

Trends in World Demand for Jute Manufactures*

At the request of the Food and Agriculture Organization of the United Nations, the National Institute of Economic and Social Research, London, undertook a study of the trends in world demand for jute manufactures outside the principal raw jute producing countries. An attempt is made here to bring out the main findings of this study which analyses the relative importance of end-uses of jute manufactures, *e.g.*, for floor coverings, packaging, etc., and also examines the prospects for demand in the major consuming countries over the period 1965-70.

I. World Consumption

Growth in world demand for jute has, since the end of the War, been relatively slow compared with the increases in both agricultural and industrial production. The index of agricultural production (part of which uses jute packaging material), showed a small increase at 117 during the years 1948-52 (base: 1934-38 average), as against the index of manufacturing production which rose to 153 (1938=100). Meanwhile, the index of jute consumption actually recorded a decline to 77 (1937=100). Further the divergence between (a) consumption of jute and (b) agricultural and industrial production, continued to exist in 1957-58, the latest year covered by this study. Thus, while the indices of agricultural and manufacturing production stood substantially higher at 137 and 233 respectively in 1957-58, the index of jute consumption had risen to only 106.

The comparatively small increase in world demand for jute in post-war years was partly caused by a scarcity of raw jute and a substantial increase in prices, which tended to encourage substitutes for packaging. The devaluation of the pound sterling in September 1949 and the boom created by the Korean War were important factors in the steep rise in raw jute prices. Bulk handling of agricultural output and certain structural changes and technological developments in the end-use of jute manufactures in the industrially advanced countries were other contributory factors in the slow growth rate of world demand for jute in recent years.

It is noteworthy, however, that although jute consumption now remains at a lower level than pre-war in North America and Western Europe, there has actually been an appreciable expansion in the rest of the world, particularly in the centrally-planned countries. As shown in Table 1, the index of jute-goods consumption (1937=100) stood at only 70 in 1957-58 for the United States (the largest single importer in the world); in fact, even in the pre-war period, despite the phenomenal expansion in economic activity, jute

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consumption was progressively declining in the United States. But the index rose markedly to 2,122 for China and increased to 122 for Latin America.

Another important development in the post-war period is that world imports now form a smaller proportion of total world supplies. World supplies (including the centrally-planned countries) amounted to 1,133,000 metric tons in 1957-58 of which 43 per cent comprised imports. The corresponding figures for 1937 were 1,187,000 tons and 56 per cent. However,

Table 1.—Apparent Consumption of Jute Goods, 1948-58, Annual Averages

Countries			1948-50	1951-53	1954-56	1957-58	Apparent consumption 1957-58
			.....Indices, 1937=100.....				1000 metric tons
North America	...	...	72	71	74	73	359
Canada	...	...	98	106	123	122	40
United States	...	...	70	69	70	70	319
Western Europe	...	...	66	81	95	92	546
European Economic Community ¹			58	79	100	99	264
United Kingdom	...	...	73	79	92	78	172
Latin America	...	...	103	105	111	122	248
Argentina	...	...	78	69	76	79	84
Brazil	...	...	124	165	173	200	52
Cuba	...	...	190	203	190	235	55
Oceania	...	...	122	102	135	127	138
Australia	...	...	121	96	126	109	103
Africa	...	...	79	89	112	136	185
Near East	...	...	111	83	138	160	88
Total outside Far East and centrally-planned countries	...	...	79	83	96	98	1,564
Far East ²	...	...	72	87	104	136	635
India	...	...	94	96	122	173	357
Pakistan	...	...	...	...	...	...	88
Japan	...	...	30	86	60	97	32
Centrally-planned countries ³	...	...	115	424	377	485	413
China	...	...	382	1,787	1,484	2,122	295
World	...	...	79	98	109	122	2,611

SOURCE:—FAO Commodity Bulletin No. 28, Appendix A (up to date).

¹The base year figure includes the whole of Germany.—²Excluding Mainland China.—³Eastern European countries, U.S.S.R. and Mainland China. The base year figure excludes former German territories.

with the exclusion of the centrally planned economies and the Far East, there is an increase in the ratio from 62 per cent to 64 per cent. In North America, particularly in the United States, there has been a fall in domestic output of jute goods, so that imports formed 87 per cent of total supplies in 1957-58 as against 76 per cent in 1937. In Western Europe, the percentages were almost identical, at 28 and 27 respectively. In the United Kingdom, output for domestic use now is about one tenth below pre-war. Countries like, China, South Africa, Pakistan and Brazil have greatly enlarged their jute manufacturing capacity for satisfying their domestic demand.

The decline in world imports of jute goods between 1937 and 1957-58 was adversely reflected in exports from India, the chief producer and exporter. Indian exports have fallen from 1,029,000 metric tons to 818,000 metric tons (Pakistan entered the world market in 1953 and exported 75,000 tons in 1957-58). Exports from the United Kingdom also fell, from 55,000 tons in 1937 to 24,000 tons in 1957-58. In Western Europe, Belgium stepped up its exports considerably from 30,000 to 54,000 tons, and France from 11,000 to 24,000 tons. Total world exports declined from 1,203,000 tons in 1937 to 924,000 tons in 1948-50; they rose to 1,119,000 tons in 1954-56; and they receded to 1,084,000 tons in 1957-58.

The changing consumption pattern of jute manufactures had a direct impact on world distribution of raw jute imports. World imports of raw jute declined to 529,000 metric tons in 1948-50 from 775,000 metric tons in 1934-38; they rose to a peak of 995,000 metric tons in 1951-53; and they declined to 844,000 metric tons in 1957-58. The overall increase in world imports of raw jute as compared with pre-war years is due to India becoming a net importer (from Pakistan) after the partition of the Indo-Pakistan sub-continent in 1947; excluding India, world imports showed some decline, from 775,100 metric tons to 747,800 metric tons. Imports by Latin America as well as the centrally-planned countries have declined. As regards individual countries, imports declined in the case of the U.K. (from 166,700 to 143,400 metric tons) and the U.S. (from 73,200 to 49,400 tons). On the other hand, Belgium, France, Italy and the Netherlands recorded increases in imports of raw jute; and in the case of Belgium the increase was substantial, from 49,400 to 72,000 metric tons.

II. End-uses of Jute

Table 2 traces the changes in end-uses of jute yarn in selected industrially advanced countries for 1937, 1954 and 1957. The figures represent approximate estimates based on a number of assumptions. However, the table brings out clearly two important broad conclusions: the relative importance of floor coverings in the demand for jute has increased; while the relative importance of packaging has declined.

