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# MAHAWELI ENTERPRISE DEVELOPMENT

## MED/EIED PROJECT

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### MAHAWELI BUSINESS OPINION SURVEY

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INTERNATIONAL SCIENCE AND TECHNOLOGY INSTITUTE, INC.

WITH:

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HIGH VALUE HORTICULTURE, PLC.  
SPARKS COMMODITIES, INC.  
AGROSKILLS, LTD

CONSULTANTS TO THE MAHAWELI AUTHORITY OF SRI LANKA

## The Mahaweli Enterprise Development Project

The development of the natural and human resources of the Mahaweli river basin has been a high priority of the Government of Sri Lanka and international agencies since the late 1970's. Largely completed are the construction of dams, irrigation and power systems, roads and other physical infrastructure, the settlement of the land and the formation of the agricultural production base. The challenge for the 1990's is to build a diverse, dynamic economy generating higher incomes for Mahaweli families. In meeting this challenge, the private sector has a leading role to play.

The Mahaweli Enterprise Development Project (MED) is a special initiative of the Mahaweli Authority of Sri Lanka, with the support of the United States Agency for International Development. MED promotes private investment and job creation in agribusiness, manufacturing, tourism, minerals and services by directly assisting entrepreneurs and companies with technical expertise, marketing support, training, business advisory services and credit. MED also provides policy analysis support to improve official frameworks for sustainable enterprise development in the Mahaweli areas.

The Employment, Investment and Enterprise Development Division of the Mahaweli Authority is responsible for MED implementation. Technical consultancy is provided by a consortium led by the International Science and Technology Institute, Inc., a private consulting firm with head offices in Washington, D.C. Also in the consortium are Agroskills, Development Alternatives, Ernst and Young, High Value Horticulture and Sparks Commodities. Marketing services are provided by SRD Research and Development Group, Inc.

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## **PREFACE**

This Mahaweli business opinion survey was conducted during the period October to November 1992. The survey was conducted by a team of specialists from TEAMS (Pvt.) Limited, headed by Mrs C.M. Fernando and including Mr M.B.J.L. Fernando and Mr R. Alwis.

## INTRODUCTION

The Government of Sri Lanka is committed to promote private sector investment in Sri Lanka including the Mahaweli Special Areas, particularly in import substitution or export oriented projects. The main purpose of this is to generate more and more employment for unemployed youth.

The Employment Investment and Enterprise Development Division (EIED) of Mahaweli Authority of Sri Lanka (MASL) was created to accelerate private enterprise development in the Mahaweli region, particularly small, medium and large scale establishments and thereby to generate employment for second and third generation dependents of settler farmers entering the labour market.

To achieve this objective a package of incentives is being offered by the MASL to prospective local and foreign investors. These are in addition to the incentives offered by Board of Investment Sri Lanka (BOISL), and include.

- (i) Land alienation
- (ii) Building for value-added manufactures
- (iii) Infrastructure: -Roads, Electricity, Water supply etc.
- (iv) Consultancy services (provided by MED,EIED,MASL)
- (v) A population of over 300,000 which ensures an adequate labour supply as well as a ready market

Some Entrepreneurs have invested in Mahaweli Areas successfully but some have failed due to various reasons. Others have expressed an intention to invest in the Mahaweli but not pursued their interest.

A sample survey was designed to include all these categories as well as those established in other districts to capture the broad spectrum of potential investors.

## **OBJECTIVES OF THE SURVEY**

The Survey of a sample of selected establishments from each category was conducted with the following main objectives.

- a) To get the opinions of the Business Community in Mahaweli Areas and outside Mahaweli on investment in Mahaweli - positive and negative aspects.
- b) To make a comparative study of reasons for investment in Mahaweli with that of other areas.
- c) To assess private sector Investment potential.
- d) To assess private sector expectations and to what extent the Mahaweli Incentive package satisfies these expectations.
- e) To identify any impediments to investment in Mahaweli Area - Legal, Regulatory, Institutional and Socio-political.
- f) To identify what further incentives are necessary to make the package more attractive for investment.
- g) To identify the types of Industry that would be attracted to Mahaweli Areas.
- h) To target specifically, industries using local raw materials and labour and introducing new Technology.

## **METHODOLOGY**

The survey was carried out by TEAMS (Pvt) Ltd., mobilizing 12 trained graduate investigators. They interviewed key personnel in each of the selected enterprises. Gathering of data and analysis were the basic methods employed in the survey.

A structured questionnaire for each category was used as the main tool for data collection. The questionnaires are attached to the report under the appropriate sections. In addition some relevant information /data gathered by interviewing entrepreneurs is incorporated in the analysis.

The survey was conducted in five categories of establishments simultaneously. The different categories, approximate sample sizes and the list of indicators are as follows.

CATEGORY I - Industries already established in Mahaweli (Approximate sample size 80)

These can be sub-divided into three types:

- a. Agro-based industries sponsored by EIED (25)
- b. Other industries sponsored by MASL (25)
- c. Existing local entrepreneurs/mudalalis (20)
- d. Industries ready to move in to Mahaweli (10)

List of Indicators

1. Name /Address/ Age/ Education/ Civil Status etc.
2. Type of Industry
3. Number of years established
4. Total investment
5. Technology used
6. Present employment in different categories
7. Rate of growth-investment, employment, profitability
8. Net benefit to local population
9. Reasons for entering Mahaweli
10. Incentive package received
11. Problems/difficulties experienced
12. Suggestions for improvement

CATEGORY II - Industries which were established and wound up operations - Approximate sample size 10

List of Indicators

1. Type of Industry
2. Date of establishment
3. Date of winding up
4. Special technology
5. Reasons for entering -incentives received
6. Reasons for closure
7. Advantages of present location, if re-located
8. Special incentives needed to restart in Mahaweli

CATEGORY III - Industries which showed interest in Mahaweli but did not pursue their interest (approximate sample size 30)

List of Indicators

1. Type of Industry
2. Special Technology
3. Reasons for showing interest
4. Reasons for not pursuing
5. Special advantages of present location (if any)
6. Suggestions for improvement of Mahaweli incentive package to attract investor

CATEGORY IV - Industrial establishments in Colombo and main Regional Centres - Gampaha, Kandy, Galle, Matara, Kalutara, Kurunegala, Kegalle - (Approximate sample size 80)

List of Indicators

1. Type of Industry
2. Size of Industry
3. Present Location
4. Product/s
5. Special Technology
6. Markets - local and export
7. Foreign collaboration if any
8. Plans for expansion/diversification
9. Awareness of Mahaweli incentive package
10. Willingness to invest in Mahaweli
11. What incentives would be attractive to investor

CATEGORY V - Chambers of Commerce and Industry - Sample of Key Officials Approximately 10

1. Main determinants of investment decisions by entrepreneurs
2. Opinions on investment environment in Mahaweli and elsewhere
3. Opinions on incentive packages offered by Mahaweli compared with FTZ and other special packages

## CATEGORY I - Industries Already Established in Mahaweli Region

The opinion survey was conducted on enterprises which were established in Mahaweli Areas with/without the help of MASL/EIED and enterprises ready to move in to Mahaweli.

The survey was carried out using a list of Enterprises obtained from EIED/MED and the list of Enterprises available at TEAMS. Fifty eight enterprises which are already in Mahaweli and 6 entrepreneurs who have already planned to move into Mahaweli were surveyed. All the enterprises surveyed fall into the following sectors. (Table 1)

- (1) Agriculture
- (2) Garments
- (3) Food processing
- (4) Engineering
- (5) Services
- (6) Other

### Problems/Difficulties Experienced

The problems and the constraints faced by the sample did not vary much. Following are the problems and difficulties experienced by Entrepreneurs who have already invested in Mahaweli.

