



# CNCI NEWS BULLETIN

ISSUE 73  
October 2020

## CNCI Office Bearers

- Mr. Ruwan Edirisinghe  
Chairman
- Mr. Canisius Fernando  
Deputy Chairman
- Mr. Kevin Edwards  
Vice Chairman
- Mr. Pradeep Kahawalage  
Vice Chairman
- Mr. Shamendra Panditha  
Vice Chairman
- Mr. Kasun Rajapaksa  
Vice Chairman
- Mr. Amila Sugathapala  
Treasurer
- Secretary General  
Mr. Abeyratne Muthugala

## Lanka's domestic financial conditions have eased substantially - First Capital Research

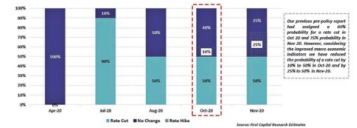
Sri Lanka's domestic financial conditions have eased substantially with banking system liquidity remaining in surplus, says First Capital

Research in their monthly Policy Expectation August 2020 report released last week.

Page 01 ➡

FCR Policy Rate Forecast – Oct-Nov 2020

We believe that CEBL will maintain same policy stance in this monetary policy review, but given the concerns around economic growth, CEBL is likely to retain the monetary policy stance at "accommodative".



## President's initiatives to bring bumper harvest



Page 02 ➡

## ICT Industry Skills Council define vision 2025

Page 03 ➡

## Take advantage of large Indian market'

Page 04 ➡

Sri Lanka is like an un-sinkable aircraft carrier parked 20 miles off the coast of India. Sri Lanka is important to India and India is a great opportunity for Sri Lanka.



## DFCC Bank wins big at BestWeb.lk Awards

Page 06 ➡



## Cabinet nod for tax incentives for US\$ 90 mn CICT expansion

The Cabinet of Ministers, has approved a proposal submitted by Prime Minister Mahinda Rajapaksa in his capacity as Minister of Finance to provide tax incentives for the investment of US \$ 90 million for the expansion of the Colombo South Port.

Page 05 ➡

## Siddhalepa donates Rs. 5 m to COVID-19 Healthcare and Social Security Fund

Page 07 ➡



## UPCOMING WEBINAR BY CNCI

Page 08 ➡



## EXCHANGE RATES AS AT 29th OCTOBER 2020 AND SRI LANKA ECONOMY SNAPSHOT

Page 09 ➡



# Lanka's domestic financial conditions have eased substantially - First Capital Research

Sri Lanka's domestic financial conditions have eased substantially with banking system liquidity remaining in surplus, says First Capital Research in their monthly Policy Expectation August 2020 report released last week.

"Banks have abundant liquidity, following CBSL infusing ample liquidity into the banking system via increased CBSL holdings (Money Printing). However, the outlook for credit seems lacklustre given the uncertainty surrounding pandemic," the report adds.

Recovery of manufacturing activities continued in August 2020 (Index Value 57.9) as reflected by PMI Manufacturing, benefitting from the normalization of business activities in the country.

PMI Services continued to expand for the 3rd consecutive month with the index reaching 56 in August 2020. Additionally, the Index of Industrial Production (IIP) for July 2020 increased to 111.1 from 92.8 in June 2020.

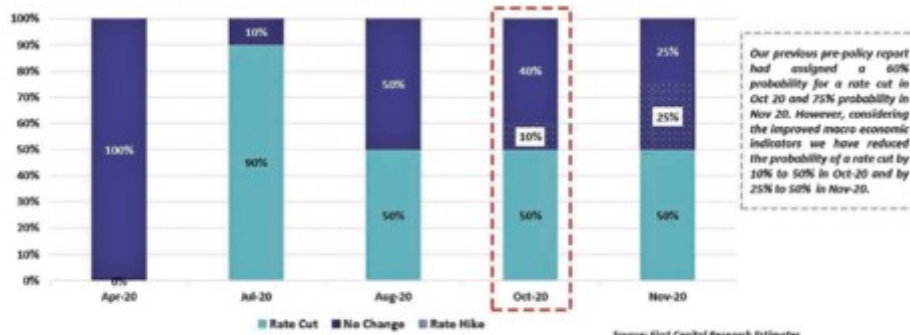
Political stability after the General Election and a slow return to normalcy was depicted in LMD-Nielsen Business Confidence Index (BCI) during Jun-Sep 2020 reflecting an improvement to 123 from 96.

