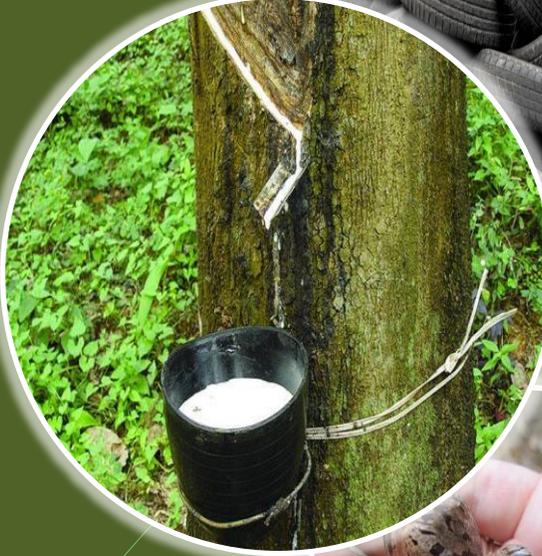




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செயலாற்று கைஅறிக்கை  
Performance Report



2020



රබර් සංවර්ධන දෙපාර්තමේන්තුව  
வழிபிற் அமைச்சு  
இறப்பர் அபிவிருத்தித் திணைக்களம்  
பெருந்தோட்டக் அமைச்சு  
Rubber Development Department  
Ministry of Plantation

## Preface

The year 2020 has been a successful year for the Rubber Development Department as the Department could achieve a developmental transformation in the rubber sector amidst Covid 19 pandemic and the Department has successfully functioned towards achieving the identified targets by taking appropriate action and implementing suitable programmes in the year 2020 to accomplish the goals in the face of the challenges existed.

In the year 2020, the rubber smallholding sector has achieved 88% of physical progress by replanting rubber on the target of 520 hectares and the plantation companies have achieved 68% of physical progress by replanting rubber in 554.86 hectares out of the target of 820 hectares. The rubber smallholding sector has achieved 73% progress by carrying out rubber new planting in 197 hectares out of the target of 269 hectares and 529 hectares of rubber new planting has been carried out in the Monaragala and Ampara districts under the Smallholder Tea and Rubber Revitalization (STaRR) Project. This initiative has increased the area under the rubber cultivation. Moreover, the Plantation Companies have also carried out rubber new planting in 25 hectares.

The government nurseries have produced 1,026,899 rubber plants and rubber plant production has achieved a physical progress of 79% during the year 2020 as per the target set by the Rubber Development Department. The rubber production has increased up to 78,205 MT in the 2020 when compared with the previous year. The amount of rubber imported in the year 2019, which was 50,006 MT has been reduced to 48,628 MT in the year 2020. A natural rubber export in the year 2019, which was 13,003 MT has increased to 15,766 MT during the year under review. The area, in which the rain guards has been installed under the Programme of installing rain guards implemented by the Department in the year has increased rapidly from 2,889.37 hectares in the year 2019 to 6,887.47 hectares in the year 2020.

The increase in the price of rubber with the increase in domestic rubber demand during the year 2020 had a positive impact on the income of the rubber farmer and the price of rubber sheets No. 03, which was Rs. 272.43 in the year 2019 has increased to Rs. 318.86 in the year 2020. Moreover, A financial progress of 82% has also been achieved through incurring a sum of Rs. 847.50 million under the provision amounting to Rs.1,030.20 million allocated for capital expenditure of this year.

The progress of all the activities carried out by the Rubber Development Department to achieve the targets by the year 2020 and outcomes achieved have been reported in various aspects of the field in this Performance Report and this Report will be more helpful in studying the field and taking policy decisions for the development of the field.

## **Acknowledgement**

Allocation amounting to Rs. 1410 million has been incurred for the development programmes in the field for the improvement of the rubber cultivation and Rs. 1202.93 million out of that allocation has been incurred to promote rubber production, to uplift the living standards of rubber cultivators and to expand rubber cultivation in the country as a measure of strengthening the economy of the country. The Department was able to achieve its goals and objectives also in the year 2020 by utilizing the allocations and thereby to provide a greater contribution to the economic development of the country.

I would like to especially thank Honourable Minister of Plantation, the Secretary of the Ministry of Plantation and the staff of the Ministry who assisted in providing the necessary guidance to implement the annual plans by achieving the desired objectives and targets of the Department.

Every decision taken by the Department for the promotion of the Rubber Sector is implemented island wide through the Regional Office Network. The unwavering support of the staff, including the directors of the regional offices given to achieve the annual performance goals is commendable. I would like to express my gratitude to the rubber smallholders, who represent the majority and who contribute to the economic development of the country in collaboration with the Rubber Development Department and to all those involved in the rubber smallholding sector and the staffs of the local plantation companies, who contribute to the development of large-scale cultivation.

Although the price of rubber in Sri Lanka has not reached the level expected by farmers due to the constant fluctuations in the price of rubber, the long-term intervention of the private sector in purchasing raw rubber products is more significant. Therefore, the role of the private sector by contributing to the advancement of the rubber industry should also be appreciated. Small-scale traders as well as the manufacturers of rubber related products should also be appreciated. Further, I would like to thank the rubber producers and rubber exporters and exporters of rubber related products adding value to the local economy and contributing to earn foreign exchange.

Other institutions involved in rubber cultivation are of great assistance in achieving the performance targets of the Rubber Development Department. Accordingly, I appreciate the support received from the Sri Lanka Rubber Research Institute, the Thuru Saviya Fund, Sri Lanka Rubber Secretariat and the Smallholder Tea and Rubber Revitalization (STaRR) Project.

I would like to express my gratitude to all the members of the staff of the Rubber Development Department for their cooperation in achieving the desired goals by coordinating all the activities carried out to strengthen the local economy through rubber cultivation.

Madhava Warnakulasuriya  
Director General  
Rubber Development Department

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# Chapter 1 – Institutional Profile

## 1.1. Introduction

Sri Lanka, the first Asian country to grow rubber, holds a unique position in the natural rubber industry. The rubber tree, botanically known as "*Hevea Brasiliensis*", is native to South America. Henry Wickham brought some plants from Brazilian rubber seeds and planted them in the Henarathgoda Garden in the Gampaha District of Sri Lanka in 1876, marking the beginning of the rubber cultivation in Sri Lanka. Subsequently, rubber cultivation, which was an unfamiliar cultivation to Sri Lankans, began to develop rapidly in Sri Lanka as a small and large-scale plantation along with a positive impact on the local economy and the owners of rubber estates were benefitted by the golden era established by the World War II.

Rubber cultivation was started in Sri Lanka and the cultivation was expanded as a commercial crop in Kandy, Kegalle, Ratnapura, Matale, Gampaha, Colombo, Kalutara, Galle, Matara and Kurunegala districts by first focusing the attention on the wet zone. Rubber cultivation could be established in the Monaragala, Hambantota, Ampara, Vavuniya, Anuradhapura and Polonnaruwa districts after the Rubber Research Institute and the Rubber Development Department focused their attention on expanding rubber cultivation in non-traditional areas such as dry and intermediate zones with lower rainfall with the objective of expanding the rubber cultivation island wide.

In terms of rubber prices and rubber production in Sri Lanka, the highest price of rubber and rubber production was recorded in the year 2011. In that year, the price of 1 kg of rubber (sheet rubber No. 01) was Rs. 513 and the total production of rubber was 158 million kg. However, the constant fluctuations in the price of rubber have made it unbearable for growers in certain periods. Since the price of rubber does not increase in line with the increase in the cost of production, the cost of production also exceeds the price of rubber in certain instances. However, there was a significant increase in the price of rubber in 2020 when compared with the price of rubber in 2019 and it was an increase of price from Rs. 288.48 to Rs. 350.04 for sheet rubber No. 01.

The Rubber Industry plays an important role in Sri Lankan economy as an industry based on resources with global relationships and blended with modern technology. The industry has undergone a rapid transition from the production of natural rubber to the production of value-added rubber related products. The demand for rubber products in Sri Lanka has grown to a great extent internationally owing to their high quality and durability. Pakistan, Malaysia, Japan, Germany, China, Italy and India were the major buyers of rubber from Sri Lanka during the year 2020 and the revenue earned from rubber exports in that year was Rs. 151,080 million.

The exportation of rubber is associated with many economic benefits such as earning of foreign exchange. An important factor associated with the rubber industry is the development of large number of employment opportunities for the people living in estates and rural areas. These job opportunities have been created through processes ranging from tapping to exportation and those employment opportunities have contributed to the economic growth of the country as well as to minimize the inequality in the distribution of income. While the Nature and the forests undergo a severe threat environmentally, rubber cultivation contributes significantly to the conservation of

the ecological balance. The rubber plant can also be used as timber and fuel. Rubber seeds are used to produce oil and to manufacture animal feed.

However, the present fate of the rubber cultivation is a tragic. Over time, farmers are moving away from the rubber cultivation and the area under rubber cultivation is gradually declining. Sri Lanka has fallen to the 14<sup>th</sup> place, supplying only 0.59% of the global rubber production in the year 2020 according to data collected by the ANRPC. This is mainly due to the factors affecting locally such as the rise in the production costs, not obtaining a reasonable price for rubber and frequent fluctuations in rubber prices, labour shortages, the majority of smallholders are moving away from the rubber cultivation and the increase in the number of diseases affecting rubber plantations and factors affecting internationally such as the countries that were not engaged in rubber cultivation in the early 19<sup>th</sup> century have come forward in the field of rubber cultivation.

Sri Lanka is a member of the International Organizations such as the International Rubber Study Group (IRSG) and the Association of Natural Rubber Producing Countries (ANRPC) and thereby, Sri Lanka actively contributes to the advancement of the local rubber industry by implementing international policies related to the rubber production through sharing production data and marketing information and experiences gained in various profiles of the rubber industry with the member states.

## 1.2. Rubber Development Department

The rubber industry hold a specific significance among the three major export crops in Sri Lanka. A large amount of foreign exchange earning is flowing into the country from rubber as an export crop and the local farmers derive massive benefits through the local industries associated with the rubber industry. The Rubber Development Department plays a unique role in the accomplishment of this purpose. The Rubber Development Department functions under the Ministry of Plantation to implement the provisions of the Rubber Control Act No. 11 of 1956 and the Rubber Replanting Subsidy Act No. 36 of 1953. This Department, which was initiated under the name of Rubber Control Department by Ordinance No. 6 of 1934, was further strengthened as per the decision taken by the Cabinet of Ministers and the Rubber Development Department was established in the year 1994. Extension Services of the Department are carried out by 05 Sub Offices established to cover the whole island and arrangements have been made to cover all the Districts, where rubber has been cultivated, by these Regional Offices.

Regional Office	Districts that are Covered
Kegalle	Kegalle, Gampaha, Kurunegala, Kandy, Matale, Nuwara Eliya, Anuradhapura, Polonnaruwa, Puttalam and Vavuniya.
Kalutara	Kalutara
Rathnapura	Ratnapura and Colombo
Galle	Galle, Matara and Hambantota
Monaragala	Monaragala, Ampara and Badulla

Table No. 1

In addition to the above offices, an island wide nursery system has been established as mentioned below to provide rubber seedlings produced by using high quality clones to enable the rubber growers to carry out rubber cultivation after registering with the Department. The Department has been able to provide seedling requirement of the rubber smallholders and the Department has also provided seedlings to the regional plantation companies as and when required.

Name of the Nursery	District
Welikadamulla	Gampaha
Mirigama	Gampaha
Egaloya	Kalutara
Gurugoda	Kalutara
Karapincha	Ratnapura
Middeniya	Hambantota
Kumbukkana	Monaragala
Padiyathalawa	Ampara

### 1.3 Objectives of the Organization

- Increasing the local rubber production by enhancing the productivity of the existing lands under rubber cultivation and increasing the extent under rubber cultivation.
- Increasing the quality of rubber and rubber related products to obtain a higher price for rubber and increase the income earned by farmers.
- Establishment of social security by increasing the employment opportunities in the field.
- Contributing to fulfil the local timber demand.
- Ensuring the sustainability of the cultivation to safeguard the balance of the natural environment.

### 1.4 Vision and Mission of the Institution

#### **Vision**

**To become a leading stakeholder in the plantation industry to achieve socio-economic development in Sri Lanka.**

#### **Mission**

**Implementation of agricultural extension services for the qualitative and quantitative development in rubber cultivation and rubber related industries in Sri Lanka in accordance with the powers and functions legally vested in the Department**

## **1.5 The main functions of the institution**

### **1.5.1. Main Functions of the Head Office**

- Execution of powers vested by major Acts and Legal Sources.
- Supervision of the activities of the regional offices.
- Administration of rubber replanting and rubber new planting subsidy schemes and supervision of the provision of subsidies by the Regional Offices.
- Production of high-quality rubber seedlings in government nurseries and private rubber nurseries and providing instructions for the seedling production carried out by the Private Sector.
- Issuing licenses for rubber trade, rubber related production and rubber export.
- Collection of important data and information on the extent under rubber cultivation, production, domestic consumption and export.
- Educating the rubber smallholders about the market.
- Working with international organizations on the production, consumption and trade of natural rubber.
- Collection and administration of Cess fund.
- Providing necessary knowledge and instructions to rubber smallholders regarding the respective stages of rubber cultivation and production.
- Organizing and implementing activities for the economic upliftment of rubber smallholders.
- Implementation of government policies aimed at enhancing the productivity and production of the rubber sector and acting as the foremost institution for achieving that objective.
- Estimating, collecting and accounting the government revenue.

### **1.5.2. Main Functions Performed by Regional Offices**

- Registration of lands for rubber cultivation.
- Rubber replanting and new planting.
- Provision of other subsidies including cultivation subsidies to growers.
- Issuing trade licenses for rubber traders.
- Maintaining government rubber seedling nurseries and supervising private seedling nurseries.
- Provision of necessary technical instructions to farmers and estate owners.
- Distribution of rubber seedlings.
- Informing the Rubber Research Institute of Sri Lanka regarding diseases affecting rubber cultivation and taking necessary steps for control.
- Implementation of livelihood development projects to uplift the economic strength of rubber growers.

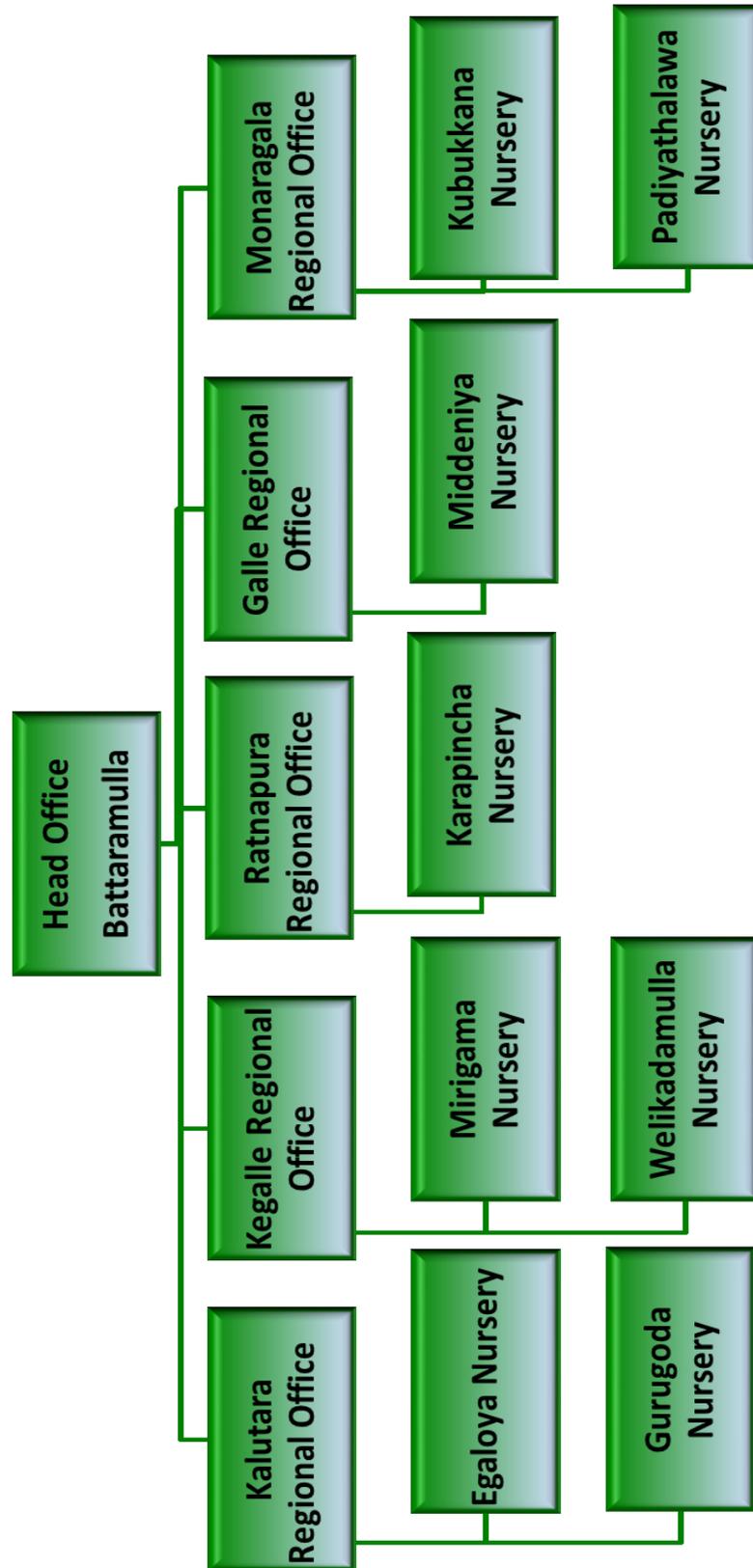
### **1.5.3. Main Functions of the Rubber Nurseries**

#### **For the accomplishment of National Goals,**

- Production and distribution of high-quality budded rubber seedlings for replanting and new planting on the recommendations of the Rubber Research Institute.
- Introduction of improved varieties to farmers based on new clone findings of Sri Lanka Rubber Research Institute.
- Fulfilment of seedlings requirements of plantation companies as and when required.



