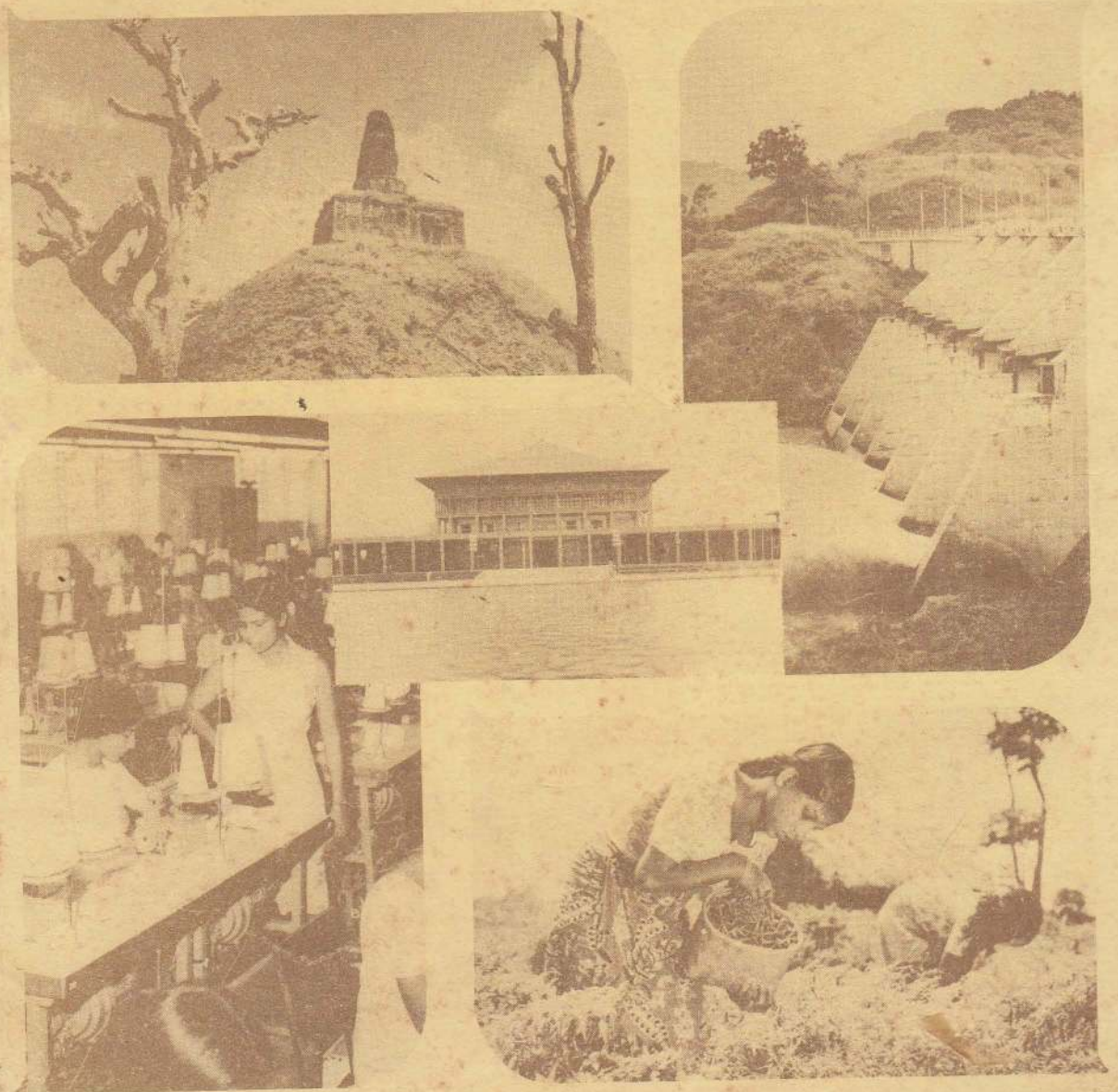


# SRI LANKA YEAR BOOK 1982







CLASS NO.	310/STA
ACCN. NO.	57



# SRI LANKA YEAR BOOK

## 1982

CLASS NO.	D 1
ACCN. NO.	

DEPARTMENT OF CENSUS AND STATISTICS

COLOMBO, SRI LANKA



# SRI LANKA YEAR BOOK

1982



DEPARTMENT OF CENSUS AND STATISTICS

COLOMBO, SRI LANKA



## PREFACE

Sri Lanka Year Book is a factual narrative, presenting in a compact form the salient facts on the historical background, geographical features, social and economic conditions of the island and also on the various development activities of the Government. Since there was an unexpected delay in preparing and printing the 1980 Year Book, it was decided to update this publication with information up to the year 1981 wherever possible. As a result this twenty-fifth issue, i.e., Sri Lanka Year Book—1982, contains a supplementary chapter at the end of this volume, which summarises the principal activities in 1980 and 1981.

The co-operation extended by the Government Departments, Public Corporations, Statutory Boards and Private Sector Institutions in providing the necessary material for its compilation is greatly appreciated.

Any suggestion that may help to widen the scope and usefulness of this publication will be most welcome.

W. A. A. S. PEIRIS,  
Director of Census and Statistics.

Department of Census and Statistics,  
P. O. Box 563,  
Colombo,  
Sri Lanka,  
17th June, 1983.

315.448 312  
STA

57

PREFACE

The Lanka Year Book is a factual narrative, presenting in a compact form the salient facts on the physical, historical, geographical, economic, social and administrative conditions of the island and also on the various development activities of the Government. Since there was an unexpected delay in preparing and printing the 1980 Year Book, it was decided to update this publication with information up to the year 1981 wherever possible. As a result this twenty-fifth issue, i.e., the Lanka Year Book—1981, contains a supplementary chapter at the end of the volume, which summarizes the principal activities in 1980 and 1981.

The co-operation extended by the Government Department, Public Corporation, Statutory Board and Private Sector Institutions in providing the necessary material for the compilation is greatly appreciated.

Any suggestion that may help to widen the scope and usefulness of this publication will be most welcome.

W. A. S. ERIK,  
Director of Census and Statistics.

Department of Census and Statistics,  
P. O. Box 561,  
Colombo,  
Sri Lanka.  
17th June, 1981.



# CONTENTS

	PAGE
PREFACE	iii
LIST OF TABLES	xi
CHAPTER I—HISTORICAL SKETCH	1
CHAPTER II—GEOGRAPHICAL FEATURES	4
Area and Location	4
Relief of the Land	4
Rivers and Waterways	5
Climate and Meteorology	6
Geology	8
CHAPTER III—CONSTITUTION AND GOVERNMENT	10
Constitution	10
The President	10
Parliament	11
Cabinet	12
Other Ministers	12
District Ministers	13
Deputy Ministers	13
Ministries and their Functions	15
Local Government	27
CHAPTER IV—DEFENCE AND SECURITY AND FOREIGN AFFAIRS	29
Defence	29
Immigration and Emigration	31
Registration of Persons	35
Foreign Policy	35
Diplomatic Relations	36
CHAPTER V—POPULATION, VITAL STATISTICS AND MIGRATION	38
General	38
Population Growth	38
Mortality	40
Fertility	40
Age and Sex Composition	41
Ethnic and Religious Composition	41
Marriage Patterns	42
Population Density and Urbanization	42
Internal and External Migration	43
Family Planning	43
Population Policy Implementation	44

	PAGE
<b>CHAPTER VI—THE NATIONAL ECONOMY</b>	45
Review of the Past	45
Development since July 1977	47
Gross Domestic Product	48
Private Consumption Expenditure	49
Capital Formation	49
Balance of Payments	52
<b>CHAPTER VII—LAND DEVELOPMENT</b>	54
Land Settlement	54
Land Commissioner's Department	54
Land Surveys	55
Irrigation Department	56
River Valleys Development Board	56
Central Engineering Consultancy Bureau	56
Mahaweli Project	58
Land Reform	63
Forestry	64
Timber Production	66
<b>CHAPTER VIII—INTEGRATED DISTRICT DEVELOPMENT PROGRAMMES</b>	67
<b>CHAPTER IX—AGRICULTURE AND FOOD</b>	72
The Tree Crops Sector	72
Future Development	76
Minor Crops	77
Field Crops	78
Subsidiary Food Crops	78
Livestock	80
Agricultural Development Authority	82
Food and Nutrition	82
<b>CHAPTER X—INDUSTRY</b>	85
General	85
Industrial Development Programme	86
Changes in Fiscal Policy	87
Public Sector Industry	88
Public Sector Corporations engaged in Industrial Activities	94
Special Boards Supporting Industrial Development	103
Industrial Progress of the Greater Colombo Economic Commission	109
Small Industries	111



CHAPTER		PAGE
<b>XI—FISHERIES</b>		<b>113</b>
	General	113
	Fisheries Resources	113
	Fishing Methods	113
	Fishery Limits	113
	The Ceylon Fisheries Corporation	114
	The Ceylon Fisheries Harbour Corporation	114
	Policy Changes in Fisheries Industry	114
	Fishing Technology and Training	115
	Fishery Credit	116
	Fishery Development Project	116
	Coast Conservation	117
	Research	117
<b>XII—ENERGY, MINERAL, WATER SUPPLY</b>		<b>118</b>
	Energy	118
	Economic Minerals	122
	Water Supply	123
<b>XIII—PUBLIC FINANCE, BANKING AND INSURANCE</b>		<b>126</b>
	Government's Fiscal Operation	126
	Economic Planning	129
	Foreign Assistance	130
	Foreign Investment	130
	Tax Reforms	130
	Decentralized Budget	131
	Central Bank	131
	Commercial Banks	133
	State-sponsored Long-term Credit Institution	137
	Savings Institutions	139
	Insurance	140
	State Lotteries	140
<b>XIV—FOREIGN TRADE</b>		<b>141</b>
	General	141
	Pattern of Trade	141
	Trade Promotion	145
	Trade Agreements—1979	146
	International Commercial Relations	146
	Export Promotion Secretariat	147
	Sri Lanka Export Credit Insurance Corporation	148
	Tea Export Promotion	149
	Department of Commodity Purchase	150
	Coconut Marketing Board	150
	Sri Lanka State Trading (General) Corporation	151
	Sri Lanka State Trading (Tractor) Corporation	151
	Sri Lanka State Trading (Consolidated Exports) Corporation	151
	Sri Lanka State Trading (Textiles) Corporation—Salu Sala	151
	Registration of Companies	152
	Import and Export Control	153
	Change over to Metric System	154

	PAGE
<b>CHAPTER XV—THE CO-OPERATIVES AND CONSUMER PRICES</b>	156
General	156
The Co-operative Wholesale Establishment	156
National Co-operative Council of Sri Lanka	158
Co-operative Employees' Commission	158
Food Supply	158
Food Stamp Scheme	160
Price Control Department	160
National Prices Commission	160
Consumers' Price Index	161
<b>CHAPTER XVI—LABOUR AND EMPLOYMENT</b>	162
General	162
Industrial Relations	162
Employees' Provident Fund	163
Safety and Health	163
Occupational Hygiene	163
Vocational Training	163
Manpower Assessment and Human Resources Development	164
Foreing Employment	164
Workers' Education	165
Statistical Surveys	166
Youth and Training	166
National Youth Service Council	168
National Apprenticeship Board	169
Employment and Manpower Planning	170
Women's Bureau of Sri Lanka	171
<b>CHAPTER XVII—EDUCATION</b>	172
General	172
Educational Policy	174
Organization	174
Management Training	175
Educational Finance	175
Community Support to Education	175
Schools	176
Special Education	176
Non-formal Education	176
Teachers	177
Pirivena Education	178
Private Schools	178
Education Reforms Committee	178
Higher Education	179
<b>CHAPTER XVIII—HEALTH</b>	182
General	182
Health Administration	182
Health Expenditure	183
Health Services Organisation and Management	183
Maternal Health Service	184
Control of Communicable Diseases	185
School Health Programme	187
Health Education	188
Laboratory Services	188
Food Hygiene	189
Blood Transfusion Service	189
Dental Health Service	189
Health Manpower	189
Private Sector Health Care	189
Ayurvedic Medical Services	189



	PAGE
CHAPTER XIX—TRANSPORT AND COMMUNICATION	191
The Department of Motor Traffic	191
Ceylon Transport Board	191
Sri Lanka Government Railway	192
Inland Water Transport	193
Shipping	193
Central Freight Bureau of Sri Lanka	195
New Ports Authority	196
Civil Aviation	198
Post and Telecommunication Services	200
CHAPTER XX—TOURISM	202
Tourism Plan	202
Performance	202
Pattern of Traffic	203
Resorts and Hotels	203
Future Programme	203
Ceylon Hotels Corporation	204
CHAPTER XXI—SOCIAL WELFARE AND HOUSING	206
The Social Framework	206
The Department of Social Services	208
Welfare Services	210
Protection of workers against injury and invalidity	210
Rehabilitation Services	210
Department of Probation and Child Care Services	213
Sri Lanka School of Social Work	214
Housing	214
Department of National Housing	215
National Housing Development Authority	216
Common Amenities	217
Building Materials Corporation	218
Town and Country Planning	218
Urban Development Authority	219
CHAPTER XXII—INFORMATION AND PUBLICITY	221
Information Service	221
Family Planning Communications Project	222
The Press	222
Sri Lanka Press Council	223
Sri Lanka Broadcasting Corporation	223
Television in Sri Lanka	226
The Film Industry	226
National Library Services	228
CHAPTER XXIII—SUMMARY OF EVENTS IN 1980 AND 1981	231





## LIST OF TABLES

TABLE		PAGE
	<b>GEOGRAPHICAL FEATURES</b>	
2 .1	Principal Mountain Peaks in Sri Lanka	05
2 .2	Lengths of Principal Rivers	05
2 .3	Annual Rainfall, Temperature and Relative Humidity at nine principal stations during 1978 and 1979	08
	<b>DEFENCE AND SECURITY AND FOREIGN AFFAIRS</b>	
4 .1	Monthly issue of Travel documents—1979	32
4 .2	Monthly statistics of Foreigners visiting Sri Lanka by Country of Origin—1979	34
4 .3	Monthly Progress of Indo-Ceylon Agreement	34
	<b>POPULATION, VITAL STATISTICS AND MIGRATION</b>	
5 .1	Population of Sri Lanka (Ceylon) in Census years 1871 to 1971 and mid-year estimates of the population from 1972 to 1979	39
5 .2	Inter-censal increase—births, deaths, natural increase and migration increase	39
5 .3	Population of Sri Lanka (Ceylon) by Ethnic Group as on 9th October, 1971 and the estimated population for 1978	41
5 .4	Population of Sri Lanka (Ceylon) by Religion as on 9th October, 1971	42
	<b>THE NATIONAL ECONOMY</b>	
6 .1	Sector-wise distribution of the G. N. P. at constant (1963) Prices and percentage changes over the preceding Year	48
6 .2	Private Consumption Expenditure by object at current market prices	50
6 .3	Gross Domestic Fixed Capital Formation at current prices	51
6 .4	External Transactions	52
	<b>LAND DEVELOPMENT</b>	
7 .1	Region development under the Mahaweli Programme	62
7 .2	Progress of Estate Management Service Projects—Land Reform Commission—1979	63
7 .3	Timber production, 1978 and 1979	66
	<b>AGRICULTURE AND FOOD</b>	
9 .1	Coconut Production, 1978 and 1979	75
9 .2	Coconut Production in relation to exports	76
9 .3	Paddy Production and G. P. S. Purchases, 1972-1979	78
	<b>INDUSTRY</b>	
10 .1	Value of Industrial production, 1975 to 1979	85
10 .2	Industrial Exports (Selected items) by value, 1976 to 1979	88
10 .3	Production of State Industrial Corporations	89
10 .4	Distillery production of Arrack	102
10 .5	Arrack sales by blend of manufacture, 1977 to 1979	102
10 .6	Quantum and Value of Arrack sales—Monthly figures	103
10 .7	Investment approvals in industry within Greater Colombo Economic Commission	110
10 .8	Investment approvals in industry outside the Greater Colombo Economic Commission, 1978-1979	110



TABLE	PAGE
<b>ENERGY, MINERALS, WATER SUPPLY</b>	
12 .1 Demand for Electricity, 1960-1979	118
12 .2 Generating Plant Power and Energy Potential	119
12 .3 Hydro power potential of Sri Lanka (River Basin-Wise) as per Pfiefer Report—1958	119
12 .4 Consumption of different oil products in Sri Lanka (Inland Sales in 1000 Metric Tons)	120
<b>PUBLIC FINANCE, BANKING AND INSURANCE</b>	
13 .1 Government fiscal operations	127
13 .2 Revenue of the Government, 1977-1979	128
13 .3 Assets and liabilities of the Central Bank	132
13 .4 Distribution of Bank Offices and deposits	134
13 .5 Bank clearings, 1965-1979 (Monthly Average in Rs. Million)	135
13 .6 Money Supply, 1975 to 1979	136
13 .7 State Mortgage and Investment Bank loans granted, capital repayment and amount outstanding	138
13 .8 Development Finance Corporation of Ceylon—Financial operations	139
13 .9 National Savings Bank and Total Savings	140
<b>FOREIGN TRADE</b>	
14 .1 Imports and Exports	141
14 .2 Composition of Imports, 1976-1979	142
14 .3 Composition of Exports, 1976-1979	142
14 .4 Principal Markets for Exports, 1978 and 1979	144
14 .5 Sri Lanka's principal sources of supply, 1978 and 1979	144
14 .6 Category-wise Investment of capital by private and public limited liability companies—1979	152
14 .7 Registration of Business names, 1975-1979	153
14 .8 Total value of licences issued and debits during the year 1979 under free exchange	153
<b>LABOUR AND EMPLOYMENT</b>	
16 .1A Population projections for Sri Lanka, 1981 to 2001 (Medium projection)	166
16 .1B Labour Force projection for Sri Lanka	166
16 .2 Unemployed population by educational attainment—1971	167
16 .3 Mahaweli Scheme—Manpower Requirements	168
<b>EDUCATION</b>	
17 .1 Number of schools, pupil enrolment and Teacher population by Education Districts, 1979/80	173
17 .2 Educational expenditure as a percentage of the Government Budget and GNP—1978-1979	175
17 .3 Number of Students in Universities—1979	179
17 .4 University Admissions, 1975-1978	180
<b>HEALTH</b>	
18 .1 Indicators of well-being	182
18 .2 Hospitals, Total bed strength and Health Personnel in Government Medical Institutions, 1975 to 1979	184
<b>TOURISM</b>	
20 .1 Tourist inflow, average duration of stay and foreign exchange earnings from Tourist Trade, 1975-1979	202
<b>INFORMATION AND PUBLICITY</b>	
22 .1 Number of Cinemas and Income	227



## CHAPTER I

### HISTORICAL SKETCH

SRI LANKA (Ceylon) is an island situated in the Indian Ocean close to the southern end of the Indian sub-continent. It was called Lanka in the great Indian epic *Ramayana* and at various times had been referred to as Taprobane, Serendib, Sila Diva, Seyllan and Zeilan among other names. The land had been inhabited from mythical times and is regarded by some to be a mountain peak of the lost continent of Lemuria.

Recent studies regarding pre-historic and proto-historic ages in Sri Lanka have revealed traces of pre-historic men. A small race with heavy brow ridges named *Homo Sinhaleys*, known from a single brow ridge, that occurred in association with Hippopotamus fossils in a gem pit in Ratnapura District, is the earliest race known in Sri Lanka. Primitive stone artefact assignable to the second interglacial are not uncommon and the palaeolithic of Sri Lanka is termed the "Ratnapura culture phase". Succeeding it is a combination of the mesolithic and neolithic, known as the "Balangoda culture phase". Its human beings known from a number of skeletons were dolichocephalic; the males were about 5' 10" and the females 5' 5" in height, the brow ridges were heavy but diffuse, the palate wide, and the last molars were as large as the others and always well worn with usage. This race named *Homo Sapiens Balangodensis* dates back to early historic times. Of special interest is the fact, that many of the stone implements found with these skeletons are of the palaeolithic type and these as well as pitted pebbles, microliths and ground and polished artefacts were used simultaneously by this race. When *Homo Sinhaleys* inhabited Sri Lanka, the fauna included such large mammals as hippopotamus, rhinoceros and two species of elephants with heavy brow ridges. All these became extinct and *Homo Sapiens Balangodensis* came up on the scene together with the animals that now inhabit Sri Lanka, including such species as the lion and the gaur which although extinct locally, are yet found in India. Eventually waves of metal-using races crossed from India over Adam's bridge and the degenerated hybrid descendants of these stone age and metal using races came to be known as Veddhas<sup>1</sup>.

The history of Sri Lanka may broadly be divided into three periods—Ancient, Medieval and Modern—each of which has distinguishing characteristics. The ancient period extends from the 6th century B.C. to about the end of the 12th century A.D. It was in this period that, according to the ancient chronicle 'Mahawansa', an Indian Prince named Vijaya with his band of 700 men colonised the island in about 543 B.C. and further immigration took place subsequently. The present day Veddhas, a dwindling minority which is being absorbed into village life, are said to be the survivors of the legendary tribes of Yakkas and Nāgas who were the original inhabitants. To the ancient period belongs the rise of the four ancient cities of Anuradhapura, Magama, Sigiriya and Polonnaruwa and the amazing irrigation system of artificial lakes which, in part, has been brought into use in our day. This phase reflects the existence at that time of a considerably large population, a high level of technology and an informed and effective central government. It was during the ancient period that the Sinhalese and Tamils, the chief races inhabiting the island, settled in the country. Theravada Buddhism, which is the religion of 67.3 per cent of the people today, was introduced into the country in 247 B.C. It was Asoka the Great, Emperor of India, who sent his friend, king Devanampiyatissa of Sri Lanka, the message of the Buddha through his own son, Thera Mahinda. Another unique event which occurred during this period was the arrival in the island of the sacred Bodhi Tree (*Ficus Religiosa*) from India. Documented as the oldest tree in the world, it has survived to this day at Anuradhapura. Buddhism thus became the main source of inspiration of the people.

South Indian contacts disturbed the peace of the island from about the 1st century B.C. The northern part of the island was held by King Elara. After a time, however, he was vanquished in battle by prince Dutugemunu from Ruhunu. The establishment of peace under one sovereign ruler was the direct result.



There followed a period of prosperity leading to the spread of learning, the development of art and architecture and the foundation of temples.

Irrigation engineering had attained a unique position in ancient Sri Lanka as is evidenced by large reservoirs and tanks. These ensured an adequate food supply to the population. In the sphere of learning and fine arts, the Indian influences have been considerable, particularly the Gupta influence which is noticeable in the monuments of the 6th century A.D. The fortress at Sigiriya was converted into the residential palace of Kasyapa where the well known frescoes are still preserved. Somewhat later in the seventh century the Pallawa influence was also felt in the Island. The monument at Isurumuniya bears witness to this tradition.

The 9th century appears to have been a dark period in Sri Lanka's history. Little recorded evidence, either as rock inscriptions or in any other tangible form, seems available. This may have been due to religious differences or political disputes which troubled the land.

During this early period, Sri Lanka suffered again at the hands of the Cholas and the Pandians, who from time to time overran the capital, burnt buildings and looted wealth. Anuradhapura had to be abandoned. Finally the scattered Sinhalese forces rallied together under Prince Kirti who later defeated the enemy and brought complete victory to the island. He ruled at Polonnaruwa as Vijaya Bahu I. To him, more than to any other ruler, the Sinhalese owe an eternal debt for preserving their race. The results of his victory were realised during later times.

King Parakramabahu the Great used his mighty influence to revive the prosperity of the island. The revival of learning, restoration of monuments and the construction of buildings were organised. Some of these monuments stand to this day as worthy records of the spirit and greatness of an eminent ruler. He also developed irrigation works and constructed new tanks with the sole object of achieving self-sufficiency in food. After his reign there followed a period of strife and struggle. The kings at times contended with each other as well as with outsiders to preserve freedom, peace and prosperity. It was with considerable sacrifice through centuries that the nation recovered from intermittent feuds and preserved its spirit.

The so-called Medieval period of the history of Sri Lanka extends from the beginning of the 13th century A.D. to the end of the 15th century. This was a period of disunity and insecurity and the capital shifted from Polonnaruwa to the wet zone with centres of power moving to Dambadeniya, Kurunegala, Gampola and Raigama. The last of the Raigam rulers, Parakrama Bahu VI (1412-1467) who had again unified the country, shifted his capital in 1415 to Kotte which continued to be the capital of the island till 1565 when it was replaced by Colombo. The breakdown of unity after the death of Parakrama Bahu VI led to the rise of the Jaffna kingdom in the North. The highlands and the eastern part of the island came under the sway of the Kandyan Kingdom.

It was during the sixteenth century when the capital was at Kotte that the first European contact came to be felt. The Portuguese arrived in 1505 A.D. and conquered parts of the island. It was in this period that Christianity was introduced into the country. The Portuguese were ousted by the Dutch in 1658, and the British conquered the Dutch in 1796 and later in 1815 obtained control over the Kandyan kingdom, bringing to an end the traditional monarchy and its long line of rulers. The country was ruled by a Governor appointed from England. Thus began the modern period of the island's history.

The nineteenth century was a period of great economic and social upheaval. It saw the great "agrarian revolution" through which the export-oriented plantation economy was established. Between 1833 and 1880 well over million acres of Crown land were sold for plantation development with full title to the buyer and free of land tax. Political and economic causes had led to two rebellions in 1818 and in 1848 respectively. After the 1818 revolt and the proclamation of that year the *Gam Sabha*, the traditional village councils, ceased to receive legal recognition and fell into a destitute state, weakening social cohesion in the villages and impairing some irrigation practices



By Ordinance No. 12 of 1840 all forests, waste, unoccupied and uncultivated lands were presumed to be the property of the Crown until the contrary was proved. This impaired the villagers' customary rights in land use, particularly of *chena* and jungle resources. With the rise of the plantation economy based on immigrant Indian labour and imported rice, new forms of taxation and public expenditure, and the growth of city-based commerce and trade, the village began to decline in significance. Nevertheless, to this day the population is only about 20 percent urban and the vast majority live in over 23,000 villages.

The demands by the elites for political consultation and representation led to constitutional reforms though gradually. With the Donoughmore Constitution of 1931 which embodied universal adult suffrage, both men and women particularly in the villages, constituting the vast majority of the people, once again had access to political power<sup>2</sup>. However, the country regained its independence only in 1948 with the attainment of Dominion Status.

A new constitution was adopted on 22 May, 1972, and the island became a Free Sovereign and an Independent Republic known as the Republic of Sri Lanka. The sovereignty of the people was exercised through a National State Assembly of elected representatives. The first National State Assembly was dissolved on 19 May, 1977, fixing a General Election for the 21 July, 1977. The number of electoral districts was increased as proposed by the Delimitation Commission, giving an overall membership of 168 elected representatives in the second session of the National State Assembly.

Far reaching constitutional changes were made in 1977. The second amendment to the Republican Constitution was passed in the National State Assembly in October 1977 and came into operation on 4th February, 1978. In terms of the second amendment, a Presidential form of government was introduced for the first time vesting the executive power of the people in the President of the Republic.

The people of Sri Lanka by the mandate expressed and granted at the 1977 General Election entrusted and empowered their elected representatives to draft, adopt and operate a new Constitution to achieve the goals of a Democratic Socialist Republic. Accordingly a new Constitution was promulgated on 7 September, 1978, and thus became the Supreme Law of the Republic of Sri Lanka. The Constitution also enshrines those principles that would help achieve progress towards economic development and establish a just and free society.

Today Sri Lanka is a Free Sovereign, Independent Democratic Socialist Republic within the Commonwealth.

<sup>1</sup> This paragraph is based on researches conducted by Mr. F. E. P. Deraniyagala, Colombo Museum, Publications Series

<sup>2</sup> Sri Lanka commemorates the 50th year of Universal adult suffrage in June 1981.



## CHAPTER II

### GEOGRAPHICAL FEATURES

#### Area and Location

Sri Lanka (Ceylon) is an island with an area of 65,000 sq. kilometres (25.3 thousand sq. miles) situated in the Indian ocean close to the southern end of the Indian peninsula, between 5°55' and 9° 50' N. latitude and between 79° 42' and 81° 52' E. Longitude. It is separated from the Indian sub-continent by a strip of shallow water, the Palk Strait, which at its narrowest is about 40 kilometres (25 miles) wide.

Excepting Mannar island in the North-West, the Jaffna Peninsula in the North and the adjoining islands, the largest of which are Kayts and Delft, the island has a compact land area. The greatest length of the island North and South is 445 kilometres from Point Palmyrah in the North to Dondra Head in the South. The greatest breadth is 225.3 kilometres from Colombo in the West to Sangamankanda on the East coast.

From the earliest times the island's history has been conditioned by the fact that it lies on the main sea route from West to East. Today Colombo, Trincomalee and Galle are important ports of call for sea-borne traffic in the Indian Ocean. With the development of air travel, the Colombo airport situated at Ratmalana about 13 kilometres to the south of the City was first established. Today, besides Ratmalana (which is mainly used for domestic air services) the Katunayake International Airport, south of Negombo and 34 kilometres north of Colombo has become an important airport where some of the major airlines of the world call regularly.

#### Relief of the Land

The relief of the island may, generally be said to comprise a mountainous area in the central part or more correctly in the south central part, averaging in elevation from about 900 to 2,100 metres, which is again surrounded by an upland belt of about 300 to 900 metres, while the coastal plain occupying the rest of the island is narrower on the west and south but broadens out to a vast tract in the north.

The coastal plain continues for some distance out to the sea as the Continental Shelf. The 100 fathom-line is close to the coast, except about the north-west where it opens out to include a large area in line with the 'Indian Continental Shelf'. A coral reef lies close to the coast, which, though for the most part submerged, can be discerned by the breaking of the waves at a short distance from the coast line.

The essential framework of the hill country over 1,500 metres appears in the form of an inverted "T" or anchor, with the Central Ridge forming the 'shank' on which are some of the highest peaks in Sri Lanka—Pidurutalagala (2,524.5 metres), Kirigalpotta (2,388.7 metres), Totapalakanda (2,357.0 metres), and also the high plains such as Nuwara Eliya (over 1,800 metres), Elk Plains (1,800 metres) and Horton Plains (over 2,100 metres). At the base of the 'shank' is Kirigalpotta from where one arm of the anchor extends westwards to terminate at Sri Pada (Adam's Peak 2,237.5 metres) while the eastern arm extends through Haputale and continues north-east to form Namunukula which is part of the north-south aligned Lunugala ridge. To the north-west of the 'shank' are the Matala hills, with Knuckles (1,862.9 metres) forming the highest point. On either side of this central mountainous anchor-shank are two plateaux, the Hatton Plateau to the West and the Uva basin (or Welimada Plateau) to the east each averaging 1,200 metres in height. The east-west arm of the "Anchor" is termed the southern mountain wall, because here it presents a sheer drop of over 1,200 metres to the southern platform lying at its base. Forming a detached portion from the massif to the south-west lies the Rakwana hills and the Bulutota massif averaging 900 metres, the intervening



tract being occupied by the upper tributaries of the Kalu and the Walawe rivers. Monadocks or "relict mountains" composed of resistant rock-like granite, stand out to break the monotony of the level stretches. The Jaffna Peninsula and the island of Mannar are entirely featureless plains.

The following table shows the relative heights of the principal peaks in Sri Lanka :

TABLE 2.1—PRINCIPAL MOUNTAIN PEAKS IN SRI LANKA

<i>Mountain Peak</i>	<i>Height in metres</i>	<i>District situated</i>
Pidurutalagala	2,524	Nuwara Eliya
Kirigalpotta	2,389	do.
Totapalakanda	2,357	do.
Kudahagala	2,320	do.
Sri Pada (Adam's Peak)	2,238	Ratnapura
Kikilimana	2,238	Nuwara Eliya
Great Western	2,212	do.
Hakgala	2,170	do.
Conical Hill	2,166	do.
Mahakudagala	2,097	do.
One Tree Hill	2,100	do.
Waterfall Point	2,074	do.
Namunukula	2,036	Badulla
Gommolli Kanda	2,034	Ratnapura-Badulla
Knuckles	1,863	do.
Kotagala	1,753	Kandy-Nuwara Eliya

Source : Survey Department.

#### Rivers and Waterways

The hydrographic pattern is a function essentially of relief and structure, and in Sri Lanka with its central hilly mass, a general radial pattern is clearly revealed ; the rivers flowing to the west, east and south being shorter than those flowing to the north-west and north-east. The most important and the longest river is the Mahaweli-ganga which rises on the western side of the "shank" of the "anchor". The principal rivers of Sri Lanka with their respective lengths are given in Table 2.2.

TABLE 2.2—LENGTHS OF PRINCIPAL RIVERS

<i>River</i>	<i>Length in kilometres</i>	<i>River</i>	<i>Length in kilometres</i>
Mahaweli Ganga	334.7	Maha Oya	133.5
Aruvi-arui	164.1	Menik Ganga	114.3
Kala Oya	148.0	Kalu Ganga	128.7
Kelani Ganga	144.8	Kirindi Oya	117.5
Yan Oya	141.6	Kumbukkan Aru	115.8
Deduru Oya	141.6	Gin Ganga	112.6
Walawe Ganga	138.4	Mi Oya	109.4
Maduru Oya	136.8	Gal Oya	107.8

Waterfalls girdle the central mountain massif and offer some of the best scenic features in Sri Lanka *e.g.*, Laxapana, Aberdeen, Dunhinda (Badulla), Diyaluma (Koslanda), Elgin (Hatton Plateau) and Perawella. These are found to occur especially to the west, south and east and are perennial owing to the heavy rainfall on the central mountain mass, though fluctuations in their volume occur as a result of variations in the seasonal rainfall.



## Climate and Meteorology

### CLIMATE

Sri Lanka being in proximity to the equator lying within latitudes of 6° and 10° North the mean temperature is high ranging from 26.6°C to 27.7°C over the lowlands. Anyway the oceanic influence (the maximum breadth of the island being only 225 kilometres) helps reduce the temperature in the lowlands by sea breezes. The highlands in the central region enjoy cooler climate.

### TEMPERATURE

*Variation with altitude.*—In the hill country the temperature falls at a steady rate of about 17.2°C for each 91.4 metres rise. Thus at Kandy, 488 metres above sea level, it is 25.0°C, at Diyatalawa 1,250 metres it is 20.0°C and at Nuwara Eliya, the chief hill station in the island, 1,890 metres in elevation it is 15.5° Celcius.

### SEASONAL VARIATION

A noteworthy feature in many parts of Sri Lanka is the small variation in the mean monthly temperatures throughout the year. The mean temperature at Colombo during the coolest months, November to February, is 26.1°C, 16.1°C lower than that during the warmest months April and May. At the other stations the mean annual range of temperature does not vary very much, though in the north and east it is slightly higher.

Highest temperatures are experienced in the districts to the north or north-west of the hills and in the north-eastern low country, generally during the period March to June, but they rarely exceed the blood heat (36.8 Celcius).

Lowest temperatures are experienced during early hours of the day a little before dawn. Along the coast they occur during December and January and range between 21.1°C and 23.3°C. They decrease with altitude; at Nuwara Eliya (1,890 metres) the minimum temperatures, which are generally of the order of 7.2°C (February), occasionally fall below the freezing 0°C point.

Diurnal variation of temperature *i.e.* the rise to a maximum early in the afternoon and the fall to a minimum shortly before dawn is well marked. Its magnitude depends on the direction of the prevailing winds. There is a gradual increase in the range with altitude as well as with distance from the sea.

### HUMIDITY

The relative humidity varies generally from about 70 per cent during the day to about 90 or 95 per cent at night, rising as the temperature drops. In the dry zone, however, these values are lower by about 5 per cent, while in the driest areas in the north-west and south-east the day humidity drops to about 60 per cent. In the south-western parts, the absolute humidity is rather high, particularly in April and May on account of the high mean temperature.

### RAINFALL

Rainfall is of three types—monsoonal, convectional and depressional. Monsoon rain occurs during the two monsoon periods *viz.* south-west and north-east and is responsible for a major part of the annual precipitation. Convectional rain occurs during the inter-monsoon periods, mainly in the afternoon or evening and is likely to be experienced anywhere over the island. Depressional rain also occurs mainly during the inter-monsoon periods.

The annual average rainfall varies from below 100 millimetres in the arid parts of the north-west and south-east of the island to 500 millimetres at certain places on the south-western slopes of the hills.



There are four rainfall seasons during the year with corresponding periods which may roughly be considered as follows :

- (1) the South-West Monsoon period, May to September,
- (2) the inter-monsoon period, following the South-West Monsoon, October and November,
- (3) the North-East Monsoon period, December to February, and
- (4) the inter-monsoon period, following the North-East Monsoon, March and April.

#### SOUTH-WEST MONSOON

The rainfall is mostly confined to the south-western parts of the island. At the beginning it occurs in the south-western low country and as winds strengthen, it spreads gradually to the interior, with considerably heavy rain in the hill country from June to August. South-West Monsoon rainfall exceeds 2,540 millimetres at some stations in the south-western hill country. During periods of active monsoonal weather these stations aggregate monthly totals of 1,270 to 1,524 millimetres.

#### NORTH-EAST MONSOON

The rainfall is mainly confined to the north-eastern parts of the island. Most of the rain occurs in December and January, February being normally a dry month. The heaviest rain is experienced on the north-eastern slopes of the hills where some stations receive about 1,270 millimetres for the two months. There have been occasions when over 2,540 millimetres of rain were recorded at some of the hill stations in December or January.

#### INTER-MONSOON PERIODS

During inter-monsoon periods winds are generally light except for the sea breeze which develops from about noon and is also responsible for the thunder showers that occur in the afternoon or evening. These showers may occur anywhere over the island. Another source of rain during these periods is depressional activity.

Depressions are most frequent in October and November and are responsible for a good part of the precipitation during these two months. Rainfall during the first inter-monsoon period is therefore widespread and exceeds 50 millimetres at many stations. Taking the island as a whole, this is the rainiest period of the year.

Conditions are similar during the second inter-monsoon period March and April but the rainfall is less, mainly because of less depressional activity.

These four seasons are marked out by the position of the Inter-Tropical Front which serves as the boundary between the Northern hemisphere air and Southern hemisphere air. The ITF moves north and south with the sun between the Tropic of Cancer and the Tropic of Capricorn. It crosses the island moving from south to north in May and brings the South-West Monsoon to Sri Lanka and India in its rear. On the return journey, the ITF moving from north to south, crosses the island during October and early November, bringing in its rear the North-East Monsoon. The two Inter-Monsoon seasons are the periods when the ITF fluctuates over and in the immediate vicinity of the island.

#### HAIL

During intense thunderstorms, hail is occasionally experienced. It occurs mainly in the hill-country but reports have been received of the occurrence of hail in low-country stations too.

#### GROUND FROST

Ground Frost occurs at Nuwara Eliya on a few days of the year during the months of January and February.



## METEOROLOGY

Climatic data have been collected in Sri Lanka since 1880. Meteorological observatories make daily records of temperature, rainfall, wind, atmospheric pressure and humidity. In addition, upper wind observations with pilot balloons are recorded at stations, while temperature, humidity, atmospheric pressure and wind of the upper air up to a height over 15,000 metres are recorded at Colombo with radiosonde and radar instruments.

TABLE 2.3—ANNUAL RAINFALL, TEMPERATURE AND RELATIVE HUMIDITY AT NINE PRINCIPAL STATIONS DURING 1978 AND 1979

Station	Annual Rainfall Millimetres		Mean Annual Temperature (Degrees) (Celcius)		Mean Annual Relative Humidity (percent)			
	1978	1979	1978	1979	1978		1979	
					Day	Night	Day	Night
Colombo	1,954.4	2,450.6	27.5	27.1	74	89	76	89
Jaffna	1,162.0	1,391.3	28.0	26.3	75	86	69	82
Trincomalee	1,464.6	1,473.0	28.6	26.6	70	81	71	65
Hambantota	976.5	796.6	27.2	26.5	76	87	75	87
Ratnapura	3,742.5	3,490.4	27.4	27.1	76	94	76	87
Anuradhapura	1,194.7	1,371.3	27.8	26.3	68	89	73	92
Kandy	1,924.5	1,995.4	24.7	24.5	74	92	80	90
Diyatalawa	1,275.1	1,658.3	20.4	19.3	67	85	75	87
Nuwara Eliya	2,604.6	2,195.8	15.4	15.5	82	91	70	81

The Colombo observatory provides weather forecasting for aviation, shipping and local needs, collection of climatological data, determination and distribution of Sri Lanka standard time, preparation of astronomical data such as the phase of the moon, times of sunrise and sunset, planets and seismological work.

## Geology

The island is part of a larger "Shield" area which embraces most of South India and which has not undergone any major earth movements since early geological times. The rocks within this "shield" are mostly Pre-cambrian in age, the youngest of them being approximately 500 million years old.

Occupying a belt which runs through the island from S. W. to N. E. and forming most of the central highlands is a group of meta-sedimentary rocks known as the Khondalite Group, the major rock types of which are quartzites, marble, quartz-felspar, granulites and garnet-sillimenite-graphite schists and gneisses. These are the metamorphosed equivalents of such sedimentary rocks as sandstones, limestones and marls, sandy clays and clays, formed at high temperatures and at great depth. Closely associated with the metasediments of the Khondalite Group are distinctive series of grayish-green rocks, known as the Charnockite series which appear to be metamorphic in character. In the south-western extremity of this central belt Wellastenite-scapolite calc gneisses and garnet-cordierite, sillimenite gneisses are prominent.

To the east and west of the central belt are gneissic and granitic rocks of various types which are collectively known as the Vijayan series. Those on the east are predominantly light-coloured and frequently black-and-white banded rocks, while to the west similar light-coloured gneisses are



obscured by later reddish to pinkish series of granitoid rocks and gneisses together known as the Tonigala Complex. The Vijayan series once thought of as the "basement" on which the Khondalite Group metasediments were originally laid down are now thought to be younger than the Khondalite group and in part derived from it.

Several late granites and pegmatites, many zircon or allanite bearing, as well as a series of dolerite dykes, cut across all these Pre-Cambrian rocks, and range from 450 to 600 million years in age.

The Pre-Cambrian rocks (Khondalite Group and Vijayan Series) occupy nearly four-fifths of the island, the remaining part being underlain by the Jaffna limestone of upper Miocene age (in the Jaffna Peninsula and the north-west coastal tract) and by "red earths", gravels, unconsolidated sands and clays, sandstones and laterite of pleistocene to recent age (mainly in the northern portion of the island and along the coasts). Two small pockets of coarse sediments alternately with shales of Jurassic age are found at Tabbowa and Andigama where they are preserved by faulting within the Pre-Cambrian rocks.

The structure of the island is complex. The rocks within the central belt are folded into an almost parallel series of open and recumbent folds which run continuously for considerable distances and trend between north-west, south-east and north-east, south-west. In the Vijayan series, however, the rocks have suffered greater deformation, major folds are fewer and less regular and the trends vary from north-south to east-west.



### CHAPTER III

## CONSTITUTION AND GOVERNMENT

### Constitution

Sri Lanka possesses a broad-based Democratic Socialist Government. Her position is that of a Free, Sovereign, Independent and a Democratic Socialist Republic within the Commonwealth.

The Supreme Law of the Democratic Socialist Republic of Sri Lanka is the Constitution, which was promulgated on 7th September, 1978.

The Constitution recognizes that all power and authority within the State is derived from the People and has, therefore, given effect to that principle in providing for the Legislative, Executive and Judicial powers of the People to be exercised by different agencies. Adequate safeguards have been provided to prevent any erosion of the sovereignty of the People. Thus certain basic provisions of the Constitution, such as the term of office of the President, duration of the Parliament and certain fundamental rights could only be changed with the consent of the People themselves. Specific remedies have been provided for the protection of fundamental rights against infringement by executives action. The concentration of all powers of the People in the legislature, was somewhat significant feature of the earlier Constitution. This has been done away with. The Constitution provides for the exercise of the executive power of the People by a President who derives his authority from the People and is independent of the Parliament. The exercise of the Judicial power of the People is vested in an independent Judiciary. The independence of the Judiciary is secured as regards the powers of appointment, dismissal, transfer and disciplinary control by vesting such powers in an independent Judicial Service Commission. The independence of the Judges of the Superior Courts is secured by making Constitutional provision for the security of tenure of such Judges, for the establishment of the Superior Courts and for the entrenchment of the jurisdiction of the Superior Courts. Such Constitutional provision precludes the abolition of these Courts and the creation of parallel jurisdictions by ordinary legislation.

The present system of parliamentary elections has been the subject of considerable criticism, in that representation in the Legislature is not fairly reflective of political opinion in the electorates. The deficiencies of this system have been recognized in many countries and varying systems of proportional representation have been adopted to achieve more exact representation of the major political parties in the Legislature. The Constitution ushers in a major change in the system of Parliamentary elections in this country by adopting a system of proportional representation.

As further recognition of the sovereignty of the People, the Constitution provides for the wishes of the People to be consulted in various matters of basic importance. These include amendments to certain fundamental rights, changes in the basic structure of government, the rightful place of Buddhism in Sri Lanka, extension of the term of office of the President and duration of the Parliament. The participation of the People directly in the process of government does not always seem practicable. The Constitution, however empowers the President to refer to the People for decision regarding any question of national importance, thus making direct participation of possibility though to a limited extent, in matters of national importance.

The Constitution preserves the status of Sinhala as the official Language of Sri Lanka, while granting constitutional recognition to the Tamil Language by making it a National Language along with Sinhala.

### The President

The executive power of the People is exercised by the President who is directly elected by the People for a fixed term of six years. The President is the Head of State as well as the Head of the Government and of the Executive. Though not a member of the Legislature the President has the right to attend, address and send 'messages' to the Parliament.



Any citizen who is qualified to be elected to the office of the President may be nominated as a candidate by (a) a recognized political party, or (b) if he is or has been elected member of the Legislature, by any other political party or by an elector whose name has been entered in any register of electors. No person who has been twice elected to the Office of President by the People shall be qualified thereafter to be elected to such office by the People.

The election of a President shall be conducted on the basis of a preferential system of voting and the poll shall be taken not less than one month and not more than two months before the expiry of the term of office of the President in Office. The term of office of the President shall commence on the fourth day of February next succeeding the date of his election.

In addition to the powers and functions expressly conferred on or assigned to him by the Constitution or by any written law, the President shall have the power (a) to deliver the Statement of Government Policy in Parliament at the commencement of each session of Parliament, (b) to preside at ceremonial sittings of Parliament, (c) to receive and recognize, and to appoint and accredit Ambassadors, High Commissioners, Plenipotentiaries and other diplomatic agents, (d) to keep the Public Seal of the Republic, (e) to declare war and peace and, (f) to do all such acts and things, not being inconsistent with the provisions of the Constitution or written law, as by international law, custom and usage he is required or authorized to do.

While any person holds the office of President, no proceedings shall be instituted or continued against him in any court or tribunal in respect of anything done or omitted to be done by him either in this official or private capacity. However, this immunity conferred shall not apply to any proceedings in any court in relation to the exercise of any power pertaining to any subject or function assigned to the President or remaining in his charge or to proceedings in the Supreme Court relating to the election of the President.

Provision is made in the Constitution for the removal of the President for (a) international violation of the Constitution, (b) treason, (c) bribery, (d) misconduct or corruption involving the abuse of the powers of his office, or (e) any offence under any law, involving moral turpitude.

The President is responsible to the Parliament for the due exercise, performance and discharge of his powers, duties and functions under the Constitution any written law, including the law for the time being relating to public security.

### Parliament

Under the Constitution of the Democratic Socialist Republic of Sri Lanka, there shall be a Parliament which shall consist of one hundred and ninety-six members selected by the electors of the several electoral districts constituted in accordance with the provisions of the Constitution. However, under the Transitional Provisions in the Constitution, the present Parliament would consist of one hundred and sixty-eight members, being the number elected to the National State Assembly at the general election held in July 1977.

Unless the Parliament is dissolved earlier, every Parliament shall continue for six years from the date appointed for its first meeting and the expiry of the said period of six years shall operate as dissolution of Parliament.

The Parliament shall have the power to make laws including laws having retrospective effect and repealing or amending any provision of the Constitution, or adding any provision to the Constitution. It shall, however, not make any law (a) suspending the operation of the Constitution or any part thereof, or (b) repealing the Constitution as a whole unless such law also enacts a new Constitution to replace it. The Parliament shall not abdicate or in any manner alienate its legislative power, and shall not set up any authority with any legislative power. The Parliament has the power to act notwithstanding any vacancy in its membership and its proceedings shall be valid notwithstanding that it is discovered subsequently that a person who was not entitled to do so sat and voted or otherwise took part in the proceedings.



The present Parliament which came into being on the 7th September, 1978, with the promulgation of the Constitution shall continue for six years from 4th August, 1977 unless it is dissolved earlier.

#### Cabinet

His Excellency JUNIUS RICHARD JAYEWARDENA the first Executive President of the Democratic Socialist Republic of Sri Lanka is the head of the Cabinet and is also the Minister of Plan Implementation.

Mr. R. Premadasa (First Colombo Central), Prime Minister and Minister of Local Government, Housing and Construction and Minister of Highways and Leader of the House of Parliament.

Mr. Montague Jayawickreme (Weligama), Minister of Public Administration and Minister of Plantation Industries.

Mr. K. W. Devanayagam (Kalkudah), Minister of Home Affairs.

Mr. N. H. A. M. Karunaratne (Rambukkana), Minister of Social Services.

Mr. E. L. B. Hurulle (Horowpotana), Minister of Cultural Affairs.

Mr. M. H. Mohamed (Borella), Minister of Transport.

Mr. E. L. Senanayake (Mahanuwara), Minister of Agricultural Development and Research.

Mrs. Wimala Kannangara, M.B.E., (Galigamuwa), Minister of Rural Development.

Mr. C. P. J. Seneviratne (Mahiyangana), Minister of Labour.

Mr. Gamini Jayasuriya (Homagama), Minister of Health.

Mr. D. B. Wijetunga (Udunuwara), Minister of Posts and Telecommunications and Minister of Power and Energy.

Mr. Wijayapala Mendis (Katana), Minister of Textile Industries.

Mr. A. C. S. Hameed (First Harispattuwa), Minister of Foreign Affairs.

Mr. Nissanka Wijeyeratne (Dedigama), Minister of Justice.

Mr. S. B. Herath (Hiriyala), Minister of Food and Co-operatives.

Mr. Cyril Mathew (Kelaniya), Minister of Industries and Scientific Affairs

Mr. Ronnie De Mel (Devinuwara) Minister of Finance and Planning.

Mr. Gamini Dissanayake (First Nuwara Eliya-Maskeliya) Minister of Lands, Land Development and Minister of Mahaweli Development.

Mr. M. Vincent Perera (Colombo North), Minister of Parliamentary Affairs and Sports and chief Government Whip.

Mr. Lalith Athulathmudali (Ratmalana), Minister of Trade and Shipping.

Mr. Ranil Wickramasinghe (Biyagama), Minister of Youth Affairs and Employment and Minister of Education.

Mr. Festus Perera (Wennappuwa), Minister of Fisheries.

Mr. S. Thondaman (Third Nuwara Eliya-Maskeliya), Minister of Rural Industrial Development.

Mr. Anandatissa De Alwis (Kotte), Minister of State.

Mr. C. Rajadurai (First Batticaloa), Minister of Regional Development.

#### Other Ministers

Dr. Ranjith Atapattu (Beliatta), Minister of Colombo Group of Hospitals.

Mr. Dharmasena Attygalle (Kesbewa), Minister of Indigenous Medicine.

Mr. Lionel Jayatilleke (Kuliyapitiya), Minister of Education Services.

Mr. T. B. Werapitiya (Pathadumbara), Minister of Internal Security and Deputy Minister of Defence.

Mr. Harold Herat (Nattandiya), Minister of Coconut Industries and Deputy Minister of Janatha Estates Development.



**District Ministers**

- Mr. R. M. Appuhamy (Bandarawela), District Minister, Badulla.  
 Mr. M. L. M. Aboosally (Balangoda), District Minister, Ratnapura.  
 Mr. R. M. Abeykoon (Hali-Ela), District Minister, Moneragala.  
 Mr. H. B. Abeyratne (Yapahuwa), District Minister, Anuradhapura.  
 Mr. K. Abeywickrema (Deniyaya), District Minister, Matara.  
 Mr. K. W. R. M. Ekanayake (Dambulla), District Minister, Matale.  
 Mr. M. Canagaratnam (Second Pottuvil), District Minister, Batticaloa.  
 Mr. Rupasena Karunatilake (Bentara-Elpitiya), District Minister, Galle.  
 Mr. Tudor Gunasekera (Mahara), District Minister, Gampaha.  
 Mr. P. Dayaratne (Ampara), District Minister, Amparai.  
 Mr. Merrill De Silva (Minneriya), District Minister, Polonnaruwa.  
 Mr. W. P. B. Dissanayake (Gampola), District Minister, Kandy.  
 Mr. H. G. P. Nelson (Polonnaruwa), District Minister, Trincomalee.  
 Mr. Jayawickrema Perera (Katugampola) District Minister, Kurunegala.  
 Mr. Abdul Razak Munsoor (Kalmunai), District Minister, Mullaitivu.  
 Mr. Weerasinghe Mallimarachchi (Kolonnawa), District Minister, Colombo.  
 Mr. M. E. H. Maharroof (Muttur), District Minister, Mannar.  
 Mr. G. D. Mahindaroma (Kekirawa), District Minister, Vavuniya.  
 Mr. H. B. Wanninayake (Nikaweratiya), District Minister, Puttalam.  
 Mr. U. B. Wijekoon (Dambadeniya), District Minister, Jaffna.  
 Mr. P. M. B. Cyril (Tissamaharama), District Minister, Hambantota.  
 Mr. N. A. Seneviratne (Kegalle), District Minister, Kegalle.  
 Mr. Indradasa Hettiarachchi (Horana), District Minister, Kalutara.  
 Miss Renuka Herath (Walapane), District Minister, Nuwara-Eliya.

**Deputy Ministers**

- Mr. D. B. Welagedara (Kurunegala), Deputy Minister of Plan Implementation.  
 Mr. P. C. Imbulana (Ruwanwella), Deputy Minister of Local Government, Housing and Construction.  
 Mr. G. M. Premachandra (Mawatagama), Deputy Minister of Highways.  
 Mr. Percy Samaraweera (Welimada), Deputy Minister of Home Affairs.  
 Mr. Alick Aluvihare (Matale), Deputy Minister of Plantation Industries.  
 Mr. V. L. Wijemanne (Kalutara), Deputy Minister of State Plantations.  
 Mr. Harindra Corea (Chilaw), Deputy Minister of Public Administration.  
 Mr. J. L. Sirisena (Bingiriya), Deputy Minister of Social Services.  
 Mr. W. M. G. T. Banda (Galagedara), Deputy Minister of Cultural Affairs.  
 Mr. H. Kularatne (Rakwana), Deputy Minister of Transport.  
 Mr. K. D. M. C. Bandara (Anuradhapura West), Deputy Minister of Agricultural Development and Research.  
 Mr. Harish Wanigasekera (Hakmana), Deputy Minister of Rural Development.  
 Mr. M. Joseph Michael Perera (Ja-Ela), Deputy Minister of Labour.  
 Mr. Premaratne Gunasekera (Maharagama), Deputy Minister of Health.  
 Mr. A. Pilapitiya (Kalawana), Deputy Minister of Posts and Telecommunications.  
 Mr. M. A. Abdul Majeed (Sammanturai), Deputy Minister of Power and Energy.  
 Mr. R. M. Dharamadasa Banda (Bibile), Deputy Minister of Textile Industries.



Mr. Tyrone Fernando (Moratuwa), Deputy Minister of Foreign Affairs.  
 Mr. Shelton Ranaraja (Senkadagala), Deputy Minister of Justice.  
 Mr. Sarath Chandra Rajakaruna (Dompe), Deputy Minister of Food and Co-operatives.  
 Mr. N. Denzil Fernando (Negombo), Deputy Minister of Industries and Scientific Affairs.  
 Mr. M. H. M. Naina Marikar (Puttalam), Deputy Minister of Finance and Planning.  
 Mr. A. M. S. Adikari (Kalawewa), Deputy Minister of Lands and Land Development.  
 Mr. Nanda Mathew (Kolonna), Deputy Minister of Mahaweli Development.  
 Mr. D. E. Tillekeratne (Ratgama), Deputy Minister of Parliamentary Affairs and Sports.  
 Mr. M. S. Amarasiri (Hiniduma), Deputy Minister of Trade and Shipping.  
 Mr. Gamini Atukorale (Nivitigala), Deputy Minister of Youth Affairs and Employment.  
 Mr. A. M. R. B. Attanayake (Udadumbara), Deputy Minister of Higher Education.  
 Mr. Weerawanni Samaraweera (Wiyaluwa), Deputy Minister of Education.  
 Mr. S. S. Abeysundera (Yatinuwara), Deputy Minister of Fisheries.  
 Mr. S. K. Piyadasa (Matara), Deputy Minister of Rural Industrial Development.  
 Mr. Chandra Karunaratne (Nawalapitiya), Deputy Minister of State.  
 Mr. G. V. Punchinilame (Ratnapura), Deputy Minister of Regional Development.

### Ministries

The Constitution provides for a Cabinet of Ministers charged with the direction and control of the Government of the Republic which shall be collectively responsible and answerable to the Parliament. The President shall be a member of the Cabinet of Ministers, and shall be the Head of the Cabinet of Ministers. However, notwithstanding the dissolution of the Cabinet of Ministers under the provisions of the Constitution, the President shall continue in office. The President shall appoint as Prime Minister, the Member of Parliament who in his opinion, is most likely to command the confidence of Parliament. The President shall, from time to time in consultation with the Prime Minister, where he considers such consultation necessary, determine the number of Ministers of the Cabinet of Ministers and the assignment of subjects and functions to such Ministers. He will also appoint from the Members of Parliament, Ministers to be in charge of the Ministries determined. The President may assign to himself any subject or function and shall remain in charge of any subject or function not assigned to any Minister and may for that purpose determine the number of Ministries to be in his charge, and accordingly, any reference in the Constitution or any written law to the Minister to whom such subject or function is assigned, shall be read and construed as a reference to the President. The President may, at any time, change the assignment of subjects and functions and the composition of the Cabinet of Ministers and such changes will not affect either the continuity of the Cabinet of Ministers or the continuity of its responsibility to Parliament.

A new feature in the Constitution promulgated in 1978 is the provision whereby the President is empowered to appoint from among Members of Parliament, Ministers who shall not be Members of the Cabinet of Ministers and to determine the assignment of subjects and functions to, and the Ministries, if any, which are to be in the charge of, such Ministers. Every Minister so appointed shall be responsible and answerable to the Cabinet of Ministers and to the Parliament. Any Minister of the Cabinet of Ministers may, by notification published in the *Gazette* delegate to any Minister who is not a member of the Cabinet any power or duty pertaining to any subject or function assigned to him, or any power or duty conferred or imposed on him by any written law.

The President may, from time to time, appoint from among the Members of Parliament, Deputy Ministers to assist the Ministers of the Cabinet in the performance of their duties.



### Ministries and their Functions

The President in the exercise of powers vested in him under the Constitution, did on 7th September, 1978, determine the number of Ministers and Ministries and the assignments of Departments, subjects and functions to such Ministers of the Cabinet. A brief outline of their objectives and functions is given below :

*Ministry of Defence.*—The Ministry of Defence functions under the President of the Republic is responsible for the formulation, co-ordination and execution of policy relating to—

- (1) maintenance of the internal security and defence of Sri Lanka ;
- (2) maintenance of law and order ;
- (3) (i) control of entry into and departure of persons from Sri Lanka ;  
(ii) control of residence and employment of non-nationals in Sri Lanka ;
- (4) implementation of the Registration of Persons Act, viz, registering all persons over 18 years of age, lawfully resident in Sri Lanka and issuing them identity cards ;
- (5) the operation of domestic, regional and international air services by Air Lanka Limited and the general regulation of civil air traffic operated by international carriers and the provision of the necessary infrastructure requirements for the safe operation of air services under international standards and conventions.

In pursuance of the above objectives, the Ministry provides policy direction and guidance to departments and State institutions as the Sri Lanka Army, Sri Lanka Navy, Sri Lanka Air Force, the Sri Lanka Police, Department of Immigration and Emigration and the Registration of Persons of Indian Origin, Department of Registration of Persons, Department of Civil Aviation and Air Lanka Limited.

*Ministry of Plan Implementation.*—The main objectives of this Ministry which is under the charge of the President are—

- (a) formulation and appraisal of Plan Implementation strategies ;
- (b) the co-ordination of the implementation programmes of governmental and non-government agencies for the achievement of national objectives ;
- (c) evaluation of the performance of institutions and enterprises engaged in economic activities ;
- (d) dissemination of information concerning achievement of plan targets ;
- (e) regional development ;
- (f) employment and man-power planning ;
- (g) formulation and implementation of population policies ;
- (h) food and nutrition policy planning ;
- (i) development of statistical services in relation to development strategies ; and
- (j) formulation and implementation of programmes to prevent environmental pollution.

In addition to the various divisions that constitute the Ministry of Plan Implementation, the Department of Census and Statistics also functions under it.

*Ministry of Local Government, Housing and Construction and Ministry of Highways.*—This Ministry is charged with the overall responsibility of formulation of desirable policies, initiation of development programmes and ensuring their effective implementation in the following areas :—

- (a) Guiding, assisting and supervising Local Authorities for the proper and efficient administration of the areas within their jurisdiction ;
- (b) Providing technical assistance and advice for the planned development of local authority areas ;
- (c) Providing schemes for planned development of certain sacred areas ;



- (d) Investigation, designing, construction and maintenance of water supply schemes and providing technical services on schemes as determined by local authorities ;
- (e) Investigation, designing and construction of sewerage and surface drainage schemes for local authorities ;
- (f) Providing policy directions in housing, both urban and rural, low cost housing, loans for housing, acquisition of lands and rentals ;
- (g) Formulating building construction programmes for the public sector ;
- (h) Securing building materials for the construction industry ;
- (i) Promoting research in solving problems relating to housing and building construction ;
- (j) Development and restoration of canals ;
- (k) Planning and development of adequate highway network inclusive of public roads, agricultural and estate roads, inland water ways, ferry services, etc ;
- (l) Planning and construction, maintenance of highway network throughout the inland ;
- (m) Conducting research and training of officers relating to objectives of the Ministry.

In pursuance of the above, the Ministry provides policy directions, controls and co-ordinates the programmes of work of the departments and institutions specifically charged with the responsibility of executing these objectives, viz., Department of Local Government, Department of Town and Country Planning, Department of Local Government Services, Department of National Housing, Department of Buildings, Local Loans and Development Fund, National Water Supply and Drainage Board, State Engineering Corporation of Ceylon, Building Materials Corporation, Building Materials Manufacturing Corporation, Common Amenities Board, National Housing Fund, Government-Owned Business Undertaking of the Colombo Commercial (Engineers) Limited and the Department of Highways.

*Ministry of Public Administration.*—The Ministry of Public Administration is chiefly responsible for the formulation of policies, initiation of development programmes and ensuring their effective implementation in Public Administration. Among major activities of the Ministry of Public Administration are :—

- (a) establishment services for all Ministries and Departments and administering the Combined Services ;
- (b) consultancy services to an management development of the Public Services ;
- (c) superannuation benefits to Public Servants ; and
- (d) implementation of the Official Language Policy within the framework of the Official Language Enactments.

The Department of Public Administration and the Department of Pensions function under the Ministry.

*Ministry of Home Affairs.*—The Ministry of Home Affairs is responsible for—

- (a) district administration, for co-ordination of activities and execution of development programmes for other Ministries and Departments at the district level ;
- (b) registration of vital events, viz., births, deaths and marriages, and the registration of deeds and preservation of such records ; and
- (c) administering Enactments pertaining to Mosques and Muslim Charitable Trusts.



It is the function of the Ministry of Home Affairs to direct, control and co-ordinate the programmes of work of the following departments, which are specifically charged with the implementation of these activities :

- (a) Government Agencies (Kachcheries);
- (b) Department of the Registrar General;
- (c) Department of Mosques and Muslim Charitable Trusts.

*Ministry of Plantation Industries.*—The Ministry is responsible for the overall development of plantation agriculture and associated processing and industrial activity. It is mainly concerned with perennial crops other than coconut which are export oriented. Specific functions of the Ministry are :—

- (a) direction and supervision of all departments, corporations and institutions which come within its purview, viz., Sri Lanka Tea Board, Sri Lanka State Trading (Tea) Corporation, Tea Smallholdings Development Authority, Rubber Control Department, State Rubber Manufacturing Corporation, Rubber Research Institute, Sri Lanka Cashew Corporation, Silk and Allied Products Development Authority;
- (b) preparation of short-term and long-term plans for the development of plantation agriculture and related activities and their implementation and regular review ;
- (c) undertaking and/or encouraging the establishment of new plantations, replanting and rehabilitation of existing plantations and the processing and marketing of plantation products ;
- (d) undertaking and/or the promotion of research and experimentation on all aspects of cultivation and processing of plantation crops ;
- (e) dissemination of information on cultivation, processing and market prospects of plantation crops ;
- (f) undertaking continuous review of the market structure and trends, for plantation products with a view to ensuring that the country and the producer obtain fair and reasonable prices for these products ;
- (g) promoting markets abroad for plantation products ; and
- (h) preparation of new legislation, where necessary to implement the Ministry's objectives.

*Ministry of Social Services.*—The Ministry is charged with the responsibility of providing necessary guidance, policy direction, co-ordination and supervision of the two departments under its charge namely : the Department of Social Services and the Department of Probation and Child Care Services.

Management of the Sri Lanka School of Social Work is also a function of this Ministry.

*Ministry of Cultural Affairs.*—The Ministry of Cultural Affairs is responsible for policy formulation, analysis, and review of the work performed by the Department of Cultural Affairs, National Archives, National Museums and Archaeology.

Major functions of the Ministry are—

- (a) the executive direction and supervision of all departments under the Ministry and the Cultural Council of Sri Lanka ; and
- (b) the formulation of general policy in regard to functions of such departments and the Cultural Council of Sri Lanka.

*Ministry of Transport.*—It is the responsibility of this Ministry to formulate policy relating to—

- (a) provision of efficient, adequate and economical inland transport services by road and rail ;
- (b) control and regulation of motor traffic, and the licensing of motor vehicles for use on highways.



The execution of these functions is carried out under aegis of a statutory organisation, viz., the Sri Lanka Central Transport Board assisted by nine Regional Transport Boards and two Government Departments, viz., The Ceylon Government Railway and the Department of Motor Traffic.

The Ministry in addition is responsible for the overall co-ordination of inland transport facilities determining fare structure and formulation of plans for the development and investment in the field of transportation in Sri Lanka.

*Ministry of Agricultural Development and Research.*—The Ministry of Agricultural Development and Research is charged with the responsibility of formulating the agricultural development plan and, evaluating the progress in respect of the following which are executed by the Departments and Corporations which come under its purview :

- (a) Agricultural research and extension
- (b) Agricultural productivity
- (c) Agricultural education
- (d) Agricultural propaganda
- (e) Botanical gardens
- (f) Soil conservation
- (g) Plant pests
- (h) Work connected with the Food and Agriculture Organisation of the United Nations
- (i) Import and export of planting material
- (j) Administering of the National Freedom from Hunger Campaign, World Food Programme
- (k) State and co-operative farms
- (l) Minor exports crops—Cinnamon, Cardamoms, Cocoa, Coffee, Cinchona, Citronella, Cloves, Ginger, Ground Nuts, Oil Palm, Pepper, Kenaf, Manioc, Kitul, Arecanuts, Ramie, Lemon Grass, Nutmeg and Pyrethrum
- (m) Agricultural diversification of tea and rubber lands
- (n) Land reforms
- (o) Agrarian services including minor irrigation functions
- (p) Measures for increased production of food
- (q) Crop insurance, paddy land tenure and
- (r) Guaranteed prices scheme for local agricultural produce.

Departments and Corporations under Ministry are—Agriculture Department, Department of Minor Exports Crops, Department of Agrarian Services, Agricultural Development Authority, National Agricultural Diversification and Settlement Authority, Ceylon Fertilizer Corporation, Paddy Marketing Board, Sri Lanka Sugar Corporation, Agrarian Research and Training Institute, Sri Lanka Fruit Board, National Freedom from Hunger Campaign Board, Land Reform Commission, Agricultural Insurance Board and the Janawasa Commission.

*Ministry of Rural Development.*—The overall responsibility of formulating the Government policy on rural development, initiating and promoting rural development programmes and ensuring their effective implementation particularly in the following subject fields has devolved on this Ministry :—

- (a) Stimulation and promotion of people's participation on the development and improvement of their social, cultural and economic conditions through rural development societies, kantha societies and other village level people's organizations ;
- (b) Mobilization of the enthusiasm, efforts and participation of rural people in the rehabilitation of village tanks, irrigation channels and other rural upliftment projects on a Shramadana basis ;



- (c) Promotion of training programmes for representatives of rural development societies, kantha samithies and other village level organizations and for officers of Government departments and agencies connected with rural development ; and
- (d) Granting of financial and other assistance to organizations which are engaged in rural development work.

As its special function, the Ministry supervises, promotes and develops programmes of work of the Department of Rural Development.

*Ministry of Labour.*—The Ministry of Labour is charged with the responsibility of providing necessary guidance and policy direction to the Department of Labour in dealing with matters relating to labour. It also advises the Government in the formulation and execution of labour policies.

*Ministry of Health.*—The responsibility of this Ministry is to provide necessary guidance and policy direction to the Health and Ayurveda\* Services in providing the country with health amenities under approved schemes of the Government. \*

The objectives of the Ministry are—

- (a) the provision of establishments and services (including courses of training) necessary for the prevention and treatment of diseases and generally for the preservation and promotion of the health of the people ;
- (b) the encouragement of study and research in subject fields relating to health administration by the grant of scholarships and other facilities to persons employed or proposed to be employed in the Department of Health Services and by the grant of financial aid and other assistance to institutions providing courses of study or engaged in research in such fields ; and
- (c) the development or encouragement of measures for the investigation or prevention of disease and for improvement of the public health standards, including research and epidemiological investigations and dissemination of information.

Among the major functions of Health and Ayurveda Services are—

- (a) afford indoor and outdoor treatment to all needy cases ;
- (b) stress greater emphasis on preventive health by intensification of the activities of special campaigns and educate the public in environmental sanitation ;
- (c) grant financial assistance to private sector institutions and associations to such extent as these institutions or associations would afford relief to State health services ; and
- (d) provide for general administration of the health services in Sri Lanka.

The Ministry also in addition provides policy directions and guidance to the State Pharmaceutical Corporation\*.

*Ministry of Posts and Telecommunications.*—This Ministry is charged with the responsibility for the determination of policy relating to the provision of adequate postal and telecommunication services to the country.

Specifically, the Ministry of Posts and Telecommunications provides executive direction, supervision and financial control over the Department of Posts and Telecommunications and evaluates the implementation of policies as laid down by the Government.

*Ministry of Textile Industries.*—The main objectives of the Ministry are—

- (a) the development, control and regulation of textile industries including spinning of yarn, weaving, knitting and finishing of textiles, manufacture of made-up textile goods, wearing apparel exclusive of foot wear ; carpets and rugs, cordage rope and twine industries and textile printing, excluding Batik printing ;

\*Department of Ayurveda and Ayurvedic Drugs Corporation are now attached to the Ministry of Indigenous Medicine.



- (b) the supervision of management of State-owned textile manufacturing enterprises and the establishment of new enterprises ;
- (c) the regulation, supervision and co-ordination of the manufacturing activities of textile industries in the State, private and co-operative sectors so as to ensure cordial relation development Processes ;
- (d) the promotion and regulation of the export of textile goods including ready made garments ; and
- (e) the supervision of the mangement of private textile industries vested in the State.

The Ministry achieves these objectives by formulating policy, guiding, directing and supervising the departments and Statutory institutions within its area of authority, viz—Department of Textile Industries, National Corporation, Government-Owned Business Undertaking (formerly of Wellawatte Spinning and Weaving Mills Ltd.), Government-owned Business Undertaking (formerly of Ceylon Silks Ltd.) Government-owned Business Undertaking (formerly of J. B. Textiles Industries Ltd.) Government-owned Business Undertaking (formerly of Libra Industries Ltd.) Government-owned Business Undertaking (formerly of J. B. Fishing Industries Ltd.)

The Ministry is also responsible, through its development and regulation division, for the regulation and co-ordination of textile industries in the private and co-operative sectors.

*Ministry of Foreign Affairs.*—The Ministry of Foreign Affairs is responsible for the formulation co-ordination and execution of policy relating to—

- (a) the conduct of foreign relations of the Democratic Socialist Republic of Sri Lanka ;
- (b) maintenance of diplomatic and consular relations with foreign countries ;
- (c) representation of Sri Lanka in international organizations ; and
- (d) negotiation of treaties with foreign countries.

In pursuance of these objectives the Ministry provides policy direction and guidance to Sri Lanka Missions abroad.

*Ministry of Justice.*—This Ministry is charged with the responsibility of providing necessary guidance and policy directions to all departments under the Ministry, viz., Department of Attorney-General, Legal Draftsman, Public Trustee, Government Analyst, Prisons, Bribery Commissioner, Debt Conciliation, Law Commission and the Council of Legal education.

*Ministry of Food and Co-operatives.*—The main objectives of the Ministry of Food and Co-operatives are to produce and re-orient its activities in regard to—

- (a) supply, control and distribution of food ; and
- (b) co-operative undertakings.

Major functions of the Ministry are—the formulation and administration of policies and the exercise of control and supervision over activities of the Department of Food Commissioner, Department of Co-operative Development and Registrar of Co-operative Societies, the Co-operative Employees Commission and the Statutory Body, the Co-operative Management Services Centre.

*Ministry of Industries and Scientific Affairs.*—The main objectives of the Ministry are to—

- (a) foster growth in the industrial sector in such manner as to make optimum use of local resources ;
- (b) provide employment opportunities to the maximum extent possible consistent with economy and efficiency, plan, location of industries in consideration with economic and other criteria to provide employment opportunities in areas with population concentration ;



- (c) establish social control of industry so as to avoid hazards of heavy industrialisation ;
- (d) develop within the public sector such basic and heavy industries as would give depth to local industrial development and generate growth in the economy.
- (e) re-orient industrial research for practical ends and to develop industrial technologies ;
- (f) stimulate and provide maximum support to export of manufactured goods ;
- (g) establish and maintain quality of industrial products at reasonable prices ; and
- (h) promote scientific and industrial research.

In pursuance of these objectives the Ministry provides policy directions and guidance to operating departments, corporations and other statutory institutions viz, Department of Geological Survey, Department of Meteorology, Ceylon Plywoods Corporation, Ceylon Leather Products Corporation, Ceylon Cement Corporation, Paranthan Chemicals Corporation, National Salt Corporation, Ceylon Mineral Sand Corporation, National Paper Corporation, Ceylon Ceramics Corporation, National Small Industries Corporation, Ceylon Petroleum Corporation, Ceylon Steel Corporation, Sri Lanka Tyre Corporation, Ceylon State Hardware Corporation, State Flour Milling Corporation, State Fertilizer Manufacturing Corporation, State Graphite Corporation, Sri Lanka Tobacco Industries Corporation, Jute Industries Corporation, Industrial Development Board, National Institute of Business Management, Ceylon Institute of Scientific and Industrial Research, Atomic Energy Authority, National Engineering Research and Development Centre of Sri Lanka, National Science Council of Ceylon and fourteen public Limited Liability Companies vested in the State.

*Ministry of Power and Energy.*—This Ministry is charged with the responsibility for the—

- (a) investigation, planning and development of power ;
- (b) development of electricity generating and distributing facilities throughout the Island including hydro-power and thermal power, rural electrification, issue of electricity licence and administration of the electricity Act, sale of electricity installation and maintenance of electrical facilities in Sri Lanka ;
- (c) rehabilitation of the Peasantry of the Kandy areas comprising of Central and Uva Provinces.

The Ministry provides general administration guidance and policy direction to the two institutions under its charge, viz., the Ceylon Electricity Board and the Department of Kandyan Peasantry Rehabilitation.

*Ministry of Finance and Planning.*—The Ministry of Finance and Planning is responsible for policy formulation, analysis and review in respect of matters with financial implication. The objective of the Ministry is to direct and implement policy and practices to ensure optimal and satisfying utilisation of financial resources of the country in such manner to attain rapid development as laid down in the Constitution and consonant with the national aspirations of the people as regards re-distributive and social justice and full employment.

Specifically it has the following major functions :—

- (a) Executive direction and supervision of all Departments and financial institutions under the Ministry ;
- (b) General supervision over the financial affairs of the entire Government ;
- (c) Study, formulation and administration of fiscal policies and budgetary and financial plans of Government, initiating legislation appropriate to the needs of the country ;
- (d) Undertaking public borrowing on the credit of the Government, collaboration with monetary authorities in the management of public debt ;
- (e) General supervision of public funds invested under the provisions of the law ; and
- (f) Collaboration with planning authorities in the formulation of national development policies.



The departments, corporations and other institutions which come under the purview of the Ministry are the Treasury, Department of Inland Revenue, Customs Department, Loan Board, Department of Excise, Valuation Department, Department of Credit Councils, Central Bank of Ceylon, Bank of Ceylon, People's Bank, National Savings Bank, Development Finance Corporation of Ceylon, State Mortgage and Investment Bank, State Gem Corporation, State Distilleries Corporation, National Lotteries Board, Lady Lochore Loan Fund, Department of External Resources, Department of National Planning and the Department of Economic Affairs.

*Ministry of Lands and Land Development.*—The Ministry is charged with the responsibility for the—

- (a) investigation, planning and development of water resources for irrigation, hydro-power and other purposes ;
- (b) investigation, planning and designing of irrigation works including lift irrigation, ground water, drainage and flood protection ;
- (c) bringing new land under cultivation by provision of irrigation facilities, land development, provision of civic facilities, settlement of colonists and management of colonization schemes in initial stages of development ;
- (d) reclamation and development of low-lying land in and around Colombo for urban development ;
- (e) maintenance and water management in all irrigation schemes inclusive of major lift irrigation and ground water ;
- (f) reclamation of low-lying land for agricultural purposes by provision of drainage facilities, flood protection and salt water exclusion ;
- (g) conduct of research and training of officers in regard to objectives of the Ministry ;
- (h) survey of undeveloped land for planned utilisation, and for various purposes and projects ;
- (i) survey of cultivated land for alienation for village expansion and middle class colonization schemes ;
- (j) survey of land for settlement under Land Settlement Ordinance ;
- (k) providing upto-date maps of the Island ;
- (l) administration of State land in the Island ;
- (m) promotion of agricultural development of State land by alienation and sale of land to peasants and other in various land settlement schemes ;
- (n) to reserve and maintain adequate and suitable forest reserves conducive to local climatic conditions, the conservation of soil and water resources and for aesthetic purposes ;
- (o) to manage scientifically the forest resources for purpose of utilization as timber requirements of the country ;
- (p) to progressively build up plantation forest estates to meet future requirements of the country both for internal consumption as well as for export and also to contribute towards conservation of soil and water ; and
- (q) to settle title land at the disposal of the state under the provisions of the Land Settlement Ordinance.

The Ministry provides general administration, guidance and policy directions relative to departments, boards and corporations under its charge, viz., Department of Land Commissioner, Land Settlement Department, Survey Department, Forest Department, Irrigation Department, Government Factory, Land Development Department, Department of Machinery and Equipment, State Timber Corporation, Water Resources Board, State Development and Construction Corporation and the Colombo District (Low-lying Areas) Reclamation and Development Board.

*Ministry of Mahaweli Development.*—The Ministry of Mahaweli Development is charged with the responsibility for development of the Mahaweli River Basin, its tributaries and their trans-basin development.



It provides general administration, guidance and policy directions to the Mahaweli Development Board and the Central Engineering Consultancy Bureau.

*Ministry of Parliamentary Affairs and Sports.*—The objectives of the Ministry are—

- (a) encouragement and development of sports activities and provision of recreational facilities ; and
- (b) proper functioning of Parliamentary Affairs. Some of the major functions of the Ministry are—
  - to provide assistance and encouragement to approved sports organizations, schools, local authorities, Government Agencies, community centres and the public for—
  - (i) development and encouragement of sports.
  - (ii) obtaining greater involvement of the public both as active participants and as spectators ; and
- (c) organisation of sports, sports seminars and coaching camps ;
- (d) co-ordinate participation in sports with foreign representation ;
- (e) assistance to Ministers regarding Parliamentary Affairs ;
- (f) provide staff for general administration and advisory services.

The Department of Rehabilitation functions under the Ministry.

*Ministry of Trade and Shipping.*—The main objectives of the Ministry are to foster, develop, promote and re-orient its activities in regard to—

- (a) commerce, trade and insurance ;
- (b) government supplies ;
- (c) marketing ;
- (d) shipping ;
- (e) merchant shipping ; and
- (f) provision of adequate and efficient port facilities and services.

The major functions of the Ministry include formulation and administration policies and the exercise of control and supervision over the activities within its purview.

The departments, statutory bodies and business undertakings under the Ministry are—Department of Commerce, Department of the Registrar of Companies, Department of Government Supplies, Department of Commodity Purchase, Department of Control of Imports and Exports, Department for Development of Marketing, Department of Price Control, Bureau of Ceylon Standards, National Metric Conversion Authority, Export Promotion Secretariat, Department of Merchant Shipping, Department of Coast Lights, Port Commission, Co-operative Wholesale Establishment, Sri Lanka Insurance Corporation, Sri Lanka State Trading (General) Corporation, Sri Lanka State Trading (Textile) Corporation, Sri Lanka (Tractor) Corporation, Sri Lanka State Trading (Consolidated Exports) Corporation, National Prices Commission, Ceylon Manufactures and Merchants Ltd., Colombo Commercial Company (Teas) Ltd., Essential Oils (Ceylon) Ltd., Acland Finance and Investments Ltd., Port (Cargo) Corporation, Ceylon Shipping Corporation, Port Tally and Protective Services Corporation and Central Freight Bureau of Sri Lanka.

*Ministry of Education.*—The Ministry of Education is responsible for the design, implementation and the maintenance of general education and teacher-education programmes in Sri Lanka.

Specifically the main objectives of the Ministry are—

- (a) to promote among all children of school-going age, physical, moral, cultural and social growth by the provision of educational facilities ;
- (b) to promote the development of a high level of learning and professional skills in fields as science, medicine, engineering and humanities, etc. ;



- (c) to promote adult education through specific programmes and to assist in the provision of education facilities to physically-handicapped children, students in estate schools, privenas and other educational institutions ;
- (d) to promote moral and spiritual development of youth and to inculcate in them a sense of good citizenship and an awareness for working towards national development.

In pursuance of these objectives, the Ministry undertakes—

- (a) design of educational programmes in conformity with emerging social and economic needs of the country ;
- (b) provision of appropriate resources for implementation of such programmes in the school system as staff, buildings, equipment and materials, etc., and
- (c) implementation of Educational Programmes and their maintenance, supervision, evaluation and continuous development to ensure their relevance to present day needs.

The Regional Departments of Education, UNESCO Secretariat in Sri Lanka and the Department of Examinations Board fall within the purview of the Ministry of Education.

Provision of appropriate resources in the implementation of education programmes is now a function of the Ministry of Education Services. The Department of Educational Publications and the Ceylon National Library Services Board function under this Ministry.

*Ministry of Higher Education.*—The Ministry at present functions under the President of the Republic and is responsible for formulating and implementing the system of higher education at the all island level. It maintains all Universities as well as technical institutes and Junior Technical Institutions which provide technically trained and skilled persons for national development.

Main objectives of the Ministry of Higher Education are as follows :

- (a) To devise a scheme of university education including traditional as well as an Open University with intention of promoting the development of a high level of learning and professional skills in fields as medicine, engineering, agriculture, the humanities, etc. ;
- (b) To devise and promote a system for the acquisition of technical knowledge and training, social and vocational skills through programmes provided in polytechnical/junior technical institutes ; and
- (c) To promote moral and spiritual development among the future generations and foster propagation of the Dhamma through programmes as outlined in the Buddhasrawaka Dharmapeetaya.

*Ministry of Fisheries.*—The Ministry of Fisheries is charged with the responsibility of promoting the development of the fishing industry, regulating fisheries activities and providing welfare amenities to those engaged in fishing. Its policy is determined at Ministerial level with the approval of the Cabinet and is executed through the agencies of the Ministry, viz., the Division of Fisheries, the Division of Fisheries Survey and Research, the Sri Lanka Fisheries Corporation, the Sri Lanka Fishery Harbours Corporation, the Institute of Fish Technology and the Coast Conservation Division.

The Division of Fisheries is charged more specifically with regulatory functions, the development of the fishing industry through progressive mechanization and co-operative effort and the improvement of social and economic conditions of the fishermen. The Division of Fisheries Survey and Research is responsible for a programme of research connected with the assessment and management of marine and inland fishery resources.

The Sri Lanka Fisheries Corporation handles commercial activities while the Sri Lanka Fishery Harbours Corporation is charged with the responsibility of the establishment, construction and maintenance of fishery harbours, anchorages and shore facilities. The Institute of Fish Technology would be responsible for the introduction of new processing and marketing techniques and the Coast Conservation Division for the conservation of the coast strips of the Island against sea erosion.



*Ministry of Rural Industrial Development.*—The main objectives of the Ministry of Rural Industrial Development are—

- (a) to foster growth in the rural small industrial sectors in such a manner so as to make maximum use of local resources, provide maximum employment opportunities possible to the rural population and plan location of small industries consistent with economic and other criteria ;
- (b) to stimulate traditional handicraft giving maximum support for the export of such handicrafts ;
- (c) to formulate policy regarding purchase of handicrafts from craftsman and for sale through the Laksala ;
- (d) to formulate general policies of livestock development for increased production by ensuring health of the national livestock herd and improving the indigeneous livestock population ;
- (e) to improve quality of breeding cattle and also availability of meat supplies for efficient marketing needs.
- (f) to make available animal feeds for livestock production ; and
- (g) to conduct research in processing, feeding, managing and health of livestock with a view to maximising animal production.

In pursuance of these objectives, the Ministry provides direction and guidance to implementing departments and corporations viz., Department of Small Industries, Department for Marketing and Export promotion for Handicrafts, Department of Animal Production and Health, Milk Board, Ceylon Oils and Fats Corporation and the National Livestock Development Board.

*Ministry of Youth Affairs and Employment.*—This Ministry is mainly responsible in providing an all island Youth Services Programme which includes involvement of youth in national service and youth employment.

Planning objectives of the Ministry are—

- (a) to foster among persons in Sri Lanka in general and among youth in particular, a spirit of national consciousness, sense of discipline, an awareness of social and economic problems and concept of the dignity of labour.
- (b) to assist in the enlistment of continuous and active participation of youth in national development schemes and projects.
- (c) to encourage voluntary organisations in promoting youth service activities.
- (d) to provide employment opportunities for youth and training youth for national employment in regard to skill and aptitudes.
- (e) to co-ordinate government and non-governmental activities designed to promote youth welfare.
- (f) to promote goodwill and mutual understanding between Sri Lanka and other countries by initiating youth exchange programmes.

In pursuance of these objectives, the Ministry undertakes to provide necessary guidance and directions to National Youth Service Council and National Apprenticeship Board.

