



CNCI NEWS BULLETIN

ISSUE 99
April 2023

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UPCOMING WEBINARS BY CNCI

CNCI Training

Advanced Personal Income Tax (APIT)
Quantification of Amounts and Calculation of Employment Income

Date : 18th May 2023 | 9.30 am - 12.30 pm
(Registration starts from 9:25 am)

Online : Zoom Webinar

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CNCI Conducts Awareness Programme on Achiever Awards 2023



The Ceylon National Chamber of Industries (CNCI) is now in the process of issuing applications to the applicants of both service and manufacturing sectors to compete at the “CNCI Achievers’ Awards – 2023”. Since the Applications for the Achiever Awards competition have been collected by a large number of enthusiastic applicants by now, the Chamber CNCI has decided to conduct few Awareness programs for the benefit of all prospected applicants who wish to apply for the competition. The CNCI conducted the said Awareness Programme on 29th April 2023 with the participation of a large number of interested participants from 9.00 am to 12.00 Noon at the CNCI Auditorium.

It is a fact that many organizations of industrial sector in the country have passed a critical period during the past few years in the face of varied issues known to all of us. One significant feature what we observe in our entrepreneurs is that they do not make it a reason to get themselves discouraged or reluctant to participate at this golden opportunity. Instead, they seem to have perceived that the time is opportune to apply for the CNCI Achiever Awards 2023, exposure of which will result in increasing customer and employee confidence to accelerate their move towards the desired goals.

The Achiever Award application covers 12 operational areas to be filled with data, which will certainly

be the selection criteria for any award. Anyone who applies for the award will thoroughly understand about these operational areas and the standards to be maintained for success of their business. Whether you win an Award or otherwise, what is more important is for you to participate at the competition which certainly guides you to enter into the correct track to reach the business excellence. The participants for the seminar will understand the importance of applying for the Award.

The general objectives of organizing these Awareness programmes are to advise the Prospective applicants how to fill the relevant applications, to explain the methods of calculations, definitions of the technical terms, the required supporting documents to be attached, evaluation procedure, layout, preparation and submission of the reports etc etc. We believe that the awareness Program will be of immense importance to all the applicants.

CNCI Hails Minister Kanchana for His Effective and Timely Decisions



Kanchana Wijesekera,
Minister of Power and Energy

Chairman of The Ceylon National Chamber of Industries (CNCI), Canisius Fernando, states in a press release that the Chamber's Executive Council hails Kanchana Wijesekera, Minister of Power and Energy, for his great contribution with right decisions in his services dedicated to the nation at an extremely needy hour, where the entire country has been struggling for survival.

He further mentioned that they are proud to witness his courageous and timely decisions with transparency; being one of the youngest ministers in the Cabinet, holding the most challenging portfolios of Power and Energy.

“During the recent past, we all Sri Lankans were experiencing bitter hardships to normal life in the face of prolonged power cuts, long and deadly queues for gas and fuel etc.

The introduction of the fuel pass and provision of uninterrupted fuel and power supply revived the nation with renewed hope.

Amidst all such commitments; his courage to take effective decisions to do away with unnecessary hurdles during the recent past instead of popular decisions, is an inspiration.



Chairman CNCI
Canisius Fernando

We appreciate his continual efforts to restore normalcy by sacrificing even his political future and believe that he gets the backing of the general public for right and timely decisions taken for the development of the country's economy which is very vital today.

We wish to extend our support and offer our blessings to stay with the right decisions whatsoever repercussions there would be, if the outcome is better for the general public and the country at large.

The CNCI strongly suggests that other ministers too will act in a similar passion, if any act of disturbances to the general public and misusing rights of the people.”

