



ANNUAL REPORT - 2021

Industrial Development Board of Ceylon

Contents

List of Acronyms.....	1
(01) Institutional Profile.....	2
1.1 Institutional Information	2
1.2 Vision, Mission, Core Values and Objectives of the Institution	3
1.3 Members of the Board of Directors – 2021	5
1.4 Functions and Organizational Setup.....	6
1.5 Organizational Chart	7
1.6 Main Divisions of the Board :-.....	8
(02) Management Reviews	9
(03) Performance – 2021	12
3.1 Centre to Facilitate Industrial Development in Hambantota	13
3.2 The casting industry is moving towards innovation.....	14
3.3 Operations of the Phase II of the Pannala Industrial Estate begins	15
3.4 Signing a MOUwith the Spices and Allied Products Marketing Board.....	15
3.5 A National Program for Industries “DayataPunarudayakKarmantayataJeewayak”	16
3.6 Other Special Programmes / Projects	17
3.7 Physical Progress– 2021.....	18
3.8 Future Plans for the Year 2022	19
(04) Divisional Progress Highlights.....	21
4.1 Regional Development Division.....	22
4.2 Administration Division	26
4.3 Engineering Division	30
4.4 Industrial Estates Division	37
4.5 Technical Services Division (TSD)	45
4.6 Planning Division.....	51
4.7 Centre for Entrepreneurship Development and Consultancy Services (CEDACS)	55
4.8 Marketing Division.....	60
4.9 Centre for Development of Leather Products and Footwear.....	65
4.10 Rubber Products Development and Services Center	70
(05) Financial Review	75
5.1 Comprehensive Statement of Financial Position	77
5.2 Comprehensive Statement of Income	78
5.3 Statements of Changes In Equity.....	79
5.4 Statements of Clash Flow	80
5.5 Significant Accounting Policies and Notes to the Financial Statements	81
(06) Auditor General’s Review on Financial Statements	106

LIST OF ACRONYMS

AD	- Administration Division
ADB	- Asian Development Bank
ATRDC	- Appropriate Technology Research & Development Centre
BPVB	- Boiler and Pressure Vessel Board of Ceylon
BSC	- Brassware Services Centre
CDLPF	- Centre for Development of Leather Products and Footwear
CECB	- Central Engineering Consultancy Bureau
CEDACS	- Centre for Entrepreneurship Development & Consultancy Services
CNC	- Computer Numerical Control
CSC	- Common Service Centre
CTB	- Ceylon Transport Board
DS	- Divisional Secretary
ED	- Engineering Division
E-commerce	- Electronic Commerce
EPC	- Electroplating Centre
FD	- Finance Division
GDP	- Gross Domestic Products
HODs	- Head of Divisions
HRD	- Human Resources Development
HRM	- Human Resources Management
ICT	- Information and Communications Technology
IDB	- Industrial Development Board
IED	- Industrial Estates Division
ILO	- International Labour Organization
ISO	- International Standards Organization
IT	- Information Technology
JCEC	- Joint Commission for Economic Co-operation
JICA	- Japan International Cooperation Agency
KPIs	- Key Performance Indicators
Ltd	- Limited
MD	- Marketing Division
MFIF	- Medium Frequency Induction Furnace
MOU	- Memorandum of Understanding
MSMEs	- Micro, Small and Medium scale Enterprises
MT	- Metric Ton
NAITA	- National Apprentice and Industrial Training Authority
NBT	- Nations Building Tax
NMRA	- National Medicines Regulatory Authority
NVQ	- National Vocational Qualification
OEM	- Original Equipment Manufacturer
OG	- On Going
PD	- Planning Division
PPP	- Private Public Partnership
RDD	- Regional Development Division
RPDSC	- Rubber Products Development and Services Centre
R&D	- Research and Development
SCX	- Sub-Contracting Exchange
SDG	- Sustainable Development Goals
SEM	- Search Engine Marketing
SEO	- Search Engine Optimization
SL	- Sri Lanka
SLS	- Sri Lanka Standards
SLSI	- Sri Lanka Standards Institution
SMEs	- Small and Medium Enterprises
SMIs	- Small and Medium Industrialists
SoP	- Scheme of Promotions
SoR	- Scheme of Recruitments
TSD	- Technical Services Division
UNIDO	- United Nations Industrial Development Organization
UNOPS	- United Nations Office for Project Services
USAID	- U.S. Agency for International Development
Vat	- Value Added Tax
We-Fi	- Women Entrepreneurs Finance Initiative
WHO	- World Health Organization

(01) INSTITUTIONAL PROFILE

1.1 Institutional Information

Name of the Institute	:	Industrial Development Board of Ceylon
Address	:	No. 165, Galle Road, Katubaddha, Moratuwa
Registration	:	Industrial Development Act No. 36 of 1969
Legal Form	:	Statutory Board
Line Ministry	:	Ministry of Industries
Telephone Nos.	:	0112605111
Fax No.	:	0112605111
E.mail	:	dg@idb.gov.lk
Website	:	www.idb.lk
Auditor	:	Department of Auditor General

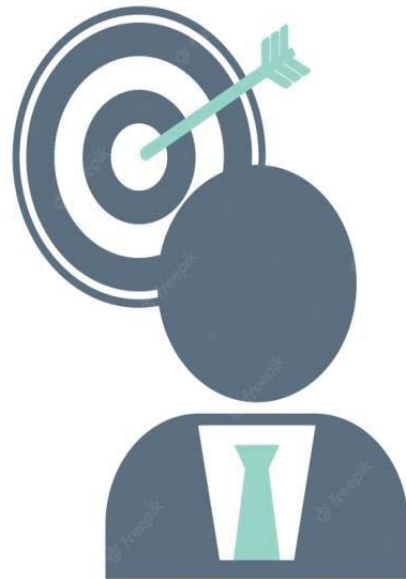
The Industrial Development Board (IDB) is the key implementing arm and leading institution entrusted with the responsibility of development of industrial sector in the country. IDB is also responsible to provide financial assistance for industrial enterprises to promote institutions engaged in industrial development and to provide technical and administrative assistance for the expansion of industry sector.

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

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

VISION

“DEVELOPMENT OF ALL INDUSTRIES ALL
OVER SRI LANKA”



MISSION

“PROVIDE THE STRATEGIC, TECHNOLOGICAL & COMMERCIAL
FOUNDATION NEEDED TO ENCOURAGE, PROMOTE & DEVELOP ALL
INDUSTRIES ALL OVER SRI LANKA”

CORE VALUES

- Customer services:

“Going above and beyond to keep the customer happy”

- Accountability and integrity:

“Being responsible for an action & commitment to honesty”

- Learning and development:

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

- Team work:

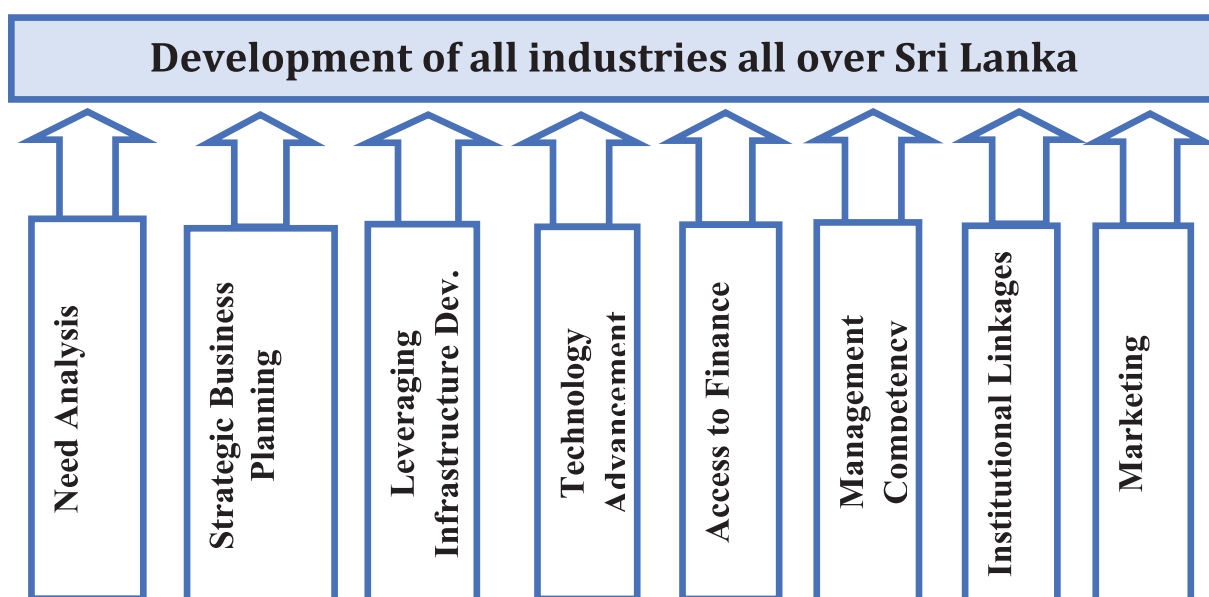
“Collaborative effort of to achieve a common goal”

MAIN OBJECTIVES

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

- To assist in the encouragement, promotion and development of industries in Sri Lanka.
- To assist in the proper co-ordination and in the interrelated growth of all industrial undertakings in the private and public sectors of the economy of the country.
- To foster industrial research with the object of utilizing the natural resources of Sri Lanka, improving the technical processes and methods used in industries and developing appropriate technologies and equipment for local industries, and discovering processes and methods for the better utilization of waste products.
- To foster the export of local industrial products to overseas markets.
- To 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



1.3 Members of the Board of Directors – 2021

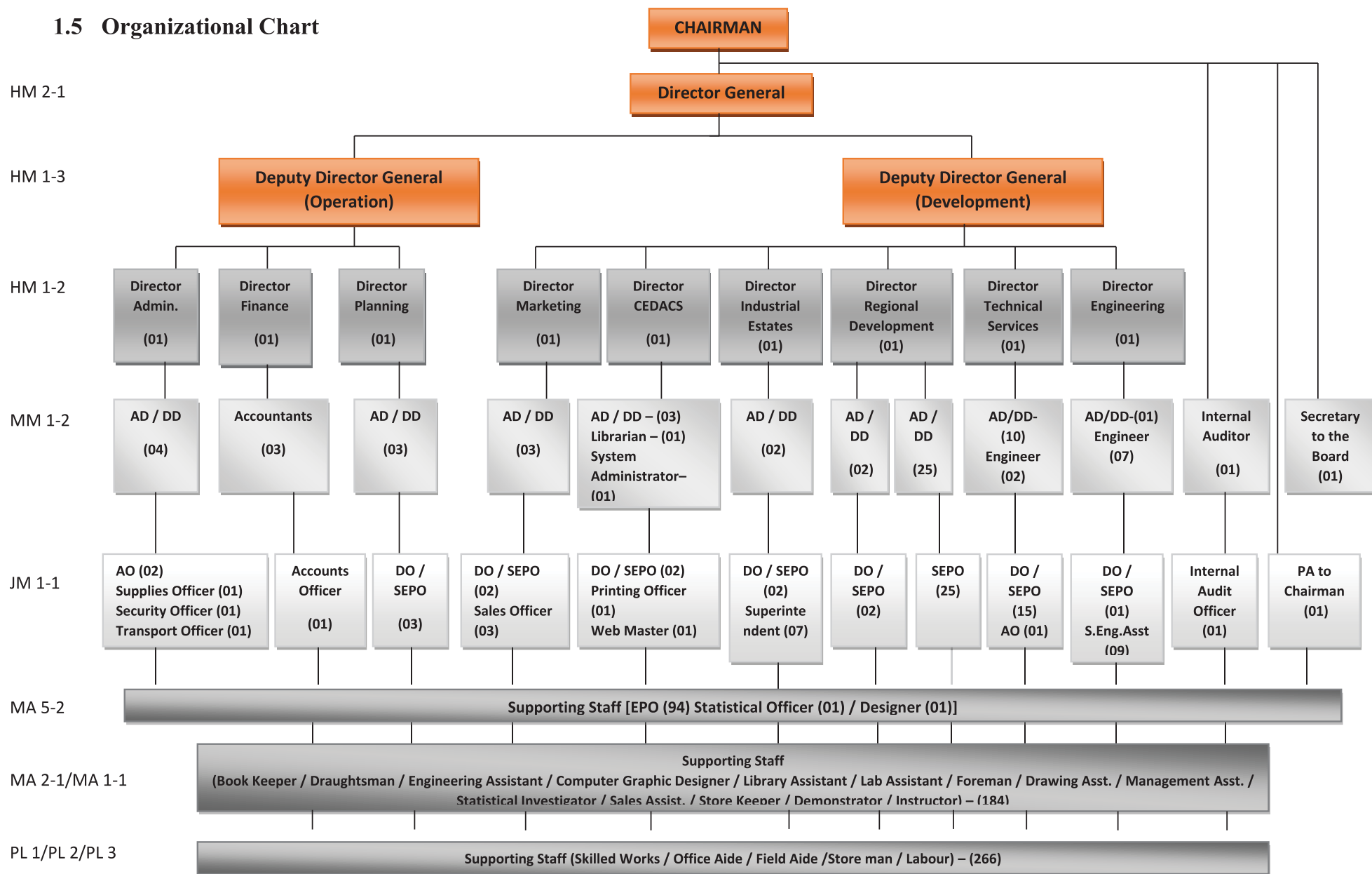
Se. No.	Name	Designation	Institution	Period	
				Appointment Date	End date of the Appointment
01.	Mr. Upasena Dissanayake	The Chairman	Industrial Development Board	01.01.2020	24.03.2022
02.	Mr. Chathura Mohottigedara	Ex-Officio of the Board	Ministry of Finance	27.01.2021	24.03.2022
03.	Mr. K.G.R.G.R. Wickramawardana	Ex-Officio of the Board	Department of National Planning	28.08.2020	24.03.2022
04.	Mr. Aloka N. Wahalawatta	Member of the Board	-	01.01.2020	24.03.2022
05.	Dr. Sarath Buddhadasa	Member of the Board	-	01.01.2020	24.06.2021
06.	Mr. A.A.N. Buddhika Wimalasiri	Member of the Board	-	01.01.2020	24.03.2022
07.	Mr. M.R. Wimal Jayawardhana	Member of the Board	-	01.01.2020	24.03.2022
08.	Mr. H.R.P. Peiris	Member of the Board	-	01.01.2020	24.03.2022
09.	Mr. K.Athula Haputantri	Member of the Board	-	15.12.2021	24.03.2022
10.	Mr. N.G.Panditharathne	Observer of the Board	Ministry of Industries	22.01.2021	24.03.2022



KEY SERVICES AND FACILITIES PROVIDED FOR THE INDUSTRIES BY THE INDUSTRIAL DEVELOPMENT BOARD



1.5 Organizational Chart



1.6 Main Divisions of the Board :-

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

The entire functions carried out by the divisions of IDB are categorized under operational and development activities. The operational divisions are Planning, Administration and Finance Divisions. The rest of the divisions are carrying out the development activities of the Board. The network of 25 District Offices is functioning under the Regional Development Division and 16 Industrial Estates are functioning under the Industrial Estates Division. The Engineering and Technical Services Divisions provide services in relation to product development, process development, and transfer knowledge in order to facilitate local entrepreneurs in respective sectors.

(02) Management Reviews



CHAIRMAN'S MESSAGE



As the prime state organization established for promoting and developing Micro, Small and Medium Scale Enterprises (MSMEs) for nearly five decades, I was honored and esteemed to write to you in the annual report of the Industrial Development Board (IDB) of Ceylon, for the financial year 2021.

During the year, we have faced with some of the most unprecedented challenges, but effectively managed each one of them with exemplary dexterity. These past few months have been a testing time for everyone, particularly those who have struggled with the health impacts of COVID-19. We

moved rapidly to adapt ourselves for the situation of the country and with the support, guidance and assistance of the Ministry, IDB has initiated and executed many programmes and projects to provide assistance for the potential industrialists by enhancing the quality of customer services. Further a disciplinary cost management system was used when utilizing the Ministry funds provided for projects and laid the strategic foundation for future growth and profitability.

This year IDB has continued its focus on enhancing the operations of the divisions by modernizing and updating the strategies used through the Action Plan. This was all part of an effort to provide the best possible experience for our valued industrialist network and a strong return to the Country. Our success of this fiscal year was driven by several key factors including diligent oversight and control of expenses, providing training programmes and direct financial support for the entrepreneurs through offering customer value in all service categories. Since today's world is changing politically, socially, technologically and economically faster than expected by making things further unpredictable, few decisions on projects we considered once and thought to be fixed were all being challenged.

In 2021, the Board worked hard to maintain and extend the strong industrial culture across the industrial network of the country. In particular, the Board continued to focus on its own engagement and effectiveness through various efforts including regular evaluation, professional development and improving processes and practices. Additionally, under the ongoing projects, reactivation and modernization of infrastructure facilities in Industrial Estates of IDB, accredited food laboratory and village development programme were commenced. Further IDB focused on enhancing the operations through renewing and upgrading the strategies to boost the performance in the current year and continue to influence our margins in the future as well. More descriptive details of our efforts are described at the section of divisional highlights of this report. Since we established to serve SMEs with the highest levels of convenience, transparency and respect, we really appreciate the trust they have placed in us and look forward to maintain a long term relationship with them.

Finally, on behalf of the Board, I also take this opportunity to thank the Minister of Industries, Hon. Wimal Weerawansa for sincere commitment, guidance and assistance given us to make our efforts a smart reality. Further, the results we have achieved are due to the hard work and dedication of the entire IDB staff that richly deserve our appreciation.

Upasena Dissanayake
Chairman - Industrial Development Board

DIRECTOR GENERAL'S MESSAGE



The year 2021 was a consolation year for many local industries, which were mostly devastated by the Covid- 19 pandemic and so can be considered as “the year of resilience” to revamp their businesses to make their annual financial statements more favorable. Honoring the containment of the local industries during the hard and difficult times, I would be glad to add remarks to the efforts made by the Industrial Development Board, working hand in hand with the Sri Lankan industry throughout the pandemic period. Like many organizations IDB had to opt for redefining the corporate strategies in the service delivery to industries, aligning with the unanticipated industry requirements and challenges.

IDB has enhanced its involvement in developing the automotive component industry in coordination with the Ministry of Industries. Considering the great potential of this particular industry sector Ministry was able to declare a National Handbook for Standard Operating Procedures for the automotive industry in January this year. IDB as the implementation arm of the process has extended the fullest support to local automotive component manufacturers and automobile assembling Companies to elevate the value addition to local produces and ensure a high level of standards on par with OEM standards.

The second phase of Pannala Industrial Estate was declared open with the patronage of the Hon Minister and it would become an ample opportunity for exporters to gain the comparative advantage of closer proximities, especially the International Airport.

With the import restrictions, imposed by the government for selected goods, with the intention of promoting the manufacture of import substitutions, the office network of IDB has aligned its training programs and promotional campaigns to encourage value additions and quality improvements of local goods. In line with this concept, the technical services programs of IDB were carried out to introduce and produce locally as well as globally competitive homegrown products. Rubber and leather product development centers have aligned their product developments and services with the newly installed Medium Frequency Induction Furnace. The Engineering Casting Division has been empowered to become exemplary to give leadership to many local flagship metal casting manufacturers. This will inevitably be a pivotal industry arm, complemented with other workshops and high-tech facilities to set benchmarks for metal-based local manufacturers including local automobile component manufacturers.

Also under the direction of the chairman and the board, IDB staff has performed to record a positive income figure for the year despite numerous challenges.

I take this opportunity, to express my sincere gratitude to Hon. Wimal Weerawansa, the Minister of Industries, for the visionary leadership and consistent industry dialogues.

Also, I am grateful to the secretary, Additional secretaries, senior officers, and the staff of the Ministry, on behalf of IDB for their guidance and great facilitation of the institutional functions.

I also express my gratitude to the Chairman and the directors of the Board of IDB, for the leadership and strategic direction given throughout to support revamping businesses of local industry. I would also immensely appreciate the senior management team and the staff of IDB for their commitment and endeavors to make institutional operations rather successful, despite the unprecedented challenges encountered, owing to the devastating pandemic issues.

P.L.U. Rathnamalala
Director General

(03) Performance – 2021



PROGRESS AS AT 31ST DECEMBER 2021

The COVID-19 pandemic is the most significant health crisis that the world has faced in the past 100 years. It has disrupted our way of living with unprecedented consequences for our daily lives, including how we work and learn. According to estimates from the International Labour Organization (ILO), 14 per cent of working hours were lost globally and it is an indication of a massive disruption to labour markets around the world. This has been severely affected for the industrialists as well. The ongoing corona virus disease (COVID-19) pandemic has resulted in sudden changes in the macro environment and market behaviour, making most enterprises urgently reconfigure their business models to cope with changes following the COVID-19 outbreak. SMEs are experiencing widespread business impacts due to COVID-19. Entrepreneurs and their businesses are economic engines of a country; they provide essential sources of new jobs and innovations for the economic growth. The Industrial Development Board assists the potential entrepreneurs in emerging economies to bring their ideas to the market, create new jobs and reduce poverty. Further, the Board is responsible to design and implement strategies with regard to the entrepreneurship development, promote, encourage and facilitate the local industries especially Micro, Small and Medium scale Enterprises (MSMEs). It also demonstrates the power of entrepreneurship to trigger wider social benefits by stimulating economies and delivering products and services that improves the lives of thousands of entrepreneurs. With a view to utilizing these emerging opportunities using the existing resources IDB has implemented strategically effective policies throughout the year.

3.1 Centre to Facilitate Industrial Development in Hambantota



Source: Industrial Development Board Media Unit

Hon. Minister of Industries, Wimal Weerawansa, inaugurated a Facilitation Center at the Hambantota Port premises established under the “Smart One Stop Shop” concept. Secretary to the Ministry of Industries, Daya Ratnayake, Chairman of the Industrial Development Board, Upasena Dissanayake, and many other distinguished guests were present on this occasion. Most of the countries which have been achieved great strides in the industrial sector are being successfully implemented the “Smart One Stop Shop” methodology. Further steps have been taken to establish several industrial zones in the Southern Province in connection with the

existing airports, ports and express ways. Under the guidance of the Ministry of Industries, a “Smart One Stop Shop” has been set up at Hambantota Port in order to facilitate the local and foreign investors of the country. This concept would provide a great opportunity for the betterment of the industrial sector and further it provides an active contribution to the overall economic development especially for the Southern Province as well as the whole country.

3.2 The casting industry is moving towards innovation



Source: Industrial Development Board Media Unit

The newly installed Medium Frequency Induction Furnace in the Engineering Casting Division has officially commenced its operations. Initially at this occasion, molding orders received by the CECB, the Ceylon Railway department and the Norochcholai Power Plant has been begun to process. Further two electric heating systems with a capacity of 300 kgs and 500 kgs are used to melt high carbon steel, manganese steel, stainless steel, cast iron and ductile cast iron. This has arisen an opportunity to restrict the import of castings in order to increase the production of local castings and to acquire the appropriate technology for the casting industry. Further, currently it has enabled to meet the molding needs of government and private institutions as well.

3.3 Operations of the Phase II of the Pannala Industrial Estate begins



Source: Industrial Development Board Media Unit

Hon. Minister Wimal Weerawansa, the Chairman of Industrial Development Board Upasena Dissanayake, Director General and other officers of the Board laid the foundation stone of Ashok Machinery (Pvt) Ltd., Pannala as the initial industry established under the Phase II of Pannala Industrial Estate. Further it is proposed to start a metal crusher parts manufacturing products project at a cost of Rs. 200. As this project is an import substitution industry, it supposed save US \$ 2.5 million annually in foreign exchange.

3.4 Signing a MOU with the Spices and Allied Products Marketing Board



Source: Industrial Development Board Media Unit

Industrial Development Board has signed an agreement with the Spices and Allied Products Marketing Board under the State Ministry of Industries and Investment Promotion on Small Plantation Crop Development, to establish a Modern Spice Processing Factory and to provide

advisory services. The estimated cost of the project is 225 Mn and by the conformity IDB has agreed to provide all the technical advices required for the success of this project.