*Ministry of State.*—The objectives of the Ministry are—

- (a) to direct and supervise the activities of the Government Press, Sri Lanka Broadcasting Corporation, State Printing Corporation and the Sri Lanka Press Council and provide information to the general public about policies, projects and activities of the Government giving wide publicity.
- (b) development of the tourist industry in Sri Lanka and providing satisfactory facilities and services to the tourists.
- (c) preservation of fauna and flora and exhibition of wild life in their natural habitat and in Zoological Gardens.



Among the major functions of the Ministry are—

- (a) distribution of official news to the Press and arranging Press Conferences.
- (b) preparation and issue of publicity literature.
- (c) advise on publicity to other Government Departments.
- (d) dissemination of information about Sri Lanka.
- (e) information and publicity material for Sri Lanka Missions abroad.
- (f) international agreements relating to publications.
- (g) sale, storage and despatch of Government publications other than departmental publications.
- (h) film coverage on major Government activities and preparation of films on them and also arrangements for film shows.
- (i) providing facilities for the local film industry
- (j) management of resthouses under Ceylon Tourist Board and Ceylon Hotels Corporation.
- (k) registration of tourist agencies and operation of tourist services.
- (l) development of the tourist industry.
- (m) fauna and flora protection.
- (n) game sanctuaries.
- (o) elephant and buffalo kraals
- (p) zoological gardens.

The Ministry provides general administration, guidance and policy direction to departments and corporations under its charge, viz., Department of Information, Department of Government Printing, Department of Wilde Life Conservation, Zoological Gardens, Sri Lanka Broadcasting Corporation, State Printing Corporation, Ceylon Tourist Board, Ceylon Hotels Corporation and Asian Hotels Corporation Ltd.

*Ministry of Regional Development.*—The Ministry of Regional Development was established in April, 1979.

Subjects and functions of the new Ministry are :—

- (a) development of Jaffna, Mannar, Vavuniya, Mullaitivu, Batticaloa, Amparai and Trincomalee districts ;
- (b) fostering and promoting Hindu Religions and Cultural Affairs ;
- (c) implementation of the Tamil Language provisions of the Constitution ;
- (d) rehabilitation work in the cyclone-affected districts.

The Ministry has as its objectives :

- (1) REGIONAL DEVELOPMENT.—development of the districts in the Northern and Eastern regions of the island
- (2) HINDU RELIGIOUS AND CULTURAL AFFAIRS.—Compiling a register of all the Hindu Temples and Hindu organisations functioning in Sri Lanka.
- (3) Introduction of Hindu temporalities legislation to conserve finances of Hindu temples.
- (4) Construction of memorials to Arumuga Navalar in Jaffna and Swami Vipulananda in Batticaloa.
- (5) Establishing a school for Hindu dance and Music in Batticaloa.
- (6) TAMIL AFFAIRS.—implementing the provisions of the Constitution on the use of Tamil and the development of Tamil Language and Culture.

Tee Palmyrah Development Board which functioned under the Ministry of Plantation Industries has been transferred to the Ministry of Regional Development with a view to initiating programmes for the development of the palmyrah industry.



*Ministry of Coconut Industries.*—The Ministry of Coconut Industries is responsible for the overall development of coconut plantations, agriculture and associated processing and industrial activity.

Specifically its main functions are :

- (1) Direction and supervision of the Statutory Boards under its charge, viz.—
  - (a) Coconut Development Authority
  - (b) Coconut Research Board
  - (c) Coconut Cultivation Board
  - (d) Government-owned Business Undertaking of British Ceylon Corporation.
- (2) Preparation of Short-Term and Long-Term Plans for the development of coconut plantation, agriculture and related activities.
- (3) Undertaking and encouraging the establishment of new plantations, replanting and rehabilitation of existing plantations and processing and marketing of coconut products ;
- (4) Promotion of research and experimentation into all aspects of cultivation and processing of coconut ;
- (5) Dissemination of information on cultivation processing and market prospects ;
- (6) Undertaking continuous service of the market structure and trends for coconut products with a view to ensuring that the country and the producer obtain fair and reasonable price for coconut products ;
- (7) Ensuring of adequate and continuous supplies of agricultural and other inputs and raw materials for the coconut plantation sector ;
- (8) Quality Control and general improvement of the quality of coconut products ;
- (9) Regulation of the coconut industry in the national interest.

The Ministry also undertakes discussion and negotiations with other countries and international organizations with a view to making international arrangements for the stabilization and improvement of coconut prices and the promotion of markets abroad for the coconut products.

### Local Government

Local Administration in Sri Lanka dates back to the times of the ancient sinhalese kings. The 'Gan Sabha' and the 'Rata Sabha' were institutions representative of village leaders generally the elders who dealt with petty feuds, in particular those relating to persons and property. Offences of a serious nature were referred to the king who exercised his prerogative in dealing with such cases. These local institutions however, were void of much legal impact though nevertheless they apparently seemed to have imbibed some fundamental principles of democracy.

The ancient system of local government gradually disappeared particularly during the Portuguese and the Dutch periods. There was some form of a revival during the British occupation. Statutory recognition to these local institutions was given during the latter part of the nineteenth century, but was mainly confined to village agriculture and irrigation works. This was the beginning of local government as known at present. The first ordinance establishing Municipalities was enacted in 1865. The Local Board of Health and Improvement, a precursor of the present day Urban Council was first established in 1876.

Successive legislation was enacted to constitute more local authorities with a wide range of powers and functions specially during the post-independence era.



Excepting the area north of Colombo (with Kelani river as an arbitrary demarcation) covering about 500 sq. kilometres administered by the G. C. E. C. local administration of the rest of the island is a function of the various local authorities scattered over Sri Lanka.

The apex institution of local government is the Municipal Council which has wider powers in administrative and financial matters than their other counterparts, viz., Urban Councils, Town Councils and Village Councils.

There are at present 540 Village Councils, 76 Town Councils, 35 Urban Councils and 11 Municipal Councils.

Elections to these local authorities are quite similar to those of Parliamentary elections and are governed by the Local Authorities Elections Ordinance.



## CHAPTER IV

### DEFENCE AND SECURITY AND FOREIGN AFFAIRS

#### Defence

The President of the Republic functions as the Minister of Defence. The defence of Sri Lanka the Police Service, Citizenship, Immigration and Emigration, the Public Performance Board Registration of Persons and Aviation fall within the purview of the Ministry of Defence.

The following Departments function under the Ministry of Defence :—

- (a) The Sri Lanka Army
- (b) Sri Lanka Navy
- (c) Sri Lanka Air Force
- (d) Police Department
- (e) Departments of Immigration and Emigration and Registration of Persons of Indian Origin
- (f) Department for the Registration of Persons
- (g) Department of Civil Aviation
- (h) Public Performance Board.

The primary function of the Ministry is defending the country and ensuring the security of the State.

#### THE SRI LANKA ARMY

The Army consists of a Regular Force, Regular Reserve, Volunteer Force and General Reserve on the authority of the Army Act, (No. 19) of 1949. It is organised into various units consisting of 'Arms' and Supporting Services.

*Role of the Army.*—(a) To defend Sri Lanka against aggression by any external forces or internal forces.

(b) To assist the civil authority in the maintenance of peace and order, and in the enforcement of law when called upon to do so by the legally constituted government.

(c) To participate in non-military duties as ordered by the government, especially those connected with national development and in the maintenance of essential services.

The role of the volunteer force is to reinforce the regular force at times of emergency.

#### THE SRI LANKA NAVY

The Sri Lanka Navy came into being on 9 December, 1950. The Navy Act of the Revised Edition of the Legislative Enactments of Ceylon provided for the regulation and administrative procedures of the Regular Naval Force, the Regular Naval Reserve, the Volunteer Naval Force and the Volunteer Naval Reserve.

The roles of the Navy are many and varied. Important among them are—

- (a) Coastal Surveillance
- (b) Anti-Illicit Immigration
- (c) Anti-Smuggling
- (d) Search and Rescue of fishing and other craft in distress at sea
- (e) Flood Relief



- (f) Internal Security, Road Patrols, Aid to civil power in the maintenance of law and order
- (g) Technical Assistance to Government Departments and Corporations by manning ports, tugs and barges, supply of fuel and water to merchant ships, sewage and water supply services in time of strikes
- (h) Diving and salvage work
- (i) Assistance to Government Departments and Corporations by affording maritime training facilities, manning of ship of the Shipping Corporation, a training vessel of the Fisheries Corporation and a tanker of the Petroleum Corporation and
- (j) Administration and operation of the Lighthouses at Beruwala, Dondra, Great Bases and Little Bases.

#### THE SRI LANKA AIR FORCE

The Sri Lanka Air Force (SLAF), the youngest of the armed services, was formed in 1951. At its inception the Air Force had certain well defined objectives, and these were subsequently widened in scope and depth, to correspond with its expansion and development.

The Sri Lanka Air Force has projected itself to programmes which have either earned revenue for the country, or have saved the country's expenditure by accomplishing development projects which would otherwise have taxed Sri Lanka's exchequer and resources.

In specific terms, SLAF objectives fall into two categories of Air Role and Ground Role. Those objectives within the Air Force are—

- (a) Ground Attack
- (b) Air support to the other Armed Services
- (c) Air Transport for VVIPs and VIPs
- (d) Internal Security Air Patrols
- (e) Development Project Air Operations
- (f) Search and Location of Vessels in Distress at Sea as well as Rescue Operations at Sea
- (g) Casualty and Emergency Evacuation by Air
- (h) Flying Training
- (i) Commercial Flying.

*Air Cadet Corps.*—The Air Force will shortly establish an Air Cadet Corps, similar to the Army and Police Corps. The S. L. A. F. expects considerable enthusiasm among youth to join the Air Cadet Corps.

#### POLICE

Police strength as at end of 1978 was 16,469. Incidence of grave crime showed a decrease from 83,082 in 1977 to 62,934 in 1978; a drop of 23.4 per cent. Road traffic accidents recorded an increase with 18,108 cases, of which 1,088 proved fatal.

Some of the steps taken by the Department to meet the increase in crime are as follows :

- (a) A crime Detection Bureau has been opened at each District and Divisional Headquarters, thereby facilitating criminal investigations and the collection of criminal intelligence.
- (b) Radio communications between the outstations and Colombo have been improved and steps are being taken to connect all police stations in the outstations with radio communications to the Superintendent's office.
- (c) Positive steps to remove the difficulties that existed between the Police and the public, in respect of public relations, have been taken and the public are now less diffident to make complaints at Police Stations. Complaints against the Police have been considerably reduced thereby.



- (d) Measures have been taken to protect train and bus commuters.
- (e) Decentralised Security Committee meetings are held in order to ensure closer liaison with Service units and the Police in the field.
- (f) Mobile Police Stations operate in more remote areas.
- (g) The Special Police Reserve has been augmented.
- (h) The mobility of the Police Force has been improved by allocation of additional vehicles.

#### DEPARTMENTS OF IMMIGRATION AND EMIGRATION AND REGISTRATION OF PERSONS OF INDIAN ORIGIN

Before gaining Independence in 1948, Sri Lanka had no proper control over the entry of foreigners into and their stay in the Island. Therefore, after Independence, it was considered essential to take necessary steps to remedy this. Accordingly, the Immigrants and Emigrants Act, No. 20 of 1948 was passed by the Parliament with a view to controlling the entry of foreigners to Sri Lanka and to regulate their departure. To implement this act, the Department of Immigration and Emigration was established.

Because of the Immigration and Citizenship Laws in force in India and Sri Lanka, after Independence, the citizenship status of the Indian labourers and their descendants were in doubt. They were referred to as "Stateless Persons". In 1964, the Prime Ministers of India and Sri Lanka entered into an agreement on the Citizenship status and the future of these persons, and a department for the registration of Persons of Indian Origin was established, in order to implement this Agreement.

Both these Departments function under the Ministry of Defence.

*Functions.*—The main functions of the Department of Immigration and Emigration are :

- (a) The issuing of Sri Lanka Passports and Emergency Certificates to Citizens of Sri Lanka for travel abroad ;
- (b) The issuing of Visas to foreigners coming to Sri Lanka as Tourists or short-term visitors, the issue of Residence Visas to foreigners for Residence or employment and ensuring that foreigners leave the country on the expiry of their visas ; and
- (c) The arrest and removal of illicit immigrants from Sri Lanka.

The main functions of the Department for the Registration of Persons of Indian Origin are—

- (a) To repatriate 525,000 persons covered by the Indo-Ceylon Agreement of 1964 ; and
- (b) To grant Sri Lanka Citizenship to 300,000 persons covered by the same agreement.

Travel documents issued by the Department are—

- (a) *Sri Lanka Passports.*—Sri Lanka Passports<sup>\*</sup> are issued to Sri Lanka citizens only and are valid for travel to any country endorsed on them.
- (b) *Sri Lanka Emergency Certificates.*—Sri Lanka Emergency Certificates are issued only to citizens of Sri Lanka and are valid for travel to India, Nepal and Pakistan only.
- (c) *Sri Lanka Identity Certificates.*—A Sri Lanka Identity Certificate is issued to a person who is not a citizen of Sri Lanka and who is unable to obtain a national travel document for some reason or other and has to travel abroad urgently.



TABLE 3° 1(a)—MONTHLY ISSUE OF TRAVEL DOCUMENTS —1979

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Passports	11,067	10,099	10,794	10,535	10,590	12,483	11,762	12,702	10,817	7,380	7,146	5,066	120,441
Emergency Certificates	958	625	597	561	564	722	885	953	607	450	494	379	7,785
Passport Renewals	4,249	4,010	4,069	3,632	5,151	4,704	4,862	5,039	4,113	4,708	3,588	3,217	51,342
Identity certificates	13	4	15	21	27	21	17	33	31	30	10	12	234
Total	16,287	14,738	15,465	14,749	16,332	17,930	17,526	18,727	15,568	12,568	11,238	8,674	179,802



*Visit Visas.*—Nationals of several countries have been exempted from the requirement of obtaining prior visas for entry into Sri Lanka provided they come as *bona fide* tourists. They are given permission at the port of arrival by an endorsement made on their passports, if in possession of a valid passport, an outward ticket, or foreign exchange for the purchase of a ticket and sufficient foreign exchange for their maintenance during the period of stay in Sri Lanka.

The countries whose nationals have been exempted are—

Australia	Malaysia
Austria	Japan
U. K. and Colonies	Luxembourg
Belgium	The Netherlands
Canada	New Zealand
Denmark	Norway
Eire	Singapore
Federal Republic of Germany	Sweden
Finland	Switzerland
France	Thailand
Indonesia	U. S. A.
Italy	Republic of Philippines
Pakistan	

Statistics of foreigners who visited Sri Lanka on Visit Visas from January to December 1979 are given in the table 3-2.

*Residence Visas.*—A Residence Visa, unlike a Visit Visa, is issued for a longer period to enable a foreigner to reside or be employed in Sri Lanka.

The Residence Visas for employment are issued under the revised Ceylonisation policy. Residence visas for employment which were formerly issued on a quota basis are now issued only if Sri Lanka Nationals are not available for particular posts.

However, the Residence Visas for employment are issued to foreigners outside the aforesaid policy, if their services are recommended to be very essential for the execution of socio-economic development schemes implemented under Government policy.

The Residence Visas under the "Resident Guest Scheme" are also issued, after making amendments on the conditions to be fulfilled, enabling distinguished foreign personnel to reside in Sri Lanka.

*Illicit Immigration.*—An organisation for the control of illicit immigration was set up, which is under the immediate command of a Senior Army Officer, in which the Army, Navy, Air Force and the Police all participate to prevent the entry of illicit immigrants into the Island.

The organisation covers the entire coast line in the North from Kalpitiya to Trincomalee. The Civil authorities in these areas assist this organisation in this difficult task.

This Department of Immigration and Emigration with the assistance of the Police carry out "Combing out Operations" to arrest the illicit immigrants who had entered Sri Lanka at an earlier date.

*Indo-Ceylon Agreement.*—Under the Indo-Ceylon Agreement of 1964, 525,000 persons covered by the Agreement are to be repatriated to India and Sri Lanka citizenship granted to 300,000 persons covered by the Agreement on the ratio of 7 : 4.

The Act No. 14 of 1967 amended by Act No. 43 of 1971, provides for the granting of Sri Lanka citizenship in terms of the provisions of the Agreement, issuing of Temporary Residence Permits to those persons who have been recognised as Indian Citizens, repatriation of such persons and for other matters connected with the implementation of the Agreement.



TABLE 3.2 (b)—MONTHLY STATISTICS OF FOREIGNERS VISITING SRI LANKA BY COUNTRY OF ORIGIN—1979

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
India and Pakistan	3,596	3,337	3,540	3,652	5,258	3,494	2,863	3,702	3,971	5,026	1,565	1,763	41,757
Other Commonwealth Countries	3,500	3,422	3,157	2,338	2,030	2,099	3,215	3,213	2,591	3,102	3,232	4,960	36,859
Alien	23,606	22,295	22,536	14,586	6,996	6,750	12,613	15,784	9,555	13,198	21,507	26,083	195,509
Total	30,702	29,054	29,233	20,576	14,284	12,343	18,691	22,699	16,117	21,326	26,294	32,806	274,125

TABLE 3.3—MONTHLY PROGRESS OF INDO-CEYLON AGREEMENT

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Total
<i>No. of Repatriates to India—</i>													
Persons come under the Agreement	928	1,444	1,928	1,519	1,377	1,774	1,643	1,134	1,503	2,689	03	—	15,942
Natural Increase	353	712	953	740	653	884	794	528	801	1,426	—	—	7,852
<i>No. of Persons Granted Sri Lanka Citizenship—</i>													
* Persons come under the Agreement	527	907	1,001	922	712	1,093	984	609	925	1,432	—	—	9,112
Natural Increase	193	384	374	392	303	645	437	525	299	609	—	—	4,161



## DEPARTMENT FOR THE REGISTRATION OF PERSONS

The Department for the Registration of Persons is responsible for implementing the Registration of Persons Act (No. 32) of 1968. All persons over 18 years of age lawfully resident in Sri Lanka, except those who are exempted, have to be registered and issued with identity cards.

Persons entering Sri Lanka who are liable for registration should apply within 6 months of their arrival.

Persons reaching 18 years of age should apply for registration before they reach the age of nineteen years.

The scheme for issuing identity cards to students appearing for examinations held by the Department of Examinations which was initiated in 1975 on a request made by the Commissioner of Examinations has been continued in 1977 and 1978 in respect of students sitting the G. C. E. (A.L.) Examination in April and G. C. E. (O. L.) Examination in August. By this exercise approximately Rs. 2,020,000 have been saved by the parents of these students.

Statistics relating to applications registered and identity cards issued for the year 1979 are given below :

	1979
<i>Process</i>	
(1) Number of applications received at the Head Office	.. 189,913
(2) Number of Identity Cards despatched	.. 191,937
<i>Students' Identity Cards</i>	
Number of applications received from students	.. 2,404
Number of Identity Cards issued to students	.. 2,479
Revenue (Total)	.. Rs. 881,575
Expenditure (Total)	.. Rs. 2,127,573

The discrepancy in the number of identity cards issued and the number of applications received is due to the issue of identity cards in respect of applications received in the preceding year, during the course of the current year.

## Foreign Policy

In foreign affairs, Sri Lanka pursues a policy of strict non-alignment which traces back to the Afro-Asian or what is popularly known as the Bandung Conference in April, 1955.

The directive principles of state policy relating to international affairs as outlined in Sri Lanka's Constitution read : " The State shall promote international peace, security and Co-operation and the establishment of a just and equitable international economic and social order and shall endeavour to foster respect for international law and treaty obligations in dealing with other nations. "

The Government would follow an independent foreign policy which would be opposed to imperialism and Colonialism in all their manifestations. The Government would not permit any interference by foreign countries in its domestic or external affairs.

In pursuance of this policy the Government would (1) continue to give unqualified support for the principles and objectives as embodied in the U. N. and its Agencies in their efforts to (a) preserve peace throughout the world and (b) introduce a new International Economic Order (2) Give unstinted support to eliminate poverty and its social ills that now characterise the Third World Countries (3) Support the principles of Non-Alignment as adopted at the Bandung Conference.



Sri Lanka hosted the first Non-Aligned Summit Conference in Colombo during 1975. At the second summit of the non-aligned countries in Havana in 1978, Sri Lanka was represented by His Excellency J. R. Jayewardene, the President of the Republic.

#### Diplomatic Relations

Sri Lanka is Concurrently accredited to the following countries :

Afghanistan	Lebanon
Argentina	Libya
Australia	Malaysia
Austria	Mauritius
Bangladesh	Mexico
Belgium	Mongolia
Brazil	Nepal
Bulgaria	Netherlands
Burma	New Zealand
Canada	Nigeria
China	Norway
Cuba	Pakistan
Czechoslovakia	Philippines
Denmark	Poland
Egypt	Portugal
Ethiopia	Qatar
Finland	Romania
France	Saudi Arabia
German Democratic Republic	Senegal
Germany, Federal Republic of	Singapore
Ghana	Spain
Greece	Sudan
Guyana	Sweden
Holy Sea	Switzerland
Hungary	Syria
India	Thailand
Indonesia	Trinidad and Tobago
Iran	Turkey
Iraq	Uganda
Italy	Union of Soviet Socialist Republics
Japan	United Kingdom of Great Britain and Northern Ireland
Jordan	United States of America
Kenya	Vietnam
Korea, Democratic Peoples Republic of	Yugoslavia
Korea, Republic of	Zaire
Kuwait	Zambia
Laos	

#### CONSULAR CORPS.

Honorary Consuls represent the following countries :

Austria	Mexico
Belgium	Nepal
Brazil	Netherlands
Cyprus	Norway
Denmark	Peru
Dominican Republic	Spain
Finland	Sweden
Greece	Turkey
Liberia	



**OTHER REPRESENTATION**

Palestine Liberation Organization

United Nations Development Programme (UNDP)

United Nations Information Centre (UNIC)

World Food Programme (WFP)

United Nations Fund for Population Activities (UNFPA)

United Nations Industrial Development Organization (UNIDO)

United Nations Childrens Fund

World Health Organization

International Monetary Fund

International Bank for Reconstruction and Development (World Bank)

Food and Agriculture Organization

Colombo Plan

The Norwegian Agency for Development Co-operation (NORAD)

World Tourism Organization

**SRI LANKA REPRESENTATION ABROAD INCLUDE THE FOLLOWING COUNTRIES**

Australia

Bangladesh

Belgium

Britain

Burma

Canada

China, Peoples Republic of

Egypt, Arab Republic of

France

Germany, Federal Republic of

India

Indonesia

Iraq

Italy

Japan

Kenya

Malaysia

Pakistan

Philippines

Singapore

Sweden

Switzerland

Thailand

United Arab Emirates

United Nations (New York)

United States of America

Union of Soviet Socialist Republics

Yugoslavia

**HONORARY CONSUL GENERALS, HONORARY CONSULS AND TRADE COMMISSIONERS REPRESENT SRI LANKA IN THE FOLLOWING COUNTRIES**

Austria

Denmark

Federal Republic of Germany, Hamburg

West Berlin

Munich

Thailand

New Zealand

United States of America, Chicago, Illinois

Seattle, Washington

New Orleans, Louisiana

Los Angeles, California

Zambia

Hong Kong



## CHAPTER V

### POPULATION, VITAL STATISTICS AND MIGRATION

#### General

Estimates of the size and distribution of the population of ancient Sri Lanka cannot be made with reasonable accuracy for want of adequate data. Various writers in Sri Lanka however, have made estimates of population in ancient times and these were summed up in the Country Monograph 'Population of Sri Lanka' published recently by the Economic Commission for Asia and the Pacific and are as follows :

<i>Author</i>	<i>Estimated population</i>
	(millions)
Tennent	17.5
Knighton	7.5
Pridham	6.0
Forbes	5.0
Arunachalam	10.0
Sarkar	<div style="display: inline-block; vertical-align: middle;"> <div style="border-left: 1px solid black; padding-left: 5px; margin: 0;">8.47</div> <div style="border-left: 1px solid black; padding-left: 5px; margin: 0;">7.08</div> </div>

More reliable population data for Sri Lanka is available only from 1871 when the country took its first modern census. Since then, with a few exceptions, Sri Lanka has conducted population censuses at ten-year intervals and the eleventh of the series was held in 1971. The next census of population is planned for 1981. In addition to the census data on population, the registration data on births, deaths and marriages, etc., are also available from 1867. Registration of vital events, however became compulsory only in 1897. In the earlier years the reliability of data both from the censuses and compulsory registration was somewhat dubious though with time both coverage and accuracy have greatly improved.

#### Population Growth

At the census of 1871 the enumerated population was only 2,400,380. In 1931 it was 5,306,871. The census of 1946 showed a population of 6,657,339 indicating an increase of 25.4 per cent over the 1931 figure. The year 1946 has a special significance in the demographic growth patterns of Sri Lanka. In the pre 1946 period even with a substantial of net migration, the average annual inter-censal growth rate was below 2 per cent, ranging from 0.9 per cent to 1.7 per cent. In the post-1946 period in contrast, the average annual inter-censal growth of population was over 2 per cent.

The census of population of 1971 showed a population of 12,689,897 and the latest estimate of the mid year population in 1979 was 14,471,000, which amounted to an annual increase of 2.0 per cent over the previous year.

Migration in the post-1946 period did not contribute in a significant way to the growth of population. The rate of natural increase played the major role. The crucial factor in the rise in the rate of natural increase was not a substantial increase in the birth rate but the spectacular decline in the death rate.



The trends in population growth in Sri Lanka are given in tables 5.1 and 5.2.

TABLE 5.1—POPULATION OF SRI LANKA (CEYLON) IN CENSUS YEARS 1871 TO 1971 AND MID-YEAR ESTIMATES OF THE POPULATION FROM 1972-1979

Census year	Population	Inter-censal increase	Percentage increase
1871	2,400,380	—	—
1881	2,759,738	359,358	15.0
1891	3,007,789	248,051	9.0
1901	3,565,954	558,165	18.6
1911	4,106,350	540,396	15.2
1921	4,498,605	392,255	9.5
1931	5,306,871	808,266	18.0
1946	6,657,339	1,350,468	25.4
1953	8,097,895	1,440,556	21.6
1963	10,582,064	2,484,169	30.7
1971	12,689,897	1,107,833	19.9
1972	12,861,000	—	—
1973	13,091,000	230,000	1.8
1974	13,284,000	193,000	1.5
1975	13,496,000	212,000	1.6
1976	13,717,000	221,000	1.6
1977	13,942,000	225,000	1.6
1978	14,190,000	248,000	1.8
1979	14,471,000	281,000	2.0

TABLE 5.2—INTER-CENSAL INCREASE—BIRTHS, DEATHS, NATURAL INCREASE AND MIGRATION INCREASE

Period	Total		Deaths	Natural increase		Migration increase	
	Inter-censal increase	Births		Number	% of total increase	Number estimated	% of total increase
1871-1880	359,358	708,150	588,358	119,792	33.3	239,566	66.7
1881-1890	248,051	836,636	692,376	144,260	58.2	103,791	41.8
1891-1900	558,165	1,122,041	896,635	225,406	40.4	332,759	59.6
1901-1910	540,396	1,459,618	1,103,471	356,147	65.9	184,249	34.1
1911-1920	392,255	1,648,066	1,328,656	319,410	81.4	72,845	18.6
1921-1930	808,266	1,946,115	1,289,165	656,950	81.3	151,316	18.7
1931-1945	1,350,468	3,209,520	1,928,604	1,280,916	94.8	69,552	5.2
1946-1952	1,440,556	2,053,420	700,814	1,352,606	92.2	87,950	6.1
1953-1962	2,484,169	3,517,929	912,976	2,604,953	101.2	-120,784	-4.9
1963-1971	2,107,833	3,066,461	777,835	2,288,626	103.7	-180,793	-8.6

Note.—Figures from 1946 onwards were adjusted in conformity with the revised data on births and deaths.



### Mortality

The crude death rate has shown a declining trend during the first half of the present century, moving down from 24.6 per 1,000 population in the period 1931-35 to 21.4 in the period 1936-40. In 1953 it was 10.7. The crude death rate showed a rapid decline of 30 percent in 1947 when it dropped to 14.0 per 1,000 population from the level of 19.8 per 1,000 population in the previous year. The spectacular drop in the death rate is often attributed to the programme of D. D. T. spraying for the control of malaria which had been a major health hazard in the country for years. However other factors too, such as improvements in the medical facilities of the rural areas, increase in the public health consciousness of the people and other welfare measures adopted by the Government, also appeared to have contributed to this reduction in the death rate. From 1960s onwards the crude death rate was almost around 8.5 per 1,000 population. By the end of the next decade it further declined and reached a figure of 6.5 in 1979.

The infant mortality rate and the maternal mortality rate too showed a rapid improvement over the years. Due to improved and expanded midwifery and child care services and improved nutrition and environmental sanitation, the infant mortality rate declined sharply from 141 per 1,000 live births in 1946 to 101.4 in 1947 and was 42.4 in 1979. For the same reasons coupled with the improvement of ante-natal care, the maternal mortality rate fell from 15.5 per 1,000 live births in 1946 to 10.6 in 1947 and reached 0.9 in 1976, the lowest level ever recorded in Sri Lanka. It moved up slightly to 1.0 in 1977.

The expectation of life at birth almost doubled during the first seven decades of this century. One of the striking features of the early estimates of life expectancy in Sri Lanka, was the excess of female mortality over that of males. The Life Table for 1900-02 showed an advantage of 2.2 years in the expectation of life at birth for males over that of females. With improvements in the medical facilities and changes in the patterns of mortality particularly among females, this situation has changed and a slight excess of life expectancy for females over males was recorded in 1963. In 1971, expectation of life at birth for males was 64.2 years and that for females was 66.7.

### Causes of Death

Improvements in mortality control achieved during the past three decades are reflected in the changing pattern of causes of death. One of the significant features of the changing pattern of causes of death is the decline in deaths due to communicable diseases. The death rate per 100,000 population due to infectious, parasitic and respiratory system diseases had declined from 507.3 in 1945 to 90.0 in 1965; the Malaria death rate fell from 128.4 per 100,000 population to 0.1 during the same period. Similar improvements have been recorded for diseases such as Tuberculosis of the respiratory system, Typhoid, Influenza, Pneumonia, etc. Deaths due to cancer however have showed an increase from 12.7 per 100,000 population to 27.3 in 1965. This may be partly explained by the improvements in the diagnosis and the increased coverage of death registration by medically qualified personnel. The same reason would perhaps explain a part of the rise in deaths due to diseases relating to the circulatory system. The death rate due to these causes have increased from 60.6 per 100,000 population to 91.8 in 1965. There has been a rapid drop in the death rate due to diseases peculiar to early pregnancy, but they still represent a major cause of death in the country.

### Fertility

While the crude death rate declined rapidly in the post 1946 period, the crude birth rate had been in the neighbourhood of 40 per 1,000 population until about mid 1950s. A definite declining trend in the birth rate was evident only after 1960. In the inter-censal period between 1953 and 1963 the crude birth rate showed a 12 per cent drop, declining from 38.7 per 1,000 population to 34.1 in 1963.

The crude birth rate declined further in 1971 to 30.4 and in 1979 to 28.7 per 1,000 population.

A greater part of the decline in fertility in Sri Lanka has been attributed to marriage postponement of females resulting in a decrease in the proportions married among the younger females.



Marital fertility changed very little between 1953 and 1963. Between 1963 and 1971 changes in marital fertility rate contributed to about 40 per cent of the decline.

#### Age and Sex Composition

Because of the high fertility in the past, the population of Sri Lanka has a high proportion of children showing a broadbased age-pyramid. Children under the age of 15 years accounted for 39.3 per cent of the total population in 1971 while the percentage of persons in the age group of 65 and above was 4.4.

Accordingly, the age composition of the population showed a serious dependency burden to the country in spite of the existing high trends in unemployment and underemployment. The dependency ratio in 1971 was 70.0 per cent while the dependency ratio of the older group was 7.7 per cent.

Data on the sex distribution in Sri Lanka at all the censuses consistently shows more males than females in the total population. In 1971, 51.3 per cent of the total population were males. Selective male immigration and higher mortality among females were the main factors responsible for this situation. Relative under-enumeration of females may also have been a contributory factor. This ratio has declined gradually over the years. In 1871 the ratio of males per 100 females was 114.3. It gradually declined to 105.5 in 1975.

According to the registration data the sex ratio at birth varied slightly over the years but has generally over 100. Recent available data on sex-ratio give a figure of 104.6 male births per 100 female births.

#### Ethnic and Religious Composition

A Census of Population was taken on 9 October, 1971. The total number of persons enumerated at this census was 12,689,897 as compared with 10,582,064 persons enumerated at the last census of 1963. The population increase since the 1963 census was 2,107,833 or 19.9 per cent. The number of males enumerated at the 1971 census was 6,531,361 and the number of females 6,158,536. Percentage-wise the composition in the total population was respectively 51.4 and 48.6 per cent.

Tables 5.3 and 5.4 show the population of Sri Lanka by ethnic group and by religion.

TABLE 5.3—POPULATION OF SRI LANKA (CEYLON) BY ETHNIC GROUP AS ON 9TH OCTOBER 1971 AND THE ESTIMATED POPULATION FOR 1978

	1971		1978	
	Number	Percent	Number	Percent
All Ethnic Groups	12,689,897	100.0	14,190,000	100.0
Low Country Sinhalese	5,425,780	42.8	10,402,000	73.30
Kandyan Sinhalese	3,705,461	29.2		
Ceylon Tamils	1,423,981	11.2	2,669,000	18.81
Indian Tamils	1,174,606	9.3		
Ceylon Moors	828,304	6.5	978,000	6.90
Indian Moors	27,420	0.2	29,000	.20
Burghers and Eurasians	45,376	0.4	48,000	.34
Malays	43,459	0.3	48,000	.34
Others	15,510	0.1	15,000	.11



These are issued through the Registrar of Marriages in various parts of the island.

### Population Policy Implementation

The Ministry of Plan Implementation is responsible for the formulation of population policy and its implementation. Accordingly a Population Division has been established with the following functions :—

- (1) Assist in the formulation of appropriate population policies for consideration by the Government.
- (2) Evaluation of the existing population policies to determine their short-term and long-term impact on population growth and development.
- (3) Co-ordination of all population activities that are being implemented by various line Ministries and voluntary organisations such as the Sri Lanka Family Planning Association, the Community Development Services, etc., which are being funded by the United Nations Fund for Population Activities.
- (4) Advising line Ministries on the formulation of population projects for external funding and approving such projects for external funding.
- (5) Direction of research activities in relation to population and family planning.
- (6) Co-ordination of all UNICEF assisted country programmes.
- (7) Co-ordination of all Asia Foundation assisted projects.

Fifteen population projects funded by the UNFPA have been implemented during the year 1979 by several line Ministries such as health, education, higher education, state, labour, plantation industries and voluntary organisations as the Sri Lanka Family Planning Association, the Community Development Services, etc. These projects were co-ordinated by a steering committee specially appointed for the purpose and chaired by the Secretary, Ministry of Plan Implementation.

A Population Information Centre was set up in June 1979 with a view to providing population related information to those actively interested and engaged in population activities both in the Country and in the region.



## CHAPTER VI

### THE NATIONAL ECONOMY

#### Review of the Past

When Sri Lanka gained independence in 1948, one of the main areas which drew the attention of the authorities was the disparity between the subsistence agricultural sector and the modern plantations sector of the economy. Early development strategies, soon after independence, therefore concentrated on the upliftment of the subsistence sector. While dealing with this problem, it was also noted that earnings from the major exports (tea, rubber and coconut) were no longer sufficient to meet the requirements of the rapidly increasing population and new aspirations as regards living standards.

The Government attempted to solve the problem in a number of ways. Strong emphasis was placed on the diversification of the economy. The budgets of successive Finance Ministers in the fifties and sixties had as their main theme, the diversification of the economy, modernisation of the rural sector, removal of social barriers which impaired increased production in the rural sector, etc. Thus a general effort towards development commenced. In addition, the Government also introduced welfare measures such as free education and health services, subsidised food, etc.

The diversification efforts through industrial development were aided by a series of import and exchange control measures which had to be taken by the Government from the late fifties to arrest the erosion of foreign exchange. These measures which were precipitated by adverse trends in the export markets for tea, rubber and coconut, emphasised the necessity for import substitution industries to develop both in the State sector (through number of industrial corporations) and in the private sector. In spite of the program for the modernisation of the agricultural sector, the limitations of the industrialisation policy based on import substitution became clear by the late sixties and the seventies. Sri Lanka, being a small country, could not forge ahead in industrialisation without breaking into the export market.

The modernisation of the agricultural sector was attempted through various means. The State organised cheap credit facilities and fertiliser at subsidised prices. Guaranteed prices were paid by the State for paddy and several other minor food crops such as pulses, cereals, onions, chillies and potatoes. These prices were increased over time to cover up increases in production costs. The co-operative system was re-organised to make these purchases. Better security of tenure and reasonable rent payments were among welfare measures for tenant farmers that were provided under the Paddy Lands Act of 1958. The paddy acreage itself was increased with the help of colonisation schemes and improved irrigation facilities.

The plantation sector was not neglected. To help this sector, the Government provided subsidies for replantation schemes. Although the total acreages either remained static or declined over the years the replantation schemes helped increase productivity of the lands. Fertilizer was also made available at subsidised prices. Modernisation of tea estates was aided through assistance from the Asian Development Bank during recent years.

In spite of these efforts, the country met with only limited success in its development efforts. The continued adverse market trends for major exports since mid-fifties, increases in the prices of imported items, increased capital requirements for intermediate and consumption goods meant that the country had to choose between two alternatives which were open to it.

The first was to allow imports and exports to flow relatively freely (with selective restrictions through high tariffs), allowing market forces to determine the quantum and prices of imports and exports including the value of the Sri Lanka rupee. Market forces may also determine local activities with



the Government intervening in only very few crucial areas to guide development and help the economically weak sectors. The second alternative was to resort to controls and direct participation by the Government in the highly developed and related activities.

Excepting for the period 1965 to 1970 and a brief 3 months spell in 1960, the Governments of the day since 1956 until July 1977 were inclined to follow the second alternative. Over the years, the Government gradually built up controls on the imports and flow of foreign exchange out of the country. Through a number of trading corporations the Government also became a direct importer and virtually had the sole monopoly of all imports to the country. These trading corporations and the co-operative system also helped the Government to exert considerable impact over the distribution of items in the local market. Aided by a series of land reforms, the plantations (especially tea and to a lesser extent other crops) and consequently the export trade, has come under the influence of the Government.

Government control over foreign trade, together with the creation of the Central Freight Bureau to rationalise export cargo and negotiate attractive freight rates contributed substantially in the transport of cargo to and from Sri Lanka by the State owned vessels of the Shipping Corporation. The controls on imports and stagnant exports meant that the Government owned ports did not have much scope for development. The existing equipment was somewhat neglected and gradually became worn out.

Controls were also imposed over banking and the insurance systems in the country. The two State banks (The Bank of Ceylon and the People's Bank) expanded considerably while the other (foreign) banks were restricted from opening new accounts. Savings and other development-oriented financial institutions such as the National Savings Bank, The Development Finance Corporation, The Agricultural and Industrial Credit Corporation also came into existence and gained importance. The Insurance Corporation was given the monopoly over all insurance business.

In the field of transportation, the railway continued to be operated as a Government department. Bus services were nationalised in 1958 and have been managed by the Ceylon Transport Board. A substantial portion of goods haulage by road remained in the hands of private lorry owners. In view of the serious foreign exchange difficulties however, the number of new lorries imported for use by the private operators was almost negligible. Some in-roads into goods haulage business was also made by the Government Trading Corporations and the Co-operatives.

Postal and Telecommunication facilities have been provided by the Government through the Posts and Telecommunications Department. Sri Lanka has not commenced any television services till 1978. Radio broadcasts have been operated through the State owned Sri Lanka Broadcasting Corporation.

The construction industry saw the growth of the State sector organisations. The old Public Works Department was split into two organizations—the Buildings Department which handles a large volume of building activities throughout the country and the State Engineering Corporation which has specialised in large building constructions. Work on highways and bridges have been taken over by the Department of Highways which does the designing, supervision and control of payments. The State Development and Construction Corporation, dealt with major road works and other construction works in the irrigation and water supply sectors and the Territorial Civil Engineering Organization undertook minor constructions in all these activities.

The introduction of free education and health services as part of welfare measures has already been referred to. Over the years, the State has taken over the responsibility of providing education at all levels. With the exception of a few private schools, all the schools are State owned. The University of Sri Lanka too has changed from an autonomous to a semi-autonomous body. All important school examinations, including entrance to the University are conducted by the Department of Examinations. The different campuses of the University conduct their own examinations within the University.\*

\* These Campuses now function as separate Universities.



### Development since July 1977

The above summarises the tempo of development activity since independence and the extent to which the Government has been involved in the economic activities. The new Government which came to power in July, 1977, realised the difficulties of making much headway under the prevailing conditions. The ill-effects of the stringent controls were not only evident in the stagnant private sector but also in the administration which had to enforce such control measures over a long period of time. Even areas where the State was directly involved in economic activities, there was a considerable degree of inefficiency. These inefficiencies which grow with the monopolistic position of a number of State enterprises contributed to shortages and high costs of production and hence spiralling prices. Under the prevailing conditions, at the time neither the State sector nor the private sector seemed capable of absorbing the increasing work force.

The extent of subsidies on food items (even to those who were able to pay) distorted the consumption patterns, reduced the resources available to the Government for development work and acted as disincentives to increased food production. On the other hand there were other essential consumer items (including a number of food items) where the producers and distributors taking advantage of the situation were making fortunes as a result of scarcity. In a number of cases (including foreign exchange) multiple prices were prevailing.

There was thus a situation that called for quick remedial measures. Two paths were available. The first was to bring back the market forces more into the picture through a package of liberalisation measures. The second one was to have further controls and move towards a truly centrally planned economic system. As the second path was somewhat contrary to the basic political philosophy of the Government, it thus decided to pursue the first course of action.

For a country which has gone through stringent controls for so long a time-period as in the case of Sri Lanka, liberalisation had to be carefully planned. It was noted that capital was relatively cheap for many purposes. During recent years, money supply in the country had also increased quite considerably. Prior to liberalisation, action had to be taken to withdraw as much as possible of the money supply into longer-term deposits, thus leaving less to be spent on imports after liberalisation. Towards this end, the Government introduced (in August 1977) the new high-yielding term deposits scheme through the National Savings Bank which created a chain reaction in the financial circles as was expected.

The multiple exchange rates which were prevailing had to be unfitted at realistic levels which would be in keeping with the relative supply and demand conditions for different currencies in the foreign exchange market. This was achieved through the new parity rates and the floating Sri Lanka Rupee in November 1977. Negotiations with the IMF and friendly developed countries ensured support to the Rupee if any unforeseen run on the currency were to take place. Fortunately, the favourable trends for major domestic exports in 1976 continued in 1977 and in 1978. Though the trade gap widened due to a substantial rise in the import bill and a moderate increase in domestic exports there was a recourse to foreign resources as part of the new economic strategy.

In spite of all these, liberalisation had to be done in stages. The import control on all, excepting some 130 luxury items, have been relaxed. The customs tariffs on imports and exports have been revised, partly to collect increased revenue to the Government and partly to enhance reliefs on necessities at the expense of luxuries.

The limitations in the policy of industrialisation through import substitution have already been discussed. In order to make further progress in industrialisation, diversification of exports and generation of employment opportunities, the Government decided to demarcate a Free Trade Zone. This has been achieved through the Greater Colombo Economic Commission Law No. 4 of 1979. As at end of 1979, a total of 92 projects have been approved under the Katunayake Investment Processing Zone of the Commission representing 25 countries and an investment of US \$ 170 million.



As a step towards the reduction of the consumer food subsidy, from January, 1978, the Government has withdrawn the subsidies in the case of those families with income of over Rs. 300. per month. The Food Stamps Scheme introduced in September 1979 saw a radical change in keeping with the government's policy of mobilizing resources used earlier for subsidies, for purposes of development instead.

Self-sufficiency in rice has been one of Sri Lanka's major agricultural objectives for a quite long period. With a view to achieving this early and to make maximum use of the Mahaweli water as early as possible, the Government has decided to expedite the implementation of the proposals in the UNDP/FAO Master Plan of 1968. According to the accelerated Mahaweli River Development Programme, the original plan (which was expected to be implemented in 30 years) has now been modified for implementation during the five year period 1978-1982. This multi-purpose project when completed would help irrigate approximately one million acres and generate about 2,000 million kilowatt hours of hydro-electric energy from an installed capacity of about 500 megawatts. The total investment involved has since been estimated as being of the order of Rs. 22,550 million in Sri Lanka currency.

The previous section outlines the main economic aspirations of the country, how the Government has set about to satisfy these aspirations and what major changes took place since the formation of the new Government in July 1977. This section attempts a quantitative review of the economy during recent years.

#### Gross Domestic Product

The Gross Domestic Product at constant (1963) prices as based on the revised series of estimates was Rs. 14,548.8 million in 1979 as compared with the figure of Rs. 13,645.0 million recorded for 1978. At constant (1963) prices therefore these magnitudes represent rates of growth of 6.6 per cent and 8.0 per cent in 1979 and 1978 respectively. These rates were also substantially higher than the corresponding annual growth rates of 4.3 and 3.6 per cent recorded in 1977 and 1976 respectively.

Table 6.1 gives sector-wise distribution of the G. D. P. at constant (1963) prices and also percentage change over the four year period ending 1979.

TABLE 6.1—SECTOR-WISE DISTRIBUTION OF THE G. D. P. AT CONSTANT (1963) PRICES AND PERCENTAGE CHANGES OVER THE PRECEDING YEAR

Sector	(Rs. Million)				Percent Change			
	1976	1977	1978	1979*	1976	1977	1978	1979*
1. Agriculture, Livestock, Fisheries	3,573.7	3,757.1	3,915.1	4,051.7	0.5	5.1	4.2	3.5
2. Mining and Quarrying	205.7	141.8	225.4	280.6	33.8	-31.1	59.0	24.5
3. Manufacturing	1,549.2	1,604.3	1,648.3	1,704.7	-1.0	3.6	2.7	3.4
4. Construction	619.2	594.1	706.2	870.1	6.0	-4.1	18.9	23.2
5. Electricity and Gas	104.1	106.2	121.8	134.7	5.8	2.0	14.7	10.6
6. Transport and Communication	1,396.2	1,507.2	1,673.3	1,725.4	9.9	8.0	11.0	3.1
7. Wholesale and Retail Trade	1,997.9	2,120.8	2,399.4	2,623.6	4.4	6.2	13.1	9.3
8. Banking and Insurance	194.2	211.1	242.5	266.7	4.1	8.7	14.9	10.0
9. Ownership of Dwelling	518.7	584.1	604.9	626.1	2.0	12.6	3.6	3.5
10. Public Administration and Defence	561.8	580.3	623.5	619.4	8.7	3.3	7.4	—
11. Services	1,393.2	1,424.5	1,484.6	1,646.4	4.0	2.2	4.2	10.9
	13,113.9	13,631.5	13,645.0	14,548.8	3.6	4.3	8.0	6.6

Note : The figures prior to 1979 are based on the revised series of estimates.

\* Provisional.



The rate of increase in output of the agriculture sector fell below the average annual levels of increases recorded in the preceding two years. There was thus a decline in the rate of expansion in this sector from 4.2 per cent to 3.5 per cent in 1979. The uneven performance in this sector may be attributed to a decline in the output of minor food crops which was partly due to market disincentives associated with the policy of building up 'buffer stock', imports of subsidiary food items such as chillies, onions, etc, as a means of stabilising domestic prices for the consumer.

A detailed analysis of the main components of changes in the agriculture sector of the G. D. P. at constant (1963) prices, showed that while there had been modest increases in output of tea, coconut and paddy and fairly marked increases were recorded in the livestock and fisheries sub-sectors of the order of 30.6 and 18.1 per cent respectively. There was only a marginal decrease in rubber production despite favourable prices.

Adverse weather conditions affected overall agricultural production during 1979, in particular during the latter part of the year. Thus paddy production which reached an all-time peak during the Maha season of the cultivation year 1978/79 declined sharply during the Yala due to the adverse conditions of drought resulting in a moderate increase in the total output of paddy over the preceding cultivation year.

Relatively high levels of production were maintained in the key sectors of construction, manufacturing, electricity and gas respectively. The appreciably high rate of increase was in the field of construction (23 per cent) while the rate of expansion seems to have been moderately high under manufacturing and under electricity and gas respectively. The increased level of activity under construction and manufacturing has been mainly due to the impact of higher levels of investment in these several lead projects of the Government's investment programmes which have gathered momentum during the years 1978 and 1979. The result of the liberalization of the economy and the greater availability of imports associated with the Government's economic reforms have caused a buoyancy in economic activity in the trading and services sectors with rates of annual increases of approximately 11 per cent and 9.3 per cent been recorded for these two sectors during the year under review.

### Private Consumption Expenditure

Private consumption expenditure at current market prices showed an increase of 33.4 per cent over the 1978 figure. The pattern of consumption expenditure was somewhat similar to that in the preceding year with food accounting for 56.5 per cent, a decline of 2.6 per cent over 1978. Consumption expenditure per capita increased from Rs. 2,190 to Rs. 2,808 in 1979, an increase of Rs. 618 or 28.4 per cent over the preceding year.

Table 6.2 gives the components of private consumption expenditure at current market prices.

### Capital Formation

At current prices there was an increase of approximately 26 per cent in the total of Gross Fixed Capital Formation in 1976 and an increase of approximately 4 per cent in 1977. The magnitude of this important investment component rose sharply however to the figure of Rs. 9,481.5 million in 1978 representing an increase of approximately 104.0 per cent, while in 1979 it rose further to the figure of Rs. 14,532 million, an increase of about 53 per cent over the preceding year.



TABLE 6-2.—PRIVATE CONSUMPTION EXPENDITURE BY OBJECT AT CURRENT MARKET PRICES

Object	Rs. Million				As Percent of total					
	1975	1976	1977	1978	1979*	1975	1976	1977	1978	1979*
1. Food	13,796.0	13,933.1	16,308.0	18,356.7	22,972.8	63.3	63.3	63.3	59.1	56.5
2. Beverages	593.8	612.1	510.6	1,148.2	1,850.2	2.7	2.7	2.0	3.7	4.6
3. Tobacco	1,281.2	1,150.6	1,507.3	1,692.6	2,245.2	5.9	5.2	5.9	5.4	5.5
4. Clothing	1,442.6	1,687.7	1,776.0	2,081.8	2,739.3	6.6	7.6	6.9	6.7	6.7
5. Rent	697.0	707.0	719.4	841.7	1,645.9	3.2	3.2	2.8	2.7	4.1
6. Fuel and light	438.9	502.6	439.1	520.8	802.5	2.0	2.2	1.7	1.7	2.0
7. Furniture	345.4	407.5	576.1	669.2	1,021.2	1.6	1.8	2.2	2.1	2.5
8. Household operation	304.7	394.7	449.1	570.2	878.2	1.4	1.8	1.7	1.8	2.2
9. Personal care and Health Services	273.0	277.9	383.1	528.5	721.4	1.3	1.2	1.5	1.7	1.8
10. Transport and Communication	1,407.0	1,565.7	1,777.1	2,523.4	3,450.4	6.5	7.0	6.9	8.1	8.5
11. Recreation and Entertainment	640.8	637.6	899.5	1,288.4	1,398.6	2.9	2.9	3.5	4.2	3.4
12. Miscellaneous services	761.3	704.1	875.9	1,144.4	1,423.3	3.5	3.1	3.4	3.7	3.5
13. Expenditure abroad of residents	60.0	75.0	91.0	597.2	684.0	0.2	0.3	0.4	1.9	1.7
14. Less—expenditure of non-residents	250.0	332.4	566.3	887.5	1,203.6	1.1	1.4	2.2	2.8	3.0
Private Consumption expenditure	21,791.7	22,323.2	25,745.9	31,075.6	40,629.4	100.0	100.0	100.0	100.0	100.0

Note : The figures prior to 1979 are based on the revised series of estimates.

\* Provisional.



TABLE 6.3.—GROSS DOMESTIC FIXED CAPITAL FORMATION AT CURRENT PRICES

	Rs. Million					Percent Change		
	1975	1976	1977	1978	1979*	1976	1977	1978
<b>I. Type of purchaser</b>								
(a) Private sector	2,545.7	3,108.2	3,422.0	6,914.9	10,662.5	22.1	10.1	102.1
(b) Public sector	994.1	1,367.2	1,225.3	2,566.6	3,898.5	37.5	-10.4	109.5
<b>II. Type of capital asset</b>								
(a) Land	391.1	523.7	463.6	764.4	787.1	33.9	-11.5	64.9
(b) Dwellings	1,543.1	2,002.3	2,051.8	2,683.5	4,657.7	29.8	2.5	30.8
(c) Non-residential buildings	303.8	257.3	306.5	655.3	761.1	-15.3	19.1	113.8
(d) Other construction	407.0	523.3	663.7	2,192.6	3,171.9	28.6	26.8	230.4
(e) Transport equipment	894.8	1,168.8	1,161.7	2,943.5	5,109.0	30.6	-0.6	153.4
(f) Machinery and other equipment	—	—	—	242.2	—	—	—	—
(g) Other durables	—	—	—	—	—	—	—	-81.3
<b>III. (a) Private sector (type of capital asset)</b>								
Planting and Replanting	2,545.7	3,108.2	3,422.0	6,914.9	10,662.5	—	—	—
Building and other construction	190.8	102.8	108.8	137.4	178.8	-46.1	5.8	26.3
Heavy Machinery and equipment	1,367.6	1,780.7	1,831.3	2,400.0	3,438.0	30.2	2.8	31.1
Other machinery and equipment	275.3	308.5	306.7	1,182.0	2,195.9	12.1	-0.6	285.4
Transport equipment	333.2	521.6	519.9	1,218.0	2,104.1	56.5	-0.4	134.3
Locally manufactured machinery	222.9	271.4	493.5	1,822.0	2,490.9	21.8	81.8	269.2
(b) Public sector (type of capital asset)								
Land	994.1	1,367.2	1,225.3	2,566.6	3,869.5	—	—	—
Dwelling	200.3	420.9	354.8	627.0	608.3	110.1	-15.7	76.7
Other construction	175.5	221.6	220.5	283.5	1,219.7	26.3	-0.5	28.6
Transport equipment	303.8	257.3	306.5	655.3	761.1	-15.3	19.1	113.8
Machinery and other equipment	184.1	251.9	170.2	370.6	681.0	36.8	-32.4	117.7
Other durables	130.4	215.5	173.3	388.0	554.2	65.3	-19.6	123.9
	—	—	—	242.2	45.2	—	—	-81.3
<b>Total fixed Capital formation</b>	3,539.8	4,475.4	4,647.3	9,481.5	14,532.0	26.4	3.8	104.0

The figures for the period prior to 1979 are based on the revised series.

\* Provisional.



It is noteworthy that in the recent two years the rates of expansion in capital investment have taken place at almost the same high levels in both the public and private sectors.

### Balance of Payments

The foreign exchange problems and the consequent difficulties the country has undergone from the mid-fifties have already been referred to. Foreign trade has been discussed in a separate chapter. A summary of external transactions during the period 1976 to 1979 is presented in Table 6.4 which also depicts the extent and nature of foreign exchange problem in the recent past.

TABLE 6.4—EXTERNAL TRANSACTIONS

	(Rs. Million)			
	1976	1977	1978	1979
1. Exports of goods and non-factor services	5,317.1	7,460.6	14,835.0	17,660.2
(a) Merchandise F. O. B.	4,707.3	6,640.0	13,206.5	15,282.0
(b) Other	609.8	820.6	1,628.5	2,378.2
2. Factor income from the rest of the world	32.8	102.6	313.8	614.5
3. Current transfers from the rest of the world	600.6	679.7	1,509.8	3,174.1
Current receipts from the rest of the world	5,950.5	8,242.9	16,658.6	21,448.8
4. Imports of goods and non-factor services	5,744.0	6,653.5	16,872.2	23,969.2
(a) Merchandise C. I. F.	5,416.6	6,290.0	15,600.0	22,570.0
(b) Other	327.4	363.5	1,272.2	1,399.2
5. Factor income to rest of the world	203.0	256.0	550.7	854.0
6. Current transfers to the rest of the world	53.3	67.3	267.7	181.5
Current payments to the rest of the world	.. 6,000.3	6,976.8	17,690.6	25,004.7
Current account surplus	.. -49.8	1,266.1	-1,032.0	-3,555.9
Net long-term capital	.. 609.9	563.2	2,640.0	3,304.2
Balance	.. 560.1	1,829.3	1,608.0	-251.7

The balance of payments position during 1979 has to a large extent been influenced by the economic reforms that were introduced in 1977. The liberalization of imports had its sequel in increasing domestic productivity and achieving an export-oriented economic growth.

On account of an immediate increase in demand for imports attributable to accelerated domestic economic activity and with a substantial rise in import prices, the current trade deficit on merchandise account more than doubled to the figure of Rs. 7,288 million during 1979.



Import payments on merchandise items rose sharply during the year by 37 per cent to Rs. 22,570 million as compared with a 30 per cent increase in 1978.

The increase in import payments in 1979 as in the preceding year was mainly in regard to intermediate and investment goods, viz. machinery equipment, transport equipment, building materials, etc., and this was closely related to the programmes of large-scale domestic investment which gathered momentum during the year. The performance of the export sector belied expectations with a poor outcome, particularly as regards Sri Lanka's traditional export crops.

Though appreciable increases were recorded in the services Account Surplus and in net transfers from abroad the higher trade gap contributed to an unprecedented current account deficit of Rs. 3555.9 million in 1979. The overall position was a basic balance of Rs. 251.7 million. This was possible by a substantial increase in net long-term capital inflow.

The value of the Sri Lanka Rupee has maintained its stability during 1979 against the U. S. Dollar in the foreign exchange market though it depreciated against other major currencies viz. Pound Sterling and the Japanese Yen.



## CHAPTER VII

### LAND DEVELOPMENT

THE two agencies which are responsible for the implementation of state land policies are the Land Commissioner's Department and the Land Development Department. The Land Development Ordinance (No. 19) of 1935 and the Crown Lands Ordinance (No. 8) of 1947 are administered by the Land Commissioner. Provision of basic amenities and the necessary infra-structure for establishing new communities is a function of the Land Development Department.

Significant changes have taken place in state land strategy since July 1977 adopting new measures to rationalise land use and for purposes of national planning. Important among new measures adopted by the government in this regard were (a) State Lands (Recovery of Possession) Act (No. 7) of 1979 (b) Physical Survey of encroachments on State Lands at the district level (c) Introduction of the Land Grants (Special provisions Act (No. 43) of 1979 (d) Expeditious Settlement of State Land (adjudication) procedures by amending the Land Settlement Ordinance.

#### Land Settlement

The Land Settlement Department's chief function is the settlement of title to land presumed to be at the disposal of the State. Under the Land Settlement Ordinance, claims of persons to land are investigated and settled if there is evidence that the land had been in possession of the claimants for about 15 years or more, and if there is evidence of continuous cultivation. Both state as well as private individuals are benefited by the work of the department. A Settlement Order under the Land Settlement Ordinance determines which lands indisputably belong to the state, and persons on whom settlements are made have indefeasible title to their lands—a title which makes easy in obtaining of loans and credit from lending institutions. Settlement activities were carried out in Kurunegala, Amparai, Nuwara Eliya, Ratnapura, Moneragala, Vavuniya, Trincomalee, Anuradhapura, Puttalam, Batticaloa, Kegalle and Matale districts.

Since the inception of this Department an extent of 3.0 million hectares have been finally settled and 1.5 million hectares are in different stages of settlement.

#### Land Commissioner's Department

The Land Commissioner's Department has as its main function the alienation land under various schemes of the government. The principal ordinances administered by the Land Commissioner are :

- (a) Sale of State Lands (Special Provisions) Law, No. 43 of 1973 ;
- (b) The Land Development Ordinance, No. 19 of 1935, Land Development (Amendment) Act, No. 16 of 1969 ;
- (c) Crown Lands Ordinance, No. 8 of 1947.

The Land Development Ordinance and sale of State Lands Law provide for the disposition of State lands to peasants and other citizens of Sri Lanka to foster agricultural development. The lands alienated fall within the following categories. Settlement Projects viz :—

- (1) Village expansion projects ;
- (2) Major colonization projects ;
- (3) Highland colonization projects ;
- (4) Youth settlement projects ;
- (5) Middle class projects.



There are 54 youth schemes covering an extent of 7,854 hectares and settled among 4,425 youths. Subsidiary food crops, paddy, vegetables, passion fruit, tea, cinnamon and cardamom are cultivated in these schemes.

### Land Surveys

No land can be alienated or otherwise dealt with by the Government unless it has been surveyed and demarcated by the Survey Department.

Records of systematic triangulation in Sri Lanka began with the measurement of a base at Negombo on the west coast in 1857 and the subsequent survey of a net work of triangulation.

The earliest recorded levels were taken in 1865, the average determination of mean sea level being based on data at five tidal stations. Since then primary and secondary levelling has been carried out providing the level net work for the Engineering Surveys undertaken in parts of Sri Lanka. The Survey Department also carried out Engineering Surveys, Block topographical and Demarcation Surveys, Air Surveys, Town Surveys, Resource Surveys, Land Development and Land Reform Surveys besides producing miscellaneous maps and diagrams.

*Agricultural Base Mapping Project.*—The Agricultural Base Mapping Project endeavours to provide such information relevant to the utility of land of the entire country through maps provided on the scale of 1 : 10,000 and 1 : 50,000 scales and through aerial photographs.

The project is a land mark in the history of the Survey Department in that an endeavour of this magnitude covering the entire island was attempted after 1925 when the topographical maps on the scale of 1 inch to 1 mile (1 : 63,360) now in use was completed. The topographical mapping was commenced in 1897 and was accomplished by field methods. The entire country is now covered by 72 topographical maps which hitherto were the basic maps for identifying and planning most large scale development projects. The need for larger scale maps for feasibility studies of smaller specific projects was met in a sporadic manner by the department, on request made by the respective engineering agencies. The greater need for larger scale maps at very short notice and the importance of such maps in the context of accelerated development prompted initiation of this project. The project is financed by the U.S. Agency for International Development in a sum of U.S. Dollars. 4.5 million to the Government of Sri Lanka and local funds to the value of about U.S. Dollars. 2.2 million.

Agricultural mapping has several long-term objectives related to the overall national goals.

- (a) Maximising food production on lands presently under cultivation as land use information would be provided through the maps and photographs of this project.
- (b) Development of major plantation industries like tea, rubber, and coconut requires classified information of the existing plantation. This information could be generated through up-to-date photographs and maps and further, areas for future development could also be identified.
- (c) Identifying and preparing feasibility reports of land based projects under the decentralised budget scheme presently suffers serious set back due to delay from the time a project is identified till feasibility studies are completed. This is mainly because of the inadequacy of the maps available on a national scale. The maps that would be produced through this project would provide the necessary information in preparing feasibility reports and would thus eliminate undue delay now being experienced. It would also provide information necessary in identifying a larger number of projects both agricultural and industrial.
- (d) The wealth of information available in the aerial photographs could be used by planners and administrators in development activities.
- (e) About 60 per cent of all productive agricultural land units in Sri Lanka are less than 2 hectares in extent and therefore agricultural development inputs need be directed to a greater extent towards improving the small holding sector. This will be possible through the 1 : 10,000 maps in which land use data of corresponding magnitude would be highlighted.



### **Irrigation Department**

Following the winding up of the TCEO in April 1978, the responsibility of all works connected with the development of water resources other than those under the purview of the Mahaweli Development Board and the River Valleys Development Board, all drainage schemes and the maintenance of the existing irrigation schemes, lift irrigation and drainage schemes have been entrusted to the Irrigation Department.

Exploration and utilization of ground water potential in the dry zone and wind power studies which were undertaken by the department are now handled by the Water Resources Board.

A heavy responsibility has been placed on the department, since the TCEO was wound up. All activities on irrigation and drainage, including those taken up under the decentralized budget, which were handled by the TCEO have been taken over by the Irrigation Department.

### **River Valleys Development Board**

The River Valleys Development Board concentrated its resources in the development work of the accelerated Mahaweli Programme. The main areas of work were at Kalawewa in the H4 and H5 units, Maduru Oya, Ulhitiya and the Victoria Project.

*Kalawewa.*—In an area of 16,000 hectares, 8,000 hectares were jungle cleared, for provision of irrigation. Earth work and rock excavation in 12.9 Kilo Metres of main channel including 33 major structures were completed.

*Maduru Oya.*—The Board undertook preliminary work at the Dam site and approximately 25,000 cubic metres of rock excavation on steep slopes had been completed. Internal roads in the area were also being done by the Board. A road from Maduru Oya to the "inlet portal" of the link tunnel were constructed.

*Ulhitiya.*—The Board undertook the construction of the Ulhitiya Dam for the Mahaweli Development Board. An extent of 24 hectares along the dam site were jungle cleared, and 4,000 cubic metres of top soil removed. At Ulhitiya a road from Girandu Kotte to Bathalayaya-Agala-Oya were constructed.

*Victoria Dam Site.*—The Board constructed the access road to the dam site and a bridge is being built across the Mahaweli river close to the site.

*Walawe Project.*—In addition to the work in the accelerated Mahaweli Programme, the Board continued the development of the Walawe Project.

A total of 364 hectares were provided with irrigation in both banks of the Walawe river, bringing the total irrigated acreage cultivated in the Walawe Project to 12,141 hectares.

The Board also continued civil works at Walawe and adjacent areas. A hospital complex has been constructed at Embilipitiya. In the Tangalle electorate 25 houses were constructed at Nakulugamuwa, Meddamulla and Sippikulam. At Kolonne 80 Kilo Metres of main and 8 Kilo Metres of internal roads were constructed. Further 48 Kilo Metres of roads were reconditioned in the Wellawaya electorate.

Fish breeding ponds for inland pisciculture were constructed and handed over to the Department of Fisheries.

### **Central Engineering Consultancy Bureau**

The Central Engineering Consultancy Bureau was established under the State Industrial Corporation Act (No. 49) of 1957 on 10 April, 1973, by the Minister of Irrigation, Power and Highways for the purposes of :—

- (a) The preparation of the feasibility and detail project reports, plans and estimates for single and multipurpose irrigation, flood control and power projects and similar engineering projects ;



- (b) Carrying out investigations, studies and research required for the preparation of project reports ;
- (c) Preparation of construction drawings and supervision of construction of projects referred to at (a) above ;
- (d) Training of engineering and technical personnel.

The Bureau is reimbursed by the clientele on submission of invoices for the services it undertakes.

Apart from consultancy services afforded under the Mahaweli Project, other items of work handled by Bureau during the year 1979 were :—

*Bowatenne Project.*—The bowatenne Power Project has been designed to cater for the peak requirements of the country's power demand and to operate only for a spell of 8 hours a day.

The complex which has been sited on the left bank of Amban Ganga derives its water supply from the already constructed Bowatenne Reservoir which serves as a feeder to Kala Oya basin through an independent irrigation tunnel.

The water in the power tunnel would be emptied into the Amban Ganga about 0.80 kilometres down stream of the dam after the generation of power. The water in the river would be rediverted along the Elahera-Minneriya Yoda Ela for irrigation requirements.

The estimated cost of construction of the project is Rs. 225 million.

The rehabilitation of work damaged by the November 1978 cyclone has been completed. All civil work on the power plants has been completed.

*Canyon Project.*—The Canyon Power Project is located in the Maskeliya Oya Valley 3 Kilo Metres from Maskeliya on the road to Sri Pada. The Project is the third and last stage of development of the Hydro power resources of the Maskeli Oya valley.

The technical report for the project was prepared by the Central Engineering Consultancy Bureau in 1976 and in the same year a cabinet directive was given to the Ceylon Electricity Board to implement the project. The Asian Development Bank has agreed to finance the foreign cost of the project and an agreement between the Sri Lanka Government and the Asian Development Bank was signed in November 1977 for a special operation grant amounting to seventeen and half million U.S. dollars.

The Bureau entered into an agreement with the Ceylon Electricity Board for providing the engineering consultancy services in respect of planning, designs and implementation and supervision of contracts on the project. Sir William Halcrow and Partners, London have been appointed advisory consultants.

The power plant of the project will obtain its water supply from the Mousakelle Reservoir having an active capacity of 88,000 acres feet already completed under stage I of the Maskeliya Oya project.

The total cost of the project is estimated at Rs. 350 million. Work on the construction of some of permanent buildings for working Staff is almost complete.

*Samanalawewa Project.*—The Samanalawewa Hydro Power Project is located about 120 Kilo Metres south east of Colombo in the Walawe Ganga basin. The Samanalawewa dam is to be constructed immediately downstream of the confluence of Belihul Oya with Walawe Ganga. Diyawini Reservoir is a secondary constructed across Diyawini Oya a tributary of the Walawe Ganga.

The power plant is located on the left bank of the Katupath Oya at the foot of the escarpment at Handagiriya.



In addition to the generation of 400 GWh of firm electric energy annually under the project, an additional extent of about 8,000 hectares would also be taken up for cultivation under Walawe Ganga Reservoir.

The present estimated cost is Rs. 3,570 million of which Rs. 2,285 million (U.S. \$ 147 million) is foreign.

The construction of the access roads is in progress. Proposals for the construction of the four camps under the project had been finalised.

### The Mahaweli Project

The development of the resources of the Mahaweli, the longest river in the island, constitutes a project of massive proportions. The "Master Plan" of development prepared by a UNDP/FAO team in 1968 is for the provision of irrigation to 364,000 hectares of which 265,000 hectares are new lands and the setting up of power stations with a total capacity of about 500 MW. The plan contemplated the implementation of the project in 30 years. However under the accelerated programme formulated by the present government, five major reservoirs will be constructed 142,000 hectares (of which 130,000 hectares of new lands) would be developed and 400 MGW of hydro-electric power capacity installed within a five to six year period.

Of the 130,000 hectares of new lands, 113,000 hectares are on the right bank of the Mahaweli and in the Maduru Oya basin and 17,000 hectares are on the left bank in the Polonnaruwa district.

The five major reservoirs are Victoria, Kotmale, Randenigala, Moragahakande and Maduru Oya.

*The Kotmale Project.*—The Kotmale projects one of the first projects to be implemented in the accelerated programme for the development of the Mahaweli Ganga Basin. The reservoir which intercepts a catchment area of 54,390 hectares at the dam site will have gross storage capacity of 408 million cubic metres. The estimated cost of construction of the project is Rs. 3,650 million.

Preliminary studies of the project were carried out by the Government of Sri Lanka with the assistance of U.S.A.I.D. in 1961 and subsequently by the FAO/UNDP from 1965 to 1968. A feasibility study was also carried out by the Water and Power Development Consultancy Services (India) Ltd., (WAPCOS) from 1973 to 1978.

All surveys entrusted to the Survey Department had been completed and new surveys taken up are in progress. Geological investigations are in hand and good progress has been made.

Sir William Halcrow and Partners of U.K. in association with Kennedy and Donkin of U.K. were appointed by a contract signed in February, 1979, to provide the consultancy services for the project in collaboration with the Central Engineering Consultancy Bureau.

The project is to be financed by the Swedish International Development Authority. The execution of civil works is undertaken by the Swedish firm SKANSKA.

The SKANSKA has already commenced preliminary work for the construction of the diversion tunnel.

*Victoria Project.*—The Victoria Reservoir Project is the second project in phase I of the Mahaweli "Master Plan" as formulated by the UNDP/FAO team. The proposed dam will be located between the Hulangama and Victoria rapids on the Mahaweli ganga.

The proposed reservoir will intercept a catchment area of 186,880 hectares at the dam site with a gross storage capacity of 728 million cubic metres. The project would provide an annual generation of 780 GWh firm electric energy.



Under systems B and C 45,000 hectares of undeveloped land would be benefited in addition to development of tourism and inland fisheries.

The estimated cost of the Project is £ 137.5 million.

The Hunting Survey Corporation of Canada presented the first major Integrated Reservoir Survey of the Mahaweli Basin and an outline plan for its development in 1962. This was followed by the FAO/UNDP study of 1965 to 1968 culminating in the master plan for the development of the Basin's irrigation and hydro-power resources.

No further progress was made on the Victoria Project after 1968 until the initiation of the accelerated programme in 1977. Consequently the British Consultants and NEDECO had carried out independent studies on the optimisation of the Victoria and Randenigala Reservoirs. These studies had revealed that the construction of a high dam at the Victoria site was more beneficial.

Geological investigations at the dam site commenced in 1977 were completed in 1979.

Six access roads of total length of 43 kilometres were under construction in 1979 and nearing completion along with the appurtenant structures. Progress on house construction work has already commenced in varying stages of completion.

Tenders were called for the construction of the main civil works and seven construction agencies from U.K. which were prequalified for tendering have forwarded their quotations in November 1979. These tenders are being scheduled.

Sir Alexander Gibbs and partners had been selected by British ODA as consultants for the project. Sri Lanka's counterpart of foreign consultants is the Central Engineering Consultancy Bureau.

*Randenigala Project.*—The proposed Randenigala Project is another multi-purpose one to be implemented for the exploitation of the hydro potential, and irrigation resources in the Mahaweli Basin. The Project areas of the two reservoirs under the Project, the second reservoir being Rantembe cover portions of Badulla and Kandy Districts.

Randenigala Project consists of two dams and two power plants located at Randenigala and Rantembe sites. The two reservoirs at the dam sites have drainage areas of 2,330 sq. kilometres and 3,118 sq. kilometres with live storage capacities of 860 million cubic metres and 21.0 million cubic metres respectively. The Randenigala Reservoir Project would have an annual installed capacity of 527 GWh of firm electric energy.

An annual installed capacity of 251 GWh of firm electric energy would be generated under the Rantembe Reservoir Project.

The estimated cost of construction of the Randenigala and Rantembe Reservoirs are respectively U.S. \$ 123.385 million and \$ 61.840 million.

The Master Plan prepared by the UNDP/FAO team from its studies carried out from 1965 to 1968 with Sri Lanka counterparts incorporated the Randenigala Project.

The Government of Sri Lanka decided in 1978 to accelerate the development under the Mahaweli ganga with a view to completing the major part of the work envisaged in the "Master Plan" within the next five years.

Under the Sri Lanka Technical Co-operation the preparation of the Feasibility Report was entrusted to SALZGITTER consultants GMBH Germany in association with Sri Lanka engineers. All topographical surveys and drillings required by the foreign consultants SALZGITTER from West Germany were completed during 1979.

Representatives of the foreign consultants who were in Sri Lanka for the full period in 1979 carried out investigations and studies required for a feasibility report.

Discussions as regards financing of the next phase of the Project took place in Germany between the Sri Lanka officials and KFW (Germany) in December 1979.



*Moragahakanda Project.*—The Moragahakanda Project was the third project under phase I of the Mahaweli "Master Plan" formulated by the UNDP/FAO team. The proposed Moragahakanda Dam is located across Amban ganga, a major tributary of the Mahaweli ganga. The reservoir is intended mainly for storage and regulation of the flow from the Amban ganga catchment supplemented by the Mahaweli flow diverted at Polgolla for irrigation and Hydro Power Development. The drainage area at the dam site is 782 sq. kilometres. The reservoir will have an effective storage capacity of 686 million cubic metres.

The main features of the scheme are: (a) a dam consisting of 3 sections, a rockfill 490 metres long of height 78 metres, a concrete gravity type 396 metres long and of height 62.5 metres and another rockfill 490 metres long and of height 42.0 metres, (b) an Overflow Weir Type Radial Gated Spillway with a stilling basin and equipped with 4 numbers gates 17.5 m × 8.5 m, (c) an 80 metres long penstock diameter tapering from 3.9 metres to 3.2 metres and a power station below the toe of the dam equipped with a generator of installed capacity 26 M.W. to produce annually 145.1 GWh of electric energy.

The total land area to be benefited under this project is 62,200 hectares of which 40,000 hectares are existing and 13,900 hectares of new lands directly under this reservoir. The balance 8,300 hectares are also existing lands but are under other projects.

The estimated cost of construction of the project is Rs. 2,600 million.

In view of the irrigation and Hydro potential of this project it has been included under accelerated programme of the Mahaweli. The Government of Sri Lanka requested the Government of Japan to provide assistance in the planning and implementation of the project in association with the engineers of the Engineering Consultancy Bureau and the Mahaweli Development Board. A feasibility study for the project was agreed on in October 1978.

Surveys, geological, material and other investigations required for the main civil work had been completed. The International Co-operation Agency of Japan commenced studies and investigations in association with Sri Lanka engineers in terms of the agreement signed between the two governments for preparation of the Feasibility Report. The deviation of the section of the Naula-Elehara Highway to be submerged by the proposed reservoir was surveyed and plans are being prepared.

*Maduru Oya Project.*—This project which is incorporated in the "Master Plan" is located within Maduru Oya basin adjacent to the Mahaweli basin. The project included in the accelerated programme will utilize the water resources of the Mahaweli ganga in addition to what is available in the Maduru Oya basin. The Maduru Oya Project would benefit 46,750 hectares of new land in system (3) and another 3,750 hectares of developed paddy lands. Secondary electrical energy amounting to 36.18 GWh per year would also be generated from the two power plants located on the left bank and the right bank below the dam.

The UNDP/FAO team in association with the engineers of the Irrigation Department while formulating the Mahaweli "Master Plan" had carried out investigations and studies of a reconnaissance nature on the project.

The preparation of the project report and the provision of consultancy services for the construction of the project were assigned to the Central Engineering and Consultancy Bureau. The Bureau commenced site investigations, in January 1978. The designs based on the investigations and on data available were carried out by the CECB in association with SOGREAH of France. The proposed reservoir will have live storage capacity of 447 million cubic metres.

The estimated cost of the project is Rs. 1,303 million.

Surveys and drilling investigations were continued in 1979 and almost all work completed.

Construction of access roads linking the dam site link tunnel inlet and link tunnel outlet was in progress during 1979. Progress has been hampered mainly due to the adverse weather conditions in the area.



Clearing of the dam site was also in progress.

SOCREAH (France) whose representatives are in Sri Lanka assisted the CECB in the investigation and other technical matters. Tender documents were prepared and despatched to Canada. The tenders which were received in November 1979 are being evaluated.

*Kalinga Project.*—This project proposed by the UNDP team in its report on Mahaweli Development, was to be located at Katuwanwila.

Investigations and planning of the project was commenced in 1978 and the topographical surveys and tentative designs and plans have been completed. Geotechnical investigations too were commenced and completed during 1979. Due to emerging concepts on project planning on major projects it was found desirable to locate the head works at a higher site with a better foundation. The site selected is just below the confluence of Nawagaha Ela with the Mahaweli ganga in the locality of the historic Kalinga Nuwara ruins. An ancient diversion structure was known to have existed along with long contour canals on either bank of the Mahaweli ganga. The right banks canal (Gomathi Ela) is still in a state of preservation in several sections over a length of more than 19 kilometres.

Topographical surveys for the new site have been completed and geological investigations and designs are in progress. A project report incorporating hydrological and geological data and other design data has been prepared. It is expected that the Federal Republic of Germany would finance feasibility studies on the project as a joint venture of Randenigala.

The total expenditure on development work of the Mahaweli programme in 1979 amounted to Rs. 729 million, as compared with a budgetary provision of Rs. 1,142 million for the same year.

*Mahaweli Authority.*—The Mahaweli Authority of Sri Lanka was established in terms of the Mahaweli Authority of Sri Lanka Act (No. 23) of 1979 and came into operation with effect from the 19 April, 1979. The Authority is vested with the overall responsibility for the implementation of the Mahaweli Ganga Development Scheme. Its immediate concerns are in such areas as policy determination and planning, co-ordination, monitoring, progress control and overall financial responsibility.

The Appropriation Act provides for services during financial year 1980 and also authorised raising of loans within Sri Lanka and abroad, specifically voted monies for the entire Mahaweli Accelerated Programme, including development in stages (1), (2) and (3) ; Victoria ; Kotmale ; Maduru Oya ; Randenigala ; Moragahakande ; Ulhitiya Oya ; Rotalawela ; Systems (A), (B), (C) and (D) and Kandakaduwa ; to the fund of the Mahaweli Authority of Sri Lanka. The funds voted en-block would be disbursed by the Authority to statutory boards, corporations and other agencies engaged in the execution and the accelerated Mahaweli programme.

Action was initiated during 1979 to augment the institutional framework required for the smooth operation of the project. Revised plans have been drawn-up for settlement in systems "H" and "C". A pilot study to try out a project oriented "settlement management approach" was introduced in H-5 area covering approximately 3,200 hectares and 2,500 settlers. The first cultivation season is being projected for the Yala 1980 season. A similar project management-oriented scheme is in Giranduru Kotte in system "C" area. The Authority has called for International tenders for Civil Engineering Contracts and consultancy services for the Victoria dam and tunnel ; Maduru Oya Reservoir ; Minipe right banks canal ; supervision of canals and drainage systems for system "B" ; and trans-basin river diversion scheme.\*

The Mahaweli Authority envisages the opening of about 129,000 hectares of land and settlement of approximately 140,000 families directly in agriculture, and secondary employment, an indicative of the magnitude of the scheme. A large number of additional families would, it is hoped, move into the accelerated programme area to provide necessary supporting services to the tertiary sector of the economy so developed.

Section 35 (1) of the Mahaweli Authority Act refers to establishment and incorporation of organisations within framework of the authority for subsidiary operations, incorporating agricultural

\* Work on the Victoria project was formally inaugurated in February, 1980. The U.K. Government has given an outright grant of £100 million for this Project.



development and development of agro-based industries. Provision of subsidiary operations gives necessary flexibility for organisational structures to be built-up so that the immediate aspects of the integrated development of the Mahaweli and its tributaries could be undertaken.

The authority is also actively pursuing and examining the various aspects of establishing subsidiaries and joint-ventures, as the success of the entire project would ultimately depend on the management of this aspect.

#### Area Activities

*Area "H".*—Work on the provision of irrigation and social infra-structure in about 28,000 hectares of new land progressed steadily with a total of some 5,600 settlers (*i.e.* approximately 6,000 hectares) being allocated for settlement during 1979.

*Systems B and C.*—The Feasibility Reports in respect of both systems B (44,500 hectares farm area) and C (24,000 hectares farm area) were completed in 1979.

Work on two major townships in systems C and B were commenced; Access roads to the township and major construction areas in system "C" were formed; Three small reservoirs were constructed on the left bank of system "C" in proximity to the new township for provision of domestic and construction water during dry period.

Most of the field work pertaining to detailed topographical and soil surveys were completed; An aerial survey covering these systems have also completed.

Work on three major structures under transbasin canal that would divert water from Mahaweli to both systems "C" and "B" commenced during the year—Manual excavation work on this canal continues.

TABLE 7.1—REGION DEVELOPMENT UNDER THE MAHAWELI, PROGRAMME

Maha	Region	Cultivation season (figures in hectares)					
		77/78	Yala 78	Maha 78/79	Maha crop	Yala 79	Maha 79/80
Galnewa	Land available for cultivation	3,743	3,751	3,768	—	3,832	3,832
	(1) developed	3,464	3,468	3,476	—	(not available)	(not available)
	(2) cultivated (paddy)	2,841	2,722	3,441	—	3,310	3,533
Meegalewa	Land available for cultivation	—	1,058	1,493	—	1,509	1,696
	(1) developed	—	324	854	—	(not available)	(not available)
	(2) cultivated (paddy)	—	77	813	—	1,018	1,671
Madatugama	Land available for cultivation	955	949	1,147	—	1,416	2,748
	(1) developed	692	830	1,058	—	(not available)	(not available)
	(2) cultivated (paddy)	437	567	1,044	—	971	1,81
Galkiriyagama	Land available for cultivation	—	—	—	1,153	—	1,724
	(1) developed	—	—	—	(not available)	—	(not available)
	(2) cultivated (paddy)	—	—	—	971	—	1,671

The total estimated cost of the Mahaweli Project under the accelerated programme of development is Rs. 22,550 million. Cumulative expenditure figure as at end of 1979 was Rs. 772 million.



**Land Reform**

*Estate Management Service.*—With the change of Government in 1977, it was decided to dissolve the Usawasama and Land Reform Co-operatives. The State Plantation Corporation and the Janawasama were brought within the purview of the Plantation Ministry and the Land Reform Commission and the Janawasa Commission continued to function under the Ministry of Agriculture. Thereafter, a decision was made for estates over 100 hectares to be handed over to the State Plantation Corporation and the Janatha Estates Development Board; the smaller lands totalling about 12,000 hectares which include uncultivated and under-developed lands in the 22 districts to be under the control of the Land Reform Commission. These uneconomical, under-developed and neglected lands were initially managed by the District Land Reform Authorities of the Commission. It was subsequently decided to set up a Estate Management Service to manage, supervise and control these lands within each electorate. Objectives of the Estate Management Services were :—

- (1) Develop lands that were under its management and increase their productivity.
- (2) To generate more employment opportunities by diversifying and inter-cropping.
- (3) To afford training facilities in the plantation industry to youths with aptitudes for such work.
- (4) To integrate the village and the estate sectors.

TABLE 7-2—PROGRESS OF ESTATE MANAGEMENT SERVICE PROJECT—LAND REFORM  
COMMISSION—1979

<i>Project Location</i>	<i>Total Income</i>	<i>Total Expenditure</i>	<i>Profit</i>
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Pelmadulla	13,817,774	15,544,430	—
Nattandiya	624,835	597,265	27,570
Mirigama ..	1,401,947	1,067,905	334,042
Kurunegala	1,040,372	9,775,575	62,797
Wariyapola	869,875	669,035	200,840
Hiriya ..	1,837,902	1,817,500	20,402
Mawathagama	845,180	769,300	75,880
Wennappuwa	1,266,230	1,814,895	—
Chilaw ..	1,703,817	1,689,525	14,292
Divulapitiya	1,864,807	1,155,095	709,712
Kuliyapitiya	1,006,056	844,550	161,506
Akuressa ..	4,501,288	4,618,930	—
Jaffna ..	283,350	342,910	—
Nikaweratiya	6,662,535	769,645	—
Puttalam ..	2,189,068	1,718,515	470,553
Anamaduwa	297,550	297,885	—
Beliatta ..	1,930,329	2,045,885	—
Akmeemana	10,365,613	8,030,550	2,335,063
Sanquhar	3,894,961	3,840,000	54,961
Katugampola	710,252	634,104	76,148
Mawanella	3,132,672	2,054,620	1,078,052
Dambadeniya	964,695	881,800	82,895
Deraniyagala	700,883	723,200	—
Bingiriya ..	462,023	468,225	—
Haputale ..	878,904	739,822	139,082
Attanagalla	630,545	575,335	55,210
Rattota ..	605,335	955,280	—
Homagama	2,045,640	1,670,155	375,485
<b>Total</b>	<b>60,534,438</b>	<b>57,313,936</b>	<b>6,274,490</b>

*Source :* Land Reform Commission, (Estate management Services)



The estate management services division has under its charge, 17,000 hectares of which 12,000 hectares are under tea, rubber, coconut and paddy.

Multiple cropping and under-cropping are undertaken on most coconut land with the following crops being grown as under cover to coconut :

Pineapple, banana, vegetable, chillie, pasture, cowpea, green pea, manioc, coffee, pepper, sweet potatoes, cinnamon and sugar-cane.

Inter-cropping has been undertaken at Kurunegala, Nattandiya, Kuliya-pitiya, Mawathagama, Beliatte, Deraniyagala, Kandy, Akmeemana, Wariyapola, Nikaweratiya, Homagama, Chilaw, Mawanella and Hewaheta.

