

CNCI NEWS BULLETIN



The Ceylon National Chamber of Industries - CNCI

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The Chairman & the Executive Council members of CNCI extend their best & heartfelt wishes to the CNCI Members & readers for a Happy , Prosperous & Peaceful New year with success in all your endeavours !



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“CNCI ACHIEVER AWARDS 2018”

APPLICATIONS ARE NOW OPEN

The Ceylon National Chamber of Industries – CNCI had its official launch and the media briefing of the “CNCI Achiever Awards 2018” for Industrial Excellence on 15th March 2018 at “Liberty Ball Room”, Hotel Ramada, Colombo. It was a unique event where the CNCI, the premier Industrial Chamber in the country recognizes the Sri Lankan Industrialists for their achievements both in the manufacturing and service sectors. The Chief Guest of the occasion was Mr. K D N Ranjith Asoka, Secretary, Ministry of Industry and Commerce.

The Achiever Awards scheme has been initiated by the CNCI to promote industrial growth in the country by recognizing and rewarding those industrialists who excel well in their respective businesses. The contestant companies will be evaluated based on their achievements displayed in the areas of quality standards, productivity, corporate plan, research & development, employee benefits, labour relations etc while assuring concerns over the social and environmental obligations and to encourage these industries to reach further heights. The competition is highly popular among the industrial sector and also is a valuable opportunity to all industrialists of Extra Large, Large, Medium, Small & Micro categories, to be contested in provincial and National levels. Kevin Edwards, Achiever Awards Steering Committee Chairman and the CNCI's Vice Chairman while welcoming the gathering said that he was certainly proud to mention that the CNCI Achiever Awards Competition was being held in 2018 for the 17th consecutive year. Also there are some companies who initially contested under the categories of “Small” and “Medium” are now in the categories of “Large” and “Extra Large”. These are, of course, the success stories behind the Achiever Awards Event organized by the CNCI.

Mr. Kevin further said that being the country's industrial chamber, the CNCI keeps on constant dialogue with the authorities, Ministries and even Hon. Prime Minister and H E the President to alleviate the issues faced by the Sri Lankan industry. “Local industries are facing numerous challenges due to a number of external constraints of their businesses. In this situation, we, being the industry Chamber, are always doing our best to protect and develop the industrial sector in the country.

Mr. Pradeep Kahawalage, introduced “Achiever Awards 2018” to the media. He explained that the applications for the CNCI Achiever Awards are subjected to a stringent evaluation procedure; initially by an external Audit Firm, then an internal panel of judges consisting professionals such as Chartered Accountants, Engineers etc. Finally it is the external panel of judges which is headed by Professor Sampath Amaratunge, Vice Chancellor of the University of Sri Jayawardenapura. The presentation of awards will take place on 09th August 2018 at Hotel Galadari, Colombo.

DFCC Bank PLC is the Principal Sponsor and Official Banking Partner for the ‘Achiever Awards 2018’ while Ceylinco General Insurance Limited and Litro Gas Lanka Limited are Co-Sponsors. Commercial Bank of Ceylon is the Awards Sponsor. Associated Newspapers of Ceylon Limited Lake House is the Media Sponsor for the consecutive 17th year.

Achiever Awards applications are available at the CNCI Chamber Secretariat, Galle Face Court 2, Colombo 3 and all Regional Chambers or they can be downloaded from their website www.cnci.lk. **Applications will close on 31st May 2018.**

Continued on Page 03



DFCC BANK

Keep Growing



Taking over the Memento of Principal Sponsor and Official Banker from DFCC Bank PLC. (L to R- Mr. Raja Hewabowala, Mr. Newton Wickramasuriya (CNCI Trustee) Mr. Lakshman Silva (Director/CEO DFCC Bank PLC) and Mr. K C Vignarajah (CNCI Trustee))



Unveiling the Gold Trophy of "Achiever Awards 2018" by the Chief Guest, Mr. K D N Ranjith Asoka, Secretary, Ministry of Industry and Commerce and Mr. Lakshman Silva - Director/CEO DFCC Bank PLC (Principal Sponsor and Official Banker)



Awareness programme conducted on registered Exporter system (REX)

The Ceylon National Chamber of Industries, pioneering chamber for industries in the country, had organized an Awareness Training Programme on Registered Exporter System (REX), which was conducted by the Department of Commerce. Department of Commerce is the competent authority in Sri Lanka for issuing Certificates of Origin (CoO) under all FTAs and GSP Schemes. As at date, there are around 3000 Sri Lankan exporters who are benefited from the EU GSP scheme.

In order to claim the EU GSP duty concessions, Certificates of Origins (CoO) or Form "A" issued by the Department of Commerce should be submitted. Currently, these CoOs are issued manually after verifying the rules of origin.

