

(B) INDUSTRIAL PRODUCTION

1. INTRODUCTION

The present survey of industrial production relates to industrial activity both in the private and public sectors in the calendar year 1970. Data on production, employment, wages, man-hours, cost of fuel and power and value of raw materials were obtained by a postal questionnaire addressed to the various industrial units followed up by personal visits, where necessary, and supplemented by information available at the Ministry of Industries and Scientific Affairs.

The object of this analysis of data on industrial activity is to evaluate the principal trends in industrial development and to highlight some of the more important features associated with performance in the various branches of the industrial sector.

The value of industrial production in 1970 recorded by an aggregate of 1853 reporting industrial units was Rs. 1945.0 million. This includes for the first time, the output of the Petroleum Refinery which commenced commercial production towards the end of 1969. If for purposes of comparison of production data for the years 1969 and 1970, the value of output of the Petroleum Refinery of Rs. 181 million is excluded, then the actual increase in the total value of industrial production in 1970 over that of the previous year is 8.4 per cent. This increase as compared with an increase of 16.3 per cent in 1969 was chiefly due to substantial increases in output recorded by a few State enterprises. The share of public and private sector industry in the total value of industrial production for 1970 was 31 per cent and 69 per cent respectively. About 58 per cent of the total value of industrial production is contributed by two main categories, namely, Food, beverages and tobacco, and Chemicals, petroleum, coal, rubber and plastic products, while 45 per cent of the labour force covered by this survey are employed in industries in these categories.

2. PRINCIPAL TRENDS

Industrial Policy

In 1970, major policy decisions on industrial development were announced by the Government with a view to reorganising the existing industrial set-up in Ceylon in keeping with the social and political objectives of the Government. In this regard, the following aspects are important:

- (a) The encouragement and fostering of those industries where there would be a greater utilisation of indigenous raw materials;
- (b) exploring the possibilities, wherever feasible, of the State importing industrial raw materials in bulk for supply to local manufacturers;
- (c) quality and price control of manufactured goods.

In approving new industries priority is to be given to those industries where the raw material content of products is wholly indigenous or where the percentage of local raw materials used is high. The implementation of this criterion

would change the pattern of raw material utilisation in industries, and will result in substantial savings in foreign exchange expenditure on imported raw materials.

The progressive import of industrial raw materials by the State is intended for the purpose of obtaining cheaper prices due to bulk purchases which in turn would contribute to a reduction in the foreign exchange outlays on raw material imports. It is also expected to eliminate foreign exchange malpractices and thereby save scarce foreign exchange which is lost through the over-invoicing of raw material imports.

The State control of raw material imports if geared to an efficient system of supplying requirements could ensure the standardization of quality and could keep production costs down to the advantage of the consumer.

Location of Industry

Table II (B) 8 shows that industrial units are concentrated in the Western Province, especially in and around Colombo. About 81 per cent of the industrial units are located in the Western Province, while the balance are spread over eight provinces. The Southern Province having the next largest concentration has 5.2 per cent of the reporting industries and the North Central Province has the lowest concentration with only 0.1 per cent.

Government's recent policy on the location of industries stipulates that high priority will be given to industries which are to be located in under-developed or non-industrialised parts of the country provided the location costs were not unfavourable. This assurance could stimulate investment in the non-industrialised areas, but a pre-requisite for this would be the provision of the basic infra-structure in non-urban areas. Government's policy of extensive electrification of the country and the development of roadways is likely to help in the dispersion of industry. The location of industry in non-urban areas, while solving the problems of unemployment and under-employment in these areas, would also to some extent relieve pressure on housing in the urban areas of the Western Province.

Production

In 1970, all 9 major categories of industries listed in Table II (B) 1 showed increases in the value of production; the highest increase was in Chemicals, petroleum, coal, rubber and plastic products, while the lowest was in the category Paper and paper products. Considering the overall increase in the value of production of Rs. 318 million, categories which were chiefly responsible for this increase were the Chemicals, petroleum, coal, rubber and plastic products (60 per cent), Food, beverages and tobacco (14 per cent) and Fabricated metal products, machinery and equipment (9 per cent).

An analysis of the performance of groups of industries in Table II (B) 2 reveals a few interesting features. The increase in the value of production of the Food preparations group was almost entirely contributed by a State enterprise which nearly doubled its value of output in 1970. In the Preserved and canned

INDUSTRIAL PRODUCTION AND

	Number of Firms				Number of Employees				Total Man-days (Thousand)			
	1967	1968	1969	1970	1967	1968	1969	1970	1967	1968	1969	1970
I. Manufacture of Food, Beverages and Tobacco ..	822	588*	654	649	26401	24878	31889	33734	7251	7122	8982	9651
II. Textiles, Wearing Apparel and Leather Industries ..	393	496	537	530	20052	35528	25469	27069	5324	9301	6433	7352
III. Manufacture of Wood and Wood Products including Furniture ..	14	20	15	11	2453	2575	3393	2907	458	752	949	738
IV. Manufacture of Paper and Paper Products ..	78	90	95	74	2660	4146	4876	4462	673	1187	1412	1195
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	246	284	276	244	8117	11213	12414	13610	1916	3124	3459	3782
VI. Manufacture of Non- Metallic Mineral Products except Petroleum and Coal ..	61	53	75	67	6118	6084	7811	8545	1581	1670	2131	2287
VII. Basic Metal Products ..	—	1	1	1	—	950	960	963	—	260	288	270
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment ..	183	253	282	228	7648	15529	16119	12448	1970	3932	4501	3320
IX. Manufactured Products, n.e.s. ..	33	19	27	49	506	445	795	1367	144	114	212	395
Total ..	1830	1804	1962	1853	73955	101348	103726	105105	19315	27462	28367	28990

* Wage Bill is in respect of only 365 firms.

