

PREFACE

The Department of Census and Statistics continues to conduct the Annual Survey of Industries (ASI) which commenced in 1984, replacing the Annual Survey of Manufacturing Industries and covers all activities categorised under the three industrial divisions, namely Mining and Quarrying, Manufacturing and Generation and Distribution of Electricity and Water.

This report provides estimates for important industrial indicators in respect of all the industrial establishments which had been included in the register of industrial establishments for the year 2002. Information has been adjusted for non-responding establishments and the sample data have been inflated.

Any suggestion to improve this survey is most welcome.

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Annual Survey of Industries - 2003

1. Introduction

The Department of Census and Statistics started to conduct its series of Annual Survey of Manufacturing Industries (ASMI) in 1979 with the reference year as the previous year 1978. The frame of this survey was restricted to manufacturing establishments registered with the Ministry of Industries and the State owned industrial establishments. (i.e. Public Corporations, Departmental undertakings, Govt. owned Business undertakings). The last survey of this series was carried out in 1982. After the Census of Industry conducted in 1983, the ASMI was replaced by the Annual Survey of Industries (ASI). The frame of the new series was the register of industrial establishments which was a by product of Census of Industry - 1983.

This survey is the 19th of the ASI series, conducted in 2003 and the reference period is 2002. The report contains the important industrial indicators relevant to the all establishments with 25 or more workers. The sample data are inflated and the non response is adjusted.

2. Objective

The objectives of the survey are

- i. to provide indicators of the performance and the structure of the industrial sector.
- ii. to update the list of industrial establishments already available.

3. Scope and coverage

The scope of the ASI is all activities categorised under three industry divisions namely, Mining and Quarrying, Manufacturing and Generation and Distribution of Electricity, Gas and Water of the International Standard Industrial Classification Revision 2 (ISIC) of the United Nations. All private sector establishments with five or more persons engaged, state owned industries and industries coming within the purview of Board of Investment have been covered in this survey. However, due to financial limitations and the non availability of a proper frame, the establishments with less than 5 persons engaged were not covered.

4. Methodology

ASI is predominantly a postal survey. But Statistical Officers are sent to the non responding establishments to get the questionnaires completed.

4.1 *The Questionnaire*

There were 18 questions in the questionnaire. The first 12 questions were on identification information. Questions 13 to 16 were on Inputs and Output and question number 17 and 18 were about the investment and Labour of the establishment. The value of goods moved out, receipts of industrial services done for others and opening and closing stocks of output were collected to compile the gross output. Inputs were the addition of value of raw materials consumed for the year 2001, (i.e. Cost of raw materials adjusted for stocks) and the consumption of Electricity, Fuel and Water. Book value at the beginning of the year, gross additions during the year, and Depreciation were canvassed under the four components of fixed assets namely, Land, Buildings and Other Constructions, Machinery and Other Equipment and Transport Equipment. The information on employment and earnings, was collected under two sub categories National and Non nationals. The number of male and female national persons engaged were collected separately, but salaries were canvassed only for the total number of employees. In addition to the above non national employees and their salaries also were canvassed.

4.2 *Data Collection*

The questionnaires and instruction manual along with covering letter were posted to each establishment. However, the most of instances, the Statistical Officers (SO) of the department compel to visit the non responding establishment quite a number of times to get the questionnaire completed. The collection of accurate data from industrial establishments is very tedious and time consuming. Sometimes officers had to visit them several times in order to get a good response.

4.3 *Reference Period*

Reference period of the survey was the calendar year 2002 (i.e. 1st of January to 31st of December). But in some cases establishments keep records not for the calendar year but for the financial year. (1st of April 2002 to 31st of March 2003) In those situations, financial year data were accepted when there was no significant differences between two 1st quarters of both years (2002 and 2003). Otherwise estimates for the calendar year were accepted.

4.4 *Sample Design*

All industrial establishments with 5 or more persons engaged is the target population of ASI. The list of industries with 5 or more persons as in the Census of Industry - 1983 was the frame (sample population) of ASI.

The whole frame was divided into two sectors as establishments with 25 or more persons engaged and establishments with 5-24 persons engaged. All establishments in the 25 or more sector (census part) and a probability sample of 5 to 24 sector (survey part) were canvassed. The census part of the frame updated from time to time and the survey part remained unchanged.

