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CNCI Achiever Applications are at Initial Evaluation

Applications for the Achiever Awards 2019 were closed on 10th June 2019 and all the applications received were soon handed over to the auditors for checking and verifying. Thereafter the internal judging process was started with a panel consisting of Engineers, Chartered Accountants, Senior Professionals in International Trade and Management and Administrative consultants. The Judging Panel was headed by Mr. Pradeep Kahawalage – Vice Chairman of the Ceylon National Chamber of industries – CNCI, who is a senior engineer.

The CNCI is the first chamber in the country to design an awards competition of this nature exclusively for the industrial sector to recognize their excellence achieved. The importance of encouraging the industrial sector in the country has been well understood by the CNCI, who perceive that the sustaining economic growth into the future will require approaches to stimulate growth in productivity and economic diversification driven by technology, innovation, and new market development both domestically and internationally.

In order to update the Sri Lankan Industrialists both in manufacturing and service sectors to fit into the current trends and demands, the CNCI has designed the “Achiever Award” Application covering the most important areas in a business, which include: Value Addition, Productivity, Corporate Plan, Statutory Responsibilities, Social responsibilities Environmental Responsibilities, Research and Development Quality Assurance and occupational health and safety and several others.

The final evaluation of the shortlisted applications has been scheduled for 26th July 2019. The twelve member judging panel will be headed by Professor Kapila Perera, Vice Chancellor of the University of Moratuwa.

The photographs depict the applications being audited.



Timely measures are necessary to save the local industries

The security situation in the country is gradually improving since the Easter Sunday bombing which brought social life and economic commitments to a standstill. The day-to-day life is getting back to normalcy. International travel adversaries have been softened by many countries.

Despite all these improvements, the business community in the country, especially the local industrialists perceive that the economy and the business environment need long term measures to be taken by the Government to create a conducive environment for the efficiency and stability of the local industries. This article speaks of some of the issues faced by the local industrialists that will create doubts as to their existence and growth.

One of the grave issues faced by the local industries is the high cost of production resulting from increased taxes, high interest rates and removed protection to local entrepreneurs, thus losing their competitive advantage. Similarly, the signing of poorly negotiated FTAs have placed local economic activities at a disadvantageous position. In this respect, we urge the Government to amend the conditions in a manner that it gives reasonably fair benefits to both parties and encourages and uplifts the local entrepreneurship and production-based businesses.

Economic growth has declined year-by-year and in 2018 it declined to 3.2% which is higher only to Afghanistan in South Asia where countries such as India, Bangladesh and Nepal have maintained over 6% annual growth.

The rupee has depreciated by over 35% in the last four years and the Government is facing a severe foreign exchange crisis. Trade deficit in 2018 crossed \$ 10 billion for the first time in its history. The Government should encourage local manufacturers and align Government policies accordingly to come out of the current economic crisis.

Unfortunately, our economic policies are basically based on the colourful political promises made to attract the voters which sometimes, neglect the macroeconomic fundamentals since they take new faces with Government changes.

During the last four years, many of the local businesses have been facing challenges for their own survival.

Further, as at date, Sri Lanka does not have a trade policy or an industrial policy. The Ceylon National Chamber of Industries (CNCI) requests the Government to engage with the business community to develop a trade policy and an industrial policy.

Among all the commercial activities, the industrial sector is an important element. Currently the Ministry of Industries and Commerce is focused on resettlement of protracted displaced persons, Co-operative Development and Vocational Training and Skills Development and has no time to dedicate itself to the industrial sector. As such, we request the President to allocate a separate ministry to the industry treating it as a special case.

When certain ministers were accused of having direct links with terrorists who were involved in the Easter Sunday bombing and the pressure was mounting for them to resign, nine ministers and deputy ministers have resigned creating another problem of many ministries virtually becoming non-functional. During the last four years, many of the local businesses have been facing challenges for their own survival.