Under livestock management dairies have been set up in the Dambadeniya, Katugampola, Wariyapola, Mawathagama, Matale and Chilaw projects. Poultry keeping is being undertaken at Kuliya-pitiya, Kurunegala, Nattandiya, Beliatte, Wennappuwa, Homagama and Akmeemana projects.

Intensive under-cropping has helped develop the livestock sector and thus increase employment opportunities. There are about 21,000 employees in these projects at present.

A special project has been undertaken under the Hambantota district Rural Development Programme aided by NORAD viz., a Sericulture Development and Settlement Scheme, located at Bedigama Estate, 63 hectares in extent. The project has been phased to be completed in 1987 and has been approved by Foreign Consultants. Provision has been made by the donor organisation to finance the entire cost of training personnel under the project. Cultivation of mulberry requires irrigation and with this in view an existing tank in the project area is being restored.

The project would provide indirect benefits to about 700 families who live within a radius of a kilometre, by way of social amenities. The village within the periphery would also be benefited by way of electric power supply and good road link.

### Forestry

Each climato-geographical region in Sri Lanka is characteristic of its distinctive type of forests. The wet low and mid-country forests have tall, lofty trees with a dense luxuriant undergrowth. These forests occupying the populous part of the island are often scattered in isolated tracts in the wetlow country. In contrast, the dry zone forests comprise mixed evergreen and deciduous tree species. There is very little undergrowth. The tree species consist of some of the best hard-wood varieties of economic importance in Sri Lanka. Forests in the sub-tropical montane zone are generally confined to hill tops and ridges. These forests are of the evergreen type and owe their importance from the point of view of climate, soil and water conservation and also of their aesthetic significance.

Sri Lanka's forest area is roughly in the region of 1.9 million hectares and cover proclaimed and proposed reserves, state forests and forest plantations. National parks, intermediate zones, nature reserves and sanctuaries are about 0.6 million hectares.

State agency for the development and management of forest resources in Sri Lanka is a function of the Forest Department.

Strategy of forestry development in addition to raising plantation forests is being directed towards the initiation of a 'social forestry' programme for purpose of meeting the timber and fuelwood requirements of the island and also the creation of better environmental conditions. Under this 'Social Forestry' programme pilot projects were initiated in the districts of Badulla, Kandy, Matale and Nuwara Eliya where catchments of the major rivers are located. These projects were two pronged. The estate sector launched a programme to plant up gullies, ravines and uneconomic tea land with forest cover. Technical know-how and planting material were supplied by the Forest Department. The second aspect of the programme was to enlist participation of the rural sector at village level to educate the rural folk on the importance of afforesting wastelands. The response



at the village level has been quite encouraging and certain wasteland areas were planted on a voluntary basis. This 'Social Forestry' programme would be expanded and intensified to cover all districts of the island.

Another strategy of Forestry Development was to create a tree planting awareness among school-going children. Schools in the Kalutara District were involved in a tree planting exercise with organisational and financial assistance from the State Timber Corporation.

There had been a rapid depletion of the country's forest cover during the last 2 decades, a drop from approximately 45 per cent to 25 per cent of the area of the island, resulting in—

- (1) Shortage of fuelwood, affecting about 90 per cent of the total population and ;
- (2) Scarcity of construction timber now being imported at a premium price by both state and private organisations.

A USAID afforestation project proposal for a 5-year period commencing 1980 was prepared during 1979 with a view to

- (a) afforesting 2,833 hectares of fuelwood or energy plantations annually in the dry zone ; and
- (b) afforesting 1,214 hectares annually of degraded catchments in Dolosbage and Rambukpitiya areas in the up-country division.

This would afford significant contribution to forestry development in the country. Several projects have been mooted for assistance from the FAO, UNDP, IBRD, Finland and Norway. A World Bank Aid Mission carried out a preliminary forestry sector survey in Sri Lanka during 1979.

Forest development was also given a fillip with the amendment to the Forest Ordinance wherein vehicles involved in forest offences were to be automatically confiscated on conviction in a court of law. This would prove quite effective in curbing illicit trafficking of timber.

On a directive of the Minister of Lands and Land Development a "Forest Protection Care Group" has been established in each district comprising the Government Agent, Army, Police and Forest personnel to combat the menace of illicit felling, transport of timber, unauthorised gemming and encroachments at the district level.

A total of 6,245 forest offences were reported during 1979. Afforestation/Reforestation continues to be the main development activity of the department. The target set for the reforestation programme is 7,100 hectares, based on two projects :

- (1) The normal reforestation programme of the department—6,500 hectares,
- (2) Special reforestation project on the derelict tea and rubber lands, and other degraded areas—600 hectares.

Under project 1 of this programme an extent of 6,700 hectares has been planted during 1979.

An extent of 637 hectares was also planted under these projects giving an overall excess of 237 hectares of the target figure.

Planting of Ipil-Ipil as fuel, cover crop and animal feed was commenced during the year on an experimental basis.

Under the National Agricultural Diversification and Settlement Authority (NADSA), reforestation work commenced in areas within catchments of Atabage-Nilambe-Gurugoda and Maha Oya. 925 hectares consisting of Pinus, Eucalyptus, Albizziya and Mahogany species.



### Timber Production

The State Timber Corporation had a sales turnover of Rs. 107 million in 1979. Restriction of forest felling areas available to the corporation as a result of the strict conservation policies of the government appears to have a declining rate of business activity. A revised management policy however enabled the corporation to make better use of the resources available and take advantage of the growing market for timber with the tremendous expansion of construction and house building activities.

*Production.*—The Corporation was able to make a significant improvement in productivity as a result of improved management efficiency and also the result of increased incentives to contractors.

TABLE 7.3—TIMBER PRODUCTION 1978 AND 1979

Item	1978	1979	Percentage increase
Hardwood logs (C.M.)	56,299	88,419	57
Peeler logs (C.M.)	3,188	2,022	-37
Sawn timber (C.M.)	11,511	12,737	11
Sleepers (No.)	1,993	14,425	624
Transmission Poles (No.)	7,979	23,007	188
Firewood (C.M.)	121,739	99,845	-18

*Exploitation of Cyclone felled teak.*—About 20 per cent of the Forest Department's teak plantations were felled during the October 1978 cyclone. Two new regional offices were set up in Vakaneri and Pullumalai to expedite extraction of teak from these areas and prepare the land for replanting. About 70 per cent of the teak available from these sources was felled during the year.



## CHAPTER VIII

### INTEGRATED DISTRICT DEVELOPMENT PROGRAMMES

THE balanced regional development of the country was one of the major challenges that had to be faced and was willingly accepted by the Sri Lankan Ministers upto the attainment of Independence in 1948 and by successive governments in the post-independence era.

For several centuries the island presented a composition of a well settled Wet-zone in the South-Western part of the country and a vast Malaria infested dry desolate forest and jungle in the rest of the country (excepting the Jaffna peninsula and a few other isolated small pockets). The former comprises the Wet Zone which is still the major populated area. The latter has been the focal zone for major development activities of the country in restoring ancient irrigation works, constructing new irrigation tanks, land development, new settlements (colonization schemes) and agricultural development, in more recent years.

The development of the agricultural resources of the dry zone and the settlement projects based on it represent the response to the regional development challenge, as a solution to the problems of food scarcities, unemployment and broadening the productive base of the economy particularly, in the agricultural sector.

From the point of view of regional development the successive governments have adopted many important measures conducive to rapid progress such as the anti-malaria campaign, extension of other health programs, expansion of educational facilities, roads and transport services development, agricultural support schemes such as subsidies, guaranteed price schemes, marketing organisation, agricultural extension, plant breeding and appropriate price policies. Coupled with the Government's liberal welfare policies such as free health and education and food subsidies these have had a substantial impact on regional development as well.

It may be also mentioned that all the major projects with a strong regional orientation have been rural agricultural projects such as the colonisation or irrigation schemes, except the Free Trade Zone and Urban Development projects which have commenced recently.

The idea of formulation and implementation of district integrated rural development projects is one of the important innovations adopted in Sri Lanka during the last few years. This has begun to contribute to accelerated development, particularly in districts which have not hitherto benefited from large-scale and extensive development projects of a capital intensive nature.

Under the first phase of this programme which was initiated in 1976 several districts have had integrated development programmes prepared for them and these are now being implemented.

In placing this programme in its proper historical perspective it could be considered as a natural development of an important new trend towards decentralisation observable in Sri Lanka since the early 1970's. Some of the significant events in this trend are the establishment of the decentralised budget, the appointment of district Political Authorities, followed by the appointment of District Ministers and an increasingly greater role played by Members of Parliament in Government's administrative and development activities at the district level. This decentralisation pattern would be further emphasised when the District Development Councils are constituted with wider powers for decision-making on many aspects which would impinge the district administration.

A significant fact with regard to these changes is the emergence of the district as the foremost sub-national division in the country. There are 24 districts, each headed by a Government Agent and a District Minister, and each district has a well established administrative network, within each district down to Assistant Government Agent's (AGA's) division level and to the village group level. This administrative set up has had a long period of existence and has been strengthening itself over the years.



Another important development that has characterised the period since 1948 is the increasing attention that the successive governments have paid to economic development activities as compared with the purely administrative and legal functions of the Government. One may conclude that the district development programme is the combined result of the Government's desire for accelerated economic development and the emergence of the district as a political and administrative unit, as a consequence of the decentralisation process.

Thus the district integrated development programme could be looked at as an attempt by the Government to accelerate the economic and social development at the district level (at the sub-national level), within the context of the overall national policies, programmes and the other development Projects.

The broad objectives of this programme are to bring about an increase in income, employment and the general living standards of the population of each district by the planning and implementation of a medium-term programme of high priority, mutually supporting investments and critical institutional improvements. The fulfilment of local needs and realisation of the local potential for development is a dominant strategy employed to achieve these overall objectives.

As was mentioned in the earlier section, this programme is directed to the more rural districts where no high investment projects are already taking place.

Essentially it could also be seen as a programme directed towards the rural areas and rural populations. There is a mixed approach, involving elements of regional development or resources development and integrated rural development.

In achieving these objectives it often becomes necessary to strengthen the infrastructure development and also improve the government's services that have been in operation over a long period. This involves in many cases, strengthening of their implementation, management and institutional capacity as well, so that the proposed programmes can be successfully undertaken within the target period.

The integrated development programme was commenced in 1976 when the then government selected Kurunegala district for integrated development. Preliminary discussions with the World Bank as regards project preparation and possible financing of the project ensued.

Since then planning activities of the project have been completed and a loan has been obtained from the IDA in order to finance two-thirds of the total cost of the project. The project implementation commenced in January, 1979.

The Kurunegala district located in the North-Western part of the country, is a comparatively large and a populous area. It covers parts of the wet zone, the intermediate zone and the dry zone lowlands. The main crops of the district are paddy and coconut.

The project aims at improving the productivity of agriculture (particularly of coconut and paddy) by an intensified programme of tree planting of coconut, under-planting of coconut land with other crops, increased fertiliser application and of improving paddy production by providing seed material, fertiliser application and improvement of irrigation facilities. There is also the extension of agricultural credit facilities. On the infrastructure side, roads and rural electrification, improved water supply, etc., are provided for. In the mainly socially important sectors improvement of educational and health facilities is a major component of the project. The project aims at a balanced development of the directly productive sectors, and economic and social infrastructure and services. The total project cost is Rs. 460 million and is to be completed in 5 years.

*Matara Project.*—The Matara district is located in the southern part of the country, completely situated in the wet zone and also is a coastal district. Consequently it has a very high density (535 per sq. kilometre) of population. Paddy, Coconut and Tea are the main crops. Fishing is an important activity along the coast.



The project has been supported by a grant from the government of Sweden and operates on an annual planning basis, each year's "action plan" being prepared within the framework of the broad development activities, which have been identified on a qualitative evaluation. Detailed planning, particularly in the agricultural sector, continues alongside implementation of high priority activities.

In the context of the problems and the development potential of this district the main emphasis is on intensification and improvement of productivity in agriculture and fisheries which are the leading sectors. In addition, irrigation, roads, health and education improvements are also provided for.

Since the district is already in a relatively developed state as compared with other districts in Sri Lanka, the total allocation of funds will be around Rs. 75 million. The funds are being provided by the government of Sweden as a grant to Sri Lanka.

*Hambantota District.*—Hambantota is the southernmost coastal district of Sri Lanka and the major part of the district is located in the intermediate and dry zone. The western part of the district carries a large agricultural population of a very high density. Main emphasis here would be on irrigation rehabilitation and increasing agricultural production. The eastern part of the district is comparatively very dry and the water resources situation imposes severe restrictions in regard to agriculture and domestic water supply, and therefore carries a very low density of population, 152 persons per sq. kilometre.

The fisheries sector is relatively important because of the long and favourable coastline. There is, however, a large scope for improvement in technology and increasing productivity in relation to the extensive fisheries resources available. The quality of the domestic water supply in many areas is a health hazard, in addition to the existence of Malaria which presents a special health problem in this district.

The preparation of an integrated plan of development for the district (excluding those areas which have been covered by large irrigation projects) is now being carried out.

The implementation of certain advanced activities and projects have already been commenced as from January 1979, pending the preparation of a detailed plan for the district.

The plan preparation would be completed by July 1980.

The present financial framework for this project is Rs. 100 million and funds have been committed by the government of Norway as a grant.

*Nuwara Eliya District.*—This district is located in the centre of the country and contains areas of maximum elevation comprising mostly those of rugged topography.

The district is one of the largest areas in Sri Lanka where tea as a mono-crop dominates the economy and the agricultural pattern. The dualism of domestic versus plantation-agriculture is very clearly seen in this district, not only in terms of the geographically distinct areas but also in terms of crops, agricultural holdings, agricultural organisations as well as religion, language and culture of the two population groups in these two sectors. The Netherlands Government has committed funds for the preparation of a rural development programme for the district and its implementation.

A draft development plan has been prepared and presented to the Netherlands Government. It has been reviewed and a more detailed examination of the proposals along with further studies are now being planned.

Certain advance activities have been included in the draft plan and these would be implemented on a limited scale from January 1980.

Some of these activities are reforestation, irrigation improvement, strengthening of animal husbandry services, minor export crop development and improvement of marketing services for tea small holders.



Detailed plan preparation and evaluation would be completed by end of 1980.

*Puttalam District.*—Puttalam is a long narrow district along the north and the central part of the western coast. A large population with well developed agriculture and close settlements live in the southern part of the district which has a favourable rainfall pattern while the rest of the district forms part of the Dry zone with its attendant problems of seasonal rainfall with a high variability, a long spell of drought, requiring irrigation facilities for settled agriculture. A long and rich coastline has been the basis for a large fishing industry in the district. Many and varied industries based on clay and limestone resources or agricultural by-products have grown up in addition to production of salt.

An integrated development has been drawn up for the district and has been evaluated by the World Bank. The completion of the plan preparation is being pursued and its implementation would commence in later 1980 or early 1981.

The total project cost amounts to about Rs. 300 million spread over a period of 5 years.

*Matale District.*—Matale is a centrally located district with intermediate elevation and a rainy climate in the southern and eastern parts and a dry zone climate with low elevation in the northern parts. The eastern part is rugged and poorly accessible and has an intermediate climate. The southern central area has a high population density and is one of the leading areas of the country for the production of cocoa, coffee, cardamom, pepper, nutmeg and cloves which are mostly produced in home gardens of small size.

An integrated plan for the development of the district has been prepared and has been appraised by the World Bank. The total cost of the project is about Rs. 300 million. The completion of plan preparation continues and its implementation would commence in late 1980 or early 1981.

The thrust of the main proposals under this project involves measures for the improvement of productivity of spice crop production, irrigation improvement and road facilities along with improvements in education, health and domestic water supply.

*Mannar District.*—The preparation of a development plan for this district is actively underway. The International Labour Organisation office at Bangkok supports the project. Several members of the University staff have been assigned this task and they work with the district officials.

Mannar is a very thinly populated, coastal district with a very dry climate. The basis for agricultural production is the large irrigation reservoirs and their networks. The rest of the district is in low jungle with very sparse settlements. Fishing is an important sector with much scope for further expansion and development. The overall development scene is very backward.

*Vavuniya District.*—The preparation of an integrated development plan for the district has been assigned to private local consultants.

The district also is similar to Mannar district and suffers from many disadvantages such as a very arid climate and an inland location. Irrigation development holds the key to extension of cultivation and density of population is very low with 30 persons per sq. kilometre, the lowest density in Sri Lanka.

### Rural Development

A separate Ministry of Rural Development was created in September, 1978, to co-ordinate various functions of Rural Development Societies and Womens' Development Societies in keeping abreast with other development activities now taking place in the country.

*Community Development and Training.*—In 1979, under the above Programme there were 11 Rural Development Provincial Training Centres and a Rural Development Training and Research Institute in Colombo, functioning under the Department of Rural Development.



The 11 Provincial Training Centres had a total of 8,604 participants requiring a total expenditure of Rs. 33,386,366. The Rural Development Training and Research Institute in Colombo had a total of 528 participants in its training courses and incurred a total expenditure of Rs. 42,826 during the year under review.

Community Development and Training received Foreign aid from the Konrad Adenauer Foundation of West Germany in both cash and kind. An Agreement was entered into and the total Budget for Aid Projects for 1979 was Deutsch Marks 271,422 an equivalent of Rs. 2,271,802 in Sri Lanka currency.

*Shramadana Activities.*—The Shramadana Movement of the Department of Rural Development functioned with the aid of the World Food Programme. Under this programme 564 village tanks and 942 Channels were re-constructed and cleaned up during 1979. Aid received in this regard from the World Food Programme was distributed among those participating in Shramadana activities.

The aid programme includes the supply of foodstuffs as wheat flour, sugar, dhal and dried fish.



## CHAPTER IX

### AGRICULTURE AND FOOD

As estimated by the Department of Census and Statistics, the Gross Domestic Product at Current Factor Cost Prices was Rs. 51,997.8 million in 1979 of which Rs. 19,579.3 million or 37.6 per cent was attributed to "Agriculture, livestock and Fisheries", a major sectoral component of the Gross Domestic Product. Detailed Analysis of this Major Sectoral Component at current prices also revealed that the sub-sector agriculture alone accounted for Rs. 17,256.5 million or approximately 88 per cent during 1979, a decline of about 3 per cent over the preceding year. Production of major agricultural crops, except coconut increased only marginally. A decline in tea prices along with increased costs of production tended to squeeze the profit margin in the tea industry, thereby affecting production adversely. Coconut production which had dropped to its lowest level in 1977, as a result of drought in previous years, rose by 8.3 per cent in 1979. Paddy production in the cultivation year 1979 (Maha 1978/79 and Yala 1979) has been estimated to be an all time record of 1,918 million kgs. though the Yala Crop was affected by adverse weather conditions.

According to the Fertilizer Corporation, total issues of fertilizer rose to a peak level of 377.9 thousand metric tons in 1979. This was 2 per cent higher than the amount issued during the year 1978.

#### The Tree Crops Sector

Major changes have taken place in the Tree Crops Sector during the recent past which have had significant effects on both present levels of production and future lines of development.

Tea, Rubber and Coconut which constitute the three primary tree crops together, through their exports account for almost 70 per cent of the country's total foreign exchange earnings. Tea export alone bring in 46 per cent of Sri Lanka's foreign exchange in addition to providing through taxation on exports around 43 per cent of total Government revenue. In addition, Tea with nearly 243,000 hectares, Rubber 226,000 hectares and Coconut covering 451,000 hectares account for almost half of the total cultivated extent of land in Sri Lanka.

During the decade of the 1960s and the period 1970-74 international prices of these three commodities followed the long-termed downward trend. However, since 1975, and particularly in 1977, prices of Tea, Rubber and Coconut have improved. 1977 was a spectacular year for Tea when prices achieved an all time record. In spite of the deteriorating price of tea since 1978, tea production increased marginally. Rubber production declined by about 2 per cent in spite of remarkable improvement in price. Coconut production recovered from its low level in 1977 and its price too appeared to be favourable since 1978.

The most significant change in the Tree Crops Sector in the past few years was the introduction of land reform, firstly through the Land Reform Law (No. 1) of 1972 which restricted the size of individual holdings of agricultural land to 20 hectares and secondly the Land Reform (Amendment) Law (No. 39) of 1975 which enabled the taking over of all Company-owned lands both local and foreign into the hands of the State. While initially the lands acquired by the State were held by several agencies there has been consolidation of the holdings and most of the State Plantations are presently managed by two Corporations, the State Plantations Corporation and the Janatha Estates Development Board which now function under the President of the Republic.

The Land Reform Commission reviewed appeals made by land owners whose lands were taken over by the state under the Land Reforms Act. A total of 1964 hectares were returned to the former owners during 1979. A total of 5,219 hectares, viz., 2.3 per cent of the total lands taken over have so far been returned to the former land owners as at end of 1979. The L. R. C. paid Rs. 44 million during 1979 as compensation to land owners. A total of Rs. 239 million has been



paid to the land owner as at end of 1979. The foreign companies whose lands were taken over by the State under the 1975 Law received Rs. 69 million during 1979. A sum of Rs. 159 million has been paid to 65 companies as at the end of 1979.

*Tea.*—Performance is reviewed in terms of the following indicators :

Year	Production
	Tea (million Kgs.)
1977	208.6
1978	199.0
1979	206.4

Compared with 1977 there is a drop of 9.6 million in production for the year 1978. The target set for 1978 was 206 million kgs. In analysing the reason for the shortfall it would be useful to disaggregate the figures both on the basis of production by elevation—high, medium and low and seasonal production—month by month breakdown which gives the following picture :

	1977 (Million kgs.)	1978 (Million kgs.)	1979 (Million kgs.)
High	78.6	71.8	76.5
Medium	66.6	61.2	62.5
Low	63.2	66.0	67.4

This breakdown would indicate that while as regards low-growns, which account for around 32 per cent of production of the cultivated area, production has in fact increased by 2.8 million kgs.; the shortfall had actually occurred in the high and mid-growns. However in 1979 there was an overall increase in production even categorywise :

- (a) Around 300 hectares of tea land which were found uneconomic have been taken over by the National Agricultural Diversification and Settlement Authority and will be progressively moved out of tea.
- (b) Mid-country teas received very poor prices during 1978 and 1979. There is a direct correlation between the price which tea receives and its level of production (high prices stimulating coarser plucking which means greater production while low prices generally result in a finer plucking. This could have been a factor for low production, particularly as far as small holders were concerned. There were frequent complaints during the year from small holders and private sector factory owners that prices obtained at the auctions for mid-country teas were uneconomical. If in fact the cost of production in the mid-country is compared with the net sales average at the Colombo Auctions, the producer margin would be seen to be quite inadequate. For example, net sales average price of mid-country teas for the period January–December 1978, was Rs. 10.38 per kilo while the cost of production of kilo of mid-country tea is generally around the level of Rs. 9.50.

The reasons for the shortfall in the high-growns has been generally attributed to inadequate distribution of rain on the western high-grown area in the months of April, May and June. The Uva and



Uda Pussellawa region is also reported to have suffered drier conditions than normal, in November–December 1979. When production figures for 1978–79 are disaggregated into months and quarters it gives a picture as follows :

		1978 (Million kilos)	1979 (Million kilos)
January	} 1st Quarter	15.3	18.0
February		15.1	13.3
March		19.0 (49.4)	17.8 (49.1)
April	} 2nd Quarter	20.2	17.1
May		20.6	24.9
June		19.3 (60.1)	19.5 (61.5)
July	} 3rd Quarter	13.2	15.3
August		11.2	12.8
September		12.7 (37.1)	13.3 (41.4)
October	} 4th Quarter	16.3	19.3
November		19.0	19.8
December		17.1 (52.4)	15.3 (54.4)

It will, therefore, be noted that while in the second and fourth quarters of the year production in 1979 has been better than production in 1978, it is in the first and third quarters that the real shortfalls have occurred. The shortfall in the first quarter has been of the extent of 0.3 million kgs. The average net Colombo Auction price of tea in 1979 dropped by 4.3 per cent and the London Auction price of Sri Lanka tea dropped by 9.2 per cent according to the estimated figures of the Central Bank.

The major projects with long-term implications for the Tea Sector initiated in 1978 were :

(1) The "Tea Master Plan Study" whose objectives were—

- (a) the determination of an appropriate level and structure of production over the next 10 to 15 years ; and
- (b) the development of an action programme including detailed implementation programmes and projects for a 5 year period which could hopefully achieve the determined level and structure of production.

(2) The Tea Rehabilitation Project with World Bank assistance in a loan of 21 million US dollars would take up for intensive integrated development an extent of 18,000 hectares of existing tea land in the Maskeliya–Dickoya area. This programme involves replanting, infilling, factory modernization, housing improvements, provision of transport and training facilities.

The institutional framework of the State Sector was further improved by providing for more effective decentralization—by the strengthening of the Regional Offices, and by a more rational distribution of plantations between the two Corporations. Janatha Estate Development board (J. E. D. B.) and Sri Lanka State Plantation Corporation own about 62 per cent of the Tea acreage in the country.

**Rubber.**—Rubber production showed a 7 per cent increase in 1978 over 1977. In 1977 the production was 146 million kgs. and in the following year the production rose to 156 million kgs. However there was a marginal decline in 1979 when compared with the 1978 figure.



Although the market conditions in 1979 were highly favourable, consequent to the buoyant prices attributable to the International Buffer Stock Agreement in Geneva the industry's production performance during that year was a discouraging one.

A Master Plan Study of the Rubber Industry has been initiated with assistance from the Overseas Development Ministry of the United Kingdom. This study has twin objectives, the determination of production levels and institutional structures to support such levels over the next 10 years and secondly the formulation of investment proposals in the short-run. An investment Project is being prepared by the FAO with special emphasis on the replanting needs of small holders.

Twenty five percent of Rubber producing area of Sri Lanka comes under J. E. D. B. and S. L. S. P. C. and these two institutions are responsible for about 30 per cent of production in Sri Lanka. Private estates, particularly small holdings account for the balance area of rubber lands and production in the country.

Replanting subsidies to the private sector and small holders were revised twice during 1979. In September replanting subsidy was increased from Rs. 4,000 per acre to Rs. 5,000 per acre and again in November it was raised to Rs. 16,062 per acre. However the current cost of replanting ranges from Rs. 8,500 to Rs. 24,711 per acre and the subsidy remains inadequate.

The rising prices of petroleum indicates a bright future for natural rubber. Synthetic rubber being a product of petro-chemical industry would move up in price to such an extent that it would apparently show a bleak future for synthetic production. The signing of the International Natural Rubber Agreement in Geneva during September 1979 would promote better prices for Natural Rubber in ensuing years.

*Coconut.*—The Coconut Sector in 1979 showed an increase in production as compared to the year 1978. Unlike in Tea and Rubber where production is an actual measurement of quantities produced, in Coconut as in paddy, figures of yield and total production are only estimates. It is not possible to count the number of nuts, plucked and the estimate of production is based on a formula. On this basis the Coconut Development Authority has estimated actual production of nuts to have been 2,393 million in 1979 as against 2,207 million in 1978. However in the case of coconut oil, desiccated coconut and copra, the exported figures are actual quantities produced.

Here too the comparison between 1978 and 1979 shows the performance was better in 1979.

TABLE 9.1—COCONUT PRODUCTION 1978 AND 1979

	Volume	Value	Volume	Value
	(M. T.)	(Rs. '000)	(M. T.)	(Rs. '000)
1. Coconut Oil	28,267	317,225	33,961	535,148
2. Desiccated Coconut	40,664	626,263	41,766	819,252
3. Copra	924	9,811	1,080	16,489
4. Fresh Nuts	—	—	347,550 (Nuts)	1,130
	507.20 equivalent in Mn. nuts	953,299	561.36 equivalent in Mn. nuts	1,372,019
Total Utilization		1978 (000)		1979 (000)
		2,207,336		2,393,157

Source : Annual Review of Coconut Marketing Board

The Land Reform programme of the Government brought in a state of inactiveness during the early 1970s in the coconut plantation sector. During the subsequent years severe spells of drought adversely affected the coconut yield and by 1973 total production declined to an estimated figure of



1,948 million nuts. It was 1,821 million nuts in 1977, compared to the national average production of over 2,600 million nuts in the previous decades. The cyclone that affected the eastern coast of the island in November 1978 destroyed approximately 2 million coconut trees and there was a consequent loss of about 50 million coconuts per annum. Rehabilitation programmes are in progress since then but it would take a few more years before normal production could be restored.

TABLE 9-2—COCONUT PRODUCTION IN RELATION TO EXPORTS

	<i>Estimated production in million nuts</i>	<i>Export million nuts</i>	<i>Export as year per cent to produc- tion</i>
1970	2,445	827	36.3
1971	2,668	1,109	41.6
1972	2,818	1,231	43.7
1973	1,948	351	18.0
1974	2,030	495	24.4
1975	2,585	914	35.4
1976	2,330	794	34.1
1977	1,821	233	12.8
1978	2,207	507	23.0
1979	2,393	561	23.6

Since price fluctuations in the coconut trade adversely affected both consumer and the producer, the government introduced the new Export Duty structure for coconut kernel products—copra, coconut oil, desiccated coconut and fresh nuts which came into effect from 1st August, 1978. Originally this structure provided a basic price of Rs. 650 per 1,000 coconuts payable to the producer. In keeping with the increasing costs in maintenance of coconut lands, the above base price was increased to Rs. 850 with effect from 29th January, 1979, and to Rs. 1,000 per 1,000 coconuts with effect from 9th November, 1979.

Since the coconut Processing Industry involving production of desiccated coconut, coconut oil and extraction of fibre, needs extensive repair and improvements, loans, credit arrangements and foreign aid investment projects are in the process of formulation. The Tropical Products Institute of U. K. has conducted a survey of the Coir Fibre Industry and investment requirements have been identified. External finance support for the modernization of Mills is also expected.

The emphasis on future development of the industry will necessarily have to be on the stimulation of production both through increased extension services to the largely small holdings sector and through greater producer incentives. Sri Lanka used to be a traditional exporter of Desiccated Coconut to Europe but due to the shortfall in production these markets are being eroded. The maintenance of these markets would demand that at least the same level of production of Desiccated Coconut as in earlier years be maintained. In the face of a rising home demand the urgency for rapid increase in production is underlined. Subsidies for replanting, underplanting and inter-cropping on coconut lands have been substantially increased with a view to achieving a change in the mono-cultural pattern of cultivation that now exists.

#### Future Development

**Tea.**—Since increase in production, at least upto the historical maximum of 226.8 million kgs. is the expectation in the medium term, whilst continuing to maintain the quality of tea for which the country has become famous, the chief plan for future development will be better management of the production



aspects combined with greater care in processing. Increased use of fertilizer and the highest management practices on the field plus greater investment in modernising factory equipment will be the main thrust in the future. Along with these, since Sri Lanka's production is very largely for export, the promotion of new markets and an increased emphasis on marketing, will follow. As only 8 per cent of Sri Lanka teas are now exported in packeted form—which has an added value component greater attention would be paid to the export of packeted teas directly from Sri Lanka. An incentive scheme to promote the export of packeted tea/tea bags was introduced in January 1979. The cash incentive now provided is Rs. 2.50 per kilogram of packeted tea and tea bags exported from Sri Lanka.

**Rubber.**—Sri Lanka presently produces only 4.1 per cent of the total world natural rubber. Since Rubber prices internationally are expected to be good in the foreseeable future, extension of production both through an intensified programme of replanting and by new planting is to be encouraged. Whilst retaining Sri Lanka's pre-eminent position in the world trade as regards manufacture of crepe rubber, attention will be progressively given to the conversion of inferior rubber grades to block rubber which is receiving increased demand in world markets. Subsidy payable on replanting is now Rs. 6,500 per acre to maintain an annual replanted area of about 6,000 hectares.

#### Minor Crops

Under 'minor crops' are classed a wide range of crops both for export and domestic consumption. Most of them are grown in small holdings and are sometimes inter-planted with other crops. No all of them are tree crops. Based on exports in 1979 the production of cinnamon, cloves, coffee maize and cardamom has increased over 1978. The Minor Export Crop Subsidy Scheme which was in existence since 1972 was revised in October 1978 to provide enhanced incentives. The crop diversification projects of the National Agricultural Diversification and Settlement Authority are also designed to achieve increase production of these crops.

Developments in the production of Cashew and Palmyrah and of sericulture are of economic importance.

**Cashew.**—The total extent under cultivation has been estimated to be 4,000 hectares—2,300 hectares being in the hands of the State, managed by the Sri Lanka Cashew Corporation.

Since production is low, almost all of it is home consumed. There have been trade offers for Sri Lanka cashew which is of a high quality but in view of the low production only limited quantities have been exported.

Government proposals are to expand production both in the State and non-state sectors. Inducements to small-holders through a subsidy scheme which provides a grant of Rs. 15 per plant subject, to a minimum of 5 seedlings is in operation. There are 28 nurseries for raising planting material. State's subsidy scheme has been expanded to cover Moneragala, Vavuniya, Amparai, Kurunegala, Anuradhapura and Mullaitivu districts.

**Sericulture.**—The development of Sericulture is the responsibility of the Silk and Allied Products Development Authority. Mulberry plantations supported by the Authority cover 250 hectares at present. In addition to private sector ventures, the Authority operates a Central Sericulture Station at Pallekelle and five sub-stations at Horana, Agalawatte, Jaffna, Anuradhapura and Elpitiya. Production of 15,000 kilogrammes of cocoons in 1978, shows an improved performance.

Future programmes include bringing an additional 400 hectares under Mulberry cultivation and the establishment of three more sub-stations for collection of cocoons and weaving.

**Palmyrah.**—A new agency the Palmyrah Development Board was set up in early 1978 to undertake the development of Palmyrah cultivation and processing of products in the Palmyrah growing areas. It is estimated that there are 7 million palms at present in the country of which only 2 million are being exploited. The work of the Board will include all aspects as production, processing, sale and assistance to the promotion and development of research.



### Field Crops

Agriculture in Sri Lanka is dominated by the Plantation Sector and the small holding sector. About 50 per cent of the production in the small holding sector is contributed by the field crops. In this group, paddy and other subsidiary food crops play a very important role in the domestic agricultural economy. Cultivation of paddy and other field crops is mostly confined to small private farms which forms the bulk of the peasant sector. The development of field crops offers a large potential for increasing production, mainly for domestic consumption, thus reducing the heavy dependency on imports.

*Paddy.*—Rice is the staple food of Sri Lanka and rice (paddy) cultivation offers the best development prospects with the available land and known technology. In addition to the high growth potential, there are other factors which make paddy the most important crop among the field crops which influence the overall growth of the country's economy. Paddy cultivation, covering about 30 per cent of the cultivated area, extends to nearly all parts of the Island with heavy concentrations in the North Central and North Western Provinces of Sri Lanka.

About 56 per cent of the agricultural land is in the Dry Zone and 44 per cent is in the Wet Zone, with heavy concentration among small farmers. By virtue of its small size and spread in the economy, changes in paddy production influences the income, employment and welfare levels in the country.

In 1978/79 Maha, 0.567 million hectares were under paddy cultivation which gave an estimated production of 1,406.64 million kgs. This is the highest production on record for a single season. In Yala 1979, 0.259 million hectares were under paddy with a production of 523.8 million kgs.

The increase in the guaranteed price of paddy from Rs. 33 to Rs. 40 per bushel announced in November 1977 and the bumper harvests that followed led to an increase on the paddy purchases by the Paddy Marketing Board. The Paddy Marketing Board purchased 28.3 per cent of the production in 1979. Even though there is a marginal increase in production in 1979 compared with 1978, the purchase of paddy during 1979 has decreased. This is because the farmers obtained better price for their paddy from the private sector.

TABLE 9-3—PADDY PRODUCTION AND G. P. S. PURCHASES 1972-1979

Maha	Paddy Production			Total '000 kgs.	G. P. S. Purchases	
	'000 kgs.	Yala	'000 kgs.		'000 kgs.	As a Percentage of Total Production
1971/72	883,364.49	1972	429,379.38	1,312,743.87	550,049.72	41.9
1972/73	876,623.48	1973	436,099.52	1,312,723.00	478,256.92	36.4
1973/74	1,098,367.20	1974	504,323.55	1,602,690.75	435,661.25	27.2
1974/75	719,138.46	1975	435,285.59	1,154,424.05	241,674.60	20.9
1975/76	882,341.86	1976	370,567.72	1,252,909.58	268,742.99	21.4
1976/77	1,144,364.70	1977	533,311.98	1,677,676.68	512,504.59	30.5
1977/78	1,286,134.60	1978	604,791.73	1,890,926.33	675,144.50	35.7
1978/79	1,393,615.10	1979	524,296.14	1,917,911.24	541,388.67	28.2

Source : Paddy Marketing Board.

### Subsidiary Food Crops

It is the policy of the Government to concentrate on the development of few crops which are high income generating for the producers. These crops also serve as inputs for high priority production items such as Milk and Poultry. On the basis of the above criteria, development of the following crops is given a very high priority.



Chillies, Potatoes, Kurakkan and Manioc,  
Pulses such as Cowpea, Green Gram and Black Gram,  
Soya bean, Gingelly and other high value oil seeds.

With the import ban in 1970, price became the main incentive for the production of chillies and onions. However, for the coarse grain imports and low price of Wheat Four have depressed the demand for these items.

The Government proposals to develop this sub-sector by the following policy support :

- (a) Improving the data on subsidiary food crops with a view to collecting reliable data—extent cultivated, production, prices and cost of production, etc.
- (b) Monitoring and evaluation of price and market trend for these crops.
- (c) Ensuring guaranteed for floor price at farm-gate level.
- (d) Regulate import of these items with a view to stabilizing a reasonable price for the consumer.

#### Coarse Grain and Grain Legumes

Cultivation of Coarse grain and grain legumes have expanded during the last few years mainly due to price incentives. Of these two groups—grain legume (i.e., green gram, black gram and cowpea) are of specific importance in view of the contribution towards improving the nutritional level of the people. The following guaranteed floor prices have been fixed by the Ministry of Agricultural Development and Research :—

	Rs.
Maize	1,230 per mt. ton
Soya Bean	1,476 per mt. ton
Cowpea (white)	3.52 per kg.
(other varieties)	3.30 per kg.
Green Gram (large)	5.73 per kg.
(small)	4.40 per kg.
Black Gram (large)	4.40 per kg.
(small)	3.96 per kg.
Soya Bean	5.50 per kg.

*Soya Bean.*—Soya bean is a great potential source of protein and edible oil and therefore it could supplement food resources of the country in a substantial way. The production of soya bean has been estimated at 1,575 mt. tons on an extent of about 1,300 hectares.

*Gingelly.*—Gingelly is traditionally a chena crop which is grown mainly in the Yala Season. The extent cultivated depends heavily on rainfall conditions in the dry zone area and varied from 6,000 to 16,000 hectares in the past.

*Sugar.*—The Sri Lanka Sugar Corporation is responsible for the production of sugar at its factories at Kantalai, Walawa and Hingurana. The present production in these factories amount to about 24,384 mt. tons, meeting about 15 per cent of the total requirements of the country. The rated capacity is 36,576 mt. tons per annum. Poor performance in sugar production in 1979 is attributable to the 1978 cyclone which destroyed a considerable proportion of sugar cane cultivation at Kantalai and Hingurana.



### Livestock

The National Livestock Development Board has assumed a new role in the performance of its work. Hitherto, it was created exclusively for the promotion, processing and marketing of meat. This function has since redefined, the Board is now mainly concerned with dairy farming that helps to produce more milk and milkfoods.

Upgrading of indigenous stock to provide the maximum number of improved stock for animal husbandry development featured prominently in the re-alignment of the overall functions. The Board has also within its authority an extent of 800 hectares of fodder and pasture land.

The Board has four major projects, embracing :—

- The Mid-country
- The Hill country
- The Coconut Triangle
- The Dry Zone

The Mid-Country Project and the Coconut Triangle were selected for financing by the I. D. A. on the basis that these provide the greatest potential for increasing milk production. As evaluated by the I. D. A. Mission, the best rate of return to investment of 15 to 19 per cent could be realised by these two projects. A total of 725 model farms in these two regions provided the impact on developing the dairy industry on a sound footing.

Accordingly, an agreement was signed where the I. D. A. contribution was 9 million U. S. \$ and the Government of Sri Lanka's contribution was 3.9 million U. S. \$.

The I. D. A. team examined the World Bank I. D. A. Dairy Development Project in February 1978 and commended favourably on its progress. In consequence, the World Bank has recommended a complete reformulation, with a view to using not only balance funds but also give effect to phase II covering the period 1981-1985.

In the Mid-country and Hill country areas New Zealand Farm at Ambewela, was handed over to the Board in August 1978. A considerable amount of work has already been carried out in the Hill Country Scheme of Development.

A total of 300 herd of Khillari Cattle are to be received under the Indo-Sri Lanka Co-operation Programme for the Development of Animal Husbandry. The 11 farms in the coconut triangle maintains 272 suhiwals, 644 Gir, 2,848 indigenous and cross-bred neat cattle which are mated to three acceptable breeds. These farms also have a herd of 544 Surti Buffaloes and 145 Murrah cross animals.

The Mahaberiatenne farm maintains a poultry unit which provides 24,000 day-old chicks a month and 2,500 pigs.

With the setting up of the Rural Industrial Development Ministry several projects were formulated and implemented to assist the small scale producer of milk and livestock.

With a view to saving the dwindling national herd, steps have been taken to stop the indiscriminate slaughter of high yielding breedable cattle. The purchase price paid to the producer of milk was increased from Rs. 1.41 per litre to Rs. 1.94 per litre. Simultaneously, the cost of cattle feed was reduced from the former level of approximately Rs. 1,181 per mt. ton to a stabilized level of Rs. 787 per mt. ton. Similarly, all other categories of animal feed were reduced by Rs. 394 per mt. ton, while the quantity of feed produced by the Ceylon Oils and Fats Corporation has been increased by over 30 per cent.

The producers were encouraged to form dairy co-operatives in order to develop self-reliance and ensure their participation and involvement in livestock and dairy development. A loan scheme was formulated in collaboration with the Bank of Ceylon to enable the members of the public to purchase high yielding cattle for the increased production of milk. This scheme has already been introduced



on a pilot basis in the Nuwara Eliya District. Once the results of the experiment have been evaluated, it is intended to extend the scheme to cover the whole Island. In order to improve the supporting services, a planned programme for the opening of additional milk collecting centres, was launched. To upgrade the quality of livestock, the programme of artificial insemination was extended by the new techniques using synthetic hormones to enable large groups of animals to be simultaneously inseminated.

With the collaboration of the F. A. O., the Board has arranged to conduct trapping operations to bring into fold a large concentration of stray cattle in many areas, including Yala Sanctuary. According to statistics available, the number of stray cattle in Yala alone is around 8,000 animals. This operation to seize and tame wild cattle will be conducted jointly with the Wild Life Department and the Nature Protection Society. This scheme will need the technological assistance and services of a few experts as well as trained personnel.

### Livestock Development

Policies and plans to step up productivity in the livestock industry have to take cognisance of the vital necessity to improve both the quality and number of the national herd. In formulating plans towards this goal, particular attention has to be paid to issues such as ;

- (a) Manpower
- (b) Supply of high quality breeding material
- (c) Loan schemes
- (d) Supply of concentrate feed and mineral supplements
- (e) Adequate Animal Health Services
- (f) Marketing facilities.

These were some of the main considerations that have gone into the Master Plan for Livestock Development that is being drawn up with the establishment of a separate department. Future action programmes in the sphere of animal production would mainly be based on this master plan. Special mention has to be made here of the Government's decision to ban the slaughter of breedable female animals. This was a long awaited decision and it is bound to have a great impact on our efforts to improve the potential of the dairy industry.

In carrying out the plans and programmes in different agro-climatic zones of the country, availability of dependable data on stocking intensity, economic viability, etc., is extremely important. In order to meet this need special unit for collecting and processing data for economic studies has already been set up.

**Animal Health Services.**—The Island is divided into 94 ranges for purposes of Animal Health Services Activities. Each of these ranges is incharge of a Veterinary Surgeon. However, due to lack of transport facilities, the vastness of the area covered by a single range and other constraints, it is evident that the number of Veterinary Surgeons is inadequate. With the formation of the new Department of Animal Production and Health, Veterinary Surgeons were recruited. These services were further strengthened with the provision of additional veterinary staff.

Several special programmes were initiated during 1979, such as mobile Veterinary clinics, farmers loan scheme at Nuwara Eliya and intensive servicing schemes in the Mahaweli area.

**Artificial Insemination Service.**—This is one of the many aspects of the new department that is receiving special attention. The significance of the artificial insemination service to multiply the national herd and to improve its quality has been so great that an all out, concentrated action programmes are being considered in order to expand the operations. A pilot project is accordingly being implemented with the object of providing artificial insemination services and related health services to the small farmer. There has been an increased production of cattle and poultry vaccine to cater to the increased demand for these vaccines. An experiment to induce 'heat' in cows by artificial methods and inseminating them with quality semen has proved quite successful.



### Agricultural Development Authority

The Agricultural Development Authority commenced functioning in March, 1980. The prime objective of A. D. A. is to achieve high growth rate in agricultural production through increasing productivity of private agricultural lands below 20 hectares in extent, as well as home gardens, by providing services and facilities.

The Authority is intended to implement its programmes in consultation and with the co-operation of the Department of Agriculture, other government institutions and State Banks.

Another objective of the A. D. A. is to ensure, through organisation, the timely availability of agricultural inputs such as seeds, plants, fertilizer agro-chemicals and crop insurance, irrigation facilities as well as technical know-how required by farmers in areas covered by the A. D. A. Further it is aimed at creating an awareness among farmers as well as to provide necessary training required by them on agricultural crops and animal husbandry.

The activities of the A. D. A., have upto date been extended to cover 20 electorates specially in districts where integrated rural development projects are under implementation ; Namely, nine electorates in Kurunegala District, seven in Matara District and four in Hambantota District. A survey was made regarding inputs such as planting material, implements, agricultural extension services, marketing, irrigation facilities, loan, soil conservation, inter-crops, etc. Subsequent to these inspections the A. D. A. has taken necessary steps to provide assistance and services to commence cultivation of new crops, and improve existing crops. Loans with the consultation of farmers in those areas have been provided and steps have been taken to distribute planting material in respect of minor export crops like coffee, cocoa and cardamom.

Regarding agricultural inputs and distribution, certain private sector firms have been helpful to the A. D. A. As regard marketing co-operation of the Markfed and the Co-operatives have been sought. Cattle have been distributed for animal husbandry. For the efficient working of the Authority a regional set-up has been initiated in each electorate, covered by the authority. Agricultural Instructors and Extension Officers have been appointed to Agricultural Extension Centres. Further, for better and more efficient functioning of the organisation, administrative units, smaller in size have been organised.

### Food and Nutrition

Food and Nutrition Policy Planning in Sri Lanka is comparatively a recent aspect of Economic Planning and signifies an increasing recognition of the importance of nutritional standard among lower income groups and also the impact of development efforts in maintaining nutritional levels,

A new division has been set-up under the Ministry of Plan Implementation with major objectives as :—

- (i) Development of a Food and Nutrition Policy for Sri Lanka in concurrence with the National Food Policy Committee (NFPC) ;
- (ii) To service the NFPC together with the Market Assessment and Research Unit and other relevant agencies as regards food commodity, prices, production, buffer stocks, crop forecast, etc. ;
- (iii) To identify the casual incidence of malnutrition and determine strategies and measures to reduce malnutrition ;
- (iv) To formulate policy measures and proposals directed to target sections of the community ;
- (v) To strengthen food control means to ensure safe quality and nutrition food to the consumer ;
- (vi) To monitor progress and performance of sectoral programmes on food and nutrition ;



- (vii) Implementation of the UNICEF programme directed towards the improvement of the nutritional status and primary health care of the population ;
- (viii) Implementation of applied food and nutrition projects ;
- (ix) To work in liaison and collaboration with international agencies dealing with food and nutrition policy planning.

In carrying out the wide range of activities essential to the fulfilment of the division's objectives, several specialised panels have been established to ensure the active involvement of the different agencies concerned.

The Food and Nutrition Co-ordinating Committee has the role of an apex organisation and apart from initiating matters itself constitutes a forum where problems encountered by the other panels are discussed and resolved.

Major projects presently handled by the division could be considered under the following heads—

### (1) Nutrition Policy and surveillance

Nutritional status and socio-economic surveys are conducted with a view to formulating primary Food and Nutrition Policy.

- (i) The field survey work has already been completed in respect of eight districts coming under the integrated district development projects and data collected are being processed.
- (ii) The field survey work in the (H) area of the Mahaweli development scheme, is complete and the data are being processed.

This survey has a special significance, in that it is designed to test new approaches adopted by certain international agencies to study nutritional impact on development projects.

- (iii) Surveys conducted in the two wet zone district Galle and Kalutara would increase coverage of these studies.

To facilitate Nutrition Surveillance work it is important to ensure a proper data flow ; the division is now engaged in the setting up of a Data Bank for the regular monitoring of nutrition, food and socio-economic indicators.

### (2) Nutrition Education

In view of the significant role that nutrition education could play in increasing nutrition standards several projects have been undertaken in this field.

The school farms project implemented in collaboration with the Education Ministry aims at establishing farms in schools for the purpose of introducing nutritionally important crops among school children while at the same time familiarising them with the methods of cultivation.

For the purpose of imparting nutrition education at a more formal level arrangements have been made to prepare suitable school texts covering food and nutrition aspects.

*Adult Education Programme.*—This programme is being implemented in 6 districts on a pilot basis covering mainly, farmers, workers and adult members of their households. It is hoped to introduce to this sector of the population nutrition values, suitable crop patterns and sanitation practices.

### (3) Communication Support Programme

The broad objective of this programme is to disseminate the nutrition 'message' and create a nutrition awareness among a variety of clientele. The media have been extensively used to put across the nutrition 'message' in ways calculated to capture different groups. Thus short story, essay and crossword competitions have been conducted in popular daily and weekly papers.



In addition the division has its own publication "Poshana Puwath" devoted to the theme of Food and Nutrition.

A school oratorical contest on the Nutrition theme has been conducted.

Special films on Nutrition are being screened and it is hoped to produce filmlets on this theme with a special appeal to local audiences.

With a view to harnessing the widespread network of Ayurvedic practitioners in promoting the cause of nutrition the division has succeeded in initiating a dialogue programme with Ayurvedic Physicians. At a seminar organised by the division for Western and Ayurveda practitioners several proposals were made to enable the two branches of medicine to work in harmony in creating nutrition awareness.

#### (4) RESEARCH

Recognising the importance of research in the field of Food and Nutrition in the formulation and implementation of Nutrition Policies the division has attempted to promote research in this field, with the assistance of UNICEF.

#### (5) FOOD, SCIENCE AND TECHNOLOGY

Several projects have been undertaken in this field to produce substitutes for certain high-cost imported food items and promote nutrition values in staple items like wheat flour.

A project to fortify wheat/rice flour with soya flour has been formulated and is to be implemented with the assistance of the Stae Flour Milling Corporation.

#### (6) EVALUATION OF INTERVENTION PROGRAMME

It is the policy of the division to monitor the intervention programmes in operation such as the Food Stamp Scheme, Triposha and the School Biscuit Programmes to identify problems and to facilitate their more effective implementation. Steps have also been taken to evaluate these three programmes.



## CHAPTER X

### INDUSTRY

#### General

Industrial production in Sri Lanka is undertaken jointly by the public sector, where the industrial units are State-owned and the private sector. The biggest ventures have generally been set up with the support of foreign collaboration in capital and or technology in varying degrees.

The Central Bank had estimated the value of production of manufacturing industry at Rs. 8,852 million in 1978. This is exclusive of the export processing industries associated with the major traditional agricultural crops, viz., Tea, Rubber and Coconut. Value of production in the manufacturing industry sector reached Rs. 10,781 million in 1979, an increase of 22 per cent over the preceding year.

The contribution of the Manufacturing Sector to the Gross Domestic Product at current factory cost prices as estimated by the Department of Census and Statistics was 11.4 per cent in 1979. The manufacturing industry covered registered and unregistered manufacturing units including small-scale industry and also power and handloom textile units.

Sub-sectorwise breakdown of the main manufacturing sector of the G.D.P. by broad ISIC divisions showed that approximately 50 per cent of the divisional components were those relating to (a) textile and wearing apparel and leather industries, (b) chemicals and petroleum, rubber and plastics, (c) non-metallic mineral products, (d) basic metal industries, fabricated metal products, machinery and equipment, (e) wood and wood products including furniture industries.

This remarkable trend in industrial activity is attributed to the response of this sector to the liberalisation of imports of spares, accessories and raw materials under the Government's new economic policies initiated in 1977. Another contributory factor was the reduction of the unutilised installed capacities of the existing industries. The business optimism created by the new policies also led to the establishment of new production units.

This value of industrial exports (including petroleum but excluding gems) at current prices almost doubled over the 1977 figure to Rs. 1,963 million in 1978. It escalated further during 1979 to record an all time high at Rs. 3,731 million and accounting for 24 per cent of the overall value of domestic exports during the year.

TABLE 10.1—VALUE OF INDUSTRIAL PRODUCTION 1975 TO 1979

Category	(Rs. Million)				
	1975	1976	1977	1978	1979*
(1) Food, Beverages and Tobacco	1,503	1,715	2,295	2,609	2,856
(2) Textiles, Wearing Apparel and Leather Products	892	680	698	1,008	1,128
(3) Wood and Products (including furniture)	115	129	127	124	166
(4) Paper and Paper Products	270	203	270	376	445
(5) Chemicals, Petroleum, Coal, Rubber and Plastic Products	2,002	2,336	2,469	3,279	4,503
(6) Non-Metallic Mineral Products (except Petroleum and Coal)	244	360	411	592	710
(7) Basic Metal Products	128	138	132	219	349
(8) Fabricated Metal Products, Machinery and Transport Equipment	381	474	571	590	569
(9) Manufactured Products n.e.s.	20	26	34	55	50
Total ..	5,556	6,061	7,004	8,852	10,781

\*Provisional

Source : Central Bank of Ceylon.



### The Industrial Development Programme

The major objectives of the Industrial Development Programme of the Government are :

- (1) Creation of maximum possible employment opportunities by dispersion of Industry to rural areas and giving high priority to the establishment of labour-intensive, local raw material based, small and medium-scale industries.
- (2) Expansion of production of essential commodities of mass consumption.
- (3) Emphasis on establishment of basic industries necessary for providing inputs for other industries and establishing inter-industrial links and linkages between industry and other sectors of the economy.
- (4) Encourage the establishment of Agro-Industries by provision of greater assistance.
- (5) Promotion of industrial development through foreign collaboration or direct involvement by creation of Free Trade Zone geared to exports, with a view to maximising foreign exchange earnings and minimising dependence on foreign aid.

Three different Ministries are responsible for the development and growth, control and regulation of different sub-sectors of industrial activity as shown below :—

- (1) The Ministry of Industries and Scientific Affairs other than industries falling within the purview of the Ministry of Textile Industries.
- (2) The Ministry of Textile Industries, which was set up in March 1977, deals with all industries falling under the textile manufacturing sector including the manufacture of garments.
- (3) The Ministry of Rural Industrial Development, which was set up in September, 1978, promotes handicrafts, cottage and village level industries.

Under the supervision of these Ministries, the Department of Small Industries services handicrafts, cottage and village level industries ; the Department of Textile Industries services handloom and decentralised powerloom workshops and centres ; and the Industrial Development Board services the more modern small and medium-scale industries. The Ministry of Industries and Scientific Affairs and the Ministry of Textile Industries service direct to the public sector Industrial Corporations and other large production units in the private sector.

*Overall trends.*—The Five-Year Plan, which covered the period 1972 to 1976 envisaged a total investment of Rs. 2,240 million on the industrial sector—viz., Rs. 1,240 million on industries in the public sector and Rs. 1,000 million on industries in the Private Sector. While the investment in the private sector fell far short of the target being under Rs. 100 million, the capital invested and utilised in State Manufacturing Corporations rose from Rs. 1,405 million to Rs. 4,041 million, i.e., by Rs. 2,636 million during this period. The low performance in the private sector was partly due to uncertainty following the enactment of the Business Undertakings Acquisition Act (No. 35) of 1971. The high investment in the public sector was partly the result of rapid escalation in costs

The value of industrial production by industrial categories for the five-year period 1975 to 1979, appears in table 10.1. The increase in value of industrial production from Rs. 8,852 million in 1978 to Rs. 10,781 million in 1979 showed an expansion of 22 per cent over the preceding year. With adjustments for price changes, the real rate of growth in 1979 was about 4 per cent in contrast to a 11 per cent observed during 1978.

Though the performance of the manufacturing sector was rather low compared with the levels reached in the preceding year, nevertheless the import liberalization policy of the Government has contributed towards a greater rationalization resulting from optimum utilisation, of production capacities.



Based on the results of a survey of manufacturing industries carried out by the Central Bank, major expanding sectors in the domestic industry were Chemicals including petroleum and rubber products, food and beverages, textiles and wearing apparel including ready-made garments and non-metallic mineral products.

Though a drop in output of the State textile mills was recorded, this decline was more than compensated by the production increase in the private sector. Growth in the non-metallic mineral products sector was attributable to the expansion in output of cement, bricks and tiles.

As Customs data reveal, value of industrial exports at current prices had almost doubled from Rs. 1,940 million to Rs. 3,731 million in 1979. When adjusted for changes in exchange rate, the increase recorded was about 87 per cent.

The tempo of industrial development could be gauged from approvals and investments in the GCEC Area and outside the GCEC Area.

### Changes in Fiscal policy

**Liberalisation of imports.**—A major constraint to the growth of the industrial sector has been the small size of the local market. Heavy and continuing protection to local industries, lack of competition and a widespread system of licensing and controls prevented these industries from improving quality of product. Subsequent budget proposals constituted a major change in the earlier policies. Imports were liberalised, freeing the majority of raw materials from licensing and permitting imports of machinery in consignments not exceeding Rs. 700,000 without prior Government approval.

**Export Promotion Zone.**—An Export Promotion Zone approximately 200 square miles in extent has been established under the Greater Colombo Economic Commission Law No. 4 of 1978. Attractive tax incentives and infra-structure facilities have been offered to investors in Investment promotion Zone demarcated in the area of authority. A total of 37 new projects were approved, during the year 1979 involving an investment of Rs. 1,041 million. The employment potential of the approved projects is 13,000. An overall total of 90 projects have so far been approved giving total investment of Rs. 2,675 million and about 40,000 employment opportunities as at the end of 1979.

**Business Turnover Tax.**—Rates of Business Turnover Tax on manufactured products were revised with the unification of exchange rates and revision of import duties. The tax rates that existed earlier were reduced to three, namely 1 per cent, 5 per cent and 10 per cent. For a very few items, rates in excess of 10 per cent were fixed. As a result of this revision the cascade effect was minimised and anomalies were removed.

Further, the exemption limit for purposes of tax was increased from Rs. 18,750 per quarter or Rs. 75,000 per year to Rs. 25,000 per quarter or Rs. 100,000 per year.

**Import Duty.**—In view of the high import values resulting from the unification of exchange rates, the customs duties on most items were scaled down. The present rates are 5 per cent, 12½ per cent, 25 per cent, 50 per cent and 100 per cent depending on the item. Appropriate safeguards were introduced to protect local industry.

**Lump-sum depreciation and Development rebate.**—The then existing structure of lump-sum depreciation allowance and development rebates were abolished. Instead, lump-sum depreciation allowance amounting to full cost of plant and machinery and fixtures and 50 per cent of cost of construction of agricultural and industrial buildings were effective during 1979.

**Incentives for small-scale industries.**—The 1978 Budget announced the grant of a 5-year Tax Holiday on profits for small industries. Small industries with a capital investment upto Rs. 500,000 and situated outside a municipal area were made eligible to this concession.



*Credit Guarantee Scheme for Small Industries.*—In 1978 a sum of Rs. 10 million was provided for the inauguration of Credit Guarantee Scheme for small industries. On behalf of the Government, the Central Bank of Ceylon guarantees up to 75 per cent of loans given to small-scale industries. It is a well known fact that the small entrepreneur, though at times a credit risk, urgently needs commercial credit initially for institutional establishments. Hence, the introduction of this scheme is a major landmark in the provision of easy credit for the development of small-scale industries in this country.

A sum of Rs. 15.9 million granted as loans under this scheme covering 492 projects.

The Government of Sri Lanka has entered into a loan Agreement with the International Development Association (IDA) for 16 million U.S. Dollars to refinance small and medium-scale industries in the island. Of this sum 4 million U.S. Dollars would be used to meet costs of technical services and assistance to the Industrial Development Board.

### Public Sector Industry

With a view to making public sector enterprises more efficient, the Government, in late 1977, set out the following guiding principles :

- (1) Public enterprises should normally be viable institutions and cease to be a drain on the exchequer.
- (2) The enterprises should be able to compete on equal and non-discriminatory terms with the private sector and among themselves.
- (3) State industrial monopolies would be made to face some degree of competition from imports.

There were 27 State Industrial Corporations covering a wide range of activities ranging from Milk production to the Refining of Petroleum. A summary of the performance of State Industrial ventures in 1978 and 1979 is given in Table 10.2.

Value of industrial exports almost doubled during 1979, an increase of 70 per cent over the 1978 figure. Group-wise petroleum products (excluding bunker charges) showed a 106 per cent increase over the preceding year. Value of textiles and wearing apparel accounted for a substantial rise at 128 per cent, also representing a gross value of Rs. 115 million from the newly set up Industrial Processing Zone at Katunayake.

TABLE 10.2—INDUSTRIAL EXPORTS (SELECTED ITEM) BY VALUE—1976-1979

	1976	(Value Rs. million) (a)		
		1977	1978	1979
(1) Food, Beverages and Tobacco	94.5	116.9	256.4	361.5
(2) Textiles and Wearing Apparel	69.7	119.8	478.6	1,092.8
(3) Essential Oils	10.5	11.7	25.4	24.7
(4) Chemical Products	11.7	8.8	22.3	16.9
(5) Petroleum Products	505.2	598.4	926.9	1,910.2
(6) Leather Rubber Wood and Ceramics	31.5	36.6	70.0	72.5
(7) Cement	0.3	—	0.4	0.3
(8) Machinery and Mechanical Appliances	2.4	3.9	17.4	20.0
(9) Mining and Quarrying	29.7 (b)	277.2	625.9	625.3
Total	755.5	1,164.3	2,423.3	4,124.2

(a) Include only selected items of industrial exports.

(b) Exclude semi-precious and precious stones.

Source : Central Bank of Ceylon.



TABLE 10-3—PRODUCTION OF STATE INDUSTRIAL CORPORATIONS

Corporation/Commodity	Unit	Capacity	Production		Production as a percentage target 1979
			1978	Target 1979	
1. NATIONAL MILK BOARD (MY/RID)					
(i) Processed Milk	'000 litres	33,750	17,294	25,101	75
(ii) Condensed Milk	'000 14-Oz. Cans	25,000	12,309	23,040	60
(iii) Powdered Milk	'000 lbs.	12,000	20,684 <sup>1</sup>	4,811	196
2. CEYLON OILS AND FATS (MY/RID)					
(i) Provender	M. Tons	90,000	41,520	73,500	86
(ii) Fatty Acids	M. Tons	3,600	500	1,185	47
(iii) Glycerine	M. Tons	400	52	174	42
3. SRI LANKA SUGAR (MY/AD & R)					
(i) Sugar (Kantalai and Gal Oya)	M. Tons	40,200	25,968	27,868	66
(ii) Rectified Spirits	'000 pf. lts.	6,130	1,297	7,346	90
4. *B.C.C. Ltd. (MY/PT)					
(i) Soap	M. Tons	6,335	6,288	8,058	77
(ii) Poultry Feed	M. Tons	11,500	5,387	6,240	90
(iii) Cattle and Pig Feed	M. Tons	—	5,516	13,948	76
5. STATE FLOUR MILLING					
(i) Flour, Atta, Semolina	M. Tons	74,000	63,051	76,990	92
(ii) Bran	M. Tons	21,600	24,864	28,430	97



TABLE 10-3.—PRODUCTION OF STATE INDUSTRIAL CORPORATIONS—(Contd.)

Corporation/Commodity	Unit	Capacity	Production 1978	Production		Production as a percentage target 1979
				Target 1979	Actual 1979	
6. NATIONAL TEXTILE (MY/TI) <sup>2</sup>						
VEYANGODA						
(i) Yarn	Mln. kg.	1.4	1.35	1.45	1.41	97.2
(ii) Cloth Woven	Mln. M.	12.0	6.68	7.55	6.43	85.1
(iii) Cloth Finished	Mln. M.	31.2	21.68	28.70	9.73	38.9
THULHIRIYA						
(i) Yarn	Mln. kg.	7.4	1.95	4.00	3.23	43.2
(ii) Cloth Woven	Mln. M.	12.8	4.56	8.70	4.12	47.3
(iii) Cloth Finished	Mln. M.	36.7	21.69	38.27	8.83	23.0
PUGODA						
(i) Yarn	Mln. kg.	1.4	1.18	1.45	1.30	89.6
(ii) Cloth Woven	Mln. M.	11.0	7.03	8.20	7.25	88.4
MATTEGAMA						
(i) Yarn	Mln. kg.	2.0	0.91	1.75	1.01	57.7
(ii) Minneriya Yarn	Mln. kg.	1.6	—	1.40	0.75	53.5
7. CEYLON LEATHER PRODUCTS						
(i) Foot Wear	'000 pairs	345	276	349	293.6	84
(ii) Chrome Leather	'000 sq. ft.	1,250	1,126	1,254	1,527	122
(iii) Bark Leather	'000 kgs.	400	121	102.3	102.7	100
(iv) Leather Goods	'000 (Rs.) value	—	4,899	6,801	7,885.2	116



## 8. NATIONAL PAPER

## VALACHCHENAI

(i) Paper	10,650	7,005	10,560	8,215	78
(ii) Paper Board	12,200	9,003	11,946	8,019	67

## EMBILIPITHA

(i) Paper	15,240	9,192	19,289	6,972	36
-----------	--------	-------	--------	-------	----

## 9. CEYLON PLYWOODS

## GINTOTA

(i) Plywood 3 ply equivalent	3,251	1,861	2,065	1,850	90
(ii) Tea Chests—Full	—	751	918.4	721.4	78
(iii) Tea Chests—Half	—	191	2,158	2,533	117

## SALAWA

(i) Plywood 3 ply equivalent	6,967	1,232	2,366.2	1,306.4	55
(ii) Tea Chests—Full	—	360	101.0	328	32
(iii) Tea Chests—Half	—	243	225.6	256	113
(iv) Chip Board	5,943	1,494	564.4	4,202	74
(v) K.D.N. Project (Timber)	21,225	18,535	26,314.8	25,422	97

## 10. PARANTHAN CHEMICALS

(i) Caustic Soda	3,556	1,877	3,000	1,723	57
(ii) Chlorine	2,845	1,165	1,750	1,272	73
(iii) Hydrochloric Acid	2,012	668	1,200	1,039	87
(iv) Table Salt	427	490	900	518	58

## 11. CEYLON TYRE

(i) Truck Tyres	—	94,810	97,000	98,697	102
(ii) Car and Jeep Tyres	—	146,725	124,600	145,213	117
(iii) Agricultural Tyres	—	15,428	21,700	25,432	117
(iv) Tubes and Flaps	—	241,484	268,150	250,487	97
(v) Total in Standard Tyres	—	182,000	173,131	188,530	107



TABLE 10-3—PRODUCTION OF STATE INDUSTRIAL CORPORATIONS—(Contd.)

Corporation/Commodity	Unit	Capacity	Production 1978	Production		Production as a percentage target 1979
				Target 1979	Actual 1979	
12. CEYLON PETROLEUM						
(i) Refinery Products	'000 Mt.	1,800	1,388	1,589	1,323	83
(ii) Lubrication Oil	'000 Glns.	4,900	4,050	4,586	4,577	99.8
13. *COLOMBO GAS COMPANY						
(i) LPG/Air Gas	Min. Cu. Ft.	219	197	—	—	—
14. CEYLON CERAMICS						
NEGOMEO						
(i) Crockery	M. Tons	1,219	1,239	1,190	1,395	117
(ii) Insulators	M. Tons	305	253	240	280	117
PILIYANDALA						
(i) Crockery	M. Tons	1,661	2,302	2,135	2,177	102
(ii) Sanitary Ware	M. Tons	740	790	796	745	94
BORALESGAMUWA						
(i) Kaolin	M. Tons	5,588	4,110	4,268	4,356	102
15. CEYLON CEMENT						
KANKESANTHURAI						
(i) Cement	M. Tons	275,000	191,931	210,943	245,194	116
(ii) Clinker	M. Tons	275,000	214,512	229,500	235,195	102
PUTTALAM						
(i) Cement	M. Tons	440,000	321,411	403,000	379,956	94
(ii) Clinker	M. Tons	440,000	340,142	425,000	349,341	82
GALLE						
(i) Cement	M. Tons	100,000	61,724	60,000	35,448	59







### Public Sector Corporations engaged in Industrial Activities

An outline of the Public Sector Corporations engaged in industrial activities appears below :—

*Ceylon Cement Corporation.*—The manufacture of Portland Cement in Ceylon had its beginning at the Government Factory established in 1950 at Kankasanturai. Its activities were transferred in 1956 to the Kankesan Cement Works Corporation and subsequently taken over by the Ceylon Cement Corporation, set up in January 1959, under the State Industrial Corporations Act No. (49) of 1957. The main objectives of the Corporation are the development of the cement industry on an inland-wide basis and attainment of self-sufficiency in cement production. The development programme of the corporation, which commenced in 1961, consisted of three major projects.

The first project was to expand the production capacity of the Kankesan Cement Factory from 80,000 tons to 275,000 tons of Clinker per annum and an equivalent quantity of cement.

The second project was the installation of a Grinding and Packing Plant at Galle in 1967 with a capacity of produce 100,000 tons of cement per annum by grinding Clinker.

The third project, Puttalam Cement Works, was commissioned during the period 1970–1973 with an installed capacity of 440,000 tons of Clinker and an equivalent quantity of cement.

The present total installed capacity of the three factories is 715,000 metric tons of clinker per annum.

*Ceylon Ceramics Corporation.*—Ceylon Ceramics Corporation was incorporated in September 1955, under the Government sponsored Corporations Act of that year. Two years later it came under the State Corporations Act under the Business Name “Ceylon Ceramics Corporation.”

The Ceramics industry in Sri Lanka, however, commenced much earlier, i.e. in early 1940 at a small factory in Negombo. This factory was abandoned a few years later as the machinery and equipment were found to be obsolete and necessary technical skills not available.

The Negombo, factory the oldest of the factories, established under the aegis of the State was completed in 1954, the planning, building and equipping of the factory having been carried out by the then Department of Industries. This factory had a capacity of producing 200 tons of crockery in 1956, which steadily increased to 834 tons by 1965.

The early 1970s saw the corporation undertake a programme of import substitution which led to the diversification of the ceramic industry on a somewhat large scale. A number of ancillary and new projects were commenced and launched, some of them being—

- (1) Lanka Porcelain Limited—the first export-oriented venture launched by the Corporation with Japanese collaboration.
- (2) Porcelain Insulator—a project designed to make the country self-sufficient in low tension insulators utilising local raw materials.
- (3) Mosaic Tile Factory was launched in early 1975 to manufacture 3,600 tons, primary for the export market. This project was commissioned in December, 1974.
- (4) Ball Clay Plant—Dediyawola—Located at Kalutara, the factory is designed to produce 3,600 tons of Ball Clay annually. This factory commenced production in 1976.
- (5) Second Kaolin Refinery—a second kaolin refinery was established in 1976 to meet requirements of the ceramics industry as well as other local industries.

Besides these, the corporation now manufactures glazes, candles for filters, plaster of paris, ceramic stains, cardborad, scouring powder and washing blue. It also mines its own requirements of feldspar at two sites in Matale. Production capacity of the corporation is in the region of 15,600 metric tons.



*Ceylon Leather Products.*—The Ceylon Leather Products Corporation was established under the State Industrial Corporations Act (No. 49) of 1957 in succession to the Government Leather Factory.

The objectives of the Corporation are—

- (1) The tanning and sale of hides and skins.
- (2) The manufacture and sale of articles made of leather.
- (3) The export of raw and processed hides and skins.
- (4) The purchase and sale of raw materials and components used in the manufacture of leather goods.

The present installed capacities of the Manufacturing Units of the corporation are as follows :—

Tannery	(a) 1.3 Million sq. ft. Chrome Leather
	(b) 700,000 kgs. Bark Leather
	(c) 90,000 sq. ft. Kattai Leather
Shoe Factory	(a) 345,000 Pairs Footwear
	(b) Rs. 3.2 million worth of Leather Goods
Leather Goods Factory	(a) Approximately Rs. 3.6 million Leather Goods.

*Ceylon Mineral Sands Corporation.*—The Ceylon Mineral Sands Corporation was established in December, 1957 under the State Industrial Corporation Act (No. 49) of 1957, for purpose of mining and exploring the beach mineral sand deposits for the recovery of the minerals Ilmenite, Rutile and Zircon. Commercial production of Ilmenite commenced in 1962. The first exports of Ilmenite amounting to 15,000 tons were effected in that year. The production of Ilmenite was gradually increased over the years and capacity production of 85,000 tons was reached in 1970.

A by-product plant for the extraction of rutile and zircon was established at China Bay. Commercial production of rutile commenced in 1968 with an average production of 2,000 to 3,000 tons per annum. The production of zircon was insignificant due to an inadequate supply of water, which is essential for the manufacture of this mineral product.

The existence of two plants, one at Pulmodai and the other at China-Bay necessitated the transport of Non-Magnetic Tailings after the recovery of ilmenite from Pulmodai to China-Bay. This involved additional haulage by sea, in addition to the increased cost. The Government therefore decided to establish an integrated plant for the extraction of all three products at Pulmodai. The integrated plant involved the dismantling, transport and erection of the China-Bay plant at Pulmodai, along with additional imported machinery.

The expansion Project was to be in 2 stages. Under Stage I, it was envisaged to produce 85,000 tons of ilmenite, 14,000 tons of rutile and 10,000 tons of zircon with an input of 120,000 to 140,000 tons of raw sand.

Stage II envisages to increase the production of ilmenite to 120,000 tons per year along with 14,000 tons of rutile and 10,000 tons of zircon, with an input of 220,000 to 240,000 tons of raw sand. Stage I of this project commenced in 1973.

With a view to meeting the foreign exchange expenditure involved in Stage I of the project, the Government of Sri Lanka obtained a loan of US \$ 4.15 million from the Asian Development Bank in 1971. This was increased by a further US \$ 1 million in 1974 by a supplementary provision to meet additional expenditure and the recurring inflationary costs. Work in connection with Stage I of the project was virtually completed towards the end of 1977.

Development programmes envisaged are —

- (a) Exploration by drilling to ascertain the availabilities of additional ore reserves ;
- (b) Upgrading of ilmenite into titanium slag, synthetic rutile for the production pigment.



*Ceylon Plywood Corporation.*—The Ceylon Plywoods Corporation was established in 1957 under the Industrial Corporations Act of 1957. It took over the activities of the Gintota Plywood Factory, which had been managed as a State-owned venture from 1941 onwards. Main objectives of the corporation were to supply tea chests for the island's requirements, which had progressively increased over the years.

The corporation undertook a modernisation programme at Gintota Factory during the period 1963-1965 which involved the replacement of number of key items of machinery. This enabled the achievement of substantial increase in production at the Gintota Factory. With an installed capacity of 30 million square feet of 3 Plywood in 3-shift operations, it was possible to obtain a production of approximately 1.5 million tea chest sets, besides plywood required for flush doors, black boards and commercial plyboards, etc.

With a view to meeting the island's total requirements of tea chests of 4-4.5 million sets, further expansion of the Corporation was undertaken in 1969. This consisted of—

- (i) Setting up of an Integrated Woodwork Complex at Kosgama including a Plywood Factory, Chipboard Factory, Saw Mill and Furniture Factory.

The Plywood Factory of the Woodwork Complex has an installed capacity of 65 million square feet of 3-ply hot press production on shift operations. The Chipboard Factory utilising waste of the Plywood Factory has an installed production capacity of 4,813 cubic metres annually.

- (ii) A Timber Extraction Unit was set up at Kanneliya, Dediya-gala, and Nakiyadeniya (K.D.N.) Group of Forests about 10,000 hectares in extent with the intention of supplying the total requirement of timber (the key raw material required for production), to the Gintota Factory. It was estimated that 850,000 cubic feet of timber (logs) could be supplied annually from this project.

*Ceylon Petroleum Corporation.*—The Ceylon Petroleum Corporation is a State-owned monopolistic business enterprise responsible for the nation's entire oil sector. The Corporation was set up in 1961 under the Ceylon Petroleum Corporation Act (No. 28) of 1961 with a view to carrying on—

- (a) Business as an importer, exporter, seller, supplier and distributor of petroleum products ;
- (b) business of exploring, exploiting and refining of petroleum ;
- (c) such other business as may be incidental or conducive to the attainment of the above objectives.

The corporation commenced business in 1962 in competition with the firmly established foreign oil companies in Sri Lanka where the supply and distribution of petroleum products as a whole were entirely in the hands of the three major foreign oil companies, namely Messrs. Shell, Esso and Caltex.

With the steady expansion of its activities during the past 17 years, the Ceylon Petroleum Corporation has established itself as one of the major well-run public sector institutions in Sri Lanka. The CPC is engaged in prospecting, refining, blending of lubrication oils, manufacture of solvents, insecticides, candles, compounding of agro-chemicals, supply of Liquid Petroleum Gas and exploration activities.

The Corporation is the sole marketer of petroleum products within Sri Lanka and is responsible for the storage and distribution of all petroleum based products. In addition, the corporation handles bunkers to international ships at the ports of Colombo and Trincomalee, and supplies Aviation Turbine Fuel to airlines operating through Sri Lanka. Supply of bunkers and aviation fuel in 1979 totalled 483,506 metric tons earning a sum of Rs. 1,471.3 million as sales.



The Ceylon Petroleum Corporation presently owns and operates a 38,000 barrels per day in the Refinery at Sapugaskande, Kelaniya, a Lubricating Oil Blending Plant with a capacity of 20,000 tons, a Candle Factory, Agro-chemical mixing plant and a container manufacturing plant at Kolonnawa.

Construction work of the Nylon-6 plant which produces tyre code, fish-net yarn and textile yarn has almost been completed as at end of 1979.

*Ceylon State Hardware Corporation.*—The Corporation has 2 Factories. The Hardware Factory at Yakkala and the Cast-Iron Foundry at Enderamulla. The Hardware Factory at Yakkala Commenced commercial production in 1965 whilst the Cast-Iron Foundry at Enderamulla started its activities in 1969.

The Hardware Factory manufactures the following items :—

- (a) Mammites
- (b) Cutlery Items
- (c) Doors and Window fittings
- (d) Other Agricultural Implements
- (e) Brass Water Fittings.

Cast-Iron Foundry manufactures include—

- (a) Pressure Pipes
- (b) Soil Pipes
- (c) Cisterns
- (d) Water Fittings.

*Ceylon Steel Corporation.*—The Ceylon Steel Corporation is one of the Projects established under the Technical Co-operation Agreement concluded in 1958 between Sri Lanka and U.S.S.R. The project Report was prepared in 1960. Construction work commenced in 1962 and production in the Rolling Mill was commenced in January 1967 followed by the Wire Mill a few months later.

There are at present two main Production Units ; A Merchant and Wire Rod Mill and a Wire Drawing, Galvanizing and Wire Products Unit. The Rolling Mill has a capacity of about 72,000 metric tons per annum, when operating on 3 shifts. It is designed to produce Round Bars, Equal and Unequal Angles, Channels, T-Bars, Flats, Hoops and Ribbed Steel.

The Wire Mill, which has a capacity of 12,000 metric tons per annum on 3 shifts, is equipped for Wire Drawing, Galvanizing and manufacturing of Barbed Wire, Staples, Welded Mesh and Hexagonal Mesh. The main products manufactured are Hard Drawn Wire, Black Annealed Binding Wire, Galvanized Binding Wire and Staples for Barbed Wire.

In addition to rolled products and wire products, the corporation also fabricates steel structures. It also operates a steel foundry and is engaged in the manufacture of machine tools. Besides, manufacturing, the corporation also acts as local agents for machine tools imported from India and the Soviet Union.

As ancillary by-products the corporation produces Iron Oxide Stains. Welding Electrodes and Soldering Lead, Gas Welding Filler Rods and Spring Wire to cater to the needs of the local market.

The Second Stage of the Steel Project, viz. the Steel Manufacturing Unit is in the constructional stage. The major Civil Engineering work has been completed. Bulk of machinery and equipment for the Project has already been received.



**National Paper Corporation.**—The National Paper Corporation (formerly known as Eastern Paper Mills Corporation) was incorporated under the Government Corporations Act (No. 19) of 1955, to take over the paper factory from the Department of Industries and later reconstituted under the State Industrial Corporations Act (No. 49) of 1957. The Corporation runs two mills, one at Valaichchenai and other at Embilipitiya. With the commissioning of the Embilipitiya Mill in December 1977, the total production capacity of both Mills has been 38,100 metric tons per annum. Thus the total production could meet approximately 40 per cent of the total demand for paper and paper board in Sri Lanka. The Corporation manufactures paper of all varieties, viz, writing, duplicating, printing, typewriting, bank and bond paper and paper board. Main programmes of development envisaged are—

- (a) Substituting imported wood pulp with local fibrous raw materials as eucalyptus, pinus and cyprus species ;
- (b) Installation of a new plant at Valaichchanai to produce 275.5 million exercise books to counter any shortages in the availability of excercises book.

**National Salt Corporation.**—The National Salt Corporation was established under Section 2 of the State Industrial Corporations Act (No. 49) of 1957, its objectives being—

- (i) the processing, recovery, purification, manufacture of salt and other chemicals and products derived from inland and marine waters ;
- (ii) the processing, manufacture and sale of any by-produce produced the the course of manufacture of the aforesaid articles ;
- (iii) the sale of electrical energy, water and other amenities not required by the corporation.

The salterns are located along the coast and these are, for administrative purposes, assigned to three regions in the North, South and West. Elephant Pass and Kurunchativu salterns are the major salterns in the Northern Region, Maha Levaya and Bundala Levaya in the Southern Region, and Puttalam and Palavi Salterns in the Western Region.

The present annual capacities of the three regions are :

	Tons
Nothern Region	62,100
Southern Region	33,500
Western Region	35,300
Total	130,900

A rich harvest was gathered during 1979 totalling 239,403 metric tons.

**Paranthan Chemicals Corporation.**—The Corporation was established in April 1956 under the Government sponsored Corporations Act (No. 19) of 1955. Subsequently under State Industrial Corporations Act (No. 49) of 1957, the Paranthan Chemicals Corporation took over activities of the Government connected with the implementation of a project for the local manufacture of Caustic Soda and Chlorine at Paranthan. This corporation is today engaged in the manufacture of Caustic Soda, Chlorine, Hydrochloric Acid and other by-products such as Table Salt, Ferric Chloride and Zine Chloride. Since the corporation is at present equipped only to satisfy around 25 per cent of the Island's requirements of Caustic Soda, it also undertakes the import and sale of this item to meet balance requirements of the country. Action is being taken by the corporation to progressively increase its production capacity to satisfy the entire needs of the Island.



The first stage of the Expansion Project was completed by the end of 1976, enhancing production capacities from 1,600 metric tons of Caustic Soda to 3,200 metric tons and from 1,400 metric tons of Liquid Chlorine to 2,800 metric tons.

The corporation produced 1,723 metric tons of Caustic Soda, 1,273 metric tons of Chlorine, 563 metric tons of table salt and 1,042 metric tons of Hydrochloric Acid during 1979.

*Sri Lanka State Flour Milling Corporation.*—The Sri Lanka Flour Milling Corporation was established on March 12, 1964, under the State Industrial Corporations Act (No. 49) of 1957. The construction of the Flour Mill, located at Mutuwal, under the 1958 Economic and Technical Corporation Agreement with the U.S.S.R. commenced in 1964 and was completed in 1968. Commercial production began on 13 December of the same year.

The Flour Mill originally had a gristing capacity of 70,000 metric tons of wheat per annum. With the modifications and improvements carried out by the mill technical staff, the capacity has been progressively increased and today the corporation is capable of milling about 120,000 metric tons of wheat grain annually.

Government has approved certain proposals to effect improvements to the existing mill. With these improvements it would be possible for the corporation to work at optimum capacity and produce quality flour.

The Corporation proposes to establish rice flour milling plants with a capacity of 500 metric tons per day. Experiments carried out have revealed that 20 per cent of rice flour mixed with 80 per cent of wheat flour could be used in making bakery products.

*Sri Lanka Tyre Corporation.*—The Corporation was established in January 1962 under the Industrial Corporations Act (No. 49) of 1957, with an authorised capital of Rs 56.0 million which was later increased to 67.5 million. Commercial production commenced in third quarter of 1967 with the production of four sizes of tyres and tubes. Over a period of 11 years, the corporation has increased its production capacity and presently manufactures and markets five sizes of bus and truck tyres, three sizes of agricultural tyres, eleven sizes of car and jeep tyres, two sizes of scooter tyres and a total of 18 sizes of tubes and flaps, and rubber carpets.

Experiments are being made to introduce chlorobutyl rubber in curing bags and tubes. Designing of a new tyre 5.50 × 12 is in progress.

The corporation hopes to obtain technical services of reputed firm for advice on improvements related to the quality of products and further expansion.

*State Mining and Mineral Development Corporation.*—On the 1st of July, 1971, the State Graphite Corporation was established under the State Industrial Corporations Act primarily for the purpose of—

- (a) engaging in the mining, separation, refining and preparation of graphite and other allied products ;
- (b) undertake their sale and export; and
- (c) the manufacture of products from such minerals. The sphere of activities was broadened further with the alternation of the incorporation order to include mining, separation, refining and preparation of all minerals. In keeping with its new role, the corporation has since been re-named and functions as the State Mining and Mineral Development Corporation.

*Bogala.*—Development work at Bogala Mines has resulted in an addition of 2,961 metric tons to the established reserves.



**Kahatagaha/Kolongaha.**—At Kahatagaha/Kolongaha Mines, work connected with the straightening and improvements to the shaft at Kolongaha and further sinking of the Kahatagaha shaft were continued.

**Rangala.**—Development work has been continued in adits 2 and 3. In adit 1 work was stalled until further exploration by diamond drilling is completed.

**Ragedera.**—Major development has been in connection with the two tunnels. In the East tunnel about 80 metres and in the South tunnel 53 metres of development tunnelling has been completed.

**Eppawela Phosphate Project.**—On 16th May, 1978, the mining of the apatite deposits at Eppawela, in the North Central Province, were taken over by the corporation. As estimated by the Department of Geological Survey, the rock deposits amount to 25 million tons of proven reserves. The project would be developed with foreign collaboration. When completed the project would supply the entire phosphate requirements for Agriculture in this country.

**Kebithigollewa Mica Project.**—These phlogopite mica deposits in the Medawachchiya Electorate are now being mined by the corporation. The deposits which are in shale land were mined originally by individuals who could not meet the demand for this mineral. The Corporation has therefore decided to step in and increase production of this mineral deposits. Processing operations of mica contained at Kebitigollewa and carried out at Pallekalle.

