



Tea SRI Holdings Development Authority
ANNUAL REPORT
2014

**No: 70, Parliament Road,
Pelawatte, Battaramulla.
Telephone : 7909021 - 22
Fax: 2784925 – 28**

**Email: :gmtshda@gmail.com
aetshda1@gmail.com**

Vision

**Generating a tea small
holders community with
an economic and social
sustainability**

Mission

**Development of productivity
and quality in the tea
smallholdings sector through
provision of excellent
supportive services.**

Tea Small Holdings Development Authority
Annual Report 2014
Message of the Chairman

It is with pleasure I do declare according to the annual production of year 2014 in the Tea Small Holdings sector that Tea Small Holdings sector has accomplished positive outgrowth due to being a sector sponsored continuously by the government since a couple of years to escalate the production and enhance productivity of the tea small holdings sector.

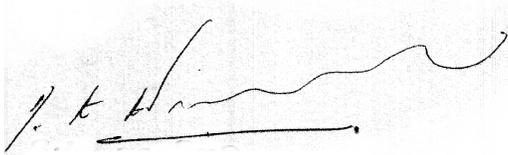
The benefits so accomplished by the tea small holdings sector are the ability to purchase tea fertilizer mixures under subsidiary prices, several recent increments in the subsidiary with a view to encourage recultivation investments, and ability to obtain soil and water conservation subsidy in year 2014.

A subsidiary of Rs. 403.64 million could be withdrawan for soil and water conservation activities in 129,022 acres belong to 190,123 tea small holders under the soil and water conservation productivity and enhancement programme in year 2014.

The general price per a kilo of green leaves hiked due to minimizing cultivation cost and increase of production margin as a result of the subsidies given as mentioned above in comparison with the previous year.

Tea small holders sector has made a remarkable maximum annual contribution of 247 million kilos of made tea to the national tea production in year 2014. This is a protion of 73.01% from the total national production. In addition, the production contribution had been increased from 0.8% compared to the previous year. However, the national production of made tea was 338.0 million kilos in year 2014 and it was a deduction of 0.6% compared to the previous year.

Although production of Tea Small Holdings Sector escalated by 0.8%, further development of crop production could have been achieved by the Tea Small Holdings sector if not of the below benefits and the unfavourable weather conditions prevailed and experienced towards the end of the year.



Deepthi Abeywickrama,
Chairman.

Performance Indicators of Tea Small Holdings Sector - 2014

	2012	2013	2014
1 Extent of Tea Smallholdings (Hectare)	120,955	121,267	121,429
2 Number of tea small holders	390,346	391,226	392,108
3 Production of tea smallholdings (M Kg)	233.10	245.43	247.38
4 Percentage of contribution to national production	71.4	72.2	73.1
5 General Productivity (made tea / Kg / per hectare)	2,001	2,107	2,123
6 Extent of tea re – planted lands / Hectares (under incentive allowances)	889	1165	720
7 Extent of newly planted tea lands / Hectares (under incentive allowances)	239	263	401
8 Re – planting ratio	0.76	0.93	0.64
9 Crop rehabilitation – no. of plants (millions)	0.767	0.497	0.271
10 Tea smallholdings development societies			
- No. of societies	1,381	1,382	1,383
- No. of members	261,493	251,794	266,480
11 Extension and advisory services			
No. of individual extension services	27,843	26,980	25,490
No. of group programmes	6,508	6,617	7,064**
No. of farmer participants	143,456	137,661	315,973**
12 Monitoring expenditure of the institution (per development rupee)	0.85	0.54	0.73
13 Tea inspection extension officer: tea cultivator ratio	1:2730	1:2736	1:2742
14 General gross price in rupees per raw kilo of leaves	57.27	64.99	67.54

* 41 hectares of tea have been cultivated under Tea Small Holdings Entrepreneurship Programme. A total of 761 hectares of replanting of tea have been taken place including the above extent.

** Soil and water conservation programme has been upgraded / developed by 438 group programmes (54%) and 100194 individual participation (574%).

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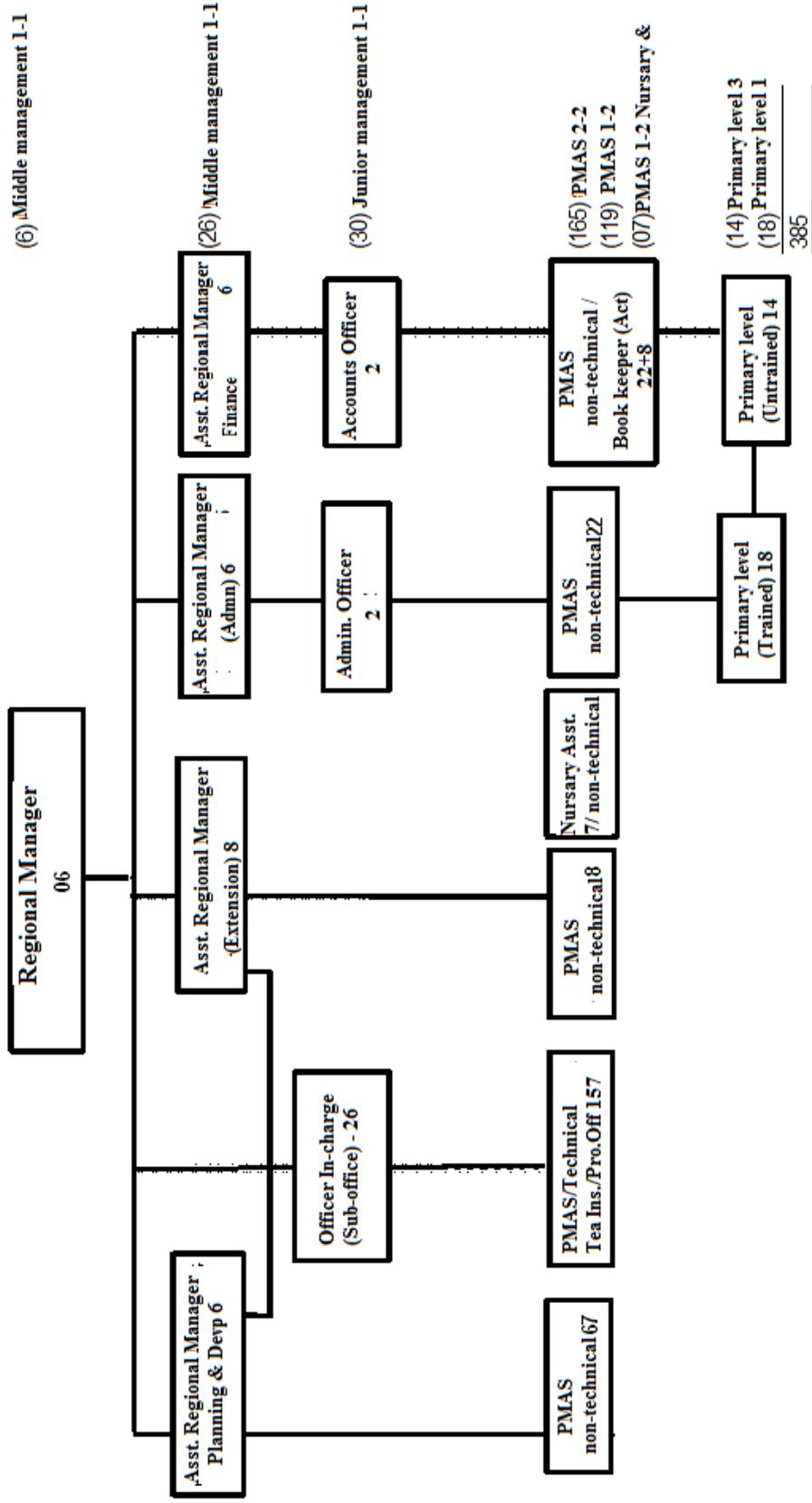
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Tea Smallholders' Development Authority Organisation Chart of Regional Offices



Board of Directors

1. Chairman - Mr. Noel Padmasiri Kariyawasam

Members of the Board

- | | | | |
|-----|--|---|-------------|
| 1. | Dr. S.S.B.D.G.Jayawardena | Chairman
Tea Research Board | 051-3519619 |
| 2. | Mr. M.Vidanpathirana
Factory Owners Association | Representative of the Private Tea | 077-6031000 |
| 3. | Mrs. Disna Darmasekara | Senior Asst. Sec. (Actg).
Director (Development) (Actg)
Ministry of Plantation Industries | 011-2304132 |
| 4. | Mrs. Anoma Nandani | Director
Department of Public Finance | 011-2480600 |
| 5. | Mr. E.A.W. Edirisingha | Director General
Sri Lanka Tea Board | 011-2508991 |
| 6. | Mr. Neville Ratnayake | Hon. President
All Island Federation of
Tea Smallholder Societies | 077-2910003 |
| 7. | Mr. K.L.Gunarathna
All Island Federation of | Hon. Secretary

Tea Smallholder Societies | 077-7707623 |
| 8. | Mr. M.F.S.W.Stembo | Representative of the Hon.Minister of
Plantation Industries | 0777-226751 |
| 9. | Mr. Roshan Rajadurai | Managing Director
Kelaniweli and Thalawakele
Plantations Limited | 011-2686274 |
| 10. | Mr. P.G.Dasanayake | Chairman
Government Press
(Observer member of the Board of Director) | 011-2859218 |
| 11. | Mr. Damith Loku Bandara | Observer Member
No. 14, Samagi Mawatha,
Gangodawila, Nugegoda. | |

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.Dishna Dharmasekera	Senior Asst. Sec. (Actg). Director (Development) (Actg) Ministry of Plantation Industries	011-2304132
3.	Member	Mr.M.F.S.W.Stembo	Representative of the Hon.Minister of Plantation Industries	0777-226751
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 All Island Federation of Tea Small Holder Development Societies	011-2583687

03 Audit Committee meetings have been held in the relevant year (2014)

Executive Staff And District Administrative Office

Head Office

**No: 70, Parliament Road,
Pelawatta, Battaramulla.
Telephone : 7909021 – 22**

Executive Staff

Chairman : Mr. Noel Padmasiri Kariyawasam
General Manager : Mr.K.G.B.Obeysekera (Upto 26/04/2014)
General Manager : Mr. M.B. Cyril (From 29/02/2012) Acting
(From 01/09/2014)

Extension Division:

Deputy General Manager (Extension) : Mr.C.J.I.T. Fernando
Assistant Manager : Mr.R.A.G.P. Ranasinha (From 16/07/2014)

Development Division:

Deputy General Manager (Development) : Mr.M.B.Cyril (Upto 01/09/2014)
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 (Upto 2014.08.04) (Acting)
: (From 05/08/2014)

Human Resources and dministration Division:

Manager (Human Resources & Administration) : ____
Assistant General Manager (Services) : Mr.Amitha Pasqual
Secretary to the Board
Assistant Project Manager : Mr. Harshan de Silva Upto 04/08/2014)
Assistant Manager (H. R & Administration) : (From 05/08/2014)
Assistant Manager (H. R & Administration) : Mr. K.A.C.S.P. Fernando (From 15/08/2014)
Administrative Officer : Mrs. E.M.D. Amunugama (Upto 14/09/2014)
Administrative Officer : Mr. Sarathchandra Muramudalige
(From 05/02/2014) Acting.

Internal Audit Division:

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

- 04 -
Regional Office-Galle
No 81,Light House Street
Fort- Galle
Administrative District- Galle
Telephone No:- 091-7201126/28

Fax :- 091- 2244382 / E-Mail - tshdaga@gmail.com

Regional Manager	: Mr. A.W.W. Karunarathne (Up to 2014.06.07) : Mr.L.H. Ranjith (From 2014.03.10) PD :(From 2014.06.25) Acting
Assistant Regional Manager	: Mr. L.H. Ranith From 01.01.2014
Assistant Regional Manager (Extension)	: Mr. D.M.J. Nakandala
Officer in charge	: Mr. D.L.C. Suriyaarachchi : Mr. L.K. Weerasekara (Up to 04.08.2014) : Mr. G. Sisira Kumara : Mr. E.G.D. Shanthasiri (From 15.10.2014)
Administrative Offier	: Mr. H. Dayananda (31.06.2014) : Mrs. K.M.H.A. Amaralatha (From 01.07.2014)
Accounts Officer	: Mrs. U.L.M. Perera

Estension Center

Sub Offices

Service Divisions

Tea Small Holding Developemtn Authority
Regional extension Center
Walahanduawatta, Galle
Telephone No- 0917200815

Waduramba

Kurupanawa
Unanwitiya
Udugama
Baddegama
Waduramba

Elpitiya

Ethkandura
Pitigala
Niyagama
Elpitiya
Batapola
Kahaduwa

Hingalgoda

Dellawa
Mawanana
Neluwa
Habarakada
Halvitigala
Hiniduma
Opatha

Akmeemana

Imaduwa
Kottawa
Yakkalamulla
Beranagoda
Akmeemana

Regional Office- Matara
NO 31, Kalidasa Road, Matara
Administrative Districts- Matara/ Hambantota
Telephone No - 041-7200799 - 041-7200394\$96
Fax 041- 2226487 / Email - tshdamt@gmail.com

Regional Manager	:	Mr. G.G. Bandula
Assistant Regional Manager (Extension)	:	Mr. E.R.S. Gunawardena
Assistant Regional Manager (Planning and Development)	::	Mr. L.H. Ranjith (Up to 01.01.2014) : Mr.S.S.B Dissanayaka Upto 2014.08.14
Assistnat Manager (HR and Admin)	:	Mr. H. Dayananda (from 05.08.2014 to 16.11.2014)
Officer in Charge	:	Mr. J.L. Edirisooriya (Acting) : Mr.G.G.S. Deshapriya (Acting) : Mr. E.G.D. Shanthasiri (Acting) upto 14.10.2014
Administrative Officer	:	Mrs. K.H.M.A. Amaralatha Upto 2014.06.31 (Acting) : Mr. H. Dayananda (From 01.07.2014) From 04.08.2014) Mrs. N.V. Preethi Pushpakumari (From 2014.11.25)

Accounts Officer : Mrs. H.M.L. Pushpakumari

Extension Center

Sub Offices

Service Divisions

Tea Small Holding Developemtn Authority
Regional extension Center
Morawaka, Alapaladeniya

Kotapola

Deniyaya
Kalubovitiyana
Morawaka
Derangala
Kolawenigama
Kotapola
Pitabeddara

Akuressa

Kananke
Akuressa
Thelijjavila
Thibbatuvava
Ketanvila
Kaburupitiya

Pasgoda

Beralapanathara
Varapitiya
Kirilipana
Dampahala
Pasgoda
Urubokka
Deiyandara

-06-

Regional Office - Rathnapura
No 1/28, New Town , Rathnapura
Administrative Office - Rathnapura

Telephone No: 045-7201243 - 045-7201904

Fax :- 045- 2228647 / E-mail - tshdarat@gmail.com

Regional Manager	: Mr. U.L. Ariyapala (Up to 14.08.2014) :Mr. S.S.B. Dissanayaka (15.08.2014) Acting
Assistant Regional Manager (Extension)	: Mr. M.R.N. Dammika
Assistnat Regional Manager (Planning and Development)	: Mr. W.H.S.P. Wijetunga (From 19.07.2013) Acting
Regional Planning Officer	: Mr. W.H.S.P. Wijetunga
Officer in Charge	: Mr. L.U. Kumarasiri (upto 17.06.2014) : Mr. K.M.L. R. Bandara : Mr. P.D.K. Balachandra - Acting : Mr. H.M. Chandrapala (Upto 15.10.2014) :Mr. M.M. Kumarasinghe (From 15.10.2014)
Administrative Officer	: Mr. K.M. Senaratne (Upto 31.06.214) Acting : Mrs. N.V.P. Pushpakumati (From 01.07.2014) :Mr. K.M. Senarathne (From 26.11.2014) PD
Accounts Officer	: Mrs. M.A. Piyasili

Extension Center

Tea Small Holding Developemtn Authority
Regional Extension Center
Sannasgama, Rathnapura.
Telephone No 045 - 7201170

Sub Offices

Service Divisions

Nivitigala

Nivitigala
Ratnapura
Veddagala
Kalawana
Ayagama
Kukulegama

Balangoda

Opanayaka
Pinnawala
Rassagala
Imbulpe
Ella arawa
Weligepola
Balangoda

Rakwana

Pothupitiya
Madampe
Kolonna
Rakwana
Pelmadulla
Kahawatta

Kuruvita

Eheliyagoda
Gallella
Gilimale
Erathna
Kiriella
Wewelwatta

Divisional Office - Kandy
No 2/7/1 Gannoruwa Road
Peradeniya, Kandy
Administrative Districts – Kandy, Matale, Kurunegala
Telephone No:- 081-7200827 - 081-7201821
Fax :- 081- 2389011 / Email - tshdakan@gmail.com

Regional Manager	: Mr. K.A.B. de A. Rajapakshe
Assistant Regional Manager (Extension)	: Mr. L.K. Weerasekara (From 05.08.2014)
Assistant Divisional Manager (Planning and Development)	:Mr. M.M. Wijebandara (12/10/2014)
Officer in Charge	:Mr. W.J.W. Arambepola : Mr. G.N. Yagamuni (14.08.2014) Acting : Mr. T.M.J. Herath : Mr. T. Amarasekara : Mr. Anurudhdha Bandara
Administrative Officer	: Mr. P.M.G. Bandaranayaka (27.10.2014)
Administrative Officer	: Mr. A. W.G. Nandawathi(From10.11.2014) Acting
Assistant Accountant	: Mr. A.G. Somasiri
Public Relations Officer	: Mr. A. Dissanayaka (From 13.11.2014)

Extension Center

Sub Offices

Service Divisions

Tea Small Holding Developemtn Authority
Regional Extension Center
Suriyagoda, Muruthalawa
Telephone No - 0817201921

Matale

Wattegama

Haguranketha

Giragama

Ukuwela
Matale
Rattota
Alawatugoda

Pujapitiya
Werellagama
Theldeniya
Wattegama

Hewaheta
Mandaramnuwara
Hanguranketha
Walapane

Gannoruwa
Galagedara
Menikdiwela
Danthure

Regional Office- Nuwaraeliya
No 22, Kande Veediya, Gampola
Administrative Districts – Nuwaraeliya, Kandy
Telephone No- 081-72001863 ☐081-7201593
Fax: 081- 2351293 / Email- tshdane@gmail.com

Regional Manager	: Mr. A. Gunawardhana (from 09.01.2014) PD : Acting (25.06.2014 to 31.08.2014) : Mr. M.M. Wijebandara (from 13.10.2014) PD
Assistant Regional Manager (Extension)	: Mr. M.K.K.B Kapugedara (Upto 04.08.2014) (From 05.08.2014
Assistant Divisional Manager (Planning and Development)	: (Mr. A. Gunawardena (Upto 31.08.2014)
Officer in charge	: (Mr. D.M.R.K.B. Dasanayaka : (Mr. J. Bogahawatta (Upto 04.06.2014) : (Mr. M.K.K.B Kapugedara (Upto 04.08.2014 : Mr. G.N. Yagamuni (Acting from 14.08.2014) : : . K.M.A.D.S. Kuruppu (From 15.10.2014) : Mr. D.S. Ranaweera (Upto 14.10.2014) Acting : Mr. B.D.A. Hiyarapitiya Acting : Mr. H.M. Premakumara (15.10.2014)
Administrative Offier	: Mr. G.I.U Somasiri
Accounts Officer	: Mrs. Shyamali Premasundara
Public Relations Officer	: Mr. A. Dissanayaka (Upto 12.11.2014)

Extension Center

Sub offices

Service Divisions

Tea Small Holding Developemtn Authority
Regional Extension Center
Thispane, New Thispane
Telephone No: 0817201950

Gampola

Udunuwara

Kotmale

Ginigathhena

Panvilatenna
Gampola
Nillamba
Pupuressa
Pussellawa

Handessa
Wattappola
Kuruduwatta
Ulapane
Dolosbage

Ruwanpura
Thispane
Harangala
Helboda
Pudaluoya

Ginigathhena
Polpitiya
Lakshapana
Nawalapitiya
Weligampola

Regional Office - Uva
New Badulla Road, Bandarawela
Administrative Districts- Badulla, Moneragala
Telephone No - 057-72000241/ 057-7200081
Fax -057- 2232237 / Email - uvatshda@gmail.com

Regional Manager	: Mr. H.R. Aruna Shantha
Assistant Regional Manager (Extension)	: I.U.H. Mohotti (From 11.08.2014)
Assistant Regional Manager (Planning and Development)	: Mr. H.K. Lalith Kumara
Officer in Charge	: K.M.A.D.S. Kuruppu (Up to 14.10.2014) Acting : Mr. S.C. Mudannayaka (From 15.10.2014) : Mr. R.M.P.R. Bandara (15.10.2014) : Mr. D.V.K. Nandasiri (15.10.2014)
Administrative Officer	: Mr. D.M. Gunapala (Up to 04.02.2014) : Mrs. A. W. G. Nandawathi (From 05.02.2014 to 09.11.2014) Acting : Mr. Gunasiri Adhikari (From 19.11.2014) PD
Accounts Officer	: Mr.W.M. Dhanapala

