

II. ECONOMIC AND FINANCIAL TRENDS - 1971

(A) National Product and Expenditure

1. Introduction

Gross National Product

Ceylon's economic growth in 1971, as measured in terms of Gross National Product at constant (1959) factor cost prices, increased by 0.9 per cent as compared to 4.1 per cent in 1970. Thus the average rate of increase for the two years 1970 and 1971 was 2.5 per cent. However, the average rate of growth for the period 1962 to 1971 was 4.4 per cent which is only slightly lower than the average rate of growth of 4.7 per cent for the period 1961 to 1970.

The rate of population growth in 1971 (mid-year estimate) has been provisionally estimated at 2.0 per cent as compared to 2.1 per cent in 1970. Consequently, the per capita real product declined by 1.1 per cent. The average rate of increase in per capita real product for 1970 and 1971 amounted to 0.4 per cent.

TABLE II (A) 1
Sectoral Composition of Gross National Product
at Constant (1959) Factor Cost Prices.

Sectors	1959		1970		1971	
	Amount (Rs. Mn.)	Percentage	Amount (Rs. Mn.)	Percentage	Amount (Rs. Mn.)	Percentage
1. Agriculture, Forestry, Hunting and Fishing ..	2,302	39.1	3,395	35.0	3,375	34.5
2. Mining and Quarrying ..	31	0.5	65	0.7	67	0.7
3. Manufacturing ..	682	11.6	1,335	13.8	1,379	14.1
4. Construction ..	283	4.8	598	6.2	550	5.6
5. Electricity, Gas, Water and Sanitary Services ..	10	0.2	21	0.2	29	0.3
6. Transport, Storage and Communications ..	541	9.2	913	9.4	920	9.4
7. Wholesale and Retail Trade ..	801	13.6	1,391	14.3	1,316	13.5
8. Banking, Insurance and Real Estate ..	51	0.9	118	1.2	129	1.3
9. Ownership of Dwellings ..	201	3.4	302	3.1	307	3.1
10. Public Administration and Defence ..	301	5.1	459	4.7	488	5.0
11. Services ..	728	12.3	1,184	12.2	1,297	13.3
12. Gross Domestic Product ..	5,930	—	9,781	—	9,856	—
13. Net Factor Income from Abroad ..	37	0.6	85	0.8	76	0.8
14. Gross National Product ..	5,893	100.0	9,695	100.0	9,779	100.0

Source: Central Bank of Ceylon

An analysis of the composition of real economic growth for 1971 shows that there were increases in the output of the services sectors, electricity and manufacturing while output in agriculture, construction and wholesale and retail trade declined. Output in electricity, services, manufacturing, mining and

quarrying increased by 34.3 per cent, 9.6 per cent, 3.3 per cent and 2.1 per cent respectively. The output of agriculture, construction and trade declined by 0.6 per cent, 8.1 per cent and 5.4 per cent respectively. The low rate of increase in real Gross National Product was in effect, mainly the result of the lower level of economic activity in agriculture, forestry, hunting and fishing which in 1971, accounted for about 35 per cent of Gross National Product.

Due to the rise in the import price level, the terms of trade deteriorated further, thereby reducing the purchasing power of exports. In view of this adverse movement, the rate of increase in real national income, which takes into account the increase in import prices, was smaller than the rate of increase in the real product. Real national income increased by 0.5 per cent, whereas real product increased by 0.9 per cent. In 1970, the increase in real national income was 3.3 per cent.

In 1971, Gross National Product at current factor cost prices increased by 1.8 per cent compared with the increase of 8.1 per cent in 1970. Gross National Product in per capita terms registered a decline of 0.2 per cent at current prices.

Resources and Uses

Total resources available to the economy, which consist of domestic production and imports, amounted to Rs 14,828 million in 1971, a decline of 1.7 per cent over 1970. Imports which fell by 11.5 per cent in 1970 declined further by 7.2 per cent in 1971, while domestic production fell by 0.5 per cent. This was the combined effect of a marginal increase of 0.4 per cent in consumption and a decline of 11.2 per cent and 0.8 per cent respectively in capital formation and exports.