### 1.6.2. Institutional Structure of the Rubber Development Department



### 1.6.3 Information of the Departmental Staff

Serial Number	Designation	Approved Cadre	Present Cadre	Vacancies
01	Director General (S.L.A.S.)	1	1	0
02	Additional Director General (S.L.A.S.)	1	1	0
03	Director / Regional Director (S.L.A.S.)	7	2	5
04	Director (S.L.P.S.)	1	1	0
05	Director (Departmental)	1	0	1
06	Chief Accountant (S.L.Ac.S.)	1	1	0
07	Chief Internal Auditor (S.L.Ac.S.)	1	1	0
08	Deputy Director / Assistant Director (S.L.P.S.)	12	9	3
09	Deputy Director / Assistant Director (Departmental)	1	0	1
10	Legal Officer (Departmental)	1	0	1
11	Deputy Director / Assistant Director (S.L.A.S.)	1	1	0
12	Accountant (S.L.Ac.S.)	6	4	2
13	Deputy Director (SLICTS)	1	1	0
14	Assistant Director (SLICTS)	2	1	1
15	Administrative Officer (P.M.A.S – Special)	4	3	1
16	Senior Rubber Development Officer – Extension (Departmental)	17	7	10
17	Translator – Sinhala / Tamil (G.T.S.)	1	0	1
18	Information Technology Officer (SLICTS)	2	0	2
19	Information Technology Assistant (SLICTS)	5	3	2
20	Development Officer (D.O..)	22	23	0
21	Clerk /Typist (Departmental)	8	6	2
22	Nursery Manager (Departmental)	2	2	0
23	Buildings Maintenance Officer (Departmental)	1	1	0
24	Public Management Assistant (P.M.A.)	120	115	5
25	Management Assistant (M.A.)	5	8	0
26	Rubber Development Officer (Departmental)	170	120	50
27	Driver (D.S.)	40	24	16
28	Driver (Departmental)	1	1	0
29	Lorry Assistant (Departmental)	10	10	0
30	Karyala Karya Sahayaka (K.K.S.)	33	31	2
	<b>Total</b>	<b>478</b>	<b>377</b>	<b>105</b>

Table No. III

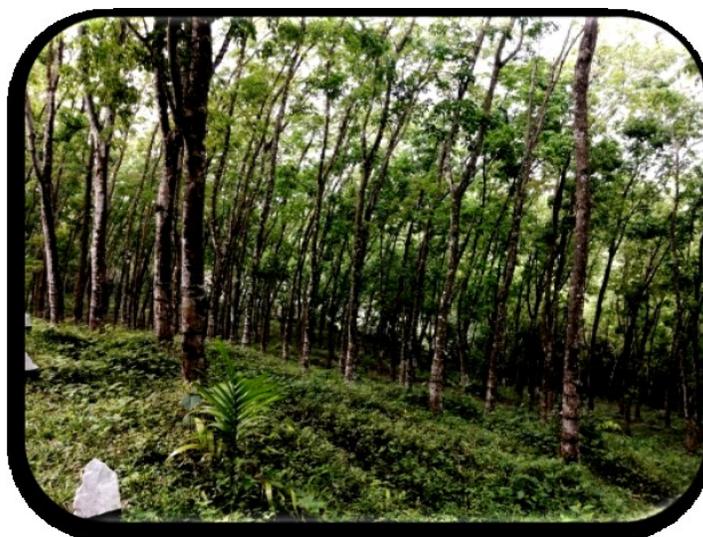
## Chapter 2 - Progress of the Programmes Implemented by the Department

The Rubber Development Department has primarily carried out the following activities to accomplish the targeted objectives in the year 2020 based on the experience gained from the activities and programmes conducted in the previous years.

1. Rubber Replanting Programme - (Rubber Smallholdings / Plantation Companies)
2. Rubber New Planting Programmes (Rubber Smallholdings)
3. Plant Production programme
4. Programme of Fixing Rain Guards - (Rubber Smallholdings / Plantation Companies)
5. Tappers Training Programme- (Ordinary / Professional)
6. Training Programme for Fixing Rain Guards
7. Bud grafters training
8. Intercropping programme

### 2.1. Rubber Replanting

Rubber replanting is the process of removing old rubber plantations in lands where rubber has been planted and planting new rubber plants. The need for replanting of rubber arises due to aging of rubber plants in rubber lands and declining of the productivity of the cultivated plants. The Rubber Development Department provides replanting subsidies to rubber smallholders and regional plantation companies to encourage replant rubber. The Department provides cultivation subsidy amounting to Rs. 350,000 each per one hectare of lands, where rubber is replanted.



**A Rubber Cultivation, which needs Replanting**

In the year 2020, 1,069 applications have been submitted to the Department by the rubber smallholding sector for rubber replanting and permit have been issued only to 966 applicants. Under those permits, 640 permit holders have replanted rubber in an area of 457 hectares. The Department has achieved 88% physical progress in rubber replanting as per the target of 520 hectares for rubber smallholding sector and the information related to that is given in the table below.

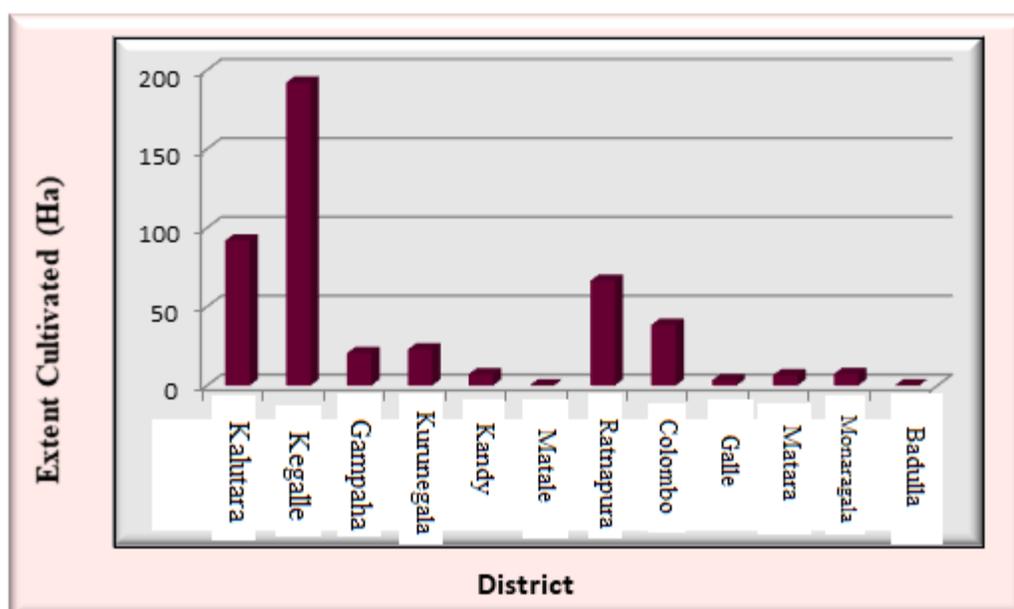
## Extent of Land Replanted by the Rubber Smallholding Sector under the Rubber Replanting Subsidy Scheme -2020

District	Target (Ha)	Number of Applications received	Extent of land relevant to the application (Ha)	Number of Permits Issued	Extent, for which Permits were Issued (Ha)	Number of Applicants, who Replanted Rubber	Extent Replanted (Ha)
Kalutara	100	193	168	166	149	116	92
Kegalle	200	501	352	457	317	307	192
Gampaha	40	46	29	42	28	31	21
Kurunegala	15	31	30	27	26	19	23
Kandy	10	42	28	24	19	10	7
Matale	5	03	19	03	14	-	-
Ratnapura	70	158	135	152	123	94	66
Colombo	30	56	66	56	64	39	39
Galle	10	11	06	11	6	04	3
Matara	25	17	18	17	18	09	7
Monaragala	07	11	8	11	7	11	7
Badulla	08	-	-	-	-	-	-
<b>Total</b>	<b>520</b>	<b>1069</b>	<b>859</b>	<b>966</b>	<b>771</b>	<b>640</b>	<b>457</b>

Table No. IV

Accordingly, although the Department has issued permit to farmers in the year 2020 exceeding the targeted area, the permit holders have not carried out cultivation activities compared to the permit issued. The manner in which rubber was replanted district wise by the rubber smallholding sector is as follows.

Diagram No. i Extend (Hectares) Replanted by the Rubber Smallholding Sector - 2020



As per the aforementioned Diagram, it is confirmed that replanting of rubber has been done mostly in Kegalle, Kalutara and Ratnapura districts in the year 2020, surpassing the other districts. The Department has incurred a sum of Rs. 259.39 million for rubber replanting during this year.

The rubber smallholding sector as well as the regional plantation companies have made maximum contribution in rubber replanting. The table mentioned below depicts the information on rubber replanting carried out by the plantation companies in the year 2020.

#### **Rubber Replanted by Plantation Companies – 2020**

<b>Plantation Company</b>	<b>Extent, to which permit are issued (ha)</b>	<b>Extent Replanted (ha)</b>
Namunukula Plantation Company	7.00	7.00
Kegalle Plantation Company	467.00	76.32
Kelaniweli Plantation Company	11.23	11.23
Malwattaweli Plantation Company	68.5	43.88
Lalan Plantation Company	166.22	158.57
Pussellawa Plantation Company	76.74	96.90
Agalawatta Plantation Company	173.58	125.46
Janatha Estate Development Board	35.50	35.50
<b>Total</b>	<b>970.27</b>	<b>554.86</b>

**Table No. V**

Plantation Companies have achieved a physical progress of 68% through rubber replanting by cultivating 554.86 ha out of the target of 820 ha that has been identified for Plantation Companies in the year 2020. The Department has allocated Rs. 203.01 million for Plantation Companies for rubber replanting. A sum of Rs. 181.36 million out of the allocation has been incurred by the Plantation Companies and 89% of the financial progress has been achieved. It has been significant that Lalan Plantation Company has come to the forefront, surpassing other plantation companies by contributing 28.5% to the area under rubber replanting in the Plantation Companies Sector in the year 2020.

Although the total rubber replanting target of the Rubber Development Department for the year 2020 was 1,340 hectares, only an extent of 1012 hectares has been replanted. Accordingly, the overall physical progress of rubber replanting has been 76%.

## Area under Rubber Replanting (2012 – 2020)

(ha)

Year	Smallholdings	Plantation Companies	Total
2012	1,117	2,126	3,243
2013	1,710	2,784	4,494
2014	1,343	1,554	2,897
2015	614	1,303	1,917
2016	538	1,048	1,586
2017	787	400	1,187
2018	525	336	861
2019	578	462	1,040
2020	457	555	1,012

Table No. VI

### 2.2 Rubber New Planting

The main objective of the Department is to contribute to the economic development through increasing the rubber production by enhancing the productivity of the existing lands under rubber cultivation and increasing the area under rubber cultivation. Other objectives of new planting of rubber are to increase income by generating new jobs Indirectly in the field, to utilize uncultivated land for cultivation and to maintain the sustainability of the crop in order to maintain the balance of the natural environment. The Rubber Development Department provides cultivation subsidies only to rubber smallholding sector for rubber new planting. The following table presents information related to the rubber new planting in relation to the year 2020.

**Extent of Lands under Rubber New Planting using the Subsidies of the Department -  
2020 (Smallholdings)**

District	Target	Number of applications received	Extent of land related to the No. of applications (Ha)	Number of Licenses Issued	Extent, to which Licenses are Issued (Ha)	Number of licensees who have completed the New Planting	Extent of the Newly Planted (Ha)
Kalutara	15	58	25.58	50	18.78	33	14.27
Kegalle	25	135	54.01	114	45.97	82	32.25
Gampaha	01	20	13.23	16	11.46	10	7.05
Kurunegala	12	16	17.16	14	8.96	08	5.08
Puttalam	-	01	8.09	01	8.09	-	-
Kandy	01	19	9.50	14	7.33	08	4.20
Matale	51	31	12.34	29	11.54	20	5.50
Ratnapura	20	78	44.23	69	41.06	57	30.43
Colombo	10	16	14.14	13	12.73	07	5.77
Galle	05	10	5.70	10	5.70	07	2.13
Matara	05	14	9.14	14	9.14	10	2.97
Hambantota	10	19	8.07	19	8.07	11	5.02
Monaragala	70	124	77.76	115	68.93	106	63.99
Badulla	20	31	15.22	31	15.22	28	12.33
Ampara	10	02	0.85	-	-	-	-
Government Seedling Nurseries	05	-	-	-	-	-	06
<b>Total</b>	<b>260</b>	<b>574</b>	<b>315.02</b>	<b>509</b>	<b>272.98</b>	<b>387</b>	<b>196.99</b>

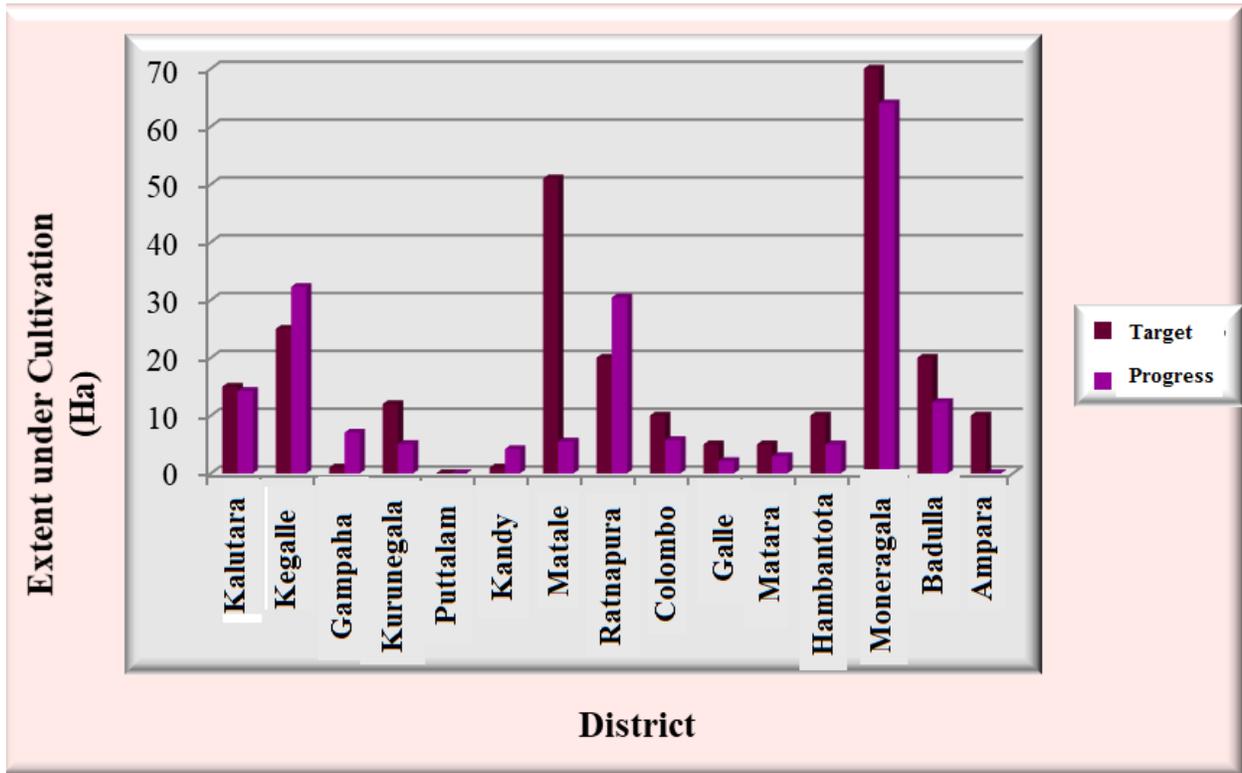
Table No. VII

According to the above information, the Rubber Development Department has set a target in the year 2020 to newly cultivate rubber in 260 hectares and the smallholding sector has newly cultivated an area of 196.99 hectares and plantation companies have newly cultivated a land area of 25.39 hectares. In addition, the total land area under new rubber plantations for the proposed year including the model rubber new cultivation programmes in 6 hectares carried out by the government nurseries was 222.38 hectares. Accordingly, 86% of physical progress has been achieved through the new rubber cultivation in the year 2020 and the Department has incurred

Rs.117.69 million to achieve the progress. The Smallholding Sector carried out new rubber plantations in 15 districts in this year and its distribution is illustrated by the Diagram below.

