



IDB **ANNUAL REPORT**

2011

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON
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Our Vision

Development of all industries
all over Sri Lanka

Our Mission

Provide the strategic,
technological & commercial
foundation needed to
encourage, promote &
develop all industries
all over Sri Lanka

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

ANNUAL REPORT

for the year ended 31st December 2011

THE ORGANIZATION

Background

The Industrial Development Board of Ceylon (IDB) was initially established in 1966 under the State Industrial Corporation Act No. 49 of 1957. The IDB in its present form was incorporated under the Industrial Development Act No. 36 of 1969. At the inception the Head Office of the IDB was situated at No. 16, Gregory's Road, Colombo 07. At present, it is established at 615, Galle Road, Katubedda, Moratuwa. The main objective of the IDB is to encourage, promote and develop industries in Sri Lanka.

OBJECTIVES OF THE BOARD

The objectives of the Board specified in the Industrial Development Act No. 36 of 1969 are:

- To assist in the encouragement, promotion and development of industries in Ceylon;
- To assist in the proper co-ordination and in the interrelated growth of all industrial undertakings in the private and public sectors of the economy of the country;
- To foster industrial research with the object of utilizing the natural resources of Ceylon, improving the technical processes and methods used in industries and developing appropriate technologies and equipment for local industries, and discovering processes and methods for the better utilization of waste products;
- To foster the export of local industrial products to overseas markets;
- To assist in such measures in the field of international trade and regional co-operation as are necessary or conducive to industrial development;
- To provide for services and facilities of every description required by or in connection with any industrial undertaking or industrial establishment in Ceylon, including the provision of capital, credit, marketing, managerial, technical facilities and legal advice;
- To advise on matters relating to the promotion and development of industries in Ceylon; and
- To take all such measures as may be necessary for, or conducive to the attainment of the objects specified in this section.

DUTIES OF THE BOARD

Duties of the Board are:

- To provide services as are contemplated in the objects of the Board;
- To help in the formulation and implementation of industrial policies and work programmes of Government;
- To advice the Minister in charge of industries, on all matters relating to the promotion and development of industries.

ACTIVITIES OF THE BOARD

The Board has set up various Divisions and Agencies on specialized areas of activity which reflect the functional and operational approaches in undertaking the challenging range of duties and obligations of the Board.

The IDB was under the purview of the Ministry of Industries and Scientific Affairs from 1969-1986. Since then IDB came under purview of several Ministries upto 2005. At present, IDB functions under the Ministry of Traditional Industries and Small Enterprise Development.

**DIRECTORATE OF THE
INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**
(as at 31 December 2011)

UDAYASRI KARIYAWASAM
Chairman

D. WIDANAGAMACHCHI
Treasury Representative

Mrs. S. WEERAKOON
Member of the Board/Ex officio

Mrs. RUPA EKANAYAKE
Member of the Board/Ex officio
(upto 16.03.2011)

Mrs. K.N. KUMARI SOMARATNA
Member of the Board/Ex officio
(appointed on 29.04.2011)

K.L. CHANDRALAL de SILVA
Member of the Board - IDB
(19.12.2011)

ROHANTHA N.A. ATHUKORALA
Member of the Board - IDB

MARKANDU RAMATHASAN
Member of the Board - IDB

Ms. SHERINE XAVIER
Member of the Board - IDB

M.M. MOHAMED JAMEEL
Member of the Board - IDB
(appointed on 25.04.2011)

CHAIRMAN'S REVIEW

It is my pleasure and privilege to review the activities of the Board during the year 2011. It was an inspiring year for both the Industrial Development Board and the Industrial sector of the country. As far as the global economy is concerned the economic development in Sri Lanka would be viable and meaningful only if the industrial sector is sustainable. The emerging opportunities along with the infrastructure development, is an impetus to the ongoing industrial development, especially the Small and Medium Scale Enterprises (SMEs). The SMEs play a vital role in contributing towards the National Economy whilst overcoming current issues and numerous challenges.



The IDB registered a significant revenue increase and a loss reduction by stabilizing its operational and financial capacity both in terms of SME development from the Micro level and institutional development as well as division-wise productivity improvement to the desired levels.

The total revenue of the IDB for the year under review increased by 12% to Rs. 393,664,180 including 27% (Rs. 165,664,180) for facilitating and providing a package of services to SMEs, and by 3% (Rs. 228,000,000) for raising the Treasury funds especially for rural SME development. Meanwhile the net loss was reduced by 64% to Rs. 6,757,460.

The Ministry of Traditional Industries and Small Enterprise Development persuades the IDB to promote Micro industries and SMEs, particularly in keeping with the "Mahinda Chintana" Vision for the future. In addition to the accomplishments of the IDB during the period under review was achieved by the steadfast commitment, generous support and close relationship with the staff, active participation of our stakeholders and strong linkage with other national and international development partners.

Further, in operational capacity, the establishment of the Sri Lanka Federation of Industrial Associations facilitator for "Divineguma" National Programme initiated by the Ministry of Economic Development, and the Kitul Product Sector Development National Programme initiated by the Ministry of Traditional Industries and Small Enterprise Development, and the leading role for National Level Exhibitions and Trade Fairs for promoting the SMEs in the country were some of the special activities performed by the IDB.

The Footwear and Leather Products Manufacturing sector has been identified as one of the thrust industry sectors to enhance the economic potential in the country. The IDB

launched the National Programme for the development of the Leather Products and Footwear Industry Competitiveness in Sri Lanka, under the technical assistance from the Commonwealth Secretariat (COMSEC). The programme expects to strengthen the supply and value chain in the Leather Products and Footwear Industry through formulation of sector policy, strategy and Action Plan as well as building the capacity of its stakeholders and beneficiaries.

The Productivity Improvement Project initiated by the IDB in 2010 with the assistance of the Asian Productivity Organization (APO) succeeded during the period under review. The greatest achievement under this Project was improvement of productivity and the development of the Public Sector value chain especially, a new technology dissemination and service delivery system for MSMEs and other customers.

Looking Ahead

Certain issues and constraints will continue to confront the industrial development of the country. SMEs are expected to grow moderately, at best and financial constraints brought on by two digits interest rates of the Financial Institutions would result in limited stimulus for their SME Loan Schemes. Transferring of technology and commercializing of SMEs appropriately will be beneficial to promote SMEs in the short and medium-term outlook. The IDB continues to position its self to manage the challenges and put in place sound strategies to enhance the strengths that commensurate with the emerging opportunities for SME development.

With the stabilization of the restructuring process, the management is confident of the future of the IDB which has already reported positive performance during year 2011. The future focus of the IDB will be towards provision and facilitation of fully market oriented services backed by technological innovation and financial strength.

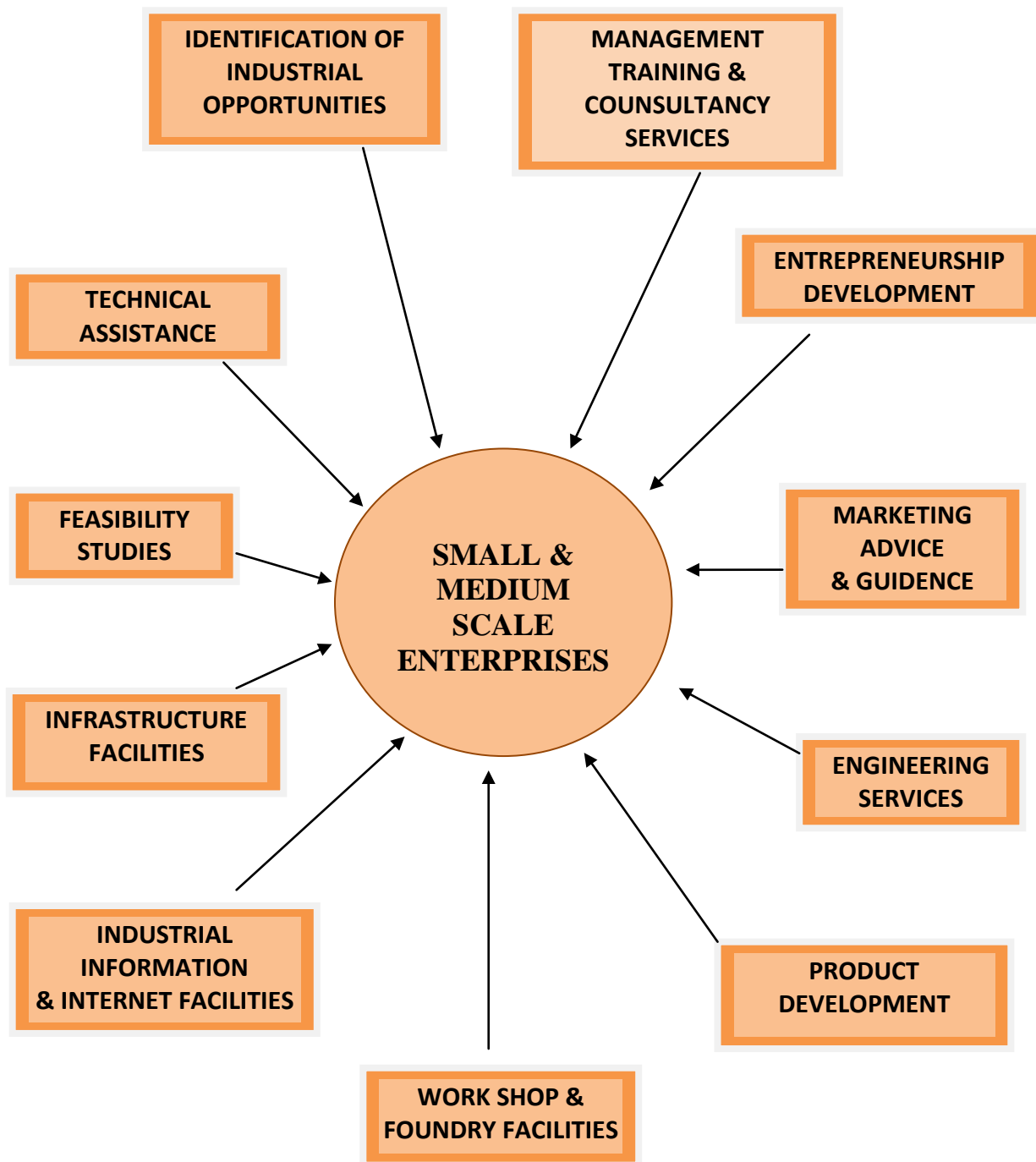
I take this opportunity to thank Hon. Douglas Devananda, the Minister, Hon. Weerakumara Dissanayake, the Deputy Minister, and Mr. V. Sivagnanasothy, the Secretary and the staff of the Ministry of Traditional Industries and Small Enterprise Development for their guidance and support.

I also wish to thank the Members of the Board, the Management and the staff of the IDB for their invaluable efforts and assistance rendered for the successful implementation of the activities of the Board and new programmes with other SME development organizations.



Udayasri Kariyawasam
Chairman

PACKAGE OF SERVICES



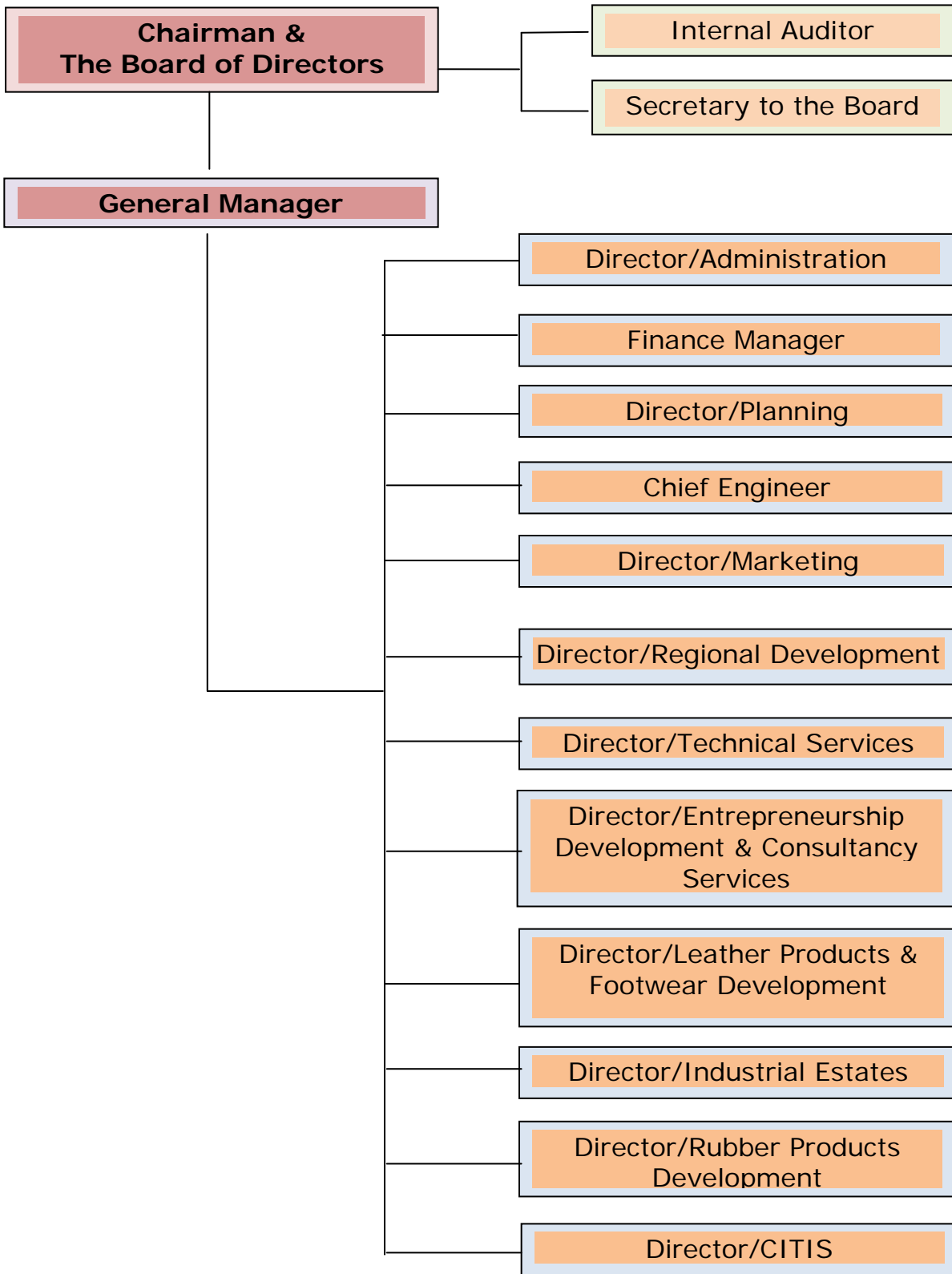


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REVIEW OF PERFORMANCE

REVIEW OF PERFORMANCE

In the year 2011, the following development activities were completed by the Industrial Development Board through development programmes implemented by the respective Divisions of the Board.

Table -1.1

Activities Performed

Activities for Achieving Corporate Goal	No of Units	Investment (Rs)	Employment
a Create and Commission Self-employment Units	1,680	121,996,400	2,117
b Provide Technical and related assistances to set up New Enterprises	398	720,777,863	1,624
c Provide Technical and related assistances to improve, expand and modernize Existing Industries	723	386,084,768	1,549
Total	2,801	1,228,859,031	5,290

The general performance in the sphere of development activities in regard to items (a), (b) and (c) in table 1.1 during the year under review indicates an improvement in performance as against the year in 2010.

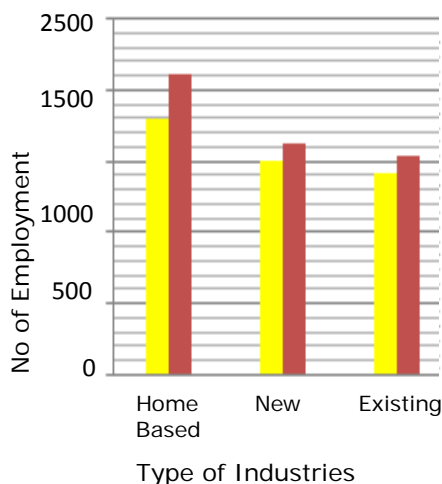
Table -1.2

The comparable position is shown in Table 1.2

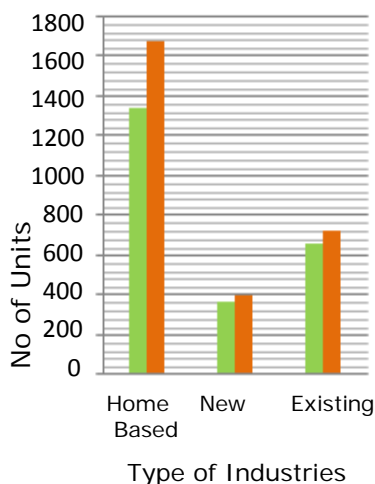
	2010	2011	Increase (%)
Total no of Units (a,b,c)	2,385	2,801	17%
Total Investment (Rs)	802,678,197	1,228,859,031	53%
Total Employment	4,743	5,290	12%

Employment Generation in the Industrial Sector Value of Investment on Industry

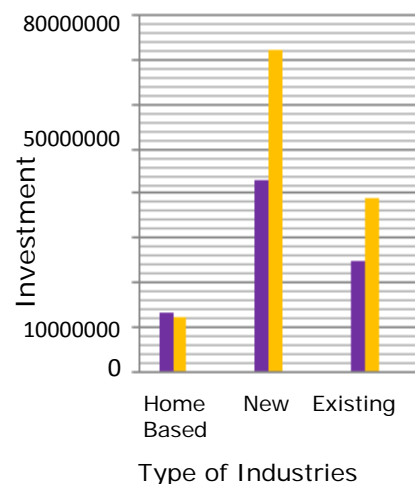
**Generated Employment of Industrial Group
Chart 1.1**



**No of Industries
Chart 1.2**



**Value of Investment on industry
Chart 1.3**



MAJOR ACHIEVEMENTS

- Establishment of Sri Lanka Federation of Industrial Associations
- “Deyata Kirula” – 2011
- Awareness on “Divineguma” National Programme
- “KITHULA” (Kithul Products Sales Centre)
- “SHILPA” – 2011 National Exhibition and Trade Fair
- “SHILPA” – 2011 National Awards Ceremony
- APO Demonstration Project

MAJOR ACHIEVEMENTS

A. Establishment of Sri Lanka Federation of Industrial Associations

The Establishment of the Sri Lanka Federation of Industrial Association was held on 31st January, 2011 at the Sri Lanka Foundation Institute under the auspices of the Chief Guest, Mr. V. Sivagnanasothy, Secretary, Ministry of Traditional Industries and Small Enterprise Development.

The Industrial Development Board (IDB) has taken steps to establish Industrial Associations covering all Divisional Secretariat Divisions. The objective of setting up these Associations was to encourage, strengthen and empower Micro, Small and Medium Scale Enterprises (MSMEs) to achieve their development goals. These Associations at regional, district and national level will be monitored by the Sri Lanka Federation of Industrial Associations. This facilitates the MSMEs to find solutions to their problems by diversifying industries and manufacturing quality products through application of appropriate technology.

B. "Deyata Kirula" – 2011

In pursuance with the Mahinda Chintana (Vision for the Future), the Development Policy Framework of the Government, "Deyata Kirula" National Exhibition - 2011 was held at Uva Wellassa, Buttala from 04.02.2011 to 10.02.2011. IDB participated in this exhibition under the guidance of Ministry of Traditional Industries and Small Enterprise Development with an objective of disseminating industrial technological information to the rural community.

C. Awareness on "Divineguma" National Programme

"Divineguma" National Programme was initiated by the Ministry of Economic Development to establish One Million Domestic Economic Units as the main Economic Development Programme of the government.

In order to achieve the expected objectives, different ministries and departments were entrusted with the responsibilities to implement and coordinate the activities of the above National Programme, under the guidance of Ministry of Economic Development.

Our Ministry, the Ministry of Traditional Industries and Small Enterprise Development was one of the key responsible ministries for this programme. The IDB which is under the said ministry and having an island-wide network of District Offices was entrusted with the responsibility of implementing this programme.

Accordingly an Awareness Programme on “Divineguma” activities for officers of the IDB was conducted on 15th February, 2011 at the IDB Lakkam Auditorium. This programme was conducted under the guidance of the Ministry of Traditional Industries and Small Enterprise Development. Hon. Douglas Devananda, Minister of Traditional Industries and Small Enterprise Development, Hon. Weerakumara Dissanayaka, Deputy Minister of Ministry of Traditional Industries and Small Enterprise Development, Mr. V. Sivagnanasothy, Secretary and other ministry officials also participated at this event.

Under this programme IDB conducted exhibitions in Colombo, Kegalle, Gampaha, Puttlam, Anuradhapura, Jaffna and Monaragala. Initially, IDB officers registered those who were interested in setting up home-based industrial units. Subsequently they were called for a meeting and beneficiaries were identified. Those beneficiaries were provided with necessary information on technology, machinery and equipment, raw materials, Credit Schemes and market facilities etc. During the year 2011, IDB assisted **5135** potential entrepreneurs to set-up home-based industrial units.

D. “KITHULA” (Kithul Products Sales Centre)

The Kithul Products Sales Centre set up under the guidance of Ministry of Traditional Industries and Small Enterprise Development at Janakala Kendraya, Battaramulla was ceremonially inaugurated on 22nd March 2011 by the Hon. Douglas Devananda, Minister of Traditional Industries and Small Enterprise Development with the participation of Hon. Weerakumara Dissanayaka, Deputy Minister.

The objective of setting up this Sales Centre was to promote Kithul Products and to provide an opportunity to market their products without difficulty and thereby to uplift social and economic status of kithul producers.

E. “SHILPA” – 2011 National Exhibition and Trade Fair

“SHILPA” – 2011 National Exhibition and Trade Fair was conducted from 27-30 October 2011 at the Sirimavo Bandaranaike Memorial Exhibition Centre. This exhibition was ceremonially inaugurated by the Hon. Basil Rajapaksa, Minister of Economic Development as the Chief Guest at the invitation of Hon. Douglas Devananda, Minister of Traditional Industries and Small Enterprise Development and Hon. Weerakumara Dissanayaka, Deputy Minister of Traditional Industries and Small Enterprise Development.

In parallel to this exhibition selection of Competitors for National Awards was conducted by the IDB with the assistance of Panel of Judges representing outside organizations.

Selection/Evaluation of Industrialists

The Best Entrepreneurs for the National Awards were selected from the following two categories.

- *Self-employment*
- *Small and Medium scale Industries*
(consists of 14 Industrial Sectors)

The selections were carried out on a 3-tier process at district, provincial and national levels where the services of professional selection panels were engaged. The first prize winners at district level were qualified for the provincial level competitions in each category. The first prize winners at provincial level were given the opportunity to display their products at the Shilpa National Exhibition and to take part in the national level competition which was conducted from 27-30 October, 2011 at the Sirimavo Bandaranaike Memorial Exhibition Centre.

E.I “SHILPA” – 2011 National Awards Ceremony

“SHILPA” – 2011 Awards Winners Ceremony was ceremonially inaugurated by the Hon. D.M. Jayaratne, the Prime Minister of Sri Lanka at the Bandaranaike Memorial International Conference Hall on 14th December, 2011 at the invitation of Hon. Douglas Devananda, Minister of Traditional Industries and Small Enterprise Development and Hon. Weerakumara Dissanayaka, Deputy Minister of Traditional Industries and Small Enterprise Development.

Presentation of Awards

Awards were presented as follows -

- Two (2) National Golden Awards for “The Best Entrepreneur” in the categories of “Small and Medium Industries” and “Self-employment”.
- Fifteen (15) National Silver Awards for the First Prize Winners at National Level from the 14 Industrial Sectors in the category of “Small and Medium Industries” and the category of “Self-employment”.
- Fifteen (15) National Silver and 15 Bronze Medals for the second and third Prize Winners respectively from the same categories indicated above.

F. APO Demonstration Project

The Industrial Development Board of Ceylon (IDB) was selected by the Asian Productivity Organization (APO) in response to the application submitted for the public sector demonstration project and this project was implemented through the National Productivity Secretariat of Sri Lanka (NPSSL).

The collaborating partners are APO Secretariat, National Productivity Secretariat of Sri Lanka and the IDB. The project will focus on improvement in productivity by adoption of productivity tools, techniques and service innovations. This project expects to generate a success story in the public sector productivity improvement, aiming to share with other member countries in the Asian Region. The duration for this project will be 12 to 15 months. This project is unique to APO member countries, and the IDB will be the only demonstration entity during this year. APO demonstration project helps to view most of the activities conducted by the IDB. Further it helps to establish inter-divisional connectivity, which is insufficient at present and the most beneficial to achieve the IDB mandate. As benefits of the project, IDB will be developed as a Demonstration Company of the Public Sector. During the project period, APO Experts will visit Sri Lanka and provide guidance for implementation of Productivity Plan.

The project team was supported by the APO International Consultant, Mr. Richard Clarke. Mr. Richard Clarke visited the IDB in June and September 2011.

