



# **ANNUAL REPORT**

**2 0 1 9**

**INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**

## Table of Contents

Introduction .....	1
Organizational Structure .....	5
Management Reviews .....	6
01) IDB 50 <sup>th</sup> Anniversary Significant Events .....	9
02) Overall Progress And Development Activities - 2019.....	12
03) Operational Review .....	20
3.1) Regional Development Division .....	21
3.2) Engineering Division .....	25
3.3) Administration Division.....	33
3.4) Planning Division .....	39
3.5) Industrial Estates Division .....	44
3.6) Marketing Division .....	50
3.7) Centre for Entrepreneurship Development and Consultancy Services Centre.....	53
3.8) Technical Services Division .....	58
3.9) Rubber Products Development and Services Centre .....	71
3.10) Centre for Development of Leather Products and Footwear.....	76
3.11) Welfare and Other Activities.....	80
04) Financial Review .....	82
4.1) Comprehensive Statement of Financial Position .....	83
4.2) Comprehensive Statement of Income .....	84
4.3) Statement of Changes in Equity.....	85
4.4) Statement of Cash Flow.....	86
4.5) Significant Accounting Policies and Other Explanatory Information.....	87
05) Auditor General’s Review on Financial Statements.....	111

### List of Acronyms

ATRDC	-	Appropriate Technology Research & Development Centre
BMICH	-	Bandaranaike Memorial International Conference Hall
CAD	-	Computer Aided Design
CAM	-	Computer-Aided Manufacturing
CDLPF	-	Centre for Development of Leather Products and Footwear
CEDACS	-	Centre for Entrepreneurship Development and Consultancy Services
CEO	-	Chief Executive Officer
DMM	-	Department of Marketing Management
EMS	-	Environment Management System
EU	-	European Union
GDP	-	Gross Domestic Product
GMP	-	Good Manufacturing Practice
HACCP	-	Hazard Analysis and Critical Control Point System
HM	-	Higher Management
HODs	-	Head of Directors
HRD	-	Human Resources Development
HRM	-	Human Resources Management
ICT	-	Information and Communication Technology
IDB	-	Industrial Development Board
IEE	-	Institute of Electrical Engineers
ISO	-	International Standards Organization
IT	-	Information Technology
MM	-	Middle Management
MOU	-	Memorandum of Understanding
MSMEs	-	Micro, Small and Medium scale Enterprises
MT	-	Metric Tons
NBT		Nation Building Tax
NCC	-	National Craft Council
NCPCSL	-	National Cleaner Production Centre of Sri Lanka
NDC	-	National Design Centre
PA	-	Personal Assistant
QC	-	Quality Control
RDD	-	Regional Development Division
RPD&SC	-	Rubber Products Development and Services Center
SCX	-	Sub-Contracting Exchange
SEs	-	Self-Employees
SLFLPMA	-	Sri Lanka Footwear and Leather Products Manufacturers Association
SLS	-	Sri Lanka Standards
SIMs	-	Small and Medium scale Industries
SoP	-	Scheme of Promotions
SoR	-	Scheme of Recruitments
TOT	-	Training of Trainers
TSD	-	Technical Service Division
TVEC	-	Tertiary Vocational and Education Commission
UNIDO	-	United Nations Industrial Development Organization
UNOPS	-	United Nations Office for Project Services
VAT	-	Value-Added Tax



## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON (IDB)

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### Introduction

The year 2019 was a significant year for the Industrial Development Board (IDB) as it celebrated its 50<sup>th</sup> anniversary. During this period IDB has been offering a valuable service to Micro, Small and Medium Industries all over Sri Lanka covering 14 industry sectors. The IDB was initially established in 1966 under the State Industrial Corporation Act No. 49 of 1957 and in its present form was incorporated under the Industrial Development Act No. 36 of 1969. In terms of this Act the Industrial Development Board is the pioneering implementing arm and the key institution entrusted with the responsibility of development of industrial sector in the country while providing financial, technical and administrative assistance for industrialists to promote institutions engaged in industrial development. The main objective of the IDB is to promote, develop and encouragement of industries in Sri Lanka. At present it provides variety of services to assist for a proper co-ordination and interrelated growth of all industrial undertakings in the private and public sectors of the economy of the country. Further in order to foster industrial research with the objective of utilizing the natural resources of Sri Lanka, IDB involve in improving the technical processes and methods used in industries and develop appropriate technologies and equipment for local industries and discover processes and methods for the better utilization of waste products. Additionally, IDB promote the exports of local industrial products to overseas markets in the field of international trade and provide services and facilities required by or in connection with any industrial undertaking or industrial establishment in Sri Lanka. Since its inception for last 50 years, the Industrial Development Board has functioned under several ministries with the changes of the Governments. Currently IDB operates as a statutory body under the administrative purview of the Ministry of Industry and Commerce.

### Key Services and facilities provided for the industries by the Board

- Management training and consultancy services.
- Services on entrepreneurship development.
- Dissemination of industrial information to industrialists, clients and IDB staff...etc.
- Create awareness among SMEs and potential entrepreneurs on currently important business areas.
- Provide marketing assistance and consultancy services for the promotion and development of industries.
- Technological services and Develop foundry facilities for the local metal industries to recycle the metal scraps and reduce the imports of metal.
- Preparation of project proposals for obtaining funds and approvals from relevant institutions.

## 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”*

## OBJECTIVES

- *To assist in the encouragement, promotion and development of industries in Sri Lanka.*
- *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 Sri Lanka, 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 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 Sri Lanka, including the provision of capital, credit, marketing, managerial, technical facilities and legal advice.*

## Members of the Board of Directors – 2019

### During the period of January to December 2019

- 1) Mr. Navin Adikarama - Chairman
- 2) Mr. T.N. Ossen - Ex-Officio
- 3) Mr. N.G. Panditharathne - Ex-Officio
- 4) Mr. Nishadha Gamage - Member of the Board
- 5) Mr. Sandun S.K. Gamage - Member of the Board

## **Divisions of the Board**

Industrial Development Board is the implementing arm of the industrial development in Sri Lanka. The Board consists of nine Divisions and two dedicated service centres for the Development of Leather and Rubber Products transfer technologies and other related services to small and medium scale industries. The Divisions of IDB are functioning for operational and development activities. The operational Divisions are Planning, Administration and Finance Divisions. The rest of the Divisions are carrying out the development activities of the Board. The divisions are functioning under the direction and guidance of the Director General, Mr. P.L.U. Rathnamalala.

<b>No.</b>	<b>Name of the Division</b>	<b>Head of the Division</b>
01	Administration Division (AD)	- Mr. H.K. Ananda Kumara
02	Regional Development Division (RDD)	- Mr. K.M.S.G. Bandara
03	Planning Division (PD)	- Mr. J.D. Hemakumara (Deputy Director)
04	Marketing Division (MD)	- Mr. P.L. Sarath Udayasiri
05	Industrial Estates Division (IED)	- Mr. P.V.W.K. Ariyasinghe
06	Engineering Division (ED)	- Mr. W.A.P. Kapila Nishantha
07	Centre for Entrepreneurship Development & Consultancy Services (CEDACS)	- Mr. Lal Priyantha
08	Technical Services Division (TSD)	- Mr. Mohan Gunasinghe
09	Finance Division (FD)	- Mr. Y.J. Hassan
10	Centre for Development of Leather Products and Footwear (CDLPP)	- Mr. Amaranath Wimalasinghe
11	Rubber Products Development and Services Centre (RPDSC)	- Mrs. T.S.D. De Silva

The entire functions carried out by the divisions categorized under operational and development sections are monitored by the Director General of the Board. The network of 25 District Offices are functioning under the Regional Development Division and 19 Industrial Estates are functioning under the Industrial Estates Division. The Engineering and Technical Services Divisions provide services in relation to product development, process development, and transfer knowledge in order to facilitate local entrepreneurs in respective sectors. The approved total manpower of IDB is 714 nos. and it is categorized into 11 staff levels.

HM 2-1

**Organizational Structure**

HM 1-3

HM 1-2

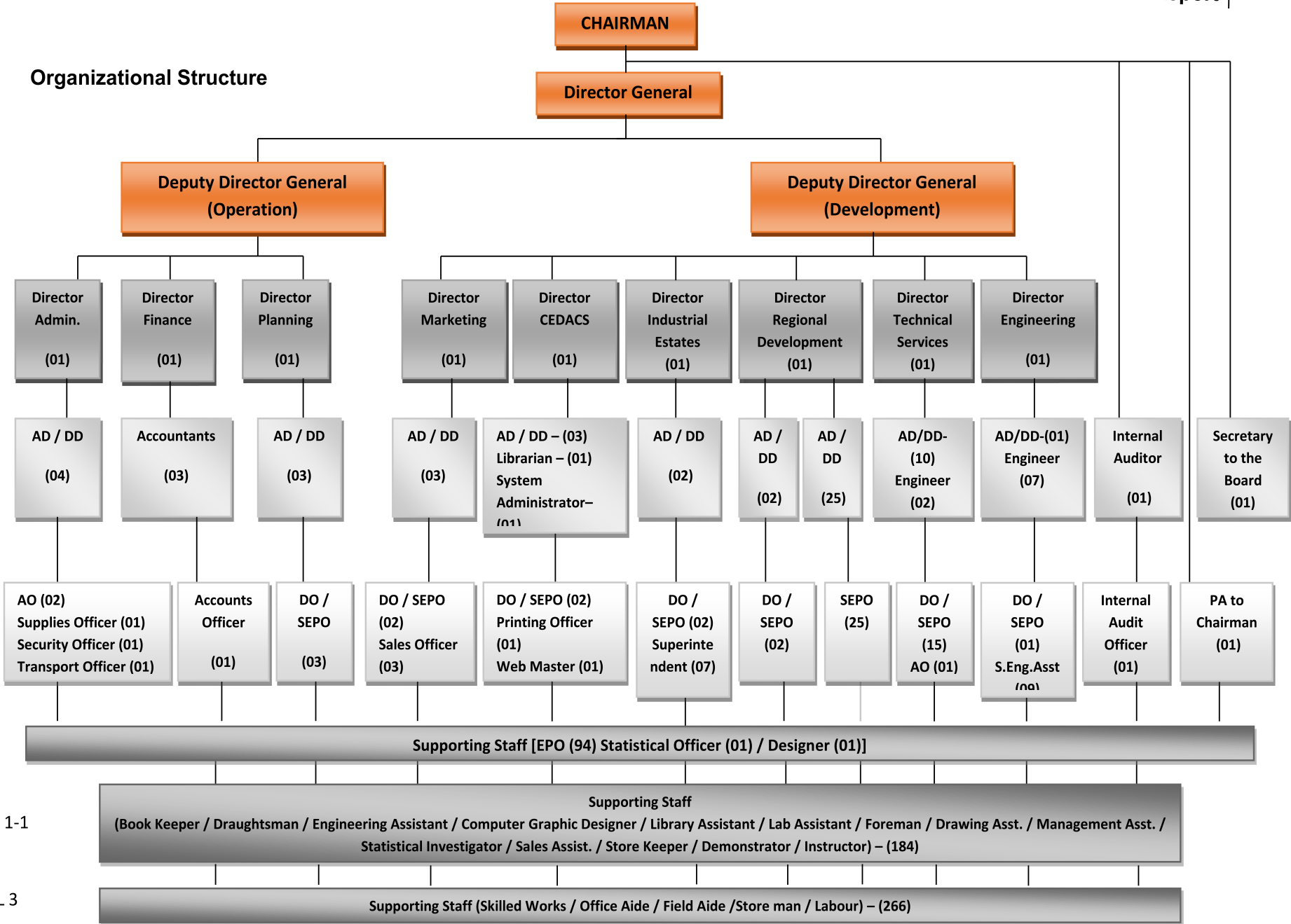
MM 1-2

JM 1-1

MA 5-2

MA 2-1/MA 1-1

PL 1/PL 2/PL 3





# MANAGEMENT REVIEWS





## DIRECTOR GENERAL'S REVIEW

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The year 2019 marked the 50<sup>th</sup> anniversary of establishment of Industrial Development Board for the purpose of encouragement, promotion and development of local industries under the Act No 36 in 1969. First and foremost, I take the opportunity to express my sincere gratitude to those, who rendered yeomen service to the institution during the period of 50 years. This has been a key factor behind the success of many leading industries in the island.

In parallel to 50<sup>th</sup> anniversary celebrations, IDB took many initiatives to leverage the progress of local industries. The pilot project for solar as alternative power is expected to be extended to industries primarily to the industries in the Industrial Estates. The pilot project for improvement of quality and productivity of chemical based industries was a great success and it will be expanded to many other industries of similar nature. This gives a greater drive to local chemical-based industries to align the industry with global eco standards and maintain safe and clean manufacturing environment.

A set of CNC machinery added to the engineering manufacturing facility has provided greater technological leverage to the institutional service delivery supporting to promote advanced technologies to the local industry to enhance quality and cost competitiveness leading to readiness for global trends in Industry 4.0. This will require immense of attention to keep the local industry informed on the modern industry era that interconnect the global manufacturing facilities in a single platform giving greater advancement and leverage to business competitiveness irrespective of the geographical location of the manufacturing set up. The advanced machining center will become a trend setter to local industry and will be inspirational to get aligned local industry with paradigm shift in global technological applications.

Being energy a critical element in production costs, use of alternative energy has to be promoted among local industries to gain control over the manufacturing cost. Solar and other alternative energy sources are required to be introduced firstly to the industries in the industrial estates of IDB. The pilot project already launched at the head office will set examples to assess costs and benefits to purchasing bulk to these industries.

The suicide bomb attacks on churches and hotels that took place on Easter Sunday the April 21, 2019 hindered the Sri Lankan Industry in numerous ways. This was badly reflected in industry growth and the markets in respective sectors showed a sluggish movement during the following months and specially the industries directly relied on tourism were badly affected unexpectedly. Credit guarantee systems are required to be introduced to mitigate risk at times of this nature especially for SME level businesses.

Also, in parallel to 50<sup>th</sup> anniversary celebrations, the SMIDEX award ceremony, held to recognize the industrialists across the island covering 14 industry sectors is a national scale program held at BMICH. This is a great encouragement for the local industrialists at regional level to develop their products and processes as the screening process for selection for the award is encompassing stringent criteria for each manufacturing process. The development work in all other units of IDB are aligned with development, encouragement and promotion of local industries.

Also, I take this opportunity, to express my sincere gratitude to the Hon. Minister, Hon. Deputy Minister, the secretary, senior officers and staff of the Ministry, on behalf of the staff of IDB, for monitoring, and support extended to IDB in achieving annual goals for the year.

I am also grateful to the Chairman and the members of the Board, the Management and the staff for their close concern and assistance given for the success of implementation of strategic measures, new projects and programmes together with other national and international development agencies.

**P.L.U. Rathnamalala**

*Director General – Industrial Development Board*



## **01) IDB 50<sup>th</sup> ANNIVERSARY SIGNIFICANT EVENTS**

Entrepreneurs and their businesses are economic engines of a country; they provide essential sources of new jobs and innovations for the economic growth. The Industrial Development Board assists the potential entrepreneurs in emerging economies to bring their ideas to the market, create new jobs and reduce poverty. Further the Board is responsible to design and implement strategies with regard to the entrepreneurship development, promote, encourage and facilitate the local industries especially Micro, Small and Medium scale Enterprises (MSMEs). It also demonstrates the power of entrepreneurship to trigger wider social benefits by stimulating economies and delivering products and services that improves the lives of thousands of entrepreneurs. With the view of utilizing these emerging opportunities using the existing resources IDB has implemented strategically effective policies throughout the year.

### **1.1 Launching 50<sup>th</sup> Anniversary Logo & Small Scale Chemical Industry Development Pilot Project**

The Industrial Development Board (IDB) has introduced a Small-Scale Chemical Industry Development Pilot Project for the Western Province, with the view to improve the overall performance of the chemical industry, by offering a very supportive financial grant for quality and productivity improvements in industry. The Technical Services Division (TSD) submitted a proposal in this regard, and took steps to carry out the project, by calling for applications of the prospective industrialist's keen in this sector via newspaper advertisements. The applications received were evaluated by a selection committee appointed by the IDB Chairman and field visits were done to ascertain the eligibility. Further investment facilities were provided as per the requirements upon the successful completion of the project.

The selected industries signed an agreement with the IDB and they received the financial grant at the function held at the JAIC Hilton Colombo, to unveil the LOGO of the IDB, in view of the IDB 50th Anniversary due to be commemorated this year.



**Figure 1.1**



**Figure 1.2**

## 1.2 SMIDEX 2019 National Award Ceremony

While marking the golden jubilee in the year 2019, IDB has organized a felicitation ceremony as SMIDEX 2019, to provide strategic, technological and commercial foundation needed to encourage, promote and develop Small and Medium industrialists in the country. The ceremony was held at the BMICH, under the patronage of Minister of Industries, Logistics and Supply Chain Management Wimal Weerawansa. This event was organized by the Director-General, Industrial Development Board P.L.U. Rathnamalala under the guidance of Secretary, Ministry of Industries, Logistics and Supply Chain Management, J.A. Ranjith. The best SMIs were selected among the industrialists participated in the competitions held at district, provincial and national level under the following categories:

1. Electronic, electrical appliances and Machinery
2. Food and beverage
3. Footwear, leather and allied products
4. Foundry, light engineering, and engineering industries
5. Coir and fiber-based products
6. Timber, wood and wooden based products
7. Chemical-based industries
8. Rubber and plastic-based products
9. Building and Building material based industries
10. Ready-made garments, Textiles, and allied industries
11. Mineral-based products
12. Printing papers, packaging, and paper pulp-based products
13. Other products
14. Micro industries

After going through several screening processes as per the selection criteria, the eligible Micro, Small and Medium Industrialists were awarded as national industrial sector winners as well as provincial sector winners.

### National Platinum Awards

#### Small and Medium Scale Industrialist

#### Micro Industries



Mr. N.G. Pathikirikorale  
Lanka Spice Pvt Ltd  
Pannipitiya



Mr. B Manoj Priyantha Perera  
Manoj Art and Craft  
Anuradhapura

## **02) OVERALL PROGRESS AND DEVELOPMENT ACTIVITIES - 2019**



## 2.1 Progress Summary

### Progress Summary Report – 2019

Activity No	Activity	KPI	Physical Progress	
			Cumulative	
			Target	Achievement
<b>Objective 1 : Assist to Start New Industries</b>				
1.1	Provide Technical know - how	No. of industrialists	70	70
1.2	Conduct Technology programme	No. of training programs	104	105
		No. of individuals with skills upgraded	1802	1827
1.3	Prepare business plans	No. of BPs	42	42
1.4	Provide Financial Support	No. of industrialists	40	42
1.5	Provide Engineering assistance (valuation reports etc.)	No. of industrialists	94	103
1.6	Prepare project reports / feasibility reports/ lease agreement	No. of reports	73	73
		No. of reports prepared	0	75
1.7	Provide Marketing Supports	No. of industrialists	36	37
1.8	Support to enhance the Enabling Environment	No. of industries	3	3
<b>Objective 2 : Establishment of Micro Industries</b>				
2.1	Awareness Programme	No. of programmes conducted	50	53
		No. of Potential entrepreneurs	650	1700
2.2	Provide Technical know - how	No. of industries	243	217
2.3	Prepare business plans/ Feasibility report	No. of BPs	353	157
2.4	Support to enhance the Enabling Environment	No. of industries	24	86
2.5	Provide Financial Support	No of industrialists	209	70
2.6	Management Improvements	No. of industrialists	40	75
		No. of industrialists/SMEs	61	58
2.7	Provide Marketing Supports	No. of industrialists	201	49
2.8	Conduct Technology programme	No. of training programs	106	46
		No. of individuals with skills upgraded	1775	815
2.9	Providing product standards & Certifications (Assist to obtain relevant certificates) ( GMP, ISO, SLS and relevant license)	No. of standard/certificates obtained	7	8
2.10	Conduct Industrial Certificate training course	No. of training programs	6	8
		No. of beneficiaries	90	152
2.11	Conduct Customize training programmes for entrepreneur/ industrialists/Govt & external organizations	No. of training programs Conducted	12	30
		No. of industrialists/SMEs	260	646



Activity No	Activity	KPI	Physical Progress	
			Cumulative	
			Target	Achievement
<b>Objective3 : Develop Existing Industries</b>				
<b>3.1. Increase Income</b>				
3.1.1	Management Improvements	No. of industries	188	105
3.1.2	Providing product standards & Certifications (Assist to obtain relevant certificates) ( GMP, ISO, SLS and relevant license)	No. of standard/certificates obtained	63	62
3.1.3	Support to enhance the Enabling Environment	No. of industries	53	87
3.1.4	Industry Assessment	No. of Assessment report prepared	344	290
3.1.5	Conduct quality improvement Programmes	No. of Programmes conducted	2	6
		No. of participants	30	120
3.1.6	Provide Marketing supports (Branding & packaging development programme Etc)	No. of industries	184	117
3.1.7	Provide product quality testing and certification	No. of certification issued	90	102
<b>3.2. Increase Production Capacity / Volume in the Existing Industries</b>				
3.2.1.	Provide Sub contract facilities	No. of Sub contractors	37	24
3.2.2.	Implement Productivity Improvement methods individually	No. of Awareness programs Conducted	4	3
		No. of Industries	3	3
3.2.3	Provide Financial Support	No. of industrialists	131	73
3.2.4	Provide Engineering assistance	No. of industrialists	83	25
3.2.5	Prepare business plans/market plan	No. of BPs	24	44
		No. of market plan	15	15
3.2.6	provide processing facilities to Industrialists	No. of Industrialists	120	159
			0	0
3.2.7	Provide Technical know - how	No. of industrialists	162	66
3.2.8	Conduct Technology programme	No. of training programs	116	26
		No. of individuals with skills upgraded	1950	659
<b>3.3. Minimize Production Cost of Existing Industries</b>				
3.3.1	Productivity improvement	No. of industries	91	75

Activity No	Activity	KPI	Physical Progress	
			Cumulative	
			Target	Achievement
<b>Objective 4 : Assist to Create Export Oriented Industries</b>				
4.1	Prepare export oriented product profiles	No. of profiles prepared	22	5
4.2	Make aware of entrepreneurs on export Procedures	No. of industrialists	22	10
4.3	Conduct buyer-seller meeting	No. of industrialists	-	-
4.4	Support to industrialists to access to the international market through trade fairs and Exhibition	No. of industrialists	0	0
<b>Objective 5 : Specific Services Provided by IDB (Internal)</b>				
5.1	Provide/ disseminate information, advices and consultancy	No. of Industrialists	820	1474
5.2	Assist with machinery services to industrialists	No. of Industrialists assisted with machinery services	132	178
5.3	Organize & conduct Annual Footwear & Leather Fairs	No. of events conducted	1	1
5.4	Design & Development machinery and equipment	No. of machines developed	3	0
5.5	Publish "Karmantha/newsletters/Journal (Publications)	No. of newsletters published	2	2
5.6	Acquire local and foreign technology	No. of Technologies Acquired	6	10
5.7	Update database on Machinery, online, raw material, suppliers bibliographic database	No. of new entries	500	886
5.8	Transfer appropriate foreign & local technology	No. of industrialist benefitted	10	11
<b>Objective 6 : Special Services (External)</b>				
6.1	Income Generate through LAKKAM	Total Income Mn.	4	3
6.2	Provide Electroplating services on Copper, Nickel Chromium & Hard Chromium	Total Income Mn.	36.20	173
6.3	Provide casting services	No. of services given	66	172
6.4	Assist to product /process development	No. of product Development/No of process Development	16	15
6.5	Provide raw material to industrialists	Volume of rubber compound supplied in kg	36,000	27,274
		Volume of centrifuged latex in Gal	3,120	2,027
		Volume of rubber compound milled supplied in kg	21,000	20,144
		No. of Casper bottles supplied	4,156	2,517
		Quantity of raw material (Scarps) given in MT	6,680.50	3123
		Tyre (Unit)		
		Transformer (Unit)	0	178
	No. of industrialist	66	227	

Activity No	Activity	KPI	Physical Progress	
			Cumulative	
			Target	Achievement
<b>Objective 7 : Development of Industrial Estates</b>				
7.1	Develop / Modernize Industrial Estates	No. of Industrial Estates developed	0	0
		Income Earned by providing common facilities (rental, electricity, water etc.) (Rs.)	70,688,004	88,411,409
7.2	Prepare New Surveys Plans	No. of reports prepared	1	1
7.3	Prepare Directory (Industrial Profile) for each Industrial estates	No. of entries	1	1
7.4	Identify suitable government lands	No. of Lands identified	0	4
7.5	Provide developed lands to industrialists	No. of Industrialists Selected	30	19
		No. of industrialist handed over lands with extent	20	21
		No. of Lease Agreements Signed	20	21
		No. of new industries Assisted and Created	20	17
		No. of employment generated	420	318

**Table 2.1**

## 2.2 Summary of the Physical Progress of the Board

Encouraging and empowering the industrial sector is an essential factor for any country to achieve economic success in the long run. In the year 2019, the IDB has involved in providing many supportive services to the business community of the country. Improving product quality, minimizing costs, increasing productivity and improving brand value are becoming increasingly important for maintaining the competitiveness of our products in both local and foreign markets. IDB's efforts have been focused mainly on encouraging and promoting Small and Medium scale Industries (SMIs) due to their strategic importance for the growth of the national economy. In light of the above, our foremost priority of the year was to bring the much needed reforms in the corporate culture of the IDB and reengineer the organization structure to modernize required human resources gearing up the IDB to shoulder this extensive responsibility.

