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சிறு தேயிலைத் தோட்ட
அபிவிருத்தி அதிகார சபை

**Tea Small Holdings
Development Authority**

වාර්ෂික වාර්තාව
வருடாந்த அறிக்கை

ANNUAL REPORT

2021

අංක 70, පාර්ලිමේන්තු පාර, පැලවත්ත, බත්තරමුල්ල
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VISION

Generating a tea small holders community with an economically and social sustainability.



MISSION

Development of productivity and quality in the tea small holdings sector through the provision of excellent supportive services.

Message of the Chairman

In the first place, I would express my heartfelt gratitude towards the affiliated institutions and all the parties, including the staff of Tea Small Holdings Development Authority for those who have contributed in promoting PURE CEYLON TEA in the international market as one of the most precious products in Sri Lanka by protecting the quality of local tea as anticipated through 'Saubhagya Dakma' policy statement of his Excellency the President for increasing the contribution of over 450,000 tea small holders those who are contributing 75% of the overall tea production of the country and for encouraging them.

In order to disseminate tea industry among people, the leading export crop in Sri Lanka that contributes 11% of Gross Domestic Production, in the year 2021, we have worked on inclining land owners into tea cultivation basically by increasing the amount of the subsidy given for one hectare of tea small holdings under 03 phases; the amount of subsidy given for tea new planting from 350,000 Rupees to 500,000 Rupees, the amount of subsidy given for tea replanting from 500,000 Rupees to 630,000 Rupees and in the form of subsidy given for one plant in desolate cultivation as 100 Rupees.

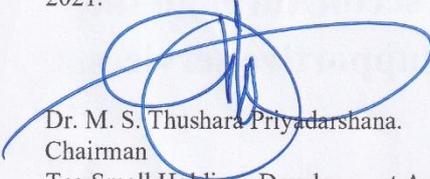
It is a matter of pleasure that it was able to bring the contribution of the tea small holdings sector for National Production up to 74.56% within a short period of 06 months from where it was in 73.8% in the year 2020. I am exceptionally pleased on the fact that it was able to improve the extent of replanted lands up to 849 hectares in the year 2021 from the extent of 649 hectares that was in the year 2020, and to improve the extent of new planted lands up to 678 hectares in the year 2021 from the extent of 424 hectares that was in the year 2020 within a short period of time.

It is not furtive that I was able to accomplish the assigned pilot duty at it's best in an era of great transformation along with attaining the objectives in inclining tea farmers for the usage of Compost fertilizer with an absolute low cost by reducing the usage of adverse chemicals in accordance with the 'Saubhagya Dakma' policy statement of his Excellency the President.

During my exercise, I was able to reduce the operational cost of the institution for paying one development rupee up to 37 cents and to make it the lowest cost recorded in history.

Despite the complications in national economy, the government has allocated a huge amount of money in improving the standard of living of tea small holders. Accordingly, being able to allocate 4210 million Rupees on the improvement of the standard of living of tea small holders for the year 2022 is an exceptional achievement earned by the Tea Small Holdings Sector in this country.

I admirably appreciate the assistance given to us by Hon. Minister of Plantations, Dr. Ramesh Pathirana, the State Minister, Hon. Mr. Kanaka Herath, the Secretary of Plantations, Mr. Ravindra Hewawitharana, and the staff including the State Secretary, Mr. Thilakarathne Banda, for leading us towards a precise path through providing us with the absolute leadership to successfully achieve the targets of the Authority during an era of transformation such as the year 2021.


Dr. M. S. Thushara Priyadarshana.
Chairman
Tea Small Holdings Development Authority

Performance Indicators of Tea Small Holdings Sector – 2021

Description	2018	2019	2020	2021
1. Extent of Tea Small Holdings (Hectares) *As per the land registration of Sri Lanka Tea Board	122,604	122,900	123,324	157,907*
2. Number of Tea Small Holders	399,313	400,987	404,291	*418,328
3. Made Tea production of the Tea Small Holding sector (Million Kilograms)	228.049	225.728	205.666	223.197
4. Percentage of Contribution of the Tea Small Holding sector to the National production	75.0%	75.2%	73.8%	74.56%
5. Average Productivity (Made Tea/Kilograms/per Hectares)	1,958	1,938	1,766	*1,414
6. Extent of lands of Tea replanting/ Hectares (Under incentives)	1,027	639	649	849
7. Extent of lands of New Tea planting/ Hectares (Under incentives)	435	296	424	678
8. Percentage of Tea replanting (%)	1.03	0.63	0.65	0.85
9. Crop Rehabilitation – Number of plants (Millions)	0.798	1.921	2.137	3.324
10. Tea Small Holdings Development Societies				
No. of Societies	1,460	1,475	1,483	1484
No. of Members	347,425	329,963	309,710	279,594
11. Extension and Advisory Services				
No. of Individual Extension Services	37,750	12,955	14,439	15,866
No. of Group Programs	6,679	4,575	1,956	2,530
No. of Participated Farmers	175,722	119,265	53,068	43,138
12. Institute's Cost of Operation (per Development Rupee)	0.66	0.65	0.55	0.38
13. Tea Inspection/Extension Officer – Tea Farmer Ratio	1:2958	1:2784	1:2807	1:3374
14. Average Selling Price of green leaves per Kilogram in Rupees	85.48	80.15	92.55	90.57

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1. Organizational Structure and Basic information of Tea Small Holdings Development Authority

1.1 Organizational Structure and Administrative Activities

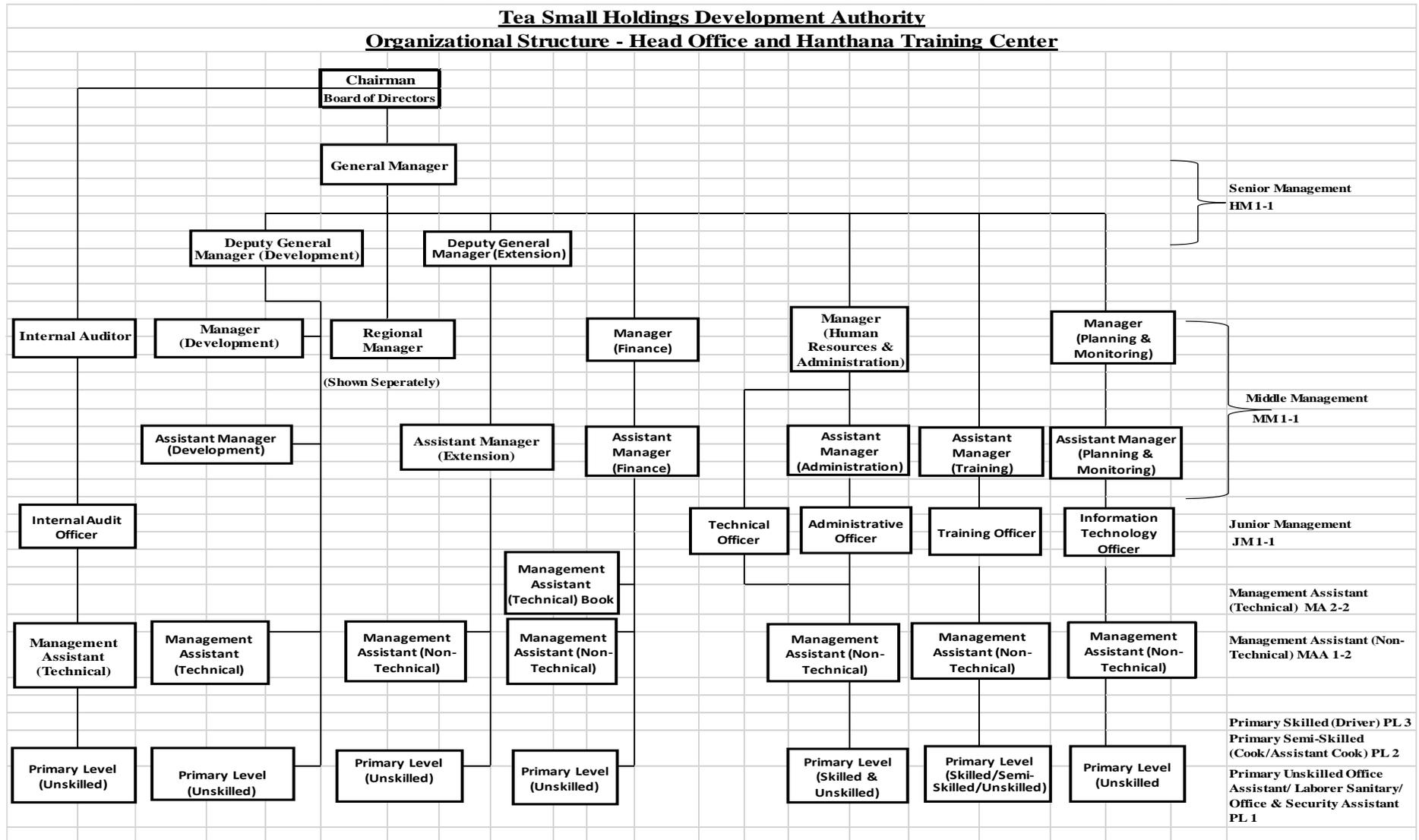
1.2 Board of Directors and Management Committee of Tea Small Holdings Development Authority

1.3 Details on number of employees and Approved Cadre

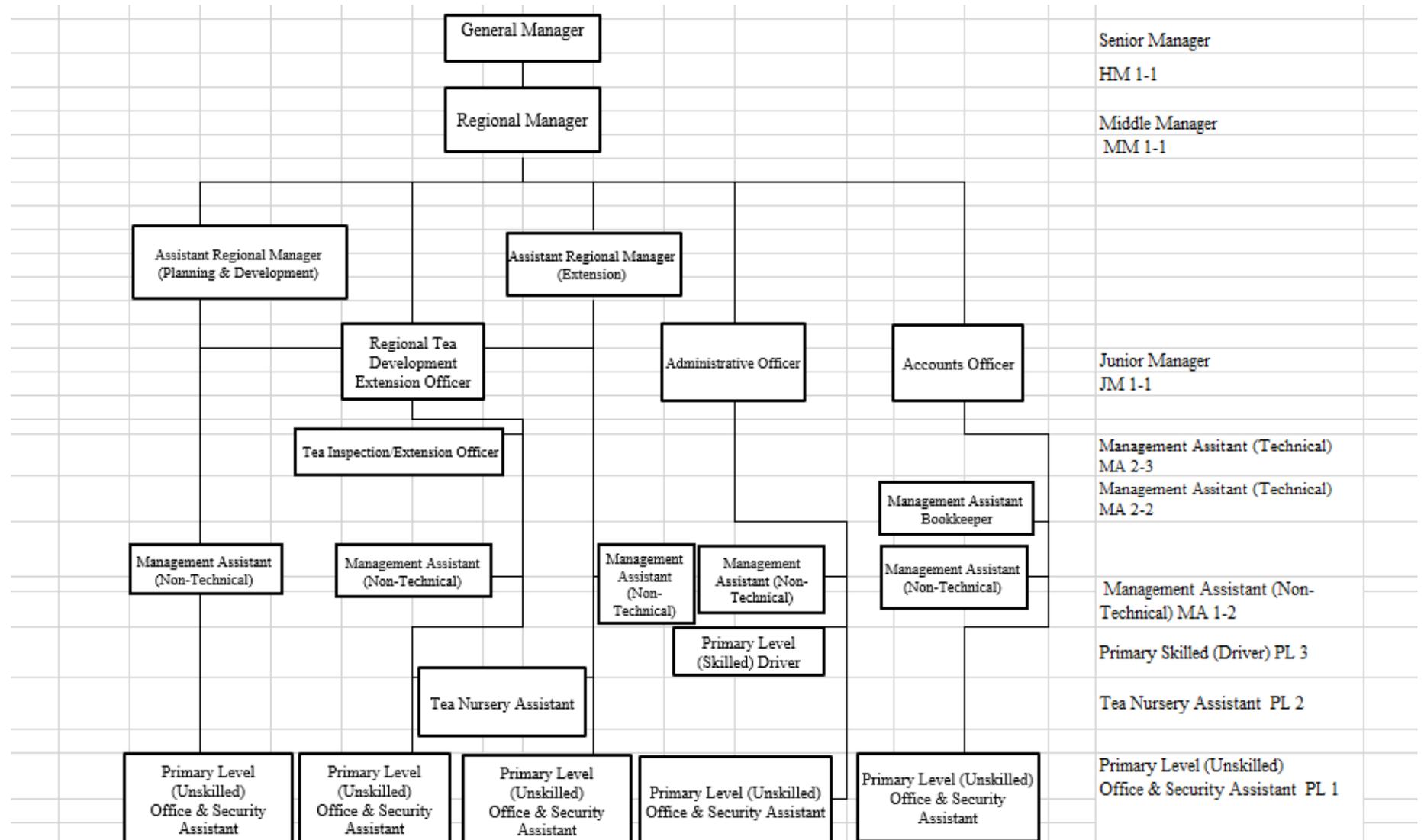
1.4 Staff Details of the Head Office and Regional Office

1.5 Executive Summary

1.1 Organizational Structure and Administrative Activities Head Office and Hanthana Training Center



1.1.1 Organizational Structure - Regional Offices



Prepared as per the approved cadre of No. DMS/1714 V-II of the Department of Management Services dated at 2017.06.22

1.1.3 Administrative Activities Recruitment Procedure

The institution is obligated in managing the human resource to collectively contribute in its journey towards the institution's goals with its employees, an asset of the Tea Small Holdings Development Authority.

As per the letter No. DMS/1714 V-III (oth) of the Department of Management Services dated at 2018.11.29, the designation of the officers in charge was revised as Regional Tea Development Extension Officer and it was a measure taken recently.

Moreover, as per the judgement of the Case No. CR/Writ/13/2018, actions were taken to revise the Paragraph 5.4 of the recruitment procedure for the position of Tea Inspection/Extension Officer that falls under the technical service category of Management Assistants.

As per the approval of the letter No. DMS/1714/V-III (vi) of Department of Management Services dated at 2020.10.19, 04 officials have been promoted as Regional Managers.

As per the approval of the letter No. SMTR/02/T/37VACANCIES/TSHDA of Secretary, State Ministry of Company Estate Reforms, Tea and Rubber Estate related Crops Cultivation and Factories Modernization, and Tea and Rubber Export Promotion, dated 2021.01.25, 11 Management Assistants have been newly recruited in the year 2021.

Promotion and Recruitments made during the year

Designation	Promotions and Recruitments
Regional Manager Promotion	04
Management Assistant	11
Total	15

1.2 Board of Directors and Management Committee of Tea Small Holdings Development Authority



1.2.1 Board of Directors of Tea Small Holdings Development Authority

- | | | |
|--|---|--------------------|
| ✓ Prof. M. S. Thushara Priyadarshana
Chairman
Tea Small Holdings Development Authority
No: 70, Parliament Road, Pelawatte, Battaramulla. | - | 077 2990680 |
| ✓ Mr. C. C. Muhandiramge
Additional Secretary
State Ministry of Plantations | - | 077 7416878 |
| ✓ Miss. S. G. M. A. P. Senarathna
Assistant Director
Ministry of Finance
Secretariat, Colombo 01 | - | 070 2190130 |
| ✓ Prof. W. Jinadasa
Chairman
Adaradeniya Tea Factory, Moravaka Road, Lellawa | - | 077 7906024 |
| ✓ Prof. Roshan Rajadurei
Managing Director
Kelani Valley Plantations PLC
No. 400, Deans Road, Colombo 10 | - | 077 7743457 |
| ✓ Mr. M. W. N. Dharmawardhana
Chairman
Sri Lanka Tea Research Institute
Thalawakale, Nuwara Eliya | - | 077 3850003 |
| ✓ Prof. L.S.K Hettiarachchi
Director
Sri Lanka Tea Research Institute
Thalawakale, Nuwara Eliya | - | 071 2746483 |
| ✓ Mr. E.A.J.K Edirisinghe
Tea Commissioner
Sri Lanka Tea Board
No. 574, Galle Road, Colombo 03 | - | 071 4491618 |
| ✓ Mr. K.L Gunarathne
Chairman
All Island Federation of Tea Small Holdings Development Societies
No: 70, Parliament Road, Pelawatte, Battaramulla | - | 071 1975966 |
| ✓ Mr. Jagath Senarath Pathirana
Secretary
All Island Federation of Tea Small Holdings Development Societies
No: 70, Parliament Road, Pelawatte, Battaramulla | - | 077 7709048 |
| ✓ Mr. T. H. Richard
Member of the Board of Directors
Tea Small Holdings Development Authority
No: 70, Parliament Road, Pelawatte, Battaramulla | - | 071 8054893 |

09 Director Board meetings were held in the year 2021.

1.2.2 Audit and Management Committee of Tea Small Holdings Development Authority



- **Miss. S. G. M. A. P. Senarathna** - Chairman - 070 2190130
Assistant Director
Ministry of Finance
- **Mr. C. C. Muhandiramge** - Committee Member - 077 7416878
Additional Secretary
State Ministry of Plantations
- **Prof. W. Jinadasa** - Committee Member - 077 7906024
Representative
Tea Factory Owners' Association
- **Mrs. H. A. D. Chandanee** - Observer - 011 2583687
Auditor General
Department of Auditor General
(Sri Lanka Tea Board)

03 Audit and Management Committee meetings were held in the year 2021.

Audit and Management Committee Activities

The Audit Plan for the year 2021 was approved by the Board of Directors on 2020.03.12 and 03 Audit and Management Committee meetings were held during the corresponding year under review.

The following key decisions had been taken by Audit and Management Committee focusing on the following subject areas.

1. Reviewing the matters disclosed by the internal audit reports and working on accelerating the execution of proposals.
2. Reviewing the Auditor General's report and taking measures on performing necessary adjustments required to prevent the recurrence of deficiencies as shown thereto.

3. Examining the progress of the submission of responses regarding audit inquiries.
4. Inquiring on whether the circulars and regulations are accordingly adhered and taking necessary measures on revising shortcomings.
5. Inquiring on the delay of submitting Board of Directors' handouts and on the delay of appointing officers for formal disciplinary decisions and basic inquiries to the Board of Directors and reporting the details of the procedures taken by the Administrative Division on disciplinary procedures to the Audit and Management Committee and to the Board of Directors.

1.3 Details on Number of Employees and Approved Cadre

Table No. - 01

Details of Number of Cadre in the institution - (As at 2021.12.31)

Designation	Status of Service	Grade	No. of DMS Approved Cadre			No. of Existing Cadre				From 2021.01.01 to 2021.12.31							
			Permanent	Contract	Casual	Permanent	Contract	Casual	Other	Recruitments	Promotions	Secondments	Resignations	Vacancies in Designations	Employee Retrenchment	Retirements	Details
General Manager	Senior Manager	HM2-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Deputy General Manager (Development)	Senior Manager	HM 1-1	1	-	-	0	-	-	-	-	-	-	-	-	-	-	-
Deputy General Manager (Extension)	Senior Manager	HM 1-1	1	-	-	0	-	-	-	-	-	-	-	-	-	-	-
			3			1			-								
Assistant General Manager (Services)	Middle Manager	MM 1-1	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-
Manager (Human Resources/Administration)	Middle Manager	MM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Manager (Finance)	Middle Manager	MM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Manager (Development)	Middle Manager	MM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Manager (Planning & Monitoring)	Middle Manager	MM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Regional Manager	Middle Manager	MM 1-1	8	-	-	6	-	-	-	-	-	-	-	-	-	-	-
Assistant Manager (Development)	Middle Manager	MM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Assistant Manager (Finance)	Middle Manager	MM 1-1	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-
Assistant Manager (Administration)	Middle Manager	MM 1-1	1	-	-	0	-	-	-	-	-	-	-	-	-	-	-
Internal Auditor	Middle Manager	MM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Assistant Manager (Extension)	Middle Manager	MM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Assistant Manager (Training)	Middle Manager	MM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Assistant Manager (Planning & Monitoring)	Middle Manager	MM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-
Assistant Regional Manager (Extension)	Middle Manager	MM 1-1	8	-	-	5	-	-	-	-	-	-	-	-	-	-	-

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Assistant Regional Manager (Planning & Development)	Middle Manager	MM 1-1	6	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
			34	0	0	23	0	0	1	0								
Accounts Officer	Junior Manager	JM 1-1	8	-	-	8	-	-	-	-	-	-	-	-	-	-	-	
Internal Audit Officer	Junior Manager	JM 1-1	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
Administrative Officer	Junior Manager	JM 1-1	9	-	-	7	-	-	-	-	-	-	-	-	-	-	-	
Regional Tea Development Extension Officer	Junior Manager	JM 1-1	26	-	-	17	-	-	-	-	-	-	-	-	-	-	-	
Training Officer	Junior Manager	JM 1-1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Information Technology Officer	Junior Manager	JM 1-1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Technical Officer	Junior Manager	JM 1-1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Welfare Officer	Junior Manager	JM 1-1	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	
			47	0	0	33	0	0	1	0	0	0	0	0	0	0	-	0
Tea Inspection/Extension Officer	Management Assistant (Technical)	MA 2-3	144	-	-	124	-	-	-	-	-	-	-	-	-	-	-	
Bookkeeper	Management Assistant (Technical)	MA 2-2	9	-	-	8	-	-	-	-	-	-	-	-	-	-	-	
Management Assistant	Management Assistant (Non-Technical)	MA 1-2	149	-	-	143	-	-	12	-	-	-	-	-	-	-	-	
Tea Nursery Assistant	Management Assistant (Non-Technical)	MA 1-2	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	
			302	0	0	275	0	0	16	0	-	0						
Driver	Primary (Skilled)	PL 3	26	-	-	23	-	-	1	-	-	-	-	-	-	-	-	
Assistant Cook	Primary (Semi-Skilled)	PL 2	2	-	-	2	-	-	-	-	-	-	-	-	-	-	-	
Nursery Assistant	Primary (Skilled)	PL 2	8	-	-	4	-	-	-	-	-	-	-	-	-	-	-	
Office & Security Assistant	Primary (Unskilled)	PL 1	37	-	-	37	-	-	8	-	-	-	-	-	-	-	-	
									1									
			73	0	0	66	0	0	10	0								
Total			459	0	0	398	0	0	28	0								

Table No. - 02

The Approved Cadre of the Institution - 2021-12-31

The Approved Cadre of the Tea Small Holdings Development Authority - 2021-12-31 (As per the letter No. DMS/1714 V-11 of the Department of Management Services dated at 2017.06.22)		
	Designation	No. of Approved Cadre
1. Senior Managers		
	General Manager	1
	Deputy General Manager (Development)	1
	Deputy General Manager (Extension)	1
	Sub Total	3
2. Middle Managers		
	Manager (Human Resources & Administration)	1
	Manager (Development)	1
	Manager (Finance)	1
	Manager (Planning & Monitoring)	1
	Regional Manager	8
	Assistant Manager (Administration)	1
	Assistant Manager (Finance)	2
	Assistant Manager (Development)	1
	Internal Auditor	1
	Assistant Manager/ Manager (Extension)	1
	Assistant Manager/ Manager (Training)	1
	Assistant Manager (Planning & Monitoring)	1
	Assistant Regional Manager (Extension)	8
	Assistant Regional Manager (Planning & Development)	6
	Sub Total	34
3. Junior Managers		
	Accounts Officer	8
	Internal Audit Officer	1
	Administrative Officer	9
	Regional Tea Development Extension Officer	26
	Training Officer	1
	Technical Officer	1
	Information Technology Officer	1
	Sub Total	47
4. Management Assistant – Technical		
	Tea Inspection/Extension Officer	144
	Bookkeeper	9
	Sub Total	153
5. Management Assistant – Non - Technical		
	Management Assistant	149
	Sub Total	149
6. Primary Level - Skilled		
	Driver	26
	Sub Total	26
7. Primary Level – Semi - Skilled		
	Cook/ Assistant Cook	2
	Nursery Assistant	8
	Sub Total	10
8. Primary Level - Unskilled		
	Office & Security Assistant	37
	Sub Total	37
	Total	459

In addition to the above posts, the posts approved as personal to the holder.

- Assistant General Manager Service Posts - 01 (As per the letter No. DMS/E4/08/5/070/1 of the Department of Management Services dated at 2010.04.27)
- Management Assistant Posts - 12 (As per the letter No. DMS/1714, DMS/1714 V-1 of the Department of Management Services dated at 2014.07.03, 2016.08.18)
- Diver Posts - 01 (As per the letter No. DMS/1714 V-1 of the Department of Management Services dated at 2016.08.18)
- Office Assistant/Laborer Posts - 08 (As per the letter No. DMS/1714 V-1 of the Department of Management Services dated at 2016.08.18)
- 01 post of Welfare Officer and 01 post of Office Assistant were accepted be assigned for other institutions under Ministry of Plantation Industries. (As per the letter No. DMS/1714 V-11(T) of the Department of Management Services dated at 2017.05.23)
- As per the letter No. DMS/1714 V-III (oth) of the Department of Management Services dated at 2018.11.29, the designation of the officers in charge was revised as Regional Tea Development Extension Officer

1.4 Staff Details of Head Office and Regional Offices

Head Office



No: 70, Parliament Road, Pelawatte, Battaramulla.

Telephone No.: (011-7909020/21)

Fax : 011-22784925/28 / Email : gmtshda@gmail.com/ aetshda1@gmail.com

Executive Staff – Head Office

Chairman : Mr. Mahinda Widanapathirana (Up to 2021.06.30)
Chairman : Prof. M. S. T. Priyadarshana
(With effect from 2021.07.02)
General Manager : Mr. D. G. Mahipala

Extension Division



Deputy General Manager (Extension) (Acting) : Mr. W.T.R.P. Wimalarathne
Assistant Manager (Extension) : Mr. Prabuddha Pathum Weerasuriya

Development Division



Deputy General Manager (Development) : Mr. C.J.I.T. Fernando (Up to 2021.10.19)
Deputy General Manager (Development) : Vacant from 2021.10.19
Manager (Development) : Mr. R.A. Waidyaratne
Assistant Manager (Development) : Mr. A.A.D.P. Abeythilaka

Planning & Monitoring Division



Manager (Planning & Monitoring) : Mrs. M.A. Piyaseeli
Assistant Manager (Planning & Monitoring) : Mrs. W.D C. Krishanthi
Information Technology Officer (Acting) : Mr. J. M. V. N. Madurawela

Finance Division



Manager (Finance) : Mr. P.R. Indika Perera
Assistant Manager (Finance) : Mrs. R.A.C.D.D. Jayathunga
Assistant Manager (Finance) : Mrs. R.R.W.D. Rathnayake

Human Resources and Administration Division



Manager (Human Resources & Administration)
(Covering Duties) : Mr. C. J. I. T. Fernando
(With effect from 2020.02.24 up to 2021.03.05)
Manager (Human Resources & Administration)
(Performing Duties) : Mr. Amitha Pasquel
(With effect from 2021.03.05 up to now)
Assistant Manager (Administration) : Mrs. E. K. P. A. Priyadarshani

(Performing Duties)	(With effect from 2020.06.01 up to 2021.07.14)
Assistant Manager (Administration)	: Vacant from 2021.07.14
Administrative Officer	: Mr. M. M. Sarathchandra (Up to 2021.03.23)
Administrative Officer	: Vacant from 2021.03.23 up to 2021.08.02
Administrative Officer 2021.08.02)	: Mr. Sumudu Gunasekara (With effect from
(Acting)	

Internal Audit Division



Internal Auditor	: Mr. W.W.J.L. Fernando
Internal Audit Officer	: Mr. D. Daminda Priyanjith

Services Division



Assistant General Manager (Services)	: Mr. Amitha Pasquel
--------------------------------------	----------------------

Regional Office – Galle – Administrative District: Galle

No. 81, Lighthouse Road, Fort, Galle

Telephone No.: 091-7201126

Fax : 091-2244382 / Email : tshdaga@gmail.com



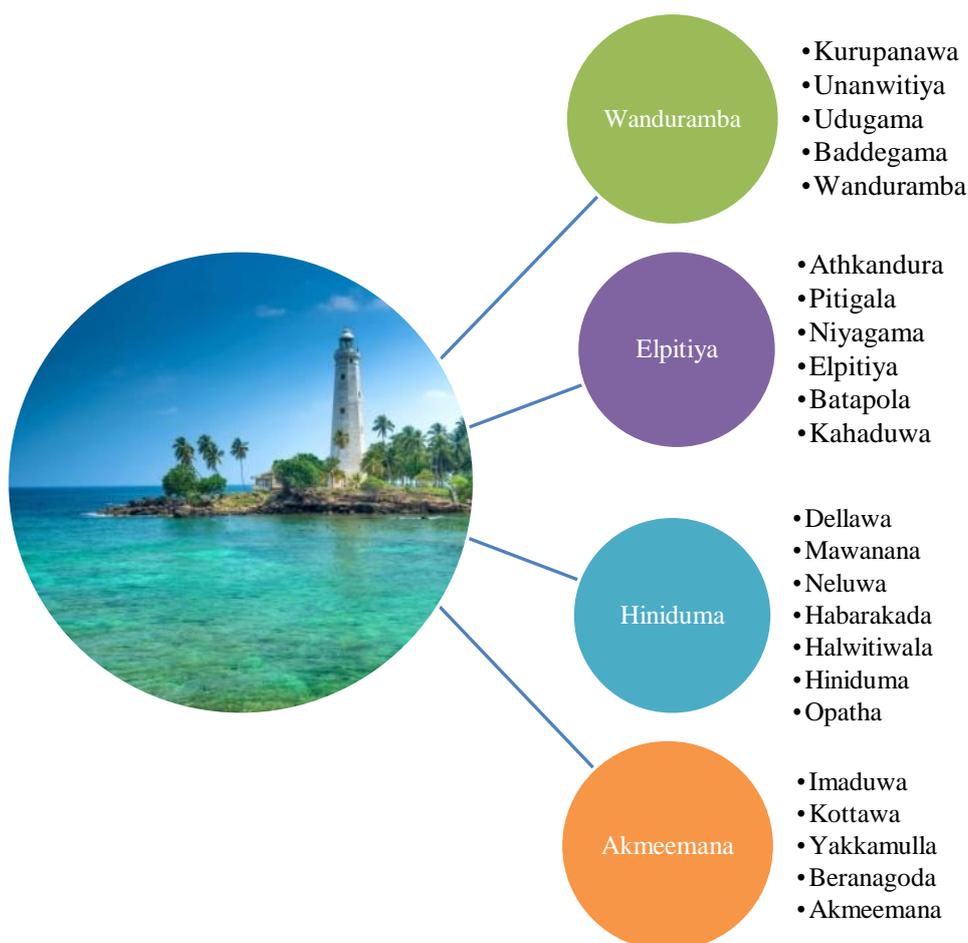
Extension Center

Regional Extension Center, Walahanduwa, Galle

Telephone No.: 091-7200815

Regional Manager	: Mr. E.R.S. Gunawardane (Up to 2021.10.02)
Regional Manager	: Mr. I.U.H. Mohotti (With effect from 2021.10.13 up to now)
Assistant Regional Manager (Extension)	: Mr. I.U.H. Mohotti (Up to 2021.08.09)
Assistant Regional Manager (Extension)	: Mr. T. M. S. L. Priyadarshaka
(Performing Duties)	(With effect from 2021.08.09 up to now)
Assistant Regional Manager	: Mr. M.T. Amararuwan (Up to now)
(Planning and Development) (Performing Duties)	
Regional Tea Development Extension Officer	: Mr. M.T. Amararuwan (Up to now)
	: Mr. H. M. K. G. B. Herath
	: Mr. T. M. S. L. Priyadarshaka (Up to now)
Regional Tea Development Extension Officer	: Mr. K.S.S. Dahanayake
(Acting)	: Mr. I.D.D. Kumara
Administrative Officer (Covering Duties)	: Mr. S. J. Algewatta
Accounts Officer	: Mrs. K.W.W. Perera

Sub Offices and Tea Inspection Extension Divisions of Regional Office – Galle



Regional Office – Matara – Administrative Districts: Matara, Hambanthota

No. 31, Kalidasa Road, Matara

Telephone No.: 041-7200799 / 041-7200394/96

Fax : 041-2226487 / Email: tshdamt@gmail.com



Extension Center

Regional Extension Center, Morawaka, Alapaladeniya

Regional Manager (Performing Duties)

: Mr. Saliya Narangaspitiya (Up to 2021.08.09)

Regional Manager

: Mr. P. A. N. Pushpakumara
(With effect from 2021.08.09 up to now)

Assistant Regional Manager

: Mr. Saliya Narangaspitiya (Up to 2021.08.08)

(Planning and Development)

: Mr. Udula Dasantha

Assistant Regional Manager

(Planning and Development) (Performing Duties)

(With effect from 2020.11.17 up to now)

Assistant Regional Manager (Extension)

: Mr. K. H. L. Sanjeewa

Regional Tea Development Extension Officer	: Mr. J. L. Edirisooriya
	: Mr. Mahinda Batagoda
	: Mr. N. M. Wijesinghe
Administrative Officer	: Mrs. N. V. P. Pushpakumari
Accounts Officer	: Mrs. H. M. L. Pushpakumari

Sub Offices and Tea Inspection Extension Divisions of Regional Office – Matara



Regional Office – Rathnapura – Administrative District: Rathnapura

No 1/28, New Town, Rathnapura

Telephone No. : 045-7201243 / 045-7201904

Fax: 045-2228647 / Email: tshdarat@gmail.com



Extension Center

Regional Extension Center, Sannasgama, Lellupitiya.

