



ANNUAL REPORT



**Industrial Development Board of
Ceylon**

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List of Acronyms

AD	- Administration Division
ATRDC	- Appropriate Technology Research & Development Centre
BMICH	- Bandaranaike Memorial International Conference Hall
BPVB	- Boiler and Pressure Vessel Board of Ceylon
BSC	- Brassware Services Centre
CDLPF	- Centre for Development of Leather Products and Footwear
CEDACS	- Centre for Entrepreneurship Development & Consultancy Services
CNC	- Computer Numerical Control
CSC	- Common Service Centre
CTB	- Ceylon Transport Board
DS	- Divisional Secretary
ED	- Engineering Division
E-commerce	- Electronic Commerce
EnMS	- Energy Management System
EPC	- Electroplating Centre
EU	- European Union
FD	- Finance Division
GDP	- Gross Domestic Products
HDFC	- Housing Development Finance Corporation
HODs	- Head of Divisions
ICC	- International Chamber of Commerce
ICT	- Information and Communications Technology
IDB	- Industrial Development Board
IEC	- International Electro technical Commission
IED	- Industrial Estates Division
INBAR	- International Bamboo and Rattan Organization
IoT	- Internet of Things
ISO	- International Standards Organization
IT	- Information Technology
JAS	- Japanese Agricultural Standards
KPIs	- Key Performance Indicators
Ltd	- Limited
MD	- Marketing Division
MFIF	- Medium Frequency Induction Furnace
MOU	- Memorandum of Understanding
MPI	- Ministry of Planning and Investment
MSMEs	- Micro, Small and Medium scale Enterprises
MT	- Metric Ton
NAITA	- National Apprentice and Industrial Training Authority
NBT	- Nations Building Tax
NMRA	- National Medicines Regulatory Authority
NVQ	- National Vocational Qualification
PD	- Planning Division
PPP	- Private Public Partnership
RDD	- Regional Development Division
RPDSC	- Rubber Products Development and Services Centre
R&D	- Research and Development
SCX	- Sub-Contracting Exchange
SDB	- Sanasa Development Bank
SEs	- Self Employees
SoP	- Scheme of Promotions
SoR	- Scheme of Recruitments
TSD	- Technical Services Division
TVEC	- Tertiary and Vocational Education Commission
UNIDO	- United Nations Industrial Development Organization
UNOPS	- United Nations Office for Project Services
USAID	- United States Agency for International Development
USDA	- U.S. Department of Agriculture
Vat	- Value Added Tax



(01) INSTITUTIONAL PROFILE



1.1 Institutional Information

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 major implementing arm and leading 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 facilitate 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 53 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 Industries.

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1.2 Vision, Mission, Core Values and Objectives of the Institution

Vision

“Development of all industries all over Sri Lanka”

Mission

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

Core Values

➤ Customer services:

“Going above and beyond to keep the customer happy”

➤ Accountability and integrity:

“Being responsible for an action & commitment to honesty”

➤ Learning and development:

“Enhance an employee's skills, knowledge, and competency, for better performance”

➤ Team work:

“Collaborative effort of to achieve a common goal”



Main Objectives

Objectives of the Board defined in the Industrial Development Act No. 36 of 1969 are as follows:

- 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 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.



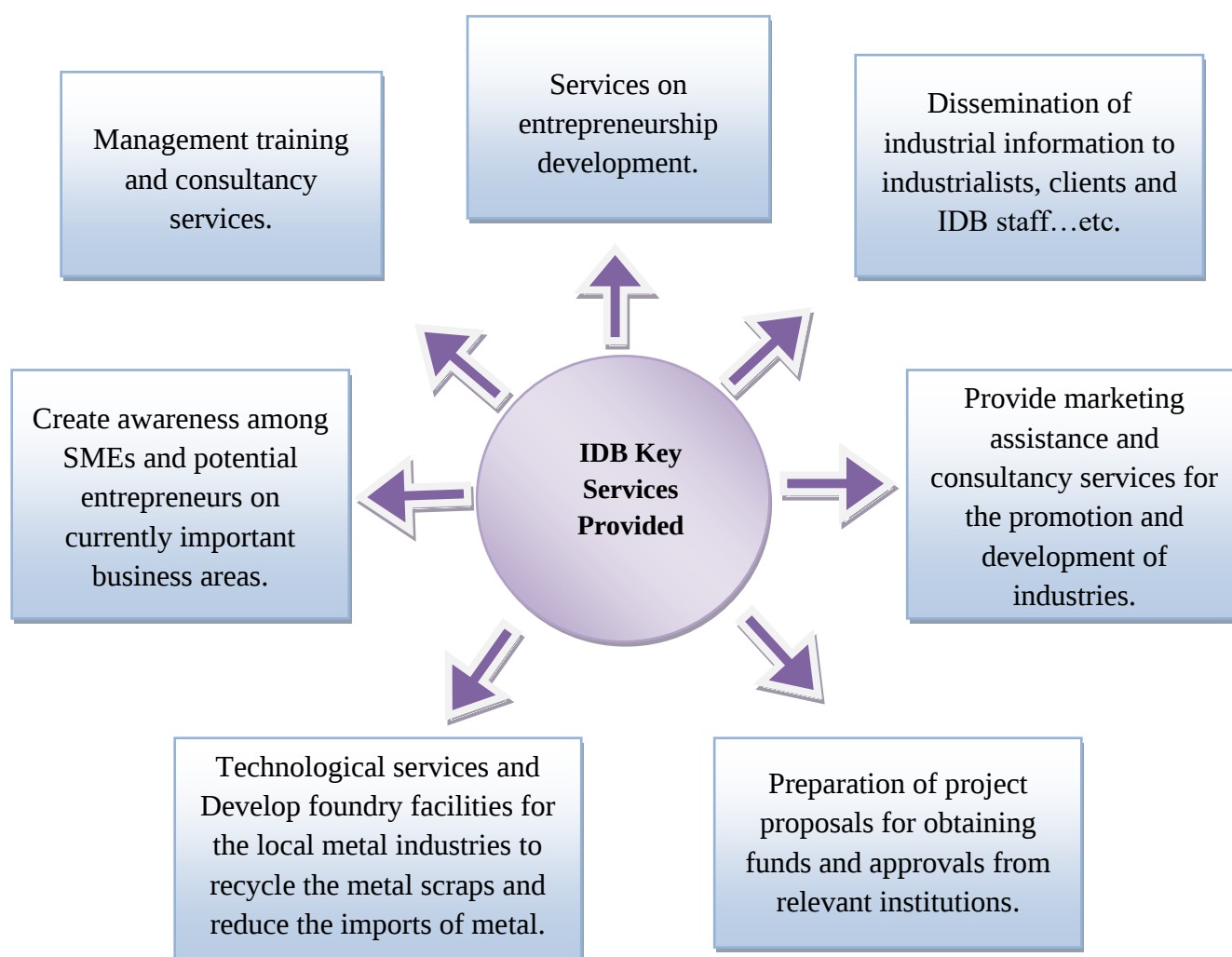
Activities of the Board

- The Board has set up various Divisions and Agencies on specialized areas of activity which reflect the functional and operational approaches in undertaking the challenging range of duties and obligations of the Board.
- From the year 2020 onwards, the IDB is under the purview of the Ministry of Industries. Previously, IDB was under the authority of several ministries.

1.3 MEMBERS OF THE BOARD OF DIRECTORS – 2022

Se. No.	Designation	Name	Institution	Period	
				Appointment Date	End date of the Appointment
1.	The Chairman	Mr. Upasena Dissanayake	Industrial Development Board	01.01.2020	23.03.2022
2.	The Chairman	Mr. Sunil Gunawardane	Industrial Development Board	24.03.2022	14.09.2022
3.	The Chairman	Dr. Saranga Alahapperuma	Industrial Development Board	15.09.2022	15.09.2025
4.	Ex-Officio of the Board	Mr. Chathura Mohottigedara	Ministry of Finance	27.01.2021	02.03.2022
5.	Ex-Officio of the Board	Mr. K.G.R.G.R. Wickramawardana	Department of National Planning	28.08.2020	28.08.2023
6.	Member of the Board	Mr. AlokaN. Wahalawatta	-	01.01.2020	17.03.2023
7.	Member of the Board	Mr. A.A.N. Buddhika Wimalasiri	-	01.01.2020	01.01.2023
8.	Member of the Board	Mr. M.R. Wimal Jayawardhana	-	01.01.2020	24.03.2022
9.	Member of the Board	Mr. H.R.P. Peiris	-	01.01.2020	01.01.2023
10.	Member of the Board	Mr. K.Athula Haputantri	-	15.12.2021	24.03.2022
11.	Observer of the Board	Mr. N.G.Panditharathne	Ministry of Industries	22.01.2021	24.03.2022
12.	Ex-Officio of the Board	Mr. B.K.R.Balasuriya	Ministry of Finance	23.03.2022	25.01.2023
13.	Observer of the Board	Mr. K.G.R.Wimalasooriya	Ministry of Industries	01.06.2022	01.06.2025
14.	Member of the Board	Mr. Suranga Mendis	-	30.07.2022	30.07.2025
15.	Member of the Board	Mr. H.M. Ranjith Kiriella	-	08.08.2022	08.08.2025

1.4 KEY SERVICES AND FACILITIES PROVIDED FOR THE INDUSTRIES



Overall Duties of the Board

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

1.5 ORGANIZATIONAL CHART

HM 2-1

HM 1-3

HM 1-2

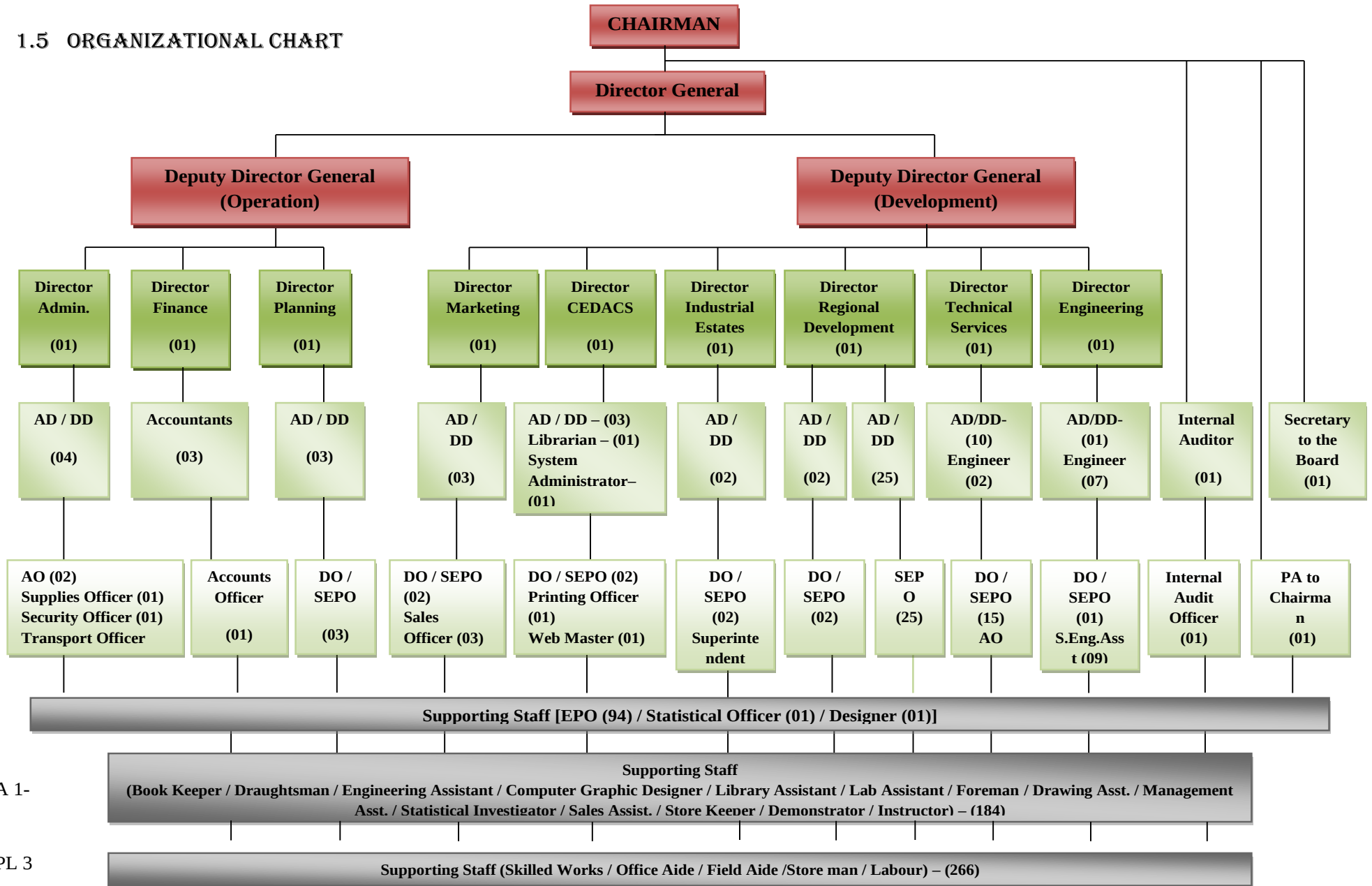
MM 1-2

JM 1-1

MA 5-2

MA 2-1/MA 1-

PL 1/PL 2/PL 3



1.6 MAIN DIVISIONS OF THE BOARD

No.	Name of the Division		Head of the Division
01	Administration Division (AD)	-	Mr. Chaminda Ramasundara
02	Regional Development Division (RDD)	-	Mr. P.P.P.S. Dickwella
03	Planning Division (PD)	-	Mr. J.D. Hemakumara Silva
04	Marketing Division (MD)	-	Mr. H.M.S. Samarakoon
05	Industrial Estates Division (IED)	-	Mr. W.A. Lal Priyantha
06	Engineering Division (ED)	-	Mr. W.A.P. Kapila Nishantha
07	Centre for Entrepreneurship Development & Consultancy Services (CEDACS)	-	Mr. T.M. Kumara
08	Technical Services Division (TSD)	-	Mr. H.A.P. Gunawardana
09	Finance Division (FD)	-	Mr. Upul Abeysooriya
10	Centre for Development of Leather Products and Footwear (CDLPF)	-	Mr. Amaranath Wimalasinghe (Deputy Director)
11	Rubber Products Development and Services Centre (RPDSC)	-	Ms. T.S.D. Silva (Deputy Director)

The entire functions carried out by the divisions of IDB are categorized under 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 network of 25 District Offices is functioning under the Regional Development Division and 16 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.



(02) MANAGEMENT REVIEWS

- Chairman's Message
- Director General's Message

Chairman's Message



The Industrial Development Board (IDB), as the most competitive business development service-providing state organization in Sri Lanka, has been responsive to promoting and developing Micro, small, and medium-scale enterprises (MSMEs) for more than five decades. It gives me pleasure to recall and review the annual performance of the IDB for the year 2022.

As I write this message for the IDB's 2022 Annual Report, Sri Lanka is in the midst of an economic crisis, which has severely affected the livelihoods of the people. IDB has not been exempted, where the debilitating effects of the pandemic and the ensuing economic crisis have cleverly affected the economic expansion of the country. During this challenging period, we remained steadfast in our commitment to doing our utmost to support the industries through this economic crisis while continuing to deliver on our ethos of empowering and enriching Sri Lankan lives and enterprises. I am immensely proud of the continued support and dedication extended by our IDB team and business partners, which has enabled us to play such a leading role in supporting industries, businesses, communities, and the nation at large throughout the crisis. IDB has initiated and executed many programs and projects to provide assistance for potential industrialists by enhancing the quality of services. We are seeing the benefits of our programs initiated to support industries and communities through inclusive and accessible services and sustainable initiatives. This has resulted in IDB once again delivering an outstanding performance in 2022. We found that our services need to be scaled up to address the growing demand of new, existing, and upcoming industries. We have also entered into several strategic partnerships (MOUs) with numerous players in the industrial sector to leverage resources and capacity. We have initiated a project for improving energy efficiency in manufacturing industries at IDB Industrial Estates, and USAID has expressed interest in becoming the technical partner in this program that gives effect to these partnerships in terms of access to finance, access to markets, and access to business development support. Further, conformity has been assigned to Mahindra Ideal Lanka Private Company for the initiation of manufacturing Mahindra vehicle components locally, the necessary technology testing to maintain quality control standards, and third-party quality assurance as well. Another significant event of the year was "Industry 2022," the National Industrial Exhibition, which was a convergence of a large number of domestic and international exhibitors. The event was designed to widen the capabilities and capacities of all Sri Lankan industries, and therefore large companies and multinational corporations joined to display their products. While the year under review has been challenging like no other, IDB team performance is a reflection of the dedication, drive, and exceptional performance of our staff members and other regional offices working together to achieve excellence and create the future as one team.

I wish to acknowledge with gratitude the contribution, involvement, and commitment of the Director General, P.L.U. Rathnamalala, for providing leadership in all the above and upgrading the IDB to be a premier small, medium, and large industry development organization in the country. I am indeed pleased to acknowledge the dedication and guidance the Board of Directors rendered during the year. Further, I must thank the Higher Management, the Directors, the heads of the Departments and Divisions, and the staff, including other supporting staff, for the services rendered by them to achieve the objectives of the IDB in the year 2022.

Sunil Gunawardane
Chairman,
Industrial Development Board of Ceylon

Director General's Message



I am pleased to share my thoughts and opinions in the annual report of the Industrial Development Board for 2022, along with a brief insight on IDB intervention on the contemporary challenges encountered by the local industry.

With the diminishing trend of the COVID-19 pandemic, 2022 was no longer a consolation year for the local industry. The unhealthy trade balance of the country was reflected in many specific areas, which were directly affecting the lives of the general public as well as the functionalities of the local industries, especially MSMEs. The island-wide fuel shortage was one such critical issue that the industries faced, and IDB gave support to many industries to direct and assist them in obtaining special government considerations in obtaining fuel for their day-to-day operations. Besides, IDB was able to successfully hold its annual exhibition in 2022 at BMICH for 4 days, providing facilities for 450 industries to showcase their products and services. The finalists of the most outstanding industries for the award ceremony were invited to the exhibition as exhibitors, representing all the districts in the country. The National Industry Excellence 2022 award ceremony was held successfully, covering a wider spectrum of local industry sectors. The import ban on many goods on the basis of suspended or temporarily suspended items was another result of the shortage of foreign reserves in the country. In categorizing the specific goods being imported, IDB assisted the relevant state institutions to minimize the impact of the implementation of the import ban on the local industry. Due to the sudden economic implications and devaluation of the Sri Lankan rupee, IDB had to assist local industries in the importation of raw materials and components for local industries. In the meantime, the management made extra efforts to increase the income through the internal functionalities of IDB. Under the new chairmanship, IDB commenced the "Get Up, Start Up, for a Wealthy Nation" national program, addressing the critical issues of local industries in collaboration with the line Ministry. The issues of land, liquidity, licensing, policy formulation, and nationwide entrepreneurial culture from the industrialist's point of view were given high priority under this program. With this novel approach, IDB held discussions with all the stakeholder state institutions, including the Treasury and all the district secretaries, to gain strategic concern and enhance the attention on local industry development in national development portfolios. Also, IDB management took the necessary initiatives to maintain good administrative and financial discipline during the year.

I would like to express my gratitude to the Hon. Minister and Secretary to the Ministry for their advice and guidance during the year. Also, I am grateful to the three Chairmen and the Board for their initiatives and direction to guide IDB staff to success. I hope that the novel approaches introduced under the leadership of Dr. Saranga Alahapperuma, the present Chairman of IDB, would bring greater leverage to the local industry as well as to IDB. Finally, I extend my gratitude to the senior management team and IDB staff for their commitment and cooperation in making IDB's presence in industry a great success.

P.L.U. Rathnamalala

Director General

Industrial Development Board of Ceylon



(03) PERFORMANCE HIGHLIGHTS – 2022

- 3.1 National Industrial Exhibition**
- 3.2 National Industry Excellence Awards 2022**
- 3.3 A pilot project to increase energy efficiency of industries in Ekala Industrial Estate**
- 3.4 Domestic prototype production of an electric car using post-engineering technology**
- 3.5 I.D.B and Mahindra Ideal Lanka Pvt. Ltd. signs a memorandum of understanding**
- 3.6 “Getup – Start Up for a wealthy Nation” National Programme**
- 3.7 Memorandum of Understanding between Industrial Development Board and Sri Lanka Insurance Corporation Ltd**
- 3.8 Development of industries related to mineral resources**
- 3.9 Physical Progress- 2022**
- 3.10 Graphical representation of the income distribution of the divisions**
- 3.11 Future Plans for the Year 2023**

Review of Progress for the year ended 31st December 2022

In the year 2022, the IDB has provided various assistance and supporting services to promote the business community in the country. Further the board is obliged to design and implement strategies with regard to the entrepreneurship development, promotion and encourage the Micro, Small and Medium scale Enterprises (MSMEs). In order to achieve these objectives and to expand the market to potential businesses locally and internationally, IDB has involved initiating and executing various programmes and projects by the combination with the Ministry.

Special Programmes / Projects

3.1 National Industrial Exhibition



Source: Industrial Development Board Media Unit

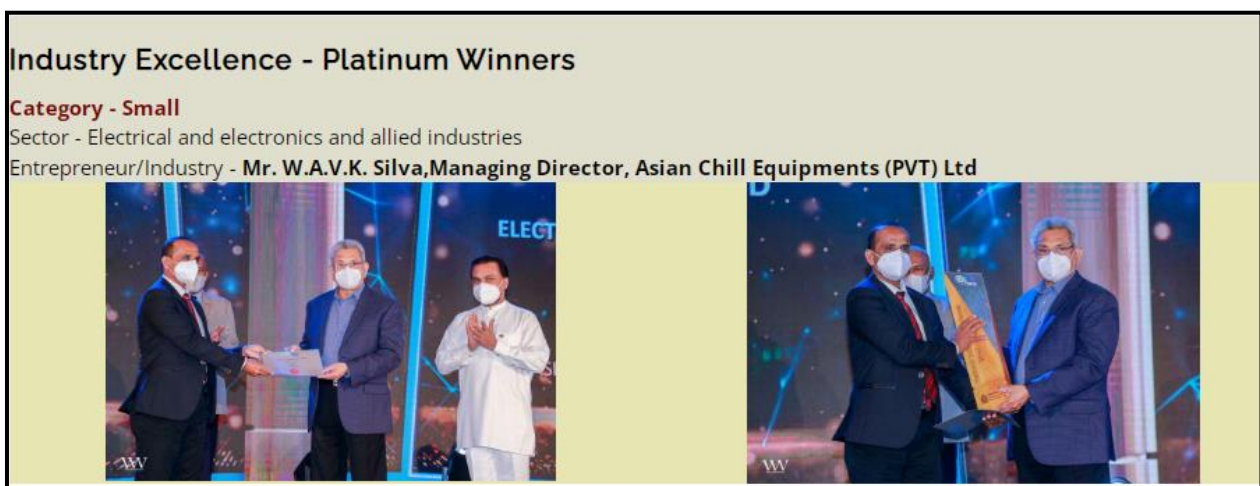
The "Industry-2022" National Industrial Exhibition was inaugurated at the Bandaranaike Memorial International Conference Hall (BMICH). Former Prime Minister Mahinda Rajapaksa and former Minister of Industries Wimal Weerawansa have inaugurated the event.

It was a convergence of a large number of domestic and international exhibitors. The event was designed to widen the capabilities and capacities of all Sri Lankan industries, and therefore large companies and multinational corporations were joined to display their raw materials, tools, equipment, machinery, components and accessories. Main objectives of the event were,

- **Exhibition of Products & Services** - to showcase the best capabilities and capacities of local industries in producing products, services and technologies for both local and international markets.
- **Business Matching Sessions** - to provide local industries, an opportunity to connect with global market supply chains through business linkages with multinational corporations, large scale industries, government-linked companies etc.

- **Product Launches & Presentations** - to provide a platform for local industries to introduce new products and services to both local and international markets.
- **Exchange of Information & Ideas on Product Development & Design as well as Technology & Innovations** - to improve innovative and creative ideas in developing competitive, innovative and resilient industrial sector in Sri Lanka.
- **Recognition of Industrial Excellence** - to recognize and reward the outstanding performance of industries representing district, provincial and national levels.

3.2 National Industry Excellence Awards 2022



Source: Industrial Development Board Media Unit

In anticipation of the declaration of the 'Vision of Prosperity', the 'National Industry Excellence Awards 2022' organized by the Ceylon Industrial Development Board under the guidance of the Ministry of Industries as another step forward to pave the way for an 'industrial renaissance that will revive the country' launched with the concepts and guidance of the former Minister of Industries, Wimal Weerawansa.

The ceremony was held at the Battaramulla Waters Edge Hotel under the leadership of the former President Gotabaya Rajapaksa.

Few of the objectives of the event were,

- Find excellent industrialists scattered across the country along 20 selected industrial sectors, evaluating and awarding them.
- Support the industrialists in sales promotions by providing the opportunity for the provincial winners to take part in famous exhibitions held in capital of the country.
- Provide guidance for industrialists in business improvements and expansions.

3.3 A pilot project to increase energy efficiency of industries in Ekala Industrial Estate

The United States Agency for International Development (USAID) has expressed interest in becoming a technical partner in a pilot program to increase the energy efficiency of industries in the Ekala industrial zone.

United States Agency for International Development (USAID) – Sri Lanka Energy Programme has implemented to improve the cost-reflectivity of electricity tariffs; increase the deployment of renewable energy; improve demand-side management; and deploy advanced technologies. Chemonics International is the implementing partner of this programme and IDB has initiated the Pilot project for improving Energy Efficiency in 15 industries at IDB Industrial Estate – Ekala, Ja-Ela with the Collaboration of the USAID – S/L Energy Programme.



Source: Industrial Development Board Media Unit

3.4 Domestic prototype production of an electric car using post-engineering technology



Source: Industrial Development Board Media Unit

The Industrial Development Board has signed an agreement for the domestic prototype production of a cost-effective electric car using post-engineered technology. The agreement was signed with Dilantha Malagamuwa, the co-founder of Dilango Cars Private Company. This production would carry out under the sponsorship of a Japanese automobile manufacturing company with the association of Dilango Cars Private Company.

3.5 I.D.B and Mahindra Ideal Lanka Pvt. Ltd. signs a memorandum of understanding



Source: Industrial Development Board Media Unit

A Memorandum of Understanding has signed with Mahindra Ideal Lanka Private Company for the initiation of a successful journey in the industry. Through the programme it is expected to manufacture Mahindra vehicle components locally, the necessary technology testing to maintain quality control standards and to provide third party quality assurance.

3.6 “Getup – Start Up for a wealthy Nation” National Programme



Source: Industrial Development Board Media Unit

With the aim of creating innovations in industry and businesses in the country, the Ministry of Industries, together with the Industrial Development Board and with the cooperation of all governmental and non-governmental organizations, launched the Get Up - Start Up for a Wealthy Nation national program under the patronage of the Minister of Plantations and Industries, Dr. Ramesh Pathirana. The commemoration was done at the Bandaranaike Memorial International Conference Hall premises.

This national program launched with the aim of creating a wealthy nation in an industrial economy and has initiated several programmes. Some of the programs includes, creating a new technical platform for entrepreneurs and investors using a mobile application (IDB Mobile APP), implementing an industry hotline number 1995 & WhatsApp Number 0705001995 and “Business Clinic” program. Further “Entrepreneurial Circles” to schools introduced to impart entrepreneurial knowledge to high school students from grade 9 onwards, establishing an “Investor Pool” for IDB with the aim of providing opportunities for large-scale investors to invest in the industries of small and medium-scale industrialists, signing a MoU with HDFC Bank for Loan scheme to provide loan facilities at low interest for entrepreneurs. Introduced an Entrepreneurial Training Programs for Three-Wheeler Drivers to impart technical knowledge to become successful entrepreneurs who can be contributed for the country's economy at a significant level.

Digital Banking and Developing Supply Chain Management in collaboration with Sanasa Development Bank (SDB), Digitalization of SMEs by the IDB together with Dialog Enterprise. Publishing the booklet “Guide for a Wealthy Nation”, providing Trade Fair facilitation for SMEs with the Delegation of German Industry & Commerce. Further, lot of other unique works were done while reaching for various agreements with many other organizations for the sake of developing new industries. Additionally, the Minister of Industries pointed out the status of industrial development had before the implementation of open economy in Sri Lanka and the way of the diversion of the manufacturing industries resulted in reducing exports and increasing imports, which has affected the country's economy. Also, through the “Get Up – Start Up for a Wealthy Nation” national program empowered entire community covering from the school entrepreneurship circles to, all the entrepreneurs including small and medium scale industries to be enforced to increase the production of the country and developing exports, reducing imports while increasing import substitution products.

On this occasion, high commissioners and ambassadors of Maldives, Indonesia, Egypt, Nepal, Iran etc., State Minister Chamara Sampath Dasanayake, Secretary of the Ministry of Industries Thilaka Jayasundara, Additional Secretaries, Vice Chancellor of Jayawardenepura University Professor Sudantha Liyanage, Chairman of Industrial Development Board, Dr. Saranga Alahapperuma, Officials of government and non-government organizations, officials of international cooperation organizations and many dignitaries were present.

3.7 Memorandum of Understanding between Industrial Development Board and Sri Lanka Insurance Corporation Ltd



Source: Industrial Development Board Media Unit

A MoU has been signed between the Industrial Development Board (IDB) and Sri Lanka Insurance Corporation Ltd and it was mainly focused on providing insurance protection for the industrial sector in mitigating business related risks that impact the operations and continuity of a business. Sri Lanka Insurance Corporation will provide insurance package for industries according to the respective industrial sector. Dr. Saranga Alahapperuma, Chairman - Industrial Development Board, has explained the way forward for industrial development and how to initiate an entrepreneurship culture in Sri Lanka. Mr. P.L.U. Rathnamalala, Director General-IDB, Mr. Mahesh Gamage, AGM and other officials of Sri Lanka Insurance Corporation Ltd. have participated for the meeting.

3.8 Development of industries related to mineral resources



Source: Industrial Development Board Media Unit

With the aim of promoting Sri Lanka's mineral resources related industries, a sector awareness conference was held in Colombo which was arranged by the Technical Services Division of the Ceylon Industrial Development Board. All the distinguished guesses including, Additional Secretary of the Ministry of Industries, L. C. Pathiraja, Chairman of Ceylon Industrial Development Board Dr. Saranga Alahapperuma, Director General of Ceylon Industrial Development Board P. L. U. Ratnamalala, Chairman, Bureau of Geological Survey and Mines R. Sajeewan, Mr. Suresh De Mel, Chairman of the Export Development Board, Dr. Udeni Dasanayake, Chairman of Lanka Mineral Sands Limited were participated at the inauguration ceremony. Addressing the meeting, the Chairman of the IDB, has explained the capability of obtaining more value additions for mineral resources, and the necessity to promote the knowledge of the relevant industry sector within the country.

