

in the following areas : construction and development of irrigation and drainage works, land development in colonisation areas, livestock production, local government, law enforcement, security and customs services.

Employment in semi-government institutions declined in 1984 by 2.6 per cent in contrast to a marginal increase of 0.2 per cent in 1983. Employment in the majority of semi-government institutions, including those in the plantation sector, decreased in 1984 due mainly to reorganisation policies adopted with a view to reducing costs.

In the absence of the final estimates of employment in the organised private sector for 1984 based on active accounts with the Employees' Provident Fund, certain other indicators can be used to identify the general trends in private sector employment. In overall terms, the private industrial sector sustained its growth momentum by registering a 26 per cent growth during the year under review. A breakdown of production growth by sub sectors show that the garments and textile category, which is one of the prominent employment generating sectors, grew by 53 per cent in 1984. On the basis of the Central Bank industrial survey, employment in private sector industries is estimated to have increased by 10 per cent when compared with 8 per cent last year. Information collected through a field survey conducted by the Ministry of Finance and Planning indicated that the projects approved by the Foreign Investment Advisory Committee have provided direct employment to 36,625 persons as at end June, 1984 when compared with 26,944 persons as at end June, 1983. The total number of direct employment in the GCEC enterprises amounted to 29,251 at the end of 1984 as compared with 26,055 in 1983.

Relatively better performance in the rural agricultural sector in 1984, indicates enhanced employment opportunities or reduction in under-employment in this sector.

