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கைத்தொழில் மற்றும் தொழில் முயற்சியாண்மை அபிவிருத்தி அமைச்சு

MINISTRY OF INDUSTRY AND ENTREPRENEURSHIP DEVELOPMENT

IDB

INDUSTRY EXPO

Industrial Development Board

Performance Analysis Report

Planning Division - 2025

Industrial Development Board

Introduction

The Industrial Development Board (IDB) was incorporated under the *Industrial Development Act No. 36 of 1969.* In terms of this Act, the IDB serves as the principal implementing agency mandated with the development of the industrial sector in Sri Lanka. It is entrusted with providing financial, technical, and administrative support to industrialists, while also facilitating the promotion of industries engaged in industrial development. Over the years, the Board has delivered a wide spectrum of services to foster coordinated growth across both private and public sector industries. While historically its focus has been on the promotion of small and medium-scale industries (SMIs) given their critical contribution to national economic growth the IDB has consistently worked towards supporting the broader industrial base, advancing industrial research, and facilitating the export of locally manufactured products.

In alignment with its mandate, the IDB has progressively expanded its activities to support the creation of an export-oriented industrial culture, enabling local industries to access international markets and enhance their global competitiveness. Since its inception, the institution has operated under several ministries with successive changes of government. At present, the IDB functions as a statutory body under the administrative purview of the Ministry of Industry.

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 by the Board

- Management training and consultancy services.
- Services on entrepreneurship development.
- Dissemination of industrial information to industrialists, clients and IDB staff…etc.
- Create awareness among SMEs and potential entrepreneurs on currently important business areas.
- Provide marketing assistance and consultancy services for the promotion and development of industries.
- Technological services and Develop foundry facilities for the local metal industries to recycle the metal scraps and reduce the imports of metal.
- Preparation of project proposals for obtaining funds and approvals from relevant institutions.
- Provide services for rubber sector industrialists related to product development and testing facilities, extension and consultancy services.
- Provide facilities for the development of leather products and footwear.

Future Goals

- Project on Industrial Township in Hambanthota District
- Project for establishment of Incubators in 09 provinces
- Establishing 331 startups covering all Electoral Divisions in the Island
- Establishing 25 Sales Centers in All Districts
- Establishment of Import Substitution Industries by supporting Reverse Engineering
- Food Safety supporting project under Clean Sri Lanka Programme
- Collaborate with the Ministry of Education to provide school children with balanced nutritional meal packs, aiming to eradicate malnutrition among children

Challenges

- Limited market opportunities hinder local industries from reaching the global market.
  - Collaboration with foreign embassies is essential to establish export market linkages and introduce the latest technology to the country.
  - Key Performance Indicators (KPIs) should be assigned to foreign embassies with export targets to enhance global market access while protecting, safeguarding, and strengthening domestic entrepreneurs, with a focus on scaling up local industries.
  - Technological gaps that obstruct local SMEs from entering global markets must be addressed.
  - Barriers to global market entry due to the absence of new economic partnerships with favorable economies (FTAs) need to be resolved.
  - Administration procedures should be simplified to facilitate SME participation in exports.
- Insufficient funding for development programs, technological advancements, and human resource development.
- Insufficient available land for establishing new industries.
  - Expand industrial zones by acquiring 1% of total land from each district and establishing a digital land bank to enhance opportunities for new investments and industrial growth. It is required to strengthen infrastructure facilities with modern technology.

- Stringent legal regulations make it difficult to obtain land for industrial purpose.
- Lack of funds for new technological advancement.
- Lack of funds for human resources development.
- Expansion of export and local markets is necessary to boost industrial growth.

