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வருடாந்த செயலாற்றுகை அறிக்கை  
**Annual Performance Report**

2013



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பெருந்தோட்டக் கைத்தொழில் அமைச்சு  
**Ministry of Plantation Industries**

**Annual Performance Report**  
**2013**



**Annual Performance Report**

**2013**

**Ministry of Plantation Industries**

**Compiled on the instructions of**

**Public Finance Circular No.402**

**dated 12<sup>th</sup> September 2002**

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## Ministry of Plantation Industries

### Introduction

The Ministry of Plantation Industries plays a significant role to arrive at economic, social and environmental development targets in the stable macro-economic environment envisaged to build through “Mahinda Chintana Idiri Dekma” development strategy. In line with the national policies to be implemented by the Government, the Ministry mainly undertakes the activities such as formulation, implementation and handling of policies, programmes and projects related to the subjects of tea and rubber of the statutory bodies coming under the preview of the Ministry, the functions related to the development and researches of the tea and rubber industries and the issuance of licenses and control of the fragmentation of tea, rubber and coconut estates. Since the promotion and research activities of the plantation crops which were not specifically assigned to any other Ministry are also coming under the scope of this Ministry, the activities related to the expansion of oil palm cultivation have also been carried out under the Ministry.

Sri Lanka Tea Board, Tea Research Institute of Sri Lanka, Tea Small Holdings Development Authority, Tea Shakthi Fund, Kalubowitiyana Tea Factory Ltd., Rubber Development Department, Rubber Research Institute of Sri Lanka, Thurusaviya Fund, National Institute of Plantation Management and Tea, Rubber and Coconut Estates (Control of Fragmentation) Board are functioning under the purview of this Ministry in order to carry out the above activities. In addition, the Smallholder Plantations Entrepreneurship Development Programme (SPEnDP) funded by the International Fund for Agricultural Development (IFAD) with the contribution of Government of Sri Lanka is also coming under the purview of the Ministry of Plantation Industries.



## Mahinda Chintana Vision for the Future...



- ❖ By increasing blending and packing of tea locally, to make Sri Lanka a hub for the tea trade.
- ❖ To provide incentives for popularizing instant tea.
- ❖ In order to increase productivity, to take steps to introduce improved cultivation strains of tea, rubber, coconuts and other export crops.
- ❖ Support schemes will be introduced for all export crops.
- ❖ The fertilizer support scheme for all cash crops will be further extended.
- ❖ By increasing the productivity of plantation companies leased out to the private sector, continued employment and better remuneration for workers will be ensured. These companies will be directed to long term environmentally-friendly investments in order to conserve the bio diversity and water resources.

*(Mahinda Chintana Vision for the Future) – Page 91, 92*



## The Budget Speech - 2013



“I propose to increase the replanting subsidy from Rs. 300,000 to Rs.350,000 per hectare from 2013 to encourage replanting among smallholders. I also propose to increase the subsidy for new plantation from Rs. 150,000 to Rs. 250,000 per hectare. As certain tea plantations have aged, I propose to introduce a staggered replanting arrangement for those small holders to gradually move into new plantation.”

“I propose to provide Rs. 100 million to popularize mechanical instruments for tea plucking to assist tea smallholders to improve their productivity.”

“25,000 acres of land underutilized by the plantation companies have been identified in terms of the Budget proposal announced in the 2012, to be re-allocated. I propose to distribute these lands on a 30 year lease basis for the development of smallholder plantation crops among 12,500 entrepreneurial youth of low income families. They will be given assistance for land preparation and planting.”

“The Government is working with international development agencies to mobilize long term financing to support plantation companies to develop their plantations. However, these loan funds will be made available only for those companies which have performed well in terms of best practices in plantation, value addition, welfare of workers and care for surrounding villages. Performance evaluations will take in to account the post 1992 period, since plantation companies have been responsible for estate management. I propose to reward best performing companies by extending the applicable lease terms as well as facilitating long term funding arrangements while imposing new conditions on lesser performing companies requiring corrective actions to ensure full compliance to improve their performance.”

“I also propose to reduce income tax on the export of tea to 12 percent provided such exports are made out of organic tea.”

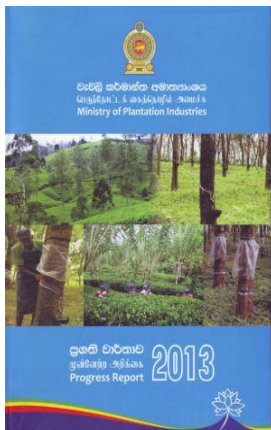
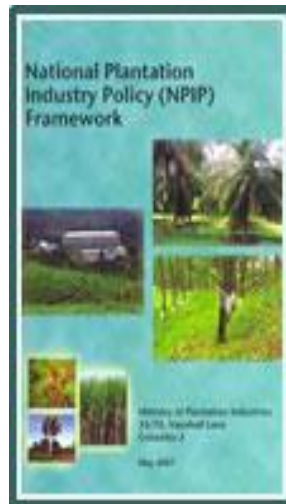
“Foreign exchange earnings from rubber product exports are fast approaching the export income of tea. I propose to accelerate rubber cultivation in Monaragala, Ampara, Vavuniya and Mullativu targeting smallholders in those areas. High quality planting material will be developed to ensure increased yield in rubber plantation. *Divi Neguma* programme will popularize rubber cultivation among households having land ownership up to 2.5 acres to promote a supplementary income.”

**VISION**

**Achieving national prosperity  
through development of the  
plantation industry**

**MISSION**

**To enhance the productivity,  
profitability and sustainability of  
the plantation industry through  
ensuring an economically, socially  
and environmentally viable  
plantation sector**



**MINISTRY OF PLANTATION  
INDUSTRIES**

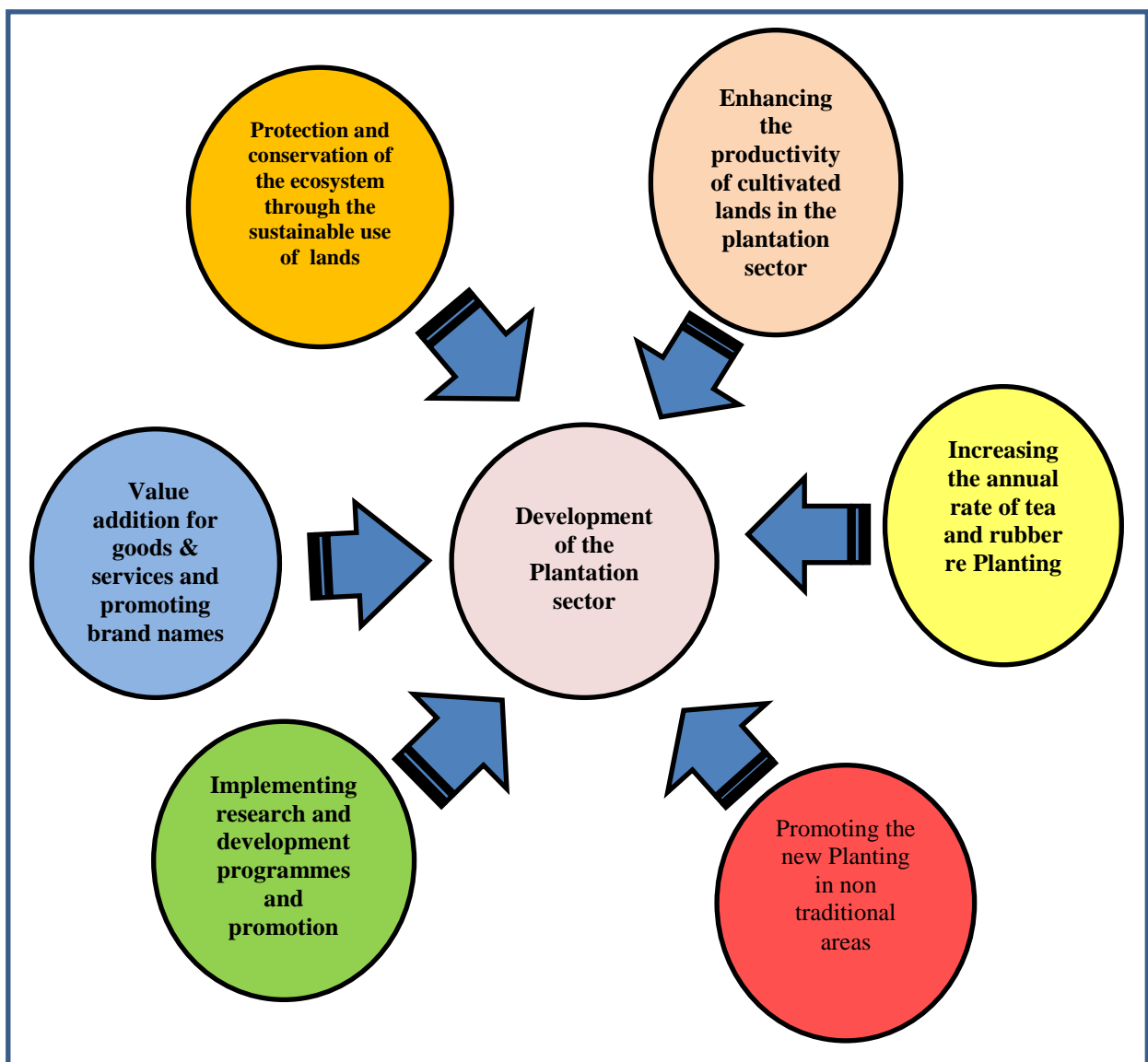
**ACTION PLAN – 2013**

**55/75, Vauxhall Lane,  
Colombo - 02**



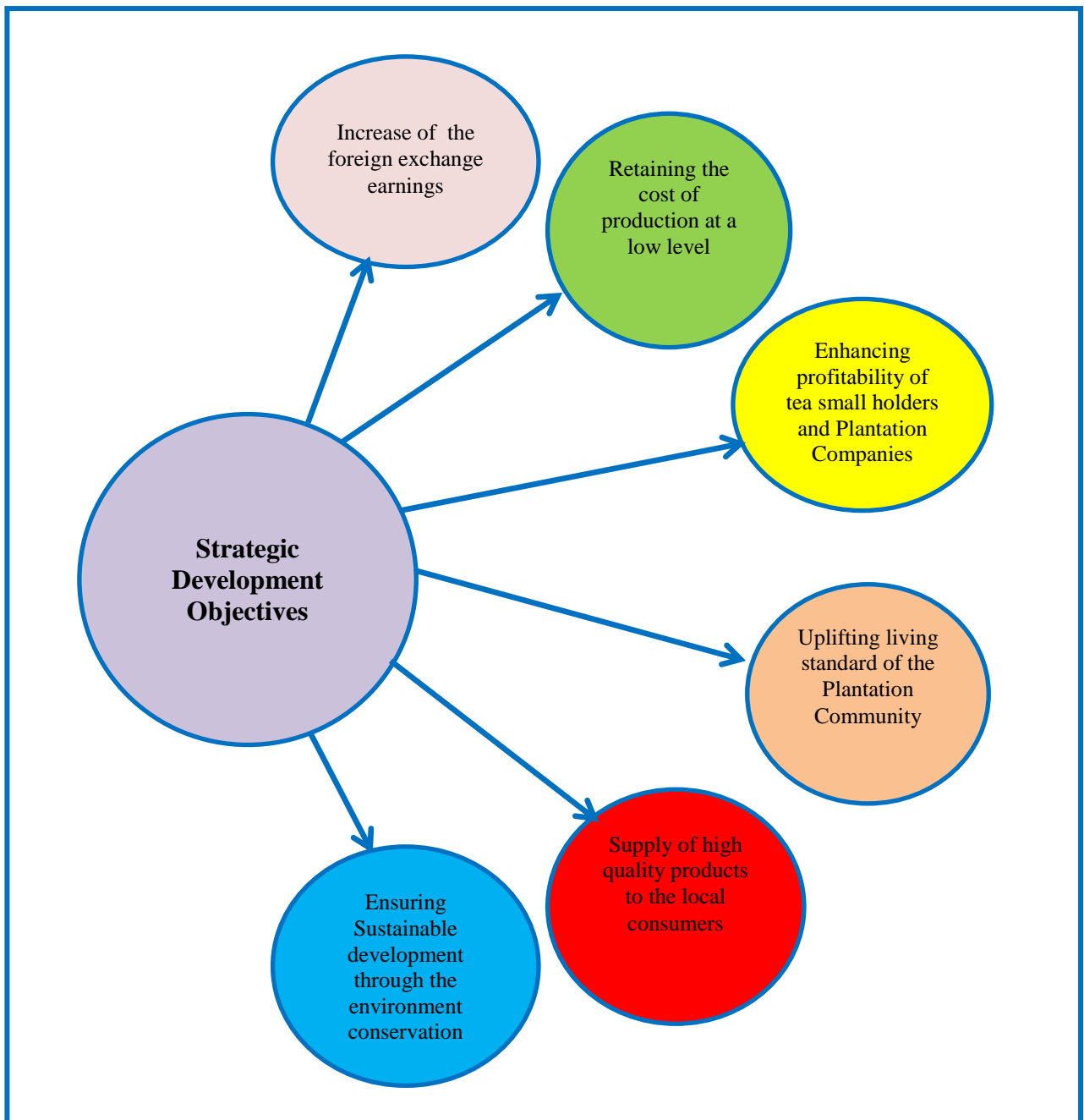
## Key Prospects

The following major activities are carried out for development in the plantation sector in comply with the Policy framework of the Government of Sri Lanka formulated in the year 2010 by the Ministry of Finance and Planning in line with the “Mahinda Chintana Vision for the Future.”