### ➤ Training Programmes :-

IDB conducts several training programmes yearly, through the incorporation of several divisions for the purpose of enhancement of skills and the capacity building towards uplifting the performance levels and knowledge of industrialists in particular areas. Therefore, many awareness programmes and training programmes were conducted in the areas of technology development and management improvements in order to upgrade the skills of individuals. Considering the year 2019, as per the physical progress 299 training programmes were conducted and the total numbers of beneficiaries were 6,534.

**Training Programmes of IDB - 2019**

No.	Description	No. of Programmes	Beneficiaries
1	Technology Programmes	196	3855
2	Management Improvement Programmes	103	2679
	<b>Total</b>	<b>299</b>	<b>6534</b>

Table 2.2.1

### ➤ Preparation of Reports: -

IDB assists industrialists in different stages by providing various supportive services to identify new markets and in launching new products...etc. Such activities are, providing engineering assistance through preparing valuation reports, feasibility reports and project reports for new products development, business plans, marketing plans and assessment reports for industry assessment. The total numbers of reports prepared under the above categories were 505 for the year 2019.

**Reports Preparation - 2019**

No.	Description	No. of Reports Prepared
1	Machinery Valuation Reports	8
2	Project Feasibility Reports	207
3	Industry Assessment Reports	290
	<b>Total</b>	<b>505</b>

Table 2.2.2

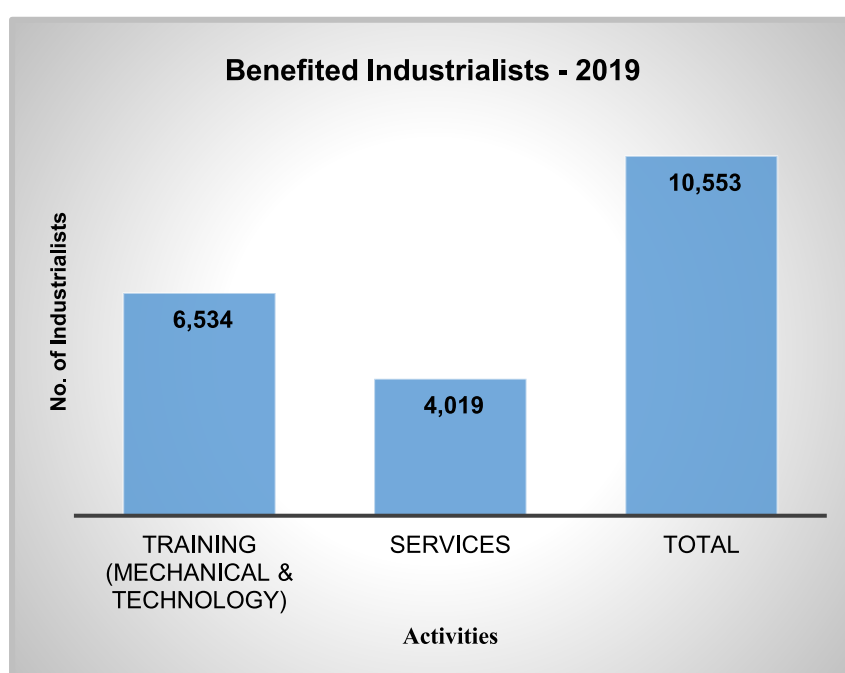
➤ **Services: -**

In Sri Lanka as a developing country, Micro, Small and Medium Enterprises (SMEs) sector performs strategic role in economic development. In this regard IDB is responsive to provide necessary services and guidance for SMEs on advanced technology to uplift their production process. According to the progress during the year 2019, IDB provided engineering assistance through machinery services, technical guidance, financial support, management improvements, marketing support and disseminated information, advices and consultancy services...etc. Further under special services of Rubber Development Division, volume of rubber compounds supplied for industrialists were 27,274 kgs, volume of centrifuged latex in Gal 2,027 and volume of rubber compound milled supplied was 20,144 kgs. As of the progress for the year of 2019, the total numbers of beneficiaries of services provided were 4,019.

**Services provided by IDB - 2019**

No.	Description	Beneficiaries
1	Disseminate information, advices and consultancy	2314
2	Engineering Assistance	860
3	Marketing Support	206
4	Financial Support	156
5	Technological Support	483
	<b>Total</b>	<b>4019</b>

Table 2.2.3

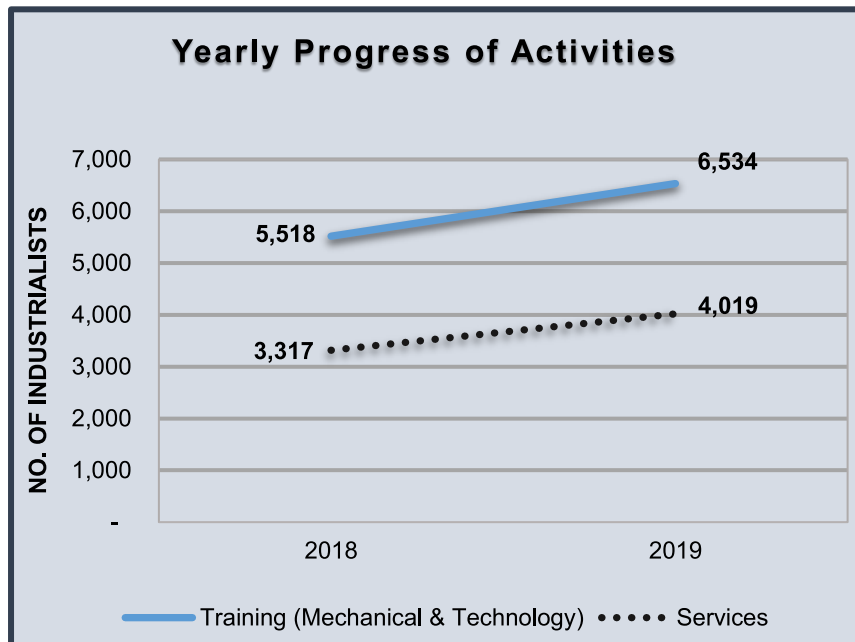


Graph 2.2.1

**Comparison of Progress of Activities**

Activity	No. of Industrialists	
	Year	
	2018	2019
Training (Mechanical & Technology)	5,518	6,534
Services	3,317	4,019

Table 2.2.4



Graph 2.2.2

In Sri Lanka, Micro, Small and Medium Enterprise sector performs a prominent role in economic development. IDB as the prime state organization established in Sri Lanka, it is the leading institution for the promotion and development of MSMEs. Further IDB is entrusted to provide financial assistance for industrial enterprises to promote institutions engaged in industrial development and to provide technical and administrative assistance for the expansion of industry sector. The services, industry and agricultural sectors are the major areas contribute for Gross Domestic Product (GDP) of Sri Lanka. Since the long term goal of the IDB is to serve all industries all over the Sri Lanka, at present it provides variety of services to assist for a proper co-ordination and interrelated growth of all industrial undertakings in the private and public sectors of the economy of the country. Further in order to foster industrial research with the objective of utilizing the natural resources of Sri Lanka, IDB involve in improving the technical processes and methods used in industries and develop appropriate technologies and equipment for local industries and discover processes and methods for the better utilization of waste products. Additionally, IDB promote the exports of local industrial products to overseas markets in the field of international trade and provide services and facilities required by or in connection with any industrial undertaking or industrial establishment in Sri Lanka. As the manufacturing sub sector is most essential criterion in achieving industrial growth of Sri Lanka, functions and responsibilities entitled for IDB are in line with them. Therefore, the divisions of the IDB contribute directly through strengthening existing programmes and implementing new projects in achieving the goals and targets of the industrial sector.

### **3) OPERATIONAL REVIEW**



## 3.1) REGIONAL DEVELOPMENT DIVISION

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The Regional Development Division (RDD) of the IDB plays a phenomenal role for developing Small and Medium-sized Industrial (SME) sector through its regional network covering the entire twenty-five (25) districts of the country. The major responsibility of the Division is to assist potential entrepreneurs to setup new industries and expansion of existing industries by providing extension services and entrusted to carryout development programmes initiated by IDB at district level with the assistant of Deputy Directors/ Asst. Directors and Enterprise Promotion Managers/ Enterprise Promotion Officers who are assigned for the duties of regional offices. Major projects assigned to achieve these objectives are preparation of regional industrial economic reports, establishment of new MSMEs, development of existing industrialists, introduce and Promote SMEs as export ready companies.

### Objectives Focused:

- Develop the Small & Medium Industries to enter into the global market.
- Increase the income of the Small & Medium Industries.
- Skill Development of the Small & Medium Entrepreneurs.
- Assist the Industrialists to overcome the difficulties occurs due to the imbalance of the economy.

Establishment of new SMEs, establishment of micro industries, existing SME development, introduction and Promote SMEs as Export Ready Companies are the major projects aligned with the above mentioned objectives.

### 3.1.1 Action Plan & the Progress - 2019

According to the above objectives the Action Plan was prepared for the Regional Development Division for the year 2019. By considering the facilities and the economic factors, all twenty-five (25) Districts were categorized into 3 categories (A Grade/B Grade/C Grade). Accordingly, districts targets were allocated for the year 2019.

#### Divisional Progress

No.	Project	Annual Target
1	Establishment of New SMEs	75
2	Establishment of Micro Industries	500
3	Existing SME Development	375
4	Introduce and Promote SME as Export Ready Company	25

**Table 3.1.1**



Progress of the Regional Development Division was analyzed by considering the given targets for the year.

No.	Project	Annual Target	Achievement	Percentage	Overall Percentage
1	Establishment of New SMEs	75	59	79%	91%
2	Establishment of Micro Industries	500	544	109%	
3	Existing SME Development	375	269	72%	
4	Introduce and Promote SME as Export Ready Company	25	19	76%	
5	Preparation of budget proposals	25	22	88%	
<b>Total</b>		<b>1000</b>	<b>913</b>		

**Table 3.1.2**

	Allocated Budget & Expected Income			Actual Expenses & Income			
	Cost	Capital	Earnings/Income	Cost	Capital	Target Income	Actual Income
Total Rs:	14,400,000	8,910,000	6,853,000	24,648,814	12,043,030	6,865,000	12,460,301
Total Mn:	14.40	8.91	6.85	24.65	12.04	6.87	12.46

**Table 3.1.3**

The overall targets achievement of the Regional Development Division was 91% and the Actual Income was Rs. Mn. 12.46 for the year 2019. Since the Regional Development Division mainly focused on service driven activities it was not targeted on profit-based activities. Still according to the Activity Plan Regional Development Division was capable enough to achieve the planed targeted income for the year.

### **Staff Trainings**

Training Programme on “Consultant Development in ISO 14001: 2015 Environment Management System (EMS) based on ISO 14001:2015 standards” was organized by the Regional Development Division with the coordination of Administration Division for Enterprise Promotion Managers & Enterprise Promotion Officers in regional network. This program was organized to develop the career capacity of the officers.

### 3.1.2 Special Events of the Year

➤ Nanwamu Lanka – Industrial Development Program

Nanwamu Lanka -Industrial Development Program was conducted under the ministry of Industry and Commerce. Accordingly, below mentioned programs were conducted for the Entrepreneurs to develop their business.

**Nanwamu Lanka Programme - 2019**

	No. of Participants	No. of Programmes	Cost
			Rs. Mn.
Awareness Programme	18030	139	4.49
Training Programme	11851	146	7.36
<b>Total</b>	<b>29881</b>	<b>285</b>	<b>11.85</b>

Table 3.1.4

Through this program machinery and equipment were distributed among the entrepreneurs to develop their businesses.

➤ Entrepreneurship Workshop with Derana

To celebrate the 50th Anniversary of the Industrial Development Board, Derana-SME Club and the Industrial Development Board organized an Entrepreneurship workshop for the Industrialists on 30th August 2019 in Gampaha District. The programmes was held at the Royal Arcade Hotel–Udugampola, Gampaha.

#### Participants

- New Entrepreneurs who wants to start a business – 50 Members (Bachelors/ School Leavers/Fresh Graduates)
- Existing SMEs /Industrialists – 200 Members

#### Activities

- Lecture on how to develop ideas to startup a new business.
- Lecture on how to prepare Business Plans for the start-up business.
- Introduction of organizations which are supporting the Local business.
- Lecture on how to develop existing Industries.
- Lecture on Marketing Strategies.
- Lecture on Digital Marketing.



Figure 3.1.1



Figure 3.1.2

➤ **National Programme for Industrial Village Development**

This was initiated in 2005 as “Thousand Industrial Village Development Programme” with the objective of uplifting Traditional Industries like Blacksmith, Coir and Clay etc. Subsequently non-traditional industries like handmade paper, Cashew and dried fish. Further a special attention was given for introduction of new machinery and production processes; enhance capabilities of beneficiaries with modern techniques, and to provide marketing facilities. etc. Since year 2016, this programme was implemented by the RDD as two separate projects.

**a. Industrial Production Village Development Programme**

During the year 2018, it was allocated Rs. 5.0 Million under the industrial production village programme and have spent Rs. 6.46 Million for development of following three villages.

- Arippu in Mannar
- Kaliyapura in Hambanthota
- Kannadi in Vavuniya District

**b. Enterprise Villages and Women Entrepreneurship Development Programme**

The budget proposal 2012 and 2013 was strongly emphasized towards the development of enterprise villages focused on strengthening and supporting to women entrepreneurs at village level. It was allocated Rs. 4.05 Million to develop 02 villages and spent Rs. 2.9 Million. 40 beneficiaries of these villages were benefited by the project.

## 3.2) ENGINEERING DIVISION

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Engineering Division of IDB has been functioning as the leading vision sharing arm of the organization towards the sustainable industrial development of the country. In the year 2019, the activities of the Engineering Division were geared to, provide existing and new / potential industrialists with the selection of raw materials and machinery, design / development and technology / process know – how. Further they are responsible to provide fabrication, casting and finishing services to industrialists on jobbing orders. Other activities included conducting training workshop programmes in subject areas related to Engineering, providing machinery valuation reports, laboratory testing services for foundry sector as well as sale of machinery, and implements made in advance.

The main objectives of the Engineering Division,

1. Identify the technological support and assist other divisions of the IDB to achieve their objectives and make attempt to fulfill the same by utilizing available resources in optimum manner to deliver delightful services for all stakeholders.
2. Identify the appropriate technology and applications for the rural economic development and transfer same to rural community to uplift their livelihood in sustainable manner.
3. Study rates of factors of production (Labor, Technology & Raw materials) of metal and non-metal products/goods manufacture in local industries and compare same with other countries to identify the gaps and make necessary environmental changes to fulfill the gaps in sustainable manner to reduce the imports as well as opening to the foreign market for the local industries.
4. Assessment of Equipment, Machinery, plant and production facilities and prepare the status report and valuation reports for the industries.
5. Develop foundry facilities for the local metal industries to recycle the metal scraps and hence reduce the imports of metal and exports.

The sections and units, which are functioning under the purview of Engineering Division to achieve the above objectives:

### a) Workshop facility at Katubedda:

- This workshop facility is comprised of lathe, milling, machining, welding, heat treatment and assembling facilities for fabrication, assembling, installation and commissioning of equipment and machinery for the Small and Medium Scale industries in Sri Lanka.
- Identify the facility needs for the industries and give the assistance to implement better production facilities in metal base industries in Sri Lanka.

**b) Foundry Facility at Katubedda:**

- This facility has been developed to transfer the foundry technology to local industries for the production of ferrous and non-ferrous metal products in Sri Lanka.
- Introduce and establish metal scrap recycling technology in Sri Lanka to produce base metal for local industries. So we can reduce the imports of metal and increase export of scrap metal. Hence we develop price competitive metal products in Sri Lanka to compete the global market.
- Metallurgy Laboratory facility: composition, structure and properties of metals can be identified and developed considering the industrial needs to achieve the expected quality of the metal base products in Sri Lanka.

**c) Civil Engineering Unit:**

This unit is established in Head office to deliver following services.

- Develop and maintain IDB Infrastructure facilities to meet the corporate objectives.
- Identify the industrial infrastructure development needs of Industrial Estates and attend to same liaise with relevant stockholders to deliver better outcome to the economy.
- Design and build of immerging Industrial Estates to the country to absorb global economic opportunities to Sri Lanka.
- Identify the appropriate industrial wastes management technology and introduce/implement same for local industries towards sustainable industrial development of the country.

**d) Electrical Engineering Unit:**

This unit has been established and functioned to deliver following services.

- Power supply, bring up-to-date and maintenance of existing electrical networks & applications of buildings and other infrastructure facilities of IDB as per the IEE regulations in sustainable manner (Green/Clean Energy for IDB).
- Supply and distribution of sustainable Electrical power to Industrial Estates and introduce low cost power applications and technology for the Estate industries to reduce their energy cost.
- Identify the immerging industrial energy issues in Sri Lanka and propose remedies or new technology applications to prevent from them for the sustainable industrial development of Sri Lanka. (Introduce Solar energy, Energy audit and carbon audit to IDB and industries to get the competitive advantage)

**e) Appropriate Technology Research & Development Centre (ATRDC) at Pannala:**

This centre has the capability and capacity to identify the needs and wants of machinery and equipment for the agriculture sector development, design & fabrication of same at optimum cost for the local farmers. Further they assess machinery, equipment, plants, other production facilities and prepare status and valuation reports to the industries. Few other activities handled by the centre are designing, fabricating, assembling and commissioning of machinery and equipment for the Small and Medium Scale Industries in Sri Lanka.

**f) Common Services Centre (CSC) at Matara:**

This CSC is comprised of lathe, milling, machining, bending, welding and assembling facilities for fabrication, installation and commissioning of equipment and machinery for the Small and Medium Scale industries in Sri Lanka.

**g) Electroplating Centre (EPC) at Peliyagoda:**

This facility provides metalloid technology and services for the local industries to develop the quality of their products.

**h) Brassware Services Centre – Pamunuwa, Pilimathalawa**

This facility has been established to uplift the SMEs those who are engaged in Brass industry by giving appropriate technology and knowhow to develop low cost and high quality brass products in Sri Lanka to meet the competitive global market.

Apart from above valued service units, following service units are crucial to deliver expected value added services to local industries towards sustainable growth.

**a. Design and Development unit:**

Identify the industrial needs and design equipment, machinery, plant and production facilities for the sustainable economic growth of Industries.

**b. Valuation & Metal Based Industrial Data Analysis Unit:**

- Assessment, valuation and preparation of status reports for plants, equipment, machinery and production facility in Sri Lanka.
- Collect primary and secondary data to study the rates of factors of production (labor, technology & raw materials) of metal and non-metal products/goods manufacturing in local industries and compare them with other countries to identify the gaps and make necessary environmental changes to fulfil the gaps.

**Progress of the Division- 2019**

**External Revenue for Completed services in 2019**

S/N	SECTION/UNIT	INCOME / (Rs.)
1	Engineering Workshop, Head Office -Katubedda	7,437,790
2.	Foundry, Head Office - Katubedda	6,691,124
3.	Valuation reports - Head Office - Katubedda	2,541,094
4.	A.T.R.D.C.Pannala	2,900,507
5.	E.P.C. Peliyagoda	1,664,795
6.	C.S.C. Matara	1,210,109
7.	Brassware Services Centre	324,096
<b>TOTAL</b>		<b>22,769,521</b>

Table 3.2.1

The values (actual cost basis) of internal engineering services jobs completed to IDB are as follows:

**Values of Internal Completed services in 2019**

S/N	SECTION	Value / (Rs.)
1	Workshop – Head Office	3,868,000
2	Foundry – Head Office	1,312,735
3	Civil Engineering Services – Head Office	4,611,558
4	Electrical Engineering Services – Head Office	2,311,293
<b>Total of Internal Services for above sections</b>		<b>12,103,586</b>

Table 3.2.2

### **3.2.1 Improvements & Development of Technology**

#### **1) Revamping the Foundry Plant to suit the present Industry Requirement**

In Sri Lanka, the foundry sector industries are based on traditional sand moulding / melt and pour processes. More modern technology options of highly automated large volume machine moulding, die casting and spin casting are not practiced in Sri Lanka. The domestic metal based manufacturing sector needs to adopt modern technologies that are cost effective and feasible for domestic conditions. Small and medium casting industries in rural and semi – urban areas having lack of access to technological know-how for adopting manufacturing processes that is newer to Sri Lanka. The government sector technology provider’s capacities have not been built up sufficiently to nurture and upgrade skill levels of domestic labour manpower which is largely from the rural and semi-urban poor sections of the society. The country is reliant on imports for metal based products due to less competitiveness of the domestic industrial sector consequent to their lacking of better and suitable technologies.

In manufacturing, the technical team of IDB devotes great care to ensure high quality and standards. The entire processes encompass casting designs, pattern making, moulding, melting, fettling and testing. The plant consists of green sand and furan sand moulding systems as well as jolt squeeze type moulding machinery. Under the purview of the Ministry of Industry and Commerce, with the IDB acquiring machinery and equipment with associated short training from the machine supplier for Spin Casting, Induction Furnace, Spectrometer, Modern pattern making method for the foundry section of the IDB providing technology transfer (training, workshops and demonstrations) to local small and medium industries to upgrade their know-how and subsequently supporting them to upgrading their machinery.

Further IDB has offered tailor training programmes on foundry technology over a period of decade especially for entrepreneurs and technicians. This includes detailed training sessions on pattern making, moulding and melting designed broaden their experience and knowledge. IDB is the only institution which provides foundry training in Sri Lanka.

IDB has realized the importance of improving the knowledge of skills required for the development of the foundry industry as a base industry for growth in the related disciplines harnessing with the analogue development process in the country. IDB has a key role in helping the foundry industrialists. On the other hand, it will help to provide more useful training and technical consultation and it would further support local manufacture to enhance their casting capabilities.

Expected outcomes of revamping the Foundry Plant:

- ❖ Technology transfer to local casting and metal based products manufacturers by way of training, workshop and demonstrations of set of machinery and tools for spin casting processes, ductile and steel casting process, foundry testing, moulding and pattern making techniques.
- ❖ Trend to manufacture similar machinery in Sri Lanka by potential local machine fabricators.
- ❖ Trend to utilize similar machinery to manufacture good quality metal based spin cast products locally.



## 2) Optical Emission Spectrometer



Figure 3.2.1

The Optical Emission Spectrometer represents a new class of metal analysers distinguished by improved analytical performance, greater investigative flexibility and simpler operation. The group of components that is most important for analysis excitation source, optics and read-out system is optimally adapted to each other; it is the superior analytical core of the new generation of arc/spark analyser that combines performance and flexibility. This machine consists with a special attachment to check thin sheets and small rods. This new analyser allows the accurate analysis of all main components and trace elements in steel, iron, aluminium, copper and zinc base metals at this movement. Further few other metallurgy facilities available in the metallurgy laboratory are, Metallurgical Testing, Carbon analysis test for metal, hardness test, elongation test, bending test, metallographic testing - micro structure test for metal and tensile test...etc.

## 3) Manufacturing of Machines – 2019

Description	Nos.
Belt Hammer	02
Broom Handle Making Machine	01
Belt Hammer with Forging Furnace	01
Compost Cutter	01
<b>Total</b>	<b>05</b>

Table 3.2.3

• **Belt Hammer**



Figure 3.2.2

- Blacksmith industry is fading gradually in Sri Lanka.
  - Major reason for this, is hardship of hand forging.
  - Belt Hammer is the ideal machine to replace hand forging while increasing the output and productivity.
  - Currently this machine is popular in blacksmith villages.
- |                                  |   |                                |
|----------------------------------|---|--------------------------------|
| ▪ Machine Length                 | - | 1300mm                         |
| ▪ Machine Width                  | - | 1200mm                         |
| ▪ Machine Height                 | - | 1900mm                         |
| ▪ Weight of the bar              | - | 24Kg                           |
| ▪ Shaft size                     | - | Diameter 90mmX<br>Length 500mm |
| ▪ Motor                          | - | 03HP, Single Phase,<br>W 230   |
| ▪ The full weight of the machine | - | 650Kg                          |

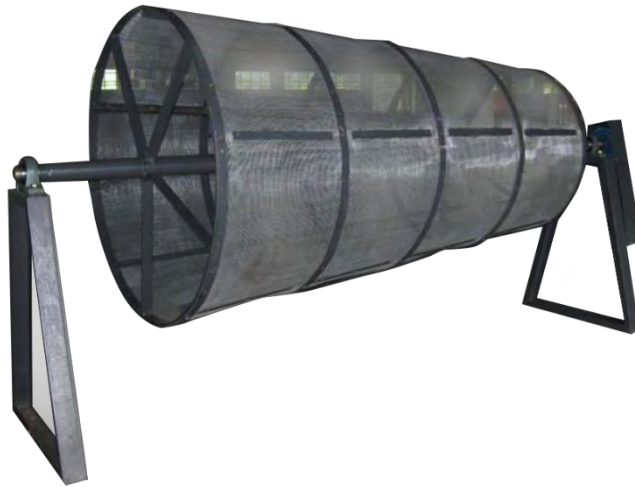
• **Broom Handle Making Machine**



Figure 3.2.3

- Broom Handle Making Machine operated using horsepower as the power supply.
- Diameter 01"inch sized broom handles can be made.
- Two workers can work at once and 100 broom handles can be made for an hour.

