



වාර්ෂික කාර්ය සාධන වාර්තාව  
வருடாந்த செயலாற்றுகை அறிக்கை  
**Annual Performance Report** **2010**

වැවිලි කර්මාන්ත අමාත්‍යාංශය  
பெருந்தோட்டக் கைத்தொழில் அமைச்சு  
**Ministry of Plantation Industries**

55/75, වොක්ෂෝල් පවුමග, කොළඹ 02.  
இலக்கம் 55/75, வொக்ஷோல் ஒழுங்கை, கொழும்பு-02  
**No. 55/75, Vauxhall Lane, Colombo 02**





# **Annual Performance Report 2010**

**Ministry of Plantation Industries**

**No. 55/75, Vauxhall Lane, Colombo 02**

# **Content**

	<b>Page</b>
<b>1. Ministry of Plantation Industries</b>	
1.1 Introduction	1
1.2 Vision	1
1.3 Mission	1
1.4 Purposes	1
1.5 Scope	2
1.6 Development activities carried out during year 2010	2
<b>2. Financial Review</b>	3
<b>3. Sectoral Review</b>	
3.1 Tea Sector	4
3.2 Rubber Sector	7
3.3 Coconut Sector	10
3.4 Oil Palm Sector	12
3.5 Sugarcane Sector	12
3.6 Foreign Funded Development Projects	
3.6.1 Smallholder Plantations Entrepreneurship Development Programme	13
<b>4. Divisional Performance</b>	
4.1 Administration Division	15
4.2 Accounts Division	15
4.3 Internal Audit Division	16
4.4 Development Division	17
4.5 Planning Division	18
4.6 Plantation Management Monitoring Division	19
4.7 Tea, Rubber & Coconut Estates (Control of Fragmentation) Board	20
<b>Annex I – Financial Progress in Year 2010</b>	21

# **1. Ministry of Plantation Industries**

## **1.1 Introduction**

The Ministry of Plantation Industries was firstly established in year 1971 for development of the plantation crops including tea, rubber, coconut, palmyrah, sugarcane, mulberry and cashew. With the amendment to the functions of the Ministries on 29<sup>th</sup> January 2007, development of the traditional plantation crops of Sri Lanka such as tea, rubber, coconut, sugarcane and oil palm was assigned to this Ministry and Janatha Estates Development Board, State Plantation Corporation and the Plantation Companies such as Kurunagala, Chilaw and Elkaduwa were also coming under the purview of this Ministry. Thereafter, as per the amendment to the functions of the Ministries on 30.04.2010, in addition to the traditional plantation crops such as tea, rubber and coconut, development activities of sugarcane and oil palm under the plantation crops which are not assigned to any other Ministry, was also assigned to this Ministry. Later, on the amendment to the functions on 22.11.2010, in addition to tea and rubber, development activities of oil palm under the plantation crops which are not assigned to any other Ministry has also been coming under the purview of this Ministry.

## **1.2 Vision**

“Achieving national prosperity through development of the plantation industry”

## **1.3 Mission**

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

## **1.4 Purposes**

- I. To make quantitative increase in the production of tea, rubber, coconut, sugarcane and oil palm cultivations.
- II. To improve tea, rubber and coconut exports through value addition.
- III. To increase the annual amount of foreign exchange from the export of tea, rubber and coconut.
- IV. To enhance the productivity of the plantation sector through the researches carried out for development of the plantation sector.



## **1.5 Scope**

In order to achieve the above purposes in line with the Mahinda Chintana Rapid Development Programme, the following activities are carried out by the Ministry under the National Plantation Industry Policy Framework formulated for sustainable development in the plantation sector.

- i. Implementation of policies, plans and programmes of the plantation sector.
- ii. Formulation, implementation and handling of National Plantation Industry Policy based programmes and projects.
- iii. Promotion of the optimum productivity of the estate plantations.
- iv. Training of employees for efficient management in the estate plantations.
- v. Development and promotion of tea, rubber, coconut, sugarcane and oil palm industry and the matters pertaining to the related research activities.
- vi. To reap the maximum use from the plantations through multi cropping and compact farming system.
- vii. Issuance of permits for fragmentation of coconut and rubber estates and control of the fragmentation.

## **1.6 Development activities carried out during the year 2010**

- i. Initiation of preliminary action to amend the Acts of the institutions coming under the Ministry in conformity to the current and future requirements to facilitate the achievement of aimed development activities.
- ii. Implementation of projects for development of the plantation industry in Northern and Eastern provinces.
- iii. Taking necessary measures to ensure a reasonable price for tea, rubber and coconut growers and consumers.
- iv. Encouragement for researches on tea, coconut and rubber.
- v. Promotion of methodologies for attraction of the possible highest amount of foreign exchange to the country from value added export crops.
- vi. Improvement of the productivity through encouragement for environmental friendly cropping and processing of products.
- vii. Encouragement of researches for development of sugarcane cultivation and seeking of foreign technical assistance.
- viii. Seeking of foreign technical assistance for development of research sector of the oil palm cultivation.
- ix. Settlement of issues of the stakeholders in the plantation sector.
- x. Capacity building of the sector.