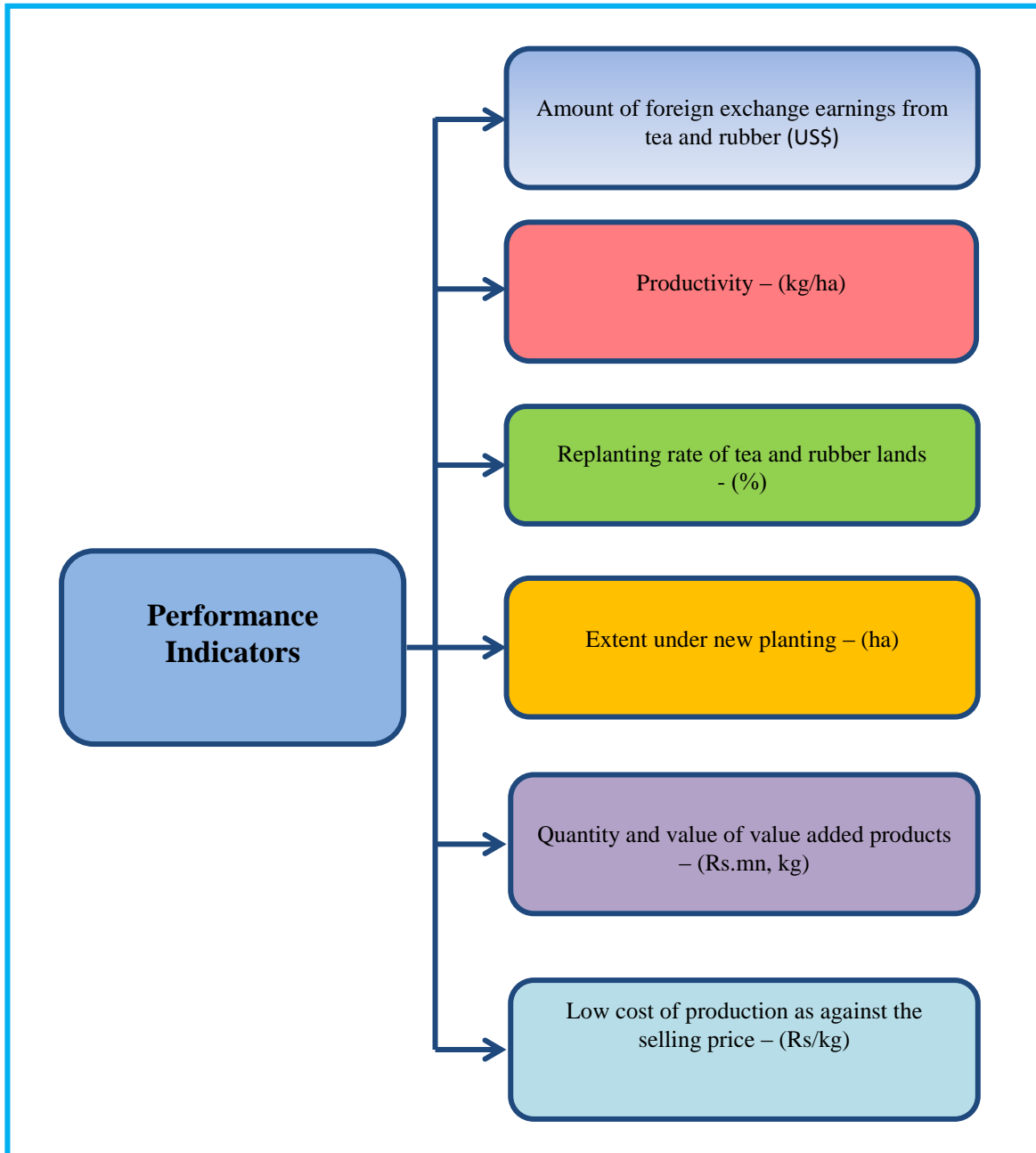
## Strategic Development Objectives

In line with the Mahinda Chintana policies, the strategic development objectives identified by the Ministry of Plantation Industries are given below.



## Performance Indicators

Six performance indicators have been identified with the purpose of achieving medium term development objectives of the Ministry.



**Cadre Information as at 31.12.2013**

Serial No.	Post	Service	Grade/ Class	Approved Cadre	Available Cadre
<b>Senior Level</b>					
01	Secretary			1	1
02	Additional Secretary	SLAS	(Special)	2	1 (Special) 1 (Class 1) Actg.
03	Director	SLAS	1	2	1
04	Director	SLPS	1	1	1
05	Senior Assistant Secretary	SLAS	1	1	0
06	Chief Accountant	SLAcS	1	1	1
07	Deputy Director/Assistant Director	SLAS	11 / 111	3	2
08	Deputy Director/Assistant Director	SLPS	11 / 111	1	1
09	Assistant Secretary	SLAS	11/111	1	1
10	Assistant Secretary (Union)			1	1
11	Accountant	SLAcS	11/111	2	1
12	Chief Internal Auditor	SLAcS	1	1	1
13	Legal Officer	Dept.		1	1
	<b>Total</b>			<b>18</b>	<b>14</b>
<b>Tertiary Level</b>					
14	Administrative Officer	PMAS - Supra		1	1
15	Translator	G. T. S.		2	1
	<b>Total</b>			<b>3</b>	<b>2</b>
<b>Secondary Level</b>					
16	Plantation Management Monitoring Officer	Asso. Service		18	5
17	Development Officer	Asso. Service		21	16
18	Statistical Officer	Dept.		1	1
19	Budget Assistant	Asso. Service		1	1
20	Finance Assistant	Asso. Service		1	1
21	Procurement Assistant	Asso. Service		1	1
22	Legal Assistant	Asso. Service		3	0
23	Public Management Assistant	PMAS		37	32
24	Receptionist	Dept.		1	1
25	Computer Programme Assistant	S. L. I. T. S.	111	1	0
26	Coordinating Secretary for Secretary	Tempo		1	1
27	Video Cameraman	Tempo		1	0
28	Still Cameraman	Tempo		1	1
	<b>Total</b>			<b>88</b>	<b>60</b>
<b>Primary Level</b>					
29	Driver	DS		24	22
30	KKS	OES		18	16
31	Cameraman Assistant	Tempo		01	01
	<b>Total</b>			<b>43</b>	<b>39</b>
	<b>Grand Total</b>			<b>152</b>	<b>115</b>

**Cadre Changes - 2013**

	Designation	Service	Approved Cadre	Transferred	Pensioned	Resigned	Transferred to Ministry
01	Additional Secretary	SLAS - Special	02	-	01	-	01
02	Accountant	SL Accountant. Ser.	02	01	01	-	01
03	Legal Assistant	Relative Services	03	02	-	-	-
04	Development Officer	Relative Services	21	02	-	-	11
05	Plantation Monitoring Officer	Relative Services	18	02	-	-	-
06	Public Management Assistant		37	06	-	01	03
07	Office Employee Assistant		18	01	01	01	-
08	Driver		24	-	01	-	-

## Achieving the Targets - 2013



Details	Tea		Rubber	
	Target	Progress	Target	Progress
Quantity of Production (kg. mn.)	334	340	159	130.4
Productivity (kg/ha)	-	1,720	-	1,247
Foreign Exchange Earnings (Rs. billion)	204	195	154	124
Value Addition (%)	42	42	74	74
Replanting (ha)	4,200	1,660	3,548	2,483
New planting (ha)	700	264	3,500	3,371

## Implementation of Budget Proposals of year 2013

	Budget Proposal	Progress of Implementation
1	Increase the tea replanting subsidy from Rs.300,000 to Rs.350,000 per hectare.	<ul style="list-style-type: none"> <li>❖ Hectares -1,215</li> <li>❖ Beneficiaries – 20,770</li> <li>❖ Value of subsidies (Rs. mn.) - 304</li> </ul>
2	Increase the subsidy for new planting tea from Rs. 150,000 to Rs. 250,000 per hectare.	<ul style="list-style-type: none"> <li>❖ Hectares -264</li> <li>❖ Beneficiaries - 1,992</li> <li>❖ Value of subsidies (Rs. mn.) - 33</li> </ul>
3	Mechanization of tea plucking in tea small holdings.	<ul style="list-style-type: none"> <li>❖ Awareness Programmes                             <ul style="list-style-type: none"> <li>• tea small holders – 10 programmes</li> <li>• ( 500 participants)</li> <li>• Staff of Tea smallholder societies – 07 programmes</li> <li>• ( 550 participants)</li> <li>• Tea Factory Owners –01 programme</li> <li>• ( 25 participants)</li> <li>• Extension Officers - 03 programme</li> <li>• ( 120 participants)</li> </ul> </li> <li>❖ Taking necessary actions to purchase tea plucking and pruning machines and equipment at the cost of Rs.21.3 million.</li> </ul>
4	Expansion of rubber new planting in 10,000 hectares in Ampara District.	<ul style="list-style-type: none"> <li>❖ Identifying suitable geographical areas.</li> <li>❖ Regularization of Mahaweli, Forest and Government lands.</li> <li>❖ Identifying beneficiaries and training.</li> <li>❖ Commencement of Plant Nursery in Padiyathalawa and infrastructure development.</li> <li>❖ Initiation of new planting in 450 hectares.</li> <li>❖ Taking actions to establish sub offices of the Rubber Development Department and Rubber Research Institute.</li> </ul>
5	Expansion of rubber cultivation to non-traditional areas.	<ul style="list-style-type: none"> <li>❖ Monaragala District                             <ul style="list-style-type: none"> <li>• SPEnDP – Completion of 5,087 hectares.</li> <li>• RDD - Completion of 7,027 hectares.</li> </ul> </li> <li>❖ Initiation of planting in 240 hectares identifying lands through researches in Hambantota, Vavuniya, Mullativue and Kilinochchi districts.</li> <li>❖ Conducting utility research in 17 sites in Northern Province.</li> <li>❖ Giving training on rubber cultivation to agriculture related officers and selected army officers in Northern Province.</li> </ul>
6	Distribution of underutilized lands leased out to the regional plantation companies on long term lease basis, among youths for agricultural purposes.	<ul style="list-style-type: none"> <li>❖ Providing information of 10,000 hectares identified as underutilized lands at district level, to the relevant District Secretaries.</li> <li>❖ Formulation of proper methodology for distribution of lands.</li> <li>❖ Land use planning activities are being carried out by the District Secretariats at district level.</li> </ul>

