



**Gem and Jewellery Research
and
Training Institute**

Annual Report

2019

Gem and Jewellery Research and Training Institute
“RuwanSevena”
No:73/5/A
Weliwita.
2020.10.15

Hon. Minister of State Ministry of Gem and Jewellery Related Industry
State Ministry of Gem and Jewellery Related Industry
No 561/3,
Elvitigala Mw,
Colombo-05

Dear Sir

Annual Report – 2019

In terms of sub section 14 (2) of the Finance Act No.38 of 1971, I submit the following documents.

1. The Administration Report of the Gem and Jewellery Research and Training Institute for the year 2019
2. Income and Expenditure Statement for the year ended 31st December 2019, Balance sheet as at 31st December 2019 and Cash Flow Statement for the year ended 31st December 2019
3. Report of the Auditor General for the year 2019

Yours Faithfully,



Nawarathna Bandara Alahakoon
Chairman
Gem and Jewellery Research and Training Institute

VISION MISSION & GOALS



VISION

“ To the Regional Center of Excellence in Research and Training in the Gem and Jewellery Industry while facilitating the Growth and Development of the Industry in Sri Lanka”

MISSION

“ To enhance the Competitive capability of Sri Lanka Gem & Jewellery Industry by providing high Quality Research & Training Services leading to Exploration of Gem Deposits, Technological Innovation, Skill and Competency Development and Quality Improvement for the satisfaction of our Stakeholders ”

GOALS

“ Harness the Gem Resource of Sri Lanka through sustainable methodologies, introduce innovative methods, and train new set of tradesmen for the industry to uplift the country’s economy ”

2. **Brief profile of the Directors and Senior Management**

2.1 **The profiles of the Board of Directors, of the Institute during the year 2019 were as follows.**

01	Mr. Nawarathna Bandara Alahakoon	Chairman of the Board of Directors From 18.03.2015 to 27.11.2019
02	Mrs.K.D.R. Olga	Member of the Board of Directors From 18.03.2015 to 31.10.2019
03.	Mr. Jayarathna Disanayaka	Member of the Board of Directors From 07.11.2017 to 31.10.2019
04.	Mr.Asela Iddewela	Member of the Board of Directors From 09.03.2018 to 31.10.2019
05.	Mr.H.P Sumanasekera	Member of the Board of Directors From 12.07.2018 to 24.06.2019
06	Mr. Dulip Somiratne	Member of the Board of Directors From 24.06.2019 to 31.10.2019

2.2 **Senior Management**

1. Tilak Dharmaratna - Director General of the Institute
B.Sc., M.Sc. (Oceanography, UK), M.Sc. (Gem. SL), M.PM (Project Mgt. SLIDA),
Dip in Mgt. (NIBM), MGA (SL), MGSSL (SL) M (IGSL)
2. Dr.PrasanFransis - Former Director General of the Institute (Contract basis)
(B.Sc, Special, M.Sc in (Gem.,SL) M.Sc (Petro.,Canada), Ph.D. (Gem.,SL) Dip.Mkt(UK), G.G. (GIA,USA),
MGA(SL)
3. Mr.Gamlath - Director (Training and Development)
M.Sc (Gem), B.Sc (SP), (Physics) FGA (Cert) FG, MGA (SL)

3. Review by the Chairman outlining the Opportunities and Constraints faced in the year under review.

3.1 Opportunities and Threats

- Opportunities and Threats are related to External Environment. The identified opportunities and threats are described below.

Opportunities

- **Increase in the demand for Research and Training.**

There is a pressing need in the industry for skilled personnel in the industry locally and in foreign countries which has enhanced the potential demand for the services of the institute. The enhancement of the quality of the services of GJRTI also increases the demand for its services. There is no other Institution in Sri Lanka which offers the full range of services to the Industry in the area of training. In addition, there is no other service provider in the region which caters to the Research needs of the Industry. There is also an opportunity to capture the training market in the North and East which is untapped at present. Expansion of tourism industry will be benefited to increase gem and jewellery training activities.

- **Unfulfilled needs other than training**

There are still needs which are not fulfilled by the service providers to the Industry. These include the need for a designing and developing technology in exploiting institute gem deposits and providing training on computer aided jewellery design & manufacture.

- **Technological advancements**

There is an opportunity to innovate & introduce new machinery and equipment for gemming and colour enhancement etc.

- **Growth of the Institute.**

There is an opportunity to uplift the Institute to a University College level and fully fledged Gem & Jewellery University in the Asia region which can offer services to the customers from all parts of the world.

- **Other facilities.**

The Institute is placed in a unique position to offer various services to the industry by setting up Heat-Treatment plants in other locations of the country and also Research facilities.

- **Joint Programms for industry Development**

There is an opportunity for GJRTI in collaborating with other organizations such as National Gem and Jewellery Authority, Environment Authorities to promote environment friendly sustainable methods of gem mining. In addition, other various APEX bodies for various development projects and school curricular activities.

- **Gem/ Jewellery Training Strength** –Only government accredited Gem/ Jewellery Training Institute. GJRTI has a highly qualified and experienced set of instructors.

- **Gem/ Jewellery Research Strength** - Composed of highly qualified and experienced team of researchers. Although GJRTI is a small institute it has a laboratory comprises of several ultra model analytical instruments comparable with any world class research centre.

Weaknesses/ Constraints

The weaknesses of the Institute can be identified under a few headings and are described below:

- **Infrastructure facilities** – The Institution does not have the required its’ owned infrastructure facilities such as buildings. Also at present the institute and its regional centres do not have enough spaces to accommodate executive staff and other subordinate staff to carry out their routine official duties.
- **Human Resources** – **There is a problem of lack of resource personnel due to not being able to offer attractive or market rates for their services, shortage of Research Officers Geologists, lack of opportunities advance trainings (Local and Abroad) for Researchers and Training Staff.**
- **Labourer mentality of the workers / poor attitudes**– The negative attitude of the most of staff members towards official work is a trend.
- **Financial Resources** – The institution is faced with severe financial constraints at present as the contribution from the Treasury has been reduced over the years compared to the requirement. Weaknesses in the area of financial resources also include lack of initiative to generate funds internally in the past.
- **Public Awareness**- Lack of awareness of the public about the Institute, lack of initiative to publicise the Institute adequately covering the full spectrum of stakeholders and all the regions, and lack of funds to implement awareness programs using public and private media etc.
- **Transport Facilities** – The institute does not have sufficient field vehicles (4WD) to conduct field surveys. And also does not have a mini bus to transport the student for training workshops and field activities.
- **Government laws and regulations** – **Adhere to government law and regulations/ too much of formalities. This is a handicap for the progress of the institute because everything need to undergo in a lengthily process.**

4. Directors Report

4.1 Objective

The Gem and Jewellery Research and Training Institute was established by the gazette notification No 882 of 28 July 1995 in terms of section 25 (1) of the National Gem and Jewellery authority Act No 50 of 1993 enacted for the purpose of the development of Gem and Jewellery industry.

Major objective of the institute is the regulation, improvements and development of the Gem and Jewellery industry by providing the necessary training and research facilities.

4.2 Powers of the Institute

Powers of the institute assigned thereto by the gazette notification No. 882 of 28 July 1995 are as follows.

- (i). To conduct surveys regarding gem minerals and gem deposits in Sri Lanka and to carry out research relating to the followings.
 - i. The location of Gem Deposits
 - ii. Their Identification
 - iii. Methods of enhancing the value of gem stones.
 - iv. Matters related to other fields concerning the institute.