#### **Sri Lanka Tobacco Industries Corporation**

The Sri Lanka Tobacco Industries Corporation was established under the State Industrial Corporations Act (No. 49) of 1957, by *Gazette* Notification on 30th July, 1972. The Corporation commenced its business activities with effect from 1st August 1972. Improvement of the local beedi industry is the main objective of the corporation. Its main functions include the—

- (a) importation, distribution and marketing of beedi wrappers (leaves) ;
- (b) manufacture and marketing of beedi ;
- (c) development of tobacco cultivation and extension of "Kudumberiya" cultivation in Sri Lanka.

The annual requirement of wrappers for the beedi industry is about 2,400 metric tons and is mainly imported from India. These imported wrappers are distributed among production agents and supplies agents registered with the corporation.

**National Textile Corporation.**—The National Textile Corporation was established by the Incorporation Order published in the *Government Gazette* of 10th January, 1958, under the State Industrial Corporations Act (No. 49) of 1957. At present, this organisation owns five Textile Mills and has provided employment to nearly 14,000. Textile Mill projects so far undertaken by the corporation are—

- (a) Veyangoda Project (1958)
- (b) Thulhiriya Project (1967)
- (c) Pugoda (1971)
- (d) Mattegama Project (1974)
- (e) Minneriya Project (1976)

In keeping with the Government policy to achieve a greater efficiency, management of the mills have been handed over to the following private managing agencies :—

- (a) Veyangoda Mill — Lakpili Ltd.
- (b) Thulhiriya Mill — Industrial Managing Agencies Ltd.
- (c) Pugoda Mill — Jathika Management Services Ltd.
- (d) Mattegama Mill — Lankatech Management Ltd.
- (e) Minneriya Mill — A.N.S. Consultants Ltd.



The Corporation has been able to save Rs. 13.6 million worth of foreign exchange by purchasing 610,000 kilogrammes of cotton. The operation of this scheme has also generated additional employment opportunities. The Corporation purchases its cotton from cultivators at a guaranteed price.

*Ceylon Oils and Fats Corporation.*—The Ceylon Oils and Fats Corporation was established under the Government sponsored Corporations Act of 1955 for the purpose of taking over the management of the oil factory at Seeduwa.

Main objective of the corporation is to develop the oils and fats industry in Sri Lanka. It was re-constituted in 1958 under the State Industrial Corporation Act (No. 49) of 1957.

The ancillary functions of the corporation undertaken are :—

- (i) extraction of oil from oil bearing vegetable seeds ;
- (ii) production of fatty acids and Glycerine from such oils ;
- (iii) production of animal and poultry feeds with the by-products.

During the last few years however, greater emphasis has been given to the production of animal and poultry feeds.

*Sri Lanka Sugar Corporation.*—Sri Lanka Sugar Corporation was constituted under the State Industrial Corporations Act (No. 49) of 1957. Its objectives are planting and cultivation of sugar cane and the production of sugar, sugar substitutes and by-products.

There are 5 production units covering the activities of the corporation :—

Production Unit	Location
(1) Gal Oya Sugar Industry	Hingurana
(2) Sugar Industry	Kantalai
(3) Sugat Project	Uda Walawe
(4) Cane Industry Service	Haldumulla
(5) By-products Department	Colombo

Sugar produced at the Corporation is sold to the Food Commissioner. Sugar substitutes such as jaggery and sugar-cane syrup are sold to wholesalers and the public. By-products like Rectified Spirits are sold to the State Distilleries Corporation. Bottled liquor is sold to the public through approved distributors.

*Jute Industries Corporation.*—The Jute Industries Corporation was established on 5 January, 1976, under section 2 of the State Industrial Corporations Act (No. 49) of 1957. The main purpose for which the Corporation was constituted are :

- (1) the collection, processing and distribution of secondhand gunnies ;
- (2) the import and export of jute and other material related to the jute industry ;
- (3) the manufacture of gunnie or any other material from jute with locally available raw material or raw materials imported for such purposes ;
- (4) the cultivation of any plant in Sri Lanka which can be processed for the manufacture of packing material. The Corporation's sales outlets have been expanded covering Matara, Kuliyaipitiya, Amparai and Welimada areas.



*Production.*—Statistics relating to production of coconut and Palmyrah spirits (arrack) from all the distilleries since 1977 are given below :—

TABLE 10.4—DISTILLERY PRODUCTION OF ARRACK

Distillery	1979	1978	1977
	(Litres)	(Litres)	(Litres)
Beruwala	736,852	828,181	819,372
Co-operative	881,326	816,958	738,571
Sri Lanka	1,030,050	1,300,141	1,017,344
Rockland	760,168	757,853	732,804
Wavulugala	895,163	797,232	748,981
Seeduwa	2,295,253	2,341,995	1,900,547
Dankotuwa	32,239	48,246	54,527
Kaithady (coconut)	2,243	1,962	3,318
Kaithady (palmyrah)	20,174	9,354	6,477
Total ..	6,563,478	6,901,932	6,021,941

Arrack sales by blend of manufacture appear in Table 10.5—

TABLE 10.5—ARRACK SALES BY BLEND OF MANUFACTURE—1977 TO 1979

	1979	1978	1977
	(Litres)	(Litres)	(Litres)
Special Arrack	18,749,690	20,083,327	19,184,506
Coconut Arrack	9,134,166	9,050,532	8,978,465
Pot and Patent	6,202	5,751	—
V.S.O.A.	315,952	199,267	196,537
Old Seeduwa	86,436	59,801	33,429
D.D.A.	185,526	92,879	—
10 years old	391	92,879	7,476
7 years old	35,513	9,027	—
Palmyrah Arrack	9,787	11,502	7,066
Total ..	28,523,663	29,604,965	28,407,479

Quantity and value of arrack sold each month viz.

Monthly gallonage of arrack sold.



TABLE 10.6—QUANTUM AND VALUE OF ARRACK SALES—MONTHLY FIGURES

	1979		1978		1977	
	Gallonage	Value	Gallonage	Value	Gallonage	Value
		(Rs. Million)		(Rs. Million)		(Rs. Million)
January	558,098	62.21	569,907	54.81	534,614	47.96
February	453,114	53.91	501,769	48.25	480,258	43.14
March	557,381	66.08	637,770	61.29	606,505	54.34
April	667,458	79.40	711,203	68.46	624,684	55.92
May	487,488	59.30	578,725	55.61	540,603	50.26
June	462,740	59.56	566,572	54.40	473,166	48.11
July	457,419	58.87	462,496	50.96	460,566	42.37
August	489,003	60.13	492,762	53.37	337,775	34.39
September	469,158	56.50	447,585	50.81	466,798	47.12
October	581,028	69.60	529,473	56.29	510,706	46.06
November	512,092	61.32	476,305	50.90	580,089	53.20
December	574,452	69.39	569,893	61.52	587,639	56.91

*State Rubber Manufacturing Corporation.*—The State Rubber Manufacturing Corporation was established on 10.10.1973 under the State Industrial Corporations Act (No. 49) of 1957.

One block Rubber Factory and five crepe factories were in production during 1979. Steps have been taken to establish Centrifuged Latex Factory for which machinery were imported during the year.

The Mawanella Block Rubber Factory and Pale Crepe Factories at Yatideriya, Waharaka, Badureliya, Silver Dale and Kuruwita, manufactured 2,251 metric tons of Block Rubber and 930 metric tons of Pale Crepe during 1979. Foreign exchange earned from the export of Block Rubber and Pale Crepe was in the region of Rs. 30.3 million.

#### Special Boards Supporting Industrial Development

The Industrial Sector is supported by three Boards for Industrial Promotion, Management and Training and by five Boards for Research and Scientific Services.

Boards for Industrial Promotion, Management and Training :

##### (1) Industrial Development Board (IDB)

The Industrial Development Board was established in May 1966 under the Industrial Corporations Act (No. 49) of 1957. It was later reconstituted under the Industrial Development Act (No.36) of 1969.

The objectives of the Board as outlined in the Incorporation Order published in *Gazette Extraordinary* No. 14,693/3 of May 1966 were :

- The carrying on of the business of providing services and facilities of every description required by or in connection with any industrial undertaking or industrial establishment in Ceylon.
- The purchase and sale of raw material, plant, machinery, components and other equipment and apparatus required by or in connection with any industrial undertaking or industrial establishment.



- (c) The provision of capital and credit facilities required by industrial undertakings.
- (d) The promotion of improved techniques of manufacture of industrial products.
- (e) The provision of training facilities of technical, managerial and other personnel required for industrial undertakings.
- (f) The promotion of marketing of locally manufactured industrial products.
- (g) The undertaking of research and surveys relating to the promotion and development of industries.
- (h) The construction, operation and management of all processes connected with, or required by industrial undertakings or industrial establishments.

During the year 1970 on the basis of recommendations made by a Committee appointed to examine the working of the IDB, a policy decision was taken to direct the IDB to confine its responsibilities to the promotion and development, of small and medium scale industries.

#### Areas of Activity—

- (1) Establishment of Development and Experimental Projects in collaboration with other agencies such as CISIR, RRI, NERDC, etc. e.g. Banana Fibre, Sodium Alginate, Turkey Red Oil and Peanut Butter.
- (2) Consultancy services to Government and Private Sector organisations in the establishment of new projects, e.g. Straw Board Projects, Safety Match Projects, Manioc Starch Projects, Sugarcane Projects.
- (3) Provision of Extension Services to small and Medium industries in the setting up of new industries and expansion of existing industries. These services include project selection and evaluation, installation and maintenance of machinery and equipment, product improvement and diversification, credit facilities and assistance in marketing.
- (4) Financing of Small Industries—IDB/People's Bank/Bank of Ceylon/DFCC Loan Scheme for expansion of industries, for purchase of machinery and equipment and raw materials.
- (5) Development, Adaption and manufacture of machinery for small industries.
- (6) The acquisition and dissemination of information on current developments and on matters of interest, local and abroad to the small scale industrial sector through its Industrial information service, Abstract Service, Current Awareness Service, a pamphlet service and monthly "Karmantha" journal.
- (7) Undertaking in-depth studies in specialised areas, e.g. Cast Iron Foundry, Motor Spares Industry, approved and unapproved industries.
- (8) *Establishment and Development of Industrial Estates.*—The Board has at present four Industrial Estates and a mini-estate. More Mini Industrial Estates would be set up to provide infrastructure facilities for industrialists for the setting up of new industries.
- (9) Management of the Boron Rubberwood Project with a view to study and research into the utility value of the boron treated rubberwood.

The Board actively assisted in establishing 341 new industrial units generating about 3,000 job opportunities.

*Sri Lanka Industrial Development Company Limited.*—The Government in 1972 approved the formation of a Limited Liability Company, the major shareholding of which be owned by the Industrial Development Board with the objective of promoting rural industrial projects, mainly utilising local raw material.

Sri Lanka Industrial Development Company was accordingly incorporated under the Companies Ordinance on 13 October, 1972 and began operations in early 1974.



The Nominal Share Capital of the company is Rs. 10 million divided into 1 million shares each of Rs. 10. The total shareholding of the company is Rs. 5 million issued entirely to the Industrial Development Board.

Projects that are being handled by the company provide employment for the rural youth in the areas where the projects are located.

In addition to the nine (9) projects, which the company is operating, the Strawboard Project at Mahiyangana which was the first commercial venture of the company was sold to Ceylon Ceramics Corporation in 1976.

The primary functions of this Company are to establish and develop small scale industries in rural areas. The Industrial Projects that are being handled by this Company are :

- (a) The Tractor Tractor Project at Kadawedduwa, Yatiyane in the Devinuwara Electorate—Activities include the manufacture of two Wheeled Tractor Trailers, Agricultural implements and a variety of engineering items. The project also undertakes the repair and service of two wheel tractors and are stockists for two wheel tractor spares.
- (b) The Strawboard Project at Makewita, Ja-ela in the Gampaha Electorate—activities include manufacture of Straw (card) boards of various sizes and standards.
- (c) Laboratory Glassware Projects at Makandura, Gonawila in the Katugampola Electorate and Dalugama, Kelaniya Electorate—activities include manufacture of test tubes, pipettes condensers, thistle funnels and all other types of laboratory glassware.
- (d) Wire Mesh Making Project at Industrial Estate, Ekala in the Ja-ela Electorate—to manufacture Wire Mesh (No. 30) using SWG 34 Wire for Tea, Rubber and Coconut Industry.
- (e) Turkey Red Oil Project in collaboration with the Industrial Development Board at the Industrial Development Board premises, for the manufacture and marketing of Turkey Red Oil.

## (2) National Institute of Business Management (NIBM)

The National Institute of Business Management was incorporated in January 1977 by notification published in Government Gazette of 30 December 1976 in terms of Law (No. 23) of 1976.

The principal objectives of the Institute as spelt out in Section 3 of Law (No. 23) of 1976 are :

- (1) To train and educate managerial and supervisory staff of industrial and commercial undertakings of the public and private sector and other persons, in modern management and productivity and to award certificates and diplomas in connection therewith.
- (2) To make available to the Government and the country the services of a group of specialists in the various functional areas of management for advice, consultancy and special assignments.
- (3) To assist Government and Private organisations to improve productivity, establish performance standards, determine rational monetary compensation systems and evolve appropriate programmes for human relations.
- (4) To actively co-operate with other organisations, groups and individuals in management training, research and related activities in Sri Lanka and abroad.
- (5) To train and educate workers for creative participation in management and appreciation of organisations functions and problems.

The National Institute of Business Management evolved from the Management Development and Productivity Centre which commenced as a unit of the Industrial Development Board.

Subsequent to the re-organisation of the IDB in 1971, this Centre began to function directly under the Ministry of Industries and Scientific Affairs.

In 1972 this Centre was renamed as "National Institute of Management" with Cabinet approval and in 1977 it became the National Institute of Business Management under Law (No. 23) of 1976.



**National Apprenticeship Board (NAB).**—National Apprenticeship Board was established on 16 December 1971 by order published in the Government Gazette Extraordinary (No. 14,988/46) of same date under section 4 of the National Apprenticeship Act (No. 49) of 1971.

The objectives and activities of the NAB would be discussed in a separate chapter.

The expanding economy of Sri Lanka soon realised that the supply of trained manpower both for productivity requirements of installed capacity and for planned programmes of economic development was grossly inadequate. There was also the need to organise and co-ordinate existing programmes of apprenticeship training.

There are 4 main levels of apprenticeship training :

- (a) Craft Apprenticeship in skills and services leading to the skilled craftsman status.
- (b) Technician Apprenticeship providing in-plant training for students of National Diploma in Technology.
- (c) Special Apprenticeship in areas of Engineering for supervisory or junior managerial grades
- (d) Engineering Undergraduate Apprenticeship providing in-plant training for Engineering Undergraduates. Boards for Research and Scientific Affairs.

#### **Ceylon Institute of Scientific and Industrial Research (CISIR)**

The Ceylon Institute of Scientific and Industrial Research was established in 1955 under the CISIR Act (No. 15) of 1955.

The CISIR has as its objectives :—

- (a) To undertake testing, investigation and researches in such manner as the Institute may deem advisable with the object of improving the technical processes and methods which may promote the expansion of existing or the development of new industries or the better utilisation of waste products.
- (b) To advise on questions of scientific and technological matters affecting the utilisation of the natural resources of Sri Lanka, the development of her industries, and the proper co-ordination and employment of scientific research to those ends.
- (c) To foster the training of research workers.
- (d) To foster the establishment of associations of persons engaged in industry for the purposes of carrying out scientific and industrial research.
- (e) To undertake or to collaborate in the preparation, publication and dissemination of useful technical information.
- (f) To co-operate with departments of Government, Universities, Technical Colleges and other bodies in order to promote scientific and industrial research and the training of investigators in pure and applied science and of technical experts, craftsmen and artisans.
- (g) To assist otherwise in the advancement of scientific and industrial research and technical training.

Established in 1955 on the basis of the recommendations made by the first IBRD Survey Mission to Sri Lanka, the Industrial Research Laboratory of the then Department of Industries was transferred to the institute around which the nucleus organisation has been built up. In 1973 the governing body of the Institute was expanded and a Research Planning Council was established to guide the Governing Board.

Research activities of the Institute centre around :

- (1) The use of local raw materials both vegetable and mineral in industry ;
- (2) The development of new technology, and
- (3) Improvements to existing technology.



*Bureau of Ceylon Standards (BCS) Incorporation.*—The Bureau was set up under the Bureau of Ceylon Standards Act (No. 38) of 1964 and started functioning in November 1965.

The principal functions of the Bureau are :

- (a) To prepare standard specifications and codes of practice.
- (b) To test products for conformity to the standards of specifications.
- (c) To administer a standardisation Marks Scheme.

Divisional Committees advise the Bureau in technical matters covering the following fields :—

- (a) Electrical Engineering
- (b) Civil Engineering
- (c) Mechanical Engineering
- (d) Agricultural and Chemicals
- (e) Textiles
- (f) Metrication.

Standard Specifications are prepared by Drafting Committees appointed by the Divisional Committees.

The bureau initiated action for the adoption of Metric System of Weights and Measures in 1969.

Standards were declared for double edged carbon steel (untreated) safety razor blades and asbestos cement corrugated sheets and flat sheets as compulsory standards in 1971. Testing of these products has been carried out by the Bureau.

Pre-export Inspection Scheme was introduced in 1974. Commodities that are covered under this Scheme are cloves, pepper, nutmeg and mace, cocoa, beans and sesame.

The Bureau is a member of the International Organisation for Standardisation (ISO).

*Atomic Energy Authority (AEA) Incorporation.*—The Atomic Energy Authority was established in 1969 under the Atomic Energy Authority Act (No. 19) of 1969 and has its objectives :—

- (a) Promotion of the peaceful uses of Atomic Energy for development activities at the national level.
- (b) Dissemination of nuclear information among scientists and the public.
- (c) Execution of the country programmes of the International Atomic Energy, the specialised organisation for Atomic Energy in the United Nations of which Sri Lanka is a member.

The Authority was established as a sequel to a decision taken by the Government on the recommendation of the National Planning Council. The Authority subsequently functioned in the precincts of Ministry of Housing and Scientific Research in 1969. Aims of the AEA are :—

- (a) The production of atomic energy, including processes, materials and devices relating to such production.
- (b) The utilization of fissionable and radioactive materials for medical, agricultural, industrial and other peaceful purposes.

*National Engineering Research and Development Centre of Sri Lanka (NERDC) Incorporation.* The National Engineering Research and Development Centre of Sri Lanka was established under the State Corporations Act (No. 49) of 1957 by Extraordinary Gazette Notification (No. 124) of 14 August 1974.



Main Objectives of the Centre are —

- (a) To provide for the institutional mechanism needed for the progressive development of indigenous technology by encouraging, recognising and developing innovative and creative talent in Sri Lanka.
- (b) To provide facilities to co-ordinate the technological, engineering and research capabilities of various public and private sector industries and institutions in a productive manner through co-operative endeavour.
- (c) To ensure by adoption and adaptation the choice of technologies that would be consistent with the country's resource endowments and national planning objectives.
- (d) To examine direct and indirect mechanism of technology transfer and offer counsel to appropriate government and private institutions in Sri Lanka, when so required.
- (e) To promote the optimal exploitation on the country's human and material resources by promoting the growth of suitable technology.
- (f) To design, manufacture, and test prototype machinery pilot plants as demanded by industrialists, commercial and other end-users in an economical manner.
- (g) To provide for continuous monitoring of technological data and documentation relating to engineering designs and research through the co-operation of international and national agencies.
- (h) To offer sustained consultancy services to public and private sector enterprise and undertake research and promote training activities to broaden the base of the country's engineering and industrial design and research capabilities.

Some of the current activities of the centre include :

- (a) Development of Windmill Pumps ;
- (b) Development of solar devices such as solar water heaters, solar stills, solar cooling.
- (c) Development of medical equipments and telecommunication equipment.
- (d) Development of equipment for use by rubber goods manufacturing industry.

*National Science Council of Sri Lanka (NSC) Incorporation.*—The National Science Council of Sri Lanka (NSC) was established under the National Science Council of Ceylon Act (No. 9) of 1968 and subsequently reconstituted under the National Science Council of Sri Lanka Law (No. 30) of 1975.

The NSC has been established to serve as the control body of the Government responsible for co-ordinating scientific activities and advising the Government on matters concerning science policy.

As the main agency of the Government in the application of Science and Technology for purpose of development, the NSC is responsible in (a) promoting research, both pure and applied in all branches of science ;

- (a) Maintaining liason with national and international agencies in the field of science ;
- (b) Disseminating scientific information in Sri Lanka ;
- (c) Studying and reportings on special areas such as environmental pollution, availability and utilization of scientific manpower etc.

To achieve the objectives for which the NSC was established it carries out the following activities :

- (1) Gives research grants to scientists in the universities and research institutes for carrying out research. The screening of application for grants to ascertain the relevance and importance of the proposed research is done by a Statutory Board of the NSC—the Research Grants Board.



- (2) Administers the grants given to local scientists by foreign agencies like the Swedish Agency for Research Co-operation with Developing Countries (SAREC) and attends to the procurement of scientific equipment from abroad.
- (3) Maintains a Sri Lanka Scientific and Technical Information Centre (SLSTIC) which procures literature on matters pertaining to science policy, science education and the environment. The council also helps scientists to obtain reprints of scientific articles pertaining to any scientific subject published in Sri Lanka or elsewhere. The SLSTIC has also established an inter-library lending service.

The NSC in collaboration with the Sri Lanka Foundation Institute and the Committee on Science and Technology in developing countries (COSTED) conducted a workshop at the Sri Lanka Foundation Institute. The Workshop on post-harvest food losses, organised in collaboration with the National Academy of Science, USA, drew participants from the Ministries, Departments and State Corporations associated in this field.

*Industrial Progress of the Greater Colombo Economic Commission.*—The GCEC was established in February 1978 under the GCEC Act (No. 4) of 1978 to foster and generate economic development of the country, primarily by promoting foreign investment for the establishment of industrial and commercial projects within an area of authority, 500 sq. kilometres North of Colombo.

Foreign investments in collaboration with local investors were promoted through a "Package" of incentives as tax concessions, exemption from import duties, free remittances of dividends on foreign share-holding, share transfers, etc.

The GCEC has approved a total of 111 projects with participation of 26 countries and involving Rs. 3,261 million in the Investment Promotion Zone at Katunayake. Employment potential to be generated through the 111 projects would be around 49,300 when geared to capacity production.

Investment approvals in industrial development within the GCEC and the area outside the GCEC appear in Table 10.7 and 10.8 respectively.

*Katunayake IPZ.*—The K.I.P.Z. which covers around 200 hectares in close proximity to the International Airport, is a hive of activity with 17 industries in commercial production. Facilities provided within the Katunayake IPZ are mainly internal roadways, electricity supply, water supply, drainage and sewerage, post and telecommunications, a plaza building as office space for services and banking, etc., and customs offices. The total capital cost of these facilities within the zone is estimated to be around Rs. 310 million. About 115 hectares have already been developed. Employment Opportunities at Katunayake IPZ are estimated at 7,500.

The internal road network consists of well compact gravel roads at present. Metalling and tarring operations have already commenced to raise these roads to international standards. The roads are 20' wide at the narrowest points and consist of two 30' carriageways on the main access road. Electrical power to the IPZ is supplied from a grid sub-station at Kotugoda via two 33 KV double circuit transmission lines and two primary sub-stations at KIPZ itself. All KIPZ factory sites have already been provided with electricity for construction and production purposes.

Telephone and telex exchanges and associated equipment are being installed. International direct dialling facilities are now available.

The other important facilities that are being planned outside the zone are in the provision of an efficient system of cargo movement from the zone to the port both by road and by rail; development of housing complexes for the workforce along with development of new townships within close vicinity to the KIPZ.

The second IPZ is being developed at Biyagama flanking the bank of the Kelani Ganga and would concentrate on water-consuming industries. The area available for development is 85 hectares. The third IPZ would be located at Welisara covering an extent of 100 hectares. The Welisara IPZ would concentrate on electronic industries.



TABLE 10.7—INVESTMENT APPROVALS IN INDUSTRY WITHIN GREATER COLOMBO ECONOMIC COMMISSION

Category	Number of Units approvals		Foreign Investment approvals (Rs. million)		Total Investment approvals (Rs. million)		Employment Potentials (Nos.)	
	1978	1979	1978	1979	1978	1979	1978	1979
(1) Food, Beverages and Tobacco	1	1	2	20	5	26	56	351
(2) Textile, Wearing Apparel and Leather Products	31	18	621	544	914	689	14,301	7,837
(3) Wood and Wood Products (including furniture)	—	1	—	1	—	—	—	44
(4) Paper and Paper Products	1	1	6	3	7	5	222	163
(5) Chemicals, Petroleum, Coal, Rubber and Plastic Products	7	2	47	24	75	43	9,681	1,061
(6) Non-Metallic Mineral Products (except Petroleum and Coal)	2	2	497	61	583	68	832	157
(7) Fabricated Metal Products and Transport Equipment	3	7	10	91	16	159	555	1,585
(8) Products (n.e.s.)	7	5	19	27	25	50	848	1,971
Total	52	37	1,202	771	1,625	1,040	26,495	13,169

Source : Greater Colombo Economic Commission.

TABLE 10.8—INVESTMENT APPROVALS IN INDUSTRY OUTSIDE GREATER COLOMBO ECONOMIC COMMISSION—1978-1979

Category	Number of Units		Foreign Investment (Rs. million)		Total Investment (Rs. million)		Employment Potentials (Nos.)	
	1978	1979	1978	1979	1978	1979	1978	1979
(1) Food, Beverages and Tobacco	109	109	68	104	99	180	3,182	1,575
(2) Textiles, Wearing Apparel and Leather Products	1,322	1,027	366	406	485	1,192	21,559	24,395
(3) Wood and Wood Products (Including furniture)	184	71	195	18	200	33	1,535	2630
(4) Paper and Paper Products	—	—	—	—	—	—	—	—
(5) Chemicals, Petroleum, Coal, Rubber and Plastic Products	358	239	157	89	215	149	7,620	3,064
(6) Non-Metallic Mineral Products (except Petroleum and Coal)	127	129	25	23	42	57	2,340	4,397
(7) Fabricated Metal Products, Machinery and Transport Equipment	306	265	112	95	141	220	9,462	4,995
(8) Manufactured Products (n.e.s.)	—	24	—	7	—	15	—	777
Total	2,406	1,864	923	742	1,182	1,846	45,698	41,833

Source : Local Investment Advisory Committee—LIAC, Foreign Investment Advisory Committee—FIAC



### Small Industries

Sri Lanka has long been renowned for the exquisiteness and elegance of her traditional handicrafts. The Ministry of Rural Industrial Development is working towards the rehabilitation of indigenous arts and crafts in the island.

As a positive step towards the preservation of handicraft skills, the department of Small Industries has set up a Master Craftsmen's Training Scheme. Commenced fifteen years ago, this scheme has achieved a marked success. A talented craftsman is selected under this scheme and persuaded to teach his skills to a batch of trainees. The craftsman selected is invariably a top-grade Master Craftsman with considerable experience over 20 years and at least over the age of 40 years. The training class comprises ten students.

Funds have been allocated for such training classes at the Pottery Centre, Kelaniya, in Colombo District ; silver work, wood work, brass work, ambekka wood work, Dumbara mat weaving, musical instruments, brass, copper and silver ornamental ware, lacquer, hide, brass welding, decorative silver and cane work in the Kandy District ; Mask making and lace work at the respective industrial units in Hambantota, Polonnaruwa and Amparai Districts while gem work and lapidary activities in the Ratnapura District.

The Department has arranged foreign publicity for Sri Lanka's handicrafts. With the assistance of the National Apprenticeship Board, the department has planned to train 1,600 carpenters annually. Classes have already been conducted to train industrial apprentices in various parts of the island.

In Kandy District, much has been done by the department to retrieve traditional crafts practised by the Craftsmen of that region. This has involved the settlement of forty craftsmen's families on land available at Nattaranpotha Craftsmen's village schemes would help reorganize handicrafts centres. At Giragama an Electro-plating Centre and a centre for cane and other industries, have been established.

Doll making was given a fillip by the department, since there was quite a big demand from foreign countries for such fancy items of local design. The Jaffna and Kegalle Districts have achieved a remarkable progress in pottery industry.

One of the main industries that showed marked progress was carpentry. The 77 carpentry workshops scattered over the island had a total turnover of Rs. 3.37 million in 1979. The 76 carpentry units produced carpentry items to the value of Rs. 3.3 million.

The department has been able to revolutionise the coir industry with the introduction of a new process, for the production of white fibre. This process involves bearing of husks mechanically and soaking is limited to a period as short as three and half months. The new process is already in operation at Katunayake, in the Negombo lagoon area and in the Dodanduwa coconut complex. This method of coir production resulted in an output of 4,500 to 5,000 cwts. The 68 coir units had a production value of Rs. 2.0 million.

Twenty-five operated machines, each costing Rs. 250 were distributed among villagers to spin rope. The department undertakes to sell the rope produced by them. This system has helped a coir worker to earn between Rs. 15-18 a day. The development of Artline Textile Industry dealing with the production of cloth material designed with traditional art motifs has expanded rapidly.

Thirteen new centres have been opened in various districts. The department has set up a separate designing and dying section at Polgolla Institute, and the production activities have been streamlined. This provides employment for over 1,000 female weavers and those engaged in connected services.



The Batik Industry has been raised to an enviable status, by providing it with the necessary support. A few hundreds of individuals engaged in Batik Industry are now registered with the department. Bona fide batik workers have been supplied with cloth and parafin wax. Quality textile manufacture including art designs had a turnover of Rs. 4.4 million.

A range of industries including sweets, paper, soap, sports goods, plastic-ware, cosmetics, polish and ink have been registered by the Department and assistance provided by way of raw material.

Estimated employment opportunities in the small industry covered by the department are around 7,000.

*The Department for marketing and Export Promotion of Handicrafts.*—The department for marketing and export promotion of handicrafts functions under the Ministry of Rural Industrial Development. Its main objective is to improve Laksala products and ensure sales viability of the Colombo Laksala and its network of sales centres scattered over the island.

The Department also promotes expansion of export activities catering to the needs of the export market of traditional and novel handicrafts of the local craftsmen.

Colombo Laksala had a total sales turnover of Rs. 15.3 million. Exports and tourist sales fetched Rs. 2.6 million during 1979. Sales at district centres were in the region of Rs. 7.2 million.

Participation in international fairs and exhibitions earned the department a sum of Rs. 3.1 million.



## CHAPTER XI

### FISHERIES

#### General

Sri Lanka has a coast line of approximately 1,770 kms. which is punctuated intermittently with the outlets of a number of rivers and streams which flow down to the sea from the central highlands. There are sixteen rivers over 80 kilometres in length, one of which being over 322 kilometres long. The continental shelf of the island, averaging about 16 kilometres in breadth, is estimated to cover an area of 32,375 square kilometres. The coastal zone on either side of the island is exposed to the two monsoons, viz, the South-West Monsoon from May to September and the North-East Monsoon from November to February.

Fishing in Sri Lanka, except for the limited activity of the Ceylon Fisheries Corporation, has been carried on largely as a small scale enterprise by local fishermen using traditional craft and methods. Mechanisation of the fishing fleet commenced in 1954 on an experimental basis and was intensified from 1958 when mechanized boats fitted with inboard diesel engines, were issued to fishermen on hire purchase terms. Mechanization was extended in 1962/63 to include outboard engines for the mechanization of traditional craft and 17 feet fibre glass boats. At present about one third of the fishing crafts in the country which is estimated to be about 23,346 is mechanized. These crafts make significant contribution to the total fish production which has increased from 25,400 met. tons in 1953 to 150,702 met. tons in 1979.

#### Fisheries Resources

There are good resources of pelagic and demersal species with an annual sustainable yield of 254,000 met. tons in the coastal fishing area. Fishing is carried on allround the coast and is concentrated within the continental edge. From the edge of the shelf to the boundary of Sri Lanka's Exclusive Economic Zone, (E. E. Z.) There is a further substantial fish resource available. The fish in this area are mainly large migratory pelagic species. The inland fishery consists of 140,000 hectares of fresh water and 120,000 hectares of brackish water.

In 1978 approximately 65,000 persons, 23,000 vessels of less than 32 feet in length and 7,000 inboard or outboard engines were employed to obtain a production of 137,160 met. tons which represent 87 per cent of the domestic fish supply and 52 per cent of the potential sustainable yield. In 1978, 16,256 met. tons of fish, viz., 10 per cent of the domestic fish supply came from inland waters.

#### Fishing Methods

More than 1,000 traditional design unmechanized boats are used for the catch. Drift netting was the most important method used by nearly 50 per cent of the fishing vessels. Cast netting, shore seining, hand lining, trawling, pole and longlining are other popular methods of fishing. Trawling for fish and shrimps is done on a very limited scale. Among other methods of fishing are trolling and use of set nets, portable traps and shrimp drag nets.

#### Fishery Limits

The fishing grounds which are suitable for commercial trawling operations for demersal fish (bottom fish) are the Wadge Bank, the Pedro Bank and the Gulf of Mannar. The establishment of the 322 kilometre exclusive economic zone and the conclusion of the Indo Sri Lanka agreement on the Maritime boundary have resulted in the loss of the Wadge Bank and one-third of the Pedro Bank in the gain of exclusive rights to about 233,099 sq. kms. of ocean. There is now the necessity to manage the fishery resources in the expanded area to maximise its contribution to the national product.



**Landing Centres.**—There are over 400 fish landing centres scattered throughout the entire coastal belt. The main producing areas are Negombo, Jaffna, Puttalam and Mannar which altogether accounted for about 50 per cent of the total fish landings. Harbours and shore facilities are available in Colombo, Galle, Trincomalee, Mirissa, Tangalle and Beruwela.

### The Ceylon Fisheries Corporation

This is a State-owned commercial organisation established in 1964. The activities include the sale of fish, the export of prawns, lobsters, cuttle fish and manufacturing of by-products. The Ceylon Fisheries Corporation buys and distributes the domestic fish catch. It purchases fish from over 60 fish landing centres, operates wholesale markets in Colombo and Kandy and maintains 16 retail outlets in Colombo and 25 outlets in the other districts. In Colombo, Galle and Batticaloa it maintains buffer stocks in cold rooms, and also maintains smaller cold rooms in Kandy, Kurunegala, Anuradhapura and Bandarawela.

Fish supply and ice production of the Ceylon Fisheries Corporation during the two years 1978 and 1979 were :

	Production	(met. tons) Purchases	Total Supply	Ice Production
1978	605	4,278	4,832	12,297
1979	604	2,990	3,594	11,865

### The Ceylon Fisheries Harbour Corporation

This is also a state-owned corporation established in 1972 and is solely responsible for the construction and management of fishing harbours in Galle, Trincomalee, Beruwela, Tangalle, Mirissa and Myliddy. Facilities at these harbours include slipways, repair shops, ice plants, cold stores and other facilities for fishermen such as maintenance areas, rest rooms, etc.

### Policy Changes in Fisheries Industry

Prior to July 1977, the policy and strategies adopted for the development of the fishing industry, were increased participation by the State sector. Regulations and control over the allocation of inputs to the industry were brought in because of severe constraints imposed by the shortage of foreign exchange. Fisheries co-operatives were made the media for expansion in the coastal fishery and boats, engines and fishing gear were channelled mainly through these societies. Exploitation of the off shore and deep sea fisheries was done through the CFC fleet. Fishing gear imports were the monopoly of the Ceylon Fisheries Corporation while the Department of Fisheries was the agency through which imports of fishing boats and engines were made. Engine spares as well as fibre glass material imports were permitted only through import quotas.

The main change in policy during the post-July 1977 period was to bring the private sector into the mainstream of activities in the fisheries sector. With the liberalisation of imports and the relaxation of controls in regard to the supply of inputs such as fishing gear, engines, spare parts etc. for the fishing industry, the Ceylon Fisheries Corporation ceased to be a monopoly importer of fishing gear while the Department of Fisheries relaxed controls over imports of items such as marine engines and spares. Some investment in Ice Plants by the private sector is taking place. However, it will be necessary to supplement such investment by state sector investment in areas where there is a need for development but where commercial profitability is not adequate to attract private sector investment.

**Investment Programme.**—The total investment proposed by the State sector during the period, 1979-82 is Rs. 859 million with a foreign exchange component of Rs. 507 million. The on-going



projects are estimated to cost Rs. 199 million while investment on new projects is estimated at Rs. 660 million. External assistance amounting to Rs. 427 million is sought in respect of the new projects.

#### Achieving self-sufficiency in fish

- (i) The declining trend in per capita consumption of fish which continued from 1972 onwards has been arrested. Per capita consumption increased from 10.41 kgs in 1977 to 11.34 kgs. in 1978. This was primarily due to an increased local production of fish in the marine fisheries.
- (ii) The removal of regulations and controls and the liberalisation of imports led to an increased supply of inputs for the fishing industry such as boat building materials, marine engines, spare parts and in particular, fishing gear. Shortages of fishing gear accounted for a major loss in fish production in earlier years.
- (iii) Although the production increase occurred mainly in the coastal fishery, significant increases in production in the off-shore and deep sea fishery has also been witnessed in recent years. This was due to the operation of the 38'-38" vessels introduced under the ADB Southeast Coast Project, the operation of the C. F. C. trawler fleet and the operations by the Cey-Nor 32' — 46' boats. Tuna fishing operations was also undertaken by one of the C. F. C. tuna longliners.
- (iv) Some increases in production was also recorded in the inland fisheries. This was due to the intensification of the stocking and harvesting programmes in the major tanks, including activities under the Udawalawe Chinese Aided Project.
- (v) Priority was given to the rehabilitation of the existing fishing fleet and re-organisation of the Fishery Co-operatives.
- (vi) A total of 190 boats (28'—32'), 8 boats (17½'—23'), boats, 2,128 outboard engines and 54' inboard engines were issued under the all-island mechanisation programme.
- (vii) Specific steps were taken in consultation with the Aid Agencies to finalise projects to introduce boats to cover the east coast, the south-east coast, the north-west coast and the west coast. Under these projects, over 1,350 boats would be introduced over the next 5 year period, in addition to the issue of 2,000 boats (28') and 10,000 outboard motors.
- (viii) Further projects have been formulated to develop coastal aquaculture with Japanese Aid and cage culture in fresh water fisheries with IDRC Aid.
- (ix) These measures are expected to increase fish production from the 1978 level of 156,464 mt. tons to about 304,800 mt. tons in 1983. Per capita fish consumption is also expected to increase to 20.43 kgs. by 1983 from the present level of 13.48 kgs.

#### Fish Technology and Training

An institute of fish technology has been established with SIDA assistance. Its functions are to assist in—

- (1) reducing spoilage of fish ;
- (2) finding uses for under-utilised or non-utilised species ; and
- (3) furthering knowledge on improved handling, preservation, processing and marketing of fish.

*Training.*—Training courses of six months duration in fishing gear methods, engines and workshop practice were conducted at the Fisheries Training Centres in Negombo, Jaffna, Batticaloa and Tangalle. A total of 72 trainees successfully completed their training at these centres during the year 1979.

*Fishing technology.*—The need for a specialised institute to engage in research regarding vessel management, vessel design, fishing gear and fishing technology has been recognised for quite a long time. No definite measures have been taken to establish an organisation that could examine these



aspects of the fishing industry and recommend ways and means of improving the local technology. A UNDP funded project under Mr. J. Scharfe from FAO had however formulated in 1978 a comprehensive report on the Development of Fishery Production Technology. The Sri Lanka Government is exploring the possibilities of obtaining foreign assistance to establish such an institute. The Ministry has also decided to establish a Central Fisheries Research Institute, which will have 4 major research divisions under it, viz : Marine Fisheries, Inland Fisheries, Fishing gear and Craft Technology. The existing Research Division, the Fish Technology Institute and the proposed Fishing Technology Unit would be amalgamated into the Central Fisheries Research Institute.

#### Fishery credit

- (i) A new fishery credit scheme on easy terms for the purchase of fishing craft, engines and fishing gear was introduced towards the later part of 1978. Under this scheme, the Bank of Ceylon and the People's Bank will provide bank financing equivalent to 88 per cent of the total cost (net of subsidy of 35 per cent) of a package consisting of hull, engine and fishing gear for the purchase of 28'—32' boats and 17½'—19½' FRP boats. These banks would also provide the initial capital cost of mechanized and non-mechanized traditional craft and new outboard engines and fishing gear.
- (ii) Nine fisheries banks have been established so far by the People's Bank in Moratuwa, Ambalangoda, Chilaw, Beruwela, Dickwella, Weligama, Gandara, Panadura and Wennapuwa for the purpose of granting 'soft term' loans for craft, engines and fishing gear and also to finance other needs such as housing. It is also intended to promote savings habit amongst the fishermen through these special banks.
- (iii) Credit was also made available to ten fishermen's Co-operatives through the two State Banks for the purchase of fishing vessels, marketing equipment, etc., for coastal and offshore fishing under the ADB assisted South-west coast Fisheries Project.
- (iv) Payments amounting to Rs. 23.2 million was released from the advance account operated by the Department of Fisheries for the purpose of meeting instalment payments to boat manufacturers, engines and gear suppliers under the all-island mechanization programme.

#### Fishery Development Project

Three major development projects undertaken during 1979 were :

- (a) South-west Coast Development Project ;
- (b) North-east Coast Development Project ;
- (c) East Coast Development Project.

About 200 (28 feet) boats and 30 (38 feet) boats were issued to fishermen under the first project. Design and specifications of boats under the second project have been entrusted to a Fishing Authority while provision of housing and dredging operations were commenced under the third project.

*Master Plan for fishery development, 1979—1983.*—A comprehensive development plan for the entire fisheries sector, covering the full range of activities from direct fishing to provision of infrastructure facilities, has been prepared with the assistance of two advisers from the Canadian International Development Agency. This Master Plan identified the strategies that need to be adopted in order to develop the fisheries sector and for the country to be self-sufficient at acceptable nutritional levels by 1983. It specifies the levels of investment that should be undertaken during the planned period in the fisheries sub-sectors, the nature of projects that should be implemented as well as laying down the means whereby these planned objectives may be achieved. A novel feature of this Fisheries Investment Plan is that for the first time a complete programme for handling transport, storage and marketing of fish mapped out with a view to obtaining nationally desirable patterns of supply and distribution. In order to achieve this end, the Plan envisages the establishment of a comprehensive



package, which includes such components as provision for manufacture and supply of ice ; insulated vans and refrigerated trucks for proper transport of fish ; holding rooms and refrigerated storage facilities for warehousing at regional and district levels for efficient distribution.

Till now, most of the fish produced in the country is brought down to Colombo from the producer areas, where the central fish auction and sale points are concentrated and through the wholesale markets in Colombo are re-transported to the consumer areas in the regions. It is expected to do away with the wasteful duplicatory freight charges which inflate the price of fish in the hinterland areas and to ensure more efficient distribution patterns which would cause greater availability and favourable prices in the consumer areas.

#### Ministry re-organization

The organizational set-up of the Ministry has been further streamlined by identifying and establishing separate divisions for three vital areas in fisheries development, viz., Inland Fisheries, Training and Fishermen's Welfare Division.

#### Coast Conservation

In January 1978 the functions of planning, management and execution of coast conservation works were transferred from the Ministry of Shipping and Tourism to the Ministry of Fisheries.

Cabinet approval was obtained for a new draft Coast Conservation Law which provides for more effective control of activities in the coastal zone and for the planned development of its resources.

#### Research

- (i) The following activities have been undertaken by the Ministry of Fisheries :
  - (a) Survey of squid and cuttle fish resources ;
  - (b) Monitoring survey and sampling of the prawn fishery on the north-west coast for purposes of determining the effect of fishing on stocks ;
  - (c) Survey and eradication of crown of thorn star fish from the eastern reefs ;
  - (d) Lagoon surveys with a view to increasing productivity ;
  - (e) Formulation of proposals for the development of marine culture ;
  - (f) Formulation of a programme to conduct experiments on cage culture of certain species of fish ;
  - (g) Analysis of whole fish—(20 species) was completed.
- (ii) The Norwegian Research vessel, Fridtjof Nansen, undertook a resources survey during May/June 1978 for a period of 6 weeks. This vessel is expected to arrive again for a further survey.
- (iii) A marine resources survey project was formulated and CIDA Aid is being negotiated to enable a continuous programme of research and survey to be undertaken.



## CHAPTER XII

### ENERGY, MINERALS AND WATER SUPPLY

#### Energy

*Electric Energy.*—Electric power supply was first introduced to Sri Lanka in 1895, by private companies to supply electricity to a limited number of consumers in Colombo. The Department of Government Electrical undertakings was established in 1927. The Ceylon Electricity Board was established on 1st November 1969, as a Statutory Board responsible for the generation, transmission and distribution of electricity to the entire island.

The demand for electricity in 1950 was 14 MW peak demand and 65 GWh per annum energy. The growth of electricity demand since 1960 is given in Table 12.1 :

TABLE 12.1—DEMAND FOR ELECTRICITY 1960-1979

	Peak demand (MW)	Total annual consumption (GWh)	Consumption (GWh)			
			Households	Industries	Commercial establishments	Local authority
1960	58	212	36	72	51	53
1961	64	235	39	83	55	58
1962	69	260	40	102	55	63
1963	75	286	41	123	55	67
1964	82	307	42	132	58	75
1965	89	331	44	141	63	83
1966	105	367	45	160	67	95
1967	124	441	45	213	72	111
1968	135	531	52	266	78	135
1969	146	573	57	293	79	144
1970	162	811	76	412	117	206
1971	185	712	65	373	94	180
1972	200	811	72	447	99	193
1973	198	823	80	437	108	198
1974	214	864	81	464	117	202
1975	218	957	85	521	121	230
1976	235	983	93	514	139	237
1977	261	1,027	104	515	154	254
1978	291	1,142	116	593	158	275
1979	325	1,289	149	638	203	299

Source : Ceylon Electricity Board



During the years 1978 and 1979, the proportion of total energy requirements of the country met by electricity amounted to about 13 percent. The peak demand in 1978 was 291 MW and the energy consumed was 1,142 GWh. Available data also reveal the increasing trend in peak demand and energy consumption in recent years.

*Hydro-Electric Energy.*—Table 12.2 gives the generating plant potential and energy supply of the hydro-power plants as well as the thermal-power plant. Table 12.3 gives the hydro-power potential and energy for each river basin as outlined in the Pfeifer Report.

TABLE 12.2—GENERATING PLANT POWER AND ENERGY POTENTIAL

<i>Power Station</i>	<i>Power Potential (MW)</i>	<i>Annual Energy Supply (GWh)</i>
Old Laxapana	50	270
Inginiyagala	10	43
Udawalawe	06	22
Wimala Surendra	50	123
Polpitiya	75	370
New Laxapana	100	504
Ukuwela	38	168
	329	1,500
<i>Thermal Plant</i>	<i>Power Potential (MW)</i>	<i>Annual Energy Supply (GWh)</i>
Kelanitissa (Steam)	50	230

TABLE 12.3—HYDRO-POWER POTENTIAL OF SRI LANKA (RIVER BASIN-WISE) AS PER PFEIFER REPORT 1958

<i>Name of Basin</i>	<i>Net yield in million acre feet</i>	<i>Installed capacity proposed in MW</i>	<i>Likely primary energy in GWh</i>	<i>Likely secondary energy in GWh.</i>
Kelani	8.640	510	1,620	710
Maha Oya	0.350	15	40	30
Mahaweli Ganga	10.880	745	2,270	970
Walawe	1.450	75	250	70
Nilwala	0.350	10	40	10
Gin Ganga	0.350	45	160	40
Kalu Ganga	1.000	120	350	—
	23.020	1,520	4,730	1,830

The technically attainable and economically feasible hydro-power resources in Sri Lanka, when updated considering recent developments, indicate 1,592 MW as the total power potential and 6,229 GWh as the total annual energy supply from medium and large hydro-power plants in the island.



Hydro-electric schemes so far constructed add up to 329 MW with a total energy supply of 1,500 GWh which includes 275 MW of power units already developed in the Kelani Valley River. With the addition of Canyon Power Unit of 30 MW, scheduled for commissioning in 1981, most of the total economically viable hydro potential of the Kelani river would be fully developed.

The development of the gross power and energy potential of the Mahaweli River Basin with other irrigational benefits has been dealt with under the accelerated Mahaweli Programme. With the commissioning of the Ukuwela Power Plant, 38 MW of power with an annual energy supply of 168 GWh has been already developed and the Bowatenna Power Plant presently under construction would increase the development of the Mahaweli Hydro potential by yet another 40 MW/with an annual energy capability of 108 GWh. It is expected that with the accelerated Mahaweli Programme now under way, additional hydro-power projects would be completed.

Although demand has risen rather sharply, generating potential of the Ceylon Electricity Board cannot be increased to such extent as construction of generating plants would take a considerable period of time covering various phases, viz., planning, equipment availability and installation. The largest power plants now under construction particularly those under the accelerated Mahaweli Programme like the Victoria Project (210 MW) and Kotmale (215 MW) would come on stream from about 1984.

It would thus appear that the economically exploitable hydro-power resources in the Mahaweli Basin would initially be harnessed at least within the course of next few years.

Out of the other river basins, Gal Oya with a total catchment area of about 1,800 square kilometres has been developed to produce 10 MW. of power with a total energy capability of 43 GWh per annum. In the Walawe Ganga basin, 6 MW of power with an annual energy capability of 22 GWh has already been set up as a part of the Uda Walawe Irrigation Scheme which has a total drainage area of around 2,300 square kilometres.

Construction work on a major power project (Samanalawewa Power Project) is initially being implemented in the upper reaches of Walawe river to produce 120 MW of power having an annual energy supply of 630 GWh.

The failure of the monsoon rain and the low re-charge inflow of streams in the Laxapana complex have resulted in enforcing power cuts with lopping of supply during peak hours. Use of gas turbines is being considered as an alternative to tide over the energy crisis.

Userwise there was an unprecedented increase in electricity consumption for commercial and industrial purposes from 3 percent in 1976-1977 to 12 percent in 1978-1979. This is attributable to the concentration of energy consuming industries being sited in the main industrial zones under the Greater Colombo Economic Commission. Long-term forecasts reveal that on the next 10-12 years, Sri Lanka would need to develop electrical energy from sources other than hydro-power.

*Petroleum Products.*—The consumption (internal sales) of different oil products in the years 1972-1979 are given in Table 12.4.

TABLE 12.4—CONSUMPTION OF DIFFERENT OIL PRODUCTS IN SRI LANKA (INLAND SALES IN 1,000 METRIC TONS)

Year	1972	1973	1974	1975	1976	1977	1978	1979
Motor Gazolene	132	130	95	95	101	111	130	115
Kerosene	278	270	213	211	207	213	245	230
Auto Diesel	264	261	244	264	258	262	310	351
Heavy Oil	71	68	44	36	33	46	61	64
Furnace Oil	179	235	169	144	126	136	160	162
L. P. G. (1,000 cu. metres)	0.10	0.27	0.53	1.03	2.01	3.10	4.98	6.40



It has been estimated that about 30 percent of Sri Lanka's energy requirements is met by oil. The production of different oil products in Sri Lanka for 1978 and 1979 are given below :

	(Metric Tons)	
	1978	1979
Gazolene	103,943	101,924
Regular Gazolene	16,680	
Kerosene	211,318	189,446
Auto diesel	242,200	250,863
Heavy Oil	117,243	88,928
Furnace Oil	547,377	542,918
L. P. G. (1,000 cu. metres)	5,355	6,116
Naptha	82,372	84,254
Bitumen	24,872	24,391
Avtur	34,465	29,131
Solvents	2,565	3,742
Total	1,388,390	1,321,713

*Firewood.*—Firewood and agricultural waste constitute a major energy resource for Sri Lanka. About 60 to 65 percent of energy is derived from firewood. The firewood that could be extracted annually from the proclaimed forests, crown forests, and other reservations without damage to the ecology has been estimated to be less than 0.1 million tons. Saw mills and waste from coconut cultivations account for about 0.5 million tons annually. About 1.0 million tons of firewood is estimated to be available due to replanting of uneconomical lands. The present day demand being estimated around 4.0 million tons annually of which about 2.4 million tons of firewood has come from unidentified sources.

*Nuclear Energy.*—Monazite sands found in certain parts of Sri Lanka contains Uranium and Thorium ore in the form of oxides to the extent of about 10 percent thorium oxide and 0.1 percent uranium oxide.

The prospect of using nuclear power in the absence of other proven alternatives, after the full exploitation of the hydro-power resources cannot be ruled out. This has been a subject of considerable discussion during recent years.

*Other Renewable Resources.*—All other renewable energy resources such as solar, wind, bio-gas ocean thermal, ocean wave, etc., are of such dilute nature that it would not be realistic to depend on such sources for the bulk energy requirements in the immediate future because of the vast capital cost that would be required to harness such energies.

It could still be possible to utilise a given resource for specific purposes with due consideration for the appropriateness in technologies adopted to supplement the overall energy requirements.

Animal waste (primarily cow dung) is available in the major cattle breeding areas in the Northern and Southern parts of the country. The Census of cattle stock in Sri Lanka indicates that the total number of cattle and buffalo amounted to 2 million adult animals and about 0.4 million calves. Although the dung is not burnt as any energy source in Sri Lanka, it could very economically be used to produce bio-gas as an energy source by its anaerobic fermentation. It has been suggested that substantial quantities of bio-gas could be produced by using cow dung with other vegetable waste available throughout the country.



Approximately 3 million tons of peat have been discovered in the Muthurajawela swamps. The extractable quantity of peat in this area has been estimated to be equivalent to 2 million tons with a calorific value of 2,600 K. Cal/kg. Other peat deposits though known to exist have not been identified and evaluated.

The near equatorial position of Sri Lanka and the topographic nature of the island guarantees the availability of high solar insulations and reliable wind regimes throughout the year. The average solar insolation is about 5 kwh per square metre per day. There is also energy available to be exploited in the ocean waves and in the thermal gradient of the warm tropical sea surrounding the island. There are no known areas of geothermal energy of any significance and the tidal energy is quite dilute.

Among institutions conducting studies on renewable energy resources are the Engineering faculties of Katubedda and Peradeniya Universities, the Industrial Development Board, the Ceylon Institute of Scientific and Industrial Research and the National Engineering Research and Development Organisation (NERD).

The UNEP Sri Lanka Project to demonstrate to the Asia Region the harnessing of renewable energy resources at the typical village level has been implemented by the Ceylon Electricity Board at the Pattiapola village in Hambantota District.

#### Economic Minerals

The major minerals of the island being mined at present are gems, graphite, mineral sands, industrial clays, limestone, silican sand, felspar, quartz and mica.

*Gemstones.*—Except in the sedimentary limestone area of the North West, many varieties of precious and semi-precious gemstones occur in the other parts of the island. They are found mostly in alluvial deposits in the Sabaragamuwa Province. Their origin is thought to be from the weathering of numerous pegmatite which occur in the precambrian crystalline granulites, gneisses and schists.

The most important gemstones are delicately coloured varieties of the minerals corundum (sapphire and ruby), chrysoberyl (alexandrite and cats eyes), beryl (aquamarine), topaz, spinal, garnet, zircon tourmaline and quartzite (citrine, amethyst and smoky quartz). Moonstone (a variety of felspar) is mined from a decomposed pegmatite near Meetiyagoda in the Ambalangoda area.

Mining of the gem is carried out by the traditional method sinking pits and panning the gem bearing gravels extracted from these pits. Lapidary activities are carried out in the traditional manner as well as using modern techniques. The State Gem Corporation is active in this field.

Production figures for the gem industry are not readily available. Based on exports however of all varieties of gemstones both precious and semi-precious stones production has been estimated at 590,000 carats valued at Rs. 490.1 million, a decline of 268,000 carats in quantum and a corresponding drop of Rs. 41.8 million in value over the preceding year.

*Graphite.*—Graphite (plumbago) is the only industry which involves deep mining and occurs as veins of pegmatites and as disseminated flakes in Precambrian terrain of Sri Lanka. Of these only the vein deposits are being exploited at present. The mining and export of graphite in Sri Lanka has continued since 1821 and in those early years the country enjoyed virtually a monopoly in world markets. The total production of graphite is from deposits in the South-West of Sri Lanka and most of these are found in zones and bands. Although graphite mining has continued well nigh during the past 150 years, there are no industries in the island based on this mineral excepting for the grinding of graphite to microsized and production of few items such as crucibles. At present a large quantity of graphite power after processing and classifying is exported. Production of natural graphite in 1978 amounted to 10,748 metric tons and exports totalled 11,415 metric tons. In 1979 the production declined to 9,360 metric tons while exports too dropped to 11,154 metric tons. The two state-owned mines at Kahatagaha, Kalongaha and Bogala accounted for the entire production of natural graphite during the year.



**Mineral Sands.**—The occurrence of minerals such as ilmenite, zircon, garnet, rutile and monazite in the beaches surrounding the island has been known for over 50 years. The largest and the most important beach sand deposit occurs at Pulmoddai, North-East coast of the island—55 kilometre North of Trincomalee. Ilmenite exports during the year 1979 amounted to 55,370 metric tons against a production target of 72,000 metric tons, a performance of 77 percent. In 1978 the exports were 40,700 metric tons with a production figure of 35,904 metric tons as compared with 20,137 metric tons the preceding year.

**Industrial Clays.**—Alluvial clay used in the production of tiles and bricks is found in the flood basins of almost all the major rivers with the largest deposits being found in the basins of Maha Oya, Kalu Ganga and the Kelani Ganga. Though the production of bricks and tiles is largely concentrated, on the major basinal deposits, the industry has also been established in other areas where suitable deposits are found

Clay that is used for the production of cement is available in the Murunkan and Ralmadu areas, of the North-West and serves as a basic raw material in the manufacture of cement.

A total of 13,573 metric tons of raw and refined clay valued at Rs. 1.7 millions were used in the ceramic industry during 1979.

Extensive deposits of kaolin of the highest grade are found at Borelesgamuwa (near Colombo) and smaller deposits at Meetiyyagoda in the Galle District. These deposits are a product of the weathering of rocks rich in feldspar like granite and pegmatite. The Ceylon Ceramics Corporation produced 5,870 metric tons of Kaolin at its refineries during 1979 valued at Rs. 6.0 million.

**Limestone.**—Large reserves of sedimentary limestone are found in the Jaffna peninsula and at Aruvakalu to the North of Puttalam. Limestone is extensively used at the Kankesanthurai and Puttalam factories respectively as raw material in the manufacture of cement by the Ceylon Cement Corporation. Pure crystalline limestone in the interior and coral deposit specially of the South, South-Western and Eastern coasts are burnt for the manufacture of quick lime. Crushed dolomitic limestone are used with fertilizers to remedy magnesium deficiency in soil.

**Iron Ore.**—The iron ore deposits of the island are of two main types, namely (a) surface laterite ores and (b) banded ironstones. The surface ores are mainly composed of ilmenite and goethite and are invariably lateritic. These occur as large boulders and surface cappings and are mainly confined to the South-West sector of the island. About two to three million tons of easily accessible ore are present, the higher grades averaging 54 percent and the lower grade averaging 30-40 percent metallic iron.

The banded iron ore deposits found in the Wilagedera Panirendawa—Bingiriya area of the North Western Province consist of bands of magnetite, 5-20 thick interbanded with calc granulites, quartz and basic rocks. About 5-6 million tons of ore with a metallic content of 65 per cent iron have been obtained by drilling at depths ranging from 21-152 metres below the surface in the Panirendawa-Bingiriya area.

The occurrence of copper-magnetite ore at Seruwila was discovered by the Geological Survey Department on an inspection of the area in 1971. Best outcrops of copper-iron occur in Kollamkulam north-east of Seruwila Temple. Intensive magnetometer surveys have been carried out in order to determine the limit of mineralization. Diamond drilling has been carried out since 1974 in this delineated area to determine the quality and quantity of copper and iron ore. The Government of Sri Lanka anticipates foreign collaboration to develop this project.

### Water Supply

**Water Resources Board.**—The Water Resources Board Act was passed in Parliament in 1964 and was fashioned in accordance with the Water Resources Board Act of Great Britain. The Board functioned essentially as an Advisory organ till July, 1977. In July 1977 the Minister of Irrigation, Power and



Highways delegated certain implementation functions to the Board, viz., the utilisation of Wind Energy, Ground Water Investigation, Exploration and Development Tank Rehabilitation and Watershed Management. The Board's earlier terms of reference, virtually made no provision for technical personnel.

In early 1978 Ground Water Investigations were confined to some parts of North and North-West of Sri Lanka and the supply of industrial water for the private sector. This programme of ground water investigations was subsequently suspended to provide for requirements of water of the Free Trade Zone. The initial requirements of 1,137,500 litres for the 1st phase of the Investment Promotion Zone Programme has been located and the Board has since been called upon to provide 5.69 million litres of water for the 2nd phase of the IPZ programme. A supply of 6.37 million litres of water were made available to the Free Trade Zone in the construction of 77 tube wells during 1979.

The Tank Rehabilitation Unit conducted a series of surveys in 1977 and 1978, to ascertain the feasibility of renovating minor irrigation works. This activity has now been handed over to the Department of Agrarian Services which functions under the Ministry of Agricultural Development and Research.

The Mulankavil Settlement Scheme for Educated Youth initiated by the Irrigation Department has 30 production tube-wells which had already been sunk and work completed. Twenty-four tube wells have been sunk for the private sector on requests for the provision of industrial water supplies. Investigations for ground water resources have been carried out in Kurunegala, Moneragala and Hambanota districts under district integrated development projects.

The Wind Energy programme funded by the Netherlands Government is working out prototypes that would be suitable for lifting water for irrigation as well as for domestic consumption in various parts of Sri Lanka. Two prototypes were designed and tested in the test site in Colombo and the second generation of windmills has been designed from information gathered after prolonged tests of the first prototype. Provision of Rs. 800,000 has been made under the programme of Wind Energy utilization from funds available as financial aid of the Netherlands Government.

As part of a national endeavour in the successful implementation of a sustained tree planting campaign the Board has encouraged cultivation of 'Ipil Ipil' which serves not only as fuel wood but also animal feed and plant nutrient.

A considerable demand for ipil ipil exists, particularly with the escalation of firewood prices and the dwindling supplies of firewood from forest resources.

*The National Water Supplies and Drainage Board.*—The National Water Supply and Drainage Board was created by the transformation of the then existing Department of Water Supply and Drainage under the Ministry of Irrigation, Power and Highways. The National Water Supply and Drainage Board was established in January 1975 under Law (No. 2) of 1974. The primary functions of the Board are to ensure a safe and adequate supply of water to the population primarily for domestic needs. The Board however also undertakes and supply water for industrial purposes and to various other institutions. In the performance of its functions the Board is responsible for :

- (1) Investigation and feasibility studies of Water Supply, surface drainage and sewerage schemes.
- (2) Design and construction of Water Supply Schemes for Local authorities and to various other institutions.
- (3) Operation and maintenance of water supply schemes in various parts of the island.
- (4) To serve in an advisory or consultative capacity to other Boards/Corporations and the private sector on water supply and sewerage projects.

The total capital of the Board amounts to approximately Rs. 430 million. The annual revenue amounts to Rs. 30 million. The Board maintains about 70 Water Supply Schemes. There were 75 schemes under construction in 1979.



An agreement with the World Bank for Greater Colombo Water Supply Project and with UNICEF for Rural Water Supply Projects and Ground Water Projects have already been concluded.

The main component of the South-West Coastal Project consists of augmenting the existing water supply facilities in Colombo and Towns, South of Colombo up to Panadura providing new water supply schemes to towns North of Colombo and up to Negombo ; Kalutara to Bentota (local authority) and Ambalangoda to Balapitiya. The foreign exchange component of U. S. \$ 14 million required for this project is being provided by the World Bank and Canadian International Development Association in the form of an I. D. A. credit.

A salient feature of this project is that the entire design was carried out by the Board's Engineers and the design was accepted by the World Bank for financing without the review by foreign consulting Engineers.

The planning and Designs of Water Supply Schemes cover the entire island excepting the South-West Coastal area. Drawings of 24 schemes were completed while feasibility studies and designs work of another 22 schemes, which included water supply, augmentation, surface drainage and minor improvement work, have been carried out during 1979. There are over 100 Water Supply Schemes programmed for investigation and design in the ensuing year.

A sum of Rs. 59 million was spent on construction works of 16 major, 26 UNICEF, 32 Rural and 2 Sewerage Schemes. Work is also in progress on the Investment Promotion Zone Water Supply Schemes and Sewerage Schemes.

The ground Water Division of the Board has recently been organised with equipment received from UNICEF for Ground Water Development Programme in the dry zone. The Board has been equipped with two down the hole hammer drillrigs capable of drilling into hard rock. Work commenced in Hambantota District and 29 wells have been completed on a pilot programme of 200 wells.

The South West Coastal Project has been constituted under the Board in bulk to the South-West Coastal area extending from Negombo to Galle. The projects at Ambalangoda, Greater Colombo area, Kalutara and Towns North of Colombo are main items of work in hand involving installation and construction of treatment plants, intake, service reservoirs pipe laying and construction of elevated towers. Work under this project has already commenced involving a total cost of approximately Rs. 600 million.

Colombo and Kalutara Water supplies which hitherto functioned under the Colombo Municipality have since been taken over by the National Water Supply and Drainage Board.



## CHAPTER XIII

### PUBLIC FINANCE, BANKING AND INSURANCE

The public sector in the country consists of the Government Ministries, Departments, Corporations, Statutory Boards, etc., and Local Authorities. Of these, the Ministries and Departments receive all the necessary funds through the Government Budget. Corporations, Statutory Boards, etc., obtain part of the funds through the Government Budget and the balance from their own trading operations and also from bank borrowing. The local authorities obtain fund requirements from the Government Budget and from their revenue collections.

#### Government's Fiscal Operations

*The Budget.*—A suitable starting point for analysing the Governments' Fiscal Operations is the annual Budget. The Government Budget or the Appropriation Bill is prepared once a year and is presented by the Minister of Finance and Planning in Parliament during the month of November. In the Budget speech the Minister normally reviews the Government's past and prospective revenue and expenditure and also makes an assessment of the performance of the national economy. These reviews would outline the Government's programme and proposals to finance its expenditure for the ensuing year.

One of the major functions of the Budget is to assist in the management of the economy. The presentation of the annual Budget is also accompanied by a view of the Government's medium and/or long-term plan of development for the country.

*Estimates.*—The draft estimate of expenditure for a particular year are usually submitted to the Ministry of Finance and Planning by the individual Ministries by the middle of the preceding year. After a series of reviews and revisions by officers of the Ministry of Finance and Planning and the Ministries concerned at different levels, the estimates are included in the budget, discussed in Parliament and approved.

*Treasury Control.*—The authority of the Treasury is required for any new item of expenditure, for any increase in expenditure beyond authorised limits, for policies which lead to extra expenditure and for extra statutory payments, excepting cases when the ministry concerned has the delegated authority to act on its own.

*Auditor-General.*—The auditing of Government accounts is exercised by the Auditor-General who submits his report on the Appropriation Accounts to Parliament. His main function is to ascertain whether the expenditure are incurred for the purpose for which funds were made available. He also reports on matters such as waste and inefficiency in respect of Government institutions whose accounts are subject to audit by him.

*Public Accounts Committee.*—A select committee of Parliament called the Public Accounts Committee consisting of members selected from both sides of the House reviews the accounts of each Government Institution and the Auditor-General's Report. The recommendations of the committee may be discussed in Parliament and/or implemented by the Treasury and the institutions concerned.

*Expenditure 1977-1979.*—Table 13.1 presents a summary of Government's fiscal operations in the years 1977, 1978 and 1979. The total expenditure inclusive of net payments under advance account operations amounted to Rs. 8,900 million, Rs. 15,191 million and Rs. 19,465 million (provisional) in 1977, 1978 and 1979 respectively. Capital expenditure dropped from 37 percent in the preceding year to 33 percent of total expenditure in 1977 and increased to 35 percent in 1978. According to the provisional figures for 1979 capital expenditure is about 43 percent of total expenditure.



Included in the recurrent expenditure was a sizeable amount of food subsidy. In 1976 the net food subsidy was Rs. 938 million. This rose to Rs. 1,424 million in 1977. In spite of the Government's decision to remove the subsidies on food for the higher income groups, the net food subsidy for 1978 was Rs. 2,333 million which is almost 51 per cent higher than the subsidy in 1977.

TABLE 13.1—GOVERNMENT FISCAL OPERATIONS

	(Rs. million)		
	1977	1978	1979 (Provisional)
Revenue <sup>(1)</sup>	6,686	11,663	12,730
Recurrent Expenditure	6,148	10,408	11,502
Advance Accounts Operations (deficit—/surplus +)	-430	-1,926	-1,028
Current Account (+ surplus/deficit—)	+108	-701	+200
Capital Expenditure	3,182	6,606	8,991
Of which sinking Fund and amortization payments and contributions to International Financial Organizations	(947)	(1,165) <sup>(2)</sup>	(1,182)
Budget deficit	3,074	7,307	8,791
<i>Financing of the deficit</i>			
(1) Domestic Source	1,786	2,777	4,589
(a) Non-bank market borrowing	1,504	2,033	2,806
(b) Non-market borrowing	505	578	1,103
(c) Banking System <sup>(3)</sup>	-224	167 <sup>(4)</sup>	680
(2) Foreign Finance	1,779	4,471	4,229
(a) Project loans	394	1,665	813
(b) Commodity loans	885	2,128	1,434
(c) Grants	500	678	1,333
(d) Other loans <sup>(5)</sup>	—	—	599
(3) Use of cash balances	-492	58	-28
Expansionary impact of Government Fiscal Operations	-716	173	634

Source : Central Bank of Ceylon and General Treasury.

(1) Excludes Capital Grants in Revenue under Foreign Grants.

(2) Includes Special Advances from Central Bank to meet the contributions to International Financial Organisations abroad.

(3) Includes repayment of foreign administrative borrowings amounting to Rs. 174 million.

(4) Not adjusted for a repayment of rupees loans amounting to Rs. 52 million in 1978 and Rs. 18 million in 1979 to the banking system.

(5) I. M. F. Grant Fund Loan.

Provisional data of revenue and expenditure for the fiscal year 1979 showed an overall budget deficit of Rs. 8,791 million.

Government expenditure in 1979 was estimated as Rs. 21,521 million as compared with Rs. 18,853 million in 1978, an increase of 14 per cent. Recurrent expenditure totalled Rs. 12,530 million, while expenditure under capital votes was Rs. 8,991 million. Reviewed against the preceding year, there was an increase of 2 per cent in recurrent expenditure and 16 per cent rise under capital Votes.

Estimate of total government revenue in 1979 showed a figure of Rs. 12,730 million against Rs. 11,688 million in 1978 and an increase of 9 per cent. The estimated budget deficit of Rs. 8,791 million in 1979 was to be financed by domestic resources and also from foreign sources. Expansionary impact of Government's fiscal operations during the year was Rs. 634 million.



*Revenue.*—Government revenue in 1977-1978 and a provisional estimate for the year 1979 are shown in Table 13.1. The table 13.2 shows a detailed breakdown of the revenue for the period under reference.

TABLE 13.2—REVENUE OF THE GOVERNMENT—1977-1979

	(Rs. million)		
	1977	1978	1979
1. Current receipts	6,543	11,472	12,470
(a) Income tax (personal and corporate)	937	1,103	1,288
(b) General sales and turnover taxes	711	1,143	1,294
(c) Selective sales taxes	1,407	1,884	1,907
(d) Import duties	518	1,469	2,271
(e) FEECS (net)	1,157	329	7
(f) Export duties	620	4,236	4,168
(g) Licence taxes	54	74	87
(h) Property Transfer taxes	37	81	86
(i) Profits from food sales	—	—	—
(j) Interest and dividends	371	152	229
(k) Gross receipts of trading enterprises	514	679	812
(l) Other current receipts	219	322	321
2. Capital receipts	143	216	260
(a) Estate duty	18	—	—
(b) Wealth tax	25	—	—
(c) Other (domestic)	25	—	—
(d) Other capital receipts	74	—	—
3. Total	6,686	11,688	12,730

Source : Central Bank of Ceylon.

*Income Tax.*—The responsibility of assessing and collecting income tax rest with the Department of Inland Revenue. Income tax collection in 1979 was Rs. 1,289 million as compared with Rs. 1,102 million in 1978, thus showing an increase of 17% in 1979. In 1978 the income tax collection was Rs. 166 million or 18 per cent more than the collection in 1977.

*Turnover taxes.*—The turnover taxes collected in 1979 showed an increase by Rs. 151 million. While the non-manufacturing sector almost doubled its contribution, there was a decline in the manufacturing sector collection amounting to Rs. 744 million in contrast to the Rs. 834 million the preceding year. In 1978, the turnover tax collection increased by Rs. 431 million over the year 1977 mainly reflecting the increase turnover in business and manufacturing activities.

*Selective Sales Taxes.*—These taxes are normally collected by the Excise Department. Collections in 1979 recorded a marginal increase of 1 percent with a total collection of Rs. 1,907 million as compared with Rs. 1,884 million in 1978.

*Import Duties.*—The year 1979 witnessed higher collections in the form of import duties at a figure of Rs. 2,271 million as compared with Rs. 1,475 million the preceding year. Net receipt from FEECs in 1978 totalled Rs. 329 million. FEECs payments which were made through the banking system for imports ceased to operate and recorded only Rs. 7 million against departmental imports in 1979.



*Export Duties.*—Export duty collections in 1979 totalled Rs. 4,168 million, a 42 per cent contribution to revenue by way of indirect taxes. Tea and Rubber export duties accounted for over 85 per cent of the total collection.

*Financial Operations of Local Authorities.*—The total expenditure of local authorities in 1978 was about Rs. 325 million. This figure increased to Rs. 358 million, during 1979. Estimated revenue for the same period was Rs. 474 million including general revenue and electricity charges.

### Economic Planning

The policies and programmes of the Ministry of Finance and Planning were directed towards reviving and resuscitating a run down and stagnant economy and laying a firm foundation for self-sustained development and growth. Such policies and programmes include the unification of the exchange rate, relaxation of import controls and foreign exchange regulations and a shift in emphasis in the allocation of resources from consumption to development. An active monetary policy and fiscal discipline were key instruments in effecting the desired economic transformation.

The full impact of this major reorientation of economic policy soon became evident. The tremendous expansion in economic activity resulted in the Gross National Product in real terms increasing by 8.2 per cent in 1978. This compares with a growth rate of 6.0 per cent in 1979 and considerably lower 4.4 per cent in 1977, though averaging somewhat favourable 3.2 per cent over the five year period ending 1979.

The gross domestic product in 1978 fell short of the previous best of 8.3 per cent achieved in 1968. But unlike in previous years when growth was confined to a few sectors, the growth impulses in 1978 were evident on a much broader front. The agricultural sector which accounted for one half of growth in 1977 was responsible for only 17 per cent of the increase in GDP. Construction accounted for 16 per cent, trade for 14 per cent, industry for 13 per cent, mining and quarrying for 11 per cent, other services for 10 per cent. Growth in construction and service sectors made significant contribution to the overall rate in 1979. The rate of growth in 1979 even though was lower than in 1978 indicated that the economic reforms initiated during the last few years have enabled to maintain a sustained rate of growth during this period.

The new monetary policies introduced in 1977 achieved significant results in mobilising resources for development, moderating monetary expansion and containing inflation. Even though monetary expansion slowed down considerably with money supply increasing by only 10.8 per cent in 1978 as against 29 per cent in 1977 and 35 per cent in 1976, it increased by 29 per cent in 1979 to a level of Rs. 7,669 million. The net increase in savings deposits mobilised by the National Savings Bank was Rs. 984 million while the increase in time and savings deposits with Commercial Banks during 1979 was Rs. 2,483 million. Despite higher lending rates, Commercial Bank loans and advances rose by Rs. 3,120 million or 35 per cent in 1979. Accelerated development in order to place the country firmly on the road to self sustained growth was the keynote of the 1979 Budget which heralded the biggest development programme ever undertaken in the history of Sri Lanka.

An investment programme for the public sector covering the period 1979–1983 would cost 45 billion rupees at 1978 prices. Major objectives of the programme are a large scale expansion of employment, a high rate of overall growth, a progressive improvement in the balance of payments, improvement of living standard and conditions of the people and containment as far as possible of inflationary pressures. The Accelerated Mahaweli Project, the Free Trade Zone, the Greater Colombo Development Scheme under aegis of the G. C. E. C. and the Housing Programme constitute the core of this investment strategy. These new projects will be fully integrated into an overall strategy for the co-ordinated development of the entire economy. Provision has also been made for a number of smaller projects in Agriculture, Industry, Fisheries, Ports, Airports, Telecommunications, etc.



Major Economic Changes during the Year were :

- (a) Increase in wages of public sector by 10 per cent of the consolidated salary with a minimum of Rs. 50 per mensem. A further increase by way of a supplementary allowance of Rs. 55 per mensem was also granted to all public sector employees effective from 1 September, 1979. There were also wage increases in the private sector ;
- (b) Abolition of the Bank debit tax ;
- (c) Introduction of the premiums savings bond scheme of the National Savings Bank in ten rupees denominations ;
- (d) Changes in the tax structure, (Inland Revenue Act, No. 29 of 1979) ;
- (e) Subsidy for rubber replanting increased from Rs. 4,000 to Rs. 5,000 per acre ;
- (f) Subsidy for tea replanting increased from Rs. 6,000 to Rs. 8,000 per acre for low grown Teas and from Rs. 6,000 to Rs. 10,000 for the high grown Teas ;
- (g) Switch over to the food stamp scheme replacing the old scheme of food rationing.

Generous Tax concessions were also afforded to Hotel Projects, tourist ventures and certain industrial projects.

#### Foreign Assistance

The Ministry was successful in obtaining an appreciable increase in the foreign exchange resources required to finance the country's development efforts. Aid agreements to the value of Rs. 8,655 million have been negotiated during the period July 1978-March 1979. Of this amount Rs. 991 million represents outright grants, the balance consists of soft-term loans. In January 1979 the IMF granted an extended fund facility in a sum of Rs. 260.3 million to be utilized during the period 1979 to 1981.

The Planning Division of the Ministry has made progress in building up project preparation capability in the Public Sector and a portfolio of projects is under preparation for foreign aid financing. These would be submitted to donor countries at the Sri Lanka Aid Group discussion. These Aid group discussions would consider requirements of the Accelerated Mahaweli Development Programme and other development programmes of the Government.

Joint Committees for Economic Co-operation with India, Pakistan and Iraq were convened and a number of suitable areas identified. Steps have been taken for their implementation.

#### Foreign Investment

Proposals for private sector investment with foreign collaboration outside the purview of the Greater Colombo Economic Commission are considered by the Foreign Investment Advisory Committee chaired by the Deputy Secretary to the Treasury. The Committee approved a total of 113 new industry units during 1979, involving a total investment of Rs. 1,714.8 million with a foreign component of Rs. 904.9 million. Local share of investment was Rs. 809.9 million. Compared with the figures for the preceding year, 22 approvals and a sum of Rs. 195.3 million, there was almost an eightfold increase in the amount invested. These projects cover a varied range of product groups/ services ranging from ready-made garments and sewing thread to the manufacture of fishing boats, aluminium extrusions and chemical products, electronic and electrical items. These industrial ventures also include hotel projects, and a television broadcasting station. Approvals were also granted for the first time to set up two housing construction organisations with foreign collaborations. The projects approved by the FIAC in 1979 would generate employment opportunities to 13,400. This healthy enthusiasm of foreign participation, is attributable to liberal policies of the present administration and active promotion drive of the government.

**Tax Reform**—Important and far reaching changes in the tax structure of the country outlined in the 1979 Budget were embodied in the New Consolidated Inland Revenue Bill which was passed in Parliament on 3rd April, 1979. The New Bill characterised a simple, lucid and rational tax system, which enabled to win the confidence of would-be investors and ensure sustained development and growth.



The new law under the Inland Revenue Act (No. 28) of 1979 provides for a switch over to the current year basis of taxation, for both individuals and companies commencing the year of assessment 1979/80.

It also embodies the proposal for completely exempting from income tax, the official emoluments of employees in the public sector including the local government service and pensioners of such employments. This measure is expected to lead to a contented and motivated public sector which would spearhead movement towards economic development and growth.

Another important feature is the non-aggregation of income and wealth of husband and wife. It emphasizes the Government's recognition of individual effort as the motive force of development and the increasingly important role of women in national regeneration.

The exemption on limit for the payment of income tax was also raised to Rs. 12,000 per annum in order to provide some form of relief to those in the lower middle income bracket who in recent times had borne a heavy burden as a result of inflation steadily eroding their living standards.

The Company form of business organisation which has the greatest potential for diffusion of ownership was given a boost with the reduction of the rate of tax from 60 per cent to 50 per cent and expenses of company formation being allowed as a deduction from assessable income. The small investor was given maximum encouragement with the reduction of the tax rate for small companies and People's Companies.

In accordance with the Government's pledge to maximise investment and growth, attractive incentives in the form of deductions from income are offered to individuals who invest in projects included in the Government's development plans, such as housing and the purchase of shares in companies licensed with the GCEC and in other approved areas.

Tax holidays were extended to export oriented companies operating outside the authority of the GCEC to afford them similar opportunities as those provided to companies operating within it.

In order to encourage labour intensive industry and help solve the unemployment problem, the system of granting capital allowances in the form of a lump sum depreciation was replaced after 31st March, 1980, by a scheme of depreciation on a fixed instalment basis depending on the type of asset.

A long standing grievance of taxpayers was also removed with the introduction of a scheme of payment of interest on delayed refunds by the Department of Inland Revenue at the rate of 1 per cent each month.

**Tax Amnesty.**—A Tax Amnesty was declared for 4 months commencing 1st December, 1978, with the main objective to mobilizing the substantial amount of "black money" in the economy and making such money available for investment. The scheme is being implemented by the National Savings Bank. At the end of the declared period the total deposits amounted to Rs. 29.9 million of this 30 per cent accrued as revenue to the Department of Inland Revenue.

#### **Decentralised Budget**

A sum of Rs. 336 million was approved under the decentralised budget on the basis of Rs. 2 million for each electorate during the period January to December 1979. Direct payment to the Ceylo Electricity Board was Rs. 30 million. Highways and Kandyan Peasantry Rehabilitation absorbed another 31 million Rupees. Total allocation thus available under the decentralised budget was Rs. 275 million. A further Rs. 64 million was added by way of supplementary and other provision.

Requirements of additional funds for various programmes at the district level entailed a deferred payment of Rs. 156 million which had to be met in the current fiscal year.

#### **Central Bank**

The Central Bank of Ceylon, which was established on 28 August, 1950, under the Monetary Law Act (No. 58) of 1949, is the Authority responsible for the administration and regulation of the Monetary and banking system in Sri Lanka. The overall responsibility for the management operations and



administration of the Central Bank rests with the Monetary Board, which consists of the Governor of the Central Bank, the Secretary to the Ministry of Finance and Planning and a third member appointed by His Excellency the President.

In performing the functions as laid out by the Statute the Central Bank is equipped with a wide array of monetary weapons such as the authority to fix statutory reserve ratios and minimum capital asset ratios of banks to vary the bank rate, to conduct open market operations, to impose marginal requirements on letters of credit opened by commercial banks, etc.

Total assets/liabilities of the Central Bank increased by Rs. 2,596 million to Rs. 16,836 million as at the end of December 1979. International reserves rose by Rs. 1,828 million while the increase in domestic assets amounted to Rs. 768 million. The increase in cash and balances abroad (including Treasury Bills) by Rs. 2,063 million was the main contributory factors for the increase in the International Reserve. Among domestic assets, however, the increase was seen mainly in Government and Government guaranteed securities held by the Bank which rose by Rs. 586 million. On the liabilities side, the currency issue of the Central Bank increased by Rs. 812 million.

The total assets/liabilities of the Central Bank increased by a further Rs. 1,827.8 million in 1979. Cash balances abroad including Treasury bills increased by Rs. 1,963.4 million. On the liabilities side, the increase in currency issues was Rs. 812.5 million. The deposits of the Government and Government agencies declined by Rs. 309.0 million.

Table 13.3 provides data on assets and liabilities of the Central Bank as at end of 1977, 1978 and 1979.

TABLE 13.3—ASSETS AND LIABILITIES OF THE CENTRAL BANK

	(Rs. Million)		
	1977 December	1978 December	1979 December
<b>Assets :</b>			
<b>International Reserve</b>			
Cash and Balances abroad including Treasury Bills	3,883.6	5,274.6	7,238.0
Foreign Bills discounted	—	—	—
Foreign Government Securities	275.1	345.5	281.5
Special Drawing Rights	167.9	512.4	440.7
<b>Total</b>	<b>4,326.5</b>	<b>6,132.4</b>	<b>7,960.9</b>
<b>Domestic Assets</b>			
Loans and Advances to Government	617.4	955.5	1,136.5
Loans and Advances to others	884.6	1,075.9	648.2
Government and Government Guaranteed Securities	2,420.1	2,119.7	2,706.2
Other Assets and Accounts	3,280.5	3,956.4	4,284.8
	<b>7,202.6</b>	<b>8,107.5</b>	<b>8,875.7</b>
<b>Liabilities</b>			
Capital Accounts	15.0	15.0	15.0
Surplus	62.0	63.0	64.0
<b>Total</b>	<b>77.0</b>	<b>78.0</b>	<b>79.0</b>
<b>Currency Issue</b>			
Notes in circulation	3,088.4	3,356.5	4,139.9
Coins in circulation	130.7	150.1	181.2
	<b>3,219.1</b>	<b>3,508.6</b>	<b>4,321.1</b>



	(Rs. million)		
	1977 December	1978 December	1979 December
<i>Securities Outstanding</i>			
Borrowings from Abroad	552.3	155.1	69.1
<i>Deposits</i>			
1. Government	89.9	1,033.6	728.4
2. Government agencies and Institutions	14.8	15.8	12.0
3. Commercial Banks	606.5	737.7	966.0
4. International Organisations and Foreign Banking Institutions	1,257.3	1,569.3	2,528.9
5. Others	188.0	273.3	239.4
Total	2,156.6	3,784.8	4,474.7
Other Liabilities and Accounts	5,524.1	6,868.6	7,891.9
Total Assets/Liabilities	11,529.1	14,239.9	16,835.9

Source : Central Bank of Ceylon.

Monetary policy measures introduced in 1977 and 1978 were continued during the first eight months of 1979. Highlights of these policy measures were a Bank rate of 10 per cent ; restrictions on Central Bank's accommodation to commercial banks at Bank rate and a penal rate of 15 per cent on borrowings in excess of this ceiling, non-recognition of commercial banks' till-cash as reserves, and a continuation of the ceiling on advances for non-essential purposes. A ceiling had further been imposed on advances to non-bank companies engaged in lending money and hire purchase activities, excepting credit granted for financing capital equipment and new commercial vehicles. An overall ceiling on credit to public corporations and statutory boards had also been imposed.

During the latter part of 1979, further measures were adopted to moderate the growth in money supply. With effect from 4th September, 1979, the volume of accommodation available at the Bank rate was realised from Rs. 403 million to Rs. 613 million consisting of Rs. 403 million general accommodation, which was 4 per cent of selected assets of commercial banks outstanding as at June 30, 1979, and Rs. 210 million export credit in refinancing, distributed on the basis of outstanding export credit as at December 31, 1978. Any excess of borrowings above these limits were subject to a graduated scale of penal rates which ranged from 15 per cent to 25 per cent.

