



Industrial Development Board

Annual Report

2020

List of Acronyms

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

SLS	- Sri Lanka Standards
SMIs	- Small and Medium scale Industries
SoP	- Scheme of Promotions
SoR	- Scheme of Recruitments
TOT	- Training of Trainers
TSD	- Technical Services Division
TVEC	- Tertiary Vocational and Education Commission
UNIDO	- United Nations Industrial Development Organization
UNOPS	- United Nations Office for Project Services
VAT	- Value Added Tax

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INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Annual Report for the Year Ended 31st December 2020

1 THE ORGANIZATION

1.1 BACKGROUND

The Industrial Development Board of Ceylon (IDB) was initially established in 1966 under the State Industrial Corporation Act No. 49 of 1957. The IDB in its present form was incorporated under the Industrial Development Act No. 36 of 1969. In terms of this Act the IDB is the major implementing arm and leading institution entrusted with the responsibility of development of the industrial sector in the country while providing financial, technical and administrative assistance for industrialists to promote institutions engaged in industrial development.

The main objective of the IDB is to promote, develop and facilitate of industries in Sri Lanka. At present it provides variety of services to assist for a proper co-ordination and interrelated growth of all industrial undertakings in the private and public sectors of the economy of the country. Further in order to foster industrial research with the objective of utilizing the natural resources of Sri Lanka, IDB involve in improving the technical processes and methods used in industries and develop appropriate technologies and equipment for local industries and discover processes and methods for the better utilization of waste products. Additionally, IDB promotes the exports of local industrial products to overseas markets in the field of international trade and provide services and facilities required by or in connection with any industrial undertaking or industrial establishment in Sri Lanka.

KEY SERVICES AND FACILITIES PROVIDED FOR THE INDUSTRIES BY THE BOARD



1.2 MEMBERS OF THE BOARD OF DIRECTORS

Mr. Upasena Dissanayake	-	Chairman
Mr. G.A.A. Priyantha	-	Ex-officio
Mr. Rohan Wickramawardane	-	Ex-officio
Dr. Sarath Buddhadasa	-	Member of the Board
Mr. Aloka Wahalawatta	-	Member of the Board
Mr. Buddhika Wimalasiri	-	Member of the Board
Mr. M.R. Wimal Jayawardene	-	Member of the Board
Mr. H.R.P. Peiris	-	Member of the Board

1.3 MEMBERS OF THE SENIOR EXECUTIVE STAFF

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

1.4 VISION, MISSION AND CORE VALUES

OUR VISION

"Development of All Industries All Over Sri Lanka"

OUR MISSION

**"Provide the Strategic, Technological & Commercial
Foundation Needed to Encourage, Promote & Develop
All Industries All Over Sri Lanka"**

CORE VALUES

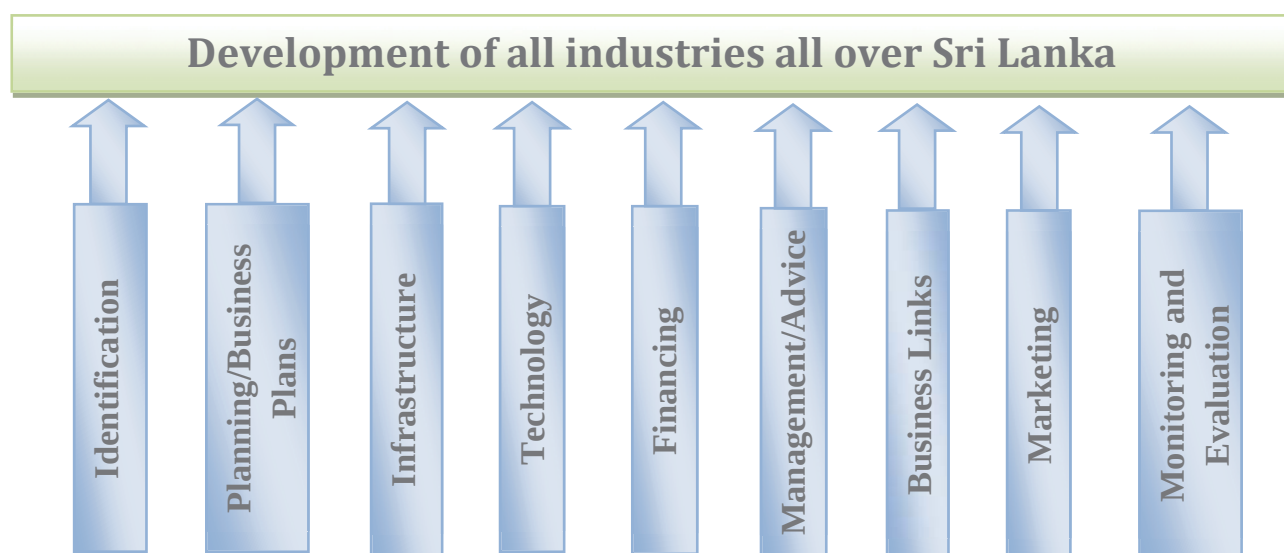
- ✓ Customer services:
"Going above and beyond to keep the customer happy"
- ✓ Accountability and integrity:
"Being responsible for an action & commitment to honesty"
- ✓ Learning and development:
"Enhance an employee's skills, knowledge, and competency, for better performance"
- ✓ Team work:
"Collaborative effort of to achieve a common goal"

1.5 OBJECTIVES

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

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

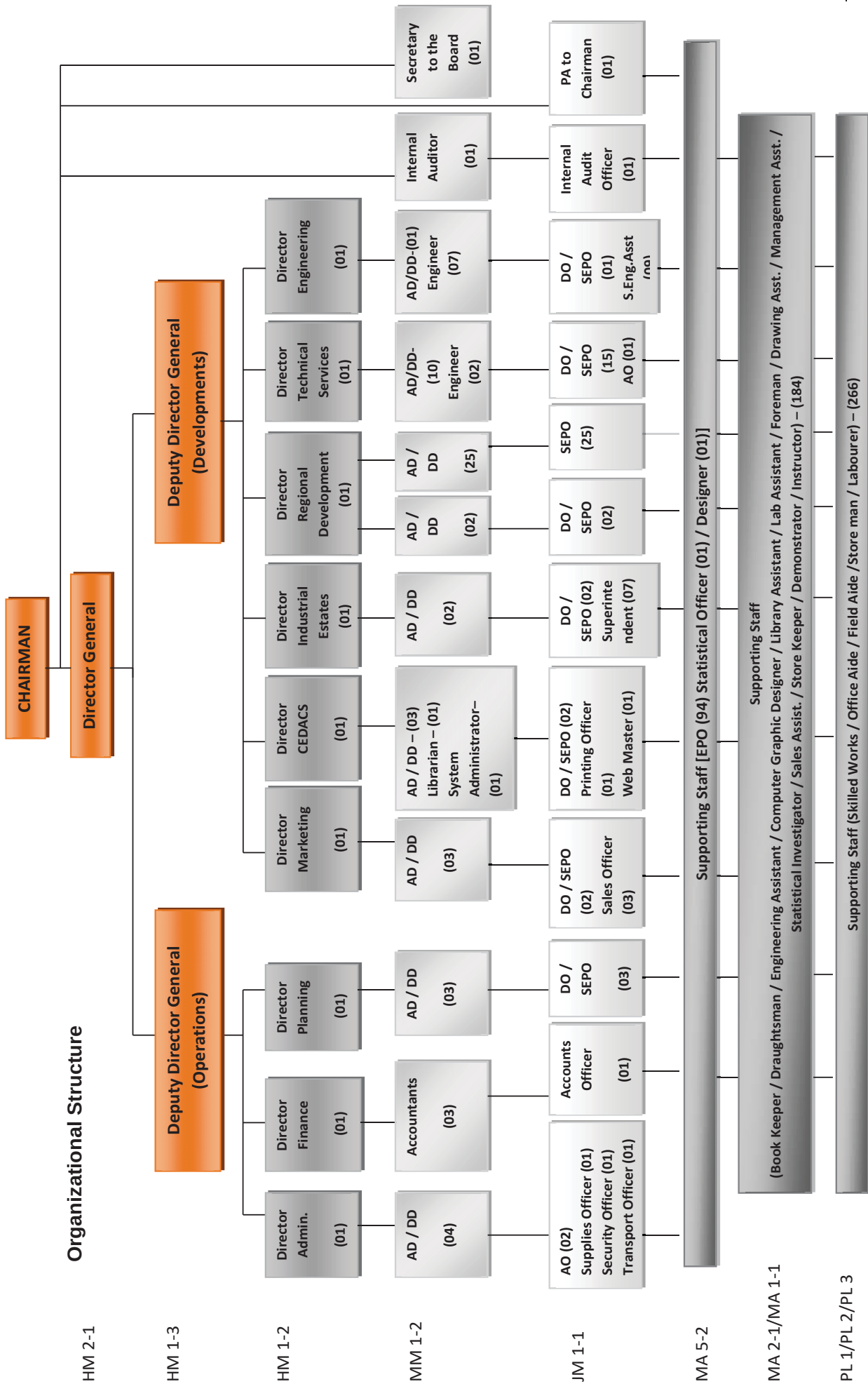
Role of the Industrial Development Board



1.6 DIVISIONS OF THE BOARD

The Divisions of IDB are functioning for operational and development activities. The operational Divisions are Planning, Administration and Finance Divisions. The rest of the Divisions are carrying out the development activities of the Board. The network of 25 District Offices is functioning under the Regional Development Division and 18 Industrial Estates are functioning under the Industrial Estates Division. The Engineering and Technical Services Divisions provide services in relation to product development, process development, and transfer knowledge in order to facilitate local entrepreneurs in respective sectors.

No.	Name of the Division
01	Administration Division (AD)
02	Regional Development Division (RDD)
03	Planning Division (PD)
04	Marketing Division (MD)
05	Industrial Estates Division (IED)
06	Engineering Division (ED)
07	Centre for Entrepreneurship Development & Consultancy Services (CEDACS)
08	Technical Services Division (TSD)
09	Finance Division (FD)
10	Centre for Development of Leather Products and Footwear (CDLPF)
11	Rubber Products Development and Services Centre (RPDSC)



2 MANAGEMENT REVIEWS



CHAIRMAN'S REVIEW



Industrial Development Board of Ceylon (IDB) has identified its role as both service provider and facilitator to the entire industry sector in the country. Correctly identifying the national policy framework Vistas of Prosperity and Splendor, we prepared our annual action plan to deliver our services in an effective and efficient manner to make the industry sector, especially MSMEs more competitive regionally, nationally and globally. Unfortunately, the impact of the Covid-19 pandemic has been felt right across the country and the world which compelled a new approach to the way we all work.

IDB was able to assist entrepreneurs to start 809 new enterprises while 268 were upgraded during 2020. 1170 employment opportunities were generated in this period. In addition 29 SMEs were directed to become export oriented companies while 14 industrialists were lent lands and ready-built buildings in IDB industrial estates.

Moreover, the IDB gave a tremendous support to the ministry in making policy decisions. Banning the export of scrap metals in order to save them for domestic production was one of such crucial policy decisions taken by the government.

In view of the necessity of integrating local industrial sector with global trends and current economic policies, the IDB initiated a mechanism to revise and update the Industrial Development Act No. 36 of 1969.

Although local industries were affected by shortages of raw material and machinery / industrial appliances, due to shipment delays during the period of COVID-19 outbreak in 2020, there was a booming trend amongst entrepreneurs in manufacturing re-engineered local machineries and devices as import substitutions. Since the import substitution was a national priority, the IDB promoted and encouraged those entrepreneurs by providing designing and engineering facilities, advanced skills and technology to drive them for commercial production.

Giving an engineering outlook to the organization was one of our targets in year 2020. Since the government has recognized Public Private Partnership (PPP) as a more rational and practical mechanism to procure, a large scale project for establishing a National Industrial Park including Tooling /Product Development Centers, Laboratories, Modern machineries, etc. was planned to implement as a PPP project over the next few years.

Even with all difficulties due to the global pandemic situation, it is worthy to mention that revenue growth was 2% in year 2020. The surplus of Rs.8 million in 2020 against the loss of Rs.14 million in 2019 reveals that the growth of profit is 157%. Hence, I am extremely proud of the untiring efforts of the IDB leadership team and all employees who demonstrated a remarkable commitment and dedication in achieving this endeavor.

Moreover, it is a pleasure for me to hear that the Auditor General has given a positive statement on IDB in the Auditor General's report -2020, saying that the resources of the Board had been procured and utilized economically, efficiently and effectively.

I would like to express my sincere gratitude on behalf of the Board, to the Hon. Wimal Weerawansa, the Minister of Industries, for the expert leadership given us and quick commendable decisions taken in making the Vistas of Prosperity and Splendor a reality.

I am also thankful to the secretary and additional secretaries of the Ministry for the support and valuable guidance extended towards formulation and implementation of key activities of the IDB.

Also, I wish to express my gratefulness to Directors of the Board of the IDB, Heads of Divisions and the staff of the IDB for the support given to realize our objectives successfully.

Finally, I would like to thank our valuable customers, and other stakeholders for their continued loyalty and support.

Upasena Dissanayake
Chairman

DIRECTOR GENERAL'S REVIEW



The year 2020 has been a rather difficult and challenging year to most of the industries worldwide, due to the devastating effect of Covid 19 outbreak. Local industries of every scale thus had to opt for sustainable and strategic means to keep the business in line with the volatile economic situations. Thus, local Micro Small and Medium Scale Industries including business startups had to redefine their strategies to maintain the going concern of the business and to seek untapped opportunities in the pandemic situation. Despite the intermittent lockdown conditions prevailed in the country, IDB was able to support entrepreneurs and local industries by way of extending marketing support, endorsing industries for credit facilities, building up linkages with leading financial institutions.

Giving greater concern to pandemic shattered local industries, IDB organized Leather fairs held at Diyatha Uyana and district based special trade fairs island-wide. Thereby IDB could accomplish providing service to more than 1000 new and existing industries island wide. This is in addition to the industrialists registered and obtained services in the process of providing rubber compounds, metal scraps and Lakkam marketing facilities.

The modern food testing laboratory and the bamboo projects are the two new services arms of IDB declared open to serve the local industries.

Moreover, IDB has been a good resource base for many public and private institutions as its foundry facilities, coupled with modern CNC manufacturing setup and material testing facilities have synergized manufacturing competency of IDB to produce complex products and components with higher dimensional accuracy for external organizations. Accordingly, around 400 industrialists received engineering related services

Further, IDB, with the guidance of Ministry of Industries took measures to conduct a national scale survey on local metal based industries to understand and assess the requirements and issues pertaining to the industry. This will certainly be a good data source in policy formulation and addressing the industry concerns. The programs being offered on “digital marketing upgrading”, “mobile app development” and “on-line money making” have become modern tools to build strategies in modern industries.

Also, with the leadership of Chairman and the Board, IDB staff has performed to record a positive income figure for the year. The institution has obtained true and fair opinion for the annual accounts from the Auditor General for the year 2020 as well.

Hon Minister's intervention to resolve the longstanding issue in transferring ownership of Panaluwa Industrial estate to IDB is noteworthy to be mentioned. This has strengthened the network of industrial estates of 318 acres giving employment to about 11000 people.

I take this opportunity, to express my sincere gratitude to Hon. Wimal Weerawansa, the Minister of Industries, for the visionary leadership, aligned with the direction of Vistas of Prosperity and Splendor,

Also, I am grateful to the Secretary, Additional Secretaries, Senior Officers and the Staff of the Ministry, on behalf of IDB.

I also express my gratitude to Chairman and the directors of the Board of IDB, for the leadership and strategic direction given throughout in offering services to local industry. I would also like to greatly appreciate the senior management team and the staff of IDB for the efforts made to make above operations a success, despite the challenges encountered in the pandemic situation

P. L. U. Rathnamalala
Director General

3 OPERATIONAL REVIEW



3.1 ADMINISTRATION DIVISION

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

3.1.1 Human Resources Development

Table 3.1 Employee Training Programmes - 2020

#	Name of the Program	No. of Staff Trained	Duration of the Program	Total Investment (Rs.)		Nature of the Program (Foreign/ Local)	Output / Knowledge Gained *
				Local	Foreign		
1	Seminar on good laboratory practices, quality management and Accreditation	3	1 day	6,000.00	-	Local	Capacity Building
2	Risk based internal Audit planning	2	1 day	14,000.00	-	Local	Capacity Building
3	Development of local industries	1	1 day	2,800.00	-	Local	Capacity Building
4	Mechanical engineering design	1	3 days	63,700.00	-	Local	Capacity Building
5	MBA Programme	1	2 years	100,000.00	-	Local	Capacity Building
6	Overview of Marketing operation- ITEC	1	45 days	-	239,112.00	Abroad	Capacity Building

Source: Administration Division – IDB

3.1.2 Human Resources Management

Table 3.2 Approved Cadre of IDB - 2020

Salary Code	Designation/Post	Approved Cadre
HM 2-1	Director General	1
HM 1-3	Deputy Director General (Operations)	1
	Deputy Director General (Developments)	1
	Sub Total	2
HM 1-2	Director	9
MM 1-2	Board Secretary	1
	System Administrator	1
	Asst / Deputy Director	51
	Asst / Deputy Director – Admin & HRM	1
	Asst / Deputy Director - Admin & HRD	1
	Engineer	9
	Librarian	1
	Asst / Deputy Director - Supplies & Stores	1
	Internal Auditor	1
	Asst / Deputy Director - Legal Affairs	1
	Accountant	3
	Sub Total	71
JM 1-1	Administrative Officer	3
	Supplies Officer	1
	Transport Officer	1
	Security Officer	1
	Accounts Officer	1
	Superintendent (Industrial Estates)	7
	Sales Officer	3
	Printing Officer	1
	Development Officer	30
	Senior Enterprise Promotion Officer	25
	Web Master	1
	Internal Audit Officer	1
	PA to Chairman	1
	Senior Engineering Assistant	9
	Sub Total	85
MA 5-2	Enterprise Promotion Officer	94
	Designer (CAD/CAM)	1
	Statistical Officer	1
	Sub Total	96
MA - 4	Demonstrator	2
	Training Instructor	8
	Sub Total	10

MA 2-1	Book Keeper	4
	Draughtsman	4
	Engineering Assistant	19
	Computer Graphic Designer	1
	Library Assistant	1
	Foreman	7
	Laboratory Assistant	6
	Drawing Assistant	1
	Sub Total	43
MA 1-1	Management Assistant	120
	Sales Assistant	5
	Statistical Investigator	2
	Store Keeper	4
	Sub Total	131
PL-3	Driver cum Office Aide	33
	Plating Machine Minder	2
	Pump Operator	8
	Proof Reader	1
	Electroplater	4
	Polisher	3
	Roneo Op. cum Digital Machine Operator	1
	Rubber Mill Operator	3
	Rubber Machine Operator	4
	Electrician	8
	Motor Mechanic	3
	Auto Electrician	1
	Fitter	17
	Welder	7
	Machinist	20
	Blacksmith	1
	Mason	3
	Carpenter	2
	Foundry man	7
	Furnace Operator	4
	Pattern Maker	4
	Plumber	1
	Sub Total	137
PL-2	Circuit Bungalow Keeper	2
	Book Binder cum cutter	1
	Lab Attendant	5
	Audio Visual Operator	1
	Library Attendant	1
	Maintenance Operator	2
	Sub Total	12

PL-1	Office Aide	49
	Field Adie	58
	Laborer	3
	Store man	7
	Sub Total	117
Total Cadre		714

Source: Administration Division – IDB

3.1.3 Staff Strength of IDB as at 31st December 2020

Table 3.3 Details of the Staff – IDB in 2020

Category	Approved Cadre	Existing Cadre	Vacancies / (Excess)
Senior Level	12	8	4
Tertiary Level	252	164	88
Secondary Level	184	154	30
Primary Level	266	193	73
Total	714	519	195

Source: Administration Division - IDB

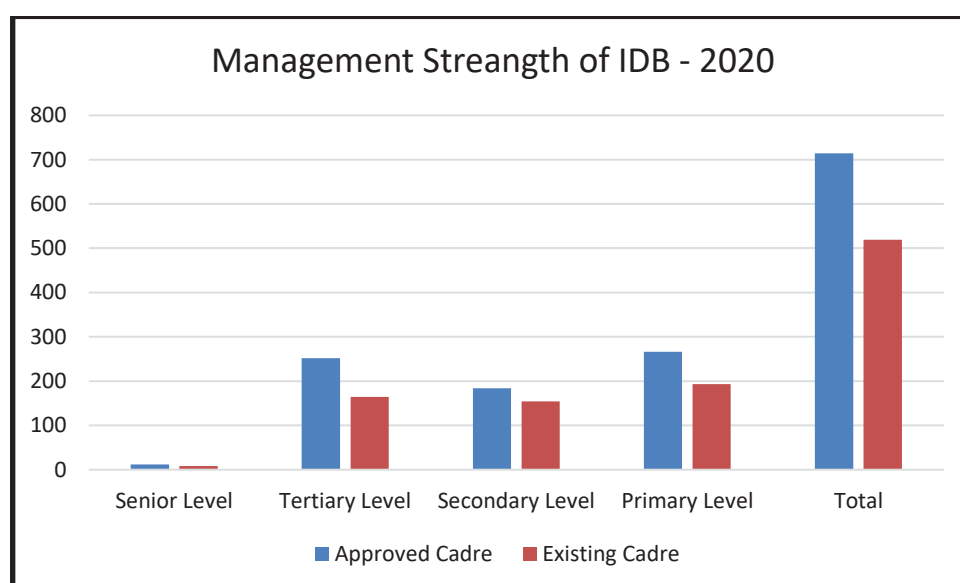


Figure 3.1 Comparison between Approved Carder and Existing Carder

3.1.4 Performance in 2020

Table 3.4 Performance Highlights of the Division in 2020

	Activity	Nos.
1	HRM - Recruitments	
(i)	Recruitments (Staff)	03
(ii)	Resignations	09
(iii)	Retirements	12
(iv)	Vacation of Posts	03
2	HRD - Training	
(i)	Local Training	05
(ii)	Foreign Training	01
3	HRM - Compensation	
(i)	Gratuity Payments for 17 persons	Rs. 15,657,320.00
4	HRM – Employee Welfare	
(i)	Bicycle Loans – 03 persons	Rs. 18,000.00
(ii)	Distress Loans – 93 persons	Rs. 18,021,061.00
(iii)	Medical Scheme (Reimbursement of Medical Bills)	Rs.880,957.00
5	Security Management	
(i)	Security Cost	Rs. 27,659,803.00
6	Disposal	
(i)	Board of Surveys Conducted	01
7	Postal and Telecommunication Charges	
(i)	Postal Charges	Rs. 420,225.00
(ii)	Telecommunication Charges	Rs.2,437,604.00
8	Procurement Management	
(i)	No. of Orders Placed	437
(ii)	Capital Purchases	Rs.65,467,412.00
(iii)	Recurrent Purchases	Rs.48,349,265.00

3.2 PLANNING DIVISION

The Planning Division has overall responsibility for preparation of strategic plans, action plans, procurement plans and budget estimates. Further the monitoring the progress of activities carried out by the functional divisions and submission of periodical progress reports for the information of the Board of Directors and the Ministry are also carried out by the planning division. Divisional responsibilities in detail are as follows.

