

(B) INDUSTRIAL DEVELOPMENT**(a) Private Sector****Production****Principal trends**

The coverage given to the survey of industrial production in the current year is much wider than in 1964. The number of firms from whom data were received has increased from 717 to 1,381 representing a net increase of 92 per cent. A large number of these firms was in existence last year but data had not been available from them. The increase has been primarily due to a more comprehensive coverage of industrial units within each of the principal categories in Table II (B) a. 1, and partly to the inclusion of a few additional groups of industries not included in the data for 1964. Whereas in the earlier surveys the majority of the bigger manufacturing units were included, the additions in 1965 were the smaller industrial units which did not report last year.

The value of industrial production as reported on the above basis at current prices, rose from Rs. 537.5 million in 1964 to Rs 847 million in 1965 or by 57.6 per cent as against 24.3 per cent in the previous year. If the group Vegetable oils and fats, which is based primarily on processing local coconut products is excluded from manufacturing activity, the increase in output would be Rs 119.1 million or 22.2 per cent. The sharp change in the coverage of the survey this year makes it a little difficult to evaluate the rate of increase in output in each industrial group. This point was mentioned in last year's analysis as well. Although it may not be possible to estimate the rate of increase in output, it will be seen that a more accurate estimate of industrial production has been made available. The difficulty is to make a distinction between growth in output of existing enterprises and additions to total output resulting from the inclusion of industries which had not been previously covered by the survey.

The number of reporting firms in the category Miscellaneous food preparations increased from 62 to 96. Of all the industrial groups, the largest increase was in Tobacco where the number of firms increased from 23 to 460. In the previous years, data on Tobacco manufacturing was received mainly from the larger units; in the current statistical statement a large number of the smaller industrialists in this group have been brought in, these include beedi and cigar manufacturers. The value added to output by the inclusion of these smaller units was only Rs. 5.8 million, an increase from Rs. 46.2 million in 1964 to Rs. 52.0 million in 1965. In the industrial group, Biscuits and cocoa, chocolate and sugar confectionery, the number of firms decreased from 82 to 65, whereas the total production rose from Rs. 30.9 million to Rs 34.9 million. This is explained mainly in terms of a process of rationalisation in this group. After 1962 there was a fairly marked spurt in the number of firms which went into production. But increasing competition tended to eliminate the less viable units leaving business in the hands of the larger units which were in a better position to increase their share of the domestic market. Retail prices of products in this group did not change very much during the year; the indications were that a higher level of output and resulting internal and external economies may have provided scope for

TABLE II (B) a. 1

INDUSTRIAL PRODUCTION AND EMPLOYMENT 1961-65
STATISTICAL SUMMARY

INDUSTRIAL GROUP	Number of Firms					Number of Employees					Total Man-days (Th.)					(Wage Bill Rs. Mn.)					Production Value (Rs. Mn.)					Wage per Man—Day (Rs.)					Man—Days per Employee				
	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965
I. MISCELLANEOUS	52	57	60	62	96	2624	3151	3433	3520	3622	664	797	871	901	1070	4.7	5.4	5.8	6.0	5.1	146.9	147.8	147.6	160.7	109.2	7.08	6.77	6.62	6.65	4.80	253	253	254	256	2
II. FOOD PREPARATIONS	—	—	—	—	43	—	—	—	—	3770	—	—	—	—	936	—	—	—	—	4.0	—	—	—	—	190.4	—	—	—	—	4.29	—	—	—	—	2
III. VEGETABLE OILS & FATS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
IV. PRESERVED AND CANNED FRUIT, VEGETABLES, MEAT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
V. FISH & OTHER SEA FOODS	9	14	16	32	33	149	208	238	358	453	42	58	67	97	120	0.2	0.2	0.3	0.4	0.5	1.6	2.3	3.4	3.8†	5.4	3.95	4.16	4.30	4.63	4.22	282	279	282	271	2
VI. BISCUITS & COCOA	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
VII. CHOCOLATE & SUGAR CONFECTIONERY	39	49	62	82	65	1302	1699	2065	2590	2927	395	487	591	693	795	1.3	1.6	2.3	2.6	2.9	18.2	21.9	28.8	30.9	34.9	3.36	3.36	3.94	3.78	3.65	303	287	286	268	2
VIII. SOFT DRINKS & CARBONATED	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
IX. WATERS	23	24	25	33	29	939	949	988	1088	1343	273	275	284	316	367	2.1	2.1	2.1	2.5	2.9	7.8	10.0	11.4	13.4	16.0	7.62	7.56	7.54	8.00	8.64	291	290	287	294	2
X. BEER & STOUT	1	1	1	1	1	198	309	303	300	338	61	67	68	84	92	0.3	0.4	0.4	0.5	0.8	2.4	2.2	2.4	2.7	7.6	5.34	5.19	5.45	5.50	8.22	308	309	303	280	2
XI. TOBACCO	23	23	23	23	460	3664	3955	3960	4214	8235	1023	1104	1104	1175	2141	8.3	9.2	9.6	10.1	19.0	29.0	35.0	39.0	46.2	52.0	8.12	8.37	8.66	8.64	8.71	279	279	279	279	2
XII. KNITTED FABRICS & ARTICLES, & MADE-UP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
XIII. GARMENTS & OTHER APPAREL EXCEPT	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
XIV. FOOTWEAR	24	32	34	103	110	2787	3947	4500	6955	6341	816	1102	1261	1749	1541	2.9	3.9	4.3	6.9	6.4	19.8	29.3	38.4	54.9	55.5	3.56	3.56	3.43	3.93	4.15	293	279	280	251	2
XV. SPINNING, WEAVING & FINISHING OF	—	—	—	—	66	—	—	—	—	9650	—	—	—	—	2601	—	—	—	—	9.9	—	—	—	—	91.3	—	—	—	—	3.54	—	—	—	—	2
XVI. TEXTILES	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
XVII. FOOTWEAR & LEATHER PRODUCTS	9	10	11	36	52	1289	1421	1616	1990	2130	348	373	419	538	590	2.4	3.0	3.3	4.5	4.6	8.5	19.6	22.3	23.4	24.7	6.80	7.96	7.86	8.30	7.75	270	262	259	270	2
XVIII. RUBBER PRODUCTS EXCLUDING	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
XIX. FOOTWEAR	18	20	20	24	27	964	1022	1177	1304	1435	264	293	377	361	396	1.5	1.7	2.3	1.9	2.0	8.3	10.9	13.7	17.0	19.1	5.63	5.81	6.10	5.21	5.15	279	287	320	277	2
XX. MISCELLANEOUS	37	56	70	96	123	1740	2070	2498	3306	4946	492	609	673	884	1331	3.2	3.8	4.6	6.4	9.4	40.3	51.5	56.0	73.7	91.2	7.25	6.33	6.90	7.21	7.08	282	295	270	267	2
XXI. CHEMICAL PRODUCTS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
XXII. PAPER, ARTICLES OF PAPER & PAPER	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
XXIII. BOARD	21	28	33	57	60	892	1139	1316	2187	2347	226	300	374	638	667	2.0	2.5	2.9	3.8	4.1	13.9	15.4	18.3	30.1	29.3	8.77	8.29	7.70	5.93	6.15	253	263	284	292	2
XXIV. METAL PRODUCTS	23	26	28	92	98	593	770	676	2629	3365	166	217	240	743	926	0.9	1.3	1.2	4.1	5.2	9.1	11.2	15.1	38.5	44.7	4.98	5.11	5.17	5.52	5.57	279	272	270	283	2
XXV. ELECTRICAL	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
XXVI. MACHINERY, APPARATUS, APPLIANCES & SUPPLIES	—	—	—	—	26	—	—	—	—	1126	—	—	—	—	263	—	—	—	—	1.9	—	—	—	—	14.0	—	—	—	—	7.19	—	—	—	—	2
XXVII. MANUFACTURED PRODUCTS, N.E.S.	30	41	44	69	75	499	616	671	1058	1742	137	167	191	279	415	0.5	0.6	0.8	1.2	1.6	3.7	4.3	5.8	11.0	14.7	3.56	3.75	4.11	4.31	3.96	275	271	285	264	2
XXVIII. CERAMICS	1	1	1	1	1	193	240	261	300	253	57	66	81	86	71	0.4	0.5	0.6	0.8	0.8	1.1	1.9	2.5	2.4	2.4	7.46	7.95	7.79	8.68	11.50	294	276	259	288	2
XXIX. PLYWOOD	1	1	1	1	1	490	554	579	611	624	153	177	155	171	187	0.9	1.4	1.4	1.3	1.8	2.9	3.4	3.9	3.9	5.2	6.10	7.65	7.65	7.70	9.48	313	320	320	280	2
XXX. MINERAL SANDS	1	1	1	1	1	91	102	83	105	120	25	33	23	33	36	0.2	0.3	0.2	0.3	0.2	0.1	0.1	0.1	0.9	1.3	8.49	7.95	6.81	7.52	6.12	276	324	282	312	2
XXXI. BASIC INDUSTRIAL	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2
XXXII. CHEMICALS	1	1	1	1	1	164	197	199	200	200	49	59	62	62	65	0.4	0.5	0.5	0.6	0.6	0.2	1.1	1.2	1.0	1.6	7.82	7.60	7.61	8.06	8.61	297	301	311	310	2
XXXIII. CEMENT, CEMENT PRODUCTS & ASBESTOS PRODUCTS	2	2	2	3	13	1410	1512	1541	1507	1868	414	442	440	470	526	3.1	3.4	3.4	3.5	4.9	17.9	20.2	22.5	23.0	36.5	7.80	7.80	7.79	7.33	9.29	312	312	312	312	2
TOTAL	315	387	433	717	1381	19,988	23,861	26,304	34,222	56,835	5605	6620	7301	9280	15,336	35.3	41.8	46.0	57.4	88.6	331.7	388.0	432.4	537.5†	847.0	6.19	6.31	6.30	6.19	5.78	230	277	278	271	2

