

(B) INDUSTRIAL PRODUCTION¹**1. Introduction**

Information relating to industrial activity both in the private and public sectors, during the year 1971 was ascertained by a postal questionnaire addressed to industrial units which were registered with the Ministry of Industries & Scientific Affairs. Personal visits to industrial units, where necessary, and the statistics provided by the Ministry of Industries and Scientific Affairs proved to be useful and helped to expedite the collection of data.

The purpose of this survey of performance in the industrial sector is to analyse the progress made in the various branches of industry, assess the contribution made by the various sectors to total industrial growth and focus attention on the principal features relating to production, employment, wages, man-hours, cost of fuel and power and raw materials.

Before an evaluation of industrial activity is made, it would be pertinent to mention some of the constraints which beset the industrial sector during the year 1971. Hitherto, industrial production has been hampered by constraints such as reduced quotas of foreign raw materials, a situation which has arisen due to scarce foreign exchange resources. In 1971, in addition to the limited quota of foreign raw materials made available, a further set-back in industrial activity was witnessed during the civil disturbances in the first half of the year. It is noteworthy that in spite of these constraints, the tempo of industrial production has been maintained and even increased in certain industrial sectors.

The overall value of industrial production recorded by 1897 reporting units, rose from Rs. 1,945.0 million in 1970 to Rs. 2,239.4 million in 1971, reflecting an increase of 15.1 per cent, which is about 7 per cent higher than the increase in 1970. While the share of the public sector industries in total industrial production decreased from 31.0 per cent in 1970 to 30.3 per cent in 1971, its contribution to the increase in production in 1971 was 41.0 per cent. The increase in the value of industrial production may be partly attributed to the increase in the cost of raw materials whose general upward trend in prices has resulted in price escalations of manufactured goods.

2. Principal trends**Industrial Policy**

The Section on Industrial Production appearing in the Central Bank Annual Report of 1970, made special comment on three of the major government policy decisions relating to industrial development, namely:

1. Reference to production in this section is to value of production and not to physical output. The value of production has been affected by increases in the turn-over tax and higher prices of raw materials.

- (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.

These policy decisions have since been implemented.

Regarding the utilisation of local raw materials, already there are indications that certain industries are using more local raw materials, and that parts and accessories are being turned out locally for final assembly of products. It is believed that Government's policy with regard to the provision of incentives to industries utilising local raw materials is beginning to have its effects.

Location of Industry

As mentioned in the Central Bank Annual Report for 1970, a very high percentage of industrial units are located in the Western Province, especially in close proximity to the metropolis. It is premature to comment on the effect of Government's recent policy, for a wider regional diffusion in the establishment of industries. The data given in Table II (B) 8 show that the number of industrial units in the Western Province as a percentage of total units has decreased from 81.3 per cent in 1970 to 78.9 per cent in 1971. Provinces which have shown increases in the number of units are the Sabaragamuwa (0.2 to 1.7 per cent), Central (4.9 to 5.6 per cent), Northern (3.3 to 3.8 per cent), and Southern (5.2 to 5.5 per cent).

The dispersion of industrial units in the rural areas will not only relieve overcrowding and attendant social problems but to some extent alleviate the problem of unemployment and under-employment in these areas.

Production

As in 1970, all nine major categories listed in Table II (B) 1 contributed to the increase in the value of production of Rs. 294.4 million recorded in 1971. Two categories which contributed in large measure to this increase were, Chemicals, petroleum, coal, rubber and plastic products (41.6 per cent) and Food, beverages and tobacco (19.8 per cent). These two categories also account for 58.3 per cent of total industrial production in 1971.

Production data relating to the sub groups of the major categories are given in Table II (B) 2. The three sub groups Tobacco, Vegetable oils and fats and Food Preparations were responsible for the increase in production in the major category Food, beverages and tobacco. One sub group in this category, namely, Preserved and canned fruits, vegetables, meat, fish and other sea foods has recorded a marked increase of 100 per cent in the value of production. This is not surprising, because, in addition to increased local consumption of these products, the demand for Ceylon's canned and preserved foods is gradually increasing in foreign markets. Incidentally, about 8 per cent of the output of preserved and canned foods is exported. This is one of the industries where there is much scope for expansion and which could develop into an important foreign exchange earner. In the category Textiles, wearing apparel and leather industries, moderate

INDUSTRIAL PRODUCTION AND

	Number of Firms				Number of Employees				Total Man-days (Thousand)			
	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971
I. Manufacture of Food, Beverages and Tobacco ..	588*	654	649	527	24878	31889	33734	24505	7122	8982	9651	5604
II. Textiles, Wearing Apparel and Leather Industries ..	496	537	530	634	35528	25469	27069	22568	9301	6433	7352	5254
III. Manufacture of Wood and Wood Products including Furniture ..	20	15	11	15	2575	3393	2907	4127	752	949	738	798
IV. Manufacture of Paper and Paper Products ..	90	95	74	74	4146	4876	4462	4645	1187	1412	1195	1228
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	284	276	244	244	11213	12414	16610	14423	3124	3459	3782	3607
VI. Manufacture of Non- Metallic Mineral Products except Petroleum and Coal.	53	75	67	51	6084	7811	8545	9929	1670	2131	2287	2193
VII. Basic Metal Products ..	1	1	1	1	950	960	963	952	260	288	270	220
VIII. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment ..	253	282	228	287	15529	16119	12448	15089	3932	4501	3320	3960
IX. Manufactured Products, N.E.S. ..	19	27	49	64	445	795	1367	2127	114	212	395	474
Total ..	1804	1962	1853	1897	101348	103726	105105	98365	27462	28367	28990	23338

* Wage Bill is in respect of only 365 firms.