- (ii). To provide technical and other advices regarding the digging of gem pits, Lapidary, Manufacture of Jewellery and methods of treatment of gem stones for the developing of the Gem and Jewellery industry including the production of machinery required for the industry.

- (iii) To provide training facilities in the following fields.
 - i. Gem Cutting, Polishing and Identification
 - ii. Jewellery Manufacturing
 - iii. Gemmology including Diamond
 - iv. Jewellery Designing
 - v. Colour Enhancement of Gem Stones by Heat Treatment.
 - vi. Other matters relating to the Gem & Jewellery industry.

4.3 Activities and Efficiency

4.3.1

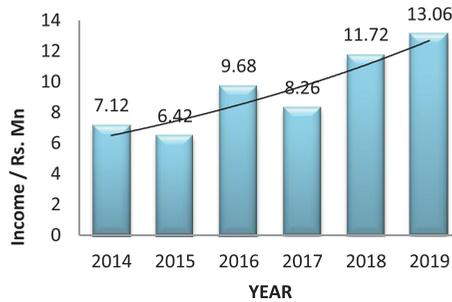
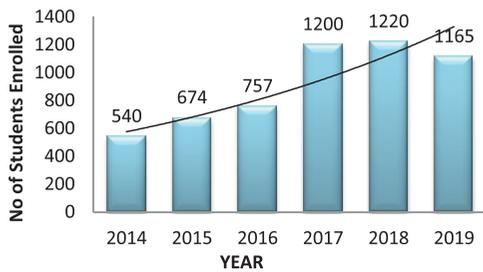
Measures that are crucial for prompting the gem and jewellery training activities in the country were effectively implemented. Accordingly, it was possible to maintain increment in youth attraction to follow gem and jewellery courses introduced by the institute.

Performance Report

Training Division

1. Skill and Professionalism Development Courses

GRTI has been achieved success through conducting training programs, aimed at developing technical skills related to the gem and jewellery industry. Accordingly, the number of trainees participating in the training courses has continued to increase and the institute has been able to achieve a high income growth. The illustrations can be seen below along with a comparison of last five-year achievement.

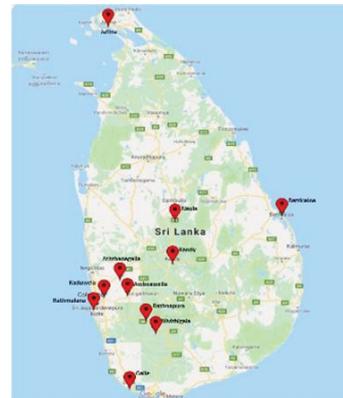


2. Distribution of training centers

In the year 2019, it has been possible to train 1165 skilled craftsmen required by the industry by implementing (16) training courses through eleven (11) Regional Training Centers including the Head Office. The training centers are as follows.

The Existing Training centers are,

- 1.Colombo Head Office
2. Rathnapura Regional Centre
- 3.Galle Regional Centre
- 4.Kandy Regional Centre
- 5.Awissawella Regional Centre
- 6.Niwithigala Regional Centre
- 7.Jaffna Regional Centre
- 8.Batticaola Regional Centre
- 9.Naula Regional Centre
- 10.Attanagalle Regional Centre
- 11.Rathmalana Regional Centre



3. Development of Student enrollment for courses

#	Training Programme	Year and Student					
		2014	2015	2016	2017	2018	2019
1	Diploma in Professional Gemmologist	-	-	-	-	12	12
2	Gemmology	105	134	97	69	13	101
3	Basic Gemmology	-	-	31	113	105	159
4	Geuda heat treatment	84	96	96	111	139	114
5	Gem cutting and polishing	109	190	213	381	114	318
6	Gem color grading and marketing	175	157	73	87	318	69
7	Gem Carving	-	-	12	4	68	6
8	Diploma in Professional Jeweller	-	-	-	-	6	13
9	Jewellery Designing	18	37	30	95	71	81
10	Jewellery Manufacturing	49	42	63	116	133	133
11	Costume Jewellery Marking	-	18	48	104	50	50
12	Jewellery Stone Setting	-	-	26	47	51	53
13	CAD	-	-	20	22	27	28
14	Rough Gem Identification	-	-	27	20	-	-
15	Short Course In Basic Lapidary Techniques	-	-	21	21	16	22
16	Casting & Electro plating	-	-	-	-	-	-
17	Short Course in Gemmology	-	-	-	5	7	3
18	Special Foreign Trainings	-	-	-	5	3	3
Total		540	674	757	1200	1220	1165

4. Review of Existing Coursers and Development of New courses

4.1 Development of new courses to industrial diversification

The institute regularly reviews its courses in order to pace with global trends and interests for technology, skills and other academics of the gem and jewellery industry. This has resulted, to add 21 training courses that covers vast areas subjects in the manufacturing industry as well as trading business of the gem and jewellery industry. These all courses are very advance to develop our students with new knowledge and

skills required by the industry to meet demand in global market. In addition, all the existing curricula have been reviewed and updated latest technologies in application meeting industrial demand.

In the intension of increasing value addition to the production GJRTI has launched programs relating to addition of most up dated technologies to its training programs. These were introduced focusing mainly on product diversification and improving quality and performance in the Industry plants.

Gem Industry

- Gem carving and Bead making Unit
- Fantasy cutting technology
- Gem CAD software

Jewellery Industry

- Casting and Plating Unit
- CAD/CAM Unit
- 3D Printing
- Micro setting / Invisible setting Technology
- Jewellery Assaying and Hallmarking

4.2 Introducing Diploma programmes

The institute has launched Diploma in Gemmology (Dip. PGSL) course developed to SLQF 3 standards in year 2018 and launched the course in 2019 for the first time. Diploma in Jewellery Design and Manufacturing Technology (Dip. PJSL) Course was developed and implemented in 2019 in line with the National Vocational Qualification Standards Level 5 (NVQ 5). These professional courses would enable our students to receive more recognition as gem and jewellery professionals.

4.3 Awarding National Vocational Education (NVQ) Certification to the Students

The institute was able to prepare our students for NVQL 03/04 examinations. Accordingly, the institute will take necessary steps to direct the trainees for the evaluation process required to obtain the relevant standard level. Accordingly, the we have offered NVQL 4 certificates for 51 students in gem and jewellery subjects as Jewellery makers and lapidarists in 2019. Further we direct 40 students for NVQ examinations.

4.4 Quality Management System (QMS) under ISO 9001:2008; IWAZ:2007 Certification

Institute is in the process of establishing QMS to meet the TVEC standards for quality. Under this programme, it would be developed number of documentations such as Quality Policy manual, processes and Procedure Manual, rules and regulation set, Records keeping manual in accordance with ISO 9001:2008 and IWAZ:2007 quality certification. This overall quality management approach will create an effective and efficient training environment

5. Conducting industry surveys to identify the training needs

Preliminary steps were taken to conduct an industry survey on the gem and jewelry industry with a view to identify the expansion pattern of the industry, labor, shortage of craftsmen, suitability, training requirements etc. As a first step, industry related data collection was initiated through District Secretariats, Divisional Secretariats and relevant government agencies.

6. STUDENT SUPPORT PROGRAMMES

6.1 Students Career Guidance

This unit provides job guidance information and advice to students who wish to pursue self-employment opportunities after training in the gem and jewelry industry. Under this, the institution will coordinate with the state banks to obtain credit facilities relevant to the field.