Telephone No.: 045-7201170

Regional Manager	: Mr. K. A. B. Padmaraja (With effect from 2021.11 up to now)
Assistant Regional Manager (Planning and Development)	: Mr. H. K. Lalith Kumara (With effect from 2021.11 up to now)
Assistant Regional Manager (Extension)	: Mr. P. N. Yagamuni

Assistant Regional Manager (Extension) (Acting)	: Mr. N. M. Wijesinghe
Regional Tea Development Extension Officer	: Mr. P. D. K. Balachandra
	: Mr. M. A. I. Abeysena
Regional Tea Development Extension Officer (Acting)	: Mr. P. S. K. Perera
Administrative Officer	: Mrs. Dhammika Weththasinghe
Accounts Officer	: Mr. E. G. T. N. Serasinghe

Sub Offices and Tea Inspection Extension Divisions of Regional Office – Rathnapura



Regional Office – Kandy – Administrative Districts: Kandy, Matale, Kurunegala



No. 2/7/1, Gannoruwa Road, Peradeniya, Kandy

Telephone No.: 081-7200827 / 081-7200821

Fax: 081-2389011/ Email: tshdakan@gmail.com

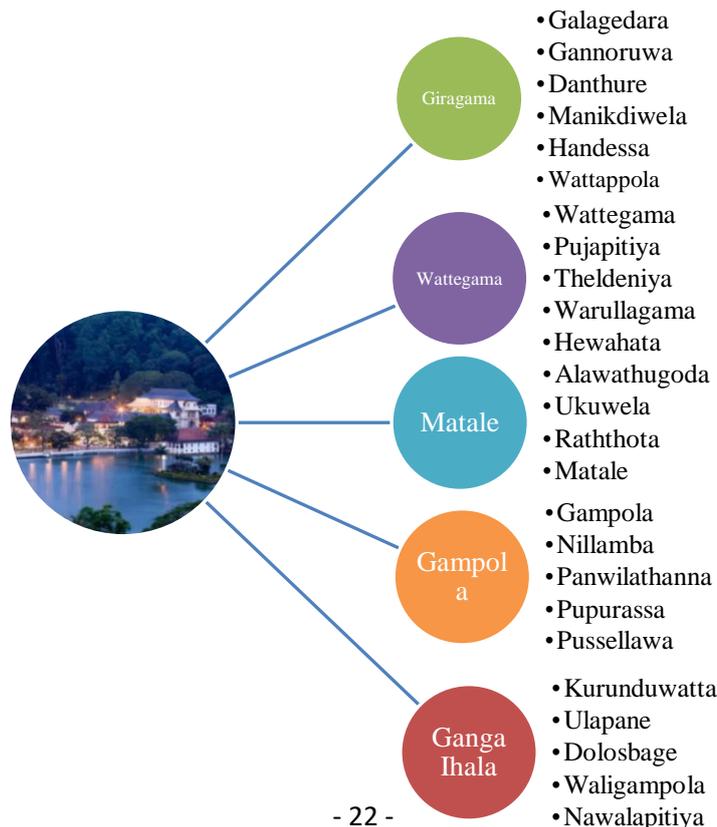
Extension Center

Regional Extension Center, Sooriyagoda, Muruthalawa

Telephone No. : 081-7201921

Regional Manager	: Mr. R. A. G. P. Ranasinghe (Up to 2021.11.01)
Regional Manager (Acting)	: Mr. S. C. Mudannayaka (With effect from 2021.11 up to now)
Assistant Regional Manager (Extension)	: Mr. M. R. N. Dhammika (Up to 2021.10.12)
Assistant Regional Manager (Extension)	: Mr. G. N. Yagamuni (With effect from 2021.11)
Assistant Regional Manager (Planning and Development) (Performing Duties)	: Mr. D. M. R. K. B. Dasanayaka (Up to 2021.11)
Assistant Regional Manager (Planning and Development)	: Vacant
Regional Tea Development Extension Officer	: Mr. D. M. R. K. B. Dasanayaka : Mr. W. J. M. Arambepola (Up to 2021.11.24) : Mr. P. G. P. C. Wijesinghe : Mr. T. Amarasekara
Administrative Officer	: Mr. Chamila Bandara Diddeniya
Accounts Officer	: Mrs. M. U. L. Shyamalie Premasundara

Sub Offices and Tea Inspection Extension Divisions of Regional Office – Kandy



**Regional Office – Nuwara Eliya – Administrative District: Nuwara Eliya
New Town, Kotmale**

Telephone No.: 052-4930265/ 052-4930247

Fax : 052-2259060 / Email : tshdane@gmail.com



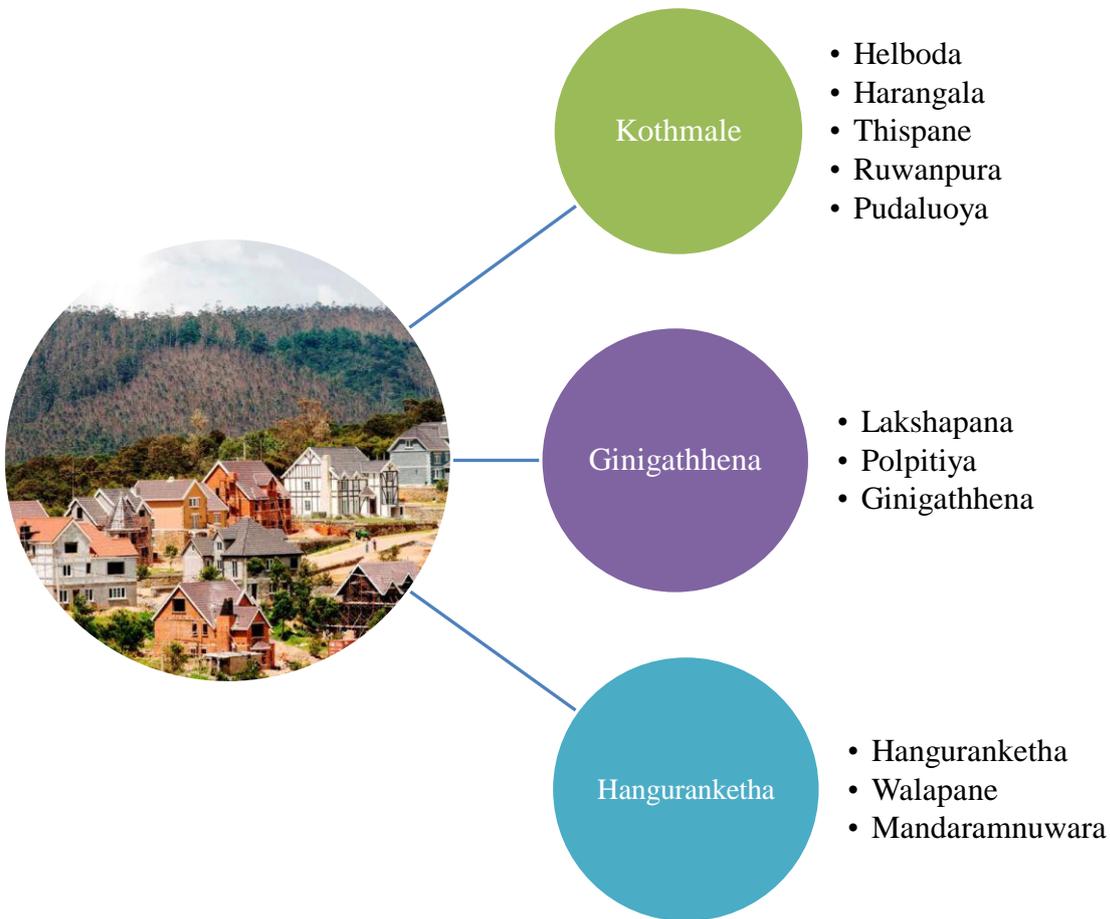
Extension Center

Regional Extension Center, Thispane, New Thispane

Telephone No.: 081-7201950

Regional Manager	: Mr. W. T. R. P. Wimalarathne
Assistant Regional Manager (Planning & Development)	: Mr. P. A. N. Pushpa Kumara (Up to 2021.08.09)
Assistant Regional Manager (Extension)	: Mr. R. A. S. S. Ranathunga
Regional Tea Development Extension Officer	: Mr. A. T. A. Gunawardhane : Mr. S. I. U. Senadeera (Up to 2021.02.15)
Administrative Officer	: Mrs. M. G. D. A. Pushpakumari
Accounts Officer	: Mrs. D. M. L Nawalage

**Sub Offices and Tea Inspection Extension Divisions of Regional Office – Nuwara
Eliya**



Regional Office – Uva – Administrative Districts: Badulla, Moneragala

New Badulla Road, Bandarawela

Telephone No.: 057-7200241/ 057-7200081

Fax : 057- 2232237 / Email : uvatshda@gmail.com



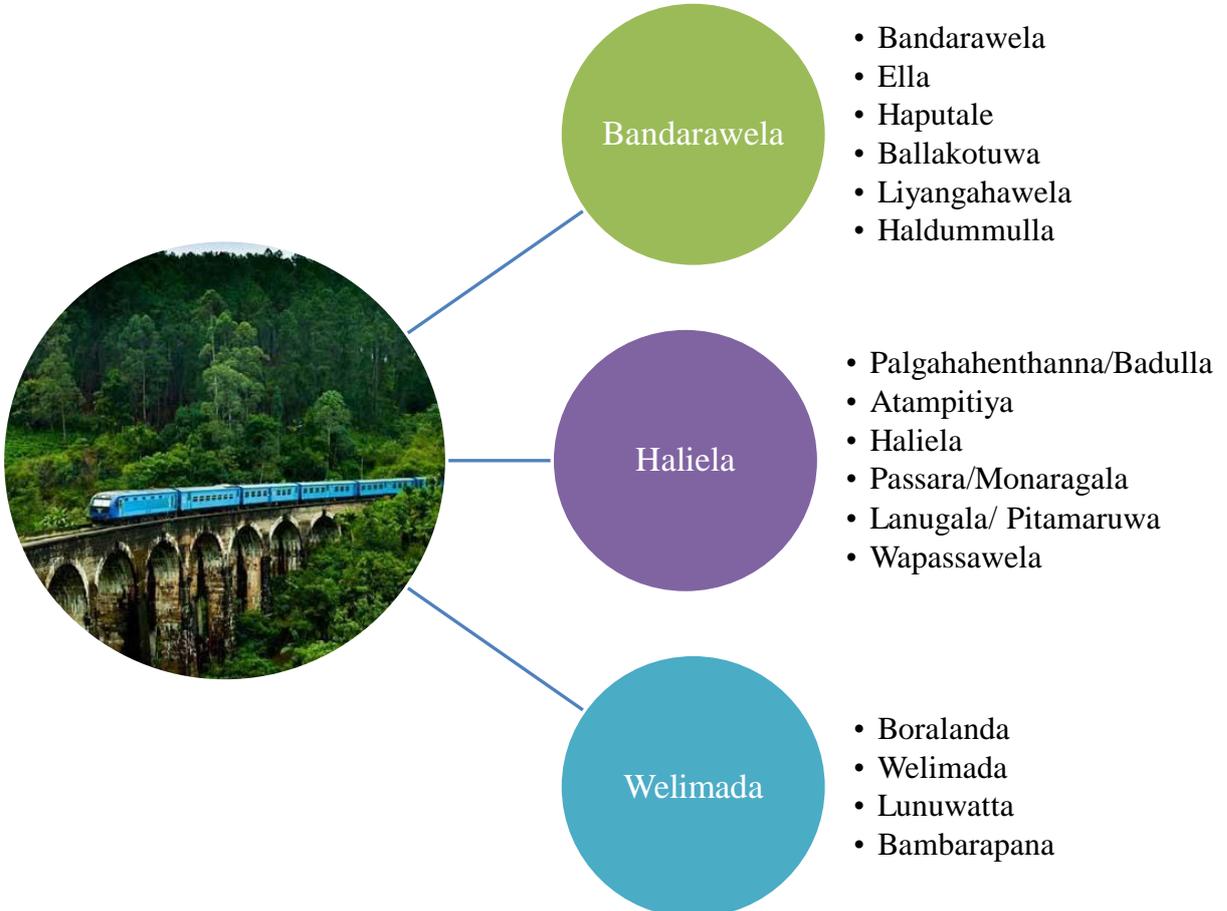
Extension Center

Regional Extension Center, Bogahamadiththa, Haliela

Telephone No.: 055-2294363

Regional Manager (Acting)	: Mr. P. A. N. Pushpa Kumara (Up to 2021.08.08)
Regional Manager	: Mr. W. H. P. S. Wijethunga (With effect from 2021.08.09 up to now)
Assistant Regional Manager (Planning & Development)	: Vacant
Assistant Regional Manager (Extension)	: Mr. H. Tharanga De Zoysa
Regional Tea Development Extension Officer	: Mr. H. M. Premakumara : Mr. H.M Kumarasinghe : Mr. R. M. A. D. Rathnayake
Administrative Officer	: Mrs. R. D. C. K. Ranathunga
Accounts Officer	: Mrs. W. D. M. M. Amarasinghe

Sub Offices and Tea Inspection Extension Divisions of Regional Office – Uva



Regional Office – Kegalle – Administrative Districts: Kegalle, Gampaha

Agriculture Building, Kachcheri Road, Kegalle

Telephone No.: 035-7201254 / 035-7201243

Fax: 035-2230163 / Email: tshdake@gmail.com



Extension Center

Regional Extension Center, Hingula.

Regional Manager (Acting)

: Mr. W. H. P. S. Wijethunga (Up to 2021.08.08)

Regional Manager

: Mr. N. C. E. Narangaspitiya (Up to 2021.10.12)

Regional Manager (Acting)

: Mr. M. R. N. Dhammika

(With effect from 2021.10.13)

Assistant Regional Manager (Extension)

: Mr. D. M. P. S. Ekanayake

Regional Tea Development Extension Officer

: Mr. R. M. P. R. Bandara

: Mrs. H. M. G. P. Nilmini Kumari

Administrative Officer

: Mr. H. M. R. J. B Herath

Accounts Officer

: Mr. R. M. J. B Rathnayake

Sub Offices and Tea Inspection Extension Divisions of Regional Office – Kegalle



**Regional Office – Kaluthara – Administrative Districts: Kaluthara,
Colombo**



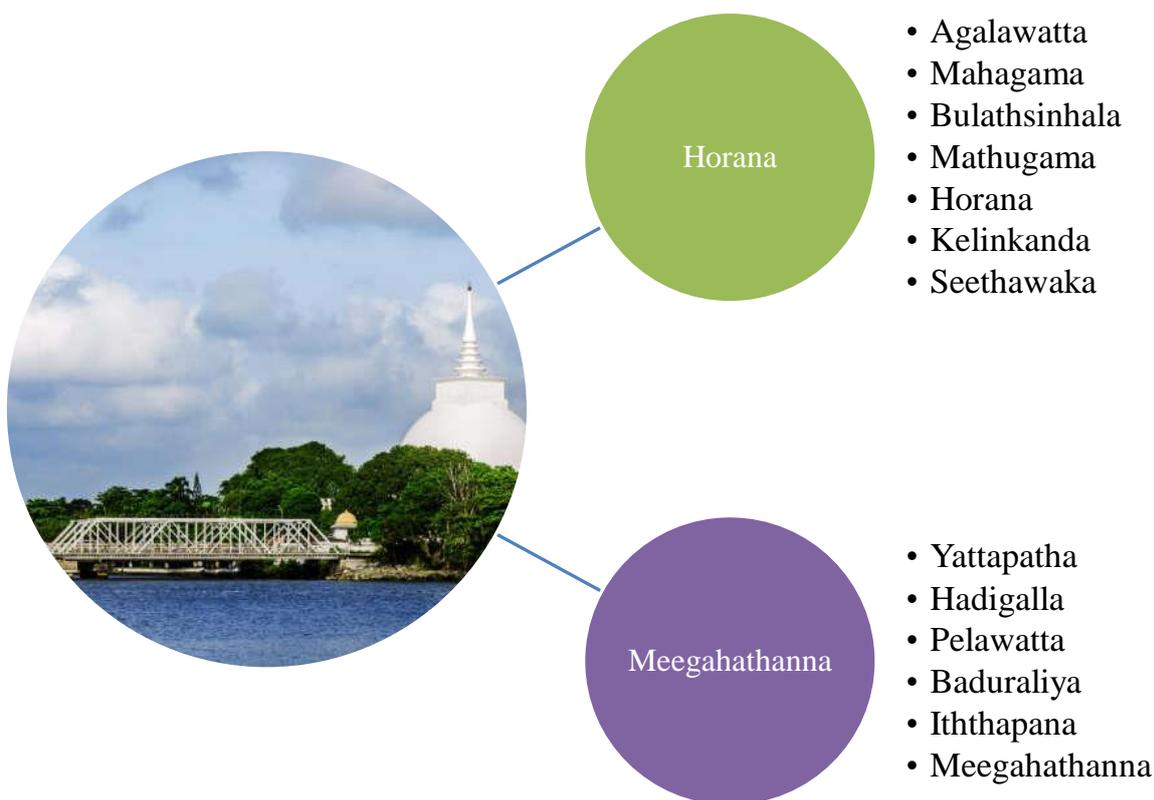
Dadugodayawatte Road, Iddagoda, Mathugama

Telephone No. : 034-7200183 / 034-7201630

Fax: 034-2249690 / Email: tshdakalu@gmail.com

Regional Manager (Performing Duties)	: Mr. S. C. Mudannayake (Up to 2021.04.07)
Regional Manager (Performing Duties)	: Mr. G. N. Yagamuni (Up to 2021.08.09)
Assistant Regional Manager (Extension)	: Mr. S. C. Mudannayake (Up to 2021.04.07)
Regional Tea Development Extension Officer	: Mr. T. M. S. L. Priyadarshaka
Regional Tea Development Extension Officer (Acting)	: Mrs. H. P. Pushpa Kumari
Administrative Officer	: Mr. H. P. Sanjeewa Pushpa Kumara
Accounts Officer	: Miss. P. G. I. Surangika

Sub Offices and Tea Inspection Extension Divisions of Regional Office – Kaluthara



Rathnasiri Wickramanayaka National Training Institute

5th Milepost, Middle Division, Udawela, Hantana

Telephone No.: 081-7201760/ 081-7201973

Fax: 081-3800679 / Email : tshdantc@gmail.com



Assistant Manager (Training)	: Mr. H.K.G.I.S.B. Hapuhinna
Training Officer	: Vacant

1.5 Executive Summary



Extent of Tea Small Holdings

From the year 2012, as per the Tea Small Holdings Development Act No.35 of 1975, development and associated services are provided by the Authority only for tea small holdings with an extent of less than 10 acres.

In accordance with the census of registering tea lands launched by the Tea Small Holdings Development Authority in conjunction with the Sri Lanka Tea Board in the year 2016, the extent of registered tea small holdings was 157,838 hectares. Based on the details of that census, the extent of tea cultivated lands updated by the Sri Lanka Tea Board in the year 2021 was 157,907 hectares.

In the year 2021, 4,968 tea farmers have newly joined the tea small holdings sector. As per the tea lands registration of the Sri Lanka Tea Board in the year 2016, the number of tea small holders was 418,262. As updated by the Sri Lanka Tea Board in the year 2021, the number of tea small holders was 418,328.

Production of the Tea Small Holdings Sector and Contribution to the National Production

The national tea production in the year 2021 was 299.338 million kilograms and the finished tea production of the tea small holdings sector was 223.197 million kilograms. That means that 74.56% from the overall tea production had been produced by the tea small holdings sector.

The maximum production of the tea small holdings sector reported so far was 247.4 million kilograms in the year of 2014 and the maximum of the national production reported so far was 340.22 million kilograms in the year of 2013.

Compared to the year 2020, the national tea production in the year 2021 was increased by 7.5% and the production of the tea small

holdings sector was increased by 8.5%. Compared to the year 2014 on which the maximum production in the tea small holdings sector was reported, the production in the year 2021 had reduced by about 9.36%.

Productivity of the Tea Small Holdings Sector

Compared to the previous year, the average productivity of the tea small holdings sector in the year 2021 had increased by 8.5%. Accordingly, the average productivity of the year 2021 was 1,414 kilograms of made tea (finished tea) per hectare. The average productivity in the lowlands was 1,316 kilograms of made tea. It was 2,068 kilograms of made tea in the midlands and 1,787 kilograms of made tea in the highlands. The average productivity in Uva region had been 1,274 kilograms of made tea.

Extent of Lands of Tea Replanting and Percentage of Replanting

As per the national policy for constant maintenance of the extent of lands of tea cultivation obtaining a maximum harvest, it is required to replant an extent of 2% of tea lands per year. Accordingly, the extent of lands that should be annually replanted by the tea small holdings sector is about 2,460 hectares.

With effect from the year 2012, as land development services and extension services were limited to lands with less than 10 hectares by the Authority, it is required to annually uproot an extent of 2,460 hectares of land for tea replanting. In accordance with the annual provisions, it was targeted to uproot 1400 hectares in the year 2021.

Under the Small-holder Tea and Rubber Revitalization (STaRR) project, it was targeted to uproot 4,500 hectares of old tea. Permits pertaining 6,140.18 hectares were issued so far and land preparations were made on 2,832.70 hectares under the Small-holder Tea and Rubber Revitalization (STaRR) project.

Until the year 2021, Soil Fertilization in Part One (1) was done in 2,609.69 hectares, Soil Fertilization in Part Two (2) was done in 2,028.14 hectares and Cultivation was done in 1,062.56 hectares. At the end of the year 2021, tea plantation was done in 1,062.56 hectares and after one year, a progress of 275.23 hectares was achieved.

In accordance with the data in the past decade, an average extent of 995 hectares of land had been uprooted annually for tea replanting and about an average of 822 hectares of land had been replanted annually with the subsidies of the Authority. As per the trend in last 03 years, about an extent of 806 hectares of land was annually replanted.

Tea Replanting

In the year 2021, 1,400 hectares of tea replantation was targeted and it was able to replant 1,310.85 hectares of tea. Accordingly, in the year 2021, compared to the target of tea planting, it was a progress percentage of 93.63%.

Tea New Planting

In the year 2021, 645 hectares for tea new planting was targeted and it was able to complete tea new planting in 680.71 hectares. Accordingly, compared to the target of tea new planting in the year 2021, it was a progress percentage of 105.5%.

Crop Rehabilitation

As per the recommendations, planting desolates in tea lands is performed through this program in collaboration with pruning, the usage of soil conservation methods and shade control. Accordingly, 3,000,000 tea plants were targeted on desolate planting for the year 2021 and desolate planting had been completed for 3,324,024 plants even exceeding that target. Compared to the target of planting desolates in the year 2021, it was a progress percentage of 110.8%.

Extension and Consultation Services

3,144 group extension programs had been targeted to be conducted in supplying extension & consultation services on improving the productivity of tea small holdings, basically improving the quality of tea leaves, and managing tea-based farms (Table No. 21), and from that, 2,530 had been implemented and it was a progress percentage of 80.4%.

The participation of 89,072 farmers for these programs was targeted and the number of farmers participated was 43,138. The progress percentage of that was 48.4%.

For the year 2021, 8,640 individual extension programs were targeted and by the end of the year, 7,933 individual extension farmer meetings were conducted. Compared to the annual target, it was a progress percentage of 92%. In addition, as the above said farmer meetings should be conducted twice a year, the actual progress corresponding to this was 15,866.

Cultivation Demonstrations

To develop 03 cultivation demonstrations as tea farmers training schools per every service division, 432 cultivation demonstrations have been identified, and the training programs have been commenced and the training activities are being carried out.

Institutional Tea Nurseries

To supply the farmers with a quality tea plant, 969,041 plants were produced during the year through maintaining 10 tea plant nurseries in a



way that they cover Hanthana Training Center & 07 Regional Offices.

Mother Bush Cultivations

Targeted at improving the Tea production and the productivity, and at supplying quality planting materials for farmers, mother bush cultivations were established in areas belonging to Regional Offices in Galle, Kandy, Kalutara, Matara, Nuwara Eliya, Kegalle, Rathnapura and Uva. For the expansion of seeds those which are resistant to the changing weather conditions and those which could maintain a steady harvest, a land for mother bush cultivation was newly established in Haliela area belonging to Uva Regional Office.



Tea Small Holdings Development Societies

Tea Small Holdings Development Societies consist of 08 Regional Organizations and the All-Island Federation of societies had been established in the year 1989 and had made them to be legal organizations. At the end of the year 2021, the number of registered Tea Small Holdings Development Societies was 1,484 with 279,594 members. Compared to the previous year, the number of societies was increased by 0.06% and the number of members was reduced by 9.72%.

Operational Cost of the Institution

The development cost of the institution in the year 2021 was 1,176.711 million Rupees. The recurring cost was 441.656 million Rupees. When it compared to the previous year, the development cost was increased by 423.951

million Rupees and the recurring cost was increased by 20.535 million Rupees. Accordingly, the ratio between the Operational Cost and Development Cost was 0.38.

Ratio of Tea Farmers and Tea Inspection/Extension Officer

Even though, the ratio of the number of extension officers and farmers needed for productive extension services is about 1: 1000, the ratio of the field officers and tea farmers in the Tea Small Holdings sector in the year 2021 was 1:3374. Accordingly, though the number of officers should be increased to reduce the number of farmers covered, it is difficult to increase the number of officers concerning the limitations in the provisions and cost of the institution. Therefore, the institution worked on granting assistance from Tea Small Holdings Development societies in providing services.

Special Project of 25 million Plants

Through the Special Tea Nursery Project of 25 million Plants implemented by the Tea Small Holdings Development Authority under the provisions of the Sri Lanka Tea Board, 826 nurserymen were provided with nursery materials and financial benefits and, 14.55 million shoots were planted out of the 25 million plants expected to be produced.

Special Program on tall shaded plant production

Even though it was expected to produce 12 hundred thousand plants through the Special Program on tall shaded plant production that was implemented to provide free tall shaded plants to tea small holders, it produced about 8 hundred thousand plants due to the difficulties in procuring planting materials. For the areas in lowland, 6 hundred thousand Albizzia Moluccana plants were produced, and it was 2 hundred thousand Grevillea Ronusta plants for the areas in up country and mid country. The amount of plants issued for the tea small holders was 8 hundred thousand and 20 million Rupees were spent on this.

Price of Green Leaves

In accordance with the national elevation average values in the year 2021, the price paid for one kilogram of Upcountry green tea leaves was 87.47 Rupees as per the prices of Sri Lanka Tea Auction Market. It was paid 80.77 Rupees for one kilogram of Mid country green tea leaves, 94.44 Rupees for one kilogram in Low country and 90.57 Rupees for the national elevation average value for all the regions.

Hanthana Rathnasiri Wickramanayaka National Training Center

“Rathnasiri Wickramanayaka National Training Center” of the Tea Small Holdings Development Authority is in Hanthana area in Kandy district consisting of an extent of 25 acres. The training center was opened on 13.08.2000 after being purchased by the Janatha Estate Development Board in the month of July in the year 1994 under the Asian Development Loan Scheme.

Objectives

- ✓ Conducting training courses on tea cultivation for tea small holders.
- ✓ Conducting institutional training programs.
- ✓ Facilitating external institutes for conducting training programs.
- ✓ Developing the status of institutional revenue.

Under the project on mother bush cultivations, the tea small holders, nurserymen of tea nurseries of the Authority and commercial tea nurseries are being provided with high quality shoots and the tea small holders are being provided with high quality plants needed in very good condition at reasonable prices.



Investments and Operational Review of the Tea Small Holdings Sector

The Action Plan was prepared for 1840.00 million Rupees comprising with 1400.00 million Rupees as the Cost of Development and Institutional Capital and 440.00 million Rupees as Recurrent Expenses in the year 2021.

The total amount of Payments was 1618.367 million Rupees comprising with 1176.71 million Rupees as the amount of Capital Expenses and Recurrent as 441.656 million Rupees for the year 2021.

Table No. -03

Tea Production in Private Sector and Treasury Funds Receipts

Year	Total Tea Production (Million Kilograms)	Total Production Contribution%		Amount allocated for Private Sector (Tea Small Holdings Sector) (Million Rupees)
		Private Sector	Other Sectors	
2008	318.46	67.4	25.9	405.30
2009	291.13	69.3	24.8	367.80
2010	331.42	69.4	23.8	394.93
2011	327.53	69.9	30.1	391.59
2012	326.27	71.4	28.6	418.83
2013	340.02	72.2	27.8	520.14
2014	338.03	73.1	26.9	742.94
2015	328.96	72.9	27.1	969.72
2016	292.57	74.5	25.5	1009.45
2017	307.72	75.5	24.5	784.45
2018	303.94	75.0	25.0	850.02
2019	300.13	75.21	24.05	800.00
2020	278.49	74.8	25.2	1,127.00
2021	299.338	74.56	25.44	1,400.00

Operational Review

Compared to the Operational Cost of 421.121 million Rupees in the year 2020, the Operational Cost in the year 2021 was increased by 4.87%. Compared to the Cost of Capital of 752.76 million Rupees in the year 2020, the Cost of Capital in the year 2021 was increased by 56.32%.



Table No. -04

Operational Review

Year	Development Cost Rs. '000	Operational Cost Rs. '000	Operational Cost per one Development Rupee (Cents)
2008	208,255	188,725	0.91
2009	185,660	202,146	1.08
2010	189,194	205,385	1.08
2011	208,407	218,527	1.04
2012	276,324	233,738	0.85
2013	440,060	238,823	0.54
2014	345,104	252,774	0.73
2015	561,490	303,435	0.54
2016	561,868	314,547	0.56
2017	643,092	337,053	0.52
2018	632,165	380,054	0.66
2019	628,899	410,034	0.65
2020	752,760	421,121	0.55
2021	1,176,711	441,656	0.38



2. Basic Functions of the Institution

- 2.1 Institution and it's Role**
- 2.2 Productive Management Strategies and Developmental Outcome for Statutory Objectives**
- 2.3 Development Functions for Statutory Objectives**
- 2.4 2021-2025 Strategic Plan prepared by the Ministry of Plantation**
- 2.5 Action Plan and the Allocation of Provisions of the Institution**

2 Basic Functions of the Institution

2.1 Institution and its Role

The Tea Small Holdings Development Authority was established on 01st February 1977 under the Tea Small Holdings Development Act, No.35 of 1975 of the National State Council.

Thereafter, the Act No. 36 of 1991, the Act No. 21 of 1997, the Act No. 34 of 2003 and the Act No. 42 of 2006 had been passed by adding amendments to the main convention.

Objectives

Developing Tea Small Holdings, Increasing the production, improving the productivity, Marketing tea leaves and Working on the wellbeing of the tea small holders, are the core objectives of the institution.

Apart from these, with effect from 01st January 1978, the Authority had continued performing the roles assigned by Sri Lanka Tea Board from time to time and other relevant roles mentioned below.

1. Implementing the following subsidy schemes on developing the lands, those which are under the management of the private sector.
 - i. Tea Replanting
 - ii. New Tea Planting
 - iii. Infilling
2. Implementing support services such as distributing tea fertilizer, plantation materials, and equipment and providing transportation facilities.
3. Implementing extension and consulting services.

Key Functions performed by the Authority in the year 2021

- Implementing the following subsidy schemes on developing the lands, those which are under the management of the private sector.
 1. Tea Replanting
 2. New Tea Planting
 3. Infilling
- With the suspension of importing chemical fertilizer done by the government as a policy, actions were taken to provide the farmers with the remaining quantity of fertilizer when it's needed and distributed them.
- Alluring farmers in the production of organic fertilizer as an alternative solution to the shortage of chemical fertilizer and implementing trainings through performing related activities.
- Initiating organic fertilizer production by establishing one center each in the eight regional offices to produce organic fertilizer as a special project based on the provisions of the State Ministry.
- Providing shaded plants by initiating the Project on tall shades in order to face climate changes.
- Training a mechanical labor force on tea sector and deploying 316 trainees in to the field as a remedy to the labor shortage and to reduce the high cost of production.
- Continuously implementing the Special Project of 25 million tea seedling plants started in the year 2020 under 250 million

Rupees of provisions from the Sri Lanka Tea Board in this year as well.

- Conducting scheduled extension trainings using online methods as a solution to the issue arose due to broden Corona pandemic situation in gathering farmers to implement scheduled extention and advisory services.
- Providing material assistance such as chicken brood, beekeeping, mushroom cultivation for low-income farmers those who are planting tea in combination with the Samadhi Athority on promoting investments of tea small holders and providing side crop seedlings to optimize the consumption of tea small holdings and lands.

2.2 Productive Management Strategies and Developmental Outcome for Statutory Objectives

The institutional strategy is the results-based management approach for the performance of statutory objectives. Under that, the institution had performed on accomplishing the goals through annual action plans that were prepared based on the mid-term objectives identified from the year 2010 to the year 2020.

For that, the productivity (Made tea Kilograms) per hectare in the Tea Small Holdings Sector had been identified as the core performance indicator. Accordingly, the field activities had been operated for the average productivity of the highlands, midlands, and lowlands to accomplish the targeted outcome after the annual goals were introduced to the field officers. (The national goal identified for the year 2021 on the tea crop is 2,307 Kilograms of made tea per hectare). The core development goals and achievements used to measure the performance in the years 2019, 2020 & 2021 are mentioned below. The updated details on lands in accordance with the land registry of Sri Lanka Tea Board were applied to measure the productivity for the year 2021.

Table No. - 05

Productivity Goals and Performance anticipated by the institution Made tea in Kilograms per hectare (per year)

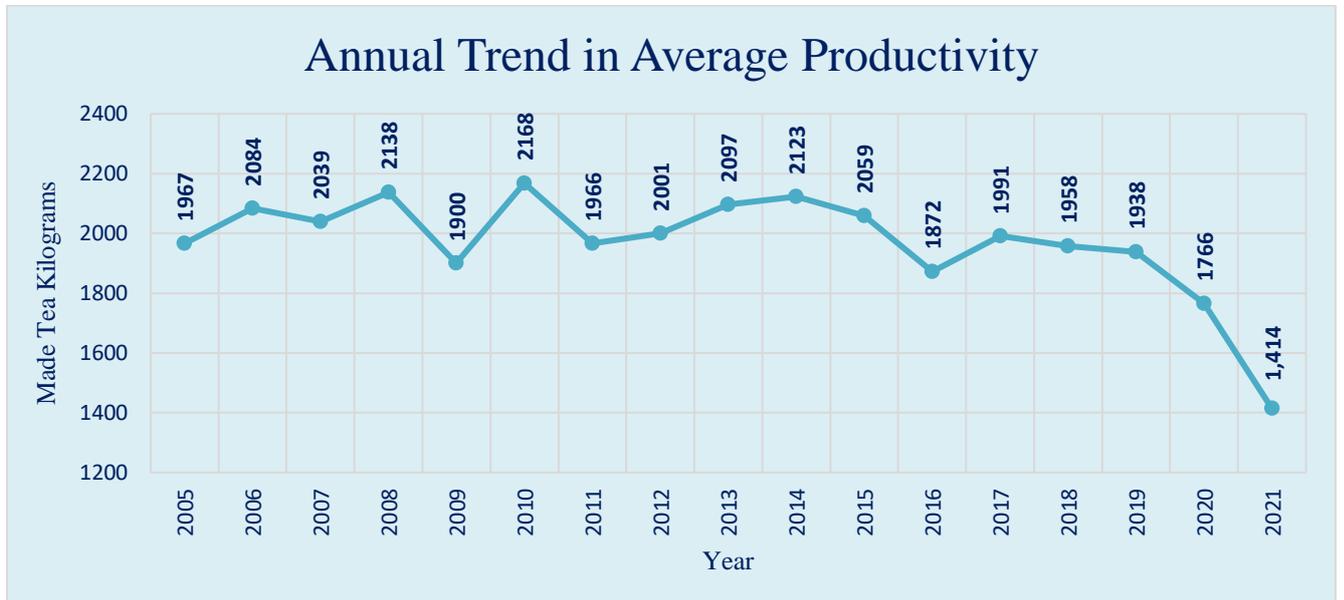
Area	2019			2020			2021		
	Target Kilograms	Achievement Kilograms	Percentage %	Target Kilograms	Achievement Kilograms	Percentage %	Target Kilograms	* Achievement Kilograms	Percentage %
Low Country	2,500	2,051	82%	2,500	1,833	73%	2,500	1,316	53%
Mid Country	1,700	1,462	86%	1,700	1,418	83%	1,700	2,068	121%
Uva	1,600	1,300	81%	1,600	1,403	88%	1,600	1,787	111%
Average	2,307	1,938	84%	2,307	1,766	77%	2,307	1,414	61%

Source: The Progress Report – Tea Small Holdings Development Authority

*The performance for the year 2021 was calculated based on the updated details of the tea land registration in the year 2021 due in accordance with the land registration of Sri Lanka Tea Board in the year 2016.