After many days from the above resignations, three acting ministers have been appointed on 10 June. However, we have learnt from newspapers that due to many disagreements between the President and the Parliament, Cabinet meetings have been suspended pushing the country to a further uncertain situation.

All the above incidents are creating further problems to industrialists who are already in deep trouble due to the many reasons explained above. Therefore, we urge the President and the Prime Minister to resolve their problems immediately and bring normalcy to the country before all industries collapse due to a grave lack of governance in the country.



CNCI Chairman Raja Hewabowala

Sink or Swim? Sri Lanka in the Fourth Industrial Revolution



The technology-driven, Fourth Industrial Revolution (4IR) will mark significant changes in the modern way of life. However, unlike other industrial revolutions, 4IR technologies are significantly more invasive, complex, and evolve rapidly. 4IR, which includes artificial intelligence (AI), the internet of things (IoT), intelligent robotics, 3D printing, and neuro-technological brain enhancements, is the conflation of different technologies that are spurring changes in multiple spheres at the same time.

The importance of 4IR and Sri Lanka's preparedness for it has gained growing prominence in policy discourse, albeit at a superficial level. Cultivating a "shared, trusted digital environment that is a driver of inclusion, economic development, and social progress" is paramount to succeed in the 4IR era. Therefore, Sri Lanka needs to focus on both technological preparedness as well as creating a complementary economic ecosystem. To do so, policymakers and private sector stakeholders alike should be cognizant of three critical pillars of 4IR readiness: digital readiness, human capital readiness, and economic agility. This article briefly discusses Sri Lanka's position against these three pillars.

Digital Readiness

At its most basic level, a significant proportion of 4IR technologies are emerging around the use of computers and the IoT. Therefore, Sri Lanka's low computer literacy rates and lack of internet access makes it challenging for the country to absorb, implement, and leverage 4IR advancements. Only 34% of Sri Lanka's population uses the internet. Whilst this is a rapid rise from less than 1% in 2000, and is higher than most other South Asian economies, it is significantly lower than comparator economies such as Malaysia, Thailand, and Vietnam.

Notably, however, Sri Lanka has over 32 million cellular mobile subscriptions (70% of the population owns a mobile phone), albeit with just over 7 million fixed and mobile broadband subscriptions (approximately 21% of the population). Meanwhile, mobile cellular networks cover 95% of the country's population. The disparity in the availability of technological infrastructure and usage is most likely due to structural factors such as gender and sectorial disparities. For instance, the gender gap for internet usage is estimated to be as high as 40%. Furthermore, there are significant disparities in IT literacy levels between the urban (36.9%), rural (22.0%), and estate (8.6%) sectors. These disparities thus indicate significant structural weaknesses of Sri Lanka's digital readiness for 4IR.

In addition, Sri Lanka continues to perform poorly in the Global Innovation Index, especially in indices related to institutions and human capital and research. The combination of structural weaknesses along with an inadequate ecosystem is a cause for concern.

Human Capital Readiness

To achieve human capital readiness, an economy has to create a high-skilled, agile, and multi-faceted labour force, with transferable skills, to face potential disruptions. Sri Lanka has long touted its high literacy rate. However, basic literacy and numeracy based employment are likely to suffer the most during the 4IR era. The country's relatively low-level of enrolment in tertiary education is, therefore, concerning.

The IPS State of the Economy Report 2017 notes that only 10% of age 20 and above population has formal professional or technical training relevant to their occupation. Even in university, a vast majority study Arts subjects and relatively fewer study Science, Technology, Engineering, and Mathematics (STEM subjects) – a priority area under 4IR. Notably, even at the school level, the share of subject qualified teachers in STEM subjects are lower than the recommended level. This indicates low human capital readiness.

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This lack of internet usage corresponds with a low national computer literacy rate of 22.9% in 2018.

