



CNCI NEWS BULLETIN

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CNCI WROTE TO THE PRESIDENT ON PAYMENT OF APRIL SALARIES TO THE PRIVATE SECTOR EMPLOYEES

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CNCI WROTE TO THE PRESIDENT ON PAYMENT OF APRIL SALARIES TO THE PRIVATE SECTOR EMPLOYEES

The prevailing situation in the country has dragged the private sector into dilemma in making salary payments to the employees in all levels which is in the top priority among all other fixed expenses.

Taking this situation into consideration, Mr. Ruwan Edirisinghe, Chairman of the the Ceylon National Chamber of Industries as the Premier Industrial Chamber requested the Government to issue suitable directions to all Banks, through the Central Bank, to support the Employers, Industrialists and Entrepreneurs of the Country for them to pay their own staff salaries for the month of April, the festival season without any further delay.

At a time the whole operations of companies and other institutions have been hampered with the unforeseen Covid – 19 effect, one of the immediate issues faced by them is the inability to collect their dues for the services and products supplied to both the public and private sectors as well as the losses incurred owing to sudden stoppage of works in progress leaving the business's liquidity under pressure.

This will aggravate the adverse situation to manage their working capital needed to keep the businesses going. Due to this critical situation, Chairman requested intervention of the Government to assist the industrialists / entrepreneurs with any form of loan to be disbursed from all Banks at 4% interest rate, as an urgent support to maintain their human resources during Covid-19 affected period and another minimum period of 3 months, until they would find means to manage in working out their cash flow.

He also mentioned that in an earlier letter addressed to HIs Excellency the President, we requested any form of financial support be extended to all Employers, Industrialists and Entrepreneurs from Micro level up to Extra Large category in all sectors of businesses in this instance which cannot be limited to few sectors.



*Mr. Ruwan Edirisinghe - Chairman
Ceylon National Chamber of industries*

As far as the salaries are concerned, employees at various levels and categories are entitled to various allowances in addition to their fixed salaries such as Fixed Vehicle allowances, attendance, bonus, overtime, incentives etc. and none of these are entitled to any at present in view of the curfew been imposed as a strategic move which may probably be in force within a further period which is unpredictable.

Since the companies are facing serious cash flow problems the private sector would not be able to meet the entire wage bill.

In order to avoid embarrassment in salary administration of the private sector and also to manage the limited cash flow at this juncture, CNCI Chairman recommended that the Government may appeal the private sector to implement the following course of action for the month of April 2020 until a suitable remedy would be in place.

a) The salary or an advance payment to be paid to all employees in all categories.

b) A suitable formula may be applied according the companies' financial viability to effect the salary/advance payments of the high salaried top management and other executive members in a manner that they have committed on behalf of low salaried workers as today the dire need is only FOOD for everyone.

c) All bonus payments and festival advances to be kept on HOLD until the situation improves.

d) With regard to Medicine needs, he suggested that the Government may deliver them free of charge as done in Hospitals for a limited period; strictly on prescriptions.

e) Any company who has good cash flow could follow their own methods.

f) Later, at the end of the month depending on the situation, suitable finance assistance is requested to be arranged by the Government as requested above since whole of the private sector is in a grave cash flow problem.

g) There may be companies and institutions even a sufficient advance payment cannot be paid to their employees. In such situations, the banks may be instructed to rescue them with some concessionary terms as an immediate measure until proper directions are issued by the Government.

As companies are not in a sound financial situation to pay fixed allowances such as vehicle allowance, we understand it to be a problem for the particular employees who have purchased their vehicles on loan/lease.

Therefore the private sector employees who have obtained vehicle/housing loans are also considered to be given the same relief as the loan payment deductions from salaries of the Public Sector employees have been suspended until further notice, Chairman concluded.