In the U.S., floor coverings accounted for 7 per cent of total end-use of jute yarn in 1937; this percentage increased to 15 in 1957; in respect of packaging, however, the percentage decreased from 62 to 50. More broadly for seven main industrial countries—the U.S., the U.K., Belgium, France, Western Germany, Italy and the Netherlands—floor coverings attained greater importance in the end-use of jute yarn, from 12 to 18 per cent; while

in respect of packaging and other fabric uses, there was a fall from 73 to 69 per cent. Fabric uses other than packaging have gained considerable ground in post-war years both in the United Kingdom and the United States: in the U.K., jute fabric is used for roofing felts, upholstery and brattice cloth for mines; in the United States it is utilised in automotive felts for the motor industry, roofing felts, upholstery and linings for clothing and shoes.

Packaging uses of jute continue to be widely prominent outside the U.S. and Western Europe, contrary to the trends shown in Table 2. In 1957, for example, 87-88 per cent of total jute consumed in Canada and Australia was for packaging uses—mainly grain and flour in the case of Canada, and mainly grain, wool and sugar for Australia. Jute used in carpet and linoleum production is generally small in the primary producing countries.

III. Floor Coverings

A study of the seven main industrial countries—the U.S., the U.K., Belgium, France, Western Germany, Italy and the Netherlands—reveals that carpet consumption has tended to rise more rapidly than real income; the same is probably true also for linoleum. The nature of demand for carpets in the U.S. and the U.K. has been analysed with the help of price and income series for the period 1950-58. In the United States, for the 1958 level of consumption, the price elasticity of demand is $-0.38 (\pm 0.16)$, and the income elasticity 2.37 (± 0.67). In the United Kingdom, "the price elasticity is not significantly different from zero" and the income elasticity is 2.25 (± 0.94).

Apart from the U.S. and the U.K., there is also a large concentration of carpet production in Belgium and Western Germany. However, the United States accounts for as much as two-thirds of the total increase in carpet output among the main industrial countries between pre-war and 1956-58. Further, the growth of demand for carpets has been so great in the U.S. that it has become a net importer.

The total quantity of jute consumed in the manufacture of floor coverings is determined not only by shifts in total demand for carpets but also by changing preferences in respect of carpet types, and by the pattern of substitutibility between jute and other materials as backing for carpets. To illustrate, the use of tufted carpets instead of woven wool carpets will reduce jute requirements for covering the same floor area; but the relatively cheaper tufted carpets may eventually increase total consumption and thus maintain or even raise the level of jute consumption. In fact, in the U.S. the demand for tufted carpets has increased since the early 1950's and now forms over 60 per cent of total carpet production. In the U.K. carpets have tended to replace linoleum; in part, this trend can be explained by the rise in average real income in the post-war period. In recent years, wool carpets have been gaining prominence in France and Italy, but in Western Germany the cheaper varieties of floor covering like hair-cord are more widespread.

The popularity of tufted carpets led to increased use of jute as a backing material—but only when, in the mid-1950's, a solution was found for the

problem of stain caused by oil contained in the jute backing. Since 1956 jute has been used, instead of cotton, for almost the entire backing of broadloom tufted carpets. It is interesting to note that in the U.S. there is a growing tendency to give a second layer of jute backing to tufted carpets. However, the resultant gain in jute consumption has not as yet equalled the decline caused by the adoption of tufted in place of woven carpets. Hypothetical calculations show that for 1957-58, total U.S. jute consumption was about 15 per cent lower than it would have been in the absence of tufted carpets.

Table 2.—Estimated End-Uses of Jute Yarn in the Main Industrial Countries, Prewar, 1954 and 1957

Countries	Year	Floor coverings ¹	Other Yarn uses ²	Other fabric uses		Total (100%)		
				Pack-aging	Other ³			
.....Percentage.....1000 m. tons								
United States	1937	7	19	62	12	458
			1954	12	10	55	23	289
			1957	15	10	50	23	332
United Kingdom	1936	24	9	60	7	220
			1954	22	13	41	24	217
			1957	27	16	37	20	174
Belgium	1938	17	12		72	40
			1954	18	10		72	55
			1957	27	14		59	55
France	1938	8	18		73	79
			1954	7	14		79	92
			1957	10	15		75	92
Germany, Western	1936 ⁴	9	13		78	113
			1954	12	11		77	93
			1957	16	14		70	85
Italy	1938	6	2		92	49
			1954	8	3		89	50
			1957	9	6		85	49
Netherlands	1938	30	12		58	16
			1954	36	9		55	18
			1957	41	11		48	19
Total of above countries	...	Prewar	12	15		73	...	
		1954	15	11		74	...	
		1957	18	13		69	...	
.....Thousand metric tons.....								
		Prewar	117	146		712	975	
		1954	122	90		601	813	
		1957	145	105		557	807	

SOURCE:—Estimates by National Institute of Economic and Social Research, London.

¹Yarn and fabric usage. The figures include estimates based on the output of floor coverings.—²Rope and twine, electric cables, fuses, etc.—³Roofing felts, automotive felts, upholstery and soft furnishings, webbing and other narrow fabrics, etc.—⁴Whole of Germany.

On the question of substitution between jute and other materials in the manufacture of floor coverings, the conclusion is that in recent years the substitution effect has been adverse to jute. Although jute is now well established as a backing for tufted carpets, kracord is fast replacing jute in respect of woven carpets. The study also concludes that the proportion of jute consumption in linoleum manufacture has been declining; and that the downward trend is likely to continue not so much because of the high price of jute compared to felt backing, but mainly because of increasing consumer preference for linoleum in those forms (squares and tiles) for which felt backing is more suitable than jute.

Table 3 shows the trends in the production of floor coverings in selected industrial countries over the period 1950-58.

IV. Packaging and other End-Uses of Jute

Lack of data makes it difficult to distinguish between the use of jute fabric for packaging and for other purposes in most of the countries. Nevertheless, it is clear that the bulk of jute fabric is used for packaging particularly outside the main industrial countries.

World consumption of jute fabrics and jute bags, excluding the centrally-planned countries and the Far East, has not recovered to the pre-war level. In 1956-58, total consumption, at 1,176,000 metric tons amounted to 94 per cent of the pre-war 1,249,000 metric tons. In the United States, consumption declined from 353,000 metric tons to 264,000 metric tons (25 per cent). The decline in the United Kingdom was from 160,000 metric tons to 126,000 metric tons (22 per cent). Two other major consumers recording declines are: Argentina, from 94,000 to 58,000 metric tons (38 per cent); and the Union of South Africa, from 52,000 to 49,000 metric tons (6 per cent). On the other hand, there was an increase in consumption in the European Economic Community, from 183,000 to 210,000 metric tons (15 per cent); in Australia, from 92,000 to 98,000 metric tons (7 per cent); and in Canada, from 31,000 to 37,000 metric tons (19 per cent). Increases were also recorded in the Near East as a whole, Brazil and Cuba.