† Revised Figure.

Source: Central Bank of Ceylon.

price reductions. The same explanation is applicable to the group, Soft drinks and carbonated waters, where the number of firms decreased from 33 to 29, while value of production increased from Rs. 13.4 million to Rs. 16 million.

In the Footwear and leather products industry the number of firms increased from 36 to 52 and value of output rose from Rs. 23.4 million to Rs. 24.7 million. The expansion in output in this industrial group since 1964 has been almost threefold, and is an indication of the expanding domestic market for Footwear and leather products. The number of reporting firms manufacturing Miscellaneous chemical products increased according to the current survey from 96 to 123; those making Knitted fabrics and made up garments and other apparel rose from 103 in 1964 to 110 in 1965 and value of output rose slightly from Rs. 54.9 million to Rs 55.5 million. Metal products firms increased from 92 to 98 and value of output rose from Rs. 38.5 million to Rs. 44.7 million. Of these three categories, only in respect of Miscellaneous chemical products did the inclusion of a larger number of firms result in an appreciable increase in output from Rs 73.7 million in 1964 to Rs 91.2 million in 1965, whereas the change was not substantial for the others. A new industrial category which had not been covered before, viz. Electrical machinery, apparatus, appliances and supplies is included. In 1965 returns were obtained from 26 industries and the value of their output was Rs 14 million. Manufactured products not elsewhere specified, consist mainly of plastic goods and as shown in Table II (B) a. 1 the number of firms was 75 as against 69 in 1964. In this category, the increase in value of output was from Rs. 11.0 million in 1964 to Rs. 14.7 million in 1965.

Categories XVII to XX in Table II (B) a. 1 relate mainly to State Industrial Corporations engaged in the manufacture of ceramics, plywood, mineral sands and industrial chemicals. The production trends in these industries will be taken up in the subsequent section entitled 'Public Sector'. The number of firms in the production of Cement, cement products and asbestos products increased from 3 to 13, and the corresponding increase in value of production was from Rs. 23 million in 1964 to Rs. 36.5 million in 1965. For the first time data was also obtained in respect of Spinning, weaving and finishing of textiles, a very important industrial group. The number of firms covered in this group was 66, and the total value of production was Rs. 91.3 million in 1965.

The figures given in Table II (B) a. 1 relating to value of total output may still be an under-estimate, because there are probably a few smaller industrial units in each of these principal groups, which have not been included. The survey indicates, the more comprehensive coverage apart, that there has been some expansion in production in nearly all industrial groups.

Production analysed by Type of Industry

Table II (B) a. 2 shows value of industrial production by type of industry and principal products. The total value of output in the first group Miscellaneous food preparations appears to be lower in 1965 because Edible oils and fats have been grouped separately. Nevertheless, each of the sub-groups have shown appreciable increases in the value of output. The output of desiccated coconut

increased from Rs. 13.2 million to Rs. 62.2 million and dairy products from Rs. 4.9 million to Rs. 13.0 million. In the group Biscuits and cocoa, chocolate and sugar confectionery, the output of biscuits, fell from Rs. 16.4 million to Rs. 14.8 million while the value of output of boiled sweets, chocolates and toffees increased moderately.

The output of Beer and Stout had increased from Rs. 2.7 million in 1964 to Rs. 7.6 million in 1965. The figures relate to one brewery; during the year a second brewery started production and details of output are not reported here. There was also a slight increase in the manufacture of Soft drinks and carbonated waters. The output of shirts increased from Rs. 25.4 million to Rs. 30.3 million during the year, whereas the production of other made-up garments mainly banians at Rs. 25.2 million was practically unchanged. The changes in the pattern of production in each of these groups were probably influenced by shifts in consumer demand. The increase in output of Beer and Stout was the outcome of an increase in consumer demand at home. Some portion of the increase in the output of shirts was absorbed by the opening up of new export markets. The manufacture of pharmaceuticals increased from Rs. 5.2 million in 1964 to Rs. 9.5 million in 1965. The output of soaps and chemical compounds also rose appreciably from Rs. 39.0 million to Rs. 47.6 million. The rise in output of these products was due largely to an expansion in the domestic market. The output of writing paper, the bulk of which is used for making exercise books shows a moderate fall from Rs. 12.1 million in 1964 to Rs. 10.4 million in 1965; the value for 1963 was Rs. 8.9 million. The decrease in output during the year resulted in a marked shortage in supplies of exercise books in the market, especially during the last quarter of 1965. The output of printing paper at Rs. 3.8 million was practically unchanged, while cartons and other packing boxes increased from Rs. 4.6 million to Rs. 5.9 million. The expansion in the carton and packing box industries was most marked in 1964 and 1965; the output in 1963 was only Rs. 1.7 million. The expansion in the carton and box making industry reflects to some extent, the expansion in domestic industry as well as the increasing tendency towards import substitution. Similarly, there was expansion in the metal container industry by over 40 per cent during the year. The value of output which was Rs. 2.1 million in 1963 increased to Rs. 4.9 million in 1964, and again to Rs. 9.3 million in 1965. Production of wire nails and barbed wire fell from Rs. 3.9 million to Rs. 3.8 million showing that the local industry had reached a point of capacity in terms of domestic demand and possibilities for further expansion would lie only in an increase in demand in the market. The industries producing plastic goods, most of which are final consumer products have also expanded considerably during the year, the value of production rising from Rs. 5.8 million in 1964 to Rs. 8.8 million in 1965. The latter figure is nearly three times the value of output in 1963.

TABLE II (B) a. 2
Value of Industrial Production, 1961-65 Classified by Type of
Industry and by Principal Products

