NATIONAL HUMAN RESOURCES DEVELOPMENT COUNCIL
OF SRI LANKA

ANNUAL REPORT
2020

Ministry of Public Services, Provincial Councils and Local Government

354/2, NIPUNATHA PIYASA, 7TH FLOOR, ELVITIGALA MAWATHA, COLOMBO 05.

Institutional Background

Institution	:	National Human Resources Development Council of Sri Lanka
Ministry	:	Ministry of Public Services, Provincial Councils and Local Government
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Auditors	:	Auditor General National Audit Office Battaramulla
Bankers	:	Bank of Ceylon Peoples' Bank

Vision

Our Workforce Future Ready

Mission

Develop, implement, promote and facilitate effective policies, and innovative strategies in relation to human resources development of our country.

Values

- ❖Team culture
- ❖Customer orientation
- ❖Creativity
- ❖Equality

Message of the Chairman

The National Human Resources Development Council of Sri Lanka is an institution established under the provisions of the National Human Resources Development Council Act No. 18 of 1997 to perform a significant role in HRD. The main objective of the Council is to provide policy guidelines and advice in respect of the HR development to the Minister concerned and to the government.

With the aim of identifying the impact of COVID-19 on labour market issues in the country, an online survey was conducted concerning the most economically sensitive sectors: Tourism and Hospitality Industry, Construction Industry, Foreign employment, SMEs, Apparel, Logistics, Aviation and IT with sub aspect, Legal, Educational and Financial situations. According to the survey, recommendations were made and final report has been published.

NHRDC publishes a Statistical Bulletin and Human Capital Insights annually to fulfill the information gap of relevant stakeholders. The latest bulletin 2020 and the Human Capital Insights were published in the NHRDC website.

At the prevailing situation the recruitments have been suspended by the government. During the year 2020 posts Assistant Director (Research), 03 Development Officers were vacant. Only one Assistant Director and four Research Officers and one Development Officer are existing to cover the core areas of the act. During the year 2020 Chairman/CEO of the Council was not appointed until Mr. Padmasiri Jayamanne has been appointed on 22.06.2020 and has suddenly passed away on 16.11.2020 and the post was vacant as at 31.12.2020.

At the same time due to the COVID-19 pandemic situation most officers of the organization were work from home due to the inter-provincial transporation restrictions. Actions taken to achieve effective services delivery of the organization under the COVID-19 pandemic situation were apply Work from Home Concept using online system, coordinated meetings, discussions with various stake holders and NHRDC staff via Zoom App, conducted capacity development programs via Zoom for the staff.

However, these challenges made NHRDC stronger more exposing it to new experiences. We are confident that our organization will make a positive contribution to the country in this critical situation.

NHRDC will continue to be a stronger institute amid the challenges you can rely on.

Chairman
NHRDC

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1. Institutional Background and the Scope

The National Human Resources Development Council of Sri Lanka is an institution established under the provisions of the National Human Resources Development Council Act No. 18 of 1997 to perform a significant role in Human Resources Development. It takes responsibilities for the important role of work in assisting to initiate, promote and implement the policies pertaining to human resources development and by giving priority to all the activities of human resources development under the powers vested upon the said council. Its main objective is to provide policy guidelines and advice in respect of the Human Resources Development to the Minister concerned and to the government.

1.1 Introduction to the Institution

The National Human Resources Development Council of Sri Lanka, as a national level consultative body began as a unit of the Ministry of Youth Affairs on the 05th of June 1987. Subsequently it was established as an independent statutory body under the purview of the Ministry of Science & Technology, subject to the provisions of the National Human Resources Development Council Act No. 18 of 1997. Since then, this institution was assigned to the Ministry of Technical Education and Vocational Training within a short period i.e., in the year 2000, and again in the year 2001 it was assigned to the Ministry of Education & Cultural Affairs. Then, subsequent to the change of government, the institution was assigned to the Ministry of Skills Development, Vocational & Technical Training and under the Ministry of National Policies, Economic Affairs, Resettlement & Rehabilitation, Northern Province Development and Youth Affairs in 2019. This institution functioned under several ministries within a short period is currently carrying out its functions under the purview of the Ministry Public Services, of Provincial Councils and Local Government.

1.2 Vision

Our Workforce Future Ready

1.3 Mission

Develop, implement, promote and facilitate effective policies, and innovative strategies in relation to human resources development.

1.4 Objectives

The objective of the National Human Resources Development Council of Sri Lanka is to create an institutional frame work suitable for providing policy guidelines to the government in respect of Human Resources Development. This institution is also responsible for Human Resources Development, process planning, policy review and improvement of the human resources capacity.

The duties and functions of the Council are as follows;

(i). To advise the Minister on national human resources policy in all its aspects, including the rationalalization and co-ordination of sectoral human resources development concerning, or related to -

a. Employment, training and education;
b. The application of science and technology;
c. The enhancement of quality of life;
d. The designing of social protection for disadvantaged groups of persons; and
e. Maintaining entitlements with economic reforms;

(ii)To make recommendations to the Minister, on plans and programmes on human resources development, in accordance with the national policy, for submission to the Government;

(iii)To review and examine, periodically, the national human resources development policy, plans and programmes in operation and where necessary, to recommend to the Minister, changes in such policy, plans and programmes;

(iv)To monitor the implementation of human resources development plans and programmes approved by the Government; and

(v) To implement any project related to any subject referred to in the Schedule to this Act, provided that, where such project relates to a subject which has been assigned to any other Minister, implementation shall be with the concurrence of that other Minister; and

(vi) To do all such other acts which in the opinion of the Council are necessary for, or conducive or incidental to, human resources development in accordance with the national objectives.

1.5 Authority of the Council

In terms of Sub section 16 (2) (1) of the Act of National Human Resources Development Council of Sri Lanka No 18 of 1997, the powers of the Council are as follows;

(a) to carry out such surveys, investigation studies and research as may be necessary for the discharge of the functions of the Council;

(b) to conduct public or private hearings with a view to ascertaining the opinion of experts, professionals or the general public, on matters relating to human resources development;

(c) to establish and maintain liaison with international agencies and other organizations outside Sri Lanka discharging functions similar to those discharged by the Council;

(d) To enter into and perform, all such contracts and agreements as may be necessary for the discharge of its functions under this Act;

(e) To arrange for the conduct of human resources development research by Institutions or individuals either in Sri Lanka or abroad;

(f) To establish and maintain an information data bank on human resources development and related fields in Sri Lanka and in other countries;

(g) To open and maintain, current, savings or deposit accounts, in any bank or banks;

(h) To accept and receive grants and donations, both movable and immovable;

(i) To take such steps as may be necessary to advance the skills of its officers, with view to developing a pool of expertise in all aspects of human resources development;

(j) To appoint such committees, expert groups and advisory bodies as may be necessary for the effective discharge of its functions;

(k) To call for, and obtain such information as the Council may deem necessary including statistics and data from Ministries, Government Departments, Public Corporations, Statutory Boards, Provincial Councils, Local Authorities and Private Sector Establishments; and

(l) To adopt all measures, which in the opinion of the Council are considered necessary for, conducive or incidental to, the discharge, exercise and performance, of the functions, powers and duties of the Council.

2. Organisation Structure of the Human Resources Development Council

This Council operating under the purview of the Ministry Public Services, Provincial Councils and Local Government is composed of a Chairman and twenty members appointed under the provisions made in National Human Resources Development Council of Sri Lanka Act No. 18 of 1997. Out of them, fifteen (15) persons are appointed ex-officio, while the remaining five (5) members are appointed by the minister. Those five members are appointed considering experience and skills in the relevant fields and out of them two (2) persons are from the private sector. However, the number of ex-officio members is subject to articles 44, 45, and 47 of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Minister has the power under the Act to appoint a member among them as the Chairman. The Chairman is the Chief Executive Officer of NHRDC as provided by the Act. The composition of the Board of Governors as at 31.12.2020 is as follows as per the subject divided by the Extraordinary Gazette Notification of the Democratic Socialist Republic of Sri Lanka No. 2153/12 dated 10th December 2019.

Appointments made under sections 3(1) (a) to (P) of the Act

1. Mr. Padmasiri Jayamanna, Chairman, National Human Resources Development Council of Sri Lanka
2. Prof. Kapila Perera, Secretary, Ministry in charge of the subject of Higher Education and Technology
3. Mr. Anuradha Wijekoon, Secretary, Ministry in charge of the subject of Youth Affairs
4. Mr. M.P.D.U.K. Mapa Pathirana, Secretary, Ministry in charge of the subject of Labour
5. Mr. J.J. Rathnasiri, Secretary, Ministry in charge of the subject of Public Administration
6. Dr. (Major General - Retired) S.H. Munasinghe, Secretary, Ministry in charge of the subject of Health
7. Mr. W.A.Chulananda Perera, Secretary, Ministry in charge of the subject of Industrial Development
8. Major General (Retired) Sumedha Perera, Secretary, Ministry in charge of the subject of Agriculture
9. Prof. Dayantha Wijesekara, Chairman, Tertiary and Vocational Education Commission
10. Mr. Janaka Jayalath, Director General(Actg.), Tertiary and Vocational Education Commission
11. Prof. Harishchandra Abeygunawardena, Chairman, National Education Commission
12. Prof. Sampath Amaratunge, Chairman, University Grant Commission
13. Mr. Tharanga Naleen Gamlath, Chairman, National Apprenticeship and Industrial Training Authority
14. Mrs. J.G.D. Senanayake Representative of the Secretary, Ministry in charge of the subject of Finance

Appointment made under Section 3(2) (O) of the Act

1. Dr. Chathuranga Keppetiyagama (Appointed Member)
2. Dr. (Mrs) Ranali Perera (Appointed Member)
3. Mr. P. Ranepura (Appointed Member)
4. Mr. Mahesh Kotuwella, Attorney-at-Law (Appointed Member)

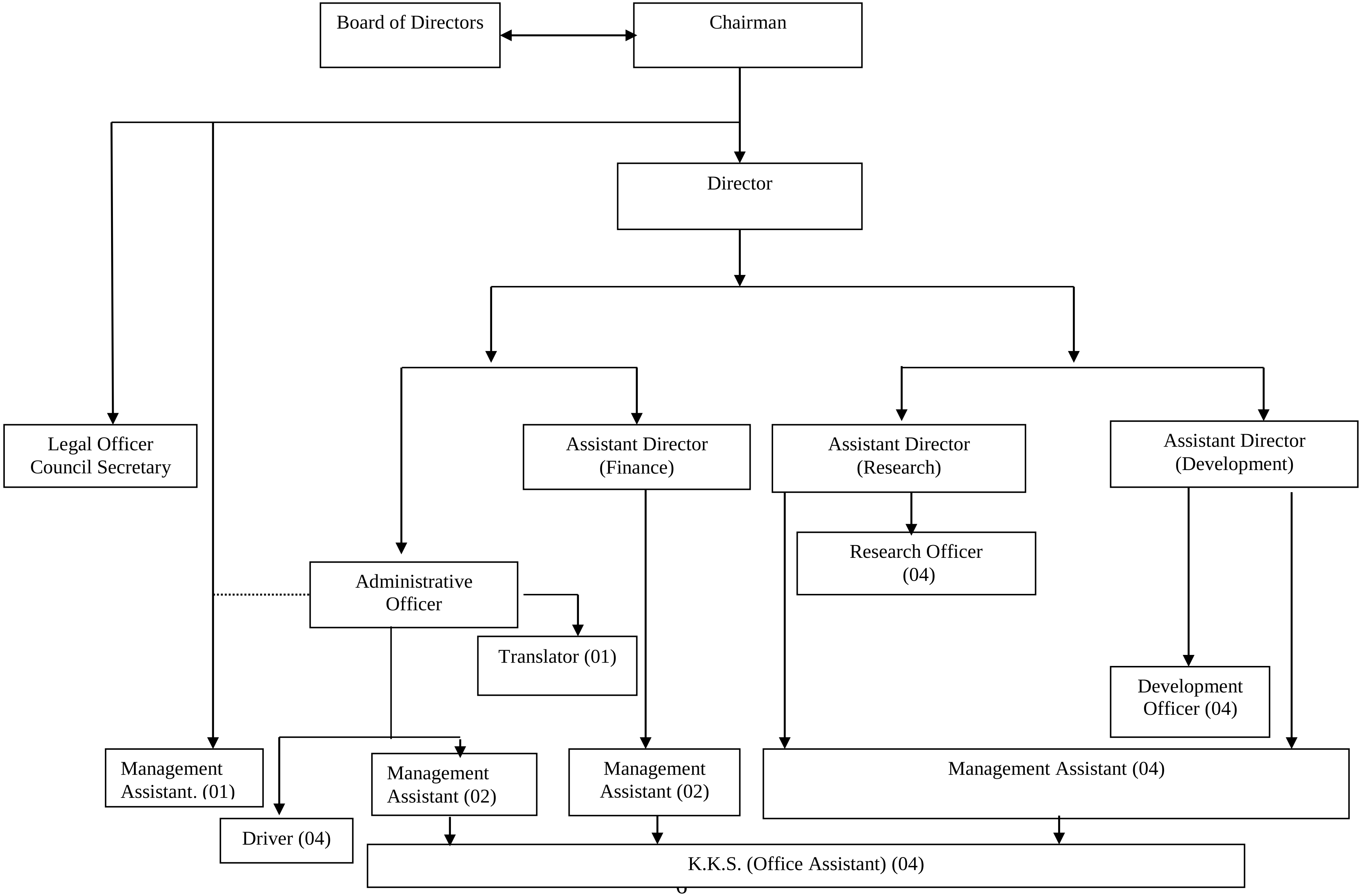
Attendance of the council members for the governing council meetings for the year 2020

#	Member	16.07.2020	20.09.2020
01.	Chairman, National Human Resources Development Council of Sri Lanka	√	√
02.	Secretary, Ministry in charge of the subject of Higher Education and Technology	√	√
03.	Secretary, Ministry in charge of the subject of Education	√	
04.	Secretary, Ministry in charge of the subject of Labour	√	*
05.	Secretary, Ministry in charge of the subject of Public Administration	*	*
06.	Secretary, Ministry in charge of the subject of Health	√	√
07.	Secretary, Ministry in charge of the subject of Industrial Development	√	-
08.	Secretary, Ministry in charge of the subject of Agriculture	-	√
09.	Secretary, Ministry in charge of the subject of Youth Affairs	√	√
10.	Chairman, Tertiary and Vocational Education Commission	√	√
11.	Director General, Tertiary and Vocational Education Commission	√	√
12.	Chairman, National Education Commission	√	*
13.	Chairman, University Grants Commission	√	√
14.	Chairman, National Apprentice and Industrial Training Authority	√	√
15.	Representative of the Secretary, Ministry in charge of the subject Finance	√	√
16.	Mr. P. Ranepura (Appointed Member)	√	√
17.	Mr. Mahesh Kotuwella, Attorney-at-Law (Appointed Member)	√	√
18.	Dr. Chathuranga Keppetiyagama (Appointed Member)	√	√
19.	Dr. (Mrs) Ranali Perera (Appointed Member)	√	√
	Total No. of Participation	**17**	**14**

Note : √ Participated.