Phase I	15 th June 2011 - 14 th September 2011
Phase II	15 th September 2011 - 14 th December 2011
Phase III	15 th December 2011 – 14 th March 2012
Phase IV	15 th March 2012 - 15 th June 2012
Phase V	Post project Activities

Following activities were conducted during Phase I and Phase II respectively:

- Revised all existing IDB internal administrative forms, letter head etc.
- Key performance indicators were identified for each goal in the Corporate Plan
- IDB Vision and Mission poster designed, distributed and displayed in all divisions and district offices
- Each division has compiled a detailed Results-based Monitoring Plan to implement the components of the Corporate Plan
- Employees' Satisfaction Survey was carried out at the IDB Head office and selected District Offices

- According to the Employees' Satisfaction Survey results, the project team has identified the following two initiatives for implementation in future
 - a) Development of a Training Manual for all employees
 - b) Development of a Communication Plan for the instituteA Training Manual was prepared by the Director/Administration for implementation from year 2012 in the Industrial Development Board.
- A customer survey was conducted and Customer Feedback Form was developed for the IDB website
- Attitudinal change and positive thinking session for executive staff at the Head Office was organized by the APO demonstration Project Team. The objective of the above session was to improve the productivity of the Industrial Development Board as a service sector organization under the APO Demonstration Project
- The Marketing Division has published the first quarterly Newsletter to IDB staff
- The Planning Division compiled the IDB Corporate Implementation Plan and Results-based Monitoring Plan for 2012
- A meeting for Deputy Director's island-wide was organized by the Regional Development Division to create awareness on the APO Demonstration Project. Director/Administration (A Counterpart of APO Demonstration Project) presented the details of the project and Director/Planning briefed the importance of Results-based Monitoring Plan

G. Environmental Compliance Centers for SMEs

This is a joint project implemented by the Central Environmental Authority (CEA) and the IDB which helps the industrialists to meet CEA standards in their establishments. The regional network performs as information and technical assistance centers under this project. The industrialists are offered technical assistances to solve their problems and the programme has been targeted specially for micro, small and medium scale industries. A limited number of sample testing to check compliance with legal obligations will also be done in these centers at nominal rates. The main objective is to help potential entrepreneurs with industrial waste management and other environmental issues before starting the industry.

IDB participated in several preliminary discussions with the CEA and the IDB Regional Network has been identified for the formation of "Compliance Assistance Systems" for environmental issues. As an initiate, it has planned to establish two such centers at two IDB District Offices in 2012. Further, it has been agreed to prepare small booklets on Industrial Waste Management to cover three main industrial sectors namely Bakery,

Dairy and Hotel. This will help them to carry out an environmental feasibility study before starting an industry.

H. Joint R & D Projects on Tailor made Solutions for Industrial Institutes

Research and Development work is one of the key factors for sustainable industrial development. It is understood that the 6th wave of innovation is proceeding and which claims the sustainability radical resource productivity, whole system design, biomimicry, green chemistry, industrial ecology, renewable energy and green nano technology. Transforming global economy through 80% improvements in resource productivity is mandated to ensure the sustainability (Weizsacker, 2009). IDB has identified their role in the Industrial Sector, hence proposes to establish an IDB Action Committee for R&D on our Natural Resource Usage, improving technical processes & methods used in our industries, developing technologies & equipment for our industries, discover processes & methods for better use of waste products and interested expertise, individuals and institutions.

In this connection, IDB has planned to carry out the role of facilitating research and development programme in Applied Industrial Sector with the relevant R & D Institutions of the country during the year 2011–2013. Under this programme, IDB expects to establish strategic alliances, acquisitions and networks to access the innovations of the counterpart organizations. Following R & D Institutes and Universities have been proposed to initiate preliminary discussions, which lead to MOUs for bilateral understanding. Discussions were carried out successfully with the following Research Institutes and drafts of MOUs were already sent to further processing.

- Faculty of Science, University of Peradeniya
- Faculty of Engineering, University of Peradeniya
- Post Graduate Institute of Agriculture, Peradeniya
- Post Graduate Institute of Science, Peradeniya
- Faculty of Agriculture, University of Ruhuna
- Faculty of Science, University of Ruhuna
- University of Kelaniya
- University of Wayamba
- Atomic Energy Authority
- Nano Technology Centre

I. Multi Component R & D Committees

IDB has proceeded with identification and establishment of Expert Panels for the purpose of obtaining services for various management and technological skills for development of the Industrial Sector.

A Newspaper advertisement was published and applications were called from Experts for the following sectors.

- Development of Managerial Skills
- Intellectual Property Laws and Applications
- Energy Management and Alternative Source of Energy
- Industrial law, labour laws and applications
- Business etiquette
- Paradigm shifting, mindset and positive thinking
- Environment protective technology concepts
- Strategic management
- Productivity improvement
- Import - export procedures/regulations/documentations
- Designing and packaging
- Standards and Certifications
- IT for entrepreneurs
- Business planning & implementation
- Nano Technology
- Dairy Technology
- Biological and Bio Safety
- Civil Engineering
- Polymer Technology
- Chemical-based Industries & Applied Science
- Food Technology & Nutrition
- Industrial Biotechnology
- Enzymology
- Cereal-based Products
- Horticultural-based Products
- Natural Resource Usage
- Waste utilization/minimization
- Industrial Automation
- Product & Process Development
- Application-based Software Development

J. Second Community Development and Livelihood Improvement Project

Second Community Development and Livelihood Improvement Project is the phase II of Gemidiriya Programme (Adaptable Phase) which is funded by the World Bank. The project objectives are:

- Linking the community institutions to the local governments and addressing accessibility and connectivity constraints that hamper sustainable livelihoods
- Strengthening the value chains of key economic sectors through aggregation of producers; better market and financial sector linkages; better delivery of livelihood support services; and improvement in technology Building the capacity of the existing local level
- Agencies to implement the National Programmes using the Community Driven Development (CDD) approach.

Following thrust areas have been identified to provide technical and marketing assistance

- Handmade Paper Products
- Leather Products
- Handloom Products

Joint venture expects to implement market-led economic development. It is considered to be a significant factor for poverty reduction and sustainable development. However, the focus tends to be on global and niche markets and international trade. Most smallholder producers, rural economies driven by the dynamics of local-to-local markets are far more notable for initiation as well as sustainability of rural based micro industry.

The Concept Paper for Manufacturing Leather Products at the household level was developed by the Second Community Development and Livelihood Improvement Project Office, was forwarded to the World Bank by the IDB.

K. Divineguma Technical Training Programmes in Batticalo District in collaboration with ILO-ECAC Project

Under the Divineguma Programme in Batticaloa District the Industrial Development Board is implementing Livelihood Development Training Programmes in collaboration with ILO-ECAC (Empowering Conflict Affected Communities) Project. The Project works in 04 selected DS Divisions in Batticaloa District. IDB has organized 12 Technology Transfer Programmes and 11 Management Training Programmes in four (4) selected DS Divisions in Batticaloa District by the end of year 2011. Out of these four (4) Technology Training Programmes, two were conducted for 133 beneficiaries at Aravurpattu and Porathivpattu DS Divisions with the funding of Rs. 2,300,000 from ILO. IDB has been identified as a Training Organization by the project for the next phase.

SUMMARY OF PROGRESS - 2011

- Encouragement, Promotion and Development of SMIs
- Establish, Maintain & Carry on Industrial Estates
- Marketing and Sales Assistance and Facilitation
- Technical and Technology Assistance and Facilitation
- Industry Capacity Development

SUMMARY OF PROGRESS – 2011

Table 3.1

Thrust Area	Programme/Activity/ Sub Activity	Key Performance Indicators (KPIs)		
		Indicator	Target	Achievement
1.	Create and Support Home Based Economic Units			
Encouragement, Promotion and Development of SMIs	Awareness Programmes to identify and select entrepreneurs by analyzing their interests, suitability and needs	No. of Programmes conducted	315	470
		No. of Potential entrepreneurs identified	15,000	27,562
	Conduct Home Based Promotional Showcase	No. of Home Based Promotional Showcases held		7
		No. of Potential entrepreneurs identified		5,417
	Conduct Technology Transfer/ Entrepreneurship Development Programmes	No. of Technology Transfer Programmes conducted	23	32
		No. Trained	575	268
		No. of Management Programmes conducted	2	2
		No. Trained	44	22
	Provide Technical support, advice and consultancy for entrepreneurs	No. of Technical support, advice and consultancy provided	2,500	2,743
	Create and support Home Based Economic Units	No. of Home based units created (Leather)	4,000	182
		Employment generation	4,000	320
	Promotion and Development of SMIs			
	Conduct Awareness Programmes/Investment Promotion Seminars	No. of programmes conducted	55	53
		No. of potential entrepreneurs identified	1,100	3,164
	Conduct Technology Transfer Programmes and Technology Demonstrations	No. of programmes conducted	302	693
		No. of beneficiaries	5,050	12,399
	Conduct Entrepreneurship Development Programmes	No. of Management Programmes conducted	216	95
No. of beneficiaries		4,320	2,141	
Provide Business Counseling and Consultancy Services	No. of business counseling and consultancy services provided	4,059	2,856	

Thrust Area	Programme/Activity/ Sub Activity	Key Performance Indicators (KPIs)			
		Indicator	Target	Achievement	
1. Encouragement, Promotion and Development of SMIs	Preparation of Project Reports/ Technical Reports/ Valuation Reports	No. of Project Reports prepared	225	248	
		No. of Valuation Reports prepared	322	75	
		No. of Laboratory Reports prepared	48	41	
		No. of Technical Reports prepared	50	21	
		No. of Project Profiles/Concept Papers prepared	15	21	
		No. of quality testing certification issued	130	150	
		No. of enterprises obtained credit	225	245	
	Assist enterprises to get certifications	No. of SMIs up graded to GMP, SLS, ISO and other certification	375	144	
	Facilitation and follow-up activities (Creating Self - employment units and New Enterprises , and Development of Existing Enterprises)	No. of new enterprises created	550	398	
		No. of self employment units created	2,000	1,680	
		No. of existing enterprises assisted	1,000	723	
		No. of Small Enterprises upgraded to Medium- scale	50	125	
		No. of Medium-scale Enterprises upgraded to large-scale	10	8	
	2. Establish, maintain & carry on Industrial Estates	Maintain industrial Estates and infrastructure facilities (utilities, waste disposal etc.)	No. of allocated Factory Units/ Developed Plots	25	25
			Ekala - Developed Plots	-	4
Ekala - Factory Units			-	3	
Pallekele - Developed Plots			-	8	
Pallekele - Factory Units			-	2	
Horana - Developed Plots			-	1	
Pannala - Developed Plots			-	2	
Pussellla - Developed Plots			-	2	
Polonnaruwa - Developed Plots			-	3	
Employment generation			200	600	

Thrust Area	Programme/Activity/ Sub Activity	Key Performance Indicators (KPIs)		
		Indicator	Target	Achievement
3. Marketing and Sales Assistance and Facilitation	Establishment of Display and Sales Centre	No. of Sales Centres established	2	1
	Provide sales facilities through 'Laknipayum' Sales Centre	No of new suppliers introduced	100	44
		Value of resulting sales by SMIs (Rs.Mn)	2	3.4
	Provide sales facilities through 'Kithula' Sales Centre	No of new suppliers introduced	250	42
		Value of resulting sales by SMIs (Rs.Mn)	4	1.26
	Provide sales/display facilities through 'Lakkam' Sales Centre, Katubedda.	No of new suppliers introduced	600	857
		Value of resulting sales by SMIs (Rs.Mn)	804	13.946
Supply of raw materials to the SMEs				
	Manufacture of rubber compounds & supply of rubber compound, raw materials and chemicals	Amount of Centrifuged Latex and Compounded Latex processed and supplied (litres)	10,000	12,239
		Amount of rubber compound, raw materials and chemicals processed and supplied (Kg)	48,000	49,647
		Milling of rubber compound (Kg)	31,000	25,951
		No. of enterprises served	250	250
	Provide metal scraps to the SMEs	No. of enterprises registered (Jan.- Dec.)	100	81
	Registration of scrap needed industrialists			
	Collection of scrap metal	Amount of scrap metal purchased (MT)	1,500	526
	Distribution of scrap metal among the SMEs	Amount of scrap metal distributed (MT)	1,500	571
		No of enterprises served	1,500	682
	4. Technical and Technology Assistance and Facilitation	Identification of products for promotion	No. of new products introduced	10
• Dried egg powder				
• Bottled king coconut water				
• Cinnamon flavoured bottled water				
• Frozen vegetables				
• Pannier				

Thrust Area	Programme/Activity/ Sub Activity	Key Performance Indicators (KPIs)		
		Indicator	Target	Achievement
4. Technical and Technology Assistance and Facilitation	Develop/fabricated machinery and tools	No. of new machines fabricated	6	2
	Provide jobbing services - machining, fabricating, Zinc plating Copper, heat treatment foundry services, Nicole Chromium and hard Chromium Plating	No. of Jobs completed	1,500	1,505
5. Industry Capacity Development	Established Regional/ District Industrial Associations	No. of SMI Associations formed /strengthened	100	59
	Registration of Members	No. of members registered	4,000	1,385

Chart 3.1

Opportunities Created through Divisional Activities

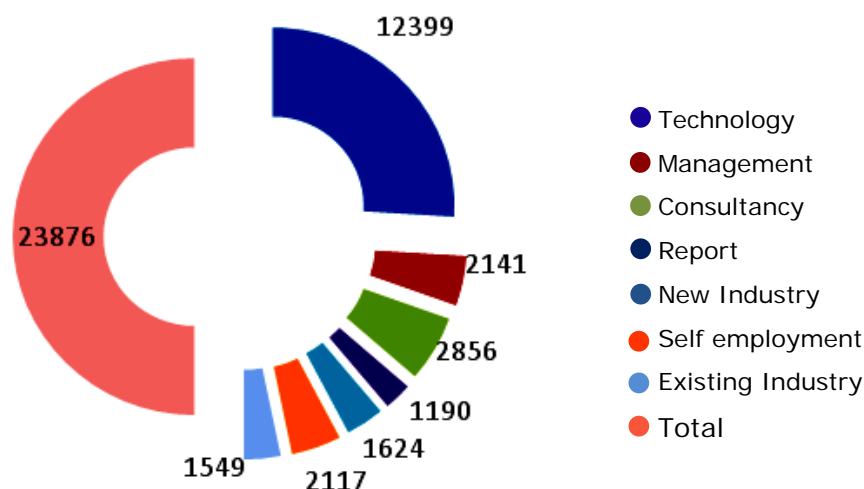
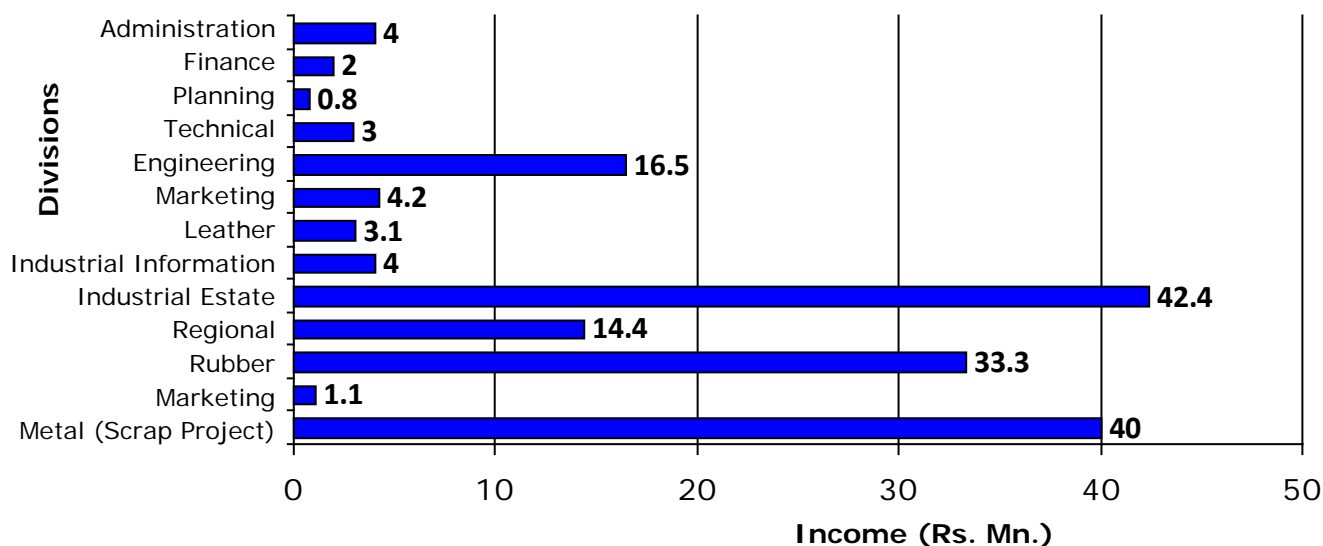


Chart 3.2

Income of the Divisions - 2011 (Rs. Mn.)

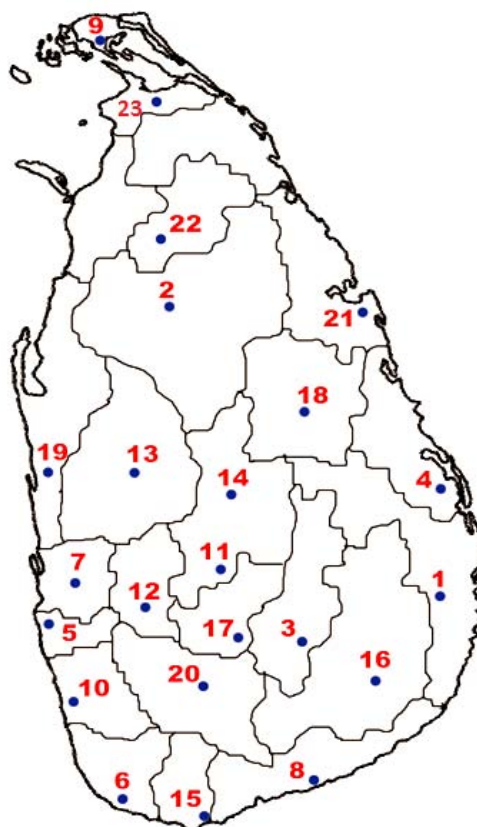


PERFORMANCE HIGHLIGHTS

- **Regional Development Division**
- **Rubber Product Development & Services Centre**
- **Centre for Development of Leather Products and Footwear (CDLP&F)**
- **Planning Division**
- **Marketing Division**
- **Industrial Estates Division**
- **Centre for Industrial Technology & Information Services (CITIS)**
- **Engineering Division**
- **Technical Services Division**
- **Centre for Entrepreneurship Development & Consultancy Services (CEDACS)**
- **Administration Division**

4.1 Regional Development Division

Regional Network



No.	District Offices
1	Ampara
2	Anuradhapura
3	Badulla
4	Batticaloa
5	Colombo
6	Galle
7	Gampaha
8	Hambantota
9	Jaffna
10	Kalutara
11	Kandy
12	Kegalle
13	Kurunegala
14	Matale
15	Matara
16	Monaragala
17	Nuwara Eliya
18	Polonnaruwa
19	Puttalam
20	Rathnapura
21	Trincomalee
22	Vavuniya
23	Kilinochchi

The Regional Development Division of the IDB is entrusted with the responsibility to carry out development programmes initiated by the IDB at district level and also for monitoring and evaluation of Enterprise Promotion Managers (EPM) attached to the island-wide 23 District Offices of IDB. The main responsibilities are to assist potential entrepreneurs to set up new industries and expansion of existing industries by providing extension services. The progress of the Regional Development Division for the year 2011 is as follows.

Table 4.1.1

EMPLOYMENT GENERATION

TYPE OF ACTIVITY	NO. OF UNITS	INVESTMENT (RS.)	EMPLOYMENT		TOTAL
			Male	Female	
1. ESTABLISHMENT OF NEW INDUSTRIAL UNITS	398	720,777,863	1,082	542	1,624
2. ASSISTANCE TO DEVELOP EXISTING INDUSTRIES	723	386,084,768	1,042	507	1,549
3. SELF-EMPLOYMENT PROJECTS	1680	121,996,400	1,676	441	2,117
TOTAL	2,801	1,228,859,031	3,804	1,492	5,290

Table 4.1.2

**INDUSTRIAL DEVELOPMENT BOARD
ASSISTANCE TO ESTABLISH NEW INDUSTRIES
January to December 2011**

Province	District	No. of Units	Investment (Rs.)	Employment		
				Male	Female	Total
Central	Kandy	25	17,800,000	48	32	80
	Matale	13	25,395,000	54	39	93
	Nuwara Eliya	22	17,724,000	56	29	85
Total		60	60,919,000	158	100	258
Eastern	Ampara	10	30,897,114	37	34	71
	Trincomalee	7	20,300,000	30	16	46
	Batticaloa	13	9,950,000	55	56	111
Total		30	61,147,114	122	106	228
North Central	Anuradhapura	30	16,490,000	72	39	111
	Polonnaruwa	14	6,330,000	23	7	30
Total		44	22,820,000	95	46	141
Northern	Jaffna	13	1,205,000	12	14	26
	Vavuniya	7	72,597,000	59	0	59
Total		20	73,802,000	71	14	85
North Western	Kurunegala	24	9,210,000	52	14	66
	Puttalam	20	172,170,000	127	16	143
Total		44	181,380,000	179	30	209
Sabaragamuwa	Ratnapura	18	106,376,518	41	32	73
	Kegalle	25	25,772,097	108	42	150
Total		43	132,148,615	149	74	223
Southern	Galle	34	9,365,000	55	18	73
	Matara	20	63,950,000	37	16	53
	Hambantota	19	14,267,307	29	25	54
Total		73	87,582,307	121	59	180
Uva	Badulla	19	5,944,000	23	19	42
	Monaragala	12	6,550,000	34	12	46
Total		31	12,494,000	57	31	88
Western	Colombo	14	31,300,000	45	48	93
	Gampaha	25	24,300,000	44	18	62
	Kalutara	14	32,884,827	41	16	57
Total		53	88,484,827	130	82	212
Grand Total		398	720,777,863	1,082	542	1,624

Table 4.1.3

INDUSTRIAL DEVELOPMENT BOARD
ASSISTANCE TO DEVELOP EXISTING INDUSTRIES
January to December 2011

Province	District	No. of Units	Investment (Rs.)		Employment	
			Existing	Additional	Total	
					Existing	Additional
Central	Kandy	43	177,215,000	22,315,000	449	192
	Matale	20	19,015,000	3,900,000	72	26
	Nuwara Eliya	31	67,545,000	5,300,000	145	20
Total		94	263,775,000	31,515,000	666	238
Eastern	Ampara	12	15,518,525	2,690,000	52	16
	Trincomalee	22	55,000,000	16,025,000	90	95
	Batticaloa	22	25,090,000	9,623,800	159	77
Total		56	95,608,525	28,338,800	301	188
North Central	Anuradhapura	38	53,470,000	5,520,000	160	53
	Polonnaruwa	19	13,860,000	4,430,000	33	21
Total		57	67,330,000	9,950,000	193	74
Northern	Jaffna	27	6,230,000	4,895,000	79	92
	Vavuniya	23	26,350,000	2,790,000	147	9
Total		50	32,580,000	7,685,000	226	101
North Western	Kurunegala	37	75,555,000	26,380,000	179	108
	Puttalam	16	12,400,000	5,875,000	65	24
Total		53	87,955,000	32,255,000	244	132
Sabaragamuwa	Ratnapura	26	29,275,000	6,665,000	97	64
	Kegalle	53	214,975,000	90,827,000	376	200
Total		79	244,250,000	97,492,000	473	264
Southern	Galle	46	42,787,000	12,045,173	122	108
	Matara	44	179,660,000	57,350,000	260	80
	Hambantota	45	150,572,400	48,819,795	174	32
Total		135	373,019,400	118,214,968	556	220
Uva	Badulla	35	36,477,000	15,625,000	100	54
	Monaragala	28	21,525,000	5,364,000	83	26
Total		63	58,002,000	20,989,000	183	80
Western	Colombo	50	115,125,000	22,675,000	400	90
	Gampaha	58	233,700,000	10,500,000	521	130
	Kalutara	28	122,705,717	6,470,000	251	32
Total		136	471,530,717	39,645,000	1,172	252
Grand Total		723	1,694,050,642	386,084,768	4,014	1,549