INDUSTRIAL GROUP	Value (Rs. Mn.)					% Within Industry					% of Total Industrial Production				
	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965
I. MISCELLANEOUS FOOD PREPARATIONS	146.9	147.8	147.6	160.7	109.2	100.0	100.0	100.0	100.0	100.0	44.3	38.1	34.2	29.9	12.8
Dairy Products ..	3.5	3.0	4.1	4.9	13.0	2.4	2.0	2.8	3.0	11.9	1.1	0.8	0.9	0.9	1.5
Cattle and Poultry Foods ..	17.3	18.4	19.6	23.5	26.4	11.8	12.4	13.3	14.6	24.2	5.2	4.7	4.5	4.4	3.1
Desiccated Coconut ..	8.8	11.4	11.0	13.2	62.2	6.0	7.7	7.5	8.2	57.0	2.7	2.9	2.5	2.5	7.3
*Edible oils and fats ..	111.7	110.7	109.0	114.4	—	76.0	74.9	73.8	71.2	—	33.7	28.5	25.2	21.3	—
Salt ..	2.7	0.7	0.4	0.5	1.5	1.8	0.5	0.3	0.5	1.4	0.9	0.2	0.1	0.1	0.2
Ice ..	1.2	1.4	1.1	1.3	1.4	0.8	0.9	0.7	0.8	1.6	0.4	0.4	0.3	0.2	0.2
Other ..	1.7	2.2	2.4	2.9	4.3	1.2	1.5	1.6	1.8	3.9	0.5	0.6	0.6	0.5	0.5
II. VEGETABLE OILS AND FATS	—	—	—	—	190.4	—	—	—	—	100.0	—	—	—	—	22.5
III. PRESERVED AND CANNED FRUIT, VEGETABLES, MEAT, FISH AND OTHER SEA FOODS	1.6	2.3	3.4	3.8†	5.4	100.0	100.0	100.0	100.0	100.0	0.5	0.6	0.8	0.7†	0.6
Jams, Jellies, Sauces etc. ..	0.5	0.9	2.2	2.3	3.4	31.3	39.1	64.7	60.5	63.0	0.2	0.2	0.5	0.4	0.4
Other ..	1.1	1.3	1.2	1.5	2.0	69.7	61.8	35.2	39.5	37.0	0.3	0.3	0.3	0.3	0.2
IV. BISCUITS AND COCOA, CHOCOLATE AND SUGAR CONFECTIONERY	18.2	21.9	28.8	30.9	34.9	100.0	100.0	100.0	100.0	100.0	5.5	5.6	6.7	5.7	4.1
Biscuits ..	10.5	12.7	15.7	16.4	14.8	57.7	58.0	54.5	53.1	42.4	3.2	3.3	3.6	3.0	1.7
Boiled Sweets ..	3.4	5.1	6.6	5.5	7.6	19.7	23.3	22.9	17.8	21.8	1.0	1.3	1.5	1.0	0.9
Chocolate and Toffees ..	0.7	1.3	3.1	5.5	10.0	3.8	5.9	10.8	17.2	28.6	0.2	0.3	0.7	1.0	1.2
Other ..	3.5	2.8	3.4	3.5	2.5	19.2	12.8	11.8	11.3	7.2	1.1	0.7	0.8	0.7	0.3
V. SOFT DRINKS AND CARBONATED WATERS	7.8	10.0	11.4	13.4	16.0	100.0	100.0	100.0	100.0	100.0	2.4	2.6	2.6	2.5	1.9
VI. BEER AND STOUT	2.4	2.2	2.4	2.7	7.6	100.0	100.0	100.0	100.0	100.0	0.7	0.6	0.6	0.5	0.9
VII. TOBACCO	29.0	35.0	39.0	46.2	52.0	100.0	100.0	100.0	100.0	100.0	8.7	9.0	9.0	8.6	6.1
VIII. KNITTED FABRICS AND ARTICLES, & MADE-UP GARMENTS AND OTHER APPAREL EXCEPT FOOTWEAR	19.8	29.3	38.4	54.9	55.5	100.0	100.0	100.0	100.0	100.0	6.0	7.6	8.9	10.2	6.6
Shirts ..	7.3	14.2	20.7	25.4	30.3	36.9	48.5	53.9	46.3	54.6	2.2	3.7	4.8	4.7	3.6
Other (mainly Banians) ..	12.5	15.1	17.7	29.5	25.2	63.1	51.5	46.1	53.7	45.4	3.8	3.9	4.1	5.5	3.0
IX. SPINNING WEAVING AND FINISHING OF TEXTILES	—	—	—	—	91.3	—	—	—	—	100.0	—	—	—	—	10.8
X. FOOTWEAR AND LEATHER PRODUCTS	8.5	19.6	22.3	23.4	24.7	100.0	100.0	100.0	100.0	100.0	2.6	5.1	5.2	4.3	2.9
XI. RUBBER PRODUCTS EXCLUDING FOOTWEAR	8.3	10.9	13.7	17.0	19.1	100.0	100.0	100.0	100.0	100.0	2.5	2.8	3.2	3.2	2.3
Tyre Retreading ..	5.3	6.8	9.1	11.0	11.1	63.9	62.4	66.4	64.7	58.1	1.6	1.8	2.1	2.0	1.3
Cycle Tyres and Tubes ..	1.7	2.6	2.7	4.2	4.9	20.5	23.9	19.7	24.7	25.7	0.5	0.7	0.6	0.8	0.6
Other ..	1.3	1.5	2.0	1.8	3.1	15.7	13.8	14.6	10.6	16.2	0.4	0.4	0.5	0.3	0.4
XII. MISCELLANEOUS CHEMICAL PRODUCTS	40.3	51.5	56.0	73.7	91.2	100.0	100.0	100.0	100.0	100.0	12.1	13.3	13.0	13.7	10.8
Pharmaceuticals (including Glycerine) ..	2.5	1.9	4.2	5.2	9.5	6.2	3.7	7.5	7.1	10.4	0.8	0.5	1.0	1.0	1.1
Cosmetics ..	1.7	3.5	5.6	6.2	7.5	4.2	6.8	10.0	8.4	8.2	0.5	0.9	1.3	1.2	0.9
Soap and cleaning compounds ..	28.1	35.1	34.0	39.0	47.6	69.7	68.2	60.7	52.9	52.2	8.5	9.0	7.9	7.2	5.6
Matches ..	3.8	5.6	4.5	10.3	12.3	9.4	10.9	8.0	14.0	13.6	1.1	1.4	1.0	1.9	1.5
Toothpaste ..	2.2	2.2	2.9	3.7	3.4	5.5	4.3	5.2	4.5	3.7	0.7	0.6	0.7	0.6	0.4
Other ..	2.0	3.2	4.8	9.3	10.9	5.0	6.2	8.6	13.2	12.0	0.6	0.8	1.1	1.8	1.3
XIII. PAPER, ARTICLES OF PAPER AND PAPER BOARD	13.9	15.4	18.2	30.1	29.3	100.0	100.0	100.0	100.0	100.0	4.2	4.0	4.2	5.6	3.4
Writing Paper (including exercise books etc.) ..	5.1	6.8	8.9	12.1	10.4	36.7	44.2	48.9	40.2	35.5	1.5	1.8	2.1	2.2	1.2
Printing Paper ..	5.9	4.2	3.1	3.9	3.8	42.4	27.3	17.0	13.0	13.0	1.8	1.1	0.7	0.7	0.4
Cartons and other packing boxes ..	0.5	0.7	1.7	4.6	5.9	3.6	4.5	9.3	15.3	20.1	0.2	0.2	0.4	0.9	0.7
Wrapping Paper ..	0.5	0.5	1.2	2.3	3.4	3.6	3.2	6.6	7.6	11.6	0.2	0.1	0.3	0.4	0.4
Other ..	1.9	3.2	3.3	7.2	5.8	13.7	20.8	18.1	23.9	19.8	0.6	0.8	0.8	1.3	0.7
XIV. METAL PRODUCTS	9.1	11.2	15.1	38.5	44.7	100.0	100.0	100.0	100.0	100.0	2.7	2.9	3.5	7.2	5.3
Aluminium Ware ..	4.5	5.3	7.3	9.2	9.0	49.5	47.3	48.3	23.9	20.1	1.4	1.4	1.7	1.7	1.1
Metal Containers ..	1.5	2.7	2.1	4.9	9.3	16.5	24.1	13.9	12.7	20.8	0.5	0.7	0.5	0.9	1.1
Barbed Wire ..	0.2	0.7	1.1	3.0	3.1	2.3	6.3	7.3	7.8	7.0	0.1	0.2	0.3	0.6	0.4
Wire Nails ..	1.8	1.8	2.7	3.9	3.8	19.8	16.1	17.9	10.1	8.5	0.5	0.5	0.6	0.7	0.4
Other ..	1.1	0.7	1.9	17.5	19.5	12.1	6.3	12.6	45.5	43.6	0.3	0.2	0.4	3.3	2.3
XV. ELECTRICAL MACHINERY, APPARATUS, APPLIANCES AND SUPPLIES	—	—	—	—	14.0	—	—	—	—	100.0	—	—	—	—	1.7
XVI. MANUFACTURED PRODUCTS, N.E.S.	3.7	4.3	5.8	11.0	14.7	100.0	100.0	100.0	100.0	100.0	1.1	1.1	1.3	2.0	1.7
Plastics ..	2.0	2.5	3.1	5.8	8.8	54.1	58.1	53.4	52.7	59.9	0.6	0.6	0.7	1.1	1.0
Other ..	1.7	1.8	2.7	5.2	5.9	40.5	41.9	46.6	47.3	40.1	0.5	0.5	0.6	1.0	0.7
XVII. CERAMICS	—	—	—	—	2.4	100.0	100.0	100.0	100.0	100.0	0.3	0.5	0.6	0.4	0.3
XVIII. PLYWOOD	2.9	3.4	3.9	3.9	5.2	100.0	100.0	100.0	100.0	100.0	0.9	0.9	0.9	0.7	0.6
XIX. MINERAL SANDS	0.1	0.1	0.1	0.9	1.3	100.0	100.0	100.0	100.0	100.0	—	—	—	0.2	0.2
XX. BASIC INDUSTRIAL CHEMICALS	0.2	1.1	1.2	1.0	1.6	100.0	100.0	100.0	100.0	100.0	0.1	0.3	0.3	0.2	0.2
XXI. CEMENT, CEMENT PRODUCTS AND ASBESTOS PRODUCTS	17.9	20.2	22.5	23.0	36.5	100.0	100.0	100.0	100.0	100.0	5.4	5.2	5.2	4.3	4.3
TOTAL	331.7	388.0	432.4	537.5†	847.0	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0

*The figure for 1965 is reflected under Category II.