* A Representative participated.
\- Absent

3. Organizational Chart - National Human Resources Development Council of Sri Lanka



4. The cadre of National Human Resources Development Council of Sri Lanka and their designations

Designation	Approved cadre	The staff as at 31.12.2020	Vacancies as at 31.12.2020	Name
Chairman	01	-	01	-
Director	01	01	-	Dr. K.A.Lalithadheera
Assistant Director	03	02	01	Mrs. J.A.C.P.Jayasinghe Mrs. S.S. Kaluarachchi
Council Secretary/ Legal officer	01	01	-	Mrs. G.G. Kasuni Uthpala
Research Officer	04	04	-	Mr. D. Senthilnadan Miss. N.D.Edirisingha Mr. R.D.C.S. Rajapaksha Miss U.M. Weerasena
Administrative Officer	01	01	-	Mrs. K.V.S. Eranga
Translator	01	-	01	-
Development Officer	04	01	03	Mr. K.P.P. Perera
PA to the Chairman	01	-	01	-
Management Assistant	08	06	02	Mr. C.R. Maddage Mrs. M.G.N. Dilhari Mrs. K.C.Muthumala Mrs. Asha Edirisingha Mrs. G.M. Saddhamangala Ms.Hiruni Chamodhi
Driver	04	04	-	Mr. G.M. Pinnaduwa Mr. Terrance Piyal Mr. R.C.R. Jayawardena Mr. Gayan Jeewantha
Office Assistant	04	03	01	Mr. N. G.Nadun Maduranga Mr. W.R.A. Prince Granvil Miss. A. Nayana Priyadarshani
Total	**33**	**23**	**10**	

4.1 Recruitments

As per the provision of the Department of Management Services, a staff of 33 has been approved for the Council but the staff was 23 as at 31.12.2020. During this year no recruitments have been done due to the suspension of recruitments by the government. Mr. Padmasiri Jayamanne, was appointed as CEO/Chairman on 22.06.2020 and he suddenly passed away on 16.11.2020 and the post was remained vacant as at 31.12.2020.

4.2 Resignations

Name	Designation	Date of Resigned
1. S.T. Thanigaseelan	Assistant Director (Research)	31/10/2020

4.3 Officers who have been elected by the Council for the post of acting/covering up duties during the year 2020.

Name	Designation	Date of Appointed
1.Mrs. J.A.C.P. Jayasinghe	Assistant Director (Research)(Actg.)	02/11/2020

4.4 Local Training

With the view to enhance subject knowledge of staff of the NHRDC, local training was provided to them during the year under review. The details of officers who attended training during the year 2020 are as follows.

Name	Designation	Name of the Course/Training Program	Institute
Mrs. Kasuni Uthpala	Legal Officer cum Council Secretary	Corporate Writing	RH Training and Dev.
Mrs. Sujeewa Kaluarachchi Mrs. Nadeesha Dilhari Mrs. K.C. Muthumala	Asst. Director(Fin.) Management Assistant	Prepartion of Financial Statements and Annual Reports/Preparation of final accounts-Public Sector	Chartered Accountants of Sri Lanka
Dr.K.A.Lalithadheera Mrs.J.A.C.P. Jayasinghe Mrs.Kasuni Uthpala Mrs.Sujeewa Kaluarachchi Mr.D.Senthilnathan Ms.N.D.Edirisinghe Ms.U.M.Weerasena Mrs.G.M.Saddhamangala Ms. H.H.Chamodi	Director Asst. Director(Dev.) Legal Officer Asst. Director(Fin.) Research Officer Research Officer Research Officer Mgt. Assistant Mgt. Assistant	Preparation of the Corporate Plan	NHRDC by Dr.Samantha Ratnayake, PIM
Ms.Nayana Priyadarshani Mr.Gayan Jeewantha	Office Assistant Driver	Application of music as a powerful expressive therapy to overcome stress and anger and thereby challenge to change our lives	CIPM

4.5. Audit and Management Committee

In 2020, the Audit and Management Committee met on one occasion and recommended Management decision to the Council on the following matters.

- Prepare revised Corporate Plan which comply with the Act and forward to the Board for approval
- Advise to obtain approval from the Board for the revised Training policy and organizational structure
- Auditor General's Report 2019 Review
- Budgets 2020 & 2021 Review
- Action Plan 2020 & 2021 Review
- Financial Statements 2020 Review
- Various management decisions related to the administration of the Council

From 16th July to 31st December, 2020 the Audit and Management Committee consisted with the following members of the Council.

1. Mrs. J.D.G. Senanayake (Deputy Director – External Resources Department) – Chairperson of the Committee
2. Mr. R.H. Piyasena - (Council Member) – Member of the Committee
3. Mrs. O.P.R. Damayanthi - (Chief Internal Auditor, Ministry of Public Services, Provincial Councils and Local Government) - Observer
4. Mrs. M.A.S. Pushparani - (Government Audit Division) - Observer

5. Projects Done During the Year 2020

5.1 Formulation of National Human Resources Development Policy(NHRDP)

In terms of the Section 14(i) of the National Human Resources Development Council Act, No. 18 of 1997, the duties and functions of the Council are to advise the Minister on national human resources policy in all its aspects, including the rationalization and co-ordination of sectoral human resources development concerning or related to - Employment, training and education; the application of science and technology; the enhancement of quality of life; The designing of social protection for disadvantaged groups of persons; and Maintaining entitlements with economic reforms.

As per the subject area to be covered under the new vision of the government it is urgently needed to formulate a National Human Resource Development Policy aligning with the "Vistas of Prosperity and Splendour." Accordingly, NHRDC is in the process of formulating the said policy with the consent of each and every organization who is responsible for the ten key policies coming under the "Vistas of Prosperity and Splendour"

Goals/Objectives of NHRDP

Employment

1. To promote the attainment of full, productive and freely chosen employment for all women and men in Sri Lanka.
2. To improve the quality of life through increasing per capita income and reducing the population below the poverty line.
3. To provide the fullest possible employment opportunities to each and every employee without discrimination.

Education and Training

1. To develop a highly competent, globally competitive, multi-skilled and productive workforce.
2. To inculcate a spiritually developed, eco-friendly and ethical society free from corruption.
3. To ensure a proper surveillance and inspection mechanism to protect children and youth from harmful drugs.

People- Centric Economy

1. To create a holistic approach of economic development for the benefit of the present and future generations.

2. To enhance the quality of life through speedy implementation of economic policies.

Social Protection and Entitlements

1. To safeguard the basic rights and interests of women, child, elders, differently abled and disadvantaged groups.

2. To ensure the protection of the citizens from cyber bullying.

Science Technology and Innovation

1. To develop human capital of Sri Lanka towards a technology-based society.
2. To ensure providing digital services for marginalized communities and vulnerable users (such as persons with disabilities)
3. To create a culture of innovation and utilization of intellectual property rights for higher productivity.

The Suggested Five Pillars of the NHRDP

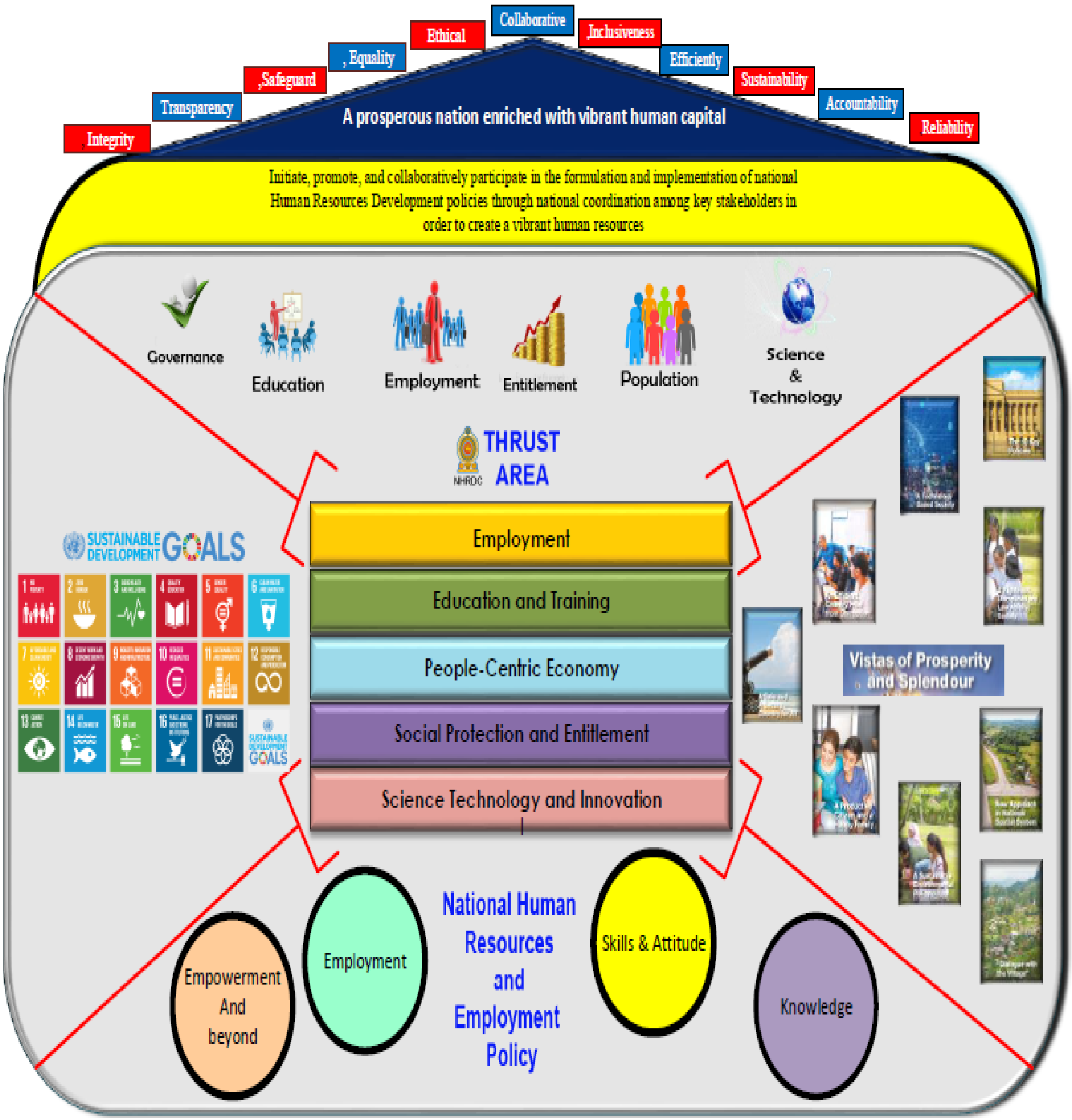
1. Employment
2. Education and Training
3. People-Centric Economy
4. Social Protection and Entitlements
5. Science, Technology and Innovation

NHRDC has already nominated an Advisory Committee and a Working Committee consist of expertise in the relevant areas and it is hoped to formulate the HRD policy through this committee. Also it is expected to implement the HRD policy nationally and sub-nationallly after getting the cabinet approval for said policy. The NHRDC has been prepared a Blue Print covering all relevant sectors.

Blueprint of the National Human Resources Development Policy

When preparing this Blueprint it was considered the trust areas coming under the NHRDC Act, Sustainable Development Goals, five pillars from NHR & E policy and the nine pillars coming under the National Policy Framework of "Vistas of Prosperity and Splendour."

Due to the COVID-19 pandemic and the prevailing health restrictions, there is a barrier to gather the expert team physically.



5.2 Survey on Sectoral Impact of COVID-19 on Employees in Sri Lanka

The sudden outbreak of COVID-19, originated in China in December 2019, struck the world so hard affecting all the economic and daily activities of humans. It is still active in South and North America, Asia and Europe. Countries are briskly taking necessary prevention methods to control the spread of the disease. Though the Sri Lankan Government is so far successful in controlling the spread of COVID-19, the damage caused by it is immeasurable. With the aim of identifying the impact of COVID-19 on labour market issues in the country, an online survey was conducted concerning the most economically sensitive sectors: Tourism and Hospitality Industry, Construction Industry, Foreign employment, SMEs, Apparel, Logistics, Aviation and IT with sub aspect, Legal, Educational and Financial situations.

Data were collected from both primary and secondary sources. Eight mini surveys were conducted to collect primary data from each sector. The convenience non probability sampling method was used to select the sample. The sector specific e-questionnaires were developed and circulated among employers, expertise and relevant organizations through email and other online platforms. Information was collected from a sample of 206 employers and expertise of the selected sectors. A limited sample was selected due to the prevailed situation of the country during the study period.

Sectors	Contribution to GDP (%)	Direct/Indirect Employment 2018/2019	Impact (assumed based on expertise views and surveys)
Construction	8	684,970	60% of companies
Tourism	4.3	600,000	41%-60% of employees
Logistic	2.5	40,000 - 50,000	85% of companies
Foreign Employment	8	1,500,000	30,000-100,000 of employees
Textile and apparel	7.5	1,200,000	35% of employees
SME	52	3,000,000	85% of SMEs

Sectoral Contribution to GDP and Employment

Source: DCS Quarterly Labour Force Survey report and Central Bank Annual Report (2019) and NHRDC survey (2020).

More than 6 million people are employed in these sectors and it is a composition of more than 75% of the total employed population. The contribution of the selected sectors to the GDP is considerably high.

The results of the survey indicated that all the sectors have been affected by the sudden pandemic. Focused on the findings of the survey, the majority (71%) of the experts and hoteliers of the Tourism and Hospitality sector have stated that the Tourism sector would lose 41% - 60% of employees due to this situation. Therefore, 58% of experts emphasized the re-skilling program for employees who have lost their jobs in the tourism industry.

The study analysis has revealed that in the Foreign Employment Sector, there are about 1 to 1.5 Mn. of estimated migrant workers working overseas during the COVID-19 period. Due to this pandemic 30,420 to 100,000 of jobs of migrant workers could be lost or affected. Also comparing to the last year the private remittance generates by migrant workers would be decreased by 30% to 40% in the first half of the year 2020 while the COVID-19 impact on foreign employment will last up to 2 years or more. In the SME sector, only 23% of the SMEs have claimed to recover in less than 6 months, but the majority (77%) need more than 6 months to recover.