TABLE II (A) 2
Total Resources and their Uses

Items	1969	1970	1971	Percentage change over previous year	
	Amount (Rs. Million)			1970	1971
A. Resources					
Gross Domestic Product ..	11,409	12,529	12,463	+ 9.8	- 0.5
Imports of goods and non-factor services ..	2,879	2,549	2,365	- 11.5	- 7.2
Total ..	14,288	15,078	14,828	+ 5.5	- 1.7
B. Utilisation					
Consumption ..	9,884	10,377	10,421	+ 5.0	+ 0.4
Gross Domestic Capital Formation ..	2,253	2,463	2,186	+ 9.3	- 11.2
Exports of goods and non-factor services ..	2,152	2,237	2,220	+ 4.0	- 0.8
Total ..	14,288	15,078	14,828	+ 5.5	- 1.7

Source: Central Bank of Ceylon

The share of Gross Domestic Product in total resources increased from 83.1 per cent to 84.1 per cent in 1971 while that of imports fell from 16.9 per cent to 15.9 per cent.

As in past years, aggregate demand, comprising consumption and capital formation, was in excess of the resources made available from domestic production. But, in this year Gross Domestic Expenditure exceeded Gross Domestic Product by a smaller percentage of 2.3 per cent as compared to 3.7 per cent in 1970 and 7.4 per cent in 1969. The shortfall was met mostly by foreign borrowing.

2. Production Trends

Agriculture

Tea

The area under tea at the end of 1971 was 597,171 acres compared to 597,499 acres at the end of 1970. Tea production which had declined from 484 million pounds in 1969 to 468 million pounds in 1970, increased to 480 million pounds in 1971. This is still lower than the highest level of 503 million pounds achieved in 1965. The increase in production of 12 million pounds or 2.6 per cent over 1970 was shared by the high grown and medium grown categories of tea. In the case of the low grown category there was a decline of 4 million pounds in 1971. The newly planted acreage coming into bearing was the main reason for the increase of tea production in 1971.

Compared to 6,857 acres replanted during 1970, the area replanted in 1971 was 6,640 acres. At the end of 1971, total area replanted stood at 46,925 acres, an increase of 16.5 per cent over 1970. The replanting and rehabilitation subsidy schemes continued to operate in 1971. The total amount paid in subsidies under the Replanting Subsidy Scheme amounted to Rs 21.8 million while the amount paid in the previous year was Rs 23.3 million.

Under the tea factory modernisation scheme which was started in 1966, Government pays a grant of one-third the cost of the approved items of tea machinery and equipment installed in factories. According to provisional estimates, actual loans granted in 1971 amounted to Rs 14.0 million as against Rs 7.7 million in 1970.

Rubber

The acreage under rubber showed a slight drop from 568,900 acres in 1970 to 567,994 acres in 1971. At the end of 1971 the area replanted amounted to 294,816 acres of which 8,476 acres were replanted in 1971.

Rubber production in 1971 is estimated at 312 million pounds which is a decrease of 11.1 per cent over the previous year. This is the lowest level reached since 1967. This decline in production is chiefly due to the yield per acre dropping to 657 pounds in 1971 as against 707 pounds in 1970. In addition to this, out of the total area of 567,994 acres under rubber only 83.5 per cent were in bearing indicating a drop of 4.4 per cent. Prices were unfavourable particularly to marginal producers. In the Colombo market the average price of RSS No. 1 declined by 12 cents per pound, which amounts to a decrease of 13.2 per cent or from 91 cents in 1970 to 79 cents in 1971.

The amount paid under the Rubber Replanting Subsidy Scheme amounted to Rs 16.7 million in 1971 as against Rs 17.9 million in 1970.