During the occasion, Dr. L.P.S. Rohitha and H.R. Paranawithana of Industrial Development Board have released “Value Added Industrial Application of MICA” and “Value Added Industrial Applications of Quartz” books which were compiled by the Technical Services Division. Throughout the conference, a special awareness was given regarding the minerals that can be used by the local industries and the finished products that can be made in Sri Lanka itself.

Nalin de Silva, Director (Mineral Survey) of Geological Survey and Mines Bureau, Dr. Sadun Dalpadadu, Chairman of Damsila Resources Private Company, Dr. L. P. S. Rohitha, Peradeniya University Senior Professor, H. M. T. G. Pitivala and Mr. Ryan Rockwood, an expert on mineral related industries, were joined for the ceremony.

At the end of the seminar, the participants were able to have an open discussion relating to the problems in the field with the senior officials of the IDB, Geological Survey and Mines Bureau, Export Development Board, Central Bank of Sri Lanka, National Procurement Department.

3.9 Physical Progress– 2022

Performance measurements are used to motivate managers to make decisions which are beneficial for the organization. Therefore the key to have a good performance measurement technique is to set goals that are realistic and reliable. IDB as a major service oriented organization; it has set project targets and key performance indicators using controllable factors, for the managers such as revenue, costs and procurement of long term assets and other possible factors considering the strength of the organization.

Table 3.9.1: Progress of the Ongoing Development Projects

No.	Project	Allocation Rs. Mn.	Spent Rs. Mn.	Financial Progress %	Physical Progress %
01	Reactivation and modernization of infrastructure facilities in Industrial Estates of IDB	25	17	68	75

Table 3.9.2 : Training Programmes

Description	2022	
	No. of Training Programs Conducted	No. of Beneficiaries
Technology Transfer & Entrepreneurship Development Training Programmes	317	5315

Table 3.9.3: Progress of the Main Activities of the IDB

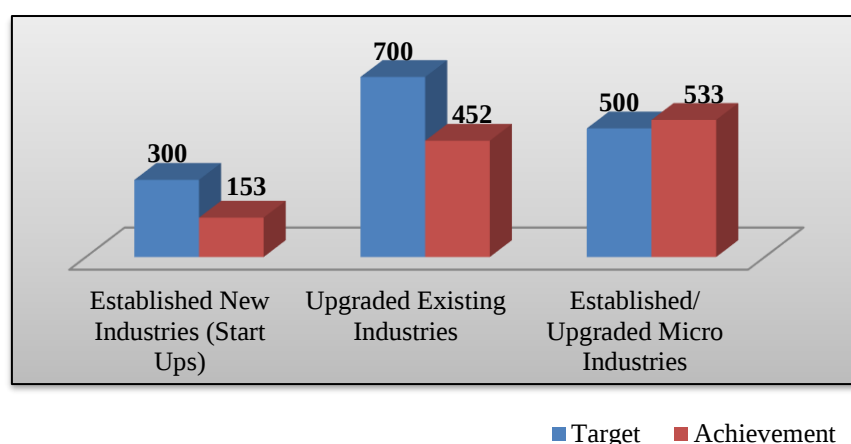
No.	Activity	Progress as at 31/12/2022
01	Assistance to create new industries	164
02	Assistance to develop Existing industries	460
03	Technology Training Programmes conducted	403
04	Entrepreneurship Development Programmes conducted	14
05	Provision of Metal Scraps for metal-based industries as Raw Materials	1392 MT
06	Provision of Rubber compounds for Rubber products manufacturing industries	28841 Kg
07	Issuing Food testing reports by the Food Laboratory	314 (Entrps.)
08	Providing marketing facilities through Lakkam Sales Centre	330 (Entrps.)
09	Providing Engineering Services towards Machinery Fabrication, Valuation Reports, CNC facilities, etc.	241 (Entrps.)

Tracking the data regarding production, sales, marketing, labor use and spending helps to determine which areas of the organization are currently performing well and should get more attention. On the other hand reviewing of organizational progress helps to motivate employees. When assessing the financial and physical progress of targeted activities of the organization, employees could able to get an idea regarding their contribution towards the success of the company and it leads for more job satisfaction as well. If they notice that their department is lagging behind, they might work harder. By setting reliable goals for the employees, measuring the results and communicating them to the staff on a regular basis helps to motivate workers who are doing well or struggling. This motivation goes beyond encouraging the staff to work for longer hours, discuss ways to improve and come up with solutions to improve productivity.

Table 3.9.4 : Performance Indicators of the Institute (Based on the Action Plan)

No.	Outcome	KPIs	Cumulative	
			Target	Achievement
1	Established New Industries (Start Ups)	No. of New Industries Established (Start Ups)	300	153
2	Upgraded Existing Industries	No. of Existing Industries Upgraded	700	452
3	Established/ Upgraded Micro Industries	No. of Micro Industries Established/ Upgraded	500	533

Graph 3.9.1 : Summary of IDB Outcome - Year 2022



In the year 2022, the Industrial Development Board has provided various assistance and supporting services to promote the business community in the country. Further the board is obliged to design and implement strategies with regard to the entrepreneurship development, promote and encourage the Micro, Small and Medium scale Enterprises (MSMEs). In order to achieve these objective and to expand the market to potential businesses locally and internationally, IDB has involved initiating and executing various programmes and projects with the amalgamation of the Ministry. Looking at bottom-line results in areas such as spending, sales or profits doesn't help to understand how or why

we have reached those results or how to improve our performance. Setting goals and measuring progress in areas that don't necessarily show end-of-year results will help to incrementally improve your operations in many areas, leading to exponential growth in profits.

Table 3.9.5 : Summary of Progress – 2022

No.	Key Activity	Sub Activities	Performance Indicators	Cumulative Target	Cumulative Achievements
01	Carryout industrial need assessment (District Based)	Conducting Investment Promotion Programs	No. of Sessions Conducted	25	4
			No. of Entrepreneurs Participated	1500	156
		Assist to Develop Industries Identified / Trained by Other Divisions	No. of Industries Identified/Trained	125	77
		Industry Selection Programmes - New /Existing /Micro industries	No. of Industries Identified	1600	2692
02	Improving Business Literacy	Conducting Short term Training Programs (Marketing, Technological, Management, Productivity, Packaging, etc.)	Number of Programmes Conducted	406	403
			No. of entrepreneurs/ industries assisted	6305	7704
		Conducting Industrial Certificate Training Courses (Technology and Digital marketing)	No of courses conducted	7	14
			No. of Entrepreneurs/ industries trained	124	247
		Acquisition and dissemination of local and foreign technologies	No. of technologies acquired and /or disseminated	5	6
03	Creating conducive operation environment by providing Industrial Assistance and Consultancy	Providing Engineering and Technological Assistance - New/ Existing/Micro Industries	No. of Industries Identified	850	684
		Consultation on quality improvement of rubber based products & products' process	No. of products	3	8
		Assist to development of production line for - waste minimization -waste recycling -energy conservation	No. of industries	4	-
		Promoting value addition for natural rubber of local rubber planters (Under MOU with MPI)	No. of programmes	2	2
		Providing technological and marketing information to entrepreneurs / institutions	No of Entrepreneurs/Inst itute	12	26
		Providing Civil engineering consultancy services	No. of services completed	150	113
		Provide electrical engineering consultancy services	No. of services completed	100	91
		Provide Technical consultancy for projects	No of projects	2	3
		Engineering assistance for develop value addition of metal industry development and automobile part manufacturing	No of industries	6	-

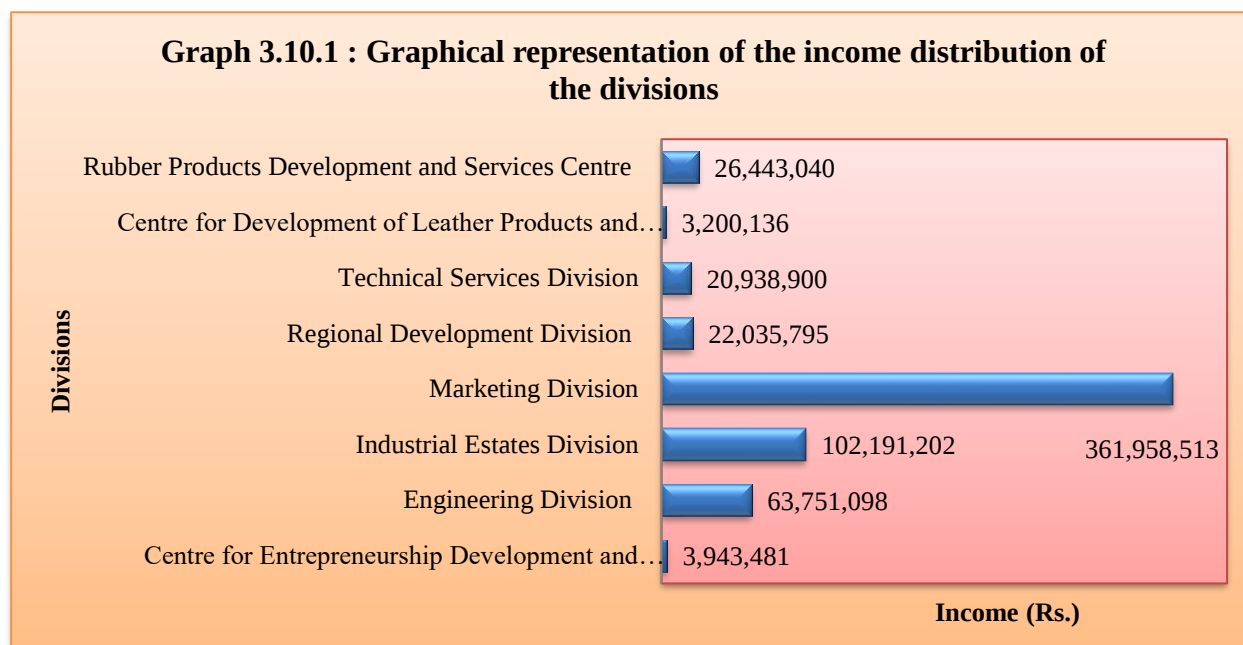
No.	Key Activity	Sub Activities	Performance Indicators	Cumulative Target	Cumulative Achievements
04	Strengthening Supply chain & enhancing quality parameters through supplying raw materials	Selling Kasper Bottles for Kittul Tappers	No. of Bottles Sold	5000	2544
		Providing raw materials for foundry industries	Number of Industries	400	387
			Amount (MT)	2000	1114
		Semi Commercial Activity (Dried rubber)	Quantity (kg)	36000	28841
05	Supporting to strengthen local & global market presence	Providing Marketing Assistance on Branding, Packaging/ Labeling/Mandatory certifications, registrations & buyer standards/customs & duties/ International shipping by sea and air freight/ Export planning and proforma invoice, etc. - New / Existing / Micro Industries	No. of Assistance Provided	675	1480
		Providing market opportunities through "LAKKAM" show room	Number of Industries/ No of opportunities provided	20	9
06	Facilitating to enhance business competitiveness	Providing assistance in the process of strategic planning, decision making, organizing, leading, motivation and controlling/ efficiency improvement of human, financial and physical resources, - New/ Existing / Micro Industries	No. of Assistance Provided	500	374
		Managerial Skills Enhancement Program for Business Owners	No. of Sessions Conducted	5	1
			No. of business owners	150	35
07	Development of business reports for funding or other purposes	Inspect , examine and Prepare of valuation reports, project feasibility reports, Product certificates, inspection reports Technical Reports/hand books etc.	No. of reports	355	127
		Identification of industry development areas and preparation of project proposals/ concept notes for External funding (foreign and Local)	Number of project proposals /concept notes prepared /submitted	43	17
		Preparation of Annual Report	No. of Reports prepared	1	1
		Preparation of Annual Action Plan and Procurement Plan for IDB	No. of Reports prepared	2	2
		Preparation of Annual monitoring & evaluation report followed by monthly progress review meetings	No. of monthly progress review reports prepared	12	12
			No. of Evaluation reports prepared	1	1

No.	Key Activity	Sub Activities	Performance Indicators	Cumulative Target	Cumulative Achievements
08	Facilitating to enhance business compliance with local & global norms	Facilitating and assisting to make industries comply with existing rules and regulations (Registration of Businesses and Obtaining / renewing Licenses and Permits, Labour laws, Tax registration, Custom documentation, Intellectual property law, etc.) New / Existing / Micro Industries	No. of Cases Assisted	1300	674
		Providing Follow-up Supports	No. of Follow ups	5000	833
		Providing processing facilities to industrialists	No. of Industries being facilitated	120	144
		Provide in plant training for undergraduates/ NAITA Trainees	No of trainees	12	12
		Provide Engineering services such as machining, fabrication ,Heat treatment, casting, Electroplating, CNC machinery services and welding work, etc for the industry needs	No of services given/industrialist s supported	426	512
		Provide mixing molding materials and other materials for other Industries	No of services given/industrialist s supported	120	148
		Design and manufacture of new machinery and equipment	No of machines and equipments designed	4	-
		Providing/dissemination of information	No. of individuals provided information	300	526
		Publishing "Karmantha" journal	No of volumes	200	50
		Upgrading an integrated Database of Industrial Estates and upload to the IDB Web	No of upgraded estates	15	1
09	Strengthening industry infrastructure facilities	Modernization & upgrading of existing Industrial Estates and upgrading of infrastructure and further developing Industrial Estates	No of Industrial Estates upgraded and developed	8	-
		Acquiring ownership and developing Pottapitiya Industrial Estate	No of Industrial Estates developed after acquiring the ownership	1	-
		Identifying and developing adjoining lands to expand existing Industrial Estate, Mihinthale	Extent of land developed	5	-
		Identification, selection and allocation of lands for industries for each Industrial Estates	No. of Industries being allocated	30	33
		Signing of legal documents of Developed Plots /Buildings with the selected investors for commencing of their industries	No of new industries established	10	11
			No of existing industries developed	10	8
			No of employment generated	500	356
		Acquiring failure industries by legal action or by their willingness and transferring to suitable investors	No. of industries	10	16
		Issuing of Lease Agreements for new industrialists	No of Lease Agreements issued	20	20

No.	Key Activity	Sub Activities	Performance Indicators	Cumulative Target	Cumulative Achievements
10	Endorsing with institutional Recommendations	Recommendations to Obtain Financial Facilities - New / Existing / Micro Industries	No. of Facilities Obtained	425	227
		Inspect, examine and issue recommendations letters for exporters of value added products and waste materials which is used by local industries.	No of reports issued	24	7
		Inspect, examine and issue recommendation letters to import industrial materials of suspended and temporary suspended category.	No of reports issued	6	-
		Build up linkages with potential international organizations and their partners in SL to cater for industries	No of linkages build up with International organizations	5	3
		Assisting industrialists to obtain credit facilities by allowing to mortgage lease hold rights	No. of industrialists so assisted	10	7
11	Providing laboratory facilities for sample testing	Quality certification and process development for rubber products	No. of reports	120	150
		Inspect, test and provide testing reports for chemical and mechanical properties of metals.	No of reports issued	50	82
		Conducting food laboratory tests	No. of test reports	600	314
12	Coordination with other institutions	Participating trade fairs and exhibitions organized by other institutions	Number of trade fairs/Exhibitions participated	4	-
		Providing Sub contract facilities	Number of Industries facilitated	20	2
		Conducting Buyer seller meetings for selected industrial sectors	Number of Meetings conducted	4	1
			No. of entrepreneurs participated	40	-
		Hand over the allocated Metal Based Raw Materials to industries	Metric Ton (MT) Distributed	1000	3559
		Facilitating to obtained NVQ certificates	No. of entrepreneurs facilitated	10	18
13	Special industry Development oriented Activities	Conducting SME Clinics/SME Week	No of Clinics/SME Weeks Conducted	25	4
		Organizing Sri Lanka Industrial Exhibition and Conducting National Award Ceremony to Evaluate/ Select Excellent Entrepreneurs	No. of Exhibitions and Award Ceremonies Conducted	1	1
		Conducting Provincial Level Exhibitions	No. of Exhibitions Held	-	-
		Maintaining the video testimonial database of Entrepreneurs by visiting their business places to create a comprehensive Video Profile	No. of Video Profiles	2	-
		Organizing & conduct Footwear Trade Fair	No. of events conducted	1	-
		Developing 'Call IDB' Mobile Application to develop the connectivity & accessibility with our customer	No. of Customer inquiries handled	100	1
		Industrial Production Village Promotion	No. of entrepreneurs benefited	-	-

No.	Key Activity	Sub Activities	Performance Indicators	Cumulative Target	Cumulative Achievements
14	Promoting manufacturing of import substitution products	Facilitating industries in commercialization of products (Import substitutes)	No. of industries	10	-
		Establishing import substituting industries	No. of industries	5	11
		Manufacture & Supply of machinery / equipment for local industries / government institutes (Import substitutes)	No of machinery / equipment substituted	80	-
15	Assuring basic utility services and maintaining operate related production facilities in industrial estates	Collection of monthly rental and charges	Income earned - Rentals (Rs. Mn)	60	
			Income earned - water charges (Rs. Mn)	6	-
			Income earned-signing of lease agreements (Rs. Mn)	20	-
				0.8	-
		Debt collection	Land appreciation charges (Transferring) (Rs. Mn)	2.5	-
			Collection of arrears and other dues (Rs. Mn)	20	-
16	Facility improvements in Food laboratory	Internal Constructions /facility development and Accreditation process	Quality assurance development %		100
17	Procurement Plan	Rehabilitation & Improvement of Capital Assets	Status of expenses %		77
		Acquisition of capital Assets	Status of expenses %		105
		Development Expenditure	Status of expenses %		47

3.10 Income of the Divisions - 2022



Considering the year 2022, there was a critical crossroad of the history as far as our country's economy is concerned. A neutral economic condition has reinstated after going through many of the hardships. Despite the gloom of global economic downturn the economy of Sri Lanka continued to prosper in its endeavors and emerged as one of the fastest growing economies. This has affected for the entire organizations of the country and IDB as one of the main service oriented institution has managed to execute variety of development initiatives over the period of time and their results were reflected in impressive rates in overall institutional performance.

Striving towards the vision of the IDB, it is mandated with the vital role to promote, encourage, develop and facilitate 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. Encouraging and empowering the industrial sector is an essential factor for any country to achieve success in long run. Improving product quality, minimizing costs, increasing productivity and improving brand value were increasingly important for maintaining the competitiveness of our products in both local and foreign markets. Entire IDB's efforts mainly focused on encouraging and promoting small and medium scale industries due to their strategic importance for the growth of the national economy. In light of the above, our foremost priority in the past year was to bring the much needed reforms in the corporate culture of the IDB. Therefore all the divisions of IDB except the operational divisions including Planning, Administration and Finance Divisions were collectively performed to form a strategic transformation to cover the IDB's long-range objectives and to improve the operational efficiency and financial viability. When comparing the income generated through development divisions of IDB, Marketing Division has contributed more accurately while having an elevated annual income through providing raw materials / scrap materials to industrialists. Although the IDB is a service / customer oriented institution, every function and employee is focused on meeting customer's expressed and latent needs. Further IDB firmly believe that it can succeed only when the customers are satisfied with the services

provided and it evaluates every decision for its efforts on its customers without striking more weight on monetary values.

3.11 Future Plans for the Year 2023

(1) Pilot project for improving Energy Efficiency in manufacturing industries at IDB Industrial Estate – Ekala, Ja-Ela 2022/2023

The project will offer industries,

- a. Free consultation services to improve their energy efficiency (Electricity) through comprehensive energy audits (For selected high energy intensive industries).
- b. Free Energy Manager Trainings to relevant officers/staff members of all selected industries.
- c. Free technical consultation and support for implementing energy efficient options with the contribution of Industries.
- d. Support to obtain financial assistance through Ministry of Industries for necessary developments recommended in Energy Audits.
- e. Regular follow-up services.

(2) Accelerating Industries' Climate Response in Sri Lanka

The specific Project objective is to scale-up the climate change response of Sri Lanka's industrial sector through the design and implementation of technical, policy, regulatory and financial tools and mechanisms to accelerate the deployment of renewable energy, energy and resource efficiency technologies and best practices.

(3) A project has been proposed to implement effective post-harvesting practices in Sri Lanka.

Encouraging and empowering the industrial sector is an essential factor for any country to achieve economic success in the long run. In the year 2022, 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 more 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 the 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 in future as well.





(04) DIVISIONAL PROGRESS HIGHLIGHTS

- 4.1 Administration Division**
- 4.2 Centre for Entrepreneurship Development and Consultancy Services**
- 4.3 Engineering Division**
- 4.4 Industrial Estates Division**
- 4.5 Marketing Division**
- 4.6 Planning Division**
- 4.7 Regional Development Division**
- 4.8 Technical Services Division**
- 4.9 Centre for Development of Leather Products and Footwear**
- 4.10 Rubber Products Development and Services Centre**

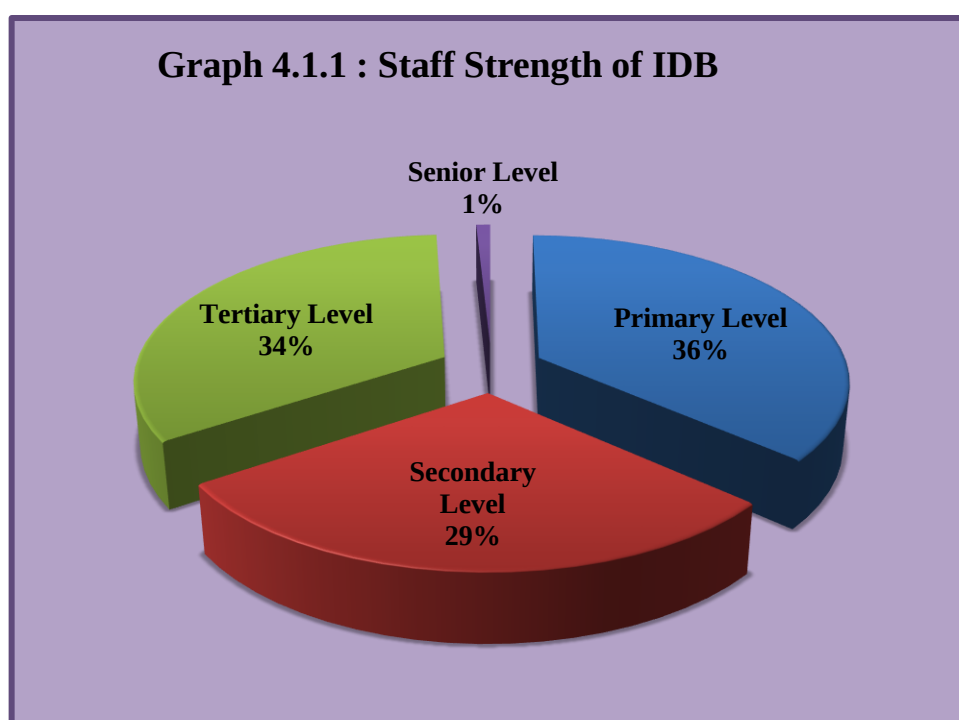
4.1 Administration Division

4.1.1 Introduction

The Administration Division of IDB is responsible for the formulation, implementation, monitoring and evaluation of all Human Resources Management (HRM) and Human Resources Development (HRD) activities of the Board. Further divisional role includes arranging, sorting out, organizing and controlling office exercises with a view to accomplish business targets. Further it is one of the major entities to ensure the efficient performance of overall departments in the organization. Preparation of Scheme of Recruitments (SoR) and Scheme of Promotions (SoP), carrying out regular recruitments, performance evaluations, employee retirements, conducting disciplinary inquiries, arranging local training, managing employee compensation schemes...etc were few other activities assigned for the division.

Table 4.1.1: Cadre Management

Category	Approved Cadre	Existing Cadre	Vacancies / (Excess)
Senior Level	12	4	8
Tertiary Level	252	159	93
Secondary Level	184	139	45
Primary Level	266	173	93
Total	714	475	239



4.1.2 Human Resources Development Programmes

Table 4.1.2 : Training Programmes Conducted During the period

S. No.	Name of the Program	No. of Staff Trained	Duration of the Program	Total Investment (Rs)	Nature of the Program (Abroad / Local)	Output / Knowledge Gained
01	Expenditure & Payment Procedure & Financial Regulation	02	One Day	18,000	Local	Capacity Building
02	Consultant Development in ISO 50001:2018 Energy Management System (EnMS)	01	Four Days	32,500	Local	Capacity Building
03	Hybrid Seminar on ICC Arbitration in Sri Lanka	02	One Day	10,000	Local	Capacity Building
04	Consultant Development in Resource Efficiency & Cleaner Production 2022	02	Five Days	65,000	Local	Capacity Building
05	Certificate Course in Offset Lithography	01	One Day	30,000	Local	Skill Development
06	Workshop on adulteration detection in ghee, sesame, coconut castor oil & other fixed oils used in herbal / food industry	01	One Day	10,800	Local	Capacity Building
07	Workshop on adulteration detection in ghee, sesame, coconut castor oil & other fixed oils used in herbal / food industry	01	One Day	11,200	Local	Capacity Building
08	Solid works fundamentals course	04	One Day	60,000	Local	Capacity Building
09	Workshop on quality Control in herbal drugs and cosmetics	02	One Day	11,500	Local	Capacity Building
10	Introduction to laboratory quality management systems as per ISO/IEC 17025:2017	01	Two Days	12,000	Local	Capacity Building
11	Duties and Responsibilities of the Leave Officer	01	One Day	5,000	Local	Capacity Building
12	Duties of the Notary Public in light of the latest amendments	01	One Day	1,500	Local	Capacity Building
13	Principals of internal auditing procedures of public sector	01	Two Days	7,500	Local	Capacity Building
14	workshop on recent developments in labor law	03	One Day	30,000	Local	Capacity Building
15	Motivation programme	475	Three Days	1,274,784	Local	Capacity Building
16	Web development & design	01	Four Months	60,000	Local	Capacity Building
17	Training programme on food hygiene & quality assurance	02	Six Days	12,000	Local	Capacity Building
18	Workshop on stock management, inventory control, board of survey	01	Two Days	7,500	Local	Capacity Building
19	International conference on the roadmap for economic recovery of Sri Lanka	03	One Day	30,000	Local	Capacity Building

Training and development is one of the most important activities on the priority list of most institutions and there is enormous value in organizing proper training and development sessions for employees. Training allows employees to acquire new skills, sharpen existing ones, perform better and increase productivity. Training has a direct impact towards the productivity and performance on the organization's efficiency. As mentioned earlier, training gives employees a better understanding of their responsibilities, knowledge and skills they need to do the job. Capacity building training programmes enables to develop competencies and skills that can make the employees more effective and sustainable in the workplace and it will improve their confidence which can positively impact the performance. Skill development training programmes have several benefits, including improved job performance, increased productivity, enhanced job satisfaction, and higher employee retention rates. It can also lead to career advancement opportunities, increased confidence, and greater accomplishment. Every individual has some shortcomings and due to the training and development helps employees flatten them out and the shortcomings and weaknesses of employees can be addressed through training sessions. It is important for an institute to break down the training and development needs to targeted relevant individuals and cater the essential training session in order to acquire new skills. Administration Division in an organization plays a significant role in this context for creating an overall knowledgeable staff who can take over for one another as needed, work on teams or work independently without constant help and supervision.

4.1.3 Performance in 2022

Table 4.1.3 : Performance Highlights of the Division

#	Activity	Nos.
1	HRM – Recruitments	
(i)	Recruitments (Staff)	08
(ii)	Resignations	19
(iii)	Retirements	17
(iv)	Vacation of Posts	04
2	HRD – Training	
(i)	Local Training	19
(ii)	Foreign Training	00
3	HRM – Employee Welfare	
(i)	Gratuity Loans – 96 persons	Rs. 20,415,337.26
4	Security Management	
(i)	Security Cost	Rs. 28,110,356.10
5	Disposal	
(i)	Board of Surveys Conducted	01
6	Postal and Telecommunication Charges	
(i)	Postal Charges	Rs. 633,220.00
(ii)	Telecommunication Charges	Rs. 5,873,377.99

4.2 Centre for Entrepreneurship Development and Consultancy Services

4.2.1 Introduction

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. All of these sub sections are entitled to create awareness among SMEs and potential entrepreneurs on currently important businesses and new industry themes.

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, counseling services 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, E-commerce and Internet of Things (IoT)...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
- Conduct workshops on social media marketing, web development, drop shipping & Crypto trading
- 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.
- Maintenance and Updating of Databases on Bibliographic data, Local Machinery and product Manufacturers, Reports, Sri Lanka Standards, Supporting Institutions, Collection of Acts.
- Compilation and Update Publication such as Hand Books, Packages, Leaflets, Indexes and Pamphlets etc.