The Apparel Industry, 64% in the sample revealed that they have not decided to introduce any payment procedures for the workers who will be unable to join the production process.

In the Logistics sector, 38% stated that low skill employees face a high risk of job security while 70.5% have adopted pay cuts plans to mitigate the negative impact.

When compared with other sectors, there is no significantly negative impact on the IT sector. However, the main problem faced by 90.5% of the responded the organizations is the postponement of their orders. All IT organizations have been instructed to replace physical meetings with virtual meetings. Based on the online survey following recommendations were made by the NHRDC.

Recommendations to the Government

At the light of COVID-19, the government started to give various assistance and reliefs to the sectors to protect them from the adverse impact. There are various other sector specific strategies which can be taken to speed up the reboot process of the sector which will ultimately benefit the employees. Below are some of the sector specific measures that can be initiated.

Employment

- ❖ Introduce competitive new tourism models (Eg. Health tourism) during the pandemic situation and beyond.
- ❖ Promote textile and raw material production in the country.
- ❖ Introduce new ways of working models, work from home such as home garments concept and develop e-commerce platform which could be systematic and easy to monitor.

Legal and Regulatory

- ❖ Obtain approval to National Response Plan (NRP) from cabinet of Sri Lanka and relevant short and long term actions of NRP could be implemented with relevant stakeholders.

Institutional and Administrative

- ❖ Multi stakeholder taskforce could be established by government including non-state stakeholders to prepare a long term plan to increase remittances and diversify the earnings of foreign employment using the whole-of-government and whole-of-society approaches.
- ❖ Establish a strong SME's information network.
- ❖ Establish SME business supporting /advisory centers in district and divisional wise.

Monetary

- ❖ Introduce venture capital funds for SME startups.
- ❖ Relaxation of suitable construction industry regulations to facilitate contractors and other stakeholders to survive. This include obtaining the support from banking etc.
- ❖ Introduce bank loan schemes for self-employment on concessionary interest rates and relief for re-payment of installments of outstanding loans obtained by migrant workers.

Technological

- ❖ Create an unemployed database of affected employees for reskilling and redeployment to the needed industries/SMEs accordingly.
- ❖ Although ICTA has already developed a video-conferencing application (meet.gov.lk) most of the private and public organizations are using paid applications like Zoom and Microsoft Teams predominantly.

  People could be encouraged to attend video conferences using the free applications developed by Government ICT organizations to reduce the outflow of US dollars.

5.3 Current situation of local industries and associated human resource issues :

At a time when most of the local industries in Sri Lanka are degenerating, the new government's attention has focused on this. Accordingly, new State Ministries have been established paying more attention on local industries and less focused sectors in Sri Lanka.

These industries and sectors have the potential to make a significant contribution to the Sri Lankan economy. Thus, there is a possibility of receiving the full contribution of these industries and sectors to the economy by identifying the current situation of these industries and sectors and identifying and addressing the existing human resource problems.

5.3.1 Batik and handicraft industry

Sri Lanka is considered to be home to many craft industries. Among them, the batik industry has a significant place in the current government's economic growth agenda. The batik industry in Sri Lanka is largely a domestic or community based and is deeply rooted concerning the local traditional culture and heritage. The industry has evolved from its inception to the present day into a unique Sri Lankan textile art that combines individual design skills, creativity and sustainability. The batik industry has gained a prominent place in the economy due to its potential to empower women and craftsmen, generate household income and alleviate poverty among the rural community.

The handicraft industry has been identified as an industry that can be developed for the livelihood and employment generation of a significant number of women in rural areas under the “Vistas of Prosperity and Splendour”. In this industry, the Government Manufacturing Centers fall under the purview of the Provincial Councils and the Central Government is involved in policy making, training, planning development and marketing promotion through the Department of Textile Industries.

The handicraft industry in Sri Lanka is known as an industry based on intensive labor and export based rural industry. Although this sector has been declining for many years, it is an industry with the potential to generate significant employment and export earnings. The industry operates as a domestic industry in rural areas and many textile manufacturers use this industry as their livelihood, while engaging in part-time farming or domestic service.

So far 2041 batik craftsmen have been registered under the National Crafts Council (NCC). The majority of them are located in the Kandy district. Despite the above statistics on batik craftsmen, there is no definite data on the number of employees involved in this industry.

3171 textile craftsmen are registered under the National Crafts Council. According to the EDB (2020) Industrial Feasibility Report, the industry provides employments for about 15,000 people. But there is no definite data on the total number of employees in the textile industry within this industry.

A key point identified when considering batik and handloom textiles is that there is no separate HS code for these industries. Therefore Batik and handloom products are exported under the category of textile and textile goods. Accordingly, the value of textile and textile exports was US $ 372.38 million, which is 2.35% of the total exports in 2019. This shows that more attention should be paid on these two industries to increase their productivity in the world market.

There are several government agencies that provide training programs related to the batik and handicraft industry. Some of them are;

- National Crafts Council
- National Planning Center
- Sri Lanka Institute of Textile & Apparel ((SLITA)
- Department of Textile Industries

Considering the skills development side of the industry, it seems that there are only a few places where the required skills can be acquired. Many of these programs do not provide NVQ certificates and are not monitored or regulated by a proper mechanism.

Major Human Resource issues:-

- **Lack of new ideas about designs**

The batik and handicraft industries in Sri Lanka still use the designs introduced by these industries in Sri Lanka decades ago. Lack of innovative skills with new designs is one of the main reasons against the growth of these industries.

Moreover, these industry manufacturers are inclined to create innovations because there is no proper system to identify and certify the quality of batik and handicraft products. For example, with the COVID-19 condition, batik manufacturers have developed medical face masks. But according to the manufacturers, there is no methodology to measure and guarantee the quality of their products. These kinds of problems in the industry discourage manufacturers' innovative capabilities.

A competent human resource is one of the key factors determining the success of an industry. The younger generation is not attracted to these industries due to low salaries and less earning potential. As mentioned above, technology will have to play a major role in this sector and training for highly skilled labor is very important at the moment. Although many government agencies conduct various training programs, none of these programs seem to be properly regulated. This may be one reason for the lack of youth attraction and the difficulty of retaining them in these industries.

- **Lack of financial literacy**

Batik and handicraft industries are rural industries that employ the majority of low income families. Many of these households struggle to escape the low-income trap due to a lack of knowledge of financial management. Moreover, intermediaries retain profits for themselves, thereby depriving producers the opportunity to earn adequate income and consumers paying high prices for the product.

5.3.2 Brass Industry

The brass industry is closely associated with the Sri Lankan family because it is believed that a house in Sri Lanka would not be completed without at least one brass item. In addition, Sri Lankans believe that lighting a glowing golden brass oil lamp brings good luck and is used to start every special occasion, national festival and celebration. Therefore, it can be said that the brass manufacturing industry in Sri Lanka is a part of the culture of the country.

The National Crafts Council (NCC) does not register brass craftsmen separately. NCC considers all metal-based craftsmen in the same category. Accordingly, 217 metal-based craftsmen have been registered for the NCC and majority of them is in Kandy District (114). The significant fact is that there are no registered metal-based craftsmen in districts such as Hambantota, Moneragala, Ampara, Mullaitivu and Kilinochchi.

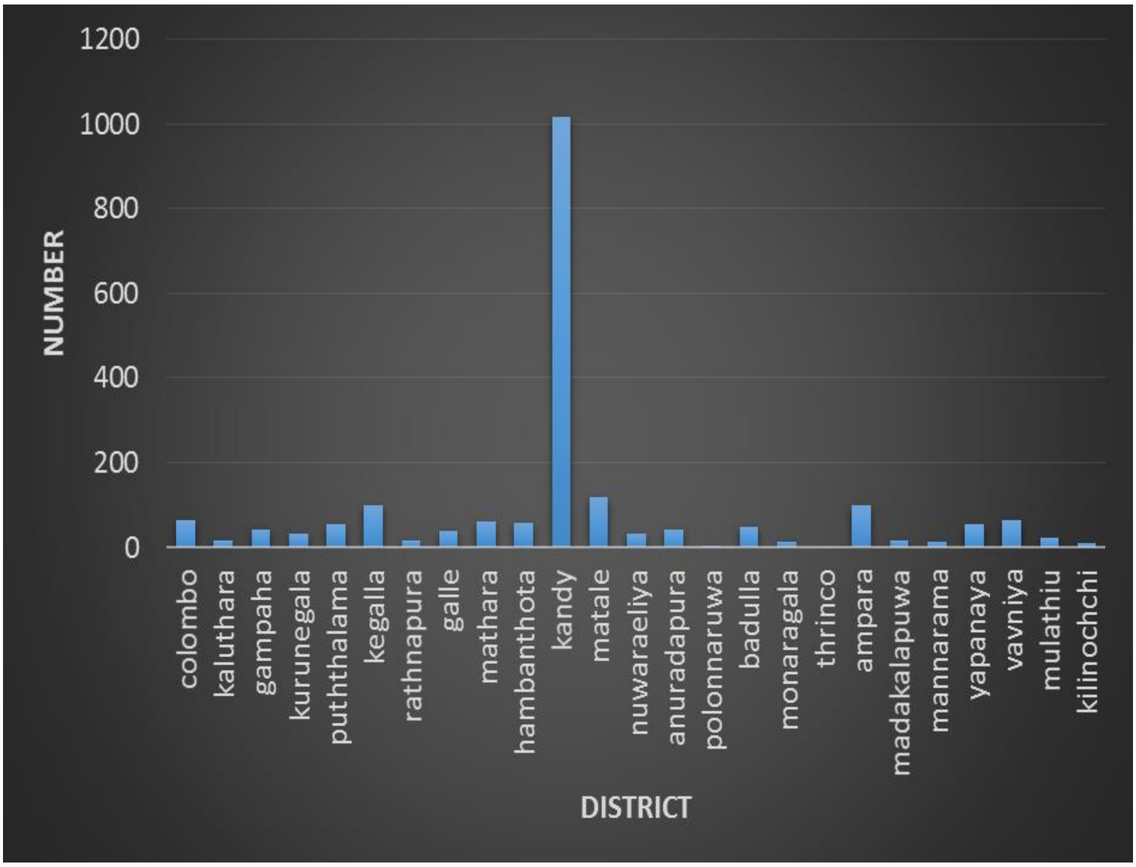


Figure 1: Registered Metal-based craftsmen - Districtwise

Source : National Skills Council, 2020

The brass industry in Sri Lanka is mainly spread throughout the Central Province and isolated villages in the rest of the country. This industry is concentrated in and around Kandy, especially in the Pilimatalawa area. In 1965, the government created a special village called “Kalapuraya” near Kandy for traditional handicraftsmen and many brass craftsmen later migrated to this village.

There are very few government agencies that provide training programs related to the brass industry. The study revealed that leading government vocational training institutes such as the National Crafts Council, VTA and NAITA do not provide any training programs on brass equipment. In 2018, the National Design Center conducted two training programs on brass equipments and trained 47 craftsmen through these programs. All of these programs are short-term training programs lasting 1 to 3 days and none of these programs are NVQ certified.

Major Human Resource issues:

It is revealed that the present situation is very unfavorable as there are many human resource related issues in the brass industry. Some of them can be explained as follows.

- **Lack of industry to attract the younger generation**

The younger generation has no enthusiasm for studying and joining with the traditional brass manufacturing industry that has been in use for centuries. Due to this reason, the gradual decline of the community engaged in this traditional industry creates a serious problem for the existence of this industry. Although the modern manufacturing industry has grown rapidly and even local manufacturers have quickly adapted to modern technologies, the traditional brass industry is still surviving on outdated technology, making the industry less efficient and less competitive. This is the main reason for the decline in attractiveness among the younger generation. Therefore, there is a need to conduct research focusing on assessing the technical requirements of the traditional brass manufacturing industry, thereby identifying the technical requirements to increase productivity and competitiveness.

Another important problem in this industry is the difficulty of finding the raw material. This problem is also an obstacle for the new generation to enter the industry.

- **Employees' health and safety issues**

Brass workers have a significantly higher risk of developing respiratory difficulties (respiratory problems) and there is no mechanism to ensure their safety or provide health benefits to craftsmen in the industry. Therefore, steps must be taken to minimize health hazards in order to sustain the industry.

- **Lack of professional training related to brass equipments**

While Tertiary and Vocational Education and Training (TVET) institutes are less interested in developing skills related to the brass industry, leading vocational training institutes such as VTA and NAITA do not conduct training programs on brass products. Not only that, NVQ certificates are not awarded for training programs currently conducted by the National Crafts Council and the National Institute of Design.

5.3.3 Marine, freshwater and aquaculture, prawn farming and ornamental fish farming

The fisheries sector plays a major role in the social and economic conditions of Sri Lanka. Animal protein is an important source for fish products, this sector has accounted for about 2.5% of national exports by 2018. Exports of fish and fishery products in 2018 was 28771 metric tons. It has a significant potential to increase the contribution level of the sector through increased output, value addition and import substitution.

Freshwater fish farming in seasonal village tanks was started by the Indigenous Fisheries Division of the Ministry of Fisheries in 1979 in 23 tanks in the dry zo ne of the country and since 1979 fish farming has been carried out using tilapia and carp. In the early 1980s, a number of small-scale entrepreneurs and several multinational corporations, in response to government incentives, began breeding giant tiger shrimps (*penaeus monodon*) in coastal ponds, including duty-free imports. In the late 1990s, commercial growth of Indo-Pacific Swamp crabs (*Scylla serrata*) was started in plasticised wire mesh cages.

The ornamental fish industry in Sri Lanka has a long history, starting with small-scale domestic outlets in cities. In the early 1930s, there were several small-scale importers and breeders in Sri Lanka. In 1952, a commercial aquarium was established in Colombo, the capital of Sri Lanka. The industry was commercialized by several entrepreneurs about 50 years ago and has now grown into an advanced industry that offers profits and jobs to many people. Ornamental fish farming is mainly done in cement tanks.

In the year 2019, 181,880 fishing households in Sri Lanka can be found in the Marine Fisheries Division. In 2019, 1770 marine fishing households have decreased compared to 2018. Also, the majority of marine fishing families can be found in the Trincomalee and Batticaloa districts and a small number of fishing families can be found in the Colombo district.

56,250 fishing families can be found in the local and aquaculture sector. The number of fishing households in the local and aquaculture sector has increased by 2080 in year 2018 compared to the number of fishing households in 2017. Furthermore, the highest number of local and aquatic fishermen have been spread in the Hambantota district and the second and third highest freshwater and aquaculture fishing can be found in the Polonnaruwa and Puttalam districts respectively. Low number of local and aquaculture fishing can be found in Jaffna and Kegalle districts respectively.

