

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

Data relating to industrial production and employment for the year 1972 were obtained by means of a questionnaire addressed to industrial units in the private and public sectors. In the case of a few big industrial firms a postal questionnaire was issued and was followed up by personal visits with a view to expediting the collection of data. The response by industrialists to the questionnaire, despite the short time given, was very satisfactory. In all, 1,913 completed questionnaires were returned. Of this number about 15 per cent indicated that they were not engaged in production in 1972. Most of these industrial units were the relatively small ones and one of the main reasons they adduced for inactivity in 1972 was the lack of imported raw materials.

The value of industrial production¹ in 1972 was Rs. 2,442.4 million, representing an increase of Rs. 234.7 million or 10.6 per cent over 1971. The number of reporting units in 1972 was 1,913 while in 1971 the corresponding figure was 1,897. The value of production of industrial firms that reported both in 1971 and 1972 increased by Rs. 185.1 million or 9.7 per cent. This figure because of its comparability is a better indicator of industrial performance in 1972. However, since the value of output is susceptible to changes in the price level the former may show an increase even with a decline in volume. In 1972, price increases in industrial products ranged from 6 to 20 per cent over the 1971 level. The Colombo Consumers' Price Index rose by 6.3 per cent. In the light of these factors it would appear that the increase in prices largely accounted for the increase in the value of production.

2. Location of Industry

Table II (B) 9 shows that industries are highly concentrated in the Western Province, and there are relatively few industries located in other regions. Even in the Western Province industry has tended to concentrate in and around Colombo. Approximately 80 per cent of the total value of industrial production was contributed by industries situated within a radius of 20 miles from the metropolis. The Western Province alone accounted for 92 per cent of the total value of industrial production and had nearly 80 per cent of the industrial units located within its boundaries. The other provinces have lagged far behind, and their individual contributions to the total value of industrial production have been very small. Government's policies as embodied in the Five Year Plan, particularly those relating to road transport in the rural areas, the development of the internal telecommunication system on a selective basis, and its programme of rural electrification are designed to enhance the investment climate in the regions and pave the way for the dispersion of industry.

1. The production figures in this section are not given in real terms and to a large extent show the increase in the values that have taken place as a result of sharp price increases in the period under review. A production index reflecting changes in the volume of output could not be constructed in view of the short time available between the receipt of data and the publication of the Annual Report.

3. Production

The increase in the value of production in 1972 over the preceding year at current prices was Rs. 234.7 million or 10.6 per cent. This was relatively smaller than the increase of 13.5 per cent in 1971. The price increase in most industrial goods was more than the increase in the value of output and was mainly responsible for the increase in value of output.

It is not possible to quantify the inhibiting effects on industry of the shortage of imported raw materials.

Public sector industrial corporations increased the value of their production from Rs. 568.9 million in 1971 to Rs. 871.1 million in 1972 increasing their share in the value of total industrial production from 25.7 per cent to 35.6 per cent. The number of employees in these corporations also showed a substantial increase, rising from 29,895 in 1971 to 35,981 in 1972.

Three main tables and two supplementary tables on industrial production are presented in this section. The first table, II (B) 1 gives a broad statistical summary of production and employment for the years 1969 to 1972. Table II (B) 2 gives production data classified by industry and principal products for the years 1968-1972; while Table II (B) 3 gives production data in respect of industrial units that reported both in 1971 and 1972.

Industrial units engaged in the manufacture of Food, Beverages and Tobacco accounted for 32.7 per cent of the total value of production and was the largest industrial category. Additionally, in 1972 these industries showed an increase of Rs. 55.7 million in output. Within the industrial group Food, Beverages and Tobacco, the sub-groups Food preparations and Tobacco because of their agro-industrial character are not too heavily dependant on imported raw materials. Industrial units which belong to these sub-groups are Dairy Products, Salt, Vegetable oil, Desiccated Coconut and Tobacco.

All major categories, as evident from Table II (B) 1 showed increases in the value of production. The only exception to this was the Industrial category Non-metallic Mineral products (except Petroleum and Coal) which recorded a decline in value of Rs. 3.5 million. In the case of Textiles, Wearing Apparel and Leather Products and industries manufacturing Fabricated Metal Products, Machinery and Transport Equipment output rose by Rs. 88.3 million and Rs. 31.3 million. Their share in the total value of industrial production was 16.1 per cent and 12.5 per cent respectively.

Table II (B) 2 gives data on the performance of industrial sub-groups within the main industrial groupings and are particularly relevant for an analysis of those main industrial groups that have expanded or contracted during the year. The industrial group-Food, Beverages and Tobacco showed a substantial increase in the value of production. The expansion was in the two sub-groups viz., Food preparations and Tobacco where production increased by 22.7 per cent and 39.1 per cent respectively. The increase in the value of Food Preparations was very largely due to the increase in the value of output by State Corporations in this field.

A large increase in the value of production was recorded by the industrial group Textiles, Wearing Apparel and Leather industries. This was mainly due to the increase in the value of output recorded by the sub-group Spinning, Weaving and Finishing of Textiles.

