



**Tea Small Holdings Development Authority**  
**Annual Report**  
**2013**

**No: 70, Parliament Road,  
Pelawatta, Battaramulla.**

**Telephone : 7909021 – 22**

**Fax : 2784925 – 28**

**Email : [gmtshda@gmail.com](mailto:gmtshda@gmail.com)**

**[aetshda1@gmail.com](mailto:aetshda1@gmail.com)**

## VISION

**Creation of an economically  
and socially  
Sustainable tea small holdings  
community**

## MISSION

**Increasing productivity and  
quality of  
tea small holdings sector  
through provision of  
excellent support services**

**Tea Small Holders' Development Authority**  
**Annual Report 2013**  
**Chairman's Message**

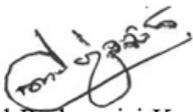
Serving the Tea Small Holders sector as an organisation, we are bounded by the institutional mission of ensuring the development of production and unit productivity of Tea Small Holders' Sector as well as to develop the leaf quality in order to secure a higher market price for a kilo of green leaf.

Continuous efforts are being made through the annual action plans prepared from year 2010, based on "Results Based Management Approach" with a view to achieve the said goals. Year 2013 was its fourth year.

Year 2013 truly was a favourable year to the Tea Small Holders' Sector. This achievement was a result of the ability to develop the leaf production and the unit to earn a higher price for a kilo of green leaf.

The production of the Tea Small Holdings sector in year 2013 was 245.4 million kilograms. This is the best and the maximum reported production ever. In addition to that, the 340 million kilograms of National Tea Production was the maximum reported tea production ever. The unit productivity existed in the Tea Small Holdings sector in year 2012 which was 2001 kilograms of made tea per year was increased by 2017 by year 2013. Although the National Production has been swelled by 4.2% in comparison to the previous year, the total production in the Tea Small Holdings sector has been increased by 5.3%. The maximum price for a kilo of green leaf (Annual Average) which is Rs. 64.99 too has been reported this year.

The subsidy for the tea replanting has been increased up to Rupees 350,000 per hectare in the closest 03 years in order to encourage the investment in Tea replanting with a view to increase the production of Tea Small Holdings and the unit productivity as well as the provision of fertilizer subsidy for the Tea Small Holdings sector by the government. In addition, the subsidy of Rs. 250,000 per hectare scheduled to be paid for tea new planting too has been increased by the government. The Tea Small Holdings sector has achieved positive results due to increase of these incentives.



Noel Padmasiri Kariyawasam,  
Chairman.

## Performance indicators of Tea Small Holdings Sector - 2013

	2011	2012	2013
1 Extent of Tea Small Holdings (Hectares)	120,664	120,955	121,267
2 Number of Tea Small Holders	389,561	390,346	391,226
3 Production of Tea Small Holdings (Million Kilos)	229.0	233.10	245.43
4 Share of contribution to National Production	69.9	71.4	72.2
5 Average Productivity (Kg Made Tea/Hectare)	1,966	2,001	2,107
6 Replanting extent Hectares (Under Incentive Payments)	772	889	1165
7 New planting extent Hectares (Under Incentive Payments)	28	239	263
8 Replanting Rate	0.66	0.76	0.93
9 Crop Rehabilitation – Number of Plants (Millions)	0.504	0.767	0.497
10 Tea Small Holder Development Societies			
No. of Societies	1,379	1,381	1,382
No. of Members	274,161	261,493	251,794
11 Extension & Advisory Services			
No. of per capita extension services	26,103	27,843	26,980
No. of Group Programmes	6,970	6,508	6,617
No. Of Farmer Participation	175,849	143,456	137,661
12 Operational Expenditure of the Organization (per 1 Rupee of Development Cost)	1.04	0.85	0.54
13 Tea Inspector/Extension Officer: Small Holder Ratio	1:2650	1:2730	1:2736
14 Price of a Kilo of Green Leaf Rs.	52.63	57.27	64.99

# Contents

	<b>Page No.</b>
I Board of Directors	01
II Audit & Management Committee	02
III Executive Staff	03
IV District Offices of Administration	07
<b>Executive Summary</b>	<b>14</b>
<b>Chapter 1</b>	
<b>Introduction</b>	
1.1 The Organization and Functions	17
1.2 Audit & Management Committee Activities	18
1.3 Administrative Activities	19
<b>Chapter 2</b>	
<b>Tea Small Holdings Sector in Sri Lanka</b>	<b>21</b>
2.1 Tea Small Holdings	21
2.2 Land Extent of Tea Small Holdings	21
2.3 Tea Small Holders	22
2.4 Number of Tea Small Holdings	22
2.5 Land Classification	23
2.6 Production of the Tea Small Holdings Sector	23
2.7 Production Composition	26
2.8 Productivity	27
2.9 Investments	28
<b>Chapter 3</b>	
<b>Statutory Objectives &amp; Results Based Development Activities</b>	<b>31</b>
3.1 Medium term results based targets & achievements	35
3.2 Special Achievements in the Decade	57
3.3 Main performance indicators	58
<b>Chapter 4</b>	
<b>Cultivation Costs and leaf Prices in the Small Holder Sector</b>	<b>59</b>
4.1 Labour Costs	59
4.2 Production Cost of a Kilo of Green Leaf	59
4.3 Production Margin and Price	60
4.4 Tea Replanting Cost	60
4.5 Cultivation Cost and Incentive rate (per hectare)	61
<b>Chapter 5</b>	
Tea Development Project Revolving Fund Loan Scheme	62
<b>Chapter 6</b>	
Regional special projects & other activities	63
6.1 Small Plantation Entrepreneurship Development Programme	63
6.2 Divineguma Development Programme	64
Annual Accounting Statements & Balance Sheet	
Auditor General Report	

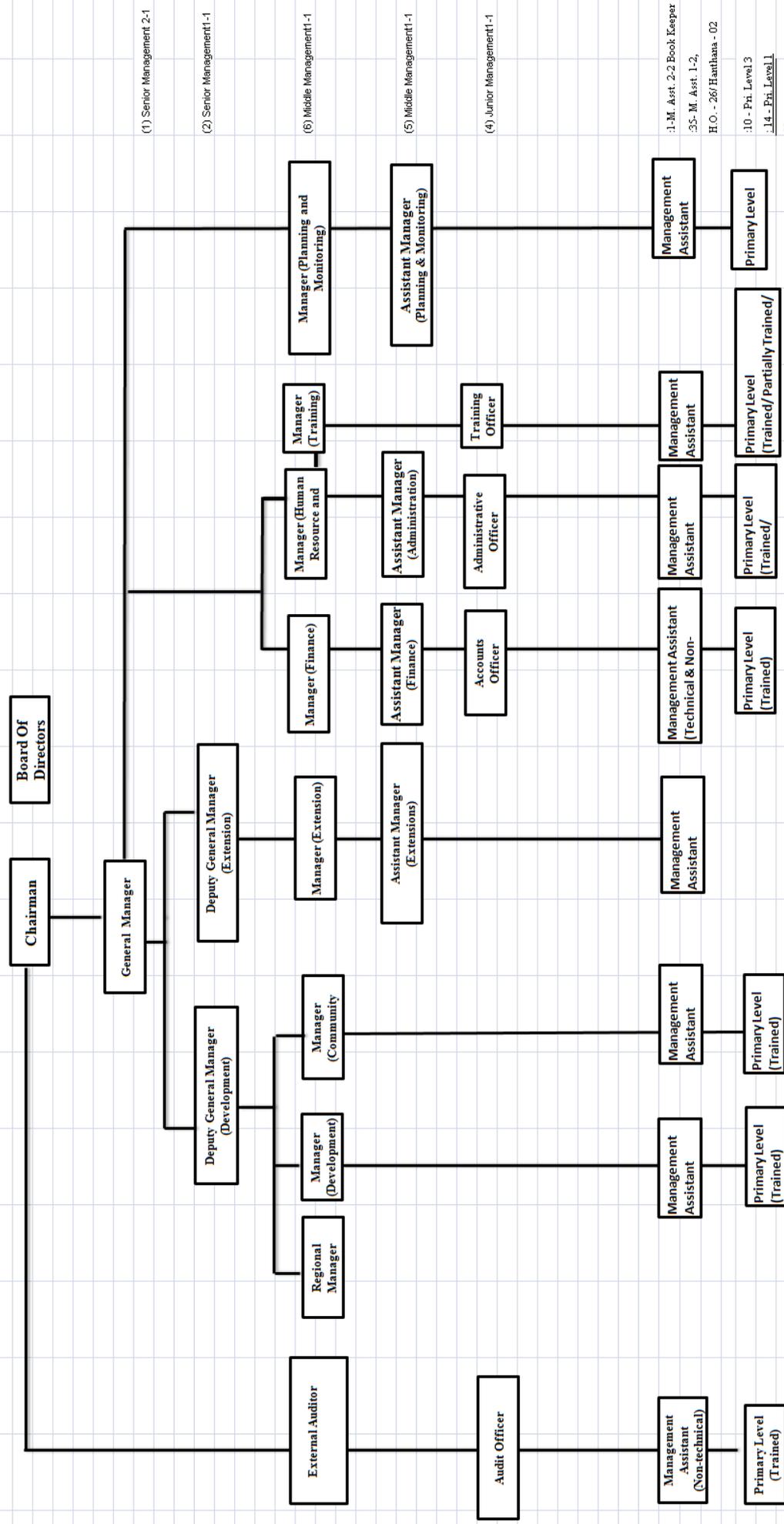
## **Schedules**

<b>No.</b>		<b>Page No.</b>
1)	Approved cadre of the organization - 2013	<b>65</b>
2)	Employment in the Organization - 2013	<b>66</b>
3)	3-I Age Analysis of the Employees - 2013	<b>68</b>
	3-II Categorization of Staff Officers on Educational Qualifications - 2013	<b>69</b>
4)	Production of the Tea Smallholdings Sector (1983-2013)	<b>73</b>
5)	Performance of Tea Replanting Subsidy Scheme – (1978 – 2013)	<b>74</b>
6)	Performance of Crop Rehabilitation (Infilling) subsidy scheme (1979 – 2013)	<b>75</b>
7)	Progress on Tea New Planting Subsidy Scheme - (1978-2013)	<b>76</b>
8)	Rubber with Tea subsidy Scheme - (1999 – 2009)	<b>77</b>
9)	9 – A Issue of cutting & shoots from mother bush extents - 2013	<b>78</b>
	9 – B Performance of Institutional Tea nurseries - 2013	<b>79</b>
	9 – C Performance of Commercial Tea Nurseries-(1992-2013)	<b>80</b>
10)	10 – A Prices at Colombo Auction based on elevation- (1985-2013)	<b>81</b>
	10 – B Production Cost Estimate for a kilo of Green Leaf (Including subsidy) – 2013	<b>82</b>
11)	11 – A Estimate of Cost of Cultivation – High / Mid Elevations For a hectare of Tea Replanting - 2013	<b>83</b>
	11 – B Estimate of Cost of Cultivation – Low Elevations For a hectare of Tea Replanting - 2013	<b>84</b>
12)	Issue of Fertilizer to Tea Smallholders under the Credit Scheme (1993 – 2009)	<b>85</b>
13)	Tea Exports and Foreign Exchange Earnings	<b>86</b>
14)	Contribution by Tea to Gross Domestic Product	<b>87</b>

**Figure No.**

(1)	Share of Small Holdings on Total Extent of Tea Lands	21
(2)	Production Share Percentages by Type of Management	24
(3)	Annual / Monthly Tea Production of Tea Smallholdings Sector (2010/2013)	25
(4)	Annual Tea Production trends in Tea Smallholdings Sector (2000/2013)	25
(5)	Increase of Tea Replanting Subsidy (1979 – 2013)	35
(6)	Annual applications for Tea Replanting Subsidy Scheme (2000 – 2013)	36
(7)	Progress of Payments on Tea Replanting Subsidy (1992 – 2013)	38
(8)	Increase of Tea New Planting Subsidy      1979 - 2013	39
(9)	Annual Progress of Tea New Planting Subsidy Payments 1993 - 2013	41
(10)	Progress of Payments on Crop Rehabilitation Subsidy Scheme 1993-2013	44

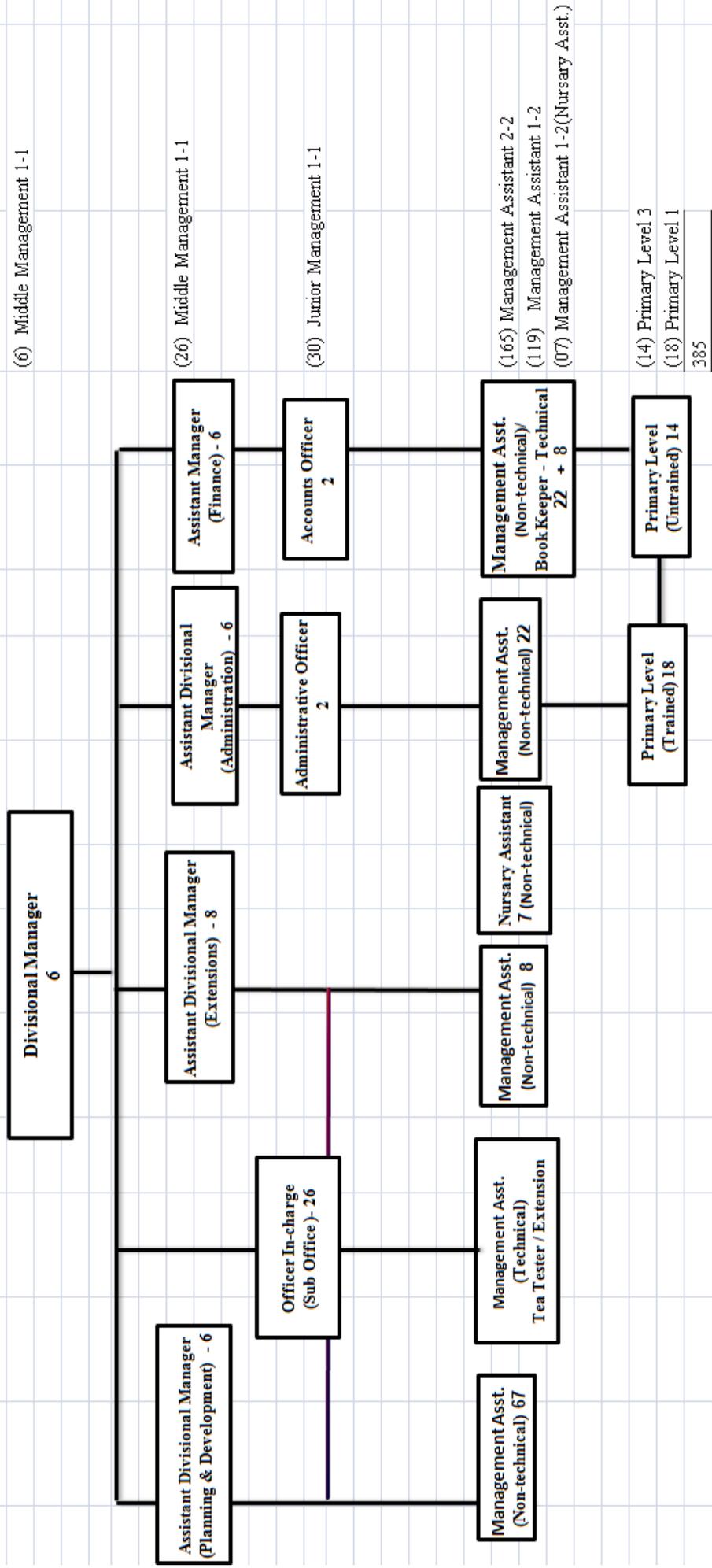
**TEA SMALL HOLDERS AUTHORITY**  
**ORGANISATION STRUCTURE OF THE HEAD OFFICE**



- (1) Senior Management 2-1
- (2) Senior Management 1-1
- (6) Middle Management 1-1
- (5) Middle Management 1-1
- (4) Junior Management 1-1
- 1. M. Ast. 2-2 Book Keeper
- 35. M. Ast. 1-2,
- H.O. - 26/Hanthana - 02
- 10 - Ph. Level 3
- 14 - Ph. Level 1
- 79

**TEA SMALL HOLDERS AUTHORITY**

**ORGANISATION STRUCTURE OF THE DIVISIONAL OFFICES**



Organisational Structure  
As per MSD/30 of the Department of Management Services

## Board of Directors

1. Chairman - Mr. Noel Padmasiri Kariyawasam

## Members of the Board

	<u>Name</u>	<u>Designation</u>	<u>Oragnization</u>	<u>Tel. No.</u>
1.	Dr.S.S.B.D.G.Jayawardena	Chairman	Tea Research Board	051-3519619
2.	Mr.M.Vidanpathirana	Representative of the Private Tea Factory Owners Association		077-6031000
3.	Mrs.DishnaDharmasekera	Deputy Director (Development) Senior Asst. Sec. (Actg) (From July 2013)	Ministry of Plantation Industries Colombo 02	011-2304132
4.	Mrs.Anoma Nandani	Director	Department of Public Finance	011-2480600
5.	Mr.D.W.S.Narangoda	Director General	Sri Lanka Tea Board, Galle Road, Colombo 03	011-2508991
6.	Mr.Neville Ratnayake	Hon. President	All Island Federation of Tea Smallholder Societies	077-2910003
7.	Mr.K.L.Gunarathna	Hon. Secretary	All Island Federation of Tea Small Holder Development Societies	077-7707623
8.	Mr.M.F.S.W.Stembo	Representative of the Hon.Minister of Plantation Industries		077-7226751
9.	Mr.Roshan Rajadurai	Managing Director	Kelaniweli Plantations Limited Thalawakele Plantations Limited (From 03 <sup>rd</sup> August 2012) (From 03 <sup>rd</sup> August 2012)	011-2686274
10.	Mr.P.G.Dasanayake (Observer Member of the Board of Directors)	Working Director	Independent Television Network (From 25 <sup>th</sup> April 2012)	

12 board meetings have been held during the relevant year.

### **Audit & Management Committee**

1.	Chairperson	Mrs.AnomaNandani	Director	Department of Public Finance	011-2480600
2.	Member	Mrs.DishnaDharmas eker	Deputy Director (Development) (From July 2013)	Ministry of Plantation Industries Colombo 02	011-2344132
3.	Member	Mr.M.F.S.W.Stembo	Representative of the Hon.Minister	Ministry of Plantation Industries	077-7226751
4.	Member	Mr.K.L.Gunarathna	Hon. Secretary	All Island Federation of Tea Small Holder Development Societies	077-7707623
5.	Observer	Mrs.Suwineeta Anthony	Audit Superintendent	Audit Sub Office, Sri Lanka Tea Board, Galle Road, Colombo 03	011-2583687

04 Audit Committee meetings have been held in the relevant year.

**Executive Staff.Head Office:**

Chairman : Mr. Noel Padmasiri Kariyawasam  
General Manager : Mr.K.G.B.Obeysekera (From 01/03/2012)  
(Upto 29/02/2012 Acting)

***Extension Division:***

Deputy General Manager (Extension) : Mr.C.J.I.T. Fernando (From 15/12/2013)  
: Mr.C.J.I.T Fernando (Up to 14/12/2013) (Acting)

**Development Division:**

Deputy General Manager (Development) : Mr.M.B.Cyril  
Manager (Development) : Mr.C.J.I.T.Fernando (Up to 14/12/2013)  
Manager (Community Development) : Mr.J.M.G.Jayasinghe

**Planning & Monitoring Unit**

Manager (Planning & Monitoring) : Mrs.M.I.M.J.Samarawickrama  
Assistant Manager(Planning & Monitoring) : Mr.R.A.Waidyaratne

**FinanceDivision:**

Manager (Finance) : Mrs.D.G.P.Jayanthi  
Assistant Manager (Finance) : Mr.P.R.IndikaPerera  
Assistant Manager (Finance) : Mr.B.H.C.A.Batagoda (From 15.06.2013) (Acting)  
Accounting Officer : Mr.B.H.C.A.Batagoda

**Administration Division:**

Assistant General Manager (Services) } : Mr.Amitha Pasqual  
Secretary to the Board }  
Manager (Human Resources & Administration) } : Mr.T.H.T.de Silva (Actg.)  
Assistant Project Manager }

Assistant Manager (H.R.& Administration)) : Mr.R.M.Abeyratne Banda (Up to 02/11/2012)  
Administrative Officer : Mrs. Karuna Somasiri  
(Up to 17/10/2013)  
: Mrs.E.M.D.Amunugama

**Internal Audit Division:**

Internal Auditor : Mr.K.G.Narada  
Internal Audit Officer : Mr.Daminda Priyanjith

## Regional Offices

### Regional Office (Galle)

Regional Manager	: Mr.A.W.W.Karunaratne
Assistant Regional Manager	: Mr.L.H. Ranjith (Up to 14.07.2013) (Acting)
Assistant Regional Manager (Extension)	: Mr. D.M.J. Nakandala (From15.07.2013)
Assistant Regional Manager (Planning & Devp.)	: Mr. S.S.B. Dissanayake (From15.07.2013)
Officer In - Charge	: Mr. D.L.C. Sooriyaarachchi (From 05.08.2013)
	: Mr. L.H. Ranjith (From 14.07.2013)
	: Mr.G.Sisira Kumara
	: Mr.E.R.S.Gunawaradena (Up to 15/07/2013)
	: Mr.T.M.Senaratne (From 02/05/2013) (Acting)
Administrative Officer	: H.Dayananda
Accounting Officer	: Mrs.U.L.M.Perera

### Regional Office (Matara)

Regional Manager	: Mr.G.G.Bandula
Assistant Regional Manager(Extension)	: Mr.E.R.S.Gunawaradena (Up to 15/07/2013)
Assistant Regional Manager (Planning & Devp.)	: Mr.L.H. Ranjith (From 15.07.2013)
Officer In Charge	: Mr.J.L. Edirisooriya (From 28.08.2013)
	: Mr.D.M.J.Nakandala (Up to 14.07.2013)
	: Mr. S.S.B. Dissanayake (Up to 14.07.2013)
	: Mr. E.G.D. Shanthasiri (From 02.05.2013) (Actg)
	: Mr. D.L.C. Sooriyaarachchi (Up to 23.07.2013)
Administrative Officer	: Mrs. K.H.M.A. Amaralatha (Actg)
Accounting Officer	: Mrs. H.M.L. Pushpakumari

### Regional Office (Ratnapura)

Regional Manager	: Mr.U.L.Ariyapala (From 01.102013)
Assistant Regional Manager	: Mr.G.A.A.Gamage (Up to 22.04.2013) (Actg.)
Assistant Regional Manager (Extension)	: Mr. M.R.N. Dhammika (From 01.08.2013)
Assistant Regional Manager (Planning & Devp)	: Mr. W.H.S.P. Wijethunge (Actg. From 19.07.2013)
Officer In Charge	: Mr. W.T.M. Nankandura (From 28.08.2013)
	(Actg.)
	: Mr.L.U.Kumarasiri
	: Mr. P.A.A. Gamage (Up to 22.04.2013)
	: Mr. K.A.B. Padmarajah (Up to 15.07.2013)
	: Mr.K.M.R.L.Bandara
	: Mr.P.D.K.Balachandra (Actg)
Administrative Officer	: Mr.D.M.N.K.B.Thanyamwatta (Up to 03/09/2013)
Accounting Officer	:Mr. K.M. Senarathna - Actg (From 18.09.2013)
	: Mrs.M.A.Piyaseeli

**Regional Office (Kandy)**

Regional Manager	: Mr.K.A.B. De A. Rajapaksha (From 01.10.2013)
Assistant Regional Manager (Extension)	: Mr.G.N. Yagamuni (From 19.07.2013) (Actg.)
Assistant Regional Manager(Planning & Devp)	: Mr.M.M. Wijebandara (From15.07.2013)
Officer In Charge	: Mr.W.J.W. Arambepola
	: Mr.T.M.J.Herath
	: Mr. S.M.K.K.B. Kapugedara (Up to 19.07.2013)
	: Mr.T.Amarasekera
	:Mr.Anurudda Bandara
Administrative Officer	: Mr.E.Jesudasan (Up to April 2013)
	: Mr.P.M.G.Bandaranayake
Accounting Officer	: Mr. A.G. Somasiri

**Regional Office (Nuwaraeliya)**

Regional Manager	: Mr. P.A.W.Nilmalgoda (S.D)
Assistant Regional Manager (Extension)	: Mr. S.M.K.K.B. Kapugedara (From 19.07.2013) (Actg.)
Assistant Regional Manager(Planning & Devp)	: Mr.A. Gunawardhane (From 18.072013)
Regional Planning Officer	: Mr.W.H.P.S.Wijetunga (Up to 18.07.2013)
Officer In Charge	: Mr.D.M.R.K.B.Dasanayake
	: Mr.J. Bogahawatta
	: Mr. S.M.K.K.B. Kapugedara (From 19.07.2013)
	: Mr.G.N.Yagamuni (Actg from 19/07/2013)
	: Mr. D.S. Ranaweera (Actg from 28.08.2013)
	: Mr.B.D.A.Hiyarapitiya (Actg)
Administrative Officer	: Mr.G.I.U.Somasiri
Accounting Officer	: Mrs Shyamali Premasundara (From 02.01.2013)
Public Relations Officer	: Mr.A.Dissanayake (Up to 11.12.2013)