Important commodities which are suitable for packaging by jute manufactures are: coarse grains, potatoes, wheat and wheat flour, rice, sugar, fertilizers, raw cotton, coffee, raw wool and cocoa. As shown in Table 4, combined world production of these commodities increased by 30 per cent, from 1,430 million tons in 1934-38 to 1,860 million tons in 1956-58.

The maximum percentage increase in output was recorded by fertilizers (146 per cent) followed by sugar (78 per cent), coarse grains (47 per cent), and wheat and wheat flour (36 per cent). In coming years, fertilizer output will increase substantially with the adoption of modern methods of farming in the less-developed world, and it follows that consumption of jute will also increase. However, the outlook is less favourable for basic foodstuffs, which are generally governed by low income elasticity of demand. Moreover, in some cases such as potatoes, jute sacks can be used many times over (only once for packaging fertilizers). Thus, 'the effects of the changing pattern of world output of the major packageable commodities on the demand for

Table 3.—Production of Floor Coverings Containing Jute in the Main Industrial Countries, Prewar and 1950-58 Annual Averages

Country and type of floor covering	Prewar ¹	1950-52	1953-55	1956-58	1956-58 as proportion of	
					Prewar	1950-52
					.....Million square meters.....	Indices.....
UNITED STATES						
Carpets: Woven	45.4	57.7	50.8	47.6	105	83
Tufted ... ..	...	24.6	26.0	56.6	...	1,230
Total	45.4	62.3	76.8	104.2	230	167
UNITED KINGDOM						
Carpets: Wool	29.3	31.9	37.0	36.4	124	114
Tufted ... ..	...	...	...	32.5	...	...
Other	43.3	3.9	7.0	8.0	...	205
Total	32.6	35.9	44.0	46.9	144	131
Linoleum	58.2	37.5	46.5	47.2	81	126
Total, carpets and linoleum	90.8	73.4	90.5	94.1	104	128
BELGIUM						
Carpets: Wool	3.74	56.87	11.53	13.59	364	198
Cotton	10.50	58.13	12.22	12.58	120	154
Jute	1.39	...	1.38	5.20	375	...
Total	15.63	..	25.13	31.37	201	...
FRANCE						
Carpets: Wool	6.24	5.12	5.83	7.42	119	145
Cotton ... ..	...	...	60.52	70.63	...	...
Other ... ..	...	...	61.91	72.05	...	...
Total ... ..	...	..	8.26	10.10	...	...
GERMANY, WESTERN						
.....Million square meters.....						
Carpets: Wool ... ..	...	...	64.15	3.20	...	...
Hair ... ..	...	...	68.13	11.18	...	...
Other ... ..	...	...	64.21	5.96	...	...
Total	819.50	910.50	616.49	20.34	104	194
Linoleum	1057.7	547.4	75.5	83.1	144	175
ITALY						
Carpets: Wool ... ..	...	...	62.53	73.58	...	...
Other ... ..	...	...	64.08	3.04	...	...
Total	4.50	54.98	66.61	76.62	147	133
.....Million square meters.....						
NETHERLANDS						
Carpets: Wool	2.92	4.35	4.74	5.29	181	122

SOURCES:—American Carpet Institute, OEEC Textile Statistics, and national production statistics.

¹1935 for United States and United Kingdom; 1936 for Germany; 1937-38 average for Belgium; 1938 for other countries.—²1951-52 only.—³Production in period April 1957—December 1958 only; production in 1956 is believed to have been very small.—⁴Approximate production of all jute carpets.—⁵1952 only.—⁶1954-55 only.—⁷1956-57 only.—⁸Approximate production in all of Germany.—⁹1951-52 only.—¹⁰All of Germany.

jute packaging materials cannot be measured with any precision.' Hypothetical calculations based on a given weight of jute packaging material required to pack a metric ton of five important bulk commodities (flour, coarse grains, potatoes, sugar and fertilizers) lead to the conclusion that the potential market for jute packaging rose by about one-third from pre-war to 1956-58. But actual consumption of jute fabrics was only 95 per cent of pre-war, which reflects a substantial loss of potential demand in the packaging use of jute. It is evident that the process of substitution of jute which started in pre-war has been accelerated since 1950 in the main industrially advanced countries.

Multiwall paper sacks and bulk handling of commodities are the two factors responsible for the loss of potential demand for jute packaging in the industrialized countries. In the United States, the use of shipping sack paper increased by $2\frac{1}{2}$ times in 1956-58 over pre-war, while jute packaging declined by one-third. It is noted that while paper bags replace jute during periods of high jute prices and physical shortages, the subsequent decline in the price of jute does not lead to a substantial rise in jute usage. The specialized and costly equipment installed for the production of paper sacks

Table 4.—World¹ Production of Major Packageable Commodities, Prewar and 1948-58, Annual Average

Commodities			1934-38	1948-52	1953-55	1956-58	1956-58 as proportion of	
							1934-38	1948-52
			Million metric tons				Percentages	
Coarse grains	...	...	160.1	198.1	216.1	234.8	147	118
Potatoes	...	...	159.3	158.2	163.3	192.8	121	122
Wheat and wheat flour ²	...	...	95.0	113.6	121.7	129.4	136	114
Rice	...	...	70.2	74.8	85.5	91.1	130	122
Sugar	...	...	20.0	26.3	31.5	35.5	178	135
Fertilizers ³	...	...	8.9	13.9	20.0	21.9	246	158
Raw cotton	...	...	5.3	5.8	6.7	6.4	120	111
Coffee	...	...	2.4	2.2	2.7	3.0	134	124
Raw wool	...	...	1.5	1.6	1.8	1.9	124	120
Cocoa	...	...	0.7	0.8	0.8	0.8	114	111
			Thousand million					
World population	...	...	41.43	51.76	61.81	71.86	130	106

SOURCE:—Production yearbook, 1958, FAO; The future growth of world population, United Nations, 1958.

¹World totals, excluding centrally-planned countries.—²In terms of wheat equivalent.—³Nutrient content.—⁴1937; includes whole of Germany.—⁵1950, 1955, 1957.

is not scrapped. Moreover, paper bags can more easily carry printed advertisements which are attractive to customers. At the same time, they are more readily 'tailored' to specific sizes; and for some purposes they are technically superior to jute fabrics.