## 2. Financial Review

(Rs. Million)

Institution	Amount of capital allocated for year 2010	Amount of recurrent allocated in year 2010	Capital expenditure up to 31 <sup>st</sup> December 2010	Recurrent expenditure up to 31 <sup>st</sup> December 2010	Capital performance %	Recurrent performance %
Ministry	78.39	157.96	61.89	126.47	79	80
Sri Lanka Tea Board	160.00	204.80	48.00	144.0	30	70
Tea Research Institute	70.00	232.07	51.47	231.50	74	100
Tea Small Holdings Development Authority	191.00	211.44	186.90	208.00	98	98
Rubber Development Department	281.00	377.02	215.51	368.46	77	98
Rubber Research Institute	34.00	183.57	27.55	181.05	81	99
Thurusaviya Fund	5.55	6.77	4.41	5.92	79	87
Coconut Research Institute	100.00	141.43	70.00	135.50	70	96
Coconut Development Authority	110.00	77.62	96.40	77.28	88	100
Coconut Cultivation Board	523.00	254.92	432.50	243.26	83	95
National Institute of Plantation Management	7.00	12.38	6.70	10.59	96	86
Plantation Development Project	741.00	-	732.35	-	99	-
SPEnDP	398.00	-	240.64	-	60	-
<b>Total</b>	<b>2698.94</b>	<b>1859.98</b>	<b>2174.32</b>	<b>1732.03</b>	<b>81</b>	<b>93</b>

Allocations are not made by the Treasury to the institutions such as Kalubowitiyana Tea Factories Ltd. and Tea Shakthi Fund which are business institutions coming under the Ministry.



### 3. Sectoral Review

#### 3.1 Tea Sector

Sri Lanka Tea Board, Tea Research Institute, Tea Small Holdings Development Authority, Tea Shakthi Fund and Kalubowitiyana Tea Factories Ltd. are public institutions in the tea sector. The vision of the tea sector is to make “Ceylon Tea” premier in the international beverage market.

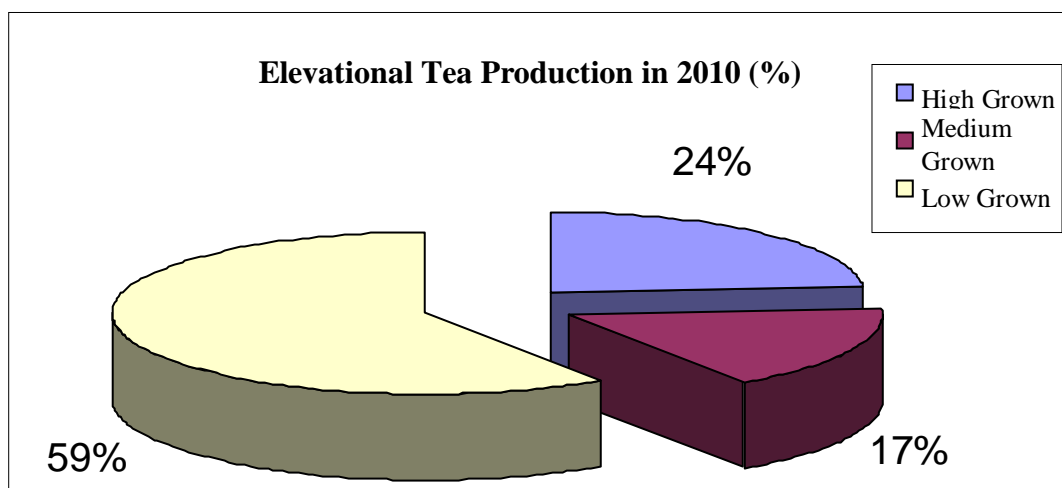
In year 2010, the tea cultivation had expanded in the extent of 204,128 hectares of which 120,009 hectares (59%) owned by the tea small holding sector. (Table 3.1)

**Table 3.1: Expansion of Tea Cultivation in 2010**

Sector	Extent (Hectares)
Corporate Sector	
Regional Plantation Companies	76,534
JEDB and SLSPC	7,585
Tea Small Holding Sector	120,009
<b>Total</b>	<b>204,128</b>

The tea production in year 2010 was 331.4 mn kg. and it is 13.7% increase as against the year 2009. As per the elevational tea production in year 2010, it was reported that the low grown tea production was 196.2 mn kg (59%) and high grown and medium grown tea productions were 79.1 mn kg (24%) and 56.1 mn kg (17%) respectively. (Chart 3.1)

**Chart 3.1**



Source -: Sri Lanka Tea Board

The low grown tea production which was 173mn kg in year 2009 has increased by 23mn kg (13%) in year 2010. During the year under review, it was reported that the annual average price of all types of tea at Colombo tea auction was Rs.370.58 per kg and the annual average export price was Rs. 497.67 per kg. This is 6% increase in the price as against year 2009.

