



Tea Small Holdings Development Authority
Annual Report
2012

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VISION

Creation of an economically and socially sustainable tea small holdings community

MISSION

Increasing productivity and quality of tea smallholdings sector through provision of excellent support services

Tea Small Holdings Development Authority

Annual Report 2012

Chairman's Review

I am glad of the opportunity of issuing a message for the Annual Report for the year 2012 of Tea Small Holdings Development Authority which was established in 1977 for the provision of services to the tea smallholdings sector. Improving livelihood of the tea smallholders is set as the long term result of the organization. Mission of our organization is identified as increasing unit productivity of every tea small holding and increasing production of quality leaf with a view to obtain high prices for green leaf production. These have been set as main objectives in the medium term.

Accordingly, service provision activities have been conducted on new action plan based on results based management approach from 2010 with a view to attain expectations in the field.

I am pleased that tea smallholdings sector was able to produce 233.10 Mil.Kg or 71.4% of the national tea production of 326.27 Mil.Kg. in the year 2012. Also, 1087 Ha had been uprooted and tea replanting had been completed on 889 Ha. during the year. Tea new planting had been started on 239 Ha. We have been able to increase productivity of the tea small holdings sector from 1966 Kg of made tea per Ha in the previous year to 2001 or by 1.8%. Tea smallholders in all elevations have received higher prices for green leaf in 2012, in comparison to prices received so far and average price received for a kilo of green leaf had appreciated by 8.8%.

Specially, the government was able to increase the incentive provided to smallholders for replanting to Rs.300,000/= per hectare in the face of constraints such as increasing labour costs on many activities pertaining to tea cultivation and this had undoubtedly contributed to high productivity in the tea small holdings sector.

Noel Padmasiri Kariyawasam

Chairman

Performance indicators of Tea Small Holdings Sector –2012

		2010	2011	2012
1	Extent of Tea Small Holdings (Hectares)	120,324	120,664	120,955
2	Number of Tea Small Holders	388,645	389,561	390,346
3	Production of Tea Small Holdings (Million Kilos)	230.1	229.0	233.10
4	Share of contribution to National Production	69.4	69.9	71.4
5	Productivity (Kg Made Tea/Hectare)	1,976	1,966	2,001
6	Replanting extent Hectares (Under Incentive Payments)	847	772	889
7	New planting extent Hectares (Under Incentive Payments)		28	239
8	Replanting Rate	0.73	0.66	0.76
9	Crop Rehabilitation – Number of Plants (Million)	0.424	0.504	0.767
10	Tea Small Holder Development Societies			
	No. of Societies	1,372	1,379	1,381
	No. of Members	282,502	274,161	261,493
11	Extension & Advisory Services			
	Individual Visits	27,346	26,103	27,845
	Group Programmes	7,154	6,970	6,508
	Farmer Participation	210,334	175,849	143,456
12	Operational Expenditure of the Organization (per 1 Rupee of Development Cost)	1.08	1.04	0.85
13	Tea Inspector/Extension Officer: Small Holder Ratio	1:2643	1:2650	1:2730
14	Price of a Kilo of Green Leaf Rs.	54.11	52.63	57.27

