

II. ECONOMIC AND FINANCIAL TRENDS—1964

(A) National Product and Expenditure

Introduction

Ceylon's economic growth made a substantial recovery in 1964. After the setback in 1963, when the real product, i. e. gross national product at constant prices, increased by only 1.9 per cent, in 1964, the real product, according to provisional estimates, rose by 4.5 per cent. Thus the average rate of increase for the two years 1963 and 1964 was 3.2 per cent which is still slightly lower than the average rate of increase of 3.5 per cent in the years 1960 to 1962.

In terms of per capita product, the recovery is even more marked on account of the decline in the rate of increase of population. The rate of population increase has been provisionally estimated to be 2.4 per cent* in 1964 compared to 2.6 per cent in 1963 and 2.7 per cent in 1962. The per capita real product, which had declined by 0.6 per cent in 1963, increased by 2.1 per cent in 1964. The average rate of increase in per capita real product during the years 1963 and 1964 amounted to 0.8 per cent which is the same as the average rate of increase during the years 1960 to 1962.

Due to the rise in the import price level, the terms of trade deteriorated further, thereby reducing the purchasing power of exports. In view of this adverse movement, the rate of increase in real national income, which takes into account the increase in import prices, was smaller than the rate of increase in the real product. Real national income increased by only 3.4 per cent, whereas real product increased by 4.5 per cent. In 1963, real national income had decreased by 0.5 per cent.

At current factor cost, gross national product increased by 6.0 per cent compared to the rise of 4.7 per cent in 1963. Unlike in that year, when the increase in gross national product was due entirely to the expansion in the domestic sector, the export sector having recorded a decline, in 1964, both sectors contributed to the rise in the gross national product. The value of net output of the export sector which had fallen by 2.0 per cent in 1963, rose by 5.4 per cent in 1964, on account of the rise in the value of coconut exports and to a lesser extent of rubber exports. The value of net output of the domestic sector increased by 5.8 per cent in 1964, which is greater than the increase in the export sector. Expansion in transport and communications, trade, ownership of dwellings, Government services and industry were mainly responsible for the increase in the net output of the domestic sector. Paddy production too recorded a moderate increase in 1964. Per capita money product rose from Rs 627 in 1963 to Rs 649 in 1964, an increase of 3.5 per cent.

* This fall is mainly due to a decrease in the number of recorded births per thousand of population. There was also an increase in the number of recorded deaths per thousand of population.

Total gross national expenditure at current market prices increased by 7.3 per cent in 1964; expenditure on consumption, particularly imports, rose by 8.7 per cent while capital formation decreased by 1.7 per cent. In the previous year, expenditure on consumption had increased by 3.4 per cent, while capital formation had declined by 3.0 per cent.

TABLE II (A) 1

Summary Indicators of Product and Expenditure

at Current Prices

	1959	1960	1961	1962	1963	1964
A. Values						
(1) Gross National Product at Factor Cost Prices (Rs. mn.) ..	5,854	6,080	6,142	6,418	6,716	7,121
(2) Gross Domestic Expenditure at Market Prices (Rs. mn.) ..	6,618	6,823	6,822	7,020	7,193	7,714
(3) Private Consumption at Market Prices (Rs. mn.) ..	4,678	4,991	4,849	5,010	5,184	5,641
(4) Public Consumption at Market Prices (Rs. mn.) ..	881	911	926	979	1,011	1,090
(5) Gross Domestic Fixed Capital Formation at Market Prices (Rs. mn.) ..	1,069	966	978	1,031	991	1,023
(6) Exports of Goods (a) and Non-Factor Services (Rs. mn.) ..	2,016	2,011	1,907	1,971	1,903	1,933
(7) Imports of Goods (b) and Non-Factor Services (Rs. mn.) ..	2,176	2,209	1,972	2,070	2,031	2,086
(8) Gross National Product per capita (c) at Factor Cost Prices (Rs.) ..	608	614	604	615	627	649
(9) Gross Domestic Expenditure per capita (c) (Rs.) ..	688	689	671	672	672	704
(10) Gross National Product at 1959 Factor Cost Prices (Rs. mn.) ..	5,854	6,078	6,260	6,493	6,620	6,919
(11) Gross National Product per capita (c) at 1959 Factor Cost Prices (Rs.) ..	608	614	616	622	618	631
B. Index Numbers (1959=100.0)						
(1) Gross National Product at Factor Cost Prices ..	100.0	103.9	104.9	109.6	114.7	121.6
(2) Gross Domestic Expenditure at Market Prices ..	100.0	103.1	103.1	106.1	108.7	116.6
(3) Private Consumption at Market Prices ..	100.0	106.7	103.7	107.1	110.8	120.6
(4) Public Consumption at Market Prices ..	100.0	103.4	105.1	111.1	114.7	123.7
(5) Gross Domestic Fixed Capital Formation at Market Prices ..	100.0	90.4	91.5	96.5	92.7	95.7
(6) Exports of Goods (a) and Non-Factor Services ..	100.0	99.8	94.6	97.8	94.4	95.9
(7) Imports of Goods (b) and Non-Factor Services ..	100.0	101.5	90.6	95.1	93.3	95.9
(8) Gross National Product per capita (c) at Factor Cost Prices ..	100.0	101.0	99.3	101.0	103.1	106.8
(9) Gross Domestic Expenditure per capita (c) ..	100.0	100.3	97.6	97.8	97.7	102.3

Source: Central Bank of Ceylon

(a) Exported Merchandise valued f.o.b.

(b) Imported Merchandise valued c.i.f.

(c) The following estimates of Population have been adopted:—

	1959	1960	1961	1962	1963	1964
Mid. Year Population	9,625,000	9,896,000	10,168,000	10,443,000	10,712,000	10,965,000
Index Number	100.0	102.8	105.6	108.5	111.3	113.9

