000) <sup>b</sup>	..	10,000	10,000	10,000	10,000	10,000
1.2 Life Insurance						
1.2.1 No. of Life Policies in force (end of year) (Nos)	..	69,902	85,110	98,246	106,850	121,828
1.2.2 Value of Life Policies in force (end of year) (Rs. '000)	..	323,500	411,600	509,600	549,000	676,200
1.2.3 Premium Income (Rs. '000)	..	15,000	21,000	26,500	27,600	36,800
1.2.4 Claims (Rs. '000)	..	500	900	800	1,600	1,700
1.2.5 Life Assurance Fund (amt. at end of year) (Rs. '000)	..	14,100	28,800	49,600	71,299	97,838
1.2.6 Total Income (Rs. '000)	..	16,700	23,000	29,800	32,001	37,318
1.2.7 Total expenditure (Rs. '000)	..	7,500	8,300	9,000	9,900	13,154
1.2.8 Surplus (+) or Deficit (-) (Rs. '000) <sup>c,f</sup>	+	9,200	+14,700	+20,800	+22,101	+29,096
1.2.9 Expense ratio (Percent)	..	45.3	34.9	30.6	30.9	31.1
1.3 Fire Insurance (Rs. '000)						
1.3.1 Nett premium	..	14,500	15,545	19,189	19,158	20,303
1.3.2 Net Claims paid and outstanding	..	1,300	3,616	3,900	3,359	5,261
1.3.1 Surplus (+) or Deficit (-) <sup>c</sup>	+	5,000	+11,200	+13,400	+17,410	+12,768
1.3.4 Underwriting reserve	..	9,400	10,100	12,400	12,427	13,151
1.4 General Accident Insurance (Rs. '000)						
1.4.1 Nett Premium	..	19,900	20,819	22,274	24,567	28,975
1.4.2 Nett claims paid and outstanding	..	4,800	8,800	18,600	24,100	29,300
1.4.3 Surplus (+) or Deficit (-) <sup>c</sup>	+	2,000	+ 8,367	+ 4,780	+ 4,292	+ 2,282
1.4.4 Underwriting reserve	..	13,000	10,100	12,400	12,400	13,200
1.5 Marine Insurance (Rs. '000)						
1.5.1 Net premium	..	1,900	2,749	3,103	2,878	3,799
1.5.2 Nett claims paid and outstanding	..	800	1,300	1,400	2,958	3,837
1.5.3 Surplus (+) or Deficit (-) <sup>c</sup>	+	...	+ 600	+ 2,200	+ 1,140	+ 1,138
1.5.4 Underwriting reserve	..	1,900	—	—	2,813	3,626
1.6 Employment (Nos) <sup>d</sup>	..	n.a.	1,310	1,390	1,388	1,505
2. Industrial Estates Corporation <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
2.1 Capital Invested <sup>b</sup> (Rs. '000)	..	6,100	6,500	6,631	6,490	7,432
2.2 Capacity (No. of Industrial units)	..	43	43	43	43	77
2.3 Total Receipts (Rs. '000)	..	251	360	499	697	697
2.4 Surplus (+) or Deficit (-) <sup>c</sup> (Rs. '000)	..	+ 46	+ 52	+ 54	+ 12	+ 10
2.5 Employment (Nos) <sup>d</sup>	..	72	21	23	n.a.	n.a.
3. Colombo District (Low Lying Areas) Reclamation and Development Board		1965/66	1966/67	1967/68	1968/69	1969/70
3.1 Capital Invested (Rs. '000) <sup>b</sup>	..	—	—	n.a.	778	14,450
3.1.1 Land Reclamation	..	—	—	n.a.	539	10,000
3.1.2 Other Assets	..	—	—	n.a.	239	4,450
3.2 Revenue (Rs. '000)	..	—	—	—	2	5
3.2.1 Land Sales	..	—	—	—	—	—
3.2.1 Other	..	—	—	—	2	5
3.3 Expenditure (Rs. '000)	..	—	—	13	745	14,450
3.4 Surplus (+) Deficit (-) (Rs. '000)	..	—	—	13	205	n.a.
3.5 Employment (Nos) <sup>d</sup>	..	—	—	5	43	46

Source: Central Bank of Ceylon

a. Insurance Corporation figures are for accounting years January - December, and Industrial Estates, Corporation figures are for accounting years April to March. 1969/70 figures are budgeted figures.

b. Cumulative as at end of year.

c. Before Taxation.

d. As at end of year.

e. Including annuities and other policies.

f. Total Income minus total expenditure.



and the Colombo District (Low Lying Areas) Reclamation and Development Board (which was to reclaim water-logged land in the district for development). Certain statistics pertaining to these enterprises are given at Table II (C) 14.

**(a) Insurance Corporation of Ceylon**

An outline of the circumstances that led to the nationalization of insurance-business in Ceylon, the growth of this corporation and provisional figures for 1968 were given in last year's Annual Report.<sup>1</sup>

Final figures for 1968 are given in the Table and no data for 1969 were available. In 1968, the Corporation considerably improved its performance in Life Assurance and General Accident insurance business. It made marginal progress in Fire and Marine insurance.

**(b) Industrial Estates Corporation**

This institution continued to lease its industrial premises at Ekala. In 1968/69, 38 of the 43 units were leased out to 31 privately owned industries. Among the manufactures were galvanized metal products, stainless steel utensils, fountain pens, brushes, carbon paper, fishing accessories, paints and varnishes, cosmetics, adhesives, paper and paper products, electrical fittings, toys, agro-chemicals, fruit canning, leather products, motor spares, cookers, ceiling fans and textile printing.