#### Commercial Banks

The commercial banking system in Sri Lanka consists of four domestic banks, viz., the Bank of Ceylon, the People's Bank, the Hatton National Bank, the Commercial Bank of Ceylon and ten foreign owned banks. Domestic banks opened 70 new branches during 1979 and accounted for about 89 per cent of total deposits of the banking system. During the year, three major international banks opened branches in Colombo. These were the Indo-Suez Bank, the Bank of Credit and Commerce International (overseas) Ltd. (BCCI) and the Citibank (I<sup>st</sup> A.). The other foreign banks, which were in operation in Sri Lanka, were Chartered Bank, Grindlays Bank, Hongkong and Shanghai Banking Corporation, Indian Bank, Indian Overseas Bank, the State Bank of India and the Habib Bank (Overseas) Ltd. Interest rates on Savings and fixed deposits offered by Commercial Bank and the National Savings Bank remained unchanged during the year, leading rates of Commercial Banks too remained unchanged.



TABLE 13.4—DISTRIBUTION OF BANK OFFICES AND DEPOSITS

Year	Total			Sri Lanka Banks			British Banks			Indian and Pakistani Banks		
	No. of Offices	Deposits Amount Rs. (m.)	Per cent	No. of Offices	Deposits Amount Rs. (m.)	Per cent	No. of Offices	Deposits Amount Rs. (m.)	Per cent	No. of Offices	Deposits Amount Rs. (m.)	Per cent
1962	73	1,182	100	57	683	58	12	429	36	4	70	6
1963	83	1,301	100	67	801	61	12	412	32	4	88	7
1964	88	1,447	100	72	943	65	12	415	29	4	90	6
1965	97	1,546	100	81	1,023	66	12	431	28	4	92	6
1966	105	1,502	100	89	1,003	67	12	419	28	4	80	5
1967	133	1,637	100	117	1,157	71	12	404	25	4	76	5
1968	141	1,808	100	125	1,329	73	12	409	23	4	71	4
1969	155	1,917	100	140	1,405	73	11	437	23	4	74	4
1970	165	2,394	100	152	1,831	76	9	472	20	4	91	4
1971	189	2,516	100	176	1,951	77	9	471	19	4	94	4
1972	204	3,277	100	191	2,707	82	9	471	14	4	99	3
1973	303	3,169	100	293	2,584	82	6	487	15	4	98	3
1974	457	3,555	100	449	3,036	85	4	407	11	4	112	3
1975	562	3,611	100	554	3,076	85	4	426	12	4	109	3
1976	639	4,943	100	631	4,323	87	4	481	10	4	139	3
1977	715	6,793	100	707	5,998	88	4	590	9	4	205	3
1978	737	8,846	100	729	7,811	88	4	765	9	4	270	3
1979	810*	12,343	100	799*	11,020	80	7	1,043	9	4	279	2

Source : Central Bank of Ceylon.

These figures exclude 23 Kachcheri branches, 9 pay offices, 5 extension offices and the foreign branch of the Bank of Ceylon.



*Bank of Ceylon.*—The Bank of Ceylon was established in 1939 in terms of the Bank of Ceylon Ordinance No. 53 of 1938, in consequence of a recommendation of the Banking Commission of 1934. Under the Finance Act, (No. 65) of 1961, the Bank was nationalised. During 1979, the Bank of Ceylon opened 44 branches bringing the total number of its branches to 562. The Bank completed its 40th year of existence in August 1979 and reached an all time peak in profits during the year. Bank deposits too recorded an increase of Rs. 1,477 million over the preceding year.

*People's Bank.*—The People's Bank was established in 1961, replacing the Co-operative Federal Bank. The purpose of the Bank according to the People's Bank Act, No. 29 of 1961, is to develop the co-operative movement in Sri Lanka, rural banking and agricultural credit by providing financial and other assistance to co-operative societies and other individuals. The Bank opened 26 new branches bringing its total number of branches to 242 as at end of 1979. The Bank apart from its statutory functions in the banking structure supervises the activities of the co-operative rural banks and thus ensures proper functioning.

*Hatton National Bank Ltd.*—The Hatton National Bank was established in May 1970 by amalgamating two branches of the National and Grindlays Bank Ltd. and the Hatton Bank Ltd. In May 1974, it took over the assets and liabilities of the Mercantile Bank Ltd. and consequently the two branches of the Mercantile bank were also vested in it. In 1979 the bank opened a new branch office. Thus, the total number of branches of the bank at the end of the year stood at 24.

*Commercial Bank of Ceylon Ltd.*—The Eastern Bank Ltd., which was a British Bank, was converted into a Rupee Company with a majority of Sri Lanka ownership and commenced operations under the new name of the Commercial Bank of Ceylon from November 1969. The Bank took over three branches of the Mercantile Bank Ltd. in 1973. This bank did not open any branches during the year and the total number of branches remained unchanged.

Statistics of the total deposits of commercial banks during the years 1962—1979 are presented in Table 13.4 which also shows the distribution of Bank Offices in Sri Lanka.

Table 13.5 gives statistics relating to bank clearings.

TABLE 13.5—BANK CLEARINGS 1965-1979

(Monthly Average in Rs. million)

Year	Amount
1965	889.6
1966	928.5
1967	990.4
1968	1,114.4
1969	1,212.2
1970	1,413.6
1971	1,269.5
1972*	1,158.6
1973	1,601.4
1974	2,063.6
1975	2,254.3
1976	2,586.9
1977	3,032.2
1978	4,627.3
1979	6,047.0

\* Clearing statistics during the period September to December 1972 were highly distorted by a prolonged strike of Commercial Bank employees.

Source : Central Bank of Ceylon.



TABLE 13.6—MONEY SUPPLY—1975-1979

Period Ending	Currency					Demand Deposits				(Rs. million)
	(i) Total	(ii) Held by Govt.	(iii) Held by Banks	(iv) Held by Public (i-ii iii)	(v) Total	(vi) Held by Govt.	(vii) Held by Banks	(viii) Held by Public (v-vi-vii)	(ix) Money supply (iv+viii) as % of ix	
1975	1,890.4	0.3	280.3	1,609.8	3,024.2	426.8	1,119.0	1,478.4	3,038.1	47.9
1976	2,407.2	0.6	326.2	2,080.5	4,015.1	702.4	1,227.6	2,085.1	4,165.6	50.1
1977	3,219.1	1.3	426.2	2,791.7	5,320.4	870.4	1,875.8	2,574.2	5,365.8	48.0
1978	3,508.6	0.9	492.1	3,015.5	7,177.4	1,942.0	2,314.5	2,920.8	5,936.4	49.2
1979 January	3,442.9	4.3	501.5	2,937.1	6,887.6	1,412.5	2,320.8	3,154.3	6,091.4	51.8
February	3,538.4	1.1	473.9	3,063.4	6,836.9	1,152.5	2,258.8	3,425.5	6,488.9	52.8
March	3,930.2	1.4	550.2	3,378.5	7,336.1	921.3	3,041.5	3,373.3	6,751.8	50.0
April	3,952.1	3.6	613.2	3,335.2	7,565.8	1,113.3	3,060.2	3,392.3	6,727.5	50.4
May	3,840.6	3.1	558.4	3,279.1	7,482.4	1,056.2	3,011.5	3,414.7	6,693.8	51.0
June	3,841.0	2.5	472.8	3,365.6	7,366.1	1,057.2	2,982.2	3,326.7	6,692.4	49.7
July	3,785.3	2.0	539.0	3,244.3	7,479.5	1,068.2	2,988.1	3,432.2	6,667.5	51.3
August	3,806.9	1.0	536.4	3,269.6	7,640.5	1,123.0	2,892.1	3,625.4	6,894.9	52.6
September	3,919.9	4.0	477.6	3,438.3	7,683.9	1,133.5	2,900.5	3,650.0	7,088.3	51.5
October	4,090.8	4.3	575.6	3,510.9	7,588.6	964.3	2,976.0	3,648.3	7,159.2	51.0
November	4,113.8	4.3	552.9	3,556.6	7,603.9	1,111.1	2,816.1	3,676.6	7,233.2	50.8
December	4,321.1	0.8	546.2	3,774.2	9,069.8	1,664.4	3,510.3	3,895.1	7,669.3	50.8

Source : Central Bank of Ceylon.



**Foreign Currency Banking Units.**—The Central Bank introduced a Foreign Currency Banking Scheme with effect from 2 May, 1979. Any commercial Bank, with the permission of the Central Bank is entitled to set up a Foreign Currency Banking Unit. These banking units are permitted to accept time and savings deposits from, and grant loans to, non-residents and enterprises under the Greater Colombo Economic Commission (GCEC) in foreign currency. As at end of 1979 the total assets and liabilities of these units stood at US \$ 39 million an equivalent of Rs. 602 million in Sri Lanka currency.

The money supply rose by Rs. 1,733 million or 29 per cent in 1979 over the preceding year. The total money supply stood at Rs. 7,669 million at the end of December, 1979.

#### State-sponsored Long-term Credit Institution

**State Mortgage and Investment Bank (S. M. I. B.).**—The Agricultural and Industrial Credit Corporation (AICC) established in December 1943, and the State Mortgage Bank (SMB) established on 6th December, 1931, were amalgamated on January 1, 1979 to form the State Mortgage and Investment Bank. According to the State Mortgage and Investment Bank Law (No. 13), of 1975, the objectives of the Bank are to provide, *inter alia*, loan facilities for the agriculture, industry, fishing and housing sectors. The Bank has an authorised capital of Rs. 200 million and the Government's contribution including capital funds and reserves transferred from the AICC and the SMB, amounts to Rs. 50 million.

The Bank lent a total sum of Rs. 23 million upto end of December 1979.

Purpose	Loans not exceeding	Interest
	Rs.	
(a) Construction and Agricultural Development	50,000	10 per cent
	100,000	11 per cent
	250,000	11½ per cent
	500,000	12 per cent
(b) Purchase of Housing Property and Agricultural Land	50,000	14 per cent
	150,000	15 per cent
	300,000	16 per cent
(c) Redemption of Debts	(on all loans)	17 per cent

Loans are granted on primary mortgages of lands in respect of which the Insurance Corporation of Sri Lanka issues a Mortgage's Title Insurance Policy acceptable to the Bank and without any exclusions from coverage.

**Development Finance Corporation of Ceylon.**—The Development Finance Corporation (D. F. C. C.) was established in 1955 on the initiative of the Government to assist in the promotion establishment, expansion and modernisation of private industrial, agricultural and commercial enterprises in Sri Lanka.

The DFCC approved loans amounting to Rs. 106 million and share investments amounting to Rs. 15 million during 1979, giving a total of Rs. 121 million. Approvals in 1978 amounted to Rs. 162 million which comprised of Rs. 142 million in loans and Rs. 20 million in share investments.



TABLE 13.7—STATE MORTGAGE AND INVESTMENT BANK\* LOANS GRANTED, CAPITAL REPAYMENT AND AMOUNT OUTSTANDING (Rs. Thousands)

Period	Loans granted during the period	Capital repayments received during the period	Total Loans outstanding at the end of the period
1979 January	761	512	103,227
February	1,010	450	103,787
March	1,255	738	104,304
April	620	747	104,647
May	2,153	445	106,354
June	2,192	601	107,487
July	2,252	545	109,194
August	2,661	757	111,099
September	2,755	848	113,005
October	2,709	910	114,805
November	2,964	809	116,960
December	1,742	604	118,098

\* State Mortgage Bank and Agricultural and Industrial Credit Corporation were amalgamated from January, 1979 to form the State Mortgage and Investment Bank.

Source : State Mortgage and Investment Bank.

Disbursements of loans during 1979 amounted to Rs. 39 million. Repayments by clients amounted to Rs. 18 million. The overall total of loans and share investments of the DFCC stood at Rs. 254 million as at end of 1979, compared with Rs. 184 million at 31 December the preceding year.

**The National Development Bank of Sri Lanka.**—The National Development Bank established under the National Development Bank of Sri Lanka Act (No. 2), of 1979, commenced business on 1 October, 1979. As outlined in the Act, the purpose of the Bank is to promote the industrial, agricultural, commercial and other development in the economy of Sri Lanka by lending directly or by guaranteeing or refinancing loans raised from other sources.

The Bank has an authorised capital of Rs. 2,000 million divided into twenty million shares of one hundred rupees each. The initial capital of Rs. 600 million was contributed by the Government of Sri Lanka (Rs. 400 million), the Bank of Ceylon (Rs. 50 million) the People's Bank (Rs. 50 million) and the Central Bank (Rs. 100 million). The Bank would offer shares to the public for subscription as determined by the Board of Directors.



TABLE 13.8—DEVELOPMENT FINANCE CORPORATION OF CEYLON—FINANCIAL OPERATIONS

(Rs. Thousands)

	Loans granted during the period	Equity Invest- ments in development projects	Capital Repay- ments during the period	Total loans and equities outstanding at the end of the period
April 1961—March 1962	2,884	400	1,672	20,971
April 1962—March 1963	3,481	400	1,686	23,166
April 1963—March 1964	3,175	350	2,375	24,316
April 1964—March 1965	4,775	1,300	2,894	27,497
April 1965—March 1966	3,725	200	3,598	27,824
April 1966—March 1967	3,625	1,000	2,837	29,612
April 1967—March 1968	3,042	—	3,284	29,370
April 1968—March 1969	11,547	1,000	4,678	37,339
April 1969—March 1970	23,926	1,250	3,426	59,089
April 1970—March 1971	16,589	500	4,941	71,237
April 1971—March 1972	6,572	—	7,140	70,669
April 1972—March 1973	3,478	—	7,779	66,368
April 1973—March 1974	11,135	2,500	11,328	68,675
April 1974—March 1975	17,316	—	7,950	78,041
April 1975—March 1976	21,263	4,317	9,366	94,255
April 1976—March 1977	29,125	9,449	9,075	123,754
April 1977—March 1978	32,727	5,626	12,562	149,545
April 1978—March 1979	57,391	16,471	16,086	206,886
April 1979—December 1979	56,985	4,990	14,523	254,334

Source : Development Finance Corporation.

**Savings Institutions**

*The National Savings Bank.*—The National Savings Bank established by the National Savings Bank Act. (No. 30) of 1971, with the objective of providing an efficient institutional framework for mobilising savings of the community. It took over the assets and liabilities of the Ceylon Savings Bank, the Post Office Savings Bank and the Savings Certificates Fund and commenced business on 16th March, 1972.

The Bank's savings scheme includes savings accounts, 'save as you earn' scheme fixed deposits scheme, savings certificates and gift tokens. In addition to the existing savings scheme the Bank introduced several savings instruments in 1979. The premium savings bonds which could be purchased at Rs. 10 for a minimum period of 12 months became a popular investment among small investors. Each one of these bond holders participates in a monthly lottery though without loss of the original investment. Data available upto 31st October, 1979, reveal that 420,574 bonds have been sold and approximately Rs. 5 million collected as sale proceeds.

The Regular Monthly Income Savings Plan, the Fixed Deposits Certificates and a special scheme to mobilise savings in the estate sector are other new savings schemes introduced in 1979.



The Bank granted Rs. 14 million as housing loans to 376 depositors during the year. The total housing loans outstanding as at December 1979, amounted to Rs. 62 million.

Nine new branches were opened during the year giving a total of 36 as at end of 1979.

Growth of savings at the National Savings Bank is shown in Table 13.9.

TABLE 13.9—NATIONAL SAVINGS BANK AND TOTAL SAVINGS

(Rs. million)

Year*	Savings Deposits	Fixed Deposits	Savings Certificates	Premium Savings Bond	Regular Monthly Income Savings	Total
1973	1,043.2	100.3	97.9	—	—	1,241.4
1974	1,244.1	167.6	106.9	—	—	1,518.6
1975	1,413.7	243.1	112.9	—	—	1,769.7
1976	1,678.9	307.6	114.9	—	—	2,101.4
1977	1,727.3	771.5	96.7	—	—	2,595.5
1978	1,825.0	1,265.4	75.5	—	—	3,165.9
1979†	1,890.6	2,194.4	59.7	4.9	0.7	4,150.3

\*at end of 31st December.

† Subject to revision.

Source : National Savings Bank

**Employees' Provident Fund.**—The employees' Provident Fund, established in terms of the provisions of the Employees' Provident Fund Act (No. 15) of 1958, is an important institutional device for mobilising savings which are channelled to Government investment. Total contributions received by the Fund in 1979 amounted to Rs. 598 million as compared with Rs. 524 million the preceding year.

#### Insurance

Coverage under General Insurance includes all risks against fire, marine, motor accidents, sickness, plant break-down, burglary, personal accidents, workmen's compensation, etc. The Sri Lanka Insurance Corporation also accepts re-insurance business from foreign companies.

The Corporation issued 34,847 new life policies valued at Rs. 525 million in 1979. Total premium collections amounted to Rs. 118 million. The total number of policies as at end of December, 1979 was 218,399 with an assured sum of Rs. 2,286 million.

The life assurance fund of the Corporation invested Rs. 119 million in Government Securities giving a total investment of Rs. 795 million as at end of December, 1979.

A sum of Rs. 66 million of the general insurance fund has also been invested in Government Securities during the year.

**Sri Lanka Export Credit Insurance Corporation.**—The Sri Lanka Export Credit Insurance Corporation was established by Act (No. 15) of 1978, and commenced operations on February 8, 1979. The major objectives of the Corporation have already been referred to under the Chapter on Foreign Trade.

#### State Lotteries

The National Lotteries Board had a total sales turn over of Rs. 45.1 million during 1979. A sum of Rs. 17.6 million was allocated as prize money. Turn over taxes accounted for Rs. 0.4 million Commission Agency allocation on sale of tickets totalled Rs. 5.4 million. Leaving an allowance of Rs. 4.5 million as establishment costs, the Board's share of investments to State coffers by way of contributions to the consolidated Fund worked out to Rs. 17.2 million.



## CHAPTER XIV

### FOREIGN TRADE

#### General

Foreign Trade has been a very significant aspect of Sri Lanka's economy since the middle of the last century. Starting with the export of Coffee, which was later replaced by Tea, Rubber and Coconut the export sector has held a position of dominance.

Even though the value of exports and imports in relation to national income has declined from the level of about 35 per cent each in 1948, they still play a major role in the economy (over 20 per cent each in 1977).

For many years Sri Lanka has been the second biggest exporter of tea and currently holds a share of about 25 per cent of world trade in this commodity. Its share of the world market in its other major export—natural rubber is relatively small (4.2 per cent).

Recent trends have been in the direction of diversification of exports with significant contributions from the export of industrial products, gems and minor agricultural produce (other than tea, rubber and coconut).

Food items though constituting the major category of imports show a declining trend at 35 per cent in 1977. Rice, wheat, flour and sugar accounted for 17 per cent of the total expenditure on imports during the year 1979 in contrast to a 24 per cent in 1978.

#### Pattern of Trade

Information relating to value, volume, composition and geographical distribution of imports and exports is outlined in the following paragraphs.

**Value and Volume.**—Total export earnings rose from Rs. 13,206 million in 1978 to Rs. 15,273 million in 1979—an increase of 15.7 per cent. Imports on the other hand recorded a substantial increase of 53 per cent from Rs. 14,687 million in 1978 to Rs. 22,560 million in 1979. The trade deficit which stood at Rs. 1,480 million in 1978 increased to Rs. 7,287 million in 1979 a continuous decline over these two years.

There was also a significant decline in terms of trade 28 per cent over the 1978 figure. Volume and price indices of both imports and exports showed increases, particularly, the import price index for 1979 which rose by 52 per cent over the preceding year.

The value of exports and imports, quantum and price index numbers for the years 1971, 1975 to 1979 are shown in Table 14.1.

TABLE 14.1—IMPORTS AND EXPORTS

	1971	1975	1976	1977	1978	1979
<b>Value (Rupees Million)</b>						
Imports (c.i.f.)	1,986	5,251	4,645	6,007	14,687	22,560
Exports* (f.o.b.)	1,947	3,933	4,815	6,638	13,206	15,273
<b>Volume Index Nos. (1978 = 100)</b>						
Imports	68	52	57	73	100	123
Exports	104	107	102	94	100	101
<b>Price Index Nos. (1978 = 100)</b>						
Imports	17	49	44	54	100	152
Exports	17	29	34	55	100	109
Terms of Trade	97	57	77	101	100	72

\*Including re-exports      3 Export Price Index  
 $\times 100$   
 Import Price Index

The figures prior to 1978 have been spliced to the new index (1978 = 100)

Source : Customs, Sri Lanka and Central Bank of Ceylon.



TABLE 14.2—COMPOSITION OF IMPORTS—1976-1979

	Value (Rs. Million)				Percentage of Imports			
	1976	1977	1978	1979	1976	1977	1978	1979
1. Consumer goods	1,689	2,534	5,618	7,824	36	42	38	35
1.1 Food and drink	1,491	2,181	4,127	4,807	32	36	28	21
1.2 Textiles and clothing	49	150	531	1,536	1	3	4	7
1.3 Other	149	203	959	1,481	3	3	7	7
2. Intermediate goods	2,259	2,648	5,591	9,143	49	44	38	41
2.1 Petroleum	1,164	1,441	2,403	3,912	25	24	16	17
2.2 Fertilizer	99	51	252	673	2	1	2	3
2.3 Chemicals	90	120	446	502	2	2	3	2
2.4 Other	906	1,036	2,490	4,056	20	17	17	19
3. Investment goods	641	746	3,367	5,459	14	12	23	24
3.1 Machinery and equipment	364	286	1,846	2,900	8	5	13	13
3.2 Transport equipment	175	232	988	1,685	4	4	7	7
3.3 Building materials	140	129	150	368	2	2	1	2
4. Unclassified imports	54	79	110	134	1	1	1	1
	4,643	6,007	14,686	22,560	100	100	100	100

Source : Customs, Sri Lanka and Central Bank of Ceylon.

TABLE 14.3—COMPOSITION OF EXPORTS—1976-1979

	Value (Rs. Million)				Percentage of total Exports			
	1976	1977	1978	1979	1976	1977	1978	1979
Tea	2,100	3,503	6,401	5,722	44	53	48	37
Rubber	890	931	2,021	2,491	18	14	15	16
Coconut*	382	996	972	1,298	8	5	10	11
Minor Agricultural Crops	231	340	738	851	5	5	6	6
Gems	261	298	531	490	5	4	4	4
Industrial Exports†	782	941	1,940	3,731	16	13	15	24
Other Exports	156	200	304	289	3	5	2	2
Total domestic Exports	4,801	6,638	13,206	15,273	100	100	100	100
Re-exports	14	—	—	—	—	—	—	—
Total Exports	4,815	6,638	13,206	15,273	100	100	100	100

\*Major Coconut products, viz. Copra, Coconut Oil, Desiccated Coconut and Fresh Nuts.

†Selected items of Industrial Exports.

Source : Customs, Sri Lanka and Central Bank of Ceylon.



*Commodity Composition of imports and exports.*—The overall trend in the mid-70s has been a decline in the share of consumer and investment goods, and an increase in that of intermediate goods in the country's imports. The increasing price of petroleum and petroleum based products, which constitute the major component of the intermediate goods category, has been the determinant factor in increasing the relative importance of this group of imports. There was also a marginal increase of capital goods from 23 per cent to 24 per cent in 1979, attributable to the liberalization of trade policy of the Government.

Within these overall trends, imports of rice and sugar, recorded increases in quantity accompanied by an increase in the price of these two commodities. Wheat flour imports recorded a decline both in quantum and value. These three food items accounted for about 16 per cent of total imports in contrast to 24 per cent in the preceding year.

As in 1978, petroleum and petroleum-based products constituted the biggest item by value among imports—accounting for 17 per cent of the total value.

The import of investment goods recorded an increase in value of 60 per cent over the 1978 figure, but its share in total imports increased only marginally from 23 per cent in 1978 to 24 per cent in 1979.

Sri Lanka's foreign trade has been characterised by the predominant share held by three export commodities—tea, rubber and coconut. Within the last decade however, there has been a welcome trend towards diversification, which has resulted in the share of these three commodities in merchandise export earnings, falling from about 90 per cent to the present level of 65 per cent in the course of the last decade.

Export earnings increased in 1979 by Rs. 2,067 million over the figure for 1978. Nearly Rs. 5,722 million (37 per cent) of total export earnings was contributed by increase in the export earnings from the major export crop—Tea.

*Tea.*—Tea, while maintaining its position as the major export commodity, showed a decrease of 11 percent from Rs. 6,401 million in 1978 to Rs. 5,722 million in 1979 with a corresponding decrease in total share of exports from 48 to 37 per cent. This is attributable to a drop in the quantum of tea exports by 3 per cent and a drop in price by 8 per cent.

Pakistan which retained its position (reached in 1975) as the largest importer of Sri Lanka's Tea gave way to the U.K. which held this position up to 1974, as the largest importer with 21.5 million kilos valued at Rs. 646.6 million.

*Rubber.*—Rubber exports declined from 138.0 million kilograms in 1978 to 128.2 million kilograms in 1979 but an increase in the average FOB price boosted export earnings to Rs. 2,491 million from Rs. 2,021 million—an increase of 23 per cent over the 1978 figure.

The People's Republic of China continued to be the largest importer from Sri Lanka—accounting for 45 million kilograms or 42 per cent of total exports. Among the other major importers were West Germany, U.S.S.R., Italy and Poland.

*Coconut.*—An increase in local production was mainly due to favourable weather and increased application of fertilizer during 1979. Volume of coconut (kernel) products exported in terms of nut equivalent showed a decline of 10 per cent. Domestic consumption was estimated at 1,313 million nuts. In terms of export earnings there was an increase of Rs. 428 million, kernel products contributing a major share, 75 per cent of total export earnings.

*Other Exports.*—Selected minor agricultural crops at Rs. 851 million in 1979 showed an increase of 15 per cent. Among minor agricultural crops, cinnamon, cloves and cardamoms had a quantum increase, while pepper, cocoa and papain declined. Petroleum products which in 1978 had earned Rs. 945 million increased further during the year to Rs. 1,926 million attributable to a marginal



quantum increase and an appreciable rise in prices. Other industrial exports which contributed substantially towards export earnings during the year were textiles and garments with an overall increase of 130 per cent over the preceding year.

Export of gems including precious and semi-precious stones declined from Rs. 531 million to Rs. 490 million, a drop of 8 per cent in 1979.

Japan (Rs. 238.8 million), Hong Kong (Rs. 95.6 million) and Switzerland (Rs. 64.8 million) continue to be the main buyers of Sri Lanka Gems.

TABLE 14.4—PRINCIPAL MARKETS FOR EXPORTS 1978 AND 1979

Exports to f.o.b.	1979 (Rs. Million)	1978 (Rs. Million)	Percentage change 1978-1979
United Kingdom	1,231	1,038	18.6
China People's Republic	857	956	-10.3
U.S.A.	1,585	925	71.3
Japan	1,037	766	35.4
Pakistan	686	689	-0.4
German Federal Republic	902	565	59.6
S. Africa Union of	260	201	29.3
Australia	228	255	-10.6
Canada	226	291	-22.3
U.S.S.R.	477	197	* 142.1
India	194	110	76.8
*Other non traditional sources	6,173	6,512	-5.3

\*Include Commonwealth and non-commonwealth countries.

TABLE 14.5—SRI LANKA'S PRINCIPAL SOURCES OF SUPPLY 1978 AND 1979

Exports from (c.i.f.)	1978 (Rs. Million)	1979 (Rs. Million)	Percentage change 1978-1979
Japan	1,590	3,005	88.9
India	1,242	2,334	87.9
United Kingdom	1,396	2,015	44.3
U.S.A.	1,204	1,211	0.6
Australia	738	1,078	46.1
Iran	858	740	-13.8
China	452	1,039	129.9
Pakistan	172	493	186.6
France	691	482	-30.3
German Democratic Republic	35	14	-60.0
Burma	498	196	-60.6
U.S.S.R.	237	168	-29.1
Canada	343	291	-15.2
*Other non-traditional sources	5,096	9,375	83.9

\*Include Commonwealth and non-commonwealth countries.



*Geographical Distribution of Trade.*—The U.K. emerged as the largest importer of Sri Lanka goods in 1979 with Rs. 1,231 million and accounted for 8.1 per cent of total domestic exports among Commonwealth countries. The heterogeneous group other than countries within the Commonwealth had Rs. 1,042.5 million with 6.8 per cent of the export market.

Among non-commonwealth countries the U.S.A. was the largest buyer and showed 10.4 per cent of the total exports with Rs. 1,585.1 million followed by Japan with Rs. 1,037.1 million (6.9 per cent) and the German Federal Republic with Rs. 902.4 million (5.9 per cent).

As in the case of Commonwealth countries, here again it was the heterogeneous group, which absorbed a large share with Rs. 5,131.8 million and had 33.7 per cent of the domestic exports during 1979.

In relation to our imports from Commonwealth countries India ranked first with Rs. 2,334.3 million and accounted for 10.4 per cent of Sri Lanka's imports. The U.K. followed next with Rs. 2,014.8 million and nearly 9.0 per cent of the import market.

Among the Non-Commonwealth group, Japan had a share of Rs. 3,005.2 million with 14 per cent followed by U.S.A. with Rs. 1,210.9 million and a percentage of 5.4.

Non-traditional sources again dominated the international import market accounting Rs. 7,100.8 million and an appreciable share with 31.6 per cent of the island's imports.

### Trade Promotion

The Trade Promotion division of the Department of Commerce provides a number of services to exporters in their search for the development of markets overseas.

Trade enquiries from abroad for various products (from firms overseas) either direct, or through Sri Lanka's Trade Commissioners and Commercial Secretaries, are transmitted to the private sector, government departments and other statutory boards. As a measure of both maintaining the country's reputation for reliability in its commercial activities abroad, and safeguarding the interests of national traders, the Commerce Department enquires into trade complaints and endeavours to arrive at amicable settlement of disputes between foreign firms and their local counterparts.

A Trade Information Service established in 1973, includes among its major functions—

- (1) The maintenance of an integrated, comprehensive and up-to-date Data Base relevant to export trade in Sri Lanka—inclusive of commercial intelligence.
- (2) Processing, analysis and classification of commercial information.
- (3) Dissemination of information to the Trade through publications, including monthly journal—"Expo News."

Participation in Trade Fairs is an important and effective method of trade promotion.

During the year 1979, Sri Lanka officially participated in seven Trade Fairs :—

- (1) Frankfurt International Spring Fair, Federal Republic of Germany (4 to 8 March).
- (2) Milan International Trade Fair, Italy (14 to 23 April).
- (3) Angua Food Fair, Cologne Federal Republic of Germany (8 to 13 September).
- (4) Igedo International Ladies' Fashion Fair, Dusseldorf Federal Republic of Germany (9 to 12 September).
- (5) Zagreb International Fair, Yugoslavia (14 to 23 September).
- (6) 17th Overseas Import Fair, "Partners for Progress", West Berlin, Federal Republic of Germany (19 to 23 September).
- (7) Baghdad International Fair, 16th Session, Iraq (1 to 15 October).

The department was responsible for the organisational arrangements for participation in these Fairs. Financial assistance is received by Sri Lanka from the Federal Republic of Germany and the Economic Community for such participation.



The Milan International Trade Fair, the Zagreb International Trade Fair, the "Partners for Progress" Fair and the Baghdad International Fair are general Fairs while the Frankfurt International Spring Fair, the Angua Food Fair and the Igedo International Ladies' Fashion Fair are specialized fairs for display of handicraft and applied art products, food and beverage and ladies' and children's fashion wear garments respectively.

The Trade Information Unit of the department provides commercial information to exporters through its market intelligence and library of periodicals and books. This service is popular with the business community which makes regular use of his facility.

#### Trade Agreements—1979

*China.*—A Trade Protocol for the exchange of commodities during the year 1979 between Sri Lanka and China was signed in Colombo on 20 December, 1978. This was the second annual Protocol to be signed under the current 5-year Trade and Payments Agreement between the two countries.

*Nepal.*—A Trade Agreement of a general nature, providing for trade to be conducted in freely convertible currency was signed between Sri Lanka and Nepal on 3 April, 1979.

*Philippines.*—A Trade Agreement of a general nature between Sri Lanka and the Philippines was initiated in June 1979.

#### International Commercial Relations

*UNCTAD.*—The 5th Session of the United Nations Conference on Trade and Development (UNCTAD) which met in Manila in May/June 1979 should be viewed in the context of the negotiations being conducted under the aegis of the UN's system for a new International Economic Order. The issues before UNCTAD were wide ranging, covering the entire field of trade and developmental problems. Consequently, it was not possible to arrive at an agreement on all the issues, but progress was made in a number of areas such as the agreement by the member states to exert the requisite political will with a view to bringing about the establishment of the Common Fund as a key instrument in attaining the objectives of the Integrated Programme for commodities. Other areas of progress were in the field of economic co-operation among developing countries and an international code of conduct on the transfer of technology.

UNCTAD V was preceded by a Ministerial Meeting of the developing countries (Group of 77) in Arusha, in February 1979 and by a meeting of Ministers of the Asian Region in Colombo, January 1979. The Minister of Trade and Shipping who presided over the Colombo parley led the Sri Lanka Delegation to all three meetings.

*GATT.*—The Multilateral Trade Negotiations under the GATT, otherwise known as the "Tokyo Round" have been concluded after six years of negotiations, excepting for discussions on a safeguard system. These negotiations covered both tariff and non-tariff barriers to trade. In the field of tariffs, reductions have been made on industrial products (BTN chapters 25 to 99) on a most-favoured-nation basis. As far as tropical products are concerned, concessions have been granted on a non-reciprocal basis by developed to developing countries. In addition to tariffs a number of codes or agreements were negotiated on specific non-tariff measures and on agriculture. These include subsidies and countervailing duties, Customs valuation, Government procurement, technical barriers to trade, import licensing procedures, dairy products, bovine meat and a multilateral agricultural framework. Furthermore, an agreement was reached on texts dealing with the framework for the conduct of international trade. These codes are open to signature by the participating countries. The protocol on the negotiations has been signed by only a few developing countries although all the developed countries have done so.

*E.E.C.*—Under the Commercial Co-operation Agreement with the European Economic Community Sri Lanka received assistance from the community during 1979 in several areas. These include assistance for setting up of Trade Centres in Denmark and in West Germany. The E.E.C.



also financed two trade Missions of Sri Lanka businessmen to Europe and provided assistance for participation in certain Trade Fairs and Exhibitions in European Community countries. In addition the E.E.C. undertook to publish an Export Directory for Sri Lanka. Possibilities for joint ventures with community firms were also examined in the field of fisheries, marketing and packaging of tea bags and spices, processing of graphite and the upgrading of ilmenite.

The Joint Commission of the E.E.C. and Sri Lanka met in Colombo in November 1979.

**ESCAP.**—Sri Lanka continues to actively support efforts to foster trade and economic co-operation among the developing countries in the ESCAP region. The Standing Committee of the Bangkok Agreement had its sixth and seventh meetings in February and August 1979. The Ministerial Conference on Trade Co-operation held under the auspices of the ESCAP in August 1978 had agreed upon a programme of action for trade and co-operation in the ESCAP region and a Trade Co-operation Group was established to implement this programme. Sri Lanka participated actively in the work of the Trade Co-operation Group during 1979.

**Commodities.**—Development at the national and international level affecting the competitive position of Sri Lanka's export commodities is closely scrutinised and reviewed and advice rendered to Government on the formulation of commercial and export promotion policy. Work continues at an international level to arrive at an agreement to stabilise prices of tea. An agreement to establish an International Tea Promotion Association has already been signed by eight countries. This organisation would co-ordinate policies relating to the generic promotion of tea in consuming markets.

An International Natural Rubber Agreement was concluded in October 1979 in Geneva. This is the first commodity agreement under the Integrated Programme for commodities. It provides for a buffer stock of 550,000 Metric Tons, and a reference price of 2.10 Malaysian dollars per kilo. as well as a ceiling and a floor price of 2.70 and 1.50 Malaysian dollars per kilo respectively. The agreement seeks to stabilise the price of natural rubber around the "reference" price which is estimated to be representative of the long term trend of the price of natural rubber. Current market prices of natural rubber are higher than the ceiling price fixed in the agreement. The agreement would operate only when the price falls within the price ranges stipulated in the agreement.

### Export Promotion Secretariat

The Export Promotion Secretariat was established in 1972 with the prime objective of supporting the expansion of exports and the diversification of export products and markets.

In July 1978, the Secretariat came under the Ministry of Trade and Shipping with its main functions outlined as follows :—

- (1) Formulation of Export Promotion Policy.
- (2) Co-ordination of export sector to the National Export Plan, and its implementation.
- (3) Formulation of export development strategy.
- (4) Dissemination of trade information.
- (5) Organisation of export training and research programme.

The Secretariat maintains its relations with International Trade Promotion Organisations.

An Export Credit Guarantee Scheme was introduced in 1977 to be operated through the Central Bank providing initially, a "Packing Credit Guarantee". Under this Scheme the Central Bank provided guarantees to Commercial Banks in respect of advances granted by Commercial Banks to exporters for the purpose of purchasing, manufacturing or packing of goods for export against export contracts. The Export Credit Insurance Corporation has recently been established for operating this scheme.



### Sri Lanka Export Credit Insurance Corporation

The Sri Lanka Export Credit Insurance Corporation which was established by Act (No. 15) of 1978, commenced operations on 8 February, 1979. The basic objective of the corporation is to help in the promotion and diversification of the country's export trade. This objective is being broadly achieved thus —

- (1) Issued of Bank Guarantees—to encourage commercial banks to extend adequate credit facilities to exporters on a more liberal basis and on easier terms of credit ;
- (2) Issue of Export Payment Insurance Policies—to encourage exporters to expand their business by protecting them against losses resulting from nonpayment by foreign buyers for goods and services sold on credit orders ;

In terms of the SLECIC Act, the corporation took over the guarantees operated since January, 1977, by the Central Bank of Ceylon under an earlier "Packing Credit" Guarantee Scheme. A summary of business taken over as on date of commencement of business activities by the SLECIC appears below :

No. of Guarantees	Value	Premium Income
	Rs.	Rs.
49	56,359,620	328,457

*Pre-shipment Credit Guarantee Scheme.*—Two major changes were implemented in regard to the "Packing Credit" Guarantee Scheme which the corporation took over :—

- (1) Its scope was substantially widened so as to include the export of all commodities from Sri Lanka (the earlier scheme was limited only to the non-traditional export sector) ;
- (2) The introduction of the whole turnover principle which enables banks to obtain cover in respect of the entire package of short-term pre-shipment finance extended to exporters. Under the earlier scheme cover was provided in respect of only advances falling within the narrow definition of "Packing Credit".

The Banks have responded quite favourably to these two changes as evidenced in the progressive increase in the demand for the Corporation's new Pre-shipment Credit Guarantee since its introduction in February 1979. There has been almost a four-fold increase in the value of Pre-shipment Credit Guarantees issued during the year. A large number of exporters of both traditional and non-traditional commodities have benefitted by way of increased credit facilities from their banks. On the other hand, several new and small exporters who were hitherto constrained in their export business due to security considerations have since been able to obtain facilities from banks.

The Corporation has also introduced two new Guarantee Schemes soon after commencement of business. These are :—

- (1) Post-shipment Credit Guarantee Scheme
- (2) Export Performance Guarantee Scheme.

The earlier Packing Credit Guarantee Scheme suffered a serious deficiency in its appeal to commercial banks in that the cover it provided to banks terminated with the shipment of the relevant goods by the exporters. This constraint has been removed with the introduction of the Post-shipment Credit Guarantee by SLECIC with cover upto 75 per cent. Combined with the Pre-shipment Credit Guarantee, is the appreciable change in the hitherto rigid lending attitude of commercial banks to the export sector.



The purpose of the Export Promotion Guarantee Scheme is to help exporters obtain Guarantees/Bonds favouring foreign banks and buyers, local government authorities, etc. for purpose of their export business.

A summary of the Guarantees in force as at end of 1979 is shown below :

Type of Guarantee	Guarantees in force No.	Value Rs.	Premium Income Rs.
Pre-shipment Credit Guarantee	126	220,760,000	993,686
Post-shipment Credit Guarantee	17	18,265,000	25,948
Export Performance Guarantee	2	8,000,000	—
	145	247,025,000	1,019,634

It would thus be seen that the number of Guarantees issued during this period has increased almost three-fold and the value of such guarantees has registered a four-fold increase. Income earned by the Corporation from the operation of its Guarantee Scheme during 11 months covering December 1979 has also increased three-fold. There has been a steady and progressively increasing flow of new business activities. The value of bank advances underwritten under the three Guarantee Schemes is considerably higher than the total value of the guarantees in force and is estimated to have topped Rs. 100 million mark.

**Credit Insurance.**—The concept of Export Credit Insurance has been introduced for the first time in Sri Lanka, thus removing a vital constraint on the rapid development of the country's export trade. By indemnifying exporters upto 80 per cent of losses resulting from default of payment by foreign buyers, the Corporation's Export Payments Insurance Policy has enabled more and more exporters to accept contracts for the sale of goods on credit terms. This has become an increasingly standard practice in international trade even for the export of traditional commodities. The Corporation's role in promoting the country's exports by assisting exporters not only to obtain post-shipment finance on easier terms, but also to find new and profitable markets on terms comparable with those offered by competitors abroad is therefore significantly important.

Policies in force as at end of December 1979 Value and Premium income were :—

No. of Policies	Value Rs.	Premium Income Rs.
62	120,465,000	296,624

Progress achieved in this field of Insurance during first year of its existence has been quite impressive and augurs well for the future.

Incidentally no foreign aid has so far been utilised by the corporation.

#### Tea Export Promotion

The Ceylon Tea Promotion Bureau—a division of the Sri Lanka Tea Board—is responsible for export promotional activities.



Since 1972—the export level of Sri Lanka Tea has declined somewhat—and the export structure in terms of markets has been characterised by the emergence of new buyers.

Promotional activities abroad have been affected by such factors as—

- (1) The application of retail price control in the largest consuming market—the United Kingdom—resulting in a decline in purchases from that market. The drop in consumption in this market presently average 3.55 kgs. per capita.
- (2) The growth of the Middle East Market, consequent to the increase in economic growth in this area, whereby better prices for Sri Lanka teas are evident.
- (3) A growth of brand consciousness in most retail markets which allow the blending/packeting multi-national organisations to retail packeted teas with a minimum of Sri Lanka tea, mainly used for flavour, and the bulk comprising cheap “filler” teas from other sources.

The strategy of the Tea Promotion Bureau has been adapted to these circumstances.

#### Department of Commodity Purchase

The Department has as its main functions—

- (a) Purchase of sheet rubber and shipment on FOB terms, and export under various trade agreements.
- (b) The export control and issue of licences for all exports of raw rubber—whether sheet, crepe or crumb (block), and
- (c) Export of some grades of rubber to “hard currency” areas.

The Department purchases rubber at fair prices from registered large-scale licensed dealers, as well as registered smallholders—the latter through a network of 49 Rubber Depots situated in the production areas of the island. The Department also assists the smallholder by sale of Formic Acid, and the distribution of planting material and fertilizer at these depots.

#### Coconut Marketing Board

The Board is a statutory body, whose chief functions are the control, regulation, and promotion of the external and internal trade in coconut products. As regards the Export Trade in coconut products, the Board is responsible for—

- (1) The regulation and control of the export, and export prices of coconut products.
- (2) Registration of exporters to ensure conformity to acceptable standards.
- (3) Issue of Export Licences.
- (4) Assistance to shippers in matters of freight and shipping.
- (5) Study of the international market situation and collection of market data.
- (6) Participation in International Trade Fairs.

In Internal Trade, the Board's activities includes—

- (1) Conducting of Copra Auctions to establish a realistic price in the context of the current supply and demand.
- (2) Daily declaration of local market prices for all coconut products for the benefit of traders and producers.
- (3) Registration of dealers and brokers.
- (4) The operation of a price stabilisation scheme.

For coconut oil under which the Board became the sole buyer of coconut oil for export purposes.



### Sri Lanka State Trading (General) Corporation

Established in January 1971, the Corporation has extended its activities considerably engaging itself in new fields of business activity.

These include, televisions, newsprint, chemicals, laboratory equipment, motor cycles and bicycles. The Corporation also imports the requirements for Government departments and several other State and Private Sector Institution. Some of the items imported by the Corporation at present are—

- (1) Base Metal (Ferrous and non-ferrous).
- (2) Motor Spares, Tyres and Tubes.
- (3) Agricultural Tools and Implements.
- (4) Chemicals and Laboratory Equipments.
- (5) Sports Goods.
- (6) Household Appliances.
- (7) Guns, Firearms and Explosives.
- (8) Construction Materials and Equipment.
- (9) Office Machines.
- (10) Artist Materials.
- (11) Photographic Material.
- (12) Export Packing Material.

Certain items as explosives, shot guns and cartridges are still imported on a monopoly in keeping with the decisions of the Government.

The Corporation has sole agencies for the importation of mammoties, typewriters, calculators, plain paper copies, bicycles, photographic material and motor spares.

### Sri Lanka State Trading (Tractor) Corporation

The Corporation set up in mid-1971 has enjoyed until November 1977, when imports were liberalised, the monopoly in importing, distributing and supplying tractors, and earthmoving machinery, spares and accessories thereof.

Import Investment of the Corporation comprising utility of local loans and free exchange was Rs. 222.9 million with free exchange accounting for Rs. 131.5 million.

Sales for the year 1979 was Rs. 243.8 million. Repair and other services earned Rs. 0.2 million during the year.

### Sri Lanka State Trading (Consolidated Exports) Corporation

The Corporation's turnover in 1979 was Rs. 781 million. It was the largest exporter of tea from Sri Lanka in 1979 with sales amounting to 14,814 metric tons valued at Rs. 466.7 million.

Exports in other produce amounted to Rs. 125.1 million chief among which were Cinnamon (Rs. 52.4 million), Betel (Rs. 19.5 million), Desiccated Coconut (Rs. 18.3 million) and Rubber (Rs. 9.7 million). Other commodities included Cocoa, Coffee, Spices, Pineapple and Cut Flowers.

### Sri Lanka State Trading (Textiles) Corporation—Salu Sala

The main function of the Corporation is to import the shortfall of utility textiles between consumer demand and local production. It also trades in locally produced textiles. Screen printing of textiles is also undertaken at two printing units of the Corporation.

Sales for the year 1979 amounted to Rs. 984.2 million the highest in the Corporation's history. This unprecedented turnover was due to the fact that a large volume of textiles had to be imported to satisfy the consumer demand.



The consumer was afforded the opportunity of purchasing all his textile requirements at reasonable prices, thereby eliminating the "blackmarket."

Additional depots were opened at Amparai and Angunukolapelessa.

The Corporation also initiated action to develop an export market for locally produced textiles. Preliminary orders so far received suggest a promising future for this activity.

### Registration of Companies

The Department of the Registrar of Companies has as its main activities the Registration of Business Concerns, and the Protection of Trade Marks and Patent Rights. The administration of the Code of Intellectual Property Act (No. 52) of 1979 is also a function of the department.

Registration Statistics of the department reflect a remarkable increase in the volume of business activity over the years. Accumulative figure of 6,230 registrations of Private Limited Companies has been recorded as at end of 1979. Registration of Business Names, since commencement of this activity and covering only the Western Province has a figure of 126,335 with trade marks registrations at 24,403 as at end of the year.

The aggregate authorised share capital for 1979 in respect of 796 companies was Rs. 4,444 million evincing so much popularity over the concept of limited liability on the part of businessmen in Sri Lanka.

Of the 796 companies registered in 1979, 209 were Industries, 163 Commerce, 99 Tourism and Hotels, 79 Engineering and Construction and the Heterogenous Group 'Other' had 186 Companies.

Statistics of category-wise investment of capital appear in the table below :—

TABLE 14.6—CATEGORY-WISE INVESTMENT OF CAPITAL BY PRIVATE AND PUBLIC LIMITED LIABILITY COMPANIES—1979

Category	No. of Companies		Nominal Capital	Issued Capital	Paid up Capital
	Private Ltd.	Public Ltd.			
(Rs. Million)					
Industries	197	12	1,371.4	34.9	27.0
Commerce	160	03	467.9	9.5	7.3
Tourism and Hotel	94	05	552.7	12.7	9.9
Agriculture	09	—	17.0	0.3	0.3
Finance and Insurance	25	02	73.2	2.0	1.4
Engineering and Construction	78	01	476.2	11.7	9.4
Management	24	—	101.7	1.9	1.6
Others	181	05	1,383.9	50.2	39.0
Total	768	28	4,444.0	123.2	96.9

The law relating to the registration of Business Names is contained in the Business Names Ordinance (No. 6) of 1918. Registration under Business Names Ordinance is compulsory and facilitates the maintenance of records which provide the public with particulars of the names and addresses of proprietors of the business concerns as well as other useful information in instituting legal proceedings, Foreign Trade Commissions, Embassies and Government departments. The registration of Business Names is decentralised. Registration in the Western Province is undertaken by the department while those in the other provinces are done at the district kachcheries.



The table below gives the number of Business Names registered during the period 1975 to 1979 :—

TABLE 14-7—REGISTRATION OF BUSINESS NAMES—1975-1979

Year	No. of Registration		Total
	Western province	Others	
1975	3,900	1,176	5,076
1976	5,390	5,654	11,044
1977	6,017	5,052	11,069
1978	7,913	5,319	13,232
1979	8,178	4,910	13,088

*Code of Intellectual Property—Act (No. 52) of 1979.*—The code of Intellectual Property Act became operative since January 1980. The Act revises, consolidates, amends and embodies in the form of a code the law relating to copyright, Industrial Designs, Patents, Marks, Trade Names and Unfair Competition. It also provides for better registration, control and administration thereof and for matters, connected, therewith or incidental thereto. The Trade Marks, Patents and Copyright Laws are Worldwide in application and subject to international conventions mainly the "Paris and Berne" conventions which Sri Lanka has ratified.

#### Import and Export Control

The Legal basis for imports is the Import and Export (Control) Act (No. 1) of 1969 and the regulations framed thereunder. In terms of regulations known as Special Import Licence (No. 1) of 1977, a wide range of imports which earlier required import licences continued to be imported during 1979 without obtaining import licences. Licences were issued only in respect of certain essential commodities imported by the State sector and also the Private sector.

TABLE 14-8—TOTAL VALUE OF LICENCES ISSUED AND DEBITS DURING THE YEAR 1979 UNDER FREE EXCHANGE

Category	Value of Licences (Rs. '000)	Value of Debits (Rs. '000)
C.W.E.	482,218	135,569
(a) Dry ration	268,806	178,106
(b) Milk Food		
Private	37,083	15,306
(a) Dry ration	180,629	108,245
(b) Milk Food	1,432,537	204,636
Petroleum		
Sri Lanka Trading Corporation	172,329	99,760
(a) General	473,691	491,529
(b) Textiles		
Drugs		
(a) State Pharmaceuticals Corporation	134,046	34,702
(b) Private Sector	113,832	26,379
Paper and Paper Board		
(a) National Paper Corporation	10,834	5,145
Other Trade Quota Items		
(a) Building Materials Corporation	5,836	287
(b) C.W.E.	16,988	7,328
(c) Private Sector	18,590	7,433
Government Departments and Ministries	216,743	105,810
Corporations	39,787	13,875
Total	3,630,949	1,535,110



*Convertible Rupee Accounts.*—Licences as issued to C.R.A. holders on the balances lying to their credit were—

	Value	Number of Licences
	Rs.	
A. Trade items	6,284,864	17
B. Industrial Raw Material	2,364,725	34
C. Direct User items	48,301	1
	8,697,890	52

Export Regulations of 1974 were amended during the year in terms of *Gazette Extraordinary* No. 33/24 of April 27, 1979 and No. 47/8 of July 30, 1979. Seventeen items now require Export Licences. Eleven minor export crops had their prices fixed by a Floor Price Committee, which sits fortnightly and fixes the floor prices in respect of these crops. This scheme is administered through the Commercial Banks.

Particulars of export control licences issued by the department were—

	Value
	Rs.
(1) Commercial Exports	762,044,672
(2) Non-Commercial Exports	88,598,427
Total	850,643,099

#### Changeover to Metric System

In July 1969, the Metric Divisional Committee of the Bureau of Ceylon Standards recommended to the Government a conversion from the Imperial System to the Metric System of Units. The Committee pointed out that the overwhelming consensus of enlightened opinion in the country advocated the changeover and that the earlier this is effected, the lesser would be the cost involved in such an exercise. These recommendations were accepted by the Government and the National Metric Conversion Authority was established administratively in the latter part of 1973 for purpose of undertaking the progressive conversion from the Imperial System to the Metric System of Units.

The Weights and Measures Amendment Law (No. 24) was passed by the legislature in July 1974, making the International Systems of Units namely, the Metric System the legal system of measurements for the country while permitting the continued use alongside of the Imperial System. By the end of 1975, all exports and imports were effected under the Metric System on a voluntary basis since the relevant statutory powers for enforcing such a conversion were extended to the National Metric Conversion Authority only in 1976, with the passage of appropriate legislation. From that year onwards, changes were effected progressively in the plantation and the domestic, industrial sectors and thereafter, in the education and civil engineering spheres.



Considerable progress was realised during the year 1978, in the conversion programme of the National Metric Conversion Authority. In the engineering sector the Authority together with the assistance of other allied agencies published a Manual titled "Metric Drawing Practice" to enable building drawings and building plans to be prepared in metric terms. Tables on timber production and utilization for the Forest Department and the State Timber Corporation as well as for the general trade were prepared and published. Specifications were drawn up for the registration of annual licences for motor vehicles under the Metric System. A "Guide for Metric Dispensing" was prepared by the Department of Health for distribution.

Assistance was extended to the Department of Agriculture to operate the Metric System by the end of the year and the change in the textile trade was effected from August 1978. The sale of petroleum products by litres commenced in Colombo and in the other two major cities of Kandy and Galle, and this programme has gradually extended to other areas in the island.

Work was commenced during 1979 in commissioning the frequency clock and the adoption of Caesium standard time. Similar work was also undertaken in regard to commissioning standard equipment for Dimensional Meteorology and Temperature Standards.

The National Metric Conversion Authority made considerable progress during the year. It was thus possible to envisage a period of time by which Sri Lanka would substantially be adopting metric standards, viz., the first of January, 1981.

General trade, transport, land and survey, engineering and health services are being geared to achieve the objective in adopting metric units of conversion.

District-wise coverage of the conversion programme is being achieved with Colombo as the last of the districts for the changeover by October 1980.

	1977	1978	1979	1980	1981
Primary Societies	1,112	2,432	2,828	2,772	2,444
Secondary Societies	11	1	1,782	27,216	1,202
Total	1,123	2,433	4,610	30,048	3,646



## CHAPTER XV

### THE CO-OPERATIVES AND CONSUMER PRICES

#### General

The internal distributive trade of the country is carried out by the private sector through incorporated business, partnerships and individuals. Besides these, the co-operative movement of Sri Lanka plays a major role both in internal trade and in rural credit, inclusive of marketing functions. The Co-operative movement of Sri Lanka dates back to the year 1911. Initially it functioned as a form of managed money lending to small farmers in societies controlled by the farmers themselves. The Co-operative Department looked after the organisation, registration, guidance and audit of these societies. The second world war and its aftermath saw a rapid growth of co-operative stores societies between 1942 and 1945. This enabled decentralised groups of consumers to have a voice in the distribution of essential goods and household requirements. The co-operative principles came to be applied to the organisation of a wide range of activities by men of limited means for whom the concept of company form of organisation was not suitable. Co-operatives were formed in dairying, fishing, pottery, paddy hulling, poultry keeping, carpentry, housing and coconut production and processing among other trades. A Co-operative Wholesale Establishment was set up by the Government. Co-operative unions were formed to assist the primary societies and federations to strengthen the entire movement. The Co-operative credit system came to be supported by the Co-operative Federal Bank which later became a part of the People's Bank. A school of co-operative was established at Polgolla to train co-operative departmental staff and personnel of the co-operatives. The Co-operative Federation of Ceylon was formed in May 1955, to represent the over-all interests of the movement. This has now become the National Co-operative Council of Sri Lanka.

A drive for the formation of Multi Purpose Co-operative Societies began in 1957, which led to the amalgamation and consolidation of smaller societies. In October 1968, the Governor-General appointed a Royal Commission of inquiry into the Co-operative Movement in Sri Lanka under the chairmanship of Dr. A. F. Laidlaw. The subsequent recommendations of the Commission have been acted upon by the Government in certain selected fields of the movement.

Available statistics reveal that there were 3,453 primary co-operatives with a membership of 2.6 million and an investment share capital of Rs. 96.8 million functioning in the island. There were also 11 Secondary Societies with a membership of 1,392 and had an investment capital of Rs. 1.7 million. Total turnover of all these societies was in the region of Rs. 6,364 million.

#### Co-operative Structure

	No.	Membership	Share capital	Turnover	Net profit
		Rs. (000)	Rs. (000)	Rs. (000)	Rs. (000)
Primary Societies	3,453	2,635	96,856	6,277,273	49,454
Secondary Societies	11	1	1,762	87,316	1,305
Total	3,464	2,636	98,618	6,364,589	50,759

(Figures as at 31st December, 1978)

#### The Co-operative Wholesale Establishment

The origin of the C. W. E. may be traced to the period of the Second World War, when in April, 1942, Colombo and Trincomalee were bombed and the supply services of essential food stuffs disrupted in the city. An emergency organisation was set up with the Civil Defence Commissioner, who was



appointed to be responsible for organising the supply of food. For the purpose of distribution of food-stuffs, Co-operatives were started with selling points at 40 to 50 centres in various parts of the city. Similar network of stores was also established throughout the country. In addition, the importation of essential subsidiary foodstuffs was effected under the supervision of a Commissioner of Co-operative Development. Until these arrangements were stabilised, the Co-operative Department supervised the administration of these functions. Subsequently these arrangements were put on a permanent footing with the enactment of the Co-operative Wholesale Establishment Act (No. 47) of 1949, which became operative in July 1950.

The general objects of the C. W. E. as defined by law were—

- (a) To procure and supply the requirements of Co-operative societies ;
- (b) To carry on business as exporters and importers of, and as wholesale and retail dealers in, goods of every description ;
- (c) To carry on such other trade or business, including any agricultural or industrial undertaking or the business of banking or shipping, as may be approved by the Minister of Trade, with the concurrence of the Minister of Finance ;
- (d) To carry on the business of insurance of every description, including the grant of annuities on personal lives.

From the beginning, the C. W. E. was handling the import, local purchase and distribution of all categories of goods such as provisions, groceries, textiles, building materials, hardware items, as well as household requisites. In early 1970's the then Government decided to set up separate corporations for the handling of some of these items. Certain section of the C. W. E. were thus broken up and formed into separate corporations. Thus arose the Sri Lanka State Trading (General) Corporation, the Building Materials Corporation, the Sri Lanka State Trading (Textile) Corporation (Salu Sala) and the Sri Lanka State Trading (Tractor) Corporation. Since the Liberalization of imports the C. W. E. carries on the import and distribution mainly of food-stuffs, grocery items, including milk foods, infant and invalid foods, safety matches, etc. The C. W. E. also imports a wide variety of household requisites which have proved to be quite popular, especially preceding a long spell of scarcities and controls.

Import and distribution policy of the C. W. E. has been geared towards adoption of measures to contain or minimise, cost of living, and to increase availability of consumer goods, particularly food items, as well as household and utility items, at reasonable prices. Such measures would help to eliminate scarcities as well as artificial price escalations in the open market. The CWE is the largest importer of subsidiary food items, some of which had in the past been imported on a monopoly basis, particularly those items where there is a Government subsidy involved.

With the assumption of offices by the present Government, the CWE achieved a tremendously high growth rate in its trading position. The turnover in 1977 was Rs. 536.3 million, mainly due to increased imports in the second half of that year. This trend has continued and in the year 1978 the turnover rose to Rs. 864 million. The first half of 1979 showed a turnover of Rs. 579 million with a projected total of over a billion rupees for the following year :—

Item	Turnover (Rs. million)			
	1975	1976	1977	1978
(a) Sales for food items	149.3	172.6	336.9	594.5
(b) Sales for non-food items	134.7	146.6	190.1	257.1
(c) Services	8.8	11.0	9.3	12.4
Total	292.8	330.2	536.3	864.0



Subject to world market constraints, the CWE always endeavours to procure large quantities of commodities that are in demand in order to make available adequate supplies at competitive prices. Purchases are made by resorting to World-wide tenders and/or price negotiations with Government Organisations or Government sponsored statutory bodies in foreign countries or reputed manufacturers.

#### **National Co-operative Council of Sri Lanka**

The National Co-operative Council is the apex organisation representing the entire Co-operative Movement in Sri Lanka at the national level and also affiliated as one and only Sri Lankan member at the International Co-operative Alliance. Its membership is open to registered Co-operative Societies in Sri Lanka. Total membership of the NCC as at end of 1979 was 722.

The objectives of the NCC are—

(a) All aspects concerning the development and improvement of Co-operative Movement in Sri Lanka, (b) Rendering assistance, imparting knowledge and giving necessary guidance towards extension of Co-operative Movement in the island, and (c) Act as a veteran consultant in regard to Co-operative matters and express opinion on behalf of the co-operative movement.

In fulfilling these objectives the NCC has carried out the following activities during year 1979 :

- (1) Co-operative Education Activities
- (2) Field Educational Activities
- (3) National Seminars
- (4) Expert Consultation
- (5) National Workshops
- (6) Co-operative Teachers Training Project
- (7) Women's Consumer Education Project.

#### **Co-operative Employees Commission**

The Co-operative Employees Commission is primarily responsible for the employment and disciplinary matters of all employees in the co-operative sector. There were 40,000 employees whose employment and disciplinary matters fell within the purview of the Commission.

#### **Food Supply**

The Food Commissioner's Department continued to be responsible for the distribution of rice, wheat, flour and sugar. Consequent to the Government's policy of liberalisation of trade, certain far-reaching measures have since been introduced.

Up to the end of January, 1978, the ration book scheme continued and the ration book-holders could purchase from the co-operatives or authorised private distributors a weekly quota of rice and a monthly quota of sugar on the ration book. This scheme of nation-wide ration underwent a major change at the end of January 1978. Under the new scheme only those families whose income was less than Rs. 300 per month were entitled to hold ration books. On the results of an income survey of all families resident in Sri Lanka the ration books were withdrawn from non-eligible persons, i.e. those families whose income exceeded Rs. 300 per month. Thus the total number of ration books in circulation was reduced from around 14 million to 7.5 million. Along with this sugar quota entitlement was also changed where only children below 12 years holding ration books were eligible for 0.68 kgs. of sugar per month at a subsidised price.

Prior to the introduction of this scheme, the Food Department supplied nearly 71,120 mt. tons of rice per month through the rationing scheme while the open market transactions were in the region of 15,240 met. tons per month. The Paddy Marketing Board which procured paddy under the Guaranteed Price Scheme and converted the paddy, milled and delivered to the Food Commissioner's Depart-



ment for distribution under the rationing scheme set up its own retail outlets for the sale of rice in the open market. The import of sugar was liberalised with effect from November 1978, in terms of which any person or business undertaking may import sugar in competition with the Food Commissioner's Department. No Import Licence is required for the import of sugar. The Sri Lanka Sugar Corporation which produced nearly 20 per cent of the Island's requirements was permitted to market its sugar without routing through the Food Commissioner's Department.

Import of rice and wheat flour and the distribution of wheat flour continued to be a monopoly of the Food Department. The quantum of imports of rice, wheat flour and sugar by the Food Commissioner's Department during 1979 were—

Commodity	Source of Supply	Quantity (Nett)M./Ton	C & F value (Rupees)
Rice	Burma rice under China contract	52,000	193,127,720
	China	61,587	236,165,019
	Pakistan	96,804	459,449,194
	Cyclone Relief from Pakistan	100	362,214
	Cyclone Relief from Thailand	400	1,549,132
	Cyclone Relief from Italy	5	18,732
		210,896*	890,672,011
Flour	Singapore	100,676	322,997,919
	France	62,279	215,164,167
	Italy	10,844	34,394,697
	Holland (E. E. C.)	64,802	202,913,594
	U. S. A. (PL. 480)	78,188	346,939,291
	Germany (E. C. M.)	64,667	202,682,598
	Australia	9,000	43,662,275
	Belgium	19,850	63,465,522
	E. E. C. (Gift)	13,597	41,357,616
	F. R. G. (do.)	7,947	31,498,829
	Canada (do.)	25,091	115,964,993
	France (do.)	4,305	20,063,260
	Holland (do.)	5,300	26,545,699
	Cyclone Relief from Italy	4	13,576
		466,550	1,667,664,036
Sugar	Germany	10,500	36,847,855
	India	233,150	893,188,927
	West German Food Aid	1,359	4,864,783
	Belgium (Gift)	100	490,169
	Cyclone Relief (U. S. S. R.)	200	708,467
	Cyclone Relief from Italy	4	13,940
		245,313	936,114,141

\* Subject to revision.



### Food Stamp Scheme

The Food Stamp Scheme became operative on 1st September, 1979, and thus replaced the scheme of food rationing that was in existence since early forties. Objectives of the scheme have already been referred to.

A total of 7.2 million food stamps and 1.6 million kerosene stamps have so far been issued under this scheme.

### Price Control Department

The Price Control Department was started in 1971 by the amalgamation of the Price Control (Food) Division of the Food Department, the Price Control (Miscellaneous Articles) Division and the Weights and Measures Division of the Commerce Department. The new department was responsible for the administration of the Price Control Act (Cap. 173), the Weights and Measures Ordinance (Cap. 158) and the Licensing of Traders Act (No. 62) of 1961. The main activities of the department are, therefore :

- (a) the regulation and control of prices of essential consumer commodities ;
- (b) the requisitioning of articles in order to secure their sufficiency or their equitable distribution or their availability at a fair price and the payment of compensation in respect of articles so requisitioned ;
- (c) maintenance of the standards of measures of Sri Lanka and the calibration of derivative standards for other institutions in the country ;
- (d) the annual checking to maintain standards and stamping of weights and measures and weighing instruments used in the country and collecting prescribed stamping fees ;
- (e) acting as law enforcement agency in respect of the Price Control Act, the Weights and Measures Ordinance and the Licensing of Traders Act ;
- (f) studying the pricing and distribution of articles ;
- (g) servicing the National Metric Conversion Authority to implement the metrication programme of the country.

### National Prices Commission

The National Prices Commission was established in November 1975, under the National Prices Commission Law (No. 42) of 1975 and has its functions :

- (a) to fix prices or set out price structures of articles which are subject to Price Control ;
- (b) to report on any proposals made by Chairmen of Government Departments and Statutory Corporations for the variation of prices of prescribed articles or charges for prescribed services ;
- (c) to advise the Government on any question relating to the price of any article or the charge for any service when called to do so.

In performing these functions, the Commission's objective is to control inflation and protect the interest of consumers, while at the same time providing necessary incentives to the producers of the articles and ensuring them a reasonable rate of return on capital invested.

Functions of the Commission were further extended by the Consumer Protection act of 1979 which vested the Commission with certain additional advisory functions in respect of exclusive dealing, price discrimination and monopolisation. Amendments to National Prices Commission Law not



only gave powers of reviewing prices and charges of its own but also empowered the Minister of Trade and Shipping to prescribe articles and services, irrespective of whether these were manufactured, distributed or provided by the State or by the private sector.

A Cabinet directive issued in January 1978, which made it obligatory on all state departments and corporations intending to increase prices or charges to obtain the approval of the Commission before implementation, was rescinded.

The Minister of Trade and Shipping prescribed by *Gazette* order in December 1979, that the manufacturers of certain articles are obliged to refer their proposals to vary prices to the Commission for examination and to refrain from varying the prices until the Commission has examined and reported on them.

### Consumers' Price Index

The Consumers' Price Index (1952=100) serves as the country's official index number and forms the basis of payment of special living allowances for workers covered by the Wages Boards Ordinance and collective agreements. The average Index Number for the year 1979 recorded an increase of 10.8 per cent as compared with a 12.0 per cent increase in the preceding year.

Group-wise analysis of the Consumers' Price Index Number revealed percentage increases in food as 10.8 and fuel and light as 12.3 the former being attributable to the introduction of the Food Stamp Scheme and the upward revision of wheat flour and bread prices. Increase in the latter group was due to the oil price hike during the year.

A revised Urban Consumers' Index (base April-September 1977=100) has been computed by the Department of Census and Statistics as a 'tryout' using the weighting pattern as obtained from the Urban Budget Survey conducted in February and March 1977, within the Colombo city.

The year 1979 was characterised by the relative price stability observed during the early months of the year followed by a rapid price escalation towards the latter months.

Consumer awareness is being focussed to the availability of consumer items, their quality, product type and prices with the publication of a journal 'The voice of the Consumer' to be released by the Ministry of Trade and Shipping.



## CHAPTER XVI

### LABOUR AND EMPLOYMENT

#### General

Sri Lanka is one of the countries in this region which is well provided with effective legislation and administrative measures in labour management and welfare. There is provision for upholding a minimum wage in a wide range of specified industries. Working conditions are governed by the Shop and Office Employees Act, Factory Legislation, Act relating to the Employment of Women, Young persons and Children, the Maternity Benefits Ordinance and also by an Employees Provident Fund Scheme. There is also an active trade union movement with over 1,600 registered trade unions with an estimated membership of 1.4 million.

According to the 1971 census data there was a labour force of 4.5 million persons comprising 35 per cent of the population. The Survey of Consumer Finance carried out by the Central Bank in 1973 puts it at a slightly higher level. Recent estimate of the labour force gives a figure of 5.6 million in 1978 which is about 39 per cent of the population.

Matters concerning labour are under the purview of the Department of Labour. The Department is entrusted with the duties and functions in regard to :—

- (i) laying down and enforcing of standards pertaining to wages and terms and conditions of employment ;
- (ii) promotion of industrial relations ;
- (iii) securing the safety of health of workers at work ;
- (iv) provision of superannuation benefits ; and
- (v) regulation of private employment agencies.

These activities are performed through the enforcement of various enactments relevant to these functions. During the period under review two important factory regulations (approval of factory buildings and sites and registration and licensing of factories and certificate of appointment of factory inspection engineer) have been passed in the Parliament.

The Department however has lately been concerned with increasing activities in regard to :—

- (a) manpower development through the promotion of training in vocational skills ;
- (b) promotion of workers education in which emphasis is placed on population education for workers ;
- (c) sponsorship of employment opportunities of Sri Lanka nationals abroad ; and
- (d) the collection and analysis of labour statistics.

#### Industrial Relations

The maintenance of industrial harmony and investigations into the settlement of industrial disputes is the main responsibility of the Industrial Relations Division. This is carried out under provisions of the Industrial Disputes Act.



This division of the department is also responsible for the administration of the termination of employment law under which prior approval of the Commissioner of Labour is required to terminate employment of workers on grounds other than by way of disciplinary actions.

Payment of gratuities to repatriates of Indian origin employed in estates is also the responsibility of this division.

#### **Employees Provident Fund**

The Employees Provident Fund Act has been in operation for the last 21 years. The number of employees who are members of the Fund has been estimated at 2.5 million registered under 85,000 employers. This is the biggest social security scheme operating in the country. Collections on account of monthly subscriptions to the Fund are in the region of Rs. 56.1 million.

The Fund provides for workers in the private and public corporation sectors and employers to contribute to the fund and for the refund of sums that lie to the credit of employees on their retirement or earlier under certain specified conditions. The fund does not provide for payment of benefits to workers in any other form.

Due consideration is being given with regard to the feasibility of converting the fund into a social insurance pension scheme which is one of the main recommendations of a seminar that was held on Social Security under the sponsorship of the International Labour Organisation. The assistance of the I.L.O., UNDP has been sought to obtain an actuary to study and report on the financial aspects involved in the conversion of the Provident Fund into a Social Insurance Pension Scheme.

#### **Safety and Health**

Safety and Health of workers is secured through the enforcement of provisions under the Factories Ordinance.

The total number of factories registered with the division as at 30th November, 1979, was 11,621.

#### **Occupational Hygiene**

The Occupational Hygiene Division of the Labour Department is involved in carrying out occupational surveys, industrial impact studies and monitoring of hazards in the Investment Promotion Zones under the Greater Colombo Economic Commission.

Several environment surveys were undertaken to evaluate special health problems of women workers. These surveys covered workers in factories and the field in the plantation sector and the small scale industries sector. The data collected are being analysed.

#### **Vocational Training**

The department has given high priority to the training of young people with a view to equipping them with skills that would help them to seek a career in industry or to establish themselves in self employment. This programme takes shape in two forms :

- (i) Skilled training at permanent centres which are situated at Orugodawatta, Narahenpita and Marawila.
- (ii) Mobile training centres operated in various parts of the island.

*Permanent Vocational Training Centres.*—Training is imparted to young persons who are selected annually in skills such as fitting, machining, motor-mechanism, electrical work, sheet metal work, radio repairs, agricultural and tractor operations including repairs and boat engine repairs. The number trained in these various crafts has been about 500 a year.



Training intake has been strengthened with the provision of facilities for training, re-training and up-grading of trainees at the recently inaugurated Orugodawatte Skills Development Centre. Together with this centre, training capacity in the permanent centres is projected to increase up to around 800 trainees per year.

Main objectives of the project are :—

- (i) To expand scope and improve effectiveness of existing training programme ;
- (ii) To provide schemes for upgrading of skills of workers to enhance the career prospects, productivity and earning capacity ;
- (iii) To establish standards with regard to trade skills testing and certification of workers ;
- (iv) To organise and implement short skills development courses specifically designed to support urgent man-power demands ;
- (v) To provide courses in instructor-training with a view to augmenting the department's training potential.

The Skill Development Centre would form the initial focus for a more comprehensive manpower development policy covering foreman training and district level vocational training. These are some of the principal activities with which the department would be concerned in the immediate future.

*Manpower Vocational Training Centres.*—The mobile centres function as the medium through which the department is attempting to extend its coverage to rural areas of the country. The training capacity has been significantly increased and expands to a coverage of about 3,000 trainees in various trades such as masonry, carpentry, tailoring, etc. It is planned to increase this programme to cover about double the number of those being trained at present.

#### Manpower Assessment and Human Resources Development

With the projected expansion of training under the aegis of the Department of Labour it was essential to establish a unit to assess manpower needs of the country to gear training programmes to realistic needs based on the demand for specific skills. This unit would concern itself with :—

- (i) Identifying the demand and supply situation of labour at various levels of skills in the different regions of the country ;
- (ii) Identifying particular skills that would be relevant for development in terms of the vocational training programme of the Department of Labour ;
- (iii) Identifying constraints in developing a meaningful programme of vocational skills and recommend ways and means to overcome such constraints ;
- (iv) Estimate present and future skilled requirements in relation to development programmes and the demand of foreign labour markets for Sri Lanka's skilled labour.

#### Foreign Employment

Placement of Sri Lankans in employment abroad is identified as a multi-purpose expedient which could be banked on to ease the gripping problem of unemployment at home, attract much needed foreign exchange remittance, uplift the material well being of migrant workers and their dependants and develop man-power skills and experience.

The Foreign Employment Division of the Department of Labour fulfils in broad perspective the following needs :—

- (i) Functioning as an agency to recruit Sri Lankans for employment overseas, which in effect has been largely for the Middle East countries ;
- (ii) Control and supervision of recruitment activities of private employment agencies, acting under the provisions of the Fee-charging Employment Agencies Act (No. 37) of 1956, with a view to safeguarding interests of the potential recruit and protect the rights and promote the welfare of the migrant worker.



**Recruitment Activities.**—The Department has been supplying tradesmen at regular intervals to 3 major foreign companies based in the Middle East and between the period July 1977 to November 1979, found employment for over 5,000 persons, the majority of whom are distributed over Oman, Dubai, Iraq and Saudi Arabia. The demand from these companies has predominantly been for craftsmen such as carpenters, masons, bar-benders and to a lesser extent drivers for heavy vehicles motor mechanics, welders and painters. In May 1978, a “bulk” job order for 250 omnibus, drivers placed with the department by a leading state-sponsored transport company in Kwait was executed and the workmen were signed on very attractive terms and conditions of employment. Two other new sources one in Nigeria and the other in the State of Bahrain were subsequently tapped and some middle-grade technical personnel were selected for employment. The total number of Sri Lankans found employment under the sponsorship of the department, is roughly around 5,000 which compares quite favourably with an estimated total of 20,000 Sri Lankans working in the Middle East according to a recent survey carried out by the International Monetary Fund. Judging by the current trends, migration of Sri Lankans abroad on employment would predictably increase in years to come.

**Foreign Exchange Earnings.**—Foreign exchange accruing to Sri Lanka is estimated to be in the range of 30 to 40 million rupees a month and is in the following forms :—

- (a) Remittances of earnings by migrant workers ;
- (b) Commission fees of local recruiting agencies ;
- (c) Insurance premia on personal cover of employees ;
- (d) Royalties and commission charges levied for allowing landing rights to charter planes.

**Regulating recruitment activities of private employment agencies.**—The two key activities involved relative to such responsibilities as :—

- (a) licensing the business of private employment agencies following thorough investigation ;
- (b) regulating and controlling their activities in the pre and post-recruitment stages.

The number of licensed employment agencies which stood at 21 at the time the restriction on registration was lifted in May 1978, has shot up significantly to a figure of 366 as at end of November 1979. The rush of well-recommended applications for private employment agencies shows an increasing trend in the offing.

With due cognizance to the woeful inadequacy of the enactment now in force, viz., the Fee-Charging Employment Agencies Act (No. 37) of 1956 for purpose of effective control of recruitment activities in the private agency employment sector, these agencies were required to enter into a “Memorandum of Understanding” with the department in June 1978. This enjoin them to observe a well formulated code of conduct in the business of “exporting” manpower.

As a further measure to bring their activities under closer scrutiny the “blanket approval” previously granted to these agencies in the matter of recruitment of Sri Lankan nationals has been withdrawn. Since then these agencies have been required to obtain formal approval of the Commissioner of Labour in each and every instance of recruitment. Once selections are made the agencies should furnish the department with a copy of the contract of employment in respect of each and every individual recruit and the police clearance report. This step has introduced system and discipline into the business of foreign employment agencies in the private sector.

### Workers Education

This division is responsible for the implementation of the following projects :—

- (i) Workers’ education ;
- (ii) Workers’ education in population and family planning (plantation sector) ;
- (iii) Workers’ education in population and family planning (urban and un-organised sectors).

**Workers’ Education Project.**—The Workers’ Education Project has been implemented with the prime objective of creating an awareness among leaders of the trade union movement and its



membership of the rights and duties in the light of changes in the social and economic environment. This would contribute in making them better workers and citizens and efficient participants in the development plans of the country.

A total of 34 courses were conducted involving participation of 1,044 workers during the first 10 months of 1979 under this project.

*Project on Workers' Education in Population and Family Planning (Plantation Sector).*—This project is being implemented with financial assistance of the United Nations Fund for Population Activities/International Labour Organisation. Its main aim is to motivate workers on family planning. Three-day worker motivation training and refresher courses have been conducted with the participation of 1,878 workers in the plantation sector.

*Project on Workers' Education in Population and Family Planning (Urban and un-organised sectors).* These Projects are being implemented since July 1978. A total of 81 courses have been conducted with 3,482 participants during the period ending November 1979.

#### Statistical Surveys

The department conducts two main statistical surveys on an annual continuing basis, viz., Annual Employment Survey among larger establishments with five or more employees and the survey of Earnings and Hours of Work.

The annual employment survey covers all establishments with five or more employees in the private and public sectors including State-sponsored corporations and statutory boards. The survey data are used as a multi-purpose register of establishments, while the other survey is being conducted on a sample basis.

A survey of small-scale establishments has also been conducted in early 1977 using the area sampling techniques. The survey attempts to collect data on employment, demographic characteristics and earnings. It has been decided to carry out this survey annually.

#### Youth and Training

The high proportion of youth in the composition of population, so characteristic in all the developing countries, finds no exception in Sri Lanka.

TABLE 16.1A—POPULATION PROJECTIONS FOR SRI LANKA  
1981 TO 2001 (MEDIUM PROJECTION)

Age Group	1981	1991	2001
0- 4 years	1,954,000	2,014,000	2,066,000
5- 9 years	1,854,000	1,955,000	1,997,000
10-14 years	1,709,000	1 911,000	1,975,000
15-19 years	1,668,000	1,841,000	1,942,000
20-24 years	1,553,000	1,692,000	1,897,000
All ages	15,826,000	18,868,000	21,786,000

TABLE 16.1B—LABOUR FORCE PROJECTION FOR SRI LANKA

	1971	1981	1991	2001
	('000)	('000)	('000)	('000)
Male	3,265	4,321	5,440	6,578
Female	1,169	1,633	2,104	2,567
	4,434	5,954	7,544	9,145

Source : Department of Census and Statistics



It has thus become imperative to meet training and employment requirements of this youthful population and find useful positions for them in the country's economy. The vast majority of the youth leave school without qualifying in a Certificate Examination. Even amongst those completing formal school education, the majority receive no training for employment or technical education of any kind.

Whilst evolving a strategy for the future generations, the requirements of the estimated 0.8 million unemployed a substantial proportion of school-leavers and drop outs joining the ranks of job-seekers each year need cognizance. A study of the aspirations and educational attainments of these job-seekers as based on a recent Socio-Economic Survey of the Central Bank reveals "a buoyant" outlook with the initiation of the job-oriented programme by the present Government and availability of employment opportunities entailing in mass recruitment.

The survey results though void of complete coverage due to non-availability of information for some of the cyclone affected districts portray a somewhat realistic view of the unemployment situation at present. Incidence of unemployment at the district level in terms of the estimated work force was highest in Kegalle, Galle, Matara and Colombo with 21.7, 21.2, 20.2 and 20.1 per cent respectively with Moneragala 4.8 per cent, Vavuniya 4.3 per cent and Anuradhapura 3.9 per cent at the lowest level.

Age-wise the combined group 14-18 and 19-25 years accounted for 48.5 per cent of the work force.

At the education attainment level the pre and G.C.E. (O/L) qualified accounted for 51.1 per cent, while the Advanced Level had 31.7 per cent, an indicator of the heavy concentration of the unemployed in the secondary and pre-secondary stages.

It is statistically evident that the majority of the job seekers are school "drop-outs" with educational attainments upto grade 9. The job preferences are also a reflection of educational levels. Both these factors justify and emphasise the need for a programme of training for "school drop-outs". The training should be at a level commensurate with both educational attainment and the country's requirements.

TABLE 16.2—UNEMPLOYED POPULATION BY EDUCATIONAL ATTAINMENT 1971\*

Educational Attainment	Age Group						
	10-14	15-19	20-24	25-34	35-44	45-64	65 and over
No Schooling	9,218	23,349	17,606	17,663	12,547	16,072	4,796
Grade 1 to 4	11,444	35,595	21,406	17,433	10,461	9,502	2,152
Grade 5 to 9	10,321	101,958	113,616	62,695	23,055	19,553	2,681
Up to G.C.E. 'O' level	159	28,230	68,827	34,474	3,602	1,161	95
G.C.E. 'O' level	10	12,729	47,894	33,107	3,549	975	90
G.C.E. 'A' level up to 3 subjects	—	410	4,304	2,473	166	31	—
G.C.E. 'A' 4 subjects	—	185	2,420	1,228	31	31	10
Other	—	59	1,980	3,663	553	514	95

\* As recorded at the 1971 Population Census.



The development scheme likely to generate the largest amount of employment is in the Mahaweli project. The estimated manpower requirements of the scheme are as follows :—

TABLE 16.3—MAHAWELI SCHEME—MANPOWER REQUIREMENTS

	1978	1980	1982
Engineers	600	700	635
Middle Technicians	2,337	2,806	2,485
Administration Personnel	1,573	1,762	1,589
Skilled Workers	6,646	12,926	6,465
Unskilled workers	83,368	139,061	61,096

Source : Mahaweli Development Board.

Other major development schemes such as the Free Trade Zone, Investment Promotion Zones and the Greater Colombo Area as well as District Development Programmes would also require skilled workers in substantial numbers.

With the "brain drain" of skilled and semi-skilled workers to West Asia and elsewhere, the country has keenly felt the dearth of personnel in many fields. The greatest constraint on future development programmes may perhaps be the limitation placed by non-availability of skilled and semi-skilled personnel.

In the creation of employment opportunities, the biggest potential remains in the fields of agriculture, commerce and self-employment. Under Mahaweli accelerated programme it is anticipated to settle 225,000 families constituting a population of 1.2 million. The potential colonists may need to be trained to provide auxiliary supporting services required in their new settlements.

#### National Youth Service Council

When compared with the training requirements, the Council's programme is not extensive and could be divided into two broad categories, viz., job-oriented training and civic training. In civic training, it endeavours to inculcate in the younger generation of the country a sense of discipline and a national consciousness. Civic training is generally linked up with National Service activities, where the village unemployed are given an opportunity to constitute physical labour for development work. For this purpose village level labour intensive development projects like road widening activities, desilting of tanks, etc., are undertaken. Since the inception of this programme, 165 such projects involving the deployment of 7,201 youths have been undertaken. The current programme includes 309 projects valued at Rs. 9.1 million. Civic training classes connected with these activities have been undertaken by the Council.

Of the job-oriented type of training, the most conspicuous is the youth in business programme. This programme is an attempt to harness the resources of the State and Private Sectors in promoting self-employment opportunities. The youths selected for this programme are given a short-term training course at one of the training centres of the Council and facilities for launching a career of their own. A total of 140 such youths have been provided with employment opportunities in vending of cigarettes, vegetables, fish, floriculture and animal husbandry. It is also planned to provide employment for 1,200 under this programme.

The Council maintains three residential training centres at Akmeemana, Batangala and Eraminiyaya. Of these, the Akmeemana Centre offers training facilities on handicrafts and cottage industries. Two courses of 6 months duration are conducted at this centre. Eraminiyaya and Batangala are centres with an agricultural background. Training at these two centres is usually



offered to participants of the National Service Projects. Participants of these courses are offered short-term training in agriculture as well as civic training. These centres are also used to provide short-term training to serve specific projects like youth in business and Mahaweli Development activities.

*National Development Service.*—The Council's biggest training endeavour is linked to the National Development Service. This service was formed as a section of the National Youth Service Council to undertake development work which has national priority like the Mahaweli Programme. The service was given legal status by regulations published in *Gazette Extraordinary* of August 2, 1978.

The Objectives of the service are :—

- (i) to foster among persons in Sri Lanka in general and among youth in particular, a spirit of national consciousness, a sense of discipline, an awareness of social and economic problems and a sense of dignity of labour ;
- (ii) to enlist the continuous and active participation of the youth of Sri Lanka without regard to class, race or religion in national development schemes ;
- (iii) to conduct vocational training of highly efficient and well-disciplined laymen and semi-skilled workmen for industry, agriculture and other services.

#### **National Apprenticeship Board**

The National Apprenticeship Board was established in 1971 to provide the skilled manpower required for the industrial development of the country. The Board consists of 15 members representing employers, trade unions, those Ministries with functions such as Education, Labour, National Planning, Industry, Agriculture and persons specialised in selected fields. The objectives of the board include the formulation, implementation and supervision of a scheme of training covering different categories of trades and currently caters to over 140 trades and disciplines of engineering. The National Apprenticeship Board also lays down uniform apprenticeship standards, determines trade tests and issues certificates to those who qualify.