Domestic economic activities, which were adversely affected by the COVID-19 pandemic, are expected to recover in the 4Q of 2020, thus not requiring further relaxation in policies.

Private sector credit also rebounded in August 2020 by Rs 78.3 billion, for the first time since April 2020 reflecting the fact that both businesses and individuals are accelerating their economic activities to make up for the lost opportunities during the lockdowns period.

## FCR Policy Rate Forecast – Oct-Nov 2020

We believe that CBSL will maintain same policy stance in this monetary policy review, but given the concerns around economic growth, CBSL is likely to retain the monetary policy stance at "accommodative".



First Capital predicts CBSL will maintain the same policy stance in this monetary policy review.

First Capital Research estimates that Sri Lanka's GDP would see its steepest contraction in history of -5.8% in 2020 following the unexpected contraction in 1Q GDP growth of -1.6%.

Amidst the lack of demand for credit, import restrictions, and the slowness in the recovery of consumer demand, GDP growth is expected to turn positive only by 4Q of 2020. Accordingly, GDP growth can be considered as a major factor favouring the further policy easing at the upcoming review.

The pandemic led disruption has had a lasting impact on the income of individuals with businesses being shut and either lay-offs or pay cuts experienced by salaried professionals. The lower disposable income in the hands of consumers will have a bearing on the demand for consumption with discretionary spending being either deferred or cancelled for a period of time.

"However, higher credit growth and consumer demand can be aggravated through further policy easing."

First Capital Research expects Sri Lanka's budget deficit in 2020 to reach 10% of GDP. Generally, the fiscal deficit is funded via domestic and foreign sources of borrowing.

"Lack of FDI and limited foreign borrowing options in the current period may push the Govt. to borrow predominantly from the domestic market.

A decline in domestic interest rates in response to the aggressive monetary easing delivered the required support to soften the pandemic impact on the economy. Thereby, maintaining a low-interest-rate environment or further reducing the interest rate to benefit the Government's finances."

Source: Daily News - October 19, 2020



# DFCC BANK

Keep Growing



# President's initiatives to bring bumper harvest



About 109,000 acres of paddy will be cultivated during the Maha season 2020/21 in the Ampara district.

The Agricultural and Irrigation department officials request Ampara district farmers of the areas to complete their paddy sowing of paddy for the Maha season before October 31.

Farmers said they are expecting to have bumper harvest under the guidance of President Gotabaya Rajapaksa.

The Maha season cultivation has commenced from October 9. Cultivation activities are in progress. Sugarcane and subsidiary food crops too will be cultivated during the Maha season.

Most farmers are interested growing red rice in the region. During the fast seasons, there was a high demand for red rice variety.

Most paddy farmers in the Akkaraipattu Irrigation region use certified seed paddy for cultivation. They obtain seed paddy from their seed paddy processing centres from throughout the district.

The cultivation meeting for the Maha season, attended by the Ampara District Secretary D.M.L.Bandaranayakke, officials from the Departments of Agriculture and Irrigation, Farmer Organization representatives and other interested partners, was held at the Akkaraipattu Muslim Central College (National School) Auditorium presided over by

Gal Oya Right Bank Resident Project Manager S.L.A.Ansar recently.

Arrangements are made to issue fertilizer free of charge to the farmers through farmer organizations. Each farmer will receive Urea, TSP and MOP fertilizers.

Farmers are already informed of this arrangement. The yield from paddy cultivation is expected to plentiful and many cultivators averse to paddy cultivation are returning.

Source: -Daily News - October 21,2020



# ICT Industry Skills Council define vision 2025



The ICT Skills Development Vision 2025 is now on the cards to develop ICT Skills in the country through the ICT Industry Skills Council (ICTISC), the apex body of the ICT Skills Development in Sri Lanka.

The ICT skills council aims to prepare Sri Lankan workforce for Digital Sri Lanka and make Sri Lanka an ICT skill hub for the global ICT industry aligning with the government strategy of reaching a \$3 billion industry with 300,000 skilled workforces by 2025.

ICT Industry Skills Council has been formed by the government of Sri Lanka under the Ministry of Skills Development, and Vocational Training.

Consisting of industry leaders and stakeholders, the ICT Skills Council is ICT Industry driven organization supported by the government. Further, ICTISC functions as the platform between the IT Industry and the Education Sector of the country.

The new skills requested by the ICT firms, besides the certain educational degree, are often qualities of personal nature. Factors like attitudes, the world-view, personal communication skills etc. are more important than before when firms are recruiting new staff.