†Revised figure.

Source: Central Bank of Ceylon.

Relative Shares of Industries in Total Output

The second group of columns in table II (B) a. 2 shows the changes in terms of value of output of the relative position of industries within the main industrial groups. In the category Preserved and canned fruit, vegetables, meat, fish and other sea foods, the output of jams, jellies and sauces represent 63 per cent of the output while other products account for 37 per cent.

In the group, Knitted fabrics and articles, and made up garments, production of shirts represents 54.6 per cent, whereas the percentage share of other products in this category (mainly banians) was 45.4 per cent in 1965. The share of Pharmaceuticals in total output of Miscellaneous Chemical Products was 10.4 per cent in 1965. Writing paper (including Exercise books etc.) constituted 35.5 per cent of total output of Paper and Paper products in 1965; the share of cartons and packing boxes in this group was 20.1 per cent; and wrapping paper 11.6 per cent in 1965. In the group Metal products, the share of aluminium ware was 20.1 per cent in 1965 and the share of metal containers was 20.8 per cent.

The third group of columns in Table II (B) a. 2 shows the share of each type of industry in total industrial output. Of the various industrial groups, the Vegetable oils and fats industry account for 22.5 per cent of total industrial output. Miscellaneous foods come next with 12.8 per cent, Spinning, weaving and finishing of textiles represents 10.8 per cent of total industrial output, and Knitted fabrics and made up garments 6.6 per cent; while Miscellaneous chemical products are 10.8 per cent, Articles of Paper and Paper Board 3.4 per cent and Metal products 5.3 per cent. Here again due to the expansion of the scope of the survey, it is not easy to evaluate accurately the change in relative importance that has taken place among industries during 1965. Nevertheless, the present indices show the relative shares of the major industrial groups in total output, after some new industries have been added.

The relative share in total output (Table II (B) a. 3) of the major industrial categories, shows that the larger portion of industrial production (53.9 per cent as against 63.3 per cent in 1964) is devoted to the production of Consumer goods. Industries producing Intermediate products such as paper and paper board, plywood and metal products have increased relatively from 27.2 per cent in 1964 to 37.3 per cent in 1965. Investment goods making industries, for instance, certain types of metal and rubber products and cement and asbestos products represented only a very small proportion, 9.5 per cent of industrial production in 1964 and in 1965 the ratio fell to 8.7 per cent. This was due to the sharp expansion in industries producing Intermediate goods, which tended to reduce the relative proportion of Consumer and Investment goods in total output. The line of division between each of these groups is not so definite. Many items classified here as Intermediate goods may be used in final consumption, similarly Investment goods may more often find uses as Intermediate goods. Strictly speaking an investment or capital goods industry hardly exists in this country; the production of machinery is limited to a few firms making tea and rubber machinery and some types of electrical gear such as pumps and motors.

TABLE II (B) a. 3

Value of Industrial Production 1961-65

By Major Economic Categories

	Rs. Million					Per Cent				
	1961	1962	1963	1964	1965	1961	1962	1963	1964	1965
A. CONSUMER GOODS:	186.6	236.1	275.1	340.1	456.9	56.3	60.8	63.7	63.3	53.9
FOOD, DRINK AND TOBACCO:..	94.8	105.0	119.1	133.0	143.9	28.6	27.1	27.6	24.8	17.0
Miscellaneous Food										
Preparations (1) ..	35.8	33.6	34.1	36.0	28.0	10.8	8.7	7.9	6.7	3.4
Preserved and Canned										
Fruit, Vegetables, Meat,										
Fish & other sea foods (2)	1.6	2.3	3.4	3.8†	5.4	0.5	0.6	0.8	0.8†	0.6
Biscuits and Confectionery..	18.2	21.9	28.8	30.9	34.9	5.5	5.6	6.7	5.7	4.1
Aerated Waters ..	7.8	10.0	11.4	13.4	16.0	2.4	2.6	2.6	2.5	1.9
Beer and Stout ..	2.4	2.2	2.4	2.7	7.6	0.7	0.6	0.6	0.5	0.9
Tobacco ..	29.0	35.0	39.0	46.2	52.0	8.7	9.0	9.0	8.6	6.1
GARMENTS (3) ..	19.8	29.3	38.4	54.9	55.5	6.0	7.5	8.9	10.2	6.5
FOOTWEAR AND LEATHER										
PRODUCTS ..	8.5	19.6	22.3	23.4	24.7	2.6	5.0	5.2	4.3	2.9
MISCELLANEOUS CHEMICAL										
PRODUCTS (4) ..	40.3	51.5	56.0	73.7	91.2	12.1	13.3	13.0	13.7	10.8
PAPER, ARTICLES OF PAPER										
AND PAPER BOARD (5) ..	7.0	10.0	12.2	19.2	16.2	2.1	2.6	2.8	3.6	1.9
METAL PRODUCTS (6) ..	4.5	5.3	7.3	9.2	9.0	1.4	1.4	1.7	1.7	1.0
MANUFACTURED PRODUCTS										
N.E.S. (7) ..	3.7	4.3	5.8	11.0	14.7	1.1	1.1	1.3	2.0	1.7
CERAMICS ..	1.1	1.9	2.5	2.4	2.4	0.3	0.5	0.6	0.4	0.3
RUBBER PRODUCTS (8)	6.9	9.2	11.5	13.3	8.0	2.1	2.4	2.7	2.5	1.0
SPINNING, WEAVING AND										
FINISH NG OF TEXTILES ..	—	—	—	—	91.3	—	—	—	—	10.8
B. INTERMEDIATE GOODS: ..	122.7	126.9	126.8	146.3	316.1	37.0	32.7	29.3	27.2	37.3
MISCELLANEOUS FOOD										
PREPARATIONS (9) ..	111.1	114.2	113.5	124.7	271.6	33.5	29.4	26.2	23.2	32.1
METAL PRODUCTS (10) ..	1.5	2.7	2.1	4.9	9.3	0.4	0.7	0.5	0.9	1.1
PAPER, ARTICLES OF PAPER										
AND PAPER BOARD (11) ..	6.9	5.4	6.0	10.9	13.1	2.1	1.4	1.4	2.0	1.5
PLYWOOD ..	2.9	3.4	3.9	3.9	5.2	0.9	0.9	0.9	0.7	0.6
MINERAL SANDS ..	0.1	0.1	0.1	0.9	1.3	...	...	...	0.2	0.2
BASIC INDUSTRIAL										
CHEMICALS (12) ..	0.2	1.1	1.2	1.0	1.6	0.1	0.3	0.3	0.2	0.2
ELECTRICAL GOODS ..	—	—	—	—	14.0	—	—	—	—	1.6
C. INVESTMENT GOODS:	22.4	25.1	30.4	51.1	74.0	6.7	6.5	7.0	9.5	8.7
METAL PRODUCTS (13) ..	3.1	3.2	5.7	24.4	26.4	0.9	0.8	1.3	4.5	3.1
RUBBER PRODUCTS (14) ..	1.4	1.7	2.2	3.7	11.1	0.4	0.4	0.5	0.7	1.3
CEMENT, CEMENT PRODUCTS										
AND ASBESTOS PRODUCTS	17.9	20.2	22.5	23.0	36.5	5.4	5.2	5.2	4.3	4.3
TOTAL ..	331.7	388.0	432.0	537.5†	847.0	100.0	100.0	100.0	100.0	100.0

Notes:

- (1) Dairy Products, Ice cream and Salt.
- (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) Plastic goods etc.
- (8) Cycle tyres and tubes, toys and household goods.
- (9) Cattle and poultry food, oils and fats, ice, desiccated coconut etc.
- (10) Containers.
- (11) Printing paper, Cartons, other packing boxes and wrapping paper.
- (12) Caustic soda and Chlorine.
- (13) Barbed wire, wire nails, galvanised products etc.
- (14) Tyre retreading.

† Revised Figure

The Size of the Industrial Unit

Table II (B) a. 4 gives the size distribution of manufacturing firms according to value of output. As this year's classification is more comprehensive an analysis of the size distribution of firms in terms of value of output in 1964 may not be entirely meaningful, but some comparison may be useful. The number of reporting firms in all categories have increased. Output is generally a more reliable indicator of the size of a manufacturing firm than the size of the wage bill. In this case however the comparison of the two tables shows that there is apparently a very broad structural relationship between size of wage bill and size of output.