Economic Agility

The rate and scope of technological and socio-economic change in the 4IR era have placed a premium on the forward-looking ability and responsiveness of an economy. Over the years, Sri Lanka's export basket has gone through very little diversification, and the economy has failed to integrate into regional and global value chains.

Critically, only 6.7% of Sri Lanka's manufacturing value addition is estimated to take place through medium hi-tech and hi-tech industries. As such, the country is dependent on industries that are susceptible to losing value and becoming obsolete during the 4IR. For example, sectors like the textile and garment industry could potentially be affected by labour displacement, due to technological disruption. Its true impact, however, would depend on labour market conditions and the labour/capital ratios that prevail at the time. What is more obvious is that Sri Lanka's overwhelming dependence on a limited spectrum of industries that employ low-skilled labour will pose a significant challenge and diminish its economic agility further.

The agriculture sector, however, could potentially gain considerably through 4IR. Firstly, given the sector's increased vulnerability to extreme weather conditions and diseases, 4IR technologies could improve information flows and find solutions to minimize such shocks. Secondly, given that the sector is experiencing an increasing labour shortage, labour replacing technologies could improve productivity without causing much disruption. However, distrust of new technology, along with the unavailability of necessary capacities, has somewhat hindered the integration of technology into the production process thus far. Therefore, concerted efforts to improve trust in new technologies while improving the usage capacity of farmers and other stakeholders is vital.

Much of Sri Lanka's services sector growth has been in non-tradable services, such as transport and retail. Although these services have not experienced any transformations thus far, eventually, technologies such as self-driving vehicles will create disruptions to the labour market and the structure of the sector. Meanwhile, Information Communication Technology (ICT), Business Process Outsourcing (BPO),

and professional services have become one of the fastest growing exports in Sri Lanka, with great technological maturity. For instance, the ICT industry is the fourth largest export earner to the country and was ranked 11th in A.T.

Kearney's Global Services Location Index. Therefore, among Sri Lanka's exports, the ICT industry is arguably one of the best placed to leverage existing technological maturity to diversify and scale up in an economically agile manner.

Conclusion

The scope and the pace of technological change and its consequent impacts pose challenges and opportunities alike to both developed and developing economies. However, developing countries such as Sri Lanka are particularly vulnerable to being left behind and being unable to adequately respond to socio-economic disruptions, due to structural weaknesses and capacity constraints. Under these circumstances, while experiencing a significant change in the digital and communication spheres, Sri Lanka is still a nascent economy in its preparedness for the 4IR.

To a great extent, much of the basic physical infrastructure required (i.e. mobile and internet coverage) is already available and could be used as a meaningful platform. The government, as well as several private sector firms, have recently introduced digital economy and digitalization policies to prepare for 4IR. However, the country has not thus far created a conducive ecosystem that facilitates the integration of modern technologies into economic and social facets of daily life by addressing structural issues. Success, therefore, depends heavily on identifying and addressing wider structural and institutional impediments, followed by a careful diagnostic of each economic sub-sector and recognizing how 4IR can be used for greater and more inclusive economic growth.

**This blog is based on a chapter written for the forthcoming 'Sri-Lanka: State of the Economy 2019' report on Transforming Sri Lanka's Economic Landscape in the Fourth Industrial Revolution.*

The Island dated 21st June 2019

Successful seminars conducted by CNCI

The Ceylon National Chamber of Industries (CNCI) organized a comprehensive full day Seminar on “Customs Procedures and Documentation” on Tuesday, June 25, 2019, from 9.00 am to 4.00 pm at Hotel Taj Samudra, Colombo 03.

This important seminar was conducted by Deputy Directors of Customs Mr.C. S. A.Chandrasekare and Mr.T. G. A. Arachchi, with Deputy Superintendent of Customs Mr.I. U. S. Jayaratne with their expertise and decades of experience in the field.