6.2 Establishment of the Student's Alumni Association

Students' Alumni Association of GJRTI was started in 2019 August as a separate organization that help students to grow together after passing out with technical- academic and business corporation. Under this, a good relationship will be established between the students and the institution and it will be easier to promote the functions and services of the institution.



Employee Participation for External Training Programmes - 2019			
Local Training Programmes			
#	Training Institute	Name of the training programme	Participants
1	Skill Development Fund Limited (SDFL)	Workshop on "Procurement Procedure"	1. Mr. P.L.P.M. Liyanage (Technical Assistant) 2. Mr. U.K.A.R. Chandrakantha (Training Officer)
2	Prag Institute	Seminar on "Risk based Internal Audit Planing"	1. Mrs. H.A.N. Priyadarshani (Internal Auditor)
3	Geological Society of Sri Lanka	Workshop on "Geophysical methods and Applications"	1. Mr. R.M.N.P.K. Jayasinghe (Senior Rsearch Officer) 2. Mr. W.G.C.N. Wewegedara (Research Officer)
4	Miloda	Essential IT skills for non-IT officers	1. Dr. Murthi Kandanapitiya (Senior Rsearch Officer)
5	Skill Development Fund Limited (SDFL)	Workshop on "Basic Accounting for preperation of final accounts"	1.U.A.D.D.Rupasinghe (Management Assistant)
6	Prag Institute	Official bank accounts and cheques	1.M.P.B.H.Hemachandra (Management Assistant) 2. P.A.K.N. Perera (Management Assistant)
7	Skill Development Fund Limited (SDFL)	Workshop in Effective Internal Auditing	1. H.M.N.N.K. Wijerathna (Audit Assistant)
8	Institute of Geology Sri Lanka (IGSL)	Training on "Corporate plans; Development, Stratagies and Impelentation"	1. R.M.N.P.K. Jayasinghe (Senior Rsearch Officer)
9	Skill Development Fund Limited (SDFL)	Workshop on Government Procurement Procedure internally organized training programme	Members of Procurement and Technical Evaluation Committies
10	National School of Business Management (NSBM)	Master of Business Administration (MBA) Degree Programme	1. Mr. B.G.R.W.Gamlath
11	Prag Institute	Seminar on "Responding to audit Queries, corrective procedure and performace audit"	1. Ms. S.R.P. Senevirathne (Programme Officer) 2. Ms. F.R. Razeen (Management Assistant) 3. Ms. H.L.S.U. Madanayake (Management Assistant) 4. Ms. H.M.N.N.K. Wijerathna (Audit Assistant)
12	ArcGIS Solution (Pvt) Ltd	ArcGIS Pro "The future of Desktop GIS"	1. W.R. Lakshanthi (GIS Assistant)
13	Construction Industry Development Authority	Advanced Certificate Course on Store Keeping, Supply Chain and Logistics Management	1. S.K. Vithanage (MA)

14	Prag Institute		New Tax Law and Computation of Tax Liability	1. N.K.R. Prasadika (MA) 2. P.A.K.N. Perera (MA)
15	Skill Development Fund Limited (SDFL)	Fund	Workshop on Duties and Responsibilities of Office Aids	1. K.M.S.M. Dissanayake (PL) 2. H.G.R.B. Jayarathne (PL)
16	Skill Development Fund Limited (SDFL)	Fund	Workshop on Telephone skills & etiquette training	1. K.A.N.E. Rodrigo (MA)
17	Skill Development Fund Limited (SDFL)	Fund	Workshop on Performance appraisal & Setting KPI	1. J.P.K. Sandeep (MA)
18	Skill Development Fund Limited (SDFL)	Fund	Workshop on Positive psychology & stress management	1. B.G.R.W. Gamlath (D/T) 2. R.M.N.P.K. Jayasinghe (SRO) 3. S.L.J. Muhandiram (AD/F) 4. N.C. Wijesinghe (AD/CD)
19	Skill Development Fund Limited (SDFL)	Fund	Workshop on Secretarial Practices	1. D.P.A.P.P. Kulathunga (MA)
20	Residential Training Programme organized by GJRTI			Whole staff (Except some employees)
21	Prag Institute		Seminar on "Annual stock verification & disposal of unservicable items"	1. U.A.D.D. Rupasinghe (MA)

Progress of 2019 research programs

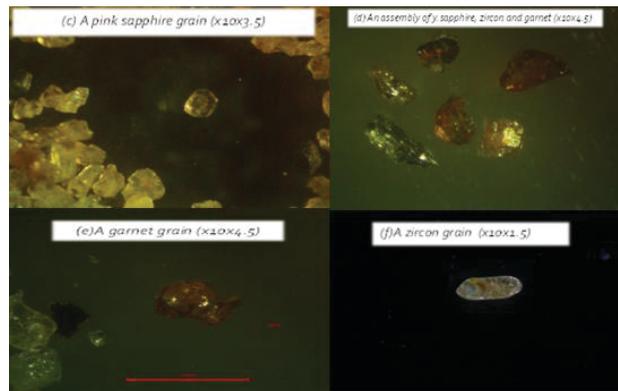
1 Exploration and Assessment of Gem Deposits in Sri Lanka

- **Pelmadulla, Eheliyagoda, Tawalama DS Divisions**

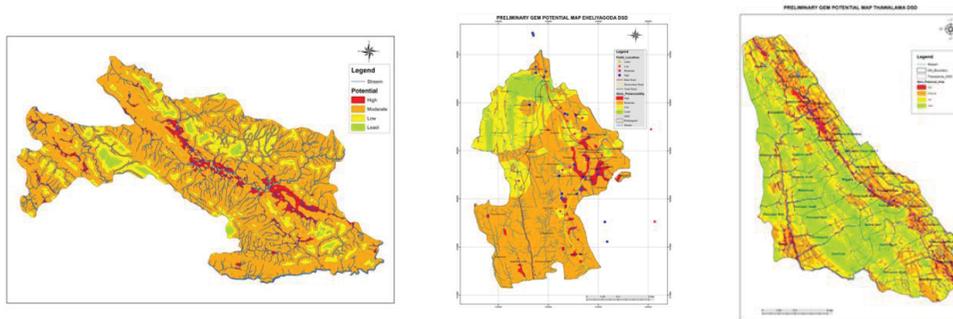
Preliminary field visits are conducted. Sediment samples were collected from the gem bearing layer of the mines in progress. Samples were sieved and grain counting is conducted. GIS and Remote sensing works are being carried out. Final map and report preparation has initiated.



Field exploration activities



Precious and semi-precious gem particles observed under a microscope



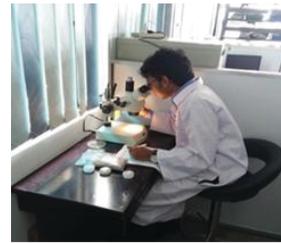
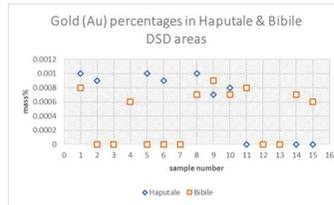
Gem Potential map of the Pelmadulla , Eheliyagoda, Tawalama Divisional Secretariat Divisions

Five suitable government lands located in the Bibila, Medagama, Moneragala and Pelmadulla Divisional Secretariat areas identified under this project were referred to the National Gem and Jewellery Authority for auction for gem mining through a pilot project.