Of a total of 782 firms 540 or 69 per cent are in the category where the annual value of output of each firm is less than Rs. 250,000. Their combined output represents only 8 per cent of total output. The comparable figures for the previous year, when the number of reporting firms was less, was 463 and 8.7 per cent of total output. This comparison shows that the relative share of the smaller manufacturing firms in total industrial output has decreased very slightly by 0.7 per cent. The number of reporting firms with a total output between Rs. 250,000 and Rs. 2 million increased from 155 in 1964 to 188 in 1965, but the percentage share of this group in total output fell from 28.4 per cent in 1964 to 26 per cent in 1965. In 1964 there were 37 firms, each with an output in excess of Rs. 2 million per annum representing 62.9 per cent of total output. In 1965 there were 54 firms whose output was 66 per cent of the total.

In each of the industrial groups there happens to be one or sometimes two firms that control a substantial proportion of the output. In the Preserved and canned fruit and vegetable industry one firm accounts for 45 per cent of the output. In Paper products 2 firms control 42 per cent of the supplies. In the Electrical Appliance industry one firm provides 26 per cent of the output. In Footwear and leather products there are three major firms providing 78 per cent of the output; similarly in Rubber Products there are three firms supplying 68 per cent of the output. At the other extreme the largest number of very small industrial units with output rated at less than Rs. 250,000 are found in the following; in the Garment industry there are 76 firms, Miscellaneous chemical products 90, Metal products 62 and Manufactured products not elsewhere specified 60 firms. In the Intermediate group where the value of output is between Rs. 250,000 and Rs. 2 million, there are more than 25 firms per industry in only the Metal products and Knitted Fabrics and Articles etc. industrial groups; the large majority of the other industrial groups have less than 25 firms.

The size structure of the average industrial firm that emerges from this analysis, is that in each industrial group there is at least one dominant firm or sometimes two that have a very substantial share of the domestic market. Then there are a fairly large number of firms who have a very much smaller share of sales but are able to survive alongside the larger units. Moreover, as the classification of industrial groups does not distinguish between the various industries that fall within each of these groups, the firms referred to often do not make the same product but would tend to specialise in a particular product. Market limitations do not provide much scope for several firms to make identical or similar products except in the case of commodities where there is a very high daily turnover or where supplies require replenishment at very short intervals.

TABLE II (B) a. 4
Size Distribution of Manufacturing Firms, 1965
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. MISCELLANEOUS FOOD PREPARATIONS	No. of Firms % of Output		Not Available		
II. VEGETABLE OILS AND FATS ..	No. of Firms % of Output		Not Available		
III. PRESERVED AND CANNED FRUIT, VEGETABLE, MEAT FISH AND OTHER SEA FOODS ..	No. of Firms % of Output	29 35	3 20	1 45	33 100
IV. BISCUITS AND COCOA, CHOCOLATE AND SUGAR CONFECTIONERY ..	No. of Firms % of Output	42 10	18 35	5 55	65 100
V. SOFT DRINKS AND CARBONATED WATERS ..	No. of Firms % of Output	22 8	2 16	5 76	29 100
VI. BEER AND STOUT ..	No. of Firms % of Output	—	—	1 100	1 100
VII. TOBACCO ..	No. of Firms % of Output		Not Available		
VIII. KNITTED FABRICS AND ARTICLES, AND MADE-UP GARMENTS AND OTHER APPAREL EXCEPT FOOTWEAR	No. of Firms % of Output	76 11	28 35	6 54	110 100
IX. SPINNING, WEAVING AND FINISHING OF TEXTILES ..	No. of Firms % of Output	44 3	15 10	7 87	66 100
X. FOOTWEAR AND LEATHER PRODUCTS	No. of Firms % of Output	44 12	5 10	3 78	52 100
XI. RUBBER PRODUCTS EXCLUDING FOOTWEAR ..	No. of Firms % of Output	12 6	12 26	3 68	27 100
XII. MISCELLANEOUS CHEMICAL PRODUCTS ..	No. of Firms % of Output	90 7	25 19	8 74	123 100
XIII. PAPER, ARTICLES OF PAPER AND PAPERBOARD ..	No. of Firms % of Output	39 12	19 46	2 42	60 100
XIV. METAL PRODUCTS ..	No. of Firms % of Output	62 10	29 42	7 48	98 100
XV. ELECTRICAL MACHINERY, APPARATUS, APPLIANCES AND SUPPLIES ..	No. of Firms % of Output	12 6	13 68	1 26	26 100
XVI. MANUFACTURED PRODUCTS N.E.S ..	No. of Firms % of Output	60 33	15 67	—	75 100
XVII. CERAMICS ..	No. of Firms % of Output	—	—	1 100	1 100
XVIII. PLYWOOD ..	No. of Firms % of Output	—	—	1 100	1 100
XIX. MINERAL SANDS ..	No. of Firms % of Output	—	1 100	—	1 100
XX. BASIC INDUSTRIAL CHEMICALS ..	No. of Firms % of Output	—	1 100	—	1 100
XXI. CEMENT, CEMENT PRODUCTS AND ASBESTOS PRODUCTS ..	No. of Firms % of Output	8 1	2 8	3 90	13 100
TOTAL ..	No. of Firms % of Output	540 8	188 26	54 66	782 100

Source: Central Bank of Ceylon.

TABLE II (B) a. 5
Size Distribution of Manufacturing Firms, 1965
Based on Wage Bill

INDUSTRIAL GROUP		Rs. < 15 Th.	Rs. 15 Th. ≤ 50 Th.	Rs. 50 Th. ≤ 500 Th.	Rs. 500 Th. & over	Total
I. MISCELLANEOUS FOOD PREPARATIONS	No. of Firms % of Wage Bill		Not Available			
II. VEGETABLE OILS AND FATS	No. of Firms % of Wage Bill		Not Available			
III. PRESERVED AND CANNED FRUIT, VEGETABLES, MEAT, FISH AND OTHER SEA FOODS	No. of Firms % of Wage Bill	23 16	9 49	1 35	— —	33 100
IV. BISCUITS AND COCOA, CHOCOLATE AND SUGAR CONFECTIONERY..	No. of Firms % of Wage Bill	31 6	22 22	11 37	1 35	65 100
V. SOFT DRINKS AND CARBONATED WATERS	No. of Firms % of Wage Bill	18 3	4 3	6 35	1 59	29 100
VI. BEER AND STOUT	No. of Firms % of Wage Bill	—	—	—	1 100	1 100
VII. TOBACCO	No. of Firms % of Wage Bill		Not Available			
VIII. KNITTED FABRICS AND ARTICLES, MADE-UP GARMENTS AND OTHER APPAREL EXCEPT FOOTWEAR	No. of Firms % of Wage Bill	48 5	34 13	25 46	3 36	110 100
IX. SPINNING, WEAVING AND FINISHING OF TEXTILES	No. of Firms % of Wage Bill	31 2	19 6	13 19	3 73	66 100
X. FOOTWEAR AND LEATHER PRODUCTS	No. of Firms % of Wage Bill	34 5	10 6	6 19	2 70	52 100
XI. RUBBER PRODUCTS EXCLUDING FOOTWEAR	No. of Firms % of Wage Bill	7 1	8 10	12 89	— —	27 100
XII. MISCELLANEOUS CHEMICAL PRODUCTS	No. of Firms % of Wage Bill	61 4	38 9	21 35	3 52	123 100
XIII. PAPER, ARTICLES OF PAPER AND PAPER BOARD	No. of Firms % of Wage Bill	25 5	26 19	7 20	2 56	60 100
XIV. METAL PRODUCTS	No. of Firms % of Wage Bill	30 3	36 18	32 79	— —	98 100
XV. ELECTRICAL MACHINERY, APPARATUS, APPLIANCES AND SUPPLIES	No. of Firms % of Wage Bill	8 3	8 13	10 84	— —	26 100
XVI. MANUFACTURED PRODUCTS, N.E.S.	No. of Firms % of Wage Bill	38 14	32 55	5 31	— —	75 100
XVII. CERAMICS	No. of Firms % of Wage Bill	—	—	—	1 100	1 100
XVIII. PLYWOOD	No. of Firms % of Wage Bill	—	—	—	1 100	1 100
XIX. MINERAL SANDS	No. of Firms % of Wage Bill	—	—	1 100	— —	1 100
XX. BASIC INDUSTRIAL CHEMICALS ..	No. of Firms % of Wage Bill	—	—	—	1 100	1 100
XXI. CEMENT, CEMENT PRODUCTS AND ASBESTOS PRODUCTS ..	No. of Firms % of Wage Bill	4 1	4 2	3 14	2 83	13 100
TOTAL	No. of Firms % of Wage Bill	358 4	250 12	153 37	21 47	782 100

Source: Central Bank of Ceylon

Table II (B) a, 5 gives the size distribution of manufacturing firms based on the wage bill. As stated earlier, the size of the wage bill is always not a very accurate indicator of the size of the firm. In capital intensive industries, the degree of substitution of capital for labour may be fairly high with the result that labour costs may not be very large. The largest number of industrial firms is concentrated in the group where the total wage bill is less than Rs. 15,000 per annum. In the case of Knitted fabrics and articles, and made up garments such firms number 48, in Footwear and leather products 34, and in Miscellaneous chemical products 61. In the group where the total wage bill is between Rs. 15,000 and Rs. 50,000 per annum Knitted fabrics and articles and made-up garments has 34, Miscellaneous chemical products 38, and Metal products 36 firms.