Therefore, the Chairman of IDB, Upasena Dissanayake, and Chairperson of the Spices and Allied Products Marketing Board Kumuduni Gunasekara, has signed the agreement. In order to grace the event the Secretary, State Ministry of Export Promotions and Small Plantation Crops Development Related Industries including Maize, Cashew, Pepper, Cinnamon Cloves and Betel, Rohan Abhayaratne, Additional Secretary, Thilaka Jayasundara, Director, Ransilu Watawala, Mr. Mahesh on behalf of the Spices and Allied Products Marketing Board, Director General (Cover) K.M.S.G. Mr. Bandara for Industrial Development Board and the Director Engineer Mr. Kapila Nishantha and a group of Engineers were present at the occasion.

3.5 A National Program for Industries

“DayataPunarudayakKarmantayataJeewayak”



Source: Industrial Development Board Media Unit

According to the Vision Policy Statement of the present Government, a National Program for Industries “Dayata Punarudayak KarmantayataJeewayak” is being implemented according to a concept of the Hon .Minister of Industries, Wimal Weerawansa, under the guidance and mentoring of the Chairman of the Industrial Development Board and over the supervision of the Director of the Regional Development Division. The main objective of this program is to empower small scale enterprises, improve the quality of their products by increasing their economic strength and create new employment opportunities. The distribution of equipment required for small scale entrepreneurs in the garment sector in the Colombo District has done under the patronage of the Hon. Minister of Industries Wimal Weerawansa with the participation of the Chairman of the Industrial Development Board and the Director General, at the Footwear and Leather Development Center. Approximately 120 equipment required for the garment industry were provided for 19 entrepreneurs engaged in this sector.

3.6 Other Special Programmes / Projects

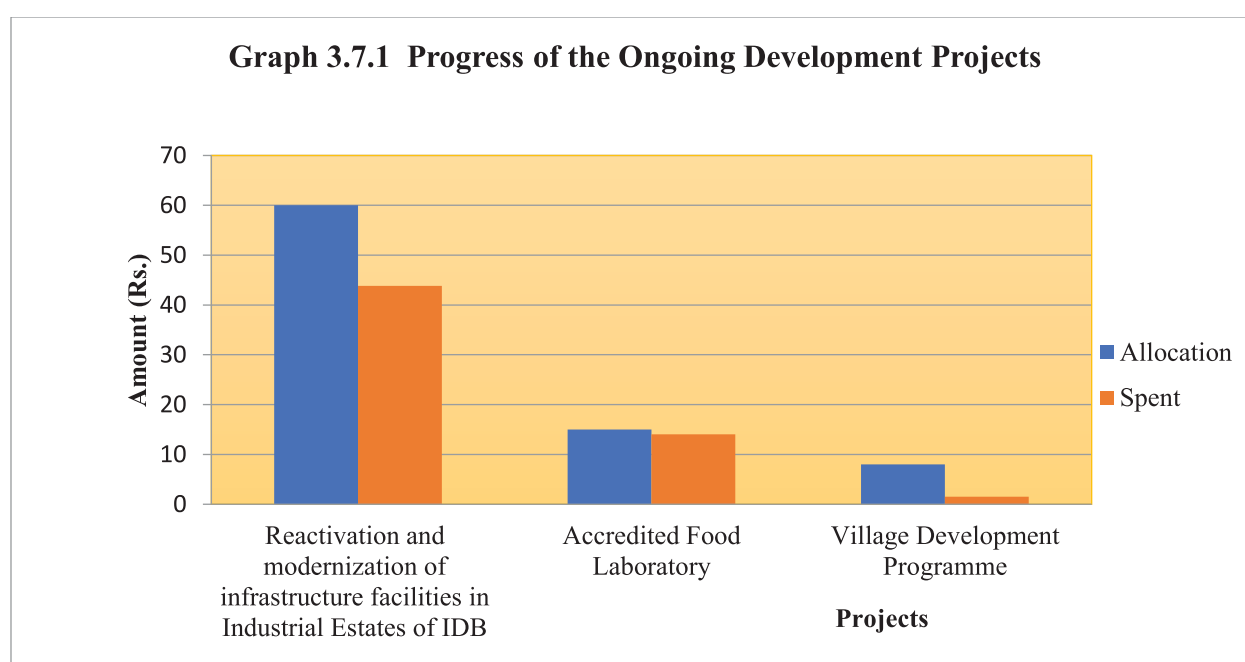
- ▶ Opening Bamboo Training and Development center funded by UNIDO.
- ▶ Modernizing the engineering foundry with advancement of technology by installation of induction furnace.
- ▶ Acquisition of the land of Panaluwa Industrial Estate which was a long overdue was resolved.
- ▶ Leather fairs were held Island-wide including at Diyatha Uyana fair to support local leather product manufacturers.
- ▶ Held trade fairs at Gampaha, Kandy, Kegalle, Anuradapura, Matara, Galle to support MSMEs badly affected by Covid 19.
- ▶ Completed first phase of Preparation of Industry Directory for local MSMEs.
- ▶ Enterprise Resource Planning information system was established at IDB for smooth, efficient and reliable operations.
- ▶ Local metal industries were assisted in exporting scrap metals by supervising and providing relevant recommendations.
- ▶ IDB joined hands with People's Bank to offer credit facilities for promising industrialists.
- ▶ Support to 250 local metal-based manufacturers by means of providing metal raw materials.

During the year under review the Board, through its functional divisions and the regional setup continued to provide a package of services for industrial development. They are, identifying new investment opportunities, preparing project reports and feasibility studies, providing infrastructure facilities in industrial estates, assisting the clients with technical and information services, conducting regular programmes for promoting investment and industry creation through transfer of technologies, identifying opportunities in marketing, and arranging sub-contracting work, initiating unemployed graduates to embark on industrial enterprises etc.

3.7 Physical Progress– 2021

Table 3.7.1: Progress of the Ongoing Development Projects

No.	Project	Spent (Rs/Mn.)	Financial Progress (%)	Physical Progress (%)
01	Reactivation and modernization of infrastructure facilities in Industrial Estates of IDB	43.80	73	95
02	Accredited Food Laboratory	14.02	93.05	85
03	Village Development Programme	1.50	19	60



In the year 2021, the Industrial Development Board has provided various assistance and supporting services to promote the business community in the country. Further the board is obliged to design and implement strategies with regard to the entrepreneurship development, promote and encourage the Micro, Small and Medium scale Enterprises (MSMEs). In order to achieve these objective and to expand the market to potential businesses locally and internationally, IDB has involved initiating and executing various programmes and projects with the amalgamation of the Ministry. As of the above graph, the project of “Reactivation and modernization of infrastructure facilities in Industrial Estates of IDB”, is the highest cost allocated ongoing project of the year and a considerable amount has spent for the project during

the year. Further, the ongoing project, establishment of “Accredited Food Laboratory” has indicated a 93.05% of a financial progress and the main objective of implementing this project is to promote and develop industries through provision of laboratory testing facilities and upgrade the quality of food products to local and international markets.

Table 3.7.2 : Progress of the Main Activities of the IDB

No.	Activity	Progress
01	Assistance to create new industries	199
02	Assistance to develop existing industries	325
03	Technology training programmes conducted	75
04	Entrepreneurship development programmes conducted	80
05	Provision of metal scraps for metal-based industries as raw materials	2377 MT
06	Provision of rubber compounds for rubber products manufacturing industries	37168 kg
07	Issuing food testing reports by the food laboratory	466 (Entrps.)
08	Providing marketing facilities through Lakkam sales centre	310 (Entrps.)
09	Providing engineering services towards machinery fabrication, valuation reports, CNC facilities, etc.	230 (Entrps.)

3.8 Future Plans for the Year 2022

► Reactivation and modernization of infrastructure facilities in Industrial Estates of IDB

- Allocation: Rs 65 M

90% of the planned infrastructure development activities in Galigamuwa, Negampaha, Ekala, Pallekele, Achchuveli, Vavuniya and Pannala Industrial Estates have been completed by the year 2021. Part of the internal roads and drains of the second phase of the Achchuveli Industrial Estate were constructed.

► Village Development Programme

- Allocation: Rs 10 M

► Food Laboratory

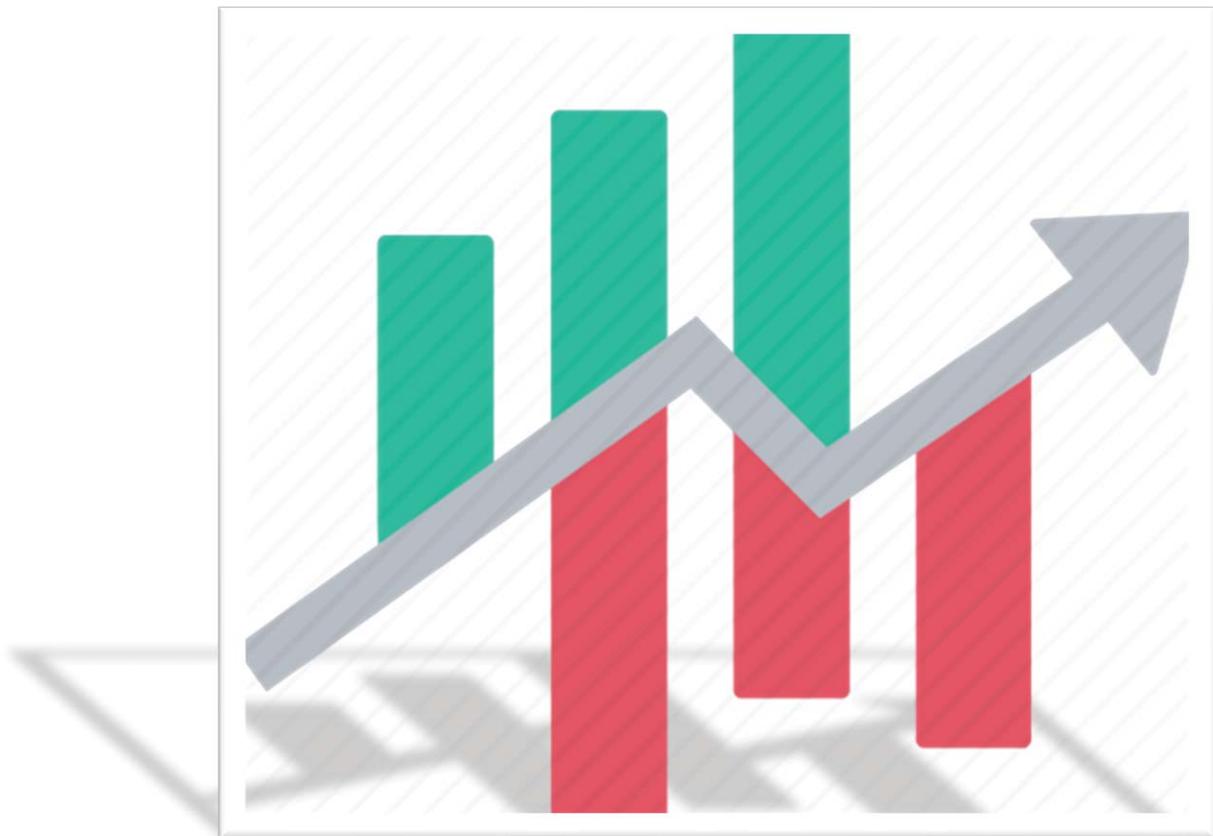
Food Laboratory Chemical Lab (Ground Floor) has commenced its operations in January 2020 and provides internationally accredited laboratory reports with SGS Lanka for food production (SLS / ISO standards, labeling requirements, nutrient composition testing, etc.). This year quality test reports have been issued for about 475 food samples, which are almost double compared to last year. It has provided services to about 145 industries and these test reports are used for both domestic and export markets.

► **Promoting industries for obtaining Organic Certification**

- The commitment of the government to expand the organic agriculture in the country is the main reason for IDB to introduce a financial assistance scheme for food processors/ handlers and traders/exporters in Sri Lanka to obtain organic certification. The project aims to encourage and promote organic certification by providing financial assistance and technical guidance.

Encouraging and empowering the industrial sector is an essential factor for any country to achieve economic success in the long run. In the year 2021, the IDB has involved in providing many supportive services to the business community of the country. Improving product quality, minimizing costs, increasing productivity and improving brand value are becoming more important for maintaining the competitiveness of our products in our both local and foreign markets. IDB's efforts have been focused mainly on encouraging and promoting Small and Medium Scale Industries (SMIs) due to their strategic importance for the growth of the national economy. In the light of the above, our foremost priority of the year was to bring the much needed reforms in the corporate culture of the IDB and reengineer the organization structure to modernize required human resources gearing up the IDB to shoulder this extensive responsibility.

(04) Divisional Progress Highlights



4.1 Regional Development Division

The Regional Development Division (RDD) directs and monitors the Development Programmes and extension activities conducted by the Regional Staff. The main objective of the Division is to assist the industrialists and entrepreneurs in the establishment and promotion of their business ventures in different parts of the country. RDD of the IDB functions with four prime pillars to strive the organization towards its targets. They are, identification of the status of the industrial economy of 25 districts, create new industries, promote and develop existing SMEs and to develop capability of RDD and Regional staff. In addition, preparation of Regional Industrial Economic Reports, establishment of new SMEs, establishment of Micro Industries, development of existing SMEs, introduce and promote SMEs as Export Ready Companies are few other major activities carried out by the Division.

4.1.1 Success through the Action Plan 2021

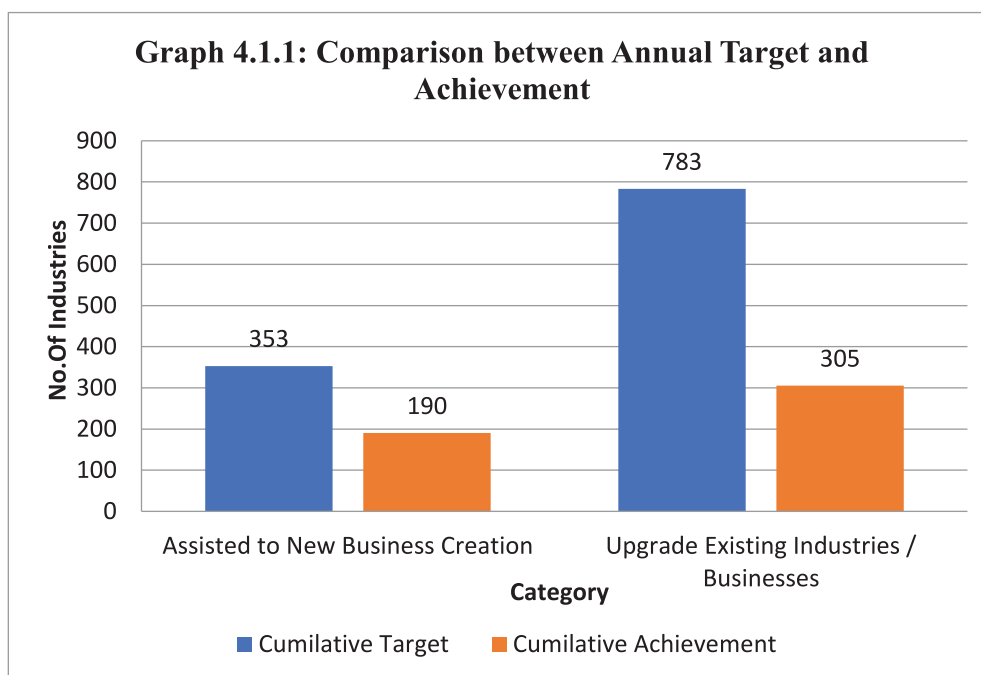
The Action Plan of the Regional Development Division, for the year 2021 was implemented by all twenty five(25) District Offices and achieves the given targets while facing the unexpected COVID-19 pandemic challenges.

Accordingly, Regional Development Division has been able to earn Rs. 9.88mn. as an income throughout the year with the support of all officers & staff attached to the division.

Table 4.1.1 :Overall Target& Achievement – January to December 2021

No.	Project (KPI)	Cumulative Achievement (Jan - Dec)	Overall Progress (Jan - Dec)
01	Assisted to New Business Creation	190	44%
02	Upgrade Existing Industries / Businesses	305	
Total		495	

Graph 4.1.1: Comparison between Annual Target and Achievement



4.1.2 Regional Development Division – District wise Progress

Graph 4.1.2: District-wise comparison between targeted income and actual income

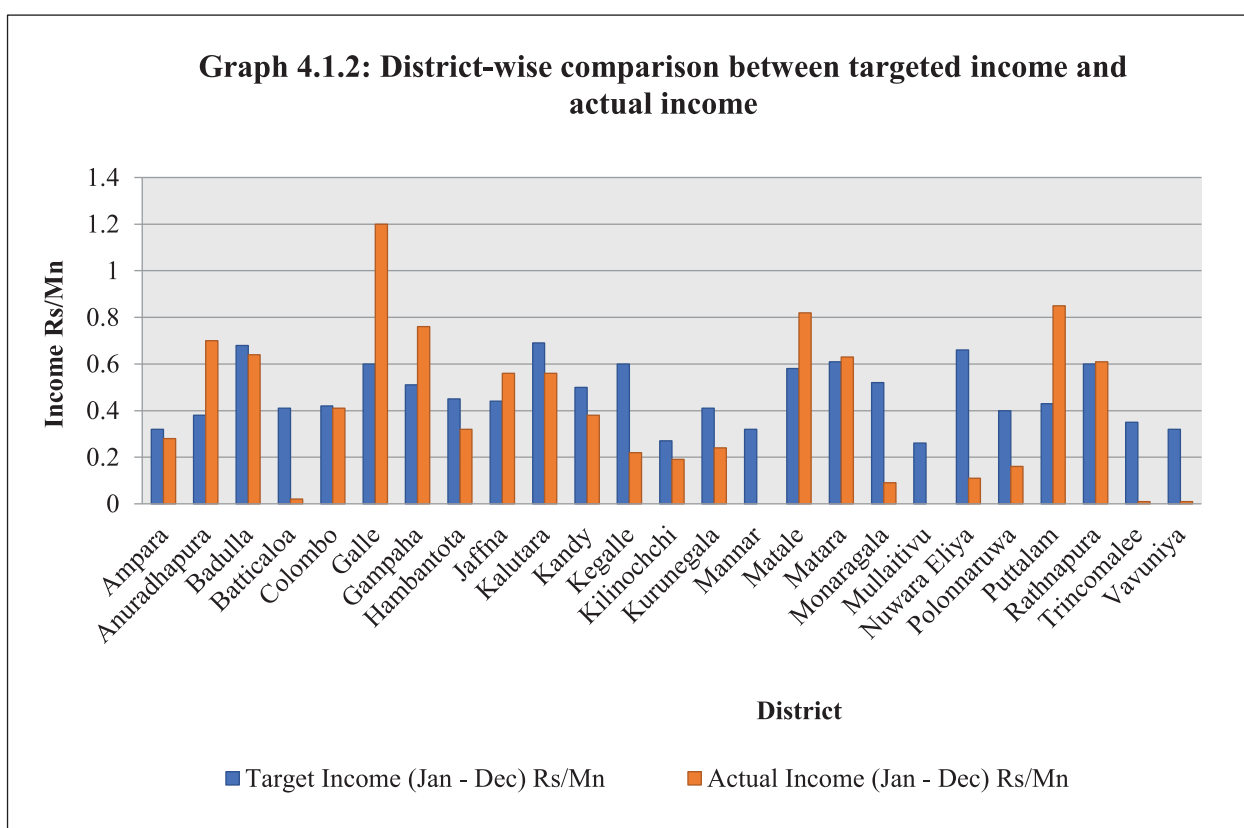
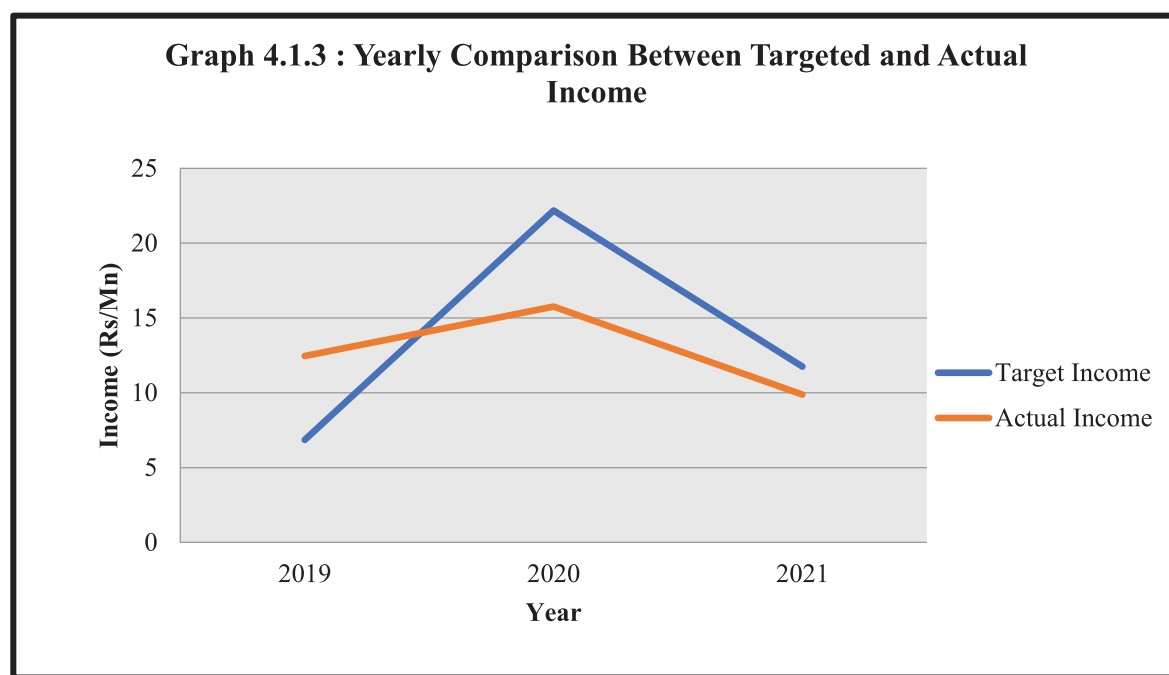


Table 4.1.3: Comparison of yearly progress

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



The spread of COVID-19 has significantly dampened global economic activity and has also wreaked havoc on the industrial sector. Understanding the disparity and convergence of global industrial outputs is important in assessing the effectiveness of concurrent development policies and strategies which implement in an organization. The Regional Development Division of IDB plays a phenomenal role for developing small and medium scale industries through its regional network covering the entire 25 districts of the country. The Division has implemented many of their development policies while understanding how the industrial development shifts through the development process, affecting the pattern of growth of the economy, which can be considered as the core of economic thinking. Programmes for industrial village development, women entrepreneurship development and many other development programmes mentioned above has strongly emphasized towards the development of enterprise villages and focused on strengthening and supporting the women entrepreneurs at village level. The Division has been focused on the process of industrialization as the development of the manufacturing sector has driven the advent of modern economies. Further as per the diagram showed above, compared for the previous years, special attention has been given for new development programmes to enhance the capabilities of beneficiaries with modern techniques and production processes.

4.1.3“Lakkam” Trade Fair

In spite of facing the Covid 19 challenges Lakkam Trade Fair was conducted in 8 Districts as a support to develop Sri Lankan SME sector. Micro, Small and Medium Industrialists were benefited by these conducted trade fairs.