**Regional Office (Uva)**

Regional Manager	: Mr.H.R.Aruna Shantha (Actg.From 01-10-2013 to 30.09.2013)
Assistant Regional Manager (Planning & Devp.)	: Mr.H.K. Lalith Kumara (From 15.07.2013)
Officer In Charge	: Mr.P.R. Rathnaweera (Actg.)
	: Mr.W.T.R.P.Wimalaratne (Up to 05.08.2013)
	: Mr.K.M.A.D.S.Kuruppu (Actg.)
	: Mr.D.M.G.Wickramaratna Bandara (Actg.)
Administrative Officer	: Mr.D.M. Gunapala
Accounting Officer	: Mr.W.M.Danaplala

**Regional Office (Kegalle)**

Regional Manager : Mr.P.A.W.Nilmalgoda  
Assistant Regional Manager (Extension) : Mr.K.A.B. Padmarajah (From 29.07.2013)  
Officer In - Charge : Mr.D.G.M.S.Ekanayake  
: Mr. A. Gunawardhana (Up to 15.07.2013)  
: Mr. R.A.G.P Ranasinghe (Up to 19.07.2013)  
: Mr. W.T.R.P. Wimalarathna (From 05.08.2013)  
Administrative Officer : Mr.M.P.Somadasa (Actg up to 01/05/2012)  
Accounting Officer : Mrs.R.A.C.D.D. Jayathunge (Up to 14.04.2013)  
: Mrs. P.G.I. Surangika (From 15.04.2013)

**Regional Office (Kalutara)**

Regional Manager } : Mr.P.G. Somasiri (From 01.10.2013) Acting  
Assistant Regional Manager(Planning }  
& Devp.) } : (From 15.07.2013)  
Assistant Regional Manager (Extension) : Mr. R.A.G.P. Ranasinghe (From 20.07.2013)  
(Actg.)  
Officer In Charge : Mr.A.A.D.P.Abeytilake  
: Mr. R.A.G.P. Ranasinghe (From 20.07.2013)  
: Mr. P.G. Somasiri (From 15.07.2013)  
: Mr. M.M. Chandrapala (Actg.)  
Administrative Officer : Mrs.Preethi Pushpakumari (Actg.)  
Accounting Officer : Mrs.R.A.C.D.D. Jayathunga (From 16/04/2013)

**Ratnasiri Wickramanayake National Training Centre**

Manager (Training) : Mr.S.Abeysinghe (From 28.06.2013)  
: Mr.K.A.B. De A. Rajapakshe (From 02.07.2013)  
(Actg.)  
Training Officer : Mr. S.C.E. Narangaspitiya (From 02.05.2013)

## Offices in the Administrative Districts

Head Office  
No.70, Parliament Road  
Pelawatta, Battaramulla  
Telephone No: 011 – 7909020-21

<b>Administrative District</b>	<b>Office</b>	<b>Extension Centre</b>	<b>Sub Office</b>	<b>TI Range</b>
Galle	Tea Small Holdings Development Authority	Tea Small Holdings Development Authority	Wanduramba	Kurupanawa Unanwitiya Udugama Baddegama Wanduramba
	Galle Regional Office No.81, Lighthouse Street Fort, Galle Tel No: 091-7201126/28	Regional Extension Center Walahanduwa Estate, Galle Tel No.:091-2234324		
	Fax: 091-2244382			
			Elpitiya	Ethkandura Pitigsls Niyagama Elpitiya Batapola Kahaduwa
			Hingalgoda	Dellawa Mawanana Neluwa Habarakada Halvitigala Hiniduma Opatha
			Akmeemena	Imaduwa Kottawa Yakkalamulla Beranagoda Akmeemana

<b>Administrative District</b>	<b>Office</b>	<b>Extension Centre</b>	<b>Sub Office</b>	<b>TI Range</b>
Matara Hambantota	Matar Regional Office No.31, KalidasaMawatha Matara Tel No: 041-7200799 041-7200394/96 Fax: 041-2226487	Tea Small Holdings Development Authority Regional Extension Center Morawaka, Alapaladeniya	Kotapola	Deniyaya Kalubovitiyana Morawaka Derangala Kolawenigama Kotapola Pitabeddara
			Akuressa	Kananke Akuressa Thelijjavila Thibbotuwawa Ketanwila Kamburupitiya
Nuwaraeliya	Tea Small Holdings Development Authority Gampola Regional Office No.26, Hill street Gampola Tel No: 081-7201863 081-7201593 Fax: 081-2351293	Tea Small Holdings Development Authority Regional Extension Center Tispane, NawaTispane Tel No. 054- 3541075	Pasgoda	Beralapanathara Warapitiya Kirilipana Dampahala Pasgoda Urubokka Deiyandara
			Gampola	Panvilatenna Gampola Nillamba Pupuressa Pussellawa
			Udunuwara	Handessa Wattappola Kurunduwatta Ulapane Dolosbage
			Kotmale	Ruwanpura Tispane Harangala Helboda Pundaluoya
			Ginigathhena	Ginigathhena Polpitiya Lakshapana Nawalapitiya Weligampola

<b>Administrative District</b>	<b>Office</b>	<b>Extension Centre</b>	<b>Sub Office</b>	<b>TI Range</b>
Kandy/ Matale/ Kurunegala	Tea Small Holdings Development Authority Kandy Regional Office No.2/7/1, Gannoruwa Road Peradeniya, Kandy TelNo:081-7200827	Tea Small Holdings Development Authority Regional Extension Center Sooriyagoda, Muruthalawa Tel No: 081-2412159	Matale	{ Ukuwela Matale Rattota Alawathugoda
			Wattegama	{ Poojapitiya Werellagama Teldeniya Wattegama
081-7201821 Fax: 081-2389011			Hanguranketha	{ Hewaheta Mandaramnuwara Hanguranketha Walapane
			Giragama	{ Gannoruwa Galagedara Menikdiwela Danture
Ratnapura	Tea Small Holdings Development Authority Ratnapura Regional Office 1/28, New Town, Ratnapura Tel No.045-7201245 045-7201904 Fax:045-2228647	Tea Small Holdings Development Authority Regional Extension Center Sannasgama, Ratnapura Tel No. 045-7201170	Nivithigala	{ Nivithigala Ratnapura Weddagala Kalawana Ayagama Kukulegama
			Balangoda	{ Opanayake Pinnawala Rassagala Imbulpe Ellaarawa Weligepola Balangoda
			Rakwana	{ Pothupitiya Madampe Kolonna Rakwana Pelmadulla Kahawatta
			Kuruwita	{ Eheliyagoda Gallella Gileemale Erathna Kiriella Wewelwatta

<b>Administrative District</b>	<b>Office</b>	<b>Extension Centre</b>	<b>Sub Office</b>	<b>TI Range</b>
Badulla Moneragala	Tea Small Holdings Development Authority Bandarawela Regional Office New Badull Road, Bandarawela Peradeniya, Kandy TelNo:057-7200241 057-7200081 Fax: 057-2232237	Tea Small Holdings Development Authority Regional Extension Center Bogahamaditta, Haliela Tel No: 055-2294363	Haliela	Lunugala Passara Wepassawela Haliela Etampitiya Badulla
			Bandarawela	Haputale Bandarawela Liyangahawela Ella Ballaketuwa Haldummulla
			Welimada	Welimada Boralanda Lunuwatta Bambarapana
Kalutara / Colombo	Tea Small Holdings Development Authority Kalutara Regional Office Dandugodayawatta Road, Iddagoda Mathugama Tele.No: 034-7200183 034-7201630 Fax: 034-2249690		Meegahatenna	Meegahatenna Yattapatha Pelawatta Ittapana Baduraliya Hedigalla
			Horana	Horana Bulathsinhala Mahagama Mathugama Agalawatta Kelinkanda

<b>Administrative District</b>	<b>Office</b>	<b>Extension Centre</b>	<b>Sub Office</b>	<b>TI Range</b>
Kegalle/ Gampaha	Tea Small Holdings Development Authority Kegalle Regional Office Agriculture Building Kachcheriya Road, Kegalle TelNo:035-7201254 035-7201243 Fax: 035-2230163	Tea Small Holdings Development Authority Regional Extension Center Hingula	Deraniyagala	Deraniyagala Nooriya Yatiynthota Dehiowita Maliboda Kithulgala Dikella
Kandy	Tea Small Holdings Development Authority Hantana Training Center, 5 <sup>th</sup> Mile Post, Middle Division Udawela, Hantana Tel: 081-7201760 081-7201873 Fax: 081-3800679		Kegalle	Kegalle Aranayake Bulathkohupitiya Malalpola

**All Island Federation of Tea Small Holder Development Societies**

Mr.NevilRatnayake	-	Hon.President
Mr.K.L.Gunaratne	-	Hon Secretary
Mr.N.M.R.Jayathilaka	-	Hon.Treasurer
Mr.J.M.B.J.Bandara	-	Hon.Deputy President
Mr.K.Weerasinghe	-	Hon Deputy Secretary

**01. Galle - Tea Small Holder Development Regional Organization**

Mr.P.H.Susantha de Silva	-	Hon.President
MrT.H.Richaard	-	Hon Secretary
Mr.M.A..R.Gunawardena	-	Hon. Treasurer

**02. Matara - Tea Small Holder Development Regional Organization**

Mr.NevilRatnayake	-	Hon.President
Mr.K.Weerasinghe	-	Hon Secretary
Mrs.W.G.Hema	-	Hon. Treasurer

**03. Kalutara - Tea Small Holder Development Regional Organization**

Mr.K.L.Gunaratne	-	Hon.President
Mr.K.T.Piyadasa	-	Hon Secretary
Mr.YasapalaGunawardena	-	Hon. Treasurer

**04. Ratnapura - Tea Small Holder Development Regional Organization**

Mr.J.M.B.J.Bandara	-	Hon.President
Mr.JagathSenarathPathirana	-	Hon Secretary
Mr.O.K.Rathnathilaka	-	Hon. Treasurer

**05. Kegalle - Tea Small Holder Development Regional Organization**

Mr.P.R.A.Ratnayake	-	Hon.President
Mr.N.M.R.Jayathilaka	-	Hon Secretary
Mr.H.D.AnuraJayaratne	-	Hon. Treasurer

**06. Kandy - Tea Small Holder Development Regional Organization**

Mr.B.G.Abeysinghe	-	Hon.President
Mr.W.D.Jayaratne	-	Hon Secretary
Mr.R.T.Gurusinghe	-	Hon. Treasurer

**07. Nuwaraeliya - Tea Small Holder Development Regional Organization**

Mr.W.R.S.Karunaratne	-	Hon.President
Mr.D.G.S.P.Piyasena	-	Hon Secretary
Mr.P.K.Somaratne	-	Hon. Treasurer

**08. Uva - Tea Small Holder Development Regional Organization**

Mr.R.M.Gunasekera	-	Hon.President
Mr.H.M.Dayananda	-	Hon Secretary
Mr.A.M.Gunarathna	-	Hon. Treasurer

## **Executive Summary**

### **Extent of Tea Small Holdings**

Total extent of tea lands excluding the abandoned tea lands as per the Census of Tea Small Holdings in 2005 amounts to 125,019 hectares. (Including lands below 20 perches in extent). According to the data from the previous decade, an extent of around 1093 hectares has been uprooted for replanting and 931 hectares have been replanted annually with the subsidy from the organisation. According to the trend experienced in past three (03) years 1074 hectares have been uprooted and 942 hectares have been replanted annually. Farmers / planters have been directed for replanting as well as newly planting even without the subsidy from the organisation

This trend does not occur on permanent basis, since the attractive market prices for tea, orientation towards alternate crops and intercropping in tea, special projects implemented for farmers with low income and the favourable and unfavourable circumstances occur vary from time to time. As per the information gathered through a questionnaire on the Tea Small Holdings sector at the Tea Inspector / Extension Officer Range basis a number of 880 farmers / planters have newly entered the Tea cultivation in year 2013.

The extent of land been newly cultivated without the subsidy was 312 hectares 85 hectares out of that amount was from the district of Ratnapura, 76 hectares from Galle district and 68 hectares from Kaluthara district. Accordingly, the total extent of Tea Small Holdings at the end of year 2013 amounted to 121,267 hectares.

#### **Production of the Tea Small Holdings Sector and Its Contribution to the National Production.**

The production of the Tea Small Holdings sector could be increased from 2.03 million kilos to 245 million kilos that is an increase of 42 million, during the previous decade. In addition, the contribution to the national production too could be increased from 66% to 72.2%. The Tea Small Holdings sector was able to increase the production by 12 million kilos that is 5.3% when compared with year 2012.

#### **Productivity in the Tea Small Holdings Sector**

Production as well as the average productivity of the Tea Small Holdings sector has increased in year 2013 due to the ability to procure fertilizer by the tea small holders from the open market under the prices including the national fertilizer subsidy and the favourable climatic conditions. Due to the circumstances prevailed, it was possible for an increase of average annual productivity from 2001 dg of 'made tea' / per hectare to 2017kg, which is an increase of 5.3%. In comparison to year 2012, the production of up country mid country and low country tea production had increased respectively by 21%, 9% and 4%. Average productivity in the low country had increased from 2143kg / per hectare to 2227kg that had been 4%.

### **Extent of Replanting and Replanting Rate of Tea**

In order to maintain the existing tea lands in a permanent extent with the maximum yield replanting of tea should be performed annually in 2% of the existing tea lands as per the national policy. According to the census data, the total extent of matured tea in the Tea Small Holdings sector is 166,492 hectares. In addition, 21, 613 hectares of tea lands have exceeded 25 year. This extent of land needs to be replanted expeditiously. An extent of 2300 hectares should be replanted as per the national requirement. The targeted extent of lands for tea replanting in year 2013 is 1250 hectares and the extent of such replanting amounts to 1165 hectares. The extent of replanting of tea under the above limited circumstances amounts to a rate of 0.93%.

### **Crop Rehabilitation**

Crop rehabilitation incentive is paid for pruning as recommended, applying soil conservation measures and management of shade along with supplying vacancies where necessary in an integrated manner. In comparison to the previous year, the application to this has been deducted from 39% and the progress of issuing permits has been deducted from 44%. The number of plants established is 0.497 million. Compared to year 2012 it has been deducted by 35%. As per the budget allocations the target amount of plants are 1.06 million.

### **Extension and advisory services.**

The number of group programmes conducted in year 2013 under the extension and advisory services programmes implemented by all the regional and extension offices are 6617. This is a deduction of 4% in comparison with year 2012. The number of targeted group programmes in year 2013 was 6956. Accordingly, a progress of 95% had been acquired as the annual target. The number of farmers participated for those programmes in year 2013 amounted to 137,661. Since the targeted number of farmers in that year was 168,837, the progress as per the number of targeted number of farmers is 82%

20,152 soil samples were examined / tested in year 2013 to test soil acidity in the tea smallholdings and the progress of that extent was 86% from the targeted number of samples of 23,400.

### **Tea Small Holder Development Societies.**

Tea smallholder development societies inaugurated in year 1989 is a society system that had been legislated. 1,382 societies had been registered by the year 2013 under this society system which consists of 8 regional organisations and an all island federation. Total membership is 251,794. Number of societies had grown by 01 or 0.07% in year 2013 compared to 2012. Membership had declined by 9,699 which are 3.7%

**Operational Cost of the Organisation.**

The development cost of the organisation in 2013 is Rs. 440.060 million. Recurrent cost is Rs. 238.823 million. In comparison with the year 2012, development cost had increased by Rs 199.188 million. Recurrent cost had increased by Rs. 5.085 million. Thus, ratio between operational cost and development cost is 0.54. In comparison with the last year, operational cost has decreased by 0.31. However, the value is not realistic to be utilized for the development goals and productivity cannot be utilized for operational review activities directly within the provided fund limitations.

**Tea Small Holder and Tea Inspector / Extension Officer Ratio.**

Although the extension officer to farmer ratio should be 1:1000 to secure an effective extension service, this ratio in the tea small holdings sector is 1:2736. Accordingly, it is not possible to increase the number of officers to improve the ratio to do so in view of the cost and finding limitations of the organization and obtaining the assistance of support services such as of community organisations like Small Holder Development Societies instead is done by the organisation.

**Prices of Green Leaf**

The average price received by the tea small holders for a kilo of green leaf based on market prices for Sri Lankan tea in year 2013 was Rs. 58.83 for up country tea, Rs. 58.30 for mid country tea and Rs. 68.71 for low country meanwhile the average for all areas was Rs. 64.99. Based on the average for all areas, the marginal production of tea small holders was a positive value in year 2013.

## **Tea Small Holdings Development Authority Annual Report – 2013**

### **1. Introduction**

#### **1.1. Organization and Functions**

Tea Small Holdings Development Authority was established on 1<sup>st</sup> February 1977, under the Tea Small Holdings Development Act No. 35 of 1975.

Subsequently, Act No 36 of 1991, No 21 of 1997, Act No 34 of 2003 and Act No 24 of 2006 have been legislated adding revisions to the main Act.

#### **Objectives:**

Development of tea small holdings, increase of production, improvement of productivity, marketing activities of green leaf and working for the welfare of the tea small holders are the objectives of the organization.

#### **Functions of the Authority**

1. to promote or to undertake development of tea small holdings or other holdings which do not possess their own means of manufacture;
2. to acquire or to develop tea factories and other facilities required for the manufacture of produce of such tea lands;
3. to promote or to undertake marketing of the produce of such factories or of such tea lands;
4. to take all such steps as may be necessary to provide, or to facilitate or to procure, or to facilitate the provision of or procuring of such facilities and services as may be necessary for the development of such tea lands and for the wellbeing of those who are engaged in the production or the processing of the produce of such lands.
5. Registration and control of Tea Smallholder Development Societies and providing assistance to members of societies thus registered with the Authority and enabling framing of regulations for affiliated matters.
6. Promoting investments in tea smallholdings.
7. Undertaking collection and dissemination of data as well as assessing development potential of tea smallholdings.
8. Advising the ministry on appropriate policies and coordinating with other relevant institutions, corporating with them.

Necessary action is being taken to remove the function nos.02,03, 04 from the act of the Tea Small Holdings Development Authority and substitute other functions.

In addition, Authority continued to carry out the under noted other functions as well as functions delegated periodically by the Sri Lanka Tea Board, since 1<sup>st</sup> January 1978.

1. Implementation of following incentive schemes for the development of lands under private management.
  - i. Tea Replanting
  - ii Tea New Planting
  - iii Infilling
2. Implementation of support services such as distribution of fertilizer, planting material, implements and transport facilities.
3. Implementation of extension and advisory services.

## **1.2. Audit & Management Committee Activities**

Four (4) audit and management committee meetings have been conducted during the year under review. Basically the undernoted areas were subject to the review off the committee.

1. Reviewing and approving the annual audit plan
2. Reviewing matters elicited by internal audit reports and expediting implementation of recommendations.
3. Reviewing Auditor General's reports and taking corrective action to prevent reoccurrence of deficiencies thereto.
4. Review of progress on replying audit queries.
5. Review of annual budgets, internal financial statements and evaluation of achieving of targets on performance.
6. Ensuring final accounts and annual reports are submitted in time.
7. Reviewing and making decisions on administration and development of human and other resources.
8. Reviewing staff disciplinary matters and directing towards institutional thrift.
9. Analyzing whether existing circulars and regulations and taking corrective action with regard to shortcomings.

Audit plann prepared for the year 2013 was aproved by the Audit and Management Committee on 24.12.2012 whilst it was approved by the Board of Directors on 30-01-2013.

13 audit inspections and 16 other inspections planned under conducting audit inspections and reporting.

Steps have been taken to timely report the audit committee and the Board of Directors onn the details of actions taken by the administration Branch for the Audit inspections.

### 1.3 Administrative Matters

#### 1.2.1. Organization Structure and Recruitment Procedure

Approved cadre of the organisation is appeared on page 63 whilst page number 64 gives the detailed information of employees and information of the employees categorized at age limits and educational qualifications have been given in detail on pages 66 and 67.

All employees had been absorbed to the relevant positions according to the approved scheme of recruitment and yhe organizational structure.

#### Appointments made during the year

Following appointments were made during the year after calling for applications as advised by the Ministry of Plantation Industries and approval of the Department of Management Services to fill the vacancies of the Authority.

<b>Designation</b>	<b>Grade</b>	<b>Amount</b>
Deputy General Manager (Extensions)	HM 1-1	01
Divisional Manager	MM 1-1	03
Assistant Divisional Manager (Planning & Development)	MM 1-1	06
Asistant Divisional Manager (Extensions)	MM 1-1	04
Training Officer	JM 1-1	01
Accounts Officer	JM 1-1	03
Book Keeper	MA 2-2	03
Tea Inspection Extension Officer	MA 2-2	26

### **1.3.2. Results Based Management Strategies for Statutory Objectives**

Through the annual action plans, in consistent with the organisational compact plan prepared for the performance of statutory objectives, the new methodology planned in 2009 as per the result based management strategy is being implemented from year 2010. Accordingly, performance in year 2013 was based on the said strategies.

The long term development result of the organization had been identified as “improving livelihood of tea smallholders”.

In order to achieve the following medium term results for the year 2013, actions have been taken according to the annual action plan.

#### **Development Results**

**Long Term Impact**—Improving livelihood of tea smallholders.

#### **Medium Term Results**

1. Increase the yield to Kg made tea / hectare / annum in 06 years to  
2700 in low country  
1700 in mid country  
1500 in Uva
2. Improve leaf standard to 60% at factory level in 5 years.
3. Strengthening 50% of the community based organizations within 06 years
4. Strengthening the organization to function more effectively within a year
5. Direct 10% of the lands towards additional income earning activities within 05 years

## 2. Tea Small Holdings Sector in Sri Lanka

### 2.1. Tea Small Holdings

Lands less than 10 acres in extent are treated as “tea small holdings” according to the Tea Control Act. In spite of this Hon Minister of Plantation Industries had delegated powers to the Tea Small Holdings Development Authority from 01<sup>st</sup> January 1978 to undertake development activities of tea lands between 10 – 50 acres which was so far under the Sri Lanka Tea Board. Accordingly the organization had provided support services to develop all tea lands less than 50 acres in extent under private ownership.

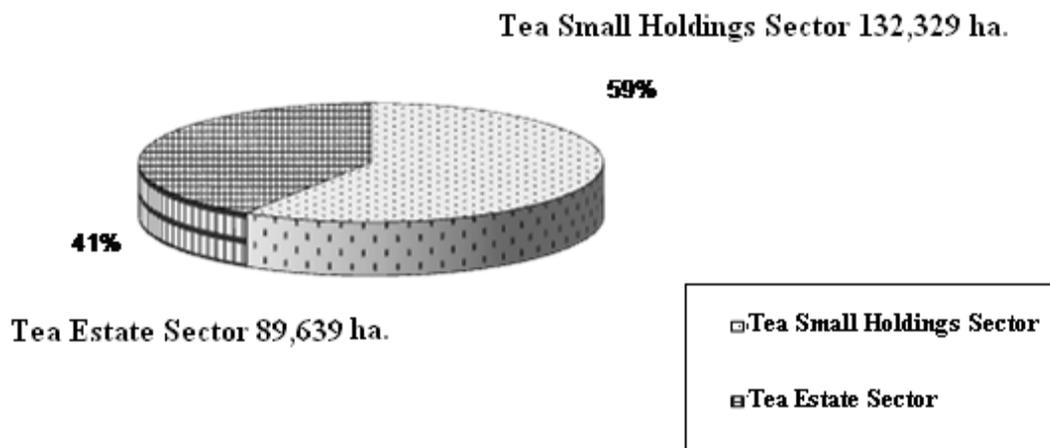
By year of 2012, providing land development services and extension services have been delegated to Sri Lanka Tea Board and Sri Lanka Tea Research Institute respectively. Accordingly the organization provided development and affiliated support services only to tea lands below 10 acres in extent as per provision under the act, from year 2012.

### 2.2. Land Extent of Tea Small Holdings

With the extent of tea small holdings of 132,329 Hectares (including extents under 20 perches), as per the Census of Tea Small Holdings in 2005, total tea extent in Sri Lanka will approximately be 221,968 Hectares. Thus, 59% of the total tea extent in Sri Lanka belongs to the tea smallholdings sector. When compared with details of census of small holdings in 1994/95, tea extent in Sri Lanka had increased from 82,919 to 116,492 Hectares (only lands above 20 perches), i.e. 40% within a decade.

An extent of 312 ha had been newly added in 2013 to the tea extent as per the TI/EO range baseline survey - 2013. By the end of 2013 the total estimated extent of Tea Small Holdings is 121,267 ha.

**Figure 01**  
**Contribution of Tea Small Holdings to the Total Tea Extent**



Source:

- \* Census Report of Tea Lands in Sri Lanka in 1994 / 1995, Sri Lanka Tea Board
- \* Census of Tea Small Holdings 2005 - Department of Census and Statistics

### 2.3 Tea Small Holders.

The number of tea small holders by the year 2005 is 370,842 (including cultivators of less than 20 perches). 82% out of this are smallholders with single ownership and they own about 76% of the land extent. According to TI/EO range baseline data estimates, the number of small holders at the end of 2013 is 391,226

#### Number of Small Holdings

The total number of tea small holdings had increased from 206,652 to 350,982 (lands above 20 perches), i.e. 70% within the period from 1994 to 2005. By the end of year 2013, the total extent of tea lands along with plots of lands less than 20 perches are 417,607

The number of parcels and distribution of extent according to the census of 2005 is as follows. Tea small holdings have been spreaded in 3692 grama niladhari divisions under 123 divisional Secretariat Divisions.

