

INDUSTRIES AND POTENTIAL FOR INDUSTRIAL DEVELOPMENT IN THE SOUTHERN PROVINCE

According to the Census of Industries conducted in 1983 there were 100,000 units of manufacturing industries in Sri Lanka. These included large-scale, medium and small scale industries as well as cottage industries. The number of units reported from the Southern Province made up of 22% of the total (100,000). Their distribution among the different districts were 10,479 units (10.5%) in the Galle district, 8,589 units (8.6%) in the Matara district and 2,978 units (2.9%) in the Hambantota district. All those were reported to be in operation at the time of the census (Please see table 02). There has been no island-wide census of industries thereafter and, consequently, the current distribution of industries have to be derived from information obtained from the various state institutions, voluntary organizations and banks involved in industrial development and from certain statistical estimates. According to these, the small and medium scale industries and the cottage industries have grown at a rate of about 7% per annum. When the number of units started per year and the number that failed are taken into consideration, the number of units appear to have increased by 7%.

However, in the period of 1979-1987 small and medium scale industries as well as cottage industries appear to have expanded by 10-12% and by 13-15% after 1987. Although during 1988/89 period there were setbacks due to the disturbances, there was a marked upsurge in the cottage industry (particularly on the basis of self employment) in 1989/90. The Government policy of promoting privately owned manufacturing industries as well as the special concessions and guidance given to the export oriented industries and also the adoption of a new development strategy by the Government were basic factors that contributed to growth of small and

medium scale industries. In this period the Central Government followed new strategies and policies of mobilising resources for investment promoting foreign and local investment revamping state enterprises, developing a competitive environment, stabilising relations between large and small scale industries, improving research, training and marketing facilities and removing various administrative obstacles to investment, production and export.

When the number of employees in the manufacturing industries in the Southern Province is considered, it is found that the province contributes 12% of the total employment in the industrial sector in Sri Lanka - of which the Galle District contributes 6.0%, the Matara and the Hambantota Districts contribute 4.5% and 1.4% respectively. According to this in the Galle District there has been a striking industrial development. The Matara district comes second and the Hambantota district comes third. The reason for this difference is that the Galle district is more urbanised than the other two districts and has better infrastructural facilities like electricity, roads and telephones. Because the Hambantota district has been from the beginning a predominantly agricultural area when infrastructural facilities are not very advanced and with a low literacy take industrial development has been conspicuously lagging behind.

However, in the period after 1985 there has been a clear growth in the number of manufacturing industrial units in the Hambantota district as well as in the Matara district. One of the main reasons for this is that infrastructural facilities have improved under integrated rural development schemes during that period. Entrepreneurial development activities of institutions like Industrial Development Board have widened and the industrial development loan schemes of

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commercial banks have been implemented systematically. Table No. 01 shows the number of new industries started and the existing industries further developed under service facilities provided by the Sri Lanka Industrial Development Board. According to that table 317 industrial units with a capital investment of more than Rs. 150,000/- each were commenced during that period and 1172 jobs were generated.

During the same period 151 oiling industries were revived and 760 new job opportunities were created.

Of the industries existing in the Southern Province, as much as 93.4% are small and medium scale (including cottage level traditional industries belonging to the private sector). The main industries of the public sector are the cement factory at Galle, the plywood factory at Gintota, the clay processing factory at Meetiyagoda, the timber conditioning factory at Gintota, the white coir factories at Koggala, Dondra and 5 other places, the tile factory at Yatiyana, the liquid lime production factory at Hungama and the saltern and salt industries at Hambantota, Bundala and Palatupana. Fifteen tea factories and six rubber factories in internal areas also belong to this category. They are administered by various state corporations. Another feature of this period is that no new manufacturing industries have been started in the state sector.

When the distribution of industries in the Southern Province is considered, it is found that a majority of them are situated in and around the main towns of Galle, Matara and Hambantota. When one moves away from the towns, one finds that the industries are few and isolated. The reason again is that urbanisation and infrastructural facilities are confined to the towns and the adjoining areas and that the concentration of

population and the markets serving that population are in and around the towns. As a result of the rural electrification programmes implemented after 1985, it has been possible to locate some industries in rural areas.

The industries existing now in the Southern Province are given in table No. 02 under different categories. It shows that a majority of the industrial units produce textiles, garments and leather goods. They comprise 52% of the total.

The second place in importance is taken by the production of good items and the third place by the non-metallic mineral products sector. The industrial category of basic metallic products, processed metal products and production of machinery and transport equipment is of a low value. In the field of traditional industries in the Southern Province, some important facts are given below:

Field of Production	Where Concentrated
1. Galle District	
Production of traditional Masks and allied goods	Ambalangoda Watugedera
Jewellery	Around Galle town Kandewatta.
Sculpture and allied products	Kaligana, Ambalangoda.
Copir and allied products	Habaraduwa, Balapitiya, Hikkaduwa, Divitura
2. Matara District:	
Clay-based artistic goods	Welligama, Malsiripura
Kitual treacle and allied products	Galagama
Traditional lace making	Welligama, Akuraia
Brass goods	Athuraliya
Bamboo products	Ududamana
Maldiva fish	Kottegoda, Mirissa, Gandara, Talalla.