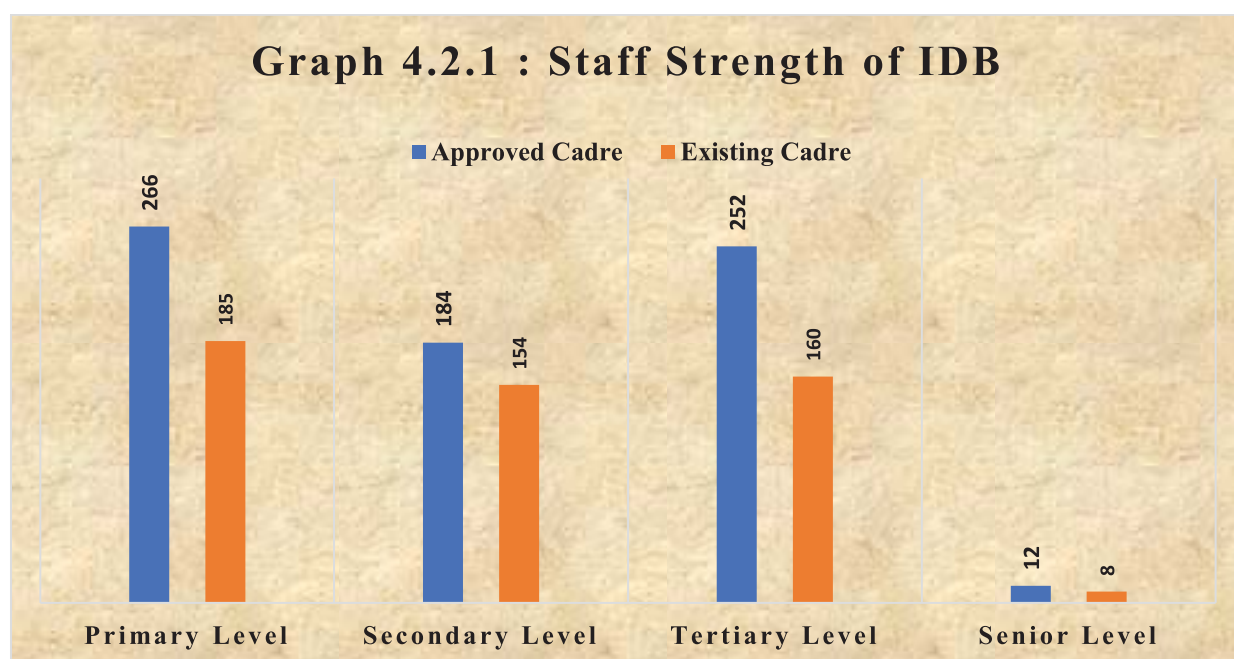
No.	District	Date	Venue	No. of Stalls	Products (Exhibits)
1	Kegalle	18,19,20 of March 2021	Town Hall, Kegalle.	40	Foods & Beverages, dresses, Machinery, Toys,...etc.
2	Gampaha	25,26 & 27 of March 2021	Bus Terminal, Negombo	34	Foods & Beverages, dress, Machinery...etc.
3	Kalutara	24,25,26 of March 2021	Town Hall Kalutara	67	Food & Beverages, Garments, Footwear, Flower Plants, Bags, Textiles, Spices, Fish based Products, Sweets etc.
4	Colombo	29,30,31 of March 2021	Diyatha Uyana, Battharamulla	84	Food & Beverages, Garments, Footwear, Flower Plants, Bags, Textiles, Spices, Kithul based Products, Sweets, Bathik, Chemical, Clay Based Products etc.
5	Anuradhapura	30,31 March and 01 st April 2021	UC Fair Anuradhapura	42	Food & Beverages, Garments, Footwear, Flower Plants, Bags, Textiles, Spices, Sweets, Bathik, Light Engineering, Cement Based, Chemical Based Products etc.
6	Hambantota	05,06,07 of April 2021	Divisional Secretariat Ground Ambalantota	47	Food & Beverages, Garments, Footwear, Flower Plants, Bags, Textiles, Spices, Sweets, Bathik, Light Engineering, Cement Based, Chemical Based Products etc.
7	Matara	10,11,12 of April 2021	Nupe Dutch Trade Center	40	Garments, Instant Foods, Fish Based Foods, Kithul Based Products, Cement & Fiber based Products, Metal Based Products, Food Processing Machine, Spices & Serial Based Products, Ornamental
8	Galle	6,7,8 of April 2021	Town Hall Premises, Galle.	42	Kithul Treacle & Jaggery, Hand Sanitizer, Hand Bags & Bags, Jewellery, Furniture, Herbal Medicines & Products, Handloom Sarees, Spices, Value Added Ice Cream, Leather based shoe & Slippers, Flower Plants etc.

4.2 Administration Division

Administration Division is one of the key elements associated with a high level of workplace productivity and efficiency. Further, they are responsible for formulation, implementation, monitoring and evaluation of all human resources management and development activities. Preparation of the Scheme of Recruitments (SoR) and Scheme of Promotions (SoP) in order to strength the workforce, carrying out regular recruitments, performance evaluations, promotion and retirements etc... are few other activities assigned to the Division. They act as a connecting link between the senior management and the employees. They provide motivation for the workforce and make them realized the goals of the organization. In addition, the Administration and Human Resources Development Division is responsible in the area of capacity building and enhancement of required skills of IDB employees.

4.2.1 Cadre Management

Category	Approved Cadre	Existing Cadre	Vacancies / (Excess)
Senior Level	12	8	4
Tertiary Level	252	160	92
Secondary Level	184	154	30
Primary Level	266	185	81
Total	714	507	207



Shortage of human resources has been affects severely to the performance of any organization. Human resources shortage in an institution means that there are insufficient supplies of human resources in the needed proportion. This can be happened as a result of withdrawal of workers from service through retirements or voluntary withdrawal from service by employees. Drop in the level of productivity, decline of efficiency and inadequate task specific skilled labours are some of the effects of human resources shortage in an institution. Therefore, it is recommended to employ enough man-power as per the duties and responsibilities entitled for the institution and should take steps to minimize the withdrawal from service by the existing employees while improving the employee satisfaction.

4.2.2 Local and Foreign Training Programmes conducted for the Human Resource Development

There are enormous values in organizing proper training and development sessions for employees. Training allows employees to acquire new skills, sharpen existing ones, perform better, increase productivity and be better leaders. Since an institutional achievement is the sum of what employees achieve individually, organizations should arrange periodic training sessions to ensure that employees perform at their peak.

Table 4.2.2 : Training programmes conducted

No.	Name of the Programme	No. of Staff Trained	Duration of the Programme	Total Investment (Rs.000)		Output / Knowledge Gained *
				Local	Foreign	
01	Water Auditing and Water Footprint Assessment	1	3 days	32,500		Capacity Building
02	Maintenance of Electrical Systems of Construction Equipment	2	4 days	29,200		Skill Development
03	Awareness workshop and solution for laboratory waste management	2	1 day	14,000		Capacity Building
04	Public Procurement Procedures and Practices	2	1 day	30,000		Capacity Building
05	Workshop on Analytical Method Validation and Verification	1	1 day	5,500		Capacity Building
06	Installation and Maintenance aspects of Elevators and Escalators	1	2 days	12,000		Skill Development
07	Programme on OXY-Acetylene Gas Welding & Manual Metal Arc Welding	3	4 days	63,000		Skill Development

No.	Name of the Programme	No. of Staff Trained	Duration of the Programme	Total Investment (Rs.000)		Output / Knowledge Gained *
				Local	Foreign	
08	Training Programme on Consultant Development in ISO 50001:2018 Energy Management System	2	5 days	65,000		Skill Development
09	Workshop on Design, Installation, Operation and Maintenance of Building Electrical Systems	3	3 days	48,000		Skill Development
10	Noise Level Measurement and Controlling	2	1 day	5,000		Capacity Building
11	Sewage Treatment Plants	2	4 days	24,000		Capacity Building
12	Waste Water Management	1	1 day	5,000		Capacity Building
13	New EPO Awareness Programme	10	3 days	36,580		Capacity Building
14	Finance for Engineers Fundamentals of Corporate Finance	3	4 days	65,000		Capacity Building
15	Master of Business Administration (MBA)	1	2 yrs	217,500		Capacity Building
16	Training Programme on IOMC toolkit for local stakeholders	1	8 days	Online		Capacity Building
17	Preparation of project proposals	100	2 days	30,000		Capacity Building
18	2 nd Regional Conference on Industrial Development Indonesia	1	8 th – 14 th November 2021		450,660	Capacity Building
19	Seminar on Financial and Economics Management for Developing Countries	1	2 nd – 15 th November 2021		Online	Capacity Building
20	Seminar on Building and Operation of Industrial Parks under Belt and Road Initiative	1	24 th – 7 th November 2021		Online	Capacity Building
21	Seminar on Coordinated Development of E-Commerce and Retail Industry for Developing Countries	1	7 th – 20 th December 2021		Online	Capacity Building

Main objective of conducting local training programmes and foreign training opportunities is to build up leadership competencies of managerial level categories and to develop skills to the expected level of other categories while encouraging, persuading and facilitating them to enhance their personal and professional growth and motivate towards the targets to be

accomplished, IDB has executed several other programmes with the purpose of enhancement of skills and the capacity building towards uplifting the performance levels of the employees.

There are enormous values in organizing proper training and development sessions for employees. Training allows employees to acquire new skills, sharpen existing ones, perform better, increase productivity and be better leaders. Since an institutional achievement is the sum of what employees achieve individually, organizations should arrange periodic training sessions to ensure that employees perform at their peak. Since training is particularly important for newly recruited employees, it can be conducted by an officer within the company and should get new employees up to the speed with the processes of the company while addressing any skill gaps. The shortcomings and weaknesses of employees can be addressed through training sessions, and it amplifies employee's strengths and could acquire new skills. Development programs bring all the employees to an equal level having similar skills and knowledge and it helps to reduce skill gaps or any weak links within the institute who rely heavily on few employees to complete basic work tasks. A company that invests in training and development generally tends to have satisfied employees. When training sessions are interesting and industry specific, it leads to increase the performance of the organization.

4.2.3 Performance in 2021

Table 4.2.3 : Performance Highlights of the Division in 2021

	Activity	Nos.
1	HRM - Recruitments	
(i)	Recruitments (Staff)	65
(ii)	Resignations	13
(iii)	Retirements	13
(iv)	Vacation of Posts	04
2	HRD – Training	
(i)	Local Training	17
(ii)	Foreign Training	04
3	HRM – Compensation	
(i)	Gratuity Payments for 16 persons	Rs. 14,839,905.00
4	HRM – Employee Welfare	
(i)	Distress Loans – 72 persons	Rs. 14,358,124.53
5	Security Management	
(i)	Security Cost	Rs. 25,280,224.37
6	Disposal	
(i)	Board of Surveys Conducted	01
7	Postal and Telecommunication Charges	
(i)	Postal Charges	Rs. 600,000.00
(ii)	Telecommunication Charges	Rs. 5,397,623.66

4.3 Engineering Division

Engineering Division of IDB functions with the leading vision and strategic intent of becoming the self-sustained division which provides boundary less engineering platform for the growth of appropriate potential industries in the economy of Sri Lanka. The strategic intent of the Division is to function as the leading vision sharing arm of the organization towards the sustainable industrial development of the country. Further it provides the assistance to the industrialists in order to enhance technical and operational support to achieve their objectives while utilizing scares of resources in an optimum manner. Additionally, the division executes studies regarding the fundamental factors of production (labor, technology & raw materials) of metal and non-metal products / goods manufacture of industrialists. Further, the main overriding purpose of the Division in line with the values or expectations of stakeholders is to provide professional Engineering Solutions & Services to all industries to gain competitive advantage through quality and standards to compete with competitive global industrial environment. Ultimately, the Engineering Division has defined their divisional Strategy & objectives aligned with the Vision, Mission and Goals of IDB to deliver the expected results towards sustainable industrial & economic growth of Sri Lanka.

4.3.1 Main Activities of the Engineering Division

- Identify the technology and competency gap of small and medium scale industries and make necessary actions to fulfill the needful in a sustainable manner.
- To increase income/cash flow of Engineering Division by providing value added goods and services.
- Create new designs, improvements of ergonomics to agricultural equipment & machineries in order to reduce the imports to the country (Research and Development).

Group training program on foundry technology



Source: Industrial Development Board Website

4.3.2 Robust Departmental Structure

No.	Units of the Division	Location	Functions of the Unit
01	Workshop	Head Office - Katubedda	• Provide engineering workshop services to the industry. • Machining of metallic components / parts with lathe /milling / shaping / drilling machines etc. • Manufacturing plastic moulds and rubber moulds. • Heat treatment of steel components. • Surface grinding and cylindrical grinding. • Fabrication by Metal arc and oxy-acetylene welding. • Manufacturing machinery, tools and equipment for small and micro industries. • Consultation in layout, installation and commissioning of machines. • Rendering IDB internal divisional service requirements.
02	Engineering Office	Head Office - Katubedda	• Machine valuation and issuing reports. - Valuation of machinery, equipment and tools - Submission of Conditions - Prepare Valuation Reports for Machinery • Product certification. • Prepare industry feasibility reports. • Provide training for apprentices, undergraduates, skilled and semi skilled entrepreneurs and NAITA trainees. • Carryout field inspections and issue recommendation letters to Ministry and Customs etc., as per the industrial policies on engineering requirements. • Project Formulation & Evaluation. • Designing the plant & machinery layout. • Provide technical knowledge on process technology.
03	CNC Unit	Head Office - Katubedda	• Computer Numerical Control (CNC) “Hass machine” services. - 5 axis milling and lathe services to the industry. • Die and mould services. • Fulfill the industrial requirements for Die, mould and tailor made solutions. • Empowering entrepreneurs by initiating advanced technological trainings including 3D printing.
04	Foundry Unit	Head Office - Katubedda	• Foundry services - Manufacturing of metal base components, equipment, machinery imports substitutes • Undertake following foundry activities for the industrialists. - Casting of grey cast iron and ductile cast iron components - Casting of Aluminium, copper, brass and

			bronze components - Making patterns for castings - Testing of foundry sand - Testing of metals • Testing and verification of material and products - Optical emission spectrometers can handle chemical content testing for 32 elements. • Services rendering by IDB metallurgy laboratory - Testing of Metal - Hardness test - Tensile test - Elongation test - Compression strength test..etc
05	Civil Unit	Head Office - Katubedda	• The only section in the Ministry of Industries having civil professionals providing infrastructure development facilities. - The preparation of tender documents, specifications - Follow industrial best practices - Maintain all internal and external civil works - Execution of projects
06	Electrical Unit	Head Office - Katubedda	• The Main section in the Ministry of Industries having electrical professionals providing industrial development facilities. - Maintain all internal and external electrical works - Rendering services to External organizations such as National Craft Council, National Design Centre and Ministry of Industries
07	Appropriate Technology Research & Development Centre (ATRDC)	Pannala	• Identify the needs and wants of machineries and equipment for the agricultural sector development, design & fabrication of same at optimum cost for the local farmers. • Assessment of machinery, equipment, plants and other production facilities. • Prepare status and valuation reports to the industries. • Design, fabricate, assemble and commission of machineries and equipment for the Small and Medium Scale Industries in Sri Lanka.
08	Common Services Centre (CSC)	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.
09	Electroplating Centre (EPC)	Peliyagoda	This facility provides metallide technology and services for the local industries to develop the quality of their products. The services include Nickel Hard chromium and zinc plating laboratory testing and trainings.
10	Brassware Services	Pamunuwa, Pilimathalawa	This has been established to uplift the SMEs who engaged in Brass industry by giving appropriate

	Centre		technology and knowhow to develop low cost and high quality brass products in Sri Lanka to meet the competitive global market.
11	Design and Development unit	Head Office - Katubedda	Identify the industrial needs and design equipment, machineries, plant and production facilities for the sustainable economic growth of industries.
	Valuation & Metal Base Industrial data Analysis Unit	Head Office - Katubedda	- Assessment, valuation and preparation of status reports for plant, equipment, machinery and production facilities in Sri Lanka - Collect primary and secondary data to Study the rates of factors of production (Labor, Technology & Raw materials) of metal and non-metal products/goods manufacturing in local industries and compare same with other countries to identify the gaps and make necessary environmental changes to fulfill the gaps to reduce the imports and exports of scrap metals as well as opening the foreign market to local industries.

Machines available in the Engineering Division



HAAS VF-4-1 CNC Milling Machine



HAAS ST-10 CNC Lathe Machine

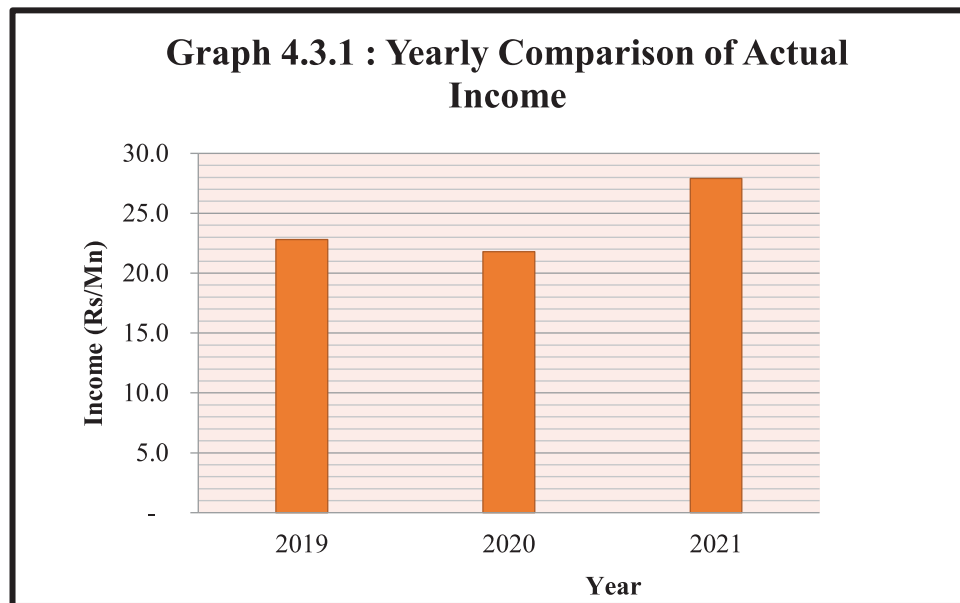
Source: Industrial Development Board Website

Table 4.3.1: Progress of the Engineering Division- 2021

Activity No.	Activity	Performance Indicator	Physical Progress Cumulative	Financial Progress Cumulative (Rs.)
1	Creation of new businesses			
1.1	Facilitating industries in Commercialization of new products (Engineering Designing and Facilitation)	No. of Products/industries facilitated	2	358,144
2	Promoted Existing Industries / businesses			
2.1	Prepare project feasibility reports, valuation reports, market plans	No. of industrialists provided with reports	43	2,309,140
2.2	Providing mixing moulding raw materials for Industries	No. of industries/services being provided	128	366,751
2.3	Providing workshop services to industries	No. of industries/services being provided	70	7,340,897
2.4	Provide casting services	No of services given	113	5,733,983
2.5	Provide Electroplating services on Copper, Nickel Chromium & Hard Chromium	No of services given	127	1,212,910
2.6	Manufacture & Supply machinery and equipment	No of machinery provided	12	5,839,804
2.7	Electrical services	No. of services completed	1	15,000
2.8	Computer Numerical Control machinery services	No. of services completed	7	762,344
3	Special Services			
3.1	Establishment of the facilitation center for industrial development in southern province	Project proposal initiatives	-	3,184,200
3.2	Establishment of Metallurgy Laboratory (Industrial Applications)	No. of services	5	870,088
Grand Total				27,993,261

Table 4.3.2: Yearly Comparison of Actual Income

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



Engineering Division of the IDB, identifies the technological support and assistance needed for the industrialists while utilizing available resources in an optimum manner to deliver delightful services. As a country the engineering and construction industry has made a significant recovery from recent past, but it has also experienced multiple headwinds that are expected to persist. The year 2021 was another rewarding but challenging year, and all the institutions in the industry looks to be poised to capture growth opportunities. Considering the progress of the Engineering Division, they have successfully gained a higher revenue target in the year 2021, compared to previous years. That is because of the technological advancements gained and these technologies can help to bring assets, people, processes, and job sites onto one platform, make everyone and everything work smarter, reduce downtime, optimize asset utilization and efficiency, and gain greater visibility into operations. Emerging from the pandemic, the biggest question on the minds of most institutions was how to restart work at job sites safely. Surprisingly, while the industry quickly implemented the required safety standards, the operations could be handled without any obstacle. Further the Engineering Division currently experiencing a challenge of having a lack of qualified manpower and this skills gap is partly driven by industry advances into integrating digital technologies with key work streams to further enhance productivity, efficiency, and worker safety. Many industries have improved greatly over the years because of the developments in industrialization. Adding technology or improving upon industrial methods increases output and productivity. All of these industrial developments have led to more output, which leads to economic growth. Adding industrial development to a business can increase the scale of production, reduce the cost of production, make improvements on the products being developed and widen the market for products and services. These improvements have a great impact on the profit margin of the institution as well. Considering the above graph, the year 2021 shows a considerable increase of the output of foundry unit at head office. These units introduce and establish metal scrap recycling technology in Sri Lanka to produce base metal for local industries. Therefore, with this process they expect to reduce the imports of metal and increase export of scrap metal based products. Hence, they develop price competitive metal products in Sri Lanka to compete the global market.

4.3.4 New Initiatives

(1) Medium Frequency Induction Furnace (MFIF) services

- Enhance technological capability to match with present industry requirements.
- Technical trainings & consultation as the only Institute, providing Foundry training in Sri Lanka.
- Support local manufacturers to enhance their capabilities and modern applications in casting along with product quality.

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

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

(3) Build Technopreneurs in Sri Lanka

- Complete the ongoing first electric motor bicycle made in Sri Lanka.
- Complete the registration of ongoing first electric three-wheeler and electric powered pedal bicycle made in Sri Lanka.

(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.
- Prototyping the external fixators for bone fracture healing and spine braces for scoliosis treatment first time in Sri Lanka.
- Introduce and develop technopreneurs in medical sector

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

(6) PPP model for Automobile sector.

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

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

4.4 Industrial Estates Division

The IDB with the establishment of the Industrial Estates Division has taken many initiatives to fulfill the demand of industries (public / private sectors) through recommending suitable land plots and ready-built buildings to setup their industries and get rehabilitated. The Section 33(2) (a) of the Industrial Development Act empowers the IDB to establish, maintain and carry on Industrial Estates. Accordingly, the main objective of the Industrial Estates Division is to set up new Industrial Estates, maintain/manage along with IDB objectives and 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.

- Out of the 18 Industrial Estates established all over the country, presently 16 are functioning smoothly while two Industrial Estates, i.e. Beliatta and Baddegama are not in function.
- During the recent years, further action has been taken to upgrade the infrastructure facilities in the existing Industrial Estates to encourage the private sector to set up more new industries.
- Total land extent developed since 1967 is around 305 acres. It has divided into 733 land plots and allocated for 376 industrialists. Out of the total allocation of developed plots 268 have been started their ventures and 8322 employment opportunities are generated. Another 49 industrial units are in different stages of construction of their factory buildings. Action pending to abolish 59 industrial units which are used for residential purpose and not in operation at mini Industrial Estates.
- Pannala Industrial Estate and Lunuwila Industrial Estate in Kurunegala and Puttalam Districts respectively, were set up in 1980s. Further, development of 6.5 acres has been commenced in Pannala Industrial Estate under Phase II in 2020.
- Since the Atchchuveli Industrial Estate had been totally destroyed due to thirty year long civil war in the country, in 2013/2014 with the financial contribution of Indian government, Sri Lankan Government and with the supervision of UNOPS, has provided Rs. 220 million and Rs. 50 million respectively for reconstructions and re-establishments of the Estate. In 2014, the Atchchuveli Industrial Estate was revamped and commenced functioning with few industries.
- In addition the Ministry of Industries has initiated the Phase II Development Programme 2018/2019 and granted Rs. 100 million for the development of infrastructure facilities. Further, 95% of the development of infrastructure facilities under Phase II in the Atchchuveli Industrial Estate has been completed.
- 'Pottapitiya' in the Central Province has been identified by the IDB in the year 2021 to establish a new Industrial Estate.

Table 4.4.1 Industrial Estates located throughout the country- (Provincial wise)

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

4.4.1 Facilities provided to industrialists via IEs by the industrial Estates Division

- (01) IDB land plots and readymade buildings shall be leased to investors who submit their project proposals on 30 years and 20 years long term basis respectively, subject to the approval of the Evaluation Committee and benefit from higher output as the initial investment is less.
- (02) Availability of infrastructure
- Three phase electricity and an internal electricity distribution system
 - Water supply, water storage and distribution system
 - Telecom as a communication service
 - Provide good transportation access and internal roads are readily available.
- (03) Availability of support facilities
- Apart from the basic infrastructure, Post Offices, Canteens, Police Posts etc., are located in Industrial Estates. This facilitates business transactions to a great extent.
- (04) Sewage and industrial waste water disposal system (drains, manholes, pumping stations etc.).
- (05) IDB Provides security services for the Industrial Estates continuously.
- (06) Credit facility arrangements with Banks keeping the lease hold rights over the properties leased out to industrialists.
- (07) Attending to administration and maintenance requirements of IEs continuously.
- (08) Visiting the Industrial Estates for supervising and directing on the maintenance activities in order to maintain all IEs with ecofriendly concept.
- (09) Taking actions to obtain monthly rental from the industrialists for the land plots/buildings of IEs leased out on monthly basis according to the estimated values of the Government Valuation Department and three years' security deposit on refundable basis.