583,000 direct and indirect jobs have been created in the marine and local and aquaculture sector in 2018, an increase of 1000 over 2018 compared to 2019.

The number of registered shrimp farms is 827 and the number of registered breeding centers is 49. Currently the number of employees working in the registered shrimp farms and breeding centers is around 4380. Also, there are 939 registered ornamental fish farms and 4 registered breeding centers are currently operating in Sri Lanka. Currently there are about 4900 employees working in registered ornamental fish farms and breeding centers.

Annual fish production in the maritime sector will be around 415,490 metric tons in 2019 and the annual fish production in the maritime sector has decreased by 23,880 metric tons in 2019 as compared to 2018. Also, the annual fish production in 2018 in the domestic and aquaculture sector is about 87,690 metric tons and in 2017 it is seen that the total fish production in freshwater and aquaculture has increased by 5,820 metric tons. Shrimp production in 2019 was around 6,400 metric tons and in 2018, the production of shrimps has decreased by 18,750 metric tons.

Exports of both marine and freshwater fish and fisheries products increased by about 28,771 metric tons, an increase of 773 metric tons in 2018 compared to the export of marine and inland fish and fishery products. The export value of shrimps in 2019 was Rs. 3522 million and it was an increase of Rs. 37 million compared to the export value in 2018. Also, the export value of ornamental fish in the year 2019 was Rs. 2913 million and it was an increase of Rs. 287 Mn. compared to the value of export in 2018.

Training for local and aquaculture:

According to NAQDA, there are four training centers for indigenous and aquaculture. The Kalawewa Training Center has a training capacity of 330 (100 accommodation facilities) to train local and aquaculture farmers and the training capacity is about 25 from each of the centers at Udawalawe, Dambulla and Inginiyagala.

Human Resource Development and Other Issues Identified by the Fisheries Division:

- **Issues related to local and aquaculture:**
  1. Low savings from freshwater fishermen
  2. Lack of knowledge on expenditure control

- **Problems related to shrimp farming:**
  1. Cultivators abandoning shrimp farm due to white spot disease
  2. Difficulty in purchasing cheap food for shrimps
  3. Reduction of income sources of fishermen in the lagoon due to diseased shrimps. Improper discharge of effluent from shrimp farms into lagoons increase eutrophication of natural lagoon ecosystems.

- **Ornamental Fish Cultivation and related issues :**

1. Loss of ornamental fish export opportunities due to non-availability of quality ornamental fish varieties due to cultivators in the ornamental fish industry who do not follow the technical instructions given by the NAQDA Extension Officers properly. As a result, they have to sell the ornamental fish at a lower price in the local market.
2. Problems in maintaining the ornamental fish industry and lack of proper methodology for obtaining food and medicine for ornamental fish species.
3. Cultivators who enter ornamental fish farms without proper training and knowledge leaving the industry in a very short period of time.
4. Local buyers who buy ornamental fish species do not buy those species at a reasonable price and there is no continuous market for such species to be sold.

5.3.4 Paddy cultivation

Paddy field is the land where farmers cultivate paddy. Rice is the staple food of Sri Lanka and paddy cultivation in Sri Lanka is extremely important in the agricultural industry. Ancient and traditional farmers were self-sufficient in rice production and ancient Sri Lanka was one of the leading exporters of paddy. During the reign of the kings of Sri Lanka, large scale construction of irrigation tanks made a significant contribution to agriculture. History also states that rice was exported during the reign of King Parakramabahu the Great.

Paddy cultivation in Sri Lanka, which has such a glorious history, still holds a special place today. According to the Department of Census and Statistics, paddy cultivation was about 34% of the total cultivated area in Sri Lanka in year 2018 and it is about 884,555 hectares. About 1.8 million farming families are engaged in paddy cultivation throughout the country. 557,221 hectares of land have been cultivated during the Maha season from September to March and 327,334 hectares during the short period from May to August during the Yala season.

According to Sri Lanka Customs figures, Rs. 0.019 million was spent on importing 0.03 metric tons of paddy and Rs. 16679 million on importing 248,901 metric tons of rice in 2018. This year, the country earned 11.93 million rupees from the export of 66 metric tons of paddy and 870 million rupees from the export of 5378 metric tons of rice. Earnings from rice and paddy exports in 2017 and 2018 were Rs. 785.87 million and Rs. 881.93 million respectively. Accordingly, export earnings in 2018 were 96.06 million rupees higher than in 2017.

Human Resource Problems:

The main problem in this field is the reluctance of the youth community to incline to this field. According to a study by the Faculty of Agriculture at Eastern University, the majority of farmers in the study area were between 46-55 years of age. It has been identified that due to the uncertainty in paddy cultivation, the youth are looking for jobs in the industrial sector and are not interested in paddy cultivation.

5.3.5 Cultivation of maize

Maize, classified as a coarse grain, plays relatively a minor crop role in the Sri Lankan economy. Maize consumption is as little as 15% of the country's population. Part of it is marketed in the local market and the rest is used to make Thriposha for pregnant mothers and babies. The remaining 85% of the product is used for poultry feed.

Popularly grown as an easily crop, maize is grown mostly in the highlands of the dry and intermediate zones of Sri Lanka. In addition, pests and diseases are less prevalent in maize as compared to other crops. In the face of the global fuel crisis, developed countries began to use a significant portion of their maize to produce biofuels, and with that the price of maize in the world market began to rise sharply, and maize has become one of the most cost effective agricultural products in the world market in Sri Lanka.

After paddy, the Sri Lankan farmer is more inclined to cultivate maize. Already, special attention has been paid to maize cultivation under the new regime. Accordingly, a national program to cultivate maize has been launched. A program has been initiated to symbolically cultivate maize in an area of 3000 acres in the Mahaweli Zone.

Maize produced in Sri Lanka is mainly used as an energy ingredient in animal feed. The annual requirement for maize for poultry production is 500,000 metric tons and out of that only 250,000 metric tons is produced in the country. The government has to spend Rs. 3 billion a year to import the required quantity of maize for the remaining 250,000 metric tons.

According to the statistics of the Department of Agriculture, there are about 21,126 farmers engaged in maize cultivation in Sri Lanka during the Yala season and 558,054 farmers are engaged in the cultivation of this crop during the Maha season. More farmers are engaged in maize production in the Maha season than in the Yala season. The highest number of maize cultivators in the Maha season is reported in the Moneragala District. It is numerically 219,947. The highest number of maize growers during the Yala season is reported in the Badulla District. It is numerically 21,126.

According to the agricultural statistics published by the Department of Agriculture, 70,895 hectares of land were cultivated for maize cultivation in 2018 and the production in the same year was about 270,041 tons. In addition, 1,432 tons of maize (seeds) and 179,589 tons of maize (other) were imported in 2017. In 2018, there was a slight increase in imports of maize (nuts) which is 1,482 tons. 119,086 tons of maize (other) was imported and a decline can be observed there.

According to the report, the number of maize exports in 2017 was 0.002 tons and in 2018 it was expected to increase sharply. It was 265 tons. The export value of maize (other) category was 2 tons in 2017 and 1 ton in 2018.

The major human resource issues associated with this industry:

- **Labor shortage -**

There is a shortage of labor in some areas of maize cultivation but most importantly the labor cost of this crop is high. Experts have explained that maize requires less labor intervention than other crops. Therefore, the workers engaged in this cultivation do not engage in any activities related to cultivation such as division of labour. Moreover, the sector has not been able to shift from manpower to machinery as cultivators cannot afford the cost of machinery during the harvest season.

- **Lack of financial literacy -**

Maize cultivation is mainly a rural industry and the majority of the farmers belong to low income families. Many of these households struggle to escape the low-income trap due to a lack of knowledge of financial management. Moreover, the price of a kilogram of maize is 90 rupees. Intermediaries retain significant profits for themselves, thereby depriving producers the opportunity to earn adequate income and paying consumers higher prices for production purchase.

- **Higher cost for poultry farmers -**

Due to the high market price for maize, the most disadvantaged group is the poultry farmers, which account for 85% of the total production for poultry farming. Due to the high demand for chicken, eggs and related products today, most of the maize products are used as poultry feed. Poultry farmers are at a risk when the basic food is unavailable. This aspect of cultivation needs more attention.

5.3.6 Situation Report on Kithul Cultivation

Kithul cultivation is one of the traditional agro-based cottage industry in Sri Lanka. It is a known fact that genuine Kithul products are used in indigenous medical treatments as it has a unique anti-diabetic properties. Currently, there is no seen future for Kithul cultivation due to the lack of attention of the officials on this. During the mid-70s, an attempt has been made to revive and rehabilitate Kithul Industry by the then Minister of Plantation Industries, Dr. Colvin R. De Silva, yet it is evident that none of the attempts have had a significant effect (Abeysinghe, 1991).

As Kithul palm is a very valuable tree with its multiple uses and the flower is the most useful part of the tree. Probably, most Kithul trees are not tapped due to unawareness of its commercial value by the community. Kithul palms yield many products, and the most important is the sap which is converted to many products: toddy, arrack, treacle and jaggary. Ariya Abyesingha (1991) has stated in one of his research papers titled “An Agro Industrial Plan for the Development of Kithul Industry in Sri Lanka”, the main livelihood of 7% of Kithul tappers in Sri Lanka during the 90s is tapping inflorescences and making treacle and jaggery out of Kithul sap.

Kitul is a naturally occurring plant throughout Sri Lanka. According to the research article named “A Study on the Practise of Adulteration of Kithul (Caryota urens) Sap Products in Sri Lanka” there are 12 districts in which Kithul industry is practised in Sri Lanka (Seneviratne et al 2005). But as per an article issued by the Export Development Board on “Kithul Industry Underutilized” in 2014, Kithul inflorance tapping is practised in 18 districts. Among them, there are 11 major districts namely, Ratnapura, Kandy, Matara, Badulla, Monaragala, Galle, Kegalle, Nuwara Eliya,

Kulutara, Matale and Hambantota where kithul flowering and floriculture as an allied industry are mainly carried out.
According to a survey undertook by the Ministry of Plantations with the partnership of Department of Census and Statistics in 2014 has revealed that there are about 3 million Kithul trees distributed in 18 districts including: Ratnapura, Kandy, badulla, Moneragla, Matara, Kegalle, Nuwara Eliya, Kalutara, Galle, Kurunegala, matale, hambantota, Colombo, Gampaha, Ampara, Anuradhapura, Polonnaruwa and Puttalam. Of that trees, there are around 600,000 matured trees of which about 120,000 trees are currently being tapped. Furthermore, the study reveals that there are over 35,000 tappers in all 18 districts.

Non-availability of accurate statistics on kithul palm has been noted as one of the hindrances to have an overall idea about the industry and to formulate policies for the development of kithul cultivation in Sri Lanka. It is one of the main issue to be addressed. Also it is essential to establish a proper institution to uplift this cultivation and to make it a desirable cultivation.

Scientist Sirimal Premakumara (2015) said that kithul syrup can be Sri Lanka's maple syrup to the world. He further stresses the fact that kithul industry has a high potential to enhance and catch the international market. Though we have not paid our attention to Kithul industry recently, it has the potential to grab not only the local market but also the international market. Sri Lanka could be the lead in producing kithul products and can give a fair competition to maple syrup as a substitution.

This cultivation is facing many human resource related issues. One of the main issue faced by the industry is the lack of skilled tappers. The younger generation is diverting away from the industry as the industry does not have any recognition in the Sri Lankan society. Thereby only a very few of the youngsters are engaged in this cultivation. This issue can be addressed only by giving a recognition to this cultivation by the relevant officials. This is a cultivation with full of potentials to enhance. In order to make this cultivation thrive, reputation and introduction of new technology should be introduced to this cultivation encouraging the younger generation to get attracted.

Since this is purely a labour intensive employment, safety is one major issue to be considered. The attention should be given to develop a user-friendly tapping system. This issue can be addressed by introducing new technology which are used by the developed countries and should ensure the safety of the tappers by giving them safety kits to avoid the risk of climbing related accidents of tappers.

Another major problem faced by the small scale producers is that there is no wide market for kithul cultivation and the producers are not so opened even for the local market. There is a high demand for pure kithul products, but the producers are not linked with the market properly.

Therefore if they are linked properly to both local and international market, one way Sri Lanka could earn a high foreign exchange and automatically, the cultivation gains a recognition. This issue will be eased when the producers are encouraged to produce more value added products to the market.

5.3.7 Existing Situation of Samurdhi Development Programme

According to the Department of Census and Statistics and Performance Report (2018), Department of Samurdhi Development, there are 1,384,021 Samurdhi beneficiaries out of 21,670,000 Sri Lankan population this was around 6.9% peoples coming under the benefited. In Sri Lanka 843,913 are poor out of 21,203,000 population while having 1,407,235 Nos. of Samurdhi beneficiaries' (Population of Sri Lanka, 2016). However, existing samurdhi beneficiaries in 25 districts were 1,781,689 by September 2020. On the other hand 1.7 Mn. people were benefited by Samurdhi relief programme. During the COVID -19, who lost their business and income 2.3 Mn. people were benefitted from Relief Programme in Sri Lanka.

There is a lack of human resource development programs for Samurdhi beneficiaries in Sri Lanka. There are gaps between the poverty alleviation objectives and entrepreneurs' mindset of poor people. An insufficient amount of loans doesn't reduce the poverty. Although there is a systematic identification method followed on beneficiaries the monitoring part is poor carried out through the entrepreneurship. Samurdhi Authority is introduced the special training programmes on human resource development such as startup business development, expanding business, and marketing.

Out of 27,191 Nos. employees in the approved cadre of Samurdhi Department, existing Nos. of employees are 25,515 and while 1837 Nos. of employees are vacant. There are 22,611 Samurdhi Development Officers and 2,011 Samurdhi Managers who handle major roles. (Performance Report ,2018)

1,781,679 Nos. of people were benefited from Samurdhi programme while having recorded as the highest number of beneficiaries based on the data available at Kurunegala, Gampaha, Ratnapura and Kandy districts. Number of beneficiaries' has increased 374,444 with compared to 2018 and 2020.