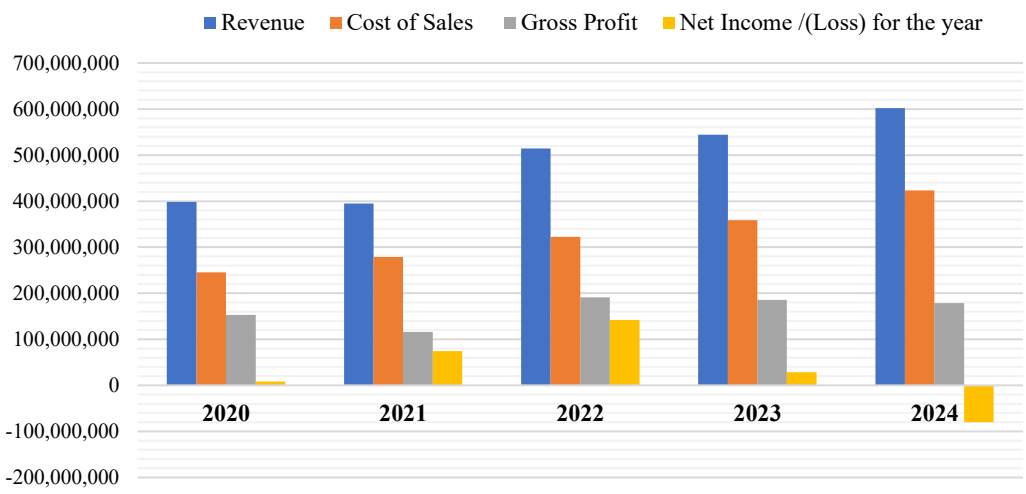
01) Progress

2.1 Analysis of the Income Statement

Table 2.1.1 : Income Statement

	2020	2021	2022	2023	2024
Revenue	398,396,560	394,565,726	513,989,237	544,248,359	601,711,551
Cost of Sales & Services	(245,451,012)	(278,614,556)	(322,580,951)	(358,869,304)	(423,117,013)
Gross Profit	**152,945,547**	**115,951,170**	**191,408,285**	**185,379,056**	**178,594,538**
Interest Income		5,812,667	14,955,664	24,622,036	15,599,119
Other Income	103,664,955	106,106,069	169,466,895	282,321,681	332,342,948
Government Recurrent Grant	381,250,000	465,750,000	505,400,000	598,195,000	500,000,000
Administrative Expenses	(621,856,268)	(624,810,763)	(694,238,619)	(732,020,710)	(835,286,976)
Sales Distribution Expenses	(1,490,672)	(8,902,791)	(59,189,699)	(340,618,701)	(248,281,073)
Results from Operating Activities	14,513,561.84	59,906,352	127,802,526	17,878,362	(57,031,445)
Finance Costs	(490,815)	(588,050)	(1,070,001)	(1,281,878)	(1,543,825)
Net Income/(Loss) Before Tax	14,022,747.06	59,318,302	126,732,525	16,596,485	(58,575,270)
Other Comprehensive Income	(5,878,668)	15,123,409	15,052,636	11,768,860	(21,568,123)
Net Income /(Loss) for the year	**8,144,079**	**74,441,711**	**141,785,161**	**28,365,345**	**(80,143,393)**
Gross margin ratio	0.384	0.293	0.372	0.341	0.296

Graph 2.1.1 : Sales, CoS, GP & NP



2.1.1 Descriptive Analysis of Financial Performance (2020–2024)

The Industrial Development Board (IDB) recorded a steady growth in revenue during the period under review, increasing from LKR 398.4 million in 2020 to LKR 601.7 million in 2024. This reflects a positive demand for IDB's services and its expanding role in supporting industrial development. However, this growth was accompanied by a significant escalation in the cost of sales and services, which rose from LKR 245.5 million in 2020 to LKR 423.1 million in 2024**,** outpacing revenue growth. Consequently, while gross profit peaked at LKR 191.4 million in 2022, it subsequently declined to LKR 178.6 million in 2024, with the gross margin ratio falling to 29.6%, compared to 38.4% in 2020.