Extension Center

Tea Small Holding Development Authority
Regional Extension Center
Bogahamadiththa, Haliela
Telephone No - 055 - 2294363

Sub Offices

Haliela

Bandarawela

Welimada

Service Divisions

Lunugala
Passara
Wepassawela
Haliela
Atampitiya
Badulla

Haputale
Bandarawela
Liyangahawela
Ella
Ballaketuwa
Haldummulla

Welimada
Boralanda
Lunuwatta
Babarapana

Regional Office- Kegalle
Agriculture Building
Kachcheri Road, Kegalle
Administrative Districts- Kegalle, Gampaha
Telephone No 035- 7201254/ 035-7201243
Fax: 035- 2230163 / Email tshdake@gmail.com

Regional Manager	:	Mr. P.A.W. Nilmalgoda
Assistant Regional Manager (Extension)	:	Mr. K.A.B. Padmaraja
Officer in charge	:	Mr. D.M.G.S. Ekanayaka
	:	Mr. W,T.R.P. Wimalaratne (Upto 04.08.2014)
	:	Mr. D.S. Ranaweera (From 15.10.2014)
Administrative Officer	:	Mrs. E.M.D. Amunugama (From 15.09.2014)
Accounts Officer	:	Mrs. P.G.I Surangika

Extension Centers

Tea Small Holding Developemtn Authority
Regional Extension Center
Hingula

Sub Offices

Deraniyagala

Kegalle

Service Divisions

Deraniyagala
Nooriya
Yatinyanthota
Dehiowita
Maliboda
Dikella

Kegalle
Aranayaka
Bulathkohupitiya
Valalpola
Kitulgala

Regional Office- Kalutara
Dadugodayawatta Road, Iddagoda
Mathugama
Administrative Districts- Kalutara, Colombo
Telephone No 034- 7200183/ 034-7201630
Fax:- 034- 2249690 /Email tshdakalu@gmail.com

Regional Manager	:	Mr. G.G. Somasiri (Acting)
Assistant Regional Manager (Extension)	:	Mr. R.A.G.P. Ranasinghe (Upto 15.07.2014) Acting
	:	Mr. W.T.R.P. Wimalarathne (From 05.08.2014)
Officer in charge	:	Mr. R.A.G.P. Ranasinghe (Upto 15.07.2014)
	:	Mr.A.A.D.P. Abeythilaka
	:	Mr.R.M.A.D. Rathnayaka (From 15.10.2014)
	:	Mr.M.M. Chandrapala (14.10.2014) Acting
Administrative Officer	:	Mrs. N.V. Preethi Pushpakumari (Up to 31.06.2014) Acting
	:	Mrs. P.K. Chandralatha (From 06.08.2014) PD
Accounts Officer	:	Mrs. R.A.C.D.D. Jayatunga

Extension Center

Sub Offices

Service Divisions

Meegahatenna

Meegahatenna
Yattapatha
Pelawatta
Iththapana
Baduraliya
Hedigalla

Horana

Horana
Bulathsinhala
Mahagama
Mathugama
Agalawatta
Kelinkanda

Rathnasiri Wickramanayaka National Training Institute
5th Milepost, Middle Division
Udawela, Hanthana

Telephone No: 034- 7200183/ 034-7201630

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

Training Manager : Mr. K.A.B de A. Rajapakshe (Upto 30.04.2014) PD
: From 2014.04.30 Acting
Training Officer : Mr. S.C.E. Narangaspitiya

All Island Federation of Tea Small Holder Development Societies

Mr.Nevil Ratnayake - 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.Nevil Ratnayake - 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.Yasapala Gunawardena - Hon. Treasurer

04. Ratnapura Tea Small Holder Development Regional Organization

Mr.J.M.B.J.Bandara - Hon. President
Mr.Jagath Senarath Pathirana - 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.Anura Jayaratne - 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

According to the census of Tea Small holdings in 2005, the total estimated extent of tea lands without the extent of abundant tea lands amount to 125,019 hectares. (Including the lands less than 20 perch) As per the data of the previous decade, approximately tea plantation in an extent of 1034 hectares of land has been uprooted for re - plantation of tea annually with subsidies from the institution and an approximate extent of 913 hectares of tea lands have been re - planted annually. According to the trend for past 03 years, an extent of 1028 hectares has been up rooted and an extent of 925 hectares of land have been re - planted. Tea small holders have turned to re - plant and newly cultivate tea even without the subsidies of the institution.

This extent of turning to plant tea does not exist stable due to reasons namely good market value for tea, turning to remedial crops, cultivating supplementary crops with tea, special project programmes implemented for low-income earners as well as favourable and unfavourable outcomes occurred up to date. 882 cultivators have newly joined for tea plantation in 2013 as per the information gathered through a questionnaire at tea inspector / extension officer regions level on tea smallholdings sector.

That extent of land been tea newly planted without subsidies amounts to 490 hectares. 216 hectares from that is from the district of Matara while 72 hectares from the district of Ratnapura, whereas 66 hectares is from Kaluthara and 20 hectares from Galle have been reported respectively. Accordingly, by the end of year 2004 the total number of tea smallholdings amounted to 121,429 hectares.

Production in the Tea Smallholdings Sector and the Contribution to National Production.

Production in the tea smallholdings sector could be escalated by 41.6 million kilo grams from 205.8 million kilo grams to 247.4 million kilo grams during the past decade. National production contribution too has been developed during the same period from 64.9% to 73.1%. The tea smallholdings sector managed to increase its production by 1.9 million kilo grams that are 0.8% when compared to year 2013.

Productivity in Tea Smallholdings Sector

Production in the tea smallholdings sector as well as general productivity has been increased in the year 2014 as well due to the ability to obtain fertilizer for tea small holders from the open market under prices with national fertilizer subsidy and favourable weather conditions. The eligible increase in general annual productivity was from 2,107 kilo grams to 2,123 kilo grams which is 0.8% of made tea per hectare. Compared to year 2013 the production of up country tea and low country tea has been increased by 15% and 1.3 respectively while production of median country tea production had been decreased by 8%. General productivity in the low country had been increased from 2,227 kilo grams to 2,256 kilo grams per hectare which is 1.3%.

Extent of Tea Re – planted Lands and Re – planting Ratio

Annually 2% of tea re – plantation should be performed in existing tea lands as per the national policy with a view to steadily maintain the extent of tea lands while obtaining the maximum harvest. According to the census information, a total extent of 116,492 hectares of tea lands with adult tea bushes exist in the tea small holding sector. In addition, 21,613 hectares of tea lands are crops already exceeded 25 years. There is an urgent requirement of re – planting this extent of lands. 2,300 hectares of tea lands should be re – planted as per the national requirement. The target extent of lands to re – planted extent of lands amount to 720 hectares. Accordingly, the tea re – planting ratio of 0.93 in year 2013 had been deducted to 0.64 in year 2014.

Crop Rehabilitation.

Crop rehabilitation incentive is paid for trimming as recommended, applying soil conservation methods, and shade control along with infilling etc. activities. Applying for this incentive and progress of issuance of permits has been deducted by 30% and 27% respectively. Number of planted seedlings amount to 0.271 million. This amount has been deteriorated by 46% compared to year 2013. Targeted number of seedlings as per budgetary allocations is 0.80 million.

Extension & Consultation Services.

Target to be achieved during the year with regard to extension and consultation services programmes is 6854. Since soil and water conservation productivity special programme too was implemented within the soil management target programme in the annual plan, the progress of the soil management entire programme increased by 3% which amount to 7064.

Progress of farmer participation is 315,973 for extension programmes in year 2014. Number of farmers / cultivators targeted in the year is 167,559. Although the target cultivators for the soil management programme is 17,460, it had been increased by 100,194 (574%) farmers / cultivators, by increasing the amount to 117,644 due to implementation of soil and water conservation productivity development special programme.

Accordingly, the above special programme had become a reason for the hike of entire annual farmer / cultivator participation of 148,416 which is 188%.

Tea Small Holdings Development Societies.

Tea small holdings development societies initiated from year 1989 are a cluster of statutory establishments. Under this society system equipped with eight (08) regional organisations and the all island society organization, 1383 societies had been registered towards the end of year 2014. Total number of its members or 266,480. Compared with year 2013, the number of societies has been increased by 01 in year 2014. Number of members has been escalated by 14,686 that is 6%.

Operational Cost of the Institution.

Development cost of the institution in year 2014 is Rs. 345,104 million. Recurrent expenditure is Rs. 252,774 million. Development expenditure when compared with year 2013 has been deducted by Rs. 94,951 million. Recurrent expenditure has been increased by Rs. 13,951 million. Accordingly, the ratio between monitoring expenditure and development expenditure is 0.73. Monitoring expenditure has been increased by 0.19 when compared to the previous year.

Tea Cultivator and Tea Inspector / Extension Officer Ratio

Although the ratio of extension factors that should be available for productive extension services to the number of cultivators should be 1:1000, the ratio of field officers in tea smallholdings sector to the cultivators is 1:2742. Although the number of officers should be increased to reduce the covering number of cultivators, such increase cannot be performed considering the provisions of the institute and cost limits. However, the institution managed to obtain the assistnace of community based organisations such as tea small holders' societies in service matters.

Price for Raw Leaves

According to the prices received for Sri Lankan tea in year 2014 the price received for a kilo of normal raw leaves for tea small holders amounted at the end of the year was Rs. 61.47 for up country tea while Rs. 59.98 for mid country tea and Rs. 71.37 for low country tea and the median for all the regions was Rs. 67.54. The production margin was a positive amount for production of tea small holders in year 2014 for all regions as per the general prices.

Introduction

1. Introduction

1.1. Establishment and its Performance.

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

The act no. 36 of 1991, the act no. 21 of 1997, the act no. 34 of 2003 and the act no. 42 of 2006 respectively were passed there after by adding amendments to the main convention.

Objectives:

The objectives of the so established institution is to develop tea small holdings, escalate production of tea, increase productivity, marketing of tea leaves and taking steps to secure the wellbeing of the tea small holders.

Activities of the Authority.

1. Support to develop or assumption for development in tea smallholdings and other tea lands where their own way of production lacks.
2. Accomplishment / establishment or development of tea factories required and other infrastructure facilities in order to make the harvest of these small tea holdings the produce.
3. Dealing with the responsibility of enhancing or marketing of the produce generated in the said tea smallholdings or in the said factories.
4. Taking every necessary measure with a view to supply or provsion of facilities and services that will be required to develop the said small tea holdings and factories as well as to facilitate to provide those facilcilities or services and to ensure the welfare of those engaged in making the harvest as production or engaged in packing of those production including securing their statutory rights and ensuring their remuneration.
5. Registration of tea small holdings development societies and control them and to provide funds to the members of the societies registered with the Authority as well as make provisions to form regulations with regard to matters related to the same.
6. Promotion of investments in small tea holdings
7. Assuming the responsibility of collection and dissamination of data and getting to know the eligibility for development of tea smallholdings.
8. Advising the Ministry on suitable policies and coordinating with the other relevant representative institutions.

Necessary steps are being taken to write off the activities in above 02, 03 and 04 from the small tea holdings development act and substitute other activities for them.

Apart from this, the Authority was entrusted with activities assigned occasionally by Sri Lanka Tea Board and other activities as follows with effect from 01st January 1978.

1. Implementation of the following funding schemes for the development of lands existing under the management of the private sector.
 - I Re – plantation of Tea.
 - II Tea new planting.
 - III Infilling
2. Implementation of supporting services such as distribution of tea fertilizer and provision of plantation materials, utensils and transport.
3. Implementation of extension and consultation activities.

1.2. activities of Audit and Management Committees.

Three Audit and Management committee meetings have been conducted during the reviewed years.

The committee has initially conducted inquiries with regard to the following subject areas.

1. Inquiring and approval of the internal audit annual plan.
2. Reviewing the particulars revealed by the internal audit reports and taking measures to accelerate the implementation of proposals.
3. Reviewing the Auditor General's reports and taking steps to make corrections required for prevention of recurrence of shortages pointed out by the reports.
4. Examination of progress of submitting answers to audit queries.
5. Reveiwing annual budget documents and internal financial statements and evaluation of achieving goals on the performance.

6. Ensuring the timely submission of final accounts and annual reports.
7. Reviewing the administration and development activities of human resources and other resources and taking decisions with regard to them.
8. Reviewing particulars pertaining to maintenance of discipline of the staff, drawing attention for thrifting of institutional expenses.
9. Inquiring whether instructions of circulars and regulations are adhered / followed and taking necessary steps to correct / deal with shortcomings.

Audit plan prepared for year 2014 has been approved by the audit and management committee on 20.03.2014 while it has been approved by the board of directors on the 26.03.2014.

Thirteen audit quaries and seven other inquiries that were planned have been completed during year 2014 under conducting and reporting of audit quaries.

Steps have been taken to timely reporting information to the audit committee and the board of directors on the precautions taken by administrative section with regard to the audit quairy.

1.3 Administrative activities.

1.3.1 Organisational Structure and the Procedure of Recruitment

Page 63 points out the approved cadre of the institution. Information of the employees is given in page number 64 in detail. In addition, the said information of employees is categorized and stated according to age groups and education qualifications in pages 65 and 66 in detail.

Appointments made during the year

Designation	Grade	No.
General Manager	HM 2-1	01
Assistant Manager (Extentions)	MM 1-1	01
Assistant Manager (finance)	MM 1-1	01
Assistant Manager (Human Resources and Admiinstration)	MM 1-1	03
Assistant Regional Manager (Extension)	JM 1-1	04
Administrative Officer	JM 1-1	02
Officer In - charge	JM 1-1	10
Tea Inspector Extension Officer	MA 2-2	15
Management Assistant (Non - Technical)	MA 1-2	13
Tea Nursary Assistant	MA 1-2	01
Driver	PL -3	03
Officer Assistant	PL -1	03
Laourar	PL -1	08
Total		65

1.3.2 Management Strategies Based on Results for Statutory Objectives

Actions were taken through annually implemented plans to perform statutory objectives and the said annual implemented plans were implemented updating from year 2010 up to date under result based management institutional strategies.

The long term development result / outcome of the institution at this point was identified as upgrading the life standard of tea small holders.

In order to achieve medial results appeared below even for the year 2014, action was taken as per the annual implementation plan.

Development Results.

Long-term effect / result – Enhancing life standard of tea small holders

Medial Results –

1. Increasing production of
Low country tea by 2,700
Mid country tea by 1,700
And Uva by 1,500 kilos / made tea / per hectare / per annum in six (06) years,
2. Increasing the quality of raw leaves by 60% at factory level in five (05) years.
3. Strengthening community based organisations by 50% in six (06) years.
4. Strengthening the institution for implementation more productively within a year's time.
5. Directing 10% of tea lands within five (05) years for additional income earning activities.

2.1 Tea Small Holdings

Tea lands lesser than ten (10) acres as per the tea control act are considered as tea smallholdings. However, the Hon. Minister of Plantation Industries entrusted the powers to Tea Small Holdings Development Authority from 01st January 1978 to perform development activities for tea lands from 10 – 15 acres under the purview of Sri Lanka Tea Board. Therefore, the institution so far has provided assisting services relevant to the development of all the tea lands less than 50 acres extent under private ownership.

By the year 2012, Sri Lanka Tea Board has been entrusted with render land development services for lands from 10 to 50 acres while Sri Lanka Tea Research Institute has been entrusted with providing extension services. Accordingly, the institutions provided development and assistance related services only for tea lands less than 10 acres as per the provisions of the act with effect from year 2012.

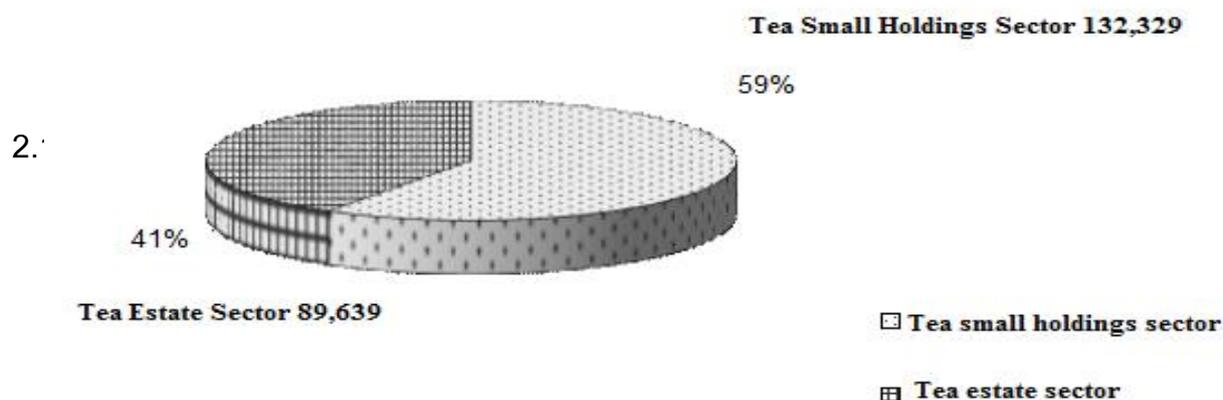
2.2 Extent of Lands of Tea Small Holdings:

Total tea lands in Sri Lanka amounted to *221,968 hectares including 132,329 hectares (with lands less than 20 perches in extent) of tea small holdings as per the census of tea small holdings in year 2005. Accordingly, 59% of the total tea lands in Sri Lanka belong to tea smallholdings sector. When comparing tea smallholdings, census details of 1994 / 95, land extent under tea smallholdings of Sri Lanka has been escalated by 40%, which is from 82,919 hectares to 116,492 hectares (only lands more than 20 perches) within a period of a decade.

A land in extent of 162 hectares has been added tot ea plantation in year 2014 as per the information survey based on tea inspection extension officer regions. By the end of year 2014, the total extent of tea small holdings with tea amounted to 121,429 hectares.

Diagram no: 01

Contribution of Tea Small Holdings to Total Extent of Tea Lands



Source:

- Sri Lanka Survey Report on Tea Lands 1994 / 1995 – Sri Lanka Tea Board
- Census on tea small holdings 2005 – Department of Census & Statistics

2.3 Tea Small Holders

Number of tea small holders was 370,842 by year 2005. (Including cultivators of lands less than 20 perches). 82% of them are tea small holders with individual ownership and they own approximately 76% of the tea lands. By the end of year 2014, the number of tea small holders was 392,108 as per annual information based on tea inspection extension officer regions.

Number of Tea Small Holdings.

Total extent of tea smallholdings have been increased from 206,652 to 350,982 (more than 20 perches) which is an increase of 70% during the period from 1994 to 2005. Number of plots of land more than 20 perches by the end of year 2013 was 370,842. Total number of plots of land including plots of land less than 20 perches in extent were 417, 607.

Expansion of total tea smallholdings and land extent as per the census of year 2005 is as follows. Tea small holdings are expanded / extended in 3,692 grama niladhari divisions under 123 divisional secretariat division.

Table no: 01

Number of Tea Small Holdings per Districts of Sri Lanka – 2005

District	No. Of tea small holders	No. Of tea smallholdings	No. of Ha.	No. of lands / per unit ha. extent						
				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'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
Total	370,842	397,223	132,329	350,292	33,840	7,918	2,286	1,429	834	624
Percentage				88.19	8.52	1.99	0.57	0.36	0.21	0.16

Source: Sri Lanka Survey Report on Tea Lands – 2005

Especially the escalation of prices for row leaves, increase of incentive amount for tea plantation, dividing large extent of lands and directing lands without optional crops to cultivation of tea have resulted in the increased of number of lands in the tea small holdings sector.

2.4 Categorisation of Lands

* 113,190 acres of land (34.6%) in the tea small holdings sector are lands less than one acre while 198,707 (60.8) acres of land are lands less than two acres. Lands more than ten (10) acres amount to 59,731 acres (18.3%)

Table no: 02

Categorisation per extent of tea smallholdings and the number of plots in Sri Lanka.

Acres	Extent of lands in acres	%	No. of plots of land	Percentage %
Less than 1 g	113,190	34.6	297,342	75
Less than 1 - 2 g	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 10	18,251	5.5	2,936	0.7
and more	59,731	18.3	2,231	0.5
	326,984		397,223	

Source: Sri Lanka Survey Report of Tea Lands.

2.5 Production in Tea Small Holdings Sector

The tea small holdings sector contributed 50% of the national tea production in year 1991, have been developed its contribution up to 73.1% by year 2014 (Schedule no: 04)

National tea production in year 2014 is 338.03 million kilo grams. It is a deduction of 0.58% compared to year 2013. (340.02 m kg)

However, the tea production in the tea small holdings sector have been increased from 245.43 milliion kilo grams in year 2013 to 247.38 in year 2014 resulting an increase of 1.95 million kilo grams equal to 0.8%. percentage of national production contribution of tea small holdings sector, which was 60% in year 2000, as escalated up to 73.1% by year 2014.