The survey part was further stratified according to geographical location, industrial activity and size. Geographical strata were 24 administrative districts. Industrial activities were defined as the industry group levels 4 digit level of ISIC. The persons engaged size classes which were defined as 5-9, 10-14 and 15-24 persons engaged were used as the size strata.

There were approximately 2500 establishments in the census part and approximately another 2500 were selected for the sample out of about 12,000 industries. Higher probabilities were given to select rare industries. The sample was selected systematically within the strata.

The estimated value of a variable will be given by

$$\hat{Y} = \sum_{i=1}^{24} \sum_{j=1}^{84} \sum_{k=1}^3 \frac{N_{ijk}}{n_{ijk}} Y_{ijk}$$

Where	N	=	total no. of units in the population
	n	=	number of responded
	k	=	size class of persons engaged
	j	=	industry group of ISIC
	i	=	district

4.5 *Non Response Adjustments*

It was tried to collect information from all the largest establishments (establishments with over 500 million rupees output). The non responses of the sample were automatically imputed when applying weights. The other establishments were imputed using previous year's information when ever available or, otherwise using the either district or province averages of the category which the establishment belongs.

5. Concepts and Definitions

The concepts and definitions used in ASI-2002 were broadly in accordance with the United Nations recommendations.

5.1 *Statistical Unit*

Statistical unit of ASI is the establishment which is defined as an unit engaged in the single or related activities of Mining and Quarrying, Manufacturing and Generation and Distribution of Electricity, Gas and Water in one location under a single ownership or control. However, industrial enterprises which are engaged in production of more than one related activity in one location or one activity in several locations were treated as one unit of enumeration whenever no separate records are available.

Any way in the analysis, the ideal definition of the establishment was followed. The information collected of enterprise level was disaggregated into establishment level using the proportion of output. Ancillary units such as warehouses, garages, etc were treated as part of the main establishments.

5.2 Output

Information on output has been collected on shipment basis. The variables canvassed were the value of products moved out from the establishment, value of stocks of finished goods and receipts from industrial services rendered to others.

a. Value of products moved out

- i. Value of products made by the establishment using its own raw materials.
- ii. Products made by another establishment using material inputs owned by the establishment,

have been considered, as the products made by the establishment and the following three situations have been considered as the moving out.

- i. sending to another establishment or a person
- ii. sending to another branch of the same enterprise
- iii. sending abroad

These products were valued at the price at which the producer disposes of his goods to the customer (i.e. producer's price). All duties and taxes which fell on the products when they leave the establishment are included and subsidies recovered are excluded. Price rebates, discounts and allowances on returned goods allowed to the customer have been deducted and any transport charges which may be invoiced to the purchaser or user have been excluded. Products released to other establishments of the same enterprise have been treated as though sold and valued at producer's prices.

b. Stocks of finished goods

The values of stocks of finished goods at the beginning and at the end of the year 2001 have been collected.

This consists of all finished goods made by the establishment using their own raw materials and manufactured by another establishment using raw materials owned by this establishment and ready for release. Finished goods held by the establishment which were made from materials owned by others have been excluded. Valuation is in producer's prices.

c. Receipts from Industrial Services

The total value of receipts from

- i. Contract and Commission work done for others on materials owned by them,
 - ii. Repairs and installation work done for others,
 - iii. Sales of scraps and refuses,
 - iv. Own account investment work,
- have been included here.

d. Value of output

The value of output was obtained from the value of shipments and other receipts of Industrial Services adjusted for changes in the values of stocks of finished goods during the reference period.

$$\begin{aligned} \text{Value of Output} &= (\text{Value of products moved out}) + \\ &(\text{Closing stocks of finished goods}) - \\ &(\text{Opening stocks of finished goods}) + \\ &(\text{Receipts from Industrial Services}) \end{aligned}$$

5.3 Inputs

Information on inputs has been collected covering the costs of

- a. Raw materials, parts and components and packing materials (Imported and Indigenous) consumed,
- b. Industrial services done by others for the establishment,
- c. Fuel, Electricity & Water consumed.

a. Cost of raw materials, parts and components and packing materials

- i. Cost of raw materials, packing materials purchased

All material inputs (Raw materials, parts, components containers and supplies) purchased by the establishment for the production process either in this establishment or in another establishment have been included. All materials have been valued at purchaser's prices.