Coconut

The estimates of coconut production based on the nut equivalent of domestic consumption and exports, showed an increase from 2,447 million nuts in 1970 to 2,617 million nuts in 1971. This is an increase of 6.9 per cent.

The scheme for the issue of subsidised planting material continued in 1971. According to provisional estimates, 48,680 tons of fertilizer were issued in the year under reference. Under the subsidy scheme 1,496,113 seedlings were issued in 1971. The total subsidies paid to the coconut producers in the year 1971 amounted to Rs 11.5 million.

Paddy

The production of paddy in 1971 is provisionally estimated at 66.6 million bushels. The output for the Maha season registered a drop from 49.5 million bushels in 1969/70 to 41.6 million bushels in 1970/71. The estimate of paddy production for Maha 1970/71 has to be treated with caution. It should also be mentioned that the results of crop cutting surveys were not available from certain areas in Anuradhapura, Badulla and Amparai districts during the disturbances in April/May.

Production in Yala 1971 is provisionally estimated at 25.0 million bushels compared with 28.0 million bushels in Yala 1970.

The area sown in Maha 1970/71 was 1,147 thousand acres compared to 1,191 thousand acres in 1969/70. The area under cultivation in Yala 1971 was 645 thousand acres. This is a drop of 39 thousand acres from that of the previous year. The average Maha season yield was 44.9 bushels per acre harvested in 1970/71 and was lower than the yield in 1969/70 which was 52.2 bushels per acre harvested. According to provisional estimates the average yield in the Yala season also registered a fall from 49.5 bushels in 1970 to 47.6 bushels in 1971.

The quantity of paddy purchased under the Guaranteed Price Scheme was 32.7 million bushels in 1971 as compared to 26.2 million bushels in 1970. This is an increase of 6.5 million bushels or 24.8 per cent over 1970.

Other Agriculture and Livestock

Output of subsidiary food crops valued at producer prices is provisionally estimated to have increased by 25.9 per cent in 1971. Total value of production in 1971 was Rs 473 million compared to Rs 376 million in 1970. Marked increases were seen in the output of pepper, mustard, manioc and chillies. Increase in the production of subsidiary food crops was chiefly due to the incentive provided by higher producer prices. The average producer price per cwt. of pepper was Rs 618.71 compared with Rs 381.98 per cwt. in 1970. This is an increase of 62 per cent. Milk production rose from 213 million bottles in 1970 to 219 million bottles in 1971. There was an increase of 2.9 per cent in milk production. Egg production also increased in 1971 by 21.6 per cent compared to 0.1 per cent in 1970.

Manufacturing

The value added in manufacturing is estimated to have increased by 3.3 per cent at constant prices compared to a rise of 5.9 per cent in the previous year. Value added in factory industries increased by 7.4 per cent in 1971, as against 10.9 per cent in 1970.

Construction

Construction activity was at a low level in 1971. Value added in construction declined by 8.1 per cent in real terms in 1971 compared with the increase of 15.1 per cent in 1970. The low level of construction activity in 1971 was chiefly due to the lesser availability of building materials, even though the production of cement rose from 321,000 tons in 1970 to 379,000 tons in 1971.

Services

Economic activity in the services sector, specially in trade and transport, was at a very low level in 1971. The value added in wholesale and retail trade declined by 5.4 per cent at constant prices in 1971 as against an increase of 1.8 per cent in the previous year. This is attributed to a lower level of domestic agricultural production and volume of imports resulting in a fall in the supply of goods available in 1971. Value added in transport services has risen slightly in 1971 as compared with 1970. This is seen in a rise in the passenger mileage of the Ceylon Transport Board and Air Ceylon. Expansion in Government services particularly health and education, also contributed to the increase in the services sector. In addition, banking and insurance services rose in 1971; in 1971, 24 new branch banks were opened. Total value added in the services sector increased by 3.5 per cent at current prices and by 2.1 per cent at constant prices.