The average yield of tea hectare in year 2010 was 1,478 kg and it is 12.6% increase as against year 2009. Taking into account of 331.4 mn kg of tea produced in year 2010 as per the main tea producing methodologies, Orthodox tea production contributed 93.6% of the total tea production (309.7 mn kg.) and CTC and Green tea productions contributed 5.4% (18.4 mn kg.) and 1% (3.3mn kg) respectively. Tea small holders produced 252.6mn kg of tea in year 2010. It was 76.2% of the total tea production. The sectoral tea production in year 2010 is given in Table 3.2.

**Table 3.2: Sectoral Tea Production in 2010**

<b>Sector</b>	<b>Production (mn. kg.)</b>
Corporate Sector	
Regional Plantation Companies	75.6
JEDB and SLSPC	3.2
Tea Small Holding Sector	252.6
<b>Total</b>	<b>331.4</b>

The quantity of tea produced by tea small holders in year 2010 has increased by 14.1% when compared with the production of 221.4mn kg in year 2009. The root cause for this progress was the contribution of the Tea Small Holdings Development Authority and the contribution of 22,502 members of 1372 Tea Small Holders Associations operated at District levels in tea growing districts. The fertilizer subsidy provided to the tea small holders under the National Fertilizer Subsidy Scheme was continued by the Tea Small Holdings Development Authority during the year under review. The quantity of total tea fertilizer distributed in 2010 under this Fertilizer Subsidy that caused for increase in the productivity of the tea small holdings sector was 123,244mt and the value was about Rs.4,350 million. Further, the contribution of the Tea Shakthi Fund was significant in distribution of tea fertilizer among the farmers



and the sale of fertilizer through the Tea Shakthi Fund in year 2010 was 358mt. The value was Rs.15.27 million.

Further, with a view to increase the tea production, tea replanting was continued in year 2010 and the total extent under tea replanting during the year was 1,766 hectares. The extent of tea replanting under the corporate and tea small holding sectors is given in the Table 3.3.

**Table 3.3: Tea Replanting in year 2010**

<b>Sector</b>	<b>Extent (Hectares)</b>
Corporate Sector	
Regional Plantation Companies	902
JEDB and SLSPC	17
Tea Small Holding Sector	847
<b>Total</b>	<b>1,766</b>

The total quantity of tea exports in year 2010 was 315mn kg and the export income was Rs.155,608 mn. It is 14.26% increase when compared with Rs.136,180mn recorded in year 2009.

Russia was the main destination of our tea exports and it was 45.5 mn kg of the total tea export and UAE was the second main destination. It was 29.6mn kg. Accordingly, quantities of tea exports to main destinations are given in Table 3.4.

**Table 3.4: Main destinations of tea exports in year 2010**

<b>Country</b>	<b>Quantity (Mn.kg)</b>	<b>%</b>	<b>F.O.B. (Rs. per kg.)</b>
Russia	45.5	22	492.91
UAE	29.6	14	500.97
Iran	27.6	13	547.09
Syria	26.3	12	489.35
Turkey	18.5	9	439.98
Jordan	17.3	8	407.71
Iraq	13.6	6	416.48
Kuwait	10.9	5	373.67
Japan	10.3	5	520.94
Libya	11.0	6	361.01
<b>Total</b>	<b>210.6</b>	<b>100</b>	

Very important activities carried for development of the entire tea industry during the year under review are given below.

- Recommendation of new fertilizer mixture for increase in the productivity of the cultivation having considered the views of the tea growers.
- Implementation of national promotion systems to protect the rights for the “Ceylon Tea” name and the Lion Logo.
- Implementation of an annual fund of Rs.1000/- million with the contribution of tea exporters for tea marketing and promotion in the local and foreign markets.

### 3.2 Rubber Sector

The various programmes implemented during the year under review by the Rubber Development Department, Rubber Research Institute and Thurusaviya Fund coming under the Ministry of Plantation Industries enabled to develop the rubber cultivation as quality and productive plantation.

The total extent of rubber cultivation during the year under review was 125,500 hectares of which 79,665 hectares that is, 63% belonged to the rubber small holding sector and 45,835 hectares (37%) belonged to the corporate sector. (Table 3.5)

**Table 3.5: Expansion of Rubber Cultivation in 2010**

<b>Sector</b>	<b>Extent (Hectares)</b>
Corporate Sector	
Regional Plantation Companies	45,213
JEDB and SLSPC	622
Rubber Small Holding Sector	79,665
<b>Total</b>	<b>125,500</b>

Further, the extent under mature rubber in year 2010 was 97,862 hectares and the extent under immature rubber was 27,638 hectares.

