



CNCI NEWS BULLETIN >>>

The Ceylon National Chamber of Industries
Apt. No.20, First Floor, Galle Face Court -2 , Colombo 03, Sri Lanka
TP: 00 9411 2452181 / 2339200/2331444, Fax: 00 9411 2331443
email : cnci@slt.lk / po@cnci.lk, Web: www.cnci.lk

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Office Bearers of CNCI

Mr. Tissa Seneviratne
Chairman

Mr. Gamini Gunasekera
Immediate Past chairman

Mr. Raja Hewabowala
Deputy Chairman

Mr. Ruwan Edirisinghe
Senior Vice Chairman

Mr. Canisius Fernando
Vice Chairman

Mr. Kevin Edwards
Vice Chairman

Mr. Wasantha Araiyaatilake
Vice Chairman

Mr. Sujan Perera
Hony. Treasurer

Mr. Abeyratne Muthugala
Secretary General

Mr. TISSA SENEVIRATNE GOT RE-ELECTED FOR ANOTHER TERM

The Ceylon National Chamber of Industries (CNCI) had its 55th Annual General Meeting (AGM) on 30th September 2016 at Hotel Galadari, Colombo. The Chief Guest was Mr. T M K B Tennakoon, Secretary, Ministry of Industry and Commerce.

Mr. Tissa Seneviratne, who had been the Chairman – CNCI during the last year got re-elected as the Chairman for another term of one year. Presenting the Chairman's Review, Mr. Seneviratne stated that in today's business context, in addition to the challenges and competition, our industrialists have to face Social and Environmental obligations. As a reputed and responsible chamber our endeavor is to promote harmonized and ethical business relationship from Industry towards the country and its Development. he added.

During the past few decades, the Sri Lankan industry had to face lots of challenges due to various reasons. The thirty year war was among the main reasons for our draw backs. Now with a peaceful atmosphere, a conducive environment has been created for industries. The government is also striving to develop the private sector in the country. With all such supportive environment and taking into consideration of the trends, we should determine the innovation and the high tech should be the strategic theme of our tomorrow's industry. Today we witness friendly foreign policies and the government is encouraging Foreign Direct Investors which is expected to expand the local industrialists. How ever any trade agreements that we negotiate should be friendly and mutually beneficial.



Mr. Ranjith Hettiarachchi, the Past Chairman (middle) and The Chief Guest Mr. T M K B Tennakoon, Secretary, Ministry of Industry and Commerce (Right) congratulating the Chairman Mr. Tissa Seneviratne (left)

Sri Lanka's growth will be below average for South Asia



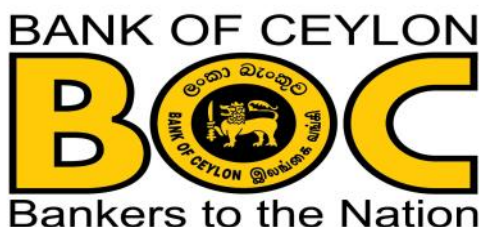
Sri Lanka's growth will be below average for South Asia which the World Bank expects to grow by 7.1 percent this year and 7.3 percent in 2017.

According to the World Bank's twice-a-year South Asia Economic Focus released yesterday, Sri Lanka is among the slowest growing economies in South Asia.

"Sri Lanka's economic growth is projected to grow at 4.8 percent this year and improve to 5 percent in 2017 ahead of only Maldives 3.5 percent, Nepal 0.6 percent and Afghanistan 0.5 percent."

"Sri Lanka needs to expedite high priority structural reforms to increase competitiveness, improve governance and consolidate its fiscal balance in order to ensure sustained growth and development," the World Bank said.

Lanka Business Online



Central Bank says no new licenses for finance companies

Sri Lanka's Central Bank says it will not issue new licenses for finance companies and, as a result, licenses of existing companies will have a higher market value in the future.

Releasing a statement, the Central Bank said this is a key factor in encouraging new investors. A good number of investors with overseas links are in negotiation with the bank to infuse fresh capital for troubled finance companies.