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

4.4.2 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 among the 51 industrialists identified considering the viability, during the year.

Table 4.4.2 Allocated and Commissioned Industries in year 2021

Industrial Estate	No. of land plots/ bldgs. allocated	New industries created	
		Industries	Employment
Atchchuveli	2	1	30
Kotagala	4	1	16
Ekala	1	1	23
Wavulugala	-	1	9
Pallekelle	-	1	34
Galigamuwa	-	-	-
Poonnthottam	2	1	10
Panaluwa	-	1	12
Kaludewala	3	1	19
Horana	-	1	18
Pannala	1		
Buttala	1		
Total	14	09	172

4.4.2 Progress during the year of 2021

The outbreak of 2019 novel corona virus disease (COVID-19) has significantly expanded throughout the world. Since then Sri Lankan manufacturing/export industrial sectors were worsen with the imposition of travel restrictions and work from home periods in 2019-2021, but some manufacturing industries had strong potential to export service. With the change of life styles, more and more opportunities have emerged for SMEs to supply apparel, value added agricultural products and processed foods items etc., and some entrepreneurs have stepped into various innovative ideas too. The outbreak of COVID virus is a big blow that they had to face at this development stage.

➤ Signing of Lease Agreements

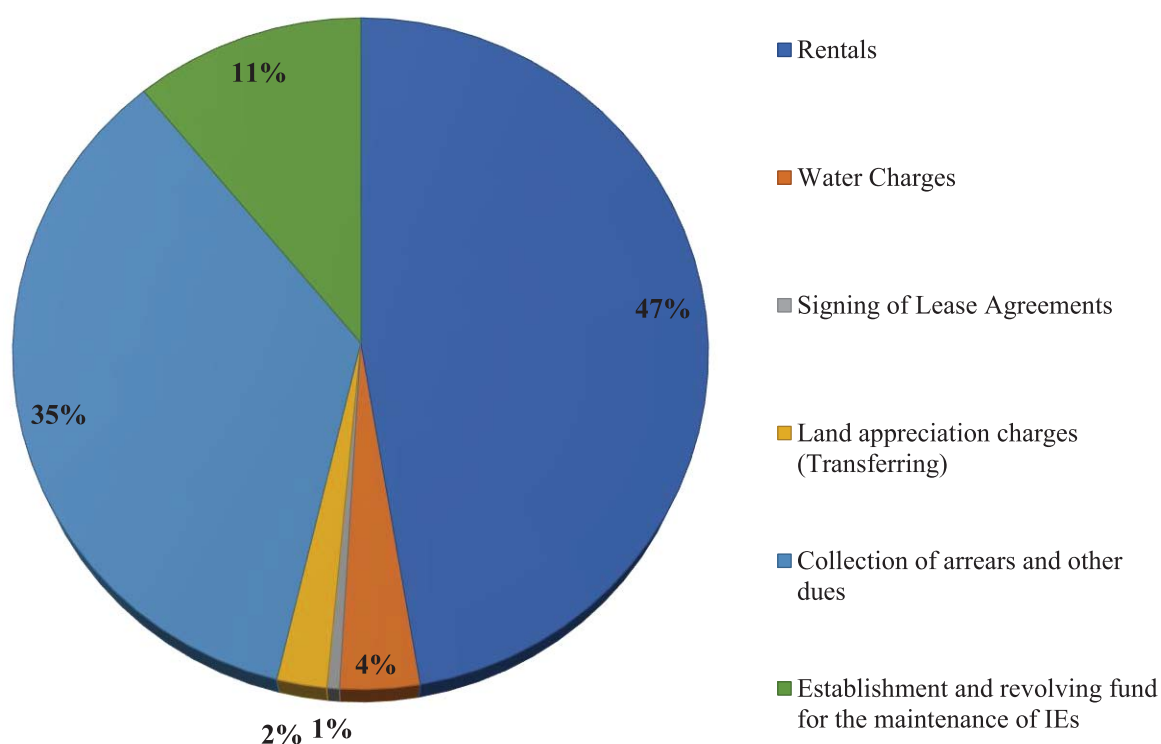
Lease Agreements for lands/ ready-built buildings signed with the respective industrialists who performed business satisfactorily, for a period of 30 yrs. for lands and 20 yrs. for ready-built buildings. Accordingly, 21 Lease Agreements were signed with the respective industrialists during the year 2021 and was able to generate an income of Rs.487,168.

➤ Collection of Rental Income

Monthly/Annual rentals, water charges, transferring charges (land appreciation charges) and arrears collection income for the leased out lands and buildings were collected during the year 2021 is Rs.77 million. The revolving fund which is maintained on behalf of the collections recovered as three year refundable deposits from the lessees. Hence the accumulated amount of the revolving fund is Rs.9.5million at the end of the year 2021.

Table 4.4.3 : Progress Summery as at 31stDecember 2021

Activity No.	Activity	Performance Indicator	Cumulative Financial Progress (Rs.)
1	Income generation through Industrial Estates	Rentals	40,976,812
		Water Charges	3,121,831
		Signing of Lease Agreements	487,168
		Land Appreciation Charges (Transferring)	1,950,000
2	Debt collection and establishment of revolving funds	Collection of Arrears and Other Dues	30,471,985
		Establishment and Revolving fund for the Maintenance of IEs	9,550,037
Grand Total			86,557,834

Graph 4.4.1 : Year End Progress of IEs Division

The Industrial Estates Division has spent nearly Rs.41 million which was obtained from the Government Treasury through the line Ministry under the Accelerated Development Programme for modernizing and upgrading of existing infrastructure facilities. Mainly state owned Construction organizations have contributed to develop 16 Acres of land in Atchchuveli Industrial Estate and most of these Projects are in operation since 2015.

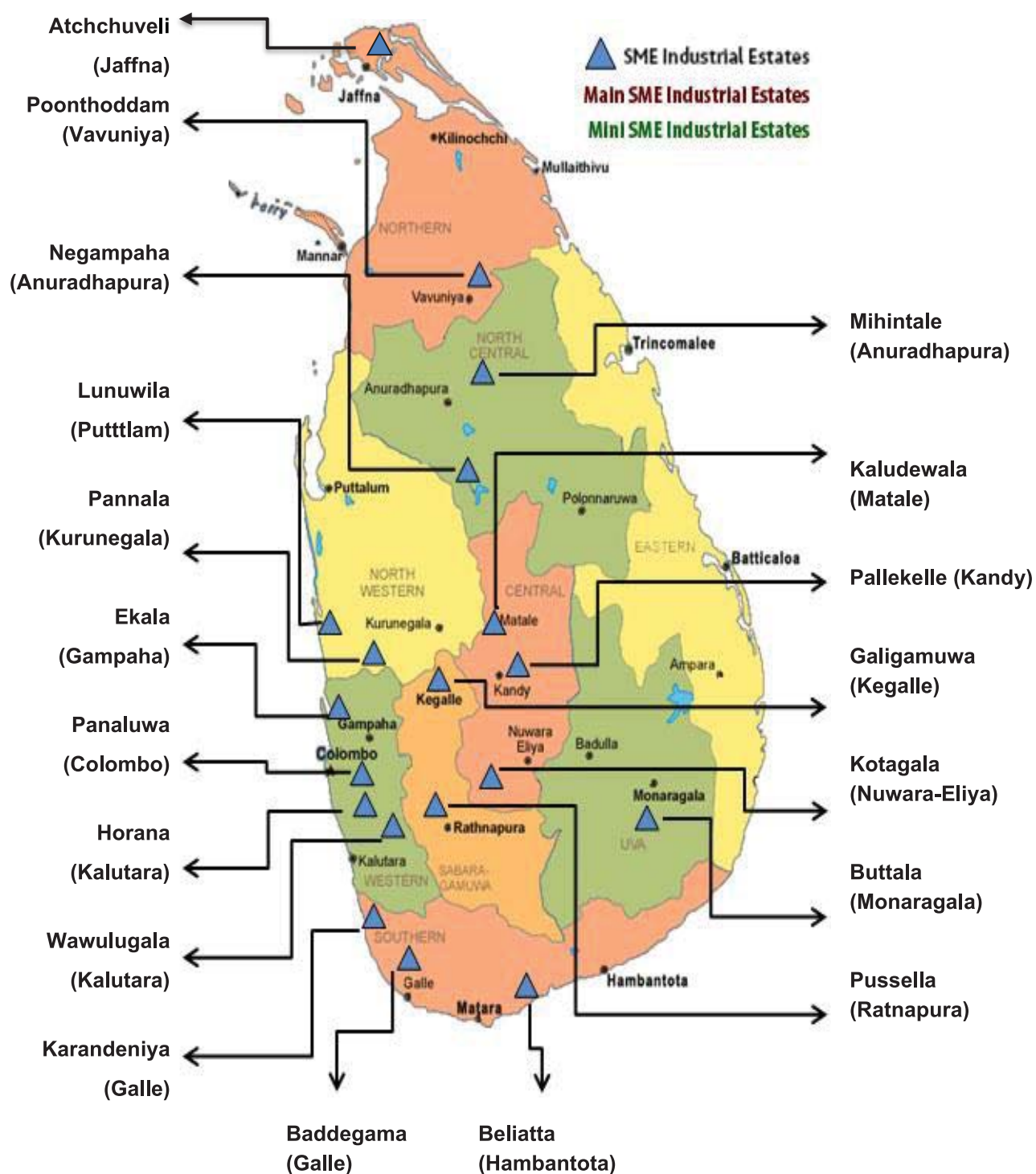
The details are given below.

Table 4.4.1 : Progress Report on Projects of Modernization and Upgrading of Infrastructure Facilities in IDB Industrial Estates as at 31.12.2021

Budgetary Allocation 2021	S/No.	District Name	Activity	Estimated Cost (Rs.)	Financial and Physical Progress 31.12.2021	
					Financial (Rs.)	Physical
60 Mn.	Ongoing Projects - 2020					
	1	Pussella	Construction of internal drains	202,846.83	202,846.83	Construction and Payments Completed
	New Projects - 2021					
	1	Ekala	Installation of 02 water Motor pumps & pipe laying, wiring, installation of main panel boards and relevant accessories.	1,511,730.00	302,346.00	Awarded of Construction. Rs.1,209,384 balance payment will be recovering from Budgetary allocation 2022
			Repairing of Administration building, Quarters, police post & post office building etc.	8,279,766.03	7,742,224.34	95% construction completed. balance payment will be recovering from Budgetary allocation 2022
			Construction of new drain	8,654,215.04	8,075,417.04	95% construction completed. balance payment will be recovering from Budgetary allocation 2022
	2	Pallekelle	Installation of Water motor pump and pipe laying, wiring, installation of main panel boards and relevant accessories.	479,050.00	95,810.00	Awarded of Construction. Rs.383,240.00 balance payment will be recovering from Budgetary allocation 2022
			Construction of Office Washroom	708,373.51	648,214.80	Construction and Payments Completed

	3	Atchchuveli (2nd stage)	Construction of internal roads & drains (2 nd stage)	17,789,621.65	17,789,621.65	95% construction completed. balance payment will be recovering from Budgetary allocation 2022
	4	Pannala	Construction of culvert & repairing of drains (1st stage)	1,436,292.00	1,221,090.00	85% construction completed. balance payment will be recovering from Budgetary allocation 2022
	5	Negampaha	Land Clearing , leveling and demarcation of existing Industrial Estate	434,500.00	434,500.00	Construction and Payments Completed
				315,000.00	299,250.00	Construction and Payments Completed
			Construction of Security hut with office and washroom	1,631,417.60	1,547,884.41	Construction and Payments Completed
	6	Galigamuwa	Installation of new Water Motor pump and repairing of well, pump house and security office building.	44,800.00	44,800.00	Construction and Payments Completed
	7	Poonthottam	Construction of fence and Repairing of existing water tank	2,340,360.00	2,044,147.77	85% construction completed. balance payment will be recovering from Budgetary allocation 2022
	8	Panaluwa	Repairing of water tank structure, Office building, Motor room & guard room	2,776,177.80	2,451,404.79	Construction and Payments Completed
			Installation of new pipe laying for obtaining water facilities			
			Total	46,604,150.46	41,749,130.62	

Figure 4.4.1 :Locations of IDB Industrial Estates



***Out of the 18 Industrial Estates, 16 are functioning properly excluding Beliattha and Baddegama Industrial Estates.*

4.5 Technical Services Division (TSD)

Technical Services Division is one of the main Divisions of IDB, provides technological assistance needed for the potential entrepreneurs including whole industrial community in Sri Lanka, to expansion, modernization, diversification and productivity improvements in the industry. In addition the division provided training programmes, consultancy services, and guidance based on five sectors of food, chemical, oil and fibre, building materials and computer technology as per the requirements of the entrepreneurs. Technical services were focused on supporting potential entrepreneurs by acquiring, organizing, preserving, maintaining and providing access to physical and virtual informational resources in the most efficient, effective, and innovative ways possible. The primary objective of TSD is provision of technological assistance to entrepreneurs from conception through formulation to implementation and to existing industries for expansion, modernization, diversification and quality and productivity improvement.

The TSD has taken in to consideration the Activity Plan of 2021 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.

4.5.1 The activities carried out by the TSD in 2021

(1) Facilitating industries in commercialization of new products (Advanced technological consultations)

Lakmee Exports Co; (Pvt.) Ltd, which is an emerging food manufacturing industry located in Thalawa, has requested IDB's assistance to expand its product range. Accordingly, an In-house training programme on Goraka paste manufacturing technology has been conducted for their workforce with the support of the Department of Export Agriculture. The total revenue earned from the programme was Rs. 35,650/-.

(2) Conduct training programs/ workshops/ demonstrations on Technology

Twenty eight (28) Technology Transfer Workshops were conducted under food, chemical, oil & fiber, and building materials sub-sectors in and out of the Technical Services Division and overall 668 individuals were trained and supported through these workshops earning Rs 2,223,600/- in revenue.

(3) Bamboo Development and Training Centre

- A range of bamboo kitchen utensils and office accessories have developed by the staff of the recently established Bamboo Development and Training Centre to market through the "Lakkam" sales centre of IDB. Among the products introduced recently was bamboo chopping boards, Penholders and teacup sets.
- A Technology transfer workshop on "Bamboo wood preservation technology" was conducted for 29 participants in Dompe DS division as per the request made by the Dompe DS office earning Rs. 33,800/- in revenue.

- A Technology transfer workshop on “Bamboo handicraft technology” was conducted for 31 participants in Dompe DS division on as per the request made by the Dompe DS office earning Rs. 36,000/- in revenue.

4.5.2 Special projects

(1) Development of incense stick industries in Sri Lanka

“GPS resource survey on bamboo trees within upper catchment area of Mahaweli River”

The raw material for incense stick production is locally available. However, a large sum of foreign exchange is spent annually on the importation of bamboo sticks used for the production of incense sticks by Sri Lanka. Hence, a steering committee has been formed (with the focal point at Ministry of Industries) with members from relevant government and private institutions to facilitate the manufacture of required quantity of bamboo sticks used as raw material for the production of incense sticks locally.

Identification of existing bamboo resources in Sri Lanka is vital for the project initiation and also to ensure project sustainability. Therefore, IDB has consulted the Department of Geology of University of Peradeniya to carry out “GPS resource surveys” to estimate the available bamboo trees within Mahaweli catchment area having highest bamboo population hectarage in Sri Lanka.

(2) Project proposal for development of bamboo stick manufacturing industries in Sri Lanka

The overall project’s objective is to develop incense sticks manufacturing industry sector in Sri Lanka and to establish and/or support 16 bamboo stick manufacturing industries in Sri Lanka by 2023 to meet the demand for bamboo sticks from local incense stick manufacturing industry.

4.5.3 Other Divisional Activities

(1) Project Report Preparation

Eight (08) Technical reports were prepared considering the several requests made by the industrialists covering following sectors.

- Organic Fertilizer ,Coconut kernel paste , Virgin Coconut Oil, Packaging of Coconut Water , Animal Feed, Tomato Sauce , Pressed Cement Roofing Tiles and Dehydration of Vegetables

(2) Preparation of Project Proposals

Project proposal on Establishment of a financial grant scheme for Organic certification

The overall project’s objective is to provide financial assistance for 25 food processors/handlers and /or traders and exporters in Sri Lanka to obtain organic certification in 2022.

(3) Product development work

Aloe vera skin gel formulation, marble soap, herbal jam and Innala in brine (Bottled) were developed through R&D activities at the TSD.

(4) Sales income of hand sanitizer

The sales revenue generated from the liquid Hand sanitizer prepared in accordance with WHO guidelines by the TSD was Rs. 1,445,500/-. The main buyer was Paranthan Chemicals (Pvt.) Ltd.

(5) Participation in industry sector development meetings

TSD officials participated in several sector development meetings (Spice Processing sector, Cosmetic industry sector, and Dairy sector) organized by the Ministry of Industries in 2021 for some identified priority sectors with the objective of developing a National Industrial Policy for Industry Development.

Table 4.5.1 :Summary of Income -2021

No.	Activity	Income (Rs.)
01	Facilitating industries in commercialization of new products	35,650.00
02	Conducting training programmes / workshops /demonstrations on technology	2,223,600.00
03	Preparation of technical reports	15,000.00
04	Sale of hand sanitizer	1,445,500.00
05	Bamboo Development and Training Centre – Conducting technology transfer training programmes	69,000.00
	TOTAL	3,788,750.00

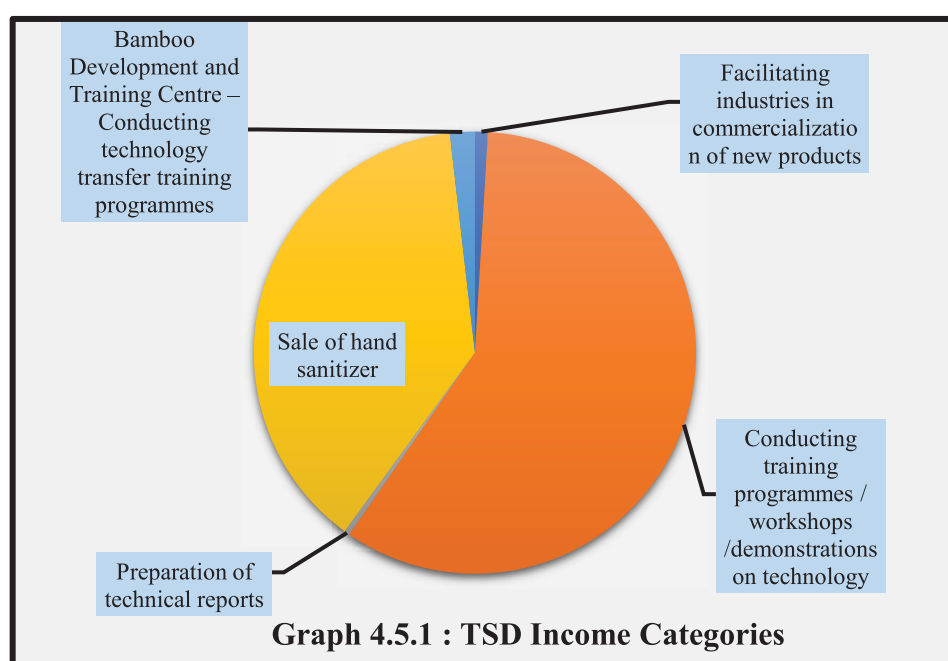
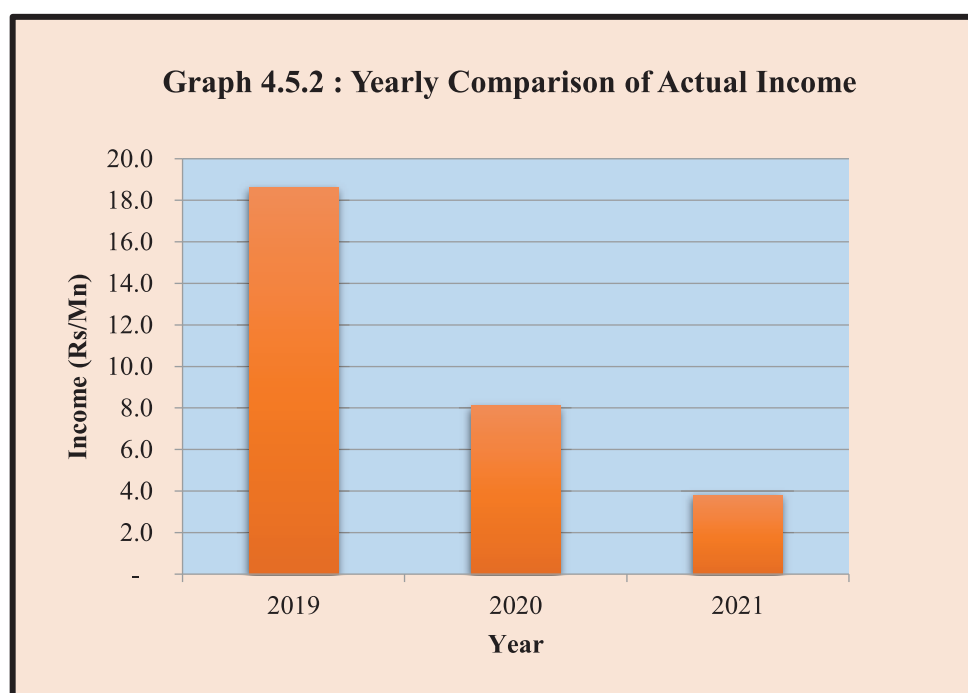


Table 4.5.2 : Yearly Comparison of Actual Income

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



Technical Services Division mainly focused on supporting potential entrepreneurs by acquiring, organizing, preserving, maintaining and providing access to physical and virtual informational resources in most efficient, effective and innovative ways possible. Further they are well specialized in performing professional, scientific, and technical activities for industrialists. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include, training programmes, consultancy services, guidance based on the sectors of food, chemical, oil, and fibre, building materials and computer technology as per the requirements of the entrepreneurs. The corona virus (COVID-19) outbreak has caused widespread concern and economic hardship for consumers, businesses and communities across the globe. In the year 2021, the corona virus disease (COVID-19) had an unprecedented and unpredictable impact on the world's economic development. The pandemic has driven the world towards adapting to the current circumstances regardless of the business, sector, or industry. As a result, this has affected the progress of the Technical Services Division due to the inability of handling scheduled training programmes. Ultimately this has been affected to the reduction of actual income of the Division compared to previous successive years.

4.5.4 Food Laboratory –IDB

The laboratory operations have been conducted in the chemical laboratory section of the Food Laboratory (ground floor). In the year 2021, around 475 food samples were analyzed and nearly 145 SMEs got the service from this laboratory.

Establishment of laboratory infrastructure facilities of the 1st floor (Microbiology laboratory) and 2nd floor (Chemical laboratory) has been initiated.

The main objective of this Food laboratory is to provide laboratory testing services to industries including SMEs in Sri Lanka. Provision of laboratory facility will give the following benefits:

- To promote and develop Enterprises through provision of laboratory testing facilities
- To upgrade the quality of food products into local and international markets
- To strengthen the services of Industrial Development Board
- To ensure the quality of food products for consumers



Figure 4.5.1 Ground floor – Chemical Laboratory



Figure 4.5.2 1st floor – Microbiology Laboratory

Facilities such as laboratory testing(sugar/salt/fat), product standards according to the SLS and international standards, nutritional analysis are provided for food commodities such as spices, dairy products, fruit and vegetable based products, confectionary, meat and fish products etc.