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 have been deducted.

The value of materials owned by others and received by the establishment for production process have been excluded and material inputs received by the establishment from other establishments of the same enterprise (not purchased) for processing have been valued as if purchased.

- ii. Values of stocks of raw materials and packing materials etc.

The opening and closing stocks of all input materials (imported and indigenous) including packing materials which are purchased (or treated as purchased) have been included.

The valuation was at purchaser's prices. The stocks of raw material used for own account work for producing own fixed assets have been excluded.

b. Cost of industrial services done by others

The total cost of

- i. Contract and commission work done by others on materials supplied by the establishments and
- ii. Repairs and maintenance services provided by others. are included.

c. Fuel, electricity and water consumed

The total of the values of Fuel (LP Gas, Coal and Charcoal, Petrol, Diesel Oil, Furnace Oil, Kerosene Oil, Firewood and others) Electricity and Water consumed has been included.

5.3.1 Raw Materials Consumed

Raw materials consumed (i.e. actually used) has been computed by adjusting stocks of raw materials to the total value of raw materials (imported and indigenous) and packing materials purchased.

Raw materials and packing materials consumed;
= (Raw materials and packing materials purchased)
(Imported + Indigenous) +
(Opening stocks of materials) -
(Closing stocks of materials)

5.3.2 Value of Inputs

The total value of raw materials consumed, cost of industrial services done by others and Fuel, Electricity and Water consumed have been defined as the value of Inputs.

5.4 Value Added

Value added has been defined as the difference of the value of output and value of inputs i.e. value of Output - value of Inputs.

5.5 Fixed Capital Assets

The book value at the beginning of the year, value of gross additions during the year and depreciation of all assets with productive life of one year or more, owned by the establishment (i.e. Land, Buildings, Other Constructions and Land Improvements, Machinery and Other equipment, Transport equipment) have been collected. Leased or rented assets have not been included.

a. Book value at the beginning of the year

This refers to the original cost price of the item less its depreciation, less assets retired and sold upto the beginning of the year.

b. Gross additions to fixed assets during the year

This is defined as the total of the costs of new and second hand fixed assets acquired during the year and alterations, renovations and improvements purchased, cost of own account work less the value of sales of used fixed assets.

Valuation of fixed assets acquired from others was to be at the delivered price plus cost of installation and any necessary fees and taxes. Valuation of fixed assets produced own account had to be valued with imputation for own labour and materials used and an allocation for over head costs. Value of sales of used assets were to be at actual amounts realised.

5.6 Employment and Earnings

The information obtained on employment related to the number of persons engaged in the establishment.

a. Number of persons engaged

This is defined as the total number of persons who work in or for the establishment, including working proprietors, active partners, unpaid family workers, operatives and all other employees.

b. Working proprietors and active partners

All individual proprietors and partners who are actively engaged in the work of the establishment have been included here.

c. Unpaid family workers

All persons living in the household of the owners and working in the establishment, without a regular pay, for at least one third of the normal working time of the establishment and non household members who do work without pay were included.

d. Operatives

All paid employees who were directly engaged in the production or related activities of the establishment including any clerical or working supervisory personnel whose function was to record or expedite any step in the production process have been considered as operatives.

e. Other Employees

All paid employees excluding those covered as operatives are reported here, eg. Managers, Directors, Laboratory and research workers, clerks, typists etc.

f. Wages and Salaries

All payments whether in cash or in kind made by the employers during the year 2002 in connection with the work done to all “employees” had been included here.

i.e.

- i. All regular and overtime cash payments houses and cost of living allowances.
- ii. Wages and salaries paid during vacation sick leaves
- iii. Taxes and social insurance contribution
- iv. Payments in kind.

Note : All establishments with 25 or more persons engaged sector (census part) was canvassed only during this Survey. A probability sample establishments with 5 - 24 persons engaged sector (Survey part) as mentioned in sample design was not canvassed due to staff had been engaged in listing preparation of the Census of Industry 2003/2004. Therefore it is noted that this report only includes the data on all establishments with 25 or more persons engaged.