Diagram No. ii

**Extent under New Rubber Cultivation in 2020 - Smallholdings**



According to the aforementioned chart, new rubber cultivation has been mostly carried out in Monaragala, Kegalle and Ratnapura districts in the year 2020 and it is confirmed that Monaragala district has taken the lead in new rubber cultivation by surpassing the other districts. This shows that there is a high tendency for farmers in the Monaragala District to choose rubber cultivation as an agricultural plantation crop. Moreover, Kegalle, Gampaha and Ratnapura districts have surpassed their target set for new rubber cultivation. The districts which have made a significant contribution to the extent under new cultivation from 2015 up to date are as follows.

Year	District	Extent under Cultivation (Ha)
2015	Ampara	400
2016	Ampara	213
2017	Monaragala	102
2018	Monaragala	158
2019	Monaragala	89
2020	Monaragala	64

**Table No. VIII**

As per the above information, it is obvious that the cultivation of rubber in non-traditional areas becomes popular by moving away from the traditional areas, which were important for rubber cultivation in the past and it contributes to strengthen the local economy. In addition to the new rubber cultivation carried out under the subsidies of the Rubber Development Department, the new rubber cultivation is also being carried out under the Smallholder Tea and Rubber Revitalization (STaRR) Project.

#### **Smallholder Tea and Rubber Revitalization (STaRR) Project**

Smallholder Tea and Rubber Revitalization (STaRR) Project is being implemented in 08 districts. It is tea cultivation in Matara, Galle, Ratnapura, Nuwara Eliya, Kandy and Badulla districts and rubber cultivation in Monaragala and Ampara districts. This project is being implemented with the financial assistance of the International Fund for Agricultural Development (IFAD) and the Government of Sri Lanka.

The major functions carried out under this project is to improve the living standards of the rural poors by increasing their income, provision of financial assistance under this Project to rubber farmers to accomplish the target of newly cultivating rubber in an area of 3000 ha in Ampara and Monaragala areas, which are non-traditional areas and provision of financial assistance to develop the infrastructure facilities of the Padiyathalawa Rubber Seedling Nursery, which is a government nursery and provision of financial assistance to develop the infrastructure facilities in tea and rubber smallholdings.

The Rubber Development Department and the Rubber Research Institute provide the necessary technical assistance for this project and the duration of this project is from 2016 - 2022.

According to the reports of the Smallholder Tea and Rubber Revitalization (STaRR) Project, the manner of carrying out new rubber cultivation annually in the Ampara and Moneragala Districts from 2016 to 2020 is given below. This project was started in the year 2016 and the rubber cultivation has been supervised by the Monaragala Regional Office of the Rubber Development Department from that year and the relevant expenditure was borne by the Project.

Year	Extent under Cultivation (ha)		Amount Incurred (Rs. Million)		Number of Farmers Cultivated the Land	
	Ampara	Monaragala	Ampara	Monaragala	Ampara	Monaragala
2016	55	197	-	16.00	71	327
2017	7	315	-	11.60	11	561
2018	224	407	7.92	64.91	380	725
2019	317	573	62.80	96.33	465	1,023
2020	196	333	118.06	268.67	344	652
Target for the Year 2021	200	178	257.38	217	500	445

Table No. IX

The total area under new rubber cultivation in Sri Lanka is given in the table below.

#### Extent under New Rubber Cultivation (2012 - 2020)

Year	Smallholdings	Plantation Companies	Total
2012	2,297	1,086	3,383
2013	2,979	912	3,891
2014	1,428	133	1,561
2015	769	56	825
2016	592	23	615
2017	700	335	1,035
2018	981	48	1,029
2019	1,103	-	1,103
2020	726	25	751

Table No. X

#### Payment of Cultivation Subsidies

The primary objective of implementing the rubber replanting subsidy is to remove the old rubber plantations, which are less productive and to establish a new rubber plantation with highly productive clones on the land. It is expected to increase the rubber production by increasing the area under rubber cultivation and by increasing the distribution of rubber cultivation through the implementation of new rubber cultivation subsidy.

A permit should be obtained under Section 07 of the Rubber Replanting Act No. 36 of 1953 for rubber replanting or for new rubber cultivation under the subsidy scheme. According to this Act, all rubber lands have to be registered with the Department. When the age of the cultivation in a registered rubber land exceeds 20 years, the land becomes eligible to obtain a license for replanting under the subsidy scheme of that land.

The subsidy provided per hectare has been doubled with effect from 01.01.2019 in order to further encourage the rubber cultivators and it is provided as follows.

Rs. 300,000.00 per hectare for new cultivation

Rs. 350,000.00 per hectare for replanting

This subsidy is paid in 08 instalments.

During the year 2020, the year under review, the Department has taken steps to pay subsidies for each of the cultivations as follows.

#### **Payment of Subsidies for Rubber Cultivation**

<b>Programme</b>	<b>Amount Paid (Rs. Million)</b>
Replanting Subsidies 2020 (Smallholdings)	259.39
Replanting Subsidies 2020 (Plantation Companies)	181.36
New Planting Subsidies 2020 (Smallholdings)	117.69
<b>Total</b>	<b>558.44</b>

**Table No. XI**

### **2.3. Production of Rubber Plants**

#### **2.3.1. Government Plant Nurseries**

The main objective of the Department is to increase the contribution from the rubber cultivation to the economic development of the country. To this end, it is essential to produce successful rubber plants using high quality clones to enhance the productivity of the rubber plantation. Accordingly, targets for replanting and new planting related to the year 2020 have to be identified and the required rubber plants should be produced by the nurseries. For this purpose, 08 nurseries have been established under the Rubber Development Department and the production of plants as well as the distribution of plants are being carried out.



Moneragala - Kumbukkana Rubber  
Nursery



Kalutara Gurugoda Rubber  
Plant Nursery



Ampara Padiyathalawa  
Rubber Plant Nursery



Gampaha Welikadamulla Rubber  
Plant Nursery



Kalutara - Egaloya Rubber Plant  
Nursery

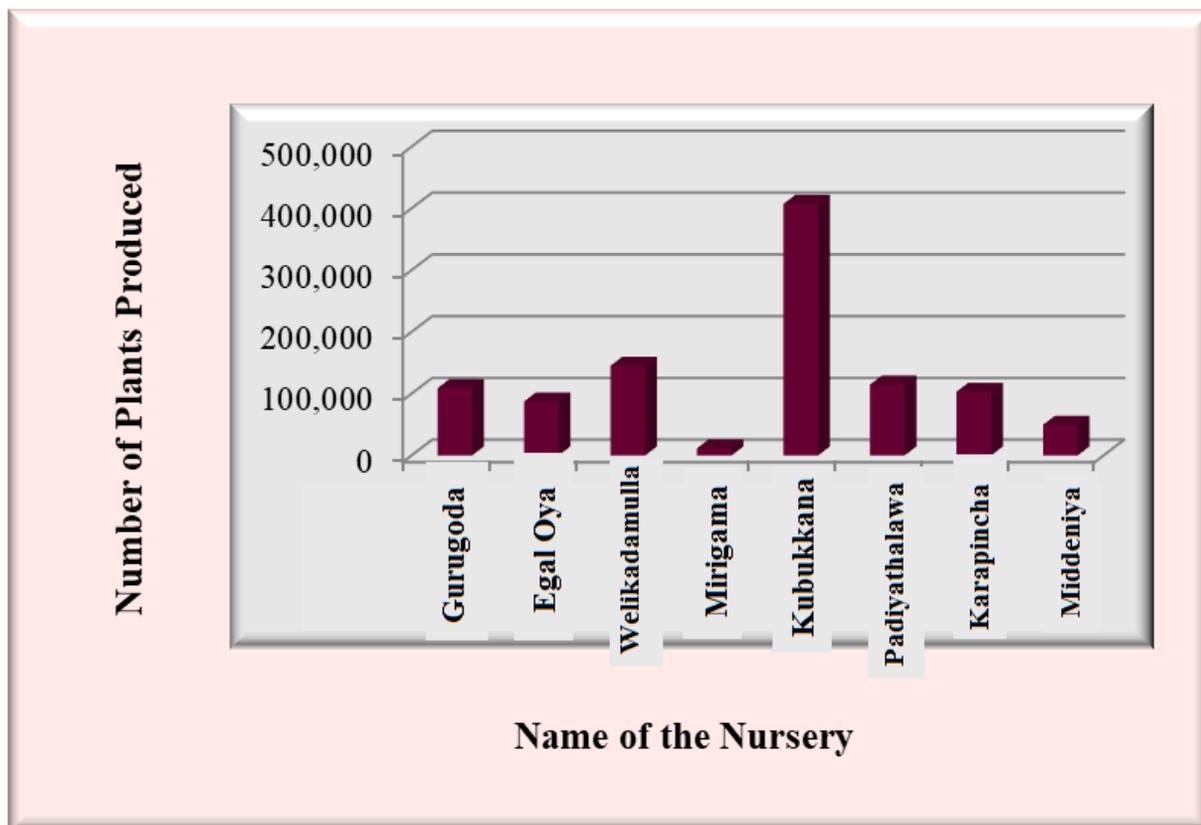
## Plant Production and Plant Distribution in Government Nurseries – 2020

Name of the Nursery	District, in which the Nursery is Located	Target	Production of Plants 2020	Distribution of Plants 2020
Gurugoda	Kalutara	200,000	108,749	140,887
Egal Oya	Kalutara	200,000	87,152	95,345
Welikadamulla	Gampaha	200,000	145,174	179,490
Mirigama	Gampaha	50,000	11,550	3,620
Kumbukkana	Moneragala	300,000	407,263	348,767
Padiyathalawa	Ampara	75,000	114,543	75,617
Karapincha	Ratnapura	75,000	103,048	68,845
Middeniya	Hambantota	75,000	49,420	64,932
<b>Total</b>		<b>1,175,000</b>	<b>1,026,899</b>	<b>977,503</b>

**Table No. XII**

Accordingly, the Department has been able to successfully produce 1,026,899 rubber plants out of the production target of 1,175,000 plants by 2020 and has achieved a physical progress of 87%. The contribution made by the respective nurseries for this purpose is given in the Diagram below.

**Production of Plants in the Government Nurseries**



The highest plant production in the year 2020 has been carried out by Welikadamulla and Kumbukkana Nurseries. The two nurseries have added 552,437 plants to the total rubber plant production with the contribution of 54%. A sum of Rs. 123.7 million has been incurred out of Rs.132 million in order to achieve the plant production target of the Government Nurseries and financial progress of 94% has been achieved. The annual plant production of government nurseries in the previous few years is given in the table below.

Year	Production of Plants
2015	1,386,593
2016	1,204,748
2017	946,805
2018	1,327,180
2019	1,454,004
2020	1,026,899

Table No. XIII

As per the statistics, a gradual decline in plant production can be observed from the year 2015 to 2017 and an increase in plant production can be observed from the year 2018 to 2019. However, there is a decline in the production of plants in 2020 compared to the number of plants produced in 2019. The reduction was 427,105 rubber plants.

### 2.3.2. Production of Plants - 2020 (Private Plant Nurseries)

In addition to the government nurseries maintained to meet the demand for plants, private nurseries have also been established. The Private plant nurseries are supervised by the Department and the Rubber Research Institute. Plant production in private plant nurseries as regional offices during the year 2020 is shown in the table below.

**Plant Production - 2020 (Private Plant Nurseries)**

Regional Office	Production of Plants
Kegalle	174,640
Moneragala	27,277
Ratnapura	139,950
Kalutara	7,788
Galle	13,500
<b>Total</b>	<b>363,155</b>

Table No. XIV

According to the table above, the highest production of rubber plants in the year 2020 has been recorded in the Kegalle Regional Office area. Kegalle and Ratnapura districts have contributed by 87% to the total rubber plant production by the private sector.

## 2.4 Programme for fixing of Rain Guards

From the earliest days of starting the rubber cultivation in Sri Lanka, rainfall has been a barrier to harvest rubber latex production. The Rubber Research Institute of Sri Lanka (RRISL) has introduced a new technology called installing rain guards to prevent the wastage of latex during the rainy season and to ensure continuous rubber milk harvest during non-rainy seasons as well as during rainy seasons. The specific advantage of installing rain guards is that rubber farmers are able to earn an income by tapping even on days when it is not possible to harvest rubber latex due to rains. The Rubber Development Department provides subsidies to land owners to popularize the installation of rain guards among rubber growers. A subsidy of Rs. 70/- each per one rubber tree is provided to rubber smallholders, who have successfully installed rain guards and Rs. 35/- each per one rubber tree is provided to the plantation companies. This programme is implemented in traditional rubber growing areas due to the year-round rainfall available in those areas.



**A Rubber Plantation with Rain Guards**

Information on the installation of rain guards in relation to rubber smallholding sector in the year 2020 is given in the table below.

<b>District</b>	<b>Land Extent, where Rain Guards are Installed - Smallholdings (ha)</b>	<b>No. of Farmers who have installed Rain Guards</b>
Kalutara	166.58	128
Kegalle	217.36	170
Gampaha	68.15	27
Kurunegala	41.87	26
Kandy	5.25	14
Matale	2.53	02
Ratnapura	192.74	160
Colombo	78.48	41
Galle	60.40	51
Matara	98.45	82
Hambantota	9.89	12
<b>Total</b>	<b>941.70</b>	<b>713</b>

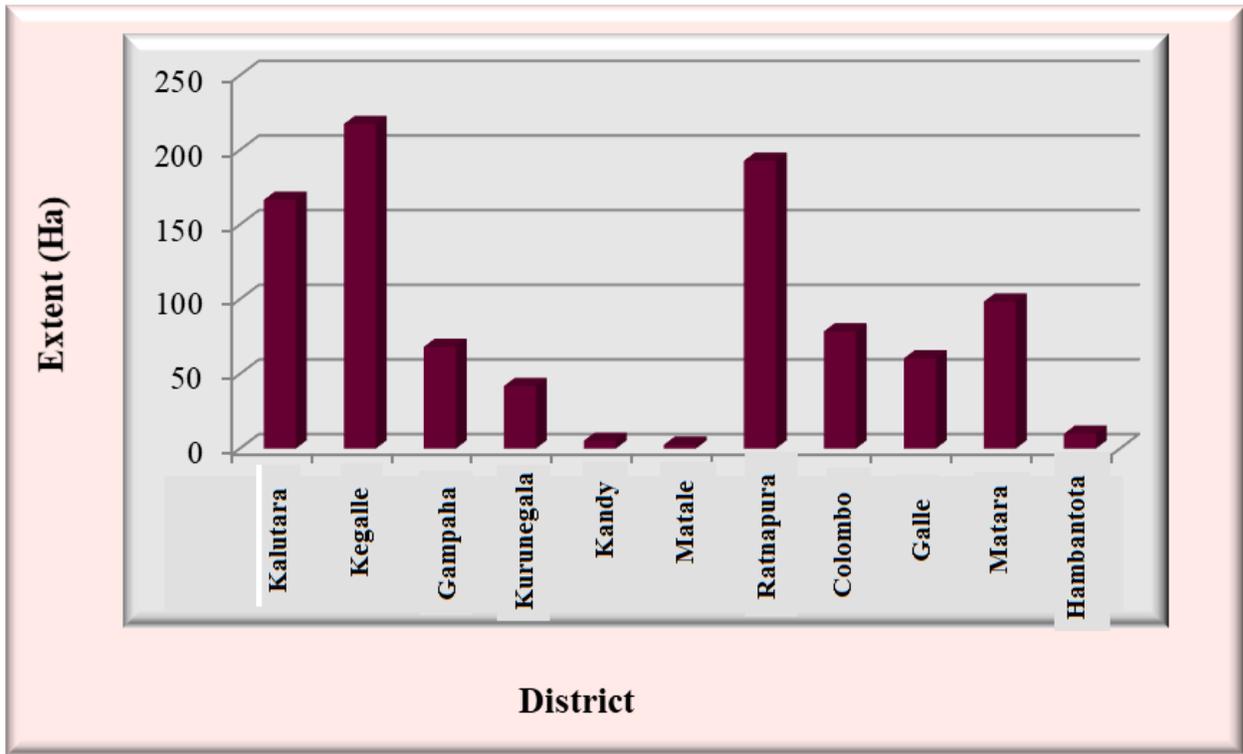
Table No. XV

In the year 2020, 713 farmers have installed rain guards in 941.70 ha of rubber smallholdings under the programme of installing rain guards. The Rubber Development Department has

incurred Rs. 38.02 million as subsidies for this purpose. The installation of rain guards district wise in the rubber smallholding sector in this year is shown in the following diagram.