4.2.2 Main programmes conducted by the Division

(1) Awareness Programme on Export Procedures



Source : Industrial Development Board news letters

(01) Screen Printing training held at Development Centre, Mahaweli System C, Girandurukotte



Source : Industrial Development Board news letters

(02) Walawa Region of Mahaweli Development Authority conducted a Business Creation Programme



Source : Industrial Development Board news letters

- (03) Electronic Equipment repairing training held at Mahaweli training center, Mahaweli System Walawa, Embilipitiya



Source : Industrial Development Board news letters

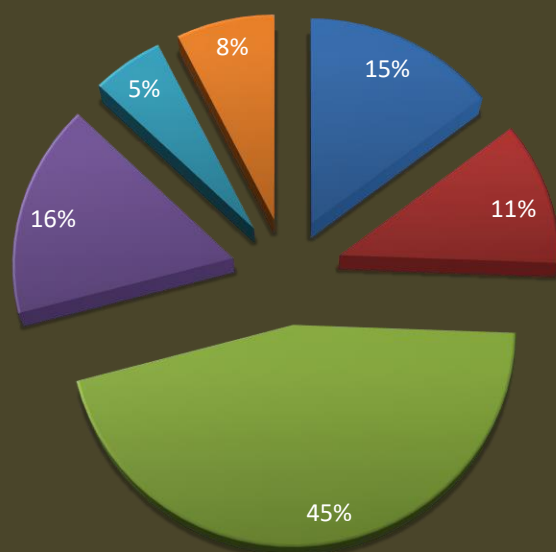
- (04) Management Skills Development Programme held at Dehiattakandiya Region of Mahaweli Development Authority



Source : Industrial Development Board news letters

Table 4.2.1 : Year-end Progress of the Division

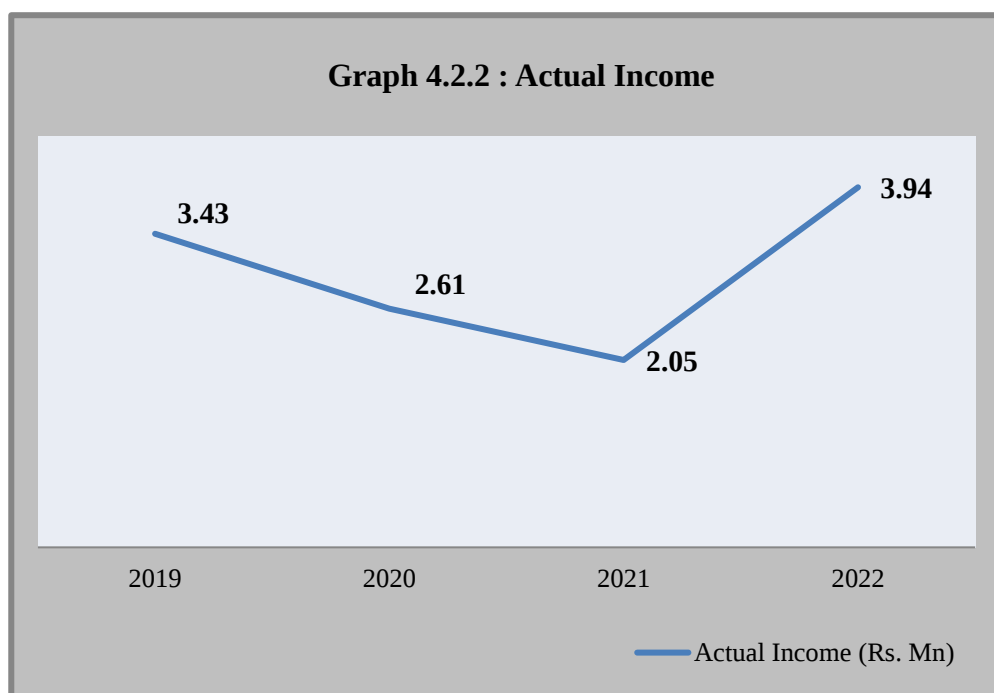
Activity No	Activity	Cumulative Financial Progress (Rs.)
1	Establishment of micro industries	
1.1	Organizing & Conducting Business & employment creation programmes for unemployed youth to start their own businesses and acquire NVQ certification for expected jobs	575,000
2	Upgrading existing industries	
2.1	Conducting training workshops on Managerial Skill Development, Entrepreneurship development, Marketing and financial management	434,000
3	Conducting ICT related workshops	
3.1	Conducting TVEC registered four day workshops on social media marketing, web development, drop shipping & Crypto trading	1,785,000
3.2	Conducting 12 Days Advanced Certificate Programs in Digital Marketing by filtering the participants from the four day skill upgrading workshop	643,000
3.3	Conducting ICT related diversified workshops for youth on Social Media Marketing, Internet of Things (IoT), Fiverr, Mobile App Development with external funding organizations	213,000
4	Specific Services	
4.1	Providing/dissemination of information	293,481
Grand Total		3,943,481

Graph 4.2.1 : Divisional Progress

- Business & employment creation programmes for unemployed youth & acquire NVQ certification for expected jobs
- Workshops on Managerial Skill Development, Entrepreneurship development, Marketing and financial management
- Workshops on social media marketing, web development, drop shipping & Crypto trading
- Advanced Certificate Programs in Digital Marketing by filtering the participants from the four day skill upgrading workshop
- Social Media Marketing, Internet of Things (IoT), Fiverr, Mobile App Development with external funding organizations
- Providing/dissemination of information

Table 4.2.2: Yearly Comparison of Actual Income

Year	Actual Income (Rs.)
2019	3,426,093
2020	2,605,850
2021	2,051,830
2022	3,943,481



The main responsibility of the division focused mainly on encouraging and promoting Small and Medium Scale Industries (SMIs) due to their strategic importance for the growth of the national economy. It bridges the gap between the entrepreneurs and the industry technology information. By considering the progress of the year, the success of the division depends on its ability to continually earn profits. Even though there was a downfall in income earnings in past few years, it was mainly due to the economic and social imbalances happen in the country. Considering the above table and the graph, the actual income has dropped down during the years 2019-2021, due to the spread of COVID-19 which has significantly dampened global economic activity and has also created a great impact on the industrial sector. Profitability is an important indication for a division because it impacts for the success and the growth of the projects implemented by the divisions through-out the year. In the year 2022, the ICT related workshops have contributed in a significant manner in order to uplift the overall income of the division. Encouraging and empowering the industrial sector is an essential factor for any country to achieve economic success in the long run. During the period 2019 - 2022, 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 more important for maintaining the competitiveness for our products in both local and foreign markets.

4.3 Engineering Division

4.3.1 Introduction

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 2022, 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 assistant to 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 of scraps metal.

Main Goals of the Division

1. Identify the technology and competency gap of Small and medium scale industries and make necessary actions to fulfill the same in sustainable manner to achieve their sustainable growth.
2. To increase income/cash flow of Engineering Division by providing value added goods and services through core competencies.
3. New Design, improvements of ergonomics to Agriculture equipment & machineries and hence reduce the imports to the country.(Research and Development)
4. Appropriate Technology Research & Development Centre (ATRDC) –Pannala

4.3.2 Departmental Structure



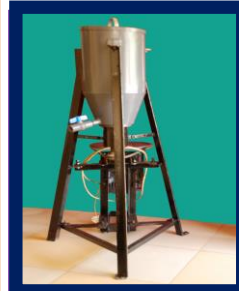
(1) Services Provided through the Engineering Office

- Valuation of machinery, equipment, tools and submission of condition and valuation report for machinery.
- Certification of value addition work of machine and component manufacturing with the assistance of Ministry of industries and other relevant government institutions.
- Introduction of costing methods to the local industries.
- Product certification and issuing reports.
- Preparation and execution of business proposals and MOUs with private parties for product development.
- Industry Feasibility reports.
- Provide training for apprentices, undergraduates, skilled and semi skilled entrepreneurs and NAITA trainees.

- Issuing recommendations, letters to Ministry and Customs etc., as per the industrial policies on engineering requirements after inspections.
- Project Formulation & Evaluation.
- Designing Plant & Machinery Layouts.
- Providing Technical Knowledge on Process Technology.

(2) Services Provided through the Workshop

Mainly provide engineering workshop services to the industrial sector.



Source: Industrial Development Board news letters

- Machining of metallic components / parts with lathe /milling / shaping / drilling machines etc.
- Manufacturing plastic moulds and rubber moulds.
- Heat treatment of steel components.
- Surface grinding and cylindrical grinding.
- Fabrication by Metal arc and oxy-acetylene welding.
- Manufacturing machinery, tools and equipment for small and micro industries
- Consultation in layout, installation and commissioning of machines
- Rendering IDB internal divisional service requirements

(3) Engineering Activities of the Foundry Unit

Manufacturing of Metal Base Components



Source : Industrial Development Board News Letters

- Manufacturing of metal base components
- Manufacturing of equipment and machinery
- Manufacturing of imports substitutes
- Casting of grey cast iron and ductile cast iron components
- Casting of Aluminium, copper, brass and bronze components
- Making patterns for castings
- Testing of foundry sand
- Testing of metals

(4) Services rendered from Metallurgy Lab

- Testing and verification of material and products
- Optical emission spectrometers can handle chemical content metal testing.
- Testing of Metal
 - Hardness test
 - Tensile test
 - Elongation test
 - Compression strength test
 - Metallurgical Testing - Micro structure test for metal

- Testing of Foundry Molding Sand
 - Moisture test
 - Total clay content test
 - Permeability test
 - Active clay content test
 - Compression test
 - Grain size distribution test



Source: Industrial Development Board news letters

(5) Engineering Activities of CNC Machining Centre



Source: Industrial Development Board news letters

- Computer Numerical Control (CNC) machining services

- 5 axes CNC milling Machine and CNC lathe Machine to the industry
- Die and mould services
- Fulfill Die and mould industrial requirements and tailor made solutions
- Empowering entrepreneurs by initiating advanced technological trainings including 3D printing.

(6) Services Provided through Common Services Centre (CSC) at Matara

- Machining of metallic components / parts with lathe /milling / shaping / drilling machines etc..
- Fabrication by Metal arc and oxy-acetylene welding.
- Manufacturing machinery, tools and equipment for small and micro industries
- Consultation in layout, installation and commissioning of machines
- Rendering IDB internal divisional service requirements

(7) Engineering Activities of Civil Unit

The only section in the Ministry of Industries having civil professionals providing infrastructure development.

1. The preparation of tender documents, specifications
2. Follow industrial best practices
3. Maintain all internal and external civil works
4. Execution of projects

(8) Engineering Activities provided through Electrical Unit

The Main section in the Ministry of Industries having electrical professionals providing industrial development.

Maintain all internal and external electrical and air Conditioning work

Rendering services to External organizations such as National Craft Council, National Design Centre and Ministry of Industries

(9) Rubber Products Development and Services Centre

Purpose of assisting the development of rubber-based industry



Source: Industrial Development Board news letters

- Extension & Consultancy Services
- Seminars & Workshops, awareness programs
- Basic market advice & subcontracting
- Quality Assurance & Product Testing
- Testing of raw materials, Rubber compounds and Rubber products
- Product & Process Development
- Manufacture of sample products
- Design & Development of Rubber Products & Compounds
- Semi Commercial Activities
- Custom compounding of dry rubber & latex compounds

(10) Electroplating Centre (EPC) at Peliyagoda

This facility provides metalize technology and services for the local industries to develop the quality of their products. The services include Nickel Hard chromium and zinc plating laboratory testing and trainings.

(11) Appropriate Technology Research & Development Centre (ATRDC) at Pannala

- This centre has the capability and capacity to identify the needs and wants of machineries and equipment for the agriculture sector development, and design & fabrication of same at optimum cost for the local farmers.
- Assessment of machinery, equipment, plant, other production facilities and prepare status and valuation reports to the industries.
- Other main activity is Design, fabrication, assembling and commissioning of machineries and equipment for the Small and Medium Scale Industries in Sri Lanka.

(12) Brassware Services Centre – Pamunuwa, Pilimathalawa

This facility has been established to uplift the SMEs those who are engaging 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 as well as the self-sustain the engineering division.

(13) Design and Development unit:

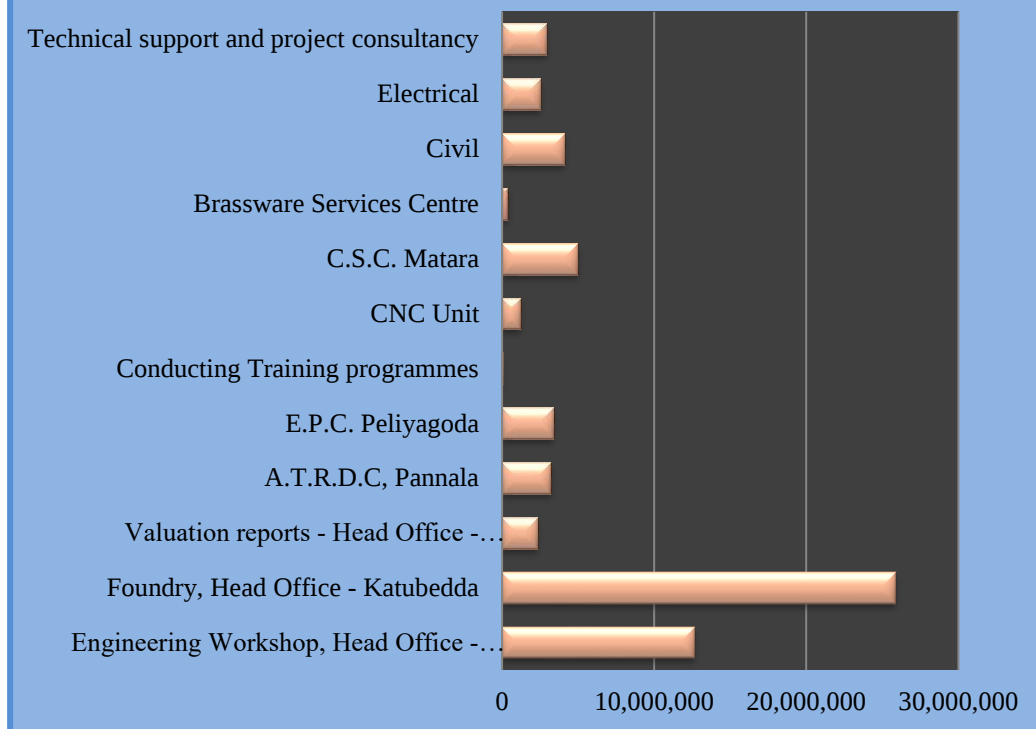
Identify the industrial needs and design equipment, machineries, plant and production facilities for the sustainable economic growth of Industries and implement same in sustainable manner.

(14) Valuation & Metal Base Industrial data Analysis Unit:

- Assessment, valuation and preparation of status report for Plant, Equipment, and 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 same with other countries to identify the gaps and make necessary environmental changes to fulfill the gaps in sustainable manner to reduce the imports and export of scrap metals as well as opening the foreign market to local industries.

4.3.3 Progress of the Division- 2022**Table 4.3.1 : Summary Progress for the year 2022**

S/N	Section/Unit	Revenue of Works Done		Total
		Internal	External	
01	Engineering Workshop, Head Office - Katubedda	1,644,750.00	11,031,140.00	12,675,890.00
02	Foundry, Head Office - Katubedda	2,775,095.00	23,095,019.00	25,870,114.00
03	Valuation reports - Head Office - Katubedda		2,355,395.00	2,355,395.00
04	A.T.R.D.C, Pannala			3,229,108.11
05	E.P.C. Peliyagoda			3,369,970.00
06	Conducting Training programmes			64,000.00
07	CNC Unit		1,234,570.00	1,234,570.00
08	C.S.C. Matara		5,000,000.00	5,000,000.00
09	Brassware Services Centre			400,672.00
10	Civil			4,088,122.00
11	Electrical	1,876,213.58	674,552.88	2,550,766.46
12	Technical support and project consultancy			2,912,490.00
Total				63,751,097.57

Graph 4.3.1 : Summary Progress of the Division

New Initiatives

(1) Medium Frequency Induction Furnace (MFIF) services



Source: Industrial Development Board news letters

- Enhance technological capability to match with present industry requirements.

- Technical trainings & consultation as the only Institute, providing Foundry training in Sri Lanka
- To support local manufacturers to enhance their capabilities and modern applications in casting along with product quality

(2) Establishment of Boiler and Pressure Vessel Board of Ceylon (BPVB)



Source: Industrial Development Board news letters

- Establish a regulatory body to verify Boiler product quality and issue an independent inspection certificate.
- Complies with the safety levels prescribed by internationally recognized boiler manufacturing codes
- transfer technology to promote local boiler manufacturing industries and create a conducive environment
- Operate and guide the aforesaid board

(3) Industrial Training Programmes

- Introduction of training catalogue
- Conducting training programmes under various categories



Source: Industrial Development Board news letters



Source: Industrial Development Board news letters

(4) Build Technopreneurs in Sri Lanka

- Completed the ongoing first Sri Lankan made electric motor bicycle in IDB premises.



Source: Industrial Development Board news letters

- Complete the registration of ongoing first Sri Lankan made electric three wheel and Electrical driven pedal bicycle in IDB premises.

(5) Developing low cost prosthetics for the Sri-Lankan market

- Develop the design, get it tested and carry out the clinical studies and apply for NMR Approval with the assistance of IDB engineering team
- Prototyping the external fixator for bone fracture healing and spine braces for scoliosis treatment first time in Sri Lanka.
- Introduce and develop technopreneurs in medical sector

(6) Assist product development for inventions collaborating with Sri Lanka Invention commission.

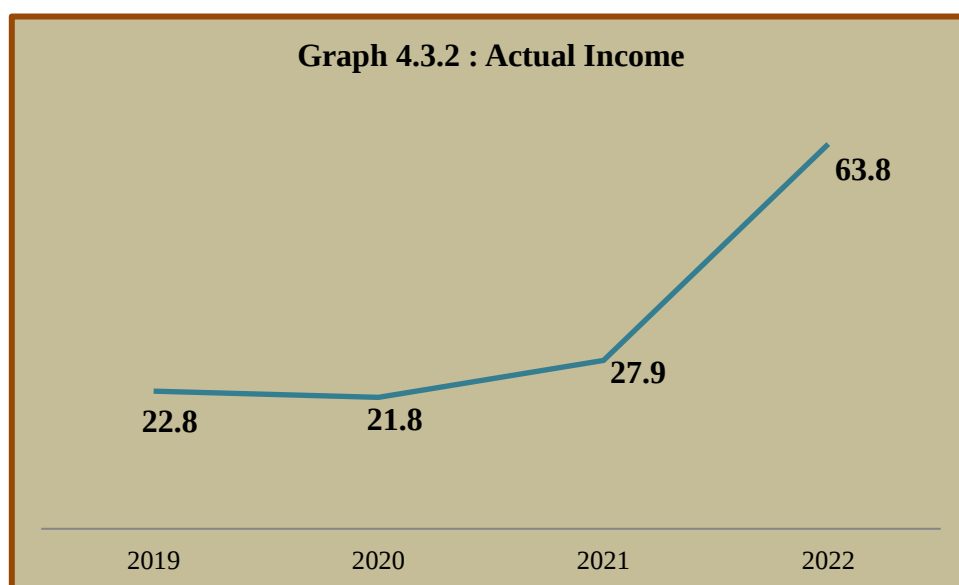
(7) PPP model for Automobile sector.

(8) Consultancy services for Establishment of Spices processing Centre at Embilipitiya.

(9) Establish Private Public Partnership (PPP)– Effective Utilization of IDB – Pannala Workshop facility towards sustainable Industrialization (Material Bank for Industrialists).

Table 4.3.2 : Annual Comparison of Actual Income

Year	Actual Income (Rs.)
2019	22,769,521
2020	21,806,327
2021	27,993,261
2022	63,751,098



Engineering Division of IDB functions with the leading vision and strategic intent of becoming the self-sustained division which provides boundary less engineering platform for the growth of appropriate potential industries in the economy of Sri Lanka. The strategic intent of the Division is to function as the leading vision sharing arm of the organization towards the sustainable industrial development of the country. Further it provides the assistance to the industrialists in order to enhance technical and operational support to achieve their objectives while utilizing scarce resources in an optimum manner. Once looking at the annual progress of the division, it indicates a consecutive growth of annual income starting from the year 2020 to 2022. The COVID 19 threat has put them into a precarious situation and the entire country severely suffered. Since most of the scheduled programmes were cancelled due to the lockdown and other restrictions imposed during pandemic period, it has resulted in a downfall of income in the year 2020. However, when comparing with the data of the previous years, in 2022 Engineering Division has gained a growth far above the ground. This has achieved basically as a result of accomplishing set targets in an optimum level. Additionally, few new projects have been initiated besides the existing assignments of the division and it has resulted with the highest income gain. Further, the division has implemented studies regarding the fundamental factors of production (labor, technology & raw materials) of metal and non-metal products / goods manufacture of industrialists. During the year 2022, the division has provided professional Engineering Solutions & Services to all industries to gain competitive advantage through quality and standards to compete with competitive global industrial environment. Ultimately, the Engineering Division has focused their divisional strategies & objectives aligned with the vision, mission and goals of IDB to deliver the expected results towards sustainable industrial & economic growth of Sri Lanka.

4.4 Industrial Estates Division

4.4.1 Introduction

There is a gap of inadequate industrial infrastructure facilities between Districts and Colombo & suburbs in socio - economic development of the country. Hence to promote regional industrialization and to disperse the industrial development activities throughout the country, the Concept of Industrial Estate was introduced to Sri Lanka in the decade of 1960s. The Industrial Development Board as a statutory body established under the Industrial Development Act No. 36 of 1969 is entrusted with the responsibility of encouragement, development and promotion of small and medium scale Industries. Section 33 (2) (a) of the Act empowers the Board “To establish, maintain and carry on Industrial Estates in Ceylon”. Therefore, the main objective of the Industrial Estates Division is to set up new Industrial Estates, provides buildable lands or factory buildings/built-up properties on long lease terms basis for SMIs who do not have sufficient spaces for their manufacturing industries. During the recent years, further action has been taken to upgrade the infrastructure facilities in the existing Industrial Estates to encourage the private sector to set up more new industries.

Facilities provided to industrialists by the industrial Estates Division

- 01 IDB land plots and readymade buildings shall be leased to investors who submit their project proposals on 30 years and 20 years long term basis respectively, subject to the approval of the Evaluation Committee and benefit from higher output.

Availability of infrastructure,

- 02
- Three phase electricity and internal electricity distribution system
 - Water supply, water storage and distribution system
 - Telecom as a communication service
 - Provide good transportation access and internal roads are readily available. Therefore production can commence immediately without any wastage of time and resources.

Availability of support facilities

- 03 Apart from the basic infrastructure, Post Offices, Canteens, Police Posts etc., are located in Industrial Estates. This facilitates business transactions to a great extent.
- 04 Sewage and industrial waste water disposal system (drains, manholes, pumping stations etc.)
- 05 IDB Provide security services for the Industrial Estates continuously.
- 06 Credit facility arrangements with Banks keeping the lease hold rights over the properties leased out to industrialists.
- 07 Attending to administration and maintenance requirements of IEs continuously.
- 08 Visiting the Industrial Estates for supervising and directing on the maintenance activities in order to maintain all IEs with ecofriendly concept.

- 09 Taking action to obtain monthly rental from the industrialists for the land plots/buildings of IEs leased out on monthly basis according to the estimated values of the Government Valuation Department and three years' security deposit on refundable basis.

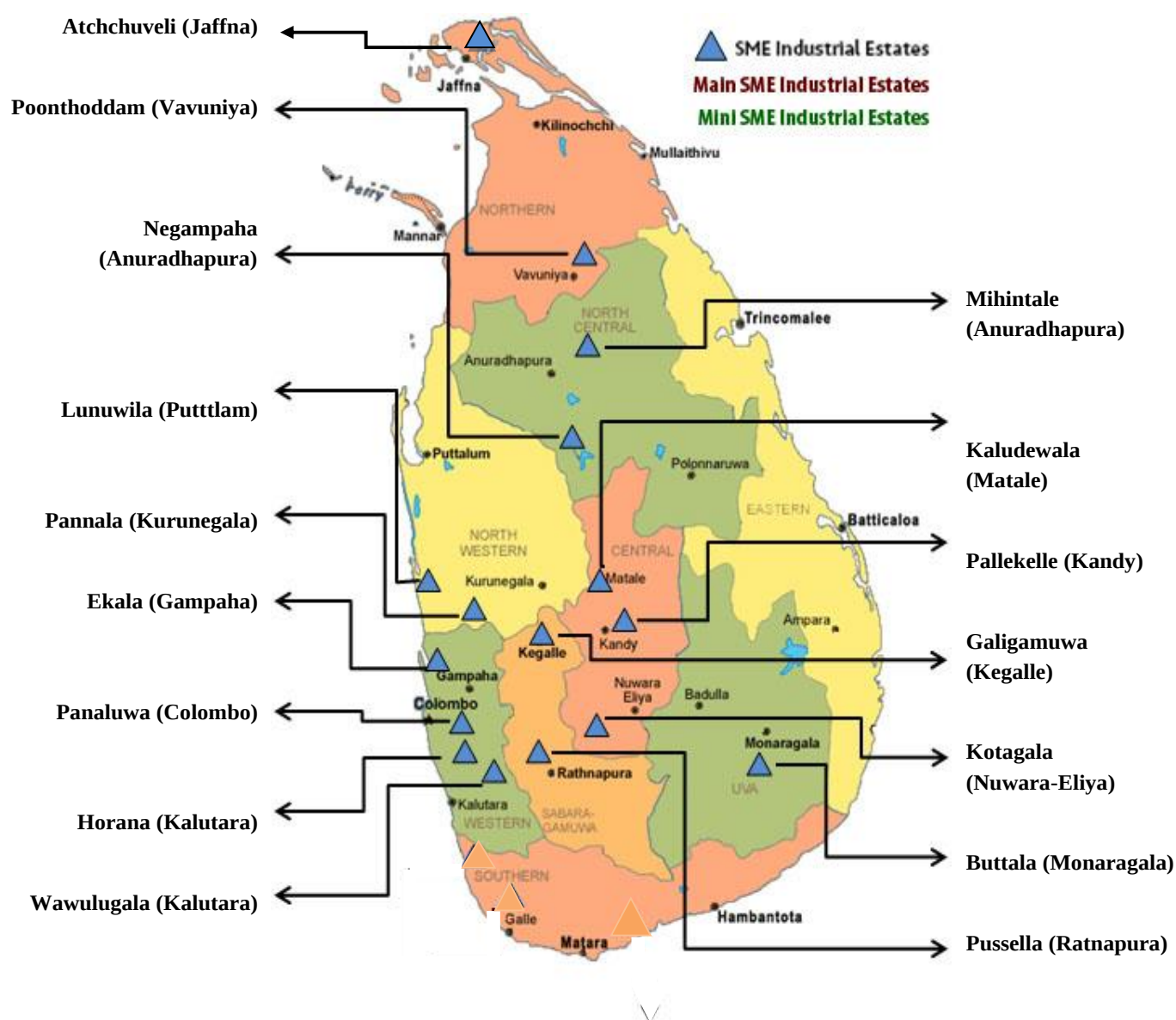
- Initiating action against the industrialists who breach the conditions already agreed each other
- Organizing and annual exhibitions, competitions, workshops which are organized by other IDB Divisions
- Identification of suitable land and acquisition to establish new Industrial Estates

4.4.2 History of the allocated land plots

The IDB has initially set up the following three Industrial Estates during the year 1965-1970

	Industrial Estate	District
01	Ekala	Gampaha
02	Pallekelle	Kandy
03	Atchchuveli	Jaffna

- The Industrial Estate Horana in Kalutara District was set up in 1978.
- Pannala Industrial Estate and Lunuwila Industrial Estate in Kurunegala and Puttalam Districts respectively, were set up in 1980s. Further, developed of 6.5 acres has been completed in Pannala Industrial Estate under Phase II in 2022.
- Industrial Estate Kotagala, Wavulugala, Galigamuwa, Pussella, Baddegama, Negampaha, Mihintale, Vavuniya, Beliatte and Buttala were set up in 1990 under the “*IsuruUyana Industrial Estate Programme and Rural Industrial Estate Programme*”.
- Panaluwa Industrial Estate in Colombo District was set up in 2006. Acquisition procedure of ownership of this land is successfully going on. Presently it is in last stage.
- Since the Atchchuveli 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, 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 Atchchuveli Industrial Estate was revamped and commenced functioning with few industries.
- In addition the Ministry of Industries has initiated the Phase II Development Programme 2018/2019 and granted Rs. 100 million for the development of infrastructure facilities
- Further, development of infrastructure facilities under Phase II in the Atchchuveli Industrial Estate has been completed.
- ‘Elpitiy and Kamburupitiya’ in the Southern Province has been identified by the IDB in the year 2022 to establish a new Industrial Estate.

Figure 4.4.1 : Locations of IDB Industrial Estates**Table 4.4.1 : Industrial Estates located throughout the country- (Provincial wise)**

Industrial Estates	Province
Ekala, Horana, Wavulugala and Panaluwa	Western Province
Pallekelle, Kaludewala and Kotagala	Central Province
Pannala and Luniwila	North Western Province
Galigamuwa and Pussella	Sabaragamuwa Province
Negampaha and Mihintale	North Central Province
Poonthottam and Atchchuveli	Northern Province
Buttala	Uva Province

4.4.3 Performance Highlights of the Division

- The IDB has mainly focused to Colombo, suburbs and rural areas in a considerable level with the development of 18 Industrial Estates all over the country. Presently 16 Industrial Estates are functioning smoothly while two Industrial Estates, i.e. Beliatta and Baddegama are not in function.
- Total land extent developed since 1967 was around 305 acres. It has divided into 733 land plots and has been already allocated to 377 industrialists.
- Out of the total allocation of developed plots, 277 plots have been started their ventures and 8595 employment opportunities were generated. Another 48 industrial units are in different stages of construction of their factory buildings.
- 23 industrial units used for residential purposes and were not in operation at mini Industrial Estates were about to eradicate from its operations.
- 80 IDB ready-built buildings have been allocated for 60 industries.
- The Industrial Estates Division has spent nearly Rs.25 million which was obtained from the Government Treasury through the line Ministry under the Accelerated Development Programme for modernizing and upgrading of existing infrastructure facilities and further development of 16 Acres of land in Atchchuveli Industrial Estate.
- Applications received from industrialists currently occupied and new investors who are seeking new Plots of Lands/Ready Built Buildings were called for interviews and among them, 33 industrialists were identified by considering the viability, during the year 2022.

Table 4.4.1 : Allocated and Commissioned Industries in year 2022

Industrial Estate	No. of land plots / buildings. allocated	New industries created	
		Industries	Employment
Kotagala	2	1	10
Ekala	2	2	75
Wavulugala	1	1	23
Pallekelle	2	2	36
Luinuwila	2	2	25
Poonthottam			
Panaluwa	1	1	12
Kaludewala	3	2	27
Total	13	11	208

Table 4.4.2 : Developed of Existing Industries in year 2022

Industrial Estate	Existing industries Developed	
	Industries	Additional employment generated
Kotagala	1	32
Ekala	1	18
Wavulugala	1	14
Pallekelle	2	39
Horana	1	25
Panaluwa	1	12
Kaludewala	1	8
Total	8	148

- 20 Lease Agreements for lands/ ready-built buildings were signed with the industrialists during the year 2022 and was able to generate an income of Rs.172, 481/-.
- 16 failure Industrial Estates have acquired during the year 2022 and it has transferred for suitable investors for starting up new industries.
- 7 industrialists were assisted for obtaining credit facilities from financial institutions by remaining the lease hold rights over the leased out properties of the industrialists.
- Monthly/Annual rentals, water charges, transferring charges (land appreciation charges) and arrears collection income for the leased out lands and buildings were collected during the year 2022 is Rs.91.3 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.10.83 million at the end 2022.