Diagram No. 01

**Annual Trend in Average Productivity
(Made Tea Kilograms per Hectare per Year)**



Source- 2005-2020 - (Census on Tea Small Holdings– 2005)

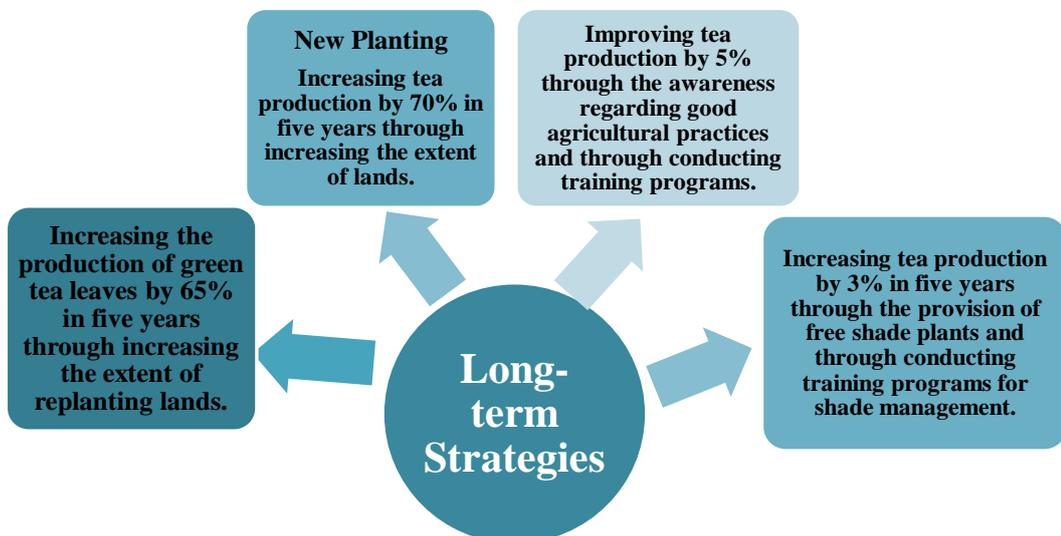
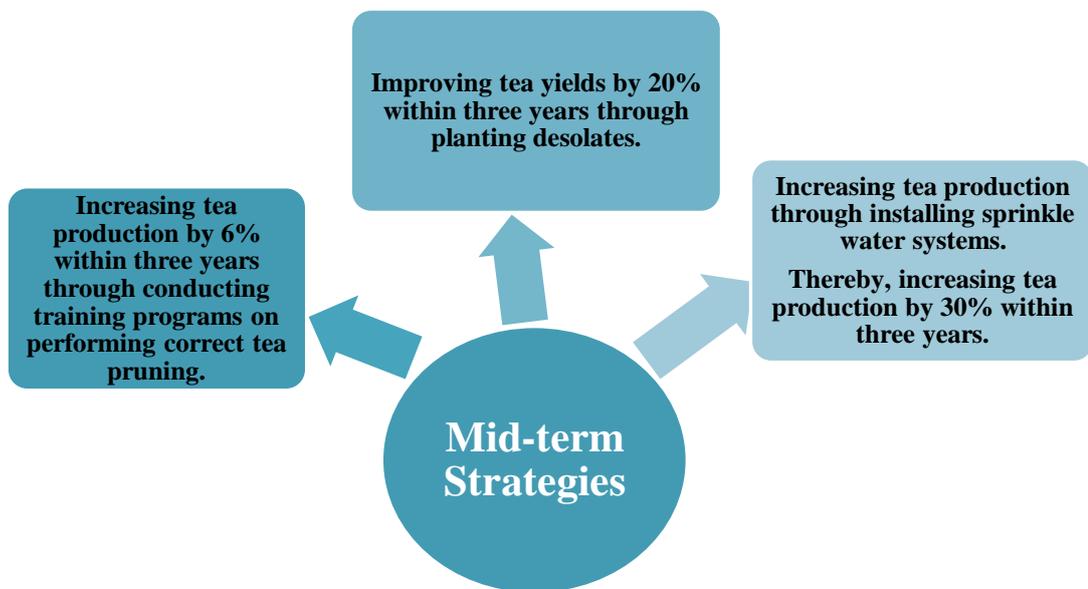
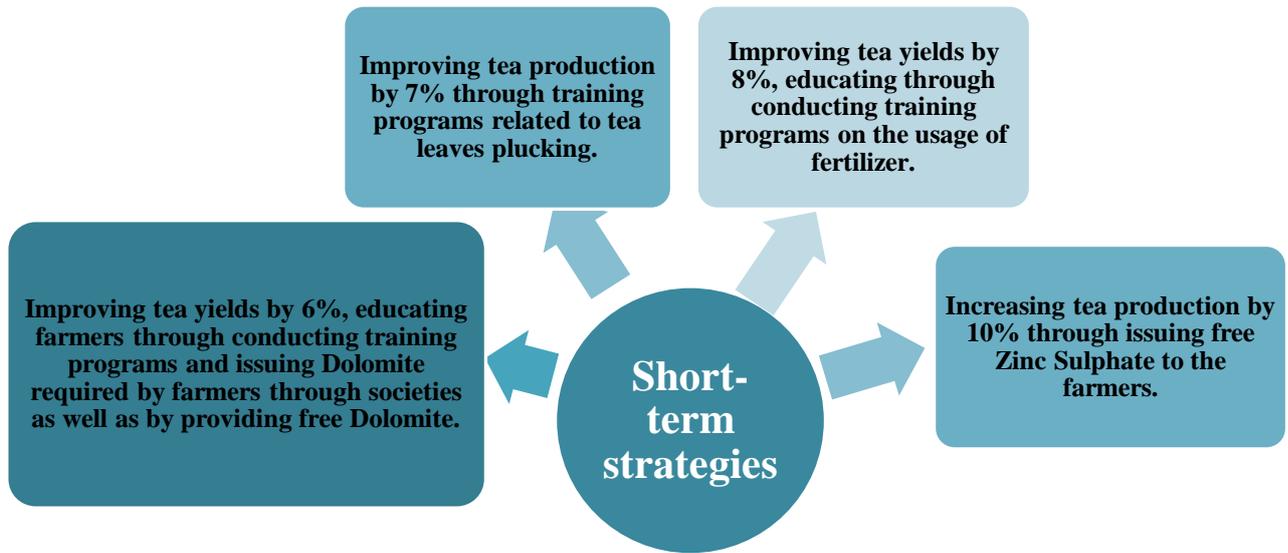
The performance for the year 2021 was calculated based on the updated details on the extent of tea lands in the year 2021 due in accordance with the land registration of Sri Lanka Tea Board in the year 2016.

2.2.1 Development Plans



1. Increasing production of made tea in Kilograms per hectare per year by up to 2,500 in Low Country
1,700 in Mid Country and
1,600 in Uva in 03 years and annually adopting good agricultural practices in a 10% of tea lands.
2. Improving the quality of green leaves up to 60% at factory level in 03 years.
3. Developing the community sources as ‘A’ Grade societies and it’s 25% of the 1,484 Tea Small Holdings Development societies.
4. Establishing an occupational training procedure in a way that all the employee activities are contributing towards the long-term development of the institution.
5. Diverting 10% from the tea lands on additional income earning activities within 05 years.

2.2.2 Strategies in achieving Development Plans





2.3 Development Functions for Statutory Objectives

The statutory objectives and related development activities as per the amendments made to the Act in the years 1997, 2003 and

2006 apart from the 04 key statutory objectives based on the Act for the establishment of the institution are as follows. To eliminate the functions mentioned below in No. 02, 03, and 04 from the Act and to replace them with other functions, actions on taking necessary measures were in progress.

Supporting or undertaking the development of the tea small holdings and other tea lands those which are deprived of own means of production.

- i. Tea Replanting Subsidy Scheme
- ii. New Tea Planting Subsidy Scheme
- iii. Crop Rehabilitation Subsidy Scheme

Acquiring other facilities for tea factories those which are required in the conversion of the yield of those tea lands into production.

- The 'Tea Shakthi Fund' was established by the Authority in the year 1997 and from the year 2000, it executes the above activities as an individual institution.
- In accordance with added amendments, the statutory objectives and the related development functions are as follows.

Enhancing or undertaking the marketing of the products manufactured in these tea lands or in those factories.

- Enhancing the supply of quality green leaves to factories.

Providing facilities & services those which might be required to develop those lands and factories.

Taking necessary measures on the wellbeing of those who are engaging in the process of converting the yield of the tea lands into production or in packaging.

- **Implementing support services such as providing plantation equipment and transportation facilities.**
- **Implementing extension and consulting services.**
- **Formulating procedures on the registration and the administration of tea small holdings development societies in order to accept them as legal organizations targeted at taking steps on the welfare of those who are engaging in the conversion of the yield of tea lands into production and at promulgating support services.**
- **Strengthening Tea Small Holdings Development Societies as community-based organizations and directing tea small holders on activities of earning additional incomes within their lands.**

Formulating procedures on the registration and the administration of Tea Small Holdings Development Societies, and on the provision of donations to the members of those societies registered with the Authority and on matters related to that.

- **Registering Tea Small Holdings Development Societies by the institute.**
- **Formulating procedures of Tea Small Holdings Development Societies.**
- **Providing necessary financial aids, collaboration and monitoring on the continuation of the Tea Small Holdings Development Societies, District Federation of Societies and All-Island Federation.**
- **Providing annual financial provisions on the continuation of the All-Island Federation of Tea Small Holdings Development Societies.**
- **Providing other aids and service collaboration on Tea Small Holdings Development Societies.**



Promoting investments in tea small holdings.

- **Implementing special projects apart from the institutional subsidies. (As the Small-holder Tea and Rubber Revitalization Project)**
- **Facilitating and implementing special loan schemes. (Tea Development Project Revolving Loan Funding Schemes, Special loan scheme of the Bank of Ceylon)**
- **Maintaining institutional tea nurseries.**
- **Maintaining mother bush cultivations.**
- **Registering commercial tea nurseries and providing knowledge and training.**
- **Taking necessary actions on the continuation of the National Policy of the tea replanting ratio of 2% at its maximum level through providing facilities needed to minimize the increasing cost of investment over time.**

Undertaking the process of data collection & data distribution and being known of the development competence of tea small holdings.

- **Attaining data and information through executing censuses on the tea small holdings sector.**
- **Conducting timely surveys.**
- **Registering tea small holders.**
- **Obtaining cost data and other corresponding information at the divisional level of Tea Inspection/Extension Officers.**

Providing instructions to the Ministry on appropriate policies and aligning with other corresponding agencies.

- **Continuing the Research and Extension Society and Inter-institutional Consultancy Committee along with Sri Lanka Tea Research Institute.**

2.4 2021-2025 Strategic plan prepared by the Ministry of Plantation

The strategic plan was prepared with the aim of providing adversary and other services to tea small holders in accordance with the 2021-

2025 Strategic plan prepared by the Ministry of Plantations in the year 2020 under 05 themes in order to generate a sustainable tea industry through reducing the cost of production, meeting labor needs with the usage of minimal labor, harvesting despite of traditional methods and increasing the margin of tea production.



This five-year strategic plan was prepared targeted at two key development objectives.

1. Increasing the annual production of made tea up to 360 million Kilograms by 2025.
2. Increasing the tea export income up to 406 billion Rupees by 2025.

The expected long-term development outcome of the institution has been identified as “Enhancing the standard of living of tea small holders”.

Accordingly, by preparing the action plan for the year 2021 based on the long-term, short-

term and mid-term objectives identified in correspondence with the 2021-2025 five-year plan made for the development of the tea sector, actions were taken on achieving those objectives.

As the key measurement of the above strategic plan, the production of the tea small holdings sector in the year 2021 has been identified as 230 million Kilograms of made tea. At the end of the year, it’s progress was 223.2 million Kilos and the performance percentage was 97%.

The national production has been identified as 310 million Kilos of made tea. At the end

of the year, it's progress was 299.34 million Kilos and the performance percentage was

96.56%. The descriptive details of this are indicated in Table No. 06.

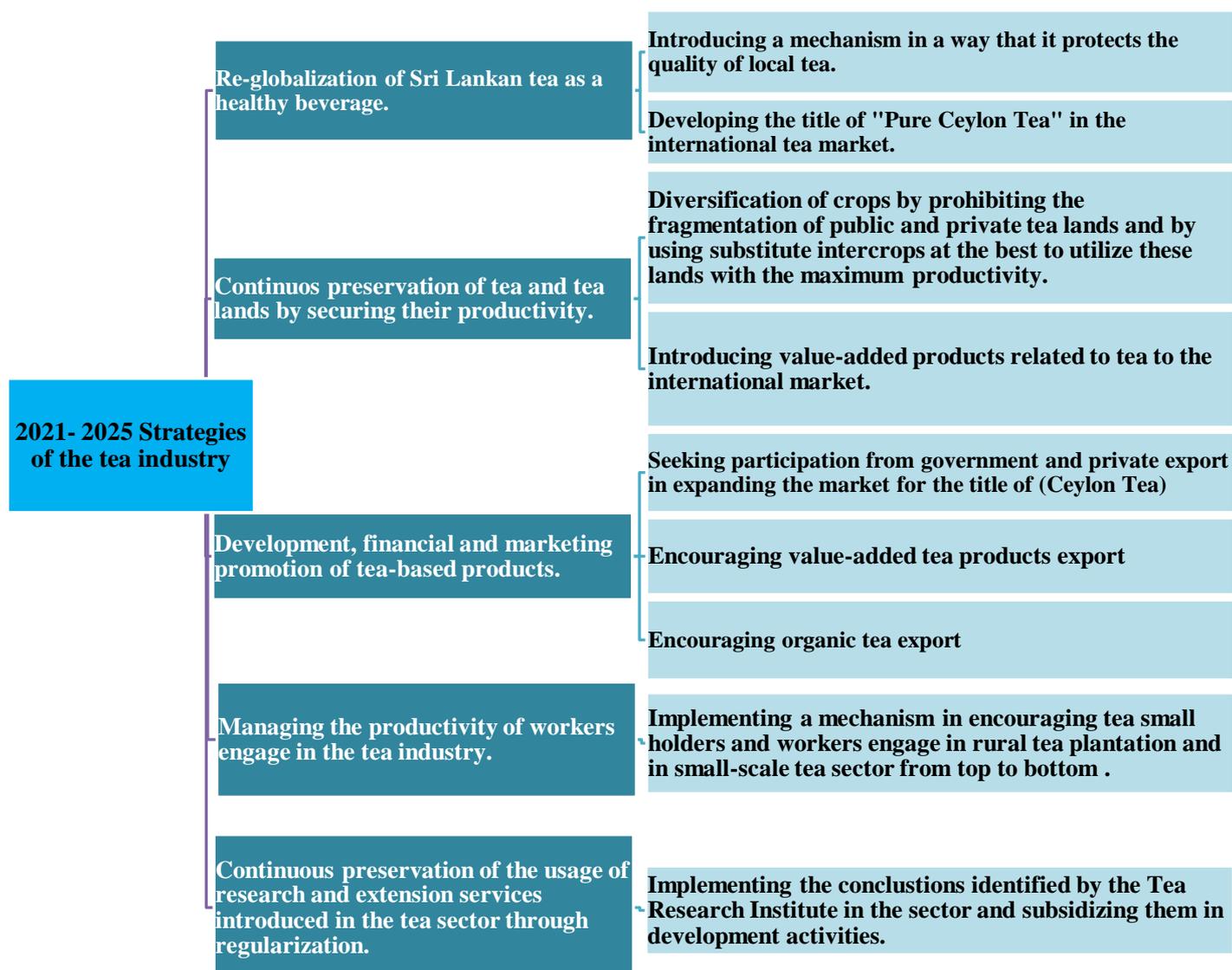
Table No. -06

Expected production Targets of the year in accordance with the 2021 – 2025 Strategic Plan Quantity in Kilos and the progress of made tea

Description	2020	2021	2022	2023	2024	2025
National Production (Million Kilos) Target	278	310	325	335	340	360
Production of Tea Small Holdings sector (Million Kilos) Target	205	230	237	245	255	280
National Production (Million Kilos) Progress	278	299.34				
Production of Tea Small Holdings sector (Million Kilos) Progress	205	223.20				

Source: Strategic plan of the Ministry of Plantations

2021- 2025 Strategies of the Tea Industry



society officials those who are engaged in the tea industry and on its management.

2.5 Action Plan and the Allocation of Provisions of the Institution

The 2021 action plan prepared in accordance with the 2021-2025 five-year strategic plan is as follows.

Strategy No. 01

6.08 million Rupees had been allocated for the activities on increasing the quality of tea in order to expand tea as a healthy beverage. It was an allocation of 0.47% of the total developmental provisions.

Strategy No. 02

To secure the productivity of tea lands and to continuously maintain it,

- 1118.47 million Rupees, that means 84.91% of the provision allocations on tea replanting, new planting and planting desolates,
- 156.14 million Rupees, that means 11.85% of the total allocations on the management of fertilizer and soil moisture, and on protecting the productivity of the land. Accordingly, 1274.61 million Rupees, that means 96.7% had been allocated from the total provisions.

Strategy No. 03

As promoting the brand name, (Ceylone Tea) and the strategy of the promotion of sales is a duty of the Sri Lanka Tea Board, the corresponding strategy and the measures incorporated had not been included in the action plan of the Tea Small Holdings Development Authority.

Strategy No. 04

22.42 million Rupees, that means 1.7% of the total allocations had been allocated on increasing the productivity of the workers and

Strategy No. 05

14.91 million Rupees, that means 1.07% of the total allocations had been allocated on conducting research introduced to the tea industry, on analytical extension consultancy services that educate in strengthening the tea sector and publicity related activities.

The strategies and the action plan of the institute were prepared including only the details related to the tea small holdings sector with covering the entire tea sector.

Through the 2021 action plan prepared in accordance with the five-year strategic plan for the tea small holdings section, the total cost of development estimated for the action plan prepared for the year 2021 to achieve the targeted developmental outcomes was 1317.50 million Rupees.

From the cost of development capital in that action plan, 85.93% was allocated on activities related to land development. 12.37% had been estimated on extension activities along with 0.42% on strengthening community-based organizations and 1.28% on strengthening institutional activities.

In accordance with the need to maintain the annual tea replanting at the level of 2% as per the national requirement, 567.5 million Rupees was allocated in the action plan for the year 2021 for the incentives on tea replanting under the provisions of development capital, covering 1400 hectares for tea uprooting, 800 hectares for soil conservation-I, 488 hectares for soil conservation-II, 1000 hectares for cultivation, and 800 hectares for one-year maintenance. At the end of the year, it was able to pay 493.77 million Rupees as the tea replanting subsidies under overall provisions.



3. Development Activities

3.1 Tea Replanting Subsidy Scheme

3.2 Tea New Planting Subsidy Scheme

3.3 Crop Rehabilitation Subsidy Scheme

3.4 Tea Shakthi Insurance Benefit Scheme

Tea Replanting



Land Preparation



Soil Rehabilitation I
(Planting Manna)



Soil Rehabilitation II
(Maintenance of Manna)



Planting



Maintenance after one year

Goals and Performance based on Mid-term Outcomes

Mid-term Outcome – 01

3.1 Tea Replanting Subsidy Scheme

Increasing the production of made tea per hectare within 03 years up to 2,500 kilograms in the Low Country, 1,700 kilograms in the Mid-Country and 1,600 kilograms in Uva.

3.1.1 The continuation of tea replanting annually at the level of 2%.

In order to increase the tea production and the productivity of tea small holdings, tea replanting is implemented to promote replanting approved tea shoots in the old seedling tea lands with low yields and in the

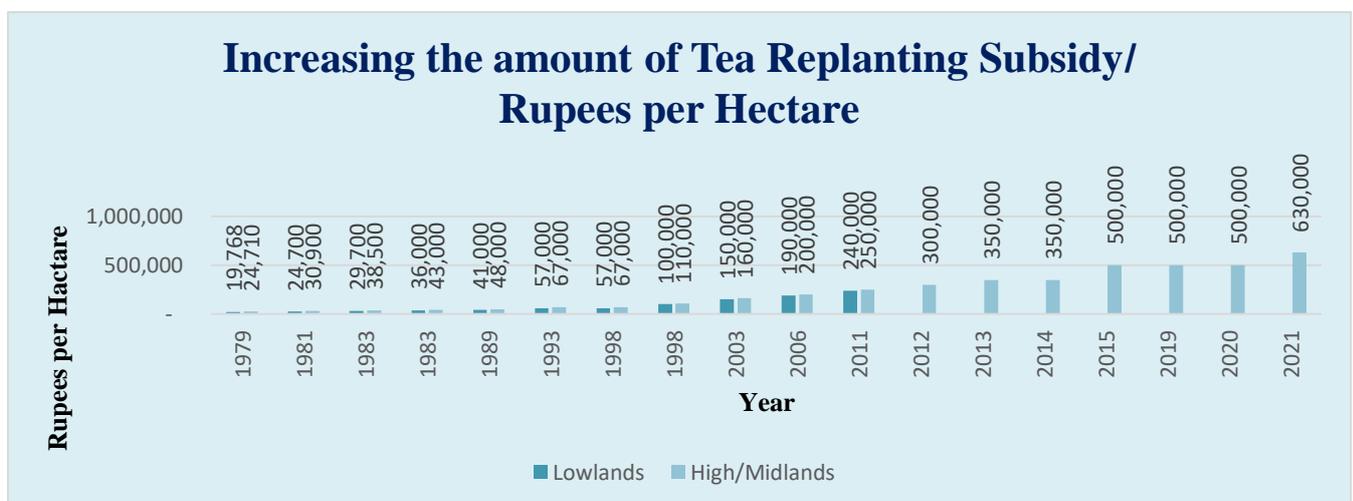
lands on which replanting is required based on other reasons.

The amount of the subsidy given on tea replanting to provide relieves for the excessive cost incurred in replanting had been increased up to 500,000 Rupees per hectare from the year 2015. However, due to the high cost of cultivation, as the amount of subsidy increased in the year 2015 to reach the target of the national tea production of 360 million Kilos in the five-year plan up to 2025 is not sufficient, the amount of subsidy was increased up to 630,000 Rupees per hectare in the year 2021.

In addition to that, targeted at encouraging the farmers on tea new planting, tea new planting lands with the extent of 20 Perches and 1 Acre (including the Acre) were given to the tea small holders those who have the overall ownership of the lands with the extent of 01 Acre or less or those who do not have a permanent employment in the public or private sector or other permanent source of income. In replanting in the lands with the extent of 20 Perches and half an Acre, after planting seedlings, in propotion with the extent of replaning lands, it was started to pay a monthly incentive of 5,000 Rupees for a maximum of half an Acre for a period of up to 24 months.

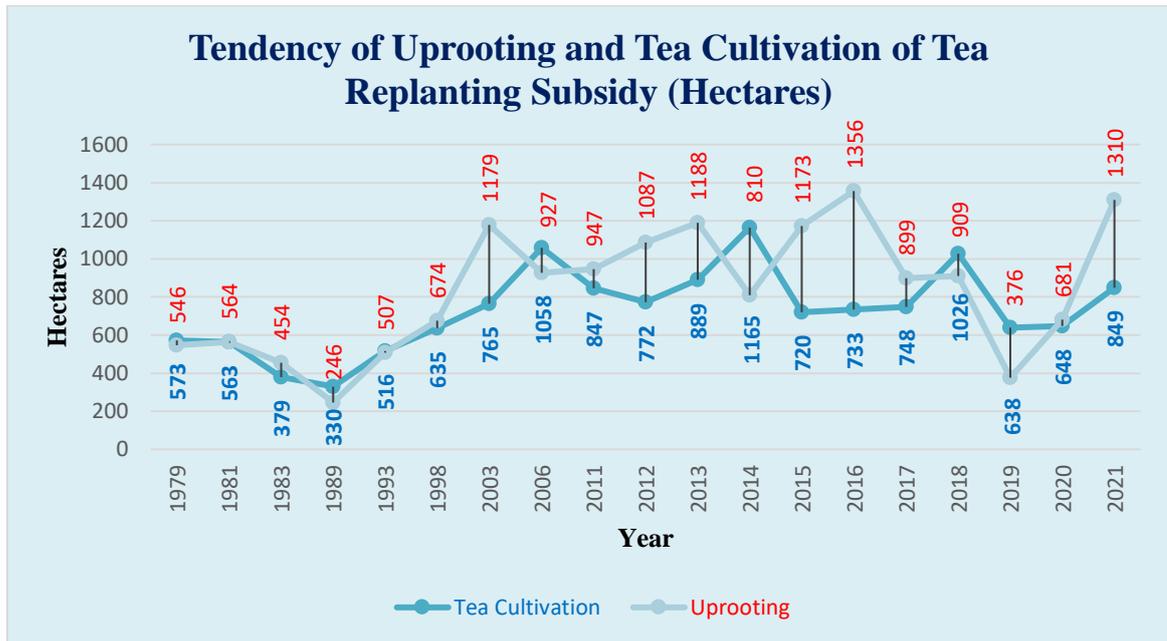
Diagram No. - 02

Increasing the amount of Tea Replanting Subsidy/ (Per Hectare)



Source: Tea Small Holdings Development Authority

Diagram No. – 03



Source: The Progress Report – Tea Small Holdings Development Authority

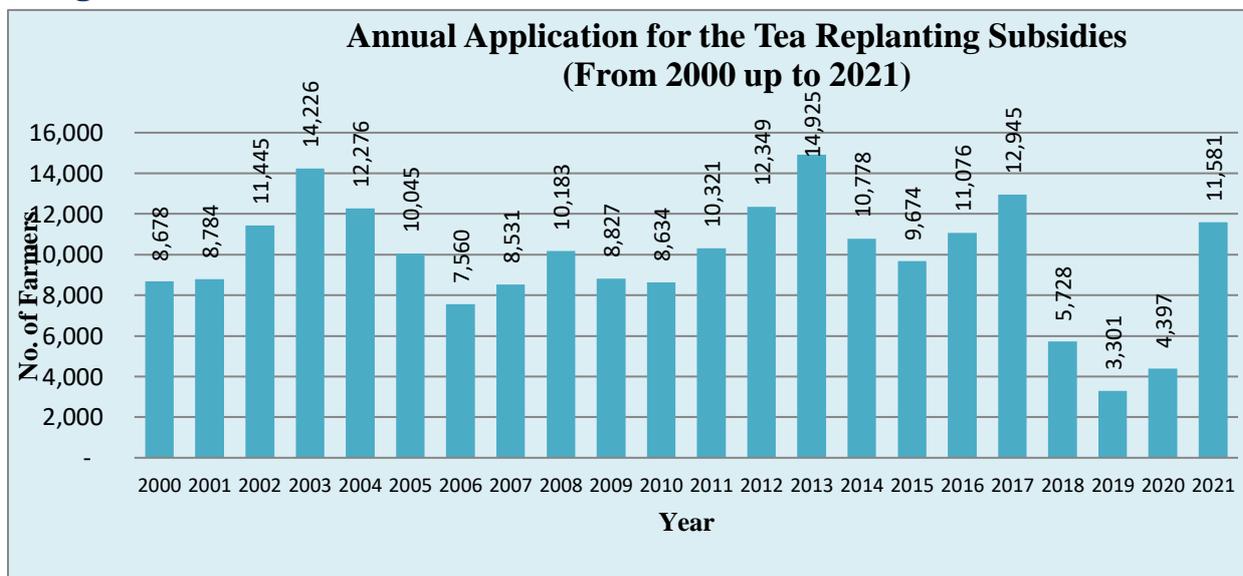
3.1.2 Tea Replanting

Receiving applications from 14,065 farmers for tea replanting was targeted through the Action Plan for the year 2021.

Accordingly, 11,581 farmers had applied for tea replanting and from that amount, the

permits had been issued for 11,478 farmers. Compared to the year 2020, applying for the tea replanting subsidy scheme had been increased by 162% in the year 2021.

Diagram No. - 04



Source: The Progress Report – Tea Small Holdings Development Authority

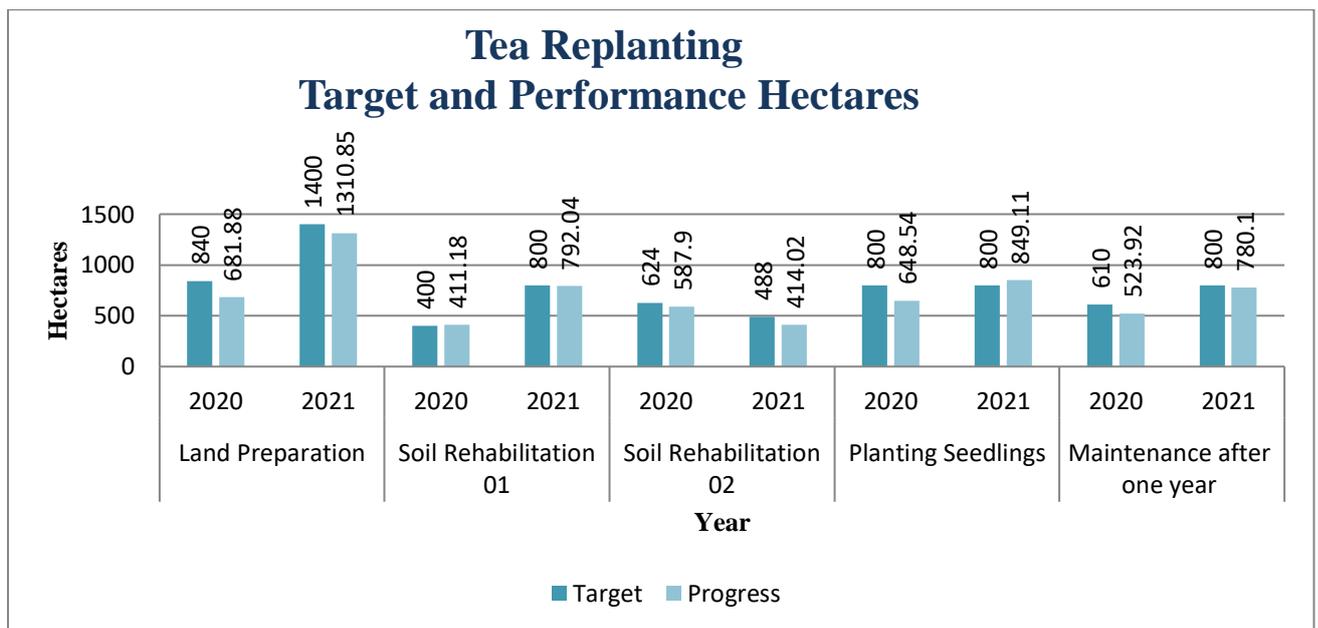
The Achievement

In the year 2021, the extent of hectares applied by the permit holders to uproot old tea was 1,257. It was increased up to 3,809 in the year 2021.