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

Capital budget undertakes to allocate fund for capital investments such as constructions, purchase of capital goods and development activities. Recurrent budget associated with operations and maintenance expenditures that needed to carry out all activities.

B. Preparation of Procurement Plan for the IDB

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

C. Preparation of Action Plan for the year

The Action plan is prepared annually including the activities needed to be completed by each division during the specified period. Targets and activities of each division were categorized under six KPIs as, New Business Creations, develop existing industries, assist to create export-oriented industries, specific services provided by IDB, internally and externally.

D. Prepare monthly quarterly and annual progress reports on annual action plan

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

E. Organizing monthly progress review meetings

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

F. Submitting project proposals to the Ministry and donor agencies

The Following Budget proposals were submitted to the Ministry for obtaining treasury funds for the year 2021.

- I. Developing the Industrial Sector of Sri Lanka: through Executing Industrial Forum
- II. Enhancing Value Additions in Spice Industries via Upgrading Technology and Financial Assistance
- III. Building a creative R&D culture in Sri Lanka (Pilot Project for Food based Industry sector)
- IV. Establishment of Advanced National Tooling Centre
- V. Integration of Local Metal Industries
- VI. Upgrading the Rubber Products Development & Services Centre – Peliyagoda
- VII. Empowerment of Youth Entrepreneurs in the Northern Province

G. Preparation of project concept papers for implementation

The Following project concept papers were prepared by the division as per the request of the top management.

- Introducing a new approach for SMEs in need of financial assistance
- Providing sub-contract facilities for wood based industries with special reference to Moratuwa furniture cluster
- Directing financial institutes /Banks to rehabilitate and reorganize Sick Industries in Sri Lanka
- Development and encouragement of Local Pharmaceutical manufacturing sector by formulating a National Strategic Plan
- Project for generating and enhancing market access for domestic industrial sector
- Concept paper on developing a mechanism for amending /re-drafting and empowering the industrial development act no. 36 of 1969
- Concept note for establishing a high tech industrial park in Ekala, Sri Lanka
- Concept note on developing a SME database

- Developing a Mechanism to brace for the aftermath of COVID- 19 on Sri Lankan Industrial sector by using the potential of the Ministry of Industries and Supply Chain Management
- Protection, promotion and development of local coconut oil manufacturing sector

H. Preparation of the Annual Report

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

I. Other relevant activities that have been assigned to the Division

- Preparation of Annual performance reports
- Quarterly review of activities in English, Sinhala and Tamil versions.
- Information Sought from the Industrial Development Board for the preparation of Central Bank Annual Report
- Ensure the IDB participation in existing industry related policy-making committees and prepare policy papers when necessary.

3.2.1 Special Activities/Events organized by Planning Division

National Survey on Metal based industries in Sri Lanka

The survey was conducted by the Planning division with the guidance of Ministry of Industries. The objective of this survey was to analyze present and potential raw material demand of local industries based on their production. Findings of the survey supported the decision taken by the Government for banning the export of scrap iron, copper, aluminium, stainless steel, high carbon steel and brass, zinc and copper wires in bid to save them for domestic production.

Preparation of 5 year plan for IDB

As per the guidance of the Ministry of Industries, a 5 Year Action plan to be implemented during 2021 to 2025 has been prepared.

3.3 REGIONAL DEVELOPMENT DIVISION (RDD)

General

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

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

Objectives Focused:

- Develop and empower the Small & Medium Industry sector to enter to the global market.
- Increase sales turnover and income of Small & Medium Industries.
- Make the MSME sector more competitive in local and global markets via developed technologies and skill level of entrepreneurs and their workforce.
- Generate more employment opportunities

New business creations, Assisting existing businesses/ industries, Assist to create export oriented companies and making new product proposals are the major outcomes aligned with the Action Plan of the division.

To carry out the tasks and related activities in this regard, 69 Enterprise Promotion managers/ Officers were attached to district offices and the Regional Development Division (RDD) at the Head Office under the guidance of the Director – Regional Development.

Major Activities assigned to the District Offices are conducting need assessments of industries, Preparation of project reports to obtain credit facilities, assisting to obtain Standards & certifications, conducting training programmes/ seminars on improving technology and managerial capacities, providing technical supports, advices & consultancy; marketing supports and provision of industrial raw materials at concessive rates etc.

Table 3.5 Existing Cadre of the Division

	District	Existing Cadre	
		Assistant Director/ Deputy Director	Enterprise Promotion Manager / Enterprise Promotion Officer / Development Officer
1	Ampara	1	-
2	Anuradhapura	1	2
3	Badulla	1	1
4	Batticaloa	1	3
5	Colombo	1	3
6	Galle	2	3
7	Gampaha	1	4
8	Hambantota	1	4
9	Jaffna	1	2
10	Kalutara	2	3
11	Kandy	1	4
12	Kegalle	2	4
13	Kilinochchi	1	3
14	Kurunegala	1	4
15	Mannar	0	3
16	Matale	1	2
17	Matara	2	4
18	Monaragala	1	1
19	Mullaitivu	0	3
20	Nuwara Eliya	1	1
21	Polonnaruwa	1	2
22	Puttlam	2	3
23	Ratnapura	2	3
24	Trincomalee	0	2
25	Vavuniya	1	3
Regional Development Division (RDD) – Head Office		3	2
Total		31	69

Source: Regional Development Division

3.3.1 Performance in 2020

The progress of the Regional Development Division for the year 2020 is as follows:

Table 3.6 Progress of the Regional Development Division (RDD)

Outcomes	P/I	Cumulative Target	Cumulative Achievement	Achievement %
1. New Business Creations	No.of Industries	950	809	85%
2.Development of Existing Industries	No.of Industries	500	268	54%
3. Assist to Create Export Oriented Companies	No.of Industries	50	29	58%
4. New Product Proposals	No.of Reports	50	49	98%
5. Employment Opportunities Generated (through- 1 and 2 above)		-	1170	

Source: Annual Progress report IDB 2020

Table 3.7 District wise Progress of the Regional Development Division

District		Annual Targets	Achievement	Achievement as a %
Ampara	Establishment of New SMEs	4	5	125%
	Establishment of Micro Industries	34	35	103%
	Existing SME Development	20	8	40%
	Introduce and Promote SMEs as Export Ready Companies	2		
	New Product Profiles	2	1	50%
Anuradhapura	Establishment of New SMEs	4	2	50%
	Establishment of Micro Industries	34	34	100%
	Existing SME Development	20	5	25%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	2	100%

District		Annual Targets	Achievement	Achievement as a %
Badulla	Establishment of New SMEs	4	2	50%
	Establishment of Micro Industries	34	32	94%
	Existing SME Development	20	12	60%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	2	100%
Batticaloa	Establishment of New SMEs	4	4	100%
	Establishment of Micro Industries	34	27	79%
	Existing SME Development	20	18	90%
	Introduce and Promote SMEs as Export Ready Companies	2	2	100%
	New Product Profiles	2	2	100%
Colombo	Establishment of New SMEs	5	3	60%
	Establishment of Micro Industries	27	17	63%
	Existing SME Development	25	11	44%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	2	100%
Galle	Establishment of New SMEs	5	4	80%
	Establishment of Micro Industries	27	29	107%
	Existing SME Development	25	7	28%
	Introduce and Promote SMEs as Export Ready Companies	2	2	100%
	New Product Profiles	2	3	150%
Gampaha	Establishment of New SMEs	5	1	20%
	Establishment of Micro Industries	27	24	89%
	Existing SME Development	25	7	28%
	Introduce and Promote SMEs as Export Ready Companies	2	3	150%
	New Product Profiles	2	3	150%

District		Annual Targets	Achievement	Achievement as a %
Hambantota	Establishment of New SMEs	4	4	100%
	Establishment of Micro Industries	34	41	121%
	Existing SME Development	20	17	85%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	2	100%
Jaffna	Establishment of New SMEs	4	2	50%
	Establishment of Micro Industries	34	30	88%
	Existing SME Development	20	12	60%
	Introduce and Promote SMEs as Export Ready Companies	2	2	100%
	New Product Profiles	2	1	50%
Kalutara	Establishment of New SMEs	5	3	60%
	Establishment of Micro Industries	27	19	70%
	Existing SME Development	25	8	32%
	Introduce and Promote SMEs as Export Ready Companies	2	2	100%
	New Product Profiles	2	2	100%
Kandy	Establishment of New SMEs	5	3	60%
	Establishment of Micro Industries	27	25	93%
	Existing SME Development	25	8	32%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	2	100%
Kegalle	Establishment of New SMEs	4	3	75%
	Establishment of Micro Industries	34	36	106%
	Existing SME Development	20	16	80%
	Introduce and Promote SMEs as Export Ready Companies	2	2	100%
	New Product Profiles	2	2	100%
Kilinochchi	Establishment of New SMEs	3	2	67%
	Establishment of Micro Industries	41	31	76%
	Existing SME Development	15	8	53%
	Introduce and Promote SMEs as Export Ready Companies	2	2	100%
	New Product Profiles	2	2	100%

District		Annual Targets	Achievement	Achievement as a %
Kurunegala	Establishment of New SMEs	5	4	80%
	Establishment of Micro Industries	27	26	96%
	Existing SME Development	25	16	64%
	Introduce and Promote SMEs as Export Ready Companies	2	0	0%
	New Product Profiles	2	2	100%
Mannar	Establishment of New SMEs	3	3	100%
	Establishment of Micro Industries	41	38	93%
	Existing SME Development	15	11	73%
	Introduce and Promote SMEs as Export Ready Companies	2	0	0%
	New Product Profiles	2	1	50%
Matale	Establishment of New SMEs	4	3	75%
	Establishment of Micro Industries	34	33	97%
	Existing SME Development	20	16	80%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	2	100%
Matara	Establishment of New SMEs	5	5	100%
	Establishment of Micro Industries	27	35	130%
	Existing SME Development	25	20	80%
	Introduce and Promote SMEs as Export Ready Companies	2	2	100%
	New Product Profiles	2	2	100%
Monaragala	Establishment of New SMEs	3	1	33%
	Establishment of Micro Industries	41	38	93%
	Existing SME Development	15	11	73%
	Introduce and Promote SMEs as Export Ready Companies	2	0	0%
	New Product Profiles	2	3	150%
Mullaitivu	Establishment of New SMEs	3	3	100%
	Establishment of Micro Industries	41	13	32%
	Existing SME Development	15	5	33%
	Introduce and Promote SMEs as Export Ready Companies	2	2	100%
	New Product Profiles	2	2	100%

District		Annual Targets	Achievement	Achievement as a %
Nuwara Eliya	Establishment of New SMEs	3	4	133%
	Establishment of Micro Industries	41	23	56%
	Existing SME Development	15	9	60%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	1	50%
Polonnaruwa	Establishment of New SMEs	4	2	50%
	Establishment of Micro Industries	34	30	88%
	Existing SME Development	20	9	45%
	Introduce and Promote SMEs as Export Ready Companies	2	0	0%
	New Product Profiles	2	2	100%
Puttalam	Establishment of New SMEs	4	2	50%
	Establishment of Micro Industries	34	25	74%
	Existing SME Development	20	6	30%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	1	50%
Rathnapura	Establishment of New SMEs	4	2	50%
	Establishment of Micro Industries	34	35	103%
	Existing SME Development	20	14	70%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	2	100%
Trincomalee	Establishment of New SMEs	3	2	67%
	Establishment of Micro Industries	41	39	95%
	Existing SME Development	15	5	33%
	Introduce and Promote SMEs as Export Ready Companies	2	0	0%
	New Product Profiles	2	2	100%
Vauniya	Establishment of New SMEs	3	3	100%
	Establishment of Micro Industries	41	22	54%
	Existing SME Development	15	9	60%
	Introduce and Promote SMEs as Export Ready Companies	2	1	50%
	New Product Profiles	2	3	150%

Source: Annual Progress Report IDB 2020

3.3.2 Achievement of Outcomes in District wise

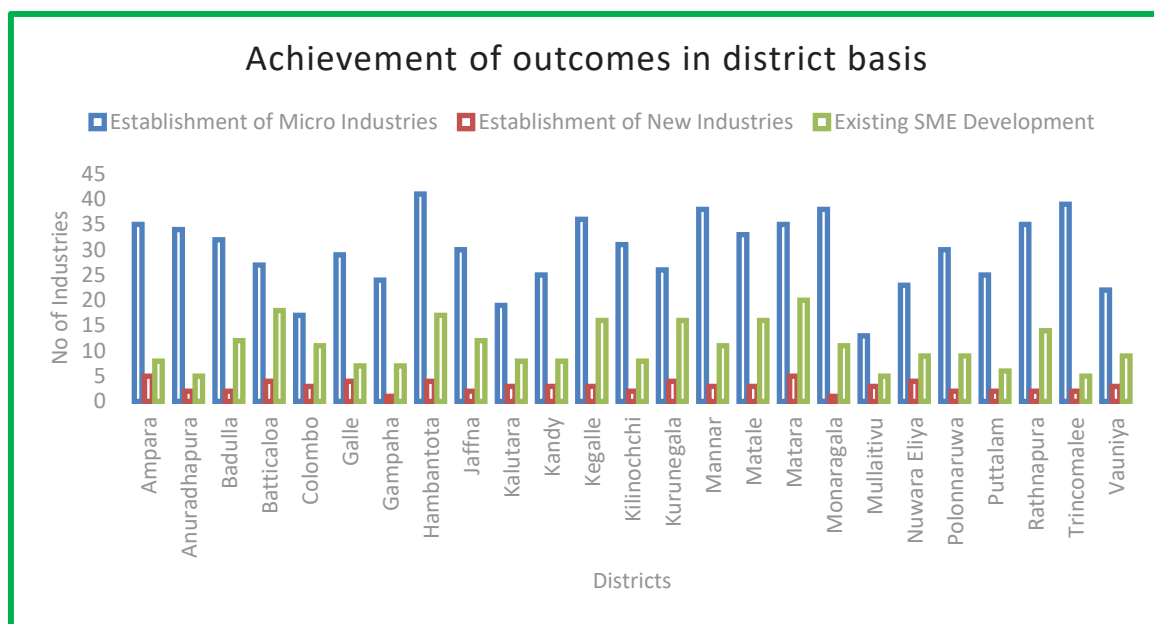


Figure 3.2 District wise outcome achievement

3.3.3 Establishment of Micro Industries in District wise

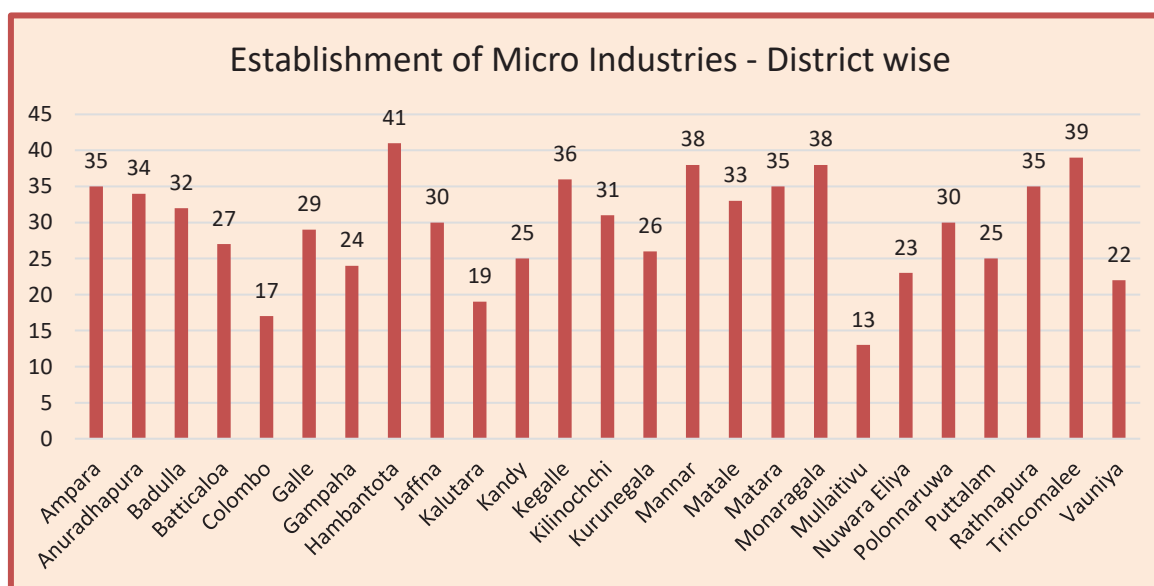


Figure 3.3 Micro industries established in district wise

3.3.4 New industries established in district wise

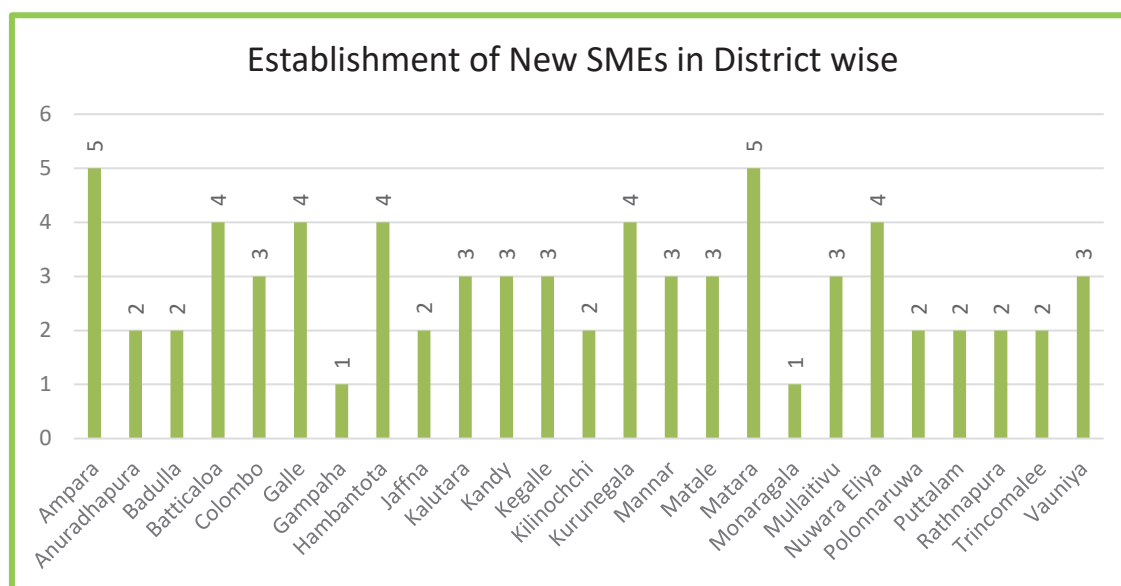


Figure 3.4 New industries established in district wise

3.3.5 Existing SME development in district wise

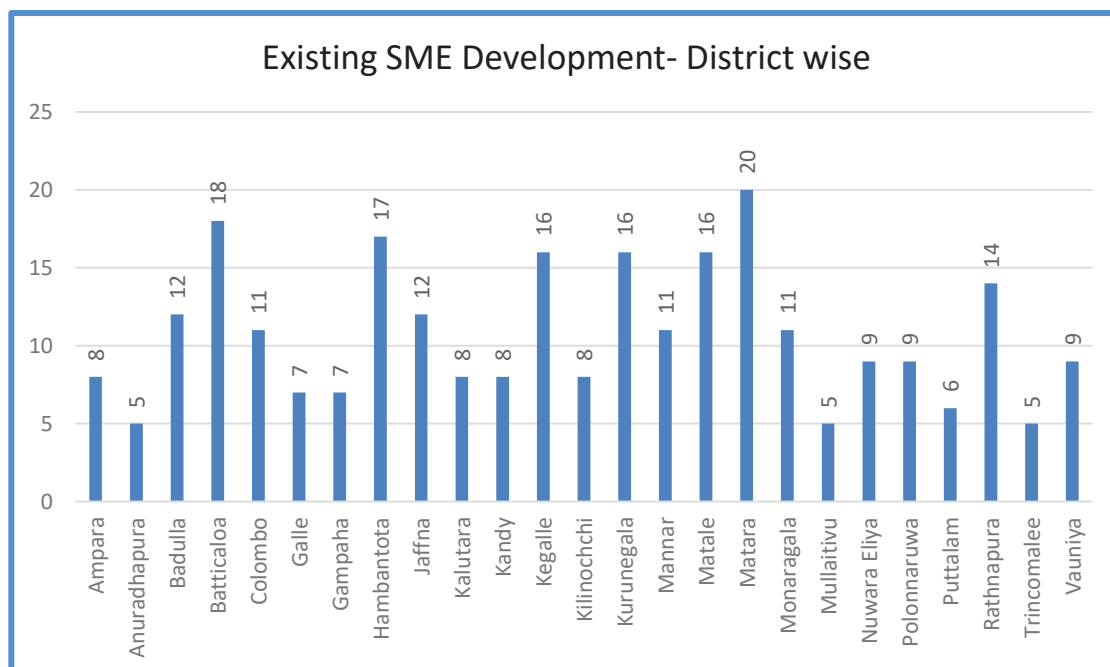


Figure 3.5 Existing SME developments in district wise

Table 3.8 Budgeted Cost and Income of RDD

Actual Cost (Rs. Mn)	Target Income (Rs. Mn)	Actual Income (Rs. Mn)
11.22	22.18	15.76

Source: Progress report 2020

Due to the pandemic situation of the country, there were difficulties to implement the targeted income earning activities and hence the Actual Income of Regional Development Division was Rs. Mn. 15.76 for the year 2020.