The total rubber production in year 2010 was 152.99mn kg. This is about 12% increase when compared with 136.9mn kg recorded in year 2009. Sri Lankan rubber prices soared as a result of the decrease in the rubber productions of the leading rubber producing countries such as Thailand, Malaysia and Indonesia due to the unfavourable weather conditions prevailed in such countries during the last few years and the increase in the remand for natural rubber which is a



substitute of synthetic rubber when the price of synthetic rubber increases. As a result, the highest price per 01kg of Ribbed Smoked Sheets No.01 (RSS 01) that is, Rs. 525.25 was recorded in December 2010. As results of the programmes implemented by the Rubber Development Department and Rubber Research Institute, the growers, who gained such benefits, were encouraged to adopt more and more the good agricultural practices such as application of fertilizer and tapping technology that fixing rain guards.

Since the rubber prices were hiked in year 2010, the farmers who engaged in tea cultivation were attracted to the rubber cultivation and during the year under review, the Thurusaviya Fund had taken action to revitalize 1,074 societies through mobilization of rubber growers at district levels.

Category wise quantities of rubber and rubber exports in year 2010 are given in the Table 3.6.

**Table 3.6: Category wise quantities of rubber and raw rubber exports in year 2010**

<b>Category</b>	<b>Quantity of production (Mt.)</b>	<b>Percentage (%)</b>	<b>Export (Mt.)</b>
Sheet	59,248	38.7	20,914
Sole Crepe	6,711	4.4	2,152
Scrap Crepe	1,842	1.2	71
Latex Crepe	52,504	34.3	18,472
T.S.R.	8,341	5.4	2,844
Centrifuge	24,341	16.0	7,050
<b>Total</b>	<b>152,987</b>	<b>100 (%)</b>	<b>51,503</b>

Since the prices in the international rubber market were soared attractively on the demand prevailed, more benefits were gained by the local raw rubber exporters in year 2010. Further, the quantity of raw rubber exports in year 2010 was 51,503mt and it is 34% of the total production. This quantity was decreased by 7% when compared with 41% of the year 2009 due to the value addition of 107,225mt of rubber. Accordingly, Rs. 64,033 million was earned from the export of value added rubber products during the year under review. Likewise, it should be pleased for the fact that majority of the producers of rubber based finished products had made

efforts to reach to the international standards by adopting modern processing systems for modernization of their products during the year under review.

Taking into consideration the export of rubber products in year 2010, rubber tyres and tubes were the products which recorded the highest export income and, its export income was Rs.39.3 million. It is 61% of the total export income. (Table 3.7)

**Table 3.7: Rubber Products exported in year 2010**

<b>Category of rubber products</b>	<b>Export Income (Rs. Million)</b>
Rubber tyres, Rubber tubes etc.	39.306
Rubber plates, Sheets and Belts etc.	2.028
Surgical gloves and other gloves	15.336
Carpets and Mats	0.784
Other rubber products	6.579
<b>Total value of the exported rubber products</b>	<b>64.033</b>

Moreover, rubber new planting and replanting were continued in year 2010 and the total extent under rubber replanting was 5,941 hectares. It is about 7% decrease when compared with 6361 hectares under rubber replanting in year 2001. However, rubber new planting was implemented in an area of 1633 hectares in year 2010 and it is about 32% increase when compared with 1230 hectares under rubber new planting in year 2009. During the year under review, 4717 hectares (17%) of the total extent under rubber replanting were managed by the Regional Plantation Companies. However, the contrintion of the rubber small holders in the rubber new planting sector was significant and the extent cultivated was 1537 hectares (94%). (Table 3.8)

**Table 3.8: Extent under rubber replanting and new planting in 2010**

<b>Sector</b>	<b>Extent (Hectares)</b>	
	<b>Replanting</b>	<b>New planting</b>
Corporate Sector		
Regional Plantation Companies	4, 717	96
JEDB and SLSPC	39	-
Rubber Small Holding Sector	1, 185	1, 537
<b>Total</b>	<b>5, 941</b>	<b>1, 633</b>

The following activities were carried out in year 2010 with the purpose of arriving at 200mt of natural rubber production by year 2016.

- Conducting of censuses on rubber lands.
- Taking special measures to expand rubber cultivation in non traditional areas.
- Under the expansion of rubber cultivation in the areas free from war in Vavuniya district, the Agriculture Research Farm in 01 acre in Allappa, Maradankulam, Vavuniya, the Rubber Nursery in 01 acre in Vavuniya town, 01 acre in Rambakulam Nedumkarni Vavuniya North, 01 acre of other farmers, the Agriculture Research Farm at Killinochchiya district, the Rural Agriculture Research Centre in 01 acre in Killinochchiya and trial researches for cultivation of rubber in 02 acres at Oddusudan in Mulative district.
- Settlement of the issues of the stakeholders related with the rubber cultivation.
- Launching of special programme to promote the fixing of rain guards to the rubber cultivations.
- Encouragement of the researches in the rubber sector.

### **3.3 Coconut Sector**

The Coconut Research Institute, Coconut Development Authority and Coconut Cultivation Board have functioned with a view to uplift the living standard of coconut growers and those who engage in coconut based industries and to make a maximum contribution to the national economy on the improvement of the export sector while catering the local consumer requirements.