In January 2017, the EU introduced Registered Exporter System (REX) under the suggested reforms in EU Regulation No 1063/2010 and it is applicable to all EU-GSP beneficiary countries. **The effective date of implementing the REX system in Sri Lanka is 01 January 2018 with a transition period ending 31 December 2018.**

The REX system is a self- certification of origin of goods. Therefore, instead of the CoO or the Form 'A' issued by the Department of Commerce, the exporter was prepared a Statement on Origin (SoO) on the commercial invoice for each consignment.

The Department of Commerce is vested with the responsibility of registering and monitoring the system. Therefore, it is compulsory for exporters to register with the Department of Commerce to obtain a REX number to be eligible to make a Statement on Origin (SoO). The REX number is issued after examining the documentations and inspecting the operations of the exporter. The Department of Commerce has already started registering eligible exporters under the REX system.

The awareness Seminar had been organized by the CNCI in order to give a comprehensive understanding about the new system, which was be conducted by the officials of the Department of Commerce at Mahaweli Centre, on 23rd February 2018.





Seminar on New Inland Revenue Act Application & effects to Private sector



A Full day Seminar

NEW INLAND REVENUE ACT is effective from 1st April 2018

Investment :

Rs.8500/- for CNCI Members
Rs.9000/- for non Members
(Inclusive of lunch & refreshments)

When & Where? :

Date : 15th May 2018
Time : From 9.00am - 4.30pm
Venue: Hotel Taj Samudra, Colombo 03

Contents :

- Introduction and Application of New IR Act (No.24 of 2017)
- Employment Income & PAYE
- Business Income
- Investment Income
- Other Income
- Personal Tax
- Tax Administration
- Withholding Tax (WHT)
- Application of Nation Building Tax (NBT) Act
- Application of Value Added Tax (VAT) Act
- Application of Economic Service Charge (ESC) Act

Resource Persons :

Mr. Athula Ranaweera
(BSc., FCA, FCMA, FMAAT)
Member of Tax Committee of CA Sri Lanka
Partner : Ranaweera Associates (Chartered Accountants)
Managing Director : Assent Advisory Partners
(Pvt) Ltd

Ms. Hiranthi Ratnayake (BSc., FCA)
Alternate Chairperson—Tax Committee of the
CA Sri Lanka
Director—Tax & Legal Services, Price water-
house Coopers

For whom? :

Directors / CEOs, Managers, Executives, Supervisors, Academics, and those interested in Taxation

For registration, please email to : po@cnci.lk , cnci@slt.lk , thecnci@gmail.com

For Further details : please contact : Madhushika or Nilanthi: Tel | 2339200 | 2452181

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LAKE HOUSE

CNCI's Struggle to Protect Local Industries

The Ceylon National Chamber of Industries (CNCI), the pioneering industry chamber in the country has made a number of representations, organized meetings with Government Authorities, met several ministers concerned, Hon, Prime Minister and even H E the President on issues faced by the industrialists during the past couple of years. We were able to find solutions to some of the issues and some are still pending.

During the past few months the Chamber CNCI has been busy with finding solutions to the issues of our members, some of which listed below.

The new excise duty imposed by the National Budget for 2018 for the non-portable spirits (Methanol, ISO Propyl Alcohol, n-Butyl Alcohol)

The new Excise Duty will affect all the industries using the above mentioned common solvents. We requested the Government Authorities that prompt action be taken to reduce the Excise Duty from Rs.15/kg.

We lastly took this matter up at a meeting at the Ministry of Finance on 16th February 2018 chaired by Mr. Mano Tittawella, Consultant to the Ministry of Finance and Mr. S R Attygalla, Deputy Secretary to the Treasury. At this meeting, we were informed that **based on our previous meeting with Mr. Attygala, Deputy Secretary to the Treasury, this matter had been solved and they had agreed to reduce the exercise duty by Rs. 9.00. As such, the current exercise duty is only Rs. 6/kg. The Gazette containing this duty reduction was to be out by 19th February 2018.**

Effecting Changes to the BOI Act

Mr. Ranjith Hettiarachchi, a senior past chairman of the CNCI made a request to explore the possibility of doing necessary changes to the BOI Act in a manner that the local industries are protected. He said that certain conditions of the current BOI Act allows the giant manufacturers of other countries like China and India to cover the local market which would pose a great threat to the local industries.