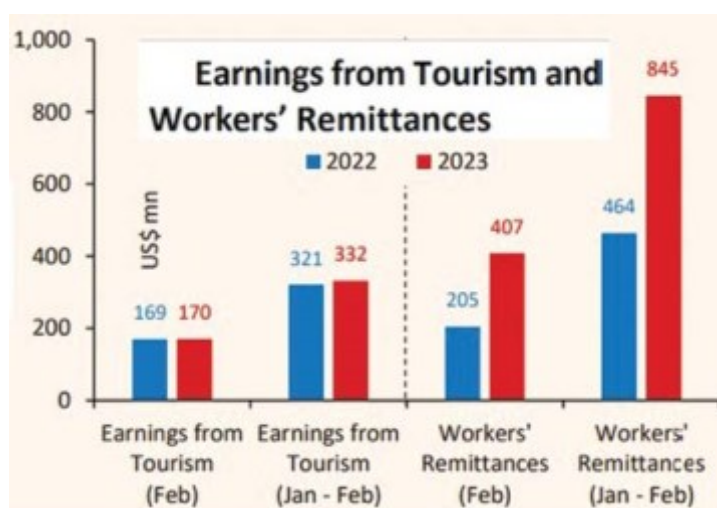
The Executive Council of the Chamber also unanimously appreciates the untiring efforts of President Ranil Wickremesinghe, for directing things to the correct path and leading the nation during the economic crisis and making the decisive & bold decisions to stabilize the country.

In conclusion, the CNCI Chairman added that they were optimistic about the country's future and hopeful that the industrial sector will soon receive a fair solution to bring down the high cost of production caused by the existing electricity tariff to normalcy in the near future.

Source: Daily News - 04th April 2023



Workers' Remittance Tops USD 400 Mn in Feb. for Second Consecutive Month



Registering over US dollars 400 million level for the second consecutive month this year, workers' remittances recorded at US dollars 407 million during February 2023, in comparison to US dollars 205 million in February 2022.

Meanwhile, total departures for foreign employment were recorded at 23,974 during February 2023. Total departures of foreign employment comprised unskilled (7,662), domestic aid (6,939) and skilled (6,582) categories.

Meanwhile, earnings from tourism in February 2023 are estimated at US dollars 170 million in comparison to US dollars 162 million in January and US dollars 169 million last year.

The exchange rate continued to remain stable through February 2023, before notably appreciating during March 2023 with the removal of the guidance band and mandatory sales requirement amidst improved market sentiments.

Up to March 31, 2023, the rupee recorded an appreciation of 10.9% against the US dollar, compared to the appreciation of 0.4% recorded by the end of February 2023.

Gross official reserves stood at US dollars 2.2 billion as of the end of February 2023.

The deficit in the merchandise trade account narrowed significantly to US dollars 39 million in February 2023, from US dollars 780 million in February 2022, mainly

reflecting the impact of significant moderation of import expenditure due to subdued aggregate demand conditions.

The cumulative deficit in the trade account during January-February 2023 was US dollars 449 million, a sizable decline from US dollars 1,636 million recorded over the same period in 2022.

Despite recording a marginal growth compared to January 2023, earnings from merchandise exports declined by 10.2 per cent in February 2023, year-on-year, to US dollars 982 million. Exports earnings recorded below the US dollar 1 billion level for the second consecutive month. While the decline in earnings was observed across all main categories, industrial exports mainly contributed to the overall contraction. Meanwhile, Earnings from the exports of industrial goods declined in February 2023, compared to February 2022, with a substantial share of the decline being contributed by garments. Reduced demand from major markets for garments due to unfavourable economic conditions globally mainly contributed to this outcome. Earnings from rubber products continued to decline due to the lower exports of household rubber gloves.

Earnings from the export of agricultural goods marginally declined in February 2023, compared to a year ago, since the increase in earnings from spices and tea was offset by the decline in earnings from coconut-related products. Meanwhile, expenditure on all major merchandise imports was almost halved in February 2023 at US dollars 1,021 million, compared to February 2022, recording the lowest imports since May 2020.

Expenditure on the importation of consumer goods declined in February 2023, compared to February 2022.

Source: Daily News - 03rd April, 2023

Declining trend to continue through 2023

Inflation Eases to 50.6% in March

Headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index (CCPI, 2021=100) decreased to 50.3% in March 2023 from 50.6% in February 2023.