20% of the total cultivable lands of the country that is 394,836 hectares are under coconut cultivation and since coconut is a crop of small holders, about 81% of growers are land owners less than 4 hectares. As per the stated calculations in year 2010, 71,347 hectares of the total extent under coconut are owned by the corporate sector and 323,489 hectares are owned by the small holders. Further, Rs. 59.02 million was incurred as planting subsidies for the extent of 4739.378 acres in year 2010.

Although the main factor that determines the number of coconuts produced by the palm is the annual rainfall, the coconut yield was dropped in year 2010 due to various reasons including the Weligama Coconut Leaf Wilt Disease that remedies could not be found to date. Accordingly, the average yield per hectare in year 2010 was 5,868 nuts and the total coconut production was 2,317mn nuts. It is 19% decrease as against the last year.

In year 2010, the cost of production of a nut was Rs.12.79 and the farm gate price of a nut was Rs.23. Accordingly, the monthly income per hectare in year 2010 was Rs.11,247 and the annual income is Rs.134,964. The coconut oil production belonging to the main product category in the coconut industry recorded 65,133mt in year 2010 and the desiccated coconut production was 28,779mt.

The average retail price of a nut in year 2010 was around Rs.32.60 and the average wholesale price of 1000 nuts was Rs.23,410. The domestic coconut consumption was around 1568 million nuts and around 748.27 million nuts were utilized for the coconut based industries. Further, the export income earned from coconuts, coconut kernel products, coir products, coconut shell products and other products was Rs.32.43 billion in year 2010 and the economic value of the entire coconut industry in the year under review was approximately Rs.83.57 billion. The table 3.9 shows that the coir based products have made the highest contribution to the total export income earned in the year 2010.

**Table 3.9: Data of Coconut Exports 2010**

<b>Product</b>	<b>Export Income (Rs. million)</b>
Coconut coir production	11,096.05
Fibre products	4,820.59
Coconut shells	5,563.30
Coir products	10,874.62
Products (other)	78.66

Source – Coconut Development Authority

Accordingly, the following measures have been taken in the year under review for development of the coconut cultivation.

- Taking action to re-establish the Palei coconut nursery to distribute required coconut seedlings in such areas for the purpose of revitalization of the coconut cultivation destroyed due to the war in Northern province.



- Taking measures to expand coconut cultivations in North and East and establish coconut seed nurseries in such areas.
- Taking rapid course of actions to control the Coconut Leaf Wilt Disease spreading in Southern province.
- Conducting researches through the Coconut Research Institute to find the feasibility of using substitutes for reduction of domestic coconut consumption.
- Implementation of a programme for encouragement of farmers for application of fertilizer.
- Making arrangements to introduce coir based products through the Model Coir Fibre factory at Dunkannawa due to increase in the price of coir.

### **3.4 Oil Palm Sector**

75,243mt of palm oil to the value of Rs.7,775 million was imported in year 2010. Therefore, it is expected to expand the extent under oil palm which is approximately 5000 hectares at present up to 25,000 hectares to make a contribution to the national economy through meeting the local edible oil requirement, development of edible oil as a commercial crop and saving the foreign exchange for the import of edible oil.

Accordingly, a separate division was installed at the Coconut Research Institute to carry out research activities of the oil palm cultivation during the year under review with the intention to increase the local oil palm production up to 80,000mt per annum. Action was also taken to build cooperation with Indonesia with a view to obtain high quality seeds to the seed gardens from the leading producer countries.

### **3.5 Sugarcane Sector**

The Sugarcane Research Institute is responsible to carry out all research activities with the intention of contribution to reduce the percentage of import of sugar that makes an adverse impact on the balance of payment of Sri Lanka, through expansion of sugarcane cultivation which uplifts social and economic conditions of

the people living in dry and intermediate climatic areas whose alternative livelihoods are not sufficient.

The total sugarcane extent of about 11,310 hectares has scattered in main sugarcane growing areas such as Pelwatta (8460 hectares), Sevenagala (2560 hectares), Badulla (90 hectares) and Hinguurana (200 hectares) and the highest contribution to the said extent is from around 10,500 sugarcane small holders. The average cane harvest of these lands in year 2010 was 51 tons per hectare and the total cane harvest of the cultivated lands is 274,000 tons.

The local sugar production in year 2010 was 5% of the annual sugar requirement that is, approximately 31,500mt. Accordingly, 590,000mt of the annual sugar requirement of Sri Lanka was imported in year 2010. The expenditure incurred for this purpose is about 53% of the total expenditure borne for the imported food items of the country (Flour, sugar and rice) and a Cess of 25 cents was levied on each kg of imported sugar. At present, the average price per a ton of white sugar is amounted to around US\$ 840 and the total expenditure borne during the year under review is nearly Rs.4,112 billion. This was caused by the restriction in the bulk of products owing to the lowest rainfall in the sugarcane growing areas of India and the limitation in the bulk of products owing to the heaviest rainfall in sugarcane growing areas of Brazil, the two countries that contribute 57% of the world sugar production.

The following course of actions was taken in the year under review for development of the sugarcane cultivation.