Concessionary Income Tax Rate Applicable to Direct / Indirect Exporters

Under the new Inland Revenue Act, only businesses with export volumes of at least 80% of their turnover will

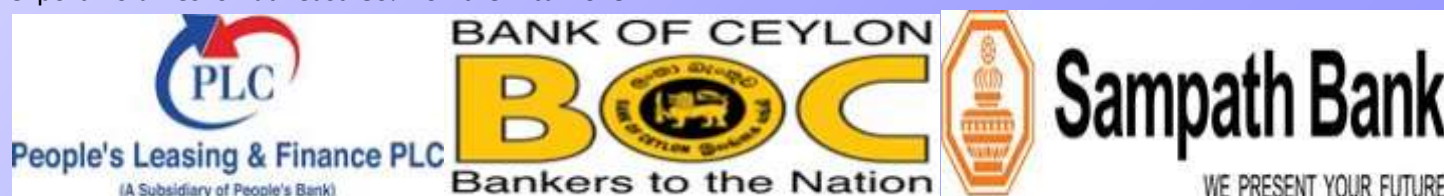
qualify for a concessionary tax rate. The implications of this move appear to be extremely counterproductive to the economic development of the nation. Successive governments have made concerted efforts to promote Sri Lankan exports, in the past. As a result, a concessionary rate of income tax had been granted to profits attributable to export related turnover with a view to encouraging exporters to compete favorably in the international markets. As you know, in the international market, even a small price differential can result in securing an export order or losing it altogether to a competitor from another country. The concessionary rate of tax offered to exporters was a huge incentive for companies to enter into and expand their horizons in the export market.

The Ministry Authorities said that there were few other issues which needed rectifications and the new IRD Act should be amended accordingly. By that time this matter would also be considered for amendments accordingly.

Impact to the Pipe and Cable Industries by Rs.10/- kg Excise Duty Increase on Plastic Raw Materials from the Budget 2018

The Cable and Pipe industries are two industries which have adversely been affected by the new Rs.10/- per KG excise duty. These industries which use large volumes of PVC (H.S.Code 3904.10) and Polyethylene raw material (H.S.Code 3901.10) and lesser volumes of Polypropylene (H.S.Code 3902.10), are in turn major suppliers to State Sector Public Utilities such as the Ceylon Electricity Board (CEB) and the National Water Supply and Drainage Board. The products manufactured by these industries are extremely important to the infrastructure development of the country. We also believe that there is a rapidly developing industry for PVC Roofing Sheets and wood-substituting Paneling Boards. The PVC roofing sheet industry is a fledgling industry which has arisen due to the impending ban on asbestos roofing and ceiling sheets. The new levy could make this industry too, unviable.

Request is still pending.



Why we should train our employees ?

If you were given the choice between two different pilots—one was trained, the other not—which one would you choose? But what if there was no “up-front” cost for the untrained pilot? You still wouldn’t do it? Yet many business owners do not recognize the importance of employee training.

Most business managers wouldn’t hire unqualified employees. But so many of them do employ under-qualified workers. Sometimes employees become under-qualified due to changing technology or the development of new methods. Don’t get me wrong; training does come at a cost. The two biggest resources used for job training are time and money. Some of the excuses not to train are:

“We are too busy to learn something new right now.”

“We just don’t have the money to pay for training.”

Training employees costs time, money, and materials. Often, third parties are needed to conduct job training. Not only will there be missed time and unbillable hours, but there will also be additional costs. Another reason businesses often neglect to train employees is because of past training experiences. Sometimes the training was done poorly, or the topics just didn’t help. That could happen for several reasons. Failed training comes at a high cost, and businesses often don’t want to take that risk.

Here Are 6 Truths That Underscore The Importance of Training

1. Untrained Employees = Unhappy Employees

Employees who feel inadequate, underachieving, or unsupported are unhappy. They aren’t satisfied in their work, which will cause them to underperform, make mistakes, and not care about their work product. That costs the business in lost time and money.

2. Untrained Workers Have a Low Production Value

The quality of their work is lower and of less value. The quality in performance is lower than it could (or should) be.

3. Untrained Workers Are Inefficient

More time (and therefore money) and effort is spent when employees aren’t fully or properly trained to perform their tasks or to fulfill their responsibilities. It takes them longer to do the work.

4. Lost Time/Money Due to Mistakes

When an untrained worker makes a mistake, the time and materials used are lost. The work then has to be done again. Or worse, the inadequate product was delivered to the client.

5. An Increase in Miscellaneous Expenses

These are more difficult to track or attribute to untrained workers, but they are there. Creating a CAD drawing incorrectly means reprinting the file. That means it takes more time to fix the mistake, more materials cost in paper and ink, and more time rechecking the work. If it were done correctly the first time, these costs wouldn’t be there.

6. Insufficient Staff Training Means Lost Customers

Untrained employees can cause many of the mistakes listed above, and those mistakes and inefficiencies can cause your business to lose customers. That is the worst possible scenario, but it can happen.