TABLE II (A) 2

Gross National Product at Current Factor Cost Prices

	Rupees Million						Percentage Change				
	1959	1960	1961	1962	1963	1964	1960/1959	1961/1960	1962/1961	1963/1962	1964/1963
I. Production for Export											
(i) Domestic Exports: F.O.B. Values	1,692	1,775	1,681	1,766	1,705	1,842	+ 4.9	- 5.3	+ 5.1	- 3.5	+ 8.1
Value of Change in Stocks ..	- 2	- 39	+ 15	- 34	+ 3	- 36					
Less: Imported Materials used (at market value) ..	-124	-120	-135	-151	-160	-173					
Less: Distribution cost of Exported goods ..	-104	-109	-114	-123	-119	-128					
Net Output ..	1,462	1,507	1,447	1,458	1,429	1,506	+ 3.0	- 4.0	+ 0.8	- 2.0	+ 5.4
(ii) Re-exports: Value added ..	3	2	2	2	1	1					
Total Production for Export: Net Output ..	1,465	1,509	1,449	1,460	1,430	1,507	+ 3.0	- 3.9	+ 0.7	- 2.0	+ 5.4
II. Production for Domestic use (Net Output)											
(i) Agriculture, Forestry, Livestock and Fisheries ..	1,276	1,341	1,385	1,426	1,531	1,594	+ 5.1	+ 3.3	+ 2.9	+ 7.3	+ 4.1
(ii) Industry, n.i.e. ..	255	305	342	406	484	533	+19.3	+12.1	+19.0	+19.1	+10.0
(iii) Capital Development (Goods and Services):											
(a) Government ..	189	146	193	204	200	188	-22.4	+31.6	+ 5.7	- 1.6	- 6.0
(b) Public Enterprises ..	55	61	65	86	107	86	+11.5	+ 6.4	+31.1	+25.5	-20.1
(c) Private Sector and Public Corporations ..	265	259	252	270	253	284	- 2.2	- 2.9	+ 7.2	- 6.3	+12.5
(iv) Transport and Communications (Non-Government) ..	450	493	476	500	522	595	+ 9.7	- 3.4	+ 5.0	+ 4.4	+13.9
(v) Trade (Non-Government) ..	628	633	608	643	707	754	+ 0.7	- 4.0	+ 5.9	+ 9.9	+ 6.6
(vi) Ownership of dwellings ..	169	178	196	205	223	238	+ 5.9	+ 9.9	+ 4.5	+ 8.9	+ 6.6
(vii) Government n.i.e. ..	702	755	759	792	821	869	+ 7.6	+ 0.6	+ 4.3	+ 3.7	+ 5.9
(viii) Services, n.i.e. ..	438	445	457	474	491	508	+ 1.5	+ 2.8	+ 3.5	+ 3.7	+ 3.4
Total ..	4,426	4,616	4,733	5,005	5,339	5,648	+ 4.3	+ 2.5	+ 5.7	+ 6.7	+ 5.8
III. Gross Domestic Product ..	5,891	6,124	6,182	6,464	6,769	7,155	+ 4.0	+ 0.9	+ 4.6	+ 4.7	+ 5.7
IV. Net Factor Income from Abroad ..	- 37	- 44	- 40	- 47	- 53	- 34					
V. Gross National Product ..	5,854	6,080	6,142	6,418	6,716	7,121	+ 3.9	+ 1.0	+ 4.5	+ 4.7	+ 6.0

Definition of Items:-

- Government [Items II (iii) (a) and II (vii)] is defined to cover Central and Local Government, but to exclude public corporations and Government enterprises (i.e. the Railway, Electrical Undertakings, Port Commission, Post & Telecommunication and Salt Departments.)
- Item II (vii) (Government, n.i.e.) includes imputed rents of Government buildings.
- The net output of capital development in the Government Sector [Item II (iii) (a)] is inclusive of:-
 - the net output of Government capital works done on contract, and
 - ancillary services rendered in the process of capital development e.g., transport of capital goods imported by Government.
- The net output of capital development in the private sector and public corporations [Item II (iii) (c)] comprises of:-
 - the net output of constructional industries,
 - the net output of industries producing constructional materials and other capital goods for domestic use, and
 - the net output of planting and replanting.
- Item II (iv) [Transport and Communication (Non-Government)] and Item II (v) [Trade (Non-Government)] include the net output of public enterprises operating in these fields. These items also cover services rendered to the export sector. The Estimates of Trade and Transport have been revised to take account of the increase in transport charges and trade margins as determined on the basis of a random enquiry.

Source: Central Bank of Ceylon

- Item II (i) [Agriculture, Forestry, Live-stock and Fisheries] Estimates of tea and coconut included in this item have been computed on the basis of data on per capita consumption: while the data used in computing the estimates for the years 1959 to 1962 have been obtained from the Consumer Finance Survey 1953, the data used for 1963 and 1964 have been obtained from the Consumer Finance Survey 1963. Thus the estimates for 1963 and 1964 are strictly not comparable with those for earlier years.

General Notes:

- Apart from published sources (such as the Ceylon Customs Returns) and special sources on certain specific items (e.g., the Department of Industries on industrial output) much of the primary data necessary for the preparation of this Table, as well as for the Table on the Gross National Expenditure, has been supplied by the Department of Census and Statistics.
- On account of rounding of numbers in the Tables, component items may not add up exactly to the totals.
- The percentage changes shown in the Tables have been computed on the basis of values in rupees million taken to one decimal place.
- n.i.e. = not included elsewhere.
- The estimates for 1963 and 1964 are provisional.

Product and Expenditure in money terms

Table II (A) 2 sets out gross national product and its components at current factor cost prices. The most significant aspect of the increase in the gross national product in 1964 is the expansion of the export sector which is the highest achieved since 1959, the year in which the series commenced. In 1964, the net output of the export sector showed an increase of 5.4 per cent. The highest rate of increase in any of the previous four years was 3.0 per cent in 1960. It should be noted that the net output of the export sector had fallen by 2.0 per cent in 1963. Thus, the magnitude of the expansion in 1964 is to some extent influenced by the reduction in the output which took place in 1963. However, even when compared with the level in 1962, the net output of the export sector was greater by 3.2 per cent in 1964.

In 1964, while the value of tea exports increased only marginally by 0.1 per cent, the value of rubber, coconut and other exports increased by 12.9 per cent, 38.0 per cent and 16.3 per cent respectively. The volume of tea exported remained almost at the level of the previous year but the average f. o. b. price of tea increased by one cent per pound. The quantity of rubber exported rose substantially by 20.8 per cent although the average f. o. b. price declined by 6.5 per cent. In the case of coconut, the quantity exported rose even more sharply by 33.7 per cent. The f. o. b. prices of coconut oil and copra increased by 7.2 per cent and 4.1 per cent respectively, although the price of desiccated coconut fell by 3.6 per cent.

In 1964, the value of total exports increased by 8.1 per cent. The value of end of year export stocks, in comparison with the position at the end of the previous year, is estimated to have fallen by Rs 35.7 million. The net output of the export sector however, shows an increase of 5.4 per cent compared to a fall of 2.0 per cent in 1963. The difference between the value of net output and the value of exports is explained by the reduction in the value of stocks.

In the Annual Report of 1963, special mention was made of the role of the domestic sector which, in view of the fall in the export sector in that year, was solely responsible for the rise in the gross national product. In 1964, although both sectors contributed to the increase in the gross national product, the increase in the net output of the domestic sector was higher than that of the export sector.

The expansion in the domestic sector arose principally from increases in the net output of transport and communications, trade, ownership of dwellings Government services and industry. The net output of transport increased mainly on account of an expansion in the public transport services. The rise in the Government services represents an increase in Government's wages and pensions bill. Paddy production also increased at a slightly higher rate, viz., 2.6 per cent against 2.3 per cent in the previous year, weather conditions in 1964 being more favourable compared to the previous year. On the other hand, total capital development registered a decline of 0.3 per cent; although capital development in the private sector and public corporations rose by 12.5 per cent, capital development by public enterprises* and other Government departments fell by 20.1 per cent and 6.0 per cent respectively. Net output of industry is provisionally estimated to have increased by 10.0 per cent as against a rise of 19.1 per cent in 1963. These developments resulted in an increase in the net output of the domestic sector as a whole, by 5.8 per cent, which is higher than the rate of increase of 5.4 per cent in the export sector.

In 1964, gross domestic product consisting of the output of the export and domestic sectors, increased by 5.7 per cent as against a rise of 4.7 per cent in 1963. Net factor income from abroad, i.e. investment income, registered a smaller outflow than in the previous year. Gross national product increased at a higher rate than gross domestic product, i.e. 6.0 per cent. The smaller outflow on investment income was partly the result of the moratorium on the transfer of profits and dividends introduced in the 1964/65 Budget.

Table II (A) 3 shows details of locally produced goods at current producers' prices. In 1964, except for betel and arecanuts group which fell by 7.2 per cent on account of a fall in price of arecanut, there was a general increase in the producers' value of goods for domestic consumption. The more important changes are the increase in the producers' value of coconut and coconut products by 9.2 per cent and of fish by 9.6† per cent. The increase in the former was due mainly to a rise in the producers' price of coconut oil. The value of fish rose due to increases in both price and quantity produced. The producers' value of rice also rose by 1.8 per cent on account of the increase in output; total output of paddy increased from 49.2 million bushels in 1963 to 50.5 million bushels in 1964.