**Table No. 1**  
**Number of Plots of Lands per Districts of Sri Lanka - 2005**

District	No: of Tea Small Holders	No: of Tea Small Holdings	No: of Hectars	No: of Lands / unit as per number of hectares						
				Less than <1/2	1/2 - < 1	1 - < 2	2 - < 3	3 - < 5	5 - < 10	>10 -
Colombo	478	491	246	423	35	22	4	4	2	1
Gampaha	9	9	2	9	-	-	-	-	-	-
Kaluthara	35,908	38,263	7,823	35,793	1,927	396	74	38	26	9
Kandy	29,224	30,747	16,058	25,457	3,345	1,094	353	206	140	152
Mathale	1,387	1,408	1,672	1,011	166	81	40	38	41	31
N <sup>o</sup> Eliya	16,875	17,547	7,205	15,270	1,663	302	100	77	55	80
Galle	81,491	90,524	27,427	79,432	8,296	1,840	467	276	166	47
Matara	63,273	67,613	25,417	58,470	6,835	1,296	430	290	176	116
Hambantota	2,386	2,533	546	2,373	141	14	4	1	-	-
Kurunegala	145	151	180	111	23	8	3	2	-	4
Badulla	28,101	29,679	9,020	26,989	1,747	574	182	85	56	46
Monaragala	634	637	199	551	72	11	1	2	-	-
Ratnapura	92,038	97,984	30,441	87,070	7,910	1,880	530	345	141	108
Kegalle	18,893	19,637	6,093	17,333	1,680	400	98	65	31	30
<b>Total</b>	<b>370,842</b>	<b>397,223</b>	<b>132,329</b>	<b>350,292</b>	<b>33,840</b>	<b>7,918</b>	<b>2,286</b>	<b>1,429</b>	<b>834</b>	<b>624</b>
<b>Percentage</b>				<b>88.19</b>	<b>8.52</b>	<b>1.99</b>	<b>0.57</b>	<b>0.36</b>	<b>0.21</b>	<b>0.16</b>

#### Source - Census of Tea Lands in Sri Lanka - 2005

Price escalation of green leaf, increase of incentive payments for tea cultivation, fragmentation of large holdings and cultivation of lands without alternate crops with tea have specially influenced the growth of lands in the tea small holdings sector.

## 2.4 Land Classification

\*Out of total extent of tea small holdings, 113,190 acres (34.6%) are lands less than one acre in extent whilst 198,707 acres (60.8%) are lands less than two acres in extent. Extent more than ten acres is 59,731 acres (18.3%)

**Table no: 2**  
**Catergorization according tot he extent of tea small holdings and number of plots in Sri Lanka 0 2005**

Acres	Extent of Lands acres	%	No. of plots	Percentage %
Less than 1	113,190	34.6	297,342	75
Less than 1 - 2	85,517	26.2	74,314	18.7
Less than 2 - 3	31,882	9.8	15,101	3.8
Less than 3 - 5	18,413	5.6	5,299	1.3
Less than 5 - 10	18,251	5.5	2,936	0.7
10 and more	59,731	18.3	2,231	0.5
	<b>326,984</b>		<b>397,223</b>	

**Source - Census Report on Tea Lands in Sri Lanka**

## 2.5 Production in Tea Small Holdings Sector ã

Tea Small Holdings sector that contributed 50% of the natiional tea production in year 1991 has expanded its contribution up to 72.2% by year 2013. (Schedule no: 4).

National tea production in year 2013 is 340.02 million kg. This is a 42% increase when compared with year 2012.

Production of tea small holdings sector increased from 233.1 million kg to 245.4 million kg which is a hike of 5.3% in year 2013. The national production contribution percentage which was 60% in year 2000 has increased up to 72.2% in year 2013.

**Table no: 3**  
**Total Tea Production of Sri Lanka - 2012 / 2013**  
**Contribution According to Management Institutions**

Management Institutions	Tea Production MT			
	2013	%	2012	%
01 Private Sector (Small holdings)	245,436	72.18	233,106	71.40
02 Regional Plantation Companies	91,139	26.80	89,2160	27.30
03 Janatha Estates Development Board State Plantation Board	2,911	0.86	3,529	1.08
04 Other	540	0.16	427	0.13
<b>Grand Total</b>	<b>340,026</b>		<b>326,278</b>	

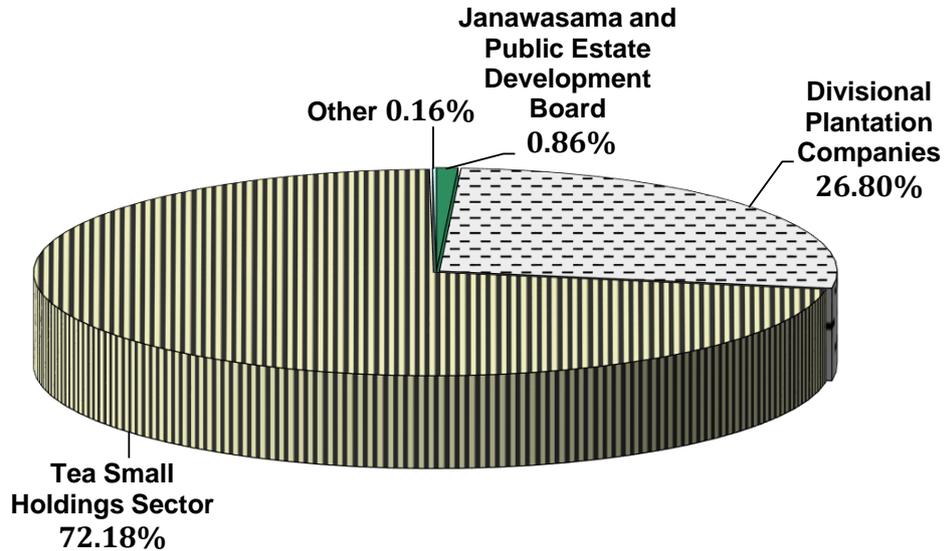
(Other = Tea Shakthi, Tea Small Holders Factories Ltd., Sri Lanka Tea Research Institute, Cooperative, ElkanduwaPlantations, Kalubowitiyana Tea factories Limited)

Source - Sri Lanka Tea Board

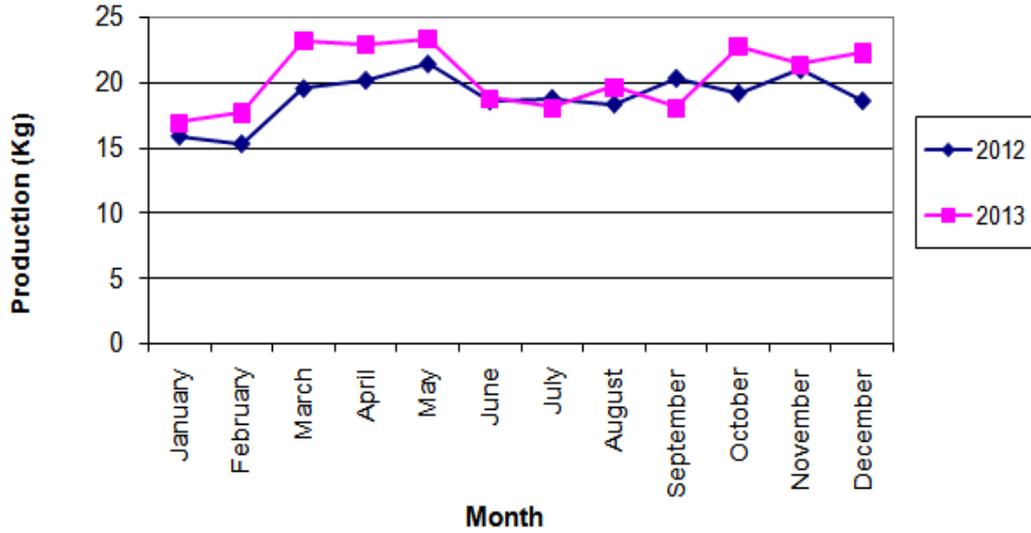
(All those purchased at the organisational categorization has been included in the production of Tea Small Holdings. Here the private sector is considered as the Tea Small Holders' Sector)

**Figure No. 02**

**Percentage Production Share of Management Institutions - Year 2013**

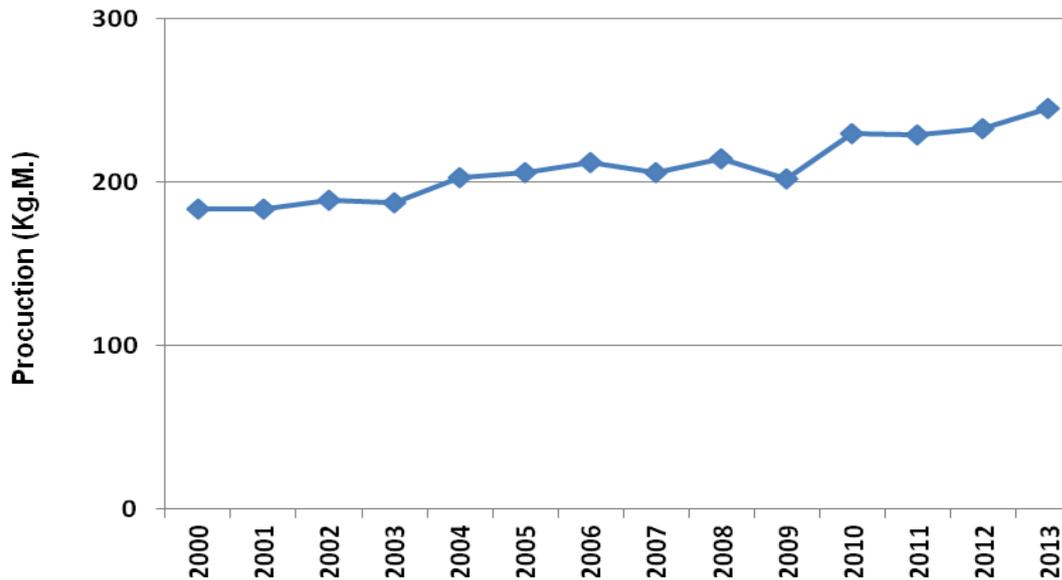


**Figure 3**  
**Monthly Tea Production in the Tea Small Holdings Sector - KgM**  
**(2012 / 2013)**



Source: Sri Lanka Tea Board

**Figure no, 04**  
**Annual Tea Production Trends in the Tea Small Holdings Sector**  
**2000 - 2013 (KgM)**



Source: Sri Lanka Tea Board

## 2.6 Production Composition of Tea Small Holdings

95% of the total low country tea production, 59% of the total medium country tea production and 17% of the up country tea production contributed to the national production of year 2013 (table no: 04). In addition, 81% of the total tea production of the private sector consisted of low country tea production in year 2013 too.

Compared with year 2013, the tea production increased as 21% from up country, 8% from medium country and 4% from low country in year 2013.

**Table No. 04**  
**Physical and production contribution of the Tea Small Holdings Sector (Based on the elevation)**  
**2012/ 2013**

		Year	Situation			Total
			Up country	Mid country	Low country	
Extent of Small Holdings	Ha.		5913	21403	89176	116492
Percentage of Contribution	%		5	18	77	
National Production	MT	2013	75777	56127	208122	340026
	%		22	17	61	
	MT	2012	72739	52293	201246	326278
	%					
Production of Small Holdings	MT	2013	13401	33442	198593	245436
	%		5.5	13.6	80.9	
	MT	2012	11066	30969	191071	233106
	%		4.7	13.3	82	
Contribution to national production	%	2013	3.94	9.84	58.40	72.18
		2012	3.39	9.49	28.56	71.44
Productivity	Per annum / per	2013	2266	1563	2227	2107
	hs./ Mde Tea	2012	1872	1447	2142	2001

**Source:**

- i.** Census report on Tea Small Holdings 2005 - Dept. of Census and Statistics
- ii.** Monthly Statistical Summary - Sri Lanka Tea Board

## 2.7 Productivity of Tea Small Holders Sector.

The fact that influenced mainly for the growth of National Tea Production in years 2012 and 2013 as well is the increase of production as well as the productivity of Tea Small Holders sector.

According to the data on the production of tea of Sri Lanka Tea Board, the average annual productivity per hectare is 2,001kg of made tea in year 2012. Average productivity of made tea per hectare in year 2013 has been increased to 2107 kg which is 5.3%.

**Table no. 05**

### **Productivity of Tea Small Holdings Sector 2013 (Made Tea / Kg) Based on Administrative Districts**

Administrative District	Extent of Tea Small Holdings (Ha.)	Up country	Medium country	Low country	Total	Productivity (Made Tea per 01 Ha)*
Badulla	7,863	4,167,752	6,819,503	-	10,987,255	1,397
Galle	25,325	-	-	51,808,637	51,808,637	2,046
Hambantota	492	-	-	256,603	256,603	522
Kaluthara	7,588	-	-	17,987,062	17,987,062	2,370
Colombo	246	-	-	645,206	645,206	2,622
Kandy	12,486	166,367	16,526,992	10,578,626	27,271,985	2,184
Kegalle	5,753	-	303,134	9,741,877	10,045,011	1,746
Mathale	1,190	-	1,226,410	481,956	1,708,366	1,436
Matara	22,971	-	45,432	42,698,963	42,744,395	1,861
N'Eliya	5,971	9,042,585	7,474,804	894,376	17,411,765	2,916
Ratnapura	28,232	24,104	1,045,928	63,499,628	64,569,660	2,287
<b>Total</b>	-	<b>13,400,808</b>	<b>33,442,203</b>	<b>198,592,934</b>	<b>245,435,945</b>	-
Extent of land based on the Census **2005	-	<b>5,913</b>	<b>21,403</b>	<b>89,176</b>	<b>116,492</b>	-
Estimated average productivity per Ha.	2012	1,871	1,447	2,143	2,001	-
	2013	2,266	1,63	2,227	2,107	-

Source : Sri Lanka Tea Board

\* Apart from the administrative district basis, the data on the purchase of green leaf to factories is not realistic.

\*\* Extent of matured tea lands.

## 2.9 Investments in Tea Small Holdings Sector

The institutional action plan for the organisation prepared in year 2013 for an amount of Rs. 778 million including Rs. 543 million as the development and organisational capital cost / expenditure and Rs. 235 million as the recurrent expenditure.

But the total amount of receipts amounted to Rs. 535 million in year 2013 including Rs. 300 million as the capital and Rs. 235 million as the recurrent expenditure.

Accordingly, Rs. 300 million of total capital expenditure was not sufficient for the development activities in the annual institutional action plan, and therefore, the activities as per the action plans were performed on the consent of providing the organisation with supplementary allocations of Rs. 243 million. However, the organisation did not receive the expected allocations. Therefore, an amount of Rs. 251 million for the completed work / activities of the action plan had to be brought forward to the following year as the accrued expenditure

Maximum amount which is 84% of this allocated sum was provided for the tea replanting development activities.

In addition, Rs.22 million had to be spent from the provisions received in year 2013 as providing relief for lands affected by the draught experienced in Uva province (due to severe draught experienced in the mid of year 2012)

It is not realistic to utilize the received provisions under the above circumstances and annual cost as well as the estimated development goals and productivity for the monitoring review of the organisation directly.

Although the development of infrastructure facilities to operate the investment activities for the tea small holdings sector should have to be performed parallel to that in year 2013 as well, no priority had been given by the organisation for such activities.

Table no. 06

Tea Production of the Private Sector and the Allocated Zes Fund - 1998 – 2013

Year	Total Tea Production (Kg.M)	Total production contribution		Total ( ශ්‍රී ලංකා තේ පාලන ( ශ්‍රී ලංකා තේ පාලන )	Zes amount allocated to	Percentage of allocated fund
		Private sector	Other sectors		private sector (Tea Small Holdings) (Rs.M)	
1998	280.05	59.2	46.1	680.3	188.5	27.7
1999	283.76	57.8	42.2	651.1	247.9	33.0
2000	305.84	60.0	40.0	701.2	259.4	37.0
2001	295.09	62.1	37.9	741.0	274.5	37.0
2002	310.01	61.1	38.9	767.5	230.2	30.0
2003	303.23	61.9	38.1	739.6	332.0	37.0
2004	308.08	65.9	34.1	753.8	371.6	43.7/39.5
2005	317.19	64.8	35.1	771.1	290.68	39.5
2006	310.82	68.3	26.1	1088.4	461.56	39.51/43.28
					**426.00	
2007	304.61	67.5	26.2	-	(Actual amount received was Rs. 418.00)	-
2008	318.46	67.4	25.9	1294.64	405.30	-
2009	291.13	69.3	24.8	1360.40	367.80	-
2010	331.42	69.4	23.8	1193.98	394.93	-
2011	327.53	69.9	30.1	2057.80	391.59	-
2012	326.27	71.4	28.6	2051.40	418.83	-
2013	340.02	72.2	27.8	.....	520.14	

Source: Sri Lanka Tea Board

\*\* Allocations had been received from the treasury fund from year 2007

## Monitoring Review

According to the action plan 2013, the target monitoring cost amounts to Rs. 0.49. But the monitoring cost was 0.54 during the said year under review. Operational cost had been decreased by 0.31 as per the operational review of year 2013 in comparison with year 2012. This situation occurred due to continuous increase of the payment of subsidy that resulted in the increase of the amount of the subsidy for three consecutive years.

**Table no. 07**  
**Monitoring Review (From 1995 to 2013)**

<b>Year</b>	<b>Development cost Rs. '000</b>	<b>Monitoring cost Rs. '000</b>	<b>Monitoring cost per Rupee of Development</b>
1995	79821	59150	0.74
1996	52665	58095	1.10
1997	63379	70547	1.11
1998	101191	127080	1.26
1999	153503	116822	0.76
2000	115575	128460	1.11
2001	112839	142654	1.26
2002 **	166982	188126	1.13
2003	170134	155216	0.91
2004	215430	156809	0.73
2005	192263	*158695	0.83
***2006	198118	*186396	0.94
2007	183782	178985	0.97
2008	208255	188725	0.91
2009	185660	202146	1.08
2010	189194	205385	1.08
2011	208407	218527	1.04
2012	276324	233738	0.85
2013	440060	238823	0.54

\*\* Operational cost has been calculated including the project costs up to 2002

+ Operational cost has been calculated on accrued basis.

### 3. Statutory Objectives and Results Based Development Functions

Following ar the statutory objectives and its development functions of the organisation as per the rivisions added to the act in the years 1997, 2003, and 2006 in addition to the 4 major statutory objectives that gave the base for the act to establish the organisation. Necessary actions to remove functions no 02, 03, and 04 and add other functions instead to the act was being implemented in year 20.13

#### Statutory Objectives:

01. Taking the responsibility to promote or to undertake development of tea small holdings or other holdings do not possess their own means of manufacture.

##### Development Activities:

- I. Tea re-planting incentive scheme
- II. Tea new planting incentive scheme
- III. Crop rehabilitation incentive scheme

02. Acquire other tea facilities for the factories that need to make the harvest of those tea small holdings the production.

##### Development Activities:

Tea Shakthi Fund was established bythe Authority in 1997 and relevant activities are performed by the Fund from year 2000 as a seperate institution for realizing the above objectives.

03. Assumption of the responsibility to undertake marketing th produce of such tea lands or factories.

##### Development Activities:

- i. Increasing the quality of green leaf of factories to which small holders supply leaf.
- ii. Directing Tea Small Holder Societies to market green leaf produced in tea small holdings.

04. Taking necessary steps to provide, or to facilitate or to procure or to facilitate the provision of or pruning of such facilities and services as may be necessary for the development of such tea lands and for the well-being of those who are engaged in the production or processing of the produce of such lands.

Development Activities:

- I. Distributing tea fertilizer, provision of support services such as providing planting material, utensils and transport facilities.
- II. Implementing extension and advisory services.
- III. Taking steps for the welfare of the people engaged in converting the produce into production of tea small holdings and registering the tea small holder development societies the objective of accepting them as legal organisations and creating regulations on their activities.
- IV. Strengthening tea small holder development societies as community based organisations (CBO) and directing the tea small holders towards additional income earning activities within their own small holding.

05. Registration and control of Tea Small Holdings Development Societies as well as providing funds for members of such societies that have been registered under the Authority and providing necessary provisions to formulate regulations for matters pertaining tot he above.

Development Activities:

- I. Registration of Tea Small Holdings Development Societies by the institution.
- II. Formulation of conditions pertaining to Tea Small Holdings Developement Societies.
- III. Provision of necessary financial funds and services as well as assistance to maintain All Island Tea Small Holdings Developemnt Societies Organisation.
- IV. Provision of annual financial allocations to maintain the All Island Tea Small Holdings Development Societies Organisation.
- V. Provision of other support and service assistance for Tea Small Holdings Development Societies.

06. Promotion of Investments of Tea Small Holdings.

Development Activities:

- I. Implementation of special projects apart from institutional subsidies (Small Plantation Entrepreneurship Programme, such as Divisneguma)
- II. Providing facilities for the implementation of special loan schemes (Tea Development Project Revolving Loan Funding Scheme, Bank of Ceylon Special Loan Scheme)
- III. Implementation of fertilizer loan scheme
- IV. Keeping institutional tea nurseries
- V. Keeping mother plantations
- VI. Registration of commercial tea nurseries and providing knowledge and training.
- VII. Facilitate to minimize investment cost rising timely.
- VIII. Performing what is necessary to retain the replanting ratio to the maximum level which is the national policy of 2%.

07. Assuming the responsibility of collection and dissemination of data and getting to know the development capability of the Tea Small Holdings

Development Activities:

- I. Obtaining data and information by implementing census for Tea Small Holdings Sector.
- II. Implementation of surveys from time to time.
- III. Registration of Tea Small Holders.
- IV. Obtaining cost data and other relevant information at Tea Inspector / Extension Officer Division level.

08. Advising the Ministry on suitable policies and coordinating with other relevant agent institutions

Development Activities:

- I. Maintenance of Research and Extension Society and Inter-institutional Consultancy Committee along with Sri Lanka Tea Research Institute.

### **Action Plan and Practical Issues**

The development cost estimated for the action plan prepared for year 2013 with a view to achieve the development results envisaged by the result based management approach for the Tea Small Holdings Sector was Rs. 511.125 million. But the allocated sum provided for the consolidated fund was only Rs. 268 million.

94% of the capital cost of the action plan was allocated for the land development activities. 1.6% for extension activities, 2.3% for strengthening community based organisations (CBO) and 2.5% for strengthening institutional activities had been estimated.

Approximately, 2300 ha. of lands should be replanted annually in order to sustain the 2% tea replanting ratio as per the national policy. It was aimed at removing 2000 ha. (1.8%) for tea replanting in year 2013. The incentive given for tea replanting had to be increased up to 350,000/- per hectare as a relief to the excessive cost experienced in tea replanting and the incentive for tea new planting had to be increased up to Rs. 25,000/- in order to increase the extent of tea lands to increase the national tea production during this year. It was a practical issue to implement these increases too within the above limitation of provisions.

Accordingly, the total development capital cost was Rs. 440 million and Rs. 268 million which was the allocated amount for the development cost had exceeded by Rs. 172 million. Therefore, the institution had to bring forward the subsidy expenditure as accrued expenditure. In addition, a practical issue occurred in managing finance within the limitation of provisions, since the subsidy which was increased in year 2013 had to be brought forward as accrued expenditure as a result of the development cost provisions limit had been exceeded.

**Medium-term Results based Targets and Achievements.**

**3.1. Medium Term Results - 01**

**Increasing productivity in 06 years to 2700kg in low country, 1700kg in mid country and 1500kg in Uva, made tea / Ha./ annum**

**3.1.1 Maintaining annual tea replanting rate at 2%**

It is expected to motivate cultivation of approved vegetative propagated tea in low yielding old seedling tea fields to increase productivity and production of tea small holdings under this incentive. An extent of Rs. 350,000 per hectare for all the up country, mid country and low country tea lands was paid from 01.01.2013 as subsidy for two hectares to the maximum to one holding. Compared with replanting cost not atleast 20% was covered from the total planting cost by this incentive. Subsidy amount was increased on the installment basis.

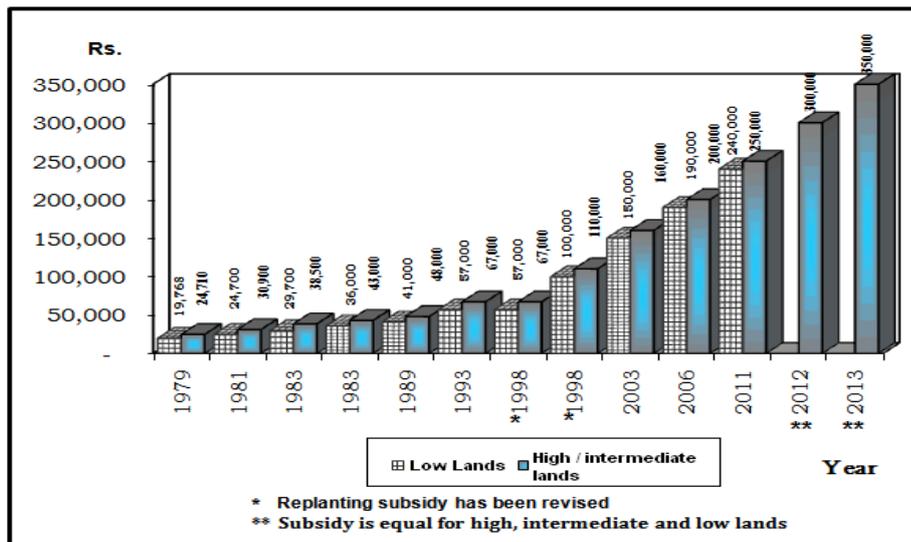
**Instalment of tea replanting subsidy - Per hectare (Rs.)**

	<b>Including Fertilizing the soil</b>	<b>Excluding Fertilizing the soil</b>
Uprooting the old crop	Rs. 90,000	Rs. 90,000
Soil rehabilitation - instalment 1	Rs. 35,000	-
Soil rehabilitation - instalment 2	Rs.140,000	-
Tea - replanting	Rs. 50,000	Rs.135,000
First year maintainance	Rs. 35,000	Rs. 35,000
<b>Total Amount</b>	<b>Rs.350,000</b>	<b>Rs. 260,000</b>

Figure no: - 05

Increase of Subsidy for Replanting / Per Ha.

