



# CNCI NEWS BULLETIN

ISSUE 87  
March 2022

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# Chambers call on govt to reach IMF

By Dinesh Perera



*Representatives from the Joint Chamber. Picture by Dinesh Perera.*

Given the insolvency of dollars in the banking sector the leading business chambers of the country called upon the government to reach out to the IMF in order to continue economic operations. The chambers further called for market mechanisms to take on the pricing of essential utilities. The chamber was of the view that a comprehensive debt restructuring was called for.

The Chambers made these views to the media on March 7 at the Taj Samudra. The chambers represented were namely the Ceylon Chamber of Commerce, Federation of Chambers of Commerce and Industry of Sri Lanka, Sri Lanka Apparel, Chamber of Young Lankan Entrepreneurs, International Chamber of Commerce Sri Lanka, National Chamber of Commerce, Exporters Association of Sri Lanka, Chamber of Construction Industry Sri Lanka, Women's Chamber of Industry and Commerce, and the Ceylon National Chamber of Industries.

Ceylon Chamber of Commerce Chairman Vish Govindasamy speaking on the unanimous consensus of the group called on the government to take decisive measures. He noted that there were less than 2 months of import cover in terms of reserves and that though it was not any single government's fault it fell upon the current government to reach out and seek emergency financing to reduce the issues currently faced by industry.

Govindasamy noted that the issue of running major state corporations like the Ceylon Electricity Board, the Ceylon Petroleum Corporation, and Litro Gas at a loss was not in the long-term interests of either the state or its citizens. On the allegation that the import sector with particular focus on the pharmaceutical sector causing excessive drains of foreign exchange through speculative hoarding of medical supplies, the joint meeting called on the general public to look closer at the figures. Govindasamy said "Look at the volume of imports as opposed to the dollar value. Shipping costs and other things have escalated sharply in the recent period." Members of the joint forum further alleged that control of importation had effectively been placed under the purview of the Central Bank due to their control on the release of dollar assets and that blame for any wastage lie with that institution.

National Chamber President Nandika Buddhipala noted that there could be a phased transition into a market-oriented pricing mechanism for major utilities. He further noted that subsidies should be better targeted and not be accessible across the board as is the case with the current system.

Source: Daily News – 09th March 2022

## Opposition Leader discusses promotions of industries to resolve economic crisis

Mar 31, Colombo: Sri Lanka's main Opposition Samagi Jana Balawegaya led by Sajith Premadasa today discussed the promotion of industries to recover the country from the present economic crisis.

Leader of the Opposition Sajith Premadasa Thursday (31) held a meeting in the office of the Leader of the Opposition with the representatives of the Chamber of Commerce, Chamber of Industry, Chamber of Construction Industry, Exporters' Association and many other institutions.

Opposition Leader Sajith Premadasa said that the country has fallen into such an abyss due to short-sighted and inefficient procedures and that it has caused collapse of all sectors today.

Opposition Leader also said that a proper study should be made on the causes of current crisis in order to find solutions for it. Opposition Leader said that it is his policy to formulate a special program for promotion of industries.



Leader of the Opposition also said a program based on providing facilities for the promotion of industries and giving them the

necessary motivation and giving priority to exports must be designed.

He added that industries are particularly helpful for the country to earn dollars it needs also by eliminating unemployment.

Samagi Jana Balawegaya members of Parliament Dr. Harsha de Silva, Kabir Hashim, and Eran Wickramaratne were also present at the meeting.

Fri, Apr 1, 2022, 12:16 am SL Time, ColomboPage News Desk, Sri Lanka.

## Joint Chambers welcome new appointees, calls for urgent appointment of Finance Minister



Joint Chambers welcome the appointment of two experienced professionals to the posts of Governor, Central Bank and Secretary, Ministry of Finance and wish both of them all success. We also extend our fullest cooperation to the new appointees in navigating the Sri Lankan economy out of its current predicament.

At the same time, the Joint Chambers believe that the immediate appointment of a Minister of Finance is critical to complete the country's economic management team to prepare for the forthcoming discussions with IMF and the commencement of the long delayed debt restructuring process. Hence, we urge that a new appointment is finalized before the end of this week as a matter of utmost priority.