At the end of the year, 493.77 million Rupees was paid from the amount of 567.6 million

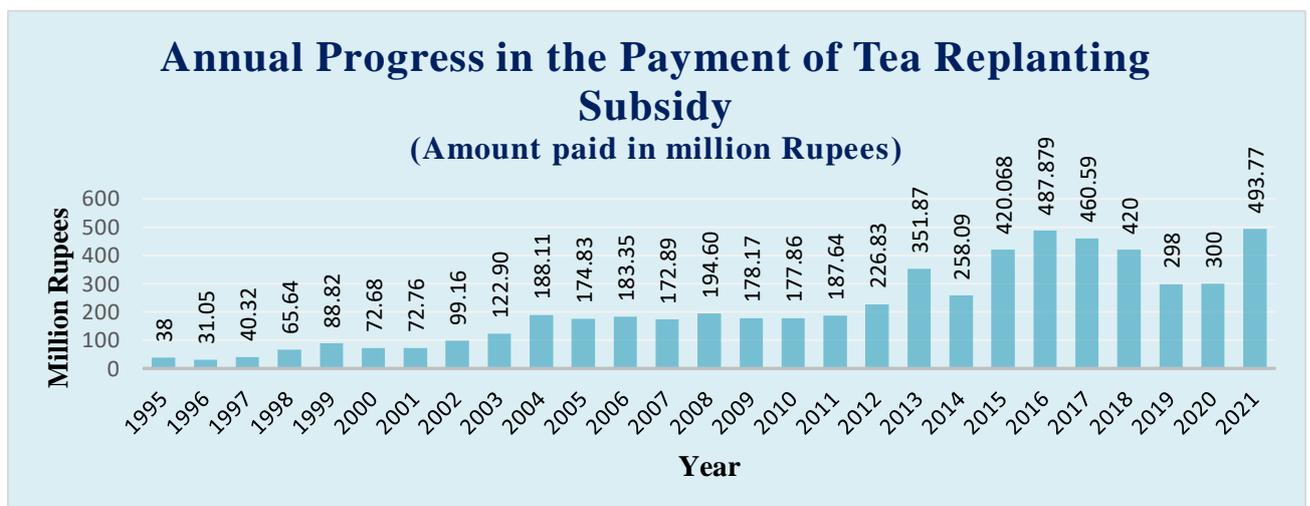
Rupees allocated for five installments in tea replanting. The amount paid for this in the previous year was 300.448 million Rupees. Compared with the year 2020, during the year 2021, the subsidy amount paid was increased by 193.22 million Rupees or by 64.43% extra

Diagram No. – 05



Source: The Progress Report – Tea Small Holdings Development Authority

Diagram No. - 06



Source: Final accounts of the Tea Small Holdings Development Authority

Table No. 07

Tea Replanting Subsidy Scheme
The physical achievements of the year (Hectares)

	Year	Lowlands					High/Mid Lands			Total	Annual Target	Percentage of decrease/increase in progress compared to the previous year
		Galle	Kaluthara	Matara	Rathnapura	Kegalle	Kandy	Nuwara Eliya	Uva			
1. No. of Applications received	2020	693	354	973	685	372	636	333	352	4,398	13,241	33
	2021	2,510	554	1,892	2,449	713	1,461	717	1,285	11581	14,065	163
2. No. of permits issued	2020	687	358	955	656	359	558	299	536	4,408	11,836	41
	2021	2,553	548	1,844	2,450	660	1,385	647	1,391	11478	11,850	160.4
3. Extent of lands covered through permits	2020	193	112	281	212	102	147	61	107	1,215	1,257	52
	2021	743	173	487	871	192	400	153	285	3304	1,537	172
4. Land Preparation	2020	101	53	144	131	73	75	39	66	682	840	81
	2021	272	94	261	248	102	117	77	139	1310	1,400	92
5. Soil Rehabilitation – Installment I	2020	67	40	47	102	55	36	33	31	411	400	-19
	2021	135	66	151	163	69	87	45	75	791	800	93
6. Soil Rehabilitation – Installment II	2020	93	48	99	126	78	57	40	47	588	624	-21
	2021	53	54	63	96	55	36	32	25	414	488	-30
7. Tea Replanting	2020	126	44	110	125	71	86	39	48	649	800	1
	2021	169	97	145	195	67	70	44	62	849	800	31
8. Maintenance after one year	2020	118	47	100	115	28	47	22	47	524	610	-27
	2021	164	64	142	158	61	113	37	41	780	800	31
9. Amount of Cultivation Subsidies paid (Million Rupees)	2020	53.00	27.00	53.00	61.00	33.00	29.00	19.00	25.00	300.00	341.00	8
	2021	96.00	45.00	93.00	101.00	42.00	44.00	28.00	45.00	494.00	567.00	65

Source: The Progress Report – Tea Small Holdings Development Authority

Table No. -08

**Execution of Tea Replanting Subsidy Scheme
1981 - 2021**

Year	Number of Permits issued	Extent of Lands Covered by Permits (Hectares)	Extent of Uprooted Lands (Hectares)	Extent of Cultivated Lands (Hectares)	Annual Expenditure (Million Rupees)	Annual Provisions (Million Rupees)
1983	1,758	826	454	379	11.20	11.50
1984	2,404	1,317	466	340	11.80	13.00
1985	1,160	823	615	414	16.40	8.10
1986	662	442	547	464	20.30	16.30
1987	630	390	346	349	14.00	22.80
1988	501	321	308	277	10.30	18.50
1989	758	455	246	330	18.90	17.40
1990	4,827	2,439	478	362	19.20	22.59
1991	3,109	1,423	581	304	20.49	33.91
1992	1,348	526	662	409	20.33	27.00
1993	3,699	1,147	507	516	29.79	32.24
1994	2,627	906	770	553	31.62	60.46
1995	3,465	1,267	1,390	533	38.00	41.75
1996	4,475	1,319	724	508	31.05	43.41
1997	6,235	1,580	923	435	40.32	68.91
1998	5,507	1,586	674	635	65.64	61.69
1999	3,660	955	861	767	88.82	77.95
2000	6,930	1,796	722	519	72.68	92.84
2001	7,093	1,952	841	574	77.76	98.85
2002	9,983	2,565	991	736	99.17	106.57
2003	11,928	2,892	1,179	765	122.82	150.11
2004	10,618	2,621	1,398	891	188.10	179.07
2005	9,291	2,127	1,306	1,058	174.83	182.13
2006	6,755	1,578	927	1,001	183.34	181.90
2007	5,274	1,030	1,008	1,024	172.89	214.75
2008	6,945	1,337	1,128	881	194.59	190.59
2009	6,493	1,610	925	777	178.17	190.17
2010	7,781	1,895	1,015	847	177.85	153.00
2011	8,033	2,170	947	772	187.64	156.26
2012	11,889	2,647	1,087	889	226.83	300.17
2013	13,802	2,928	1,188	1,165	351.87	236.75
2014	10,134	2,540	810	720	258.09	391.75
2015	9,006	2,278	1,173	806	420.07	464.69
2016	11,076	2,597	1,356	733	487.87	546.00
2017	12,945	3,053	899	748	460.59	466.10
2018	5,624	1,480	909	1,027	422.69	443.10
2019	3,308	2,751	376	639	298.31	303.72
2020	4,408	1,215	682	649	300.4	340.50
2021	11,478	3,306	1310	849	493.77	567.5

Source: The Progress Report – Tea Small Holdings Development Authority

Table No. -09

Cost of Production Estimate for Tea Replantation in High and Mid-lands - 2021
(From uprooting to the phases of tea leaves plucking) Per Hectare / Rupees
Daily wage of 1,500 Rupees

Sub No.	Activity	Amount	Expenditure	Uprooting			Soil Rehabilitation			Tea Planting			First Year Maintenance			Second Year Maintenance			Total cost			Percentage of the Total Cost %
				First Year			Second Year			Third Year			Fourth Year			Fifth year						
				Units of Labour	Cost of Raw Materials	Total Cost	Units of Labour	Cost of Raw Materials	Total Cost	Units of Labour	Cost of Raw Materials	Total Cost	Units of Labour	Cost of Raw Materials	Total Cost	Units of Labour	Cost of Raw Materials	Total Cost	Units of Labour	Cost of Raw Materials	Total Cost	
1	Uprooting old tea plants & cleaning-up (40 bushes per day in a land with 50% of plants)			104		156,000												104		156,000	4.76	
2	Forking, levelling & taking-off roots			125		187,500												125		187,500	5.72	
3	Preparing slopes, drains & Lines			100		150,000	40		60,000	10		15,000	5		7,500	5		160		240,000	7.32	
4	Applying Dolomite (1 Kilogram for 9.00 Rupees)	1976	17784	2	17784	20,784												2	17784	20,784	0.63	
5	Planting Gauthamala (500 shoots per day)			54		81,000												54		81,000	2.47	
6	Applying fertilizer for grass (As 1 Kilogram for 26.00 Rupees for 989 Kilograms)	1610	48300	4	11100	17,100	4	27900	33,900	1	9300	10,800						9	48300	61,800	1.88	
7	Trimming grass (1 unit of labour per year)			14		21,000	56		84,000									70		105,000	3.20	
8	Weeding (10 units of labour per year)			30		45,000	20		30,000	100		150,000	120		180,000	120		390		585,000	17.83	
9	Planting shade trees (3.00 Rupees per shoot for 100 Accasia & Dadaps) & 3.00 Rupees per shoot for 150 Kilograms of Dolomite	300	4230	8	4230	16,230	1	423	1,923									9	4653	18,153	0.55	
10	Planting tall shade trees (100 Gravelia trees for 50.00 Rupees each and 100 Dolomites)	100	7723	6	7723	16,723	1	3862	5,362									7	11585	22,085	0.67	
11	Removing grass									20		30,000						20		30,000	0.91	
12	Digging holes, Lining, Pegging									180		270,000						180		270,000	8.23	
13	Tea Planting (30 Rupees per plant)	12500	375000							60	375000	465,000						60	375000	465,000	14.17	
14	Shade tree management (Two times per year)						6		9,000	12		18,000	15		22,500	15		48		72,000	2.19	
15	Suppressing Blister Blight (1000 Rupees for 200 grams of Perenox, 280 Kilograms per time for 10 times)	3	14000							20	14000	44,000	20	14000	44,000	20	14000	60	42000	132,000	4.02	
16	Shaping Tea plants in a way that it suits for plucking green tea leaves.												12		18,000	15		27		40,500	1.23	
17	Mulching									100		150,000	75		112,500			175		262,500	8.00	
18	Applying Tea fertilizer	1200	31000							20	31000	61,000	20	67900	97,900			40	98900	158,900	4.84	
	Fourth year	2430	67900							60		90,000	60		90,000	32		152		228,000	6.95	
	T. 750 Fifth year	1750	52500												52500	52,500			52500	52,500	1.60	
19	Infilling	2000	25										12	15000	33,000	12		24	30000	66,000	2.01	
20	Suppressing threat from roundworms (Supplying Curators on 7.00 grams per hole)	88	4840							4	4840	10,840						4	4840	10,840	0.33	
21	Forking, levelling & taking-off roots for pest control and equipment					3000	3,000		3000	3,000		3000	3,000		3000	3,000			15000	15,000	0.46	
	Total			447	43837	714,337	128	35185	227,185	587	437140	1,317,640	339	99900	608,400	219	84500	413,000	1720	700562	3,280,562	100

The cost estimate is in conformity with the recommendations of the Tea Research Institute and the cost of raw materials & the cost transportations have also been included.

Dolomite	9000	9
U 625	30000	30
T 750	30000	30
T 200	30000	30

Table No. -10

Cost of Production Estimate for Tea Replantation in Lowlands - 2021
(From uprooting to the phases of tea leaves plucking) Per Hectare / Rupees
Daily wage of 1,500 Rupees

Sub No.	Activity	Amount	Expenditure	Uprooting			Soil Rehabilitation			Tea Planting			First Year Maintenance			Second Year Maintenance			Total Cost	Percentage of Total Cost %			
				First Year			Second Year			Third Year			Fourth Year			Fifth Year							
				Units of Labour	Cost of Raw Material	Total Cost	Units of Labour	Cost of Raw Material	Total Cost	Units of Labour	Cost of Raw Material	Total Cost	Units of Labour	Cost of Raw Material	Total Cost	Units of Labour	Cost of Raw Material	Total Cost			Units of Labour	Cost of Raw Material	Total Cost
1	Uprooting old tea plants & cleaning-up (40 bushes per day in a land with 50% of plants)			132		198,000												132		198,000	5.62		
2	Forking, levelling & taking-off roots			200		300,000												200		300,000	8.51		
3	Preparing slopes, drains & Lines			100		150,000	40		60,000	10		15,000	5		7,500	5		160		240,000	6.81		
4	Applying Dolomite (1 Kilogram for 9.00 Rupees)	3952	35568	2	35568	38,568												2	35568	38,568	1.09		
5	Planting Gauthamsala (500 shoots per day)			54		81,000												54		81,000	2.30		
6	Applying fertilizer for grass (At 1 Kilogram for 30.00 Rupees for 939 Kilograms)	1350	40500	4	11100	17,100	4	18600	24,600	1	9300	10,800						9	39000	52,500	1.49		
7	Trimming grass (1 unit of labour per year)			14		21,000	56		84,000									70		105,000	2.98		
8	Weeding (10 unit: of labour per year)			30		45,000	20		30,000	100		150,000	120		180,000	120		390		585,000	16.59		
9	Planting shade trees (3.00 Rupees per shoot for 100 Accasia & Dadapa) & 3.00 Rupees per shoot for 370 Kilograms of Dolomite	750	5580	6	5580	14,580	1	242	1,742									7	5822	16,322	0.46		
10	Planting tall shade trees (100 Gravelis trees for 55.00 Rupees each and 100 Dolomites)	100	7723	4	7723	13,723	1	108	1,608									5	7831	15,331	0.43		
11	Removing grass								20		30,000							20		30,000	0.85		
12	Digging holes, Lining, Pegging								180		270,000							180		270,000	7.66		
13	Tea Planting (30 Rupees per plant)	12500	375000						60	375000	465,000							60	375000	465,000	13.19		
14	Shade tree management (Two times per year)						6		9,000	12		18,000	15		22,500	15		48		72,000	2.04		
15	Suppressing Blister Blight (1000 Rupees for 200 grams of Pereno, 250 Kilogram: per time for 10 times)	3	18000						40	18000	18,000	40	18000	18,000	40	14000	14,000	120	50000	230,000	6.52		
16	Shaping Tea plants in a way that it suits for plucking green tea leaves.											12		18,000	15		22,500	27		40,500	1.15		
17	Mulching								100		150,000	75		112,500				175		262,500	7.45		
18	Applying Tea fertilizer (T.200, Third year	1300	39000						20	36000	66,000	20	72000	162,000				40	108000	168,000	4.77		
19	Fourth year	2500	75000						60		90,000	60		90,000	32		48,000	152		228,000	6.47		
20	T.750 Fifth year	1800	54000											52500	112,500				52500	52,500	1.49		
21	Infilling	2000	25									12	11250	29,250	6	11250	20,250	18	22500	49,500	1.40		
22	Suppressing threat from roundworms (Supplying Curators on 7.00 gram: per hole)	88	4840						4	4840	10,840							4	4840	10,840	0.31		
23	Forking, levelling & taking-off roots: for pest control and equipment				3000	3,000		3000	3,000		3000	3,000		3000	3,000		3000	3,000	3000	15,000	0.43		
Total					546	62971	881,971	128	21950	213,950	607	446140	1,356,640	359	104250	642,750	233	80750	430,250	1873	704061	3,525,561	100

The cost estimate is in conformity with the recommendations of the Tea Research Institute and the cost of raw materials & the cost transportations have also been included.

Dolomite	9000	9
T 625	30000	30
T 750	30000	30
T 200	30000	30

Tea New Planting



Land
Preparation



Planting



Maintenance
after one year

3.2 Tea New Planting Subsidy Scheme

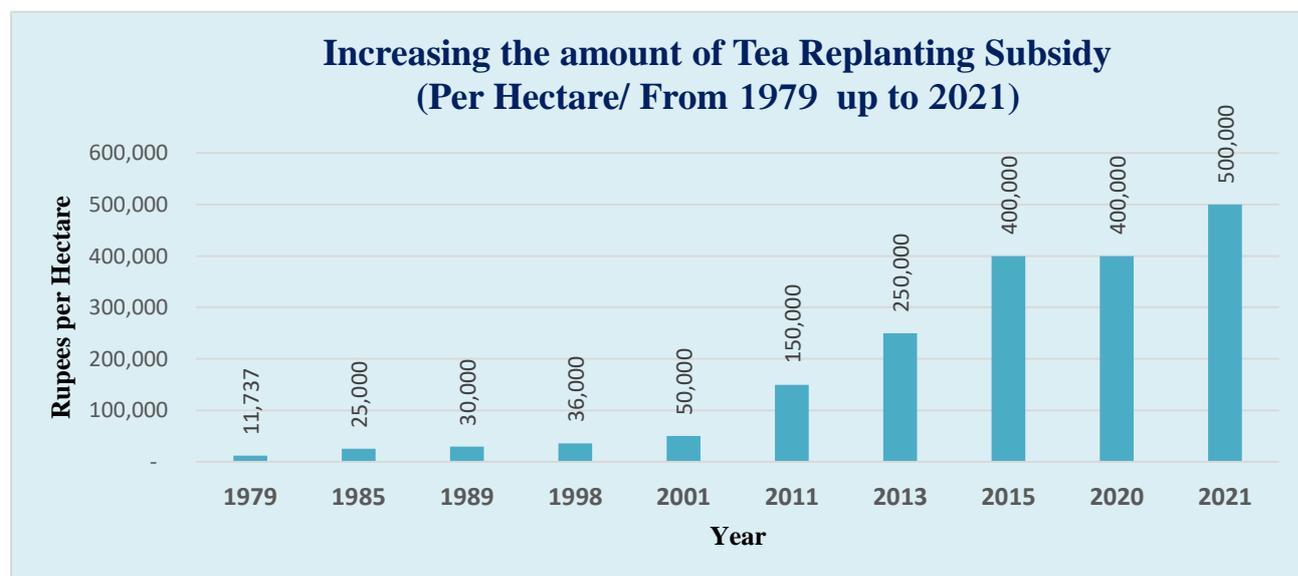
The Tea New Planting Subsidy Scheme that was withheld according to policy decisions from the year 2003 was re-operated in the year 2010. Accordingly, actions were taken to provide provisions for tea new planting under limited provisions for the areas where there are no alternative crops and sources of income.

The permits had been issued for tea new planting on a maximum extent of 01 acre of

land. The amount of subsidy paying for tea new planting had been increased up to 400,000 Rupees per one hectare from 2015.01.01.

In the year 2021, that amount of 400,000 Rupees, the amount of subsidy was increased up to 500,000 Rupees.

Diagram No. - 07



Source: The Progress Report – Tea Small Holdings Development Authority

The Achievement

In the year 2021, the number of applications received for tea new planting was 5,422 and the targeted number of applications was 4,842. Considering limited provisions, permits were issued to 4,968 individuals.

It was targeted in the year to perform land preparation in an extent of 645 hectares and land preparation had been completed in an extent of 680.71 hectares.

Accordingly, that extent is a progress of 105% as compared to the target.

In the year 2021, 645 hectares was targeted to be cultivated for tea new planting and 678 hectares was able to be cultivated. Compared to that target, it was a progress achieved by 105%.

In the year 2021, the total amount paid on tea new planting was 238.58 million Rupees. Compared to the year 2020, the amount of subsidy paid was increased by 115.11 million Rupees or by 93%.

Diagram No. – 08

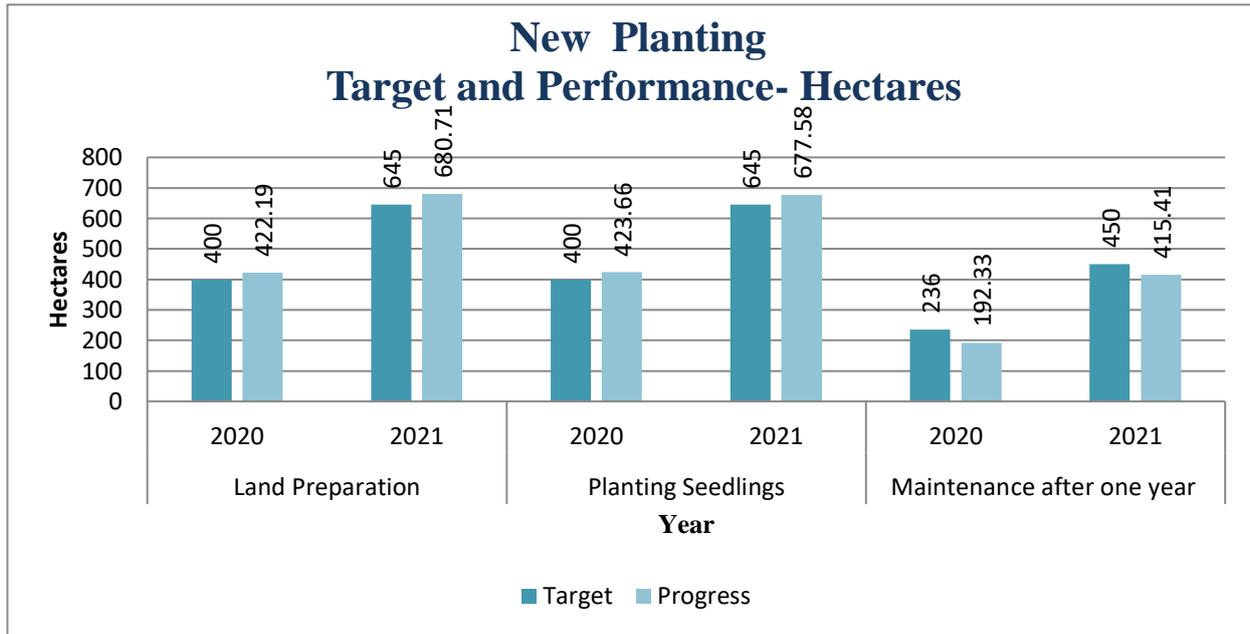
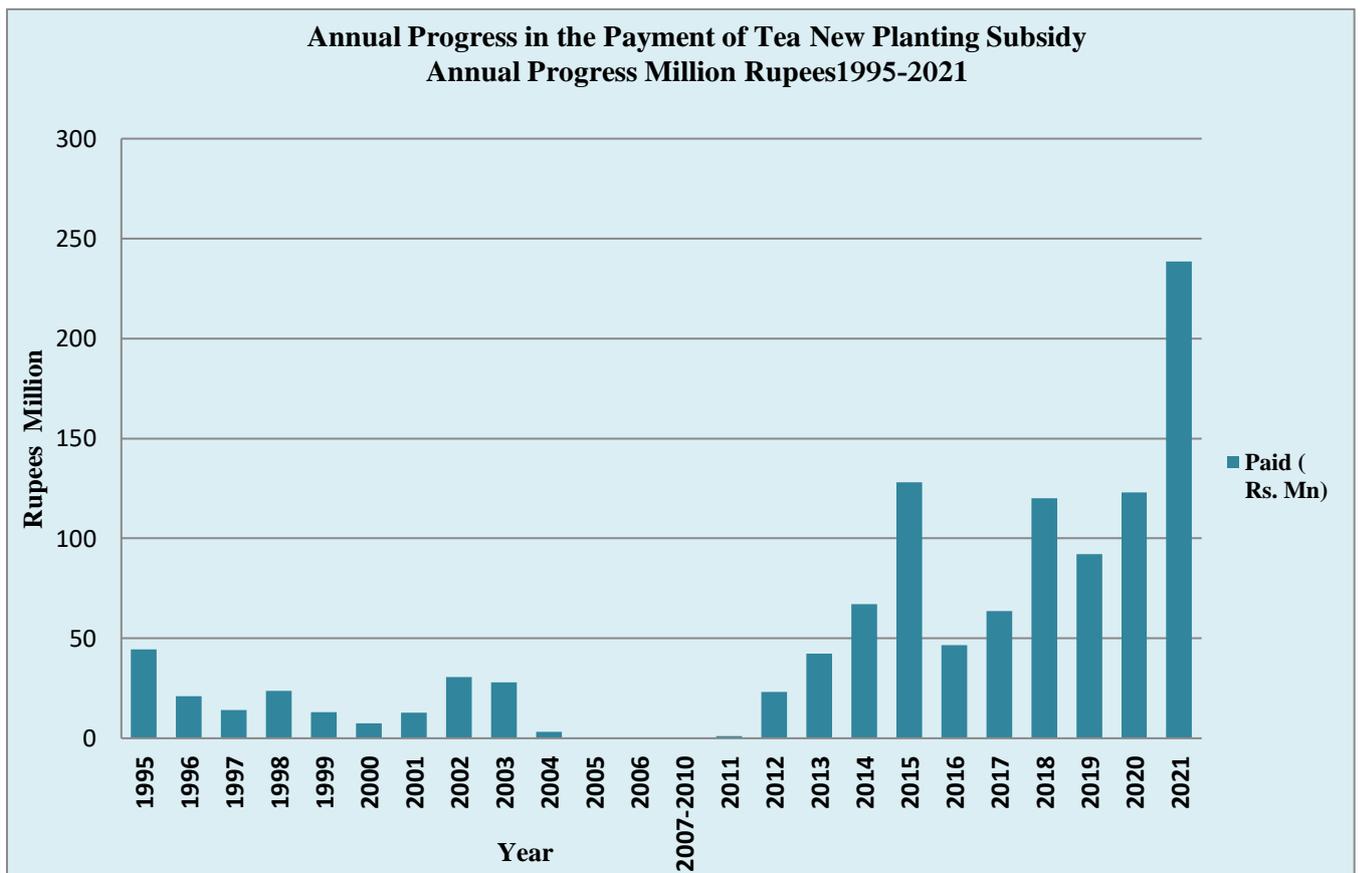


Diagram No. – 09



Source: The Progress Report – Tea Small Holdings Development Authority

The Tea New Planting Subsidy Scheme had not been implemented from the year 2006 to the year 2010.

Table No. - 11

New Planting Subsidy Scheme
The physical achievements of the year 2020/2021 (Hectares)

Activity	Year	Lowlands					High/Mid Lands			Total	Target	Percentage of decrease/increase in progress compared to the previous year
		Galle	Kalutara	Matara	Rathnapura	Kegalle	Kandy	Nuwara Eliya	Uva			
1. No. of Applications recieved	2020	420	903	401	309	926	241	194	189	3583	4390	-10
	2021	719	1239	617	516	1498	334	195	304	5422	4842	51
2. No. of permits issued	2020	419	906	399	272	774	174	155	205	3304	4175	14
	2021	721	1230	602	499	1138	294	132	352	4968	4566	50
3. Land Preparation	2020	47	124	51	51	94	20	14	21	422	400	41
	2021	102	192	92	80	136	31	12	36	681	645	61
4. Cultivation	2020	47	124	50	53	94	20	16	20	424	400	43
	2021	102	192	92	80	135	31	12	34	678	645	60
5. Maintenance	2020	15	70	31	17	33	8	11	8	193	235	-33
	2021	56	126	55	49	76	28	10	15	415	435	115
6. Amont of Subsidy paid (Million Rupees)	2020	15.51	37.70	14.62	13.70	26.14	5.78	4.85	5.17	123.47	117.00	33
	2021	35.61	66.90	33.35	28.05	46.40	11.45	4.33	12.47	238.56	236.70	93

Source: The Progress Report – Tea Small Holdings Development Authority

Table No. - 12

**Execution of New Planting Subsidy Scheme
1981 - 2021**

Year	Number of Permits issued	Extent of Lands Covered by Permits (Hectares)	Extent of Uprooted Lands (Hectares)	Extent of Cultivated Lands (Hectares)	Annual Expenditure (Million Rupees)	Annual Provisions (Million Rupees)
1981	1,878	-	328	239	1.9	2.1
1982	1,992	-	388	316	2.9	2.4
1983	2,757	866	393	264	2.7	4
1984	7,754	2,667	461	279	2.4	3.2
1985	7,754	1,764	857	599	9.5	6.3
1986	4,999	1,982	1,586	1,430	30.5	9.3
1987	3,939	1,375	1,218	1,183	26.5	13.5
1988	3,737	1,323	814	878	19.7	29.7
1989	4,532	1,837	1,013	1,011	34.9	34.2
1990	12,680	3,937	1,676	1,647	44.6	39.9
1991	3,785	1,120	2,088	1,843	57.8	42
1992	10,533	4,163	1,954	1,948	52.2	58
1993	12,318	2,720	1,753	1,622	51.57	50.57
1994	8,106	1,803	2,339	1,661	50.95	66.5
1995	5,822	134	2,407	1,237	44.52	49.8
1996	2,176	378	486	450	20.91	18.78
1997	3,797	576	340	293	14.08	9.08
1998	4,284	632	315	381	23.82	13.5
1999	6,694	952	484	405	13.04	12.24
2000	3,674	671	433	256	7.36	9.03
2001	6,353	1,084	419	399	15.58	11.91
2002	12,338	2,542	567	562	30.62	20.86
*2003	-	654	647	642	27.95	24.94
2004	-	-	-	12	3.25	7.94
2005	-	-	1.42	8	0.3	2.42
2006	-	-	0.33	0.83	0.042	0.37
2011	430	45	28.14	28.38	1.18	2.08
2012	2,990	517	260	239	23.2	24
2013	2,872	543	258	263	42.41	3.6
2014	5,315	1,034	426	401	66.98	51.5
2015	4,239	846	475	479	128.12	128.88
2016	458	75	103	109	46.72	49.77
2017	2,324	349	211	202	63.71	71.12
2018	3,899	681	443	435	12.168	117
2019	2,887	567	29	295	91.69	92
2020	3,304	661	422	424	123.4	117
2021	4,968	1,076	681	678	238.56	237.3

* The Subsidy Scheme was not executed from the year 2003 to the year 2010

Source: Progress Report – Tea Small Holdings Development Authority

Crop Rehabilitation in Tea Plantation



Stage I Planting



Stage II Maintenance after one year

3.3 Crop Rehabilitation Subsidy Scheme

In practicing the recommended pruning in the tea leaves plucking vegetative propagated tea lands targeted at improving the unit productivity, incentives have been paid through the Crop Rehabilitation Subsidy Scheme on the completion of infillings, methods of soil conservation (Repairing drainage systems/ stone ridges) and the shade management integrated with other practices of cultivation (Pruning, Weeding).

The lands on which the tea cultivation could be productively continued within next 10 years would be recommended for this Subsidy Scheme and, the tea lands those which are in the phase of pruning or those which exceeded 4 years of age would make them eligible for granting subsidies.

Under this subsidy scheme, subsidies are paid in 2 installments for a maximum of 1000 seedlings per acre based on the rehabilitation of the tea leaves plucking tea cultivations on

which the infillings those which are assembled from place to place and scattered individually, are provided.

The first installment for a desolate plant was increased up to 75.00 Rupees only for the permits issued after 01.01.2019 and the maximum extent of lands provided per year for a tea small holder had been increased

From 01 acre (0.4047 hectares) to 02 acres (0.8094 hectares) in a way that it affects all the divisions.

In order to grant subsidies under this subsidy scheme, it is recommended to maintain Manna grass in the place of planting desolates for a minimum of 1 ½ years or applying 02 kilograms of compost fertilizer per hole when planting those seedlings. Furthermore, subsidies cannot be applied for the next 04 years.

Table No. -13

Crop Rehabilitation (Infilling) Subsidy Scheme
The physical achievements in the year 2020/2021 (Hectares)

Activity	Year	Lowlands					High/ Mid Lands			Total	Targets	Percentage of decrease/increase compared to the previous year
		Galle	Kalutara	Matara	Rathnapur a	Kegalle	Kandy	Nuwara Eliya	Uva			
1. No. of Applications received	2020	1,594	500	1,745	865	845	1,474	825	643	8,491	13,980	-18
	2021	1256	561	1232	1200	895	1530	759	801	8234	14038	-3
2. No. of permits issued	2020	1,596	499	1,696	795	547	1,180	666	778	7,757	13,545	-17
	2021	1,272	561	1,198	1,145	606	1,368	508	903	7561	13,155	-3
3. Targeted No. of plants	2020	400,000	150,000	300,000	300,000	75,000	300,000	225,000	250,000	2,000,000	2,000,000	-19
	2021	535,000	200,000	460,000	500,000	300,000	500,000	200,000	305,000	3,000,000	3,000,000	50
4. No. of plants on which the first installment was paid	2020	405,543	120,018	376,191	244,059	158,736	445,657	168,556	218,690	2,137,450	2,000,000	11
	2021	862,486	157,297	541,994	522,733	207,020	499,546	146,210	386,738	3,324,024	3,000,000	56
5. No. of plants on which the second installment was paid	2020	207,162	101,085	133,271	112,462	86,668	387,697	70,051	144,441	1,242,837	1,605,865	167
	2021	399,464	110,781	345,613	284,736	115,522	381,134	91,609	147,199	1,876,058	2,000,000	51
6. Amount of Subsidy paid (Million Rupees)	2020	35.717	13.043	31.713	19.829	12.995	42.523	13.709	18.326	188.00	190.59	35
	2021	72.34	14.50	49.95	45.88	17.77	46.83	13.94	32.26	293.00	275.00	56

Source: The Progress Report – Tea Small Holdings Development Authority

Diagram No. - 10



Source: The Progress Report – Tea Small Holdings Development Authority

The Achievement

In the year 2021, the number of individuals applied for the Crop Rehabilitation Subsidy Scheme was 8,234. From this amount, permits were issued for 7,561 individuals. Compared to the year 2020, the number of applications received was declined by 3% and the number of permits issued had also been declined by 3%.

The first installment was paid on 3,324,024 plants during the year, and it was a progress of 110% from the targeted number of 3,000,000 plants. Compared to the previous year, the number of plants on which the first installment was paid was increased by 55%.

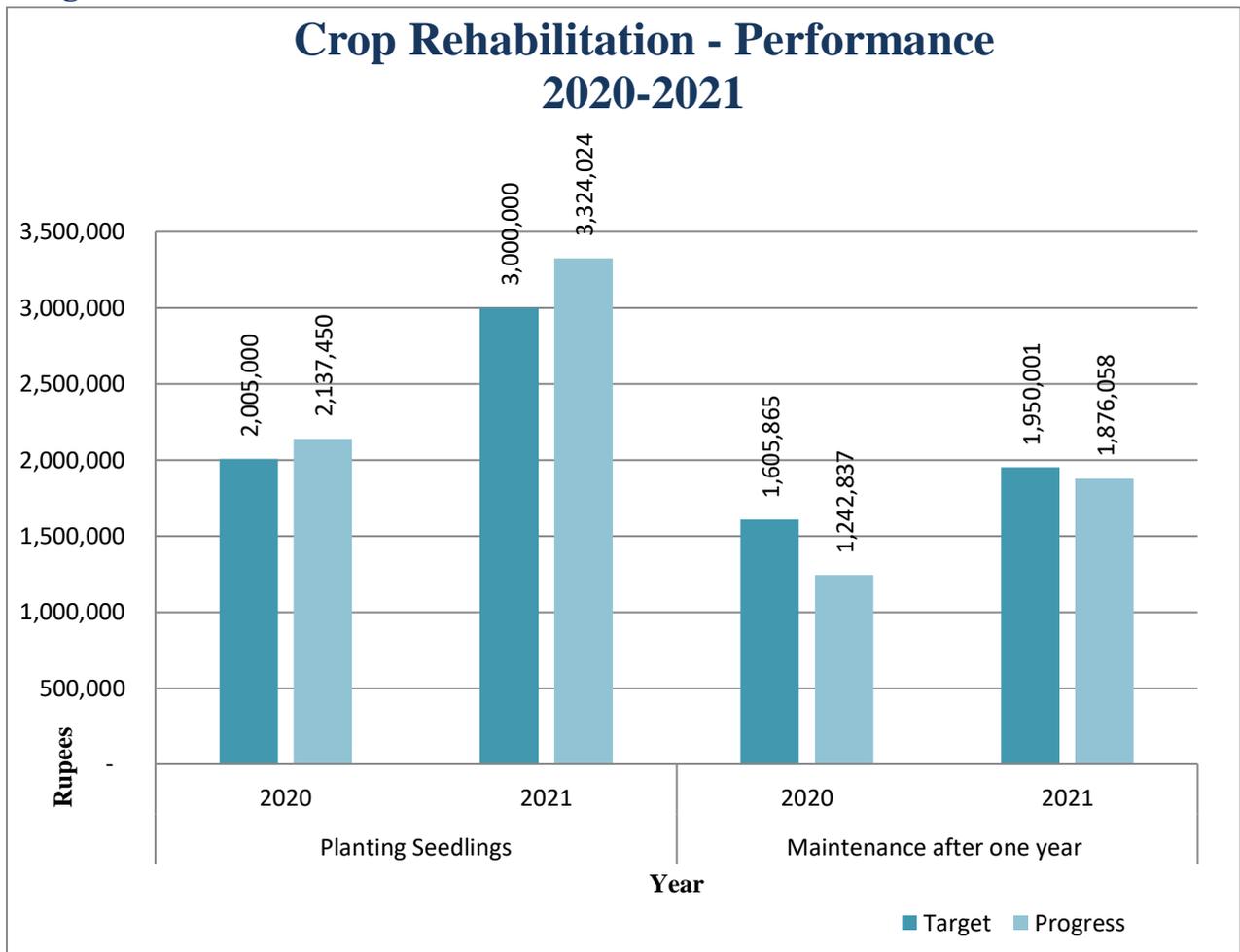
After one year of maintenance, as the second installment, the targeted number of plants was 2,000,000. Compared to the targeted amount, it was a progress of 96.21% from the targeted number of 1,876,058 plants.

Compared to the previous year, the number of plants on which the second installment was paid was increased by 51% due to the increase

in the number of cultivated plants in the previous year.

In the year 2020, 187,855 million Rupees was paid as subsidies for Crop Rehabilitation, and it was 293.47 million Rupees for the year 2021. Compared to the previous year, it was an increased payment of 105.61 million Rupees. The corresponding payment details are shown in Table No. 14 and the achievement related details are shown in Diagram No. 11.

Diagram No. – 11



Source: The Progress Report – Tea Small Holdings Development Authority

Table No. -14

**Execution of Crop Rehabilitation (Infilling) Subsidy Scheme
1986 – 2021**

Year	Permitted Number of Plants	Number of Plants on which the first installment was paid	Number of Plants on which the second installment was paid	Total amount of the Subsidy paid (Million Rupees)	Annual Provisions (Million Rupees)
1987	5,818,170	5,269,971	2,484,684	16.57	8.16
1988	5,121,825	3,861,892	2,496,705	10.00	19.37
1989	3,903,899	4,257,670	3,377,046	13.30	19.60
1990	3,847,466	2,986,998	2,975,849	9.32	7.20
1991		1,029,987	3,528,586	8.95	9.04
1992		235,404	1,148,371	2.49	5.00
1993		6,607	1,658	0.30	
1994		16,432	46,030	0.12	
1995		20,298	7,073	0.46	2.45
*1996		13,278	3,181	1.19	15.20
**1996	5,600,900	3,867,981			
**1997	6,965,923	5,301,839		9.03	12.00
1998		1,707,845		4.14	15.02
*1999			14,012	8.20	11.16
**1999	617,120	2,454,895	1,846,445		
2000	2,713,972	812,174	389,248	3.68	11.54
2001	1,412,860	1,078,708	209,534	5.68	11.54
2002	4,031,727	2,522,872	486,948	11.22	10.38
2003	3,012,892	1,636,901	380,013	9.38	12.00
2004	2,303,061	1,489,167	593,906	14.46	12.99
2005	1,566,327	1,242,648	776,661	8.11	12.37
2006	972,913	520,610	540,819	7.79	8.58
2007	1,092,856	516,471	308,325	4.13	6.00
2008	836,729	519,607	404,331	4.84	3.00
2009	995,822	431,699	232,217	3.25	3.59
2010	769,104	424,227	254,715	3.58	5.00
2011	1,379,734	504,322	182,401	6.32	9.24
2012	1,902,051	766,991	345,152	14.35	8.66
2013	1,060,634	497,592	420,611	11.24	6.00
2014	776,271	271,015	232,034	5.91	17.50
2015	754,170	308,950	199,923	6.43	6.00
2016	981,075	367,876	246,339	7.80	10.48
2017	1,290,408	564,145	297,068	11.70	17.29
2018	1,648,390	797,530	442,296	15.69	2.00
2019	4,699,796	1,921,568	465,084	138.99	190.09
2020	4,000,609	2,137,450	1,605,865	187.86	190.59
2021	4,737,358	3,324,024	1,876,058	293.47	275.00

** Infillings Supply Scheme through societies

Source: Progress Report – Tea Small Holdings Development Authority

3.4. Tea Shakthi Insurance Benefit Scheme

The responsibility to implement the Tea Shakthi Insurance Benefit Scheme that is for the social welfare of the tea small holders and that was implemented under the Tea Shakthi Fund, was assigned to the Tea Small Holdings Development Authority by the Ministry of Plantation Industries with effect from 15/12/2016 according to the Cabinet Memorandum dated at 08/09/2016. Therefore, the benefits would be paid to the tea small holders who joined the insurance benefit scheme as follows.