From year 1979

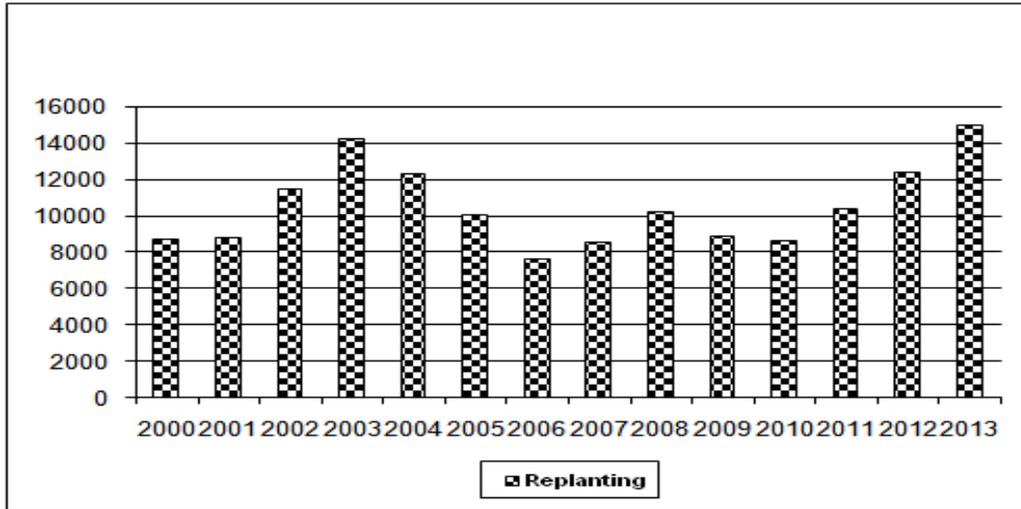


### Application for Tea replanting

Obtaining applications from 19275 farmers for tea replanting was expected from the action Plan 2013. 14925 farmers only had applied for tea replanting. 13802 out of them had been issued with permits during the year.

Figure no: - 06

#### Applications for Cultivation Subsidies 2000 - 2013



### Performance.

In comparison with year 2012, applying for tea replanting subsidy scheme had increased by 20%. The reason for this development has been the ability to minimize the contribution of the Tea Small Holders in investment cost of tea replanting due to the increase of subsidy by Rs. 100,000/- from Rs. 250,000/- to Rs. 300,000/- within three years continuously.

Also the issue of permits for tea replanting and the number of hectares been applied by the permit holders to uproot old tea crops increased by 16% and 10% respectively.

The extent of uproots amounted to 1188 hectares for tea replanting during 2013. It's a 59% progress from the 2000 hectares of the targeted extent of lands per annum. This progress was 72% in 2012 and in comparison with that the percentage of progress was a deduction of 13%, yet the extent of uproots has been increased by 9%.

Soil rehabilitation was taken place in 933 hectares in 2013. This was an improvement by 5% compared to year 2012. According to the 1100 hectares targeted within the year, the performance was 85%.

The replanted extent of tea holdings were 1165 hectares in year 2013. Since the targeted land extent was 1250 hectares within the year, it was a 93% progress. The planted extent of hectares has been increased by 31% compared to 2012.

**Table No. 08**  
**Tea Replanting Subsidy Scheme**  
**Physical Performance of Year 2012 / 2013 (Ha.)**

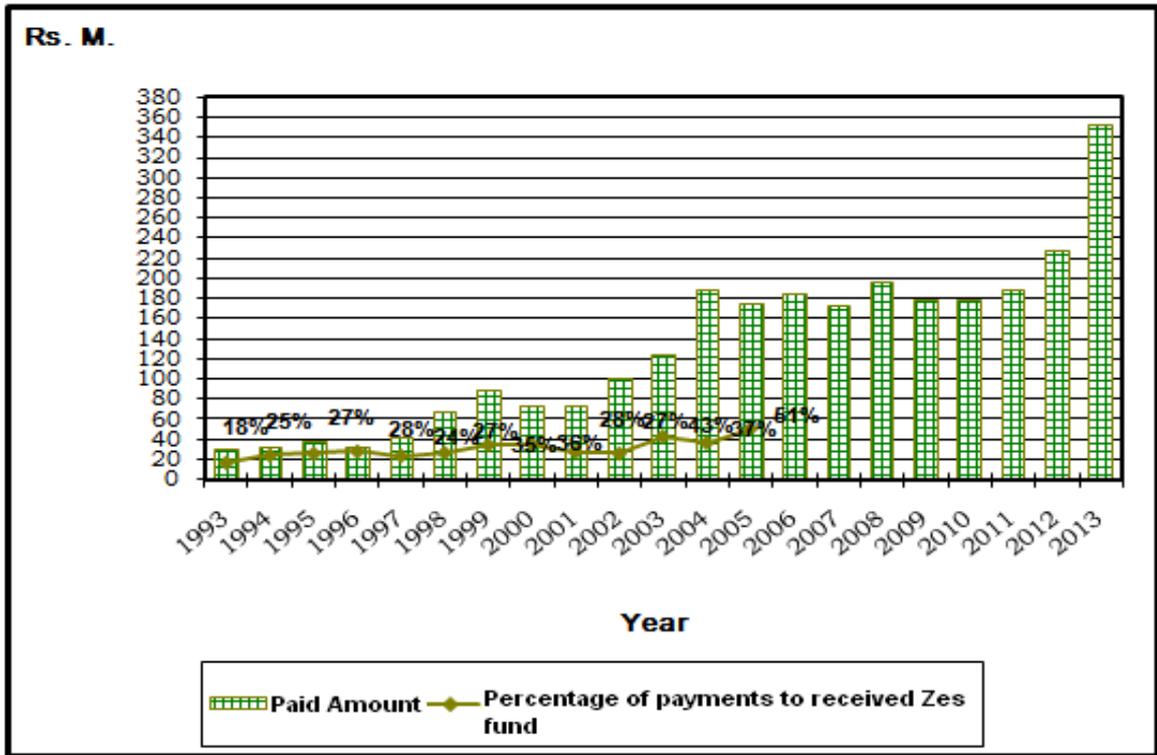
Activity	Year	Low country						Up/ Mid country			Total	Annual Target	Percentage of decrease / increase of progress compared to previous year
		Galle	Kaluthara	Matara	Ratnapura	Kegalle		Kandy	N/Eliya	Uva			
1. No. of received applications	2012	2305	526	2254	3052	941		1420	781	1070	12349	13330	20
	2013	3106	747	2701	3230	1063		1504	1163	1411	14925	19275	20
2. No. of issued permits	2012	2145	517	2178	2938	901		1329	805	1076	11889	11200	30
	2013	2544	920	2602	2903	1026		1430	998	1379	13802	17153	16
3. Extent of land covered by the permits	2012	496	151	553	508	202		290	234	214	2648	1795	17
	2013	548	218	472	610	233		320	257	270	2928	2140	10
4. Preparation of Lands	2012	196	51	221	241	85		91	93	109	1087	1511	15
	2013	232	89	248	254	94		104	80	87	1188	2000	09
5. Soil Rehabilitation	2012	186	34	181	183	56		102	81	67	889	900	(1.3)
	2013	187	46	182	181	66		93	99	79	933	1100	05
6. Tea Replanting	2012	171	29	198	193	58		81	71	88	889	900	15
	2013	241	72	238	242	81		111	98	82	**1165	1250	31
7. Maintenance after a year	2012	174	24	179	145	56		69	70	85	806	850	09
	2013	182	21	225	153	48		89	77	83	878	900	09
8. Paid amount of cultivation fund (Rs. M)	2012	44.13	7.82	45.75	52.63	16.57		22.56	19.59	17.77	226.83	300.17	21
	2013	70.68	20.07	70.67	74.56	23.91		33.28	31.30	27.40	*351.87	236.75	55

Source: Progress Report of Tea Small Holders Development Authority

\* Total subsidies paid amounts to Rs. 355.91 million including Rs. 3.92 million for Agricultural equipments and Rs. 0.113 million for interest subsidies.

\* \* Uprooting of 1221Ha., soil rehabilitation of 980 Ha. and tea replanting of 1220 Ha. had been completed in 2013 including physical activities of IFDA project .

**Figure no. 07**  
**Progress of the annual payment of tea replanting subsidy payments (Rs. M)**  
**1993 – 2013**



\* Percentage cannot be indicated due to change in the zes subsidy amount.

Rupees 351.87 million had been paid to the tea replanting subsidy beneficiaries in year 2013. When compared with year 2012m (with increased subsidy instalments) the amount of paid subsidy had been increased by Rs. 125.05 million or 55%. Rs. 355.91 million has been paid as total amount of subsidies including Rs. 3.92 million for provision of agricultural equipment for beneficiaries and interest subsidy of Rs. 0.113 million (for a loan beneficiary of tea development project revolving fund who had delayed to pay)

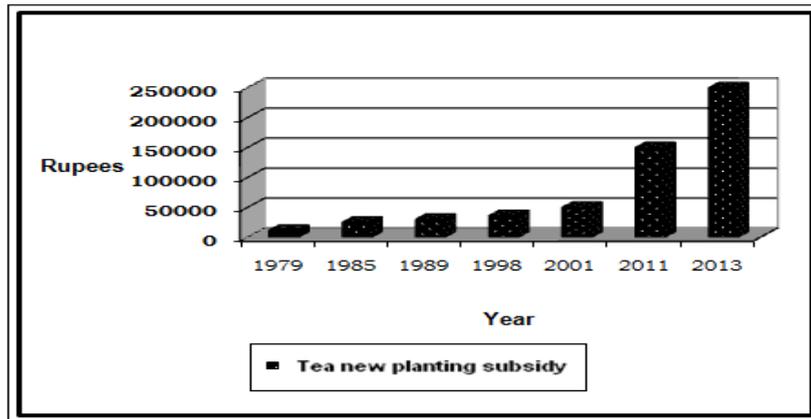
### 3.2.1 Tea New Planting Funding Scheme.

Steps have been taken to reimplement the tea new planting funding scheme which was suspended in year 2003 subject of policy decision from year 2010. Therefore, actions were taken to provide allocation in order to newly plant tea under limited provisions for areas where there are no remedial crops and income methods. The subsidy amount paid per hectare from 01.01.2013 for tea new planting is Rs. 250,000/-. Total land extent to which the permits are issued for tea new planting is 01 acre.

#### Tea New Planting Subsidy Instalment - Per Ha. (Rs.)

	<b>Including soil fertilizing</b>	<b>Excluding soil fertilizing</b>
Preparation of Land	Rs. 70,000	Rs. 70,000
Soil Rehabilitation - 1 <sup>st</sup> instalment	Rs. 25,000	-
Soil Rehabilitation - 2 <sup>nd</sup> instalment	Rs.100,000	-
Tea New Planting	Rs. 30,000	Rs. 100,000
First Year Maintenance	Rs. 25,000	Rs. 25,000
Total amount	Rs.250,000	Rs. 195,000

**Figure no. 08**  
**Increase of the Tea New Planting Subsidy amount / Ha.**  
**From 1979**



#### Performance

23830 applications had been received for tea new planting in 2013. Targeted number of applications is 2442. Considering the provision limitation 2872 were issued with permits.

260 ha. Of lands had been targeted for tea new planting during the year and 99% which is 258 ha. of the amount had been done with soil preparation.

The extent of land in which the tea new planting had been completed was 263 ha. The cultivated land extent increased by 25 ha. or 10% when compared with the previous year.

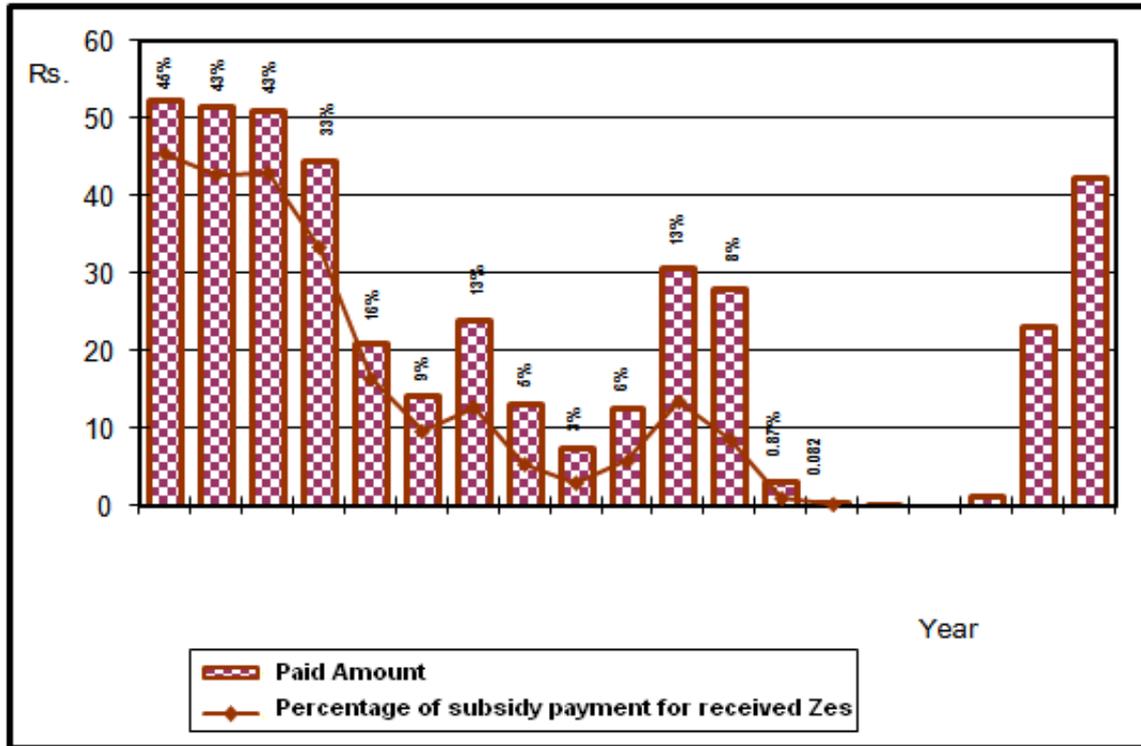
A total amount of Rs.42.41million is paid for the tea new planting in year 2013. Subsidy paid with compared to the previous year has been increased by 83% (based on the increase of subsidy paid per 01 ha.)

**Table no. 09**  
**Tea New Planting Subsidy System**  
**Physical Performance of Year 2012/2013 (Ha)**

Activity	Year	Low country lands						Up / Mid country lands			Target	Percentage of Decrease / Increase Compared with Previous Year
		Galle	Kaluthara	Matara	Ratnapura	Kegalle	Kandy	N'Eliya	Uva	Total		
1. Number of received applications	2013	843	915	463	705	616	80	84	124	3830		16
	2012	293	1113	423	598	549	158	65	109	3308		
2. Number of permits issued	2013	342	871	447	524	445	63	53	127	2872	2442	(5)
	2012	257	937	385	582	493	158	70	110	2990	-	
3 Preparation of land	2013	28	66	35	65	40	09	10	08	258	260	(0.7)
	2012	16	70	31	72	46	11	06	08	260	200	
4 Crop	2013	28	70	33	69	40	10	06	07	263	260	10
	2012	16	69	31	60	45	06	05	07	239	200	
5. Subsidy amount paid (Rs.M)	2013	5.21	8.95	7.37	10.90	6.08	1.62	1.08	1.20	42.41	22.40	83
	2012	0.740	4.583	3.526	7.809	4.707	0.714	0.220	0.904	23.206	24.00	

Source: Progress Report of Tea Small Holders Development Authority

**Figure no.09**  
**Annual Progress of the Payments of Tea New Planting Subsidy**  
**1993 – 2013**



◆ Tea new planting subsidy system was not implemented from year 2006 to 2010.

### 3.3.1 Crop Rehabilitation Subsidy Scheme

Incentive payments are made under the crop rehabilitation subsidy scheme with the objective of increasing unit productivity in v.p tea lands in plucking for infilling whilst practicing pruning, soil conservation methods (Rehabilitation of drain systems/stone terraces) management of shade and practicing other cultural practices in an integrated manner.

Lands on which tea cultivation could be maintained successfully for another 10 years are recommended for this subsidy scheme and land being in the stage suitable for second pruning or age of tea cultivation exceeding 07 years are eligibility criteria for subsidy.

Under this subsidy scheme incentives are paid in two installments at the rate of Rs.25/- per plant, on the condition that tea cultivation is rehabilitated by infilling in blocks, subject to a maximum of 1,000 plants per acre in up/mid country and 750 plants per acre in low country.

#### **Performance**

2591 had been applied for crop rehabilitation subsidy scheme in 2013. Permits have been issued for 2041 from this amount. This is a progress of 84% from the targeted permit amounts. Compared with 2012, the number of applications was deducted by 39% while number of permits issued by 44%

According, to the permits, the number of seedlings was 1,060,634 and it is an increase of 5% when compared to 2012.

Number of shoots to which the first instalment was paid was 497,592. This is a 38% progress of the 1,300,000 shoots that is expected, the number of shoots to which the first instalment was paid have been decided by 35% compared to the previous year.

The number of shoots to which the second instalment was paid was 420,611. This is a progress of 57% from the number of 737,000 targeted number of shoots. Compared to previous year the number of shoots to which the first instalment was paid has been increased by 22%.

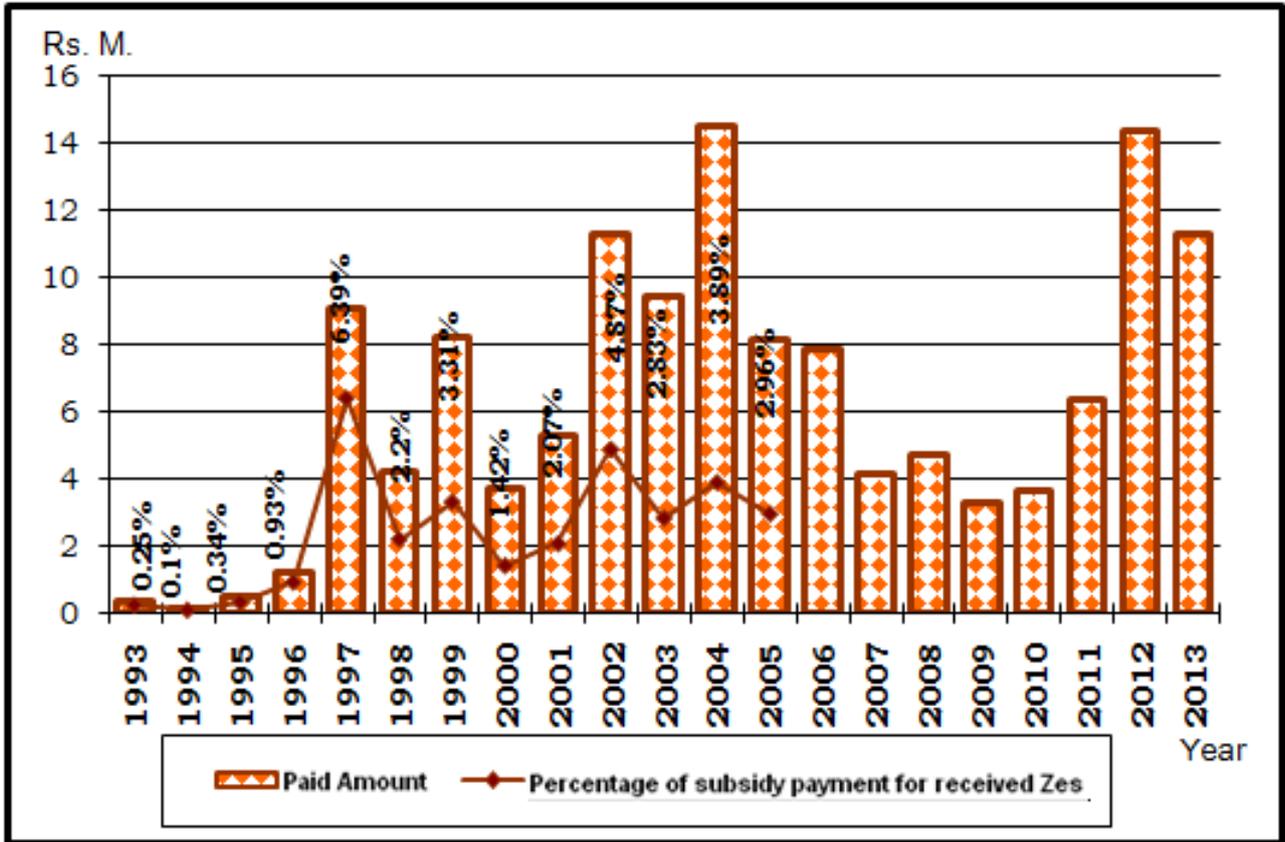
Subsidy of Rs. 11.236 million has been paid for crop rehabilitation in year 2013. It is a deduction of 22% compared to previous year.

**Table no. 10**  
**Crop Rehabilitation Subsidy Scheme**  
**Physical Performance of year 2012 - 2013 (No. Of Shoots)**

Activity	Year	Low country lands				Up / Mid country lands			Total	Target	Percentage of Decrease / Increase Compared with Previous Year
		Galle	Kaluthara	Matara	Ratnapura	Kegalle	Kandy	N'Eliya			
1. No. of received applications	2012	1193	411	713	493	216	612	278	314	4230	(39)
	2013	637	274	422	393	155	298	238	174	2591	
2. No. of issued permits	2012	932	409	621	852	198	490	212	311	3625	44
	2013	421	247	397	267	139	250	149	171	2041	(44)
3. Target no. of plants	2012	172500	106000	249440	100000	31200	243500	54600	48600	1005840	(23)
	2013	211896	133068	191876	146367	77960	147727	81615	70125	1060634	5
4. No. of plants being paid first instalment	2012	133644	60968	127287	122012	49787	118985	73210	81098	766991	(1.7)
	2013	99523	47597	68832	76805	34517	71248	36183	62887	497592	(35)
5. No. of plants being paid second instalment	2012	67293	18969	58671	71151	23473	64893	22317	18385	345152	9.6
	2013	85641	33539	42666	59688	26419	95223	38789	38646	420611	22
6. Paid subsidy amount (Rs.M)	2012	2.373	0.741	2.616	2.394	0.977	2.430	1.323	1.499	14.355	127
	2013	2.483	1.063	1.282	1.713	0.590	1.907	0.897	1.301	11.236	(22)

Source: Progress Report of Tea Small Holders Development Authority

Figure no. - 10  
Crop Rehabilitation Subsidy Scheme  
Progress of Payment ( 1993 - 2013 )



\* Cannot be indicated as percentages due to revisions of the zes amount.

### **Supply of Quality Tea Plants Maintenance of Mother Bush Cultivations of new improved Tea cultivars.**

Provision of quality planting material to tea small holders to improve tea production and productivity is another important strategy of the organisation. Thus, the organisation maintained mother bush extents with quality new improved cultivars and took steps to provide 258,976 shoots to tea small holders, commercial tea nursery operators, and also industrial tea nurseries. This is an improvement of 3.8% compared with the previous year. Annual target of the production of shoots from mother bush was 573,250. Its progress was 258,976 which was a progress of 45%. Details of issuance of shoots of improved cultivars from mother bush sites are indicated in Annexure no:9-A. An amount of Rs. 1.226 million had been spent over for these activities.

### **Commercial Tea Nurseries**

It is very important to maintain commercial tea nurseries with quality as nurseries registered with the organisation to facilities availability of quality plants to tea small holders with the objective of increasing tea production and productivity. Accordingly 854 commercial tea nurseries were registered by all regional offices in 2012 / 2013. Capacity of the said nurseries was 32.24 million. Out of this 652 nurseries had obtained recommendations for 13.5 million plants at the first examination, 492 nurseries for 10.4 million at the second examination and 237 nurseries for 3.5 million plants at the third examination.

At the end of the year 617 commercial nurseries had got registered for year 2013 / 2014. Schedule no: 9 - C shows a detailed description of information of the number of plants been certified.

**Table no. 11**  
**Issuance of Permits for Commercial Tea Nurseries and**  
**Plant Capacity ( 2012 / 2013 )**

<b>Region</b>	<b>No. Of permits issued</b>		<b>Plant capacity (M)</b>	
	<b>2012/13</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2013/14</b>
Matara	185	194	6.23	5.27
Ratnapura	91	54	4.22	2.56
Kegalle	50	22	2.63	0.99
Kandy	107	82	4.35	3.05
Galle	186	170	6.85	7.67
N'Eliya	89	61	3.69	3.00
Uva	107	-	2.75	-
Kaluthara	39	34	1.53	1.19
<b>Total</b>	<b>854</b>	<b>617</b>	<b>32.24</b>	<b>23.74</b>

### **Institutional Tea Nurseries**

Institutional tea nurseries are maintained with the objective of demonstrating production of qualitative plants and controlling market prices when tea small holders buy plants. Accordingly, 719,154 plant shoots had been produced by the 07 nurseries for the South Western and North Eastern agricultural seasons in 2012 / 13. Total number of plants sold was 482,752. Sale price of a plant by nursery level is indicated in schedule no: 9 - B.

#### **1.3.4 Extension and Advisory Training Programmes.**

A total of 6,956 extension and advisory training programmes were planned for the year 2013 under result based management. 6,617 programmes out of this was implemented and the progress as per the target programmes was 95%. Target number of tea small holders for the said programme was 168,837. Since the participants were 137,661, the progress was 81%.