- **Compost Screener**



**Figure 3.2.4**

- The Compost Screener, machinery which is manufactured by ATRDC currently having an increasing demand from local governing authorities and agricultural firms.
- Since there is a high demand for these machines from customers of different areas of the country (eg: Pannala, Polgahawela, Alawwa, Mawathagama, Ududumbara, Wennappuwa Pradeshiya Sabhas, Kuliypitiya UC and Agri Research Centre- Makandura), this machine can be promoted further through IDB regional setup.

## 3.3) ADMINISTRATION DIVISION

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The Administration and Human Resource Development Division of IDB is responsible for formulation, implementation, monitoring and evaluation of all Human Resources Management (HRM) and Human Resources Development (HRD) activities, security and transport activities of the Board. Further Administration Division is one of the major entities to ensure the efficient performance of all departments in an Organization. Preparation of Scheme of Recruitments (SoR) and Scheme of Promotions (SoP), carrying out regular recruitments, performance evaluations, promotions and retirement matters, conducting disciplinary inquiries, arranging and providing local training, managing employee welfare and employee compensation schemes...etc were few other activities assigned for the division.

### 3.3.1 Employee Training Programmes

- **Local Training 2019**

During this period under local training category 411 participants were attended for 6 programmes and total cost of conducting those programmes was Rs. 1,939,809.00.

#### Local Training Programmes

No.	Name of the Programme
01	People leadership development for IDB, Directors, Deputy Directors, Assistant Directors
02	Mastering Self Leadership programme for HM, MM and all Executive Officers
03	Project implementation and auditing for executive officers
04	Training and awareness programme on safety planning for your organization, Industries, offices and factories programme
05	Individual training programmes
06	Highest study programmes

**3.3.1 Table**

A Self-Leadership improvement programme has been organized for the managerial level officials of IDB with the objective of improving the efficiency and effectiveness in performing the duties of the Board by enhancing the leadership qualities of the Board Officers. The programme was commenced during the period of 13th & 14th May and 3rd & 4th June at Lake Nest Bolgoda Resort, Gorakana, Panadura.



Figure 3.3.1

- **Scholarships and Foreign Training – 2019**

The following scholarships and foreign tours are offered to the employees with the aim of skill development.

**Scholarships and Foreign Training Programmes**

No.	Training Features	No. of Participants	Cost / (Rs.)
01	Fact finding delegation to Germany – Renewable Energy Technologies – Southern Germany 2019	01	630,193.00
02	Seminar on Construction and Management of Industrial park under the belt and road initiative for Sri Lanka – China From 19th August to 8th September 2019	02	350,868.00
03	Seminar on the Construction Management of free trade Zone Management for Sri Lanka – China From 9th to 31st October 2019	03	537,537.00
04	Seminar on paperless Trade and E-Commerce Asia – Pacific Countries – China From 17th October 02nd November 2019	01	117,529.00
05	Training course on Tea Production Technology for Sri Lanka – China From 04th November to 20th December 2019	01	239,276.25
<b>Total</b>		<b>08</b>	<b>1,875,403.25</b>

3.3.2 Table

### 3.3.2 Human Resources and Management Skills

#### Recruitments - 2019

No.	Designation	No. of Employees
(01)	Assistant Director – Legal	01
(02)	Engineering Assistance	06
(03)	Enterprise Promotion Officers	04
(04)	Senior Engineering Assistance	01
(05)	Management Assistant	25
(06)	Lab Assistant	01
(07)	Lab Attendant	01
(08)	Drivers	07
(09)	Field Aide	33

Table 3.3.3

#### Approved Cadre of IDB - 2019

Salary Code	Designation/Post	Approved Cadre
HM 2-1	Director General	1
HM 1-3	Deputy Director General (Operational)	1
	Deputy Director General (Development)	1
		<b>2</b>
HM 1-2	Director	<b>9</b>
MM 1-2	Board Secretary	1
	System Administrator	1
	Asst / Deputy Director	51
	Asst / Deputy Director – Admin & HRM	1
	Asst / Deputy Director - Admin & HRD	1
	Engineer	9
	Librarian	1
	Asst / Deputy Director - Supplies & Stores	1
	Internal Auditor	1
	Asst / Deputy Director - Legal Affairs	1
	Accountant	3

Salary Code	Designation/Post	Approved Cadre
JM 1-1	Administrative Officer	3
	Supplies Officer	1
	Transport Officer	1
	Security Officer	1
	Accounts Officer	1
	Superintendent ( Industrial Estates)	7
	Sales Officer	3
	Printing Officer	1
	Development Officer	30
	Senior Enterprise Promotion Officer	25
	Web Master	1
	Internal Audit Officer	1
	PA to Chairman	1
	Senior Engineering Assistant	9
	<b>85</b>	
MA 5-2	Enterprise Promotion Officer	94
	Designer (CAD/CAM)	1
	Statistical Officer	1
		<b>96</b>
MA - 4	Demonstrator	2
	Training Instructor	8
		<b>10</b>
MA 2-1	Book Keeper	4
	Draughtsman	4
	Engineering Assistant	19
	Computer Graphic Designer	1
	Library Assistant	1
	Foreman	7
	Laboratory Assistant	6
	Drawing Assistant	1
	<b>43</b>	
MA 1-1	Management Assistant	120
	Sales Assistant	5
	Statistical Investigator	2
	Store Keeper	4
		<b>131</b>

Salary Code	Designation/Post	Approved Cadre
PL-3	Driver cum Office Aide	33
	Plating Machine Minder	2
	Pump Operator	8
	Proof Reader	1
	Electroplater	4
	Polisher	3
	Roneo Op. cum Digital Machine Operator	1
	Rubber Mill Operator	3
	Rubber Machine Operator	4
	Electrician	8
	Motor Mechanic	3
	Auto Electrician	1
	Fitter	17
	Welder	7
	Machinist	20
	Blacksmith	1
	Mason	3
	Carpenter	2
	Foundry man	7
	Furnace Operator	4
	Pattern Maker	4
	Plumber	1
	<b>137</b>	
PL-2	Circuit Bungalow Keeper	2
	Book Binder cum cutter	1
	Lab Attendant	5
	Audio Visual Operator	1
	Library Attendant	1
	Maintenance Operator	2
		<b>12</b>
PL-1	Office Aide	49
	Field Adie	58
	Laborer	3
	Store man	7
		<b>117</b>
<b>Total Cadre</b>		<b>714</b>

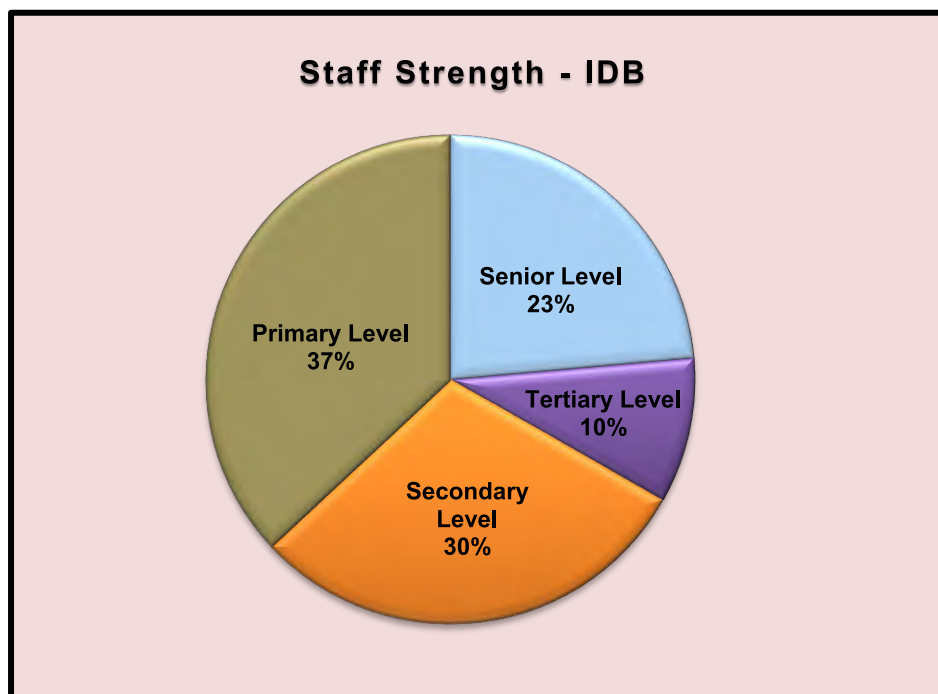
Table 3.3.4



**Staff Strength of IDB as at 31st December 2019**

Category	No. of Staff		Total
	Male	Female	
Senior Level	93	32	125
Tertiary Level	30	21	51
Secondary Level	77	81	158
Primary Level	187	09	196
<b>Total</b>	<b>387</b>	<b>143</b>	<b>530</b>

Table 3.3.5



Graph 3.3.1

## 3.4) Planning Division

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The Planning Division has overall responsibility for monitoring the progress of activities carried out by the functional divisions of the IDB and submission of periodical progress reports for the information of the Board Directors and the Ministry. Those responsibilities continued to be performed during the year under review. The Division is also responsible for the following activities which assists the industrial community.

**1) Facilitate to prepare capital budget and recurrent expenditure requirements in accordance with the organizational budget and overall action plan for the year to come.**

Capital budget undertakes to evaluate potential major projects or investments. Capital budget estimations were done for the projects of rehabilitation and improvement of capital assets and acquisitions of capital assets. Purchase of computers and accessories, furniture, office equipment and development expenditure items...etc are examples of projects that would require capital budgeting before they are approved or rejected. On the other hand, recurrent expenditure associated with operations and maintenance expenditures that needed to run the project and to maintain the capacity of the investment during its expected life time.

**2) Preparation of Procurement Plan for the IDB**

The procurement plan is an annual document which lists all the requirements of each division expected to be procured over a period of time. Based on the information, the procurement schedule is developed, which establishes the estimated cost, sources of financing and procurement method for carrying out each step in the procurement process up to contract award and the fulfillment of the requirement.

**3) Preparation of Action Plan for the year**

The Action plan is prepared by each division monthly including the activities needed to be completed during the specified period. The time period would be monthly or annually, the tasks or activities of each division are categorized under six objectives as, assist to start new industries, establishment of micro industries, develop existing industries, assist to create export oriented industries, specific services provided by IDB (Internal) and special services (External). Action plans are an important part of strategic planning.

**4) Prepare monthly quarterly and annual progress reports on annual action plan**

Based on the action plan details provided by each division, the progress report is being prepared to reassure recipients that they are making progress, that the projects go smoothly and the possibility of completing the projects by the expected date. Overall progress of the Board is assessed financially and physically to get a clear picture regarding the evolvement of activities.

**5) Organizing monthly progress review meetings**

Monthly and annually progress review meetings were arranged with the participation of HODs in order to evaluate the work on the projects and to request changes as necessary.

## 6) Entitled to represent project proposals of IDB for the Ministry to gain funding

Following are few project proposals presented by IDB to the Ministry for funds,

### 6.1) Financial assistance on colour coding labelling to enhance food quality and food safety in small scale food industries.

This project is proposed to be implemented under the Technical Services Division and the main objective of the project is to strengthen the small scale food industries by providing financial assistance for analytical laboratory tests to implement colour coding labelling regulation,

- To enhance the quality of the food products in small scale food industries
- To give financial assistance for encouraging food regulations
- To aware food manufacturers on new food regulations and relevant laboratory tests
- To promote the food products for export market by implementing colour coding scheme
- To aware customers about the nutritional quality of foods and beverages when purchase food considering salt, sugar and fat
- To strength the services of the Industrial Development Board & the Ministry of Industry & Commerce
- To prevent the risk of Non-communicable diseases

Food regulations address the control of food businesses with local, regional, national and international rules and regulations for food production and sale, including food safety and quality and industry based activities. Food regulations are becoming pivotal in the food trade as those are to ensure food safety, quality and keeping food trade comfortable for the economic growth.

### 6.2) Pilot project for improving energy efficiency of manufacturing industries in IDB Industrial Estate, Ekala, Ja-Ela

Industrial Development Board, as the premier government organization, which caters all kinds of services to SMEs, with the collaboration of National Cleaner Production Centre of Sri Lanka (NCPCSL) initiates this project for 15 selected industries in IDB Industrial Estate. This project contributes to fulfil the existing gap in the sector by offering following services for industrialists. They are,

- Free consultation services to improve their energy efficiency by 10% (minimum) through a comprehensive energy audit (by NCPCSL)
- Financial support by National Banks for necessary developments recommended in Energy Audit
- Regular follow-up services until they get the benefit of reducing energy cost by 12%
- Re-imburement of expenditure upto Rs. 300,000 on implementing recommended options (if the total expenditure exceeds Rs. 600,000)

This project proposal has been developed by the Industrial Estates Division based on the vision of the National Policy Framework for SME development. Ultimately this leads to encourage SMEs to win the challenges embedded in SMEs sector and utilize their full capacity and potentials in globalized economy.

### **6.3) Enhancing the competitiveness of SMEs through product and process improvement**

This project was proposed by the Technical Services Division of IDB to encourage domestic small scale industries to improve their products and manufacturing processes. Expected project outputs are,

- Provided part financial grant of Rs. 200,000 each for 100 micro and small scale industries under food, chemical, oils and fibre and building materials industry sectors covering all districts to purchase manufacturing / packaging machinery or testing equipment for product and process improvements in industries.
- Enhanced the competitiveness of 100 SMEs through enhancing product quality and production process efficiency, thus enabling them to obtain standard certifications and link with international markets.

Ultimately this in-turn will encourage SMEs to overcome some of the internal resource constraints for product and process improvements.

### **6.4) Establishment of a new Industrial Estate in Kandy District, Kirimatiyawaththa, Poththapitiya, Kandy.**

The “Pallekele Industrial Estate” is the only IDB maintained Industrial Estate in Kandy District which is fully utilized at present. There are 64 different types of industries operating under the aegis of IDB. But still there is a large demand in the Central Province for developed plots of lands to start-up industries. Therefore, the primary objective of Industrial Estates Division to carry out this project is to improve infrastructure facilities to establish new industrial units, establish small and medium scale industrial units and to generate direct and indirect employment opportunities.

### **7) Formulate policy and strategy guidelines in accordance with the mandatory objectives of the IDB by way of a corporate plan (2019 - 2023)**

The Industrial Development Board was in need of a strategic transformation to cover all its long range objectives and to improve the operational efficiency and financial visibility. This was accomplished through launching a 3 – year Corporate Plan addressing the full scope of the mandate of the IDB in line with the manifesto of the new government. The IDB as the leading institution entrusted with the responsibility of developing industrial sector in the country, it provides financial, technical and administrative assistance for industries. The industry sector has been given high priority in the “Public Investment” as well as future public investment plans. The Government of Sri Lanka provides adequate financial resources with the assistance of donor agencies to improve the industrial production. In achieving the above national policy objectives in short, medium and long term time horizons, the Corporate Plan of the IDB will set the mandated entity for directing and guiding the country’s industrial sector.

### 8) Preparation of the Annual Report (2018)

In every end of a financial year, an Annual Report is being prepared to provide information on institutional history and summarize the physical progress of each divisions of the Board. Annual report consists with several sections including managerial reviews, divisional progress, financial performance and other major achievements in the past year. The foremost purpose for the disclosure of yearly annual reports are to be in line with mandatory requirements and jurisdictions, to review the past year performance.

### 9) Facilitate to conduct enterprise / industry survey, update industry / economy related statistics and assist to prepare relevant sector development plans

As an initial stage for preparing a comprehensive SME database through an industrial survey, Planning Division has collected information and prepared a database on SMEs, in District-wise with the support of Regional Offices of IDB and Development Officers attached to Divisional Secretariat Divisions and Provincial Councils. The selected industrialists were categorized under different sections as, chemical based, electrical, food, foundry, handcrafts, textile, services...etc. Accordingly, progress of the database during the year 2019 is as follows.

#### Database Summary

No.	District	No. of SMEs
1	Ampara	77
2	Anuradhapura	664
3	Badulla	1,120
4	Batticaloa	911
5	Colombo	4,352
6	Galle	1,911
7	Gampaha	1,500
8	Hambanthota	1,238
9	Jaffna	1,060
10	Kalutara	372
11	Kandy	2,906
12	Kegalle	971
13	Kilinochchi	192
14	Kurunegala	1,052
15	Mannar	223
16	Matale	2,428
17	Matara	771
18	Monaragala	50
19	Mullaitivu	506
20	Nuwara Eliya	161
21	Polonnaruwa	730
22	Puttalam	333
23	Ratnapura	2,650
24	Vavuniya	368
	<b>Grand Total</b>	<b>26,546</b>

Table 3.4.1

Since currently this project is in progress, Planning Division has submitted a discussion paper to go beyond the implied limits and execute this as a National Level project. Therefore, entrepreneurs/investors who are thinking of starting a new business or expanding a business could be able to explore opportunities using this information in order to find suppliers, buyers, exporters or service providers, etc. Further it facilitates the industries to have an overview of an industry sector and might be able to determine trends and upcoming changes in the industry as well.

**10) Other relevant activities that have been assigned to the Division**

- Annual performance reports for the year ended 31<sup>st</sup> December 2018.
- Quarterly review of activities in English, Sinhala and Tamil versions.
- Information Sought from the Industrial Development Board for the preparation of Central Bank Annual Report 2018.
- Ensure the IDB participation in existing industry related policy-making committees and prepare policy papers when necessary.

### 3.5) Industrial Estates Division

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The concept of Industrial Estate was introduced to Sri Lanka in the decade of 1960s in order to promote regional industrialization and to disperse the industrial development activities throughout the country. It was mainly focused to line up the small and medium scale industries providing lands and ready-built buildings having sufficient infrastructure facilities in the areas, specially located in a sound industrial environment location. Since then for the last fifty-five years, the IDB has focused to Colombo, suburbs and rural areas in a considerable level with the development of 18 Industrial Estates all over the country. IDB allocates suitable lands and buildings with necessary infrastructure facilities to set up industries under long term lease basis in these Industrial Estates and as further expansion of the project, IDB encourages the private sector to set up more new industries in the territory as well.

- The total extent of land developed since 1967 is around 296 acres. It has divided into 726 land plots and have been already allocated to 392 industrialists.
- Out of the total allocation of developed plots 293 industries have been commenced their ventures and as a result, 8752 employment opportunities were generated. Another 41 industrial units are in different stages of construction of their factory buildings.
- Additionally, actions needed to be taken to abolish 58 industrial units which were currently used for residential purposes and not in operation at mini Industrial Estates.
- Further, 80 ready-built buildings have been allocated to 60 industries and generated 1696 employment opportunities out of it.
- Since the Atchchaveli Industrial Estate had been totally destroyed due to thirty year – long civil war in the country, in 2013/2014 with the financial contribution of Indian government and Sri Lankan government and with the supervision of UNOPS, has provided Rs. 220 million and Rs. 50 million respectively for reconstructions and re-establishments of the Estate. In 2014 the Atchchaveli Industrial Estate was revamped and commenced functioning with few industries.
- In addition, the Ministry of Industry and Commerce has initiated the Phase II Development Programme in 2018/2019. Granted Rs. 100 million for the development of infrastructure facilities and for reimbursement of 50% of the total monthly electricity bills of the industrialists of Atchchaveli Industrial Estate as concession during the years 2018/2019 and paid rupees 12.9 million. Further, development of infrastructure facilities under Phase II in the Atchchaveli Industrial Estate is in operation yet.
- In 2019, the IDB has initiated a project to establish a new Industrial Estate in Central Province, Kirimatiyawatta, Pottapitiya, Kandy to encourage private sector investors to invest in manufacturing industries and ultimately uplift the living standards of the area, by providing employment opportunities through effective implementation of their projects.

*Primary objectives of establishing the Industrial Estate:*

- (i) Improving infrastructure facilities to establish new industrial units
- (ii) Establishing small and medium scale industrial units
- (iii) Generate direct and indirect employment opportunities

*Secondary objectives of establishing the Industrial Estate:*

To construct an Industrial Estate equipped with infrastructure facilities in order to promote exports and foster local industries, and in so doing to create employment opportunities and boost local industries.

**Industrial Estates located throughout the country- (Provincial wise)**

<b>Industrial Estates</b>	<b>Province</b>
Ekala, Horana, Wavulugala and Panaluwa	Western Province
Pallekelle, Kaludewala and Kotagala	Central Province
Pannala and Luniwila	North Western Province
Galigamuwa and Pussella	Sabaragamuwa Province
Baddegama and Beliatta	Southern Province
Negampaha and Mihintale	North Central Province
Vavuniya and Atchchuveli	Northern Province
Buttala	Uva Province

**Table 3.5.1**



The positions of the Industrial Estates in the country

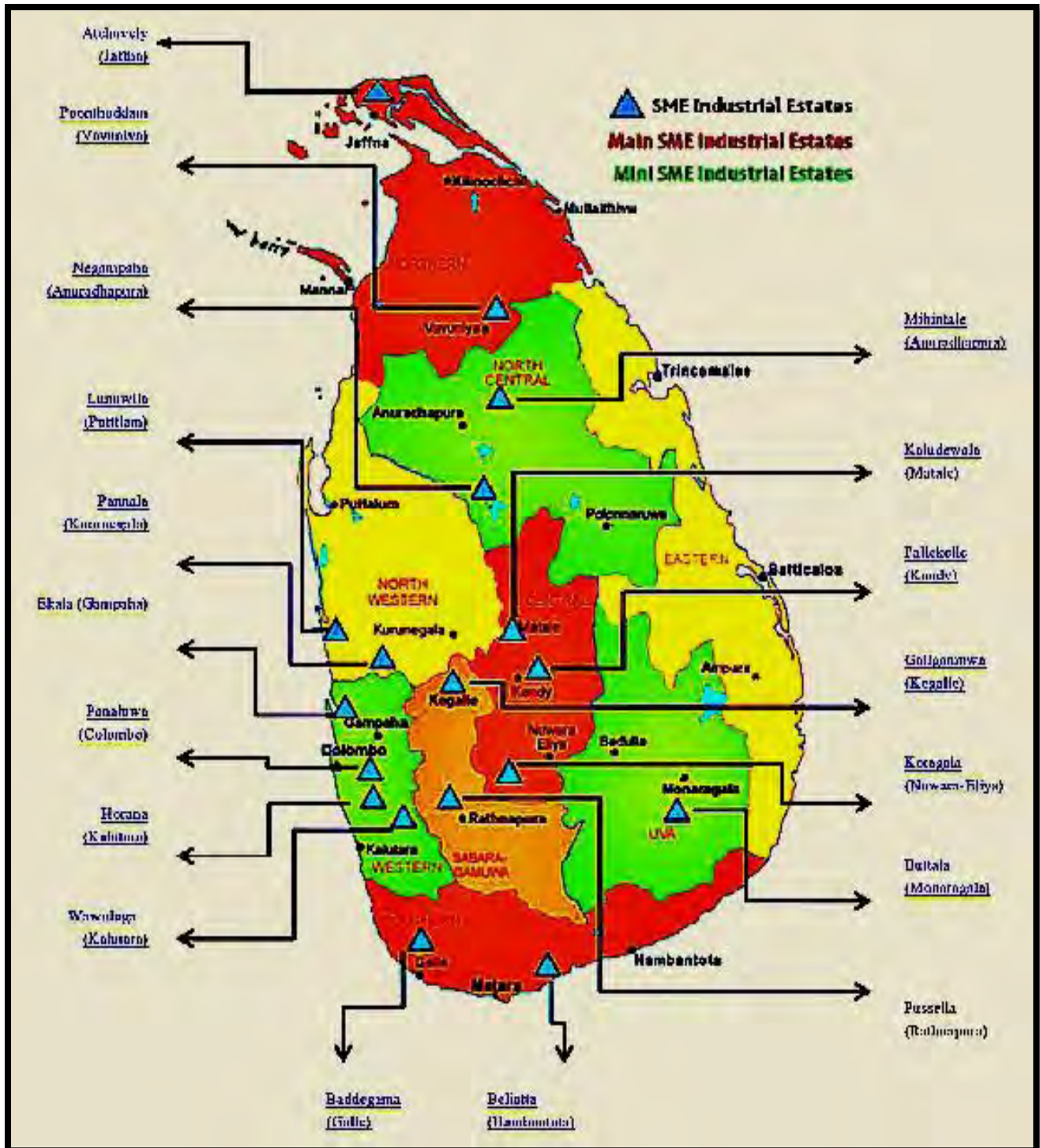


Figure 3.5.1

### 3.5.1 Progress during the year of 2019

The Industrial Estates Division has spent nearly Rs. 87.45 million, funds received from the Government Treasury through the line Ministry under the Accelerated Development Programme for modernizing and upgrading of existing infrastructure facilities and developing 10 Acres of land in Atchchuvveli Industrial Estate. Mainly state owned construction organizations have contributed for this project and most of the activities are in operation since 2015. The details are given below.