The new needs are reflecting the changes taking place inside the ICT industry, but also in the relationship between the ICT and other sectors. The mastery of ICT and its integration into thinking and business model has become a necessity in sectors like banking.

"I am honoured to have been allowed to lead the ICTISC," said Mr Chinthaka Wijewickrema Chairman ICTISC and added that "To achieve these new, enhanced targets, we have to make a series of significant changes for the forward-march and overall progress of Sri Lanka's ICT industry.

We have worked out a comprehensive plan of action to make this initiative a reality", He promised to continue building on the good work achieved thus far.

"Certainly, we will continue playing an active role as the apex ICT body relating to Skills Development in the ICT Industry' said Chinthaka Wijewickrema.

Key to its efforts would be continued dialogue and partnership with key stakeholders that include the government, industry, and users, intending to harness the potential of

ICT skills development for promoting and supporting the industry growth.

The ICT Industry Skills Council has formed to create national strategies and operational plans that will create standardized skills requirements for the various job roles in the industry.

To develop the local talent pool, ICT Industry Capacity Building Programs, Networking Opportunity creation, Harnessing Young ICT Talents and Entrepreneurship, Promoting ICT Careers and Vocational Education, initiatives have been lined up in strategic level.

Source: Daily News – October 26,2020



# Take advantage of large Indian market'

*Dr. Indrajit Coomaraswamy*

Former Central Bank Governor Indrajit Coomaraswamy called on Sri Lankan policymakers to take advantage of the size of the Indian market speaking at a joint Takshashila Institution and Pathfinder Foundation webinar on October 9.

Sri Lanka is like an unsinkable aircraft carrier parked 20 miles off the coast of India. Sri Lanka is important to India and India is a great opportunity for Sri Lanka.

“You can see India’s neighbourhood policy gain traction on the ground. It is in India’s strategic interests to have stability on its southern border given the sensitivities in the Northern border and that a lot of the strategic assets are in the South.”

Sri Lanka has a trade deficit of US\$ 3.1 billion in favour of India however only 5% of India’s exports to Sri Lanka only comes on a concessional basis due to the Free Trade Agreement.

Sri Lankan exports to India under the FTA accounted for US\$ 490 million while total exports to India accounted for US\$ 763 million.

Coomaraswamy noted non-tariff barriers to Sri Lankan exporters.

For the Indo-Lanka Free Trade Agreement to be successful he noted that there should be reciprocity and at the same time understanding the need for differential treatment.

The positive list, the negative list, and the transition periods for liberalisation in the agreement showed that India understood this principle.

Coomaraswamy said if ‘make in India’ succeeds then it will be an opportunity for Sri Lankan firms to plug into these supply chains. India and Maldives have increased relations following the recent election in the Maldives.

Grid connectivity between the two countries is a possibility. Coomaraswamy called on Sri Lanka to take advantage of the capital from the Belt and Road initiative with a stronger commercial relationship with China.

He said, “If you look at the 2015 to 2019 period, India was Sri Lanka’s largest trading partner, it was the 3rd most significant source of FDI, and it was the largest source of tourists.

India has been a source of concessional assistance and grants. The EXIM Bank of India has provided US\$ 1.8 billion mainly for railway development.

The grants assistance has gone to the rehabilitation of conflict-affected areas.”

A US \$15 million grant was recently given following the talks between Prime Minister Modi and Prime Minister Mahinda Rajapaksa.

India was the first country to assist the pandemic. India provided the major financial support for the all-island ambulance service.

Source: Daily News – october 13,2020



# Cabinet nod for tax incentives for US\$ 90 mn CICT expansion

The Cabinet of Ministers, has approved a proposal submitted by Prime Minister Mahinda Rajapaksa in his capacity as Minister of Finance to provide tax incentives for the investment of US \$ 90 million for the expansion of the Colombo South Port. The investment will be for the improvement of the infrastructure and capacity.

An agreement has been signed in his regard between the Board of Investment and the Colombo International Terminals ( Pvt) Ltd.

This follows the initial investment of US \$ 500 million which was made by CICT and the project commenced operations on December 1, 2016.

## New SEC bill

Cabinet has approved a proposal from the Prime Minister in his Capacity as

Finance Minister to direct the Legal Draftsman to draft new Securities and Exchange Commission Bill which will replace the SCE Act. No. 36 of 1987.

This will enable Sri Lanka capital's market operations to be conducted internationally.