## Major Development Activities - 2013

	Programme	Progress
1	Rubber New Planting Subsidy Programme (Except for SPEnDP and Home Garden programme).	<ul style="list-style-type: none"> <li>❖ Ha. – 2,717</li> <li>❖ Beneficiaries - 21,558</li> <li>❖ Value of subsidy Rs.mn. – 168</li> </ul>
2	Rubber Replanting Subsidy Programme.	<ul style="list-style-type: none"> <li>❖ Ha. – 2,483</li> <li>❖ Beneficiaries - 15,125</li> <li>❖ Value of subsidy Rs.mn. - 269</li> </ul>
3	Mapping of tea, rubber and oil palm lands using the Geographical Information System (GIS)	As a pilot project, about 75% completion of mapping in Galle District.
4	Re-commencement of cadastral survey in the lands leased out to the Regional Plantation Companies.	Maps of 34 estates of 3 Plantation Companies were finalized by the Surveyor General.
5	National Plantation Awards Ceremony.	Selection of qualified persons for 150 awards representing all stakeholders under 10 categories.
6	Hosting the Ministerial Conference of tea producing countries in Sri Lanka.	Entering into a consent agreement by 7 countries for formation of the International Tea Producers' Forum.
7	Hosting the Annual Rubber Conference of the Association of Natural Rubber Producing Countries (ANRPC) in Sri Lanka.	Conducting annual sessions successfully and Sri Lanka was selected for the Chairmanship.
8	Improving the quality of green leaf.	Conducting programmes to improve the quality of green leaf utilized for production from 33% to 60%.
9	Modernization of tea factories.	Providing Rs.20 million for 39 factories subject to the maximum of Rs.one million.
10	Promotion of the name “Ceylon Tea” locally and internationally under the Tea Promotion and Marketing Fund.	<ul style="list-style-type: none"> <li>❖ Sponsoring the Sri Lanka Cricket Team by Rs.205 million per annum for 3 years.</li> <li>❖ Taking action to open Tea Sales Centre at Colombo Race Course for local tea promotion and attraction of tourists.</li> <li>❖ Following the procurement process to select service providers under planning of programmes identifying 25 countries for global tea promotion.</li> </ul>



## Divi Neguma National Development Programme - 2013

	Programme	Progress
1	Providing plants for new planting and replanting of tea.	Plants - 1,081,324 Rs. 16.2 mn
2	Pepper cultivation as an intercrop with tea plantation.	Plants - 22,975 Rs.0.41 mn
3	Establishment of commercial tea plant nurseries.	Nurseries - 50 Rs. 0.48 mn
4	Providing budded rubber plants for infilling of small holdings.	Plants - 80,713 Rs. 4.84 mn
5	Rubber home garden programme.	Plants - 205,945 Rs.17.35
6	Rubber intercropping programme.	❖ Banana plants 21,512 Rs.0.83 mn ❖ Pineapple plants 65,887 Rs. 0.9 mn ❖ Passion fruits plants-1,271 Rs.14,700
7	Providing technically improved tapping knives.	Tapping knives - 2,799 Rs. 0.8 mn
8	Development of rubber plant nurseries.	Nurseries - 07 Rs. 2.82 mn
9	Construction of rubber group processing centres.	centres - 02 Rs. 2.8 mn



## Other Programmes launched in the year 2013

- ❖ Measures were taken to the infrastructure development of governmental rubber nurseries and increase the plant production.



- ❖ Necessary steps were taken to develop nurseries and establish new nurseries at District level to meet the requirement of high quality tea plants in each District.

- ❖ Actions were taken to make new fertilizer recommendations for improvement of the productivity on the findings of the adoptive researches conducted in 26 locations of the country, having considered the views and proposals of the tea small growers.

- ❖ Exhibition stalls were displayed with the participation of all institutions coming under the Ministry, at “Deyata Kirula” National Development Exhibition held at Hardi Technical College, Ampara from 04<sup>th</sup> to 10<sup>th</sup> 2013. The exhibition stall displayed by the Ministry of Plantation Industries won the 10<sup>th</sup> place at the selection of the best exhibition stall.



- ❖ Finding solutions to the issues of Regional Plantation Companies at the monthly Golden Share Holder’s Meeting chaired by the Hon. Minister of Plantation Industries and leading them to the targets, based on the estate economy.

- ❖ Taking necessary actions to achieve targets continuously, having discussions from time to time with all stakeholders in the tea and rubber sectors, increase their contribution, discuss on the problems met by them practically and resolve the problems immediately.



- ❖ Taking measures to hold Farmers' meetings for tea and rubber sectors in each district, where tea and rubber cultivations are undertaken, discuss on the problems met by them practically and resolve the problems immediately and following - up the progress of the previous discussions.

- ❖ Taking necessary actions continuously to amend the Acts related to the institutions coming under the Ministry in conformity to the current and future requirements to efficiently carry out the targeted development activities in the tea and rubber sectors.

- ❖ Actions were taken to amend new regulations made to execute in the tea and rubber sectors and the prevailed regulations.

- ❖ Continuous intervention to the development activities of the institutions coming under the Ministry of Plantation Industries, coordinating with other Ministries, Departments and institutions.

- ❖ Under the special programme for attraction of new international tea markets, the delegation headed by Hon. Minister visited Latin American countries such as Argentina, Chile and Brazil to promote Ceylon Tea.



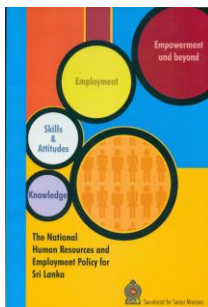
- ❖ Holding discussions with field officers and growers at the field visits headed by Hon. Minister of Plantation Industries and implementing their views and proposals received thereat.



- ❖ Continuing the researches on high quality special cultivars and other researches related to soil and plantation carried out by the tea and rubber researchers.



- ❖ When the training programmes were conducted for 16,000 Graduates newly recruited with the purpose of coordination village level development programmes under the Divi Neguma National Development Programme, making the said graduate facilitators aware, holding discussion on the topic of “Contribution and Future Plan of the Ministry of Plantation Industries”.



- ❖ Preparing Action Plan of the Ministry of Plantation Industries for Rs.130 million in line with the National Human Resources and Employment Policy formulated by the Secretariat of Senior Ministers.

## Financial Progress Review

Rs. mn

Institution	Revised allocations for year 2013		Up to 31 <sup>st</sup> December 2013		Performance %	
	Capital	Recurrent	Capital Expenditure	Recurrent Expenditure	Capital	Recurrent
Ministry	25.398	141.700	17.819	132.188	70	93
Sri Lanka Tea Board	45.000	125.000	37.910	120.000	84	96
Tea Research Institute	88.000	262.000	87.296	252.113	99	96
Tea Small Holdings Development Authority	300.000	235.000	294.800	225.336	98	96
Rubber Development Department	96.000	753.850	60.052	741.054	63	98
Rubber Research Institute	60.000	210.000	53.400	195.750	90	93
Thurusaviya Fund	6.000	10.200	5.940	10.090	99	99
National Institute of Plantation Management	25.000	22.000	23.100	18.744	92	85
Smallholder Plantations Entrepreneurship Development Programme	449.000	-	448.428	-	100	-
<b>Total</b>	<b>1,094.398</b>	<b>1,759.750</b>	<b>1,028.745</b>	<b>1,695.275</b>	<b>94</b>	<b>96</b>

## Sectoral Review

### Tea Sector

#### *Vision*

*To ensure the future of the tea industry and promote Ceylon Tea to be the main partner in the global beverage market through strengthening the tea small holding sector and the corporate sector for sustainable development.*



Tea plantation was firstly introduced to Sri Lanka by James Taylor in year 1867. The tea plantation of Sri Lanka has expanded covering 123 Divisional Secretaries' Divisions of 14 Districts in Up - Country, Mid- Country and Low-Country in Sri Lanka. The vision of the tea industry is to ensure the future of the tea industry and make the Ceylon Tea the premier brand in the global beverage market through strengthening the tea small holding sector and the corporate sector for sustainable development.

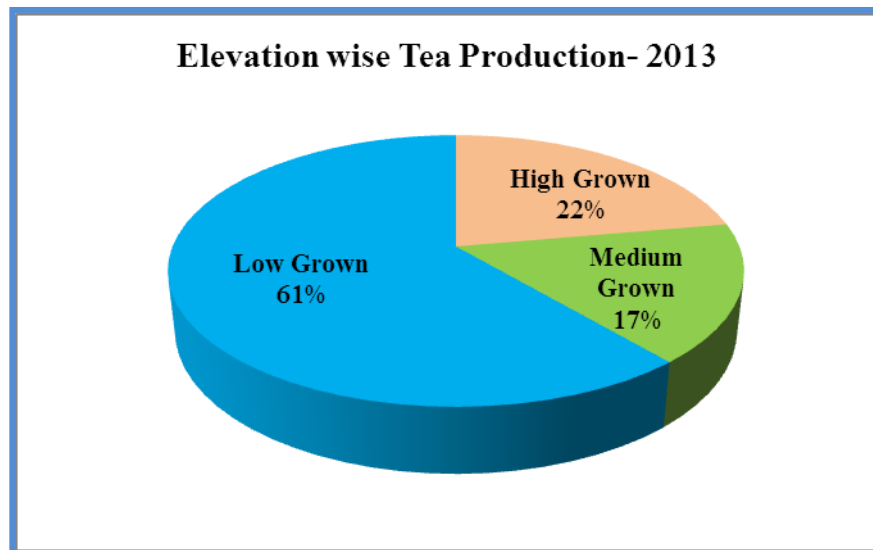
At present, tea cultivation has expanded to the extent of 204,024<sup>1</sup> hectares of which 120,955 hectares (59%) are contributed by the tea small holding sector. Further, 73,756 hectares (36%) are owned by 20 Regional Plantation Companies and 9,313 hectares (5%) are managed under the government institutions.

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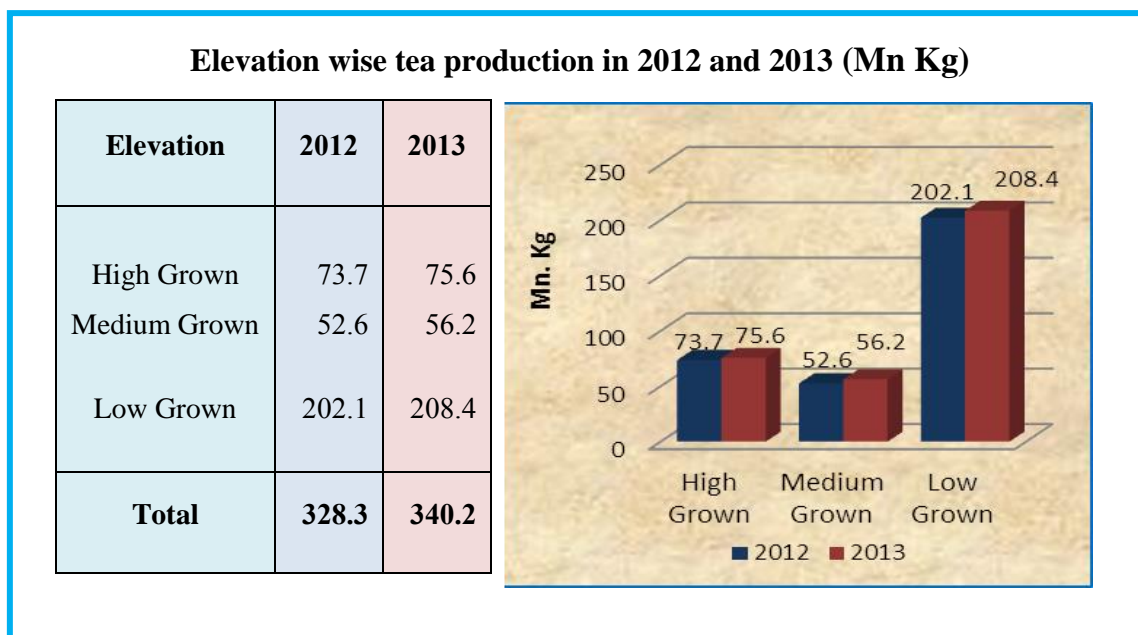
<sup>1</sup> Provisional

The average yield per hectare of tea had increased from 1,688 kg in year 2012 to 1,727 kg in the year under review recording 2.3% increase as against the year 2012. The tea production had increased from 328.4mn kg in year 2012 to 340.2mn kg in year 2013 showing 3.6% increase as against the year 2012. This was attributed by the favourable weather conditions prevailed in the tea growing districts during first 06 months of the year 2013, good agricultural practices adopted by the small holding sector and corporate sector and the proper application of fertilizer as well.