Table 4.1.4

INDUSTRIAL DEVELOPMENT BOARD
ASSISTANCE TO PROMOTE SELF-EMPLOYMENT PROJECTS
January to December 2011

Province	District	No. of Units	Investment (Rs.)	Employment		
				Male	Female	Total
Central	Kandy	111	5,340,000	162	0	162
	Matale	61	1,892,000	33	33	66
	Nuwara Eliya	97	2,970,500	105	11	116
Total		269	10,202,500	300	44	344
Eastern	Ampara	71	3,330,000	49	26	75
	Trincomalee	44	3,088,000	62	4	66
	Batticaloa	52	3,818,000	58	20	78
Total		167	10,236,000	169	50	219
North Central	Anuradhapura	90	15,258,500	114	0	114
	Polonnaruwa	33	2,587,500	32	4	36
Total		123	17,846,000	146	4	150
Northern	Jaffna	30	4,041,000	36	22	58
	Vavuniya	-	-	-	-	-
Total		30	4,041,000	36	22	58
North Western	Kurunegala	93	3,000,000	99	17	116
	Puttalam	35	3,482,000	29	16	45
Total		128	6,482,000	128	33	161
Sabaragamuwa	Ratnapura	100	4,232,700	101	2	103
	Kegalle	126	19,267,000	113	44	157
Total		226	23,499,700	214	46	260
Southern	Galle	113	3,121,000	74	66	140
	Matara	129	12,143,000	134	5	139
	Hambantota	123	5,565,350	208	17	225
Total		365	20,829,350	416	88	504
Uva	Badulla	70	818,500	70	-	70
	Monaragala	67	1,423,350	62	6	68
Total		137	2,241,850	132	6	138
Western	Colombo	79	12,760,000	49	52	101
	Gampaha	80	9,182,000	35	62	97
	Kalutara	76	4,676,000	51	34	85
Total		235	26,618,000	135	148	283
Grand Total		1,680	121,996,400	1,676	441	2,117

Chart 4.1.1

New, Existing & Self Employed Industrial Units - 2011

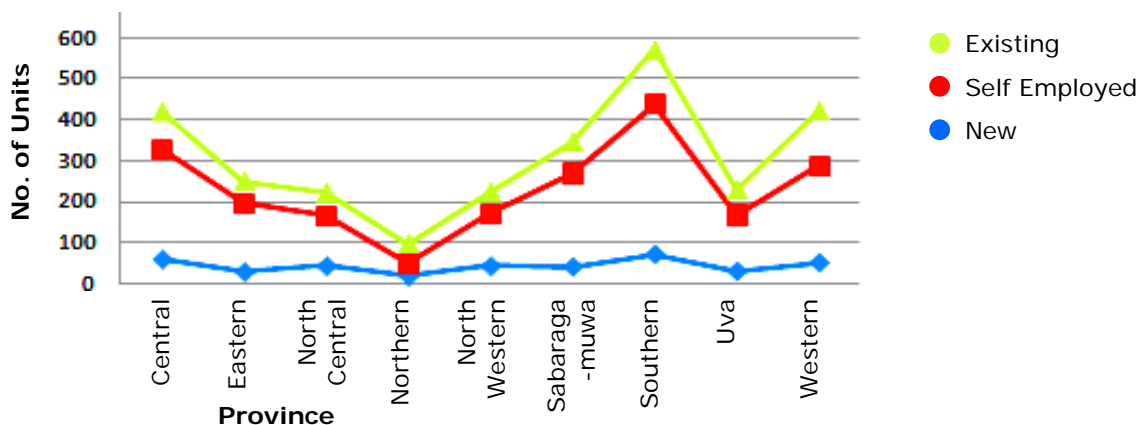
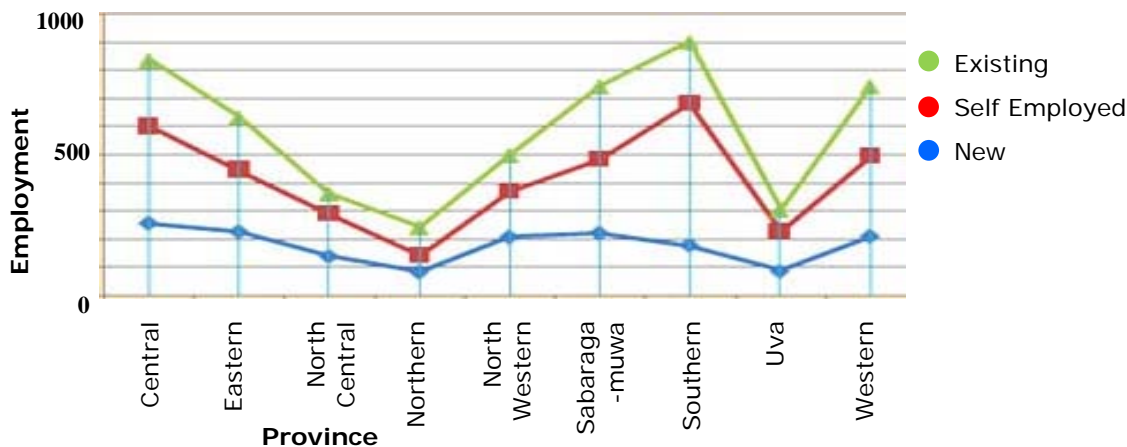


Chart 4.1.2

New, Existing & Self Employed Industrial Units And Generation of Employment - 2011



4.1.1 Industrial Village Development Programme

In 2005 this Programme was initiated as “Thousand Industrial Village Development Programme”. It was subsequently renamed as Production Village Development Programme. Rs. 400 Million was allocated in the year 2005 for this innovative large scale project. It is envisaged to complete 200 Industrial Villages annually during the five year period. Initially, more attention was given to traditional Industries like Blacksmithy, Coir and Clay etc. Later on non-traditional industries such as handmade paper, cut flowers and dried fish were also introduced under this project. Some of major objectives of this project are introduction of new machinery, production processes; enhancement of capabilities of beneficiaries with modern techniques, and providing marketing facilities etc. The Project period ended in 2009. It is expected to complete the balance work during the year 2011. The total fund allocation for the period 2005-2011 was Rs.710.74 million and the actual expenditure was Rs. 551.81 million. As a percentage, it stood approximately 77.6% by end of the 2011.

The total beneficiaries are 14,285. While 257 Production Villages were identified for development.

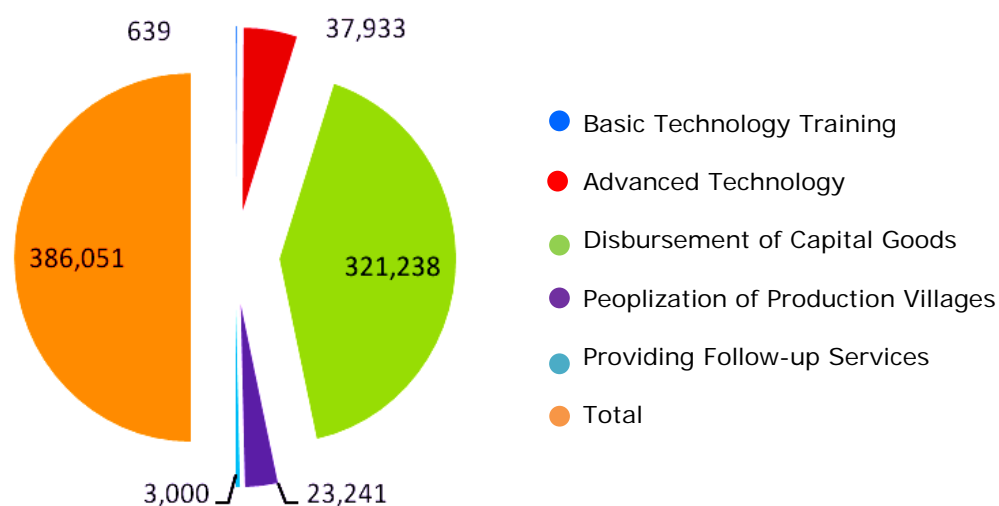
The achievement under the Production Village Development for the year under review is appended.

Table 4.1.5

Corporate Goal	Activities for Achieving Corporate Goal	No. of Units	Income (Rs.)
G1a Encourage, promote and develop our industries	16b. Implement special projects to promote new industries: b)Set up Production Villages; publicize via media & website public area		
	I Technology Transfer Programmes		
	(i) Conduct Basic Technology Training Programmes	01	639.00
	(ii) Conduct Advanced Technology Training Programmes	02	37,933.00
	2 Distribute Capital Goods		
	(i) Disbursement of Capital Goods	12	321,238.00
	3 Peoplization of Production Villages	12	23,241.00
	4 Provide follow-up services	151	3,000.00
TOTAL			386,051.00

Chart 4.1.3

Income of the Division -2011 (Rs.Mn)



4.1.2 National Programme for the Development of Kithul Industry

The Kithul palm is a very valuable tree with its multiple uses and the flower is the most useful part of the tree. The kithul flowers are tapped to obtain sap utilized to manufacture kithul toddy, trickle and juggary. Probably, most kithul trees are not tapped due to unawareness of its commercial value by the community.

Hence a special programme to develop Kithul Industry was initiated by the Ministry of Traditional Industries and Small Enterprise Development.

The objective of this programme is to promote Kithul Industry by uplifting the social and economic status of kithul producers. Among the other specific objectives are to increase the number of kithul tapping trees, enhance income level of beneficiaries, introduce high quality kithul products through technological innovation and product diversification and enhance local as well as foreign markets for kithul products.

By the end of December 2011 with the guidance of the Ministry, the IDB carried out the following development activities and the achievements are as follows.

Table 4.1.6

Corporate Goal	Activities for Achieving Corporate Goal		No. of Programmes	No. of Participants	Value (Rs.)
G1a. Encourage, promote and develop our industries	(i)	Awareness Programme for Officers	81	2,752	617,739
	(ii)	Awareness Programme for Tappers	188	7,187	2,492,625
	(iii)	Basic Technology Transfer Programmes	83	2,516	1,011,538
	(iv)	Trainers Training Programme	12	309	1,151,824
	(v)	Entrepreneurs Development Programme	10	146	493,928
	(vi)	Advanced Technology Transfer Programme	3	32	83,758
	(vii)	Follow up Programmes	32	0	75,882
TOTAL			409	12,942	1,271,307

Chart 4.1.4

Programmes for Development of Kithul Industry

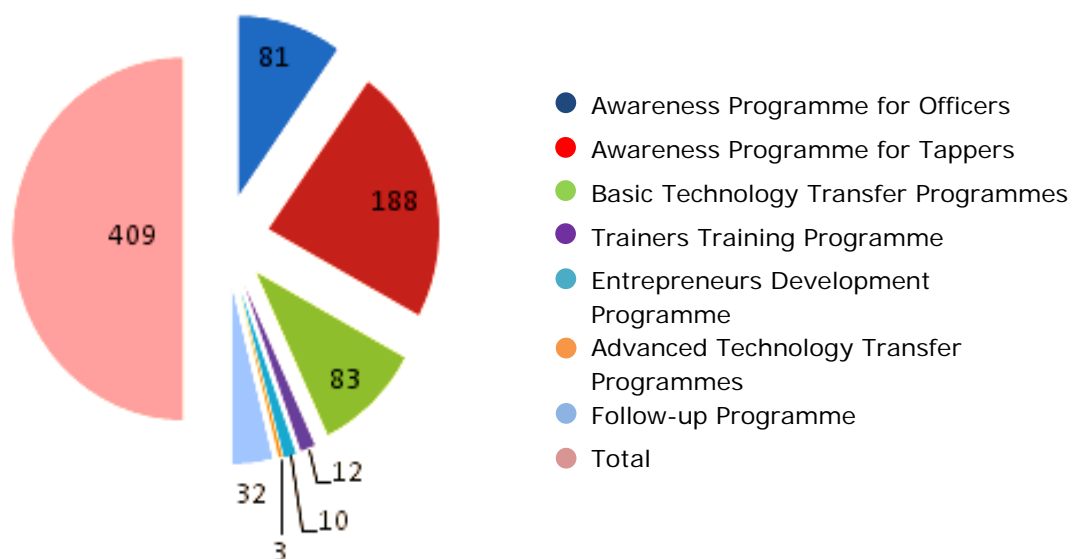


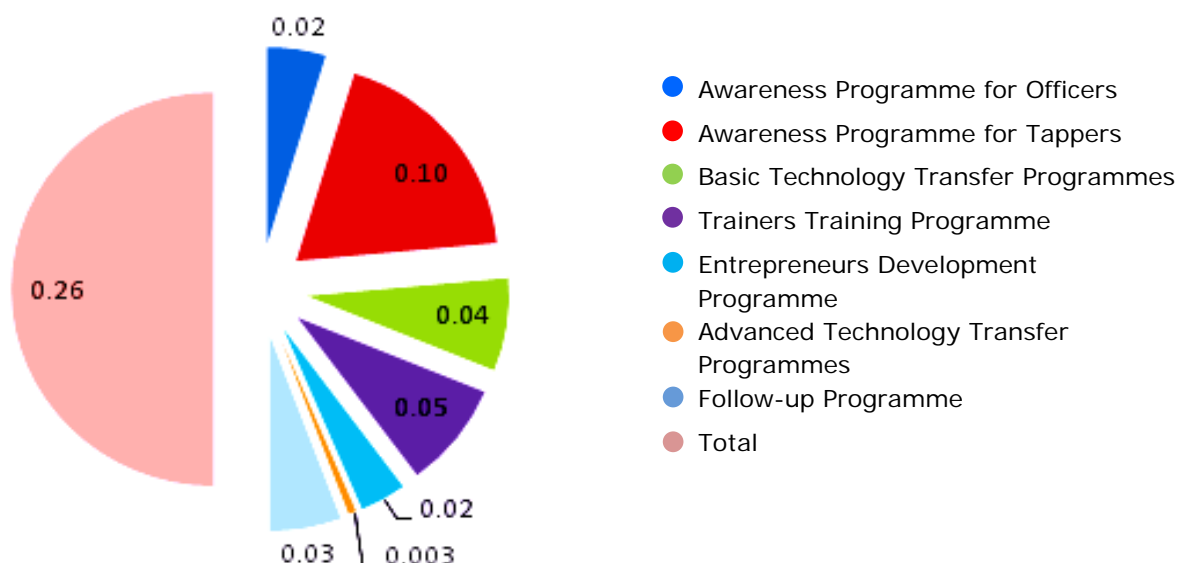
Table 4.1.7

Contribution to the Rural Economy

No.	Description	Measuring Indicator	Achievements
1	Increase of New Tapping Trees	No of Trees	16,165
2	Introduce New Tappers	No of Tappers	1,964
3	Increase Sap Production	Lts. Mn	68
4	Increase Trickle & Juggery Production	Rs.Mn	2,909
5	Register Tappers	No of Tappers	5,635
6	Issue Identity Cards for Tappers	No of IDs	1,523
7	Establish New Industries	No of Industries	67
8	Establish Tappers' Organization	No of Organizations	12

Chart 4.1.5

Income of the Division - 2011 (Rs. Mn.)



4.2 RUBBER PRODUCTS DEVELOPMENT AND SERVICES CENTRE

The Rubber Products Development and Services Centre (RPD&SC) was set up in 1980 at Peliyagoda under the directions and financial assistance of the World Bank to assist the local rubber-based industries, the SMIs in particular. Since then the Centre has been providing services to the local rubber products manufacturers. They are approximately 200 longstanding rubber-based industrialists who are regular customers who make use of our services such as:

- Technical consultancy and extension services
- Product and Process Development
- Testing and Quality Certification
- Provision of Semi Commercial Services
- Orientation to new market requirements
- Serve as a link between the Academic and R & D Institutions and the industry in general

According to the new Corporate Plan (2011-2013) implemented from year 2011, the performance of the Division is as follows.

Chart 4.2.1
Income of the Division - 2011 (Rs. Mn.)

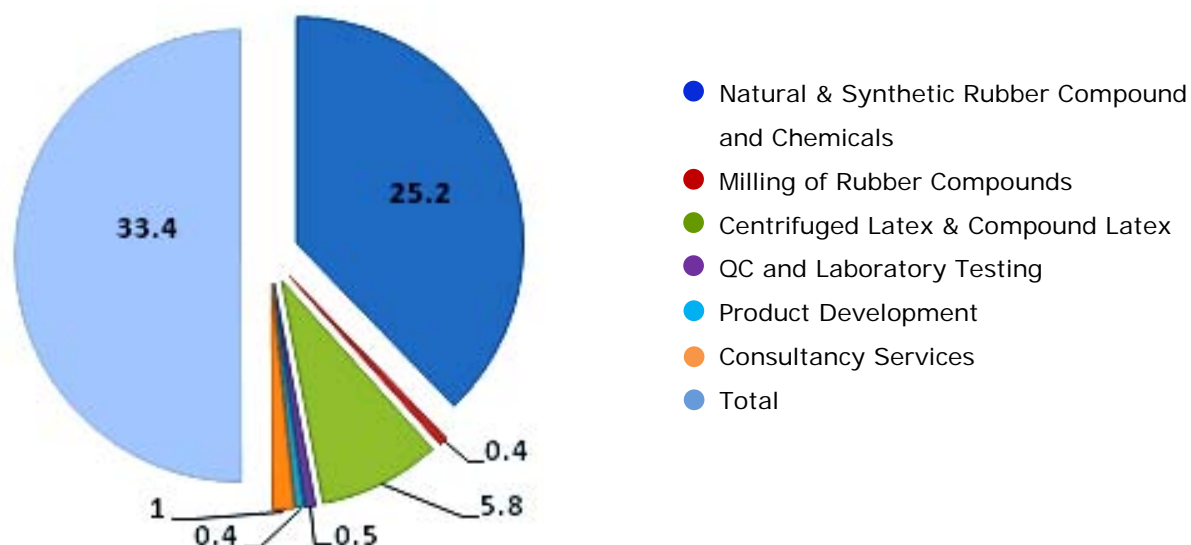


Table 4.2.1

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
G1a Encourage promote & develop our industries	10. Provide technological & related assistance to improve / expand / modernize existing industries		
	(i) Technical Assistance including Quality Improvement for existing industries	Jobs	42
	(ii) Quality Testing and Certification	Jobs	150
	12. Conduct technical training programmes & technology transfer demonstrations, programmes & workshops; promote service via email/media and website public area		
	(i) General Consultancy and Transfer of Technology	No. of Clients	179
	(ii) Technology Transfer Demonstrations on Dry Rubber & Latex based products	No. of Demos	25
	(iii) Technology Transfer Workshops to up-grade the quality of products manufactured	No. of Workshops	03
	(iv) Conduct customized training programmes on Quality Control & Laboratory testing and Manufacturing of Printing Rollers	No. of programmes	03
	19. <i>Prepare project, technical & marketing feasibility reports for SMIs</i>		
(i) Project Proposal for strengthening the Product Development, Testing and Quality assurance facilities of the Rubber Product Development and Services Centre to serve the growing technology needs of the Rubber Products Manufacturing Sector.			
(ii) Prepared a report for M/s. Aroma Rubber Industries regarding the present status of the industry and proposals for development.			
G1b Entrepreneur training, developing & providing consultancy	7. Providing counseling & consultancy for entrepreneurs in: marketing, technology, finance, management, production etc.		
	(i) Technical assistance to create self employment and set up new industries	No. of Industries	28

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries	
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice	4.	Provide rubber product and compound development facilities		
	(i)	Product and process Development	No. of Jobs	130
		The Designing of compounds and process technologies for the following products have been developed and transferred to the industrialists.		
	i.	Air Diaphragm		
	ii.	Heat sensitive rubber sleeve		
	iii.	Motor Coupling		
	iv.	EPDM Rubber Beading		
	v.	Dust Seal Compound		
	vi.	NBR based food grade rubber compound		
	vii.	Non conductive rubber mount		
	viii.	Printing roller		
	ix.	Water resistant Rubber Beading		
	x.	Vibration Mount		
	xi.	Rubber Bellow		
	xii.	NVC based Oil Seal		
	xiii.	Generator Mount		
	xiv.	Air Compressor Seal		
	xv.	Volvo Rubber Mount		
xvi.	Water and Heat Resistant Diaphragm			
xvii.	Torque Arm Bush			
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice	SPECIAL WORK carried out by the Division –			
	1. Import Substitution			
	a. Rubber products for Sugar Plant, Pelawatte. Designed and developed Rubber compounds and transferred technologies to manufacture the following Import substitution items to Pelawatte Sugar Plant.			
	(i) Air Diaphragm (ii) Rubber seal for Molasses tank (iii) Anti buffer Mount for Molasses Machine (iv) Rubber packing for Yoghurt manufacturing machine.			
	b. Rubber Products for Mahaweli Authority (Kothmale Project) Develop a Natural Rubber Latex Compound and Manufactur Rubber Bellows for Water Pressurizing Instrument of Mahaweli Authority as import substitution.			
	2. Design and develop a rubber compound for Water Seals at the request of O. K. Plastics Company, Tanzania.			
	5.	Provide quality testing and certification of rubber products & semi-finished goods and raw materials		
	(A)	Research and Development Activities		
	(i)	Use of DPG as a secondary gelling agent to substitute EFA was investigated. It showed satisfactory results in the manufacturing process of Latex Foam.		
	(ii)	Designed and developed Rubber compounds using Bakelite hardener material to substitute NVC rubber in rubber compounds.		
	13.	Milling of Rubber Compounds		
		Item	Quantity	Income (Rs.)
	(i)	Natural and Synthetic Rubber Compounds and Chemicals	49647 Kgs.	25,169,427
(ii)	Milling of Rubber Compound	25951 Kgs.	379,317	
(iii)	Centrifuged Latex & Compound	12239 Litres	5,831,205	

Income of the Centre from :			
	(iv)	Quality Control & Laboratory Testing	572,499
	(v)	Product Development Services	389,189
	(vi)	Extension & Consultancy Services	1,051,844
TOTAL INCOME			33,393,481

The revenue from production and sale of rubber compound, latex compounds, milling of rubber compound, sale of chemicals and providing services are given in the above Table.

The Centre has progressed well towards its goal of becoming a self financing unit during the year under review. The Division generated a **total income of Rs. 33 million** from its services and commercial operations during 2011.

4.3 CENTRE FOR THE DEVELOPMENT OF LEATHER PRODUCTS AND FOOTWEAR (CDLP&F)

The Leather Products and Footwear Development Centre was established in 1993 to assist small and medium leather industries after identifying this sector as a one of the potential area for the development. Presently, there are 7 large leather industries, 30 medium scale industries and approximately 3000 small scale units in operation. Nearly 20,000 employment opportunities have been generated in this sector.

The activities of the division are as follows.

- Provide technical & related assistance to start/improve/expand/modernize leather industries.
- Conduct technical training programs and technology transfer demonstration, programmes and workshops.
- Provide technical support, advice and consultancy services.
- Prepare project, technical and marketing Feasibility Reports for leather sector SMIs.
- Facilitate sub-contracting in the Leather Sector.
- Help leather product manufacturers to improve their product quality to export standards.
- Provide processing facilities for footwear.

Chart 4.3.1
Income of the Division - 2011 (Rs. Mn.)

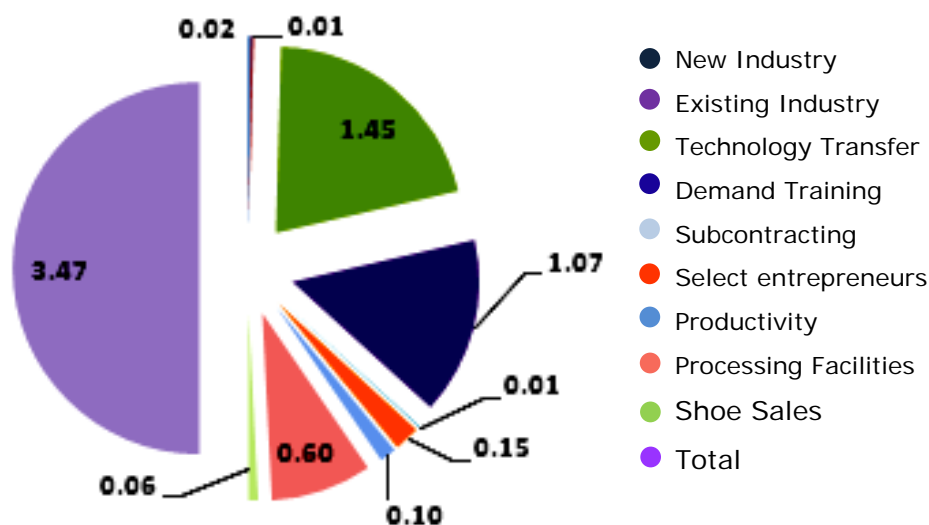


Table 4.3.1

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
G1a Encourage promote & develop our industries	6. Select products for promotion with MC & Material suppliers and post members area		
	(i) Conducted Buyer Seller Meetings	No.	01
	8. Create and Commission Home-based Industrial Economic Units		
	(i) Facilitated 220 newly established home-based economic units, Twenty (20) leading Footwear & Leather Goods Manufacturers entered into an agreement with the IDB to provide sub-contracting facilities	No. of units	220
	9. Provide technological & related assistance to start new enterprises, and commission new enterprises		
	(i) Services were provided directly to establish new Footwear and Leather Goods manufacturing units	No. of Units	15
G1a Encourage promote & develop our industries	10. Provide technological & related assistance to improve/expand /modernize existing industries		
	(i) Technological and related assistance were provided to improve/expand/modernize existing industries	No. of industries	10
	12. Conduct technical training programmes and technology transfer demonstration, programmes & Workshops		
	(i) 11 Technology Transfer Programmes were conducted in Colombo, Matara, Kegalle and Monaragala Districts for 172 entrepreneurs to enable them to find jobs in the private sector and commence self-employment projects under the funds of government and non-governmental organizations.	No. of Entrepreneurs	172

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
	13.	Provide technical support, advice & Consultancy Services	
	(i)	In order to improve the quality of products, small as well as large scale footwear and leather sector industries were provided with technical know-how, advice and consultancy.	No. of industries 84
	14.	Conduct sector-wise demand driven training programmes	
	(i)	Training Programmes on Footwear Designing & Pattern Making were conducted for the development of the footwear sector.	No. of Entrepreneurs 109
	25.	Facilitate Subcontracting (Footwear)	
G1b Entrepreneur training & developing and providing consultancy	1.	Select prospective entrepreneurs via awareness programmes by analyzing their interests, suitability and needs	
	(i)	No. of industries	09
		No. of entrepreneurs	153
G6 Foster the export of our industrial products	8.	Help manufacturers to improve product quality to export standards; Publicize this service via media, and post on general website area	
	(i)	Organized small and medium footwear & leather manufacturers who were engaged with IDB for overseas training (17 for India, 15 for China) programme of productivity improvement and technical exposure.	No. of manufacturers 32
G7 Engage in or cooperate with local bodies or foreign institutions or governments in the display or distribution of our industrial products	2.	Participate in local trade fairs for industry and post on website	
	(i)	Organized Trade Fairs collaboration with Footwear and Leather Goods Industrialist Guild (FLIG) in various places such as; Nugegoda, Battaramulla, Jubili Hall, specially for SME Footwear Industrialists.	No. of Trade Fairs 03

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities and legal advice	6.	Provide processing facilities for footwear; promote service via e-mail to members and post details on website	
	(i)	Small scale footwear and leather manufacturers were provided with machinery facilities at IDB Leather Centre, Katubedda.	442
Total Income of the division			Rs. 3.5 mn.