TABLE II (B) 1

EMPLOYMENT 1967-1970 STATISTICAL SUMMARY

Wage Bill (Rupees Million)				Production Value (Rupees Million)				Wage per Man-day (Rupees)				Man-days per Employee			
1967	1968	1969	1970	1967	1968	1969	1970	1967	1968	1969	1970	1967	1968	1969	1970
52.0	46.8	58.3	64.4	422.3	609.6	641.8	684.5	7.17	6.57	6.49	6.67	275	286	282	286
25.8	46.0	31.8	46.0	177.1	224.3	267.1	282.7	4.85	4.95	4.94	6.25	266	262	253	272
3.1	6.6	7.0	8.8	10.4	16.9	18.0	21.2	6.77	8.78	7.38	11.89	187	292	280	254
5.2	8.9	10.8	10.7	34.7	54.6	62.3	65.0	7.73	7.50	7.65	8.92	253	286	290	268
15.9	30.8	34.1	39.1	136.7	203.3	249.8	439.2	8.30	9.86	9.86	10.33	236	279	279	278
11.2	17.1	18.6	26.1	69.5	92.8	123.3	138.8	7.08	10.24	8.73	11.42	258	275	273	268
—	3.4	4.0	2.8	—	27.3	28.8	38.9	—	13.08	13.89	10.55	—	274	300	280
14.1	28.2	33.7	29.4	102.0	167.1	226.2	256.1	7.16	7.17	7.49	8.87	258	253	279	267
0.7	0.6	1.2	2.1	1.5	2.7	9.5	18.6	4.93	5.26	5.66	5.40	281	256	267	289
128.0	188.4	199.5	229.4	954.2	1398.6	1626.8	1945.0	6.62	6.86	7.03	7.91	261	271	273	276

Source: Central Bank of Ceylon.

VALUE OF INDUSTRIAL PRODUCTION 1966-70 CLASSIFIED BY

Industrial Group	Value of Production (Rupees Million)				
	1966	1967	1968	1969	1970
1. Manufacture of Food, Beverages and Tobacco ..	389.9	422.3	609.6	641.8	684.5
(a) Food Preparations ..	134.5	130.6	250.0	230.5	250.6
(b) Vegetable Oils and Fats ..	142.3	139.7	162.0	169.5	170.1
(c) Preserved and Canned Fruits, Vegetables, Meat, Fish and other Sea Foods ..	5.1	6.7	8.4	8.6	11.8
(d) Biscuits, Cocoa, Chocolate and Sugar Confectionery ..	38.6	33.3	44.3	49.9	50.5
(e) Beverages and Spirits ..	17.1	20.0	34.4	77.4	94.9
(f) Tobacco ..	52.3	92.0	110.5	105.9	106.6
2. Textiles, Wearing Apparel and Leather Industries	178.9	177.1	224.3	267.1	282.7
(a) Knitted Fabrics and Articles, Made-up Garments and other Apparel except Footwear	56.1	48.1	55.7	56.0	64.3
(b) Spinning, Weaving and Finishing of Textiles	95.1	97.1	136.2	172.2	173.3
(c) Footwear and Leather Products ..	27.7	31.9	32.4	38.9	45.1
3. Manufacture of Wood and Wood Products Including Furniture ..	6.5	10.4	16.9	18.0	21.2
(a) Manufactures of Wood ..	—	3.6	8.0	9.2	10.4
(b) Plywood ..	6.5	6.8	8.9	8.8	10.8
4. Manufacture of Paper and Paper Products	33.8	34.7	54.6	62.3	65.0
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	137.2	136.7	203.3	249.8	439.2
(a) Industrial Chemicals ..	1.9	1.9	2.3	2.2	3.1
(b) Miscellaneous Chemical Products ..	101.9	98.2	118.9	155.6	155.9
(c) Petroleum and Coal Products ..	—	—	8.3	11.0	191.0
(d) Rubber Products ..	18.9	20.7	41.3	52.8	56.4
(e) Plastic Products ..	14.5	15.9	32.5	28.2	32.8
6. Manufacture of Non-Metallic Mineral Products Except Petroleum and Coal ..	32.5	69.5	92.8	123.3	138.8
(a) Ceramics ..	2.3	4.4	8.5	8.7	8.0
(b) Glass and Glass Products ..	—	—	4.8	7.7	8.1
(c) Cement, Cement Products and Asbestos Products ..	28.8	53.5	70.0	89.0	104.8
(d) Manufacture of Ilmenite ..	1.4	1.4	2.2	3.1	4.7
(e) Bricks and Tiles ..	—	10.2*	7.3	14.8	13.2
7. Basic Metal Products ..	—	—	27.3	28.8	38.9
(a) Iron and Steel Basic Industries ..	—	—	27.3	28.8	38.9
8. Manufacture of Fabricated Metal Products, Machinery and Equipment ..	69.8	102.0	167.1	226.2	256.1
(a) Fabricated Metal Products other than Machinery and Equipment ..	49.0	54.1	79.4	82.0	96.9
(b) Machinery (except Electrical) and Transport Equipment ..	—	19.8	45.9	77.9	70.8
(c) Electrical Machinery, Apparatus, Appliances and Supplies ..	20.8	28.1	41.8	66.3	88.4
9. Manufactured Products N.E.S. ..	1.7	1.5	2.7	9.5	18.6
Total ..	850.3	954.2	1398.6	1626.8	1945.0

* Includes Glass and Glass Products.