As for the elevation wise tea production in the year under review, the low grown tea production amounted to 208.4mn kg showing 61.3% of the total tea production in the year. The high grown and medium grown tea productions were recorded as 75.6mn kg and 56.2mn kg respectively contributing 22.2% and 16.5% to the total tea production in the year respectively.



The elevation wise tea production in the years of 2012 and 2013 is given below.



Accordingly, the high grown tea production in the year 2013 has increased by 1.9 mn kg as against the year 2012 and the medium grown and low grown tea productions have increased by 3.6 mn kg and 6.3 mn kg respectively, mainly due to the favourable weather conditions prevailed in the tea growing areas as mentioned above.

The total tea production in the years of 2012 and 2013 as per the main tea producing methodologies is given below.

**Table 3.1**

**Category wise Tea Production in 2012 and 2013**

Category	2012		2013	
	Mn kg.	% of the total production	Mn kg.	% of the total production
Orthodox Black Tea	302.1	92	314.1	92
C.T.C. Tea	23.3	7	22.4	7
Green Tea	3.0	1	3.7	1
<b>Total</b>	<b>328.4</b>	<b>100</b>	<b>340.2</b>	<b>100</b>

Source: Sri Lanka Tea Board



The Orthodox black tea production has increased by 12 mn kg in year 2013 as against the year 2012 and the Green Tea production has increased by 0.7 mn kg. However, the C.T.C. tea production has declined by 0.9 mn kg.

Even though the extent of lands under replanting in the tea small holding sector in year 2012 was 937 hectares, it has increased to 1,220 hectares in year 2013 of which 1,165 hectares and 55 hectares were cultivated under the Tea Small Holdings Development Authority and Smallholder Plantations Entrepreneurship Development Programme respectively. As well, new planting of tea in 263 hectares of the tea small holding sector has been undertaken by the Tea Small Holdings Development Authority during the year under review. The contribution of tea small holders has increased from 234.2 mn kg in 2012 which was 71% of the total tea production to 238.5 mn kg, that was 70% in the year under review

Although the total tea production of the tea small holders in year 2012 amounted to 234.2 mn kg, it has increased by 4.3 mn kg (1.8%) to 238.5 mn kg in year 2013. The tea small holding sector has further secured a significant position in the tea production of Sri Lanka in year 2013 as tea new planting and replanting programmes, infilling programmes, extension & advisory services and training programmes for tea small holders were continuously implemented by the Tea Small Holdings Development Authority during the year under review. The fertilizer subsidy provided continuously under the National Fertilizer Subsidy Programme for planting of tea had also caused for the increase in the comparative contribution of the tea small holding sector and increase in the tea planting subsidy of the Government as Rs.350,000 and Rs.250,000 per hectare for tea replanting and new planting respectively by year 2013 and granting a subsidy of Rs.25/- per tea plant for infilling were also root causes for development of the tea cultivation.

During the year under review, the average sales price of tea per kg at the Colombo tea auction was recorded as Rs.444.42 showing about 13.5% increase as against Rs.391.64 per kg of tea in the year 2012. Further, the FOB price in the year 2012 stood at Rs.563.94 per kg and it has increased by 10.6% to Rs.623.91 per kg in the year 2013.

The total quantity of tea exports including re-exports in the year 2013 was 319.67 mn kg and the export income earned thereby amounted to Rs.199,440 mn. Details of exports and re-exports of tea in the years of 2012 and 2013 are given below.

Table 3.2

Data of Exports and Re-Exports of Tea in 2012 and 2013

Year	Exports			Re-Exports			Total Exports		
	Quantity Mn. kg.	FOB price Rs /kg	Income Rs. mn	Quantity Mn. kg.	FOB price Rs /kg	Income Rs. mn	Quantity Mn. kg.	FOB price Rs /kg	Income Rs. mn
2012	306.0	552.26	169,015	13.9	820.84	11,415	319.9	563.94	180,430
2013	311.14	613.23	190,804	8.6	1,014.14	8,636	319.7	623.91	190,440

Accordingly, even though the total export income soared by 5.5% up to Rs.190,440 million in the year 2013 as against Rs.180,430 million earned from the tea export of 319.9mn kg in the year 2012, the total quantity of exports recorded in the year 2013 is 319.7mn kg. Although the quantity of tea exports to Syria was declined in the year under review due to the civil war in Syria, the third largest destination of Ceylon Tea, tea exports in the year 2013 have not declined highly due to the increase in the quantity of tea exports to Turkey and Kuwait.

The quantity of tea purchased by ten main destinations in the year 2013 amounted to 220.41mn kg and it is 70.8% of the total tea exports in the year under review. The quantity and value of tea (without re-exports) exported to main destinations in the year 2012 and 2013 are given below.

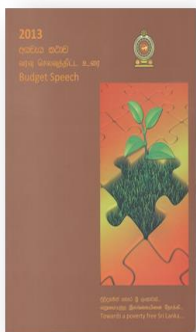
Table 3.3

## Quantity and Value of Tea Exports to Main Destinations in 2012 and 2013

Country	2012		2013	
	Quantity of Exports (Mn. kg)	FOB price per kg (Rs. mn.)	Quantity of Exports (Mn. kg)	FOB price per kg (Rs. mn.)
Russia	47.25	568.50	45.68	660.45
Iran	38.13	586.47	38.42	635.11
Turkey	23.13	495.41	32.20	564.07
Iraq	23.48	452.93	22.27	500.61
Syria	24.72	535.57	21.06	574.68
UAE	11.58	535.36	17.53	578.76
Kuwait	7.31	394.97	16.02	401.68
Azerbaijan	10.59	538.14	10.78	595.98
Japan	9.54	638.83	8.82	683.12
Jordan	9.40	479.28	7.63	598.74
<b>Total</b>	<b>205.13</b>	<b>-</b>	<b>220.41</b>	<b>-</b>

Russia was the main destination of Ceylon tea exports in year 2013 as well as the year 2012. Russia purchased 45.68mn kg of the total tea export during the year under review contributing 14.68% to the total tea export (without re-exports). Iran, the second main destination of Ceylon tea exports purchased 38.42mn kg during the year under review.

### Major activities carried out for development of the tea industry during the year under review



- ❖ As proposed by the Budget Speech 2013, the replanting subsidy and new planting subsidy were increased from Rs.300,000 to Rs.350,000 per hectare and from Rs. 150,000 to Rs. 250,000 per hectare respectively and the benefits thereof were provided to the tea small holders.

- ❖ As proposed by the Budget Speech 2013, an effective programme for mechanization of tea plucking in tea small holdings at the cost of Rs.100 million was launched jointly by the Tea Research institute and Tea Small Holdings Development Authority.



- ❖ The Acts related to the Tea Research Institute, Tea Small Holdings Development Authority and Tea Shakthi Fund were amended and submitted to the Cabinet of Ministers with the purpose of preparing the functions of said institutions in line with the current needs.
- ❖ Regulations were made to reclaim the refuse tea, forward the reclaimed tea to the tea auction and dispose the remaining unusable tea and, submitted to approval of the Cabinet of Ministers.



- ❖ Hosting the Ministerial Conference of tea producing countries successfully in Colombo from 21<sup>st</sup> to 22<sup>nd</sup> January 2013.

- ❖ Actions were taken to increase our market share in the international market for promotion of tea under the Tea Promotion and Marketing Fund. In this context, sponsoring the business forum of Commonwealth Heads of Government Meeting (CHOGM) and launching promotion campaign for “Ceylon Tea” through sponsoring for overseas matches of the Sri Lanka Cricket Team.



- ❖ Initial works were finalized to launch global and local tea promotion campaign under the Sri Lanka Tea Board.

- ❖ A special promotion campaign was launched to explore new market aiming at Latin American region.



- ❖ A Memorandum of Understanding was signed by the Tea Small Holding Development Authority and the Bank of Ceylon to implement a special credit scheme enabling the tea small holders to obtain a loan up to Rs. 0.5 million.
- ❖ A special programme was implemented for inspection of warehouses where made tea is stored, deficiencies were rectified and legal actions were initiated against the warehouses which were not conformity to the due specifications.



- ❖ “B- Leaf 60” new programme was commenced to improve the quality of green leaf brought to the factories.

- ❖ A special programme was commenced to develop good manufacturing practices in the factories.



- ❖ Construction works of the Yatinuwara Tea Shakthi Factory were re-commenced.



- ❖ Researches were continued in the fields such as development of new clones and reduction of cost of production.

- ❖ New fertilizer recommendations, suitable to the main tea growing areas were made by the Tea Research Institute.
- ❖ Green leaf producers, farmers and government officials were met and the issues related to the field were resolved having discussions with them. In this context, farmer meetings were held in the areas such as Badulla, Yatinuwara, Gampola and Nawalapitiya.
- ❖ Actions were taken to fill all vacancies of the Extension Officers related to the tea plantation with the purpose of conducting awareness and training programmes for dissemination of technical know-how to the growers.

## Rubber Sector

### *Vision*

*Enhancement of the national production and increase of the foreign exchange earnings through expansion of the quality and productive plantation and creation of an environment conducive for the improvement of economic conditions and social status of the people who engage in the rubber industry.*



The rubber plantation, which was introduced to Sri Lanka by Sir Henry Wickham in year 1876 has mostly expanded in the traditional rubber growing areas of Sri Lanka such as Colombo, Gampaha, Kalutara, Kandy, Matale, Galle, Matara, Kurunegala, Badulla, Ratnapura and Kegalle districts. Since the opportunities to further expand the rubber cultivation in traditional areas are limited, the rubber cultivation has been initiated in non-traditional areas such as Monaragala, Hambanthota and Ampara districts on the policy decision taken by the government and at present, actions have been taken to expand the rubber cultivation to Vavuniya and Mullaitivu districts in Northern Province as well.

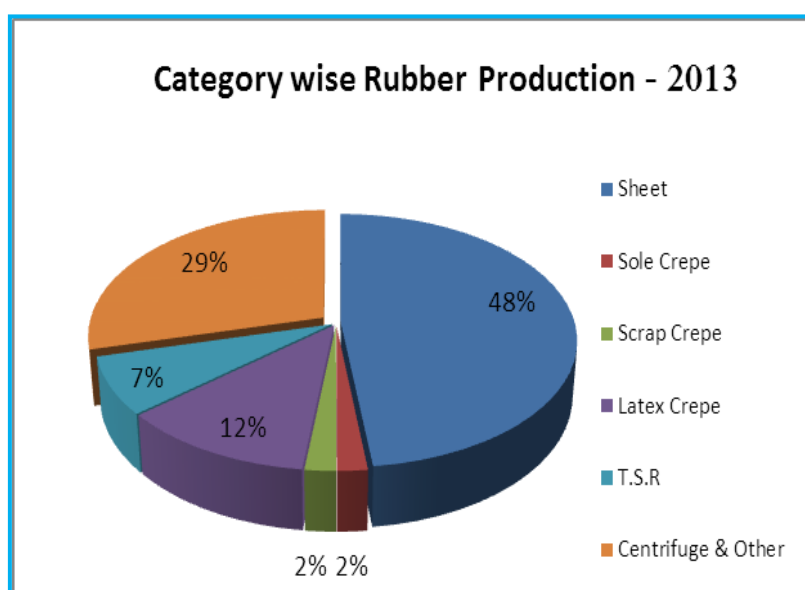
A gradual growth of the rubber sector in Sri Lanka was reported during the last decade and, further promotion of rubber cultivation has become timely need due to a model to the reforestation, environmental friendliness and creation of a favourable change in the climatic pattern in addition to the economic benefits.

The vision of the rubber sector is to enhance the national production and increase the foreign exchange earnings through expansion of the quality and productive plantation and creation of an environment conducive for the improvement of economic conditions and social status of the people who engage in the rubber industry. Necessary steps were taken to further develop the rubber plantation as productive plantation in quality and quantity through the various programmes implemented during the year under review by the Rubber Development Department, Rubber Research Institute and Thurusaviya Fund coming under the Ministry of Plantation Industries.

At present, the rubber plantation has expanded to 133,668<sup>2</sup> hectares of which 85,442 hectares (64%) are contributed by the rubber small holder sector. Further, 46,635 hectares (35%) are owned by 20 Regional Plantation Companies and 1,591 hectares (1%) are managed under the government institutions.