DFCC BANK

Keep Growing

President focuses on district level development of key industries

- ◆ Mechanism to be steered by Government Agents
- ◆ Govt.'s assistance to develop agriculture and new industries
- ◆ Survey on export markets for agri-crops including vegetables
- ◆ Reducing post-harvest losses stressed



President Gotabaya Rajapaksa

President Gotabaya Rajapaksa yesterday focused on the possibility of creating a new mechanism by combining all districts in the country to purchase, store and distribute agro products.

The Government Agents were encouraged to take this mechanism forward by the President at a meeting with the District Secretaries held at the Presidential Secretariat yesterday, the President's Media Division (PMD) said in a statement.

The cooperation extended by the District Secretaries for the success of measures taken to control the spread of COVID-19 was commended by the President. President explained the steps taken so far and the current situation regarding coronavirus prevention activities, the PMD said.

The fact that those who are identified as infected on a daily basis are either from quarantine centres or from isolated areas is a testimony to the success of the efforts of combating the virus, President pointed out.

"The Government is gradually easing curfew restrictions in order to restore normalcy in civilian life. Economic revival is the aim of the Government. The national economy has to be strengthened while giving priority to the agriculture sector to achieve this objective," it said.

"Also, attention should be paid to develop indigenous industries and other production sectors at district level. President emphasised the necessity of encouraging entrepreneurs by providing necessary assistance."

Attention was also drawn to the importance of establishing an institute similar to Fisheries Corporation to purchase agro products. It was agreed to formulate a practical methodology to promote recommendations of the researches conducted by the Post-Harvest Institute among the public and the farmers and their implementation.

Given the prevailing situation, many tend to sell agro products purchased from farmers directly to the customers. The Government Agents pointing out benefits of this system said this has helped both the farmer and the consumer. They also emphasised the importance of developing a legal structure to strengthen this process.

The Government Agents also pointed out the necessity of setting up cold rooms and storages.

The importance of encouraging farmers to cultivate uncultivated lands with the support of security forces and prison inmates and cultivating other crops in the close proximity to paddy fields was also discussed.

Increasing rubber production, promotion of local industries including textile, dairy products and the development of several other sectors were discussed in length.

Secretary to the President P.B. Jayasundera, Secretary to the Prime Minister Gamini Senarath, Cabinet Secretary S. Amarasekara, Finance Ministry Secretary S.R. Attygalle, Public Administration Ministry Secretary S. Hettiarachchi, Health Ministry Secretary Bhadrani Jayawardene, Army Commander Lt. Gen. Shavendra Silva and Acting IGP C.D. Wickramaratne were also present.

Source: Daily Ft - 21 April 2020

Coronavirus the worst global crisis since WW II, says UN chief



NEW YORK, NY – MARCH 16: Inverted chairs are seen at the closed Tartinery cafe in Grand Central Terminal during rush hour as the coronavirus continues to spread across the United States on March 16, 2020 in New York City. The World Health Organization declared coronavirus (COVID-19) a global pandemic on March 11th. Dia Dipasupil/Getty Images/AFP

AFP – The coronavirus pandemic is the worst global crisis since World War II, UN Secretary-General Antonio Guterres said Tuesday, expressing concern that it could trigger conflicts around the world.

Guterres said that the scale of the crisis was due to “a disease that represents a threat to everybody in the world and... an economic impact that will bring a recession that probably has no parallel in the recent past.”

“The combination of the two facts and the risk that it contributes to enhanced instability, enhanced unrest, and enhanced conflict are things that make us believe that this is the most challenging crisis we have faced since the Second World War,” he told reporters.

The New York-based United Nations was founded at the end of the war in 1945 and has 193 member states.

“A stronger and more effective response... is only possible in solidarity if everybody comes together and if we forget political games and understand that it is humankind that is at stake,” Guterres added.

More than 40,000 people have been killed so far as the disease spreads across the world, and causes economic devastation.

“We are far from having a global package to help the developing world to create the conditions both to suppress the disease and to address the dramatic consequences,” Guterres warned, pointing to unemployment, the collapse of small firms and vulnerable people in the informal economy.