1. For full/partial passivity occurred from accidents.
2. For full/partial passivity occurred from paralysis.
3. For heart surgeries, brain surgeries & kidney surgeries.

4. For Accidents and Natural Deaths.

The Welfare section of the Tea Shakthi Fund that was commenced by the Act No.47 was assigned to the Tea Small Holdings Development Authority with effect from 01/10/2016 through a decision taken by the Cabinet on 09/08/2016.

In the year 2021, in accordance with the requests made by tea small holders under the above-mentioned benefit scheme, after the provisions being received by the institute that implements the Insurance Benefit Scheme, an amount of 7.02 million Rupees was paid for 412 members.

The insurance benefits paid by the Welfare division for the affected tea small holders in the year 2021 is presented in the Table below.

Table No. -15

Execution related to the Welfare Division From 2021.01.01 to 2021.12.31

Regional Office	Natural Deaths		Accidents		Elderly Grants in Natural Deaths		Adults		Surgeries		Paralysis		Full/partial Passivity occurred from accidents		Total No. of Payment	The amount paid Rs.
	Payments	Amount Rs.	Payments	Amount Rs.	Payments	Amount Rs.	Payments	Amount Rs.	Payments	Amount Rs.	Payments	Amount Rs.	Payments	Amount Rs.		
		25,000/=		100,000/=		5,000/=		1,0000/=		Up to 200,000/=		From 10,000/= up to 50,000/=		From 10,000/= up to 100,000/=		
Galle	34	850,000	1	100,000	64	320,000	-	-	1	200,000	1	50,000	-	-	101	1,520,000.00
Matara	19	475,000	2	200,000	40	200,000	-	-	1	200,000	-	-	-	-	62	1,075,000.00
Kaluthara	3	75,000	1	100,000	8	40,000	-	-	-	-	-	-	-	-	12	215,000.00
Bandarawela	26	650,000	1	100,000	36	180,000	-	-	-	-	-	-	-	-	63	930,000.00
Kegalle	11	275,000	2	200,000	18	90,000	1	10,000	1	200,000	-	-	-	-	33	775,000.00
Nuwara Eliya	8	200,000	0	-	28	140,000	-	-	1	50,000	-	-	1	25,000	38	415,000.00
Rathnapura	28	700,000	2	200,000	48	240,000	-	-	1	200,000	1	50,000	-	-	80	1,390,000.00
Kandy	4	100,000	1	100,000	14	70,000	-	-	3	425,000	-	-	-	-	22	695,000.00
Head Office					1	5,000	-	-	-	-	-	-	-	-	1	5,000.00
Total Payments	133	3,325,000	10	1,000,000	257	1,285,000	1	10,000	8	1,275,000	2	100,000	1	25,000	412	7,020,000.00

An amount of 3,325,000.00 Rupees was paid for 133 natural deaths in the age between 18 – 70 years.

An amount of 1,000,000.00 Rupees was paid for 10 accidental deaths in the age between 18 – 70 years.

An amount of 1,285,000.00 Rupees was paid for 257 natural deaths in the age above 70 years.

An amount of 10,000.00 Rupees was paid for 01 accidental death in the age above 70 years.

An amount of 100,000.00 Rupees was paid for 02 cases of paralysis.

An amount of 1,275,000.00 Rupees was paid for 8 heart surgeries in the age between 18 – 70 years.

An amount of 25,000.00 Rupees was paid for a case of passivity in the age between 18 – 70 years.

An amount of 7,020,000.00 Rupees was paid for 412 Insurance beneficiaries by the MBSL Insurance Company from 2021.01.01 to 2021.12.31.



4. Extension Activities

4.1 Execution of Tea Nurseries.

4.2 Demonstrations of Cultivation.

4.3 Mother Bush Cultivation.

4.4 Extension and Advisory Training Programs.

4.5 Soil Sample Testing and Individual Extension Activities.

4.6 Improving the Quality of Green Tea Leaves up to 65%.

4.7 Increasing Community-based Organizations by 50%.

4.8 Employee activities contributing to Long-term Development.

4.9 10% of Tea Lands on Additional Income Earning Activities.

4.10 Key Performance Indicators for Managing Development Outcome

Supplying quality tea plants

“Increasing the productivity of tea lands within a short period by supplying quality tea plants”

4.1 Execution of Tea Nurseries

4.1.1 Commercial Tea Nurseries

Maintaining, supervising, and regulating quality commercial tea nurseries as registered tea nurseries of the institution are implemented here in order to facilitate tea small holders in obtaining quality plants aimed at improving the tea production and the productivity.

Accordingly, 1,729 commercial tea nurseries were registered through regional offices for the year 2020/2021. From those nurseries, the recommendations had been given by Sri Lanka Tea Research Institute to 24.4 million plants in 928 nurseries at the first inspection, 17.77 million plants in 595 nurseries at the second inspection and 3.18 million plants in 199 nurseries at the third inspection. Details on the

capacity of plants are shown below in Table No. 16.

At the end of the year, 871 commercial nurseries had been registered for the year 2021/2022. The expected capacity of plants was 41.68 million. From that, the first inspection had been completed in 123 nurseries for 3.497 million seedlings. The recommendations were given by the institute for .412 million seedlings from 5 nurseries at the second inspection. The descriptive details on the number of plants in certified nurseries during the year for the cultivation seasons in 2020/2021 and 2021/2022 are indicated in Table No. 17 and 18.



Table No. -16

Issue of permits and Capacity of Plants in Commercial Tea Nurseries (2020/2021) and (2021/2022)

Districts	No. of permits issued		Capacity of Plants	
	2020/2021	2021/2022	2020/2021	2021/2022
Galle	526	166	18,903,750	6,336,500
Matara	207	217	6,676,000	7,533,000
Kaluthara	158	33	7,832,000	1,485,000
Rathnapura	300	207	25,950,500	15,719,500
Kegalle	76	63	3,515,000	3,680,000
Kandy	136	126	4,551,000	5,621,500
Nuwara Eliya	60	47	2,301,500	1,277,000
Uva/Badull	266	12	7,803,728	28,500
Total	1,729	871	77,533,478	41,681,000

Source: The Progress Report – Tea Small Holdings Development Authority

Table No. - 17

Execution of Commercial Tea Nurseries 2020/2021

Regional Office	Issuance of permits		First Inspection (CN – 04)			Second Inspection (CN – 05)			Third Inspection (CN – 06)		
	No. of Nurseries	Capacity of Plants	No. of Active Nurseries	No. of Planted Seedlings	Per Capacity %	No. of Active Nurseries	No. of Planted Seedlings	Per Capacity %	No. of Nurseries	No. of certified plants	Success percentage
Galle	526	18,903,750	285	3,743,710	20%	151	3,867,723	103%	40	395,250	2%
Matara	207	6,676,000	145	1,233,137	18%	94	1,167,835	95%	4	25,000	0%
Kaluthara	158	7,832,000	42	1,354,100	17%	10	727,800	54%	-	-	-
Rathnapura	300	25,950,500	76	5,822,800	22%	42	3,327,396	57%	-	-	-
Kegalle	76	3,515,000	55	1,764,793	50%	38	1,528,325	87%	-	-	-
Kandy	136	4,551,000	90	3,582,900	79%	42	2,228,600	62%	29	1,141,750	25%
Nuwara Eliya	60	2,301,500	27	1,030,425	45%	15	675,250	66%	-	-	-
Uva	266	7,803,728	208	5,904,546	76%	203	4,252,792	72%	126	1,618,960	21%
Total	1,729	77,533,478	928	24,436,411	32%	595	17,775,721	73%	199	3,180,960	4%

Source: The Progress Report – Tea Small Holdings Development Authority

Table No. -18

Execution of Commercial Tea Nurseries 2021/2022

Regional Office	Issuance of permits		First Inspection (CN – 04)			Second Inspection (CN – 05)			Third Inspection (CN – 06)		
	No. of Nurseries	Capacity of Plants	No. of Active Nurseries	No. of Planted Seedlings	Per Capacity %	No. of Active Nurseries	No. of Planted Seedlings	Per Capacity %	No. of Nurseries	No. of certified plants	Success percentage
Galle	166	6,336,500	-	-	-	-	-	-	-	-	-
Matara	217	7,533,000	110	2,511,800	33%	-	-	-	-	-	-
Kaluthara	33	1,485,000	-	-	-	-	-	-	-	-	-
Rathnapura	207	15,719,500	11	912,900	6%	5	411,576	45%	-	-	-
Kegalle	63	3,680,000	-	-	-	-	-	-	-	-	-
Kandy	126	5,621,500	2	73,000	1%	-	-	-	-	-	-
Nuwara Eliya	47	1,277,000	-	-	-	-	-	-	-	-	-
Uva	12	28,500	-	-	-	-	-	-	-	-	-
Total	871	41,681,000	123	3,497,700	8%	5	411,576	12%	-	-	-

Source: The Progress Report – Tea Small Holdings Development Authority

4.1.2 Institutional Tea Nurseries

The total number of plants marketed was 1,030,008 including the remaining plants from the cultivation season in 2019/2020. The details including the marketing price of a plant at nursery level is indicated in Table No. 19. Even though, the estimated cost of production of a

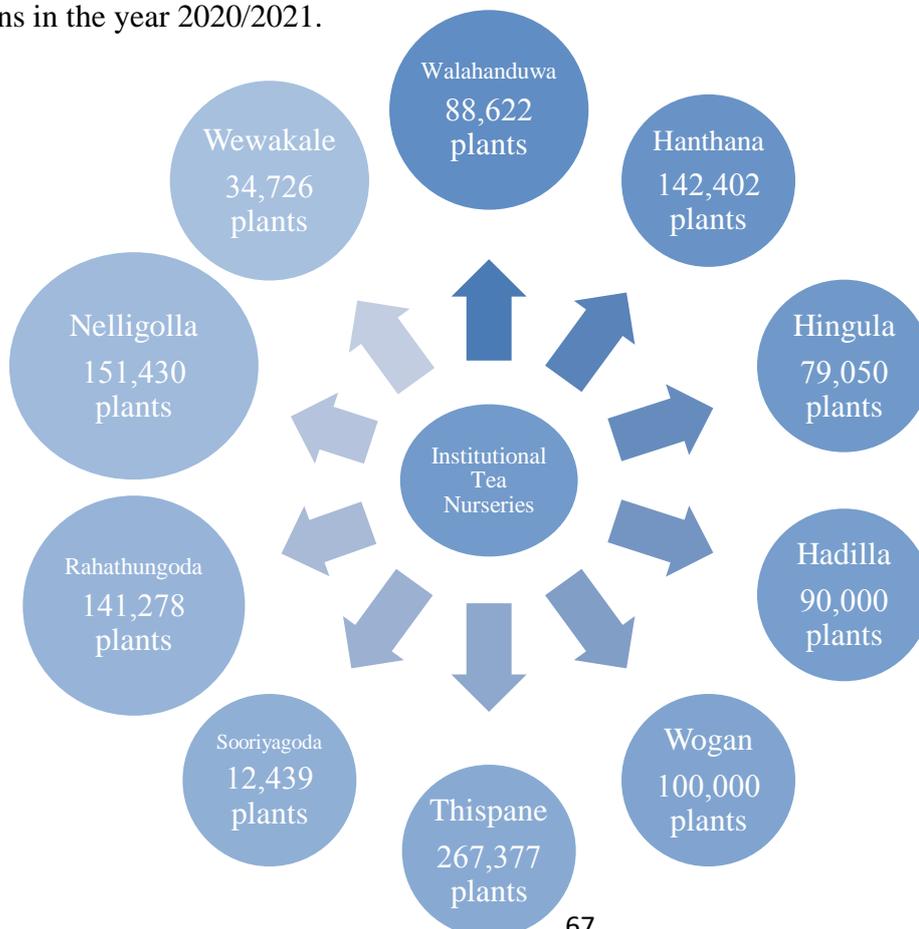
plant was 25.18 Rupees, the average cost of a plant based on sales was 31.73 Rupees.

In certain nurseries, there were instances where the estimated cost had been decreased and in certain nurseries, that cost had been increased. In the year 2021, the profit earned from the institutional tea nurseries was 4,975,134 Rupees.

The institutional tea nurseries are maintained with the target of being model tea nurseries those which control the market prices in purchasing tea plants required for tea small holders and maintain the quality production of tea. Furthermore, 11 institutional nurseries are being maintained to ensure the production of quality plants that are to be planted in the lands of tea small holders by using highly developed clones (shoots) with a very high standard. In this way, the key objective stands on maintaining a stable market price as well as on protecting the quality of plants at an exemplary level.



Accordingly, 969,086 vegetative propagated tea plants were produced in 10 nurseries for the Southwestern and Northeastern cultivation seasons in the year 2020/2021.



2021
ANNUAL REPORT

Table No. -19

**Execution of Institutional Tea Nurseries
Year of 2021 (Rupees)**

Description		Hanthana	Rahathungoda	Walahanduwa	Hingula	Hadigalla	Wogan	Thispane	Mawarala	Nelligolla	Wewakale	Sooriyagoda	Rupees
Status of Stock as at 01.01.2021	No. of Plants	143,040	125,953	76,168	166,086	31,530	42,788	209,656	4,139	102,279		18,644	920,283
	Value (Rupees)	1,820,405	2,610,493	1,451,541	2,754,484	800,638	1,039,574	5,045,815	478,997	3,265,113		339,994	19,607,054
Planted during the Year	No. of Plants	142,402	141,278	88,622	79,050	90,000	100,000	267,377		151,430	34,726	12,439	1,107,324
	Value (Rupees)	3,434,072	3,460,124	2,235,269	2,738,329	2,167,075	3,111,291	6,182,805	795,559	3,202,811	724,731	271,158	28,323,224
No. of dead plants		2,746	15,173	28,694	17,336	6,597	10,180	14,288		43,239		30	138,283
Status of Stock as at 31.12.2021	No. of Plants	101,843	114,478	50,787	106,447	79,645	65,043	221,653	1,289	102,735	12,179	18,217	874,316
	Value (Rupees)	1,820,459	2,857,587	1,374,890	3,148,165	1,831,989	2,211,838	4,569,985	396,935	2,522,087	254,054	316,302	21,304,291
Sales Cost	No. of Plants	180,853	142,580	85,309	121,353	35,288	67,565	251,092	2,850	107,735	22,547	12,836	1,030,008
	Value (Rupees)	3,434,019	3,218,108	2,311,919	3,378,432	1,135,724	1,939,027	6,696,712	877,622	3,945,838	470,677	294,851	27,702,929
Production cost of a plant (Estimated)		24.31	26.38	25.85	27.36	25.11	26.65	26.09	20.55	27.24	21.09	26.38	25.18
Plants sold	No. of Plants	180,853	142,580	85,309	121,353	35,288	67,565	251,092	2,850	107,735	22,547	12,836	1,030,008
	Value (Rupees)	5,376,810	4,116,200	2,548,180	4,489,177	989,239	1,917,440	8,852,233	96,250	3,185,801	631,316	475,417	32,678,063
Cost of a plant based on sale		29.73	28.87	29.87	36.99	28.03	28.38	35.25	33.77	29.57	28	37.04	31.73
Profit / Loss		1,942,791	898,092	236,261	1,110,745	-146,485	-21,587	2,155,521	-781,372	-760,037	160,639	180,566	4,975,134

Source: The Progress Report – Tea Small Holdings Development Authority

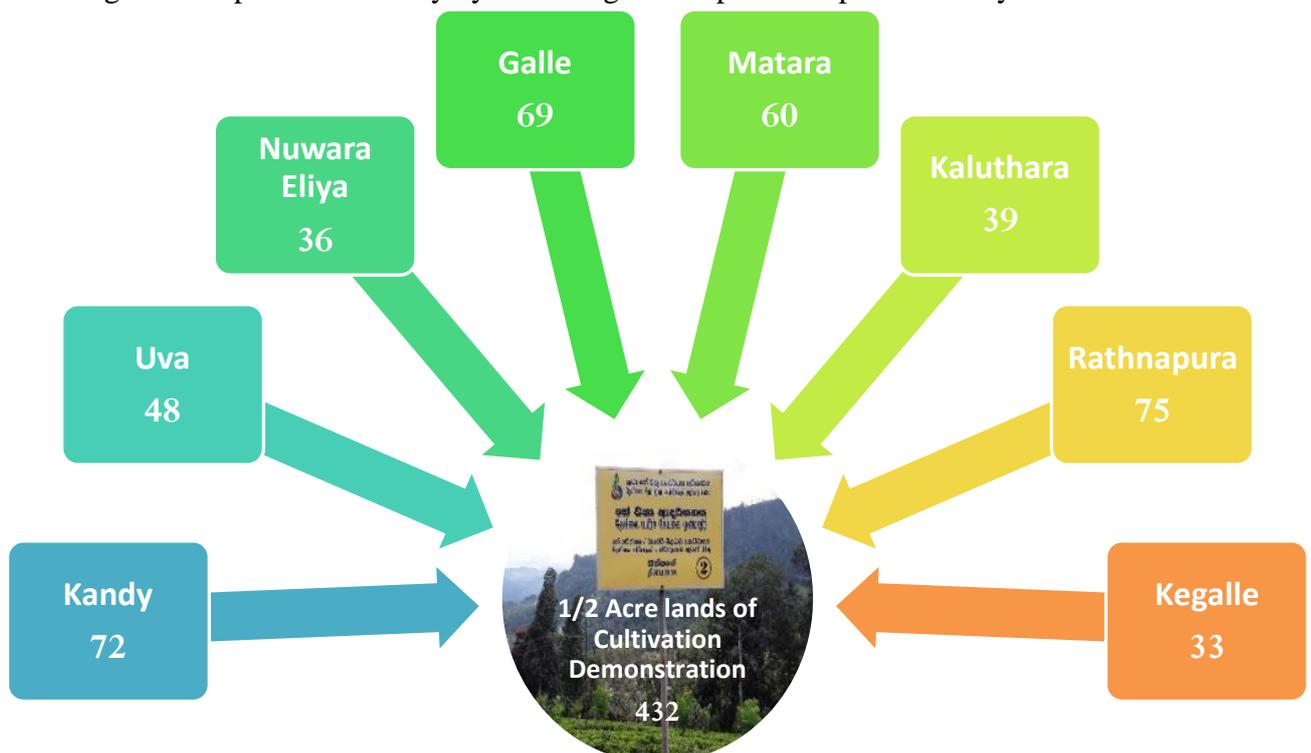
“Demonstrations of Cultivation - Achieving a higher yield by adopting good agricultural practices in selected tea land demonstrations”



4.2 Demonstrations of Cultivation

432 (1/2 Acre) demonstrations of tea cultivation were installed as three per each in each tea inspection/extension division with covering all the eight regional offices those which are under the Tea Small Holdings Development Authority. That is maintained under the fullest supervision of the Tea Small Holdings Development Authority by following

good agricultural practices such as carving drains, inserting stone ridges, shade cultivation, using organic fertilizer, and sprinkle water supply systems. For this purpose, a financial benefit for the maintenance of cultivation is paid to a maximum of 10,000 Rupees by the institute based on the good agricultural practices performed by the farmers.

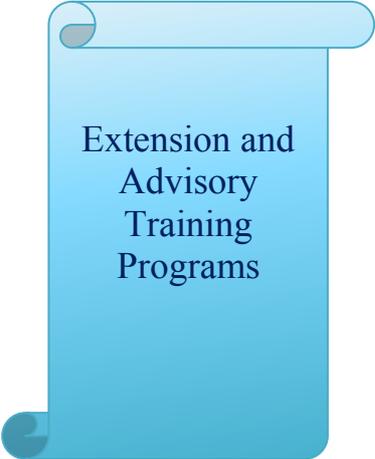


4.3 Mother Bush Cultivations

The maintenance of mother bush cultivation is targeted at facilitating tea small holders in obtaining quality planting materials in order to improve the tea production and the productivity. Through promoting new clones in the lands of tea small holders by the provision of high quality planting materials, this is implemented to increase the income of tea small holders, and to ensure the safety of the cultivation.

Accordingly, actions were taken in the year 2021 by the institute to provide tea small

holders, commercial tea nursery operators and the institutional nurseries with 190,059 shoots through maintaining quality mother bush cultivations with highly improved cultivar. From these, 28% of shoots were issued to tea small holders, 15% of shoots to commercial and special tea nursery operators and 57% of shoots to institutional tea nurseries. The annual target of the production of shoots and branches from mother bush cultivations was 474,650. Accordingly, it was a progress of 42.35%. The descriptive details about the highly developed shoots and branches from mother bush cultivations are indicated in Table No. 20.



Extension and Advisory Training Programs



4.4 Extension and Advisory Training Programs

3,144 Extension and Advisory Training Programs were scheduled for the year under review and the targeted number of participation of farmers for these programs was 89,072.

The descriptive details on the progress of the Extension and Advisory Training Programs are indicated in Table No. 21.



Table No. -20

Issuing New Cultivars of Shoots from Mother Bush areas - 2021

District	Location	Commercial Nurseries	%	Tea Small Holders	%	Societies and other	%	Institutional Nurseries	%	Production			From the total production
										Amount	To the target%	Target	%
Galle	Walahanduwa	-	-	1,100	7%	-	-	13,600	93%	14,700	66.82%	22,000	8%
Hanthana	Hanthana	16,050	37%	4,950	12%	-	-	22,150	51%	43,150	16.47%	262,000	23%
Kaluthara	Wogan	-	-	-	-	-	-	1300	100%	1,300	-	-	-
Kandy	Nelligolla and Sooriyagoda	4,066	10%	3,593	9%	-	-	32,850	81%	40,509	98.80%	41,000	22%
Kegalle	Hingula	-	-	-	-	-	-	-	-	-	0.00%	13,550	-
Nuwara Eliya	Rahathungoda and Thispane	4,050	7%	0	-	-	-	57,855	93%	61,905	70%	89,000	33%
Uva	Bandarawela and Hali Ela	21,644	86%	3451	14%	0	0	0	0	25,095	94.70%	26500	13%
Matara	Mawarala	3,400	100%	-	-	-	-	-	-	3,400	16.50%	20,600	2%
Total		49,210	26%	13,094	7%	-	-	127,755	67%	190,059	40.04%	474,650	100%

Source: The Progress Report – Tea Small Holdings Development Authority

Table No. -21

Extension and Advisory Services – The Productivity Growth (Number of Training Programs and the Participation) 2021 Progress

Regional Office	Galle		Matara		Kaluthara		Rathnapura		Kegalle		Kandy		Nuwara Eliya		Uva		Total		Target	
	Number	Participation	Number	Participation	Number	Participation	Number	Participation	Number	Participation	Number	Participation	Number	Participation	Number	Participation	Number	Participation	Number	Participation
Training on the Quality of Leaves	16	269	26	558	4	47	43	480	1	20	20	718	13	151	1	9	124	2,252	104	5,200
Training on Tea Leaves Plucking	17	225	49	922	2	31	59	699	10	209	30	610	29	440	10	226	206	3,362	288	7,200
Training on the Awareness of Nurseries	13	193	20	460	12	45	14	206	5	29	11	81	12	105	9	89	96	1,208	240	9,600
Training on the Usage of Machines	11	193	18	338	1	5	9	161	4	66	2	46	19	355	3	51	67	1,215	174	4,350
Training on Diseases and Pests	25	548	12	213	2	39	20	239	16	271	13	281	7	53	7	153	102	1,797	52	1,300
Training on the Awareness of Tea Shiksha	2	33	1	45	-	-	1	4	-	-	-	-	1	7	2	15	7	104	-	-
Program on Temples	-	-	5	52	-	-	3	15	-	-	-	-	-	-	1	10	9	77	-	-
Training on the Awareness of Permit Holders	39	597	57	1,096	8	155	29	439	-	-	43	746	41	717	42	602	259	4,352	432	19,555
Training on Tea Cultivation	40	555	53	1,063	1	33	39	482	24	589	55	1,044	36	474	34	495	282	4,735	290	7,172
Farm tea-based Training	13	216	15	263	-	-	14	164	1	30	12	178	8	92	-	-	63	943	121	3,630
Training on the Awareness of PH	40	906	47	729	9	104	29	406	97	2,245	51	1,156	11	217	16	339	300	6,102	432	8,640
Training on Proper Agricultural Practices	52	1,039	84	1,489	38	367	126	2,207	-	-	143	2,871	47	807	74	1,314	564	10,094	563	14,075
Training on the Awareness of Sprinkler Water System	20	482	12	191	-	-	20	171	-	-	1	20	-	-	4	55	57	919	144	3,600
Training on Application of Dolomite Fertilizer	46	658	62	1,257	-	-	24	211	21	432	41	496	13	141	79	930	286	4,125	160	1,150
Training on Shade Management	39	795	29	404	4	59	22	266	-	-	9	245	2	14	3	70	108	1,853	144	3,600
Total	373	6,709	490	9,080	81	885	452	6,150	179	3,891	431	8,492	239	3,573	285	4,358	2,530	43,138	3,144	89,072

Source: The Progress Report – Tea Small Holdings Development Authority



4.5 Soil Sample Testing and Individual Extension Activities

Soil Sample Testing

As the soil acidity should be accurately maintained due in accordance with improving the production and the productivity of tea small holdings, it was targeted to annually test 61,200 soil samples as follows in order to test the soil acidity and 25,724 (41%) soil samples had been tested within the year.



Individual Extension Activities

30 farmers will be selected from each Tea Inspector/Extension Officer divisions and in the year 2021, 4,320 farmers will perform under the direct supervision of Tea Inspector/Extension Officers.

These individual extension activities are implemented by selecting another 30 farmers from each tea inspection/extension officer division apart from those 4,320 farmers also in the year 2021 to follow good agricultural instructions and to increase the level of income of the farmers through improving the productivity.

Table No. -22

Individual Extension Activities and Number of Soil Tests – 2021 Progress

Regional Office		Galle	Matara	Kaluthara	Kegalle	Kandy	Nuwara Eliya	Rathnapura	Uva	Total
Soil Test	Target	9,775	8,500	5,525	4,675	10,200	5,100	10,625	6,800	61,200
	Progress	2,075	4,676	97	1,818	4,212	2,326	7,918	2,602	25,724
Individual Extensions	Target	1,380	1,200	780	660	1,440	720	1,500	960	8,640
	Progress	2,255	1,626	1,607	1,788	2,188	1,703	3,426	1,273	15,866

Source: The Progress Report – Tea Small Holdings Development Authority

Mid-Term Outcomes – 02

Development Plans

4.6 Improving the quality of green tea leaves up to 60%.

Improving the quality of green tea leaves up to 60% at the factory level within 03 years

In order to improve the income of the tea small holders, a high yield with a low cost of production and a high market price act as the

crucial factors. To obtain a high market price for green leaves, it is essential to improve the production of quality green tea leaves.

Targeted at achieving this outcome, the expected activities performed were training 7,200 tea leaves pluckers to improve the quality of tea leaves, promoting rules and regulations systems that make it compulsory for the factories to accept only the quality tea leaves, executing awareness programs for suppliers of tea leaves, and making the tea small holders aware about the quality of tea leaves. Therefore, in the year of 2021, 104 training programs on improving the quality of tea leaves were scheduled and 124 programs were conducted. (Table No. 23) The number of farmers participated was 2,252 from the targeted number of 5,200 farmers scheduled for the year. Accordingly, the progress of participation had been 43.3%.

Table No. -23

Number of Training Programs on developing the quality of tea leaves and Number of Farmers Participated – 2021

Regional Office	Item	Training for tea leaves pluckers	Training on Tea-based Farms	Training on the quality of tea leaves	Total
		(1.3.1.3)	(2.1.1.20)	(1.3.1.2)	
Galle	Programs	17	13	16	46
	Participation	225	216	269	710
Matara	Programs	49	15	26	90
	Participation	922	263	558	1743
Kaluthara	Programs	2	-	4	6
	Participation	31	-	47	78
Kegalle	Programs	10	1	1	12
	Participation	209	30	20	259
Kandy	Programs	30	12	20	62
	Participation	610	178	718	1506
Nuwara Eliya	Programs	29	8	13	50
	Participation	440	92	151	683
Rathnapura	Programs	59	14	43	116
	Participation	699	164	480	1343
Uva	Programs	10	-	1	11
	Participation	226	-	9	235
Total	Programs	206	63	124	393
	Participation	3362	943	2252	6557
Target	Programs	288	121	104	513
	Participation	7200	3630	5200	16030

Source: The Progress Report – Tea Small Holdings Development Authority

The percentage of good tea leaves is used as the indicator in measuring the expected outcome at the factory level and for the success of that outcome, it is crucial for the Authority and the Tea Commissioner Section of the Sri Lanka Tea Board to work on a collective effort with the Sri Lanka Tea

Research Institute. A total amount of 137.776 million Rupees had been spent in the year 2021 in comprising with 122.856 million Rupees on Extension and Advisory Training programs and extension related activities, 14.89 million Rupees on exhibition and media related activities.

Mid-Term Outcome – 03

4.7 Increasing Community-based organizations by 50%.



In order to legalize the system of Tea Small Holdings Development Societies that was established at the end of the year 1989, the Tea Small Holdings Development Authority had published regulations incurred in the Act No. 01 of 1995 for Tea Small Holdings Development Societies through the Gazette Extraordinary, No. 875/15 in accordance with

the powers vested in the Paragraph (k, j), Sub-Section 02, Section 15 of the Tea Small Holdings Development Act, No.35 of 1975 of the National State Assembly revised by the Act, No.36 of 1991.

1,484 Tea Small Holding Development Societies were registered at the end of the year 2021, and the number of members belonged to those societies was 279,594. Accordingly, compared to the year 2020, the number of members in the year 2021 had been decreased by 9.7%.

The system of societies operates with 08 district organizations and an All-Island Federation under a common constitution. Even though, the society elections should have been held in the year 2021 in relation to the official tenure of 2020/2022, in 2021, it was able to restructure only 1283 societies as gathering the members was limited due to the Corona pandemic.

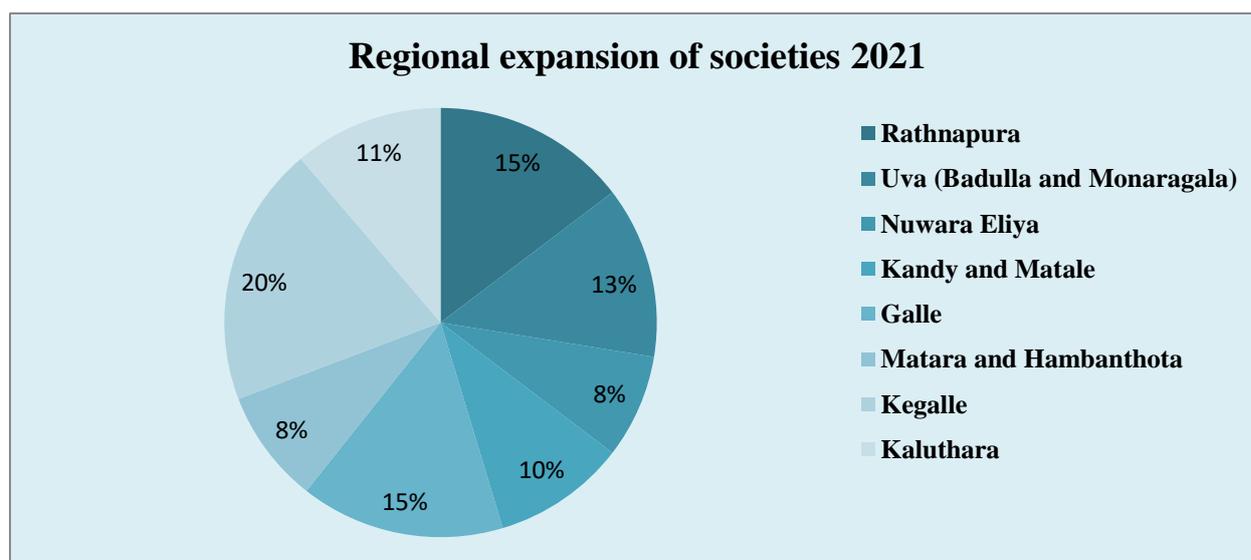
Table No. -24

**Extension of Tea Small Holdings Development Societies
2019/ 2020/ 2021**

Regional Office	No. of Societies			No. of Members		
	2019	2020	2021	2019	2020	2021
Rathnapura	291	291	217	107,693	87,796	53,071
Uva (Badulla and Monaragala)	165	165	192	25,913	27,029	27,029
Nuwara Eliya	127	127	116	14,610	14,619	23,256
Kandy and Matale	225	226	148	21,832	22,101	28,605
Galle	216	217	227	53,602	52,263	20,465
Matara and Hambanthota	192	192	127	52,488	53,374	14,619
Kegalle and Gampaha	144	147	291	28,519	28,570	88,893
Kaluthara and Colombo	115	118	166	25,306	23,958	23,656
Total	1,475	1,483	1,484	329,963	309,710	279,594

Source: Tea Small Holdings Development Authority –Progress Report

Diagram No. - 12



Source: The Progress Report – Tea Small Holdings Development Authority

Compared to the year 2020, the number of newly registered societies was increased by 01 in the year 2021. Even though, several programs covering all the districts were scheduled to be held in the year 2021 to strengthen the operation of the Tea Small Holdings Development Societies in a productive manner, there were obstructions to exercise them due to the COVID-19 pandemic situation. A total of 2.076 million Rupees had been spent by the institute on strengthening the community-based organizations in the year 2021.

Mid-Term Outcome – 04

4.8 Employee activities contributing to long-term development.

Even though, the expectation of the institute was to annually maintain staff vacancies at a minimum level of less than 5% as a short-term outcome, by the end of the year 2021, the percentage of staff vacancies was 5.7%.

Yet, the expected audit opinion of the institute was unqualified, the qualified opinion in the year 2020 indicated a true and a reasonable condition in accordance with the Sri Lanka Public Sector Accounting Standards.