3. Hambantota District:

The Southern Province contributes 9.8% of Sri Lanka's gross national product and 10.6% of employment. The primary economic activities of the area (agriculture, fisheries and forestry) appear to contribute more than 38% of the gross product of the area. When compared with the contributions at the na-

tional level, this is a fairly high value. The contribution of manufacturing industries sector is 11.2%. This is also a value lower than that at the national level.

It seems that there is great potential in the Southern Province for the development of manufacturing industries. The main reasons for this are:

1. The existence of the large number of natural resources.
2. The high rate of literacy, existence of an entrepreneurial tradition and the implementation of a new programme of entrepreneurial development.
3. Encouragement from the Southern Provincial Council as well as from the Central Government.
4. Speedy development of infrastructural facilities.
5. Starting of new development schemes.
6. Availability of technical advice/vocational training facilities.

The Southern Province is an area where many natural resources are available. Among the mineral resources there are limestones, graphite, mica, kaolin, mineral sands, gems, granite rocks, underground shells and salt in large quantities. Less than 18% of them has been used for productive purposes:

The distribution of these resources is given in table 01.

The mineral resources widely used are underground shells, salt, tile clay and kaolin only. A scheme under which very high quality gems are identified and mined is already implemented by the Southern Provincial Council. It seems possible to use much of the available mineral resources to produce articles with an export potential.

A main reason for the increasing sea erosion which has become a serious problem in the Southern Province is the mining of coral. If the available limestone resources are used in place of coral for making lime, it will be possible to obviate such environmental problems. When the

housing development and building activities now going on in the Southern Province are considered, the present production of bricks and tiles are not adequate. Very often these products have to be brought in from outside to meet the requirements of the area. It will be possible to expand the brick and tile industry by making use of the clay resources which are widely available in the area. Mineral resources like granite, graphite, mineral sands and gems which have an export potential do not appear to be used systematically for purposes of production.



Literacy is also a basic factor in industrial development. When there is a high percentage of literate person, it speeds up business/industrial activities. The Galle district has the highest literacy rate after the Colombo and the Gampaha districts. On the other hand the entrepreneurial tradition in the Southern Province appears to have been at a higher level than in other areas.

At present entrepreneurial development programmes are conducted under the Sri Lanka Industrial Development Board, the Ministry of Youth Affairs, Sri Lanka Entrepreneurial Development Centre, as well as District Integrated Rural Development Schemes. There has been a particular upsurge in these activities after 1987. Persons who wish to start businesses/industries are selected and they are given a systematic

New and existing industries improved by the Industrial Development Board from 1985 to 1990 Table 1
Southern Province

Mineral Resources

Note No. 1

Description	1985	1986	1987	1988	1989	1990 Nov.
Development of new industries	21	38	41	56	89	72
Employment	67	131	137	209	242	386
Development of existing industries (no. of units)	10	31	20	28	28	34
Employment	35	248	56	175	72	174

training in entrepreneurship and small scale business management and thereafter they are given credit facilities (in association with banks) such programmes has been quite successful during the last 1/2 years.

In addition to this the small and medium scale loan scheme implemented through the Bank of Ceylon, the People's Bank, the Sampath Bank, the Commercial Bank, the Hatton Bank, the Ceylon Development Finance Corporation has played a major role in the industrial development of the Southern Province. Under this scheme, loans up to 4 million can be obtained on easy terms based on the feasibility of the project.

In the period 1980-90 the Bank of Ceylon has granted 251 million to 462 industrialists of the Southern Province. The People's Bank has granted loans exceeding Rs. 96 million to industrialists in the Hambantota and the Matara districts. In these two districts alone 2155 job opportunities have been generated.

Apart from these, introduction of various new loan schemes for small scale industries and businesses through commercial banks has also played an important part. These loan schemes have played a major role especially in starting cottage industries and industries at self employment level. In the past period the small scale industrial enterprises have benefited from the Nysco loan scheme implemented by the National Youth Service Council in association with banking institutions, the small scale loan scheme implemented by the National Savings Bank in the Matara District only and especially by the concessional loan schemes implemented by the Central Bank in collaboration with commercial banks.