TABLE II (B) 1

EMPLOYMENT 1968-1971 STATISTICAL SUMMARY

Wage Bill (Rupees Million)				Production Value (Rupees Million)				Wage per Man-day (Rupees)				Man-days per Employee			
1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971	1968	1969	1970	1971
46.8	58.3	64.4	59.8	609.6	641.8	684.5	743.0	6.57	6.49	6.67	10.67	286	282	286	229
46.0	31.8	46.0	43.3	224.3	267.1	282.7	306.2	4.95	4.94	6.25	8.24	262	253	272	233
6.6	7.0	8.8	8.8	16.9	18.0	21.2	26.6	8.78	7.38	11.89	11.03	292	280	254	193
8.9	10.8	10.7	11.9	54.6	62.3	65.0	70.3	7.50	7.65	8.92	9.69	286	290	268	264
30.8	34.1	39.1	48.0	203.3	249.8	561.7	561.7	9.86	9.86	10.33	13.31	279	279	278	250
17.1	18.6	26.1	25.8	92.8	123.3	138.8	176.4	10.24	8.73	11.42	11.76	275	273	268	221
3.4	4.0	2.8	4.7	27.3	23.8	38.9	58.6	13.08	13.89	10.55	21.36	274	300	280	231
28.2	33.7	29.4	39.8	167.1	226.2	256.1	273.5	7.17	7.49	8.87	10.05	253	279	267	262
0.6	1.2	2.1	2.9	2.7	9.5	18.6	23.1	5.26	5.66	5.40	6.12	256	267	289	223
188.4	199.5	229.4	245.0	1398.6	1626.8	1945.0	2239.4	6.86	7.03	7.91	10.08	271	273	276	237

Source: Central Bank of Ceylon.

VALUE OF INDUSTRIAL PRODUCTION 1967-71 CLASSIFIED BY

Industrial Group	Value of Production (Rupees Million)				
	1967	1968	1969	1970	1971
1. Manufacture of Food, Beverages and Tobacco ..	422.3	609.6	641.8	684.5	743.0
(a) Food Preparations ..	130.6	250.0	230.5	250.6	263.2
(b) Vegetable Oils and Fats ..	139.7	162.0	169.5	170.1	190.4
(c) Preserved and Canned Fruits, Vegetables, Meat, Fish and other Sea Foods ..	6.7	8.4	8.6	11.8	23.2
(d) Biscuits, Cocoa, Chocolate and Sugar Confectionery ..	33.3	44.3	49.9	50.5	53.1
(e) Beverages and Spirits ..	20.0	34.4	77.4	94.9	88.2
(f) Tobacco ..	92.0	110.5	105.9	106.6	124.9
2. Textiles, Wearing Apparel and Leather Industries	177.1	224.3	267.1	282.7	306.2
(a) Knitted Fabrics and Articles, Made-up Garments and other Apparel except Footwear	48.1	55.7	56.0	64.3	70.8
(b) Spinning, Weaving and Finishing of Textiles	97.1	136.2	172.2	173.3	189.4
(c) Footwear and Leather Products ..	31.9	32.4	38.9	45.1	46.0
3. Manufacture of Wood and Wood Products Including Furniture ..	10.4	16.9	18.0	21.2	26.6
(a) Manufactures of Wood ..	3.6	8.0	9.2	10.4	12.8
(b) Plywood ..	6.8	8.9	8.8	10.8	13.8
4. Manufacture of Paper and Paper Products	34.7	54.6	62.3	65.0	70.3
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	136.7	203.3	249.8	439.2	561.7
(a) Industrial Chemicals ..	1.9	2.3	2.2	3.1	3.3
(b) Miscellaneous Chemical Products ..	98.2	118.9	155.6	155.9	230.3
(c) Petroleum and Coal Products ..	—	8.3	11.0	191.0	198.5
(d) Rubber Products ..	20.7	41.3	52.8	56.4	91.9
(e) Plastic Products ..	15.9	32.5	28.2	32.8	37.7
6. Manufacture of Non-Metallic Mineral Products Except Petroleum and Coal ..	69.5	92.8	123.3	138.8	176.4
(a) Ceramics ..	4.4	8.5	8.7	8.0	8.5
(b) Glass and Glass Products ..	—	4.8	7.7	8.1	13.9
(c) Cement, Cement Products and Asbestos Products ..	53.5	70.0	89.0	104.8	116.7
(d) Manufacture of Ilmenite ..	1.4	2.2	3.1	4.7	6.2
(e) Bricks and Tiles ..	10.2*	7.3	14.8	13.2	31.1
7. Basic Metal Products ..	—	27.3	28.8	38.9	58.6
(a) Iron and Steel Basic Industries ..	—	27.3	28.8	38.9	58.6
8. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment ..	102.0	167.1	226.2	256.1	273.5
(a) Fabricated Metal Products other than Machinery and Equipment ..	54.1	79.4	82.0	96.9	128.0
(b) Machinery (except Electrical) and Transport Equipment ..	19.8	45.9	77.9	70.8	57.3
(c) Electrical Machinery, Apparatus, Appliances and Supplies ..	28.1	41.8	66.3	88.4	88.2
9. Manufactured Products N.E.S. ..	1.5	2.7	9.5	18.6	23.1
Total ..	954.2	1398.6	1626.8	1945.0	2239.4

* Includes Glass and Glass Products.