TABLE II (B) 2

TYPE OF INDUSTRY AND BY PRINCIPAL PRODUCTS

% Within Industry					% of Total Industrial Production				
1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
100.0	100.0	100.0	100.0	100.0	45.9	44.3	43.6	39.5	35.2
34.5	30.9	41.0	35.9	36.6	15.8	13.3	17.9	14.2	12.9
36.5	33.1	26.6	26.4	24.9	16.7	13.0	11.6	10.4	8.7
1.3	1.6	1.4	1.3	1.7	0.6	0.7	0.6	0.5	0.6
9.9	7.9	7.3	7.8	7.4	4.5	3.5	3.2	3.1	2.6
4.4	4.7	5.6	12.1	13.9	2.0	2.8	2.4	4.8	4.9
13.4	21.8	18.1	16.5	15.6	6.2	8.9	7.9	6.5	5.5
100.0	100.0	100.0	100.0	100.0	21.0	18.6	16.0	16.4	14.5
31.4	27.2	24.8	21.0	22.7	6.6	5.0	4.0	3.4	3.3
53.1	54.8	60.7	64.5	61.3	11.2	10.2	9.7	10.6	8.9
15.5	18.0	14.5	14.5	16.0	3.2	3.4	2.3	2.4	2.3
100.0	100.0	100.0	100.0	100.0	0.8	1.1	1.2	1.1	1.1
—	34.6	47.3	51.1	49.1	—	0.4	0.6	0.6	0.5
100.0	65.4	52.7	48.9	50.9	0.8	0.7	0.6	0.5	0.6
100.0	100.0	100.0	100.0	100.0	4.0	3.6	3.9	3.8	3.3
100.0	100.0	100.0	100.0	100.0	16.1	14.3	14.5	15.3	22.6
1.4	1.4	1.1	0.9	0.7	0.2	0.2	0.2	0.1	0.2
74.3	71.8	58.5	62.3	35.5	12.0	10.3	8.5	9.6	8.0
—	—	4.1	4.4	43.5	—	—	0.6	0.7	9.8
13.8	15.2	20.3	21.1	12.8	2.2	2.2	3.0	3.2	2.9
10.5	11.6	16.0	11.3	7.5	1.7	1.6	2.3	1.7	1.7
100.0	100.0	100.0	100.0	100.0	3.8	7.3	6.6	7.6	7.1
7.1	6.3	9.1	7.1	5.8	0.3	0.5	0.6	0.5	0.4
—	—	5.2	6.2	5.8	—	—	0.3	0.5	0.4
88.6	77.0	75.4	72.2	75.5	3.4	5.6	5.0	5.5	5.4
4.3	2.0	2.4	2.5	3.4	0.1	0.1	0.2	0.2	0.2
—	14.7	7.9	12.0	9.5	—	1.1	0.5	0.9	0.7
—	100.0	100.0	100.0	100.0	—	—	2.0	1.8	2.0
—	100.0	100.0	100.0	100.0	—	—	2.0	1.8	2.0
100.0	100.0	100.0	100.0	100.0	8.2	10.7	12.0	13.9	13.2
70.2	53.0	47.5	36.3	37.8	5.8	5.7	5.7	5.0	5.0
—	19.4	24.2	34.4	27.6	—	2.1	3.3	4.8	3.6
29.8	27.5	28.3	29.3	34.5	2.4	2.9	3.0	4.1	4.5
100.0	100.0	100.0	100.0	100.0	0.2	0.1	0.2	0.6	1.0
					100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Ceylon.

fruit, vegetable, meat, fish and other sea food group, although there was a reduction in the number of firms, yet, there was an increase in the value of output of approximately 37 per cent. The contraction in the number of firms in this group could be attributed to the expansion in the output by a State enterprise whose value of production increased by 51 per cent in 1970. The Beverages and spirits group whose output has increased considerably is accounted for by a 23 per cent increase in output in the sub-group Beverages. The Garments and Footwear groups also show increases in the value of output. In the Garments group, although there was a reduction in the number of firms, an increase in output was recorded due to the expansion in production by a few large firms.

In the main category Chemicals, petroleum, coal, rubber and plastic products, the group Petroleum and coal products shows an increase in the value of output of Rs. 181 million, contributed entirely by the Petroleum Refinery which commenced commercial production towards the end of 1969, and has been included in this survey for the first time. The increase in the value of output of the group Cement, cement products and asbestos products was also due to the expansion in production by the Cement Corporation whose output rose by 16 per cent. Another group which recorded an appreciable increase in output was Electrical machinery, apparatus, appliances and supplies where the value of production rose by as much as 33 per cent. This group of industries has shown a steady upward trend in the value of production in the period 1967-1970, increasing by an average of 47 per cent per year. A substantial increase in production in this group may be explained by the increase in demand for electrical appliances and equipment resulting from rural electrification and increased incomes generated in the agricultural sector.

A classification of industrial sub - groups according to increase in value of production is at Table II (B) 2 (1).

TABLE II (B) 2 (1)

Rs. 0 - 5 million	Rs. 5 - 20 million	Rs. 20-50 million	More than Rs. 50 million
Vegetable oils and fats Preserved foods Biscuits and confectionery Tobacco Spinning and weaving Wood Plywood Paper products Industrial chemicals Miscellaneous chemicals Rubber products Plastic products Glass products Ilmenite	Beverages and spirits Knitted fabrics Footwear and leather Cement and cement products Iron and steel Fabricated metal Manufactured products, n. e. s	Miscellaneous food preparations Electrical machinery	Petroleum and coal products

In 1970, all sub - groups except Bricks and tiles, Machinery and equipment and Ceramics recorded increases in the value of production. However, three sub-groups which had an increase in output between Rs. 5-20 million and two sub-groups with an increase in output between Rs. 20-50 million in 1969 have been relegated to the Rs.0-5 million range in 1970. Similarly, one sub-group in the Rs. 20-50 million range in 1969 has moved down into the Rs. 0-5 million range in 1970. Only one sub-group, namely, Petroleum and coal products recorded an increase in output exceeding Rs. 50 million.

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

Industrial Group	Change in No. of Reporting Firms	Change in Value of Production	
		Rs.	Mn.
1. Manufacture of Food, Beverages and Tobacco ..	- 5	+ 42.7	
2. Textiles, Wearing Apparel and Leather Industries ..	- 7	+ 15.6	
3. Manufacture of Wood and Wood Products including Furniture ..	- 4	+ 3.2	
4. Manufacture of Paper and Paper Products ..	- 21	+ 2.7	
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	- 32	+ 189.4	
6. Manufacture of Non-Metallic Mineral Products except Petroleum and Coal ..	- 8	+ 15.5	
7. Basic Metal Products ..	—	+ 10.1	
8. Manufacture of Fabricated Metal Products, Machinery and Equipment ..	- 54	+ 29.9	
9. Manufactured Products n. e. s. ..	+ 22	+ 9.1	
Total ..	- 109	+ 318.2	

Source: Central Bank of Ceylon.