Comparison of Samurdhi Beneficiaries in 2018 and 2020

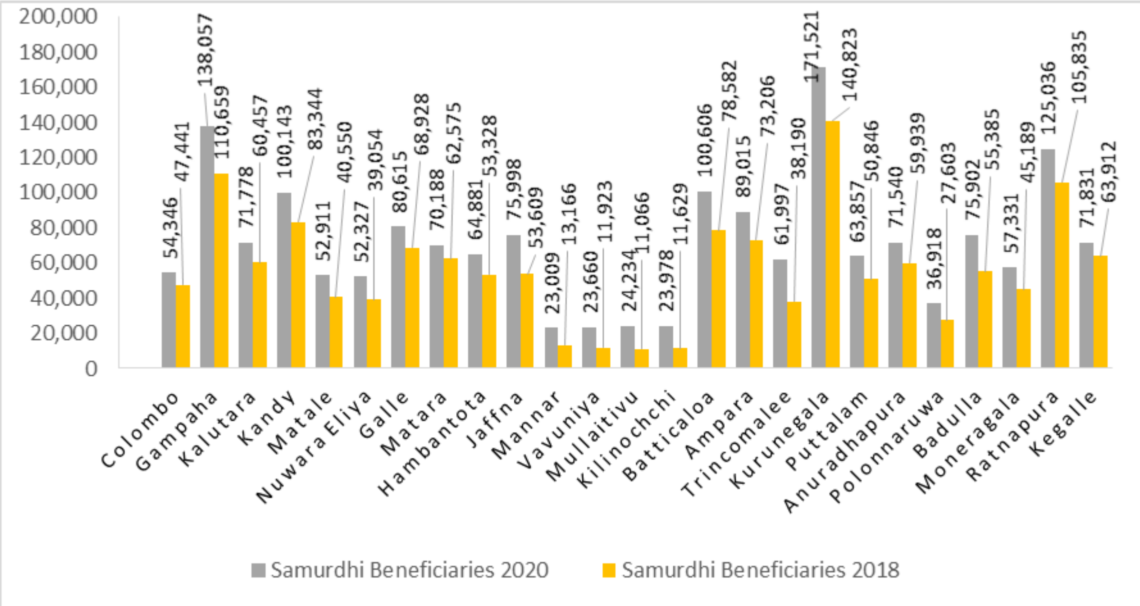


Figure 1: Comparison of Samurthi Beneficiaries

No of Samurdhi beneficiaries -district wise in the year 2018

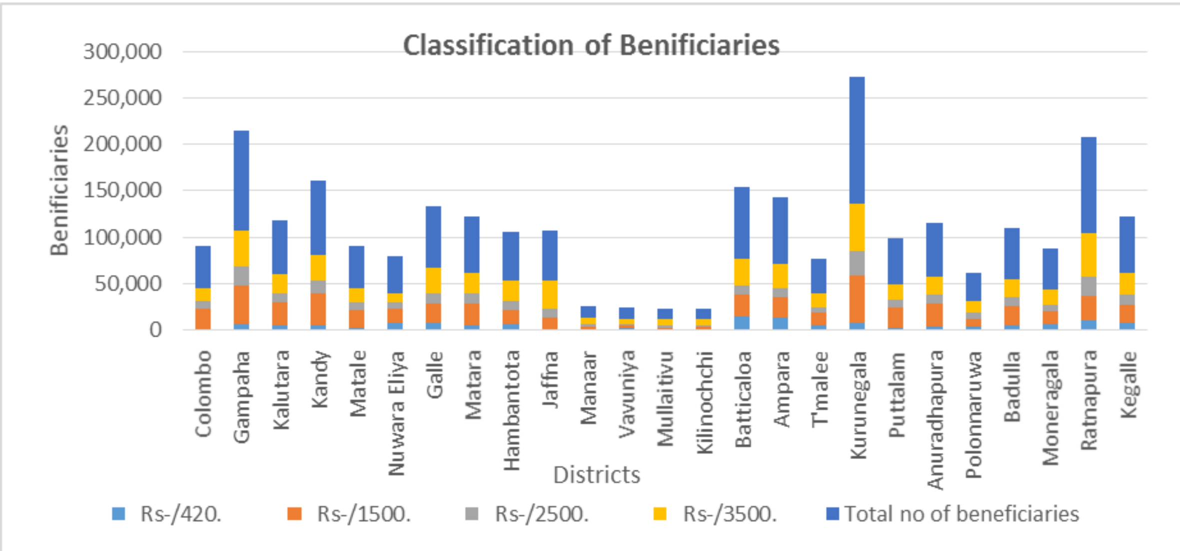


Figure 2 : Classification of subsidies of Samurdhi Beneficiaries

Source: Performance Report (2018), Department of Samurdhi Development

Samurdhi Beneficiaries out of the district population in September 21st, 2020

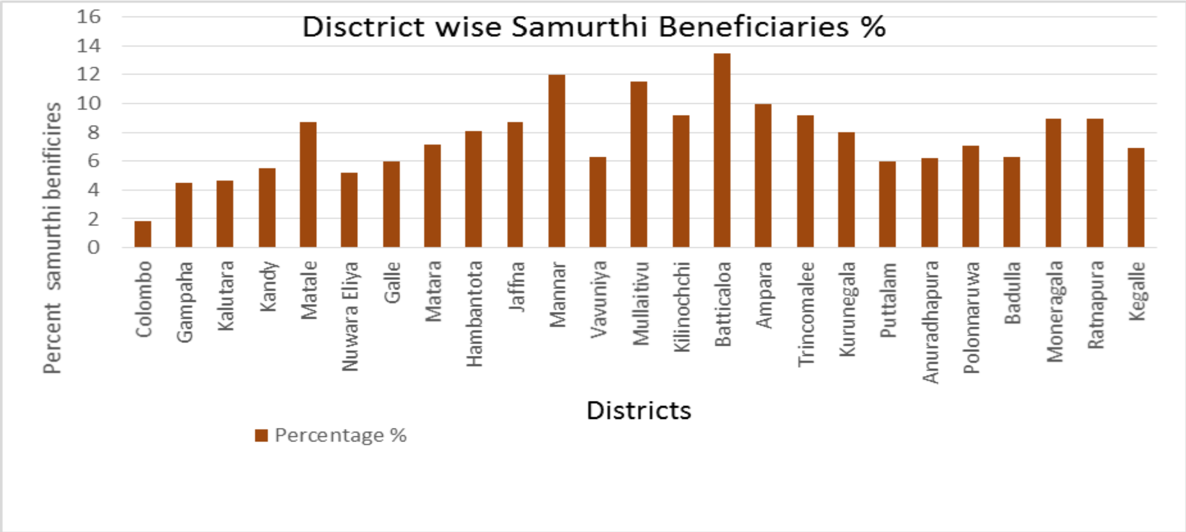


Figure 3 :Samurdhi Beneficiaries out of the district population

Existing Situation of Samurdhi Beneficiaries

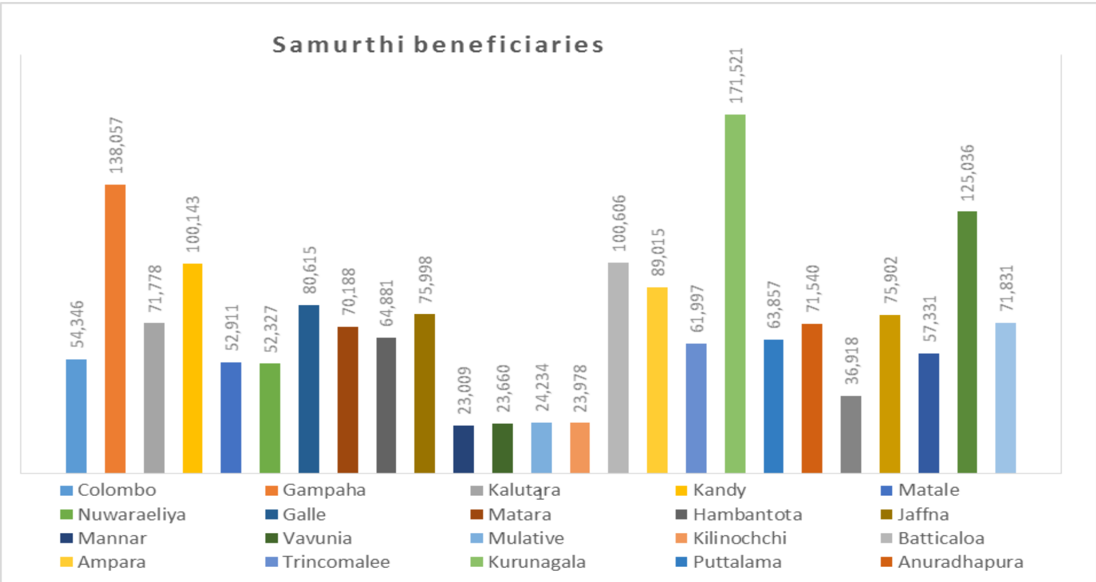


Figure 4: Samurdhi Beneficiaries in September 21st, 2020 in Sri Lanka

Source: Samurdhi Development Authority 21, September 2020.

Training Programme for Samurdhi Beneficiaries

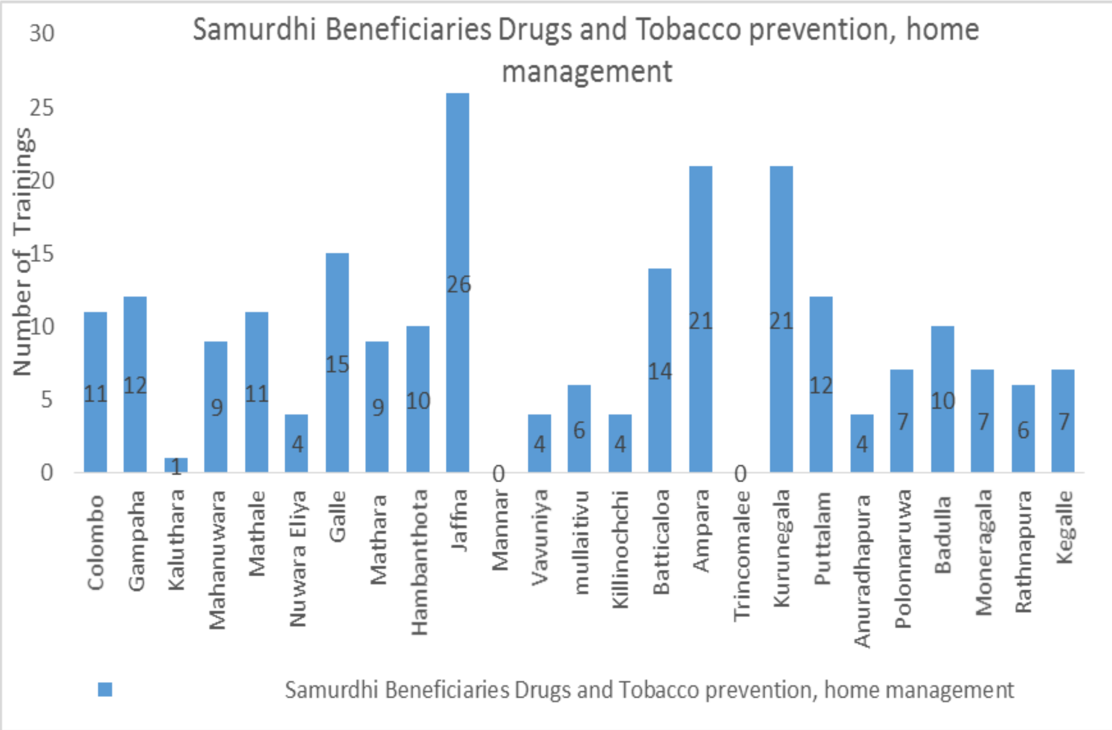


Figure 5: Training Programme for Samurthi Beneficiaries

Issues related Samurdhi Programme :

1. **Political influence for the identification of beneficiaries**

- The political influence is playing major role on Identification of the Samurdhi beneficiaries.

  Eg: Only 2.38% peoples are receiving samurdhi benefits in Divisional Secretariat division of Nuwara Eliya by June, 2019. (Out of 245,402 population No. of Samurdhi beneficiaries are 5860)

2. **Lack of Banks**

- Samurdhi Banking system are not expanded the service in rural areas. Eg: people are suffering to travel about 30 km – 40km for banking in Talawakelle Zone in Nuwara Eliya district. Out of 35 banks, 10 banks were established in Nuwara Eliya & Ambagamuwa Divisional Secretariat. The service could be disseminated reducing the disparities in plantation and rural sector too. Also it is not paying enough attention to youth and other marginalized groups such as widows and differently abled people by the Samurdhi Banks.

3. **Target group and loan**

- ❖ With regard to the whole Samurdhi programme, another major weakness is poor targeting.

4. **Lack of Training**

- ❖ Lack HR development training for Samurdhi beneficiaries and also training process is not monitored by the relevant zonal. There is no continuous business training system. Many beneficiaries are more than 50 years of age and do not good enough for training.
- ❖ Introduction and implementation of rating system for small groups, village societies, bank unions, ensuring the delivery of circulars on time.
- ❖ Adaptation of modern technology by officers are efficient and effective service delivery.
- ❖ In the meantime, officers suggested that there should also be a loan scheme for them facilitated through the Samurdhi Banks.

Recommendations

- ❖ Re - regularize the identification of Beneficiaries. Ex: Establish a Task Force to monitor the process.
- ❖ Training and their HR development could be focussed on beneficiaries by doing training need analysis
- ❖ Modernize the Samurdhi Bank Society and expand their services without disparities in districts.
- ❖ Authority could develop the continuation of training process on beneficiaries HR development and evaluate the training programme and entrepreneurs.
- ❖ Samurdhi Bank could be expanded their services in the rural areas Eg; Nuwara Eliya
- ❖ Department could take action to fill the vacancies.
- ❖ Samurthi Banking System is to be digitalized and placed ATM.
- ❖ Increase the Loan amount and recommend the beneficiaries to connect the public and private banks in Sri Lanka.
- ❖ Follow up action to depoliticize the programme

5.3.8 Situational Report on Co-operative Development in Sri Lanka

International Context on Co-operative Development

Co-operatives have created over 13.8 million jobs in India, with 92% of the jobs created through self-employment through worker cooperatives. In Japan, the consumer cooperative movement provided 58,281 full-time and 95,374 part-time jobs in 1997. Although the number of full time jobs decreased by 409 from the previous year, part-time positions increased by 4.4%. The Republic of Korea, the agricultural cooperative movement employed 17,448 at the federation level and an additional 53,698 staff at member co-operative level at end of 1997. In Sri Lanka cooperatives were responsible for 37,617 jobs in 1997. In the Philippines, it is estimated that the contribution of the co-operative sector to the national workforce was 5.01 million or 16.24% of the total job market in 1997. Co-operatives are expected to provide over 20 million jobs by the year 2000. (Committee for the Promotion and Advancement of Cooperatives COPAC , 17-28 May 1999).