* Railway, Electrical Undertakings, Port Commission, Post and Telecommunication and Salt Departments.

† Provisional,

TABLE II (A) 3
Locally Produced Goods for Domestic Consumption Valued at Current Producers' Prices

	Rupees Million						Percentage Change				
	1959	1960	1961	1962	1963	1964	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
1. Agriculture, Forestry, Livestock and Fisheries											
Rice	400	472	475	524	534	544	+ 18.2	+ 0.6	+ 10.4	+ 1.8	+ 1.8
Coconut and Coconut Products *	208	168	147	135	179	195	- 19.4	- 12.2	- 8.2	+ 32.1	+ 9.2
Tea *	54	56	56	55	60	62	+ 4.3	...	- 1.8	+ 10.0	+ 2.3
Other Food Crops	327	350	382	382	390	411	+ 7.1	+ 9.3	...	+ 2.1	+ 5.4
Tobacco	14	15	19	21	22	23	+ 10.9	+ 23.7	+ 13.8	+ 3.3	+ 2.3
Betel and Arecanuts	34	37	38	34	36	33	+ 7.3	+ 1.6	- 8.3	+ 4.7	- 7.2
Firewood	14	14	15	15	15	16	+ 3.7	+ 3.5	+ 2.7	+ 2.7	+ 2.6
Livestock	142	134	139	136	150	156	- 5.6	+ 4.3	- 2.7	+ 10.4	+ 3.9
Fish	60	69	86	101	125	137	+ 13.9	+ 25.3	+ 17.1	+ 24.4	+ 9.6
Miscellaneous Agricultural and Forest Products	49	52	53	55	59	62	+ 5.1	+ 2.9	+ 2.6	+ 7.5	+ 5.8
Less Imported materials used (a)	-25	-25	-25	-33	-40	-44					
Value added by Domestic Production ..	1,276	1,341	1,385	1,426	1,531	1,594	+ 5.1	+ 3.3	+ 2.9	+ 7.3	+ 4.1
2. Industry (excluding Capital Development)											
Factory Industries	314	379	416	454	595	647	+ 20.8	+ 9.8	+ 9.0	+ 31.1	+ 8.7
Cottage Industries	110	113	116	119	127	131	+ 2.5	+ 2.9	+ 2.9	+ 6.6	+ 3.0
Less Imported materials used (a)	-168	-187	-191	-167	-238	-245					
Value added by Domestic Production ..	255	305	342	406	484	533	+ 19.3	+ 12.1	+ 19.0	+ 19.1	+ 10.0

(a) At Market Values

* Estimates of tea and coconut have been computed on the basis of data on per capita consumption; while the data used in computing the estimates for the years 1959 to 1962 have been obtained from the Consumer Finance Survey 1953, the data used for 1963 and 1964 have been obtained from the Consumer Finance Survey 1963. Thus the estimates for 1963 and 1964 are strictly not comparable with those for earlier years.

Sources: Central Bank of Ceylon;
Department of Census & Statistics;
Department of Industries;
Department of Fisheries; etc.

TABLE II (A) 4

Gross National Expenditure at Current Market Prices

	Rupees Million						Percentage Change				
	1959	1960	1961	1962	1963	1964	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
I. Private Consumption											
(A) Imports of Goods and Non-Factor Services											
(i) Imports of Food and other Personal Consumption Goods (a)	1,817	1,913	1,718	1,751	1,561	1,768	+ 5.3	-10.2	+ 2.0	-10.9	+13.3
(ii) Imports of Non-Factor Services	178	152	137	128	129	99	-14.5	-10.0	- 6.4	+ 0.9	-23.0
Total	1,995	2,065	1,854	1,879	1,690	1,867	+ 3.5	-10.2	+ 1.3	-10.1	+10.5
(B) Locally Produced Goods (a) and Services											
(i) Locally produced goods*	2,093	2,208	2,282	2,416	2,650	2,806	+ 5.5	+ 3.4	+ 5.9	+ 9.7	+ 5.9
(ii) Rents of dwellings	186	197	216	226	247	264	+ 5.9	+ 9.7	+ 4.3	+ 9.6	+ 6.9
(iii) Transport and Communication	241	256	272	286	294	343	+ 6.2	+ 6.4	+ 4.9	+ 2.8	+16.6
(iv) Services, n. l. e.	467	475	488	506	524	544	+ 1.6	+ 2.8	+ 3.6	+ 3.7	+ 3.7
Less Government Purchases	-110	- 41	-102	-133	- 50	- 50					
Total	2,878	3,095	3,157	3,301	3,665	3,907	+ 7.5	+ 2.0	+ 4.6	+11.0	+ 6.6
(C) Less Goods and Services purchased by non-residents	-195	-169	-162	-170	-171	-132					
Total Private Consumption	4,678	4,991	4,849	5,010	5,184	5,641	+ 6.7	- 2.9	+ 3.3	+ 3.5	+ 8.8
II. Public Consumption											
(i) Current Expenditure on Goods and Services—Central Government	771	803	831	880	906	980	+ 4.1	+ 3.5	+ 5.8	+ 3.0	+ 8.2
(ii) Current Expenditure on Goods and Services—Local Government	90	87	74	78	83	88	- 3.4	-15.0	+ 5.8	+ 5.9	+ 5.8
(iii) Imputed Rents of Government Buildings	20	21	21	22	22	23	+ 5.0	+ 0.5	+ 2.4	+ 2.3	+ 2.3
Total	881	911	926	979	1,011	1,090	+ 3.4	+ 1.7	+ 5.7	+ 3.2	+ 7.9
III. Gross Domestic Fixed Capital Formation											
(i) Government	256	238	249	260	257	239	- 7.2	+ 4.9	+ 4.2	- 1.2	- 7.0
(ii) Public Enterprises	80	79	92	104	127	102	- 0.3	+15.5	+13.1	+22.8	-20.0
(iii) Private Sector and Public Corporations	733	649	637	668	607	682	-11.5	- 1.9	+ 4.9	- 9.2	+12.4
Total	1,069	966	978	1,031	991	1,023	- 9.7	+ 1.2	+ 5.5	- 4.0	+ 3.2
IV. Changes in Stocks											
(i) Government											
(ii) Public Enterprises (b)	- 22	- 14	+ 54	+ 40	+ 5	- 5					
(iii) Private Sector and Public Corporations (c)	+ 12	- 31	+ 16	- 41	+ 3	- 36					
Total	- 10	- 45	+ 69	- 1	+ 8	- 40					
V. Gross Domestic Expenditure (d)	6,618	6,823	6,822	7,020	7,193	7,714	+ 3.1	...	+ 2.9	+ 2.5	+ 7.2
VI. Net Investment Abroad (e)	-208	-221	- 94	-140	-168	-148					
VII. Less Net Receipts of International Gifts and Transfers	+ 12	- 22	- 11	- 7	- 13	- 40					
VIII. Gross National Expenditure	6,421	6,581	6,717	6,873	7,013	7,526	+ 2.5	+ 2.1	+ 2.3	+ 2.0	+ 7.3

Source: See General Notes to Table II (A) 2.

(a) At retail values.

(b) Changes in stocks of the following items only: imported rice wheat flour and sugar: Guaranteed Price Scheme Paddy; arrack.