1. Taking essential measures for promotion of sugarcane cultivation in Northern Province.
2. Taking necessary initiatives for regularization of sugarcane research activities jointly with Cuba under the enhancement of the regional cooperation.

### **3.6 Foreign Funded Development Projects**

#### **3.6.1 Smallholder Plantations Entrepreneurship Development Programme**

The Smallholder Plantations Entrepreneurship Development Programme is implemented from 06.11.2007 to 06.11.2014 on a total project cost of US\$ 28.0

mn as US\$ 22.545 mn from “International Fund for Agricultural Development” (IFAD), US\$ 3.763 mn allocated by the domestic funds, US\$ 0.715 mn allocated by the Participatory Financial Agencies and a beneficiary contribution of US\$ 1.01 mn, aiming at improving the livelihoods of marginalized smallholder tea producers in the mid-country region and poor small holders in the intermediate zone of Moneragala region wishing to take up rubber cultivation.

Accordingly, this project has reported the following progress in the year 2010.

- i. Tracing of feasibility maps for tea cultivation in 176 hectares and rubber cultivation in 1,500 hectares.
- ii. Soil rehabilitation in 70 hectares for tea cultivation, tea replanting in 23.05 hectares and infilling in 120 hectares.
- iii. Taking action to promote among the farmers the cultivations such as mushroom, chilies, pineapples, Kiriala, Thibbatu and custard apples etc. and Cocoa cultivation as an intercropping with the intention to earn income until generating incomes from the main cultivation.
- iv. Taking action to uplift the economic conditions of the farmers through cattle rearing, goat rearing and poultry.
- v. Distribution of certified rubber plants of 700,000 expanding rubber newplanting in 1,245 hectares.
- vi. Providing 329 sacks of fertilizer containing 25kg each, to the rubber land owners.
- vii. Granting subsidies for 58 rubber growers.
- viii. Conducting 107 training programmes for 2,680 farmers to train for rubber replanting, infilling and nursery management.
- ix. Identification of 326 beneficiaries to provide loans and providing Rs.7,385 million as loans to 104 beneficiaries.
- x. Making arrangements to settle the issue of releasing of lands required for rubber cultivation, having discussions with the Government Agents in Ampara and Monaragala Districts and under the collaboration of the Department of Forest Conservation Department.
- xi. Opening sub office of the Rubber Research Institute at Monaragala as an encouragement for project activities.
- xii. Taking action to develop the nurseries owned by the Rubber Development Department and Rubber Research Institute to regularize the supply of plants to minimize the attraction of the farmers to the private nurseries consist of low quality plants.

## **4. Divisional Performance**

### **4.1 Administration Division**

- i. Taking action in respect of the administrative affairs of the Ministry of Plantation Industries, human resources management, training and development, public relations and supply management.
- ii. Making the public and institutions aware of the important activities carried out by the Ministry and the institutions coming under the Ministry, taking action in respect of the parliamentary questions, the functions of the Committee on public petitions and the Consultative Committee Meetings as well as the different letters referred for various requirements of other Ministries, institutions and the public as well.
- iii. Providing of infrastructure required for implementation of the policy decisions taken by the Ministry from time to time in line with the timely requirements and taking necessary measures to provide more efficient and productive service through implementation of the productivity concepts in the Ministry.
- iv. Arrangement of the staffs, formulation of recruitment procedures and promotion schemes required to the Ministry and the institutions coming under the Ministry and taking action for human resources management and welfare of the staff through the collection of service details.
- v. Assisting the all coordinating activities to be carried out by the Ministry in the activities related to meet the requirements of the staff needed to optimize the functions of the Ministry and the institutions coming under the Ministry.
- vi. Making primary contribution to the requirements of facilities and coordination required for the staffs of the Ministry and the all institutions coming under the Ministry to obtain local and foreign trainings, seminars and scholarships.

### **4.2 Accounts Division**

- i. The financial progress is 85% of the net provision. (See Annex 1)
- ii. In year 2010, Rs.3.65 million has been provided to the officers of the Ministry as loans and advances within the approved limits of the Advance Account “B” for Public Officers.
- iii. Procurement activities have been completed in line with the Procurement Plan.
- iv. Follow-up activities have been finalized as per the report of inventory survey conducted in 2009. The inventory survey activities were completed as at 31.12.2010 and reports of the Board of Survey have been submitted by 31.03.2011.
- v. Answers have been sent for all 19 audit queries made in respect of the activities of the Ministry in year 2010. Auditor General’s reports for year 2009 of the Smallholder Plantations Entrepreneurship Development Programme which

comes under the purview of the Ministry have been submitted to the IFAD for necessary actions.

- vi. The Appropriation Account 2010 and the Advance Account "B" for Public Officers have been submitted to the Auditor General on 28.03.2011.