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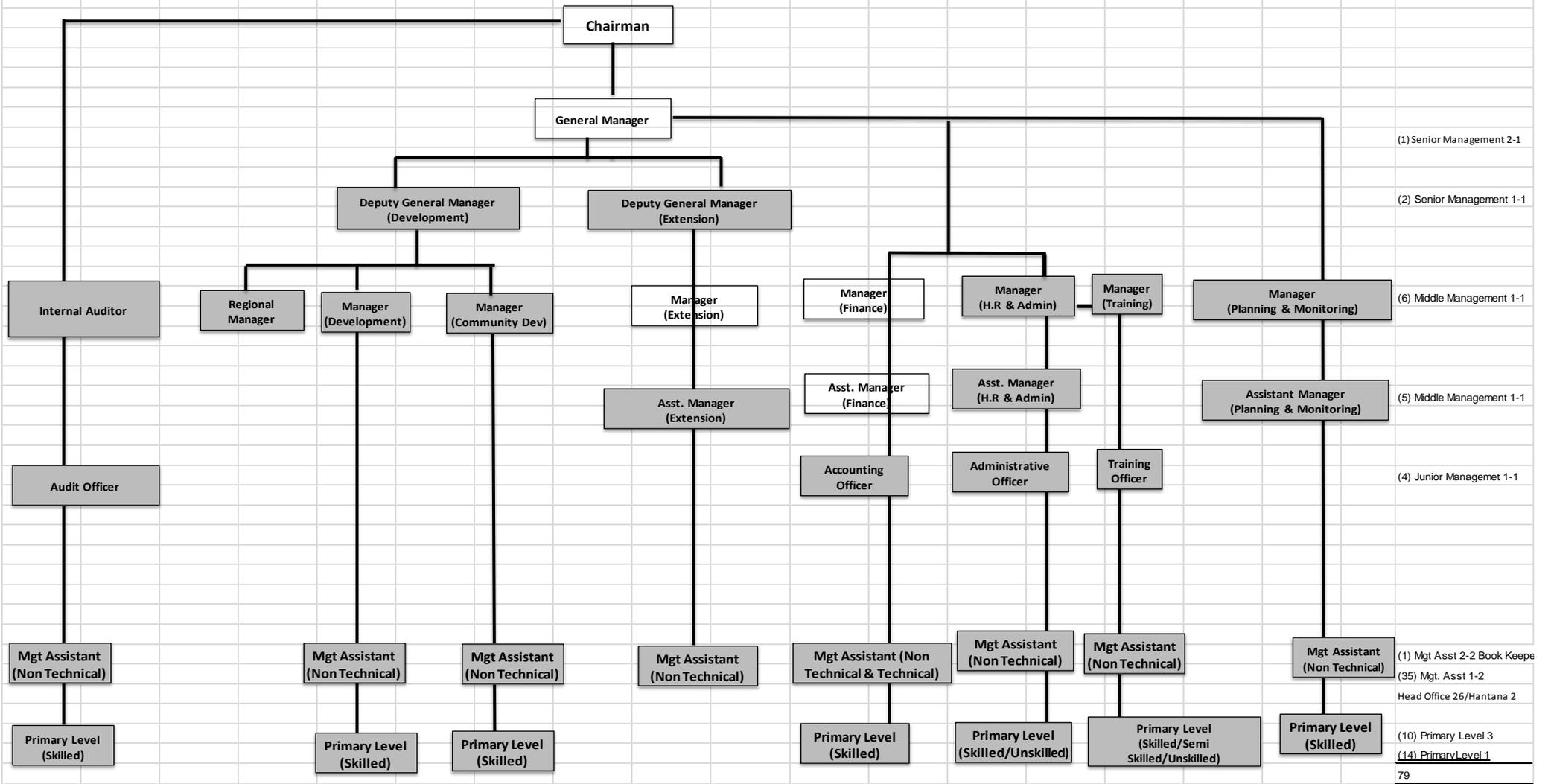
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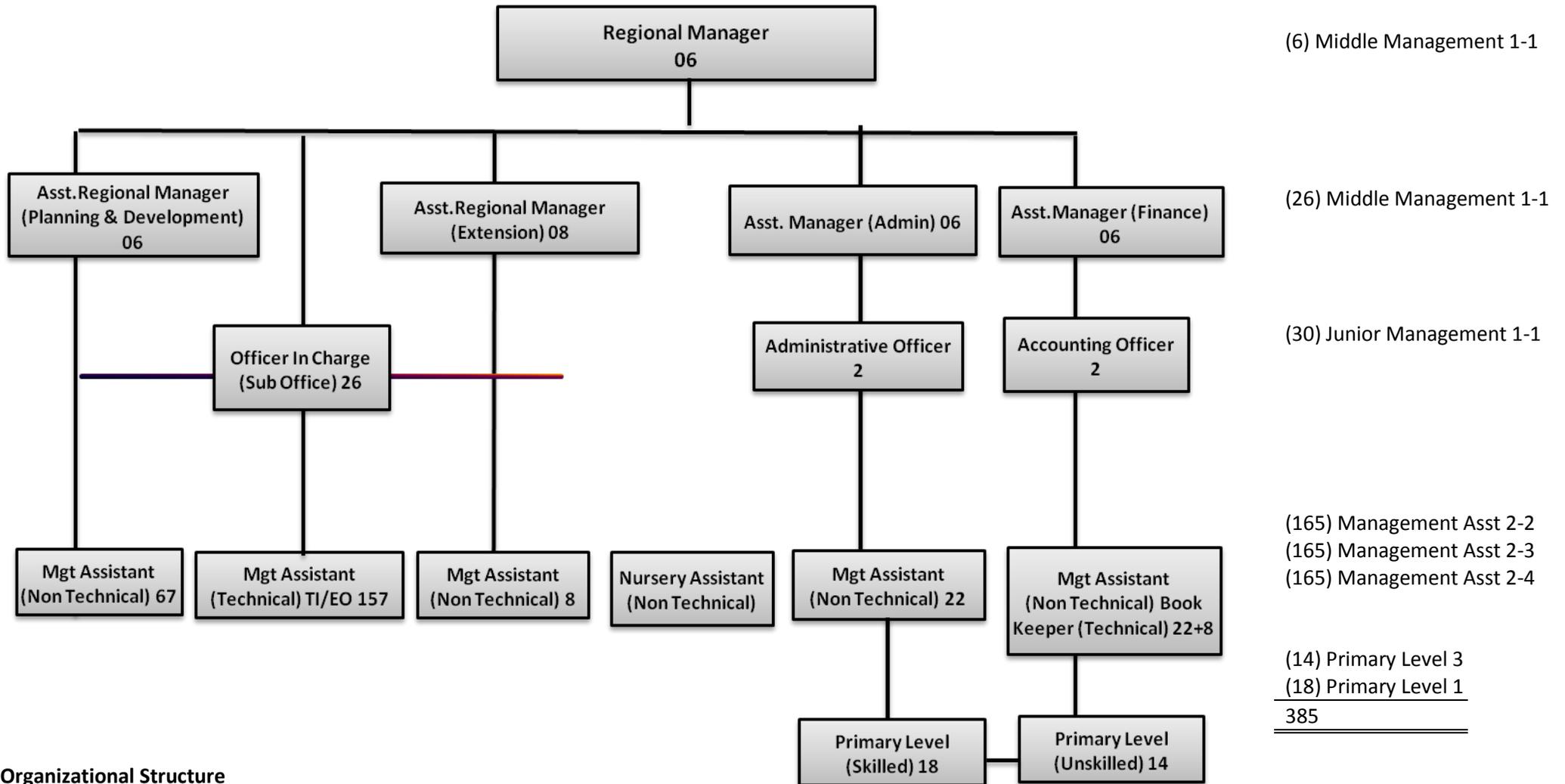
**Tea Small Holdings Development Authority
Organizational Structure of the Head Office**



- (1) Senior Management 2-1
- (2) Senior Management 1-1
- (6) Middle Management 1-1
- (5) Middle Management 1-1
- (4) Junior Management 1-1
- (1) Mgt Asst 2-2 Book Keeper
- (35) Mgt. Asst 1-2
- Head Office 26/Hantana 2
- (10) Primary Level 3
- (14) Primary Level 1

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

Tea Small Holdings Development Authority Regional Organizational Structure



(6) Middle Management 1-1

(26) Middle Management 1-1

(30) Junior Management 1-1

(165) Management Asst 2-2
 (165) Management Asst 2-3
 (165) Management Asst 2-4

(14) Primary Level 3
 (18) Primary Level 1

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Organizational Structure
 According to MSD/30 of Management Services Department

Board of Directors

1. Chairman - Mr. Noel Padmasiri Kariyawasam

Members of the Board

	<u>Name</u>	<u>Designation</u>	<u>Organization</u>	<u>Tel. No.</u>
1.	Dr.S.S.B.D.G.Jayawardena	Chairman	Tea Research Board	051-3519619
2.	Mr.M.Vidanpathirana	Representative of the Private Tea Factory Owners Association		077-6031000
3.	Mrs.DishnaDharmasekera	Deputy Director (Development)	Ministry of Plantation Industries Colombo 02	011-2304132
4.	Mrs.AnomaNandani	Director	Department of Public Finance	011-2480600
5.	Mr.H.D.Hemaratne	Director General	Sri Lanka Tea Board, Galle Road, Colombo 03 (Up to August 2012)	011-2508991
	Mr.D.W.S.Narangoda	Director General	Sri Lanka Tea Board, Galle Road, Colombo 03	011-2508991
6.	Mr.NevilleRatnayake	Hon. President	All Island Federation of Tea Smallholder Societies	077-2910003
7.	Mr.K.L.Gunarathna	Hon. Secretary	All Island Federation of Tea Small Holder Development Societies	077-7707623
8.	Mr.M.F.S.W.Stembo	Representative of the Hon.Minister of Plantation Industries		077-7226751
9.	Mr.RoshanRajadurai	Director/Chief Executive Officer	KahawattaPlantations Limited (From 03 rd August 2012)	011-4951353
10.	Mr.P.G.Dasanayake (Observer Member)	Working Director	Independent Television Network (From 25 th April 2012)	

12 board meetings have been held during the relevant year.

