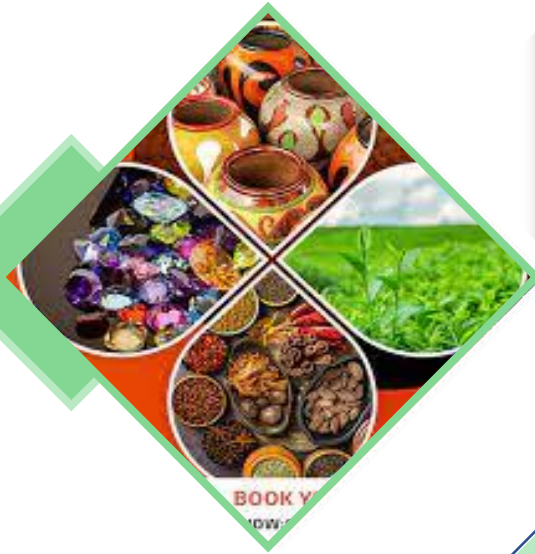




கீழ்க்கண்ட அமைச்சு  
கைத்தொழில் அமைச்சு  
Ministry of Industries



# Industrial Development Board

Performance Analysis Report

Planning Division - 2024

## **Industrial Development Board**

The IDB was initially established in 1966 under the State Industrial Corporation Act No. 49 of 1957 and in its present form was incorporated under the Industrial Development Act No. 36 of 1969. In terms of this Act the Industrial Development Board is the major implementing arm and leading institution entrusted with the responsibility of development of industrial sector in the country while providing financial, technical and administrative assistance for industrialists to promote institutions engaged in industrial development. The main objective of the IDB is to promote, develop and facilitate of industries in Sri Lanka. At present it provides variety of services to assist for a proper co-ordination and interrelated growth of all industrial undertakings in the private and public sectors of the economy of the country. Further in order to foster industrial research with the objective of utilizing the natural resources of Sri Lanka, IDB involve in improving the technical processes and methods used in industries and develop appropriate technologies and equipment for local industries and discover processes and methods for the better utilization of waste products. Additionally, IDB promote the exports of local industrial products to overseas markets in the field of international trade and provide services and facilities required by or in connection with any industrial undertaking or industrial establishment in Sri Lanka. Since its inception for last 53 years, the Industrial Development Board has functioned under several ministries with the changes of the Governments. Currently IDB operates as a statutory body under the administrative purview of the Ministry of Industries.

### **Vision**

“Development of all industries all over Sri Lanka”