Diagram No. iv

**Land Extent under Rain Guards - District wise - 2020 (Smallholdings)**



This implies that the Kegalle District has made a significant progress over the other districts in the smallholding sector under the Programme of installing rain guards implemented by the Department in the year 2020. The land extent, where rain guards have been installed in Kegalle district was 217.36 ha.

Information on the installation of rain guards for rubber plantation by Plantation Companies in the year 2020 is depicted by the following table.

District	Land Extent, Where Rain Guards are Installed Plantation Companies (Ha)	No. of Estates with Rain Guards
Kalutara	1,706.61	04
Kegalle	1,583.01	30
Kurunegala	378.97	04
Kandy	20.00	03
Ratnapura	1,366.83	18
Colombo	610.16	06
Galle	183.01	07
Matara	98.18	02
<b>Total</b>	<b>5,946.77</b>	<b>74</b>

Table No. XVI

Accordingly, rain guards have been installed in a land area of 5,946.77 ha by 74 estates of the plantation companies in the year 2020 and the amount incurred for that purpose was Rs.50.94 million.

The highest rain guard installation was recorded in the Kalutara district among other districts, which were under the programme of installing rain guards in the regional plantation companies. The area with rain guards was 1,706.61 ha. The progress of annual installation of rain guards can be depicted as follows.

#### Installation of Rain Guards 2015 - 2020

Year	Extent under Smallholdings (Ha)	Extent under Plantation Companies (Ha)
2015	478.58	3,778.29
2016	182.65	2,452.52
2017	258.88	1,072.79
2018	323.71	1,071.32
2019	434.43	2,454.94
<b>2020</b>	<b>941.70</b>	<b>5,946.77</b>

Table No. XVII

Accordingly, it was observed that the area, where rain guards have been installed has rapidly increased in the year 2020 as compared to the previous years. This is mainly due to the fact that farmers are becoming more aware of the installation of rain guards and they are able to get a higher rubber harvest as they can harvest rubber latex throughout the year.

## 2.5 Tappers Training

### i. Providing training to Tappers (Ordinary)

Tapping should be done by practising the accurate techniques in order to get a higher rubber yield in the long run. The Department provides trainings to tappers and volunteers to achieve that objective. It is expected from this Programme to develop self-employment opportunities, raise awareness about getting long-term high yields without damaging the rubber tree and address the shortage of tappers.



### Tapper Training programme

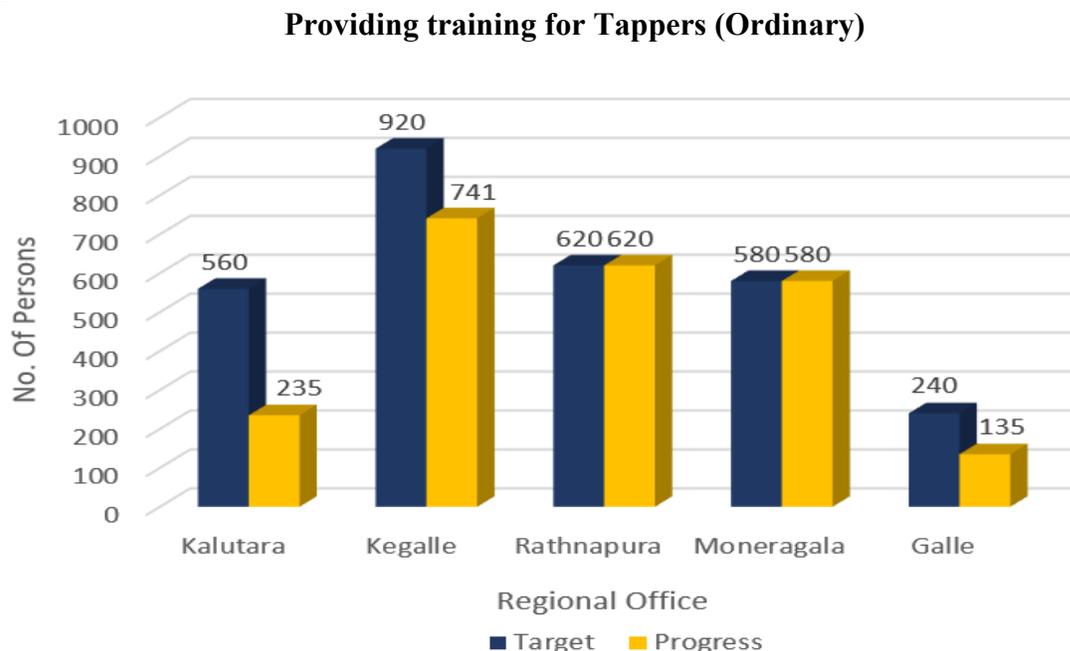
Training of tappers is done in two parts as ordinary and professional. In case rubber smallholders maintain a rubber cultivation of their own, ordinary training for tappers under this Programme is conducted in the divisional level by Rubber Development Officers to enable them to harvest rubber latex of their own cultivations and to engage in tapping professionally. A practical training is also conducted to make the rubber cultivators aware of the fields such as the economic, environmental and social importance of the Rubber Industry, selection of trees, identification of the tissues of the rubber tree, introduction of tapping techniques, knowledge in rubber processing as well as sharpening of the tapping knife, free tapping, placing taping marks, tapping trees by following the marks and installation of rain guards. Details of the Ordinary Tapping Programme in the year 2020 are given in the table below.

Regional Office	Ordinary Training Programme for Tappers			
	Target (Persons)	No. of Programmes Conducted	No. of persons Received the Training	Amount incurred (Rs. Million)
Kalutara	560	11	235	0.37
Kegalle	920	37	741	1.18
Ratnapura	620	18	620	0.63
Moneragala	580	37	580	0.99
Galle	240	10	135	0.40
<b>Total</b>	<b>2,920</b>	<b>113</b>	<b>2,311</b>	<b>3.57</b>

Table No. XVIII

Although it was targeted to provide ordinary tapping training to 2,920 persons during the year 2020, only 2,311 persons were trained and thereby, it was possible to achieve 79% of physical progress. The Department has incurred a sum of Rs. 3.57 million for this Programme. The manner of accomplishing targets by the ordinary training programme conducted for tappers at the regional office level is analysed further by the diagram mentioned below.

**Diagram No. v**



Accordingly, the Ratnapura and Moneragala Regional Offices have achieved the target and the Kegalle Regional Office has provided the trainings to a majority of persons in the year 2020.

**ii. Provision of a Training for Tappers (Professional)**

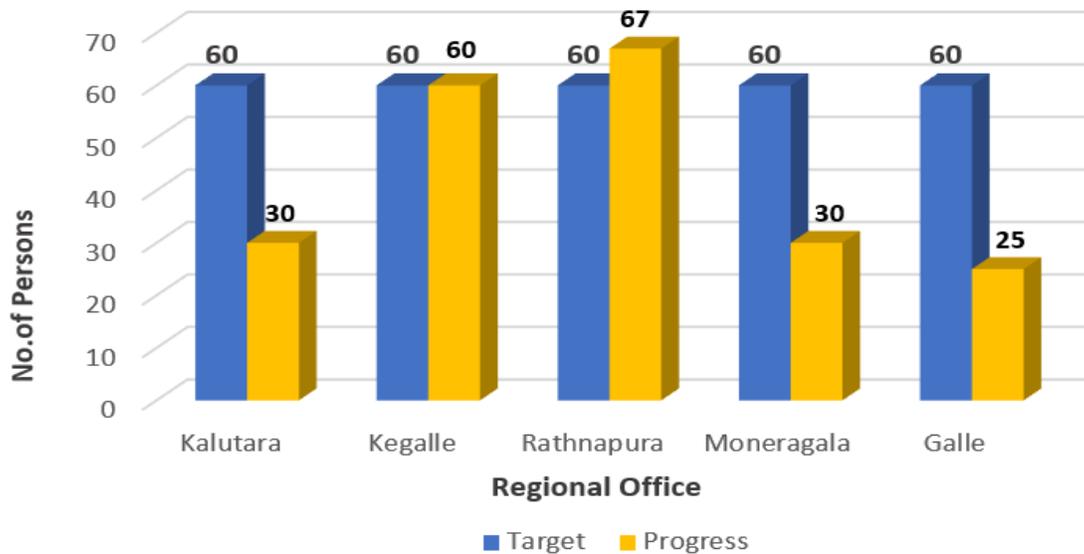
It is expected to provide professional skills to tappers who have already obtained training and experience in tapping and those who are interested in tapping by the Training Programme for Tappers (Professional). A comprehensive knowledge is provided through this Programme in the fields of the rubber industry and its economic and environmental significance, the structure of the bark of the rubber tree, the latex production process of the rubber tree, the composition of the rubber latex, starting of tapping, the marking of the tree, the position of tissues in the rubber tree, introduction of equipment used for tapping and the technologically improved tapping knife, establishment of an immature rubber plantation and control of cultivation, fertilizer application, detection and control of infectious diseases and pests, recommended tapping techniques, use of stimulants, use of catalysts, practical training in tapping, botanical features and clones of the plant, using rain guards and knowledge in intercropping and beekeeping. Information regarding the Training Programme for Tappers (Professional) in relation to the year 2020 is given below.

Regional Office	Training Programme for Tappers (Professional)			
	Target (Persons)	No. of Programmes Conducted	No. of Tappers Received the Training	Amount incurred (Rs. Million)
Kalutara	60	01	30	0.26
Kegalle	60	02	60	0.13
Ratnapura	60	02	67	0.45
Moneragala	60	01	30	0.25
Galle	60	01	25	0.25
<b>Total</b>	<b>300</b>	<b>07</b>	<b>212</b>	<b>1.34</b>

Table No. XIX

Although the Department has set a target to train 300 persons from the Training Programme for Tappers conducted in the year 2020, the number of persons trained was 212. A sum of Rs. 1.34 million has been spent for this training programme. The number of persons trained under the Training Programme for Tappers in Regional Office level is depicted in the Diagram given below

Diagram No. v



**Training Programme for Tappers (Professional)**

Information regarding the training of Tappers over the past few years is mentioned below.

Year	No. of Persons Received the Ordinary Training in Tapping	No. of Persons Received the Professional Training in Tapping
2016	2,480	305
2017	2,903	287
2018	3,117	268
2019	3,997	300
2020	2,311	212

Table No. XX

The table above shows that there has been a decline in the number of trainers in the Training Programme of Tappers in 2020 compared to the previous years. The main reason for this is the lack of training programmes due to the Covid pandemic prevailed in the country.

## 2.6 Training Programmes for Bud Grafters

The main objective of this programme is to train bud grafters to produce high quality grafted rubber seedlings with high productivity. Only a successful bud graft can give a high yield from 05 to 30 years after transplanting. Training Programmes for Bud Grafters is conducted with the participation of the employees of the government nurseries, private nursery workers and the applicants of that Programme. The details of this programme in relation to the year 2020 are given in the table below.

Regional Office	Training of Bud Grafters		
	Target (Persons)	Number Trained	Amount Incurred (Rs. Million)
Kalutara	30	28	0.03
Kegalle	60	68	0.05
Ratnapura	30	30	0.05
Moneragala	60	60	0.08
Galle	30	25	0.05
<b>Total</b>	<b>210</b>	<b>211</b>	<b>0.26</b>

Table No. XXI

The targeted number of bud grafters to be trained in the year 2020 was 210 and the Department has been able to successfully achieve that target. The Department has been able to achieve a

financial progress of 74% by incurring a sum of Rs. 0.26 million out of Rs. 0.35 million allocated for this Programme.

Kegalle, Ratnapura and Moneragala Regional Offices have been able to train the targeted number of trainers and the highest number of trainers have been trained by the Kegalle Regional Office.

## 2.7 Training programme for fixing Rain Guards

Installation of rain guards is an important task that needs to be done accurately and if it is not done properly, the rubber tree will be destroyed and farmers will face the problem of not being able to get its yield efficiently. The main reason for such a situation is that the installation of rain guards by people who do not have the technical knowledge required to install rain guards. Accordingly, this training programme will be implemented with the primary objective of achieving high yields by applying accurate and successful rain guards to rubber plantations. The target was to provide the training of installing rain guards to 510 persons during the relevant year and it was possible to successfully complete this Programme by providing training to 1231 persons.

Regional Office	Target (Persons)	Number Trained	Amount Incurred (Rs. Million)
Kegalle	270	245	0.15
Kalutara	120	139	0.09
Ratnapura	90	134	0.10
Galle	30	713	0.001
<b>Total</b>	<b>510</b>	<b>1231</b>	<b>0.341</b>

Table No. XXII

According to the table, the Galle Regional Office has made the highest progress in training 713 persons from among the Regional Offices under the Training Programme of Installing Rain Guards for the Advancement of the Rubber Industry. In addition to the above training programmes, programmes such as,

- ❖ Training on household manufacturing of rubber products
- ❖ Training on soil conservation
- ❖ Training for maintaining immature and mature cultivations
- ❖ Construction of smokehouses
- ❖ Two-day workshop on tapping
- ❖ One day workshop on creating awareness on the rubber cultivation
- ❖ Development of farm units
- ❖ Training in beekeeping
- ❖ Establishment of model farm units
- ❖ Training in the production of Rubber Sheets
- ❖ One day workshop on the production of rubber sheets,

have been implemented and the highest number of trainers have been trained through the Training Programme for Producing Rubber Sheets. The number of persons trained by that Programme was 255.

## 2.8 Intercropping



A Rubber Plantation with Intercropping

The objective of introducing intercropping is to further enhance the living standards of the growers by providing opportunity to earn an extra income at the immature stage of rubber cultivation. The rubber growers can achieve positive impacts through intercropping such as increasing the land use pattern effectively and efficiently, different types of weeds among rubber cultivation adversely affect the growth of the rubber tree and effective control of such weeds, efficient use of natural resources and other inputs (sunlight, fertilizer, water use, soil fertility, labourers) and the positive impact on the survival of growers as all the crops will not be destroyed simultaneously. Pineapple, banana, passion fruit and papaya have been introduced for traditional areas under intercropping and cocoa, banana and papaya have been introduced for non-traditional areas and seasonal crops including maize have also been introduced recently. A subsidy of Rs.4,000/- for one acre is paid for a rubber cultivation with successfully cultivated intercrops as recommended by the Rubber Research Institute.

District	Crop Cultivated	Extent under Cultivation (Ha)	Number of Farmers, who have Cultivated
Kalutara	Pineapple	13.46	16
	Vegetable	2.65	5
	Banana	8.57	12
Kegalle	Pineapple	26.16	33
	Banana	9.92	19
Gampaha	Pineapple	2.72	3
Kurunegala	Vegetable	0.40	1
Vavuniya	Undu / Cowpea	1.21	2
Kandy	Banana	2.65	6

Ratnapura	Pineapple	29.66	21
	Banana	6.36	11
	Vegetable and Seasonal Crops	1.75	3
Colombo	Pineapple	32.03	32
	Banana	1.56	2
	Vegetable and Seasonal Crops	0.25	-
Galle	Pineapple	0.40	01
	Banana	1.01	01
Matara	Banana	0.49	03
Hambantota	Banana	0.81	01
	Green Gram	0.40	01
Monaragala	Banana	19.06	19
	Chena Crops	22.67	34
	Pepper	0.40	01
	Cocoa	0.81	01
Badulla	Banana	1.21	01
	Chena Crops	4.66	08
<b>Total</b>		<b>191.27</b>	<b>237</b>

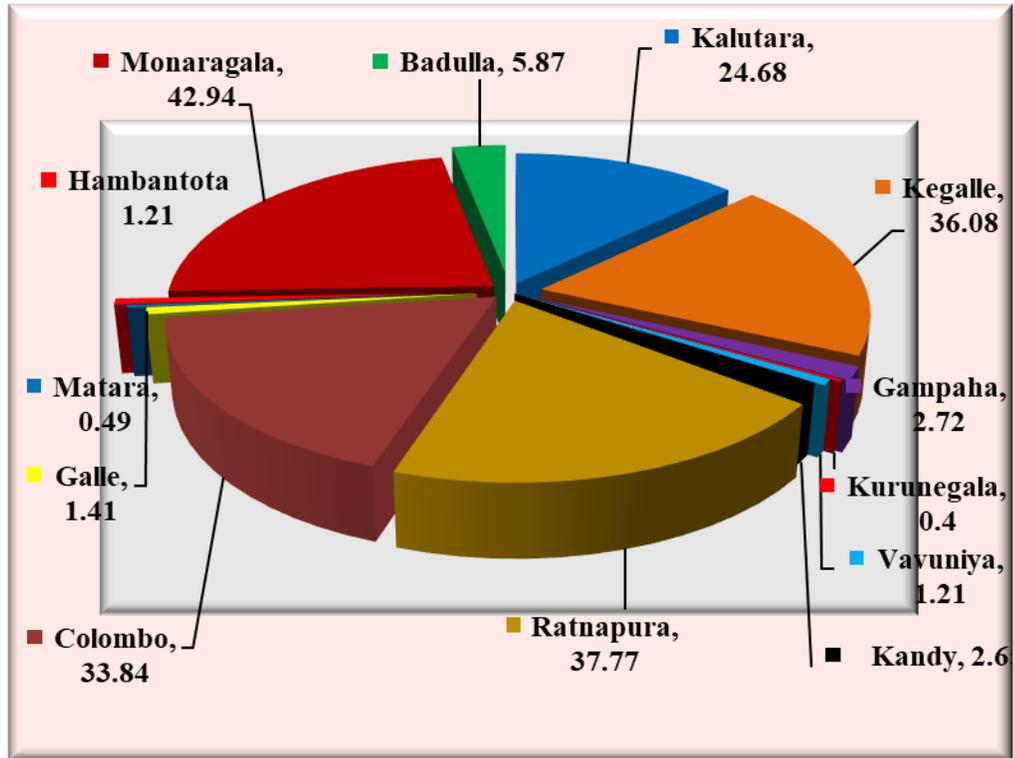
**Table No. XXIII**

During the year 2020, 191.27 hectares of intercrops have been cultivated under the intercropping programme and the targeted area was 300 hectares. The Department has been able to achieve a physical progress of 64% through intercropping in this year. The farmers have given priority to the pineapple cultivation among the crops grown and pineapple has been cultivated in an area of 104.43 ha and it has contributed 55% to the total intercropping. A financial progress of 63% has been achieved by spending a sum of Rs. 1.31 million out of the provision of Rs. 2.08 million allocated for intercropping.