3. Gross National Product at Current Factor Cost Prices

Value of Product at Current Prices

The details in respect of the estimates of Gross National Product at current factor cost prices are shown in Appendix II Table 4. The Table below gives a summary of the estimates for the years 1969 to 1971.

TABLE II (A) 3

Gross National Product at Current Factor Cost Prices

Sectors	1969	1970	1971	Percentage change over previous year	
	Amount (Rs. Million)			1970	1971
1. Agriculture, Forestry, Hunting and Fishing ..	3,732	3,949	3,893	+ 5.8	- 1.4
2. Manufacturing, Mining and Quarrying, Electricity and Gas ..	1,399	1,545	1,633	+ 10.4	+ 5.7
3. Construction ..	646	771	751	+ 19.4	- 2.6
4. Trade, Transport and other Services ..	5,080	5,496	5,689	+ 8.2	+ 3.5
5. Gross Domestic Product ..	10,857	11,760	11,966	+ 8.3	+ 1.8
6. Net Factor Income from Abroad ..	- 109	- 142	- 138		
7. Gross National Product ..	10,748	11,618	11,828	+ 8.1	+ 1.8

Source: Central Bank of Ceylon

According to provisional estimates Gross National Product at current factor cost prices increased by 1.8 per cent in 1971, whereas in 1970, the increase was 8.1 per cent. The smaller growth in Gross National Product for 1971 was characterised by a decline of 1.4 per cent in the value of agriculture, forestry, hunting and fishing, and a decline of 2.6 per cent in construction. The other sectors indicated moderate rates of growth.

The decline in the value added in agriculture, forestry and fishing was 1.4 per cent as compared to an increase of 5.8 per cent in 1970. The reason for the decline is attributed mainly to the smaller output of paddy, rubber and in fishing. The above products fell by 14.0 per cent, 11.1 per cent and 21.7 per cent respectively. Paddy production in 1971 is provisionally estimated at 66.6 million bushels, whereas in 1970 production was 77.4 million bushels. At the same time, the producers' price of paddy in the open market also indicated a fall from Rs 14.80 per bushel in 1970 to Rs. 14.45 per bushel in 1971 due mainly to the issue of a second measure at 75 cents. The value of output of subsidiary food crops continued to increase and was 25.9 per cent higher than in 1970.

Although the production of red-onions and potatoes had declined, the higher prices fetched by these commodities more than offset the fall in the output. Value added in subsidiary food crops is estimated to have increased by 28.9 per cent as compared to 26.4 per cent in 1970.

Value added in export agriculture recorded a decline of 2.8 per cent as compared to an increase of 0.5 per cent in 1970. Tea and coconut production indicated increases of 2.6 per cent and 6.9 per cent respectively. Rubber production however, declined by 11.1 per cent. The prices of rubber and coconut products declined while the price of tea increased in the Colombo Market.

The value added in manufacturing showed an increase of 5.7 per cent as compared to 10.4 per cent in 1970. Manufacturing, other than the processing of tea, rubber and coconut, increased by 12.5 per cent in 1971, while in 1970 the increase was 14.7 per cent. In 1971 also, the contribution of public sector industries to total industrial production was about 30 per cent. Industrial production of public sector corporations reflected increases in the output of cement and flour milling. A feature of industrial production in 1971 was the higher cost of raw materials. According to the Central Bank indices of import prices (1967=100), the price of intermediate goods increased from 135.9 in 1970 to 152.4 in 1971, that is an increase of 12.1 per cent as compared to an increase of 9.0 per cent in 1970.

Value added in construction showed a decline of 2.6 per cent in 1971. Construction activity was affected adversely by the relative non-availability of building materials. According to provisional data, the share of construction by public corporations to total construction in the private sector remained at about the same level as in 1970.

Value added in the services sectors increased by 3.5 per cent as compared to 8.2 per cent in 1970. The lower level of output in the domestic sector and the decline in the volume of imports contributed to a contraction in the activities of the trade and transport sectors. Value of output in the services rendered by Government, especially, health and education services, remained at a high level.