The areas which were covered at the seminar included an Overview of Sri Lanka Customs, Bond Procedures, TIEP and Entrepot Trade, Multi Country Consolidation and Imports / Exports Procedures etc



Some comments by the Participants



This Seminar was very helpful to enhance our knowledge

Thank you very much CNCI for organizing this kind of a seminar

Thank you CNCI, We had a good session

Seminar was perfect please allocate more time to Imports & Exports

It is highly appreciate if you can organize this kind of seminars from time to time

What is Employment Security

Written Employment Particulars

The Shop and Office Employees Act, 1954 requires the employer to furnish the particulars of a worker's employment on the commencement of his/her work.

The written employment contract must include the following particulars: the name of the employee and designation and nature of the appointment; the date on which the appointment takes effect; the grade to which the person is appointed; basic remuneration and the scale of remuneration; whether the remuneration is paid weekly, fortnightly or monthly; cost of living allowance, if any, and other allowances if any; the period of probation or trial, if any, and the conditions governing such period of probation or trial along with the circumstances under which the appointment may be terminated during such probation or trial; conditions governing the employment along with the circumstances and conditions under which the employment can be terminated; normal hours of work; number of weekly holidays, and annual holidays; overtime rate payable; provision of medical aid, if any, by the employer; the provision of and the conditions governing any provident fund, pension scheme or gratuity scheme applicable to the employment; and prospects of promotion.

The contract is written in a language that is completely understandable by the worker and it is duly signed by the employer. The employer must retain a copy of this contract. In absence of written employment contract, the terms and conditions of employment would need to be ascertained from the oral agreement; the common law; any applicable statutory provisions; customs or usage and practices in the workplace; and any Collective Agreement or decisions of Labour Tribunals.

There is no provision on internship contracts in the labour legislation. This entails, amongst other, that for an internship payment of an allowance during the period is optional, not mandatory.

Source: §17 & Regulation 15 of the Shop and Office Employees (Regulation of Employment and Remuneration) Act, 1954

Fixed Term Contracts

Sri Lankan labour Law allows hiring fixed term contract workers for tasks of permanent nature. (EWI) There is no provision on fixed term contracts in the labour laws. The Law does talk about temporary employees and specifies that these are employed "temporarily by an employer to perform work of a temporary nature on not more than one hundred and eighty days in any year in the aggregate.

Source: §54 of the Employees' Councils Act, No.32 Of 1979

Probation Period

There is no clear provision in labour laws on the duration of probation period in Sri Lanka. Generally, probation period is six months. The Shop and Office Employees Act requires the employer to clearly mention the period of probation, conditions governing such probation and circumstances under which the employment contract may be terminated during probation.

Employment of Trainees (Private sector) Act No. 8 of 1978 provides that employers and workers may enter a contract of training for up to maximum one year. At the end of the training period, unless for disciplinary reasons or for failure to attain satisfactory competencies in the vocation chosen, the Employer should provide employment to the trainee or in the alternative find him a suitable employment.

Source: Regulation 15(g) of the Shop and Office Employees (Regulation of Employment and Remuneration) Act, 1954; Employment of Trainees (Private sector) Act No. 8 of 1978





SEMINAR ON EPF & ETF



30th July 2019 9.00 am - 4.30 pm
(Registration starts at 8.30 am)



Hotel Taj Samudra, Colombo 03

CONTENTS

- * EPF & ETF Acts - Introduction and Objectives
- * Reckonable Total Earnings
- * Obligations of the Employer
- * Consequences of non-compliance
- * provisions for Member Benefits
- * Powers and Role of Department of Labour in respect of EPF/ETF Payments
- * Offences and Directors' Liability
- * Dissolving Companies and the Liability of Unpaid EPF
- * Recent interpretations by Courts
- * Proposed amendments to the Acts

INVESTMENT

For Members Rs.8,500/-
For Non Members Rs.9,000/-
(Inclusive of Lunch, Refreshments & Handouts)