TABLE II (B) 2

TYPE OF INDUSTRY AND BY PRINCIPAL PRODUCTS

% Within Industry					% of Total Industrial Production				
1967	1968	1969	1970	1971	1967	1968	1969	1970	1971
100.0	100.0	100.0	100.0	100.0	44.3	43.6	39.5	35.2	33.2
30.9	41.0	35.9	36.6	35.4	13.3	17.9	14.2	12.0	11.8
33.1	26.6	26.4	24.9	25.6	13.0	11.6	10.4	8.7	8.5
1.6	1.4	1.3	1.7	3.1	0.7	0.6	0.5	0.6	1.0
7.9	7.3	7.8	7.4	7.2	3.5	3.2	3.1	2.6	2.4
4.7	5.6	12.1	13.9	11.9	2.8	2.4	4.8	4.9	3.9
21.8	18.1	16.5	15.6	16.8	8.9	7.9	6.5	5.5	5.6
100.0	100.0	100.0	100.0	100.0	18.6	16.0	16.4	14.5	13.7
27.2	24.8	21.0	22.7	23.1	5.0	4.0	3.4	3.3	3.2
54.8	60.7	64.5	61.3	61.9	10.2	9.7	10.6	8.9	8.5
18.0	14.5	14.5	16.0	15.0	3.4	2.3	2.4	2.3	2.0
100.0	100.0	100.0	100.0	100.0	1.1	1.2	1.1	1.1	1.2
34.6	47.3	51.1	49.1	48.1	0.4	0.6	0.6	0.5	0.6
65.4	52.7	48.9	50.9	51.9	0.7	0.6	0.5	0.6	0.6
100.0	100.0	100.0	100.0	100.0	3.6	3.9	3.8	3.3	3.1
100.0	100.0	100.0	100.0	100.0	14.3	14.5	15.3	22.6	25.1
1.4	1.1	0.9	0.7	0.6	0.2	0.2	0.1	0.2	0.1
71.8	58.5	62.3	35.5	41.0	10.3	8.5	9.6	8.0	10.3
—	4.1	4.4	43.5	35.3	—	0.6	0.7	9.8	8.9
15.2	20.3	21.1	12.8	16.4	2.2	3.0	3.2	2.9	4.1
11.6	16.0	11.3	7.5	6.7	1.6	2.3	1.7	1.7	1.7
100.0	100.0	100.0	100.0	100.0	7.3	6.6	7.6	7.1	7.9
6.3	9.1	7.1	5.8	4.8	0.5	0.6	0.5	0.4	0.4
—	5.2	6.2	5.8	7.9	—	0.3	0.5	0.4	0.6
77.0	75.4	72.2	75.5	66.2	5.6	5.0	5.5	5.4	5.2
2.0	2.4	2.5	3.4	3.5	0.1	0.2	0.2	0.2	0.3
14.7	7.9	12.0	9.5	17.6	1.1	0.5	0.9	0.7	1.4
100.0	100.0	100.0	100.0	100.0	—	2.0	1.8	2.0	2.6
100.0	100.0	100.0	100.0	100.0	—	2.0	1.8	2.0	2.6
100.0	100.0	100.0	100.0	100.0	10.7	12.0	13.9	13.2	12.2
53.0	47.5	36.3	37.8	46.8	5.7	5.7	5.0	5.0	5.7
19.4	24.2	34.4	27.6	21.0	2.1	3.3	4.8	3.6	2.6
27.5	28.3	29.3	34.5	32.2	2.9	3.0	4.1	4.5	3.9
100.0	100.0	100.0	100.0	100.0	0.1	0.2	0.6	1.0	1.0
					100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Ceylon

gains in output were recorded by the sub groups Spinning, weaving and finishing of textiles, and Knitted fabrics and garments. About 50 per cent of the increase in production in the category Paper and paper products, was accounted for by a State enterprise, while the balance was contributed by a few packaging and wrapping paper industries.

Among the nine major categories, the highest increase in production was recorded by the category Chemicals, petroleum, coal, rubber and plastic products from Rs. 439.2 million in 1970 to Rs. 561.7 million in 1971. This increase of 27.9 per cent was almost entirely contributed by two sub groups, namely, Miscellaneous chemical products and Rubber products. A notable increase in production of 47.7 per cent in the sub group Miscellaneous chemical products was chiefly due to increased output of paint, soap and cosmetic industries. A still more significant increase of about 63 per cent in the value of production of Rubber products was largely the result of an expansion in output of the State Tyre Corporation by more than 100 per cent.