3.3.6 Special Activities/Events organized by RDD

MSME Development Project

Industrial Development Board of Ceylon (Under the Ministry of Industries) in collaboration with People's Bank to provide financial and technical assistance for the Micro, Small and Medium Entrepreneurs in Sri Lanka. Accordingly, Industrial Development Board of Ceylon and People's Bank signed a Memorandum of Understanding (MoU) on 09/07/2020 to provide loan facilities and technical/management support for the industrialists with a view of empowering the industrialists. Thus, 23 industrialists received the loans and about 210 project reports are being processed for loan assistance. Around 600 micro, small and medium scale entrepreneurs have also registered for the project. With the aim of furthering this program and providing the marketing assistance required by the industrialists, a joint venture with the Sri Lanka Institute of Marketing (SLIM) was launched on 16/12/2020. (Under the Ministry of Industries). Accordingly, Industrial Development Board of Ceylon collaborated with People's Bank and Sri Lanka Institute of Marketing signed a Tripartite Memorandum of Understanding. Therefore, this project will be continued in the year 2021 as well.





Source: Regional Development Division

3.4 ENGINEERING DIVISION

General

Engineering Division of IDB has been functioning as the leading vision sharing arm of the organization towards the sustainable industrial development of the country.

The main objectives of the Engineering Division are

1. To provide engineering assistance to all other divisions of the IDB in order to deliver delightful services for all stakeholders.
2. To identify appropriate technology and engineering applications
3. To study rates of factors of production (Labor, Technology & Raw materials) of metal and non-metal products/goods manufacture in local industries and compare same with other countries to identify the gaps and make necessary environmental changes to fulfill the gaps in sustainable manner to reduce the imports as well as opening to the foreign market also for local industries.
4. To assess of Equipment, Machinery, plant and production facilities and prepare the status report and valuation reports for the industries.
5. Develop foundry facilities for the local metal industries to recycle the metal scraps and hence reduce the imports of metal and exports of metal scraps.

Main Functions of the Engineering division are as follows:

- Provision of Grey cast iron/ Ductile cast iron/ Brass/ Bronze products for industries
- Training facilities for welding, Foundry, electroplating and machinery.
- Provision of reports on metal testing.

- Electroplating services
- Provision of scientifically prepared foundry sands.
- Provision of foundry facilities
- Provision of X-ray radiography services.
- Provide existing and new /potential industrialists with assistance in selection of raw materials machinery, design/development and technology/process know how.
- Provide fabrication, casting and metal finishing services to industrialists on request.
- Provide internal repairs, maintenance/renovations and construction planning and supervisory support to the Board in civil and electrical engineering fields and technical support for Boards vehicle management requirement.
- Provide civil and electrical engineering support services for the exhibitions and projects of the Ministry of Industry Commerce.
- Prepare machinery valuation reports, Laboratory testing services for foundry sector, fabrication and engineering workshop services being done on request.
- Develop cost effective and appropriate machinery prototype for industries.

Following units are functioning under the purview of Engineering Division to achieve the above objectives:.

A) Workshop facility at Katubedda:

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

B) Foundry Facility at Katubedda:

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

C) Civil Engineering Unit:

This unit is established in Head office to deliver following services to IDB and Industries as well.

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

D) Electrical Engineering Unit:

This unit has been established and functioned to deliver following services to IDB and Industries as well.

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

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

This facility has the capability and capacity to identify the needs and wants of machineries and equipment for the agriculture sector development, and design & fabrication of same at optimum cost for the local farmers.

Assessment of machinery, equipment, plant, other production facilities and prepare status and valuation reports to the industries.

Other main activities are designing, fabrication, assembling and commissioning of machineries and equipment for the Small and Medium Scale Industries in Sri Lanka.

F) Common Services Centre (CSC) at Matara.

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

G) Electroplating Centre (EPC) at Peliyagoda:

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

H) Brassware Services Centre – Pamunuwa, Pilimathalawa

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

Apart from above valued service units, following service units are crucial to deliver expected value added services to local industries towards sustainable growth as well as the self-sustain the engineering division.

a. Design and Development unit:

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

b. Valuation & Metal Based Industrial Data Analysis Unit:

- Assist the line Ministry for the decision making on metal based industries.
- Assist the line Ministry for the value addition process on metal based industries.
- Conduct baseline Survey for the Development of a Database of Metal Based Local Industries in Sri Lanka
- Assessment, valuation and preparation of status report for Plant, Equipment, and Machinery and Production facility in Sri Lanka
- Collect primary and secondary data to Study the rates of factors of production (Labor, Technology & Raw materials) of metal and non-metal products/goods manufacturing in local industries and compare same with other countries to identify the gaps
- Conduct workshop on job costing, process improvement and work study methods in collaboration with universities.

3.4.1 Performance in 2020

A. Assistance to new business creation and product development:

- **Facilitating industries in commercialization of new products**

The Engineering design process is the key factor for product development and commercialization of new products. It has already planned and started to develop local products in 2020 as an initiative project. Engineering Division's contribution is not limited to provide assistance to design but also to facilitate in all round including machining, project management, premises, advanced technology as well as collaboration of government institutions for specific achievement.

It has started to develop below mentioned local products in 2020.

1. Locally designed and manufactured electric motorbike 200CC.
2. Locally designed and manufactured electric three wheeler.
3. Locally designed and manufactured paddle bicycle with a motor unit especially for domestic traffic solution.
4. Developing low-cost prosthetics for the Sri-Lankan market - develop the design, get it tested and carry out the clinical studies and apply for NMRA approval with the assistance of IDB engineering team.
5. The external fixators for bone fracture healing and spine braces for scoliosis treatment.

- **Provide in plant training for undergraduates/ NAITA Trainees**

IDB engineering division guided undergraduates to complete their internship by getting the optimum benefits of utilizing engineering facilities of IDB and participating at IDB projects work.

B. Promotion of Existing Industries / Business:

- **Prepare project feasibility reports, valuation reports, market plans**

Feasibility reports, valuation reports and marketing reports and other reports needed for product certification are major reports prepared by the division as per the requirements of industries.

Engineering division has contributed and generated around rupees 3 million as revenue in 2020 in collaboration with RDD and Marketing Divisions.

- **CNC machinery services**

The IDB provides CNC machinery services and casting services needed to both government and private sector organizations. Accordingly, it has been completed rupees 10 million worth of jobs in last year in Air Port Aviation.

C. Revenue from jobs, services, valuation report, foundry/ electroplating laboratory services, sale of implements & sundry items

The revenue gained through external services by different sections and centers in the year 2020 are listed in the following table. The data is as at 31st of December 2020, including relevant taxes and levies.

Table 3.9 Revenue generation of each unit of Engineering division

S/N	SECTION / UNIT	Value (LKR)
1.	Engineering Workshop, Head Office - Katubedda	7,495,675
2.	Foundry, Head Office - Katubedda	6,833,421
3.	Valuation reports - Head Office - Katubedda	1,755,005
5.	A.T.R.D.C - Pannala	3,951,908
6.	E.P.C. - Peliyagoda	1,174,551
7.	C.S.C. - Matara	460,644.73
8.	Brassware Services Centre - Pilimatalawa	135,121
TOTAL		21,806,326.73

Source: Engineering Division

D. Internal services

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

Table 3.10 Value of Internal jobs completed

S/N	Section	Value/LKR
1	Workshop – Head Office	2,204,240
2	Foundry – Head Office	1,936,016
3	Civil Engineering Services – Head Office	4,611,558
4	Electrical Engineering Services – Head Office	2,311,293
Total of Internal Services for above sections		12,103,586

*Source: Engineering Division***E. Machinery / equipment / process development**

- **Initiation of installing Medium Frequency Induction Furnace (MFIF)**

It was decided to install this new induction furnace in order to match with rising technical requirement of present foundry industry sector. The fund for purchasing the induction furnace is granted from the treasury and the progress is monitored by the Ministry of Industries.

- **Initiate the installation of Metallurgy Laboratory and rendering services related to the Industrial Applications**

Services rendered by IDB metallurgy laboratory in year 2020

- ✓ Metallurgy services from most advanced OE Spectrometer
- ✓ Testing of Metal as per the requirement of Industrialists
- ✓ Hardness test of material related to the requirement
- ✓ Tensile test of the material suite to the requirement
- ✓ Elongation test and identify the material capability
- ✓ Check the Compression strength test as per the requirement
- ✓ Metallographic - Testing by micro structure test for the metal
- ✓ Tensile test
- ✓ Moulding Sand Test
 - o Moisture test
 - o Permeability test
 - o Compression test
 - o Grain size distribution test
 - o Total clay content test
 - o Active clay content test.

3.4.2 Progress in 2020

Table 3.11 Progress of Engineering Division

Activity	KPI	Annual Target	Physical Achievement	Financial Achievement	
				Cost	Income
Develop Existing Industries					
Provide raw material to industrialists	No of industrialists	90	79	-	135,121
Prepare project feasibility reports, valuation reports, market plans	No of industrialists provided with reports	75	110	15,000	3,000,417
Assist with machinery services to industrialist including CNC machine	No of Industrialists assisted with machinery services	165	90		15,464,365
Provide casting services	No of services given	72	96	-	6,833,421
Provide Electroplating services on Copper, Nickel Chromium & Hard Chromium	No of services given	315	100		1,174,551
Conduct training programs/ workshops/ demonstrations on Technology	No of training programs Conducted	25	4	12,600	18,400
Metallurgy Laboratory services	No. of services rendered		25	7,200	943,597
Sub Total				34,800	27,569,872
Specific Services Provided by IDB (Internal)					
Assist with machinery services to industrialist including CNC machine	No of industrialists Assisted with machinery services	165	64	-	2,535,640
Provide casting services	No of services given	72	52	-	1,518,241
Sub Total				-	4,053,881
Grand Total				34,800	31,623,753

Source: Annual Progress report IDB – 2020

3.4.3 Improvements to be considered in 2021

- Filling the required human capital and skill development:**

Absorb necessary competent technical employees to the IDB and as well as develop existing human capital to meet expected competency level to deliver the expected services to local industries.

- Physical capital development:**

Update the existing facilities of workshop, foundry, metallurgy laboratory and EPC to meet the present and future needs of industries.

3.5 CENTRE FOR ENTREPRENEURSHIP DEVELOPMENT AND CONSULTANCY SERVICES (CEDACS)

General

Centre for Entrepreneurship Development and Consultancy Services (CEDACS) was established by a cabinet paper in December 15, 1989 by the Ministry of Textiles & Rural Industrial Development, as a special training division under the Industrial Development Board. The CEDACS division consists of four units as Training unit, Library and information cell, IT unit and Printing unit.

The main role of training unit is to provide various training on management skills and entrepreneur development throughout the country. The library and information unit offers library facilities and industrial information in order to enhance, promote and develop SME's. The IT unit of the division provides network and information facilities within IDB, enhancing ICT skills of Entrepreneurs and develops the website. The printing unit undertakes printing of all documents including reports, hand books, leaflets etc.

Objectives of the CEDACS division

- Create a new entrepreneurial culture
- Introduce new managerial strategies to expand existing industries
- Training of trainees (Entrepreneurship Development and Management Consultancy)
- Provide technical know-how and business experience to local industrialists
- Create awareness among SMEs and potential entrepreneurs on currently important business and industry topics
- Offer counselling services and industrial information
- Enhancing ICT skills of Entrepreneurs in Digital Marketing, Mobile Technology & Internet of Things

Activities assigned to the CEDACS division

- Conduct Entrepreneurship Development Programmes
- Conduct Business Creation Programmes
- Conduct Productivity Improvement Programmes
- Conduct Managerial Skills Development Programmes
- Provide Commercial & Business Training for Entrepreneurs
- 5 S implementation programmes within IDB
- Provide Internet and E-mail facilities
- Conduct Digital Marketing Upgrading Workshop
- Conduct Mobile App Development & Online Money Making Seminar
- Sale of Publications
- Development of Library Collection (Sinhala, Tamil and English)
- Processing Library Materials
- Organization of Industrial Information
- Registration of IDB Clients in Online Database
- Provide Details of Online Registered Clients to Regional Offices
- Dissemination of Industrial Information to Industrialists, Clients and IDB Staff
- Distribute information on New Arrivals to the Library
- Maintenance and Updating Databases on Bibliographic data, Local Machinery and product Manufacturers, Reports, Sri Lanka Standards, Supporting Institutions, Collection of Acts.
- Provide Local and Foreign Machinery Information
- Preparation of “Karmantha” Journal & IDB News Letter
- Compilation and Update Publication such as Hand Books, Packages, Leaflets, Indexes and Pamphlets etc.
- Participate in Exhibitions, Forums, Workshops and acquire latest information for Updating Library Collection

3.5.1 Performance in 2020

Table 3.12 Progress of CEDACS

No	Activity	Output / KPI	Annual Target	Physical Progress	2020 Financial Progress	
					Actual (Rs.)	
					Cost	Earnings
Establishment of Micro Industries						
1	Conduct Customize training programmes for entrepreneur/ industrialists/Govt & external organizations	No of training programs Conducted	14	10	690,127	914,000
		No of beneficiaries	280	410		
Develop Existing Industries						
2	Conduct a Seminar on Digital Marketing / Skill Upgrading Workshop / Mobile Technology Workshop/ Mobile App Development & Online Money Making Seminar	No of programs	6	4	673,258	1,233,900
		No of beneficiaries	180	89		
3	Conduct training programs/ workshops/ demonstrations on Management (Entrepreneurship Development, Marketing and financial Management, business startup etc.)	No of training programs Conducted	4	1	56,535	88,000
		No of beneficiaries	80	22		
Specific Services Provided by IDB (Internal)						
4	Update database on Machinery, online, raw material, supplier's bibliographic database	No of new entries	900	1504		
Special Services (External)						
5	Provide/ disseminate information, advices and consultancy	No of individuals	600	796	168,947	366,550
6	Publish "Karmantha" journal	No of news journals published	1500	400	10,500	3,400
Total					1,599,367	2,605,850

Source: Annual Progress report 2020

3.5.2 Special Activities/Events Organized By the CEDACS



Entrepreneurship Development Programme Held at Giradurukotte Training Center in 2020



12 Days, Advanced Skill Upgrading Program on Digital Marketing was conducted at Digital Marketing Lab, CEDACS on 18th September, 2020



Fiberglass products manufacturing training Held at Business development training center ,Dehiattakandiya in 2020



TVEC Registered four days Skill upgrading program on Digital Marketing on Facebook, Google & YouTube was conducted on 2020, Aug. 22, 23, 29 & 30 at IDB, Lakkam Auditorium



A Memorandum of Understanding was signed between Faculty of Management, University of Colombo and IDB on the Entrepreneurship Development Programme which would be offered for 50 industries registered under the IDB.

3.6 INDUSTRIAL ESTATES DIVISION

General

The main objective of the Industrial Estates Division is to set up new Industrial Estates, maintain/manage them along with IDB objectives, to provide buildable lands or factory buildings/built-up properties on long lease terms basis for SMIs who do not have sufficient spaces for their manufacturing industries.

There is still a gap in socio - economic development of the country between rural districts and Colombo & suburb areas due to the disparity of industrial infrastructure facilities. Hence the basic concept behind establishing industrial estates is dispersion of the industrial infrastructure facilities throughout the country. The concept of Industrial Estate was first introduced in the decade of 1960s and mainly focused to line up the small and medium scale industries by providing lands and ready-built buildings having sufficient infrastructure facilities.

Updated information on IDB Industrial Estates is as follows.

Total land extent that has been developed since 1967	: 7611
Extent of area allocated	: 318 acres
No. of plots developed	: 7611
No. of plots allocated	: 392
No. of operating industries	: 301
Employment opportunities generated	: 9061
No. of industrial units under construction	: 36
No. of industrial units to be abolished	: 58
No. of ready –built buildings allocated	: 80
Employment opportunities generated	: 1696

Table 3.13 Industrial Estates in Province-wise

Ref. No.	Industrial Estate	Province	Year of established
1	Ekala	Western	1965-1970
2	Horana	Western	1978
3	Waulugala	Western	1990
4	Panaluwa	Western	2006
5	Pallekele	Central	1965-1970
6	Kotagala	Central	1990
7	Kaludawela	Central	1990
8	Pannala	North Western	1980
9	Lunuwila	North Western	1980
10	Galigamuwa	Sabaragamuwa	1990
11	Pussella	Sabaragamuwa	1990
12	Baddegama	Southern	1990
13	Beliatta	Southern	1990
14	Negampaha	North Central	1990
15	Mihintale	North Central	1990
16	Vauniya	Northern	1990
17	Atchchuveli	Northern	1965-1970
18	Buttala	Uva	1990
19	Poththapitiya	Central	Identified in 2020 to establish a new Industrial Estate

Source: Industrial Estate Division

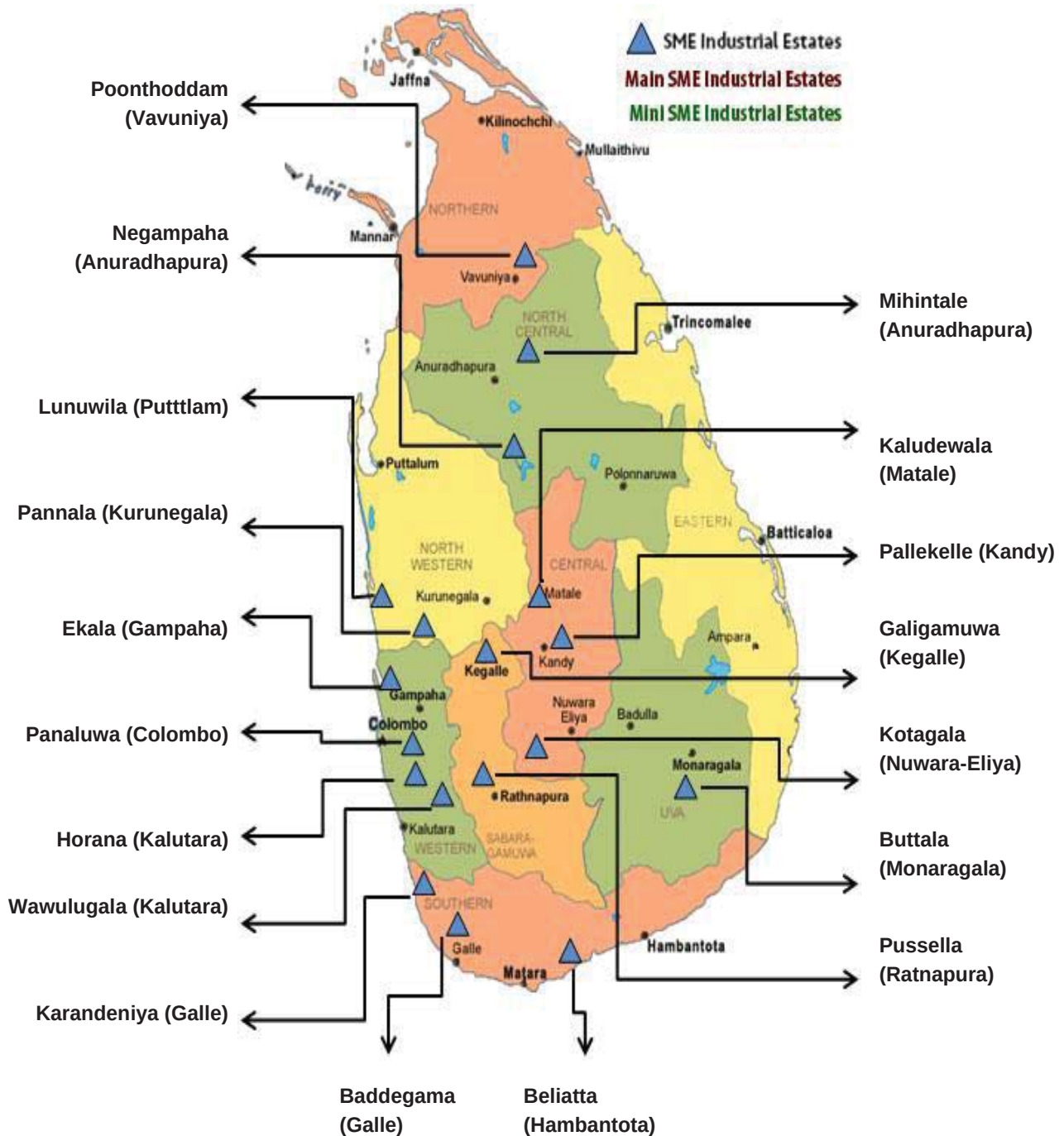


Figure 3.6 Locations of IDB industrial Estates

Main facilities provided to industries in IDB Industrial Estates:

1. IDB land plots and readymade buildings are leased out to investors on 30 years and 20 years long term basis, subject to the approval of the Evaluation Committee
2. Availability of infrastructure facilities:
 - a. Three phase electricity and internal electricity distribution system
 - b. Water supply, water storage and distribution system
 - c. Telecommunication facilities
 - d. Transportation access and internal roads
3. Availability of supporting facilities
 Apart from basic infrastructure facilities, a Post Office, Canteens, a Police Post etc., are located in Industrial Estates.
4. Sewerage and industrial waste water disposal system (drains, manholes, pumping stations etc.)
5. Protection for the industrial Estate with a Security service
6. Credit facility arrangements with Banks keeping the lease hold rights over the properties leased out to industrialists
7. Continuous attention on administration and maintenance requirements of Industrial Estate
8. Visiting the Industrial Estates for supervising and directing on the maintenance activities in order to maintain all IEs with ecofriendly concept
9. Maintaining Industrial Estates with Ecofriendly concepts
10. Obtaining monthly rental from the industrialists for the land plots/buildings of IEs according to the estimated values of the Government Valuation Department

3.6.1 Performance in 2020

Accelerated Development Programmes for modernizing and upgrading of existing industrial estates which were funded with treasury grants under the supervision of line Ministry was successfully implemented by the Industrial Estate division. It was spent Rs. 31.11 million on developing infrastructure facilities in industrial estates, especially on the land of 10 Acres at Atchchuveli. Construction activities are carried out in collaboration with state owned construction firms and details are stated below (Table 3.14).