#### Details of the Projects

	Activity	Budgetary Allocation-2019 (Rs.Mn.)	Financial Targets (Mn)		%
			Funds received as at 31. 12. 2019 (Rs. Mn)	Balance (Rs. Mn)	
<b>Ongoing Projects - 2018</b>					
(01)	<b>Buttala</b>				
	i. Construction of internal roads, drains and fencing	2	0	2	100
(02)	<b>Kotagala</b>				
	i. Construction of internal roads, guardroom and repairing of main gate	1.5	2.2	0	100
(03)	<b>Atchchuvveli</b>				
	i. Construction of a large dug well and repairing of post office & office building	1.5	0	1.5	70
(04)	<b>Pallekelle</b>				
	i. Carpeting of internal Roads and Construction of fence	3	2	1	100
(05)	<b>Pannala</b>				
	i. Construction of internal roads, drains ,fence water tank & and repairing of office building	38	36	2	90
(06)	<b>Panaluwa</b>				
	i. Construction of Boundary wall (Balance work)	10	0	10	50
(07)	<b>Ekala</b>				
	i. Carpeting of internal road	4	0	4	100
<b>Sub Total</b>		<b>60</b>	<b>40.2</b>	<b>20.5</b>	
<b>New Projects - 2019</b>					
(01)	<b>Ekala</b>				
	i. Construction of damaged parapet wall	12.9	-	8	10
	ii. Carpeting of new internal roads		-	8	10
	iii. Construction of two gates and barriers		2	-	2
(02)	<b>Negampaha</b>				
	i. Water supply scheme with tube well and water pump	12	12.1		20
	ii. Construction of Transformer cubicle	0.5	0.35		100
(03)	<b>Horana</b>				
	i. Carpeting of internal roads	19	-	13	10
(04)	<b>Wavulugala</b>				
	i. Carpeting of internal roads and drains	14.5	-	12.5	10
(05)	<b>Pallekelle</b>				
	i. Construction of entrance gate	6	-	6	10
<b>Sub Total</b>		<b>67</b>	<b>12.45</b>	<b>49.5</b>	
<b>Grand Total</b>		<b>127</b>	<b>52.65</b>	<b>70</b>	

Table 3.5.2

**Details of the Projects**

No.	Activity	Cost Estimate (Rs. Mn.)	Performance Indicator/s	Cumulative Progress as at 31/12/2019	
				Financial (Rs. Mn.)	Physical (%)
<b>Ongoing Projects - 2018/2019</b>					
(01)	Preliminary and general items (Land clearing and levelling , Earth filling where necessary , Land survey & demarcation)	62.4	Preparing of new survey plan. Clearing extent.	653,283.99	100
(02)	Providing good transportation access and internal roads		Length and width of internal roads.	8,340,000.00	30
(03)	Construction of Sewage and drainage system		Length and width of drains.		
(04)	Security fence		Length & height of fence.		
(05)	Natural water supply (Pipe laying, Construction of dug well and overhead tanks)		1dug well bowed. Pump house completed. Electricity line connected		
(06)	Three-phase electricity supply scheme	11	No. of transformer and Electricity line connected.	11,345,102.73	30
(07)	Street Lighting	1.6	No. of street Light and poles	1,617,193.70	30
(08)	50% payments for expenses on electricity consumption of industries in Atchchuveli Industrial Estate for two years.	20	No. of industrialists and Electricity cost per month	12,884,792.49	-
(09)	Coordination Expenses	5	-		
(10)	Contingencies		-		
<b>Grand Total</b>		<b>100</b>		<b>34,840,372.91</b>	

**Table 3.5.3**

### 3.5.2 Selection of Industrialists for the Industrial Units

Applications received from industrialists presently occupied and 19 new investors who are seeking new Plots of Lands/Ready Built Buildings were called for interviews, considering their viability, during the year.

**Allocated and Commissioned Industries in year 2019**

Industrial Estate	Allocation of land plots / buildings	New industries created	
		Industries	Employment
Pallekelle	7	7	156
Horana	5	1	32
Buttala	4	2	22
Panaluwa	4	4	77
Wavulugala	1	1	21
Atchchaveli	1	1	21
Punthoddam	1	1	8
<b>Total</b>	<b>23</b>	<b>17</b>	<b>336</b>

**Table : 3.5.4**

### 3.5.3 Signing of Lease Agreements :-

Lease agreements for lands / ready-built buildings signed with the respective industrialists who performed their respective industries without any breach of contract with IDB. The period of lease hold for buildable lands and buildings are 30 and 20 years respectively. Accordingly, 21 lease agreements were signed with the respective industrialists during the year under review and was able to generate an income of Rs. 233,650.00.

### 3.5.4 Collection of Rental Income :-

Monthly / Annual rentals, water charges and arrears collection income for the leased out lands and buildings were collected during the year 2019 is Rs.67.4 million. The revolving fund which is maintained on behalf of the collections recovered as three year refundable deposits from the lessees. Hence the accumulated amount of the revolving fund is Rs.10.1 million at the year-end of 2019.

## 3.6) Marketing Division

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The Marketing Division is the dynamic force of the IDB, encompassing the activities involved in the process of marketing goods manufactured by small and medium industrialists and self-employees throughout the island. Further they are entrusted with the responsibility of promoting services delivered by IDB while supporting local industries specially SMEs and potential entrepreneurs to make their enterprises grow more commercially viable entities. It serves the ultimate customer by establishing long term mutually beneficial trade relationships to their entire satisfaction. Further the division holds the responsibility to assist to building linkages with the potential markets while building the brand image for the respective products through long term business relationships.

### Activities assigned to the division :-

- Organize and conduct industrial exhibitions / participate in national exhibitions and trade fairs.
- Organize National Award Ceremony for the selected micro, small and medium-sized entrepreneurs / industrialists as well as self-employed throughout the island.
- Provide sales facilities at “Lakkam” sales centre.
- Facilitate sub contractual exchanges.
- Provide raw materials / scrap materials to industrialists engaged in foundry, light engineering, blacksmith and other metal casting and crafting industries at concessionary rates.
- Provide marketing assistance and consultancy services for the promotion and development of industries / MSMEs.

### 3.6.1 Performance Highlights

#### ➤ Lakkam Sales Centre

Lakkam Sales outlet provides display and sales facilities with the view of uplifting the productivity and promote the marketing of products of Small and Medium Industrialists (SMIs) and Self Employees (SEs) island wide. The centre facilitates the SMIs and individual entrepreneurs while providing a sales platform for their marketable products to be sold in competitive prices. The sales outlet provides a display and sales facility with a view of uplifting the productivity and promoting island wide markets for the products of small and medium-sized industrialists (SMIs). Further the local products of individual manufacturers were displayed under “Lakkam Logo” and they were facilitated to be sold in both local as well as in the international markets. As of the divisional progress the income of the Lakkam Sales Centre was Rs. 2.95 mn and the total number of industrialists facilitated was 25.

➤ **Sub-Contracting Exchange (SCX)**

The Sub-Contracting Exchange (SCX) of the marketing Division has been funded by the World Bank since 1982, with the coordination of the government and non-government organizations. This involved in supply of goods manufactured by the IDB and bids on behalf of the industrialist's / service providers. Few of the items that receive orders from the government organizations were, wood, steel, office chair and sofa, leather shoes, slippers and bags, rubber based spare parts, t-shirts, caps, school bags, stationary, aluminum doors, name boards & partitions...etc. The income of sub-contracting was Rs. 1.33 mn. and the total industrialists facilitated were 10. It has coordinated all the organizations involved in the supply of goods manufactured by SMEs.

➤ **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. In other words, under the metal scrap project, ferrous, nonferrous and other related items were purchased from government institutions and distributed them as raw materials to the industrialists at light engineering sector, specifically registered in IDB at concessionary prices controlled by a panel of officers. Many local industries in metal casting industry are benefited under the project to make their product more competitive in the market. As of the progress for the year 2019, 315 numbers of industrialists were benefited, while generating Rs. 241.17 mn of income and it is about 98% contribution of the total income of the Division.

➤ **Exhibitions**

IDB organizes exhibitions for Micro, Small and Medium-sized Entrepreneurs (MSMEs) at district, provincial and national level in order to identify all island most outstanding entrepreneurs under MSME category. Further these exhibitions facilitate to initiate more and more competitive employment opportunities in the industrial context.

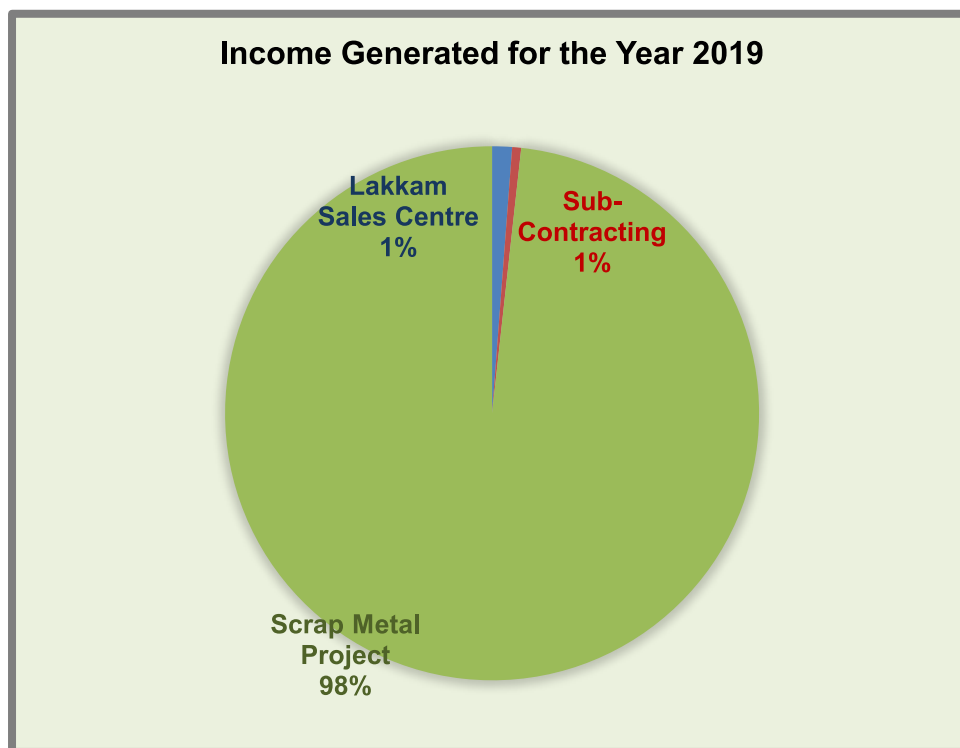
➤ **Special Activities - SMIDEX 2019 National Award Ceremony**

The Industrial Development Board, while marking the golden jubilee in the year 2019, has organized SMIDEX 2019, an award and a felicitation ceremony for selected successful Small and Medium Industrialists to provide strategic, technological and commercial foundation needed to encourage, promote and develop the best industrialists in the country.

**Progress Summary for the year 2019**

Performance	Lakkam Sales Centre	Sub-Contracting	Scrap Metal Project	Total (Rs. mn)
Sales Value (Rs.mn)	14.34	2.05	250.99	267.38
Income (Rs.mn)	2.95	1.33	241.17	245.45
Distribution of Orders	-	10	-	10
Purchased (MT)	-	-	1964	1964
Distributed (MT)	-	-	1993	1993
Industrialists Facilitated	25	10	315	350

Table 3.6.1



Graph 3.6.1

### 3.7) Centre for Entrepreneurship Development and Consultancy Services Centre

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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. The division provides training on management skills and entrepreneurship development on an Island wide basis. The CEDACS division consists of four units as Training unit, Library and information cell, IT unit and Printing unit.

The main role of training unit is to provide various training on management skills and entrepreneurship development throughout the country. The library and information unit officers are entitled to provide library facilities and industrial information in order to enhance, promote and develop SME's. The IT unit of the division provides network and information facilities within IDB, enhancing ICT skills of entrepreneurs and develops the web site. The printing unit undertakes printing of documents including reports, hand books, leaflet etc. CEDACS Division involves in creating new entrepreneurial culture in Sri Lanka, through introducing new managerial strategies, providing technical know-how, offering consultancy services and enhancing ICT skills of entrepreneurs in Digital Marketing, Mobile technology...etc. In order to achieve said targets following are some of the few activities assigned to the CEDACS Division.

#### **Activities assigned to the CEDACS**

- Conduct Entrepreneurship Development Programmes
- Conduct Business Creation Programmes
- Conduct Productivity Improvement Programmes
- Conduct Managerial Skills Development Programmes
- Provide Commercial & Business Training for Entrepreneurs
- 5 S implementation programmes within IDB
- Provide Internet and E-mail facilities
- Conduct Digital Marketing Upgrading Workshop
- Conduct Mobile App Development & Online Money Making Seminars
- Selling of Publications
- Development of Library Collection (Sinhala, Tamil and English)
- Organization of Industrial Information
- Registration of IDB Clients in Online Database
- Dissemination of Industrial Information to Industrialists, Clients and IDB Staff ...etc.



### 3.7.1 Programmes Conducted During the Year - 2019

➤ **Entrepreneurship Development Programme held at Thelhiriyawa Training Centre**

CEDACS division organized and conducted an Entrepreneurship Development Programme at Thelhiriyawa training centre during 22nd – 24th March 2019 for the potential entrepreneurs in Thabuthegama area. At the end of the session, the participants have obtained theoretical and practical knowledge of marketing, costing, record keeping and business planning etc...

➤ **Productivity Improvement Programme held at Aralaganwila Divisional Hospital**

CEDACS jointly with Regional Development Division, conducted a Productivity Improvement Programme at Aralaganwila Divisional Hospital during 22nd to 24th November 2019. The Programme was targeted on implementation of 5S, team building, establishment of quality circles and green productive measures. The office of the Provincial Director of Health Services in the District of Polonnaruwa, organized and financed the programme.

➤ **Advanced wooden furniture training held at Technical College, Anuradhapura**

An advanced technical training programme on woodworking, was held at Anuradhapura college of technology during the period of 13<sup>th</sup> to 17<sup>th</sup> December 2019. The main objective for the commencement of this programme was to transfer modern woodworking methods for selected entrepreneurs, who are running small scale carpentry shops in Anuradhapura and Thalawa area. At the end of the technology transfer programme, the participants were able to acquire technical knowledge of equipment handling, pattern making, metric drawings, modern furniture making and painting. Office of the Chief Minister - North Central Province, funded the programme.

➤ **Professional qualification for SMEs in Digital Marketing**

As the IT Unit of IDB, Identifying the timely demand and the necessity to bring innovation and technological enhancements on marketing strategies of micro, small and medium enterprises has determined to conduct the first skill development programme registered under Tertiary Vocational and Education Commission (TVEC) in Digital Marketing under the title of 'SME Development via Digital Marketing & Ecommerce'.

➤ **IDB Facilitating the synergy between SMEs & Universities**

The Department of Marketing Management (DMM) of University of Kaleniya has joined hands with the IT Unit of IDB to allow a group of Undergraduate students who have studied Digital Marketing as a module during the course of their B.Sc. qualification to involve with the Entrepreneurs participating for the Digital Marketing workshops to gain hands on experience by conducting Digital Marketing campaigns for them for a period of six months. Initially they want eight SMEs among the participants of the DM Workshop screened and interviewed and eight groups consisting six students each will be allocated among eight SMEs. An MOU will be sanctioned between the SME and the DMM of University of Kaleniya and IDB would be the facilitator and will provide an appreciation certificate for the students involved to this project considering the recommendation from the respective SMEs. This partnership between IDB and University of Kaleniya would yield results to SMEs in a grand scale specially when developing their digital marketing skills.



**Figure 3.7.1**



**Figure 3.7.2**

This synergy would also lead to address the unemployment issue & juvenile aggression of the country, since few SMEs already gave their consent to recruit students who are effectively performing and involving during the three months' period after the completion of their academic year.

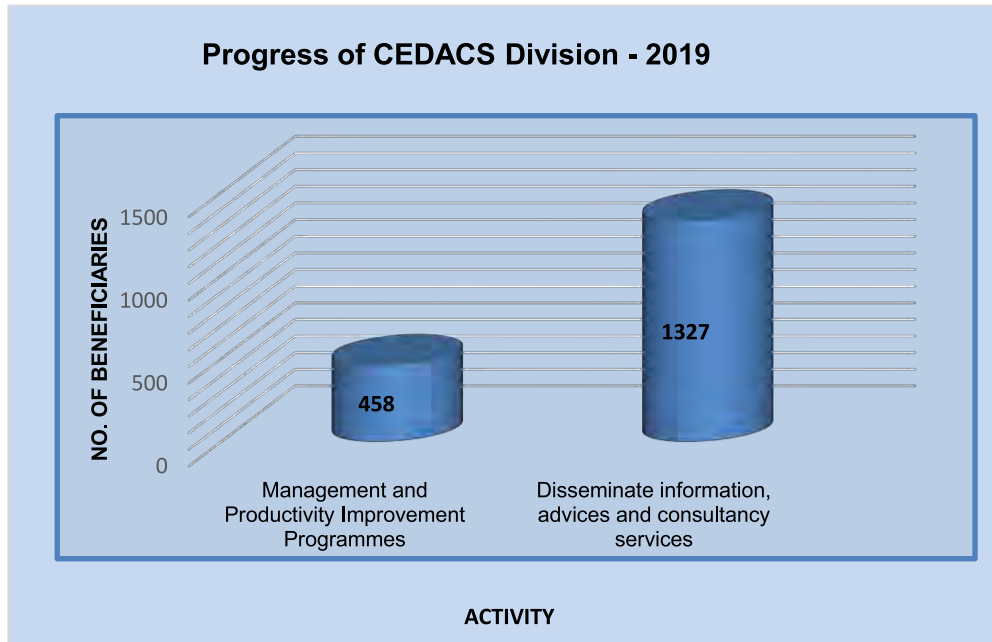
**Progress Summary Report - 2019**

No.	Activity	KPI / Output	Annual Target	Physical Progress		Financial Progress	
				Achievement	Cost (Rs.)	Income (Rs.)	
<b>Establishment of Micro Industries</b>							
01	Management Improvements	No. of Programmes	8	4	430,635	833,000	
		No. of Industrialists/ SMEs	160	80	-	-	
02	Conduct customized training programmes for entrepreneurs/industrialists/ govt & external organizations	No. of training programmes conducted	8	17	1,474,606	2,324,500	
		No. of Industrialists/ SMEs	160	375	-	-	
<b>Increase production capacity / volume in the existing industries</b>							
03	Implement productivity improvement methods individually	No. of awareness programmes	4	3	43,840	85,000	
		No. of Industries	4	3	-	-	
<b>Specific services provided by IDB (Internal)</b>							
04	Provide / disseminate information, advices and consultancy	No. of industrialists	700	1327	46,936	183,593	
05	Publish "Karmantha / newsletters / journal (publications)"	No. of newsletters published	4	2	6,000	-	
06	Update database on Machinery, online, raw materials, suppliers bibliographic database	No. of new entries	500	886	-	-	
<b>Total</b>					<b>2,002,017</b>	<b>3,426,093</b>	

**Table 3.7.1**

The Small and Medium Enterprises (SMEs) play an important role in the economy by contributing to gross domestic production, reducing unemployment and poverty. SMEs are key players in the economy and the wider eco-system of firms. Growth of SMEs will be influenced by changes in the internal and external business environment. In that scenario high cost of production is a major challenge and a barrier for them for being competitive in the market. Hence involvement of the government is an essential in taking measures to reduce their cost of production in dynamic competitive market conditions. CEDACs Division has taken steps to enable SMEs to adapt and thrive them towards more open environment and make them participate more actively in the digital transformation for boosting economic growth and delivering a more inclusive globalization. Across the countries at all levels of development, SMEs have an important role to play in achieving Sustainable Development Goals (SDGs), providing employment opportunities, promoting sustainable industrialization, fostering innovation, and reducing income inequalities. With this regard, CEDACs Division provides guidance in establishing micro industries by demonstrating programmes on management improvements and conducts customized training programmes for entrepreneurs as well.

Since new and small firms are often the driving force behind the sort of radical innovations that are important for economic growth, they can work outside of dominant paradigms, exploit technological or commercial opportunities that have been neglected by more established companies. While focusing on this paradigm, the Division conducts more awareness programmes on productivity improvement methods in order to increase production capacity or volume, disseminates information, advices, consultancy and publishes journals...etc.



Graph 3.7.1

## 3.8) Technical Services Division

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The Technical Services Division is one of the main divisions of the IDB, which caters to the technological needs of the industrial community in Sri Lanka. The primary objective of TSD is provision of technological assistance to entrepreneurs from conception through formulation to implementation and to existing industries for expansion, modernization, diversification, quality and productivity improvement. The services of the TSD are provided through 5 sub sectors namely Food, Chemical, Oil and Fibre, Building material and Computer technology. Provision of technological assistance is mainly done through one – day technology transfers workshops and industrial certificate courses with a strong practical component.

### Performance of the year 2019

#### 3.8.1 Acquire Local & Foreign Technology

##### 1) TOT programme on ‘Bamboo Wood Preservation’

A TOT programme on ‘Bamboo Wood Preservation’ was conducted for a group of 30 selected participants from IDB, NDC and NCC in collaboration with UNIDO to promote and develop bamboo industries in Sri Lanka. The programme was conducted at a cost of Rs. 491,272.95 as a UNIDO funded project from 22nd - 25th of January 2019 in IDB head office. Mr. Joerg Stamm, UNIDO senior consultant and an international bamboo-processing expert were the project consultants.

##### 2) Project: Enhance export potential of Fiber Glass Reinforced Products in Sri Lanka

TSD in consultation with the Boat Building Technology Improvement Institute Lanka (Pvt.) Ltd in Panadura, has conducted a three-day training programme to encourage new entrants to the fiber glass industry sector and to enhance the export potential of existing industries in Sri Lanka. This programme was conducted for 16 participants as a part treasury funded project (49% of the total expenditure was borne by the government).

##### 3) Training Programmes on ‘Bamboo Crafts Technology’ and ‘Bamboo Furniture Technology’

Training programmes on ‘Bamboo Crafts Technology’ and ‘Bamboo Furniture Technology’ were conducted for a group of 18 selected participants from NDC, NCC, Laksala and private sector Bamboo craft making industries in collaboration with UNIDO to promote and develop bamboo industries in Sri Lanka. The programmes were conducted with the technical support of four trainers including Mr. Tony Paul, CEO of ‘Urvu’ - Indigenous Science & Technology Study Centre in Kerala, India. All these initiatives were conducted as UNIDO funded projects and the both of the programmes of ‘Bamboo Crafts Technology’ and the ‘Bamboo Furniture Technology’ projects were gained a revenue of Rs.1, 850,000/- and Rs.1, 180,000/- respectively.

#### **4) Training Programme on “Bamboo Design Technology”**

A Training programme on “Bamboo Design Technology” was conducted for a group of 28 selected participants from University of Moratuwa, NCC, NDC, Laksala and Green building council in consultation with UNIDO consultants from Italy from 22nd - 26th July, 2019 in IDB head office earning Rs. 69,000/- in revenue.

#### **5) Training Programme on ‘Bamboo Products & Furniture Prototyping’**

A Training programme on ‘Bamboo Products & Furniture Prototyping’ was conducted for a group of 18 selected participants from NDC, NCC, Laksala and private sector Bamboo craft making industries in collaboration with UNIDO to promote and develop bamboo industries in Sri Lanka. The programme was conducted with the technical support of 04 trainers including Mr. Tony Paul, CEO of “Uravu” - Indigenous Science & Technology Study Centre in Kerala, India. This programme was conducted as a UNIDO funded project from 16th -25th of October 2019 in IDB head office earning Rs.1, 100,000/- in revenue.

#### ***UNIDO Assistance for Bamboo Product Improvements with IDB***

Bamboo is one of the most important nature’s substitutes for the endangered rainforest hardwoods. It is a quick-growing, versatile, non-timber forest product whose rate of biomass generation is unsurpassed by any other plants. With a 10 – 30 % annual increase in biomass versus 2-5% for trees, bamboo creates greater yield of raw material for use. It is utilized extensively for a wide range of purposes. The strength of the culms, their straightness, smoothness, lightness combined with hardness and greater hollowness; the facility and regularity with which they can be split; the different sizes, various lengths and thickness of their joints make them suitable for numerous end products / purposes. The versatility of bamboo outmatches most tree species. It is known to be a natural and excellent raw material for manufacturing strong and sturdy furniture, handicrafts and novelty items.