INDUSTRIAL PRODUCTION AND

Industrial Group	Number of Firms				Number of Employees				Total Man-days (Thousand)			
	1969	1970	1971	1972	1969	1970	1971	1972	1969	1970	1971	1972
I. Manufacture of Food, Beverages and Tobacco ..	654	649	527	304*	31889	33734	33866	32776	8982	9651	7747	7856
II. Textiles, Wearing Apparel and Leather Industries ..	537	530	634	639	25469	27069	22568	32908	6433	7352	5254	8536
III. Manufacture of Wood and Wood Products including Furniture ..	15	11	15	11	3393	2907	4127	4668	949	738	798	1099
IV. Manufacture of Paper and Paper Products ..	95	74	74	67	4876	4462	4645	4323	1412	1195	1228	1262
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	276	244	244	196	12414	16610	16888	15769	3459	3782	4358	4504
VI. Manufacture of Non-Metallic Mineral Products except Petroleum and Coal.	75	67	51	64	7811	8545	9929	8595	2131	2287	2193	2345
VII. Basic Metal Products ..	1	1	1	1	960	963	952	1011	288	270	220	304
VIII. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment ..	282	228	287	280	16119	12448	15089	21483	4501	3320	3960	5033
IX. Manufactured Products, (Not Elsewhere Specified).	27	49	64	64	795	1367	2127	2453	212	395	474	671
Total ..	1962	1853	1897	1626*	103726	105105	110141	123986	28367	28990	26232	31610

* The drop in the number of reporting firms in 1972 is largely due to the Sri Lanka Tobacco Industries

TABLE II (B) 1

EMPLOYMENT 1969-1972 STATISTICAL SUMMARY

Wage Bill (Rupees Million)				Production Value (Rupees Million)				Wage per Man-day (Rupees)				Man-days per Employee			
1969	1970	1971	1972	1969	1970	1971	1972	1969	1970	1971	1972	1969	1970	1971	1972
58.3	64.4	70.5	82.7	641.8	684.5	743.0	798.7	6.49	6.67	9.10	10.52	282	286	229	239
31.8	46.0	43.3	72.9	267.1	282.7	306.2	394.5	4.94	6.25	8.24	8.54	253	272	233	259
7.0	8.8	8.8	13.3	18.0	21.2	26.6	30.7	7.38	11.89	11.03	12.09	280	254	193	235
10.8	10.7	11.9	14.6	62.3	65.0	70.3	79.1	7.65	8.92	9.69	11.52	290	268	264	291
34.1	39.1	72.3	82.7	249.8	439.2	530.0	563.8	9.86	10.33	16.58	18.36	279	278	258	285
18.6	26.1	25.8	37.4	123.3	138.8	176.4	172.9	8.73	11.42	11.76	15.96	273	268	221	276
4.0	2.8	4.7	3.9	23.8	38.9	58.6	67.5	13.89	10.55	21.36	12.66	300	280	231	300
33.7	29.4	39.8	54.9	226.2	256.1	273.5	304.8	7.49	8.87	10.05	10.90	279	267	262	234
1.2	2.1	2.9	5.5	9.5	18.6	23.1	30.4	5.66	5.40	6.12	8.20	267	289	223	273
199.5	229.4	280.0	367.9	1626.8	1945.0	2207.7	2442.4	7.03	7.91	10.67	11.63	273	276	238	255

Source: Central Bank of Ceylon.

Corporation submitting a consolidated return in respect of a large number of small beedi manufacturing units

VALUE OF INDUSTRIAL PRODUCTION 1968-72 CLASSIFIED BY

Industrial Group	Value of Production (Rupees Million)				
	1968	1969	1970	1971	1972
1. Manufacture of Food, Beverages and Tobacco ..	609.6	641.8	684.5	743.0	798.7
(a) Food Preparations	250.0	230.5	250.6	263.2	322.9
(b) Vegetable Oils and Fats	162.0	169.5	170.1	190.4	143.9
(c) Preserved and Canned Fruits, Vegetables, Meat, Fish and other Sea Foods	8.4	8.6	11.8	23.2	11.5
(d) Biscuits, Cocoa, Chocolate and Sugar Confectionery	44.3	49.9	50.5	53.1	50.2
(e) Beverages and Spirits	34.4	77.4	94.9	88.1	96.5
(f) Tobacco	110.5	105.9	106.6	124.9	173.7
2. Textiles, Wearing Apparel and Leather Industries	224.3	267.1	282.7	306.2	394.5
(a) Knitted Fabrics and Articles, Made-up Garments and other Apparel except Footwear	55.7	56.0	64.3	70.8	66.7
(b) Spinning, Weaving and Finishing of Textiles	136.2	172.2	173.3	189.4	271.2
(c) Footwear and Leather Products	32.4	38.9	45.1	46.0	56.6
3. Manufacture of Wood and Wood Products Including Furniture	16.9	18.0	21.2	26.6	30.7
(a) Manufacture of Wood	8.0	9.2	10.4	12.8	12.7
(b) Plywood	8.9	8.8	10.8	13.8	18.0
4. Manufacture of Paper and Paper Products	54.6	62.3	65.0	70.3	79.1
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	203.3	249.8	439.2	530.0	563.8
(a) Industrial Chemicals	2.3	2.2	3.1	3.3	5.2
(b) Miscellaneous Chemical Products	118.9	155.6	155.9	230.3	213.5
(c) Petroleum and Coal Products	8.3	11.0	191.0	198.5	259.5
(d) Rubber Products	41.3	52.8	56.4	60.2	67.7
(e) Plastic Products	32.5	28.2	32.8	37.7	17.9
6. Manufacture of Non-Metallic Mineral Products Except Petroleum and Coal	92.8	123.3	138.8	176.4	172.9
(a) Ceramics	8.5	8.7	8.0	8.5	12.9
(b) Glass and Glass Products	4.8	7.7	8.1	13.9	11.9
(c) Cement, Cement Products and Asbestos Products	70.0	89.0	104.8	116.7	110.4
(d) Manufacture of Ilmenite	2.2	3.1	4.7	6.2	3.7
(e) Bricks and Tiles	7.3	14.8	13.2	13.1	34.0
7. Basic Metal Products	27.3	28.8	38.9	58.6	67.5
(a) Iron and Steel Basic Industries	27.3	28.8	38.9	58.6	67.5
8. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment	167.1	226.2	256.1	273.5	304.8
(a) Fabricated Metal Products other than Machinery and Equipment	79.4	82.0	96.9	128.0	111.1
(b) Machinery (except Electrical) and Transport Equipment	45.9	77.9	70.8	57.3	98.9
(c) Electrical Machinery, Apparatus, Appliances and Supplies	41.8	66.3	88.4	88.2	94.8
9. Manufactured Products, N.E.S.	2.7	9.5	18.6	23.1	30.4
Total	1398.6	1626.8	1945.0	2207.7	2442.4

