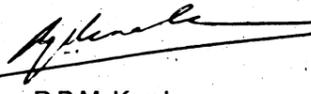


PREFACE

The Department of Census and Statistics expanded the scope of the Annual Survey of Industries since 1984, to cover the Mining and Quarrying and the Electricity, Gas and Water sectors, in addition to the Manufacturing sector. The sample size was increased to about 5,000 establishments with 5 or more persons engaged, to get meaningful estimates.

The present publication, which is a preliminary release of the 1988 survey presents some basic indicators of industrial activity. The data processing for this report has been carried out in a micro-computer for the first time. Data entry and basic computer editing was done using DBASE III + and the tables were programmed using Statistical Package for Social Scientists (SPSSPC +). No sample weights applied to the sampled units as these are not available at the time of this preliminary processing and the figures represent the sample only. It is hoped that this report will provide some information needed by planners, policy makers etc. in the field of industrial statistics. A detailed tabulation of the data designed to provide a more comprehensive range of indicators on the structure and level of performance of the industrial sector is in progress, with the use of main computer facilities.

The planning and execution of this survey was carried out by the staff of the Trade and Industry Division under the guidance and direction of the Assistant Director, Mr. H.R. Gunasekera and the data collection was done by the Statistical Investigators of the Department under the direct supervision of District Statistical Officers who were guided by Mr. R. Balakrishnan, Assistant Director. Mr. W.S.M. Fernando, Adviser provided advisory assistance. The preparation of this preliminary publication was done under the direction of Mr. H.R. Gunasekera, Assistant Director. Acknowledgement is due to the team of officers which included Mrs. H.D.E. Somaratne, Statistician, Mr. W.W.S. Fernando, Mr. D. N. Jayakodige, Statistical Officers and Mr. H.C.P. Gunaratne, Mrs. V.K. Rajaratne and Mr. H.R.S.L. Ranatunga Statistical Investigators. The report was printed by the Department's Printing Division.


R.B.M. Korale
Director of Census and Statistics

Department of Census and Statistics,
P.O.Box 563,
Colombo 07.

25 May, 1989.



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ANNUAL SURVEY OF INDUSTRIES - 1988

1. INTRODUCTION

The Department of Census and Statistics launched its series of Annual Surveys of Manufacturing Industries in 1979. The frame was restricted to manufacturing establishments approved by the Ministry of Industries and the public sector establishments. This series of surveys was replaced in 1984 by a new series, called the Annual Survey on Industries to serve as the central multi-purpose inquiry in a national system of industrial survey activities. The frame for this survey was the computer-based register of industrial establishments obtained as a by-product of the Census of Industry 1983.

The tables contained in this preliminary report have been produced using a micro-computer for the first time. Data entry and basic computer editing was done using DBASE III + and the tables were programmed using Statistical Package for Social Scientists (SPSSPC). No sample weights applied to the sampled units as those are not available at the time of this preliminary processing and the information presented here relates only to the sample. It is very important to bear this in mind when interpreting the data.

2. SCOPE AND COVERAGE

The scope of the 1988 survey, as for the 1987 survey was extended to cover activities of Mining and Quarrying and the production and distribution of Electricity, Gas and Water, in addition to activities of the Manufacturing sector. A probability sample of about 5000 establishments with 5 or more persons engaged was selected for the 1988 survey to obtain meaningful estimates with sufficient accuracy.

3. METHODOLOGY

Larger establishments in the private sector with 25 or more persons engaged, were fully canvassed and a sample of 2411 was taken from other categories as follows.

Category (Persons Engaged)	No. of Establishments
5 - 9	1,223
10 - 14	654
15 - 24	534
	<u>2,411</u>

In addition to the above categories, the following were canvassed completely.

- (a) State Industrial Corporations/Boards;
- (b) Government-Owned Business Undertaking (Industrial);
- (c) Industries falling within the purview of Greater Colombo Economic Commission Areas.

A modified questionnaire was prepared taking into consideration UN recommendations as well as the manner which some industrial establishments maintained their business records. (see appendix). The postal enumeration method was adopted to collect information followed by field visits to non-responding establishments.

4. CONCEPTS AND DEFINITIONS

The concepts and definitions used in the survey were broadly in accordance with the United Nation recommendations for basic Industrial Statistics. However slight deviations from these recommendations were made to suit local conditions.