(c) Changes in stocks of tea, rubber and livestock only.

(d) Equals expenditure on consumption, gross domestic fixed capital formation and changes in stocks.

(e) Net investment abroad = surplus of the nation on current account.

* Estimates of tea and coconut included in this item have been computed on the basis of data on per capita consumption; while the data used in computing the estimates for the years 1959 to 1962 have been obtained from the Consumer Finance Survey 1953, the data used for 1963 and 1964 have been obtained from the Consumer Finance Survey 1963. Thus the estimates for 1963 and 1964 are not comparable with those for earlier years.

TABLE II (A) 5.
Expenditure on Gross National Product at Current Prices

Rupees Million

	1959	1960	1961	1962	1963	1964		1959	1960	1961	1962	1963	1964
1. Gross National Product at Factor Costs Prices ..	5,954	6,080	6,142	6,418	6,716	7,121	4. Consumption Expenditure: Private..	4,678	4,991	4,349	5,010	5,184	5,641
							5. Consumption Expenditure: Government ..	881	911	926	979	1,011	1,090
2. Indirect Taxes (a) Less subsidies ..	389	413	390	472	458	420	6. Gross Domestic Capital Formation: Private sector and Public Corporations ..	745	618	652	627	610	646
							7. Gross Domestic Capital Formation: Government and Public Enterprises	314	303	395	403	389	336
							8. Gross Domestic Expenditure (b) ..	6,617	6,823	6,822	7,020	7,193	7,714
							9. Exports of Goods and Non-Factor Services ..	2,016	2,011	1,907	1,971	1,903	1,933
							10. Less: Imports of Goods and Non-Factor Services ..	-2,176	-2,209	-1,972	-2,070	-2,031	-2,086
							11. Expenditure on Gross Domestic Product at Market Prices ..	6,457	6,625	6,757	6,921	7,065	7,561
							12. Net Factor Income from Abroad ..	- 37	- 44	- 40	- 47	- 53	- 34
3. Gross National Product at Market Prices ..	6,243	6,493	6,532	6,890	7,175	7,541	13. Residual: Unidentified changes in stocks and statistical discrepancy ..	-177	- 88	-185	+ 16	+163	+14
							14. Expenditure on Gross National Product at Market Prices (c) ..	6,243	6,493	6,532	6,890	7,175	7,541

Source: Central Bank of Ceylon.

(a) Inclusive of local rates.

(b) Equals expenditure on consumption and gross domestic capital formation.

(c) The algebraic sum of Item 11 and 12 of this table equals the gross national expenditure as shown at Item VIII of Table II (A) 4. Item 14 of this table (expenditure on gross national product at market prices) differs from the algebraic sum of Items 11 and 12 only by the amount shown as item 13 (unidentified changes in stocks and statistical discrepancy).

Direct estimates of gross national expenditure at current market prices, which comprises private and public consumption and capital formation, are shown in Table II (A) 4. Table II (A) 5 shows estimates of gross national expenditure obtained as the sum of gross national product and net indirect taxes. Total gross national expenditure increased from Rs 7,012.6 million to Rs 7,526.3 million, a rise of 7.3 per cent compared to a rise of 2.0 per cent in 1963.

Private consumption expenditure which accounted for about 75 per cent of total gross national expenditure increased by 8.8 per cent. Unlike in the previous year, when the increase in private consumption was due to a higher outlay on local goods and services in view of the fall in consumer goods imports in that year, the increase in 1964 was in respect of both imported and local goods. In 1963, consumption expenditure on imported goods and services had fallen by 10.1 per cent and expenditure on locally produced goods and services risen by 11.0 per cent. In 1964, outlays on imported goods rose by 10.5 per cent while expenditure on local goods and services increased by 6.6 per cent. Public consumption also rose at a higher rate in 1964, viz., 7.9 per cent compared to 3.2 per cent in 1963. The higher rate of increase in 1964, reflects the rise in Government's wages and pensions bill mentioned earlier. Compared to a fall of Rs. 40.7 million in 1963, fixed capital formation increased by Rs 31.9 million or 3.2 per cent in 1964. Nevertheless, stocks recorded a fall of Rs 40.4 million. Consequently, total capital formation fell in 1964 by 1.7 per cent, compared to a fall of 3.0 per cent in 1963. The sum of consumption expenditure and capital formation, i. e. total gross domestic expenditure, rose in 1964 by 7.2 per cent.

Table II (A) 6 shows details of private consumption expenditure at current market prices, under the two categories, imported and locally produced goods and services. Expenditure on imported rice, flour and sugar which had fallen by 2.6 per cent in 1963 rose by 0.2 per cent in 1964. In sharp contrast to the previous year, expenditure on imports of other consumer goods which had fallen by 14.6 per cent in 1963, increased by 20.0 per cent in 1964. Expenditure on locally produced goods rose by 5.9 per cent. The outlay on coconut products and firewood rose by 10.5 per cent and 6.0 per cent respectively reflecting higher retail prices in 1964. In regard to services, expenditure on transport increased conspicuously by 16.6 per cent. This relates largely to an increase in the use of public transport during the year.

TABLE II (A) 6

Composition of Private Consumption Expenditure at Current Market Prices

	Rupees Million						Percentage Change				
	1959	1960	1961	1962	1963	1964	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
A. Imports of Goods and Non-Factor Services											
(i) Rice, Wheat Flour and Sugar ..	490	488	522	545	531	532	- 0.3	+ 7.0	+ 4.4	- 2.6	+ 0.2
(ii) Other Personal Consumption Goods ..	1,328	1,425	1,196	1,206	1,030	1,236	+ 7.3	-16.1	+ 0.9	-14.6	+20.0
(iii) Non-Factor Services ..	178	152	137	128	129	99	-14.5	-10.0	- 6.4	+ 0.9	-23.0
Total ..	1,995	2,065	1,854	1,879	1,690	1,867	+ 3.5	-10.2	+ 1.3	-10.1	+ 10.5
B. Locally Produced Goods and Services											
(i) Locally Produced Goods											
Rice ..	312	308	275	306	319	312	- 1.5	-10.6	+11.2	+ 4.4	- 2.1
Coconut Products* ..	232	187	162	154	210	232	-19.4	-13.4	- 4.8	+35.8	+10.5
Tea* ..	63	67	69	70	78	79	+ 7.5	+ 2.2	+ 1.7	+11.6	+ 0.5
Other Food Crops ..	398	433	473	473	433	509	+ 8.6	+ 9.4	...	+ 2.1	+ 5.3
Tobacco ..	20	22	27	31	32	32	+11.3	+24.0	+13.8	+ 2.9	+ 2.5
Betel and Arecanuts ..	46	50	50	46	48	45	+ 7.1	+ 1.8	- 8.3	+ 4.5	- 7.3
Firewood ..	15	16	17	17	17	18	+ 3.9	+ 3.8	+ 3.0	- 1.2	+ 6.0
Livestock ..	174	168	184	181	190	196	- 3.3	+ 9.3	- 1.8	+ 5.0	+ 3.1
Fish ..	80	92	115	134	167	179	+13.9	+25.5	+17.0	+24.5	+ 7.2
Miscellaneous Agricultural and Forest Products ..	57	59	61	61	67	81	+ 4.6	+ 3.4	- 0.7	+ 9.9	+20.8
Industrial Products ..	696	808	849	942	1,040	1,125	+16.0	+ 5.2	+10.9	+10.4	+ 8.1
Total ..	2,093	2,208	2,282	2,416	2,650	2,806	+ 5.5	+ 3.4	+ 5.9	+ 9.7	+ 5.9
(ii) Rents of Dwellings ..	186	197	216	226	247	264	+ 5.9	+ 9.7	+ 4.3	+ 9.6	+ 6.9
(iii) Transport and Communication ..	241	256	272	286	294	343	+ 6.2	+ 6.4	+ 4.9	+ 2.8	+16.6
(iv) Services, n.i.e.											
Financial Services to Persons(a) ..	13	14	15	16	18	19	+ 8.5	+ 7.1	+ 8.0	+10.5	+ 7.8
Recreation and Entertainment ..	24	25	26	27	28	29	+ 3.3	+ 3.2	+ 2.7	+ 3.7	+ 3.2
Domestic Services ..	200	203	209	218	227	236	+ 1.5	+ 3.1	+ 4.0	+ 4.0	+ 4.1
Hotels and Restaurants ..	119	121	125	130	135	140	+ 1.5	+ 3.1	+ 4.0	+ 3.7	+ 4.3
Professional & Institutional Services, n.i.e. (b) ..	61	61	61	61	61	61	...	...	...	...	...
Personal Services, n.i.e. (c) ..	50	51	52	54	57	55	+ 1.4	+ 3.2	+ 4.0	+ 4.1	+ 4.1
Total ..	467	475	488	506	524	544	+ 1.6	+ 2.8	+ 3.6	+ 3.7	+ 3.7
Less. Government Local Purchases ..	-110	- 41	-102	-133	- 50	- 50					
Grand Total ..	2,878	3,095	3,157	3,301	3,665	3,907	+ 7.5	+ 2.0	+ 4.6	+11.0	+ 6.6
C. Less Goods and Services Purchased by Non-Residents ..	-195	-169	-162	-170	-171	-132					
TOTAL PRIVATE CONSUMPTION	4,678	4,991	4,849	5,010	5,184	56,41	+ 6.7	- 2.9	+ 3.3	+ 3.5	+ 8.8