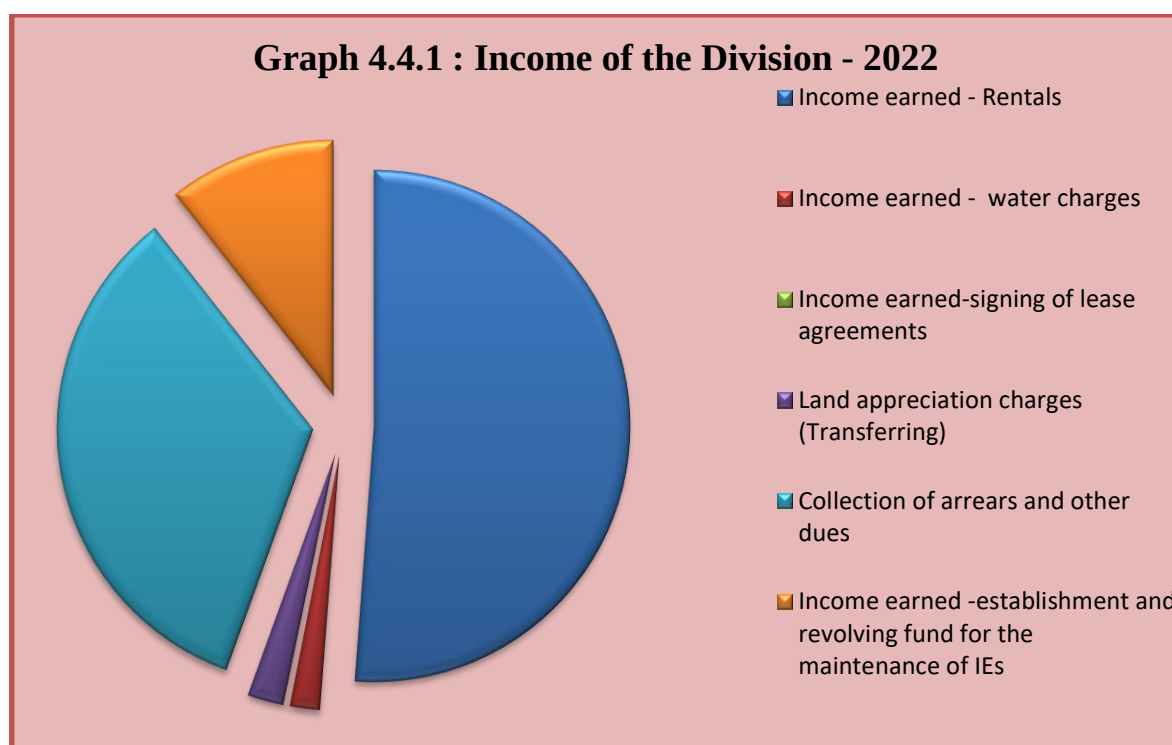
Picture 4.4.1 :
Ekala Industrial Estate



4.4.4 Progress Summary of the Division

Table 4.4.3 : Collection of Income from Industrial Estates

Activity No.	Activity	Cumulative Financial Progress (Rs.)
1	Income earned - Rentals	52,315,924
2	Income earned - water charges	1,915,676
3	Income earned-signing of lease agreements	172,481
4	Land appreciation charges (Transferring)	2,323,106
5	Collection of arrears and other dues	34,625,120
6	Income earned - establishment and revolving fund for the maintenance of IEs	10,838,896
Grand Total		102,191,202



Considering the income distribution of IEs Division, income earned through rent contributes significantly for the overall divisional earnings. The Industrial Estates Division was established mainly to stimulate entrepreneurs to commence industries by providing them with basic infrastructure facilities including readymade factory buildings and so on. One of the major constraints in setting-up industries in the rural sector has been the difficulties experienced in finding suitable locations to set up industries. In order to facilitate SMIs Industrial Estates have been set up throughout the country.

Table 4.4.4: Progress Report on Projects of Modernization and Upgrading of infrastructure facilities in IDB Industrial Estates as at 31.12.2022

Budgetary Allocation 2022	Activity		Estimated Cost (Rs.)	Financial Progress			Physical Progress 31.12.2022	
				Requested 20% amount (Rs.)	Requested 1st part payment amount (Rs.)	Received amount (Rs.)	Physical (%)	Physical (in words)
Ongoing Projects - 2021								
25 Mn.	1	Ekala and Pallekelle						
	Installation of 2 water motors, one Submersible water pump and pipe laying ,wiring, installation of main panel board and relevant accessories (Final Payments)		1,500,000	-	-	1,411,644.02	-	Completed
	New Projects - 2022							
	(01)	Ekala						
	Construction of balance work of damage parapet wall		9,800,000	1,689,217.20	4,968,087.40	486,000.00	70	Construction going on. Requested 20% Mobilization advance & first part payment from line Ministry.
	(02)	Pannala						
	Concreting of balance work of internal road with drains and pipe laying for water distribution to industries		6,700,000	1,733,688.00	5,030,981.19	-	75	Construction going on. Requested 20% Mobilization advance & first part payment from line Ministry.
	(03)	Kotagala						
	Installation of Submersible water pump and pipe laying , wiring, installation of main panel board and relevant accessories		3,000,000	-	1,700,000.00	-	100	Requested Rs. 1.7 Mn. from line Ministry (Full Payment)
	(04)	Galigamuwa						
	Repairing of Security hut with barricade, pump house and office building		4,000,000	-	-	-	-	This project will be continued in 2023 budgetary allocation.
	Total		25,000,000	3,422,905.20	11,699,068.59	1,897,644.02	-	

4.5 Marketing Division

4.5.1 Introduction

The Marketing Division mainly offers services to the MSME Sector and potential entrepreneurs to grow into commercially viable enterprises. 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 services 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.

4.5.2 Activities assigned for the Division

- Organize and conduct industrial exhibitions and participate in the national level 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. As well as conducting sector wise competitions on national, provincial and district levels to motivate industrialists.
- Provide sales facilities at “Lakkam” sales centre. Mainly “Lakkam” sales centre is stand for identify and promote marketable products of small and medium producers and provide the opportunity to market them in one place at an affordable price.
- Facilitate sub contractual exchanges. It means, IDB bids on behalf of the industrialists / services providers to obtain orders from government organizations and distribute order among industrialists.
- IDB is empowered to collect and distribute ferrous and non-ferrous scraps generated by government institutions and distribute scrap among industrialists engaged in the following industries on concessionary rates for utilize as raw materials for who engaged in foundry, light engineering, blacksmith and other metal casting and crafting works.
- Provide marketing assistance and consultancy services for the promotion and development of industries / MSMEs. Further, conducting workshop and consultancy programme to help identify new market and improve product quality, branding, packaging and market information on request.
- Conduct market surveys and report writing to facilitate to conduct market surveys and prepare market feasibility reports on identified viable products.
- Arrange market study tours to export oriented SMEs to take part in market study tours in international exhibitions, trade fairs, forums and meetings.

4.5.3 Divisional Performance Highlights

➤ 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.

Total Sales	-	Rs. 323,397,486
Number of Industries Facilitated	-	400 Industries
Distributed Raw Material Amount	-	1,160.5 MT
Distributed Transformers	-	451 Nos.



➤ Lakkam Sales Centre

Lakkam Sales outlet provides display and sales facilities with the view of uplifting the productivity and promotes 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.

Total Sales	-	Rs. 33,306,484.22
Market Opportunities provided for New Industries	-	26 Industries



➤ Subcontract Unit

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.

Total Sales	-	Rs. 2,312,804
Number of Industries Facilitated	-	02 Industries Facilitated

➤ 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.

National level industrial exhibition – “Karmantha - 2022”

This industrial exhibition is another successful step in the national program that was launched to lay the foundation for a massive industrial revival in the country. The Industrial Exhibition “Karmantha-2022” has organized by the Industrial Development Board under the guidance of the Ministry of Industry, the exhibition features 300 stalls representing the top 20 industries in the country.



Source: Industrial Development Board Media Unit

This event was significant because for the very first time it has taken steps to promote the local vehicle industry at the International arena in line with the National Industrial Exhibition 2022, Sri Lankan vehicle manufacturers and assemblers presented a parade of locally build vehicles on Bauddhaloka Road.



Source: Industrial Development Board Media Unit

State Minister Prasanna Ranaweera, High Commissioners of India, Bangladesh and Malaysia, Ambassadors of Indonesia and Vietnam, Deputy High Commissioner of Pakistan, General (Retd.) Daya Ratnayake, Secretary to the Ministry of Industries, Upasena Dissanayake, Chairman of the Industrial Development Board and a number of officials and industrialists were present at the occasion.

➤ **Special Activities**

Conducted buyer seller meetings with National Water Supply and Drainage Board and Industrialists for making Ferrule & Couplings.

During the intervening period of time, a discussion was held on a project which has been implemented by the Industrial Development Board with the registered industrialists and officials of the Water Supply and Drainage Board, regarding the requirements of metallic items and accessories for government institutions. During the discussion, the relevant organization was informed regarding the method of identifying the necessary devices and procedure of manufacturing and distribution of those items.

Table 4.5.1: Progress Summary of the Division

Activity No.	Activity	Cumulative Financial Progress (Rs.)
(1)	Providing raw materials for industries.	266,178,999
(2)	Providing Sub contract facilities.	2,312,804
(3)	Providing market opportunities through "LAKKAM" show room.	22,333,889
(4)	Supporting industrialists to access to the International & Local markets through Sri Lanka Industrial Exhibition.	71,132,821
Total		361,958,513

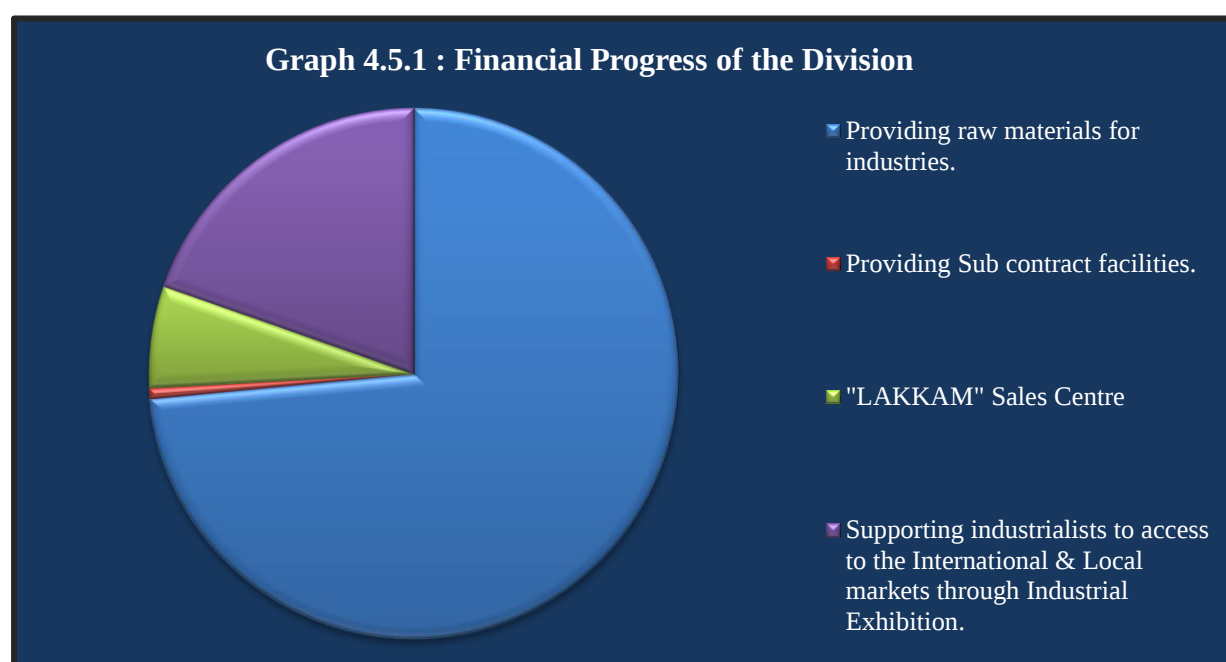
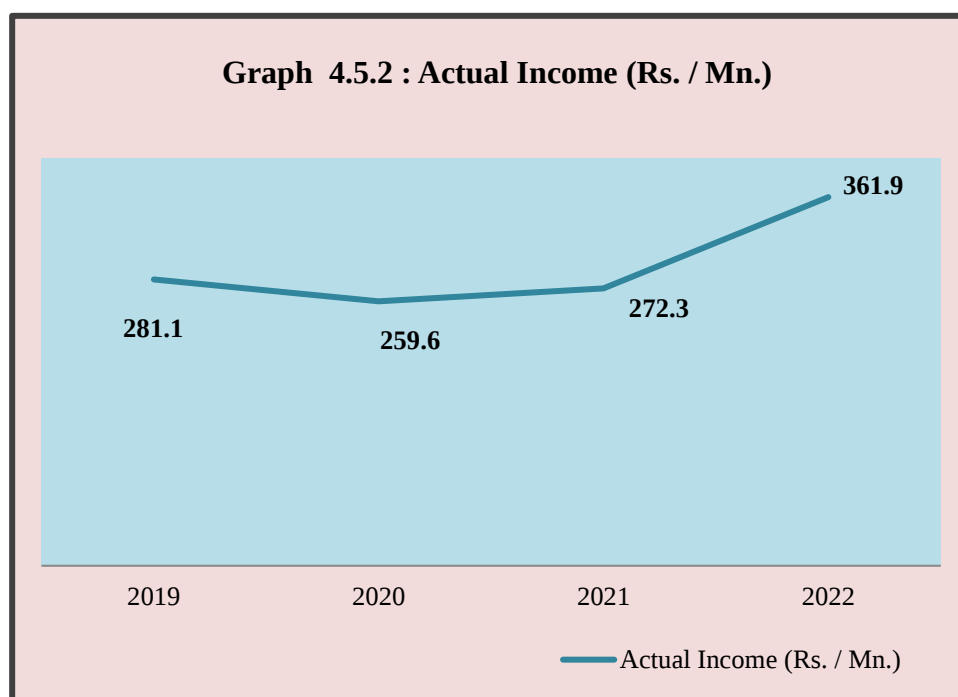


Table 4.5.2: Yearly Comparison of Actual Income

Year	Actual Income (Rs. / Mn.)
2019	281.1
2020	259.6
2021	272.3
2022	361.9



The Marketing Division of IDB has the authority to do the activities to promote services and support local industrialists to expand their enterprises into commercially viable entities. Further they provide marketing assistance and consultancy services for the promotion and development of industries or MSMEs to establish marketing strategies. As of the yearly comparison of cumulative financial progress, there is a steady growth starting from year 2020 to 2022. Comparatively, in the year 2022, more than 50 percent of the annual income has generated through providing raw materials / scrap materials to industrialists engaged in foundry, light engineering, blacksmith, and other metal casting and crafting industries at concessionary rates. The outbreak of COVID virus was a big blow that they had to face at this development stage of the year 2020. Although the income has dropped during the pandemic period, the division has initiated few of the projects in order to overcome the drawbacks and uplift the yearly progress towards a positive direction. When considering the year 2022, IDB as the leading government organization for industrial development and promotion of Sri Lanka has organized an Industry Exhibition and an Awarding Ceremony with the incorporation of the Ministry of Industries. All the divisions and regional offices of IDB have contributed in their optimum level in order to make this event into a great success. Marketing Division as the main implementation arm has initiated many programmes in the exhibition to showcase innovations and local industry excellence in machinery, technology, raw materials and business development services to the potential local/international markets. Marketing Division has generated a significant impact on income through organizing exhibitions for micro, small and medium scaled entrepreneurs at district, provincial and national level and they facilitate industrialists to reach, attract and interact with potential customers. Further on behalf of IDB Marketing Division is bound to participate in exhibitions organized by outside organizations and build long term linkages with them. Handling buyer-seller meetings with national and international participants, conducting sector-wise competitions and campaigns on National, Provincial and District levels to motivate industrialists were few other marketing promotional campaigns done throughout the year which have contributed for a considerable impact for the annual performance of the division.

4.6 Planning Division

4.6.1 Introduction

The Planning Division has challenging tasks of re-designing and re-defining the strategies for the IDB to serve the SME more expressively, due to the competitiveness of business development services with respect to the rapid change of the world economy.

The major activities assigned for the Division are, examining the progress of activities carried out by the functional divisions of IDB and submission of periodical progress reports for the information of the Board Directors and the Ministry. Further planning and formulating the Corporate Strategic Plan and evaluating the advancement of divisional activities as per the physical and financial targets are some of the main activities assigned for the division. Those responsibilities continued to be performed during the year under review. Additionally, according to the requirements of the line ministry, information relevant to the performance appraisals of the board was provided periodically.

4.6.2 Main Divisional activities carried out during the year 2022

1) Prepare and submit project proposals / Budget Proposals for External funding (foreign and local)

Following are the project proposals presented for the Ministry for the year of 2022

- Pilot project for improving Energy Efficiency in manufacturing industries at IDB Industrial Estate – Ekala, Ja-Ela - 2022/2023 (IDB – USAID).
- Accelerating Industries’ Climate Response in Sri Lanka Project (United Nations Industrial Development Organization)

2) Preparation of Annual Action Plan 2023 for IDB

The Action plan is prepared annually including the activities needed to be completed by each division during the specified period. Targets and activities of each division were categorized under six sections as, Establishment of new industries (start ups), business enhancement programs for existing industries, start / improve micro industries, market access & other services, special programs and income generation services.

3) Prepare monthly quarterly and annual progress reports on annual action plan

Based on the action plan, the progress of activities achieved by each division is being monitored and assessed monthly, quarterly and annually. Overall progress of the Board is assessed financially and physically.

4) Preparation of monthly/ quarterly/ annual capital budget and development budget progress reports

Capital budget undertakes to allocate funds for capital investments such as constructions, purchase of capital goods and development activities. This is a long-term plan that outlines the overall financial demands of an investment, development, or major purchase of IDB. This has prepared with the

guidance of the Finance Division in order to analyze whether the long-term endeavors will be profitable for the institution as a whole.

5) Preparation of concept papers/ Survey reports/etc.

- Concept paper on developing a mechanism for amending /re-drafting and empowering the industrial development act no. 36 of 1969.
- Project for generating and enhancing market access for domestic industrial sector.
- Concept paper for development and encouragement of local pharmaceutical manufacturing sector by formulating a national strategic plan.
- Report on introducing a new approach for SMEs in need of financial assistance.
- Concept paper for providing sub-contract facilities for wood based industries with special reference to Moratuwa furniture cluster.
- Intriguing multiple measures to protect the local coconut oil industry and the coconut related industry system as a whole and the coconut oil brand by appointing an inter-ministerial committee to oversee the process.
- Concept note on developing a SME database.

6) Preparation of Annual Report (2021)

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.

7) Conduct monthly progress review meetings

Progress review meetings are arranged monthly and annually with the participation of HODs in order to evaluate the contribution of each division on achieving objectives of the organization.

8) Preparation of annual monitoring & evaluation report followed by monthly progress review meetings

9) 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 fulfilment of the requirement.

10) The Planning Division has worked adjoining with CEDACS and RDD Divisions for National Industry Excellence Awards -2022. Following are the brief description of the duties handled in this event.

- The **National Industry Excellence Awards – 2022** was organized to filter the excellent industrialists scattered across the country and support them by providing opportunity for organize and take part in exhibitions. On the other hand, IDB intends to provide guidance for the industries for further improvements and expansions as well. Main objectives of the programme were,
 - To find out the excellent industrialists scattered across the country along 20 selected industrial sectors, evaluating and awarding them.
 - To support the industrialists in sales promotions by providing the opportunity for the provincial winners to take part in famous exhibitions held in capital of the country.
 - Provide guidance for industrialists in business improvements and expansions.
- Industrialists scattered all over the country were selected under 20 different production fields and divided them into micro, small, medium and large scale industries.
- The competition for the selection of the best industrialists was organized in conjunction with the National Industry Exhibition held at the Bandaranaike Conference Hall premises.

No.	Industry Field Names
01	Packaging and paper related industries.
02	Processed food and rice related industries.
03	Spice related industries.
04	Coir and fiber related industries.
05	Tea value added tea and beverage related industries
06	Footwear, leather, leather products and allied industries.
07	Rubber, plastics and allied industries.
08	Metal, Dye and Mold Machinery Tools and Allied Industries.
09	Timber, wood based industries and furniture industries.
10	Automotive assembly and automotive related industries.
11	Electrical and electronics and allied industries.
12	Western and local pharmaceutical and allied industries.
13	Granite, tile, pottery, ceramics and building related industries.
14	Boats and accessories and fishing gear related industries.
15	Inks, chemicals, printing materials and allied industries.
16	Cosmetic and allied industries.
17	Gem and jewelry related industries.
18	Milk and milk related industries.
19	Minerals and allied industries.
20	Garment, Textiles and Allied Industries

- Businesses were informed about the competition through newspapers, clubs, internet and various awareness procedures, and 900 industries were examined by an impartial panel of judges after removing the incomplete applications and gave 80% marks for the contestants. Out of that, 202 industrialists of various scales belonging to 20 sectors were selected as provincial winners and they were allowed to run a stall at the industrial exhibition and were given the remaining 20% marks while evaluating the performance.

- Considering the total score received by the 117 industrialists, they were appointed for national awards as gold, silver, bronze, and national platinum awards.

➤ **Evaluation Measures**

- **Testing the Applications**

Applications sent on or before the due date were scrutinized and industries with incomplete applications and failure to furnish the requested information were disqualified from the competition at the first stage.

- **Inspection of the Industries**

The composition of the judge panel was the Regional Director and the Deputy Director of the Industrial Development Board and an experienced external 3rd party panel member. According to the scoring criteria, the panel was interviewed the owners and staff of the company; inspected all workplaces and stalls, work environment and the surroundings. Accordingly, the marks were awarded independently through the examination of written evidence. Ultimately the scores after the inspection of the industries were allocated out of 800 points and the industrialists who were beyond the relevant level of achievement were further carried forward through the competition.

- **Inspection of the Stalls**

The provincial winners who have obtained more than 70% of the total marks from the industry inspection were allocated a stall at the exhibition at the Bandaranaike Conference Hall premises. Three jury members outside the Industrial Development Board were awarded points under this section based on 20 different sub-criteria. The total number of points allocated for the exhibition stall was 200, and selling any of the exhibits during the first day of the exhibition were considered as a disqualification from the competition.

11) Following sub activities were assigned for the Division in order to facilitate rest of the departmental activities of the IDB.

- Formulate policy and strategy guidelines in accordance with the mandatory objectives of the IDB.
- Facilitate to conduct enterprise / industry survey, update industry / economy related statistics and assist to prepare relevant sector development plans.
- Prepare development project proposals and concept papers for foreign funding.
- Ensure the IDB participation in existing industry related policy making committees, and prepare policy papers when necessary.
- Annual performance reports for each of the financial years
- Quarterly review of activities for the ministry in all three languages.

4.7 Regional Development Division

4.7.1 Introduction

The Regional Development Division (RDD) of the IDB entrusted with the responsibility to carryout developmental programmes initiated by IDB at district level and RDD 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 task 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.

Regional Network

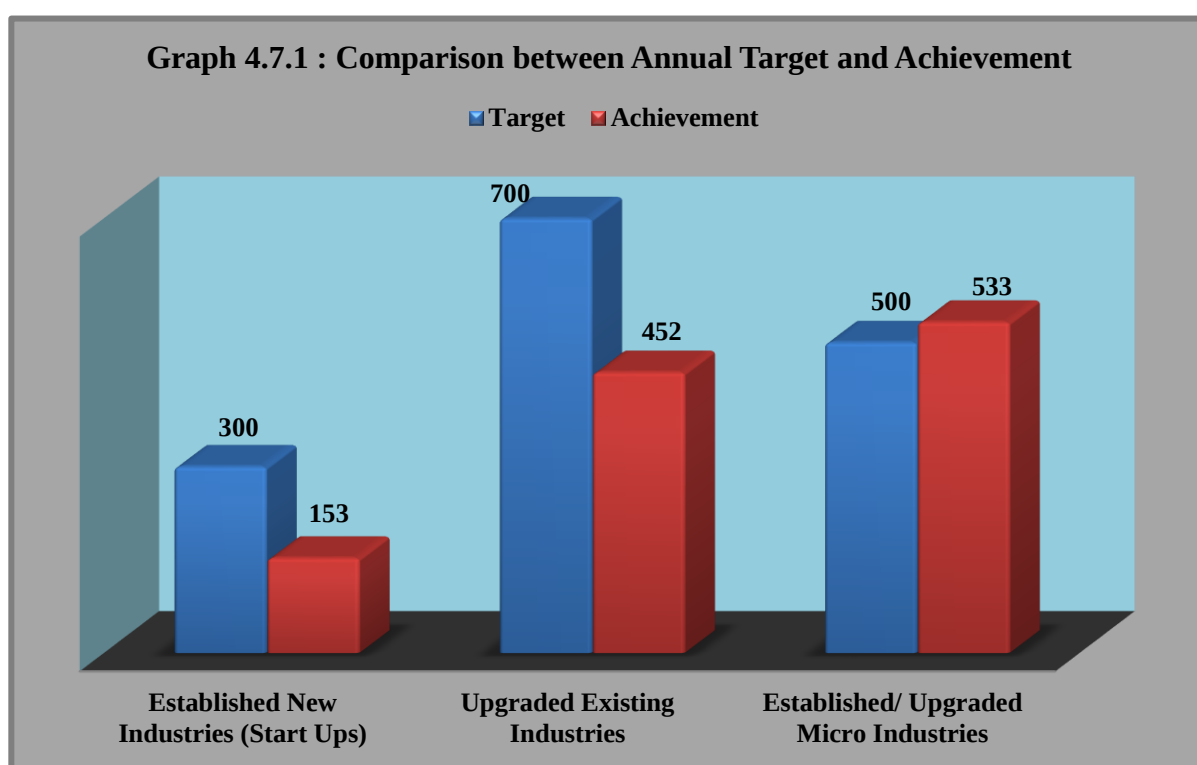


No.	District Office
1	Ampara
2	Anuradhapura
3	Badulla
4	Batticaloa
5	Colombo
6	Galle
7	Gampaha
8	Hambantota
9	Jaffna
10	Kalutara
11	Kandy
12	Kegalle
13	Kurunegala
14	Matale
15	Matara
16	Monaragala
17	Nuwara Eliya
18	Polonnaruwa
19	Puttlam
20	Rathnapura
21	Trincomalee
22	Vavuniya
23	Kilonochchi
24	Mullaitivu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

4.7.2 Performance of the Year

Table 4.7.1 : Progress Summary 2022

No.	Outcome	KPIs	Cumulative		Progress (%)
			Target	Achievement	
1	Established New Industries (Start Ups)	No. of New Industries Established (Start Ups)	300	153	51
2	Upgraded Existing Industries	No. of Existing Industries Upgraded	700	452	65
3	Established/ Upgraded Micro Industries	No. of Micro Industries Established / Upgraded	500	533	107
Cost / Expenditure (Rs. Mn.)			12.85		
Earning /Income (Rs. Mn.)			22.04		



District wise progress summary with targets and achievements as at 31st December 2022

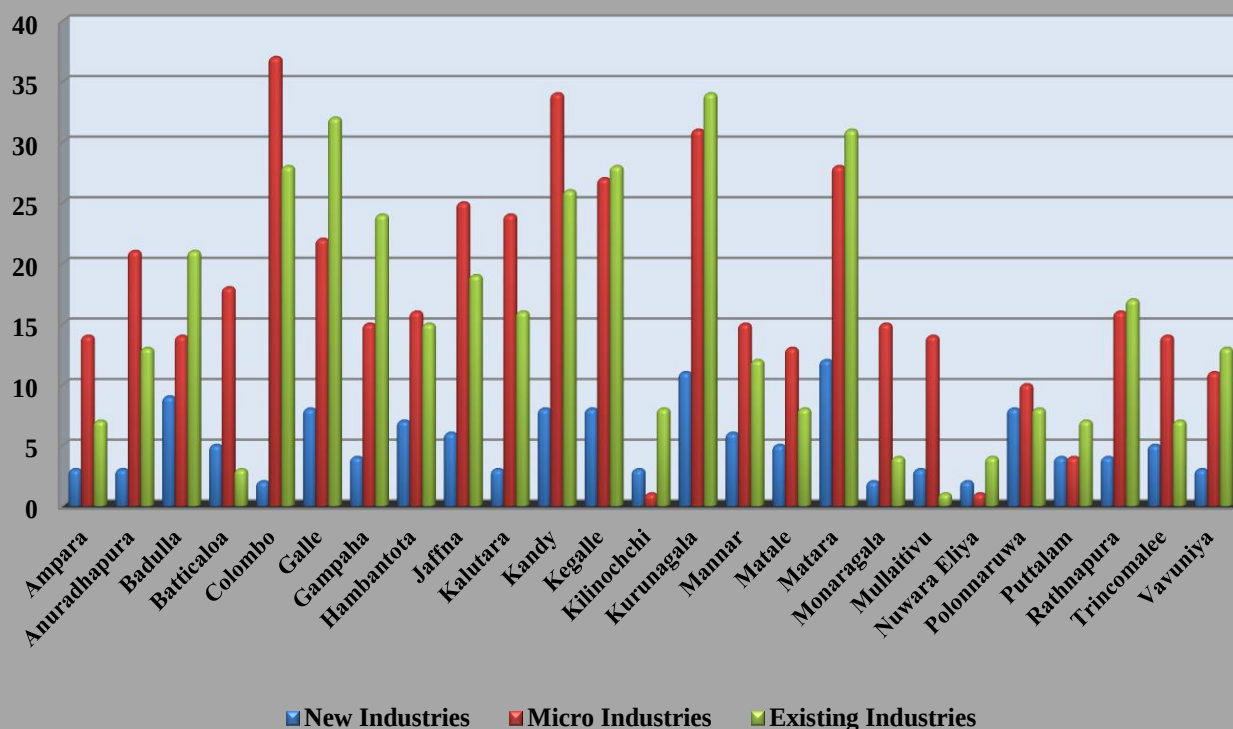
Table 4.7.2: Assistance to Establish and Upgrade Industries

No.	District	Outcome						Cost (Rs. /Mn.)	Earnings (Rs. / Mn.)
		No. of New Industrialists Established		No. of Existing Industries Upgraded		No. of Micro Industries Established / Upgraded			
		Target	Achievement	Target	Achievement	Target	Achievement		
01	Ampara	4	4	5	7	17	20	0.03	0.12
02	Anuradhapura	12	3	27	13	16	21	0.24	0.56
03	Badulla	12	16	26	20	18	19	0.54	0.01
04	Bataloa	6	5	25	3	18	20	0.11	0.28
05	Colombo	22	3	50	35	25	45	0.36	1.17
06	Galle	20	9	50	36	25	22	0.62	1.21
07	Gampaha	22	5	50	27	25	27	0.65	1.96
08	Hambanthota	12	12	26	24	18	33	0.54	1.00
09	Jaffna	8	8	26	36	22	25	0.94	1.34
10	Kalutara	16	3	50	16	30	20	2.76	3.24
11	Kandy	22	8	50	33	25	37	0.76	2.12
12	Kegalle	14	5	31	28	21	29	1.02	0.20
13	Kilinochchi	6	4	15	12	17	17	0.08	0.07
14	Kurunegala	22	11	50	42	25	33	0.46	0.73
15	Mannar	6	6	15	12	15	15	0.21	0.13
16	Matale	12	6	26	8	18	16	0.78	1.31
17	Matara	20	15	50	34	25	27	0.64	0.83
18	Monaragala	4	2	5	5	17	22	0.11	0.20
19	Mullaitivu	4	3	5	1	17	0	0.00	0.00
20	N’Eliya	4	2	5	6	17	17	0.22	0.39
21	Polonnaruwa	12	8	26	9	18	16	0.28	0.43
22	Puttalam	14	3	31	5	21	5	0.31	0.84
23	Rathnapura	14	3	26	20	18	21	0.63	0.90
24	Trincomalee	6	6	15	7	15	15	0.28	0.40
25	Vavuniya	6	3	15	13	17	11	0.16	0.33

Table 4.7.3: The number of enterprises, total investment and employment in the industries registered under the Ministry with district wise breakdown.