The Board benefited considerably from other income and government recurrent grants throughout the period. Other income demonstrated a sharp upward trajectory, rising more than threefold from LKR 103.7 million in 2020 to LKR 332.3 million in 2024, underscoring the importance of supplementary revenue sources. Meanwhile, government grants remained a key component of financial stability, peaking at LKR 598.2 million in 2023, though reducing to LKR 500 million in 2024, indicating a gradual shift towards fiscal tightening.

Operating expenses posed significant challenges. Administrative expenses rose consistently year on year, reaching LKR 835.3 million in 2024, a 34% increase compared to 2020. Sales and distribution expenses also displayed volatility, with a notable surge to LKR 340.6 million in 2023, before declining to LKR 248.3 million in 2024**.** The 2023 spike likely reflects strategic promotional and market development initiatives undertaken to enhance the visibility and competitiveness of local industries in line with IDB's export-oriented agenda.

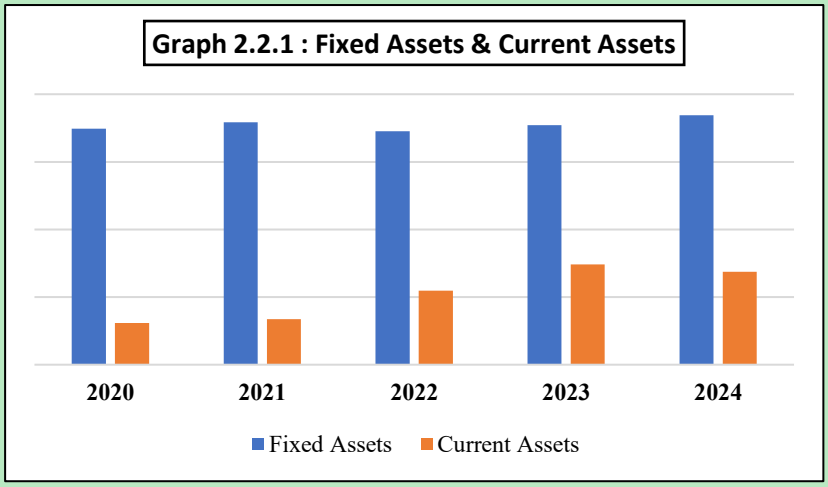
As a result of these financial dynamics, IDB achieved its highest net income of LKR 141.8 million in 2022, supported by strong revenue, healthy margins, and substantial government support. However, profitability weakened sharply thereafter. In 2023, net income dropped to LKR 28.4 million, and in 2024 the institution reported a net loss of LKR 80.1 million. This downturn was primarily attributable to rising operational costs, reduced government support, and declining gross margins.

In summary, while the period 2020–2022 reflected a phase of growth and profitability, the years 2023–2024 highlighted the vulnerability of IDB's financial performance to increasing costs, heavy reliance on government grants, and margin volatility. To ensure long-term financial sustainability, IDB must address cost inefficiencies, broaden its revenue base, and strengthen operational productivity, while maintaining its strategic mandate of fostering industrial development and supporting SMEs.