The decline in headline inflation is broadly in line with the disinflation path envisaged by the Central Bank of Sri Lanka (CBSL) in 2023.

Looking ahead, based on the available information, the anticipated declining trend of inflation is expected to continue through 2023.

This disinflation process would be supported by subdued demand conditions owing to tight monetary and fiscal policy measures, softening of food and energy prices amidst the recent exchange rate appreciation and greater pass-through of lower global commodity prices, second-round impacts of recent fuel price revisions, and

anticipated improvements in domestic supply conditions, along with the favourable statistical base effect.

The Food inflation (Y-o-Y) decreased to 47.6% in March 2023 from 54.4% in February 2023, whereas the Non-Food inflation (Y-o-Y) increased to 51.7% in March 2023 from 48.8% in February 2023. The monthly change of CCPI was recorded at 2.92% in March 2023 due to price increases observed in items of the Non-Food category, which was 3.71%.

However, the Food category recorded a monthly decline of 0.79%. The core inflation (Y-o-Y), which reflects the underlying inflation in the economy, decreased to 39.1% in March 2023 from 43.6% in February 2023.

Source: -Daily News - 03rd April 2023

Tourist Arrivals Hit 125,000 Mark in March

By Claude Gunasekera

Tourist arrivals reached 125,000 arrivals during March, the highest achievement within a single month during the year. This is an increase of 16.4 % as of 2022 March. The target set for March was 90,000 arrivals.

The total for the three months from January to the end of March has recorded over 335,000 arrivals. Sri Lanka targets to achieve around 1.5 million arrivals for 2023 and in the first quarter of the year 22% target has been achieved. Russian arrivals reached 25,000 tourists again making it the top source market for Sri Lanka while India with over 18,000 became number two while UK and Germany too were among the next two highest source markets for Sri Lanka for March 2023.

Their average duration of stay in the country was 9.11 nights and most of the tourists have been staying over 10 days. An official from Sri Lanka Tourism

pointed out that over 50,000 rooms were available in the formal sector and about 45% occupancy is officially recorded in addition to 30,000 rooms available in the informal sector such as small-scale guest houses and home stay and they too had good occupancy.

Sri Lanka Tourism has identified nine key markets to boost during this year. They are Russia, India, the UK, China, Germany, France, the Middle East, Australia and Nordic countries as focused markets. "These arrival figures have proved successful results of the efforts taken by SLTPB with their aggressive campaigns conducted in such focused countries."

Meanwhile, US\$ 331.1 million has been achieved by the tourism industry up to February 2023.

Source: -Daily News - 03rd April 2023

ADB forecasts over 1% economic growth in 2024



The Asian Development Bank's (ADB) annual flagship economic publication, the Asian Development Outlook (ADO)

April 2023, forecasts Sri Lanka's economy to record over 1% economic growth in 2024 after contracting further in 2023 by 3% before it begins a gradual recovery.

ADB's South Asian Department Regional Economic Advisor Rana Hassan told the ADO April 2023 launch held in Colombo yesterday that in 2022 Sri Lanka's GDP growth dropped very sharply which was the largest decline in Sri Lanka which was negative 7.8 and in 2023 the focus is far lower than 2022 which is a negative 3%. Hassan said the growth will revert in 2024 to a positive 1.3%. He said the GDP will contract this year and grow modestly in 2024 as inflation falls sharply.

Hassan said inflation which was 6% in 2021 reached 46.4% in 2022 and is focused at 24.6% in 2023 and 5.5% in 2024.

Reform measures, such as the reversal of the tax cuts of 2019, and the recent approval of the International Monetary Fund's (IMF) Extended Fund Facility arrangement will support the country's efforts to stabilize its economy. Sri Lanka's recovery from the crisis hinges on timely progress on debt relief and steadfast implementation of reforms. Sri Lanka entered the crisis on a weak footing as pre-pandemic macroeconomic vulnerabilities, policy missteps and shocks left the country with thin buffers on the eve of the pandemic. In 2022, foreign currency scarcity led to shortages of essentials and triggered an acute energy crisis with prolonged power cuts and transport bottlenecks due to lack of fuel, which Sri Lanka needs to import. Inflation soared and eroded living standards, pushing many into poverty. The economic crisis has impacted the poor and vulnerable disproportionately, the Asian Development Outlook 2023 outlined.