### **Mission**

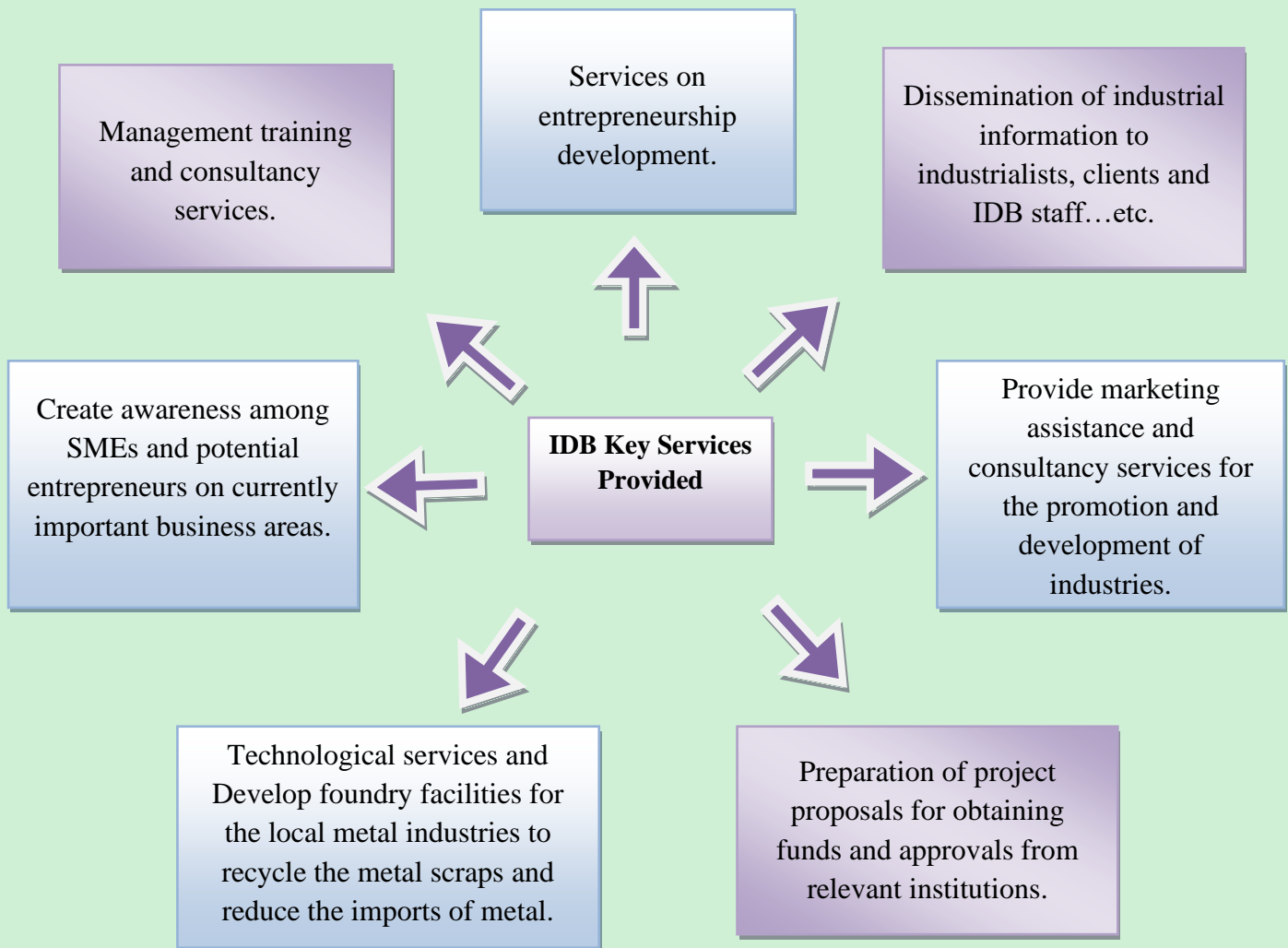
“Provide the strategic, technological & commercial foundation needed to encourage, promote & develop all industries all over Sri Lanka”

### **Objectives**

Objectives of the Board defined in the Industrial Development Act No. 36 of 1969 are as follows:

- To assist in the encouragement, promotion and development of industries in Sri Lanka.
- To assist in the proper co-ordination and in the interrelated growth of all industrial undertakings in the private and public sectors of the economy of the country.
- To foster industrial research with the object of utilizing the natural resources of Sri Lanka, improving the technical processes and methods used in industries and developing appropriate technologies and equipment for local industries, and discovering processes and methods for the better utilization of waste products.
- To foster the export of local industrial products to overseas markets.
- To provide for services and facilities of every description required by or in connection with any industrial undertaking or industrial establishment in Sri Lanka, including the provision of capital, credit, marketing, managerial, technical facilities and legal advice.

## Key Services and Facilities provided for the Industries



## Goals

- Decrease the "Ease of Doing Business " Rank from 99 to below 50 by 2030
- Increase the Entrepreneurship % ( Increase industry Formation ) - from 2.8% to 10% by 2030
- Increase the manufacturing industry contribution to the GDP - from 15 % to 25% by 2030  
(Stability- New / Existing industries)
- Improve the current per capita exports 596 US\$ up to 1527 US\$ , 50% of global average (3055 US\$) by 2030
- Increase Land extent % for industrial zones from 0.04% to 1% by 2030
- Reduce GHG emissions against the BAU scenario by 7% in the industry sector by 2030 through enhancing mitigation activities while embracing and incorporating resource efficiency, green technology and circular economy concepts

## Challenges

### 1. Barriers to reach for the global markets.

- It is required to obtain the service from foreign embassies to build up export market linkages and to bring the latest technology to the country.
- It is required to address the technological gaps obstructing local SMEs reaching global market.
- It is required to address the barriers to reach the global markets due to absence of new economic partnerships with favorable economies (FTAs).
- It is required to facilitate the entry of SMEs into exports by easing bureaucratic procedures.
- It is required to make standardize product testing and certification facilities available for affordable cost.