In the United States, the use of shipping sack paper has increased from 204,000 metric tons in prewar to 769,000 tons in 1956-58, as against the decline in burlap (jute) from 285,000 to 174,000 metric tons. In France, paper sacks increased from 36,000 to 146,000 metric tons over the same period, compared with a decline in jute fabrics from 53,000 to 52,000 tons. The trend towards packaging in smaller quantities at factories so as to facilitate retail distribution (*e.g.*, refined sugar and animal feed) is gaining ground; this increases the use of paper packages rather than jute bags. In the United Kingdom, paper bags are increasingly used for packaging vegetables, dried fruits, animal feed, refined sugar and fertilizers. Meanwhile, bulk handling of cereals, raw sugar, animal feed, oilseeds and cement entering international trade has advanced rapidly since the prewar years. It is estimated that nearly 90 per cent of grain moving in world trade is now handled in bulk at ports. However, savings made in freight charges will ensure continued use of jute for packaging compressed cotton and wool bales. Bulk handling will tend to displace jute whenever the labour cost of sack filling is high or the re-use of jute sacks becomes impossible. But there is a limit to economical use of high-cost bulk-handling equipment in cases where the tonnage of the commodity handled (like coffee and cocoa) is comparatively small.

Jute is also used in a large number of outlets besides packaging and floor-coverings; these include rope twines, electrical cable cores, upholstery, soft furnishings, automotive felts, roofing felts, military camouflage nets and sandbags. In the United States, the use of jute for rope and twine has declined in recent years, but the use for automotive felts has increased. In the building industry, jute consumption for roofing and other purposes is gaining in importance; alternative materials like asbestos and glass fibre are more expensive than jute.

The above analysis leads to the conclusion that, on the whole, jute as packaging material has lost ground in the main industrial countries. However, this is not so in the case of most of the primary producing countries. As shown in Table 5, jute consumption has kept pace with sugar output in countries specializing in sugar production. There has actually been an increase in jute consumption relative to raw cotton output. On the other hand, West Africa records a lag in jute consumption, not due to substitute effects but to increased local crushing of ground-nuts and their export as oil.

V. Prospects for World Demand for Jute Products in 1965-70

Table 6 presents a forecast of the demand for jute in the main industrial and primary producing countries (excluding the centrally-planned and Far-Eastern countries) in the period 1965-70.

The projections given in the table are based on the following assumptions: (a) the rates of growth of population and real per capita income in the United States will be 1.5 per cent and 2 per cent respectively, and in

Western Europe 0.6 per cent and 2.75 per cent respectively; and (b) the relative prices of jute, paper and cotton will be unchanged (but any reduction in import duties, or in other protective measures, on jute goods might increase the proportion of jute used, particularly in packaging and linoleum production).

With 1957 as the base year, it has been estimated that jute requirements for floor coverings will increase by 50 to 55 per cent in the United States in the period 1965-70. The corresponding increase for Western Europe will be higher, 50 to 80 per cent. For the U.S. the income elasticity is taken as 1.6 for carpets; for other countries, it is assumed to be 2.2 for floor coverings.

It is likely that the U.S. experience will be repeated in Western Europe—that in 1965-70 there will be a higher proportion of tufted carpets in total consumption of floor coverings. As tufted carpets are cheaper, this will reduce the price of carpets in relation to other goods and so encourage greater jute consumption.

Table 5.—Apparent Consumption of Jute in Relation to Crop Production in Selected Primary Producing Countries Outside Asia and the Far East, Prewar and 1950-58, Annual Average

Region	Prewar ¹	1950-52	1953-55	1956-58	Jute consumption in 1956-58
CUBA, BRITISH GUIANA, FIJI, MAURITIUS, PHILIPPINES	Indices, prewar=100				1000 metric tons
Jute consumption ...	100	184	144	179	77
Sugar production ...	100	174	154	172	...
LEBANON, SUDAN, UNITED ARAB REPUBLIC					
Jute consumption ...	100	97	120	191	67
Cotton production ...	100	128	125	146	...
FORMER FRENCH WEST AFRICA, GHANA AND NIGERIA					
Jute consumption ...	100	68	85	115	39
Cocoa, Coffee and groundnut production ...	100	106	118	151	...
BRITISH EAST AFRICA					
Jute consumption ...	100	118	136	164	18
Coffee and cotton production ...	100	116	128	159	...

SOURCES:—For jute consumption, FAO Commodity Bulletin No. 28, Appendix A. For crop production, International Sugar Council, International Cotton Advisory Committee and FAO.

¹1937 for jute consumption; 1934-38 average for crop production.

Table 6.—Estimate of Probable Demand for Jute Goods Outside the Far East and Centrally-Planned Countries in 1965-70

Countries and end-uses				Change from 1957 to 1965-70			Jute consumption	
				Commodity output	Jute consumption ratio ¹	Net jute requirements ²	1957 ³	1965-70
				Percentages			Million metric tons	
UNITED STATES								
Floor coverings	...	...	...	+55	0 to —5	+50 to +55	0.05	0.07—0.08
Packaging	...	...	...	+15	—40 to —60	—30 to +55	0.18	0.08—0.13
Other uses	...	...	...	+20 to +40	—10 to —20	—5 to +25	0.04	0.04—0.05
Total	...	...	...	...	...	...	0.27	0.19—0.26
OTHER INDUSTRIAL COUNTRIES								
Floor coverings	...	...	...	+85 to +100	—10 to —20	+50 to +80	0.10	0.15—0.18
Packaging	...	...	...	+15 to +20	—40 to —60	—25 to —55	0.21	0.09—0.16
Other uses	...	...	...	+20 to +40	—10 to —20	—5 to +25	0.09	0.09—0.11
Total	...	...	...	...	...	...	0.40	0.33—0.45
PRIMARY PRODUCING COUNTRIES								
Packaging ⁴	...	...	...	+30 to +35	—10 to —20	+5 to +20	0.52	0.54—0.62
Total	...	...	...	...	...	...	1.18	1.06—1.33

¹Jute consumption per unit of output in specified end-uses.—²Change in commodity output adjusted for change in jute consumption ratio.—³Approximate estimates.—⁴Assuming that all jute consumption in these countries is for packaging purposes.

With respect to packaging, the study concludes that "in view of the low, or negative, income elasticity of demand for the major packageable commodities, their output cannot be expected to grow at a rate very much greater than the rate of population increase". Thus in the United States, total demand for packageable goods is expected to increase by about 15 per cent in 1965-70 from 1957. In Western Europe, the increase is estimated from 15 to 20 per cent on the basis of 0.25—0.5 income elasticity of demand for packageable goods. The increase in the total output of packageable goods in the primary producing countries is estimated at 30/35 per cent, based on an assumed increase of 25 to 30 per cent in average real income per capita between 1957 and 1965-70.