2 Harnessing Gem resources sustainably

- **Study on economic minerals in the gem bearing layer**

The heavy minerals in gem gravel samples from Bibile, Haputale, Matale and the district of Ratnapura were separated and studied using the Isodynamic Magnetic Separation technology and studied using the microscope.



A sample splitted using Isodynamic Magnetic Separation

Microscopic studies

It was revealed the presence of economic minerals above and this fundamental study will be extended into a broader and detailed one in 2020.

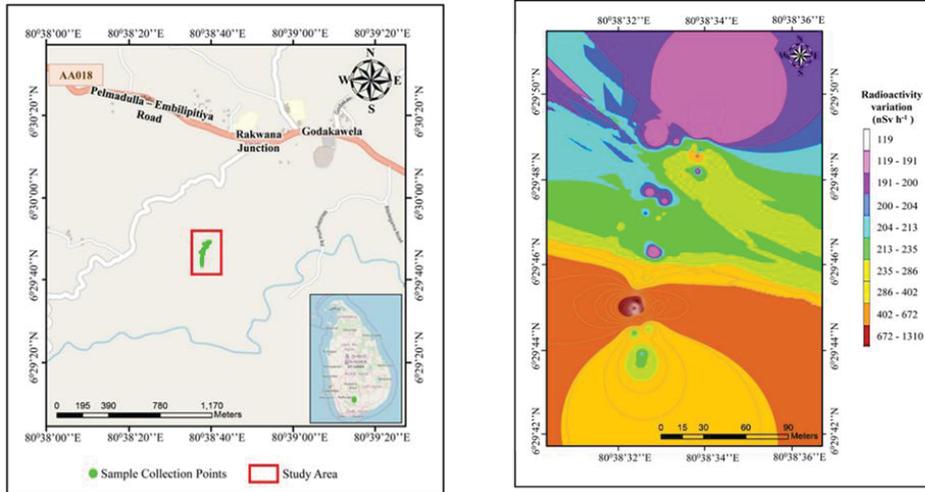
- **Investigation of the Radioactivity of Godakawela Gem Field and Study the Provenance of Radioactive Minerals.**

The Identification of gem bearing areas in Sri Lanka by sedimentological and geochemical analysis has been studied, but any in-situ radioactivity survey was not conducted. A new mineral has found in the Godakawela gem field which has a radioactivity closer to Euxenite. The purpose of current study was to surveying the radioactivity of the area. This was done using Nai Scintillation Detector, with the corporation of Sri Lanka Atomic Energy Board.



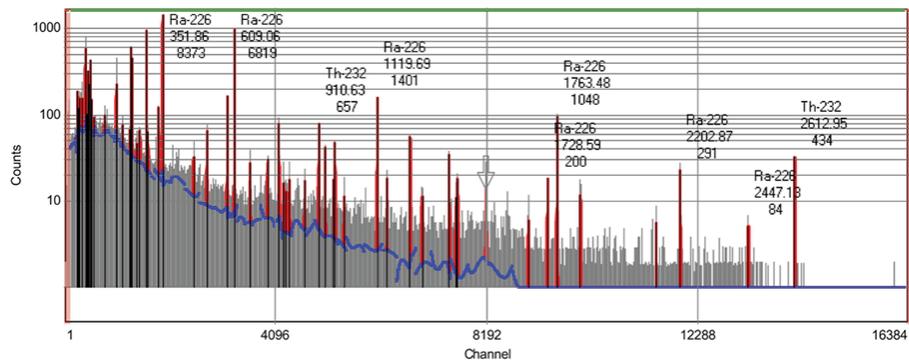
NaI Scintillation detector

The study area bears higher radio activeness than average baseline value as illustrated in the following figure. Further, geological studies of the area revealed the radioactive mineral has originated form a primary pegmatite deposit.



Radioactivity of the area

According to the Chemical analysis, the cause for the radio activeness of the mineral was Ra-226 and Th-232 isotopes. There was an anomalous concentration of Rear Earth Elements (REEs) in the particular mineral.

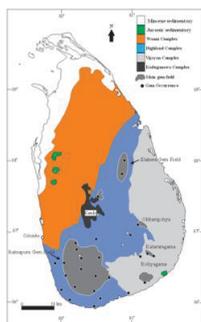


Gamma Spectrum diagram showing gamma rays emitted from radium and thorium isotopes

- Consequence of River Dredging for Water Quality in Gem Mining.**
 Current river bed is dredged (River bed gem mining) in searching for gems, but no study has conducted to evaluate the effect for the water quality by this traditional mining method. So the Current work is focused to address the above matter.
 First water sampling was conducted below the mining location in a sequence. Then the Sediment contamination and the chemical change of the samples were studied. According to the results suspended sediment concentration increased at the miring site and gets reduced below the location with distance.

- **Chemical Investigation of Genda Stones from Different Localities**

Corundum family gemstones (Blue Sapphire, Ruby, Yellow Sapphire and Padmaraga) are the most prominent gem variety that found in Sri Lankan gem fields and geuda is the mostly recovered corundum variety. Geuda stones are mined from gem fields around the country and the result obtained by heat treatment differs by the locality. There is no Chemical analysis has conducted on the geuda form different localities. Therefore geuda stones obtained from Rathnapura, Ridiyagama, Okkampitiya, Balawinna and Katharagama were studied.



Sample Locality

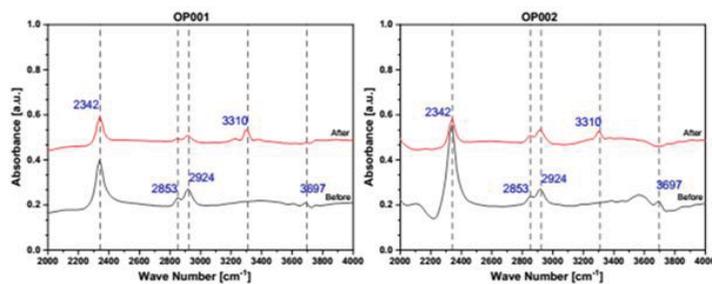
FTIR, Raman, ED-XRF and UV-Vis –NIR analyses were conducted for 10 Samples from each location. The samples were heat-treated using Lakmini furnace and then the analyses were repeated again.

According to the results all samples were turned blue after heat treatment.



Milky geuda stones were studied.

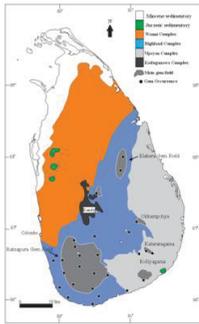
All heated geuda stones show the 3309 cm^{-1} peak in FTIR Spectra. Thus heated Sri Lankan blue sapphires can be identification by FTIR Spectrum.