Source: - Daily News - 05th April, 2023

World Bank representatives commend Sri Lanka's Development Policy Operational Program progress

Mr. Sagala Ratnayake, Senior Adviser to the President on National Security and Chief of Presidential Staff, chaired the final discussion in a series held with World Bank

representatives on Sri Lanka's Development Policy Operational Program this morning (06).

At the Presidential Secretariat meeting, the World Bank representatives lauded Sri Lanka's Development Policy Operational Program for the remarkable progress it has achieved in advancing its development objectives.

During the meeting, the attendees discussed the next steps to complete Sri Lanka's development policy operational pre-actions, such as the establishment of the

Parliamentary budget office, restructuring of state-owned enterprises, welfare benefit payment systems, social registry, and their respective timelines.

Mr. Sagala Ratnayake commended the World Bank for their contribution to Sri Lanka's development policy operations and expressed his hope for everyone's support in making the program a success.

The event was attended by World Bank representatives, including Mrs. Chiyo Kanda, the Country Manager, and the President's Senior Adviser on Economic Affairs, Dr. R.H.S. Samarathunga, as well as several other officials.

Source: - Daily News - 06th April, 2023

Domestic Economic Activity Expected to Recover Gradually Towards Latter Part of 2023

By Claude Gunasekera

Domestic economic activity is expected to recover gradually towards the latter part of 2023 and sustain the recovery over the medium term, said Governor Central Bank Dr. Nandala Weerasinghe.

This will be mainly due to improvements in domestic supply conditions and enhancement in business and investor sentiments. Inflation will further decline in the coming months and that trend will continue, he told the post-monetary policy press conference on Tuesday evening. Justifying the February inflation increase he said it was because of the power tariff hike. Core inflation also decelerated for the sixth consecutive month in March 2023, reflecting the continued moderation in underlying demand pressures in the economy.

A faster deceleration of inflation is expected from April 2023 with the reduction in domestic prices of essentials following the greater pass-through of the moderation of global commodity prices and the recent appreciation of the Sri Lanka rupee and the large disinflationary impact arising from the base effect. Accordingly, headline inflation is projected to reach single digit levels by the end 2023 and stabilise at desired levels thereafter over the medium term. The external sector outlook improved

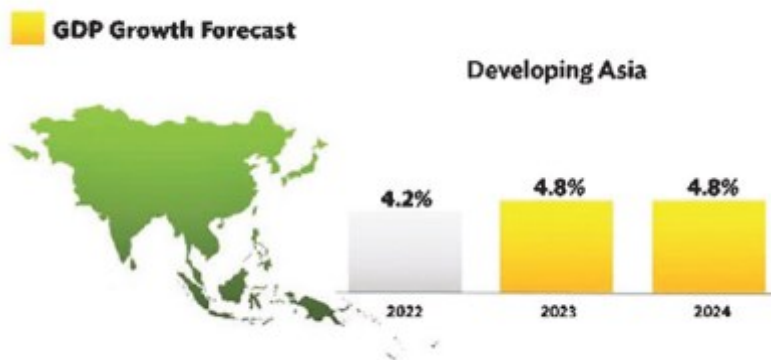
with the finalisation of the IMF-EFF, along with further financing assistance envisaged in the period ahead. The IMF programme is expected to unlock further financing from international financial institutions.

The external current account deficit is estimated to have declined notably in 2022 driven largely by a reduction in the trade deficit owing to the robust export earnings amidst a substantial decline in import expenditure. In addition, workers' remittances continued to improve thus far in 2023 and are expected to remain healthy given the rising departures for foreign employment. The tourism sector is witnessing a notable improvement with the ongoing season for tourist arrivals.