Even though, targeted at improving the positive attitudes within the institutional staff regarding the duties, 8 programs were held of 20 local training programs with the representation of several grades of the institute were scheduled to be conducted in the year 2021, one day seminar on answering audit clarifications and two days training program for Trainee Tea Inspection/Extension Officers on the development of psychological notions and office practices were conducted as the employees could not be involved in training programs as per the instructions given by the health sector due to the pandemic situation existed within the country in the year 2021.

It also includes 4 leadership and attitude development programs for staff officers, a training on office practices for management assistants and a training program on the implementation of the action plan.

The performance-based evaluation system was implemented also in the year 2021 for the field staff.



Mid-Term Outcome – 05

4.9 10% of tea lands on additional income earning activities

Directing 10% of lands on additional income earning activities within 03 years.

In order to enhance the standard of living of the tea small holders, directing them on additional income earning activities has been identified. Accordingly, from the 121 training programs scheduled under this, 63 programs were implemented within the relevant year. The targeted number of farmers was 3,630 and the number of farmers participated was 943. The programs implemented in the year 2021 are as follows.

4.10 Key Performance Indicators for Managing Development Outcome

The long-term results are based on improving the standard of living of Tea small holders, but the medium-term results include task-based

indicators related to the action plan under 05 points and the detailed information is given in table No - 26.

Table No. -25

Tea-based Farmer Training (2.1.1.20) Number of Programs and number of Farmers Participated -2021

Regional Office									
	Galle	Matara	Kaluthara	Kegalle	Kandy	Nuwara Eliya	Rathnapura	Uva	Total
Programs									
Target	18	18	13	11	18	12	18	13	121
Progress	13	15	0	1	12	8	14	0	63
Participation									
Target	540	540	390	330	540	360	540	390	3630
Progress	216	263	0	30	178	92	164	0	943

Source: The Progress Report – Tea Small Holdings Development Authority

The percentage of other crops exist in tea small holdings had been identified as the key performance indicator in measuring the outcomes mentioned above.

Table No. -26

Data of Key Performance Indicators for Managing Development Outcome

	Mid-Term Outcomes	Key Performance Indicators	Base Year 2008	Performance Indicators Targets & Progress 2021		Special Remarks
				Target	Progress	
1	Long-term Outcome	I Progress of developing assets of household units				Socio Economic Survey
	Enhancing the standard of living of tea small holders	II Progress of the secondary education of the children				
	Per Year/ Per Hectare within 03 years	1.1 Developing the unit productivity at district level and at elevation level				Statistical Data of the Sri Lanka Tea Board
	Increasing the Kilograms of made tea					
	Low Country up to 2,500		2,085	2,500	1,316	
	Mid Country up to 1,700		1,050	1,700	2,068	
	Uva up to 1,600		1,055	1,600	1,787	
		1.2 Improving the production of tea small holdings (Million Kilograms)	215	225	223	
2	Improving the quality of green tea leaves up to 60% at the factory level within 03 years	2.1 Progress of good tea leaves at the factory level	35%			Data of the Tea Commissioner Section of Sri Lanka Tea Board
3	Strengthening 50% of community-based organization within 03 years	3.1 Improving the asset value	NA			Socio Economic Survey Census
		3.2 No. of societies monitoring the identified roles	100		1,484	
		3.3 Attitudes of the members regarding the productivity	NA			
4	Strengthening the institute to execute more productively within a year	4.1 Percentage of accomplishing targets				
		Tea Replanting Subsidy Scheme				
		a. Financial	102%	340.5	493.77	
		b. Physical	92%	1000	849	
		4.2 The Audit Opinion		True & Reasonable		
		4.3 Percentage of Deviation from the budget (Developmental Capital)	13%	88.2%	0.38	
		4.4 Attitudes of the staff on the productivity of the institution	NA			
5	Directing 10% of the lands on additional income earning activities within 03 years	5.1 Percentage of lands with other crops	35%			Socio Economic Survey
		Percentage of lands with animal husbandry	NA			
	Total					



5. Tea Small Holdings Sector of Sri Lanka and the Productivity of Tea Lands

5.2 Tea Small Holdings.

5.2 Production of Tea Small Holdings Sector.

5.3 Production Composition and Productivity of Tea Small Holdings

5.4 Investments and operational review of Tea small holdings sector

5 Tea Small Holdings Sector of Sri Lanka and the Productivity of Tea lands

5.1 Tea Small Holdings

In accordance with the Tea Control Act, tea lands with less than 10 acres are considered to be Tea Small Holdings. However, with effect from 01 January 1978, the Tea Small Development Authority was offered with the powers to perform development activities by the Honorable Minister of Plantation Industries on the tea lands with the extent of 10-50 acres being held under the Sri Lanka Tea Board. Accordingly, the Authority had so far provided all the supportive services needed for the development of all the tea lands with less 50 acres being held under private possession.

By the year 2012, the Sri Lanka Tea Board had been assigned with powers to provide land development services on the lands with the extent of 10-50 acres and the Sri Lanka Tea Research Institute had been assigned with powers to provide extension services. Accordingly, from the year 2012, the development services and the relevant supportive services required for the tea lands with less than 10 acres were provided by the institute as per the provisions specified in the Act.

5.1.1 Extent of Tea Small Holdings

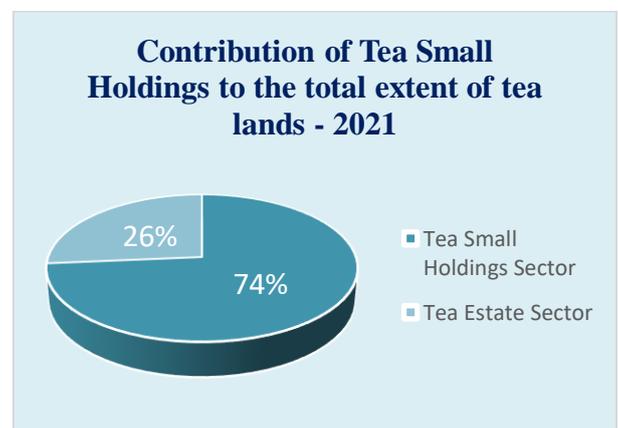
The total amount of the tea small holdings in Sri Lanka is about 221,968 hectares comprising with the extent of 132,329 hectares of tea small In the year 2021, 4,968 tea farmers had newly joined to the tea small holdings sector.

As per the tea land registration program held by Sri Lanka Tea Board in conjunction with the

holdings (including lands with less than 20 perches) as per the census on tea small holdings held in the year 2005. Accordingly, from the total amount of tea lands in Sri Lanka, 59% of lands are under the Tea Small Holdings sector.

As per the tea land registration program held by Sri Lanka Tea Board in conjunction with the Authority at the end of the year 2016, the extent of registered tea small holings was 157,838 hectares. Based on those details, the updated extent of lands in the year 2021 was 157,907 hectares.

Diagram No. 13



Source - As per the tea land registration of Sri Lanka Tea Board in 2016 based on the updated tea lands in 2021

5.1.2 Tea Small Holders

As per the census held in 2005, the number of tea small holders was 370,842. From the tea small holders (Including the cultivators with less than 20 perches), 82% of them are the tea small holders having sole possession on lands and 76% of the extent of tea small holdings are owned by them.

Authority at the end of the year 2016, the number of tea small holders was 418,262. Based on those details, the updated number of tea small holders in the year 2021 was 418,328.

5.1.3 Number of Tea Small Holdings

As per the census held in 2005, the total number of plots of lands was 397,223 and the extent of lands was 132,329 hectares. These tea small holdings have been scattered in 3,692 Grama Niladhari Divisions under 123 Divisional Secretariat Divisions.

The tea lands in the Tea Small Holdings sector were developed especially due to the matters of increase in the price of green leaves, increasing the incentives given on tea plantation, labor shortage, partitioning large plots of lands and diverting lands with no possible cultivations to tea plantations.

Table No. -27

Number of Tea Small Holders and Extent of Lands in accordance with the Districts in Sri Lanka

District	Data of 2005 Census on Tea Small Holdings		As per the tea land registration of Sri Lanka Tea Board in 2016 based on the updated data in 2021	
	Number of Tea Small Holders*	Hectares*	Number of Tea Small Holders**	Hectares**
Colombo	1,345	246	1,223	404
Gampaha	319	2	277	100
Kaluthara	48,752	7,823	43,960	17071
Kandy	31,635	16,058	28,851	11311
Matale	1,656	1,672	1,551	739
Nuwara Eliya	19,361	7,205	16,648	5808
Galle	92,578	27,427	85,185	30145
Matara	73,907	25,417	65,230	25714
Hambanthota	2,833	546	2,542	1004
Kurunegala		180		
Badulla	33,093	9,020	30,150	9445
Monaragala	600	199	572	293
Rathnapura	118,444	30,441	108,471	43055
Kegalle	37,842	6,093	33,668	12817
Total	462,365	132,329	418,328	157,907

Source – * Census Reports on Tea Small Holdings in Sri Lanka – 2005

** Updated in 2021 as per the tea land registration of Sri Lanka Tea Board in 2016

5.1.4 Classification of Tea Small Holdings

Actions were taken in 2016 to update the data provided through the tea land registration program held by Sri Lanka Tea Board in conjunction with the Authority in the year

2016. Those were utilized in institutional development planning activities in 2021.

As per the census reports – 2005 on tea small holdings in Sri Lanka, From the extent of tea small holdings, 113,190 acres (34.6%) of tea lands are lands with less than one acre and

198,707 acres (60.8%) of tea lands are lands with less than two acres. The extent of tea lands with more than 10 acres is 59,731 acres (18.3%) and as shown in the following table, the extent of tea lands with less than 10 acres is 267,253 acres (108,200 hectares)

Table No. -28

Categorization of Tea Small Holdings accordance with the extent of lands and number of plots.

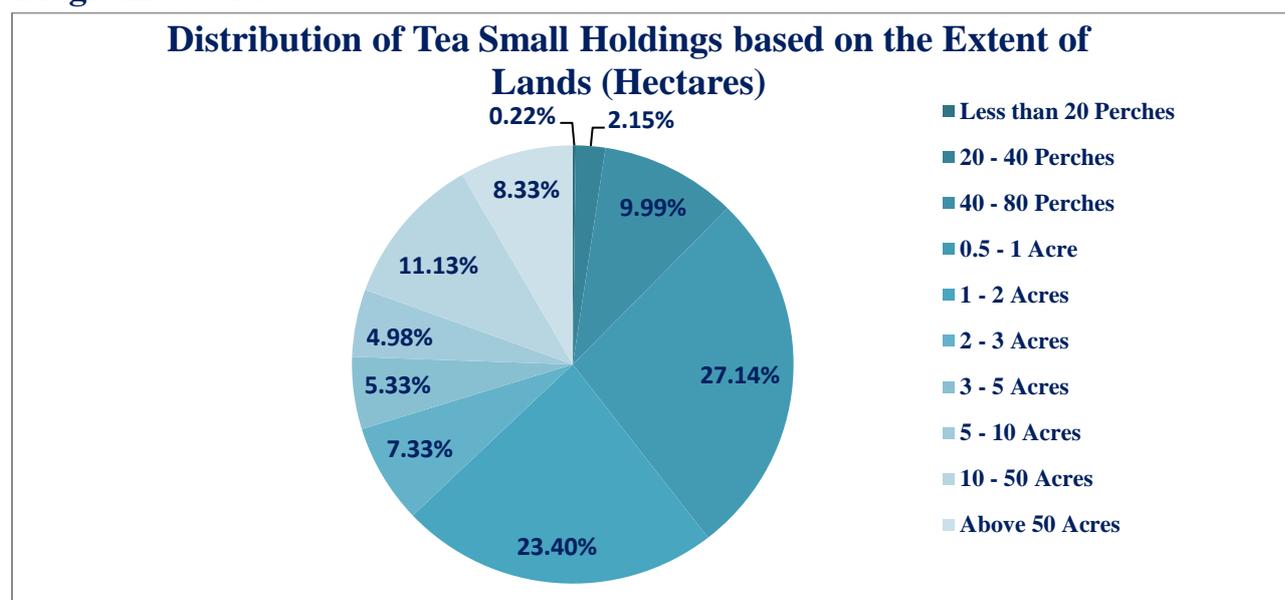
	Extent of Lands (Acres)	Percentage %	Number of Plots of Lands	Percentage %
Less than 20 Perches	1,081.14	0.28	30,625	7.32
Less than 20 Perches – More than 40 Perches	10,421.07	2.67	44,504	10.64
Less than 40 Perches – More than 80 Perches	48,385.42	1.24	102,793	24.57
More than 0.5 Acres – Less than 1 Acre	131,494.74	33.70	144,786	34.38
More than 1 Acre – Less than 2 Acres	113,342.99	29.05	71,612	17.12
More than 2 Acres – Less than 3 Acres	35,526.97	9.11	14,188	3.39
More than 3 Acres – Less than 5 Acres	25,816.43	6.62	6,446	1.54
More than 5 Acres – Less than 10 Acres	24,120.79	6.18	3,374	0.81
Total of Tea Small Holdings Sector	** 390,189.55		** 418,328	
More than 10 Acres – Less than 50 Acres	53,899.05	11.13	2,582	0.61
More than 50 Acres	40,380.03	8.33	237	0.06
Total of overall Tea Holdings sector	** 484,468.63		** 421,147	

<i>Acres</i>	Extent of Lands (Acres)	Percentage	Number of Plots of Lands	Extent of Lands (Acres)
Less than 1	113,190	34.6	297,342	75
1 – Less than 2	85,517	26.2	74,314	18.7
2 – Less than 3	31,882	9.8	15,101	3.8
3 – Less than 5	18,413	5.6	5,299	1.3
5 – Less than 10	18,251	5.5	2,936	0.7
10 and more than 10	59,731	18.3	2,231	0.5
<i>Total</i>	* 326,984		* 397,223	

* Source – Census Reports on Tea Small Holdings in Sri Lanka – 2005

** Source – Updated in 2021 as per the tea land registration of Sri Lanka Tea Board in 2016

Diagram No. 14



Source – Updated data in 2021 as per the tea land registration of Sri Lanka Tea Board in 2016

5.2 Production of Tea Small Holdings Sector

The national tea production in the year 2021 was 299.338 million kilograms. Compared to the previous year, it was an increase of 20.849 million kilograms, or it was 7.5 % of the national production. The Tea Small Holdings Sector had produced 50% of the national tea production in the year 1991, and in the year

under review, they had contributed with a production of 74.56%.

Similarly, the overall production of the tea small holdings sector had also been increased by 17.531 million kilograms and it was 8.5% of the production.

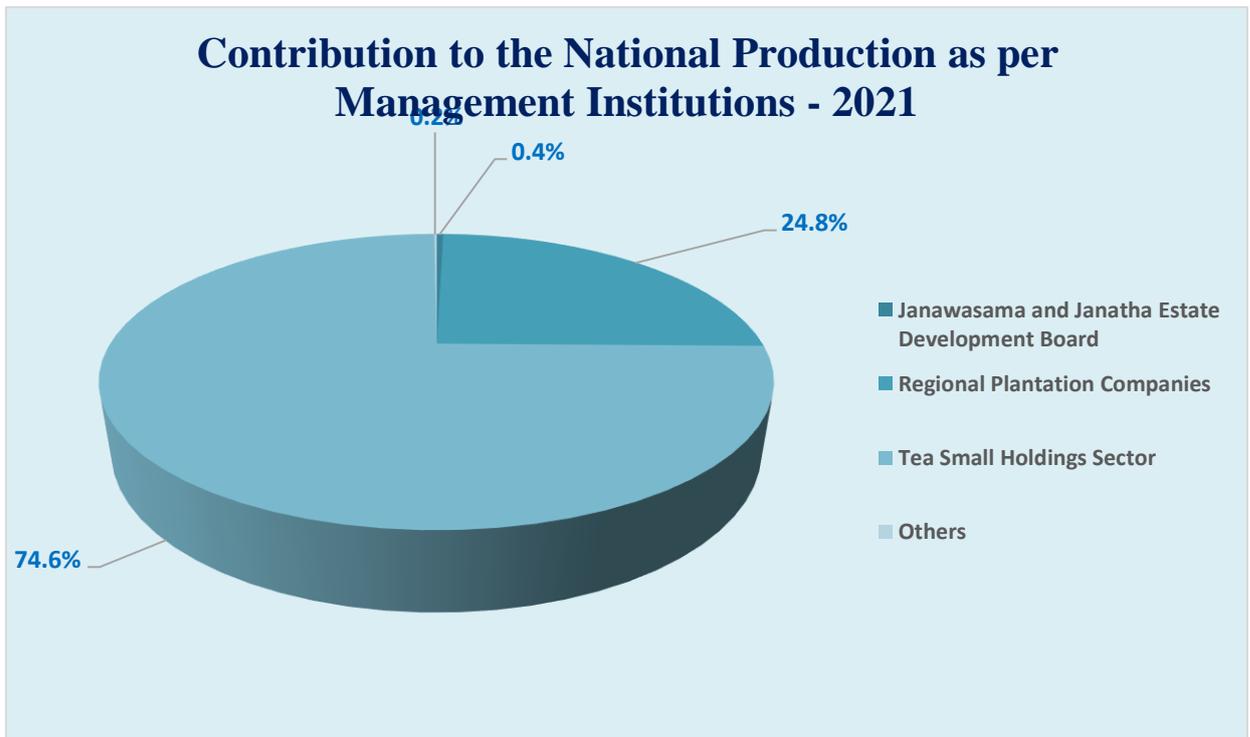
Table No. -29

National Tea Production in Sri Lanka - 2019 / 2020 / 2021 Contribution in accordance with Management Institutions

Management Institutions		Tea Production (Metric Tons)					
		2019	%	2020	%	2021	%
1	Private sector (Tea Small Holdings Sector)	225,728	75.21%	205,666	73.85%	223,197	74.56%
2	Regional Plantation Companies	72,176	24.05%	70,662	25.37%	74,347	24.84%
3	Janatha Estate Development Board and State Plantation Cooperation	1,449	0.48%	1,470	0.53%	1,302	0.44%
4	Others	780	0.20%	691	0.25%	492	0.16%
Total		300,133	100%	278,489	100%	299,338	100%

(Others: Tea Shakthi, Tea Small Holders Factories Limited, Tea Research Institute of Sri Lanka, Cooperatives, Elkaduwa Plantations Corporation, Kalubowitiyana Tea Factories Corporation)

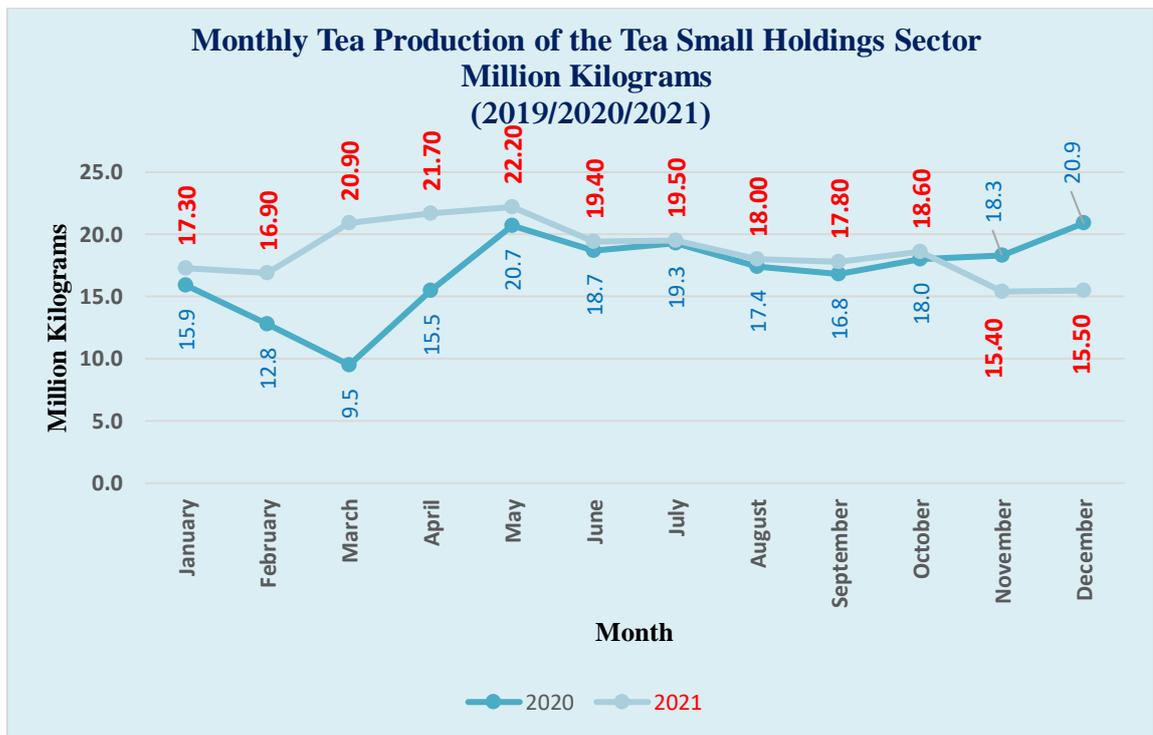
Diagram No. 15



Source: (Sri Lanka Tea Board)

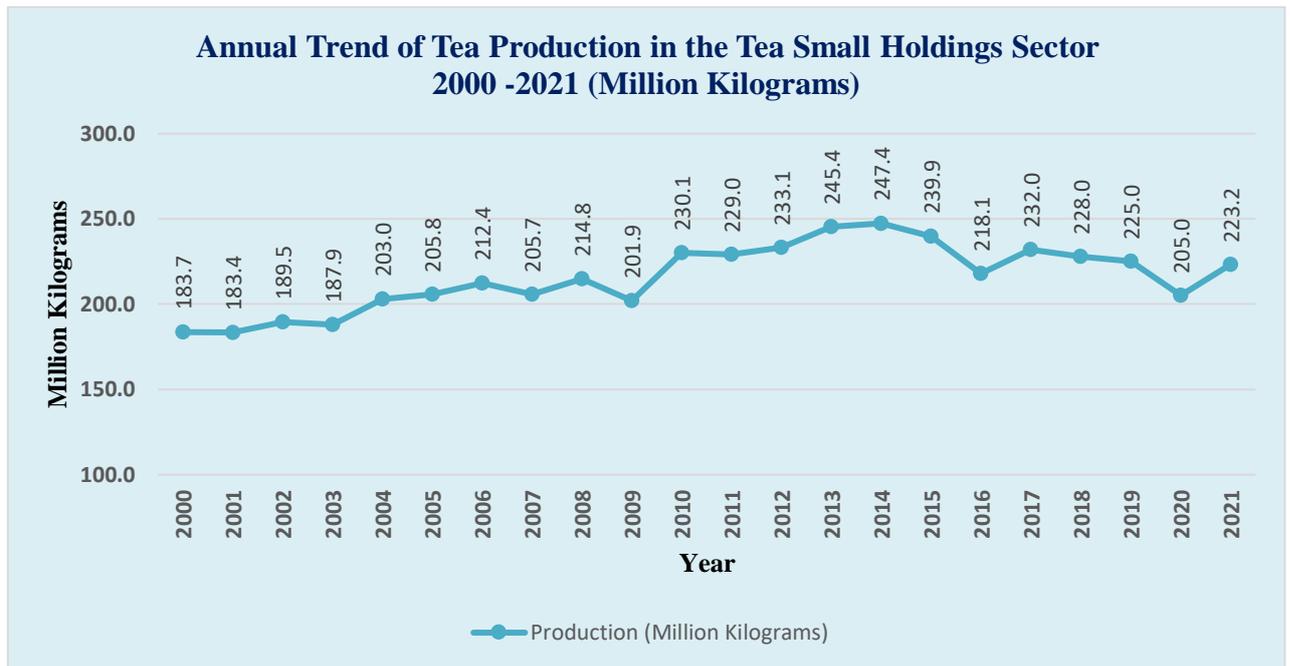
(In the categorization of institutions, all the purchased leaves were included in the production of the Tea Small Holdings Sector. Private Sector was considered as the Tea Small Holdings Sector)

Diagram No. 16



Source: (Sri Lanka Tea Board)

Diagram No. 17



Source: Sri Lanka Tea Board

5.3 Production Composition and Productivity of Tea Small Holdings

In the year 2021, the Tea Small Holdings Sector had contributed to the national tea production by 97% of the overall Low Country tea production, 66% of the overall Mid Country tea production and 19% of the overall Up Country tea production. (Table No. 30). Similarly, even in the year 2021, Low Country tea production was 79% from the overall tea

production of the private sector, and since it was 79% in the year 2020, no change was taken place in the production percentage in the year 2021.

Compared to the year 2020, in the year 2021, the tea production of the Tea Small Holdings Sectors had increased by 4% from the Up-country tea production and 11% from Mid country tea production while it had been increased by 8% from Low country tea production.

Table No. -30

Physical and Production Contribution of the Tea Small Holdings Sector (Based on location) 2019/ 2020/2021

		Year	Up Country	Mid Country	Low Country	Total
No. of Tea Small Holdings	(Hectares)	2005	5,913	21,403	89,176	116,492
	Percentage		5%	18%	77%	
		2021	6,905	16,266	134,667	**157,838
	Percentage		5%	10%	85%	
National Production	Metric Tons	2019	63,046	47,172	189,915	300,134
	Percentage		21%	16%	63%	
	Metric Tons	2020	62,202	46,553	169,733	278,489
	Percentage		22%	17%	61%	
	Metric Tons	2021	65,270	50,905	183,161	299,338
	Percentage		22%	17%	61%	
Production of Tea Small Holdings	Metric Tons	2019	11,553	31,300	182,874	225,728
	Percentage		5%	14%	81%	
	Metric Tons	2020	11,846	30,353	163,467	205,666
	Percentage		6%	15%	79%	
	Metric Tons	2021	12,339	33,631	177,225	223,197
	Percentage		5.5%	15.1%	79.4%	
Contribution to the National Production	Percentage	2019	18.32%	10.40%	60.90%	75.00%
		2020	4.30%	10.90%	58.70%	73.85%
		2021	18.9%	66.07%	96.76%	74.56%
Productivity	Made tea / per hectare/ per year	2019	1,954	1,462	2,051	1,938
		2020	2,003	1,418	1,833	1,766
		2021	1,787	2,068	1,316	1,414

Source : 1. Census Report on Tea Small Holdings 2005 - Department of Census and Statistics – From 2017 to 2020

* The Productivity was calculated based on the updated details on the extent of lands as per the tea land registration of Sri Lanka Tea Board in 2016

** Extent of lands under harvesting by the year 2021

5.4 Investments and operational review of Tea small holdings sector

The growth of the National tea production in three years 2019, 2020 and 2021 had been primarily caused by the contribution of the Tea Small Holdings Sector on tea production.

As per the data on the tea production in the Sri Lanka Tea Board, the average productivity of

the Tea Small Holdings Sector in the year 2021 was 1,414 Kilograms of made tea per hectare. The average productivity of the Tea Small Holdings Sector in the year 2020 was 1,766 Kilograms of made tea per hectare.

The calculation of the hectare productivity up until 2020 was performed based on the number of tea lands in the Census on tea lands – 2005. However, in the year 2021, as per the land registration of the Sri Lanka Tea Board in the year 2016, the productivity per hectare was

calculated based on the details of the extent of lands.

Tea is cultivated in 14 districts and since there are only 8 regional offices, even though certain

regional offices contain two districts, when calculating at the level of tea inspection divisions, the extent of lands of those districts were also added and calculated.

Table No. -31

**Productivity of Tea Small Holdings Sector 2021
Based on Administrative Districts
(Made Tea/ Kilograms)**

Administrative District	Extent of Tea Small Holdings (Hectares) *	Highlands	Midlands	Lowlands	Total	Productivity (Made Tea Kilograms per Hectare) **
Badulla, Monaragala	9721	5,537,206	6,851,749	-	12,388,955	1,274
Galle	30130	-	-	42,149,359	42,149,359	1,399
Hambanthota	1004	-	-	205,138	205,138	204
Kaluthara	17062	-	-	17,687,330	17,687,330	1,037
Colombo	404	-	-	1,185,515	1,185,515	2,934
Kandy	11306	318,558	16,287,917	11,252,017	27,858,492	2,464
Kegalle, Gampaha	12917	-	119,272	9,980,948	10,100,220	782
Matale	736	-	1,399,985	472,865	1,872,850	2,545
Matara	25705	-	99,474	33,167,796	33,267,270	1,294
Nuwara Eliya	5808	6,484,153	7,963,387	848,505	15,296,045	2,634
Rathnapura	43045	-	909,887	60,276,294	61,186,181	1,421
Total	157,838	12,339,917	33,631,671	177,225,767	223,197,355	-
Extent of lands based on Census 2005		6,905	16,266	134,667	157,838	-
Estimated Average Productivity /per Hectare	2017	2,212	1,346	2,132	1,995	-
	2018	2,029	1,449	2,075	1,958	-
	2019	1,954	1,462	2,051	1,938	-
	2020	2,003	1,418	1,833	1,766	-
	2021	1,787	2,068	1,316	1,414	-

Apart from the basis of Administrative Districts, the production data are not convincing with the purchasing of green leaves for factories

* Included the extent of tea lands with less than 20 perches

** As per the tea land registration of Sri Lanka Tea Board in 2016



6. Special Project Activities of Promoting Investments in Tea Small Holdings

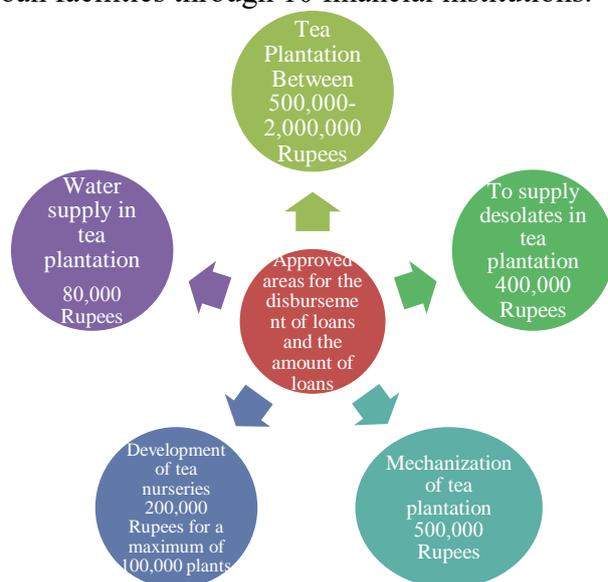
- 6.1 Special Loan Scheme of the Asian Development Bank**
- 6.2 Smallholders Tea & Rubber Revitalization Project (2016-2021) (STaRR Project)**
- 6.3 Special Nursery Project of 25 million Plants**
- 6.4 New Special Projects implemented in the year 2021**

06. Special Project Activities of Promoting Investments in Tea Small Holdings

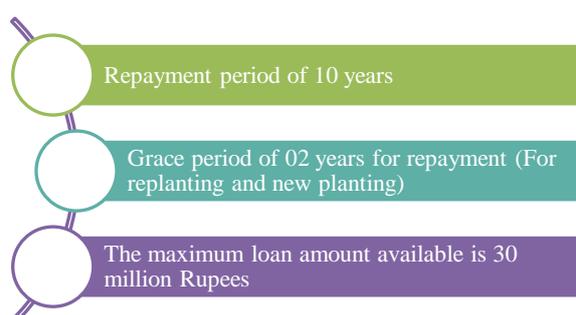
6.1 Special Loan scheme of the Asian Development Bank

The small and medium enterprise loan scheme is implemented under the special loan scheme of the Asian Development Bank on the empowerment of the small and medium enterprise sector.

In order to empower the small and medium enterprise sector through the loan scheme of the Asian Development Bank, it is targeted to improve the productions of the tea small holdings sector and to increase the standard of living of the community of tea small holdings. For this purpose, steps were taken to provide loan facilities through 10 financial institutions.



Basic Conditions



Financial Institutions providing loans

Bank of Ceylon, People's Bank, Regional Development Bank, Hatton National Bank, National Development Bank, Commercial Bank, Seylan Bank, Sampath Bank, Nations Trust Bank, D.F.C.C. Bank.

Table No. -32

Loan scheme of the Asian Development Bank Progress of providing loans		
Bank Name	No. of Applications	Amount Recommended
Bank of Ceylon	379	312,823,646.86
Commercial Bank	78	98,884,579.62
D.F.C.C. Bank	42	48,763,712.65
Hatton National Bank	50	43,029,075.75
National Development Bank	6	31,922,750.00
Nations Trust Bank	1	10,300,000.00
People's Bank	122	140,246,607.90
Regional Development Bank	239	220,791,571.25
Sampath Bank	23	33,254,603.28
Seylan Bank	21	40,911,636.95
Total	961	980,928,184.26

Loan scheme of the Asian Development Bank

Progress of providing loan recommendations as at 31.12.2021

6.2 Small holders Tea & Rubber Revitalization (2016 - 2021) - (STaRR) Project

Small holders tea and rubber revitalization (STaRR) project started on the year 2016. From the total investment of 8,502 million Rupees of this project being implemented with the investment cost for the Tea Small Holdings Sector is 5,777 million Rupees. Thereby, 68% from the total investment has been allocated for the Tea Small Holdings Sector.

The general objectives of the project are enhancing food security in districts of the project and empowering tea small holders through improving the income. The project would be implemented for the Tea Small Holdings sector in 06 districts, Galle, Matara,

Kandy, Nuwara Eliya, Rathnapura and Badulla. Therefore, it is proposed to develop the Tea Small Holdings sector through the following key objectives. Those are, strengthening the Tea Small Holdings Development Societies regarding the production and marketing of tea leaves, the production assistance operated through the tea leaves market, and the diversification of the income and market for tea small holders. It is targeted to replant tea in an extent of 4,500 hectares of tea small holdings and supplying infillings for up to a percentage of 15% for those tea lands. Apart from these, it is expected to strengthen the entrepreneurship of societies confirming the women participation related to 200 Tea Small Holdings Development Societies, to provide technical assistance for tea small holders, trainings for the tea nursery operators, the reconstruction of farm roads in the distance of 90 from areas of tea cultivation and to develop/facilitate the ability of tea small holders to obtain loans for their investments.

From the overall target of an extent of 4,500 hectares of uprooting for tea replanting project, a target of an extent of 2366.97 hectares was remained to be performed in the year 2021. The descriptive details of its progress are indicated in Schedule No. 4.

Table No. – 33

Benefits provided for the Special Nursery Project

Item	Applications provided for a capacity of 25,000 plants	Applications provided for a capacity of 50,000 plants
Preparing the structure of the nursery applying Galvanized pipes/Box bars	100,000.00 Rupees	200,000.00 Rupees
150 Gauge Polythene Bags	26,250	52,500
300 Gauge Polythene Bags	12.5 Kilograms	25 Kilograms
400 Milliliters Bottles of Metam Sodium	50	100
Black coloured Shade nets	500 Square Meters	1000 Square Meters
Water Motors	1	1

Source: The Progress Report – Tea Small Holdings Development Authority

6.3 Special Nursery Project of 25 million Tea Plants

The Special Project of 25 million plants was commenced in the year, 2020 to fulfill the necessity of the annual vegetative propagated tea plants needed for the tea sector. This project is implemented through the absolute involvement of our Authority that carries the responsibility of the tea small holders those who borne 75% of contribution to the tea production and through the provisions of the Sri Lanka Tea Board. The core objective of this project is to encourage the nurserymen on producing quality & standardized vegetative propagated tea plants while minimizing the production of vegetative propagated tea plants with no standard.