TABLE II (B) 2

TYPE OF INDUSTRY AND BY PRINCIPAL PRODUCTS

% Within Industry					% of Total Industrial Production				
1968	1969	1970	1971	1972	1968	1969	1970	1971	1972
100.0	100.0	100.0	100.0	100.0	43.6	39.5	35.2	33.7	32.7
41.0	35.9	36.6	35.4	40.5	17.9	14.2	12.0	11.9	13.2
26.6	26.4	24.9	25.6	18.0	11.6	10.4	8.7	8.6	5.9
1.4	1.3	1.7	3.1	1.4	0.6	0.5	0.6	1.1	0.5
7.3	7.8	7.4	7.2	6.3	3.2	3.1	2.6	2.4	2.0
5.6	12.1	13.9	11.9	12.1	2.4	4.8	4.9	4.0	4.0
18.1	16.5	15.6	16.8	21.7	7.9	6.5	5.5	5.7	7.1
100.0	100.0	100.0	100.0	100.0	16.0	16.4	14.5	13.9	16.1
24.8	21.0	22.7	23.1	16.9	4.0	3.4	3.3	3.2	2.7
60.7	64.5	61.3	61.9	68.8	9.7	10.6	8.9	8.6	11.1
14.5	14.5	16.0	15.0	14.3	2.3	2.4	2.3	2.1	2.3
100.0	100.0	100.0	100.0	100.0	1.2	1.1	1.1	1.2	1.3
47.3	51.1	49.1	48.1	41.4	0.6	0.6	0.5	0.6	0.5
52.7	48.9	50.9	51.9	58.6	0.6	0.5	0.6	0.6	0.8
100.0	100.0	100.0	100.0	100.0	3.9	3.8	3.3	3.2	3.2
100.0	100.0	100.0	100.0	100.0	14.5	15.3	22.6	24.0	23.1
1.1	0.9	0.7	0.6	0.9	0.2	0.1	0.2	0.2	0.2
58.5	62.3	35.5	43.5	37.9	8.5	9.6	8.0	10.4	8.8
4.1	4.4	43.5	37.4	46.0	0.6	0.7	9.8	9.0	10.6
20.3	21.1	12.8	11.4	12.0	3.0	3.2	2.9	2.7	2.8
16.0	11.3	7.5	7.1	3.2	2.3	1.7	1.7	1.7	0.7
100.0	100.0	100.0	100.0	100.0	6.6	7.6	7.1	8.0	7.1
9.1	7.1	5.8	4.8	7.5	0.6	0.5	0.4	0.4	0.5
5.2	6.2	5.8	7.9	6.9	0.3	0.5	0.4	0.6	0.5
75.4	72.2	75.5	66.2	63.8	5.0	5.5	5.4	5.3	4.5
2.4	2.5	3.4	3.5	2.1	0.2	0.2	0.2	0.3	0.2
7.9	12.0	9.5	17.6	19.7	0.5	0.9	0.7	1.4	1.4
100.0	100.0	100.0	100.0	100.0	2.0	1.8	2.0	2.6	2.8
100.0	100.0	100.0	100.0	100.0	2.0	1.8	2.0	2.6	2.8
100.0	100.0	100.0	100.0	100.0	12.0	13.9	13.2	12.4	12.5
47.5	36.3	37.8	46.8	36.5	5.7	5.0	5.0	5.8	4.5
24.2	34.4	27.6	21.0	32.4	3.3	4.8	3.6	2.6	4.1
28.3	29.3	34.5	32.2	31.1	3.0	4.1	4.5	4.0	3.9
100.0	100.0	100.0	100.0	100.0	0.2	0.6	1.0	1.0	1.2
					100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Ceylon

The increase was appreciable and amounted to Rs. 81.8 million or 48.2 per cent. This increase is largely explained by the increase in the output of the National Textile Corporation. In the industrial group Fabricated Metal Products, Machinery and Transport Equipment, the recorded expansion in production was almost exclusively due to the sub-group Machinery (except Electrical) and Transport equipment which increased its output from Rs. 57.3 million to Rs. 98.9 million, an increase of 72.6 per cent. This reported increase in the value of production was due to the receipt of data from a few big industrial units that were not covered in the 1971 Survey. In the other industrial groups, the only sub-group to show a marked increase in production was Petroleum and Coal Products, in the industrial group Chemicals, Petroleum, Coal, Rubber and Plastic Products. The increase in value recorded by this sub-group was Rs. 61.0 million or 30.7 per cent and was due to the increase in the value of Petroleum and Petroleum products manufactured by the State Petroleum Corporation.

The industrial group Non-metallic Mineral Products (except Petroleum and Coal) showed a small decline in production although there were no significant changes in the value of output of the individual sub-groups; other than in Cement, Cement products and Asbestos products where there was a marginal fall of Rs. 6.3 million. This was mainly due to a fall in the output of Asbestos products, perhaps, due to the inadequacy of imported raw materials.

Supplementary Table II (B) 2 (1) gives a classification of industrial sub-groups according to increases in the value of production. Food Preparations, Petroleum and Coal products and Spinning and Weaving recorded the highest increases in value, where each of these sub-groups increased their value of production by Rs. 50 million or more. These groups appear to be growing rapidly, because in the preceding year too they increased their production value appreciably. The sub-groups Tobacco, and Machinery (except Electrical) showed increases in value ranging from Rs. 20 to Rs. 50 million. Paper products and Iron and Steel which showed increases in value of Rs. 5 to 20 million in 1971 have continued to do so in 1972. Other groups of industries which now fall into the latter category are Beer, Stout, Arrack, Footwear and Leather Products, Electrical machinery and Manufactured products, n.e.s.