No.	District	No. of Enterprises			Total Investment (Rs. Mn)			Employment		
		New Industries	Micro Industries	Existing Industries	New Industries	Micro Industries	Existing Industries	New Industries	Micro Industries	Existing Industries
1	Ampara	3	14	7	105.6	7.35	493.9	38	36	149
2	Anuradhapura	3	21	13	3.35	7.845	57.7	5	37	181
3	Badulla	9	14	21	27.45	16.057	1818.11	36	18	497
4	Batticaloa	5	18	3	8.3	24.6	16	29	76	34
5	Colombo	2	37	28	55	24.845	2826.82	18	99	851
6	Galle	8	22	32	49.5	39.185	2334.3	44	54	1329
7	Gampaha	4	15	24	24	35.67	1914	22	59	677
8	Hambantota	7	16	15	17.46	16.92	225.64	99	31	238
9	Jaffna	6	25	19	13.62	31.25	588.5	24	81	542
10	Kalutara	3	24	16	95.25	115.6655	186.34	68	42	157
11	Kandy	8	34	26	38.5	75.755	830.45	32	65	852
12	Kegalle	8	27	28	143.4	35.395	2284.7	50	54	981
13	Kilinochchi	3	1	8	32	3	53	17	3	63
14	Kurunagala	11	31	34	197.1	42.99	1646.35	167	69	665
15	Mannar	6	15	12	14.7	34.9	113.5	18	44	76
16	Matale	5	13	8	52.7	15.7	197.45	39	19	73
17	Matara	12	28	31	94.9	28.5	1419.7	28	39	1625
18	Monaragala	2	15	4	22.07	21.01	44.18	12	31	27
19	Mullaitivu	3	14	1	10.5	5.065		9	45	
20	Nuwara Eliya	2	1	4	8.8	0.3	6.45	12	2	54
21	Polonnaruwa	8	10	8	13.91	18	299.5	20	16	65
22	Puttalam	4	4	7	386	9.7	261.2	119	17	130
23	Rathnapura	4	16	17	12.4	14.27	1092.6	17	26	432
24	Trincomalee	5	14	7	13.5	23.585	55.7	26	54	41
25	Vavuniya	3	11	13	4.2	28.4	279.9	7	28	191
Total		134	440	386	1,444.21	675.957501	19,045.99	956	1045	9,930

**Graph 4.7.2 : District wise Established
New, Micro, Existing Industries**



4.7.3 Special Activities / Events Organized by the Division

➤ "Get Up - Start Up for a Wealthy Nation" – National Program

The Getup Startup Wealthy Nation – National Program inauguration was held on 26th October 2022 at the Bandaranayke Memorial International Conference Hall premises. According to the concept of Hon. Minister Dr. Ramesh Pathirana, under the guidance of Ministry of Industries, The Industrial Development Board has aimed to generate a wealthier nation by developing the Entrepreneurs and Industries all over Sri Lanka. Accordingly, to establish the idea, the Industrial Development Board collaborating with government and non-government organizations has introduced new concepts and actions to implement the idea. IDB Mobile APP, Hot Line (1995), WhatsApp (0705001995) had launched at the event to provide instructions and guidance to the target audience. As well as new concepts of Business Clinics and School Entrepreneurial Circle for Entrepreneurship Development was introduced at the event. Signing the MoUs with HDFC Bank & SDB Bank to facilitate the Entrepreneurs when applying for the loans, launching the booklet of “Guide for a Wealthy Nation” are the few other activities occurred during the event which involve with the Regional Development Division.



Source: Industrial Development Board Media Unit

➤ **MoU Signing with HDFC Bank & IDB**

A MoU has been signed between HDFC Bank & IDB on 26th October 2022 in line with the Saubhagya Loan Scheme to facilitate the Entrepreneurs & Industrialist in Sri Lanka by guiding them to get financial support & loan facilities from the bank. Regional Development Division, especially the district offices will support the entrepreneurs by coordinating with the bank.

➤ **MoU Signing with SDB Bank**

A MoU has been signed between SDB Bank & IDB on 26th October 2022 in line with the Saubhagya Loan Scheme to facilitate the Entrepreneurs & Industrialist in Sri Lanka by guiding them to get financial support & loan facilities from the bank. Regional Development Division, especially the district offices will support the entrepreneurs by coordinating with the bank.

➤ **District Secretary Meetings with IDB relevant to “Getup Startup Wealthy Nation” National Program**

In line with the Getup Startup Wealthy Nation Program, the IDB has organized district wise district secretary meetings to aware the District Secretaries and Government Officials regarding the program. The IDB Chairman, Director General and Director – Regional Development Division had participated for the meetings. The first meeting was held in Kegalle District on 13th December 2022. Matara District meeting was held on 15th December 2022, Vavuniya District meeting was held on 20th December 2022, Kandy District meeting was held on 22nd December 2022 and Kilinochchi District meeting was held on 21st December 2022. These programs are scheduled to be conduct for remaining every other district in the year 2023.



Source: Industrial Development Board Media Unit

➤ **MoU Signing with Three-wheeler Owners Association & IDB**

A MoU has been signed between the Three-wheeler Owners Association & IDB in line with the “Getup Startup Wealthy Nation” Program to facilitate the three-wheeler drivers to start a new business. Regional Development Division aimed to guide them with providing necessary Technology and Entrepreneurship Trainings.

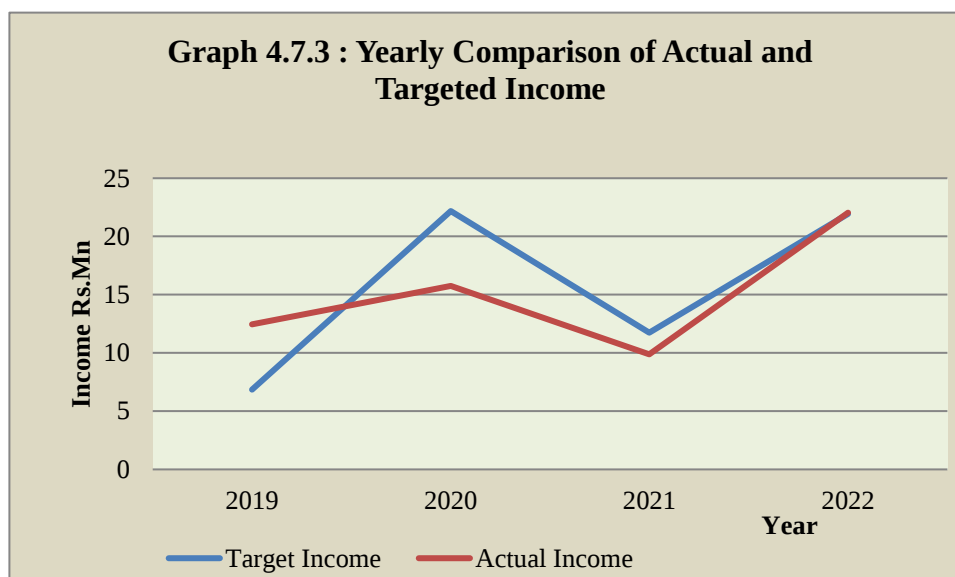


Table 4.7.4: Illustration of the Divisional Progress

Activity No	Activity	Performance Indicator	Cumulative Financial Progress (Rs.)
1. Establishment of New Industries (Start Ups)			
1.1	Providing Engineering and Technological Assistance	No. of Assistance Provided	77,300
1.2	Coordination to Obtain Financial Facilities	No. of Facilities Obtained	11,000
2. Business Enhancement Programs for Existing Industries			
2.1	Enabling Environment Assistance	No. of Cases Assisted	3,000
2.2	Providing Engineering and Technology Development Assistance	No. of Assistance Provided	184,240
2.3	Coordination to Obtain Financial Facilities	No. of Facilities Obtained	60,350
3. Start / Improve Micro Industries			
3.1	Enabling Environment Assistance	No. of Cases Assisted	6,062
3.2	Providing Engineering and Technology Assistance	No. of Assistance Provided	287,881
3.3	Coordination to Obtain Financial Facilities	No. of Facilities Obtained	4,100
4. Market Access & Other Services			
4.1	Conducting Investment Promotion Programs	No. of Sessions Conducted	122,000
4.2	Conducting Training Programs (Marketing, Technological, Management, Productivity, Packaging, etc.)	No. of Sessions Conducted	8,426,509
4.3	Conducting Entrepreneurship/ Women Entrepreneurship Development (ED) Trainings	No. of Sessions Conducted	57,000
5. Special Programs			
5.1	Managerial Skills Enhancement Program for Business Owners	No. of Sessions Conducted	30,000
6. Income Generation Services			
6.1	Other Special Services/Programs (Eg. Mahaweli & Related Projects)	No. of Programs Conducted	4,881,625
6.2	Selling Kasper Bottles for Kittul Tappers	No. of Bottles Sold	2,011,475
6.3	Distribution of Metal Based Raw Materials	Metric Ton (MT) Distributed	4,833,966
6.4	Project Report / Valuation Reports Preparation	Income Generated (Rs./ Mn.)	1,013,087
6.5	Compilation of Project Proposals for Funding Purposes	No. of Proposals Completed	26,200
Total (Rs.)			22,035,795

Table 4.7.5 : Comparison of yearly income

#	2019	2020	2021	2022
Target Income	6.85	22.18	11.74	21.93
Actual Income	12.46	15.76	9.88	22.04



The Regional Development Division (RDD) directs and monitors the Development Programmes and extension activities conducted by the Regional Staff. The main objective of the Division is to assist the industrialists and entrepreneurs in the establishment and promotion of their business ventures in different parts of the country. RDD of the IDB functions with four prime pillars to strive the organization towards its targets. They are, identification of the status of the industrial economy of 25 districts, create new industries, promote and develop existing SMEs and to develop capability of RDD and Regional staff. By considering the diagrammatic view of the dispersion of actual and targeted income flow, there were favorable as well as unfavorable gaps with high deviations. In the year 2019, actual income was higher than the target and it was a good indication of better performance of the regional network. But in the year 2020, there was a huge drop in the actual income because of the spread of the COVID-19 pandemic situation. The pandemic has exerted significant downward pressure on Sri Lankan trade, economy and industrial sector at large. Unprecedented declines in merchandise trade, foreign direct investment (FDI) flows, tourism and cross-border migration have all been hallmarks of the economic fallout. This has affected significantly for the performance of the institutions in Sri Lanka and IDB as well. However RDD has focused to get into the correct path gradually by exerting more on their key performance areas such as, establishing new SMEs and micro industries, developing existing industries, introducing and promoting industries as export ready companies were few major activities carried out by the Division.

Finally, the year 2022 was a prosperous year for RDD, as they have gone for the target after transitioning many more obstacles in few of the previous years.

However, the overall output of IDB highly depends on the contribution of each of the individual divisions. RDD and the regional network is one of the most highly effective divisions of IDB and therefore they should be aware to manage the consistency of performance while eradicating huge deviations between targeted and actual income. It is hard to stay competitive if the contribution of the working staff is not performing at their best. Therefore, it would be more favorable to arrange more training sections for the staff in order to increase their productivity as for the acceptable level. It may ultimately helpful for eliminate inconsistencies in achieving divisional targets.

4.8 Technical Services Division

4.8.1 Introduction

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.

4.8.2 Performance Highlights

The TSD has taken in to consideration the Activity Plan of 2022 in performing its activities and has tailored the key activities to meet the specific needs of the prospective entrepreneurs and to uplift the standard of the IDB. Following are the activities carried out by the Division.

➤ **Conduct training programs / workshops / demonstrations on Technology**

Eighty eight (88) Technology Transfer Workshops were conducted under food, chemical, oil & fiber, and building materials sub-sectors in and out of the Technical Services Division and overall 3349 individuals were trained and supported through these workshops earning Rs 14,136,000/- in revenue.

➤ **Conducting customized sector based technology-training programmes on demand**

Table 4.8.1: Summary details of the Programme

No.	Name of the training programme / workshops	No. of participants	Income (Rs.)
01	Dehydration of Fruits & Vegetables – Gampaha DS Division	25	39,600
02	Manufacturing of Toilet Bowl Cleaner, Tile Cleaner, Hand wash, Dish wash – Lakmee Exports (Pvt.)Ltd, Anuradhapura	04	31,920
03	Detergent powder, Fabric solution & Hand wash	06	44,400
04	Instant fruit drinks, Jam & Sauce-Sampath Super Trading Company (Pvt.) Ltd, Dodangoda	06	39,600
05	Customized Training program on manufacture of plywood sheet & plywood door for export market	05	51,750
06	Fiber glass Reinforced Technology- Perstaff holding PVT Ltd	10	70,600
07	Coffee Processing & Marketing	10	46,230
08	Seminar on Value-Added Opportunities & Strategies for Mineral Industry in Sri Lanka	85	867,000
Total		151	1,191,100

➤ **Conducting Industrial Certificate Training Courses**

Table 4.8.2: Summary details of the Programme

No.	Name of the Certificate Course	No. of participants	Income (Rs.)
01	Batik Technology -03 days	15	225,000
02	Milk & Dairy Product Technology -10days	30	1,050,000
03	PLC & HMI -04days	14	210,000
04	Batik Technology -03 days	15	225,000
05	Computer Hardware & Networking Course - 03months	07	144,900
06	Bottled Drinking Water -06days	13	208,000
07	Computer Hardware & Networking -30days	10	256,000
08	Batik Technology-03days	08	144,000
09	Drinking Water Bottling	17	374,000
10	Tea & Value Addition Technology	25	628,500
11	Batik Technology	11	99,000
12	Computer Hardware & Networking	13	312,000
Total		178	3,876,400

➤ **Acquisition and dissemination of local & foreign technologies**

Table 4.8.3: Summary details of the Programme

No.	Name of the training programme / workshop	No. of participants	Income (Rs.)
01	Road Marking Paints	12	60,000
02	Tea tasting & Tea grading	28	98,000
03	Packaging technology of Coconut water	60	360,000
04	Coffee value addition	50	250,000
05	Manufacture of Perfume, Body spray & Baby cologne	49	245,000
06	Skill Development Training programme on Solar System	72	432,000
07	Part-baked frozen bakery products	30	120,000
Total		301	1,565,000

➤ **Bamboo Development and Training Centre Training Programmes**

Table 4.8.4: Summary details of the Programme

No.	Name of the training programme	No. of participants	Income (Rs.)
01	Workshop on Soft wood treatment & Bamboo wood preservation	42	168,000
02	Workshop on Bamboo Wood Preservation	28	16,800
03	Virtual Orientation Programme on Bamboo Technology –Online programme conducted by INBAR - India	42	-
04	On-line training on Bamboo Scrimber, Laminated composites and value added products – Online programme conducted by INBAR - India	ZOOM	-
05	Workshop on Bamboo Craft Technology	05	20,000
06	Workshop on manufacture of bamboo based products- Bamboo furniture	09	40,500
Total			245,300

4.8.3 Special projects

➤ **Projects: Financial Assistance Scheme for Food Processors and /or Traders and Exporters to Obtain Organic Certification -2022**

IDB implemented an assistance scheme for the local food processors and/or traders and exporters willing to follow organic practices to obtain Organic Certification. The purpose is to promote organic certification among local food processors to be competitive in catering to the international markets thus enabling them to fetch a premium price for their organic products while increasing foreign exchange earnings of the country.

Assistance to be provided as a grant up to a maximum of Rs.250, 000/- for twenty five (25) selected food processing and /or trading and exporting industries for reimbursement of initial cost of organic certification . A total of 25 food-manufacturing industries were selected for the financial grant. The selected industries have obtained international organic certifications such as EU Organic, USDA Organic, JAS Organic & Bio Suisse etc. under this project. An awareness session on Organic Certification Process was also conducted for the project beneficiaries in consultation with the Control Union Inspections (Pvt.) Ltd, an accredited certification body for certifying industries for international organic agriculture standards.”

➤ **Seminar on Value-Added Opportunities & Strategies for Mineral Industry in Sri Lanka**

Sri Lanka has rewarded with a wide array of precious mineral resources such as graphite, quartz, gemstone, mica, clay, limestone, dolomite, feldspar, apatite, etc. that has great potential to support the economic growth of the country. However, the contribution of mineral-based industries to the national economy has not yet reached its maximum extent.

Hence, IDB together with relevant institutes and industry experts organized a seminar on “Value-Added Opportunities & Strategies for Mineral Industry in Sri Lanka” on 30th of December at “The Kingsbury Hotel, Colombo 01 with an impressive no. of 85 participants earning Rs. 867,000/- in revenue.

The objective was to form an interaction between the leading government establishment, prestigious industrialists and the researchers of the Sri Lankan mineral sector. This event discussed the strengths of local mineral resources, Economic Contribution, Limitations and challenges, opportunities in Industrial Value Addition, and Innovations in the mineral sector.

In line with the programme, TSD launched two publications on “Industrial value addition of mica and quartz” to enhance the knowledge of the industrialists.

➤ **Preparation of Technical Reports / Handbooks**

1. Industrial value addition of mica
2. Industrial value addition quartz
3. Coffee value addition
4. Technical report on King Coconut water Bottling Technology

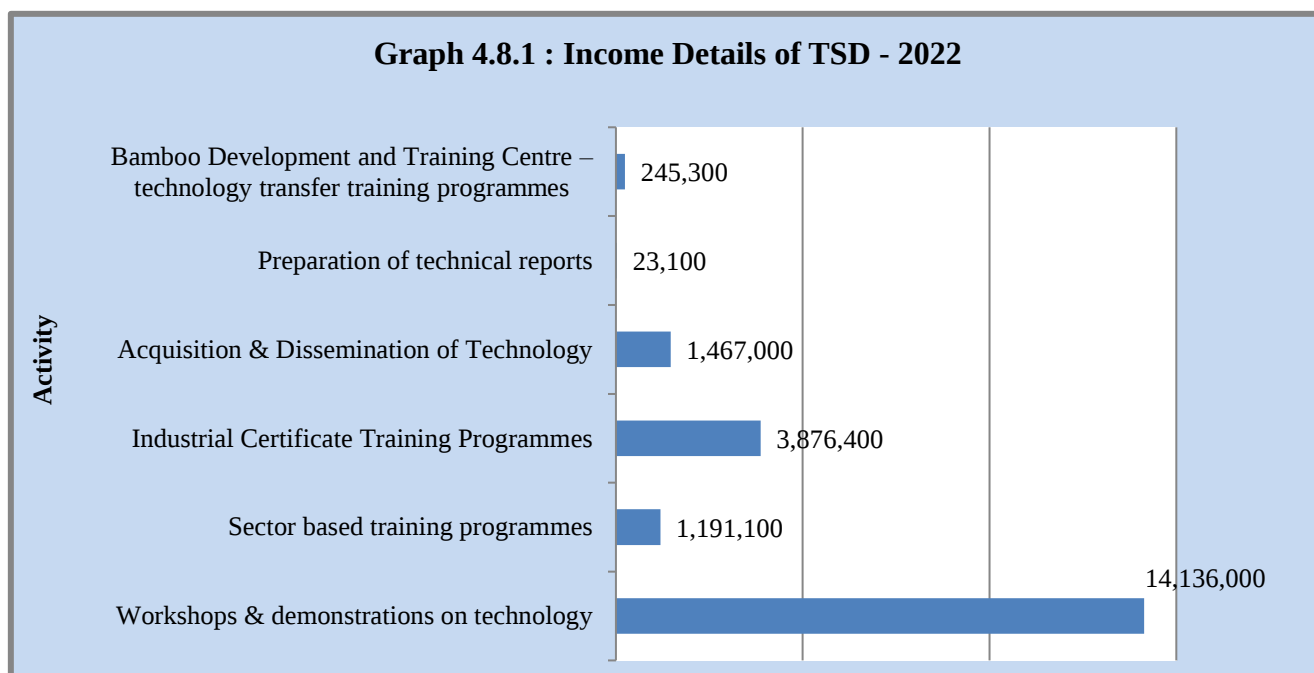
➤ **Preparation of Project Proposals**

1. Financial Assistance Scheme for Packaging Development of Food Exporters
2. Establishment of a Packaging Centre at IDB
3. The project for Development of Cosmetic Industry Sector in Sri Lanka through innovation and quality improvement

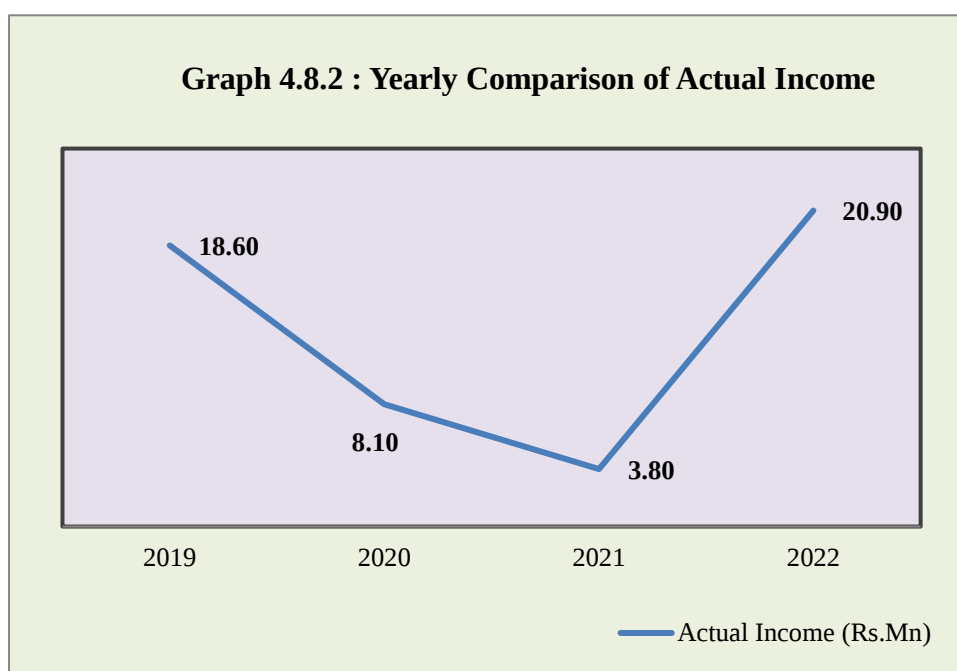
4.8.4 Summary of Income -2022

Table 4.8.5: Summary details of the Income

No.	Activity	Income (Rs.)
01	Conducting training programmes / workshops /demonstrations on technology	14,136,000
02	Conducting customized sector based training programmes	1,191,100
03	Conducting Industrial Certificate Training Programmes	3,876,400
04	Acquisition & Dissemination of Technology	1,467,000
05	Preparation of technical reports	23,100
06	Bamboo Development and Training Centre – Conducting technology transfer training programmes	245,300
Total		20,938,900

Graph 4.8.1 : Income Details of TSD - 2022**Table 4.8.6: Yearly Comparison of Actual Income**

Year	Actual Income (Rs.)
2019	18,607,832
2020	8,107,910
2021	3,788,750
2022	20,938,900

Graph 4.8.2 : Yearly Comparison of Actual Income

Technical Services Division provides technical services which focused on supporting potential entrepreneurs by acquiring, organizing, preserving, maintaining and providing access to physical and virtual informational resources in the most efficient, effective, and innovative ways possible. Technology can be identified as 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 division provides technological assistance needed for potential entrepreneurs in relation for expansion, modernization, and diversification and productivity improvements in the industry.

As of the progress chart of the division, the 2020 and 2021 years represents a downfall of income due to the corona virus, and this has caused a widespread concern for consumers, businesses and communities across the globe. This has affected the progress of the TSD due to the inability of handling scheduled training programmes. The year 2022, was very significant, because it has achieved a tremendous growth in actual income compared for the previous year's income levels. This was a result of the training programmes, workshops and demonstrations carried out on technology. The main target group of the IDB is the SME sector and all the training programmes conducted from each of the divisions were highly focused on them. Further the SMEs sector plays 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 bone of the economy and can be found in all sectors of the country. 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. Having understood the positive impact of SMEs development on economic growth, many countries are putting a lot of efforts to develop SMEs sector. But the contribution of this sector 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. IDB in collaboration with the UNIDO introduces in 2019, a fully-fledged Bamboo product training and services center to provide necessary skills and training for the professionals in the wood-based industry and potential entrepreneurs in Sri Lanka. SMEs can gain more opportunities while producing quality handicrafts and furniture to the local and international market. 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 food, chemical based, oil and fiber products, mineral and construction materials. Additionally, TSD assists entrepreneurs, universities and other research organizations by providing consultancy services on new technologies, product development and innovative projects etc...

4.9 Centre for Development of Leather Products and Footwear

4.9.1 Introduction

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 (CDLPPF) at the Head Office, Katubedda and a Regional Centre at Wariyapola.

Services provided by the centre,

- Conduct Technology Transfer Workshops on Footwear and 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 private sectors
- Provide Machinery services and processing facilities
- Organize sales & promotional events

4.9.2 Special Activities of Year 2022

- 1) Conducted Training Programs Island wide with the financial contribution of Ministries, Provincial Councils and participated Trainees.
 - a) Conducted 10 Basic level training programs on footwear manufacturing and 106 entrepreneurs were trained for the footwear manufacturing sector
 - b) Conducted 03 Basic level training programs on Bag and leather goods manufacturing and 40 entrepreneurs were trained for the Bag manufacturing sector
 - c) The skills of new entrants to the sector have been developed through these above programs and a sum of Rs.1,353,118 has been earned.
 - d) 22 persons in the field have been trained to enhance the skills of footwear designers and earned Rs.285,014.
 - e) 39 persons have been trained to improve their quality of products in existing industries and earned Rs.1,123,364.
 - f) Total numbers of 225 were trained by the above training programs throughout the year
- 2) Coordinating with the footwear and leather industry and the government. Under this, intervention in activities such as import policy formulation, cess tax revision, budget proposals.

Actively working with the Footwear and Leather Manufacturers Association and Wayamba Footwear and Leather Goods Manufacturers Association.