“We are slowly moving in the right direction, but we need to speed up, and we need to do much more if we want to defeat the virus.”

The UN on Tuesday created a new fund to help developing countries after last week appealing for donations for poor and conflict-hit nations.

Beyond traditional aid from rich countries “we need to have innovative financial instruments,” so that developing nations are able to respond to the crisis, Guterres said.

He warned that the coronavirus outbreak could return from poorer countries, especially in Africa, to hit wealthy countries again, and that millions could die.

Inflation dips to 5.4% in March

- **Down from 6.2% in Feb. on decline in both food and non-food categories**

Headline inflation as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI) declined to 5.4% in March 2020 from 6.2% in February 2020.

This was due to the decline in the prices of items in the Food category. Accordingly, Food inflation (Y-o-Y) declined to 12.8% in March 2020 from 14.7% in February 2020, while Non-food inflation (Y-o-Y) recorded at 2.5% in March 2020.

However, the change in the CCPI measured on an annual average basis increased to 4.7% in March 2020 from 4.6% in February 2020.

Monthly change of CCPI recorded at -0.9% in March 2020 and it was due to the price declines observed in the items of the Food category.

Within the Food category, prices of vegetables, red onions, and bread recorded declines in March 2020.

However, prices of items in the Non-Food category recorded increases during the month owing to price increases of the items in Health (blood tests fee) and Transportation (airline fare) sub-categories.

Continuing its declining trend for the sixth consecutive month, the core inflation (Y-O-Y) declined to 2.9% in March 2020 from 3.2% in February 2020.

Meanwhile, annual average core inflation also declined to its four month low of 4.9% in March 2020 from 5.1% in February 2020.



As job losses rise, half of global workforce at risk of losing livelihoods: ILO

- **Latest ILO data on labour market impact of COVID-19 pandemic reveals devastating effect on workers in informal economy and hundreds of millions of enterprises worldwide**

Geneva (ILO News): The continued sharp decline in working hours globally due to the COVID-19 outbreak means that 1.6 billion workers in the informal economy - that is nearly half of the global workforce - stand in immediate danger of having their livelihoods destroyed, warns the International Labour Organisation.

According to the "ILO Monitor third edition: COVID-19 and the world of work", the drop in working hours in the current (second) quarter of 2020 is expected to be significantly worse than previously estimated.

Compared to pre-crisis levels (Q4 2019), a 10.5% deterioration is now expected, equivalent to 305 million full-time jobs (assuming a 48-hour working week). The previous estimate was for a 6.7% drop, equivalent to 195 million full-time workers. This is due to the prolongation and extension of lockdown measures.

Regionally, the situation has worsened for all major regional groups. Estimates suggest a 12.4% loss of working hours in Q2 for the Americas (compared to pre-crisis levels) and 11.8% for Europe and Central Asia. The estimates for the rest of the regional groups follow closely and are all above 9.5%.

Informal economy impact

As a result of the economic crisis created by the pandemic, almost 1.6 billion informal economy workers (representing the most vulnerable in the labour market), out of a worldwide total of two billion and a global workforce of 3.3 billion, have suffered massive damage to their capacity to earn a living. This is due to lockdown measures and/or because they work in the hardest-hit sectors.

The first month of the crisis is estimated to have resulted in a drop of 60% in the income of informal workers globally. This translates into a drop of 81% in Africa and the Americas, 21.6% in Asia and the Pacific, and 70% in Europe and Central Asia.

Without alternative income sources, these workers and their families will have no means to survive.



Enterprises at risk

The proportion of workers living in countries under recommended or required workplace closures has decreased from 81 to 68% over the last two weeks. The decline from the previous estimate of 81% in the second edition of the monitor (published April 7) is primarily a result of changes in China; elsewhere workplace closure measures have increased.