The rubber production in the year under review was dropped to 130,421mt by 16.5% as against 152,049mt recorded in the year 2012. Although the decline in the rubber prices and the decrease in the No. of tapping days due to the heavy rainfall prevailed in the traditional rubber growing areas in year 2013 have adversely affected to the rubber production, such decline in the rubber production is shown in the year under review as against the previous year since the estimated errors in the rubber production were rectified.

In year 2012, the sheet rubber production in the total rubber production was at a higher rate and the total production of sheet rubber in the year amounted to 62,800mt (48%).

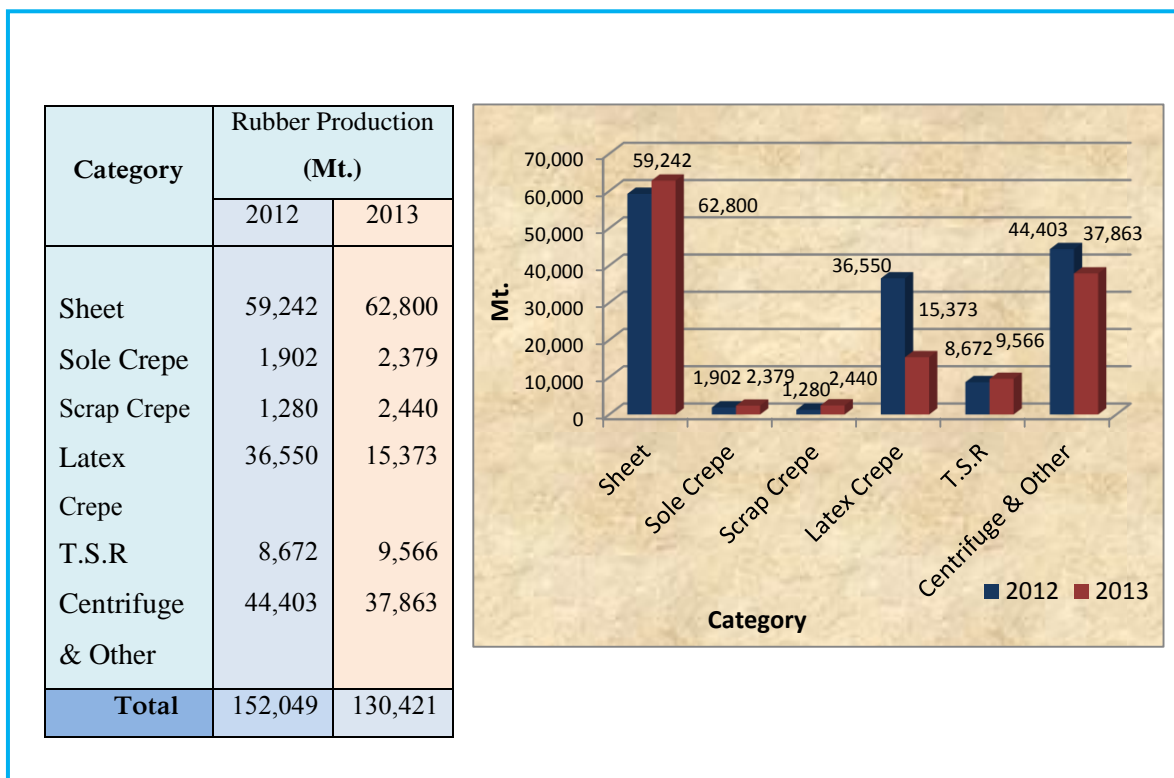


<sup>2</sup> Provisional



The quantities of category wise rubber products in the years of 2012 and 2013 are given below.

**Category wise Rubber Products in 2012 & 2013**



Accordingly, production of Sheet rubber which contributes highly to the total rubber production has increased by 3,558mt (6%) in the year 2013 compared to year 2012.

The small holders make a large contribution to the production of rubber sector as well as the tea sector. The production of the rubber small holders was 99,421mt (76%) in the year under review. Under the National Fertilizer Subsidy Programme, the fertilizer subsidy of the government was provided to the rubber small holder sector and corporate sector in the year under review as well.

The development of rubber cultivation was further resulted from providing subsidies of Rs.175,000 per hectare and Rs.150,000 per hectare for rubber replanting and new planting respectively by the government during the year under review. The Rubber Development

Department continued to implement rubber replanting and new planting programmes and the interest of rubber small holders in the rubber cultivation was further augmented due to the large amount of subsidy.

The average price of all types of rubber dropped in the year 2013 as against the year 2012. The average prices of the Colombo rubber auction under RSS types in the years of 2012 and 2013 are given in the Table 3.4

**Table 3.4**

**Average Auction Prices for Various Types of Rubber in 2012 and 2013**

Rs. /Kg.

Category	Average Price	
	2012	2013
R.S.S. 1	416.61	376.78
R.S.S. 2	409.56	369.00
R.S.S. 3	398.21	360.70
R.S.S. 4	386.27	337.30
R.S.S. 5	350.70	341.79

Total extent of 1,782.17 hectares was replanted with rubber utilizing the subsidy of Rs.268 million granted under the rubber replanting subsidy programme of the Rubber Development Department during the year under review. Further, the total value of the subsidy allocated for rubber new planting programme amounted to Rs.167.73 million and the extent of land cultivated is 1,574.12 hectares Further, the training programmes implemented by the Rubber Development Department, Rubber Research Institute, Thurusaviya Fund and National Institute of Plantation Management in the year 2013 further attracted the growers who engaged in the rubber cultivation, to the application of fertilizer, fixing of rain guards, production of quality rubber sheets and gaining of technical know-how.

The total foreign exchange earnings from the exports of rubber in the year 2013 amounted to Rs.123,984.5 million recording about 0.5% growth compared to Rs.123,402 million of earnings in the year 2012. The export income from the category wise rubber exports in the years of 2012 and 2013 is given in Table 3.5.

**Table 3.5**  
**Value of Category wise Rubber Exports in 2012 and 2013**

**Rs. Mn.**

Category	Value of Exports	
	2012	2013
Raw rubber	15,726	9,194
Finished products	107,676	114,790
<b>Total</b>	<b>123,402</b>	<b>123,984</b>

Further, the quantity of raw rubber exports in year 2013 was 23,586mt and it is 18% as against 130,421mt of total rubber production in the year. However, about 37% drop had shown compared to 37,377mt of raw rubber exports in the year 2012, mainly due to the value addition of 107,259mt of raw rubber locally in the year 2013. An amount of Rs.114,790 million was earned from the export of rubber finished products during the year under review recording about 7% growth as against Rs.107,676 million earned in the year 2012.

**Principal activities carried out in the year under review for  
development of the entire rubber industry**

- ❖ The necessary activities were carried out, coordinating with the District Secretaries of the relevant areas for expansion of rubber cultivation in Northern Province. The formation of trial plots maintained by the Rubber Research Institute in North and establishment of new trial plots are undertaken with the assistance of the Sri Lanka Army. Accordingly, 10, 07 and 02 model Trial plots have been established respectively in Vavuniya, Mullaitivu and Killinochchi Districts.





- ❖ Actions were taken to initiate rubber new planting in 450 hectares under the programme for cultivation of rubber in 10,000 hectares in Ampara District.

- ❖ Achieving the target for cultivation of rubber in 5,000 hectares in Moneragala District.



- ❖ Initial works were carried out for land preparation of Padiyathalawa new plant nursery and construction of buildings required to the nursery and other infrastructure facilities to meet the plant requirement of the non-traditional areas.



- ❖ Continuation of the payment of subsidies to the farmers who own small holdings and the Plantation Companies for further popularizing the fixing of rain guards on the rubber cultivation and further conducting awareness programmes for the purpose.

- ❖ A committee on monitoring and evaluation of the rubber plant nurseries was appointed and activities of the nurseries were monitored regularly.

- ❖ Encouragement of the intercropping at the immature stage in the rubber lands.



- ❖ Continuation of the training programmes for tappers at the field Level.

- ❖ Conducting of training programmes for awareness of the farmers on good agricultural practices and correct methodologies for application of fertilizer.



- ❖ The meetings of rubber small holders chaired by Hon. Minister of Plantation industries were organized. The Thurusaviya Fund convene the rubber small holders for the discussions and, discussions on the issues of the farmers in the said field are held and the policy decisions for resolving the issues are taken at the Ministry level.



- ❖ The annual conference of the Association of Natural Rubber Producing Countries (ANRPC) was hosted successfully at Hotel Galadari, Colombo from 08.10.2013 to 13.10.2013 with the participation of representatives from 11 countries and Sri Lanka was selected uncontested for the Chairmanship in the next year.

- ❖ A loan of Rs. 25.5 million was provided to the 275 rubber small holders by the Thurusaviya Fund jointly with the Bank of Ceylon.



- ❖ Under the “Divi Neguma” National Development Programme implemented by the Ministry of Economic Development, the rubber cultivation was introduced as a Home Garden Programme in Hambantota, Moneragala, Ampara, Vavuniya and Mullaitivu Districts and 205,867 rubber plants were distributed free of charge.

## Oil Palm Sector

### *Vision*

*Contribution to the national economy through development of oil palm as a commercial crop to meet the local edible oil requirement and saving the foreign exchange for import of edible oil.*



The objective of the oil palm industry is to contribute to the national economy through development of oil palm as a commercial crop to meet the local edible oil requirement and save foreign exchange for import of edible oil. At present, the oil palm cultivation has expanded in approximately 7,780 hectares. Out of that, five Regional Plantation Companies manage 7,761 hectares and Sri Lanka State Plantation Corporation manages 19 hectares. The Table 3.6 provides year 2012 details of expanding the extent of oil palm cultivation in the estates which are managed by the Plantation Companies.

**Table 3.6**

**Expansion of the Oil Palm Cultivation**

<b>Hectares</b>			
<b>Plantation Company</b>	<b>Extent under Mature</b>	<b>Extent under Immature</b>	<b>Total Extent</b>
Agalawatta	947	354	1,301
Watawala	1,910	1,161	3,071
Namunukula	1,061	536	1,597
Elpitiya	782	427	1,209
Kotagala	-	583	538
SLSPC	19	-	19
<b>Total</b>	<b>4,719</b>	<b>3,061</b>	<b>7,780</b>

Making recommendations to import under tariff concessions the seeds required for oil palm cultivation of the Plantation Companies and coordination of studies and promotional campaigns on the use of oil palm cultivation and importance of its expansion are carried out by this Ministry. Accordingly, the recommendation has been made to import of 51,500 seeds required for the Plantation Companies to cultivate during the year 2013.

## Foreign Funded Development Projects



### Smallholder Plantations Entrepreneurship Development Programme



*The Smallholder Plantations Entrepreneurship Development Programme (SPEnDP) has been funded by the International Fund for Agricultural Development (IFAD) and the Government of Sri Lanka.*

*The main target of this programme is to increase income and livelihood of the marginalized smallholder tea producers in eight Divisional Secretaries' Divisions of the mid-country region, covering Kandy, Nuwaraeliya & Kegalle Districts and poor upland crop farmers in eight Divisional Secretaries' Divisions of intermediate zone of Moneragala District who wish to take up smallholder rubber plantation.*

*39,250 persons living in 8,700 household units of the said areas are the immediate prospective beneficiaries of this programme and actions have been taken to encourage them to undertake tea planting in 250 hectares in Mid-country region and rubber planting in 5,000 hectares in Moneragala district.*





### Purposes of the Programme

- ❖ Enable smallholders to develop sustainable out-grower systems with nucleus estates and down-stream processing enterprises.
- ❖ Promote and consolidate effective partnerships between the target groups and private and public sectors.