4.5.4 External Resources Unit

(1) Collaboration work with the local and foreign agencies

The External Resources unit has been initiated the following work with local and foreign agencies such as Department of National Planning, ADB, USAID SL, JICA, Embassy of China, Iran Joint Commission for Economic Co-operation (JCEC).

- a) Submission of Project proposals and Concept Notes: Capacity Development of Eco-Friendly Packaging Sector in Sri Lanka, National Industrial Park, Establishment of AgroFood & Fish Processing Zone, Establishment of Semiconductor Manufacturing industries in Sri Lanka, Advanced Industrial Training Institute
- b) Gender Gap Assessment of Government Agencies 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. ADB is currently implementing the Women Entrepreneurs Finance Initiative (We-Fi) grant project for women entrepreneurship development in Sri Lanka. As a part of this technical assistance, a gender gap assessment for IDB was conducted in the year 2019-2021. The assessment was undertaken through a participatory process and recommendations were made to strengthen IDB's work with women enterprises, based on assessment report derive from semi-structured interviews and group discussions. Moreover, the recommendations were presented to the senior management of the IDB.

4.6 Planning Division

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

4.6.1 Facilitate to conduct industry survey, update industry related statistics and assist to prepare relevant sector development plans

As an initial stage for preparing a comprehensive SME database through an industrial survey, Planning Division has collected information and prepared a database on SMEs, in District-wise with the support of Regional Offices of IDB. The total number of SMEs covered by the study was 9000 and they were analyzed and categorized according to different segments as district wise and sector wise (15 sectors) for the ease of making decisions. The main output of this research project is expected to prepare a discussion paper that includes a comprehensive overview of the challenges of the SME standards.

Table 4.6.1: The categorization of the sectors

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

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

Planning Division is also responsible for the following activities which assist the industrial community.

4.6.2 Budget proposals of IDB presented for the Ministry to gain funds

Following are the project proposals presented for the Ministry for the year of 2021

(1) Establishment of a financial assistance scheme for food processors/handlers and/or traders/exporters of in Sri Lanka to obtain organic certification

This project proposal is proposed to be implemented under Technical Services Division and the overall project's objective is to provide financial assistance for 25 food processors/handlers and /or traders/exporters in Sri Lanka to obtain organic certification in 2022.

(2) Advanced Industrial Training Institute

Industrial Skill Training is considered vital and it is typically designed to develop the skills and knowledge required by the manpower in the manufacturing industries. The main objective of this project is to create a strong industrial culture in Sri Lanka, to develop industry based skills and knowledge, to realize benefits of advanced technology thus improving labor productivity in production and services, to establish innovative SMEs and high tech industries in Sri Lanka.

(3) Capacity Development of Eco-Friendly Packaging Sector in Sri Lanka

Packaging is one of the most important parts in the supply chain of a production process. The main objective of the project is to empower the industries to adapt eco-friendly packaging practices, to provide technical know-how for industries and relevant government organizations.

(4) Development of incense sticks manufacturing industrial sector in the island and development of bamboo stick manufacturing industries in Sri Lanka to meet the demand for bamboo sticks from local incense stick manufacturing industry.

The overall project's objective is to develop incense sticks manufacturing industry in Sri Lanka and to establish and/or support 16 bamboo stick manufacturing industries by 2023 to meet the demand from local incense stick manufacturing industry.

(5) Automobile Research & Development Centre -Sri Lanka

Ministry of Industries has given top priority to intervention for development of domestic automobile industrial sector to cater the potential demand gap of vehicles in the local market. Other objectives of the project is to assist in the encouragement, promotion and development of Automobile sector industries in Sri Lanka

(6) Data Collection Survey and managing a Database on MSMEs in Sri Lanka

The main objectives of carrying out this project is to execute a national industrial survey for collecting industrial information, to prepare a comprehensive duly updated industrial database, which can be used to overview the present situation of industrial sectors and take policy decisions.

(7) Project for Empowering Rural Community through a Business Creation Program

The main objective of this project is to create and sustain successful entrepreneurs across the country at the village level in order to up-lift the living standards of people who are in the bottom of poverty, to utilize available local resources such as mineral and agricultural resources and to create direct and indirect employment opportunities.

(8) The Project for providing more investment opportunities for SMEs by improving infrastructure facilities through establishing a new Industrial Estate in Kandy District

IDB proposes this project proposal to establish a new Industrial Estate in Kirimatiyawatta, Poththapitiya, Kandy for encouraging private sector investors to invest in manufacturing industries through effective implementation of the proposed project. Poththapitiya Industrial Estate Project” promoted by the IDB having developed land plots with the required facilities and factory accommodations wishes to ensure well planned and structured industrial development, to provide necessary infrastructure facilities to establish new industrial units...etc.

(9) Development of Footwear and Leather based industry sector through providing modern appropriate technology

The primary objective of this project is to introduce modern appropriate technology and advanced skills to the footwear & leather goods manufacturing sector by equipping the Centre for the Development of Footwear and Leather Products (CDLP&F) of IDB.

(10) National Industrial Park (Industrial Facilitation Center)

The proposed area of the project is a major industrial strategic location. Industrial Development Board, Water Supply & Drainage Board, Engineering Workshop-IDB, along with the Rathmalana Railway Workshop, Industrial Furniture City Moratuwa, University of Moratuwa, Rathmalana Airport and Technical Colleges are located closely. Even though, the service providers are placed in a strategic manner, still there is no substantial improvement in the growth of enterprises. This project is designed in a manner to provide motivation to all the industries without any discrimination to lead towards success.

(11) Upgrading the Production Section in Rubber Products Development & Services Center (RPD&SC) / Industrial Development Board of Ceylon

The main objective of implementing this project is to increase the output of the rubber compounding facility in the Rubber Products Development & Services Center (RPD&SC) – IDB and to enhance the efficiency & effectiveness of the rubber compounding in local Rubber product manufacturing sector (SMEs).

The Planning Division has overall responsibility for preparation of strategic plans, action plans and procurement and budget plans. 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 Directors and the Ministry is also carried out by the planning division. Other Divisional responsibilities in detail are as follows.

4.6.3 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 funds 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.

4.6.4 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.

4.6.5 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.

4.6.6 Prepare monthly quarterly and annual progress reports on annual action plan

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

4.6.7 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.

4.6.8 Preparation of the Annual Report (2020)

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.

4.7 Centre for Entrepreneurship Development and Consultancy Services (CEDACS)

Centre for Entrepreneurship Development and Consultancy Services (CEDACS) is a special training division in order to create new entrepreneurial culture by introducing new managerial strategies to expand existing industries. Entrepreneurships plays an influential role in the economic growth and standard of living of the country. Entrepreneurship development and management consultancy works to strengthen entrepreneurial management skills through capacity building and training resources that foster adoption of good workplace practices in micro, small and medium enterprises. Technical know-how and business experience to local industrialists, offer counseling services and industrial information ...etc are few other services provided by the division.

4.7.1 Special Projects carried out during the year

(1) Upgrading the newly established Digital Marketing facility of the IT Unit



Figure 4.7.1 Source: IDB Newsletters

Considering the current local and global trends ICT could be considered one of the most important sectors that could

influence the Sri Lankan economy. As time passes by the field of ICT has become a formidable industrial sector. Working with entrepreneurs and contributing to their development for five long decades IDB has identified that there is some sort of resistance developing ever since the beginning among SMEs towards ICT. Therefore as the IT Unit of CEDACS, we have determined to establish a modern Digital Marketing Center to expose entrepreneurs to the concepts of Digital Marketing, “Internet of things” technology, Mobile Technology, Ecommerce, etc. Through this new center, we expect to develop an understanding between IDB and other national-level academic & professional institutions to facilitate entrepreneurs to increase their knowledge and skill levels in Digital Marketing. Providing ICT training services to underprivileged clients & lower income groups, especially women to empower them and build self-confidence and personality to make them firm personal in the society with enhanced financial capability.

(2) Training Programme held on Batik Clothing at Embilipitiya



Figure 4.7.2 Source: IDB Newsletters

(3) Training Programme on Electronic Equipment repairing held at Walioya, Sampathnuwara



Figure 4.7.3 Source: IDB Newsletters

**(4) Training Programme on Digital Marketing & Personal Skills Development
Dehiattakandiya Region of Mahaweli Development Authority**



Figure 4.7.4 Source: IDB Newsletters

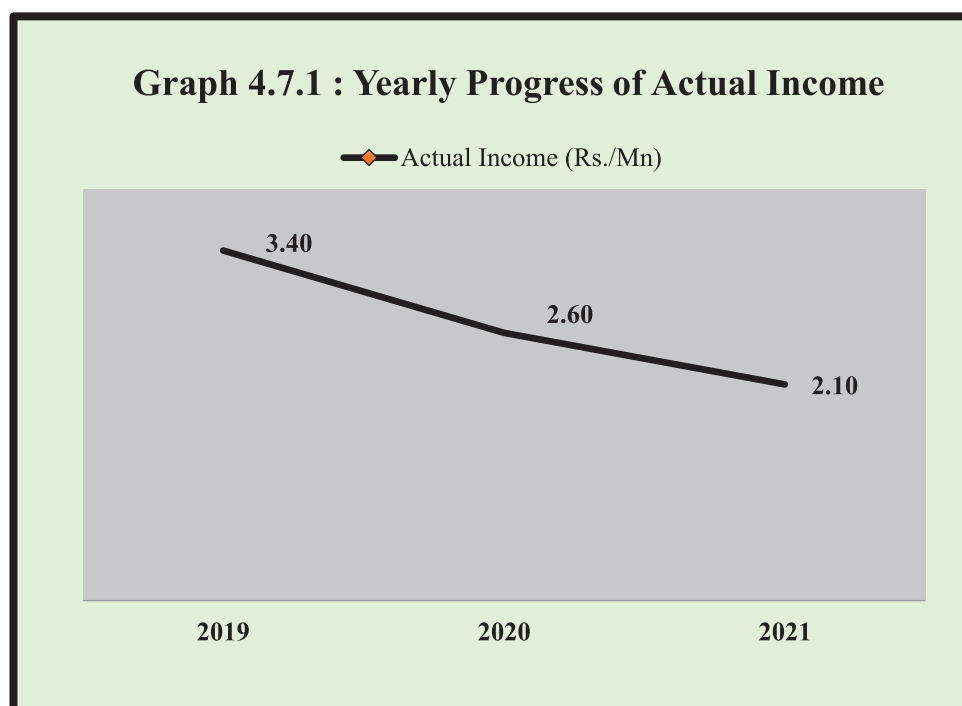
A practical training workshop on Digital Marketing, eCommerce and Personnel Skills Development had been conducted for the courageous students, O/L & A/L dropouts, and lower income groups of Dehiattakandiya, Mahaweli 'C' Zone by the IT Unit of the Entrepreneurship Development Division. The course covered the content of Facebook Advertising, Google Advertising, Designing& Developing a YouTube Channel, Affiliate Marketing, WhatsApp for Businesses, and a Group Presentation.

Table 4.7.1 : Progress Summary Report - CEDACS – 2021

No	Activity	Output / KPI	Physical Progress	Financial Progress Actual (Rs.)	
				Cost	Earnings
Establishment of Micro Industries					
1	Organizing & conducting employment creation & business creation programme for unemployed youth enabling them to acquire necessary skills (NVQ)for expected jobs & start their own businesses	No. of workshops conducted	15	1,122,583	1,517,000
		No. of new industries assisted	10	N/A	N/A
		No. of youths directed for new jobs at other industries	30	N/A	N/A
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 workshops conducted	02	196,980	295,500
		No. of existing industries assisted	03	N/A	N/A
3	Conduct training programs/ workshops/ demonstrations on Management (Entrepreneurship Development, Marketing and financial Management, business startup etc.)	No. of workshops conducted	01	59,800	96,000
		No. of existing industries assisted	10	N/A	N/A
Specific Services Provided by IDB (Internal)					
4	Update database on Machinery, online, raw material, supplier's bibliographic database	No. of new entries	541	N/A	N/A
Special Services (External)					
5	Provide/ disseminate information, advices and consultancy	No. of individuals	338	71,645	143,330
6	Publish "Karmantha" journal	No. of news journals published	01	N/A	N/A
Total (Rs.)				1,451,008.00	2,051,830.00

Table 4.7.2 : Yearly Comparison of Actual Income

Year	Actual Income (Rs.)
2019	3,426,093.00
2020	2,605,850.00
2021	2,051,830.00



Small and medium entrepreneurs (SMEs) play an important role in the economy by contributing to gross domestic product and reducing unemployment and poverty. The growth of SMEs will be influenced by the changes in the internal and external environment. CEDACs division has taken steps to enable SMEs to adapt and thrive in a more open environment and make them participate more actively in the digital transformation for boosting economic growth and delivering more opportunities for globalization. Considering the year 2020 covid pandemic gave a major blow to each and every sector and in the mid of 2021, it reached its pinnacle. Within those two years which made the entire country severely suffer and canceled most of the there-scheduled programs due to the lockdown and other restrictions. The entrepreneurs showed a lot of resistance to being among the masses for the sake of health issues. The above resistance caused IT Unit to cancel most of its Digital Marketing Programs. Somehow as CEDACS they worked together and managed to generate a considerable progress in the midst of such a global and fatal crisis.

4.8 Marketing Division

Marketing Division of IDB has the duty to do the activities to promote services and support local industrialists / SMI sector and potential entrepreneurs to expand their enterprises into commercially viable entities. Further they provide marketing assistance and consultancy services for the promotion and development of industries or MSMEs to establish marketing strategy. It encompasses 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. It serves the ultimate customer by establishing long term mutually beneficial trade relationships to their entire satisfaction. Organizing industrial exhibitions and trade fairs, provide trade facilities at “Lakkam” sales center and facilitate subcontract exchanges are few other activities assigned to the division. Since an organization is a chain of members pursuing a common goal to fulfill its targets to maximize customer satisfaction with its profits, Marketing Division performs their actions aligned with the overall performance of the Board.

4.8.1 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

4.8.2 Performance in 2021



(1) Marketing Assistance

It is important to evaluate each of the activities conducted by the Divisions of IDB in order to meet the desired objectives of the institution. The Marketing Division is committed to provide marketing support to the industrialists through the following areas.

* Lakkam Sales Centre



Figure 4.8.1 Industrial Development Board Media Unit

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. These products are classified under five categories. They are food products processed under traditional recipes, traditional herbal products, SME machinery, handlooms / traditional garments and Handicrafts and ornaments. The income of Lakkam Sales Centre was Rs.17,574,790.60 in 2021.

* 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.

(2) Consultancy

Generally, the most cost effective strategies are planned for the long term. In addition, the divisional strategic plans must also be aligned both with the overall strategic plans of the organization and with other departmental plans. Accordingly, it is important to know the position of the company regarding the market and the competition. Therefore, marketing division is involved in market report writing, which facilitates to conduct market surveys and prepare market feasibility reports on identified viable products, give consultancy to improve product quality, branding, packaging and market information on request. Further workshops were organized periodically on new market development, industrial surveys conducted and market feasibility reports were prepared on identified visible products.

(3) Marketing Promotion

IDB organizes exhibitions for micro, small and medium scaled entrepreneurs at district, provincial and national level in order to facilitate industrialists to reach, attract and interact with potential customers. Further IDB participates for the exhibitions organized by outside organizations and building links with Industrial Exhibition participations. Few other marketing promotional activities are, handling buyer seller meetings with national as well as international participants, conduct sector wise competitions and campaigns on National, Provincial and District levels to motivate industrialists.

(4) Facilitation

* Metal Scrap Project



Figure 4.8.2 Industrial Development Board Media Unit

The IDB is empowered to collect and distribute metal scrap such as ferrous, non-ferrous and other related items generated 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. Few examples of the products engaged with this process are, aluminum and putter based products, copper and brass based products, lead based products, cast-iron based products, iron based products, transformers, battery charges manufacture and repair of motors and black smithy.

Even with all difficulties under the pandemic situation 352 industrialists were benefited under the project while generating Rs. 254.7 Mn of income to the IDB.

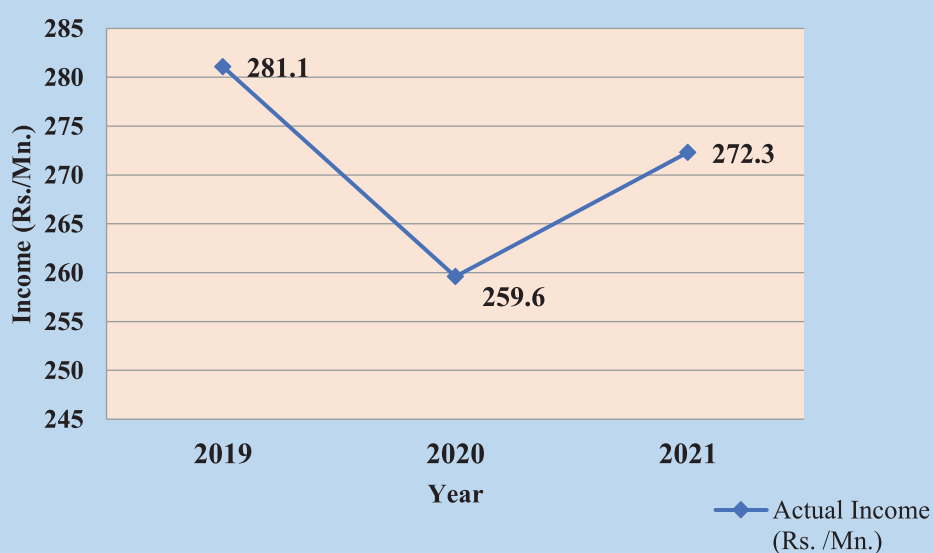
Table 4.8.1 : Progress Summary Report – 2021

No	Activity	Performance Indicator	Financial Progress (Rs.) Cumulative Achievement		
			2019	2020	2021
1	Promoted Existing Industries / business				
1.1	Providing raw materials for Industries	Value earned from raw materials	266,646,049	247,314,423	254,700,986
1.2	Market opportunities through LAKKAM	Income earned from new industrialists	12,645,436	12,231,320	17,574,791
1.3	Sub-Contracting Exchange	Value earned from subcontractors	1,835,095	61,933	-
Grand Total			281,126,580	259,607,676	272,275,776

Table 4.8.2 : Yearly Comparison of Actual Income

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

Graph 4.8.1 : Comparison of Actual Income



The Marketing Division is entrusted with the responsibility of promoting services delivered by IDB while supporting local industries specially SMEs and potential entrepreneurs to make their enterprises growing more and more commercially viable. Further the Division holds the responsibility of assisting to build linkages with the potential markets while building the brand image for the respective products through long term business relationships. Compared to previous years, the year 2020, the covid epidemic situation had a great impact on industrial sector and it caused the progress of every sector to decline. Considering the total income of the revenue category during the years of 2019 and 2020, there has been a significant decline in the revenue received from the Sub-Contracting Exchange, Metal Scrap Project and Lakkam Sales Center. The highest demand period for handloom, handicrafts products in the local market is from March to May as Sinhala and Hindu New Year falls in mid-April and Vesak and Ramadan festival in May. The entrepreneurs produce stocks to cater to this main festival season and usually they earn profits and some recover their losses during this period. The COVID 19 threat has put them into a precarious situation and the entire country severely suffered and cancelled most of the scheduled programmes due to the lockdown and other restrictions. The main issue faced by the Micro and Small enterprises is apparently the breakdown of their supply chain due to lockdowns and curfew. In addition, majority of them faced working capital problems as they do not receive payments for goods supplied and other income sources also have declined. Although there were so many adverse effects due to the Covid-19 threat, new opportunities also have emerged and by the year 2021, the pandemic has driven the world towards adapting to the current circumstances regardless of the industry. For an example, with the changes in life styles, more and more supermarket appearing new opportunities have emerged for MSMEs to supply value added agricultural products and processed food items. In the recent past a considerable number of entrepreneurs have stepped into this subsector with innovative ideas. They have been guided by many institutions including IDB and many entrepreneurs have received assistance and are being supported through various projects of the Government, Ministry and NGOs which has shown constructive results. The outbreak of COVID virus is a big blow that they had to face at this development stage. Ultimately all of this has resulted to uplift the yearly performance of the Marketing Division towards positive direction.

4.9 Centre for Development of Leather Products and Footwear

The Centre for the Development of Leather Product and Footwear (CDLP&F) was established in 1998 for the development of Leather Products and Footwear Production Sector in Sri Lanka. The Centre conducts short term & long term courses for the footwear and leather goods sector, supplies skilled workers, supplies information and provide facilities for the development of leather products and footwear. These services are provided through the Katubedda main head office and the regional sub center at Wariyapola.

4.9.1 Services provided by the centre

- Technology Transfer Workshops
 - Basic Footwear Technology
 - Footwear Industrial Machineries Maintaining
 - Leather Goods Manufacturing
 - Shoe Upper Closing
 - Footwear Product Upgrading & Quality Improvement
 - Advanced Bag Manufacturing
- Design & Pattern Making Training
- Innovative Ideas & Information

Further the centre provides guidance on both technology and training to start the industries in the footwear and leather sector; by providing the necessary knowledge and information for the existing industries to open up innovative and creative avenues.

- Modern Trade and Machinery Information

To provide knowledge on state of art technology used in footwear & leather industries, and technology transfers to the appropriate industries.

- Skilled Labor for Industry

Satisfy the human resources requirements of companies / SMIs by supplying successfully trained personnel.

- Provide Incubator Facilities
- Support to make a linkage between government & Private sector
- Organize sales & promotional events

4.9.2 Machinery Services and Processing Facilities Provided by the Centre

➤ Machining

Facilities are provided to companies / SMIs to utilize the following machinery at concessionary rates.



Skiving machine



Flat bed & Post bed sewing machine



Splitting Machine



Buffing and Finishing



Cylinder Bed Sewing



Clicking Machine



Strap Cutting Machine

➤ Incubator Facilities

Provide necessary incubator facilities to trained personnel on a concessionary rate initially to start a new industry at the Centre enabling them to successfully venture into footwear & leather based industry.

➤ Sample Making

Sample making and advice for specific products on request.

➤ Train differently abled persons

Train disabled, retired service personnel, rehabilitated youth, detainees and mentally retarded persons to enable them to start livelihoods.

4.9.3 Special Activities of the Division

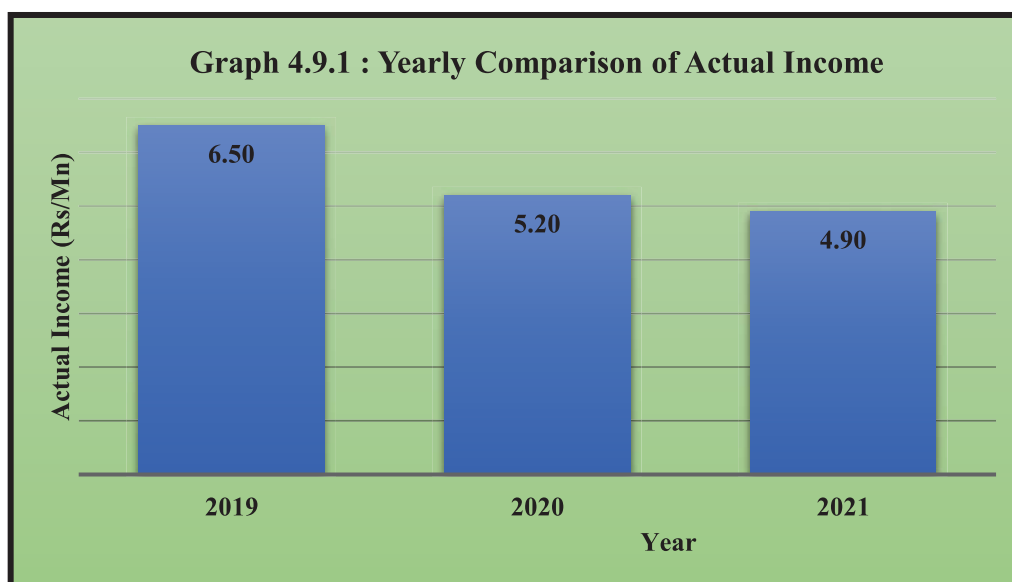
- (1) Conducted Training Programs Entrepreneurs Island wide with the financial contribution of the Ministries and Provincial Councils.
 - b) Conducted 08 training programs on footwear manufacturing and 135 entrepreneurs were trained for the footwear manufacturing sector.
 - c) Conducted 05 training programs on Bag manufacturing and 111 entrepreneurs were trained for the footwear manufacturing sector.
 - d) The skills of new entrants to the field have been developed through these above programs and a sum of Rs.2,413,368 has been earned.
 - e) 128 persons in the field have been trained to enhance the skills of footwear designers and earned Rs.1,424,557.
 - f) 47 persons have been trained to improve their quality of products in existing industries and earned Rs.401,772.
- (2) Intervene in activities such as import policy formulation, cess tax revision and preparation of budget proposals with the coordination of the footwear and leather industrial sector and the government.
- (2) Participated in technical evaluation committees of various government institutions, to buy their footwear & leather goods requirements.
- (3) Facilitated the projects of the final year students, studying Fashion Designing Curriculum at the University of Aesthetics and the University of Moratuwa.
- (4) Increasing the production capacity by improving the quality of the products and providing necessary machinery service facilities to the industrialists. It has provided services to 100

industrialists on a monthly basis during the relevant period. An income of Rs. 122,726/- has been obtained through this process.