FTIR Spectrum before and after heat treatment

• **Chemical Investigation of Genda Stones from Different Localities**

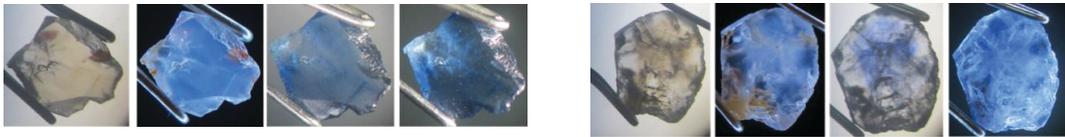
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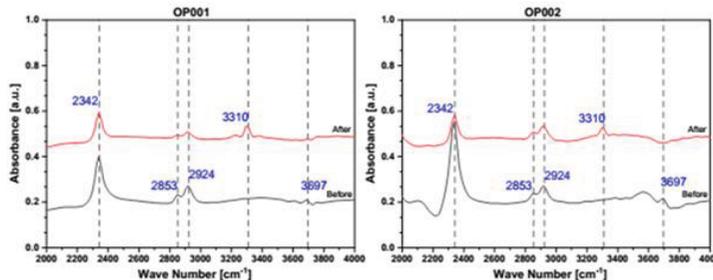
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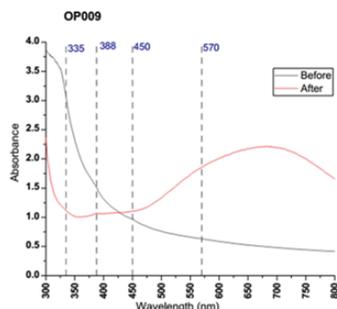
Milky geuda stones were studied.

All heated geuda stones show the 3309 cm^{-1} peak in FTIR Spectra. Thus heated Sri Lankan blue sapphires can be identification by FTIR Spectrum.



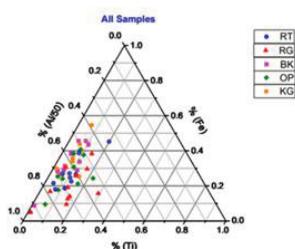
FTIR Spectrum before and after heat treatment

Further UV Vis-NIR absorption Spectrum gave an absorption peak at 570nm that represent the charge transfer between $Ti^{4+} - Fe^{2+}$ ion occurs after heat treatment and gave blue color.



Ti4 + - Fe2 + IVCT process before and after heat treatment

According to the following Ternary plot samples for Ridiyagama bares less amount of Fe percentage .

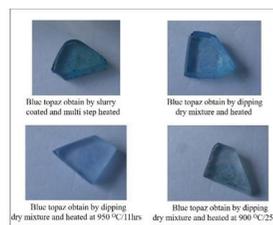


Al-Fe-Ti Ternary plot.

• **Cobalt Diffusion for Sri Lankan Topaz**

Though bulk amounts of colourless topaz are recovered from Sri Lankan gem mines, only minor amounts of topaz are exported for gamma irradiation for blue topaz production. Further we do not have the technology of irradiation. Therefore a research work on cobalt (Co) irradiation for Sri Lankan topaz was conducted in collaboration with University of Sabaragamuwa, Sri Lanka

It was revealed that the blue topaz could be obtained by diffusion of colourless topaz. Chemical analyses show the cause for blue colour was Co^{2+} ions that are substituted for Si^{4+} ions.



colourless topaz (left) diffused topaz (right)

4 Divers Innovation Research Relating to Gem and Jewellery Industry

- **Application of low quality gemstones in innovative applications**

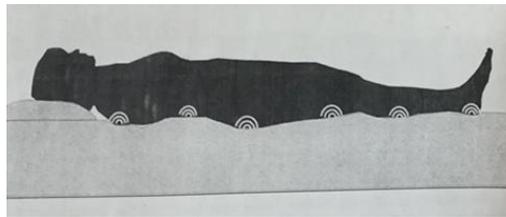
Tourmaline is a naturally-occurring semi-precious borosilicate mineral which generates a weak electrical charge. This enables tourmaline to produce far infrared photon energy and negative ions. Therefore, tourmaline embedded polymer composites can be used in crystal therapy applications.

Benefits of far infra-red ray therapy

- Facilitates detoxification
- Activation of cells and tissues, improving the body's metabolism
- Improve oxygen levels in the body
- Eliminate fats
- Prevents the growth of bacteria
- Pain Relief
- Reduces Inflammation
- Improve strength and health

Innovative Applications.

Orthopaedic Mattress with therapeutic Properties, made of tourmaline and mica embedded Foam Rubber



Part of the body that touches the mattress getting all the therapeutic effects due to the mineral embedded foam rubber layer at the top.

Tourmaline infused cotton fabric produced via a screen printing process



Tourmaline infused cotton fabric produced via a screen printing process

Thermograph inspection was tested for far infrared radiation emission

5 Introduce Most Effective and efficient Colour, and Clarity Enhancement Methods for Semi Precious Gem Minerals Found in Gem Gravel Beds In Sri Lanaka

• Research on Reddish Brown Zircon

Sri Lanka is famous for various types of gem minerals. From among these minerals, gem-quality zircon is found in both primary and secondary deposits. Kolonna is a location where zircon is found in primary deposits with a reddish-brown colour.

Three main research was conducted during the period

- I. Preliminary Investigation on the Occurrence of Reddish Brown Colour in Zircon from Kolonna, Sri Lanka
 - II. Optimum Condition to Produce Yellow Colour from Reddish Brown Zircon of Kolonna, Sri Lanka by Heat treatment
 - III. A Detail Study on Yellow Zircons Produced from Sri Lankan Reddish-Brown Zircons by Heat Treatment
- An abstract has been published to International Conference of Sabaragamuwa University of Sri Lanka.



6 Assessing the Mercury Usage in Small Scale Jewellery Manufacturing: A detailed study from Sri Lanka

- The questioner survey was completed in Colombo, Gampaha, Kandy, Badulla, Galle, Jaffna, Matara, and Hambanthota. The final report was submitted to the UNIDO through the ministry of environment and wild life.

7 Transmission of new technological knowledge (අ) Research papers and published books

Research papers

J.Natn.Sci.Foundation Sri Lanka 2019 47 (2): 221- 234
DOI: <http://dx.doi.org/10.4038/jnsfstr.v47i2.9164>

RESEARCH ARTICLE

Sedimentary geochemistry of alluvial overburden in the gem deposit of Pelmadulla, Sri Lanka

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² Gem and Jewellery Research and Training Institute, Kaduwela.

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⁴ Faculty of Science and Technology, Uva Wellassa University, Badulla.

- De Silva A.D.C., Rubasinghe T.M., Manthirathne M.A.N.C., Wewegedara W.G.C.N.,

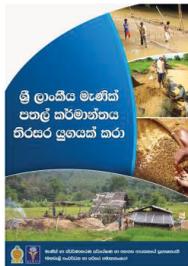
Diyabalanage R.S., Jayasinghe., R.M.N.P.K., Dharmaratne T.S.,2019, Study on Awareness on the Mercury Usage in Sri Lankan Small Scale Jewellery Sector, International Forestry and Environment Symposium.

Patents (Applied)

- National Patent LK/P/1/19677 Therapeutic shoe/slipper insole made of tourmaline interbedded latex Applicant: Gem and Jewellery Research and Training Institute Inventers: M.A.Nadeeka Manthrirathna, Prashan Francis, Murthi.SKadanapitiya

- National Patent LK/P/1/20479 Orthopedic mattress, endowed with therapeutic properties, made of tourmaline and mica embedded foam rubber Applicant: Gem and Jewellery Research and Training Institute Inventers: Prashan Francis, M.A.Nadeeka Manthrirathna, Murthi.S Kadanapitiya

Published books



Authors

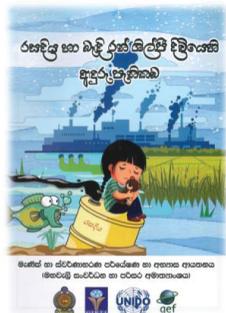
M.K.C. Jayamali
J.M.C.K. Jayasundara
R.M.N.P.K. Jayasinghe

Editor
Tilak Dharmaratne

(IS in Print).