1. Unsettled situation due to terrorist activities particularly in systems B, had a negative impact.
2. Unavailability of water throughout the year
3. Lack of adequate labour force during the harvesting seasons.
4. Crop damage by wild animals and unfavourable climatic conditions.
5. Lack of proper communications facilities within Mahaweli Areas, particularly in Systems B and C, where plenty of other resources are available for Enterprise Development (eg. land)
6. Transport difficulties from Mahaweli & Colombo and major Towns.
7. Difficulty in obtaining Agricultural inputs (eg. seeds) from Mahaweli Area.
8. Lack of adequate Cold Room facilities.
9. Space allotted to some enterprises is insufficient to meet requirements of the type handled by them.
10. Indifferent attitude of some Mahaweli officials and red tape.

### Suggestions for Improvement

Following are some suggestions given by entrepreneurs for improvement:

- (i) To improve infrastructure facilities in Mahaweli Areas further.
- (ii) To provide guns to protect crops from wild animals.
- (iii) BOI facilities should be extended to special projects in Mahaweli.
- (iv) Officials should have a positive attitude towards entrepreneurs.
- (v) To improve cold storage facilities for Entrepreneurs.

### Benefits to Local Population

Following are the main benefits to the local population.

- (a) Employment for dependants of settlers.
- (b) Purchasing of raw materials from Mahaweli Areas at reasonable rates for processing and distribution.

Opinion Survey on Investment Potential in Mahaweli Systems

**Category I a, b, c : Industries already established in Mahaweli.**

1. Name of the enterprise: .....
2. (i) Address: .....  
.....  
.....  
(ii) System: .....  
(iii) Block: .....  
(iv) Village/Town: .....
3. Type of Industry: .....  
.....  
.....  
.....
4. Year of Commencement: .....
5. What are the products manufactured:  
.....  
.....
6. Production Capacity: (per day/per month/per year)  
.....  
.....  
.....
7. Total Investment: .....  
Land: .....  
Building: .....  
Machinery: .....  
Other investments:.....  
.....  
.....
8. Technology used: .....  
.....  
.....

9. Number of employees : .....  
 (a) Permanent workers: .....  
 (b) Casual workers: .....  
 (c) Part time workers: .....
10. Rate of growth:           Initial           Present  
 (a) Growth of investment .....  
 (b) Number of workers .....  
 (c) Profitability .....
11. What benefits do the local population receive from your industry?  
 .....  
 .....  
 .....
12. What made you to start an industry in Mahaweli area?  
 .....  
 .....
13. (i) Did you receive incentives & co-operation of MASL for the start /growth of your industry?  
 .....  
 .....  
 .....
- (ii) If so, what are they?  
 .....  
 .....  
 .....
14. What are the difficulties you have experienced during the past years?  
 .....  
 .....  
 .....
15. What are the incentives you expect from Mahaweli for further expansion/improvement of your industry?  
 .....  
 .....  
 .....

**Opinion Survey on Investment Potential in Mahaweli Systems**

**Category I (d): Industries ready to move in to Mahaweli**

1. Name of the enterprise: .....
2. Address: .....  
.....  
.....
3. Name of the entrepreneur: .....
4. Type of Industry: .....
5. Types of new technologies you expect to use in the new industrial establishment?  
.....  
.....  
.....
6. Projected total investment: .....  
.....
7. Projected employment (employment in different categories)  
.....  
.....  
.....
8. What are the net benefits to local population?  
.....  
.....  
.....
9. Reasons for entering Mahaweli? (what made you enter the Mahaweli area)  
.....  
.....  
.....
10. What are the incentives you are going to receive?  
.....  
.....  
.....

11. What type of problems / difficulties do you expect in Mahaweli area?

.....  
.....  
.....

12. What are your suggestions to improve Mahaweli incentive package? (to attract more investors)

.....  
.....  
.....  
.....

**Category Ia**

<b>Name/Address</b>	<b>Project</b>	<b>Location</b>
1. Mr. S. Ravindranath Forbes Agricultural Services 46/38, Navam Mawatha, Colombo 02.	Agriculture	System C Girandurukotte
2. Mr. Visvakula Vanata Villuwa Vineyard Ltd., 441/1A, Raindal Gardens, Colombo 4.	Agriculture	System C Girandurukotte
3. Informatic Agrotec (Pvt) Ltd., 65, Walukarama Road Colombo 3.	Agriculture	System C Dehiattakandiya
4. Mr. A.A. Nimal Pemachandra No. 01 New Town Girandurukotte.	Agrochemical Sales Centre	System C Girandurukotte
5. Mr. Wickramanayaka Sunfrost (Pvt) Ltd. (Volanka) 74, Devaas Lane Colombo 14.	Agriculture	System B & C Dehiattakandiya
6. Star Silk Company c/o Aitken Spence No. 13, Sir Baron Jayatilaka Mw. Colombo 01.	Sericulture	Uda Walawe Muravasihena
7. C.W. Mackie & Co. Ltd. D.R. Wijewardena Mawatha Colombo 02	Rice Processing	System H Talawa
8. Saumya Rice Mills Tambuttegama Road Eppawala	Rice Processing	System H Eppawala

	<b>Name/Address</b>	<b>Project</b>	<b>Location</b>
9.	Sri Lanka Soya Project (Plenty Canada) Anuradhapura Road Madatugama	Soya Products	System H Madatugama
10.	Mr. Wimala Keerthi Mahaweli Rice Mills Complex, Lindawewa Nochchiyagama	Rice Processing	System H Nochchiyagama
11.	Shashini Rice Mills Jayamawatha Road Thambuttegama	Rice Processing	System H Thambuttegama
12.	Mr. J.A. Ratnapala Kalankuttiya, Galnewa	Rice Processing	System H Galnewa
13.	Mr. Jayarathna Jayarathna Rice Mills Kalankuttiya Galnewa.	Rice Processing	System H Galnewa
14.	Mr. A.L.M. Faheer Mohideen Rice Mills Andiyagala Road Madatugama	Rice Procesing	System H Madatugama
15.	Chinthaka Tailors Pallegama, Embilipitiya	Garments	Uda Walawe
16.	Samanala Industries 238/6, Moraketiya Embilipitiya	Bee Keeping Bee Boxes	Uda Walawe
17.	Nadeeka Mills Industries School Lane, Moraketiya Road, Embilipitiya	Engineering Shop	Uda Walawe
18.	Jayasri Welding Works 314, Moraketiya Embilipitiya	Engineering works	Uda Walawe

	<b>Name/Address</b>	<b>Project</b>	<b>Location</b>
19.	Dimutu Industries Moraketiya, Embilipitiya	Agricultural Equipment Manufacture.	Uda Walawe
20.	A.B.K. Malwathugoda Land Motor Engineers Industrial Park, Dehiattakandiya	Agricultural Equipment & Spare parts	System C
21.	R. Gunaratne Medagama, Dalukana	Rice Processing & Retail Shop	System B
22.	H.G. Piyasena Bimpokuna, Kashyapapura	Retail shop Transport Service.	System B
23.	Gunaratne M. Hewage Aralaganwila	Studio	System B

**Category Ib**

	<b>Name/Address</b>	<b>Project</b>	<b>Location</b>
1.	Mr. B.M.P. Jayasekera No. 15 Bambalapitiya Ter. Colombo 04.	Agriculture	System B Ellewewa
2.	Mr. P.G.M.W. Silva and Co. Denvonal Export Company 87, Nugaña Road, Katunayake	Agriculture	System B Ellewewa
3	Mr. P.W. Kavikara Kavikara Brothers 31, St. John Road Colombo 11.	Cultivation of Ayurvedic Herbs	System B Dimbuiagala
4.	Mr. A.M.B. Amunugama 'Nashfa farm' 1/4, De Zoysa Mawatha Mount Lavinia	Agriculture	System B Ellewewa
5.	Mr. V. Namacika Ameen Enterprises 511, Prince of Wales Ave. Colombo 14.	Agriculture	System B Ellewewa
6.	Mr G.K. Pathirana P.S.G. Enterprises 16/43, Wijepura Pinhena - Pannipitiya.	Agriculture	System B Ellewewa
7.	Mr. Jayalath Jayawardena Jayalath Group 26 B, Summit Flats Jawatta - Colombo 5.	Agriculture	System B Pelatiyawa
8.	Mr. H.R. Wijesooriya 34/4, De Saram Road Mount Lavinia	Agriculture	System B Ellewewa