"CB is aware that certain parties who have the vested interest in taking over the management of these companies or preventing recovery action on account of large loans defaulted by them are spreading such erroneous news for their personal and business interests at the expense of depositors' interests," the statement said.

"In fact, these are the parties who are directly responsible for mismanagement of funds of these companies in the past."

The Central Bank has now set up a new "Resolution Division" to take all necessary measures to address financial problems of these companies expeditiously.

This specialized Division will help the Monetary Board to implement necessary policy measures on a fast track basis.

Full text of the statement is below:

The Central Bank further strengthens resolution measures on finance companies

The Central Bank has observed certain erroneous news items published in few newspapers raising concerns over financial problems confronted by a few licensed finance companies. Therefore, the Central Bank wishes to clarify facts behind the inaccuracy of such news in the public interest.

- These companies are under specific supervision of the Central Bank to restructure their businesses under prevailing laws. Problems of these companies are not new as these have been revealed to the general public since mid-2008. While the Central Bank was able to resurrect a number of companies successfully, few other companies still continue in the process of resurrection at various stages since the recovery of some large bad loans given by these companies in the past is delayed due to legal complexities and non-cooperation of those borrowers.

- The Central Bank has attached highest priority to resurrection of these companies. The latest initiative in this regard includes joint action by the Government, Central Bank and Finance House Association (FHA) in launching a new policy to resolve financial problems of these companies. As announced in the Government Budget 2016, the Financial Asset Management Company (FAMA) is to be set up in due course to help these companies to recover and manage their non-performing loans with state support in line with a model adopted by East Asian Countries.

The FHA is proposed to help by arranging for leading finance companies and their investors to provide funding support to these companies for business operations in the interest of safeguarding and promoting the non-banking financial sector as a whole. The Central Bank will provide regulatory facilitation and arrange infusion of fresh capital from investors. A good number of investors with overseas links are in negotiation with the Central Bank.

- As a policy, the Central Bank will not issue any new licenses and, therefore, licenses of existing companies will have a high market value in the future which is a key factor encouraging new investors. A major overhaul of the regulatory framework to strengthen the safety and soundness of the sector as a whole is also an essential component in this process.

- The Central Bank has now set up a new "Resolution Division" to take all necessary measures to address financial problems of these companies expeditiously. This specialized Division will help the Monetary Board to implement necessary policy measures on a fast track basis. A new set of regulatory and supervisory measures will be introduced in due course in line with the above joint initiative. The examination and supervision methodology has already been revisited to assess the financial condition and the business models of the regulated entities by focusing on material risks to their future sustainability of businesses in place of the history-based assessment. In this context, the respective Boards of Directors will be directly responsible for early resolution of supervisory concerns over such risks.

The financial system stability of the country is one of the two statutory objectives of the Central Bank, supported with a large number of statutory powers and, therefore, the Central Bank will continue to resolve all problems affecting the financial system stability. However, the Central Bank alone is not able to do it and the support of all other stakeholders would also be necessary.

· The Central Bank is aware that certain parties who have the vested interest in taking over the management of these companies or preventing recovery action on account of large loans defaulted by them are spreading such erroneous news for their personal and business interests at the expense of depositors' interests. In fact, these are the parties who are directly responsible for mismanagement of funds of these companies in the past which led to current financial problems. The Central Bank is also concerned about the publication of such erroneous reports in the national newspapers without checking their validity and authenticity as they may cause unwarranted stresses on the financial system stability in the event such reports affect the public confidence in the system. This can have an adverse impact on the whole country as any confidence issues regarding some could be easily contagious across the whole financial system. Accordingly, the Central Bank also wishes to seek the co-operation of the authorities of such newspapers and encourage them to be more concerned over national interests attached to this sensitive subject.

· Therefore, depositors and other stakeholders of all regulated entities are advised to be cautious regarding such misleading information and co-operate with the companies and the Central Bank to enhance business operations of these companies in their interest. As such, the general public should have no reason for concern arising from such erroneous reports.