Source: Central Bank of Ceylon

(a) The value of services rendered by banks, insurance companies and other financial institutions to households as distinct from enterprises.

(b) Private medical, legal and educational services and services rendered by non-profit making bodies (religious and welfare organizations, trade unions, etc.)

(c) Services of dhobies, barbers, astrologers, undertakers, etc.

* Estimates of tea and coconut have been computed on the basis of data on per capita consumption; while the data used in computing the estimates for the years 1959 to 1962 have been obtained from the Consumer Finance Survey 1953, the data used for 1963 and 1964 have been obtained from the Consumer Finance Survey 1963. Thus the estimates for 1963 and 1964 are strictly not comparable with those for earlier years.

Table II (A) 7

Gross Domestic Capital Formation at Current Market Prices

	Rupees Million						Percentage Change				
	1959	1960	1961	1962	1963	1964	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
A. Private sector and Public Corporations											
(i) Gross Domestic Fixed Capital Formation											
Planting and replanting ..	62	63	63	64	70	70	+ 1.8	...	+ 1.3	+ 8.6	+ 0.7
Building and certain other construction ..	336	341	320	342	262	331	+ 1.5	- 6.0	+ 6.8	-23.5	+26.3
Plant and machinery ..	119	77	113	113	154	177	-35.1	+47.5	- 0.2	+36.0	+14.7
Transport ..	153	109	85	92	63	50	-28.9	-21.8	+ 8.4	-31.7	-20.2
Imported capital goods, n.i.e. ..	64	59	55	57	59	55	- 7.5	- 7.4	+ 3.1	+ 3.5	- 6.8
Total ..	733	649	637	668	607	682	-11.5	- 1.9	+ 4.9	- 9.2	+12.4
(ii) Change in Stocks											
Tea ..	+ 1	- 13	- 3	- 37	- 17	- 24					
Rubber ..	- 3	- 27	+ 19	+ 3	+ 20	- 12					
Livestock ..	+ 13	+ 9	...	- 7	...	...			
Total ..	+ 12	- 31	+ 16	- 41	+ 3	- 36					
Gross Domestic Capital Formation ..	745	618	652	627	610	646	-17.0	+ 5.5	- 3.9	- 2.6	+ 5.9
B. Government and Public Enterprises											
(i) Gross Domestic Fixed Capital Formation	336	317	341	364	384	341	- 5.6	+ 7.6	+ 6.6	+ 5.6	-11.3
(ii) Change in Stocks											
Imported rice, wheat flour and sugar ..	+ 13	- 26	- 12	- 2	...	- 5					
G.P.S. Paddy ..	- 35	+ 10	+ 65	+ 45	+ 10	...					
Arrack ..	...	+ 2	...	- 3	- 5	...					
Total ..	- 22	- 14	+ 54	+ 40	+ 5	- 5					
Gross Domestic Capital Formation ..	314	303	395	403	389	336	- 3.6	+30.4	+ 2.2	- 3.6	-13.6
C. All Sectors											
(i) Gross Domestic Fixed Capital Formation	1,069	966	978	1,031	991	1,023	- 9.7	+ 1.2	+ 5.5	- 4.0	+ 3.2
(ii) Change in Stocks ..	- 10	- 45	+ 69	- 1	+ 8	- 40					
Gross Domestic Capital Formation ..	1,059	921	1,047	1,030	999	982	-13.0	+13.7	- 1.6	- 3.0	- 1.7

Source: Central Bank of Ceylon

Table II (A) 7 gives details of capital formation. It will be seen that the increase in fixed capital formation in the private sector noted earlier, relates largely to building and other construction and to plant and machinery which rose by 26.3 per cent and 14.7 per cent respectively. In 1963, capital formation in building and other construction had fallen by 23.5 per cent although capital formation in plant and machinery had increased by 36.0 per cent. Estimates of capital formation are computed on the basis of imports of capital goods and therefore reflect changes in the import of these categories of goods. Total capital formation in the private sector increased by 5.9 per cent but fixed capital formation increased by 12.4 per cent in 1964. The difference between the rate of increase of total capital formation and fixed capital formation is to be explained by the decrease in stocks of tea and rubber amounting to Rs 35.7 million.

In the Government sector, fixed capital formation by public enterprises which had been rising without interruption in recent years, fell by 20.0 per cent in 1964. Capital formation by other Government departments also fell by 7.0 per cent, total fixed capital formation by the Government sector, other than public corporations, as a whole falling by 11.3 per cent. In the Government sector too, stocks fell by Rs 4.7 million. The decrease in Government sector capital formation including stocks, amounted to 13.6 per cent in 1964 compared to a fall of 3.6 per cent in the previous year.

Availability and Use of Resources

The resources that were available to the country through production and imports, and how they were utilised as between consumption, capital formation and exports are analysed in Table II (A) 8. It will be seen from this Table that resources available through production have been steadily increasing since 1960. In 1964, they increased at a higher rate than in any recent year, viz., at 7.0 per cent. Resources available through imports also rose in 1964 by 2.7 per cent in contrast to a fall of 1.9 per cent in 1963.