Table no: 03
National Tea Production in Sri Lanka – 2-13 / 2014
Contribution per Management Institutions

	Management Institution	Tea Production M.T.			
		2013	%	2014	%
01	Private sector (tea small holdings sector)	245,436	72.18	247,388	73.18
02	Regional plantation companies	91,139	26.80	88,978	26.33
03	People's Estate Development Board } State Plantation Cooperation }	2,911	0.86	1,351	0.40
04	Others	540	0.16	313	0.09
	Grand Total	340,026		338,038	

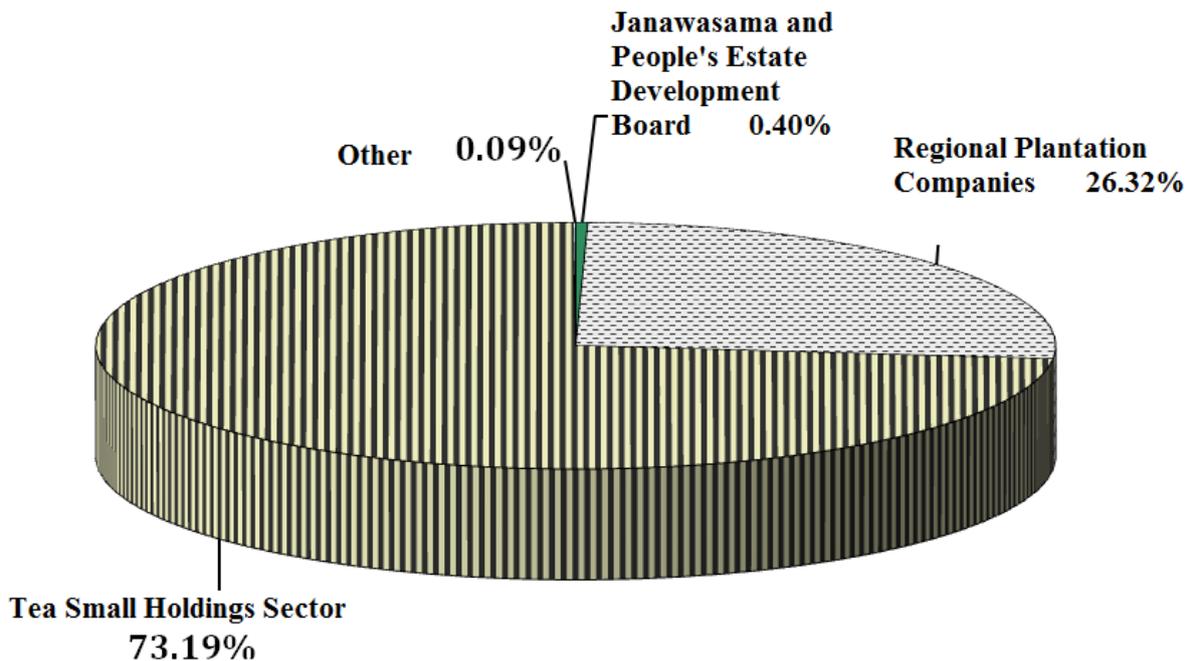
(Others: Tea Shakthi, Tea Small Holders' Factories Ltd., Tea Research Institute of Sri Lanka, Cooperative Societies, Elkaduwa Plantations Co., Kalubowitiyana Tea Factories Co.)

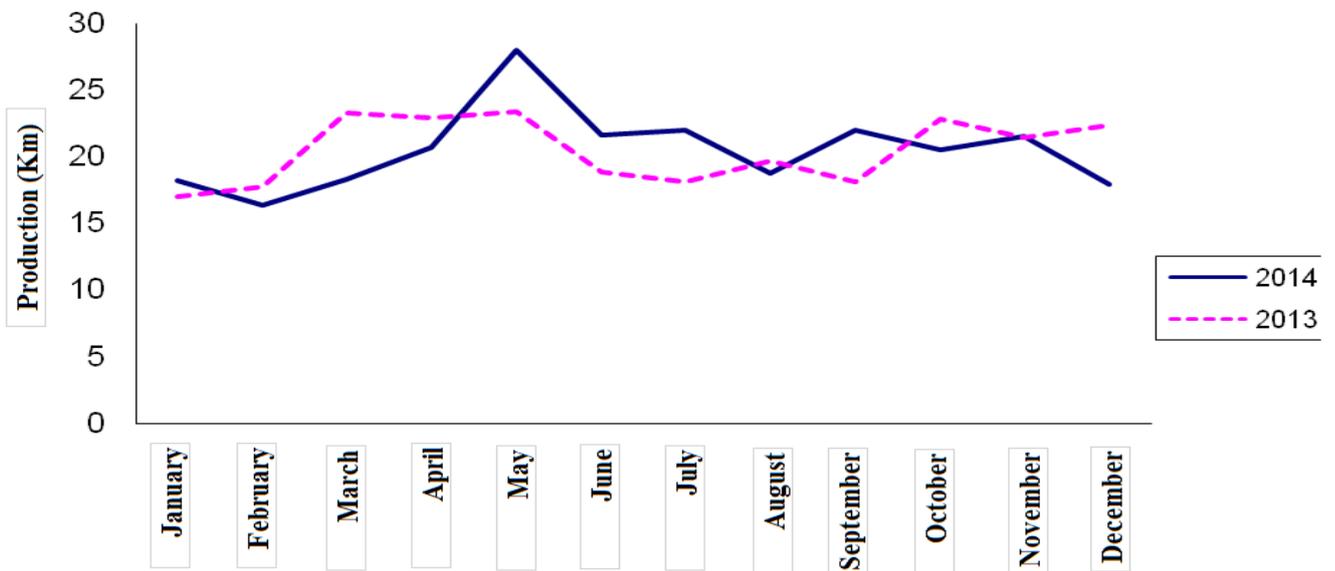
Source: Sri Lanka Tea Board

(All that purchased under categorisation of institutions has been included in the production of tea small holdings sector. The categorisation under 'Private' is considered as the tea smallholdings sector.)

Diagram no. 02

National Production Contribution Percentage per Management Institutions - 2014

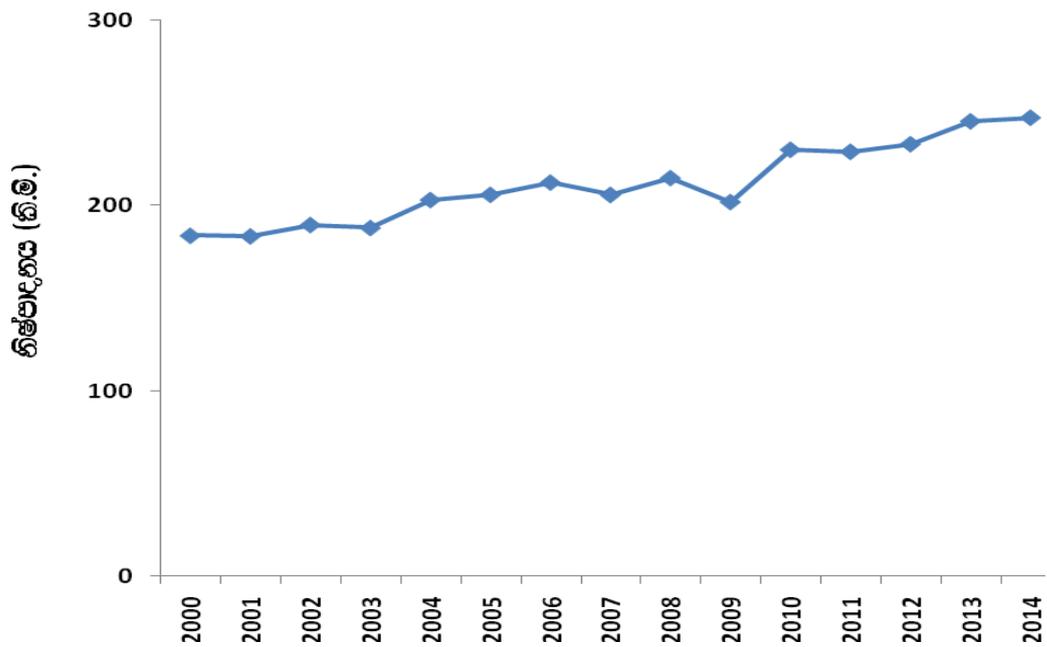




Source : Sri Lanka Tea Board.

Diagrame no: 04

**Trends in annual tea production in tea smallholdings sector
From 2000 – 2014 (M Kg)**



Source : Sri Lanka Tea Board.

2.6 Tea Smallholdings Production Composition

Tea smallholdings sector contribution for national tea production in year 2014 consisted of 95.8% of total low country tea production, 62% of median country tea production, and 18% of the total up country tea production. (Table no. 04) In addition, 81.3% of the total private sector tea production even in year 2014 belonged to low country tea production.

Compared with year 2013, up country tea production in the tea smallholdings sector has been escalated by 15% while median country tea production has been deteriorated by 8% and low country tea production has been increased by 1.3%.

Table no. 04
Physical and Production Contribution of Tea Smallholdings Sector (per situated area)
2013 / 2014

		Year	Situated area			Total
			Up country	Median country	Low country	
No. of tea smallholdings	(hectares)		5913	21403	89176	116492
Percentage of contribution			5%	18%	77%	
National Productivity	MT	2013	75777	56127	208122	340026
	%		22%	17%	61%	
	MT	2014	78874	49205	209952	338031
	%		24%	13%	63%	
Production of tea smallholdings	MT	2013	13401	33442	198593	245436
	%		5.5%	13.6%	80.9%	
	MT	2014	15399	30749	201239	247389
	%		6.2%	12.4%	81.3%	
Contribution to national production	%	2013	3.94	9.84	58.40	72.18
		2014	4.5%	9.09%	59.51%	73.16%
Productivity	Made tea / per ha. / per annum	2013	2266	1563	2227	2107
		2014	2095	1436	2256	2123

Source

- i. Survey on tea small holdings 2005 - Department of Census and Statistics
Summary of monthly statistics - Sri Lanka Tea Board 201

2.7 Productivity in the Tea Smallholdings Sector

Increase in the production and productivity in the tea smallholdings sector mainly caused the increase in the national tea production both in years 2013 and 2014 too.

As per the data on production of tea in the Sri Lanka Tea Board, the general productivity of tea smallholdings sector in year 2013 is 2,017 kilo grams of made tea per hectare per year. An increase of 5.5% which is 2,123 kilo grams of made tea can be seen per hectare as the general productivity in the tea smallholdings sector for the year 2014 can be seen.

Table no. 05

Productivity in the Tea smallholdings sector 2014 (made tea / kilos)

Administrative District wise

Administrative district	Extent of tea smallholdings (ha)		Median	Low	Total	Productivity (made tea per 01 ha.)
		Highlands				
Badulla	7,863	4082547	6239830	-	10322376	1312
Galle	25,325	-	-	51606362	51606362	2037
Hambantota	492	-	-	265549	265549	540
Kaluthara	7,588	-	-	17647571	17647571	2326
Colombo	246	-	-	683323	683323	2777
Kandy	12,486	440357	15264575	11885983	27590915	2210
Kegalle	5,753	228252	829	7981717	8210798	1427
Matale	1,190	-	2351224	470957	2822181	2371
Matara	22,971	-	63588	42191255	42254843	1839
N'Eliya	5,971	10613673	5788099	783383	17185154	2878
Ratnapura	28,232	34790	1041109	67723718	68799616	2437
Total	-	15399618	30749252	201239819	247388689	
**extent of lands based on survey 2005	-	5913	21403	89176	116492	
Estimated general productivity / per hectare	2014	2095	1,436	2,256	2,123	-
	2013	2,266	1,63	2,227	2,107	-

Source: Sri Lanka Tea Board

* Data not realistic based on purchase of raw leaves to factories away from administrative district basis.

** Extent of matured tea lands

2.9 Investments in Tea Small Holdings Sector

Institutional action plan has been prepared for an amount of Rupees 875 million consisted of Rupees 600 million as development and institutional capital expenditure and Rupees 275 million as recurrent expenditure. However, at the end of the year Rupees 50 million has been deducted from capital expenditure from the National Budgets Department. Accordingly the amount was 550 million rupees.

However, the total receipts were Rupees 742,942 million consisted of Rupees 476.25 million as the capital and Rupees 266,692 million as recurrent expenditure.

Rupees 248.28 million of capital receipts out of Rupees 476.25 million were utilized for subsidiary payments of previous year. Therefore, by the end of year 2014, subsidiary payment of Rs. 134.35 million was accounted as accrued expenditure.

Accordingly, the institution has not given priority for such activities within the provision limit although enhancement of institutional infrastructure facilities to monitor investment activities for tea smallholdings sector should have been performed parallel to that.

Table No. 06
Tea Production in the Private Sector and
Zes Funds Provided – 1998 - 2014

Year	Total Tea Production (Kg.)	Total Production Contribution %		Zes Amount Rs. M	Zes Amount (Rs. M) for the private sector (Tea smallholdings sector)	percentage of the Remitted Fund
		Private Sector	Other Sectors			
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	1146.6	(Actual amount received is 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	2240.20	520.14	-
2014	338.03	73.1	26.9	742.94	

Source: Sri Lanka Tea Board

** Provisions have been remitted by the treasury funds from year 2007

Operational Review

Estimated operational cost as per action plan of 2014 is Rs. 0.48. However, the operational cost of the said year is 0.73. Operational cost has been escalated by 0.19 compared with year 2013 as per operational review of 2014.

Table No. 07

Operational Review (From 1995 to 2014)

Year	Development Cost Rs. 000	Operational Cost Rs. 000	Operational Cost per Rupee of Development
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
2014	345104	252774	0.73

** Operational cost has been calculated inclusive of the project cost up to year 2002

+ Operational cost has been calculated under accrual 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 facilities for tea factories required to make productions from the harvest obtained from the tea lands.

Development activities

“Tea Shakthi Fund” was established by the Authority in 1977 and relevant activities are performed by the Fund since year 2000 as a seperate institution for achieving the above objectives.

03. Taking the responsibility of the development of tea lands or promote the selling of the products of tea factories or sell the products.

Development activities

- I. Improving the quality of green leaves of the factores to which tea small holders supply tea leaves.
- II. Directing the Tea Small Holder Societies to sell the tea produced in small scale tea estates.

04. Providing the facilities and services required for the development of the said lands and factories and taking necessary steps to make it easy to provide such facilities and improve the welfare of the persons who are involved in converting the tea leaves into products or packing.

Development Activities

- I. Distributing fertilizer, provision of support services such as providing planting material, utencils and transport facilities.
- II. Providing extension and advisory services.
- III. Taking steps to improve the welfare of those who are engaged in converting the yield into products and registering the Tea Small Holdings Development Societies and imposing regulations with regard to their activities enabling them to function as legal organizations with the objective of widening the supportive services.
- IV. Strengthening the Tea Small Holdings Development Societies as community based organizations and directing the tea small holders towards additional income earning activities within their own small holding.

05. Registering and supervising Tea Small Holdings Development Societies and providing aids to the members of such societies which have been registered under the Authority and making provisions to formulate rules regarding the matters related to the same.

Development Activities

- I. Registration of Tea Small Holdings Development Societies by the institution.
- II. Formulation of rules 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 (Such as Small Plantation Entrepreneurship Programme, Divineguma)
- 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. Maintaining institutional tea nurseries
- V. Maintaining mother plantations
- VI. Registration of commercial tea nurseries and providing knowledge and training.
- VII. Providing facilities required to minimize the cost of investment which is increasing timely.
- VIII. Making necessary arrangements to maintain the replanting ratio, which is 2%, at a maximum level according to the annual policy.

07. Taking the responsibility of gathering and distributing data and understanding the development capability of the Tea Small Holdings

Development Activities

- I. Obtaining data and information through census for the Tea Small Holdings Sector.
- II. Carrying out surveys on timely basis.
- III. Registering Tea Small Holders
- IV. Obtaining cost data and other relevant information at the level of Tea Inspector/ Extension Officer, Divisional level.

08. Providing instructions to the Ministry regarding appropriate policies and coordinating with other relevant agencies.

Development Activities:-

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

Action Plan and Practical Issues

The estimated development cost for the Action Plan prepared for the year 2014 in order to achieve the development results aimed through result based management approach for tea small holding sector is rs. 564 Million. However, the allocated amount for the development cost from the consolidated fund was Rs. 514.

90'56 from the capital cost has been allocated for land development in the Action Plan. 2.7%, 1.41% and 5.3% have been estimated for extension activities, strengthening the community based organizations and establishment activities respectively.

Rs. 345.1 Million out of the allocated amount of Rs. 514 was the development cost. Accordingly, the difference between the estimate and actual expenditure is Rs. 169 Million. Even though, the entire capital provision estimate was Rs. 550 Million, capital receipts amounted to Rs. 476.25 Million. Since the allocated provision of Rs. 74 Million was not received within the year, accrued expenditure was increased and subsidies could not be provided to tea small holders on due time.

Middle term result based targets and achievements

3.1. Middle term results - 01

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

3.1.1 Maintaining replantation of tea at the level of 2% annually

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 as subsidy in the following manner within the relevant year on installment basis.

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

	Including Fertilizing the soil	Excluding Fertilizing the soil
Uprooting the old tea plants	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 maintenance	Rs' 35'000	Rs' 35'000
Total Amount	Rs'350'000	Rs' 260'000

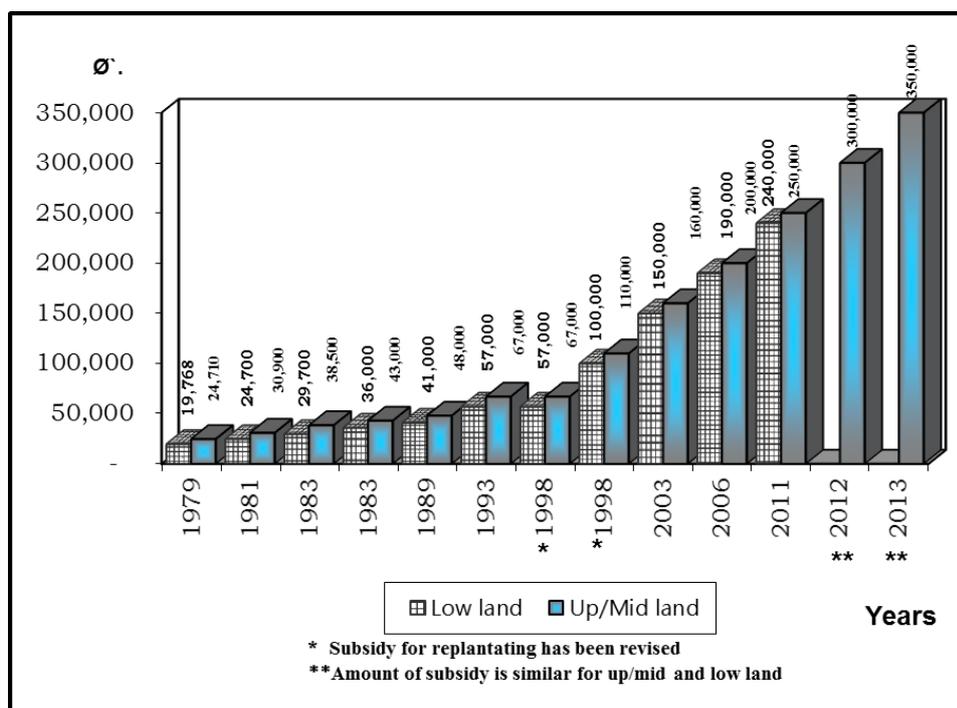


Figure No - 05

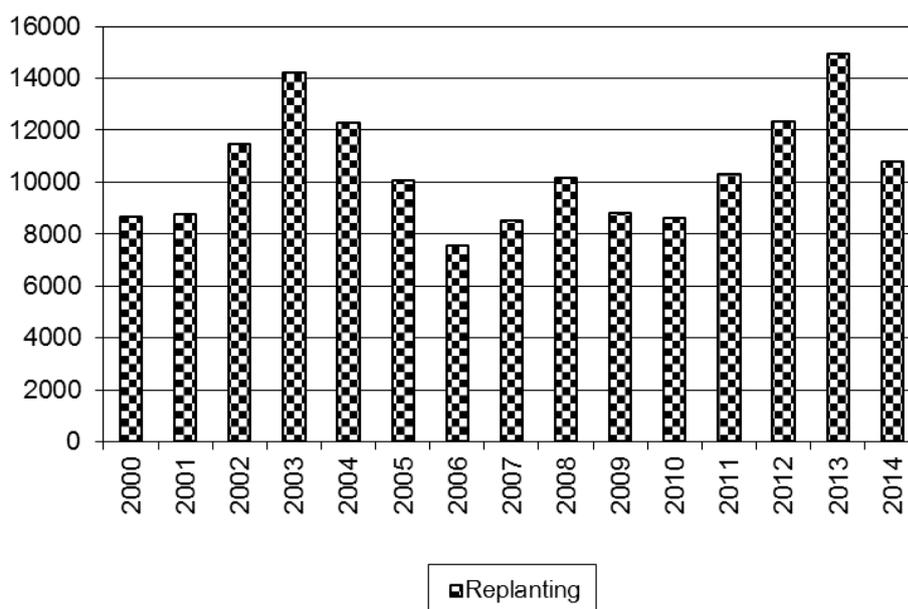
Increase of Subsidy for Replanting / Per Ha.
From year 1979

Application for Tea replanting

It has been targeted to obtain applications of 16632 farmers for tea replanting through the Action Plan of 2014, but 10778 have been applied for tea replanting. Permits have been issued for 10134 out of them within the year. Applying for scheme of providing subsidies for tea replanting has been decreased from 28% in 2014 in comparison to 2013.