Audit & Management Committee

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

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

Executive Staff.Head Office:

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

Extension Division:

Deputy General Manager (Extension) : Mr.K.G.B.Obeysekera (Up to 29/02/2012)
: Mr.C.J.I.T Fernando (From 12/05/2012 Acting)

Development Division:

Deputy General Manager (Development) : Mr.M.B.Cyril
Manager (Development) : Mr.C.J.I.T.Fernando
Manager (Community Development) : Mr.J.M.G.Jayasinghe

Planning & Monitoring Unit

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

FinanceDivision:

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

Administration Division:

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

Assistant Manager (H.R.& Administration)) : Mr.R.M.Abeyratne Banda (Up to 02/11/2012)
Administrative Officer : Mr.G.I.U.Somasiri
(From 02/05/2012 up to 30/09/2012)
: Mrs.KarunaSomasiri (From 01/10/2012)
: Mrs.E.M.D.Amunugama (From 15-11-2012)
(Up to 01/05/2012 Actg)

Internal Audit Division:

Internal Auditor : Mr.K.G.Narada
Internal Audit Officer : Mr.Daminda Proyanjith (From 02/05/2012)

Regional Offices

Regional Office (Galle)

Regional Manager	: Mr.A.W.W.Karunaratne
Assistant Regional Manager	} : Mr.P.G.Somasiri
Officer In Charge	
	: Mr.L.K.Weerasekera
	: Mr.G.Sisira Kumara
	: Mr.S.J.M.Wijesinghe (Up to 30/06/2012)
	: Mr.T.M.Senaratne (From 20/11/2012 Covering Up)
Administrative Officer	: H.Dayananda
Accounting Officer	: Mrs.U.L.M.Perera(Up to 01/05/2012Acting) (From 17/08/2012)

Regional Office (Matara)

Regional Manager	: Mr.G.G.Bandula
Assistant Regional Manager	} : Mr.S.S.B.Dissanayake(From 10/02/2012 Actg)
Officer In Charge	
	: Mr.D.M.J.Nakandala
Administrative Officer	: Mr.M.H.A.Karunaratna (Up to 05/10/2012) MRs.K.H.M.A.Amaralatha (From 09/11/2012 Actg)
Accounting Officer	: Mrs.H.M.L.Pushpakumari (Up to 01/05/2012 Actg) (From 17/08/2012) : Mrs.U.L.M.Perera (From 02/05/2012 to 16/08/2012)

Regional Office (Kandy)

Regional Manager	: Mr.H.R.Arunashantha(Up to 08/02/2012 Actg))
Regional Manager	: Mr.S.Abeysinghe (19/03/2012 – 30/10/2012 Covering up)
Assistant Regional Manager	: Mr.S.M.K.K.B.Kapugedara(Acting)
Assistant Manager (Finance)	: Mr.A.G.Somasiri
Officer In Charge	: Mr.S.M.K.K.B.Kapugedara : Mr.W.J.W.Arambepola : Mr.T.M.J.Herath : Mr.T.Amarasekera :Mr.AnuruddaBandara
Administrative Officer	: Mr.E.Jesudasan (Up to 01/05/2012 Acting) : Mr.P.M.G.Bandaranayake (From 02/05/2012)

Regional Office (Ratnapura)

Regional Manager : Mr.U.L.Ariyapala (Actg)
Assistant Regional Manager (Extension) } : Mr.G.A.A.Gamage
Officer In Charge }
: Mr.K.A.B.Pathmarajah
: Mr.L.U.Kumarasiri
: Mr.K.M.R.L.Bandara
: Mr.P.D.K.Balachandra (Actg Up to 01/05/2012)
Administrative Officer : Mr.D.M.N.K.B.Thanyamwatta (Actg)
(From 01/10/2012)
:Mrs. KarunaSomasiri(From 02/05/2012 to 30/09/2012)
Accounting Officer : Mrs.M.A.Piyaseeli (Actg up to 01/05/2012)
(From 01/06/2012)
: Mr.W.M.Danapala(From 01/05/2012 to 31/05/2012)

Regional Office (Uva)

Regional Manager : Mr.P.A.W.Nilmalgoda (From 28/05/2011) Covering
Regional Manager : Mr.H.R.Arunashantha (From 15-02-2012 Actg.)
Assistant Regional Manager (Extension) } : Mr.M.M.Wijebandara (Acting)
Officer In Charge }
: Mr.W.T.R.P.Wimalaratne
: Mr.K.M.A.D.S.Kuruppu (Actg from 16/01/2012)
: Mr.D.M.G.WickramaratnaBandara (Actg from
16/01/2012)
Assistant Manager (HR & Administration) : Mr.D.M.Gunapala
Accounting Officer : Mr.W.M.Danaplala (Actg up to 01/05/2012)
(From 01/06/2012)
: Mrs. M.A.Piyaseeli (From 02/05/2012 to 31/05/2012)

Regional Office (Nuwaraeliya)

Regional Manager : Mr.H.Y.B.Ukuwela (Acting up to 18/03/2012)
; Mr. P.A.W.Nilmalgoda (18/03/2012 Covering up)
Assistant Regional Manager : Mr.W.H.P.S.Wijetunga (Actg)

Officer In Charge	: Mr.D.M.R.K.B.Dasanayake
	: Mr.J.Bogahawatta
	: Mr.G.N.Yagamuni (Actg from 16/01/2012)
	: Mr.B.D.A.Hiyarapitiya (Actg from 16/01/2012)
Assistant Manager (Finance)	: Mr.A.P.N.S.Kaluaarachchi(Up to 05/10/2012)
Administrative Officer	:Mr.P.M.G.Bandaranayake (Actg Up to 05/01/2011)
	: Mr.G.I.U.Somasiri (From 01/10/2012)
Public Relations Officer	: Mr.A.Dissanayake

Regional Office (Kegalle)

Regional Manager	: Mr.P.A.W.Nilmalgoda
Assistant Regional Manager (Extension)	} : Mr.A.Gunawardana
Officer In Charge	
	: Mr.R.A.G.P.Ranasinghe
Administrative Officer	: Mr.M.P.Somadasa (Actg up to 01/05/2012)
	: Mrs.E.M.D.Amunugama(Frm 02/05/2012 to 15/11/20110)

Regional Office (Kalutara)

Regional Manager	: Mr.K.A.B.de A.Rajapakse(From 26/01/2011) Acting
Assistant Regional Manager(Extension)	} : Mr.L.H.Ranjith (Acting)
Officer In Charge	
	: Mr.H.M.Chandrapala (Actg from 16/01/2012)
Administrative Officer	: Mrs.M.K.K.Somasiri (ActgFrom 01-10-2010)
	: Mrs.N.T.PreethiPushpakumari(Actg from 10/05/2012)

Ratnasiri Wickramanayake National Training Centre

Manager (Training)	: Mr.S.Abeysinghe
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Offices in the Administrative Districts