Existing Situation of Co-operative Societies

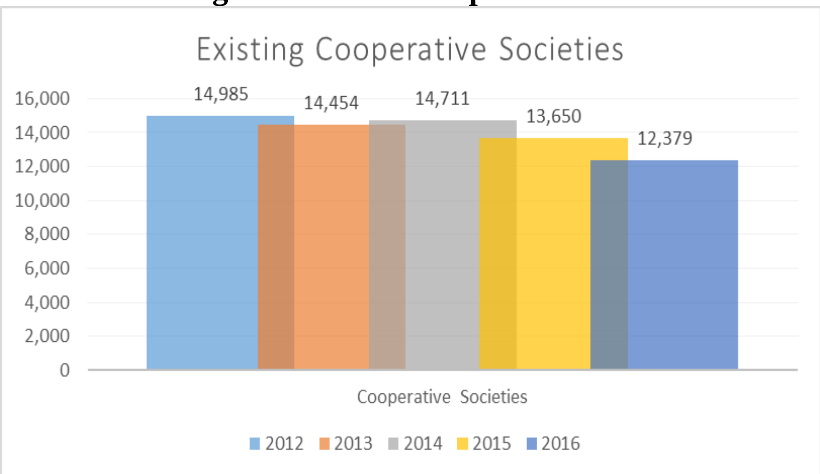


Figure 1: Co-operative Societies in Sri Lanka

The Sri Lankan Co-operative movement has a long history. There were 14,985 Societies in 2012 which decreased to 12,379 Societies in 2016. Figure 1 shows in 2014, the number of Co-operative Societies increased by 257 compared to 2013.

Number of members in Co-operative Societies in Sri Lanka

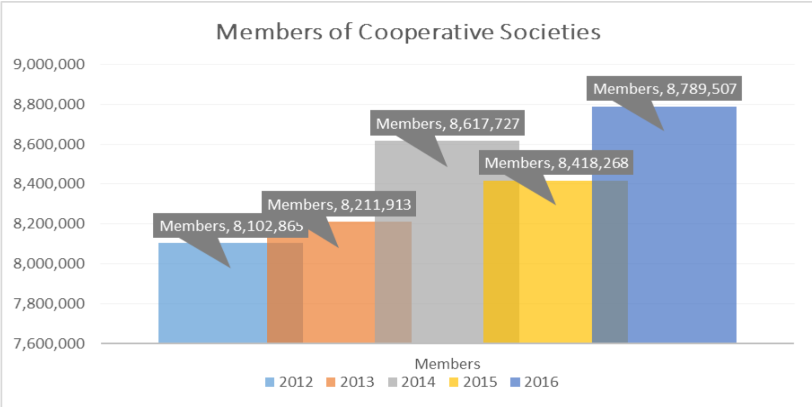


Figure 2: No. of members in the Cooperative Societies in Sri Lanka

According to figure 2, there are 8.8 Million members in the Co-operative Societies in Sri Lanka. This is one of the largest membership movements in Sri Lanka. This figure shows the peoples' involvement in societies. Productive participation would be support to the development of the country.

Number of organizations, members and employment

Table 1: No of Societies, Members & Employment

No	Type of Organization	No. of Organization	No. of active Organization	No. of Members	No. of Direct Employment
1	Provincial primary level Co-operative Societies	12,130	7,857	8,380,964	35,373
2	All Island Primary level Co-operative Societies	59	36	408,543	1154
3	Secondary Co-operative Organization	174	143	9,443	2064
4	Tertiary Co-operative Organization	16	11	1,447	361
	Total	**12,379**	**8,047**	**8,800,397**	**38,952**

Out of 12,379 Co-operative Societies in Sri Lanka, the active societies are 8,047 while having 4,332 No. of societies are not performed reactively. Also, data is not available regarding whether those Societies are functioning or deactivated. Doing the special studies will be helpful in understanding the existing situation of the Co-operative Development in Sri Lanka. There are 12,130 registered Co-operative Societies in Sri Lanka.

Employment of Co-operative Sector

Table 2: Direct Employment in Co-operative Societies in Sri Lanka

Gender	2009	2010	2011	2012	2013	2014	2015	2016	Percentage
Male	23,477	23,507	16,879	15,445	20,281	20,865	20,207	13,911	35.71%
Female	28,220	27,009	23,501	23,329	25,694	22,989	25,595	25,041	64.28%
Total	**51,697**	**50,516**	**40,380**	**38,774**	**45,975**	**43,854**	**45,802**	**38,952**	**100%**

Table 2 shows that the direct employment in Co-operative Societies was 51,697 in 2009 and 38,952 in 2016. Out of that 64% of employees are female and 36% of employees are male under the Department Co-operative. According to the data, male employment rate has decreased by ten thousand in 2009 compared to year 2016.

Direct Employment

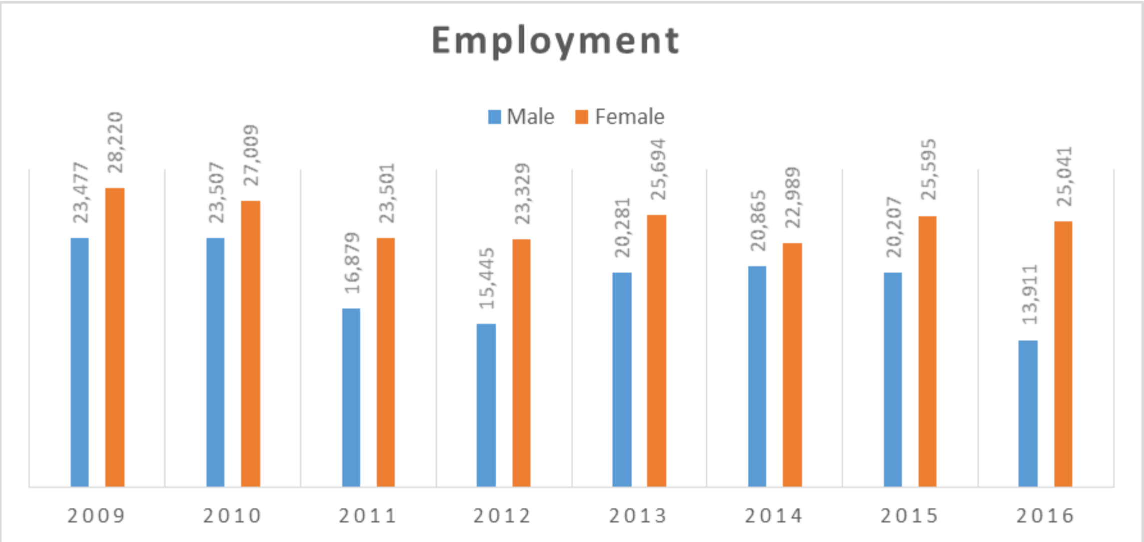


Figure 1: Direct Employment

Training Programmes on Human Resources Development in Co- operative Sector in Sri Lanka

There are three training centers to develop the employees' skills and knowledge in this sector.

- ❖ National Institute of Co-operative Development: Pollgolla Training Centre
- ❖ Co-operative Training Centre Northern Province -Vavuniya
- ❖ Co-operative Training Centre, Eastern Province –Kalmunai

There are 16 training programs conducted by the Northern Provincial Training Centre in 2019. The training targeted only 998 Staff who are working in the Co-operative Office. The following areas were covered by training; Knowledge of the Co-operative Sector, Audit System, Marketing, Business Promotion, Effective financial system, Decision making, resources for training and stability of business growth.

Issues of Co- operative Development:

- ❖ **Training :**

Co-operative Training Centers provide training for employees not for whole all members. Few Tamil medium pieces of training are conducted for co-operative employees and members by Provincial Cooperative Training Institute in Vavuniya. The National Institute of Co-operative Development (NICD) delivers training programs for Co-operatives employees. Such as Co-operative Development Officers, Branch Managers, and other officers in the sector. Therefore, relevant Institutes could expand their training on human resources development. Institutions should focus on the members' training. It was the main issue for lack of training that caused institutional development of Co-operative Societies and their members' capacity building.

- ❖ 38,952 employees contains by Co-operative department in Sri Lanka. It accounted 51,691 employment in 2009. After years that amount is decreased by 38,952 in 2016. Losing employment would be issue for unemployment.
- ❖ Co-operative Societies did not audit by external party therefore, it would be criticized by others.
- ❖ Limit the private micro finance Institutions and courage to establish the Co-operative societies.
- ❖ Lack of Investment on the agriculture, Batik, Pepper and Kitul & etc.

- Co-operative banks still using traditional and manual practice. A small number of Banks only modernize their activities. Rural banks do not make an attraction to their customers.
- Co-operative Department deliver their services in Island wide but its services not sufficient in rural, estate and marginalizes Communities.
- Most of the Co-operative Societies willing to make service while there has a lack of interest in investing the national production. Such as tourism, and loan services.
- Due to politicization affect the corruption or deactivate of the Societies in the rural areas. While centralize could be threatening the smooth function.

Recommendation :

- **Employment**

  Why and how does this industry lose employment? If the government could motivate and Invest in the agriculture industry it would be creating jobs for youth. In this industry, 65% contained a female workforce in 2016, if empower and strengthen their financial capacities the Societies will create more job opportunities in Sri Lanka.

- **Training**

  There are few training courses conducted in Tamil medium, it's not sufficient to fulfill the demands in the whole Island. It means dual medium (Sinhala and Tamil) training centers would be established at a district level to more efficiently fulfill their training needs.

  The Training Programme could expand to the Co-operative Society's board members and beneficiaries too. Most of the training programs target their employees. It would be to customize the members then only its effort is useful. While existing training targets Co-operative Development Officers and staff it could be re-organized for TOT training. For a practical strategy, it would be more effective.

- **Studies and research**

  Identify the weakness of Co-operative Societies and strength their capacity in rural areas and estate sectors through the studies and research. Relevant authorities, department are could identify the weakness of Co-operative Societies and strength their capacity in rural areas and estate sectors. Most of the estate peoples have a lack of knowledge on Co-operative Societies. The data shows, the decrease of societies in rural areas the member do not interest on co-operative societies.

New Industry

- ❖ To Establish and promote the local industry product on Batik, Pepper and Kitul &, etc. Co-operative Department and Chamber of Commerce would be connecting with tie it will make a good effect on the rural Co-operative Societies for business promotion.

Digitization and User friendly

- ❖ Introduce ATM cards and modernize, digitalize the banking system in rural and urban areas it would make more attractions for customer and users. Therefore, withdrawing from the traditional system is a more appropriate way to think. Strength the Co-op cities and introduce the ATM and Credit Card system. Modernize the cooperative sales outlets that operate everywhere in the country.

Implement the Good governance policy

- ❖ Accounts of Co-operative Societies could be audited by a third party or external party it would be good practice. While the system could not be corrupted. Every Society implement good governance practices such as accountability, responsibility, gender equality, and rule of law.

De-Politicization

- ❖ Change the cooperative law in collaboration with provincial governments to provide business freedom to cooperatives. Ensure the board members and Societies could function without the politicization. While decentralizing the powers within a Society in a proper manner.

Expand the Service

- ❖ Expand the service and Staff Island wide. Ex: Especially, Co-operative Society establishing only for housing purpose in the Plantation Sector. There is more potential in dairy development and vegetable crops. The relevant department should extend their services in marginalized communities too.

- ❖ Establish a developed and expanded system of production co-operatives in the fields of agriculture, milk production, fisheries and minor crop production.

- ❖ Establish tie with regional and international co-operative society

- ❖ Make responsible of production co-operatives for raw material supply, raising capital and marketing in respect of traditional industries.

5.4 Create Entreprenuears in Solid Waste Management

Solid waste management is a critical issue in the waste sector in Sri Lanka. NHRDC with the collaboration of Solid Waste Management Unit of Ministry of Provincial Councils and University of Sri Jayewardenepura designed a course module to develop the capabilities of the entrepreneurs who are engaged in this sector. It is hoped to find long-term solution for the Waste problem and make new career path entrepreneurs in this sector through this course. As a Pilot program, this course was launched by the NHRDC on 20th October 2019 at the Entrepreneur Department of University of Sri Jayawardenepura.

The main objective of this program was facilitating a certificate course in solid waste management in order to create entrepreneurs with the sound management skills together with competent skills in technical know-how in solid waste management. Further, the program was focussed on following specific objectives:

- To establish a mindset to develop entrepreneurial initiatives
- To educate the formal business processes involved
- To deviate from the traditional classroom learning and introduce workshops/training to inculcate the necessary management awareness concepts/theories and practical aspects

Trainees were selected for the course in Solid Waste Management by covering the all provincial councils of Sri Lanka by the Solid Waste Management Centre of Ministry of Provincial Council. A valuable certificate will be awarded to every participant who will be able to complete the theoretical and practical sessions successfully.

This course will be helpful for the entrepreneurs who are engaging in solid waste management sector and currently 22 participants are following this course by exploring the knowledge in entrepreneurship, management and Technical knowledge and also they can develop their business further by this training. Also it is expected to get the appropriate NVQ Level from TVEC to uplift the standard of the course.

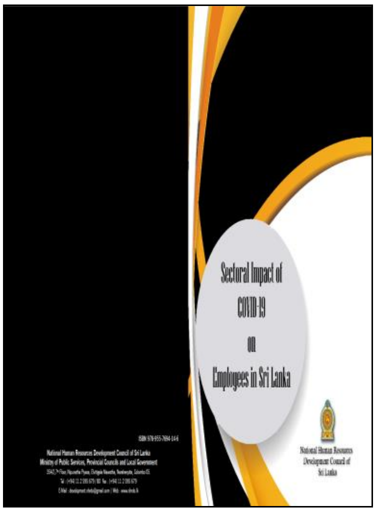
5.5 Statistical Bulletin of NHRDC

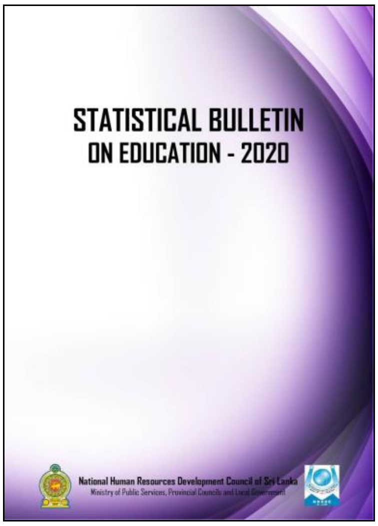
As per the vision of NHRDC, management of NHRDC has been decided to publish a Statistical Bulletin by annually to fulfill the information gap of relevant stakeholders regarding the Education sector in Sri Lanka. In this regard four bulletins were published since year 2015 and latest bulletin has been published in Year 2020.

In this bulletin it is included important statistics related with General Education, TVET and Higher education sectors. All the data were collected based on the secondary data sources available in the website, Central Bank Annual reports of Sri Lanka, University Statistics of University Grant Commission etc. Data of this bulletin will be important to researchers, policy makers who have the interest on Education sector in Sri Lanka.