Picture by
Bohana Uyanapathirana

MEMBER'S NEWS

BLUE MOUNTAIN Wins 5 Distinguished Accolades...



Sri Lanka's foremost real estate group, The Blue Mountain Group, has won five prestigious awards at the South Asian Partnership Summit & Business Awards hosted by World HRD Congress and endorsed by the Asian Confederation of Businesses. South Asian Business Awards recognize the prestige of the outstanding companies, organizations, and leaders in South Asian Region business world. The awards won by Blue Mountain are: Property Consultant of the Year – Residential; Emerging Developer of the year - Commercial – Luxury; Best Real Estate PR Company of the year; Luxury Project of the year; and Residential property of the year – Luxury. The prestigious award ceremony followed by a gala dinner was held at the

Water's Edge on the 13th October 2016.

Since its inception, Blue Mountain (Pvt) Ltd has revolutionized the local real estate market by infusing a professional ethos by leveraging on its expertise in conceiving and executing a profusion of urbane real estate projects encompassing luxury residential plots and commercial properties. The company is focused on delivering innovative design, exclusive standards of construction, superior customer service and deep community values.

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Budget Proposals for the National Budget 2017

The Ceylon National Chamber of Industries (CNCI) had received some proposals from its membership which were of national importance to be incorporated into the National Budget 2017. Those Budget Proposals were submitted to the Ministry of Finance for consideration. Given below are highlights of some of the details of the proposals submitted and the solutions expected from the Government.

- **Ensure macro-economic fundamentals of competitive rupee and low interest rates** to encourage exports, manufacturing added value services, tourism. Plantations, and import substitution activities.
 - **Sri Lankan Environment for Happy, Healthy living** - Pollution by releasing carbon dioxide, NOx into the environment is a serious concern to the country and to the World. We should emerge as the best country to support reduction of such pollutions.
 - **Generating non polluting energy, making use of renewable energy should be encouraged** - Solar, wind, Dendro, biomass, and any other sources, where power is generated, stored and reused, may be encouraged by reducing or even eliminating duties and taxes connected to such investment.
- i. Hybrid/electric vehicles should be made available at substantially reduced tariff levels. In these matters the government should set up a body of experts who would assess the claim and credentials of vendors of motor vehicles (motor cars, lorries, buses, etc.), and advise on comparative advantages and disadvantages.
- ii. The Constitutional Council, COPE, the Public Services Commission (PSC), the Judicial Services Commission (JSC), the Anti-Bribery and Corruption Commission, Financial Crimes Investigating Division (FCID) and an ever vigilant civil society, should be part of the surveillance framework to preserve and increase our socio cultural and economic wealth.
- **Insider Trading, Criminal Breach of trust, impoverishing the trusting public shareholders, and Unjust enrichment must be severely dealt with the SEC and the authorities.** Much criminal activities were rampant in CSE. The FCID should establish a special unit to liaise with the IMS and the SEC to investigate these horrendous financial crimes which robbed Billions of Dollars from Average Decent Citizens (ADC) by siphoning off profit and assets via insider trading, subsidiaries/ associates as well as multifarious manipulation and malpractices. The Inland Revenue Department (IRD) should be involved actively to obtain a continuous stream of revenue from the wrongdoers. Numerous examples and case studies can be provided by good governance activists, IMS and the civil society.
- a) **Please recover the stolen wealth of our people** ‘Sovereignty’ is often a term abused by powerful wrongdoers when the errant Executives are to be investigated internationally. To retain sovereignty effectively, the powers of the Judiciary, the Legislature and the Executive must be separated, well defined, and balanced. Men of the highest integrity and independence should be deployed in these institutions and entities.