The nurserymen would be admitted to the group with benefits after choosing them at the regional office level considering the capacity of plants from 25,000 to 50,000, conducting preliminary tests and issuing the permits. The following financial aids and applications were provided to the nurserymen as benefits in accordance with the capacity of plants.

The details regarding these payments are mentioned below in Table No. 33 and 34.

Starting from the year, 2020, the Tea Small Holdings Development Authority supervise the corresponding nurserymen related to this Special Nursery Project for a period of 03 years, and they should be bound to sell a plant at a price of 25 Rupees.

Table No. – 34

Special Project of 25 million Plants Progress as at 31.12.2021								
Regional Office	Benefits Provided		At Operational Level		Nursery 4th Inspection (CN 4)		Nursery 5th Inspection (CN 5)	
	No. of Nurseries	No. of Plants	No. of Nurseries	No. of Plants	No. of Nurseries	No. of Plants	No. of Nurseries	No. of Plants
Galle	280	8,475,000	207	6,400,000	158	1,168,952	65	1,044,551
Kegalle	108	4,075,000	67	2,600,000	29	305,105	5	149,400
Kaluthara	62	1,500,000	30	750,000	8	148,000	1	50,000
Matara	144	3,600,000	109	2,725,000	51	686,200	-	-
Kandy	62	2,150,000	25	625,000	12	396,000	2	113,000
Rathnapura	63	1,575,000	50	500,000	12	300,000	9	225,000
Nuwara Eliya	32	800,000	21	525,000	-	-	-	-
Uva	30	750,000	17	425,000	-	-	-	-
Total	781	22,925,000	526	14,550,000	270	3,004,257	82	1,581,951

Source: The Progress Report – Tea Small Holdings Development Authority



Table No. -35
Special Project of 25 million Plants – Provision of Application
Progress as at 31.12.2021

Regional Office	No. of nurseries provided with applications				
	Water Motors	Metam Sodium	Polythene Bags	Polythene Rolls (Kilograms)	No. of Shade nets
Galle	280	196	201	202	202
Kegalle	104	69	69	69	69
Kaluthara	60	18	18	18	18
Matara	144	120	109	121	79
Kandy	49	39	21	38	20
Rathnapura	63	22	22	22	22
Nuwara Eliya	32	20	20	20	20
Uva	30	7	7	7	7
Total	762	491	467	497	437

Source: The Progress Report – Tea Small Holdings Development Authority

6.4 Special Projects implemented in the year 2021

6.4.1 Mechanical Workforce

The reduction of the cost of production for tea has been identified as a strategy in the five-year strategic plan 2021 – 2025.

For that purpose, training programs for farmers on the usage of machines have been conducted up until now and in the year 2021, under an allocation of 45.4 million Rupees of provisions, training programs on the usage of machines in tea cultivation have been conducted as a mechanization project.

The labor shortage and the shortage of skilled labourers at the present time had become an intense issue because of the low tendency in engrafting technology with tea cultivation through the antiquated usage of machinery in tea cultivation.

While the young workers being not attracted to the tea cultivation affects the future of the tea industry, this program was implemented as a pilot project targeted at directing the young community to perform the essential activities of tea cultivation using technical tools through

making an attitude change and at amalgamating technology into the tea cultivation through generating income earning opportunities as self-employed & through generating a trained mechanical labor force.

In the year 2021, a theoretical and a practical training was provided for two days at the Hanthana Training Centre for groups of young tea farmers. After the training, the practical training was assigned to Regional Tea Development Officers at the sub-office level. The progress of this is indicated in Table No. 36 and 37 below.



Table No. -36

Source: The Progress Report – Tea Small Holdings Development Authority

Mechanization Project 2021			
Regional Office	Targeted No. of Skilled Workers in 2021	No. of Trained Workers	Progress
Galle	60	58	96.7%
Matara	60	58	96.7%
Kaluthara	40	40	100.0%
Rathnapura	60	60	100.0%
Kegalle	60	60	100.0%
Kandy	60	59	98.3%
Nuwara Eliya	40	41	102.5%
Uva	40	42	105.0%
Total	420	418	99.5%

Table No. -37

Equipment and safety tools provided to Regional Offices				
Regional Office	Digging Machines	Pruning Machines	Tea Plucking Machines	Safety Tool Kits
Galle	12	18	12	60
Matara	12	18	12	60
Kaluthara	8	12	8	40
Rathnapura	12	18	12	60
Kegalle	12	18	12	60
Kandy	12	18	12	60
Nuwara Eliya	8	12	8	40
Uva	8	12	8	40
Total	84	126	84	420

Source: The Progress Report – Tea Small Holdings Development Authority

6.4.2 Special Project on High Shade Plant Production – 2021

This project was implemented in the year 2021 with the primary objective of encouraging the tea small holders on planting high shade plants in the tea cultivation to cope with the climate change as recommended. Even though, it was planned to distribute 1.2 million high shade plants free of charge to the tea small holders, due to the difficulty in supplying seeds and seedlings, so far, only 0.8 million plants have been produced.

Even though, 30 million Rupees of provisions were allocated on the production of 1.2 million

plants for the project, the amount received was only 20 million Rupees. (Table No. 38) Accordingly, in the year 2021, the amount allocated for the regional offices to supply high shade plants free of charge to the tea small holders after appropriately putting the seeds and planting materials purchased under the project on high shade plant production into pots through regional nurserymen is as follows.

Regional Offices	No. of Nurseries	No. of Potted Plants	Amount Given Rupees
Galle	22	170,000	4,122,000.00
Matara	3	125,000	4,515,000.00
Kaluthara	9	50,000	405,000.00
Rathnapura	1	60,178	4,375,000.00
Kegalle	3	85,800	3,737,000.00
Kandy	6	30,000	919,500.00
Nuwara Eliya	10	50,000	349,000.00
Uva	20	52,500	1,577,500.00
Total	74	623,478	20,000,000.00

Table No. -38

The Progress of Shade Plant Nurseries at Regional Level

Source: The Progress Report – Tea Small Holdings Development Authority



6.4.3 Special Project on Small-scale Organic Fertilizer Production - 2021

- Amount allocated is 20 million Rupees.
- The establishment period of the project is one year.
- Establishing eight small-scale organic fertilizer production centers for the 08 regional offices.

Short-term Objectives

As recommended by the Sri Lanka Tea Research Institute, the percentage of organic materials in lands where tea is cultivated should be maintained at a level of more than 2%. It has been identified that the organic percentage of soil is at a level of less than 2% because at present, the inclination of the land holders in adopting to agronomic methods is relatively low. In order to increase that organic percentage, the application of organic fertilizer into soil has become a dire need.

- Through this, keeping the yeild quantity stable after increasing the fertility of soil in tea lands.
- Improving the efficiency of chemical fertilizer applied through the usage of organic fertilizer.

Long-term Objectives

- Creating 08 small-scale entrepreneurs.
- Thereby, improving their standard of living.
- Increasing the frequency of the usage and the purchase of organic fertilizer.
- Through implementing training programs for tea planters on the usage of organic fertilizer, providing the planters with a good knowledge on the effects of using organic fertilizer for tea cultivation.

- Releasing high quality organic fertilizer into the market.
- The progress of this is indicated in the table above.

Table No. -39

Regional level production of organic

Regional Office	Amount of Compost directed to the production (In piles)	Completion of Production	Amount of compost produced		Amount of compost sold	
	(Kg)	(Ltr)	(Kg)	(Ltr)	(Kg)	(Ltr)
Galle	6700	0	2000	0	2000	0
Rathnapura	1100	0	1100	0	0	0
Matara	2000	0	2000	0	0	0
Nuwara Eliya	16800	500	3000	500	0	0
Kaluthara	2000	0	1000	0	0	0
Kegalle	3000	500	1000	500	0	0
Kandy	8000	0	3000	0	0	0
Uva	18000	0	4500	0	2500	0
Total	57600	1000	17600	1000	4500	0

fertilizers as on 31.12.2021





7. The Cultivation Cost and Price of Tea Leaves in Tea Small Holdings Sector

7.1 Labor Cost

7.2 Production Cost for one kilogram of Green Tea Leaves

7.3 Production Margin and Price

7.4 Cost of Tea Replanting

7.5 Rate of Incentives and Cost of Cultivation per one Hectare

7. The Cultivation Cost and the Price of Green Tea Leaves in Tea Small Holdings Sector

7.1 Labor Cost

In accordance with the annual details obtained at field level on the Tea Small Holdings Sector, when considering the labor shortage for plucking tea leaves, pruning & weeding and the level of daily wages in the Tea Small Holdings Sector, the revealing factor that caused in increasing the labor cost is that the payment of a high amount of wages higher than the standard level of wages confirmed by the Wages Boards Ordinance. Furthermore, there are several instances where variances in the wage level have been reported at the regional level. Therefore, compared to the wage level in the organized Tea Small Holdings Sector, since the wage level of daily laborers in the unorganized Tea Small Holdings Sector remains high, it had been reported as the price of labor.

Moreover, it had been reported that when making payments for the laborers on plucking tea leaves, wages were paid depending on the extent of kilograms of the leaves plucked; the instances where an additional price was paid when it exceeds the average of the daily leaves plucked; and a daily wage higher than the daily wage of plucking tea leaves was paid for the trained labor tasks such as pruning.

7.2 Production Cost of One Kilogram of green tea leaves

Accordingly with the data of Sri Lanka Tea Board, the estimated production cost of one kilogram of green tea leaves as per the prices received from the Colombo Tea Auction based on the location and the average paying price of one kilogram of leaves are mentioned in the Table below.

Table No. -40

The Price received for one kilogram of green tea leaves and the Production Cost

Year	Average Paying Price (Rupees per Kilogram)	Average Production Cost (Rupees per Kilogram)
2006	29.18	21.87
2007	40.88	30.64
2008	45.45	36.24
2009	52.71	37.24
2010	54.11	38.56
2011	52.63	44.43
2012	57.27	49.50
2013	64.99	51.40
2014	67.54	54.54
2015	58.80	55.08
2016	68.53	64.52
2017	90.69	71.65
2018	85.48	71.86
2019	80.15	56.28
2020	92.55	59.94
2021	90.57	65.20

Compared to the year 2020, the average price paid for one kilogram of green tea leaves had been increased by 1.98 Rupees or by 1.2 %. The cost of production had been increased by 5.26 Rupees.

Prices of Green Tea Leaves and the Estimated Cost been in the year 2021

Accordingly, with the data of the Sri Lanka Tea Board, compared to the year 2020, the average price of one kilogram of made tea for all the elevations had been increased in the year 2021. In the year 2021, the price paid for one kilogram of Up-Country green tea leaves had been increased up to 87.47 Rupees, the price paid for Mid-lands up to 80.77 Rupees and the price paid for Lowlands up to 94.44 Rupees.

The total average price paid for one kilogram of green tea leaves in the year 2020 was 92.55 Rupees and it had been increased up to 90.57

Rupees in the year 2021. Further details of it are indicated in the Table below. (Table No. -39)

7.3 Production Margin and Price

The average productivity of production of the Tea Small Holdings Sector in the year 2021 as per the average price of tea leaves for the year

and the estimated cost, the average of the production margin was 28.47 Rupees. In the year 2020, it was 32.61 Rupees. Accordingly, compared to the year 2020, the Production Margin had been reduced by 4.14 Rupees.

Diagram No. 18



Table No. -41

Price paid for one kilogram of green tea leaves

	Year of 2019 (Rupees)	Year of 2020 (Rupees)	Year of 2021 (Rupees)	The amount of the Price Change (Rupees) Compared to 2020
Up Country green tea leaves	75.80	86.76	87.47	-71
For Midlands	69.19	81.42	80.77	-65
For Lowlands	88.07	97.69	94.44	-3.25
Total Average Price per one Kilogram of tea leaves	80.15	92.55	90.57	-1.98

7.4 Cost of Tea Replanting

The high rate of labor cost on tea replanting due to the shortage of labor, the removal of the amount of financial subsidy for fertilizer and the shortage of chemical fertilizers are the factors that specially influenced the Cost of cultivation. From the total cost, an amount of 80% had to be spent as cost of labor. The estimate on the Cost of Replanting per hectare is revealed in the Table No. 41 below.

Table No. - 42

Estimate on the Cost of Replanting per Hectare - 2020/2021
(Rupees) (From the phase of Uprooting to Tea leaves Plucking)

Activity	2020		2021	
	High and Mid (Rupees)	Lowlands (Rupees)	High and Mid (Rupees)	Lowlands (Rupees)
Uprooting (First Year)	880,441.00	708,437.00	881,971.00	714,337.00
Soil Rehabilitation (Second Year)	212,950.00	223,735.00	213,950.00	227,185.00
Tea Planting (Third Year)	1,355,640.00	1,316,640.00	1,356,640.00	1,317,640.00
First Year Maintenance (Fourth Year)	642,650.00	607,400.00	642,750.00	608,400.00
Second Year Maintenance (Fifth Year)	429,250.00	412,000.00	430,250.00	413,000.00
Total	3,520,931.00	3,268,212.00	3,525,561.00	3,280,562.00

Source: The Progress Report – Tea Small Holdings Development Authority

7.5 Rate of Incentives and Cultivation Cost per one Hectare

When considering the amount of coverage of incentives and cost of cultivation in the year 2021, it can be clearly seen from the following

table that about 19% from the cost of cultivation was able to be covered from the incentives of replanting.

Table No. -43

Percentage of Incentives per hectare and Cost of Cultivation

Year	Cost of Cultivation (Rupees)		Cultivation Subsidy Ratio		Percentage covered by Cost of Cultivation (%)	
	High/Midlands	Lowlands	High/Midlands	Lowlands	High/Midlands	Lowlands
1989	140,684	117,490	48,000	41,000	34%	35%
1990	165,611	145,632	48,000	41,000	29%	28%
1991	182,331	159,936	48,000	41,000	26%	26%
1992	191,066	167,321	48,000	41,000	25%	25%
1993	222,693	194,953	67,000	57,000	30%	29%
1994	251,038	224,233	67,000	57,000	27%	25%
1995	249,431	226,088	67,000	57,000	27%	25%
1996	297,622	270,767	67,000	57,000	22%	21%
1997	361,643	327,769	67,000	57,000	18%	17%
1998	411,564	347,456	*110000	*100000	27%	29%
1999	445,504	377,068	110,000	100,000	25%	27%
2000	485,894	396,186	110,000	100,000	23%	25%
2001	550,744	513,866	110,000	100,000	20%	19%
2002	653,463	589,916	110,000	100,000	17%	17%
2003	712,815	643,451	160,000	150,000	22%	23%
2004	796,315	717,351	160,000	150,000	20%	20%
2005	1,026,322	1,009,427	160,000	150,000	16%	15%
2006	1,031,377	1,024,287	200,000	190,000	19%	19%
2007	1,148,177	1,125,494	200,000	190,000	17%	17%
2008	1,458,989	1,420,360	200,000	190,000	14%	13%
2009	1,516,332	1,452,292	200,000	190,000	13%	13%
2010	1,704,051	1,625,290	200,000	190,000	12%	12%
2011	1,836,280	1,724,904	250,000	240,000	14%	14%
2012	1,836,280	1,724,904	300,000	300,000	16%	17%
2013	1,929,930	1,810,904	350,000	350,000	18%	19%
2014	1,929,930	1,810,904	350,000	350,000	18%	19%
2015	2,304,530	2,154,904	500,000	500,000	22%	23%
2016	2,823,735	2,648,442	500,000	500,000	18%	19%
2017	3,393,454	3,177,175	500,000	500,000	15%	16%
2018	3,441,019	3,222,744	500,000	500,000	15%	16%
2019	3,471,171	3,224,282	500,000	500,000	14%	15%
2020	3,520,931	3,268,212	500,000	500,000	14%	15%
2021	3,521,461	3,275,562	630,000	630,000	17%	19%

* With effect from 1989.07. 01

Source : Tea Research Institute

Schedule No. 01

Tea Production of the Tea Small Holdings Sector

1983 – 2021 (Million Kilograms)

Year	National Production	Production of the Tea Small Holdings Sector		Contribution to the National Production %
		Production	Growth Percentage	
1983	179.28	62.4	-	34.8
1984	208.05	77.4	6.9	37.2
1985	214.09	82	120.4	38.3
1986	211.27	83	1.2	39.3
1987	213.32	91.1	9.75	42.7
1988	226.95	100.2	9.99	44.2
1989	206.98	92.2	-8.98	44.5
1990	223.16	113.7	23.3	48.7
1991	240.74	121.1	6.51	50.3
1992	178.86	94.9	-21.63	53
1993	231.87	125.3	32.02	54
1994	242.21	139.8	11.57	57.7
1995	245.96	140	0.14	56.9
1996	258.42	147.8	5.57	57.2
1997	276.86	149.3	1.01	53.9
1998	280.05	165.9	11.12	59.2
1999	283.76	164	-1.11	57.8
2000	305.84	183.7	12.01	60
2001	295.09	183.4	-0.06	62.1
2002	310.03	189.5	3.33	61.1
2003	303.23	187.9	-0.84	61.9
2004	308.08	203	8.04	65.9
2005	317.19	205.8	2.95	64.9
2006	310.82	212.4	3.2	68.3
2007	304.61	205.7	-3.1	67.5
2008	318.69	214.8	4.4	67.4
2009	291.13	201.9	-6	69.3
2010	331.42	230.1	13.98	69.4
2011	327.53	229	-0.48	69.9
2012	326.27	233.1	1.78	71.4
2013	340.22	245.4	5.3	72.2
2014	338.03	247.4	0.8	73.1
2015	328.96	239.86	-3	72.9
2016	292.57	218.06	-9	74.5
2017	307.72	232.42	6.6	75.5
2018	303.94	228.05	-1.9	75
2019	300.13	225.73	-1.02	75.2
2020	278.49	205.67	-8.08	73.8
2021	299.33	223.20	8.52	74.6

Source: Sri Lanka Tea Board

Schedule No. 02

**Average Price for Tea in Colombo Tea Auction based on the Location
1988 – 2021
(Price: Rupees per Kilogram)**

Year	Up Country	Mid Country	Low Country	Mean Average
1988	44.88	40.73	42.36	42.77
1989	56.75	50.03	50.59	55.20
1990	68.10	62.69	77.47	71.03
1991	57.95	50.74	61.08	58.08
1992	65.99	54.43	61.89	61.22
1993	67.63	63.14	71.31	68.46
1994	65.89	57.71	67.29	64.89
1995	69.17	63.11	78.07	72.31
1996	93.38	89.70	114.35	103.88
1997	109.43	107.94	124.47	119.40
1998	127.60	121.45	141.45	134.35
1999	106.17	100.68	125.74	115.31
2000	128.40	119.08	144.79	135.53
2001	135.56	122.63	154.50	143.96
2002	135.65	125.45	163.19	149.30
2003	138.31	126.18	160.86	149.05
2004	171.78	157.96	189.86	180.74
2005	170.85	161.37	198.59	185.84
2006	204.32	175.12	204.19	199.58
2007	253.41	245.72	299.34	279.52
2008	273.83	270.13	336.38	310.81
2009	321.28	316.79	388.44	360.45
2010	337.82	330.88	393.40	370.61
2011	340.27	319.77	381.27	359.89
2012	375.53	351.08	407.14	391.64
2013	402.98	398.65	469.91	444.42
2014	420.36	410.13	488.06	461.86
2015	388.38	362.57	416.32	402.14
2016	449.80	419.59	486.74	468.61
2017	606.59	565.85	637.95	620.17
2018	579.54	524.21	602.01	584.50
2019	518.35	473.16	577.68	548.15
2020	593.32	556.77	668.04	632.92
2021	628.86	569.86	664.39	640.54

Source: Sri Lanka Tea Board

Schedule No. 03

**Tea Exports and Foreign Exchange Revenue
1995 – 2021**

Year	**Exported Amount (Million Kilograms)	* Export Revenues (Million Rupees)	Percentage of the Contribution of Total Export Revenues (%)
1995	240	24,638	12.62
1996	244	34,068	15.02
1997	269	42,533	15.51
1998	272	50,280	16.19
1999	269	43,728	13.44
2000	288	53,133	12.06
2001	294	61,602	14.31
2002	291	63,105	14.00
2003	298	65,937	13.30
2004	300	74,890	12.08
2005	309	81,480	12.70
2006	***315	***86,337	12.80
2007	***294	***106,217	13.20
2008	320	137,585	15.60
2009	280	136,183	16.70
2010	315	155,608	16.60
2011	323	164,869	14.10
2012	320	180,430	14.48
2013	319.6	199,446	14.80
2014	327.3	212,588	14.60
2015	306.9	182,054	12.80
2016	288.7	184,778	12.30
2017	288.9	233,338	13.50
2018	282.4	231,750	12.00
2019	292.65	240,636	13.41
2020	265.56	230,170	12.35
2021	285.871	263,353	12.50

* With re-export revenues included

** Including imported tea

***Excluding re-export revenues

Schedule No. 04

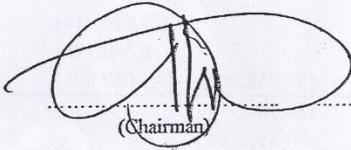
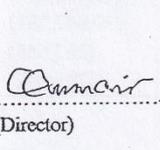
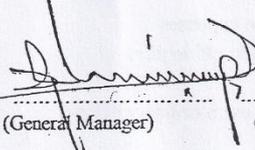
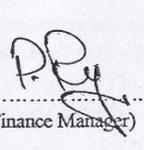
Progress of the Small-holder Tea and Rubber Revitalization (STaRR) Project
Progress as at 2021/12/31

Progress as at 2021.12.31	Total Target	Applications		Issuance of Permits in 2021		Land Preparation in 2021			Soil Rehabilitation – I in 2021			Soil Rehabilitation – II in 2021			Cultivation 2021			After One Year – 2021		
		No.	Extent of Lands	No.	Hectares	No.	Hectares	Amount Million Rupees	No.	Hectares	Amount Million Rupees	No.	Hectares	Amount Million Rupees	No.	Hectares	Amount Million Rupees	No.	Hectares	Amount Million Rupees
Galle	1,400	6,294	1,627.84	6,452	1,540.80	3,665	661.52	86.00	3,317	591.25	29.56	2601	451.11	90.22	1467	250.66	17.59	490	80.0457	4.01
Matara	1,200	7,992	1,745.97	7,969	1,657.33	5,907	955.31	124.19	5,645	909.47	45.47	4703	747.85	149.57	2723	425.32	29.80	1,013	54.7649	7.745
Rathnapura	1,200	6,680	1,935.70	6,181	1,732.81	3,282	676.62	87.96	3,051	622.76	31.14	2241	440.29	88.06	797	160.05	11.20	214	40.8745	2.044
Kandy	100	2,476	671.89	2,127	460.31	1,251	196.48	25.54	1,128	168.76	8.44	899	135.16	27.03	666	101.78	7.13	382	54.9469	2.755
Nuwara Eliya	200	1,705	413.44	1,169	221.52	612	84.08	10.93	568	78.36	3.92	443	62.42	12.48	227	33.01	2.31	114	17.548	0.877
Uva	400	3,051	760.25	2,810	527.41	1,804	258.69	33.64	1,673	239.11	11.96	1367	191.31	38.26	675	91.74	6.42	185	27.05	1.353
Total	4,500	28,198	7,155.09	26,708	6,140.18	16,521	2,832.70	368.26	15,382	2,609.69	130.49	12,254	2,028.14	405.62	6,555	1,062.56	74.45	2,398	275.23	18.78

8. Schedules & Final Accounts

TEA SMALL HOLDING DEVELOPMENT AUTHORITY		STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021		(Expressed in Sri Lanka Rupees)		
	Note No	2,021	2020			
ASSETS						
Current Assets						
Cash and Cash equivalents	1	526,294,029	263,324,365			
Receivables	2	118,910,513	113,276,468			
Inventories	3	181,556,343	155,190,865			
Prepayments	4	1,010,024	597,225			
Other Current Assets	5	31,164,393	10,775,557			
		858,935,302	543,164,480			
Non-Current Assets						
Investments (Fixed Deposit)	6	77,397,820	16,837,565			
Other financial assets	7	9,225,720	1,713,670			
Property, Plant and Equipment	8	746,109,541	661,015,153			
Less: Acc. Depreciation		(147,099,249)	599,010,292	(151,427,832)	509,587,321	
Total Assets		1,544,569,134	1,071,303,037			
LIABILITIES						
Current Liabilities						
Payables	9	484,825,827	238,557,266			
Accrued Expenses	10	35,927,530	520,753,357	64,819,644		
Non-Current Liabilities						
Employee benefits (Gratuity)	11	183,915,761	186,226,754			
Total Liabilities		704,669,118	489,603,664			
Net Assets		839,900,015	581,699,372			
NET ASSETS/EQUITY						
Capital contributed by government		269,648,283	252,795,111			
Revaluation Surplus		232,935,807	186,258,451			
Accumulated surplus/(deficits)		263,900,016	766,484,107	94,595,225	533,648,787	
Grants	12.00	73,415,908	48,050,585			
Total Net Assets / Equity		839,900,015	581,699,372			

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

(Chairman) (Director) (General Manager) (Finance Manager)

Figures in brackets indicate deductions
Notes to the Financial Statements on pages 03 to 05 form an integral part of these Financial Statements

2021
ANNUAL REPORT

	2				
TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY					
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st DECEMBER 2021					
(Expressed in Sri Lanka Rupees)					
	Sh.No		2021		2020
Tresury Funds	1				
Development Capital			1,324,131,642		1,044,737,196
Recurrent			412,500,000		413,000,000
Other Income	2				
Interest - F/D		3,715,929		3,071,389	
Interest - C/D		1,374,043		2,356,440	
Interest on Loan to Employees		3,324,785		3,559,504	
Miscellaneous Income		3,516,455		19,174,464	
Income Over Expenditure Hanthana	3	2,769,752		1,004,427	
Surplus (Deficit) in Tea Field & Mother Bu	4	(1,596,687)		(752,329)	
Surplus (Deficit) in Nurseries	5	4,975,134	18,079,412	5,863,283	34,277,178
			1,754,711,054		1,492,014,374
Development Expenditure	6				
Subsidies		(1,030,214,721)		(737,542,872)	
Extension		(138,317,525)		(12,272,942)	
Society Development		(2,076,761)		(2,252,347)	
Institutional Development		(6,102,217)		(692,258)	
			(1,176,711,224)		(752,760,419)
OPERATING EXPENCES	7				
Salaries,EPF,ETF & Other Allowances		(299,643,590)		(295,383,630)	
Overtime & Holiday Payments		(6,508,272)		(5,799,216)	
Travelling & Subsistence		(6,255,614)		(5,734,521)	
Repairs & Maintainance		(29,146,255)		(21,205,645)	
Supplies		(6,969,164)		(5,818,253)	
Communication		(5,530,777)		(5,288,309)	
Rates, Tax & Utilities		(6,230,543)		(6,864,636)	
Other Operating Expences		(30,133,184)		(30,641,920)	
Total Operating Expences			(390,417,399)		(376,736,130)
Surplus / (Deficit) from operating activities			187,582,432		362,517,825
Gratuity		(11,918,974)		(18,239,059)	
Depreciation and amortization expenses		(39,847,281)		(29,586,316)	
Provisions for Bad Debt/written off debtors		(267,655)		6,508,128	
Provision of Contingency		795,672	(51,238,237)	(3,067,803)	(44,385,051)
Net surplus / (Deficit) before extra ordinary items			136,344,194		318,132,774
Deferred Income	8		35,451,759		19,558,737
			171,795,953		337,691,511
Prior year Adjustment					68,327,133
Net surplus / (Deficit) for the period			171,795,953		406,018,644
Figures in brackets indicate deductions					

Financial Statements 2021

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting Entity

1.1. Corporate information

Tea Small Holdings Development Authority (TSHDA) was established in 1977, under the Tea Small Holdings Development Act No. 35 of 1975. As the sole statutory body mandated for the development of tea small holdings in the country, increase of production, marketing activities, improvement of productivity and working for the welfare of the tea small holders are the objects of the organization

Tea Small Holding Development Authority consists with eight regional offices & Rathnasiri Wikramanayake Training Center.

1.2. Financial Statements

Financial Statements of the Tea Small Holding Development Authority are prepared as at for the year ended 31 December 2021

2. Accounting Policies

2.1. Basis of Accounting

The Consolidated Financial Statements of the T.S.H.D.A have been prepared in accordance with Sri Lanka Public Sector Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka. There is no adjustment has been made for inflationary factors affecting those accounts.

2.2. Comparative Information

The comparative information is provided, if it is relevant to understand the current period's Financial Statements and reclassified wherever necessary to conform to the current year's presentation.

2.3. Events after the Reporting Date

All material events occurring after the Balance Sheet have been considered and where necessary, adjustments & disclosures have been made.

3. Property, Plant and Equipment

3.1. Recognition

Property, Plant and Equipment (PPE) are recognised if it is probable that future economic benefits associated with the assets will flow to the Authority and the cost of the asset can be reliably measured.

3.2. Measurement

Cost of Property, Plant and Equipment includes expenditures that are directly attributable to the acquisition of the asset. Items of Property, Plant and Equipment are measured at cost less accumulated depreciation. Properties that carried at revaluation amount being their fair value at the date of revaluation, less any subsequent accumulated depreciation. Any surplus arising on revaluation of an asset is accumulated under the Revaluation Reserve in Equity through Other Comprehensive Income.

According to the Sri Lanka public sector accounting standard 07, Fully depreciated assets are still using. Revaluation for Motor Vehicles which are not revalue in 2019 & the Generator has been carried out for the year ended 31/12/2021 & 46.6 Mn revaluation surplus has been recognized.

3.3. Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives.

Estimated useful lives for the current and comparative periods are as follows,

Buildings	2.00%
Motor Vehicles	20.0%
Furniture, Fittings	12.5%
Office Equipment	12.5%
Computer	20.0%
Machinery	20.0%

Land is not depreciated. Further, cost of expansion and major renovations on the building are depreciated over the remaining useful lives of the original buildings.

4. Investment

Investments include fixed deposits & gratuity fund.

5. Other Financial Assets

The expenditure builds a net house cost for the material use in Institutional Nurseries has been categorized in to useful lifetime and the relevant cost for the period has been brought forward as straggled cost. The balance Rs 9.2 Mn has been shown as at 31.12.2021

6. Stocks & Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the Frist In Frist Out principle. Value of inventories includes expenditure incurred in acquiring, conversion costs and other costs incurred in bringing them to their existing location and condition.

The plant stock as at 31.12.2021 of Rs.21.7 Mn has shown under inventories. The plant stock is valued on accumulated cost of production up to 31st December 2021

7. Trade Debtors & Receivables

Trade and other receivable are stated at their book values and provision had been made for doubtful receivables.

Age of the Debt	Provision
Less than one-year	Nil
More than one to two years	10%
More than two to three years	30%
More than three to five years	50%
Over five years	100%

8. Other Receivables

Receivables other than Trade Debtors are also stated at their amounts.

9. Cash & Cash Equivalents

Cash & Cash equivalent includes cash in hand, Bank and Call Deposits. Cash balances as at 31.12.2021 is Rs 526.2 million.

10. Cash Flow

Cash Flow statement has been prepared using the indirect method.

11. Accounting for Funds Received

Funds have been remitted from the Treasury through the consolidated fund as follows

Description	Amount
Total treasury funds received	1,781,500,000.00
Recurrent imprest	412,500,000.00
Capital imprest	1,369,000,000

12. Liabilities

All material liabilities as at Balance Sheet date have been included in the accounts and adequate provision has been made for liabilities which are known to exist, Liabilities classified as current liabilities on the Balance sheet, are those which are due for payment on demand.

13. Provision for Gratuity

Every employee who has been completed one year of service period will be provided for gratuity payments. Provision for the year is Rs.183.9 million.

14. Taxation

T.S.H.D.A. is exempt from income tax being an institution funded by consolidated fund.

15. Contingent Liability

A contingent liability of approximately Rs.4.6 million exists in respect of L.T. & court cases.

16. Capital Grant

Funds received from 1981 to 2021 for IRDP, SHTDP, TDP, Other Projects and treasury grant had been amortized. Accordingly, Rs 35.9 million had been accounted as deferred income and remaining balances have been brought forward to amortize for future years.

17. Government Grant

Government Grant (Institutional Capital) for the year 2021 as follows

Capital imprest		1,369,000,000
Institutional Capital	PPE	44,868,357.69
Total Development Capital		1,324,131,642

18. Action plan for the year has been prepared align with the national requirements of tea

19. 100 Lorries had been given to the Tea Small Holder's Societies to transport tea leaves under the special loan scheme with collaboration of bank of Ceylon & TSHDA in 1998. Whereas some of Societies have been defaulted the loan & TSHDA had to incur 6.7 Mn loss of reschedule loan. Even if TSHDA sought approval of treasure to write off this from the books. Whereas they still did not give the approval. Therefore, TSHDA has been sold these Lorries & earn 9.1 Mn. The difference between sales & loan has been recognized to P&L as another income in 2020. As per instruction given by the general auditor's balances have been restated separately as loan & sales

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY			
CASH FLOW STATEMENT FOR YEAR ENDED 31st DECEMBER , 2021		TSHDA	
		(Expressed in Sri Lanka Rupees)	
Cash Flow from Operating Activities		2,021	2020
Surplus/(deficit) from ordinary activities		169,304,792	337,691,511
Non-cash movements			
Deferred Income		(35,451,759)	(19,558,737)
Depreciation		39,847,281	29,586,316
Provision For Gratuity		11,918,974	18,239,059
Gratuity Paid		(14,229,966)	(15,975,251)
Increase/decrease in provision for doubtful debts		267,655	(6,508,128)
Contingency Payment		(209,098)	(157,783)
Provision of Contingency		(795,672)	3,067,803
Interest Income		(8,414,757)	(8,987,333)
Increase /decrease in payables		218,381,216	(177,469,606)
(Gains)/losses on sale of property, plant and equipment		(432,930)	(18,489)
Increase /decrease in other assets		(88,461,140)	23,189,164
Increase /decrease in receivables		(8,144,692)	19,533,660
Increase /decrease in Inventory Item		(26,365,478)	(86,991,709)
Net cash flows operating activities		257,214,425	115,640,477
Cash flows from investing activities			
Purchase of plant and equipment		(49,849,971)	(24,398,723)
Proceeds from sale of plant and equipment/cost disposals		491,903	2,340,937
Net cash flows investing activities		(49,358,068)	(22,057,786)
Cash flow from financing activities			
Interest received		10,244,951	6,593,676
Government Grant for Development Ex.			
Capital Grants			
Revaluation Surplus			
Government Contribution		44,868,357	43,262,804
Net Cash flow from financing activities		55,113,308	49,856,479
Net increase/(decrease) in cash and cash equivalents		262,969,664	143,439,171
Cash and cash equivalents at beginning of period		263,324,365	119,885,193
Cash and cash equivalents at end of period		526,294,029	263,324,364
Figures in brackets indicate deductions			

TEA SMALL HOLDING DEVELOPMENT AUTHORITY					 TSHDA <small>TEA SMALL HOLDING DEVELOPMENT AUTHORITY</small>
STATEMENT OF CHANGES IN NET ASSET/EQUITY					
FOR THE YEAR ENDED 31/12/2021					
					(Expressed in Sri Lanka Rupees)
Attributable To Owners of the Controlling Entity					
Description	Contributed Capital	Other Reserves	Revaluation Reserves	Accumulated Surpluses (Deficits)	Total Net Assets/Equity
Balance as at 01/01/2021	252,795,111	48,050,585	186,258,451	94,595,225	581,699,372
Surplus/(Deficit) for the year				171,795,953	171,795,953
Compost /Michanization		32,801,896			32,801,896
Prior year adjustments				(2,491,161)	(2,491,161)
Gain on property revaluation			46,677,356		46,677,356
Government Grant for the year	44,868,358				44,868,358
Deferred Income for the year	(28,015,185)	(7,436,574)			(35,451,759)
Balance as at 31/12/2021	269,648,283	73,415,908	232,935,807	263,900,017	839,900,015

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TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY
DEVELOPMENT SUBSIDIES - 2021
SCHEDULE NO 06

(Rs.)