TABLE II (B) 2 (1)
Increase in Value of Production by Industrial Sub-Group

Rs. 0 - 5 million	Rs. 5 - 20 million	Rs. 20-50 million	More than Rs. 50 million
Plywood	Beer, Stout and Arrack	Tobacco	Food Preparations
Industrial chemicals	Footwear and leather products	Machinery (except Electrical)	Petroleum and Coal products
Ceramics	Paper and Paper products		Spinning and Weaving
Bricks and Tiles	Iron and steel		
	Electrical Machinery		
	Manufactured products, n.e.s.		

Source: Central Bank of Ceylon

Supplementary Table II (B) 2 (2) shows the changes in the number of industrial units in the 9 major industrial groups and the corresponding change in the value of production during the period 1971-72. It is evident from the Table that there has been a drop in the number of reporting units in all but two industrial groups, although the total value of production has increased. Only one industrial group - Non-Metallic Mineral Products (except Petroleum and Coal) recorded a fall in the value of output and that despite an increase in the number of reporting units. The biggest drop in the number of reporting firms was in the industrial Group - Food, Beverages and Tobacco, where the number of reporting firms declined by 223. This decrease is explained by the Sri Lanka Tobacco Industries Corporation¹ having submitted a consolidated statement of data covering almost all small beedi manufacturing units. The increase recorded in this industrial category was Rs. 55.7 million. The industrial group - Textiles, Wearing Apparel and Leather, showed a marked increase in its production despite a marginal increase in the number of reporting firms. The increase was largely due to the sub-group Spinning, Weaving and Finishing of Textiles which increased its production value by 16.1 percent. In this sub-group there was also an increase in the number of reporting units in 1972. But this was almost offset by a fall in the number of reporting units in Garments and other Apparel (except Footwear). The other significant contributions to production value came from the group manufacturing Fabricated Metal Products, Machinery and Transport Equipment, where value of output increased by Rs. 31.3 million despite the number of reporting units in this group in 1972 dropping by seven. As already indicated this was due to the submission of production data by a few big firms who had not reported in 1971.

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 ..	- 223	+ 55.7	
2. Textiles, Wearing Apparel and Leather Industries..	+ 5	+ 88.3	
3. Manufacture of Wood and Wood Products including Furniture ..	- 4	+ 4.1	
4. Manufacture of Paper and Paper Products ..	- 7	+ 8.8	
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	- 48	+ 33.8	
6. Manufacture of Non-Metallic Mineral Products except Petroleum and Coal ..	+ 13	- 3.5	
7. Basic Metal Products ..	-	+ 8.9	
8. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment ..	- 7	+ 31.3	
9. Manufactured Products, N. E. S. ..	-	+ 7.3	
Total ..	- 271	+ 234.7	

Source: Central Bank of Ceylon.

1. The Sri Lanka Tobacco Industries Corporation was established in 1972. The main functions of the Corporation are: (1) The import, distribution and sale of beedi wrapper leaf and (2) the manufacture, distribution, sale and export of beedies.

Table II (B) 3 gives data on the value of production classified by industry and products for industrial units that reported both in 1971 and 1972. The number of units that reported in both years was 959 which is 50 and 59 per cent of the number that submitted data for 1971 and 1972, respectively. The change in the value of industrial production as reflected here is undoubtedly a better comparative guide to industrial performance in 1972, than the absolute figures of production value given in the two preceding Tables.

The aggregate value of output of the 959 reporting units in 1972 was Rs. 2,083.1 million as against Rs. 1,898.7 million in 1971; an increase of 9.7 per cent. Despite the increase in the value of output the overall performance of industry in 1972 as evident from Table II (B) 3 is somewhat disquieting. Seven industrial groups recorded increases in the value of production, but only two of these groups, namely Chemicals, Petroleum, Coal, Rubber and Plastic Products and Textiles, Wearing Apparel and Leather Industries, showed substantial increases of Rs. 97.9 million and Rs. 47.8 million, respectively. In the former the increase was due to two sub-groups, namely Petroleum and Coal Products and Miscellaneous Chemicals while in the latter it was due entirely to the sub-group Spinning, Weaving and Finishing of Textiles. The other seven industrial groups recorded relatively small increases, while two industrial groups recorded a fall in the value of output. In addition, eight industrial sub-groups also showed a decline in the value of output in 1972. They were:

- (1) Preserved and Canned Fruits, Vegetables, Meat, Fish and other Sea Foods.
- (2) Biscuits, Cocoa, Chocolate and Sugar Confectionery.
- (3) Beverages.
- (4) Knitted Fabrics.
- (5) Glass and Glass Products.
- (6) Bricks and Tiles.
- (7) Fabricated Metals.
- (8) Manufacture of Ilmenite.

The fall in the value of output as recorded by these industries has not been very substantial, but viewed in conjunction with the marginal increases recorded by most of the others and the price increases in 1972, the overall performance of industry has not been very satisfactory.

4. The Structure of Industry

The structure of industry in Sri Lanka has been influenced largely by the availability of foreign exchange and the nature and size of the domestic market. Manufacturing industry in Sri Lanka showed a significant increase in the wake of the import controls that were introduced in the sixties and intensified thereafter. Consumer goods industries have in the last decade been the dominant industrial group, their share in total production while it has fluctuated marginally has not declined. This category increased its relative share in industrial production from 49.9 per cent in 1971 to 51.8 per cent in 1972.

TABLE II (B) 3

Value of Industrial Production for Corresponding
Reporting Units 1971 - 1972.