- රසදිය හා බැඳි රන් ශිල්පී දිවියෙහි අදාළ පැතිකඩ



(අ) Workshops and seminars

- The Awareness Workshop on Mercury for Goldsmith in Gampaha District held on 29th September 2019 at “Sanara Mandira”, Makola raod, Kiribathgoda..



- A three day workshop on Heat Treatment of Kuruwinda Gems in association with Beruwala Gem and Jewellery Merchants Association was successfully completed on 22.12.2019 and 24.12.2019. An income of Rs.204,000.00 was earned through this workshop .



Opportunities for the workshop held in Beruwala

- “ A Technical workshop has carried out on value addition to Sri Lankan gemstone at the main auditorium of Ministry of Mahaweli Development and Environment on 11th of July 2019.



8 Providing technical services and laboratory services

Laboratory services

- 99,000.00 has been earned this year through the provision of laboratory services.
- outdoor heat treatment services were carried out this year by charging cash. 104,000.00 has been earned from it.



Sapphires provided by heat treatment services

Audited Financial Statement
Financial Information for last 05 years

	2015	2016	2017	2018	2019
Operating Revenue					
Treasury Grants	47,081.0	58,627.0	62,440.0	79,854.0	85,000.00
Other Contributions	26,447.4	33,522.7	38,742.2	37,104.7	35,622.80
Course Fees	6,408.5	9,445.4	8318.48	10,835.1	12,212.03
Income From Services	-	50.3	20.0	76.5	308.0
Income From Geological Services	-	-	-	-	
Total Operating Revenue	79,936.9	101,645.4	109,520.73	127,870.3	133,142.83
Other Revenue	625.8	342.6	1,849.25	2,114.2	1,690.02
Interest	248.2	837.0	506.20	519.4	553.42
Other Income	49.5		29.96	25.59	60.48
Total Revenue	80,860.4	102,825	111,906.14	130,529.49	135,446.75
Less: Expenses					
(a)Personnel and Administration	57,081.4	68,467.8	77,363.08	88,935.0	98,994.18
(b)Depreciation and General	31,260.6	27,769.4	35,854.2	38,806.7	41,564.02
Total Expenses	88,342	96,237.2	113,217.28	127,741.78	140,558.20
Surplus/(Deficit)					
	7,481.6	6,587.8	1,311.1	2,787.6	(5,111.45)

GEM AND JEWELLERY RESEARCH AND TRAINING INSTITUTE
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER -2019

	2019(Rs.'000)		2018(Rs.'000)	
Operating Income				
Recurrent Grants - Treasury		85,000.00		79,854.00
Other Income				
Income from Training Courses		12,212.03		10,835.12
Geuda Heat Treatment Service Charges		308.0		76.5
Geological Research services				-
Interest Income		553.41		519.36
Sundry Income		1,690.02		2,114.18
Total Income		99,763.46		93,399.16
Less: Operating Expenses				
Personnel Emoluments		56,965.74		51,991.37
Traveling		674.34		188.8
Supplies and Consumable Items		3,842.28		3,461.4
Maintenance Expenses		3,385.60		4,657.3
Contractual Services		28,178.82		23,555.99
Training Programme Expenses		5,183.24		4,214.8
Other Operating Expenses		735.93		832.0
Total Operating Expenses		98,965.95		88,901.66
Surplus / (Deficit) From Operating Activities		797.51		4,497.42
Less: Finance Cost		(28.22)		(33.25)
Grants- Capital Expenditure Portion	18,474.15		19,438.17	
Other Receipts				
	18,474.15		19,438.17	
Less: Depreciation and Amortization Expenses	(24,415.37)	(5,941.22)	(21,140.21)	(1,702.04)
Other Capital Investment Grants				
Less: Capital Investment Expenditure				
Improvements of Capital Assets	17,148.64		17,666.54	
Net Expenditure on Other Capital Investment	(15,664.20)		(16,160.18)	
	(1,484.44)		(1,506.36)	
Total Non-Operating Revenue		(5,171.93)		(2,762.13)
Add: Gain on Sales of Assets		60.48		25.59
Net Surplus (Deficit) Before Extra-Ordinary Items		(5,111.44)		2,787.62
Extra Ordinary Items				
Net Surplus / (deficit) for the period		(5,111.44)		2,782.62
Add:				
Net Surplus / (Deficit) from previous years	(33,060.05)		(37,233.23)	
Less: Prior year Adj.		499.65		1,385.55
Net Surplus / (Deficit) C/F		(37,671.84)		(33,060.06)

GEM AND JEWELLERY RESEARCH AND TRAINING INSTITUTE
STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER - 2019

Description	2019		2018	
	(Rs.'000)	(Rs.'000)	(Rs.'000)	(Rs.'000)
ASSETS				
Non Current Assets				
Property, Plant & Equipment	133,724		131,881	
Gratuity Fund	1,522	135,247	1,445	133,326
Current Assets				
Stock & Consumables	4,041		2,675	
Books for Sale				
Loan and Advances	2,700		2,655	
Deposits (Gratuity)	5,495		5,013	
Deposits	2,560		5,085	
Trade & Other receivables	3,377		3,296	
Poverty Alleviation Project	3,578		10,110	
Prepayments	156		702	
Bank & Cash Equivalents	4,588		792	
Total Assets		26,495		30,328
		161,742		163,654
LIABILITY				
Current Liabilities				
Payable	1463		1,110	
Accrued Expenses	1523	2,986	3,316	4,426
Non-Current Liabilities				
Survey on Assessing Goldsmiths	95			
Provisions for Gratuity	12,903		11,278	
NSF	7,282		3,306	
		20,280		14,584
Total Liabilities		23,267		19,010
Total Net Assets		138,474		144,644
Net Assets/Equity				
Contributed Capital	50,000		50,000	
Reserves	2,111		186	
Other Contribution	850		850	
Staff Circulating Fund (Loan)	1,437		1,277	
Differed Income –Capital Grants (a)	121,747		125,391	
Accumulated Fund	(33,671)		(33,060)	
Total Net Assets/Equity		138,474		144,644

GEM AND JEWELLERY RESEARCH AND TRAINING INSTITUTE
FOR THE YEAR ENDED 31ST DECEMBER – 2019
STATEMENT OF CASH FLOW

	Rs. 000	
Description	2019	2018
Cash Flows From Operating Activities		
Surplus/(Deficit) from Operating Activities	(5111.44)	2,787.63
Non Cash Movements		
Depreciation	24415.37	21,140.21
Interest	(553.41)	(519.37)
Write-off Capital Expenses	17148.64	17,666.55
Differed Capital Provision	(35622.7)	(37,104.73)
Prior Year Adjustment		1,385.55
Increase/Decrease Payables	(490.38)	1,535.36
Increase in other Non-current Liabilities		-
Profit from sale of Property Plant & Equipment	(60.48)	(25.59)
Lease Rental	473.48	473.48
Provision for Gratuity	2,232.06	1,077.32
Write off WUSE fund		(231.77)
Adjustment of Fixed Assets		(2,290.85)
Payment for Gratuity	(606.12)	(934.64)
Increase in Other Current Assets	8,737.25	(8,865.34)
Gratuity Payable	(1,024.65)	
Net Cash Flow from Operating Activities	9,537.52	(3,906.17)
Cash Flow from Investment Activities		
Purchase of Property Plant and Equipment	(24,807.66)	(29,120.08)
Increase of Gratuity Fund	(77.17)	(9.62)
Payment for Distress Loan	(1,935.55)	-
Received Distress Loan Balance	1,884.24	-
Capital Nature Expenses	(17,148.64)	(17,666.55)
Interest Income	712.99	675.93
Increase of Fixed Deposit	(481.93)	(466.05)
Profit from sale of Property Plant & Equipment	60.48	25.59
Net Cash Flow from Investment Activities	(41,793.24)	(46,560.78)
Cash Flow from Financing Activities		
Capital grant	31,980	51,680.00
Minamata Project	95.11	-
NSF Fund	3,976.09	(625.72)
Net Cash Flow from Financing Activities	36,051.21	51,054.28
Net Increase /(Decrease) in Cash and Cash Equivalents (a)+(b)+(c)	3,795.49	587.33
Cash and Cash Equivalents at Beginning of period	792.50	205.17
Cash and Cash Equivalents at End of Period	4,587.99	792.50