**Table 3.7**

#### Financial Information of the SPEnDP

**Rs. Mn.**

Source of funds	Total project Fund allocation 2008-2017	Cumulative expenditure up to 30.12.2013	Annual Budgetary allocation for 2013	Progress as at 31.12.2013
Government of Sri Lanka	383.98	119.50	26.80	26.50
International Fund for Agriculture Development	2,300.79	1,500.58	422.20	418.55
Participating Financial Institutions	73.06	61.10	41.25	40.41
Beneficiaries Contribution	103.06	71.98	16.70	13.54
<b>Total</b>	<b>2,860.89</b>	<b>1,753.16</b>	<b>506.95</b>	<b>499.00</b>

**Table 3.8  
Cumulative Progress of the Programme**

	<b>Programme</b>	<b>Progress</b>
1	New planting of rubber	Completion of the cultivation of 5,087 hectares in Moneragala District.
2	Replanting of tea	Completion of tea replanting of 157.5 hectares in Kegalle, Kandy and Nuwara Eliya Districts.
3	Infilling of tea	Providing 5.5 mn plants for infilling of 440 hectares in Kegalle, Kandy and Nuwara Eliya Districts.
4	Rural infrastructure development	Development of access roads of 84.8 km ( Moneragala and Mid-country)
5	Income generating activities	Commencement of 2,017 animal husbandry units.
6	Providing rural financial and credit facilities for income generating.	Providing financial facilities of Rs.273 million. 2,183 beneficiaries

**Total allocation - Rs.2,860.89**  
**Cumulative expenditure - Rs.1,753.16**

**Total physical progress - 69 %**  
**Total financial progress - 61%**

## Financial and Physical Progress from 01.01.2013 to 31.12.2013

- I. The annual expenditure of the Programme amounted to Rs.499 million and it is 98.4% of Rs.506.95 million allocated to the Programme for the year 2013.
- II. The Programme provided 114,131 high quality rubber plants for cultivation in 220 hectares newly added to the rubber plantation during the year under review and another 130,692 rubber plants at the cost of Rs.32 million were provided for infilling of the rubber lands cultivated in the district during the previous years.



- III. Rs. 90 million was provided to 4,092 beneficiaries in Monaragala District as rubber planting subsidies in the year 2013 and another Rs.3.5 million was provided to the beneficiaries as subsidy grants to uplift self-employments and living standard.
- IV. 4,665 kg of high quality maize seeds were distributed among 933 farmers at the end of November 2013 for cultivation of maize as an intercropping in the rubber lands. The yield of the cultivation is to be reaped in January and February 2014 and the Programme entered into an agreement with the Prima Company for purchase of maize yield.



- V. The cocoa cultivation was established as an intercropping with rubber in about 320 hectares in collaboration with the Department of Minor Export Crops. 170,109 cocoa plants were provided to the farmers for the purpose. The expenditure for the programme was Rs.3 million.
- VI. 15,900 plants and 615kg of cable were provided for cultivation of passion fruits as an intercropping in rubber lands.



- VII. An amount of Rs.17.7 million was provided to 750 beneficiaries in mid-country sub programme area for replanting of 40 hectares and to 250 farmers for infilling of 10 hectares.



- VIII. A programme was implemented at the cost of Rs.0.3 million to supply 12,538 pepper plants to 610 beneficiaries for cultivation of pepper as intercropping in 61 hectares and to provide relevant advisory services.

IX. Arrangements were made to increase incomes through self-employments by providing matching grants at a cost of Rs. 3.9 million to 94 low income families.



X. Actions were taken to rehabilitate mini irrigation tank in Doragala GN division of Udapalatha DS division at a cost of Rs. 4.1 million for supply of water for 75 vegetable farm families.



XI. Undertook surveying of 200 ha of lands belonging to 510 beneficiaries in Doluwa and Udapalatha DS Divisions and 180 ha belonging to 560 families in Kegalle DS Division for providing ownership deeds. Estimated cost is Rs. 8 million.

XII. Established a spice processing center at Deyannewela at Aranayake DS Division at a cost of Rs. 1.2 million which benefits 120 spice growers.

XIII. Assisted yoghurt production by providing cup filling and sealing machine at a unit cost of Rs. 0.5 million which benefits 20 milk producer families.

XIV. Conducted business promotional training for 150 small scale entrepreneurs at a cost of Rs. 2 million.

XV. Taking steps to assist 80 “Bee keeping” and 480 “Kitul based” producers to develop their industry as a profitable business in collaboration with a service provider. Estimated cost is Rs. 1.3 million.



XVI. Provided financial assistance to construct 19 cattle sheds at a cost of Rs. 0.95 million.



XVII. Provided Rs.166mn worth loans at 9% of low interest through commercial banks to 1,225 beneficiaries in Mid-Country & Monaragala for income generating activities, starting small business and agriculture development. Rs.35 million has been granted for modernization of 6 tea factories in Mid-Country.

## Divisional Performance

### Administration Division

*All institutional and internal administrative affairs of the Ministry were handled by the Administration Division. In this context, taking necessary actions regarding parliamentary questions, coordinating all activities related to the submission of Cabinet Memorandums to the Cabinet Office, staff training, formulation of methodologies for staff recruitments, procurement activities, staff related activities, duties in respect of the administrative affairs of the institutions coming under the Ministry and productivity promotion activities etc. are carried out by this Division.*

#### **I. Staff related activities**

The present staff of the Ministry is 117. The administrative affairs such as proper maintenance and updating of personal files of the all officers of the staff, day to day leave related activities, providing salary increments, transfers and retirements have been properly carried out. As well, the activities such as the issuance of official identity cards to the staff and settlement of telephone bills of the officials are also carried out by this Division.

The officers have been continuously directed to local and foreign training courses with the objective of improving knowledge, technical know-how and language competency of the staff. In this context, the staff was directed to training courses/workshops in the year 2013 as follows.

**Direction of staff to local training courses**

<b>Training course</b>	<b>No. of officers directed</b>
❖ Tamil Language Course	09
❖ Diploma in Sinhala	01
❖ Disciplinary Procedure	03
❖ National Archives Administration & Archives Law	01
❖ Accounting Standards	05
❖ Procurement Procedure	01
❖ Project proposal Developing	04
❖ Public Sector Accounting software	02
❖ Payroll	01
❖ Material Stores and Supply Chain Management	01
❖ Scientific, Economical and Safe Driving	03
❖ Good Health Habits for the life	02

**Direction of staff to foreign training courses**

<b>Training Course / Workshop</b>	<b>Country</b>	<b>Name of the officer</b>	<b>Post</b>
❖ Export Oriented Economy	China	Mr. W.A.S. Iroshan	Assistant Director (Planning)
❖ Application of IT in Agriculture Industry	China	Miss. G.P.H.M. Kumarasinghe	Assistant Director (Development)
❖ - Do-	- Do-	Mr. H.M.B.P. Weerasinghe	Plantation Monitoring Officer



### Official Foreign Travels

S/No	Name	Designation	Country / Countries of Traveled	Duration	Purpose of Travel
01	Mrs. Sudharma Karunaratne	Secretary	Singapore	2013.05.19 - 2013.05.25	To participate World Rubber Summit and International Rubber Study Group
02	Mrs. Sudharma Karunaratne	Secretary	Poland and Germany	2013.10.20 - 2013.10.27	Tea Promotion Programme Delegated by Hon. Deputy Minister
03	Mr.G.D.W. Jayawardena	Additional Secretary (Admin)	Dubai, Argentina, Chili and Brazil	2013.06.16 - 2013.06.27	Tea Promotion Programme Delegated by Hon. Minister
04	Mr.G.D.W. Jayawardena	Additional Secretary (Admin)	Australia	2013.09.13 - 2013.09.22	Tea Promotion Programme Delegated by Hon. Minister
05	Mr.N.A.U.K. S.Mihindukul asooriya	Additional Secretary (Development)	U.A.E	2013.10.09 - 2013.09.11	Tea Promotion Programme Delegated by Hon. Minister
06	Mr.R.A.D.S. Ranathunga	Director (Development)	Singapore	2013.05.19 - 2013.05.25	To participate World Rubber Summit and International Rubber Study Group
07	Mr. R.M. Premadasa	Director (PMMD)	China	2013.01.03. - 2013.01.06	Tea Promotion Programme Delegated by Hon. Deputy Minister

Actions have been taken to award appointments as Development Officers to 31 graduate trainees attached to the Ministry and the institutions coming under the Ministry in line with the policy decision of the government to join unemployed graduates to the government service.

## **II. Buildings & Machinery**

Duties related to purchasing required office equipment and furniture to the Ministry, maintenance of official quarters coming under the Ministry, cleaning and proper maintenance of office premises and activities related to settlement of water bills, electricity bills and office rentals are also carried out by this Division.

As well, repairs and services to the office equipment such as computers, photocopy machines, printers and fax machines required to facilitate and make efficient the staff activities have also been made properly.

## **III. Affairs of the Institutions**

Necessary actions have been taken by the Administration Division in respect of the administrative and institutional affairs of the institutions coming under the Ministry, such as Sri Lanka Tea Board, Tea Research Institute of Sri Lanka, Tea Small Holdings Development Authority, Tea Shakthi Fund, Rubber Development Department, Rubber Research Institute of Sri Lanka, National Institute of Plantation Management, Thurusaviya Fund and Kalubowitiyana Tea Factory Ltd.

Actions are being taken in respect of appointment to the Boards of Directors of the institutions, creation of posts in the cadre, appointments, promotions and representations made to the Ministry regarding service issues of the staffs. As well, relevant approvals and leaves have also been granted for foreign tours, scholarships and training courses.

Approvals have been granted as follows for foreign tours, scholarships, training courses of the officials of the institutions in the year 2013.

<b>Institution</b>	<b>No. of officers approval granted</b>
• Sri Lanka Tea Board	39
• Tea Research Institute of Sri Lanka	11
• Tea Small Holdings Development Authority	08
• Tea Shakthi Fund	02
• Rubber Development Department	07
• Rubber Research Institute of Sri Lanka	11

Appointment of officers to the Smallholder Plantations Entrepreneurship Development Programme funded by the International Fund for Agricultural Development (IFAD) and implemented under the Ministry, the extension of services, providing salary increments and maintaining personal files of the officers are also carried out by the Administration Division.

#### **IV. Productivity Promotions**

Productivity promotions of the Ministry were pursued for efficient public service and to create an attractive office premises in this year as well. Necessary actions have been taken to present at the National Productivity Awards Competition conducted by the Productivity Secretariat.

**Accounts Division**

The financial progress of the Ministry is 96% of the net allocation. The financial progress could be achieved successfully as 95% of the total estimated amount was allocated by the Treasury to the institutions coming under the Ministry. Rs.4.2 million has been provided to the officers of the Ministry as loans and advances within the approved limits of the Advance Account “B” for Public Officers during the year 2013. Although some purchases could not be made as per the Procurement Plan, the items required in the year could be purchased. Follow-up activities in line with the report of inventory survey in year 2012 were finalized. Answers to all 14 audit queries received in respect of the activities of the Ministry in year 2012 have been sent. The Auditor General’s report for the year 2012 of the Smallholder Plantations Entrepreneurship Development Programme coming under the purview of the Ministry have been submitted to the IFAD for necessary actions. The Appropriation Account for the year 2013 and the Advance Account “B” for Public Officers have been prepared as at 31.03.2014.