2.2 Financial Situation Analysis

Table 2.2.1 : Balance Sheet

	2020	2021	2022	2023	2024
ASSETS					
Non-Current Assets					
Property Plant & Equipment	458,709,147	509,254,296	502,155,629	514,399,739	550,536,076
Investment Property	1,112,160,161	1,115,390,943	1,184,286,002	1,199,665,852	1,197,594,746
Capital Work-in-Progress	95,404,877	83,721,066	38,614,504	58,024,100	97,280,201
Fixed Deposits	80,029,718	84,841,643			
	1,746,303,904	**1,793,207,948**	**1,725,056,135**	**1,772,089,691**	**1,845,411,023**
Current Assets					
Inventories	18,947,263	25,947,972	46,718,615	78,085,026	96,379,133
Trade & Other Receivables	32,641,971	24,932,232	23,567,675	39,999,292	25,897,055
Other Current Assets	50,981,831	48,626,679	45,914,025	57,899,539	89,460,174
Deposits & Pre-Payments	55,782,649	88,070,127	78,001,365	126,763,984	107,580,624
Receivable - Special Projects	11,111,882	13,491,040	9,348,448	14,629,625	15,432,465
Cash & Cash Equivalents	138,223,834	135,203,479	343,300,457	423,674,387	351,342,715
	307,689,431	**336,271,529**	**546,850,584**	**741,051,852**	**686,092,165**
Total Assets	**2,053,993,335**	**2,129,479,477**	**2,271,906,719**	**2,513,141,544**	**2,531,503,188**
Equity and Liabilities					
Capital and Reserves					
Differed Capital Grant	341,681,267	304,455,733	258,758,672	314,264,535	463,952,853
Capital Reserves	6,243,013	6,243,013	6,243,013	6,243,013	6,243,013
Value of Assets Transferred	13,447,061	13,447,061	13,447,061	13,447,061	13,447,061
Surplus on Revaluation of Fixed Assets	960,696,321	960,696,321	960,696,320	960,696,320	960,696,320
Differed Government Grants - Capital Projects	565,219,549	556,582,142	581,577,397	643,854,473	629,859,631
	1,887,287,211	1,841,424,270	1,820,749,463	1,938,505,402	2,074,198,877
Government Grants					
Accumulated Losses	(272,134,396)	(200,739,910)	(60,791,523)	(32,682,441)	(111,143,250)
Total Equity	1,615,152,815	1,640,684,359	1,759,957,940	1,905,822,961	1,963,055,627
Non-Current Liabilities					
Provision for Gratuity	202,971,991	206,131,395	206,829,087	188,634,080	210,861,836
Grants for Special Projects			661,300	30,630	76,246
	202,971,991	**206,131,395**	**207,490,387**	**188,664,709**	**210,938,082**
Current Liabilities					
Dues to Government	72,554	74,779	54,929	40,994	75,532
Dues to Corporation	7,316,633	8,196,956	7,759,526	15,060,823	8,454,407
Bank Credit Balances	2,725,171	-	-	-	-
Provisions and Accrued Expenses	225,754,172	274,391,987	296,643,936	403,552,056	348,979,540
	235,868,530	**282,663,722**	**304,458,392**	**418,653,873**	**357,509,479**
Total Equity & Liabilities	**2,053,993,335**	**2,129,479,477**	**2,271,906,719**	**2,513,141,544**	**2,531,503,188**
Current Ratio	**1.30: 1**	**1.19: 1**	**1.8: 1**	**1.77: 1**	**1.92:1**
Cash Ratio	**0.586**	**0.478**	**1.128**	**1.012**	**0.983**



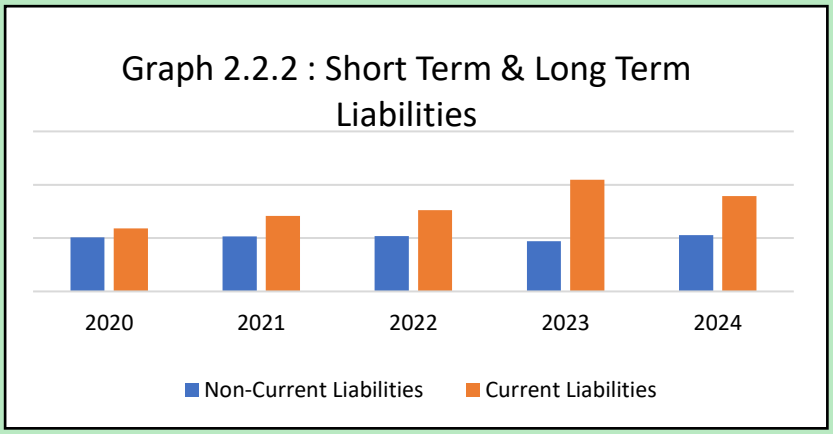


Table 2.2.2: Forecasted Values (Rs. Mn)