- (5) Collect and maintain information regarding the individuals and institutions aligned to the rubber sector. Therefore, the people in the relevant industry can obtain those information in making decisions. A system of information on 540 institutions / persons is being updated.
- (6) Preparation of annual and semiannual question papers and answer scripts related to the examinations of students studying in Sri Lanka Technical Colleges.
- (7) Established a raw material sales center for manufacturers to purchase raw materials at a reasonable price.
- (8) An awareness workshop was conducted successfully regarding NVQ Certification process in collaboration with Tertiary & Vocational Education Commission and National Apprentice and Industrial Training Authority.
- (9) Due to the Covid 19 pandemic situation arisen in the country, monthly raw material requirements for local footwear manufacturers were prepared with the support of the manufacturers, traders and importers and forwarded to the Ministry.
- (10) Supported to the Divisional Secretariats of Raththota, Panadura, Laggala & Kaththankudy to fulfill their footwear projects under "Saubhagya Production Village Programme". Under this programme we have given our assistance in advanced technical training, procurement processes of machineries.
- (11) According to the request of Regional Development Division 170 sewing machines were repaired.
- (13) Total income of the center in the year 2021 is Rs. 4,892,789.00.

Table 4.9.1 : Yearly Comparison of Actual Income

Year	Actual Income without Vat & NBT (Rs.)
2019	6,476,884.00
2020	5,200,839.00
2021	4,892,789.00



In Sri Lanka, micro, small and medium enterprise sector performs a prominent role in the economic development. IDB as the prime state organization established in Sri Lanka, it is the leading institution for the promotion and development of MSMEs. Therefore, entire divisions entitled to the IDB are entrusted to provide financial assistance for industrial enterprises to promote institutions engaged in industrial development and to provide technical and administrative assistance for the expansion of industrial sector. Considering the vast potential for the development of leather sector industries in the country, the center conducts short term and long-term strategies to uplift the skills of the industrialists and provide information while facilitating for their production as well. The footwear industry, which is highly labour intensive, clearly has a significant potential for being a key contributor to the economy of the Country. The industry at present employs about 40,000 people directly and indirectly includes 10 large companies, 30 medium scale companies and about 3000 small scale manufacturers. Diverse range of modern shoes like canvass, rubber boots, sports shoes, leather shoes etc. are produced, using a variety of raw materials. In the recent year, the exports income from this sector was approximately US\$ 119 Million and this sector also faced the common problems such as working capital, supply chain breakdown and marketing issues due to the pandemic. The society has not given adequate attention for the leather and foot wear sector, although it makes a significant contribution to the economy and provide livelihood opportunities to a large number of people. The MSME sector was severely affected by the COVID 19 threat as they lost many of the main sales opportunities in the festival seasons and they are currently saddled with unsold stocks and facing liquidity problems as well. Further their supply channels are disrupted. A helping hand should be given to the entrepreneurs at this stage for sustenance. Amidst COVID-19, global supply chain and manufacturing network moved through a very distressing stage. Since the entire world has been suffered a lot due to this pandemic situation, at least we should assure the post-COVID-19 period should push organizations to shift production and supply chain systems towards a more sustainable way. Therefore, it is required to formulate adequate institutional and operational policies in order to revitalize the local footwear manufacturing sector which was crippled by the Covid 19 pandemic, while overcoming the production losses and improving the consumption pattern, which would further boost the economy.

4.10 Rubber Products Development and Services Center

The Rubber Products Development and Services Centre at Paliyagoda was established in 1980 at Paliyagoda, under the directions and financial assistance of the World Bank for the purpose of providing services for the industrialists related to product development and testing facilities, extension and consultancy services, compounding of natural and synthetic rubber as per tailor made competitions, sale of chemical and other processing agents. IDB is to be proud of itself for been one of the manufacturers of value-added rubber products by processing raw rubber for internationally acclaimed and accepted quality with material properties.

Rubber Products Development and Services Centre provides technical services and information, expert consultancy, advisory services related to rubber and rubber-based products...etc. The division collectively have a range of portfolio of different products comprises of items such as solid tyres, latex gloves, rubber bands, extrusions, mats, other miscellaneous goods etc. The versatility and experience of the technologists and designers enables the manufacturer of rubber products to suit the stringent and competitive requirements of the marketplace.

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

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

Table 4.10.1: Performance highlights of the Center - 2021

#	Services	Measuring indicator	Nos.
a)	Transfer of technology 1. Demonstrations 2. Workshops: Manufacturing of Rubberized coir products 3. Awareness Programs (Under MOU with MPI) -Awareness programme for new and existing rubber industrialists	No. of Programme /clients	(10/40) (01/23) (03-Mannar, Jaffna Kilinochchi / 51)
b)	Testing facilities (This includes testing facilities to industrialists manufacturing rubber products for export market)	No. of Jobs No. of Test	75 275
c)	Product and process Development	No. of Jobs	26

Rubber Products Development and Services Centre provides technical services and information on rubber and rubber products manufacturing industry, expert consultancy and advisory services related to project formation, evaluation, feasibility studies, industrial surveys, plant and machinery layout, process technology, solving technical problems, trouble shooting, selection of machinery and raw materials, conducting seminars, exhibitions, demonstrations and training operators, quality control and product testing. Rubber Products Development and Services Centre's laboratories are equipped with a comprehensive range of physical and mechanical testing equipment for quality testing of rubber compounds and finished products.

4.10.1 Some of the main equipment / machineries

➤ Rubber Injection Moulding - Fuo Yuan Yi FU120A Machine



➤ Electromechanical Universal Testing Machine



4.10.2 Under the RMP project no.22: Capacity Enhancement of Rubber Products Development & Services Center/IDB:

The Centre has signed “Memorandum of Understanding” (MOU) with the Ministry of Plantation Industries to uplift the facility capabilities. The evaluation projects were conducted as the 2nd session and selected personalities from the workshops of Kegalle and Western Province were facilitated to initiate new industries by supplying rubber compounds.

4.10.3 Development Activities:

The Centre also reported the completion of the following Designing & Development Compounds, Quality improvement and product Development work during the year 2021.

(1)	Designing & Development of Compounds
	<i>Products of Special jobs carried out</i>
i	Ball vale
ii	Banana Fiber Coir Pot
iii	grinding rubber top
iv	Rubber gasket machine application
v	Mud wheel
vi	Filling machine guard
vii	Oil Seal
viii	Jack seal
ix	Rubber packing of Mill Tank
x	Gasket seal
(2)	Quality Improvement Activities -75 Certificates
	<i>Special Products</i>
i	Tyre Tread -CTB
ii	Solid Tyre
iii	Rubber pad
iv	Oil resistant seal
v	Rubber band
vi	Rubber mount
vii	Rubber Beadings Fenders
viii	Water Seal
ix	Tire Tube
(3)	Main Product Development Jobs
	<i>Products</i>
i	Tyre tread liner for CTB
ii	Pressure measuring latex water Balloon
iii	Three-wheel Mud Guard
iv	Rubber Knob for three-wheel axel
v	Rubber mount
vi	Food grade cake spoon
vii	Large rubber ring
viii	Rubber oil hose for jeep

The Centre has conducted 10 technology demonstrations and 03 workshops on dry rubber and latex based products to promote new entrepreneurs and up – grade the quality of products manufactured by the existing entrepreneurs.

4.10.4 Annual Revenue:

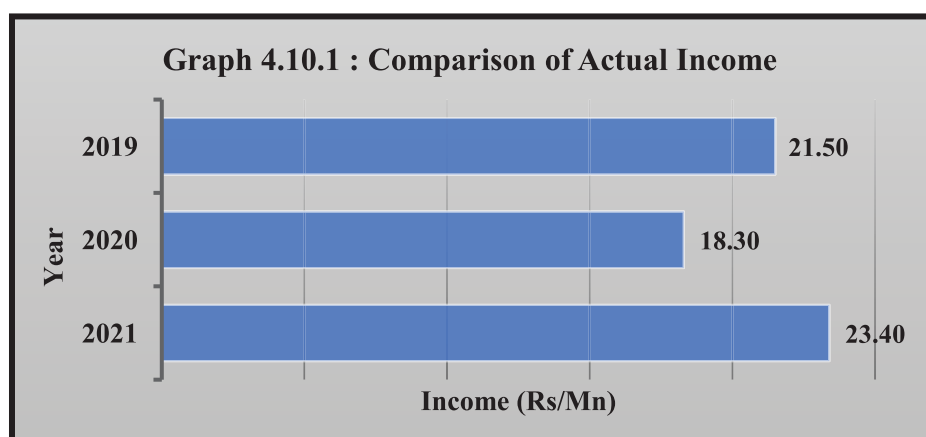
Activities of the center contribute to generate annual revenue from four main key areas shown as below. The center has progressed well towards its goal of becoming a self-financing unit during the year. Income generated from the technical and commercial operations amounting without Vat & NBT was 23.4 million.

Table 4.10.2 :The production and sales of items of the centre

	Qty.(Kg)	Sales Value in Rs.	Total in Rs.
Sales			
Semi Commercial Activity	37,168	22,928,649	
			22,928,649
Services			
i. Extension & Consultancy (302) (Demonstration/ workshop/Subcontract)		169,722	
ii. Quality Control & Lab Testing		194,328	
iii. Product Development		176,817	540,907
Total			23,469,556
Vat 8%			17,877,564
Total with tax			25,347,121

Table 4.10.3 : Yearly Comparison of Actual Income

Year	Actual Income without Vat & NBT (Rs.)
2019	21,508,695.91
2020	18,275,053.00
2021	23,469,556.00

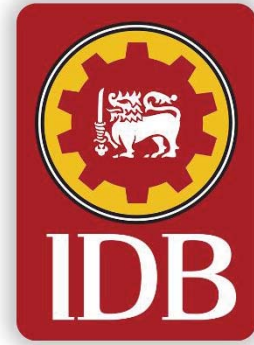


The main objective of the Rubber Products Development and Services Centre is to provide facilities for product and process development for the local rubber products manufacturers. Additionally, custom compounding of dry rubber and rubber latex, retail sale of chemicals and other processing agents, sale of special purpose synthetic rubber compounds, providing bonding and releasing agents, and hiring of portable machinery to execute pilot projects are some of other services tailored to meet specific needs of the clients. Considering the Divisional progress of past few years, they have achieved a successive progress of performance on semi commercial activities and services provided including the categories of, extension & consultancy (demonstration/workshop/subcontract), quality control, lab testing and product development. The COVID 19 is a pandemic with very high infection rate, causing danger to lives, therefore the government and health authorities were compelled to impose restrictions for the benefit of the people which caused hardships to all economic activities. Since the MSMEs are the most vulnerable to any external impact and this effect was also seen during the year 2021 as well. However, the direct threat lasted for few periods hence it was possible to recover in many aspects within a reasonable period.

The main issue faced by the Micro and Small enterprises is apparently the breakdown of their supply chain due to lockdowns and curfew. But the SMIs coming under the subsectors, rubber & plastic, wood based industry ceramic use mostly local raw materials and will not have a major issue with regard to their supply chain except for special items like chemicals and tools. In addition, majority of them face working capital problems as they do not receive payments for goods supplied and other income sources also have declined. Price escalation of raw material due to limited availability also has affected their operations. These sectors consist of large MSMEs network and the main areas are finished rubber products exports which accounted approximately for US\$ 768 Mn. The exports were affected and the loss of marketing opportunities in the high demand period of March to April has also damaged them severely in the year 2020. Metal products and machinery, automobile & transport equipment industry, electrical and electronic industry and pharmaceutical & cosmetics industry also faced similar obstacles. The COVID-19 is having a crucial impact on the re-joining of the industrial workers. Since by the time the effect of the pandemic is reducing...the IDB as a service organisation should prepare for the long-haul impact of the COVID-19. The pandemic situation forces working with a reduced workforce or limited workforce, which may cause adversely for the productivity of the manufacturing process as well. Therefore, to improve the human side of the manufacturing process, adequate safety measures are required. The post-pandemic production system requires considering the social distancing at the workplace and adopts regular health monitoring for the workforce.

(05) Financial Review





CERTIFICATE OF THE ACCOUNTING OFFICER

The Financial Statements of the Industrial Development Board of Ceylon (IDB) for the financial year ended December 31, 2021 have been prepared in the form and manner specified by the section No: 35 of the Industrial Development Act No: 36 of 1969, in terms of the Finance Act No:38 of 1971, Sri Lanka Accounting Standards (LKASs) and Sri Lanka Financial Reporting Standards (SLFRSs), and have been rendered to the Auditor General together with the Notes and Schedules referred to in the Statement of Comprehensive Income and the Statement of Financial Position.

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

Sunil Gunawardene
Chairman
Industrial Development Board

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

29th April 2022

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Statement of Comprehensive Financial Position**for the year ended 31st December 2021

(all amounts in LKR)

ASSETS	Note	2021	2020
Non Current Assets			
Property Plant & Equipment	13	509,254,296	458,709,147
Investment Property	14	1,115,390,943	1,112,160,161
Capital Work-in-Progress	15	83,721,066	95,404,877
Fixed Deposits	16	84,841,643	80,029,718
		1,793,207,948	1,746,303,904
Current Assets			
Inventories	17	25,947,972	18,947,263
Trade & Other Receivables	18	24,932,232	32,641,971
Other Current Assets	19	48,626,679	50,981,831
Deposits & Pre-Payments	20	88,070,127	55,782,649
Receivable - Special Projects	21	13,491,040	11,111,882
Cash & Cash Equivalents	22	135,203,479	138,223,834
		336,271,529	307,689,431
Total Assets		2,129,479,477	2,053,993,335
EQUITY AND LIABILITIES			
Capital and Reserves			
Deffered Capital Grant	23	304,455,733	341,681,267
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
Deffered Government Grants - Capital Projects	26	556,582,142	565,219,549
		1,841,424,270	1,887,287,211
Accumulated Losses	27	(200,739,910)	(272,134,396)
Total Equity		1,640,684,359	1,615,152,815
Non Current Liabilities			
Provision for Gratuity	28	206,131,395	202,971,991
		206,131,395	202,971,991
Current Liabilities			
Dues to Government	29	74,779	72,554
Dues to Corporations	30	8,196,956	7,316,633
Bank Credit Balances	22	-	2,725,171
Provisions and Accrued Expenses	31	274,391,987	225,754,172
		282,663,722	235,868,530
Total Equity & Liabilities		2,129,479,477	2,053,993,335

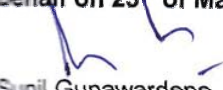
The Accounting Policies and Notes on pages 06 to 31 form an integral part of these Financial Statements.


A.P.U.K. Abeysooriya
 (BSc (Bus. Adm) J'pura, FCA, FCMA)
 Director Finance
 Industrial Development Board
 615, Galle Road, Katubedda,
 Moratuwa.
 Date: 23/05/2022

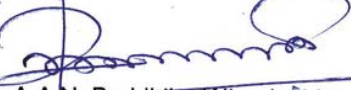

P.L.U. Rathnamalala
 Director General
 Date: 23/05/2022

Director General
Industrial Development Board

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board and signed on their behalf on 23rd of May 2022.


Sunil Gunawardene
 Chairman


Aloka N. Wahalawatta
 Board Member


A.A.N. Buddhika Wimalasiri
 Board Member

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON Statement of Comprehensive Income for the year ended 31st December 2021	Industrial Development Board of Ceylon Annual Report 2021
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(all amounts in LKR)

	Notes	2021	2020
Revenue	05	394,960,415	398,396,560
Cost of Sales & Services	06	(277,291,053)	(245,451,012)
Gross Profit		117,669,362	152,945,547
Other Income	07	111,931,641	104,046,642
Government Recurrent Grants	08	465,750,000	381,250,000
Administrative Expenses	09	(623,096,345)	(622,237,955)
Selling and Distribution Expenses	10	(8,902,791)	(1,490,672)
Results from Operating Activities		63,351,867	14,513,562
Finance Costs	11	(588,050)	(490,815)
Net Income/ (Loss) Before Tax		62,763,817	14,022,747
Other Comprehensive Income	12	15,123,409	(5,878,668)
Net Income/ (Loss) for the year		77,887,226	8,144,079

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

(all amounts in LKR)

	Deffered Capital Grants	Capital & Reserves	Value of Assets Transferred	Revaluation Surplus	Deffered Government Grants - Projects	Accumulated Excess/ Defecit	Total
Balance as at 01st January 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 adjustments	-	-	-	-	-	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 Govt. 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
Balance as at 01st January 2021	341,681,267	6,243,013	13,447,061	960,696,321	565,219,549	(272,134,396)	1,615,152,815
Prior- year adjustments (Note 27.1)	-	-	-	-	-	(6,492,740)	(6,492,740)
Profit for the year	-	-	-	-	-	77,887,226	77,887,226
Government Grants	32,230,000	-	-	-	42,097,219	-	74,327,219
Amotization of Govt. Grants	(69,455,534)	-	-	-	(50,734,626)	-	(120,190,160)
Balance as at 31st December 2021	304,455,732	6,243,013	13,447,061	960,696,321	556,582,142	(200,739,910)	1,640,684,359

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Statement of Cash Flows

for the year ended 31st December 2021

(all amounts in LKR)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income/(Loss) for the year	62,763,817	14,022,747
Adjustments for:		
Depreciation	57,662,994	63,455,254
Provisions for Loans & Advances	(426,929)	(30,241)
Provision for Labour Cases	4,294,311	1,537,686
Provision for Staff Bonuses	6,831,000	6,604,000
Written off-Long Outstanding Debtor Balances	1,490,585	-
Profit on Sale of Property Plant & Equipment	-	(567,695)
Amortization of Capital Grants	(93,427,864)	(89,483,001)
Amortization of Special Projects	-	5,676,324
Bad & Doubtful Debts	1,153,440	881,148
Interest Income	(5,812,667)	(10,228,879)
Retirement Benefit Obligations	15,589,728	35,114,091
	50,118,414	26,981,433
Retirement Benefit Obligations Paid	(12,430,323)	(15,657,320)
Other Comprehensive Income	15,123,409	(5,878,668)
Operating profit/(loss) before working capital changes	52,811,500	5,445,445
(Increase)/Decrease in Inventories	(7,000,709)	2,904,135
(Increase)/Decrease in Debtors & Receivables	7,709,739	(5,185,955)
(Increase)/Decrease in Other Current Assets	2,355,153	10,685,122
(Increase)/Decrease in Prepayments	(32,287,478)	(33,411,854)
Increase/(Decrease) in Receivable - Special Projects	(2,379,158)	(3,750)
Increase/(Decrease) in Creditors & Payables	48,637,815	33,073,378
Increase/(Decrease) in Dues to Corporations	880,322	353,564
Net cash flows from operating activities	70,727,185	13,860,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in Fixed Deposits	(4,811,924)	(7,241,884)
Amounts Invested on Capital WIP	11,683,811	3,403,911
Proceeds from Sale of Property Plant & Equipment	-	567,695
Interest Income	5,812,667	10,228,879
Acquisition/Construction of Property Plant & Equipment	(128,273,228)	(78,671,217)
Net cash flows from investing activities	(115,588,675)	(71,712,615)
CASH FLOWS FROM FINANCING ACTIVITIES		
Grants Received-Capital/Special Projects	44,894,869	30,981,682
Grants Received-Capital	32,230,000	52,550,000
Investment in Special Projects	(32,558,563)	(9,920,820)
Net cash flows from financing activities	44,566,306	73,610,862
Net Increase/Decrease in Cash & Cash Equivalents	(295,184)	15,758,332
Cash & Cash Equivalents as at 01.01.2021	135,498,663	119,740,330
Cash & Cash Equivalents as at 31.12.2021 (Ref. Note 22)	135,203,479	135,498,663

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Significant Accounting Policies and Notes to the Financial Statements

1. General Information (Legal and Domicile Form)

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

Principal activities of the IDB are to assist in the encouragement, promotion and development of industries in Sri Lanka.

2. Summary of Significant Accounting Policies

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

The Financial Statements of the Board are prepared in accordance with the Sri Lanka Accounting Standards (LKASs) and the Sri Lanka Financial Reporting Standards (SLFRSs) issued by the Institute of Chartered Accountants of Sri Lanka. The Financial Statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the periods unless otherwise stated. Financial Statements have been prepared on accrual basis and under the historical cost basis except where appropriate disclosures are made with regard to the fair value under relevant notes.

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

2.2. Property, Plant and Equipment

2.2.1. The Value of Assets

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

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

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

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

2.2.2. Depreciation

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

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

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

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

Gains / Losses on disposals are determined by comparing proceeds with carrying amount. Such Gains/Losses are included in the Income Statement.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd..)

2.3. Details of Lands not capitalized

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

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

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

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

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

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

2.5. Financial Assets**2.5.1. Classification**

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

Loans and Receivables:

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

2.5.2. Recognition of Financial Assets

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

2.5.3. Off-setting Financial Instruments

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd..)

2.5.4. Impairment of Financial Assets

Assets carried at amortized cost (Loans and receivables)

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

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

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

Impairment testing of trade receivables is described in Note 2.8.

2.6. Financial liabilities

The financial liabilities include Trade and Other Payables and Borrowings. All Financial Liabilities except for Loans are recognized initially at their fair values and subsequently measured at amortized cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

2.7. Inventories

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

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

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

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

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

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

2.9. Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as minus balances under current Liabilities on the Statement of Financial Position.

2.10. Provisions

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

2.11. Trade and Other Payables

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd..)****2.12. Defined Benefit Plan**

Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation (remuneration). The defined benefit plan comprises the gratuity provided under the Act, No 12 of 1983. Due to the long-term nature of the defined benefit plan, Such estimates are subject to significant uncertainty.

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

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

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

2.13. Defined Contribution Plan

All permanent and contract employees of IDB are members of the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF), to which the IDB contributes 12% and 3% respectively, of such employees' basic wage or salary, plus cost of living allowance (COL).

2.14. Investments

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

2.15. Government Grants

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

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

Government grants relating to Property, Plant and Equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd..)****2.16. Donations**

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

2.17. Revenue Recognition**2.17.1. Goods sold and Services rendered**

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

2.17.2. Interest income

Interest income is recognized on a time-proportion basis and such revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of IDB's activities. Revenue is shown net of Value Added Tax (VAT), Returns, Rebates and Trade discounts, if any.

2.18. Expenditure Recognition**2.18.1. Operating Expenses**

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

2.18.2. Net Financing Costs

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

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

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON**Notes to the Financial Statements (contd..)****3. Financial Risk Management****3.1. Financial Risk Factors**

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

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

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions. (as at 31.12.2021)

	Trade and Other Receivables	Cash and cash Equivalents	Total
Risk exposure			
Trade and other receivables	24,932,232	-	24,932,232
Cash & cash Equivalents	-	135,203,479	135,203,479
	24,932,232	135,203,479	160,135,711

3.1.1. Interest rate risk

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

IDB is not exposed to interest rate risk as at 31 December 2021, as IDB does not have any borrowing at variable rates of interest.