#### 4.3 Internal Audit Division

##### I. Internal Audit Inquiries and Special Monitoring Activities

###### a. Sub office of Monaragala

- The activities of government owned nursery and seven private nurseries established on the direction of Monaragala Sub office under the Smallholder Plantations Entrepreneurship Development Programme were inspected. As per the details revealed thereat, proposals have been made for the courses of actions to be taken to avoid the shortcomings occurred in carrying out the activities and achieve the objectives of the project.
- The inspection of purchasing of plants from the government nurseries and private nurseries in the years of 2009 and 2010 has been initiated and about 60% of the inspection has been completed.
- The inspection of distribution of fertilizer and payment of subsidies in the years of 2009 and 2010 has been initiated and about 60% of the inspection has been completed.

###### b. Sub office of Kandy

Around 20 agricultural lands have been under field inspection to look into the achievement of tea, passion fruits, oranges and coconut plants distributed by the Kandy Sub office in year 2009 and proposals have been made for the courses of actions to be taken to avoid the shortcomings occurred in carrying out the activities and achieve the objectives of the project.

###### c. Thurusaviya Fund and National Institute of Plantation Management

- Auditing of the development activities carried out by the Thurusaviya Fund was initiated in November 2010 and it has been planned to conduct the relevant field inspection in May 2011.



- Auditing activities of the National Institute of Plantation Management were initiated in December 2010 and the relevant inspections are in progress.

d. Special monitoring activities of the institutions coming under the Ministry

On the complaint made in respect of the irregular management of the Rathmallagara Estate owned by the Coconut Research Institute, the relevant inspections were conducted and reported thereof.

## **II. Holding of Audit and Management Committee Meetings**

- a. During the year 2010, one Audit and Management Committee Meeting with the participation of Internal Auditors of the all institutions coming under the Ministry and the Audit Superintendants concerned and another Audit and Management Committee Meeting with the participation of the above officers and Heads of the institutions were held. The activities of the Internal Audit Divisions of each institution were reviewed at the said meetings and in addition, the facts that conducting of Audit and Management Committee Meetings of such institutions and the progress of answering to the audit queries issued by the Auditor General will be discussed extensively and the necessary instructions will be issued.
- b. Audit and Management Committee Meeting with the participation of the Ministry officials and the Audit Superintendant concerned was conducted to discuss on the matters pertaining to the Ministry and the projects implemented under the Ministry (SPEnDP) and the relevant sectors have been made aware of the decisions taken thereat.

### **4.4 Development Division**

The following measures were taken by the Development Division in year 2010 to develop tea, rubber, coconut, sugarcane and oil palm cultivations and also to develop related industries and value added products. However, the accountabilities of coconut and sugarcane cultivations were entrusted with other Ministries with effect from November 2010.

**The following common activities were carried out for all sectors.**

- In terms of the Cabinet Decision dated 06.10.2010, initiatives were taken to amend the Acts of all institutions coming under the Ministry to meet the current needs. The all activities relevant to the Committee appointed by the Cabinet of Ministers in this regard under the Chairmanship of the Secretary to the Ministry and with the participation of the Ministry of Finance and Planning, Ministry of Economic Development, Ministry of Technology and Researches, Ministry of Industries and Commerce and the representatives of the Central Bank.
- Participated with all institutions coming under the Ministry at the Dayata Kirula National Development Exhibition held on February at Pallekale.
- Action was taken to provide policy guidelines for research and development activities carried out by the institutions and settle the issues arisen in that regard.
- Special measures were taken to expand plantation activities in Northern and Eastern Provinces.

**4.5 Planning Division**

- i. Formulation of the Action Plan of the Ministry for the year 2010 and submission it to the Ministry of Finance and Planning, and formulation of a result based work plan to evaluate the progress of the Ministry and coordination with the relevant Ministries.
- ii. Taking action to submit quarterly progress of the Ministry under on line Web based Electronic Project Monitoring System within the time framework in which the Department of Budget Monitoring of the Ministry of Finance and Planning connects with the internet.
- iii. Coordination of the activities of Progress Review Meetings chaired by the Hon. Minister.
- iv. Submission of new budget proposals and concept papers for the year 2011.
- v. Preparation of the Performance Report 2010 relevant to the budget discussion of the Ministry of Plantation Industries held on 09<sup>th</sup> December 2010 and presenting it in the Parliament.
- vi. Reporting the details of the progress of the plantation sector to the Annual Report 2010 of the Central Bank of Sri Lanka as per the relevant formats.
- vii. Monitoring the process of implementation of the annual plan under the corporate plan of the institutions.

- viii. Coordination of the making aware and settlement of the issues pertaining to the Ministry through the meetings of the District Secretaries.
- ix. Coordination of the development programmes such as Mahinda Chinthana, Maga Neguma, Gama Neguma, Uthuru Wasanthaya, Negenahira Navodaya and Haritha Lanka.
- x. Collection and analysis of the data and information of the plantation sector.