	<b>Name/Address</b>	<b>Project</b>	<b>Location</b>
9.	Mr. Mohan Ratwatte Aitken Spence Agricultural Development (Pvt) Ltd., 13, Sir Baron Jayathilaka Mw. Colombo 1.	Agriculture	Uda Walawe Kuttigala
10.	Mr. H.A.K. Soysa Kapila Enterprises 213, Walkers Building Colombo 3.	Agriculture	System B Kalukele
11.	Sirilight Industries Thambuttegama	Agricultural Equipment	System H Thambuttegama
12.	Ranasinghe Furnitures 39, Kurunegala Road Thambuttegama	Furniture	System H
13.	Sirilak Engineers 395, Puttalam Road Nochchiyagama	Engineering	System H
14.	Farinas Glass Centre Puttalam Road Nochchiyagama	Glass/Plastic Business	System H
15.	D.K.L. Jayasuriya Lakshika Industries Nochchiyagama	Agricultural Equipment	System H
16.	Fanka Confectionery Wasantha Kumara Ankumbura Pahala Siyambalawa Eppawala.	Sweets	System H
17.	Wilbert Perera Isuru Concrete works Industrial Park Thambuttegama	Concrete works	System H

	<b>Name/Address</b>	<b>Project</b>	<b>Location</b>
18.	Mahaweli Agromech Thambuttegama	Agricultural Equipment	System H
19.	E.P. Dharmasena D.S. Senanayake Mw.	Irrigation Rehabilitation	Udawalawe
20.	Tristar Garment Girandurukotte	Garments	System C
21.	H.M. Wijeratne Kahatawela Rasheek Food Products Bakmeedeniya Dehiattakandiya	Food Products	System C

## **CATEGORY I-c**

### **Existing local entrepreneurs / mudalalis**

	<b>Name / Address</b>	<b>Project</b>
1.	Proboda Garments Tibbotuwewa, Kekirawa	Garments
2.	K.M. Ekanayake Ratnamali Rice Mill Tambuttegama Road, Eppawala	Rice Processing
3.	K.W. Siriwardana Siriwardana Rice Mill, Kekirawa Road, Thalawa	Rice Processing
4.	Jayarathne Workshop Bulnewa, Galnewa	Engineering Workshop
5.	R.M.P. Ratnayaka No. 3, Bakmedeniya	Retail/Wholesale Business
6.	M.R.W. Rajapakse Wickramasinghe, Wickrama Stores, Bathalayaya, Aluttarama, Mahiyangana	Rice Processing
7.	K. Newton 15, Ranwan Hotel, Girandurukotte	Hotel
8.	J.M. Gunaratne 227, Diulapalassa Mahiyangana	Rice Processing Transport service & Retailshop
9.	W.P. Sunil Chamara Gems, Pallegama, Embilipitiya	Gem Cutting & Polishing

	<b>Name / Address</b>	<b>Project</b>
10.	Chaturi Engineering Workshop Weeragaha Junction 99, Old Road Ganegoda Embilipitiya	Engineering Work
11.	Walaswela Rice Mill Awkana, Galehewa	Rice Processing
12.	Rajangane Welding Works Puttalam Road Nochchiyagama	Engineering
13.	G.B. Ekanayake No. 14, Sandunpura	Bakery
14.	Lalani Motors Aralaganwila	Motor spare parts & Transport

**Category Id**

	<b>Name/Address</b>	<b>Project</b>	<b>Location Interested</b>
1.	Ellewala Group Dambewatuna Galkiriyagama	Fruit & Vegetable Cultivation	System H, Galkiriyagama
2.	Management Serv. (Pvt) Ltd., 207/2, Dharmapala Mw., Colombo 7.	Vegetable Cultivation	System B, Welikanda
3.	Agri Lanka Limited 357, R.A. de Mel Mw. Colombo 3	Banana & Vegetable Export Market	Uda Walawe, Binkama
4.	Joozar Jayabally & Company, Peoples' Part Shopping Complex, Colombo 11	Textile Weaving	System B
5.	C.W. Mackie & Co. Thalawa	Citronella & Tropical fruits for export	System B
6.	Nikado Company Bandarawatta, Kadawatha	Pappadam	System H

Table 1 - Distribution Of Enterprises By Category & Section

Sector	Category	EIED Sponsored	MASL Sponsored	Existing Locals	Ready & Move Into	Total
1.	Agriculture	5	10	-	4	19
2.	Garments/Wearing	1	1	1	1	4
3.	Food Processing	8	3	8	1	20
4.	Engineering	4	7	3	-	14
5.	Services	4	-	2	-	6
6.	Others	1	3	-	-	4
Total		23	21	14	6	64

Table 2 - Enterprises By No Of Years Established

No of years	Category	EIED Sponsored	MASL Sponsored	Existing Locals	Total
< 1		1	2	2	5
1		2	5	2	9
2		2	3	-	5
3		5	2	2	9
4		3	5	-	8
5		-	-	1	1
> 5		10	4	7	22
Total		23	21	14	59

Table 3 - Total Investment By Category & Sector

Category	EIED Sponsored	MASL Sponsored	Local Enterprises	Ready & Move Into Mahaweli	Total
1. Agriculture	49,000,000	30,300,000	-	3740000	83040000
2. Garments/Wearing	350,000	25,000,000	33000000	2000000	60350000
3. Food Processing	19,300,000	650,000	6,500,000	1,300,000	27,750000
4. Engineering	1,100,000	5,800,000	1,450,000	-	8,350,000
5. Services	6,300,000	-	1,900,000	-	8,200,000
6. Others	150,000	15,900,000	200,000	-	16,250,000
Total	76,200,000	77,650,000	450,50,000	7,040,000	205,940,000

Table 4 - New Technology used

Category	EIED Sponsored	MASL Sponsored	Local Enterprises
1. Agriculture	3	2	-
2. Garments/Wearing	1	1	1
3. Food Processing	7	1	3
4. Engineering	4	3	2
5. Services	-	-	1
6. Others	-	1	-
Total	15	8	7

Table 5 - Present Employment

Sector	EIED		MASL		Local Ent.		Total	%
	No	%	No	%	No	%		
1. Agriculture	358	56	285	31	-	-	643	29
2. Garments/Wearing	7	1	292	32	520	82	819	38
3. Food Processing	204	32	33	4	52	8	289	13
4. Engineering	25	4	81	9	40	6	146	7
5. Services	36	6	-	-	25	4	61	3
6. Others	4	1	214	24	-	-	218	10
<b>Total</b>	<b>634</b>	<b>100</b>	<b>905</b>	<b>100</b>	<b>637</b>	<b>100</b>	<b>2176</b>	<b>100</b>

Table 6 - Reasons for entering Mahaweli

Sector	EIED Spon.		MASL Spon.		Local Ent.		Redy To Move		Total
	No	%	No	%	No	%	No	%	
1. Agriculture	6	26	7	33	-	-	1	10	14
2. Resources	7	30	8	38	9	64	4	90	28
3. Market/Demand	5	22	5	24	2	14	-	-	12
4. Financial support	1	4.5	1	5	-	-	-	-	2
5. Consultancy	1	4.5	-	-	2	1	-	-	4
6. Others	3	13	-	-	1	7	-	-	4
<b>Total</b>	<b>23</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>14</b>	<b>100</b>	<b>5</b>	<b>100</b>	<b>64</b>

Table 7 - Incentive package received

Category	EIED Sponsored	MASL Sponsored	Existing Locals	Total
1. Land/Building	16	15	8	39
2. Finance	9	6	4	19
3. Consultancy	4	1	2	7
4. Machinery	-	1	-	1
5. Training	-	1	-	1

## Category II - Industries which were Established and wound up Operations.

An opinion survey was conducted on enterprises which were established in Mahaweli systems and wound up their operations subsequently. The objective of this survey was to,

- (a) identify the type of industries which wound up operations
- (b) identify the main constraints
- (c) introduce remedial measures to revive them.