Figure No - 06

Annual application for cultivation subsidies from 2000 to 2014



Performance

Issuance of permits for tea replanting has been reduced by 26% and the extent of hectares for which the permit holders applied to uproot old tea plants has been reduced by 13% compared to the previous year.

The extent of hectares where tea plants have been uprooted for replanting in year 2014 is 810. It is 50% from the annual targeted extent of hectares of 1600. This progress in year 2013 was 59%. The percentage of the progress relative to the above target and compared to the previous year has been decreased by 9% and the extent of hectares where tea plants have been uprooted has decreased by 32%.

The extent of hectares where soil has been rehabilitated in year 2014 is 739. This is a reduction by 21% compared to year 2013. Since the targeted extent of hectares of the year was 1100, its performance is a progress of 67%.

The extent of land where tea replanting took place is 720 h in year 2014. Since the targeted extent of hectares of the year was 1125, a progress of only 64% has been achieved within the year. The cultivated extent of hectares has also been decreased by 38% compared to year 2013.

Table 08
Tea Replanting Subsidy Scheme
Physical Performance of Year (Hectares)

Activity	Year	Low country						Up/ Mid country			Total	Annual Target	Percentage of decrease / increase of progress compared to previous year
		Galle	Kaluthara	Matar	Rathnapu	Kegalle	Kandy	N'Eliya	Uva				
1. Number of applications received	2014	1755	556	2259	2451	664	1006	1066	1021	10778	16632	(28)	
	2013	3106	747	2701	3230	1063	1504	1163	1411	14925	19275	20	
2. Number of permits issued	2014	1634	560	2193	2191	531	1007	980	1038	10134	10464	(26)	
	2013	2544	920	2602	2903	1026	1430	998	1379	13802	17153	16	
3. Extent of land covered by the permits	2014	441	172	479	554	151	265	253	225	2540	1893	(13)	
	2013	548	218	472	610	233	320	257	270	2928	2140	10	
4. Preparation of Lands	2014	158	68	166	153	57	84	62	62	810	1600	(32)	
	2013	232	89	248	254	94	104	80	87	1188	2000	09	
5. Soil Rehabilitation- Instalment I	2014	142	34	168	143	67	70	61	74	758	1500	(8)	
	2013	163	36	187	141	53	87	75	78	820	1610	(15)	
6. Soil Rehabilitation- Instalment II	2014	145	32	180	128	58	67	57	71	738	1100	(21)	
	2013	187	46	182	181	66	93	99	79	933	1100	05	
7. Tea Replanting	2014	150	33	151	164	42	69	63	47	720	1125	(38)	
	2013	241	72	238	242	81	111	98	82	**1165	1250	31	
8. Maintenance after a year	2014	177	40	168	191	55	86	74	43	833	1000	(5)	
	2013	182	21	225	153	48	89	77	83	878	900	09	
8.Subsidies for cultivation paid (Rs.M)	2014	41.30	15.08	61.56	53.33	20.96	23.54	21.40	20.92	258.09	391.75	(27)	
	2013	70.68	20.07	70.67	74.56	23.91	33.28	31.30	27.40	*351.87	416.66	55	

Source: Progress Report of Tea Small Holders Development Authority

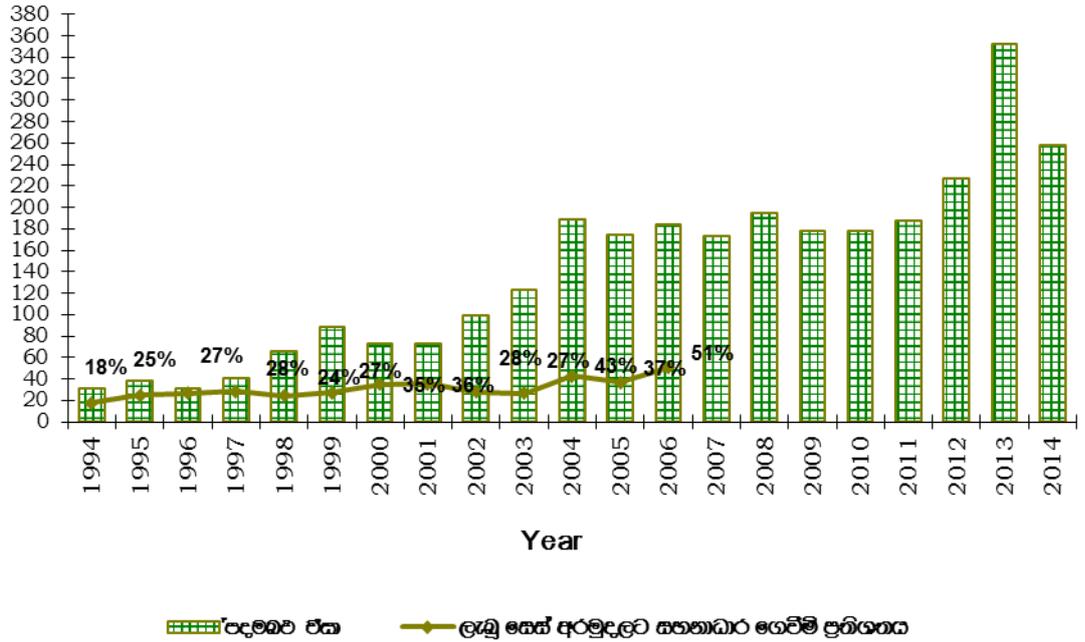
* Total amount of subsidies paid including Rs. 0.213 Million for equipment used for agricultural purposes is Rs. 258.3 Million.

* * Uprooting of 812 Ha., soil rehabilitation of 778 Ha. and tea replanting of 761 Ha. had been completed in 2014 including physical activities of IFDA project .

Figure No - 07

Progress of the annual payment of tea replanting subsidy payments (Rs. M)
1993 – 2014

Rs. M.



* Percentage cannot be indicated due to change in the SES amount.

Rupees 258.09 million had been paid to the tea replanting subsidy beneficiaries in year 2014. When compared with year 2013 the amount of subsidy paid has been decreased by Rs. 93.78 million, that is 27%. Rs. 258.3 million has been paid as the total amount of subsidies including Rs. 0.21 million for provision of agricultural equipment for beneficiaries.

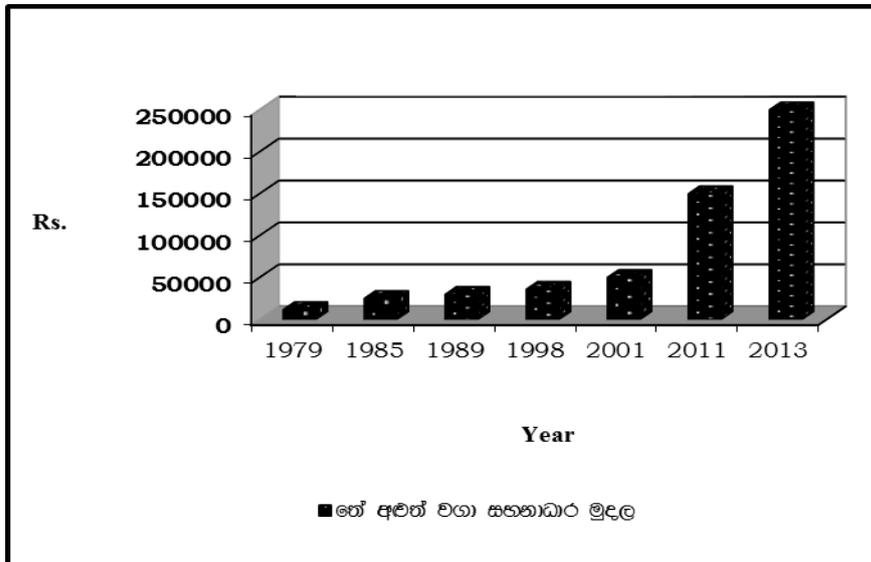
3.2.1 Subsidy Scheme for Planting New Tea Plants

Action has been taken to re-implement the subsidy scheme for planting new tea plants from 2010, which was suspended in year 2003 on policy decisions from year 2010. Accordingly, action has been taken to make provisions for planting new tea plants in areas with no perennial crops or limited income sources. Maximum extent of land for which permits have been issued for planting new tea plants is 01 Acre.

Instalment of subsidy for planting new tea plants - Rs. Per Hectare

	Including fertilizing of soil	Excluding fertilizing of soil
Preparation of Land	Rs. 70,000	Rs. 70,000
Soil Rehabilitation - 1 st instalment	Rs. 25,000	-
Soil Rehabilitation – 2 nd instalment	Rs. 100,000	-
Planting of tea newly	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 subsidy for planting new tea plants amount / Ha.
From 1979



Performance

6248 applications had been received for planting new tea plants in 2014. Targeted number of applications is 3631. Permits have been issued for 5315 in considering the limit of provisions.

Preparation of land in extent of 375 h had been targeted. Preparation of land in extent of 426 h had been concluded. Thus, preparation of land had been concluded 114% according to the target. It had been targeted to plant new tea plants in 215h within the year, but new tea plants had been planted in 401h.

Preparation of land for planting new tea plants had been increased by 65% and extent of cultivated land had been increased by 138 h (52%) when compared to the previous year.

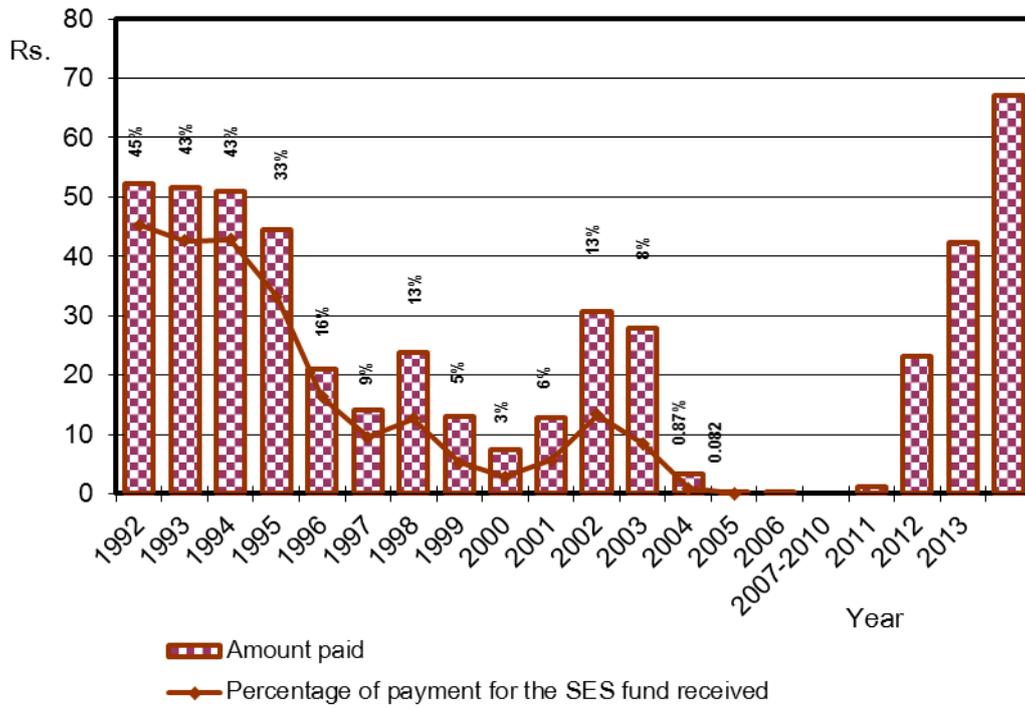
A total amount of Rs.66.98 million has been paid for planting new tea plants in year 2014. Subsidy paid in comparison to the previous year has been increased by 58%.

Table 09
Subsidy scheme for planting new tea plants
Physical performance in 2013/2014 (Hectare)

Activity	Year	Low country lands				Up / Mid country lands			Total	Target	Percentage of increase/decrease in comparison to the previous year
		Galle	Kaluthara	Matara	Ratnapura	Kegalle	Kandy	N'Eliya			
1. Number of applications received	2013	843	915	463	705	616	80	84	124	3830	16
	2014	844	1566	714	1408	1146	136	224	210	6248	63
2. Number of permits issued	2013	342	871	447	524	445	63	53	127	2872	(5)
	2014	780	1562	695	1188	556	135	182	217	5315	85
3 Preparation of land	2013	28	66	35	65	40	09	10	08	258	(0.7)
	2014	67	101	62	106	53	12	10	14	426	62
4 Cultivation	2013	28	70	33	69	40	10	06	07	263	10
	2014	67	98	62	88	53	13	09	12	401	52
5. Funded amount (Rs. Million)	2013	5.21	8.95	7.37	10.90	6.08	1.62	1.08	1.20	42.41	83
	2014	8.44	16.76	10.96	16.67	8.26	1.68	1.64	2.56	66.98	58

Source: Progress Report of Tea Small Holders Development Authority

Figure No- 09
Annual progress of provision of subsidies for planting new tea plants(Rs. Million)
1993 – 2014



- The subsidy scheme for planting new tea plants has not been implemented from 2006 to 2010.

3.3.1 Subsidy scheme for crop rehabilitation

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, other practices used in cultivation (shade, clipping, removing darnels) 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 up country/ middle country.

Performance

1809 had been applied for crop rehabilitation subsidy scheme in 2014. Permits have been issued for 1498 out of them. This is a progress of 83% from the targeted number of permits. Compared to 2013, the number of applications had been decreased by 30% while the number of permits issued had been decreased by 27%.

According, to the permits, the number of seedlings was 800,000 and it is a decrease of 20% in comparison to 2013.

Number of seedlings to which the first instalment was paid was 271,015. This is a progress 34% out of the targeted 800,000 seedlings. The number of seedlings to which the first instalment was paid have been reduced by 465% in comparison to the previous year.

The number of seedlings to which the second instalment was paid was 232,034. This is a progress of 42% from the targeted 550,000 seedlings. Compared to previous year, the number of seedlings to which the first instalment was paid has been decreased by 45%.

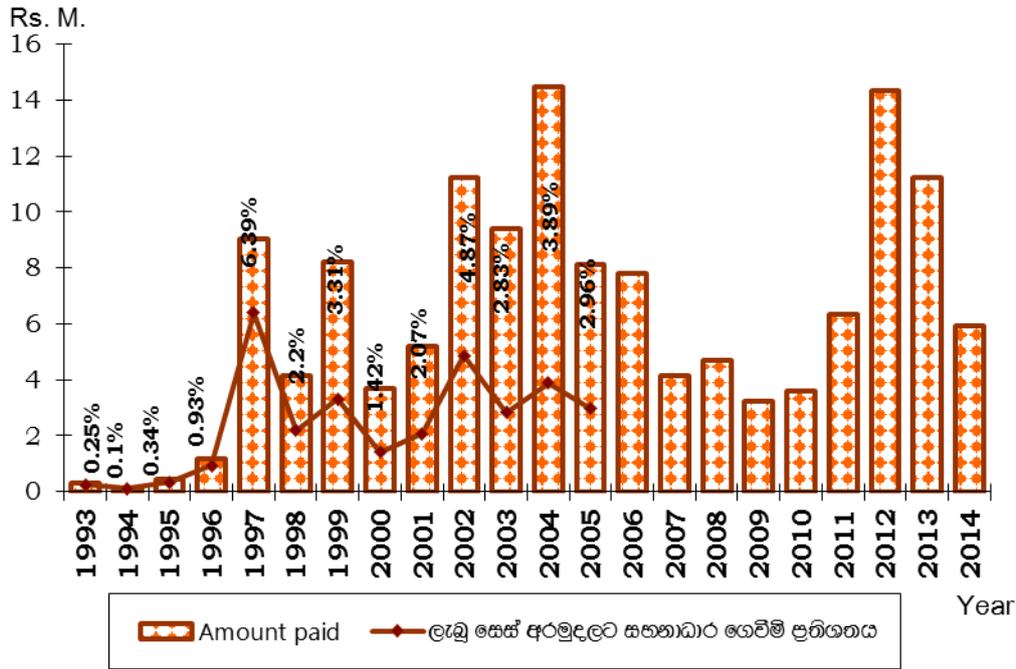
Subsidy of Rs. 5.91 million has been paid for crop rehabilitation in year 2014. It is a decrease of 47% compared to the previous year.

Table 10
Subsidy Scheme for Crop Rehabilitation
Physical progress in 2013 - 2014 (Number of plants)

Activity	Year	Low country lands						Up / Mid country lands				Target	Percentage of increase/decrease in comparison to the previous year
		Galle	Kaluthara	Matara	Ratmapura	Kegalle		Kandy	N/Eliya	Uva	Total		
1. Number of applications received	2014	272	147	209	436	87		366	145	147	1809		(30)
	2013	637	274	422	393	155		298	238	174	2591		(39)
2. Number of permits issued	2014	228	146	195	301	42		365	71	150	1498	2089	(27)
	2013	421	247	397	267	139		250	149	171	2041	2442	(44)
3 Targeted number of plants	2014	149180	49727	121183	148185	34311		130283	67678	99453	800000	800000	(25)
	2013	211896	133068	191876	146367	77960		147727	81615	70125	1060634	1060634	5
4 Instalment 1 Number of plants provided	2014	34827	15792	21767	37026	16825		90361	22835	31554	271015	800000	(46)
	2013	99523	47597	68832	76805	34517		71248	36183	62887	497592	1300000	(35)
5 Installment 2 Number of plants provided	2014	40526	9169	32559	46815	19650		45896	18290	19129	232034	550000	(45)
	2013	85641	33539	42666	59688	26419		95223	38789	38646	420611	737000	22
6. Subsidy amount paid (Rs. Million)	2014	0.694	0.329	0.587	1.073	0.502		1.527	0.525	0.672	5.910	17.50	(47)
	2013	2.483	1.063	1.282	1.713	0.590		1.907	0.897	1.301	11.236	26.87	(22)

Source: Progress Report of Tea Small Holders Development Authority

Figure No - 10
Subsidy Scheme for crop rehabilitation
Progress of payments (1993 - 2014)



*Cannot be indicated as a percentage due to the revision of SES 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 the objective of maintaining nurseries. Thus, the organisation maintained mother bush extents with quality new improved cultivars and took steps to provide 246,356 shoots to tea small holders, commercial tea nursery operators, and also the tea nurseries of the institution. This is a decrease of 5% compared to the previous year. Annual target of the production of shoots from mother bush was 303,650. It's a progress of 81%. Details of issuance of shoots of improved cultivars from mother bush sites are indicated in Annexure no:9-A. An amount of Rs. 0.73 million has been spent for this task.

Commercial Tea Nurseries

The objective is to maintain and supervise commercial tea nurseries with quality as nurseries registered under the organization to make it easy for the tea small holders to obtain tea seedlings with quality with the aim of increasing tea production and productivity. Accordingly 810 commercial tea nurseries were registered by all regional offices for 2013 / 2014. Capacity of the said nurseries was 31.04 million seedlings. Out of these, 608 nurseries had obtained recommendations for 12.8 million plants at the first examination, 475 nurseries for 9.6 million plants at the second examination and 75 nurseries for 3.6 million plants at the third examination.

At the end of the year, 492 commercial nurseries had got registered for year 2014 / 2015. Schedule no: 9 - C and 9-D indicates a detailed description of information of the number of plants that have been certified.

Table - 11
Issuance of Permits for Commercial Tea Nurseries and
Plant Capacity (2013 / 14) and (2014 / 15)

Region	No. Of permits issued		Plant capacity (M)	
	2014/15	2013/14	2014/15	2013/14
Matara	180	194	3.6	5.3
Ratnapura	27	81	1.3	5.3
Kegalle	24	24	1.1	1.1
Kandy	127	96	4.8	3.5
Galle	-	170	-	7.7
N'Eliya	80	65	3.3	3.1
Uva	18	130	0.4	3.3
Kaluthara	36	50	0.6	1.5
Total	492	810	15.2	31.0

Source: Progress Report of Tea Small Holders Development Authority

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, 8,489,238 plant shoots had been produced by the 07 nurseries for the South Western and North Eastern agricultural seasons in 2013 / 14. Total number of plants sold was 606,103. Selling price of a plant by nursery level is indicated in schedule no: 9 - B.

Even though, the estimated normal cost of a plant is Rs. 13.62, the actual cost of a plant is Rs. 14.91. The actual cost had been less than the estimated cost of certain nurseries and in the mean time the actual cost had been higher than the estimated cost of some nurseries.

3.1.4 Extension and Advisory Training Programmes.

A total of 6,854 extension and advisory training programmes were planned for the year 2014 under result based management according to the Action Plan. Target number of tea small holders for the said programme was 167,559.