### 2. Lack of readily available lands for industries

Lack of industrial land means that there are few appropriate locations for new export-oriented establishments as well as low opportunities for finding investors. To date, it is only 0.04% of total land extent of Sri Lanka is dedicated to industrial zones, which is insufficient to go forward with improving export market share on GDP.

- It is needed to expand the land extent belongs to industrial zones by acquiring 1% of the total land extent from each district and making them available online as a digital land bank to expand the opportunities for new establishments and investments.
- It is required to strengthen infrastructure facilities with modern technology.

### 3. Licensing Burden

High proceedings in acquiring licensing for the industry due to complexity in procedures, lack of awareness of such procedures, and regulatory barriers such as complicated procedures requiring too many steps in the government offices to obtain business registration can identify as a key hindrance to run the business.

- It is required to exempt the licensing for SMEs that are not highly polluted, not threatening to national security and not having a strategic importance for two years.
- It is required to simplify the process of registering new industries to make it more effective (BR and trade licenses should be issued at a one place with minimum documents).
- It is required to have a domestic deregulation.

#### **4. No financial provisions**

Lack of Finance (difficulties in obtaining loans) - Absence of adequate capital remains a serious challenge for these enterprises despite the need for additional funding to sustain their growth and expansion.

- It is required to establish a credit guarantee system or credit insurance for entrepreneurs (loans without collaterals).
- It is required to facilitate bank loans with low interest rates for starting or maintaining businesses.

#### **5. No consistent national policy**

Lack of integrated national strategy in the present institutional framework for industries is identified as a key challenge requiring a consistent national industrial policy aimed at growing more innovative industries in Sri Lanka and lifting the productivity, sustainability, and inclusivity of all key sectors.

- It is required to create a conducive business environment in the country. It is needed to improve the ease of doing business index to 50th position by 2030 from the 99th position it stands in today.
- It is required to waive the tax off from the raw and intermediately materials which need to be imported and are not locally available.
- It is required to impose tax on finished products importation.
- It is required to give a tax concession to SME exporters.
- It is required to allocate 200 sq. ft at min in supermarkets to display SME products to build up those industries to the next level.

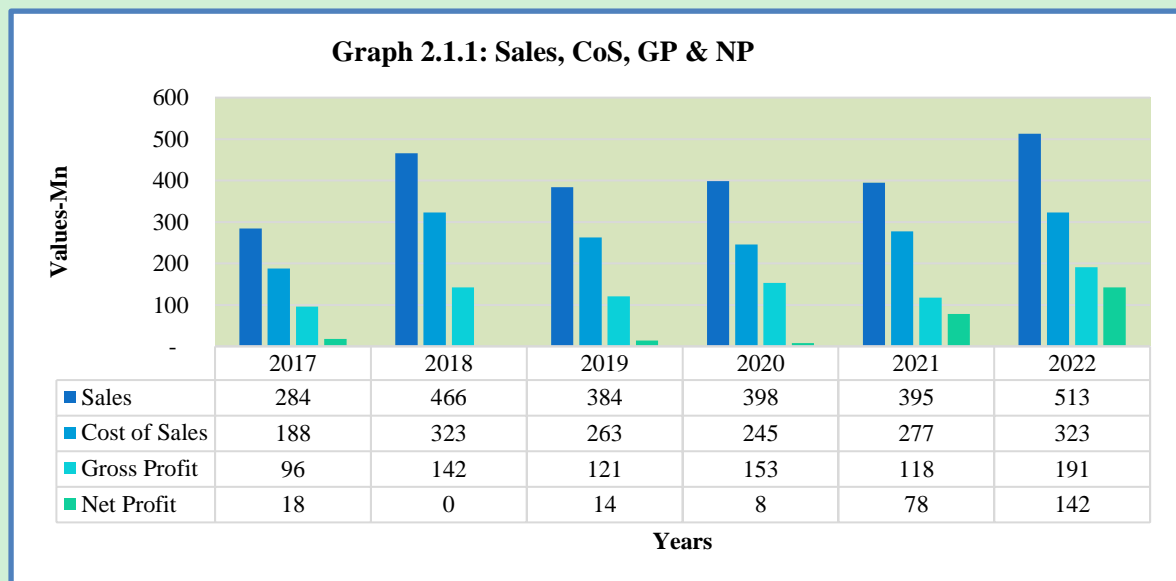
#### **6. Low Entrepreneurial Capacity**

As reported by the Department of Labor statistics, 2.8% of the Sri Lankan labour force are entrepreneurs. This is extremely insufficient to fuel the country's economic growth as Sri Lanka needs at least 10% entrepreneurs for thrusting the nation forward by creating new wealth, and employment.