Description	Head Office	Galle	Matara	Ratnapura	N' Eliya	Kandy	Uva	Kegalle	Kalutara	Hanthana	Total 2021
Replanting		95,672,580.33	92,697,282.34	100,452,252.00	28,112,748.24	44,240,173.20	45,453,307.00	42,460,258.72	44,682,371.50		493,770,973.33
New Planting		35,606,054.00	33,350,652.00	28,054,653.00	4,335,142.00	11,458,595.40	12,471,540.00	46,402,529.00	66,900,430.00		238,579,595.40
Crop Rehabilitation		72,338,001.00	49,947,915.00	45,881,582.38	13,939,768.00	46,826,206.00	32,262,450.00	17,765,024.00	14,509,885.00		293,470,831.38
Tea with Coconut								725,997.00			725,997.00
Aid Package			100,653.00		3,317,113.79		140,230.60	109,326.00			3,667,323.39
		203,616,635.33	176,096,502.34	174,388,487.38	49,704,772.03	102,524,974.60	90,327,527.60	107,463,134.72	126,092,686.50	-	1,030,214,720.50
HRD /Local & Foreign Training	5,044,500.05										5,044,500.05
VIPN/Software	1,057,717.17										1,057,717.17
Society	2,076,761.40										2,076,761.40
Total	8,178,978.62	-	-	-	-	-	-	-	-	-	8,178,978.62

EXTENSION COST - 2021

Description	Head Office	Galle	Matara	Ratnapura	N' Eliya	Kandy	Uva	Kegalle	Kalutara	Hanthana	Total 2019
Extension Program	860,684.00	2,478,237.46	2,023,242.12	914,450.56	759,579.48	4,218,060.62	2,201,259.05	2,813,595.48	966,076.68	3,451,886.59	20,687,072.04
Extension Materials											-
Seminars & Conference	310,518.10			266,459.00							576,977.10
Publicity Exxhi. Mass Media	9,120,976.00										9,120,976.00
Plucking basket	1,270,500.00										1,270,500.00
Electronic media unit	4,900,000.00										4,900,000.00
Dolomite	101,762,000.00										101,762,000.00
Total	118,224,678.10	2,478,237.46	2,023,242.12	1,180,909.56	759,579.48	4,218,060.62	2,201,259.05	2,813,595.48	966,076.68	3,451,886.59	138,317,525.14
Grand Total	126,403,656.72	206,094,872.79	178,119,744.46	175,569,396.94	50,464,351.51	106,743,035.22	92,528,786.65	110,276,730.20	127,058,763.18	3,451,886.59	1,176,711,224.26

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TEA SMALL HOLDING DEVELOPMENT AUTHORITY	
NOTE NO. 01	
CASH AND BANK BALANCES	
	Rs.
Description	Total
Cash In Transit	241,137.00
Cash in Hand & at Bank	467,097,914.29
Deposits	58,954,977.88
Total	526,294,029.17
NOTE NO. 02	
RECEIVABLES	
Description	Total
DEBTORS	
Staff Debtors	73,895.84
Staff Debtors-Tea	76,520.40
Starr Debtors	1,157,272.79
Colour Separator	5,916,589.81
Sundry Debtors	4,134,771.35
Tea Shakthi Fund - Fertilizer	1,941,773.92
T.R.I	4,283,170.17
N.I.P.M	149,952.55
T.S.H.S.- Fertilizer	3,994,441.11
- Sprayers	348,348.40
- Scales	31,500.00
Input Debtors VP Plants	4,976,450.73
Input Debtors Poly thine	2,872,935.33
Input Debtors Shoots	141,567.50
Input Debtors Basamid	24,348.80
Input Debtor plucking sciers	180.00
Debtor Fertilizer	522,820.00
Maknikdevela Tea Factory	42,747.50
Ministry of Media/Land	665,316.20
Compot Debtors	268,280.00
Hanthana Training center	233,580.03
Mathra Regional office	1,000,000.00
Head Office	12,500.00
Input Nursery	453,889.36
Sub Total	33,322,851.79
Description	Total
LOAN AND ADVANCES	
Distress Loan	35,143,776.41
Debt Relief Loan	14,654.10
Housing Loan	44,410,890.96
Motor Cycle Loan	42,072.46
Motor Cycle Loan TI	1,548,863.44
Re shedule vehicle Loan	6,664,321.11
Special Salary Advance	922,875.00
Festival Advance	293,965.76
Sundry Advance	4,187,521.66
Salary Advance	37,800.00
T.R.I	480,000.00
Advance (ADB/IRDP)	136,854.26
Deer Wood Tea Factory	50,550.68
Batalanda Tea Factory	269,320.69
Sub Total	94,203,466.53
DEPOSITS AND ADVANCES	
Fuel	455,000.00
Electricity	1,755.00
Telephone	27,650.00
Gas Cy linders	12,100.00
Other Advance	37,822.78
Sub Total	534,327.78

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OTHER BALANCES	
Interest Receivable	3,091,955.40
Wefare	120,000.00
STaRR Project	1,269,430.31
Death Society	494,967.00
Hary Dakma	31,000.00
Sundry Deductions	967,834.88
T.S.H.S. - Ginimellagaha	-
T.S.H.S. Dev. Fund	53,425.54
Dolomite Incentive.	290,929.90
Retention payable	-
AGA Mathugama	26,900.00
Regional Organization	12,462.50
Walahanduwa tea factoty	-
Regional office	80,529.18
TRI mother bush	51,062.65
Miscellaneous	690,998.20
Sub Total	7,181,495.56
Total	135,242,141.66
BAD DEBTS	
Provision for Bad Debts	(16,331,628.27)
Total	(16,331,628.27)
Grand Total	118,910,513.39

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NOTE NO 03	
INVENTORIES	
Description	Total
Plants Stocks	21,304,290.93
Plant Material	1,136,161.15
Stationary	4,894,214.10
Sundry Stocks	11,919,420.46
Tea	427,611.89
Fertilizer	985.00
Basamid/Methum sodiam/gly fosed/copper	169,196.50
Zink Sulphate	1,316,412.00
Poly thene	1,573,660.76
Compost	134,025.00
Nursery Equipment	616,019.99
Rural Development Project stock	8,301,292.44
Scales	31,575.00
Plucking Seizers/Basket	342,869.21
Aid Package	6,896,151.47
Tyre & Tube	51,746.00
Training Equipments	8,128.00
Forks	5,015,890.89
Nursary 500 project stock	32,584,701.98
Michanization Project stock	7,791,350.00
Sprayers &Water Pumps	77,040,640.35
Total	181,556,343.12
NOTE NO. 04	
PRE-PAYMENTS	
Description	Total
Equip. Maintance	16,974.66
Insurance	401,755.51
Postage Annual Subscription	5,000.00
Postal Franking Machine	92,797.10
Pre Payments	493,496.29
Total	1,010,023.56
NOTE NO .05	
OTHER CURRENT ASSETS	
	-
Description	Total
WIP Civil Works	31,164,392.71
Total	31,164,392.71
NOTE NO. 06	
INVESTMENTS	
Description	Total
Fixed Deposit - Gratuity	17,768,705.33
Fixed Deposit	59,629,114.57
Total	77,397,819.90
NOTE NO. 07	
OTHER FINANCIAL ASSETS	
Description	Total
	-
Staggered Cost	9,225,720.13
Total	9,225,720.13

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TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY	
NOTE NO. 09	(Rs.)
PAYABLES -2021	
Description	Total
CREDITORS	-
Sundry Creditors	5,707,084.84
Creditors	7,107,090.21
Creditor -fertilizer	77,898.00
C.I.C. Fertilizer Company Ltd.	15,090.00
Tea Shakthi Fertilizer	1,273,876.73
Sirisiliya Tea Factory	140,277.50
Dolomite company	830,135.17
Hantana Training center	301,538.24
Regional Office payable	696,505.46
Mavarela Tea Factory	78,927.32
Plant Creditors	709,569.00
Credior- Construction	37,773,067.08
Rural develop ment	1,354,367.00
PC 3476 Vehicale Repaire	5,579,692.17
Compost (Green force)	2,105,330.04
Sub Total	63,750,448.76
DEPOSITS PAYABLE	
Deposits for Fertilizer	464,046.55
Deposits for VP Plants	1,643,614.18
Tender Deposits	2,702,137.19
Other Deposits	1,022,857.94
Sub Total	5,832,655.86
TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY	
NOTE NO. 09	(Rs.)
PAYABLES -2021	
Description	Total
OTHER PROVISIONS	
Travelling & Subsistence	301,000.00
Contingency	4,605,250.00
Fuel	62,900.00
Telephone	53,000.00
Motor Cycle Maintain TI/EO	100,500.00
Vehicle Maintance	313,975.00
Nursery Expenditure	42,000.00
Computer Maintainance	19,080.00
Office Equipment maintainance	33,588.00
Compost Project	83,272.00
Samurdhi project	10,570,438.75
Medical	426,616.80
Stationary	61,050.00
Gliforset Transport	120,930.00
Electricity & Water	14,730.00
Security	65,000.00
Mother Bush TRI 500	899,500.00
Transport	8,000.00
Provision for capital goods	124,873,765.20
Building Maintenance	134,470.00
Sub Total	142,789,065.75

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OTHER BALANCES	
Retention Payable	105,393.16
Unclaimed Cheques	4,673,543.73
Unions	5,918.00
Fertilizer Incentive	99,602.10
Tea Shakthi	101,300.00
T.S. Welfare Insurance	3,134,525.04
Insurance deduction	2,863.00
STaRR Project	1,240,499.28
Divinaguma	3,196,085.82
Soil Conservation	13,812,613.80
Fertilizer Project	5,949,476.83
IFAD Project	65,601.90
Flood Incentive	9,605,310.50
Glyposet	4,964,051.04
CO3 Multiflication Plots	67,660.00
Plucking Baskets & Sissors	4,150.00
Tea Nursery 500 Project	58,955,762.31
Sprayers & Water Pumps	79,361,218.41
Compost Project	9,769,089.31
High Shade Special Project	17,085,356.54
Michanization Project	15,730,315.63
Samurdhi special project	18,502,443.00
Walahanduwa & Dehiowita B.cons	15,654,958.10
N eliya Nursury fund	1,000,000.00
Society vehicle sales	9,155,483.25
Other	210,435.54
Sub Total	272,453,656.29
Total	484,825,826.66

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TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY	
NOTE NO. 10	
ACCRUED EXPENDITURE -2021	
Description	Total
Annual Trip	68,000.00
Union	7,994.00
EPF & ETF	6,809,437.37
Electricity	112,691.70
Maintenance of Computer	126,264.32
Rates & Taxes	344,990.46
Fuel	358,355.33
Holiday Payments	185,046.05
Medical Care	1,304,334.33
Motor Cycle Maintenance	228,000.00
News Paper	17,820.00
Welfare	18,052.50
Office Equipment Maintenance	41,472.00
Overtime	885,097.33
Postage	6,410.00
Rent	322,956.00
Salaries / Wages	1,391,123.25
Security	476,110.30
Building Cleaning / Maintenance	857,056.00
Free Cup Of Tea	7,600.00
Telephone	326,505.02
IPVPN bill	26,849.76
Transport Charges	20,548.58
Travelling & Subsistence	1,113,230.35
Uniforms & Boots	124,670.00
Stationery	275,788.59
Insurance	1,170.00
Water	25,843.89
Vehicle Maintenance	279,896.85
Stamp Duty	247,075.00
Re Planting Subsidy	8,048,733.00
New Planting Subsidy	3,270,268.50
Crop Rehabilitation	2,913,031.00
Lassana Tea Land Programe	1,368,040.00
Audit Fees	2,257,825.00
Extension Program	302,968.48
Board member admin cost	64,000.00
Dolomite subsidy	92,160.00
Sundry	105,000.00
Nursary & Mother Bush	345,945.14
Rain coat & Umbrella	18,150.00
Death society	20,000.00
Samurdhi Special project	213,356.00
Compost project	47,697.25
High shade project	235,000.00
Seminar & conference	15,186.00
Training	599,780.56
Total	35,927,529.91
NOTE NO. 11	
PROVISIONS -2021	
	Rs.
Description	Total
Gratuity	183,915,761.49
	183,915,761.49

NATIONAL AUDIT OFFICE

My No.: PAL/D/TSHDA/FS/2021/27

Your No.:

Date: 29 September 2022

Chairman,
Tea Small Holdings Development Authority

The Auditor General's Report of the Tea Small Holdings Development Authority for the year ended on 31 December 2021 on financial statement and other Legal & Regulatory requirements, in accordance with Section 12 of the National Audit Act, No. 19 of 2018.

Herewith enclosed the above report.

Sgd. Illegibly
W. P. C Wickramrathne
Auditor General

Edition –

01. Secretary, Ministry of Plantation
02. Secretary, Ministry of Finance, Economic Stabilization & National Policies

NATIONAL AUDIT OFFICE

My No: PAL/D/TSHDA/FS/2021/27 Your No.:

Date: 29 September 2022

Chairman,
Tea Small Holdings Development Authority

The Auditor General's Report of the Tea Small Holdings Development Authority for the year ended on 31 December 2021 on financial statement and other Legal & Regulatory requirements, in accordance with Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1. Qualified Opinion

The Financial Quality Statement of the Tea Small Holdings Development Authority for the year ended on 31 December 2021 and the Financial Performance Statement for the year then ended, Statement of change in claim & Cash Flow Statement for the year then ended and corresponding notes on financial statements, and a summary on significant accounting policies consisting of financial statements for the year ended on 31 December 2021, were audited under my direction in pursuance in accordance with the provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of National Audit Act, No. 19 of 2018 and Finance Act, No. 38 of 1971. In due course, my report would be presented to the Parliament in accordance with the Article 154 (6) of the Constitution.

In my opinion, except for the effects of the matters described in the basis section for the statistical opinion in my report, the financial position of the Tea Small Holdings Development Authority as of 31 December 2021 and its financial performance & cash flow for the year then ended, are true and impartial in accordance with Sri Lanka Public Sector Accounting Standards.

1.2. Basis for Qualified Opinion

- (a) In terms of Paragraph 76 (c) of Sri Lanka Public Sector Accounting Standard 01, even though, the assets that are expected to be realized within 12 months after the date of reporting should be categorized under current assets, the fixed deposits with maturity of one year valued at 59,629,115 Rupees had been indicated under non-current assets.
- (b) In terms of Paragraph 100 of Sri Lanka Public Sector Accounting Standard 08, even though, allocations should not be made for contingent liabilities that were not precisely estimated, contrary to that, at the end of the year under review, a provision with an amount of 4,605,250 Rupees had been made as a contingent liability for the pending proceedings taking place at the high court, district court and in labour tribunals. Additionally, in terms of Paragraph 103 of the accounting standard, if external estimates were used to measure contingent liabilities that should be disclosed, the corresponding details had not been revealed.
- (c) Even though, after investigating the complaints filed in labour offices against forfeiting the appointments offered to the employees recruited on temporary, casual, daily and substitutionary basis from 01 September 2019 onwards, three orders were given by the district labour office in February and March in 2020, 2021 and 2022 to pay the salary arrears valued 2,167,236 Rupees, in the year under review, no corresponding provisions were made and it had not been revealed even in the financial statements.
- (d) In the financial performance statement, the amount of 9,900,00 Rupees spent as capital expenses on creating a mobile service vehicle for extension activities and on establishing digital extension communication and an operational unit, was indicated as operational expenses, and because of that, in the year under review, the surplus and non-current assets were indicated in financial statements less by that amount.
- (e) At the end of the year under review, in accordance with financial statements, though the balance of the miscellaneous inventory account of the head office was 11,353,013 Rupees, a discrepancy of an amount of 7,338,353 Rupees was observed as the balance of physical inventory was 4,014,660 Rupees, and no actions were taken either to search explanations for this discrepancy that has been in existence for several years or to perform account adjustments.

- (f) Even though, from the value of equipment provided to the Hanthana Training Center under the Mechanization Project for green tea plucking, pruning and digging holes, as of 31 December 2021, the valuable equipment inventory of 7,791,350 Rupees remained and undivided among farmers was indicated in financial statements, in accordance with the account of Hanthana Training Center, as that value was 6,494,750 Rupees, a discrepancy of 1,296,600 Rupees was observed. Even so, the explanations for this discrepancy were not clarified.
- (g) In accordance with the financial statements, the total debtor balance of the regional offices in Matara, Uva, Kegalle and Kaluthara was 7,312,558 Rupees, and in accordance with the debtor period analysis of regional offices, as this amount was 2,734,862 Rupees, an unbalanced discrepancy of 4,577,696 Rupees was observed. Even so, no actions were taken to perform corresponding adjustments by searching explanations for this discrepancy.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs) and my responsibility under these Auditing Standards has been further clarified in Auditor's Responsibility section of this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

1.3. Other Details included in the 2021 Annual Report of the Authority

The details yet to be received by me after the date of this audit report were included in the 2021 Annual Report of the Authority, but the financial statements and the related details those which are not included in my audit report, are represented by the term, other details. The Management holds the responsibility of these other details.

My opinions regarding the financial statements do not cover other details and I do not express any kind of a certification or an opinion regarding that.

Concerning my responsibility regarding my audit on the financial statements is to read other details as identified above when they are available to be received and to examine whether they are not quantitatively compatible with the financial statements in accordance with my knowledge gained through auditing or other means.

When reading out the 2021 Annual Report of the Authority, if I conclude that there are quantitatively misrepresented indications, those points are needed to be reported to the governing parties to rectify them. Furthermore, if there are any non-rectified misrepresented

indications, in due course, those would be included in the report yet to be presented to the Parliament by me in accordance with the Article 154 (6) of the Constitution.

1.4. The Responsibility of the Management and the Governing Parties for the Financial Statements

The Management is responsible for the preparation and impartial presentation of the financial statements in accordance with Sri Lanka Public Sector Accounting Standards and such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In the preparation of financial statements, the Management is responsible for determining the Authority's capability of continuity, and also on the basis of continuity, accounting and disclosing of matters related to the Authority's continuity as applicable except the management either intends to liquidate the Authority or to terminate operations when no alternative exists.

The Governing Parties are responsible for overseeing the Authority's financial reporting process.

In accordance with the Sub Section 16 (1) of the National Audit Act, No. 19 of 2018, it is required for the Authority to accurately maintain books and reports on its own revenues, expenses, assets, and liabilities in a way it enables the preparation of the Authority's annual and periodic financial statements.

1.5. Auditor's Responsibility on the Audit of Financial Statements

My intent is to deliver an impartial assurance on whether the financial statements, all in all, are free from material misstatement caused by fraud or error, and to issue the audit report that includes my opinion. Even though, the impartial assurance is an advanced assurance; when the audit is performed in accordance with Sri Lanka Auditing Standards, it could not assure that it constantly detects material misstatements. Given that material misstatements can be caused by individual or collective impact on frauds and errors, its material status depends on the impact on economic decisions taken by the users based on these financial statements.

The audit has been conducted by me, considering Professional Judgment and Professional Skepticism as a section of the audit due in accordance with Sri Lanka Auditing Standards. Furthermore,

- In procuring a basis for the published audit opinion, opportunistic appropriate audit procedures were scheduled and implemented to identify and to verify the risks of faulty material misstatements in financial statements cause due to fraud or error. The impact of a fraud is more advanced than an impact of faulty material misstatements caused by misrepresentation, as a fraud may result from collusion, forgery, intentional omissions, and misrepresentations or from disregarding internal control.
- Even though, it is not for the intention of stating an opinion on the efficacy of the internal control, an understanding on the internal control of the Authority over the preparation of opportunistic appropriate audit procedures has been taken.
- The compatibility of accounting policies applied, the impartiality of accounting estimates, and the associated revelations performed by the management were evaluated.
- Based on the audit evidence gathered from examining whether a material uncertainty caused by incidents or conditions, occurs on the Authority's continuity; the relevance of applying the basis of the Authority's continuity on accounting was determined. If I would conclude that a material uncertainty exists, it is expected to focus on the associated revelations in financial statements, and, if those revelations are inadequate, my opinion should be revised. However, the continuity could be discontinued due to upcoming incidents or conditions.
- The associated transactions & incidents based for the structure & the content of the financial statements that had been appropriately & impartially included in financial statements and the overall presentation of financial statements with disclosures were evaluated.

I would inform the governing parties about the significant audit findings, principal deficiencies in internal control and other matters identified during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1. The National Audit Act, No. 19 of 2018 contains specific Provisions for the requirements mentioned below.

2.1.1. In accordance with the requirements mention in Section 12 (a) of the National Audit Act, No. 19 of 2018; with exception of the impact of matters described in the basis section for the qualified opinion of my report, all the details & explanations needed for the audit were gathered by myself, and as far as it appears from my observation, the Authority had maintained appropriate financial reports.

2.1.2. In accordance with the requirement mention in Section 06 (1) (d) (III) of the National Audit Act, No. 19 of 2018, the financial statements of the Authority are compatible with the previous year.

2.1.3. In accordance with the requirement mention in Section 06 (1) (d) (IV) of the National Audit Act, No. 19 of 2018, with exception of the observations mentioned in Paragraph of 1.2 (f), of this report, the recommendations I presented in the previous year are included in the submitted financial statements.

2.2. Being limited to quantitative matters based on the procedures followed and on evidence gathered, it did not appear to be needed to express the following statements.

2.2.1. In accordance with the requirement mention in Section 12 (d) of the National Audit Act, No. 19 of 2018; stating that any member of the management board of the Authority has direct or indirect connection with a contract that the Authority is related & gone beyond the usual business circumstances.

2.2.2. In accordance with the requirement mention in Section 12 (f) of the National Audit Act, No. 19 of 2018; stating that with exception of the following observations, the Authority has not complied with any written law, or other general or specific directives issued by the Management Board of the Authority.

Reference to Rules/Directives	Observations
(a) Financial Regulations of the Government of the Democratic Socialist Republic of Sri Lanka F.R 371(2)(b)	The grant of 'ad hoc' Sub-Imprest limited to staff officers for a particular task could be up to a maximum of 100,000 Rupees in each case and an amount of 710,000 Rupees had been granted as imprest in five instances exceeding the maximum amount.
(b) Establishment Code of the Government of the Democratic Socialist Republic of Sri Lanka i) Article 12.3 in Paragraph VII	Even though, the amount that should be paid for a permanent position holder if he has been appointed to perform duties is 2/3 from the additional remuneration, he receives by being appointed to act in the same position, contrary to that, a grant of 1/4 from the initial salary was paid as grants for performing duties in 03 positions.
ii) Article 13.7 in Paragraph 11	Even though, the officer who covers the duties of a vacant position has no right to grant an additional remuneration, the former Regional Manager in Nuwara Eliya was appointed as the Manager (Training) in Hanthana National Training Center on 01 November 2016 to cover the duties of the position and he had been paid with a grant valued at 111,290 Rupees from its revenue on 06 April 2018.
(c) No. PED/12 & Article 6.5.3 of Public Enterprises Circular of 02 June 2003	Even though, the audit reports should be presented to the Parliament in all three languages along with audit accounts after 150 days from the accounting year ended, the corresponding annual reports for the years 2019 and 2020 had not been presented until the audit dates.
(d) No. PED/1 2015 & Paragraph 3.2.2 of Public Enterprises Circular of 25 May 2015	Even though, the additional cost of fuel incurred after obtaining the approval of the Director board could be replenished in special instances where the monthly fuel allowance is inadequate, in accordance with the procedures, an additional fuel grant valued at 516,773 Rupees taken from the year 2020 to 26 May 2022 was made replenished by the General Manager of the Authority as defective under the approval of the Chairman.

2.2.3. In accordance with the requirement mention in Section 12 (g) of the National Audit Act, No. 19 of 2018; stating that the Authority had not performed accordingly with the powers, duties, and functions of the Authority.

2.2.4. In accordance with the requirement mention in Section 12 (h) of the National Audit Act, No. 19 of 2018; the resources of the Authority had not been procured & utilized in frugality, efficiently and productively in compliance with the related rules, within time periods.

(a) Without appointing a Technical Assessment Committee in terms of Article 2.8.4 of the 2006 procurement guide for purchasing compost material rending machines, in June 2021, using direct contract basis, 08 compost material rending machines had been purchased for 2,300,000 Rupees from the Commercial (Miscellaneous) Statutory Corporation of the government of Sri Lanka targeted at implementing the production of compost fertilizer based on the specifications proposed by the Manager (Development) of the Authority. Even though, after purchasing, a Technical Assessment Committee was appointed and was gathered on 28 October 2021, no contribution was made by the Technical Assessment Committee for this procurement. And, even though the proportion of compost fertilizer production expected to be produced by 08 regional offices through this project was identified as 40 Metric tons; each month having 05 Metric tons, only 37 Metric tons were produced within 07 months because of purchasing machines with no appropriate and adequate capacity.

(b) Based on reimbursing the amount spent on purchasing and distributing fertilizer consistent of constituents such as nitrogen, potassium, and phosphorus from farmers those which are needed in tea plant cultivation, the Authority had purchased 1,255 Metric tons for 37,650,000 Rupees from 07 private and government institutions. In terms of Article 8.12.3 of the procurement guide, even though, after receiving goods, the officer in charge must issue a certificate on the receipt of goods, stating that the goods provided are in conformity with specifications and other agreed terms, the standard certifications related to 18.1 million Rupees worth 605 Metric tons of fertilizer given to regional offices targeted at distributing them among tea small holders and receipts for goods issued by regional offices were not presented to the audit. Therefore, it was unable to examine this fertilizer distribution at the audit.

(c) Even though, targeted at free of charge distribution of 300 Kilograms of dolomite, actions were taken to purchase 13,000 Metric tons of dolomite for 101,762,000 Rupees from Sri Lanka Sate Engineering Corporation under the provisions of 2021 Budget of the Authority, those were not included into a formal agreement in terms of Article 8.9.3 (b) of the 2006 procurement guide. And, though the total amount of 101,762,000 Rupees, including the cost of transportation, was included in 2021 financial statements as the cost of development, even as of 31 May 2022, only 533 Metric tons of dolomite valued at 2,132,000 Rupees that is about 4% of the total order was provided to corresponding regional offices. The cost of transportation was 2,062,350 Rupees and the proportion yet to be provided is 12,467 Metric tons. Accordingly, it was observed in the audit that a huge additional cost of transportation has to be incurred in the future due to supply delays.

2.3 Other Information

- (a) From the loan given to tea small holdings societies to obtain fertilizer, sprayers and scales under the fertilizer loan scheme in the year 1998, no effective step had been taken to charge the loan balance of 4,374,289 Rupees receivable at the end of the year under review even though 22 years had passed.
- (b) The amount of 13,812,613 Rupees left from the amount of 9,155,483 Rupees received from selling 23 vehicles provided to tea small holdings development societies under loan basis in the year 1998 and from the subsidy allowance given by the Authority for soil conservation in the regions of the regional Offices in NuwaraEliya and Rathnapura in the year 2020 had been retained in the accounts until the end of the year 2021 without remitting to the Treasury.
- (c) Even though, the lands with an extent of 66 Acres and 31 Roods valued at 35,091,728 Rupees those which were not claimed by the Authority and owned by the institutions such as the Government, Land Reforms Commission and Mahaweli Authority were included in the land value indicated as 73,907,078 Rupees in the financial position statement for the year under review, these lands had not been revealed in the financial statements. Furthermore, buildings valued at 71,856,901 Rupees had been constructed in lands in four regional offices and those were not legally claimed by the Authority.

- (d) The amount of 5,916,589 Rupees given as loans to four private factories through the program of the distribution of color separators to the tea factories in the year 1998 was unable to be charged even by the end of the year 2021 since the year 2016. It was observed that to recover the loans, legal actions were taken only on the factory in Iriyagolla.
- (e) Even though, in accordance with the national policy, tea replanting should be performed in 2,300 hectares or 2% per year in order to constantly maintain the extent of tea planting lands with a maximum productivity, in accordance with the Annual report, it was confirmed that tea replanting was performed only in an extent of 849 hectares from the extent of 1000 hectares targeted for tea replanting as per the action plan for the year under review.
- (f) It was observed in the Annual Report that above 500 million Rupees had been given in each year from 2016 to 2019, respectively 737,542,872 Rupees and 1,030,214,720 Rupees in last year and in the year under review by way of the overall planting subsidies including replanting, new planting and desolate cultivation, and the contribution of made tea production for the national production was decreased from 75.5% in 2017 to 74.56% in 2021.
- (g) As the average productivity in the tea small holdings sector in the year under review was 1,241 Kilograms of made tea and it was 1,958 Kilograms in the year 2018, it seems that the average productivity was gradually decreasing from the year 2018. Even though, targeted at improving the productivity of tea small holdings, a huge amount of money was annually spent on extension and advisory services, it had not reached the expected goals. Moreover, in accordance with the 2021 Drafted Annual Report, though the ratio of tea farmer & Tea Extension Officers should be 1:1000 for a productive extension service, the ratio of tea farmer & Tea Extension Officers in the year 2021 had been 1:3210.
- (h) In accordance with the computerized information of the Authority from the year 2014 to the year 2018, even though the first installment of the Tea Replanting Subsidy was paid on an extent of 996 hectares of tea lands, the third installment was granted only on an extent of 833 hectares of tea lands, and the extent of lands on which the second installment and the third installment were not being granted was 163 hectares. Accordingly, from the year 2014 to the year 2018, the cost of Tea Replanting Subsidy had been 2,049,289,862 Rupees and the amount that had become unprofitable subsidies was 295,145,566 Rupees. Therefore, it was observed that 14.4% from the total amount of subsidies was not invested in any objective. Moreover,

the management had not focused on either to direct these subsidiaries on tea cultivation or to recover that amount of money.

- (i) Even though, it was emphasized in the paragraph of introduction in the set of management instructions given for tea nurseries that at least the cost of production should be covered in the institutional tea nurseries maintained by the Authority, the revenue of the tea nurseries in Mawarala, Nelligolla, Wogan and Handilla had not been sufficient even to cover the cost. In terms of Article No. 4.2 of the set of management instructions given for nurseries, though the mortality rate of the tea plants in tea nurseries should be maintained at a level less than 10%, as of 31 December 2021, the percentage of the destruction of plants in Nelligolla and Walahanduwa was 17%.
- (j) Under the special program on high shade plants production, it was scheduled to distribute 1.2 million high shade plants free of charge to tea small holders during the year 2021 and for this, 20,000,000 Rupees of financial provisions had been granted to the regional offices. However, due to the difficulty in obtaining planting material, the number of potted plants was only 623,478. Moreover, at the end of the year under review, 17,085,356 Rupees from the allocated amount of money had not been utilized and it is a percentage 85%.
- (k) An amount of 50 million Rupees of provisions had been granted from the State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, and Business Development for the program on developing a clean household economy through centralizing two hundred thousand Samurdhi and low-income families. Even though, the provision of material aids on poultry control, beekeeping and mushroom cultivation for low-income farmers cultivating tea to promote investments of tea small holders, and the provision of intercrop plants to optimize the land consumption related to tea small holdings were the basic functions, from the amount of money granted by the Authority, an amount of 16,502,442 Rupees or 33% had been retained in the head office and in regional offices without utilizing.
- (l) As registering tea small holdings development societies, regulating, and aiding the member of the societies, are the functions of the Authority, an amount of 2,076,761 Rupees had been spent on them even in the year under review. In accordance with the 2021 Annual Report, even though the number of societies had been increased from 1,475 in the year 2019 to 1,484

in the year 2021, the number of the members of societies had decreased by 50,369, that is 15%, respectively from 329,963 in the year 2019 to 279,594 in the year 2021,

- (m) For the amount of 9,485,310 Rupees left from the amount granted from the Ministry of Plantations to the Authority in the year 2017 to compensate on flood relief aids that were included in the sundry creditor balance, no actions were taken either to return it as required or to incur other expenses on the approval of the Treasury, and those had been invested in demand deposits.
- (n) Through the special project on 25 million tea plants implemented from the provisions of Sri Lanka Tea Board in the year 2020, it was expected to encourage nurserymen on the production of quality and standardized tea shoots. Accordingly, 100,000 Rupees and other allowances had been granted to plant production nurserymen with a capacity of 25,000 tea plants, and 200,000 Rupees and other allowances had been granted to plant production nursery holders with a capacity of 50,000 tea plants. However, from the year 2020 to the year under review, 207 nurseries out of 781 nurseries, that is 26% had not been in an operational level. Moreover, the final inspection was done on 82 nurseries. Therefore, among 781 nursery holders who had granted financial aids and material aids, 82 nurseries are successfully maintaining the nurseries, and it is a percentage of 10% from the total number of nurseries.
- (o) In accordance with the 2018 Annual Budget proposals, as of 26 May 2022, from the amount of 250 million Rupees granted, 17,108 units of unused agricultural equipment such as water motors, Hey sprayers, hand forks and water hoes valued at 97,596,842 Rupees those which were purchased from time to time by the Ministry of Plantations and Tea Small Holdings Authority had been stored at the head office and regional offices. It was observed that there were instances where the warranty periods were exceeded because of storing these bulk items in stores for a long time without using them.
- (p) Even though, applications were called in three instances in the year 2019 and 2020 to fill 04 vacant Regional Manager Positions, recruitments could not be performed as marking had not been correctly done by the interview panel and it took more than 06 months since applications were called. Even so, though it was submitted to the State Ministry on 09 August 2021 to grant approval on the names recommended, again from the interview held on 04 August 2021 on promoting for the position of the Regional Manager, based on the matters such as the Board

of Directors not presenting the decision, the members of the interview panel signing without the dates or not signing, reports were called out again; though the approval of the State Ministry on appointments was granted on 05 November 2021, the appointments had already been offered on 09 August 2021 before granting the approval of the Ministry.

- (q) In the year under review, even though the approved number of Zonal Tea Development Officers and Tea Inspection Extension Officers was respectively 26 and 144, the permanent number of officers was respectively 17 and 124. Accordingly, it was observed in the audit that not filling out the vacancies of these officers who have linear relationships with tea farmers and societies directly impact on making the subsidy program of the Authority successful.

Sgd. Illegibly
W. P. C Wickramrathne
Auditor General