There were no appreciable increases in output in the sub groups of the category Non-metallic mineral products, except in Bricks and tiles which recorded an increase of 136 per cent. In the case of Cement, cement products and asbestos products sub group, the increase in output of 11.4 per cent in 1971 was lower than the average of 22 per cent recorded over the last four years.

A substantial increase in production of 50.6 per cent in the Basic metal products category was entirely contributed by a State enterprise. In the category Fabricated metal products, machinery and transport equipment, although the overall increase in output was only 6.8 per cent, the increase in output in the sub group Fabricated metal products alone was as much as 32.1 per cent. A striking relationship is observed in the increased output of the Basic metal products category and the sub group Fabricated metals.

It is evident that the sharp increase in output in the Basic metals category, which is a 'feeder' industry, has boosted production in the sub group Fabricated metals.

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
Biscuits and confectionery	Food preparations	Vegetable oils and Fats	Miscellaneous chemicals
Footwear and leather	Preserved foods	Rubber products	
Wood	Tobacco	Bricks and tiles	
Plywood	Knitted fabrics	Fabricated metals	
Industrial chemicals	Spinning and weaving		
Plastic products	Paper & paper products		
Ceramics	Petroleum and coal		
Ilmenite	Glass and glass products		
Manufactured products, N.E.S.	Cement and cement products		
	Iron and steel		

Source: Central Bank of Ceylon.

Increases in production were recorded in all industrial sub groups except in Beverages and spirits, Machinery (other than electrical) and Transport equipment, and Electrical machinery. The sub group Miscellaneous Chemical products which had an increase of between Rs 0-5 million in 1970, recorded the highest increase in output of over Rs 50 million in 1971. Vegetable oils and fats and Rubber products which were in the Rs 0-5 million category and Fabricated metals which had an increase of between Rs 5-20 million in 1970, have all moved into the Rs 20-50 million category in 1971. On the other hand, two sub groups which had increases in output of between Rs 5-20 million and one sub group with an increase of between Rs 20-50 million in 1970 have been classified in the Rs 0-5 million and Rs. 5-20 million categories respectively.

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 ..	- 122	+ 58.5	
2. Textiles, Wearing Apparel and Leather Industries ..	+ 104	+ 23.5	
3. Manufacture of Wood and Wood Products including Furniture ..	+ 4	+ 5.4	
4. Manufacture of Paper and Paper Products ..	No change	+ 5.3	
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	No change	+ 122.5	
6. Manufacture of Non-Metallic Mineral Products except Petroleum and Coal ..	- 16	+ 37.6	
7. Basic Metal Products ..	No change	+ 19.7	
8. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment ..	+ 59	+ 17.4	
9. Manufactured Products N. E. S. ..	+ 15	+ 4.5	
Total ..	+ 44	+ 294.4	

Source: Central Bank of Ceylon.

Table II (B) 2 (2) depicts the change in the number of industrial units in the 9 major categories of industry, and the corresponding change in the value of production during the period 1970-71. Although there was a drop in the number of reporting units in some of the major categories, yet the value of output in all the categories has increased. The contraction in the number of units in the Food, Beverages and Tobacco category was due to the exclusion of about 100 beedi manufacturing units, which were not in operation in 1971 for lack of raw materials. In the Textiles, wearing apparel and leather industries category, a large increase in the number of units was due to a number of additional units in the wearing apparel sub group. Substantial increases in the value of output by a few

large units were responsible for the increase in output in the category Chemicals, petroleum, coal, rubber and plastic products, where there was no change in the number of units.

3. Structure and pattern of Industrialisation

Data relating to the value of production for the period 1967-71 as provided in Table II (B) 2, indicate a definite trend in the pattern of production. In the categories Food, beverages and tobacco and Textiles, wearing apparel and leather industries, the percentage shares of total output which were 44.3 and 18.6 per cent respectively in 1967, have gradually decreased to 33.2 and 13.7 per cent respectively in 1971. These two categories which accounted for 62.9 per cent of total output in 1967 contributed only 46.9 per cent in 1971. The opposite trend in production is observed in the Chemicals, and the Fabricated metal products categories where there has been a gradual increase in output from 14.3 and 10.7 per cent respectively in 1967 to 25.1 and 12.2 per cent respectively in 1971.

Sub groups which increased their shares of output appreciably within their parent categories are Miscellaneous chemical products, Rubber products, Bricks and tiles and Fabricated metal products.

Table II (B) 3 gives a classification of industrial production by the major economic categories, namely, consumer goods, intermediate goods and investment goods, which account for 52.31 and 17 per cent of industrial production respectively. Though there was no significant change in the relative shares of these three major categories, in the value of production, a slight increase of 4.4 per cent was recorded in the consumer goods category with a similar decrease in intermediate goods. Consumer goods which contributed mainly to the increase in production were dairy products, preserved and canned foods, shirts, soaps, cosmetics and pharmaceuticals, while the corresponding intermediate products were metal containers, electrical machinery & supplies and petroleum and coal products. In the investment goods category, there were increases in the output of bricks, tiles, cement, cement products and asbestos products.