Source:-- <http://bizenglish.adaderana.lk/> , 8th April 2022



# Import of 367 items restricted

By: Ruwantha Nithulgaspitiya



made with cocoa, as well as pasta, macaroni and noodles. Accordingly, steps have been taken to restrict the issuance of import licences for these items and to encourage local production as well as to enable consumers to purchase locally manufactured products.

It has been noted that many, if not all, of these items are manufactured locally. The ban on the import of motor vehicles for private passenger use will also continue, at least until 2023.

There have been many calls over the last few months to place restrictions or impose higher duties on many imported non-essential items. There will be no bar to the import of essentials such as pharma-

ceuticals and there will also be no restrictions on the distribution and sale of non-essentials already imported to the country.

Minister of Finance Basil Rajapaksa has issued a gazette notification yesterday (9) restricting the import of 367 non-essential items with immediate effect.

Import restrictions have been imposed on 367 non-essential items including bottled water, beer, wine and alcohol (foreign liquor), tobacco products, dairy products, ornamental items, entertainment equipment, musical instruments, beauty products, home appliances, footwear, apples, grapes, pears, malt, chocolate and products

Source: -Daily News – 10th March ,2022

## Printing industry hit by lack of imports

By: Ananda Kannangara

The Sri Lanka Printers' Association (SLPA) yesterday expressed concern over the possible shortage of printing paper and materials including chemicals and equipment that are used for the printing industry and said authorities should give priority to import these items to avoid imminent scarcity of stationery in the country.

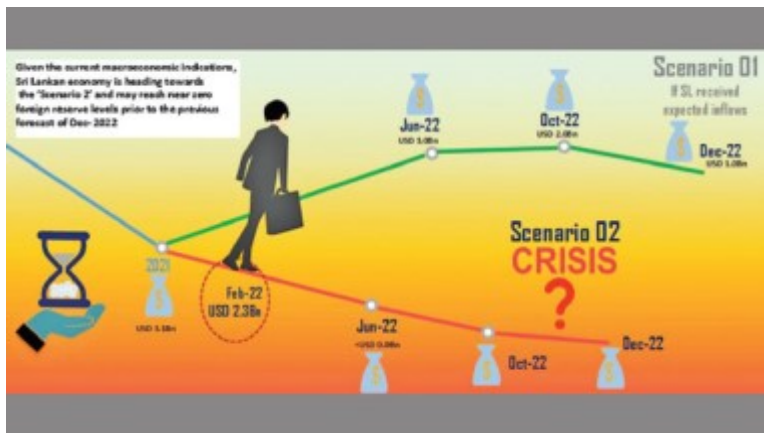
SLPA Advisor M.D.R. Athula told the Daily News said that if the authorities don't take measures to import the required paper and materials even at this moment, some printing material will have to be stopped.

Meanwhile, the Sri Lanka Book Publishers' Association Chairman Upali Wanigasooriya said the current printing paper shortage in the market has benefited many large-scale importers of printing paper since most of them are in the habit of selling their available stocks at higher prices

Source: -Daily News – 18th March ,2022



# Trade deficit widens notably



With the Governor continuously reiterating that they are NOT willing to obtain IMF support, it is unclear as to the debt repayment plan of the Government. "Therefore, we believe that Sri Lanka

on the priority list, though it's best to move into companies that have NOT surged in price."

"Life Insurance Companies and Banks are expected to benefit from the rise in interest rates. We would also recommend high dividend yielding counters."

Persistent power cuts, disrupted daily operations especially in the high energy consuming sectors such as manufacturing may experience delayed orders and messes in the distribution channels while losing the credibility towards existing and potential buyers.

Dwindling foreign reserves coupled with geopolitical unrest and the supply shortages fueling up the global commodity prices worsening the country's ability to fulfill the energy requirement to run the business and household activities smoothly. Apparel sector which yields a significant amount of export earnings into the country may see a reduction in their revenues due to loss of orders.