- 3) As a response to the current shortage of raw materials and rising prices, IDB provided necessary coordination to an importer to import of raw materials via Indian Credit line on the recommendation of the Footwear & Leather Goods Manufacturers' association.
- 4) Due to ban on export of Ammonium Sulphate by the Government of India, the local Tannery industry was in a big crisis. We provided support to the private sector to import ammonium sulfate from Thailand. Sri Lankan tannery sector has a long history and local manufacturer's process world class finished leather. They have been seeking the proper place to all leather manufacturers to gather one place since 1980s. IDB interfere this matter and actions are taking to get release land plots in Walachchenayi.
- 5) The meeting with relevant associations has organized periodically to exchange the knowledge of current situations.
- 6) Participated technical evaluation committees of various government institute to buy their footwear & leather goods requirements.
- 7) Facilitated the final year projects of the students studying Fashion Designing Curriculum at the University of Aesthetics and the University of Moratuwa.
- 8) Improving the quality of their products as well as increasing the production capacity by providing the necessary machine service facilities to the industrialists. It has provided services to 144 industrialists on a monthly basis during the relevant period. An income of Rs. 261,458/- has been obtained through this.
- 9) Collect and maintain information on individuals and institutions required for the industry. Through this required people can get the relevant information. A system of information on 540 institutions / persons is being updated.
- 10) Preparation of question papers and examination of answer scripts related to the semi-annual and annual examinations of students studying in Sri Lanka Technical Colleges.
- 11) Facilities were provided to the entrepreneurs to obtain National Vocational Qualification (NVQ) via RPL. Through this 18 persons were obtained NVQ certificates
- 12) Total income of the center in year 2022 is Rs. 3,200,136.00

Table 4.9.1 : Summary Progress of the year 2022

No.	Activity	Financial Progress (Rs.)
1	Creation of new business	
1.1	Conducting Footwear technology training programs	1,064,986
1.2	Conducting Bag Manufacturing technology training programs	235,132
1.3	Conducting Leather Goods technology training programs	53,000
2	Promoted Existing Industries / business	
2.1	Conducting Quality Improvement programmes	1,123,364
2.2	Providing processing facilities to industrialists	261,458
2.4	Conducting Customize training programmes for entrepreneurs/ industrialists/Govt & external organizations	285,014
3	Special Services	
3.1	Facilitating to obtained NVQ certificates	27,000
3.3	Raw material Sales Center	150,182
Total		3,200,136

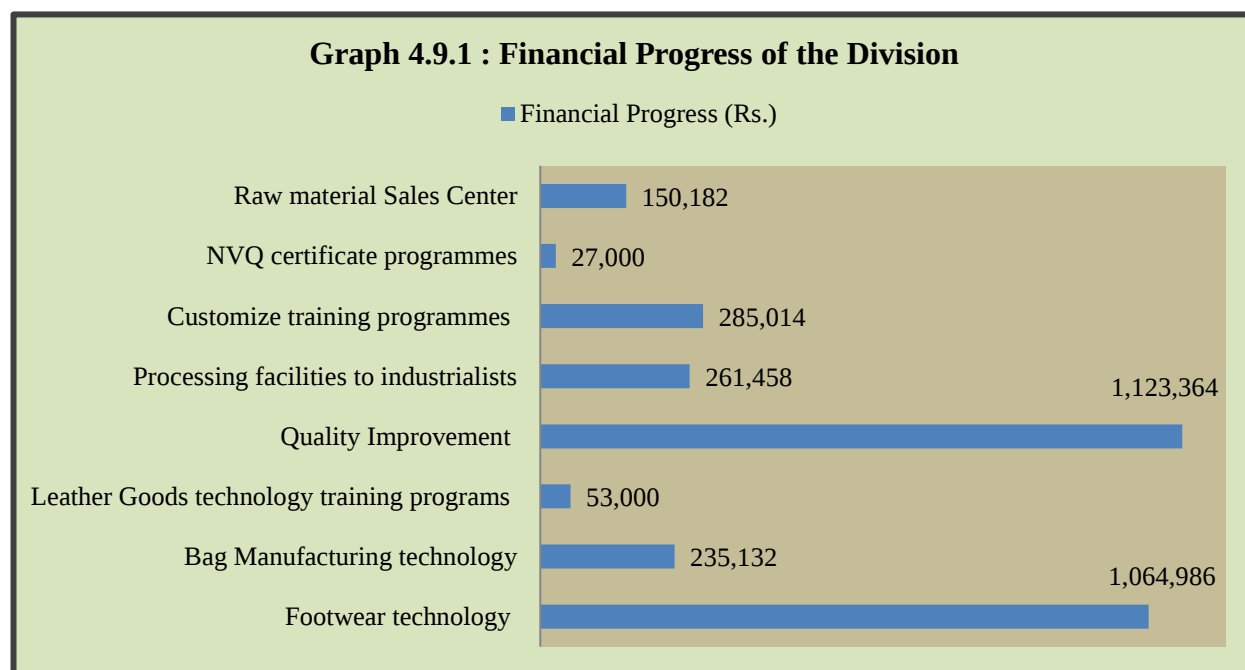
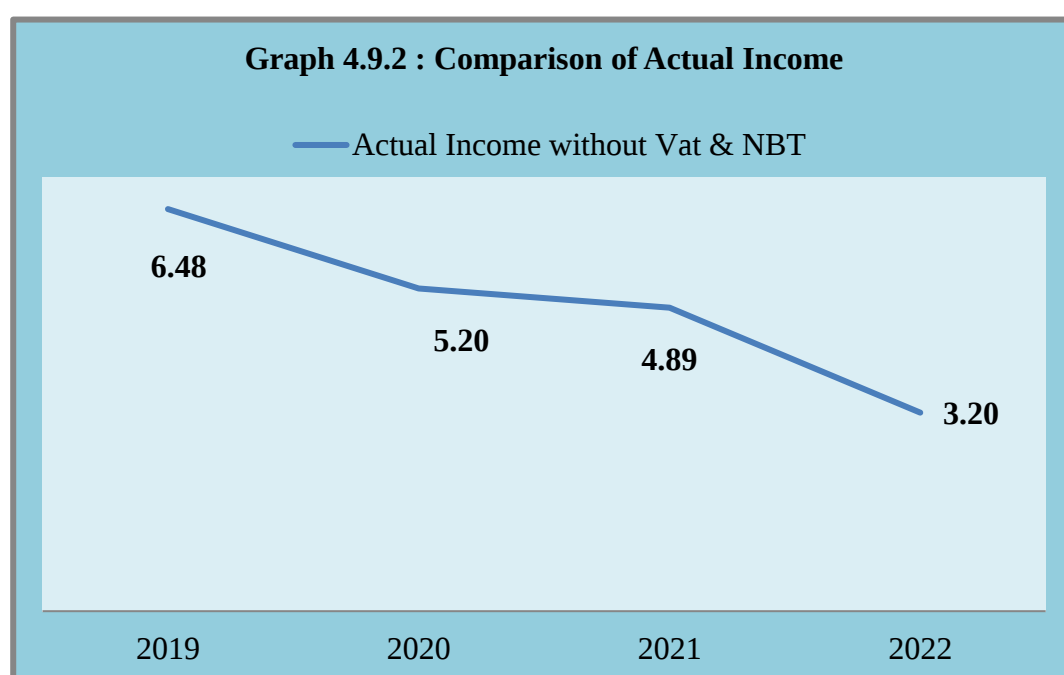


Table 4.9.2: Yearly Comparison of Actual Income

Year	Actual Income without Vat & NBT (Rs.)
2019	6,476,884
2020	5,200,839
2021	4,892,789
2022	3,200,136



The footwear and leather products industry is a highly labour intensive and have a great potential for employment generation and foreign exchange earnings. The leather division is an essential sector which produces high value added export quality final goods. Further the centre provides both technology and training in the manufacturing of quality products to harness the export potential, renowned for producing a range of products from colorful rubber thongs to high-quality genuine leather shoes. Sri Lankan Footwear manufacturers have transcended from being a mere manufacturers to creative design and production solution providers. The local availability of high-quality resources like natural rubber to produce sole crepe and excellent leather; and sustainable production procedures have given Sri Lankan footwear manufacturers a competitive edge over the rest. Apart from manufacturing processed leather, leather product manufacturers also produce gloves, wallets, bags, purses, and other accessories for the export market under environment-friendly and sustainable production conditions. The footwear and leather industry in Sri Lanka have been identified as a value-added manufacturing sector, which generates export revenue to the country.

As of the actual income dispersion chart of the division, it shows a trend of dropping down the income gradually over time. One of the reasons for this drop downs may be due to the Sri Lankan footwear manufacturers are lagging behind in application of standard techniques for maintenance, quality control, process planning and testing etc. because of the competition of prices. Further product development in footwear industry is virtually nonexistent compared to the international footwear companies. SME sector cannot focus much on this aspect because of financial constraints. Even though, product development is important for continuous improvement, even the large scale manufacturers are reluctant to focus on product development. Comparative for the other rest of the developing countries, the facilities for training in the footwear industry are minimal. This is because of lack of training institutions. There is only one training centre, which is under the IDB. Due to lack of facilities and awareness on available resources, the number of participants for the offered training courses is low.

In order to get the best output from the production process, the raw material should be good in quality. Due to lack of laboratory facilities for footwear industry, especially for raw material testing, quality testing and for research and development, Sri Lankan manufacturers find it difficult to keep up with the global quality standards. Additionally, Sri Lankan footwear industry suffers from negative attitude of the public towards locally manufactured products. Machinery manufacturers also face this problem. Even though level of quality is matched with international standards, the local customers reject these products. Dumping of low priced footwear from countries such as China, Thailand, Vietnam and Hong Kong has severely affected the local footwear industry. Their production costs are much lower than that of the Sri Lankan industry due to the usage of latest technology and economies of scale.

In the past, the industry's expansion has been gradual and today, the country takes pride in producing a range of high-quality footwear and leather products. The leather industry while becoming the highly labour-intensive industry, demonstrates significant potential of being a key contributor to the country's economy. As of the data retrieved from the Export Development Board, the industry at present employs about 40,000 people directly and indirectly includes 5 large companies, 30 medium scale companies and about 3000 small scale manufacturers. Diverse range of modern shoes like canvass and rubber boots, thongs, sports shoes, leather shoes etc... are produced, using a variety of raw materials.

In order to strengthen this sector, separate strategies may have to be used to train personnel and transfer technology. Footwear manufacturers, suppliers of accessories, leather manufacturers, footwear manufacturing machinery producers, universities and other research and development institutions and the rubber industry were identified as the main stakeholders of the footwear manufacturing sector in Sri Lanka. Improvement of all the above mentioned stakeholders is required to develop this sector. Since research and development is an essential element for the betterment of this sector, the institutions including the Industrial Development Board (IDB), Sri Lanka Institute of Textile and Apparel (SLITA) and National Institute of Technology (NAITA) as the main implementation arms should collectively take initiatives to speed up the progress of the leather industry.

4.10 Rubber Products Development and Services Centre

4.10.1 Introduction

The Rubber Products Development and Services Centre at Paliyagoda was established in 1980 at Paliyagoda, under the directions and financial assistance of the World Bank to assist the local rubber based industries. The Rubber Product industry is the 4th largest export earning industry accounting for 8% of the total national exports and has established a reputation for its quality and reliability internationally. Sri Lanka pride itself in manufacturing a number of value-added rubber products by processing raw rubber. There are manufacturers and exporters of rubber products under the large-scale as well as small & medium scale categories. Most of the export-oriented rubber factories are large and medium scale and they are scattered mainly in the Western Province. IDB is to be proud of itself, for been one of the manufacturers of value-added rubber products by processing raw rubber for internationally acclaimed and accepted quality with material properties.

Rubber Products Development and Services Centre provide technical services and information, expert consultancy, advisory services related to rubber and rubber-based products...etc. The division has a range from extrusion products like rubber bands, beadings, latex products such as medical, industrial and household gloves, industrial products like hoses, auto parts, industrial components, tyres, tubes, automotive tyres and general rubber products like floor mats, carpets, sports goods, footwear, hot water bottles and related components.

The versatility and experience of the technologists and designers enable the manufacturer of rubber products to suit the stringent and competitive requirements of the marketplace. Further the government support is extended through several institutions for development and promotion of the Rubber & Rubber Products industry. Government Agencies include, Ministry of Plantation Industries, Rubber Development Department, Rubber Research Institute of Sri Lanka, Ministry of Industries, Industrial Development Board, Sri Lanka Export Development Board etc. are involved in the development of the sector by implementing different strategies.

Following are some of the other services given by the Division:

- 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

4.10.2 Activities of the Division

\$ • Extension & Consultancy Services

- ✓ Project Formulation & Evaluation
- ✓ Designing Plant & Machinery Layout
- ✓ Providing Technical Knowledge on Process Technology
- ✓ Solving Technical Problems & Trouble shooting
- ✓ Conducting Programs (Awareness Programs, Demonstrations, Technology Transfer Programs, Seminars & Workshops)
- ✓ Participating for the Exhibitions
- ✓ Providing basic market advice & subcontracting
- ✓ Selecting machinery & raw materials

\$ • Quality Control & Product Testing

- ✓ Quality Certification – Rubber Compounds
- ✓ Testing of raw materials, Rubber compounds according to National and International Standards

\$ • Product & Process Development

- ✓ Design & Development of Rubber Products & Compounds
- ✓ Manufacture of Sample Products
- ✓ Providing advice on Die & Mold Testing

\$ • Semi Commercial Activities

- ✓ Custom compounding of Dry rubber & Latex compounds
- ✓ Providing rubber to metal bonding and mold releasing agents
- ✓ Providing facilities for utilization of available machines



Table 4.10.1: Performance of the Center during the year 2022

#	Services	Measuring indicator	Nos.
a)	Transfer of technology 1. Demonstrations 2. Workshops: Manufacturing of Rubberized coir products 3. Awareness Programs (Under MOU with MPI)	No. of Programmes /clients	(10/28) (04/58) (02-Monaragala, Kurunegala/ 48)
b)	Testing facilities (This includes testing facilities to industrialists manufacturing rubber products for export market)	No. of Jobs No. of Test	30 142
c)	Product and process Development	No. of Jobs	12

4.10.3 Development Activities:

The Centre also reported the completion of the following Designing & Development Compounds, Quality improvement and product Development work during the year 2022.

a)	Designing & Development of Compounds Products of Special jobs carried out
i	Ball vale
ii	Banana Fiber Coir Pot
iii	grinding rubber top
iv	Rubber gasket machine application
v	Mud wheel
vi	Filling machine guard
vii	Oil Seal
viii	Jack seal
ix	Rubber packing of Mill Tank
x	Gasket seal
b)	Quality Improvement Activities -142 Certificates
	Special Products
i	Tyre Tread -CTB
ii	Tyres
iii	Rubber Rail Pad
iv	Latex Bend

v	Rubber Handles
vi	Safety Shoe Soles
vii	Rubber Beadings
viii	Water Seal
ix	Mounts for Weighing Machines
x	Swimming Cap
C	Main product development jobs
	Products
i	Rubber Bellow
ii	Pressure Balloon
iii	Rubber Bush
iv	Water seal
v	Rubber mount for lift
vi	Rubber mount for Heavy truck cab
vii	Rubber O ring
viii	Break washers
ix	Flet seal
x	Machin parts
xi	Rubber ink (HAF Dispersion)

The Centre has conducted 10 Technology Demonstrations, 04 Workshops and 02 Awareness Programmes on Dry rubber and Latex based products to promote new entrepreneurs and up – grade the quality of products manufactured by the existing entrepreneurs.

4.10.4 Projects carried out during the year

➤ Creation of New Businesses:

Six new industries were created for the import substitutions in rubber products such as Ice Hockey Puck, Rubber O-rings, Mounting Shoes, Lip Seal, Rubber coupling...etc.



Source: Industrial Development Board Media Unit

4.10.5 Annual Revenue:

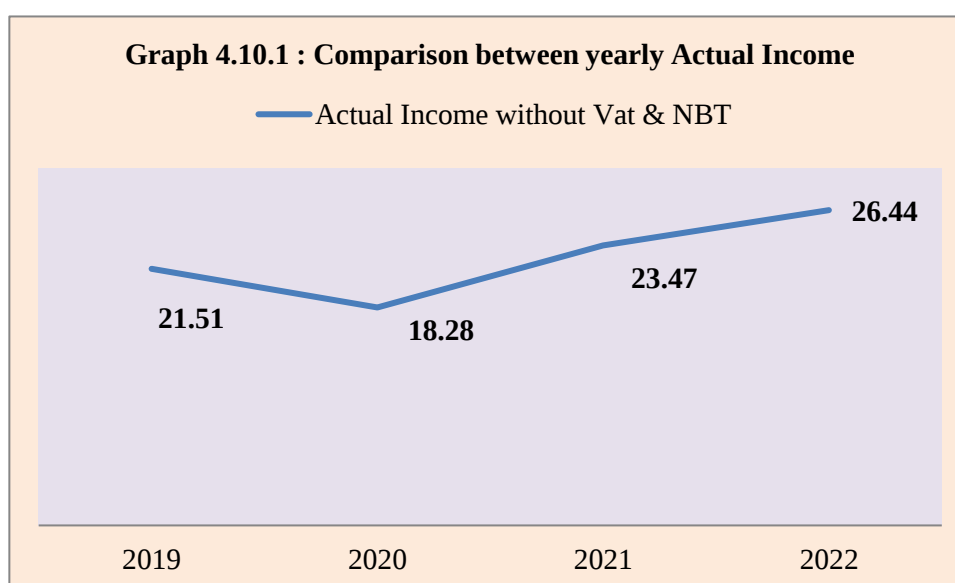
Activities of the center contributed to generate annual revenue under four main key areas shown as below. The center has progressed well towards its goal of becoming a self-financing unit during the year. Income generated from the technical and commercial operations was Rs. Mn. 26.4 without Vat.

Table 4.10.2: Production and Sales of items

	Qty.(Kg)	Sales Value in Rs.	Total in Rs.
Sales			
Semi Commercial Activity	30,600	25,505,668	
			25,505,668
Services			
i. Extension & Consultancy (302) (Demonstration/ workshop/Subcontract)		207,850	
ii. Quality Control & Lab Testing		443,694	
iii. Product Development		285,828	937,372
Total			26,443,040
Vat 8%			2,992,011
Total with tax			29,435,051

Table 4.10.3 : Yearly Comparison of Actual Income

Year	Actual Income without Vat & NBT (Rs.)
2019	21,508,696
2020	18,275,053
2021	23,469,556
2022	26,443,040



Sri Lanka is one of the leading natural rubber producers in the world that revolutionized many industries across the globe. Renowned for the production of quality natural rubber latex products, manufacturers and exporters of natural rubber in Sri Lanka, has also specialized in the sustainable production of niche rubber products like solid tyres, sole crepe for shoes, and high-quality surgical gloves for the global market. The main objective of the Rubber Products Development and Services Centre in IDB is to provide facilities for production and process development for the local rubber products manufacturers. Additionally, custom compounding of dry rubber and rubber latex, retail sale of chemicals and other processing agents, sale of special purpose synthetic rubber compounds, providing bonding and releasing agents, and hiring of portable machinery to execute pilot projects are some of the other services tailored to meet specific needs of the clients. Considering the divisional progress of past few years, they have achieved a successive progress of performance on semi commercial activities and services provided including the categories of, extension & consultancy (demonstration/workshop/subcontract), quality control, lab testing and product development. The COVID 19 is a pandemic with very high infection rate, causing danger to lives, therefore the government and health authorities were compelled to impose restrictions for the betterment of the people. Since the MSMEs are the most vulnerable to any external impact and this effect was also seen during the year 2021 as well. However, the direct threat lasted for few periods hence it was possible to recover in many aspects within a reasonable period. As of the income progression of the past few years, there is a consistent growth of income starting from the year 2020 to 2022. During the past three decades privately owned and operated Sri Lankan industries have ventured into the global markets for value-added rubber products. Sri Lanka prides itself in manufacturing a number of value-added rubber products by processing natural raw rubber. As of the data extracted from the Export Development Board, Sri Lanka's total production of natural rubber in the year 2022 was 70,867 MT. Sri Lanka is the leading solid tyre exporter in the world currently recording a 28.8 % of the world demand. Sri Lanka also well-known for latex based gloves in the global market.

Since Rubber is an environmentally friendly raw material, in Sri Lankan context, availability of uninterrupted natural rubber to manufacture rubber products, availability of trainable skilled workforce helps to meet the needs of the international markets, development of infrastructure facilities and government policies to attract foreign direct investments are some of the potentials for expansion in this industry. Additionally IDB conducts research and development for increasing raw rubber productions and the development of manufactured rubber products. Further there is an established industry for rubber sector in Sri Lanka as well as worldwide, availability of natural rubber, trained workforce in the products industry, incentives to attract foreign investment, availability of labour force, compliance with labour standards and ethical practices are some of the advantages of rubber industry which were caused for the outstanding performance in this particular sector. Conversely, inadequacy of raw materials, price fluctuations, insufficient research and development, high cost of testing and gaining certifications, unbearable cost of machinery and technology transfer, cost of energy and production costs are some of the obstacles faced by the manufacturers enrolled in this sector.

Government's support to develop, promote and eradicate the disadvantages faced by this sector is prominent for this sector and it is extended through several institutions for development and promotion of the Rubber & Rubber Products industry. Government Agencies including Ministry of Plantation Industries, Rubber Development Department, Rubber Research Institute of Sri Lanka, Ministry of Industries, Industrial Development Board; Sri Lanka Export Development Board etc. are involved in implementing different strategies to overcome those barriers.



(05) FINANCIAL REVIEW

- 5.1 Comprehensive Statement of Financial Position**
- 5.2 Comprehensive Statement of Income**
- 5.3 Statement of Changes of Equity**
- 5.4 Statement of Cash Flow**
- 5.5 Significant Accounting Policies and Notes to the Financial Statements**



CERTIFICATE OF THE ACCOUNTING OFFICER

The Financial Statements of the Industrial Development Board of Ceylon (IDB) for the financial year ended December 31, 2022 have been prepared in the form and manner specified by the section No: 35 of the Industrial Development Act No: 36 of 1969, in terms of the Finance Act No:38 of 1971, Sri Lanka Accounting Standards (LKASs) and Sri Lanka Financial Reporting Standards (SLFRSs), and have been rendered to the Auditor General together with the Notes and Schedules referred to in the Statement of Comprehensive Income and the Statement of Financial Position.

Financial rules and the procedures prescribed by the line ministry; Ministry of Industries and other regulatory bodies such as Ministry of Finance have been complied with, and the systems of controls have been maintained as far as practicable to ensure the propriety of transactions and efficiency in all expenditure. To the best of my knowledge and beliefs, the Financial Statements have been prepared satisfactorily and they exhibit a true and fair view of the financial position of the Board (IDB).

Dr. Saranga Alahapperuma
Chairman
Industrial Development Board

25th October 2023

Chairman
Industrial Development Board of Ceylon
No. 615, Galle Road,
Katubedda, Moratuwa.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

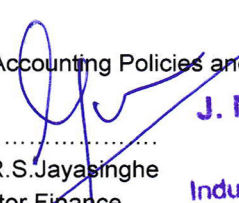
Statement of Comprehensive Financial Position

for the year ended 31st December 2022

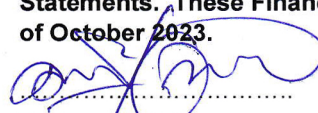
(all amounts in LKR)

ASSETS	Note	2022	2021 (Re-stated)
Non Current Assets			
Property Plant & Equipment	14	502,360,689	513,322,135
Investment Property	15	1,184,511,500	1,115,563,290
Capital Work-in-Progress	16	38,614,504	88,041,066
		1,725,486,692	1,716,926,491
Current Assets			
Inventories	17	48,008,293	25,947,972
Trade & Other Receivables	18	25,300,172	24,546,068
Other Current Assets	19	44,914,025	48,626,679
Deposits & Pre-Payments	20	79,033,112	68,612,747
Receivable - Special Projects	21	9,348,448	13,556,140
Cash & Cash Equivalents	22	344,946,349	220,045,122
		551,550,398	401,334,727
Total Assets		2,277,037,091	2,118,261,218
EQUITY AND LIABILITIES			
Capital and Reserves			
Deferred Capital Grant	23	258,785,672	304,455,733
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	960,696,320	960,696,320
Deferred Government Grants - Capital Projects	26	581,577,397	556,547,142
		1,820,749,463	1,841,389,269
Accumulated Losses	27	(86,208,374)	(206,316,490)
Total Equity		1,734,541,090	1,635,072,778
Non Current Liabilities			
Provision for Gratuity	28	206,829,087	206,131,395
Grants for Special Project	29	661,300	-
		207,490,387	206,131,395
Current Liabilities			
Dues to Government	30	54,929	74,854
Dues to Corporations	31	7,759,526	8,195,765
Provisions and Accrued Expenses	32	327,191,159	268,786,425
		335,005,614	277,057,044
Total Equity & Liabilities		2,277,037,091	2,118,261,218

The Accounting Policies and Notes on pages 06 to 33 form an integral part of these Financial Statements.


J. M. R. S. Jayasinghe
 MBA, BBA, CIPFA, CPFA
 Director Finance
 Industrial Development Board,
 615, Galle Road, Katubedda,
 Moratuwa.
 J.M.R.S.Jayasinghe
 Director Finance
 Date: 25/10/2023

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board and signed on their behalf on 25th of October 2023.


 Dr. Saranga Alahapperuma
 Chairman

Chairman
 Industrial Development Board of Ceylon
 No. 615, Galle Road,
 Katubedda, Moratuwa.


 Suranga Mendis
 Board Member


 H.M. Ranjith Kiriella
 Board Member

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Statement of Comprehensive Income****for the year ended 31st December 2022**

(all amounts in LKR)

	Notes	2022	2021 (Re-stated)
Revenue	05	496,373,430	394,565,726
Cost of Sales & Services	06	(319,298,547)	(278,614,556)
Gross Profit		177,074,883	115,951,170
Interest Income	07	14,955,664	5,812,667
Other Income	08	168,171,224	106,106,069
Government Recurrent Grants	09	505,400,000	465,750,000
Administrative Expenses	10	(693,725,247)	(624,810,763)
Selling and Distribution Expenses	11	(67,189,699)	(8,902,791)
Results from Operating Activities		104,686,825	59,906,352
Finance Costs	12	(1,070,001)	(588,050)
Net Income/ (Loss) Before Tax		103,616,824	59,318,302
Other Comprehensive Income	13	15,052,636	15,123,409
Net Income/ (Loss) for the year		118,669,460	74,441,711

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON
Statement of Changes in Funds and Reserves

(all amounts in LKR)

	Deffered Capital Grants	Capital & Reserves	Value of Assets Transferred	Revaluation Surplus	Deffered Government Grants - Projects	Accumulated Excess/ Defecit	Total
Balance as at 01st January 2021	341,681,267	6,243,013	13,447,061	960,696,321	565,219,549	(272,134,396)	1,615,152,814
Prior- year adjustments	-	-	-	-	-	(8,623,806)	(8,623,806)
Profit for the year	-	-	-	-	-	74,441,711	74,441,711
Government Grants	32,230,000	-	-	-	42,097,219	-	74,327,219
Amotization of Govt. Grants	(69,455,534)	-	-	-	(50,769,626)	-	(120,225,160)
Balance as at 31st December 2021	304,455,732	6,243,013	13,447,061	960,696,321	556,547,142	(206,316,491)	1,635,072,778
Balance as at 01st January 2022	304,455,732	6,243,013	13,447,061	960,696,321	556,547,142	(206,316,491)	1,635,072,778
Prior- year adjustments (Note 26.1)	-	-	-	-	-	1,438,656	1,438,656
Profit for the year	-	-	-	-	-	118,669,460	118,669,460
Government Grants	24,000,000	-	-	-	48,251,112	-	72,251,112
Amotization of Govt. Grants	(69,670,060)	-	-	-	(23,220,857)	-	(92,890,917)
Balance as at 31st December 2022	258,785,673	6,243,013	13,447,061	960,696,321	581,577,397	(86,208,375)	1,734,541,090

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Statement of Cash Flows****for the year ended 31st December 2022**

(all amounts in LKR)

	2022	2021 (Re-stated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income/(Loss) for the year	103,616,824	74,441,711
Adjustments for:		
Profit of disposal	(348,249)	-
Depreciation	64,234,191	58,159,938
Provisions for Loans & Advances	-	(426,929)
Provision for Labour Cases	-	4,294,311
Provision for Staff Bonuses	9,860,000	6,831,000
Written off-Long Outstanding Debtor Balances	-	1,490,585
Amortization of Capital Grants	(92,861,917)	(93,427,864)
Bad & Doubtful Debts	(312,089)	1,153,440
Interest Income	(16,464,444)	(7,250,829)
Retirement Benefit Obligations	30,802,998	15,589,728
	<u>98,527,315</u>	<u>60,855,091</u>
Retirement Benefit Obligations Paid	(15,052,670)	(12,430,323)
Other Comprehensive Income		
Operating profit/(loss) before working capital changes	83,474,645	48,424,768
(Increase)/Decrease in Inventories	(22,060,321)	(7,000,709)
(Increase)/Decrease in Debtors & Receivables	(442,015)	8,095,903
(Increase)/Decrease in Other Current Assets	3,712,654	2,355,153
(Increase)/Decrease in Prepayments	(10,420,365)	(12,830,097)
Increase/(Decrease) in Receivable - Special Projects	-	(2,444,258)
Increase/(Decrease) in Creditors & Payables	48,544,733	43,032,253
Increase/(Decrease) in Bank Credit Balances	-	(2,725,171)
Increase/(Decrease) in Dues to Corporations	(456,164)	881,432
Prior- Year Adjustments	1,438,656	-
Net cash flows from operating activities	103,791,824	77,789,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in Fixed Deposits	-	80,029,718
Amounts Invested on Capital WIP	(45,431,201)	7,363,811
Amounts Invested on Investment Property	(361,737)	-
Interest Income	16,464,444	7,250,829
Cash from disposal assets	348,975	-
Acquisition/Construction of Property Plant & Equipment	(27,002,180)	(137,294,301)
Net cash flows from investing activities	(55,981,700)	(42,649,943)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants Received-Capital/Special Projects	63,554,716	44,894,869
Grants Received-Capital	24,000,000	32,230,000
Investment in Special Projects	(10,463,612)	(30,442,913)
Net cash flows from financing activities	77,091,104	46,681,956
Net Increase/Decrease in Cash & Cash Equivalents	124,901,227	81,821,287
Cash & Cash Equivalents as at beginning of the year	220,045,122	138,223,834
Cash & Cash Equivalents as at year end (Ref. Note 22)	344,946,349	220,045,121

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Significant Accounting Policies and Notes to the Financial Statements

1. General Information (Legal and Domicile Form)

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

Principal activities of the IDB are 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 Accounting Standards (LKASs) and the Sri Lanka Financial Reporting Standards (SLFRSs) 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 periods unless otherwise stated. Financial Statements have been prepared on accrual basis and under the historical cost basis except where appropriate disclosures are made with regard to the fair value under relevant notes.

The Financial Period of the Board represents a twelve (12) months period from 1st January to 31st December.

2.2. Property, Plant and Equipment

2.2.1. The Value of Assets

All property, plant and equipment are initially recorded at cost and further they are 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.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd..)****2.2.1. Contd...**

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.

2.2.2. 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. Lands are not depreciated. The estimated useful lives are as follows:

1. Land Improvement & Buildings	2.5% (40 Years)
2. Computer Software	7% (14 Years)
3. Plant & Machinery, Printing Machinery, Office Equipment, Lab Equipment, Furniture & Fittings, Bicycles, Sundry Assets, Utility Services, PABX Systems and Other Assets	10% (10 Years)
4. Computer and Motor Vehicles	20% (05 Years)
5. Tools, Books and Traveling Bags	25% (04 Years)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each Accounting Period.

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. Such Gains/Losses are included in the Income Statement.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd..)

2.3. Details of Lands not capitalized

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 not to acquire	Action already taken to acquire
		Acre	Rood	Perch				
1	Anuradhapura		1	20	Regional Office	From 1971	Government land	Possession given but ownership not transferred.
					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	Matara	1	1	6.2	Regional Office & Common Service Center			Possession transferred to the Board by additional register of land Matara 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		Handed over to NADA
7	Colombo	1.2953 Hec			Head Office		Govrment Land (Divisional Secretariat Moratuwa)	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		The ownership has been taken to the IDB through the free grant.(Acquired on 23rd of February 2023)
11	Baddegama	1	2	0.5	Industrial Estate	From 1992		Discussions 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 they are 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 properties. The annual depreciation rate is as follows:

Land Improvements & Buildings	- 2.5%
-------------------------------	--------

2.5. Financial Assets

2.5.1. Classification

IDB classifies its financial assets under loans and receivables, based on the 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 Assets

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. Off-setting 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 to realize the asset and settle the liability simultaneously.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd..)

2.5.4. Impairment of Financial Assets

Assets carried at amortized cost (Loans and receivables)

IDB assesses at the end of each reporting period whether there is any objective evidence that a financial asset of IDB is impaired. If any financial asset 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.

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 for Loans 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 Average Cost Method (AVCO 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. |

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd..)****2.8. Trade Receivables**

Trade receivables are the 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:

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

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 as minus balances under current Liabilities on the Statement of Financial Position.

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 Statement of Financial Position 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.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd..)

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 (remuneration). The defined benefit plan comprises the gratuity provided under the Act, No 12 of 1983. Due to the long-term nature of the defined benefit plan, Such estimates are subject to significant uncertainty.

The defined benefit obligation is calculated annually by using the Projected Unit Credit (PUC) 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 (EPF) and Employees' Trust Fund (ETF), to which the IDB contributes 12% and 3% respectively, of such employees' basic wage or salary, plus cost of living allowance (COL).

2.14. Investments

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

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 non-current 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.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd..)

2.16. Donations

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

2.17.1. 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.

2.17.2. Interest income

Interest income is recognized on a time-proportion basis and such 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 (VAT), Returns, Rebates and Trade discounts, if any.

2.18. Expenditure Recognition

2.18.1. 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 are charged against income in arriving at the profit for the period.

2.18.2. 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 and as a 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 financial 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, among the others, 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 shows the maximum risk positions. (as at 31.12.2022)

	Trade & other receivables	Cash & cash equivalents	Total
Risk exposure			
Trade & other receivables	25,300,172	-	25,300,172
Cash & cash equivalents	-	344,946,349	344,946,349
	25,300,172	344,946,349	370,246,521

3.1.1. 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 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 2022, as IDB does not have any borrowing at variable rates of interest.