4. Size of the industrial unit

Data relating to size distribution of industrial units based on value of output as given in Table II (B) 4 show that a major share of output is concentrated in a few large units. Of a total of 1,539 units, 1,104 units whose value of output is less than Rs 250,000 account for only 3.7 per cent of the total output, while 140 units whose value of output is over Rs 2 million contribute 84.5 per cent of total output. Statistics for the last five years reveal this trend; the percentage share of output of the larger units is gradually increasing. Since 1967 the proportionate share in total production taken away by the large establishments has been increasing. Whereas in 1967 large units with over Rs 2 million output accounted for 66.4 per cent while those with less than Rs 250,000 accounted for 8.3 per cent, in 1970 the former category increased its share to 82.8 per cent while the latter reduced its share to 4.0 per cent. Although the overall pattern of distribution of output among the ranges shown in Table II (B) 4 remains the same, the degree of concentration of output in the large scale units varies in a

TABLE II (B) 3
VALUE OF INDUSTRIAL PRODUCTION 1967-1971
by Major Economic Categories

	Rupees Million					Per cent.				
	1967	1968	1969	1970	1971	1967	1968	1969	1970	1971
A. Consumer Goods	528.9	694.8	841.4	926.4	1164.6	55.4	49.7	51.7	47.6	52.0
I. Food, Drink and Tobacco	185.7	238.4	287.6	346.7	428.4	19.5	17.0	17.7	17.8	19.1
(a) Food Preparations(1)	33.7	40.8	45.8	82.9	139.0	3.5	2.9	2.8	4.3	6.2
(b) Preserved and Canned Fruits, Vegetables, Meat, Fish and Other Sea Foods(2)	6.7	8.4	8.6	11.8	23.2	0.7	0.6	0.5	0.6	1.0
(c) Biscuits and Sugar Confectionery	33.3	44.3	49.9	50.5	53.1	3.5	3.2	3.1	2.6	2.4
(d) Aerated Waters	14.5	17.3	17.9	26.6	26.1	1.5	1.2	1.1	1.4	1.2
(e) Arrack, Beer, Stout etc.,(3)	5.5	17.1	59.5	68.3	62.1	0.6	1.2	3.7	3.5	2.8
(f) Tobacco	92.0	110.5	105.9	106.6	124.9	9.7	7.9	6.5	5.5	5.5
II. Garments(4)	48.1	55.7	56.0	64.3	70.8	5.0	4.0	3.4	3.3	3.2
III. Footwear and Leather Products	31.9	32.4	38.9	45.1	46.0	3.3	2.3	2.4	2.3	2.0
IV. Miscellaneous Chemical Products(5)	98.2	118.9	155.6	155.9	230.3	10.3	8.5	9.6	8.0	10.3
V. Manufacture of Paper and Paper Products(6)	20.8	19.4	13.4	13.1	18.0	2.2	1.4	0.8	0.7	0.8
VI. Fabricated Metal Products other than Machinery and Equipment(7)	7.7	9.1	13.1	3.4	3.6	0.8	0.7	0.8	0.2	0.2
VII. Plastic Products	15.9	32.5	28.2	32.8	37.7	1.8	2.3	1.7	1.7	1.7
VIII. Glass and Glass Products	—	4.8	7.7	8.1	13.9	—	0.3	0.5	0.4	0.6
IX. Ceramics	4.4	8.5	8.7	8.0	8.5	0.5	0.6	0.5	0.4	0.4
X. Rubber Products(8)	14.0	28.2	41.3	46.7	82.1	1.4	2.0	2.5	2.4	3.7
XI. Spinning, Weaving and Finishing of Textiles	97.1	136.2	172.2	173.3	189.4	10.2	9.7	10.6	8.9	8.4
XII. Manufactures of Wood	3.6	8.0	9.2	10.4	12.8	0.4	0.6	0.6	0.5	0.6
XIII. Manufactured Products, N.E.S.(9)	1.5	2.7	9.5	18.6	23.1	0.1	0.2	0.6	1.0	1.0
B. Intermediate Goods	297.2	478.8	505.2	699.2	629.0	31.2	34.2	31.1	36.0	30.9
I. Food Preparations(10)	236.6	371.2	354.2	337.8	314.6	24.8	26.5	21.8	17.4	14.0
II. Fabricated Metal Products other than Machinery and Equipment(11)	8.5	8.9	10.7	11.5	15.1	0.9	0.6	0.7	0.6	0.7
III. Manufacture of Paper and Paper Products(12)	13.9	35.2	48.9	51.9	52.3	1.5	2.5	3.0	2.7	2.3
IV. Plywood	6.8	8.9	8.8	10.8	13.8	0.7	0.6	0.5	0.6	0.6
V. Manufacture of Ilmenite	1.4	2.2	3.1	4.7	6.2	0.1	0.2	0.2	0.2	0.3
VI. Industrial Chemicals(13)	1.9	2.3	2.2	3.1	3.3	0.2	0.2	0.1	0.2	0.2
VII. Electrical Machinery, Apparatus, Appliances and Supplies	28.1	41.8	66.3	88.4	88.2	3.0	3.0	4.1	4.5	3.9
VIII. Petroleum and Coal Products	—	8.3	11.0	191.0	198.5	—	0.6	0.7	9.8	8.9
C. Investment Goods	128.1	225.0	280.2	319.4	382.8	13.4	16.1	17.2	16.4	17.1
I. Fabricated Metal Products other than Machinery and Transport Equipment(14)	37.9	61.5	58.2	82.0	109.3	4.0	4.4	3.5	4.2	4.9
II. Rubber Products(15)	6.7	13.0	11.5	9.7	9.8	0.7	0.9	0.7	0.5	0.4
III. Cement, Cement Products and Asbestos Products	53.5	70.0	89.0	104.8	116.7	5.6	5.0	5.5	5.4	5.2
IV. Machinery (except Electrical and Transport Equipment)	19.8	45.9	77.9	70.8	57.3	2.0	3.3	4.8	3.6	2.6
V. Bricks and Tiles	10.2*	7.3	14.8	13.2	31.1	1.1	0.5	0.9	0.7	1.4
VI. Iron and Steel Basic Industries(16)	—	27.3	28.8	38.9	58.6	—	2.0	1.8	2.0	2.6
TOTAL	954.2	1,398.6	1,626.8	1,945.0	2,239.4	100.0	100.0	100.0	100.0	100.0