6. Publications of NHRDC During the year 2020

Images of the publications, reports done during the year 2020 are depicted below.





COVID-19 REPORT **STATISTICAL BULLETIN 2020**

7. Statement of Financial Position as at December 31st 2020

National Human Resources Development Council of Sri Lanka
Statement of Financial Position
As at December 31,2020

	Note	2020	2019	Budgeted
ASSETS				
Current assets				
Cash and cash equivalents	1	17,476,958.78	17,297,237.12	17,000,000.00
Receivables	2	40,062.82	40,062.82	41,000.00
Inventories	3	788,136.66	679,542.34	700,000.00
Prepayments	4	84,468.92	270,413.02	85,000.00
Other Current assets	5	3,319,639.45	3,271,452.39	3,506,125.00
		21,709,266.63	**21,558,707.69**	**21,332,125.00**
Non-current assets				
Infrastructure, plant and equipment	6	9,950,577.86	11,355,967.56	10,000,000.00
Vehicles	6	1,449,060.65	4,450,549.22	1,500,000.00
Software		221,400.83	324,653.33	222,000.00
Other non-financial assets	6	418,540.63	531,137.56	156,962.60
		12,039,579.97	16,662,307.67	11,878,962.60
Total assets		**33,748,846.60**	**38,221,015.36**	**33,211,087.60**
LIABILITIES				
Current liabilities				
Payables	7	1,718,483.37	970,682.65	1,797,562.28
Short-term Provisions	8	1,116,242.82	890,292.82	850,230.00
		2,834,726.19	1,860,975.47	**2,647,792.28**
Non-current liabilities				
Employee benefits	9	**3,621,267.50**	**3,323,854.88**	3,000,000.00
		3,621,267.50	**3,323,854.88**	**3,000,000.00**
Total Liabilities		**6,455,993.69**	**5,184,830.35**	**5,647,792.28**
Net assets		**27,292,852.91**	**33,036,185.01**	**27,563,295.32**
Net ASSESTS/EQUITY				
Capital contributed by				
Contributed Capital		3,000,000.00	3,000,000.00	3,000,000.00
Revaluation Reserves		13,490,249.80	13,490,249.80	13,490,249.80
Government Grant - Capital		10,073,045.52	10,073,045.52	10,073,045.52
Accumulated surpluses/(deficits)		729,557.59	6,472,889.69	1,000,000.00
Total net assets/equity		**27,292,852.91**	**33,036,185.01**	**27,563,295.32**

I certify that above Financial Statements comply with the requirements of Sri Lanka Public Sector Accounting Standards published by Institute of Chartered Accountants of Sri Lanka.

Sujeewa Kaluarachchi
Assistant Director (Finance)
Date: ../../2021

The Accounting policies and Notes on pages 5 to 16 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

Chairman (NHRDC)
Date: ../.../2021

Member of the Council
Date: ../.../2021

Dr. K. A. Lalithadheera
Director General
Tertiary & Vocational Education Commission
"Nipunatha Piyasa"
3rd Floor, No. 354/2, Elvitigala Mawatha,
Colombo 05.

Member of the Council
Date: ../.../2021

8. Statement of Financial Performance

for the Year Ended December 31, 2020

In LKR

	Note	2020		2019		Budgeted
Revenue						
Government Grant - Recurrent	10	21,897,323.00		23,408,216.00		21,900,000.00
Government Grant - Capital	11	2,800,000.00		11,957,054.86		8,000,000.00
Surplus/Deficit on foreign training programme	12	(981,600.00)		(671,900.07)		-
Profit / (loss) on Disposal of Assets	13	-		(2,740.00)		-
Other revenue	14	168,596.53		501,760.20		130,000.00
Total Revenue		**23,884,319.53**		**35,192,390.99**		**30,030,000.00**
Expenses						
Wages, salaries and employee benefits	15	18,994,355.02		18,907,777.29		18,463,002.00
Grants and other transfer payment	16	1,149,949.66		6,775,338.37		1,990,000.00
Supplies and consumables used	17	147,166.68		673,257.71		588,560.00
Depreciation and amortization expense	6	4,624,227.70		5,181,716.49		-
Travelling, Subsistence & Allowances	18	289,597.01		332,197.20		53,000.00
Utility and Services	19	2,833,983.62		3,557,029.81		1,945,650.00
Maintenance Expenses	20	1,203,171.94		959,740.60		728,520.00
Other expenses	21	385,200.00		657,588.83		39,000.00
Total Expenses		**29,627,651.63**		**37,044,646.30**		**23,807,732.00**
Surplus/(deficit)for the period		**(5,743,332.10)**		**(1,852,255.31)**		**6,222,268.00**

9. Statement of Changes in Net Assets/Equity
for the Year Ended December 31, 2020

In LKR

Attributable to Owners of the Controlling Entity					
	Contributed Capital	**Revaluation Reserve**	**Government Grant - capital**	**Accumulated Surpluses/ (deficits)**	**Total net assets/equity**
Balance at January 01, 2019 B/F	3,000,000.00	13,490,249.80	15,780,100.38	7,946,035.00	40,216,385.18
Revaled surplus on disposed assets	-	-	-	-	-
Prior year Adjustment	-	-	-	379,110.00	379,110.00
Transfer to government grant – Revenue			(6,775,338.37)		(6,775,338.37)
Net revenue recognized directly in net asset/equity Deficit/surplus for the period	-	-	6,250,000.00	-	6,250,000.00
De recognition of previous revaluation surplus on revalued assets	-	-	(5,181,716.49)	-	(5,181,716.49)
Deffred Income	-	-		-	
Surplus/Deficit for the period	-	-	-	(1,852,255.31)	(1,852,255.31)
Total recognized revenue and expenses for the period	-	-	(5,707,054.86)	1,473,145.31	7,180,200.17
Balance at December 31, 2019 carried forward	**3,000,000.00**	**13,490,249.80**	**10,073,045.52**	**6,472,889.69**	**33,036,185.01**
Balance at January 01, 2020 B/F	3,000,000,.00	13,490,249.80	10,073,045.52	6,472,889.69	33,036,185.01
Prior year Adjustment	-	-	-	-	-
Revalued surplus on disposed assets	-	-	-	-	-
Transfer to government grant-Revenue	-	-	(1,149,949.66)	-	(1,149,949.66)
Net revenue recognized directly in net asset/equity Deficit/surplus for the period	-	-		-	-
Deffred Income	-	-	(2,800,000.00)	-	(2,800,000.00)
Surplus/Deficit for the period	-	-	(1,650,050.34)	(5,743,332.10)	(7,393,382.44)
Total recognized revenue and expenses for the period	-	-			
Balance at December 31, 2020 carried forward	**3,000,000.00**	**13,490,249.80**	**10,073,045.52**	**729,557.59**	**27,292,852.91**

10. Cash Flow Statement

Consolidated Cash Flow Statement for Year Ended December 31,2020

CASH FLOWS FROM OPERATING ACTIVITIES	2020		2019
Surplus/(deficit)	(5,735,332.10)		1,852,255.31
<u>**Non-cash movements**</u>			
Depreciation	4,624,227.70		5,181,716.49
Gratuity Expenses	539,700.12		919,607.88
Reversal of over provision	-		-
Differed Income	-		(5,181,716.49)
Year end Provision	-		-
Interest on Staff Loan	(112,136.56)		(129,504.85)
Audit Fee	225,950.00		438,150.00
Assets Write off			155,039.13
(Gains)/losses on sale of property, plant and equipment			2,740.00
Increases (Decreases) in Consumable Store	(108,594.32)		(17,801.98)
Increases (Decreases) in Pre payments	185,944,10		8010.19
Increases (Decreases) in Staff Loans	(60,787.06)		(272,747.46)
Increases (Decreases) in Other Advances	10,000.00		(1,250.00)
Increases (Decreases) in Payables	739,800.72		(243,784.47)
Increase in other current assets	-		-
Increase / decrease in receivables	-		-
Increase/Decrease in Asset Purchases Receivable	2,600.00		1,570.00
Paid audit fee			
Gratuity paid	(242,287.50)		(96,687.50)

	2020		2019
Government Grant			(489,734.41)
Net cash flows from operating activities	**69,085.10**		**(1,578,648.78)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Office Equipment	-		-
Purchase of Computers	-		-
Purchase of Vehicles			(807,442.85)
Interest on Staff Loan	112,136.56		129,504.85
Purchase of Software			(65,000.00)
Purchase of Books	(1,500.00)		(33,245.20)
Purchase of Other Assets			(219,900.00)
Proceeds from sale of plant and equipment			4,460.00
Net Cash flows from investing activities	**(110,636.56)**		**991,623.20**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities	**-**		**-**
Net increase/(decrease)in cash and cash equivalents	179,721.00		2,570,271.98
Cash and cash equivalents at beginning of period	17,297,237.12		19,867,509.10
Cash and cash equivalents at end of period	**17,476,958.78**		**17,297,237.12**
Notes to the Cash Flow Statement			
Cash on hand and balances with banks			
Bank of Ceylon A/C 165197	17,380,095.96		17,252,519.88
People’s Bank A/C No 119100120409161	96,862.82		44,717.73
	17,476,958.78		**17,297,237.12**

11. Notes

		2020		2019		Budgeted
Cash and cash equivalents	**1**					
Bank of Ceylon A/C 165197		17,380,095.96		17,252,519.88		17,000,000.00
People's Bank A/C No 119100120409161		96,862.24		44,717.24		100,000.00
		17,476,958.78		**17,297,237.12**		**17,000,000.00**
Receivables	**2**					
Nimal Bopage (ex-Chairman)		40,062.82		40,062.82		41,000.00
		40,062.82		**40,062.82**		**41,000.00**
Inventories	**3**					
Consumable Stores		788,136.66		679,542.34		700,000.00
		788,136.66		**679,542.34**		**700,000.00**
Prepayments	**4**					
Vehicle Insurance		84,468.92		270,413.02		85,000.00
		84,468.92		**270,413.02**		**85,000.00**
Other Current assets	**5**					
Staff Loan - Distress		3,316,114.45		3,255,327.39		3,000,000.00
Festival Advances		-		10,000.00		10,000.00
Receivable from Asset Purchases		3,525.00		6,125.00		6,125.00
		3,319,639.45		**3,271,452.39**		**3,010,000.00**

Property, Plant & equipment (Note 06)

	Furniture & Fittings		Office Equipment		Electrical Fixtures		Computers		Software		Vehicles		Books		Other Assets		Building & Structure	
Reporting Period 01.01.2019 to 31.12.2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Opening Balance	4,884,257.49	4,964,689.09	3,156,548.80	3,315,328.99	14,579.0	66,135.25	5,669,589.72	5,683,496.72	1,189,566.61	776,556.61	15,007,442.85	14,200,000.00	117,024.54	83,779.34	1,103,102.30	1,015,778.30	6,531,265.68	6,531,265.68
Additions	-	-	-	-	-	-	-	-	-	65,000.00	-	807,442.85	1,500.00	33,245.20	-	219,900.00	-	-
Adjustment	-	(80,431.60)	-	(142,780.19)	-	(44,056.25)	-	(13,907.00)	-	348,010.00	-	-	-	-	-	(132,576.00)	-	-
Disposal	-	-	-	(16,000.00)	-	(7,500.00)	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	4,884,257.49	4,884,257.49	3,156,548.80	3,156,548.80	14,579.0	14,579.00	5,669,589.72	5,669,589.72	1,189,566.61	1,189566.61	15,007,442.85	15,007,442.85	118,524.54	117,024.54	1,103,102.3	1,103,102.30	6,531,265.68	6,531,265.68 -
Accumulated Depreciation (year Beginning)	1,682,637.45	1,251,204.40	1,979,099.57	1,769,551.78	11,663.2	36,157.93	4,570,167.57	3,583,133.49	864,913.28	776,556.61	10,556,893.63	7,713,388.12	36,748.45	28,411.47	652,240.83	615,818.88	656,705.34	330,142.06
Adjustment		(59,323.88)		(108,592.50)	-	(19,910.53)		(8,876.00)	-	-	-	-	-	-	-	(62,009.00)	-	-
Depreciation (As per statement of Financial Performance	498,550.09	490,756.93	314,055.53	326,940.29	2,915.80	2,915.80	263,305.00	995,910.08	103,252.50	88,356.67	3,001,488.57	2,843,505.51	10,684.70	8,336.98	103,412.23	98,430.95	326,563.28	326,563.28
Less Accumulated Depreciation on Disposal	-	-		(8,800.00)	-	(7,500.00)	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation on Revalued Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing Balance	2,181,187.54	1,682,637.45	2,293,155.10	1,979,099.57	14,579	11,663.20	4,833,472.57	4,570,167.57	968,165.78	864,913.28	13,558,382.20	10,556,893.63	47,433.15	36,748.45	755,653.06	652,240.83	983,268.62	656,705.34
Net Carrying Amount	2,703,069.95	3,201,620.04	863,393.70	1,177,449.23	-	2,915.80	836,117.15	1,099,422.15	324,653.33	324,653.33	1,449,060.65	4,450,549.22	71,091.39	80,276.09	347,449.24	450,861.47	5,547,997.06	5,874,560.34

	Note	2020		2019		Budgeted
Payable	**7**					
Gratuity		242,287.50		250,000.00		200,000.00
Building & struct. leema retention		445,837.28		445,837.28		445,837.28
Telephone		21,138.38		34,266.30		22,000.00
Internet		41,070.00		-		42,000.00
Specialist Data Bank		1,640.00		-		2,000.00
Janitorial & Security		155,403.53		170,237.00		200,000.00
Salaries		8,000.00		80,000.00		-
Over Time		-		7,788.76		-
Traveling		28,600.00		350.00		29,000.00
Electricity & Water		42,579.15		64,800.00		60,000.00
Repairs & Maintenance of office equipment		28,500.00		36,936.00		30,000.00
MCDP Programme		-		27,600.00		-
Fuel & Lubricant		-		17,079.33		-
Human Capital Insight		20,925.00		-		25,000.00
Statistical Bulletin		68,705.00		-		70,000.00
COVID-19		264,470.00		-		265,000.00
Rakiya Aruna		-		23,167.23		-
Repair & Maintenance of vehicles		250,282.53		4,720.00		300,000.00
Other		54,000.00		32,550.75		60,000.00
Fishermen off-season Program				1,750.00		-
Seminars & Workshop		34,500.00		22,000.00		35,000.00
Stationery & Office Consumables		9,020.00				10,000.00
Stamp Duty		1,525.00		1,600.00		1,725.00
		1,718,483.37		**970,682.65**		**1,797,562.28**
Short-term Provisions	**8**					
Audit Fee – 2014		81,580.00		81,580.00		81,580.00
Audit Fee – 2017		192,600.00		221,490.00		221,490.00
Audit Fee – 2018		252,000.00		272,160.00		272,160.00
Audit Fee - 2019		275,000.00		275,000.00		275,000.00
Audit Fee – 2020		275,000.00		-		-
Provision for doubtful Debt- N.Bopage		40,062.82		40,062.82		-
		1,116,242.82		**890,292.82**		**850,230.00**