Table II (B) 2 (2) gives the change in the number of firms and the corresponding change in the value of production. In all major categories except Basic Metal Products (no change), despite the decrease in the number of units there has been an increase in the value of output. Firms that have closed down are mainly the smaller units and this has had no significant impact on the value of production.

3. STRUCTURE AND PATTERN OF INDUSTRIALISATION

The data relating to the value of production for the period 1966-70 as set out in Table II (B) 2 show that the shares of the two categories, Food, beverages and tobacco; and Textiles, wearing apparel and leather industries have gradually declined from 45.9 per cent and 21.0 per cent in 1966 to 35.2 per cent

and 14.5 per cent in 1970, respectively. On the other hand, the shares of the two categories Chemicals, petroleum, coal, rubber and plastic products; and Fabricated metal products, machinery and equipment have increased from 16.1 per cent and 8.2 per cent in 1966 to 22.6 per cent and 13.2 per cent in 1970 respectively.

Some of the sub-groups illustrated in Table II (B) 2 have had significant increases in the value of production in the year 1970. In the sub-group Beverages and spirits, the increase has been solely due to the expansion in output of beer and stout, and aerated mineral waters, whose production increased by 38 per cent and 48 per cent respectively. In the Preserved and canned products sub-group, the increase in output is accounted for by two units which have increased their output of canned products and preserved meats by 55 per cent and 137 per cent respectively. The rapid expansion in the production of preserved meats is a result of import substitution, and also increased consumer demand for these products by the hotel and tourist trade.

A classification of industrial production by the major economic categories, namely, consumer goods, intermediate goods and investment goods, as given in Table II (B) 3 shows that over the period 1966-70, while the share of consumer goods has been decreasing from 56.5 per cent in 1966 to 47.6 per cent in 1970, the shares of intermediate and investment goods have increased from 34.9 per cent and 8.6 per cent in 1966 to 36.0 per cent and 16.4 per cent in 1970, respectively. Consumer goods which recorded significant increases in production in 1970 were dairy products, beer and stout, aerated mineral waters, preserved meats and shirts, while in the intermediate category, paper cartons and boxes, wrapping paper, electrical machinery and supplies and petroleum and coal products showed marked increases in production. In the investment goods category, increases in production were recorded by galvanised products, machinery (except electrical machinery), cement, cement products, asbestos products, rolled steel and wire products.

4. THE SIZE OF THE INDUSTRIAL UNIT

An evaluation of data relating to size distribution of firms based on value of output (Table II (B) 4) indicates a definite trend of polarisation of output among the larger firms. In 1970, of the total number, 10 per cent of the firms whose value of output was Rs. 2 million and over contributed as much as 82.8 per cent of total output. This trend is very clearly illustrated by data for the period 1966-70. In 1966, 6.2 per cent of firms in the output category of Rs. 2 million and over accounted for 63.6 per cent of output, while the corresponding figures for 1967 and 1969 are 5.5 and 66.4, and 8.2 and 78.1 per cent respectively. In the other two categories of less than Rs. 250,000, and Rs. 250,000 and less than Rs. 2 million, the opposite trend is witnessed, where a higher percentage of firms produced a very small share of output. In 1970, a total of 958 firms in the category less than Rs. 250,000 produced only 4 per cent of total output, while in 1969, it was 1,105 and 5.9 per cent respectively. In the category of Rs. 250,000 and less than Rs. 2 million, 289 firms contributed 13.2 per cent of output in

TABLE II (B) 3
VALUE OF INDUSTRIAL PRODUCTION 1966-1970
by Major Economic Categories