* Includes glass and glass products.

Source: Central Bank of Ceylon.

1. Dairy products, ice cream, salt etc.
2. Jams, jellies, sauces, fruit cordials, etc.
3. Production figures for arrack relate to 1968, 1969, 1970 and 1971 only.
4. Shirts, banians, etc.
5. Pharmaceuticals, cosmetics, soaps and cleaning compounds, matches, toothpaste, etc.
6. Writing paper, exercise books, etc.
7. Aluminium ware.
8. Car and cycle tyres and tubes, toys and household goods.

9. Brushes, 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 1971,
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	113	31	25	169
	% of output	2.7	6.6	90.7	100.0
II. Textiles, Wearing Apparel and Leather Industries	No. of firms	540	71	23	634
	% of output	8.9	16.8	74.3	100.0
III. Manufacture of Wood and Wood Products including Furniture	No. of firms	8	4	3	15
	% of output	2.6	12.4	85.0	100.0
IV. Manufacture of Paper and Paper Products	No. of firms	39	28	7	74
	% of output	4.4	27.3	68.3	100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	No. of firms	161	54	29	244
	% of output	1.9	7.0	91.1	100.0
VI. Manufacture of Non-metallic Mineral Products except Petroleum and Coal	No. of firms	31	11	9	51
	% of output	1.5	4.6	93.9	100.0
VII. Basic Metal Products	No. of firms	—	—	1	1
	% of output	—	—	100.0	100.0
VIII. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment	No. of firms	163	84	40	287
	% of output	4.4	22.8	72.8	100.0
IX. Manufactured Products, N.E.S.	No. of firms	49	12	3	64
	% of output	12.8	35.0	52.2	100.0
Total	No. of firms	1104	295	140	1539
	% of output	3.7	11.8	84.5	100.0

Source. Central Bank of Ceylon.

few categories. In the Textiles, Paper, Fabricated metal products and Manufactured products, N.E.S. categories, the concentration of output in the larger units (Rs 2 million and over) is comparatively less than in the other categories, while the medium scale units (Rs 250,000 and less than Rs 2 million) in these four categories contributed an appreciable share of production.

In the Footwear and leather products industry, 3 units account for 70 per cent of output, while 2 units each in the Soft drinks and Biscuits industries, produce 86 and 83 per cent of output, respectively.

Data relating to the size distribution of industrial units based on the wage bill given in Table II (B) 5 also show a similar trend in wages being concentrated in a few large units. In 1971, 75 units out of a total of 1,539 within the units with an output of over Rs. 500,000, accounted for 73 per cent of total wages, while units having an output of less than Rs. 15,000 had 850 units accounting for only 2.3 per cent of the total wage bill. Statistics for the last 5 years show that the share of establishments whose production was less than Rs. 15,000 has been decreasing from 4.1 per cent in 1967 to 2.3 per cent in 1971, while the share of those firms with an output of over Rs. 500,000 has increased from 58.4 per cent to 73 per cent.

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

Industry	No. of Firms	Employees	Wage Bill		Value of Production		(4) as a % of Total Value of Production (5)
			Rs.	Th.	Rs.	Th.	
	(1)	(2)	(3)		(4)		(5)
1. Food preparations ..	11	5,224	16,285	170,686	64.9		
2. Preserved and canned food ..	6	593	1,330	20,116	86.7		
3. Biscuits and confectionery ..	7	1,042	2,447	33,853	63.8		
4. Beverages ..	5	1,775	7,150	38,993	44.2		
5. Tobacco ..	2	2,143	15,524	110,246	88.3		
6. Garments and apparel ..	15	2,203	4,484	44,774	63.2		
7. Spinning and weaving ..	15	8,630	22,271	167,246	88.3		
8. Footwear and leather ..	7	2,248	8,085	40,346	87.7		
9. Wood ..	4	1,395	4,013	11,046	86.3		
10. Paper and paper products ..	13	2,988	9,319	56,740	80.7		
11. Miscellaneous chemicals ..	21	3,816	16,253	209,858	91.1		
12. Petroleum and coal products ..	2	772	4,651	198,497	100.0		
13. Rubber products ..	4	3,601	14,112	71,637	78.0		
14. Plastic products ..	11	1,401	3,653	29,682	78.7		
15. Glass and glass products ..	3	844	2,491	12,589	90.6		
16. Cement and asbestos ..	4	3,373	14,174	115,002	98.5		
17. Bricks and tiles ..	3	1,303	2,562	27,412	88.1		
18. Fabricated metal products ..	27	4,549	15,290	103,205	80.6		
19. Machinery and transport equipment ..	11	2,755	7,895	42,825	74.7		
20. Electrical machinery ..	21	2,573	7,770	83,816	95.0		
21. Manufactured products, N.E.S. ..	5	494	1,300	15,005	65.0		
Total ..	198 (10.4)*	53,722 (54.6)*	181,059 (73.9)*	1,603,574 (71.6)*	71.6		
Grand Total ..	1,897	98,365	245,000	2,239,400			

Source: Central Bank of Ceylon

1. Production value over Rs. 1 million.

* Expressed as percentage of grand total.