In each of these categories, the number of firms tends to decrease as the general size of the wage bill increases. There are relatively few firms in industries where the total wage bill exceeds Rs. 500,000 per annum. One firm in the Biscuits and confectionery group accounts for 35 per cent of the wage bill, one in Soft drinks and carbonated waters for 59 per cent, two in the Footwear and leather products for 70 per cent and 3 in Spinning, weaving and finishing of textiles for 73 per cent of the total wage bill.

Use of Raw Materials -

Data were received from 1,076 firms regarding the use and origin of raw materials as against 1,381 who supplied production data. Quantities were specified in terms of use and the raw materials were classified according to origin, whether domestic or foreign. This data are given in table II (B) a. 6. The total value of raw materials used by reporting industrial firms was Rs. 221.2 million of which 57 per cent or Rs. 125 million was imported raw materials and the rest Rs. 96.1 million or 43 per cent consisted of raw materials of domestic origin. A study of the individual returns shows that manufacturers had not always attempted an accurate classification. The figure of Rs. 125 million or 57 per cent is a substantial underestimate of the actual value of imported raw materials used. Many firms had classified imported raw materials that has been purchased from wholesalers in the local market as being of domestic origin; thereby classifying only raw material directly imported by them as being of foreign origin. On a rough estimate approximately 70 to 75 per cent of the raw materials used by the industrial groups represented here were imported. On this basis, the foreign exchange costs of the total industrial production of the reporting firms alone would be approximately Rs. 155-166 million if not a little higher. The actual figure will be much higher because only about 75 per cent of the firms are covered here.

Imported raw materials constitute a relatively small part in the industrial group Miscellaneous food preparations where the value of foreign raw materials used amounts to 19 per cent. Similarly the Tobacco industries are heavily dependent on locally grown tobacco and only 27 per cent of the raw materials is imported. The import content of products in the category Preserved and canned fruit, vegetables, meat, fish and other sea foods is 23 per cent and in Miscellaneous chemical products imported raw materials account for 47 per cent. In all the other industrial groups in the private sector, foreign raw materials used

TABLE II (B) a. 6
Production and Raw Materials

Rupees Thousand

INDUSTRIAL GROUP	No. of Firms	Production	Raw Materials		
			Local	Foreign	Total
I. Miscellaneous Food Preparations ..	21	25,458	(81) 15,780	(19) 3,749	(100) 19,529
II. Vegetable Oils and Fats ..	..	..	Not Available		
III. Preserved and canned fruit, vegetables, meat, fish and other sea foods ..	22	4,234	(77) 1,864	(23) 543	(100) 2,407
IV. Biscuits and cocoa, chocolate and sugar Confectionery ..	47	18,079	(36) 3,459	(64) 6,270	(100) 9,729
V. Soft drinks and carbonated waters ..	23	15,392	(38) 2,620	(62) 4,205	(100) 6,825
VI. Beer and Stout ..	1	7,585	(22) 598	(78) 2,106	(100) 2,704
VII. Tobacco ..	460	52,022	(73) 22,628	(27) 8,229	(100) 30,857
VIII. Knitted fabrics & articles, & made up garments and other apparel except footwear	88	39,001	(26) 7,348	(74) 21,318	(100) 28,666
IX. Spinning, weaving and finishing of textiles	56	40,397	(5) 749	(95) 14,460	(100) 15,209
X. Footwear and leather products ..	43	24,346	(36) 2,960	(64) 5,304	(100) 8,264
XI. Rubber products excluding footwear ..	27	18,906	(26) 3,560	(74) 10,218	(100) 13,778
XII. Miscellaneous chemical products ..	104	88,054	(53) 24,504	(47) 21,459	(100) 45,963
XIII. Paper, Articles of paper and paperboard ..	39	13,140	(30) 2,324	(70) 5,431	(100) 7,755
XIV. Metal products ..	68	40,526	(45) 1,670	(55) 2,037	(100) 3,707
XV. Electrical machinery, apparatus, appliances and supplies ..	19	12,008	(21) 1,427	(79) 5,383	(100) 6,810
XVI. Manufactured products N.E.S. ..	45	7,786	(13) 483	(87) 3,336	(100) 3,819
XVII. Ceramics ..	1	2,380	(14) 86	(86) 539	(100) 625
XVIII. Plywood ..	1	5,176	(85) 1,786	(15) 306	(100) 2,092
XIX. Mineral Sands ..	1	1,291	(100) 180	—	(100) 180
XX. Basic Industrial Chemicals	..	..	Not Available		
XXI. Cement, Cement products and Asbestos products. ..	10	31,552	(17) 2,077	(83) 10,116	(100) 12,243
TOTAL ..	1,076	447,333	96,103	125,059	221,162

Source: Central Bank of Ceylon

Note:- Figures in brackets denote percentages.

are appreciably in excess of 50 per cent of the value of all raw materials used. Those with a very high ratio of the imported raw materials are Beer and Stout 78 per cent, Spinning and weaving of textiles 95 per cent, Electrical machinery and apparatus 79 per cent, and Manufactured products not elsewhere specified 87 per cent.

The inescapable conclusion from the data presented here is that the bulk of the new industries is very heavily dependent on imported raw materials. The heavy dependence on imported raw materials for a large number of new industries was fairly evident in the replies received from firms. Some stated that they were in production in 1963 and or 1964 but were unable to do so in 1965 because no allocations of exchange for imports of raw materials had been given. The number of firms that sent in nil returns on the grounds that production had stopped or not commenced for want of imported raw materials was 105 or 8 per cent of the total number of reporting firms.

Industrial Expansion and Employment

With the increase in the number of reporting firms from 717 to 1,381 the total number of employees in all industries increased by almost 66 per cent from 34,222 to 56,835. The largest increases in these categories occurred in the following, some part of it would have been due to larger coverage.

In Soft drinks and carbonated waters, the number of firms decreased from 33 to 29, while the number of employees rose from 1,088 to 1,343. On the contrary for Miscellaneous food preparations, the number of firms increased from 62 to 96 and employment rose from 3,520 in 1964 to 3,622 in 1965. For Tobacco where the number of firms increased from 23 to 460, the increase in number of employees was much less than proportionate, rising from 4,214 in 1964 to 8,235 in 1965. This shows that the additional firms which were included this year in the statistics were relatively small units. In the category Miscellaneous chemical products, the number of firms increased from 96 to 123 and employees from 3,306 in 1964 to 4,946 in 1965. Another significant increase in employment was in Manufactured products not elsewhere specified; the number of firms increased from 69 to 75, but employment rose from 1,058 in 1964 to 1,742 in 1965. Of the various categories covered in the survey, the largest avenues of employment were available in Spinning, weaving and finishing of textiles where there were 9,650 persons working.

Productivity and Wages

The number of man-days worked exceeded a million in the following groups: Miscellaneous food preparations, Tobacco, Knitted fabrics and made up garments, Miscellaneous chemical products and Spinning, weaving and finishing of textiles.

There appears to be a reasonably high correlation between total man days worked and the wage bill reflecting presumably that the mode of payment of wages in many of these enterprises is in the form of daily pay or piece rates. The total wage bill was Rs. 5.1 million in Miscellaneous food preparations, Rs. 19 million in Tobacco, Rs. 9.4 million in Miscellaneous chemical products, Rs. 5.2 million in Metal products and Rs. 9.9 million in Spinning, weaving and finishing

of textiles. In relation to the total number of employees, the wage bill appears to be small in the Spinning, weaving and finishing of textiles where 9,650 employees were in receipt of a wage bill of Rs. 9.9 million whereas in Miscellaneous chemical products where there were 4,946 employees the wage bill was Rs. 9.4 million and Tobacco where there were 8,235 employees the wage bill was Rs. 19 million. This may in some ways reflect appreciable disparities in the wage levels in different groups of industries. The larger wage bill in the categories Tobacco and Miscellaneous chemical products in relation to the total number of employees may indicate some form of employment on the basis of daily shifts where the labour force tends to take turns in the process of production.