	Rupees Million					Per cent.				
	1966	1967	1968	1969	1970	1966	1967	1968	1969	1970
A. Consumer Goods	480.3	528.9	694.8	841.4	926.4	56.5	55.4	49.7	51.7	47.6
I. Food, Drink and Tobacco	144.0	185.7	238.4	287.6	346.7	16.9	19.5	17.0	17.7	17.8
(a) Food Preparations ⁽¹⁾	30.9	33.7	40.8	45.8	82.9	3.6	3.5	2.9	2.8	4.3
(b) Preserved and Canned Fruits, Vegetables, Meat, Fish and Other Sea Foods ⁽²⁾	5.1	6.7	8.4	8.6	11.8	0.6	0.7	0.6	0.5	0.6
(c) Biscuits and Sugar Confectionery	38.6	33.3	44.3	49.9	50.5	4.5	3.5	3.2	3.1	2.6
(d) Aerated Waters	11.6	14.5	17.3	17.9	26.6	1.4	1.5	1.2	1.1	1.4
(e) Arrack, Beer, Stout etc., ⁽³⁾	5.5	5.5	17.1	59.5	68.3	0.6	0.6	1.2	3.7	3.5
(f) Tobacco	52.3	92.0	110.5	105.9	106.6	6.2	9.7	7.9	6.5	5.5
II. Garments ⁽⁴⁾	56.1	48.1	55.7	56.0	64.3	6.6	5.0	4.0	3.4	3.3
III. Footwear and Leather Products	27.7	31.9	32.4	38.9	45.1	3.3	3.3	2.3	2.4	2.3
IV. Miscellaneous Chemical Products ⁽⁵⁾	101.9	98.2	118.9	155.6	155.9	12.0	10.3	8.5	9.6	8.0
V. Manufacture of Paper and Paper Products ⁽⁶⁾	22.3	20.8	19.4	13.4	13.1	2.6	2.2	1.4	0.8	0.7
VI. Fabricated Metal Products other than Machinery and Equipment ⁽⁷⁾	7.7	7.7	9.1	13.1	3.4	0.9	0.8	0.7	0.8	0.2
VII. Plastic Products	14.5	15.9	32.5	28.2	32.8	1.7	1.8	2.3	1.7	1.7
VIII. Glass and Glass Products	—	—	4.8	7.7	8.1	—	—	0.3	0.5	0.4
IX. Ceramics	2.3	4.4	8.5	8.7	8.0	0.3	0.5	0.6	0.5	0.4
X. Rubber Products ⁽⁸⁾	7.0	14.0	28.2	41.3	46.7	0.8	1.4	2.0	2.5	2.4
XI. Spinning, Weaving and Finishing of Textiles	95.1	97.1	136.2	172.2	173.3	11.2	10.2	9.7	10.6	8.9
XII. Manufactures of Wood	—	3.6	8.0	9.2	10.4	—	0.4	0.6	0.6	0.5
XIII. Manufactured Products, n.e.s. ⁽⁹⁾	—	1.5	2.7	9.5	18.6	0.2	0.1	0.2	0.6	1.0
B. Intermediate Goods	296.5	297.2	478.8	505.2	699.2	34.9	31.2	34.2	31.1	36.0
I. Food Preparations ⁽¹⁰⁾	245.9	236.6	371.2	354.2	337.8	28.9	24.8	26.5	21.8	17.4
II. Fabricated Metal Products other than Machinery and Equipment ⁽¹¹⁾	8.5	8.5	8.9	10.7	11.5	1.0	0.9	0.6	0.7	0.6
III. Manufacture of Paper and Paper Products ⁽¹²⁾	11.5	13.9	35.2	48.9	51.9	1.4	1.5	2.5	3.0	2.7
IV. Plywood	6.5	6.8	8.9	8.8	10.8	0.8	0.7	0.6	0.5	0.6
V. Manufacture of Ilmenite	1.4	1.4	2.2	3.1	4.7	0.2	0.1	0.2	0.2	0.2
VI. Industrial Chemicals ⁽¹³⁾	1.9	1.9	2.3	2.2	3.1	0.2	0.2	0.2	0.1	0.2
VII. Electrical Machinery, Apparatus, Appliances and Supplies	20.8	28.1	41.8	66.3	88.4	2.4	3.0	3.0	4.1	4.5
VIII. Petroleum and Coal Products	—	—	8.3	11.0	191.0	—	—	0.6	0.7	9.8
C. Investment Goods	73.5	128.1	225.0	280.2	319.4	8.6	13.4	16.1	17.2	16.4
I. Fabricated Metal Products other than Machinery and Equipment ⁽¹⁴⁾	32.8	37.9	61.5	58.2	82.0	3.8	4.0	4.4	3.5	4.2
II. Rubber Products ⁽¹⁵⁾	11.9	6.7	13.0	11.5	9.7	1.4	0.7	0.9	0.7	0.5
III. Cement, Cement Products and Asbestos Products	28.8	53.5	70.0	89.0	104.8	3.4	5.6	5.0	5.5	5.4
IV. Machinery (except Electrical and Transport Equipment)	—	19.8	45.9	77.9	70.8	—	2.0	3.3	4.8	3.6
V. Bricks and Tiles	—	10.2*	7.3	14.8	13.2	—	1.1	0.5	0.9	0.7
VI. Iron and Steel Basic Industries ⁽¹⁶⁾	—	—	27.3	28.8	38.9	—	—	2.0	1.8	2.0
TOTAL	850.3	954.2	1,398.6	1,626.8	1,945.0	100.0	100.0	100.0	100.0	100.0

* Include glass and glass products.

Source: Central Bank of Ceylon.

- | | |
|--|---|
| <ul style="list-style-type: none"> 1. Dairy products, ice cream, salt etc. 2. Jams, jellies, sauces, fruit cordials, etc. 3. Production figures for arrack relate to 1968, 1969 and 1970 only. 4. Shirts, banians, etc. 5. Pharmaceuticals, cosmetics, soaps and cleaning compounds, matches, toothpaste, etc. 6. Writing paper, exercise books, etc. 7. Aluminium ware. 8. Car and cycle tyres and tubes, toys and household goods. | <ul style="list-style-type: none"> 9. Brushes, slates, printing blocks, toys, musical instruments, etc. 10. Cattle and poultry foods, vegetable oil, ice, desiccated coconut, etc. 11. Containers. 12. Printing paper, cartons, other packing boxes and wrapping paper. 13. Caustic soda and chlorine. 14. Barbed wire and wire nails, galvanised products. 15. Tyre retreading. 16. Rolled sections and wire products. |
|--|---|

TABLE II (B) 4
SIZE DISTRIBUTION OF MANUFACTURING FIRMS 1970,
BASED ON VALUE OF OUTPUT

Industrial Group		Value of Output			
		Rs. <250 Th.	Rs. 250 Th.- <2 Mn.	Rs. 2 Mn. and over	Total
I. Manufacture of Food, Beverages & Tobacco	No. of firms % of output	115 3.0	35 8.0	24 89.0	174 100.0
II. Textiles, Wearing Apparel and Leather Industries	No. of firms % of output	432 8.4	76 19.2	22 72.4	530 100.0
III. Manufacture of Wood and Wood Products including Furniture	No. of firms % of output	3 1.0	6 23.2	2 75.8	11 100.0
IV. Manufacture of Paper and Paper Products	No. of firms % of output	42 6.4	26 33.1	6 60.5	74 100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	No. of firms % of output	161 2.4	56 8.5	27 89.1	244 100.0
VI. Manufacture of Non-metallic Mineral Products except Petroleum and Coal	No. of firms % of output	43 2.7	15 7.1	9 90.2	67 100.0
VII. Basic Metal Products	No. of firms % of output	— —	— —	1 100.0	1 100.0
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment	No. of firms % of output	124 3.7	67 17.8	37 78.5	228 100.0
IX. Manufactured Products, n.e.s.	No. of firms % of output	38 9.7	8 32.9	3 57.4	49 100.0
Total	No. of firms % of output	958 4.0	289 13.2	131 82.8	1378 100.0

Source: Central Bank of Ceylon.

1970, while the corresponding data for the previous year were 306 and 16.0 per cent respectively. As may be observed in Table II (B) 4 (1), the extent of concentration of output in a few firms varies in the different categories of industries.

In the Biscuit and confectionery group, 83.2 per cent of output is accounted for by 8 firms, while 4 firms in the Beverages group, and 5 firms in the Tobacco group contributed 90.5 per cent and 84.7 per cent of output respectively. Footwear and Cement and asbestos products are two other groups of industries where large firms have dominated the market.