3.1.2. Credit risk

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

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

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

Consistent with others in the industry, IDB monitors capital based on the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings include non-current and current borrowings as shown in the Statements of Financial Position. Total equity is calculated as stated in 'Total equity' in the Statements of Financial Position.

The gearing ratio at 31st December 2021 was as follows.

	<u>2021</u>	<u>2020</u>
Total borrowings	488,795,117	438,840,521
Total equity	1,640,684,359	1,615,152,815
Gearing ratio	29.79%	27.17%

No long-term borrowings were obtained. However, overdraft facility of Rs.45 million has been arranged against the security of Rs.50 million fixed deposits at a 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. Contd...

4.1.1. Defined benefit plan – Gratuity

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

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit (PCU) method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using appropriate interest rates by the actuarial valuer.

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

4.1.2. Useful lives of Property, Plant and Equipment

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

4.2. Contingent Liabilities

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

4.3. Re-classifications & Comparative Figures

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

(all amounts in LKR)

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

05 Revenue

5.1 Sales

	2021	2020
Sale of Goods (Ref. Note 5.1.1)	48,648,188	43,744,570
Sale of Scraps	251,707,088	247,576,340
Sale of Casper	2,975,464	2,070,100
Sale of Publications	185,770	338,037
	303,516,510	293,729,047

5.1.1 Sale of Goods

	2021	2020
Engineering	22,755,969	20,221,351
Leather	1,447,292	184,589
Rubber	24,264,348	17,748,630
Technical Services	180,579	-
Regional - Special Project UNDP	-	5,590,000
	48,648,188	43,744,570

5.2 Services

	2021	2020
Rents - Industrial Estates	67,640,845	66,905,136
Water Charges	6,552,184	5,934,177
Surcharges	3,001,528	3,493,986
Land & Building Transfer Charges	1,950,000	4,020,000
Training Programmes	8,769,408	19,596,869
Project Reports	3,529,941	4,405,643
Service Charges	-	311,702
	91,443,905	104,667,513
	394,960,415	398,396,560

06 Cost of Sales & Services

	2021	2020
Cost of Sales - Direct Materials	25,466,663	23,428,568
Cost of Sales - Industrial Estates	5,297,216	4,258,908
Cost of Sales - Scrap Project	193,746,158	165,876,436
Cost of Sales - Casper	2,203,700	1,683,400
Cost of Sales - Direct Labour	5,393,247	4,178,580
Cost of Sales - Indirect Materials	474,789	483,643
Consumables - Foundry Raw Materials	-	808,537
General Overheads	1,784,735	1,377,814
Machine Overheads	1,475,987	734,861
Maintenance of Plant & Machinery	88,728	433,817
Power	4,158,788	3,393,208
Depreciation of Plant & Machinery	5,074,067	3,890,365
Depreciation of Investment Property - Land Improvements	9,866,790	9,933,816
Depreciation of Investment Property - Buildings	7,217,418	7,225,651
Depreciation of Utility Services	3,201,740	3,249,654
Charges of Engineering Works	71,199	163,680
Sub Contract Charges	124,791	704,900
Maintenance of Water Supply	33,215	28,184
Maintenance of Industrial Estates	2,077,394	1,945,198
Maintenance of Lab Equipment	79,745	50,853
Maintenance of Tools & Spares	88,962	-
Transport Charges	1,678,455	1,284,904
Training Programmes	7,687,267	10,316,035
	277,291,053	245,451,012

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

07 Other Income	2021	2020
Amortization of Capital Grants	93,427,864	89,483,001
Amortization of Grants - Special Projects	-	5,233,985
Expenses for Special Projects	-	(10,910,309)
Fixed & Short Term Deposits Interest	4,468,620	9,020,715
Sundry Income	830,336	1,598,296
Inspection Income, Metal Related Waste Scrap (Eng. Div.)	-	1,058,298
Commissions - Sub Contracting Exchange	-	20,452
Commissions - Lakkam Center	3,549,189	2,529,349
Commissions - Leather Center	608,430	-
Registraion of Suppliers	1,559,300	340,500
Lakkam Hall Charges	-	10,000
Notarial Fees	510,762	276,294
Penalties	123,666	131,164
Web Publishing Income	2,500	40,140
Profit on Sale of Fixed Assets	-	567,695
Savings Interest	1,344,047	1,208,164
Service Charges For Lab Test	656,593	609,823
Staff Loan Interest	1,438,162	1,758,148
IDB 50th Anniversary, 2019	-	289,092
UNIDO Project Income	-	1,268,706
UNIDO Project Expenses	-	(868,558)
Lakkam Trade Fair Income	1,707,242	-
Lakkam Trade Fair Expenses	(1,518,891)	-
Electricity Tariff Change Income	16,000	-
Consultancy Fee-Spices Processing Center at Embilipitiya	2,933,333	-
Capacity Motivational Allowance	(1,079,467)	-
Sponsorships for Staff Motivation Programme	255,000	-
Solar Power Export Income	1,041,304	381,687
Project Administration Cost Recoveries	57,650	-
	111,931,641	104,046,642
08 Grants	2021	2020
Government Grants for Salaries	420,000,000	381,250,000
Government Grants for Other Recurrent	45,750,000	-
	465,750,000	381,250,000
09 Administration Expenses	2021	2020
Basic Salaries	280,873,355	282,923,497
Chairman's Remuneration	900,000	900,000
Special Allowance 5%	350,677	146,148
C O L Allowance	50,847,399	51,082,858
Other Allowances	31,087,438	31,511,770
EPF 12%	41,347,313	41,677,374
ETF 3%	10,336,828	10,419,344
Bonus for Board Employees	6,831,000	6,604,000
Gratuity (Ref. Note 28)	30,713,136	29,235,423
Training Allowances	669,725	858,825
Daily Paid & Care Taker Allowances	2,100,568	609,272
Unutilized Medical Leave Encashment	24,236,233	24,306,629
Overtime	21,498,545	19,469,247
Holiday Pay	1,132,528	1,006,870
Travelling (Local)	2,413,994	2,750,856
Travelling (Foreign)	738,638	241,331
Lodging Expenses	8,985	56,398
Staff Welfare	1,555,279	1,847,310

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

(all amounts in LKR)

Notes to the Financial Statements (contd)

09 Contd...	2021	2020
Local Training for Board Employees	620,700	179,500
Corporate Memberships	31,589	-
Membership Fees of Professional Bodies (Local & Foreign)	125,380	229,961
Staff Uniforms	1,502,001	1,901,467
Contribution to Medical Aid Scheme	2,390,900	774,600
Stationery & Office Requisites	7,172,610	4,437,229
Medical Examination Fees	6,205	13,000
Annual Board of Survey Expenses	666,017	441,249
Fuel Expenses	6,325,900	5,061,516
Maintenance of Lands	173,194	1,086,316
Maintenance of Buildings	2,301,870	728,526
Maintenance of Plant & Machinery	1,014,547	246,486
Maintenance of Printing Machinery	-	86,110
Maintenance of Computers & Accessories	789,670	538,570
Maintenance of Motor Vehicles	7,367,027	5,698,650
Office Maintenance Expenses	196,732	597,679
Maintenance of Office Equipment	1,045,599	1,742,538
Maintenance of Furniture, Fittings & Office Equipment	1,700	940,456
Maintenance of Bicycles	4,410	18,160
Maintenance of PABX Systems	23,555	-
Maintenance of Sundry Assets	24,750	57,985
Maintenance of Software, Web & Networking	1,118,278	360,682
Maintenance of J I C A Equipment	-	32,919
Electricity Charges	8,501,911	8,301,435
Telephone Charges	5,177,620	5,757,853
Payment of Security Services	26,034,578	25,522,873
Postage & Telegrams	684,997	671,041
Water Charges	941,563	1,104,702
Rent, Rates & Taxes	5,296,060	5,348,738
Insurance	726,059	978,119
Newspapers & Journals	531,127	771,692
Directors' Fees	508,000	458,000
Audit Fees	865,000	750,000
Expenses for Special Events	984,660	1,316,245
Advertisements	1,565,788	1,447,842
Legal Charges	140,362	528,844
Fees for Trade Tests, Interview etc.	296,437	198,030
Licence Fees	241,465	216,560
Research & Development	-	42,540
Consultancy Fees	-	105,000
Publications	192,843	231,809
Provisions for Loans & Advances	(426,929)	(30,241)
Provision for Labour Cases	4,294,311	1,537,686
Vehicle Hiring Charges	270,000	-
Miscellaneous Expenses	343,374	65,874
Registration Fees	1,500	14,066
IDB 50th Anniversary, 2019	-	128,046
Factory Overhead Re-Allocation	-	(926,050)
General Overheads Re-Allocation	-	(1,488,954)
Labour Cost Re-Allocation	-	(3,865,965)
Salary Re-Allocation	(5,058,179)	-
Overhead Re-Allocation	(1,693,068)	-
Machine Cost Re-Allocation	(1,426,242)	-
Salary Suspend Work-in-Progress	(1,537,280)	-

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

	2021	2020
09 Contd...		
Overhead Suspend Work-in-Progress	(376,469)	-
Machine Cost Suspend Work-in-Progress	(195,055)	-
Opening Ceremony - Food Laboratory	-	603,851
Covid 19 Expenses	2,903,871	2,471,804
Donation - Covid (Juice Extractor)	450,000	-
Depreciation of - Land Improvements	379,301	423,095
Depreciation of - Buildings	5,157,674	4,780,462
Depreciation of - Plant & Machinery	3,163,266	2,903,830
Depreciation of - Computer Accessories	7,223,081	9,008,258
Depreciation of - Lab Equipment	7,734,831	7,065,387
Depreciation of - Printing Machinery	503,641	269,000
Depreciation of - Motor Vehicles	693,976	8,070,995
Depreciation of - Office Equipment	3,661,504	3,048,880
Depreciation of - Travelling Bags	11,599	12,010
Depreciation of - Furniture & Fittings	1,017,456	1,337,451
Depreciation of - Bicycles	14,827	14,827
Depreciation of - Tools & Spares	550,081	782,279
Depreciation of - Library Books	91,790	246,569
Depreciation of - PABX Systems	29,930	124,621
Depreciation of - Utility Services	1,148,045	569,147
Depreciation of - Sundry Assets	286,143	3,872
Depreciation of - Computer Softwares	646,628	495,087
	623,096,345	622,237,955
10 Selling & Distribution Costs		
Provision for Bad & Doubtful Debts	1,153,440	881,148
Written off-Long Outstanding Debtor Balances	1,490,585	-
Marketing Expenses	46,070	91,143
Promotional Expenses	-	21,850
Exhibition Expenses	6,212,697	496,532
	8,902,791	1,490,672
11 Finance Costs		
Bank Charges	588,050	490,415
O D Interest	-	400
	588,050	490,815
12 Other Comprehensive Income		
Actuarial Gain / (Loss) for the year (Ref. Note 28)	15,123,409	(5,878,668)
	15,123,409	(5,878,668)

INDUSTRIAL DEVELOPMENT BOARD

Notes to the Financial Statements (contd)

(all amounts in LKR)

13 Property, Plant and Equipment as at 31/12/2021

	Lands & Land Improvements	Buildings	Plant, Machinery & Equipment Installation	Printing Mechinery	JICA Project Assets	Office Equipment
Year ended 31st 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
Disposals	-	-	-	-	-	-
Corrections	-	-	-	-	-	-
Depreciation Charge (Ref. 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 Value	104,147,711	142,900,056	56,927,575	817,427	(1)	21,110,456
At 31st 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 Value	104,147,711	142,900,056	56,927,575	817,427	(1)	21,110,456
Year ended 31st December 2021						
Opening Net Book Value	104,147,711	142,900,056	56,927,575	817,427	(1)	21,110,456
Additions	-	31,068,790	36,347,841	3,660,000	-	1,735,565
Disposals	-	-	-	-	-	-
Depreciation Charge (Ref. Note 9)	(379,301)	(5,157,674)	(8,237,333)	(503,641)	-	(3,661,504)
Closing Net Book Value	103,768,411	168,811,172	85,038,082	3,973,786	(1)	19,184,517
At 31st December 2021						
Cost	106,672,023	232,837,184	213,601,898	12,212,955	228,842,384	69,419,563
Accumulated Depreciation	(2,903,613)	(64,026,012)	(128,563,815)	(8,239,170)	(228,842,385)	(50,235,047)
Net Book Value	103,768,411	168,811,172	85,038,082	3,973,786	(1)	19,184,517

INDUSTRIAL DEVELOPMENT BOARD

Notes to the Financial Statements (contd)

(all amounts in LKR)

13 Property, Plant and Equipment as at 31/12/2021

	Lab Equipment	Travelling Bags	Furniture & Fittings	Bicycles	Tools & Spares	Library Books	PABX Systems
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
Disposals	-	-	-	-	-	-	-
Corrections	-	-	(68,657)	-	-	-	-
Depreciation Charge (Ref. 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 Value	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 Value	58,194,792	18,662	5,503,499	255,617	1,120,421	311,296	136,813
Year ended 31st December 2021							
Opening Net Book Value	58,194,792	18,662	5,503,499	255,617	1,120,421	311,296	136,813
Additions	7,582,181	15,800	408,657	-	2,442,985	9,835	10,109
Disposals	-	-	-	-	-	-	-
Depreciation Charge (Ref. Note 9)	(7,734,831)	(11,599)	(1,017,456)	(14,827)	(550,081)	(91,790)	(27,360)
Closing Net Book Value	58,042,142	22,863	4,894,701	240,790	3,013,325	229,341	119,562
At 31st December 2021							
Cost	90,913,841	1,348,355	22,304,356	316,860	17,460,714	13,522,465	4,412,919
Accumulated Depreciation	(32,871,698)	(1,325,492)	(17,409,655)	(76,070)	(14,447,389)	(13,293,123)	(4,293,357)
Net Book Value	58,042,142	22,863	4,894,701	240,790	3,013,325	229,341	119,562

INDUSTRIAL DEVELOPMENT BOARD

Notes to the Financial Statements (contd)

(all amounts in LKR)

13 Property, Plant and Equipment as at 31/12/2021

	Utility Services	Sundry Assets	Computers & Communication equipment	Computer Software	Motor Vehicles	Total
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
Disposals	-	-	-	-	-	-
Corrections	-	259,948	-	-	-	191,291
Depreciation Charge (Ref. 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 Value	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 Value	34,624,561	1,586,573	20,565,762	7,807,775	2,680,151	458,709,146
Year ended 31st December 2021						
Opening Net Book Value	34,624,561	1,586,573	20,565,762	7,807,775	2,680,151	458,709,146
Additions	1,821,517	102,700	5,038,055	879,900	-	91,123,934
Disposals	-	-	-	-	-	-
Depreciation Charge (Ref. Note 9)	(4,349,785)	(277,922)	(7,223,081)	(646,628)	(693,976)	(40,578,786)
Closing Net Book Value	32,096,293	1,411,352	18,380,736	8,041,048	1,986,174	509,254,294
At 31st December 2021						
Cost	59,971,490	5,415,419	89,410,943	10,796,047	54,674,345	1,234,133,761
Accumulated Depreciation	(27,875,197)	(4,004,068)	(71,030,207)	(2,754,999)	(52,688,170)	(724,879,467)
Net Book Value	32,096,293	1,411,352	18,380,736	8,041,048	1,986,174	509,254,294

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

14 Investment Property

	Lands & Land Improvements	Buildings	Total
Year ended 31st 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
Disposals	-	-	-
Depreciation Charge (Ref. Note 9)	(9,933,816)	(7,225,651)	(17,159,466)
Closing Net Book Value	869,837,313	242,322,848	1,112,160,161
At 31st 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 Value	869,837,313	242,322,848	1,112,160,161
Year ended 31st December 2021			
Opening Net Book Value	869,837,313	242,322,848	1,112,160,161
Additions	20,314,989	-	20,314,989
Disposals	-	-	-
Depreciation Charge (Ref. Note 9)	(9,866,790)	(7,217,418)	(17,084,208)
Closing Net Book Value	880,285,512	235,105,430	1,115,390,943
At 31st December 2021			
Cost	930,963,288	289,547,848	1,220,511,136
Accumulated Depreciation	(50,677,775)	(54,442,418)	(105,120,193)
Net Book Value	880,285,512	235,105,430	1,115,390,943

15 Capital Work-in-Progress

	2021	2020
Pannala - Constructions - Stage II	49,712,293	49,712,293
Boundary Wall - Panaluwa	-	8,420,582
Canteen, Post office & Dug well - Achchuvely	1,911,259	1,911,259
Improvement of Internal Roads - Achchuvely	7,251,379	7,251,379
Extention of existing Food Laboratory T S D - Stage II	-	23,311,417
Construction New Building - Gampaha	4,797,946	4,797,946
Partition Work - T S D - Food Lab	3,491,531	-
Modification Work of Canteen IDB	1,023,644	-
Construction of New External Stair Case - Food Laboratory	5,366,957	-
Internal Road & Constructions of Boundry Wall - Ekala	7,634,539	-
Constructions of Security Hut & Wash Room - Negampaha	451,158	-
Partition Works - A T R D C Pannala	545,018	-
Renovation of Office & Post Office - Ekala	873,867	-
Construction of Line Drain - Ekala	661,475	-
	83,721,066	95,404,877

16 Fixed Deposits

	2021	2020
Bank of Ceylon - Idama Moratuwa Branch (Ref. Note 16.1)	80,931,530	73,327,248
Fixed Deposit Interest Receivable	3,910,113	6,702,470
	84,841,643	80,029,718

16.1 This amount represents the fixed deposits placed from the refundable deposits made by industrialists. Therefore the Industrial Development Board has no right to utilize this amount whereas the interest amounts accrued on this have been utilized to finance routing expenses of the board.

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

17 Finished Goods, Stocks & Work-In-Progress

	2021	2020
Engineering Raw Materials - (H/O)	937,243	391,721
Printing Raw Materials	53,546	54,546
Stationery	2,233,704	1,984,732
Other Raw Materials	2,007,072	1,042,421
Stocks of Village Development Project	3,114,081	2,433,419
Sub Stores - Foundry	5,845,263	3,971,708
Sub Stores - Rubber	4,553,670	4,623,208
Sub Stores - Leather	323,407	321,228
Sub Stores - C S C Matara	270,054	262,091
Sub Stores - Electroplating Centre	1,526,860	1,250,421
Sub Stores - A T R D C Pannala	1,369,808	1,208,203
Brass Centre - Pilimathalawa	292,732	190,429
Work-in-Progress - Direct Materials (H/O)	1,761,593	886,191
Work-in-Progress - Direct Labour	1,875,885	634,980
Work-in-Progress - General Overheads	494,981	222,243
Work-in-Progress - Factory Overheads	160,167	160,167
Work-in-Progress - Machine Overhead - Engineering	145,310	-
Non - Ferrous Metal Scraps	996,420	996,420
Stocks - Lab Chemicals & Consumables	-	362,009
Provision for Impairment of Non-Moving Stock	(1,052,453)	(1,052,453)
Provision for Loss of Brass Ingots	(996,420)	(996,420)
Direct Issues	35,049	-
	25,947,972	18,947,263

18 Trade & Other Receivables

	2021	2020
Sundry Debtors - Head Office	264,713	264,713
Sundry Debtors - Leather	26,119	18,270
Sundry Debtors - Engineering	483,183	604,612
Sundry Debtors - Engineering - Workshop	2,371,801	4,833,667
Sundry Debtors - Rubber Division	2,004,423	1,288,213
Sundry Debtors - A T R D C - Pannala	821,276	1,265,181
Sundry Debtors - E P C	73,272	73,272
Sundry Debtors - Printing	392,172	374,061
Sundry Debtors - Electrical	2,695,210	1,697,674
Sundry Debtors - Foundry	832,651	2,020,687
Sundry Debtors - Civil	2,163,600	2,946,466
Sundry Debtors - Laknipaum	42,120	42,120
Sundry Debtors - C S C - Matara	461,902	3,959,562
Sundry Debtors - C S C - A'pura	15,025	15,025
Sundry Debtors - Marketing	199,933	147,965
Sundry Debtors - Scrap Project	3,413,414	897,059
Sundry Debtors - Common	3,446,718	-
Sundry Debtors - TSD	396,038	-
Sundry Debtors - Regional	7,950.00	-
Debtors - Returned Cheques	-	209,398
Tenant Debtors (Ref. Note 18.1)	20,042,644	25,645,815
Miscellaneous Debtors	-	406,707
	40,154,165	46,710,464
Less:- Provision for Bad & Doubtful Debts	(15,221,933)	(14,068,493)
	24,932,232	32,641,971

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

18.1 Tenant Debtors

	2021	2020
Industrial Estate - Ekala	2,162,559	3,989,946
Industrial Estate - Palkekele	5,383,563	4,934,659
Industrial Estate - Horana	1,210,244	1,753,819
Industrial Estate - Pannala	357,665	1,637,262
Industrial Estate - Lunuwila	4,210,303	3,601,610
Industrial Estate - Mihinthale	86,142	40,686
Industrial Estate - Matale	1,810,794	2,313,496
Industrial Estate - Pussella	256,337	120,685
Industrial Estate - Galigamuwa	255,818	197,506
Industrial Estate - Panaluwa	4,258,565	3,202,892
Industrial Estate - Kotagala	969,887	967,718
Industrial Estate - Atchchuvely	1,104,030	1,526,684
Industrial Estate - Vaulugala	1,304,316	793,927
Industrial Estate - Vavuniya	563,629	564,924
Industrial Estate - Common	(3,891,207)	-
	20,042,644	25,645,815

19 Other Current Assets

	2021	2020
Festival Advance	236,500	365,250
Provision for Impairment Loss of Festival Advances	-	(112,750)
Motor Bicycle Loans	209,470	386,230
Provision for Impairment Loss of Motor Bicycle Loans	-	(106,360)
Bicycle Advances	23,504	52,154
Provision for Impairment Loss of Bicycle Loans	-	(2,504)
Distress Loans	40,030,126	43,779,121
Deferred Staff Costs	(7,564,456)	(6,098,918)
Provision for Impairment Loss of Distress Loans	-	(205,315)
Prepaid Staff Costs (I F R S Adjustment)	7,564,456	6,098,918
Special Advance - Books	5,800	7,000
Receivable from Other Departments	-	421,933
Receivable from Election Commissioner	80,919	404,487
Withholding Tax	5,172,442	5,517,372
Kithul - Marketing	-	281,675
Economic Service Charges	-	170,872
Trade Union Control	600	1,000
Employees Donations	-	21,667
Karmantha Exhibition & Award Ceremony	405,554	-
Receivable from Line Ministry, Bamboo Survey	877,500	-
Receivable from Line Ministry	833,450	-
Temporary Loan to IDB Welfare Society	600,000	-
Receivable from Resigned Employees	150,814	-
	48,626,679	50,981,831

20 Deposits & Prepayments

	2021	2020
Security Deposits	292,457	296,304
Prepayments (Ref. 20.1)	97,700,276	64,219,945
Provision for Imp. of Pre Payments	(11,787,162)	(11,787,162)
Prepayments / Advances - H/O	192,206	192,206
Advances to Staff - H/O	140,466	179,252
Advances to Staff for Fuel - H/O	-	4,170
Other Deposits / Receivables	1,363,958	2,137,048
Rent & Other Expenses Paid in Advance	167,926	540,886
	88,070,127	55,782,649

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Industrial Development Board of Ceylon
Annual Report
(all amounts in LKR)

2021

Notes to the Financial Statements (contd)

20.1 Prepayments

	2021	2020
Construction	5,188,230	10,055,466
Scrap Project	67,180,596	28,192,543
Miscellaneous	25,331,450	25,971,936
	97,700,276	64,219,945

21 Receivable - Special Projects

	2021	2020
Diviyata Udanaya	8,059,237	8,059,237
Ministry Funds - Robot Arm (C E R A Project) *	3,776,783	3,052,645
One Stop Shop	1,655,020	-
	13,491,040	11,111,882

* C E R A Project is a special project of which the IDB is the implementing authority. This project has been transferred to Ministry of Industries during the year 2020.