The information provided in Table II (B) 4 (1) in respect of industrial units having an output exceeding Rs 1 million confirms the trend in the local industrial sector, where a few large industrial units account for a major share of output, wages, and employees. As may be seen, only 198 units or 10.4 per cent of the total number had 54.6 per cent of total employees, accounted for 73.9 per cent of the total wage bill and took away 71.6 per cent of the value of industrial production.

TABLE II (B) 5

SIZE DISTRIBUTION OF MANUFACTURING FIRMS 1971, 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 % of Wage Bill	87 1.5	35 3.1	34 15.1	13 80.3	169 100.0
II. Textiles, Wearing Apparel and Leather Industries ..	No. of Firms % of Wage Bill	464 5.8	94 5.6	62 19.0	14 69.6	634 100.0
III. Manufacture of Wood and Wood Products including Furniture	No. of Firms % of Wage Bill	3 0.2	6 1.6	3 4.9	3 93.3	15 100.7
IV. Manufacture of Paper and Paper Products ..	No. of Firms % of Wage Bill	30 2.0	21 5.2	21 32.0	2 60.8	74 100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	No. of Firms % of Wage Bill	123 1.5	55 2.9	49 15.7	17 79.9	244 100.0
VI. Manufacture of Non-metallic Mineral Products except Petroleum and Coal	No. of Firms % of Wage Bill	11 0.3	16 1.9	16 7.8	8 90.0	51 100.0
VII. Basic Metal Products	No. of Firms % of Wage Bill	— —	— —	— —	1 100.0	1 100.0
VIII. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment ..	No. of Firms % of Wage Bill	98 1.7	80 6.0	93 40.8	16 51.5	287 100.0
IX. Manufactured Products, n.e.s. ..	No. of Firms % of Wage Bill	34 8.1	16 18.1	13 53.6	1 20.2	64 100.0
Total	No. of Firms % of Wage Bill	850 2.3	323 4.1	291 20.6	75 73.0	1539 100.0

Source: Central Bank of Ceylon.

5. Employment and wages

In 1971, although there was an overall marginal increase in the number of reporting units, the total number of employees fell from 105,105 to 98,365. This was accompanied by a decrease in the total number of man-days of about 19.5 per cent. In spite of the decrease in the number of employees and man-days, increases were recorded in total wages, output and wage per man-day.

The decrease in the total number of employees is mainly attributed to a contraction in employment in the category Food, beverages and tobacco, where about 100 beedi manufacturing units have gone out of production, and in the Textiles, wearing apparel and leather industries category, where there was a reduction of employees in the sub group Spinning, weaving and finishing of textiles. However, a decrease in the number of employees in these two categories has had no impact on the overall output of this group because, a few large units in these categories have recorded appreciable increases in production.

The total wage bill of reporting units rose from Rs 229.4 million in 1970 to Rs 245.0 million in 1971, reflecting an increase of 6.8 per cent. Appreciable gains in wages were recorded in the Chemicals (22.8 per cent), and Fabricated metal products (35.4 per cent) categories, while there was a decrease in the categories Food, beverages and tobacco (7.1 per cent) and Textiles, wearing apparel and leather industries (5.9 per cent). The categories which have the highest wage bills, are Food, beverages and tobacco (24.4 per cent) and Chemicals (19.6 per cent). These two categories which produce 58.3 per cent of total output, employ 38,928 persons or 39.6 per cent of total employees, who receive 44.0 per cent of total wages.

Increases in wages in the industrial sector during 1971 are reflected in the wage per man-day which has increased in all nine major categories. The data in respect of man-days per employee is very revealing because there is a drop in the man-days worked during the year in all major categories. This is explained by the temporary disruption of activity in the industrial sector during the civil disturbances in the first half of 1971.

6. The use of raw materials

As may be seen in Table II (B) 6, about 50 per cent of the value of production comprises the value of raw materials used. But the overall pattern of raw material utilisation in local industry in 1971 remained unchanged. As in the past years, 75 per cent of raw materials used in industry were imported. However, on a detailed analysis of data for the various categories of industry, it is encouraging to note that at least in two categories, namely, Food beverages and tobacco and Textiles, wearing apparel and leather industries a perceptible change is observed in the proportion of local to foreign raw materials consumed. The local component in these two categories has increased from 37.6 and 26.9 per cent respectively in 1970 to 42.4 and 40.3 per cent respectively in 1971. In some of the other categories, local raw materials figure prominently in sub groups such as Miscellaneous chemicals, Rubber products and Cement, cement products and asbestos products to the extent of 50 per cent of the total raw materials used.