Data on the size distribution of firms, based on the wage bill, as depicted in Table II (B) 5 also bear a direct relationship to the concentration of output in a few firms. In the category where wages are Rs. 500,000 and over, 74 of a total of 1,378 firms account for 70.5 per cent of the total wage bill in 1970, while in the category of less than Rs. 15,000, 692 of a total of 1,378 firms account for only 2.4 per cent of the total wage bill.

The trend in the consolidation of the larger industrial units is further illustrated in Table II (B) 4 (1) by data relating to production, employment and wages of 180 firms whose value of output exceeds Rs. 1 million.

TABLE II (B) 4 (1)
Employment, Wage Bill and Value of Production of Selected Firms¹

Industry	No. of Firms	Employment	Wage Bill	Value of Production	(4) as a % of Total Value of Production
	(1)	(2)	Rs. Th. (3)	Rs. Th. (4)	(5)
1. Food preparations ..	10	5,374	13,810	150,799	60.2
2. Preserved and canned food ..	4	422	818	8,222	69.5
3. Biscuits and confectionery ..	8	1,343	2,585	41,985	83.2
4. Beverages ..	4	1,727	7,029	39,844	90.5
5. Tobacco ..	5	4,320	15,763	90,334	84.7
6. Garments and apparel ..	12	3,258	5,835	40,511	63.0
7. Spinning and weaving ..	18	11,227	23,626	130,797	75.5
8. Footwear and leather ..	6	2,115	6,964	37,838	83.8
9. Wood ..	4	1,723	4,230	8,911	85.6
10. Paper and paper products ..	13	2,373	7,470	51,482	79.2
11. Miscellaneous chemicals ..	20	3,770	13,603	139,129	89.2
12. Petroleum and coal products ..	2	747	4,003	190,394	99.7
13. Rubber products ..	4	3,115	11,200	48,327	85.6
14. Plastic products ..	9	1,185	2,621	24,671	75.3
15. Glass and glass products ..	2	734	1,526	5,352	66.7
16. Cement and asbestos ..	4	3,167	14,122	102,573	97.9
17. Bricks and tiles ..	3	1,086	2,041	7,372	56.1
18. Fabricated metal products ..	17	3,110	6,934	62,445	64.4
19. Machinery and transport equipment ..	15	2,566	7,889	56,052	79.2
20. Electrical machinery ..	17	1,968	5,643	83,586	94.6
21. Manufactured products n.e. s ..	3	322	545	10,681	57.5
Total ..	180 (9.7)*	55,652 (52.9)*	158,257 (69.0)*	1,331,305 (68.4)*	68.4
Grand Total ..	1,853	105,105	229.4(Mn)	1,945.0(Mn)	

1. Production value over Rs. 1 million.

* Expressed as percentage of grand total.

TABLE II (B) 5

SIZE DISTRIBUTION OF MANUFACTURING FIRMS 1970, BASED ON WAGE BILL

Industrial Group		<Rs. 15 Th.	Rs. 15 Th.- < 50 Th.	Rs. 50 Th.- < 500 Th.	Rs. 500 Th. and over	Total
I. Manufacture of Food, Beverages and Tobacco	..	No. of Firms 89	37	36	12	174
		% of Wage Bill 1.7	3.7	17.9	76.7	100.0
II. Textiles, Wearing Apparel and Leather Industries	..	No. of Firms 343	106	65	16	530
		% of Wage Bill 5.2	5.9	18.6	70.3	100.0
III. Manufacture of Wood and Wood Products including Furniture	..	No. of Firms —	4	4	3	11
		% of Wage Bill —	1.1	7.9	91.0	100.0
IV. Manufacture of Paper and Paper Products	..	No. of Firms 24	25	22	3	74
		% of Wage Bill 1.9	7.1	35.9	55.1	100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	..	No. of Firms 113	64	50	17	244
		% of Wage Bill 1.8	4.5	17.8	75.9	100.0
VI. Manufacture of Non-metallic Mineral Products except Petroleum and Coal	..	No. of Firms 21	17	22	7	67
		% of Wage Bill 0.6	1.8	12.3	85.3	100.0
VII. Basic Metal Products	..	No. of Firms —	—	—	1	1
		% of Wage Bill —	—	—	100.0	100.0
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment	..	No. of Firms 68	67	78	15	228
		% of Wage Bill 1.7	7.0	45.1	46.2	100.0
IX. Manufactured Products, n.e.s.	..	No. of Firms 34	4	11	—	49
		% of Wage Bill 10.5	4.7	84.8	—	100.0
Total	..	No. of Firms 692	324	288	74	1378
		% of Wage Bill 2.4	4.6	22.5	70.5	100.0

Source: Central Bank of Ceylon.

It is interesting to note that only 180 units or 9.7 per cent of the total number of reporting firms account for 69.0 per cent of the total wage bill and 68.4 per cent of the total value of industrial production.

5. EMPLOYMENT AND WAGES

In 1970, inspite of the decline in the number of reporting firms by 109, there was an expansion in employment, which is indicated both by the increase in the number of employees and the man-days per employee. The number of employees rose from 103,726 in 1969 to 105,105 in 1970, while the man-days per employee increased from 273 to 276 over the same period. Categories where an increase in the value of production was accompanied by a significant increase in the number of employees were Food, beverages and tobacco and Textiles, wearing apparel and leather industries which are mainly labour intensive, and the Chemicals, petroleum, coal, rubber and plastic products which includes for the first time the data relating to the Petroleum Refinery. On the other hand, in the category Fabricated metal products, machinery and equipment, a contraction in the number of firms and employees has had no impact on the value of output which increased by Rs. 29 million, mainly because these industries are not labour intensive.

About 75 per cent of employees in the industrial sector comprise males, while permanent and casual labour are 80 and 20 per cent of total employees respectively.