Five entrepreneurs were interviewed who were in the above mentioned category. Although it was planned to interview ten entrepreneurs at the very outset, due to non availability of information on Enterprises in this category it was limited to five enterprises.

All the entrepreneurs interviewed by Teams fell into the category of agriculture. The problems and constraints faced by the sample were very similar- viz.

- (i) Economic constraints have led to the failure of almost all the industries in the sample. The cost involved in land preparation had been a common problem to every one. They found manual land preparation to be time consuming and not cost-effective but they are unable to resort to mechanical land preparation due to lack of capital.
- (ii) The best alternative to overcome this problem is to raise a loan from a bank or any other financial institution. In this respect too these entrepreneurs were severely handicapped as they did not possess the legal ownership of the land under reference.
- (iii) There were some instances that due to this lack of legitimate ownership of land, encroachers have settled in some blocks of land proposed for cultivation.

In a situation like this, even after repeated requests Mahaweli officers have not been of help to these entrepreneurs.

- (iv) Almost all the entrepreneurs who came within the sample complained of the problem of wild elephants who damaged their crops.

In this context too Mahaweli authorities have failed to provide them with workable alternatives. Although dry zone farmers are experienced in tackling other wild animals who cause damage to their cultivation, they were helpless when elephants were on the rampage.

- (v) Terrorist activity in the North and East of the island was also identified as a contributory factor that led to the closure of their enterprises.

### **Recommendations**

1. Steps should be immediately taken to give the legal ownership of land to these entrepreneurs. The problem of raising loans will also be reduced to a great extent when the legal ownership of land is provided. Even the problem of encroachers will be solved to some extent when the land title is secured.
2. The problem of wild elephants should be solved in close collaboration with the Wild Life Department by the Mahaweli Authorities.
3. The problem of terrorism could be mitigated to some extent by introducing additional security points around the area along with frequent mobile patrolling.

**Opinion Survey on Investment Potential in Mahaweli Systems**

**Category II: Industries which were Established and wound up Operations.**

1. Name of the enterprise: .....
2. Name & address of the entrepreneur:  
.....  
.....  
.....
3. Type of industry:  
.....  
.....  
.....
4. Special technologies used:  
.....  
.....  
.....
5. What made you to go into Mahaweli area?  
.....  
.....  
.....
6. What are the incentives received by you?  
.....  
.....  
.....
7. Date of establishment: .....
8. Date of winding up: .....
9. What made you wind up operations?  
.....  
.....  
.....
10. What were the difficulties you experienced?  
.....  
.....  
.....

11. Have you re-located the industry somewhere else?  
.....  
.....  
.....

12. What are the advantages of the present location?  
.....  
.....  
.....

13. Are you expecting to restart your industry at Mahaweli?  
.....  
.....  
.....

14. If so what are the incentives you expect from Mahaweli?  
.....  
.....  
.....

## Category II

### Industries which were Established but Wound up Operation

<b>Name &amp; Address</b>	<b>Project</b>	<b>Location</b>
1. W.A. Walter Perera Rajarata Agricultural Enterprises 136/29, Maha Vidyala Mw., Colombo 13.	Agriculture	System B
2. C.I. Karunaratne, 48/2, Baddegana Rd., 1st Lane Pitakotte	Agriculture	System C Batalayaya
3. W.W. Ranaweera, 419, Samagi Mw., Udahamulla	Agriculture	System H Aukana
4. J. Radampala, No. 10 Dileniya Rd., Colombo 8	Agriculture	System B Aralaganwila
5. Nayan Farook, 7, Galle Face Terrace, Colombo 3	Agriculture	Uda Walawe Embilipitiya

### Category III - Industries which Showed Interest in Mahaweli but did not Pursue their Interest

The objective of this opinion survey is to identify the impediments to invest in Mahaweli areas and what further incentives are necessary to make the Mahaweli incentive package more attractive for investment.

Although originally it was planned to interview 30 entrepreneurs who fall within the above category, due to non availability of information finally it was limited to 10 entrepreneurs. In view of the similarity of the responses given by entrepreneurs, this limitation could not be considered as a major constraint.

Out of the sample consisting of ten entrepreneurs, nine wanted to start large and medium scale agricultural ventures. Only one in the sample wanted to open up a motor-spares sales outlet.

The entrepreneur who wanted to open a motor spares sales outlet had given up as he failed to find a central spot for his business. He was totally unaware of the Mahaweli incentive package.

The balance nine entrepreneurs wanted to invest in the field of agriculture. Two of them wanted to take to large scale Gerkhin cultivation. Almost all of them had anticipated similar type of difficulties which would hinder their entrepreneurship viz.

- (i) The entire sample was highly concerned about the socio-political unrest prevailing in the north and east. The major set-back which prevented them from establishing a business venture in Mahaweli is this factor of insecurity, specially in system B.

One could reasonably understand this situation in view of the recurrent violence that had occurred in this area over the years.

- (ii) About 80% of the sample was totally unaware of the Mahaweli incentive package. Had this been known to them, it could have created a different attitude in their minds about venturing into the Mahaweli business community.

## **Recommendations**

- (1) Security measures have to be strengthened in Mahaweli area to create a healthy business environment. However past experience makes people hesitant in deciding to move to Mahaweli for business activity. Viewing this issue in today's context, there is very little the Mahaweli authorities could do regarding this problem, which has to be solved at the national level. Even though the terrorist problem is confined to certain Mahaweli areas, outsiders are hesitant to invest in Mahaweli assuming that all Mahaweli areas are affected by terrorist problems. This attitude can be minimised by giving publicity using mass media.
- (2) Mahaweli authorities should give serious thought to popularize the incentive package made available to entrepreneurs.

Modern scientific mass media such as TV, Radio and press, could be utilised to give more publicity to the incentive package which is still not well known among the business community.

**Opinion Survey on Investment Potential in Mahaweli Systems**

**Category III: Industries which showed Interest in Mahaweli but did not Pursue their Interest**

1. Name and address of the entrepreneur:  
.....  
.....  
.....
  
2. a) In which areas are you willing to locate your industry:  
.....  
.....  
.....  
  
b) Reasons for that:  
.....  
.....  
.....
  
3. Type of the intended industry:  
.....  
.....  
.....
  
4. Did you expect to use any special technology?  
(if so, details of it)  
.....  
.....  
.....
  
5. Why haven't you taken a decision so far to start an industry in Mahaweli areas?  
.....  
.....  
.....

6. If the intended industry (to be located in Mahaweli areas) is located somewhere else at present what are the advantages/disadvantages of present location:

Advantages

Disadvantages

.....  
.....  
.....

7. If you think the incentives given by Mahaweli authority is not adequate, what else should be included in the incentive package?

.....  
.....  
.....