- It is required to restructure the current education system by incorporating taught and practical entrepreneurship programmes to change the current focus from preparing students to seek available careers to preparing students to generate careers.
- It is required to create an entrepreneurial culture in the country.
- It is required to magnetize the attention of all public and private media to allocate sufficient time/space for establishing a strong entrepreneurship culture and making it recognized by the society.
- It is needed to strengthen entrepreneurship training and technology transfer facilities as lack of technical knowledge is identified as a burning issue.

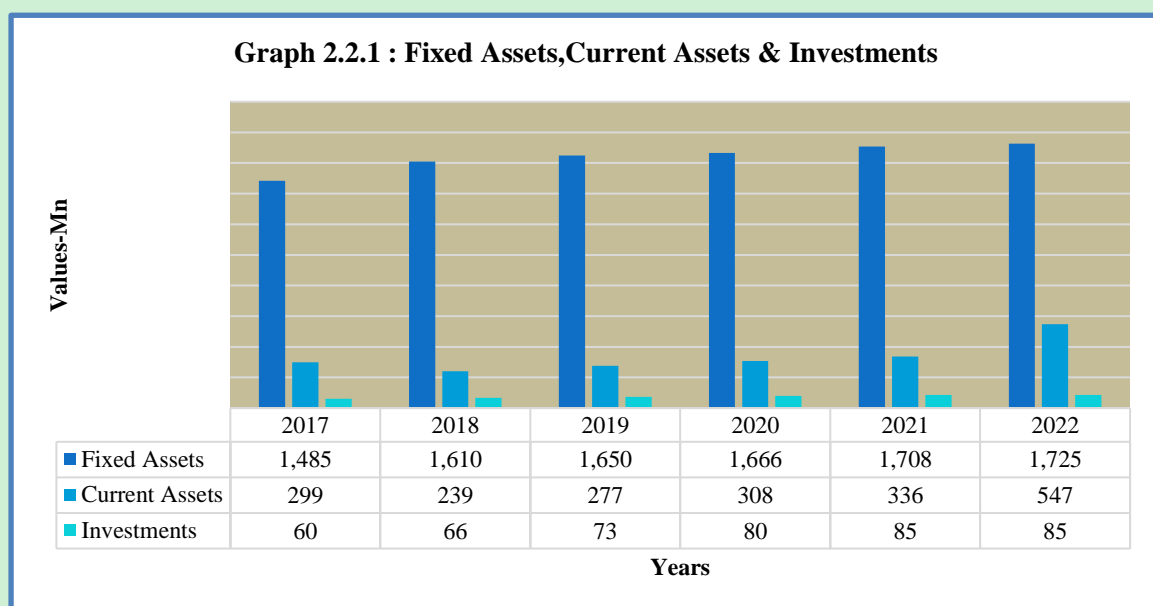
## Progress

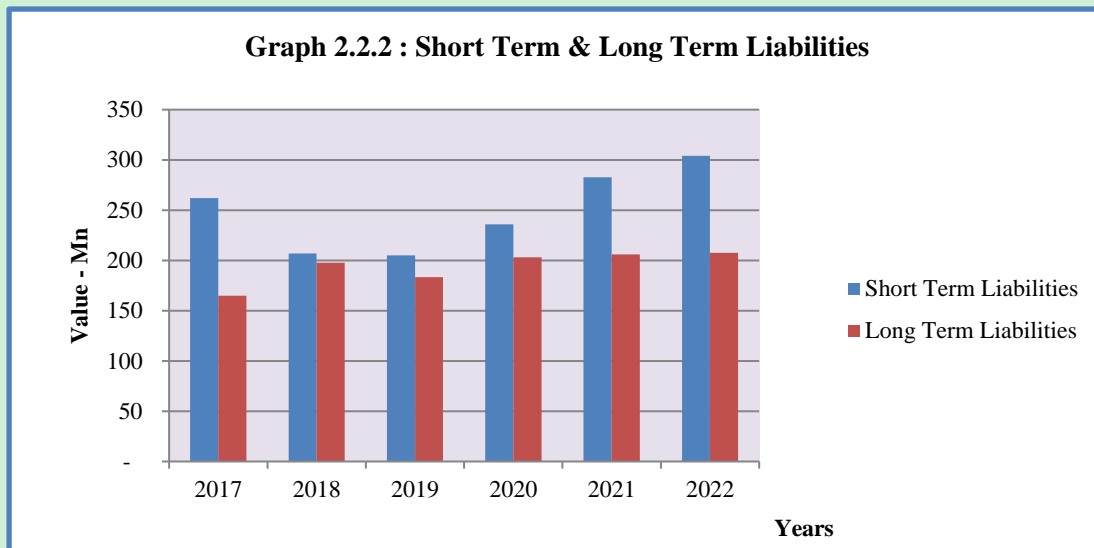
### Income Statement Analysis



Revenue, cost of sales and service, gross profit and net profit has been fluctuated during the period and the company did not make any profit or loss in the year 2018. The profit has been gradually increased in the years 2021, 2022 and the highest net profit has been achieved in the year 2023. Further as per the diagram showed above, compared for the previous years, special attention has to be given for new development programmes to enhance the capabilities of beneficiaries with modern techniques and production processes.