During the year 2020, 237 rubber farmers have cultivated intercrops and the Moneragala District has shown a high tendency towards cultivating intercrops.

**Extent of Land under Intercropping (Crop wise) – 2020**

(Hectares)



**2.9. Information related to the Natural Rubber Industry – 2020**

**2.9.1 Extent under Rubber Cultivation**

The estimated total extent of land under rubber in the country in the year 2020 has been calculated on the basis of the results of the Census of rubber lands conducted in the year 2010.

### Extent of Land under Rubber (2010 - 2020)

Year	Estimated Land Area (hectares)		
	Private Sector (Lands less than 20 hectares)	Regional Plantation Companies (Lands more than 20 hectares)	Total
<b>2010</b>  (Land Area reported from the Census of rubber lands)	79,395	46,250	125,645
<b>2011</b>	80,018	48,516	128,534
<b>2012</b>	82,170	48,610	130,780
<b>2013</b>	86,529	47,821	134,350
<b>2014</b>	87,735	47,975	135,710
<b>2015</b>	89,429	46,991	136,420
<b>2016</b>	87,862	48,278	136,140
<b>2017</b>	88,412	48,213	136,625
<b>2018</b>	89,243	47,863	137,106
<b>2019</b>	90,195	47,413	137,608
<b>2020</b>	89,592	48,242	137,834

Table No. XXIV

During the past few years, a gradual increase can be observed in the extent of land under rubber cultivation. This is due to the addition of more lands under the rubber cultivation to the area that is cleared of rubber plantations annually. 66% of the estimated land area related to the year 2020 are in the form of small and medium scale land plots and the remaining 34% is in the form of estates of the Plantation Companies. Immature land area is estimated to be 17,305 hectares while Mature land area is estimated to be 120,529 hectares out of the total land area. The average annual yield per hectare of rubber in this year has been estimated as 649 kg of dry rubber.

## 2.9.2. Production of Rubber

Total rubber production in the year 2020 was 78,205 metric tons. Rubber production in 2020 has shown a growth of 4% compared to the total rubber production of 74,753 metric tons in 2019. Rising of rubber prices in 2020, which were lower in the previous years, was the main factor influencing the growth of rubber production.

**Natural Rubber Production (Metric Tons) 2012 - 2020**

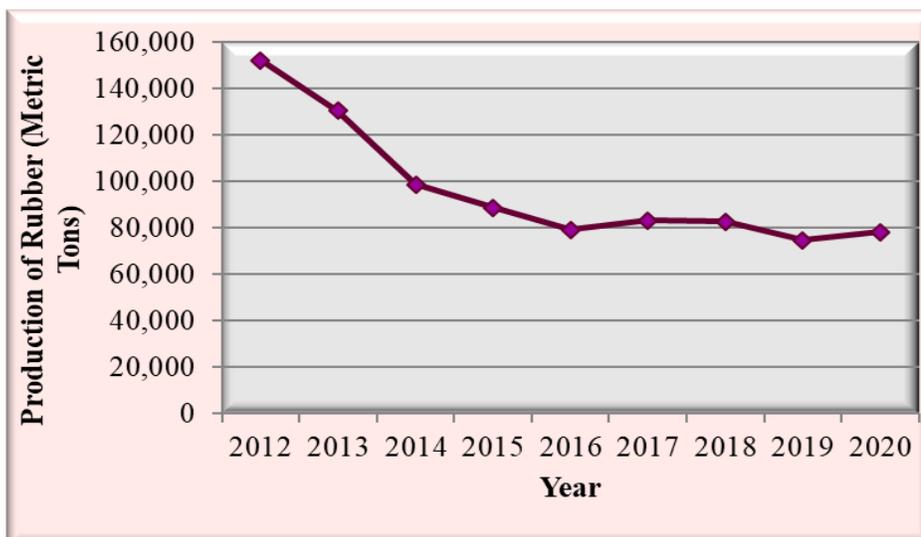
Year	Production of Natural Rubber (Metric Tons)
2012	152,050
2013	130,421
2014	98,573
2015	88,567
2016	79,100
2017	83,070
2018	82,560
2019	74,753
2020	78,205

Table No. XXV

The following Diagram further illustrates the changes in total rubber production over several years.

Diagram No. viii

**Rubber Production - 2020**



According to the diagram above, the rubber production has increased in 2020 when compared to that of in the previous year and however, the rubber production has declined from the year 2012 to the year 2019. This is mainly due to the decline in rubber prices.

### World Rubber Production - 2020

(’Thousand Metric Tons)

Country	Production of Rubber 2019	Production of Rubber 2020
Thailand	4,852.00	4,335.20
Indonesia	3,301.00	2,884.60
Vietnam	1,173.00	1,235.00
China	812.00	692.70
Ivory Coast	700.00	855.00
India	702.00	679.00
Malaysia	650.00	510.00
Cambodia	288.00	349.30
Myanmar	305.00	263.30
Brazil	185.00	192.00
Laos	130.00	129.20
Philippines	115.00	103.60
Guatemala	102.00	104.80
Sri Lanka	75.00	78.20
Other countries	25.00	373.30
World production	13,415.00	15,785.00

Table No. XXVI

### 2.9.3. Cost of Rubber Production

#### Cost of Rubber Production 2007-2020 (Rupees / 1 kg)

Year	Plantation Companies	Rubber Smallholdings
2007	102.31	112.69
2008	119.89	114.00
2009	135.83	118.56
2010	158.94	119.83
2011	188.23	129.56
2012	207.00	136.00
2013	245.00	150.00
2014	280.00	160.00

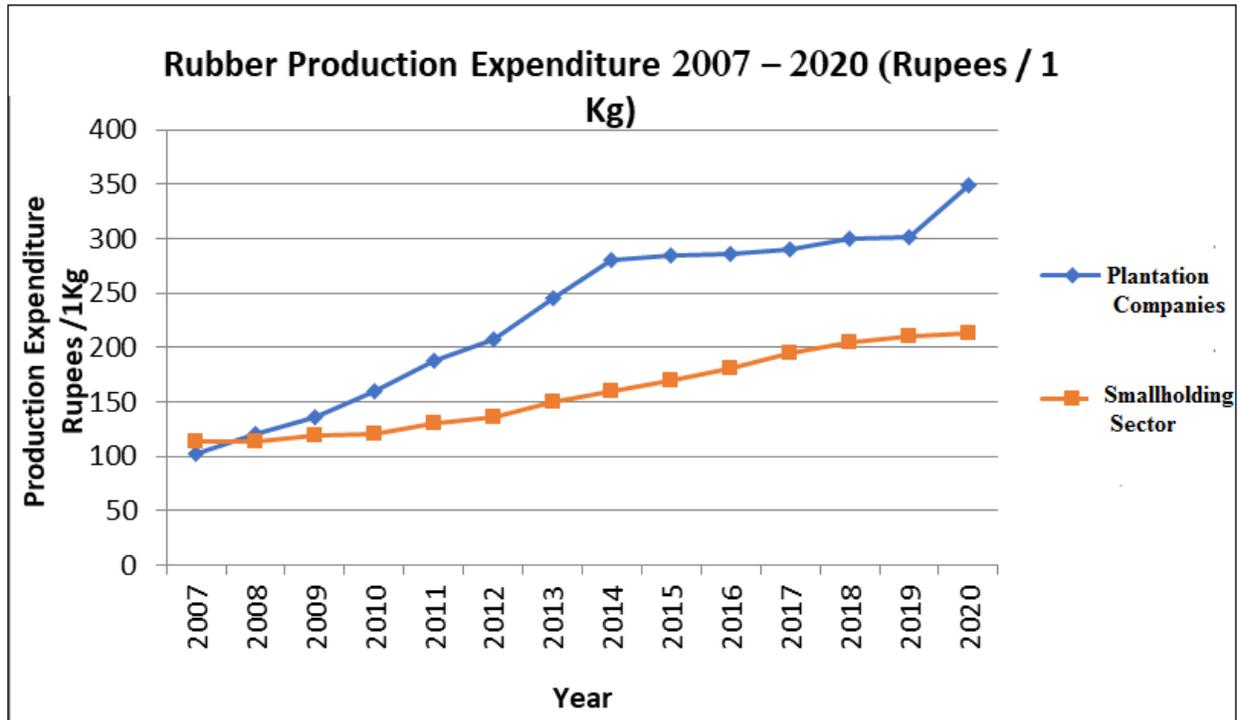
<b>2015</b>	285.00	170.00
<b>2016</b>	286.41	180.00
<b>2017</b>	290.00	195.00
<b>2018</b>	300.00	205.00
<b>2019</b>	301.50	210.00
<b>2020</b>	349.55	213.50

Table No. XXVII

The average production cost of the rubber smallholding sector for the production of one kilogram of dry rubber in the year 2020 was Rs. 213.50 and the value in the previous year was Rs. 210.00. Moreover, the production cost for plantation companies was Rs. 349.55 and the production cost in the year 2019 was Rs. 301.50. Accordingly, the production cost of rubber smallholding sector in this year has increased by Rs. 3.50 compared to the previous year and the production cost of the estate sector in this year has increased by Rs. 48.05 compared to the previous year. The cost of production has increased annually from 2007 to 2020 and factors such as lower yields, higher labour costs and higher input costs have been the reason for the increase in the cost of production. The Diagram below shows how production costs have changed since 2007.

Diagram No. ix

**Cost of Rubber Production 2007-2020 (1 kg / Rupee)**



#### 2.9.4. Local Rubber Consumption – 2020

In the past, natural rubber produced in the country was used as a leading industrial raw material, based on exports and the situation has changed at present and the natural rubber produced in the country is used as a raw material for the manufacture of export-oriented products and there is a high consumption for rubber for the manufacture of domestic finished products. 112,080 metric tons of natural rubber has been consumed in the country also in the year 2020. The imported rubber has also been used for local consumption.

Month	Local Consumption (Metric Tons)
January	11,978
February	10,885
March	11,785
April	5,900
May	8,545
June	8,707
July	8,789
August	8,662
September	10,550
October	9,702
November	7,998
December	8,579
<b>Total</b>	<b>112,080</b>

Table No. XXVIII

#### Local Rubber Consumption (2015 – 2020)

Year	(Metric Tons)
2015	127,564
2016	141,940
2017	128,142
2018	135,238
2019	112,556
2020	112,080

Table No. XXIX

## 2.9.5. Rubber Exportation

### Quantities of Natural Rubber Exported in 2019 and 2020

Month	Quantity Exported (Metric Tons)	
	2019	2020
January	1,560	1,361
February	1,349	1,634
March	1,978	725
April	1,507	705
May	1,329	948
June	854	1,533
July	875	1,773
August	788	846
September	737	1,130
October	604	1,271
November	568	1,671
December	854	2,169
<b>Total</b>	<b>13,003</b>	<b>15,766</b>

Table No. XXX

Quantity of natural rubber exported by Sri Lanka has increased in the year 2020 compared to the previous year. This is due to the increase in the local rubber production and the increasing tendency of farmers to cultivate rubber due to the significant increase in the price of rubber.

### Total Rubber Exports and Export Income - 2020

Category	Quantity Exported	Export Income (Rs. Million)
<b>Natural Rubber (kg)</b>	15,765,886	5,579
<b>Synthetic Rubber (kg)</b>	5,492	1
<b>Semi-Finished Rubber (kg)</b>	5,134,000	531
<b>Finished Goods (kg)</b>	66,832,854	66,577
<b>Finished Goods (Units)</b>	30,193,777	78,392
<b>Total Rubber Export Volume (kg)</b>	87,738,232	72,688
<b>Total Rubber Export Volume (Units)</b>	30,193,777	78,392
<b>Total</b>		151,080

Table No. XXXI

## Major Countries that Purchased Rubber from Sri Lanka 2020

Country	Quantity Purchased (Metric Tons)	%
<b>Pakistan</b>	5,948	37.70
<b>Malaysia</b>	2,481	15.70
<b>Japan</b>	1,294	8.20
<b>Germany</b>	865	5.50
<b>China</b>	714	4.50
<b>Italy</b>	594	3.80
<b>India</b>	435	2.80
<b>Vietnam</b>	434	2.80
<b>America</b>	425	2.70
<b>South Africa</b>	366	2.30
<b>Other countries</b>	2,210	14.00
<b>Total</b>	<b>15,766</b>	<b>100</b>

Table No. XXXII

### 2.9.6. Importation of Rubber

#### Import Quantities of Natural Rubber - 2020

Month	Quantity Imported (Metric Tons)	
	2019	2020
January	3,307	5,831
February	3,633	6,618
March	2,734	7,109
April	2,623	1,878
May	5,693	3,203
June	3,708	2,640
July	4,163	3,999
August	4,950	4,583
September	4,184	4,176
October	5,778	3,714
November	5,422	2,049
December	3,811	2,828
<b>Total</b>	<b>50,006</b>	<b>48,628</b>

Table No. XXXIII

Although a large number of rubber related products are abundantly manufactured in Sri Lanka, rubber has to be imported with restrictions to protect the farmer. It was possible to reduce the imports of rubber in the year 2020 as compared to 2019 and it is a measure of strengthening the local economy.

### Quantity of Natural Rubber Imported Annually

Year	Natural Rubber (Metric Tons)
2012	15,675.60
2013	11,155.80
2014	29,225.00
2015	54,376.60
2016	72,984.90
2017	61,801.20
2018	65,759.00
2019	50,006.30
2020	48,628.00

Table No. XXXIV

### Total Rubber Imports - 2020

Category	Quantity Imported	Expenditure on Imports (Rs. Million)
Natural Rubber (Kg)	48,627,866	12,263
Synthetic Rubber (kg)	65,676,387	19,309
Semi-Finished Rubber (Kg)	31,901,821	4,711
Finished goods (kg)	8,136,066	7,884
Finished Goods (Units)	3,470,246	8,064
Total Rubber Export Volume (kg)	154,348,140	44,157
Total Rubber Export Volume (Units)	3,470,246	8064
<b>Total</b>		<b>52,231</b>

Table No. XXXV

### Quantities of Natural Rubber Imported – Country wise

Country	Quantity Imported (Metric Tons)	%
Thailand	17,374	35.73
Indonesia	16,874	34.70
Vietnam	11,089	22.80
Ivory Coast	999	2.05
Myanmar	733	1.51
Malaysia	634	1.30
Singapore	602	1.24
South Korea	120	0.25
Guatemala	101	0.21
Cambodia	80	0.16
Other Countries	22	0.05
<b>Total</b>	<b>48,628</b>	<b>100.00</b>

Table No. XXXVI

### 2.9.7. Rubber Prices

#### Annual Average Price according to the Category of Rubber at the Colombo Rubber Auction (Rupees / 1 kg)

Year	Annual Average Price		
	Sheet Rubber No. 1	Scrap Crepe No. 1.XBR	Latex Crepe No. 1x
<b>2019</b>	288.48	245.05	302.26
<b>2020</b>	350.04	255.31	357.89

Table No. XXXVII

Although the price of rubber has been declining since 2011 due to the decline in demand for natural rubber owing to the slowdown of the global Gross Domestic Product, the price of rubber is expected to increase in 2020 as compared to 2019.