Bamboo is an important component of development wherein all types of people have adequate access to. It requires little attention during its growing / production cycle and can occupy the same ecological niche as that of trees. It is well suited for agro forestry and healthy ecosystems. It requires only a modest capital investment to generate a steady come. Around the global a lot of individuals and communities are dependent on bamboo for their subsistence, shelter and everyday utilities. The Industrial Development Board organized four different types of training workshops for Training of Trainers (TOT) collaboration with United Nations Industrial Development Organization (UNIDO) which provide basic and advanced knowledge to local artisans within the IDB premises under the project of Bamboo processing for Sri Lanka.



Figure 3.8.1



Figure 3.8.2

#### **6) Training Programme on “Enamel paint & Anti-corrosive paint”**

A Training Programme on “Enamel paint & Anti-corrosive paint” was conducted for a group of 11 participants at the TSD on 26th of October 2019 earning Rs. 55,000/- in revenue.

#### **7) Training Programme on “Laundry soap & Toilet soap”**

A Training Programme on “Laundry soap & Toilet soap” was conducted for a group of 26 participants at the TSD on 19th of October, 2019 earning Rs. 91,000/- in revenue.

#### **8) Training Programme on ‘Value added fishery products’**

A Training programme on ‘Value added fishery products’ was conducted in consultation with the National Aquatic Resources Development Centre for a group of 33 participants in Negombo (Pitipana) as per the request made by the Ministry of Agriculture on 7th of November, 2019 earning

Rs. 85,600/- in revenue. The subject areas covered included; Ambul thial, Jadi, Low –salted dry fish, Heavy-salted dry fish, Sea weed jelly and Fish cake.

### **9) Training Programme on “Value added mushroom products”**

A Training Programme on “Value added mushroom products” was conducted in consultation with the Food Research Unit in Gannoruwa for a group of 18 participants at the TSD on 27th of November 2019 earning Rs. 45,000/- in revenue. The subject areas covered included; Mushroom sausages, Mushroom seeni sambol, Mushroom moju, Mushroom cake and Mushroom bites.

### **10) Training Programme on “Bamboo Products & souvenir”**

A Training programme on ‘Bamboo Products & souvenir’ was conducted for a group of 18 selected participants from NDC, NCC, Laksala and private sector Bamboo craft making industries in collaboration with UNIDO to promote and develop bamboo industries in Sri Lanka. The programme was conducted with the technical support of 04 trainers including Mr. Tony Paul, CEO of “Uravu” - Indigenous Science & Technology Study Centre in Kerala, India. This programme was conducted as a UNIDO funded project from 09th -16th of December 2019 in IDB head office earning Rs.3, 698,750/- in revenue.

## **11) Assist to product / process development**

### **11.1 Project: Small-scale chemical industry development pilot project in Western Province**

The Technical Services Division of the IDB introduced a pilot project for the development of 12 promising small-scale chemical industries in Western Province to improve the overall performance of the chemical industry by offering a part financial grant for quality and productivity improvements in industries. Under this scheme the selected industries were required to invest a minimum amount of Rs. 600,000/- for improvement of their products and processes and the IDB reimbursed 50% of the total project cost up to a maximum of Rs. 300,000/- (excluding consultancy and factory modifications) upon the successful completion of the project. The awarding of financial grant to selected industrialists took place at a function held at the JAIC Hilton in Colombo on 15th of March 2019 in parallel to the unveiling of the IDB logo to mark the 50th Anniversary commemorated in 2019.

### **11.2 IDB Conducted Certificate Course for Milk and Milk Products Technology**

Milk and milk products have always been an integral part of Sri Lankan consumption habits. The agricultural sector contributes about 7.5% to the national GDP out of which livestock sector accounted for 0.8% in 2017. At present Sri Lanka is self-sufficient about 30% with domestic source of milk products and it is needed to import about 70% of milk products to fulfill the domestic requirements.



The Technical Services Division of IDB started the certificate course in Milk and Milk products technology on 26th of May 2019 with the objective of providing a systematic education for micro and small scale dairy entrepreneurs who are deprived of a quality education in their industry sector. The course is of 10 days' duration and covered the production technology of a vast array of daily products including fermented dairy products (yoghurt, yoghurt drink, curd & cheese), frozen dairy products (ice cream & popsicles) and milk drinks. The Technical Services Division started the course with an impressive participation of 25 industrialists from micro and small scale dairy industries and farms. The influence of tourism and the changing tastes of Sri Lankans have resulted in a growing demand for cheese. The cheese technology session of the certificate course was a memorable event for the IDB and all the participants as the session was conducted by one of the dairy experts in the world, the Technical Sales Manager for South Asia – DSM Company. During the practical session participants were able to get a firsthand knowledge on cheddar and mozzarella cheese manufacturing processes.



**Figure 3.8.3**

### **11.3 Workshop on Tea Grading and Tea Testing**

Industrial Development Board is playing a vital role towards the empowerment of SMEs in Sri Lanka. Technical Services Division (TSD) is evolving this objective with identifying and initiating different workshops to transfer technologies to enhance the competencies of the SMEs. Technical Services Division organized a workshop titled “Tea Grading and Tea Testing” focusing on SMEs in the tea industry. The programme was held on 29th March 2019 at the Technical Services Division auditorium with the participation of 34 small and medium scale industrialists.

The session was conducted by the Manager of Tea Value Addition Department / Amazon Trading Pvt Ltd and the Senior Executive of Tea Department – HVA Foods Pvt Ltd. The objective of the workshop was to educate the participants on different tea grades, tea valuation process, auction process, and demand for each tea grades in the international market and tea testing process. Participants were able to gain experience at the practical session on identifying of unique characteristics of different tea grades and testing teas while distinguishing different flavor characteristics of teas from different tea growing regions in Sri Lanka. All the participants were highly appreciated this initiation and showing the interest in this newly introduced programme.



**Figure 3.8.4**

#### **11.4 Product development work**

Body lotion formulations, tile adhesive and tile grout were developed through R&D activities at the TSD. Further, a Technology Transfer Workshop on “Body lotion and quality assurance” was conducted for 24 participants based on the developed technology at TSD, earning Rs. 84,000/- in revenue.

#### **11.5 Sustainability report verification**

IDB, as an external agency that could verify and measure the green reports submitted by industries, was commissioned by E.B.Creasy & Co. PLC. The income from report verification was Rs. 18,750.00.

#### **11.6 Technology handbooks**

A technology handbook on “A Guide to Paints & Coating Technology” was published in July 2019 parallel to the Technology transfer Workshop on “Paints & Coating Technology” held on 30th of July 2019 at the Technical Services Division.

#### **11.7 Letter of recommendation of production process**

A letter of recommendation was issued for “Chamika Wood Works” in Keselwatta, which is being engaged in treated rubber and Kiln dried timber manufacturing after inspection of the production process and product testing. The total earning of the process was Rs. 2,000/- in revenue.

### 11.8 Conducting customized training programmes

Thirteen (13) customized training programmes were conducted in and out of the Technical Services Division earning Rs. 1,089,896 /- in revenue.

#### Details of Training Programmes

No.	Name of the programme	No. of participants	Funding agency	Income (Rs.)
01	Training Programme on “Bakery Products Technology” -Mattakkuliya (31 <sup>st</sup> of January,2019)	22	Muslim Aid Sri Lanka	41,015.00
02	Training Programme on “Bakery Products Technology” -Kandakadu (29 <sup>th</sup> -31 <sup>st</sup> of January,2019)	30 in-house rehabilitators	Bureau of the Commissioner General Rehabilitation	109,856.25
03	Training Programme on “Coconut charcoal making” conducted in consultation with the HAYCARB Pvt. Ltd- Kuliapitiya DS (21 <sup>st</sup> of June,2019)	27	Participants	77,625.00
04	Training programme on “Dehydration and bottling of Jackfruit, fruits & vegetables – Dodangoda DS (29 <sup>th</sup> of August,2019)	32	Export Development Board	31,460.00
05	Training Programmes on yoghurt, ice cream, fruit juice, paper bag, detergent, paints and coatings conducted in Jaffna to mark the 50 <sup>th</sup> anniversary of IDB. (8 <sup>th</sup> -10 <sup>th</sup> of August,2019)	50	IDB	99,779.50
06	Training programme on “Fresh cut, Dehydrated and bottled, fruits & vegetables (24 <sup>th</sup> of October,2019)	30	Export Development Board	39,600.00
07	Training Programme on “Birth day cakes & Wedding cakes) –Keselwatta (21 <sup>st</sup> of November,2019)	30	Muslim Aid Sri Lanka	33,000.00
08	Training Programme on “Birth day cakes & Wedding cakes) –Matara (04 <sup>th</sup> -5 <sup>th</sup> of November,2019)	30	Ministry of Sports –Sothorn Province	58,320.00
09	Training Programme on “Milk based products” –Baddegama (28 <sup>th</sup> -29 <sup>th</sup> of November,2019)	30	Ministry of Sports –Sothorn Province	67,980.00
10	Training Programme on “Milk based products” – Moneragala (28 <sup>th</sup> -29 <sup>th</sup> of November,2019)	60	Muslim Aid Sri Lanka	130,000.00

No.	Name of the Programme	No. of Participants	Funding Agency	Income (Rs.)
11	Training Programme on “Milk based products” – Tangalle (12 <sup>th</sup> -13 <sup>th</sup> of December,2019)	25	Ministry of Sports –Sothern Province	73,980.00
12	Training Programme on “Spice based products” –Tangalle (26 <sup>th</sup> -27 <sup>th</sup> of December,2019)	25	Ministry of Sports –Sothern Province	69,180.00
13	Training Programme on “Pottery Technology” – Vavuniya (19 <sup>th</sup> -24 <sup>th</sup> of December,2019)	30	Vavuniya South DS	258,100.00

**3.8.1 Table**

### 11.9 Conducted training programmes for industrial certificate courses

Eight (08) Industrial Certificate Courses were completed in 2019. The income generated from these courses were Rs. 2,560,300/-. A total of 152 students & industrialists were trained and supported through these courses.

#### Details of Training Programmes

No.	Name of the course	Time duration	No. of participants	Income (Rs.)
01	Certificate Course in Manufacture of Bottled Drinking Water (03 <sup>rd</sup> batch)	07 <sup>th</sup> of November,2018 -22 <sup>nd</sup> of December,2018	34	469,200.00
02	Certificate Course in “Iodized salt and Table salt (01 <sup>st</sup> batch)	13 <sup>th</sup> of February,2019	18	168,000.00
03	Certificate Course in Computer Hardware & Networking (15 <sup>th</sup> Batch)	19 <sup>th</sup> of March,2019 -13 <sup>th</sup> of March,2019	12	238,700.00
04	Certificate Course in Computer Hardware & Networking (16 <sup>th</sup> Batch)	21 <sup>st</sup> of March,2019 - 03 <sup>rd</sup> of July,2019	15	302,800
05	Certificate Course in Milk and Milk Products Technology (01 <sup>st</sup> batch)	26 <sup>th</sup> of May,2019 -11 <sup>th</sup> of August,2019	25	625,000.00
06	Certificate Course in Manufacture of Bottled Drinking Water (04 <sup>th</sup> batch)	03 <sup>rd</sup> of July,2019 - 22 <sup>nd</sup> of August,2019	35	483,000.00
07	Certificate Course in Computer Hardware & Networking (17 <sup>th</sup> Batch)	04 <sup>th</sup> of July,2019 - 08 <sup>th</sup> of October,2019	8	165,000.00
08	Certificate Course in Fabric Painting (01 <sup>st</sup> batch)	23 <sup>rd</sup> of November,2019 - 07 <sup>th</sup> of December,2019	9	108,000.00

**3.8.2 Table**

### 11.10 Transfer of appropriate foreign & local technology

#### Details of Training Programmes

No.	Programme description	No. of participants	Income (Rs.)
01	Training Programme on “Tea Packaging & Quality Assurance in consultation with A.F. Jones Exporters Ceylon (Pvt.) Ltd (29 <sup>th</sup> January,2019)	25	71,875.00
02	Training Programme on “Gotukola based products”- Millenia DS office (26 <sup>th</sup> of September,2019)	27	39,600.00
03	Training Programme on “Birth day cakes & Wedding cakes” – Muslim Aid Sri Lanka (17 <sup>th</sup> of September,2019)	25	36,000.00
04	Training Programme on “Screen Printing” – National Youth Services Council (24 <sup>th</sup> of September,2019)	30	55,740.00
05	Training Programme on “ Milk based products”- Walasmulla (30 <sup>th</sup> of Sep -01 <sup>st</sup> of Oct.,2019)	25	73,500.00
06	Training Programme on “ Birth day cakes & Wedding cakes”- Athuraliya, Matara (04 <sup>th</sup> -5 <sup>th</sup> of October,2019)	25	58,320.00
07	Training Programme on “ Birth day cakes & Wedding cakes”- Kamburupitiya, Matara (10 <sup>th</sup> -11 <sup>th</sup> of October,2019)	25	58,320.00
08	Training Programme on “Mushroom sausage making”- Labuduwa, Galle (09 <sup>th</sup> of October,2019)	13	33,650.00
09	Training Programme on “Mushroom based products” – Akmmemana, Matara (08 <sup>th</sup> of October,2019)	30	42,120.00
10	Training Programme on “Mushroom based products” – Malimbada, Matara (25 <sup>th</sup> of October,2019)	30	42,120.00

**3.8.3 Table**

### 11.11 Conducted technology transfer workshops

Eighty-one (81) Technology workshops were conducted under the sub sectors of food, chemical, oil, fiber and building materials and overall 1649 Individuals were trained and earned Rs. 5,567,775 /- in revenue.

## 11.12 Summary of Income -2019

### Income Details

No.	Activity	Income (Rs.)
01	Technology transfer workshops	5,567,775.00
02	Industrial certificate courses	2,560,300.00
03	Customized training programmes	1,089,896.00
04	Transfer appropriate foreign & local technology	668,088.00
05	Sustainability report verification	18,750.00
06	Acquire local & foreign technology	8,665,623.00
07	Sale of Boron Treatment Solution	35,400.00
08	Issue of letter of recommendation for production process of a wood industry	2,000.00
<b>Total</b>		<b>18,607,832.00</b>

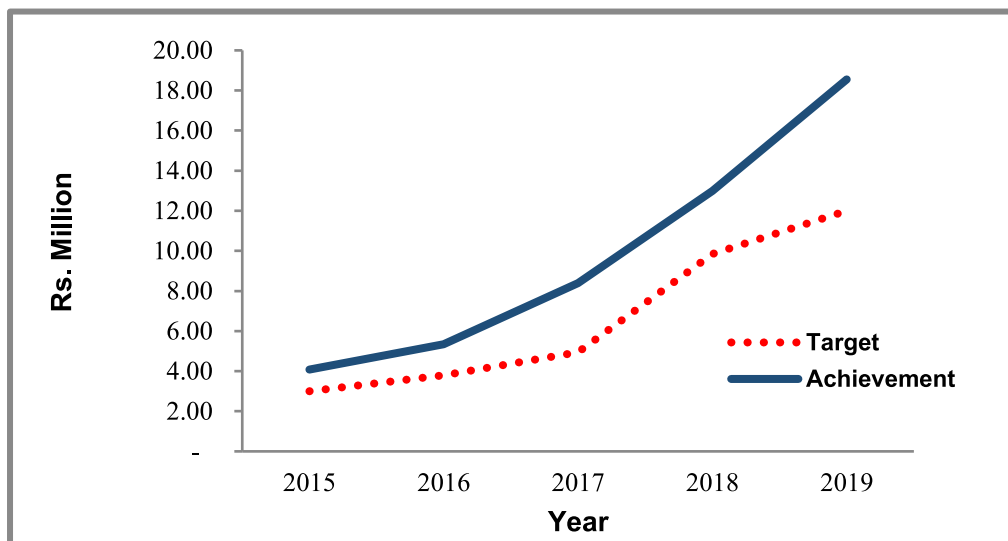
### 3.8.4 Table

Technology is the driving force in any market sector and the ability to embrace advanced technologies in commercial practice is an absolute necessity in order to remain competitive in the global arena. The TSD division provides technological assistance needed for potential entrepreneurs in relation for expansion, modernization, and diversification and productivity improvements in the industry. Further Small and Medium Enterprises (SMEs) play an important role in economies in terms of their contribution to national output, employment and share of firms operating in countries. In Sri Lanka, they form the back born of the economy and can be found in all sectors of the economy. The SME sector in Sri Lanka accounts for 52 percent of the GDP, and 45 percent of the total employment, whilst making up more than 75 percent of the total number of enterprises in the country. Moreover, SMEs are significant employers of women and youth. In Sri Lanka 22-39% of small and medium scale enterprises are owned by women. Having understood the positive impact of SMEs development on economic growth, many countries are putting a lot of efforts to develop SMEs independence. But the contribution of SMEs to the national economy in Sri Lanka is still low when compared with the other developed and developing countries in the region.

The Technical Services Division of IDB entitled to provide technical knowledge required for the industrialists. Further it is the main driving force provides technological knowhow which enables to leverage competencies and innovativeness in an organization. In addition, TSD is entitled to provide training programmes, consultancy, relevant guidance and technical services focused on supporting potential entrepreneurs in the most efficient, effective and innovative ways possible.

Technical skills are more important to work more efficiently and boost confidence to be better in any challenging environment. Having understood the positive impact of SMEs development on economic growth, TSD provides productivity, entrepreneurship and skill development programmes and training sessions specially focusing on the betterment of SMEs. Further technology transfers and training programmes were conducted on food, chemical based, oil and fiber products, mineral and construction materials. Additionally, IDB assists entrepreneurs, universities and other research organizations by providing consultancy services on new technologies, product development and innovative projects etc...

**Technical Services Division Yearly Progress Review – From Year 2015 to 2019**  
**Target vs Achievement**



**Graph 3.8.1**

### 3.8.2 External Resources Unit- 2019

#### 1) Establishment of the Food Laboratory

The IDB has initiated to establish a Food Laboratory at the Head Office in Katubedda. The main objective is to serve food industries as a “Hub and Spoke” model and the benefits of this facility are, to promote and develop the industries through provision of laboratory testing facilities, to upgrade the quality of food products to local and international markets, to ensure the quality and food safety of the food products and to strengthen the services of the IDB.

The chemical laboratory in the ground floor has been completed and the constructions of the microbiology and advanced chemical laboratory are ongoing. The laboratory trainings, trials on chemical testing and process of the accreditation have been started with the assistance of the UNIDO under the EU funded Technical Assistance Program. The IDB has planned a concept to ensure the food security for both local and export products through this state of the art facility.

The establishment of an advanced technological food laboratory has become a milestone in the achievements of the IDB. Chemical and microbiological testing parameters are to be analyzed by this laboratory and the industries in the food sector are expected to be benefited by the high accuracy of the test results and friendly, fast customer service.

The laboratory operations for customers have been started in the end of the year 2019 with an internationally recognized laboratory testing service provider to create mutual benefits with international recognition for laboratory test reports, sustainability, knowledge sharing and profitability.



Figure 3.8.5



## 2) Assistance by the UNIDO for SMEs in Food & Spice sector

### (a) System Certifications for SMEs through Export Compliance Program

UNIDO has developed a comprehensive program with the purpose of strengthening the developing countries to enter into the global markets by upgrading the export product quality. Eligible industrialists were invited for this programme and 35 potential SMEs and 10 industries were selected after an assessment based on criteria to provide consultancy service for certification requirements.

### (b) Training Programmes on Food and Spice Sector

UNIDO has organized a series of Training Programs for the food sector in Sri Lanka to improve their quality and productivity to reach the global market. 5S application, productivity and quality improvement, packaging and labeling, IT, "Kaizen" continual improvement, and HACCP/ISO 22000 food safety management systems were highlighted during their training programs. The programs were conducted in selected 10 administrative districts in the country, and participated around 250 industries belong to regional offices and officers of the IDB.

### (c) IT Training

Food and Beverages in Sri Lanka have become a competitive sector in recent days as the vast production pattern and volume change occurred. IT training for SMEs was conducted in the Head Office of IDB- Katubedda partnering with the UNIDO to assist the industries in the food sector to update the knowledge in IT, ICT, digital and cloud computing. An approximate of 15 industries participated in the one-day program which was hosted by an expert from the UNIDO.



Figure 3.8.6

## 3) Energy Solutions with Germany Industry and Commerce

The Government of Sri Lanka is aiming for an energy self-sufficient nation by 2030. Accordingly, the IDB has stepped into this rising issue. On the 26th of March, 2019 along with the collaboration of the Delegation of German Industry and Commerce in Sri Lanka (AHK, Sri Lanka) an interactive session had been conducted in the Hilton Residencies, Colombo.

## 3.9) Rubber Products Development and Services Centre

The Rubber Products Development and Services Center (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 SMI in particular. Since then the centre has been providing services to the local rubber product manufactures. They are approximately 200 longstanding rubber based industrialists who are regular customers who make use of our services such as,

- Product and process development
- Testing facilities and Quality certification
- Technical consultancy and extension services
- Provision of semi commercial services
- Serve as a link between the academic and R&D Institutions and the industries in general

### 3.9.1 Performance Highlights of the Centre - 2019

Performance Highlights			
No.	Services	Measuring indicator	Nos.
(a)	Transfer of technology (Awareness Program/Demonstrations/ Workshops etc.)	No. of Programme	16
		No. of clients	65
(b)	Testing facilities (This includes testing facilities to industrialists manufacturing rubber products for export market)	No. of Jobs	166
		No. of Tests	359
(c)	Sub contract opportunities	No. of Jobs	02
(d)	Product and process Development	No. of Jobs	24
(e)	Technical consultancy	Nos.	62

Table 3.9.1

### 3.9.2 Capacity Enhancement of Rubber Products Development & Services Center:

- The Centre has signed “Memorandum of Understanding” (MOU) with the Ministry of Plantation Industries to uplift the facility capabilities.
- IDB Rubber Division Purchased Model 10ST: Electromechanical Material Testing Machine

Rubber Products Development and Services Center is a subsidiary division of Industrial Development Board. Mainly the centre was established to enhance the rubber industry in Sri Lanka and the main target audience was the Small & Medium Enterprises (SMES) in rubber industry. It serves to the rubber industrialists to develop their performance, productivity and efficiency throughout the period of five decades.

### Electromechanical Material Testing Machine



Figure 3.9.1

As testing was conducted and certificates were provided throughout many decades, it is decided to upgrade the test equipment of “QC lab” at the center to generate the test results and certificates with higher precision and more accuracy. Through the introduction of a new high technical laboratory equipment, it tends to have an exposure with updated technological environment. Indirectly it helps to have improvement of the service which is given to the SMEs by RPDSC in quality testing & certification. As the first step, the “Tensile Testing Machine” was replaced instead of existing outdated manual testing machine with a computerized new “Tensile Testing Machine”.

Since Quality Testing and Certification is one of the most important activities, conducted by Rubber Products Development & Service Center to the SMEs in rubber industry in SL, the center has a “Quality Control Laboratory” with various types of testing facilities, including several range of equipment.

- **Development Activities:**

The Centre also reported the completion of the following designing & development compounds, quality improvements and product development work during the year 2019.

<b>Development Activities</b>	
<b>a)</b>	<b>Designing &amp; Development of Compounds</b>
	<b>Products of Special jobs carried out</b>
i	Casper wheels
ii	Rod mounting
iii	Valve grinding rubber top
iv	Rubber gasket
v	Trolley wheel
vi	Filling machine guard
vii	Oil Seal
viii	Jack seal
ix	Rubber packing of Mill Tank
x	Food grade seal (dia. 24")
<b>b)</b>	<b>Quality Improvement Activities - 166 Certificates</b>
	<b>Special Products</b>
i	Tyre Tread
ii	Solid Tyres
iii	Rubber Insulation pad
iv	Oil resistant seal
v	Exercises Rubber band
vi	Rubber mount.
vii	Rubber Beadings Fenders
viii	Water Seal
ix	Tyre Tube
x	Rubber sole
xi	Rubber Mat
xii	Trolley wheel
<b>c)</b>	<b>Main Product Development Jobs</b>
	<b>Products</b>
i	Printing seal for gloves
ii	Rubber layer for coir vase
iii	Yoga mat
iv	Oil seal
v	Rubber mount
vi	Food grade – cake mold
vii	Large rubber ring
viii	Rubber pad
ix	Connector of cement pump
x	Water resistance rubber seal
xi	Tension wheel
xii	Rubber letters

**Table 3.9.2**

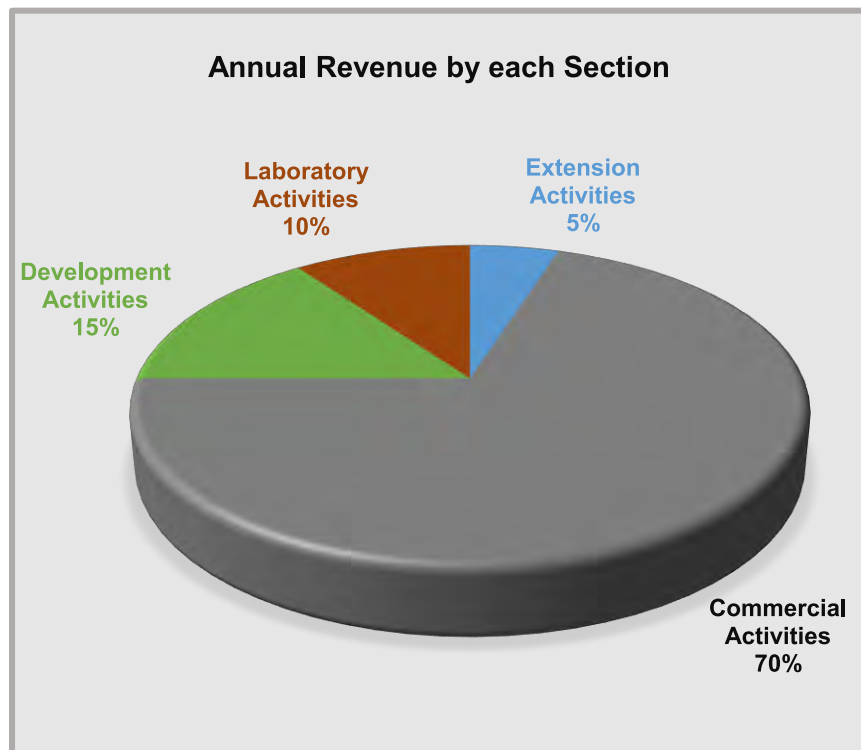
The Centre has conducted 14 technology demonstrations and 02 workshops on dry rubber and latex based products to promote new entrepreneurs and up – grade the quality of products manufactured by the existing entrepreneurs. Also the center conducted the “Internship Training Programme” for the undergraduate students of the University of Vocational Technology.