Special Activities

1. Participated and contributed to policy formation process in various committees in association with the Ministry of Industry and Commerce, National Committee on Economic Development (NCED), Sri Lanka Export Development Board (EDB), National Apprentice and Industrial Training Authority (NAITA), and Sri Lanka Standard Institute. By these advisory committees suggestions were made towards the developing of Footwear and Leather Products Manufacturing Sector in Sri Lanka.
2. Presently one of the main problems faced by this sector is lack of graduate employees (source from Vocational Educational Training Plan - 2010). Using various type of exhibitions and promotional activities, we could get attraction of newly passed out graduates and the selected people were trained and encourage them to managerial post.
3. Catered to the needs of unskilled labourer for requirements of major Footwear and Leather Goods Manufacturing Companies.
4. Provided incubator facilities to those who were trained under IDB to reduce risk of their initial investment.
5. Maintain a database of Footwear and Leather Goods Manufactures and Training Institutes in Sri Lanka. This is the largest data base containing various information on all aspects of the sector.
6. Restarted the Footwear and Leather goods Manufacturing Unit at the Palkelele Prison and assisted in improving it.

7. Parallel to the Divineguma Project, the 20 leading Footwear and Leather Goods Manufacturers of Sri Lanka and IDB signed an agreement to provide sub-contracting facilities to industrialists and home-based economic units. This facility was obtained by 220 newly home based economic units.
8. Inaugurated and commenced the production process of Millapitiya, Footwear and Leather Goods Manufacturing Village at Nuwara Eliya.
9. The Following Footwear and Leather Manufacturing villages are operating successfully under the supervision of IDB: Hambantota-Muthiammagama, Galle-Ampawila, Anuradhapura-Devanampiyatissapura, Jaffna-Karawedi; N'eliya-Walapane, Rathnapura-Pallegedara, Gampaha – Negombo.

4.4 PLANNING DIVISION

General

Planning Division has a challenging job of re-designing and re-defining the strategies of the IDB to serve the SME sector since the world economy is undergoing a major transformation.

Activities Assigned to the Division:

- Formulate policy and strategy guidelines in accordance with the mandatory objectives of the IDB and the Industrial Development Act. No. 36 of 1969
- Facilitate to prepare Corporate Plan of the IDB and follow up of the Corporate Plan, divisional wise
- Implement Results Based Monitoring and Evaluation Frame Work and develop outcome indicators through a participatory process
- Formulate and forward relevant progress report according to management for development results to the Ministry of Traditional Industries and Small Enterprise Development and other related organizations
- Prepare Capital & Recurrent Expenditure Requirements in accordance with organizational Budget and overall Action Plan
- Coordinate and interact with external organizations to encourage, promote and develop industries in Sri Lanka

- Conduct Enterprise Survey, update Industry related statistics and prepare relevant Sector Development Plans and Reports
- Ensure the IDB participation in existing industry related policy making committees and prepare policy papers as and when necessary
- Prepare Project Proposals for foreign funding
- Undertake specific Feasibility Studies /Project Reports for clients
- Prepare and Evaluate Model Project Reports

Table 4.4.1

Corporate Goal	Activities for Achieving Corporate Goal	Measuring Indicator	No. of Beneficiaries
G1a Encourage promote & develop our industries	19. Prepare Project Reports for SMIs		
	(i) Following Project Reports were prepared on the request of the industrialists. <ul style="list-style-type: none"> • Yoghurt • Polythene products • To Construct a Guest House • Bottling of Drinking Water • Exercise Books • To Build and Operate a Tourist Hotel • Processing of Rice 	No.	07
G1b Entrepreneur training & developing and providing consultancy	7. Provide counseling for entrepreneurs		
	(i) The Division has provided information to start new industries, expand existing industries and to modernize existing industries.	No. industrialists	115
G3 Establish, maintain & carry on Industrial Estates	11. Survey the satisfaction levels & needs of all occupants of all industrial estates, and prepare reports		
	(i) Developed a Questionnaire on satisfaction levels and needs of all occupants of Industrial Estates	Nos.	01
G5a Foster industrial research for using our natural resources	2. Identify viable pilot projects for R&D on natural resource usage		
	(i) Developed a Questionnaire on Natural Resource Usage covering: <ul style="list-style-type: none"> (a) Existing technologies (b) New technologies 	No.	01
G13 Improve the organizational, administrative & financial efficiency of IDB	1. Facilitate the preparation of the IDB 3-year Corporate Plan (2011-2013)		
	(i) The IDB Corporate Plan (2011-2013) was prepared and Board approval was granted.	No. of reports	01
	3. Review and modify 3-year Activity Plan quarterly		
	(i) 4 Quarterly Reports of the Activity Plan were prepared	No. of reports	04

Other work carried out by the Division:

(I) Proposed Plan for Validation of Administrative Forms of the IDB

The Asian Productivity Organization (APO) under its demonstration project on Productivity Improvement has selected IDB as the demonstration organization from the year 2011 focusing on the service organizations in the Government Sector. The project focuses on improvement in productivity by adoption of productivity tools, techniques and service innovations. As a part of this project, a cross functional team was appointed to review all IDB internal administrative forms and make necessary improvements in order to enhance operational efficiency and shortening duration of the process cycle.

In view of the above, the Planning Division was entrusted with designing and preparing the Work Plan for the above project and also to revise and restructure the Administrative Forms of the IDB by the Chairman. The work assigned to the division has been completed and the approval of the Board was obtained.

(II) The National Exhibition & Trade Fair - 2011 27-30 October, 2011 at Sirimavo Bandaranaike Memorial Convention Centre

In parallel to this exhibition Selection of Competitors for National Awards was conducted by the IDB with the assistance of Panel of Judges representing outside organizations. This task was entrusted to the Planning Division by the management. Best entrepreneurs for the National Awards were selected from 14 industrial sectors in Small & Medium Scale Industries category and Self-employment category.

(III) Results Based Monitoring & Evaluation Frame Work (RBME)

The Results Based Monitoring & Evaluation Frame Work is a part of the Corporate Plan. Planning Division has completed this project and the Board approval was obtained.

(IV) The Division has provided statistical data to following government and non-governmental organizations and industrialists.

- Central Bank for Annual Report
- Census and Statistical Department for National Account Estimates
- Ministry of Economic Development
- University students from Colombo, Sri Jayawardenapura and Kelaniya for their research Studies on Economics

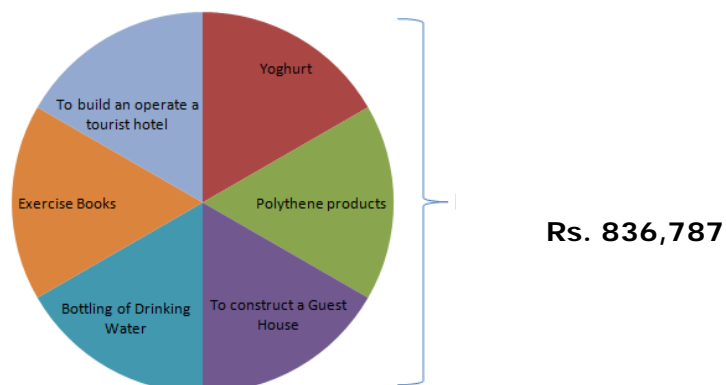
- List of industrialists of Rice Mill and Coconut Mill Industrialist for Ministry of Livestock and Rural Community Development
- Information on Rubber, foods, chemical, wooden, coir and coir based products for industrialists
- Information on Training Programmes for self-employed industrialists of the IDB for Ministry of Economic Development for their database.

(V) Income Generation

(i) Project Report on External Requests	- Rs. 836,787
Total Income	- Rs. 836,787

Chart 4.4.1

Income Generation from Project Reports Prepared on External Requests



4.5. MARKETING DIVISION

General

The Marketing Division is the dynamic force of the IDB, encompassing activities involved in the process of goods manufactured by Small and Medium Industrialists and Self-employed throughout the island. It serves the ultimate customer by establishing a long term mutually beneficial trade relationship to their entire satisfaction.

Activities Assigned

- Organize and Conduct National Exhibition (Deyata Kirula), Annual Exhibition (Shilpa) and Regional Exhibitions/Trade Fairs

- Organize National Award Ceremony (Shilpa)
- Provide Sales Facilities at “Lakkam”, “Laknipaum” and “Kithula” Sales Centers
- Provide sub contracting facilities
- Provide raw materials through the Raw Material Bank
- Provide scrap materials to industrialists
- Provide marketing assistances and consultancy services to the Industrialists
- Manage customer relationships
- Develop marketing skills and capabilities

Performance Highlights

Laknipayum and Lakkam Sales Centers

Laknipayum and Lakkam sales outlets provide display and sales facilities with the view of uplift the productivity and promote marketing of products of small and medium industrialists (SMIs) and self employees (SEs) island wide.

Sub Contracting Exchange (SCX)

The Sub Contracting Exchange (SCX) of the Marketing Division funded by the World Bank functions since 1982. It coordinates the Government and non-government organizations involved in the supply of goods manufactured by the SMEs.

Raw Material Bank

The Raw Material Bank integrates with the Rubber Products Development Centre (RPD&SC) Peliyagoda and supply raw material to the local industries at reasonable price.

Metal Scrap Project

The Marketing Division purchases metal scrap such as ferrous, non-ferrous and other related items from government institutions at agreed prices on behalf of the IDB. These items are sold as raw materials to the Light Engineering industrialists who are registered with the IDB.

Exhibitions

The IDB organizes Exhibitions for Micro, Small and Medium Entrepreneurs (MSMEs) on District and Provincial levels. The Annual National Level Exhibitions & Trade Fairs are held subsequent to the District & Provincial level Exhibitions in order to select the all island outstanding entrepreneurs in MSME Categories. These Exhibitions facilitate to create employment opportunities and commencement of small industries.

Special Activities:

The following special activities were undertaken by the Division during the year under review.

- (i) Participated in “Deyata Kirula” Exhibition at Monaragala District in February, 2011.
- (ii) Participated in the “Vidulka” Exhibition organized by Sri Lanka Energy Authority of Ministry of Power & Entergy in August 2011.

Chart 4.5.1

Income of the Division - 2011 (Rs. Mn.)

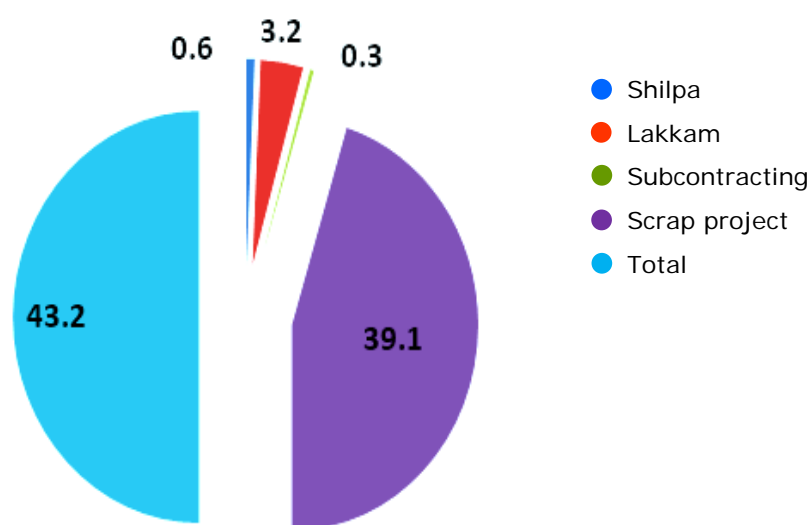


Table 4.5.1

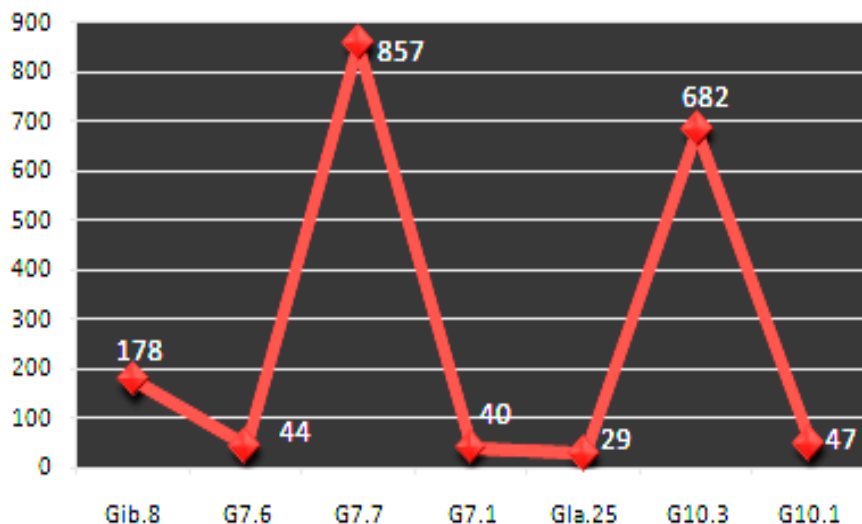
Income Generated and Physical Key Performance

Corporate Goal			
G1a	Encourage, promote and develop our industries		
G1b	Entrepreneur training and developing and providing consultancy		
G7	Engage in or co-operate with local bodies or foreign institutions or governments in the display or distribution of local industrial products		
G10	Assist financially or otherwise any local body or person(s) in the purchase of industrial machinery or raw materials or in provision of related facilities		
G1a.25	Facilitate subcontracting and promote service via email/media & website public area		
(A)	Improve Sales Volume of SMEs		
(i)	Facilitated to provide sub-contracting	Distribution of Orders	27
		Value of Orders (Rs) '000	6,130
		No of Industrialists facilitated to obtain sub contracting	29
		Cost (Rs) '000	68
		IDB Income (Rs) '000	374

Activities for Achieving Corporate Goal		Measuring Indicator	Achievement
G1b.8	Organize and conduct IDB National “Shilpa” Exhibition and awards for entrepreneurs; publicise via media & post on website public area		
(B)	Improve Market Share of SMEs		
(i)	Organize National Exhibition "SHILPA" in collaboration with the Ministry	No	1
		No of Enterprises Served	178
		Income (Rs) '000	623
(ii)	Participate in exhibitions organized by other institutions	No	1
		No of Enterprises Served	15
(iii)	Organize National Award Ceremony	No	1
		No of District Awards	310
		No of Provincial Awards	89
		No of National Awards	46
G7.1	Create regional Display and Sale Centres for industrial products, and publicise via media an website public area		
(i)	Provide sales facilities through “Kithula Sales Centre”.	No of Enterprises Served	40
		Sales Turnover (Rs) '000	1,030
		Cost (Rs) '000	709
G7.6	Improve display and sales facilities at “Laknipayum” Sales Centre		
(i)	Provide sales facilities through "Laknipayum Sales Centre"	No of Industrialists Facilitated	44
		Sales Turnover (Rs) '000	3,487
		Cost (Rs) '000	3,060
G7.7	Improve display and sales facilities at “Lakkam” Sales Centre		
(i)	Provide sales facilities through "Lakkam Sales Centre"	No of Industrialists Facilitated	857
		Sales Turnover (Rs) '000	13,886
		Cost (Rs) '000	11,870
		IDB income (Rs) '000	3,211
G7.8	Organize the National Exhibition “Deyata Kirula” with Ministry		
	Organizing "DEYATA KIRULA" National Exhibition in collaboration with the Ministry	No	01
G10.1	Develop the IDB Raw Material Bank (bulk purchasing & retails sale of raw materials needed by buyers)		
	Promote the Raw Material Bank	Volume of Supplies(Qty. kg)	845
		Sales Value (Rs.) '000	479
		No of Beneficiaries	47
G10.3	Sell collected scrap metal to IDB member light industries at special rates on quotas decided by a committee		
(i)	Providing metal scrap on concessionary rate to Light Engineering industrialists through Scrap Project	Qty Purchase (MT)	526
		Distribution of scraps among the Industrialists	682
		Sales Turnover (Rs.) '000	39,170

Chart 4.5.2

Services Provided to Industrialists - 2011



G.No	Activity Name
Gib8	Exhibition SHILPA
G7.6	Laknipayum Sales
G7.7	Lakkam Sales
G7.1	Kithula Sales
Gla.25	Sub Contracting
G10.3	Scrap Project
G10.1	Raw Material Bank

4.6 INDUSTRIAL ESTATES DIVISION

Introduction

The Industrial Development Board of Ceylon which is a statutory body established under the Industrial Development Act No. 36 of 1969 is entrusted with responsibility of encouragement development and promotion of small and medium Industries. Section 33 (2) (a) of the Act empowers the Board "To establish, maintain and carry on Industrial Estates in Ceylon"

The main objective of the Division is to provide infrastructure facilities to industrialists in Sri Lanka. The functions entrusted to the Industrial Estates Division are as follows.

Major Activities:

- Re activation of Industrial Estate Atchchuvvely
- Select enterprises for Industrial Estates
- Allocation of factory units/developed plots in Industrial Estates.
- Entering into agreement with the Industrial Estate Units/Plots
- Monitor timely commencement of enterprises in Industrial Estates.
- Collect rent from Industrial Estate occupations
- Collect debts from Industrial Estate occupations
- Maintain industrial estate facilities
- Establish a Revolving Funds to maintain Industrial Estates

Performance and the Highlight of the Division

The Industrial Estates located at Ekala, Pallekelle, Horana, Pannala, Galigamuwa, Wavulugala, Pussella, Beliatta, Karandeniya, Matale, Negampaha, Vavuniya, Buttala, Lunuvila, Mihintale, Baddegama, Panaluwa and Kotagala were maintained by the Division.

Rs. 43.2 million was earned by way of rental, debtors and other payments during the year 2011. Established Revolving Funds to maintain Industrial Estates in 2011 earning **Rs. 2.7 million**.

Reactivate of Atchuvvely Industrial Estate

With the commencement of the peace process, the government of Sri Lanka was keen to reactivate the Industrial Estate in Atchuvvely. The Sri Lankan government and the Indian government entered into a Memorandum of Understanding (MOU) to reactivate of Atchuvvely Industrial Estate in Ministry of Economic Development. The objective of the Industrial Estates Division was to stimulate entrepreneurs to commence industries by providing them with basic infrastructure facilities including readymade factory buildings. Due to the civil war the factories were demolished and the industrialists lost their capital and the employees numbering around 2000 lost their jobs.

The following benefits are envisaged through the reactivation of Atchuvvely Industrial Estate;

- Facilitating former Tenants industrialist to commence their industries
- Setting up of industries by new investors
- Generation of employment opportunities to un-employed youth
- Utilization of local resources resulting in economic development

During the first phase 25 acres will be developed targeting with SMEs waiting to operate with their investment. Subsequently large apparel companies will be given an opportunity to operate their businesses.

The total development will include development of the infrastructure facilities for 25 acres which would include fencing, construction of guard room, quarters, gate, water supply scheme with treatment plant, electricity and power supply, approach and internal roads, telecommunication facilities, administration buildings. The total estimated cost for this project is Rs. 199 million. The government of India will provide financial assistance of Rs. 174 million to activate this project in 2011 and 2012. In addition domestic fund of Rs. 25 million will be granted by the government Sri Lanka.

Out of Rs. 199 million, Rs. 9.3 million has been spent for preliminary studies and investigations, perimeter survey and blocking out survey, land clearing, construction of Administrative Building, construction of building for Post Office, Canteen & Superintendent's Quarters, Telecommunication, Solid Waste Disposal and Promotional Activities.

Allocation of Factory Units and Developed Plots to the Industrialists

Details of the allocation of Developed Plots and the Factory Units during 2011 are as follows:

Table 4.6.1

Industrial Estate	Developed Plots	Factory Units
Ekala	04	03
Pallekele	08	02
Horana	01	-
Pannala	02	-
Pussella	02	-
Panaluwa	03	-
Total	20	05

Expected employment generation is approximately 600 from the above allocations.

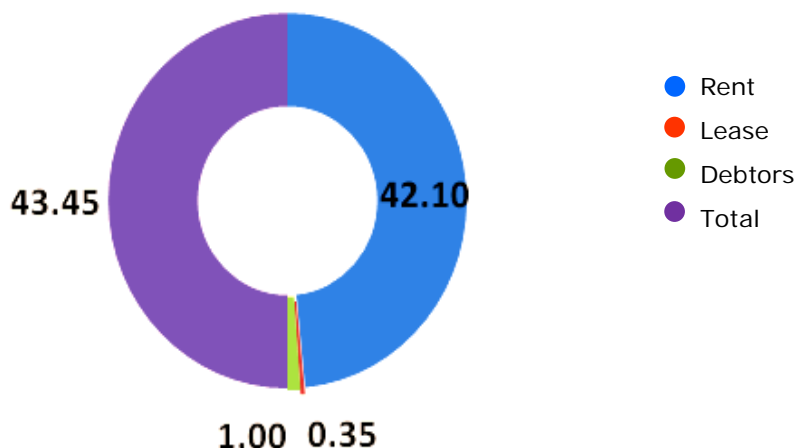
Atchvely Industrial Estate – Jaffna Please see annexure (I)

arget and Additional Physical Key Performance

Action Plan of the Division - Please see annexure (II)

Chart 4.6.1

Income of the Division - 2011 (Rs. Mn.)



4.7 THE CENTRE FOR INDUSTRIAL TECHNOLOGY INFORMATION SERVICES (CITIS)

The main role of the Centre for Industrial Technology Information Services (CITIS) is to offer industrial information in order to enhance, promote and develop micro, small and medium scale industries in Sri Lanka. It bridges the gap between the entrepreneurs and the industrial technology information. CITIS entrusted with this task consists of a Library, Industrial Information Unit, Printing and Publication Unit and Information Technology Unit as sub units for the provision of these services.

Activities assigned to the Division:

- Provide industrial information to set up new industries and enhance existing industries
- Provide counseling services
- Provide internet and e-mail facilities
- Provide local and foreign machinery information
- Provide industrialists graphic designing and typesetting services such as letter heads, labels, visiting cards and notices etc.
- Conduct basic training programmes
- Provide photocopy services
- Sale of Publication
- Publish Karmantha Magazine
- Provide facilities and conduct training programmes
- Participate in exhibitions

Chart 4.7.1

Income of the Division - 2011 (Rs. Mn.)