In 1971, Gross Domestic Product at current factor cost prices is estimated at Rs 11,966 million, an increase of 1.8 per cent. The net outflow of factor income from Ceylon amounted to Rs 138 million as compared to Rs 142 million in 1970. Gross National Product, which is derived by adjusting Gross Domestic Product for the net outflow of factor income, was Rs 11,828 million, an increase of 1.8 per cent over 1970.

4. Real Product and Income

The details of estimates of real product in terms of constant 1959 prices is shown in Table II (A) 4.

TABLE II (A) 4
Gross National Product at (1959) Factor Cost Prices

Sectors	1969	1970	1971	Percentage change over previous year	
	Amount (Rs. Million)			1970	1971
1. Agriculture, Forestry, Hunting and Fishing ..	3,276	3,395	3,375	+ 3.6	- 0.6
2. Manufacturing, Mining, Quarrying, Electricity Gas, etc. ..	1,333	1,421	1,474	+ 6.6	+ 3.7
3. Construction ..	520	598	550	+15.1	- 8.1
4. Trade, Transport and other Services ..	4,255	4,366	4,456	+ 2.6	+ 2.1
5. Gross Domestic Product ..	9,384	9,781	9,856	+ 4.2	+ 0.8
6. Net Factor Income from Abroad ..	- 68	- 85	- 76		
7. Gross National Product ..	9,316	9,695	9,779	+ 4.1	+ 0.9

Source: Central Bank of Ceylon.

In 1971, real product at constant prices recorded an increase of 0.9 per cent compared with 4.1 per cent in 1970. This is lower than the average rate of growth of 4.7 per cent for the period 1961 to 1970.

At 1959 prices, value added in agriculture, forestry and fishing declined by 0.6 per cent compared to a rise of 3.6 per cent in 1970. The fall in the rate of increase in 1971 reflects the decline in the output of paddy and rubber, compared to the substantial increases in the previous year.

The output of manufacturing, mining and quarrying, electricity, gas etc., increased by 3.7 per cent. Notable increase occurred in the output of electricity, gas and sanitary services. An increase of 34.3 per cent was registered in this sector. Value added in construction declined by 8.1 per cent in 1971. The low level of construction activity in 1971 was mainly due to lesser availability of building materials. The total value of building materials imported during 1971 was Rs 70 million (c.i.f.). This is a drop of Rs 33 million or 31.7 per cent.

The value of banking and insurance is estimated to have increased by 8.9 per cent. This reflected greater banking activity during 1971 as manifested by the increased number of branches opened and the amount of cheque clearings. In 1971, 24 new branch offices and 21 rural banks were opened.

Real output of transport, storage and communications increased by only 0.9 per cent in 1971. This reflected the increase in passenger transport services provided by the Ceylon Transport Board and Air Ceylon. The total passenger mileage of the Ceylon Transport Board increased from 7,445 million to 7,551 million in 1971. Total passenger mileage of Air Ceylon too increased from 2.1 million to 17.2 million.

Gross Domestic Product at constant prices rose by 0.8 per cent in contrast to a rise of 4.2 per cent in 1970. The deficit on net factor income from abroad was smaller than in the previous year, namely Rs 76 million in 1971 compared to Rs 85 million in 1970. Gross National Product at constant prices, which includes net factor income from abroad, increased by only 0.9 per cent over the last year. When compared with the rate of increase in population (mid-year estimate) of 2.0 per cent in 1971, per capita real product declined by 1.1 per cent compared to a rise of 1.9 per cent in 1970.