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- b) Please reverse incentive for creation of corporate debt.** High Interest paying corporate debentures and corporate debt had been totally tax free (not even withholding tax-WHT). In contrast the highest risk bearing equities (ordinary shares), have to incur with holding tax on their relatively meager dividends.
- **Please stop the speculation.** There had been a statement that there will be a tax on 'Capital Gains in the stock market'. It would be very counterproductive. In the resultant confusion the stock market crashed. The interest and other costs incurred in investing, the inflation, depreciation of exchange rates, etc., have to be reconciled if a proper assessment of real capital gain is to be ascertained. These complicate and confuse the already debilitated equity market. Only insider traders benefit hugely.
 - **The best and most efficient manner of generating revenue to pay off the huge foreign loans is to get back the dollars that were spirited away illegally.** The well experienced members of the unity government can well identify them; obtain these back, to give hope and confidence to our honest and hardworking people creating wealth in the country. It is a travesty of justice, if the budget does not have measures to punish the wrongdoers, get the robbed dollars to the state and compensate the victims.
 - **Levy Penal rate of tax on the Controlling Interest and Related Parties (CI&RP)** for reducing the public float (PF) and the dividend payout after tax (DPO), to be less than 25%.
 - **Reward corporate whose PF% and DPO% are 40% or more by way of reduced corporate tax.**
 - **Impose a heavy 'Delisting tax', on the CI&RP and Directors who attempt to delist the shares of PLCs.**
 - **Regarding 'state owned enterprises (SOE) privatization:** Public Private Partnerships (PPP) with at least 50% of ordinary voting shares in the hands of independent public shareholders (public float) should be a condition to ensure the best interests of the country. However, the management, control and the majority of the board seats may be given to the strategic partner. Independent Directors and the Auditors shall be elected by Independent shareholders, not related or connected to the CI&RP.
 - Government should encourage World Bank, ADB, IMF, IFC, USAID, German, Norway, Swiss, USA, UK, Indian/Chinese or other Investment Banks could set up funds which would lend monies to IMS on concessionary terms or through Commercial Banks on concession refinance basis to buy shares in these Companies which are listed or should be listed within a period of 1 year. The extent of the loan may be 50% of the value of the shares.
 - **There should also be preventive measures** so that future governments cannot nationalize or monopolize these industries and enterprises as had happened under past regimes.
 - **Organizing a better free Enterprise Society (ES):** Proprietors/partnerships, SMEs have to be encouraged to enter the corporate fold and graduate to public listed companies. Encourage equity capital to greatly broaden and strengthen the Enterprise Society (ES) and capital markets, with a share owning public, exhibiting great sense of belonging and patriotism. Registration of new companies must be made easy and cost minimum. The annual fee was increased drastically to Rs.60,000 per annum; must revert back to Rs.5,000.



Appropriation Bill Presented in Parliament

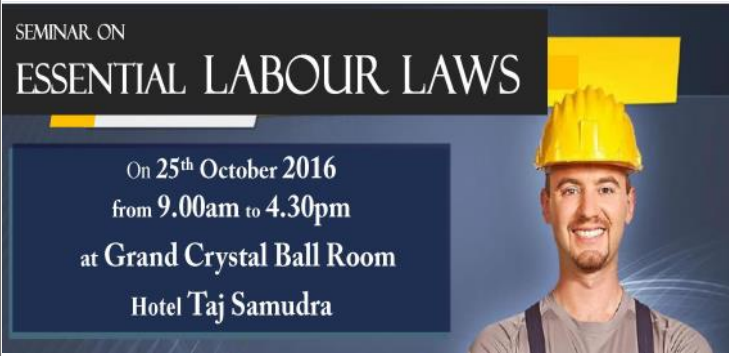
The appropriation Bill for the 2017 financial year had scheduled to meet at 10.30am with on 10th December. The Speaker at the chair, presented of the appropriation bill had mentioned as the first item in the agenda. Finance minister presented the relevant bill. While the budget is scheduled to be presented in parliament on 10th November, voting is scheduled to take place

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While the budget is scheduled to be presented in parliament on 10th

Seminars And Workshops ...