### Category III

#### Enterprises which Showed Interest in Mahaweli but did not Pursue their Interest

Name & Address	Location (interested)
1. D.S.P. Divitotawela 77/7, Woodland Mw., Kalubowila, Dehiwala	System C Girandurukotte
2. A. Jayasundera, No. 25, Kirula Rd., Colombo 5	System G Eiahera
3. Mahinda Perera, 25, Pamankada Rd., Colombo 6	System H Thambuttegama
4. S.W.P. Mahanama Hewa, 202, Hill Street Dehiwala	System B Welioya
5. Ariyadasa Liyanage, Ariya Construction, 552, Godella St., Mulleriyawa New Town Angoda	System C Girandurukotte
6. M. B. Wijewardena, No. 15, Kalubowila, Dehiwala	System B Ellewewa
7. Ashoka Mutunaike, Muthumali Motors Ambalantota	Uda Walawe
8. AGRITEAMS (Pvt) Ltd., P.O. Box 262, Colombo.	System B Ellewewa

#### **Category IV - Industrial Establishments in Colombo and Main Regional Centres**

Eighty established industries in this category were surveyed using a one-shot questionnaire as the data collecting instrument. The sample was distributed in Colombo and the main regional centres.

#### **Type**

Table I gives the type of industry and number employed by District.

The main sectors covered by the survey are Garments (27.3%), Food Manufacturing (21.4%), Chemical Products (10.8%) and Canning & Preservation of Food (7.6%).

#### **Employment**

The total number of employees by type of employment and district is given in Table 2. The percentage of permanent employees is high (84.3%) while casual employees form 7.6% and Part-time employees 8.1%.

#### **Markets (Local & Foreign)**

The majority of firms (64) are market leaders with over 75% of the local market, while 4 firms have an assured market of 50-75%, another 4 firms have 25-50% and 8 firms have less than 25% of the market (Vide Table 3).

The position is not so strong where the export market is concerned. Only 15 industries have a market share over 75% while the majority (64) have less than 25% of the market.

#### **Special Technology** (Table 4)

Half the firms surveyed use new machinery, while 28% are dependent on human skills only and 18% are partly mechanised.

#### **Foreign Collaboration**

It is seen from Table 5 that the large majority of enterprises sampled (91%) have no plans for foreign collaboration. Only 7 enterprises 2 each in Gampaha, Matara and Kalutara and one in Kandy have indicated foreign collaboration.

### **Awareness of Mahaweli Incentive Package**

The majority of enterprises (82.5%) were not aware of the Mahaweli Incentive Package. The highest level of awareness was in Gampaha (45%) and Colombo (40%). In Kurunegala and Kegalle there was 100% unawareness. (Table 6).

### **Willingness to Invest**

There was a willingness to invest in the Mahaweli among 81% of the sample (Table 7). The percentage unwilling to invest was high in Kalutara (70%) and Colombo (60%).

### **Plans for Expansion**

Over 96% of the firms had plans for expansion indicating the dynamism in economic growth and a healthy climate for investment (Table 8). Of these 55% were planning to expand in the present location while 31% were planning to venture into new areas. It is this segment which can be persuaded to invest in the Mahaweli areas by providing proper incentives.

### **Incentives**

Table 9 gives the percentage responses to a package of incentives listed in the questionnaire.

Monetary incentives received the highest rating (65%) while Land (56%), Buildings (48%), Electricity (46%) and Marketing facilities (43%) were next in order of importance. Surprisingly new machinery (6%), skilled employees (13%) and transport facilities-good roads etc. (16%) appeared to have less priority for potential investors.

### **Investment**

The number of enterprises by range of investment is given in Table 10. Over 57% of the enterprise have an investment of less than Rs.2 million while 14% have an investment of Rs.2 - Rs.3 million. Another 12.5% have invested from Rs.3 - Rs.6 million, while 8.8% have an investment of Rs.6 - Rs.10 million and 3.8% have invested over Rs.10 million.

The correlation between investment and employment is given in Table 11.

### **No. of Years of establishment** (Table 12)

About 50% of industries surveyed were established between the years 1981-1990, when the governments open economic policies were fully operative.

## Summary & Recommendations

- (1) The majority of established firms surveyed had plans for further expansion and showed a willingness to invest in the Mahaweli.
- (2) On the other hand 82.5% were not aware of the incentives offered by the MASL, showing a severe communication gap.  
  
It is up to MASL to take the initiative to publicise their incentive package through the mass media as well as through special regional seminars targeted for industrialists.
- (3) The financial package offered by MASL should be reviewed in the light of the degree of attractiveness experienced by these potential investors.
- (4) Financial incentives in the form of tax concessions, soft loans and duty-free imports of machinery appear to be the most attractive incentive from the point of view of the industrialist.
- (5) Land, Buildings, Electricity and Marketing facilities are the other priority areas which have to be taken into consideration.
- (6) Although most of the industries have established local market leadership, very few have developed the export market. Opportunities, facilities and incentives for exporting products and foreign collaboration should be provided by MASL.

**Opinion Survey on Investment Potential in Mahaweli Systems**

**Category IV: Industrial establishments in Colombo and main regional centres**

1. Name of the enterprise: .....
2. Location
  - 2.1 Address: .....
  - 2.2 District: .....
  - 2.3 AGA Division: .....
  - 2.4 Grama Niladari Division: .....
  - 2.5 Village / Town: .....
3. Type of industry:  
.....  
.....  
.....
4. Year of Commencement: .....
5. Nature of the product/products:  
.....  
.....  
.....
6. Production capacity (per day/ per month/ per year)  
.....  
.....  
.....
7. Number of employees: .....
  - (a) Permanent: .....
  - (b) Casual: .....
  - (c) Part-time: .....
8. Investment:  
.....  
.....  
.....

9. Is there any special technology used in your industry:  
.....  
.....  
.....
10. Market for your product                      percentage  
(i) Local market:                      .....  
(ii) Foreign market:                      .....
11. Is this an industry with foreign collaboration:  
(if so give details)  
.....  
.....  
.....
12. Are you expecting to extend your industry?  
Yes/ No
13. If so whereabouts:  
(i) at present location: .....  
(ii) at another location in the same area: .....  
(iii) at some other area: .....
14. What are the products/ services you are expecting to generate in the new project:  
.....  
.....  
.....
15. Are you aware of the incentives given by Mahaweli Authority to start industries in Mahaweli areas?  
.....  
.....  
.....
16. Are you willing to invest in the Mahaweli area?  
.....  
.....  
.....

17. If you are willing to invest in Mahaweli areas, what facilities/incentives do you expect:
- (a) Financial facilities:
  - (b) Marketing facilities:
  - (c) New technologies:
  - (d) Consultancy services:
  - (e) Other facilities (Name them):
- .....
- .....
- .....

18. Name & address of the owner:
- Name: .....
- Address: .....
- .....
- .....

Category IV

(A). Gampaha District

Name/Address	Product
1. Suboda Apparel (PVT) Ltd. 562. Bandarawatta Kadawatha	Garment
2. Citizen (PVT) Ltd. Sooriyapaluwa, Kadawatha	Twine
3. Chandima Industries Ganemulla Road Kadawatha	Batik
4. Armstrong Products Gonahena Junction, Kandy Road, Ranmuthugala Kadawatha.	Concrete Products
5. Nikado Trading Company 644, Bandarawatta Kadawatha	Food Products
6. Contriestyle Food (pvt) Ltd Kirimatiyagara, Kadawatha	Fruit Drinks (SMAK)
7. Set Apparels Pahala Karagahamulla Kadawatha	Garments
8. Imperial Garments, 179/4 Ragama Road, Kadawatha	Garments
9. Senaka Industries 224, Colombo Road Gampaha	Welding Works
10. J.C.J Industries 373/1, Kandaliyadda Paluwa, Ganemulla	Araliya Jossticks
11. Dias & Dize Company, Mabola, Wattala	Concrete block making, Rice milling