Table II (A) 4 shows the estimates of Gross National Product at constant 1959 prices, that is, real product. These have been adjusted for the terms of trade effect in Appendix II - Table 6. This is necessary on account of the important role played by exports and imports in Ceylon's economy. Ceylon's terms of trade continued its declining trend in 1971, due to a rise in the prices of imports. According to the Central Bank indices of prices (1967=100) the all imports price index increased from 139.6 in 1970 to 150.1 in 1971, while the all exports price index declined slightly from 117.8 in 1970 to 117.1 in 1971. Ceylon's terms of trade declined by 7.6 per cent in 1971. The adverse effect of the decline in the terms of trade measured from the base year of 1959 is estimated at Rs 955 million compared to Rs 916 million in 1970. Real National Income obtained by adjusting estimates of real product for the terms of trade effect increased from Rs 8,780 million in 1970 to Rs 8,824 million in 1971. This is an increase of only 0.5 per cent in contrast to the rise of 0.9 per cent in real product. Since the rate of increase in real income was 0.5 per cent, the per capita real income in 1971 declined by 1.5 per cent.

5. Gross National Expenditure

Estimates of Gross National Expenditure at current market prices are shown in detail in Appendix II Table 8. The Table below summarises the main components of Gross National Expenditure.

TABLE II (A) 5
Gross National Expenditure at Current Market Prices

Items	1969	1970	1971	Percentage change over previous year	
	Amount (Rs. Million)			1970	1971
1. Private consumption	8,412	8,728	8,632	+ 3.8	- 1.1
2. Public consumption	1,471	1,649	1,790	+12.1	+ 8.6
3. Gross domestic capital formation	2,253	2,463	2,186	+ 9.3	- 11.2
4. Gross domestic expenditure	12,137	12,840	12,608	+ 5.8	- 1.8
5. Net investment abroad	- 797	- 393	- 209		
6. Less: Net receipts of international gifts and transfers	- 39	- 60	- 74		
7. Gross National Expenditure	11,300	12,387	12,325	+ 9.6	- 0.5

Source: Central Bank of Ceylon.

Gross National Expenditure for 1971 is provisionally estimated at Rs. 12,325 million as compared to a revised estimate of Rs. 12,387 million for 1970 - a decline of 0.5 per cent. The decline in Gross National Expenditure reflects particularly, a fall of 19.4 per cent in the consumption of imported goods and services. While total consumption increased marginally by 0.4 per cent, gross domestic fixed capital formation declined by 14.9 per cent. The addition to stocks amounted to Rs. 109 million.

Consumer Demand

In 1971, private consumption expenditure declined by 1.1 per cent. The pattern of consumption expenditure in 1971 can be seen from the following Table.

TABLE II (A) 6
Composition of Private Consumption Expenditure¹ at
Current Market Prices

Items	1970		1971	
	Amount (Rs. Mn.)	Percent of row 16	Amount (Rs. Mn.)	Percent of row 16
1. Food ..	4,441	50.9	4,294	49.7
2. Beverages ..	357	4.1	278	3.2
3. Tobacco ..	412	4.7	514	6.0
4. Clothing and other personal effects ..	818	9.4	893	10.3
5. Rent, rates and water charges ..	398	4.6	406	4.7
6. Fuel and light ..	212	2.4	252	2.9
7. Furniture, furnishings and household equipment ..	230	2.6	209	2.4
8. Household operation ..	554	6.3	609	7.1
9. Personal care and health expenses ..	215	2.5	206	2.4
10. Transport and communication ..	813	9.3	795	9.2
11. Recreation and entertainment ..	439	5.0	451	5.2
12. Miscellaneous services ..	323	3.7	303	3.5
13. Expenditure of residents abroad ..	31	0.4	23	0.3
14. Less: Expenditure of non-residents in the country ..	- 280	- 3.2	- 350	- 4.0
15. Less: Govt. local purchases ..	- 234	- 2.7	- 250	- 2.9
16. Consumption expenditure of households and private non-profit institutions ..	8,728	100.0	8,632	100.0

Source: Central Bank of Ceylon

1. This classification is based on 'A System of National Accounts and Supporting Tables', U. N., New York, 1964.

As is seen, the pattern of consumption expenditure has not changed significantly from that for 1970. Expenditure on food, beverages and tobacco comprised 58.9 per cent of private consumption in 1971 while in 1970 it was 59.7 per cent; 10.3 per cent on clothing; 9.2 per cent on transport and communication; 7.1 per cent on household operation and 5.2 per cent on recreation and entertainment.