(a) Statistical Unit

The statistical unit was the establishments, which was defined as the unit that is engaged in the production of a homogeneous group of goods and services, usually at one location but sometimes over a wider area, under a single legal entity, for which separate records are available.

(b) Reference Period

The information gathered was for the calendar year 1987.

(c) Number of Persons Engaged

This refers to the average number of persons engaged during the reference period in the establishment, including working proprietors, active business partners, unpaid family workers and other paid workers.

(d) Salaries and Wages

All payments, whether in cash or kind made by the employer during the year, in connection with work done, to all employees were included. It includes all (i) cash payments, bonuses, cost of living allowances. (ii) Taxes, group insurance premium and the like payable by the employees but deducted by the employer, and (iii) also payments in kind.

(e) Gross Additions to Fixed Assets

This was defined as the sum of the cost of new and used fixed assets acquired during the year, less the value of sales of fixed assets during the year. Major additions, alterations, and improvements to existing assets that extended their normal economic life or raised their productivity, were covered. New fixed assets and additions and improvements to existing fixed assets made by the establishment's own labour for its own use were also included. Valuation was in Producers' price.

(f) Shipments

Information on output was gathered on a shipment basis. The data collected were the quantities and value of products moved out from the establishment which were:

- (a) made by the establishment with its own raw materials.
- (b) made by another establishment using the material inputs owned by the establishments.

The valuation of goods moved out were at the price at which the producer disposes of his goods to the customer. This will be the producer's price and included all duties and taxes which fell on the products when they leave the establishments. Any subsidies

recovered were excluded. Price rebates, discounts and allowances on returned goods allowed to the customer, were also to be deducted. This valuation should exclude any transport charges that may be invoiced to the purchaser or user. The products released to other establishment within the same enterprise, were treated as though sold and valued at producers' price.

(g) Receipts from industrial services

included were the value of receipts for:

- (a) Contracts and commission work done for others on materials owned by them,
- (b) Repairs and installation work done for others,
- (c) Industrial services eg. rice milling, tailoring etc.
- (d) Sales or scraps and refuse,
- (e) Own account investment work.

(h) Stocks of Finished Goods

This include stocks of all finished goods.

- (a) Manufactured by the establishment using their own raw materials,
- (b) Manufactured by another establishment using raw-materials owned by the establishment and are ready for release by this establishment during 1987. Finished goods held by this establishment which were made from materials owned by others were excluded. Valuation of stocks were in producers price.

(i) Output

This was obtained from the figure of shipments and other Receipts reported by the establishment (vide (f) and (g) above), adjusted for changes in the value of stocks of finished goods at the beginning and end of the year.

(j) Raw Materials Consumed

Raw materials consumed is computed as follows:

Raw materials consumed in 1987 = (Raw materials purchased in 1987 + stocks of raw materials as at 01.01.1987 - stocks of raw materials as at 31.12.1987).

Raw materials purchased by the establishment and distributed to other establishment for processing has been included. Valuation was done at "purchasers price" ie. the delivered value at the establishment including the purchase price, transport charges, cost of insurance all taxes and duties on the goods. Discounts or rebates allowed to the purchaser and the value of packing materials returned to the supplier should be deducted. Materials input received by this establishment from other establishments of the same enterprise (not purchased), for the production process of this establishment should be valued as if purchased.

The valuation of raw materials stocks was also done at "purchasers prices". Then stocks of raw materials used for own account work for producing own fixed assets was excluded.

(k) Electricity & Fuel consumed

This refers to the values of Fuel & Electricity consumed by the establishment for industrial purposes. Fuel included Gas (L.P.G.), Coal, Charcoal, Petrol, Diesel oil, Furnace Oil, Kerosene & Firewood and other kinds.

(l) Cost of Industrial Services

- (a) This included the total cost of contract and commission work done by others on raw materials supplied by this establishment.
- (b) Cost of repairs and maintenance services provided by others.

(m) Value Added

Value Added is the increment to the value of commodities and services that is contributed by the establishment.

It is computed as follows.

Value Added = Gross output - Raw materials consumed
- Electricity and Fuel consumed - cost of Industrial Services.

5. ANALYSIS OF SOME PRELIMINARY RESULTS

The number establishments which furnished satisfactory returns at the 1988 survey was 3161. The overall response rate for the 1988 survey was thus about 71%.