Head Office

No.70, Parliament Road

Pelawatta, Battaramulla

Telephone No: 011 – 7909020-21

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

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

Administrative District	Office	Extension Centre	Sub Office	TI Range				
Kandy/ Matale/ Kurunegala	Tea Small Holdings Development Authority Kandy Regional Office No.2/7/1, Gannoruwa Road Peradeniya, Kandy TelNo:081-7200827 081-7201821 Fax: 081-2389011	Tea Small Holdings Development Authority Regional Extension Center Sooriyagoda, Muruthalawa Tel No: 081-2412159	Matale	Ukuwela				
				Matale Rattota Alawathugoda				
			Wattegama	Poojapitiya Werellagama Teldeniya Wattegama				
				Hanguranketha	Hewaheta Mandaramnuwara Hanguranketha Walapane			
					Giragama	Gannoruwa Galagedara Menikdiwela Danture		
			Ratnapura	Tea Small Holdings Development Authority Ratnapura Regional Office 1/28, New Town, Ratnapura Tel No.045-7201245 045-7201904 Fax:045-2228647	Tea Small Holdings Development Authority Regional Extension Center Sannasgama, Ratnapura Tel No. 045-2275323	Nivithigala	Nivvithigala	
							Ratnapura Weddagala Kalawana Ayagama Kukulegama	
						Balangoda	Opanayake Pinnawala Rassagala Imbulpe Ellaarawa Weligepola Balangoda	
							Rakwana	Pothupitiya Madampe Kolonna Rakwana Pelmadulla Kahawatta
								Kuruwita

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

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

All Island Federation of Tea Small Holder Development Societies

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

01. Galle Tea Small Holder Development Regional Organization

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

02. Matara Tea Small Holder Development Regional Organization

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

03. Kalutara Tea Small Holder Development Regional Organization

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

04. Ratnapura Tea Small Holder Development Regional Organization

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

05. Kegalle Tea Small Holder Development Regional Organization

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

06. Kandy Tea Small Holder Development Regional Organization

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

07. Nuwaraeliya Tea Small Holder Development Regional Organization

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

08. Uva Tea Small Holder Development Regional Organization

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

Executive Summary

Extent of Tea Smallholdings

Total tea land extent excluding abandoned tea lands according to census of 2005 is 125019 Hectares.(Including lands below 20 perches) According to data for the last decade, an extent of about 1092 hectares is being uprooted for replanting and around 891 hectare is being replanted annually with subsidy from the organization. On the trend for past three years, 1016 hectares is being uprooted and about 836 hectares is being replanted annually. In addition to replanting under subsidy, farmers have undertaken replanting and also new planting annually without subsidy. Also, attractive market prices for tea, orientation towards alternate crops and intercropping in tea, special projects implemented for low income farmers is taking place and this trend could be observed fluctuating annually, depending on favourable and unfavourable results over time. Based on information gathered by Tea Inspector / Extension Officer range level through a questionnaire, 785 farmers have newly entered tea cultivation. According to these details extent newly planted without subsidy was 291 hectares. Also, highest extent i.e about 84 Ha entering through tea new planting is from Ratnapura District. Thus, total estimated extent of tea smallholdings by the end of 2012 is 120,955 hectares.

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

It had been possible to increase the production of the tea small holdings sector from 188 to 233 million kilos during the lapsed decade. Contribution to national production also had grown from 62% to 71.4%. In comparison to 2011 production of tea smallholdings had increased by 4.09 million Kg or 1.82%.

Productivity in the Tea Smallholdings Sector

In view of the ability of the tea smallholders to procure fertilizer from the open market with the national fertilizer subsidy, production as well as productivity of the tea smallholdings sector had increased in 2012 also. Accordingly, it had been possible to increase average annual productivity from 1976 Kg Made Tea / Hectare to 2001 or by 1.26%. Though up country and mid country production of the tea smallholdings sector had declined by 0.9% and 0.4% respectively in comparison to 2011, low country production had grown by 0.4%. Average productivity in the low country had increased from 2083 Kg Made Tea / Hectare to 2142 or by 2.8%.

Extent of Tea Replanting and Replanting Rate

In conformity to national policy, 2% of the existing tea extent has to be annually replanted in order to maintain the tea extent obtaining the maximum yield. Mature tea extent in the tea smallholdings sector as per the census data is 116,492 hectares. Also, 21,613 hectares are lands which have already exceeded 25 years. There is a necessity of directing these lands to replanting expeditiously. In view of budgeted physical targets in previous years being revised based on fund availability, out of the extent of 1015 Ha uprooted in 2010, 889 Ha or 88% had been planted in 2012. Though it is necessary to replant 2300 Ha annually on the national requirement, replanting rate is 0.76% under the aforesaid limitations.

Crop Rehabilitation

Crop Rehabilitation incentive is paid for supplying vacancies along with pruning as recommended, establishment of soil conservation measures, management of shade in an integrated manner. Applications and issue of permits had increased by 34% and 44% respectively in comparison to the previous year. The number of plants established is 0.767 million. This is a 52% increase in comparison to year 2011. Targeted number of plants according to budget provision is 377400. However, since it was decided on line ministry advice that priority should be rendered to demand in the field, number of plants was increased to 766991. Though the number of plants was reduced due to limitation in funds, targeted number of plants under crop rehabilitation was 1.3 million.

Extension and Advisory Services

The number of group extension conducted under extension and advisory services in 2012 by all regional and extension offices is 6508. This is a reduction of 6.6% in comparison to 2011. Number of targeted programmes in 2012 was 6846. The annual progress had declined by 5%. Farmer participation for these programmes in 2012 is 143,456. Targeted number is 175,289. Thus the progress on the targeted number of farmers is 82%.

16,235 soil samples were tested in 2012 to test the soil acidity on tea smallholdings and this is a 70% against the targeted number of samples of 23257.

Tea Small Holder Development Societies

Tea Small Holder Development societies initiated in the year 1989 is a society system which had been legislated. 1381 societies had been registered by the year 2012 under this society system which consists of 8 regional organizations and an all island federation. Total membership is 261,493. Number of societies had grown by 02 or 0.1% in comparison to 2011. Membership had declined by 12668 or 4.6%.

Operational Costs of the Organization

Development cost of the organization in 2012 is Rs. 276.323 million. Operational cost is Rs. 233.738million. In comparison to year 2011, development cost had increased by Rs.67.9 million according to financial provisions. Operational cost had increased by Rs.15.21 million. Thus, ratio between operational cost and development cost was 0.85. In comparison to last year, operational cost had decreased by 0.19. However, using this value for operational review is not realistic since development targets and achievements cannot be directly used for operational review within the limitations in provision of funds.

Tea Small Holder to Tea Inspector/Extension Officer Ratio

Though the extension officer to farmer ratio should be 1:1000 for an effective extension service, this ratio in the small holdings sector is 1:2730. Accordingly, though it is necessary to increase the number of officers to improve the ratio, it is not possible to do so in view of the cost and funding limitations of the organization and obtaining the assistance of support services such as of Smallholder Development Societies instead is done by the organization. However, to further improve the productivity of tea lands, it is necessary to increase the intensity of agricultural extension activities.

Prices of Green Leaf

The average price received for a kilo of green leaf based on the market prices for Sri Lankan tea in 2012 by tea small holders was Rs.54.91 for up country, Rs.51.34 for mid country and Rs.59.54 for low country whilst average for all areas was Rs.57.27. Based on the average for all areas, production margin of tea small holders was positive in year 2012.