The total wage bill of reporting firms increased from Rs. 199.5 million in 1969 to Rs. 229.4 million in 1970. Moderate gains were recorded in the wage bills of the categories Food, beverages and tobacco (10 per cent) and Chemicals, petroleum, coal, rubber and plastic products (15 per cent), while Non-metallic mineral products except petroleum and coal; and, Textiles, wearing apparel and leather industries had increases of 40 and 45 per cent respectively.

In the category Food, beverages and tobacco which has the highest wage bill, 33,734 employees or 32 per cent of total employees producing 35 per cent of total output received Rs. 64.4 million or 28 per cent of total wages. The Textiles wearing apparel and leather industries has the next highest wage bill of Rs. 46.0 million or 20 per cent of the total wages. These wages were received by 27,069 employees representing 26 per cent of total employees. The two above mentioned categories alone account for 48.58 and 50 per cent of total wages, employment and production respectively.

Wages per man-day and man-days per employee also recorded increases in 1970. Three categories which have low wages per man-day are Food, beverages and tobacco; Textiles, wearing apparel and leather industries; and, Manufactured products (not elsewhere specified). The lower wages per man-day in these categories are attributable to the relatively high percentage of female or casual workers whose wages are usually less than that of male or permanent employees.

6. USE OF RAW MATERIALS

An analysis of data at Table II (B) 6 relating to raw material utilisation in local industry reveals a few facts which are far from encouraging. About three-fourths of the raw materials required for industry originate from foreign sources

TABLE II (B) 6
PRODUCTION AND RAW MATERIALS - 1970

Industrial Group	Number of Firms	Production Rs. Mn.	Raw Materials (Rupees Thousand)					
			Local		Foreign		Total	
			Value	Percentage	Value	Percentage	Value	Percentage
I. Manufacture of Food, Beverages and Tobacco ..	147	214.0	46,710	37.6	77,646	62.4	124,356	100.0
II. Textiles, Wearing Apparel and Leather Industries	507	233.4	29,487	26.9	80,009	73.1	109,496	100.0
III. Manufacture of Wood and Wood Products including Furniture ..	11	21.2	8,118	82.3	1,747	17.7	9,864	100.0
IV. Manufacture of Paper and Paper Products ..	68	61.0	15,049	44.2	19,025	55.8	34,074	100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	214	381.7	35,109	15.2	195,286	84.8	230,395	100.0
VI. Manufacture of Non-Metallic Mineral Products except Petroleum and Coal ..	61	133.7	22,675	55.4	18,239	44.6	40,914	100.0
VII. Basic Metal Products ..	1	38.9	—	—	24,022	100.0	24,022	100.0
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment ..	211	239.8	25,964	17.2	124,651	82.8	150,615	100.0
IX. Manufactured Products, n.e.s. ..	31	13.9	1,525	21.8	5,486	78.2	7,011	100.0
Total ..	1251	1337.6	184,637	25.3	546,110	74.7	730,747	100.0

Source: Central Bank of Ceylon.

and this pattern of raw material utilisation has remained almost static during the period 1966-70. The situation is even less optimistic in the categories Fabricated metal products, machinery and equipment; and, Chemicals, petroleum, coal, rubber and plastic products, where there has been a definite trend of increasing utilisation of foreign raw materials. However, there are a few categories such as Paper and paper products and Non-metallic mineral products, except petroleum and coal, where it is apparent that there has been a progressive substitution of local raw materials for imported inputs. In the category, Food, beverages and tobacco there has been a perceptible increase in the proportion of foreign to local raw materials. The increased utilisation of foreign raw materials which amounts to 62.4 per cent is due to a substantial increase in the production of 4 large units in the Food preparations and Beverages groups which consume a high percentage of imported raw material.

Since the value of raw materials used in industry comprise about 50 per cent of the value of production, it is of fundamental importance that every endeavour should be made to develop indigenous raw materials. In this connection, it is unlikely that the private sector will embark on raw material processing; even if this happens, this will be a gradual process. The steps in this direction may have to be taken by the State especially in the context of Ceylon's present foreign exchange problems.

7. POWER AND FUEL

Statistics relating to the use of power and fuel in industry as given in Table II (B) 7 show that about 50 per cent of the cost of power and fuel is accounted for by petrol and oil, while the share of electricity, and coal and gas, are 41.6 per cent and 3.2 per cent respectively. In the previous year, the share of petrol and oil, electricity, and coal and gas, in the total cost of fuel consumption was 41.2, 49.1 and 3.5 per cent respectively.

TABLE II (B) 7
PRODUCTION AND FUEL - 1970

	No. of Firms	Production Rs. Mn.	Fuel Used (Rs. Th.)				
			Electricity	Coal & Gas	Petrol and Oil	Other	Total
I. Manufacture of Food, Beverages and Tobacco ..	102	211.0	3,137	293	1,528	73	5,031
II. Textiles, Wearing Apparel and Leather Industries	174	203.5	2,116	62	1,390	3	3,571
III. Manufacture of Wood and Wood Products including Furniture ..	6	19.8	165	38	119	—	322
IV. Manufacture of Paper and Paper Products ..	42	50.5	1,324	8	32	—	1,364
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	119	359.7	2,364	72	8,345	599	11,380
VI. Manufacture of Non-Metallic Mineral products except Petroleum and Coal ..	32	128.9	5,512	9	9,484	69	15,074
VII. Basic Metal Products ..	1	38.9	1,412	—	664	—	2,076
VIII. Manufacture of Fabricated Metal Products, Machinery and Equipment	123	151.3	1,016	815	373	31	2,235
IX. Manufactured Products, n. e. s. ..	23	13.7	99	8	17	—	124
Total ..	622	1,177.3	17,145	1,305	21,952	775	41,177