NATIONAL AUDIT OFFICE

My No.} IEN/D/GJRTI/1/19/ Your No. }

Date: 09 July 2020

Chairman
Gem and Jewellery Research and Training Institute

Report of the Auditor General on the Financial Statements of the Gem and Jewellery Research and Training Institute and other Legal and Regulatory Requirements for the Year Ended 31st December 2019 in terms of Section 12 of the National Audit Act No. 19 of 2018

The above-mentioned Report has been sent herewith.

[Signed illegibly]

W.P.C. Wickramarathna
Auditor General

Copies: –

01. Secretary - Ministry of Industries and Supply Management
02. Secretary - Ministry of Finance, Economic Development and Policy
Development

NATIONAL AUDIT OFFICE

My No. } IEN/D/GJRTI/1/19/ Your No. }

Date: 09 July 2020

Chairman
Gem and Jewellery Research and Training Institute

Report of the Auditor General on the Financial Statements of the Gem and Jewellery Research and Training Institute and other Legal and Regulatory Requirements for the Year Ended 31st December 2019 in terms of Section 12 of the National Audit Act No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The Financial Statements of the Gem and Jewellery Research and Training Institute for the year ended 31st December 2019 consisting of the Statement of Financial Position as at 31st December 2019, the Statement of Financial Performance, Statement of Changes in Equity and Statement of Cash Flow Notes to the Financial Statements for the year then ended, and a Summary of Significant Accounting Policies were audited under my direction in terms of the provisions of the Finance Act No. 38 of 1971 and the National Audit Act No. 19 of 2018 read with Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. My Report will be tabled in Parliament in due course in terms of Article 154(6) of the Constitution.

The opinion I hold is that, apart from the effects of the matters described in the section “Basis for the Qualified Opinion” in my Report, the Financial Statements of the Institute reflect a true and fair depiction regarding its financial position as at 31st December 2018, and its financial operation and cash flows for the year then ended in accordance with the Sri Lanka Public Sector Accounting Standards.

1.2 Basis for the Qualified Opinion

- (a) Revenue was recognized on cash basis and depicted in Financial Statements contrary to Sri Lanka Public Sector Accounting Standard No. 01 and No. 10, resulting in the non-entry of a course income of Rs. 2,247,500 receivable pertaining to the year under review in the Financial Statements.
- (b) Although according to Paragraph 49 of Sri Lanka Public Sector Accounting Standard 7 the whole property, plant and equipment class should be revalued, only one of the 09 motor cars had been revalued contrary to the

Standard based on the assessment of Rs. 4,300,00 obtained in insuring it. As no evaluation had been done on the useful life of the motor cars as per Paragraph 65 of the Standard, no action had been taken to revalue five motor cars costing Rs. 31,565,440 which had been totally depreciated but still in use, and the fact has not been revealed in the Financial Statements either. Similarly, although the useful life of computers and software had been estimated as 4 years and depreciation had been made accordingly, the useful life of computer software purchased in the year 2016 at a cost of Rs. 1,688,033 had been estimated as 16 years contrary to that norm without a proper evaluation and depreciated at 6.25% per year.

I conducted the audit in accordance with the Sri Lanka Auditing Standards (SLAudSts). My responsibility under these Auditing Standards has been described further in the part titled "The Responsibility of the Auditor regarding the Auditing of Financial Statements" in this Report. It is my belief that the audit evidence I have obtained for furnishing a basis for my qualified opinion are adequate and relevant.

1.3 Responsibilities of the Management and the Parties who Govern Regarding Financial Statements

It is the management that is responsible for the preparation and fair representation of these Financial Statements in accordance with the Sri Lanka Public Sector Accounting Standards, and determining the internal controls necessary to enable the preparing of Financial Statements without substantial false statements that may occur due to fraud or mistake.

It is also the responsibility of the management to determine in preparing Financial Statements whether it is possible to maintain the Institute continuously and unless the management intends to liquidate the Institute or to stop operations when there is no alternative, it should keep the accounts on the basis of perpetual existence and reveal the matters pertaining to the perpetual existence of the Institute.

The responsibility for the financial reporting process of the Institute is borne by the parties who govern.

The Institute should properly maintain its books and reports pertaining to its incomes, expenses, assets and liabilities so that annual and periodic Financial Statements of the Institute can be prepared as per subsection 16 (1) of the National Audit Act No. 19 of 2018.

1.4 Auditor's Responsibility Pertaining to the Auditing of Financial Statements

My aim is to give a fair assurance that Financial Statements as a whole are devoid of material misstatements caused due to frauds and errors and to issue the 'report of the auditor' containing my opinion. Although a fair assurance is a high quality assurance, it is not an assurance that it always unveils material misstatements in carrying out the audit in accordance with the Sri Lanka Auditing Standards. Material misstatements may occur due to individual or collective effect of fraud and errors while it is expected that it may cause an effect on the economic decisions taken based on these Financial Statements by their users.

The audit was conducted by me with professional judgment and professional skepticism and in terms of Sri Lanka Auditing Standards. Further,

- Obtaining of adequate and appropriate auditing evidence to avoid risks caused by frauds or errors by planning opportune audit procedures in identifying and assessing the risks of substantial false statements that could occur in Financial Statements due to frauds or errors was the basis of my audit opinion. The impact of a fraud is stronger than the substantial misstatements while collusion, forgery, deliberate omission or bypassing internal controls all lead to a fraud.
- Although an understanding was obtained regarding the internal control of the Institute for planning appropriate audit processes, it is not intended to express an opinion about the effectiveness of the internal control.
- The reasonability of the accounting policies and accounting estimates used and the desirability of the related disclosures made by the management were evaluated.
- The relevancy of using the basis of perpetual existence of the Institute for accounting was determined based on the audit evidence obtained on whether there exists a substantial uncertainty about the continuity of the Institute due to events or circumstances. If I come to the conclusion that there exists a substantial uncertainty, I should make reference in my Audit Report to the disclosures made in the Financial Statements in this regard while if the revelations are not adequate, I should modify my opinion. Nevertheless, perpetual existence may cease due to future events or circumstances.
- The presentation, the structure and the content of the Financial Statements which contain the disclosures were subjected to evaluation and whether fair and appropriate inclusions of the underlying transactions and events were made in Financial Statements was also evaluated.

The governing parties were informed of the significant audit findings, major internal control weaknesses and other matters identified during my audit.