In-plant training is offered by the Board at 4 levels, 2 of which are programmes designed and executed solely by the Board. The two schemes relate to training of skilled personnel at the craft level, and training of technicians under the Special Apprenticeship Scheme. Craft level trades include such skills as masonry, carpentry, welding, fitting, electrical wiring, machining, electroplating, printing, plumbing, textile, weaving, etc., while the Special Apprenticeship Scheme provides training in nine disciplines of engineering. The categorisation of new fields of training is a continuing process. Besides these programmes the National Apprenticeship Board also offers in-plant training of 9 months to 1 year duration to the Ministry of Education for students of the National Diploma in Technology, and to undergraduates of the Moratuwa University.

All apprentices recruited by the National Apprenticeship Board undergo a period of basic training to familiarise them on the correct handling of tools and use of machinery and equipment. The training so imparted serves as an induction to the particular trade. Facilities for the acquisition of basic skills is being offered by the Ministry of Education at its Junior Technical Institute, and at centres specially equipped for the purpose at Government Corporations. Plans are afoot for the National Apprenticeship Board to set up a Training Institute of its own and would commence operation in the near future.



National Apprenticeship Committees are appointed for the purpose of preparing training standards for every trade to ensure the systematic and uniform training of apprentices scattered throughout the country. These committees consist of representatives from employers and trade unions and the Ministries of Education and Labour. Expertise persons in the particular trade are co-opted to the committee to work out details of work processes involved. Training standards are based on the modular system after a detailed skills analysis has been carried out.

Related theoretical instruction is provided in respect of the relevant trade to all apprentices in order to supplement the practical training received on the job. This is done by means of classroom instruction as well as through correspondence. Classroom instruction is gradually being replaced by correspondence. The latter courses have been designed to cater to modules common to most trades and are known as "general" modules while others are "special" modules relating to particular trades.

National Apprenticeship Committees are appointed for the purpose of preparing a practical sample test to be administered to apprentices on completion of their training. All apprentices receive a monthly allowance during their entire period of apprenticeship from the National Apprenticeship Fund. A separate unit has been set up in the National Apprenticeship Board to assist apprentices in obtaining permanent employment on completion of their training. Constant liaison is maintained with employers, and their active co-operation sought in placing certificated apprentices in job situations. Constant vigilance is maintained particularly in newspaper advertisements for vacancies and assistance is afforded to those apprentices to secure suitable positions. Of apprentices trained by the National Apprenticeship Board during the past few years, approximately 90 per cent have secured permanent employment.

#### Employment and Manpower Planning

This important function of manpower planning and employment is now handled by a separate division within the Ministry of Plan Implementation. Following are some of the programmes administered by this unit—

*Data on manpower Planning.*—Several studies were undertaken to obtain data on employment and manpower planning.

- (a) Survey of employment opportunities in the private sector. The survey report in respect of 1978 and a Report in respect of the period January to June 1979 have been published.
- (b) Study on the outflow of skilled manpower for employment abroad. This report has since been published.
- (c) Survey of manpower surpluses and shortages based on information available in newspaper advertisements has been undertaken and is in progress.
- (d) Survey of engineers, architects and technologists—the study is in progress.

#### Employment Data Bank Scheme

This has been operated in two levels :

- (i) Central computerised scheme where applicants with G.C.E. (O.L.) in six subjects and above qualification are registered.
- (ii) District Level Scheme where applicants with educational attainment lower than the above are registered.

Under the Central Computerised Scheme 84,285 applications were received, processed and computerised as at end of December 1979. Of the applicants registered under the Central Computerised Scheme over 47,144 persons have been referred for interviews in respect of about 18,876 vacancies as reported existing by Public Sector Organisations.



Under the District Level Scheme nearly 29,000 persons have been referred for interviews in respect of 37,615 vacancies which include permanent and temporary posts and casual employment of short-term duration.

### Women's Bureau of Sri Lanka

The Women's Bureau of Sri Lanka was established in the Ministry of Plan Implementation on 6th November, 1978. The Norwegian Government is funding the Bureau and has made available Rs. 1.2 million for its activities during its first two years.

The aims and functions of the Women's Bureau mainly focus on the areas of promoting women's participation in national development.

A programme for "Socio-Economic Development of Plantation Worker Women and Families" would be implemented with the assistance from the FAO. After a preliminary survey, the following 7 plantation regions have been selected under the above programme :—

---

Hatton	Nuwara Eliya
Nawalapitiya	Matara
Matale	Ratnapura
Kalutara	

---

The first phase of this programme is training in Family Health followed by an activity plan for commencing income generating activities for rural women.

As the first step 4 AGA's divisions in each district would be selected and the programme would cover 500 women in each district, during the first phase of its implementation.

Action has been taken to introduce a development programme for the women in fishing communities. Fishing villages have already been selected for this purpose with the assistance of the Ministry of Fisheries.

A preliminary socio-economic survey would be carried out shortly with a view to formulating a development programme for these areas.

A programme for settler women in system 'H' of Mahaweli area which will be funded by FAO has been submitted to Mahaweli Development Authority for approval.

With a view to improving living conditions of the low income families in the urban slum areas, the Women's Bureau has taken action to deploy these women in various income generating activities, such as book-binding, coir-rope making, rattan weaving, etc.

A National Seminar on the role, contribution and participation of women in rural development was held on 14th September, 1979, at the Sri Lanka Foundation Institute in collaboration with the FAO. Representatives of Ministries, Government Departments, Corporations and Non-Governmental Organisations which are involved in rural development activities in the country, participated in this seminar.

A workshop on Income Generating Skills for Women in Sri Lanka was held from 17th–21st December, 1979, at the Hotel Ranmuthu, Colombo, in collaboration with the ILO. Ministries, Government Departments, Corporations and Non-Governmental Organisations participated in this workshop. Action is now being initiated to publish the report containing its recommendations and the decisions.



## CHAPTER XVII

### EDUCATION

#### General

The educational history of Sri Lanka is as old as her recorded history which stretches far back over 2,500 years. From the time of the advent of Buddhism and Hinduism to the beginning of foreign dominations, the centres of learning were located within the precincts of Buddhist and Hindu Temples. A similar trend followed during the Portuguese occupation of the country. Although education is now largely in secular institutions and of a secular nature, the link between education and religion has not been broken. Religious instruction is part of the regular curriculum in schools.

Popular pressure for social justice impelled successive governments to take steps to accelerate pace of educational development of the country towards the ideal of equality of opportunity. The opening of central schools to extend secondary education to rural areas, the introduction of free education in all State and State-aided institutions, the liberal provision of scholarships to talented pupils from disadvantaged environments, the take over of assisted schools, the introduction of Sinhala and Tamil as the media of instruction up to the tertiary level, helped forge ahead the tempo of accelerated development in the national educational structure.

The Free Education Scheme was introduced in the second half of the forties, and the mother-tongue was adopted as the medium of instruction in all schools commencing with Grade 1 and gradually moving in stages to Grade 12 in 1967. During the intervening years, an effort was made to expand educational facilities by establishing central schools and senior secondary schools in rural areas. Private assisted schools were required to be handed over to the government or become non-fee levying. Private non-fee levying schools are now securely placed in the provision of financial and other concessions by the State.

A scheme of scholarships was put into operation to benefit bright pupils coming from poor socio-economic strata. In response to these popular reforms, enrolments in schools increased at an unprecedented rate. Pupil enrolment increased from 1.4 million in 1950 to 3.1 million in 1979. Between 1955 and 1968 the number of schools teaching science in grades 9 and 10 increased from 115 to over 500 and the number of candidates offering science subjects at the G.C.E. (O.L.) Examination increased from 5,000 in 1957 to over 30,000 in 1967. This rapid expansion of educational facilities resulted in a massive system which today consists of over 9,500 schools and 139 thousand teachers. The education sector employees account for nearly one-third of the total number of personnel employed in all government departments.

The quantitative expansion of education has been accompanied by a qualitative development in many spheres. The need for systematic curriculum development and in-service training of teachers was recognized in the fifties and steps were taken in the direction of curriculum reconstruction and teacher training starting in the sixties. Particular emphasis was laid on the teaching of science and mathematics.

The early seventies witnessed a shift in the focus of attention from internal efficiency to external fitness of the system. Several reforms were ushered in with a view to aligning education with the economy. A common curriculum was introduced into grades 6-9 with particular emphasis on the teaching of pre-vocational subjects, science and mathematics. The content and methodology of instruction in the primary cycle were changed by introducing an activity-oriented, environmentally based curriculum which commenced with Grade 1 in 1974 and was progressively extended to the other grades in subsequent years.

Prior to 1972 the three-tier school system consisted of Elementary Education (Grades 1-8), Junior Secondary Education (Grades 9-10) and Senior Secondary Education (Grades 11-12). The reforms introduced in 1972 reduced the schoolspan by one year and restructured the system into Primary



Education (Grades 1-5) Junior Secondary Education (Grades 6-9) and Senior Secondary Education (Grades 10-11). The restructuring corresponded with the curricular changes introduced. The New Government that was installed in office in 1977 took two major policy decisions. According to these decisions, the age of admission to schools has been lowered to 5 years and the Junior Secondary Cycle of Education has been increased by one year. Further, the whole system of Education is being reshaped on the basis of the concept of recurrent and continuing education. The main feature of the emerging system is the emphasis on the training of school-leavers, expansion of Polytechnical Education and provision of more opportunities for Higher Education through the establishment of an Open University.

TABLE 17.1—NUMBER OF SCHOOLS, PUPIL ENROLMENT AND TEACHER POPULATION BY EDUCATION DISTRICTS—1979/80

<i>Education District</i>	<i>No. of Schools</i>	<i>Pupil Enrolment</i>	<i>Teacher Population</i>
Colombo	250	226,235	8,894
Homagama	200	106,036	4,789
Minuwangoda	247	105,579	4,437
Gampaha	349	183,570	8,039
Kalutara	465	173,175	7,283
Kandy East	346	126,429	5,704
Kandy West	362	129,415	6,837
Matale	284	79,910	3,710
Nuwara Eliya	327	104,599	4,415
Galle	515	190,903	8,108
Matara	418	157,089	6,697
Tangalle	284	98,651	3,729
Jaffna	557	191,890	7,301
Mannar	97	20,397	808
Vavuniya	213	30,124	1,252
Batticaloa	241	64,471	2,362
Ampara	88	29,689	1,117
Kalmunai	154	51,822	1,860
Trincomalee	190	54,110	1,867
Kurunegala	382	133,645	6,722
Kuliyapitiya	283	78,128	3,874
Nikaweratiya	227	67,889	2,322
Puttalam	137	35,428	1,285
Chilaw	172	61,230	2,670
Anuradhapura	498	122,996	4,836
Polonnaruwa	141	52,294	2,097
Bandarawela	335	96,648	4,544
Moneragala	174	51,921	1,981
Kegalle	571	156,033	7,563
Ratnapura	545	155,140	6,099
Total	9,052	3,135,446	133,162

*Note.*—Schools under the Ministry of Education.



### Educational Policy

The new policy orientations in education which are being spelt out in the Education Sector Paper 1978-1982 are summarized below to indicate the policy elements that would guide educational planning and administration in the ensuing years :

- (i) The development of education with a view to facilitating the growth of personality of the pupil in order to enable him/her to maintain his/her self-respect and dignity.
- (ii) The progressive education of the imbalance that exists between urban and rural schools.

The problem of imbalance in the distribution of facilities will be attacked on several fronts. Two schools in each Electorate would be developed in order to provide teaching facilities comparable to those available in well developed urban schools. Science teaching facilities would be improved to widen access to such fields as Medicine, Engineering and Science. The Scholarship programme would be recognised to cater more effectively to the needs of poor rural children.

- (iii) The establishment of school farms in order to encourage pupils to participate in productive agricultural activities.
- (iv) The formulation and implementation of a Parents' Charter for enlisting the co-operation of the parents in the development of education.

Parent-Teacher Associations would be set-up in all schools in the island. Monthly meetings of these associations would be at school-level, and representatives of the P.T.AA. will attend quarterly meetings at electorate-level. District representatives would meet annually at Ministry level where policy problems would be discussed. The P.T.AA. will in due course be reorganized as School Development Councils with wider community participation.

- (v) The establishment of an Education Service Commission with a view to stream-lining the operations involved in recruitment, training and development of Sri Lanka Education Service personnel.

An annual Education Conference would help to provide a forum for the exchange of views and experience among educationists, principals of schools and teachers.

- (vi) The organisation of non-formal programmes of education and training with a view to providing education and training facilities to adults and school-leavers who have not benefited much from formal education.
- (vii) The dissemination of information on innovations and experiences in education through the regular publication of a journal.

### Organization

The Executive Head of the Ministry is the Minister of Education who is assisted by a Deputy Minister. The Secretary oversees the work of all Departments/Institutions which constitute the Ministry of Education. For the purpose of decentralized administration the country is divided into 30 educational districts/sub-districts.

Each Education District/Sub-District Office is headed by a Director of Education/Chief Education Officer. Personnel management of the Teaching Service, Supervision of the Instructional Programme in schools and the provision of infrastructure elements are the major functions of a District/Sub-district office.

Each District/Sub-district is divided into several Circuits which are more or less co-extensive with the Electorates. Supervision of schools in a Circuit is the most important function performed by a Circuit Education Officer (C.E.O.) who is directly responsible to the Director/Chief Education Officer in the District/Sub-District Office.



### Management Training

The Ministry has recognized the need to provide key personnel involved in directing the system with opportunities for gaining insight into the pressing problems of the day. It has therefore taken some concrete measures for updating and reorienting the functional knowledge-base of officers working at the centre and at the periphery. The courses provided at the Staff Training College, which was recently established for training Education Service personnel, are being revamped to meet the widening roles that they will be called upon to play in the system which is being rapidly revitalized. Further, under a Scheme of Internal Scholarships, administrators, field officers and practising teachers would be selected for admission to a training programme which include visits to sites where national economic development activities and school-based environmental activities take place.

### Educational Finance

Education accounts for a major part of the budgeted expenditure on social services. Financial support extended by parents through payment of facilities fees amounts to less than 1.0 per cent of the public expenditure on education. Rising enrolments consequent on the lowering of the age of admission of pupils to schools and the expansion of the junior secondary cycle of education by one year necessitate the provision of teachers and infrastructure facilities on a larger scale than before. The education system has to operate within financial constraints imposed by economic imperatives. An examination of the pattern of educational expenditure expressed as percentage of either the G.N.P. or the total budgeted expenditure shows a downward trend during the period from 1965 to 1975, in contrast to the sharp rise in educational expenditure in rupee terms since then.

TABLE 17.2—EDUCATIONAL EXPENDITURE AS A PERCENTAGE OF THE  
GOVERNMENT BUDGET AND GNP—1975-1979

	1975	1976	1977	1978	1979
Total Voted Expenditure in the Government Budget (Rs. Million)	7,113.0	8,341.0	8,383.2	15,856.7	19,311.0
Total Voted Expenditure on Education (Rs. Million)	715.8	865.8	955.1	1,106.2	1,353.1
GNP at Current Factor Cost Prices (Rs. Million)	25,746.0	28,216.0	34,681.0	40,098.0	48,885.0
Expenditure on Education as a percentage of total Voted Expenditure	9.8	9.7	8.7	14.4	14.51
Expenditure on Education as a percentage on GNP at Current Factor Cost Prices	2.8	3.1	2.7	2.7	2.8

Source : Annual Report of the Central Bank of Ceylon for the Relevant Years.

### Community Support to Education

The inadequacy of facilities in disadvantaged schools in rural areas and urban slums for effective curriculum implementation and the insufficiency of funds provided in the Government Budget for meeting the requirements of the ill-equipped schools underline the need for channelling extra budgetary support to education. Mobilization of local support to supplement the educational effort of the Ministry requires the active participation of parents and interested members of the local community in development-oriented activities. The Ministry has, therefore, formulated a scheme to tap the resource potential of local communities to supplement and reinforce the available



facilities in deprived schools. The Scheme which is known as the "Voluntary Service Education Organization" would be implemented in every district by an organizational hierarchy consisting of the Regional Director, Chief Education Officer, Circuit Education Officers and Heads of Schools in these districts.

### Schools

In Sri Lanka, General Education comprises primary, junior secondary and senior secondary cycles. Primary and junior secondary cycles constitute the basic span of general education. The basic span is open to all students who wish to remain in the school system. Entry into the senior secondary cycle, however, is dependent on the level of performance at the G.C.E. (O/L) Examination, which marks the terminal point of the junior secondary cycle. Unlike the previous two cycles the senior secondary cycle has curriculum differentiated into subject streams (Arts and Science) leading to the G.C.E. (A./L.) Examination.

The three-tier scheme structure has been further categorized viz., 1A, schools have grade 11, 12 Arts, Science and Commerce Classes with laboratory and residential facilities, 1B schools have similar subjects taught but void of residential facilities. The category 1C have only Arts subjects at the 11 and 12 grades.

Schools in category 2 conduct classes either from the kindergarten to grade 10 or from grade 6 to grade 10. The last category comprises primary schools from the kindergarten to grade 5.

The re-classification of schools based on the above categories shows that the total number of 9,052 Government schools in the island in 1979 as comprising of—

<i>Re-classification</i>		<i>Number</i>
1A		
1B	Senior Secondary Schools	1,470
1C		
2	Junior Secondary Schools	3,994
3	Primary Schools	3,588
Total		9,052

### Special Education

Prior to the initiation of a Ministry programme in 1968 for benefiting the handicapped children in the country, religious and voluntary organizations provided limited services for the handicapped in residential institutions. The existing special educational programmes of the Ministry are conducted in special residential schools and in normal schools. The present trend in the country is to integrate special education into the pattern of general education. The Ministry of Education works in close co-operation with the Ministries of Health and Social Services in rehabilitating the handicapped, the blind, the deaf and the mentally retarded.

### Non-Formal Education

The Ministry's non-formal education programme is based on the philosophy of continuing and recurrent education. A concentrated effort is now being made to sustain and expand the non-formal education programme to meet the needs of school-leavers and adults in the Island. The programme has two major sub-programmes designed to improve the vocational competence and the capacity of the clientele population to play a dynamic role as citizens in a developing society.

A network of full-time Technical Units cater to the needs of young school-leavers and unemployed adults who would wish to establish themselves in self-employment. Under an expansion scheme prepared by the Non-formal Education Division of the Education Ministry, the present number



of 1,281 full time and part-time technical education units, with a trainee output of 35,000, would be increased to 2,160 by 1981. The majority of the courses available at the technical units are based on arts and crafts, metal-work, wood-work and agriculture. The courses seek to provide the trainees with the knowledge and skills required for exploiting job opportunities available in the country for self-employment.

A string of Adult Education Centres offer opportunities to adults who had not benefited from formal education to broaden their horizon and play more effective citizenship-roles through self-reliance. The training/instruction courses cover a variety of topics ranging from personality development and interpersonal relationship to community development and production-oriented subject fields. The Adult Education Centres numbering 50 at present will be increased to 160 by 1980. A component of the adult education sub-programme is a scheme for meeting the demand for opportunities to acquire a working knowledge of the English language. The Ministry has already established 100 English Schools within existing school premises to satisfy the growing demand for English. The number of such English Schools would be increased to cope with the increasing population of adults seeking a functional knowledge of the English Language.

Several Government Departments are at present engaged in providing training/orientation courses in such spheres as health, rural development, social services and allied fields. In order to co-ordinate the Government sponsored thrusts on different development fronts, a centre known as the Adult Education Co-ordination and Rural Technical Innovation Centre has been established at Minuwangoda.

### Teachers

Recruitment of teachers, teacher-education and development of teachers curriculum to meet day-to-day requirements of schools are among the major functions of the Ministry. The District Teacher Service was introduced in recent years with a view to providing an adequate teaching cadre to each District. Under this Scheme, teachers are recruited on a district basis and serve in the districts to which they are posted. Many districts cannot produce their own teachers, specially teachers of Science, Mathematics and English. There is also the problem where permanent homes of a large percentage of teachers are not located in the districts they serve. In the long run the Scheme of District Teacher Service would help ease the position as regards inter-district transfers to a negligible proportion.

The training of teachers is conducted in 28 Teachers' Colleges established in different parts of the country with an intake of 5,000 teacher trainees. These Colleges, which are all Government institutions, provide non-graduate teachers in service, an initial teacher education course of two years' duration to prepare them for teaching in Primary and Junior Secondary Grades. The two-year Teacher Education Programme has 3 components, viz., (a) Professional Education, (b) Academic Education, and (c) General Education. There is a common core of subjects for all student-teachers in the professional education component.

Graduate teachers follow a one-year post-graduate course leading to the Diploma in Education at the University level. The B.Ed. (Bachelor of Education) course is recognized as a pre-training course for those who wish to enter the teaching profession. In addition to the institutionalized teacher training programmes, Correspondence Teacher Education Courses are provided for both non-graduate and graduate teachers by the Correspondence Unit of the Teacher Education Branch of the Ministry of Education.

A revision of the teacher education programme conducted in Teachers' Colleges is being implemented under the current educational reforms in Sri Lanka. The proposed programme envisages three distinct stages : (i) Pre-service training on or just before joining service, (ii) A three-year sandwich course in segments of institutional and field training of six months' duration, and (iii) Service-long continuing education.



In-service training programmes have come to stay as a regular feature of the Ministry's effort to upgrade the professional competence of the practising teacher. While these programmes help teachers to keep abreast of the latest trends in educational development here and abroad, they also serve as a quick and efficient medium for the dissemination of innovations into the school system.

The multiplicity of grades and salary structures which characterize the Teacher Service is attributable to growth of the service over decades through unregulated accretion. The existence of several cadres and salary scales presents somewhat of an obstacle to the professional advancement of teachers. In order to mitigate the harsh effects of existing regulations governing the promotional prospects of practising teachers, a Teacher Service Minute is being prepared. The Teacher Service would in future comprise three grades and promotion from a lower to a higher grade will depend on the acquisition of prescribed pedagogic qualifications and relevant experience. The new scheme would considerably reduce frustration and inspire teachers to make efforts to ascend the professional ladder to reach higher rungs.

#### **Pirivena Education**

A Pirivena originally was a place where Buddhist monks came to learn, reflect and understand the Dhamma (the Buddhist Doctrine). They formed a unique feature in the educational scene of the country. In later years the original curriculum of the Pirivena was expanded to include such disciplines as Oriental Studies and some of these Pirivenas developed into renowned centres of oriental scholarship.

Traditionally, Pirivenas were independent and autonomous bodies which were not subject to any form of government control. Devout Buddhists attended to the needs of the monks and also contributed materially towards the welfare and development of these institutions. In 1947, the Government passed Regulations under the Education Ordinance to give financial grants to Pirivenas according to their pupil-strength. Criticism of the organization of Pirivena Education in many quarters led to the appointment of a Committee consisting of leading Buddhist monks of the country to inquire into and report on the changes necessary in Pirivena Education. Draft legislation based on the recommendations of the Committee was subsequently prepared. Opposition to certain provisions in the draft legislation prevented its passage in the National State Assembly (Parliament) during the tenure of office of the previous regime. These difficulties have been largely resolved by the present Government and a new Pirivena Bill was presented in Parliament. Provisions of the new Bill became effective as from January 1980. There are at present 285 Pirivenas with a pupil enrolment of 9,200 Bikkhus and 11,200 lay pupils. Budgetary provision for Pirivena Education is estimated at Rs. 23 million.

#### **Private Schools**

Private Schools are categorized as Private Non-Fee Levying and Fee Levying Schools. There are 25 registered Non-Fee Levying Private Schools with 32,000 students and 1,500 teachers and 12 Fee Levying Private Schools with 14,000 students and 850 teachers.

Non-Fee Levying schools are being assisted financially on the same basis as Government Schools. Steps were being taken to pay all the eligible teachers in Non-Fee Levying schools their salaries in the form of a grant with effect from January, 1980.

Free textbooks from Grades 1 to 10 would also be distributed to both Private Non-Fee Levying and Fee Levying school children in keeping with state's policy for the distribution of school textbooks among all school-going children in Sri Lanka.

#### **Education Reforms Committee**

The Education Reforms Committee was appointed by the Minister of Education in January 1978, to advise him on a broad range of subjects. The Committee's terms of reference excluded higher education but covered almost all other aspects of formal and non-formal education. The



Committee has invited teachers, parents, professional groups and other interested individuals to make representations on the structure and management of education. Curricula, evaluation practices and mode of examination, recruitment and development of teachers, teacher education vocational/technical education, educational research and a host of other closely linked subjects are among various subjects fields which could embody such representations.

#### Higher Education

A new Ministry of Higher Education was created on 29th March, 1978, which would function under the president of the Republic. The organization that come under this ministry are as follows :

- (a) University of Sri Lanka.
- (b) Buddhasravaka Dharmapithaya.
- (c) Technical Colleges and Training of Teachers in technical fields.
- (d) Training of Bikkhus for missionary work at home and abroad.
- (e) Fostering researches in Buddhism and Buddhist culture.
- (f) Foreign Scholarships and Fellowships.

*Universities Act.*—The University of Sri Lanka Act (No. 1) of 1972, has been replaced by a new Universities Act (No. 16) of 1978. Among its innovative features, the University Grants Commission and the University Services Appeals Board need special mention. The Act provides for the establishment of Universities, an Open University, University Colleges and Recognized Institutions for higher learning. While deviating from the existing unitary character of the University System the Act ensures the establishment of autonomous universities.

*New Universities.*—New Universities established under the Act of 1978 are :—

- (1) University of Colombo, Sri Lanka.
- (2) University of Sri Jayawardenapura, Sri Lanka.
- (3) University of Kelaniya, Sri Lanka.
- (4) University of Moratuwa, Sri Lanka.
- (5) University of Peradeniya, Sri Lanka.
- (6) University of Jaffna, Sri Lanka.

In addition, the Ruhuna University College affiliated to the University of Colombo has been set up in the South. The Dumbura Campus of the University of Peradeniya would be established at Polgolla.

TABLE 17.3.—NUMBER OF STUDENTS IN UNIVERSITIES—1979

Faculty	Peradeniya	Colombo	Sri Jayawardenapura	Kelaniya	Moratuwa	Jaffna	Total
Arts	2,298	—	1,359	2,473	—	922	7,052
Management studies and Commerce	—	—	1,089	—	—	—	1,089
Education	—	382	—	—	—	—	382
Law	—	166	—	—	—	—	166
Engineering and Architecture	—	—	—	—	776	—	776
Engineering	795	—	—	—	—	—	795
Medical, Dental and Vet. Science	862	861	—	—	—	141	1,864
Agriculture	436	—	—	—	—	—	436
Science	569	731	386	276	83	460	2,505
Total	4,960	2,140	2,834	2,749	859	1,523	15,065

*Note.*—Excludes the newly constituted Ruhuna University.



TABLE 17.4—UNIVERSITY ADMISSIONS—1975–1978

Course	1975	1976	1977	1978
<b>SCIENCE COURSES</b>				
Engineering	270	270	270	270
Physical Science	474	488	555	556
Total	744	758	825	826
Medicine	240	240	240	240
Dental Surgery	48	50	50	50
Veterinary Science	31	30	30	30
Agriculture	100	109	100	110
Biological Science	180	180	240	264
Total	599	609	660	694
<b>ART COURSES</b>				
Cultural Courses	—	105	135	190
Law	50	50	50	50
Education	150	150	150	150
Commerce	200	280	295	295
Arts	1,650	1,910	1,865	1,895
Total	2,050	2,495	2,495	2,580
<b>GRAND TOTAL</b>	<b>3,393</b>	<b>2,862</b>	<b>3,980</b>	<b>4,100</b>

Source : Senate House, University of Sri Lanka.

*Open University.*—The External Service Agency (ESA) of the University of Sri Lanka and the Sri Lanka Institute of Distance Education (SLIDE) will form the nucleus of the proposed Open University which will provide further education for school-leavers unable to enter the traditional Universities as well as for the employed adults. It is expected that the academic courses would be provided by the ESA while programmes in Technical/Vocational and Science-based courses will be offered by the SLIDE. A multi-media approach be adopted consisting of correspondence courses, personal contact at regional centres, radio broadcasts, recorded cassettes and television, when available. Regional centres where seminars and laboratory classes would be conducted are envisaged.



**University for Buddhists Monks.**—The Buddhasravaka Dharmapithaya established under the BSDP Act (No. 16) of 1968, is a unitary and residential University for Buddhists Monks, situated in the sacred city of Anuradhapura. This University has as its objectives the following :

- (1) training of Bikkhus in accordance with the teaching of the Buddha ;
- (2) encourage meditation among students of the University ;
- (3) training of Bikkhus for the propagation of the teaching of the Buddha in Sri Lanka and abroad ;
- (4) encouraging the study of and research in Buddhism ; and
- (5) promotion of Buddhist culture.

About twenty-five monks are admitted annually to this University for a course of studies lasting over a five-year span.

**Technical Institutes.**—The Technical Education Branch of the Ministry of Education was brought under the Ministry of Higher Education, from the inception of this Ministry in 1978. The number of Technical Institutes manned by the Technical Education Branch has now risen to 18, eight of them being Polytechnical Institutes and the rest Junior Technical Institutes. A total of 9,830 students were following various courses at these Institutes during the year. The scheme of recruitment by means of a competitive entrance examination was dispensed with and in its place a computerised scheme has been introduced.



## CHAPTER XVIII

## HEALTH

## General

Though Sri Lanka is one of the developing countries with a relatively low per capita income, it offers its people a physical quality of life far superior to most of the countries in the Asian region. This has been the beneficial impact in the provision of free educational and health services and a concern for the maintenance of a minimum level of food consumption at all levels over a considerable span of years.

The health status of the people of Sri Lanka as measured by standard indices such as life expectation at birth, crude death rate, infant mortality rate and maternal mortality rate, compares favourably with those of some of the developed countries. The trend in health progress after a period of rapid gain (1956-1963) seems to have however slowed down, becoming relatively static in the last few years.

TABLE 18.1—INDICATORS OF WELL-BEING

		1946	1963	1971	1974	1975	1976	1977	1978
C.D.R.		19.8	8.5	7.7	9.0	8.5	7.8	7.4	6.6
I.M.R.		141.0	54.2	44.8	51.2	45.1	43.7	42.4	37.1
	M	43.9	61.9 (1962)	64.2					
Life Expectation	F	41.6	61.4 (1962)	67.1					

Life Ex. - Expectation of Life at birth  
 C.D.R. - Crude Death Rate  
 I.M.R. - Infant Mortality Rate

Morbidity data continue to portray a trend as that of a developing country with a preponderance of diseases related to low socio-economic conditions and poor environment. Some of the major problems however seen in the developed countries such as cardio vascular diseases, accidents, venereal diseases have now taken their place amongst the leading causes of morbidity in Sri Lanka.

Malaria which was nearly eradicated in 1961 has once again become one of the major health hazards. The morbidity rate of 0.01 per 1,000 in 1961 rose to 23.15 per 1,000 in 1974.

Contributory factors to the slowing down of progress in health standards during the last decade are many, the major ones being the rapid population growth, loss of trained manpower (brain drain) and relative change of emphasis from preventive programmes to patient-care programmes. Action has already been initiated and are under way to arrest this trend. An active population programme is in progress. Health manpower development has been given high priority. Public health programmes have once again been given due emphasis.

## Health Administration

The major department under the Ministry is the Department of Health which provides only western allopathic health services. Services in the traditional systems of medicine viz., Ayurveda, Siddha and Unani are provided by the Department of Ayurveda, which now functions under the Ministry of Indigenous Medicine.



The western and traditional systems have remained distinct. The organisation, administration, institutions, medical education and training, pharmacopoeia, dietics, personnel, etc., are all different.

For purposes of administration of the Health Department the country is divided into 16 health divisions and each division is manned by a senior Medical Administrator—the Superintendent of Health Services. He is responsible for all the services in his division viz., patient care, laboratory and community health services. The Health Service is thus decentralised and the Superintendent has wide powers in organising the services to meet the needs of his division. A new Ministry has been constituted to develop the Ayurvedic form of treatment.

### Health Expenditure

Annual health expenditure under the Government's financial provisions has steadily increased over the last 6 years almost doubling itself from a figure of Rs. 230,444,123 in 1969/70 to Rs. 416,593,446 in 1976. The larger proportion of the expenditure, nearly 80 per cent has been absorbed by the patient care system, leaving only 20 per cent for the total public health or community health services. Total budgetary provision for Health Services in 1979 exceeds Rs. 800 million but of this, only Rs. 80 million is for community health services. Though the overall Health Vote has considerably increased during the last few years, the greater portion is absorbed for patient care. Hospital-based medical care is becoming increasingly expensive. Wages for health personnel, drugs and equipment consume a large slice of the expenditure. There is a growing acceptance amongst professionals and policy-makers of the need for a change in emphasis from medical or patient care to preventive and community health care.

### Health Services Organisation and Management

The Health Services in Sri Lanka are available to the community free of charge. Some of the more remote parts of the island are not adequately served but this deficiency is being gradually overcome.

In terms of administration and resource allocation, health services may broadly be classified into :—

- (1) Patient Care Services.
- (2) Community Health Services or Public Health Services.

The integration of these services seems somewhat a difficult proposition.

*Patient Care Services.*—Elementary or basic medical care is available to the entire community through a widely distributed network of smaller institutions ranging from visiting stations and central dispensaries to smaller hospitals (cottage or rural hospitals and peripheral units) located largely in the rural areas of the island. These institutions for most part are manned by Registered/Assistant Medical Practitioners. Facilities for referral from these institutions to larger hospitals are available through ambulance services.

*Referral Medical Service.*—More advanced medical care is available at the next stage of hospital care ranging from district hospitals and base hospitals to General Hospitals. Whilst the district hospitals mostly provide general medical care, the base hospitals provide specialised services such as surgery, medicine, obstetrics, paediatrics, etc.

The larger General Hospitals located in the capital cities of the provinces in addition to the major specialities, also provide services in the field of specialisation, such as ENT, Eye, Orthopaedic, Thoracic, etc. The General Hospital, Colombo, is the largest hospital in Sri Lanka and provides a wide range of comprehensive and up to-date medical care facilities.

Special hospitals such as the Lady Ridgeway Hospital for children, the Eye Hospital, the two Mental Hospitals, the Cancer Hospital, the two Maternity Hospitals for Women, and the Fever Hospital provides care in the respective speciality to those referred from other medical institutions.



General Hospitals—Kandy and Colombo—also serve as teaching hospitals for the two medical faculties of the University. A multi-million teaching hospital complex is under construction for the Medical Faculty at Peradeniya. These patient-care services have continued to expand over the years and have a relatively high resource consumption level (80 percent of the annual Health Budget).

TABLE 18.2—HOSPITALS, TOTAL BED STRENGTH AND HEALTH PERSONNEL IN GOVERNMENT MEDICAL INSTITUTION—1975 TO 1979

	1975	1976	1977	1978	1979
Hospitals	345	347	356	359	374
Bed strength	39,568	39,838	39,879	40,335	41,015
Doctors	2,113	2,248	2,168	2,229	1,936
Assistant Medical Practitioners	1,068	1,059	1,018	1,051	931
Nursing staff	5,653	5,640	6,266	5,938	6,638
Budgetary allocation (Rs. million)*	340.7	416.6	471.0	589.0	736.1

\*Provision of State Health Service including Ayurveda.

*Community Health Services (Public Health).*—A well organised public health service came into operation with the establishment of the health unit system as far back as 1926. Each Health Unit area has a comprehensive and well planned preventive health care programme. The major elements of the programme consist of :—

- (1) Collection, Analysis and Interpretation of Vital Data.
- (2) Control of Communicable Diseases.
- (3) Maternal and Child Health including School Health.
- (4) Environmental Health.
- (5) Health Education.

There are 102 such Health Units and each unit is manned by a Medical Officer of Health and a team of public health personnel comprising Public Health Inspectors, Public Health Nurses and Public Health Midwives. This service continues to make a significant contribution towards the health status of the people. Major communicable diseases like small-pox, cholera, malaria are kept under control. There has been a significant reduction in the maternal mortality rate and infant mortality rate. A comprehensive maternal and child health care service is generally available to mothers in their homes, clinics, maternity homes and other institutions located in proximity.

These services unfortunately have not kept pace with the demands of a rapidly increasing population. A health unit originally planned and geared to care for a population of 40,000 on an average has to serve the needs of a population over 150,000 at present. The manpower requirements for such a comprehensive preventive programme has dropped appreciably far short of the needs. There has been also a shift in emphasis towards the hospital or patient care programmes resulting in the neglect of the public health programmes. The need for the strengthening of this important service has now received attention of the Government. High priority has been given to this aspect of the health programme under the new policy of health administration.

#### Maternal Health Service

This forms an important constituent of the health care programme. Services are made available to the mothers both through the hospital system and the community health services during the ante-natal, natal and post-natal periods. A domiciliary maternal health service conducted by field Public Health Midwives is available to all mothers including those even in the more rural



areas of the country. Expectant mothers are registered and are visited in their homes. During these home visits, mothers are examined, and necessary advice is given regarding nutrition, personal hygiene, etc. They are referred to clinics conducted by Medical Officers of Health, where they are subject to a complete examination including blood pressure recording, urine test for albumin and sugar content and haemoglobin estimates. Blood is also taken routinely for Venereal Disease Research Laboratory (VDRL) examinations. Mothers are administered with two doses of Tetanus Toxoid during the ante-natal period. Those suspected even of minor complications are referred to the nearest institution for specialised obstetric care. Almost all mothers have trained care during parturition. A majority of the mothers deliver in hospitals. A small percentage deliver in their homes, but usually with care and assistance provided by trained midwives. A very small section, less than 1 percent in the very remote rural areas, may be delivered by an untrained midwife. This practice is fast disappearing with the expansion of communication facilities even in these rural areas.

The Maternal Health programme also provides for an extensive Family Planning service as an integral component. The simpler contraceptive materials are made available to the mothers in their homes by the field staff or they could obtain their supplies from the field midwife who generally resides in the village. These supplies are also available at the medical care institutions at a nominal cost and are within the reach of the poorest families in the country. IUD insertions are done at clinics (field and institutions) free of charge. Facilities for LRT and Vasectomy are also available at the larger hospitals and are also free of charge. Family Planning service constitutes a high priority component of the present Maternal Health programme and is an integral part of the population programme of Sri Lanka. Since inception of this programme in 1965 a steady decline in birth rates has been observed (1966—32.2, 1977—27.9 and in 1979—28.7 per thousand population).

*Child Health Service.*—Regular home visits are paid to new-born infants by Public Health Midwives. The mother is guided and assisted in the care of her baby. Since most mothers are discharged from the hospital within a few days of delivery, the Public Health Midwife attends to post-natal care, cord dressings of the infant, and advises the mother regarding feeding and bathing of the infant and general personal hygiene.

Infant care is continued at child welfare centres conducted by M.O.H. and his staff. At these centres they are physically examined, regularly weighed, and growth assessed. Those needing special attention are referred to institutions. Supplementary foods and vitamins are also provided to those in need. BCG, DPT and Polio Vaccine are administered to children at these centres and at all medical institutions. Regular treatment against common intestinal parasites such as round worm, hook worm, is also given at these centres.

*Poly Clinics.*—A recent development in the maternal care services has been the establishment of poly clinics where ante-natal care, child welfare and family planning services are provided at a single centre. This helps reduce the number of visits a mother makes thus enabling the family to receive comprehensive care during one visit. The Public Health Midwife who is normally expected to provide a comprehensive maternity care to a population of 2,500—4,000, is at present handicapped by the larger population. She has to cover at present often ranging from 5,000 to 7,000. Action has been taken to increase cadres of all field staff. Steps to strengthen this services has been planned and provided for in the new proposals of the Ministry of Health. It is anticipated that adequate cadres of MCH field personnel by way of Public Health Nurses and Public Health Midwives would be available within the next few years.

#### Control of Communicable Diseases

Major communicable diseases continue to be those associated with poor environment. The prevalence of respiratory infections in childhood is a direct consequence of poor housing and overcrowding. Diarrhoea, Infective Hepatitis and Typhoid are still amongst leading communicable



diseases. Whooping Cough and Diphtheria are not uncommon in early childhood. Incidence of Poliomyelitis, Diphtheria Whooping Cough, Tetanus and Tuberculosis in childhood have shown a considerable decline with the implementation of an island-wide Immunisation programme.

All outbreaks of communicable diseases are investigated with strict surveillance to prevent their spread. Most of these diseases however are endemic and their complete eradication necessarily has to await improvement of the socio-economic conditions of the people excepting those diseases for which protective vaccines are available. The incidence of the latter group of diseases has shown a decline and a comprehensive expanded immunisation programme with a view to eradicating them is in progress.

An island wide programme consisting of mass immunisation of dogs and destruction of stray dogs is being carried out to eradicate Rabies in the island.

*Special Communicable Diseases.*—Malaria, Filaria, Tuberculosis, Venereal Diseases and Leprosy constitute a group of communicable diseases against which special control programmes are in operation.

*Malaria.*—Malaria after near eradication in 1967 (only 17 cases were reported in that year) is once again prevalent in nearly two thirds of the territory of Sri Lanka. The total number of cases for 1976 had increased to 304,487. Fortunately due to ready availability of treatment, the number of deaths was extremely low. The main causes for the resurgence have been identified as :—

- (1) Vector resistance to insecticide DDT.
- (2) Population movement to malarious areas for gemming and food production activities.
- (3) Community resistance to residual spraying.
- (4) Environment conditions feasible to transmission, such as prolonged drought conditions in the wet zone.
- (5) Refusal of patients to undergo the full course of treatment.

Four deaths were reported in 1976 giving a mortality rate of 0.14 per million population.

With due consideration to the above factors, a comprehensive control programme is in progress. DDT has been replaced with Malathion. Community participation in the control programme has been strengthened. With the adoption of these new control measures the incidence has gradually declined specially plasmodium Falciparum infections which always carried the higher risk of mortality.

Effective control of malaria has become vital in the context of the massive development programmes in the country such as Mahaweli Diversion where the greater proportion of the work undertaken lies in the malarious belt. Loss of man hours due to malaria could cause serious setback to developmental activities. The Malaria Control Programme has therefore been given the highest priority and considerable amounts of local and foreign resources have been invested. The present declining trend in incidence holds good promise. The programme however would be continued till the disease is brought under control.



*Tuberculosis.*—The incidence of Tuberculosis has shown a steady decline.

Incidence/100,000/				
1960	1965	1970	1974	1976
106.3	62.0	46.0	45.7	—
Mortality/100,000/				
1960	1965	1970	1974	1976
16.4	14.5	12.5	11.7	—

The present control programme is integrated into both patient care and special health service programme. Facilities for case detection such as sputum examination has been made available at all the institutions including the central dispensaries located in the periphery. Sputum positive cases are referred to specialised chest clinics for confirmation of diagnosis and the initial phase of the treatment. For follow-up treatment the patient is referred to the nearest Medical institution. Public Health Inspectors of the area visit the institution and check on the treatment received. Where a patient defaults he is visited in the home and persuaded to continue treatment regularly. Needy Tuberculosis patients also receive social assistance. Employed patients are given one year's full pay leave.

This approach involves the total health care system in the control of a specific disease rather than a vertical programme. If found to be successful, this could serve as a model in the control of other specific diseases such as Venereal Diseases, Malaria, etc.

*Venereal Diseases.*—There has been an increase in the incidence of Venereal Diseases in the country in the last few years.

This rising incidence seems to follow the pattern as observed in some of the developed countries. Another disturbing feature is its infiltration into the rural parts of the country. The larger proportion of patients (60 percent syphilis, 63.5 percent gonorrhoea) came from the age group of 20–29 years. A majority of the patients are from lower socio-economic strata. These diseases at present seem to be particularly prevalent among out-of school young population. Over-crowding, low socio-economic conditions, mobility of population from rural to urban centres and vice versa, delayed marriageable age for males and females and the breakdown of some traditional values could be adduced as some of the main reasons for increase in the incidence of these diseases.

A specific control programme has been in operation for over 3 decades. A network of 12 full time clinics and several part-time peripheral clinics attached to them cover the entire country. Case detection and treatment, contact tracing and treatment, routine blood examination of all expectant mothers, and treatment of those found positive are main elements in the control programme. Patient and contact education at the clinics forms an important aspect on the control programme of these diseases. Acute shortage of staff appears to thwart effective control measures now being adopted.

#### School Health Programme

There are nearly 3.1 million children attending the formal school system in the island. The school health programme is the joint responsibility of the Ministries of Education and Health. The National Joint School Health Council with representative of both Ministries assist in the matter of policy for mulation.



Health appraisal of the school children was originally confined to medical inspections conducted by health staff alone. Since 1976 this activity has been shared by the teachers and health workers, after a suitable training. First level screening of the school children is being done by the teachers and referred to the nearest health care institution for diagnosis and management. This new approach covers a larger proportion of children. All Grade 1 teachers in the island have now been trained and health institutions give priority attention to school children referred by teachers. It is proposed to expand this scheme after suitable evaluation.

### Health Education

A large proportion of the country's problems affecting the community are closely related to human behaviour and health practices.

In this context major activities in the health education programme could broadly be classified in the following :—

(1) *Community Health Education Programme.*—These are in support of ongoing health programmes such as Family Health, Family Planning, Immunisation, Control of Communicable Diseases, Environmental Health, etc. They are carried out by field staff and are based on the health needs of the family or the community. Besides health personnel, others such as teachers and other extension workers also participate in health education activities. The most recent development in this field has been the expansion of the health education programme utilising services of village level health volunteers, mostly out-of-school educated youth.

Hospitals as educational centres have shown great promise. Action has been initiated to incorporate patient education as an integral component of patient care in medical institutions. These educational activities are carried out in clinics and O.P.D.'s by the general staff including doctors, nurses and others. Suitable reading material for patients is being developed. Some hospitals have established special health education centres or clinics to which patients are referred. The larger hospitals have been equipped with public address systems and regular health messages are broadcast for the benefit of patients and hospital visitors.

(2) *Training in Health Education.*—Training of health staff in health education both in-service and pre-service is being regularly conducted. Such training programmes are also conducted for other extension workers, teachers, voluntary agencies, community leaders, etc.

(3) *School Health Education.*—This is basically the same as School Health Programme.

(4) *Research in Health Education.*—Sample studies are undertaken regularly to obtain the necessary data to develop the education programme.

(5) *Mass Media Programme.*—Consists of regular publication of health journals and printed material, feature articles in the daily press, screening of films, radio broadcasts and health exhibitions.

(6) *Dental Health Education.*—This forms a special component of the health education programme. School dental nurses whose functions were largely limited to fillings and extractions are now actively engaged in this aspect of educational activity.

### Laboratory Services

These services support both patient care and public health programmes. The Medical Research Institute located in Colombo is the main laboratory in the island. This institution besides carrying out research work and investigations also produces some of the vaccines needed in the country. All larger hospitals have their own laboratories for routine investigations. During outbreaks of epidemics, these laboratories assist in the investigation of these diseases.



**Food Hygiene**

The Food and Drugs Act is in operation in most of the towns. Authorised officers of the Health Department enforce this Act in their respective areas. These officers are empowered to carry out regular investigations to ensure standards of purity. All food handling establishments have to conform to certain hygiene standards laid down by the local authorities before licences are issued to continue business. Apart from legal action, offenders under the Act are also given instructions in personal and food hygiene.

**Blood Transfusion Service**

The Central Blood Bank functions in Colombo. Donors often give their blood free, although an honorarium is available. The larger hospitals have their own minor blood banks with a trained officer in charge. The Superintendent, Blood Transfusion Service, is responsible for this service throughout the island.

**Dental Health Service**

Dental Services are provided through the larger medical institutions (Provincial, Base and District Hospitals). These units are manned by qualified Dental Surgeons. There is an acute shortage of Dental Surgeons. Dental health needs of the pre-school and school children under 12 years are made through the School Dental Service. These School Dental Clinics are located in selected schools in different parts of the country and are manned by School Dental Nurses.

**Health Manpower**

Increasing population and multiplication of services on the one hand, the brain drain of medical and para-medical professionals and inadequate expansion of education and training programmes for such personnel on the other, have contributed to the present acute shortage of health manpower. Shortage of doctors, nurses, physiotherapists, radiographers, laboratory technicians, etc., has resulted in a critical situation.

Number of measures have been taken to overcome this problem of manpower shortage. Privileges have been given to doctors such as the right to engage in limited private practice after working hours, special permission to import vehicles, granting of leave for higher studies, etc., in the expectation that these would act as incentives for the doctors to remain in service. Action has also been taken to increase the output of medical graduates from 250 to 350 by increasing the intake to the two Medical Faculties and opening up of 3 more new Medical Faculties. The training of nurses have been increased from 400 to 1,250. As an interim measure, until adequate cadres are trained with U.N. assistance, a short-term programme to recruit doctors from outside countries has been implemented.

**Private Sector Health Care**

Besides Health Care Services provided by the Government, there is a rapidly expanding private general practice service. This service which was earlier limited to bigger cities seems to have extended itself into the smaller cities and towns where new medical graduates are establishing themselves in private practice. These services are popular as judged by the increasing attendance at private clinics and dispensaries. A small number of private hospitals in the bigger cities provide indoor care.

**Ayurvedic Medical Services**

Ayurveda is an important aspect in the provision of national health services. The awareness for this form of indigenous treatment has been keenly felt in recent years, as evident from the fact that a new Ministry has been constituted by the present Government for the development and promotion of Ayurveda, Siddha and Unani in Sri Lanka.



The Ministry of Indigenous Medicine has as its objectives, (a) training of Ayurvedic Practitioners, (b) registration and regulations of professional standards of Ayurvedic Practitioners, (c) treatment of indoor and outdoor patients at Ayurvedic hospitals, (d) manufacture of Ayurvedic drugs, import, export distribution thereof, (e) establishment of research institutes for the development of Ayurveda, (f) grants to Ayurvedic hospitals and dispensaries and (g) maintenance of herbaria.

State institutions which help to achieve these objectives are the Department of Ayurveda, State Pharmaceuticals Corporation and the Ayurvedic Drugs Corporation.

The Ayurvedic General Hospital Colombo and other Ayurvedic hospitals located in various parts of Sri Lanka cater to the needs of both indoor and outdoor patients. A total of 1,032,116 outdoor cases and 13,845 indoor cases were treated during 1979. Total bed-strength at these institutions was 741. There are about 10,000 registered Ayurvedic practitioners in the island.

The Free Ayurvedic Dispensaries maintained by local authorities treated a total of 2,187,492 patients. State assistance provided to these institutions was Rs. 4.4 million as at end of 1979.



## CHAPTER XIX

### TRANSPORT AND COMMUNICATIONS

By the end of 1979 Sri Lanka had over 26,800 kilometres of roadways, 1,395 kilometres of broad gauge railways and 58 kilometres of narrow gauge railways.

Of this network of roadways as much as 8,800 kilometres were either trunk roads connecting the national capital and the provincial capitals or main roads linked to them. They were metalled and bitumen surfaced. Besides the road system included another 9,300 kilometres of 'C' class roads, i.e., agricultural roads and local roads, mostly metalled but with a small percentage gravelled. The other roads are gravelled, some of which are motorable only during dry weather.

#### The Department of Motor Traffic

The Department of Motor Traffic is responsible for the administration of the Motor Traffic Act and Regulations made thereunder. Its functions are the registration and licensing of motor vehicles, registration of transfer of motor vehicles, issue of licences for drivers, conductors and ticket inspectors, issue of fitness certificates for commercial vehicles, examining and reporting on vehicles involved in accidents and implementation of the Finance Law, (No. 47) of 1973, relating to sale of certain class of vehicles and the motor cars (Tax on Transfers) Law, (No. 13) of 1978, which superseded the Finance Act, (No. 11) of 1963.

The total number of registered vehicles in the island as at the end of 1979 was 274,080 comprising 109,273 private cars, 5,180 hiring cars, 45,087 motor cycles, 17,317 omnibuses, 45,518 land vehicles, 51,665 lorries and vans and 40 other vehicles.

Though there has been a considerable increase in the number of vehicles imported in to the island after liberalisation of imports, vehicles which were registered and in use in the island continue to change hands as often they did before.

The Licensing Authority for motor vehicles in the Colombo District is the Registrar of Motor Vehicles. The Government Agents are the Licensing Authorities for motor vehicles, in their respective districts.

There are over eighty thousand vehicles in the Colombo District and the majority of these vehicles were licensed towards the latter part of December 1979 though licensing for the year 1979 commenced in 1978. A total of 99,797 licences were issued collecting an overall revenue of Rs. 41.1 million.

As the department is responsible for the implementation of the provisions of the Motor Traffic Act, (No. 14) of 1951, the regulations were amended as and when it was deemed necessary to do so. But with the passage of time it has become necessary to revise the whole Act and the regulations therein to meet present day technological advances which have resulted in the production of larger, heavier, and swifter vehicles.

#### Ceylon Transport Board

The Ceylon Transport Board was set up in 1957 with the enactment of the Motor Transport Act, (No. 48) of 1957. In pursuance of the duties cast upon the board, the nationalisation of all relevant private bus companies, the board took over 76 such companies in January 1958 with a network of 1,225 routes and a route kilometrage of approximately 35,400. This involved 3,400 buses and 15,000 employees of the companies concerned. Since nationalisation there has been an overall growth in the service offered by the C. T. B. to the public.



In June 1978, the Ceylon Transport Board which functioned as a Central Authority for the provision of all bus services of the country was decentralised forming 9 Regional Boards with a Central Transport Board to co-ordinate the workings of the Regional Boards.

This re-organisation was in pursuance of the Transport Board Law, (No. 19) of 1978, which repealed the Motor Transport Act, (No. 48) of 1957, under which the Ceylon Transport Board was established.

Statistical data showing achievements in operated kilometres, passengers carried and buses operated for the years 1978 and 1979 appear below :

Year	Fleet Strength	Average No. of Buses Operated	Kilometres operated (million)	Passenger kilometres (million)	Passenger carried (million)
1978	7,629	5,097	450.7	17,563.4	1,741.1
1979	7,229	5,548	481.8	19,255.6	1,860.9

With the decentralisation of the Ceylon Transport Board by establishing a Central Board and 9 Regional Boards, it was felt that better attention could be focussed on commuter needs at the base level of operation. A system of mixed operation was introduced by the Government in April 1979 with the participation of private omnibus operators. Though this measure has apparently a less impact on urban commuter services, it did afford some form of relief to the rural sector services which the private sector could supplement. There were 38 such omnibus operators and had a fleet-strength of about 100 vehicles. New services were commenced and existing services extended by the Regional Transport Boards to ease as far as practicable commuter over-crowding.

#### Sri Lanka Government Railway

The Sri Lanka Government Railway has been managed as a Government Department since its inception in December 1864. It has a total network of 1,453 kilometers consisting of 1,395 kilometers of broad gauge track (width 17 metres) and 58 kilometers of narrow gauge track (width 7 metres) connecting 160 Railway Stations, 99 Railway (Traffic) Agencies and 27 Train Halts for the movement of passenger parcels, goods and livestock traffic.

The narrow gauge services which earlier existed from Colombo to Opanaika (Kelani Valley Line) and Nanu Oya to Nuwara Eliya (Udapussellawa Railway) were gradually closed down and at present only a commuter service is operated from Colombo to Homagama with a subsequent extension to Avissawella. It is proposed to broad gauge the Kelani Valley line in stages to provide better service for areas served by this line.

The Railway Out Agencies numbering 21 are maintained at places outside the Railway network to facilitate the movement of goods and parcels to and from the nearest railhead. Basically, the Sri Lanka Government Railway operates on nine major lines.

The railway track is being gradually replaced with a heavier and welded rails for comfort, safety and higher speed.

*Organisation.*—The Railway Department is divided into 8 sub-departments, namely—

- (i) Transportation
- (ii) Chief Mechanical Engineer's
- (iii) Chief Engineer's (Way and Works)
- (iv) Motive Power
- (v) Signal and Telecommunication
- (vi) Commercial
- (vii) Chief Accountant's
- (viii) Railway Stores



The other units which function directly under the General Manager are :

- (a) Railway Security Service
- (b) Planning Unit
- (c) Traffic Costing Unit

Railway revenue for the year 1979 was in the region of Rs. 330 million.

**Functions.**—Sri Lanka Railway along with the Sri Lanka Transport Board meet almost the entire requirements of regular passenger traffic in the country. On the freight side the Railway has been mainly utilised by the public sector for the bulk movement of petroleum, cement, fertiliser and food, of raw materials for agriculture and industry and of primary products for exports.

### Inland Water Transport

Sri Lanka has a series of navigable canals stretching from the West Coast at Bolgoda to Colombo Negombo and Puttalam. The estuaries of Kaluganga, Kelani Ganga, Maha Oya and Deduru Oya also serve as navigable water lengths. There is thus a continuous waterway from Kalutara in the South to Puttalam in the north covering approximately a distance of 193 kilometres.

A total of about 265 kilometres of inland waterways are maintained by the State including 73 kilometres of boat channel in Jaffna Peninsula.

Feasibility studies have been undertaken since 1970 on the question of developing canals for the transport of goods and cargo in and around Colombo.

The oil price-hike of 1973 however gave an impetus to the implementation of programmes for goods and cargo haulage along the existing network of canals to set off the sharp increase in transport costs by road and rail.

In pursuance of this objective the Canal Development Division was set up under the Ministry of Local Government, Housing and Construction in May 1975, to handle the re-development of the Colombo-Puttalam canal, in gradual stages.

The restoration of the canal, apart from being an infra-structural element serving transport needs, drainage, irrigation and region development would contribute towards the following ends :—

- (i) relieving congestion on roads ;
- (ii) generating employment opportunities ;
- (iii) Boosting up the boat-building Industry ;
- (iv) reclamation of Muthurajawela swamp ;
- (v) beneficial impact on the agricultural and fishing industries ;
- (vi) promoting recreational and tourist pleasure as water sports.

River bank protection and dredging continued despite certain constraints arising from non-availability of construction material and fewer man-days worked, attributable to tide variations.

### Shipping

The introduction of the ' Merchant Shipping Act (No. 52) of 1971' was an important change in the history of merchant shipping.

The enactment of a new Merchant Shipping Act was deemed necessary due to the—

- (a) antiquated Colonial Laws under which even a ship could not be registered as a Sri Lanka Vessel or to fly the national flag ;
- (b) recent trends in maritime transport and particularly national shipping legislation ;
- (c) government policy to develop a national merchant marine and other ancillary industries and provision of necessary facilities.



The Merchant Shipping Act, (No. 52) of 1971, is quite a comprehensive piece of legislation on shipping and consists of twelve parts dealing with the administrative structure necessary to administer the Act viz., Registration of Sri Lanka ships ; Control of Shipping ; Master and Seamen ; Construction Equipment and Survey ; Navigation Safety ; Wreck and salvage ; Legal proceedings, etc.

### Ceylon Shipping Corporation

The Ceylon Shipping Corporation was established to operate services for the transport of goods passengers and mail by sea and also to transact business with ship-owners, charterers and shipping agents. It also undertakes the building, maintenance, repair and overhaul of ships and vessels.

The Corporation fleet consists of eight vessels : Lanka Rani, Lanka Sagarika, Lanka Devi, Lanka Kalyani, Lanka Kanthi, Lanka Shanthi, Lanka Keerthi and Lanka Ratna. The tanker Tammanna is jointly-owned by the Shipping Corporation and the Petroleum Corporation.

Assistance is also afforded by the Corporation to several Government departments and corporations in acting on their behalf as their local Chartering Brokers. Its investments include the following subsidiaries : Colombo Dockyard Ltd. (75 per cent share capital), Lanka Tankers Ltd. (50 per cent share capital), Ceylon Port Services Ltd., (18 per cent share capital and 82 per cent share capital with Ceylon Shipping Lines Ltd.), Ceylon Shipping Ltd. (100 per cent share capital), Sealand Shipping Ltd., (51 per cent share capital) and Amalgamated Lines Ltd. (51 per cent share capital).

The salient features in the progress of the Corporation were the increase in number of round voyages, which was 53 in 1978 ; the return on capital employed which improved to 44 per cent and foreign exchange savings which reached the figure of Rs. 130 million.

A summary of overall performance in 1978 were as follows :

#### Profit Growth

- (a) Gross Revenue (Rs. million)—468
- (b) Net Profit before Interest and Taxation (Rs. million)—84
- (c) Earnings per Rupee contributed by Government (EPR) (Rs. million)—1.8
- (d) Return on Capital Employed (per cent)—44

#### Foreign Exchange Profitability (Rs. million)—130

- (a) Number of Vessels :
  - Owned (Dry Cargo)—8
  - Managed (Tanker)—1
- (b) Number of Round Voyages Performed—53
- (c) Tonnage lifted by CSC fleet—
  - Inward (Freight tons)—173,402
  - Outwards (Freight tons)—233,180

#### Shipping Office : Position as 31st December 1979:

- (1) 58 Shipping Agents obtained licences under the Licensing of Shipping Agents Act :
- (2) Services rendered—
  - (a) Ship masters attended to—723
  - (b) Change of masters—31
  - (c) Seamen signed on—3,521
  - (d) Seamen signed off—2,538
  - (e) No. of Sri Lankan Seamen engaged on Sri Lankan Ships—2,334



*Surveys* :—The following surveys of vessels were carried out during 1979:—

	Colombo	Out Ports
Passenger launches	41	34
Passenger and Cargo launches	—	299

#### Central Freight Bureau of Sri Lanka

The Central Freight Bureau of Sri Lanka was established on 1st September, 1973, with the enactment of the Central Freight Bureau of Sri Lanka Law (No. 26). The Bureau took over the functions then performed by the Ceylon Freight Bureau, set up under the aegis of the Sri Lanka Shippers' Council. The Central Freight Bureau commenced operations with the reservation of space for shipments to Ports in the U. K. and the Continent. Space reservations for shipments to Persian Gulf/Arabian Gulf, Red Sea, Karachchi and the Far Eastern Ports was subsequently taken over by the Bureau. With the conversion of the Bureau to a Statutory Body, the basic functions performed were to aggregate cargo to ensure the provision of economical loads for all vessels and rationalize sailing schedules.

A Research Division was established within the Bureau to analyse and compute freight increases and other surcharges. The Bureau was solely empowered to negotiate on behalf of shippers with principals of shipping lines on matters relating to allocation of space, ensuring economic loads surcharges, etc.

Incorrect references with regard to the operations of the C. F. B., in international shipping circles prompted the Sri Lanka representative at the 17th session of the UNCTAD committee on shipping to state as follows :

“ The Central Freight Bureau was by no means that country's sole shipper but was essentially a link between the shipper and the shipping companies. It acted as a catalyst to promote the shipping activities of the country. Furthermore, the Bureau had on its directorate representatives of the Shipper's Council and representatives of the relevant government bodies, thus effectively looking after the shipping interests of the country. The prime aim of the Bureau was not the allocation of the cargo to national ships, but the rationalization of shipping services from this country. Its other objectives were the aggregation of cargo to provide economical loads, improvement of turn-round time of vessels, reduction of costs to shipowners and shippers and development of the national merchant marine. ”

*Activities.*—Sri Lanka's total sea-borne exports during the period January 1979 to December 1979 and the number of sailing opportunities which were provided by the Bureau with the comparative statistics for corresponding period in 1978 were :

	1978	1979
No. of Sailings	935	988
Total Freight (tons)	1,108,292	1,291,987
Percent increase	16.9	

*Negotiations of General Freight Rate Increases.*—Being the sole negotiating authority with Shipping Conferences/Lines, the Bureau was successful in its efforts either to reduce the proposed general freight rate increases or to obtain postponement of the effective dates.



The Bureau accepted the following new shipping services with a view to providing additional sailing opportunities :

- (i) Blue Star Line Container Services to New Zealand.
- (ii) Gold Star Line Service to South and West Africa.
- (iii) Asia America Line Containers Service to West Coast of USA.
- (iv) Shipping Corporation of India Service to East Canada.

#### New Ports Authority

1979 was a significant year for the ports of Sri Lanka. The Ministry of Trade and Shipping took a far-reaching and innovative step to integrate and co-ordinate port activities by introducing legislation to unify management, cargo-handling operations, engineering, maintenance and development. These activities earlier were performed by three State Institutions, viz. Port (Cargo) Corporation, Colombo Port Commission and Port Tally and Protective Services Corporation. The Ports Authority was established on 1st August, 1979, by Act of Parliament (No. 51) of 1979. The new Ports Authority streamlined the functions and services to avoid any form of overlapping and duplication of work.

This step has also brought Sri Lanka Ports in line with other developed ports in the region.

By Section 6 (1) of the Sri Lanka Ports Authority Act, (No. 51) of 1979, the Ports Authority is enjoined to :

- (1) provide efficient and regular service for stevedoring, lighterage, shipping and transhipping, landing and warehousing, wharfage, supply of water, fuel and electricity to vessels, for landing petroleum, petroleum products and lubricating oil to and from vessels and between bunker deposits, for pilotage and mooring of vessels, for diving and under-water ship repairs and any other services incidental thereto ;
- (2) provide efficient and regular tally and protective services ;
- (3) regulate and control navigation within the limits of the approaches to, etc.;
- (4) maintain port installations and to promote the use, improvement in development of the specified ports, etc.

*Cargo Handling Operations.*—Statistics of Cargo handling operations in the three ports during 1979 appear below :

Port	No. of callers	No. of vessels			Imports (Tonnes)	Exports (Tonnes)	Total (Tonnes)
		Food	Others	Total			
Colombo	*2,156	93	1,135	1,228	1,936,059	1,069,590	3,005,649
Galle	17	11	6	17	46,261	17,109	63,370
Trincomalee	53	11	42	53	98,747	38,309	137,056
Total	2,226	115	1,183	1,298	2,081,067	1,125,008	3,206,075

\* Include 257 sailing craft

A total of 22,931 tonnes of Coconut Oil for export in bulk, were handled at the Bulk Coconut Oil Installation "Summer Hill".

*Water Supply.*—409,658 tonnes of fresh water were supplied to vessels.

*Transshipment Cargo.*—The tonnage of Transshipment Cargo handled during the year was 11,535 tonnes.

*Container Traffic.*—16,523 Containers were handled, viz., Imports, Exports and Transshipment cargo during 1979.



*Container Terminal Operations.*—Containerisation was introduced to the Port of Colombo in 1973. Since then the port has gradually increased its capacity to handle more containers. More Lines have indicated to increase their fleet once the Container berth is completed. The Port handled import and export cargo in containers and embarked on handling transshipment containers with Lines operating feeder services from Colombo to regional ports. There is much future in this operation devolving special attention to this aspect of activity by the Port Authority.

The importance of container traffic and the operations connected therewith have been fully appreciated and the Authority has decided to purchase necessary equipment to handle containers as a matter of priority. Port personnel have also been trained in container operations at the Port of Singapore.

The Ceylon Shipping Corporation has already entered into an agreement with the Neptune Orient Lines, National Shipping Lines of Singapore, to operate a fully containerised service to the UK/Continental ports. This service was formally inaugurated in June 1980.

As a large volume of cargo is now being handled in the Ports resulting from the liberalised trade policy of the Government, steps were taken to obtain additional warehouse space to accommodate the increased quantum of cargo. Action was also initiated to obtain some of the warehouses released to the Customs and the Food Department.

The employees of the former Port (Cargo) Corporation and the Port Tally and Protective Services Corporation were deemed to have been transferred to the new Authority. Employees of the Colombo Port Commission were granted temporary employment under the provisions of the Sri Lanka Ports Authority Act. Statistics of the number of employees of the three Institutions transferred and offered temporary employment in the Ports Authority, classified according to the principal grades were :

	<i>Executives</i>	<i>Non-labour</i>	<i>Labour</i>	<i>Total</i>
Port (Cargo) Corporation	137	3,229	12,286	15,652
Colombo Port Commission	97	934	4,946	5,977
Port Tally and Protective Services Corporation	14	908	86	1,008
<b>Total</b>	<b>248</b>	<b>5,071</b>	<b>17,361</b>	<b>22,637</b>

There were 21,866 employees comprising executive, clerical and labour in the employment of the Ports Authority as at end of 1979.

One of the objects and duties of the Ports Authority specified under Section 6 (b) of the Act is to provide in any specified port, efficient and regular tally and protective services. These services continue uninterrupted.

**Statistics of services during 1979:**

<i>Colombo :</i>	<i>Tallied tonnage</i>
Bagged cargo discharged	798,656 tons
General cargo discharged	618,804 "
Cargo loaded	965,347 "
Protective personnel engaged (man days)	40,471
<i>Trincomalee :</i>	
Bagged cargo discharged	76,871 tons
General cargo discharged	3,229 tons
Cargo loaded	40,221 "
Protective personnel engaged (man days)	1,646



Work on the 300 metre extension to the Queen Elizabeth Quay for container handling was carried out under an accelerated programme. The total cost of this project is estimated at Rs. 30 million.

At the request of the Sri Lanka Government, the Government of Japan sent a Survey Team in June 1979 to conduct a study on the Development Project of the Port of Colombo. The study was conducted by the Japan International Co-operation Agency (JICA) and its report has been submitted to Government. The Master Plan envisages :

- (i) Development and construction of a 900 metre alongside Deep Water Quay berth to accommodate three third generation container vessels, and establishing a proper container terminal. Two of these berths are expected to be completed by 1983.
- (ii) Development of the North Pier for alongside handling of cargo.
- (iii) Widening of the harbour entrance to secure safe entry for larger and deeper vessels, with an extension area to the Breakwater for extra protection of the harbour basin.
- (iv) Carrying out a feasibility study for a new oil berth.
- (v) Providing a system of road and rail transport in the Port and zoning off areas for various activities.

#### Civil Aviation

Civil Aviation, which was formerly administered by the Director of Public Works, was made a separate department in February 1947.

The principal recommendations for the development of Civil Aviation in Sri Lanka as accepted by the Executive Committee of Communications and Works of the State Council of Ceylon in July 1946 were :

- (i) Applications for traffic rights in Sri Lanka for External Air services operated by outside to be treated as a matter of policy of considerations of public convenience and necessity and based on a system of reciprocal rights ;
- (ii) The formation of an airways corporation with Government capital for the operation of external Air Services ;
- (iii) The inauguration of air services to India to be given high priority in Sri Lanka's external air plan ;
- (iv) Investigation of schemes for the operation of air services to England and Australia ;
- (v) Ratmalana and Kankasanturai to be developed as major airports for the promotion of civil flying ;
- (vi) Telecommunication systems for Civil Aviation to be maintained and operated by the Department of Civil Aviation ;
- (vii) Progressive development of air traffic control services and navigational aids by the department ;
- (viii) The expansion of the meteorological service to meet the need of civil aviation ;
- (ix) The promotion of light plane aviation in Sri Lanka ; and
- (x) The establishment of an aircraft inspectorate for the regulation and supervision of airworthiness standards for Sri Lanka registered aircraft.

It is broadly within the compass of these recommendations that the work of the Directorate of Civil Aviation progresses and indeed, to this day, with a few modifications and changes as and when required.

*Colombo Airport (Katunayake).*—With the development of air-borne traffic, Sri Lanka like many other countries has felt the impact of rapid changes in providing for high speed, increased capacity passenger and cargo aircraft. The Colombo Airport (Katunayake) designed to serve international



standards functions as the premier Airport for Sri Lanka and the gateway for all tourists visiting the country. With a view to facilitating operation and management of the airport a Statutory body styled Airports Authority of Sri Lanka was appointed in October 1979 under the provisions of Act (No. 46) of 1979.

Air Ceylon the national carrier ceased to function (in the course of the year) and was replaced by the new International Carrier—Air Lanka. Other International Operators were Aeroflot Soviet Airlines, British Airways, Garuda Indonesian Airways, Indian Airlines, K.L.M. Royal Dutch Airlines, Korean Airlines, Maldivian International Airlines, Pakistan International Airlines, Royal Nepal Airlines, Swissair, Singapore Airlines, Thai Airways International and UTA French Airlines.

Regular and seasonal tourist charters on an inclusive tour scheme are operated by Balair, Condor, Hapagloyd, Japan Airlines, Kuwait Airlines, LTU, Montana, Sterling Airways, Scanair, Trans-european Airways and Yugoslav Airlines. In addition several ad hoc freight charters are operated to and from Sri Lanka for the import of machinery and other goods and the export of manufactured items, fruit and vegetables.

Technical landings during 1979 had to be curtailed rather drastically attributable to the prevailing fuel restrictions.

*Aerodromes.*—The other Customs Airports available for use by International services on request and with certain limitations are :

- (1) Colombo Airport, Ratmalana—This airport is situated 13 kilometres south of Colombo city.
- (2) Jaffna Airport (Kankasanturai)—Situated on the northern coast strip of the Island, is approximately 19 kilometres north of Jaffna.

Aerodromes at Amparai, Batticaloa and Anuradhapura are maintained for domestic air services. The aerodromes at Puttalam and Koggala are maintained as emergency landing grounds while Puttalam also functions as a regular Beacon station.

The main development programmes envisaged and which are to be undertaken in the future are :

- (i) Construction of Air Cargo Terminal;
- (ii) Construction of a Cafeteria and Staff Rest-rooms;
- (iii) Improvements to the Fire Station;
- (iv) Improvements to passenger terminal facilities;
- (v) Development work necessitated by the establishment of the Free Trade Zone;
- (vi) An extension to the UNDP project to cover comprehensively the inadequacies of air navigational and communicational aids;
- (vii) Provision of suitable aircraft for training of pilots and associated technical personnel (Large sums of foreign exchange have at present to be expended on the calibration and flight checking of local navigational aids if they are to be maintained at internationally acceptable standards). A suitably equipped trainee aircraft to carry out Sri Lanka's own flight checking, which should be many times a year compared to once in several years as is in vogue, but totally unacceptable for the future.

In view of the major difficulties encountered by the Department in catering to the heavy demand made on it by the rapid rate of aviation development, consideration is being given to allowing it necessary flexibility by its conversion, either wholly or partly, into an autonomous or corporate body.



*Air Lanka Services.*—Air Lanka's regional and international services using Boeing Aircraft are—

London/Frankfurt/Bahrain/Colombo	Paris/Zurich/Dubai/Colombo
Colombo/Bahrain	Colombo/Singapore
Colombo/Madras	Singapore/Kuala Lumpur/Colombo
Madras/Colombo	Bombay/Colombo
Colombo/Male	Colombo/Bangkok
Male/Colombo	Bangkok/Colombo
Colombo/Bombay	Colombo/Bahrain/Frankfurt/London
Bahrain/Colombo	Colombo/Kuala Lumpur/Singapore
Colombo/Dubai/Zurich/Paris	Singapore/Colombo

#### Post and Telecommunication Services

The Sri Lanka Postal Service was inaugurated in 1815. Apart from its statutory functions the postal administration in Sri Lanka is responsible for payment of salaries, pensions of Public Sector employees, allowances under the scheme of social assistance and issue of radio and television licences for the Sri Lanka Broadcasting Corporation.

Telecommunication Services will play a key role in the major development projects of the country that are taking shape at present. New projects undertaken by the Telecommunication Services would deploy some of the most modern forms of Telecommunication Technology such as Electronic Switching, pulse code modulation and broad band microwave transmissions. Among such projects already identified are :

- (i) Colombo Area Development Scheme, Stage II.
- (ii) Outside Colombo Area Development Scheme, Stage II.
- (iii) Indo-Sri Lanka Microwave Project.
- (iv) Telecommunication Services to the Free Trade Zone.
- (v) Development of Rural Telecommunication Services.

The estimated cost of the Colombo Area Development Scheme is about Rs. 135 million.

*Outside Colombo Area Development Scheme (OCADS).*—Under the existing exchanges in provincial cities Jaffna, Anuradhapura, Kurunegala, Trincomalee, Badulla and Ratnapura would be replaced by modern exchanges within the next 2 years. Financed under a Japanese Loan, the cost of the scheme is in the region of Rs. 300 million.

Particular emphasis is being stressed on the development of rural telecommunication. Subscriber Trunk Dialling are being provided to remote areas in the island. This programme of rural telecommunication development would involve about 90 million U.S. Dollars, 30 million of which would be provided by the International Development Agency.

*Overseas Telecommunication Services.*—The Overseas Telecommunication Service is a division of the Telecommunication Services and provides, operates and maintains International Telegraph, Telephone and Telex Services between Sri Lanka and other countries. Photo Telegraph and Lease telegraph circuits are also provided to overseas countries depending on the demand for these facilities. Transit facilities are provided to Commonwealth and foreign countries. Sri Lanka is a signatory to the Commonwealth Telecommunication Financial Agreement of 1973 and is also a member of the International Telecommunication Satellite Organization. A Satellite Earth Station at Padukka is in operation since December 1975 and provides wide band telecommunication circuits. Some circuits are however still provided by means of high frequency (Short wave) radio circuits. The expansion and modification of Satellite Earth Station to cater for forecast increase of International, Telephone and Telex and work to the more advanced type INTELSAT V Satellite are being undertaken.



A Submarine telephone cable of 480 channels capacity would be laid between Madras and Penang as a joint venture by Sri Lanka, India, Malaysia and some other Commonwealth countries. Colombo would be linked to this submarine telephone cable (IOCOM) *via* the Indo-Sri Lanka Microwave link which is under construction. This submarine cable is expected to be completed by the end of 1980. Sri Lanka would then have facilities for diversity routing (Satellite/Submarine Cable) of telephone circuits to Singapore, Malaysia, Hongkong and also to Japan, Australia, Canada and the U. S. A.

A high quality 24-hour telephone service is available to most countries in the world covering 188 countries at present. The capacity of the Cross-bar International Semi-automatic Telephone Exchange was increased from 36 to 60 trunks in December 1979. Direct services are provided on the following routes : London, Hongkong, Singapore, Tokyo, Sydney, Bombay, Madras, New Delhi, Rome, Kuala-lumpur, Karachchi and U. S. A. A Stored Programme Control International Telephone Exchange is being installed by L. M. Ericsson of Sweden and would be commissioned shortly. This new exchange would provide international subscriber dialling to subscribers in the Export Promotion Zone and subsequently to Colombo subscribers connected to Electronic Exchanges and provides Automatic Call Ticketing for subscriber billing and international accounting.

Telex service is available to 179 countries. A fully Automatic Service was introduced in 1976 to most destinations. Direct Telex services are operated to London, Burma, Rome, Hongkong, Singapore, Tokyo, Sydney, Kuala-lumpur, Bombay, U. S. A. and Paris. There are 327 telex subscribers at present.

Direct telegraph circuits are operated to London, Aden, Karachchi, Bombay, Rangoon, Singapore, Tokyo, Peking and Sydney. It is proposed to open a direct telegraph circuit to the U. S. A. Telegraph Services *via* these places are available to almost all parts of the world. There are 13 private leased telegraph Circuits and 1 leased datacircuit in operation.



## CHAPTER XX

### TOURISM

Located in the warm northern waters of the Indian Ocean, the Island of Sri Lanka, apart from its natural endowments is blessed with a fascinating variety of attractions. A pleasant tropical climate with cool montane variations, scenic splendour of landscapes, warm seas and vast stretches of sandy beaches, a wealth of archaeological treasures and colourful folklore, exotic wildlife serve ideally for a viable tourist industry. A warm and friendly disposition of the people coupled with short travel time from one source of attraction to another helps maintain Sri Lanka's tourism at a premium. Growth rate in tourist traffic compares quite favourably with traditional tourist destinations in South East Asia and the Far East region.

#### Tourism Plan

The Ceylon Tourist Board, constituted in 1966, launched a tourism plan for the development of the visitor-industry. Basic objectives as spelt out in the plan continue to guide the development of the tourist industry over the past years with periodic revisions and modifications in the light of performance and trends.

The plan identified 5 regions for the development of holiday resorts, hotels and ancillary tourist facilities :

Sandy beaches, water sports and wild life	Colombo Resort Region, South Coast Resort Region and East Coast Resort Region
Historic background and Culture	Ancient Cities Resort Region
Tea Gardens, Scenic landscapes, Golf and Fishing	High Country Resort Region

#### Performance

Over the 12-year span the industry has recorded a phenomenal growth of over 30 per cent from the modest figure of 23,600 tourist arrivals in the year 1967 and increasing nearly eightfold to 192,592 in 1978 with a further escalation to an all-time high at 250,164 arrivals in 1979.

TABLE 20.1—TOURIST INFLOW, AVERAGE DURATION OF STAY AND FOREIGN EXCHANGE EARNINGS FROM TOURIST TRADE 1975-1979

Year	Tourist inflow (number of arrivals)	Average duration of stay (days)	Foreign exchange earnings (Rs. million)
1975	103,204	10.0	157.1
1976	118,971	10.0	237.8
1977	153,665	10.7	363.1
1978	192,592	10.4	870.0
1979	250,164	10.9	1,209.4

Tourist receipts have stepped up from US \$ 1.2 million in 1967 to US \$ 55.7 million in 1978 and reached a peak level of 76 million US \$ in the following year. The tourist sector consequently maintains its place as the largest single foreign exchange earner in Sri Lanka. The sectors which ranked above tourism in the order of importance are tea, rubber, coconut and petroleum based products. The contribution of the tourist sector to the total foreign earnings of the country is about 7 per cent.



The industry has provided direct employment for 18,400 though both direct and indirect involvements in the tourist trade is in the region of 20,000.

#### **Pattern of Traffic**

Sri Lanka's tourism is closely linked to air-borne transportation. Accessibility by air is therefore of special significance 95 per cent of the tourists visited the island by air as against 5 per cent by sea. Western Europe topped the 150,000 mark and accounted for 65 per cent of the total traffic to the island. The top markets which generated 65 per cent of tourist traffic were those from West European countries followed by the Asian region with a modest 20 per cent.

#### **Resorts and Hotels**

The establishment of national holiday resorts is given particular emphasis in the Tourist Board's development programme. These resorts contain a wide range of facilities—accommodation, shopping centres, picnic areas, recreational outfit, banks, post offices, railway stations to cater to both international and domestic traffic. Holiday resorts in operation are the Bentota resort on the South Coast, and Polonnaruwa, Giritale and Sigiriya resorts in the ancient cities resort region. Another resort at Kalkudah/Passekudah on the East Coast is being established.

The tourist industry now possesses a well distributed hotel plant containing 5,579 rooms with a concentration of 1,331 rooms in the city of Colombo. Room distribution is in the proportion of 25 per cent in the Colombo city, 50 per cent of the beaches and 24 per cent in the ancient cities and hill country.

Internal tourist transportation has also increased with a fleet of cars and luxury coaches, scheduled and charter air services and the railway tourist services. Other amenities include restaurants and shopping centres.

Sri Lanka's tourist industry has fostered development of various parts of the island. Places far remote from urban settlements like Sigiriya, Giritale and Polonnaruwa in the interior, Nilaveli and Kalkudah on the east and distant places in the deep south or the northernmost point of the island, have seen the establishment of resorts, hotels, handicraft and souvenir, spice and curio shops. This dispersal of tourism development in remote parts of the island has brought with it direct benefits to such areas in terms of employment and demand for local handicrafts and host of other items.

#### **Convention Facilities**

In the field of congresses and conventions, Sri Lanka hosted the 18th Annual Workshop of the Pacific Area Travel Association in January 1978, apart from several other non-travel conventions. Facilities in this regard include the fully-equipped International Conference Hall—main assembly capacity of 1,500 plus 6 committee rooms—in the city of Colombo together with limited facilities at some of the first class hotels in the island. A programme for promotion of conventions is being formulated.

#### **Home Market**

The Board's programme includes the Development of the market. The 45 roomed resthouses and pilgrim halls at Kataragama one of the most revered places of pilgrimage in the deep south, cottages and holiday hostels at Bandarawela and Nuwara Eliya in the hill country, holiday bungalows on the west and east coasts are being geared to cater to the needs of the domestic market. Facilities in holiday resorts include a picnic area with summer houses and a swimming pool at Bentota and camping centres in the Sigiriya and Giritale resorts.

#### **Future Programme**

Tourism in Sri Lanka has become one of the fast developing industries. A development programme covering the period 1978 to 1984 has been formulated, taking into account the past performance of the industry. The prospects have been examined in the context of world and regional trends of international tourism and Sri Lanka's own growth pattern.



International tourism has showed a remarkable performance with some of the Asian destinations reaching half a million to one million or more tourist arrivals, as Singapore and Hong Kong.

The South Asian region despite the energy crisis showed a continued growth. India has around 500,000 and Afghanistan and Nepal around 100,000 tourist arrivals.

Sri Lanka's growth has been projected at a 17 per cent rate over the next 7 years with 250,000 arrivals in 1979 and reaching a figure of 460,800 arrivals in 1984. This growth requires a substantial increase in hotel capacity, transportation, both international and internal, shopping centres and places of special interests.

Some of the measures identified in terms of the future programme are :

- (1) a review of the composition for a more balanced tourist product with greater emphasis on cultural activities, special interests, shopping and outdoor activities.
- (2) development facilities and operating standards.
- (3) market diversification by developing potentially major markets such as Japan and Australia, and the growing affluent centres in Asia itself.
- (4) fostering incentive travel and conference market segments.

#### Major Projects

A few projects which would constitute the core in the development programme are :

- (a) the development of a 400 hectare resort complex off Trincomalee on the east coast in a series of specially attractive bays. The overall programme provides for 9 first class to medium hotels of 1,800 rooms, 2 VIP guesthouses, vacation cottages and comprehensive resort and public utilities. The supporting facilities envisaged are an international standard golf course, wild life park, aviary, botanic gardens, entertainment and shopping centres, marinas and speciality restaurants.
- (b) conservation and promotion of places of archaeological and cultural interest lying within the cultural triangle of ancient cities region with international agency support.
- (c) establishment of a new hotel school to provide training facilities on a more extensive scale and thus affording a higher output of trained personnel each year.
- (d) a comprehensive programme for the promotion of conventions and incentive travel.
- (e) provision of resthouses for local pilgrims, traffic and holiday traffic at selected points.

#### Ceylon Hotels Corporation

The Ceylon Hotels Corporation was incorporated by an act of Parliament (No. 14) of 1966. Business activities of the Corporation commenced in 1967 with an initial of 5 Resthouses.

The Corporation operates 16 Resthouses and Inns and 5 hotels located in important tourist centres and places of scenic splendour. The objective of the Corporation is to improve and develop the tourist industry in Sri Lanka. With this in view the Corporation has established 4 divisions viz. :

Hotels and resthouses division

Transport and tours division

Airways division

Tourist shops division.



The 16 resthouses and Inns and 5 Hotels are located amidst picturesque surroundings in Sri Lanka catering to both local and foreign needs. The total double room strength is 421 with locations at :

Ambepussa	Tissamaharama	Sigiriya
Ella	Pussellawa	Kitulgala
Kantalai	Dambulla	Galle
Belihuloya	Hanwella	Horton Plains
Polonnaruwa	Medawachchiya	Weligama
		Ambanpitiya

The recent addition to the chain of Resthouses is the Weligama Bay Inn, the former Weligama Resthouse which has been completely renovated and refurnished. The Corporation also operates 'Thirst Aid Station' a 'Wayside' Restaurant at Ambanpitiya on the Colombo-Kandy main road. This has become increasingly popular among tourists for snacks, tea and fresh tea packets.

Hotels maintained by the Corporation are :

Lihiniya Surf Hotel	—	Bentota
Hotel Seruwa	—	Polonnaruwa
Hotel Dehigama	—	Kandy
Hotel Suisse	—	Kandy
Queens Hotel	—	Kandy

The Luxury centrally airconditioned 66-roomed Lihiniya Surf Hotel with swimming pool facilities would be extended with additional 20 rooms.

Hotel Seruwa at the National Holiday Resort, Polonnaruwa with 40 centrally airconditioned rooms provide facilities such as a swimming pool, orchestra, well-equipped telephone facilities, etc.

Management of the 3 premier Hotels in Kandy, Queens Hotel with 97 rooms, Hotel Suisse with 66 rooms and swimming pool facilities and Hotel Dehigama with 20 rooms at Rajaweediya is solely a concern of the Corporation. A 24 roomed extension to the Hotel Suisse has been completed.