### 3.9.3 Technology Transfer Training Programs:

- Manufacturing of Rubberized Coir Products - Kilinochchi
- Technology Transfer Programme on Manufacturing of Dry Rubber Products - Katubedda

### 3.9.4 Annual Revenue:

Following are the details of the key activities of the center contributed to generate annual revenue: -



Graph 3.9.1

The center has progressed well towards its goal of becoming a self-financing unit during the year. Income generated from the technical and commercial operations amounting to without Vat & NBT was Rs. 21.5. million.

**The production and sales of items of the centre**

	Qty.	Sales Value in Rs.	Total in Rs.
<b>Sales</b>			
Sales of Rubber compounds (Kg)	50,517.229	16,535,701.66	
Milling charges including re-milling (Kg)	77,116.262	671,032.48	
Compounded Latex (L3) in Gallons	1,326.723	1,807,615.68	
Centrifuged Latex (C.Latex) in Gallons	506.000	614,690.02	
Chemicals (Kg)	5,614.568	800,322.47	
Chem lock (Ltrs)	4,489.130	209,002.26	
Polythene (Kg)	504.080	120,022.81	
Dispersion (Kg)	304.018	215,024.46	<b>20,973,411.838</b>
<b>Services</b>			
i. Extension & Consultancy (302) (Demonstration/ workshop/Subcontract)		318,465.61	
ii. Quality Control & Lab Testing		172,017.94	
iii. Product Development		44,800.52	<b>535,284.07</b>
<b>Total</b>			<b>21,508,695.91</b>
Vat 15%			3,226,304.39
<b>Total with tax</b>			<b>24,735,000.29</b>

**Table 3.9.3**

## 3.10) Centre for Development of Leather Products and Footwear

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The Centre for Development of Leather Products and Footwear was established in the year 1998 for the development of Leather Products and Footwear Industry in Sri Lanka. Considering the vast potential for the development of Leather Sector Industries in the country, the centre conducts short term and long term courses of footwear and leather goods sector, supplies skilled workers, suitable information and facilities to produce goods etc. Further the centre provides both technology and training in the manufacturing of quality products to harness the export potential, whilst providing common services facilities for the (SME) industrialists engaged in the Leather Products and Footwear Sector. All these services are provided through (CDLPF) at the Head Office, Katubedda and two Regional Centres at Wariyapola.

### Services provided by the centre

- Conduct Technology Transfer Workshops on Footwear
- Conduct Technology Transfer Workshops on Leather Goods
- Footwear Design and Pattern Making
- Provide Trade and Machinery Information
- Provide Incubator Facilities
- Train Skilled Labor for the Industry
- Support to make a linkage between government & the sectors
- Provide Machinery services and processing facilities
- Organize sales & promotional events

### **3.10.1 International Footwear and Leather Fair 2019**

The 11th Footwear and Leather fair 2019 was organized by the Sri Lanka Footwear and Leather Products Manufacturers Association in collaboration with the Ministry of Industry & Commerce, Industrial Development Board of Ceylon and Sri Lanka Export Development Board. The fair was held from 25th to 27th January 2019 at the Sirimavo Bandaranaika Memorial Exhibition Centre. The fair was ceremonially inaugurated by Hon. Nalin Bandara Deputy Minister of Development Strategies and International Trade, Mr. S. Balasubramaniam Additional Secretary of Ministry of Industry and Commerce, Chairman & Chief Executive of the EDB & the Chairman of the IDB were also present at the occasion. Industry and Commerce, Resettlement of Protracted Displaced Persons and Co-operative Development Minister Rishad Bathiudeen has ceremonially declared open the Footwear and Leather Fair 2019, in the presence of the distinguished gathering, including local and foreign companies from India, China, Pakistan and Singapore.

IDB Chairman Naveen Adikarama, Director General P.L.U. Rathnamalala, Deputy Director in charge of the Centre for the Development of Leather Products and Footwear Amaranath Wimalasinghe along with the officials of the SLFLPMA were chaired the occasion. The main objectives of this year fair was to provide the due exposure and knowledge for SMEs to improve their products and encourage them to enter into international market, to showcase the industry capabilities to foreign buyers and to facilitate local manufacturers to make linkages with foreign manufacturers of footwear

accessories, raw material and machinery importers. There were 230 exhibitor stalls at the fair including both local and foreign companies.



Figure 3.10.1

#### ❖ Design Competition - 2019

Apart from the exhibition a Design Competition has been organized by the Industrial Development Board, in order to provide an opportunity for upcoming young designers to showcase their talents. The competition was held under the categories of lady's footwear, gent's footwear, and leather products (lady's hand bags, travelling bags & backpacks). Panel of judges of this competition were experienced senior persons of Sri Lankan footwear & leather Industry, university lecturers and assessor of this sector assigned by Tertiary and Vocational Educational Commission (TVEC). An exclusive pavilion displaying the innovative designs was mainly highlighted in the event.

Each category was awarded 3 prizes i.e. gold, silver and bronze (trophies, certificates and cash prizes). Further seven (7) selected designers were awarded certificates for participation under each category at Design Award Ceremony held on 27<sup>th</sup> January 2019 under the patronage of Hon. Rishad Bathiudeen Minister of Industry & Commerce, Chairman and Director General of IDB.



### 3.10.2 Special Activities of the Division

1. Technology transfer programs on footwear and leather goods manufacturing were conducted in Colombo, Anuradhapura, Kurunegala, Polonnaruwa, Matara, Jaffna, Trincomalee and Rathnapura districts using the funds of government & non-governmental organizations.
2. Based on the financial assistance received from government & non-governmental organizations, 35 training programs were carried out for 720 entrepreneurs island wide, for enabling to find jobs in private sector and commence self-employment projects. The total income earned was Rs 5,881,766.
3. Three sector-wise demand-driven training programs were conducted for 45 persons working in footwear designing and pattern making sector. As an outcome of these programmes we have provided highly skilled designers to the footwear manufacturing sector enriched with modern pattern making & footwear designing techniques.
4. A sector-wise demand driven training program was conducted for 23 members working in the bag manufacturing sector on bag designing and pattern making. Through this programme, we have provided highly skilled and technically corrected manufacturers to the bag manufacturing sector enriched with modern pattern making & designing techniques.
5. Steps were taken to enhance the product quality of small scale footwear manufacturers with the participation of 20 members, to compete with the existing market and also imported products.
6. Enhanced the product quality of small scale Bag manufacturers, with the participation of 77 members to compete with the existing market and imported products.
7. IDB with the coordination of district offices, three programs were conducted for 53 participants of Jaffna, Trincomalee, Kandy and Kurunegala districts to enhance their skills on the areas of Manufacturing, and management, using the funds of ministry of Industry and Commerce.
8. Fourteen footwear related training programmes were conducted on the areas of bag and leather goods manufacturing... the total participants were 720.
9. The CDLPF has participated & contributed for policy formation processes in various committees with the association of other ministries & institutions.
10. The CDLPF has participated for technical evaluation committees of various government institutions to buy their footwear & leather goods requirements.
11. The centre facilitated for University of Moratuwa and University of Visual Arts & Performing Arts in their practical projects and gave necessary industrial exposure in order to attract younger generation those who are interested in the field of fashion designing.

12. The centre has given processing facilities for industrialists (159) for the manufacturing of Footwear & Leather Products and the total earning received was Rs. 211,987.
13. Industrialists those who were trained under IDB were given incubator facilities as a precaution to reduce risk of their initial investment when initiating new footwear industries.
14. The centre maintains a comprehensive database of footwear and leather goods manufactures and training institutions in Sri Lanka.
15. With the funding of the Commissioner General of Rehabilitation, 12 training programs were conducted on footwear, bag and leather goods manufacturing trainings at Polonnaruwa rehabilitation center.
16. Workshop & field visits were arranged for the Sri Lankan Army soldiers those who were retired from the service. The main objectives of this programme were to provide new job opportunities in the field of footwear & leather goods manufacturing industry, enhance their livelihood and to get their contribution towards national economy.
17. Total income of the center for the year 2019 was Rs. 6,476,884.

## 3.11) Welfare and Other Activities

### 3.11.1 All night pirith chanting ceremony and alms giving

To commemorate the 50th anniversary of IDB, the Buddhist association has organized an all-night Pirith Chanting Ceremony on 28th November 2019 from 9.00 p.m. onwards, followed by an Alms Giving for 50 venerable Maha Sanga on 29th with utmost homage and respect at Head Office, Katubedda.



Figure 3.11.1

### 3.11.2 Blood Donation Programme

In order to commemorate the 50th anniversary of Industrial Development Board of Ceylon (IDB), the Buddhist Association has organized a blood donation campaign within the IDB head office premises. According to the National Blood Transfusion Center reports, the annual blood requirement among Sri Lankan population is 450,000 pints. This campaign was organized in order to pacify this requirement and it got successful with the participation of 104 donors from both internal IDB officials and external volunteers.



Figure 3.11.2

### 3.11.3 IDB Challenge Trophy 2019

The Inter-divisional six-a-side cricket tournament organized by the Industrial Development Board Welfare Association and the Cricket Association was held on 11th August 2019 at the Stadium of the German Technical Training Institute.



Figure 3.11.3

## 04) FINANCIAL REVIEW




## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Comprehensive Statement of Financial Position as at 31st December 2019

(all amounts in LKR)

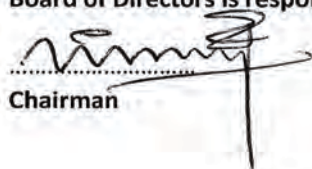
	Note	2019	2018
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property Plant & Equipment	13	439,712,335	426,107,584
Investment Property	14	1,111,366,011	1,090,904,397
Capital Work-in-Progress	15	98,808,789	93,030,832
Fixed Deposits	16	72,787,834	66,023,698
		<b>1,722,674,968</b>	<b>1,676,066,512</b>
<b>Current Assets</b>			
Inventories	17	21,851,399	21,441,203
Trade & Other Receivables	18	27,456,017	26,096,845
Other Current Assets	19	61,666,953	65,867,141
Deposits & Pre-Payments	20	22,370,795	23,178,068
Receivable - Special Projects	21	18,147,106	13,818,107
Cash & Cash Equivalents	22	125,057,333	88,928,752
		<b>276,549,603</b>	<b>239,330,115</b>
<b>Total Assets</b>		<b>1,999,224,571</b>	<b>1,915,396,627</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Deffered Capital Grant	23	350,265,754	295,899,850
Capital Reserves		6,243,013	6,243,013
Value of Assets Transferred	24	13,447,061	13,447,061
Surplus on Revaluation of Fixed Assets	25	960,696,321	982,704,132
Deffered Government Grants - Capital Projects	26	563,268,272	481,431,241
		<b>1,893,920,421</b>	<b>1,779,725,297</b>
Accumulated Losses	27	(283,248,239)	(269,047,195)
<b>Total Equity</b>		<b>1,610,672,182</b>	<b>1,510,678,102</b>
<b>Non Current Liabilities</b>			
Provision for Gratuity	28	183,515,220	165,915,476
Grants for Special Projects	29	-	31,862,586
		<b>183,515,220</b>	<b>197,778,062</b>
<b>Current Liabilities</b>			
Dues to Government	30	76,304	75,279
Dues to Corporation	31	6,963,070	7,494,742
Bank Credit Balances	22	5,317,002	37,478,289
Provisions and Accrued Expenses	32	192,680,793	161,892,154
		<b>205,037,169</b>	<b>206,940,463</b>
<b>Total Liabilities</b>		<b>1,999,224,571</b>	<b>1,915,396,627</b>

Director Finance

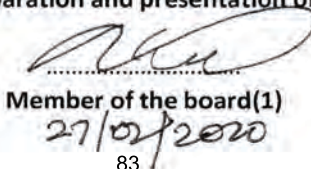


"The Accounting policies on pages 05 to 16 and Notes on 5 to 32 form an integral part of these Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements."

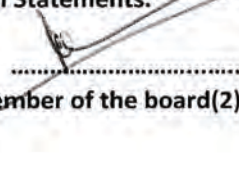
Chairman



Member of the board(1)



Member of the board(2)



## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Comprehensive Income Statement for the year ended 31st December 2019

(all amounts in LKR)

	Notes	2019	2018
Revenue	05	383,577,640	465,560,559
Cost of Sales & Services	06	(262,828,982)	(323,131,381)
<b>Gross Profit</b>		<b>120,748,659</b>	<b>142,429,178</b>
Other Income	07	108,533,318	107,469,751
Government Recurrent Grant	08	350,000,000	295,000,000
Administration Expenses	09	(583,118,229)	(550,531,946)
Sales Distribution Expenses	10	(1,428,481)	13,485,125
<b>Results from Operating Activities</b>		<b>(5,264,734)</b>	<b>7,852,108</b>
Finance Costs	11	(2,563,574)	(4,387,319)
<b>Net Income/(Loss) Before Tax</b>		<b>(7,828,307)</b>	<b>3,464,789</b>
Other Comprehensive Income	12	(6,395,203)	(3,060,717)
<b>Net Income /(Loss) for the year</b>		<b>(14,223,510)</b>	<b>404,072</b>

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Statement of changes in equity

(all amounts in LKR)

	Deffered Capital Grant	Capital & Reserve	Value of Asset Transferred	Revaluation Surplus	Deffered Government Grants - Projects	Government Grant	Accumulated Excess/Defecit	Total
<b>Balance as at 01 January 2018</b>	<b>289,185,400</b>	<b>6,243,013</b>	<b>13,447,061</b>	<b>988,387,632</b>	<b>391,692,201</b>	<b>1,930,291,117</b>	<b>(2,203,038,174)</b>	<b>1,416,208,250</b>
Recurrent grant transferred to accumulated Excess/Defecit	-	-	-	-	-	(1,930,291,117)	1,930,291,117	-
	289,185,400	6,243,013	13,447,061	988,387,632	391,692,201	-	(272,747,057)	1,416,208,250
Prior- year adjustment	-	-	-	-	-	-	(2,387,712)	(2,387,712)
Revaluation Surplus on Sold Vehicles	-	-	-	(5,683,500)	-	-	5,683,500	-
Profit for the year	-	-	-	-	-	-	404,072	404,072
Government Grants	65,143,000	-	-	-	114,522,925	-	-	179,665,925
Amotization of the Grants	(58,428,551)	-	-	-	(24,783,885)	-	-	(83,212,436)
<b>Balance as at 31 December 2018</b>	<b>295,899,849</b>	<b>6,243,013</b>	<b>13,447,061</b>	<b>982,704,132</b>	<b>481,431,241</b>	<b>-</b>	<b>(269,047,196)</b>	<b>1,510,678,100</b>
Balance as at 01 January 2019	<b>295,899,849</b>	<b>6,243,013</b>	<b>13,447,061</b>	<b>982,704,132</b>	<b>481,431,241</b>	<b>-</b>	<b>(269,047,196)</b>	<b>1,510,678,100</b>
Prior- year adjustment	-	-	-	-	-	-	22,468	22,468
Revaluation Surplus on transferred Vehicles	-	-	-	2,325,000	-	-	-	2,325,000
Reversal of revaluation surplus in 2015	-	-	-	(24,332,811)	-	-	-	(24,332,811)
Profit for the year	-	-	-	-	-	-	(14,223,510)	(14,223,510)
Government Grants	117,400,000	-	-	-	129,850,127	-	-	247,250,127
Amotization of the Grants	(63,034,095)	-	-	-	(48,013,096)	-	-	(111,047,191)
<b>Balance as at 31 December 2019</b>	<b>350,265,754</b>	<b>6,243,013</b>	<b>13,447,061</b>	<b>960,696,321</b>	<b>563,268,272</b>	<b>-</b>	<b>(283,248,239)</b>	<b>1,610,672,182</b>



## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Statement of Cash Flow for the year ended 31st December 2019

(all amounts in LKR)

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Net (Loss)/Income for the year	(14,223,510)	404,072
<b>Adjustment for:</b>		
Depreciation	55,932,893	47,640,463
Provisions for Loan & Advances	98,549	(954,632)
Provisions for Non-Moving Stock	(2,179,280)	183,177
Provision for Loss of Brass Ingots	-	996,420
Provision for Staff Bonus	1,596,000	2,170,000
Provision for Labour Cases	-	341,018
Profit on Sale of Property Plant & Equipment	(419,651)	(2,409,234)
Amortisation of Capital Grants	(85,168,113)	(83,212,436)
Amortisation of Special Projects	92,191	(2,287,743)
Bad & doubtful debts	822,865	(13,682,665)
Interest Income	(10,208,846)	(10,553,462)
Retirement Benefit Obligation	32,194,610	30,639,133
	(21,462,293)	(30,725,887)
Retirement Benefit Obligation Paid	(14,594,866)	(14,234,124)
<b>Operating profit/(loss) before working capital changes</b>	<b>(36,057,159)</b>	<b>(44,960,011)</b>
(Increase)/Decrease in inventories	(410,196)	(469,898)
(Increase)/Decrease in Debtors & Receivables	(2,182,036)	4,313,885
(Increase)/Decrease in Other Current Assets net	4,226,540	43,044,865
(Increase)/Decrease in Prepayments net	682,371	10,749,497
Increase/(Decrease) in Dues to Government	1,025	(8,780)
Increase/(Decrease) in Creditors & Accrued Charges	30,788,640	(33,755,452)
Increase/(Decrease) in Dues to Corporations	(531,672)	(19,974,469)
<b>Net cash flow from operating activities</b>	<b>(3,482,488)</b>	<b>(41,060,364)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Investment in Fixed deposits	(6,764,136)	(6,259,381)
Amount Invested on Capital WIP	(5,777,956)	(59,286,788)
Proceeds from Sale of Property Plant & Equipment	419,651	5,060,300
Interest Income	10,208,846	10,553,462
Acquisition/construction of Property Plant & Equipment	(111,484,141)	(119,531,877)
<b>Net cash flow from investing activities</b>	<b>(113,397,737)</b>	<b>(169,464,284)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grant Received-Capital/Special Projects	129,850,127	189,920,140
Grant Received-Capital	117,400,000	65,143,000
Investment in Special Projects	(62,080,035)	(63,132,419)
<b>Net cash flow from financing activities</b>	<b>185,170,092</b>	<b>191,930,721</b>
Net Increase/Decrease in cash & cash equivalents	68,289,867	(18,593,927)
Cash and Cash Equivalents as at 01.01.2019	51,450,463	70,044,390
<b>Cash and Cash Equivalents as at 31.12.2019 (Note 22)</b>	<b>119,740,330</b>	<b>51,450,463</b>

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Significant accounting policies and notes to the financial statements

#### 1. General Information

Industrial Development Board of Ceylon is a Statutory Board incorporated under the Industrial Development Act No. 36. 1969. The Head Office of the Board is situated at 615, Galle Road, Katubedda, Sri Lanka.

Principle activity of the IDB is to assist in the encouragement, promotion and development of industries in Sri Lanka.

#### 2. Summary of Significant Accounting Policies

##### 2.1 Basis of preparation and adoption of Sri Lanka Financial Reporting Standards

The financial statements of the board are prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS) issued by the Institute of Chartered Accountants of Sri Lanka. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

##### 2.2 Property, plant and equipment

All property, plant and equipment are initially recorded at cost and stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was previously recognized as an expense. In these circumstances the increase is recognized as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognized as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits / (loss) on retirement or disposal of the asset.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the IDB and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All repairs and maintenance costs are charged to income statement during the financial period in which they are incurred.

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd..)

#### 2.2 Property, plant and equipment (cond..)

##### (b) Depreciation

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognized, even if during that period the item is idle. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. The board decided to stop depreciating Land improvements from 2018 as the board is of the view that Land improvements are part of Land and its value increases with the improvements. The estimated useful lives are as follows:

1. Building	2.5%
2. Computer Software	7%
3. Plant & Machinery, Printing Machinery, Office Equipment, Lab Equipment, Furniture & Fittings, Bicycle, Sundry Assets, Utility Services, PABX Services and Other assets	10%
4. Computer and Motor Vehicles	20%
5. Tools, Books and Travelling bags	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd..)

**2:3:1: The following Lands are not capitalized by IDB since there is no legal ownership, but they are used by IDB:**

No	District of the land situated	Area			Objective of the using	When possession taken place	Reason do not acquire	Action taken for acquire
		Acre	Rood	Perch				
1	Anuradhapura		1	20	Regional office	From 1971	Government land	Ownership wasted by a lease agreement
					Common service center		Government land	Possession given but ownership not transferred
2	Polonnaruwa		3	26.6	Regional office & circuit bungalow	From 1992	Government land	Handed over to GA
3	Mathara	1	1	6.2	Regional office & Common service center			Possession transferred to the board by additional register of land Mathara by a letter
4	Hambanthota				Regional office	From 2006	Approval given to develop the land	
					Leather center Vitharandeniya			Request made to divisional secretariat to acquire the land
5	Monaragala			48	Regional office		Government land	For the purpose of using, Possession given to the board by a letter
6	Badulla			50	"Gam uda" center Mahiyanganaya	From 1997		Possession transferred to the board by Samurdhi bank, Mahiyanganaya
7	Colombo	1.2953 Hec			Head office		Ownership dept; of Small Industries	Requested by a letter to respective institutions to acquire
					Nawabima Center			
8	Colombo	0.4046 Hec			Rubber Development Center	From 1980	On 99-year lease	
9	Ampara				Regional office		Government land	Transferred by a letter
10	Colombo	13	2	6	Industrial Estate, Panaluwa	From 2006		Cabinet paper has been approved. Acquisition procedure is in progress.
11	Baddegama	1	2	0.5	Industrial Estate	From 1992		Discussion have been conducted between IDB and LRC for transferring lands to LRC
12	Beliaththa	10	0	29.2	Industrial Estate	From 1995		

**INDUSTRIAL DEVELOPMENT BOARD OF CEYLON****Notes to the financial statements (contd..)****2.4 Investment Property**

Investment properties are initially recognized at cost. The cost of major renovations and improvements are capitalized. The cost of maintenance, repairs and minor improvements are recognized in profit and loss when incurred. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognized in profit & loss.

Provision for depreciation is calculated by using straight line basis on the cost or valuation of all property. The principal annual rate is as follows:

Land Improvement & building - 2.5%

**2:5 Financial assets****2:5:1 Classification**

IDB classifies its financial assets under loans and receivables, based on purpose for which the financial assets were acquired.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as trade and other receivables except for maturities greater than 12 months after the balance sheet date.

**2.5.2 Recognition of financial asset**

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using effective interest method.

**2.5.3 Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

**2.5.4 Impairment of financial assets****(a) Assets carried at amortized cost (Loans and receivables)**

IDB assesses at the end of each reporting period whether there is objective evidence that a financial asset or IDB of financial assets is impaired. A financial asset or a IDB of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or IDB of financial assets that can be reliably estimated.

IDB first assesses whether objective evidence of impairment exists.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of comprehensive income.

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd..)

#### (a) Assets carried at amortized cost (Loans and receivables) (contd..)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the statement of comprehensive income.

Impairment testing of trade receivables is described in Note 2.8.

#### 2.6 Financial liabilities

The financial liabilities include trade and other payables and borrowings. All financial liabilities except are recognized initially at their fair values and subsequently measured at amortized cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

#### 2.7 Inventories

Inventories are valued at the cost or net realizable value whichever is lower. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The cost incurred in bringing inventories to its present location and condition are accounted as follows.