**Average Prices of Rubber at the Colombo Rubber Auction Monthly - 2020**

Month	Sheet Rubber (R.S.S)					Latex Crepe					Scrap Crepe					
	1	2	3	4	5	1X	1	2	3	4	1XBR	2XBR	3XBR	No.4	F.B.	SKIM
<b>January</b>	326.46	319.00	315.00	280.00	272.00	351.43	348.67	336.33	321.89	264.38	255.71	256.60	254.88	249.00	253.00	247.25
<b>February</b>	301.25	Nil	263.00	256.00	252.90	351.00	349.08	338.17	329.79	252.50	247.27	245.00	240.83	237.67	231.00	210.50
<b>March</b>	300.00	288.00	273.00	Nil	249.75	350.33	352.23	350.38	346.25	245.13	242.50	232.00	238.17	230.00	224.33	207.50
<b>April</b>	Nil	Nil	Nil	Nil	Nil	330.67	333.00	301.50	275.75	211.13	201.00	200.00	190.50	Nil	195.00	191.50
<b>May</b>	Nil	Nil	Nil	Nil	Nil	330.00	320.50	298.00	264.75	195.00	191.17	195.00	189.00	188.00	190.00	157.33
<b>June</b>	Nil	Nil	Nil	Nil	Nil	300.00	297.00	271.00	252.63	199.00	193.50	191.33	192.50	189.80	181.00	184.13
<b>July</b>	Nil	270.00	Nil	245.00	255.00	288.67	294.80	281.40	273.50	225.50	218.60	203.50	210.75	207.00	193.00	193.13
<b>August</b>	Nil	292.50	278.00	270.00	264.00	332.00	331.13	311.50	295.50	271.63	259.75	251.67	233.67	227.50	210.00	231.25
<b>Sept.</b>	323.00	Nil	Nil	Nil	Nil	355.00	354.50	341.00	327.00	299.00	291.00	253.25	234.38	230.00	215.00	252.00
<b>October</b>	362.67	330.00	337.50	Nil	Nil	399.25	385.60	373.20	364.60	346.00	283.50	263.00	255.30	250.33	250.00	238.60
<b>Nov.</b>	406.88	417.00	375.00	302.50	Nil	447.17	445.33	434.33	421.00	404.75	336.33	287.50	286.67	269.67	265.00	270.50
<b>Dec.</b>	430.00	Nil	390.50	380.00	Nil	459.13	455.50	447.75	441.25	387.60	343.33	324.70	310.50	294.00	292.50	274.13
<b>සාමාන්‍යය</b>	<b>350.04</b>	<b>319.42</b>	<b>318.86</b>	<b>288.92</b>	<b>258.73</b>	<b>357.89</b>	<b>355.61</b>	<b>340.38</b>	<b>326.16</b>	<b>275.13</b>	<b>255.31</b>	<b>241.96</b>	<b>236.43</b>	<b>233.91</b>	<b>224.99</b>	<b>221.48</b>

**Table No. xxxviii**

Average prices of rubber at the Colombo Rubber Auction 2010-2020																
Year	Sheet Rubber (R.S.S.)					Latex Crepe					Scrap Crepe					
	1	2	3	4	5	1X	1	2	3	4	1XBR	2XBR	3XBR	No.4	F.B.	SKIM
2010	402.71	394.52	390.63	379.47	373.01	437.57	453.19	439.49	420.15	380.60	363.51	356.15	348.98	342.77	332.86	315.42
2011	513.05	504.56	492.45	486.12	470.92	575.65	566.93	542.02	502.89	471.71	461.83	452.71	442.25	441.54	428.49	413.67
2012	416.61	409.56	398.21	386.27	382.58	410.84	405.01	395.72	389.01	384.78	377.09	365.85	357.79	350.26	335.11	344.71
2013	376.78	369.00	360.70	337.30	341.79	397.33	389.89	372.01	353.67	320.67	309.04	296.78	281.84	271.85	262.07	253.64
2014	287.84	281.25	270.37	265.81	265.44	311.19	303.34	272.91	244.79	222.68	214.42	207.36	203.35	196.17	185.49	190.84
2015	252.16	248.02	247.60	233.93	236.52	276.65	270.01	249.81	231.00	195.94	181.63	170.66	164.98	157.30	143.08	114.62
2016	238.97	229.28	231.36	223.33	226.31	262.38	258.66	238.37	220.35	188.19	179.56	175.74	173.29	168.08	156.14	143.88
2017	337.27	330.48	324.50	309.57	295.79	351.64	348.01	336.32	322.53	280.39	269.51	262.71	256.41	250.20	230.62	221.44
2018	281.64	269.03	263.11	251.26	249.63	310.99	303.52	270.01	258.89	216.62	210.60	207.69	208.21	204.23	192.42	198.64
2019	288.48	282.83	272.43	269.69	253.46	302.26	297.65	282.80	274.16	253.27	245.05	239.71	236.14	231.72	220.48	220.13
2020	350.04	319.42	318.86	288.92	258.73	357.89	355.61	340.38	326.16	275.13	255.31	241.96	236.43	233.91	224.99	221.48

Table No. XXXIX

<b>Monthly Average Price, at which Rubber is Purchased by Rubber Traders from Farmers (Farm Gate Price) 2020</b>						
<b>Month</b>	<b>R.S.S.</b>					<b>Rubber Latex</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
<b>January</b>	289.35	286.43	279.37	273.62	270.91	273.33
<b>February</b>	277.56	274.08	267.94	261.64	258.10	255.00
<b>March</b>	256.73	256.73	254.42	251.39	251.67	254.21
<b>April</b>	238.75	242.00	232.00	208.00	208.00	230.00
<b>May</b>	229.35	227.71	221.46	214.65	214.65	213.50
<b>June</b>	245.44	241.53	236.64	228.72	229.66	218.44
<b>July</b>	253.46	249.10	244.88	237.74	235.96	219.03
<b>August</b>	285.71	285.00	278.93	272.50	269.50	250.83
<b>September</b>	295.86	292.66	288.03	281.78	280.23	261.94
<b>October</b>	288.54	281.73	278.16	269.61	268.01	253.40
<b>November</b>	324.82	319.40	312.37	300.90	295.83	289.87
<b>December</b>	373.04	360.40	358.88	343.95	343.69	317.35
<b>Average Value</b>	<b>279.88</b>	<b>276.40</b>	<b>271.09</b>	<b>262.04</b>	<b>260.52</b>	<b>253.08</b>

Table No. XL

#### **International Rubber Auction Prices (2015 – 2020)**

<b>Year</b>	<b>Sri Lanka Rupees</b>			
	<b>Colombo Sri Lanka (RSS 3)</b>	<b>Bangkok Thailand (RSS 3)</b>	<b>Kottayam India (RSS 4)</b>	<b>Sicom Singapore (RSS 3)</b>
<b>2015</b>	232.90	213.97	259.61	216.43
<b>2016</b>	231.36	250.45	271.85	211.77
<b>2017</b>	324.50	311.69	322.75	307.70
<b>2018</b>	263.11	257.00	301.80	256.01
<b>2019</b>	272.68	296.90	343.08	297.05
<b>2020</b>	318.86	327.01	339.82	322.17

Table No. XLI

#### **2.9.8. Information related to Licensed Rubber Traders**

It is compulsory for the traders to obtain a license to purchase rubber and the licenses of the traders, who have obtained the license, should be renewed annually as per the legal requirements. The table mentioned below shows how licenses were issued to rubber traders district wise in the year 2020.

District	No. of Licenses Renewed	No. of New Licenses Issued	Total
Kalutara	171	07	178
Kegalle	140	14	154
Gampaha	22	01	23
Kurunegala	10	-	10
Kandy	09	02	11
Matale	03	-	03
Ratnapura	134	13	147
Colombo	43	-	43
Galle	24	02	26
Matara	26	04	30
Hambantota	01	-	01
Moneragala	21	02	23
<b>Total</b>	<b>604</b>	<b>45</b>	<b>649</b>

Table No. XLII

In the year 2020, 604 licenses were renewed by rubber traders and 45 new licenses were issued by the Department.

### 2.9.9. International Affairs

Sri Lanka is a member of the International Rubber Study Group (IRSG) and the Association of Natural Rubber Producing Countries (ANRPC).

It is possible to derive mutual benefits for the advancement of the rubber industry through directly and actively involving in the activities of those institutions by obtaining the membership of these organizations. Furthermore, all the necessary information including local rubber prices, production and marketing information, extent of lands under cultivation, and the numbers employed in the field are reported to these Organizations as and when required. These Organizations also obtain information from other countries and share the information among the relevant member states.

It was not possible to hold an annual conference of the Association of Natural Rubber Producing Countries (ANRPC) during the year 2020 owing to Covid-19 pandemic. However, coordination activities were carried out among the member countries from time to time through the modern technology.

## 2.9.10 Consolidated Fund

Object		Provision Allocated (Rs.)	Net Expenditure as at 31.12.2020 (Rs.)
<b>Recurrent Expenditure</b>			
Wages and salaries	1001	190,000,000.00	183,664,358.94
Overtime and holiday pay	1002	6,300,000.00	6,081,753.70
Other allowances	1003	72,000,000.00	67,740,332.64
Travel Expenses - Local	1101	11,100,000.00	11,032,724.11
Travel Expenses - Overseas	1102	1,000,000.00	0.00
Stationery and office requirements	1201	4,100,000.00	3,888,475.26
fuel	1202	6,000,000.00	5,880,175.47
Food, drink and uniforms	1203	500,000.00	424,407.06
Others	1205	500,000.00	303,704.25
Maintenance of Vehicles	1301	5,000,000.00	4,994,422.26
Maintenance of Machines and Machinery	1302	500,000.00	430,203.20
Maintenance of Building and Constructions	1303	300,000.00	294,028.20
Postal and Communications	1402	6,000,000.00	4,321,855.65
Electricity and water	1403	2,000,000.00	1,579,897.88
Rentals and Local Government Taxes	1404	44,100,000.00	42,082,907.99
Lease Payment for Operating Lease Vehicles	1408	10,000,000.00	9,845,200.00
Others	1409	10,400,000.00	9,819,790.52
Donations and Contributions	1505	8,000,000.00	1,182,308.64
Property Loan Interest for Public Servants	1506	2,000,000.00	1,862,144.65
<b>Capital Expenditure</b>			
Buildings and constructions	2001	7,200,000.00	7,181,196.90
Machines and machinery	2002	500,000.00	499,522.08
Vehicles	2003	3,400,000.00	3,394,309.33
Furniture and Office Equipment	2102	1,500,000.00	1,496,120.50
Machines and machinery	2103	500,000.00	499,924.00
Buildings and constructions	2104	0.00	0.00
Software Development	2106	800,000.00	789,006.00
Staff Training	2401	1,300,000.00	1,222,705.00
Development Assistance	2202	1,000,000,000.00	823,010,127.49
Research and Development	2507	15,000,000.00	9,410,706.35
<b>Grand Total</b>		<b>1,410,000,000.00</b>	<b>1,202,932,308.07</b>

Table No. XLIII

### 2.9.11 Cess Receipts and Charges

Cess is levied from manufacturers of rubber-based finished goods for natural rubber purchased by them locally for the manufacture of those goods.

According to the CESS Regulations No. 01 of 2007, Cess of Rs. 4/- each must be paid for 1 kg of raw rubber purchased. The CESS must be paid by a cheque drawn in favour of “Director General, Rubber Development Department”.

#### Details of Institutions Registered for Cess - 2020

Number of registered institutions for the year 2020	-	146
Number of Institutions Paying Cess	-	58
Number of Companies Paying Cess	-	58
Number of institutions that have not paid Cess	-	88
Number of Exporters Registered for Cess	-	109

#### Amount of Cess levied on domestic consumption per month – 2020

Month	Amount of Cess levied on Domestic consumption (Rs. Million)
January	18.85
February	9.21
March	0
April	14.09
May	13.29
June	24.09
July	33.54
August	17.52
September	20.10
October	11.76
November	14.40
December	26.98
<b>Total</b>	<b>203.83</b>

Table No. XLIV

The details of Cess levied on rubber imports and exports are as follows.

**Amount of Cess levied on exports and imports per month – 2020**

**Amount of Cess levied on imports (Rs.) Amount of Cess levied on exports (Rs.)**

<b>Month</b>	<b>Amount of Cess Levied on Imports (Rs. Million)</b>	<b>Amount of Cess Levied on Exports (Rs. Million)</b>
January	188.52	5.09
February	185.65	6.89
March	80.26	2.85
April	172.44	3.44
May	87.73	4.16
June	64.19	5.87
July	50.85	6.95
August	68.60	28.89
September	73.77	4.57
October	159.69	5.34
November	157.32	7.17
December	309.08	8.50
<b>Total</b>	<b>1598.10</b>	<b>89.72</b>

Table No. XLV

**Details of Total Cess Levied from 2015 to 2020**

<b>Year</b>	<b>Levy of CESS (Rs.)</b>
<b>2015</b>	169,315,461.01
<b>2016</b>	169,826,685.48
<b>2017</b>	216,985,124.32
<b>2018</b>	211,268,567.06
<b>2019</b>	226,827,187.71
<b>2020</b>	203,821,239.13

Table No. XLVI

## Chapter 3 - Overall Financial Performance for the year ended 31 December 2020

### 3.1. Statement of Financial Performance

ACA-F

#### Statement of Overall Financial Performance for the Period ended 31 December 2020

Rs.

Budget 2020	Note	Actual 2020	Actual 2019	
-	<b>Revenue Receipts</b>	-	-	
-	Income tax	-	-	} ACA -1
-	Taxes on local goods and services	-	-	
-	Taxes on International Trade	-	-	
-	Non-tax revenue and Others	-	-	
-	<b>Total Revenue Receipts (a)</b>	-	-	
-	<b>Non-revenue receipts</b>	-	-	
-	Treasury Imprest	861,071,000.00	640,019,000.00	ACA -3
-	Deposits	30,534,784.00	40,701,499.00	ACA -4 ACA
-	Advance Accounts	16,826,392.00	23,350,460.00	5/5(A)
-	Other Receipts	346,962,149.00	336,654,115.00	
-	<b>Total Non-Revenue Receipts (b)</b>	<b>1,255,394,325.00</b>	<b>1,040,725,074.00</b>	
-	Total revenue receipts and non-revenue			
	Receipts c = (a) + (b)	<b>1,255,394,325.00</b>	<b>1,040,725,074.00</b>	
	<b>Less - Expenses</b>			

	<b>Recurrent Expenditure</b>			-
224500000	Salaries, Others and Other Employee Benefits	5	257,486,445.00	252,395,606.00
93000000	Other Goods and Services	6	94,897,792.00	102,248,674.00
10500000	Subsidies, grants and transfers	7	3,044,453.00	10,797,410.00
	Interest payments	8	-	-
	Other Recurrent Expenditure	9	-	-
328000000	<b>Total Recurrent Expenditure (d)</b>		<b>355,428,690.00</b>	<b>365,441,690.00</b>
	<b>Capital Expenditure</b>			
	Rehabilitation of Capital Assets and Improvements			
19500000		10	11,075,028.00	16,876,805.00
9700000	Acquisition of Capital Assets	11	2,785,051.00	3,490,748.00
800000000	Capital Transfers	12	823,010,127.00	564,063,205.00
	Acquisition of Financial Assets	13	-	-
1800000	Capacity Development	14	1,222,705.00	1,390,714.00
15000000	Other Capital Expenditure	15	9,410,706.00	8,206,165.00
846000000	<b>Total Capital Expenditure (e)</b>		<b>847,503,618.00</b>	<b>594,027,637.00</b>
	<b>Major Ledger Expenditure (f)</b>			
			52,407,791.00	-
	Deposit Payments		32,424,911.00	55,786,353.00
	Advance Payments		19,982,880.00	25,220,425.00

ACA  
2(ii)

ACA-  
2(ii)

ACA -4  
ACA -5

	Total Expenditure g = (d + e + f)		1,255,340,099.00	1,040,476,106.00
	Imprest Balance as at 31 December 2019		-	-
1174000000	g = (c-g)		<b>54,226.00</b>	<b>248,968.00</b>

Table No. XLVII

### 3.2. Performance of Utilizing Allocated Provision

Rs.

Category of Provision	Allocated Provision		Actual Expenditure	Provision utilized as a % of Final Provision Made
	Initial Provision	Final Provision		
<b>Recurrent</b>	380,000,000	379,800,000	355,428,690.42	93.58%
<b>Capital</b>	1,030,000,000	1,030,200,000	847,503,617.65	82.27%

Table No. XLVIII

### 3.3 Performance on Donations and Other Receipts

not applicable.

### 3.4 Performance of Reporting Non-Financial Assets

Rs.