The wage per man day in 1965 in industries as a whole showed a fall from Rs. 6.19 to Rs. 5.78. This was largely due to a fairly marked fall in the wage per man-day in several important categories of industries. For instance, in Miscellaneous food preparations the wage per man-day fell from Rs. 6.65 to Rs. 4.80 and in Rubber products excluding footwear from Rs. 5.21 to Rs. 5.15 and in Footwear and leather products from Rs. 8.30 to Rs. 7.75. On the other hand there were fairly marked increases in wages in several other categories. For instance, in Soft drinks and carbonated waters the wage per man-day rose from Rs. 8 to Rs. 8.64 and in Beer and Stout from Rs. 5.50 to Rs. 8.22 which represented an increase of approximately 50 per cent. In the latter industry, the sharp increase in wage per man-day was geared to a substantial increase in productivity. Since in a large number of these industries the wage levels are regulated by wages boards and other minimum wage fixing machinery, the fall in the wage per man-day was presumably due to a decrease in the output resulting in lesser number of work days during the year, and not due to any absolute reduction in the minimum wage levels.

In three categories the wage per man-day was significantly lower than in the others. The lowest was in Spinning, weaving and finishing of textiles where the wage per man-day was Rs. 3.54 indicating the lack of a statutory minimum wage machinery. In the Biscuit and cocoa, chocolate and sugar confectionery group the wage was Rs. 3.65 and in Manufactured products not elsewhere specified Rs. 3.96. The two latter groups of industries are also those that do not come within minimum wage legislation.

The man-days per employee are a fairly accurate index of the level of activity in the industrial sector. In 1965, total man-days per employee was only 270 as against 271 in 1964 and 278 in 1963. Although the decrease may be marginal, the reasons lay partly in the fall in the level of activity resulting from lack of raw materials in the first half of the year. It may have also been partly due to factor substitution; the substitution of machinery and equipment in place of labour.

TABLE II (B) a. 7
PRODUCTION AND FUEL

Rupees Thousand

INDUSTRIAL GROUP	No. of Firms	Production	Fuel Used				
			Electricity	Coal and Gas	Petrol and Oil	Other	Total
I. Miscellaneous Food Preparations ..	16	25,961	413	53	42	—	508
II. Vegetable Oils and Fats			Not Available				
III. Preserved and Canned Fruit, Vegetables, Meat, Fish and Other Sea Foods	6	1,554	3	4	1	—	8
IV. Biscuits and Cocoa, Chocolate and Sugar Confectionery	21	11,354	88	100	23	22	233
V. Soft Drinks and Carbonated Waters..	4	135	..	3	—	—	3
VI. Beer and Stout	1	7,585	73	—	210	—	283
VII. Tobacco			Not Available				
VIII. Knitted Fabrics and Articles, and Made-up Garments and other Apparel, except Footwear	26	12,421	56	23	1	—	80
IX. Spinning, Weaving and Finishing of Textiles	18	32,119	265	676	26	1	968
X. Footwear and Leather Products ..	9	20,236	277	62	30	..	369
XI. Rubber Products excluding footwear..	13	7,450	117	84	—	171	372
XII. Miscellaneous Chemical Products ..	29	21,842	127	38	..	—	165
XIII. Paper, Articles of Paper & Paper Board	15	12,900	419	446	..	—	865
XIV. Metal Products	37	27,790	223	56	112	..	391
XV. Electrical Machinery, apparatus, appliances and supplies	10	9,268	322	34	99	69	524
XVI. Manufactured Products, N.E.S. ..	11	1,823	20	13	—	..	33
XVII. Ceramics			Not Available				
XVIII. Plywood			Not Available				
XIX. Mineral Sands			Not Available				
XX. Basic Industrial Chemicals			Not Available				
XXI. Cement, Cement Products and Asbestos Products	5	17,038	160	10	—	—	170
TOTAL	221	209,476	2,563	1,602	544	263	4,972

Source: Central Bank of Ceylon

Power and Fuel

The present survey has already presented data on use of factors of production, mainly raw materials and labour, an analysis remains to be made on the cost and types of power and fuel. A large number of firms did not report on the use of power, with the result the tabulated data applies only to 221 firms (Table II (B) a. 7). The main source of power used by manufacturing industries is electricity. The value of electric power used by the reporting firms was Rs. 2.5 million or represented 1.2 per cent of total cost of production and 52 per cent of the fuels, used. Coal and gas were next in importance as a form of fuel and the total cost was Rs. 1.6 million or 32 per cent of the fuels used, fuel oil and petrol came next with an outlay of Rs. 544,000. A large part of the fuels used represent foreign exchange costs especially in the case of gas, fuel oil and petrol. Even with regard to electricity, thermal power which has a high import content represents about 30 per cent of the total energy generated.

Prices

Data with regard to prices and costs of production of private sector industries were not collected during the course of the survey of manufacturing concerns. But some indication of the costs and retail prices were obtained from returns furnished to the Development Division of the Ministry of Industries.

An important aspect of industrial development that has to be examined very carefully is the present pricing policies of public corporations and of industries in the private sector. A committee has been set up to report on pricing policies of Public corporations. A large number of private sector industries in this survey have been entitled to a wide variety of concessions. These include tax holidays and concessionary rates of import duties on raw materials. In sum the total concessions enjoyed by these industries almost approach facilities they would normally receive if such industries were established in free industrial zones. Taxes and import duties therefore do not substantially enter into the computation of costs. Where these tax free incentives have been provided to new industrial concerns and they are also protected from foreign competition by tariffs and import controls, it is very essential from the point of view of the consuming public in Ceylon, that the products of these enterprises are of high quality and are reasonably priced.

(b) Public Sector

Production

Table II (B) b.1 gives the production data in sixteen Industrial Corporations during 1965. Of these, two had not yet commenced production and one was in production on a trial basis.

The production of cement during the year was 84,000 tons as against 79,508 tons in 1964. The output in the last year although appreciably higher than in the two preceding years was yet below the peak output of 85,700 tons in 1962. The increase in output in the Cement Industry during the year was not the result of new capacity coming into production, but of better utilisation of existing capacity. The installation of a new kiln at the Kankasanturai Plant which would produce 150,000 tons, is now being undertaken and is expected to be commissioned during the course of 1966. The modernisation of the present kiln will also result in output increasing to 110,000 tons. The output from the Galle Plant which is now under construction is expected to be 100,000 tons. At the end of the period of expansion the combined output from the Kankasanturai Cement Works, the Terminal Grinding and Packing Plant in Galle and the Second Cement Factory in Puttalam would be 360,000 tons. It is estimated that capital projects now being undertaken would result in an increase in annual capacity to 230,000 tons by the end of 1966.

The output of cotton yarn of the National Textile Corporation rose by 227,668 lbs. to 2.4 million lbs. The production of sugar from the Sugar Corporation decreased from 1,958 to 1,888 tons. The output of paper and paper products from the Eastern Paper Mills Corporation, increased from 6,451 tons in 1964 to 6,696 tons in 1965. This represents an increase in output of 245 tons in 1965 and approximately 2,000 tons over the figure for 1962. The restrictions on imports of paper and paper products during the year, taxed the current capacity of the paper mill to a fuller extent. During the last four years, investments were undertaken to increase the capacity of the Plant up to a maximum of 9,000 tons; the final stages of this expansion scheme were reached towards the end of 1965. In addition, the preliminary work in connection with the addition of a machine to manufacture 9,000 tons of paper board was undertaken.

The principal products of the Paranthan Chemicals Corporation, Caustic Soda and Chlorine, increased slightly during the year to 956 tons and 265 tons respectively. The output of both these products, though higher than in 1964 were a little less than the corresponding figures for 1963.