TABLE II (A) 8

Resources and their Utilization at Current Market Prices

	Rupees Million						Percentage Change				
	1959	1960	1961	1962	1963	1964	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
A. Resources											
Gross Domestic Product (a) ...	6,457	6,625	6,757	6,920	7,064	7,561	+ 2.6	+ 2.0	+ 2.4	+ 2.1	+7.0
Imports of Goods and Non-Factor services ...	2,176	2,209	1,972	2,070	2,031	2,086	+ 1.5	-10.7	+ 5.0	- 1.9	+2.7
Total ...	8,633	8,834	8,729	8,990	9,095	9,647	+ 2.3	- 1.2	+ 3.0	+ 1.2	+6.1
B. Utilization											
Consumption ...	5,559	5,902	5,775	5,990	6,195	6,731	+ 6.2	- 2.2	+ 3.7	+3.4	+8.7
Gross Domestic Capital Formation ...	1,059	921	1,047	1,030	999	982	-13.0	+13.7	- 1.6	- 3.0	-1.7
Exports of Goods and Non-Factor Services ...	2,016	2,011	1,907	1,971	1,903	1,933	- 0.3	- 5.2	+ 3.4	- 3.5	+1.6
Total ...	8,633	8,834	8,729	8,990	9,095	9,647	+ 2.3	- 1.2	+ 3.0	+ 1.2	+6.1

Source: Central Bank of Ceylon

(a) This is Item III of Table II (A) 2 adjusted for indirect taxes net of subsidies [Item 2 of Table II (A) 5] and for unidentified changes in stocks plus statistical discrepancy [Item 13 of Table II (A) 5] to conform to the estimates of consumption and capital formation on the expenditure approach.

TABLE II (A) 9

Gross Domestic Expenditure and Availability of Resources at Current Market Prices

	1959		1960		1961		1962		1963		1964	
	Rs.Mn	Percentage of Row (7)	Rs.Mn	Percentage of Row (7)	Rs.Mn	Percentage of Row (7)	Rs.Mn	Percentage of Row (7)	Rs.Mn	Percentage of Row (7)	Rs.Mn	Percentage of Row (7)
1. Consumption Expenditure: Private ..	4,678	72.9	4,991	75.8	4,849	72.2	5,010	72.9	5,184	73.9	5,641	74.9
2. Consumption Expenditure: Government ..	881	13.7	911	13.8	926	13.8	979	14.2	1,011	14.4	1,090	14.5
3. Gross Domestic Capital Formation: Private Sector and Public Corporations	745	11.6	618	9.4	652	9.7	627	9.1	610	8.7	646	8.6
4. Gross Domestic Capital Formation: Public Enterprises ..	314	4.9	303	4.6	395	5.9	403	5.9	389	5.5	336	4.5
5. Gross Domestic Capital Formation: Government												
6. Gross Domestic Expenditure ..	6,618	103.1	6,823	103.7	6,822	101.5	7,020	102.1	7,193	102.6	7,714	102.5
7. Gross National Product (Adjusted)*	6,420	100.0	6,581	100.0	6,717	100.0	6,874	100.0	7,012	100.0	7,527	100.0
8. Excess of (6) over (7) met by:—												
(a) Net Disinvestment abroad ..	208		221		94		140		168		148	
(b) Net Receipts of International Gifts and Transfers ..	— 12		+ 22		+ 11		+ 7		+ 13		+ 40	
(a) + (b) ..	196		243		105		147		181		188	

Source: Central Bank of Ceylon.

* For the sake of consistency with other items of this Table, which are taken from the Table on the gross national expenditure i.e., Table II (A) 4, the figures for gross national product at current market prices shown as item 3 of Table II (A) 5 have been adjusted by item 13 of that Table.

TABLE II (A) 10

Import Content of Components of Gross Domestic Expenditure

	1959				1960				1961				1962				1963				1964			
	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks	Private Consumption	Public Consumption	Gross Domestic Fixed Capital Formation	Change in Stocks
1. Expenditure at Market Prices (Rs. Mn.)	4,678	881	1,069	-10	4,991	911	966	-45	4,849	926	978	+69	5,010	979	1,031	-1	5,184	1,011	991	+	5,641	1,090	1,023	-40
2. Import Component at c.i.f. prices																								
(a) Amount (Rs. Mn.)	1,426	82	365	+13	1,365	120	336	-26	1,166	65	306	-12	1,104	52	310	-2	984	47	293	...	1,422	37	295	-5
(b) Per cent	30.5	9.3	34.1		27.3	13.2	34.8		24.0	7.0	31.3		22.0	5.3	30.1		19.0	4.6	29.6		25.2	3.4	28.8	
3. Import Component at market values *																								
(a) Amount (Rs. Mn.)	1,995	84	565	+15	2,065	122	519	-28	1,854	67	473	-14	1,879	54	479	-4	1,690	49	466	+	1,867	39	486	-7
(b) Per Cent	42.6	9.5	52.9		41.4	13.4	53.7		38.2	7.2	48.4		37.5	5.5	46.5		32.6	4.8	47.0		33.1	3.6	47.5	

* Government (Civil and Defence) imports and changes in stocks of imported goods are valued at c.i.f. prices.
All other merchandise imports are valued at retail prices.

Source: Central Bank of Ceylon.

The distribution of total resources between consumption, capital formation and exports is of the order of 70 per cent, 10 per cent and 20 per cent respectively. In 1964, the utilisation of resources showed an increase of consumption by 8.7 per cent compared to an increase of 3.4 per cent in 1963. Resources devoted to capital formation fell in both 1963 and 1964, but the fall of 1.7 per cent in 1964 was smaller than the fall of 3.0 per cent in 1963.

Table II (A) 9 indicates to what extent gross national expenditure has been financed from resources currently produced and to what extent it has been necessary to draw on our external reserves and or increase our external liabilities. In 1964, as in the past few years, gross national expenditure has exceeded the resources available from current production. The excess amounted to 2.5 per cent of gross national product as against 2.6 per cent in 1963. In 1964, the excess was met partly by disinvestment, i.e. drawing on our external reserves and or increasing our external liabilities, amounting to Rs 148 million as against Rs 168 million in 1963 and partly from net receipts of international gifts and transfers of Rs 40 million compared to Rs 13 million in 1963.

This table also compares expenditure on consumption and capital formation with gross national product. It will be seen that in 1964, an amount equivalent to 89.4 per cent of gross national product was devoted to consumption, and 13.1 per cent to capital formation. The corresponding figures for 1963 were 88.3 per cent for consumption and 14.2 per cent for capital formation.

Table II (A) 10 shows the import content of public consumption, private consumption and total fixed capital formation.

The import content of private consumption at c. i. f. prices, which was 22.0 per cent in 1962 fell to 19.0 per cent in 1963 but increased to 25.2 per cent in 1964. Figures of the import content of private consumption at market prices show a similar movement. This is to be expected in view of the fall in the import of consumer goods between 1962 and 1963 and the reversal of this in 1964.

In the case of capital formation, the import content at c. i. f. prices which stood at 29.6 per cent in 1963 fell to 28.8 per cent in 1964, but at market prices this ratio increased slightly from 47.0 per cent to 47.5 per cent in 1964.

Gross Domestic Product by Industrial Origin

Table II (A) 11 shows the gross domestic product at factor cost by industrial origin. The increase in the gross domestic product in 1964 is shared by each of the broad categories, agriculture, industry including mining and construction and services. In 1964, net output of the service sector increased by 7.1 per cent, industry by 5.1 per cent and agriculture by 4.6 per cent.

Real Product, Real Income and Real Expenditure

Table II (A) 12 shows the estimates of gross national product at constant 1959 prices, i.e. real product. These have been adjusted for the terms of trade effect in Table II (A) 13 to derive estimates of real national income. After having fallen by 3.9 per cent in 1963, the real value of exports registered a sharp rise of 9.2 per cent in 1964. Taking into account the fall in the value of stocks by Rs. 41.0 million

TABLE II (A) 11.