Since the training programmes for soil and water management had been included into the Annual Action Plan as per the provisions of National Budget – 2014, it had to exceed the number of targeted training programmes of 805. Accordingly, the progress of the said programmes had been increased up to 1243. Even though, the targeted number of farmers was 17460, its progress had been increased up to 108,216 (84%)

Accordingly, the progress of entire training programmes including the progress of the soil and water management programmes had been increased up to 7064 and the participation of farmers had been increased up to 315973 (88%).

The number of training programmes planned in year 2014 as per the table no: 12 - 1 to increase the production and productivity of the tea small holdings is 5,667 and 5,923 programmes out of that (96%) could be implemented. Accordingly, the targeted progress of conducting the programmes had been increased by 4.5. This was because 256 additional programmes had to be conducted under the soil and water conservation productivity development special programme. The targeted number of programmes aimed at productivity enhancement had been 5667 and the targeted number of farmers had been 126,561. However, the progress of the programmes had been 5923. The number of farmers participated had been increased up to 262,982.

Table - 12- i
Extension and Advisory Services – Productivity Promotions
Number of Training Programmes –(1) and Number of Participants

Regional Office	Programmes											Total
	Training to make aware holders ^1'1'6&	Training for input nurseries ^1'1'15&	Training commercial nursery owners ^1'1'19&	Training on Tea plantation ^1'1'25&	Training on plucking tea leaves ^1'2'6&	Training on cutting ^1'3'3&	Training on cutting skills ^1'3'7&	Training on Management ^1'4'2&	Training on Soil Management ^1'5'2&	Training on shades and establishment management ^1'6'1&	Nutrient Management ^1'6'1&	
Galle 1	89	18	21	63	228	67	31	204	136	138	995	
2	2375	387	418	2287	615	1728	679	38408	10385	5428	68253	
Matara 1	52	23	21	69	149	74	25	236	167	135	951	
2	1416	291	263	2463	3728	2067	485	33696	13466	4030	61905	
Kalutara 1	57	11	8	58	126	71	28	106	112	145	722	
2	1269	136	121	2460	3548	1743	542	6628	3978	6387	26812	
Kegalle 1	52	6	10	50	58	39	23	64	63	51	416	
2	1482	112	126	1703	1422	1091	507	1722	1354	1274	10793	
Kandy 1	54	18	33	41	118	53	33	146	79	93	668	
2	1463	193	488	885	2201	1211	536	7204	1813	2756	18750	
Nuwaraeliya 1	104	14	21	44	77	68	17	173	73	90	681	
2	2435	139	151	1051	1608	1469	348	9005	2084	2347	20637	
Ramapura 1	58	18	23	32	139	176	53	189	124	141	953	
2	1864	222	300	1030	3510	4561	1014	12864	3791	4569	33725	
Uva 1	49	13	11	23	80	61	12	125	77	86	537	
2	1147	205	109	620	2504	1981	318	8117	3349	3757	22107	
Total 1	515	121	148	380	975	609	222	1243	831	879	5923	
2	13451	1685	1976	12499	24679	15851	4429	117644	40220	30548	262982	
Total 1	494	148	139	351	1035	652	240	805	869	934	5667	
2	16067	1819	1223	8533	21525	14914	4050	17460	19590	21380	126561	

Source: Progress Report of the Tea Small Holding Development Authority

In addition to the above extension services, 25,372 sample soil tests on Soil pH have been carried out in line with the annual action plan, and it is 98% progress of the target. Further, 29850 individual extension services were planned and the progress in 25490. This is a 86% progress of the targeted number of programmes.

Table - 12-ii

Number of Individual Extensions and Soil Tests

Regional Office		Galle	Matara	Kalutara	Kegalle	Kandy	Nuwaraeliya	Rathnapura	Uva	Total
Individual Extensions	Target	5980	6000	2400	2000	2000	3000	5000	3200	29580
	Progress	5157	5575	2543	1347	1189	2478	4041	2160	25490
Soil Tests	Target	3433	4830	2026	2081	2240	3000	5000	3200	25810
	Progress	3777	5612	2026	1766	3415	1675	5187	1914	25372

Source:- Progress Report of Tea Small Holding Development Authority

Midterm Results -02

Improving the quality of the green leaves by 60% within 5 years at the level of factories

Most critical factors in increasing the income of the tea small holders are increased harvests, minimum production cost and high market price. Even though the fertilizer can be obtained for a low price under national fertilizer subsidy programme, in order to have a higher market price, the quality of the raw leaves should be in a higher standard.

The expected activities were to train 10,745 tea leave pluckers to improve the quality of the leaves, promote rules and regulations to make it compulsory for the factories to accept only quality leaves, to carry out awareness programmes for the tea small holders and to make aware the tea small holders on the quality of the leaves. Accordingly, 1055 training programmes were planned to be carried out and 1037 have already been conducted (Table No 13). As per the annual target the progress is 98%. Number of farmers who participated at the programmes was 50929 and the targeted number was 39,550. The progress of the participation therefore was 129%.

Table - 13

Number of training programmes on the quality of tea leaves and the number participants

Regional Office	Item	Training of tea pluckers ^2'2'2&	Training on making aware the tea leave providers ^2'3'4&	Training on the quality of tea leaves ^2'5'2&	Total
Galle	Programmes	114	35	32	181
	Participation	2659	6381	3255	12295
Matara	Programmes	111	44	57	212
	Participation	2615	4313	6596	13524
Kalutara	Programmes	45	7	17	69
	Participation	904	786	738	2428
Kegalle	Programmes	38	8	15	61
	Participation	837	566	421	1824
Kandy	Programmes	47	22	26	95
	Participation	858	1840	2921	5619
Nuwaraeliya	Programmes	63	31	53	147
	Participation	1326	911	2014	4251
Ratnapura	Programmes	76	28	70	174
	Participation	1847	2049	3091	6987
Uva	Programmes	37	23	38	98
	Participation	1138	863	1996	3997
Total	Programmes	531	198	308	1037
	Participation	12184	17709	21032	50925
Target	Programmes	597	165	293	1055
	Participation	10745	13505	15300	39550

Source:- Progress report of the Tea Small Holding Authority

To measure the expected results, the indicator of quality leaves percentage is used and it is required for the Authority, Sri Lanka Tea Board, Tea Commissioner's Division and Sri Lanka Tea Research Institute to work in collaboration.

As a whole, Rs. Million 1.77 has been spent on extension advises and training programmes. Rs. 0.112 million out of the said amount has been spent on training material.

Midterm Results – 03

Strengthening community based organizations by 50% within 06 years

Tea Small Holders Development Society system which was started in year 1989, was legalized by the regulations of tea small holders no 01 of 1995 published in the gazette extraordinary no 878/15 by the Tea Small Holding Development Authority on the powers vested in the authority under para (I, j), Sub Section 2, Section 15 of Tea Small Holding Development Act no 35 of 1975 at Jathika Rajya Sabha, which was revised by the Act No 36 of 1991.

1383 Tea Small Holder Development societies were registered as at year 2014 and the membership of the said societies was increased upto 266480, which is by 6%. Number of societies was increased by 01.

Table 14
Tea Small Holders Development Societies
2013/2014

Official Jurisdiction	Number of Societies		Number of Members	
	2013	2014	2013	2014
Rathnapura	284	285	74,461	76,788
Uva^Badulla and Moneragala)	161	161	21,643	28,856
Nuwaraeliya	187	187	18,936	20,171
Kandy and Matale	141	141	12,385	10,412
Galle	208	208	44,875	44,459
Matara and Hambantota	177	177	40,515	47,288
Kegalle	127	127	16,473	17,479
Kalutara	97	97	22,506	21,009
Total	1,382	1,383	251,794	266,480

Source:- Progress report of the Tea Small Holding Authority

Under the financial provisions provided by National Plantation Management Institution, 68 one day training programmes have been implemented for presidents, secretaries and treasurers of the societies of all the districts and awareness was made on activities related to development, extension and societies.

In addition, when the soil conservation programme, which was implemented under national budget provisions, was carried out tea small holder development societies contributed from the first step of obtaining the application from the tea small holders up to the step of providing recommendations.

All Island Federation for Tea Small Holder Development Societies

This federation consists of 08 District Organizations and all island societies. The role of the federation is to facilitating the tasks of regional organizations, carrying out Tea Shakthi subsidy process, intervening in programme for national tea fertilizer subsidy scheme, assisting the Tea Small Holdings Development Authority to provide services to the members of the societies. The Boards of Directors of Tea Small Holdings Development Authority, Sri Lanka Tea Board, Sri Lanka Tea Research Institution, National Institute of Plantation Management and Tea Shakthi Fund, are the members of Federation for Tea Small Holder Development Societies.

Midterm results 04

Strengthening the institution within one year to perform productively

Expected short term results were as follows

- 4.1 Keeping the vacancies of the staff less than 5% in a year
- 4.2 Decentralizing the institutional activities at the best possible level within one year]
- 4.5 Becoming unqualified for all audits within 02 years jir 02 l§ ish· ú.Kk u; wkkqiSñ; ùu ^ Unqualified)
- 4.6 Institutionalizing the planning process which has been introduced in the beginning of the year and investigating and implementing the same.

The progress of previous years was examined in year 2014 and actions were taken to introduce the annual action plan designed for year 2014.

- 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 A positive attitude of the staff for official duties

4.13 Providing professional training to the 5% of the staff annually

The staff participated at following internal and external trainings representing various grades of the staff.

Serial No	Employee Category	Time periods in which the training workshops were conducted	Institutions by which the training workshops are conducted	Subject/ Requirement	No of Trainees
1	Management Assistants (Non-technical)	2014 '03 '04 and 05	Institute of Construction Equipment Training	Transport Management	1
2	Tea Tester /Extension Officer	From 2014'06'15 to 2014'07'13	Zhangzhov College of Science & Technology	Convention of international tea trade and industrialization	1
3	Administrative Officer	2014'07'18 and 19	Centre for Studies in Disciplinary Management	Two day workshop on human resource advancement through disciplinary management	1
4	Officers in charge	2014'07'18 and 19	Hanathana Training Center	Skills Development Training Programme on Computer usage	30
5	Administrative Officer/ Management Assistant	2014'07'31 and 2014'08'01	Skills Development Fund/ Ministry of Youth Affairs and Skills Development	Conducting Disciplinary Inquiries	2
6	Tea Tester\$Extension Officer	From 2014'08'23 to 30" From 2014'09'20 to 27	Hanathana Training Center	Workshop on preparing visual aids for the field officers in the authority	45
7	Tea Tester\$ Extension Officer	2014'08'22 and 23	Hanathana Training Center	Skills Development and Training Programme on extension communication skills and surveying	45
	Officers in charge"	2014'08'29 and 30			45
	Assistant Divisional Managers (Extension)	2014'10'17 and 18			45
		2014'10'31 and 11'01			45
8	General Manager, Tea Small Holdings Development Authority, Chairman, All Island Federation of Societies	From 2014'11'03 to 2014'11'07	Bandun International Tea Convention 21 st Session of FAO/IGG Seminar	FAO/IGG Tea Convention	2
9	Divisional Managers, Assistant Divisional Managers, Tea Tester / Extension Officers	From 2014'11'28 to 2014'12'10	IFAD Bangalore India	Training Programme on Tea Plantation, production and sale	10
10	Assistant Manager (Human Resource and Admin) Administrative Officer	2014'11'19 " 20 " 21	National Institute of labour Studies	Disciplinary Procedures	2
11	Management Assistant (Non – technical)	2014'11'21 - 22	Hanathana Training Center	Office Management attitudes and Skills Development Training Programme	45
		2014'12'05 - 06			45
		2014'12'12 - 13			45
		2014'12'19 - 20			45

4.14 Establishing required infrastructure

4.15 Maintaining and Strengthening Inter Institutional relations

I. Combined Programme of National Institute of Plantation Management and Tea Small Holdings Development Authority

Training of Commercial Tea Nursery Owners

28 special training programmes were conducted as follows for the commercial tea nursery owners on the financial grants of National Institute of Plantation Management with the aim of making quality tea plants for the tea plantations of tea small holders.

Regional Office	Number of Programmes conducted	Number of nursery owners participated	Cost borne (Rs.)
Galle	5	177	138683.49
Matara	5	165	136906.80
Ratnapura	3	89	77249.75
Kandy	4	146	155141.00
Nuwaraeliya	4	136	109609.50
Kegalle	2	75	54587.00
Kalutara	2	89	52010.00
Uva	3	71	66137.00
Total	28	948	790324.54

II. Research and Extension Society

Issues existing in the tea plantation field are identified and new technological knowledge is exchanged through these societies.

Even though it was supposed to conduct meetings of research and extension societies, which are held by Sri Lanka Tea Research Institute, 02 times a year, only one session was held on 29.04.2014 for the year 2014.

Officers of Tea Small Holdings Development Authority, Research Officers of Sri Lanka Tea Research Institute, officers of all island federation of Tea Small Holder Development Societies and the representatives of Sri Lanka Tea Board and the Association of Tea Factory Owners take part in this and the total number of participants was 127.

III. Interrelationship Committee of Tea Research Institute and Tea Small Holdings Development Authority

The objective of this committee is to discuss and take decisions on the programmes implemented by the said two institutions for tea small holdings and to provide solutions by identifying the existing issues. Further it discusses the progress of the programmes implemented.

Even though it is supposed to hold two meetings, only one meeting was held on 29.09.2014 for the year 2014. Research officers of Sri Lanka Tea Board, consultant officers and the officers of Tea Small Holding Development Authority participated in the meeting. Number of participants was 31.

IV Divisional Technological Society

This is a society to identify timely requirements of tea small holdings and issues related to plantations. Further, this intervenes to introduce new technological methodologies. The meeting is held two times a year at the level of divisional offices and the officers in the institute of tea research and the representatives of tea small holder development societies participate at the meetings. The Divisional Technological Society is held before the meeting of the national level society and actions are taken to bring forward the issues identified at this level to the national meeting.

15 meetings have been held in year 2014 at 8 Divisional Offices and the total participation was 493. The meetings held in year 2014 are given below.

Divisional Offices	Holding Divisional Technological Society	
	No of programmes held	Total participation
Kalutara	02	59
Gampola	02	72
Nuwaraeliya	02	78
Matara	02	54
Ratnapura	02	85
Kegalle	02	38
Uva	01	34
Kandy	02	73
<hr/>	<hr/>	<hr/>
Total	15	493

Success in physical and financial progress, budget percentage and number of audit defects are identified as key task based indicators for functioning of the institution in a more productive manner.

Rs. Mn 3.27 had been spent on human resources training and other tasks to strengthen the institution. (2014)

Midterm Results 05

Directing to earn 10% additional income from the lands within 05 years

The importance of additional income earning methods has been identified in order to improve the living standards of tea small holding development authority. Introducing tea based farm management system for 1000 tea lands annually and to plantation of trees in 1000 small tea lands are two such steps. Accordingly 143 programmes were planned in the respective year and 118 programmes have been implemented. The targeted farmers were 1535 in number and the number of participants were 1973. Following programmes have been implemented as follows in the respective year.

Table - 15

Training of tea based farms (5.1.4) Number of programmes and participants

	Divisional Office								Total
	Gall	Matar	Kalutar	Kegall	Kand	Nuwaraeliy	Ratnapur	Uv	
Programme									
Target	19	20	12	5	16	20	25	15	132
Progress	10	15	11	2	16	13	26	11	104
Participatio									
Target	220	200	256	60	160	148	265	139	1448
Progress	220	402	226	32	275	242	459	210	2066

Source- Progress Report of Tea Small Holdings Development Authority

The percentage of other crops and the percentage of livestock existing in the small tea lands have been identified as key task based indicators to measure above results.

3.2 Special Project activities to promote investments in small tea lands

3.2.1 Special Productivity Programme on Soil and Water Conservation

Provisions have been provided for the tea small holdings with tea plantations of over 10 years in a maximum extent of 01 acres, in two steps under this special programme which was started under the budget allocation in year 2014.

A subsidy amount of Rs. Million 406.34 was paid to 190123 tea small holders in an extent of 129022 acres of tea lands in the year under review. The progress of the relevant year is given below.

Table - 16
Special Productivity Programme on Soil and Water Conservation
Physical and Financial Progress - 2014

Divisional Office	Installment	Number of Societies	Number of tea small holders	Extent of Land ^Acres&	Amount paid ^Rs.Mn&
Galle	I	203	47527	36513	90.6
	II	4	832	562	1.4
Kandy	I	123	8146	5828	14.03
Nuwaraeliya	I	185	12048	9068	22.65
Bandarawela	I	153	18449	12258	30.64
	II	153	18349	12200	30.49
Kalutara	I	96	15897	13036	31.00
Matara	I	172	37611	29019	72.55
	II	11	2574	2005	5.01
Kegalle	I	125	8751	6976	17.43
Ratnapura	I	273	41694	16324	87.84
Sub Total	I	1330	190123	129022	366.74
	II	168	21755	14767	36.90
Total		1330	190123	129022	403.64

3.2.2 Tea Development Project Revolving Fund Loan Scheme

This programme was implemented as a result of a loan agreement entered into by Sri Lanka Government and Asian Development Bank. Accordingly SDR Million 15.4 was allocated for the development activities of tea small holdings sector by the Central Bank of Sri Lanka and contributory loans were granted by the lending institutions using the funds. Tea Small Holdings Development Authority is involved in providing recommendations for the loan applicants for replanting of tea and development activities in commercial nurseries.

Loan recommendations have been granted for two applicants for 15,000 plants and for 20 applications for tea replanting in 10 hectares.

3.2.3 Special Loan Scheme of Bank Ceylon for Tea Small Holders

Tea Small Holdings Development Authority signed a loan agreement with Bank of Ceylon for the above loan scheme in October 2013.

Loans are provided on a concessionary rates for development activities like replantation of tea, plantation of tea, establishing tea nurseries and addition income generation up to a maximum of 05 lakhs. This loan project is implemented covering all the districts where tea plantation is carried out for a maximum of 01 acre of land.

In the year under review loans were recommended for 273 tea small holders for above mentioned development activities and out of them 42 applicants were to plant new tea plants and Rs. Million 14 was granted. 140 applicants who were to replant tea were granted Rs. Million 49, and 82 applicants to establish tea nurseries were granted Rs. Million 28. Recommendations have been issued for Rs. Million 1.8 to 09 applicants for other income generation. 99 tea small holders had obtained loans under this scheme.

3.2.4 Small Plantation Entrepreneurship Development Programme (SPEnDP) – (IFAD) Nuwaraeliya District

It was expected to develop tea replantation and input tea nursery development activities in order to improve the entrepreneurship of tea small holders in Hadabima and Mahaweli C Zone areas. A cost of Rs. Million 20.3 has been borne in the year for projects and the physical progress is as follows.

	Extent of Lands Hec.	Number of Beneficiaries	Financial Progress (Rs)
Tea replantation			
Woqrdu Soil conservation	1.73	14	13,070,633.00
Fertilizing the soil 1	15.96	131	
Fertilizing the soil 2	32.56	218	
Cultivation	35.59	296	
After one year from the cultivation	44.94	396	
Subsidy prescribed for previous year		198	
Crop Rehabilitation			
Subsidy prescribed for previous year			
Number of Plants	14,505		435155.00
Extent of Lands (Hectares)	5.87		
Providing input material			
Tea Plants	229,908	151	5,903,305.00
Polythene (pieces)	3,800	02	
Metham Sodium – 400 ml	07	02	
Number of farmer training programmes	20	384	19,656.00
Operational Expenses			919,971.00
Total			20,348,720.00

3.2.5 Programme to popularize mechanization in plantation activities in small tea lands

As a solution to the dearth of labour in harvesting the tea leaves, Tea Research Institute has proposed to popularize the use of machines and it was approved by the National Budget for the year 2013.

Accordingly, actions were taken to provide 50 sets of machinery to 50 tea small holder development societies and to provide a training on assembling and maintenance of such machines. For this purpose three days training programme was conducted for the machine operators at the level of societies.

In the year under review 50 leaves cutters, 500 baskets, 100 leaves harvesters, 50 pruning machines, 50 machines to dig holes, 500 aprons, 50 overalls and caps, 600 shoes (100 Gumboots and 500 canvass) were distributed. Please see Schedule 15 and 16 for total district progress.

3.2.6 Divineguma National Development Programme

The allocations provided for tea small holdings sector was Rs. Million 24.912 under this programme. Providing tea plants under planting of new tea plants, replantation of tea plants and crops rehabilitation, providing pepper plants as interim crops, providing leave cutters and baskets for a 50% concessionary price, providing inputs required for establishing nurseries were planned. Progress of this programme in the year under review is given below.