A sum of Rs. 2.5 million has been invested in share capital of Hotel Services (Ceylon) Ltd., the owning Company of the Hotel Ceylon Intercontinental a 5-Star fully airconditioned luxury Hotel comprising 252 rooms. The Corporation has also invested Rs. 250,000 in Pegasus Reef Hotel, Hendala, in the G. C. E. C. area.

Internal transportation of the Corporation consists of a fleet of 10 coaches and 68 cars inclusive of air-conditioned luxury vehicles.

The Hotels Corporation operates a Travel Bureau at the Hotel Ceylon Intercontinental with travel counters at International Airport, Katunayake and at Pegasus Reef Hotel, Hendala, for convenience of foreign tourists visiting Sri Lanka. It functions as General Sales Agents for British Airways, one of the largest Airlines operating in the world.

Railway catering services are undertaken by the Corporation with a view to affording a better service and providing employment opportunities.



## CHAPTER XXI

### SOCIAL WELFARE AND HOUSING

#### The Social Framework

People in Sri Lanka enjoy a much higher standard of living than those of many other Third World countries. Her people are comparatively well fed and literate attributable to the different welfare services provided by the government over the years. A concerted effort is however required to improve any further their standard of living. Provision of welfare services, such as Health, Education and Housing entails a considerable proportion of the national income of the country. This represents a heavy burden for a developing country with a high rate of natural increase and a high dependency ratio.

*Ethnic and Religious Distribution.*—Sri Lanka is a multi-racial society, the Sinhalese being the major group comprising more than two-thirds of the total population. This ethnic group is again subdivided as Low-country Sinhalese and Kandyan Sinhalese, the latter being two-fifths of the entire Sinhalese population. The Kandyan Sinhalese inhabit the Central, North-Central, Uva and Sabaragamuwa Provinces, Kurunegala District in the North-Western Province and also the Sinhalese divisions of Amparai, Batticaloa, Trincomalee and Vavuniya districts.

The Low country Sinhalese, who had been under European rule for a long period, are generally scattered along the Western and Southern coasts. Both categories speak, read and write Sinhala as a common language while they have interesting differences in customs, mostly confined to their marriage practices.

There are two distinctive Tamil groups—the Ceylon Tamils, whose ancestors came from South India several centuries ago, and the Indian Tamils, who were brought here to work in the export oriented plantation sector by the British. The Ceylon Tamils constitute 11.2 percent of the population and concentrated mainly in the Northern and Eastern Provinces. The Indian Tamils accounted for 9 percent of the total population in 1971.

The Moors are the next highest ethnic group in Sri Lanka (6.7 percent). This group again falls into two categories Ceylon and Indian. The origin of the Ceylon Moors could be traced as descendants of ancient Arab traders, while the latter group may have been brought to work in the plantation sector by the British. These two groups speak either Tamil or Sinhala with Arabic as the language of the religion.

There are two other minor ethnic groups, Malays and Burghers. The descendants of Malaysians and Javanese comprise the former group, while descendants of both civil and military personnel of Portuguese, Dutch and British who inter-married and settled in Sri Lanka, are known as Burghers and Eurasians.

There is an exceptionally strong link between ethnic type and religion in Sri Lanka. The majority of the Sinhalese are Buddhists, while Tamils—both Ceylon and Indian are predominantly Hindus. Islam is the religion of the Moors and the Malays. The Burghers are mostly Christians. At the 1971 Census of Population, 67.4 percent were enumerated as Buddhists, while 17.6 percent were Hindus, Muslims formed 7.1 percent of the total. The remainder was made up of Christians.

*Economic and Social Patterns.*—The population in Sri Lanka is predominantly rural, with an urban population of 22.4 percent as revealed at the 1971 Population Census. The family still remains as the chief economic protectional, recreational and affectional unit of the nation. The whole scheme of social relationship has its origin and development in the institution of the family. The isolation of the traditional village, however has broken down with the development of transport and



communication facilities. The villagers now have cheap means of communication within easy reach. Improvement in literacy and educational standards have enabled the rural population to take an active interest in current affairs through radio, newspapers and other mass media which are gaining much popularity.

It is convenient to distinguish three main sectors of the Island's economy—urban, rural and estate. As mentioned earlier, about 22·4 percent of the country's total population live in urban areas. The rural sector comprises mainly villages where subsistence and other food crops are grown. Some part of the rural work force, however, also participate in production activities in the plantation sector. The estate sector includes areas covered by tea, rubber and coconut lands and constitute the basis of the principal commercial crops in the island. According to the Census data of 1971, almost 50 percent of the total employed population in the country are engaged in agricultural occupations. Those who are engaged in white-collar jobs amounted to 18·1 percent whereas 32·5 percent come under the category of other occupations i. e., production and services.

Sri Lanka has made marked progress in fields of both economic and social development. During the year 1979, the Gross National Product at current prices increased by 23·5 per cent, while growth rate in real terms was approximately 8·4 percent. The per capital income in real terms for 1979 was Rs. 910. Even though it is evident that there still is a substantial degree of inequality in the distribution of income, the recent surveys show that there appears to have been a considerable redistribution of income which help ameliorate conditions of the poor.

**Health.**—Health Services in Sri Lanka have shown remarkable improvements during the past few decades, as witnessed by the decline in mortality levels and the changing patterns in causes of death. About 13·4 percent of the Gross National Product of the country is spent on health services. Outdoor treatment of Government Medical Institutions and in-patient care in non-paying wards are offered free to all patients. The Government places an equal emphasis on preventive as on the curative aspects of its health programme. Thus to combat preventive diseases, such as poliomyelitis, tuberculosis, tetanus, etc., mass immunisation programmes are initiated in Government clinics and in approximately 106 health units scattered throughout the country. There are several other specialised campaigns to control diseases such as malaria, filaria, leprosy, venereal diseases, etc. The two systems of medicine as administered by the State Health services are the western and the ayurveda, the latter being the indigenous form of treatment. There were 42,260 hospital beds in all Government medical institutions, of which 1,227 were in maternity hospitals as at end of 1979.

**Education.**—Sri Lanka enjoys a high literacy rate compared with that of other developing countries and this could be mostly attributed to the prevailing system of Free Education, which was introduced in mid 1940s. Accordingly, all children of schoolgoing age are entitled to free education from Grade 1 up to University level. The mother tongue of the pupil is the medium of instruction in schools. A considerable sum is spent annually on the maintenance and development of education services including the provision of higher education at the University level. A scheme of free distribution of school text books has been introduced covering grades 1 to 10 in all schools in Sri Lanka.

Latest statistics reveal that nearly 89 percent of the population over ten years are found to be literate in the urban sector, whereas in the rural sector the corresponding figure is 84 percent. The highest rate of literacy (90 per cent) is found in the age group 10–24 years. During the period 1946–1971, the male literacy rate rose from 78 to 85 percent. The female literacy rate too has increased from 53 to 71 percent during the same period.

Sri Lanka could well be called a social service State. The manpower of the country is considered as its greatest asset and the development of its manpower resources is the foremost task of the government. The State maintains many welfare services free or at nominal cost to its people, such as the provision of subsidised food, free education and free health services, transport subsidies, relief in cases of unemployment, etc. Assistance in the form of a monthly allowance is given to the sick and the disable and the unemployed below a specific income level.



*Social Welfare.*—Social Welfare Services in Sri Lanka are handled by the departments that function under the Ministry of Social Services *viz.*; the Department of Social Services and the Department of Probation and Child Care Services. The functions of social work education and training of social workers, both in Government and voluntary sectors, are performed by the Sri Lanka School of Social Work, which is a sub-division of the Ministry.

#### The Department of Social Services

The Department of Social Services, as a State arm for the administration of social welfare services in Sri Lanka, was created in the year 1948, as a result of the recommendations of the Social Services Commission of (1947 Sessional Paper 7 of 1947). The object was the co-ordinated and organised development of social welfare services in this country. Prior to 1948 the social welfare services in this country had developed piecemeal and had never been considered as a whole. During this period it was generally accepted that the whole community had a responsibility for social services.

Voluntary organisations, specially the temples and churches, were pioneers of welfare services. They made themselves responsible for the welfare of the very young and the very old, the homeless and the handicapped. Where the services and facilities they provided were adequate they have been encouraged to continue.

The State now supplement these voluntary services, provides financial assistance and ensures that necessary standards are maintained. State services are often provided through voluntary agencies specially adopted to serve an individual or special needs. Many voluntary social services surround and supplement the State service.

The problems that social welfare services encounter in this country are mainly due to financial constraints.

The primary concern of the Department of Social Services has always been for the victims of natural disasters and their attendant social disorganisation. Instead of remaining in the conventional sense "an ambulance carrier", the department has evolved a developmental perspective to be an "active combatant" in the war against poverty, apathy and dependence. This is a striking feature derived from the gradual evolution of the social welfare services. Some of the schemes that have been introduced to give the maximum social benefit to the deserving people with the limited resources available are outlined below :

*Social Assistance.*—(a) Public Assistance monthly allowance—In Sri Lanka the family provides the basic unit of protection and security for its members. The family unit is recognised as a well-knit entity in the social structure and the individual's security and welfare is to a large extent dependant on the cohesion and living standards of the family. In order to strengthen and sustain this high sense of family obligation certain services have to be provided. One such service is rendered by way of public assistance allowances.

As a major income maintenance programme it is geared to the alleviation of distress among the sick, the aged, the infirm, physically and mentally defective persons and their families as well as widows with dependants and women in families deserted by their husbands or deprived of their help by imprisonment, incurable illness or other similar cause. The allowance varies from a maximum of Rs. 20 for a single person to Rs. 75 to a family. There are 173,000 such recipients and the annual cost is in the region of Rs. 42.3 million.

(b) Financial Assistance to T. B. patients and their dependants—The scheme provides for financial assistance to indigent tuberculosis patients, who owing to loss of earning capacity are unable to maintain themselves and their dependants. The patient is expected to follow medical advice and prescribed course of treatment in order to be eligible for assistance.

The patients are medically treated in Government clinics and have to be certified as such and means tests are also carried out by Social Services Officers in order to establish eligibility for assistance. The rate of payment varies from Rs. 55 to an individual to Rs. 110 per family, depending on the



nature of circumstances. This scheme of assistance along with the curative programme has had a marked effect on the incidence of the disease, which recorded a favourable decline since its inception in 1953.

There are approximately 4,300 recipients in receipt of assistance and the annual cost amounts to approximately Rs. 4.9 million.

(c) Financial assistance to leprosy patients and their dependents.—The scheme of financial assistance to disabled non-infective leprosy patients was introduced in January 1960. The question of adequate hospital accommodation for leprosy patients became an acute problem to the Department of Health Services, since all patients afflicted with the disease and in destitute circumstances were unwilling to leave the hospital owing to their inability to maintain themselves. A total number of 630 patients are in receipt of assistance and the annual cost is Rs. 625,000.

*Relief, Resettlement and Rehabilitation of victims of Disasters :—*(a) CASUAL RELIEF.—The object of this relief scheme is to assist persons in isolated cases of distress to repair or reconstruct their houses, and to repair or replace their implements of trade damaged or destroyed by fire, rain, storm, sea erosion or other similar causes. Assistance to persons in distress of casual nature as a result of the loss of their earnings or food supply through calamities and natural causes is also considered under this scheme.

(b) RELIEF FOR DAMAGE CAUSED TO CROPS BY WILD ANIMALS.—The legal provisions for preservation of wild life prohibit destruction of wild animals, especially the wild elephant, even if they damage crops, which is the only course of livelihood of farmers. This scheme of assistance provides financial relief to such farmers, when the crops are so damaged. The scheme originated in the Department of Wild Life as a compensation scheme and was subsequently transferred to the Department of Social Services in 1966.

(c) RELIEF OF WIDESPREAD DISTRESS DUE TO FLOOD, DROUGHT, EPIDEMICS OR OTHER EXCEPTIONAL CAUSES.—Widespread distress due to floods, drought, epidemics or other exceptional causes cripple social and economic life of millions of people in different countries in varying periods. Society must make adequate provision for such contingencies. The main cause of widespread distress in Sri Lanka has been the recurrent seasonal incidence of drought and floods. In ancient times the Sinhalese kings tackled this problem wisely by diverting rivers and constructing tanks which not only conserved water for use in times of drought, but also served as a protection against dangers of seasonal floods. In later years these tanks fell into disuse with breached drains and empty tank beds. The systematic restoration of such tanks and the construction of large irrigation schemes such as the Gal Oya Project, the Walawe Scheme and the diversion of the Mahaweli into the North-Central Province more recently, alleviate the rigours of these seasonal drought and floods. Where natural causes cannot be prevented, their effects on human beings are modified and mitigated through various relief measures available.

The object of the widespread distress relief scheme is to assist persons who are reduced to destitute circumstances by loss of, or damage to, dwelling houses, crops, implements of trade, etc., resulting from natural causes of a widespread nature, such as floods, drought, cyclones, earthslips, epidemics, etc. Such assistance, include supply of food or dry rations, temporary shelter, payment not exceeding Rs. 500 for the reconstruction or repair of each house damaged, temporary financial assistance till they resume normal occupation, and supply of drinking water in case of drought, etc.

(d) RELIEF TO FISHERMEN IN DISTRESS.—Fishing forms an important traditional occupation of the people living along the coastal belt. These fishermen are exposed to a large number of risks in their normal work. The scheme is intended to assist persons who are reduced to destitute circumstances by loss of fishing gear, or their boats being damaged by storms, fire, accident, or other similar causes.



Provision under casual relief drought, flood and cyclone relief totalled Rs. 130 million in 1979. This figure includes Rs. 125 million as assistance provided to those in the cyclone hit areas in the East and North Central Provinces.

### Welfare Services

(a) *Care and Welfare of the Aged and Infirm.*—By far the larger number of the destitute, aged and infirm live in their own houses, or those of their relative or friends. Their needs are often met by the provision of public assistance monthly allowance already referred to. Apart from these, however, there is an appreciable and progressively increasing number of aged and infirm who need institutional care in the absence of dependant support in any form whatsoever.

The Department of Social Services runs its own homes for elderly people and also provides grants-in-aid for running of such homes by local authorities or voluntary agencies. The policy of establishing large and expensive homes for the aged was revised and instead it was decided to establish small cottage homes, each catering for about 25 elderly persons. The object of the new scheme is to give better personal attention under normal environment to the aged persons.

(b) *Promotion of Voluntary Community Participation in Social Welfare Work.*—It has been recognised that the welfare services rendered by voluntary agencies are complementary to the services rendered by the State and as such are becoming increasingly important in the field of social services. At the same time these voluntary agencies encounter great difficulties in the raising of funds to pursue their objectives. The Department has to augment voluntary effort wherever there is a need for it.

The task of looking after children afflicted by destitution through poverty of their parents or death or desertion by either or both of the parents, abandoned children, children who need protection from immoral surroundings, etc., is the responsibility of the Department of Probation and Child Care Services. Children who are handicapped due to mental or physical disabilities on the other hand are the responsibility of the Department of Social Services. A total of 56 State homes were functioning as at end of 1979 involving expenditure to the tune of Rs. 3.3 million.

### Protection of Workers against Injury and Invalidity

(a) *Workmen's Compensation.*—The Workmen's Compensation Ordinance (No. 19) of 1934 came into operation in 1935. Prior to the establishment of the Department of Social Services, the administration of the Ordinance was vested in the Commissioner of Labour and subsequently in 1948 with the establishment of the Department of Social Services, the administration of the Ordinance fell under the Director of Social Services, who also functions as Commissioner for Workmen's Compensation. The Workmen's Compensation Ordinance provides for the payment of compensation to workers who suffer personal injury by accidents arising out of, and in the course of their employment. Where death results from injury, compensation is payable to the dependants as defined in the Ordinance.

It has been found necessary to enact a new Ordinance to make the payment of compensation to those who suffer accidents whilst on duty more broad-based. Draft legislation is under consideration to extend relief to a larger category of workers and provide for the payment of enhanced compensation.

### Rehabilitation Services

(a) *Rehabilitation of Public Assistance Recipients.*—The rehabilitation of public assistance recipients was introduced into the Social Assistance Scheme in the year 1971. As a pilot project in rehabilitation a selected number of public assistance recipients were taken up for intensive case study by trained departmental officers, utilising local community resources and existing vocational training facilities. This experiment proved a major break through in the public assistance programme which has hitherto functioned as a monthly 'dole' to destitute families and persons. It received a greater impetus in succeeding years and soon became a positive and constructive developmental programme geared to



achieving self-reliance, productivity and economic growth. This scheme also brought about a significant social change in that positive results were obtained since the recipients were restored to community life and made self-respecting and productive units. It has also helped to remould the image of social services in the country.

The financial cost of rehabilitating a family unit has been estimated around Rs. 750. The method employed is to grant this sum to recipients as an advance on public assistance to set themselves up in some satisfactory economic activity under the guidance and supervision of the social workers. Once the recipients are successfully established their public assistance, monthly allowance is terminated. Activities pursued are poultry farming, retail trade, tailoring, cottage crafts, bicycle repair, agriculture, animal husbandry, beedi wrapping, etc.

Since inception of the scheme it has been possible to emancipate over 3,500 families all over the island.

(b) *Rehabilitation of physically and mentally handicapped.*—The Department of Social Services gives increasing attention to serve the disabled particularly those in indigent circumstances. Apart from direct services provided by the department, the voluntary organisations in co-operation with the department, render valuable services in this field. There is indeed a greater awareness at present of the community's responsibilities for the welfare and rehabilitation of the less fortunate ones. Voluntary organisations engaged in outdoor relief work were financially assisted to the tune of Rs. 76,000 during 1979.

The services in this field could broadly be categorised as :—

(i) **MEDICAL REHABILITATION.**—Disabled persons in destitute circumstances are referred to the Orthopaedic clinics of the General Hospital for medical attention and supply of aids and appliances. The Transit Hostel run by the friend-in-Need Society with financial assistance from the Department enables outstation patients to stay in Colombo and attend the clinic regularly. Disabled persons of poor economic circumstances who show reasonable prospects of rehabilitation are assisted by the department by the free issue of tricycles and wheel chairs, to enable them to continue in their normal vocations.

Free spectacles and hearing aids are similarly provided to those with weak sight and hearing defects. The audiological tests are done at the audiology centre set up by the National Council for the Deaf and Blind with the co-operation and financial assistance of the Department of Social Services.

(ii) **EDUCATIONAL ASSISTANCE.**—Education and custodial care of the disabled persons is handled solely by Voluntary Organisations. The nature of assistance given to these institutions include maintenance and block grants for residents and ad hoc grants for buildings and equipment when necessary. The State also assists disabled persons of poor income to continue higher education by providing financial assistance. Students are given assistance varying from Rs. 600 to Rs. 1,200 per annum. The 'talking book' project maintained by a voluntary organisation, the National Council for the Deaf and Blind with the assistance from the department helps blind students by making available books recorded on tape. Under the existing scheme of assistance 36 such institutions were given Rs. 2.1 million during 1979.

(iii) **VOCATIONAL TRAINING FACILITIES.**—The department runs three major training centres to provide vocational training facilities to deaf and blind and physically handicapped adult persons. These are :—

- (a) Workshop for the Deaf and Blind, Seeduwa (Colombo District)
- (b) Training Centre for Blind, Wattagama (Kandy)
- (c) Training Centre for the physically handicapped, Ketawala Leula (Kandy)



Of these, the workshop for the Deaf and Blind at Seeduwa is among the oldest and the largest. It provides training facilities to about 150 persons in the following trades :

- (a) Textile weaving.
- (b) Needle craft.
- (c) Carpentry.
- (d) Handicrafts.

The training covers a period of two years.

The training centre for the blind at Wattagama provides training facilities to about 50 adult blind males. The training so provided includes (a) textile weaving, (b) rattan work, and (c) Braille study.

Most important experiment in the rehabilitation of the disabled is the Training Centre at Ketawela-Leula in Kandy district. The training centre "The Pilot Project to Demonstrate the Need for Vocational Training Programme for Disabled in Ceylon", was financially supported by the Social and Rehabilitation Services Division of the U. S. Department of Health, Education and Welfare. Through foreign aid received, the project was able to purchase machinery, equipment and raw material and grant the payment of stipends to trainees. Training is provided to about 75 persons in the following fields :—

- (a) Motor mechanism : automobile tinkering and spray painting.
- (b) Tailoring.
- (c) Carpentry : wood-work, machinery, blue print reading and estimating.
- (d) Welding : metalling, fitting, smithy and sheet and metal work.
- (e) Electrical work : re-winding and motors, etc.
- (f) Spray-painting : lettering, polishing, etc.
- (g) Sheet metal work : cutting, rivetting, soldering, gas welding, heat treatment, etc.
- (h) Tinkering : automobile tinkering work.

Apart from the above schemes, facilities are provided to needy disabled persons with aptitudes and skills to be trained in a craft or a trade which could enable them to be either self-employed or find employment in an establishment. Such persons are attached to establishments in the private or the public sector for courses of practical apprenticeship. A per diem allowance is paid to such persons by the department.

(iv) PLACEMENT SERVICES.—The placement and settlement of disabled persons are directed under two broad avenues :

(a) to place such persons in employment in the private or public sector by persuading the employers to offer suitable employment to the physically handicapped, especially to those who have been trained ;

(b) to absorb those who have completed training at Seeduwa and Wattagama workshops into the Home Workers' Scheme assisted by the State and offers certain facilities to work in their own homes and to market finished products through the department.

(c) Rehabilitation of the Socially Disadvantaged—This function is performed by the House of Detention and the House for Vagrants, which were established in 1913 in terms of Section 3 (1) of Chapter 33 of the Legislative Enactments. The Homes were operated as separate units upto 1961. Home for Vagrants was amalgamated with the House of Detention and provided with a Centre at Gangodawila. In recent years since the problem of vagrancy has become a major issue, further expansion has been made for a larger intake. In addition to the Home at Gangodawila two other Homes have been established at Mirigama and Ridiyagama. The residents are persons committed to the custody of the institution by the Juvenile District and Magistrate Courts.



Special attention is paid to rehabilitation of residents committed to these Houses of Detention. Training in various fields, such as agriculture, textile weaving, sewing, needle-work, handicraft, embroidery, mat weaving, coir work, etc., forms an important part of the rehabilitation programme. Young females are in addition trained as Girl Guides.

#### Department of Probation and Child Care Services

The activities of the Department of Probation and Child Care Services fall into two categories—Probation Service and Child Care Services. The rehabilitation of persons convicted of offences by the Courts and placed under supervision is carried out by the Probation Services. Probation Officers are entrusted such duties in connection with marriage reconciliation, *habeas corpus* inquiries, after-care of persons discharged from institutions, inquiries into means under payment, of Fines Ordinance and other miscellaneous duties assigned by the Courts. The institutional treatment of juvenile delinquents, protection, education and placement of orphans, abandoned and destitute children as well as day-care services for children of working mothers, fall within the category of Child Care Services.

*Non-Government Organisations.*—Non-Government Organisations, in collaboration with the Department of Probation and Child Care Services, play a vital role in child welfare. The department provides them with necessary advice and assistance in affording long-term care to destitute, deserted and orphaned children. Maintenance grants are paid by the department for the upkeep of the children. *Ad hoc* payments are also made for purchases of material and equipment, extensions and additions to buildings and other capital needs, based on a matching principle. The non-government Agency Homes, which have been established under denominational as well as non-denominational auspices, perform bulk of the child care work in a laudable manner.

*Probation Service.*—This is the primary field service of the department and is responsible for the rehabilitation of offenders in their own environment. When Courts refer an offender to a Probation Officer, the latter investigates the circumstances that led to the commission of the offence and recommends, in a suitable case, that the offender be released on probation. This method of treatment is applicable to persons of either sex, irrespective of the age or the nature of the offence. There were 120 Probation Officers who were deployed in 41 Judicial Divisions in the Island, an 80 per cent success rate has been achieved by these officers.

*Child Care Services*—(i) Protection for Children.—The department maintains seven receiving Homes for orphans and abandoned or destitute children who need urgent care. In addition to this, there are 140 Homes run by Voluntary Organisations. These Homes offer care and protection to children on a long-term basis. Orphans and abandoned children are given priority as against destitute children, so as to enable them to be within the family unit. The department pays a per capita grant of Rs. 55 a month for children under 2 years of age, and Rs. 50 per month for boys between the ages of two and sixteen and girls between the ages of two and eighteen. Boys between 16 and 18 are eligible for a monthly grant of Rs. 15.

(ii) Facilities for Education.—One of the aims of the department is to provide an education career to every child who is institutionalised. Accordingly, every such child is sent to a school as soon as he attains school-going age. In the matter of admissions, the Education Department extends its maximum co-operation. Apart from school education, steps are being taken to provide vocational training to boys and girls, according to their age and aptitude.

(iii) Placement.—The department pays special attention to the placement of children who are institutionalised. Every effort is made to trace the parents or the closest relative of the child and restore the child to the family. When this is not possible, suitable children are given on adoption after careful investigation of applicant's suitability for such adoption. Placement also involves finding employment for children in voluntary agency Homes and also giving older girls in marriage in appropriate instances.

(iv) Juvenile Correctional Services.—Correction of juvenile delinquents is another important function of the department. This is carried out through Remand Homes and Certified and Approved Schools. There are five State Remand Homes and seven Certified Schools. There is one Approved



School in the Island run by the Roman Catholic Mission for young persons of that denomination. The department assists 10 after-care centres, where children leaving Certified Schools could participate in self-employment-oriented training schemes.

(v) Day Care Centres.—These Centres established by voluntary agencies provide day-time care for pre-school children of working mothers. Besides provision of day meals, a variety of activities is carried out by trained day-care workers to facilitate the 'socialisation' of the children. The State pays a per capita maintenance grant of Rs. 15 per mensem to supplement the efforts of the voluntary agencies.

### **Sri Lanka School of Social Work**

The School offer both to the public and private sector training courses and in-service training in Social Work Education and Social Welfare. In the execution of these tasks, the United Nations Children's Fund (UNICEF) plays a major role in funding and sponsoring these project functions.

The Sri Lanka School of Social Work offers a two year full-time Diploma Course in Social Work, which is open to both state and private sectors. Those eligible for admission are required to have a minimum of five years experience in stipulated social work practitioner positions, e.g. Social Services Officers, Probation Officers, Rural Development Officers, or should have passed the G. C. E. (Advanced Level) and possess the same experience in Social Service work. This is the only professional Social Work Educational programme available in Sri Lanka.

The School also trains and provides induction and in-service training for the staff of the department of Social Services, the Department of Probation and Child Care Services and also the staff of voluntary organisations which are assisted by these two departments. Training of para-professionals in Social Welfare has been a main undertaking of the School for a number of years. Training of Child Care Workers, in Children's Homes and Day-Care Centres run by the State or voluntary bodies constitutes a major portion of training under the para-professional programme. Training of Crèche Workers for the tea and rubber estates is done under this programme with UNICEF assistance.

### **Housing**

The increase in the occupied living units in Sri Lanka has lagged behind the rate of population growth. Between the 1963 and 1971 intercensal period the population increased by 19.9 percent but the increase of occupied housing units was only 12.7 percent. According to the Census of 1971 90 percent of the housing units were occupied by single households, while the balance 10 percent were shared by two or more households. 70.7 percent of the housing units were owner occupied. This figure however, is low in the urban sector. Only 46.5 percent of housing units in the urban sector were occupied by the owner himself though in the rural sector this figure has increased to 85.0 percent. At the all-island level average number of occupants per occupied housing unit was 5.6; the average number of occupants for a housing unit in urban areas was 6.0; it showed 5.6 and 4.8 respectively in rural and estate sectors.

Of the total housing units, about 70 percent were supplied with well water, while pipe-borne water was available only for 20 percent. The balance 10 percent of the housing units depend on river streams and tanks, etc., for their water supply. It has also been estimated that almost 34 percent of the housing units had no toilet facilities. Electricity was available for only 9 per cent, most of the households depending on kerosene for lighting purposes.

Between the years 1976–2001 the population of Sri Lanka has been projected from 13.8 million to 18.9 million persons. Of this population, it is estimated that the urban component would increase progressively from 23 percent to 30 percent by 2001. Household composition in the urban sector is expected to decrease from 6.0 to 5.6 by 2001 while in the rural sector the decrease would be from 5.6 to about 5.5.



The increase in population, urban-rural migration, and obsolescence of the present housing stock has resulted in the need to construct about 107,000 houses annually, if the problem is to be alleviated by 2001. Of this number, the urban sector would require about 33,400 houses and the rural sector about 73,600 houses each year.

In numerical terms the housing problem in Sri Lanka is mainly an urban one, in view of the fact that the present construction rate in the urban sector is less than 50 percent of the requirement while construction rate in the rural sector could match the requirement. Colombo being a primate City is the worst affected within the urban sector and estimates indicate that approximately a seventh of urban housing construction should be within the metropolis.

In addition to physical problems created due to insufficient and low standard housing there are also the socio-economic aspects. These relate predominantly to the urban sector and have been highlighted by the social problems emanating from slum and squatter settlements.

*Housing Policy.*—Housing Policy is formulated by the Ministry of Local Government, Housing and Construction and implemented through State departments and State sponsored organisations under the Ministry.

Housing Policy developed to cover the period 1978–1982 was based on a realistic approach in solving the problem within the economic limitations of the country, and based on the concept that Sri Lanka would eventually consist of a home-owning society.

With the above in view, two broad policy strategies were outlined. Short-term policy envisaged the improvement of rural and urban housing and the control of rents, while long-term policy envisaged the construction of houses both by the public and the private sectors to meet the existing shortage, demand due to increase in population, and the demolition of obsolete dwellings.

#### **Department of National Housing**

The Construction Programme which was hitherto carried out by the Department of National Housing was handed over in April 1979 to the newly set up National Housing Development Authority.

With the takeover of the housing construction programme by the Authority, the scope and functions of the National Housing Department have been restricted to :

- (1) The Housing Loans Programme.
- (2) Allocation and Maintenance of Flats and Housing Schemes.
- (3) Implementation of Housing Regulations namely the Ceiling on Housing Property Law, the Rent Act, and protection of Tenants (Special Provisions) Act.

*Housing Loans Programme.*—A sum of Rs. 140,126,100 during the year was offered as Housing Loans such loans up to Rs. 10,000 have been offered on personal surety for construction, completion extension and repair of houses ; Rs. 10,000 to Rs. 50,000 for construction, completion and extension have been given on hypothecation of property.

Apart from the grant of loans the department has initiated a programme for upgrading of rural housing. Owners of rural housing under this scheme are eligible for an interest free loan up to a maximum of Rs. 3,000 for the upgrading of houses. These loans would be granted through the branches of People's Bank of the respective areas. A total amount of Rs. 11 million has already been offered up to end of September, 1979. Implementation of the programme is being geared through a network of regional offices of the National Housing Department.

*Allocation and the Maintenance of Flats and the Housing Schemes.*—The Department allocates flats constructed and handed over by the National Housing Development Authority. While it had not been possible to accommodate a large number of applicants for these flats it is expected that with the extended programme of construction of flats it would be possible in the near future to offer relief to a large number of persons who are in need of housing accommodation. The day to day main



tenance and repairs to flats which was hitherto carried out by the department through its own labour or on contract has now been handed over to Common Amenities Board which carries out these functions. The Government has also accepted in principle the introduction of Rent purchase Scheme of Flats under which tenants of flats are entitled within a period of time to be owners of the flats.

*Implementation of Housing Regulations.*—One of the most significant steps taken by the Government in the implementation of the Ceiling on Housing Property Law was the enactment of the Ceiling on Housing Property Law (No. 9) of 1977 which provides for the transfer to the tenants of houses vested in the Department of National Housing where the standard rent does not exceed Rs. 25 per month, free of any further payment. About 9,000 tenants would benefit from this law and transfer deeds are now being issued by the department in respect of these houses.

*The Rent Act.*—The purpose of the Rent Act is to establish the rents in a situation where demand exceeds supply. This Act, however, is applicable only to existing houses, thus encouraging the private sector to invest in housing and obtain a return based on a law of supply and demand. Though a steady increase in rents exists with the initiation of the new building programme of the Government, the supply should equal demand resulting in lower rents.

*Protection of Tenants Act.*—This Act which came into operation in 1970 continues to be in operation. The main purpose of this Act is to protect the tenants against harassment and other malpractices by the landlords. As in the case of the Rent Act it would again be seen that once the quantum of housing is increased and the objective of a home-owning society is achieved, the need for this Act would tend to decline.

*Private Sector.*—In keeping with Government's policy to encourage the private sector to invest in housing and produce about 80,000 housing units each year, incentives are being provided through tax relief and other benefits.

#### National Housing Development Authority

The National Housing Development Authority was set up under the National Housing Development Authority Act (No. 17) of 1979. The Authority commenced functioning in May 1979. Important among its objectives are :

- (a) To directly engaged itself in the construction of flats, houses and other living accommodation of buildings ;
- (b) To formulate schemes to establish housing development projects in order to alleviate the housing shortage ;
- (c) To cause the clearance of slum and shanty areas and the re-development of such areas ;
- (d) To promote housing development ;
- (e) To make land available to any person for housing development ;
- (f) To provide financial or other assistance to persons engaged in any activity which is similar to any of the objects of the Authority.

The Authority has undertaken a programme to construct 100,000 houses before 1983. This Programme envisages the construction of 36,000 houses on a direct construction basis in urban areas, 50,000 houses on an Aided-Help basis in semi-urban and rural areas and 14,000 houses for home builders on a loan programme.

*Direct Construction Programme.*—The 36,000 housing units under this programme are mainly distributed in and around Colombo, where the housing shortage is most acute. A few large Schemes have also been programmed for major cities like Kandy and Jaffna. The programme has been carefully designed to ease the present urban housing shortage taking into consideration the main



constraints that would arise when housing development is undertaken in urban areas. The strategy adopted is to remove the pressure for housing in the City of Colombo by developing self contained fully integrated large neighbourhood within easy communicating distance from the City, and by re-developing completely blighted areas in the City. As buildable lands within the city limits are scarce, the National Housing Development Authority has commenced the development of large housing estates in areas like Kottawa, Seeduwa, Moratuwa and Attangalle. Within the City itself, areas like Pettah, Borella, Grandpass, Colombo North and Wellawatte are being re-developed on a planned basis to obtain the fully economic potential of these prime lands in the metropolis.

A large number of these re-development projects are commercial cum housing developments, where the commercial element is to a large extent expected to generate income to cover the cost of such development. Due to the heavy load on the infrastructure facilities in cities, such as sewerage and water supply, the Authority has planned to develop extensive neighbourhoods in the suburbs.

Performance on this programme up to the end of 1979 is :

	(Number)
(a) Units completed	2,760
(b) Units under construction	16,000
(c) Units where land identified, designs are completed	16,500
(d) Units to be planned	740
	<hr/> 36,000 <hr/>

Total cost incurred up to the end of 1979 on the above programme was Rs. 517.6 million.

*Aided Self Help Housing Programme.*—This programme envisages construction of 50,000 housing units in the rural areas on an Aided-Self-Help basis. Under this programme buildable land building material and technical advice would be provided by the National Housing Development Authority, while the allottee would contribute the labour component for the completion of these houses. A total of 1,737 housing units have been completed while 17,278 units are under varying stages of construction.

The total cost incurred up to the end of 1979 was Rs. 104 million.

*Electoral Housing Programme.*—Undertaken on a direct construction basis, this programme envisages construction of 26,040 units on a distribution of 155 houses per electorate. Already, 15 houses per electorate have been completed and occupied. A further 20 houses per electorate are now under construction. The estimated cost of this programme on current prices, is Rs. 1,204 million. Expenditure incurred up to the end of 1979 was Rs. 88.2 million.

*Model Village Programme.*—A model village is planned to be constructed in each electorate under the Government's popular village re-awakening movement. The model village development programme is expected to have a catalytic effect on rural areas in the general social and moral upliftment and would in turn provide an impetus to economic advancement.

A total of 56 model villages have so far been developed under the GRAMODAYA programme initiated by Sri Lanka Prime Minister. These comprise some of the hitherto least developed rural areas in the island.

#### Common Amenities

Provision of common amenities is a function of the common Amenities Board established under the Common Amenities Board Law (No. 10) of 1973. Primarily an institution which caters to the needs of the National Housing Department the Board has widened its activities to include such func-



tions as upgrading of slums and shanties, providing common amenities to tenement gardens and shanties, transit camps, effecting improvements and maintaining of houses vested under the Ceiling of House and Property Law, parks and playgrounds for children in tenement gardens, sewerage, etc. Common amenities were afforded to 3,599 houses, comprising 200 gardens, 2 special projects and 80 UNICEF Assisted Projects. A total of 30 Housing Schemes within the District of Colombo comprising 6,192 Housing Units were maintained by the Board.

Programmes covering the other parts of the island are envisaged. These programmes would initially be extended to Nuwara Eliya, Jaffna, Kandy, Galle and Trincomalee.

#### **Building Materials Corporation**

The Building Materials Corporation is the largest State sponsored institution catering to the construction industry in the Island. The main objective of the Corporation is to ensure regular supply of building materials to meet the demand. An unprecedented increase is reflected in the demand for building materials consequent on the implementation of major development projects as the accelerated Mahaveli Scheme, provision of infra-structural facilities for the Free Trade Zone and the Housing Programme of the Government. The Corporation had a sales turnover of Rs. 549.9 million in 1979. The present boom in construction activities undertaken by State and Private Sector undertakings and private house builders has resulted in an ever increasing demand for construction materials.

Particular emphasis is being stressed in channelling its activities to cater to requirements of the aided self help housing schemes which has been launched under the re-awakening programmes. The first two housing projects were initiated at Udagama and Udaragama in Yapahuwa and Mawathagama electorates. The Building Materials Corporation had a sales turnover of Rs. 549.4 million in 1979.

A feeder institution, the Building Materials Manufacturing Corporation serves the needs of the community in the manufacture and availability of construction materials.

#### **Town and Country Planning**

Planning and zoning schemes undertaken by the Department of Town and Country Planning were :

*Town Planning.*—Town Improvement and Town Expansion schemes : Gampaha, Wariyapola, Beliatta, Ridigama, Elpitiya, Divulapitiya, Bibile, Medagama, Wellawaya, Tanamalwila, Agalawatte, Katukurunda, Warakapola, Hanguranketa, Ja-ela, Maho, Wanathawilluwa, Ragama, Hakmana, Kamburupitiya, Medirigiriya, Polgahawela, Pothuhera, Maha Illuppalama, Talgaswela, Minneriya, Dambulla, Hingurakgoda, Kahatagasdigiliya, Wattala, Kalmunai, Na-ula, Walasmulla, Buttala, Medawachchiya, Ukuwela, Diyagama, Kotawehera and Pannala.

*Model Villages.*—Layout for Model Villages—Kampola, Welimada, Dodampitiya, Kottabadda, Suvineethagama Kanadullawatta, Kolongoda, Vinithagama, Richdale (Kurunegala), Millagahawatta (Kalutara), Providence Estate (Ambalangoda), Sanquere Estate (Dalpitiya) Polonnaruwa, Mannar, Demodera, Elpitiya (Marawilawatte) Chilaw, Kegalle, Anamaduwa, Hakmana (Dehigahahena) Badulla (Vinithagama) and Galgamuwa.

*Housing Schemes :* Layout for Housing Schemes.—Moratuwa, Miritigala, Wanathamulla, Egoda-uyana, Dankotuwa, Dehiwela, Elpitiya, Bandarawela, Maskeliya, Beruwela, Kerigala, Wadugodawatta, Urugodawatta, Pandateruppu and Modarawila (Panadura).

#### **Sacred Area Development Programmes**

##### **KATARAGAMA PRESERVATION SCHEME :**

- (1) Construction of Roads,
- (2) Electricity Supply,
- (3) Water Service,
- (4) Sewage Disposal.



**PRESERVATION OF KELANIYA SACRED AREA :**

- (1) Construction of Roads,
- (2) Electricity Supply,
- (3) Water Service,
- (4) Pilgrims' Rest,
- (5) Shopping Centres.

**Urban Development Authority**

The Urban Development Authority was established on 1st October, 1978, under the provisions of the Urban Development Authority Law (No. 41) of 1978. The Authority exercises its powers and functions within any area declared as such for purpose of Urban Development.

Major functions of the authority include *inter alia* :

- (1) to carry out integrated planning and physical development within and among such areas.
- (2) to implement related programmes of development work, activities and services in such areas consistent with integrated planning.
- (3) to formulate and submit development plans to the Government and undertake the execution of development projects and schemes as approved by Government.
- (4) to develop environmental standards and prepare schemes for environmental improvements in areas within its authority.
- (5) to formulate and execute housing schemes.
- (6) to cause clearance of slum and shanty areas for purpose of development.
- (7) to accept grants donations or subsidies for purpose of achieving the objects of the Authority.

The initial capital of the Authority is one hundred million rupees and is paid out of the consolidated fund in such instalments as determined by the Minister of Finance and Planning in consultation with the Minister of Local Government, Housing and Construction. Twenty million rupees have been released towards the initial capital. The Authority is empowered to issue debentures guaranteed by the Government for provision of working capital or the investment capital.

The twenty-four District capitals of Sri Lanka, in addition to the Municipal Council of Dehiwela-Mount Lavinia, Urban Councils of Kotte, Moratuwa, Kolonnawa, and the area within the Sri Jayawardenapura Parliamentary and Administrative Complex have been declared for purpose of Urban Development. Action is being taken to declare the rest of Urban Council limits as development areas. This however excludes local authorities within jurisdiction of the Greater Colombo Economic Commission.

*Echelon Square and Lotus Centre.*—The Authority has finalised plans to develop and utilise 6.5 hectares of land at Echelon Square with a heavy concentration of office buildings, hotels and shopping complexes. A similar extent of 6.5 hectares presently being used as a granary in the heart of the metropolis (Chalmers Granary) is planned to be redeveloped as a shopping centre and a large national square of the Lotus Centre.

*Private Development.*—Two valuable sites at Galle Face and another site adjoining the Beira Lake have been identified for development as Hotel sites.

*Sri Jayawardenapura Complex.*—The major task so far undertaken is the planning and construction of the Sri Jayawardenapura Parliamentary and Administrative Complex at Kotte. Contract for the construction of the new Parliament has been signed with an international firm of repute. The buildings are scheduled for completion by 1982. Various Government departments are providing



the necessary infra-structure. Two other international firms have been selected for the construction of Administrative Complexes each of 500,000 sq. feet at Pelwatte and Battaramulla. A site has also been identified at Sri Jayawardenapura for a hospital with 1,000 beds a proposed gift by the Japanese Government.

*Slum and Shanty Improvements.*—Shanty improvement schemes are being undertaken at Steuart Street, Vauxhall Street, Kolonnawa, Sumitpura, Wanathamulla and Kandy Town.

*Industries.*—An extent of 200 hectares of marshy land at Peliyagoda are being reclaimed for construction of warehouses and to shift industries now occupying valuable land space within the city.

*District Towns.*—Planning proposals have been prepared for Batticaloa, Kandy and Nuwara Eliya. These proposals would be implemented in stages. Planning work for other district capitals would be taken up in due course.



## CHAPTER XXII

### INFORMATION AND PUBLICITY

#### Information Service

The Department of Information was established in 1948. Its functions under the Ministry of State. Specifically the functions of the departments are :

- (a) Distribution of official news to the press through press communiques.
- (b) Arranging press conferences for the various Ministries.
- (c) Preparation of special booklets, brochures, pamphlets, etc., explaining Government policy and emphasising government activities.
- (d) Publishing regular journals for dissemination of information about State activities.
- (e) Giving advice to other Government Departments and State Corporations on publicity requirements.
- (f) Preparation of films projecting government activities relating to development work and other state functions ; distribution of these films through the commercial cinema circuit.
- (g) Conducting film shows at the island level deploying its vans at public rallies, State functions, etc.
- (h) Sale of Government Publications.

*Publicity Abroad.*—An important activity of the department is to prepare publicity material on Sri Lanka for readers overseas. For this purpose the department has three regular English publications which are sent to Sri Lanka Missions abroad. These publications are “ Sri Lanka News Bulletin ” (Weekly publication), “ FOCUS ” (Fortnightly news magazine) and “ Sri Lanka Today ” (Quarterly). The Department also supplies these missions with special English publications that are of interest to readers abroad. The Department in addition sends documentary films on Sri Lanka to these missions.

*Policy Changes.*—Among the important pledges made by the Government party during its election campaign in 1977 was the guaranteeing of fundamental rights, which include freedom of expression of the individual and freedom of the press. Several steps were taken to implement this policy. The decision as regards advertising policies of the previous regime were completely changed to enable all newspapers to obtain State benefit on the basis of their circulation figures. Public transport facilities which were denied to certain newspapers are being provided to all newspaper groups.

The department has established closer links with the management and staff of newspaper groups, and other news media agencies in affording facilities such as free transport for working journalists covering national events.

With the assumption of office by the present Government a national news agency the ‘ Lanka Puwath ’ was established by the department in collaboration with the Sri Lanka Broadcasting Corporation and the leading Newspaper groups. The national news agency would enable mass media organisations the world over, to obtain better coverage of the activities in Sri Lanka.

A new Sinhala Fortnightly publication entitled DESATHIYA was commenced by the department soon after the present Government was installed.

Two sub-departments, the Films Division and the Government Publications Bureau which handles sale of Government publications, function under the Director of Information.

*Films Division.*—The Films Division produces documentaries and newsreels with particular emphasis to the country’s socio-economic development covering fields such as education, health, agriculture, irrigation and industries.



All these productions are presented to the people through the commercial cinema circuit in Sri Lanka and through a fleet of mobile cinema vans.

**Publication Bureau.**—The Government Publications Bureau is the Government's Book Shop.

The Bureau sells mainly Government Gazette, Parliamentary Hansards and Acts for which there is a great demand. Total sales turnover during 1979 was Rs. 763,190.

#### **Family Planning Communications Project**

The Family Planning Communications strategy project which is sponsored by the UNESCO and funded by the UNFPA, also functions under the Department of Information. The Director of Information services as the Project Director and has his own specialised staff.

The principal function of the Project is to promote the small family norm using both mass media and interpersonal channels of communication. The project has made extensive use of the film and the radio, besides printed literature to put across the family planning message that a small family unit is a happy family. It has based its multi-media approach to put across the message on research conducted by its own staff or in collaboration with outside Government Agencies like the Agrarian Research and Training Institute and private sector Marketing organisations like Messrs. Lever Brothers (Ceylon) Ltd. The Project gives communication support to all other UNFPA funded Family Planning/Population Projects in the Island and works in close collaboration with the Ministry of Health. The project beams a weekly radio programme in the three language services of the S. L. B. C. and also conducts workshop training for village level officers in population communication.

#### **The Press**

The first publication that served as a Newspaper was the Government Gazette, which started its career during the early years of British rule. Then came the Colombo Journal and after a brief existence it gave way to the Observer, later changed to the Ceylon Observer, which was founded by a group of European merchants in 1833. About the same time another paper, the Colombo Chronicle made its appearance in opposition to the Observer. Its name was changed to the Herald in 1838 and the Ceylon Times in 1846. These two papers, the Ceylon Observer and the Ceylon Times which laterly was changed to Times of Ceylon, came to be subsequently owned by the Associated Newspapers of Ceylon Ltd., and the Times of Ceylon Ltd., respectively.

Since these early beginnings the publishers of these two newspapers have added many other publications, the principal ones being the Ceylon Daily News, Dinamina and Janatha by the former and Lankadipa and Ceylon Daily Mirror by the latter.

A third group of newspapers entered the newspaper business in 1930 with the publication of a Tamil daily called 'Virakesari'. The publisher of this, Express Newspapers (Ceylon) Ltd., have added many other Tamil publications since then.

A fourth group of newspapers made its appearance in 1961 when the Independent Newspapers, Newspaper of Ceylon Ltd. started a Sinhala daily 'Davasa' followed later by its English Counter-part "The Sun". Since then, this group has also added many other publications to its list.

As regards ownership of these newspaper companies, the Associated Newspapers of Ceylon Ltd. underwent a major change when a greater part of its shares were vested in the State under Legislation passed by the former regime. As a result it is presently being controlled by the State. On the other hand Times of Ceylon Ltd., became insolvent in 1978 and the present Government had to step in and purchase it thus converting it into a State owned concern.

The other two major groups, namely the Express Newspapers (Ceylon) Ltd., and the Independent Newspapers of Ceylon Ltd., are privately owned and run as private enterprises.



The Aththa Publishers and Suriya Publishers though private are politically controlled. Two dailies and a weekly are published by them.

These four newspaper groups and the two publishers had a circulation of 6 dailies 12 weeklies 1 fortnightly and a monthly magazine in Sinhala, 4 dailies and 4 weeklies in Tamil, 4 dailies 3 weeklies and 2 fortnightlies in English and accounted for an average sales coverage of 1.7 million for issue of news material published in Sri Lanka.

#### **Sri Lanka Press Council**

The Sri Lanka Press Council was set up in 1973 following the passage in Parliament of the Sri Lanka Press Council Law (No. 5) of 1973.

The Council consists of seven Members, six of whom are appointed by the President of the Democratic Socialist Republic of Sri Lanka and the other is the person holding office as Director of Information. Of the six members appointed by the President, one represents the working journalists and the other represents the employees (printers) of newspaper business. The Chief Executive of the Council is the Press Commissioner.

The objects of the Council are :

- (a) To ensure the freedom of the Press, to prevent abuses of that freedom and to safeguard the character of the Sri Lanka Press.
- (b) To ensure that newspapers shall be free to publish as news true statements of facts and any comments based upon true statements of facts.
- (c) To ensure on the part of the newspapers and journalists the maintenance of high standards of journalistic ethics.
- (d) To improve methods of recruitment, education and training in the profession of journalism.
- (e) To undertake research into the use and needs of the Press.

Steps have been taken to set up a Code of Ethics for Journalists.

#### **Sri Lanka Broadcasting Corporation**

The radio was introduced to this country a few years after World War I, when a small radio station was established in 1925. This grew up to an important Government department in later years to be known as Radio Ceylon. To give it more autonomy in keeping with the British Broadcasting Corporation, it became a State-run venture in 1967, under a Chairman and a Board of Directors in pursuance of Act (No. 37) of 1966.

The Corporation operates two services in each of the three languages beams, Sinhala, Tamil and English. Of these services, the National Service, known as Channel I has all the regular programmes which project the Government's image giving due place to Government activities particularly in relation to socio-economic development. The other, the Commercial Service, known as Channel II, carries sponsored programmes, mostly light music and drama, to advertise commercial products or services.

**Sinhala Service.**—The most remarkable event in the history of broadcasting was the establishment of the Regional Station at Anuradhapura during the year 1979 for the people of Jaja Rata. This Regional Broadcasting station—"Rajarata Sevaya", has become increasingly popular among listeners in the North-Central Province and around villages extending to other regions of the area. Special emphasis is being stressed on the accelerated Mahaweli Project while broadcasting programmes of a rural nature. Publicity was given to the Maduru Oya complex and Shramadana activities of the people associated with the project. Special programmes high lighted various phases of the Mahaweli



accelerated project, viz. Kotmale, Jaya Ganga, Randenigala, Lunugamvehera, etc. Activities as regards to the "Gramodaya" projects—the re-awakening of village and housing programme which the Prime Minister is piloting have been highlighted in the national programme.

The state visit of the President of the Republic to the Non-Aligned Conference in Havana and state visits to Japan and Singapore were covered by telecast system and broadcast on this service. The Prime Minister's visits to Britain, Germany and China, had special coverage. S. L. B. C. news sources were helpful to the press in the availability of news items. All activities in regard to cultural, social, political and of religious significance were covered and various types of programmes were broadcast to highlight such activities. Apart from several spoken word programmes, special rural programmes were put over the air depicting agricultural and farm information over Channel III of the Sinhala Services.

Musical programmes had particular emphasis on traditional music. A special audition was held to grade performance of singers of the Corporation and a reputed Indian Artiste, Mrs. Deepali Nag was commissioned for this purpose. Every effort is being made to reach new dimensions in the sphere of traditional and classical music. The proceedings of the May Day Rally were relayed giving adequate coverage to all political parties. A musical show highlighted the occasion with participation of Indian Singers.

*Tamil Service.*—A weekly Documentary Feature and a weekly panel discussion were broadcast during the year 1979. These programmes depicted activities of various Government departments and development in such fields as handlooms, fisheries among local industries, salt production, etc. Special programmes were broadcast highlighting the development activities in the cyclone affected Batticaloa and Amparai districts.

A new programme depicting the culture and arts of the people of the Eastern Province, was beamed twice a month on the Tamil service. Magazine programmes were broadcast specially for the people of the hill country highlighting its culture, traditional arts and life of the people. Religious hymns with illustrative meaning under the title of Pamalai were broadcast on a regular sequence in the mornings and became quite popular. Local compositions were given encouragement to the maximum, Conjal songs, devotional hymns in praise of deities of temples in Sri Lanka were broadcast coinciding with the temple festivals. Light songs of local composers only were recorded. A comparative study of classical and Hindustani Music by Mrs. Lakshmi Shankar was broadcast. A children's show was held at Ramakrishna Hall to commemorate the International Year of the Child. A drama festival was also conducted. Special auditions were held for all performing artistes by Prof. T. N. Krishnan as recommended by All India Radio. Earnings of both local and Asian Services have comparatively increased during the year. For the first time in the history of S. L. B. C. the Tamil Service broadcast programmes are being sold to Singapore as transcription service earning Rs. 11,000 a month.

*English Services.*—During the year, considerable prominence was given in a number of featured and documentary programmes in significance of 1979 as the International Year of the Child. In addition several programmes from abroad—UNESCO, Deutsche Welie, Netherlands, etc., on this topic, development-oriented items were more meaningfully interwoven into popular magazine programmes such as Radio Journal, Women's Magazine Programmes, etc. The S. L. B. C. is mindful of the fact that a greater proportion of the local listening audience is in the age group 20 to 30 years. Maximum use was also made of programme material (local and foreign) relating to science programmes, which have proved to be of immense educative and informative value. Greater coverage was given to local Theatre, Publications, Music Festivals, etc., on such programmes as "Literary Quarter" and "Arts Magazine". Programmes specially geared to the needs of developing countries and produced by the World Health Organisation were broadcast in the series "Accent on Health". It is heartening to note that a number of sponsors have evinced keen interest in the sponsorship of Quiz programmes and other programmes of educative value beamed on Channel Two of the English service.



*News Service.*—Further strides were made, during the year, to improve and expand the services and facilities provided by the News Division, while new initiatives considered with a view to effecting an overall improvement in the performance of S.L.B.C's personnel. Considerable progress in this regard has been achieved. Coverage of local and foreign news is given a wider dimension. Parliamentary proceedings were treated in depth with the introduction of a commentary, thus supplementing the limited coverage that was possible in the 15-minute final news bulletin. Speeches of Opposition as well as Government members were broadcast on several important debates. In order to provide a wider coverage during the peak listening time, the final composite news bulletin was extended from 10-15 minutes. Information needs of Sri Lankan residents in the Middle East prompted the introduction of a special overseas bulletin of local news. This has received wide appreciation from Sri Lankans abroad. A special overseas bulletin predominantly of local news in English, Tamil, Hindi and Arabic was introduced in addition to project local events in their proper perspective for the benefit of overseas listeners. Two International conferences of great importance were covered exclusively by the S.L.B.C. during the year, as the Havana Summit of Non-Aligned Nations inaugurated by Sri Lanka's President Mr. J. R. Jayewardene and his visits to Japan, Singapore which were covered for both Radio and Television. The other was the Lusaka—Commonwealth Heads of Government Conference, represented by the Prime Minister Mr. R. Premadasa and his visits to Britain, China, Kenya and Singapore. During the year, the News Division was required to undertake such major tasks as the provision of round-the-clock coverage in June of the Ministerial Meeting of the Co-ordinating Bureau of the Non-Aligned Nations. As far as local news was concerned, the most significant change was the effort made to enhance credibility of news programme.

*Sports Service.*—The Sports Service was inaugurated in October 1978. The programmes broadcast on this service, besides carrying out sport items from the local as well as foreign scenes also cover special feature programmes, panel discussions and dialogues with persons from various institutions in Sri Lanka and abroad as regards their activities and achievements. 'Live' commentaries of important sports activities have been broadcast almost every week. A 30-minute special programme on the all Asia Beam in English continues to be broadcast.

*Education Service.*—This Service, broadcast educational programmes in Sinhala and Tamil. Programmes are mainly based on the subject syllabuses planned by the Ministry of Education and directed mainly to schools in the morning hours with repeat programmes to teachers, parents and children at home in the evening.

The aims of this Service are to—

- (a) improve educational opportunities, particularly in rural schools which are handicapped by lack of qualified teachers;
- (b) improve the quality of education by demonstrating good teaching methods.

*Middle East Service.*—On 2 November, 1979, this Service completed its first year of institution. This service, though of short duration, had been successful in making its existence felt all over the Middle Eastern countries.

*Engineering Division.*—The Engineering division was responsible for putting up a studio and broadcasting complex at Anuradhapura. This studio opts into the main network programme transmitted via Anuradhapura Transmitting Station for about four hours a day. The second Regional Studio was inaugurated in February 1980. Studios at Jaffna and Kandy are being planned. National TV project planning was finalized in June 1979. The preliminary work involving acquisition of site is complete. The last stage of medium wave expansion scheme consists of constructing transmitting stations at Kanthalai, Ambewela, Mahiyangana and Ratnapura. This stage would also equip existing stations with additional transmitters.

*Finance.*—The total revenue for the first nine months of 1979 amounted to Rs. 51.7 million as against Rs. 59.7 million for the whole of 1978. The revenue on Radio Licence fees up to September 1979 was Rs. 26.2 million. The sale of air time recorded a significant increase during 1979. The



income on this account for the first nine months of the year amounted to Rs. 20.6 million as against Rs. 18.9 million for the preceeding year. Two Major Projects were undertaken in 1979—viz ; the Medium wave Expansion Scheme Stage III—estimated at Rs. 124 million and the National Television Project estimated at Rs. 306 million.

### Television in Sri Lanka

The independent television net work of Sri Lanka is a State owned venture costing about Rs. 306 million in local currency. The Television network is a gift from the Japanese Government. Work on the T. V. project commenced in October 1979.

Studios are being constructed at Independence Square with signals beaming *via* micro wave to the transmitting station located at Sri Lanka's highest mountain peak, Pidurutalagala 2,500 metres in elevation. The two repeater stations are being located at Kandy and at Kokuvil in the North of Sri Lanka.

Coverage of these three transmitting stations would be about 84 per cent of the island's population.

With a view to preparing 'Soft Wave' or programme material a national Television Centre is being set up under the aegis of the Ministry of State.

The National T. V. Network operates 2 Services daily of 5 hours duration, except on Sundays where an additional service is provided. Topics covered on T. V. programmes include, political, economic and social aspects and also highlights of significant development activities of the government.

### The Film Industry in Sri Lanka

There is evidence to show that a film titled " Rajakeeya Wickremaya " a non-feature film was produced in 1925 and had been exhibited in countries like India and Singapore. The first sound feature film in Sri Lanka was produced in 1947.

With the establishment of the Government Film Unit in 1948, there began the systematic production of documentary films too.

Upto 1972, every aspect of work connected with the production of feature films in Sri Lanka, was handled by the Private Sector without any intervention by the State.

### The State Film Corporation

In 1962, the Film Commission was appointed and on the recommendation made by the Film Commission, the State Film Corporation was constituted under the State Film Corporation Act (No. 47) of 1971. Since then the Corporation has initiated many steps for the improvement of the film industry.

- (a) Action was taken to give prominence to local film industry as a measure of protection from the imported films.
- (b) The screen time for nationally produced films was increased while the screen time devoted for foreign films was reduced.
- (c) Importation and sale of raw films was under taken by the Corporation.

The Corporation has also encouraged the local film production in many ways. It was not the general practice among the film producers in Sri Lanka to produce films based on scripts. Under the special credit scheme launched by the Corporation in collaboration with the People's Bank, credit facilities were made available for films to be produced on outstanding scripts, approved by the Script Assessment Board.

A Script Bank was also established. Outstanding film scripts are purchased by the Script Bank on payment of an advance to the script writer. An interested producer negotiates with the script writer. After successful negotiation the script is sold to the producer.



Meanwhile the Corporation has introduced a 100 percent loan scheme for exceptional scripts by meeting the full cost of production, with a view to promoting of outstanding directors to make high quality films. Under this scheme, two films were produced in 1977.

The Corporation safeguards the technical personnel, actors and directors engaged in the local film industry by registering them with the Corporation.

- (1) To improve the patrons' taste films from various countries were imported and exhibited by the Corporation.
- (2) To rationalize the distribution of locally produced films the Corporation has set up five distribution centres.

It is evident from Table 22.1 that the income of the exhibitors as well as the number of patrons have been increased substantially as a result of the steps stated above. Accordingly the income of the producers was also substantial.

TABLE 22.1—NUMBER OF CINEMAS AND INCOME

	1978
Number of cinema halls	354
Number of seats in cinemas	186,166
Number of Patrons	68,688,933
Total annual income	Rs. 94,273,849

Important among the many proposals envisaged for development in the future are the following :

- (a) Provision of loan facilities to colour film producers.
- (b) Production of a children's colour film.
- (c) Action initiated for the establishment of a film Institute.
- (d) Initiated for the first time a scheme of Presidential awards for those actively engaged in film production.
- (e) Construction of new cinemas and theatre halls and also providing facilities to existing ones.

*Film Production.*—New films released for exhibition:

	1978
Locally produced films—	
Sinhala	26
Tamil	21
English	41
Hindi	03
Total	91

Percentage of screen—time duration is—

Sinhala films	56.67 (percent)
Tamil films	34.98 „
English films	6.64 „
Hindi films	1.71 „
	100.00



### National Library Services

The creation of a library authority for planning and developing library services on a national scale is being considered as a matter of high priority in the educational programmes in the country. For this purpose, the Ceylon National Library Services Board was set up in 1970 by an Act of Parliament, as a statutory agency under the Minister of Education.

In terms of the Ceylon National Library Services Board Act, the Board is empowered—

- (a) to plan and assist in the promotion, organisation and development of library services in general ;
- (b) to establish and maintain the Ceylon National Library ;
- (c) to advise and assist in the promotion of school libraries ;
- (d) to advise and assist in the promotion and development of Public Library Services ;
- (e) to advise and assist in the publication of reading material and the production of audio-visual aids ;
- (f) to advise and assist in the co-ordination and development of University libraries, Technical College libraries, library services of local authorities, Government departmental libraries and other special libraries ;
- (g) to advise and assist the Government in fixing the minimum academic and professional qualifications for those employed in library services ;
- (h) to promote the development of library education and training ; and
- (i) to carry out such other functions as may be necessary for the general promotion of library services.

The Board is assisted and advised by several Committees. One of the most important responsibilities of the Ceylon National Library Services Board is the establishment of the National Library and the Documentation Centre.

In 1975, the Cabinet approved a sum of Rs. 11.5 million for the construction of the National Library building and a plot of land in the heart of the city, valued over Rs. 2 million was granted to the Board for the building site. UNESCO provided the services of a Consultant Architect.

Financial provision is made in the estimates to recruit necessary staff as and when the need arises. The Board solicits gifts and donations of rare and valuable books, documents, manuscripts, etc., for the national collection. The National deposit library for local publications receives copies of all UNESCO publications.

**Library Development Project.**—The development programme of the library Services Board commenced with a pilot project begun in 1970 with UNESCO aid. Since then this programme has been extended to cover the entire island, approximately 50 libraries being selected annually for development on a district basis.

Under the development programme a total of 175 school libraries and 175 public libraries have so far been assisted. A large number of non-project libraries comprising those in agricultural colonies, book clubs of rural development societies, temples, village societies, etc., have been similarly supported.

Libraries which do not fall within the annual project programme also are given considerable assistance in matters relating to their establishment and advice in services. Supply of model library building plans, specifications for library furniture and equipment are two widely sought forms of assistance.



*Library Education and Training.*—On an evaluation of the facilities available in the country for library education and training, the Board has isolated the following priorities, which need urgent attention :

- (1) provide educational and training facilities to untrained and unqualified personnel already in library service ;
- (2) provide facilities for continuing education and up-dating knowledge of library personnel who have obtained basic qualifications and/or training ;
- (3) to make available educational facilities to fresh entrants who choose librarianship as a career.

With these objectives the Board would commence a correspondence course in library and information science supplemented by necessary practical work experience, discussions, seminars, etc.

The Education Advisory Committee of the Board is delegated the authority to evaluate courses in Library Science and certificates issued by various library schools and make recommendations to the Board. The Board act as the final authority in advising the Ministry of Public Administration on fixing minimum qualifications for librarians in the Public and Local Government Services and the recognition of such certificates.

As a logical step to training of staff and provision of assistance to libraries is the evaluation and assessment of the progress made by the librarians who come under the development project. With this objective in view periodic inspections are conducted by the Board's professional staff and their findings analysed and studied with a view to reviewing the methodology applied. The findings are conveyed to the appropriate authorities for remedial action, if necessary.

*Publication of Professional Literature.*—The acute shortage of professional literature in Sinhala and Tamil has considerably hampered the efforts of many organisations concerned with professional activities, particularly in the field of education. The Library Services Board, has, therefore, taken steps to publish standard works in these languages. The IFLA standards for public libraries was translated and published in 1977. A complete list of Board publications are available on request. The Board also publishes a quarterly journal which serves as the medium of communication between the Board and those interested in library activities.

With the establishment of the National Library and the Documentation Centre it is envisaged that bibliographic activities of all types could be undertaken. The National Library and documentation centre would be the focal point of national and international library activities in Sri Lanka.



Library Education and Training.—On the completion of the facilities available in the country for library education and training, the Board has initiated the following projects which need urgent attention: (1) to provide educational facilities to train and upgrade personnel already in the library service; (2) to provide facilities for continuing education and up-dating knowledge of library personnel who have obtained basic qualifications and/or training; (3) to make available educational facilities to fresh entrants who choose librarianship as a career.

With these objectives the Board would recommend a correspondence course in library and information science supplemented by necessary practical work, correspondence training, etc.

The Education Advisory Committee of the Board is entrusted the authority to advise on matters in library science and continue to advise on library schools and make recommendations to the Board. The Board is also the final authority in advising the Ministry of Public Administration on the minimum qualifications for librarians in the Public and Local Government Services and the recognition of such qualifications.

As a part of its training of staff and provision of assistance to libraries in the evaluation and assessment of the progress made by the librarians who undergo the advanced courses, the Board is also conducting in view periodic inspections are conducted by the Board's professional staff and their findings are submitted and studied with a view to remedying the deficiencies, if any. The findings are conveyed to the appropriate authorities for remedial action, if necessary.

Publication of Professional Literature.—The recent shortage of professional literature in the field of librarianship has been a matter of concern to many organisations connected with professional activities, particularly in the field of education. The Library of Congress, the American Library Association, the IFLA, etc., have been publishing works in these languages. The IFLA, standing for International Federation of Library Associations, has published a complete list of books published in the field of librarianship. The Board also publishes a quarterly journal which serves as the medium of communication between the Board and those interested in library matters.

With the establishment of the National Library and the Documentation Centre, the Board has been able to undertake all types of library and documentation work. The National Library and Documentation Centre will be able to undertake all types of library and documentation work. The National Library and Documentation Centre will be able to undertake all types of library and documentation work.

The Board has been able to undertake all types of library and documentation work. The National Library and Documentation Centre will be able to undertake all types of library and documentation work.

The Board has been able to undertake all types of library and documentation work. The National Library and Documentation Centre will be able to undertake all types of library and documentation work.

The Board has been able to undertake all types of library and documentation work. The National Library and Documentation Centre will be able to undertake all types of library and documentation work.



## CHAPTER XXIII

### SUMMARY OF EVENTS IN 1980 AND 1981

#### Constitution and Parliament

On the recommendation of the Special Parliamentary Committee appointed to consider in detail the principles and ordinances relating to conduct of Presidential Elections, Parliamentary Elections and Referendums, the following three Acts of Parliament were passed in 1981, viz., Parliamentary Elections, Act No. 1 of 1981, Referendum Act, No. 7 of 1981 and Presidential Election Act, No. 15 of 1981.

Delimitation Commission has handed over its report to the President in January 1981 and accordingly the island has been divided into 22 Electoral Districts. In this connection the Commission has taken into consideration the Constitutional requirement that as far as possible each Electoral District should be constituted of one or two or more Administrative Districts.

Except the Electoral Districts, "Wanni" which includes the Administrative Districts of Mannar, Vavuniya and Mullativu, the other Electoral Districts coincide with the respective Administrative Districts. The Administrative District of Amparai has been called Digamadulla.

During the year 1981 Parliamentary seats of Hanguranketa, Kopay and Baddegama fell vacant and those vacancies were filled by nomination of members in terms of Section 161 of the Constitution. Panadura Electorate fell vacant towards the end of the year and action has been taken to fill that vacancy too.

*Local Government.*—No Local Government Elections were held during the year. During the period under review 48 vacancies occurred in Municipal Councils and Urban Councils and those vacancies were filled in terms of Section 65 of the Local Government Elections Ordinance.

*Development Councils.*—Provisions were made to establish Development Councils throughout the island by Development Council Act, No. 35 of September 1980. In March 1981, 24 Development Councils were formed on the basis of one Development Council for each Administrative District. Elections were held for these Development Councils on 4th June, 1981, under the Proportional Representation System.

Minister of Local Government, Housing and Construction has made an order under Section 18 (2) of the Development Council Act, No. 35 of 1980, to the effect that all functions so far performed by Town Councils and Village Councils should be taken over by the Development Councils.

Accordingly all Town Councils and Village Councils were abolished with effect from 1st July, 1981.

*Ministry of Cultural Affairs.*—On a recommendation made by the Committee appointed for the re-organisation of the then Department of Cultural Affairs, a new department by the name of Department of Buddhist Affairs was commissioned with effect from 01.06.1981.

The Central Cultural Fund of the UNESCO-Sri Lanka Project of the Cultural triangle started by the end of 1980, for the preservation of places of historical and cultural value, has been established under the Ministry of Cultural Affairs.

*Ministry of Transport.*—The Department of Muslim Religions and Cultural Affairs was newly established under the Ministry of Transport. The main activities of this department was the fostering and promoting of Muslim religious and cultural activities and the implementation of the Muslim Mosques and Charitable Trusts or Wakfs Act (51 of 1956) as amended by the Muslim Mosques and Muslim Charitable Trusts of Wakfs (Amendment) Act, No. 21 of 1962.



### Defence, Security and Foreign Affairs

*Sri Lanka Army.*—The Army has contributed a great deal towards National Development by actively participating in engineering and construction activities. Apart from this the Army also provided labour, material and equipment to other Government Departments, Corporations and Institutions when called upon to do so.

Duties connected with the prevention of smuggling and illicit immigration and assisting the Civil Authorities in the maintenance of Law and Order are among the activities performed during the period.

The Army happened to be in a continuous state of training and readiness in order that it will be able to perform its primary role.

*Sri Lanka Navy.*—Among its many of varied functions, the Navy's primary role is connected with such activities as surveilling the coast, checking of illicit immigration and smuggling and search and rescue of fishing and other crafts in distress at sea. The sea-going unit of the Navy consists of 28 vessels including seven 20 metre and four 14 metre Coastal Patrol Crafts.

The earnings to the Government revenue by the Sri Lanka Navy in the year 1981 was in the region of Rs. 447,783.

*Sri Lanka Air Force.*—There were Four Overseas Trainings during the year 1981. One Overseas Training Programme in Male was arranged on special instructions from the Ministry of Defence. Sri Lanka Air Force in liaison with the Sri Lanka Police performed a major role by providing flights for the Anti-Ganja Operation. Flying standard of the Sri Lanka Air Force Pilots were tested and categorized by a three-men team from the Central Flying School of the Royal Air Force. The Sri Lanka Air Force also assisted the Surveyor-General's Department to conduct Aerial Mapping Project and the Water Resources Board in their effort to induce artificial rain.

During the year 1981, the Sri Lanka Air Force Helitours has earned approximately Rs. 5,315,614 on Commercial Flights provided to Government Departments and Tourists. From the Agricultural and Livestock activities the Air Force earned an income of Rs. 304,554 (approx) during the year 1981.

The unused airfields at Koggala and Anuradhapura were re-commissioned during the year.

Courses on Fire Fighting and Fire Prevention for Public and Mercantile sectors and also courses on Aircraft Engineering were conducted during the year.

*Police.*—Police strength as at end of 1981 was 15,933. Incidents of grave crime increased from 52,151 in 1980 to 53,964 in 1981. Road traffic accidents with 24,656 cases recorded an increase of 945 over the preceding year.

The Department of Immigration and Emigration and the Department for the Registration of Persons of Indian Origin :—

*Travel Documents.*—The department has issued 168,797 Passports and 10,235 Emergency Certificates to citizens of Sri Lanka during the year under review. Apart from this 96,223 renewals are recorded during the year.

*Visit Visas.*—Bangladesh, Republic of Korea, Qatar, United Arab Emirates, Republic of Maldives, Bahrain, Kuwait, Oman, Saudi Arabia and Spain were exempted from the requirement of obtaining prior Visas for entry to Sri Lanka in 1981, in addition to the countries which were already exempted from this condition.

*Residence Visas.*—3,321 Residence Visas have been issued and 3,837 renewed during the year 1981.

*Illicit Immigration.*—252 Illicit immigrants have been arrested and 73 removed during the year.

*Indo-Ceylon Agreement.*—Indo-Ceylon Agreement (Implementation) (Amendment) Act No. 47 was incorporated in the series of Acts so far enforced. Accordingly it provides for the grant of Sri Lanka citizenship on the ratio of 4 persons to every 7 persons granted Indian citizenship by the Indian High Commissioner and not according to the number repatriated as was done prior to the amendment.

The number of repatriates to India in 1981 as estimated was 16,713 and the grant of Sri Lanka citizenship was around 7,084.



### Population, Vital Statistics and Migration

**Population Growth.**—According to the Census of Population of 1981, the total population of the country was 14,850,001. The previous Population Census taken in 1971 recorded a figure of 12,689,897. The increase in population between these two census years was 2,160,104 representing a 17.0% increase.

**Mortality.**—The crude death rate was 6.0 and 6.1 per 1,000 population for the year 1980 and 1981 respectively. When comparing this figure with that of 1971, it shows a significant drop in 1980s.

**Causes of Death.**—A careful study of the pattern of deaths in 1979 shows that in general the deaths due to infectious diseases have further decreased even though there is a slight upward trend in deaths caused by Typhoid Fever and Rabies. It should also be emphasized that the number of deaths due to Malaria have decreased from 243 in 1978 to 142 in 1979. Deaths due to heart attacks and high blood pressure have increased. The number of deaths due to heart attacks which was recorded as 8,416 in 1976 has increased to 8,974 in 1979 and the number of deaths due to high blood pressure was 1,513 in 1979 as against 1,449 in 1976. The number of suicides committed has increased from 2,636 in 1976 to 3,632 in 1979.

**Fertility.**—According to the statistics recorded for 1981, the crude birth rate was 28.0 per thousand population. This rate was 27.6 per thousand for 1980. In comparing these figures with 30.4 (per thousand) in 1971, it shows a gradual decline till 1980. Thereafter it showed a slight increase.

It is a significant fact to observe a decrease in the urban component from 22.4 per cent in 1971 to 21.5 per cent in 1981. One reason for this may be the recent inflow of people from urban areas to Mahaweli Development area under settlement schemes.

**Age and Sex.**—The children under 15 years of age constitute 35.3 per cent of the total population while population of 65 and over accounts for 4.3 per cent.

According to the last census figures the male component of the population is little more than the female component. It reports that there were 7,509,128 males and 7,310,873 females. Percentage-wise, male constitute 50.8 per cent of the total population.

**Religious and Ethnic Distribution.**—Other than the increase of Kandyan and Low Country Sinhalese group from 73.3 per cent to 74.0 per cent in 1981, there were no other major changes in the ethnic composition of the population.

TABLE 23.1—POPULATION OF SRI LANKA BY ETHNICITY AS AT 17TH MARCH, 1981  
CONTINUATION OF TABLE 5.3

Ethnic Group	Number	%
All the ethnic groups	14,850,001	100.00
Kandyan Sinhalese	10,985,666	74.00
Low country Sinhalese		
Ceylon Tamils	1,871,535	12.60
Indian Tamils	825,233	5.60
Ceylon Moors	1,056,972	7.10
Burgher and Eurasians	38,236	0.20
Malay	43,378	0.30
Others	28,981	0.20

TABLE 23.2—POPULATION OF SRI LANKA BY RELIGION AS AT 17TH MARCH, 1981  
CONTINUATION OF TABLE 5.4

Religion	Number	%
All Religions	14,850,001	100.00
Buddhists	10,292,586	69.32
Hindus	2,295,858	15.46
Roman Catholics and other Christians	1,111,736	7.48
Muslims	1,134,556	7.64
Others	15,265	0.10



**Marriage Pattern.**—The average age at marriage of females, which was 23.5 in 1971, has risen upto 24.4 by 1981. As census figures on marital status reveal, 10.1 per cent of the females in the age group 15–19, 43.8 per cent of the females in the age group 20–24 and 68.2 per cent of the females in the age group 25–29 were recorded as currently married. These figures show a decrease in percentage-wise as compared with 1971 data.

**Population Density and Urbanization.**—The average population density of the island in 1981 was 230 persons per sq. kilometre. In Colombo City this was 2,603 person per sq. kilometre. In 1971 density was recorded as 2,297 persons per sq. k.m. In the Vavuniya district where the lowest population is being recorded, the population density per sq. k.m. was 36. This was 23 as reported in the 1971 census.

**Migration.**—According to the 1981 Census figures, Colombo district ranks first with the majority of immigrants. Kandy, Matara, Galle, Kegalle, Kurunegala, Kalutara are the districts having comparatively high rates of out-migration during 1971–1981. As earlier, Kandy district had the largest number of out-migrants. Even though till now all the in-migrating districts except Colombo remained to be from the dry zone : as revealed in the 1981 census, Ratnapura district has also become one of the immigrating districts, in the wet zone.

The net migration rate which was 6.9 per 1,000 has decreased to 3.4 in 1981.

#### National Economy

**Gross Domestic Product.**—The gross domestic product in 1981 in terms of <sup>constant</sup> fixed prices (1975) was Rs. 37,209 million as compared with Rs. 35,307.5 million in 1980. Growth rate during the last two years in terms of <sup>constant</sup> fixed prices was 5.7 per cent and 5.4 per cent respectively.

The growth rate in the Agricultural Sector which dropped to 1.6 per cent in 1980 improved considerably in 1981. The growth rate in 1981 was 6.5 per cent.

During the last two years the growth rate in the spheres of Construction, Transport, Communication and Banking was comparatively high.

TABLE 23.3.—SECTORAL COMPOSITION IN GROSS NATIONAL PRODUCT AT CONSTANT (1975) PRICES AND VARIATION IN PERCENTAGE OVER THE PREVIOUS YEAR  
CONTINUATION OF TABLE 6.1

Sector	(Rs. million)				Variation in percentage over the previous year			
	1978	1979	1980	1981	1978	1979	1980	1981
1. Agriculture, Dairy farming, Fishing ..	8,811.9	9,209.3	9,357.3	9,968.1	6.5	4.5	1.6	6.5
2. Mining and Quarrying ..	4,36.4	410.7	475.3	500.0	14.5	-5.9	15.7	5.2
3. Manufacturing ..	6,866.0	7,043.4	7,071.0	7,217.2	1.6	2.6	0.4	2.1
4. Construction ..	1,504.8	1,649.6	1,946.9	2,208.0	9.7	9.6	18.0	13.4
5. Electricity & Gas ..	131.8	165.9	181.0	203.4	4.4	25.9	9.1	12.4
6. Transport & Communication	2,781.5	2,999.9	3,459.9	4,013.2	10.3	7.8	15.3	16.0
7. Wholesale & Retail Trade ..	5,925.1	6,794.5	7,564.3	7,670.5	6.2	14.7	11.3	1.4
8. Banking & Insurance ..	387.1	426.0	493.0	562.4	7.3	10.0	15.7	14.1
9. Ownership of Dwelling ..	649.2	662.2	675.4	682.2	1.7	2.0	2.0	1.0
10. State Services ..	2,208.1	2,195.4	2,206.3	2,231.9	7.4	-0.5	0.5	1.2
11. Private Services ..	1,077.4	1,119.4	1,163.6	1,221.9	16.2	3.9	3.9	5.0
12. Import duty ..	712.4	729.3	713.5	730.2	—	2.4	-2.2	2.3
Total	31,492.1	33,405.6	35,307.5	37,209.0	7.0	6.1	5.7	5.3



*Private Consumption Expenditure.*—Private Consumption Expenditure (per capita) in 1981 at current market prices amounted to Rs. 4,175.3. This shows an increase of 17.1 per cent over the expenditure in 1980. In 1981 the private consumption expenditure on food increased by 20.4 per cent.

*Capital Formation.*—In 1981 the total gross fixed capital formation amounted to Rs. 23,955.3 million which is 7.7 per cent higher than the previous year.

During the year under review the Capital Investment in the Private Sector shows an increase while the capital investment in the Public Sector shows a decrease as compared with the year 1980. In 1980 the Capital Investment in the Private Sector was Rs. 5,494.4 million and it rose to Rs. 7,122.1 million in 1981. Capital Investment in the Public Sector amounted to Rs. 5,171.9 million in 1980 and declined to Rs. 4,242.4 million in 1981.

*Balance of Payment.*—During the year under review a considerable reduction was recorded in the balance of payment as compared with the previous year. The current account deficit which stood at Rs. 10,912.4 million in 1980 declined to Rs. 9,090.2 million in 1981.

The continuous decline experienced in the Trade Account Deficit, since the introduction of Liberal Trade Policy showed an improvement for the first time in 1981. The deficit which stood at Rs. 16,312 million in 1980 dropped to Rs. 15,614 million in 1981. Export earnings in 1981 amounted to Rs. 20,507 showing an increase of 16 per cent over the previous year. The increase of Import Expenditure from Rs. 33,915 million in 1980 to Rs. 36,121 million in 1981 was to a certain extent due to the increase in prices of imports. Prices of Rice, Sugar, Wheat, Crude Oil increased considerably during the year under review.

During the past increase in official and private transfers contributed considerably to reduce over to a certain extent the imbalance in the overall balance. Total foreign exchange receipts from official and private transfers amounted to Rs. 4,541 million in 1980 and rose to Rs. 6,966.8 million in 1981.

The Government has taken a few policy decisions during the period under review with a view to improve the Balance of Payment situation. Restrictions in borrowing, reduction in Government expenditure and removal of tax relief such as the Lump Sum Depreciation allowance scheme introduced in May 1981 contributed to restrict imports while the reduction in Export duty, removal of restrictions on export of coconut contributed to increase exports.

Exchange rate played an important role in reducing the Balance of Payment deficit in 1981. During 1981 Sri Lanka Rupee depreciated by 14 per cent against the US Dollar and 7 per cent against the Japanese Yen. This resulted in reducing the Import demand.

#### Land Development

The Department of Land Development has launched a new project for the development of environment. With regards to this the major services rendered by the Department are landscaping, tree replanting and supply of plants. For this purpose the Department has opened a number of 'Tree Banks' in different geographical & climatic areas of the country. Among the other activities of this scheme, the preparation and supply of marcotted branches and instant trees are the most important activities. These instant trees are being extracted from forests and are 'Root balled' and kept in the 'Tree Bank' for use whenever necessary or are transported for replanting. Under this system about 8,500 trees have already been rescued from the forests which are to be cleared under Mahaweli Scheme. Preliminary work for the rescue of valuable trees in areas coming under Mahaweli water are nearing completion.



*River Valleys Development Board.*—Ulthiya Reservoir Project, Victoria Roads Project, Kirindi Oya downstream work and work of Kirindi Oya Reservoir—Lunugamwehera are the major construction work carried out by the Board during 1981. Besides, other trivial construction work under Walawe Project <sup>was</sup> also accomplished.

*Ulthiya.*—The work of this reservoir started in 1979 was scheduled to be completed in 1981. By the end of 1981, 21.36 million cubic metres of water which formed 20% of the full supply capacity was restored and work on both spill and sluice were almost over.

*Kirindi Oya Reservoir.*—This is one of the major projects performed by the River Valleys Development Board during the reference period. The preliminary work of this project was commenced in 1980. Under this project a land area of 33,889 acres in the Southern region is to be developed. Putting up of the left bank canal of the reservoir has been executed in 1981. The total expenditure is estimated at Rs. 129 million.

*Walawe Project.*—As a result of a decision taken by the Government, land, agriculture and water management work of the Walawe Project was given to Mahaweli Authority.

The staff of the Board has also been reduced by a considerable number. About 700 workers were taken over to the Mahaweli Authority and another 600 resigned from service.

*Mahaweli Project.*—In view of the urgent completion of the accelerated Mahaweli Project, a separate Ministry known as Mahaweli Development Ministry was established in 1978 under the Minister of Irrigation, Land and Land Development. Apart from that, having established the Mahaweli Authority, all the activities connected with the major projects handled by the Mahaweli Development Board were vested in the Authority. Irrigation work and infra-structure work in the downstream area including other trivial work were performed by the Mahaweli Development Board.

*Kotmale Project.*—Under basic construction work, all housing facilities, access roads and work places have been completed by August 1981. The arch of the tunnel No. 2 has been completed and about 70 per cent of the tunnel No. 1 has been over. Digging work for the foundation of the dam is being continued and is also expected to be completed in 1982.

By the end of 1981 about 59 per cent of the excavating work of the tunnel complex in the vicinity of the underground Power Station has been completed. Besides the access adits to the machine chamber, the lower expansion chamber service tunnel and draft tubes are all complete.

At the present rate of progress it would be possible to complete the project by April 1985.

*Victoria Project.*—The Stage I of the diversion of the river has been initiated. The main functions of this project is the construction of the main dam for the diversion of the river. The curved portion of the dividing wall in the right bank is concreted to full height. Concreting of the upstream coffer dam is in progress.

Upstream rock excavation of the diversion channel was over by the end of 1981. Construction of thirty of the 36 pre-diversion blocks of the downstream and 53 dam lifts were completed. This project is programmed for completion in 1984.

*Madura Oya Project.*—Under the preliminary work programme, the building of residential town site at Elawakumbura and the Central Labour Camp were accomplished.



At the dam site 32 per cent of the work related to core and rock-fill excavation is over. All drilling and grouting for the curtain and consolidation under the Right Bank is over. At the irrigation outlet works, rock excavation on the Right Bank is continuing and work in the intake structure is under way. An ancient sluice has been unearthed at the Right Bank sluice and steps are presently being taken to preserve this archaeological find. It is expected that construction work of the Maduru Oya Reservoir would be over by the end of 1982.

*Randenigala Project.*—Related hydraulic studies and designs have been ~~finished~~<sup>completed</sup>. Issuing of tenders in respect of civil work commenced in the latter part of 1981. The taking over of land for these construction works and preliminary studies in areas coming under water were brought to an end. Infra-structural works as building of access roads are nearing completion. It is anticipated that the completion of the work of the project would be realised in 1986/87.

*System H.*—Out of the total allotments of 22,697, about 93 per cent have been distributed. By the end of 1981 the number of settlers amounted to 125,000. All the major civil works necessary to meet the basic infra-structure need of original development plan have been fulfilled.