Industrial Group	No. of Firms	Production (Rs. Mn.)		Percentage change
		1971	1972	
1. Manufacture of Food, Beverages and Tobacco	177	595.1	618.2	+ 3.9
(a) Food Preparations	88	209.5	262.3	+ 25.2
(b) Vegetable Oils and Fats	1	174.2	143.9	- 17.4
(c) Preserved and Canned Fruits, Vegetables, Meat, Fish and other Sea foods	27	20.9	9.8	- 53.1
(d) Biscuits, Cocoa, Chocolates and Sugar Confectionery	39	49.4	49.7	+ 0.6
(e) Beverages	13	25.2	20.8	- 17.5
(f) Spirits	—	—	—	—
(g) Tobacco	9	115.9	131.7	+ 13.6
2. Textiles, Wearing Apparel and Leather Industries	308	287.9	335.7	+ 16.6
(a) Knitted Fabrics and Articles, Made-up Garments and other Apparel except Footwear	180	58.1	57.6	- 0.9
(b) Spinning, Weaving and Finishing of Textiles	89	185.0	226.5	+ 22.4
(c) Footwear and Leather Products	39	44.8	51.6	+ 15.2
3. Manufacture of Wood and Wood Products including Furniture	11	23.3	30.7	+ 31.8
(a) Manufacture of Wood	10	9.5	12.7	+ 33.7
(b) Plywood	1	13.8	18.0	+ 30.4
4. Manufacture of Paper Products	41	51.1	68.3	+ 33.7
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	142	439.1	537.0	+ 22.3
(a) Industrial Chemicals	1	3.3	5.2	+ 57.6
(b) Miscellaneous Chemical Products	93	158.9	189.8	+ 19.4
(c) Petroleum and Coal Products	2	198.5	259.5	+ 30.7
(d) Rubber Products	31	60.7	64.7	+ 6.5
(e) Plastic Products	15	17.7	17.8	+ 0.6
6. Manufacture of Non-Metallic Mineral Products except Petroleum and Coal	42	175.2	166.9	- 4.7
(a) Ceramics	1	8.5	12.9	+ 51.8
(b) Glass and Glass Products	14	13.9	10.8	- 22.3
(c) Cement, Cement Products and Asbestos Products	12	116.5	109.7	- 5.8
(d) Manufacture of Ilmenite	1	6.2	3.7	- 40.3
(e) Bricks and Tiles	14	30.1	29.8	- 1.0
7. Basic Metal Products	1	58.6	67.5	+ 15.2
(a) Iron and Steel Basic Industries	1	58.6	67.5	+ 15.2
8. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment	201	246.2	235.9	- 4.2
(a) Fabricated Metal Products other than Machinery and Equipment	109	106.4	85.3	- 19.8
(b) Machinery (except Electrical) and Transport Equipment	55	56.1	61.0	+ 8.7
(c) Electrical Machinery, Apparatus, Appliances and Supplies	37	83.7	89.6	+ 7.0
9. Manufactured Products, N.E.S.	36	22.2	22.9	+ 3.2
Total	959	1,898.7	2,083.1	+ 9.7

Source: Central Bank of Ceylon.

Value of Industrial Production 1968-1972 by Major Economic Categories

TABLE II (B) 4

Industrial Group	Rupees Million					per cent				
	1968	1969	1970	1971	1972	1968	1969	1970	1971	1972
A. Consumer Goods	695.3	835.4	917.0	1,012.2	1,265.0	49.7	51.3	47.2	49.9	51.8
i. Food, Beverages and Tobacco	238.4	287.5	346.7	428.4	520.9	17.0	17.7	17.8	19.4	21.3
(a) Food Preparations(1)	40.8	45.8	82.9	139.0	189.0	2.9	2.8	4.3	6.3	7.7
(b) Preserved and Canned Fruits, Vegetables, Meat Fish and other Sea Foods(2)	8.4	8.6	11.8	23.2	11.5	0.6	0.5	0.6	1.1	0.4
(c) Biscuits and Sugar Confectionery	44.3	49.9	50.5	53.1	50.2	3.2	3.1	2.5	2.4	2.1
(d) Aerated Waters	17.3	17.8	26.6	26.1	21.1	1.2	1.1	1.4	1.2	0.9
(e) Arrack, Beer, Stout, etc.	17.1	59.5	68.3	62.1	75.4	1.2	3.7	3.5	2.8	3.1
(f) Tobacco	110.5	105.9	106.6	124.9	173.7	7.9	6.5	5.5	5.6	7.1
ii. Garments(3)	55.7	56.0	64.3	70.8	66.7	4.0	3.4	3.3	3.2	2.7
iii. Footwear and Leather Products	32.4	38.9	45.1	46.0	56.6	2.3	2.4	2.3	2.1	2.3
iv. Miscellaneous Chemical Products(4)	118.9	155.6	155.9	230.3	213.5	8.5	9.6	8.0	10.4	8.7
v. Manufacture of Paper and Paper Products(5)	19.4	13.4	13.1	18.0	40.4	1.4	0.8	0.7	0.8	1.7
vi. Fabricated Metal Products other than Machinery and equipment(6)	9.1	13.1	3.4	3.6	5.0	0.7	0.8	0.2	0.2	0.2
vii. Plastic Products	32.5	28.2	32.8	37.7	17.9	2.3	1.7	1.7	1.7	0.7
viii. Glass and Glass Products	4.8	7.7	8.1	13.9	11.9	0.3	0.5	0.4	0.6	0.5
ix. Ceramics	8.5	8.7	8.0	8.5	12.9	0.6	0.5	0.4	0.4	0.5
x. Rubber Products	41.2	52.8	56.4	60.2	67.7	2.9	3.2	2.9	2.7	2.8
xi. Woven and Finished Textiles	123.7	154.8	154.2	147.9	208.4	8.9	9.5	8.0	6.7	8.5
xii. Manufacture of Wood	8.0	9.2	10.4	12.8	12.7	0.6	0.6	0.5	0.6	0.5
xiii. Manufactured Products, N. E. S.(7)	2.7	9.5	18.6	23.1	30.4	0.2	0.6	1.0	1.1	1.3
B. Intermediate Goods	552.8	580.8	800.3	842.8	866.6	39.5	35.7	41.1	38.2	35.5
i. Food Preparations(8)	371.2	354.2	337.8	314.6	277.8	26.5	21.8	17.4	14.3	11.4
ii. Fabricated Metal Products other than Machinery and Transport Equipment(9)	70.4	68.9	93.5	124.4	106.1	5.0	4.2	4.8	5.6	4.5
iii. Manufacture of Paper and Paper Products(10)	35.2	48.9	51.9	52.3	38.7	2.5	3.0	2.7	2.4	1.6
iv. Spinning (Textiles)	12.5	17.4	19.1	41.5	62.8	0.9	1.1	0.9	1.9	2.6
v. Plywood	8.9	8.8	10.8	13.8	18.0	0.6	0.5	0.6	0.6	0.7
vi. Manufacture of Ilmenite	2.2	3.1	4.7	6.2	3.7	0.2	0.2	0.2	0.3	0.2
vii. Industrial Chemicals(11)	2.3	2.2	3.1	3.3	5.2	0.2	0.1	0.2	0.1	0.2
viii. Electrical Machinery, Apparatus, Appliances and Supplies	41.8	66.3	88.4	88.2	94.8	3.0	4.1	4.5	4.0	3.9
ix. Petroleum and Coal Products	8.3	11.0	191.0	198.5	259.5	0.6	0.7	9.8	9.0	10.6
C. Investment Goods	150.5	210.5	227.7	263.7	310.8	10.8	13.0	11.7	11.9	12.7
i. Cement, Cement Products and Asbestos Products	70.0	89.0	104.8	116.7	110.4	5.0	5.5	5.4	5.3	4.5
ii. Machinery (except Electrical) and Transport Equipment	45.9	77.9	70.8	57.3	98.9	3.3	4.8	3.6	2.6	4.0
iii. Bricks and Tiles	7.3	14.8	13.2	31.1	34.0	0.5	0.9	0.7	1.4	1.4
iv. Iron and Steel Basic Industries(12)	27.3	28.8	38.9	58.6	67.5	2.0	1.8	2.0	2.6	2.8
TOTAL	1,398.6	1,626.7	1,945.0	2,207.7	2,442.4	100.0	100.0	100.0	100.0	100.0