Gross Domestic Product by Industrial Origin at Current Factor Cost Prices

Industry	1959		1960		1961		1962		1963		1964		Percentage Change				
	Rs. Mn.	Per-cent	Rs. Mn.	Per-cent	Rs. Mn.	Per-cent	Rs. Mn.	Per-cent	Rs. Mn.	Per-cent	Rs. Mn.	Per-cent	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
I. Agriculture, Forestry, Livestock and Fisheries *	2,763	47	2,872	47	2,857	46	2,907	45	2,983	44	3,121	44	+ 3.9	- 0.5	+ 1.7	+ 2.6	+ 4.6
II. Mining and Quarrying	11	...	11	...	11	...	12	...	11	...	10	...	+ 6.7	- 4.5	+10.3	- 6.8	- 6.4
III. Manufacturing (excluding constructional materials)	271	5	317	5	353	6	417	7	499	7	553	8	+17.0	+11.1	+18.3	+19.6	+10.8
IV. Construction (including constructional materials)	384	7	349	6	385	6	429	7	424	6	419	6	- 9.2	+10.6	+11.2	- 1.2	- 1.1
V. Transportation Storage and Communication	471	8	512	8	498	8	523	8	545	8	617	9	+ 8.8	- 2.9	+ 5.1	+ 4.1	+13.3
VI. Wholesale and Retail Trade	647	11	647	11	624	10	662	10	719	11	768	11	...	- 3.6	+ 6.1	+ 8.5	+ 6.9
VII. Banking, Insurance and Other Finance	48	1	52	1	56	1	59	1	68	1	71	1	+ 8.6	+ 7.7	+ 5.7	+ 5.6	+ 4.0
VIII. Ownership of dwellings	169	3	178	3	196	3	205	3	223	3	238	3	+ 5.9	+ 9.9	+ 4.5	+ 8.9	+ 6.6
IX. Public Administration and Defence	397	7	402	7	403	7	444	7	469	7	493	7	+ 1.4	+ 0.2	+10.2	+ 5.5	+ 5.3
X. Services, n.i.e.																	
(a) Government Medical Health, Educational, Broadcasting and Meteorological services	296	5	343	6	347	6	338	5	342	5	366	5	+15.7	+ 1.1	- 2.3	+ 1.2	+ 6.8
(b) All other services	435	7	441	7	452	7	468	7	484	7	500	7	+ 1.6	+ 2.6	+ 3.3	+ 3.5	+ 3.2
Total	731	13	784	13	799	13	806	13	826	12	865	12	+ 7.3	+ 1.9	+ 0.9	+ 2.5	+ 4.7
Gross Domestic Product	5,891	100	6,124	100	6,182	100	6,464	100	6,769	100	7,155	100	+ 4.0	+ 0.9	+ 4.6	+ 4.7	+ 5.7

* Inclusive of processing of agricultural exports.

Source: Central Bank of Ceylon.

in real terms, the net output of the export sector increased by 7.0 per cent. In the domestic sector, the output of paddy, tea and coconut rose by 2.6 per cent in 1964. The rate of increase of the real product of the Government sector was greater than in 1963, viz., 5.9 per cent as against 3.7 per cent in 1963. Other goods and services also increased in real terms by 2.9 per cent in 1964 compared to a rise of 2.7 per cent in 1963.

TABLE II (A) 12
Gross National Product at Constant 1959 Factor Cost Prices

	Constant 1959 Values in Rs. Million						Percentage Change				
	1959	1960	1961	1962	1963	1964	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
I. Production for Export											
(i) Domestic Exports:											
F.O.B. Values ..	1,692	1,778	1,862	1,995	1,917	2,092	+ 5.1	+ 4.7	+ 7.2	- 3.9	+ 9.2
Value of changes in stocks ..	- 2	- 37	+ 17	- 37	+ 6	- 41					
Less: Imported materials used (at market value)	-124	-120	-133	-157	-169	-178					
Less: Distribution cost of Exported Goods ..	-104	-108	-110	-118	-115	-121					
Net Output ..	1,462	1,513	1,635	1,684	1,638	1,752	+ 3.5	+ 8.1	+ 3.0	- 2.7	+ 7.0
(ii) Re-Exports:											
Value added ..	3	2	2	2	1	1					
Total Production for Export: Net Output	1,465	1,515	1,638	1,686	1,640	1,754	+ 3.4	+ 8.1	+ 2.9	- 2.7	+ 7.0
II Production for Domestic use (Net Output)											
(i) Paddy, Tea and Coconut products	642	723	731	788	844	866	+12.6	+ 1.1	+ 7.9	+ 7.0	+ 2.6
(ii) Government n.i.e.	702	755	759	792	821	869	+ 7.6	+ 0.6	+ 4.3	+ 3.7	+ 5.9
(iii) Other Goods and Services ..	3,082	3,129	3,173	3,277	3,367	3,464	+ 1.6	+ 1.4	+ 3.3	+ 2.7	+ 2.9
Total ..	4,426	4,607	4,663	4,857	5,031	5,199	+ 4.1	+ 1.2	+ 4.2	+ 3.6	+ 3.3
III. Gross Domestic Product ..	5,891	6,122	6,300	6,543	6,670	6,953	+ 3.9	+ 2.9	+ 3.8	+ 2.0	+ 4.2
IV. Net Factor Income from Abroad ..	- 37	- 44	- 40	- 50	- 51	- 34					
V. Gross National Product	5,854	6,078	6,260	6,493	6,620	6,919	+ 3.8	+ 3.0	+ 3.7	+ 1.9	+ 4.5

Source. Central Bank of Ceylon

Total gross domestic product at constant prices rose by 4.2 per cent in contrast to a rise of only 2.0 per cent in 1963. The deficit on net factor income from abroad, was smaller than in the previous year, viz., Rs. 34.2 million in 1964 compared to Rs. 50.9 million in 1963. Gross national product at constant prices which includes net factor income from abroad, increased by 4.5 per cent as against a rise of only 1.9 per cent in 1963. When compared with the rate of increase in population of 2.4 per cent in 1964, per capita real product rose by 2.1 per cent compared to a fall of 0.6 per cent in 1963.

TABLE II (A) 13
Real National Income and Expenditure

	Rupees Million						Percentage Change				
	1959	1960	1961	1962	1963	1964	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
1. Gross National Product at Constant 1959 Factor Cost Prices	5,854	6,078	6,260	6,493	6,620	6,919	+3.8	+3.0	+3.7	+1.9	+4.5
2. Terms of Trade Effect due to export of—											
(i) Tea		- 26	- 39	+ 2	-134	-157					
(ii) Rubber		+ 39	- 25	- 14	- 56	- 94					
(iii) Coconut Products ..		- 33	-111	- 96	- 79	-105					
(iv) Other Products ..		+ 6	+ 1	+ 5	+ 6	+ 9					
(v) All Products ..		-14	-173	-102	-262	-346					
3. Gross National Income at Constant 1959 Factor Cost Prices	5,854	6,064	6,087	6,391	6,358	6,572	+3.6	+0.4	+5.0	-0.5	+3.4
4. Indirect Taxes less Subsidies (adjusted)	389	403	405	425	422	437					
5. Gross National Expenditure at Constant 1959 Market Prices	6,243	6,467	6,492	6,816	6,780	7,009	+3.6	+0.4	+5.0	-0.5	+3.4

Source: Central Bank of Ceylon.