Source: Central Bank of Ceylon

LOCATION OF INDUSTRIES

INDUSTRIAL GROUP	Western Province		Northern Province		Southern Province	
	No. of Enterprises	%	No. of Enterprises	%	No. of Enterprises	%
1. Manufacture of Food, Beverages and Tobacco	159	72.9	10	4.6	12	5.5
(a) Food preparations	44	74.6	7	11.9	4	6.8
(b) Vegetable oils and fats	25	86.2	-	-	1	3.4
(c) Preserved and canned fruit, vegetables, meat, fish and other sea foods	31	75.6	-	-	1	2.4
(d) Biscuits, cocoa, chocolate and sugar confectionery	45	66.2	2	2.9	4	5.9
(e) Beverage industries	14	66.7	1	4.8	2	9.5
(f) Tobacco	-	-	-	N	0	t
2. Textiles, Wearing Apparel and Leather Industries	353	80.0	12	2.7	31	7.0
(a) Knitted fabrics and articles and made-up garments and other apparel except footwear	215	81.7	4	1.5	21	8.0
(b) Spinning, weaving and finishing of textiles	81	74.3	7	6.4	6	5.5
(c) Footwear and leather products	57	82.6	1	1.4	4	5.8
3. Manufacture of Wood and Wood Products, including Furniture	12	80.0	-	-	2	13.3
(a) Manufactures of wood	12	85.7	-	-	1	7.1
(b) Plywood	-	-	-	-	1	100.0
4. Manufacture of Paper and Paper Products	86	89.6	4	4.2	4	4.2
5. Manufacture of Chemical, Petroleum, Coal, Rubber and Plastic Products	220	85.6	7	2.7	11	4.3
(a) Industrial chemicals	-	-	1	100.0	-	-
(b) Miscellaneous chemical products	119	84.4	3	2.1	5	3.5
(c) Petroleum and coal products	4	100.0	-	-	-	-
(d) Rubber products	14	73.7	1	5.3	1	5.3
(e) Plastic products	83	90.2	2	2.2	5	5.4
6. Manufacture of Non-Metallic Mineral Products except Petroleum and Coal	53	69.7	1	1.3	2	2.6
(a) Ceramics	1	50.0	-	-	-	-
(b) Glass and glass products	17	85.0	-	-	1	5.0
(c) Cement, cement products and asbestos products	16	84.2	1	5.3	-	-
(d) Manufacture of ilmenite	-	-	-	-	-	-
(e) Bricks and tiles	19	55.9	-	-	1	2.9
7. Basic Metal Products	1	100.0	-	-	-	-
(a) Iron and steel basic industries	1	100.0	-	-	-	-
8. Manufacture of Fabricated Metal Products, Machinery and Equipment	245	86.9	11	3.9	9	3.2
(a) Fabricated metal products other than machinery and equipment	137	84.0	8	4.9	4	2.5
(b) Machinery (except electrical) and transport equipment	61	87.1	3	4.3	4	5.7
(c) Electrical machinery, apparatus, appliances and supplies	47	95.9	-	-	1	2.0
9. Manufactured Products N.E.S.	19	73.1	1	3.8	2	7.7
TOTAL	1148	81.3	46	3.3	73	5.2

TABLE II (B) 8

BY PROVINCES

Eastern Province		Central Province		N. Western Province		North Central Province		Sabara-gamuwa Province		Uva Province		Total	
No. of Enterprises	%	No. of Enterprises	%	No. of Enterprises	%	No. of Enterprises	%	No. of Enterprises	%	No. of Enterprises	%	No. of Enterprises	%
6	2.8	16	7.3	5	2.3	1	0.5	-	-	9	4.1	218	100.0
-	-	2	3.4	-	-	-	-	-	-	2	3.4	59	100.0
-	-	-	-	3	10.4	-	-	-	-	-	-	29	100.0
-	-	3	7.3	-	-	-	-	-	-	6	14.6	41	100.0
4	5.9	10	14.7	1	1.5	1	1.5	-	-	1	1.5	68	100.0
2	9.5	1	4.8	1	4.8	-	-	-	-	-	-	21	100.0
-	A	v	a	i	l	a	b	1	e	-	-	-	-
3	0.7	23	5.2	12	2.7	1	0.2	1	0.2	5	1.2	441	100.0
1	0.4	16	6.1	3	1.1	-	-	1	0.4	2	0.8	263	100.0
1	0.9	3	2.8	8	7.3	1	0.9	-	-	2	1.8	109	100.0
1	1.4	4	5.8	1	1.4	-	-	-	-	1	1.4	69	100.0
-	-	-	-	-	-	-	-	1	6.7	-	-	15	100.0
-	-	-	-	-	-	-	-	1	7.1	-	-	14	100.0
-	-	-	-	-	-	-	-	-	-	-	-	1	100.0
1	1.0	1	1.0	-	-	-	-	-	-	-	-	96	100.0
1	0.4	15	5.8	1	0.4	-	-	-	-	2	0.8	257	100.0
-	-	-	-	-	-	-	-	-	-	-	-	1	100.0
1	0.7	12	8.5	-	-	-	-	-	-	1	0.7	141	100.0
-	-	-	-	-	-	-	-	-	-	-	-	4	100.0
-	-	1	5.3	1	5.3	-	-	-	-	1	5.3	19	100.0
-	-	2	2.2	-	-	-	-	-	-	-	-	92	100.0
3	3.9	2	2.6	15	19.7	-	-	-	-	-	-	76	100.0
-	-	-	-	1	50.0	-	-	-	-	-	-	2	100.0
1	5.0	-	-	1	5.0	-	-	-	-	-	-	20	100.0
-	-	2	10.5	-	-	-	-	-	-	-	-	19	100.0
1	100.0	-	-	-	-	-	-	-	-	-	-	1	100.0
1	2.9	-	-	13	38.2	-	-	-	-	-	-	34	100.0
-	-	-	-	-	-	-	-	-	-	-	-	1	100.0
-	-	-	-	-	-	-	-	-	-	-	-	1	100.0
2	0.7	8	2.8	6	2.1	-	-	1	0.4	-	-	282	100.0
1	0.6	7	4.3	5	3.1	-	-	1	0.6	-	-	163	100.0
1	1.4	-	-	1	1.4	-	-	-	-	-	-	70	100.0
-	-	1	2.0	-	-	-	-	-	-	-	-	49	100.0
-	-	4	15.4	-	-	-	-	-	-	-	-	26	100.0
16	1.1	69	4.9	39	2.8	2	0.1	3	0.2	16	1.1	1412	100.0

Source: Central Bank of Ceylon.