Worldwide, more than 436 million enterprises face high risks of serious disruption. These enterprises are operating in the hardest-hit economic sectors, including some 232 million in wholesale and retail, 111 million in manufacturing, 51 million in accommodation and food services, and 42 million in real estate and other business activities.

Urgent policy measures needed

The ILO calls for urgent, targeted and flexible measures to support workers and businesses, particularly smaller enterprises, those in the informal economy and others who are vulnerable

Measures for economic reactivation should follow a job-rich approach, backed by stronger employment policies and Institutions, better-resourced and comprehensive social protection systems. International co-ordination on stimulus packages and debt relief measures will also be critical to making recovery effective and sustainable. International labour standards, which already enjoy tripartite consensus, can provide a framework.

"As the pandemic and the jobs crisis evolve, the need to protect the most vulnerable becomes even more urgent," said ILO-Director General Guy Ryder. "For millions of workers, no income means no food, no security and no future. Millions of businesses around the world are barely breathing. They have no savings or access to credit. These are the real faces of the world of work. If we don't help them now, they will simply perish."

Source: Daily Ft - 30 April 2020



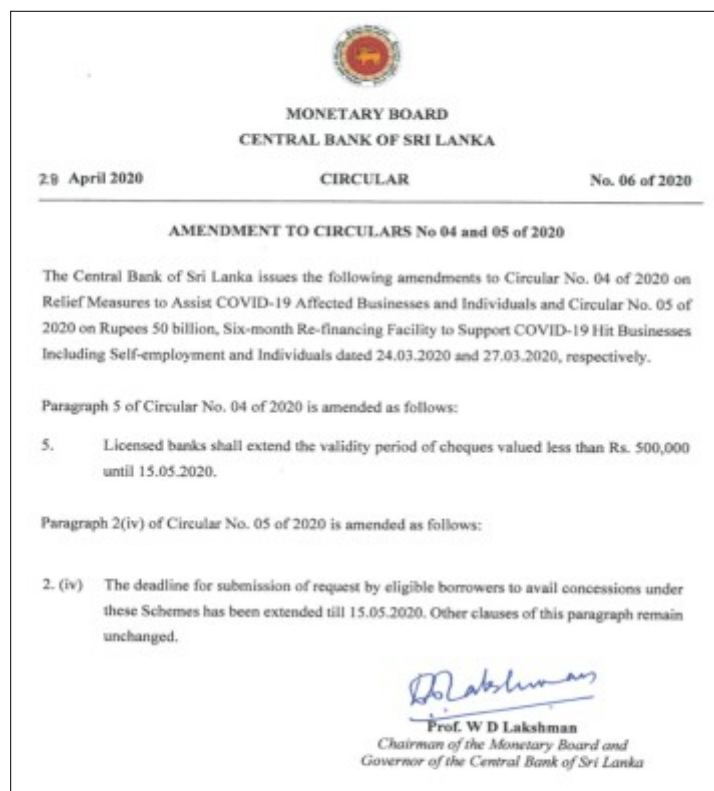
CBSL Extends the Deadlines to Facilitate Covid-19 Affected Businesses and Individuals

Considering the difficulties faced by some customers of financial institutions affected by the COVID-19 pandemic to obtain certain relief measures, the Central Bank of Sri Lanka has extended the deadline initially given as 30th April 2020 for submitting requests for debt moratoriums and 4% per annum refinancing facility for two months working capital, until 15 May 2020.

Further, where the validity period of cheques valued less than Rs.500,000 has expired, the banks are required to consider them as valid until 15 May 2020. These extensions were effected through the Circular No. 06 of 2020 dated 28.04.2020.

The eligible businesses and individuals are requested to contact their respective banks with necessary information/documents on a timely basis if they wish to avail themselves of the relief measures.

These measures require the banks to extend the existing tenure of loans eligible for moratorium by the respective moratorium period. Central Bank requests the borrowers to repay the installments subject to the moratorium during such extended period without any additional cost, so that by receiving such funds banks will also be able to strengthen their liquidity positions.