The number of training programmes planned in year 2013 as per the table no: 12 - 1 to increase the production and productivity of the tea small holdings is 5,696 and 5,478 programmes out of that (96%) could be implemented. The number of tea small holders targeted for these programmes were 129,227 and number of participants were 108,216 (84%).

**Table no. - 12- i**  
**Extension and Consultation Services - Productivity Development**  
**No. Of Training Programmes - (1) and No. Of Participants - (2)**  
 Programmes

Regional Office	Permit awareness training (1.1.6)	holders training	Training for input nurseries (1.1.15)	Training of commercial nursery individuals (1.1.19)	Training on tea plantation (1.1.25)	Training on plucking leaves (1.2.6)	Training on pruning (1.3.3)	Training on pruning capability (1.3.7)	Training on management (1.4.2)	Training on shade and management (1.5.2)	Catchment management (1.6.11)	Total
Galle 1	106		19	19	66	284	73	35	114	123	99	938
2	2497		296	269	1448	5564	1325	631	2613	2499	2352	19494
Mat ara 1	54		19	21	60	160	78	22	172	150	161	897
2	1561		252	251	1593	3167	1411	370	3541	3152	3397	18695
Kaluthara 1	55		8	6	43	153	85	34	79	126	132	721
2	888		124	66	862	2228	1326	643	1188	1963	2133	11421
Kegalle 1	78		10	8	44	65	48	30	65	82	64	494
2	1667		146	73	750	1329	832	500	1355	1836	1399	9887
Kandy 1	52		24	16	40	103	55	36	71	84	80	561
2	1185		247	185	687	1845	1069	609	1250	1798	1450	10325
N'Eliya 1	65		15	9	43	93	25	10	84	65	87	496
2	1380		172	92	947	1763	426	130	1597	1113	1722	9342
Ratnapura 1	66		20	22	36	137	166	50	145	113	137	892
2	1585		148	259	670	2660	3072	826	2891	2179	2549	16839
Uva 1	68		15	15	27	87	55	15	63	62	72	479
2	1374		172	161	611	2089	1615	297	1768	1728	2348	12163
<b>Total 1</b>	<b>544</b>		<b>130</b>	<b>116</b>	<b>359</b>	<b>1082</b>	<b>585</b>	<b>232</b>	<b>793</b>	<b>805</b>	<b>832</b>	<b>5478</b>
<b>2</b>	<b>12137</b>		<b>1557</b>	<b>1356</b>	<b>7568</b>	<b>20645</b>	<b>11706</b>	<b>4006</b>	<b>16203</b>	<b>16268</b>	<b>17350</b>	<b>108166</b>
<b>Target 1</b>	<b>516</b>		<b>174</b>	<b>130</b>	<b>332</b>	<b>1121</b>	<b>648</b>	<b>232</b>	<b>798</b>	<b>868</b>	<b>877</b>	<b>5696</b>
<b>2</b>	<b>15892</b>		<b>2658</b>	<b>1145</b>	<b>8289</b>	<b>23830</b>	<b>14856</b>	<b>3785</b>	<b>17622</b>	<b>20190</b>	<b>20960</b>	<b>129227</b>

Source: Progress Report of Tea Small Holders Development Authority

In addition to the above extension services 20,152 testings of soil samples for soil acidity (Soil pH) in tea lands have been completed and the progress on targeted tests was 86%. Also 29,660 individual extension visits were planned and the progress was 26,980. This is a progress of 91% on the targeted visits.

**Table no. 12-ii**

**Individual Extension Activities and No. Of Soil Tests**

Regional Office		Galle	Matara	Kaluthara	Kegalle	Kandy	N'Eliya	Ratnapura	Uva	Total
Individual extension	Target	6900	6000	2160	2200	2000	3000	4500	2900	<b>29660</b>
	Progress	6733	6256	2255	2154	1868	1675	4129	1910	<b>26980</b>
Soil test	Target	3800	4000	1920	2150	2015	2100	3263	3152	<b>23400</b>
	Progress	2782	3487	2096	1934	1917	1930	3290	2716	<b>20152</b>

Source: Progress Report of Tea Small Holders Development Authority

143 tea cultivation models in all the field divisions had been maintained in year 2013 and 297 such extension programmes had been held. Number of participated tea small holders were 4,498.

## **Medium Term Results - 02**

### **Increasing leaf quality to 60% at factory level in 5 years.**

Minimal cost of production and higher market prices are prime factors along with high productivity if the income levels of small holders are to be increased. Although it had been possible to reduce cost of production by the ability to procuring fertilizer at low prices through the national fertilizer subsidy scheme, productin of quality green leaf should be improved if to obtain higher prices for green leaf.

With a view to achieve this result, the activities of training of 1000 pluckers, promoting legal provisions making accepting of only good quality leaf compulsorily by factories, conducting awareness programmes for leaf suppliers and making the tea small halders aware of the leaf quality were to be conducted. Accordingly, 1117 training programmes were planned for improving the leaf quality in 2013 and 1021 out of them were implemented. (Table no. 13). Progress of this was 91% as per the national target. Number of participated tea small holders was 27,522 although the target was 38,075. Therefore, the progress of participation was 72%.

**Table no. 13**  
**No. Of Leaf Quality Improvement Training Programmes and No. Of Farmer Participants**

Regional office	Item	Training of pluckers (2.2.2)	Training on making aware of the leaf suppliers (2.3.4)	Training on leaf quality (2.5.2)	Total
Galle	Programmes	136	25	44	<b>205</b>
	Participation	2294	1445	1924	<b>5663</b>
Matara	Programmes	102	39	38	<b>179</b>
	Participation	1935	1429	2714	<b>6078</b>
Kaluthara	Programmes	54	5	18	<b>77</b>
	Participation	765	197	660	<b>1622</b>
Kegalle	Programmes	42	9	32	<b>83</b>
	Participation	799	234	895	<b>1928</b>
Kandy	Programmes	31	15	36	<b>82</b>
	Participation	519	392	1611	<b>2522</b>
N'Eliya	Programmes	56	20	42	<b>118</b>
	Participation	974	390	1010	<b>2374</b>
Ratnapura	Programmes	58	22	85	<b>165</b>
	Participation	1081	870	2095	<b>4046</b>
Uva	Programmes	52	23	37	<b>112</b>
	Participation	1123	812	1354	<b>3289</b>
<b>Total</b>	Programmes	<b>531</b>	<b>158</b>	<b>332</b>	<b>1021</b>
	Participation	<b>9490</b>	<b>5769</b>	<b>12263</b>	<b>27522</b>
<b>Target</b>	Programmes	<b>581</b>	<b>169</b>	<b>367</b>	<b>1117</b>
	Participation	<b>10710</b>	<b>7290</b>	<b>20075</b>	<b>38075</b>

Source: Progress Report of Tea Small Holders Development Authority

The indicator call the percentage of good leaf at the factory level is used to measure the expected results and it is essential / imparative to make a joint effort with the Authority, Tea Commissioners' Division of Sri Lanka Tea Board and Sri Lanka Tea Research Institute for the success of the said results.

A total of Rs. 3.658 million had been spent over for extension advisory and training programmes and Rs. 0.096 million out of that was sppent for training material.

## Medium Term Results - 03

### Strengthening 50% of the Community Based Organisations (CBO) within 06 years

With a view to make Tea Small Holder Development Society System which was started in the latter part of year 1989, legal organisations, regulation on tea small holdings development societies were declared by gazette extraordinary no: 878/15, under the powers vested by paragraph (O O) of sub clause 2 of clause 15 of the act no: 35 of 1975, revised by act no: 36 of 1991 of the National State Assembly.

1382 tea small holder development societies were registered by the end of year 2013 and the membership of those societies were 261,493 as follows.

**Table no. 14**  
**Extension of Tea Small Holders Development Societies**  
**2012/2013**

Official Jurisdiction	No. Of societies		No. Of members	
	2013	2012	2013	2012
Ratnapura	284	284	74,461	763,42
Uva (Badulla and Monaragala)	161	161	21,643	21,484
N' Eliya	187	186	18,936	17,952
Kandy and Mathale	141	141	12,385	12,379
Galle	208	208	44,875	46,293
Matara and Hambantota	177	177	40,515	43,176
Kegalle	127	127	16,473	18,671
Kaluthara	97	97	22,506	25,196
<b>Total</b>	<b>1,382</b>	<b>1,381</b>	<b>251,794</b>	<b>261,493</b>

Source: Progress Report of Tea Small Holders Development Authority

When compared with year 2012, an increase of the number of societies by 1 or 0.07% and a deduction of membership by 3.7% can be observed in year 2013. An allocation of Rs. 5.9 was made for society development activities in year 2013 and Rs. 1.959 had been spent out of that.

One strategy to strengthening Community Based Organisations (CBO) is to provide with opportunities to make regulations for factors related to activities identified within the activities of the organisation for tea small holdings development societies.

Accordingly, the organisation gave directions to the all island federation of Tea Small Holder Development Societies to submit other proposals by all the societies if any revision are needed for regulations published by the gazette notification of year 1995 which is effective at the moment. No written proposals in this regard had been received by the said organisation in year 2013.

Collection of leaf is an important task that has been identified as should be monitored by societies with a view to develop the operation of 4000 societies productively in every three years. Thus an awareness programme with the participation of 97 societies was conducted with the assistance of National Plantation Management Institute, for the heads and staffs of the tea small holders development societies that are collecting leaf on obtaining necessary licenses to operate leaf collection and laws and regulations pertaining to the same, quality of leaf, maintenance and administration of leaf transporting vehicles, laws and regulations of measuring, solving employee issues and labour laws, society accounting activities and bank transactions, usage of computers and objectives and responsibilities of societies as well as the importance of performing according to the statutory provisions.

Another important activity identified is the productive development of the operation of 400 societies in every 03 years. Although implementation of divisional development committees was an activity introduced for this purpose, this system was not successfully implemented within the course of the year.

Another activity identified was making changes in the attitude of the officers in societies. Thus, actions were taken to conduct 05 Attitude and Activity development Programmes for Management Committee Officers of regional organisations of Tea Small Holders Development Societies during the year and the number of participants were 164.

Under strengthening Community Based Organisations (CBO), the activity based indicators identified were the development of values of assets of societies, number of societies controlling identified activities and membership pertaining to productivity. Accordingly, it was targeted to increase the number of societies controlling identified activities for year 2013 up to 277.

#### **All Island Federation of Tea Small Holder Development Society.**

This society system consists of 8 district organisations and an all island federation. The activities of all island federation of tea small holder development society are facilitating the activities of regional organisation, continuing the tea shakthi welfare process, intervening in the national fertilizer subsidy scheme when it was functional, assisting in extension programmes in collaboration with the Tea Small Holdings Development Authority to provide a better service to members of primary societies. The All Island Federation holds the opportunity of possessing board membership of Tea small Holdings Development authority, Sri Lanka Tea board, Tea Research Institute of Sri Lanka, National Institute of Plantation Management and Tea Shakthi fund and also the observer membership of Sri Lanka Tea Council as well as the affiliated membership of Colombo Tea Traders' Association too is granted.

## Medium Term Results - 04

### Strengthening of organisation within one year to function more effectively

#### Expected short term results are as follows:

4.1 Maintaining cader vacancies below 5% within one year.

Steps have been taken to make appointments for the following posts during the year after calling applications as pe the approval of the Department of Management Services and the Ministry of Plantation Industries in order to fill the vacancies of the Authority.

Post	Grade	Amount
Regional Manager	MM 1-1	03
Assistant Regional Manager (Planning & Development)	MM 1-1	06
Assistant Regional Manager (Extension)	MM 1-1	05
Training Officer	JM 1-1	01
Accounting Officer	JM 1-1	03
Book Keeper	MA 2-2	03
Tea Inspector Extension Officer	MA 2-2	26

4.2 Decentralizing institutional activities to the maximum extent possible within one year.

4.3 Establishing the Wide Area Network (WAN) within 2 years to link all units of the organization.

All regional offices were facilitated to use the institutional database in a centralized manner by establishing a remote computer network linking all regional offices to head office. It has made easy to use early and immediately the real time information of developemnt and extension activities performed by regional officers to the decesion aking process of the head office.

4.4 Integration of organisational database with the national information system within two years.

Institutional central database has been linked with the official information web portal which is [www.srilanka.lk](http://www.srilanka.lk) and opportunity has been given to tea small holders to obtain information regarding the cultivation subsidy licenses and forward cultivation subsidy licenses and forward cultivation subsidy applications online throughout the 24 hours of the day.

Moreover, due to linking the institutional central database to official web portal, the database was developed to enable the licensees to obtain services using short messages system (SMS) 24 hours a day.

This enables obtaining license information through short message system, applying for extension services, requesting term examinations for subsidy, instant notification to beneficiary soon after banking instalments.

4.5 All audit opinions being unqualified within 02 years.

4.6 Institutionalizing the introduced planning process at the beginning of the year and implementing after investigating.

Investigating the progress of the activities pertaining to year 2012 in year 2013, acting in year 2013 according to the planning process including planned work for year 2013.

4.7 Strengthening and institutionalizing the monitoring system.

A new methodology was prepared with the consent of the committee to monitor all sections according to the annual action plan to further strengthen the constant progress investigating activities and monitoring to avoid weaknesses identified under this.

4.11 Availability of positive attitudes of institutional staff for office duties.

4.13 Providing professional training for 5% of the staff annually.

The staff was directed towards professional training programmes both internationally and externally representing officers of different grades.

Serial no.	Employee category	Date of conducting training workshop	Venue of conducting training workshop	Training subject / requirements	No. Of trainees
1	Accountant	05.04.2013	Sri Lanka Organisation of Financial Accountants	Awareness Program on How to Minimize Audit Queries and Improve public accountability	1
2	Administrative Officer	10/11.05.2013	Formal Discipline Control Centre	Human Resources Development through Formal Discipline Control	2
3	Manager (Finance) Internal Auditor Accounting Officer	10.06.2013 11.06.2013	Sri Lanka Chartered Accountants Institute	Seminar on Accounting Standards of Sri Lanka Government Sector	4 7
4	Driver	14.06.2013	Construction Machinery Traininig Centre (CETRAC)	Scientific, thrifty and secure driving	8
5	Management Assistant	23.08.2013	Ministry of Youth Affairs and Skills Development	Workshop on salary Conversions (workshop on salary conversion)	2
6	Manager (Finance) Internal Auditor	04/05.09.2013	Sri Lanka Organisation of Financial Accountants	Awareness on Sri Lanka Individual Accounting Activities	2
7	Assistant Regional Manger	12.09.2013 13.09.2013	Hanthana Training Centre	Project Management and Management Skills Development Training Programme	14
8	Office Assistant Labourer	28.09.2013	Hanthana Training Centre	Training Programme for Office Assistants in offices of the Authority	35
9	Management Assistant (Technical and Non - technical)	08/09.11.2013 15/16.11.2013 22/23.11.2013 29/30.11.2013	Hanthana Training Centre	Training Programme on Attitude and Skills Development for Management Assistants (Technical and Non - technical) of the Authority	42 36 38 39

4.14 Availability of necessary infrastructure facilities

4.15 Maintaining and strengthening inter - institutional relationships

Success of physical and financial progress to strengthening for functioning the organisation more effectively, budget decrease percentage and the number of audit weaknesses have been identified as main activity based indicators.

Rs. 3.757 had been spent for human resource training activities and other activities to strengthen the institution in year 2013.

## Medium Term Results - 05

### Directing 10% of the lands to additional income earning activities within 05 years.

Directing towards additional income earning activities had been identified for improving livelihood of tea small holders. Thus, introducing tea based farm management to 1000 small holdings annually and establishing forestry in 1000 tea small holdings are short term results identified under this. 143 programmes were planned under this during the year and 118 programmes have been implemented. Targeted number of farmers for the purpose is 1,535 where as the participants were 1,973. Following programmes have been implemented in the relevant year.

**Table no. 15**

#### **Tea Based Farm Training (5.1.4) No. Of Programmes and No. Of Farmer Participants**

	Regional Offices								Total
	Galle	Matara	Kaluthara	Kegalle	Kandy	N'Eliya	Ratnapura	Uva	
<b>Programmes</b>									
Target	23	20	12	11	16	20	25	16	<b>143</b>
Progress	33	17	8	10	12	5	20	13	<b>118</b>
<b>Participation</b>									
Target	335	200	210	120	160	100	250	160	<b>1535</b>
Progress	515	257	253	142	303	34	292	177	<b>1973</b>

Source: Progress Report of Tea Small Holders Development Authority

Percentage of other existing crops and percentage of livestock management on tea small holdings had been identified as main performance based indicators.

## SPECIAL PERFORMANCE OF THE DECADE.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Remarks
<b>1 Tea Replanting</b>											
Tea replanting (Ha.)	891	1057	1001	1024	881	777	847	772	889	1165	
Progress to the target	89%	101%	95%	94%	92%	92%	111%	91%	99%	93%	
Amount of incentives given (Rs. M)	188.10	174.83	183.34	172.89	194.59	178.17	177.85	189.88	226.3	351.84	
<b>2 Tea New Planting</b>											
Tea new planting (Ha.)	12	8	0.83	*.	*.	*.	*.	28.38	239	263	* Not been implemented due to policy decisions
Amount of incentives given (Rs. M)	3.25	0.30	0.042	*.	*.	*.	*.	1.17	23.21	42.41	
<b>3 Crop Rehabilitation</b>											
Number of Infillings (Million)	1.48	1.24	0.52	0.516	0.519	0.43	0.424	0.50	0.77	0.48	
Amount of incentives given (Rs. M)	14.46	8.11	7.794	4.13	4.84	3.25	3.586	2.44	14.35	11.236	
<b>4 Cultivation of Tea with Rubber</b>											
Cultivation of Tea with Rubber (Ha.)	9	14.6	6.8	4.4	-	-	-	-	-	-	Minimum demand of the tea small holders
Amount of incentives given (Rs. M)	0.46	0.19	0.469	0.41	-	0.028	-	-	-	-	
<b>5 Cultivation of tea with coconut</b>											
Cultivation of Tea with coconut (Ha.)	-	-	0.8	-	-	-	-	-	-	-	_ Do _
Amount of incentives given (Rs. M)	-	-	0.061	-	-	-	-	-	-	-	
<b>6 Extension Programmes</b>											
<b>6.1 Group Access</b>											
Number of Programmes	5959	6619	8084	8226	8668	9170	7154	6970	6508	6617	
Number of Participants (000)	154	163	236	242	223	219	210	176	143	137	
<b>6.2 Individual Farmer Gatherings</b>											
Number of farmer gatherings	14795	31370	32261	33160	38545	37268	27346	26103	27843	26980	
<b>6.3 Provision of cultivation material funds</b>											
<b>6.4 Nurseries of the Organisation</b>											
Number of Tea Nurseries	7	7	8	7	7	6	6	6	7	7	
Number of plants produced (000)	1024	1113	1089	1043	1123	970	838	800	919	719	
<b>6.5 Commercial Tea Nurseries</b>											
Number of registered nurseries	1167	1667	900	418	678	535	651	663	969	854(12/13) 617(13/14)	
Capacity of Plants (Millions)	32.12	41.58	38.26	38.75	25.57	23.25	24.28	25.40	39.41	32.24(12/13)23. 74(13/14)	
<b>6.6 Provision of inputs</b>											
<b>6.6.1 Provision of fertilizer</b>											
Total Supply (MT)	9007	9178	5712	5202	4538	1061	-	-	-	-	Not taking fertilizer under the loan scheme due to the national fertilizer subsidy system.
Supply of fertilizer under the loan scheme	8480	8412	3800	1877	1378	969	-	-	-	-	
<b>6.6.2 National Fertilizer Subsidy Scheme</b>											
Prescribed Amount (MT)	-	-	43,982	51,917	51,590	136,900	124,142	*35436	-	-	*Not implemented from the second quarter of the
Value (Rs. M)	-	-	471	1,082	1,944	5,658	4478	*1507	-	-	
<b>7 Human and Society Development Activities</b>											
<b>Small Tea Holders' Development Societies</b>											
Number of societies	1218	1276	1294	1309	1319	1348	1372	1379	1381	1382	
Society membership (000)	161	165	192	202	219	220	283	274	261	251	
<b>8 Production of tea small holdings (Mkg)</b>											
	203.0	205.8	212.4	205.7	214.8	201.9	230.1	229.0	233.1	245.4	
<b>9 Contribution to the National Production (%)</b>											
	65.9	64.9	68.3	67.5	67.4	69.3	69.4	69.9	71.4	72.2	

**Management for Development Results**  
**Major Performance Indicators**

Mid Term Results	Major Performance Indicators	Provisions		Financial Progress	Base Year 2008	Performance Based Targets and		Remarks
		Expected	Provided			2013	Progress	
Long Term Results	I. Percentage of development of individual unit assets							
Improvement of the living standard of Tea Small	III. Percentage of secondary education of children				NA			Socio-economic Survey
1	In 6 years per year / per hectar	486.02	251.41	434.17				
	Increasing the amount of prepared tea kilos					2500	2227	
	Low country up to 2700				2085	1500	1563	
	Mid country up to 1700				1055	1400	1397	Statistical data of Tea Board
	Uva upto 1500				215	245	245.4	
	<b>Sub Total</b>	486.02	251.41	434.17				
2	Raw leaves at factory level within 05 years	3.33	3.15	0.15	35%	60%		Data of Tea Commissioners' Division of Sri Lanka Tea Board
	Increase of productivity up to 60%							
	<b>Sub Total</b>	3.33	3.15	0.15				
3	Strengthening 50% of the Community Based Organisations within 06 years	9.01	5.91	1.959	NA			
	3.1. Increase of Asset Value							
	3.2. Number of societies monitoring identified tasks				100	277	227	
	3.3. Member attitude on the productivity				NA	5%		Socio-economic Survey
	<b>Sub Total</b>	9.01	5.91	1.96				
4	Strengthening the organisation to operate it with more productively within a year	12.85	7.7	3.758				
	4.1 Percentage of reaching the goals Tea Replanting Subsidy Scheme							
	a. Financial				102%	100%	149%	
	b. Physical				92%	100%	93%	
	4.2 Number of audit defects				true & fair	true & fair	As per Auditor General's report	
	4.3 Percentage of deviations from the budget (Development Capital)				13%	0%	49%	Due to non receipt of estimated provisions
	4.4 Views of the staff about the productivity of the organisation				NA			
	<b>Sub Total</b>	12.85	7.7	3.758				
5	Directing 10% of lands for additional income earning activities within 05 years	0.04	0.04	0.02	35%	38%		
	5.1 Percentage of lands with other crops							
	5.2 Percentage of lands with animal husbandary				NA		NA	Socio-economic Survey
	<b>Sub Total</b>	0.04	0.04	0.02				
	<b>Grand Total</b>	511.25	268.21	440.06				

## 4. Production Cost and Green Leaf Prices of Tea Small Holders Sector

### 4.1 Cost of Labour

According to the annual information obtained at field level with regard to the conditions of the Tea Small Holders Sector, labour scarcity for activities such as plucking, pruning, weed management etc. and that a daily wage rate exceeding the rate stipulated under the Wages Control Board Ordinance is being paid are the facts revealed. In addition there are many instances of anomalies reported at regional level. Therefore, more than the daily wage rate in organized small holder sector had been reported as the price of labour in the unorganized sector in most instances.

Also, it is reported that a higher daily wage is paid where payments to workers are made based on the number of kilos plucked and making extra payments when daily average intake is exceeded, paying of a higher daily wage in comparison to plucking for activities such as pruning which are skilled labour activities.

### 4.2 Production Cost of a Kilo of Green Leaf.

Average price and estimated cost of production of a kilo of green leaf, calculated based on elevation prices received at Colombo tea auction according to data of Sri Lanka Tea Board (Schedule no. 10 - A) is appeared below.

**Table no. 16**  
**Price for one kilo of greenleaf and the production cost**  
**1994 - 2013**

Year	Average Price Rs. Per Kg	Average Production Cost Rs. Per Kg
1994	9.80	8.85
1995	11.20	7.37
1996	15.70	8.28
1997	18.04	9.69
1998	20.30	11.24
1999	16.86	16.81
2000	19.82	16.47
2001	21.05	16.64
2002	21.83	17.03
2003	21.79	17.04
2004	26.43	15.15
2005	27.17	20.29
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

To calculate production cost of a kilo of green leaf in 2013, the average yield per hectare (Low country V.P. tea) has been considered as 10,355 kg per ha. (According to production date of Sri Lanka Tea board). This yield level in 2012 had been estimated at 9965 kg.

According to calculation based on cumulative prices, average price paid for a kilo of green leaf in 2013 had increased by Rs.7.72 or 13% in comparison to year 2012. Estimated cost of production had increased by Rs. 1.90 (3.9%). To minimize escalation of production costs, the national fertilizer subsidy scheme had contributed to a great extents and it had been possible to reduce the percentage cost level of fertilizer by about 11%.

### **Green Leaf Prices and Estimated Cost existent in 2013**

According to Sri Lanka Tea Board data (Schedule No. 10-A), average price realized for all elevations had become the highest price recorded so far. Thus, prices had increased for low country teas by Rs 62.77, mid-country teas by Rs. 47.57 and up-country Rs.52.78.

Accordingly, price received for a kilo of green leaf in 2013 was Rs.58.93 in high elevations, Rs.58.30 in mid elevations, Rs.68.71 in low elevations whilst overall average price for a kilo of green leaf was Rs.64.99. Estimated cost of production per kilo of tea in the low country (Including prices of fertilizer on national fertilizer subsidy) was Rs.51.40.(Schedule 10 - B).