## Wind Power expansion in Mannar

The Cabinet of Ministers, has approved a proposal from Energy Minister Udaya Gammanpila to add 6 turbines to the Wind Farm project which has been developed from ADB funds.

The original funding was US\$ 200 million of which 73% of the project was over and there was a saving of US \$ 47 million and six new wind turbines will be added and approval has been granted by the ADB for same.

## ADB funds for SMIs, poverty alleviation

The Cabinet has approved a proposal from Prime Minister Mahinda Rajapaksa as Finance Minister to procure funding of US\$ 165 million from the Asian Development Bank which also includes supporting the beleaguered SMI sector and also US \$ 1.25 for poverty alleviation.

Another US \$ 400 million will be made available for secondary education

Source:Daily News – October 28,2020

## Cartoons



Source:cartoon-themorning.lk-15-10-2020



Source:cartoon-themorning.lk-08-10-2020

# DFCC Bank wins big at BestWeb.lk Awards



*Dr. Hasantha Hettiarachchi, Chief Guest at the event presents the most popular website Award to Dinesh Jebamani, Vice President Digital Strategy DFCC Bank*

DFCC Bank, has yet again validated its position as the 'Bank for Everyone' by bagging four awards at the recently concluded BestWeb.lk 2020 Awards organized by the LK Domain Registry.

With a corporate strategy focused on becoming the best customer centric and digitally enabled bank, the host of new features on the DFCC website enabled the Bank to be aptly recognized and rewarded in the following award categories; 'Most Popular Website Winner', 'Best Tamil Website Bronze Winner', 'Best Sinhalese Website Merit Winner' and 'Best Banking Website Merit Winner'.

As the island's most coveted website competition, LK Domain Registry recognizes websites based on an array of criteria including creativity, technical advancement and user friendliness, through a panel of industry experts and public voting.

This year, DFCC achieved the status of 'Most Awarded Bank', while also securing the coveted 'Most Popular Banking and Finance Website' award.

The award winning DFCC website boasts a wide range of features designed specifically to cater to the expanding needs of their customers.

The newly added trilingual feature enables users to browse through the pages in Sinhala, Tamil, or English with the easy toggle of a button. With the increasing internet penetration rate in Sri Lanka, this effective feature lets users from all backgrounds and regions to gain an understanding about DFCC's products and offerings.

Additionally, the website allows users to onboard themselves and become valued customers of DFCC Bank from the comfort of their own home or office through various online applications and product inquiry forms.

Similarly, users are also able to open a DFCC Savings account through the website, paving way for greater financial independence.

DFCC CEO Lakshman Silva said, "We are delighted with the recognition our website has received with these

awards, as it goes to reaffirm our constant strive to enhance the overall banking experience of our customers.

The importance of quality non traditional channels is of significant importance today more than ever, and DFCC has been quick to identify approaches through which we can add value to the digital banking journey of our customers.

For instance, the recently launched trilingual features on the DFCC website, and the corresponding awards received in the Sinhala and Tamil website categories firmly establishes our position of being a 'Bank for Everyone'."

Source: Daily News - 29, October 2020

# Siddhalepa donates Rs. 5 m to COVID-19 Healthcare and Social Security Fund



From left: Hettigoda Group Managing Director Asoka Hettigoda and Hettigoda Group Chairman Deshabandu Ayur. Dr. Victor Hettigoda (LittD) handing over the cheque to President Gotabaya Rajapaksa

The social and economic implications of COVID-19 are unprecedented as the impact is being felt all over the world. The impact on developing countries like us shows prolonged multiple impacts as the economic contractions has affected many industries.

Amidst this national disaster, people of Sri Lanka stood strong facing unprecedented challenges. Tireless efforts by the Government of Sri Lanka, health care sector and tri-forces are commendable as we were able to mitigate the impact of COVID-19.

Siddhalepa sincerely believes that, if not for the exemplary leadership of President Gotabaya Rajapaksa the impact on economy and social life would have been exponential. The COVID-19 Healthcare and Social Security Fund was established with the objective of strengthening the mitigation activities aimed at controlling the spread of COVID-19 virus in the country and it is a great social and economic relief for the country wide affected communities.

Siddhalepa has been with the people of Sri Lanka through numerous adversities to the nation. Whether it is Tsunami, flood or any other disaster faced by the country, Siddhalepa has come to the forefront to look after our people by being a great example of

corporate social responsibility. Siddhalepa identified the importance of educating and producing immune boosting products for the community in the fight against COVID-19. Hence it initiated a project to donate 'Ayurveda Immunity Boosting Products' to the frontliners of the battle.