22 Cash and Cash Equivalents

A/C code	Account No.	2021	2020
72000 C/Acc - BOC Idama (Recurrent-Main)	682974	41,757,701	2,631,838
72016 C/Acc - BOC Idama (Rubber)	4064199	174,103	165,259
72002 C/Acc - BOC Idama (Capital Grant)	683231	7,135,114	34,174,962
72005 C/Acc - BOC Idama (Engineering)	683144	147,012	81,660
72020 C/Acc - BOC Idama (Village Development Project)	4204245	6,661,724	677,302
72011 C/Acc - BOC Idama (Ferrous)	682519	46,483,286	44,285,198
72008 C/Acc - BOC Idama (Regional)	683237	282,075	50,000
72014 C/Acc - P/Bank Katubedda (Ministry Projects)	313100153657035	57,032	(2,725,171)
72015 C/Acc - P/Bank Katubedda	313200223657035	21,303,134	16,477,774
72030 C/Acc - BOC Idama (Lakkam)	7153282	5,509,102	1,773,184
72001 C/Acc - BOC Idama (Income)	70034730	3,420,750	2,921,275
72017 C/Acc - BOC Idama (District Office)	74791255	66,865	30,771
72028 S/Acc - BOC Idama (Non Ferrous)	7271240	224,807	218,171
72029 S/Acc - BOC Idama (CESS Fund)	9123868	1,824,930	1,771,062
Short Term Deposits	-	-	32,904,625
Short Term Deposits Interest Receivable	-	-	3,831
Imprest Accounts	-	132,466	33,543
Special Imprest - Cashier	-	23,379	23,379
		135,203,479	135,498,663
Debit Balances		135,203,479	138,223,834
Credit Balances		-	(2,725,171)
Cash and Cash Equivalents		135,203,479	135,498,663

23 Deffered Capital Grants

	2021	2020
Government Capital Grants as at 1 st January	341,681,267	350,265,754
Grants Received during the year	32,230,000	52,550,000
Capital Grants transferred	(69,455,534)	(61,134,488)
	304,455,733	341,681,267

24 Value of Assets Transferred

	2021	2020
IDB Prior to 1969	4,403,441	4,403,441
Industrial Estate Cooperation	9,043,620	9,043,620
	13,447,061	13,447,061

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

25 Surplus on Revaluation of Fixed Assets

Balance B/F

2021	2020
960,696,321	960,696,321
960,696,321	960,696,321

26 Deffered Government Grants - Capital Projects

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

2021	2020
10,500,000	10,500,000
21,152,588	21,999,854
4,678,951	5,610,753
35,567,556	34,693,367
375,713,923	360,193,500
5,165,760	4,797,155
-	2,500,000
2,156,201	2,605,185
3,859,515	28,816,474
21,697,287	24,894,743
62,560,869	53,742,207
7,259,371	8,339,086
1,152,452	1,331,619
5,117,669	5,195,607
556,582,142	565,219,549

27 Accumulated Profit / (Losses)

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

2021	2020
(272,134,396)	(283,248,237)
(6,492,740)	2,969,761
77,887,226	8,144,079
(200,739,910)	(272,134,396)

27.1 Prior Year Adjustments

Accumulated Depreciation for Land
Provision for Arrears Payment, "Parakramabahu" Ship SL Navy
Accumulated Interest - Panaluwa Grant
Arrears Salary
Tender Board Fee
Receipt - Mohamed Anfas
Cancelled Cheques
Grant Amortization (Audit reply)
Input Tax, Internal Road Atchuvely Industrial Estate
Depreciation
Over Provision - Bonus
Under Provision - Telephone Charges
Opening Balance Inventory Adjustment
Over provision - Water Charges
Industrial Estate & other income
Bamboo project expenses, Paid to Laksala Employee
Other Corrections

2021	2020
-	4,575,000
-	(1,605,239)
(7,908,457)	-
(365,276)	-
(2,000)	-
97,000	-
25,750	-
425,476	-
1,079,715	-
8,222	-
132,000	-
(30,928)	-
(38,416)	-
41,853	-
55,820	-
(12,500)	-
(1,000)	-
(6,492,740)	2,969,761

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

28 Retirement Benefit Obligations

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

	2021	2020
Present value of unfunded obligation	206,131,395	202,971,991
Liability in the statement of Financial Position	206,131,395	202,971,991

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

	2021	2020
As at 1 st January	202,971,991	183,515,220
Current service cost	12,585,710	13,094,954
Interest cost	18,127,427	16,140,469
Actuarial loss / (gain) on post employment benefit obligation	(15,123,409)	5,878,668
	218,561,718	218,629,311
Benefits paid	(12,430,323)	(15,657,320)
At 31 st December	206,131,395	202,971,991

The principal actuarial assumptions used were as follows.

	2021	2020
Discount Rate	9.50%	9.50%
Future Salary Increases	5.00%	5.00%
Retiring Age	60	60

29 Dues to Government

	2021	2020
Commissioner General of Inland Revenue	28,879	28,879
Commissioner General of Inland Revenue (Stamp Duty)	45,900	43,675
	74,779	72,554

30 Dues to Boards & Corporations

	2021	2020
Central Bank of Sri Lanka (EPF)	7,213,321	6,438,637
Employee Trust Fund (ETF)	983,635	877,996
	8,196,956	7,316,633

31 Trade & Other Creditors, Provisions and Accrued Expenses

	2021	2020
Trade Creditors (Ref. Note 31.1)	86,431,770	39,826,975
Payable "SGS Lanka Pvt Ltd"	3,631,954	1,825,566
R P D & S C - Action Plan of MOU - Ministry of Plantation Ind.	3,498,000	1,998,000
Nation Building Tax 2%	3,706,617	3,706,617
Staff Deductions Payable	12,387	12,387
Payee Tax Payable	11,479	-
Miscellaneous Creditors	399,453	399,453
Other Creditors	40,883	40,883
Sundry Creditors - Head Office	2,118,014	2,177,494
VAT Payable	5,229,263	5,258,968
Deposits Pending Settlement	635,915	309,383
Laknipaum Sales & Display Centre - Creditors	89,753	89,753
Advance Received from Customers	14,944,277	28,001,687
Advances for Training Programmes	1,352,720	1,925,270

INDUSTRIAL DEVELOPMENT BOARD OF CEYLON

Notes to the Financial Statements (contd)

(all amounts in LKR)

31	Contd...	2021	2020
	Security Deposits	317,457	296,304
	Refundable Deposits - Estates	73,867,694	64,869,766
	Refundable Deposits - Non Estates	3,374,579	3,020,878
	Retention Payable	3,697,389	8,398,590
	30 Years Ground Rent Paid in Advance	1,904,694	-
	Medical Scheme	4,011,031	2,790,063
	Welfare Society	(2,500)	5,000
	Thirft Society	4,418	4,418
	Provision for Labour Cases	5,373,294	5,944,075
	Sub Contract Creditors	95,046	-
	Accrued Expenses (Ref. Note 31.2)	57,896,707	53,603,506
	Lakkam Creditors	1,746,255	1,249,134
	Salaries Payable	3,416	-
	Payable Cents Control	21	-
		274,391,987	225,754,172
31.1	Trade Creditors	2021	2020
	Construction	19,732,776	18,453,092
	Scrap Projects	22,873,125	7,966,135
	Other Supplies	23,955,564	21,806,338
	Purchase Accrual	19,870,305	-
		86,431,770	48,225,565
31.2	Accrued Expenses	2021	2020
	Accrued Lieu Leave Payments	700,529	797,384
	Advertisement Expenses	26,163	26,163
	Bonus Payment	6,831,000	6,912,000
	Casual Wages Payable	2,355,795	931,862
	Electricity	2,565	806,538
	Holiday Pay	155,312	223,452
	Lodging Expenses	12,300	8,400
	Miscellaneous	-	242,684
	Newspapers and Periodicals	35,050	29,240
	Other Materials	(2,210)	5,330
	Overtime	3,452,280	2,928,496
	Postage & Telegrams	-	605
	Rate & Taxes	12,916,586	12,934,313
	Rent - Building	55,972	899,972
	Stationery	111,648	120,288
	Telephone	-	681,494
	Trainees Allowances & Days Pay	227,523	208,800
	Traning Programmes	137,284	443,378
	Travelling and Subsistence	414,535	472,673
	Turnover Tax	246,728	246,728
	Unutilized Medical Leave Encashment Payable	24,217,646	24,280,646
	Water Charges	-	403,060
	Karmantha Exhibition 2022	6,000,000	-
		57,896,707	53,603,506

6 AUDITOR GENERAL'S REVIEW ON FINANCIAL STATEMENTS



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

My No. IMT/A/IDB/FA/2021/12

Date: October 17, 2022

Chairman,
Industrial Development Board of Ceylon

Auditor General's Report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal and regulatory requirements of the Industrial Development Board of Ceylon for the year ending 31st December 2021

1. Financial Statements

1.1 Qualified Opinion

Industrial Development Board of Ceylon's Statement of Financial Position as at 31 December 2021 and Statement of Comprehensive Income for the year then ended, Statement of Change of Ownership and Statement of Cash Flows for the year then ended and Notes to the Financial Statements for the year ended 31 December 2021 containing a summary of significant accounting policies The financial statements for were audited under my direction in accordance with the provisions of the National Audit Act No. 19 of 2018 read in conjunction with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. In accordance with Article 154 (6) of the Constitution, my report will be tabled in Parliament in due course.

Except for the effect of the matters described in the Basis for Qualified Opinion section of my report, that the financial statements of the Company give a true and fair view of the financial position as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with Sri Lankan Accounting Standards, is my opinion.

1.2 Basis for Qualified Opinion

- (a) According to paragraph 51 of SL Accounting Standard 16 on Property, Plant and Equipment, the useful life of assets must be reviewed at least every financial year and should be accounted for in accordance with SL Accounting Standard 8 if the useful life differs from the estimate 31 December 2021 Rs.315,482,609 in current cost of property, plant and equipment which has been fully depreciated till date has not been reviewed and accounted for..
- (b) For the construction of 05 projects, the value of which was Rs. 31,699,372, the engineering department had given interim payment certificates, but that value was not included in the work in progress account and payable creditor account.
- (c) No depreciation was done in respect of the year under review for machines and computer accessories which had shown a net value of Rs.588,906 and Rs.539,436 respectively.
- (d) Although the prepayments worth Rs.47,299,221 had been settled, it had not been withdrawn from the account but had been carried forward.
- (e) There was a balance of Rs.20,042,645 in the statement of financial position of the year under review and an unrecognized negative balance of Rs.3,891,207 in the schedule relating to that balance. Also, in the Industrial Estates Receivable Schedule obtained from the software, it was a negative balance of Rs.3,134,734. The reasons for these negative balances were not investigated and entered into the accounts.
- (f) As per the balance check obtained from the software system at the end of the reviewed year and comparing the balances as per the financial statement, the differences in selling cost, administrative expenses, current assets and current liabilities are Rs.23,769,029, Rs.4,502,409, Rs.104,011,157 and Rs.70,237,186 respectively existed. They had not been compared and corrected.

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

1.3 Other information included in the Board's 2021 Annual Report.

Other information means the financial statements included in the Board's 2021 annual report expected to be provided to me after the date of this audit report and information not included in my audit report thereon. Management is responsible for this other information.

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

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

If, while reading the Board's 2021 Annual Report, I conclude that there are material misstatements, the same should be communicated to the controlling parties for correction. If there are any further uncorrected misrepresentations, they will be included in the report tabled by me in Parliament in due course in terms of Article 154(6) of the Constitution.

1.4 Management's and Controlling Parties' Responsibilities for Financial Statements

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

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

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

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

1.5 Auditor's responsibility in relation to the audit of financial statements

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

I exercised professional judgment and professional scepticism in the audit as part of the audit in accordance with Sri Lanka Auditing Standards. I further,

- Appropriate audit procedures were designed and performed as appropriate to identify and assess the risks of material misstatement of the underlying statements, whether due to fraud or error, in providing a basis for the audit opinion expressed. The effect of fraud is stronger than the effect of material misstatements due to misrepresentation because they are caused by negligence, falsification, intentional omission, misrepresentation or circumvention of internal controls.
- Obtained an understanding of internal control in order to design appropriate audit procedures as appropriate, although not with a view to expressing an opinion on the effectiveness of internal control.
- Evaluated the appropriateness of accounting policies used, reasonableness of accounting estimates and related disclosures made by management.
- Determined the appropriateness of using the going concern basis of accounting based on the audit evidence obtained regarding whether there is material uncertainty about the going concern of the board due to events or circumstances. If I conclude that there is sufficient uncertainty, I should focus my audit report on the related disclosures in the financial statements, and if those disclosures are not sufficient, I should modify my opinion. However, the continuance may terminate upon future events or circumstances.
- Assessed the overall presentation of the financial statements, including the appropriate and fair inclusion and disclosure of underlying transactions and events for the structure and content of the financial statements.

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

2. Report on other legal and regulatory requirements

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

2.1.1 In accordance with the requirements of Section 12(a) of the National Audit Act No. 19 of 2018, I have received all the information and explanations necessary for the audit except for the effects of the matters described in the Basis for Qualified Opinion section of my report, and my as per the investigation, the board had maintained proper financial records.

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

2.1.3 The recommendations made by me last year are included in the presented financial statements as per the requirement mentioned in Section 6 (i) (d) (iv) of the National Audit Act No. 19 of 2018.

2.2 On the basis of the proceedings followed and the evidence taken and confined to the material facts, nothing has come to my notice to the extent of making the following statements.

2.2.1 According to the requirement mentioned in Section 12 (d) of the National Audit Act No. 19 of 2018, any member of the Governing Body of the Board has a relationship, directly or otherwise, outside the ordinary course of business in relation to any agreement involving the Board.

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

<u>Reference to the rules/order</u>	<u>Observations</u>
(a) <u>Public administration circulars</u>	
(i) Paragraph 2(II) of No. 03/2018 dated 20 February 2018	An officer over the age of 60 was hired as the Human Resources Management director of the board without obtaining the approval of the relevant ministry secretary and was paid Rs. 2,989,008 as salary and allowances from May 2016 to February 2019.
(ii) Circular No. 28/2011 dated 12 December 2011	From January 1, 2012, an allowance of Rs.15,000 per month had been approved for the officers belonging to the Sri Lanka Engineering Service, and if the allowances are paid to institutions that have not been approved to pay allowances in the May Circular, approval must be obtained from the Ministry of Finance through the Ministry Secretary, but the Industrial Development Board Engineering Allowance was paid from the year 2018 to 12 officers on board approval without approval. Regarding the year 2021, the sum of the payments was Rs. 1,965,000.
(b) 2013 Approved Board Recruitment Procedure	(i) An officer who did not meet the qualifications mentioned in the approved recruitment procedure was recruited for the post of Marketing Director and was paid Rs.10,882,253 as salary and allowances from 26 June 2015 to 30 September 2021. (ii) An officer who was Deputy Director (Enterprise Development) was recruited from January 01, 2013 even though he did not meet the required qualifications for the post of Director (Industrial Estates) even

though he did not meet the qualifications mentioned in the approved recruitment procedure. From that date to September 2020, the difference between the salaries and allowances of the two positions was approximately Rs.3,977,595.

(c) Subsection 020102 of the e-Government Policy issued by the Sri Lanka Information and Communication Technology Agency (ICTA) on Policies and Procedures for the Use of Government Information and Communication Technology dated 02-12-2009

All Government Institutions Rs. 2 million, though it is stated that before starting a major ICT project, the advice of the Information and Communication Technology Agency (ICTA) should be sought, but the board has decided to spend Rs. This was not done for the Sage software system which was purchased at a cost of 4.8 million.

(d) Subsection 1.2 of State Business Circular No. 01/2020 dated 27 January 2020

Although it was mentioned that a chairman of a state import can get one vehicle and 150 litres of fuel per month (1800 litres per year), in 2021, the former chairman had obtained 2600 litres of extra fuel in addition to the amount of fuel he is entitled to annually without any approval and contrary to the circular.

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

2.2.4 That the Board's resources have not been procured and used in accordance with the relevant rules in a timely manner, efficiently and effectively, except for the following observations as per the requirement mentioned in Section 12 (h) of the National Audit Act No. 19 of 2018.

2.3 Other Matters

- (a) There are 733 plots in the 16 industrial estates owned by the board, out of which 37 plots remained vacant for several years as they were not allotted to the industrialists. As on December 31, 2021, 41 industries in the estates were closed without functioning and they had not been found and distributed to other industrialists. 23 plots of land in 05 industrial estates were used for residence.
- (b) The food laboratory was built with the objectives of business promotion and development as well as upgrading the quality of food products to the local and international market by providing food laboratory testing services to small and medium scale industries and according to the report of the food laboratory department in the year under review, the actual income was Rs.6,056,249. Even though 05 officers as well as the constructed laboratory building and equipment were used for the work of the food laboratory for these tests, this laboratory did not operate independently but was operated in conjunction with another external agency, so as per the agreement, 80% of the test income had to be paid to an external agency.
Also, although more than 2 years have passed since the establishment of the chemical laboratory, it has not been possible to obtain the accreditation for issuing chemical test reports.
- (c) On October 18, 2021, the Casting Division had arranged to purchase a new Medium Frequency Induction Furnace for an amount of Rs. 22,966,722 without VAT. Although it is possible to use this machine to melt 60 metric tons per month, due to the shortage of primary level officers and limited space in the department, only 10 tons per month are being melted and some orders received have been subcontracted to other external organizations.
- (d) In the workshop of the engineering department, there were 34 unusable machines and other equipment that were more than 10 years old as on 31st December 2021 but no action had been taken to remove these items from the department or take any other appropriate action. Also since more than 10 years due to lack of operators in 04 machines namely Boring Machine, Electrical Discharging Machine, Die Sinking Machine and Power Hammer for Black Smithy Work, which are in demand for external work such as making smaller holes, enlarging small holes, cutting metal pieces etc. remained silent.

- (e) It was revealed that there were 64 rubber-related machinery in the Peliyagoda Rubber Products Development and Service Centre, out of which 26 machines have been inactive for a period ranging from 1 year to 37 years, and one machine has not been used since the date of purchase.
- (f) The microbiology laboratory located on the first floor of the food laboratory should be planned to purchase suitable equipment for installation at the end of construction, but equipment worth Rs. 6,203,670 had been purchased in the year 2019. The warranty period of these will expire by the end of the year 2022 without being used and these have not been used for testing purposes by 31st July 2022.
- (g) M.A./16/1424/723/039 Ministerial decision to start the centre of excellence for robotics and to purchase the necessary machines and to modernize an Industrial Development Board of Ceylon building by spending about Rs. 40 million and about Rs. 80 million worth of robotic machines. 04, including 02 CNC Lathe and Mill machines, related equipment were purchased and other equipment except 02 CNC Lathe and Mill machines were installed there by March 2018. The executive officer hired to implement this was paid Rs. 725,000 per month from September 2017 to October 2018, totalling Rs. 11 million as salary and allowances, but the necessary staff had not been recruited and its activities had not started. Due to its failure, this centre which was under the Ministry of Industry was transferred to the Ministry of Science and Technology in December 2018 and was again transferred to the Ministry of Industry from August 2020. However, although this project was started with the aim of encouraging, improving and supporting the development of Sri Lankan industries, it has not been fulfilled so far and from the year 2017 to the end of August 2022, that is, for more than 05 years, the Industrial Development Board of Ceylon has been sitting on the new floor of the building. It was observed that these equipment were malfunctioning and some items were tarnished.
- (h) According to the project report submitted for obtaining a new induction furnace, over the decades, the casting sector has been training entrepreneurs in the 4 fields of pattern making, moulding, melting and testing. Although it was stated that it had been conducted, only one training program was conducted by the Casting Division in the year 2021 due to lack of sufficient staff to conduct training programs.

(i) In the prepayment balance of Rs.97,700,276 as on December 31, 2021, Rs.11,819,515 were due from before 2015 and Rs.8,036,313 were due from 04 years between 2017-2020 and these had not been settled.

(j) According to the records of the Industrial State Division, the rental income due from the Industrial States at the end of the year under review was Rs.21,853,389 and there was an uncollectible balance of Rs.12,498,476 which was more than two years old.

Also, according to the financial statements, as on December 31, 2021, the balance of trade and other receivables was Rs. 20,111,521, and out of that balance, Rs. 4,111,2018 were balances coming from two years ago.

(k) As on December 31, 2021, the trade creditor balance was Rs.86,431,770 and out of that balance, Rs.23,380,208 were the balances coming forward from two years ago. These were not settled.

(l) The relevant Ministry and the Industrial Development Board in an agreement dated 15 October 2021 agreeing to pay 7% of the total cost of the project to the Board under 07 phases for the design, creation, manufacture, supply and installation of machines and equipment for the Embilipitiya Multipurpose Pepper Processing Centre. had arrived. The Board of Directors had approved to pay 40% of the total income received by the Board as a Capacity Motivation Allowance to the officers who contributed to providing this service in the engineering sector. Accordingly, 21 officials were paid an allowance of Rs.1,079,467 out of an income of Rs.2,933,333 in December 2021 without the approval of the relevant ministry or the finance ministry.

(m) The board has not been able to acquire the ownership of the land of about 1.2953 hectares on which the board has been established and the land of 13 acres 03 Rude 34 perches on which the regional offices have been established. Due to this, although these properties have a large commercial value, it was not possible to calculate the values and include them in the financial statements of the board. On the land where the head office is established, private businesses are running on $\frac{3}{4}$ of the land on which the new ground floor building is located and the board had failed to collect any ground rent or building rent from them.

- (n) According to the Board's recruitment procedure, Business Promotion Officer is a junior manager level position, but based on a court decision, 52 officers had been given the middle manager level as Business Promotion Manager and the approval to include these officers in the approved staff of the Board had not yet been obtained from the Department of Management Services.
- (o) According to Section 13.3 of Chapter II of the Institutions Code, an appointment for inspection should be made only as a temporary remedy until a regular appointment is made, but according to the audited information, the board appointed 34 officers including 05 directors and 21 assistant directors by 31 December 2021, had of these, 10 officers had been on duty for more than 2 years. Rs.2,264,189 were paid as duty allowances for these officers from January to December 31, 2021.
- (p) According to the Circular No. 01/2020 of the Ministry of Finance, Economy and Policy Development dated 21/02/2020, for all the existing vacancies in the primary service category (PL-1, PL-2 and PL-3) in all ministries, departments and all institutions under it. Although it is stated that steps should be taken to suspend the recruitments until further notice, the institute had recruited 34 people in the primary service category i.e. 29 (PL-1) and 5 (PL-3) during the year under review.
- (q) According to paragraph 2 (ii) of the Cabinet of Ministers of the Ministry of Finance dated August 28, 2021, it had been mentioned that although the preliminary work for the recruitment of employees has been done, the recruitment for the positions that have not been appointed so far should be postponed. However, on the contrary, 19 officers were recruited to the institute from September 01, 2021.
- (r) According to the approved staff of the institute, there was only one mechanical engineer post and it was filled. Despite this, three more mechanical engineers were hired on contract basis on the basis of Board of Directors Decision No. 2021/BM 533/BP/3103 and the approval of the Chairman on August 25 and September 01 and 02, 2021 without the approval of the Management Services Department. 75,000 per month was paid to these officers who were recruited outside the approved salary category with the approval of the Chairman.

- (s) Although the post of site in-charge officer at Peliyagoda electroplating centre was not in the approved staff, with the approval of the chairman, an officer had been recruited for that position from 19 July 2021 and paid Rs. 62,350 per month outside of the approved salary categories.
- (t) No. 2021/BM 533/BP/3110 and 2021/01/27 decision of the Board of Directors, 09 Assistant Directors were appointed as Provincial Directors from October 2021. But there was no such position in the recruitment process of Industrial Development Board of Ceylon.
- (u) Under Board Paper No. 2021/BM/534/BP/3142 dated March 31, 2021, a non-existent post in the approved staff, a "Consultant for Human Resource Management" was recruited on April 07, 2021 on a 06-month work assignment. For that a month Rs. 110,000 each as salary and allowances totalling Rs.550,000 had been paid.
- (v) According to the approved staff, there should be 08 training instructors in the leather department, but currently the training activities are carried out by two acting instructors. In the year 2021, three new training advisers were recruited in this division, but they were officers who were not trained in leather goods. Therefore, the three of them were deployed for duties in other sectors.

Sgd/ W.P.C Wickramaratne
Auditor General