### **4.3 Production Margin and Price**

Average of production margin based on average productivity of the smallholdings for 2013, average green leaf prices existent during the year and estimated cost of production was Rs.13.59. This had increased by Rs. 5.82% in comparison to year 2012. Although the productivity increased comparatively by 53% when considered with the previous year, it is a special feature that a higher labour cost experienced and 89% of the total cost was labour cost..

### **4.4 Replanting Cost of Tea**

Increase in labour cost for replanting due to labour scarcity had specially influenced cultivation costs. It is revealed in estimates that 77.6% of the total cost is incurred as the cost of labour. (Schedule No. 11-A and -B)

All fertilizer mixtures could be obtained under subsidized prices inn year 2013 too.

**Table 15**

**Estimated Replanting cost per Hectare 2012 - 2013 (Rs)-(From Uprooting to Plucking)**

<b>Activity</b>	<b>2013</b>		<b>2012</b>	
	<b>High &amp; Mid</b>	<b>Low</b>	<b>High &amp; Mid</b>	<b>Low</b>
Uprooting (First Year)	477,174	385,678	449,874	363,328
Soil Rehabilitation (Second Year)	120,870	129,040	114,470	122,640
Planting Tea (Third Year)	720,502	704,502	690,152	675,152
First Year Maintenance (Fourth Year)	364,932	352,682	346,982	335,732
Second Year Maintenance (Fifth Year)	246,452	239,002	234,802	228,052
<b>Total</b>	<b>1,929,930</b>	<b>1,810,904</b>	<b>1,836,280</b>	<b>1,724,904</b>

#### 4.5 Rate of Incentive per Hectare and Cultivation Cost

It is apparent from the following table that in considering the ratio between cultivation incentive and cultivation cost existent in year 2012, it had been possible to cover about 17% of the total cultivation cost.

**Table no. 18**  
**Coat and Incentive Ratios**  
**For Replanting per Hectare (1989 – 2013)**

Year	Cultivation Cost (Rs)		Subsidy Rate		% of Cultivation Cost	
	High/Mid Elevation	Low Elevation	High/Mid Elevation		High/Mid Elevation	Low Elevation
1989	140684	117490	48000	41000	34%	35%
1990	165611	145632	48000	41000	29%	28%
1991	182331	159936	48000	41000	26%	26%
1992	191066	167321	48000	41000	25%	25%
1993	222693	194953	67000	57000	30%	29%
1994	251038	224233	67000	57000	27%	25%
1995	249431	226088	67000	57000	27%	25%
1996	297622	270767	67000	57000	22%	21%
1997	361643	327769	67000	57000	18%	17%
1998	411564	347456	* 110000	*100000	27%	29%
1999	445504	377068	110000	100000	25%	27%
2000	485894	396186	110000	100000	23%	25%
2001	550744	513866	110000	100000	20%	19%
2002	653463	589916	110000	100000	17%	17%
2003	712815	643451	160000	150000	22%	23%
2004	796315	717351	160000	150000	20%	20%
2005	1026322	1009427	160000	150000	16%	15%
2006	1031377	1024287	200000	190000	19%	19%
2007	1148177	1125494	200000	190000	17%	17%
2008	1458989	1420360	200000	190000	14%	13%
2009	1516332	1452292	200000	190000	13%	13%
2010	1704051	1625290	200000	190000	12%	12%
2011	1836280	1724904	250000	240000	14%	14%
2012	1836280	1724904	300000	300000	16%	17%
2013	1929930	1810904	350000	350000	18%	19%

\* From 07.01.1998

## **5. Tea Development Project Revolving Fund Loan Scheme**

An amount of SDR Million 26.33 had been allocated by the Tea Development Project under a credit agreement signed between the Asian Development Bank and the Sri Lankan government, for implementation for 6 years. Accordingly an amount of SDR 15.4 million was reserved for development activities in the small holder sector by the Central Bank of Sri Lanka and this credit scheme was due to be implemented from mid of year 2006.

This loan amount consisted Rs.1100 Million and Rs 750 Million was provided for field development activities in the tea small holder sector.

A grace period for loan repayment and facilities of obtaining a 50% interest subsidy not exceeding Rs.hundred thousand per hectare from the cess fund for smallholders who complete tea replanting activities in conformity to technical recommendations within the specified time period is available under this loan scheme.

Requests were made by the participating financing institutions through the Central Bank to obtain the interest subsidies and interest subsidy was paid to loan recipients qualified for receiving interest subsidy as per the progress of the field inspection report on the said lands. A total of Rs. 4.2 million was completely paid including Rs. 113,950/- which had to be paid as delayed payment in year 2013.

It was decided to reuse leftover funds due to not obtaining loans after registration with the Central Bank of Sri Lanka through commercial banks amounting to Rs.200 million for projects on tea replanting and nursery development. Accordingly, the organization implemented loan recommendations to new applicants to obtain loan facilities through commercial banks without interest subsidy subject to a land ceiling of 02 Ha.

Thus, organization had granted recommendations to 413 loan applicants for tea replanting by the end of the year 2012. The land extent covered by this was 273 Ha. Recommendations had been granted to 182 applicants for establishing tea nurseries. The number of plants covered by loan recommendations was 9.95 million. Thus, the total amount of loan cover recommendations was Rs. 274 million.

## Chapter 6 Special Projects in Regions

### 01.Smallholder Plantations Entrepreneurship Development Programme (SPEnDP) -(IFAD)

Regional Office – Kegalle/Nuwaraeliya

Development of tea replanting and input supply nurseries of tea small holders resident in Hadabima and Mahaweli colonies inside the project area was targeted under these project activities. An expenditure of Rs.23.025 million had been incurred during the year and the physical progress was as follows.

	<u>Kegalle Regional Office</u>			<u>N'Eliva Regional Office</u>		
	Extent (Ha)	No. of Beneficiaries	Extent (Ha)	No. of Beneficiaries	Extent (Ha)	No. of Beneficiaries
<b>Tea Replanting</b>						
Woqrd oueSu mi			2,616,768.30			
ixrlaaIKh	6.34	45		26.70	213	
mi idrj;a lsrSu 1	7.55	58		44.63	355	
mi idrj;a lsrSu 2	4.69	38		42.55	333	13,058,174.90
j.dj	5.09	39		50.58	398	
j.djfka jirng miq	6.12	45	35.50	312		
<b>Crop Rehabilitation</b>						
1 <sup>st</sup> Installment (Plants)	2020	6		163,838	359	2,457,570.00
<b>Supply of Inputs</b>						
Tea Plants	-	-	58,133.80	217429	156	3,076,736.70
Polythene (Sleeves)	47963	27				
Nursery Management						
Books	27	27				
Basamid(g)	12800	27				
<b>Supply of Fertilizer&amp; Dolomite</b>						
U 625 50 Kg Bags	-	-	58,317.81	62	675	438,750.00
U 625 25 Kg Bags	37	-				
Dolomite 50 Kg Bags	159	-				
pH testing	84	-				
No. of Farmer Training Conducted	15	-	10,800.00	98	1886	127,984.32
Operational Cost			26,093.65			1,106,796.24
<b>Grand Total</b>			<u>2,759,313.56</u>			<u>20,266,012.16</u>

## 6.2 Divineguma Development Programme

Target of this project programme implemented at national level covering all the regional offices was tea new planting, tea replanting and provision of shoots of pepper for planting. In addition, it was aimed to initiate tea nurseries of 500 plant shoots. Following is the progress of the said programme accordingly. Financial progress of the entire programme is Rs. 17.11 million. Project allocation was Rs. 17.9 million

### Progress of the Divineguma Programme

District	Tea new planting		Tea Replanting		Pepper Cultivation		5000 plant commercial tea nurseries	
	No: of shoots	Expenditure (Rs.)	No: of Shoots	Expenditure (Rs.)	No: of Shoots	No: of Shoots	Amount	Expenditure (Rs.)
Kaluthara	25,083	376,245	39,534	593,010	2,500	50,000	6	43,470
Kandy	35,077	526,155	10,835	162,525	3,225	51,600	4	28,980
Mathale	-	-	10,800	162,000	750	12,000	-	-
N'Eliya	9,591	143,865	46,538	698,070	500	8,000	6	43,720
Galle	84,616	1,269,240	129,967	1,949,505	2,500	43,000	8	96,600
Matara	35,155	527,325	142,477	2,137,155	2,000	40,000	7	79,289
Hambantota	23,233	348,495	10,731	160,965	500	10,000	1	11,327
Badulla	41,870	628,050	121,291	1,819,365	4,000	64,000	5	36,475
Ratnapura	115,075	1,726,125	87,645	1,314,675	3,000	53,616	8	104,556
Kegalle	75,003	1,125,045	36,803	552,045	4,000	80,000	5	36,475
<b>Total</b>	<b>444,703</b>	<b>6,670,545</b>	<b>636,621</b>	<b>9,549,315</b>	<b>22,975</b>	<b>412,216</b>	<b>50</b>	<b>480,892</b>

**Schedule No: 01**

**APPROVED CADRE FOR THE TEA SMALL HOLDERS  
DEVELOPMENT AUTHORITY**

As per the letter no: DMS/E4/08/5/070/1 dated 29.07.2010 of the Department of Management Services.

	<b>Designations</b>		<b>Approved Cadre</b>
<b>1. Senior Managers</b>			
	General Manager	1	
	Deputy General Manager (Development)	1	
	Deputy General Manager (Extensions)	1	
	<b>Sub Total</b>		<b>3</b>
<b>2. Managers</b>			
	Internal Auditor	1	
	Manager (Finance)	1	
	Assistant Manager (Finance)	2	
	Manager (Human Resources and Administration)	1	
	Assistant Manager (Administration)	3	
	Manager (Development)	1	
	Assistant Manager (Development)	1	
	Assistant Manager / Manager (Development)	1	
	Assistant Manager / Manager (Training)	1	
	Assistant Manager (Extensions)	8	
	Assistant Manager (Planning & Development)	6	
	Divisional Manager	8 (iii)	
	Manager (Planning and Monitoring)	1	
	Assistant Manager (Planning & Monitoring)	1	
	<b>Sub Total</b>		<b>36</b>
<b>3. Junior Officer</b>			
	Accounting Officer	9	
	Internal Audit Officer	1	
	Administrative Officer	7	
	House Officer Incharge - Sub Office	26	
	Training Officer	1	
	<b>Sub Total</b>		<b>44</b>
<b>4. Management Assistant - Technical</b>			
	Tea Inspector / fmd;a ;nkakd	157 9	
	<b>Sub Total</b>		<b>166</b>
<b>5. Management Assistant - Non Technical</b>			
	Management Assistant	120 (i)	
	Nursary Assistant	7	
	<b>Sub Total</b>		<b>127</b>
<b>6. Primary Level - Trained</b>			
	Driver	19	
	<b>Sub Total</b>		<b>19</b>
<b>7. Primary Level - Partially Trained</b>			
	Cook / Assistant Cook	2	
	<b>Sub Total</b>		<b>2</b>
<b>8. Primary Level - Untrained</b>			
	Office Assistant / Labourer - Sanitary	25 (ii)	
	<b>Sub Total</b>		<b>25</b>
	<b>Total</b>		<b>422</b>

- (i) Apart from this number of posts another 55 posts of Management Assistant have been approved personal to the individual to whom the post is held  
13 posts of labourers have been approved personal to the individual to whom the post is held
- (ii) Two divisional Managers have been approved by the letter no: DMS/G3/38/3 dated 17.11.2011 of the Department of Management Services
- (iii)

Schedule No: 02

Tea Small Holders Development Authority  
Cadre Information (31.12.2013)

Designation	Service Category	Grade	Head Office		Galle		Matara		Rampapura		Kandy		N'Eliya		Uva		Kaluthara		Kegalle		Hanthana		Total		
			APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR
1	General Manager	HM 2-1	1	1																				1	1
2	Deputy General Manager (Development)	HM 1-1	1	1																				1	1
3	Deputy General Manager (Extensions)	HM 1-1	1	1																				1	1
4	Internal Auditor	MM 1-1	1	1																				1	1
5	Manager (Finance)	MM 1-1	1	1																				1	1
6	Manager (Planning and Regulation)	MM 1-1	1	1																				1	1
7	Manager (Human Resource/ Administration)	MM 1-1	1																					1	0
8	Manager (Development)	MM 1-1	1	0																				1	0
9	Manager (Community Development)	MM 1-1	1	1																				1	1
10	Manager (Extensions)	MM 1-1	1																					1	0
11	Manager (Training)	MM 1-1																				1		1	0
12	* Assistant General Manager (Services)	MM 1-1	1																					0	1
13	Assistant General Manager (Finance)	MM 1-1	1	1									1											2	1
14	Assistant Manager (Human Resource/ Administration)	MM 1-1	1						1							1								3	0
15	Assistant Manager (Planning and Regulation)	MM 1-1	1	1																				1	1
16	Divisional Manager	MM 1-1			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8	6
17	Assistant Divisional Manager (Extensions)	MM 1-1			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8	4
18	Assistant Divisional Manager (Administration and Development)	MM 1-1			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	6	6
19	Administrative Officer	JM 1-1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	7	5
20	* Assistant Project Manager			1																				0	1
21	* Divisional Planning Officer	JM 1-1							1															0	1
22	Accounts Officer	JM 1-1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	9	9
23	Internal Audit Officer	JM 1-1	1	1																				1	1
24	Training Officer	JM 1-1																				1	1	1	1
25	Officer In-charge (Sub Office)	JM 1-1			4	3	3	4	2	4	4	4	4	3	3	3	2	2	2	2	2	2	2	26	16
26	* Public Relations Officer	JM 1-1											1											0	1
<b>Sub Total</b>			<b>16</b>	<b>14</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>4</b>	<b>10</b>	<b>6</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>7</b>	<b>8</b>	<b>4</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>83</b>	<b>61</b>	

Tea Small Holders Development Authority  
Cadre Information (31.12.2013)

Designation	Service Category	Grade	Head Office		Galle		Matara		Ratnapura		Kandy		N'Eliya		Uva		Kaluthara		Kegalle		Hanthana		Total		
			APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR
27	Tea Tester / Extension Officer	MA 2-2			28	23	20	31	26	16	16	20	19	16	15	12	13	11	11					157	143
28	Book Keeper	MA 2-2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1					9	4
	<b>Sub Total</b>		<b>1</b>	<b>1</b>	<b>29</b>	<b>24</b>	<b>24</b>	<b>20</b>	<b>32</b>	<b>17</b>	<b>16</b>	<b>21</b>	<b>20</b>	<b>17</b>	<b>15</b>	<b>13</b>	<b>14</b>	<b>12</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>166</b>	<b>147</b>		
29	Senior Management Assistant	MA 1-2	2	2	2	2		1			2							2					0	9	
30	Management Assistant	MA 1-2	26	22	16	13	15	17	16	9	16	10	15	9	18	9	7	7	9	2	3	120	136		
31	Tea Nursery Assistant	MA 1-2					1	1	1	2	1	1	1			1	1	1	1			7	4		
	<b>Sub Total</b>		<b>26</b>	<b>24</b>	<b>16</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>11</b>	<b>19</b>	<b>11</b>	<b>16</b>	<b>9</b>	<b>18</b>	<b>10</b>	<b>8</b>	<b>12</b>	<b>2</b>	<b>3</b>	<b>127</b>	<b>149</b>			
32	Driver	PL 3	6	5	2	2	1	1	1	2	1	2	2	2	2	1	1	1	1	1	1	19	17		
33	Chef	PL 2																				1	1		
34	Assistant Chef	PL 2																				1	1		
35	Office Assistant	PL 1	7	14	2	1	2	3	2	4	2	3	2	2	2	2	1	2	3	1	23	32			
36	Labourer	PL 1	1	1						1	1											2	2		
37	Visitor's Bungalow In-charge (Contract)																					0	1		
38	Management Assistant (Casual)		1	1	1	1		1			1				1							0	5		
39	Management Assistant (Checkroll)										2											0	2		
40	Management Assistant (Contract)		7									1			2							0	10		
41	Receptionist / Telephone Operator (Contract)		1																			0	1		
42	Tea Nursery Assistant (Checkroll)																						1		
43	Driver (Casual)		1				1																	3	
44	Driver (Checkroll)																						0	0	
45	Labourer (Casual)		1																				0	1	
46	Labourer (Checkroll)																						0	18	
	<b>Sub Total</b>		<b>14</b>	<b>31</b>	<b>4</b>	<b>7</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>17</b>	<b>4</b>	<b>16</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>3</b>	<b>9</b>	<b>46</b>	<b>95</b>		
	<b>Total</b>		<b>57</b>	<b>70</b>	<b>58</b>	<b>54</b>	<b>51</b>	<b>47</b>	<b>63</b>	<b>56</b>	<b>42</b>	<b>60</b>	<b>45</b>	<b>59</b>	<b>38</b>	<b>41</b>	<b>32</b>	<b>31</b>	<b>29</b>	<b>32</b>	<b>7</b>	<b>13</b>	<b>422</b>	<b>452</b>	

APR- Approved -Approved Cadre by letters no:DMS/E4/08/5/070/1 dated 31.01.2011 and 17.11.2011 of the Department of Management Services

ACT -Actual - Cadre as at 31.12.2013

(i) Apart from this number another 25 posts have been approved personal to the holder of the post.

(ii) 09 posts of Office Assistant/ Labourer have been approved personal to the holder of the post.

\*have been approved personal to the holder of the post.

## Categorizing Employees as Per Age Category

Age Category	Executive Grade						Technical Officers			Management Assistants			Drivers			Chef / Assistant Chef			Office Assistant			Labourer		
	HM 2-1	HM 1-1-1	MM 1-1-1	MM 1-1-2	JM 1-1	JM 1-2	II	III	I	II	III	I	II	III	I	II	III	I	II	III	I	II	III	
18-25							-																	
25-35							-	10	11	11	1		3						6					
35-45			2			4	50	12	31	46	10		6			2		1	11	1			1	
45-50			1	1	1	1	27	4	9	4	7		1						6					
50-55			5	1	3	17	27	-	9	2			2	1	1				6	1			1	
55-60	1	1	4	2	3	13	5	-	18			2		1				1	2					
<b>Total</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>6</b>	<b>7</b>	<b>35</b>	<b>109</b>	<b>26</b>	<b>78</b>	<b>63</b>	<b>18</b>	<b>4</b>	<b>1</b>	<b>12</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>31</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>	

Schedule No: 03-II

Categorizing as per Education Qualifications of Executive Officers

Designation	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/ Diploma	Professional
<b>Head Office</b>							
General Manager	HM 2-1				✓	✓	
Deputy General Manager (Extensions) Actg.	HM 1-1				✓	✓	
Deputy General Manager (Development)	HM 1-1					✓	
Internal Auditor	MM 1-1				✓		✓
Manager (Finance)	MM 1-1				✓		✓
Manager (Planning and Regulation)	MM 1-1				✓		
Manager (Development)	MM 1-1				✓	✓	
Manager (Community Development)	MM 1-1				✓		
Manager (Human Resources / Administration)	MM 1-1						
Manager (Human Resources / Administration) Actg.	JM 1-1	✓		✓			
Assistant General Manager (Services)	MM 1-1				✓	✓	
Assistant General Manager (Finance)	MM 1-1		✓				✓
Assistant General Manager (Planning and Regulation)	MM 1-1				✓		✓
Assistant Project Manager	JM 1-1	✓		✓			
Accounts Officer	JM 1-1				✓		
Audit Officer	JM 1-1	✓	✓				✓
Administrative Officer	JM 1-1	✓	✓				
Administrative Officer	JM 1-1	✓	✓				





Administrative Officer	JM 1-1	√							
Public Relations Officer	JM 1-1	√							
Officer In-charge - 2	JM 1-1		√						
Officer In-charge - Actg.' - 2	MA 2-2		√						
<b>Kegalle Divisional Office</b>									
Divisional Manager	MM 1-1				√				
Assistant Manager (Finance)- Duty Covering	MM 1-1	√		√					
Administrative Officer	JM 1-1								
Officer In-charge - 3	JM 1-1		√						
<b>Kaluthara Divisional Office</b>									
Divisional Manager									
Divisional Manager (Actg.)	MM 1-1		√						
Assistant Divisional Manager (Extensions) Actg.	MM 1-2		√						
Accounts Officer (Duty Covering)	JM 1-1					√			
Administrative Officer (Actg.)	MA 1-2	√							
Officer In-charge - 2	JM 1-1		√						
Officer In-charge - Actg. - 1	MA 2-2		√						
<b>Ratnasiri Wickramanayake Training Centre</b>									
Manager (Training)	MM 1-1							√	
Accounts Officer (Duty Covering)	JM 1-1								√

**Schedule No: 04**

**Tea Production of Tea Small Holdings Sector  
From 1983 - 2013 ( KgM )**

Year	National production	Production of Tea Small Holdings Sector		Contribution to national production
		Production	Percentage of Development	
1983	62.40	34.8	-	55.76
1984	77.40	37.2	6.90	48.06
1985	214.09	82.0	120.4	38.3
1986	211.27	83.0	1.2	39.2
1987	213.32	91.1	9.75	42.7
1988	226.95	100.2	9.99	44.1
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)	53.0
1993	231.87	125.3	32.02	54.0
1994	242.21	139.8	11.57	57.7
1995	245.96	140.0	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	164.0	(1.11)	57.8
2000	305.84	183.7	12.01	60.0
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	203.0	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	(0.48)	69.9
2012	326.27	233.1	1.78	71.4
2013	340.22	245.4	5.3	72.2

Source: Sri Lanka Tea Board

**Schedule No: 05**

**Operation of Tea Replanting Subsidy Scheme  
1978 - 2013**

<b>Year</b>	<b>No. of permits issued</b>	<b>Extent of land covered by permits (Ha)</b>	<b>Extent of uprooted lands (Ha)</b>	<b>Extent of planted land</b>	<b>Annual expenditure Rs.M</b>	<b>Annual allocations Rs.M</b>
1978	-	-	422	412	5.40	-
1979	-	-	546	573	8.10	5.10
1980	-	-	550	554	9.10	10.90
1981	1740	-	564	563	9.40	9.60
1982	1459	-	524	508	12.80	10.60
1983	1758	826	454	379	11.20	11.50
1984	2404	1317	466	340	11.80	13.00
1985	1160	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	4827	2439	478	362	19.20	22.59
1991	3109	1423	581	304	20.49	33.91
1992	1348	526	662	409	20.33	27.00
1993	3699	1147	507	516	29.79	32.24
1994	2627	906	770	553	31.62	60.46
1995	3465	1267	1390	533	38.00	41.75
1996	4475	1319	724	508	31.05	43.41
1997	6235	1580	923	435	40.32	68.91
1998	5507	1586	674	635	65.64	61.69
1999	3660	955	861	767	88.82	77.95
2000	6930	1796	722	519	72.68	92.84
2001	7093	1952	841	574	77.76	98.85
2002	9983	2565	991	736	99.17	106.57
2003	11928	2892	1179	765	122.82	150.11
2004	10618	2621	1398	891	188.10	179.07
2005	9291	2127	1306	1058	174.83	182.13
2006	6755	1578	927	1001	183.34	181.90
2007	5274	1030	1008	1024	172.89	214.75
2008	6945	1337	1128	881	194.59	190.59
2009	6493	1610	925	777	178.17	190.17
2010	7781	1895	1015	847	177.85	153.00
2011	8033	2170	947	772	187.64	156.26
2012	11889	2647	1087	889	226.83	300.17
2013	13802	2928	1188	1165	351.87	236.75

Source: Progress report of Tea Small Holdings Development

**Schedule No: 06**

**Operation of crop rehabilitation (prunning) subsidy scheme of tea lands 1979 - 2013**

Year	Allowed no. of plants	No. Of plants to which first instalment was paid	No. Of plants to which second instalment was paid	Paid subsidy Rs.M	Annual allocations Rs.M
1979	858030	72938			1.00
1980	1436369	455351		0.44	2.60
1981	950558	477546		0.45	1.37
1982	1080257	1129	103392	0.67	1.07
1983	1391855	477230	166158	0.63	1.73
1984	5935521	799715	101773	1.99	2.30
1985	4260727	3330268	344545	8.78	4.37
1986	7123986	5087525	1242922	15.41	5.88
1987	5818170	5269971	2484684	16.57	8.16
1988	5121825	3861892	2496705	10.00	19.37
1989	3903899	4257670	3377046	13.30	19.60
1990	3847466	2986998	2975849	9.32	7.20
1991		1029987	3528586	8.95	9.04
1992		235404	1148371	2.49	5.00
1993		6607	1658	0.30	
1994		16432	46030	0.12	
1995		20298	7073	0.46	2.45
*1996		13278	3181	1.19	15.20
**1996	5600900	3867981			
**1997	6965923	5301839		9.03	12.00
1998		1707845		4.14	15.02
*1999			14012	8.20	11.16
**1999	617120	2454895	1846445		
2000	2713972	812174	389248	3.68	11.54
2001	1412860	1078708	209534	5.68	11.54
2002	4031727	2522872	486948	11.22	10.38
2003	3012892	1636901	380013	9.38	12.00
2004	2303061	1489167	593906	14.46	12.99
2005	1566327	1242648	776661	8.11	12.37
2006	972913	520610	540819	7.79	8.58
2007	1092856	516471	308325	4.13	6.00
2008	836729	519607	404331	4.84	3.00
2009	995822	431699	232217	3.25	3.59
2010	769104	424227	254715	3.58	5.00
2011	1379734	504322	182401	6.32	9.24
2012	1902051	766991	345152	14.35	8.66
2013	1060634	497592	420611	11.24	6.00