It will be seen from Summary Table I, that manufacturing activities (Major Division 3) represent the dominant sector in Sri Lanka industry, accounting for 92% of all reporting establishments 89% of persons engaged, 90% of salaries wages paid as well as the value of total gross output and 82% of value added. This pattern was broadly similar to that observed at the previous surveys respectively. For all three major divisions of industry, the overall level of employment earnings is seen to have increased gradually from the average wages and salaries figure of Rs. 11,702 per person at the 1985 survey to Rs. 16,876 in the 1988 survey. For industry as a whole, gross labour productivity, (which is obtained as the ratio of value of gross output to the number of persons employed) has also improved from Rs. 185,028 recorded in the 1985 survey to Rs. 250,913 in the 1988 survey.

Improvements in performance are noted in Table II for the Manufacturing Sector, when taken separately, with its wages and salaries per person and its output per person rising from Rs. 11,695 and Rs. 191,573 respectively at the 1987 survey, to the corresponding figures of Rs. 17,088 and Rs. 252,778 at the 1988 survey. The activities in the Electricity, Gas and Water Supply sector are confined to state-owned enterprises, and their operations are largely capital intensive in nature. Substantial improvements are seen to have occurred in the Water Supply sub-sector, with increases taking place in the Value of Output in the installations of the Water Supply and Drainage Board.

The structure of industry as reflected in the percentage-wise distribution of establishments, persons engaged, employment earnings, value of gross-output, and additions to fixed assets, is provided for the manufacturing sector at I.S.I.C. two digit level, in Summary Table II. Among the leading manufacturing sub-sectors were the two Consumer Goods industries, comprising the Manufacture of Textiles, Wearing Apparel and Leather products and the Manufacture of Food, Beverages and Tobacco (I.S.I.C. Divisions 32 and 31), which ranked first and second in terms of persons engaged and employment remuneration. These industries also occupied the third and first ranks with regard to the Value of Output. The Chemicals, Petroleum, Rubber and Plastic Products industries (I.S.I.C. Division 35) which is mainly an intermediate goods industry group, ranked the second with respect to the Value of Output. It is significant that these three industry divisions taken together, accounted for 74% of total employment and 84% of the total value of Gross Output in Sri Lanka's manufacturing sector.

It is observed from Table II, that the level of average earnings is highest for the Chemical, Petroleum, Rubber and Plastic products (I.S.I.C. Division 35), followed closely by the Basic Metal Industries (I.S.I.C. Division 37). Although Food, Beverages and Tobacco Manufacture and Textile and Wearing Apparel and Leather activities are seen to be two leading manufacturing industries in Sri Lanka, their average salaries and wages rank low at the 2 digit industry level. Gross labour productivity expressed as output value per person engaged, is highest for the Manufacture of Chemical and Petroleum, Rubber and Plastic Products among manufacturing industries. This is consistent with the fact that many of the activities in this Industry Division, use a variety of capital intensive methods of production and a labour force and management with specialised skills. Labour productivity ranks second in the Food Beverages and Tobacco industries while, this productivity indicator is seen to be relatively low for the Manufacture of Wood and Wood Products and for the Textile industry.

It will be noted from a comparison of the Survey Results which have been tabulated separately in Table I.A. for the large-scale establishments (viz. those engaging 25 persons or more) which were covered completely, with the sample figures for the small and medium scale units (those engaging less than 25 persons) given in Table 1. B that the Gross output and the Value Added of the large scale group of establishments accounts for the predominant share of the total Gross Output and the Value Added in Sri Lanka's manufacturing industry.

6. STATISTICAL TABLES

Explanatory notes to Tables:

As described in section 3 all establishments with 25 or more persons engaged were fully canvassed and a sample was taken from other categories. Hence the data in the tables contain in this publication consist of two broad categories.

- (i) Information reported by the responding establishments engaging 25 or more persons.
- (ii) Information reported by the responding establishments in the samples taken from other categories of units engaging less than 25 persons.

No blowing up of the data of sample establishments was carried out to obtain estimates for the universe, at this stage. Hence the information contained in tables related to establishments with less than 25 persons engaged refer to the sample values. Users should bear this in mind in interpreting the data.

Electricity, Gas and Steam:

For electricity, the figures of establishments include only the sixteen electricity power generating of the State Owned Electricity Board. The data relating to other indicators of this activity are however in respect of generation, transmission and distribution by the relevant installation of the CEB.

Water Works and Supply:

The figures in this Division covers collection, purification and distribution of water and relate to the activities of the Water Supplies and Drainage Board only.