**Financial Progress in year 2013**

**I. Estimate of Expenditure**

**Rs.’000**

	135-1-1 Minister’s Office		135-1-2 Administration and establishment services		135-2-3 Plantation Development programmes		135-2-4 Plantation Development Institutions		Total
	Recurr ent	Capital	Recurr ent	Capital	Recurr ent	Capital	Recurrent	Capital	
1.Estimated provision	55,400	6,350	52,110	4,000	34,190	457,950	864,200	516,000	1,990,200
2. Transfers and supplementary provision under F.R.66	400	-	(400)	6098	-	-	-	-	6,098
3. Net provision	55,800	6,350	51,710	10,098	34,190	457,950	864,200	524,000	2,004,298
4. Expenditure	54,998	3,172	45,943	9,203	31,247	453,872	822,032	502,446	1,922,913
5.% of the expenditure	99%	50%	89%	91%	91%	99%	95%	96%	96%

❖ **Financing for the expenditure**

		Rs'000
<b>Financing of expenditure</b>		<b>Expenditure</b>
11	- Domestic funds	1,474,484
12	- Foreign loans	421,935
17	- Domestic funds connected with foreign aids	26,494

**II. Revenue – Lease rentals collected from Regional Plantation Companies**

❖ **Revenue to be received for year 2013**

				Rs. '000
<b>Revenue Head</b>	<b>Annual Revenue Estimate</b>	<b>Revised Revenue Estimate</b>	<b>Income received</b>	<b>Percentage of income receipt</b>
20.02.01.04	1,020,627	950,028	694,530	73%

❖ **Arrears of Income as at 31.12.2013**

				Rs.'000
<b>Revenue Head</b>	<b>Arrears of Income as at 01.01.2013</b>	<b>Recoveries in year 2013</b>	<b>% of recovering the arrears of income</b>	
20.02.01.04	300,689	193,961	65%	

**III. Advance Account “B” for Public Officers**

				Rs'000
	<b>Maximum limit of the expenditure</b>	<b>Minimum limit of the receipt</b>	<b>Maximum limit of debit balance</b>	
Limits authorized by the Appropriation Act	6,000	2,800	30,000	
Actual Values as at end of the year	4,227	5,183	15,647	

**Internal Audit Division**

**Functions**

- ❖ Auditing funds and administrative affairs of the Ministry and the projects coming under the Ministry and reporting the same.
- ❖ Ascertaining whether the system of internal check and control obtaining in the Ministry for the prevention of errors and frauds is effective in design as well as in actual operation and making observations and proposals thereof.
- ❖ Ascertaining the reliability of the accounting and other records of the Ministry and ascertaining the extent to which the assets of the Ministry are safeguarded from losses of all kinds and reporting the same.
- ❖ Auditing the functions of the Kalubowitiyana Tea Factory Ltd, National Institute of Plantation Management and Thurusaviya Fund and reporting the same.
- ❖ Conducting Audit and Management Committee Meetings once in three (03) months for progress review of the following activities of the institutions coming under the Ministry.
  - Functions of the Internal Audit Divisions.
  - Answering to the Audit queries / Audit reports issued by the Auditor General.
  - Conducting Audit and Management Committee Meetings of each institution.
  - Implementation of Annual Procurement Plan.
  - Presenting Annual Reports / Performance Reports in Parliament.
  - Conducting Annual Board of Surveys.
  - Other financial activities and administrative affairs of each institution.
- ❖ Auditing the issues caused to delay in functioning in line with the Annual Action Plans of the institutions coming under the Ministry and reporting the same.

- ❖ Carrying out special investigations on the functions of the Ministry and the institutions coming under the Ministry as the case may be and reporting the same.

### **Progress of Year 2013**

#### **I. Internal Audits and Special Investigations**

- Special investigation was conducted in respect of the project for construction of roads implemented in the year 2012 by the Moneragala Sub- Office of the Smallholder Plantations Entrepreneurship Development Programme (SPEnDP) coming under the Ministry. The deficiencies revealed thereby have been reported and the courses of action taken to rectify the deficiencies have also been followed up.
- Duties of the field officers, stores activities, maintenance of vehicles, advance payments, maintenance of leave registers and movement registers of the Gampola sub office of the Smallholder Plantations Entrepreneurship Development Programme (SPEnDP) coming under the Ministry were audited and the courses of action to be taken to rectify the deficiencies revealed thereby has been reported. The courses of action taken to rectify the deficiencies were also followed up.
- The functions of the Daraniyagala tea factory of the Tea Shakthi Fund were audited and the deficiencies revealed thereby have been reported. The courses of action taken to rectify the deficiencies are to be re-examined in the year 2014.
- Control systems for sale of bulk tea, procurement activities and payments of the Head Office of the Kalubowitiyana Tea Factory Ltd were audited and the deficiencies revealed thereby and the courses of action taken to rectify the deficiencies have been reported. The courses of action taken to rectify the deficiencies are to be checked in the year 2014.

- The field officers' duties of the Thurusaviya Fund were audited and the deficiencies revealed thereby and the courses of action to be taken to rectify the deficiencies have been reported. The courses of action taken to rectify the deficiencies are to be checked in the year 2014.
- The green leaf receiving process, stores activities and payments of the Darangala Tea Factory owned by the Kalubowitiyana Tea Factory Ltd were audited and the deficiencies revealed thereby and the courses of action to be taken to rectify the deficiencies have been reported. The courses of action taken to rectify the deficiencies are to be checked in the year 2014.
- Stores activities and recovering of arrears of course fees of the National Institute of Plantation Management were audited and. The courses of action to be taken to rectify the deficiencies have been reported.
- Special investigations on an irregularity made at the reimbursement of medical bills of the Tea Shakthi Fund, procurement activities of the Sri Lanka Tea Board and approval for fragmentation of lands of the Tea, Rubber and Coconut Estates (Control of Fragmentation) Board has been conducted and the deficiencies revealed thereby have been reported.

## **II. Other activities**

Four (04) Audit and Management Committee Meetings were held to review the financial administration, audits and general administration of the institutions coming under the Ministry of Plantation Industries and thereby, actions have been taken to monitor the functions of the institutions at the Ministry level.



## Development Division

*The following measures have been taken by the Development Division in year 2013 to develop tea, rubber and oil palm cultivations and also to improve related industries and value added products.*

### All activities carried out

- ❖ Assisting the process of making policy decisions for development activities of the plantation sector, preparing and implementing guidelines.
- ❖ Taking further actions to amend the Acts of all institutions coming under the Ministry to meet the current needs, in terms of a Cabinet Decision. Convening the Committees appointed by the Cabinet of Ministers in this regard under the Chairmanship of the Secretary to the Ministry and with the participation of the Ministry of Finance and Planning, Ministry of Economic Development, Ministry of Technology and Research, Ministry of Industry and Commerce and the representatives of the Central Bank, execution of the decisions and facilitation were undertaken. Accordingly, the amendments to be made to the Acts of the Tea Small Holdings Development Authority, Tea Research Institute and Tea Shakthi were submitted to the Cabinet of Ministers and action was taken to obtain final committee recommendations on the amendments to the Acts of other institutions.
- ❖ Formulation of the policies related to the Smallholder Plantations Entrepreneurship Development Programme funded by the International Fund for Agricultural Development, guidance and coordination.
- ❖ Participation with all institutions coming under the Ministry, at the Dayata Kirula National Development Exhibition held at Hardi Technical College, Ampara in March 2013.
- ❖ Providing policy guidelines for research and development activities carried out by the institutions and taking action to settle the issues arisen in that regard.

- ❖ Progress review of the all institutions and foreign funded projects coming under the Ministry of Plantation Industries and taking necessary steps to retain high performance.
- ❖ Updating the web-site of the Ministry.
- ❖ Coordination with the international organizations related to tea and rubber and coordination of the implementation of agreements entered into.
- ❖ Providing information on the development activities of the Ministry to the media.
- ❖ Coordination of evaluating and organizing the activities for the National Plantation Awards Ceremony 2013.
- ❖ Studying Annual Reports of all institutions coming under the Ministry, making recommendations, granting approval for the drafts and submission of final reports to the Cabinet of Ministers.

### **Tea Sector**

- ❖ Formulation and implementation of required policy guidelines for the tea sector.
- ❖ Organizing and coordinating the related activities to host the Ministerial Conference of tea producing countries in Sri Lanka in January 2013.
- ❖ Making regulations on tea planting material, improving the quality of green leaf, development of tea estates, tea replanting subsidies and conducting discussions on the amendment of such regulations and taking necessary actions.
- ❖ Submission of the regulations made to reclaim the refuse tea, forward the reclaimed tea to the tea auction and dispose the remaining unusable tea to the Cabinet of Ministers and participation at the discussions of the Cabinet Sub Committee.
- ❖ Taking all actions to obtain Cabinet approval to host the Business Forum of Commonwealth Heads of Government Meeting (CHOGM) and sponsor the Sri Lanka Cricket Team by the Sri Lanka Tea Board, incurring expenditure under the Tea Promotion and Marketing Fund.

- ❖ Preliminary discussions were held and the relevant activities were coordinated to implement an effective programme jointly by the Tea Research Institute and Tea Small Holding Development Authority for mechanization of tea plucking in tea small holding sector, as proposed by the Budget Speech of H.E. the President in 2013.
- ❖ Conducting discussions continuously, reviewing the progress and providing necessary instructions on the activities of the factories operated under the Tea Shakthi Fund and constructions of the Yatinuwara tea factory which is being constructed.
- ❖ Coordination with all institutions coming under the Ministry and the stakeholders in respect of the development activities of the tea sector.
- ❖ Providing guidelines for implementation of “B – Leaf 60” programme by the Sri Lanka Tea Board to establish the quality of green leaf.

### **Rubber Sector**

- ❖ Formulation and implementation of required policy guidelines for rubber sector.
- ❖ Special measures were taken to expand rubber cultivation in non-traditional areas. In this context, the activities, carried out under the programme for cultivation of rubber in Ampara District were coordinated and the progress was reviewed.
- ❖ Appointment of a steering committee for the expansion of rubber cultivation in Northern Province and coordination between various institutions and formulation of policies.
- ❖ Nursery development in the rubber sector and launching special programmes for improving the quality of plants and field inspection in the nurseries.
- ❖ Coordination with the stakeholders related to the rubber cultivation.
- ❖ Taking relevant action to enact regulations for increase of subsidies granted for rubber new planting and replanting.
- ❖ Coordination of hosting the Annual Session and Annual Rubber Conference of the Association of Natural Rubber Producing Countries (ANRPC) in Sri Lanka from 08<sup>th</sup> - 13<sup>th</sup> October 2013.

- ❖ Participation at the Annual Sessions of the International Rubber Study Group (IRSG) and implementation of the decisions made thereat.

**Oil Palm Sector**

- ❖ Coordination of studies and promotion campaigns on the use of oil palm cultivation and importance of its expansion.
- ❖ Making recommendations to provide tariff concessions on the import of seeds for expansion of oil palm cultivation.

**Planning Division**

**Principal activities carried out**

- ❖ Formulation of the Action Plan of the Ministry for the year 2013 and submission of the same to the Ministry of Finance and Planning and the relevant institutions.
- ❖ Preparation and submission of the quarterly progress reports of the institutions coming under the Ministry.
- ❖ 04 project proposals submitted by each institution in the year 2013 for long term development of the tea and rubber sector were referred to the Department of National Budget.
- ❖ Preparation of the Progress Report - 2013 related to the budget discussion of the Ministry of Plantation Industries held on 05<sup>th</sup> December 2013 and presenting it in the Parliament.
- ❖ Preparing the progress of the plantation sector as per the required formats in line with the Annual Report - 2012 of the Central Bank of Sri Lanka and Current Economic Trends – 2013 of the Central Bank of Sri Lanka and submission of the same to the Central Bank of Sri Lanka.
- ❖ Coordination of the updating process of five year Plan of the institutions coming under the Ministry.

- ❖ Providing relevant information to the District Agricultural Committee Meetings.
- ❖ Coordinating activities were carried out for implementation of the programme for encouragement of tea small growers at a cost of Rs.17.1 million and the programme for encouragement of rubber small growers at a cost of Rs.31.2 million, utilizing Rs.50 million allocated by the Ministry of Economic Development under the Divi Neguma National Development Programme.
- ❖ Preparation of the Annual Performance Report for the year 2012 and submission it for approval of the Cabinet of Ministers.
- ❖ Preparation of the statistical manual elaborating the information of plantation crops in the year 2012.
- ❖ Coordination of the pilot project implemented in Galle District pertaining to the programme for mapping of tea, rubber and oil palm lands using the Geographical Information System (GIS) implemented jointly with the Department of Land Use Policy Planning.
- ❖ Coordination of preparing Action Plan of the Ministry of Plantation Industries in line with the National Human Resources and Employment Policy formulated by the Secretariat of Senior Ministers.
- ❖ Initial coordinating activities were carried out in respect of the formulation of “pure production policy” for the plantation sector which is being prepared by the Ministry of Environment.

### **Plantation Management Monitoring Division**

*A number of 439 large scale estates managed by the Janatha Estates Development Board (JEDB) and Sri Lanka State Plantation Companies (SLSPC) was vested under the management of 23 Regional Plantation Companies in year 1992 and privatized. The ownership of these lands of the said estates still remains with the JEDB and SLSPC and the management of the estates and the plantations thereon has been handed over to the Regional Plantation Companies on the lease basis of 53 years. The role of this Division is to execute the powers entrusted with the Secretary to the Treasury, as the Golden Shareholder of these RPCs.*

### **Powers of the Golden Shareholder**

When the large scale estates owned by the government were privatized, the ownership of the government that is, the Golden Shareholder was the Secretary to the Ministry of Finance and the Golden Shareholder and powers of the Golden Shareholder have been stipulated under special sections of each Articles of Association of 23 Regional Plantation Companies.