"For risk-averse conservative investors who are unwilling to take an economic shock, we would recommend further reducing equity exposure. From our previous cash allocation of 75%, it would be wise to increase to 90%."

Sri Lanka's foreign reserves has fallen to USD 1.6 billion in November 2021, the lowest level since 2009 and improved to USD 3.1 billion in December 2021 and currently hovering around USD 2.4 billion by February 2022.

"With USD 7 billion foreign currency debt to be repaid over the next 12 months, Sri Lanka seems to be at a very critical juncture," says First Capital (FC) Equity Strategy for March 2022 report.

"Despite the possible foreign inflows as a result of the devaluation of the rupee, unceasing pressure from global commodity prices coupled with geopolitical tensions, the local energy shortages and resultant power cuts may intensify the current economic unrest."

could further dive into the core of the economic crisis creating an unbearably high-risk environment."

The weak environment could lead to a further depreciation in the currency, if floated and as well as further hike in interest rates. Rise in interest rates will make domestic borrowings more expensive thereby significantly increasing the finance cost. This may discourage additional borrowings and hinders future corporate expansion plans. Therefore, these factors may weigh on corporate valuations while lowering the fair value estimations.

"Though the import restrictions and rise in inflation are supporting the growth in earnings, it is likely to be temporary in the face of the crisis. It will be prudent for investors to move towards defensive counters out of which Dollar income companies are

Source: -Daily News - 18th March ,2022

## Bourse soars with Rupee float



yesterday with investor sentiment gaining momentum due to banks selling dollars at Rs.250 to 260 for telegraphic transfers as a float of the rupee. The All-Share Price Index increased by 692.4 points (+6.8%) to close at 10,856.1 whilst S&P SL20 Index also gained by 292.9 points (+8.5%) to close at 3,731.1. Broader market's total turnover stood at Rs. 3,577.4 mn against the 12-month average daily turnover of Rs. 4,741.2 mn, while the volume traded for the day was 121,875.1k against the 12-month average daily volume of 226,925.9k. (Softlogic Finance)

The Colombo bourse soared +690 points

Source: -Daily News - 11th March ,2022

## Six Indo-Lanka agreements signed



Sri Lanka and India signed six agreements to boost bilateral cooperation in diverse sectors such as technology, fisheries and education during the meeting between visiting External Affairs Minister of India Dr.S.Jaishankar and his Sri Lankan counterpart Prof G.L. Peiris in Colombo on Monday evening.

Under the agreements, India will provide grant assistance for the implementation of Sri Lanka's Unique Digital Identity project. The MOUs include the implementation of Sri Lanka's Unique Digital Identity (SL-UDI) programme with India's grant assistance and providing a Maritime Rescue Coordination Centre.

Both countries have also agreed on the implementation of hybrid power projects in three islands off the Jaffna

peninsula. India will also provide financial and technical assistance for the development of Point Pedro, Gurunagar, Pesalai and Balapitiya fisheries harbours while the Government of Sri Lanka will oversee their management.

Ornamental Fish Inland Fish and Prawn Farming, Fishery Harbour Development, Multi-day Fishing Activities and Fish Exports State Minister Kanchana Wijesekera in a tweet said yesterday that the Government reached an understanding with the Indian government for the development of four fisheries harbours.

"GOSL signed a MOU with @IndiainSL to develop 4 new #Fishery Harbours with the Financial and Technical Assistance of GOI. New Harbors in Point Pedro, Gurunagar and Pesalai in North and Balapitiya in South will be developed.

The GOSL will oversee the Management of the Harbours", Wijesekera tweeted.

The other agreements signed by the both countries on Monday include the

MOU for the establishment of Modern Computer Labs and smart boards with customized curriculum software in 200 schools in Galle District; MOU between Sushma Swaraj Institute of Foreign Service and the Bandaranaike International Diplomatic Training Institute.

Dr.Jaishankar also met Fisheries and Aquatic Resources Minister Douglas Devananda and their discussion focused on gamut of issues including Northern fishermen's issue and the devolution of power.