#### **4.6 Plantation Management Monitoring Division**

The role of this Division is to manage and monitor the activities of the large scale estates vested with the Regional Plantation Companies on lease basis and the functions of the Plantation Companies. Accordingly,

- i. Rs.544 million of annual lease rentals with the arrears of lease rentals has been recovered in year 2010 from 20 Plantation Companies for the lands vested with 23 Regional Plantation Companies (RPCs) on lease basis, in terms of the agreements entered into with the RPCs.
- ii. Arrangements have been made to regularize the monitoring of the estates managed by the RPCs, and during the year, monitoring of the estates owned by 4 companies has been completed with a physical field inspection and on special occasions, field inspections have been conducted on such requirements.
- iii. The officers of this Division have conducted 14 field inspections with the participation of the officers of the Department of Forest Conservation, Central Environmental Authority and the District Secretariats for the purpose of timber felling in the relevant estates and action has been taken to obtain approval for the said purpose, and also action has been taken to settle the issues arisen on felling of firewoods in the estates.
- iv. 814 Nos. of activities pertaining to granting of approval of the Golden Shareholder for releasing and subleasing of lands and other land matters have been carried out.
- v. 640 Nos. of action has been taken to evict the squatters for acquisition of the possession of state lands. Further, courses of legal action have been taken in this regard.

- vi. The review of profitability, productivity, cost of production and net average sales, replanting activities, issuance of dividends and investments of all companies from 2005 to 2009 were studied and the progress has been reviewed.
- vii. The issues pertaining to the all companies and the right of the Golden Shareholder have been discussed at six meetings of the Golden Shareholder.

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

Tea, Rubber & Coconut Estates (Control of Fragmentation) Board is functioning as a division of the Ministry of Plantation Industries. The Control of Fragmentation Act No.02 of 1958 was amended by the Control of Fragmentation Act No.20 of 2005. Under the provisions of this Act, approval of the Control of Fragmentation Board should be obtained for transfer of the ownership or sub division of the tea and rubber estates more than 20 hectares and coconut lands more than 04 hectares. Accordingly, 473 applications were submitted to the Board from January to 31<sup>st</sup> December 2010 and 15 Board Meetings were held for the said applications.

The progress in year 2010 is as follows.

- i. Necessary steps were taken to minimize fraudulent preparation of deeds and certificate of consents on land fragmentation by making complaints to the Fraud Investigation Bureau.
- ii. Discussions were held to make future remedies to prevent corruptions on land fragmentation under the chairmanship of the Hon. Minister and with the participation of the Plice authorities, officials in the Registrar General's Department and Divisional Secretaries of Puttalam / Kurunegala Districts.
- iii. Since asapproval of the Board should be obtained under the provisions of the Act in transferring of lands as a single unit even not resulting a fragmentation, taking into consideration the requirement to transfer lands without delay and to minimize the difficulties faced by the people, Cabinet approval has been obtained to amend the Act of fragmentatiuon relevant to Section 3, 5 and 8 (1) (j).

# Annex I

## Financial Progress in year 2010

### 1. Estimate of Expenditure

Rs.'000

	135-1-1 Minister's Office		135-1-2 Administration and establishment services		135-1-3 Minister's office (Then)		135-2-3 Plantation Development programmes		135-2-4 Plantation Development Institutions		135-2-5 Thurusaviya		Total
	Rec urre nt	capital	Recurr ent	capital	Recurr ent	capital	Recurr ent	capital	Recurr ent	capital	Recurr ent	capital	
1. Estimated provision	47,070	7,450	75,619	8,550	9,660	290	25,620	820,100	1,312,226	1,195,000	6,765	5,550	3,513,900
2. Transfers under F. R. 66 and supplementary provision	-2,250	8,250	0	0	0	0	0	375,000	6,000	0	0	0	387,000
3. Net provision	44,820	15,700	75,619	8550	9,660	290	25,620	1,195,100	1,318,226	1,195,000	6,765	5,550	3,900,900
4. Expenditure	35,551	8,203	58,673	3,575	7,286	0	23,435	1,024,790	1,231,196	919,524	5,924	4,414	3,322,391
5. Percentage of the expenditure	79%	51%	78%	42%	75%	0	91%	86%	93%	77%	88%	80%	85%

Financing for the expenditure is given below.

Financing of expenditure		Rs.'000
Expenditure		
11 - Domestic funds		2,323,094
12 - Foreign Loans		319,187
14 - Foreign loans reimbursed		644,122
17 - Domestic funds connected with foreign aids		35,988
		<b>3,322,391</b>

### 2. Incomes – Lease rentals collected from Regional Plantation Companies

Income to be received for year 2010

Rs.'000

Income Head	Annual Estimate of Income	Revised Estimate of Income	Income received	Percentage of income receipt
20.0210.04	600,000	604,483	131,305	21.70%

Outstanding Incomes as at 31.12.2009

Rs.'000

Income Head	Outstanding income as at 31.12.2009	Recoveries in year 2010	Percentage of recovering of outstanding incomes
20.02.10.04	495,056	412,508	83.30%

### 3. Advance Account "B" for Public Officers

Rs.'000

	Maximum limit of the expenditure	Minimum limit of the receipt	Maximum limit of debit balance
Limits authorized by the Appropriation Act	8,800	3,300	3,200
Actual Values as at end of the year	3,653	3,708	18,000