Technological displacement of jute by substitutes has been in evidence since before the War. The jute consumption ratio (jute consumption per unit of output in specified end-use) in packaging uses has declined considerably in the main industrial countries. Allowing for possible changes in the present pattern of prices and demand, there may be a decline of 40-60 per cent in the jute consumption ratio between 1957 and 1965-70 in industrial countries. There is much less reason to expect a substantial decline in this ratio in the primary producing countries. But some decline is likely to occur, partly because of the growth in bulk-handling methods and partly because of further expansion in local processing of staple commodities; a decline of 10-20 per cent is assumed for these countries.

In the field of minor uses of jute (*i.e.*, excluding floor covering and packaging), the substitution effect is fairly strong. In electric cables, plastic sheathing has been replacing jute in recent years; sisal is increasingly being used in ropes; and synthetic fibres like nylon have already gained considerable ground. For this group of commodities, the decline in the jute consumption ratio is placed at 10 to 20 per cent.

To sum up, world demand (excluding the centrally-planned and Far-Eastern countries) for jute goods in 1965-70 will probably undergo some small expansion over 1957: as shown in Table 6 the estimated range is from about—10 to +15 per cent from the 1957 total. There is likely to be a significant demand shift in favour of floor coverings: by 1965-70 they will probably be accounted for about one fifth of world jute consumption, as compared with one-eighth in 1957; conversely, packaging uses will decline from three-quarters to two-thirds of world jute consumption. At the same time, there is likely to be a small shift in demand for jute goods from the main industrial countries to the primary producing countries.

Population Trends and Related Problems of Economic Development in the ECAFE Region

The following is a Summary of the study "Population Trends and Related Problems of Economic Development in the ECAFE Region" appearing in *Economic Bulletin for Asia and the Far East* (United Nations), June 1959:

Introduction

The recent rapid increase in population growth in Asia and the Far East constitutes a grave obstacle to economic development in this region. A country with a higher rate of population growth must make a larger development effort in order to obtain a given rate of increase in per capita income.

In the West, the demographic transition from a balance of high birth and high death rates to a new balance of low birth and low death rates was a gradual process: living conditions improved, mortality gradually decreased, and, after a time lag, the birth rate also fell. In Asia and the Far East, because of the introduction of advances in medicine and epidemic control methods which had already been developed elsewhere, the mortality rate underwent a rapid decline, in spite of no marked improvements in living conditions. If, as happened in the West, the decline in fertility occurs only after a rise in the standards of living, it may take a long time before the Asian countries achieve a balance of low birth and low death rates. Another obstacle to economic development in Asia is the fact that the population pressure is not relieved by an emigration outlet, as it was in Europe during its demographic transition.

In the West the birth rate fell in response to the improved living conditions, and per capita income rose because of the retardation of population growth. However, it is possible that in Asia and the Far East the present decline in mortality will itself provide an incentive for the decline in fertility.

The rate of population growth in the ECAFE region was 1.7 per cent a year at the time this study was made. Latest releases suggest an increase to over 2 per cent. Calculations indicate that in about thirty years, assuming a continuing decline in mortality and no decline in fertility, the population of this region will have doubled and will be equal to the present population of the entire world.

Because of the high fertility rates in Asia and the Far East, the percentage of people in the most productive age groups is at present smaller than in the industrial countries; and it threatens to go on decreasing for a time unless there is a rapid fall in fertility. This will slow down the rate of economic development, since a rising proportion of the national income will have to be spent on food and other daily necessities, leaving a declining proportion for development expenditures. Owing to the existing shortage

of capital, under-employment among the male population in the most productive age group is considerably greater than in the West.

But rapid economic development is not impossible; it depends on the vigour of the efforts—in terms of health, education, technology and economic policy—to keep income rising fast enough to accommodate the rising population. Some Governments boost economic development by the fuller utilization of surplus labour to create capital or produce consumption goods or services. Resettlement schemes help solve the food problem, but are not always practical or very effective, even in relieving the population pressure. A number of countries are tackling the problem from the population side. China, India and Japan have already made family planning a major article of policy: contraception is being propagated, sterilization is practised, and in mainland China and Japan abortion has been legalized. (More recently conflicting reports have been received from China). Family planning has so far significantly reduced the fertility rate only in Japan, but it is worth noting that this has taken place without any sharp rise in per capita income.

The Present Demographic Situation

In 1956 the population of the ECAFE region, which covers one-sixth of the world's land area, was estimated at 1,462 million, or 53.4 per cent of world population, as against 51.6 per cent in 1920. Indonesia, Japan and Pakistan have over 90 million people each, and have larger populations than any country outside the region except the Soviet Union and the United States.

With the exception of Europe, this region is the most densely populated in the world, although there is a great variation in density between individual countries in the region, and between different parts of the same country. Taiwan, Japan and South Korea are the most densely populated areas, with more than 225 persons per square kilometre, while Laos, the most sparsely populated country, has only 6. Pakistan has a density of 88 persons per square kilometre (though the great disparity between the two wings of the country makes this figure misleading).

“Low population density is often associated with a low proportion of cultivated land in relation to the total amount of land”. In the ECAFE region the average density per square kilometre of arable land is 375 persons, the highest regional density in the world.

The birth rate for most of the ECAFE countries is 40-50 per 1,000 population; although in Japan, where it is the lowest for this region, it is below 20 per 1,000. The rate in the West is only one-half, or less, of the ECAFE level. The high level of fertility is largely due to the absence of family limitation, the almost complete universality of marriage, and the low average age at marriage.

The death rates in different ECAFE countries vary considerably—from as high as 28-30 per 1,000, as in Pakistan, to only 8-15 per 1,000 in Taiwan, Ceylon, Malaya, Hong-Kong, Japan and Singapore. The latter rate compares

favourably with those registered in economically developed countries. Correspondingly, the people of British Borneo, Burma, India, Laos and Pakistan have a very short life expectancy (29-35 years), but in Taiwan, Ceylon, the Federation of Malaya, Japan and Singapore, the level of life expectancy appears to be substantially better than in underdeveloped Latin-American countries and approaches the level of the industrialized Western countries. The level of infant mortality is still very high in the countries with high rates, where 200 or more live-born children per 1,000 die before the age of one.