CNCI ACHIEVER AWARDS 2020 - APPLICATIONS CLOSING DATE EXTENDED

After launching the CNCI Achiever Awards 2020 event on 13th February 2020, the contesting companies had been in the process of collecting applications before the curfew was imposed. The application closing date was scheduled on 15th May 2020. CNCI has received several requests from the applicant companies to extend the closing date.

Taking the current scenario into consideration, the CNCI Management has decided to extend the closing date of applications indefinitely. The fresh closing date will be informed well in advance leaving the contesting companies sufficient time to process the applications



'Flexible working calls for measuring output and not work hours'



Sriyan de Silva Wijeyeratne, Darshi Talpahewa

Chairman Employees Trust Fund Board Sriyan de Silva Wijeyeratne said that companies with flexible work arrangements had to rethink their performance measurement metrics. Wijeyeratne was speaking to the National Chamber of Commerce Youth Forum on the new flexible working arrangement trend in the nation on 25 April.

Wijeyeratne said that given higher rates of digitization most government processes could still be operational. He said that even Japan with technological advancements required a large political impetus in the early 2000s to digitize all processes.

He said, "the guys who figured out this are going to win." Wijeyeratne criticized the managerial view that flexible working arrangements were not suitable for Sri Lanka. He said that the proof of their success and sustainability are currently seen.

Head of Human Resources and Legal Hayleys Darshi Talpahewa predicted that flexible work arrangements would become more common even after the crisis. She said it was important for firms to set out guidelines enabling flexible work. She said, "You need to identify the people who can work from home."

Wijeyeratne predicted that with a shift to mobile working there would be changes in consumption patterns with greater emphasis on remote delivery.

He said that big businesses were static in their thinking and that smaller businesses were better placed to adapt to greater mainstream acceptance of flexible working. He predicted that there would be greater levels of outsourcing as big businesses look to reduce capital outlay.

Source: Daily News – 28 April 2020

Cartoons



Source: cartoon-themorning.lk-20-04-2020-21



Source: cartoon-themorning.lk-29-04-2020



Source: cartoon-themorning.lk-14-04-2020



COVID-19 crisis: Model of learning, creativity and innovation for business

Most of the businesses are struggling at the moment and there is a need to have different approaches to overcome this. We need to be more creative and innovative in this situation. Even we can learn best practices in creativity and innovation from other countries.

Recently I have witnessed a good example in which Sri Lanka's security forces were entertaining persons who are under self-quarantine in many areas. As you know the time of self-quarantine is really critical for the physical and psychological health of any person.

According to Prof. Ian Hickie at the University of Sydney's Brain and Mind: "Prolonged quarantine or social isolation (without compensatory methods in place) will exacerbate anxiety, depression and a sense of helplessness" (cnbc.com).

Dr. Marcus Tan, a consultant psychiatrist at Singapore-based Nobel Psychological Wellness Clinic proposed the role of Government in this scenario as "by addressing some of these stressors, governments can help mitigate the impact that quarantine can have on mental health (cnbc.com)".

In this context we need to appreciate the role of Sri Lanka Police. Sri Lanka Police have done something different to entertain people in the most-needed time.

Examples from the world

Sri Lankan businesses also need to think different. According to Landry & Bianchini (1995): "The industries of the 21st century will depend increasingly on the generation of knowledge through creativity and innovation." Even in the time of crisis such as this, you should be more creative and innovative.

Anyway, if you are more creative and innovative then you can easily achieve competitive advantage. Below is one of the classic examples of how one of the Chinese companies used "creativity and innovation" to promote products.

"With remote working and a new set of complex coordination challenges, many Chinese companies took to social media platforms, such as WeChat, to coordinate employees and partners. For example, Cosmo Lady, the largest underwear and lingerie company in China, initiated a program aimed at increasing its sales through WeChat, enlisting employees to promote to their social circles.