Year	Sales	Cost of Sales	Gross Profit	Net Profit	Administrative Expenses	Sales Distribution Expenses	Finance Costs	Fixed Assets	Current Assets	Short Term Liabilities	Long Term Liabilities
2024	602	423	178	(80)	835	248	1	686	1,845	358	211
2025	620	436	183	2.4	860	255	1.03	707	1,900	369	217
2026	638	450	188	2.5	886	263	1.06	728	1,957	380	224

Table 2.2.3 : Training Programmes provided for Manufacturing Industries

Number of training opportunities provided for manufacturing industries	**Base Year (Actual Value 2023)**	**Expected Value 2024**	**Progress 2024**	**Forecasted Values**		
				2025	**2026**	**2027**
1. Skill and capacity building – non-technology related						
1.1 No. of programmes	397	457	246	253	260	268
1.2 No. of beneficiaries	14,618	8,972	4,924	5,072	5,224	5,380
2. Skill and capacity building – technology related						
2.1 No. of programmes	1,003	1,075	787	810	834	860
2.2 No. of beneficiaries	21,843	30,460	12,081	12.443	12,816	13,200
Total No. of programmes	**1,400**	**1,532**	**1,033**	**1,064**	**1,095**	**1,127**
Total No. of beneficiaries	**36,461**	**39,432**	**17,005**	**17,515**	**18,040**	**18,581**

2.3 Training Programmes Summary - 2024

As part of its strategic commitment to industrial capacity building, the Industrial Development Board (IDB) continued to play a vital role in enhancing the skills and competencies of the workforce engaged in the industry sector. The training programmes conducted during the year 2024 focused on two primary areas: non-technology-related and technology-related skill and capacity development programmes. By the end of the reporting period on 31st December 2024, a total of 1,033 training programmes had been implemented, benefiting 17,005 participants across the country. These training initiatives were aimed at improving the overall quality, productivity, competitiveness and ICT skills of industrial operations.

Graph 2.3.1: Technology and Non-Technology related programmes

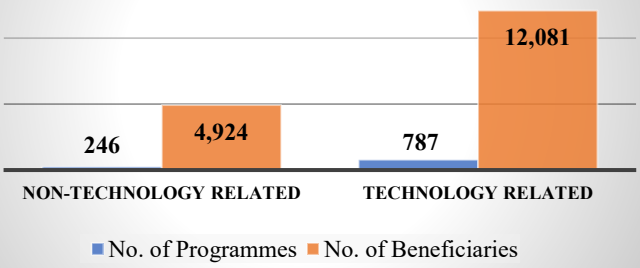


Table 2.3.1: Special programmes conducted during the year

No.	Names of Programmes / Projects (including the year 2024)	No. of Beneficiaries
1	Technological Training Programs	11,509
2	Management skills Development Training Programs (Marketing, Financial, HR Management, Capacity Building & Other relevant to Non - Technological trainings)	3,284
3	SEDA Start-up programmes	118
4	SEDA Scale-up programmes	226
5	Awareness programmes on Industrial safety regulations and standards	491
6	Implement lean manufacturing tools in industries	60
7	Development of Entrepreneur Circles in Schools in collaboration with trained teachers	588
8	Promotion of sales in Ceylon Plaza and other sales centers	398
9	Support to register in Industry Hub	45
10	Support to register in Industry Recognition scheme	1,364
11	Awareness programmes on regulations to comply with. (Labour laws, Tax registration, Custom documentation, Intellectual property law, etc.)	32
12	Facilitate and assist to make industries comply with existing rules and regulations	298
13	Promote waste water treatment mechanisms for Food and beverage, dairy, D/C mills, rice processing industries	63
14	Conducting sector-based technology training Programmes/Demonstrations for introducing advanced technologies to SMEs	462
15	Conducting Quality Improvement programmes	50
16	Conduct Customize training programmes for entrepreneurs/ industrialists/Govt & external organizations	95
17	Conducting Awareness programmes/workshops/Demonstrations on technology	144
18	Conducting Awareness programmes for School teachers on School Entrepreneurship circles programme	613
19	Conducting TVEC registered Eight-day workshops on Social Media Marketing, Web Development & Drop shipping (Via Zoom + On Premises)	323
20	Conducting 8 Days Digital Marketing for entrepreneurs Practical Program island wide through our Regional Network via Zoom	87
21	Conducting ICT related diversified workshops for youth on Social Media Marketing, Fiverr, Mobile App Development Adjoining with Mahawali Authority & Nanasala Virtual Campus	196