The output of coconut oil and gingelly oil from the Ceylon Oils and Fats Corporation has decreased substantially during the year, from 1,961 tons in 1964 to 1,514 tons in 1965; the corresponding output in 1963 was 9,467 tons. On the other hand, the output of animal and poultry food has increased moderately from 21,565 tons to 22,158 tons. The reason for the fall in output of coconut oil was partly due to the poor maintenance of plant and machinery in the past few years and the lack of satisfactory markets for their product. The increase in output

TABLE II (B) b. 1
Output of State Industrial Corporations 1963-1965

Name of Corporation	Unit of Output	Output in 1963	Output in 1964	Output in 1965
1. Ceylon Cement Corporation ..	Tons ..	76,764	79,508	84,000
2. National Textile Corporation ..	lbs., Cotton Yarn ..	1,956,976	2,184,559	2,412,227
3. Sri Lanka Sugar Corporation ..	Tons ..	1,467	1,958	1,888
4. Eastern Paper Mills Corporation ..	Tons ..	5,340	6,451	6,696
5. Paranthan Chemicals Corporation ..	Tons-Caustic Soda ..	985	895	956
	Tons-Chlorine ..	270	230	265
6. Ceylon Oils and Fats Corporation ..	Tons-Coconut Oil ..	9,467	1,961	1,514
	Tons-Coconut Meal, Animal and Poultry Foods ..	19,305	21,565	22,158
7. Ceylon Ceramics Corporation ..	Tons, Ceramic Ware ..	770	888	863
8. Ceylon Mineral Sands Corporation ..	Tons, Ilmenite ..	5,020	45,503	50,350
9. Ceylon Leather Products Corporation ..	Sq. ft. Chrome ..	500,100	511,310	473,180
	lb. Other Tannery Products ..	215,400	216,300	200,010
	Pairs of Shoes ..	162,700	168,430	188,200
10. Ceylon Plywoods Corporation ..	Sq. ft. 3 ply Plywood ..	13,558,000	12,215,658	13,969,144
11. National Small Industries Corporation ..	Furniture (Rs.) ..	—	—	4,360,000
	Tiles and Bricks (Rs.) ..	—	—	1,557,951
12. National Salt Corporation ..	Cwts ..	—	—	382,589
13. Ceylon Fertilizer Corporation ..	Tons ..	—	—	92,057(1)
14. Ceylon Hardboard Corporation ..	Not in Production			
15. Ceylon State Hardware Corporation ..	Production on trial basis			
16. Ceylon State Flour Milling Corporation ..	Not in Production			

Source: Data obtained from respective Corporations.

- (1) As at present, the Corporation does not produce any fertilizer but acts as an importer and distributor.

TABLE II (B) b. 2.

**Profits (before Direct Taxes) earned by State Corporations
in 1964 & 1965**

Name of Corporation	Profit/Loss 1964 Rs.	Profit/Loss 1965 Rs.	Capital Employed in 1965 Rs.	Profit for 1965 as a % of Capital Employed %
1. Ceylon Cement Corporation	Profit 6,136,198	Profit 4,940,000	88,763,000	5.6
2. National Textile Corporation . . .	Profit 1,500,000	Profit 1,600,000	42,500,000	3.8
3. Sri Lanka Sugar Corporation	Profit 500,000	n. a.	34,700,000	—
4. Eastern Paper Mills Corporation ..	Loss 371,156	Profit † 1,462,762	19,774,667	7.4
5. Paranthan Chemicals Corporation ..	Loss 730,000	Loss 208,487	9,000,000	2.3
6. Ceylon Oils & Fats Corporation ..	Loss 350,000	n. a ††	8,459,903	—
7. Ceylon Ceramics Corporation	Profit 507,892	Profit 511,500	10,000,000	5.1
8. Ceylon Mineral Sands Corporation ..	Profit 103,000	Loss *** 309,046	7,157,149†	4.3
9. Ceylon Leather Products Corporation ..	Profit 478,100	Profit 257,600*	3,597,100	7.2
10. Ceylon Plywoods Corporation	Profit 267,800	Profit 232,375	5,819,545	4.0
11. National Small Industries Corporation ..	Loss 690,000	Loss 868,000	961,560	—
12. National Salt Corporation	—	Profit 548,083	1,500,000	36.8
13. Ceylon Fertilizer Corporation	—	Profit* 513,211	113,702(1)	—
14. Ceylon Hardboard Corporation	Not	in Production	—	—
15. Ceylon State Hardware Corporation ..	—	* *	14,442,755	—
16. Ceylon State Flour Milling Corporation ..	Not in	Production	9,904,072	—
17. Industrial Estates Corporation	Loss 6,373	Profit ††† 40,000	7,000,000	0.6
TOTAL ..	Profit 7,345,461	Profit 8,724,998	263,693,453	3.3

Source: Data obtained from the respective Corporations.
These figures are provisional and subject to audit.

- * After tax
 ** Production on trial basis
 *** Anticipated loss up to end of March 1966.
 + As at 31. 3. 66
- † Not taxed in view of past losses.
 †† Marginal Profit anticipated.
 ††† Estimated ending 31. 3. 66.
 n.a. Not available.

(1) As at present, the Corporation does not produce any fertilizer but acts as an importer and distributor. Hence the fixed capital of the Corporation is low.

of animal and poultry food has been most marked since 1962/63 when there was an increasing demand for provender products due to an expansion of the livestock industry, particularly the remarkable expansion in the poultry industry. The current output of the Plant for poultry and animal feed is near 75 per cent of capacity. In the previous years, the average production has been between 45 to 50 per cent of installed capacity.

The output of the Ceylon Ceramics Corporation decreased from 888 tons in 1964 to 863 tons in 1965, despite the increase in demand for Ceramics products made by the Corporation. The fall in the output has been due to the non-availability at times of imported raw materials such as ball clay and colours, absenteeism among the workers and breakdown of machinery. Considering the standard of the product and the total domestic demand, with imports practically prohibited it is very desirable that this undertaking should plan to increase its output at the earliest opportunity.

The output of the Ceylon Mineral Sands Corporation has been confined exclusively to ilmenite which has shown considerable expansion over the years. Production rose from 45,503 tons to 50,350 tons in 1965. The production of ilmenite does not depend on sales contract commitments. The product is extracted from the sand and stored up depending on the availability of warehouse facilities. Thus although production has gone up it does not reflect an increase in sales by the same amount. The Corporation expects to diversify output by producing rutile and zircon.

In the Ceylon Leather Products Corporation, the output of chrome leather and other tannery products fell substantially in 1965, whereas the output of shoes increased from 168,490 to 188,200 pairs. The existing equipment in the Corporation has adequate capacity to increase output, but expansion has been restricted by the non-availability of local leather. There are indications that the Corporation may have to import leather if it is to increase output.

Prices and Profitability

Table II (B) b 2 shows the profit or loss made by various industrial corporations. As in the previous year, the Cement, National Textile, Eastern Paper Mills, Ceylon Ceramics, Leather Products and the Plywoods Corporations have made profits. Of the Corporations not listed last year, the Ceylon Fertiliser Corporation has shown a profit. The other Corporations have made losses as in the previous years, except the Industrial Estates Corporation which shows a profit of Rs. 40,000. The Paranthan Chemicals Corporation has been able to cut down its loss from Rs. 730,000 to Rs. 208,487, while the Mineral Sands Corporation which made a profit of Rs. 103,000 in 1964 shows a loss of Rs. 309,046. The Ceylon Cement Corporation which made a profit of Rs. 6.9 million in 1964 reduced its profit to Rs. 4.9 million in 1965. There were appreciable reductions in the profits of the Ceylon Leather Products Corporation and the Ceylon Plywoods Corporation. The Eastern Paper Mills Corporation showed a marked improvement in performance; this was reflected in a profit of Rs. 1.5 million in 1965 as against a loss of Rs. 371,156 in 1964.

The rate of increase in profits of the Ceylon Ceramics Corporation was negligible because unit production costs have increased appreciably, whereas the selling prices of the Corporation have remained unchanged for several years, although retail prices of ceramicware have been higher reflecting the current shortage in supplies. As for the Ceylon Cement Corporation, the fall in profits has been principally due to variations in the cost of production of cement. For instance, in the first quarter of 1965, the cost of production per ton of cement was Rs. 137, in the third quarter Rs. 118, as against an average cost of production of Rs. 114 in 1964. The standard retail price of Rs. 180 per ton was increased to Rs. 190 per ton with effect from May 1965. The present trend shows, however, that at the present level of output there is no tendency for costs to decline in the cement manufacturing industry. This partly explains the increase in retail selling price during the year. The cost of production of the paper products of Eastern Paper Mills Corporation has been quite steady during the year. The increase in output resulted in a reduction in unit costs but was to some extent offset by the increase in prices of certain imported raw materials and chemicals. The Corporation fixes prices for its products in relation to the costs of the corresponding imported final products. A proportion of the profits realised from the local production is utilised to keep the prices of certain items such as exercise books stable. In the Ceylon Plywoods Corporation, the pricing policy of the Corporation did not change during the year. Production costs increased mainly because of the increase in price of the principal raw material-timber. The pricing policy of the Oils and Fats Corporation in 1965 has been based on the average cost of raw material plus a reasonable margin of profits. Selling prices of the Corporation did not change during the year, but production costs went up. In the Leather Products Corporation, retail selling prices are determined in relation to competitive products of firms in the private sector. On account of competition, the margin of profitability of various products have tended to vary considerably. With the expansion of output, there has been a trend towards decreasing costs.