### Financial Situation Analysis

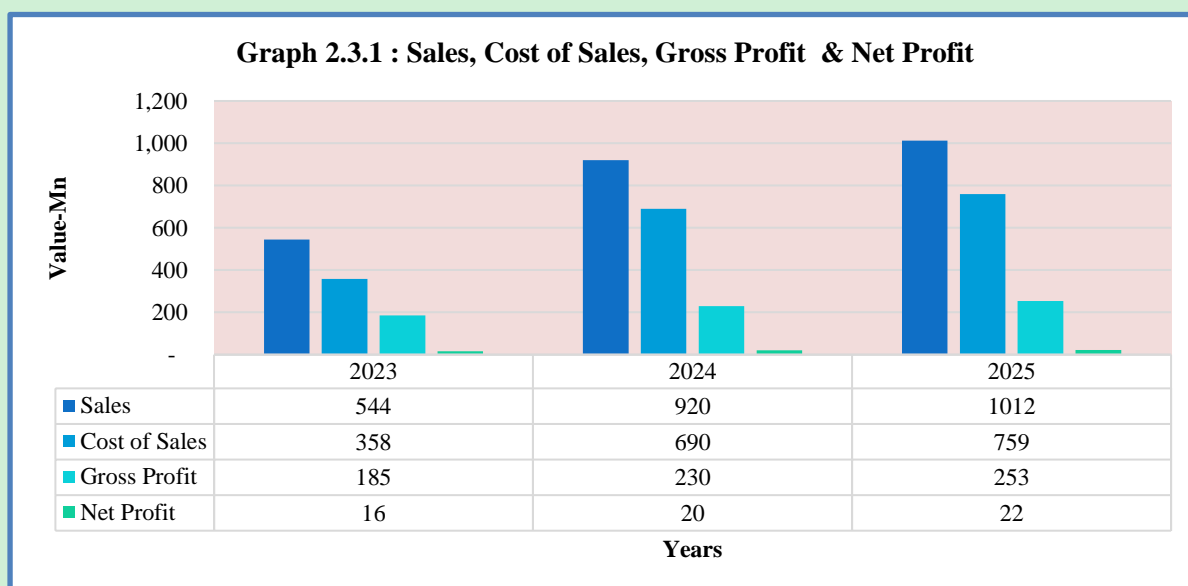




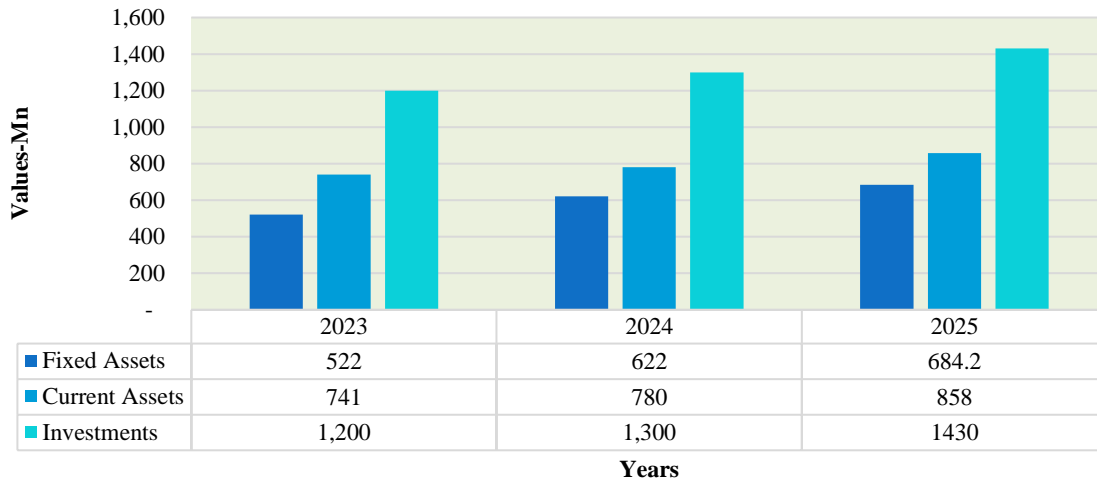
From the year 2017, the company's fixed assets, current assets and investments show a gradual increase and compared to the year 2017, short-term and long-term liabilities show a gradual increase in other years.

### Forecasted Values

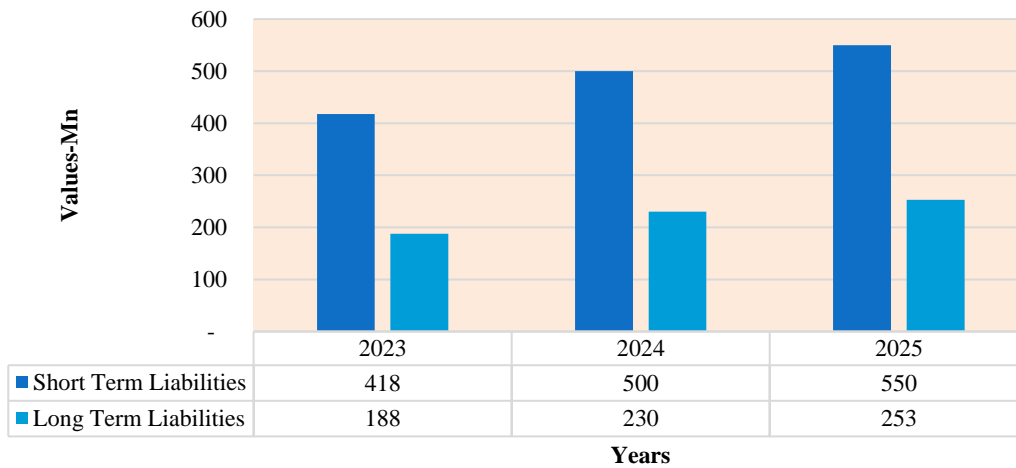
Year	Sales	Cost of Sales	Gross Profit	Net Profit	Administrative Expenses	Sales Distribution Expenses	Finance Costs	Fixed Assets	Current Assets	Investments	Short Term Liabilities	Long Term Liabilities
2023	544	358	185	16	732	340	1	522	741	1,200	418	188
2024	920	690	230	20	740	700	2	622	780	1,300	500	230
2025	1012	759	253	22	814	770	2.2	684.2	858	1430	550	253



**Graph 2.3.2 : Fixed Assets, Current Assets & Investments**



**Graph 2.3.3 : Current & Long Term Liabilities**



**Observations of the organization on the existing situation based on the above data and information**

Industrial Development Board is entrusted with the responsibility of promoting services while supporting local industries specially SMEs and potential entrepreneurs to make their enterprises growing more and more commercially viable and export oriented. Further the IDB holds the responsibility of assisting to build linkages with the potential markets, locally and internationally while building the brand image for the respective products through long term business relationships. Therefore, following are the details of the programs conducted targeting SME development and proposed programs to develop SMEs in the period ahead.