Table - 17
Divineguma Progress

(Rs. 0000')

District	Planting of new tea plants		Replantation		Crops rehabilitation		Pepper Cultivation		Number of leave cutter and baskets provided			Provision of inputs	
	No of Plants	Rs.	No of Plants	Rs.	No of Plants	Rs.	No of Plants	Rs.	Baskets	Leave cutter	Rs.	No of Plants	Rs.
Kalutara	5.34	80.10			0.79	11.79	0.10	2.00		0.024	17.52		
Colombo	2.10	31.50											
Kandy	4.20	63.03	5.05	75.73	1.42	21.30	0.30	4.80		0.400	29.20		
Matale	0.60	9.00	0.96	14.40	0.30	4.50	0.10	1.60		0.060	4.38		
Nuwaraeliya	1.95	29.23	1.94	29.06	0.68	10.15	0.17	2.80		0.260	18.98		
Galle	7.27	109.04			0.83	12.45	0.25	4.00	0.02	0.200	23.00		
Matara	7.39	110.78			0.90	13.54	0.25	5.00	0.01	0.150	17.25	13.00	37.81
Hambantota	3.55	53.32			0.46	6.86			0.001	0.001	1.15	1.00	2.54
Rathnapura	12.86	192.83			1.60	24.11	0.30	6.07	0.05	0.500	57.50		
Kegalle	6.66	99.87					0.05	1.00	0.008	0.008	10.12		
Gampola	0.22	3.27							0.001	0.001	1.38		
Badulla	4.19	67.68			0.93	17.88	0.30	5.33	0.04	0.040	46.00		
Moneragala	1.45	21.81					0.10	1.60					
Total	57.79	871.47	7.95	119.20	7.91	122.58	1.93	33.19	0.136	0.232	226.48	14.00	40.35

Table - 18

Special Performance of the Decade

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Remarks
1 Tea replanting											
Tea Replanting (Hec.)	1057	1001	1024	881	777	847	772	889	1165	720	
Progress as per the target	101%	95%	94%	92%	92%	111%	91%	99%	93%	64%	
Incentive allowance provided (Rs. Mn)	174.83	183.34	172.89	194.59	178.17	177.85	189.88	226.3	351.84	258.09	
2 Planting of new tea plants											
Planting of new tea Plants 9Hec)	8	0.83	*-	*-	*-	*-	28.38	239	263	401	*Not implemented due to policy decisions
Incentive allowance provided (Rs. Mn)	0.30	0.042	*-	*-	*-	*-	1.17	23.21	42.41	66.48	
3 Crop Rehabilitation											
Number of infillings (Millions)	1.24	0.52	0.516	0.519	0.43	0.424	0.50	0.77	0.48	0.27	
Incentive allowance provided (Rs. Mn)	8.11	7.794	4.13	4.84	3.25	3.586	2.44	14.35	11.236	5.91	
4 Cultivation of tea with Rubber											
Cultivation of tea with Rubber (Hec)	14.6	6.8	4.4	-	-	-	-	-	-	-	Minimum demand of the tea small holders
Incentive allowance provided (Rs. Mn)	0.19	0.469	0.41	-	0.028	-	-	-	-	-	
5 Cultivation of Tea with Coconut											
Cultivation of Tea with Coconut	-	0.8	-	-	-	-	-	-	-	-	Do
Incentive allowance provided (Rs. Mn)	-	0.061	-	-	-	-	-	-	-	-	
6 Extension Programmes											
6.1 Group Access											
Number of Programmes	6619	8084	8226	8668	9170	7154	6970	6508	6617	7064	
Number of Participants (000')	163	236	242	223	219	210	176	143	137	315	
6.2 Individual Farmer Gatherings											
Number of Farmer Gatherings	31370	32261	33160	38545	37268	27346	26103	27843	26980	25490	
6.3 Provision of Cultivation material											
6.4 Nurseries of the Organization											
Number of Tea Nurseries	7	8	7	7	6	6	6	7	7	7	
Produced No of Plants (000')	1113	1089	1043	1123	970	838	800	919	719	909	
6.5 Commercial Tea Nurseries											
Registered number of Nurseries	1667	900	418	678	535	651	663	969	854(12/13) 617(13/14)	810(13/14) 492(14/15)	
Plant capacity (million)	41.58	38.26	38.75	25.57	23.25	24.28	25.40	39.41	32.24(12/13) 23.74(13/14)	31.04(13/14) 15.25(14/15)	
6.6 Provision of Inputs											
6.6.1 Provision of Fertilizer											
Total Provision (M.T)	9178	5712	5202	4538	1061	-	-	-	-	-	Not obtaining fertilizer under the loan scheme due to the National subsidy
Prvision of fertilizer under loan scheme (M.T)	8412	3800	1877	1378	969	-	-	-	-	-	
6.6.2 National Fertilizer Subsidy Scheme											
Recommended Amount (M.T)	-	43,982	51,917	51,590	136,900	124,142	*35436	-	-	-	*Not implemented from second
Cvalue (Rs.Mn)	-	471	1,082	1,944	5,658	4478	*1507	-	-	-	
7 Human and Social Development Activities											
Tea Small Holders Development Societies											
Number of Societies	1276	1294	1309	1319	1348	1372	1379	1381	1382	1382	
Membership of the Societies(000')	165	192	202	219	220	283	274	261	251	266	
8 Production of Tea Small Holdings (MKg)											
	205.8	212.4	205.7	214.8	201.9	230.1	229.0	233.1	245.4	245.4	
9 Contribution to the National Production %											
	64.9	68.3	67.5	67.4	69.3	69.4	69.9	71.4	72.2	72.2	

**Table 19
Management for Development Results
Key Performance Based Indicators**

Interim Results	Key Performance Based Indicators	Provision		Financial Progress	Base Year	Performance based indicator targets and progress		Remarks
		Expected	Provided			2014	2014	
1	Longterm result Improving the living standards of the tea small holders	I. Percentage of the development of household units and increase of income						Socio Economic Survey
		II. Percentage of Secondary education of Children		NA	NA	NA	NA	
2	In 6 years per year/ hectare Increasing the amount of processed tea Lowcountry up to 2700 Mid country up to 1700 Uva upto 1500	Improvement of unit productivity at the level of elevation and districts		524.44	474.44	340.00		Statistical data of Sri Lanka Tea Board
				2085	2500	2256		
				1050	1650	1436		
				1055	1480	1312		
3	The quality of the green leaf to be increased upto 60% within 5 years at the factory level	1.2Improvement of the production of small tea holdings (Mkg)		524.44	474.44	340.00		Data of the Tea Commissioner's Division of S.L.T.B
		2.1Percentage of good leaves at the level of factories		1.43	1.43		60%	
				1.43	1.43	0.00		
		3.1Improvement of asset values		8.00	8.00	1.330	NA	
		3.2No of societies which operate identified tasks					100	
4	Strengthening 50% of the Community Based Organizations within 6 years	3.3Attitude of the members on fertility					327	Socio Economic Data
							NA	
				8.00	8.00	1.33		
		4.1Percentage of reaching targets		29.96	29.96	3.27		
		Subsidy scheme for replantation of tea						
5	Strengthening the instituion to productively active within one year	a. Financial					102%	As per the report of the Auditor General
		b. Physical					100%	
		4.2.Number of Audit defects					True and fair	
		4.3.Percentage of deviating from the budget (Development Capital)					True and fair	
		4.4 Attitude of the staff on fertility					13% 0% -33%	
Sub Total	Directing to earn 10% additional income from the lands within 05 year			29.96	29.96	3.27	NA	Socio Economic Data
				0.17	0.17		35%	
				0.17	0.17	0	40%	
Total				564.00	514.00	344.60		

4. Cultivation Cost of Tea Small Holdings Sector and Price of the Tea Leaves

4.1 Labour Cost'

As per the annual information obtained at the level of field in tea small holdings sector, few important factors can be observed. Dearth of labour in plucking of tea leaves, pruning, weeding, and payment of daily wages higher than the amount approved by wages boards ordinance are some of them. Further, anomalies and differences in the payments of wages in different areas are also reported. Accordingly, it can be observed that the wages of the unorganized tea small holdings are rather high than that of organized tea small holdings.

Further, it has been reported that when the payments are made to the labourers for the plucking of tea leaves, when the payment is higher than the average of the number of kilos harvested in a day, an additional price is paid for a kilo. And for the training labour tasks such as pruning, a higher rate is paid.

4.2 Production cost for a one kilo of green leaf

The estimated production cost calculated as per the price at the tea auction Colombo (Schedule No 10- A) based on the location and the average price of one kilo of green leaves as per the data of Sri Lanka Tea Board are given below.

Table - 20
Price of one kilo of green leaf and production cost 1994 - 2014

Year	Average Price (Rs. Per 1 kilo)	Average Production Cost (Rs. Per 1 kilo)
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
2014	67.54	54.54

To calculate production cost of a kilo of green leaf in 2014, the average yield per hectare (Low country V.P. tea) has been considered as 10,490 kg per ha. (According to production date of Sri Lanka Tea board). This yield level in 2013 had been estimated at 10,328 kg.

According to calculation based on cumulative prices, average price paid for a kilo of green leaf in 2014 had increased by Rs.2.55 or 4% in comparison to year 2013. Estimated cost of production had increased by Rs. 1.90. 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.

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 2014 was Rs.61.47 in high elevations, Rs.59.98 in mid elevations, Rs.71.37 in low elevations whilst overall average price for a kilo of green leaf was Rs.67.54. 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 2014, average green leaf prices existent during the year and estimated cost of production was Rs.13.00. This had decreased by Rs0.59 in comparison to year 2013. Although the productivity increased comparatively by 1.3% 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 - 21
Estimated Replanting cost per Hectare 2013/ 2014 (Rs)-(From Uprooting to Plucking)

Activity	2013/2014	
	High & Mid	Low
Uprooting (First Year)	477,174	385,678
Soil Rehabilitation (Second Year)	120,870	129,040
Planting Tea (Third Year)	720,502	704,502
First Year Maintenance (Fourth Year)	364,932	352,682
Second Year Maintenance (Fifth Year)	246,452	239,002
Total	1,929,930	1,810,904

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 2013, it had been possible to cover about 19% of the total cultivation cost from the incentive for replanting.

Table no. 22
Cost and Incentive Ratios
For Replanting per Hectare (1989 – 2014)

Year	Cultivation Cost (Rs)		Subsidy Rate		% of Cultivation Cost	
	High/Mid	Low	High/Mid	Low	High/Mid	Low
	Elevation	Elevation	Elevation	Elevation	Elevation	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%
2014	1929930	1810904	350000	350000	18%	19%

* From 1998 / 07 / 01

Schedule No 01

Approved staff for Tea Small Holding Authority

	Post		Approved cadre
1. Senior Managers			
	General Manager	1	
	Deputy General Manager (Development)	1	
	Deputy General Manager (Extension)	1	
	Sub total		3
2. Managers			
	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 (Extension)	1	
	Assistant Manager / Manager (Training)	1	
	Assistant Divisional Manager (Extension)	8	
	Assistant Divisional Manager (Planning and Development)	6	
	Divisional Manager	8 (iii)	
	Manager (Planning and Regulation &	1	
	Assistant Manager (Planning and Regulation &	1	
	Sub Total		36
3. Junior Officer			
	Accounts Officer	9	
	Internal Audit Officer	1	
	Administrative Officer	7	
	Officer in charge-Sub Offices	26	
	Training Officer	1	
	Sub Total		44
4. Management Assistant - Technical			
	Tea Inspector / Extension Officer	157	
	Book Keeper	9	
	Sub Total		166
5. Management Assistant - Non Technical			
	Management Assistant	120 (i)	
	Nursary Assistant	7	
	Sub Total		127
6. Primary Level- Trained			
	Driver	19(ii)	
	Sub Total		19
7. Primary Level - Partially Trained			
	Cook / Assistant Cook	2	
	Sub Total		2
8. Primary Level- UNtrained			
	Office Assistant / Labourer - Sanitary	25 (ii)	
	Sub Total		25
	Total		422

(i) In addition to these posts, 29 posts of Management Assistant have been approved as personal to the person holding the post.

(ii) 20 posts of Office Assistant/ Labourer and 8 posts of Driver have been approved as personal to the person holding the post.

(iii) 02 posts of Divisional Managers have been approved by the letter of the Department of Management Services No. DMS /G3/38/3 dated 17.11.2011.

Tea Small Holding Development Authority

Cadre as at 31.12.2014

Post	Service Category	ඉඩ		Galle		Matara		Rathnapura		Kandy		Nuwara 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	
1	General Manager	1	1																			1	1	
2	General Manager (Development)	1	1																				1	0
3	Deputy General Manager (Extensions)	1	1																				1	1
4	Internal Auditor	1	1																				1	1
5	Manager (Finance)	1	1																				1	1
6	Manager (Human Resources/ Administration)	1	1																				1	0
7	Manager (Development)	1	1																				1	0
8	* Manager (Community Development)	1	1																				0	1
9	Manager (Planning and Regulation)	1	1																				1	1
10	Assistant Manager(Manager (Extensions)	1	1																				1	1
11	Assistant Manager/ Manager (Trained)																					1	0	
12	Divisional Manager			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	0	
13	Assistant Manager (Finance)	2	2																				8	4
14	Assistant Managers (Human Resources/ Administration)	2	2																				2	2
15	Assistant Manager (Development)	1	1																				3	2
16	Assistant Manager (Planning and Regulation)	1	1																				1	0
17	Assistant Divisional Manager (Extensions)	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
18	Assistant Divisional Manager (Planning and Development)			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	8	8
19	*Assistant General Manager (Service)			1	1																		6	5
20	Accounts Officer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	9	8
21	Internal Audit Officer	1	1																				1	1
22	Administrative Officer	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	7	4
23	Officer in Charge (Sub Office)			4	3	3	3	4	3	4	4	4	3	3	3	2	2	2	2	2	2	1	26	20
24	Training Officer																						1	1
25	Divisional Planning Officer																						1	1
26	Public Relations Officer																						1	1
	Sub Total	18	14	9	7	8	5	9	6	9	8	8	7	8	7	6	5	6	6	2	1	83	66	
Management Assistant (Technical)																								
27	Tea Inspector / Extension Officer			28	20	23	19	31	22	16	14	20	19	16	14	12	13	11	10				157	131
28	Book Keeper	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	9	4
	Sub total	1	1	29	21	24	19	32	22	17	14	21	20	17	14	13	14	12	10	0	0	166	135	
Management Assistant(Non Technical)																								
29	Management Assistant	26	27	16	13	15	15	17	18	9	18	10	17	9	20	9	8	7	10	2	3	120	149	
30	Nursary Assistant			1	1	1	1	1	1	2	1	1	1	1	1	1	1	1	1	1	1	7	5	
	Sub total	26	27	16	14	16	15	18	18	11	19	11	18	9	20	10	9	8	11	2	3	127	154	
31	Driver	6	6	2	2	1	2	1	2	2	1	2	2	2	2	1	1	1	1	1	1	1	19	20
32	Chef																						1	1
33	Assistant Chef																						1	1
34	Office Assistant	7	14	2	1	2	3	2	4	2	3	2	2	2	2	2	2	2	3	1	1	23	35	
35	Labourer	1	2	2	2				2	1	2	1	1	1	1							2	10	
36	Management Assistant (Chequerolth)					1				2									1				4	
37	Management Assistant (Contract)		3																				3	
38	Receptionist/ Telephone Operator (Contract)		1																				1	
39	Nursary Assistant (Contract)																						1	
40	Driver (Contract)																						1	
	Sub total	14	26	4	6	3	5	3	8	5	8	4	6	4	5	3	4	3	5	3	3	46	76	
	Total	59	68	58	48	51	44	62	54	42	49	44	51	38	46	32	32	29	32	7	7	422	431	

Categorizing as per the Highest Education Qualifications of Executive Officers

Post	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/Diploma	Post Graduate Degree
Head Office							
General Manager- Mr. M.B. Siril	HM 2-1				√	√	
Deputy General Manager () -Mr. C.J.I.T. Fernando	HM 1-1				√		√
Internal Auditor - Mr. K.G. Narada	MM 1-1-1				√		
Manager (Finance)-Mrs. D.G.P. Jayanthi	MM 1-1-1				√		
Manager (Planning and Regulation)- Mrs. M.I.J. Samarawickrama	MM 1-1-1				√		
Manager (Community Development)- Mr. J.M.G. Jayasingha	MM 1-1-1				√		
Assistant Manager (Human Resources / Administration) - Mr. Harsha De Silva	MM 1-1-1-1	√		√			
Assistant General Manager (Services) - Mr. Amitha Paskuwel	MM 1-1-1-1				√		√
Assistant Manager (Human Resources / Administration) -Mr. K.A.C. Fernando	MM 1-1-1-1				√		
Assistant Manager (Finance) - Mr. P.R.I. Perera	MM 1-1-1-1			(√)*			
Assistant Manager (Finance) - Mr. B.H.C.A. Batagoda	MM 1-1-1-1				√		
Assistant Manager (Planning and Regulation) -Mr. R.A. Waidyaratna	MM 1-1-1-1				√		√
Assistant Manager (Extensions) - Mr. R.A.G.P. Ranasingha	MM 1-1-1-1				√		
Internal Audit Officer- Mr. Daminda Priyanjith	JM 1-1-1-1			(√)*			
Administrative Officer (Acting)- Mr. Sarachchandra Muramudalige	JM 1-1-1-1			√			

(✓)* - AAT Qualification / Part Qualification of the ICASL (Chartered)

Post	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/Diploma	Post Graduate Degree
Galle Divisional Office							
Divisional Manager (Acting)- Mr.L.H. Ranjith	MM 1-1			✓			
Assistant Divisional Manager (Extensions)-D.M.J. Nakandala	MM 1-1			✓			
Administrative Officer-Mrs. K.M.H.A. Amaralatha	JM 1-1		✓				
Administrative Officer- Mrs. U.L.M. Perera	JM 1-1			(✓)*			
Officer In-charge-Mr. D.L.C. Suriyarachchi	JM 1-1			✓			
Officer In-charge- Mr. G. Sisira Kumara	JM 1-1			✓			
Officer In-charge- Mr. E.G.D. Shanthasiri	JM 1-1			✓			
Matara Divisional Office							
Divisional Manager - Mr. G.G. Bandula	MM 1-1				✓		✓
Assistant Divisional Manager (Extensions)- Mr. E.R.S. Gunawardhana	MM 1-1			✓			
Administrative Officer Acting - Mrs. N.V. Preethi Pushpakumari	JM 1-1	✓					
Accounts Officer -Mrs. H.M.L. Pushpakumari	JM 1-1				✓		
Officer In-charge Acting -J.L. Edirisuriya	JM 1-1			✓			
Officer In-charge Acting - G.G.S. Deshapriya	JM 1-1			✓			

(✓)* - AAT Qualification / Part Qualification of the ICASL (Chartered)

Post	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/Diploma	Post Graduate Degree
Ratnapura Divisional Office							
Divisional Manager (Acting)- Mr. S.S.B. Dissanayake	MM 1-1			√			
Assistant Divisional Manager (Extensions) -Mr. M.R.N. Dhammika	MM 1-1				√		√
Divisional Planning Officer- Mr. W.H.S.P. Wijethunga	JM 1-1				√		
Accounts Officer- Mrs. M.A. Piyaseeli	JM 1-1				√		
Administrative Officer (P.D.) - Mr. K.M. Senarathna	JM 1-1		√				
Officer in Charge- Mr. K.M.R.L. Bandara	JM 1-1			√			
Officer in Charge- Mr. H.M. Chandrapala	JM 1-1				√		
Officer in Charge- Mr. M.M. Kumarasingha	JM 1-1			√			
Officer in Charge (Acting)- Mr. P.D.K. Balachandra	JM 1-1			√			
Kandy Divisional Office							
Divisional Manager- Mr. K.A.B. De A. Rajapaksha	MM 1-1			√			
Assistant Divisional Manager (Extensions) - Mr. L.K. Weerasekara	MM 1-1			√			
Accounts Officer-Mr. A.G. Somasiri	JM 1-1			(√)*			
Administrative Officer(Acting)-Mr. A.W.B.G. Nandawathi	JM 1-1		√				
Public Relations Officer-Mr. Anura Dissanayake	JM 1-1	√					
Officer in Charge-Mr. W.J.W. Arambepola	JM 1-1			√			
Officer in Charge-Mr. T.M.J. Herath	JM 1-1			√			
Officer in Charge-Mr. T. Amarasekara	JM 1-1			√			
Officer in Charge-Mr. Anuruddha Bandara	JM 1-1				√		

(√) * - AAT Qualification / Part Qualification of the ICASL (Chartered)

Post	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/Diploma	Post Graduate Degree
N'Eliya Divisional Office							
Divisional Manager (Acting)-Mr. M.M. Wijebandara	MM 1-1			√			
Assistant Divisional Manager (Extensions)-Mr. S.M.K.K.B. Kapagedara	MM 1-1			√			
Administrative Officer- Mr. G.I.U. Somasiri	JM 1-1	√					
Accounts Officer-Mrs. Shayamali Premasundara	JM 1-1			√			
Officer in Charge-Mr. D.M.R.K.B. Dasanayake	JM 1-1			√			
Officer in Charge-Mr.K.M.A.D.S. Kuruppu	JM 1-1				√		
Officer in Charge-Mr. H.M. Premakumara	JM 1-1			√			
Officer in Charge (Acting)-Mr. G.N. Yagamuni	JM 1-1				√		
Officer in Charge (Acting) -Mr.B.D.A. Hiyarapitiya	JM 1-1			√			
Uva Divisional Office							
Divisional Manager- Mr. H.R. Aruna Shantha	MM 1-1			√			
Assistant Divisional Manager (Extensions)-Mr. I.U.H. Mohotti	MM 1-1				√		
Assistant Divisional Manager(Planning and Development)-Mr. H.K. Lalith Kumara	MM 1-1				√		√
Administrative Officer (P.D.)- Mr. Gunasiri Adhikari	MM 1-1		√				
Accounts Officer- Mr. W.M. Dhanapala	JM 1-1			√			
Officer in Charge-Mr. S.C. Mudannayaka	JM 1-1				√		
Officer in Charge-Mr.R.M.P.R. Bandara	JM 1-1			√			
Officer in Charge-Mr. D.V.K. Nandasiri	JM 1-1			√			