Table 2.3.2: Enterprises provided financial assistance

	New Projects for Small and Medium-Scale Enterprise Development	Base Year (Actual Value 2023)	Expected Value 2024	Progress 31.12.2024	Forecasted Values		
					2025	2026	2027
1	Industry Development Fund	33	70	86	89	92	95
2	Other financial assistance provided SMEs	930	900	534	550	566	583
	Total	**963**	**970**	**620**	**639**	**658**	**678**

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

Over the years, the IDB has become a cornerstone institution in shaping the industrial sector, supporting enterprises at multiple levels, and ensuring a conducive environment for sustainable growth. Micro, Small, and Medium Enterprises (MSMEs) form the backbone of the Sri Lankan economy, contributing significantly to employment generation, regional development, and GDP growth. The IDB plays a critical role in strengthening this sector by providing technical advisory services, entrepreneurship development programs, access to modern production facilities, and opportunities for innovation. Through these initiatives, the IDB enables MSMEs to overcome structural barriers, expand their market reach, and enhance competitiveness.

Special Activities Conducted during the year 2024

01) The IDB involved in the **Environmental Protection License (EPL) process**: it ensures that industries especially SMEs can comply with environmental regulations effectively and contribute to the country's sustainable development goals.
02) The (IDB) played a consultative and advisory role in the recent **revision of Sri Lanka's tax policy**, contributing recommendations aimed at creating a more conducive environment for industrial growth.
03) **Establishment of Industry Associations in Sri Lanka** to broaden existing business relationships among Sri Lankan industrialists in collaboration with the Industrial Development Board, and to foster networking among them.
04) **Identification of HS codes related to locally non-available raw materials -** This is primarily enabled through the accurate classification and validation of HS codes, which form the basis for determining eligibility for duty exemptions or concessions.
05) Events in Industry Expo 2024 International Exhibition (First International symposium on green initiatives for sustainable industry development, Green industry awards, foreign pavilion, Vehicle Pavilion, Innovation Arena, etc).
06) The signing of a MoU between the IDB and the Tertiary and Vocational Education Commission expected to reduce the disparity between the needs of various industrial sectors and the professional skill labor.
07) **Establishment of a professional institution as the Sri Lanka Institute of Industry Professionals (SLIIP).** This institute was established with the objective of leveraging professionals' academic knowledge, experience, and expertise to advance the country's industrial sector.
08) **Building a R&D Culture in Sri Lanka**, targeting to promote and facilitate the establishment of in-house R&D units within food processing industries.

09) Four ToTs for IDB officers were conducted under SEDA - Startup/Scaleup programme.
10) **MoU with FITIS**: A collaborative agreement with the Federation of Information Technology Industry Sri Lanka, the leading ICT association, to strengthen industry collaboration and promote digitalization.
11) **MoU with LK Domain Registry and DigiGo**: A partnership to enhance efforts in digitizing MSMEs through the DigiGo project.
12) **MoU with ANKA Technologies Pvt.Ltd:** A collaboration to introduce STEM program, robotics and AI inti school education, aligning with IDB's school entrepreneurship circles.
13) **International Industry Expo 2024:** The creation of an IT pavilion at this prestigious event showcased ICT companies and their services to MSMEs, fostering industry growth and collaboration.
14) **Digital transformation and innovation**: ongoing discussions with Blue Chip Technologies Asia, Orel IT, and e-ink Technologies to explore potential collaborations and bring benefits to MSMEs through digital solutions and innovations.
15) Establishing School Industry Entrepreneurial Circles in schools and expanding this project to cover universities and other higher education institutions in the future.
16) Introducing "Industry Magazine" dedicated to industries by updating the current news and events related to the industry sector.
17) Build Recognition while Appreciating Entrepreneurs by offering Industry Registration Certificates, Entrepreneur Identity Card and a Car Pass.
18) The IDB 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.
19) **Improving the "Ease of Doing Business" Environment**
20) The Sri Lanka Institute of Entrepreneurs (SLIE) has been established to promote entrepreneurship by leveraging the experience and professionalism of Sri Lankan entrepreneurs to contribute to the socio-economic development of the country.