The annual rate of population growth in the ECAFE region, and in the world as a whole, remained fairly constant, at about one per cent per annum, during the 1920-1950 period, but during 1950-56 the average population increase in the region was 1.5 per cent per year.

There are considerable differences in the rate of population growth within the region, due to the different levels of mortality. China, Malaya, Hong-Kong and Singapore have a growth rate of at least 3 per cent, which is among the highest recorded in the world. "In Cambodia, Ceylon, Pakistan, the Philippines, Thailand and Viet-Nam, the rate of increase lies between 2 and 3 per cent (though in Pakistan a rate of 1.8 per cent, or even 1.4 per cent, was still considered realistic at that time); in British Borneo, Burma, India, Indonesia, Japan and Laos, it is below 2 per cent". The masculinity ratio in most of the ECAFE countries is remarkably high as compared with countries in other regions. However, this may result largely from the under-enumeration of women and girls in countries where they are considered inferior to men. In mainland China, the high masculinity ratio stems partly from the abnormally high female mortality caused by infanticide and discriminatory treatment of girls. "In Ceylon, the Federation of Malaya and Pakistan, the number of men exceeds the number of women by 10-13 per cent and in heavily urbanized Singapore by 22 per cent". Unlike the situation in Latin America and the industrialized countries, the excess of males over females is more pronounced for the adult population than for the total population in many of the ECAFE countries.

On the average, 40 per cent of the population is under 15 years of age—a much higher percentage than in Europe, or the United States. The most productive age group (15-59 years) constitutes 51-57 per cent of the population in most ECAFE countries; for all except Japan and Singapore, this ratio is less than in the industrialized countries. The proportion above the age of 60 is only 4-6 per cent in most of the ECAFE countries.

The dependency burden in the ECAFE countries, as in the United States, is three dependents to four workers—higher than in Europe, where the typical ratio is two to three. This is due to the high birth rate.

In all the ECAFE countries for which data are available, 50-59 per cent of the males are economically active; the activity rates are considerably higher in the West. The proportion of the population which actually engages in productive work is governed by the level of economic and social development. "In a predominantly agricultural economy, a large number of young and old persons are absorbed in the production process, but, as industrial development and urbanization increase, the employment of such

persons tends to become less important. The level of the educational system also affects the activity rates. About 95-97 per cent of the males of 25-54 years are active in both the less developed countries and the industrialized countries". Among males of 10-14 years, a much greater proportion takes part in economic activities in less developed countries than in industrialized countries. In the 15-19 age group the activity rates are almost the same in the less developed countries as in the industrial countries. "Males of over 65 years in the ECAFE countries have relatively high activity rate, varying from 47 to 78 per cent". There is a greater activity rate among the male population in the under 19 and over 55 age groups in rural areas than there is in urban districts.

With the exception of the major migratory movements following the partitions of India and Viet-Nam and the repatriation of the Japanese after the Second World War, international migration between the ECAFE countries has been brought to an end by increasingly severe legal restrictions. However, almost 90 per cent of the population of Singapore is Chinese or India; in the Federation of Malaya the corresponding percentage is 38; in Ceylon, almost half of the present Tamil population, which constitutes about one-eighth of the total population, are first-generation immigrants from India.

From the economic and demographic points of view, the most important migrations have been the internal population movements, especially rural-urban migration. The ECAFE region is less urbanized than any other region in the world except Africa, although Japan has an urban population comparable to that of Europe and North America. "The present level of urbanization is high in relation to the degree of economic development in the ECAFE region . . . The process of urbanization, which is likely to continue, may take the form of a concentration of the population in a small number of big cities, or an increase of the population in a number of smaller cities."

Future Population Trends

A future decline in mortality has been assumed for the ECAFE countries. A second assumption is that life expectancy at birth (excluding Japan) will rise at the rate of half a year annually until it attains 55 years will then rise at changing rates, and beyond 65 will rise at a progressively slower rates. Assuming further (again excluding Japan) a constant high fertility until 1975, and from then on a gradual decline corresponding to a reduction in the gross reproduction rate from 3 to 2-1/4 over 25 years, the annual rate of population increase should rise until it reaches 2.3 per cent in the year 2000. According to this "medium" assumption, the population density in the ECAFE region will rise from 68 persons per square kilometre in 1955 to 175 persons in the year 2000, exceeding the density in Europe by over 50 per cent.

Because of the expected increase in the proportions of children under 15 and adults over 60, the percentage of the population in the most productive age group will decline in the 1955-1980 period. The working population may be further diminished if urbanization, industrialization and higher family income affect the present high activity rates among children and old men. The dependency burden may become a severe problem, lightened

slightly if social customs affecting the status of women change and the proportion of economically active women increases. However, only a marked decline in the level of fertility will bring substantial alleviation of this problem.

Economic Implications of the Population Trends

The relatively small stature and body weight of people in the ECAFE region (less so for West Pakistan) lowers their calorie requirements. They are further reduced by living in tropical regions. There is, nevertheless, an inadequate average daily supply of calories per person in the ECAFE countries. However, this deficiency is not as harmful as the deficiencies in nutritional composition of the Asian food supply. It is estimated that, even under the most favourable conditions of population growth, it would still be necessary to double present food supplies in many of the ECAFE countries to meet the demand in 1980. The rapid increase in urban population calls for a greater supply of marketable goods; but in economies dominated by subsistence agriculture, the farmer may be unwilling to sell his increased output, unless farm prices fall. The large proportion of agricultural workers farming a relatively small amount of arable land is a serious obstacle to higher productivity. New techniques and new crops are regarded with suspicion.

Agricultural production could be increased in two ways: through extension of the area under cultivation, or, more cheaply, through more intensive utilisation of land already in use. It may be found necessary to feed the population of ECAFE countries by substituting crops with a higher calorie efficiency for present crops; vitamins and other supplements to the diet may be provided in the form of chemically produced food. There is even a possibility that it might become economical to purify ocean water for irrigation purposes.

"A growing population calls for a growing amount of capital to provide employment for the additional labour force, and to produce consumer goods for the additional consumers." For working purposes, \$1,500 can be taken as the capital requirement per additional worker necessary for a more balanced development in Asian countries other than Japan; although this amount varies in different countries and different industries, and will increase as population grows (other things being equal).