Table 3.14 Progress of modernization and upgrading of infrastructure facilities in IDB Industrial Estates

Programme/ Project	Allocation 2020		Activity (in detail)	Budgetary Allocation- From Jan. to Dec. 2020 (Rs. Mn.)	Received Amount from line Ministry	To be received from line Ministry	Present position
1. Project Name: Modernization and upgrading of infrastructure facilities in IDB Industrial Estates 2. Type of approval- 3. New/OG: 4. Project Duration: 2020.01.01 - 2020.12.31 5. TEC: Million 6. Source of Funds: Consolidated Fund 7. Implementing Agency: Industrial Development Board of Ceylon 8. Location - IDB Industrial Estates	Ongoing Projects - 2019						Fence and water scheme to be completed. Construction going on.
		i	Reactivation of Negampaha Industrial Estate	16	16,142,325.360	-	
			Sub Total		16,142,325.360	-	
	New Projects 2020						Requested of final payments from line Ministry
	June to August -3	(1)	Poonthoddam				
		i	Construction of Transformer Cubical and installation of 400 KVA Transformer	2.9	2.54	104,258.24	
	Jan. to April - 25 Mn.	(2)	Ekala				Requested of final payments from line Ministry
		ii	Construction of damage parapet wall and Carpeting of new internal road	12.1	2.4	8,827,775.25	
	Sep. to Dec. - 20 Mn.	(3)	Waulugala				Requested of final payments from line Ministry
		i	Carpeting of internal road and drains (Ongoing Construction)	14.5	2.9	10,424,918.13	
		(4)	Horana				Awarded for the Construction. Rs. 15.2 Mn. balance payment will be recovering from Budgetary allocation 2021
		i	Carpeting of Entrance Road and drains	19	3.8	-	
		(5)	Pussella				Awarded for the construction. Requested 50% mob Advance from line ministry. And balance payment will be recovering from Budgetary allocation 2021
		i	Construction of internal drains	0.3	-	113,812.50	
	48		Total	45.9	11.64	19,470,764.12	

Source: Industrial Estates Division

Table 3.15 Allocation of industry units for IDB industrial Estates in 2020

Industrial Estate	No. of land plots/ bldgs. allocated	New industries commenced	
		Industries	Employment
Atchchuveli	-	3	66
Kotagala	2	-	-
Ekala	1	2	55
Waulugala	-	1	21
Pallekelle	4	2	32
Galigamuwa	1	-	-
Poonthoddam	1	1	15
Panaluwa	1	1	11
Kaludewala	1	-	-
Horana	1	-	-
	12	10	200

*Source: Industrial Estate Division***Selection of Industrialists for the Industrial Units**

Applications received from industrialists presently occupied and new investors who are seeking new Plots of Lands/Ready Built Buildings were called for interviews and selected 21 out of them considering the viability, during the year.

Signing of Lease Agreements

Lease Agreements for lands/ ready-built buildings were signed with the selected industrialists for a period of 30 years for lands and 20 years for ready-built buildings. Accordingly, 14 Lease Agreements were signed with the respective industrialists during the year 2020 and the income generated was Rs. 271,635.00.

Collection of Rental Income

A sum of Rs.75.94 million was collected as monthly/annual rentals, water charges and outstanding payments in 2020. The revolving fund which is maintained as a three year refundable deposit was Rs.2.8million at the end 2020.

3.6.2 Special Activities/Events organized by I/E Division

- **Resolving the land ownership issue in the Panaluwa Industrial Estate**

The 'Panaluwa Industrial estate was inspected by the Minister of Industries, Hon.Wimal Weerawansa on 09.12.2020. The main objective of this visit was to resolve the land issue that has been going on for more than 15 years between the Industrial Development Board and the State Printing Corporation over the establishment of the Panaluwa Industrial Estate.

Secretary to the Ministry of Industries Mr. Chulananda Perera, Chairman of the Industrial Development Board, Mr. Upasena Dissanayake, Chairman of the State Printing Corporation and other officials were presented on the occasion.



3.7 TECHNICAL SERVICES DIVISION (TSD)

General

The objective of Technical Services Division is to identify and accomplish technological needs of entrepreneurs/ industrialists by the way of transferring technology through trainings, technical consultancies, introducing product and process development methods, guiding industries to diversify, modernize and expand with the market demand through advanced technology, etc.

The services of the TSD are mainly provided through 5 sub sectors as Food, Chemical, Oil and Fibre, Building material and Computer technology.

3.7.1 Performance Highlights

The TSD has taken into consideration the Activity Plan of 2020 in performing its activities and has tailored the key activities to meet the specific needs of the prospective entrepreneurs and to uplift the standard of the IDB.

The activities carried out by the TSD in 2020 are:

Establishment of a Bamboo Training and Development Centre

The inauguration ceremony of “The Project for the establishment of a Bamboo Training and Development Centre of IDB” at “Laksala” premises under the grant assistance from UNIDO was held on 21st of December 2020. This event was graced by the Minister of Industries, Hon. Wimal Weerawansa. It is a fully- fledged training centre with necessary equipment for bamboo processing which can be used to develop skills of potential entrepreneurs and specially the professionals who are in the wood based industry sector. There are facilities to produce many alternatives to hardwood products such as bamboo based furniture, crafts, floor boards etc.



Acquire local & foreign technology

- A Training programme on ‘Steel primer, metal filler & wood filler’ was conducted for a group of 22 participants with the consultation of an external professional on 26th of February, 2020 and the revenue earned was Rs.110, 000.00
- A Training programme on ‘Quick drying floor paints & Epoxy floor paints’ was conducted for a group of 11 participants with the consultation of an external professional on 14th of January, 2020 and the revenue earned was Rs.44, 000.00
- It was given technological trainings on Bamboo floor board manufacturing for IDB officers and potential entrepreneurs with the technological collaboration of UNIDO.



Product developments

- An alcohol based liquid hand sanitizer with Aloe Vera was introduced to the market by the TSD. Another hand sanitizer prepared in accordance with WHO guidelines is being used for internal sanitization since April, 2020.
- Researches on “Bamboo strip making, “Peanut butter making” and “General-purpose face wash making” were carried out for the benefit of industrialists.

Preparation of Technology handbooks

- A project report on “Manufacture of Dried fish” was prepared.
- Four Technical Reports were prepared namely; Conjecture of Virgin coconut oil for export market, Manual of Fresh Milk Testing & Quality, Manufacture of Concrete paving blocks and Manufacture of Ready mix concrete”
- A Business Plan for “Bamboo Floor Board Manufacturing” was prepared in parallel to the inauguration of Bamboo Training and Development Centre.

Issuing Letters of recommendation

A letter of recommendation for obtaining alcohol license from Excise Department was issued for Ogabo Global Perfumerie, no 1, 3rd Cross Lane, Borupana Road, Ratmalana

ISO Certification Grant Scheme

Twenty out of the thirty-five industries selected for the ISO grant scheme implemented by the Ministry of Industries in 2019 had completed their projects and qualified for the financial grant. All the industries were followed up throughout the project period by the TSD with the support of the IDB district offices and reported the status-quo to the ministry from time to time.

Conducting customized training programmes

A Customized Training Programme on “Bakery products Technology” was conducted for a group of 78 in-house rehabilitators as per the request made by the Bureau of the Commissioner General Rehabilitation in Kandakadu from 29nd -31st of January, 2020. Revenue earned was Rs. 114,240.00

Conducting industrial certificate courses

Three (03) Industrial Certificate Courses were completed in 2020 and the income generated was Rs.505,500.00. A total of 34 students & industrialists were trained through these courses.

Table 3.16 Industrial Certificate Courses of IDB

No.	Name of the course	Date conducted	No. of participants	Income (Rs.)
01	Certificate Course in Manufacture of Bottled Drinking Water (05 th batch)	01 st of February ,2020 – 14 th of March ,2020	13	195,000.00
02	Certificate Course in Computer Hardware & Networking (18 th Batch)	09 th of November,2019 - 09 th January,2020	16	207,000.00
03	Certificate Course in Computer Hardware & Networking (19 th Batch)	13 th of January,2020 - 10 th of August,2020	05	103,500.00

Source: Technical Services Division



Transferring appropriate foreign & local technology to SMEs

- A Training programme on ‘Manioc products for local & export market’ was conducted for a group of 44 participants in consultation with the University of Sri Jayewardenapura on 07th of January, 2020. Revenue earned by the programme was Rs.154,000.00. New technologies on preparation of raw manioc tubers for export market and Production of Manioc chips, cassava flour and cassava starch were covered by the training. Further, the cassava processing machineries developed by the university and methods of improving production efficiencies through cleaner production were also introduced during the workshop.
- A Training Programme on “Short eats” was conducted for a group of 53 in-house rehabilitators as per the request made by the Bureau of the Commissioner General Rehabilitation at Tertiary and Vocational Literature Training Centre in Senapura from 03rd -05th of February, 2020 and earned Rs. 109,440.00 through the programme.
- A Training Programme on “Bites & Mixtures” was conducted for a group of 62 in-house rehabilitators as per the request made by the Bureau of the Commissioner General Rehabilitation in Kandakadu from 10th- 12th of February, 2020 and earned Rs. 96,240.00 through the programme.
- A Training Programme on “Bakery products Technology” was conducted for a group of 51 in-house rehabilitators as per the request made by the Bureau of the Commissioner General Rehabilitation in Senapura from 10th -12th of March, 2020 and earned Rs. 120,240.00 through the programme.

Conducting technology transfer workshops

Forty five (45) Technology workshops were conducted under food, chemical, oil & fibre and building materials sub-sectors in the Technical Services Division and overall, 1753 Individuals were trained and supported through these workshops. Revenue earned through these programmes was Rs. 6,286,850.00.

3.7.2 Summary of Income generated -2020

Table 3.17 Income Generated by the TSD in 2020

No.	Activity	Income (Rs.)
01	Technology transfer workshops	6,286,850.00
02	Industrial certificate courses	505,500.00
03	Customized training programmes	114,240.00
04	Transfer appropriate foreign & local technology	479,920.00
05	Acquire local & foreign technology	154,000.00
06	Issue of recommendation letter	5,000.00
07	Sale of hand sanitizer	562,400.00
Total		8,107,910.00

Source: Technical Services Division

3.7.3 Special Activities/Events organized by the TSD

Discussion to solve problems of local joss stick makers

Hon. Wimal Weerawansa, Minister of Industries chaired a special discussion on 02.10.2020 at the Ministry of Industries with the Industrial Development Board, Joss Sticks Manufacturers' Association and the heads of government agencies involved in the relevant field, with a view to resolving the problems faced by the local Joss sticks manufacturers.

Chairman of the Industrial Development Board Mr. Upasena Dissanayake, officials representing the Department of Agriculture, the Department of Forest Conservation, the Mahaweli Authority, the State Timber Corporation, the National Research Council and the Department of Irrigation were present at the occasion. Heads of Thai Sumedha, Aura, Aroma, Samidu, Sapumal, Anarwa and Dollar Corporation were present, representing local brands of joss sticks.



A program to uplift the timber related industry

The Industrial Development Board (IDB) conducted a special program on 24.09.2020 at the Lakkam Auditorium with the participation of a group of timber based industrialists and heads of all relevant government institutions to identify the problems of the timber industry and the steps to be taken to promote the industry. Hon.Wimal Weerawansa, Minister of Industries presided over the special event and Hon. Prasanna Ranaweera, State Minister for Cane, Brass, Clay, Furniture and Rural Industrial Promotion also participated at the event.

Establishment of a timber related public service center, provision of timber, obtaining demand for timber products in government and semi-government institutions, obtaining loan facilities, obtaining a pension for carpenters were some of leading issues of the timber industry which were discussed. Proposals such as obtaining raw materials for timber products under the import tax concessions, holding furniture sales exhibitions island wide and obtaining carpentry modern machinery at concessionary payment methods were also raised in the meeting. Officials representing the State Timber Corporation, the Forest Department, the Central Environmental Authority, the Export Development Board of Sri Lanka, the Board of Investment of Sri Lanka and the Sri Lanka Customs participated at the meeting.



3.8 MARKETING DIVISION (MD)

General

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

Activities Assigned to the Division

- Organize and Conduct Industrial Exhibitions/Participate in the National Exhibitions and Trade Fairs
- Organize National Award Ceremony for the selected Micro, Small and Medium-sized Entrepreneurs/Industrialists as well as Self-employed throughout the island
- Provide Sales Facilities at “Lakkam” Sales Center
- Facilitate Sub contractual Exchanges
- Provide Raw Materials/Scrap Materials to industrialists engaged in foundry, light engineering, blacksmith, and other metal casting and crafting industries at concessionary rates
- Provide Marketing Assistance and Consultancy Services for the Promotion and Development of Industries/MSMEs

3.8.1 Performance in 2020

Lakkam Sales Centre

Lakkam Sales outlet provides display and sales facilities with an objective of promoting products of Small and Medium Industrialists (SMIs) and Self Employees (SEs) island wide. The Centre facilitates the SMIs and individual entrepreneurs while providing a sales platform for their marketable products to be sold in competitive prices. The sales outlet provides a display and sales facility with a view of uplifting the productivity and promoting island wide markets for the products of small and medium-sized industrialists (SMIs). Further the local products of individual manufacturers were displayed under “Lakkam Logo” and they were

facilitated to be sold in both local as well as in the international markets. Under the Covid 19 pandemic situation it showed a slight reduction in sales income and it was Rs.12,231,320.00

Sub-Contracting Exchange (SCX)

The Sub-Contracting Exchange (SCX) of the marketing Division has been funded by the World Bank since 1982, with the coordination of the government and non-government organizations. This involved in supply of goods manufactured by the IDB and bids on behalf of the industrialist's / service providers. Few of the items that receive orders from the government organizations were, wood, steel, office chair and sofa, leather shoes, slippers and bags, rubber based spare parts, t-shirts, caps, school bags, stationery, aluminum doors, name boards & partitions, etc. The income of sub-contracting was Rs. 61,933.00 in 2020.

Metal Scrap Project

The Marketing Division purchases metal scraps such as ferrous, non-ferrous and other related items from government institutions as per a cabinet decision taken, at agreed prices and sold as raw materials to the Light Engineering and Foundry Industrialists who are registered under the project at concessionary prices which were controlled by a pricing committee appointed under the said cabinet decision.

Even with all difficulties under the pandemic situation 296 industrialists were benefitted under the project while generating Rs. 247.32 Mn of income to the IDB.

3.9 RUBBER PRODUCTS DEVELOPMENT AND SERVICES CENTER

General

The Rubber Products Development and Services Center (RPD&SC) was set up in 1980 at Peliyagoda, under the directions and financial assistance of the World Bank to assist the local rubber based industries. Since then, the Centre has been providing services to the local rubber product manufactures. These are the specific services which provided by the RPD&SC.



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

3.9.1 Performance in 2020

Table 3.18 Progress of RPD&SC

	Services	Measuring indicator	Nos
a)	Transfer of technology (Awareness Program/ Demonstrations/ Workshops etc.)	No. of Programmes No. of industries	8 35
b)	Testing facilities (This includes testing facilities to industrialists manufacturing rubber products for export market)	No. of Jobs No. of Tests	47 166
c)	Product and process Development	No. of Jobs	22
d)	Technical consultancy	Nos.	107

Source: Annual Progress Report IDB - 2020

Activities for Enhancing Capacity of RPD&SC:

The Centre has signed “Memorandum of Understanding” (MOU) with the Ministry of Plantation Industries to uplift the facilities of the centre.

Progress of activities conducted under MOU in year 2020 is as follows.

Table 3.19 Progress of activities conducted under MOU with Ministry of Plantation

No.	Activity	Nos.	Nos. participants	Remarks
01.	Awareness Programmes	08	212	8 districts
02.	Promotional Activities	01		Catalogue
03.	Calibration of Lab Equipment	75% completed		*** Postponed due to the COVID – 19 situations
04.	Purchasing of MST machine	95% completed		*** Will be completed on February 2021

Source: Annual Progress Report IDB - 2020

Development Activities:

Table 3.20 Development Activities carried out by RPD&SC

Designing & Development of Compounds for the production of	Quality Improvement Activities carried out for...	Main product development jobs were carried out for...
Caliper wheels	Tyre Tread	Potter mill mount and ring
Rod mounting	Solid Tyres	MC application
Valve grinding rubber top	Rubber Insulation pad	O ring
Rubber gasket	Oil resistant seal	Water seal
Trolley wheel	Exercises Rubber band	Rubber oil seal
Filling machine Gard	Rubber mount.	Rubber Diaphragm
Oil Seal	Rubber Beadings Fenders	Large rubber ring
Jack seal	Water Seal	Rubber pad
Rubber packing of Mill Tank	Tyre Tube	Radiator mount
Food grade seal (dia. 24")	Rubber sole	Shocks absorber bush
	Rubber Mat	
	Trolley wheel	

Source: Annual Progress Report IDB – 2020

The Centre has conducted 08 technology demonstrations on dry rubber and latex based products to promote new entrepreneurs and up – grade the quality of products manufactured by the existing entrepreneurs.

3.9.2 Special Activities /Events organized by RPD&SC:

- The center has carried out the several activities to the “Import Substitution” of the rubber items for Lanka Ashok Leyland (Pvt) Ltd, Lanka Mineral and Sands (Pvt) Ltd.
- The research of the incorporating percentage of Graphite to Natural Rubber for improving the heat transferring property in solid tyres was conducted for Bogala Graphite (Pvt) Ltd.

3.9.3 Annual Revenue earned by RPD&SC

Activities of the center contributed to generate annual revenue in four main key areas shown as follows.