Source: Central Bank of Ceylon.

1. Dairy products, ice cream, salt etc.
2. Jams, jellies, sauces, fruit cordials, etc.
3. Shirts, banians, etc.
4. Pharmaceuticals, cosmetics, soaps and cleaning compounds, matches, toothpaste, etc.
5. Writing paper, exercise books, etc.
6. Aluminium ware.
7. Brushes, slates, printing blocks, toys, musical instruments, etc.

8. Cattle and poultry foods, vegetable oil, ice, desiccated coconut, etc.
9. Containers, barbed wire, wire nails, galvanised products.
10. Printing paper, cartons, other packing boxes and wrapping paper.
11. Caustic soda and chlorine.
12. Rolled sections and wire products

The domestic market characterised as it is by shortages of industrial goods has been a powerful incentive for producers of consumer goods. The nature of the response can be gauged from the increase in the production of consumer goods. Table II (B) 4 gives data on industrial production classified by major economic categories from 1968-1972. In 1968 the total value of consumer goods produced was Rs. 695.3 million while in 1972 it was Rs. 1,265.0 million. In the consumer goods category, Food, Beverages and Tobacco have been the fastest growing industries having more than doubled its production value between 1968 and 1972. Another rapidly growing category in the consumer field is Miscellaneous Chemicals which almost doubled its output in the same period.

The share of intermediate goods in the total value of production has declined from 38.2 per cent in 1971 to 35.5 per cent in 1972. The entry of the State Petroleum Corporation into this field of industrial activity has lent considerable stability to this sector. The value of Petroleum and Coal Products has risen sharply between 1968 and 1972 from Rs. 8.3 million to Rs. 259.5 million respectively.

Output of industries producing investment goods has more than doubled in the period 1968-1972; despite this its relative share in the total value of industrial production has been more or less static. The entry of State enterprise into the field of manufacturing, with its investments strongly biased in favour of the production of intermediate and investment goods has tended to give more balance to the structure of industry in Sri Lanka.

Data on the size distribution of industrial units based on the value of output is given in Table II (B) 5. It shows that industrial production in all sectors is very highly concentrated in a few units. The concentration is most marked in Basic Metal Products, manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic products and Non-metallic Mineral products (except Petroleum and Coal). The industrial groups Manufactured products n.e.s. and Food, Beverages and Tobacco show the least degree of concentration.

TABLE II (B) 5
SIZE DISTRIBUTION OF MANUFACTURING FIRMS 1972,
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	235	43	26	304
	% of output	30.6	3.8	65.6	100.0
II. Textiles, Wearing Apparel and Leather Industries	No. of firms	521	82	36	639
	% of output	6.9	13.1	80.0	100.0
III. Manufacture of Wood and Wood Products including Furniture	No. of firms	5	4	2	11
	% of output	2.2	13.7	84.1	100.0
IV. Manufacture of Paper and Paper Products	No. of firms	44	15	8	67
	% of output	3.9	14.8	81.3	100.0
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	No. of firms	109	58	29	196
	% of output	1.4	6.8	91.8	100.0
VI. Manufacture of Non-metallic Mineral Products except Petroleum and Coal	No. of firms	36	19	9	64
	% of output	1.9	7.8	90.3	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	132	104	44	280
	% of output	3.2	21.7	75.1	100.0
IX. Manufactured Products, N.E.S.	No. of firms	40	20	4	64
	% of output	10.0	42.2	47.8	100.0
Total	No. of firms	1122	345	159	1626
	% of output	12.3	9.4	78.3	100.0

Source. Central Bank of Ceylon.