**(B) Kalutara District**

	<b>Name/Address</b>	<b>Product</b>
1.	Omega Knitwear (pvt) Ltd Industrial Estate- Horana	Garments
2.	M.D Apparel Ariyavila Road Horana	Garments
3.	Global Surgical Products (Pvt) Limited	Bandage Products
4.	Sugata Rasayanagaraya 138/5, Anguruwatota Road Horana	Auyrwedic Products
5.	Nagoda Motor Care Nagoda Kalutara	Service Station
6.	Lalani Engineers 1A, Industrial Estate Horana	Engineering work shop
7.	New Nonis Bakery & Restaurant Galle Road, Buthgama	Bakery Products
8.	W.N. Mendis & Company Ltd Galle Road, Alutgama	Distillery Alcohol
9.	Laxmi & Priyani Furniture House Nagoda, Kalutara	Furniture
10.	Rio Industries (pvt) Ltd Hospital Road Nagoda, Kalutara	Iron Products

(c) Matara District

	<b>Name/Address</b>	<b>Product</b>
1.	D.K.W. (Pvt) Ltd Company Dharmapala Mawatha, Matara	Vehicle Repair
2.	Steewan Food Products Kotuwegoda-Matara	Food Products
3.	Varuna Garments 72, Matara Road, Akuesssa	Garments
4.	Jayasekera & Sons Tihagoda, Yatiyana	Tile Products
5.	D.A Odiris Silva & Sons Matara	Coconut Oil
6.	Harischandra Mills, Dalkanda Road, Matara	Food Products Soap & Oil
7.	Sumith Furniture Palace Hakmana Road, Madugala	Furniture
8.	Moonlight Batik Industries Nilmini Mawatha, Udukawala Denipitiya	Batik
9.	Silicon Coating (Pvt) Ltd Walgama, Matara	Emulsion Ink Products
10.	Vishva Industries Izadeen Town, Matara	Welding and Lathe Work

**(D) Kandy District**

	<b>Name/Address</b>	<b>Product</b>
1.	The New Chandrasiri Welding Works 346, Katugastota Road Kandy	Welding Works
2.	Swarna Industries (pvt) Ltd 16, Kalugala Road, Katugastota	Agro,Sports,Musical Instruments
3.	Kandy Auto Cycle Work 20, Kumara Weediya Kandy	Automobile
4.	I.B Ratnayaka & Sons Kolongahawatta, Kandy	Rice Products
5.	Crisco Sweet Industries Nattaranpota, Kundasale	Sweet Products
6.	Galaxies Industrial Enterprises Arangala, Nattaranpota	Match Boxes
7.	Mahaweli Canneries Galmaduwa Road, Kandy	Jam, Cordial & Cake Products
8.	Elephant Brand Pappadam Company 3 B, Nattaranpota,Kundasale	Pappadam Products
9.	Lumicone Industries 19, Katugastota Road Kandy	Electrical Items & Metal Works
10.	Sooriya Industries Nattaranpota, Kundasale	Match Boxes

(E) Galle District

	<b>Name/Address</b>	<b>Product</b>
1.	Siripala Printers 14, Pettigalawatta, Cross Road Galle	Printers
2.	Hastagiri Tea Factory Niyagama, Thalagaswala	Tea Factory
3.	Carsons Agro Service Igalkanda, Elpitiya	Rubber Factory
4.	Miriswatta Tea Factory Miriswatta, Kahaduwa	Tea Factory
5.	Crepe Rubber Factory Thalagaswilawatta, Thalagaswala	Rubber Factory
6.	Readywear Garments Batapola Road, Kurundugaha, Elipitiya	Garments
7.	Sunil Motors 103, Wakwella Road Galle	Welding & Lathe Work
8.	Viscam Concrete Products Pituwala Road, Elpitiya	Concrete Products
9.	Hameed Rubber & Oil Mills Nugaduwa, Galle	Rubber Factory & Oil Factory
10.	Super Light Enterprises Nugaduwa, Galle	Wood Products (Timber Works)
11.	Melco Products (Pvt) Ltd Ganegoda Talagaha Junction Akmeemana	Fruit Drinks & Yoghurt
12.	Battepola Coir Mills Nugaduwa Galle	Coir Products

	<b>Name/Address</b>	<b>Product</b>
13.	Idunil Products Edirisinghe Road, Kitulampitiya	Yoghurt Products
14.	Imperial Hotel & Bakery Opposite Bus Stand, Galle	Food Products

(F) Colombo District

	<b>Name/Address</b>	<b>Product</b>
1.	Nimal Attanayaka Dhawalasingharama Road, Modera-Mattakkuliya	Tin Products
2.	Matson Furniture 84/2 Korawella, Moratuwa	Furniture
3.	B. Lorence Mendis 10, Katukurunda, Moratuwa	Contractor
4.	Henricus Fernando 241, Kaldamulla, Moratuwa	Food Industry
5.	Mr. Crisantha Fernando 437, Gall Road, Ratmalana	Bakery Products

(G) Kurunegala District

	<b>Name/Address</b>	<b>Product</b>
1.	Lanka Poly Plastic Industries 19, Shanthana Veediya, Kurunegala	Polythene Products
2.	Supiri Concrete Work Katupitiya Road, Dambokka, Kurunegala	Concrete Works
3.	Nimalsiri Industries Industrial Zone, Pannala.	Mattresses
4.	Wijaya Timber Works Wijaya Furniture, 395, Colombo Road, Wehara - Kurunegala	Timber & Furniture
5.	M.K.J Premaratne Prince Tailors, 79, Main Street, Kurunegala	Garments
6.	Liberty Plaza 82, Main Street, Kurunegala	Garments
7.	Selin Exports Wanduragala, Kurunegala	Handloom Products
8.	Atula Cooray (Pvt) Ltd Dambulla Road, Kurunegala	Furniture & Steel Furniture
9.	A.E. Jayasuriya Udeni Furniture, Dambulla Road, Kurunegala	Furniture & Steel Furniture
10.	Asitha Gunasekara Boyagana Apparels Boyagana-Kurunegala	Garments

(II) Kegalle District

	<b>Name/Address</b>	<b>Product</b>
1.	Lakmini (Pvt) Ltd Buruluppa-Hettimulla	Plywood Products
2.	Ayurveda Products 91, Yattagoda, Galigamuwa	Ayurvedic Products
3.	Hameed & Sons 36, Mirihalla Road, Kegalle	Food Products
4.	Central Suppliers & Construction 17, Herbert Fernando Mawatha, Kegalle	Concrete Products
5.	Chitrananda Stores 38, Main Street, Rambukkana	Rice Mills
6.	Samarasinghe Group 80, Kegalle Road, Rambukkana	Garments Coconut Oil, Tiles
7.	Smart Garments Ukwatta Paragammana, Kegalle	Garments
8.	Chaminda Garments 41, Dinudugama, Paragammana, Kegalle	Garments
9.	Velta Products & Distributors Industrial Zone Ballapane Galigamuwa Town	Fruit drinks
10.	Thilak Tile Works Gangoda Baddewala Rambukkana	Tiles & Hume Pipes

Table 1: Number of Employees by Sector and District

District Type	Gampaha No	Kandy No	Matara No	Kalutara No	Kegalla No	Kurunegale No	Galle No	Colombo No	Total No	%
1. Food Manufacturing	265	70	850	-	140		100	-	1425	21.4
2. Canning/fruits/veg.	450	25			10		23		508	7.6
3. Grain Mill.-Products		35			18				53	0.8
4. Bakery Products				28			12		40	0.6
5. Beverage Industry								50	50	0.8
6. Spinning/Weaving/Text.				150		25			175	2.6
7. Garments	480	-	24	550	49	186	525	-	1814	27.3
8. Rope/Twine	65	-	-	-	-	-	6		71	1.1
9. Shoes			40		35				75	1.1
10. Leather Goods									-	-
11. Wood and Wood Prod:		100	35	25	150	30	50	55	445	6.7
12. Containers/Boxes									-	-
13. Printing							7		7	0.1
14. Paints			50						50	0.8
15. Drugs/Medicines				133	5				138	2.1
16. Soap/Cosmetics									-	-
17. Chemical Prod. NES		700				18			718	10.8
18. Rubber Products						30	314		344	5.2
19. Plastic Products									-	-
20. Iron and Steel Basic Industry	10	68	24	73		109	7	26	317	4.8
21. Other Manuf. Indus.	7	20							27	0.4
22. Printing/Clothes/Batiks			50				38		136	2.0
23. Concrete work/Cement prod.	45				8	28			81	1.2
24. Electrical Goods									-	-
25. Services/Engine repair			23	30					53	0.8
26. Tiles			103		23				126	1.8
	1370	1018	1199	989	438	426	1087	131	6653	100.0