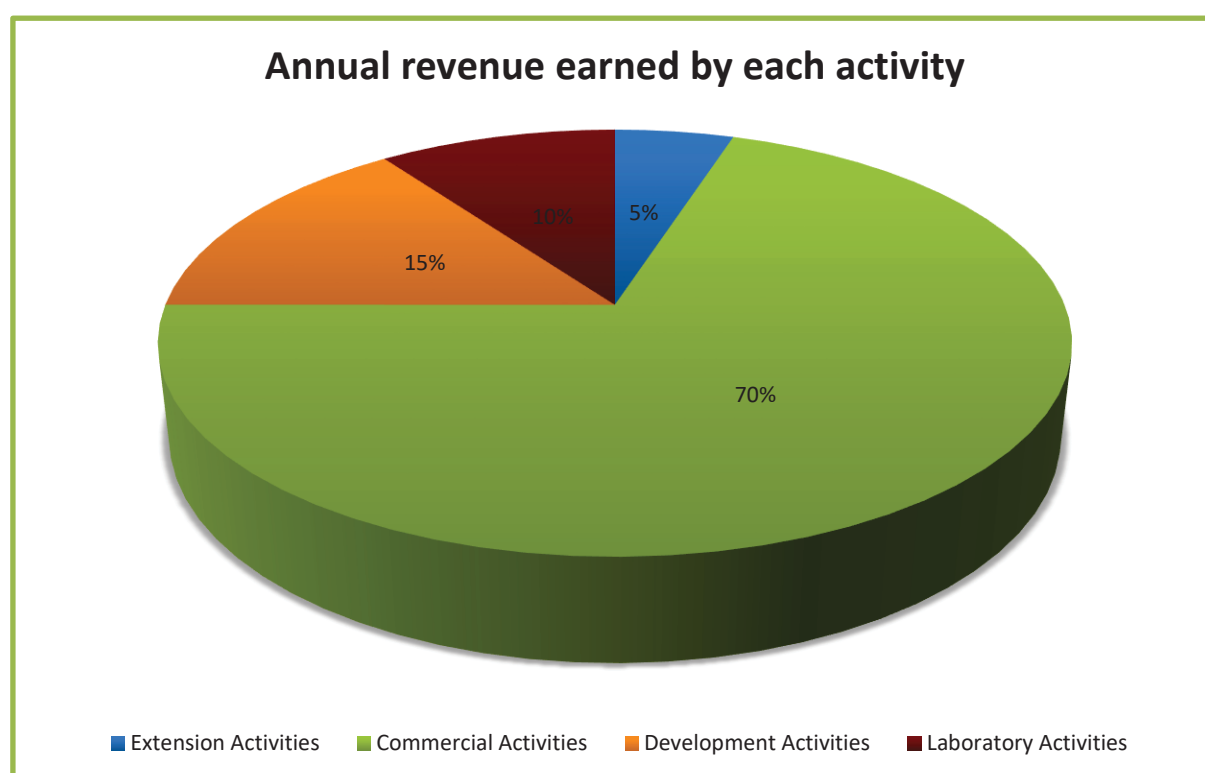


Figure 3.6 Revenue earned by RPD&SC in 2020

The center has progressed well towards its goal of becoming a self-financing unit during the year. Income generated from the technical and commercial operations was 18.27 million (without tax).

3.21 The production and sales of items by RPD&SC in 2020

Description	Qty.	Sales Value in Rs.	Total in Rs.
Sales			
Sales of Rubber compounds (Kg)	22,433	1,429,1589.00	
Milling charges including re-milling (Kg)	13,280	349,332.00	
Compounded Latex (L3) in Gallons	1,207	1,761,794.00	
Centrifuged Latex (C. Latex) in Gallons	410	517,056.00	
Chemicals (Kg)	1,078	398,423.00	
Chemlock (Liters)	20	141,084.00	
Polythene (Kg)	446	177,896.00	
Dispersion (Kg)	250	168,313.00	17,805,487.00
Services			
i. Extension & Consultancy (302) (Demonstration/ workshop/Subcontract)		164354.00	
ii. Quality Control & Lab Testing		135,108.00	
iii. Product Development		116,006.00	
iv. Internal manufacturing of rubber products		54,098.00	469,566.00
Total			18,275,053.00
VAT 8%			1,462,004.24
Total with tax			19,737,054.24

Source: Financial Reports 2020

3.10 CENTRE FOR DEVELOPMENT OF LEATHER PRODUCTS AND FOOTWEAR (CDLPPF)

Centre for Development of Leather Products and Footwear (CDLPPF) was established in 1998 for the development of leather products and footwear production sector in Sri Lanka. The centre conducts short term and long term courses, supply skilled workers, suitable technical information and provides facilities to produce footwear and leather goods etc.



The services provided by the centre are as follows:

- Conduct Technology Transfer Workshops on Footwear
- Conduct Technology Transfer Workshops on Leather Goods
- Footwear Design and Pattern Making
- Innovative Ideas and Information on New Product and Product Development
- Provide Trade and Machinery Information
- Provide Incubator Facilities
- Provide Skilled Labour for Industries
- Conduct Training and Skills Development Programmes:
 - Design and Pattern Making
 - Shoe Upper Closing
 - Leather Clicking
 - Manufacturing Ladies Footwear
 - Manufacturing Gents Footwear
 - Manufacturing Leather Goods

Following facilities are available at the centre.

- Clicking Machine
- Splitting Machine
- Strap Cutting Machine
- Skiving Machine
- Compressor and Spray Booth
- Buffing and Finishing Machine
- Sole Press Machine
- Re-activator Machine

3.10.1 Physical and Financial progress of CDLPF in 2020

- 1) Conducted 10 training programs on footwear manufacturing and 164 entrepreneurs were trained for the footwear manufacturing sector
- 2) Conducted 07 training programs on footwear manufacturing and 172 entrepreneurs were trained for the footwear manufacturing sector
- 3) Two training programs on leather products have been conducted out of which 44 persons have been trained.
- 4) The skills of new entrants to the field have been developed through these programs and a sum of Rs.3,387,613 has been earned.
- 5) 54 persons in the field have been trained to enhance the skills of footwear designers and earned Rs.515,462.
- 6) 30 persons have been trained to improve their quality of products in existing industries and earned Rs.543,050.

3.10.2 Other Involvements in 2020

- 1) Intervention in activities such as import policy formulation and cess tax revision.
- 2) Representation of technical evaluation committees of government institutes in purchasing their footwear & leather goods requirements.
- 3) Facilitated the final year students who were studying Fashion Designing at the University of Aesthetics and University of Moratuwa.
- 4) Machinery services were provided to 139 industrialists in order to improve the quality of their products as well as the production capacity. The revenue earned through this activity was Rs. 197,822.00.
- 5) Collection and maintaining stakeholder information - Information on 540 institutions / persons related to the sector has been updated.
- 6) Trained 20 soldiers of Boossa Army camp, Galle in order to reopen their Leather Unit

- 7) Organized a design competition for women's/men's shoes and leather product designs for local manufacturers. The Panel of judges of this competition was senior members of Sri Lankan footwear & leather Industry, university lecturers and assessor of this sector assigned by Tertiary and Vocational Educational Commission (TVEC). The pavilion display of these designs was a highlighted event of the competition.

Table: 3.22 Physical and Financial progress of CDLPF in 2020

Activity	KPI	Physical Progress		Financial Progress (Earnings) (Rs.)	
		Target	Achievement	Target	Achievement
Objective 1. New business creations					
Conduct training programs/ workshops/ demonstrations on Technology	No of training sessions Conducted	26	18	4,680,000	3,606,551
	No of individuals with skills upgraded	120	354	-	-
Sub Total				4,680,000	3,606,551
Objective 2. Develop Existing Industries					
Conduct Quality Improvement Programmes	No of programmes conducted	2	3	175,000	425,462
	No of Industrialists	30	54	-	-
Provide processing facilities to industrialists	No of Industrialists assisted with machinery services	120	139	130,000	180,202
Conduct Customize training programmes for entrepreneur/ industrialists/Govt & external organizations	No of training programs Conducted	2	2	360,000	560,671
	No of beneficiaries	30	30	-	-
Organize & conduct Annual Footwear & Leather Fairs	No of events conducted	1	1	427,953	427,953
Sub Total				1,092,953	1,594,288
Grand Total				5,772,953	5,200,839

Source: Annual Progress report 2020

3.10.3 Special Activities/Events organized by the CDLPF

International Footwear and Leather Fair 2020

Industrial Development Board was honored to be a co-organizing partner of this tremendous annual event in collaboration with Sri Lanka Footwear and Leather Products Manufacturers Association, Ministry of Industries and Sri Lanka Export Development Board. The fair was held from 07th to 09th February, 2020 at the Sirimavo Bandaranaike Memorial Exhibition Centre.



The main objectives of this year fair were to provide the due exposure and knowledge for SMEs to improve their products and encourage them to enter into international market, to showcase the industry capabilities to foreign buyers and to facilitate local manufacturers to make linkages with foreign manufacturers of footwear accessories, raw material and machinery importers. The event was organized for the 12th consecutive year and was ceremonially inaugurated by Hon. Wimal Weerawansa, Minister of Industries. Ninety-two (92) local companies and twenty-nine (29) foreign companies from India, China & Bangladesh exhibited their products at the exhibition.

Prizes were awarded at the event to the winners of the **Footwear and Leather Product designing competition 2020**, which was organized by the Centre for Development of Leather Products and Footwear, Industrial Development Board.

Sales facilities for Footwear Industries

Three (03) Sales Fairs under the brand name ***Made in Sri Lanka*** were held in Jubilee Hall, Diyatha Uyana and Diyatha Park in July, August and December, 2020 respectively in order to revitalize the local footwear manufacturing sector which was crippled by the Covid 19 pandemic. About 50 locally made footwear and bag companies participated in this fair. This allowed consumers to purchase goods directly from manufacturers without intermediaries, making it more affordable.

Hon. Wimal Weerawansa, Minister of Industries inaugurated this trade fair on 25th August 2020. Mr. Upasena Dissanayake, Chairman of the Industrial Development Board, Mr. PGD Nimalasiri, President of the Footwear and Leather Manufacturers Association and Mr. Aloka Wahalawatte and Mr. Buddhika Wimalasiri, Members of the Board of Directors of the Industrial Development Board were also present on the occasion.



3.11 EXTERNAL RESOURCES UNIT

3.11.1 Special Activities/Events organized by ERU

Opening ceremony of the Food Laboratory

The Industrial Development Board of Ceylon (IDB) has declared the opening ceremony of the Food Laboratory offering international standard testing services for the Food Industry on the **13th of February, 2020** in the Head Office of the Industrial Development Board, 615, Galle Road, Katubedda, Moratuwa. The event was graced by the Hon. Minister Wimal Weerawansa the Minister of Industries.

The provision of laboratory would facilitate to promote and develop the food industries through the provision of testing facilities, to upgrade the quality of food products into local and international markets and to ensure the quality and safety of food products for consumers. Ultimately it provides internationally recognized certificate as an assurance for product testing for SLS & other international standards, product's shelf life / nutritional composition for labeling, food spoilage / food safety and food toxins / pesticide residues.



Export Compliance Program - UNIDO: Grant for Food and Agricultural Certifications

Export compliance program is an initiative of UNIDO under the EU-Trade Related Assistance Project, to enhance the competitiveness of SMEs, along the Processed Food & Beverages and Spices & Concentrates (PFBSC), Value Chains (VC) and to improve their access to EU and regional markets. Under this program consultancy, training and certification process were offered by the UNIDO for the selected SMEs. The major objective of this program was to enhance the competitiveness of SMEs who are engaged in Food and Agricultural Industry.

Ten (10) industries were selected for the certification process by UNIDO technical team and Diagnostic Assessment Reports (DAR) were submitted to the thirty-one (31) industries.

Further, several training programs were conducted by UNIDO team such as Workshops on HACCP/ISO 22000 Food Safety Management Systems (Kandy, Matara & Jaffna), Workshops on Good Agricultural Practices (GAP) (Kandy), Webinar on GAP/GLOBAL GAP

World Friends Korea (WFK) Advisor Program

The Korea International Cooperation Agency (KOICA) was initiated the World Friends Korea (WFK) program corresponded to the Korean Government which dispatches volunteers in order to promote friendly and cooperative relationship and mutual exchanges between Korea and developing countries ultimately to support their economic and social growth. The Korean advisor's Mr. Kim Sung Zua main tasks were to assess and analyze a selected set of industries from 25 districts in Sri Lanka. Created a website to bridge Korean SMEs with Sri Lankan SMEs with product profiles.

"GoBiz Sri Lanka" web address: <http://gobizsrilanka.com/index.html>

Gender Gap Assessment for ADB We-Fi Program

ADB (Asian Development Bank) supports women entrepreneurship development in Sri Lanka through financial and technical support financed by a Women Entrepreneurs Finance Initiative (We-Fi). IDB has been selected as one of the participating organizations by the ADB SL office. Steps including Scoping Assessment and Full Assessment have been completed in year 2020. This project has been initiated by the Asian Development Bank (ADB) to promote Women Entrepreneurship in Sri Lanka with financial support from the Women Entrepreneurs Finance Initiative (We-Fi). Due to the Covid-19 outbreak, the ADB team conducted virtual interviews by a Gender Consultant for selected IDB District Office Staff; Successful female entrepreneurs supported by the IDB; and a Female personality got training from IDB, who did not start any enterprise.

4 VERALL PROGRESS AND DEVELOPMENT ACTIVITIES - 2020



PERFORMANCE HIGHLIGHTS OF THE YEAR



International standard testing services for Food Industries through Food Laboratory



Establishment of a Bamboo Training and Development Centre



Moratuwa Carpentry Upliftment Program



You Tube, Face Book & Digital Marketing



MSME Development Project in collaboration with Peoples Bank and SLIM



IDB and University of Colombo entered into MoU to train entrepreneurs

4.1 PERFORMANCE IN 2020

The entire world experienced one of the most destructive economic shocks in the recent history in 2020 with the impacts of dreadful COVID-19. Even in a situation if COVID-19 outbreak in Sri Lanka was brought under control, local industries continued to be affected by raw material shortages as many local industries were highly dependent on imported raw materials as well as machinery and industrial appliances. In facing this challenge industries had to change production formulas and working process to sustain their production. Since such changes affected cost and quality of production as well, the intervention of technical advisors and specialists was a must. Furthermore, there was a booming trend amongst entrepreneurs in manufacturing re-engineered local machineries and devices for the industry sector.

Under this context the IDB had to alter the routine strategic direction and launched extensive programmes throughout the year to promote, encourage and develop entrepreneurs by providing advanced skills, technology, raw materials, designing and engineering facilities and financial supports to drive them for a sustainable commercial production in order to develop a strategic level mechanism in re-awaking local industry sector.

4.2 SUMMARY OF THE PHYSICAL PROGRESS – 2020

During the year 2020, the following KPIs were achieved by the respective divisions of the IDB.

Table 4.1 Summary of physical progress -2020

Outcomes	P/I	Cumulative Target	Cumulative Achievement
1. New Business Creations	No. of Industries	950	809
2. Development of Existing Industries	No. of Industries	500	268
3. Assistance in Creation of Export Oriented Companies	No. of Industries	50	29
4. New product Profiles	No. of Profiles	50	49
5. Employment Opportunities Generated (through-1,2)		-	1170

Source: Annual Progress report IDB

In order to achieve the objectives, the IDB has provided and facilitated a total package of services mainly to encourage, promote, develop and eventually upgrade micro, small and medium-sized manufacturing enterprises (MSMEs) in Sri Lanka. In addition, it facilitated all relevant services to promote other sector development programmes and projects initiated by the line ministry. Further, the IDB has made other development activities for Renovation and Modernization of Industrial Estates island-wide.

During the period it was assisted to establish 809 new businesses, developed and upgraded 268 existing enterprises and generated 1170 employment opportunities.

Table 4.2 Comparison of outcomes in 2019 and 2020

Outcome	2020	2019
1. New Business Creations	809	550
2. Development of Existing Industries	268	219
3. Assist to Create Export Oriented Companies	29	16
4. Employment Opportunities Generated (through-1,2)	1170	1470

Source: Annual Progress reports - IDB

Even though the country was under lockdown due to the Covid 19 pandemic, the IDB was able to perform more during 2020 against the performance in 2019. (Table 4.2)

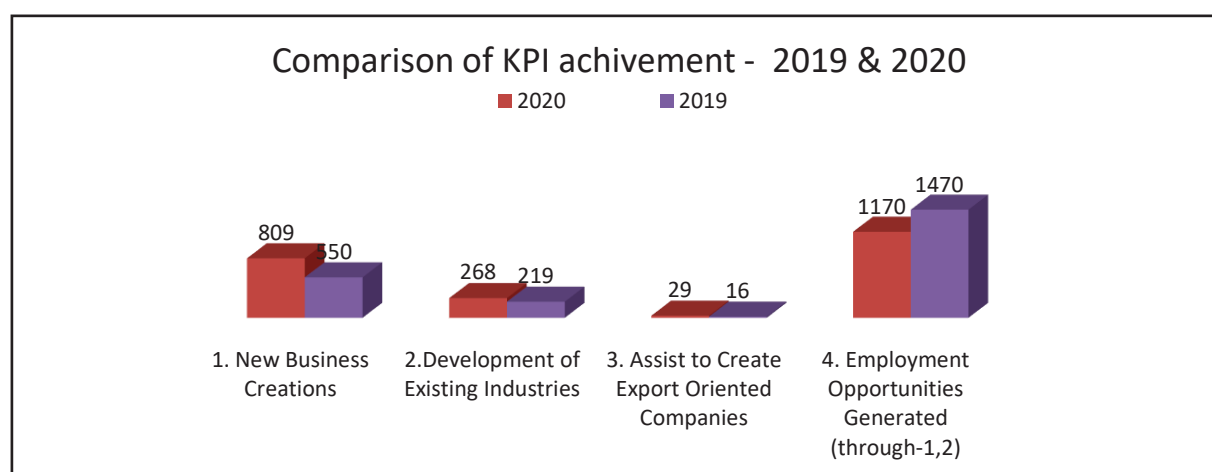


Figure 4.1 Comparison of KPI achievement between year 2019 and 2020

4.3 MAIN ACTIVITIES OF IDB – 2020

The table 4.3 provides details of main activities performed by all divisions and service units in order to achieve the objectives of IDB.

Table 4.3 Summary of Main Activities of IDB – 2020

Description		Annual Target 2020	Annual Achievement 2020
1. New Business Creations		950	809
1.1	Technological Assistance	644	459
1.2	Marketing Assistance	425	98
1.3	Management Assistance	214	62
1.4	Engineering Assistance	25	12
1.5	Financial Assistance	725	380
2. Development of Existing Industries		500	268
2.1	Technological Assistance	110	29
2.2	Marketing Assistance	107	85
2.3	Management Assistance	310	49
2.4	Engineering Assistance	652	321
2.5	Financial Assistance	250	144
3. Assist to Create Export Oriented Companies		50	29
3.1	Technological Assistance	10	0
3.2	Marketing Assistance	50	4
3.3	Management Assistance	25	1
3.4	Engineering Assistance	10	4
3.5	Financial Assistance	25	4
4. New Product Profiles		50	49
5. No. of testing certificates issued		-	-
5.1	Food sample testing	-	243
5.2	Rubber product quality testing and certification	95	47
6. Organize & conduct Annual Footwear & Leather Fairs		1	1
7. Provide raw material to industrialists		-	-
7.1	Metal Scraps to industries	420	296
7.2	Rubber Compounds to industries	3060	2109
8. Selection of industrialist for industrial estates		30	21
Employment Opportunities Generated (through-1,2)		-	1170

Source: Annual Progress Report

4.4 PHYSICAL PROGRESS

4.4.1 Training Programmes:-

Training is crucial for organizational development and success. IDB conducts both technology transfer training programmes and Management training programmes yearly, for the enhancement of the knowledge and skills of industrialists in particular areas in order to make them more competitive. Even under the Covid – 19 pandemic situations, the IDB was able to conduct 153 technology transfer training programmes for more than 4000 entrepreneurs.

15 Management Training programmes have been conducted by the CEDACS Division including 04 Digital marketing programmes focused on Skill Upgrading on Mobile Technology, Mobile App Development & Online Money Making.

Table 4.4 Training Programmes conducted by the IDB

Description	For New Industries	For Existing Industries	Total
Technology Transfer Training Programmes	103	50	153
Management Training Programmes	10	5	15

Source: Annual Progress Reports-IDB

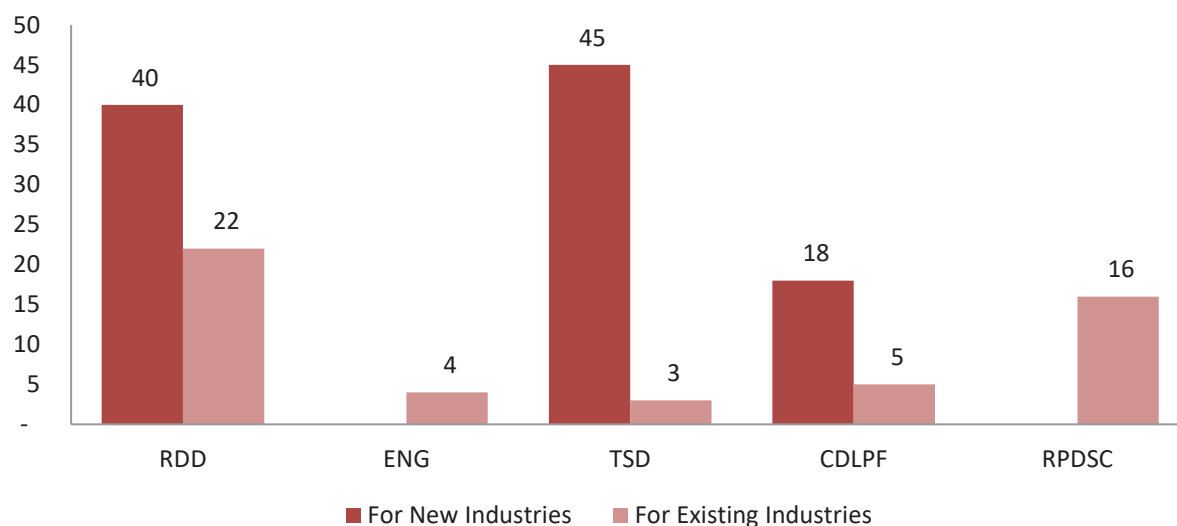


Figure 4.2 Technology Programmes conducted by each division of IDB

4.4.2 Preparation of Reports :-

IDB guides industries in correct forecasting and decision making process by preparing Business plans, feasibility reports and assessment reports for them. Valuation reports, technical reports and project reports are prepared with the request of financial institutions for obtaining credit facilities for industries.