The estimated net annual addition to the labour force of the region at the time of this report was 9 million. The capital requirements of such a number amount to \$13,500,000,000. More broadly, such requirements can be summarised as follows, on the basis of current population increases:

Per capita income to increase by		Doubling National income in years	Capital output ratio	Capital required as percentage of national income	With an average income of \$65 per annum the capital required is in millions of \$
3% p.a.	...	24	2	9.4	8,500
			2.5	11.75	10,600
			3	14.1	12,700
4% p.a.	...	18	2	11.4	10,300
			2.5	14.25	12,800
			3	17.1	15,000
7% p.a.	...	10	2	17.4	16,000
			2.5	21.75	20,000
			3	26.1	23,000

The actual rates of saving and investment in most ECAFE countries are in the neighbourhood of 5 per cent. The gross disparity between actual and required capital is obvious.

The rate of increase of the national income depends on the rate of investment and the rate of increase of employment. In the ECAFE region, since capital is a major limiting factor of production and labour is generally in plentiful supply, income may be directly related to investment. "In countries where the rate of population growth is large, and the rate of capital formation small, it seems essential, if an immediate increase of income is wanted, to lower the capital-output ratio as much as possible. Promotion of cottage and small-scale industries and increase of per hectare yield through community development . . . have been incorporated in most of the development plans."

"The main source of capital formation is domestic saving." With a given population and given labour productivity, the higher the percentage of employed workers, the higher is the aggregate and per capita income. The smaller proportion of the economically active male population in the ECAFE region (46-58 per cent, as against over 60 per cent for Europe), caused by high birth and death rates, produces a younger population and shorter working age, and acts as a brake on saving, capital formation and labour productivity. The extremely high dependency ratio (74-96 per cent) in the region will tend to increase in the next few decades, unless the rate of population growth is reduced by a rapid fall in fertility.

There are many reasons for the low employment ratio in the ECAFE region—social customs, religious beliefs, easily-satisfied needs, poor health, bad climatic conditions, and economic inactivity on the part of women—but the main cause is insufficiency of capital and arable land to provide work for all persons of working age. Productivity is also kept low by these and other factors—poor organisation, deficiencies in education and technical knowledge—and this further reduces income and saving. Few of the countries in the region have achieved a rate of domestic saving higher than 10 per cent

of the domestic product; in some of the ECAFE countries domestic savings are substantially supplemented by foreign aid for capital formation.

In areas where population is small and available resources relatively large, an increase in population may stimulate economic development. On the other hand, in areas where the population density is already high and per capita income low, as is the case in most of the countries in the region, a high rate of population growth may even reduce the savings potential to such an extent that domestic capital formation is too low to provide adequate employment for the growing labour force, and will certainly tend to reduce the income margin which may be devoted to development projects. However, areas at present considered over-populated may, after a systematic survey, yield new resources and so increase the regional employment ratio.

It is possible to offset the population pressure, and temporarily to speed up capital formation and increase income by making the fullest possible use of the abundant factor—the human resources. This can be done by increasing employment, by improving health, education and technical training of the people and by reducing disguised unemployment so as to raise productivity. The surplus labour can be utilised through community schemes—the construction of roads, houses and canals, the digging of irrigation wells, more intensive cultivation, the development of household handicrafts, etc. Finally, to offset the effect of possibly diminishing returns from the land, a number of ECAFE countries may have to finance the importation of food and agricultural and mineral raw materials by exporting industrial products.

(K.J.K.)

Central Bank of Ceylon:

Annual Report 1960

General Survey

The year 1960 was a critical one, especially in the monetary field. The budgetary deficits of the Government resulted in a rise of money incomes in the economy and increased the demand for goods and services. Ceylon's total outlays abroad rose above its current external receipts, and this produced an adverse balance of payment position and a fall in external reserves. The terms of trade began to deteriorate during the latter part of the year.

Provisional data indicate that the Gross National Product in money terms increased by 4.4 per cent over the previous year, while in real terms the rise was 3.8 per cent. Since population increased by an estimated 2.6 per cent during the year, the increase in per capita real product was only 1.2 per cent. Total consumption expenditure in 1960 showed an increase of 6.3 per cent at current market prices and 5.4 per cent at current factor cost prices. Private consumption increased at a higher rate than the Gross National Product. Total internal demand exceeded Gross National Product by 3.0 per cent in 1959 and 3.4 per cent in 1960. Gross capital formation at current market prices showed an increase of 2.8 per cent in 1960 over 1959. As a percentage of Gross National Product, gross capital formation fell from 14.4 per cent in 1959 to 14.0 per cent in 1960. The growth in National Product reflected an increase of goods and services in domestic use as well as a small increase in export proceeds. The main components of GNP, at 1956 constant prices are shown in Table 1:

TABLE 1
Gross National Product at Constant (1956) Prices
(Rupees in Million)

ITEM	1958	1959	1960	Percentage change in 1960 from 1959
1. Exports ...	1,718	1,678	1,767	5.30
2. Production of goods for domestic use ...	1,858	1,960	2,012	2.65
3. Trade ...	340	381	396	3.94
4. Transport ...	255	280	291	3.93
5. Professions, domestic and personal services ...	379	402	407	1.24
6. Government ...	605	635	669	5.35
7. Rents ...	118	124	128	3.23
Gross Domestic Product ...	5,273	5,460	5,670	3.85
8. Plus factor income from abroad ...	52	50	51	2.00
Gross Product ...	5,325	5,510	5,721	3.83
9. Less factor incomes paid abroad ...	83	70	73	4.29
Gross National Product ...	5,242	5,440	5,648	3.82

It can be seen that exports constitute a substantial portion of Ceylon's GNP. The rate of growth in exports in 1960 was almost twice that in 1959. The rise in export has been the most important cause of the rise in GNP—both in money and in real terms.

The estimates of personal and corporate savings indicate a fall of nearly 11 per cent in 1960 over the previous year. Disposable private income was 92 per cent of national income in 1960, while personal consumption was 90 per cent of disposable private income.

Foreign Trade and Balance of Payments

The main impact of expansionist finance was on the balance of payments rather than on the money supply. The additional demand created in the economy by the increase of money incomes was satisfied through high imports rather than domestically produced goods, resulting in an adverse balance of payments. Since 1957, Ceylon's terms of trade have improved, but the balance of payments has remained adverse. The balance of payments showed a current-account deficit of Rs. 210 million in 1960, as compared with the deficit of Rs. 208 million in 1959.

This deterioration during the year was due to an adverse balance of trade. The value of imports in the year 1960 was only Rs. 45 million below the record level of 1959; this decline resulted from 4 per cent contraction in volume. Similarly, the improvement in export value reflected mainly an increase in volume (5 per cent). By the end of the year, export prices had declined, producing an adverse trade balance of Rs. 128 million. There was a marked increase in imports of consumer goods arising from the higher incomes generated by expansion of the budget. By the end of 1960, these imports had been reduced by 39 per cent through tariff measures and import and credit restrictions. The production of tea and cocoanut increased during the year, bringing a swift rise in the volume of these exports. There was a marked reduction in the value of rice and flour imports—from Rs. 389 million in 1959 to Rs. 307 million during 1960. A notable change was the rise in the import value of fish products from Rs. 89 million to Rs. 105 million. Cement, fertilizer and iron and steel were largely imported. The value of capital goods imported remained at a high level. Imports of rice, flour and "other food" declined from the high level of 1959.