Raw Materials	--- At the cost or net realizable value whichever is lower
Finished Goods	--- At the cost or net realizable value whichever is lower
Work-In-Progress	--- At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity.

#### 2.8 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

A provision for impairment of trade receivables is established when there is objective evidence that IDB will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Provision is calculated as follows from 2018:

Current year	0%
Year 01 to 02	10%
Year 03 to 05	25%
Over 05 years	100%

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd..)

#### 2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### 2.10 Provisions

Provisions are recognized when IDB has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

#### 2.11 Trade and other payables

Liabilities classified as other payables in the balance sheet are those which fall due for payment on demand or within one year from the balance sheet date. Items classified as non-current liabilities are those which fall due for payment beyond a period of one year from the balance sheet date.

#### 2.12 Defined benefit plan

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The defined benefit plan comprises the gratuity provided under the Act, No 12 of 1983.

The defined benefit obligation is calculated annually by using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in comprehensive income in the period in which they arise.

Past service costs are recognized immediately in the statement of comprehensive income, unless the changes to the plan are conditional on the employees remaining in service for a specific period (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

#### 2.13 Defined contribution plan

All permanent and contract employees of IDB are members of the Employees' Provident Fund and Employees' Trust Fund, to which the IDB contributes 12% and 3% respectively, of such employees' basic wage or salary, cost of living allowances.

#### 2.14 Investments

Investments are carried at the cost determined based on individual investment.

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd..)

#### 2.15 Government grants

Grants from the government are recognized at their fair value and there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in noncurrent liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

#### 2.16 Donation

Donations are generally non-reciprocal transfers. However, there may be instances where nominal consideration is provided by IDB to the donors. For such donations, where the consideration provided to the donors is significantly lower than that of the donations received, such that it results in an unfair exchange transaction, they should be recognized as donations received.

#### 2.17 Revenue recognition

##### (a) Goods sold and services rendered

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### (b) Interest income

Interest income is recognized on a time-proportion basis.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of IDB's activities. Revenue is shown net of Value Added Tax, returns, rebates and discounts.

#### 2.18 Expenditure recognition

##### (a) Operating expenses

The expenses are recognized on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency is charged against income in arriving at the profit for the period.

##### (b) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, and foreign exchange gains and losses that are recognized in the income statement.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.



## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd..)

## 3. Financial Risk Management

### 3.1 Financial risk factors

The principal financial instruments of IDB comprise of bank loans, short term deposits and cash. The main purpose of these finance instruments is to raise and maintain liquidity for IDB's operations and maximize returns on IDB's financial reserves. IDB has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

IDB is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks and liquidity risks. Based on our economic outlook and IDB's exposure to these risks, the Board of IDB approves various risk management strategies from time to time.

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table show the maximum risk positions. (as at 31.12.2019)

	Trade and other Receivables	Amount due from related parties	Cash & cash equivalents	Total
<b><u>Risk exposure</u></b>				
Trade and other receivables	27,456,016	-	-	27,456,016
Cash & cash Equivalents	-	-	119,740,331	119,740,331
	<b>27,456,016</b>	<b>-</b>	<b>119,740,331</b>	<b>147,196,347</b>

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. IDB exposure to the risk of changes in market interest rates relates to primarily to IDB's long-term debt obligations with floating rates. IDB manages its interest rate risk by daily monitoring and managing cash flows, keeping borrowings to a minimum, negotiating favorable rates on borrowings and deposits.

IDB is not exposed to interest rate risk as at 31 December 2019, as IDB does not have any borrowing at variable rates of interest.

#### (ii) Credit risk

The credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to foreign customers, including outstanding receivables and committed transactions.

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd..)

#### 3.2 Capital management

IDB's objectives when managing capital are to safeguard IDB's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, IDB monitors capital based on the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

The gearing ratio at 31<sup>st</sup> December 2019 was as follows.

	<u>2019</u>	<u>2018</u>
Total borrowings	388,552,389	404,718,525
Total equity	1,610,672,182	1,510,678,102
<b>Gearing ratio</b>	<b><u>24.12%</u></b>	<b><u>26.79%</u></b>

No long-term borrowings were obtained. However, overdraft facility of Rs.45 million have been arranged against the security of Rs.50 million fixed deposits at 2.5% additional interest. This facilitated us to earn an extra income by way of interest on investment of excess funds.

#### 4. Information about key sources of estimation, uncertainty and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### 4.1 Critical accounting estimates and assumptions

IDB makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below.

###### (a) Defined benefit plan - Gratuity

The present value of the defined benefit obligations depends on several factors that are determined on an actuarial basis using several assumptions. The assumptions used in determining the net cost (income) for defined benefit obligations include the discount rate, future salary increment rate, mortality level, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using appropriate interest rates by the actuarial valuer.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 26.

## **INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**

### **Notes to the financial statements (contd..)**

#### **4.1 Critical accounting estimates and assumptions (contd..)**

##### **(b) Useful lives of property, plant and equipment**

IDB reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation charge and decrease the property, plant and equipment.

#### **4.2 Contingent Liabilities**

As at the end of the financial year there were 14 court cases. However according to the legal division there were no possibility of payment of any compensation as a result of these cases. Hence no liability has arisen to make any provision.

#### **4.3 Reclassifications & Comparative Figures**

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements where necessary. Comparative figures have been adjusted to conform to the current year's presentation.

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

(all amounts in LKR)

#### 05 Revenue

##### 5 a Sales

	2019	2018
Sales	41,886,885	36,665,907
Sales (Non Ferrous Project)	241,885,519	325,798,660
Sales of Income Casper	1,505,900	1,714,430
Sales of Publications	240,836	217,748
	<b>285,519,139</b>	<b>364,396,745</b>

##### 5 b Services

	2019	2018
Rent - Industrial Estates	62,645,249	61,726,005
Water Charges	6,223,479	6,563,329
Surcharges	3,058,334	1,639,626
Training Programme	21,743,156	23,853,311
Project Reports	3,627,786	5,001,650
Service Charges	760,497	2,379,893
	<b>98,058,501</b>	<b>101,163,814</b>
	<b>383,577,640</b>	<b>465,560,559</b>

#### 06 Cost of Sales & Services

	2019	2018
Cost of Sales - Direct Materials	23,846,773	22,237,790
Cost of Sales-Industrial Estates	5,601,332	6,162,131
Cost of Sales - Non Ferrous Scrap Project	174,649,110	245,881,800
Cost of Sales - Direct Labour	8,287,193	3,870,969
Cost of Sales - Indirect Materials	4,764,080	3,191,749
Cost Of Sales Processing	-	16,500
Maintanance of Plant & Mechinery	287,673	313,687
Power	3,847,386	3,912,124
Depreciation of Plant & Mechinery	3,627,535	1,438,370
Depreciation on Investment property - land Improvements	8,126,912	7,178,075
Depreciation on Investment property - Buildings	7,214,868	7,218,572
Depreciation of Utility Services	2,093,703	906,439
Charges Of Engineering Works	850	63,377
Sub Contract Charges	521,125	538,150
Maintenance of Water Supply	15,700	-
Maintenance of Industrial Estates	1,867,898	3,277,087
Maintenance of Lab Equipment	226,291	48,804
Maintenance of Tools & Spares	898	13,075
Transport Charges	1,466,898	1,236,351
Training Programmes	16,382,758	15,626,333
	<b>262,828,982</b>	<b>323,131,381</b>

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

	(all amounts in LKR)	
	2019	2018
<b>07 Other Income</b>		
Amortization of Capital Grant	85,168,113	83,212,436
Amortization of Grants - Special Projects	25,879,078	41,652,451
Expenses for Special Projects	(25,971,269)	(39,364,709)
Project Administration Cost Recoveries	-	439,550
Fixed & Short Term Deposits Interest	9,148,678	10,481,107
Sundry Income	1,056,448	1,678,279
Commissiton (Sub- contracting Exchange)	1,333,288	199,219
Commissions - Lakkam Center	2,951,633	2,393,144
Registraion of Suppliers	2,024,260	982,820
Lakkam Hall Charges	-	23,000
Notarial Fees	212,500	453,865
Penalties	230,327	374,242
Web Publishing Income	28,000	51,700
Visiting Bangalow Charges	-	64,922
Profit on Sales of Fixed Assets	419,651	2,409,234
Savings Interest	1,060,168	72,355
Service Charges For Lab Test	186,796	352,896
Staff Loan Interest	1,838,302	1,860,380
Exhibition Income	-	132,859
UNIDO Project Income	7,438,683	-
UNIDO Project Expenses	(4,471,337)	-
	<b>108,533,318</b>	<b>107,469,751</b>
<b>08 Grants</b>	<b>2019</b>	<b>2018</b>
Revenue Grants	350,000,000	295,000,000
<b>09 Administration Expenses</b>	<b>2019</b>	<b>2018</b>
Basic Salaries	254,021,984	222,447,430
Chairman's Remuneration	816,226	787,500
Special Allowance 5%	5,008,319	15,070,863
C. O. L. Allowance	51,638,744	50,214,490
Other Allowance	33,198,103	30,586,049
EPF (Contribution)	38,205,770	34,204,035
ETF (Contribution)	9,551,443	8,551,009
Bonus for Board Employees	1,561,000	2,170,000
Gratuity	25,799,407	27,578,417
Training Allowances	1,325,650	452,475
Daily paid & care taker allowances	425,000	2,314,334
Unutilized Medical Leave Encashment	18,657,972	16,905,844
Overtime	24,794,966	18,097,115
Holiday Pay	1,937,507	2,017,961
Travelling (Local)	5,801,995	6,567,935
Travelling (Foreign)	1,883,279	1,945,926
Lodging Expenses	119,638	80,151
Stationary & Office Requisites	5,796,947	4,897,869
Fuel Expenses	5,201,891	5,323,272
Uniforms	1,704,246	1,775,667

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

(all amounts in LKR)

09 Administrative Expenses (contd)	2019	2018
Maintenance of Land	323,046	301,780
Maintenance of Building	553,603	1,123,953
Maintenance of Plant & Machinery	255,647	282,760
Maintenance of Printing Machinery	14,875	-
Maintenance of Computers & Accessories	571,435	644,747
Maintenance of Motor Vehicle	5,444,193	4,525,439
Office Maintenance Expenses	141,649	7,015
Maintenance of Office Equipment	1,866,111	1,973,961
Maintenance of Furniture , Fittings & Office Equipment	1,551,966	902,760
Maintenance of Bicycles	8,180	5,765
Maintenance of PABX Services	43,040	6,000
Maintenance of Sundry Assets	8,000	26,378
Maintenance of Web & Networking	168,420	11,500
Electricity	9,244,771	9,152,237
Telephone Charges	4,510,091	4,848,824
Payment of Security Services	22,412,195	24,302,308
Postage & Telegrams	898,391	789,978
Water Charges	740,427	821,046
Rent ,Rates & Taxes	5,873,880	5,959,082
Insurance	994,539	1,060,941
Newspapers & Journals	827,071	814,143
Directors' Fees	254,000	350,800
Contribution to Medical Aid Scheme	749,450	751,600
Audit Fees	864,000	864,000
Medical Examination Fees	377,000	25,750
Welfare	2,158,085	2,459,172
Entertainment	1,065,386	1,226,397
Advertisement	2,334,859	2,600,376
Legal Charges	752,921	497,525
Fees for Trade Tests, Interview etc.	93,422	278,523
Local Training for Board Employees	2,541,477	1,003,764
Membership Fees of Professional Bodies (Local & Foreign)	144,760	119,550
Licence Fee	145,050	239,989
Research & Development	339,001	234,365
Valuation & survey expenses	140,179	193,689
Feasibility Studies	3,225	-
Consultancy Fees	314,975	174,975
Publications	332,404	673,919
Photos	-	1,680
Provisions for Loan & Advances	98,549	(954,632)
Provisions for Non-Moving Stock	(2,179,280)	183,177
Provision for Labour Cases	-	(341,018)
Expenses for 5S	-	107,867
NBT Expenses	4,009,748	5,149,627
Miscellaneous Expenses	607,476	209,668

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

	(all amounts in LKR)	
	<b>2019</b>	<b>2018</b>
<b>09 Administrative Expenses (contd)</b>		
Registration Fees	14,598	68,470
Expenses for Public Auction	-	116,756
IDB 50th Anniversary, 2019	2,316,033	-
Stock Loss, Fire at Nawabima Premises	-	3,720
Factory Over Head Re-Allocation	(1,272,909)	(1,355,164)
General Over Heads Re-Allocation	(3,239,960)	(1,798,188)
Labour Cost Re-Allocation	(8,617,712)	(3,998,798)
Extra Ordinary Items	-	996,420
Depreciation Of - Land Improvement	258,139	218,446
Depreciation of - Buildings	4,665,223	4,752,574
Depreciation of - Plant & Machinery	1,839,285	1,044,809
Depreciation of - Computer Accessories	6,346,976	5,274,997
Depreciation of - Lab Equipments	4,749,539	2,572,657
Depreciation of - Printing Machinery	265,759	281,150
Depreciation of - Motor Vehicles	10,299,025	10,587,574
Depreciation of - Office Equipments	3,484,401	3,300,559
Depreciation of - Travelling Bags	18,973	21,391
Depreciation of - Furniture & Fittings	1,055,737	1,050,950
Depreciation of - Bicycles	14,046	12,670
Depreciation of - Tools & Spares	696,751	724,904
Depreciation of - Library Books	324,648	304,415
Depreciation of - PABX Services	129,028	133,206
Depreciation of - Utility Services	208,274	197,853
Depreciation of - Sundry Assets	239,970	250,803
Depreciation of - Computer softwares	274,103	170,051
	<b>583,118,229</b>	<b>550,531,946</b>
<b>10 Sales &amp; Distribution Cost</b>	<b>2019</b>	<b>2018</b>
Provision for Bad & Doubtful Debts	822,865	(13,682,665)
Marketing Expenses	261,331	197,541
Promotional Expenses	107,300	-
Exhibition Expenses	236,985	-
	<b>1,428,481</b>	<b>(13,485,125)</b>
<b>11 Finance Cost</b>	<b>2019</b>	<b>2018</b>
Bank Charges	359,970	390,851
OD Interest	2,203,604	3,996,468
	<b>2,563,574</b>	<b>4,387,319</b>
<b>12 Other Comprehensive Income</b>	<b>2019</b>	<b>2018</b>
Actuarial Gain (loss) for the year	(6,395,203)	(3,060,717)
	<b>(6,395,203)</b>	<b>(3,060,717)</b>
Average Number of Employees Employed During the Year		
Permanent	<b>507</b>	<b>478</b>

## INDUSTRIAL DEVELOPMENT BOARD

### Notes to the financial statements (Contd)

(all amounts in LKR)

#### 13 Property, Plant and Equipment as at 31/12/2019

	Land & Land Improvement	Building	Plant, machinery & installation	Printing Mechinery	JICA Project assets	Office equipment
<b>Year ended 31 December 2018</b>						
Opening net book value	95,703,246	141,912,483	49,555,577	1,713,798	(3)	14,451,703
Prior- year adjustment (Cost)	1,594,127	25,515	-	-	-	-
Capitalized Input Vat		990,991	-	-	-	-
Prior- year adjustment (Acc.Depreciation)		(1,274)	-	-	-	-
Opening net book value after Prior- year adjustment	97,297,373	142,927,715	49,555,577	1,713,798	(3)	14,451,703
Additions	(378,459)	4,120,010	31,484,018	-	-	5,426,304
Disposal	-	-	-	-	-	-
Depreciation charge (Note 9)	(253,393)	(4,752,574)	(2,483,179)	(281,150)	-	(3,300,559)
Accumulated depreciation for disposed assets	-	-	-	-	-	-
<b>Closing net book amount</b>	<b>96,665,521</b>	<b>142,295,151</b>	<b>78,556,416</b>	<b>1,432,648</b>	<b>(3)</b>	<b>16,577,448</b>
<b>At 31 December 2018</b>						
Cost	103,083,599	191,717,805	83,994,973	2,118,500	228,842,382	28,207,623
Accumulated depreciation	(6,418,078)	(49,422,654)	(5,438,557)	(685,852)	(228,842,385)	(11,630,175)
<b>Net book amount</b>	<b>96,665,521</b>	<b>142,295,151</b>	<b>78,556,416</b>	<b>1,432,648</b>	<b>(3)</b>	<b>16,577,448</b>
<b>Year ended 31 December 2019</b>						
Opening net book value	96,665,521	142,295,151	78,556,416	1,432,648	(3)	16,577,448
Additions	2,945,733	7,679,521	4,387,197	35,000	-	4,766,236
Transferred from other govt/non govt organizations	-	-	-	-	-	-
Reversal of revaluation surplus in 2015	-	-	(34,697,778)	(115,462)	3	2,496,183
Disposal	-	-	-	-	-	-
Depreciation charge (Note 9)	(258,139)	(4,665,223)	(5,466,820)	(265,759)	-	(3,484,401)
<b>Closing net book amount</b>	<b>99,353,115</b>	<b>145,309,449</b>	<b>42,779,015</b>	<b>1,086,427</b>	<b>0</b>	<b>20,355,465</b>
<b>At 31 December 2019</b>						
Cost	106,029,332	199,397,325	53,684,391	2,038,038	228,842,385	35,470,041
Accumulated depreciation	(6,676,217)	(54,087,876)	(10,905,376)	(951,611)	(228,842,385)	(15,114,576)
<b>Net book amount</b>	<b>99,353,115</b>	<b>145,309,449</b>	<b>42,779,015</b>	<b>1,086,427</b>	<b>0</b>	<b>20,355,465</b>



## INDUSTRIAL DEVELOPMENT BOARD

### Notes to the financial statements (Contd)

(all amounts in LKR)

#### 13 Property, Plant and Equipment as at 31/12/2019

	Lab Equipment	Travelling Bags	Furniture & Fittings	Bicycle Cost	Tools & Spares	Library Books	PABX Services
<b>Year ended 31 December 2018</b>							
Opening net book value	7,154,326	43,785	5,928,029	267,159	1,139,783	955,469	429,589
Prior- year adjustment (Cost)	-	-	-	-	-	-	-
Capitalized Input Vat	-	-	-	-	-	-	-
Prior- year adjustment (Acc.Depreciation)	30,359	-	-	-	(35,203)	-	-
Opening net book value after Prior- year adjustment	7,184,685	43,785	5,928,029	267,159	1,104,581	955,469	429,589
Additions	32,232,857	10,250	652,466	-	231,094	42,845	18,500
Disposal	-	(1,200)	-	-	-	-	-
Depreciation charge (Note 9)	(2,572,657)	(21,391)	(1,050,950)	(12,670)	(724,904)	(304,415)	(133,206)
Accumulated depreciation for disposed assets	-	901	-	-	-	-	-
<b>Closing net book amount</b>	<b>36,844,886</b>	<b>32,345</b>	<b>5,529,546</b>	<b>254,489</b>	<b>610,771</b>	<b>693,899</b>	<b>314,883</b>
<b>At 31 December 2018</b>							
Cost	41,303,882	1,315,255	8,750,491	286,860	2,540,648	13,324,016	4,327,232
Accumulated depreciation	(4,458,997)	(1,282,910)	(3,220,945)	(32,371)	(1,929,878)	(12,630,117)	(4,012,348)
<b>Net book amount</b>	<b>36,844,886</b>	<b>32,345</b>	<b>5,529,546</b>	<b>254,489</b>	<b>610,771</b>	<b>693,899</b>	<b>314,884</b>
<b>Year ended 31 December 2019</b>							
Opening net book value	36,844,886	32,345	5,529,546	254,489	610,771	693,899	314,884
Additions	17,787,297	13,400	1,791,867	30,000	706,483	179,634	-
Transferred from other govt/non govt organizations	-	-	-	-	-	-	-
Reversal of revaluation surplus in 2015	2,690,508	-	(195,928)	-	803,699	-	-
Disposal	-	-	-	-	-	-	-
Depreciation charge (Note 9)	(4,749,539)	(18,973)	(1,055,737)	(14,046)	(696,751)	(324,648)	(129,028)
<b>Closing net book amount</b>	<b>52,573,151</b>	<b>26,772</b>	<b>6,069,749</b>	<b>270,443</b>	<b>1,424,202</b>	<b>548,884</b>	<b>185,856</b>
<b>At 31 December 2019</b>							
Cost	61,781,687	1,328,655	10,346,430	316,860	4,050,830	13,503,650	4,327,232
Accumulated depreciation	(9,208,536)	(1,301,883)	(4,276,682)	(46,417)	(2,626,629)	(12,954,765)	(4,141,376)
<b>Net book amount</b>	<b>52,573,151</b>	<b>26,772</b>	<b>6,069,749</b>	<b>270,443</b>	<b>1,424,202</b>	<b>548,884</b>	<b>185,856</b>

## INDUSTRIAL DEVELOPMENT BOARD

### Notes to the financial statements (Contd)

(all amounts in LKR)

#### 13 Property, Plant and Equipment as at 31/12/2019

	Utility Services	Sundry Assets	communication equipment	Computer Software	Motor Vehicles	Total
<b>Year ended 31 December 2018</b>						
Opening net book value	9,285,780	(116,398)	13,913,582	1,882,006	31,029,968	375,249,883
Prior- year adjustment (Cost)	-	-	-	-	-	1,619,642
Capitalized Input Vat	-	-	-	-	-	990,991
Prior- year adjustment (Acc.Depreciation)	-	-	-	-	-	(6,117)
Opening net book value after Prior- year adjustment	9,285,780	(116,398)	13,913,582	1,882,006	31,029,968	377,854,398
Additions	2,400	30,058	8,595,204	1,715,467	-	84,183,016
Disposal	-	-	-	-	(4,950,000)	(4,951,200)
Depreciation charge (Note 9)	(1,104,291)	(250,803)	(5,274,997)	(170,051)	(10,587,574)	(33,278,765)
Accumulated depreciation for disposed assets	-	-	-	-	2,299,233	2,300,134
<b>Closing net book amount</b>	<b>8,183,889</b>	<b>(337,143)</b>	<b>17,233,788</b>	<b>3,427,422</b>	<b>17,791,627</b>	<b>426,107,583</b>
<b>At 31 December 2018</b>						
Cost	25,588,523	412,145	30,299,883	4,766,603	51,415,801	822,296,221
Accumulated depreciation	(17,404,634)	(749,288)	(13,066,095)	(1,339,181)	(33,624,174)	(396,188,637)
<b>Net book amount</b>	<b>8,183,889</b>	<b>(337,143)</b>	<b>17,233,788</b>	<b>3,427,422</b>	<b>17,791,627</b>	<b>426,107,584</b>
<b>Year ended 31 December 2019</b>						
Opening net book value	8,183,889	(337,143)	17,233,788	3,427,422	17,791,627	426,107,583
Additions	23,560,485	30,755	9,831,048	1,936,094	-	75,680,749
Transferred from other govt/non govt organizations	-	-	-	-	2,847,928	2,847,928
Reversal of revaluation surplus in 2015	-	1,238,796	3,447,169	-	-	(24,332,811)
Disposal	-	-	-	-	-	-
Depreciation charge (Note 9)	(2,301,977)	(239,970)	(6,346,976)	(274,103)	(10,299,025)	(40,591,114)
<b>Closing net book amount</b>	<b>29,442,398</b>	<b>692,438</b>	<b>24,165,030</b>	<b>5,089,413</b>	<b>10,340,529</b>	<b>439,712,335</b>
<b>At 31 December 2019</b>						
Cost	49,149,008	1,681,695	43,578,100	6,702,697	54,263,729	876,492,086
Accumulated depreciation	(19,706,611)	(989,258)	(19,413,071)	(1,613,284)	(43,923,199)	(436,779,751)
<b>Net book amount</b>	<b>29,442,398</b>	<b>692,438</b>	<b>24,165,030</b>	<b>5,089,413</b>	<b>10,340,529</b>	<b>439,712,335</b>

## INDUSTRIAL DEVELOPMENT BOARD

### Notes to the financial statements (Contd)

#### 14. Investment Property as at 31/12/2019

(all amounts in LKR)

	Land & Land Improvements	Building	Total
<b>Year ended 31 December 2018</b>			
<b>Opening net book value</b>	<b>812,510,430</b>	<b>263,283,309</b>	<b>1,075,793,739</b>
Prior- year adjustment (Cost)	(24,978,245)	-	(24,978,245)
Capitalized Input Vat	19,490,278	-	19,490,278
Prior- year adjustment (Acc.Depreciation)	(388,537)	-	(388,537)
Additions	35,272,063	76,799	35,348,862
Disposal	-	-	-
Depreciation charge (Note 9)	(7,143,128)	(7,218,572)	(14,361,699)
Accumulated depreciation for disposed assets	-	-	-
<b>Closing net book amount</b>	<b>834,762,862</b>	<b>256,141,536</b>	<b>1,090,904,397</b>
<b>At 31 December 2018</b>			
Cost	857,513,120	288,926,018	1,146,439,137
Accumulated depreciation	(22,750,258)	(32,784,482)	(55,534,740)
<b>Net book amount</b>	<b>834,762,862</b>	<b>256,141,536</b>	<b>1,090,904,397</b>
<b>Year ended 31 December 2019</b>			
<b>Opening net book value</b>	<b>834,762,862</b>	<b>256,141,536</b>	<b>1,090,904,397</b>
Additions	35,481,290	322,103	35,803,393
Disposal	-	-	-
Depreciation charge (Note 9)	(8,126,912)	(7,214,868)	(15,341,779)
<b>Closing net book amount</b>	<b>862,117,240</b>	<b>249,248,771</b>	<b>1,111,366,011</b>
<b>At 31 December 2019</b>			
Cost	870,244,151	256,463,639	1,126,707,790
Accumulated depreciation	(8,126,912)	(7,214,868)	(15,341,779)
<b>Net book amount</b>	<b>862,117,240</b>	<b>249,248,771</b>	<b>1,111,366,011</b>