The Sri Lanka Industrial Development Board under the guidance of the Ministry of Industries of the Southern Provincial Council has already started a large number of programmes for industrial development of the Southern Province. The main aim of these programmes are to train entrepreneurs, and to make the necessary technical services available for starting small scale industries. The Industrial Development Board has paid particular attention to the introduc-

tion of new technologies which is a special problem when starting industries. In this the technical services section and engineering section of the industrial Development Board play a leading role. Inadequacy of infrastructural facilities is a major problem in locating industries. To remedy this the Southern Province Ministry of Industries has, under the guidance of the Industrial Development Board, made arrangements to start two industrial estates in the Weligama area in the Matara district and in the Yatagala area in the Galle district. Work has already commenced in the proposed industrial estate at Charlment Estate, Weligama. For this purpose a sum of Rs. 66 lakhs has been allocated by the Southern Provincial Council, and under this industrialists are given blocks of land with electricity, water and telephone facilities. Action is being taken to give blocks of land to 56 industrialists under the first stage. 56 small and medium scale industrial units are expected to be commenced in 1991 and the expected generation of jobs is around 315. As mentioned earlier, the district integrated rural development schemes implemented in the Matara and Hambantota districts have made financial provision for technical development and the development of entrepreneurship or the purpose of industrial development. The Hambantota District Rural Development Scheme in collaboration with the Industrial Development Board is already taking steps to start an entrepreneurship development centre in 1991. After this centre is set up institutions like the Industrial Development Board, the Youth Service Council, the Ministry of Youth Affairs and Sarvodaya will be able to work jointly under a systematic programme and it will be possible to solve the problem of widespread unemployment to a great extent. The Southern Provincial Council Ministry of Industries has started a broad programme to rehabilitate the institutional pattern of the industries coming under the Ministry of Textiles and Small Industries. Under this programme the various vocational training centres of that Department will be rehabilitated and they will be developed so that a greater number of persons could be trained in them. Action has been taken through the programme of textile villages to de-

Kind of Mineral	District (Location)		
	Galle	Matara	Hambantota
Limestone	Ambalangoda Hikkaduru Nuwara Paraliya Marallana Padanapogama Goviyapana	Weligama Alidigama Taleramba Kanturupumana Dichella Deviruware	Ambalantota Waraketiya
Graphite/Mica	Betapala Kazanderiya Uragaha	Malwana Deriyaya	
Tile/Brick clay	Petiypogoda Makwelle	Matara Nilwala river bank	Tissamaharamaya Hambantota Angunukolapelessa Tangalle Belietta Katuwana Waraketiya
Mineral Sands	Kalamulla Induruwa Wakwala Padogama		Hambantota Ambalantota Tissa
Coal	Opatha Wearapana Karegoda	Deriyaya Alapalderiya Sargama Nuwara Kanturupitiya Kokwelle Aparakke	Katuwana Tissa Hambantota Tangalle
Granite	Baddagama Awaswana Hiridama Kazanderiya	Matara Deriyaya Nuwara Kanturupitiya Deviruware Malwana	Hambantota Tissa
Underground shells			Ambalantota Hambantota

velop the handloom textile industry again! at village level. Under this programme 12 such villages have been set up already.

In regard to the development of small and medium scale industries in the Southern Province, the work of export villages also has to be considered. During the past period, several export villages have been set up in the Southern Province on the initiative of the Export Development Board. Among them are Ratgama white coir, Denipitiya white coir, Ambalangoda white coir, Ambalangoda cinnamon leaf Oil and Angunukolapelessa pen products export villages. In the future it is possible to start more such villages for the Chief minor export products like citronella oil and cinnamon oil. Though this programme of export villages the rural producers have been able to get the benefits of exports and it will be possible to improve entrepreneurship.

Co-operative thrift societies and credit societies also have played a considerable role in the industrial development of the Southern Province. These societies in particular have helped rural entrepreneurs to start new industries as well as to develop existing small industries by giving them loans. In 1989/90 the Matara Co-op. Credit society gave Rs. 1,434,000/- to 1178 small scale entrepreneurs and Rs. 3,223,000/- for 679 medium scale industries. In the same way, under Women's Bureau, programmes, development work in small scale industries has been conducted extensively to promote women's entrepreneurship. In the Hambantota district alone, under various womens' development projects, 1120 small scale businesses have been started and a sum of Rs.1,479,380/- has been spent on them.

Status of Industries - 1993 Table 2

Item No	Category of Industry	Galle	Matara	Hambantota
31	Food, drinks and tobacco products	1,147	1,627	556
32	Textiles, garments and leather goods manufacturing institutions	6,523	3,002	1,110
35	Production of timber, timber goods and furniture	368	638	378
34	Paper, paper products, printing and advertising	58	31	08
35	Chemicals, chemical petroleum, coal, rubber and plastic products	838	834	104
36	Non-metallic mineral products (except petroleum and coal products)	640	843	533
38	Metallic products, machinery and fittings	228	273	177
39	Institutions for other products	678	341	83
37	Institutions for basic metallic products	-	-	28
Total		10,478	8,588	2,978