Under the cultivation programme, a land area of about 8,300 hectare have been brought under paddy in 1979/80 Maha. This increased up to 15,400 hectares and 16,200 hectares in 1980/81 and 1981/82 Maha seasons respectively. Agricultural credit has also increased in amount. Agricultural loans granted in 1979/80 was Rs. 2.4 million whereas it was Rs. 25.4 million in 1981/82. Some banks have already started special schemes and other facilities for loans.

*System C.*—By the end of the year 1981, 87 per cent of the total settler capacity had to be inducted in to the Zone 2 project area. These settlers employed themselves in the excavation of canals and has earned a sum of Rs. 2 million. Around 56 per cent of the total estimated length is being over, 1,207 highland housing allotments, and 1,184 irrigated allotments have been handed over to settlers. At the end of 1981 there were 623 houses constructed by the settlers.

*System B.*—Under this project it is intended to develop an area of 39,000 hectares lying downstream. Both the Left and Right Bank main canals <sup>and</sup> two other branch canals have been mapped. Rehabilitation of 20 other rural tanks has been completed. Other infra-structural work including erecting of highways and buildings are in progress.

*Timber Production.*—In 1981 the total sales of Timber by the Corporation amounted to Rs. 335 million and indicated an increase of 49.9 per cent over the previous years sales. Though the sales recorded a high value, net profit was considerably low after deducting for taxes. The profit which was Rs. 88 million fell to a figure of Rs. 61.4 million after deducting for taxes. However, the total timber production also showed a decline of 23 per cent.

With the minimising of capital Expenditure in the public sector, construction work came to a standstill. As a result of this, not only marketing was a problem, due to available excess timber, production had to be limited. The Government Railway has also reduced its quantum of sleepers purchased.

The Corporation <sup>was</sup> successful in its progress of reforestation for 1981, the total area reforested reached 1,660 hectares, and this exceeded the target figure of 1,000 acres each year.

*Wild Life Conservation.*—The conservation of Wild Life in Sri Lanka forms part of the duties entrusted to the Department of Wild Life Conservation. The extent allocated for this purpose is approximately 2,500 sq. miles. This comprises 6 National Parks and a large number of sanctuaries which is nearly 10 per cent of the total land area of the country.



A large number of visitors both foreign and local are attracted by these areas of scenic splendour together with their wide range of wild life, the tuskers and elephants, deer, sambhur, leopards and bear, the prolific abundance of forests, aquatic and bird life.

The ecological changes that have taken place in the recent times in the country through development have brought about rather detrimental impact on the Wild Life. The lower catchment areas of Mahaweli and Lunugamvehera Schemes are some of the areas so affected through development. A special programme for the safe movement of wild life from such affected areas to other wild life reserves has been projected.

In the Mahaweli area, a stretch of forest of about 15 sq. miles has been reserved and named Maduruoya Park. Most wild life which might be displaced due to land development programmes will find sanctuary within this park.

Action has already been taken to take over land area in between the Kotagamuwa Sanctuary and the Yala National Park as these private lands leave room for much poaching of wild life that migrate from the adjacent Yala National Park. In addition to this the department envisages establishment of corridors for the safe movement of wild life specially the wild elephants from one reserved area to the other. Two large tanks have been restored in the heart of the Wilpattu National Park for the benefit of the migrant elephants particularly in the dry season.

As a matter of significance during the year, a herd of wild elephants of about 65 were driven from the developed areas to the Wilpattu proximity, a large number of other animals have been collected and brought to the safe custody of the park.

**National Zoological Gardens.**—The National Zoological Gardens in Sri Lanka is situated at Dehiwela, about 9 kilometers south of Colombo city. It is fully financed and maintained by the State as an educational, recreational and aesthetic value. The Dehiwela Zoo has a rich and representative collection of fauna-animals, birds, reptiles and fishes spreading out on 52 acres of undulating land. The natural beauty and the scenic landscaping of the gardens are added attractions to visitors.

A record number of visitors totalling 863,455 of all classes both local and foreign has been reported in the year 1981. The gate receipts totaled Rs. 4,776,712.

“Min Medura” which forms part of the Zoological Gardens display large and small tropical fish in tanks designed to stimulate the natural habitat of the fish.

The other highlight of the Zoo is the reptilium where many species of both indigenous and exotic reptiles housed in large enclosures depicting their natural habitat.

The Student Guide Scheme under the sponsorship of the Zoo under which senior students of schools in the city and the suburbs are trained as guides to school children who visit the Zoological Garden, has become very popular. 413 schools availed of these facilities during 1981 and 124,021 school children participated in the Zoo's educational programme for schools.

An auditorium cum library fully equipped with usual teaching aids is an added amenity available to a large number of school children who visit the Zoo.

Cultivation of animal food at “Lihiniya” the Zoo farm at Ratmalana was further increased during the year. 4,500 Kgs of fresh animal food were produced in the farm in 1981. This represents 40 per cent of the Zoo's animal fodder requirements.

#### Integrated District Development Programmes

Apart from the districts where integrated development programmes have been commenced by 1980, similar programmes have been initiated in Badulla district from 1982. With this the total number of districts coming under the programme amounted to seven. The programmes were started in Kurunegala, Matara and Hambantota districts in 1979, Nuwara Eliya district in 1980 and Matale and Puttalam districts in the year under review. The total money vested in this programme for 1982 was Rs. 315 million. Out of this Rs. 70 million was allocated to Kurunegala district and another Rs. 50 million to Badulla district.



Besides these district development programmes attention has also been directed towards regional integrated programmes. The A.G.A. divisions namely Deraniyagala, Karadeniya and Hewaheta have been selected for this purpose. Even though the districts under which these areas come, indicate a satisfied level of development, comparing at national level, the above-mentioned areas with a considerable level of population density seemed to be devoid of the most essential requirements. Rs. 10 million have been allocated for the development of A.G.A. divisions in 1982. These programmes have been scheduled to be completed with a period of five years ~~at~~ a cost of Rs. 5 million each.

*Kurunegala District.*—The major items for development under this project are the rehabilitation of 9 major and 500 minor irrigation systems, establishing of a water management system, replantation of 25,000 acres of coconut land and rehabilitation of another 60,000 acres of coconut land. The work of this project is being continued successfully under the supervision of the World Bank.

*Matara District.*—As it was failed to complete this project as scheduled, the time period has been extended up to 1982. Yet most of the important items of the project has been completed within the past 3 years. This involved several programmes on training and expansion of agricultural activities and improving educational facilities of the area.

*Hambantota District.*—The programmes that have been completed were as follows:—(1) Water Supply Scheme in Tissu-Kataragama area, (2) Rural Development Training Centre and Agulmaduwa Handicraft Centre, (3) Agricultural Development Centre, (4) Pilot Project on Cultivation of Vegetables in Paddy lands, (5) Supply of machinery & equipment.

It is expected that it will take 6 or 7 years altogether for the completion of all the work under this programme.

*Nuwara Eliya District.*—Some of the sub-projects are already being commenced. The supply of necessary machinery to a number of departments in the districts was one of the major activities coming under this project. Apart from that, development of minor irrigation schemes, assisting in strengthening the veterinary service, collection of milk, improving the condition of cattle sheds, development & reconstruction of selected roads, providing the selected hospitals with equipment and staff quarters, are the major programmes under this project.

*Matale District.*—The establishment of a plant nursery, the replantation of minor export crops in an area covering 7,600 acres and improving research and agricultural extension activities are the proposed programmes for the development of minor export crops under this development project. The work connected with regard to the above programme has been initiated in January 1981.

*Puttalam District.*—This project is also being implemented from January 1981. Development of coconut production, provision of loans for agricultural activities and make avail of irrigation, water supply and transport facilities are the major items of the project.

*Badulla District.*—Preliminary project documents were submitted to International Fund for Agricultural Development (IFAD) in Rome and final project documents have been received back and the World Bank is now engaged in appraising this for IFAD. The total cost for this project has been estimated as Rs. 600 million.

The implementation of development programmes in Ratnapura, Mannar, Vavuniya and Moneragala are being carried on by the Ministry of Plan Implementation. Following the government policy of not initiating any new development projects, the Finance Ministry has not included Ratnapura district in 1981-84, investment programmes. However the necessity of giving aids for the development of Ratnapura district has been pointed out by the A.D.B. ~~who are engaged in super-~~ <sup>which is</sup> vising the project.



Projects for Vavuniya and Mannar are also not included in the current investment programme. These projects may be commenced under World Bank aid. A team of Norwegian officials are now engaged in a basic study for the planning of a development programme for Moneragala district.

#### Agriculture and Food

**Tea.**—The total tea production of the country rose from the previous year's 191.4 million kgs. to 210.1 million kgs. in 1981 representing an increase of 10 per cent. Production may be disaggregated as based on the elevation as follows :

	1980 million kgs.	1981 million kgs.
Total	191.4	210.1
High	72.6	80.6
Medium	55.6	59.3
Low	63.2	70.3

However, the production has only increased marginally by 2 per cent <sup>15</sup> in 1981 when compared with the year 1979.

The total acreage under tea as registered in 1981 stood at the same level as in 1980. The area replanted increased from 2,078 hectares (1980) to 2,627 hectares in (1981) and was mostly in the public sector.

Although a meagre increase of 5 per cent was shown in the average tea export price (f.o.b.) in 1981, the high cost of production tended to squeeze the profit margin. The cost of production per kg. of state-owned tea which stood at Rs. 17.17 in 1980 rose to Rs. 18.73 per kg. in 1981. The private sector too followed the same trend and suffered erosion in profit margin due to increasing costs. Private sector profits were lowered from the level of Rs. 3.50 per kg. in 1980 to Rs. 1.40.

Among the remedial measures taken during the year 1981, the introduction of duty rebate scheme in place of the cash incentive scheme for export of packeted tea and tea bags <sup>is note worthy</sup> ~~was one~~. During this year emphasis had been placed on the grant of Promotional Support for the marketing of packeted tea and tea bags.

Subsidies afforded by the Tea Small Holdings Development Authority were also enhanced. During the period under review the Authority had purchased 8,066,694 kgs. of tea leaves and processed.

**Rubber.**—The total rubber production in Sri Lanka in 1981 was 123,946 tonnes, a drop of 7 per cent in contrast to the 137,150 tonnes in the previous year.

The total acreage under rubber in Sri Lanka in December 1981 as registered was 653,549 acres as against 652,349 acres at the end of 1980. Nevertheless the actual acreage cultivated under rubber is estimated to be 508,060 acres.

Under the five year plan of the Rubber Control Department, it is envisaged to replant 47,000 acres during the five-year period commencing from the year 1981. World Bank assistance is received in this connection. Under the Rubber Replanting Subsidised Scheme the area replanted in 1981 alone was as high as 15,917 acres, an increase of 15.6 per cent over the preceding year.



Rubber exports in 1981 totalled 132,524 <sup>mtons</sup> ~~mts.~~ while 16,210 <sup>mtons</sup> ~~mts.~~ had been used for local consumption, an increase of 9.6 per cent and 8.6 per cent respectively over the past year.

The average price of sheet rubber No. 1 during the year 1981 fell by 6.8 per cent and stood at Rs. 9.95 per kg. The price of latex crop IX regained price by an increase of 8.6 per cent from the previous low average and stood at Rs. 11.50 per kg.

Rubber Research Institute has recommended after intensive research the two clones RRIC 121 and RRIC 103 for planting in all districts. Although the RRIC 121 quality has proved to have given satisfactory yields, it is not yet ready for large scale planting. Experiments have revealed that puncher tapping gives relatively low yields compared to the traditional tapping. Further experiments are being carried out to see whether any system can be developed which will give high yields together with greater tapping facility.

Application of sulphur to the soil after careful removal of infected roots has proved to be successful in the control of white root disease considered to be the most serious disease of rubber in Sri Lanka.

**Coconut.**—Coconut production in 1981 has been estimated to have risen to 2,258 million nuts from the previous years production of 2,026 representing an increase of 11 per cent. Nevertheless it is less than the production in the year 1979.

Enhanced subsidies were afforded under coconut subsidy schemes and the year 1981 recorded the highest progress achieved by these schemes. Subsidies to the value of Rs. 5,146,564 and Rs. 13,775,122 were paid to under re-planting and new-planting respectively.

Removal of restrictions on the export of coconuts in the year 1981 is of significant value. As a result the desiccated coconut production increased by 27 per cent (276 million nuts) and the coconut oil production too increased by 21 per cent (605 million nuts). Export earnings from coconuts and related products totalled 1,438 million rupees.

Field experiments done by the Coconut Research Board on the use of repellents against the black beetle have brought about satisfactory results, and recommendations based on these results were made available to the public in the Eastern Province. In collaboration with the International Atomic Energy Agency a series of experiments was carried out to evaluate the efficiency of the predatory insect known as *Parauchaltes Psedoinulata*-Amalo Insulata in the control of the pernicious weevil, *Chromolaena Odorata*.

Long-term experiments on the major nutrient elements, nitrogen, phosphorous, potassium and magnesium were satisfactorily conducted. Increased attention was diverted to the problems of soil moisture conservation and laboratory experiments were conducted to study the Sulphur status of coconut soil.

Soil survey and mapping of estates, farm sites and nurseries which were started by the Research Institute were completed.

**Minor Crops.**—As it is revealed by the annual statistics the significant increase of number of subsidies as well as the amount for minor crops coupled with the favourable export prices explain their better production performance during the year.

**Cashew.**—An extent of 5,320 acres was brought under cashew during the year 1981 under the Government Subsidies Scheme. The production of cashew kernels during 1981 at Nedagamuwa cashew processing centre <sup>was</sup> valued at Rs. 2,634,257 (38.0 Mts.).

**Paddy.**—Paddy production in the year 1981 has been estimated at 106.9 million bushels, an increase of 4.6 per cent over the production in the previous year. Paddy production in Maha 1981 was estimated at 73 million bushels and showed an increase of 4.8 per cent over the preceding Maha season.



Purchase of paddy during the year by the Paddy Marketing Board was only 6 per cent of the total production, a decline by 40 per cent over the previous year. The high competition in the open market and the direct intervening by the Co-operative Societies in purchasing paddy from the farmers, who were the main buyers of the PMB till recent past, are among the main contributory factors for this.

A new measure adopted by the Paddy Marketing Board in the arrest of this situation was setting up of a Tender Scheme which warranted the Paddy Marketing Board to make direct purchases from the farmers even at prices above the guaranteed minimum price. Nevertheless the Paddy Marketing Board as its main role functioned as a floor-price operator during the year.

*Sugar.*—Sugar production of the Sri Lanka Sugar Corporation in 1981 has been estimated at 24,997 ~~Mts.~~ <sup>MTs</sup> in contrast to the previous 23,491 ~~Mts. in tons~~.

*Subsidiary food crops.*—Production of subsidiary food crops has increased during 1981. The area under cultivation in all subsidiary food crops with an exception of potatoes, chillies, gingelly and meneri has also increased over the past year.

*Animal Husbandry.*—The major component of the capital expenditure of the National Livestock Board was spent on the I.D.A. Dairy Development Project covering the up country, mid country and coconut triangle. The investments in this regard totalled Rs. 7 million. Accordingly the developing of selected pastures in the hill country and mid country areas under the World Bank Project in connection with the Board and the establishing of Milk Producers' Societies were taken place during 1981. The Dry Zone land development and pasture establishment programme involved capital expenditure of Rs. 1.7 million.

*Special Projects.*—Approximately 700 acres of Mahaberithenna farm is inundated by the waters of the Victoria Dam under the Mahaweli Project. Hence work continued in the relocation of this farm. The Ambewela Farm which was earlier under the Department of Animal Production and Health was handed over to the Board. A new work programme was drawn up for this farm and is being implemented. The New Zealand Farm is also being streamlined under the Netherland's Aid.

Among the rest of the projects commissioned in the year 1981, the Indo-Sri Lanka Economic Co-operation Project involving the breeding programme and an agreement signed with the government of Libya to establish a Stock Company for carrying on an agricultural and livestock projects are of immense significance.

Under the Board's livestock salvage project, a valuable dairy herd of over 100 cattle and about 40 goats owned by a private farm ~~were~~ <sup>was</sup> saved and handed over to the former owners when they became normal.

A very successful cattle fair was held at 'Kirimutty' in the Batticaloa District in October 1981. There the farmers were able to purchase as well as sell their animals.

*Animal health.*—Seven new Veterinary Offices were opened during the year 1981. Among the field extension activities, priority was given to the formation of Dairy Producer Associations. An islandwide vaccination programme for the prevention of animal diseases was also carried out by the Department of Animal Production and Health.

*National Fertilizer Secretariat.*—The National Fertilizer Secretariat was established under the Ministry of Plan Implementation. The main functions of the Fertilizer Secretariat were to co-ordinate the activities of the Government and other private institutions in connection with fertilizer as well as formulation and implementation of fertilizer policies at a national level.

Government fertilizer subsidy and the prices of fertilizer are being fixed by the Fertilizer Secretariat after discussing with the relevant institutions. The fertilizer subsidy and prices for different types of fertilizer was dependent on the overall Government subsidy which was limited to 1,000 million rupees in the reference year. In 1980 the Government overall subsidy was around 900 million



rupees. Prices of different types of fertilizer increased ranging from 74 per cent to 140 per cent in February 1981. Again in September 1981, there was a price increase of 30 per cent due to high cost of fertilizer.

A scheme to help the M. P. C. S. in establishing their own fertilizer stores was introduced by the second half of 1980 with the intention of encouraging the distribution of fertilizer at retail level. Under this scheme 30 per cent of the estimated cost on construction work was provided by the Fertilizer Secretariat. By the end of 1981, 12 stores were completed and another 30 stores are under construction. Under this programme action has been taken by the Fertilizer Secretariat to help the authorised private dealers by the end of the year.

Besides, the Secretariat has done a study on the use of fertilizer for four main agricultural crops with the assistance of the other relevant research institutions in the year 1980. According to the study it was estimated that the use of fertilizer as a percentage of the recommended quantity was in the order of 63 per cent, 61 per cent, 36 per cent and 31 per cent with respect to tea, paddy, rubber and coconut.

As compared with the quantity recommended by the research organisation in 1979, the <sup>usage</sup> of fertilizer in 1980, in the paddy cultivation has increased from 41 per cent to 61 per cent and in the coconut cultivation it has risen from 21 per cent to 31 per cent.

*Fertilizer Corporation of Ceylon.*—The Corporation has imported about 204,000 metric tons for the year 1981. In addition to that the Corporation has purchased from the State Fertilizer Manufacturing Corporation about 66,000 metric tons of urea.

### Industries

The value of industrial products in 1981 was Rs. 23,010 million as compared with Rs. 18,311 million in 1980 showing an increase of 26 per cent. The increase in the nominal value of output in the sub-sectors ranged from 6 per cent to 58 per cent during the year. This is exclusive of the base metal products which recorded a decrease of 10 per cent. According to Central Bank Reports the total output of manufacturing industries showed an increase of 2 per cent in real terms in 1981 compared with an increase of 6 per cent in 1980. Power cuts, closing of the oil refinery, etc., are some of the factors which contributed to the reduction in the rate of growth of manufacturing industries during the year 1981.

63 Foreign Investment Projects and 699 Local Investment Projects in the sphere of Industry have been approved during the year under review.

Certain changes have been made in the Industrial Policy in 1981. Variations in customs duty in respect of certain imports and levying a B. T. T. on certain imported products are some of the changes so made. Customs duty on machinery and raw materials required for industrial purposes was reduced from 12 1/2 per cent to 5 per cent towards the end of 1981. Further, loan facilities were made available to Industrial Organizations in the Public Sector from the medium and long-term loan fund.

Foreign Exchange earnings from Industrial Exports amounted to Rs. 7,193 million showing an increase of 28 per cent in 1981.



TABLE 23.4—VALUE OF INDUSTRIAL PRODUCTION FROM 1980 TO 1981  
CONTINUATION OF TABLE 10.1

(Rs. Million)

Category	1980	1981*
(1) Food, Beverages and Tobacco	3,899	4,496
(2) Textile, Wearing Apparel and Leather Products	1,923	3,040
(3) Wood and Wood Products. (including furniture)	289	315
(4) Paper and Paper Products	476	626
(5) Chemicals, Petroleum, Coal, Rubber and Plastic Products	9,416	12,015
(6) Non-Metallic Mineral Products (except Petroleum and Coal)	1,156	1,250
(7) Basic Metal Products	478	428
(8) Fabricated Metal Products, Machinery and Transport Equipment	620	782
(9) Manufactured Products, n.e.s.	54	58
Total	18,311	23,010

\*Provisional.

Source : Central Bank of Ceylon.

**Ceylon Cement Corporation.**—The first project of the development programme of the Corporation commenced in 1961 was to expand the production capacity of the Kankesan Cement factory from 80,000 Metric tons to 2,75,000 Metric tons of clinker per annum. This target has been achieved by reaching a capacity of 298,000 Metric tons of clinker.

By 1981 the total capacity of the three factories is 838,000 Metric tons.

Annual production of the Corporation in 1979 was 660,597 Metric tons and it has shown an increase of 45,078 Metric tons in 1981. The annual income of 1981 exceeded the annual income of Rs. 8,069,699 in 1979 by Rs. 5,017,617.

**Ceylon Ceramic Corporation.**—Increase and decrease of productions of Ceylon Ceramic Corporation could be ascertained by comparing the annual production of main items with that of 1979.

Main Product	Production in Metric tons	
	1979	1981
Crockery	3,572	3,281
Sanitary Ware	805	1,075
Mosaic Tiles	1,734	1,879
Pirisiidu	55	26
Electric Insulators	286	361
Non-Explosives	149	253
Total	6,595	6,875

Source: Ceylon Ceramic Corporation.



The Lanka Porcelain Limited, a joint venture of the Corporation with the Noritake Company Limited, was able to earn a sum of Rs. 90,646,815 from the sale of Porcelain Ware, packing materials and other products and the profit made was Rs. 16,542,981.

*Ceylon Plywoods Corporation.*—The annual production of the K.D.N. Wood Project of the Corporation was 33,512 Cubic Meters and this was an increase of 8,090 Cubic Meters over the 1979 figure.

*Ceylon Petroleum Corporation.*—Supply of bunker and aviation fuel in 1981 totalled 4,03,688 Metric tons earning Rs. 2,436.5 million compared with 489,704 Metric tons in 1980 earning Rs. 2,168.9 million.

2,001,652 Metric tons of Petroleum Products amounting to Rs. 8,156.4 million was imported by the Corporation in 1980. In 1981 the quantity imported was 1,349,485 Metric tons and the total value of which was Rs. 9,907 million.

*Ceylon State Hardware Corporation.*—In 1979 the factory at Yakkala produced 319,487 mammoties exceeding the annual production target of the Corporation by 101 per cent. In 1980 the production target of the Corporation was 341,000 mammoties but the actual production was only 251,810. This is only 79 per cent of the production target. Production in 1981 was 219,451 mammoties which is only 71 per cent of the target.

In 1980 production of the Cast-iron Foundry of the Corporation totalled 142,867 Metric tons which is only 75 per cent of the target. Percentage rose to 81 in 1981 when the Cast-iron production went up to 169,912 Metric tons.

On the whole, productions of the Corporation in 1980 totalled Rs. 44,756,061 and in 1981 this figure rose to Rs. 46,455,154.

*National Paper Corporation.*—National Paper Corporation (formerly Eastern Paper Mills Corporation), had to face problems in selling its products due to the import liberalization policy of the Government and the high cost of raw materials, petroleum and energy.

The total production in the two factories of the Corporation at Valachchenai and Embillipitiya was 23,156 Metric tons in 1979 and during the year under review it was 23,746 Metric tons.

During this year the Corporation has used more local raw materials achieving one of its objectives. Cyprus Wood that was used on a trial basis earlier, was used more extensively in 1981.

Consequent to production of paper the net Foreign Exchange Savings of the Corporation amounted to Rs. 202.5 million approximately during this year.

*Parathan Chemicals Corporation.*—Negotiations were held with a few Indian representatives to inaugurate a Second Caustic Soda Chlorine Project in response to a Cabinet decision in August 1980 to augment the production of Caustic Soda and Chlorine which was one of the main functions of the Corporation. Hindustan Heavy Chemicals Co. was one of the firms who which made suggestions in this connection. Their offer has been accepted and they have been requested to prepare a technical and economic-wise feasibility report.

*Sri Lanka Flour Milling Corporation.*—A gradual decline is observed in the production of the Flour Milling Corporation. The total production which was 97,958 Metric tons in 1979 declined to 85,117 Metric tons in 1980 and 81,713 in 1981.



Number of factors contributed to this decline. The Corporation had to face certain milling problems due to modifications carried out at the factory in the past. During the first quarter of 1981 steps had to be taken to cut down production at the factory in response to a request made by the Ministry of Food and Co-operatives. Further, the inferior quality of the wheat received during the second half of the year also contributed indirectly to the decline in production. At times the Corporation had to limit its production consequent to the failure on the part of the Oils and Fats Corporation and specially the Food Commissioner to remove flour and unpolished grain from stores in time. During certain periods of the year the Corporation was compelled to stop production altogether.

Flour Milling Corporation carried out its functions amongst many hard ships. Some of these are summarised below :

- (1) Due to the Price Control imposed on unpolished grains the Corporation had to sell unpolished grains to the Oils and Fats Corporation at a price very much below the price fixed by the National Price Commission.
- (2) The Mill had to be closed down for three weeks due to the decline in profits, production and operational ability of the Corporation as a result of the short-sighted measures taken by Oils and Fats Corporation.
- (3) Unlimited import of flour by the Food Commissioner irrespective of production of the Corporation and the National requirements.

*Sri Lanka Tyre Corporation.*—The Corporation exceeded its annual production target in 1980 ~~also~~ and this was the third successive year ~~to exceed the target~~. The production in this year recorded an increase of 6.5 per cent over the previous year resulting in a net profit of Rs. 52.2 million.

However, the production has dropped in 1981. The total effective in standard tyres in 1980 was 193,371 while in 1981 it was 152,808.

In spite of the adverse conditions experienced for the last few years the Corporation has recorded the highest production so far achieved in 1980. The record production in 1980 does not imply that there was a favourable atmosphere. It only implies the proper implementation of some of the projects of the Corporation. Production target could not be achieved during the year under review due to power cut and high cost of fuel, electricity and petro-chemicals.

The Corporation has exported Rs. 160,000 worth of solid tyres during this year and manufacture of more tyres for export is under consideration. Motor cycle tyre project was due to be launched in 1981 and steps have been taken to expand production with the introduction of new sizes and Radial Tyres.

*Ceylon Oils and Fats Corporation.*—Shortage and high cost of raw materials experienced towards the latter part of 1980 continued throughout 1981 also. Consequent to the withdrawal of Government Subsidy to the Corporation from the beginning of 1981 the prices of poultry and cattle food had to be increased resulting in a drop of sales by about 40 per cent. The record production of poultry and cattle food in 1980 dropped to 51,464 metric tons in 1981.

The demand for coconut oil and miscellaneous products decreased to very low levels in the foreign market and the export of fatty acids was stopped altogether due to the low demand.

However, the Corporation was able to earn a net profit of Rs. 5,944 million during the year under review despite many hardships it had to undergo.

*National Packing Materials Corporation.*—Jute Industries Corporation that came into existence in 1976 was renamed as the National Packing Materials Corporation with effect from 03.07.1981. In 1981 the Corporation suffered a loss of Rs. 5.7 million mainly due to lack of buying and selling. 1.9 million gunnies were purchased during the year and this is less than half the number of gunnies purchased in 1980. Stores in Kohilawatta, Bulathkohupitiya, Matara and Raigama were closed down.



*State Distilleries Corporation.*—The total quantity sold by the Corporation in 1981 was 1,937,965 litres less than the quantity sold in 1980. However, the income realised from the sales has increased from Rs. 976.17 million to Rs. 1,104.32 million. The main reason for this increased income was the price increase effected three times during this year.

As usual the highest sale was recorded in the month of April. However, the next increase did not take place in December probably due to the second price increase in November 1981.

Sale of Special Arrack continued with a slight increase of 18 per cent (20,671,991 litres). However, the sale of Coconut Arrack has decreased by 45 per cent (6,243,230 litres).

*State Mining and Mineral Development Board.*—The annual production of the Bogala and Kahatagaha/Kolongaha mines was recorded as 3,762 metric tons and 3,015 metric tons respectively. In 1980, the demand for graphite in the world market stood at a level of 30,000 metric tons, but the inability of the country to supply that amount together with the increased production in the other countries followed by a reduced price caused a decline in the demand for our graphite in 1981. In 1981 the total exports of graphite of the country was limited to 4,490 metric tons and the total income was Rs. 96.7 million.

The total production of plumbago was 182 metric tons in 1981. Comparing this production figure with the previous year, it denotes an increase of 25 per cent.

*Phosphate Project.*—Under this project it is expected to produce 'Triple Phosphate' which can be dissolved in water and 'Dye-ammonium Phosphate' for export as well as for local use. In 1981 the appetite production exceeded the target of 14,000 metric tons with a production figure of 15,294 metric tons.

*Research.*—Research activities are being carried on in the Ragedera mine in the Rangala area and geo-physical surveys with respect to graphite ores in areas of Paragoda and Siyambalapitiya were completed.

*Industrial Development Board.*—The number of new industrial units set up during 1981 in collaboration with the Industrial Development Board was 282. Total investments amounted to Rs. 28.8 million creating 2,598 employment opportunities. Assistance was also provided to 261 existing industries. With an increase of investment by Rs. 5.8 million 546 additional employment opportunities were also created.

Some of the important functions undertaken by the Board during 1981 are the experiments carried out on the use of alternative energy sources and more efficient utilization of traditional forms of energy.

*National Business Management Institute.*—The Institute organised the largest number of in-service training courses in 1981. The assistance of the Institute was extended to various organizations in conducting training courses in Sri Lanka for Officers in the Asian-Pacific Region.

Further, this Institute has carried out 39 Advisory Services during this year and participated in 30 projects as the National Production Centre attached to Asian Production Organization.

Income from the activities undertaken by the Institute during this year shows an increase of 58.5 per cent over the year 1980.



*Ceylon Institute of Scientific and Industrial Research.*—This Institute has taken a keen interest in the past for better utilization of waste materials. Adoption of an electrical method for extraction of silver from waste materials in the Photographic industry and manufacture of light bricks with coir dust as a component are some of the achievements.

Further, the Institute is engaged in long-term research in finding alternatives for certain items. Charcoal stove designed by the C.I.S.I.R. recently has become popular.

*Atomic Energy Authority.*—Arrangements have been made to conduct a Post-<sup>graduate</sup> Course in Nuclear Science under the sponsorship of the Atomic Energy Authority.

The Authority has undertaken various research programmes during the year under review and some of the main projects are :

- (1) Sedimentology Project,
- (2) Hydrology Project,
- (3) Environmental Radioactivity Project.

(i) Utilization of radioisotopes in industry, (ii) Continuation of research, (iii) Radioactivity project under the International Atomic Energy Agency's Regional Agreement on co-operation are nearing completion.

The Authority has decided to set up a Nuclear Medicine Unit in Colombo in addition to the one at Peradeniya.

*National Science Council of Sri Lanka.*—32 grants were awarded by the Science Council <sup>for</sup> 1981 for research work in Science Education. 215 grants were in operation during this year.

Various projects were handled by the Statutory Committees and Study Groups of the Institution. In addition to these committees a Committee of Inquiry into the use of Atomic Energy for generation of electric power in Sri Lanka has been appointed. A Field Research Centre was set up in the Sinharaja Forest Reserve during the year under review.

*Industrial Progress of the Greater Colombo Economic Commission.*—Greater Colombo Economic Commission progressed further during the year under review. In spite of the fact that the number of projects approved in 1981 was less than the number approved in 1980, the average Capital Investment involved in each project has shown an increase over the preceding year. 47 projects were approved in 1980 while the number of projects approved in 1981 was 18. The capital expenditure of these 18 projects amounted to about Rs. 1,571 million.

Employment opportunities provided by the Commission in 1981 indicate the outstanding progress achieved by the commission in that year. At the end of the year under review 19,921 people were employed in different projects under the Commission in contrast to 10,581 people employed in 1980.

Demand for land in the Investment Promotion Zone under the Greater Colombo Economic Commission increased considerably during 1981. At the end of the year, 103 acres under the first stage and 41 acres under the second stage have been leased for industrial purposes.

Consequent to the high demand a Second Investment Promotion Zone (Biyagama) was set up as the third Stage and the extent of land leased during last year was 2 acres. Further, the construction of main roads is in progress.



TABLE 23.5—INVESTMENT PROMOTION ZONE—EMPLOYMENT AND EXPORT EARNINGS  
TABLE 10.2

Industry	1980		1981*	
	Employment (at the end of December)	Gross Export Earnings Rs. million	Employment (at the end of December)	Gross Export Earnings Rs. million
(1) Ready made Garments	9,147	490.0	17,386	1,002.1
(2) Fishing Gear and Equipment	245	11.4	199	8.5
(3) Rubber Products	32	12.6	830	45.6
(4) Lapidary and Jewellery	285	1.0	140	3.4
(5) Tea Packing	12	3.9	23	9.3
(6) Cadju Products	483	4.8	265	14.5
(7) Electrical Appliances	—	—	286	20.2
(8) Others	327	0.6	792	5.1
Total	10,581	524.3	19,921	1,108.7

\*Provisional.

Source : G. C. E. C.

Central Bank of Ceylon.

*Handicraft Marketing and Export Development Department.*—During the year under review the turnover at the Colombo Laksala was Rs. 19.8 million showing an increase of Rs. 4.5 million over the year 1979. Income from Divisional Centres in this year was Rs. 5.9 million indicating a drop of Rs. 1.3 million below the year 1979.

The Department has participated in two International Trade Fairs and Exhibitions in 1981 also earning an income of over Rs. 1 million. However, this shows a drop of Rs. 2.1 million below the 1979 figure. The actual income earned by the Department from exports and sales of goods to tourists was Rs. 3.3 million.

### Fisheries

*Fishery Resources.*—According to the provisional estimates the fish production in 1981 was 207,000 Mts reflecting an increase of ten per cent over the previous year. The fresh water fish production has shown a relatively sharp increase. The rise in production was from 20,000 Mts in 1980 to 30,000 Mts in 1981. The low energy intensity required and the prominence given by the Government for the development of fresh water fish breeding may explain relatively the high production. Subsidies are provided by the Fisheries Ministry for fish breeding in estates and ponds. 25 unmechanized boats were issued during the year 1981 on subsidized rates.

Off-shore fishing is yet to be explored. The production in the off-shore fishing increased marginally from 2,148 Mts in 1980 to 2,178 Mts in 1981.

Significant measure taken for the promotion of Fish Trade during the period was the setting up of an independent research institute, i.e., in the National Aquatic Research Association (NARA).



*Ceylon Fishery Harbours Corporation.*—Among the major activities of the Corporation during the period under reference are the Mannar Fishery Complex which commenced construction work in 1980 and the Valachchenai Complex which commenced construction work in 1981.

Installation of a hoist for the Tangalle Fishery Harbour and 6 ice plants in the Negombo Fishery Harbour are some of the other activities of the Corporation during the year under review. Construction work of the Kalpity Jetty is nearing completion. Building work on fresh water fishery centres by the Fisheries Harbour Corporation at Panapitiya, Ginigathena, Pitipana, Polonnaruwa, Minneriya and Nuwara Eliya is under way.

Corporation has also to its credit completed building 22 housing schemes incorporating 447 housing units under the Fishery Housing Project on behalf of the Housing Development Authority.

The capital investment involved in 1981 was Rs. 180 million and the Corporation's income was in the range of Rs. 30 million.

*Coast Conservation.*—Programmes connected with the preparation of the Coastal Zone Management Plan continued during this year.

At the close of the third quarter of the year the Coastal branch had constructed 2,090 feet of revetments and 675 feet of groynes in 8 coastal districts.

Under the Work Programme on the Coastal Research Centre the Hydraulic Laboratory adjoining the Moratuwa University is under construction and is expected to be fully functional at the beginning of next year. However, the Research Centre activities are carried out in the completed parts of the building. The laboratory once completed will be capable of servicing the Coastal Engineering Research requirements of the entire South East Asian Region.

The investigations unit of S.E.A.R. has carried out investigations in the Hambantota, Imaduwa, Colombo areas during the year. During the year under review a Project was carried out in the Valachchenai area, in collaboration with the Survey Department on a Food and Agricultural Project.

#### **Energy, Minerals and Water Supply**

*Electricity.*—In 1981 the total electricity consumption was 1,509 million k.w.h. This was 1,392 million k.w.h. in 1980. During the period under review, the total production has also increased. This amounted to 1,872 million k.w.h. and records a growth rate of 12.2 per cent as compared to 9.4 per cent in 1980. Accordingly installed capacity has been increased from 421 m.w. to 501 m.w.

Another important factor is that out of the total installed generation capacity 130 m.w. or 26 per cent is from thermal power. In the earlier periods the share of thermal power actually generated was about 2 per cent and this has gone up to 11 per cent and 16 per cent in the years 1980 and 1981 respectively. Because of the cost incurred due to the use of thermal power, it was also arranged to levy these expenses from the consumers from 1981.

The Board has also taken steps to strengthen its installed capacity by an addition of 40 m.w. from the Bowatenna hydro-power plant and 20 m.w. from each of the gas turbines.

*Oil production.*—The total cost on imports of petroleum products was Rs. 9,967 millions in 1981. The importation of 1,710 metric tons of crude oil accounts for 87 per cent of the total cost on oil imports. Besides it was 46 per cent of the total export income in 1980 and 48 per cent in 1981.

However, in 1981 the prices of crude oil imports as well as the local petroleum products remained somewhat static. According to the Central Bank, the increase in the cost of oil imports is rather due to the deterioration in Rupee Value than the rise in oil prices.



During 1981 the Corporation has earned an income of Rs. 3,375 million by exports of petroleum by-products.

TABLE 23.6—SALES OF PETROLEUM PRODUCTS IN THE LOCAL MARKET  
(Metric tons)

CONTINUATION OF TABLE 12.4

Year	Petrol	Kerosene	Auto Diesel	Heavy Diesel	Furnace Oil	L.P. Gas (c.m.)
1980	107,691	188,288	397,710	63,953	193,800	7,110
1981	109,017	168,248	421,107	106,625	244,295	6,645

*Gems.*—In 1981, the total gem exports by government and non-government sources amounted to 128,177 carats worth Rs. 500 million.

*Graphite.*—The total graphite production which was 7,794 metric tons in 1980 has decreased to a figure of 6,777 metric tons in 1981.

*Mineral Sands.*—In 1981 there was a total production of 80,011 metric tons of ilmanite and records an increase of 50,671 metric tons over the previous year. The total exports amounted to 42,130 metric tons.

*Water Supply.*—The National Water Supply and Drainage Board has spent a sum of Rs. 589.3 million on its activities. This figure includes foreign aids also.

The taking over of all the 24 districts as areas under the authority of the Board for the purpose of Water Supply and Drainage by means of a special gazette and the taking over of water supply and distribution units in the following areas—Colombo, Avissawella, Tangalle, Ratnapura, Mawanella, Kotte, Kolonnawa, Dehiwela-Mt. Lavinia, Matale and Panadura are the important changes that took place during 1981.

Under the programme of fixing of water meters, 11,753 meters were installed by the end of 1981 in areas coming under the local authorities of Kotte, Kolonnawa, Dehiwela-Mt. Lavinia and Panadura. In addition to that another set of 2,000 meters have been installed with new connections given by the local authorities.

The work connected to the scraping and lining of pipe lines in Greater Colombo Area has been completed by mid 1981.

The project to dig 200 deep wells have been completed and was extended to dig another 1,000 deep wells.

The number of water supply and drainage schemes completed by the Board during the reference year amounted to 23 and another 71 projects are nearing completion.

#### Finance, Banking and Insurance

*Expenditure.*—Total Government Expenditure in 1981 reached Rs. 31,101 million showing an increase of 2 per cent over the previous year as compared with Rs. 30,343 million in 1980 with an increase of 4 per cent.

Capital Expenditure decreased by Rs. 481 million or 3 per cent and the Expenditure on Advanced Account Activities decreased by Rs. 1,517 million or 47 per cent while the recurrent expenditure increased by Rs. 2,756 million or 21 per cent.

*Revenue.*—Total revenue during the year under review amounted to Rs. 16,228 million as compared with Rs. 14,068 million in 1980. This shows an increase of 15 per cent.

The budget deficit of Rs. 16,274 million in 1980 decreased to Rs. 14,873 million in 1981.

*Income Tax.*—Total Income Tax receipts during the year amounted to Rs. 2,029 million showing a decrease of 3 per cent over the previous year.



*Turnover Tax.*—Annual Turnover Tax receipts recorded an increase of 73 per cent over the year 1980. Total annual Turnover Tax amounted to Rs. 2,829 million.

*Selective Sales Tax.*—Total collections amounted to Rs. 2,028 million. This showed an increase of 8 per cent over the previous year.

*Import and Export Duty.*—Total Import duties in 1981 amounted to Rs. 3,226 million. Growth has dropped to 10 per cent when compared with the preceding year's growth of 29 per cent. This is mainly due to the decline in the growth rate of imports.

Total Export duties amounted to Rs. 3,685 million showing an increase of 1 per cent.

*Main Economic Changes during the year.*—(a) Changing the Tax Structure.

(b) Increasing the price of Rice, Sugar, Flour, Radio Licence fees, Postal and local telegraph charges.

*Foreign Aid.*—Net Foreign Aid Receipts in 1980 totalled Rs. 3,516.0 million while net foreign aid receipts in 1981 amounted to Rs. 4,880.1 million. 57 per cent of the net deficit in 1981 was financed by foreign resources.

*Restructure of Taxes.*—The Inland Revenue Act, No. 28 of 1979 and the Inland Revenue Act, No. 24 of 1980, were amended by the Inland Revenue Act, No. 40 of 1981, incorporating the proposals made in the budget speech of 1981.

Under this Act provision have been made for widening the Scope of Tax Exemption relief and allowances, Tax holidays, reducing the Tax Rates and amendments to the Business Turnover Tax. Tea Tax under Selective Sales Taxes was increased while Administrative levy on Coconut Kernel products was withdrawn. Export duty on rubber and desiccated coconut was reduced and the tax on mattress fibre and coconut oil was withdrawn. Import duty on a number of items were revised during the course of the year.

*Decentralized Budget.*—Of the budgetary allocation of Rs. 420 million, Rs. 404 million was spent under Capital Expenditure and Rs. 10 million was spent under recurrent expenditure.

*Central Bank.*—Total assets of the Central Bank reached Rs. 27,352 million in December 1981 recording an increase of Rs. 4,520 over the preceding year. International Reserve and Domestic Assets of the Bank rose by Rs. 2,262 million and Rs. 2,258 million respectively. Considering the liability side currency issue increased by Rs. 634 million.

Monetary policy measures introduced in 1980 continued and the main features were the increase of export credit refinance facility, reduction of credit facilities to Commercial Banks and restriction of Credit facilities to Commercial Banks in May as a temporary measure and introduction of Secondary Treasury Bill Market.

*Commercial Banks.*—There were only 10 foreign Banks in 1979 and that number has increased to 20. 54 Branches of local Banks were opened during the year under review and local Banks owned 83 per cent of the total deposits within the Banking system. Three main International Banks viz., Dubai Bank Limited, Union Bank of the Middle East Limited and Amsterdam-Rotterdam Bank N V (Amro Bank) opened their branches in Colombo.

*Bank of Ceylon.*—With the opening of 33 Branches during the year under review the total number of Branches reached 627. Bank of Ceylon opened its second International Branch in Male. At the end of the year total deposits amounted to Rs. 9,682 million and the gross profit was Rs. 645 million.

*People's Bank.*—19 more Branches were opened during the year making the total number of Branches 290. As at December 31, 1981, the total deposits which included Current, Savings and Fixed Deposits amounted to Rs. 11,475.6 million.

*Hatton National Bank.*—One Branch Office was opened during 1981 bringing the total number of Branches to 28.



*Foreign Currency Banking Units.*—As at the end of 1981 Assets and Liabilities of these Units totalled Rs. 7,516 million.

*Money Supply.*—At the end of 1981 total money supply amounted to Rs. 24,447 million recording an increase of Rs. 4,587 over the year 1980.

*State Mortgage and Investment Bank.*—At the end of 1981 loans granted amounted to Rs. 162 million.

*Development Finance Corporation of Ceylon.*—During 1981 loans and share investments approved by this Corporation amounted to Rs. 235 million and Rs. 9 million respectively. Loans granted in 1981 amounted to Rs. 160 million.

*National Development Bank of Sri Lanka.*—Outstanding loans as at the end of 1981 totalled Rs. 275 million and ordinary share investments in Development Schemes amounted to Rs. 11 million. Total outstanding refinanced loans amounted to Rs. 130 million.

*National Savings Bank.*—Total savings in the Bank as at the end of the year under review amounted to Rs. 5,439.3 million. It shows an increase of 9.8 per cent over the year 1980.

Housing Loans amounting to Rs. 24 million have been granted during the year and outstanding Housing Loans as at the end of 1981 totalled Rs. 83 million. 3 more Branches were opened during 1981 bringing the total number of Branches to 45.

*E. P. F.*—Total Contributions during the year under review amounted to Rs. 486 million as compared with Rs. 523 million in 1980.

*Insurance Corporation of Sri Lanka.*—In 1981, Corporation has issued 25,168 new Life Insurance Policies valued at Rs. 214 million bringing the total number of Life Insurance Policies to 209,956 as at the end of the year. The amount issued was Rs. 2,643 million. During the year under review a sum of Rs. 89 million was invested as fixed deposits in Commercial Banks and as ordinary shares in the Property Development Co. Ltd. of Ceylon.

*National Insurance Corporation.*—National Insurance Corporation established under National Insurance Corporation (Amendment) Act, No. 22 of 1979, commenced its Life Insurance and Ordinary Insurance Activities on 28th March, 1980. Only a few Life Insurance Policies were issued during 1981 and the amount collected was Rs. 52,334 million. Collections in respect of Ordinary Insurance Activities amounted to Rs. 192.5 million. Corporations investments in Commercial Banks as at the end of 1981 amounted to Rs. 114 million.

*Export Credit Insurance Corporation of Sri Lanka.*—In 1979 the Corporation has introduced two new Schemes, viz., Credit Guarantee Scheme and Export Payments Insurance Scheme for the Export Trade. As at the end of 1981 the value of Guarantees and the value of Insurance Policies were Rs. 749 million and Rs. 285 million respectively.

*National Lotteries Board.*—<sup>Five</sup> ~~05~~ Sweeps were drawn per month and Mahajana Sampatha Lottery was reintroduced from March 1981. Out of the total annual income of Rs. 52 million, Rs. 19 million was paid to the Consolidated Fund. Prizes amounted to Rs. 20 million. However, with the other Ministries too coming into the scene the sale of Lottery tickets by the Board has dropped considerably.



## Foreign Trade

*Exports and Imports.*—The total export earnings for the year 1981 stood at Rs. 20,585 million and recorded an increase of 17 per cent over the previous years export earnings which was Rs. 17,595 million.

Tea export earnings amounted to Rs. 6,444 million with an increase of 274 million rupees over the previous year and represented about 31 per cent of the total export earnings in 1981. An income of Rs. 2,889 million was earned by exports of rubber in 1981 and it showed an annual increase of Rs. 299 million. Exports of coconut products too has increased and the total export earnings of this product comes to about Rs. 1,011 millions. This is an increase of 34 per cent. However, the position of these traditional exports in the country's overall export earnings have further declined. In 1980 the earnings of traditional exports accounted for 57 per cent of the total earnings. Yet by 1981 this has further decreased to a level of 52 per cent.

On the other hand the value of industrial exports have gone up. This was Rs. 7,059 million in the year under review as compared to Rs. 5,485 million in 1980. The main reason for this increase is due to increased textile and apparel exports. The value of these exports amounted to Rs. 3,000 million with an increase of 65 per cent over the previous year.

The total expenditure on imports in 1981 amounted to Rs. 35,251 million as compared to Rs. 33,942 million in 1980. In money value this showed an increase of 4 per cent. This increase in the cost of imports is due to high price of imports together with a slight increase in import volume. According to the Central Bank import volume index has gone only by 4 per cent in the reference period as against 14 per cent in the previous year.

Food imports showed a further decline. It has come down from 21.3 per cent in 1979 to 13.9 per cent in 1981. The main reason for this decline is attributed to the import of wheat instead of wheat flour and accounted under intermediate goods.

*Geographical distribution of Trade.*—United States of America ranks first among the major buyers of Sri Lanka exports. In 1981 U.S.A. had bought goods worth Rs. 2,805.6 million and accounted for 14.4 per cent of the total exports. In 1980 this component was 11.16 per cent. United Kingdom is the second largest buyer followed by German Federal Republic.

Out of the total imports in 1981, 15.17 per cent has been imported from Saudi Arabia. The value of these imports comes to about Rs. 5,246.9 million, and has been increased by Rs. 2,040 million over the previous year. Japan and United Kingdom are in the second and third place sharing 14.4 per cent and 7.2 per cent of the total imports to Sri Lanka.

*Promotion of Trade.*—In 1981 Sri Lanka has officially participated in eight International Trade Fairs. The Igado International Ladies Fashion Fair and Anuga Food Fair, are the most important trade fairs of the year. About 31 local business organisations took part in these trade fairs.

*Trade Agreements.*—In accordance with the five-year Trade and Payment Agreement of 1977 with China a trade protocol was signed for 1982 in Beijing on 20th November, 1981.

*International Trade Relationships.*—A high level conference on economic cooperation among developing countries was held in Venezuela in May 1981. Sri Lanka also participated in meetings of the Standing Committee of Bangkok Agreement in 1981. Another agreement on UNCTAD common fund for commodity was signed in January 1981.

A new protocol extension was signed extending the period of Multi-Fibre Agreement by another 4 years and 7 months, effective from January 1982. Under the Commodity Co-operative Agreement with European Economic Community, Sri Lanka continued to receive assistance from European Community for a number of projects.

*Sri Lanka Export Credit Insurance Corporation.*—By the year 1980 the number of guarantees issued by the Corporation was 357 and the approved credit limit ranged up to Rs. 748.7 million. During the year under review 65 exporters had new insurance policies totalling to 188 altogether. At the end of 1979 the number of policy holders was 62. The income of the Corporation in 1979 was Rs. 13 million and this has gone up to Rs. 30 million in 1981.



The corporation has introduced a new guarantee scheme, namely, 'Pre-shipment Credit Guarantee' covering all the Commercial Bank advances to exporters, with effect from August 1981.

The Corporation has been of service to the model export villages established by the Export Development Board and the Trade & Shipping Ministry, by way of providing various insurance facilities on an easy-term basis. For the first time the Corporation issued insurance policies to the exporters in the Free Trade Zone.

*Sri Lanka State Trading Tractor Corporation.*—The annual income from sales activities of the Corporation was Rs. 138 million and is half of the income of 1979.

The Corporation has started assembling tractor parts and also welding and lathe work. The Corporation has also started a new method of approaching the farmer for their sales by taking part in the Mahapola exhibition held in various parts of the island.

*Registration of Companies.*—The number of public & private sector companies registered during 1980 and 1981 was 966 and 1,014 respectively. In comparing the 317 companies, the number registered in 1977, with that of 1981 it showed a threefold increase during the period under review. This indicates a rapid growth in business undertakings both in private and public sector. In 1977 there were 30 public sector companies and this has increased to 47 in 1981. The classification of the 1,014 companies registered in 1981 was as follows : 228 commercial establishments, 184 tourist & hotel services, 96 engineering and construction institutions, 56 managerial establishments, 56 financing organisations, 19 agricultural institutes and 236 various other enterprises.

*Conversion into Metric System.*—The Metric Conversion Authority has authorised about 10 persons to repair and manufacture weights & measures in 1981.

During the period under review the Department extended its activities on converting into metric units, particularly the work in the Survey Department. A pilot project was started for the testing of petrol pumps with the help of the Petroleum Corporation. Work was started with regard to improve the readability of 1 kg. balance. In collaboration with the Department of Physics of the University of Colombo three under-graduate projects were initiated.

*Co-operative Societies and Consumer Prices.*—In 1981, there were 289 Multi-Purpose Co-operative Societies in the island with approximately 9,000 retail branch depots.

The sales turnover of the Co-operative Societies for 1977, <sup>1980</sup>1980 and 1981 was Rs. 2,583.5 million, Rs. 6,342.2 million & Rs. 10,733.9 million respectively indicating an upward trend each year. This could mainly be attributed to the economic inflation which has resulted in high cost of commodities and services. The commodities marketed by the Co-operative Societies have not increased significantly under the Open Economic System.

As a result of the withdrawal of Rice Ration Books followed by the Open Economic System, the income of the Co-operative Societies has suffered a gradual decline. The Societies had to resort to obtaining more and more loans in order to alleviate the difficulties encountered thereby. The loans obtained by these Societies during the year under review amounted to Rs. 387 million.

The Co-operative Societies have offered loans for agricultural activities in the form of cultivation loans totalling Rs. 10,805,307 for 1980/81 Maha and Rs. 5,962,428 for 1981 Yala season. Further 44,766,164 kg. of fertilizer has been supplied during the year and a programme to provide storage facilities in each area has also been initiated.

The number of Co-operative Rural Banks <sup>in</sup> at 1981 was 744 and the annual income recorded was Rs. 8.6 million.



In 1981, there were 471 registered Industrial Co-operative Societies. With the adherence of the open Economic System together with the inadequacy in the technical know-how accompanied by the non-availability of raw material has crippled these establishments. Textile Industrial Societies are the mostly affected in this regard.

With a view to improving the production activities in tea, rubber, coconut and milk foods a programme was launched for setting up of committees in respect of each.

**Food Supply.**—In 1981 the private sector entered the sugar import trade and gradually it gained the position of main importer of sugar.

With the commissioning of the Prima Flour Mill Complex in Trincomalee in October 1980 the Food Commissioner's Department started importing wheat grain instead of wheat flour, for the first time. This Complex has a milling capacity of 1,800 <sup>mt</sup> per day for 325 days per year and is capable of milling the entire requirement of wheat flour of Sri Lanka.

In accordance with the Government's Policy the Food Commissioner's Department launched a new trade strategy to price its commodities on a "no-loss-no-profit" basis.

The import of food by the Food Commissioner's Department for 1980/81 is as follows :

1980		
Commodities	Quantity (net) M/T	CIF Value Rs.
Rice	189,450	881,537,967
Wheat flour	360,938	1,824,933,930
Wheat grain	163,969	575,400,175
Sugar	198,968	2,026,212,720

1981		
Commodities	Quantity (net) M/T	CIF Value Rs.
Rice	157,032	934,819,421
Wheat grain	439,175	1,696,903,767
Sugar	168,317	2,077,198,450

**National Price Commission.**—During 1981 the National Price Commission carried out 103 price reviews. In addition to this the Commission examined 02 applications for exemption from provisions relating to exclusive dealings of price discrimination under sections 20 and 21 of Consumer Protection Act.

#### Labour and Employment

**New Legislation.**—Several new Labour Laws were passed by the Parliament during 1980 to 1981. They were aimed at regulating the quorum at Wage Board Meetings, regulating activities of Foreign Employment Agencies, setting up an Employees' Trust Fund with contributions from Employees only and enabling full maternity leave without restriction.

**The Employees' Provident Fund.**—Contributions from both employee and employer have been increased to make it 20 per cent of the total earnings with effect from 1982.01.01. Average monthly subscriptions to the Fund are in the region of Rs. 85 million. Collections on account of subscriptions in the year 1980 was Rs. 747.05 million and Rs. 923.07 million in 1981.



A system of pass book for each member has been introduced in order to keep members informed of the accurate amount that is available to his credit at the Central Bank. A voluntary scheme whereby members can opt to credit their benefits to a saving scheme in their names is being introduced with the co-operation of the Bank of Ceylon, People's Bank and National Savings Bank. A sum of Rs. 1,095 million has been paid out as benefits up to the end of 1980. Steps have been taken to conduct district level educational programmes with the assistance of the Labour Department in order to provide information on all aspects of E. P. F. scheme.

*Security and Health.*—The occupational Hygiene Division is being developed as a national research laboratory in the field of occupational Hygiene. This division is concerned with non-task optimisation with workers' health, well being and efficiency in view. There are about 13,123 factories registered in the Labour Department.

*Vocational training.*—The total number of training units as at 1980 was 340. Among these, 330 were mobile training centres. Females were enrolled for the first time for training in Radio Electronics and Electrical trade and Masonry. The stipend paid to the trainees was also increased. Employment Assistants undertake the task of placing the trainees in employment.

*Foreign Employment.*—The regulations under the Foreign Employment Agencies Act passed in 1981 is in force at present. All employment Agencies are required to obtain new licences on satisfying requirements which include furnishing a bank guarantee for Rs. 100,000 which may be used to provide relief to prospective employees. Provision has been made to prohibit recruitments if the interests of that particular category of workers are not regularized. Administrative measures have been taken to ensure favourable conditions of work for the migrant workers. Sri Lanka Missions in West Asia are available to migrants for advice and guidance and also a Labour Relations Office is functioning in Abu Dhabi.

The number of Foreign Employment Agencies which stood at 388 in 1979 increased to 567 in 1981. It has been estimated that in 1981, there were 60,000 Sri Lankans working in West Asia. Registrations were cancelled for 35 Employment Agencies, during the reference period.

*Employees Trust Fund.*—Employees Trust Fund was established under Act No. 46 of 1980 and was effective from 15th January, 1981. Employers are obliged to make remittance to this Fund every month an amount equivalent to 3 per cent of the earnings of every employee. There is no contributions from the employee himself. Over 10,000 employers are contributing to this Fund at the moment. The Fund's collection during 1981 totalled Rs. 6.34 million.

The coverage of the Act has been extended to three stages to include all employees of the Public and Private Sector. Stage I covers employees in the private sector undertakings with less than 150 employees and employees in all Public Sector undertakings. Stage II covers employees in Private Sector undertakings with less than 150 and not less than 50 employees and Stage III covers all employees in Private Sector undertakings with less than 50 employees.

## Education

The Educational White Paper incorporating proposals to align formal education with the development needs of the country was submitted to the Parliament by the Minister of Education in 1981.

*General Education.*—Total number of schools in the island as at 1980 was 9,794 and the student population in that year is reported to be 3,389,776 and the total number of teachers stood at 141,185. The number of schools in the year 1981 totalled 9,789.

The expenditure on education showed an upward trend throughout. Current expenditure on general education which stood at Rs. 934.9 million in 1978 shot up to 1,284.0 million in 1980 and 1,712.7 million in 1981. However, as a percentage of entire Government expenditure and the Gross National Product, the total expenditure on education has witnessed a gradual decrease. This may be attributable to the resource and budgetary constraints the Governments were compelled



to face in the recent past. As a percentage of the entire Government expenditure in 1972, the total expenditure on education worked out to 11.9 per cent. This was diminished to 4.9 per cent in 1980 and 6.2 per cent in 1981.

*Education Service.*—The issue of free school text books which was in operation from 1980 on a directive by the Government continued in the year under review as well. About 4,743,000 copies of text books printed in all three languages valued at Rs. 59.7 million were distributed free during the year.

*Higher Education.*—The number of Higher Education Institutions were further strengthened by addition of two new Higher Education Institutions, i.e., the Open University and the Batticaloa University College which began functioning in mid 1980 and mid 1981 respectively.

*The Open University.*—12 study courses were conducted by the Open University during 1981 and total number of 3,379 students followed these courses during the year.

This University was commissioned in the temporary buildings constructed at the Open University site at Nawala and the extension work on this is in progress. The Sri Lanka Distance Education Institute has undertaken construction work on Laboratories and workshops at 16 locations and some of these have already been completed.

The Sweden International Development Agency has supported the 1981 Technical and Vocational Education Programmes of the University in number of ways. United Nations Development Project and UNESCO Fellowships were awarded and equipment worth 160,000 US \$ <sup>1981</sup> were granted from the UNDP/UNESCO funds.

*Batticaloa University College.*—The Batticaloa University College was established under Universities Act, No. 16 of 1978. During the 1981/1982 academic year a total number of 75 students were granted enrolment to this College. The courses of study consists of the Faculty of Agriculture (with 3 departments of study) and the Faculty of Science (with 6 departments of study).

The Government has recognized the need for expanding the facilities for higher education and has provided for establishment of Government recognized Higher Education Institutions for the purpose of conducting courses of study and examinations approved for Higher Education. Of the many institutions that applied for recognition two have been selected, i.e., North Colombo Medical College and Kotelawela Defence Academy.

Steps have been taken to strengthen the intake of students to Universities. 4,857 students were afforded opportunity to obtain University Education in the 1980/81 academic year. This was further increased to 5,004 in 1981/82 academic year.

*Cultural Affairs.*—During the period under review the Government of Sri Lanka paid special attention to preserve historical and cultural heritage of the nation. Consequently a massive project called "Cultural Triangle" was inaugurated. The main object of this project is to preserve, conserve and renovate the places of historical importance lying within the triangular area which includes three ancient kingdoms, viz., Anuradhapura, Polonnaruwa and Kandy.

Cultural Triangle Project is the outcome of UNESCO-Sri Lanka co-operation. 60 per cent of the total expenditure of this Project is financed by the UNESCO. All activities of this Project are handled by the Central Cultural Fund created under the Ministry of Cultural Affairs.

Original estimates for the Cultural Triangle under a five-year plan envisaged an expenditure of Rs. 100 million approximately. However, according to the Archaeological Department's Budget for 1979 it amounted to Rs. 137 million.



Several measures were taken to meet the Sri Lanka Government's share of 40 per cent of the expenditure. From April 1979 a fee is levied from the tourists who visit the Cultural Triangle area and an additional amount of Rs. 12.3 million is anticipated annually from this source. A major portion of this money will be utilized for the Cultural Triangle.

With the Central Cultural Fund Act which came into force in December 1980 Private Sector was given the necessary incentives to assist the Cultural Triangle. Any contribution to the Fund in cash or kind is exempted from the Income Tax, Wealth Tax, Gift Tax, Entertainment Tax and Customs Duty.

Assistance has already been received from Japan, France, Czechoslovakia, U.S.A. and UNDP, World Food Programmes, Asia Foundation, etc., in response to a special programme launched to obtain assistance from foreign countries and organisations for the Cultural Triangle.

Following items are included in the Programme approved by the UNESCO for this Project :—

- (i) Stupas and monasteries of Jethawana and Abhayagiri in Anuradhapura.
- (ii) Excavation and reservation of Alahana Pirivenas in Polonnaruwa.
- (iii) Renovation and preservation of the Tooth Relic Temple in Kandy, the four Devalas together with Malwatu and Asgiriya Maha Viharas and layout of the gardens around these.
- (iv) Lighting and renovation of caves and paintings in the Dambulu Viharaya.
- (v) Excavation, renovation and preservation of Sigiriya frescoes, canals, tanks, ponds, etc., and Rock premises together with the flight of steps in Sigiriya.
- (vi) Construction of a Cultural Complex in Colombo to meet the requirements of an Art Gallery and an Auditorium.
- (vii) Training of Technical personnel for such work as renovation of ancient rocks and paintings.
- (viii) Improvements to Research Institutes for handling basic research work.
- (ix) Supply of necessary photographic equipment and drawing up of other programmes in this connection.

At the meeting of the Sri Lanka-UNESCO Plan Implementation Committee held in February 1981, approval has been granted to commence Jethawana, Abhayagiri, Alahana and Kandy Project.

*Alahana Pirivena.*—Excavations commenced in April 1981. Peradeniya campus of Sri Lanka and the Institutes of South-East Religious Civilization Project in Cambridge are in charge of these excavations. Initial work for preservation of Rankot Vehera too commenced in December along with the above work.

*Jethawana Viharaya.*—Jethawana Dagaba preservation work commenced in May 1981. Colombo campus is in charge of this work.

*Abhayagiri Viharaya.*—Excavations commenced in September 1981 and Sri Jayawardhanapura Campus is in charge of the work. A Czechoslovakian team is due to arrive in Sri Lanka for excavation work. It is anticipated that the Preservation Programme of the Abhayagiri Vihara will continue beyond the Five-Year Plan.

*Kandy.*—Excavations at Natha Devalaya commenced in December 1981 and Peradeniya Campus is in charge of the work.

Training programme for Sigiriya excavations is due to commence in January 1982.

## Health

*Expenditure on Health Services.*—The expenditure on Health Services amounted to Rs. 875 million in 1980 and this has gone up to a sum of Rs. 951 million in the reference year. About 60 per cent of the total expenditure has been spent on curative services. 30 per cent was spent on Public



Health Services and it denotes an increase of 10 per cent over the corresponding figure of 1979. A big portion of this amount was allocated to combat the spread of Malaria. Wages & Salaries alone account for 50 per cent of the total cost on health services.

The expenditure on health as a percentage of the total Government expenditure and comparing with that of early 1970s it indicates that this percentage is low in 1981. However, this percentage was 3.1 per cent in 1980 and has increased to 3.5 per cent in 1981.

*Organization of Health Services and Administration.*—A special emphasis was made towards the primary health care under the objective of 'good health for all by year 2000'. Suggestions were made to the national health council for the improvement of basic sanitary services and reforming the functions of health services enabling the achievement of the above-mentioned objective. A new institution named 'Gramodaya Health Centre' came into being to provide health services along with the other small and large institutions all over the country. These are functioning under the guidance of family health workers.

*Patient Care Services.*—The number of in-patients treated in 1980 is recorded as 2,360,000. The number of out-patients amounted to 31,892,000 in 1980. The corresponding figures for 1981 were 2,283,000 and 30,247,000 respectively. In fact these figures reveal the number of visits made by the patients and not the number of individual patients.

*Health Personnel.*—The shortage in the number of health personnel was felt during the last two years. According to the estimate made by the end of 1981, it was observed that the availability of doctors was 38 per cent less than that of the total requirements. The total number of western doctors in health service amounted to 2,233 in 1981. There was also a shortage of 48 per cent in the categories of attendants and other health staff.

As a solution for the shortage of medical doctors, it was allowed to establish a private medical college. The number of medical officers trained was also increased.

*Ayurveda Medical Service.*—The total number of patients treated in Ayurvedic Hospitals and Central Dispensaries amounted to 843,361. About 286 Ayurvedic physicians have registered themselves in the department. This consists of 50 graduates from the Ayurvedic Medical College and other institutions, 92 general practitioners (hereditary) and 144 other special practitioners (hereditary).

The Ayurvedic Research Institute is engaged in research action on diseases like Psoriasis & Rheumatism and have been successful in its research work on Rheumatism.

A training programme was held for these Ayurvedic practitioners who are without any institutional training. A number of seminars were organised for the Ayurvedic practitioners by the Ayurveda Department in co-ordination with the Family Health Ministry. A group of doctors were sent to India to undergo a training programme on 'Panchakarma Chikitsa'. During the period under review the Department released a number of books on Ayurveda.

#### Transport and Communications

*Department of Motor Traffic.*—The total number of vehicles registered during 1980 was 63,776 as against 37,391 in 1981. The new registrations for 1981 included 2,354 buses, 5,760 private vehicles, 17,160 motor bicycles, 8,036 lorries and vans, 4,045 land vehicles and 36 other vehicles.



**Sri Lanka Central Transport Board.**—During the year under review a significant feature in the operational sphere of the Board was the minimising of the heavy recurring losses incurred by the Board. The losses incurred in 1980 which was estimated at Rs. 278.9 million was 49.4 million in 1981. The fleet strength of this year comprised 7,725 buses and operated 493.50 million Kms providing travel facilities for 1,386 million commuters.

**Sri Lanka Government Railway.**—The number of commuters carried by the Sri Lanka Government Railway in 1981 has been estimated at 70 million which is in comparison to the previous years figure of 84 million an indicated decline of 17 per cent. The enhanced revenue earned by passenger transport which rose from Rs. 222,793 million in 1980 to Rs. 255,191 million in 1981 could mainly be attributed to the increased fare by 66 per cent in that year. The overall loss of the Railway which stood at Rs. 369 million in 1980 rose to Rs. 484 million in this year.

**New Projects.**—A Railway Training Centre with comprehensive technical facilities for assembling is being constructed at Ratmalana. Suggestions are made for construction of a Railway line of 49 miles in length across the Mahaweli development area connecting Manampitiya and Mahiyanganyaya, and another connecting line extending 4½ miles for the requirements of the Sapugaskande Urea Factory.

Preliminary studies are being carried out pertaining to introducing electric locomotives to the Sub Urban Railway network on the main lines from Maradana to Veyangoda, on the coast line from Maradana to Kalutara and along the Puttalam line up to Negombo.

**Inland water Transport.**—The reconstruction work on the Kelani River Canal has been completed. This is utilized for various industrial purposes and for the needs of many tourist resorts.

Once the reconstruction work of the Maha Oya canal is completed it is envisaged to make possible the conveyance of bricks, sand and clay economically.

**Ceylon Shipping Corporation.**—The cargo transported by the Corporation totalled 519,901 Mts in 1980 as against 623,038 in 1981. The profit made for the year 1980 works out to Rs. 80 million and further increased to Rs. 118 million in 1981.

**Port Authority.**—The profit earned by the Authority during the year under review is estimated at Rs. 331.5 million as against Rs. 235.7 million earned during the previous year. The total cargo transported amounted to 3.6 million Mts as against previous years 3.7 million Mts. This drop of 1.4 per cent may be explained by the drop in the influx of luxury items and the machinery and equipment necessitated by the development activities. The total number of ships called at the three ports in Sri Lanka was 2,222 which is 179 less than the previous year. When compared with the previous year, the decrease of 179 vessels during this year is negligible in view of the increase in the actual overall operational capacity.

The Authority has provided more extensive facilities for the transport of cargo during the year and this was given a high publicity over the world. Special facilities were afforded for containerized cargo handling. Accessories were also made available for container transport. A warehouse was cleared and made available for use as a container yard. Action has also been initiated during this year for the purchase of two giant cranes for the purpose of loading and unloading containers.

Under the work programme of dredging of the Colombo Harbour in connection with the construction work of the Kochchikade container jetty, dredging of 327,000 cubic yards have already been completed.

Construction work on the bridge connecting Beira lake and Colombo Harbour and the Chaithiya is in progress.



*Post and Telecommunication Services.*—Post and Telecommunication which so far functioned under one department was separated into two departments in the latter part of 1980. The number of postal delivery areas which stood at 5,925 in 1980 rose to 5,939 in 1981. The number of post offices too increased from 3,341 to 3,515. 5 agency post offices came into existence by the year 1981. The volume of local letters handled by the department was 640,745 thousand per annum.

According to the Central Bank Report the demand for new telephone connections as at end of 1981 is estimated at 90,578. The number of telephone lines as at end of 1981 totalled 63,819 as against 60,070 in the previous year. The rapid growth in the number of telex subscribers during the span from 1977 to 1981 with the introduction of the open economy is a significant event. It is recorded that the demand for telex telecommunication service in 1980 has reflected a growth rate of 88 per cent.

#### **Tourist Industry**

The Tourist Industry in Sri Lanka has gained continuous expansion surpassing the 1981 target even though the ~~touring~~ <sup>tourist</sup> countries have suffered an economic setback. In 1980 there were 370,742 tourist arrivals, even though the set target was only 348,000 and denotes an increase of 48,962 or 15 per cent over the year 1980.

In comparison with the other countries in the region the progress achieved in the Tourist Industry in Sri Lanka seems quite satisfactory. The rate of growth of tourist traffic in 1980 amounted to 28.6 per cent over that of 1979 representing a highest rate of growth in the region. The corresponding figures for Thailand is 16.8 per cent, Singapore 14.0 per cent and India 4.6 per cent.

As far as the country's foreign exchange earnings are concerned tourism remain as the fastest growing industry. The foreign exchange earnings in 1980 totalled Rs. 1,830 million and was shot up to Rs. 2,500 million in 1981 reflecting a growth rate of 36.6 per cent. The foreign exchange earnings have shown a 7 fold increase during the span from 1977 to 1981 and tourism gained the position of fourth largest foreign exchange earner of the country.

*Tourist Resorts and Hotels.*—The total room capacity increased by an addition of 950 more new rooms giving a total of 7,000 in 1981. Further 3,000 rooms are being constructed and scheduled to be completed by the end of 1981. Sanction has already been granted for putting up of further 12,450 rooms in the forthcoming year. The Tourist Board has made its observations on the 30 new Hotel and Restaurant Projects submitted by the Foreign Investment Advisory Committee.

102 Tourist inns with 846 room capacity and 308 private houses with 514 room capacity have been approved for Tourist accommodation for the year. Further 42 rooms were approved under the private housing room scheme.

The total number of persons involved directly and indirectly in the servicing and supplying sectors totalled 56,000 in 1980. This <sup>showed</sup> an increase of 17 per cent over the previous year.

*Travel Framework.*—Tourist arrival in 1981 was 66 per cent from Western Europe with 24 per cent from Asia. Despite the constraints such as costs and accommodation encountered in travel arising from the distance to Sri Lanka from countries like Australia, North America and Japan, the number of tourists from these countries has recorded an increase. According to the Central Bank Report although the arrivals from these countries during the past decade have shown a remarkable increase, their importance in relative terms has resulted in a decline.



## Social Welfare and Housing

*Department of Social Services—Social Assistance.*—In 1981 assistance has been granted to 194,850 persons and the total amount involved was Rs. 41,989,660. During the year under review 5,702 T. B. patients and 733 leprosy patients have been granted Rs. 3,494,296 and Rs. 552,680 respectively as assistance. During the latter part of 1981 flood relief has been granted to flood victims in the Northern and Southern parts of the island up to a maximum of Rs. 750 per family. A sum of Rs. 540,000 has been provided to repair the damaged houses. During the year the amount granted as drought relief was Rs. 41,463,289 and arrangements were made for free distribution of 4,757 metric tons of wheat flour under the World Food Programme. In 14 districts about 200,000 people were granted assistance. A sum of Rs. 993,440 has been spent on water supply in districts where drought was severe. During the year Rs. 200,000 has been spent as relief for damage to crops by wild animals and relief for distress among fishermen while Rs. 674,700 has been sent as casual relief. The amount paid as relief to victims of communal riots in August 1981 was Rs. 576,000.

*Welfare activities.*—In places where there are no State Homes for the Aged and where such Homes are required small cottages have been established. There are 7 cottages in Kandy district and 2 in each Kegalle and Matara district and 1 in each Galle, Matale and Hambantota district. During the year the total number of inmates in these cottages was 325.

*Rehabilitation of Physically and Mentally handicapped persons.*—"Senehasa" Home for mentally handicapped youth in Pelawatta (Kalutara) was opened in the latter part of 1979. Accommodation could be provided for 25 inmates in this Government Institution, which is the first of its kind. Work is in progress to open up a vocational training centre at Muruthavela in Hambantota District for physically handicapped persons.

*Voluntary Organizations engaged in Social Welfare Work.*—During the year there were 40 voluntary service organizations engaged in out door social service activities. During the period under review a sum of Rs. 132,393 has been paid as grants to voluntary organizations engaged in providing institutional care to children and unmarried mothers. Food and Commodity aid received during the year from CARE, European Economic Community and the Australian Government were distributed among the recognised institutions by the Department.

Requests made by Social Welfare Institutions for permits for foreign gifts required by charity organizations and for the waiver of Customs duty were allowed.

*Department of Probation and Child Care—Probation Service.*—At the beginning of 1981, 142 Probation Officers were in service in 43 Judicial Divisions of the island.

*Day Care Centres.*—The department pays an assistance of Rs. 15 per month for a child to voluntary organisations. There are 164 such centres in the island. Selected day care centres and childrens' homes have been converted to children and family welfare centres for the convenient delivery of services both to the child and the family under one roof.

*Beggar Rehabilitation Centres.*—There are centres to rehabilitate beggar children with educational and vocational training facilities.

*Vocational Social Work Educational Programme.*—Under this programme 45 trainees have been selected for the 1980/82 course. A revised syllabus has been introduced for courses from 1981 onwards.

*Vocational training for intermediate staff.*—The JANAWASAMA and the State Plantation Corporation took over the training of attendants for the day care centres in estates while the training of staff for the day care centres to be set up under the Mahaweli Development Scheme has been entrusted to the School of Social Service.



*Research.*—A data Bank was set up during this year to collect necessary information for social research. A study on physically and mentally handicapped persons was launched in Hambantota district with assistance from the NORAD Organization. 6th session of the Social Work Educationists in the Asian Region and International Social Workers Conference of the Asia-Pacific Region was held in August 1981 at the Sri Lanka Foundation Institute.

*Housing.*—During the period from 1971 to 1981 the Population has increased by 17.0 per cent and the number of houses has increased by 26.8 per cent. This is a great achievement when compared with the period before 1971.

According to the 1981 Census the number of houses occupied by a single household has increased from 92.4 to 95.2 per cent while the number of houses shared by two or more households has decreased further from 7.6 to 4.9. Census report shows that in 1981, 69.4 per cent of the houses are being occupied by the owners themselves. Generally, the average number of occupants in a housing unit has decreased from 5.6 in 1971 to 5.2 in 1981. The above decrease was common to urban, rural and estate sectors. The decrease in the Urban Sector was from 6.2 to 5.4 while in the other two sectors it was from 5.6 to 5.1 and 4.8 to 4.4 respectively.

In 1971 only 9 per cent of the houses had electricity but the information collected at the Housing Census 1981 shows that it has gone up to 14.9 per cent. The number of houses with no lavatory facilities has declined from 35.5 per cent in 1971 to 33.4 per cent.

*Department of National Housing—Housing Loan Scheme.*—In view of the financial position of the department all loans have been temporarily suspended from the beginning of 1980. Recovery of loans and rent was intensified.

*Renting out and Maintenance of flats and houses in Housing Schemes.*—Ratmalana and Maligawatta Housing Schemes administered by the department have been handed over to the Housing Development Authority. Implementation of the rent purchase policy was a significant event during the period under review. Issuing of deeds for houses in Housing Schemes under the department has commenced.

*Implementation of Housing Laws.*—Law relating to the housing property ceiling of 1973 was amended in 1980 and the payment of compensation to original house owners was expedited. The number of excess houses taken over by the department in 1981 was 103.

*Rent Act.*—According to the amendment to this Act in 1980 the owners of single houses the rent of which exceeded Rs. 100 had to deposit 5 years rent before going to courts claiming the houses for their use. Under this provision house owners have deposited Rs. 1,821,865 in the department in 1981 in respect of 109 premises.

*Tenant Protection Act.*—1,464 complaints have been received from tenants during the year.

*Private Developers.*—Approving of Private Developers under section 31 of the Inland Revenue Act, No. 28 of 1979, is one of the functions of this department. Two applications of Private Developers were approved in 1981.

*National Housing Development Authority.—Direct Construction Programme.*—Plans have been prepared with a target of 6,950 units of houses, flats and shops consisting of low income, middle income and skyscraper flats. During the year under review only 3,537 units of housing flats and shops were completed as compared with the 5,000 units completed during the preceding year. The number of units of Government quarters completed was 239.

*Rural Housing Programme.*—Self-help housing schemes, Middle Village housing schemes, Fishermen's housing schemes and housing schemes in electorate basis are included in this. Plans have been prepared for 15,070 housing units and 7,199 units have been completed during this period.



In both these programmes targets could not be achieved due to increased prices in the original estimates consequent to high inflation and inadequacy of the allocations made by the Treasury. Further allocations for rural housing programme have been utilized for making payments to contractors who were engaged in direct construction work such as putting up of flats, shopping complexes, etc., and thereby reducing the funds available under that programme.

Income from the sale of flats/houses and Government quarters during the year under review amounted to Rs. 117,988 million as compared with Rs. 7,753 million during the preceding year. During the year under review income from rent and purchase instalments amounted to Rs. 13,304 million recording an increase of 95 per cent over the preceding year.

*Public Convenience Board.*—Public Convenience Board entered into a five-year agreement with the UNICEF organization which came into operation since 1979. The target of this agreement was to extend the facilities of the present Water Supply Scheme to 15 per cent of the slum and shanty dwellers in the Colombo city and to up-grade the existing lavatory facilities or to provide new facilities to 15 per cent of the slum and shanty dwellers by 1983.

U.S. \$ 88,000 and U.S. \$ 96,000 have been received for the purposes of the Public Convenience Board for 1980 and 1981 respectively. The Board has maintained 38 housing schemes in 1981.

*Building Materials Corporation.*—The total income of the Board declined from Rs. 845 million in 1980 to Rs. 500 million in 1981. This is mainly due to the drop in the demand for building materials consequent to implementation of the Government policy of reducing provisions for constructions during the previous year.

Expansion of commercial operations of the Corporation was adversely affected as a result of defaulting the payment of loans granted by the Corporation during the previous year. Further the Corporation lost its monopoly in the sale of asbestos and the position it held in the sale of local cement and steel too declined. Another reason for the drop in profits is excessive interest on account of defaulting the payment of loans by those who obtained loans from the Corporation.

However, the Corporation is still the chief importer and distributor of building materials in the local market. During the year under review a significant event in the commercial activities of the Corporation was the adoption of a new policy for fixing the prices of products. This measure enabled the Corporation to compete in the open market successfully and to render a valuable service despite the decline experienced in the profits.

Last year the Corporation made a special attempt to give price concessions to its customers, particularly to builders of small houses. The profits dropped from Rs. 18,436 million (before taxation in 1980 to Rs. 3,634 million in 1981).

*Department of Town and Country Planning.*—During the year under review the department has completed the Town and Country Planning Schemes in the following areas:—Pallegama, Ukuwela, Minneriya, Polonnaruwa, Kumbukduwa, Giriulla, Meegahakirula, Koslanda, Passara, Divulapitiya, Naiwala, Ragama, Udispattuwa, Mirissa, Veherahena, Denipitiya, Lunugamvehera, Andana, Galgamuwa, Kotavehera, Batapola, Talgaswela, Kankasanthurai, Kilinochchi and Kantalai.

During the period under review the department has prepared plans for 19 Sacred Area schemes and preliminary work on some schemes has already commenced. The department has prepared plans for 24 model villages and completed the preparation of initial plans and estimates for a large number of urban buildings.

*Urban Development Authority.*—In connection with the re-development of the heart of Colombo city, fish market and vegetable market are under construction on the eastern side of Pettah. Construction work has commenced on office premises and hotel complexes in Echelon Square. Besides, in connection with the other projects in the Colombo City land has been allocated for construction purposes in the race course and approved schemes are being prepared for the development of the allocated land. Chalmers Granary has been shifted from Pettah to Orugodawatta. Action is being taken to develop the Manning Market area which is the transport centre of Pettah as a shopping complex. Night Bazaar in Galle Face Area has been converted to a day and night bazaar and shifted to a place near Colombo Fort Railway Station.



*Sri Jayewardenepura Kotte National Capital Development Project.*—A detailed study has been made in respect of ten small towns. During the period under review a finishing touch was given to the internal and external features of the Parliamentary complex and the construction of the hospital was commenced towards the end of the year.

*Shifting of Industrial and Warehouses to other places.*—Four sites in Orugodawatta, Peliyagoda, Ratmalana and Athurugiriya have been identified for shifting of warehouses and industries located in valuable lands in the Colombo city and action is being pursued in that connection.

*Planning of District Capitals.*—In pursuance of the Urban Development Authority's responsibility of planning district capitals, the Urban Development Authority has completed the planning of Kandy, Anuradhapura, Nuwara Eliya, Badulla, Kurunegala and Trincomalee main towns and planning in respect of Jaffna, Galle, Hambantota, Kalutara and Matara is in progress.

*Management of resthouses.*—Resthouses under the management of local authorities were taken over by the Urban Development Authority with effect from 15th September, 1980. 32 Resthouses were given on lease to thirty-two selected Resthouse Keepers.

### Information and Publicity

*Publicity.*—The publicity division of the Department of Information has released to the Press and the Radio 679 news reports and 82 photographs pertaining to important events during the year under review. It also published the visits both here and abroad of His Excellency the President and the Hon. Prime Minister and also the visits of foreign delegates, the seminars they have participated. Among the activities the publicity division of the department performed during the period under review, the visit of Her Majesty Queen Elizabeth was given high publicity. 45 news conferences were held in participation by the Ministers and Heads of Departments during the year 1981 under auspices of the department.

Besides, a poster competition of an exhibition was held in commemoration of 50 years of adult franchise and a booklet on communication among asian countries, a booklet and 4 pamphlets embodying lectures by Arthur C. Clarke were also published.

As a policy, the Department of Information continued, during this period to present the foreign dignitaries who visited as State guests, a photo album covering their participation in various functions, conferences, seminars and other tours during their visit.

*Family Planning Communication Project.*—Under this project 8 publications and "Sandesaya" were distributed among the respective sectors. Apart from this 5,000 copies of the Trainees' handbook printed in Tamil, 5,000 copies of the publication "Attention Please" in the same language and 5,000 copies of the publication "Changing Needs of the Children" in English were also distributed. Two propaganda films "Mala Hatha" and "Nayanathara" have also been produced. Television and Radio Programmes and conducting of training classes are also in progress.

*Film Unit.*—This division has produced 37 documentaries during the year 1981.

*Publications Bureau.*—The sale of Government publications recorded an increase. The sale turnover in the year indicates an increase of Rs. 223,144 over the previous year.

*Sri Lanka Press Council.*—The code of ethics for the journalists formulated by the Board and passed in the Parliament in August 1981 was published in the Gazette extraordinary No. 162/5 of 14.10.1981 as regulations enacted under the Sri Lanka Press Council Law, No. 5 of 1973. The Council received 57 complaints during the year.



*Film Industry in Sri Lanka.*—30 local Sinhalese films and 5 Tamil local films has been screened during the year under review. The number of English films screened totalled 109, an increase of 50 per cent over the preceding year. 25 foreign Tamil films have also been screened during this period. Besides the above feature films, 10 short films have also been produced. Two co-productions with ten initiative from Sri Lanka had been undertaken during the year under reference.

The total number of cinema halls operated during the year stood at 357. The total seating capacity is estimated at 202,000. The number of filmgoers totalled to 63 million. The total gross collection per annum is estimated at Rs. 169 million. The enhanced revenue collection in this year despite the drop recorded in the film viewers is mainly attributable to the increase in ticket fare effected many a times.

*Department of Government Printing.*—Switch over to adopting latest technology in the printing work was given effect to from 1981. The machinery and equipment that are being used in developed countries were imported and installed in the department during this year. The computerized letter-type machinery and the modern off-set machines<sup>were</sup> considered important among these.

A heavy responsibility<sup>was</sup> devoted on the department in this year was the execution of the Government policy of distributing free text books. The printing needs are in an exalating trend ; this situation even surpassed the normal speed during this year.

*State Printing Corporation.*—The main objective of this institution is the printing of educational text books required by the Educational Publications Department. In addition, the printing orders from Government departments, corporations, statutory bodies and other individuals are also undertaken.

A number of school text books totalling 6,985,690 in 39 categories were printed by the Corporation during the year 1981. The total revenue collection from 1,042 other jobs of work amounted to Rs. 21,888,000.

A modern fully equipped stationery factory, capable of producing 60,000 copies of exercise books of 40 pages in one normal work shift was inaugurated in the latter part of the year under reference. It<sup>was</sup> a gift by the Japanese Government.







# BOOK CARD

Class 312/51A No. 51  
 TITLE SRI LANKA YEAR BOOK  
 AUTHOR DEPARTMENT OF CENSUS AND STATISTICS  
 PRICE 21/- DATE P. 195

Date Lent	Borrower	Date Returned	Remarks

CLASS NO.	312/51A
ACCN. NO.	57