The Corporation's rental income in 1968/69 was higher on account of rent-increases, but its expenditure rose higher and reduced its nominal profit.

Its future plans include the establishment of "Regional Industrial Estates". Initially, it proposes to establish such estates in Kandy (Pallekelle), Galle and Jaffna. After some initial delays, it commenced work on the Pallekelle Estate of 39 factory premises. This is scheduled for completion by the end of 1970.

**(c) Colombo District (Low-Lying Areas) Reclamation and Development Board**

This board was established in July, 1968 with a view of reclaiming an estimated 2500 acres of low-lying water-logged and hence unused land in the Colombo District. It was expected that the cost of reclamation could be recouped from the sale of reclaimed land. In 1968/69, it was mainly engaged in the preliminary planning of projects, and in 1969/70, it expects to commence reclamation. Initially, it is planned to reclaim 54 acres in Mattakuliya and 17 acres in Borella, in about two years.

**Other Services**

This category included a miscellaneous group of enterprises ranging from the Ceylon Broadcasting Corporation, the National Lotteries Board, the Coconut Fibre Board, research and propaganda institutions such as the Tea Research Institute, the Rubber Research Institute, the Coconut Research

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1. Annual Report, 1968. pp 119-120.

TABLE II (C) 15

## Other Services

1. Ceylon Broadcasting Corporation <sup>a</sup>		1964/65	1965/66	1966/67	1967/68	1968/69
1.1 Value of Assets (Rs. '000)	..	n. a.	n. a.	6,000	9,300	12,000
1.2 Revenue (Rs. '000)	..	8,500	7,800	8,800	8,900	9,000
1.2.1 Licence fees	..	4,300	3,900	4,500	4,000	3,400
1.2.2 Commercial service sale of time	..	3,700	3,400	3,500	4,000	4,800
1.2.3 Other	..	600	500	700	900	800
1.3 Expenditure (Rs. '000)	..	7,500	8,300	7,600	8,300	8,400
1.3.1 National Service	..	4,300	4,600	3,900	4,700	8,400
1.3.2 Commercial Service	..	3,200	3,700	3,700	3,600	
1.4 Profit (+) or Loss (-) (Rs. '000) <sup>c</sup>	..	+1,100	- 500	+1,200	+ 600	+ 600
1.5 Employment (nos) <sup>d</sup>	..	795	841	798	839	1,050
2. National Lotteries Board <sup>a</sup>		1964/65	1965/66	1966/67	1967/68	1968/69
2.1 Capital Invested (Rs. '000) <sup>b</sup>	..	54	20	176	602	n. a.
2.2 Number of Lotteries held	..	41	52	52	54	57
2.3 Income (Rs. '000)	..	12,265	26,306	29,940	38,949	36,246
(a) Sale of Tickets	..	11,975	25,318	28,909	37,960	36,089
(b) Other	..	281	988	1,031	989	157
2.4 Expenditure (Rs. '000)	..	6,724	14,289	16,424	22,060	21,072
(a) Value of prizes	..	4,580	10,127	11,564	15,184	14,436
(b) Administration (including commission)	..	2,144	4,162	4,860	6,876	6,636
2.5 Income less Expenditure (Rs. '000)	..	+5,532	+12,017	+13,516	+16,889	+15,174
2.6 Amount contributed to the Consolidated fund (Rs. '000) <sup>e</sup>	..	5,231	10,633	12,142	15,609	14,479
2.7 Employment (Nos) <sup>d</sup>	..	43	37	66	140	139
3. The Coconut Fibre Board <sup>a</sup>		1965/66	1966/67	1967/68	1968/69	1969/70
3.1 Value of Assets (Rs. '000) <sup>b</sup>	..	—	—	24	106	245
3.2 Income (Rs. '000)	..	—	—	93	120	120
3.3 Expenditure (Rs. '000)	..	—	—	16	180	348
3.4 Surplus (+) or Deficit (-) (Rs. '000)	..	—	—	+ 77	- 60	- 228
3.5 Employment (Nos) <sup>d</sup>	..	—	—	4	11	17

Source: Central Bank of Ceylon

a. Figures from 1968/69 and 1969/70 are provisional. In certain instances, figures have been rounded off to the nearest million. Figures are for accounting years October–September.

b. Cumulative, as at end of year.

c. Before taxation.

d. As at end of accounting year.

e. These figures differ from Government Accounts due to lags in recording.

Institute, the Ceylon Tea Propaganda Board, and the National Council of Higher Education. Data were not available in respect of several institutions, and some statistics are presented in Table II (C) 15.

**(a) Ceylon Broadcasting Corporation**

The income of the Corporation was slightly higher in 1968/69 owing chiefly to an improvement in sale of time on the commercial service. Expenditure rose moderately and the overall profit remained at the same level as in the previous year. There was, however, a moderate increase in employment towards the end of the year.

**(b) The National Lotteries Board**

The Board conducted more lotteries in 1968/69, but its income from sale of sweep-tickets showed a small decrease. It appears that, with more frequent lotteries and the novelty tending to wear-off, the Board will have to adopt novel and eye-catching selling techniques if it is to enhance its income, progressively. The administration expenses tended to rise, and as a result, the Board recorded a slightly lower profit in 1968/69.

**(c) Coconut Fibre Board**

This Board was set up in March, 1968 to meet certain ills of the fibre industry. It was felt that there was a deterioration of this traditional industry, due to low and fluctuating prices which were attributed to poor quality of the product, non-expansion of export markets (due to growth of synthetic substitutes), a glut of intermediaries and the technological backwardness of the industry. Initially, it set floor-prices for fibre products. It also initiated the setting up of a Fibre Mill and an exporting company. It has plans for assisting the modernization of existing factories.