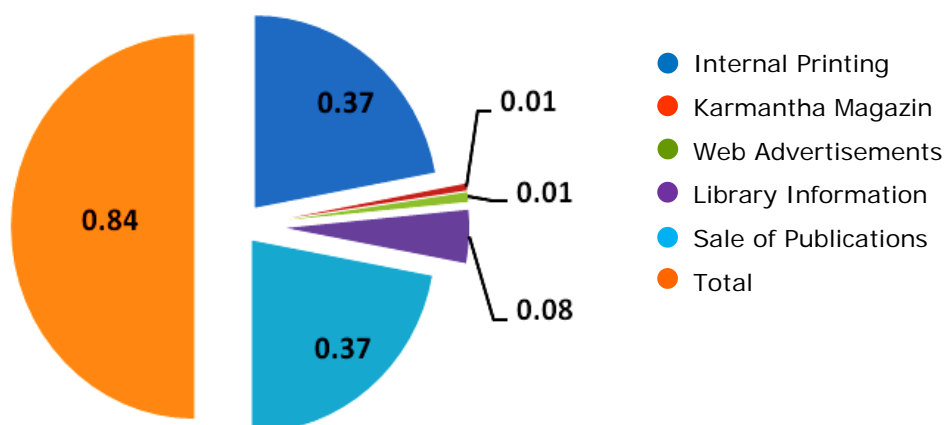


Table 4.7.1

Corporate Goal		Activities for Achieving Corporate Goal	Measuring Indicator	Achievement
G1a Encourage, promote & develop our industries	27.	Publish the quarterly "Karmantha" Journal in website public area and publicize via email/media		
	A	Publication of "Karmantha" Magazine		
		Volume 31 No. 4 Volume 32 No. 1 Volume 32 No. 2	Nos.	03
	B	Preparation of Publications/Documentary on Industrial Information		
	- Hand books on self employment projects - Garlic - Fruit Drink Manufacturing - Update and reprint "Karmantha Athpotha" - Update and reprint "How to Start an Industry"	Nos.	05	
G1b Entrepreneur training, developing & providing consultancy	3.	Provide commercial & technical training to entrepreneurs; Promote service via email/media & website public area		
	(i)	<i>Training Programmes for entrepreneurs</i>	Nos.	07
G9 Provide all services & facilities to industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice	11.	Provide library & customized information services;		
	(i)	<i>Counseling Services</i>	Clients	984
	(ii)	<i>Inquiry Answer Services</i>	Clients	1,383
	12.	Provide printing services; promote via email to members and website		
	(i)	<i>Publicizing IDB Services</i>	Nos.	17
G11 Build IDB's corporate image among all stakeholders, target groups, public & media	4.	Improve the structure of IDB website, with 3 partitions (public members & staff with user ID & password access)		
	(i)	Web publicity	Nos.	08

Table 4.7.2

SUMMARY OF INCOME – 2011 CITIS	
Internal Printing Income	Rs. 376,603
Sales of Publications	Rs. 370,367
Web Advertising	Rs. 14,500
Library Membership and photocopy for external information	Rs. 75,770
Sale of Karmantha Journal	Rs. 9,916
TOTAL:	Rs. 847,156

4.8 ENGINEERING DIVISION

4.8.1 General

The sections and the Centres, which fall under the purview of the Division are as follows:

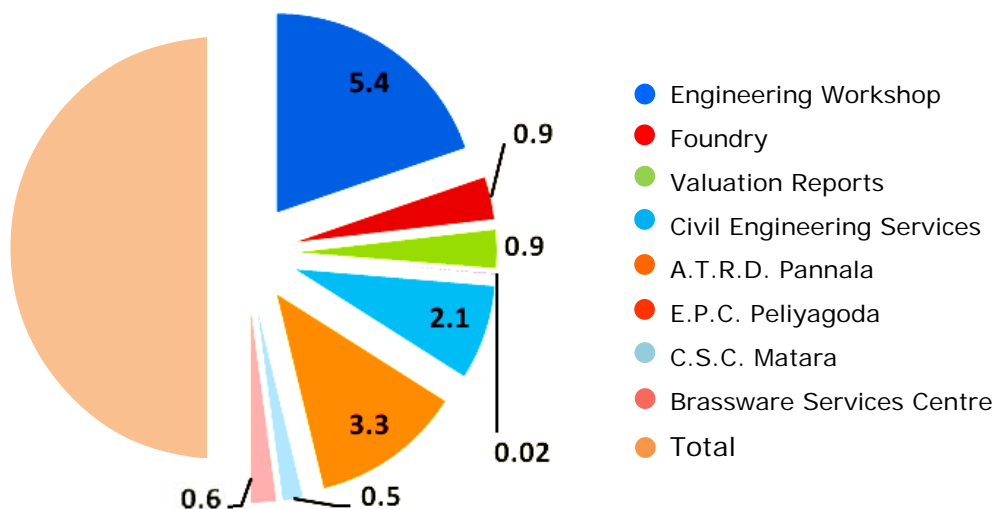
- a) Head Office at Katubedda - Engineering Workshop, Foundry, Engineering Office (for Technical Information & Consultations, Valuation Reports), Civil Engineering, Electrical Engineering and Vehicle Maintenance support
- b) At Peliyagoda - Electroplating Centre (E.P.C.)
- c) At Pannala - Appropriate Technology Research & Development Centre (A.T.R.D.C.)
- d) At Matara – Common Services Centre (C.S.C.– Matara)
- e) At Pamunuwa - Brassware Services Centre

4.8.2 Activities of the Division

- Conduct technical training programs and technology transfer demonstration, programs & workshops
- Provide technical support, advice & consultancy services
- Prepare Technical & Valuation Reports
- Set up a Display & Demonstration Centre for IDB-made machinery
- Provide workshop services: machining, fabricating, heat treatment, etc.
- Provide foundry casting jobs, facilities & services
- Provide electroplating jobs & services
- Identify, test & recommend machinery & tools suitable for different industry sectors
- Sell moulding sand, fire bricks & grinding wheels
- Manufacture, sell, supply & install machines
- Acquire new engineering technologies, or arrange technology exchanges with relevant bodies

Chart 4.8.1

Income of the Division - 2011 (Rs. Mn.)



In year 2011, the activities of the Engineering Division were geared to:

- a) Provide existing and new/potential industrialists with assistance in the selection of raw materials and machinery, design/development and technology/process know-how
- c) Provide fabrication, casting and metal finishing services to industrialists on jobbing orders
- d) Provide internal maintenance, repairs/renovations and construction planning and supervisory support to the Board in Civil and Electrical Engineering fields and technical and supervisory support for Board's vehicle maintenance needs
- e) Provide Civil and Electrical Engineering support services for the projects of the Ministry of Traditional Industries and Small Enterprise Development
- f) Other activities included Providing Machinery Valuation Reports, Laboratory Testing Services for Foundry sector as well as the Sale of Machinery, and Implements which were made in advance.
- g) Develop economic and appropriate machinery prototypes for industries

4.8.3 PERFORMANCE IN 2011

4.8.3.1 REVENUE FROM JOBBING SERVICES, VALUATIONS, FOUNDRY/ ELECTROPLATING LABORATORY SERVICES, SALE OF IMPLEMENTS & SUNDRY ITEMS

The revenue for external services by different sections and centres completed in the year 2011 are listed in the following table. (excluding VAT and NBT)

Table 4.8.1

External Revenue for services rendered in 2011

Corporate Goal		
G1a Encourage promote & develop our industries		
G1b Entrepreneur training, developing & providing consultancy		
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice		
Activities for Achieving Corporate Goal		GROSS REVENUE (Rs.) (excluding VAT, NBT)
Section: Engineering Workshop, Head Office, Katubedda		
G1a.16b	Supply and install machinery and equipment for Production Village Development Programme	5,396,929
G9.7	Workshop Services – Machining, Fabricating, Heat Treatment	
G9.15	Manufacturing and sales of machines	
Section: Foundry, Head Office		
G9.8	External Foundry Jobs	941,904
G9.8	Laboratory Testing	
G1b.3	Provide training for entrepreneurs and professionals	
Section: Head Office		
G1a.19	Valuation Reports	854,390
Section: Civil Engineering Services – Head Office		
G1a.16b	Consultancy work for PVDs and other govt. organizations, ministries etc.	15,615
Section: ATRDC, Pannala		
G1a.12	Technology Transfer (Workshops/Training Programmes)	2,097,564
G1a.12	In-plant Training	
G1a.13	Advisory Services	
G1a.19	Valuation Reports	
G9.7	Workshop Services (including Village Development)	
G9.15	Development of Machinery	

Activities for Achieving Corporate Goal		GROSS REVENUE (Rs.) (excluding VAT, NBT)
Section: Electroplating Centre, Peliyagoda		
G1a.12	Training Programmes	3,340,325
G1b.3	Technical Information and Training of Individual	
G9.9	Zinc Plating Jobs	
G9.9	Copper, Nickel, Chromium & Hard Chromium Plating Jobs	
G9.9	Laboratory Services	
Section: C.S.C, Matara		
G1a.19	Valuation Reports	460,127
G9.7	Workshop Services	
G9.15	Design of Machines	
Section: Brassware Services Centre, Pamunuwa		
G1a.19	Valuation Reports	575,162
G9.7	Providing Lathe Machining works	
G9.14	Sale of moulding sand	
G9.14	Sale of fire bricks & grinding wheels, silica, bentonite	
TOTAL		13,682,016

4.8.3.2 INTERNAL SERVICES

The value (cost of services basis) of internal engineering services jobs completed by different sections are as follows.

Table 4.8.2

Values of Completed Internal Services in 2011

Corporate Goal		
G13 Improve the organizational, administrative & financial efficiency of IDB		
Activities for Achieving Corporate Goal		Value of Completed Internal Services (Rs.)
G13.25	Improve infrastructure and facilities at IDB Offices and Industrial Estates	
1	Workshop – Head Office	925,002
2	Foundry – Head Office	279,227
3	Civil Engineering Services – Head Office	2,010,753
4	Electrical Engineering Services – Head Office	1,558,752
5	A.T.R.D.C, Pannala	668,021
Total value of Internal Services rendered by the above 5 sections		5,441,755

Table 4.8.3

Physical Progress of the Division in year 2011

Corporate Goal				
G1a Encourage promote & develop our industries				
G1b Entrepreneur training, developing & providing consultancy				
G9 Provide all services & facilities for industrial undertakings including capital, credit, marketing, managerial & technical facilities, and legal advice				
Activities for Achieving Corporate Goal			Measuring Indicator	Achievement
G1a.12	Technology Transfer (Workshop Training Programmes)			
(A)	ATRDC - Pannala			
(i)	"Deyata Kirula" Technology Transfer Programme for Blacksmithy Industries at Monaragala (organised by IDB Monaragala)	No. of participants		15
(ii)	Training Programme for Carpentry Machinery Repair & Maintenance at Pannala in collaboration with Department of Small Industries	No. of programme		01
(iii)	Vocational Training Programme at Pannala Maha Vidyalyaya.	No. of programme		01
(iv)	"Fixing & Demonstration of 02 Nos. Belt Hammer & Open Hearth" at Kamadchchi Ambal Co - Op Society/ Jaffna			
(v)	Advance Technical Training Programme at Kamadchchi Ambal Co - Op Society/ Jaffna.	No. of programme		01
(vi)	One day training on Roller Shutters at ATRDC, Pannala.	No. of persons		01
(B)	Electroplating Centre (EPC) - Peliyagoda			
(i)	At EPC, 30 individuals were provided with demonstration, advisory cum training less than single day duration.	No. of persons		30
G1a.13	Consultation & Advisory Services			
(i)	Providing technical/process information and consultations on design & fabrication were provided to industrialists in 2011 at the Head Office, ATRDC – Pannala and Common Services Centre – Matara.	No. of services		128
G1b.3	Provide training for entrepreneurs and professionals (Foundry Training)			
(i)	Conducted Technology Transfer/Training Programmes	No. of participants		14
G9.15	Development of Machinery			
	The following machinery/equipment were developed by Engineering Division at ATRDC, Pannala. (i) Auto feeding mechanism for Broom Handle Milling Machine (ii) Mobile Clay Mixing Machine for Pottery Industry	No. of machinery		02

4.9 TECHNICAL SERVICES DIVISION

The Technical Services Division (TSD) which is the main technological transfer arm of the Industrial Development Board consists of four main units namely Food, Chemicals, Oil & Fiber and Building & Construction Materials. The Division provides technological assistance to all industries/entrepreneurs to develop, expand, modernize and transform the industries in the above sectors, through conducting technology transfer programmes, demonstrations and providing consultancy services etc.

4.9.1 Main activities of the division:

- Identify suitable products for development
- Provide technological & related assistance to start/improve/expand/ modernize industries
- Conduct Technical, Commercial, Management & Technology Transfer Programs
- Provide technical support & consultancy services
- Prepare project & Technical Feasibility Reports and Technology Packages to SMIs
- Provide technical training, counselling & consultancy to entrepreneurs
- Obtain funds and implement pilot projects for R&D to promote the usage of natural resource
- R&D on improving industrial processes & methods
- R&D on developing technologies & equipment for industry
- R&D on better use of waste products
- Help manufacturers to improve industrial product quality to export standards
- Acquire new technologies or arrange technology exchanges with international & local bodies

4.9.2 Performance in 2011

4.9.2.1 Modern Computer Laboratory for Hardware Techniques Training

Continued with the Computer Hardware Entrepreneurship Development Course introduced by the TSD in October 2008 for unemployed youth and others who wish acquire knowledge and training on computer assembling, maintenance, networking and troubleshooting. A six months “on the job training”, will be provided to those who successfully complete the course.

4.9.2.2 Technical Training Programmes and Technology Transfer Demonstrations & Workshops (G1a.12)

The income generated from technology transfer demonstrations programmes and technology transfer programmes amounts Rs. 913,801.94 approximately. The Division conducted 152 demonstrations, programmes and eleven technology transfer programmes for 172 participants, during the year under review.

The following technology transfer workshops were held.

- Flavored tea and herbal tea
- Food quality control and marketing aspects
- Candle making
- Use of food additives in the food industry
- Industrial microbiology
- Obtaining SLS for instant fruit drinks
- Cow milk based products
- Fruit & vegetable supply chain
- Softwood treatment
- Fruit juice processing
- Chemical Leasing

4.9.2.3 Technical support, advice and consultancy services (G1a.13)

In the year 2011, 770 potential entrepreneurs have obtained technological support through consultancy services and demonstrations in the subject areas such as Food, chemical, Mineral and non mineral, fibre and paper.

4.9.2.4 Preparation of Concept Papers

The following concept papers were prepared.

Cinnamon oil extraction	Frozen vegetables
Dried egg powder	Pannier
Bottled king coconut water	Kithul treacle
Cinnamon flavored bottled water	Kithul juggery
Lime juice	Instant fruit drinks

A Project Report for cinnamon oil extraction was also prepared in response to a customer requirement.

4.9.2.5 Division has also Prepared 11 Project profiles under the coir, paper, chemical, food and non mineral industrial sectors

Coir based products	Banana chips
Handmade paper	Fruit based products
Candles	Traditional yam based chips
Cement based products	Sesame based products
Fiber glass	Packaging of spices
Chutney	

4.9.3 Organized and implemented special activities of the division:

**4.9.3.1 Commercial & Technical Training for Entrepreneurs (G1b.3)
Computer Hardware Entrepreneur Development Course**

Computer Hardware Entrepreneur Development Course was conducted to improve self-employment and job opportunities for school leavers. Five Computer Hardware Entrepreneur Development Courses (full time courses–03 & part time courses–02) were conducted for 79 participants. Number of youths trained was 74. Courses were conducted jointly with UNIVOTEC with the view to create job opportunities for youths in public/private sector or as self-employed entrepreneurs. The total income generated from five Computer Hardware Development Programmes during year 2011, was Rs. 890,917.90.

4.9.5 Chemical Leasing Sub Unit

Chemical Leasing sub unit at IDB was set up in collaboration with the National Cleaner Production Centre (NCPC-UNIDO Project) for conducting Chemical Leasing pilot project. The main objective of this is to assist enterprises in the country to promote sustainable management of chemicals, boost economic performance and grant access to new markets.

The Chemical Leasing (ChL) is a new and innovative instrument to promote sustainable management of chemicals and close the material cycle between suppliers and users of chemicals. Chemical Leasing is a service oriented business model that shifts the focus from increasing sales volume of chemicals towards a value added approach; it will also be helpful for industries that use chemicals for their

manufacturing processes to reduce ineffective use of chemicals and companies to enhance their economic performance.

The Industrial Development Board and National Cleaner Production Centre (NCPC) entered into a Memorandum of Understanding (MoU) to establish a Chemical Leasing sub unit. The sub unit will promote the concept of Sustainable Chemical Management among SMEs while helping industries to access new markets. Meanwhile, we have visited several SMEs to identify and select potential Chemical Leasing projects. The IDB focused on a wide range of industrial sectors such as printing, rubber products, shoe making, fiber glass products, yarn dyeing and adhesives to identify opportunities for implementing Chemical Leasing Concept.

Proposed chemical, biotechnology and microbiology analysis laboratory facilities will be catered to all industries in Sri Lanka to maintain their products at internationally accepted quality levels and standards. Objectives of the proposed laboratories are promotion and development of enterprises through the provision of testing facilities, to protect consumers from health threatened contaminated food and ensuring the weight and quality of products for them, to control the quality of products and production, to provide prerequisite assistance for high quality manufacture, to improve the product quality of rural industries up to national and international standards, to enhance the reach of the IDB to rural industries for providing a more efficient service, to enhance the reach of the Sri Lankan industries to local and international markets. Department of Buildings handed over the agreement of contract to the contractor and construction work has been initiated at IDB premises.

Table 4.9.1

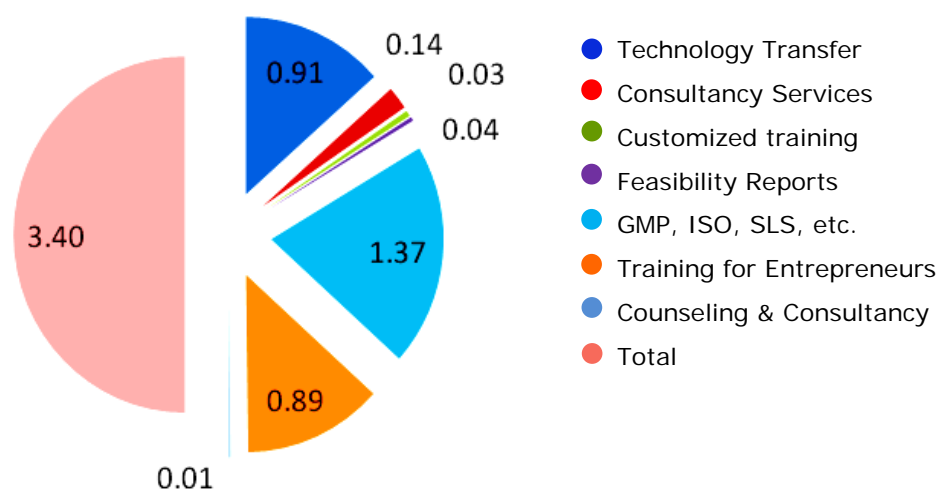
4.9.6 Summary of Income – 2011

Corporate Goal		
G1a Encourage promote & develop our industries		
G1b Entrepreneur training, developing & providing consultancy		
Activities for Achieving Corporate Goal		Income (Rs.)
G1a.12	Conduct Technical Training Programmes and Technology Transfer Demonstration, Programmes and Workshops	913,801.94
G1a.13	Provide Technical Support, Advice and Consultancy Services	141,911.52
G1a.14	Provide Customized training programmes	37,052.50
G1a.19	Prepare Project, Technical Feasibility Reports for SMIs	25,250.00

Activities for Achieving Corporate Goal		Income (Rs.)
G1a.23	Assist Enterprises to get Certifications: Environmental, GMP, ISO, SLS etc. Switch Asia Project	1,373,674.70
G1b.3	Provide Commercial and Technical Training for Entrepreneurs (Computer Hardware Entrepreneur Course)	890,917.90
G1b.7	Provide Technical Counseling and Consultancy for Entrepreneurs	13,714.20
Total Income		3,396,322.76

Chart 4.9.1

Income of the Division - 2011 (Rs. Mn.)



4.10 CENTRE FOR ENTREPRENEURSHIP DEVELOPMENT AND CONSULTANCY SERVICES (CEDACS)

The Centre for Entrepreneurship Development and Consultancy Services (CEDACS) was established by a Cabinet Paper in December 15, 1989 by the Ministry of Textiles & Rural Industrial Development, as a special training division under the Industrial Development Board. CEDACS provides training on management skills and entrepreneur development on an island wide basis.

4.10.1 Objectives of the Division:

- Create a new entrepreneurial culture
- Accelerate industrial development in rural areas

- Introduce new managerial strategies to expand existing industries
- Introduce new managerial strategies to expand existing industries
- Training of trainees (Entrepreneurship Development & Management Consultancy)
- Provide technical know-how and business experience to local industrialists
- Create awareness among SME and potential entrepreneurs on currently important business and industry topics

The above objectives are achieved through following:

- Entrepreneurship Development Programmes
- Business Creation Programmes
- Productivity Improvement Programmes
- Managerial Skills Development Programmes
- Conduct Awareness Programmes/Seminars
- Provide Commercial & Business Training for Entrepreneurs
- Set up a panel of IDB & non IDB consultants to cater to the needs of entrepreneurs
- Implement 5 S programmes within IDB

Chart 4.10.1

Income of the Division - 2011 (Rs. Mn.)

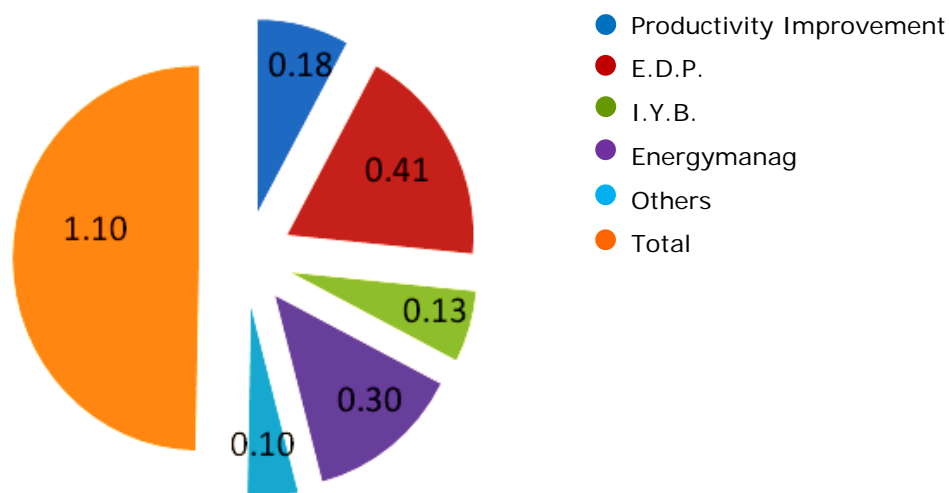


Table 4.10.1

The following programmes were conducted by the division during the year under review.

Corporate Goal	Activities for Achieving Corporate Goal	No. of Programmes	No. of Beneficiaries	
G1a Encourage promote & develop our industries	11.	Conduct Training Programmes on Management, Finance, Productivity Improvement, Cleaner Production etc; Promote programmes via email/media and website public area		
	1.	Entrepreneurship Development Programmes		
	(i)	Business Plan Preparation and Technical Up-grade	01	25
	(ii)	Entrepreneurship Development	01	48
	(iii)	Technical Innovation into Entrepreneurs	01	10
	2.	Productivity Improvement Programmes		
		These programmes were conducted at Neelagiriya Tea Factory at Morawaka, Rehabilitation Hospital - Jayanthipura and Base Hospital, Habarana.	03	140
	3.	Improve Your Business Programmes		
		The above IYB programmes were conducted covering Matara, Maharagama and Gampola benefitting existing entrepreneurs.	03	65
	4	Energy Management Programmes		
	These programmes were conducted in Colombo District.	03	80	
	5.	Trainers Training Programmes		
		These programmes were conducted for newly recruited EPMs	02	49

Table 4.10.2

Generation of Income - 2011

No.	Activity	Income (Rs.)
01	Entrepreneurship Development Programmes	412,380
02	Productivity Improvement Programmes	175,500
03	Improve Your Business Programmes	133,100
04	Energy Management Programmes	295,500
05	Trainers Training Programmes	97,030
	TOTAL INCOME	1,113,510

4.11 ADMINISTRATION DIVISION

The Administration Division of IDB is responsible for formulation, implementation, monitoring and evaluation of all Human Resources Management and Human Resources Development activities, procurement activities, security and transport activities of the Board.