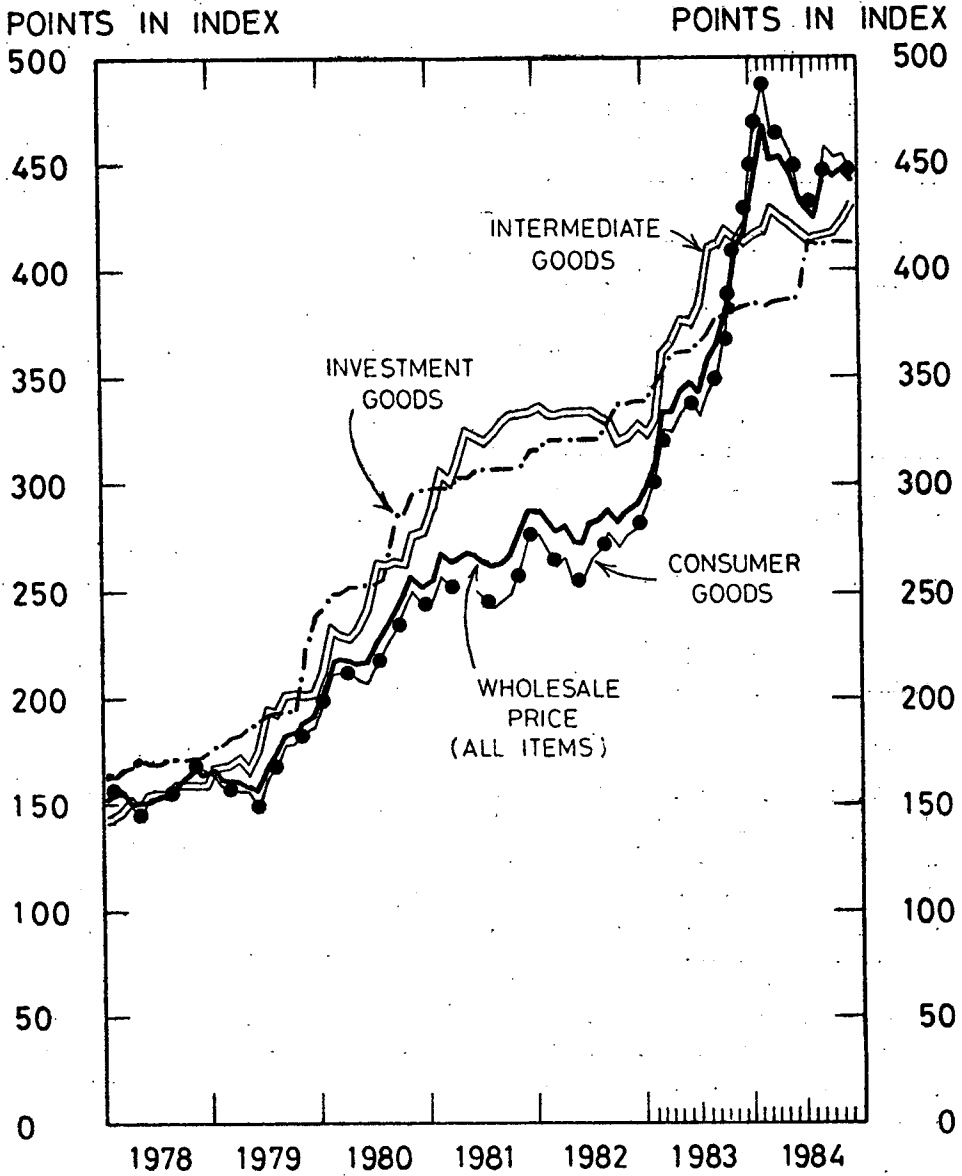
PRICES

The main feature of retail price movements in 1984 was the sharp increases in the early part of the year followed by a appreciable deceleration in the latter half of the year. The deceleration of prices in the latter half of the year was in marked contrast to the price behaviour observed in the same period of 1983. Consequently, although the Colombo Consumers' Price Index (CCPI) registered an increase of 17 per cent on an annual average basis in 1984, compared to 14 per cent in 1983, the point to point increase at end December, 1984 was only 9 per cent. This was a moderate increase when compared with 21 per cent in 1983. Similarly, the Wholesale Price Index (WPI) increased by 26 per cent in 1984 compared to 25 per cent in the previous year, but the increase on a point to point basis as at December, 1984 was only 5 per cent.

The main reason for the increase in the CCPI was the rise in the sub index for food by 18.1 per cent (61.9 per cent weight). The increases in the other sub indices, fuel and light, clothing and miscellaneous items were 17.9 per cent, 5.6 per cent and 14.6 per cent, respectively compared to 33.2 per cent 6.3 per cent and 15.0 per cent, respectively in the previous year.

WHOLESALE PRICE INDEX

1974 = 100
MONTHLY



Unfavourable weather conditions, administrative price revisions and the effect of high export prices on the domestic market were factors which contributed to the sharp increase in food prices during the early part of 1984. In January, the prices of rice, wheat flour and bread were revised upwards. Crop damage due to heavy rainfall resulted in higher open market prices of rice, vegetables and other food items such as chillies and red onions in the first half of the year. Coconut prices, which rose sharply in the latter part of 1983, continued to rise in the first quarter of 1984. Coconut oil prices also remained at a higher level in the first half of the year.

The second half of 1984 was characterised by declining prices of some major commodities like coconut, coconut oil and vegetables. The monthly rate of increase of the index gradually decelerated from February to September when the index recorded a decline for the first time since September, 1977. The increases in the last quarter of the year were relatively low compared to the usual-end year increases.

Export prices rose by 61.9 per cent in 1984 compared to 43.9 per cent in 1983, due to high export prices for coconut product and tea that prevailed, particularly in the first quarter of the year. Prices of domestic items increased by 15.7 per cent compared to 12.8 per cent in 1983, while prices in the import group increased by 10.4 per cent, compared to 9.5 per cent in the previous year.

The WPI which stood at its peak in the first quarter showed a declining trend during the period May to August, 1984. Although prices stabilized in September, the price level in the fourth quarter remained below that of the first quarter.

Due to the relatively high weight of certain export items, the behaviour of tea and coconut export prices had a significant impact on the index in 1984. The sub index for the export sector increased by 51.2 per cent which was, however, lower than the increase in the previous year. While high prices of coconut products in the first quarter contributed to this increase, lower prices in the next three quarters resulted in a point to point increase of only 2.2 per cent for the export sub index by December, 1984.

The sub index for the domestic sector increased by 11.3 per cent in 1984 compared to 5.9 per cent in the previous year. Increases in the prices of open market paddy, dried chillies, vegetables and red onions contributed to the sharp increase. In contrast, the sub index for the import group registered a lower increase of 6.3 per cent in 1984 when compared with 10.2 per cent in 1983.

Commodity-wise, the sub-index for food displayed a similar pattern of behaviour as in the case of the overall index. The average increase for the sub index for food over the previous year was 33 per cent, while, the point to point increase at December was only 4.7 per cent.

Although the sub index for Petroleum Products increased by 12.5 per cent when compared with the average price for 1983, this sub index remained constant during the year due to unchanged petroleum prices. There was a lower increase in prices of miscellaneous items and a higher price increase in metallic and non-metallic products during 1984 when compared with the previous year.