The visiting Indian External Affairs Minister addressed the BMISTEC summit yesterday and emphasized India's commitment to intensify and expand areas of cooperation, especially connectivity, energy and maritime cooperation.

Source:Daily News – 30th March 2022

## CBSL requests public to provide information on unauthorized foreign currency dealings

Permission to buy, sell and exchange foreign currency in Sri Lanka is granted ONLY to authorized dealers (i.e. licensed banks) and money changers appointed by the Central Bank of Sri Lanka (CBSL).

Therefore, foreign currency, shall be purchased, sold or exchanged only through an authorized dealer or an authorized money changer. In terms of the provisions of the Foreign Exchange Act, No.12 of 2017, engaging in foreign currency transactions without permission of CBSL by any person, institution or any other entity is an unlawful activity.

Therefore, if it is noted that any person, institution or any other entity is engaged in unauthorized foreign exchange dealings, the public is hereby requested to inform the Foreign Exchange Department of CBSL via the following telephone numbers or the email address.

Page Source : Daily News : 02nd March 2022



# Managers and Leaders



## *Inter-twined nature of Management and Leadership*

Any management textbook will give the definition of modern management as “a set of activities, including planning and decision making, organizing, leading and controlling directed at an organization’s human, financial, physical and information resources, with the aim of achieving organizational goals in an efficient and effective manner.” In essence, it is all about achieving goals, which was the case in ancient times as well.

In a crude sense, management can be broken into three parts, man, age and ment. It essentially speaks about people, times and actions. As veteran management thinker Henry Mintzberg often advocates that successful management involves interpersonal, informational and decisional roles.

Any organizations can be viewed as a system, comprising inputs, through puts and outputs. Hence, management can also be defined as human action, including design, to facilitate the production of useful outcomes from a system. This view opens the opportunity to ‘manage’ oneself, a pre-requisite to

attempting to manage others.

Leadership is a much talked topic in both private as well as public circles. Perhaps the only ship that survives a storm is leadership. It is not about positions and titles, but about decisions and actions. Leadership is essentially a mindset. We look at the leaders at the top but not the “leaders at the tap”. Dynamics of leadership highlights the leaders and laggards in the society showcasing actions and in actions.

Management essentially is a process. Leadership in fact is a phenomenon. Management has four key pillars, namely planning, organizing, leading and controlling. The pillar or function of leading that involves guiding a team and instructing them to achieve set goals is the overlap between management and leadership.

Every manager has an opportunity to move beyond the management process in becoming a leader. Every leader has to rely on some elements of management in order to get things done. That’s why we need both managers and leaders in co-existence. Evidences are many, from east and west alike to

see this nexus.

In the five hundred and fifty Jathaka stories, Bodhisattva is portrayed as a leader and a manager in a significant number of cases. Using of physical, human, financial and information resources to achieve the desired goals was the norm.

In Vannu-Patha Jathaka, it tells a story of thousands of bullock-carts passing a dessert and going out of water. The leader had to summon the key team in finding solutions to the water issue. They search area and find a rock and simply by keeping their ears closer to the rock surface, they could hear water flowing down. They plan and organize resources to dig a well closeby and water started to spring out, quenching all their thirst. Simply put, this is management in action.

In the Bible, particularly in the Old Testament, we can see variety of stories highlighting managerial and leadership issues. The way Moses took Israel people out of Egypt in search of a promise land had variety of episodes of planning, organizing, leading and controlling. Taking decisions in the face of uncertainty and managing with scarce resources were prominent features of their journey of forty years.

Let us reflect, refresh and relate the true depth and breadth of leadership.



## **Leadership Leap**

By Prof. Ajantha Dharmasiri

— Championed by CMI —



# Diesel shipment in international waters, refuses to enter local waters till payment made

\*\* The captain was holding the vessel in international waters till the payment was released

\*\* The President had given a guarantee that funds would be released /for the shipment, but the captain has refused to accept this guarantee

\*\*The government is liable for demurrage fees for the delay in clearing the shipment but right now no immediate funds are available for the shipment to be unloaded.