**Table 2: No of Employees by Type and by Districts**

Type District	Permanent	Casual	Part-time	Total	%
Gampaha	1305	38	27	1370	20.6
Kandy	953	45	20	1018	15.3
Matara	869	97	233	1199	18.0
Kalutara	792	121	76	989	14.9
Kegalle	354	43	41	438	6.6
Kurunegala	355	35	36	426	6.4
Galle	872	116	94	1082	16.2
Colombo	109	13	9	131	2.0
<b>Total</b>	<b>5609</b>	<b>508</b>	<b>536</b>	<b>6653</b>	
<b>%</b>	<b>84.3</b>	<b>7.6</b>	<b>8.1</b>	<b>100.0</b>	<b>100.0</b>

**Table 3: Distribution of Enterprises by Investments/ Employees and Districts**

District	No	Investment Rs.	Employees
Gampaha	11	18,500,000	1370
Kandy	10	10,650,000	1018
Matara	10	42,650,000	1199
Kalutara	10	17,900,000	989
Kegalle	10	13,900,000	438
Kurunegala	10	18,800,000	426
Galle	14	35,600,000	1082
Colombo	5	8,450,000	131
<b>Total</b>	<b>80</b>	<b>166,450,000</b>	<b>6653</b>

Table 4: No of Industries by District & Share of Market

Percentage of Market District	Local				Foreign				Total No
	% 0-25 No	% 26-55 No	% 56-75 No	% 76-100 No	% 0-25 No	% 26-55 No	% 56-75 NO	% 76-100 No	
	Gampaha	3	1	1	6	6			
Kandy	-	-	-	10	10			0	10
Matara	-	-	-	10	10			0	10
Kalutara	2	1	1	6	7			3	10
Kegalle	-	-	-	10	10			0	10
Kurunegala	1	1	1	7	7	1		2	10
Galle	2	1	1	10	9			5	14
Colombo	-	-	-	5	5			0	5
Number	8	4	4	64	64	1	-	15	80

**Table 5: No of Enterprises by Type of Technology & Districts**

District	Technology				Total
	Human Skills Only	Partly Machinery	New Machinery Only	Not any Special Tech.	
Gampaha	2	1	8	0	11
Kandy	2	6	2	0	10
Matara	4	1	5	0	10
Kalutara	3	1	4	2	10
Kegalle	6	3	1	0	10
Kurunegala	3	-	7	-	10
Galle	2	2	9	1	14
Colombo	-	1	4	-	5
<b>Total</b>	<b>22</b>	<b>15</b>	<b>40</b>	<b>3</b>	<b>80</b>
<b>%</b>	<b>28.0</b>	<b>18.0</b>	<b>50.0</b>	<b>4.0</b>	<b>100</b>

**Table 6: No of Enterprises by Foreign Collaboration and District**

Collaboration District	Total		
		No	Yes
Gampaha	11	9	2
Kandy	10	9	1
Matara	10	8	2
Kalutara	10	8	2
Kegalle	10	10	0
Kurunegala	10	10	0
Galle	14	14	0
Colombo	5	5	0
<b>Total</b>	<b>80</b>	<b>73</b>	<b>7</b>
<b>Percentage</b>	<b>100</b>	<b>91</b>	<b>9</b>

**Table 7: No of Enterprises by Awareness of Mahaweli Incentive Package & District**

District	Aware	%	No. aware	%	Total
Gampaha	05	45	06	54	11
Kandy	01	10	09	90	10
Matara	01	10	09	90	10
Kalutara	02	20	08	80	10
Kegalle	00	-	10	100	10
Kurunegala	00	0	10	100	10
Galle	03	21	11	79	14
Colombo	02	40	03	60	5
Total	14		66		80
	17.5		82.5		100.0

**Table 8: No of Enterprises by Willingness to Invest in Mahaweli & District**

District	Willing		Un Willing		Total
	No	%	No	%	
Gampaha	10	91	1	9	11
Kandy	9	90	1	10	10
Matara	9	90	1	10	10
Kalutara	3	30	7	70	10
Kegalle	10	100	0	-	10
Kurunegala	10	100	0	-	10
Galle	12	86	2	14	14
Colombo	2	40	3	60	05
Total	65		15		80
	81%		19%		100%

**Table 9: No of Enterprises by Plans for Expansion & District**

District	Yes Same Location	Yes Another Location Same area	Yes Out of area	Yes Total	No	Total No
Gampaha	8	-	2	10	1	11
Kandy	7	2	1	10	-	10
Matara	3	3	4	10	-	10
Kalutara	2	1	5	8	2	10
Kegalle	4	-	6	10	-	10
Kurunegala	6	1	3	10	-	10
Galle	13	-	1	14	-	14
Colombo	1	1	3	5	-	05
<b>Total</b>	<b>44</b>	<b>8</b>	<b>25</b>	<b>77</b>	<b>3</b>	<b>80</b>
<b>%</b>	<b>55.0</b>	<b>10.0</b>	<b>31.3</b>	<b>96.3</b>	<b>3.7</b>	

Table 10: No of Enterprises by Incentives which would be attractive to them

District	Number of units	Monet- ary	Market Facil.	New Tech.	Advis.	Land	Build.	Water	Elec.	Teleph.	Skill Empl.
Gampaha	11	6	7	2	3	4	1	2	5	0	3
Kandy	10	8	6	1	0	7	7	5	7	5	0
Matara	10	9	6	7	8	9	7	4	5	4	5
Kalutara	10	3	2	3	1	3	1	1	1	1	0
Kegalle	10	7	3	2	1	10	10	9	9	9	0
Kurunegala	10	8	6	2	2	8	8	7	9	3	2
Galle	14	11	4	8	5	4	4	1	1	0	0
Colombo	5	0	1	0	0	0	0	0	0	0	0
<b>Total</b>	<b>80</b>	<b>52</b>	<b>35</b>	<b>25</b>	<b>20</b>	<b>45</b>	<b>38</b>	<b>29</b>	<b>37</b>	<b>22</b>	<b>10</b>
<b>%</b>	<b>100</b>	<b>65%</b>	<b>43%</b>	<b>31%</b>	<b>25%</b>	<b>56%</b>	<b>48%</b>	<b>36%</b>	<b>46%</b>	<b>28%</b>	<b>13%</b>
<b>Rank</b>		<b>1</b>	<b>5</b>	<b>7</b>	<b>9</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>4</b>	<b>8</b>	<b>11</b>

**Table 11: No of Enterprises by Total Investment**

<b>Rupees</b>	<b>No.</b>	<b>%</b>
< 1 million	22	27.5
1 m - < 2 m	23	28.8
2 m - < 3 m	11	13.8
3 m - < 4 m	01	1.3
4 m - < 5 m	03	3.7
5 m - < 6 m	06	7.5
6 m - < 7 m	00	0.0
7 m - < 8 m	04	5.0
8 m - < 9 m	03	3.7
9 m - < 10 m	00	0.0
> 10 m	03	3.7
Unspecified	04	5.0
Total	80	100.0