5. Employment and Wages

In 1972 there was an appreciable increase in the total number of employees in industry; the number rose from 110,141 in 1971 to 123,986, an increase of 12.6 per cent. This increase occurred in two industrial categories viz., Textiles, Wearing Apparel and Leather products and industries manufacturing Fabricated Metal Products, Machinery and Transport equipment. These two industrial groups increased the number of their employees from 22,568 to 32,908 and 15,089 to 21,483 or 45.8 per cent and 42.3 per cent respectively. The industrial group Textiles, Wearing Apparel and Leather industries was the largest employer and accounted for 26.5 per cent of all industrial employees. The total of man-days worked in the industrial sector also showed an increase, rising from 26,232 to 31,610 an increase of 20.5 per cent.

Total wages paid out by industry rose sharply in 1972, the increase was as much as 31.4 per cent. The main industrial groups where the wage bill rose were Textiles, Wearing Apparel and Leather products and Non-Metallic Mineral Products (except Petroleum and coal) which increased their wage bill by 68.3 per cent and 45.0 per cent respectively. Wage per man-day in industry as a whole increased from Rs. 10.67 in 1971 to Rs. 11.63 in 1972. Wage per man-day was the highest in the industrial category Chemicals, Petroleum, Coal and Plastic products where the average wage per man-day recorded Rs. 18.36 and lowest in the category Manufactured Products, n.e.s. with a wage per man-day of Rs. 8.20.

Data relating to the size distribution of industrial units based on the wage bill are given in Table II (B) 6. This table indicates clearly that employment and wages are very highly concentrated in the big industrial units and is most evident in the industrial group Non-Metallic Mineral products (except Petroleum and Coal) and industries manufacturing Chemicals, Petroleum, Coal, Rubber and Plastic Products. The only industrial group that does not exhibit a high degree of concentration is Food, Beverages and Tobacco.

6. Use of Raw Materials

Table II (B) 7 indicates that more than 50 per cent of the cost of production consisted of the value of raw materials. Imported raw materials accounted for 77 per cent of the total value of raw materials.

Only two industrial groups showed a relatively low utilisation of imported raw material. They were Wood and Wood Products including Furniture and Non-Metallic Mineral Products (except Petroleum and Coal). Imported raw material in these two industries accounted for 7.9 and 34.6 per cent of the total value of raw materials. Four industrial groups imported more than 80 per cent of the value of its raw material. They were—

1. Basic Metal products (96.1 per cent)
2. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products (92.2 per cent)
3. Manufactured products n.e.s. (82.1 per cent); and
4. Industries manufacturing Fabricated Metal products, Machinery, and Transport equipment (81.9 per cent).

In the industrial group Food, Beverages and Tobacco the dependence on imported raw material varies according to sub-group and product, while Vegetable Oils and Fats and Tobacco have little or no import content. Others such as Confectionery and Biscuits depend a great deal on imported inputs. Table II (B) 7 also shows the foreign exchange earned by the major industrial groups. The industrial group Chemicals, Petroleum, Coal, Rubber and Plastic products show the highest foreign exchange earnings, with foreign exchange receipts of Rs. 71.3 million or 21.7 per cent of the foreign exchange value of its raw materials. The other industrial groups that earned appreciable foreign exchange were Food, Beverages and Tobacco and Non-metallic Mineral products (except Petroleum and Coal). Their export receipts amounted to Rs. 16.9 million and Rs. 11.7 million.

TABLE II (B) 6

SIZE DISTRIBUTION OF MANUFACTURING FIRMS 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	191	56	36	18	301*
	% of Wage Bill	14.2	1.9	6.7	77.2	100
II. Textiles, Wearing Apparel and Leather Industries ..	No. of Firms	422	115	85	17	639
	% of Wage Bill	3.2	4.2	14.2	78.4	100
III. Manufacture of Wood and Wood Products including Furniture	No. of Firms	—	6	3	2	11
	% of Wage Bill	—	1.2	5.1	93.7	100
IV. Manufacture of Paper and Paper Products ..	No. of Firms	31	16	16	4	67
	% of Wage Bill	1.8	3.3	17.0	77.9	100
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	No. of Firms	78	44	51	23	196
	% of Wage Bill	0.6	1.6	8.9	88.9	100
VI. Manufacture of Non-metallic Mineral Products except Petroleum and Coal	No. of Firms	17	14	23	10	64
	% of Wage Bill	0.3	1.1	8.0	90.6	100
VII. Basic Metal Products	No. of Firms	—	—	—	1	1
	% of Wage Bill	—	—	—	100	100
VIII. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment	No. of Firms	67	74	111	28	280
	% of Wage Bill	0.9	4.1	32.8	62.2	100
IX. Manufactured Products, n.e.s.	No. of Firms	25	17	20	2	64
	% of Wage Bill	3.3	9.3	57.3	30.1	100
Total	No. of Firms	831	342	345	105	1623*
	% of Wage Bill	4.2	2.6	13.8	79.4	100

Source: Central Bank of Ceylon.

* Wages in respect of Beer and Stout are available for 2 firms only.