Table 4.11.1

Staff Strength of IDB as at 31st December 2011

Category	No of Staff		Total
	Male	Female	
Senior Level	6	2	08 (1.3%)
Tertiary Level	144	57	201 (34.6%)
Secondary Level	72	97	169 (29.1%)
Primary Level	196	06	202 (34.8%)
Total	418(72 %)	162(28%)	580(100%)

Chart 4.11.1

Staff Strength - IDB

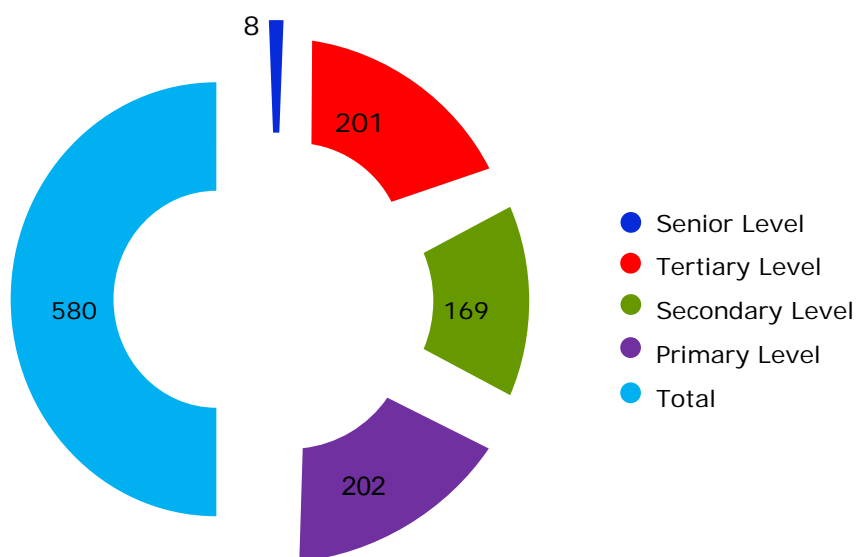


Table 4.11.2

Performance Highlights of the Division during the financial year 2011 (HRM/HRD Activities)

Corporate Goal		Activities for Achieving Corporate Goal	Nos.
G 13 Improve the organizational, administrative & financial efficiency of IDB	11.	Carry out regular HRM activities	
	1	HRM - Recruitments	
	(i)	Recruitments	29
	(ii)	Resignations	10
	(iii)	Retirements	33
	(iv)	Vacation of Posts	09
	2	Disciplinary Management	
	(i)	Conducting Disciplinary Inquiries	04
	(ii)	Labour cases attended at Commissioner of Labour	10
	3	HRD - Training	
	(i)	Local Training	41
	(ii)	Foreign Training	05
	4	HRM - Compensation	
	(i)	Gratuity Payments	Rs. 11,200,016.75
	5	HRM – Employee Welfare	
	(i)	Bicycle Loans	30
	(ii)	Distress Loans	88
	(iii)	Medical Scheme (Reimbursement of Medical Bills)	580
	6	Security Management	
	(i)	Security Cost	26
	7	Disposal	
	(i)	Board of Surveys Conducted	04
	8	General Events	
	(i)	Events	04
	9	Postal and Telecommunication charges	
	(i)	Postal Charges	Rs.420,000.00
	(ii)	Telecommunication Charges	Rs. 1,133,954.25
10	Transport Management		
(i)	Cost of Fuel	Rs. 3,863,555.64	
(ii)	Cost of Maintenance of Vehicle	Rs. 3,732,359.00	
(iii)	Acquisition of New Vehicles		
	• Car 01 No.	Rs. 4,500,000.00	
	• Motor Bicycles 25 Nos.	Rs. 3,171,000.00	
G 13.12	11	Procurement Management	
Publicize via website staff area & implement the procurement guidelines issued by Public Enterprises Dept.	(i)	No. of orders placed	798
	(ii)	Capital Purchases	Rs. 23,502,545.51
	(iii)	Recurrent Purchases	Rs. 43,476,985.44

FINANCIAL STATEMENTS

5.1

2011-02-26

**Industrial Development Board of Ceylon
Balance Sheet as at 31st December 2011**

2010		2011	
Amount (Rs.)	ASSETS	Amount (Rs.)	
	Non Current Assets		
238,489,758	Property Plant & Equipment (Note 5)	255,967,826.59	
<u>5,299,990</u>	Investment in Subsidiaries (Note 6)	<u>5,299,990.00</u>	
243,789,748			261,267,816.59
	Current Assets		
52,095,013	Inventories (Stocks & work-in-progress) (Note)	57,191,017.46	
51,650,922	Trade & other Receivables (Debtors) (Note 8)	47,996,487.75	
72,972,605	Other Current Assets (Note10)	99,306,451.43	
75,296,801	Pre-payments (Note 09)	98,232,472.44	
263,341,881	Special Projects(Note 11)	275,029,126.51	
<u>77,115,309</u>	Cash & Cash Equivalents (Note 12)	63,874,758.41	
			<u>641,630,314.00</u>
<u>592,472,531</u>			
<u>836,262,279</u>	Total Assets		<u>902,898,130.59</u>
	EQUITY AND LIABILITIES		
	Capital and Reserves		
455,391,500	Net Government Contribution (Note 01)	481,278,716.02	
6,243,013	Capital Reserves	6,243,012.72	
16,697,303.84	Surplus on revaluation of motor vehicles	15,013,827.84	
13,447,060.85	Value of Assets Transferred (Note 2)	13,447,060.85	
6,653,153	Foreign Grants (Note 3)	6,653,153.35	
116,927,848	Other Government Grants (Note 3A)	122,427,848.29	
4,945,000	BOI Compensation (Note 3B)	4,945,000.00	
20,943,421	Grant from Government Agencies (Note 3C)	20,943,421.00	
<u>297,919,724</u>	Grants for Special Projects (Note 3D)	<u>343,486,263.36</u>	
939,168,023		<u>1,014,438,303.43</u>	
<u>(327,833,963)</u>	Accumulated Losses (Note 4)	<u>(332,207,607.45)</u>	682,230,695.98
<u>611,334,060</u>			
	Non Current Liabilities		
111,182,685	Provision for Gratuity	106,579,532.57	106,579,532.57
	Current Liabilities		
50,554	Dues to Government (Note A)	56,249.00	
3,247,086	Dues to Corporation (Note 5B)	2,777,121.20	
110,447,894	Provisions and Accrued Expenses (Note 5C)	<u>111,254,531.84</u>	
<u>113,745,534</u>			<u>114,087,902.04</u>
<u>836,262,279</u>	Total Equity & Liabilities		<u>902,898,130.59</u>

Signed,
D.J.M. Kusumawathie
Accountant

Udayasri Kariyawasam
Chairman

A.M.Y.J. Mannapperuma
General Manager

5.2

NOTES TO BALANCE SHEET

2010	01. NET GOVERNMENT CONTRIBUTION	2011
394,791,500	Government Capital Grants as at 1 st January 2011	452,278,716.02
<u>60,600,000</u>	Government Capital Grants Received during the year	<u>29,000,000.00</u>
<u>455,391,500</u>		<u>481,278,716.02</u>
	02. VALUE OF ASSETS TRANSFERRED	
4,403,441	IDB prior to 1969	4,403,441.00
<u>9,043,620</u>	Industrial Estate Corporation	<u>9,043,619.85</u>
<u>13,447,061</u>		<u>13,447,060.85</u>
	03 FOREIGN GRANTS	
	Grants from ILO	
	Grants from IDA	
	Grants from Technonet Asia	
6,653,153	grants from JICA	6,653,153.35
	Grants from IDRC	
	Technonet Asia SPIW	
<u>6,653,153</u>		<u>6,653,153.35</u>
	03A OTHER GOVERNMENT GRANTS	
1,000,000	Grants - Leather Machines	1,000,000.00
2,293,738	Donations from other organizations	2,293,738.00
17,415,803	Other organizations	17,415,803.20
15,597,279	Government Grants miscellaneous services	15,597,279.00
24,843,469	Grant for foreign aid	24,843,469.00
905,911	R EAP Project - Asset Grant	905,910.75
1,000,000	Donations from Tsunami Project	1,000,000.00
10,100,000	Grant From UNDP	10,100,000.00
292,500	Grant Pug Mill Machine	292,500.00
5,000,000	CESS Fund	10,500,000.00
33,890,648	SIRUP Fund - Building	33,890,648.34
<u>4,588,500</u>	SIRUP Fund - Machinery	<u>4,588,500.00</u>
<u>116,927,848</u>		<u>122,427,848.29</u>
	03B BOI COMPENSATION	
4,570,000	Compensation received from BOI Pallekelle	4,570,000.00
<u>375,000</u>	Compensation received from BOI Pallekelle	<u>375,000.00</u>
<u>4,945,000</u>		<u>4,945,000.00</u>
	03C GRANTS FROM GOVERNMENT AGENCIES	
<u>20,943,421</u>	Grants from Provincial Councils	<u>20,943,421.00</u>
	03D GRANTS for Special Projects	
22,220,743	Tsunami	22,220,743.00
275,698,981	Village Development Projects	285,979,599.40
	Kithul Development Project	19,509,629.78
	Ministry Funds Divineguma	3,746,708.62
	Divineguma Project	<u>12,029,582.56</u>
<u>297,919,724</u>		<u>343,486,263.36</u>

5.3 Property, Plant & Depreciation as at 31.12.2011

Description	Nominal Code	Balance as at 31.12.2010	Adjustment	Addition During 2011	Balance as at 31.12.2011	Nominal Code	Accumulated Depreciation as at 31.12.2010	Adjustment	Depreciation for Year 2010	Accumulated Depreciation as at 31.12.2011	Written Down Value 2011
Land	100010	51,438,931		3,082,904	54,521,835	100101	-			-	54,521,835
Building improvement	100200	144,132,191		15,872,958	160,005,149	100201	49,999,857		3,759,847	53,759,704	106,245,445
Plant & Machinery	100210	100,714,630		6,979,431	107,694,061	100211	78,835,801		5,257,822	84,093,622	23,600,439
Computer Hardware Cost	100220	30,879,599		5,289,704	36,169,303	100221	22,837,716		3,330,131	26,167,847	10,001,456
Lab Equipment	100230	8,832,128			8,832,128	100231	7,838,375		95,879	7,934,254	897,874
Printing Machinery	100240	5,862,955			5,862,955	100241	4,238,775		394,207	4,632,982	1,229,973
Motor Vehicles	100250	32,469,786	(1,840,240)	4,163,588	34,793,134	100251	12,979,988	-813,228	5,975,099	18,141,859	16,651,275
Office Equipment	100260	31,169,124		1,318,765	32,487,889	100261	22,088,363		1,527,249	23,615,612	8,872,277
Traveling Bags	100270	1,140,204	-1,300	27,800	1,166,704	100271	1,063,064		55,143	1,118,207	48,497
Furniture & Fittings	100280	10,382,072		1,729,560	12,111,632	100281	5,501,670		881,763	6,383,433	5,728,199
Bicycle Cost	100290	130,495		11,200	141,695	100291	105,883		4,594	110,477	31,219
Tools & Spears	100300	10,138,407		4,365	10,142,772	100301	10,039,898		63,703	10,103,600	39,172
Library Books	100310	9,318,997		89,628	9,408,625	100311	8,915,993		116,363	9,032,356	376,269
PABX Services	100320	3,108,646		1,026,465	4,135,111	100321	2,030,067		256,421	2,286,488	1,848,624
Utility Services	100330	14,543,665		1,318,346	15,862,011	100331	12,591,249		413,666	13,004,915	2,857,096
Sundry Assets	100340	8,059,389		340,439	8,399,828	100341	5,250,071		404,138	5,654,209	2,745,620
JICA Project Assets	100350	207,518,195			207,518,195	100351	187,032,887		212,747	187,245,634	20,272,561
JICA Project Pattern Shop Item cost	100360	<u>21,324,187</u>			<u>21,324,187</u>	100361	<u>21,324,187</u>			<u>21,324,187</u>	
Total		691,163,602	(1,841,540)	41,255,153	730,577,215		452,673,843	-813,228	22,748,772	474,609,387	255,967,828

5.4	04 ACCUMULATED DEFICIT	
1,930,291,117	Government Recurrent Grants as at 01.01.2010	2,151,541,117.00
<u>(2,526,992,404)</u>	Less excess of expenditure over Income up to the year 2010	<u>(2,479,375,080.15)</u>
(596,701,287)		(327,833,963.15)
(7,632,609)	Previous Year Adjustment	2,383,815.02
257,820,640	Restatement of Government Grants	
<u>37,429,819</u>	Restatement of Scrap sales	<u>2,383,815.02</u>
		2,383,815.02
	Add/Less Excess/Deficit for the year	
221,250,000	Gov. Recurrent Grant Received During the Year	228,000,000.00
(240,000,525)	Deficit carried forward	(234,757,459.32)
		<u>(6,757,459.32)</u>
<u>(327,833,963)</u>	Excess of expenditure over income	<u>(332,207,607.45)</u>
	05A Dues to Government	
28,879	Commissioner of Inland Revenue	28,879.00
<u>21,675</u>	Commissioner of Inland Revenue Stamp Duty	<u>27,370.00</u>
50,554		56,249.00
	05B Dues to Boards & Corporations	
2,857,435	Central Bank of Ceylon E.P.F.	2,443,579.69
<u>389,650</u>	Employee Trust Fund	<u>333,541.51</u>
3,247,086		<u>2,777,121.20</u>
	05C TRADE & OTHER CREDITORS, PROVISIONS AND ACCRUED EXPENSES	
12,578	NAB Control Account	12,577.50
1,458,835	Lunuwila Estate Deposits	1,458,834.50
50,841	Employees Donations	142,739.60
121,672	BTT Control A/C	184,768.88
1,082,041	Nation Building Tax`3%	1,291,632.62
75	Stamp Duty	149.52
25,891	Staff Deduction Payable	25,891.36
5,278	Payee Tax Payable	16,506.10
3,001,983	Miscellaneous Creditors	3,001,983.08
4,158,588	Sundry Creditors - Head Office	4,758,588.22
19,219	Sundry Creditors -Village Development Project	19,219.00
288,224	Lakkam Creditors	
190,944	Salaries Payable	190,944.32
900,373	Laknipaum Sales & Display Centre - Creditors	773,094.18
5,268,894	Advance on Jobs	5,497,280.88
902,239	Refundable Tender Deposits	902,238.85
156,198	Security Deposits	176,492.29
39,283,001	Refundable Deposits	41,783,805.72
184,000	50 year Lease on Water Supply	184,000.00
1,357	Buddhist Association Control A/C - Head Office	1,777.20
	Welfare Society Control Account	675.00
	Thrift Society Control Account	21,960.00
732	Other Department Control A/C	2,731.62
2,017	Payable Cents Control A/C - Head Office	2,024.15
2,767	Housing Loan Control A/C	2,767
3,094	Trade Union Control A/C	3,898.50

723,921	Insurance Control Account	1,165,456.00
84,085	Casper Project - Ministry	
7,027,265	Customer Over Payment	464,890.58
31,238	SNC Contribution	31,237.92
4,105,071	Medical Scheme	4,063,571.37
1,268,900	Provision for Purchase of Motor Vehicle to staff	1,268,900.00
1,351,867	Sub Contract Agro Equipment	2,225,955.76
2,291,216	IRDP Received	2,291,215.91
18,294,630	Training Programmes	18,294,629.53
47,046	Motor Vehicle Insurance Receivable	47,046.49
463,187	Cancelled Cheques	463,186.84
	Rent Purchase Scheme	
1,206,230	Technonet Asia Project - Planning Division	1,206,230.00
60,000	Intecmart Fair	60,000.00
116,414	Wasanthaya Industrial Exhibition	116,414.25
9,257,065	Non-Ferrous Metal Scrap Programme	9,257,064.92
77,773	Down South Development Programme	77,772.55
547,240	Yugadekma	547,240.42
	Engineering Control A/C	123.92
5,817,105	Accrued Expenses	8,530,941.64
346,482	Withholding VAT	467,551.10
	Receivable from Election Commissioner	8,007.27
6,319	Non Ferrous- Personal Advance	6,318.66
204,000	Non Ferrous- Sundry Creditors	204,000.00
	Non Ferrous- Sub Contract	196.57
<u>110,447,894</u>		<u>111,254,531.84</u>
06	LONG TERM INVESTMENTS	
	SLIDCO Ltd.	<u>5,299,990.00</u>
<u>5,299,990</u>		
07	STOCK & WORK-IN-PROGRESS	
1,298,775	Engineering Raw Materials - (H/O)	1,196,743.66
172,885	Printing Raw Materials	470,236.40
683,993	Stationery	1,043,222.89
13,472	Stock in Aluminium & Brass Ingots	13,472.00
1,581,585	Other Raw Materials	1,828,056.08
12,097,147	Stock of Village Development Project	10,572,119.20
911,639	Sub Stores - Foundry	3,048,962.88
7,048,322	Sub Stores - Rubber	8,919,115.12
187,592	Sub Stores - Leather	219,599.62
148,577	Sub Stores - C S C - Matara	124,063.99
26,583	Sub Stores - C S C - A'pura	
1,029,461	Sub Stores - Electroplating Centre	1,062,599.40
433,205	Sub Stores - ATRDC - Pannala	562,340.90
	Sub Stores - Divineguma	166,000.00
	Sub Stores - Kithul Development Programme	5,937,660.00
655,193	Brass Centre - Pilimathalawa	59,045.86
6,850,186	Work-in-progress - Direct materials (H/O)	6,990,313.43
3,377,076	Work-in-progress - Direct Labour	3,668,762.15
1,679,489	Work-in-progress - General Overheads	1,781,123.97
392,941	Work-in-progress - Factory Overhead	481,625.72
2,480,536	Finished Goods	2,480,535.70
10,979,932	Non-Ferrous Metal Scrap	6,518,994.49
46,424	Machinery & Other Saleable Items Capital	46,424.00
<u>52,095,013</u>		<u>57,191,017.46</u>

08 DEBTORS

270,178	Sundry Debtors - Head Office	270,177.88
244,022	Sundry Debtors - Leather	283,347.03
140,005	Sundry Debtors - Leather Vitharandeniya	140,004.79
232,621	Sundry Debtors - Engineering	232,620.55
16,592,345	Sundry Debtors - Engineering - Workshop)	14,527,565.57
763,673	Sundry Debtors - Rubber Division	884,342.86
1,677,691	Sundry Debtors - ATRDC - Pannala	1,739,464.75
406,261	Sundry Debtors - Printing	406,261.11
701,826	Sundry Debtors - Electrical	701,825.80
5,859,960	Sundry Debtors - Foundry	6,168,262.89
2,434,099	Sundry Debtors - Civil	2,063,487.10
98,320	Sundry Debtors - Laknipayum	98,320.00
53,598	Sundry Debtors - C S C - Matara	53,598.00
22,866	Sundry Debtors - C S C - A'pura	22,866.00
346,133	Debtors - Returned Cheques	346,133.14
25,618,615	Tenant Debtors	24,576,445.15
462,846	Miscellaneous Debtors	462,845.68
1,240,785	Lakkam Sales Centre	66,255.00
	Non ferrous Debtors - Village	
	Non ferrous Debtors - Yugadekma	
57,165,843		53,043,823.30
5,514,921	Less:- Provision for Bad & Doubtful debts - H / O	5,047,335.55
51,650,922		47,996,487.75

09 DEPOSITS & PREPAYMENTS

156,198	Security Deposits	179,242.29
70,138,263	Prepayments	93,117,377.45
192,206	Prepayments Advance - Head Office	192,205.99
1,279,441	Advance to Staff - Head Office	1,260,806.58
474,132	Advance to Staff for Fuel - Head Office	362,392.14
	Receivable from Election Commissioner	
58,467	Advances on Import - Head Office	58,467.20
2,385,850	Other Deposits Receivable	2,449,737.85
504,682	Travelling Advance (Foreign)	504,681.94
107,561	Receivable From Foreign Training	107,561.00
75,296,801		98,232,472.44

10 OTHER CURRENT ASSETS

2,245	Salary Advance	2,245.00
1,150,000	Engineering Division - Tsunami Project A/C	1,150,000.00
35,836	Aid Received for Drought Relief	35,836.00
742,500	Festival Advance	711,800.00
608,979	Motor Bicycle Loan	440,690.00
502,942	Bicycle Advance	471,397.77
21,399,340	Distress Loan	22,002,919.79
48,653	Staff Receivable	48,653.30
8,650	Special Advance Book	13,900.00
268,608	Other Department Control Account	268,608.19
198,099	Advance to Staff buy Library Books	198,099.00
3,000	Special Advance	3,000.00

2,042,564	Receivable from Other Department	421,933.12
26,178	Insurance Control Account	26,178.20
5,500	Special Salary Advance	5,500.00
4,711	Receivable Grants from Provincial Councils	4,711.10
1,358,092	Industrial Exhibition from Yuga Dekma - Matara	1,358,091.95
435,375	Village Development Programme	435,375.23
863,057	Sub Contract Exchange	837,417.55
2,565,253	Shilpa - 2004 Exhibition	3,192,374.58
652,228	National Defence Levy	652,228.23
1,557,819	Withholding Tax	1,679,594.25
1,424,654	Good & Services Tax (G S T)	1,424,653.54
13,919,431	VAT Receivable	12,860,356.65
	Payee Tax Payable	4,778.00
10,741,854	Non Ferrous-VAT	10,741,854.24
3,212,064	Non Ferrous - Yugadekma	3,212,064.49
1,839	Non Ferrous- UNDP	1,839.15
1,800	Non Ferrous - Tsunami	1,800.00
1,602,710	Other Exhibition	1,786,726.79
1,800	Training Graduates Allowance	1,800.00
5,265,150	Capacity Building	4,881,866.31
110,451	Training Programme	
1,076,350	Preparation for Corporate Plan	1,347,701.67
	Salary Control A/C	14,863.93
	Casper Project - Ministry	7,342,560.53
	Misposting Account	21,266.73
	Kithul - Marketing	2,203.17
	Lakkam Creditors	502,077.84
	Divineguma Project - Cottage Industries	19,742,718.97
	Economic Service Charges	170,872.00
	Camachchi Ambal Village	149,022.86
	Laknipayum Sales Centre	371,371.41
371,371	Training Programme Tsunami Project	763,499.89
<u>763,500</u>		<u>763,499.89</u>
<u>72,972,605</u>		<u>99,306,451.43</u>
	11 Special Project	
43,236,428	Construction of Common Service Centres - Village	46,046,561.47
199,425,609	Service Centre and Goods in Stock for Distribution	208,302,721.34
<u>20,679,844</u>	Tsunami Stocks distributed	<u>20,679,843.70</u>
<u>263,341,881</u>		<u>275,029,126.51</u>
	12 CASH & BANK BALANCES	
11,605	Bank Account - Laknipayum - Polonnaruwa	11,604.98
10,000	I R D P Bank Account-Do not Use	10,000.00
34,071	Current Account - Kurunegala	34,070.50
237,797	Current Account - Puttlam	
124,926	Current Account - Gampaha	
432,453	Current Account - Kalutara	
393,748	Current Account - Rathnapura	
1,028,632	Current Account - Colombo	
349,902	Current Account - Kurunegala	26,667.42
93,318	Current Account - Anuradhapura	
14,779	Current Account - Anuradhapura (Old Balance)	14,778.78
2,076	Current Account - IRDP - Matara	2,075.74

5,000	Current Account - Anuradhapura (Old Balance)	4,999.86
(1,613,270)	Current Account - Sub contract - Marketing	(159,835.01)
17,005	Current Account - Monaragala	17,005.47
6,394	Current Account - Distress Loan	1,396,423.39
36,308,130	Current Account - Idama - Moratuwa	(2,024,206.01)
1,109,838	Current Account - E P C	
5,623	Current Account - Polonnaruwa	
8,969,297	Current Account - Peliyagoda - RPD&SC	7,422,855.62
1,207,052	Current Account - Leather Centre	
206,929	Current Account - Capital Grant Bank Account	267,279.01
54,678	Current Account - Matara	
29,066	Current Account - Marketing	
102,824	Current Account - Galle	
200,204	Current Account - Hambanthota	
7,271,932	Bank Balance - Engineering Division	7,524,452.66
40,697	Bank Balance - REAP	40,697.17
37,206	Bank Balance - Village Development Project	313,466.69
141,241	Bank Balance - CEDACS	
1,235,369	Bank Balance - TSD	
454,684	Bank Balance - CITIS	
31,998	Bank Balance – Regional office, Kandy	
703,210	Bank Balance - Regional office, Matale	
69,978	Bank Balance - Regional office, Kegalle	
91,050	Bank Balance - Regional office, N'Eliya	
(175)	Bank Balance - I Estate	(175.00)
40,834	Bank Balance - Monaragala	
63,330	Bank Balance - Badulla	
3,305,967	Bank Balance - Non Ferrous	7,946,328.24
1,227,082	Bank Balance - Regional Division	407,363.54
6,732,488	BOC - "Idama" Scrap Project Savings Account	2,415,274.23
16,326	Current Account TSunami	3,085.69
52,171	Current Account - Ampara	
287,617	Current Account - Trincomalee	
(439)	Bank Balance - I Estate	(139.10)
2,122,575	Current Account - Lakkam Sales Centre	2,496,505.50
3,389,904	Current Account - Debit Tax Exempted	1,141,916.75
25,000	Fixed Deposit Account - BOC - Idama	25,000.00
299,483	Savings Account - CESS Fund	10,891,028.66
	Savings Account - Capital Funds	19,870,080.63
	Savings Account - Estate Deposits	3,649,108.46
73,095	Imprest Accounts	66,435.90
23,379	Special Imprest - Cashier	23,378.54
24,690	Cash-in-Transit	24,690.10
12,540	Cash-in-Transit Metal Scrap Project	12,540.00
<u>77,115,309</u>		<u>63,874,758.41</u>

5.5

**INDUSTRIAL DEVELOPMENT BOARD
INCOME & EXPENDITURE STATEMENT FOR THE YEAR
FROM 2010 TO 2011**

	2010	2011
Revenue:		
Externally Generated Income	130,400,067	159,430,891
Recurrent Government Grant-Treasury	221,250,000	228,000,000
	<u>351,650,067</u>	<u>387,430,891</u>
Less:		
Raw material and consumables used	20,649,238	35,036,106
Staff costs	219,793,112	224,225,550
Overtime & Holiday pay	9,952,256	9,944,582
Traveling & Subsistence	9,118,646	6,996,324
Supplies	7,505,817	8,004,951
Maintenance	10,615,351	12,505,451
Contractual Services	35,950,895	42,729,463
Other operating expenses	20,985,634	22,314,152
Gratuity Payment	10,127,312	14,180,939
Finance Cost	<u>443,611</u>	<u>445,211</u>
	345,141,872	376,382,730
Profit (Loss) before Depreciation & Gratuity Provision	6,508,194	11,048,161
Less:		
Gratuity Provision	5,575,490	(4,603,152)
Depreciation and amortization expenses	<u>19,577,621</u>	<u>22,408,773</u>
	25,153,110	17,805,621
Less:		
Net loss for the period (Profit)	<u>(18,644,916)</u>	<u>(6,757,460)</u>