\*\*This will lead to the diesel shortage presently existing in the market, to be extended by a few more days

A ship carrying the much required diesel shipment for this week is currently in international waters and the captain of the vessel is refusing to enter local waters, till such time the payment for the shipment is made upfront, senior

sources in the industry told Daily Mirror last evening.

It is still unclear how many tonnes of diesel the vessel is carrying but sources said the captain was holding the vessel in international waters till the payment was released.

President Gotabaya Rajapaksa had given a guarantee that funds would be released for the shipment, but the captain has refused to accept this guarantee. He also fears that if his vessel enters local waters, it will be kept lying for several days with the Sri Lankan government being unable to clear it.

The government is liable for demurrage fees for the delay in clearing the shipment but right now no immediate funds are available for the shipment to be unloaded.

Once the government confirms that the payment is ready and has been made the vessel will enter the Colombo Port for unloading.

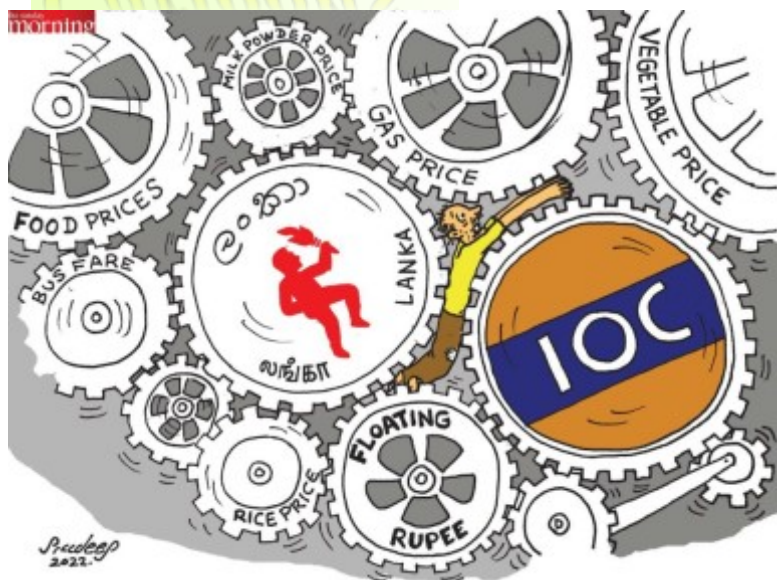
This will lead to the diesel shortage presently existing in the market, to be extended by a few more days.

The Ceylon Petroleum Corporation has requested the public not to queue at filling stations for diesel as no stocks are available.

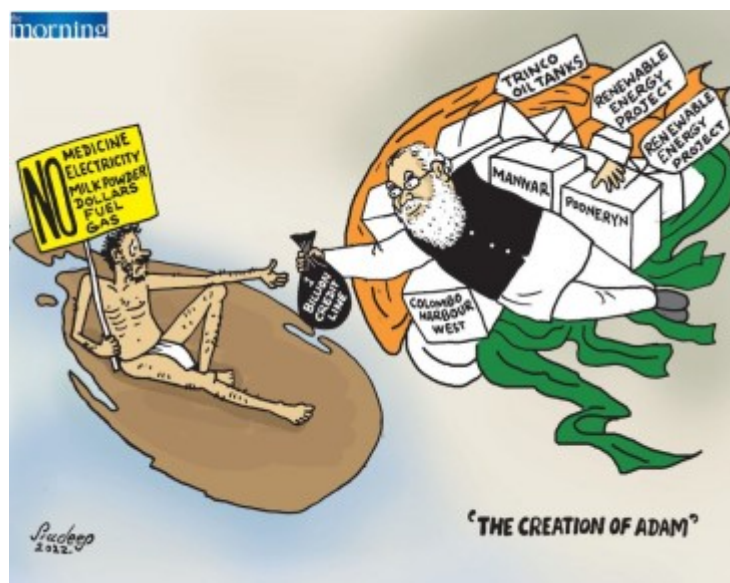
However from the shipments already received, diesel will be distributed for essential supplies only. (JAMILA HUSAIN)

Source: Daily Mirror :31st March, 2022

## Cartoons



Source:cartoon-themorning.lk- 13-03-2022



Source:cartoon-themorning.lk-17-03-2022



# Incentive scheme for exporters based on progress

By: Dhama Sri Abeyratne



Cabinet approval has been granted to launch an incentive scheme for exporters based on export progress.