(√) * - AAT Qualification / Part Qualification of the ICASL (Chartered)

Post	Service Category	G.C>E (O/L)	G.C>E. (O/L)	Diploma	Degree	Post Graduate Diploma	Masters Degree
Kegalle Divisional Office							
Divisional Manager- Mr. P.A. W. Nilmalgoda	MM 1-1			√	√		
Assistant Divisional Manager (Extensions)-Mr. K.A.B. Pathmaraja	MM 1-1				√		
Administrative Officer - Mrs. E.M.D. Amunugama	JM 1-1	√					
Accounts Officer- Mrs. P.G.I. Surangika	JM 1-1				√		
Officer in Charge-Mr. D.M.G.S. Ekanayake	JM 1-1			√			
Officer in Charge-Mr. D.S. Ranaweera	JM 1-1			√			
Kaluthara Divisional Office							
Divisional Manager (Acting)-Mr. P.G. Somasiri	MM 1-1			√			
Assistant Divisional Manager (Extensions) -Mr. W.T.R.P. Wimalarathna	MM 1-1			√	√		
Accounts Officer- Mrs. R.A.C.D.D. Jayathunga	JM 1-1				√		
Administrative Officer (Acting) - Mrs. P.K. Chandralatha	JM 1-1	√					
Officer in Charge-Mr. A.A.D.P. Abethilaka	JM 1-1			√			
Officer in Charge-Mr. R.M.A.D. Rathnayake	JM 1-1			√			
Ratnasiri Wickramanayake Training Centre							
Manager (Training)- Acting- Mr. K.A.B. De A. Rajapaksha	MM 1-1			√			
Training Officer- Mr. S.C.E. Narangaspitiya	JM 1-1			√	√		

(√) * - AAT Qualification / Part Qualification of the ICASL (Chartered)

Schedule No: 04

**Tea Production of Tea Small Holdings Sector
From 1983 - 2014 (KgM)**

Year	National production	Production of Tea Small Holdings Sector		Contribution to national production%
		Production	Percentage of Development	
1983	179.28	62.4	-	55.76
1984	208.05	77.4	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
2014	338.03	247.4	0.8	73.1

Source: Sri Lanka Tea Board

Schedule No: 05

Operation of Tea Replanting Subsidy Scheme
1978 - 2014

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	-	-	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
2014	10134	2540	810	720	258.09	391.75

Schedule No: 06

Operation of crop rehabilitation (pruning) subsidy scheme of tea lands 1979 - 2014

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
2014	776271	271015	232034	5.91	17.50

**Pruning scheme from societies

Source: Progress report of TSHDA

Schedule No: 07

Operation of Tea new planting subsidy scheme
1978 - 2014

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
2014	5315	1034	426	401	66.98	51.50

*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**

Year	No. Of issued permits	Extent of land covered by permits (Ha)	Soil preparation (Ha.)	Plantation (Ha.)	Annual expenditure Rs.M	Annual allocation Rs.M
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

Issuance of shoots of new species of modified mother plants - 2014

District	Venue	Commercial nurseries	Tea small holders	Societies and other	Institutional nurseries	Production	
						Amount	target
Galle	Neluwa and Walahanduwa	-	19,925	5,675	7,000	32,600	85,000
Hanthana	Hanthana	-	18,500	-	21,725	40,225	-
Kaluthara	Wogan	13,900	18,445	4,300	39,500	76,145	100,000
Kandy	Rahathungoda and Sooriyagoda	1,050	1,600	-	21,760	24,410	28,000
Kegalle	Hingula	-	-	-	-	-	-
N'Eliya	Nelligolla and Thispane	5,750	450	-	29,075	35,275	20,000
Uva	Bandarawela and Haliela	20,180	15,980	1,541	-	37,701	57,650
Grand Total		17	74,900	11,516	119,060	246,356	290,650

Schedule No: 9 - B

Operation of Institutional Tea Nurseries

Year 2014 (Rs.)

Description	Year 2014 (Rs.)										Total	
	Hanthana	Rahathungoda	Walahanduwa	Hingula	Hedigalla	Wogan	Thispane	Mawarala				
Stock as at 2014.01.01	No. of shoots	41460	31555	53805	225573	46219	111740	105000	-			615332
	Value	158941	401380	595088	2639213	438754	797840	980420	-			5411645
Planted during the year	No. of shoots	45000	173537	40000	170000	73113	134315	200273	12000			848238
	Value	349645	1955790	665487	1931643	980870	1617281	1890036	382426			9773180
Dead Plants		3291	54104	3500	25933	11397	34206	18503	-			150754
Stock as at 2014.12.31	No. of shoots	45454	27642	44355	208942	36552	112219	219599	12000			706733
	Value	240471	745495	382495	1658577	420518	659098	1656352	382426			6145433
Plants suitable for sale	Number	37715	123346	45950	160698	71413	99810	67171	-			606103
	Value	268115	1611674	878081	2312278	999106	1756032	1214105	-			9039391
Production cost of a plant (Estimated)		10.04	14.18	12.02	13.65	13.86	13.34	14.89	-			13.62
Sold plants	Number	37715	123346	45950	160698	71413	99810	67171	-			606103
	Value	565725	1850190	689250	2410470	1071195	1497150	1007565	-			9091545
Cost of a plant on sale		7.10	13.06	19.10	14.38	13.99	17.59	18.07	-			14.91
Profit / Loss		297610	238516	(188831)	98192	72089	(258882)	(20654)	-			52154

Source: Tea Small Holdings Development Progress Report

Schedule No: 9 - C

Function of Commercial Tea Nurseries – 2013/2014

Regional Office	Issuance of Permits		First Examination(CN - 04)			Second Examination (CN - 05)			Third 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	170	7,673,000	114	2,799,515	36	85	2,029,460	72	62	331,890	16
Matara	194	5,274,500	185	2,000,606	38	153	1,579,430	79	86	715,300	45
kaluthara	50	1,510,000	25	585,000	39	17	485,000	83	17	485,000	100
ratnapura	81	5,288,700	48	1,735,541	33	32	1,270,845	73	-	-	-
Kandy	96	3,490,000	84	1,536,402	44	65	1,390,770	91	38	310,400	22
N'Eliya	65	3,123,000	40	1,548,000	50	33	1,026,000	66	26	510,500	50
Uva	130	3,537,500	106	2,387,894	68	84	1,717,540	72	56	1,275,628	74
kegalle	24	1,144,000	6	261,450	23	4	159,000	61	-	-	-
Total	810	31,040,700	608	12,854,408	41	473	9,658,045	75	285	3,628,718	38

Source: Tea Small Holdings Development Progress Report

Schedule No: 10 - A

Prices of Tea at the Colombo Tea Auction Based on Elevation

1985 - 2014 Average Gross Price

(Price - Rupees per 1kg)

Year	Up country	Mid country	Low country	Total average
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
2014	420.36	410.13	488.06	461.86

Schedule No: 10 - B

Estimation of Production Cost for a Kilo of Green Leaf 2014 (Low Country)
10490 Kg of Green Leaf Per Annum / Hectar (225 kg of Processed Tea)
(With Subsidy)

	Activity	Frequency of Practice	Labour units	Green Leaf	Total Cost	%
1	i.Plucking (20kg per individual per day)	1/2 Labour 45 times	525	-	314700	65.59
	ii Leaf Transportation		23		13800	2.88
2	Weeding	10 labourers per month	60	-	36000	7.50
3	Fertilizer mixture and application					
	i Adding the fertilizer mixture to matured tea crops	8 labourers each (Up to 2-4 occasions)	24	25688	40088	8.35
	ii Adding Dolomite	4 labourers each (2 occasions cycle)	2	4002	5202	1.08
	iii Adding Zinc	5 labourers each(2 times)	10	1067	7067	1.47
4	Shade Management	5 labourers each (2 times)	10		6000	1.25
5	Pruning	30-40 labourers each (2 occasions cycle)	20		20000	4.17
6	Mossing	12-20 labourers each (2 occasions cycle)	10		6000	1.25
7	Tipping	12-20 labourers each (2 occasions cycle)	10		6000	1.25
8	Draining	36 labourers each (2 occasions cycle)	18		10800	2.25
9	Infilling	For 16 Labourers and 375 plants	8	9375	14175	2.95
			720	40132	479832	100

Average Production Cost per kilo of greenleaf	45.74	(Without General Expenses)
General Expenditure	7.00	(General Charges)
Transport Cost	<u>1.80</u>	
Production Cost	<u>54.54</u>	

- * Two year time circle has been used for the low country lands
- * Fertilizer mixtures 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. 600
- * Daily Wages for Pruning 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 11 - A

Production Cost Estimate for Replanting at High and Mid Elevations - 2014
(From Uprooting to Plucking Stage) Rs / Hectare
Daily wage Rs.800

	Amount/penditure	Uprooting			Soil rehabilitation			Planting of tea			Intenance in the first ytenance in the second			Total cost			Percent age of the total cost %							
		First year		Second year		Third year		Fourth year		Fifth year		Total cost		Total cost										
		Labour	Material cost	Labour	Material cost	Labour	Material cost	Labour	Material cost	Labour	Material cost	Labour	Material cost	Labour	Material cost	Labour		Material cost						
1 Uprooting old tea plants and clearing (40 bushes per day in a land with 50 %		132	105600												132	105600	5.47							
2 Foking ,leveling and removing roots		200	160000												200	160000	8.29							
3 Preparation of slope, drains and lining.		100	80000	40	32000	10	8000	5	4000	5	4000			160	128000	6.63								
4 Application od Dolomite (Rs. 6.00 per 1 kg) Planting Gauthalama grass (500 cuttings per day)	3952	2	23712											2	23712	25312	1.31							
5 Applying fertilizer for grass (Rs. 26.00 per 1 kg for 989 kg)	1300	4	9620	4	16120	1	8060							9	33800	41000	2.12							
7 Lopping grass (1 labour unit per lopping)		14	11200	56	44800									70	56000	2.90								
8 Weeding (10 labour units at a time)		30	24000	20	16000	100	80000	120	96000	120	96000			390	312000	16.17								
9 Planting of trees for shade(Rs. 1.00 per shoot for 740 Accasia and Dadaps) and 370	740	6	2960	1	1042									7	3202	8802	0.46							
10 Planting all trees for shade (100 Gravelia trees, Rs. .6 each) and Dolomite 100kg	100	2082	4	2082	1	108	908							5	2190	6190	0.32							
11 Removing grass						20	16000							20	16000	0.83								
12 Digging holes, lining and pegging						180	144000							180	144000	7.46								
13 Planting tea (Rs. 2.5/- each)	12500	312500				60	187500	235500						60	187500	235500	12.20							
14 Management of shade (Two occasions per year)				6	4800	12	9600	15	12000	15	12000			48	38400	1.99								
15 Controlling Blister Blight (Rs. 93/- per 200g of Perenox, 10times 280g at a time)	3	1302				40	1302	33302	40	1302	10902	40	1302	120	3906	99906	5.18							
16 Bringinh the tea plants into the plucking stage									12	9600	15			27	21600	1.12								
17 Mulching						100	80000							175	140000	7.25								
18 Applying fertilizer (200 T Third year)	1200	31200				20	31200	47200	20	63180	79180			40	94380	126380	6.55							
19 Fourth year	2430	63180				60	48000							152	121600	6.30								
750 T Fifth year	1750	45500													45500	45500	2.36							
19 Infilling	2000	25							12	11250	20850	6	11250	18	22500	36900	1.91							
20 Nematode control (7g per hole)Applying Curater	88	4840				4	4840	8040						4	4840	8040	0.42							
21 For pest control and equipment						2000	2000	2000						2000	2000	10000	0.52							
Total						546	40374	477174	128	18470	120870	607	234902	720502	359	77732	364932	233	60052	246452	1873	431530	1929930	100

• The cost estimate conforms to the recommendations of the Tea Research Institution and material cost and transport cost are included.

Schedule No 11 - B

Production Cost Estimate for Replanting at Low Elevations - 2014
 (From Uprooting to Plucking Stage) Rs / Hectare
 Daily wage Rs.800

	Amount expenditure	Uprooting		Soil rehabilitation		Planting of tea		Maintenance in the first year		Maintenance in the second year		Total cost		Percentage of the total cost %			
		Material cost	Total cost	Labour units	Material cost	Total cost	Labour units	Material cost	Total cost	Labour units	Material cost	Total cost	Labour units		Material cost	Total cost	
1 Uprooting old tea plants and cleaning (40 bushes per day in a land		104	83200									104		83200	4.59		
2 Felling, leveling and removing roots		125	100000									125		100000	5.52		
3 Preparation of slope, drains and lining.		100	80000	40	32000	10	8000	5	4000	5	4000	160		128000	7.07		
4 Application of Dolomite (Rs. 6.00 per 1 kg)	1976	2	11856									2	11856	13456	0.74		
5 Planting Gauthalama grass (500 cuttings per day)		54	43200									54		43200	2.39		
6 Applying fertilizer for grass (Rs. 26.00 per 1 kg for 989 kg)	1610	4	9620	4	27380	1	8060					9	41860	49060	2.71		
7 Lopping grass (1 labour unit per lopping)		14	11200	56	44800							70		56000	3.09		
8 Weeding (10 labour units at a time)		30	24000	20	16000	100	80000	120	96000	120	96000	390		312000	17.23		
9 Planting of trees for shade/ For 300 Accasia and Dadaps plants and	300	2520	8920	1	1052							9	2772	9972	0.55		
10 Planting tall trees for shade (100 Gravelia trees, Rs. 6 each) and	100	2082	6882	1	1008							7	2290	7890	0.44		
11 Removing grass						20	16000					20		16000	0.88		
12 Digging holes, lining and pegging						180	144000					180		144000	7.95		
13 Planting tea (Rs. 25/- each)	12500	312500				60	187500					60	187500	235500	13.00		
14 Management of shade (Two occasions per year)		3	1302	6	4800	12	9600	15	12000	15	12000	48		38400	2.12		
15 Controlling Blister Blight (Rs. 93/- per 200g of Perenox, 10times						20	17302	20	17302	20	1302	60	2604	50604	2.79		
16 Bring in the tea plants into the plucking stage												0	1302	1302	0.07		
17 Mulching						100	80000	75	60000			27		21600	1.19		
18 Applying fertilizer (200 T Third year)	1200	31200				20	31200	20	63180			175	94380	140000	7.73		
Fourth year	2430	63180				60	48000	60	48000	32	25600	152	45500	126380	6.98		
7 50 T Fifth year	1750	45500										24	30000	49200	2.72		
19 Infilling	2000	25										4	4840	8040	0.44		
20 Nematode control (7g per hole)-Applying Curater	88	4840															
21 For pest control and equipment			2000	2000	2000		2000		2000		2000		2000	10000	0.55		
Total		447	28078	385678	128	26640	129040	587	234902	339	81482	352682	219	63802	239002	1,810,904	100

*Cost estimate is in line with the recommendations of the Tea Research Institute and raw material and travelling cost are also included

Schedule 12

Provision of Fertilizer for Tea Small Holders Under the Loan Scheme M.T. (Up to 1993
- 2009)

Year	Loan Scheme	Other	For Cash	Total Issue
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 – 2014

Year	**Exported Amount (KgM)	* Amount of Export Earnings (Rs. M)	% 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
2014	327.3	212588	15.00

* 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 - 2014)**

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
2014	0.9

Source: Central Bank of Sri Lanka

Project of popularizing the use of machines in tea cultivations - Year 2014 (Physical details)

Regional office	Number of societies benefited	Distribution of equipment (Number)										
		Cutter	Basket	Tea plucking machines			Functions with fuel power		Apron	Overall and caps	Pairs of Gumboots	Pairs of canvas shoes
				Battery power	Fuel power	Clipping machines	Machines used for digging					
Galle	8	80	80	8	8	8	8	80	8	16	80	
Matara	7	70	70	7	7	7	7	70	7	14	70	
Rathnapura	8	80	80	8	8	8	8	80	8	16	80	
Kandy	6	60	60	6	6	6	6	60	6	12	60	
Nuwera Eliya	6	60	60	6	6	6	6	60	6	12	60	
Bandarawela	5	50	50	5	5	5	5	50	5	10	50	
Kegalle	5	50	50	5	5	5	5	50	5	10	50	
Kaluthara	5	50	50	5	5	5	5	50	5	10	50	
Total	50	500	500	50	50	50	50	500	50	100	500	

Amount spent for the project of popularizing the use of machines in tea cultivations- Year 2014 (Financial details)

Regional office	Number of societies benefited	Cutter	Basket	Tea plucking machines		Machines for which fuel is used		Apron	Overall and caps	Pairs of canvas shoes	Total expenditure
				Battery power	Fuel power	Clipping machines	Machines used for digging				
Galle	8	111	68	330	524	431	638	44	26	100	2272
Matara	7	97	59	289	458	377	559	39	22	88	1988
Rathnapura	8	111	68	330	524	431	638	44	26	100	2272
Kandy	6	83	51	247	393	323	479	33	19	75	1704
Nuwera Eliya	6	83	51	247	393	323	479	33	19	75	1704
Bandarawela	5	69	42	206	327	270	399	28	16	63	1420
Kegalle	5	69	42	206	327	270	399	28	16	63	1420
Kaluthara	5	69	42	206	327	270	399	28	16	63	1420
Total	50	694	424	2062	3272	2695	3990	275	160	627	14198

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT 31st December 2014

	Schedule No.	2014		(Rs'000) 2013	
ASSETS					
Current Assets					
Cash and Cash equivalents	7	75,256		27,403	
Receivables	4,5	118,817		118,970	
Inventories	3	15,662		15,391	
Prepayments	6	800		461	
Other Current Assets	2A	<u>6,145</u>	216,680	<u>5,412</u>	167,638
Non- Current Assets					
Investments (Fixed Deposit)	2		9,993		8,962
Other financial assets	2A		3,935		2,028
Property, Plant and Equipment	1	349,362		343,147	
Less: Acc. Depreciation		<u>(92,586)</u>	256,776	<u>74,702</u>	268,444
Total Assets			487,385		447,073
LIABILITIES					
Current Liabilities					
Payables	8	54,536		22,266	
Accrued Expenses	9	<u>145,045</u>	199,581	<u>261,690</u>	283,956
Non - Current Liabilities					
Employee benefits (Gratuity)	10		<u>139,450</u>		<u>130,005</u>
Total Liabilities			339,031		413,961
Net Assets			<u>148,354</u>		<u>33,112</u>
NET ASSETS/EQUITY					
Capital contributed by government	01A	25,220		19,830	
Revaluation Surplus	01B	124,109		124,109	
Accumulated surplus/(deficits)		<u>(61,574)</u>	87,755	<u>(269,702)</u>	(125,763)
Grants	01C		60,599		158,875
Total Net Assets / Equity			<u>148,354</u>		<u>33,112</u>

The Accounting policies on pages 03 to 04 and Notes on pages 07 to 23 form an integral part of these Financial Statements. The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements were approved by the Board of Directors and signed on their behalf.