TABLE II (B) 6

PRODUCTION AND RAW MATERIALS - 1971

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 ..	148	312.5	63,698	42.4	86,576	57.6	150,274	100.0
II. Textiles, Wearing Apparel and Leather Industries	615	252.3	42,283	40.3	62,560	59.7	104,843	100.0
III. Manufacture of Wood and Wood Products including Furniture ..	12	20.8	5,073	85.7	844	14.3	5,917	100.0
IV. Manufacture of Paper and Paper Products ..	65	61.9	8,465	24.8	25,710	75.2	34,175	100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	232	524.1	44,333	15.8	236,328	84.2	280,661	100.0
VI. Manufacture of Non-Metallic Mineral Products except Petroleum and Coal ..	46	157.2	10,233	34.0	19,825	66.0	30,048	100.0
VII. Basic Metal Products ..	1	58.6	—	—	40,027	100.0	40,027	100.0
VIII. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment ..	242	226.2	23,264	18.2	104,603	81.8	127,867	100.0
IX. Manufactured Products, N.E.S. ..	60	20.9	1,943	21.5	7,076	78.5	9,019	100.0
Total ..	1,421	1634.5	199,282	25.5	583,549	74.5	782,831	100.0

Source: Central Bank of Ceylon.

Government's policy with regard to the encouragement and fostering of those industries where there would be a greater utilisation of indigenous raw materials, could change the pattern of raw material utilisation, and thus effect a reduction in the import of foreignraw materials.

7. Use of Power and fuel

The cost of power and fuel as seen in Table II (B) 7 comprises 3 per cent of the value of output. The share of petroleum and oil in total consumption of power and fuel is 53.3 per cent while electricity, and coal and gas account for 42.2 per cent and 2.2 per cent respectively. Categories which consume a high percentage of electricity are Food, beverages and tobacco, Paper and paper products, Basic metal products, and Fabricated metal products, machinery and transport equipment. Petrol and oil which are also widely used are the chief fuels in the Chemicals and Non-metallic mineral products categories.

TABLE II (B) 7
PRODUCTION, POWER AND FUEL - 1971

	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 ..	114	267.7	1,617	191	735	25	2,568
II. Textiles, Wearing Apparel and Leather Industries	309	228.1	2,297	102	1,940	30	4,369
III. Manufacture of Wood and Wood Products including Furniture ..	11	20.7	118	5	181	5	309
IV. Manufacture of Paper and Paper Products ..	52	53.8	1,044	18	746	—	1,808
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	158	394.1	6,430	69	7,337	65	13,901
VI. Manufacture of Non-Metallic Mineral products except Petroleum and Coal ..	41	165.2	2,969	...	10,739	109	13,817
VII. Basic Metal Products ..	1	58.6	1,623	—	947	—	2,570
VIII. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment	193	212.2	3,217	615	1,595	24	5,451
IX. Manufactured Products, N.E.S. ..	41	17.2	129	12	16	8	165
Total ..	920	1,417.6	19,444	1,012	24,236	266	44,958

Source: Central Bank of Ceylon

TABLE II (B) 8
LOCATION OF INDUSTRIES BY PROVINCES (1971)

	Western Province		Northern Province		Southern Province		Eastern Province		Central Province		N. Western Province		North Central Province		Sabaragamuwa 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	%	No. of Enterprises	%	No. of Enterprises	%	No. of Enterprises	%
1. Manufacture of Food, Beverages & Tobacco ..	86	69.4	8	6.5	7	5.6	3	2.4	9	7.3	6	4.8	-	-	2	1.6	3	2.4	124	100.0
2. Textiles, Wearing apparel and Leather Industries ..	419	75.7	18	3.3	35	6.3	9	1.6	38	6.9	12	2.2	-	-	16	2.9	6	1.1	553	100.0
3. Manufacture of Wood and Wood products, including Furniture ..	9	75.0	-	-	2	16.7	-	-	1	8.3	-	-	-	-	-	-	-	-	12	100.0
4. Manufacture of Paper and Paper Products ..	56	91.8	2	3.3	3	4.9	-	-	-	-	-	-	-	-	-	-	-	-	61	100.0
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	176	81.5	7	3.2	8	3.7	-	-	11	5.1	6	2.8	2	0.9	3	1.4	3	1.4	216	100.0
6. Manufacture of Non-Metallic Mineral Products except Petroleum & Coal ..	36	81.9	-	-	1	2.3	2	4.5	2	4.5	2	4.5	-	-	1	2.3	-	-	44	100.0
7. Basic Metal Products ..	1	100.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	100.0
8. Manufacture of Fabricated Metal products, Machinery and Transport Equipment ..	231	84.0	14	5.1	14	5.1	1	0.3	12	4.4	3	1.1	-	-	-	-	-	-	275	100.0
9. Manufactured Products, N.E.S. ..	26	83.9	1	3.2	3	9.7	-	-	-	-	1	3.2	-	-	-	-	-	-	31	100.0
	1040	78.94	50	3.80	73	5.54	15	1.14	73	5.55	30	2.29	2	0.15	22	1.67	12	0.92	1317	100.0

Source: Central Bank of Ceylon.