SEMINAR ON
ESSENTIAL LABOUR LAWS

On 25th October 2016
from 9.00am to 4.30pm
at Grand Crystal Ball Room
Hotel Taj Samudra

The Ceylon National Chamber of Industries - CNCI, pioneering industry Chamber in the country, has scheduled a Seminar on “**Essential Labour Laws**” on **25th October 2016** from **9.00 am to 4.30 pm** at **Grand Crystal Ball Room, Hotel Taj Samudra**.

As we have apprised you earlier, this is a magnanimous opportunity for all MDs/ Directors/ CEOs/ HODs/ Managers/ Executives and others of HR/ Admin/ Finance areas etc.

The workshop will be conducted by Mr. Milanga Weerakkody, Deputy Commissioner, Enforcement Branch, Department of labour And Mr. K G Kumarasinghe, Legal Officer, Department of Labour who are the reputed lecturers and veteran presenters with mastery of knowledge, skills and experiences.

Seminar details contain the following,

1. **Board Ordinance**
2. **BudShop and Office Employee Act**
3. **Wages getary Relief Allowance Act**
4. **National Minimum Wage of Workers Act**
5. **EPF and ETF Payments**
6. **Payment of Gratuity ACT**
7. **Employees’ Leave Entitlement**
8. **Termination of Employment of Workmen Act**
9. **The Employment of Women, Young Person and Children**
10. **Industrial Dispute Act**



The registration Fee includes handouts, lunch and refreshments.

Kindly fill the attached registration form and send us by email po@cnci.lk and cnci@slt.lk or fax 0112331443.

SUGGEST YOU TO MAKE USE OF THE OPPORTUNITY.



WORKSHOP FOR
**OFFICE ASSISTANTS AND DRIVERS
ON PERFORMANCE DEVELOPMENT**

For : Office Assistants, Drivers, Office Aids, Peons, Helpers and all Unskilled and Semi-skilled workers

On 05th November 2016 From 9.00am to 4.30pm
At Raja Bojun Seminar Hall
Liberty Arcade, No:282, R A De Mel Mawatha, Colombo 03

Medium
Sinhala

It has scheduled another **workshop for office assistants and drivers on performance development**. The workshop is suitable for all Office Assistants, Drivers, Office Aids, Peons, Helpers and all minor staff workers, both unskilled and semi-skilled.

CNCI has observed that the people engaged in the unskilled and semi-skilled duties do need development in their job areas and constant updates for their efficiency and effectiveness of their performance as well as their personal development.

This important workshop has been scheduled to be held on 05th November 2016 from 9.00 am to 4.00 pm at Raja Bojun Seminar Hall. Liberty Arcade, No. 282, R A De Mel mawatha, Colombo 3.

The workshop will be conducted by Mr. Abeyratne Muthugala, the Secretary General of the Ceylon National Chamber of Industries. Mr. Abeyratne is a Graduate in Management Studies and specialized in Training and Development. He has obtained his post graduate degree in “Commonwealth Executive Master of Business Administration” from the Open University of Sri Lanka. He is a qualified administrative instructor and has almost 35 years of experience in the fields of Administration and Management.

The areas expected to be covered at the workshop will include Structure of an organization, Importance of their performance, Value of their Contribution, Job Responsibilities, Positive Attitudes, Importance of Discipline, Worker Motivation, Good House Keeping and Its Importance, Inter-personal Relationships, Leave Entitlements and Applications, Messenger duties and Mail dispatch, and General duties.

Many of us think that the performance development is needed only for executives and skilled workers, but the contribution of all categories of staff members is equally important to achieve targets. It is our expectation and pleasure to suggest you to make use of this opportunity to get your unskilled and semi-skilled workers updated and enhance their knowledge in order to serve your institution better understanding. Contact CNCI secretariat at 2452181

Economic Performance

ECONOMIC INDICATORS - LATEST AVAILABLE

Category	May 2015 US \$ Mn	May 2016 US \$ Mn	Change Absolute US \$ Mn	Change %
Exports	883	776	(106)	(12%)
Imports	1585	1590	(5)	0.3%
Deficit in Trade A/C	(703)	(814)	(111)	15.7%
Earnings from Tourism	188.2	207.2	19.1	10.1%