The incentive scheme aims to earn an additional US \$ 5,500 million by 2022 from export earnings compared to 2021.

A Cabinet Memorandum was submitted by Trade Minister Dr. Bandula Gunawardena in this regard was approved at the recent Cabinet meeting, Cabinet Spokesman Alahapperuma said.

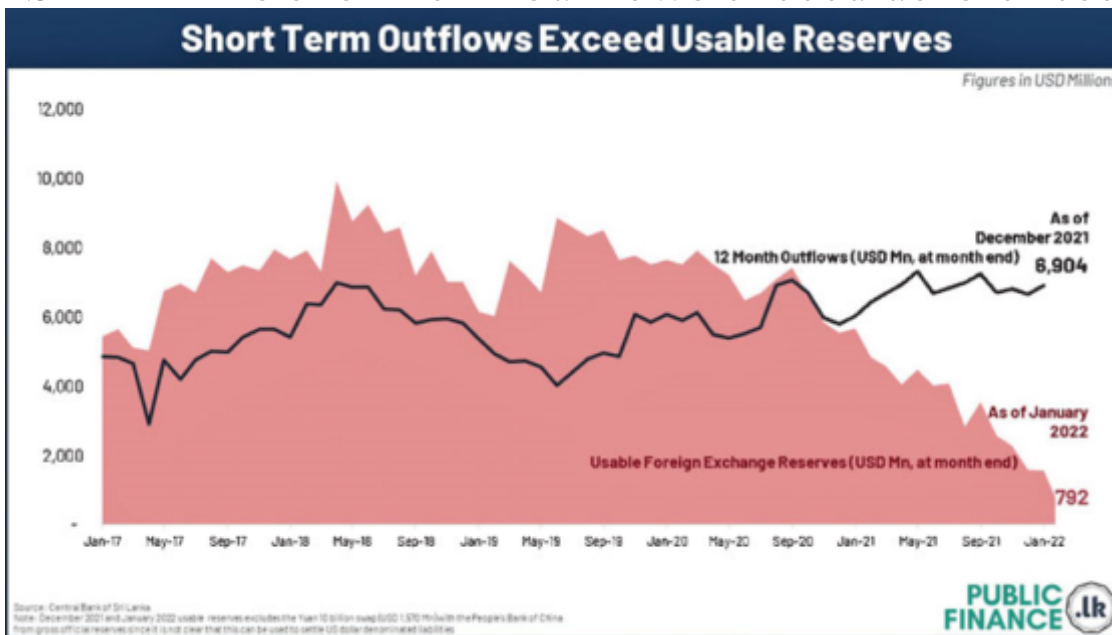
Cabinet Spokesman and Media Minister Dullas Alahapperuma said so while participating in the weekly Cabinet media briefing at the Government Information Department yesterday.

This is expected to alleviate the difficulties faced by exporters such as high inflation, severe foreign exchange deficit, restrictions on imports of raw materials and high operating costs.

Accordingly, exporters who have increased their export earnings in the first quarter of this year compared to last year will be paid an additional Rs.30 per dollar.

Source: Daily News - 09th March 2022

## Sri Lanka's short-term outflows exceed usable reserves



net drains on foreign currency assets and include foreign currency liabilities of both the government and the Central Bank of Sri Lanka, a Finance Ministry web said.

Sri Lanka owes approximately 40% of its total central government debt to foreign creditors in the form of bilateral debt, multilateral debt and financial markets. On the domestic revenue front, the National Water Supply and Drainage Board (NWSDB) experienced losses in the years 2018 and 2019, primarily due

Sri Lanka's gross official reserves have been consistently declining since June 2019 and as of January 2022, usable foreign exchange reserves stand at USD 792 million, while the twelve-month outflows at end of 2021 stand at USD 6,904 million, which is approximately 9 times the January 2022 reserve balance. These 12-month (short-term) outflows refer to predetermined

to the drop in the Gross Profit margin and the increase in administrative cost – particularly staff cost and capital depreciation. However, in the year 2020, the NWSDB returned to profitability with improved revenue performance.