\*\*Prunning scheme from societies

Source: Progress report of TSHDA

Schedule No: 07

**Operation of Tea new planting subsidy scheme  
1978 - 2013**

Year	No. of permits issued	Extent of land covered by permits (Ha)	Extent of uprooted lands (Ha)	Extent of planted land	Annual expenditure Rs.M	Annual allocations Rs.M
1978	-	-	129	40	0.3	-
1979	-	-	210	110	0.5	-
1980	-	-	185	118	1	7.7
1981	1878	-	328	239	1.9	2.1
1982	1992	-	388	316	2.9	2.4
1983	2757	866	393	264	2.7	4
1984	7754	2667	461	279	2.4	3.2
1985	7754	1764	857	599	9.5	6.3
1986	4999	1982	1586	1430	30.5	9.3
1987	3939	1375	1218	1183	26.5	13.5
1988	3737	1323	814	878	19.7	29.7
1989	4532	1837	1013	1011	34.9	34.2
1990	12680	3937	1676	1647	44.6	39.9
1991	3785	1120	2088	1843	57.8	42
1992	10533	4163	1954	1948	52.2	58
1993	12318	2720	1753	1622	51.57	50.57
1994	8106	1803	2339	1661	50.95	66.50
1995	5822	134	2407	1237	44.52	49.80
1996	2176	378	486	450	20.91	18.78
1997	3797	576	340	293	14.08	9.08
1998	4284	632	315	381	23.82	13.50
1999	6694	952	484	405	13.04	12.24
2000	3674	671	433	256	7.36	9.03
2001	6353	1084	419	399	15.58	11.91
2002	12338	2542	567	562	30.62	20.86
2003*	-	654	647	642	27.95	24.94
2004	-	-	-	12	3.25	7.94
2005	-	-	1.42	8	0.30	2.42
2006	-	-	0.33	0.83	0.042	0.37
2011	430	45	28.14	28.38	1.18	2.08
2012	2990	517	260	239	23.20	24.00
2013	2872	543	258	263	42.41	3.60

\*This subsidy scheme was not implemented from year 2003 to 2010

Source: Progress report of Tea Small Holdings Development

**Schedule No: 08**

**Subsidy scheme for panting Tea with Rubber  
1999 - 2009**

<b>Year</b>	<b>No. Of issued permits</b>	<b>Extent of land covered by permits (Ha)</b>	<b>Soil preparation (Ha.)</b>	<b>Plantation (Ha.)</b>	<b>Annual expenditure Rs.M</b>	<b>Annual allocation Rs.M</b>
1999	317	164	7.72	7.70	0.089	1.96
2000	153	92	30.00	30.00	0.57	3.01
2001	262	63	19.7	16.2	0.408	1.86
2002	96	52	9.02	7.88	0.92	1.90
2003	150	60	16	15	0.76	2.64
2004	135	51	8	9	0.46	0.86
2005	76	29	15	14.6	0.197	1.46
2006	18	7	8.8	6.8	0.469	0.69
2007	8	3	4.5	4.4	0.146	0.41
2008	8	3	-	-	-	-
2009	3	1.8	0.7	0.4	0.016	-

\*This subsidy scheme was not implemented from year 2010

Source: Progress report of Tea Small Holdings Development

Schedule No: 09-A

Issuance of shoots of new species of modified mother plants - 2013

District	Venue	Commercial nurseries	Tea small holders	Societies and other	Institutional nurseries	Amount	Production	
							]	target
Galle	Neluwa and Walahanduwa		45,065	7,700	11,000	63,765	18.18	116,000
Hanthana	Hanthana	-	44,950	-	-	44,950	13.02	158,500
Kaluthara	Wogan	18,250	11,600	10	23,650	53,310	21.51	125,000
Kandy	Rahathungoda and Sooriyagoda	1,800		-	24,840	26,640	6.38	39,500
Kegalle	Hingula	-	2,000	-	-	2,000	0.71	13,000
N'Eliya	Nelligolla and Thispane	1,000	5,800	-	4,310	11,110	5.54	247,000
Uva	Bandarawela and Haliela	16,665	30,787	100	-	47,552	7.34	70,000
<b>Grand Total</b>		<b>37,515</b>	<b>140,202</b>	<b>7,810</b>	<b>63,800</b>	<b>249,327</b>	<b>72.68</b>	<b>769,000</b>

**Schedule No: 9 - B** **Operation of Institutional Tea Nurseries**

**Year 2013 ( Rs. )**

Description	Hanthana	Rahathungoda	Walahanuwa	Hingula	Hedigalla	Wogan	Thispane	Total
	Stock as at 01.01.2013	No.of shoots 19,066 Value 101,285	45,206 773,478	53,890 340,071	118,347 1,105,536	26,805 449,400	111,498 850,033	87,222 920,556
Planted during the year	No.of shoots 41,162 Value 255,471	150,524 1,689,136	50,000 843,134	152,299 1,354,002	63,701 874,218	165,123 1,673,265	102,000 1,253,598	724,809 7,940,824
Dead Plants	No.of shoots 676	21,647	6,331	18,460	12,592	17,097	20,118	96,921
Stock as at 31.12.2013	Value 41,460 No.of shoots 158,941	31,555 401,380	5,380 595,088	22,573 203,921	38,032 438,754	111,740 797,849	105,000 980,420	607,165 5,411,645
Plants suitable for sale	Value 18,092 No.of shoots 195,816	142,528 206,123	43,754 588,116	26,613 420,325	39,882 884,863	147,784 1,725,449	64,104 1,193,734	482,757 7,069,538
Production cost of a plant	Value							
Sold plants	No.of shoots 18,092 Value 271,380	142,528 2,137,920	43,454 651,810	26,613 399,195	39,882 598,230	147,784 2,216,760	64,104 961,560	482,457 7,236,855
Cost of a plant on sale	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Profit / Loss	75,564	76,685	63,694	(21,130)	(286,633)	49,131	(232,174)	167,317

Source: Progress report of Tea Small Holdings Development

**Schedule No: 9 - C**

**Function of Commercial Tea Nurseries - 2012\$2013**

Regional Office	Issuance of Permits		First Examination(CN - 04)			Second Examination (CN - 05)			Thirs Examination (CN - 06)		
	Number of Nurseries	Plant Capacity	Number of Active Nurseries	No. of Replanting	% per Capacity	Number of Active Nurseries	No. of Successful plants	l per plantings	Number of Nurseries	No. of certified plants	Successful percentage
galle	186	6,850,500	138	2,346,255	34	84	1,651,787	70	38	330,430	20
Matara	185	6,226,000	160	2,017,307	32	129	1,324,257	66	68	342,195	26
kaluthara	39	1,531,000	22	286,497	19	16	221,100	77	12	130,000	59
ratnapura	91	4,218,400	60	2,647,255	63	48	2,462,100	93	30	1,119,000	45
Kandy	107	4,346,000	91	982,426	23	79	1,045,139	106	40	775,579	74
N'Eliya	89	3,687,500	58	2,681,970	73	44	1,947,198	73	38	674,800	35
Uva	107	2,751,000	85	1,885,655	69	79	1,453,400	77	-	-	-
kegalle	50	2,635,000	38	676,033	26	13	263,300	39	11	145,500	55
<b>Total</b>	<b>854</b>	<b>32,245,400</b>	<b>652</b>	<b>13,523,398</b>	<b>42</b>	<b>492</b>	<b>10,370,281</b>	<b>77</b>	<b>237</b>	<b>3,517,504</b>	<b>34</b>

Source : Tea Small Holdings Development Progress Report

**Schedule No: 10 - A**

**Prices of Tea at the Colombo Tea Auction Based on Elevation  
1985 - 2013 Average Gross Price  
( Price Rupees at 1kg)**

<b>Year</b>	<b>Up country</b>	<b>Mid country</b>	<b>Low country</b>	<b>Total average</b>
1985	39.55	35.93	40.60	39.01
1986	31.58	28.49	31.26	30.68
1987	38.76	35.09	42.46	39.30
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

Source: Sri Lanka Tea Board

**Schedule No: 10 - B**

**Estimation of Production Cost for a Kilo of Green Leaf 2013 (Low Country)**  
**10355 Kg of Green Leaf Per Annum / Hectar (Made Tea)**  
**(With Subsidy)**

	<b>Activity</b>	<b>Frequency of Practice</b>	<b>Labour units</b>	<b>Green Leaf</b>	<b>Total Cost</b>	<b>%</b>
1	i.Plucking (20kg per individual per day)	1/2 Labour 45 times	518	-	284763	64.55
	ii Leaf Transportation		23		12650	2.87
2	Weeding	10 labourers per month	60	-	33000	7.48
3	Fertilizer mixture and application					
	i Adding the fertilizer mixture to matured tea crops	At 8 labourers (Up to 2-4 occasions)	24	25688	38888	8.82
	ii Adding Dolomite	At 4 labourers (2 occasions cycle)	2	4002	5102	1.16
	iii Adding Zinc	At 5 labourers (2 times)	10	1067	6567	1.49
4	Shade Management	At 5 labourers (2 times)	10		5500	1.25
5	Prunning	At 30-40 labourers (2 occasions cycle)	20		20000	4.53
6	Mossing	At 12-20 labourers (2 occasions cycle)	10		5500	1.25
7	Tipping	At 12-20 labourers (2 occasions cycle)	10		5500	1.25
8	Draining	At 36 labourers (2 occasions cycle)	18		9900	2.24
9	Supplying Vacancies	Labourers for 16 lab units and 375 plants	8	9375	13775	3.12
			<b>713</b>	<b>40132</b>	<b>441145</b>	<b>100</b>

Average Production Cost per kilo of greenleaf	42.60	<b>(Without General Expenses)</b>
General Expenditure	7.00	<b>(General Charges)</b>
Transport Cost	<u>1.80</u>	
Production Cost	<u><b>51.40</b></u>	

- \* Two year time circle has been used for the low country lands
- \* Fertilizer mixures and volumes are as per recommendations of Tea Research Institute and the prices are that existed during the year
- \* Price of a VP tea plant is Rs. 25/-
- \* Transport cost has been included in the raw material cost
- \* Daily Wages of Labourers - Rs. 550
- \* Daily Wages for Prunning Rs. 1000
- \* Dolomite 1MT Rs. 6000
- \* Zinc Sulphate 1kg Rs. 97
- \* UT-397/VPLC/U 709/ UT 752 MT 1(with subsidy) Rs. 26000

Schedule No: 11 - A

**Replanting Production Cost Estimation for High and Mid Elevations - 2013**  
(From Uprooting to Plucking Stage) Rs/Ha  
Daily Wage Rate Rs. 800/-

	Quantity	Uprooting First Year			Soil rehabilitation Second Year			Tea Planting Third Year			first Year Maintenance Fourth Year			Second Year Maintenance Fifth Year			Total Cost			% of Total Cost
		Labour Units	Cost of Raw Materials	Total Cost	Labour Units	Cost of Raw Materials	Total Cost	Labour Units	Cost of Raw Materials	Total Cost	Labour Units	Cost of Raw Material	Total Cost	Labour Units	Cost of Raw Materials	Total Cost	Labour Units	Cost of Raw Materials	Total Cost	
Uprooting old tea and clearing (40) bushes per 1 day in a land with 50% stand)		132	105600													132		105600	5.47	
2 Forking, leveling and removal of roots		200	160000													200		160000	8.29	
Preparation of slope draining and lining		100	80000		40	32000		10	8000		5	4000				160		128000	6.63	
4 Application of Dolomite (At Rs. 6.00 per kilo)	3952	2	23712													2	23712	25312	1.31	
Planting Gauthamala (500 cuttings per day)		54	43200													54		43200	2.24	
Fertilizer application for grass (999Kg at Rs. 6/26.00 per kilo)	1300	4	9620		4	16120		1	8060							9	33800	41000	2.12	
7 Lopping grass (At 1 lab. unit per lopping)		14	11200		56	44800										70		56000	2.90	
8 Weeding (At 10 lab. Units per round)		30	24000		20	16000		100	80000		120	96000				390		312000	16.17	
Planting of shade (740 Acacia and Dodaps at 9 Rs. 1.00 per cutting) and 370Kg of Dolomite	740	6	2960		1	1042										7	3202	8802	0.46	
Planting high shade ( 100 Greivilla at Rs. 6/- and 100Kg Dolomite Removal of Grass	100	4	2082		1	108										5	2190	6190	0.32	
11 Removal of Grass								20	16000							20		16000	0.83	
12 Lining pegging and holing								180	144000							180		144000	7.46	
13 Planting of tea (At Rs. 25/- per plant)	12500		312500					60	187500							60	187500	235500	12.20	
Management of shade (Twice a year)					6	4800		12	9600		15	12000				48		38400	1.99	
14 Blister Blight Control (200g of Peneox at Rs. 15/93/-, 10 rounds at 280g per round)	3		1302					40	33302		40	1302				120	3906	99906	5.18	
Bringing into plucking																				
16 Mubbing								100	80000		12	9600				27		21600	1.12	
18 Fertilizer application (T 200 third year)	1200		31200					20	47200		20	63180				175		140000	7.25	
Fourth Year	2450		63180					60	48000		60	48000				40	94380	126380	6.55	
T 750 fifth year	1750		45300													152		121600	6.30	
19 Supplying vacancies	2000										12	11250		45500		18	22500	45500	2.36	
20 Supply of Curator	88		4840					4	8040							4	4840	8040	0.42	
21 For pest control and Equipment			2000		2000	2000											2000	10000	0.52	
<b>Tota</b>		<b>546</b>	<b>40374</b>	<b>477174</b>	<b>128</b>	<b>18470</b>	<b>120870</b>	<b>607</b>	<b>234902</b>	<b>720502</b>	<b>359</b>	<b>77732</b>	<b>364932</b>	<b>233</b>	<b>60052</b>	<b>246452</b>	<b>431530</b>	<b>1929930</b>	<b>100</b>	

\* Cost estimates are in conformity with TRI recommendations and includes material and transport costs.

**Schedule No: 11 - B**

**Production Cost Estimation for Tea Replanting in Low Elevation - 2013**

(From the stage of uprooting to plucking) Ha / Rs.  
Daily Wage Rs. 800/-

	Amount	Expenditure		Uprooting		Soil Rehabilitation		Tea Planting		First year maintenance		Second year maintenance		Total cost		Total cost percentage %		
		Labour cost	Material cost	Labour cost	Material cost	Labour cost	Material cost	Labour cost	Material cost	Labour cost	Material cost	Labour cost	Material cost	Labour cost	Material cost		Labour cost	Material cost
1 Uprooting and clearance of old tea bushes (40 bushes per day in a land 50% of plants existed)		104			83200									104		83200	4.39	
2 Forging, leveling and removal of roots		125			100000									125		100000	5.52	
3 Preparation of slopes, draining, lining		100			80000	40	32000	10	8000	5	4000			160	4000	128000	7.07	
4 Application of Dolomite (Rs. 6.00 per 1kg)	1976	2	11856		13456									2	11856	13456	0.74	
5 Planting Gothanals (500 cuttings per day)		54			43200									54		43200	2.39	
6 Fertilizing grass (for 989kg of Rs 26.00 per kilo)	1610	41860	4	9620	12820	4	24180	1	8060					9	41860	49060	2.71	
7 Lopping grass (one labour unit per lopping)		14			11200	56	44800							70		56000	3.09	
8 Weeding (ten labour units at a time)		30			24000	20	16000	100	80000	120	96000			390		312000	17.23	
9 Planting of shades (for 300 Accasia and Dadapas and for 150kg Dolomite Rs 1.00 per shoot)	300	2520	8	2520	8920	1	252	1052						9	2772	9972	0.55	
10 one and for 100kg of Dolomite	100	2082	6	2082	6882	1	208	1008						7	2290	7890	0.44	
11 Removal of grass								20	16000					20		16000	0.88	
12 Digging holes, lining, pegging								180	144000					180		144000	7.95	
13 Tea planting (Rs. 25/- per plant)	12500	31200						60	187500					60	187500	235500	13.00	
14 Shade management (Twice a year)						6	4800			15	12000			48		38400	2.12	
15 Blister Blight Control (20kg Paromox at Rs. 93/-, 10 rounds at 280g per round)	3	1302						20	17302	20	1302			60	2604	30604	2.79	
16 Emerging into plucking										12	9600			0	1302	1302	0.07	
17 Mulching								100	80000	75	60000			27		21600	1.19	
18 Fertilizer application (T 200 Third year)	1200	31200						20	31200	20	63180			40	94380	126380	6.98	
Fourth Year	2430	63180						60	48000	60	48000			152		121600	6.71	
T. 750 fifth year	1750	45500										45500			45500	2.51		
19 Supplying vacancies	2000	25								12	15000	12	15000	24	30000	49200	2.72	
20 Nematode control (7g per planting hole) Supply of Curator	88	4840						4	8040					4	4840	8040	0.44	
21 For pest control and equipment				2000	2000		2000		2000		2000		2000		2000	10000	0.55	
<b>Total</b>		<b>447</b>	<b>28078</b>	<b>385678</b>	<b>129040</b>	<b>128</b>	<b>26640</b>	<b>129040</b>	<b>587</b>	<b>234902</b>	<b>704502</b>	<b>339</b>	<b>81482</b>	<b>352682</b>	<b>219</b>	<b>63802</b>	<b>239002</b>	<b>100</b>
																		<b>1,810,904</b>

\* Cost estimates are in conformity to TRI recommendations and include material and transport cost.

**Schedule 12**

**Provision of Fertilizer for Tea Small Holders Under the Loan Scheme  
MT. (1993 - 2009)**

<b>Year</b>	<b>Loan Scheme</b>	<b>Other</b>	<b>For Cash</b>	<b>Total Issue</b>
1993	2405	448	552	3405
1994	2811	93	329	3233
1995	3591	375	417	4353
1996	8278	426	261	8968
1997	12879	779	162	13820
1998	11035	3915	577	*15527 / +17700
1999	11210	712	343	12992
2000	15317	191	351	15859
2001	15905	84	432	16421
2002	16009	163	734	16906
2003	8845	5	274	9124
2004	8480	0.7	527	9007
2005	8412	523	243	9178
2006	3800	1284.2	628	5712
2007	1877	3087	238	5202
2008	1378	2970	190	4538
2009	964	-	92	-

+ With Dolomite

\* Without Dolomite

\*\* Provision of the fertilizer subsidy to tea small holders was beyond the responsibilities of the Authority from year 2009

Schedule No: 13

Tea Exports and Foreign Exchange Earnings

1995 – 2013

Year	**Exported Amount ( KgM )	* Amount of Export Earnings ( KgM )	% of Contribution to Total Export Earnings
1995	240	24638	12.62
1996	244	34068	15.02
1997	269	42533	15.51
1998	272	50280	16.19
1999	269	43728	13.44
2000	288	53133	12.06
2001	294	61602	14.31
2002	291	63105	14.00
2003	298	65937	13.30
2004	300	74890	12.08
2005	309	81480	12.70
2006	***315	***86337	12.80
2007	***294	***106217	13.20
2008	320	137585	15.60
2009	280	136183	16.70
2010	315	155608	16.60
2011	323	164869	14.10
2012	320	180430	14.48
2013	319.6	199446	14.80

\* With re-export earnings

\*\* Including imported tea

\*\*\* Excluding re-export earnings

Source: Central Bank of Sri Lanka

**Schedule No: 14**

**Value Added by Tea to the Gross National Product.  
( 1992 - 2013 )**

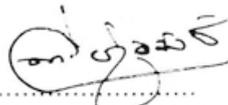
Year	Value Added %
1992	2.0
1993	2.4
1994	2.3
1995	2.1
1996	2.2
1997	2.4
1998	2.8
1999	2.4
2000	2.6
2001	2.3
2002	2.4
2003	2.3
2004	2.2
2005	2.0
2006	1.8
2007	1.2
2008	1.6
2009	1.7
2010	1.6
2011	1.3
2012	1.3
2013	0.9

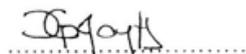
Source: Central Bank of Sri Lanka

## TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

## STATEMENT OF FINANCIAL POSITION AS AT 31st December 2013

	Schedule No.	2013		(Rs'000) 2012	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash equivalents	7	27,403		40,633	
Receivables	4,5	118,970		131,191	
Inventories	3	15,391		22,381	
Prepayments	6	461		290	
Other Current Assets	2A	<u>5,412</u>	167,638	<u>4,540</u>	199,035
<b>Non- Current Assets</b>					
Investments (Fixed Deposit)	2		8,962		7,891
Other financial assets	2A		2,028		1,484
Property, Plant and Equipment	1	343,147		332,731	
Less: Acc. Depreciation		<u>74,702</u>	268,444	<u>56,983</u>	275,749
<b>Total Assets</b>			<b>447,073</b>		<b>484,160</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	8	22,266		24,116	
Accrued Expenses	9	<u>261,690</u>	283,956	<u>99,529</u>	123,645
<b>Non - Current Liabilities</b>					
Employee benefits (Gratuity)	10		<u>130,005</u>		<u>115,902</u>
<b>Total Liabilities</b>			<b>413,961</b>		<b>239,547</b>
<b>Net Assets</b>			<b><u>33,112</u></b>		<b><u>244,613</u></b>
<b>NET ASSETS/EQUITY</b>					
Capital contributed by government	01A	19,830		6,164	
Revaluation Surplus	01B	124,109		143,664	
Accumulated surplus/(deficits)		<u>(269,702)</u>	(125,763)	<u>(81,860)</u>	67,968
Grants	01C		158,875		176,645
<b>Total Net Assets / Equity</b>			<b><u>33,112</u></b>		<b><u>244,613</u></b>

  
.....  
(Chairman)

  
.....  
(Finance Manager)

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY  
STATEMENT OF FINANCIAL PERFORMANCE  
Year Ended 31st December 2013

(Rs'000)

	Notes	2013	2012
<b>Operating Revenue</b>			
Consolidated Fund			
Funds Received during the year		505,063	412,669
<b>Other Income</b>			
	15		
Interest - C/D		2,726	2,231
Interest on Loan to Employees		3,450	3,824
Miscellaneous Income		3,238	3,815
Surplus (Deficit) in Disposal Vehicle			1,086
Surplus (Deficit) in Fertilizer Distribution	16		(79)
Surplus (Deficit) in Nurseries	17	167	(572)
Income Over Expenditure Hanthana		1,797	1,568
		<u>11,377</u>	<u>11,873</u>
		516,441	424,542
<b>Development Expenditure</b>			
Subsidies	13	(431,451)	(268,460)
Extension	14	(3,660)	(4,617)
Social Development	13	(1,960)	(1,500)
Insitution Strenathering		<u>(2,991)</u>	<u>(1,727)</u>
		(440,061)	(276,304)
<b>Operating Expenses</b>			
	12		
Personal Emoluments			
Salaries Allowance E.P.F, E.T.F,ect.		(184,446)	(178,549)
O/T, H/pay		(2,055)	(2,274)
Travelling		(7,562)	(7,728)
Supplies and consumable used		(3,252)	(3,517)
Maintenance		(14,813)	(15,135)
Communication		(3,943)	(4,188)
Rent . Rates & Electricity		(5,638)	(4,844)
Other operating expenses		(16,754)	(17,441)
<b>Total operating expenses</b>		<u>(238,462)</u>	<u>(233,675)</u>
<b>Surplus / (Deficit) from operating activities</b>		(162,083)	(85,437)
Gratuity		(25,023)	(14,908)
Depreciation and amortization expenses		(18,316)	(11,744)
Provisions for Bad Debt/written off debtors		<u>(2,063)</u>	<u>(48,022)</u>
		(45,402)	(74,674)
		(207,485)	(160,111)
Gain on sales of property plant and equipment			
IFAD & Divinaguma - Rrcurrnt Grants	14	40,241	23,618
- Recuurent Expenses		<u>(40,241)</u>	<u>(23,618)</u>
		0	-
Net surplus / (Deficit) before extra ordinary items			
Prior year Adjustment		151	
Deferred Income		19,492	5,946
<b>Net surplus / (Deficit) for the period</b>		<u><u>(187,842)</u></u>	<u><u>(154,165)</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### (1) **Accounting Policies**

#### 1.1 **Generals**

##### 1.1.1 **Basis of Accounting**

The Financial statements of the T.S.H.D.A. are prepared in accordance with the Sri Lanka Public Sector Accounting Standards as laid down by the Institute of Chartered Accountants of Sri Lanka. The Financial Statements have been prepared based on the historical cost convention methods. No adjustments have been made for inflationary factors affecting these accounts. Where appropriate, the specific policies adopted are explained in the notes that follow.

##### 1.1.2 **Post Balance Sheet Events**

All material events occurring after the Balance Sheet date have been considered and where necessary, adjustments have been made in the accounts.

##### 1.1.3 **Comparative Figures**

Where necessary, comparative figures have been adjusted to confirm with changes in presentation in the current year

##### 1.1.4 **Extraordinary Items**

During the year, certain debtors have settled some of their outstanding balances such as Fertilizer debtors. The method of bad debts provisions was not changed and bad debts provision of Rs.2.063 million is allocated for this year. Certain debtors who were identified as uncertain of recovery have been provided for in the manner detailed below. Bad debt provision has not been made for non representative balances.

<b>Age of the Debt</b>	<b>Provision</b>
Less than one year	Nil
More than one to two year	30%
More than three years	100%

### (2) **Assets and their bases of valuation**

#### 2.1 **Property, Plant & Equipment**

Property, Plant & Equipment are stated on the Balance Sheet at cost minus accumulated depreciation. Depreciation is provided after the revaluation on a straight line basis using the following rates.

Buildings	2%
Motor Vehicles	20%
Furniture, Fittings & Office Equipment	12.5%
Computer	20%

Since the depreciation policy was changed new assets acquired were depreciated beginning from the date of acquisition.

It was revealed that value of the Nelligolla building had been overstated due to an error and it had been corrected through this year's accounts.