3.1.2. 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 include non-current and current borrowings as shown in the Statements of Financial Position. Total equity is calculated as stated in 'Total equity' in the Statements of Financial Position.

The gearing ratio at 31st December 2022 was as follows.

	<u>2022</u>	<u>2021</u>
Total borrowings	542,496,001	483,188,440
Total equity	1,734,541,090	1,635,072,778
Gearing ratio	31.28%	29.55%

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.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd..)

4.1. Contd...

4.1.1. 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 (PCU) 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 27.

4.1.2. 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 15 court cases. However, according to the information provided by the Legal Division of IDB, there is no possibility of payment of any compensation as a result of these cases. Hence no liability has arisen leading to make any provision.

4.3. Re-classifications & Comparative Figures

Certain re-classifications 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. This presentation which shown the changes made on line items has been given on page number 31 to 33.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd)**

(all amounts in LKR)

05 Revenue**5.1 Sales**

Sale of Goods (Ref. Note 5.1.1)
 Sale of Scraps
 Sale of Casper
 Sale of Publications

2022	2021 (Re-stated)
62,853,345	48,648,188
324,298,479	251,707,088
2,387,855	2,975,464
294,470	185,770
389,834,149	303,516,510

5.1.1 Sale of Goods

Engineering
 Leather
 Rubber
 Technical Services

2022	2021 (Re-stated)
35,310,417	22,755,969
1,561,289	1,447,292
25,981,639	24,264,348
-	180,579
62,853,345	48,648,188

5.2 Services

Rents - Industrial Estates
 Water Charges
 Surcharges
 Land & Building Transfer Charges
 Training Programmes
 Project Reports

2022	2021 (Re-stated)
67,065,688	67,646,156
7,715,837	6,552,184
3,519,824	3,001,528
2,022,001	1,550,000
21,918,414	8,769,408
4,297,517	3,529,941
106,539,282	91,049,216
496,373,430	394,565,726

06 Cost of Sales & Services

Cost of Sales - Direct Materials
 Cost of Sales - Industrial Estates
 Cost of Sales - Scrap Project
 Cost of Sales - Casper
 Cost of Sales - Direct Labour
 Cost of Sales - Indirect Materials
 General Overheads
 Machine Overheads
 Maintenance of Plant & Machinery
 Power
 Depreciation of Plant & Machinery
 Depreciation of Investment Property - Land Improvements
 Depreciation of Investment Property - Buildings
 Depreciation of Utility Services
 Charges of Engineering Works
 Sub Contract Charges
 Maintenance of Water Supply
 Maintenance of Industrial Estates
 Maintenance of Lab Equipment
 Maintenance of Tools & Spares
 Transport Charges
 Training Programmes
 "Get up Start up" programme
 Processing Charges-Rubber
 Cost of Lab Testing

2022	2021 (Re-stated)
44,027,253	23,763,033
4,821,283	5,297,216
193,317,401	193,749,158
1,596,500	2,203,700
5,679,652	5,393,247
15,803	474,789
1,709,037	1,784,735
1,603,329	1,475,987
36,000	88,728
7,247,911	4,302,917
8,424,418	5,385,940
11,474,544	9,866,790
7,413,026	7,217,418
3,240,396	3,201,740
89,250	71,199
49,000	124,791
-	33,215
2,705,876	2,875,394
468,090	79,745
1,028,885	88,962
2,395,245	1,678,455
20,578,915	9,457,398
1,258,563	-
22,800	-
95,370	-
319,298,547	278,614,556

07 Interest Income

Fixed & Short Term Deposits Interest
 Savings Interest

2022	2021 (Re-stated)
10,643,966	4,468,620
4,311,698	1,344,047
14,955,664	5,812,667

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

		(all amounts in LKR)	
08	Other Income	2022	2021 (Re-stated)
	Amortization of Capital Grants	92,861,917	93,427,864
	"Karmantha" Exhibition 2022	61,609,386	-
	Sundry Income	1,574,760	830,336
	Commissions - Sub Contracting Exchange	144,404	-
	Commissions - Lakkam Center	7,581,283	3,528,183
	Commissions - Leather Center	142,146	608,430
	Registraion of Suppliers	1,116,000	1,559,300
	Notarial Fees	186,452	518,862
	Penalties	103,448	123,666
	Web Publishing Income	-	2,500
	Profit on Sale of Fixed Assets	348,249	-
	Service Charges For Lab Test	683,115	656,593
	Staff Loan Interest	1,508,780	1,438,162
	Lakkam Trade Fair Income	-	1,707,242
	Lakkam Trade Fair Expenses	-	(1,518,891)
	Electricity Tariff Change Income	92,273	16,000
	Consultancy Fee-Spices Processing Center at Embilipitiya	-	2,933,333
	Capacity Motivational Allowance / Expenses	(138,400)	(1,079,467)
	Sponsorships for Staff Motivation Programme	-	255,000
	Solar Power Export Income	357,412	1,041,304
	Project Administration Cost Recoveries	-	57,650
		168,171,224	106,106,069
09	Grants	2022	2021 (Re-stated)
	Government Grants for Salaries	462,000,000	420,000,000
	Government Grants for Other Recurrent	43,400,000	45,750,000
		505,400,000	465,750,000
10	Administration Expenses	2022	2021 (Re-stated)
	Basic Salaries	290,333,872	280,869,634
	Chairman's Remuneration	751,855	900,000
	C O L Allowance	52,374,633	50,846,359
	Other Allowances (Ref. Note 10.1)	69,918,138	31,438,115
	EPF 12%	42,681,649	41,346,742
	ETF 3%	10,670,412	10,336,685
	Bonus for Board Employees	9,860,000	6,831,000
	Gratuity (Ref. Note 28)	30,802,998	30,713,136
	Training Allowances	419,000	669,725
	Daily Paid & Care Taker Allowances	2,361,143	2,100,568
	Unutilized Medical Leave Encashment	21,534,412	24,236,233
	Overtime	27,233,540	21,498,545
	Holiday Pay	1,647,230	1,132,528
	Travelling (Local)	3,271,243	2,413,994
	Travelling (Foreign)	-	738,638
	Lodging Expenses	19,480	8,985
	Staff Welfare	3,764,592	1,477,000
	Local Training for Board Employees	1,734,387	620,700
	Corporate Memberships	-	31,589
	Membership Fees of Professional Bodies (Local & Foreign)	25,462	125,380
	Staff Uniforms	3,553,182	1,502,001
	Contribution to Medical Aid Scheme	2,360,200	2,390,900
	Stationery & Office Requisites	8,373,427	7,185,591
	Medical Examination Fees	5,001	6,205
	Annual Board of Survey Expenses	807,308	666,017
	Fuel Expenses	11,307,370	6,325,900
	Maintenance Expenses (Ref. Note 10.2)	17,919,716	14,201,668
	Electricity Charges	11,647,025	8,512,456
	Telephone Charges	4,592,318	5,177,620
	Payment of Security Services	25,415,945	26,902,835
	Postage & Telegrams	1,037,741	684,997

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

10 Contd...

	2022	2021 (Re-stated)
Water Charges	938,036	942,820
Rent, Rates & Taxes	5,644,793	5,856,060
Insurance	187,287	726,059
Newspapers & Journals	595,870	531,127
Directors' Fees	544,000	508,000
Audit Fees	951,500	865,000
Expenses for Special Events	987,540	984,660
Advertisements	2,479,823	1,628,028
Legal Charges	1,132,284	140,362
Fees for Trade Tests, Interview etc.	43,859	296,437
Licence Fees	187,900	241,465
Consultancy Fees	5,000	-
Publications	69,965	192,843
Photos	3,980	-
Provisions for Loans & Advances	-	(426,929)
Provision for Labour Cases	-	4,294,311
Vehicle Hiring Charges	135,000	270,000
Miscellaneous Expenses	28,445	343,374
Registration Fees	17,500	1,500
Expenses for 1995 Hot Line	609,255	-
Re-Allocations (Ref. Note 10.3)	(11,977,012)	(10,286,293)
Covid 19 Expenses	267,675	2,202,677
Action Plan 2023	217,460	-
Donation to IDB Buddhist Society	550,000	-
Donation - Covid (Juice Extractor)	-	1,119,469
Depreciation (Ref. Note 10.4)	33,681,806	32,488,050
	693,725,247	624,810,763

10.1 Other Allowances

	2022	2021 (Re-stated)
Additional Work	134,742	223,000
Directors Fuel Allowance	9,647,870	7,061,198
Dust Allowance	332,896	155,438
Duty Covering Allowance	863,376	561,777
Incentive Allowance	505,488	515,945
Interim Allowance	33,493,866	-
Lieu Leave Allowance	7,565,996	5,839,975
Medical Allowances	125,827	124,479
Professional Allowance	12,971,900	12,840,194
Station Allowance	234,986	230,738
Supervision Allowance	42,000	42,000
Telephone Allowance	2,707,317	2,571,961
Welfare Allowance	1,291,877	1,271,410
	69,918,138	31,438,115

10.2 Maintenance Expenses

	2022	2021 (Re-stated)
Lands	382,845	225,068
Buildings	1,780,132	2,353,745
Plant & Machinery	1,162,937	995,797
Printing Machinery	76,724	-
Computers & Accessories	1,218,844	669,870
Motor Vehicles	6,761,160	7,397,644
Office Equipment	3,160,474	1,214,870
Office	402,738	196,732
Furniture, Fittings & Office Equipment	12,560	1,700
Bicycles	11,550	4,410
PABX Systems	42,300	23,555
Sundry Assets	700	-
Software, Web & Networking	2,892,611	1,118,278
Solar Panel, Utility etc	14,142	-
	17,919,716	14,201,668

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd)**

(all amounts in LKR)

10.3 Re-Allocation

	2022	2021 (Re-stated)
Machine Cost Re-Allocation	(1,528,329)	(1,426,242)
Overhead Re-Allocation	(1,709,037)	(1,693,068)
Salary Re-Allocation	(4,744,105)	(5,058,179)
Machine Cost Suspend Work-in-Progress	(682,216)	(195,055)
Overhead Suspend Work-in-Progress	(945,946)	(376,469)
Salary Suspend Work-in-Progress	(2,367,380)	(1,537,280)
	(11,977,012)	(10,286,293)

10.4 Depreciation

	2022	2021 (Re-stated)
Land Improvements	333,745	379,301
Buildings	5,906,935	5,157,674
Plant & Machinery	2,373,983	3,267,224
Computer Accessories	6,756,141	7,223,081
Lab Equipment	8,720,189	7,755,060
Printing Machinery	460,000	503,641
Motor Vehicles	673,916	693,976
Office Equipment	3,882,139	3,688,115
Travelling Bags	10,807	11,599
Furniture & Fittings	1,095,223	1,030,938
Bicycles	6,686	14,827
Tools & Spares	1,055,785	554,770
Library Books	90,722	91,790
PABX Systems	30,852	29,930
Utility Services	1,193,926	1,153,355
Sundry Assets	265,100	286,143
Computer Softwares	825,658	646,628
	33,681,806	32,488,050

11 Selling & Distribution Costs

	2022	2021 (Re-stated)
Provision for Bad & Doubtful Debts	(312,089)	1,153,440
Written off-Long Outstanding Debtor Balances	-	1,490,585
Marketing Expenses	315,700	46,070
Expenses for "Karmantha" Exhibition 2022	65,067,560	6,000,000
Other Exhibition Expenses	93,175	212,697
Social Security Contribution Leavy	2,025,353	-
	67,189,699	8,902,791

12 Finance Costs

	2022	2021 (Re-stated)
Bank Charges	1,029,588	588,050
O D Interest	40,413	-
	1,070,001	588,050

13 Other Comprehensive Income

	2022	2021 (Re-stated)
Actuarial Gain / (Loss) for the year (Ref. Note 28)	15,052,636	15,123,409
	15,052,636	15,123,409

INDUSTRIAL DEVELOPMENT BOARD

Notes to the Financial Statements (contd)

(all amounts in LKR)

14 Property, Plant and Equipment as at 31/12/2022

	Lands & Land Improvements	Buildings	Plant, Machinery & Equipment Installation	Printing Mechinery	JICA Project Assets	Office Equipment
Year ended 31st December 2021						
Opening Net Book Value	104,147,711	142,900,056	56,927,575	817,427	(1)	21,110,456
Additions	-	31,068,790	36,347,841	3,660,000	-	1,735,565
Re-stated Additions	-	-	-	-	-	3,161,689
Disposals	-	-	-	-	-	-
Depreciation Charge (Ref. Note 9)	(379,301)	(5,157,674)	(8,237,333)	(503,641)	-	(3,661,504)
Re-stated Accumulated Depreciation	-	-	(415,831)	-	-	(26,611)
Closing Net Book Value	103,768,411	168,811,172	84,622,251	3,973,786	(1)	22,319,595
At 31st December 2021						
Cost	106,672,023	232,837,184	213,601,898	12,212,955	228,842,384	72,581,252
Accumulated Depreciation	(2,903,613)	(64,026,012)	(128,979,646)	(8,239,170)	(228,842,385)	(50,261,658)
Net Book Value	103,768,411	168,811,172	84,622,251	3,973,786	(1)	22,319,595
Year ended 31st December 2022						
Opening Net Book Value	103,768,411	168,811,172	84,622,251	3,973,786	(1)	22,319,595
Additions	-	8,123,904	2,595,000	-	-	4,967,056
Disposals	-	-	-	-	-	-
Accumulated Depreciation for Desposed Assets	-	-	-	-	-	-
Depreciation Charge (Ref. Note 9)	(333,745)	(5,906,935)	(10,798,400)	(460,000)	-	(3,882,139)
Closing Net Book Value	103,434,666	171,028,141	76,418,851	3,513,786	(1)	23,404,512
At 31st December 2022						
Cost	106,672,023	240,961,088	216,196,898	12,212,955	228,842,384	77,548,309
Accumulated Depreciation	(3,237,357)	(69,932,947)	(139,778,047)	(8,699,170)	(228,842,385)	(54,143,796)
Net Book Value	103,434,666	171,028,141	76,418,851	3,513,786	(1)	23,404,512

INDUSTRIAL DEVELOPMENT BOARD

Notes to the Financial Statements (contd)

(all amounts in LKR)

14 Property, Plant and Equipment as at 31/12/2022

	Lab Equipment	Travelling Bags	Furniture & Fittings	Bicycles	Tools & Spares	Library Books	PABX Systems
Year ended 31st December 2021							
Opening Net Book Value	58,194,792	18,662	5,503,499	255,617	1,120,421	311,296	136,813
Additions	7,582,181	15,800	408,657	-	2,442,985	9,835	10,109
Re-Styled Additions	661,982	-	573,793	-	19,785	-	-
Disposals	-	-	-	-	-	-	-
Depreciation Charge (Ref. Note 9)	(7,734,831)	(11,599)	(1,017,456)	(14,827)	(550,081)	(91,790)	(27,360)
Re-stated Accumulated Depreciation	(20,230)	-	(13,483)	-	(4,689)	-	-
Closing Net Book Value	58,683,894	22,863	5,455,011	240,790	3,028,421	229,341	119,562
At 31st December 2021							
Cost	91,575,823	1,348,355	22,878,149	316,860	17,480,499	13,522,465	4,412,919
Accumulated Depreciation	(32,891,928)	(1,325,492)	(17,423,138)	(76,070)	(14,452,077)	(13,293,123)	(4,293,357)
Net Book Value	58,683,894	22,863	5,455,011	240,790	3,028,421	229,341	119,562
Year ended 31st December 2022							
Opening Net Book Value	58,683,894	22,863	5,455,011	240,790	3,028,421	229,341	119,562
Additions	5,520,507	16,000	3,825,991	-	841,258	151,497	603,603
Disposals	-	(1,300)	-	-	-	-	-
Accumulated Depreciation for Desposed Assets	-	574	-	-	-	-	-
Depreciation Charge (Ref. Note 9)	(8,720,189)	(10,807)	(1,095,223)	(6,686)	(1,055,785)	(90,722)	(30,852)
Closing Net Book Value	55,484,213	27,330	8,185,779	234,104	2,813,894	290,116	692,312
At 31st December 2022							
Cost	97,096,330	1,363,055	26,704,140	316,860	18,321,756	13,673,962	5,016,522
Accumulated Depreciation	(41,612,117)	(1,335,725)	(18,518,361)	(82,756)	(15,507,862)	(13,383,846)	(4,324,209)
Net Book Value	55,484,213	27,330	8,185,779	234,104	2,813,894	290,116	692,312

INDUSTRIAL DEVELOPMENT BOARD

Notes to the Financial Statements (contd)

(all amounts in LKR)

14 Property, Plant and Equipment as at 31/12/2022

	Utility Services	Sundry Assets	Computers & Communication equipment	Computer Software	Motor Vehicles	Total
Year ended 31st December 2021						
Opening Net Book Value	34,624,561	1,586,573	20,565,762	7,807,775	2,680,151	458,709,146
Additions	1,821,517	102,700	5,038,055	879,900	-	91,123,934
Re-Styled Additions	136,743	-	-	-	-	4,553,991
Disposals	-	-	-	-	-	-
Depreciation Charge (Ref. Note 9)	(4,349,785)	(277,922)	(7,223,081)	(646,628)	(693,976)	(40,578,786)
Re-stated Accumulated Depreciation	(5,310)	-	-	-	-	(486,153)
Closing Net Book Value	32,227,726	1,411,352	18,380,736	8,041,048	1,986,174	513,322,133
At 31st December 2021						
Cost	60,108,233	5,415,419	89,410,943	10,796,047	54,674,345	1,238,687,753
Accumulated Depreciation	(27,880,507)	(4,004,068)	(71,030,207)	(2,754,999)	(52,688,170)	(725,365,620)
Net Book Value	32,227,726	1,411,352	18,380,736	8,041,048	1,986,174	513,322,135
Year ended 31st December 2022						
Opening Net Book Value	32,227,726	1,411,352	18,380,736	8,041,048	1,986,174	513,322,135
Additions	104,535	17,850	4,890,000	2,233,700	495,000	34,385,901
Disposals	-	-	-	-	-	(1,300)
Accumulated Depreciation for Desposed Assets	-	-	-	-	-	574
Depreciation Charge (Ref. Note 9)	(4,434,323)	(265,100)	(6,756,141)	(825,658)	(673,916)	(45,346,620)
Closing Net Book Value	27,897,939	1,164,101	16,514,595	9,449,090	1,807,258	502,360,689
At 31st December 2022						
Cost	60,212,769	5,433,269	94,300,943	13,029,747	55,169,345	1,273,072,354
Accumulated Depreciation	(32,314,829)	(4,269,168)	(77,786,348)	(3,580,657)	(53,362,086)	(770,711,667)
Net Book Value	27,897,939	1,164,101	16,514,595	9,449,090	1,807,258	502,360,689

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd)**

(all amounts in LKR)

15 Investment Property

	Lands & Land Improvements	Buildings	Total
Year ended 31st December 2021			
Opening Net Book Value	869,837,313	242,322,848	1,112,160,161
Additions	20,314,989	-	20,314,989
Re-Styled Additions	172,347	-	172,347
Disposals	-	-	-
Depreciation Charge (Ref. Note 6)	(9,866,790)	(7,217,418)	(17,084,208)
Re-stated Accumulated Depreciation	-	-	-
Closing Net Book Value	880,457,859	235,105,430	1,115,563,290
At 31st December 2021			
Cost	931,135,635	289,547,848	1,220,683,483
Accumulated Depreciation	(50,677,775)	(54,442,418)	(105,120,193)
Net Book Value	880,457,859	235,105,430	1,115,563,290
Year ended 31st December 2022			
Opening Net Book Value	880,457,859	235,105,430	1,115,563,290
Additions	75,851,950	11,983,830	87,835,780
Disposals	-	-	-
Depreciation Charge (Ref. Note 6)	(11,474,544)	(7,413,026)	(18,887,570)
Closing Net Book Value	944,835,265	239,676,235	1,184,511,500
At 31st December 2022			
Cost	1,006,987,585	301,531,679	1,308,519,263
Accumulated Depreciation	(62,152,320)	(61,855,444)	(124,007,763)
Net Book Value	944,835,265	239,676,235	1,184,511,500

16 Capital Work-in-Progress

	2022	2021 (Re-stated)
Pannala - Constructions - Stage II	-	49,712,293
Canteen, Post office & Dug well - Achchuvely	1,911,259	1,911,259
Improvement of Internal Roads - Achchuvely	7,251,379	7,251,379
Construction New Building - Gampaha	11,992,080	4,797,946
Partition Work - T S D - Food Lab	5,890,041	3,491,531
Modification Work of Canteen IDB	-	1,023,644
Construction of New External Stair Case - Food Laboratory	-	5,366,957
Internal Road & Constructions of Boundry Wall - Ekala	-	7,634,539
Constructions of Security Hut & Wash Room - Negampaha	-	451,158
Partition Works - A T R D C Pannala	-	545,018
Renovation of Office & Post Office - Ekala	-	873,867
Construction of Line Drain - Ekala	-	661,475
Construction of Chain link Fence - Vavuniya	1,017,634	-
Construction of Internal Asphalt road - Achchuvely	6,232,110	-
Sage 200 ERP Software	4,320,000	4,320,000
	38,614,504	88,041,066

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd)**

(all amounts in LKR)

17 Finished Goods, Stocks & Work-In-Progress

	2022	2021 (Re-stated)
Engineering Raw Materials - (H/O)	1,845,222	937,243
Engineering Civil Raw Materials	43,043	-
Engineering Electrical Raw Materials	2,712,996	-
Printing Raw Materials	52,722	53,546
Stationery	4,202,175	2,233,704
Other Raw Materials	1,883,577	2,007,072
Stocks of Village Development Project	1,517,581	3,114,081
Sub Stores - Foundry	13,005,464	5,845,263
Sub Stores - Rubber	6,016,242	4,553,670
Sub Stores - Leather	422,132	323,407
Sub Stores - C S C Matara	317,021	270,054
Sub Stores - Electroplating Centre	1,073,806	1,526,860
Sub Stores - A T R D C Pannala	1,419,732	1,369,808
Brass Centre - Pilimathalawa	176,761	292,732
Work-in-Progress - Direct Materials (H/O)	2,717,736	1,761,593
Work-in-Progress - Direct Labour	4,286,315	1,875,885
Work-in-Progress - General Overheads	1,440,927	494,981
Work-in-Progress - Factory Overheads	160,167	160,167
Work-in-Progress - Machine Overhead - Engineering	827,526	145,310
Non - Ferrous Metal Scraps	5,173,918	996,420
Stocks - Lab Chemicals & Consumables	113,915	-
Stock-Marketing-Lakkam	397,617	-
Finished Goods-Foundry	80,041	-
Provision for Impairment of Non-Moving Stock	(1,052,453)	(1,052,453)
Provision for Loss of Brass Ingots	(996,420)	(996,420)
Direct Issues	134,549	35,049
Common - Fixed Assets	35,980	-
	48,008,293	25,947,972

18 Trade & Other Receivables

	2022	2021 (Re-stated)
Sundry Debtors - Head Office	264,713	264,713
Sundry Debtors - Leather	131,635	26,119
Sundry Debtors - Engineering	421,555	483,183
Sundry Debtors - Engineering - Workshop	2,560,744	2,371,801
Sundry Debtors - Rubber Division	2,018,695	2,004,423
Sundry Debtors - A T R D C - Pannala	821,276	821,276
Sundry Debtors - E P C	73,272	73,272
Sundry Debtors - Printing	-	392,172
Sundry Debtors - Electrical	73,272	2,695,210
Sundry Debtors - Foundry	832,651	832,651
Sundry Debtors - Civil	2,163,600	3,792,187
Sundry Debtors - Laknipaum	42,120	42,120
Sundry Debtors - C S C - Matara	672,502	461,902
Sundry Debtors - C S C - A'pura	-	15,025
Sundry Debtors - Marketing	362,785	199,933
Sundry Debtors - Scrap Project	5,542,696	3,413,414
Sundry Debtors - Common	945,118	1,818,131
Sundry Debtors - TSD	-	396,038
Sundry Debtors - Regional	27,600	7,950
Sundry Debtors -CEDACS	1,062,849	-
Tenant Debtors (Ref. Note 18.1)	22,192,934	19,656,481
	40,210,016	39,768,001
Less:- Provision for Bad & Doubtful Debts	(14,909,844)	(15,221,933)
	25,300,172	24,546,068

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd)**

(all amounts in LKR)

18.1 Tenant Debtors

	2022	2021 (Re-stated)
Industrial Estate - Ekala	2,378,718	1,770,659
Industrial Estate - Palkekele	5,808,918	5,389,300
Industrial Estate - Horana	645,029	1,210,244
Industrial Estate - Pannala	858,564	357,665
Industrial Estate - Lunuwila	248,810	4,210,303
Industrial Estate - Mihinthale	24,988	86,142
Industrial Estate - Matale	430,458	1,810,794
Industrial Estate - Pussella	362,305	256,337
Industrial Estate - Galigamuwa	461,507	255,818
Industrial Estate - Panaluwa	4,267,759	4,258,565
Industrial Estate - Kotagala	1,323,084	969,887
Industrial Estate - Atchchuvely	1,852,727	1,104,030
Industrial Estate - Vaulugala	320,369	1,304,316
Industrial Estate - Vavuniya	627,401	563,629
Industrial Estate - Common	2,582,297	(3,891,207)
	22,192,934	19,656,481

19 Other Current Assets

	2022	2021 (Re-stated)
Festival Advance	296,500	236,500
Motor Bicycle Loans	106,360	209,470
Bicycle Advances	9,554	23,504
Distress Loans	39,015,273	40,030,126
Deferred Staff Costs	(7,164,907)	(7,564,456)
Prepaid Staff Costs (I F R S Adjustment)	7,164,907	7,564,456
Special Advance - Books	7,000	5,800
Receivable from Election Commissioner	92,512	80,919
Withholding Tax	5,172,442	5,172,442
Trade Union Control	-	600
Karmantha Exhibition & Award Ceremony	-	405,554
Receivable from Line Ministry, Bamboo Survey	-	877,500
Receivable from Line Ministry	-	833,450
Temporary Loan to IDB Welfare Society	-	600,000
UNIDO	60,070	-
Receivable from Resigned Employees	150,814	150,814
Receivable from Line Ministry/Indunishia	3,500	-
	44,914,025	48,626,679

20 Deposits & Prepayments

	2022	2021 (Re-stated)
Security Deposits	305,229	292,457
Prepayments (Ref. 20.1)	88,009,298	78,242,896
Provision for Imp. of Pre Payments	(11,787,162)	(11,787,162)
Prepayments / Advances - H/O	192,206	192,206
Advances to Staff - H/O	335,095	140,466
Advances to Staff for Fuel - H/O	8,000	-
Other Deposits / Receivables	1,498,958	1,363,958
Rent & Other Expenses Paid in Advance	471,487	167,926
	79,033,112	68,612,747

20.1 Prepayments

	2022	2021 (Re-stated)
Construction	993,350	1,237,128
Scrap Project	72,826,663	62,268,046
Miscellaneous	14,189,286	14,737,722
	88,009,298	78,242,896

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd)**

(all amounts in LKR)

21 Receivable - Special Projects	2022	2021 (Re-stated)
Diviyata Udanaya	8,059,237	8,059,237
Ministry Funds - Robot Arm (C E R A Project) *	-	3,841,883
One Stop Shop	1,194,320	1,655,020
Dayata Punarudayak-Karmanthaya Jeewayak	20,500	-
Organic Certification-TSD	74,391	-
	9,348,448	13,556,140

* Amount related to year 2022 is presented under note number 28 as it stand for current assets, Hence the amount for year 2022 is no exist under this note. However the project is now under the purview of Ministry of Science and Technology. The negotiations are being proceeded to combinely operated the project by IDB and the Ministry of Science and Technology under the scope PPE in future.

22 Cash and Cash Equivalents	2022	2021 (Re-stated)
A/C code	Account No.	
72000 C/Acc - BOC Idama (Recurrent-Main)	682974	27,339,113
72016 C/Acc - BOC Idama (Rubber)	4064199	20,000
72002 C/Acc - BOC Idama (Capital Grant)	683231	7,621,662
72005 C/Acc - BOC Idama (Engineering)	683144	56,363
72020 C/Acc - BOC Idama (Village Development Project)	4204245	6,514,804
72011 C/Acc - BOC Idama (Ferrous)	682519	170,164,926
72008 C/Acc - BOC Idama (Regional)	683237	516,169
72014 C/Acc - P/Bank Katubedda (Ministry Projects)	313100153657035	998,000
72015 C/Acc - P/Bank Katubedda	313200223657035	23,723,134
72030 C/Acc - BOC Idama (Lakkam)	7153282	7,492,985
72001 C/Acc - BOC Idama (Income)	70034730	1,895,440
72017 C/Acc - BOC Idama (District Office)	74791255	20,000
72028 S/Acc - BOC Idama (Non Ferrous)	7271240	231,644
72029 S/Acc - BOC Idama (CESS Fund)	9123868	1,880,436
Short Term Deposits		85,202,397
Short Term Deposits Interest Receivable		8,979,798
Imprest Accounts		2,266,100
Special Imprest - Cashier		23,379
	344,946,349	220,045,122
Debit Balances		344,946,349
Credit Balances		-
Cash and Cash Equivalents	344,946,349	220,045,122

Short term deposits and interest recivable on it which in last years classified under the note number 16 as fixed deposits are re-classified under this section in compliance with the comments of the Auditors and considering the nature of the deposit as well. This fixed deposits placed from the refundable deposits made by industrialists. Therefore the Industrial Development Board has no right to utilize this amount whereas the interest amounts accrued on this have been utilized to finance routing expenses of the board.