Tea Small Holdings Development Authority Annual Report – 2012

1. Introduction

1.1. Organization and Functions

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

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

Objectives:

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

Tea lands under 10 acres are considered “Tea Small Holdings” as per the Tea Control Act. Even though, the Hon Minister of Plantation Industries had delegated from 01st January 1978, development activities pertaining to lands between 10 – 50 acres which had so far been under the Sri Lanka Tea Board. Accordingly the organization up to now provided services for the development of all tea lands less than 50 acres in extent under private ownership.

In the years 2011/2012, provision of land development services and provision of cultivation advice and extension services to lands between 10 to 50 acres had been entrusted to Sri Lanka Tea Board and Sri Lanka Tea Research Institute respectively. Accordingly, organization provides services for development and support services for tea lands below 10 acres as per the provisions in the act.

Functions of the Authority

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

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

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

1. Implementation of following incentive schemes for the development of lands under private management.
 - i. Tea Replanting
 - ii Tea New Planting
 - iii Infilling
 - iv Cultivation of Rubber with tea
 - v Cultivation of Coconut with tea
2. Provision of support services such as distribution of fertilizer, planting material, implements and transport facilities.
3. Implementation of extension and advisory services.
4. Implementation of price supervision activities of tea factories processing leaf of tea small holders.
5. Establishment of society leaf collecting centers

1.2. Review of Audit & Management Committee meetings

Basically the undernoted areas were subject to the review off the committee.

1. Reviewing annual audit plan and approval
2. Reviewing matters elicited by internal audit reports and expediting implementation of recommendations.
3. Reviewing Auditor General's reports and taking corrective action to prevent reoccurrence of deficiencies thereto.
4. Review of progress on replying audit queries.
5. Review of annual budgets, internal financial statements and evaluation of achieving of targets on performance.

6. Ensuring final accounts and annual reports are submitted in time.
7. Reviewing and making decisions on administration and development of human and other resources.
8. Reviewing staff disciplinary matters and directing towards institutional thrift.
9. Reviewing whether existing circulars and regulations and taking corrective action.

According to action plan approved by the Board of Directors and Audit and Management Committee, 09 audit inspections and 19 surprise inspections have been conducted in 2012.

1.3 Administrative Matters

1.2.1. Organization Structure and Scheme of Recruitment

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

Appointments made during the year

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

Position	Grade	Number
Internal Audit Officer	JM 1-1	01
Administrative Officer	JM 1-1	05
Accounting Officer	JM 1-1	04

1.3.2.Results Based Management Strategies for Statutory Objectives

Activities were continued in 2012 according to the strategies prepared for achieving aspirations for the tea smallholdings sector through targeted development results. These strategies have been started in 2009 and implemented from 2010 through annual action plans corresponding to institutional corporate plan to achieve statutory objectives.

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

Accordingly, activities were continued on annual work plans for year 2012 as well to achieve following medium term results.

Development Results

Long Term Impact–Improving livelihood of tea smallholders.

Medium Term Results

1. Increase the yield to Kg made tea / hectare / annum in 06 years to
2700 in low country
1700 in mid country
1500 in Uva
2. Improve leaf standard to 75% at factory level in 5 years.
3. Strengthen 50% of the community based organizations within 06 years
4. Strengthen the organization to function more effectively within a year
5. Direct 10% of the lands towards additional income earning activities within 05 years

1.3.3 Policy Decisions

- (i) It was decided to increase the incentive payment to motivate farmers for replanting in view of the incentive payment granted for replanting being reduced to 14% of the total cost that should be borne for replanting. Accordingly, it was approved by budget proposals of 2012 to increase the subsidy rate from 01.01.2013 to Rs.350,000 per hectare for all lands in high, mid and low category..
- (ii) It was decided to increase the subsidy paid for replanting of tea to Rs.260,000 per hectare in respect of tea smallholders who own lands equal or less than one hectare for cultivating tea without soil rehabilitation.
- (iii) It was decided to increase the maximum permit extent to 02 hectares for replanting with soil rehabilitation for a single land owner per annum.
- (iv) It was decided that subsidy paid for new planting with soil rehabilitation should be increased to Rs.250,000 per hectare. Accordingly, it was proposed to increase to increase to Rs.250,000 per hectare through 2012 budget proposals.
- (v) It was decided to increase the subsidy for new planting without soil rehabilitation to 195,000 per hectare.

2. Tea Small Holdings Sector in Sri Lanka

2.1. Tea Small Holdings

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

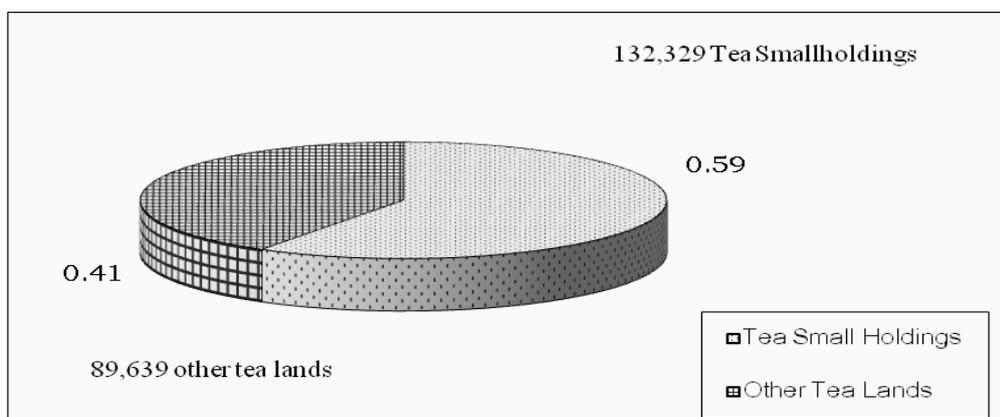
During the years of 2011/2012, providing land development services and extension services have been delegated to Sri Lanka Tea Board and Sri Lanka Tea Research Institute respectively. Accordingly the organization provided development and affiliated support services only to tea lands below 10 acres in extent as per provision under the act.

2.2. Land Extent of Tea Small Holdings

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

Total extent of tea small holdings is 132,329 Hectares. (Including lands below 20 perches in extent). Out of these 7,310 hectares are abandoned tea lands. Out of the balance extent, 118,275 Hectares is mature and immature tea. Total mature and immature tea extent excluding lands under 20 perches is 116,492 hectares. An extent of 340 Ha had been newly added in 2011 to the tea extent as per the TI/EO range baseline survey - 2011. By the end of 2012 total estimated extent is 120,955 ha, including the extent of 291 ha newly planted.

Figure No. 1
Contribution of Tea Small Holdings to the Total Tea Extent



Sources:

* Census Report of Tea Lands in Sri Lanka 1994/ 1995, Sri Lanka Tea Board

*Census of Tea Smallholdings 2005 – Department of Census & Statistics

2.3. Tea Small Holders

The number of tea small holders by the year 2005 is 370,842 (including cultivators of less than 20 perches). 82% out of this are smallholders with single ownership and they own about 76% of the land extent. According to TI/EO range baseline data estimates, 785 farmers have newly entered tea cultivation in 2012.