Given these developments and with a view to allowing the exchange rate to be market-determined, the Central Bank discontinued the announcement of daily guidance on the exchange rate and revoked the mandatory forex sales requirement from the converted export proceeds and workers' remittances from early March 2023. As a result of these policy measures, and the gradual improvement in liquidity in the domestic foreign exchange market and improved market sentiments, the exchange rate recorded a notable appreciation thus far during 2023, de-

Source: -Daily News - 06th April, 2023

Growth in developing Asia forecast at 4.8%

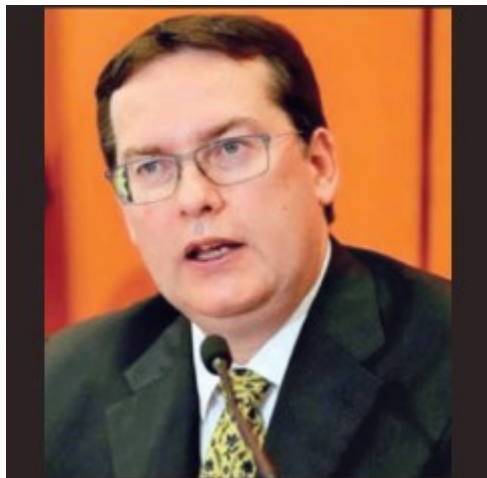


Growth in developing Asia is forecast at 4.8% this year and in 2024, up from 4.2% last year. The People's Republic of China's (PRC) recovery and healthy domestic demand in India will be the region's main growth supports this year and next, the Asian Development Outlook (ADO) April forecast said. Inflation is forecast to moderate this year and next, from 4.4% in 2022 to 4.2% in 2023 and 3.3% in 2024, gradually moving closer to pre-pandemic averages.

An array of immediate and emerging challenges could still hold back the region's recovery. Policy makers should stay vigilant in the post-pandemic environment of higher inflation, interest rates, and debt. Governments must continue supporting multilateralism, and lean against the risks of global fracturing.

Source: -Daily News - 06th April, 2023

Sri Lanka's Economy on the Recovery Path - IMF Country Chief



Everyone must join to support the recovery and promote stable and inclusive growth, to tackle the economic challenge Sri Lanka is facing, International Monetary Fund's (IMF) Senior Mission Chief for Sri Lanka Peter Breuer said. Speaking in a video on the IMF YouTube channel last Friday on supporting recovery and promoting stable and inclusive growth in Sri Lanka, Peter Breuer said that after years of increasing economic problems and policy mistakes, Sri Lanka has committed rebuild. "The IMF is here to help. The fund has approved about US\$ 3 billion over the next four years to support Sri Lanka in this time of need," he said, in the video.

Working with the Fund, the Sri Lankan authorities have put together an ambitious economic recovery program, including reforms to raise the government revenue, stabilize prices, build up foreign reserves and safeguard financial stability, he explained.

Source: Daily News : 10th April 2023

Cartoons



Source:cartoon- Daily Mirror – 26-04-2023



Source: cartoon - Daily Mirror 12-04-2023

Sri Lankan ICT Workforce Rise by 22%



There has been a 22% rise in the Sri Lankan ICT workforce as a whole, implying a favorable view of the job market according to the demographic analysis conducted, by the '2022 Compensation and Benefits Report for Sri Lanka's IT/BPM Industry by Sri Lanka Association for Software and Services Companies (SLASSCOM).

The reports developed in collaboration with SLASSCOM's HR Forum and PwC Sri Lanka also add that there is a possibility of companies expanding their operations. "Secondly, it showcases that the IT industry is intending to hire 25% more employees by 2023, underscoring the sector's sustained expansion and need for competent personnel."

Another noteworthy finding was the improvement in female representation in the IT industry, with a 35% female participation compared to the previous year's 29% for IT. The BPM sector saw 46% female participation.