"The company created a sales ranking among all employees (including both the Chairman and CEO), helping motivate the rest of the staff to participate in the initiative." (hbr.org/2020/03/how-chinese-companies-have-responded-to-coronavirus)



Companies need to think differently and do something by looking at the context of environment and demand. "Some companies in China have created free life insurance products to provide short-term coverage customers from coronavirus for a period of time as a way to engage their customers.

"Foxconn in China repurposed some of its factories to make surgical masks instead of iPhone components. And luxury retailer LVMH, which owns Louis Vuitton and Christian Dior, is using its perfume production lines to manufacture hand sanitiser in Italy." (www.forbes.com/sites/kweilinellingrud/2020/03/18/coronavirus-how-companies-and-leaders-are-responding-to-the-crisis/#1fb96bc25802)

There should be a different team in any business to read the situation, learn from success stories, be innovative and to adjust strategies accordingly. The organisation may be capable of doing many different things with their resources.

But there should be a change agent/s for any company to align the resources of the company and see the opportunities in the market. In this context, the way you incorporate Learning, Creativity and Innovation (LCI) is paramount.

Conclusion

By looking at some examples it is clear that there is a need to think different. You need to be more concerned about collaboration with the flavour of creativity and innovation. This is a testing period for all the businesses in Sri Lanka. You should learn success stories. Higher the creativity and Innovativeness with customer orientation higher would be a competitive advantage for any businesses.

(The writer is a Professor in Management Studies at the Open University of Sri Lanka. You can reach him on nalinabeysekera@gmail.com.)



By Prof. Nalin Abeysekera

Source: Daily Ft - 30 April 2020

EXCHANGE RATES AS AT 30TH APRIL 2020

Date	Buy Rate (LKR)	Sell Rate (LKR)
Australian Dollar	123.3868	129.4262
Canadian Dollar	135.9542	142.0747
Swiss Franc	193.8061	202.126
Renminbi	26.1409	28.005
Euro	205.9998	213.8391
British Pound	236.5393	244.897
Yen	1.7723	1.8478
Singapore Dollar	133.9596	139.5629
United States Dollar	190.42	195.82

Source: <https://www.cbsl.gov.lk/en/rates-and-indicators/exchange-rates/daily-buy-and-sell-exchange-rates>

ECONOMIC INDICATORS AS AT 30TH APRIL 2020

Overview	Last	Reference	Previous	Range	Frequency
GDP Annual Growth Rate (%)	2	19-Dec	2.4	0.5 : 16.12	Quarterly
Unemployment Rate (%)	4.5	19-Dec	5.1	3.7 : 16.6	Quarterly
Inflation Rate (%)	5.2	20-Apr	5.4	-0.9 : 28.3	Monthly
Interest Rate (%)	6	20-Apr	6.25	06:10.5	Daily
Balance of Trade (USD Million)	-730	20-Jan	-784	-1101 : -50.1	Monthly
Current Account (USD Million)	-882	19-Dec	-575	-1695 : 446	Quarterly
Current Account to GDP (%)	-2.2	19-Dec	-3.2	-19.3 : -0.4	Yearly
Government Debt to GDP (%)	86.8	19-Dec	83.7	16.3 : 109	Yearly
Government Budget (% of GDP)	-6.8	19-Dec	-5.3	-10.2 : -5.3	Yearly
Corporate Tax Rate (%)	28	19-Dec	28	15:42	Yearly
Personal Income Tax Rate (%)	24	19-Dec	24	15:35	Yearly
Coronavirus Cases (Persons)	755	20-May	721	0.565972222	Daily
Coronavirus Deaths (Persons)	8	20-May	8	0:08	Daily
Coronavirus Recovered (Persons)	194	20-May	194	0.134722222	Daily

Source : <https://tradingeconomics.com/sri-lanka/indicators>