5.6

**INCOME STATEMENT FOR THE YEAR
ENDED 31 DECEMBER 2011**

2010		2011
130,294,458	Revenue : Externally Generated Income	159,108,601.97
<u>221,250,000</u>	Recurrent Government Grant-Treasury	<u>228,000,000.00</u>
<u>351,544,458</u>		<u>387,108,601.97</u>
	Add:	
	Other operating income	
	Work performed by the enterprise and capitalized	322,288.87
<u>105,608</u>		<u>322,288.87</u>
<u>105,608</u>		<u>322,288.87</u>
351,650,067		<u>387,430,890.84</u>
	Less:	
26,660,720	Raw material and consumables used	41,662,681.04
219,793,112	Staff costs	224,225,549.65
9,952,256	Overtime & Holiday	9,944,582.13
9,118,646	Traveling & Subsistence	6,996,324.12
7,505,817	Supplies	8,004,951.05
10,615,351	Maintenance	12,505,451.39
35,950,895	Contractual Services	42,729,463.41
36,688,436	Other operating expenses	31,891,939.32
<u>19,577,621</u>	Depreciation and amortization expenses	<u>22,408,772.60</u>
<u>375,862,855</u>		<u>400,369,714.71</u>
<u>(6,011,482)</u>	Overhead absorption	<u>(6,626,575.22)</u>
369,851,373	Loss from operations	393,743,139.49
	Less:	
	Finance Cost	45,210.67
<u>443,611</u>		<u>45,210.67</u>
<u>(18,644,917)</u>	Net loss for the period (Profit)	<u>(6,757,459.32)</u>
		(234,757,459.32)

5.7

2010	Income Statement Revenue	2011
39,009,224	Sales	44,735,234.20
61,969,196	Net Profit from Non Ferrous Scrap Project	39,275,635.06
1,361,956	Sales Income - Casper	2,209,562.25
	Work performed by the enterprise and capitalized	322,288.87
562,468	Sale of Publication	546,897.69
27,208,566	Industrial Estate - Rent	33,533,926.55
6,070,809	Industrial Estate - Water Charges	6,931,962.51
1,595,228	Infrastructure Facilities	1,243,543.77
375,015	Surcharges	242,286.50
12,607,885	Net Profit from Training Programmes	10,815,086.70
1,509,461	Project Reports	1,562,493.48
4,834,379	Service Charges	2,391,739.55
1,799,289	Commission - Lakkam Centre	3,104,027.49
126,400	Commission - Laknipayum	11,940.00
	Commission - Subcontracting	
3,428,048	Exchange	453,168.78
	Kithul Marketing	101,608.36
851,720	Registration of Suppliers	1,077,404.42
108,300	Non Refundable Tender Deposits	
120,500	Lakkam Hall Charges	147,500.00
4,046	Bad Debts Over Provision	467,585.19
150,330	Notorial fees	381,584.00 *
566,651	Penalties	104,119.69
11,500	Web Publishing Income	
131,633	Visiting Bungalow Charges	174,948.45
784,819	Bad Debts Provision	
24,809	Sale of Fixed Assets	2,853,252.00
16,697,304	Vehicle Revaluation Profit	
214,438	Service Charges for Lab Tests	241,283.11
834,070	Sundry Income	1,111,929.13
	Insurance- Premium - Industrial Estates	
76,092		
922,499	Staff Loan Interest	968,251.30
373,644	Sales Discount - Commission	126,477.40
	Capital Grant - Transferred	3,112,783.98
	Interest - Savings Accounts	1,182,370.41
91,301		
184,421,580		
16,697,304	Less: Profit on vehicle revaluation shown as capital reserves	
37,429,819	Less: Scrap Sales related to previous years	
130,294,458		159,430,890.84
	Less:	
	Raw Material and Consumable Used	
21,479,223	Cost of Sales - Direct Materials	25,458,439.95
	Cost of Sales - Clay Pots	74,482.00

5,781,850	Cost of Sales - Indirect Materials	7,969,944.60	
	Cost of Sales -		
	Purchasing Non Ferrous	8,033,390.49	
	Consumable -		
	Engineering Raw Materials	5,934.00	
300,000	Cost of Sales - Casper		
<u>47,548</u>	Consumable Foundry Raw Material	120,490.00	
27,608,622			
947,902	Working Progress - Peliyagoda (Electroplating) and Pannala - ATRDC		
26,660,720			41,662,681.04
	Staff Cost		
141,354,789	Salaries & Wages	138,082,571.72	
398,548	Chairman Remuneration	540,000.00	
37,998,196	COL Allowance	40,407,756.23	
41,970	Professional Allowances		
5,152,476	Other Allowances	5,422,340.38	
	Special Allowance - 5%	6,823,190.70	
395,233	Payment Allowance For Contract Employees	28,700.00	
7,371,712	Unutilized Medical Leave Encashment	8,371,081.50	
492,500	Bonus Payment for Board Employees	542,000.00	
977,593	Trainee Allowances	599,348.12	
	Daily Paid & Care Takers Allowance	737,393.82	
3,629,830	Direct Labour absorbed for manufacturing	1,243,431.00	
17,584,229	EPF (Contribution)	17,142,208.90	
<u>4,396,036</u>	ETF (Contribution)	<u>4,285,527.28</u>	
219,793,112			224,225,549.65
	Overtime & Holiday Pay		
9,050,170	Overtime	9,202,007.62	
<u>902,085</u>	Holiday Pay	<u>742,574.51</u>	
9,952,256			9,944,582.13
	Travelling & Subsistence		
7,069,175	Travelling (Local)	6,228,744.02	
1,734,916	Travelling (Foreign)	533,663.10	
<u>314,555</u>	Lodging Expenses	<u>233,917.00</u>	
9,118,646			6,996,324.12
	Supplies		
2,501,659	Stationery	2,136,414.14	
3,598,997	Fuel	3,895,283.45	
1,178,150	Uniforms	1,361,332.61	
6,400	Registration of Suppliers	400.00	
<u>20,612</u>	Transport	<u>611,520.85</u>	
7,505,817			8,004,951.05
	Maintenance		
1,564,926	Maintenance of Building	2,128,472.06	
1,003,025	Maintenance of Computers	591,078.04	
59,092	Maintenance of Lab Equipment	8,066.36	
62,794	Maintenance of Printing Machinery	114,143.70	

5,805	Maintenance of Tools & Spares		
13,050	Maintenance of PABX Services	15,550.25	
4,780	Maintenance of Sundry Assets	7,927.00	
2,415	Maintenance of Bicycles	2,125.00	
771,115	Maintenance of Office Equipment.	793,249.21	
725,368	Maintenance of Office Equipment, Furniture & Fit.	801,243.25	
3,609,195	Maintenance of Motor Vehicles	3,561,709.65	
1,010,229	Maintenance of Plant & Machinery	1,590,793.36	
395,920	Maintenance of Water Supply	542,588.94	
1,156,681	Maintenance of Industrial Estate	2,158,346.82	
<u>230,957</u>	Maintenance of Land	<u>190,157.75</u>	
10,615,351			12,505,451.39
	Contractual Services		
9,798,023	Electricity	10,811,790.57	
5,337,653	Telephone, Postage & Telegrams	6,303,679.21	
4,276,621	Water Charges	4,175,846.38	
12,197,048	Security Charges	15,957,955.77	
1,022,776	Insurance	1,007,186.54	
2,723,960	Rent Rates and Taxes	3,848,409.94	
<u>594,813</u>	Newspapers	<u>624,595.00</u>	
35,950,895			42,729,463.41
	Other Operating Expenses		
252,090	Consultancy Fees & Legal Charges	780,783.80	
	Corporate Plan	673,850.83	
	Capacity Building	2,438,933.15	
	Exhibition Expenses	411,008.06	
	Payment of Workmen Compensation	200.00	
912			
600,000	Audit Fees	600,000.00	
8,000	Directors' Fees	117,000.00	
793,987	Welfare	1,186,761.65	
513,145	Entertainment	612,909.40	
2,816,963	Advertisement	3,135,818.53	
120,079	Miscellaneous	156,013.09	
88,200	Medical Examination Fees	31,130.00	
2,000	Fees for Tests	11,000.00	
154,012	Local Training	199,386.00	
55,699	Uthuru Wasanthaya		
17,185	Membership Fees	55,513.07	
53,789	Registration Fees	65,815.76	
687,254	Subcontract Charges	655,024.00	
	Write-off Account	808,978.82	
15,702,802	Gratuity Provision	9,577,787.00	
1,441,475	Medical Aid Scheme	1,071,593.00	
1,876	Promotional Expenses	4,739.00	
622,637	Research & Development	238,162.75	
64,378	Valuation and Survey Expenses	126,834.83	
249,005	Publications	60,280.00	
9,515,754	Training Programme	7,870,822.71	

61,250	Vehicle Rent	3,750.00
679,615	Charges For Engineering Works	567,216.41
163,472	Marketing Expenses	180,689.28
	Non Ferrous Collection Commission	74,625.40
101,868	Licenses Fees	149,325.00
135,575	IDB 40th Anniversary	
15,090	Distress Loan Write Off	15,430.78
1,038,774	Exhibition Expenses	
4,267	Photos	10,557.00
727,284	Bad Debts - Provision	
<u>36,688,436</u>		<u>31,891,939.32</u>
	Depreciation and Amortization Expenses	
	Depreciation of Furniture & Fittings	897,021.00
728,110	Depreciation of Travelling Bags	55,143.25
38,330	Depreciation of Plant & Machinery	5,257,821.94
3,840,212	Depreciation of Office Equipment	1,527,249.24
1,395,426	Depreciation of Motor Vehicles	5,635,098.80
5,482,171	Depreciation of Buildings	3,759,847.00
3,603,305	Depreciation of PABX Services	256,420.95
162,594	Depreciation of Sundry Assets	388,880.00
377,251	Depreciation of Computer	3,330,131.33
2,684,647	Depreciation of Utility Services	413,665.89
281,831	Depreciation of Tools & Spares	63,702.50
52,662	Depreciation of Laboratory Equipment	95,879.09
100,159	Depreciation of Printing Machinery	394,207.90
341,154	Depreciation of Bicycles	4,594.00
3,892	Depreciation of Library Books	116,362.71
273,130	Depreciation of JICA Project	<u>212,747.00</u>
<u>212,747</u>		<u>22,408,772.60</u>
<u>19,577,621</u>		<u>400,369,714.71</u>
375,862,855	Less:	
	Amount Recovered by way of Machine Hour Rate	(3,439,801.50)
(3,018,699)	Amount Recovered by way of Overhead Absorption	(3,186,773.72)
<u>(2,992,782)</u>		
<u>(6,011,482)</u>		<u>(6,626,575.22)</u>
369,851,373	Finance cost	
	Bank Charges & OD Interest	445,210.67
437,986	Foreign Exchange Loss	
<u>5,625</u>		
<u>443,611</u>		<u>445,210.67</u>
<u>(240,000,526)</u>	Excess of Income over Expenditure	<u>(234,757,459.32)</u>

**AUDITOR GENERAL'S
REPORT
COMENTS OF THE
BOARD**

My No. : EL/H/IDB/FA/2011

02 August 2012

The Chairman
Industrial Development Board of Ceylon

Report of the Auditor General on the Financial Statements of the Industrial Development Board of Ceylon for the year ended 31 December 2011 in terms of Section 14(2)(c) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Industrial Development Board of Ceylon for the year ended 31 December 2011 comprising the balance sheet as at 31 December 2011 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No. 38 of 1971 and Section 35(1) of the Industrial Development Act, No. 36 of 1969. My comments and observations which I consider should be published with the Annual Report of the Board in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed Report in terms of Section 13(7)(a) of the Finance Act. was furnished to the Chairman of the Board on 19 April 2012.

1:2 Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1:3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making

those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub - sections (3 and 4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary power to the Auditor General to determine the scope and the extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1:4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial statements

2:1 *Qualified Opinion*

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Industrial Development Board of Ceylon as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2:2 *Comments on Financial Statements*

2:2:1 Sri Lanka Accounting Standards

Non-compliance with the following Sri Lanka Accounting Standards were observed.

- | | |
|--|--|
| (a) Sri Lanka Accounting Standard No.3 | (i) The Statements of Changes in the Equity had not been presented with the financial statements. |
| | (ii) Adequate provision for bad and doubtful debts had not been made for the debtors. |
| | (iii) The credit balances amounting to Rs.1,035,907 in 24 debtors accounts had been set off against the debit balances |

- | | |
|--|---|
| (b) Sri Lanka Accounting Standard No. 9 | The method adopted for the preparation of a Cash Flow Statement had not been disclosed in the accounts. |
| (c) Sri Lanka Accounting Standard No. 29 | The accounting policy on revenue recognition had not been disclosed in the financial statements. |

2:2:2 Accounting Deficiencies

The following accounting deficiencies were observed.

- (a) The value of 12 sugar test kits amounting to Rs.120,000 had been added to the stocks of Kithul Project Division instead of showing under the fixed assets.
- (b) The profit amounting Rs.1,169,776 earned from the sale of 04 motor vehicles revalued in he year 2010, for Rs.2,536,788 had been taken into the income for the year and in addition the reserve of Rs.1,683,476 created from the revaluation of those motor vehicles had also been taken into the income for the year. As such the income for the year had been overstated by that amount.
- (c) A sum of Rs.12,139,625 comprising Rs.8,730,724 spent on the Technical Services Building, which had not been completed a sum Rs.1,787,500 on the Moneragala District Office and the sum of Rs.1,621,401 incurred for Lakkam building of had been included in the value of buildings.
- (d) Three laptop computers purchased for Rs.1,041,600 during the year had not been depreciated and as such depreciation had been understated by a sum of Rs.208,320.
- (e) The further depreciable value of Rs.26,881,326 relating to 12 items of fixed assets including office furniture, equipment and library books had not been depreciated.
- (f) The profit on the sale of fixed assets amounting to Rs.1,169,776 had not been adjusted to the pre-tax profit in the cash flow statement. Even though the proceeds from the sale of fixed assets amounted to Rs.2,536,780 it had been shown as Rs.2,853,252 under the investments in the cash flow statement thus overstating by a sum of Rs.316,472.

- (g) The interest income of the current year amounting to Rs.1,182,370 and the interest expenses amounting to Rs.11,695 had not been shown separately under the interest in the cash flow statements.
- (h) Instead of debiting the expenditure incurred on the preparation of the Corporate Plan for the 03 years from 2011 to 2013 to the Income Account for the year as the expenditure for the year, a sum of Rs.673,850 out of that had been debited to the Income Account and a sum of Rs.1,347,702 had been brought to account under the other current assets.

2:2:3 Unreconciled Control Accounts

Differences were observed between the following expenditure appearing in the financial records and the subsidiary registers.

Particulars	Value according to the Financial Records	Value according to the Subsidiary Registers	Difference
-----	-----	-----	-----
	Rs.	Rs.	Rs.
Security Expenditure	15,957,956	17,219,902	1,261,946
Electricity	10,811,791	11,045,144	233,353

2:2:4 Unexplained Differences

- (a) The following differences were observed between the stocks shown in the final accounts and the stocks shown in the Stock Verification Reports.

Division	According to Final Accounts	According to Stock Verification Reports	Differences
-----	-----	-----	-----
	Rs.	Rs.	Rs.
Sub-stores Foundry Division	3,048,963	3,034,606	14,357
Villages Development Division and Kithul Programme	16,509,779	16,743,719	(233,940)
Rubber Goods Development Division	8,919,115	4,555,591	4,363,524
	-----	-----	-----
	<u>28,477,857</u>	<u>24,333,916</u>	<u>4,143,941</u>

The above differences had resulted in the increase of the net loss for the year under review by a sum of Rs.4,143,941.

- (b) Even though a sum of Rs.12,860,357 had been shown in the financial records of the current year as the Value Added Tax receivable, according to the Tax Returns furnished to the Department of Inland Revenue as at the end of the year that had been shown as the Value Added Tax payable amounting to Rs.149,749. As such an unexplained difference of Rs.13,010,106 existed.

2: 2:5 Accounts Receivable and Payable

(a) Accounts Receivable

- (i) According to the age analysis of debtors, the total value of 30 Accounts Receivable amounted to Rs.54,888,710 and comprised Rs.14,443,562 less than 01 year old, Rs.3,758,618 old between 01 year and 02 years, Rs.1,936,495 old between 2 to 4 years, Rs.8,277,793 old between 4 to 5 years and Rs.26,472,242 older than 05 years. Proper courses of action had not been taken for the recovery of those balances. It was observed that the provision for bad debts amounting to Rs.5,047,335 was not adequate for the purpose.
- (ii) According to the accounts, three debtors accounts called "overpayments to customers" totaling Rs.464,890 contained credit balances and the reasons for that had not been explained to audit.
- (iii) Sundry debtors amounting to Rs.462,845 and dishonoured cheques of debtors valued at Rs.346,133 totaling Rs.808,978 had been written off from the accounts without approval.
- (iv) Unidentified deposits amounting to Rs.3,125,837 existed as at the end of the current year in 05 Bank Accounts of the Board and comprised Rs.549,236 older than 04 years, Rs.74,209 older than 03 years, Rs.986,341 old between 2 to 3 years and Rs.941,074 old between 01 year and 02 years. Action had not been taken to identify them and account for as income. Nevertheless, this amount had been reduced gradually from the year 2009.
- (v) Prepayments amounting to Rs.17,416,686 had been made again to 07 institutions in the year under review without settling the prepayments made in the preceding years.

(b) Accounts Payable

- (i) Erroneous amounts had been shown in the Refundable Deposit Accounts amounting to Rs.6,565,529 relating to 331 industrialists who were observed to have left the Industrial Estates.
- (ii) Even though title of lands the Industrial Estates belonging to the Government cannot be transferred, a system of transfer of the title of lands under a hire purchase system had been implemented and deposits amounting to Rs.14,843,613 refundable to 126 such industrialists been shown in the accounts.
- (iii) Even though there were bid security amounting to Rs.887,239 older than 03 years existed, such bid security deposits refundable after the completion of the procurement process remained in the accounts.
- (iv) Creditors balances older than 03 years amounting to Rs.48,048,396 remained in the accounts and adequate courses of action had not been taken in the year to settle those balances.

2:2:6 Lack of Evidence for Audit

The evidence required for the satisfactory vouching/ verification of the following items was not made available to audit.

Particulars -----	Value ----- Rs.	Evidence not made available -----
Work-in-progress	19,299,692	Verification Reports
Furnished Stocks	2,480,536	Verification Repots
Raw Materials purchased For Rubber Goods Development Centre, Peliyagoda	20,422,093	Stock ledgers showing the receipt, issue and the value of Raw Materials.
Prepayments	93,117,377	Register of Prepayments maintained in the updated manner

2:2:7 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed during the course of audit.

- (a) Employees' Provident Fund Act, No. 15 of 1958, Section 10. Even though Board to pay contributions to the Employees Provident Fund computed on the total earnings from

employment, contributions amounting to Rs.10,785,306 payable on the allowances amounting to Rs.49,024,124 paid in the year under review had not been paid to the Fund.

- (b) Employees Trust Fund Act, No. 46 of 1980 Section 16.

Even though the employer is bound to pay to the Employees' Trust Fund the contributions computed on the total earnings of the employee contributions amounting to Rs.1,470,725 payable on the allowances amounting to Rs.49,024,124 paid in the year under review had not been paid to the Fund.

In this Connection the Chairman's view is that the Treasury provisions have been approved by computing the contributions to the Employees' Provident Fund and the Employees' Trust Fund only on the basic salary.

- (c) Inland Revenue (Amendment) Act, No. 22 of 2011

Even though the Pay As You Earn Tax of a particular month should be remitted to the Department of Inland Revenue before the 15th day of the month following, action had not been taken for the recovery of the Pay As You Earn Tax for January to May 2011 amounting to Rs.269,375 from the salaries of employees and remit to the Department of Inland Revenue.

- (d) Government Financial Regulations

- (i) Financial Regulation 110

A Register of Losses and Damage had not been maintained.

- | | |
|--|---|
| <p>(ii) Financial Regulation
371(2)</p> | <p>Even though advances granted should be settled immediately after the completion of the purpose, advances amounting to Rs. 2,344,750 relating to a number of years had not been settled even by the date of audit,(01 March 2012).</p> |
| <p>(iii) Financial Regulation 387</p> | <p>The Paying Officer should always make sure that the bank balance available is adequate to make all payments by cheque and desist from obtaining Bank Overdrafts. Nevertheless, negative balances of Rs.2,024,206 and Rs.159,835 existent in 02 Bank Accounts as at 31 December 2011.</p> |
| <p>(iv) Financial Regulations 394
and 396</p> | <p>Action had not been taken on 08 cheques valued at Rs.63,957 issued but lapsed for more than 06 months by 31 December of the year under review.</p> |
| <p>(v) Financial Regulation 453.</p> | <p>A Register of Personal Emoluments had not been maintained to ensure that the salaries at approved salary scales had been paid to the approved cadre.</p> |
| <p>(vi) Financial Regulation 751</p> | <p>Inventory Registers had not been maintained.</p> |
| <p>(e) Circulars
-----</p> | |
| <p>(i) Public Administration
Circular No. 41/90 of 10
October 1990</p> | <p>Even though the fuel consumption should be tested once in every 06 months it had not been so done in respect of motor vehicles of the Board.</p> |

(ii) Procurement Guidelines
of the Government

----- Section 2.11.3	Minutes of Procurement Committees had to been maintained in the specified formats.
Section 2.14.1	Even though the transport charges for scrap materials had been paid at different rates per kilogram proposed for each district a sum of Rs.611,520 had been paid for transport charges without obtaining a competitive. minimum charge.
Section 6.2.2	In certain instances adequate time had not been given to suppliers to furnish bids.
Section 6.3.6	Bid openings had not been recorded in the specified formats.

2:2:8 Transactions not Supported by Adequate Authority

The following matters were observed.

- (a) The Corporate Plan for the years 2011 to 2013 had been prepared at a cost of Rs.1,985,500 exclusive of Value Added Tax. The bidder who quoted Rs.2.2 million had been selected by calling for bids only through registered post. The selection had been made without submitting the bids to the Major Procurement Committee and without obtaining the approval. The approval of the Minor :Procurement Committee had been obtained after reducing the contract prices to Rs.1,985,500 through the discounts obtained from the suppliers in two occasions.
- (b) Surpassing the provisions of the Procurement Guidelines, the security services for the year 2011 a security services company which quoted Rs.17.8 million had been selected based on a letter sent by the Ministry of Defence, after rejecting the bids of Rs. 12.9 million, Rs.13.1 million, Rs.14.1 million and Rs.16.7 million received.

3. Financial Review

3:1 Financial Results

The Government grant for recurrent expenditure for the year 2011 amounted to Rs. 228 million and the operating results of the Board for the year before taking into account the Government grant amounted to Rs.234.8 million and the corresponding deficit for the preceding year before taking into account, the Government grant of Rs.221.2 million amounted to Rs.240.0 million. Thus an improvement of Rs. 5.2 million was indicated. The increase of Rs. 28.8 million in the internal income and the increase of recurrent expenditure by Rs.24.5 million had been the major reasons for the increase.

4. Operating Review

4:1 Performance

The following observations are made.

(a) Industrial Estates

There were 109 industrial units and 120 idle industrial units in 18 Industrial Estates in 15 districts in the Island. There were 45 closed down industrial units, 05 units occupied without authority and 28 newly allocated industries among the idle industrial units.

(c) Common Services Centre under Villages Development Projects

The following matters were observed.

- (i) Even though 106 Production Villages had been established under the Villages Development Programmes, 19 out of the Common Services Centres constructed in those villages had not been opened to the public.
- (ii) Out of the 75 Common Services Centres opened to the public 46 were in operation and 29 had been idling.
- (iii) Out of the operating Common Services Centres about 50 per cent had been operation at the marginal level.

- (iv) A lesser number of beneficiaries than the number of beneficiaries expected were observed at most centres as shown in the following examples.

Project	Number of Beneficiaries Expected	Number receiving Benefits
-----	-----	-----
	-	
Kurulugma (Clay)	91	08
Kudawella (Coir Fibre)	180	70
Udukiriwala (Clay)	600	210
Bedigantota (Paper)	25	03
Dimbulkambu (Paper)	30	05

(c) Village Development Projects

The following matters were observed.

(j) Coir Fibre Industries

A sum of Rs.3.6 million had been spent for the Common Services Center and machinery and equipment in the Ilimba area in Horana and that Centre had been idling over long periods during the 05 years up to the end of the year 2011.

A sum of Rs.1.3 million had been spent for the machinery and equipment for the Coir Fibre Industry at Bambaragastenna Ratnapura. As it had not been successful, it had been handed over to a private contractor. It was observed that such course of action is not consistent with the objectives of a project meant for raising the economy of those engaged in the industry.