Taking actions in respect of powers of the Golden Shareholder has been entrusted with the Ministry of Plantation Industries and the Plantation Management Monitoring Division is functioning in that regard.

### **Regional Plantation Companies privatized**

- ❖ Hapugasthanna Plantation Company
- ❖ Balangoda Plantation Company
- ❖ Kahawatta Plantation Company
- ❖ Malwattaweli Plantation Company
- ❖ Agalawatta Plantation Company
- ❖ Thalawakele Plantation Company
- ❖ Kalaniweli Plantation Company
- ❖ Mathurata Plantation Company
- ❖ Madolsima Plantation Company
- ❖ Pussallawa Plantation Company
- ❖ Udapussallawa Plantation Company
- ❖ Agarapathana Plantation Company
- ❖ Kotagala Plantation Company
- ❖ Elpitiya Plantation Company
- ❖ Kegalle Plantation Company
- ❖ Namunukula Plantation Company
- ❖ Maskeliya Plantation Company
- ❖ Horana Plantation Company
- ❖ Watawala Plantation Company
- ❖ Bogawanthalawa Plantation Company

### **Regional Plantation Companies non-privatized**

- ❖ Chilaw Plantation Company
- ❖ Alkaduwa Plantation Company
- ❖ Kurunegala Plantation Company

**Performance - 2013**

**1. Identification of cultivable, but uncultivated lands managed by the Regional Plantation Companies.**

- ❖ As per the survey conducted in year 2012 for identification of cultivable but uncultivated lands, an extent approximately 10,000 hectares (25,000 acres) and as per the survey conducted in year 2013, an extent approximately 15,178 hectares (37,490 hectares) have been identified. Since the Plantation Companies utilized an extent over 5000 hectares for the cultivation after the year 2011, the said extent had decreased to 10,000 hectares in year 2012.
- ❖ In this context, a committee was appointed by the Secretary to H.E. the President on 31.01.2012 to make a proper arrangement for distribution of the identified lands and the report prepared by the committee and a copy of the sub-lease agreement drafted were submitted to the Secretary to H.E. the President on 05.07.2012.
- ❖ By the letter of the Secretary to H.E. the President dated 16.09.2012, it had been proposed to distribute the said lands through the Land Reforms Commission by the Divi Neguma Department under the Ministry of Economic Development and informed to take required initial actions for the purpose jointly with the relevant Ministries and report the progress thereof. A discussion chaired by the Secretary to the Ministry of Finance and Planning and attended by other relevant officials was held on 11.09.2012 regarding the matter referred to above and in addition to the proposals in the report of the committee, a number of proposals were made and instructions were given thereat.
- ❖ As well, a meeting presided over by Hon. Minister of Economic Development and Hon. Minister of Plantation Industries and attended by other relevant officials was held and decisions were made thereat to carry out future activities of this programme and instructions were given for the purpose. As per the instructions, documents on the district wise cultivable but uncultivated lands under the Plantation Companies have been handed over to the relevant District Secretaries and the Secretary to the Ministry of Lands and Land Development.

- ❖ However, problematic situations were arisen in respect of releasing lands from the estates and a special meeting presided over by Hon. Minister of Plantation Industries and attended by all stakeholders was held and instructions were given to assist the District Secretaries, entrusted with the relevant responsibilities to survey the identified lands and to prepare land use plans, and all Plantation Companies agreed to take actions accordingly.
- ❖ The District Secretaries have reported to the Ministry of Plantation Industries that issues have further arisen in preparation of the land use plans and thereafter, actions have been taken to resolve such issues with the participation of the officials of the Ministry of Plantation Industries when the field issues are arisen. Further, progress of the survey of district wise identified land and preparation of land use plans are being received from the District Secretaries.
- ❖ Since it has been stipulated that the consent of the lessee should be obtained for releasing lands from the Plantation Companies, in terms of section 3 C of the lease agreement entered into by the Government and Plantation Companies when the estates were leased out, the consent of the said companies has to be obtained within the legal framework. Therefore, actions have been taken to inform the Attorney General on the objections made by the Plantation Companies in releasing the lands and to seek instructions.





II. Recovering lease rentals from the Regional Plantation Companies.

The estimated arrears of lease rentals to be collected during the year 2013 is Rs. 950 million of which Rs. 695 million has been recovered as at 31.12.2013.

The arrears of lease rentals which is included to Rs.950 million and to be recovered as at 01.01.2013 for the previous years was Rs.300 million and the amount could be reduced to Rs.116 million as at 31.12.2013.

III. Financial Progress Review of the Regional Plantation Companies.

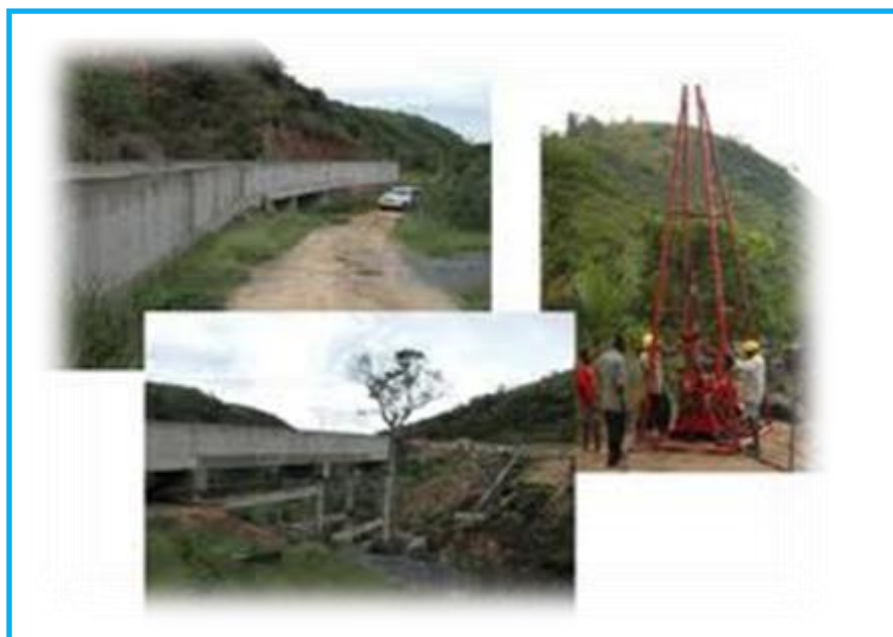
Proper studying and analyzing of quarterly and annual accounts statements of the RPCs and thereby, instructing to the Companies to make rectifications where necessary are being undertaken and arrangements have been made to continue it more regularly. Moreover, a data base on the financial and physical progress of the Plantation Companies is maintained and action has been taken to furnish the required details to the relevant sectors.

IV. Actions are being taken by this Division for granting approval required for timber felling in the estates managed by the plantation Companies, with the involvement of the other relevant government institutions. The field inspections and other necessary actions have been taken in respect of the timber felling in 55 estates managed by 10 Plantation Companies during the period up to 31<sup>st</sup> December 2013. In addition, approval has been granted for the removal of trees in other various occasions (Ex: - Trees dangerous for lives and other properties, trees to be removed for establishment of high tension power lines, trees to be removed for other public purposes such as housing projects and playgrounds etc., trees to be removed whenever required for crop diversification and unnecessary trees shading to the cultivations).



- V. Necessary actions are being taken by this Division to obtain approval of the Golden Share Holder on the consent of the Plantation Companies in respect of the release of estate lands managed by the Regional Plantation Companies for development activities of the government and other public purposes and conducting relevant field inspections as the case may be.

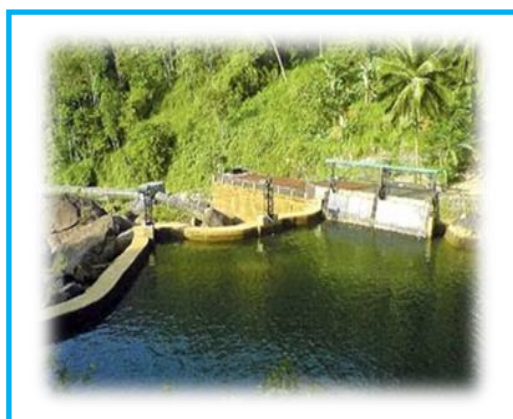
During the period up to 31<sup>st</sup> December 2013, actions have been taken in respect of around 50 requests made to this Division regarding the acquisition of estate lands for the activities such as highways, industrial parks, supply of water facilities and other infrastructure development and further, actions have been taken in respect of the requests made for 20 housing projects, 15 schools, 58 religious places, 17 cemeteries and 94 requests for playgrounds and other welfare activities. In addition, 10 field inspections related to the cases hearing at the court in respect of the release of lands for public purposes have been conducted.



- VI. This Division acts in respect of the squatters and unauthorized constructions in the estate lands managed by 23 Plantation Companies in terms of the provisions of the State Lands (Recovery of Possession) Act No.1979 pertaining to the recovery of possession of the state lands to the government. During the period up to 31<sup>st</sup> December 2013, actions have been taken by this Division in respect of 600 such cases in the estates managed by 23 Plantation Companies.

- VII. As per the conditions referred to in 04 (a) of the Lease Agreement entered into between the government and the Regional Plantation Companies, the Plantation Companies reserve the right to sub lease the said lands to a 3<sup>rd</sup> party for various activities aiming at the development of the country ( Eg:- Construction of Telecommunication towers and Mini hydro power stations). These activities are carried out by this Division as per approved specific procedure and necessary actions are also taken by this Division to obtain approval of the Golden Share Holder for the purpose.

During the period up to 31<sup>st</sup> December 2013, approval of the Golden Share Holder has been granted to sub lease 10 plots of lands from the estates managed by 23 Plantation Companies to various parties for the purposes referred to above and actions are being taken in respect of such 20 requests.



- VIII. Actions are being taken by this Division to monitor operations and progress of the estates and tea factories managed by the Regional Plantation Companies and to conduct field inspections pertaining to the cases hearing at the court in respect of the unauthorized occupancies in the estate lands. 09 such field inspections have been conducted during the period up to 31<sup>st</sup> December 2013.
- IX. Cadastral surveying in the estate lands has been re-commenced with the involvement of the Surveyor General's Department and the Regional Plantation Companies and a portion of the relevant provisions have been allocated for the purpose and the Surveyor General's Department is taking actions in this regard together with the Regional Plantation companies.



- X. Necessary actions are being taken with the assistance of the Plantation Companies in respect of about various complaints and requests on the estate sector made by the people to H.E. the President and Hon. Minister of Plantation Industries and the Division has taken actions in respect of around such 650 requests during the period up to 31<sup>st</sup> December 2013.

### **Tea, Rubber & Coconut Estates (Control of Fragmentation) Board**

*The Tea and Rubber Estates (Control of Fragmentation) Act No.02 of 1958 was amended by the Tea and Rubber Estates (Control of Fragmentation) (Amendment) Act No.20 of 2005. In terms of the said Act, a formal mechanism was formulated to control fragmentation of tea, rubber and coconut estates and accordingly, approval of the Tea, Rubber and Coconut Estates (Control of Fragmentation) Board should be obtained for transfer of the ownership, sale, assigning as a gift or exchange of the coconut estates. The transfers made deviating from such provisions will become null and void.*

**Ministry of Plantation Industries – Annual Performance Report 2013**

Thirteen (13) Board Meetings have been held from January 2013 to 31<sup>st</sup> December 2013 and Details of the applications received are given below.

Year	No. of Applications submitted to the Board	Method of transfer	Extent of land applied			Extent of land approved		
			Acres	Roods	Perches	Acres	Roods	Perches
2013	530	1. As single units	2,027	03	05	2,027	03	05
		2. Transfers to children and other persons / institutions subject to conditions of the Board	10,473	00	33	6,443	02	18

No. of applications brought forward from the last year and Applications referred to obtain reports and incomplete applications } 52

The No. of applications forwarded to the Board of Directors for the year 2013 is 586.