Siddhalepa, the leader of Ayurveda industry in Sri Lanka, donated several bulks Ayurveda medicines to the National Institute of Infectious Diseases (IDH) and to the Sri Lanka Army.

Following many donations at the needy time, Siddhalepa donated Rs. 5 m to the COVID-19 Healthcare and Social Security Fund.

The donation cheque was handed over to President Gotabaya Rajapaksa by Hettigoda Group Chairman Deshabandu Ayur. Dr. Victor Hettigoda (LittD) and Managing Director Asoka Hettigoda on 28 September at the Presidential Secretariat, Colombo.

As the country's pioneer and leading Ayurveda products manufacturer, Ayurveda health-care service provider and promoter, Hettigoda Group with a heritage of over 200 years, passing on to the sixth generation, is playing a key role in shaping the future of Ayurveda industry in Sri Lanka and the Asian

region. Its flagship brand 'Siddhalepa' is now a household name and it is the 'Vedamahattaya in every household'. Its consumers, the people of Sri Lanka have shown the trust and faith towards it and embraced Siddhalepa for 85 years.

In the fight against the COVID-19 pandemic in Sri Lanka, the wisdom of Ayurveda and its remedies to enhance immunity has been recognised by the medical authorities and the Government of Sri Lanka.

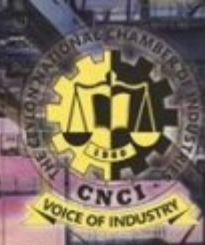
The wisdom of Ayurveda, clearly explains how a disease can be contagious and also how it can be prevented. Ayurveda focuses on preventing diseases as much as curative remedial procedures and it states that immunity, physical and mental strength and hygienic practices are the paramount means to prevent a disease from spreading and becoming contagious.

Siddhalepa wishes good health and protection to all frontliners who tirelessly combat COVID-19 and speedy economic revival.

Source: Daily Ft - 13 October 2020







## WEBINAR ON CHANGES TO INCOTERMS WITH 2020 EDITION AND USE OF INCOTERMS TO CUSTOMS DECLARATION

13th November 2020 9.00 am - 12.00 pm

(Registration starts at 8.45 am)



Online - Zoom



### CONTENTS

- Overview of modes / Terms of payment / Delivery terms
  - History of International Commercial terms
  - Incoterms changes in the 2020 Edition
- Payment terms
- Important factson filling customs declarations
- Q & A

### INVESTMENT

For Members Rs.2,500/-

For Non Members Rs.3,000/-

### RESOURCE PERSON

**Mr. Ranjith Lamahewa;** MPM - IT  
Former Additional Director General -  
Sri Lanka Customs

### FOR

Directors, Managers, Executives, Supervisors and all those involved  
in Imports & Exports

### FOR REGISTRATION

Please email your filled registration forms to:  
[po@cnci.lk](mailto:po@cnci.lk), [cnci@slt.lk](mailto:cnci@slt.lk), [thecnci@gmail.com](mailto:thecnci@gmail.com)



Organized by

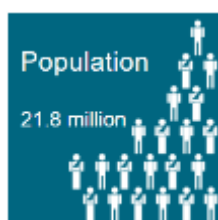
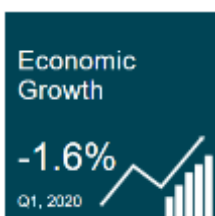
THE CEYLON NATIONAL  
CHAMBER OF INDUSTRIES- CNCI

For More Details

Contact: Madhushika/ Nilanth  
0719429269 , 0717798818, 2452181  
[www.facebook.com/THECNCI](http://www.facebook.com/THECNCI)

**EXCHANGE RATES AS AT 29<sup>TH</sup> OCTOBER 2020**

Date	Buy Rate (LKR)	Sell Rate (LKR)
Australian Dollar	127.1019	133.191
Canadian Dollar	135.8378	141.2748
Swiss Franc	198.6411	206.3062
Renminbi	26.6234	28.2398
Euro	212.8676	220.3647
British Pound	235.7448	243.4905
Yen	1.7276	1.8024
Singapore Dollar	132.4596	137.715
United States Dollar	182.13	186.45

Source: <https://www.cbsl.gov.lk/en/rates-and-indicators/exchange-rates/daily-buy-and-sell-exchange-rates>**Sri Lanka Economy SNAPSHOT**Source: <https://www.cbsl.gov.lk/en/sri-lanka-economy-snapshot>