Asset Code	Code Description		Balance as at 31.12.2020 as per the Goods Survey Report	Balance as at 31.12.2020 as per the Statement of Financial Position	To be Accounted in the Future	Reporting the Progress as %
9151	Buildings and Structures			181,929,111.60		
9152	Machinery		223,361,566.60	178,302,366.80	45,059,199.80	100%
9153	Lands			408,370,800.00		
9154	Intangible Assets					
9155	Biological Assets					
9160	Work in Progress					
9180	Leased Assets					

Table No. XLIX

### 3.5 Report of the Auditor General

PLA/C/RDD/02/20/03

03 August 2021

Accounting Officer

Rubber Development Department

#### **Summary Report of the Auditor General on the Financial Statements of the Rubber development Department for the year ended 31 December 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018**

#### **1. Financial Statements**

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#### **1.1 Unqualified Opinion**

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The audit of the financial statement of the Rubber Development Department for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and statement of financial performance and cash flow statements for the year then ended 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 provisions of the National Audit Act, No. 19 of 2018. This report contains my views and observations on these financial statements submitted to the Rubber Development Department in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The report of the Auditor General to be submitted in terms of Section 10 of the National Audit Act No. 19 of 2018, read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, shall be tabled in Parliament in due course.

In my opinion, the financial statements of the Rubber Development Department give a true and fair view of the financial position as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

## **1.2 Basis for Opinion**

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **1.3 Responsibilities of the Accounting Officer in relation to the Financial Statements**

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The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Accounting Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. As per Sub-section 16 (1) of the National Audit Act, No. 19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Department.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such system and accordingly make any alterations as required for such systems to be effectively carried out.

## **1.4 Auditor's Responsibility for the Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or

in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's / Department's / District Secretariat's internal control.
- Evaluate the structure of financial statements including disclosures and content-based transactions and event the structure that the financial statements are appropriate and reasonable.
- Transactions and events underlying the structure and content of the financial statements are appropriately and fairly when submitting financial statements as a whole.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

## **1.5. Report on Other Legal Requirements**

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As required by Sub-section 6(1) (d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings:

- (a) that the financial statements are consistent with the preceding year,
- (b) that the following recommendations made by me on the financial statements of the preceding year had not been implemented.

## **1.6 Comments on Financial Statements**

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### **1.6.1 Statement of Financial Performance**

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#### **1.6.1.1 Non-Revenue Receipts**

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Although other receipts during the year had been Rs. 346,625,662 according to the trial balance, the receipts were Rs.346,962,149 as per the statement of financial performance and as a result, a difference of Rs. 336,487 was observed.

### **1.6.2 Failure to maintain Registers and Books**

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The following documents had not been maintained systematically and in an updated manner by the Department.

<b>Type of the Register</b>	<b>Relevant Regulation</b>	<b>Observation</b>
Register of Security Deposits	FR 891(1)	Not Maintained
Register of Damages and Losses	FR 110	Not Maintained

#### 1.6.4 Failure to maintain Registers and Books

---

##### Reference to the Para

##### Audit Observation

##### Recommendation

The security register for employees had not been maintained by the Department in terms of FR 891(1) and the register of losses had not been maintained systematically and in an updated manner in terms of FR 110.

A security register of officers required to give security including the information contained in the Financial Regulations and a register of losses should be maintained.

## 2. Financial Review

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### 2.1 Expenditure Management

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- (a) An amount of Rs. 8,692,131 or a percentage of 85% to 28% out of the net provision amounting to Rs.14,500,000 related to 03 recurrent objects had not been utilized during the year under review.
- (b) An amount of Rs. 5,589,294 out of the provision amounting to Rs. 15,000,000 allocated for the capital object 293-2-1-2507 (Research and Development) had not been utilized during the year under review and it was a percentage of 37% of the provision.

### 2.2 Noncompliance with Laws, Rules and Regulations

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##### **Reference**

##### **Non-compliance with Laws, Rules and Regulations**

Section 6.2 of Chapter XIX of the Establishments Code of the Democratic Socialist Republic of Sri Lanka

Even though officers residing in the official quarters have to vacate their official quarters when they retire, two Rubber Development Officers residing in two official quarters in the Ratnapura and Kalutara districts had retired on June 2017 and 13 December 2015, respectively, action had not been taken to vacate those official quarters and to hand over the quarters.

### **3. Operational Review**

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#### **3.1 Failure to Perform Roles**

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The Rubber Development Department must maintain statistics on the total area under rubber cultivation in the island and although Rs. 5,000,000 had been allocated for this purpose during the year under review, that work had not been completed.

#### **3.2 Failure to Obtain the Desired Output Levels**

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- (a) Although it had been expected in the year under review to replant rubber in 512 hectares and 820 hectares in rubber smallholding sector and plantation companies, only 456 hectares and 499 hectares had been replanted. Accordingly, the amount not accomplished were 10% and 40% of the planned amount respectively.
- (b) Although the Department had planned to cultivate 260 hectares of land in 15 districts under the subsidies for the year under review, only 190 hectares of lands had been cultivated. Accordingly, the amount not accomplished was 26% of the planned amount.
- (c) Even though the rubber Smallholding sector had issued permits to 966 cultivators for 771 hectares to replant rubber under the rubber replanting subsidy scheme, only 640 permits had replanted rubber on 456 hectares of land. Accordingly, 33% of the area, for which permits had been issued, had not been cultivated.

### **3.3 Security of Public Officers**

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Although officers who are administratively responsible for, or who under delegation are entrusted with, the receipt or custody of public money, revenue stamps or stores, or the disbursement of public money or the issue of stamps or stores and those who certify vouchers or sign cheques on Government Account will be required to give security in accordance with the Public Officers (Security) Ordinance (Cap. 612) for the faithful discharge of their duties in terms of FR 880 (i) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, action had not been taken to identify the number of officers belonging to the categories mentioned under FR 880 (i) and to give security. It is also observed that attention should be paid to the Public Finance Circular of the Deputy Secretary to the Treasury bearing No. 07/2019 dated 28 November 2019 issued in this regard.

### **3.4 Losses and Damages**

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The total loss due to accidents involving 08 vehicles belonging to the department as at 31 December of the year under review was Rs. 2,466,640 and action has not yet been taken to recover these losses.

### **3.5 Uneconomical Transactions**

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In 2009, Rs. 59,304,347 had been paid to the Urban Development Authority to purchase a 75 perch land worth Rs. 66,700,000 for the construction of a building for the Rubber Development Department. Moreover, an estimate of Rs. 249 million had been prepared in 2009 by paying Rs. 150,000 to the Buildings Department for the construction and planning of the building on that land. Even though 11 years have passed since the completion of these preliminary works, acquisition of the land to the Department by paying the arrears amount and the construction work of the land had not yet been carried out. The Department had been maintained from February 2017 until the end of the year under review in a rented private building.

### 3.6 Management Inefficiencies

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- (a) An amount of Rs. 21,702,451 had to be recovered by the Department as 603 cultivators, out of 9398 cultivators, who had been given rubber cultivation subsidy in 9 districts under the rubber replanting and new cultivation subsidy scheme, had abandoned the cultivation.
- (b) Eleven (11) official quarters out of 77 official quarters belonging to the Department had to be renovated and those quarters had not been used for 13 years. Moreover, 23 official quarters were maintained as offices without providing the quarters to the officers.

### 4. Human Resource Management

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Details of approved cadre and actual cadre and vacancies and excesses of the staff during the year under review are as follows.

Service Category	Approved Cadre	Actual Cadre	Number of Vacancies
Senior Level	37	27	10
Tertiary Level	21	10	11
Secondary Level	336	279	57
Primary Level	<u>84</u>	<u>66</u>	<u>18</u>
	<u>478</u>	<u>382</u>	<u>96</u>

- (a) The approved cadre of the Department as at 31 December 2020 was 478 and 96 posts out of that remained vacant. Out of these vacancies, 5 posts of Director of the Sri Lanka Administrative Service and 02 Accountants had been remained vacant and as a result, the efficiency of the Department could not be improved.
- (b) Ten (10) posts of Senior Rubber Development Officer, who directly contribute to the operational process of the Department and 50 posts of Rubber Officers remained vacant and it had been a factor affecting the accomplishment of the objectives of the project.

R.M. Ratnayake  
Assistant Auditor General  
For Auditor General

### 3.6 Statement of Financial Position as at 31 December 2020

	Note	2020 Rs.	2019 Rs.
<b>Non-Financial Assets</b>			
Property, Plant and Equipment	ACA -6	816,422,674	768,602,278
<b>Financial Assets</b>			
Advance Account	ACA-5/5(A)	49,929,667	46,773,178
Cash and Cash Equivalents	ACA -3	-	820,769
<b>Total Assets</b>		<b>866,352,341</b>	<b>816,196,225</b>
<b>Net Assets / Equity</b>			
Net assets		43,461,930	38,415,314
Pool of Property, Plant and Equipment		816,422,674	768,602,278
Pool of Rents and Work Advance	ACA-5(B)		
<b>Current Liabilities</b>			
Deposit Accounts	ACA -4	6467737	8,357,864
Imprest Balance	ACA -3	-	820,769
<b>Total Liabilities</b>		<b>866,352,341</b>	<b>816,196,225</b>

Accounts details presented in Forms ACA1 to ACA6 from page Nos. 01 to 17 and particulars of accounts notes included in pages 18 to 27 are also integral parts of this final account. These financial statements are prepared in accordance with Generally Accepted Accounting Principles and the most appropriate accounting principles have been used as revealed in the notes to the financial statements. We certify that the figures mentioned in the aforementioned final account and the relevant accounts notes and other accounts information have been reconciled with the Treasury Accounts books and they reconcile with those figures.

.....	.....	.....
Chief Accounting Officer	Accounting Officer	Chief Financial Officer / Chief Accountant / Director (Finance) / Commissioner (Finance)
Name:	Name:	Name:
Position:	Position:	Date:25/02/2021
Date:	Date:25/02/2021	

### 3.7 Cash Flow Statement

ACA-C

#### Cash Flow Statement for the Year Ended 31 December 2020

	Actual	
	2020 Rs.	2019 Rs.
<b>Cash Flows Generated from Operational Activities</b>		
Total Tax Receipts	-	-
Fees, Surcharges, Fines and Licenses	-	-
Profit	-	-
Non-Revenue Receipts	346,962,149	334,964,247
Revenue collected for the Other Heads	-	0
Imprest Received	861,071,000	640,019,000
<b>Total Cash Generated from Operational Activities (a)</b>	<b>1,208,033,149</b>	<b>974,983,247</b>
<b>Less: Cash disbursed for:</b>		
Personal Emoluments and Operating Expenses	352,384,237	354,644,280
Subsidies and Transfer Payments	3,044,453	10,797,410
Expenditure incurred on other Expenditure Heads	2,765,690	1,689,299
Imprest Settlement to Treasury	-	0
<b>Total Cash disbursed for Operational Activities (b)</b>	<b>358,194,380</b>	<b>367,130,989</b>
<b>Cash flows generated from Operational Activities (c) = (a) - (b)</b>	<b>849,838,769</b>	<b>607,852,258</b>
<b>Cash flows generated from Investment Activities</b>		
Interest	-	1,689,868
Dividends	-	0
Divestiture Provision and Sale of Physical Assets	-	0
Recoveries from On Lending	-	0
Recoveries from Advances	13,184,197	17,851,225

Cash Flows generated from Investment Activities (d)	<b>13,184,197</b>	<b>19,541,093</b>
<b>Less: Cash disbursed for:</b>		
Construction or purchase of physical assets and acquisition of other investment	846,195,223	591,860,552
Advance Payments	14,937,617	19,627,176
Total Cash disbursed for Investment Activities (e)	<b>861,132,840</b>	<b>611,487,728</b>
Net Cash Flows Generated from Investment Activities (f) = (d) - (e)	(847,948,643)	(591,946,635)
Net Cash Flow Generated from Operations and Investment Activities (g) = (c) + (f)	<b>1,890,126</b>	<b>15,905,623</b>
<b>Cash flows generated from Financial Activities</b>		
Local Borrowings	-	0
Foreign Borrowings	-	0
Grants Received	-	0
Deposit Received	30,534,784	40,701,499
Cash flows generated from Financial Activities (h)	<b>30,534,784</b>	<b>40,701,499</b>
<b>Less: Cash disbursed for:</b>		
Repayment of Local Borrowings	-	0
Repayment of Foreign Borrowings	-	0
Deposit Payments	32,424,911	55,786,353
Total Cash Disbursed for Financing Activities (i)	<b>32,424,911</b>	<b>55,786,353</b>
Cash flow generated from Financial Activities (j) = (h) - (i)	<b>(1,890,126)</b>	<b>15,084,854</b>
Net Movement in Cash (k) = (g) –(j)	<b>(0)</b>	<b>820,769</b>
Opening Cash Balance as at 01 January	-	0
Closing Cash Balance as at 31 December	-	<b>0</b>

Table No. L

## Chapter 4 - Performance Indicators

### 4.1. Performance Indicators of the Department (Based on Action Plan)

Specific Indicators	Target	Progress	Actual Output as a Percentage of Expected Output (%)
<b>1. Land under Replanting – Rubber Smallholdings (ha)</b>	520	457	88%
<b>2. Land under Replanting – Plantation Companies (ha)</b>	820	519	63%
<b>3. Land under New Cultivation (ha)</b>	260	197	76%
<b>4. Production of Rubber Plants – in Departmental Nurseries (Plants)</b>	1 300 000	1 026 899	79%
<b>5. Land with Rain Guards – Smallholdings (ha)</b>	2700	941	35%
<b>6. Land with Rain Guards – Plantation Companies (ha)</b>	5 000	5 945	118%
<b>7. Number of Persons obtained the Training on Tapping (Ordinary) – (Persons)</b>	2 920	2311	79%
<b>8. Number of Persons Obtained the Training on Bud grafting (Persons)</b>	210	211	100%
<b>9. Number of Persons obtained the Training on Tapping (Professional) – (Persons)</b>	300	212	71%

Table No. LI

## Chapter 5. Performance Achieving Sustainable Development Goals

### 5.1 Relevant Sustainable Development Objectives Identified

Goal / Objective	Target	Progress	Indicators of Achievements	Progress in Achievements So far
<b>Establishment of Equal Rights to access to financial services, including economic resources, basic services, land ownership and control and other forms of ownership for real estates, natural resources, appropriate new technology and microfinance by 2030, for all men and women, especially including those who are poor and vulnerable.</b>	1. New Cultivation - for smallholdings 260 ha	197	Hectares	76%
	2. Replanting - for smallholdings 520 ha	457	Hectares	88%
<b>Implementation of agricultural practices, which can assist in confirming the existence of sustainable food production systems by 2030 and help sustain ecosystems, strengthen capabilities to adapt to weather changes, withstand adverse weather conditions, droughts, floods and other disasters, and improve land and soil quality.</b>	1. Installation of Rain Guards Smallholdings - 2,700 ha	941	Hectares	35%
	2. Installation of Rain Guards Plantation Companies - 5,000 ha	5,945	Hectares	118%
	3. Cultivation of Intercrops 300 ha	191	Hectares	64%
<b>Establishment of Rights to equal access and equal enjoyment of benefits derived from maintaining the genetic diversity of seeds, plants grown and farms and domestic animals by 2020 and maintaining well-managed and diversified seed and plant banks at the national, regional and international levels and use of genetic resources and</b>	Production of grafted rubber seedlings in government nurseries - Production of 1300,000 seedlings.	1,026,899	Plants	79%

<b>traditional knowledge in the manner agreed internationally.</b>				
<b>Increasing investment in rural infrastructure, agricultural research and extension services, technological development and plant and livestock genetic banking through enhanced international cooperation to increase agricultural production capacity, especially in developing countries, especially including the least developed countries.</b>	Provision of Ordinary Training for Tappers – Recipients 2,920	2,311	Individuals	79%
	Training of Bud Grafters - Recipients 210	211	Individuals	100%
<b>Significantly increasing the access to Information and Communication Technology by 2020 and strive to provide affordable and accessible Internet access to least developed countries.</b>	Distribution of tablet computers to Regional Offices, Rubber Development Officers and Nursery Managers to implement the Rubber Information Management System.	100	Individuals	100%
<b>Provision of effective and sustainable employment opportunities for all women and men, including people with disabilities and youth by 2030. Minimizing the weather change and adapting accordingly, mitigating the impacts and increasing the education, awareness and human and institutional capabilities on early warning.</b>	Providing specialized training in rubber. 130	130	Individuals	100%
	Conducting training programmes to the Officers to improve the performance.	78	Individuals	100%

Table No. LII

## 5.2. Achievements and challenges in the accomplishment of the Sustainable Development Goals

In the year 2020, the Rubber Development Department contributed to cultivate 1,173 hectares through new rubber cultivation and replanting of rubber. Moreover, 529 hectares were cultivated by the Smallholder Tea and Rubber Revitalization Project and 25 hectares were newly cultivated by plantation companies. The forest cover has increased by 1,727 hectares through this practice and contribution to increase the percentage of atmospheric oxygen through the increase of forest cover is an achievement obtained under the accomplishment of the Sustainable Development Goals. Although it is not possible to harvest rubber during the rainy season, the ability to harvest on rainy days through the installation of rain guards as an application of the modern technology can also be considered as an achievement.