	Note	2020		2019		Budgeted
Employee benefits	9					
Gratuity Provision		3,621,267.50		3,323,854.88		3,000,000.00
Government Grant - Recurrent	10	21,897,323.00		23,408,216.00		21,900,000.00
Government Grant - Capital	11					
Government Grant – Development Activities		1,149,949.66		6,775,338.37		8,000,000.00
Deffered Grant		1,650,050.34		5,181,716.49		-
		2,800,000.00		11,957,054.86		8,000,000.00
Profit (Loss) on Foreign Training Programs	12	981,600.00		(671,900.07)		-
Profit (Loss) on Disposal of Assets	13	-		(2,740.00)		-
Other Revenue	14					
Miscellaneous Income		56,459.97		372,255.35		-
Distress Loan Interest		112,136.56		129,504.85		-
		168,596.53		**501,760.20**		-
Wages, salaries and employee benefits	15					
Salaries & wages		12,476,965.16		11,805,466.18		12,335,000.00
Acting salary				16,286.55		-
Cost of Living Allowance		2,230,800.00		2,334,428.57		2,230,800.00
Telephone Allowance		87,000.00		-		-
Adjustment Allowance		-		177,633.00		-
Transport Allowance		600,000.00		600,000.00		600,000.00
Fuel Allowance		341,815.00		436,755.00		342,000.00
EPF		1,762,210.86		1,639,516.67		1,999,340.00
ETF		440,552.71		409,789.53		440,550.00
Over time		132,719.81		223,761.47		132,720.00
Holiday payments		8,591.25		5,013.40		8,592.00
Professional allowance		374,000.00		339,519.04		374,000.00
Gratuity Expenses		539,700.12		919,607.88		-
		18,994,355.02		**18,907,777.29**		**18,463,002.00**

	Note	2020		2019		Budgeted
Grants and other transfer payment	**16**					
News Letter		-		207,853.00		-
Facilitate dialog TVET		-		167,773.08		
Human Capital award		450.00		17,906.77		
Implement Competency Frame work		-		530,476.47		
Strenghthen NHRDC staff Development		39,884.76		176,843.82		2,000,000.00
Gender committee Recommendation		-		98,472.80		-
Statistical bulletin		68,705.00		-		80,000.00
Lecture Series		-		301,006.00		-
Directors' Hand Book (KPMG)		-		54,578.24		-
ISO		-		7,600.00		500,000.00
Annual Training Gap		-		31,050.00		-
Rakiya Aruna		-		1,971,464.23		-
Carrier Guidence program		-		1,207,894.45		-
Human Capital Insight		20,925.00		-		200,000.00
Solid waste management		500,784.90		523,740.12		400,000.00
COVID-19		286,720.00		-		100,000.00
Seminars workshop		34,500.00		692,664.19		200,000.00
Fishermen off-season		-		408,803.06		-
Labour Reforms		-		177,124.00		-
SME capacity in consultation		-		185,188.14		-
Labour Immigration		-		14,900.00		-
Publications		50,000.00		-		160,000.00
Specialist Data Bank		147,980.00				150,000.00
		1,149,949.66		**9,048,188.32**		**18,670,000.00**
Supplies and consumables used	17					
Stationary & office equipment		(63,923.32)		154,317.98		35,650.00
Fuel & lubricant		211,090.00		518,939.73		552,910.00
		147,166.68		**673,257.71**		**588,560.00**
Depreciation and amortization expense	6	**4,624,227.70**		**5,181,716.49**		-
Travelling, Subsistence & Allowances	18					
Local Travelling & Subsistence		81,597.01		34,597.20		53,000.00
Allowance for Audit Members		24,000.00		45,600.00		-
Board Members Allowances		184,000.00		252,000.00		-
		289,597.01		**332,197.20**		**53,000.00**

	Note	2020		2019		Budgeted
Utility and Services	19					
Rates		50,400.00		50,400.00		50,400.00
Electricity		505,287.67		557,384.80		220,000.00
Water		15,864.99		25,113.40		24,160.00
Telephone charges & Rental		219,803.39		342,413.02		220,000.00
Postage & telex charges		28,995.01		9,275.00		30,000.00
Janitorial service		550,915.93		543,220.50		328,420.00
Security Service		1,213,281.63		1,617,989.74		814,170.00
Internet		150,410.00		144,642.45		150,000.00
Other utility & Other Service		99,025.00		266,590.00		108,500.00
		2,833,983.62		**3,557,029.81**		**1,945,650.00**
Maintenance Expenses	20					
Rep. & main. of vehicles		380,618.53		304,614.94		339,520.00
Vehicle Insurance		395,123.63		418,138.52		-
Rep. & main. of Office Equipment		158,743.68		172,781.74		130,240.00
Rep. & main. of computer		129,450.00		9,600.00		119,520.00
Rep. & main. of Other Assets		52,916.40		54,605.40		52,920.00
Rep. & main. of Building & Structure		86,319.70		-		86,320.00
		1,203,171.94		**959,740.60**		**728,520.00**
Other expenses	21					
Audit fee		225,950.00		438,150.00		-
Refreshment		58275.00		64,399.70		-
Medical Expenses		15,000.00		-		15,000.00
Other Expenses		85,975.00		-		24,000.00
Asset Write Off		-		155,039.13		-
		385,200.00		**657,588.83**		**39,000.00**

Note No 12 – Illustration

	2020
Revenue	
Course Fee	0.00
Less	
Expenses	
Return of course fee Sri Lanka Foreign Bureau	600,000.00
Return of course fee People's Bank	300,000.00
NITF	81,600.00
Total Expenses	981,600.00
Surplus (Deficit) on Foreign Training Programme	(981,600.00)

12. Notes, comprising a summary of significant Accounting Policies and other explanatory Notes

1. National Human Resources Development Council of Sri Lanka established under the Act No 18 of 1997. Under the power vested in the institution, it gives priority to all activities pertaining to Human Resource Development and implements policies for Human Resources Development.

2. Rendering of Accounts and Authorization to issue Financial Statements

As per the section 14 of Finance Act (No. 38 of 1971), National Human Resources Development Council of Sri Lanka as a public corporation shall, immediately after the end of each financial year of the corporation, prepare a draft annual report on the exercise, discharge and performance by the corporation of its powers, functions and duties during that year and of its policy and programme. Such report shall set out any directions given by the appropriate Minister to the corporation during the year. Copies of such report shall, within four months after the end of that year, be submitted to the appropriate Minister and to the Minister of Finance (if he is not the appropriate Minister), the Minister of Planning and the Auditor-General.

As per the section 14 of Finance Act (No. 38 of 1971), the accounts of a public corporation for each financial year shall be submitted to the Auditor-General for audit within four months after the close of that year along with any report on the accounts which the Auditor-General may require to be submitted in the manner specified by him. Any such corporation which contravenes or fails to comply with the preceding provisions of this sub-section shall be guilty of an offence under this Act and shall, on conviction after summary trial before a Magistrate, be liable to a fine not exceeding one thousand rupees.

3. Statement of Compliance

Accounting policy of the National Human Resources Development Council of Sri Lanka is prepared in accordance with the Sri Lanka Public Sector Accounting Standards published by Institute of Chartered Accountants of Sri Lanka.

4. Measurement Basis

Financial Statements of the Council are prepared under the historical cost conversion, except for the revaluation carried out in year 2008, 2011, 2014 and 2016 by Department of Valuation of Sri Lanka and independent valuers respectively, for certain Furniture and Fittings, Office Equipment, Electrical Fixtures and Equipment, Computers, Vehicles and other Assets.

5. Bases of Assets Valuation

5.1 Properties, Plant & Equipment are stated at cost/valuation less accumulated depreciation.

5.2 Depreciation is charged on all property, plant and equipment to systematically distribute the cost of fixed assets over its estimated useful life by periodic charges to expense.

5.3 No depreciation is provided in the year of purchased and full year depreciation is provided in the year of disposal for assets purchased prior to the year 2009 and from year 2009 onwards depreciation is computed based on the date of purchase/ date of disposal of each asset.

5.4 Consumable stocks are measured at the lower of cost and net realizable value.

6. Depreciation

Classes of Assets and depreciation rates are as follows. Classes of Assets are determined according to the nature and their usage of the entity.

Building & Structures	5%
Furniture & Fittings	10%
Office Equipments	10%
Electrical Fixtures & Equipments	20%
Computers	20%
Computer Software	25%
Vehicles	20%
Books	10%
Other Assets	10%

7. Events after reporting Date

All material balance sheet events have been considered and appropriate adjustments have been made disclosures have also been made in the financial Statements. Refurbishment work of the premises started from January 2017 and completed in December. Retention money payable to Leema constructions Limited has been recognized as a payable in the balance sheet and corresponding asset was recognized under building and structure.

8. Assets transfer

Assets such as furniture and fitting, office equipment and other assets have been disposed due to refurbishment. These assets have been transferred to Vocational Training Authority to be used in their training centers. Necessary approvals were taken from the ministry for the above asset transfer.

9. Accounting for Government Grant

Recurrent Grant and Capital Grant received from the General Treasury are used to meet the recurrent and capital expenditure of the National Human Resources Development Council of Sri Lanka respectively. The amount incurred on Research and Development activities (NHRDC activities) and an amount equal to the depreciation charged during the year is recognized as income on a systematic basis over the useful life of capital assets.

10. Retirement Benefit Cost

10.1 Defined Contribution Plan – EPF & ETF

All employees who are eligible for Employee Provident Fund (E.P.F) contribution and Employee Trust Fund (E.T.F) contribution are covered by relevant contribution funds, with respective statues and regulations. All contributions have been remitted to E.P.F and E.T.F as per rules & regulations of E.P.F and E.T.F Acts.

10.2 Retirement Gratuity

Provision is made in the financial statements for retiring gratuity, which may fall due for payments under the payment of gratuity Act No 12 of 1983 in accordance with Accounting

Standard on of “Employee Benefits” for all employees. The gratuity liability is not externally funded or actuarially valued.

11. Financial Performance

All costs incurred in its operation and maintenance of capital assets has been charged to revenue. The Deficit/Surplus of the revenue expenditure has been arrived after making provision for all known liabilities and depreciation of assets.

12. Cash Flow Statement

Statement of Cash flow is prepared using indirect method which is a prescribed by section 27 of Sri Lanka Public Sector Accounting Standard No 02.

13. Vehicles assigned by the Ministry

Vehicle number WP- PD 6170 chassis number JNICJUD22Z0116541 has been allocated by The Ministry of National Policies and Economic affairs, to NHRDC on a temporary basis from 01.02.2016.

13. Audit Report

VOT/D/NHRDC/1/20/21 15th December 2021

Chairman

National Human Resources Development Council of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the National Human Resources Development Council of Sri Lanka for the year ended 31 December 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Qualified opinion

The audit of the financial statements of the National Human Resources Development Council of Sri Lanka for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements do not give a true and fair view of the financial position of the Authority as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

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1.2 Basis for Qualified opinion

(a) Although it was stated in the note No. 09 of the Accounting Policy that grants received for capital expenditure will be shown under Equity and will be recognized as deferred income during the useful life time of the asset, capital grants amounted to Rs. 1,650,050 received during the year under review had been identified as income in the financial performance statement instead of identified under Equity in the financial position statement. Also, due to an equal amount of depreciation amounted to Rs. 4,624,227 relevant to the year under review had not been accounted under differed income in the financial performance statement, the deficit for the year was over stated by Rs. 2,974,177 and capital grant was under stated by Rs. 1,650,050.

(b) According to the calculations made by the audit, the cost of the property, plant and equipment submitted with the financial statements for the year under review was under stated by Rs. 2,064,612. Also, the depreciation for the year was under stated by Rs. 202,801 and the cumulative depreciation was over stated by Rs. 279,177 in the financial statements.

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

1.3 Other information included in the 2020 Annual Report of the National Council Lanka

The other information comprises the information included in the Council's 2020 Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

If I conclude that this other information is quantitatively incorrect, based on the other information I obtained prior to the day of this audit report and the work I have done, I need to report that fact. I have nothing to report in this regard.

1.4 Responsibilities of Management and those Charged with Governance for the Financial Statements

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Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards, and for such internal control as management determine is 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, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

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

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

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the

audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.

- ❖ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

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

2.1.1 Except for the effect of the matters described in the basis for Qualified Opinion, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have not been kept by the Council as per the requirement in section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of section 6 (i) (d) (iv) of the National Audit Act, No. 19 of 2018.

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

2.2.1 To state that any member of the governing body of the Council has any direct or indirect interest in any contract entered into by the Authority which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 To state that the Council has not complied with any applicable written law, general and special directions issued by the governing body of the Authority as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to law/ direction	Observation
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulations 262 (2) and (3)	Although "Paid" stamp should be kept on all payment vouchers and in all documents confirming payment, that stamp had not been kept on the confirmation documents.
(b) Public Finance Circular No. 03/2015 dated 14 July 2015	
(i) Paragraph 371 (2) (b)	Although advances up to Rs. 100,000 can be given for ad-hoc imprest, contrary to that, an advance of Rs.112,000 had been given in one occasion.
(ii) 371 (2) (d)	Although advances should be settled immediately upon completion of the relevant work, contrary to that, the advance were settled with a delay of 4 months to 6 months.

2.2.2 To state that Authority has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018 except for;

	Powers, functions and duties	Observation
	--------------------------	----------------------
(a)	Major Function and duty of the National for Human Resource Development Council established under the Human Resource Development Act No. 18 of 1997.	Although stated that formulate national human resource development policies, periodically review and advise the Minister and the government on human resource development, an updated human resource development policy had not been formulated.
(b)	Section 16 (2) e of the Act	A database containing information on various areas related to human resource development is required to be maintained, a database had not been set although 23 years have passed since the establishment of the Council.
(c)	Paragraph I and J of Sections 16 (2) (1) of the Act	Although the institution was empowered to recruit expert teams to perform the functions and duties of the Council, action had not been taken accordingly from the year 1997 to 2020. It was observed that this had a direct impact on the performance of the institution and the exercise of its powers.

2.2.4 To state that the resources of the Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.

W.P.C. Wickramaratne

Auditor General