- With the objective of uplifting the local industries to the international market, IDB had organized the National Industry Exhibition at BMICH and simultaneously "Industry 2023 - Jaffna", Industrial Exhibition at Bogambara Field, Kandy and an Industry Exhibition in Galle District.



- Declaring June 22 as National Industry Day and designating a National Industry Week in conjunction with the National Industry Exhibition.
- Revision of duties on imported raw materials, in order to uplift the production of local industrialists.
- Establishing School Industry Entrepreneurial Circles in schools and expanding this project to cover universities and other higher education institutions in the future.
- Holding the National Food and Beverage Conference and the National Rubber and Plastic Conference in the year 2023 to provide the necessary guidance to various industrial sectors to successfully enter the world market.
- Coordinating local industrialists for international exhibitions such as "The World Food Fair in Moscow, 20th China-ASEAN Exhibition, and Sri Lankan SME Products Association Exhibition in Ha Noi, Vietnam" to create an export-oriented economy.
- In appreciation of the commitment and contribution of 300 micro, small, medium and large-scale industries and to further empower their exports, the Ministry of Industry and the Ceylon Industrial Development Board conducted the "National Industry Excellence Awards 2023".
- Introduction of "Industry TV" as the first television channel launched for the development of Sri Lankan industries.
- Introducing "Industry Magazine" dedicated to industries by updating the current news and events related to the industry sector.
- Identifying the barriers for local entrepreneurs to reach the global market and creating a new economic partnerships with foreign economies, while providing space for building relationships through foreign embassies of foreign countries with great potential (Connect Sri Lanka).
- The Ceylon Industrial Development Board has established the Industrial Development Fund in accordance with the Industrial Development Act, whereby loans are provided to small-scale industrialists for their industrial development and development needs subject to a credit limit of 5 lakhs.

### **Challenges and Suggestions to improve the organization.**

#### **Challenges:-**

- Enforcing the Industrial Development Act - The basic foundation and background support for industrial encouragement, promotion and development should be provided through the re-enforcement of the Industrial Development Act No. 36 of 1969.
- Problems in land acquisition for setting up industrial estates - Lack of data on ownership of most of the lands in the Divisional Secretariats and deficiencies in the methods of payment of compensation to the owners.

- Challenges in terms of providing quality and prompt services to clients. Eg: difficulties to bear the cost of services, time consuming, lack of updated and modern technology / technical knowledge, difficulties to get the support of other institutions due to conventional /outdated laws and regulations, non availability of updated industrial Data and information.

#### **Suggestions :-**

- Preparing a digital Land Bank – It may facilitate entrepreneurs to select lands online.
- Design and enforce Industry friendly laws and regulations/Upgrading existing laws and regulations on industrial activities
- Improve the quality and outreach of service delivery of SME related public and private sector institutions.
- Establishing higher level industrial commission who has power of decision making on industrial issues.
- Introduce demand driven technology transfer trainings and skills development programs
- Strengthen the entrepreneurship values, thinking and attitudes in the curriculum of educational institutions and technical and vocational programs to produce job creators rather than employment seekers
- Expand the SME re-financing schemes, banking clinics, Treasury Guarantee and non-collateral-based access to credit.
- Reforms for the tax policies imposed on raw materials.
- Setting-up an effective platform to address the issues on the growth of industries by establishing district industry associations and industrial sector conferences.
- Facilitate to build a globally competitive industry sector by providing trainings on packaging, branding, standardizing, product development and digital marketing etc.
- Impose import Substitution or inward oriented trade policies.
- Impose export oriented or outward oriented trade policies.
- Improve connectivity, trade facilitation and access to local and global markets.
- Promote and attract investments in different regions of Sri Lanka in order to find suitable lands for the establishment of "Land Bank".
- Control importation of agricultural products to maintain reasonable stability in prices of relevant product categories.
- Create a conducive business environment for the business community to build up domestic industry.
- Facilitate entrepreneurship development while protecting, safeguarding and strengthening domestic entrepreneurs.
- Create a positive entrepreneurial culture and environment while introducing Entrepreneurship circles in Schools, Universities and higher education institutes.