A feature in the distribution of consumption expenditure was the decline in the outlay on food and beverages by Rs. 227 million while increases in outlay are observed on tobacco (Rs. 102 million); clothing and other personal effects (Rs. 74 million); household operation (Rs. 55 million) and on fuel and light (Rs. 40 million).

6. Gross Fixed Capital Formation

Estimates of gross fixed capital formation are shown in detail at Appendix II Table 7.

In 1971, gross fixed capital formation declined by 14.9 per cent, a fall of Rs. 365 million. Capital formation in the corporations declined by Rs. 71 million while in the private sector it amounted to Rs. 1,280 million which is Rs. 154 million less than in 1970. Capital formation in the Government sector too fell by Rs. 140 million. However, the Government enterprises consisting of the Railway, Post and Telecommunications Departments and the Port Commission increased their capital expenditure by Rs. 28 million.

Government Sector

Fixed capital formation in the Government sector declined by 24.6 per cent as compared to an increase of 1.1 per cent in 1970. The following Table shows Government's capital formation classified by industrial categories.

TABLE II (A) 7

Industrial Classification of Government Fixed Capital Formation

Sectors	1970		1971	
	Amount (Rs. Mn.)	Percentage of Total	Amount (Rs. Mn.)	Percent- age of Total
1. Agriculture, Forestry and Fishing ..	181	31.8	169	39.3
2. Manufacturing ..	9	1.5	14	3.3
3. Electricity, Gas, Water and Sanitary Services ..	40	7.0	10	2.3
4. Transport, Storage and Communication ..	168	29.5	90	20.9
5. Ownership of Dwellings ..	5	0.9	1	0.2
6. Public Administration ..	62	10.8	87	20.2
7. Services ..	105	18.4	59	13.7
Total ..	570	100.0	430	100.0

Source: Central Bank of Ceylon.

In 1971, Government's investment in agriculture, forestry and fishing was 39.3 per cent as compared to 1970, in which year it was 31.8 per cent. Investment in transport, storage and communication was 20.9 per cent and in public administration it was 20.2 per cent.

Public Corporations

The classification of fixed capital formation in public corporations according to industrial categories is given in the Table below.

TABLE II (A) 8
Fixed Capital Formation in Public Corporations according to
Industrial Category

Sectors	1969		1970		1971	
	Amount (Rs. Mn.)	Percent of Total	Amount (Rs. Mn.)	Percent of Total	Amount (Rs. Mn.)	Percent of Total
1. Agriculture ..	71	12.5	89	20.2	124	33.8
2. Manufacturing ..	223	39.6	267	61.1	172	46.9
3. Transport ..	73	12.9	56	12.7	58	15.7
4. Trade ..	179	31.8	18	4.0	3	0.8
5. Services ..	18	3.2	9	1.9	10	2.7
Total ..	563	100.0	438	100.0	367	100.0

Source: Central Bank of Ceylon

Note: 1. Capital formation in public corporations has been estimated from data supplied by the Corporations in response to a questionnaire.

The estimates for 1971 which are provisional, do not include expenditure on fixed assets by the following Corporations and Boards - (1) Ceylon Ceramics Corporation (2) Paranthan Chemicals Corporation (3) Ceylon Mineral Sands Corporation (4) Ceylon Leather Products Corporation (5) Ceylon State Hardware Corporation (6) National Milk Board - Condensed Milk Factory (7) State Timber Corporation (8) R.V.D.B. (9) Tea Research Institute of Ceylon (10) Air Ceylon (11) State Engineering Corporation (12) Ceylon Coconut Board (13) Ceylon Tea Propaganda Board (14) Industrial Development Board (15) Vidyalankara University of Ceylon (16) University of Ceylon (17) Ceylon Savings Bank.