2. Report regarding Other Legal and Regulatory Requirements

The National Audit Act No. 19 of 2018 contains special provisions regarding the following requirements:

- According to the requirements in section 12 (a) of the National Audit Act No. 19 of 2018, apart from the effect of the matters stated in the section 'Basis for Qualified Opinion' in my Report, I have obtained all the information and explanations necessary for my audit and as evident from my examination the Institute had maintained proper financial reports.
- As per the requirement of Section 6 (1) (d) (iii) of the National Audit Act No. 19 of 2018, the Financial Statements of the Institute which were presented correspond with the Financial Statements of the previous year.
- As per the requirement of Section 6 (1) (d) (iv) of the National Audit Act No. 19 of 2018, the recommendations made by me in the previous year have been incorporated in the Financial Statements, apart from the observation made by me in Paragraph 1.2(b)(ii) of this Report.

Nothing which warrants making the following statements caught my eye within the courses of action adopted, and upon the evidence obtained and the confinement within the material facts:

- That a member of the governing body of the Institute has a relationship direct or otherwise, extraneous to the ordinary course of business in respect of an agreement pertaining to the Institute, as per the requirement stated in Section 12 (d) of the National Audit Act No. 19 of 2018,
- That conduct inconsistent with any written law or any other general or special directives issued by the governing body of the Institute has been observed, apart from the following observations, as per the requirement stated in section 12 (f) of the National Audit Act No. 19 of 2018,

	Reference to Law, Rule or Directive	Description
(a)	Financial Regulation 371 of the Financial Regulations as amended by Public	Although ad hoc interim imprests should be settled as soon as the respective tasks have been completed, imprests totalling Rs. 435,370 had been settled with delays ranging from 20 to 62 days on 26 occasions.

	Finance Circular No. 03/2015 dated 14 th June 2015	Owing to the issuing of imprests provided without considering the need, the whole of the imprests given on 11 occasions amounting to Rs. 101,900 and more than 40% of the imprests given on 35 occasions amounting to Rs. 550,700 had been returned without spending.
(b)	Public Finance Circular No. 01/2014 dated 17 th February 2014	Action had not been taken to prepare the Annual Action Plan of the Institute and obtain the approval as per the Circular.
(c)	Paragraph 6.5.3 of Public Enterprise Circular No. PED/12 dated 30 th June 2003	The Annual Reports containing audit reports for the years 2017 and 2018 had not been tabled in Parliament even as at 31 st March 2020, which was the date of audit.

- That contrary to the requirement of Section 12 (g) of the National Audit Act No. 19 of 2018, the Institute had acted in a manner inconsistent with the powers, functions and mandate of the Institute, and
- That contrary to the requirement of Section 12 (h) of the National Audit Act No. 19 of 2018, the Institute had not procured and used frugally, efficiently and effectively the resources of the Institute.

3. Other Audit Observations

- (a) A sum of Rs. 2,580,281 had been overpaid to 18 employees of the Institute as salary increments and allowances during the period from 2009 to 2014. Instead of taking action to recover the money receivable from 11 of them actually in service immediately, arrangements had been made to recover in monthly instalments ranging from Rs. 50 to Rs. 1,942 till their retirement contrary to Financial Regulation 119, and the money receivable from the said officers was Rs. 1,481,781 as at the end of the year under review. Out of the amounts due from 03 of the officers who are not in service at present, Rs. 227,652 was yet to be recovered.
- (b) Out of the funds that had been received for the 'Project to Introduce Effective and Efficient Methods of Enhancing the Colour and Clarity of Semi-Precious Stones' implemented on financial aid of Rs. 10,481,088 provided by the National Science Foundation, Rs. 3,132,048 representing 30% had not been spent while the Pressure Vessel machine having an estimated value of Rs. 1,113,000 that should have been purchased in the year 2018 for the Project, which should have been completed by 21st April 2020, had not been purchased even during the year under review. The tasks that should have been fulfilled during the years 2018 and 2019 – oiling, impregnation, waxing,

diffusing, glass filling and bleaching – had not been completed even as at the end of the year under review. Likewise, although a technical assistant and a labourer should be recruited for the Project, only a research student had been recruited instead of recruiting them.

(c) The following observations are made regarding the Project to Explore and Evaluate Gem Deposits in Sri Lanka (2008–2031):

(i) Although the Department of Management Services had given its approval in the year 2018 to recruit 22 employees and a consultant for the Project on contract basis in addition to the staff of the organization, the Projects had been implemented even during the year under review without recruiting them but recruiting instead 5 Graduate Trainees.

(ii) Although it had been planned to carry out exploring and mapping gem deposits within 50 Divisional Secretariat Divisions in 5 Districts and issue final reports within the First Phase from 2017–2021, maps had been prepared and reports issued only in respect of 6 Divisional Secretariat Divisions by the end of the year under review. Exploration work had not been even commenced in respect of 40 Divisional Secretariat Divisions. Gem potential maps had not been completed for the Divisional Secretariat Divisions of Thawalama, Pelmadulla, Akuressa and Eheliyagoda, which had been commenced.

(iii) The Cabinet Approval had been received to get the involvement of the National Gem and Jewellery Authority and subsequently the National Gem and Jewellery Authority was assigned to implement a pilot project in 05 areas found by the Project to have gems but it had not been implemented.

(d) An electric furnace purchased for heat-treating gems at Rs. 10,977,344 in the year 2013 had lied idle for over 5 years and thereafter in the years 2018 and 2019 Rs. 2,384,957 had been spent to bring it to a state of earning incomes by putting to use. The expenditure of Rs. 1,402,222 borne by the Institute for preparing the electric circuits of the building belonging to the National Gem and Jewellery Authority in which the furnace had been housed had not been reimbursed even as at the end of the year under review.

(e) 2 vehicles belonging to the Institute had lied idle for 4 and 3 years respectively.

(f) A course for which the Institute had planned to enroll 30 students during the year, was not conducted. Less than the expected 492 students were enrolled for 6 courses and the percentage of enrolment ranged from 42% to 68%.

(g) 56 of the 136 posts in the approved cadre of the Institute, or 41% as a percentage, remained vacant while recruitment to the post of Director

(Research), which had been vacant for 9 years, had not been conducted even as at the date of audit.

- (h) Only Rs. 646,000 had been spent from the Rs. 3,400,000 that had been allocated for 5 activities in the Research Division according to the Action Plan and their financial performance was from 7% to 35%. Expenses had been borne exceeding the plans for 2 activities in the Administration and Human Resources Division and the percentages of excess had been 126% and 138% respectively.
- (i) The refundable deposits amounting to Rs. 174,868 payable to 77 students who had completed courses had not been repaid despite the lapse of 3 years.
- (j) Although the procurement plan should be approved by the Board of Directors before the beginning of the year, the Procurement Plan for the year under review was approved on 3rd May 2019 but the Procurement Plan had not been prepared in detail while a procurement timetable had not been prepared as per Procurement Guideline 4.2.2.
- (k) Although Rs. 200,000 had been allocated from the Budget to purchase gem displays during the year under review, relevant purchases had not been done and despite having planned to purchase office equipment for Rs. 1,100,000, assets amounting to Rs. 1,520,813 had been purchased.
- (l) Although Rs. 3,577,394 had been stated as receivable from the National Gem and Jewellery Authority for the courses conducted by the Institute for the Poverty Alleviation Project, that amount had not been stated as a balance payable in the Financial Statements of the Authority and hence the recovery of this balance receivable remained a cause of dispute.

[Signed illegibly]
W.P.C. Wickramarathna

Auditor General