Table 4.5 Reports prepared by IDB in 2020

No.	Description	No. of Reports
1	Project Feasibility Reports for New Industries	179
2	Business Plans/ Project reports to obtain credit facilities for New Industries	210
3	Project reports to obtain credit facilities for Existing Industries	150
4	Industry Assessment Reports for Existing Industries	323
5	Technical Reports	6
6	Valuation reports/ Engineering assessment reports	110
Total		978

Source: Annual Progress Reports-IDB

4.4.3 Other Special Activities:-

Product profiles are prepared with updated modern information of selected products for the usage of industrialists. Food testing and certification are done by the food laboratory while the rubber product quality testing and certification are done by the RPDSC, Peliyagoda. Kithul Activation and Sap Product Enhancing Reagent (KASPER) is a discovery of a new treatment mixture that included a plant growth regulator, antioxidants and electrolytes that supported to induce a higher secretion of sap by each Kithul flower. KASPER treatment contained food grade stimulants, some salt and a common antioxidant. Almost all the Kithul trees including those that had been resistant to the traditional treatment methods yielded to this new mixture. The required doses of KASPER and training as to how it should be used are provided by the IDB district offices to potential tappers. The revenue earned through selling KASPER treatments during 2020 was Rs.2, 126, 250.00

296 industries were provided metal scraps as raw materials while 2109 industries were provided centrifuged latex and milled rubber compounds as raw materials.

The IDB has been chosen by the Mahaweli Authority of Sri Lanka to carry out several business creations programmes in order to enhance the socio economic condition of the community in Mahaweli settlement areas. 141 programmes have been conducted in 2020 and the revenue earned was Rs. 6,327,132.00

Table 4.6 Other Special Activities of IDB

No	Description	Target	Achievement
1	Preparation of Product Profiles	50	49
2	Food sample testing and certification	-	243
3	Rubber product quality testing and certification	95	47
4	Supply of KASPER treatment (Bottles)	5000	3150
5	Provide raw material to industrialists - Metal Scraps	420	296
6	Provide raw material to industrialists - Rubber Compounds	3060	2109
7	Selection of industrialist for industrial estates	30	21
8	Special Trainings – on request of other institutions	-	141

Source: Annual Progress Reports-IDB

4.4.4 Industries commenced production in IDB Industrial Estates

Following the due selection processes ten (10) reputed industries were able to commence their manufacturing processes in six (06) industrial estates during 2020. (Table 4.7)

Table 4.7 Details of industries commenced production in IDB Industrial Estates

S/ No.	Industrial Estate	Name of the Industrialists	Manufacturing Products	Investment (Rs. Mn.)	Employment	Monthly Producti on (Rs. Mn.)
1	Atchchuveli	Subas Bakery	Bakery Products	15	16	3
2		Royal Flour (Pvt) Ltd.	Cattle Feed	90	22	8
3		Zendramesh (Pvt) Ltd.	Wire Mesh	200	28	20
4	Ekala	Tex Lanka (Pvt) Ltd.	Textile	60	15	4
5		IWW Steel Industries (Pvt) Ltd.	Steel & Iron based Products	87	40	39
6	Panaluwa	Grestone Chemicals (Pvt) Ltd.	Chemical Based Products	11.5	11	5.5
7	Pallekelle	New Royal Pack Lanka (Pvt) Ltd.	Polyethylene Based Products	120	20	75
8		Green Wave	Polythene recycling Products	12	12	3
9	Vavunia	Sivaskthi Industries	Food Based Products	10	15	3
10	Wavulugala	Aereosta (Pvt) Ltd	Wall Clocks	23	21	6
Total				629	200	167

Source: Industrial Estate Division

5 FINANCIAL REVIEW



INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Comprehensive Statement of Financial Position as at 31st December 2020**

(all amounts in LKR)

	Note	2020	2019
ASSETS			
Non Current Assets			
Property Plant & Equipment	13	458,709,147	439,712,335
Investment Property	14	1,112,160,161	1,111,366,011
Capital Work-in-Progress	15	95,404,877	98,808,789
Fixed Deposits	16	80,029,718	72,787,834
		1,746,303,904	1,722,674,968
Current Assets			
Inventories	17	18,947,263	21,851,399
Trade & Other Receivables	18	32,641,971	27,456,017
Other Current Assets	19	50,981,831	61,666,953
Deposits & Pre-Payments	20	55,782,649	22,370,795
Receivable - Special Projects	21	11,111,882	18,147,106
Cash & Cash Equivalents	22	138,223,834	125,057,333
		307,689,431	276,549,603
Total Assets		2,053,993,335	1,999,224,571
EQUITY AND LIABILITIES			
Capital and Reserves			
Deferred Capital Grant	23	341,681,267	350,265,754
Capital Reserves		6,243,013	6,243,013
Value of Assets Transferred	24	13,447,061	13,447,061
Surplus on Revaluation of Fixed Assets	25	960,696,321	960,696,321
Deferred Government Grants - Capital Projects	26	565,219,549	563,268,272
		1,887,287,211	1,893,920,421
Accumulated Losses	27	(272,134,396)	(283,248,239)
Total Equity		1,615,152,815	1,610,672,182
Non Current Liabilities			
Provision for Gratuity	28	202,971,991	183,515,220
		202,971,991	183,515,220
Current Liabilities			
Dues to Government	29	72,554	76,304
Dues to Corporation	30	7,316,633	6,963,070
Bank Credit Balances	22	2,725,171	5,317,002
Provisions and Accrued Expenses	31	225,754,172	192,680,793
		235,868,530	205,037,169
Total Liabilities		2,053,993,335	1,999,224,571

The Accounting Policies on pages 85 to 95 and Notes on 85 to 109 form an integral part of these Statements.

W.N.M.R. De Silva

Accountant

Date: 31/03/2021

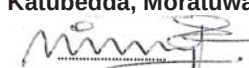
P.L.U. Rathnamalala

Director General

Date: 31/03/2021

Director General
Industrial Development Board

" The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These financial statements approved by the Board and signed on their behalf on 31st of March 2021 and the Board held in Industrial Development Board of Ceylon, No 615, Galle Road, Katubedda, Moratuwa, Sri Lanka."


Upasena Dissanayake
Chairman


Aloka Wahalawatta
Member of the board (1)


Dr. Sarath Buddhadasa
Member of the board (2)

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Comprehensive Income Statement for the year ended 31st December 2020

(all amounts in LKR)

	Notes	2020	2019
Revenue	05	398,396,560	383,577,640
Cost of Sales & Services	06	(245,451,012)	(262,828,982)
Gross Profit		152,945,547	120,748,659
Other Income	07	103,664,955	108,533,318
Government Recurrent Grant	08	381,250,000	350,000,000
Administration Expenses	09	(621,856,268)	(583,118,229)
Sales Distribution Expenses	10	(1,490,672)	(1,428,481)
Results from Operating Activities		14,513,562	(5,264,734)
Finance Costs	11	(490,815)	(2,563,574)
Net Income/(Loss) Before Tax		14,022,747	(7,828,307)
Other Comprehensive Income	12	(5,878,668)	(6,395,203)
Net Income /(Loss) for the year		8,144,079	(14,223,510)

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Statement of changes in equity**

(all amounts in LKR)

	Deffered Capital Grant	Capital & Reserve	Value of Asset Transferred	Revaluation Surplus	Deffered Government Grants - Projects	Accumulated Excess/Defecit	Total
Balance as at 01st January 2019	295,899,849	6,243,013	13,447,061	982,704,132	481,431,241	(269,047,196)	1,510,678,100
Prior- year adjustment	-	-	-	-	-	22,468	22,468
Revaluation Surplus on transferred Vehicles	-	-	-	2,325,000	-	-	2,325,000
Reversal of revaluation surplus in 2015	-	-	-	(24,332,811)	-	-	(24,332,811)
Profit for the year	-	-	-	-	-	(14,223,510)	(14,223,510)
Government Grants	117,400,000	-	-	-	129,850,127	-	247,250,127
Amotization of the Grants	(63,034,095)	-	-	-	(48,013,096)	-	(111,047,191)
Balance as at 31st December 2019	350,265,754	6,243,013	13,447,061	960,696,321	563,268,272	(283,248,239)	1,610,672,183
Balance as at 01st January 2020	350,265,754	6,243,013	13,447,061	960,696,321	563,268,272	(283,248,237)	1,610,672,185
Prior- year adjustment	-	-	-	-	-	2,969,761	2,969,761
Profit for the year	-	-	-	-	-	8,144,079	8,144,079
Government Grants	52,550,000	-	-	-	30,981,682	-	83,531,682
Amotization of the Grants	(61,134,488)	-	-	-	(29,030,405)	-	(90,164,893)
Balance as at 31st December 2020	341,681,267	6,243,013	13,447,061	960,696,321	565,219,549	(272,134,396)	1,615,152,815

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Statement of Cash Flow for the year ended 31st December 2020**

(all amounts in LKR)

	2020	2019
Cash Flows From Operating Activities		
Net Income/(Loss) for the year	8,144,079	(14,223,510)
Adjustment for:		
Depreciation	63,455,254	55,932,893
Provisions for Loan & Advances	(30,241)	98,549
Provisions for Non-Moving Stock	-	(2,179,280)
Provision for Labour Cases	1,537,686	-
Provision for Staff Bonus	6,604,000	1,596,000
Profit on Sale of Property Plant & Equipment	(567,695)	(419,651)
Amortisation of Capital Grants	(89,483,001)	(85,168,113)
Amortisation of Special Projects	5,676,324	92,191
Bad & doubtful debts	881,148	822,865
Interest Income	(10,228,879)	(10,208,846)
Retirement Benefit Obligation	35,114,091	32,194,610
	21,102,765	(21,462,293)
Retirement Benefit Obligation Paid	(15,657,320)	(14,594,866)
Operating profit/(loss) before working capital changes	5,445,445	(36,057,159)
(Increase)/Decrease in inventories	2,904,135	(410,196)
(Increase)/Decrease in Debtors & Receivables	(5,185,955)	(2,182,036)
(Increase)/Decrease in Other Current Assets net	10,685,122	4,226,540
(Increase)/Decrease in Prepayments net	(33,411,854)	682,371
Increase/(Decrease) in Dues to Government	(3,750)	1,025
Increase/(Decrease) in Creditors & Accrued Charges	33,073,378	30,788,640
Increase/(Decrease) in Dues to Corporations	353,564	(531,672)
Net cash flow from operating activities	13,860,085	(3,482,488)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Investment in Fixed deposits	(7,241,884)	(6,764,136)
Amount Invested on Capital WIP	3,403,911	(5,777,956)
Proceeds from Sale of Property Plant & Equipment	567,695	419,651
Interest Income	10,228,879	10,208,846
Acquisition/construction of Property Plant & Equipment	(78,671,217)	(111,484,141)
Net cash flow from investing activities	(71,712,615)	(113,397,737)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grant Received-Capital/Special Projects	30,981,682	129,850,127
Grant Received-Capital	52,550,000	117,400,000
Investment in Special Projects	(9,920,820)	(62,080,035)
Net cash flow from financing activities	73,610,862	185,170,092
Net Increase/Decrease in cash & cash equivalents	15,758,332	68,289,867
Cash and Cash Equivalents as at 01.01.2020	119,740,330	51,450,463
Cash and Cash Equivalents as at 31.12.2020 (Note 22)	135,498,663	119,740,330

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Significant accounting policies and notes to the financial statements

1. General Information

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

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

2. Summary of Significant Accounting Policies

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

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

2.2 Property, plant and equipment

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

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

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the financial statements (contd..)****2.2 Property, plant and equipment (cond..)****(b) Depreciation**

Depreciation begins when an item of property, plant and equipment is available for use and will continue until it is derecognized, even if during that period the item is idle. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

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

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

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

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the financial statements (contd..)****2.3.1. The following Lands are not capitalized by IDB since there is no legal ownership, but they are used by IDB:**

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

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

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

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

Land Improvement & Building - 2.5%

2.5 Financial assets**2.5.1 Classification**

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

Loans and receivables:

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

2.5.2 Recognition of financial asset

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

2.5.3 Offsetting financial instruments

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

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

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

IDB first assesses whether objective evidence of impairment exists.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the financial statements (contd..)****2.5.4 Impairment of financial assets (contd..)**

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

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

Impairment testing of trade receivables is described in Note 2.8.

2.6 Financial liabilities

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

2.7 Inventories

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

Raw Materials --- At the cost or net realizable value whichever is lower

Finished Goods --- At the cost or net realizable value whichever is lower

Work-In-Progress --- At the cost of direct materials, direct labour and an appropriate proportion of production overheads based on normal operating capacity.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the financial statements (contd..)****2.8 Trade receivables**

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

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

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

2.9 Cash and cash equivalents

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

2.10 Provisions

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

2.11 Trade and other payables

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the financial statements (contd..)****2.12 Defined benefit plan**

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

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

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

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

2.13 Defined contribution plan

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

2.14 Investments

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

2.15 Government grants

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

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

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the financial statements (contd..)****2.16 Donation**

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

2.17 Revenue recognition**(a) Goods sold and services rendered**

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

(b) Interest income

Interest income is recognized on a time-proportion basis.

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

2.18 Expenditure recognition**(a) Operating expenses**

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

(b) Net financing costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested, and foreign exchange gains and losses that are recognized in the income statement. All interest and other costs incurred in connection with borrowings are expensed as incurred as part of net financing costs.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd..)

3. Financial Risk Management

3.1 Financial risk factors

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

IDB is exposed to a variety of financial risks. These include foreign exchange risks, credit risks, interest rate risks and liquidity risks. Based on our economic outlook and IDB's exposure to these risks, the Board of IDB approves various risk management strategies from time to time. The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table show the maximum risk positions. (as at 31.12.2020)

	Trade and Other Receivables	Cash and cash Equivalents	Total
Risk exposure			
Trade and other receivables	32,641,971	-	32,641,971
Cash & cash Equivalents	-	135,498,663	135,498,663
	32,641,971	135,498,663	168,140,634

(i) Interest rate risk

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

IDB is not exposed to interest rate risk as at 31 December 2020, as IDB does not have any borrowing at variable rates of interest.

(ii) Credit risk

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the financial statements (contd..)****3.2 Capital management**

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

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

The gearing ratio at 31st December 2020 was as follows.

	<u>2020</u>	<u>2019</u>
Total borrowings	438,840,521	388,552,389
Total equity	1,615,152,815	1,610,672,182
Gearing ratio	<u>27.17%</u>	<u>24.12%</u>

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

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

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

4.1 Critical accounting estimates and assumptions

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the financial statements (contd..)****4.1 Critical accounting estimates and assumptions (contd..)****(a) Defined benefit plan - Gratuity**

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 28.

(b) Useful lives of property, plant and equipment

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

4.2 Contingent Liabilities

As at the end of the financial year there were 15 court cases. However according to the legal division there were no possibility of payment of any compensation as a result of these cases. Hence no liability has arisen to make any provision.

4.3 Reclassifications & Comparative Figures

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

(all amounts in LKR)

05 Revenue

5 a Sales

	2020	2019
Sales	43,744,570	41,886,885
Sales (Non Ferrous Project)	247,576,340	241,885,519
Sales of Income Casper	2,070,100	1,505,900
Sales of Publications	338,037	240,836
	293,729,047	285,519,139

5 b Services

Rent - Industrial Estates	66,905,136	62,645,249
Water Charges	5,934,177	6,223,479
Surcharges	3,493,986	3,058,334
Land & building transfer charges	4,020,000	-
Training Programme	19,596,869	21,743,156
Project Reports	4,405,643	3,627,786
Service Charges	311,702	760,497
	104,667,513	98,058,501
	398,396,560	383,577,640

06 Cost of Sales & Services

	2020	2019
Cost of Sales - Direct Materials	23,428,568	23,846,773
Cost of Sales-Industrial Estates	4,258,908	5,601,332
Cost of Sales - Non Ferrous Scrap Project	165,876,436	174,649,110
Cost of Sales Casper	1,683,400	-
Cost of Sales - Direct Labour	4,178,580	8,287,193
Cost of Sales - Indirect Materials	483,643	4,764,080
Consumable - Foundry Raw Materials	808,537	-
General Overhead	1,377,814	-
Machine Overhead	734,861	-
Maintanance of Plant & Mechinery	433,817	287,673
Power	3,393,208	3,847,386
Depreciation of Plant & Mechinery	3,890,365	3,627,535
Depreciation on Investment property - land Improvements	9,933,816	8,126,912
Depreciation on Investment property - Buildings	7,225,651	7,214,868
Depreciation of Utility Services	3,249,654	2,093,703
Charges of Engineering Works	163,680	850
Sub Contract Charges	704,900	521,125
Maintenance of Water Supply	28,184	15,700
Maintenance of Industrial Estates	1,945,198	1,867,898
Maintenance of Lab Equipment	50,853	226,291
Maintenance of Tools & Spares	-	898
Transport Charges	1,284,904	1,466,898
Training Programmes	10,316,035	16,382,758
	245,451,012	262,828,982

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

(all amounts in LKR)

07 Other Income	2020	2019
Amortization of Capital Grant	89,483,001	85,168,113
Amortization of Grants - Special Projects	5,233,985	25,879,078
Expenses for Special Projects	(10,910,309)	(25,971,269)
Fixed & Short Term Deposits Interest	9,020,715	9,148,678
Sundry Income	1,598,296	1,056,448
Inspection Income, Metal related waste scrap.(Eng Div)	1,058,298	-
Commissiton (Sub - contracting Exchange)	20,452	1,333,288
Commissions - Lakkam Center	2,529,349	2,951,633
Registraion of Suppliers	340,500	2,024,260
Lakka Hall Charges	10,000	-
Notarial Fees	276,294	212,500
Penalties	131,164	230,327
Web Publishing Income	40,140	28,000
Profit on Sales of Fixed Assets	567,695	419,651
Savings Interest	1,208,164	1,060,168
Service Charges For Lab Test	609,823	186,796
Staff Loan Interest	1,758,148	1,838,302
IDB 50th Anniversary,2019	289,092	-
UNIDO Project Income	1,268,706	7,438,683
UNIDO Project Expenses	(868,558)	(4,471,337)
	103,664,955	108,533,318
	2020	2019
08 Grants		
Government Grants for recurrent	381,250,000	350,000,000
	2020	2019
09 Administration Expenses		
Basic Salaries	282,923,497	254,021,984
Chairman's Remuneration	900,000	816,226
Special Allowance 5%	146,148	5,008,319
C. O. L. Allowance	51,082,858	51,638,744
Other Allowance	31,511,770	33,198,103
EPF (Contribution)	41,677,374	38,205,770
ETF (Contribution)	10,419,344	9,551,443
Bonus for Board Employees	6,604,000	1,561,000
Gratuity	29,235,423	25,799,407
Training Allowances	858,825	1,325,650
Daily paid & care taker allowances	609,272	425,000
Unutilized Medical Leave Encashment	24,306,629	18,657,972
Overtime	19,469,247	24,093,254
Holiday Pay	1,006,870	1,906,703
Travelling (Local)	2,750,856	5,668,716
Travelling (Foreign)	241,331	1,883,279
Lodging Expenses	56,398	104,938
Welfare	1,847,310	2,158,085
Local Training for Board Employees	179,500	2,541,477
Membership Fees of Professional Bodies (Local & Foreign)	229,961	144,760
Uniforms	1,901,467	1,704,246
Contribution to Medical Aid Scheme	774,600	749,450
Stationary & Office Requisites	4,437,229	5,794,947
Medical Examination Fees	13,000	377,000
Annual Board of Survey Expenses	441,249	883,353