## Chapter 6 - Human Resources Profile

### 6.1. Cadre Management

	Approved Cadre	Present Cadre	Vacancies / (Excesses)
Senior	37	23	14
Tertiary	21	10	11
Secondary	336	278	62
Primary	84	66	18
Contract/Casual	-	-	-

Table No. LIII

### 6.2. How the Shortages or Excesses of Human Resources affects the Performance of the Organization

The existence of vacancies in the Special Grade Rubber Development Officers and Rubber Development Officers engaged in the extension functions of this Department is a factor that makes it difficult to achieve the targets set in the field of extension. This situation has arisen due to the attachment of one officer to perform duties in two or more Divisions, where vacancies are existing. Approval has been sought to recruit new officers and this situation will be resolved once the vacancies are filled.

Although the training requirements of the staff of this Department have increased, the provision made are not sufficient to meet all those training requirements. Therefore, fulfilling the training requirements of the officers has become problematic. However, arrangements have been made to provide equal opportunities to all the categories of the staff in order to maximize the productivity of the allocations made.

### 6.3 Development of Human Resources

Name of the Programme	Number of Employees Trained	Duration of the Programme	Overall Investment (Rupees)		Nature of the Programme (Local / Foreign)	Output / Knowledge Obtained /
			Local	Foreign		
Course for Postgraduate Degree	03	01 Year	388,500.00		Local	Obtaining an efficient and effective service by gaining a higher knowledge
Training Programme for Tappers (Theoretical and Practical) for the Rubber Development Officers	01	21 Days	120,600.00		Local	Gaining knowledge through theoretical and practical training related to tapping
Capacity and Skills Development Programme with Outdoor Activity Practises	40	02 Days	237,437.50		Local	Working with Unity in the office and developing the attitudes and skills that officers should have in their office life
Training on Procurement Guidelines	01	03 Days	18000.00		Local	Gaining knowledge on procurement activities

Table No. LIV

### 6.4. Number of temporary Employees in the Government Nurseries – As at 31.12.2020

Name of the Nursery	Number of Employees
Welikadamulla Nursery	45
Mirigama Nursery	31
Egal Oya Nursery	41
Gurugoda Nursery	41
Karapincha Nursery	31
Kumbukkana Nursery	82
Padiyathalawa Nursery	38
Middeniya Nursery	21
<b>Total</b>	<b>330</b>

Table No. LV

**❖ Contribution of the Training Programmes for the Performance of the Organization**

Training can easily achieve the goals and objectives of the department through enhancing the performance of an individual. The efficiency of the service can also be enhanced by providing knowledge and training on constantly changing rules and regulations and other functions.

<b>Name of the Programme</b>	<b>Number of Programmes</b>	<b>Number Participated</b>	<b>Expenditure (Rs.)</b>
Workshop on Pensions	01	02	10,000.00
Training Workshop on Disciplinary Procedures	01	01	5,000.00
Training Programme on Capacity Development	01	21	380,456.50
Training programme on Labour Law	01	01	8,500.00
Training for Tappers (Ordinary) Non-traditional areas	<b>113</b>	2311	<b>3,570,000.00</b>
Training for Bud Grafters	<b>210</b>	<b>211</b>	<b>260,000.00</b>
Professional Training for Tappers	<b>07</b>	<b>212</b>	<b>1,340,000.00</b>
Training on Rubber Sheet Production	<b>510</b>	<b>1231</b>	<b>341,000.00</b>
Training on Soil Conservation Methods			
Training on Home Based Rubber Products			
Workshop on Tapping 2020 - Siyambalanduwa	01	30	44,926.00
Awareness Workshop for Farmers on Immature and Mature Rubber 2020 - Wellawaya	01	40	44,562.00
One Day Workshop on Rubber Sheet Production 2020 - Lunugala	01	15	18,350.00
One day Awareness Workshop on Rubber Cultivation - Akurukaduwa	01	30	9,770.00
Training for Tappers (Ordinary)	10	199	398,900.00

Training for Tappers (Professional)	01	30	265,800.00
Training for Bud Grafters	01	30	47,500.00
Home Based Industrial Training	01	16	16,000.00
Beekeeping Project and Model Farm	02	21	139,550.00

Table No. LVI

### 6.5. Progress in Constructions in the year 2020

Regional Office	Object	Name of the Project	Estimated Amount	Physical Progress	Expenditure (Rs.)
Kalutara	2001	Repairing of the roof of the Kalutara Regional Office	500,756.28	100%	463,774.98
	2001	Renovation of the roof of the Official quarters of the Rubber Development Officer in Ingiriya	498,852.84	100%	481,372.07
	2001	Reconstruction of the culvert leading to Egaloya rubber plant nursery	479,139.15	100%	383,311.32
	2001	Repairing of the electrical system of the Kalutara Regional Office	60,000.00	100%	45,394.00
	2001	Providing water supply to the Office of the Rubber Development Officer of Horana and his official residence	54,994.40	100%	54,994.90
	2507	Construction of Sprinkler Water Supply System - Egaloya Nursery	58,052.50	100%	28,935.40
	2507	Construction of a Drip Irrigation System to supply water to young bud grafted cultivations - Egaloya Nursery	60,326.20	100%	39,767.00
	2507	Improvement of Water Supply System - Gurugoda Nursery	283,250.00	100%	283,250.00
	2202	Preparation of the field for the establishment of a new rubber plantation - Gurugoda Nursery	590,700.00	100%	537,000.00
	2202	Preparation of the field for the establishment of a new rubber plantation - Egaloya Nursery	991,650.00	100%	910,800.00
Moneragala	2001	Renovation of the toilet system reserved for staff officers	388,221.00	100%	343,534.86
Ratnapura	2001	Renovation of the bathroom No. 03 in the quarters of the Staff Officer	299,000.00	100%	297,000.00
	2001	Renovation of the official quarters of the Rubber Development Officer in Elapatha.	1,498,000.00	100%	1,428,000.00
	2001	Repairing the toilet system of the Ratnapura Regional Office	133,000.00	100%	120,000.00

		(Continued)			
	2001	Renovation of the office of the Rubber Development Officer, Nivithigala (Continued)	1,000,000.00	100%	865,000.00
	2001	Repairing of the Electrical System of the office of the Rubber Development Officer, Nivithigala (Continued)	100,000.00	100%	89,000.00
	2001	Repairing of the roof of the Office of Rubber Development Officer, Nivithigala (Continued)	358,000.00	100%	369,000.00
	2202	Land preparation for the Model Farm of Karapincha Rubber Nursery	299,000.00	100%	283,000.00
	2507	Construction of gate and guardroom of Karapincha Plant Nursery	600,000.00	100%	600,000.00
	2507	Construction of two cover net houses to the size of 27x54 square feet at Karapincha Nursery	329,000.00	100%	312,000.00
Kegalle	2001	Repairing of the roof of the official quarters of the Rubber Development Officer, Tholangamuwa	87,000.00	100%	87,000.00
	2001	Repairing of the roof of the official quarters of the Rubber Development Officer, Tholangamuwa (Part ii)	56,500.00	100%	56,500.00
	2001	Renovation of the house of the Rubber Development Officer, Hataraliyadda	282,382.68	100%	282,382.68
	2001	Renovation of the official quarters of the Rubber Development Officer, Mawanella	599,583.11	100%	599,583.11
	2001	Repairing of the roof of the warehouse of Kegalle Office	362,000.00	100%	362,000.00
	2507	Purchase of plow blades and accessories to Welikadamulla Nursery	41,350.00	100%	41,350.00
	2507	Purchase of Plumbing Equipment for Welikadamulla Nursery	196,490.00	100%	196,490.00
	2507	Purchase of plumbing Equipment for Mirigama Nursery	566,923.00	100%	566,923.00
	2202	Purchase of Plumbing Equipment for Welikadamulla Nursery	33,355.00	100%	33,355.00
	2202	Repairing of the three-phase electric motor at Welikadamulla Nursery	16,500.00	100%	16,500.00
	2202	Repairing of 40 horse power electric motor at Welikadamulla Nursery	112,000.00	100%	112,000.00
Galle	2001	Renovation of the Office of the Senior Rubber Development Officer in Kamburupitiya	992,000.00	100%	925,000
	2507	Removal of the bud grafted Nursery in Middeniya Nursery	405,000.00	100%	405,000
	2507	Construction of Net House at Middeniya Nursery	499,000.00	100%	499,000

Table No. LVII

## Chapter 7 – The Compliance Report

Serial No.	Requirement to be Applied	Status of Compliance (Complied / Not Complied)	Brief Explanation if not Complied	Precise Decisions and Actions that are Proposed to Prevent Non-Compliance in the Future
<b>1</b>	<b>The following financial statements / accounts have been submitted on the due date</b>			
1.1	Annual Financial Statements	Complied		
1.2	Others	Not applicable		
<b>2</b>	<b>Maintenance of books and registers (FR 445)</b>			
2.1	Maintenance of the updated fixed asset register as per Public Administration Circular No. 267/2018	Complied		
2.2	Maintenance of the updated personal payroll registers / personal payroll cards	Complied		
2.3	Maintenance of the updated audit query register	Complied		
2.4	Maintenance of the updated register of internal audit reports	Complied		
2.5	Maintenance of the updated cheque and money order register	Complied		
2.6	Maintenance of the updated inventory	Complied		
2.7	Maintenance of the updated Register of Consumable Stores	Complied		
2.8	Maintenance of the updated register of loss and damages	Complied		
2.9	Maintenance of the updated Register of liabilities	Complied		
2.10	Maintenance of the updated Register of Counterfoil Books (GAN 20)	Complied		
<b>3</b>	<b>Delegation of Functions for Financial Control (FR 135)</b>			
3.1	Should have delegated financial powers in the institution	Complied		
3.2	Should have informed the institution about the delegation of financial powers	Complied		
3.3	Delegation of Authority to enable each transaction is approved through two or more officers.	Complied		

3.4	Acting under the control of the Accountants in using the Government Payroll Software Package as per State Accounts Circular No. 171/2004 dated 11.05.2014	Complied		
<b>4</b>	<b>Preparation of annual plans</b>			
4.1	Preparation of Annual Action Plan	Complied		
4.2	Preparation of Annual Procurement Plan	Complied		
4.3	Having approved the Budget for the year under review in terms of the Finance Act No. 38 of 1971	Complied		
4.4	Preparation of Annual Internal Audit Plan.	Complied		
4.5	Preparing the annual estimate and submitting it to the National Budget Department (NBD) on the due date	Complied		
4.6	Should have submitted the Annual Cash Flow Statement to the Department of Treasury Operations on the due date	Complied		
4.7	Submitting of quarterly reports to the Treasury on the due date	Complied		
<b>5</b>	<b>Audit Queries</b>			
5.1	Answer all audit queries on the date prescribed by the Auditor General.	Complied		
<b>6</b>	<b>Internal Audit</b>			
6.1	Preparation of the internal audit plan after making discussions with the Auditor General at the beginning of the year As per FR 134 (2) and DMA/1 2019.	Complied		
6.2	Having replied to every internal audit report within a period of one month.	Complied		
6.3	Submitting copies of all the internal audit reports to the Department of Management Audit in terms of sub-section 40 (4) of the National Audit Act No. 19 of 2018.	Complied		
6.4	Submission of copies of all the internal audit reports to the Auditor General in accordance with FR 134 (3).	Complied		
<b>7</b>	<b>Audit and Management Committees</b>			
7.1	Should have conducted at least 04 Audit and Management Committee meetings during the relevant year as per DMA Circular 1-2019.	Complied		

<b>8</b>	<b>Management of Assets</b>			
8.1	Submitting information on purchase and disposal of assets to the Comptroller General's Office as per Chapter 07 of the Asset Management Circular No. 01/2017	Complied		
8.2	Appropriate liaison officer should be appointed to coordinate the implementation of the provisions of that Circular as per Chapter 13 of the above Circular and the information about that officer should be reported to the Comptroller General's Office.	Not Complied		
8.3	Should have conducted Verification of Goods in accordance with Public Finance Circular No. 05/2016 and the relevant reports should be submitted to the Auditor General on the due date.	Complied		
8.4	Should have made excesses, deficiencies and other recommendations revealed in the Annual Verification of Goods should be reported within the period specified in the Circular.	Complied		
8.5	Performing the disposal of condemned articles in terms of FR 772.	Complied		
<b>9</b>	<b>Management of Vehicles</b>			
9.1	Preparation of daily running charts and monthly summary reports for pool vehicles and submitting them to the Auditor General on the due date.	Not Complied		
9.2	Should have disposed of the vehicles within a period less than 06 months after condemning the vehicles.	Not Complied		
9.3	Maintaining and updating the vehicle log books.	Complied		
9.4	Taking action in terms of FR 103,104,109 and 110 regarding every vehicle accident.	Complied		
9.5	Re-inspection of fuel combustion of vehicles in accordance with the provisions of paragraph 3.1 of the Public Administration Circular No. 2016/30 dated 29.12.2016.	Complied		
9.6	After the lease period, full ownership of the log books of leased vehicle should have been taken over.	Not Complied		
<b>10</b>	<b>Management of Bank Account</b>			
10.1	Should have prepared and certified the	Complied		

	bank reconciliation statements on the due date and they should have submitted to audit			
10.2	Should have settled the dormant bank accounts brought forward during the year under review or in the previous years.	Complied		
10.3	The balances revealed through Bank Reconciliation Statements and that should be adjusted should be dealt in accordance with the Financial Regulations and those balances should have been settled within a period of one month.	Complied		
<b>11</b>	<b>Utilization of Provisions</b>			
11.1	Spending the provision made without exceeding their limits	Complied		
11.2	In terms of FR 94 (1), incurring commitments without exceeding the remaining provision limit at the end of the year after utilization of the provision made	Complied		
<b>12</b>	<b>Advance to Public Officers Accounts</b>			
12.1	Compliance with the limits	Complied		
12.2	Having done a time analysis of outstanding loan balances	Complied		
12.3	Should have settled the outstanding loan balances prevailed for more than one year	Complied		
<b>13</b>	<b>General Deposit Account</b>			
13.1	Lapsed Deposits should have been dealt in terms of FR 571	Complied		
13.2	Maintaining the Control Account for General Deposits in updated manner	Complied		
<b>14</b>	<b>Imprest Account</b>			
14.1	The balance of the cash book should have been remitted to the Department of Treasury Operations at the end of the year under review	Complied		
14.2	Ad hoc Sub Imprest issued in terms of FR 371 should have been settled within one month after the completion of the purpose for which it is granted	Not Complied		
14.3	In terms of FR 371 Ad hoc Sub Imprest should have been issued without exceeding the approved limit.	Complied		

14.4	Balance of the Imprest account should be reconciled monthly with Treasury Books	Complied		
<b>15</b>	<b>Revenue account</b>			
15.1	Repayments have been made from the collected income in accordance with the relevant regulations	Complied		
15.2	Revenue collected should have been credited directly to the income without crediting to the deposit account	Complied		
15.3	Returns of Arrears of Revenue have been submitted to the Auditor General in terms of FR 176	Complied		
<b>16</b>	<b>Management of Human Resources</b>			
16.1	Maintaining the staff within the approved cadre limit.	Not Complied		
16.2	The duty lists should have been provided in writing to all the members of the staff.	Complied		
16.3	All the reports in terms of MSD Circular No. 04/2017 dated 20.09.2017 should have been submitted to the Department of Management Services	Complied		
<b>17</b>	<b>Providing information to the public</b>			
17.1	Appointment of an Information Officer in terms of the Right to Information Act and Regulations and maintaining an updated register of providing information.	Not Complied		
17.2	Information about the organization is provided through its website and facilitates have been provided to publish the commendations /accusations of the Public about the Organization through the website or through alternative channels.	Complied		
17.3	Reports should have been submitted twice a year or once a year in terms of Sections 08 and 10 of the Right to Information Act.	Complied		
<b>18</b>	<b>Execution of the Citizens' Charter.</b>			
18.1	Compilation and execution of a Citizen / Client Charter as per the Ministry of Public Administration and Management Circulars No. 05/2018 and 05/2018 (1).	Complied		

18.2	As per paragraph 2.3 of the said Circular, the institutions have set up a system to monitor and evaluate the compilation and execution of the Citizen / Client Charter.	Complied		
<b>19</b>	<b>Compilation of Human Resource Plan</b>			
19.1	A human resource plan should have been prepared based on the Annexure 02 of the Public Administration Circular No. 02/2018 dated 24.01.2018.	Not Complied		
19.2	A training opportunity of at least 12 hours per year should have been ensured for each member of the staff in the above Human Resource Plan.	Complied		
19.3	Annual Performance Agreements should have been signed for the entire staff based on the format given in Annexure 01 of the above Circular.	Not Complied		
19.4	Appointment of a Senior Officer with the responsibility of preparing Human Resource Development Plan, Development of Capacity Development Programmes and Implementation of Skills Development Programmes in accordance with paragraph 6.5 of the above Circular.	Not Complied		
<b>20</b>	<b>Providing Answers to Audit Paragraphs.</b>			
20.1	Corrected the deficiencies pointed out in the audit Queries issued by the Auditor General for the previous years	Complied		

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