2.4. Number of Small Holdings

The total number of tea small holdings had increased from 206,652 to 350,982 (lands above 20 perches), i.e. 70% within the period from 1994 to 2005. Out of the number of tea smallholdings in Sri Lanka, 11.6% is less than 20 perches in extent and these cover 1.5% of the total tea area. 75% of tea small holdings are lands less than 1 acre in extent whilst 95% belongs to the category of less than 2 acres. Percentage of lands above 10 acres is very small at 0.78%.

The number of parcels and distribution of extent according to the census of 2005 is as follows.

Table No. 1
Number of Tea Lands According to District in Sri Lanka – 2005

District	No. of Small Holdings	Hectares	No of Lands/As per extent Ha						
			<1/2 Less than	1/2 - < 1	1 - < 2	2 - < 3	3 - < 5	5 - < 10	>10
Colombo	491	246	423	35	22	4	4	2	1
Gampaha	9	2	9	-	-	-	-	-	-
Kalutara	38,263	7,823	35,793	1,927	396	74	38	26	9
Kandy	30,747	16,058	25,457	3,345	1,094	353	206	140	152
Matale	1,408	1,672	1,011	166	81	40	38	41	31
Nuwaraeliya	17,547	7,205	15,270	1,663	302	100	77	55	80
Galle	90,524	27,427	79,432	8,296	1,840	467	276	166	47
Matara	67,613	25,417	58,470	6,835	1,296	430	290	176	116
Hambantota	2,533	546	2,373	141	14	4	1	-	-
Kurunegala	151	180	111	23	8	3	2	-	4
Badulla	29,679	9,020	26,989	1,747	574	182	85	56	46
Moneragala	637	199	551	72	11	1	2	-	-
Ratnapura	97,984	30,441	87,070	7,910	1,880	530	345	141	108
Kegalle	19,637	6,093	17,333	1,680	400	98	65	31	30
Total	397,223	132,329	350,292	33,840	7,918	2,286	1,429	834	624
Percentage			88.19	8.52	1.99	0.57	0.36	0.21	0.16

Source – Census of Tea Lands in Sri Lanka - 2005

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

2.5. Land Classification

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

Table No. 2
Extent of Tea Small Holdings in Sri Lanka and Classification According to
Number of Parcels

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

Source : Census of tea lands in Sri Lanka

2.6. Production in Tea Small Holdings Sector

Tea smallholding sector which held a 50% share of national teaproduction in 1991 had been able to increase the production capacity to a share of 71.4% by the year 2012. (Schedule No. 04)

National tea production in 2012 was 326.27 Mil Kilos. This had decreased by 0.38% in comparison to year 2011.

However, production in the small holdings sector had increased from 229.01 to 233.1 Million Kilograms i.e.by 1.78% in 2012. The share of tea smallholdings sector to the national production which was 60% in 2010 has increased to 69.92% in 2011 and in 2012 it had grown to 71.4%.

Table No 3
Total Tea Production in Sri Lanka – 2011 / 2012
Contribution According to Type of Management

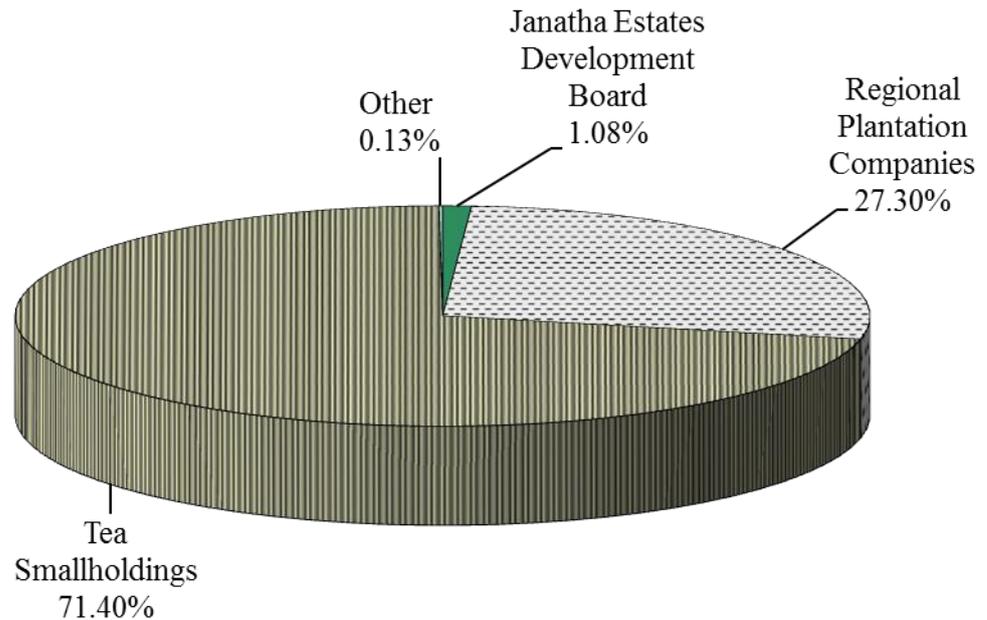
Management Institutions	Tea Production (Metric Tons)			
	2011	%	2012	%
01 Tea Small Holdings Sector	229,016	69.22	233,106	71.40
02 Regional Plantation Companies	94,402	28.82	89,216	27.30
03 Janatha Estates Development Board	3,615	1.10	3,529	1.08
State Plantations Corporation				
04 Other	498	0.16	427	0.13
Total	327,631		326,278	

Other =Tea Shakthi, Tea Small Holders Factories Ltd., Sri Lanka Tea Research Institute, Cooperative, Elkaduwa Plantations, Kalubowitiyana Tea Factories Limited