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

		(all amounts in LKR)	
09	Administrative Expenses (contd)	2020	2019
	Fuel Expenses	5,061,516	5,201,891
	Maintenance of Land	1,086,316	323,046
	Maintenance of Building	728,526	553,603
	Maintenance of Plant & Machinery	246,486	255,647
	Maintenance of Printing Machinery	86,110	14,875
	Maintenance of Computers & Accessories	538,570	571,435
	Maintenance of Motor Vehicle	5,698,650	5,444,193
	Office Maintenance Expenses	597,679	141,649
	Maintenance of Office Equipment	1,742,538	1,866,111
	Maintenance of Furniture, Fittings & Office Equipment	940,456	1,551,966
	Maintenance of Bicycles	18,160	8,180
	Maintenance of PABX Services	-	43,040
	Maintenance of Sundry Assets	57,985	8,000
	Maintenance of Web & Networking	360,682	168,420
	Maintenance of JICA Equipment	32,919	-
	Electricity	7,919,748	9,244,771
	Telephone Charges	5,757,853	4,510,091
	Payment of Security Services	25,522,873	22,412,195
	Postage & Telegrams	671,041	898,391
	Water Charges	1,104,702	740,427
	Rent, Rates & Taxes	5,348,738	5,873,880
	Insurance	978,119	994,539
	Newspapers & Journals	771,692	827,071
	Directors' Fees	458,000	254,000
	Audit Fees	750,000	864,000
	Expenses for Special Events	1,316,245	1,064,528
	Advertisement	1,447,842	2,334,859
	Legal Charges	528,844	752,921
	Fees for Trade Tests, Interview etc.	198,030	93,422
	Licence Fee	216,560	145,050
	Research & Development	42,540	339,001
	Valuation & Survey Expenses	-	140,179
	Feasibility Studies	-	3,225
	Consultancy Fees	105,000	314,975
	Publications	231,809	332,404
	Provisions for Loan & Advances	(30,241)	98,549
	Provisions for Non-Moving Stock	-	(2,179,280)
	Provision for Labour Cases	1,537,686	-
	NBT Expenses	-	4,009,748
	Miscellaneous Expenses	65,874	607,476
	Registration Fees	14,066	14,598
	IDB 50 th Anniversary 2019	128,046	2,316,033
	Factory Over Head Re-Allocation	(926,050)	(1,272,909)
	General Over Heads Re-Allocation	(1,488,954)	(3,239,960)
	Labour Cost Re-Allocation	(3,865,965)	(8,617,712)
	Opening Ceremony - Food Laboratory	603,851	-
	Covid 19 Expenses	2,471,804	-
	Depreciation of - Land Improvement	423,095	258,139
	Depreciation of - Buildings	4,780,462	4,665,223
	Depreciation of - Plant & Machinery	2,903,830	1,839,285
	Depreciation of - Computer Accessories	9,008,258	6,346,976

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

(all amounts in LKR)

	2020	2019
09 Administrative Expenses (contd)		
Depreciation of - Lab Equipments	7,065,387	4,749,539
Depreciation of - Printing Machinery	269,000	265,759
Depreciation of - Motor Vehicles	8,070,995	10,299,025
Depreciation of - Office Equipments	3,048,880	3,484,401
Depreciation of - Travelling Bags	12,010	18,973
Depreciation of - Furniture & Fittings	1,337,451	1,055,737
Depreciation of - Bicycles	14,827	14,046
Depreciation of - Tools & Spares	782,279	696,751
Depreciation of - Library Books	246,569	324,648
Depreciation of - PABX Services	124,621	129,028
Depreciation of - Utility Services	569,147	208,274
Depreciation of - Sundry Assets	3,872	239,970
Depreciation of - Computer Softwares	495,087	274,103
	621,856,268	583,118,229
10 Sales & Distribution Cost		
Provision for Bad & Doubtful Debts	881,148	822,865
Marketing Expenses	91,143	261,331
Promotional Expenses	21,850	107,300
Exhibition Expenses	496,532	236,985
	1,490,672	1,428,481
11 Finance Cost		
Bank Charges	490,415	359,970
OD Interest	400	2,203,604
	490,815	2,563,574
12 Other Comprehensive Income		
Actuarial Gain / (loss) for the year (refer note 28)	(5,878,668)	(6,395,203)
	(5,878,668)	(6,395,203)
Average Number of Employees Employed During the Year		
Permanent	512	507

INDUSTRIAL DEVELOPMENT BOARD

Notes to the financial statements (Contd)

13 Property, Plant and Equipment as at 31/12/2020

Property, Plant and Equipment as at 31/12/2020	(all amounts in LKR)					
	Land & Land Improvement	Building	Plant, Machinery & Equipment	Printing Machinery	JICA Project Assets	Office Equipment
Year ended 31 st December 2019						
Opening net book value	96,665,521	142,295,151	78,556,416	1,432,648	(3)	16,577,448
Additions	2,945,733	7,679,521	4,387,197	35,000	-	4,766,236
Transferred from other govt/non govt organizations	-	-	-	-	-	-
Reversal of revaluation surplus in 2015-cost	-	-	113,600,132	7,612,955	-	36,563,271
Reversal of revaluation surplus in 2015-Accumulated Depreciation	-	-	(102,626,911)	(6,514,918)	-	(28,410,087)
Reversal of revaluation amount 2015	-	-	(45,671,000)	(1,213,500)	2	(5,657,000)
Disposal	-	-	-	-	-	-
Depreciation charge (Note 9)	(258,139)	(4,665,223)	(5,466,820)	(265,759)	-	(3,484,401)
Closing net book amount	99,353,115	145,309,449	42,779,015	1,086,427	(1)	20,355,466
At 31 st December 2019						
Cost	106,029,332	199,397,325	156,311,302	8,552,955	228,842,384	63,880,129
Accumulated depreciation	(6,676,217)	(54,087,876)	(113,532,287)	(7,466,528)	(228,842,385)	(43,524,663)
Net book amount	99,353,115	145,309,449	42,779,015	1,086,427	(1)	20,355,466
Year ended 31 st December 2020						
Opening net book value	99,353,115	145,309,449	42,779,015	1,086,427	(1)	20,355,466
Additions	642,692	2,371,069	20,942,755	-	-	3,803,870
Disposal	-	-	-	-	-	-
Correction	-	-	-	-	-	-
Depreciation charge (Note 9)	(423,095)	(4,780,462)	(6,794,195)	(269,000)	-	(3,048,880)
Accumulated Depreciation for Land	4,575,000	-	-	-	-	-
Closing net book amount	104,147,711	142,900,056	56,927,575	817,427	(1)	21,110,456
At 31 st December 2020						
Cost	106,672,023	201,768,394	177,254,057	8,552,955	228,842,384	67,683,998
Accumulated depreciation	(2,524,312)	(58,868,338)	(120,326,482)	(7,735,528)	(228,842,385)	(46,573,543)
Net book amount	104,147,711	142,900,056	56,927,575	817,427	(1)	21,110,456

INDUSTRIAL DEVELOPMENT BOARD

Notes to the financial statements (Contd)

13 Property, Plant and Equipment as at 31/12/2020

Year ended 31st December 2019

Opening net book value	36,844,886	32,345	5,529,546	254,489	610,771	693,899	314,884
Additions	17,787,297	13,400	1,791,867	30,000	706,483	179,634	-
Transferred from other govt/non govt organizations	-	-	-	-	-	-	-
Reversal of revaluation surplus in 2015-cost	11,553,453	-	16,038,889	-	11,292,099	-	-
Reversal of revaluation surplus in 2015-Accumulated Depreciation	(8,862,945)	-	(10,778,067)	-	(10,488,400)	-	-
Reversal of revaluation amount 2015	-	-	(5,456,750)	-	-	-	-
Disposal	-	-	-	-	-	-	-
Depreciation charge (Note 9)	(4,749,539)	(18,973)	(1,055,737)	(14,046)	(696,751)	(324,648)	(129,028)
Closing net book amount	52,573,151	26,772	6,069,749	270,443	1,424,202	548,884	185,856

At 31st December 2019

Cost	70,644,632	1,328,655	21,124,497	316,860	14,539,230	13,503,650	4,327,232
Accumulated depreciation	(18,071,481)	(1,301,883)	(15,054,748)	(46,417)	(13,115,028)	(12,954,765)	(4,141,376)
Net book amount	52,573,151	26,772	6,069,749	270,443	1,424,202	548,884	185,856

Year ended 31st December 2020

Opening net book value	52,573,151	26,772	6,069,749	270,443	1,424,202	548,884	185,856
Additions	12,687,028	3,900	771,202	-	478,498	8,980	75,578
Disposal	-	-	-	-	-	-	-
Correction	-	-	(68,657)	-	-	-	-
Depreciation charge (Note 9)	(7,065,387)	(12,010)	(1,268,794)	(14,827)	(782,279)	(246,569)	(124,621)
Accumulated Depreciation for Land	-	-	-	-	-	-	-
Closing net book amount	58,194,792	18,662	5,503,499	255,617	1,120,421	311,296	136,813

At 31st December 2020

Cost	83,331,660	1,332,555	21,895,699	316,860	15,017,729	13,512,630	4,402,810
Accumulated depreciation	(25,136,868)	(1,313,893)	(16,392,200)	(61,243)	(13,897,308)	(13,201,334)	(4,265,997)
Net book amount	58,194,792	18,662	5,503,499	255,617	1,120,421	311,296	136,813

INDUSTRIAL DEVELOPMENT BOARD

Notes to the financial statements (Contd)

13 Property, Plant and Equipment as at 31/12/2020

(all amounts in LKR)

	Utility Services	Sundry Assets	Computer & Communication Equipment	Computer Software	Motor Vehicles	Total
Year ended 31st December 2019						
Opening net book value	8,183,889	(337,143)	17,233,788	3,427,422	17,791,627	426,107,583
Additions	23,560,485	30,755	9,831,048	1,936,094	-	75,680,749
Transferred from other govt/non govt organizations	-	-	-	-	2,847,928	2,847,928
Reversal of revaluation surplus in 2015-cost	-	5,674,017	46,320,375	-	-	248,655,192
Reversal of revaluation surplus in 2015-Accumulated	-	-	-	-	-	-
Depreciation	-	(2,733,017)	(35,385,797)	-	-	(205,800,142)
Reversal of revaluation amount 2015	-	(1,702,205)	(7,487,409)	-	-	(67,187,862)
Disposal	-	-	-	-	-	-
Depreciation charge (Note 9)	(2,301,977)	(239,970)	(6,346,976)	(274,103)	(10,299,025)	(40,591,114)
Closing net book amount	29,442,398	692,438	24,165,030	5,089,413	10,340,529	439,712,334
At 31st December 2019						
Cost	49,149,008	4,414,712	78,963,898	6,702,697	54,263,729	1,082,292,227
Accumulated depreciation	(19,706,611)	(3,722,274)	(54,798,868)	(1,613,284)	(43,923,199)	(642,579,893)
Net book amount	29,442,398	692,438	24,165,030	5,089,413	10,340,529	439,712,334
Year ended 31st December 2020						
Opening net book value	29,442,398	692,438	24,165,030	5,089,413	10,340,529	439,712,334
Additions	9,000,965	898,007	5,408,990	3,213,450	410,616	60,717,600
Disposal	-	-	-	-	-	-
Correction	-	259,948	-	-	-	191,291
Depreciation charge (Note 9)	(3,818,801)	(263,820)	(9,008,258)	(495,087)	(8,070,995)	(46,487,078)
Accumulated Depreciation for Land	-	-	-	-	-	4,575,000
Closing net book amount	34,624,561	1,586,573	20,565,762	7,807,775	2,680,151	458,709,146
At 31st December 2020						
Cost	58,149,973	5,312,719	84,372,888	9,916,147	54,674,345	1,143,009,827
Accumulated depreciation	(23,525,412)	(3,726,146)	(63,807,126)	(2,108,372)	(51,994,194)	(684,300,681)
Net book amount	34,624,561	1,586,573	20,565,762	7,807,775	2,680,151	458,709,146

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

(all amounts in LKR)

14 Investment Property

	Land & Land Improvements	Building	Total
Year ended 31 December 2019			
Opening net book value	834,762,862	256,141,536	1,090,904,397
Additions	35,481,290	322,103	35,803,393
Disposal	-	-	-
Depreciation charge (Note 9)	(8,126,912)	(7,214,868)	(15,341,779)
Closing net book amount	862,117,240	249,248,771	1,111,366,011
At 31 December 2019			
Cost	892,994,409	289,248,121	1,182,242,530
Accumulated depreciation	(30,877,170)	(39,999,349)	(70,876,519)
Net book amount	862,117,240	249,248,771	1,111,366,011
Year ended 31 December 2020			
Opening net book value	862,117,240	249,248,771	1,111,366,011
Additions	17,653,889	299,728	17,953,617
Disposal	-	-	-
Depreciation charge (Note 9)	(9,933,816)	(7,225,651)	(17,159,466)
Closing net book amount	869,837,313	242,322,848	1,112,160,161
At 31 December 2020			
Cost	910,648,298	289,547,848	1,200,196,147
Accumulated depreciation	(40,810,985)	(47,225,000)	(88,035,985)
Net book amount	869,837,313	242,322,848	1,112,160,161

15 Capital Work-in-Progress

	2020	2019
Buttala - Road Construction	-	16,591,875
Pannala - Cons: Infrastructure :- Stage II	49,712,293	42,829,632
Boundary Wall - Panaluwa	8,420,582	8,420,582
Canteen, Post office, Dug well - Achchuvely	1,911,259	1,911,259
Improvement of Internal road - Achchuveli	7,251,379	7,251,379
Extention of Existing Food Laboratory TSD - Stage II	23,311,417	16,507,137
Renovation Roof Work in Stores Building	-	498,978
Construction New Building - Gampaha	4,797,946	4,797,946
	95,404,877	98,808,789

16 Fixed Deposits

	2020	2019
Bank Of Ceylon - Idama Branch	73,327,248	66,523,581
Fixed Deposit Interest Receivable	6,702,470	6,264,253
	80,029,718	72,787,834

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

(all amounts in LKR)

17 Stock & Work-In-Progress

	2020	2019
Engineering Raw Materials - (H/O)	391,721	504,102
Printing Raw Materials	54,546	98,374
Stationary	1,984,732	2,553,690
Other Raw Materials	1,042,421	1,595,272
Stock of Village Development Project	1,331,619	4,533,509
Sub Stores - Foundry	3,971,708	4,628,387
Sub Stores - Rubber	4,623,208	3,943,901
Sub Stores - Leather	321,228	293,374
Sub Stores - C S C - Matara	262,091	263,255
Sub Stores - Electroplating Centre	1,250,421	830,091
Sub Stores - A T R D C - Pannala	1,208,203	833,598
Sub Stores - Divinaguma	17,000	17,000
Sub Stores - Kithul Development Programme	1,084,800	266,200
Brass Centre - Pilimathalawa	190,429	171,370
Work-in-progress - Direct Materials (H/O)	886,191	572,737
Work-in-progress - Direct Labour	634,980	944,470
Work-in-progress - General Overheads	222,243	298,584
Work-in-progress - Factory Overhead	160,167	183,488
Non-Ferrous Metal Scrap	996,420	1,008,709
Stock - Lab Chemical & Consumables	362,009	360,161
Provision for Impairment of Non Moving Stock	(1,052,453)	(1,052,453)
Provision for Loss of Brass Ingots	(996,420)	(996,420)
	18,947,263	21,851,399

18 Trade & Other Receivables

	2020	2019
Sundry Debtors - Head Office	264,713	264,713
Sundry Debtors - Leather	18,270	108,270
Sundry Debtors - Engineering	604,612	831,385
Sundry Debtors - Engineering - Workshop	4,833,667	6,253,577
Sundry Debtors - Rubber Division	1,288,213	1,331,379
Sundry Debtors - A T R D C - Pannala	1,265,181	1,721,111
Sundry Debtors - E P C	73,272	73,272
Sundry Debtors - Printing	374,061	374,061
Sundry Debtors - Electrical	1,697,674	248,334
Sundry Debtors - Foundry	2,020,687	2,931,349
Sundry Debtors - Civil	2,946,466	2,155,803
Sundry Debtors - Laknipaum	42,120	42,120
Sundry Debtors - C S C - Matara	3,959,562	361,492
Sundry Debtors - C S C - A'pura	15,025	15,025
Sundry Debtors - Marketing	147,965	1,892,895
Sundry Debtors - Scrap Project	897,059	7,500
Debtors - Returned Cheques	209,398	209,398
Tenant Debtors	25,645,815	21,414,969
Miscellaneous Debtors	406,707	406,707
	46,710,464	40,643,362
Less:- Provision for Impairment of Bad & Doubtful Debts	(14,068,493)	(13,187,346)
	32,641,971	27,456,017

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

		(all amounts in LKR)	
		2020	2019
18.1 Tenant Debtors			
Industrial Estate - Ekala		3,989,946	2,302,933
Industrial Estate - Pallekale		4,934,659	4,421,404
Industrial Estate - Horana		1,753,819	1,383,011
Industrial Estate - Pannala		1,637,262	429,184
Industrial Estate - Lunuwila		3,601,610	2,194,071
Industrial Estate - Mihinthale		40,686	18,577
Industrial Estate - Mathale		2,313,496	2,768,344
Industrial Estate - Pussella		120,685	198,127
Industrial Estate - Galigamuwa		197,506	94,227
Industrial Estate - Panaluwa		3,202,892	4,378,547
Industrial Estate - Kotagala		967,718	886,437
Industrial Estate - Atchchuweli		1,526,684	1,075,197
Industrial Estate - Vaulugala		793,927	664,116
Industrial Estate - Buthhala		-	16,274
Industrial Estate - Vauniya		564,924	584,519
		25,645,815	21,414,969
19 Other Current Assets		2020	2019
Festival Advance		365,250	392,500
Provision for Impairment Loss of Festival Advance		(112,750)	(126,250)
Motor Bicycle Loan		386,230	548,260
Provision for Impairment Loss of Motor Bicycle Loan		(106,360)	(106,360)
Bicycle Advance		52,154	77,504
Provision for Impairment Loss of Bicycle Loan		(2,504)	(2,504)
Distress Loan		43,779,121	45,862,364
Less : Deferred Staff Cost		(6,098,918)	(7,554,771)
Provision for Impairment Loss of Distress Loan		(205,315)	(208,065)
Special Loan Advance (Flood)		-	272,834
Prepaid Staff Cost (IFRs Adjustment)		6,098,918	7,554,771
Special Advance Book		7,000	7,900
Receivable from Other Department		421,933	421,933
Receivable from Election Commissioner		404,487	238,298
Withholding Tax		5,517,372	5,396,872
VAT Receivable		-	2,437,771
Kithul - Marketing		281,675	281,675
Economic Service Charges		170,872	170,872
Trade Union Control		1,000	1,350
Employees Donation		21,667	-
SMIDEX Exhibition & Award Ceremony		-	6,000,000
		50,981,831	61,666,953
20 Deposits & Prepayments		2020	2019
Security Deposits		296,304	285,060
Prepayments		64,219,945	30,891,811
Provision for Imp. of Pre Payments		(11,787,162)	(11,801,153)
Prepayments Advance - Head Office		192,206	192,206
Special Salary Advance		-	10,000
Advance to Staff - Head Office		179,252	401,790
Advance to Staff for Fuel - Head Office		4,170	60,960
Other Deposits Receivable		2,137,048	1,337,048
Rent & Other Expenses Paid in Advance		540,886	993,073
		55,782,649	22,370,795

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

(all amounts in LKR)

20.1 Prepayments

	2020	2019
Construction	10,055,466	-
Scrap project	28,192,543	18,023,570
Miscellaneous	25,971,936	12,868,241
	64,219,945	30,891,811

21 Receivable - Special Projects

	2020	2019
Village Development Projects	-	3,553,922
Development of Enterprise villages & Women Enterprenureship	-	8,840,858
Diviyata Udanaya	8,059,237	3,338,763
Ministry Funds-Leather programmes	-	951,701
* Ministry Funds-Robot Arm (CERA Project)	3,052,645	1,461,863
	11,111,882	18,147,106

* CERA Project is a special project, this project has been transferred to Ministry of Industries.

22 Cash and Cash Equivalents

<u>A/c code</u>	<u>Account No.</u>	2020	2019
185010 C/Acc - Idama - Moratuwa	682974	2,631,838	322,291
185110 C/Acc - Peliyagoda - RPD&SC	4064199	165,259	111,626
185020 C/Acc - Capital Grant Account	683231	34,174,962	55,257,527
185030 C/Acc - Engineering Division	683144	81,660	61,223
185180 C/Acc - Village Deve. Project	4204245	677,302	20,000
185070 C/Acc - Non Ferrous	682519	44,285,198	9,372,338
185060 C/Acc - Regional Division (Kithul)	683237	50,000	3,150,000
185100 C/Acc - Peoples Bank	100153657035	(2,725,171)	(5,317,002)
185105 C/Acc - Peoples Bank	200223657035	16,477,774	17,640,224
185415 C/Acc - Lakkam Sales Centre	7153282	1,773,184	2,827,056
185015 C/Acc - Debit Tax Exempted	70034730	2,921,275	3,147,846
185125 C/Acc - District Office	74791255	30,771	33,801
185412 S/Acc - BOC Idama Non Ferrous	7271240	218,171	210,333
185413 S/Acc - CESS Fund	9123868	1,771,062	1,707,436
Short Term Deposits		32,904,625	31,117,394
Short Term Deposits Interest Receivable		3,831	42,115
Imprest Accounts		33,543	12,745
Special Imprest - Cashier		23,379	23,379
		135,498,663	119,740,331
Debit Balances		138,223,834	125,057,333
Credit Balances		(2,725,171)	(5,317,002)
Cash and Cash Equivalents		135,498,663	119,740,331

23 Deffered Capital Grant

	2020	2019
Government Capital Grants as at 1 st January 2020	350,265,754	295,899,850
Grants Received during the year 2020	52,550,000	117,400,000
Capital Grant Transferred	(61,134,488)	(63,034,096)
	341,681,267	350,265,754

24 Value of Asset Transferred

	2020	2019
IDB Prior to 1969	4,403,441	4,403,441
Industrial Estate Cooperation	9,043,620	9,043,620
	13,447,061	13,447,061

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the financial statements (contd)**

(all amounts in LKR)

25 Surplus on Revaluation of Fixed Assets

	2020	2019
Balance b/f	960,696,321	982,704,132
Revaluation Surplus on transferred/Sold Vehicles	-	2,325,000
Reversal of revaluation surplus in 2015	-	(24,332,811)
	960,696,321	960,696,321

26 Deffered Government Grants - Projects

	2020	2019
Cess Fund	10,500,000	10,500,000
Sirap Fund - Building	21,999,854	22,847,120
Grant-Injection Moulding Machine for RD&SC-Paliyagoda	5,610,753	6,542,555
Ministry Funds Achchuveli	34,693,367	36,814,064
Ministry Funds Industrial Estates	360,193,500	360,789,308
Ministry Fund - Poonthottam Industrial Estate Vavuniya	4,797,155	4,926,808
Non Ferrous	2,500,000	5,000,000
Ministry Funds - TSD Lab	2,605,185	3,054,169
Panaluwa Industrial Estate	28,816,474	28,819,016
Accredited Food Laboratory - Stage I	24,894,743	28,092,200
Accredited Food Laboratory - Stage II	53,742,207	41,122,918
Atchchuveli 100Mn Project 2018	8,339,086	8,339,086
Village Development Projects	1,331,619	-
Ministry Funds-"Nanvamu Lanka"	5,195,607	6,421,029
	565,219,549	563,268,272

27 Governmet Grants

	2020	2019
Accumulated Losses	(283,248,237)	(269,047,195)
Adjustment	-	22,468
Accumulated Depreciation for Land	4,575,000	-
Provision for arrears payment, "Parakramabahu" ship SL Navy	(1,605,239)	-
Deficit Carried forward	8,144,079	(14,223,510)
Accumulated Losses	(272,134,396)	(283,248,239)

28 Retirement Benefit Obligations

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

	2020	2019
Present value of unfunded obligation	202,971,991	183,515,220
Liability in the statement of financial position	202,971,991	183,515,220

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

	2020	2019
As at 1 st January	183,515,220	165,915,476
Current service cost	13,094,954	11,208,964
Interest cost	16,140,469	14,590,443
Actuarial loss / (gain) on post employment benefit obligation	5,878,668	6,395,203
	218,629,311	198,110,086
Benefits paid	(15,657,320)	(14,594,866)
At 31 st December	202,971,991	183,515,220

The principal actuarial assumptions used were as follows.