These figures indicate that the industry is taking steps towards greater gender diversity and inclusivity. In 2022, flexible work arrangements emerged as one of the top three factors for attracting and retaining talent. As such, around 81% of companies have implemented some form of remote working. There has also been a notable increase in the number of women who are seeking part-time employment as they can easily return to work due to the benefits of remote working.

The study also discovered that the BPM industry has a comparatively young workforce, with a substantial proportion of employees under the age of 24. This implies that the industry is an attractive choice for young individuals who are seeking profitable job prospects.

It also shows that in the period before the C-19 pandemic, there was a significant rise in staff turnover levels from low to mid-level in organizations. Interestingly, migration has now become the primary reason for turnover, overtaking better pay and opportunities, among both IT and BPM companies.

The report revealed that organizations are implementing different strategies, such as pay schemes linked to inflation and exchange rates, to ensure their employees remain motivated and engaged. 75% of companies it seems have decided to keep salary increases and variable pay practices separate.

A significant number of companies appear to be uncertain about their compensation strategies for 2023. In response, these companies intend to manage their budgets and adjust their practices to align with market changes.

This approach suggests that businesses are likely to adopt short-term measures and maintain flexibility to review and adjust their pay practices periodically.

Chairman of SLASSCOM Ashique Ali stated that the report will be a viable tool to assist businesses in making well-informed decisions regarding their hiring and retention strategies, enhancing employee engagement and benchmarking against industry standards.

CNCI Achiever Awards 2023

Applications are Now Open




"CNCI ACHIEVER AWARDS 2023"

FOR INDUSTRIAL EXCELLENCE

ORGANIZED BY
**THE CEYLON NATIONAL CHAMBER OF INDUSTRIES
 IN COLLABORATION WITH THE MINISTRY OF INDUSTRIES**

Applications are now open

For

- All Sri Lankan Industries (Manufacturing / Service)
- All Sri Lankan Industries (Manufacturing / Service) Operating in SAARC Countries
- SAARC Country specific Industries (Manufacturing / Service) recommended by Chambers of Commerce / Industry in their Country

Categories and Eligibility

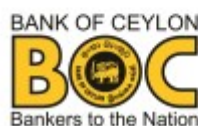
Category	Eligibility		
	Manufacturing Net turnover / Investment (LKR) (whichever is Higher)	Service Turnover (LKR)	Period of operation
MICRO	Up to 15 Mn.	Up to 20 Mn.	To be engaged in business for 3 years
SMALL	>15 Mn. to 250 Mn.	>20 Mn. to 250 Mn.	
MEDIUM	>250 Mn. to 750 Mn.	>250 Mn. to 750 Mn.	
LARGE	>750 Mn. to 1500 Mn.	>750 Mn. to 1500 Mn.	To be engaged in business for 4 years
EXTRA LARGE	>1500 Mn.	>1500 Mn.	

For Application
 Visit CNCI website or contact :
 The Ceylon National Chamber of Industries (CNCI)
 No.20,1st Floor, Galle Face Court 02, Colombo 03
 Tel : 011-2452181, 2339200, 2331444 | 077 1777115
 Email: cnci@slt.lk, accnci@slt.lk | Web : www.cnci.lk

Closing Date of Applications
31st May 2023



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Upcoming Training Programmes by CNCI



CNCI Training

Advanced Personal Income Tax (APIT)
Quantification of Amounts and Calculation of Employment Income

Date : 18th May 2023

9.30 am - 12.30 pm
(Registration starts from 9.15 am)

Online : Zoom Webinar

Content

- Changes to Corporate income tax for the year of assessment 2022/23
 - ⇒ Computing taxes for the first six months and the second six months
 - ⇒ Changes in the tax rates including removing of exemptions
 - ⇒ Tax adjustment for interest expenses
 - ⇒ Claiming of losses
- Tax to be deducted from employees - APIT
 - ⇒ Tax rates applicable on employees
 - ⇒ Calculation of cash and non-cash benefits
 - ⇒ Applying tax tables
- Tax to be deducted on payments (withholding tax)
 - ⇒ Service payments to individuals
 - ⇒ Rent
 - ⇒ Commission and Brokerage to agent
 - ⇒ Dividend
 - ⇒ Interest
- Practical Issues
- Q & A