Source:- Sri Lanka Tea Board

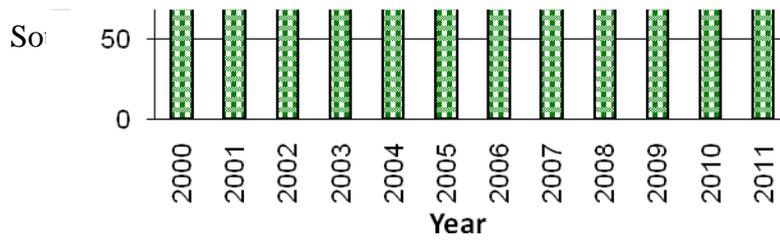
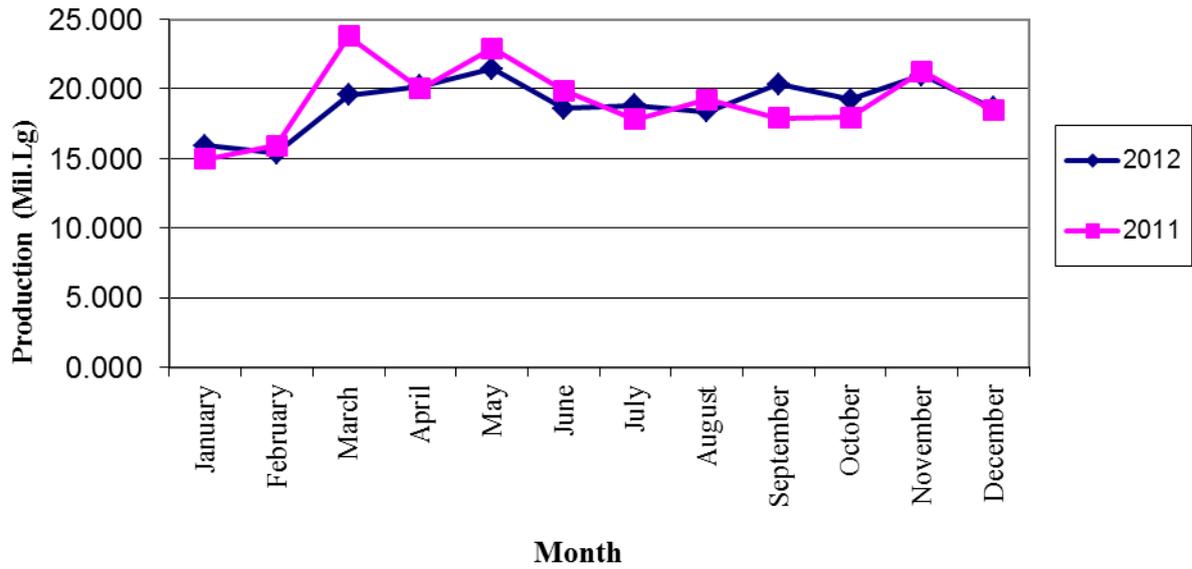
(All bought leaf had been included in the production in the small holdings sector according to classification of institutions. Private sector had been considered as small holdings sector in this)

Figure 02
Percentage Production Share of Management Institutions - Year 2012

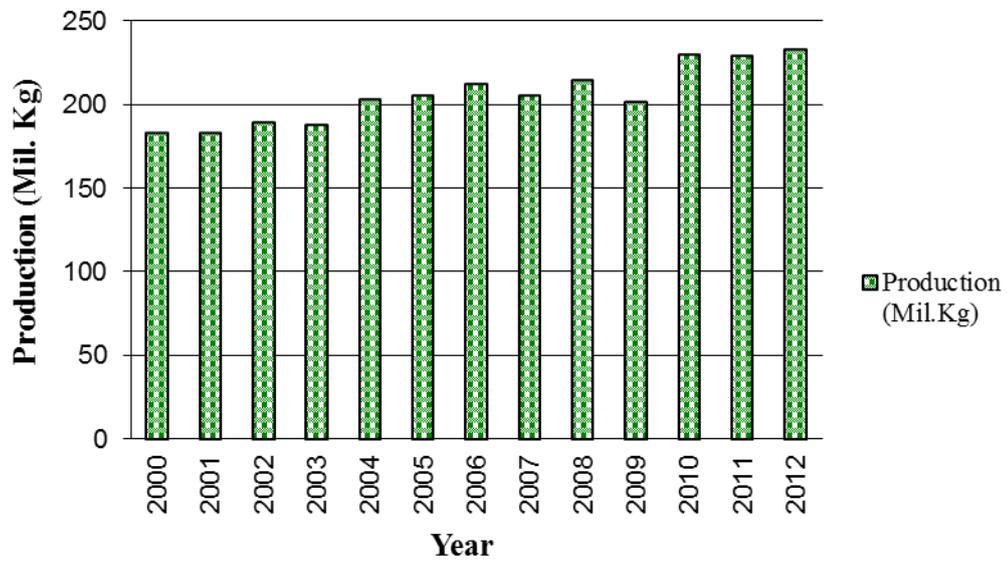


■ Janatha Estates Development Board	▣ Regional Plantation Companies
▨ Tea Small Holders	□ Other

Figure 03
Monthly Tea Production in the Tea Smallholdings Sector - Million Kg
2011 / 2012



ctor



Source: Sri Lanka Tea Board

2.7. Production Composition of Tea Small Holdings

95% of the low country production, 59% of the mid country total production and 15% of the up country total production out of national production for 2012 comprised of production by the tea smallholdings sector (Table 04). Also, 82% out of production in the private sector belonged to the low country production.

In comparison to 2011, up country production in the tea small holdings sector had declined by 15%, mid country and low country production had increased respectively by 5% and 2%.

Table No 04
Physical & Production Contribution by the Smallholdings Sector
2011/2012

		Year	Elevation			Total
			Up Country	Mid Country	Low Country	
Tea Smallholdings extent	Hectares		5913	21403	89176	116492
Contribution	%		5	18	77	
National Production	Mt	2011	78219	52591	196721	327531
	%		24	16	60	
	MT	2012	72739	52293	201246	326278
	%					
Small Holdings Production	Mt	2011	12909	29427	186680	229016
	%		5.6	12.8	81.6	
	Mt	2012	11066	30969	191071	233106
	%		4.7	13.3	82	
Contribution to National Production	%	2011	3.94	8.98	57	69.92
		2012	3.39	9.49	28.56	71.44
Productivity	Made Tea/	2011	2183	1375	2093	1966
	Ha/Annum	2012	1872	1447	2142	2001

Source

- i. Census of Tea Smallholdings 2005 – Department of Census & Statistics
- ii. Monthly statistical Summary - Sri Lanka Tea Board 2012

2.8 Productivity in the Tea Smallholdings Sector

In years of 2011 and 2012 also, main contributory factor for increase in national tea production had been the growth of production and productivity of the tea small holdings sector.

According to production data of the Sri Lanka Tea Board, average productivity in tea smallholdings sector in 2011 is 1966 kilos of made tea per hectare per annum. Average productivity in the tea smallholdings sector had grown to 2001 kilos of made tea per hectare in 2012.

Table No 05
Productivity of the Tea Smallholdings Sector 2012(Kg/Made Tea)
According to Administrative Districts

Administrative District	Extent of Small Holdings (Ha)	High Lands	Mid Lands	Low Lands	Total	Productivity (Made Tea Kilos/Ha)
Badulla	7,863	3,731,237	6,072,439	-	9,803,676	1,247
Galle	25,325	-	-	47,710,384	47,710,384	1,884
Hambantota	492	-	-	284,332	284,332	578
Kalutara	7,588	-	-	17,408,260	17,408,260	2,294
Kandy	12,486	157,202	15,403,904	10,015,336	25,576,442	*2,048
Kegalle	5,753	-	278,734	9,588,819	9,867,553	1,721
Matale	1,190	-	923,588	522,932	1,446,520	1,215
Matara	22,971	-	100,676	41,981,546	42,082,222	1,832
Nuwaraeliya	5,971	7,165,393	7,106,932	828,544	15,100,869	*2,529
Ratnapura	28,232	12,399	1,083,099	62,730,365	63,825,863	2,261
Total	-	11,066,231	30,696,372	191,070,517	233,106,120	-
**2005 Census based extent	-	5,913	21,403	89,176	116,492	-
Estimated average productivity/Ha	2012	1,871	1,447	2,143	2,001	-
	2011	2,183	1,375	2,093	1,966	-

Source :- Sri Lanka Tea Board

* Data not realistic In view of leaf purchases beyond district boundaries

** Mature tea extent

2.9. Investments in the tea smallholdings sector

In the year 2012, a sum of Rs.Mil. 445.55 was allocated to the organization, consisting of Rs.Mil 221.37 as development and institutional capital expenditure and Rs.Mil. 224.18 as recurrent expenditure.