	2020	2019
Discount Rate	9.50%	9.50%
Future Salary Increases	5.00%	5.00%
Staff Turnover Rate	4.54%	4.54%
Retiring Age	60	60

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

(all amounts in LKR)

29 Dues to Government

	2020	2019
Commissioner of Inland Revenue	28,879	28,879
Commissioner of Inland Revenue, Stamp Duty	43,675	47,425
	72,554	76,304

30 Dues to Boards & Corporation

	2020	2019
Central Bank of Ceylon E.P.F.	6,438,637	6,127,501
Employee Trust Fund	877,996	835,568
	7,316,633	6,963,070

31 Trade & Other Creditors, Provisions and Accrued Expenses

	2020	2019
Trade Creditors	48,225,565	55,020,833
Payable SGS Ltd	1,825,566	-
RPD&SC - Action Plan of MOU - Ministry of Plantation Ind.	1,998,000	-
Nation Building Tax 2%	3,706,617	3,706,617
Staff Deductions Payable	12,387	12,387
Payee Tax Payable	-	46,975
Miscellaneous Creditors	399,453	399,453
Other Creditors	40,883	40,883
Sundry Creditors - Head Office	2,177,494	3,285,094
VAT Payable	5,258,968	-
Deposits Pending Settlement	309,383	257,009
Laknipaum Sales & Display Centre - Creditors	89,753	89,753
Advance Received from Customers	28,001,687	11,339,228
Received in Advance for Training Programme	1,925,270	17,500
Security Deposits	296,304	285,060
Refundable Deposits-Estates	64,869,766	60,954,628
Refundable Deposits-Non Estates	3,020,878	2,986,324
Medical Scheme	2,790,063	2,650,220
Welfare Society	5,000	-
Thrift Society	4,418	-
Provision for Labour Cases	5,944,075	4,406,389
Sub Contract Creditors	-	1,003,555
Accrued Expenses	53,603,506	44,796,885
Lakkam Creditors	1,249,134	1,382,000
	225,754,172	192,680,793

31.1 Trade Creditors

	2020	2019
Construction	18,453,092	17,930,695
Scrap Project	7,966,135	632,635
Other Supplies	21,806,338	36,457,503
	48,225,565	55,020,833

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the financial statements (contd)

(all amounts in LKR)

31.2 Accrued Expenses

	2020	2019
Accrued Lieu Lieu Payment	797,384	881,345
Accrued SMIDEX Exhibition Expenses	-	682,127
Advertisement Expenses	26,163	593,798
Bonus Payment	6,912,000	1,606,000
Casual Wages Payable	931,862	939,442
Electricity	806,538	1,035,022
Holiday Pay	223,452	189,345
Lodging Expenses	8,400	-
Miscellaneous	242,684	3,276
Newspapers and Periodicals	29,240	-
Other Metirials	5,330	297,453
Overtime	2,928,496	2,561,950
Postage & Telegrames	605	-
Rate & Taxes	12,934,313	12,933,130
Rent - Building	899,972	731,500
Stationery	120,288	-
Telephone	681,494	855,867
Trainees Allowances & Days Pay	208,800	146,050
Traning Programme	443,378	807,375
Travelling and Subsistance	472,673	1,139,420
Turnover Tax	246,728	246,728
Unutilized Medical Leave Encashment Payable	24,280,646	18,662,821
Water Charges	403,060	484,237
	53,603,506	44,796,885

6 AUDITOR GENERAL'S REVIEW ON FINANCIAL STATEMENTS



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

My No. IMT/A/IDB/FA/2020/16

Date: 03rd November 2021

Chairman,
Industrial Development Board of Ceylon

Report of the Auditor General on the financial statements of the Industrial Development Board of Ceylon for the year ended 31st December 2021 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Qualified Opinion

The Audit of the financial statement of the Industrial Development Board for the year ended 31st December 2021 comprising the statements of financial position as at 31st December 2021 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and notes to the financial statements including the summary of significant accounting policies, was carried out under my direction in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of the National Audit Act, No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion the accompanying financial statements give a true and fair view of the financial position of the Board as at 31st December 2021 and of financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards except for the impact of the facts described in the section on the basis for the factual opinion in my report.

1.2 Basis for Qualified Opinion

- (a) The useful life of assets should be reviewed at least every financial year in accordance with paragraph 51 of Article 16 of the Sri Lanka Accounting Standards (LKAS 8) Property and Equipment and the effective life expectancy differs from previous estimates if any: Should be accounted for but the current use cost which is fully depreciated by January 01, 2020 is Rs. 239,502,566 Property Lifespan of Plant Equipment had not been reviewed and accounted for accordingly.
- (b) In accordance with paragraph 42 of Sri Lanka Accounting Standards 08, the errors in the cumulative depreciation calculation for the previous year should be corrected after the institution finds errors in the previous period and corrects the cumulative depreciation for the previous year as a result of non-compliance with the depreciation of the previous year. Depreciation Rs. 531,412 less and the profit for the year were higher than that.

(c) The amount of Rs. 5,078,897 worth of food laboratory equipment for the year under review, Rs. 425,476 had not been accounted for.

(d) As at 31 December 2020, the revenue in 18 states and the receivable rental income as well as the proceeds from the sale of scraps should be Rs. 6,265,660, Rs. 2,108,291 and Rs. 261,917 respectively according to financial statement and schedule of industrial estate and there were changes.

I conducted the audit in accordance with the Sri Lanka Audit Standards of Conduct (SLAS). My responsibility under these Audit Standards is further elaborated in this section on the Auditor's Responsibility for Financial Publications Audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conditional opinion.

1.3 Other information included in the Company's 2020 Annual Report

Information includes in the Company's 2020 Annual Report that you wish to provide me with after the day of this audit report, but other information that is not included in the Financial Publications and my audit report on it is meant by other information. Management is responsible for this other information. My views on financial publishing do not cover other information and I do not publish any warranty or opinion on it.

My responsibilities in relation to my audit of financial publications are to read any other information identified above as available and to consider whether my knowledge of other information obtained during financial audit or any other form of audit is inconsistent with that quantity.

If you read the Company's 2020 Annual Report and conclude that it has quantitative errors, you should communicate those matters to the governing parties for correction. If there are any further errors which are not corrected, they will be incorporated in the report to be tabled in Parliament in due course in accordance with Article 154 (6) of the Constitution.

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

Management is responsible for the preparation of the financial statements that give true and fair view in accordance with Sri Lanka Accounting Standard 0073 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If I conclude that there exists a material uncertainty, I am required then to draw attention in my Report, to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

2. Report on Other Legal and Regulatory Requirements

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

2.1.1 I was able to obtain all the information and explanations required for the audit and as far as appears from my examination except for the impact of the facts described in the section on the basis for the factual opinion in my report, I was unable to observe that proper accounting records have been kept by the Council as per the requirement of Section 12(a) of the National Audit Act, No. 19 of 2018.

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 except paragraphs 1.2 (b) (c) and (d) of this report, includes all the recommendations made by me in the previous year as per the requirement of Section 6(1)(d)(iv) of the National Audit Act, No.19 of 2018.

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

2.2.1 To states that any member of the governing body of the Council has any direct or indirect interest in any contract entered into by the Council which is out of the normal course of business as per the requirements of Section 12 (d) of National Audit Act No. 19 of 2018.

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

Laws / Rules / Regulations	Comments
Recruitment Procedure of the Board	
Recruitment Procedure of the Board approved in the year 2013	I. An officer who has not fulfilled the qualifications mentioned in the approved recruitment scheme will be recruited to the post of Marketing Director from 26th June 2015 to 31st December 2020 at a cost of Rs. 9,229,428 had been paid as salaries and allowances II. An officer who was the Deputy Director (Enterprise Development) had been recruited with effect from 01st January 2013, even though he did not meet the qualifications mentioned in the approved recruitment scheme. From then until September 2020, the difference between salaries and allowances in the two posts was approximately Rs. 3,977,595.

2.2.3 to state that the Board has not performed according to its powers, functions and duties as per the requirement of Section 12(g) of the National Audit Act, No.19 of 2018.

2.2.4.to state that the resources of the Board had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12(1) of the National Audit Act, No.19 of 2018 except for the following observations:

In pursuance of the Procurement Committee decision of 2017 December 13, it had been decided to get the constructions of the Gampaha District Office done by the Department of Buildings for an estimated sum of Rs. 38,139,000.00 since the time available was not sufficient to call for tenders. It had also been recommended to construct only the ground floor for a sum of Rs. 11,656,000.00 (excluding VAT and contingencies) out of the estimate. Accordingly, the construction contract had been awarded to the Department of Buildings on 2017 December 17, however, the assigning of the contract for a sum of Rs. 26,379,710.00 (without VAT) to a private construction firm had been delayed until 2019 January 21. Despite payments of Rs. 2,914,000.00 and Rs. 2,964,640.00 had been made on bills as advance and after a lapse of two and a half years since the award of the tender, only the foundation suitable to build a two-storied building has so far been laid as a result of the decision of the Management of the Board to alter the structure of the building. Although the contract had been awarded to a State institution, it had been so awarded at a high price without calling for tenders at a time when sufficient funds were not available in the Board and no agreement had been entered into with the Department of Buildings.

2.3 Other Audit Observations

- (a) The Board has not been able to acquire ownership of the 1.2953 hectares of land established by the Board and the 13 acres, 03 Roads and 34 perches of land on which the Regional Offices are located. Although the property has a large commercial value, it has not yet been possible to calculate the value and include it in the board's financial statements. Private businesses are operating on 3/4 of the land on which the new office building is located on the land where the office is located, and the board has failed to collect any rent or building rent from them.
- (b) The Board owns 761 plots of land in 18 states, and as of December 31, 2020, 90 parcels of land remained vacant due to non-distribution to industrialists. Also, 47 plots of land in 14 states were closed due to non-operation of industries. Out of the 43 plots allotted for industries in 03 states, 11 plots were used for residential purposes.
- (c) Cabinet decision No. BMP / 16/1424/723/039 provides for the establishment of the Center of Excellence for Robotics and for the renovation of the Ceylon Industrial Development Board building at a cost of Rs. 40 million by March 2018, it had purchased four robotic machines, valued at about Rs. 40 million. Although the executive officer recruited to implement this will receive a monthly stipend of Rs. 725,000 each as salaries and allowances totaling Rs. 11 million had been paid, the company had not been registered, recruited the required staff and commenced operations. Due to the failure of this, this center which was under the Ministry of Industries was transferred to the Ministry of Science and Technology by the Gazette Notification dated 28th December 2018 2013/14 and again under the Ministry of Industries from August 2020. Despite this situation, it was decided to move the machinery at this center to Trace City, Colombo 10, as per Cabinet Decision No. 20/1725/320/025 dated November 16, 2020.

From the date of purchase, it was revealed that these robots and their accessories were still idle by August 30, 2021, the date of the audit, and were subject to internal corrosion and could not be activated due to the inclusion of passwords for some software. Although the Center of Excellence for Robotics was established with the aim of encouraging, developing and assisting Sri Lankan industries, it has not yet done so.

- (d) Purchased at the Robotics Technology Center on August 2, 2019 The CNC Lathe & Milling Machine (CNC Lathe & Milling Machine), valued at Rs. 35,788,924. At the time of evaluating its specifications, it was stated that the 5axis milling machine would require a specialized engineer to design and execute complex tasks, and if not, the relevant machinery would be inactive or underutilized, but so far no engineer has been recruited for the augmentation. Officers were also not given training to do so.
- (e) Although the Ceylon Industrial Development Board (CIDB) has issued a guideline on scrap metal management in 2013 stating that the scrap metal should be distributed to small and medium scale industrialists on a fair basis. 43,382,731 pieces, 52% of which are Rs. 22,453,167 to three industrialists who did not request or recommend a transformer, 48 percent or Rs. 20,929,564 were given to 09 industrialists. Also, out of 40,150 liters of Transformer oil purchased, 15,000 liters, which is 37 percent, was given to a non-small and medium scale industrialist.

Also, 1,062,816 kilos of scrap metal of 06 types had been sold but out of the 61 manufacturers who applied for them, 14 industrialists who applied for 1,455,000 kilos did not receive anything and 21 manufacturers who did not demand the item were given 35,755 kilos. Although 14,970 liters of Furnace Oil was sold, only 12 out of 40 manufacturers who applied for it were given the defective material and 44 out of 296 manufacturers of total metal were not given any defective items.

- (f) The Food Laboratory was set up with the objective of providing business laboratory testing services to small and medium scale industrialists to enhance business development and improve the quality of food products in the local and international markets. Out of the 246 test reports received by the Food Laboratory during the period from December 2019 to December 31, 2020, despite earning Rs. 2,380,630, the laboratory was not operating independently but in conjunction with another external entity, which had to pay 80 per cent of the proceeds to the outsourcer.
- (g) Arrangements should have been made to purchase equipment suitable for installation by the time the construction of the Microbiology Laboratory on the first floor of the Food Laboratory is completed, but these equipments were purchased in the year 2019 at a cost of Rs. 203,670 worth of equipment was still lying idle on the ground floor with packages by the end of July 2021.
- (h) For distribution to Wankane in Mannar District and Pansalgoda villages in Hambantota District under Enterprise Village Development Programs the value of Rs. 5,556,411 items were stored at the Ceylon Industrial Development Board District Offices by the end of July 2021 without being distributed among the beneficiaries. Purchases under this program, 12 items worth Rs. 431,983 had become unusable due to non-delivery to the recipients on the due dates.
- (i) Although the contract for the construction of the Gampaha District Office was handed over to the Building Department on December 19, 2017 at an estimated cost of Rs. 38,139,000, the Building Department has awarded the handing over of the contract for a VAT free amount of Rs. 26,379,710 had been delayed until January 2019. Due to the decision taken by the management of the board to construct only the first floor of the building, an advance of Rs. 2,914,000 and Although Rs. 2,964,640 had been paid through bills, four years had passed since the tender was awarded by June 2021, but only a suitable foundation had been laid for the two-storey building. Tenders will be called again on 26th June 2021 and on 5th August 2021 Rs. 15,035,958 (VAT free) had been awarded to another private contractor in another 186 days for the ground floor construction contract

and the Board had not taken any action regarding this breach of contract and breach of contract. Also, the construction work had commenced when the legal ownership was not in the possession of the Board and no action had been taken to take over the land.

- (j) Under the 'Nanwamu Lanka' National Program, training programs are conducted to select recipients from all over the island based on appropriate criteria such as unemployment and poverty and purchase the necessary equipment and machinery for their businesses from the District Secretariats of Ceylon Industrial Development Board to the Deputy Director. The Director, along with other agencies involved in the program, was required to distribute the items to the recipients. Accordingly, goods worth Rs. 55.8 million purchased before the end of March 2019 and before March 2020 were brought to the Industrial Development Board Grant Office through an internal note sheet dated August 18, 2020 for distribution to the recipients of the Badulla, Matale and Kandy Districts. Administrative, training and other expenses in this regard amount to Rs. 16,772,403. Although training programs have been conducted island wide, so far the items have not been distributed to the beneficiaries and have been idle in several warehouses beyond their warranty period.
- (k) In order to improve the quality of products of small and medium scale industrialists, reduce waste, streamline the production process and reduce production costs, Providing training and technical advice to 28 industrialists up to February 2020 from the rubber injection molding machine purchased at a cost of Rs. 9,318,026 had earned an income of only Rs. 63,000.

Also, although this machine was a production type of machine, no manufacturing work had been done other than training since the day of purchase. Due to the fact that I did not operate the machine after February 21, 2020, it was inactive until the audit date of July 30, 2021. The Board had also lost the available revenue due to the non-implementation of a program to obtain a contribution to the production of this high capacity machine.

- (l) It was revealed that there were 64 rubber related machinery at the Peliyagoda Rubber Product Development and Service Center and 24 of them had been inactive for a period of 1 to 36 years and not a single machine had been used since the date of purchase.
- (m) The Bamboo Tree Project was initiated jointly by the Ceylon Industrial Development Board and UNIDO with the primary objective of generating marketable quality products in cost effective quantities using bamboo wood, with a positive impact on income, employment and livelihood. In the year 2019, Rs. 7,438,682 for conducting 5 workshops for 18 recipients and providing Rs. 2,349,199 worth of kits were distributed in July 2020. Due to the difficulties in obtaining bamboo timber to achieve the main objectives of the project, the high cost of transporting bamboo logs, the difficulty of using the equipment provided, etc., the production of cost effective quality goods was a difficult task for the beneficiaries as their income increased or their livelihood increased. The impact had been lost. It was also hoped that the project would provide generosity to 320 identified beneficiaries and direct benefits to 60 raw material suppliers, but this did not happen.

A secondary objective of this project is to establish a training center for the manufacture of bamboo products and a building at the Laksala carpentry factory will be constructed. The US Dollars 101,130 worth of machinery, which was repaired at a cost of Rs 273,360 and provided by UNIDO, was installed in the building on May 28, 2020, but the machinery remained inactive until the audit date of June 30, 2021, for training in bamboo products.

- (n) Although the sales division was set up with the objective of dealing with the product marketing process of small and medium scale industrialists, promoting services, and assisting in establishing relationships with future markets, 04 out of 08 activities were not carried out during the pilot quality test. Of the four operations carried out, the efficiency of supplying the scrap metal required by the industrialists was 66 per cent, while the efficiency of the other three operations was between 6 and 20 per cent. 95% of the sector's revenue was derived from the sale of scrap metal, which did not focus on achieving other objectives of the sector.
- (o) Although the Engineering Division was established with the objective of developing the Facilitation Facilities for the local metal industry, including the technical assistance to other divisions of the Board, the provision of technology for the needs of the rural pioneers, the preparation and preparation of quality reports and appraisals for industries, the work activities of this Division included 14 percent of 5 tasks within 0 percent and progression of other tasks ranged from 16 percent to 39 percent.
- (p) Peliyagoda Rubber Development and Development with the primary objective of introducing rubber products projects, facilitating the development of rubber products, quality testing and testing, supply of chemicals, supply of latex compounds, synthetic and natural rubber compounds and technical training in the production of rubber products. Although the service center was set up, 2 out of 08 operations were not carried out during the test of quality and the quality of 03 was less than 50 percent.
- (q) According to the recruitment procedure of the Board, the post of Business Development Officer is a Junior Management level post but based on a court decision 55 officers have been given the level of Central Management as Business Management Manager but the approval of the Department of Management should be obtained on 30th July 2021. As of that date, that approval had not been obtained.
- (r) Although an acting appointment should be made only on a temporary basis until a permanent appointment is made, by the end of the year under review, 12 officers, including 08 Assistant Directors, had been appointed, out of which 8 officers had a term of more than 2 years.
- (s) Towards the end of the year under review, Rs. 64,219,945 out of the upfront advance which could not be recovered from 2009 to 2019. Rs 16,880,725. Of this, upfront payment of Rs. 28,192,542 out of which paid for purchasing scraps, Rs. 6,474,386 could not be recovered.
- (t) As at 31st December 2020, the total income for more than two years is Rs. 18,578,830 in arrears from trade debtors and other outstanding balances. The company had not taken action to settle the balance of Rs. 22,568,529.

W.P.C. Wickramaratne
Auditor General