Economic Activity	Annual					
	(Rs. MN)		Growth rates (%)		Contribution to Growth (%)	
	2014	2015	2014/13	2015/14	2014	2015
Agriculture	641493	676899	4.9	5.5	7.8	9.0
Industry	2194167	225922	3.5	3.0	19.6	16.5
Services	4634805	3	5.2	5.3	59.9	62.6
Taxes less subsidies on products	758521	4881273	6.9	6.2	12.7	11.9
GDP	8228986	8622825	4.9	4.8	100.0	100.0

EXCHANGE RATES - 18TH SEPTEMBER 2016

Daily Exchange Rates		
Currency	Buying Rate (Rs.)	Selling Rate (Rs.)
Dollar (USA)	144.8700	148.67
Pound (UK)	175.48	181.68
Euro (EU)	158.	164.12
Franc (Switzerland)	145.33	151.26
Dollar (Canada)	109.36	113.95
Dollar (Australia)	119.00	113.95
Dollar (Singapore)	103.64	107.53
Yen (Japan)	1.3834	1.4379

Central Bank of Sri Lanka

EVENT CALENDAR...

⇒ International Exhibitions

- ◆ **KUWAIT HEALTH EXHIBITION & CONFERENCE** - Kuwait's premier health care & pharmaceutical event 06-08 March 2017 Kuwait International Fair, Kuwait City.
- ◆ **TRADE FAIR TRIO IN POLAND** - From October 18 to 20, 2016, the fourth edition of Euro-Lift 2016, the International Lifts Exhibition, takes place in Kielce, Central Poland. The fair is the only event of its kind in Central Europe. This year, for the first time, it will be co-located with Locum Expo, the Property Maintenance and Services Exhibition, and the 3rd edition of Europarking, the International Exhibition of Parking
- ◆ **HONK KONG ELECTRONIC FAIR 2016** - This is about Consumer Electronics, Audio/Visual, Communications, and Multimedia Marketplace will be held on Oct. 13 - 16, 2016 at Honk Kong Convention and Exhibition Centre.
- ◆ **THIRTY FIRST INTERNATIONAL EDUCATION FAIR** - will be held on 18 & 19 February 2017 at Moscow - Saint Petersburg

⇒ Local Exhibitions

- ◆ **WORLD LIFT EXPO** is a 2 day event being held from 21st October to the 22nd October 2016 at the Sri Lanka Exhibition & Convention Centre in Colombo, Sri Lanka. This event showcases products like Passenger lifts, hospitals lifts, panoramic elevators, home and apartment elevators, escalators and sidewalks, parking and services elevators & much more etc. in the Industrial Products industry.
- ◆ **INTERNATIONAL EXPO on Fire, Safety and Homeland Security** is a 2 day event being held from 21st October to the 22nd October 2016 at the Sri Lanka Exhibition & Convention Centre in Colombo, Sri Lanka. This event showcases It And Cyber Safety, Generate New leads and sales, Economic and industrial potential, Surveillance & Tracking Systems from Security & Defense industry.
- ◆ **WORLD EXPORT DEVELOPMENT FORUM (WEDF)** - The 16th edition of the World Export Development Forum (WEDF) in Colombo, Sri Lanka, helps businesses to navigate the new trade and development landscape. Being held on Wednesday, 12 October 2016 and Thursday, 13 October 2016 at BMICH
- ◆ **TECHNO SRILANKA 2016** is the only exhibition, which features the widest range of engineering and technology products and services. It has the only powerful cost effective component of a well planned marketing strategy. It provides 1000 s of high quality sales opportunities in just 3 days. It will be held on Friday, 07 October 2016, Saturday, 08 October 2016, Sunday, 09 October 2016, at BMICH

Be a member of the pioneering Industrial Chamber in Sri Lanka Join our corporate membership which exceeds 300 manufacturing and service organizations. For information and membership forms call us on 2452181 / 2339200