Advance payment for Hanthana construction Rs.12.8 million has been settled against the unpaid construction bill and the loss of Rs.0.771 million had been charged to the bad debts provision. This was done after obtaining necessary approval.

#### 2.2 **Investment**

Investments include fixed deposit for gratuity fund.

#### 2.3 **Stocks & Inventories**

Stocks & Inventories have been valued at the lowest cost or net realizable value, cost being arrived at on a FIFO basis.

#### 2.4 **Trade Debtors & Receivables**

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

- 2.5 **Other Receivables**  
Receivables other than Trade Debtors are also stated at their amounts.
- 2.6 **Cash & Cash Equivalents**  
Cash & Cash equivalent includes cash in hand, Bank and Call Deposits.
- 2.7 **Cash Flow**  
Cash Flow statement has been prepared using the indirect method.
- 2.8 **Accounting for Funds Received**  
Since year 2007 Funds have been remitted from the Treasury through the consolidated fund.
- (3) **Liabilities**  
All material liabilities as at the Balance Sheet date have been included in the accounts and adequate provision has been made for liabilities which are known to exist, but the amounts of which cannot be determined accurately. Liabilities classified as current liabilities on the Balance sheet, are those which are due for payment on demand.
- 3.1 **Provision for Gratuity**  
Full provision is made in the accounts for the retiring gratuity payable to all employees commencing from the 6<sup>th</sup> year of service. However, Rs.8.96 million only is kept in a fixed deposit against this provision. It is not possible increase the deposits in view of inadequacy of funds.
- 3.2 **Taxation**  
T.S.H.D.A. is exempt from income tax being an institution funded by consolidated fund.
- 3.3 **Contingent Liability**  
A contingent liability of approximately Rs.3 million exists in respect of L.T. & court cases.
- (4) Funds Received from 1981 to 2013 for IRDP, SHTDP, TDP, Other Projects and treasury grant been amortized. Accordingly Rs.18.085 million had been accounted as deferred income and remaining balances have been brought forward amortizing by future years.
- (5) The Circuit Bungalow & the land of Walahanduwa of 10.54 Hectare. This belongs to the Land Reform Commission and ownership had not yet been transferred to the Authority.
- (6) Action plan for the year was prepared to fall line with the national requirements of replanting etc and past trends in such development activities anticipating supplementary funds other than the amount approved of Rs 300 million. Though this action plan was implemented, no additional funds were received resulting in a considerable amount of accrued expenditure on subsidy payments.
- (7) With effect from 1<sup>st</sup> January 2013, subsidy rate has been increased as follows.
- |   |              |   |  |
|---|--------------|---|--|
| - | Replanting   | - | from Rs. 250,000 to Rs.350,000 Per Ha. |
| - | New Planting | - | from Rs.150,000 to Rs.250,000          |
- (9) During this year development programs for small holders were undertaken with "Divineguma" and Mechanization project. The total cost incurred on these is Rs.12.7 million. For the Mechanization programme fund has been received through TRI.

**TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY**  
**CONSOLIDATED CASH FLOW STATEMENT**  
Year Ended 31st December 2013

	2013	(Rs,000) 2012
<b>Cash Flow from Operating Activities</b>		
Surplus/(deficit) from ordinary activities	(187,842)	(154,165)
<b>Non-cash movements</b>		
Depreciation	18,316	11,744
Provision For Gratuity	25,023	14,908
Increase in provision for doubtful debts	2,063	9,465
Written off Debtors	(771)	
Interest Income	(2,726)	(2,231)
Increase /decrease in payables	160,311	72,119
Revaluation Loss		
Increase in provisions relating to employee costs		
(Gains)/losses on sale of property, plant and equipment	(54)	(1,129)
Increase /decrease in other assets	(2,487)	(1,508)
Increase /decrease in receivables	(647)	73,171
Increase /decrease in Inventory Item	6,990	(2,771)
<b>Net cash flows operating activities</b>	18,177	173,768
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(18,385)	(16,806)
Proceeds from sale of plant and equipment	55	1,281
<b>Net cash flows investing activities</b>	(18,330)	(15,525)
Interest received	1,949	3,705
Gratuity Paid	(10,920)	(7,877)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	(8,972)	(4,172)
Capital Grants	(4,105)	(29,664)
<b>Net Cash flow from financing activities</b>	(4,105)	(29,664)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(13,230)	(29,759)
<b>Cash and cash equivalents at beginning of period</b>	40,633	70,392
<b>Cash and cash equivalents at end of period</b>	<u>27,403</u>	<u>40,633</u>

**Tea Small Holdings Development Authority**  
**Statement of Changes in Net Assets/Equity**  
**for the Year Ended 31/12/2013**

Rs.'000

Description	Attributable to owners of the controlling entity				Total net assets/equity
	contributed capital	Other Reserves	Revaluation Reserves	Accumulated Surpluses (Deficits)	
Balance as at 31/12/2012	6,164	176,645	143,664	(81,860)	244,613
Surplus/(Deficit) for the year				(187,842)	(187,842)
Gain on property revaluation			(19,555)		(19,555)
Government Grant for the year	15,073				15,073
Other Grant for the year		315			315
Deffered Income for the year	(1,407)	(18,085)			(19,492)
					-
					-
<b>Balance as at 31/12/2013</b>	<b>19,830</b>	<b>158,875</b>	<b>124,109</b>	<b>(269,702)</b>	<b>33,112</b>

**TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY**

Notes to the Financial Statements

Note 01

**PROPERTY, PLANT & EQUIPMENT 2013**

Description	Balance as at 01.01.2013	Revaluation Adjustment	Additions	Transfer/ Disposal	Cost as at 31.12.2013
Land	72,295,409.50		687,650.83		72,983,060.33
Buildings	171,367,211.88	(7,570,800.00)	5,738,846.89	(2,250.00)	169,533,008.77
Motor Vehicles	52,500,445.00	127,008.00	144,000.00		52,771,453.00
Project Motor Vehicle	9,193,125.00		4,752,810.00		13,945,935.00
Furniture Fittings & Office Equip	14,488,443.89		2,513,546.80	(301,386.40)	16,700,604.29
Computer	12,500,137.01		4,548,520.00	(222,598.55)	16,826,058.46
Plant & Machinery	386,650.00				386,650.00
	332,731,422.28	(7,443,792.00)	18,385,374.52	(526,234.95)	343,146,769.85

**DEPRECIATION**

Description	Depreciation as at 01.01.2013	Revaluation Depreciation	Depreciation for the year	Transfer/ Disposal	Accumulated Depreciation	Written Down Value
Land						72,468,393.51
Buildings	26,146,509.82	(151,416.00)	3,338,191.76	(2,250.00)	29,331,035.58	140,716,640.01
Motor Vehicles	5,954,575.00	50,804.20	10,418,890.60		16,424,269.80	36,347,183.20
Project Motor Vehicle	7,257,521.50		1,070,538.00		8,328,059.50	5,617,875.50
Furniture Fittings & Office Equip	8,685,925.22		1,570,750.51	(310,010.13)	9,946,665.60	6,753,938.69
Computer	8,555,409.17		1,913,372.55	(183,108.13)	10,285,673.59	6,540,384.87
Plant & Machinery	382,692.75		3,956.25		386,649.00	1.00
Total	56,982,633.46	(100,611.80)	18,315,699.66	(495,368.26)	74,702,353.07	268,444,416.78

## TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

## Notes to the Financial Statements

Year Ended 31st 2013

## NOTES

Description	RS.
<b>NOTE 02</b>	
<b>INVESTMENTS - 2013</b>	
Fixed Deposit - Gratuity	8,962,405.76
<b>NOTE 02 A</b>	
<b>Other Financial Assets</b>	
Staggered Cost	2,028,399.46
<b>Other Current Assets</b>	
Plants Stocks	5,411,644.86
<b>NOTE 03</b>	
Inventories	
Stationary	2,017,594.78
Sundry Stocks	10,450,150.63
Tea	260,068.90
Fertilizer	460,731.69
Basamid/Methum sodiam	226,584.97
Polythene	608,352.48
Sprayers	28,563.96
Nursery Equipment	8,615.00
Scales	84,258.35
Plucking Seizers	43,386.61
Aid Package	1,135,658.12
Tyre & Tube	50,218.94
Training Equipments	3,982.50
Other Stocks	12,980.00
Total	15,391,146.93
<b>NOTE 04 05</b>	
<b>Receivables</b>	
Debtors	18,720,876.09
Loan and Advances	115,296,766.85
Deposits and Advances	971,628.84
Other Balances	5,969,212.73
Total	140,958,484.51
Less: Bad Debts Provision	21,988,247.16
Total	118,970,237.35
<b>NOTE 06</b>	
Pre Payments	461,344.46
<b>NOTE 07</b>	
<b>Cash and Bank Balances</b>	
Cash in Transit	59,846.73
Cash in Hand & at Bank	11,148,572.84
Deposits	16,195,000.00
<b>Total</b>	<b>27,403,419.57</b>

**TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY**

**Notes to the Financial Ststements**

Year Ended 31st 2013

**NOTE 08**

**PAYABLES**

Creditors	8,396,433.39
Deposits Payables	5,487,253.88
Other Provisions	2,255,626.22
Other Balances	6,126,776.45
<b>Total</b>	<b>22,266,089.94</b>

**NOTE 9**

**Accrued Expenses**

Annual Trip	74,000.00
Electricity	193,416.22
EPF & ETF	4,398,159.09
Maintenance of Computer	21,502.00
Translation Fees	29,065.50
Rates & Taxes	227,986.00
Fuel	537,901.01
Holiday Payments	26,393.24
Medical Care	970,568.16
Motor Cycle Maintenance	261,075.00
Newspapers	12,060.00
Office Equipment Maintenance	24,444.00
Overtime	131,716.13
Postage	1,923.50
Rent	217,348.00
Salaries / Wages	741,749.45
Security	562,551.48
P.A. Y.E.	9,992.48
Building Cleaning / Maintenance	15,553.00
Free Cup Of Tea	27,538.00
Telephone	201,652.46
T.S.H.S.F.	278,993.00
Transport Charges	11,230.00
Travelling & Subsistence	1,086,081.57
Legal	160,000.00
Uniforms & Boots	6,822.50
Stationery	39,411.50
Library	4,900.00
Water	21,170.40
Vehicle Maintenance	342,265.86
Stamp Duty	23,340.00
Re Planting Subsidy	221,906,924.21
New Planting Subsidy	22,842,557.26
Crop Rehabilitation	5,654,777.00
Examinations Fees	29,850.00
Extension Program	47,790.99
Union	1,300.20
Dolomite subsidy	456,580.00
Mother Bush	65,997.60
Other	23,512.05
<b>Total</b>	<b>261,690,098.86</b>

**NOTE 10**

Employee Benefits (Gratuity)	130,004,838.27
------------------------------	----------------

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY  
Notes to the Financial Statements  
Year Ended 31st 2013

**NOTE 01 A**

**CAPITAL CONTRIBUTED BY GOVERNMENT 2013**

Description	Rs.
Building	6,455,161.53
Office Equip.	3,996,182.63
Computer	4,324,009.52
Motor Vehicle	5,054,269.50
<b>Total</b>	<b>19,829,623.18</b>

**NOTE . 01B REVALUATION SURPLUS 2013**

Description	Rs.
Land	63,955,883.12
Building	408,938.91
Furniture Fittings	21,275.00
Motor Vehicle	59,723,085.69
<b>Total</b>	<b>124,109,182.72</b>

**NOTE. 01C GRANT 2013**

Description	Rs.
World Vission	97,500.00
I.R.D.P. Badulla	799,680.00
Budget Grant for Small Holders	93,610,309.06
Grant - IFARD	1,195,349.20
Tresury Grant for Vehicle	5,630,800.00
S.H.T.D.P.	57,540,934.41
<b>Total</b>	<b>158,874,572.67</b>

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

Notes to the Financial Statements

Year Ended 31st 2013

**NOTE. 17 NURSERIES**

Nursery	Net Profit/(Loss) Rs.
Hanthana	75,564
Rahatungoda	76,685
Walahanduwa	63,694
Higuloya	(21,130)
Hedigalla	(286,633)
Vogan	491,211
Tispane	(232,174)
<b>Total</b>	<b>167,217</b>

NOTE 13

SUBSIDIES

Description	Rs.
Replanting	351,877,129.75
New Planting	42,412,240.35
Crop Rehabilitation	11,236,173.00
Interest Subsidy	113,950.00
Incentive Package	3,921,186.44
Drought Relief	21,890,296.00
<b>Total</b>	<b>431,450,975.54</b>



විගණකාධිපති දෙපාර්තමේන්තුව  
கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல.  
My No.

LP/I/TSHDA/1/13/07

ඔබේ අංකය  
உமது இல.  
Your No.

දිනය  
திகதி  
Date

29 June 2015

The Chairman  
Tea Small Holdings Development Authority

**Report of the Auditor General on the Financial Statements of the Tea Small Holdings Development Authority for the year ended 31 December 2013 in terms of Section 14(2)(c) of the Finance Act No.38 of 1971.**

The audit of financial statements of the Tea Small Holdings Development Authority for the year ended 31 December 2013 comprising the statement of financial position as at 31 December 2013 and the statement of financial performance, statement of changes in equity and statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971 and Section 15 of the Tea Small Holdings Development Authority Act, No.35 of 1975. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act will be issued in due course.

**1.2 Management's Responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for 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.

**1.3 Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000- 1810 ). Those standards

require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgments, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No.38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### 1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

### 2. Financial Statements

#### 2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Tea Small Holdings Development Authority as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.



## 2.2 Comments on Financial Statements

### 2.2.1 Sri Lanka Public Sector Accounting Standards (SLPSAS) - 03

The overstated value of the building at Nelligolla in the year 2005 amounting Rs.7,570,800 had been deducted from the non-current assets and the revaluation surplus for the year under review instead of being adjusted with retrospective effect. As a result the net value of the assets and retained earnings as at the end of the year under review had too been understated by Rs.908,496.

### 2.2.2 Accounting Deficiencies

The following observations are made.

- (a) Although according to the accounting policies of the Authority, the provision for bad debts should be provided at 30 per cent on the debtors outstanding for more than one to two years, it was revealed in audit that 10 per cent only had been provided as provision for bad debts.
- (b) Even though the entire Government grants amounting to Rs.573.4 million received during the years from 1998 to 2001 for the development of tea small holdings and to expand the tea factory network had been utilized for the intended purposes, a balance of Rs.93.61 million had been shown as Government grant as at the end of the year under review without being identified and made relevant adjustments in the accounts.
- (c) A sum of Rs.3,312,446 received from Divineguma Project during the year under review had been utilized for tea small holdings development activities by the Galle Regional Office. However, this transaction had not been brought to the financial statements.
- (d) Fully depreciated non-current assets except the motor vehicles costing Rs.3,304,704 which are being used at present had not been revalued and taken into accounts.



**2.2.3 Unexplained Differences**

The following observations are made.

*check.*

- (a) Differences totalling Rs.99,378 were observed between three cash book balances and the balances shown in the relevant bank reconciliation statements. The reasons for the differences had not been explained to audit.
- (b) Action had not been taken to reconcile the following differences in respect of loan balances observed between the ledger accounts and related loan schedules. Details are shown below.

Types of Loan	Balance as per Ledger Account	Balance as per Schedules	Difference
-----	-----	-----	-----
	-	Rs.	Rs.
	Rs.		
Distress Loans	4,183,003	3,575,693	607,310
Debt Relief Loans	26,392	4,566	21,826
Housing Loans	21,255,746	20,637,326	618,420
Motor Cycle Loans	392,601	256,146	136,455
Bicycle Loans	13,873	-	13,873
Festival Advances	68,006	50,050	17,956
Special Advances	112,249	145,350	(33,106)
	-----	-----	-----
	26,051,870	24,669,131	1,382,739
	=====	=====	=====

**2.2.4 Accounts Receivable and Payable**

The following observations are made.

- (a) The debtors and creditors valued at Rs. 19,734,133 and Rs. 1,362,417 respectively as at the end of the year under review had not been recovered or settled by the Authority for over 05 years.
- (b) It was observed in audit that the staff loans totalling Rs.1,367,662 were inactive for over a long period of time as per the schedules submitted to audit as at the end of the year under review and prompt action had not been taken in this regard.

**2.2.5 Lack of Evidence for Audit**

The following documentary evidence indicated against each item shown below had not been furnished to audit.

*given  
Analysis*

Item of Account	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) Re-scheduled Vehicle Loans	7,646,315	} Schedules and supporting Documents
(b) Motor Cycle Loans given to Tea Inspectors/Extension Officers	10,388,988	
(c) Flood Relief Loan	20,452	

**2.3 Non-compliance with Laws, Rules, Regulations and Management Decisions**

Instances of non-compliance observed in audit are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Non Compliance
-----	-----
(a)(i) Section 14 of the Tea Small Holdings Development Authority Act, No. 35 of 1975	Action had not been taken to amend the Act with regard to the activities set out in (b), (c) and (d) which were not caring out by the Authority.
(ii) Section-2(b) ii and iv of the Tea Small Holdings Development Authority Amended Act, No. 34 of 2003	Three Board members had not been appointed to the Board of Directors which should be comprised of 13 members.
(b) <u>Public Administration Circulars</u> No.41/90 of 10 October 1990	Fuel consumption of motor vehicles had not been tested once in every 06 months.



(c) Treasury Circulars

(i) No.1A1/2002/02 of 02 November 2002

The value of computer accessories and software had not been included in the assets register in terms of the Circular instructions.

(ii) Section 07 of the Public Enterprises Circular No.PED/50 of 28 June 2008

Maximum distance of 50 km up and down from the office had been exceeded by 2,058 km during the period from May to July 2013 in respect of group transportation provided by the Authority without being adhered with the Circular instructions.

**3. Financial Review**

**3.1 Financial Results**

According to the financial statements presented, the operating activities of the Authority for the year ended 31 December 2013 had resulted a net deficit of Rs.207.84 million as compared with the corresponding net deficit of Rs.160.11 million for the preceding year, thus indicating a further deterioration of Rs.47.37 million in the financial results. The reason for the increase of deficit was mainly due to increase of development expenditure by Rs.163.75 million.

**4. Operating Review**

**4.1 Performance**

**4.1.1 Tea Small Holders Contribution to Tea Production**

According to the information made available to audit, the total tea production in Sri Lanka during the year under review was 340.22 million kilograms and the tea small holders contribution thereto was 244.3 million kilograms or 71.8 per cent. The total tea production in Sri Lanka during the preceding year was 326.28 million kilograms and the tea small holders had contributed 233.10 million kilograms or 71.4 per cent therein. Thereby the contribution of the tea small holders had increased only by 0.4 per cent during the year under review.



#### 4.1.2 Tea Plantation Developments Subsidies

According to the statement of financial performance presented, a sum of Rs. 440.06 million had been spent for development activities such as subsidies for tea re-planting and new planting, extension and social development and institutional strengthening during the year under review. The plantation development cost and the cost of implementation per one rupee of the development cost for the year under review and for the preceding four years are given below.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Development cost Rs. million	440.0	276.3	208.0	189.2	185.7
Implementation cost Rs. million	238.5	233.5	218.5	205.4	202.1
Implementation cost per Rs.1 of the Development cost Rs.	0.54	0.85	1.04	1.08	1.08

The following observations are made in this connection.

##### (a) Tea Replanting

According to the national requirement, 2,300 hectares had to be replanted annually to get maximum yield and to sustain tea lands. However, according to the information made available, 1,165 hectares only had been replanted during the year under review and it was 1.0 per cent of the total matured tea lands of 116,492 hectares.

##### (b) Extension and Advisory Services

(i) According to the draft annual report, the staff of the extension services had conducted 33,597 individual and group programmes during the year under review and it was 2.2 per cent decrease as compared with the previous year.

(ii) Only 137,661 farmers were participated in the extension and advisory programmes during the year under review and the number of farmers participated for the programmes had been decreased by 5,795 as compared with the previous year.

(iii) The standard ratio of an extension officer to farmers should be 1:1000 to get an effective extension services. However, the actual ratio of an extension officer to farmers was 1:2736. Although 26 extension officers had been appointed during the year under review, it was observed in audit that the proper extension services could not be able to provide as per the prevailing ratio.



(iv) Even though the subsidy amounting to Rs. 53,100,732 had been given to Uva Regional Office, out of that a sum of Rs. 21,890,296 or 41 per cent had been given for drought relief during the year under review without being utilized for intendant purposes.

#### **4.1.3 Institutional Plant Nurseries**

According to the financial statements, 724,809 plants were planted and 482,457 plants were sold by the 07 plant nurseries of the Authority during the year under review. It was observed in audit that 03 plant nurseries were incurred a loss of Rs. 539,937 during the year and the Tispane nursery had reported a continuous loss since the year 2010.

#### **4.1.4 Tea Small Holdings Development Societies**

According to the draft annual report, 1,382 Tea Small Holdings Development Societies had been registered and the total registered members were 251,794 as at end of the year under review. Further, only one society had formulated during the year under review but the members had been decreased by 9,699 or 3.8 per cent during the year as compared with the previous year.

#### **4.1.5 International Fund for Agricultural Development(IFAD) and Divinaguma Projects**

A sum of Rs. 28,190,865 and Rs.16,980,362 had been provided by IFAD and Divinaguma Projects respectively as subsidies for the development of tea small holders during the year under review and out of that sums of Rs.178,210 and Rs.1,439,544 respectively had not been utilized for the intendant purposes.

#### **4.2 Assets Management**

The following observations are made.

- (a) The ownership of the following land and buildings including staff quarters and tea lands shown under the non-current assets had not been acquired by the Authority up to the date of audit on 31 December 2014. Details are shown below.



Regional Office -----	Value -----	
	<u>Land</u> Rs.	<u>Buildings</u> Rs
Uva	9,747,611	16,768,003
Matara	3,881,875	13,239,829
Ratnapura	5,807,250	16,397,833
Nuwara Eliya	3,724,750	7,383,588
	-----	-----
	23,161,486	53,789,253
	=====	=====

- (b) A building with an office and accommodation facilities had been constructed at Uva Regional Office premises for the use of Uva Regional Organization of Tea Small Holdings Development Societies by spending Rs.1,300,000 from the Authority fund and Rs.5,00,000 from Uva Regional Organization of Tea Small Holdings Development Societies fund in 2005. However, this building had been handed over to the said Organization without being entered with an agreement.
- (c) The Ministry of Agriculture of the Sabaragamuwa Provincial Council had been occupied in the Regional Office of the Authority at Kegalle since the year 1993 which was donated by the Integrated Rural Development Project (IRDP) in 1992 and the value of this building was Rs.800,000. In view of this position the Regional Office of Kegalle had to maintain its office in other place without adequate accommodation facilities.
- (d) Motor vehicles valued at Rs.2,575,000 donated by the Integrated Rural Development Project in 1990 , 1993 and 2000 had been taken into accounts as non-current assets. Nevertheless, the ownership of the motor vehicles had not been transferred to the name of the Authority until 31 January 2015.



### 4.3 Human Resources Management

According to the information made available, the approved and actual cadre of the Authority as at 31 December 2013 is shown below.

Designation -----	Approved Cadre	Actual Cadre	Vacancies	Redundant Posts
Senior level	39	25	14	01
Secondary Level	44	32	12	03
Tertiary level	293	271	22	25
Primary level	46	44	02	09
Others (Contract/Casual)	-	42	-	-
Total	422	414	50	38

The following observations are made in this connection.

- (a) There were 38 redundant posts at the end of the year under review and these posts had not been included in the above mentioned actual cadre even though they were approved by the Department of Management Services on 29 July 2010
- (b) There were 50 vacancies including the Manager (Human Resources and Administration), Manager (Development), Manager (Extension), Manager (Training) and 14 Extension Officers as at 31 December 2013. Further, the Authority had employed 20 Management Assistants, 18 Labourers and 04 Drivers under casual and contract basis in excess to the approved cadre.
- (c) The post of Manager (Human Resources and Administration) had been vacant since 27 April 2010 and an officer holding to the post of Assistant Manager (Project) had been appointed to act with effect from 02 August 2010 at a monthly allowance of Rs.1,100 in the post of Assistant General Manager (Human Resources and Administration) which was not included in the approved cadre of the Authority. It was observed in audit that the General Manager of the Authority had increased his allowance to Rs.1,850 with effect from 05 August 2014 to act the post which is not in the approved cadre and action had not been taken to fill the vacancy in the post of Manager (Human Resources and Administration) up to the date of audit on 31 December 2014.



#### 4.4 Investment of Gratuity Provision

A sum of Rs.8.96 million or 6.9 per cent had been invested out of the total provision for gratuity amounting to Rs.130 million as at the end of the year under review. Hence, the Authority had not invested adequate funds to meet the future obligation as stipulated in the Payment of Gratuity Act, No.12 of 1983.

### 5. Accountability and Good Governance

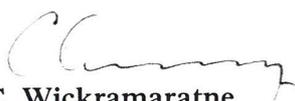
#### 5.1 Submission of Financial Statements

Although the annual financial statements should be rendered to audit within 60 days after the close of the financial year in terms of Section 6.5.1 of Public Enterprises Circular No. PED/12 of 02 June 2003, the Authority had been submitted the financial statements for the year under review to audit only on 18 July 2014.

### 6. Systems and Controls

Deficiencies observed in systems and controls during the course of audit were brought to the notice of the Chairman of the Authority in time to time. Special attention is needed in respect of the following areas of control.

- (a) Receivables and Payables
- (b) Cash Control and Bank Reconciliations
- (c) Payment of Subsidies
- (d) Payments and Recoveries of Loans and Advances
- (e) Assets Management.

  
W.P.C. Wickramaratne  
Acting Auditor General