.....
(Acting Chairman)

.....
(Director)

.....
(General Manager)

.....
(Finance Manager)

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st DECEMBER 201-
(Rs'000)

	Schedule No.	2014	2013
Operating Revenue			
Consolidated Fund			
Funds Received during the year		734,994	505,063
Other Income			
Interest - C/D	15	1,684	2,726
Interest on Loan to Employees		3,874	3,450
Miscellaneous Income		4,162	3,238
Surplus (Deficit) in Nurseries	17	52	167
Income Over Expenditure Hanthana		1,957	1,797
		<u>11,730</u>	<u>11,378</u>
		746,724	516,441
Development Expenditure			
Subsidies	13	(331,213)	(431,451)
Extension	14	(9,284)	(3,660)
Social Development	13	(1,335)	(1,960)
Situation Strengthening		<u>(3,272)</u>	<u>(2,991)</u>
		(345,104)	(440,062)
Operating Expenses			
Personal Emoluments			
Salaries Allowance E.P.F, E.T.F,ect.		(196,113)	(184,446)
O/T, H/pay		(2,669)	(2,055)
Travelling		(8,543)	(7,562)
Supplies and consumable used		(3,420)	(3,252)
Maintenance		(15,690)	(14,813)
Communication		(4,535)	(3,943)
Rent, Rates & Electricity		(5,795)	(5,638)
Other Operating expenses		(16,047)	(16,754)
Total operating expenses		<u>(252,812)</u>	<u>(238,462)</u>
Surplus / (Deficit) from operating activities		148,808	(162,083)
Contingency		(23,408)	(25,023)
Depreciation and amortization expenses		(19,215)	(18,316)
Provisions for Bad Debt/written off debtors		(76)	(2,063)
		<u>106,110</u>	<u>(207,485)</u>
Gain on sales of property plant and equipment			
AD & Divinaguma - Reurrent Grants	14	455,053	40,241
- Recurrent Expenses		<u>(455,053)</u>	<u>(40,241)</u>
		0	-
Net surplus / (Deficit) before extra ordinary items		106,110	151
Provision for year Adjustment		1,185	151
Deferred Income	01 D	100,833	19,492
Net surplus / (Deficit) for the period		<u>208,128</u>	<u>(187,842)</u>

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED 31st DECEMBER , 2014

	(Rs,000)	
	2014	2013
Cash Flow from Operating Activities		
Surplus/(deficit) from ordinary activities	208,128	(187,842)
Non-cash movements		
Depreciation	18,067	18,316
Provision For Gratuity	23,408	25,023
Increase in provision for doubtful debts	76	2,063
Written off Debtors	(7)	(771)
Interest Income	(1,684)	(2,726)
Increase /decrease in payables	(84,375)	160,311
Revaluation Loss		
Increase in provisions relating to employee costs		
Gains/losses on sale of property, plant and equipment	(14)	(54)
Increase /decrease in other assets	(3,672)	(2,487)
Increase /decrease in receivables	22	(647)
Increase /decrease in Inventory Item	(271)	6,990
Net cash flows operating activities	<u>159,677</u>	<u>18,177</u>
ASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(6,469)	(18,385)
Proceeds from sale of plant and equipment	19	55
Net cash flows investing activities	<u>(6,450)</u>	<u>(18,330)</u>
Interest received	1,476	1,949
Gratuity Paid	(13,964)	(10,920)
ASH FLOWS FROM FINANCING ACTIVITIES	<u>(12,488)</u>	<u>(8,972)</u>
Capital Grants	(98,276)	(4,105)
Government Contribution	5390	
Net Cash flow from financing activities	<u>(92,886)</u>	<u>(4,105)</u>
Net increase/(decrease) in cash and cash equivalents	47,853	(13,230)
Cash and cash equivalents at beginning of period	<u>27,403</u>	<u>40,633</u>
Cash and cash equivalents at end of period	<u><u>75,256</u></u>	<u><u>27,403</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 changed and bad debts provision of Rs.76 thousand is allocated for this year. Out of the total receivable balances were identified as uncertain of recovery balances have been provided as a bad debt for in the manner detailed below.

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

(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 new assets acquired were depreciated beginning from the date of acquisition.

The over depreciation of Nelligolla building was Rs.1.06 million has been adjusted with retrospective year.

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 6th year of service. However, Rs.10 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 2014 for IRDP, SHTDP, TDP, Other Projects and treasury grant been amortized. Accordingly Rs.100.8 million had been accounted as deferred income and remaining balances have been brought forward amortizing by future years. Rs.93.61 million of budget Grant for Small Holder has been amortized in this year. The deffered income has been increased by Rs.93.61 Million due to the above adjustment.
- (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.
- (7) During this year development programs for small holders were undertaken with Divineguma Soil conservation and Mechanization projects. The total cost incurred on these is Rs.455.05 million. For the Mechanization, Divinaguma and Soil Conservation Programme funds have been received through TRI and the Ministry of Plantation Industries.

Tea Small Holdings Development Authority
Statement of Changes in Net Assets/Equity
for the Year Ended 31/12/2014

6

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 31/12/2013	19,830	158,875	124,109	(269,702)	33,112
Surplus/(Deficit) for the year				208,128	208,128
Gain on property revaluation					-
Government Grant for the year	7,947				7,947
Other Grant for the year					-
Deffered Income for the year	(2,558)	(98,275)			(100,833)
					-
					-
Balance as at 31/12/2014	25,220	60,600	124,109	(61,574)	148,354

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2014

NOTE 01**PROPERTY PLANT & EQUIPMENT 2014**

DESCRIPTION	COST AS AT	ADDITIONS	TRANSFER /	COST AS AT
	01.01.14	FOR THE YEAR	DISPOSAL	31.12.14
Land	72,468,393.51	963,404.11	-	73,946,464.44
Buildings	170,047,675.59	2,871,290.32	-	172,404,299.09
Motor Vehicles	52,771,453.00	1,222,415.00	-	53,993,868.00
Project Motor Vehicle	13,945,935.00	-	-	13,945,935.00
Furniture Fittings & Office Equip.	17,819,098.53	428,153.18	(105,919.00)	18,139,132.71
Computer	15,707,564.22	1,006,740.00	(168,634.50)	16,545,669.72
Plant & Machinery	386,650.00	-	-	386,650.00
Total	343,146,769.85	6,492,002.61	(274,553.50)	349,362,018.96

DEPRECIATION

DESCRIPTION	DEPRECIATION	DEPRECIATION	TRANSFER /	ACCUMULATED	WRITTEN DOWN
	AS AT 01.01.14	FOR THE YEAR	DISPOSAL	DEPRECIATION	VALUE
Land	-	-	-	-	73,431,797.62
Buildings	28,271,123.58	3,410,790.46	-	31,681,914.04	141,237,051.88
Motor Vehicles	16,424,269.80	10,418,627.02	-	26,842,896.82	27,150,971.18
Project Motor Vehicle	8,328,059.50	1,783,459.50	-	10,111,519.00	3,834,416.00
Furniture Fittings & Office Equip.	10,547,865.78	1,589,973.40	(109,680.77)	12,025,958.41	6,113,174.30
Computer	9,684,474.63	2,011,945.26	(159,334.50)	11,537,085.39	5,008,584.33
Plant & Machinery	386,649.00	-	-	386,649.00	1.00
Total	73,642,442.29	19,214,795.64	(269,015.27)	92,586,022.66	256,775,996.31

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2014

NOTES

Description	Rs.
Note 02	
INVESTMENTS -	
Fixed Deposit - Gratuity	9,993,082.42
Note 02 A	
Other Financial Assets	
Staggered Cost	3,935,215.98
Other Current Assets	
Plants Stocks	6,145,433.14
Note 03	
Inventories	
Stationary	2,192,649.90
Sundry Stocks	9,629,930.26
Tea	451,760.62
Fertilizer	107,197.60
Basamid/Methum sodiam	619,938.47
Polythene	913,295.98
Sprayers	28,563.96
Nursery Equipment	24,228.26
Scales	84,258.35
Plucking Seizers	212,689.61
Aid Package	972,117.58
Tyre & Tube	36,624.00
Training Equipments	3,982.50
Other Stocks	385,078.93
Total	15,662,316.02
Note 04 05	
Receivables	
Debtors	18,857,298.69
Loan and Advances	110,188,411.30
Deposits and Advances	748,328.84
Other Balance	11,079,409.76
Total	140,873,448.59
Less Bad Debts Proviton	(22,056.832.16)
Total	118,816,616.43
Note 06	
Pre Payments	800,157.99

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended 31st December 2014

NOTES

Note 07	
Cash Bank Balances	
Cash in Transit	492,678.75
Cash in Hand & at Bank	46,800,144.38
Deposits	27,963,000.00
Total	75,255,823.13
Note 08	
Payables	
Creditors	12,103,655.89
Deposit payable	4,716,594.46
Other Provisions	3,041,905.55
Other Balance	34,670,612.05
Total	54,535,767.95
Note 09	
Accrued Expenses	
Annual Trip	65,000.00
Electricity	132,885.04
EPF & ETF	4,979,094.04
Maintenance of Computer	9,200.00
Seminars & Conference	116,336.67
Rates & Taxes	8,700.00
Fuel	366,827.50
Holiday Payments	23,119.29
Medical Care	753,572.32
Motor Cycle Maintenance	125,330.00
Newspapers	8,230.00
Welfare	17,114.70
Office Equipment Maintenance	20,160.00
Overtime	229,895.86
Postage	21,446.10
Rent	264,074.00
Salaries / Wages	560,692.08
Security	168,445.56
P.A.Y.E.	10,850.31
Building Cleaning / Maintenance	21,100.00
Free Cup Of Tea	24,360.00
Telephone	147,057.49
T.S.H.S.F.	194,351.00
Transport Charges	41,950.00
Travelling & Subsistence	790,211.47
Uniforms & Boots	6,722.50
Stationery	38,711.00
Library	9,520.00
Water	22,415.15
Vehicle Maintenance	277,945.00

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 Year Ended 31st December 2014
 NOTES

Note 09	
Stamp Duty	30,030.00
Re Planting Subsidy	92,223,497.23
New Planting Subsidy	38,405,011.28
Crop Rehabilitation	3,998,099.50
Bank Charge	332,115.60
Extension Program	5,230.00
Union	212.00
Dolomite subsidy	228,190.00
Divinaguma	216,355.00
Nursary & Mother Bush	134,586.25
Other	16,145.42
Total	145,044,789.36
Note 10	
Employee Benefits (Gratuity)	139,449,953.77



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

LP/I/ISHDA/01/14/01

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

24 October 2015

The Chairman

Tea Small Holdings Development Authority

CAB

Report of the Auditor General on the Financial Statements of the Tea Small Holdings Development Authority for the year ended 31 December 2014 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 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial performance, statement of changes in equity and cash flow statement 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 to the Chairman of the Authority in due course.

1.2 Management's Responsibility for the Financial Statements

The 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

GAD

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 judgement including the assessment of the risks of material misstatements 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 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 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

G.A.

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 2014 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

The following observations are made.

- (a) According to Sri Lanka Public Sector Accounting Standard 01, except in a particular instance, expenditure should not be shown by deducting from the revenue. Nevertheless, only the net result of revenue received from sale of tea leaves and parts of mother shrubs and conducting courses in Hantana Training Centre instead of being shown as income and expenditure separately. Further, out of the sundry income totalling Rs. 4,162,477, a sum of Rs. 2,331,811 representing 56 per cent had been shown as sundry income without being classified.
- (b) According to Sri Lanka Public Sector Accounting Standard 03, as the Government Grant of Rs. 93,610,309 received during the period from 1998 to 2001 for the expansion of the tea factory network had not been adjusted accurately, it had been brought forward in the accounts. Moreover, it had been shown in the statement of financial performance in the year under review as a deferred income, without adjusting retrospectively.



2.2.2 Accounting Policies

(a) Provisions for the Payment of Employees' Gratuity

The following observations are made.

- (i) Even though provisions for payment of employees' gratuity should be made after completion of one year of the employees' service period, making total provisions at the beginning of the 6th year of the employees' service period is the policy of the Authority. As such, there is a possibility of an unusual effect on the financial result in the year of making provisions as the Authority had not considered in this matter.
- (ii) Even though the policy of the Authority is making total provisions at the beginning of the 6th year of the employees' service period for payments of employees' gratuities, provisions had been made for the entire period from the 5th year of the service period for the full period of 05 years by Matara, Hantana and Ratnapura regional offices.

2.2.3 Accounting Deficiencies

The following observations are made.

- (a) Income amounting to Rs. 2,296,929 and Rs. 1,451,142 received from sale of tea leaves and buds of mother bushes had been brought to account in regional offices in the year under review. However, action had not been taken to capitalize the value of tea shrubs and mother bushes of those plantations.
- (b) Action had not been taken to revalue to disclose the fair value of fully depreciated non-current assets which are being used at present except for the motor vehicles owned by the Authority



2.2.4 Unexplained Differences

The following observations are made.

- (a) A difference of Rs. 898,423 was observed in the reconciliation of ledger balances of 05 Employees' Loans and Advance Accounts and 02 Creditors' Accounts with the related schedules as at the end of the year under review.
- (b) Cost of buildings amounting to Rs. 39,498,038 shown in the financial statements as at the end of the year under review had been shown as Rs. 40,602,444 in the Register of Fixed Assets, thus observing a difference of Rs. 1,104,405.
- (c) According to the financial statements, the values of lands and buildings of the Hantana Training Centre amounted to Rs. 9,189,862 and Rs. 34,873,648 whereas according to the Boards of Survey reports, the values shown as Rs. 7,170,987 and Rs. 34,542,475 respectively. As such, a difference of Rs. 2,350,048 was observed in lands and buildings.

2.2.5 Lack of Evidence for Audit

The following documentary evidence had not been made available to audit.

Particulars	Value	Evidence not made available
-----	-----	-----
	Rs.	
Re-scheduled Motor Vehicle Loans	7,688,482	Schedules and Supporting Documents
Motor Cycle Loans given to Tea Inspectors/Extension Officers	8,780,927	-do-

2.3 Accounts Receivable and Payable

The debtors and creditors valued at Rs. 34,465,672 and Rs. 3,057,868 respectively as at the end of the year under review had not been recovered or settled by the Authority for over 05 years.



2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of non-compliance with Laws, Rules and Regulations 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

As the activities relating to tea factories, set out
in the activities of the Act of the Authority are
not carried out now, action had not been taken
to amend the Act.

The Act had been already referred to the
Ministry of Plantation to amend the said Act
and the Chairman had reported to me that the
Act had been referred to the Legal Draftsman's
Department by the Ministry.

(ii) Section 2(b) (ii) & (iv) of the Tea
Small Holdings Development
Authority Amended Act, No 34 of
2003

Two members had not been appointed to the
Board of Directors which should comprise of
13 members.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operations of the Authority for the year ended 31 December 2014 had resulted in a surplus of Rs.106.11 million as against the deficit of Rs.207.48 million for the preceding year, thus indicating an improvement of Rs.313.59 million in the financial result of the year under review as compared with the preceding year. The increase in provisions granted from the Consolidated Fund by Rs.229.93 million and the decrease in the development expenditure by Rs. 94.95 million had mainly attributed to this improvement.

3.2 **Legal Action instituted against/by the Authority**

Four employees had filed cases in the courts against the Authority claiming compensation totalling Rs. 3.115.116.

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 338.03 million kilograms and the tea small holders' contribution thereto was 247.38 million kilograms or 73.18 per cent. The total tea production in Sri Lanka during the preceding year was 340.22 million kilograms and the tea small holders had contributed 244.30 million kilograms or 71.81 per cent therein. Accordingly, the contribution of the tea small holders had increased by 1.37 per cent during the year under review.

4.1.2 **Tea Plantation Development Subsidies**

According to the Annual Report of the Authority presented, a sum of Rs. 345.1 million had been spent for development activities such as subsidies given for tea replanting and new planting Provision of extension services, social development and institutional strengthening during the year under review.

The following observations are made in this connection.

(a) The plantation development cost and the cost of implementation for the year under review and for the preceding four years are given below.

	2014	2013	2012	2011	2010
Development cost (Rs. Million)	345.1	440.0	276.3	208.0	189.2
Implementation cost (Rs. Million)	252.8	238.5	233.5	218.5	205.4
Implementation cost per Rs.1 of the Development cost	0.73	0.54	0.85	1.04	1.08



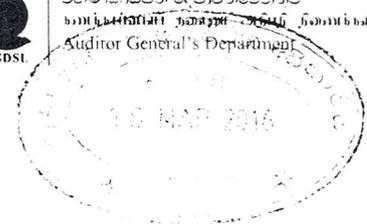
According to the above information, the development cost had dropped by Rs. 94.9 million in the year under review as compared with the preceding year and the cost of implementation per one rupee of the development cost as well had increased by Rs. 0.19 as compared with the preceding year.

- (b) According to the national requirement, 2,300 hectares should be replanted annually to get the maximum yield and to maintain tea lands. However, according to the information made available, only 720 hectares had been replanted during the year under review under the subsidy scheme, representing 0.62 per cent from the total matured tea lands of 116,492 hectares. As 21,613 hectares from these matured tea lands had been plantations older than 25 years, information from census had shown the necessity of replanting the entire extent of the said plantation.
- (c) The subsidy given for tea replantation in the year under review amounted to Rs. 258.09 million and it was 65.88 per cent of the expected subsidy amounting to Rs. 391.75 million.

4.1.3 Crop Rehabilitation

The following observations are made.

- (a) Even though it had been targeted to plant 0.8 million plants by following recommended methods for replantation, only 0.271 million plants had been planted during the year that is only 34 per cent of the targeted amount.
- (b) Even though it had been expected to grant cultivation subsidies amounting to Rs. 17.5 million for crop rehabilitation in the year under review, only a sum of Rs. 5.9 million or 44 per cent of the expected amount had been granted. Further, it had been expected to issue 2,089 permits for granting subsidies. Nevertheless, only 1,498 permits could be issued.



4.1.4 Revolving Loan Fund of the Tea Development Project

According to the Annual Report relating to the year under review, the Central Bank had allocated SDR 15.4 million and granted loans only for 20 applicants for tea replantation and 02 applicants for commercial nurseries during the year under review from the revolving fund made for the development of tea smallholders.

4.1.5 Institutional Plant Nurseries

The following observations are made.

- (a) According to the financial statements, operating result of 08 plant nurseries during the year under review had been a net surplus of Rs. 52,154 as compared with the corresponding net surplus of Rs. 167,217 for the preceding year, thus indicating a decrease in the surplus by Rs. 115,063.
- (b) The gross profit ratio of plant nurseries for the year under review had been 0.6 per cent as compared with the corresponding ratio of 2.3 per cent for the preceding year.
- (c) The Tispane Nursery had incurred losses continuously and losses amounting to Rs.206,540 and Rs. 232,177 were observed during the year under review and preceding year respectively.
- (d) The number of perished plants of 07 nurseries in the year under review had been 150,754 and represented 10 per cent of the total plants. The perished plants of Rahathungoda, Higuloya, and Vogan Nurseries had abnormally increased during the year under review.

4.1.6 Utilization of Project Aids

The following observations are made.

- (a) Out of the sum of Rs. 19,880,000 received under Divinaguma Project, a sum of Rs. 7,070,800 issued to 08 Regional Offices for development activities such as new tea planting and re-plantation, pepper cultivation and crop rehabilitation (in filling) in tea lands and a sum of Rs. 6,211,877 retained in the Head Office had been saved without utilizing for the relevant purposes.
- (b) The expected financial aid for development activities such as new tea planting and replantation, pepper cultivation and crop rehabilitation (in filling) for cultivators in 08 districts under Divinaguma Project had been Rs. 21,608,880 and the actual financial aid granted had been Rs. 12,943,456. It ranged from 25 per cent to 66 per cent.
- (c) Out of the sum of Rs. 357,725,510 received for the soil aid project, a sum of Rs. 18,297,791 had remained in the Head Office and Regional Offices without utilizing for the relevant purpose.
- (d) A sum of Rs. 348,000 granted to the Kalutara Regional Office for the Tea Project for low income female recipients had not been utilized for the relevant purpose even up to the end of the year and that amount had been shown as payables under other creditors.

4.2 Assets Management

The following observations are made.

- (a) The ownership of lands and buildings valued at Rs.23,161,486 and Rs. 55,302,611 respectively including staff quarters in 04 Regional Offices and tea lands had not been vested with the Authority even up to the end of the year under review.

(b) Action had not been taken to vest Walahanduwa sub office, nursery and Akmeemana mother plantation extension centre etc. belonging to the Galle Regional Office, with the Authority.

4.3 Transactions of Contentious Nature

Spending a sum of Rs. 5,908,811 for tea farmers' meet held at the Temple Trees on 12 November 2014 was problematic in audit.

4.4 Human Resources Management

According to the information made available by the Authority, the approved cadre of the Authority as at 31 December 2014 had been 422 and the actual cadre including the 06 posts of primary level recruited on contract basis was 430. There were 53 posts in excess and 51 vacancies as at that date.

The following observations are made in this connection.

- (a) Vacant posts as at 31 December 2014 had included the Deputy General Manager (Development), Manager (Human Resources and Administration), Manager (Development) and Manager (Training).
- (b) According to Public Administration Circular No.2014/10 , excess cadre in the year under review was 53 due to making 22 employees permanent, who had completed 180 days.
- (c) According to information made available to audit, the ratio of extension agents to tea farmers should be approximately 1:1000 for an effective extension service. Nevertheless, this ratio which existed as 1:2730 in the preceding year had increased up to 1:2736 in the year under review due to vacancies in 26 posts of tea inspectors/extension officers.

4.5 Unresolved Audit Paragraphs

It had been discussed in respect of appointing and paying allowances to an officer for an acting post, not in the approved cadre of the Authority at the meeting of the Committee on Public Enterprises held on 19 November 2014. A Directive had been given to the Chief Accounting Officer and the Accounting Officer to take proper action in respect of appointing him in the acting post of Assistant Manager (Human Resources and Administration) and paying allowances deviating from the recruitment procedure. However, the Authority had not taken action to implement the Directive even up to 14 August 2015, the date of audit.

5. Accountability and Good Governance

5.1 Budgetary Control

Significant variances were observed between the budgeted and the actual figures thus observing that the budget had not been made use of as an effective instrument of management control.

5.2 Audit Committees

Even though Audit and Management Committees should meet at least once in 03 months, in terms of Section 7.4.1 of Public Enterprises Circular No.PED/12 of 02 June 2003, only 03 meetings had been held in the year under review.



6. **Systems and Controls**

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

- (a) Receivable and Payable Balances
- (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