DISCOUNT

5% for 3 to 5 Participants.
10% for 6 or more participants

RESOURCE PERSONS

Mr.Milanga Weerakkody B.A, L.L.M, Attorney at Law
Commissioner of Labour - Legal(Law Enforcement)
Chief Legal Officer, Department of Labour

Mr.K G Kumarasinghe L.L.B, L.L.M, Attorney at Law
Legal Officer, Department of Labour

FOR

Directors, Managers, Executives, Supervisors (Specially in Finance / HR / Admin fields) and all others interested in EPF & ETF

*Valid certificate will be awarded

FOR REGISTRATION

Please email your duly filled registration forms to:
po@cnci.lk, cnci@slt.lk, thecnci@gmail.com



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CHAMBER OF INDUSTRIES- CNCI**

For More Details

Contact: Madhushika/ Nilanthi
011 2339200, 2452181, 2331444 Fax: 0112331443
www.facebook.com/THECNCI

SEMINAR ON IMPORTANCE OF ACCOUNTING & ESSENTIALS FOR MIS



08th August 2019 9.00am - 4.30 pm

(registration starts at 8.30 am) starts at 8.30



Raja Bojun Seminar Hall , Colombo 03

CONTENTS

- * Importance of accounting to your business
- * The Recording process - Double Entry System
- * Financial Statements (P&L, Balance Sheet, Cash Flow Statement)
- * Financial performance Analysis (Horizontal Analysis, Vertical Analysis, Ratio Analysis)
- * Management Accounting reporting
- * Management Information for decision making

INVESTMENT

For Members **Rs.8,500/-**
For Non Members **Rs.9,000/-**
(Inclusive Lunch, Refreshments and Handouts)

DISCOUNT

5% for 3 to 5 Participants.
10% for 6 or more participants

RESOURCE PERSONS

Mr.Upendra Wijesinghe
(MBA, FCA, ACMA (UK), ACCA (UK), ACIM, Bsc Accountancy)

FOR

Non Financial Managers, Head of Departments, Accounts administrators and assistants, New Accounting staff, Costing Staff, Secretaries and Office administrators

*Valid certificate will be awarded

FOR REGISTRATION

Please email your filled registration forms to:
po@cnci.lk, cnci@slt.lk, thecnci@gmail.com



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For More Details
Contact: Madhushika/ Nilanthi
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Buying & Selling Exchange Rates as at 30th June 2019

Currency	Buy Rate (LKR)	Sell Rate (LKR)
Australian Dollar	121.0747	126.1214
Canadian Dollar	132.5101	137.2828
Swiss Franc	176.8787	183.0094
Renminbi	25.2031	26.3831
Euro	196.8932	203.6444
British Pound	220.6176	227.5599
Yen	1.6029	1.6611
Singapore Dollar	128.3695	132.6301
United States Dollar	174.5159	178.2674

Economic Indicators as at 30th June 2019

Overview	Last	Reference	Previous	Range	Frequency
GDP Annual Growth Rate (%)	3.7	19-Mar	1.8	0.5 : 16.12	Quarterly
Unemployment Rate (%)	4.7	19-Mar	4.6	3.7 : 16.6	Quarterly
Inflation Rate (%)	3.8	19-Jun	5	-0.9 : 28.3	Monthly
Interest Rate (%)	7.5	19-May	8	06:10.5	Daily
Balance of Trade (USD Million)	-797	19-Apr	-592	-1101 : -50.1	Monthly
Current Account (USD Million)	423	19-Mar	-815	-1695 : 423	Quarterly
Current Account to GDP (%)	-3	18-Dec	-2.6	-19.3 : -0.4	Yearly
Government Debt to GDP (%)	82.9	18-Dec	76.9	16.3 : 109	Yearly
Government Budget (% of GDP)	-5.3	18-Dec	-5.5	-10.2 : -5.3	Yearly
Corporate Tax Rate (%)	28	18-Dec	28	15:42	Yearly
Personal Income Tax Rate (%)	16	18-Dec	16	15:35	Yearly