23 Deffered Capital Grants	2022	2021 (Re-stated)
Government Capital Grants as at 1 st January	304,455,732	341,681,267
Grants Received during the year	24,000,000	32,230,000
Capital Grants transfered	(69,670,060)	(69,455,534)
	258,785,672	304,455,733

24 Value of Assets Transferred	2022	2021 (Re-stated)
IDB Prior to 1969	4,403,441	4,403,441
Industrial Estate Cooperation	9,043,620	9,043,620
	13,447,061	13,447,061

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

25 Surplus on Revaluation of Fixed Assets

Balance B/F

2022	2021 (Re-stated)
960,696,320	960,696,320
960,696,320	960,696,320

26 Deffered Government Grants - Capital Projects

Cess Fund
Sirap Fund - Building
Grant - Injection Moulding Machine for R D & S C - Peliyagoda
Ministry Funds Achchuvely
Ministry Funds Industrial Estates
Ministry Funds - Poonthottam Industrial Estate Vavuniya
Ministry Funds - T S D Lab
Panaluwa Industrial Estate
Accredited Food Laboratory - Stage I
Accredited Food Laboratory - Stage II
Atchchuveli 100 Mn. project 2018
Village Development Projects
Ministry Funds - "Nanvamu Lanka"

2022	2021 (Re-stated)
10,500,000	10,500,000
20,305,321	21,152,588
3,747,149	4,678,951
46,832,190	35,567,556
382,563,526	375,713,923
6,604,844	5,165,760
1,707,217	2,156,201
6,162,972	3,859,515
18,499,830	21,697,287
69,554,952	62,525,869
7,259,371	7,259,371
2,722,356	1,152,452
5,117,669	5,117,669
581,577,397	556,547,142

27 Accumulated Profit / (Losses)

Accumulated Losses B/F
Prior Year Adjustments (Ref. Note 27.1)
Surplus for the Period
Accumulated Losses C/F

2022	2021 (Re-stated)
(206,316,490)	(272,134,395)
1,438,656	(8,623,806)
118,669,460	74,441,711
(86,208,374)	(206,316,490)

27.1 Prior Year Adjustments

Accumulated Interest - Panaluwa Grant
Arrears Salary
Tender Board Fee
Receipt - Mohamed Anfas
Cancelled Cheques
Grant Amortization (Audit reply)
Input Tax, Internal Road Atchuvely Industrial Estate
Depreciation
Over Provision - Bonus
Under Provision - Telephone Charges
Opening Balance Inventory Adjustment
Over provision - Water Charges
Industrial Estate & other income
Bamboo project expenses, Paid to Laksala Employee
Other Corrections
reversed Over provision - Labour Cases
Correction entries less than Rs.1.00
Office Rent-Mannar
Telephone Charges
Arrears Land Rent for the period of 2016-2020-Badulla
Security payments for 2020
Excess Paid in 01.01.2021/Balance correction
Over estimation for 2021
Over estimation for 2021
Cheque Cancelled - Covid Expences - Pannala
Over estimation for 2021
Cheque Cancelled (Resouce Personal - TSD)
Cheque Cancelled - (Lakkam Refund)
Cheque Cancelled - Licence Fee -
Cheque Cancelled
Cheque Cancelled -(Exhibition - Badulla)
Cheque Cancelled - Hema Gamage - Bonus - 2020
E.Pathmarani-3138
Unclaimed office rent-Colombo district office

2022	2021 (Re-stated)
-	(7,908,457)
-	(365,276)
-	(2,000)
-	97,000
-	25,750
-	425,476
-	1,079,715
-	8,222
-	132,000
-	(30,928)
-	(38,416)
-	41,854
-	55,820
-	(12,500)
-	(1,000)
-	1,078,983
-	0
-	(360,000)
-	(13,045)
-	(2,520,000)
-	(317,005)
0	
1,290	-
1,320	-
2,900	-
3,332	-
5,000	-
5,475	-
6,000	-
7,500	-
8,490	-
13,500	-
15,831	-
15,972	-

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

27.1 Contd...

Rent for the period of 01.01.2019-31.12.2019
Cheque Cancelled - Covid Expences - Kurunegala
Over Estimation as at 31.12.2021
Cheque Cancelled (Bamboo Project)
Auditor General - Audit Fees - 2020
Festival Advance - guarantors - Mannar - J.M.A.Lambert
Festival Advance - guarantors - Mannar - M.T.M. Farsath
R.M.M.N.K.Rathnayake - TSD - Refund
Price Comittee member fee - P.I.U.Rathnamalala - Non Ferrouce
Travelling - Board of Survey
Bonus -2020 - W.G.Hema Gamage
Travelling - Board of survey Jaffna
Travelling - Pilimathalawa
Under estimation/Covid 19 expenses for 2021
Under estimation/Expenses for 2021(Scrap project)
Provision for Under Estimation as at 31.12.2021
Under estimation/Expenses for 2021(Scrap project)
Accrued exp 2021/Reverse
Over provision,Travelling
Receipt Reverse
Receipt Reverse
Receipt Reverse

2022	2021 (Re-stated)
30,000	-
54,420	-
503,014	-
877,500	-
(112,800)	-
(1,875)	-
(1,875)	-
(35,000)	-
(5,000)	-
(3,951)	-
(13,500)	-
(1,100)	-
(2,320)	-
(8,000)	-
(6,000)	-
(200)	-
(7,800)	-
(6,247)	-
100,521	-
(3,000)	-
(1,500)	-
(3,240)	-
1,438,656	(8,623,806)

28 Retirement Benefit Obligations

The amounts recognised in the Statement of Financial Position are determined as follows:

	2022	2021 (Re-stated)
Present value of unfunded obligation	206,829,087	206,131,395
Liability in the statement of Financial Position	206,829,087	206,131,395

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

	2022	2021 (Re-stated)
As at 1 st January	206,131,395	202,971,991
Current service cost	12,630,367	12,585,710
Interest cost	18,172,631	18,127,427
Actuarial loss / (gain) on post employment benefit obligation	(15,052,636)	(15,123,409)
	221,881,757	218,561,718
Benefits paid	(15,052,670)	(12,430,323)
At 31 st December	206,829,087	206,131,395

The principal actuarial assumptions used were as follows.

	2022	2021 (Re-stated)
Discount Rate	9.50%	9.50%
Future Salary Increases	5.00%	5.00%
Retiring Age	60	60

29 Grants for Special Project

Ministry Funds - Robot Arm (C E R A Project)

2022	2021 (Re-stated)
661,300	-
661,300	-

30 Dues to Government

Commissioner General of Inland Revenue
Commissioner General of Inland Revenue (Stamp Duty)

2022	2021 (Re-stated)
28,879	28,879
26,050	45,975
54,929	74,854

31 Dues to Boards & Corporations

Central Bank of Sri Lanka (EPF)
Employee Trust Fund (ETF)

2022	2021 (Re-stated)
6,891,980	7,212,273
867,546	983,492
7,759,526	8,195,765

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

32 Trade & Other Creditors, Provisions and Accrued Expenses

	2022	2021 (Re-stated)
Trade Creditors (Ref. Note 32.1)	88,401,761	80,745,566
Payable "SGS Lanka Pvt Ltd"	6,635,504	3,631,954
R P D & S C - Action Plan of MOU - Ministry of Plantation Ind.	3,498,000	3,498,000
Nation Building Tax 2%	3,706,617	3,706,617
Staff Deductions Payable	12,387	12,387
Payee Tax Payable	11,479	11,479
Miscellaneous Creditors	399,453	399,453
Other Creditors	40,883	40,883
Sundry Creditors - Head Office	1,946,480	2,118,014
VAT Payable	8,571,864	4,715,579
Social Security Contribution Leavy 2.5%	969,555	-
Deposits Pending Settlement	4,464,752	635,915
Laknipaum Sales & Display Centre - Creditors	89,753	89,753
Advance Received from Customers	52,628,070	14,944,277
Advances for Training Programmes	775,070	1,352,720
Security Deposits	330,229	317,457
Refundable Deposits - Estates	80,384,796	73,867,694
Refundable Deposits - Non Estates	3,145,629	3,374,579
Retention Payable	4,512,355	5,374,984
30 Years Ground Rent Paid in Advance	1,841,028	1,904,694
Medical Scheme	4,429,240	4,011,031
Welfare Society	68,931	(2,500)
Thirft Society	4,418	4,418
Trade Union	200	-
Provision for Labour Cases	4,294,311	4,294,311
Sub Contract Creditors	95,046	95,046
Accrued Expenses (Ref. Note 32.2)	53,330,021	57,892,422
Lakkam Creditors	1,746,255	1,746,255
Material Sales Center-Leather	(632,300)	-
Salaries Payable	1,489,344	3,416
Payable Cents Control	30	21
	327,191,159	268,786,425

32.1 Trade Creditors

	2022	2021 (Re-stated)
Construction	10,996,372	18,639,543
Scrap Projects	10,870,824	17,916,804
Other Supplies	31,867,881	25,518,827
Purchase Accrual	34,666,684	18,670,392
	88,401,761	80,745,566

32.2 Accrued Expenses

	2022	2021 (Re-stated)
Accrued Lieu Leave Payments	1,310,378	700,529
Advertisement Expenses	26,163	26,163
Bonus Payment	10,247,000	6,831,000
Casual Wages Payable	2,444,803	2,351,509
Electricity	-	2,565
Holiday Pay	442,482	155,312
Lodging Expenses	-	12,300
Newspapers and Periodicals	-	35,050
Other Materials	(2,210)	(2,210)
Overtime	3,107,866	3,452,280
Rate & Taxes	12,926,586	12,916,586
Rent - Building	-	55,972
Stationery	111,648	111,648
Trainees Allowances & Days Pay	201,484	227,523
Traning Programmes	238,851	137,284
Travelling and Subsistence	500,658	414,535
Turnover Tax	246,728	246,728
Unutilized Medical Leave Encashment Payable	21,490,451	24,217,646
Vehicle Insurance Claim	37,134	-
Karmantha Exhibition 2022	-	6,000,000
	53,330,021	57,892,422

Corrections done for the Items in 2021 Financial Statements

In the year 2021 as very initial stage of entering data into Sage 200 ERP system , a number of mistakes and omissions were occurred in the sysstem which corrected in the year 2022. Following accounts were adjusted and the comparative figures in the year 2022 were changed accordingly. The areas and impact of change is shown below.

Ledger Codes		Amounts before Changes		Amounts after the Changes		Change Amount-LKR	
10005	Ground Rent - Industrial Estate	-	8,007,884	-	8,013,196	-	(5,311)
20000	Cost of Sales - Direct Materials	5,194,043	928,540	7,089,026	529,190	(1,894,984)	399,350
20010	Cost of Sales - Scrap Project	193,746,158	-	193,749,158	-	(3,000)	-
20011	Cost of Sales - Lakkam	0	-	-	-	0	-
20052	Maintenance of Industrial Estates	144,195	-	991,218	-	(847,023)	-
20065	Training Programmes	1,006,803	-	2,909,807	-	(1,903,004)	-
20100	Purchase Accrual	-	19,984,502	-	-	-	19,984,502
20101	Purchase Cost Variance	114,196	-	-	-	114,196	-
25010	Notarial Fees	-	237,552	-	245,652	-	(8,100)
25052	Land & building transfer charges	-	400,000	-	-	-	400,000
30000	Basic Salaries	8,211,460	-	8,207,739	-	3,721	-
30009	C. O. L. Allowance	1,343,680	-	1,342,640	-	1,040	-
30024	EPF (Contribution)	1,204,217	-	1,203,645	-	571	-
30025	ETF (Contribution)	462,278	-	462,136	-	143	-
30039	Stationary & Office Requisites	1,129,298	-	3,592,207	-	(2,462,909)	-
30042	Uniforms	33,691	-	204,739	-	(171,048)	-
30045	Maintenance of Land	147,119	-	198,993	-	(51,874)	-
30046	Maintenance of Building	-	-	51,875	-	(51,875)	-
30047	Maintenance of Plant & Machinery	59,270	-	40,520	-	18,750	-
30048	Maintenance of Computers & Accessories	139,038	-	19,238	-	119,800	-
30052	Vehicle Maintenance	824,571	-	2,356,302	-	(1,531,731)	-
30055	Office Maintenance Expenses	-	-	37,440	-	(37,440)	-
30056	Maintenance of Office Equipment	439,893	-	571,724	-	(131,831)	-
30062	Maintenance of Sundry Assets	24,750	-	-	-	24,750	-
30070	Electricity	6,057,731	-	6,212,405	-	(154,674)	-
30073	Payment of Security Services	19,278,548	-	20,146,805	-	(868,257)	-
30075	Water Charges	55,247	-	56,503	-	(1,257)	-
30076	Rent	220,000	-	780,000	-	(560,000)	-
30097	Welfare	145,444	-	447,485	-	(302,041)	-
30099	Advertisement	-	-	62,240	-	(62,240)	-

Ledger Codes		Amounts before Changes		Amounts after the Changes		Change Amount-LKR	
30129	Depreciation of - Plant & Machinery	584,724	-	1,000,555	-	(415,831)	-
30131	Depreciation of - Lab Equipments	6,576,978	-	6,597,208	-	(20,230)	-
30134	Depreciation of - Office Equipments	213,659	-	240,270	-	(26,611)	-
30136	Depreciation of - Furniture & Fittings	3,574	-	17,056	-	(13,483)	-
30138	Depreciation of - Tools & Spares	-	-	4,689	-	(4,689)	-
30141	Depreciation of - Utility Services	102,017	-	107,327	-	(5,310)	-
30164	Donation	-	-	669,469	-	(669,469)	-
58006	Plant & Machinery - Accumulated Dep	-	128,563,815	-	128,979,646	-	(415,831)
58011	Lab Equipment Cost	90,913,841	-	91,575,823	-	(661,982)	-
58012	Lab Equipment - Accumulated Deprecation	-	32,871,699	-	32,891,928	-	(20,230)
58018	Office Equipment Cost	69,419,563	-	72,581,252	-	(3,161,689)	-
58019	Office Equipment - Accumulated Dep	-	50,235,046	-	50,261,657	-	(26,611)
58022	Furniture & Fittings Cost	22,304,356	-	22,878,149	-	(573,793)	-
58023	Furniture & Fittings - Accumulated Dep	-	17,409,655	-	17,423,138	-	(13,483)
58026	Tools & Spares Cost	17,460,714	-	17,480,499	-	(19,785)	-
58027	Tools & Spares - Accumulated Deprecation	-	14,447,389	-	14,452,078	-	(4,689)
58032	Utility Services Cost	59,971,490	-	60,108,233	-	(136,743)	-
58033	Utility Services - Accumulated Dep	-	27,875,197	-	27,880,507	-	(5,310)
58040	Land Improvements on Investment Property	930,963,288	-	931,135,635	-	(172,347)	-
58044	Capital work-in-progress	83,721,066	-	88,041,066	-	(4,320,000)	-
60001	Stock-Marketing-Lakkam-Finished Goods	-	21,006	-	-	-	21,006
60010	Stock - TSD	701,194	-	-	-	701,194	-
60002	Stock-Marketing-Scrap-Finished Goods	996,420	-	996,420	-	0	-
60021	Stock-Engineering-Raw Material	2,171,520	-	484,700	-	1,686,820	-
60022	Stock-Engineering-Civil-Raw Material	156,484	-	78,160	-	78,324	-
60023	Stock-Engineering-Electrical-Raw Ma	1,329,265	-	374,383	-	954,882	-
60024	Stock-Engineering-Foundry-Raw Material	3,893,775	-	148,088	-	3,745,687	-
60025	Stock-Engineering-Foundry-Chemical-RM	2,474,570	-	5,697,175	-	(3,222,605)	-
60026	Stock-Engineering-Pannala-RM	982,137	-	1,369,808	-	(387,671)	-
60027	Stock-Engineering-EPC-Raw Material	1,751,216	-	1,526,860	-	224,356	-
60028	Stock-Engineering-CSC Mathara	398,444	-	270,054	-	128,390	-
60029	Stock-Engineering-Pilimathalawa	176,761	-	292,732	-	(115,971)	-
60030	Stock-Engineering-Foundry-Finished Goods	710	-	-	-	710	-
60041	Stock-Leather-Raw Materia	456,281	-	323,407	-	132,874	-

Ledger Codes		Amounts before Changes		Amounts after the Changes		Change Amount-LKR	
60062	Stock-Rubber-Chemical-Raw Material	5,671,652	-	4,340,541	-	1,331,111	-
60081	Stock-CEDACS-Printing-Raw Material	40,350	-	-	-	40,350	-
60090	Stock-CEDACS-Karmantha Jn-Finished Goods	66,667	-	-	-	66,667	-
60101	Stock-Common-Stationery-Raw Material	4,413,082	-	2,233,704	-	2,179,378	-
60102	Stock-Common-General-Raw Material	332,457	-	176,835	-	155,623	-
60103	Stock-Common-Printing-Raw Material	217,078	-	53,546	-	163,532	-
60104	Stock-Common-Uniform Material	671,788	-	500,740	-	171,048	-
60105	Stock-Common-Vehicle Maintenance	1,914,623	-	413,509	-	1,501,114	-
60106	Stock-Common-Welfare	550,860	-	326,163	-	224,697	-
60107	Stock-Common-Tools	163,756	-	589,825	-	(426,069)	-
60110	Stock-Industrial Estate	49,023	-	-	-	49,023	-
60901	Inventory Direct Issues-H/O(Personal Ad)	33,147	-	33,147	-	(0)	-
70000	Trade Debtors	27,594,369	-	27,208,205	-	386,164	-
72005	Engineering Acc.-BOC-Idama Branch683144	147,012	-	147,012	-	(0)	-
72016	Rubber Development-Bank of Ceylon4064199	174,103	-	174,103	-	(0)	-
72017	District Office Bank Account074791255	66,865	-	66,865	-	(0)	-
72127	Village Development Division (Cashier)	10,549	-	10,549	-	(0)	-
72129	Stamp Duty	-	7,450	-	7,525	-	(75)
79000	Trade Creditors	45,535,795	14,389,734	44,673,232	28,498,260	862,563	(14,108,526)
80034	Provision as per Labour Cases	-	5,373,294	-	4,294,311	-	1,078,983
80037	Employees provident Fund Control Account	-	7,213,321	-	7,212,273	-	1,047
80038	Employees Trust Fund Control Account	-	983,635	-	983,492	-	143
80045	Casual Wages Payable	-	2,355,795	-	2,351,509	-	4,285
80102	VAT on Sales	-	9,169,777	-	8,656,093	-	513,684
80130	Retention Payable (Construction & other)	-	3,697,389	-	5,374,984	-	(1,677,595)
80202	Purchase Accrual	-	-	-	18,670,392	-	(18,670,392)
90000	Excess Expenditure Over Income(Accumulat	278,627,134	-	280,758,201	-	(2,131,067)	-
90028	Centre for Excellence in Robotics Applic	3,776,783	-	3,841,883	-	(65,100)	-
90040	Accredited Food Laboratory - Stage II	-	62,560,869	-	62,525,869	-	35,000



(06) AUDITOR GENERAL'S REVIEW ON FINANCIAL STATEMENTS

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

My No. IMT/A/IDB/FA/2022/16

Date: March 11, 2024

Chairman,
Industrial Development Board of Ceylon

Auditor General's Report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal and regulatory requirements of the Industrial Development Board of Ceylon for the year ending 31st December 2022

1. Financial Statements

1.1 Qualified Opinion

Industrial Development Board of Ceylon's Statement of Financial Position as at 31 December 2022 and Statement of Comprehensive Income for the year then ended, Statement of Change of Ownership and Cash Flow Statement for the year then ended and Notes to the Financial Statements, Summary of Significant Accounting Policies for the year ended 31 December 2022 The financial statements were audited under my direction in accordance with the provisions of the National Audit Act No. 19 of 2018 and the Finance Act No. 38 of 1971 to be read in conjunction with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. In accordance with Article 154 (6) of the Constitution, my report will be tabled in Parliament in due course.

Except for the effect of the matters described in the basis for Qualified Opinion section of my report, that the financial statements of the Board give a true and fair view of the financial position as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with Sri Lankan Accounting Standards is my opinion.

1.2 Basis for qualified opinion

- (a) According to paragraph 51 of Sri Lanka Accounting Standard 16 on Property, Plant and Equipment, the useful life of assets should be reviewed at least every financial year and if the useful life differs from previous estimates should be accounted for in accordance with Sri Lanka Accounting Standard 8 but Rs. 470,023,622 worth of property, plant and equipment, which had been fully depreciated as on 31, December 2022 had not been reviewed and accounted for over the useful life of the property, plant and equipment.
- (b) Cess Fund amounting to Rs.10,500,000 under capital grants prior to the year 2016 was not amortized as per paragraph 26 or 27 of Sri Lanka Accounting Standard 20.
- (c) According to the reports of the laboratory department in the reviewed year, the testing income was Rs.1,348,406, but according to the financial statements it was Rs.683,115, and there was a difference of Rs.665,291 in the income.
- (d) According to the financial statements, the Industrial Estates debtor balance was Rs.22,192,934, in which there was an unrecognized general balance of Rs.2,582,297.
- (e) Although there was no balance as of December 31, 2022, according to the goods and warehouse books of the Village Development Program and *Nangwamu* Lanka Program, there was a balance of Rs.2,722,356 and Rs.5,117,669 respectively according to the financial statements.
- (f) According to the reports received from the Industrial Estates Division, the arrears income as of December 31, 2022 was Rs.19,091,044 and according to the financial statements, the figure was Rs.22,192,934, and there was a difference of Rs.3,101,890.
- (g) According to the financial statements, although the water fee income of the 13 Industrial Estates was Rs.7,715,837, there was a difference of Rs.524,002 from the value of Rs.7,191,834 according to the records of the Industrial Estates.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAS). My responsibilities under these auditing standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.3 Other information included in the Board's 2022 Annual Report.

Other information means the information included in the Board's 2022 annual report expected to be provided to me after the date of this audit report but not included in the financial statements and my audit report thereon. Management is responsible for this other information.

My opinion on the financial statements does not constitute information other than and I do not express any assurance or opinion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with my knowledge obtained during the audit or otherwise.

If, upon reading the Board's 2022 Annual Report, I conclude that there are material misstatements, those facts shall be communicated to the controlling parties for correction. If there are any further uncorrected misrepresentations, they will be included in the report tabled by me in Parliament in due course in terms of Article 154(6) of the Constitution.

1.4 Responsibilities of Management and Controlling Parties on Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lankan Accounting Standards and for determining the internal controls necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, it is the responsibility of management to determine the going concern of the board, and unless management intends to liquidate the board or, in the absence of any other alternative, cease operations, it is also the responsibility of management to keep accounts on a going concern basis and to disclose matters related to the board's going concern.

Controlling parties are responsible for auditing the board's financial reporting process.

In terms of sub-section 16 (1) of the National Audit Act No. 19 of 2018, the Board shall maintain proper books and records of its income, expenditure, assets and liabilities to enable it to prepare annual and periodic financial statements.

1.5 Auditor's Responsibility in Auditing Financial Statements

My objective is to provide reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the audit report that includes my opinion. Reasonable assurance is a high level of assurance, but it will not always be assurance that material misstatements will be detected when conducting an audit in accordance with Sri Lanka Auditing Standards. The effect of fraud and error, individually or collectively, can result in material misstatements, the materiality of which depends on the effect on the economic decisions made by users on the basis of these financial statements.

I exercised professional judgment and professional scepticism in the audit as part of the audit in accordance with Sri Lanka Auditing Standards. No more by me,

- Designed and performed appropriate audit procedures as appropriate to identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, in providing a basis for the audit opinion expressed. The effect of fraud is stronger than the effect of material misstatements due to misrepresentations because they are caused by negligence, falsification, intentional omission, misrepresentation or circumvention of internal controls.
- Obtained an understanding of internal control in order to design appropriate audit procedures as appropriate, although not with a view to expressing an opinion on the effectiveness of internal control.
- Evaluated the appropriateness of accounting policies used, reasonableness of accounting estimates and related disclosures made by management.
- Determined the appropriateness of using the going concern basis of accounting based on the audit evidence obtained as to whether there is material uncertainty

about the going concern of the Board due to events or circumstances. If I conclude that there is sufficient uncertainty, I should focus in my audit report on the related disclosures in the financial statements, and if those disclosures are inadequate, I should modify my opinion. However, the going concern may terminate upon future events or circumstances.

- Evaluated the overall presentation of the financial statements, including the appropriate and fair inclusion and disclosure of underlying transactions and events for the structure and content of the financial statements.

I inform controlled parties of significant audit findings, key internal control weaknesses and other matters identified during my audit.

2. Report on other legal and regulatory requirements

2.1 The National Audit Act No. 19 of 2018 includes special provisions regarding the following requirements.

2.1.1 I have obtained all information and explanations necessary for the audit in accordance with the requirements of Section 12 (a) of the National Audit Act No. 19 of 2018, except for the effect of the matters described in the basis for Qualified Opinion section of my report, and it appears from my examination. Accordingly, the company had maintained proper financial records.

2.1.2 The Board's financial statements are reconciled with the previous year as required by Section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018.

2.1.3 In accordance with the requirement mentioned in section 6 (i) (d) (iv) of the National Audit Act No. 19 of 2018, the basis for the qualified opinion of my report is the recommendations made by me in the previous year except for the observation stated in section (a) of the financial statements presented. is included.

2.2 In confining the proceedings adopted and the evidence obtained to the material and material facts, nothing came to my notice to the extent of making the following statements.

2.2.1 According to the requirement mentioned in Section 12 (d) of the National Audit Act No. 19 of 2018, any member of the Governing Body of the Board has a

relationship, directly or otherwise, outside the ordinary course of business in relation to any agreement involving the Board.

- 2.2.2 In accordance with the requirement mentioned in Section 12 (e) of the National Audit Act No. 19 of 2018, apart from the following observation, it has acted in non-compliance with any relevant written law or other general or special directives issued by the Governing Body of the Board.

Reference to Rules / Directive	Observations
(a) Public Administration Circular No. 28/2011 dated 12 December 2011	From January 01, 2012, an allowance of Rs.15,000 per month was approved for the officers belonging to the Sri Lanka Engineering Service, and if the allowances are paid to institutions that have not been approved to pay allowances in this circular, the approval from the Ministry of Finance through the Ministry Secretary should be obtained, but the Industrial Development Board Rs. 6,177.000 had been paid in excess of the approved allowance till the end of the year under review due to the payment of full allowance with the approval of the Board of Directors from the year 2018 for 12 officers..
(b) State Business Circular No. 01/2021 dated November 16, 2021 Paragraph 6.6 of the Operations Manual for State-Owned Enterprises	A copy of the financial statements and draft annual report for the year under review should be submitted to the Auditor General within sixty (60) days after the end of the accounting year, but the board submitted the original statements for the year under review on November 02, 2023, with a delay of 08 months. Also, a draft copy of the annual report was not submitted for audit till 31 December 2023.

2.2.3 That the powers, duties and functions of the Board have not been acted upon as per the requirement mentioned in Section 12 (g) of the National Audit Act No. 19 of 2018.

2.2.4 According to the requirement mentioned in Section 12 (h) of the National Audit Act No. 19 of 2018, apart from the following observation, the Board's resources have not been procured and used in accordance with the relevant rules in a timely, efficient and effective manner.

The Board had not received the copper scrap worth Rs. 3,754,298 purchased by the Kandy District Office in the year 2022 removed from *Wimalasurendra* Power Plant. Further, no action has been taken so far to recover the money or receive the goods.

2.3 Other matters

- (a) There are 733 plots in the 16 Industrial Estates owned by the Industrial Development Board, out of which 52 plots have not been allotted to industrialists and remained unused for several years. Also, 23 plots of land in 05 Industrial Estates were used for private residence. As on December 31, 2022, 29 factories in Industrial Estates were non-functioning and closed and no arrangements had been made to distribute them to other industrialists.
- (b) Although the National Crafts Council had given 3 machines worth Rs.3,850,740 to the Matara workshop belonging to the Industrial Development Board of Ceylon in the year 2021, the March 2023 audit observed that Rs.351,000 was spent on pulling cane from the forest. Except for the said value machine, the work of the other 2 machines had not been completed. By January 2024, the work on these three machines had not been completed and handed over to the Shilpa Sabha.
- (c) In the workshop of the Engineering Division, as on 31 December 2022, there were 34 unserviceable machines and other equipment older than 11 years but no action had been taken to remove these items from the Division or take any other

appropriate action.. Also, since more than 11 years due to lack of operators in 04 machines namely Boring Machine, Electrical Discharging Machine, Die Sinking Machine and Power Hammer for Black Smithy Work which are in demand for external work such as making smaller holes, enlarging small holes, cutting metal pieces etc were not operated.

- (d) A rubber injection moulding machine purchased in 2016 with the objectives of improving the quality of rubber related products, reducing waste, increasing the efficiency of the production process and reducing production costs, introducing and encouraging the use of small and medium scale industries etc. to the Peliyagoda Rubber Development and Service Centre. It had been purchased for an amount of Rs.9,318,026. Since the date of purchase, only 328 trainees had been trained, and from the year 2020 till the audit date 2023, this machine was kept idle at the engineering workshop of the Board.
- (e) There was an outstanding balance of Rs. 6,050,081 related to the year 2021 and previous years in the scraps prepayment balance.
- (f) The value of 33 trade creditors' balances is Rs.12,238,482 and the value of 13 other creditors' balances is Rs.9,587,167, the balances that have existed for more than 2 years.
- (g) In the trade and other creditors balance, there was up to Rs.52,628,070 as early receipts from debtors and it was revealed that this balance was generated due to not updating the system properly.
- (h) In other current assets, there were 07 outstanding balances of Rs. 7,357,288 from the year 202 and the Board had not taken steps to settle these even at the end of the year under review.
- (i) On August 17, 2016, the decision of the Cabinet of Ministers No. Cabinet Papers/16/1424/723/039 approved the establishment of a centre of excellence for robotics with the contribution of the government, and the Ceylon Industrial Development Board's *Navabima* pre-development centre was selected for that

purpose. About 40 million rupees were spent for the construction, repair and renovation of the ground floor and second floor of a new building with 5 rooms. Also purchased for this project about 35 million rupees worth of robotic machinery was installed in this centre in 2018 and 2019. Although the executive officer hired to implement this will be paid Rs. 725,000 per month from September 2017 to October 2018, totalling about 11 million rupees had been paid, the necessary staff had not been recruited and the work had not started. Due to the failure of this, this centre which was under the Ministry of Industry will be under the Ministry of Technology by the year 2023, but according to the field inspection conducted in October 2023, the 15 air conditioners installed here and the area of about 7200 square feet as well as the installed machinery are exactly lasted for over 6 years. However, although these projects were started with the aim of encouraging, improving and supporting the development of Sri Lankan industries, it has not been fulfilled so far.

- (j) There were 64 rubber-related machines in the *Peliyagoda* Rubber Products Development and Service Centre, of which 26 machines were inactive for a period of 1 to 37 years, and the compressor worth Rs. 85,560 was kept unused in its packaging since 2017. Furthermore, 17 types of raw materials and 284 types of machine spare parts were idle without being used for a period of 1-17 years.
- (k) In the year 2020, UNIDO provided 12 machines and equipment worth USD 101,130 and goods worth USD 1167.44 to the board and installed them in the *Laksala* building and temporarily started the bamboo wood training centre. In September 2022, this training centre building was handed over to the National Crafts Council, and the machines and equipment were removed and packed in a building in the *Katubedda Navabima* premises, and they remained idle until January 2024.

Sgd/ W.P.C. Wickramaratne
Auditor General