(ii) Smithy Villages

The goods valued at Rs.257,525 supplied to the Common Services Centre of the Epilawatta Smithy Village and the goods valued at Rs.32,175 supplied to its members did not conform to the specified standards. Those remained idle for four years as those were not in working order.

The bolt hammer valued at Rs.210,000, two anvils valued at Rs.29,000 and 02 vices valued at Rs.21,775 supplied to the Udugoda Smithy Village in the

Panwila Divisional Secretariat Division had not been in working order as those were substandard.

(iii) Jewellery Villages

The goods valued at Rs.168,298 supplied to the Nakandala Jewellery Village, Eheliyagoda remained without being used as those did not conform to the specified standards.

The Chairman made the following comments on the Villages Projects handed over to the public. The Board functions as the implementation agency for the Villages Projects Programme executed according to a Programme of the line Ministry and on the completion of construction works of the Projects, they are handed over to the public. Their maintenance is assigned to a co-operative society in which the beneficiaries are members. The Board carry out follow up action on operation of the Villages Projects.

4:2 Management Inefficiencies

The following matters were observed.

- (a) A Computer Training Centre had been commenced in the Ratnapura area in the year 2010 and 01 course had been conducted. The Project had been closed down on 07 April 2011 as it was not successful and the equipment including the computers had been brought back to the Head Office. The building facilities for the Project had been obtained from the Ratnapura College of Technology. The expenditure amounting to Rs.731,224 incurred on establishing a computer laboratory, air conditioning, etc. had become fruitless.
- (b) An agreement for a sum of Rs.7,231,517 had been entered into on 05 January 2011 for the supply of 35,410 clay ovens before 28 February 2011 to 05 districts under the World Food Programme of the United Nations. The agreement had been cancelled on 01 July 2011 as clay ovens valued at Rs.3,244,845 or 46 per cent of the agreed quantity only had been supplied by 28 June 2011.
- (c) Out of the Value Added Tax collected by the Board in the first quarter a sum less than the amount collected by Rs.813,387 had been remitted to the Department of Inland Revenue.

- (d) The second lower quotation which had satisfied all specifications had been rejected and the third lower bid had been selected in the purchase of 05 Desk Top Computers. As such the Board had incurred a loss of Rs.17,000.
- (e) The seventh lower bid had been selected by rejecting the second lower quotation which had satisfied all specifications for the purchase of 03 computers to the Marketing Divisions, thus causing a loss of Rs.13,500.

4:3 Operating Inefficiencies

The following matters were observed.

(a) Scrap Materials Project

A system of procedures relating to the purchase, sale and storage of scrap materials had not been prepared and implemented in accordance with the Cabinet decision relating to the implementation of the Project. In view of such situation, it was observed that irregularities had taken place in the purchase, sale and storage due to the following reasons.

- (i) Even though prepayments of Rs.4,625,697 had been made to 06 institutions in the year under review and the year 2010 action had not been taken to get down the scrap materials to the Board.
- (ii) The settlement vouchers for the scrap materials valued at Rs.4,095,970 purchased through prepayments in the years 2010 and 2011 had not been prepared even by 31 December 2011.
- (iii) Even though scrap materials should be distributed at a fair value to the small scale industrialists, contrary to that, 50 per cent of the scrap materials valued at Rs.16,708,157 sold from January to July 2011 had been distributed among 04 industrialists.
- (iv) In certain instances goods are not properly weighed and taken over and as due to the sale of goods outside the premises, the value of goods sold according to the covered Goods Received Notes amounted to Rs.415,458.
- (v) The scrap materials at the Imiyangoda Scrap Materials Collection Centre had been sold by auction from 29 April 2011 and the Centre had been closed down. The following matters were observed in that connection.

According to the documents a balance stock of 304.7 tons of scrap materials valued at Rs.4.6 million was observed. As there is no such saleable stock available, an equivalent stock shortage was observed.

Even though there were credit purchases in the preceding years a sum of Rs.490,493 not shown under the credit purchases and creditors in the final accounts had been paid in the year under review.

- (b) The work in connection with conducting an examination for the recruitment of Business Promotion Managers to the Board for deployment in the Northern and Eastern areas had been assigned to a person retired from the Open University of Sri Lanka and a sum of Rs.65,000 being the 50 per cent payment thereon had been paid to the private Bank Account of that person. As such the confidentiality of holding the examination had not been protected.

4:4 Idle and Underutilised Assets

The following observations are made.

- (a) There were 04 out of order machines and 05 unused machines at the Peliyagoda Rubber Goods Centre. The building with 2,000 square feet of office space, formerly used to maintain the Colombo District Office, of the Board had been idling over a period exceeding 06 months.
- (b) Sixteen shoe manufacturing machines said to be unfit for use had been kept in the above Centre without being used.
- (c) Twenty eight shoe manufacturing machine valued at Rs.2,771,972 belonging to the Villages Project, purchased for distribution to the beneficiaries had been lying idle in the above Rubber Goods Centre.
- (d) Good valued at Rs.11,712,136 purchased under the Villages Development Project for distribution to the Common Services Centres and the beneficiaries remained in the stores. These goods had been purchased over periods ranging from 01 year to 06 years. As long periods had elapsed after the purchase of those goods the guarantee periods had expired. Certain goods had become obsolete while certain others needed repairs at additional costs due to non use. It was observed that certain goods had been destroyed by animals such as rats.

- (e) A sum of Rs.5.4 million had been spent on the Leather related Goods Production Village Project at Pallegedara, Ratnapura and that had been idling for 05 years since the year 2006. According to the Chairman's reply, a private institution is engaged in manufacturing work there at present on lease basis. Nevertheless, it is a deviation from the basic objectives expected from this programme.
- (f) The construction work of the products showroom and the Marketing Centre built at a cost of Rs.1,412,000 in front of the Badulla Provincial Office had been completed by the end of the year 2008. But it had not been used up to the end of the year under review.
- (g) Three dough mixer machines purchased for Rs.298,500 on 03 February 2006 for the Gonapura Food Project had been lying in the stores and the guarantee period of the machine had expired.
- (h) The building of 1,400 square feet of floor space with water and electricity supply situated on a land called Dimbulawatta 89 perches in extent at Miyunugala Mahiyangana had not been used for any purpose whatsoever for more than 14 years.
- (i) The hostel with accommodation for about 25 persons at the Appropriate Technology Centre, Pannala had been closed down from the year 2004.
- (j) A mushroom dryer machine purchased at a cost of Rs.1,180,000 for the mushroom cultivation had been lying in the Board premises without being recorded in the inventory as a part of it had been misplaced.
- (k) The fruitless investment of Rs.5.3 million in the Industrial Company of which transactions had ceased over a period of 18 years had been shown under fixed assets in the final accounts.
- (l) Even though 25 Bank Current Accounts of the Regional Offices and different Divisions of the Board had been closed down in the current year, favourable balances amounting to Rs.161,900 in 11 accounts and overdraft balances in two accounts amounting to Rs.2,184,041 had been shown in the financial statements.
- (m) A sum of Rs.1,424,654 had been shown under the current assets as Goods and Services Tax defunct as at present.

4:5 **Identified Losses**

The following observations are made.

Overpayments amounting to Rs.6,268,931 and under payments amounting to Rs.1,212,589 had been made from the year 2006 to 2010 due to the erroneous computation of salaries resulting from the failure to place salaries on the correct steps in terms of the Management Services Circular No. 30.

4:6 **Cadre Administration**

The following observations are made.

The approved and the actual cadre of the Board are as follows.

Grades	Approved Cadre	Actual Cadre	Vacancies
-----	-----	-----	-----
Executive Grades	264	206	(58)
Clerical and Allied Grades	236	131	(105)
Minor Grades	264	195	(69)
	-----	-----	-----
	764	532	(232)
	===	====	===

- (a) The approval for the Scheme of Recruitment in terms of the Management Services Circular No. 30 had not been obtained up to the end of the year under review.
- (b) Contrary to the Management Services Circular No. 30 the Board had recruited 76 persons for permanent posts and 09 persons on contract basis and the contract employees remain in service for periods ranging from 02 to 04 years. Similarly 41 persons had been recruited on casual basis without approval and their service periods range between 01 year to 05 years.
- (c) Newspaper advertisements had been published for the post of Director Technical Services without a formally approved Scheme of Recruitment and the required qualifications had been specified as experience of 15 years in executive capacity with a degree in Science or Engineering of which 08 years should be in a Senior Executive Post. Instead of the 15 years experience, the officer appointment to the post had stated 13 years in difference Management Services in the private sector and did not possess experience of 08 years in Senior Executive capacity. The confirmation of experience gained by him had not been obtained from the institutions concerned.

4:7 Build up of a Fund for Provisions on Employees' Gratuity

The following observations were made.

Even though a provision of Rs.106.6 million had been made for the employees' gratuity, that amount had not been effectively invested. In this connection the Chairman replied that the money cannot be used for investment as the salaries and gratuity are paid from Treasury provisions.

4:8 Motor Vehicles Utilisation

The following matters were observed.

- (i) The bus purchased for Rs.8,711,713 in the year 2009 with the objective of dissemination of technology to the villages had been used in the year 2011 for 04 exhibition duties without a targeted plan and had run less than 2,000 kilometres for that purpose. The bus had been run for only for 3,098 kilometres in the year 2010 for 08 trips. As such it had been underutilized.
- (ii) In view of the failure of the above project, this bus remained idle most of the time and the bus purchased or a high cost needed frequent repairs.
- (iii) The Board owns a fleet of 41 motor vehicles and 05 motor vehicles with out of order milometers were observed.

4:9 Transactions of Contentious Nature

The following observations is made.

The method of selection of resource persons for the Seminars and Workshops conducted by the Board and the approvals for the payments made to them at the rates of Rs.2,500 and Rs.3,500 per hour and Rs.10,000 per 06 periods could not be ascertained in audit.

5. Accountability and Good Governance**5:1 Corporate Plan**

- (a) The Board had prepared in Corporate Plan for he years 2011 to 2013 at a cost of Rs.2 million.
- (b) Most of the activities included in the Corporate Plan had not been executed. A reconciliation of the targets set out in the Corporate Plan with the Progress Reports revealed that 121 activities relating to 07 Divisions had not been executed by he end of the year and 21 instances where the level of execution had been less than 50 per cent.

5:2 Action Plan

A separate Action Plan for the year 2011 had not been prepared and approved.

5:3 Audit and Management Committees

Even though the Audit and Management Committee should meet at least once in each quarter in terms of Section 7.1:4 of the Public Enterprises Circular No. PED/12 of 02 June 2003, only one meeting had been held during the year 2011.

5:4 Procurement Plan

A Procurement Plan and the Procurement Time Schedules that should be prepared in terms of Section 4.2.1 and 4.2.2 respectively of the Procurement Guidelines had not been prepared.

5:5 Budgetary Control

The expenditure incurred under 02 capital items and 09 recurrent items had exceeded the budgeted expenditure by sums of Rs.0.7 million and Rs.8.8 million respectively.

The budgeted Income and Expenditure Account, the budgeted Balance Sheet and the cash flow statement had not been presented with the budget in terms of Section 5.2.1 of the Public Enterprises Guidelines on Good Governance dated 02 June 2003.

As such the budget had not been made use of as an instrument of control.

6. Systems and Controls

- (a) The Lakkam Marketing Centre sells the goods of industrialists on payment after the sale basis. But proper stock books had not been used for recording the receipt and issue of stocks.
- (b) Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman from time to time. Special attention is needed in respect of the following areas of control.
 - (a) Preparation of Bank Reconciliation Statements
 - (b) Accounting and Computer Systems
 - (c) Debtors and Creditors Control
 - (d) Motor Vehicles Control and Maintenance of Registers
 - (e) Control of Purchase and Sale of Scrap Materials
 - (f) Advances
 - (g) Stock Control

Signed
H.A.S. Samaraweera
Auditor General

Auditor General's Reports Para No.	2011	
	Comments of the Board	
2.2	Comments on Financial Statements	
2.2.1	Sri Lanka Accounting Standards	
(a)	Sri Lanka Accounting Standard No.3	
(i)		Has been prepared after submitting financial reports.
(ii)		It is expected that the provisions allocated will be sufficient.
(iii)		It is expected that this action would not affect the final financial outcome.
(b)	Sri Lanka Accounting Standard No.9	This will be included in to the accounting of the year 2012.
(c)	Sri Lanka Accounting Standard No.29	This was included in the financial statements.
2.2.2		
(i)	Accounting Deficiencies	
(ii)		Only a value of Rs.12,000/- pertaining to depreciation of fixed assets shall cause a decrease in profit. Action has been taken to rectify this.
(iii)		This has been rectified.
(iv)		This has been rectified.
(v)		This has been rectified.
		This was caused by the following factors.
		01. These depreciations were stopped some time back.
		02. Physical verification of these assets was necessary.
		03. Use of the some of these assets has been discontinued.
		04. Some of the assets had to be

		<p>identified under stocks. This has been rectified.</p>
		<p>This has been rectified.</p>
		<p>Only the amount relevant for the particular year has been taken as the Corporate Plan is prepared for a period of three years. That sum has been considered as income as the money was received from the provisions of the treasury.</p>
2.2.3	Unreconciled Control Accounts	<p>Security expenses and expenditure related to electricity is estimated and then adjusted to the relevant year. Payments are made after entering them in relevant schedules when the vouchers are received. These are later rectified through adjustment entries.</p>
2.2.4	Unexplained Differences	
	(a)	<p>Noted for future action.</p>
	(b)	<p>The balance in the VAT account has continued to be brought forward for a number of years and updating the submission of VAT calculation reports to the Department of Inland Revenue is being carried out for the past two years. The definite balance which should remain in this account is being calculated.</p>
2.2.5	Accounts Receivable and Payable	
	(a)	
	(i)	<p>Action is being taken with regard to colonies in order to properly adjust aged debtor balance with the Industrial Estates deposits. This includes receivables from the Ministry for the village development project.</p> <p>A proper course of action will be taken after the matters related to aged balances that can not be settled are submitted to the Board of Directors.</p>

(ii)		Action is being taken to rectify this matter.
(iii)		This has been rectified.
(iv)		Although letters were forwarded to the banks, it was not possible to obtain information related to unidentified deposit revenue. Therefore, a paper was submitted to the Board of Directors in December 2012 to make a decision in this regard. Approval has been granted under decision number 4843 of the 473rd meeting of the Board of Directors to add this to miscellaneous revenue. This amount has been added to miscellaneous revenue in years 2012 and 2013 in installments as an unidentified deposit with no details cannot be added to the revenue until two years have lapsed according to Financial Regulations.
(v)		These advance payments have been made to government institutions. These payments have been made to ensure the continuation of the project and settlements too must be made in a proper manner.
(b)	Accounts Payable	
(i)		This has occurred as the industrialists have not demanded for the deposits and offsetting the amounts with overdue payments has not been done correctly. These deposits are being set off with the debtor balances.
(ii)		No deposit on land on the basis of hire purchase has been accepted since 1995. Accounting errors made in the first occasions are being rectified.
(iii)		Requests for repayment must be made by submitting the payment receipt. If not, repayment cannot be done. Action is being taken to rectify the accounting errors.
(iv)		Action is being taken to settle this matter

<p>2.2.6</p>	<p>Lack of Evidence for Audit</p>	<p>according to the financial status of the Board.</p> <p>There have been balances pertaining to work in progress and closed stock for a long period of time. Action will be taken to rectify this accounting error.</p> <p>Maintenance of stock ledgers for raw materials of the Peliyagoda Rubber Development Center has been defunct since about 10 years ago. Vacancies in the staff will be updated and maintenance of stock ledgers will begin in 2012.</p> <p>Updated pre payment register was submitted for auditing.</p>
<p>2.2.7</p> <p>(a) (b)</p> <p>(c)</p> <p>(i)</p> <p>(d)</p> <p>(i)</p> <p>(ii)</p>	<p>Non-compliance with Laws, Rules, Regulations and Management Decisions.</p>	<p>Sri Lanka Industrial Development Board has not made cost of living allowance payments or payments to the ETF or the EPF since the year 2006. After this shortcoming was identified, payments were made from July 2012. Payments to be made to the EPF and ETF for the period of time in which no payment was made, has been calculated. Action has been taken to make the relevant payments after obtaining provisions from the treasury.</p> <p>Inland Revenue (Amendment) Act, No.22 of 2011</p> <p>Noted down for future action.</p> <p>Government Financial Regulations</p> <p>Advised to update</p> <p>Action will be taken to settle the past balances which have been there for a long period of time.</p>

(iii)		There is a favorable balance in the bank
(iv)		This has been rectified.
(v)		Will be updated in 2012
(vi)		Steps have already been taken to update this in the year 2012.
(vii)		Noted for future activities.
(e)	Circulars	
(i)		Noted down for future action
(ii)		2.11.3 Noted down for future action 2.14.1 Noted down for future action 6.2.2. Noted down for future action 6.3.6 Noted down for future action
2.2.8	Transactions not Supported by Adequate authority	
(a)		Noted down
(b)		Security service contracts have been given to the institution under the relevant and approved courses of action. Rates Quoted by a disqualified institution have been used in the audit observation to calculate the loss. This is an incorrect method of comparison. Furthermore in the case filed by the said company called Magnum 4, the Supreme Court has found that the Sri Lanka Industrial Development Board has awarded the contract in accordance with proper procedure (S.C.F.Application No.226/2011)
03.	Financial Review	
3.1	Financial Results	
(i)		Noted down
04.	Operating Review	
04.1	Performance	

(a)	Industrial Estates	<p>Distribution of vacant plots of land/buildings is done in a regular manner after calling for applications through newspaper advertisements.</p> <p>Reforming such industries when they are defunct is not the duty of Sri Lanka Industrial Developments Board.</p>
(b)	Common Services Centre under villages Development Projects	<p>The village Development Project is a project which was initiated by the Ministry in order to fulfill objectives of the government. It is incorrect to categorize this under management deficiencies. In order to overcome common weaknesses mentioned in (I), (II), (III), (IV) thirteen villages in four Districts have been observed with the intervention of the Secretary to the Ministry and decisions necessary to empower them again have been taken. As these villages have been established in locations which were determined by the government, identifying it as a management weakness of Sri Lanka Industrial Development Board is not correct.</p>
(c)	Village Development Projects	<p>(i) Coir Fiber Industries The Cooperative Society has agreed to give the defunct industry on the basis of increasing monthly rent to an entrepreneur identified by the Cooperative Society at a committee meeting presided by the Director (Entrepreneurship Development) of the Ministry.</p> <p>(ii) Smithy Villages It has been proposed to take action under improving sustainability and re-empowerment of production villages with the guidance from the Secretary to the Ministry.</p> <p>(iii) Jewellery Villages It has been proposed to take action under improving sustainability and re-</p>

<p>4.2</p> <p>(a)</p> <p>(b)</p> <p>(c)</p> <p>(d)</p> <p>(e)</p>	<p>Management Inefficiencies</p>	<p>empowerment of production village with the guidance from the Secretary to the Ministry.</p> <p>As this was identified as a failed project, the equipment was utilized for other income generating activities at the head office by the management in 2011.</p> <p>This was cancelled due to the deficiency in the supply of cookers made of clay.</p> <p>Action will be taken to remit accurate amounts.</p> <p>The Board has not incurred any financial loss as the type of computers which have minimum level of technical issues have been selected.</p> <p>The Board has not incurred any financial loss as the type of computers which have minimum level of technical issues have been selected.</p>
<p>4.3</p> <p>(a)</p> <p>(i)</p> <p>(ii)</p> <p>(iii)</p> <p>(iv)</p>	<p>Operating Inefficiencies</p>	<p>These advance payments have been made to government institutions. Depending on matters such as deductions made to remove scrap items and clearing up as well as transportation, recovering these amounts may get delayed.</p> <p>Settlement of Rs.3,278,856/- to the Electricity board of Galle is being arranged. Money required for the other settlements has been provided to the finance division.</p> <p>Out of scrap materials, the highest supply is available for iron. Due to lack of sufficient storage facilities and to face issues related to working capital, this has been given to the applicants.</p> <p>The Nawabima storage complex which is currently available is not sufficient to store scrap materials. The scrap material Policy</p>

<p>(v)</p> <p>(b)</p> <p>4.4</p> <p>(a)</p> <p>(b)</p> <p>(c)</p>	<p>Idle and Underutilized Assets</p>	<p>Committee has granted approval to provide scrap material to registered industrialists from the same locations in which they were purchased as there is not a sufficient number of employees and vehicles to clean, cut and load scrap material which are received from various institutions.</p> <p>The Imiyangoda scrap material center was closed down as per a management decision made at a meeting of the Heads of Departments. At the Scrap Material Management Committee meeting held at the Ministry of Traditional Crafts and Small Industries on 06.04.2011, it was decided to auction all the scrap metal which was piling up without being sold after informing all the industrialists registered with the Scrap Metal Project. Removal of waste (wood, Plastic, parts of computers, shards of glass, pieces of tiles, cardboard, cushions, concrete, soil, sand, stone dust, rubber, mud, fiberglass, rust) by the industrialists when purchasing scrap materials has resulted in this. Advice was given to rectify this matter.</p> <p>Action is being taken to recover the sum of Rs.65,000/- paid as 50% of the amount paid for making arrangements for holding the examination.</p> <p>Outdated machinery and functions performed by some machinery are not being implemented anymore has been the reason for this. The ground floor is inundated during the rainy season and it has been observed that the building has a risk of subsidence.</p> <p>This has occurred due to the dearth of trained advisors.</p> <p>It has been recommended that these machines should be granted to the</p>
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<p>(d)</p> <p>(e)</p> <p>(f)</p> <p>(g)</p> <p>(h)</p> <p>(i)</p> <p>(j)</p> <p>(k)</p> <p>(l)</p>		<p>Beraligala village of Hambantota.</p> <p>A large quantity of items which had not been distributed by 31.12.211 was distributed among the village which were commissioned to the public in the year 2011. The left over items are to be given to the villages which are to be commissioned to the public in future under the re-empowerment project.</p> <p>The management has made such a decision as this is an inactive and under –utilized asset.</p> <p>Interior decoration work of the show room has been completed. The rest of the work will be carried out by the Buildings Department. Expected to declare this open in the year 2012.</p> <p>It has been decided to distribute these in a village that will be declared open in the future.</p> <p>Responded in previous years.</p> <p>Although plans were formulated to modernize this, the attention of the management has been drawn to the request made by the National Water Supply Board to make use of this building and the plot of land for a project.</p> <p>Action has been taken to update the inventory.</p> <p>Responded in the year 2010.</p> <p>Action was taken to close the accounts opened for the activities of District Offices and only the accounts opened for special purposes were kept intact. Those accounts are dormant and action will be taken to</p>
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		<p>close them in future after obtaining a decision from the Board of Directors the following favorable balances remained as at 31.12.2011 in the two accounts identified as accounts with overdraft balances,.</p> <p>01. Main account 682974 – Rs.360,827.92</p> <p>02. Sub contract account 70034730 – Rs.1,264,175.12</p> <p>This is a balance which has been there since the year 2004. A decision as to what action must be taken, can be made after calculating the tax debits.</p>
4.5	Identified Losses	<p>The manner in which the value was calculated has been submitted to us.</p>
4.6	Cadre Administration	
	(a)	<p>Approval has been granted for the restructuring of the staff. Approval for cadre estimates with Effect from 01.02.2012 has been received. Recruitment procedure was approved on 29.04.2013.</p>
	(b)	<p>These recruitments were made based on the service requirement as taking action in line with management service circulars has been delayed.</p>
	(c)	<p>Recruitments were made based on service requirement subject to approval. Was selected by an interview board and in an Agri Science graduate. (An engineering or science graduate must be recruited for the technical service division.</p>
4.7	Build up of a Fund for Provisions on Employees' Gratuity	<p>Money Cannot be deployed for investments as salaries are paid out of the provisions given by the Treasury.</p>
4.8	Motor Vehicles Utilization	
	(i)(ii)	<p>This bus has been obtained to hold mobile workshops of the technical services division and is used only when required. A considerable expense has to be borne for repairs as there had not been a proper</p>

		<p>technical assessment when purchasing it. This asset is underutilized.</p> <p>Repairing this vehicle has been delayed due to the difficulty of finding spare parts required for repairing the milometer of these vehicles which are about 28 years old.</p>
(iii)		
4.9	Transactions of Contentious Nature	Noted to future action
05.	Accountability and Good Governance	
5.1	Corporate Plan	
(a)		Corporate plan for three years has been prepared and approval has been obtained.
(b)		Activities of the Corporate plan span over a period of three years. The position of the Head of Section being vacant for a long period of time has affected the progress of the institution.
5.2	Action Plan	This was approved along with the Corporate Plan
5.3	Audit and Management Committees	This has been caused by the postponing of the meetings of Audit and Management Committee due to the nature of the duties executed by Committee members and other practical reasons.
5.4	Procurement Plan	Noted for future activities.
5.5	Budgetary Control	Noted for future action.
06.	Systems and Controls	
(a)		Noted for future action
(b)		
(i)		
(ii)		Is up to date.

(iii)		Is up to date.
(iv)		Is up to date.
(v)		Is up to date.
(vi)		Is up to date.
(vii)		Is up to date.