Due to the further deterioration of the terms of trade following the rise in import prices in 1964, the terms of trade effect amounted to Rs. -346 million as against Rs. -262 million in the previous year. In consequence of these adverse movements affecting the exchange value of export production, real national income increased by only 3.4 per cent whereas real product had increased by 4.5 per cent.

Production and Exports

Table II (A) 14 shows the production of the principal agricultural crops from 1959 to 1964. Although tea production fell, rubber, coconut and paddy production increased in 1964. Coconut production showed a substantial increase in contrast to the decrease in 1963. Rubber and paddy production recorded higher rates of increase than in the previous year.

TABLE II (A) 14
Quantities Produced of the Principal Agricultural Crops

	1959	1960	1961	1962	1963	1964	Percentage Change				
							1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
Tea (Million lbs.)	413	435	455	467	485	482	+ 5.3	+ 4.6	+ 2.6	+ 3.9	- 0.6
Rubber (Million lbs.) ..	205	218	215	229	231	246	+ 6.3	- 1.4	+ 6.5	+ 0.9	+ 6.5
Coconut Products* (nut equivalent in millions) ..	2,313	2,183	2,601	2,811	2,557	2,999	- 5.6	+19.1	+ 8.1	- 9.0	+17.3
Paddy (Million bushels) ..	36.5	43.1	43.2	48.1	49.2	50.5	+18.1	+ 0.2	+11.3	+ 2.3	+ 2.6

* Copra, desiccated coconut, coconut oil and fresh nuts.

Source: Administration Report of the Tea Controller;
Administration Report of the Rubber Controller;
Department of Census and Statistics;
Central Bank of Ceylon.

Table II (A) 15 shows the value of exports at current prices and 1959 prices. In 1964, the f. o. b. value of each of the principal export crops at current prices increased. The quantity exported remained almost unchanged at the level of the previous year in the case of tea but increased in the case of rubber and coconut. The f. o. b. value of total exports increased by 8.1 per cent, compared to a fall of 3.5 per cent in 1963.

At 1959 prices, tea exports which had increased by 0.9 per cent in 1963, fell by 0.1 per cent in 1964. Exports of rubber increased by 20.7 per cent, compared to a fall of 5.9 per cent in 1963. Coconut exports which had declined by 18.2 per cent, registered a rise of 34.4 per cent in 1964. Total exports increased by 9.2 per cent. In 1963 they had fallen by 3.9 per cent.

Tea

Total area under tea at the end of 1964 was 591,989 acres compared to 587,375 acres at the end of 1963. Tea production in 1964 amounted to 482 million pounds, which is a fall of 3 million pounds or 0.6 per cent as compared to the rise of 18 million pounds or 3.9 per cent in 1963. This decline in 1964 is attributable to adverse weather conditions.

The quantity of tea exported in 1964 remained almost unchanged at the 1963 level of 456 million pounds. The value of exports, however, rose by 0.1 per cent on account of a slight increase in the average f.o.b. price per pound by one cent.

Compared to 2,293 acres replanted during 1963, the area replanted in 1964 was 3,201 acres. At the end of 1964, total area replanted stood at 9,692 acres.

TABLE II (A) 15
F. O. B. EXPORT VALUES

	CURRENT PRICES											CONSTANT 1959 PRICES										
	Rupees Million						Percentage Change					Rupees Million						Percentage Change				
	1959	1960	1961	1962	1963	1964	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963	1959	1960	1961	1962	1963	1964	1960 over 1959	1961 over 1960	1962 over 1961	1963 over 1962	1964 over 1963
Domestic Exports																						
Tea	1,046	1,097	1,115	1,149	1,141	1,142	+ 4.8	+ 1.7	+ 3.1	- 0.7	+ 0.1	1,046	1,116	1,159	1,230	1,241	1,240	+ 6.7	+ 3.9	+ 6.1	+ 0.9	- 0.1
Rubber	298	378	260	290	257	290	+27.1	-31.3	+11.6	-11.5	+12.9	298	337	286	324	305	368	+13.2	-15.2	+13.5	- 5.9	+20.7
Coconut and Coco- nut Products ..	285	238	247	274	247	341	-16.5	+ 3.8	+10.6	- 9.8	+38.0	285	270	359	389	318	428	- 5.6	+33.2	+ 8.4	-18.2	+34.4
Other	63	62	58	53	60	70	- 2.4	- 5.2	- 8.7	+13.1	+16.3	63	56	58	52	53	57	-11.7	+ 4.3	-10.5	+ 1.2	+ 8.4
Total	1,692	1,775	1,681	1,766	1,705	1,842	+ 4.9	- 5.3	+ 5.1	- 3.5	+ 8.1	1,692	1,778	1,862	1,995	1,917	2,092	+ 5.1	+ 4.7	+ 7.2	- 3.9	+ 9.2
Re-Exports—Total ..	62	57	52	42	26	34	- 7.9	- 7.9	-18.9	-38.2	+30.8	62	58	57	49	29	38	- 6.5	- 0.4	-15.0	-39.9	+31.0

Source: Ceylon Customs Returns;
Central Bank of Ceylon.

Rubber

The area under rubber at the end of 1964 amounted to 669,179 acres. Of this, 216,759 acres represented areas replanted under the Replanting Subsidy Scheme. The acreage replanted under this scheme during 1964 was 13,161 acres compared to 14,582 acres during the previous year

Production of rubber increased from 231 million pounds in 1963 to 246 million pounds in 1964, showing an increase of 15 million pounds or 6.5 per cent as against the rise of 2 million pounds or 0.9 per cent in 1963. The increase in rubber production in 1964 is attributable to the greater use of fertilizers and more replanted areas coming into maturity; favourable weather conditions in the rubber growing areas also contributed to this increase.

Despite the fall in the average export price of rubber by 6.5 per cent, the value of exports increased by 12.9 per cent on account of a rise in the quantity of rubber exported from 209 million pounds in 1963 to 253 million pounds in 1964. This is an increase of 44 million pounds or 20.8 per cent.

Coconut

The production of coconut, estimated as the nut equivalent of internal consumption and exports, amounted to 2,999 million nuts compared to 2,557 million nuts (revised) in the previous year, i.e. an increase of 17.3 per cent. In 1963, account of adverse weather conditions production had fallen by 9.0 per cent.

The nut equivalent of coconut exports increased from 1,216 million to 1,626 million, an increase of 33.7 per cent, compared to the fall of 20.9 per cent in the previous year. The value of exports also rose by 38.0 per cent. In 1963 it had fallen by 9.8 per cent.

Paddy

The output of paddy in 1964 increased at a slightly higher rate than in the previous year. Output during the Maha season amounted to 32.1 million bushels as compared with 31.6 million bushels in the previous Maha. The 1964 Yala crop amounted to 18.4 million bushels compared to 17.6 million bushels in the previous Yala. Total production in both seasons, therefore, increased from 49.2 million bushels in 1963 to 50.5 million bushels in 1964, an increase of 2.6 per cent compared to the rise of 2.3 per cent in 1963. The average yield per acre also rose from 37.9 bushels in 1963 (revised) to 38.8 bushels in 1964.

In terms of rice, paddy production amounted to 686,779 tons as against 668,407 tons in 1963. Rice imports increased from 510,000* tons in 1963 to 547,000 tons in 1964. The quantity of paddy purchased under the Guaranteed Price Scheme increased from 27.8 million bushels in 1963 to 29.8 million bushels in 1964. Total consumption of rice in 1964 is provisionally estimated at 1,138,944 tons compared to 1,137,954 tons (revised figures) in 1963.

* Food Commissioner's figure.