Trade Pattern

Ceylon showed a current-account deficit with all the major currency areas of the world except the dollar area. The trade surplus with the latter rose from Rs. 104.1 million in 1959 to Rs. 161.7 million in 1960. This surplus was due to a contraction in the value of food imports; imports of manufactures increased by Rs. 6 million. The deficit with the sterling area increased to Rs. 336.1 million in 1960. Within the sterling area, the deficit with the United Kingdom, India and Pakistan have risen since 1958. The sizable 1958 surplus of Rs. 168.3 million with the rest of the sterling area fell to Rs. 79.4 million in 1959 and declined further to Rs. 60.4 million in

1960. Exports of tea increased by Rs. 54 million, while imports of machinery fell by Rs. 46 million.

Transactions with non-sterling and non-dollar countries showed a reduced current-account deficit. This resulted from a fall in rice imports. Exports to China rose steadily from Rs. 77.7 million in 1959 to Rs. 120.6 million in 1960; imports of textiles from China have also increased. Exports to the Soviet Union and Eastern Europe, mainly rubber, amounted to 3 per cent of Ceylon's total exports, while imports from these countries were very small. Imports from the European Economic Community rose from Rs. 50.8 million in 1950 to Rs. 197.2 million in 1960; the value of exports in 1960 was Rs. 181.4 million, as against Rs. 194.1 million in 1950.

Money Supply, Banking and Credit

The average level of money supply increased, from Rs. 1107 million in 1959 to Rs. 1183.1 million in 1960, a rise of 6.9 per cent. As compared with the rise of Rs. 101 million or 9.4 per cent in 1959, the total money supply rose moderately by Rs. 31.1 million or 2.6 per cent in 1960. In the previous year, the expansion in money supply was partly in currency but mostly in demand deposits. The notable feature of monetary development in 1960 was that virtually the entire increase took the form of currency. The components of the money supply from 1953 to 1960 are shown in Table 2:

TABLE 2
Components of the Money Supply

End of period	Currency held by public		Demand deposits held by public		Total money supply
	Amount	As % of total money supply	Amount	As % of total money supply	
1953	335.3	40.6	491.5	59.4	826.8
1954	341.8	35.7	615.3	64.3	957.1
1955	384.5	35.8	688.4	64.2	1,072.9
1956	401.1	35.6	725.7	64.4	1,126.8
1957	434.9	41.8	605.2	58.2	1,040.1
1958	529.8	49.2	546.9	50.8	1,076.8
1959	565.0	48.0	612.7	52.0	1,177.7
1960	595.3	49.2	613.6	50.8	1,208.9

In 1959 demand deposits increased by Rs. 65.8 million and currency by Rs. 35.2 million, while in 1960 demand deposits rose by only Rs. 0.9 million and currency by Rs. 30.3 million. Before 1958 the balance of payments generally determined the movements of the money supply. In 1960,

however, bank credit became a predominant factor in the rise of the money supply. The main sources of expansion were the increases in the Central Bank's domestic assets and commercial banks holdings of the Government's cash balances. Central bank advances to the Government rose by Rs. 21.9 million; and its holdings of government and government-guaranteed securities and Treasury bills increased by Rs. 224.3 million, as against a rise of Rs. 191.0 million in the previous year. Commercial-bank holdings of Treasury bills recorded an increase of Rs. 60 million. Bank credit rose by Rs. 31.5 million in 1960. These expansionary forces did not exert their full influence on the money supply, they were partly neutralized by the contractive effect of the changes in the balance of payments. External banking assets fell by Rs. 170.2 million, while fixed and saving deposits and other liabilities increased by Rs. 72.5 million. The slow growth of the money supply, as compared with the previous year, stemmed from the smaller contribution of the Government.

Government Finance

The Government's revenue in 1959-60 was Rs. 1403.8 million, as compared with Rs. 1330.4 million in 1958-59. Total expenditure amounted to Rs. 1820 million in 1959-60, and Rs. 1738 million in 1958-59. The actual deficit for 1959-60 exceeded the deficit planned in the original budget estimates by Rs. 49.6 million; whereas in 1958-59 the actual deficit of Rs. 413.4 million fell short of the original budget estimates by Rs. 82.6 million. Higher import duties increased revenues in 1959-60. But current expenditure also showed an increase, due to food subsidies and education. Capital expenditure exceeded the 1958-59 figure by approximately Rs. 33 million. Table 3 shows the deficit financing picture for 1958-59 and 1959-60:

TABLE 3
Financing of the Deficit

(Rupees in Million)		
ITEM	1958-59	1959-60 (Provisional)
1. Administrative borrowing ...	27.6	57.4
2. Foreign borrowing ...	35.5	29.3
3. Domestic market borrowing non-bank sources (less contributions to sinking funds)	109.4	83.8
4. Domestic market borrowing, banking system	179.3	241.1
5. Decline in Government's cash balances	61.7	6.0
6. Net cash operating deficit...	413.4	417.5
7. Decline in U.S. aid counterpart funds (—sign indicates increase) ...	—52.5	4.0
8. Net inflationary impact of budget (4+5+7) ...	188.5	251.1

Retail Prices

The level of retail prices, as measured by the Colombo Consumer's Price Index, was on the average 1.6 per cent lower in 1960 than in 1959. The "domestic group" of items showed a rise of 0.8 per cent as a result of an increase in the prices of tobacco, betel and arecanut, and meat. This slight rise was more than offset by a fall of 3.5 per cent in the index for the "import group" and 9.6 per cent in the "export group". The decline in the import group reflected mainly a reduction in the average price of rationed rice by 10 cents in April 1960. On the average, food items were 3.7 per cent cheaper in 1960 than in 1959, while clothing and other miscellaneous items were higher by 3.3 per cent and 1.9 per cent respectively. Fuel, light and rent items showed no change.

Wages

The index of money wages for workers in Wages Board Trades was fractionally lower than in the previous year, while there was no change in the wage rates of workers in agriculture and Government unskilled workers. Their real wage rates, however, were 1.1 per cent and 1.7 per cent higher, respectively, owing to the lower level of living costs.

(M.P.)