TABLE II (B) 7

Production, Raw Materials and Exports - 1972

Industrial Group	Number of Firms	Production Rs. Mn.	Raw Materials				Exports	
			Total Value Rs. Th. 3	Local	Foreign		Value Rs. Th. 7	7 as a % of 5
				Value Rs. Th. 4	Value Rs. Th. 5	Percentage 6		
1	2	3	4	5	6	7	8	
I. Manufacture of Food, Beverages and Tobacco ..	148	427.4	233,611	69,033	164,578	70.4	16,892	10.3
II. Textiles, Wearing Apparel and Leather Industries	543	302.7	136,992	42,671	94,231	68.8	7,722	5.6
III. Manufacture of Wood and Wood Products including Furniture ..	5	19.4	17,504	16,126	1,378	7.9	1,138	82.6
IV. Manufacture of Paper and Paper Products ..	58	73.3	44,229	11,957	32,272	73.0	128	0.4
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	155	526.0	355,982	27,796	328,186	92.2	71,343	21.7
VI. Manufacture of Non-Metallic Mineral Products except Petroleum and Coal ..	56	149.7	54,675	35,763	18,912	34.6	11,742	62.1
VII. Basic Metal Products ..	1	67.5	49,028	1,890	47,138	96.1	—	—
VIII. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment ..	183	199.0	122,042	22,092	99,950	81.9	7,223	7.2
IX. Manufactured Products, N.E.S.	39	12.2	6,233	1,113	5,120	82.1	—	—
Total ..	1,188	1,777.2	1,620,296	228,531	791,765	77.6	116,188	14.6

Source: Central Bank of Ceylon.

TABLE II (B) 8

PRODUCTION, POWER AND FUEL - 1972

	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 ..	77	128.7	1,787	29	1,218	408	3,442
II. Textiles, Wearing Apparel and Leather Industries	306	251.7	4,987	168	2,068	144	7,367
III. Manufacture of Wood and Wood Products including Furniture ..	2	2.1	193	76	50	19	338
IV. Manufacture of Paper and Paper Products ..	47	36.8	135	—	24	6283	6,442
V. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products ..	92	194.2	6,807	1,002	2,184	473	10,466
VI. Manufacture of Non-Metallic Mineral products except Petroleum and Coal ..	45	128.6	5,878	27	10,768	648	17,321
VII. Basic Metal Products ..	1	67.5	1,982	—	1,091	—	3,073
VIII. Manufacture of Fabricated Metal Products, Machinery and Transport Equipment	166	196.9	1,349	442	1,056	323	3,170
IX. Manufactured Products, N. E. S. ..	26	10.5	158	4	48	1	211
Total ..	762	1,016.0	23,276	1,748	18,507	8,299	51,830

Source: Central Bank of Ceylon.

7. Use of Power and Fuel

Table II (B) 8 gives data on the use of fuel and power by industry.

The total cost of fuel and power used by manufacturing industry in 1972 was Rs. 51.8 million whereas in 1971 it was Rs. 44.9 million, an increase of Rs. 6.9 million. In 1972, the cost of fuel and power comprised 5 per cent of the value of production whereas in 1971 its relative share in the total value of production was 3 per cent. Electricity, Petrol and Oil constituted the principal source of power in 1972 and their share in power and fuel consumption was 44.9 per cent and 35.7 per cent, respectively. There has been no appreciable change in the utilization of power and fuel by industry in 1972 when compared with 1971.

Location of Industries

Industrial Group	Western Province			Central Province			Southern Province			Northern Province		
	No. of Firms	Production		No. of Firms	Production		No. of Firms	Production		No. of Firms	Production	
		Value Rs. Th.	%		Value Rs. Th.	%		Value Rs. Th.	%		Value Rs. Th.	%
1. Manufacture of Food, Beverages & Tobacco ..	221	703,593	31.1	41	79,118	90.1	8	6,832	14.0	14	1,496	7.2
2. Textiles, Wearing Apparel & Leather Industries ..	479	364,411	16.1	62	3,728	4.2	44	14,099	28.9	21	6,035	29.0
3. Manufacture of Wood and wood products including furniture ..	8	12,510	0.5	—	—	—	2	18,064	36.9	—	—	—
4. Manufacture of Paper & paper products ..	60	78,294	3.4	—	—	—	4	393	0.8	3	465	2.2
5. Manufactured Chemicals, Petroleum, Coal, Rubber & Plastic products ..	158	546,642	24.2	16	1,800	2.1	9	3,435	7.0	7	11,083	53.0
6. Manufacture of Non-Metallic Mineral products except Petroleum, Coal ..	47	164,164	7.3	4	637	0.7	3	359	0.7	4	915	4.5
7. Basic Metal Products ..	1	67,520	3.0	—	—	—	—	—	—	—	—	—
8. Manufacture of Fabricated Metal products, Machinery & transport equipment ..	257	297,413	13.1	6	855	1.0	8	5,689	11.6	7	651	3.1
9. Manufactured products, n. e. s. ..	53	28,591	1.3	7	1,624	1.9	2	50	0.1	2	149	0.7
TOTAL ..	1,284	2,263,138	92.7	136	87,762	3.6	80	48,921	2.0	58	20,794	0.8

TABLE II (B) 9

by Provinces (1972)

Eastern Province			North Western Province			Uva Province			North Central Province			Sabaragamuwa Province			Total		
No. of Firms	Production		No. of Firms	Production		No. of Firms	Production		No. of Firms	Production		No. of Firms	Production		No. of Firms	Production	
	Value Rs. Th.	%		Value Rs. Th.	%		Value Rs. Th.	%		Value Rs. Th.	%		Value Rs. Th.	%		Value Rs. Th.	%
5	5,885	46.0	11	1,110	16.5	—	—	—	2	591	90.0	2	57	70.4	304	798,685	32.7
8	584	4.6	16	4,559	68.5	7	928	59.8	1	45	6.8	1	24	29.6	639	394,453	16.2
—	—	—	1	110	1.6	—	—	—	—	—	—	—	—	—	11	30,684	1.2
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	67	79,152	3.2
—	—	—	3	158	2.4	2	623	40.2	1	21	3.2	—	—	—	196	563,762	23.1
2	6,314	49.4	4	547	8.2	—	—	—	—	—	—	—	—	—	64	172,936	7.1
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	67,520	2.8
—	—	—	2	186	2.8	—	—	—	—	—	—	—	—	—	280	304,794	12.5
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	64	30,414	1.2
15	12,783	0.5	37	6,710	0.3	9	1,551	0.1	4	660	0.03	3	81	0.003	1,626	2,442,400	100.0