The gradual decline in the non-revenue water supply is an indication of the improved revenue efficiency of the

Source: Daily News - 02nd March 2022

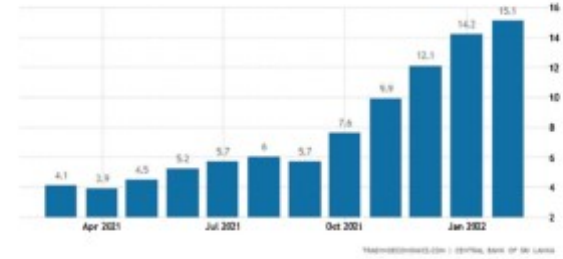
## Inflation up to 15.1% highest since 2008

Inflation up to 15.1% highest since 2008 Sri Lanka's annual inflation climbed to 15.1 % in February of 2022 from 14.2% in the previous month. It was the highest inflation rate since November of 2008 and the third consecutive double digit growth in consumer prices as prices continued to rise both for food (25.7 p% vs 25 percent in January) and non-food products (10.1% vs 9.2%). On a monthly basis, consumer prices went up by 1.1%, slowing from a 2.4% rise in January.

This increase represents an increase in expenditure value of Rs. 580 in the "Market Basket". The month-on-month change was contributed by increases of index value of food items by 0.59% and non-food items by 0.49% respectively.

The increases in index values of non-food groups in February 2022 compared to the previous month was mainly due to the price increases in groups of items. The overall rate of inflation as measured by NCPI on Year-on-Year basis is 17.5% in February 2022 and inflation calculated for January 2022 was 16.8%.

With respect to February 2021, the reported inflation for the month of February 2022 was mainly due to the



higher price levels prevailing in both food and non-food groups. Accordingly, the Year-on-Year inflation of the food group increased to 24.7% in February 2022 from 24.4% in January 2022 and the Year-on-Year inflation of the non-food group increased to 11.0% in February 2022 from 10.2% in January 2022.

Source: Daily News - 23rd March 2022

## Sri Lanka hosts BIMSTEC Summit in Colombo



**The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Summit will begin in Colombo today.**

The Government of Sri Lanka will host the BIMSTEC Summit in Colombo in hybrid mode from March 28 to 30 2022.

Senior Officials and the Foreign Ministers of Bangladesh, Bhutan, India, Nepal, and Thailand will arrive in Sri Lanka for the BIMSTEC Senior Officials' Meeting and Ministerial Meeting scheduled to be

held on March 28 and 29 while the Foreign Minister of Myanmar will participate virtually.

President Gotabaya Rajapaksa will chair the fifth BIMSTEC Summit on March 30, 2022 with the virtual participation of leaders of Bangladesh, Bhutan, India, Nepal and Thailand. Myanmar will be represented by the Foreign Minister of Myanmar at the Summit. During the Summit and preceding meetings, the delegates will discuss the progress of the BIMSTEC as a regional group.

The Summit is also expected to adopt the BIMSTEC Charter and sign several legal agreements.

Source: Daily News - 28th March 2022

**EXCHANGE RATES AS AT 31<sup>ST</sup> MARCH 2022**

Date	Buy Rate (LKR)	Sell Rate (LKR)
Australian Dollar	215.9575	226.3398
Canadian Dollar	230.8052	240.9770
Swiss Franc	313.0718	325.9980
Renminbi	45.3531	47.4670
Euro	325.7283	337.0847
British Pound	379.8412	394.2380
Yen	2.3677	2.4687
Singapore Dollar	214.2597	222.4448
United States Dollar	288.7475	298.9958

daily-buy-and-sell-exchange-rates

**Sri Lanka Economy SNAPSHOT**

Source : <https://www.cbsl.gov.lk/en/sri-lanka-economy-snapshot>