Training programs and costs have an easily measured up-front cost of time and money. Those line items are difficult to handle on a tight budget. However, added costs of poorly trained staff shows the importance of training employees. These costs do not come in the form of line items, so they are often ignored or unseen.

Having a trained workforce means your workers are learning new skills that can improve production, cut time spent in creation of your product (or service), reduce production costs, reduce mistakes, build confidence in your workforce, and create a better working environment. An investment in your employees’ skill sets is an investment in your company. When everyone gets better



Source : Business News

What is Skill development ?

Skills development is the process of

(1) Identifying your skill gap

(2) Developing and honing these skills. It is important because your skills determine your ability to execute your plans with success.

Imagine a tailor is trying to sew a garment. He has the raw materials but lacks good wood working tools. He has, however, a piece of cloth, and a thread. Without the right tools like a sewing machine or a needle, he can't turn these raw materials into a finished garment.



It's the same with goal achievement. In goal achievement, your skills are your tools. The finished garment is your goal. Just as you need the right tools to sew that garment you need the right skills to build your goal. **Without the right skills, you will only frustrate yourself, waste your time, and spend a lot of time dealing with rudimentary issues caused by the lack of knowledge or lack of skills, as opposed to progressing in your goal.** While difficulty and struggle is part and parcel of any goal pursuit, without the right skills, you find yourself struggling more than necessary. Worse still, this struggle is unconstructive and doesn't help you move forward.

Source : <https://personalexcellence.co/blog/skills-development/>



Demand for Sri Lanka start-up, small business finance growing: ADB

ECONOMYNEXT – The Asian Development Bank (ADB) has said demand for equity finance by Sri Lankan start-ups and small businesses is growing and recommends the government set up a pilot fund with US\$10 million to begin with.

“Over the next 5 years, we project that the demand for equity financing by start-ups could reach \$200 million,” the bank said.

The government can play a catalytic role by directly investing in the fund, alongside private investors, the ADB said.

To fund its capital contribution, it also recommended the government pursue a loan from ADB.

The aim is to provide risk capital to support the growth of start-ups and Small and Medium-sized Enterprises (SMEs) which do not have adequate access to finance.

“The government is recommended to consider a pilot fund size of \$10 million to test the concept before pursuing larger-scale capital commitments,” the ADB said.

The bank said in a new study there are two distinct types of SMEs: high-growth start-ups and low and moderate-growth established SMEs, each with very different cultural, operational, and financial profiles.

“While both categories require equity or risk capital, the nature of their financing needs is quite different. The demand for capital from start-ups is more obvious and well-articulated in the market, as many of them are actively seeking external equity investment,” the ADB said.

Established SMEs are also constrained by limited capital bases, as most are self-funded by entrepreneurs and complemented by collateralized loans from commercial banks.

“We estimate there is a need of \$0.5 billion–\$1.0 billion in risk capital from established SMEs,” the



Exchange rates as at 31st March 2018

Currency	Buy Rate (LKR)	Sell Rate (LKR)
Australian Dollar	116.8607	121.9753
Canadian Dollar	119.3901	124.0199
Swiss Franc	158.7848	165.0642
Renminbi	24.07	25.2438
Euro	187.2035	194.0335
British Pound	215.5088	222.5344
Yen	1.4288	1.481
Singapore Dollar	116.2364	120.4005
United States Dollar	153.4779	157.251

Inflation rate in Sri Lanka as at March 2018

Sri Lanka Prices	Last	Previous	Highest	Lowest	Unit
<u>Inflation Rate</u>	4.2	4.5	28.3	-0.9	percent
<u>Consumer Price Index CPI</u>	121.4	121.9	122.9	6.4	Index Points
<u>Core Consumer Prices</u>	124.4	123.9	124.4	47.7	Index Points
<u>Core Inflation Rate</u>	3.4	3.5	12.78	2.13	percent
<u>GDP Deflator</u>	142.7	131.8	197.42	100	Index Points
<u>Producer Prices</u>	130.1	131.9	131.9	100.1	Index Points
<u>Export Prices</u>	109.79	145.94	145.94	42.89	Index Points
<u>Import Prices</u>	126.41	128.9	159.3	33.69	Index Points
<u>Inflation Rate Mom</u>	-0.4	-0.7	5.19	-3.51	percent
<u>Producer Prices Change</u>	10.4	14.4	20.3	-3.4	percent
<u>CPI Transportation</u>	98.9	98.9	192.9	89.5	Index Points
<u>Food Inflation</u>	5.1	6	14.4	-4.1	percent

Source : Central Bank of Sri Lanka