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

	(all amounts in LKR)	
	<b>2019</b>	<b>2018</b>
<b>15 Capital Work-in-Progress</b>		
Pallekelle - Road , Fence, Guard Room	-	23,911,709
Land Clearing & Fence - Negampaha	-	2,664,415
Buttala - Road Construction	16,591,875	16,591,875
Pannala - Cons: Infrastructure : - Stage II	42,829,632	25,438,327
Boundary Wall - Panaluwa	8,420,582	8,420,582
Canteen,Post office , Dug well - Achchuvely	1,911,259	1,911,259
Internal Road Dev. - Kotagala	-	785,890
Improvement of Internal road - Achchuveli	7,251,379	7,251,379
Extention of existing food laboratory TSD - Stage II	16,507,137	5,382,200
Refurbishment of Wash Room - Leather Division	-	600,788
Alimnium Partition & Door For Supply Div.	-	72,406
Renovation roof work in stores building	498,978	-
Construction New Building - Gampaha	4,797,946	-
	<b>98,808,789</b>	<b>93,030,832</b>
<b>16 Fixed Deposits</b>	<b>2019</b>	<b>2018</b>
Bank Of Ceylon -Idama Branch	66,523,581	60,231,954
Fixed Deposit Interest Receivable	6,264,253	5,791,744
	<b>72,787,834</b>	<b>66,023,698</b>
<b>17 Stock &amp; Work-In-Progress</b>	<b>2019</b>	<b>2018</b>
Engineering Raw Materials - (H/O)	504,102	855,015
Printing Raw Materials	98,374	136,123
Stationary	2,553,690	3,160,543
Other Raw Materials	1,595,272	2,042,850
Stock Of Village Development Project	4,533,509	3,760,683
Sub Stores - Foundry	4,628,387	2,810,388
Sub Stores - Rubber	3,943,901	4,364,335
Sub Stores - Leather	293,374	322,866
Sub Stores - C SC - Matara	263,255	262,837
Sub Stores - Electroplating Centre	830,091	1,293,426
Sub Stores - A T R D C - Pannala	833,598	1,245,267
Sub Stores - Divinaguma	17,000	17,000
Sub Stores - Kithul Development Programme	266,200	272,507
Brass Centre - Pilimathalawa	171,370	140,446
Work-in-progress - Direct materials (H/O)	572,737	1,357,396
Work-in-progress - Direct Labour	944,470	793,029
Work-in-progress - General Overheads	298,584	277,629
Work-in-progress - Factory Overhead	183,488	257,854
Finish Goods	-	1,281,880
Non-Ferrous Metal Scrap	1,008,709	1,017,284
Stock - Lab Chemical & Consumables	360,161	-
Provision for Impairment of Non Moving Stock	(1,052,453)	(1,767,413)
Provision for Impairment of Obsolite Stock	-	(1,464,321)
Provision for loss of brass ingots	(996,420)	(996,420)
	<b>21,851,399</b>	<b>21,441,203</b>

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

(all amounts in LKR)		
	2019	2018
<b>18 Trade &amp; Other Receivables</b>		
Sundry Debtors - Head Office	264,713	264,713
Sundry Debtors - Leather	108,270	565,714
Sundry Debtors - Engineering	831,385	671,901
Sundry Debtors - Engineering - Workshop	6,253,577	6,301,856
Sundry Debtors - Rubber Division	1,331,379	1,466,053
Sundry Debtors - A T R D C - Pannala	1,721,111	1,721,111
Sundry Debtors - E P C	73,272	73,272
Sundry Debtors - Printing	374,061	374,061
Sundry Debtors - Electrical	248,334	248,334
Sundry Debtors - Foundry	2,931,349	3,398,675
Sundry Debtors - Civil	2,155,803	2,155,803
Sundry Debtors - Laknipaum	42,120.00	42,120
Sundry Debtors - C S C - Matara	361,492.07	388,816
Sundry Debtors - C S C - A'pura	15,025	15,025
Sundry Debtors - Marketing	1,892,895	-
Sundry Debtors - Scrap Project	7,500	-
Debtors - Returned Cheques	209,398	209,398
Tenant Debtors	21,414,969	20,157,767
Miscellaneous Debtors	406,707	406,707
	40,643,362	38,461,326
Less:- Provision for Impairment of Bad & Doubtful Debts	(13,187,346)	(12,364,481)
	<b>27,456,017</b>	<b>26,096,845</b>
<b>19 Other Current Assets</b>	<b>2019</b>	<b>2018</b>
Festival Advance	392,500	382,700
Provision for Impairment Loss of Festival Advance	(126,250)	(141,050)
Motor Bicycle Loan	548,260	803,520
Provision for Impairment Loss of Motor Bicycle Loan	(106,360)	(106,360)
Bicycle Advance	77,504	90,104
Provision for Impairment Loss of Bicycle Loan	(2,504)	(2,504)
Distress Loan	45,862,364	47,635,259
Less : Deffered Staff Cost	(7,554,771)	(9,827,790)
Provision for Impairment Loss of Distress Loan	(208,065)	(219,618)
Special Loan Advance (Flood)	272,834	682,084
Prepaid Staff Cost( IFRs Adjustment)	7,554,771	9,827,790
Special Advance Book	7,900	12,300
Receivable from Other Department	421,933	421,933
Receivable From Election Commissioner	238,298	-
Withholding Tax	5,396,872	3,739,162
VAT Receivable	2,437,771	8,384,697
Kithul - Marketing	281,675	281,675
Economic Service Charges	170,872	170,872
Agrahara Medical Scheme	-	1,200
Trade Union Control	1,350	-
Receivable from Line Ministry	-	3,731,167
SMIDEX Exhibition & Award Ceremony	6,000,000	-
	<b>61,666,953</b>	<b>65,867,141</b>

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

(all amounts in LKR)

#### 20 Deposits & Prepayments

	2019	2018
Security Deposits	285,060	274,453
Prepayments	30,891,811	32,035,643
Provision for Imp. Of Pre Payments	(11,801,153)	(11,676,251)
Prepayments Advance - Head Office	192,206	192,206
Special Salary Advance	10,000	-
Advance to Staff - Head Office	401,790	33,075
Advance to Staff for Fuel - Head Office	60,960	1,500
Other Deposits Receivable	1,337,048	1,337,048
Rent & other expenses paid in advance	993,073	980,395
	<b>22,370,795</b>	<b>23,178,068</b>

#### 21 Receivable -Special Projects

	2019	2018
Village Development Projects	3,553,922	2,337,279
Facilitate SMEs to obtain ISO 14001(Pilot project)	-	5,520,450
Development of Enterprise villeges & Women Enterprenureship	8,840,858	-
Diviyata Udanaya	3,338,763	3,330,167
Ministry Funds-Leather programmes	951,701	668,537
* Ministry Funds-Robot Arm ( CERA Project)	1,461,863	-
Promotion of Industrial Villages 5Mn Project 2018	-	1,961,674
	<b>18,147,106</b>	<b>13,818,107</b>

\* CERA Project is a special project, this project has been transferred to Ministry of Higher Education, Technology & Innovation. We are in the process of handing over of assets and liabilities to the new ministry.

#### 22 Cash and Cash Equivalents

A/c code	Account No.	2019	2018
185010 Current Account - Idama - Moratuwa	682974	322,291	(37,478,289)
185110 Current Account - Peliyagoda - RPD&SC	4064199	111,626	231,835
185020 Current Account - Capital Grant Bank Account	683231	55,257,527	4,652,507
185030 Current Account - Engineering Division	683144	61,223	20,000
185180 Current Account - Village Development Project	4204245	20,000	54,396
185070 Current Account - Non Ferrous	682519	9,372,338	6,960,369
185060 Current Account - Regional Division (Kithul)	683237	3,150,000	3,929,617
185100 Current Account - Peoples Bank	100153657035	(5,317,002)	31,755,099
185105 Current Account - Peoples Bank	313200223657035	17,640,224	-
185415 Current Account - Lakkam Sales Centre	7153282	2,827,056	2,198,609
185015 Current Account - Debit Tax Exempted	70034730	3,147,846	1,411,740
185125 District Office - Bank Account (Regional)	74791255	33,801	58,989
185412 BOC - "Idama" Scrap Project Savings Account	7271240	210,333	202,503
185413 Savings Account - CESS Fund	9123868	1,707,436	1,643,871
Short Term Deposits		31,117,394	35,630,214
Short Term Deposits Interest Receivable		42,115	100,812
Imprest Accounts		12,745	17,584
Special Imprest - Cashier		23,379	23,379
Cash-in-Transit		-	24,690
Cash-in-Transit Metal Scrap Project		-	12,540
		<b>119,740,331</b>	<b>51,450,463</b>

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

(all amounts in LKR)		
	<b>2019</b>	<b>2018</b>
<b>22 Cash and Cash Equivalents (contd)</b>		
Debit Balances	125,057,333	88,928,752
Credit Balances	(5,317,002)	(37,478,289)
<b>Cash and Cash Equivalents</b>	<b>119,740,331</b>	<b>51,450,463</b>
<b>23 Deffered Capital Grant</b>	<b>2019</b>	<b>2018</b>
Government Capital Grants as at 1st January 2019	295,899,850	289,185,401
Grants Received during the year 2019	117,400,000	65,143,000
Capital Grant Transferred	(63,034,096)	(58,428,551)
	<b>350,265,754</b>	<b>295,899,850</b>
<b>24 Value of Asset Transferred</b>	<b>2019</b>	<b>2018</b>
IDB Prior to 1969	4,403,441	4,403,441
Industrial Estate Cooperation	9,043,620	9,043,620
	<b>13,447,061</b>	<b>13,447,061</b>
<b>25 Surplus on Revaluation of Fixed Assets</b>	<b>2019</b>	<b>2018</b>
Balance b/f	982,704,132	988,387,631
Revaluation Surplus on transferred/Sold Vehicles	2,325,000	(5,683,500)
Reversal of revaluation surplus in 2015	(24,332,811)	-
	<b>960,696,321</b>	<b>982,704,132</b>
<b>26 Deffered Government Grants - Projects</b>	<b>2019</b>	<b>2018</b>
Cess Fund	10,500,000	10,500,000
Sirap Fund - Building	22,847,120	23,694,386
Grant-Injection Moulding Machine for RD&SC-Paliyagoda	6,542,555	7,474,357
Ministry Funds Achchuweli	36,814,064	25,407,181
Ministry Funds Industrial Estates	360,789,308	319,354,043
Ministry Fund - Poonthottam Industrial Estate Vavuniya	4,926,808	5,056,461
Non Ferrous	5,000,000	7,500,000
Ministry Funds-T.S.D Lab	3,054,169	3,503,153
Panaluwa Industrial Estate	28,819,016	28,821,558
Accredited Food Laboratory - Stage I	28,092,200	31,431,560
Accredited Food Laboratory - Stage II	41,122,918	10,349,456
Atchchuweli 100Mn project 2018	8,339,086	8,339,086
Ministry Funds-"Nanvamu Lanka"	6,421,029	-
	<b>563,268,272</b>	<b>481,431,241</b>
<b>27 Governmet Grants</b>	<b>2019</b>	<b>2018</b>
Accumulated Losses	(269,047,195)	(272,747,056)
Adjustment	22,468	(2,387,712)
Revaluation Surplus on Transferred/Sold Vehicles	-	5,683,500
Deficit Carried forward	(14,223,510)	404,072
Accumulated Losses	<b>(283,248,239)</b>	<b>(269,047,195)</b>

## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

(all amounts in LKR)

#### 28 Retirement Benefit Obligations

The amounts recognised in the statement of financial position are determined as follows:

	<b>2019</b>	<b>2018</b>
Present value of unfunded obligation	183,515,220	165,915,476
Liability in the statement of financial position	<b>183,515,220</b>	<b>165,915,476</b>

The movement in the defined benefit obligation over the year is as follows:

	<b>2019</b>	<b>2018</b>
As at 1st January	165,915,476	149,510,467
Current service cost	11,208,964	9,794,110
Interest cost	14,590,443	17,784,306
Actuarial loss / (gain) on post employment benefit obligation	6,395,203	3,060,717
	198,110,086	180,149,600
Benefits paid	(14,594,866)	(14,234,124)
At 31 December	<b>183,515,220</b>	<b>165,915,476</b>

The principal actuarial assumptions used were as follows.

	<b>2019</b>	<b>2018</b>
Discount Rate	9.50%	13.00%
Future Salary Increases	5.00%	5.00%
Staff Turnover Rate	4.54%	7.73%
Retiring Age	60	60

#### 29 Grants for Special Project

	<b>2019</b>	<b>2018</b>
* Ministry Funds-Robot Arm (CERA Project)	-	31,722,386
Enterprise Villeges & Women Enterprenureship	-	140,200
	-	<b>31,862,586</b>

#### 30 Dues to Government

	<b>2019</b>	<b>2018</b>
Commissioner of Inland Revenue	28,879	28,879
Commissioner of Inland Revenue, Stamp Duty	47,425	46,400
	<b>76,304</b>	<b>75,279</b>

#### 31 Dues to Boards & Corporation

	<b>2019</b>	<b>2018</b>
Central Bank of Ceylon E.P.F.	6,127,501	5,999,280
E.T.F.Arrears Payable	-	677,379
Employee Trust Fund	835,568	818,084
	<b>6,963,070</b>	<b>7,494,742</b>



## INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

### Notes to the financial statements (contd)

(all amounts in LKR)

#### 32 Trade & Other Creditors, Provisions and Accrued

##### Expenses

	<b>2019</b>	<b>2018</b>
Trade Creditors	55,020,833	31,272,058
Nation Building Tax 2%	3,706,617	6,125,964
Payee Tax Payable	46,975	70,839
Miscellaneous Creditors	399,453	399,453
Other Creditors	40,883	40,883
Sundry Creditors - Head Office	3,285,094	3,782,974
WHT Payable	-	91,043
Deposits Pending Settlement	257,009	163,635
Salaries Payable	-	302,603
Laknipaum Sales & Display Centre - Creditors	89,753	89,753
Advance Received from Customers	11,339,228	3,291,853
Received in advance for training programme	17,500	-
Security Deposits	285,060	274,453
Refundable Deposits-Estates	60,954,628	51,361,650
Refundable Deposits-Non Estates	2,986,324	4,650,091
Payable to Buddhist Association	-	300
Payable to Trade Union	-	1,400
Advance Received from UNIDO	-	378,681
Medical Scheme	2,650,220	2,691,386
Provision for Labour Cases	4,406,389	4,406,389
Sub Contract Creditors	1,003,555	253,563
Accrued Expenses	44,809,272	49,049,377
Lakkam Craditors	1,382,000	1,126,856
Payable Related to Exhibition	-	2,066,951
	<b>192,680,793</b>	<b>161,892,154</b>

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## **5) AUDITOR GENERAL'S REVIEW ON FINANCIAL STATEMENTS**

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தேசிய கணக்காய்வு அலுவலகம்  
**NATIONAL AUDIT OFFICE**

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My No. IMU/A/IDB/01/2019

Date: August 14, 2020

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<sup>st</sup> December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018.**

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**1. Financial Statements**  
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**1.1 Qualified Opinion**  
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The Audit of the financial statement of the Industrial Development Board (Board) for the year ended 31<sup>st</sup> December 2019 comprising the statements of financial position as at 31<sup>st</sup> December 2019 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements including the summary of significant accounting policies, was carried out under my direction in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of the National Audit Act, No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion the accompanying financial statements give a true and fair view of the financial position of the Board as at 31<sup>st</sup> December 2019 and of financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

**1.2 Basis for Qualified Opinion**  
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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of my report. I believe that the audit evidence, I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **1.3 Responsibilities of Management and those charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Board is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic statements to be prepared of the Board.

### **1.4 Auditor's Responsibilities for the Audit of the Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also -

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board’s ability to continue as a going concern. If I conclude that there exists a material uncertainty, I am required then to draw attention in my Report, to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor’s report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicated with those charged with governance regarding, inter alia, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

## **2. Report on Other Legal and Regulatory Requirements**

National Audit Act, No.19 of 2018 includes specific provisions for following requirements:

- I was not able to obtain all the information and explanations required for the audit and as far as appears from my examination, I was unable to observe that proper accounting records have been kept by the Council as per the requirement of Section 12(a) of the National Audit Act, No.19 of 2018.
- The financial statements presented is consistent with the preceding year as per the requirement of Section 6(1)(d)(iii) of the National Audit Act, No.19 of 2018.
- The financial statements presented except paragraphs 1.2 (b) (c) and (d) of this report, includes all the recommendations made by me in the previous year as per the requirement of Section 6(1)(d)(iv) of the National Audit Act, No.19 of 2018.

Based on the procedures performed and evidence obtained which were limited to matters that are material, nothing has come to my attention.

- To state that any member of the governing body of the Council has any direct or indirect interest in any contract entered into by the Council which is out of the normal course of business as per the requirements of Section 12 (d) of National Audit Act No. 19 of 2018.
- To state that the Council has not complied with the applicable written law, general and specific directions issued by the governing body of the Council as per the requirement of Section 12 (f) of National Audit Act No. 19 of 2018,

<b>Laws / Rules / Regulations</b>	<b>Comments</b>
(a) Paragraph 2(1) of the Public Administration Circular No. 03/2008 of February 20, 2018	A lady officer above the age of 60 years had been recruited to the post of Director Human Resources of the Board without seeking the approval of the Secretary to the relevant Ministry and had been paid a sum of Rs.2,989,008/- as salaries and allowances from May 2016 to February 2019.
(b) Recruitment Procedure of the Board approved in the year 2013	<p>I. An officer who had not fulfilled the qualifications specified in the approved Recruitment Procedure had been recruited as the Director Marketing and had been paid a sum of Rs.7,206,363/- as salaries and allowances from 26<sup>th</sup> June 2015 to 31<sup>st</sup> December 2019.</p> <p>II. An officer who had not fulfilled the qualifications specified in the approved Recruitment Procedure had been recruited as the Director Enterprise Development and had been paid a sum of Rs.9,221,341/- as salaries and allowances from 01<sup>st</sup> January 2013 to 31<sup>st</sup> December 2019.</p>
(c) Paragraph 5.2 of the Public Enterprise Circular No. PED 12 of February 03, 2003	No annual budget incorporating public and Board's funds and the total income and total expenditure had been prepared for any year and the approval of the Board of Directors had been obtain for the same. A capital budget had been prepared for Treasury grants.
<ul style="list-style-type: none"> <li>• to state that the Board has not performed according to its powers, functions and duties as per the requirement of Section 12(g) of the National Audit Act, No.19 of 2018.</li> <li>• to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12(1) of the National Audit Act, No.19 of 2018 except for the following observations:</li> </ul>	

In pursuance of the Procurement Committee decision of 2017 December 13, it had been decided to get the constructions of the Gampaha District Office done by the Department of Buildings for an estimated sum of Rs. 38,139,000.00 since the time available was not sufficient to call for tenders. It had also been recommended to

construct only the ground floor for a sum of Rs. 11,656,000.00 (excluding VAT and contingencies) out of the estimate. Accordingly, the construction contract had been awarded to the Department of Buildings on 2017 December 17, however, the assigning of the contract for a sum of Rs. 26,379,710.00 (without VAT) to a private construction firm had been delayed until 2019 January 21. Despite payments of Rs. 2,914,000.00 and Rs. 2,964,640.00 had been made on bills as advance and after a lapse of two and a half years since the award of the tender, only the foundation suitable to build a two-storied building has so far been laid as a result of the decision of the Management of the Board to alter the structure of the building. Although the contract had been awarded to a State institution, it had been so awarded at a high price without calling for tenders at a time when sufficient funds were not available in the Board and no agreement had been entered into with the Department of Buildings.

### **3. Other Audit Observations**

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#### **(a) Industrial Estate Utilization**

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- i. There are a total number of 726 plots of land in 18 Industrial Estates belonging to the Board and by 31<sup>st</sup> December 2019, 72 plots had not been distributed among industrialists which remained vacant over years.
- ii. Out of 98 plots of land in 05 Estates which were vested in industrialists 28 plots had been used for private residential purposes.
- iii. 30 plots in 07 Estates had remained closed since 2008 and 2015 and action had not been taken until 31<sup>st</sup> December 2019 to take them back and re-vest in other industrialists.
- iv. 09 out of 18 Estates of the Board had incurred a loss of Rs. 5,608,802.00 in the year 2019 and the Boossa, Beliatta, Baddegama and Karandeniya Estates had incurred expenses amounting to Rs. 869,335.00 but had earned no income during the period under review.

#### **(b) Distribution of Scrap Metal**

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Action had not been taken to distribute scrap metal among small and medium scale industrialists on a fair basis in compliance with the Guidelines formulated in 2013 on the management of scrap metal. Accordingly, the Board had sold damaged transformers to industrialists for a sum of Rs. 79,306,325.00 and 54.6% out of those transformers had been sold to 3 industrialists including one industrialist to whom 22% of the sale had been made, for Rs. 43,262,400.00 and the remaining 55.4% of the transformers had been sold to 8 industrialists for Rs. 36,043,952.00.

#### **(c) Contract Management**

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04 contracts of an estimated value of Rs. 78,876,959.00 implemented with grants under the Ministry funds had been awarded to 03 State institutions and 01 private contractor however; the said institutions had not completed the work as scheduled and had abandoned the work half way through.

**(d) Projects Failures**  
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- I. A Centre to introduce robot technology with a view to automating the production processes of the Sri Lankan industries, enhancing the profitability, upgrading the products, minimizing human errors, reinforcing the industrial needs had been established at a building of the Board with the approval of the Cabinet of Ministers under its decision No. CM/16/1424/723/039 dated 07th August 2016. Thereafter a sum of Rs. 133,033,293.00 had been incurred until 31 December 2017 including the installation of 04 robots at a cost of Rs. 40 million in April 2017. However, action had not been taken as of December 2018 to incorporate the Centre as a Company and to recruit the required staff as per the said Cabinet decision, and also to commence the other activities of the project. Due to the failure of the project it had been brought under the purview of the Ministry of Science and Technology by the Gazette Extraordinary No. 2013/14 dated 28th December 2018.
  
- II. The CNC Mill and the Lathe machine bought for the Robot Technology Centre at a cost of Rs. 35,913,582.00 from Ministry funds had not been installed in the building where the Centre was established but in a building in the Engineering Division and had been used to make profits to the Board and action had not been taken to handover the possession of those machines to the Ministry of Science and Technology.

**(e) Underutilized Assets**  
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A Rubber Injection Molding Machine had been purchased for a sum of Rs. 9,318,026.00 in 2016 with the objective to upgrade the quality of the products of small and medium industrialists, to minimize the wastage, to make the production process efficient, and to minimize the production cost. During the period from 2016 where the machine was purchased to 31st December 2019, it had been used to train 31 apprentice industrialists and to provide technical advice to 266 persons only. Even though several samples had been sent to a few institutions no order had been placed. Accordingly, the machine had not been utilized to the optimum.

**(f) Underutilized funds**  
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The sum of Rs. 8,339,086.00 granted by the Ministry on 01<sup>st</sup> November 2018 to develop infrastructure facilities in Industrial Estates under the 100 million Achchuveli project was remaining unused under the Government Grants at the end of the year under review since the amount had not been used for the activities envisaged.

- (g) As per the Recruitment Procedure of the Board, the post of Enterprise Promotion Officer is a junior management level post however, based on the determination of the Supreme Court in Case No. SC/FR/64/2009, 55 Enterprise Promotion Officers had been granted the medium management level. Accordingly, a sum of approximately Rs. 117,895,454.00 had been paid as gross salaries and allowances to the said officers during the period from 2016 June 23, the date of appointment to 2029 December 31. The approval of the Management Services Department had not been obtained for the post until June 2020.



- (h) The Board had failed to take the legal ownership of the land in extent of 1.2953 hectares where the Head Office is located and other lands in extent of 25 acres 9 roods and 186.5 perches where Regional Offices of the Board are located and as a result the commercial value of these lands through very high, could not so far be estimated and included in the financial statements of the Board. Even though  $\frac{3}{4}$  of the land where the new ground building is located in the Head Office premises is used to run private enterprises the Board had so far failed to charge any ground rent or shop rent whatsoever and also to take the legal ownership of the land concerned.

**W.P.C. Wickramaratne**  
**Auditor General**