Challenges and Suggestions to improve the Organization

Challenges: -

- **Limited Financial Resources:** The IDB operates with constrained budgets, limiting its capacity to provide adequate funding, incentives, and technical assistance to MSMEs and industrial entrepreneurs.
- **Outdated Infrastructure and Facilities:** Many IDB-operated industrial estates, incubators, and training centers face infrastructural limitations, making it difficult to accommodate modern manufacturing needs.
- **Technological Gaps:** Slow adoption of Industry 4.0 technologies (automation, AI, robotics, IoT) reduces competitiveness of local industries supported by the IDB.
- **Bureaucratic Inefficiencies:** Lengthy administrative procedures, overlapping responsibilities with other government agencies, and limited autonomy reduce responsiveness.
- **Weak Private Sector Collaboration:** Limited partnerships with large corporations, academia, and international agencies restrict opportunities for knowledge transfer, innovation, and market expansion.

- **Low Awareness Among Entrepreneurs:** Many MSMEs and potential entrepreneurs are not fully aware of IDB's services, programs, or support schemes, leading to underutilization of resources.
- **Human Resource Constraints:** The IDB faces skill gaps within its staff, particularly in emerging areas like digital industries, sustainable manufacturing, and global trade facilitation.
- **Market Access Barriers:** Local entrepreneurs struggle with access to international markets due to lack of branding, export-readiness programs, and international certifications.
- **Policy and Regulatory Overlaps:** Industrial development is linked with multiple ministries and agencies, often resulting in duplication of efforts and inconsistent policies.
- **Limited Monitoring and Evaluation (M&E):** Insufficient performance tracking mechanisms make it difficult to measure the real impact of IDB programs on industrial growth and job creation.

Suggestions

- **Strengthen Financial Capacity:** Introduce revolving funds, credit guarantee schemes, and partnerships with development banks to expand financial support for MSMEs.
- **Upgrade Infrastructure:** Modernize industrial estates, incubators, and technology centers with shared facilities, renewable energy solutions, and smart manufacturing tools.
- **Promote Technology Adoption:** Establish innovation labs and technology transfer centers in collaboration with universities, R&D institutions, and global technology providers.
- **Institutional Reforms:** Streamline administrative processes, enhance digitalization of services, and grant more operational autonomy for faster decision-making.
- **Strengthen Public–Private Partnerships (PPPs):** Encourage collaborations with chambers of commerce, multinational corporations, and donor agencies to foster industrial clusters and global value chain integration.
- **Expand Outreach and Awareness:** Launch targeted awareness campaigns, digital platforms, and regional service centers to ensure entrepreneurs fully access IDB's programs.
- **Enhance Human Capital Development:** Upskill IDB staff in advanced manufacturing, digital transformation, and export promotion while also training entrepreneurs in financial literacy and business strategy.
- **Facilitate Market Access:** Support local industries in obtaining international certifications (ISO, GMP, HACCP), branding, packaging, and export promotion initiatives.
- **Policy Coordination:** Create a centralized industrial policy coordination mechanism to reduce duplication and ensure synergy across ministries and agencies.
- **Improve Monitoring and Evaluation (M&E):** Introduce key performance indicators (KPIs) and digital dashboards to monitor outcomes such as job creation, productivity, and export growth.