Resource Person

Ms Dinusha Rajapakse
FCA, LLB (Hons) (Colombo), CTA
Attorney at Law
Partner - Tax Services
BDO Partners - Chartered Accountants

Investment

For Members : Rs. 5,000/-
For Non Members : Rs. 5,500/-

Language

English

For

Directors, Managers, Executives, Supervisors, HR / Admin Executives
and All Others Involved in Taxation, Accounting, Auditing & Administration

For More Information

Contact : Sumudu / Nilanthi
0771 777115, 0112 339200, 0112 452181
cncihrd.training@gmail.com, cnci@slt.lk, training@cnci.lk



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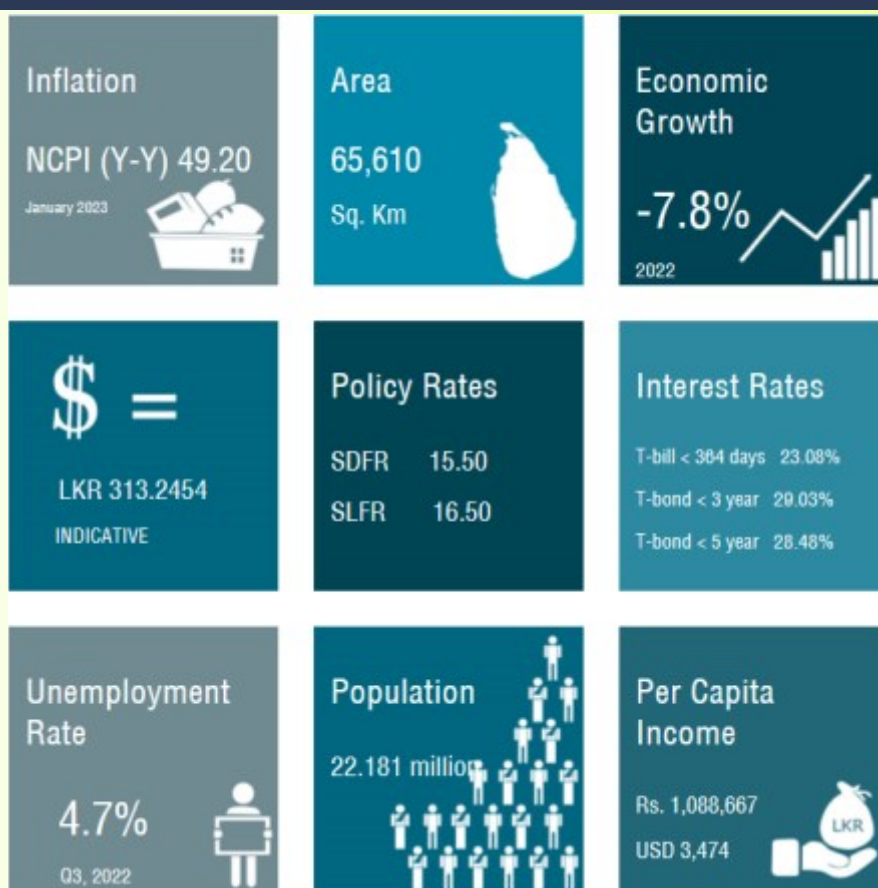
Apt. No. 20, First Floor, Galle Face Court – 2, Colombo 03, Sri Lanka

EXCHANGE RATES AS AT 27TH APRIL 2023

Date	Buy Rate (LKR)	Sell Rate (LKR)
Australian Dollar	206.1787	218.7007
Canadian Dollar	228.5988	242.4155
Swiss Franc	349.8779	371.6196
Renminbi	44.5459	48.0816
Euro	345.9809	364.7276
British Pound	390.7950	411.2509
Yen	2.3424	2.4686
Singapore Dollar	234.0382	234.0382
United States Dollar	313.8324	328.7701

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>