Table 12: No of Enterprises by Year of Commencement & Sector

Year of Commencement Sector	Below 1945	1946 -1950	1951 -1955	1956 -1960	1961 -1965	1966 -1970	1971 -1975	1976 -1980	1981 -1985	1986 -1990	1991 to date	No Total
Food Manufacturing	1			1		1			3	1	1	8
Canning/ Fruits/Veg.								1	2	2		5
Grain Mill - Products						1		1				2
Bakery Products		1							1	1		3
Beverage Industry										1		1
Spinning/Weaving/Textiles									1	1		2
Wearing apparels							1		1	7	3	12
Rope - Twine		1								1		2
Shoes						1			1			2
Leather Goods												0
Wood and Wood Products			1	1		2		1	2	2		9
Containers/Boxes												0
Printing										1		1
Paints								1				1
Drugs/ Medicines						1	1			1		3
Soap Cosmetics												0
Chemical Prod. NES									1	1		2
Rubber Products							1		1		2	4
Plastic Products												0
Iron & Steel Basic Ind.		1		1		1		5		2		10
Other Manu. Indus.	1										1	2
Printing Cloth/Batik					1				1			2
Concr.work/Cement Prod.				1					2	2		5
Electrical Goods												0
Services/Engi. Repairs					1					1		2
Tiles		1							1			2
	2	4	1	4	2	7	3	10	16	24	7	80
%	2.5	5.0	1.2	5.0	2.5	8.8	3.7	12.5	20.0	30.0	8.0	1000

## Category V

### Chamber of Commerce and Industry

Opinion survey of ten key officials of Chambers was conducted to identify

- (i) main determinants of investment
- (ii) attitudes to investment environment in Mahaweli Area
- (iii) awareness of Mahaweli incentive package.

The sample of ten chambers of commerce was selected randomly and ten key officials of these respective chambers were interviewed.

### Main Determinants

Ten main determinants, thought to be fit enough to influence decision-making in business were given to the sample, to select them on the basis of importance.

1. Seven chambers have selected 'Demand' as a main determinant. There is no difficulty in understanding this response and the logic of their thinking as these organisations are meant for the promotion of business.
2. An equal number of chambers have also cited security as a main determinant in business. One can reasonably understand this position in view of the growing terrorism in the northern and eastern regions in Sri Lanka.
3. 50% of the sample have cited low cost labour and availability of raw materials as two main determinants in business decision-making. No doubt, in any business these are two key areas that have to be taken into consideration.
4. Four chambers of commerce have identified the availability of loan facilities as a key factor in decision-making in business. Provision of loan facilities plays an important role in the promotion of business and this factor cannot be underestimated by any yard stick.
5. Three chambers of commerce have given equal importance to the factors of infrastructure facilities and incentives.
6. One chamber has cited technical knowledge as an important factor. This appears to have low priority in business decisions according to these officials.

### **Incentive Package**

Nearly 50% of the sample were not fully aware about the details of the incentive package made available to the entrepreneurs by the Mahaweli authorities. Effective measures have to be taken immediately to give publicity to the 'incentive package' through mass media.

As an outcome of the survey the following factors have been identified as setbacks to promote business in the Mahaweli areas.

- (1) Poor transport and communication facilities
- (2) Health hazards
- (3) Unskilled labour
- (4) Limited mainly to agriculture
- (5) Too much red tape

### **Recommendations**

- (1) Steps should be taken immediately to give wide publicity to the Mahaweli incentive package made available to the entrepreneurs. This could easily be done through mass media under the guidance of a media expert.
- (2) A programme should be involved to train unskilled labour in marketable skills
- (3) Arrangements should be made to improve communication and transport facilities in consultation with the relevant departments.
- (4) Along with the respective line departments a collective effort has to be made to improve health conditions and security measures and also to reduce unnecessary red tape.
- (5) Steps have to be taken to diversify the business opportunities other than agriculture  
- a sample questionnaire is attached

**Chamber of Commerce & Industry**  
(Sample of 10 Key Officials)

1. Name
  2. Name and Address of the Chamber
  3. Post
  4. Contact Phone Number
  5. Period of Service at Chamber:
  6. Field of Specialisation:
  7. What are the main determinants of the entrepreneurs in making an investment decision?
- |  | (Number according to the priority) |
|--|------------------------------------|
| (a) Availability of raw materials  | ( )                                |
| (b) Distance to the market   | ( )                                |
| (c) Demand for the product   | ( )                                |
| (d) Infrastructure facilities<br>(road, water, electricity)                          | ( )                                |
| (e) Incentives   | ( )                                |
| (f) Distance to the work place<br>from entrepreneurs residence                       | ( )                                |
| (g) Availability of technical Know-how   | ( )                                |
| (h) New opportunities  | ( )                                |
| (i) Availability of Financial assistance<br>(low interest, interest free period etc) | ( )                                |
| (j) Leasing facilities   | ( )                                |
| (k) Availability of labour for low cost  | ( )                                |
| (l) Security of the entrepreneurs &<br>enterprise                                    | ( )                                |
| (m) Other factors; (indicate the priority)   | ( )                                |

8. What are the weaknesses you have observed in the environment in Mahaweli areas ?
9. What are strengths you have observed in the invest environment in Mahaweli areas ?
10. Do you encourage entrepreneurs to invest in Mahaweli areas ?
11. If yes, please specify the reasons.

If no, also please specify the reasons

12. Do you think incentive packages offered by Mahaweli is better than that of FTZ ? or Vice Versa.
13. If so please specify the reasons.
14. What measurements could be taken to improve the Mahaweli incentive packages ?
15. What is your general opinion on incentive packages offered by Mahaweli compared with FTZ?

**Category V****Chamber of Commerce and Industry - Sample of Key Officials**

<b>Name</b>	<b>Address of Chamber</b>	<b>Post</b>
Mr. Savanadasa	The National Chamber of Commerce	Sec. General
Mr. Chandraperuma	The Ceylon Chamber of Commerce	Asst. Secretary
Mr. Kumara Semage	All Ceylon Trade Chamber	Secretary General
Mr. Israfa Paulraj	Federation of Exporters Association of Sri Lanka	ex. Secretary & Vice Chairman
Mrs. Sawithri Rodrigo	Women's Chamber of Commerce and industry	Executive Sec.
Col. W.J.T.K. Fernando	Sri Lanka Chamber of Small Industry	Consultant
Mr. H.E.P. Cooray	Sri Lanka National Council, International Chamber of Commerce	Secretary General
Mr. Lal de Mel	The Ceylon National Chamber of Industries	Chairman
Mr. Mendis	Federation of Chamber of Commerce & Industries in Sri Lanka	Sec. General
Mrs. Shanthi Wijesinghe	Fruit & Vegetable Exporters Association	Sec. General

**Table 1: Main determinants of investment by entrepreneurs**

Name of the Chamber	Raw materials	Demand	Incentive	Security	Tech. Know how	Loan facility	Infra. facility	Distance to market	Lowcost labour	Land & build.
The Ceylon Chamber of Commerce		1		1		1				
The National Chamber of Commerce of Sri Lanka	1	1	1	1		1			1	
Women's Chamber of Industry and Commerce	1	1		1		1	1		1	
The Ceylon National Chamber of Industries	1	1	1			1	1		1	
The Mercantile Chamber of Commerce	1	-		1			1			
Federation of Chambers of Commerce & Industry of Sri Lanka		1		1						
Sri Lanka Chamber of Small Industry	1	1		1						
Sri Lanka National Council International Chamber of Commerce									1	
All Ceylon Trade Chamber		1	1	1			1		1	1
Fruit & Vegetable Exporters Association									1	
<b>Total</b>	<b>5</b>	<b>7</b>	<b>3</b>	<b>7</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>-</b>	<b>5</b>	<b>2</b>