2. The accounting year of several Corporations does not coincide with the calendar year. When more than six months of a Corporation's accounting year fell within a calendar year, the accounting year's estimates have been allocated to that calendar year in toto.

The data in respect of fixed capital formation in the corporations during 1971 excludes investment by some corporations. Therefore, aggregate of investment by corporations in the year 1971 is strictly not comparable with the figures of investment in 1969 and 1970. However, due to the curtailment of imports, the total investment by corporations declined in 1971. In 1971, the investment by corporations amounted to Rs. 367 million and in 1970 it was Rs. 438 million. In 1970 investment had declined by 22.2 per cent.

In 1969 and 1970 the investment pattern was markedly different from that of the pattern in the Government sector. In 1971, however, investment by corporations in agriculture and transport was 33.8 per cent and 15.7 per cent respectively, while in the Government sector it amounted to 39.3 per cent and 20.9 per cent respectively.

Table II (A) 9 shows the distribution of investment by types of assets in the public corporations and private sector.

In 1971, 38.3 per cent of investment by corporations was in buildings and other construction. In the private sector it was 66.6 per cent. Investment in plant and machinery was 35.0 per cent in the corporations sector while in the private sector it was 12.4 per cent.

Import Content of Gross Domestic Expenditure

A significant feature in recent years, is the decline in the import content of Gross Domestic Expenditure. In 1971 too, this trend was further accelerated. In 1971, the direct import content at c.i.f. prices of private consumption fell steeply to 10.6 per cent as compared to 15.9 per cent in 1970. The import content of of capital formation also fell from 20.4 per cent to 16.5 per cent in 1971.

TABLE II (A) 9

Fixed Capital Formation in Private Sector and Public Corporations according to Type of Asset.

Type of Asset	1969				1970				1971			
	Public Corporations		Private Sector		Public Corporations		Private Sector		Public Corporations		Private Sector	
	Amount (Rs. Mn.)	Percent of total	Amount (Rs. Mn.)	Percent of total	Amount (Rs. Mn.)	Percent of total	Amount (Rs. Mn.)	Percent of total	Amount (Rs. Mn.)	Percent of Total	Amount (Rs. Mn.)	Percent of Total
Planting and land development ..	17	3.0	78	6.8	32	7.3	82	5.7	26	7.1	85	6.6
Building and other construction ..	139	24.7	674	58.7	154	35.2	901	62.8	141	38.3	853	66.6
Plant and machinery ..	318	56.5	62	5.4	176	40.3	146	10.2	128	35.0	159	12.4
Transport equipment ..	75	13.3	250	21.7	57	13.1	187	13.1	50	13.7	121	9.4
Other capital goods ..	14	2.6	86	7.5	18	4.1	118	8.2	22	5.9	63	4.9
Total ..	563	100.0	1,149	100.0	438	100.0	1,434	100.0	367	100.0	1,280	100.0

Source: Central Bank of Ceylon.

- Notes: (1) Capital formation in public corporations has been estimated from data supplied by the Corporations in response to a questionnaire. The estimates for 1971 which are provisional, do not include expenditure on fixed assets by the following Corporations and Boards - (1) Ceylon Ceramics Corporation (2) Paranthan Chemicals Corporation (3) Ceylon Mineral Sands Corporation (4) Ceylon Leather Products Corporation (5) Ceylon State Hardware Corporation (6) National Milk Board Condensed Milk Factory (7) State Timber Corporation (8) R. V. D. B. (9) Tea Research Institute of Ceylon (10) Air Ceylon (11) State Engineering Corporation (12) Ceylon Coconut Board (13) Ceylon Tea Propaganda Board (14) Industrial Development Board (15) Vidyalandara University of Ceylon (16) University of Ceylon (17) Ceylon Savings Bank.
- (2) The accounting year of several Corporations does not coincide with the calendar year. When more than six months of a corporation's accounting year fell within a calendar year, the accounting year's estimates have been allocated to that calendar year in toto.