Total receipts for 2012 were Rs.Mil.418.83 consisting of Rs.Mil.199 and Rs.Mil.219.83 respectively as capital and recurrent expenditure.

Since the total capital expenditure of Rs.Mil 228 for the tea smallholdings sector out of the above provision was not sufficient for development activities in the institutional annual action plan, on the agreement that an additional Rs.Mil. 150 would be granted to the institution capital development work amounting to Rs.Mil.371.37 including institutional capital was conducted during the year.

Therein, the major part or 66% of the allocated money was spent on tea replanting development work

However, only Rs Mil. 199 were received for capital expenditure from the consolidated fund during the year. Expected extra allocation of Rs.Mil. 150 was not received. But the total development capital expenditure was Rs.276.32. Thus, the institution was compelled to carry forward a sum of Rs.Mil.86.96 of subsidy payments to the ensuing year as accrued expenditure.

In the above background, using estimated receipts of funds, annual expenditure, estimated development targets and achievement for operational review of the organization is not realistic.

Though it is necessary to improve organizational infrastructure in parallel in order to carry out investment activities for the tea smallholdings sector, the organization had not rendered priority to those in view of the funding limitations.

Table No. 06
Tea Production in the Private Sector and
Cess Funds Provided – 1998 – 2012

Year	Total Tea Production (Mil.Kg)	Overall Contribution %		Cess Amount (Rs.Mil)	Cess Provision	Percentage of Provision
		Private Sector	Other Sectors		for the Private (TeaSmall Holdings) Sector (Rs.Mil)	
1998	280.05	59.2	46.1	680.3	188.5	27.7
1999	283.76	57.8	42.2	651.1	247.9	33.0
2000	305.84	60.0	40.0	701.2	259.4	37.0
2001	295.09	62.1	37.9	741.0	274.5	37.0
2002	310.01	61.1	38.9	767.5	230.2	30.0
2003	303.23	61.9	38.1	739.6	332.0	37.0
2004	308.08	65.9	34.1	753.8	371.6	43.7/39.5
2005	317.19	64.8	35.1	771.1	290.68	39.5
2006	310.82	68.3	26.1	1088.4	461.56	39.51/43.28
					**426.00	
2007	304.61	67.5	26.2	-	(Actual amount received was Rs.Mil 418.00)	-
2008	318.46	67.4	25.9	1294.64	405.30	-
2009	291.13	69.3	24.8	1360.40	367.80	-
2010	331.42	69.4	23.8	1193.98	394.93	-
2011	327.53	69.9	30.1		391.59	
2012	326.27	71.4	28.6		418.83	

Source : Sri Lanka Tea Board

**** Funds were received from treasury funds from 2007**

Operational Review

Operational cost had decreased by 0.19 in comparison to 2011 according to operational review for 2012. However, values of development cost and operational cost does not appear to be realistic in view of decline in total receipts.

Also, there is a risk of increase of operational cost in the long run due to limitation in funds for institutional capital expenditure, maintenance of resources and human resource development.

Table No 7
Operational Review (From 1995 to 2012)

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

*** Operational cost had been calculated including project costs up to 2012

+ Operational cost had been calculated on accrued basis

3. Statutory Objectives and Results Based Development Functions

The development functions affiliated to the statutory objectives of the organization are as follows.

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

Following development activities have been implemented for the tea smallholders with the intention of performing this statutory objective.

01. Tea replanting incentive scheme
02. Tea new planting incentive scheme
03. Crop rehabilitation incentive scheme
04. Cultivation of tea with rubber
05. Cultivation of tea with coconut

02. to acquire or to develop tea factories and other facilities required for the manufacture of produce of such tea lands

“Tea Shakthi Fund” had been established by the authority in 1997 under this objective and relevant activities are performed by that from year 2000 as a separate institution for the above objective.

03. to promote or to undertake marketing of the produce of such factories or of such tea lands

For this statutory objective

- Increasing quality of green leaf of factories to which smallholders supply leaf
- Conducting price supervision activities of factories processing smallholder leaf
- Directing Tea Smallholder Societies to market green leaf produced in tea smallholdings

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

Under this;

01. Distributing tea fertilizer, provision of support services such as providing planting material, utensils and transport facilities
02. Implementing extension and advisory services
03. Establishing society leaf collecting centers
04. Taking steps for the welfare of the people engaged in converting produce of tea small holdings and registering of tea small holder development societies with the objective of accepting them as legal organizations and creating regulations on their activities
05. Strengthening tea small holder development societies as community based organizations and directing smallholders to additional income earning activities

The organization worked towards the following medium term development results to achieve relevant development functions and results expected thereof to perform statutory objectives through the above functions in 2012 too.

Action Plan and Practical Difficulties

The estimated provision for planned field activities for development functions to achieve development results envisaged by the organization in 2012 was Rs.Mil. 350.8. Since the provision of Rs.Mil. 225 from the consolidated fund was inadequate, targets were prepared expecting Rs.Mil 371.3 of development and institutional provision with the agreement that an extra funding of Rs.Mil 150 could be obtained.

However expected additional funding of Rs.Mil 150 was not received by the organization and though it was imperative to receive funding to provide installments due for the specific field activity on time since field operations coincide with cultivation seasons non receipt of such funding was a problem encountered by the organization.

Even though estimates were prepared to replant less than 1000 hectares in previous years in view of limited provision, 1511 Ha was planned to be uprooted for replanting in 2012 expecting additional funding. Though it is necessary to estimated 2% or 2300 Ha for replanting based on the national requirement, it was possible to target for 1.3% of the national requirement in the 2012 based on the aforesaid financial provision. But, the organization was able to achieve 72% of the targeted extent or 1087 Ha during the relevant year.

Similarly, though 1359 ha were targeted for first installment of soil rehabilitation, the achievement was 960 Ha or 71%. In view of setting of low targets since provision was limited in the previous years, achievement of second installment of soil rehabilitation was 888.5 Ha or 99% of the targeted extent of 900 Ha. Similarly, the extent on which tea replanting was to be completed was targeted at 900 Ha and the achievement was 99% or 889.1 Ha. Target for one year maintenance was 850 Ha. The achievement was 806 Ha or 95%.

To assess whether the organization is moving towards the expected targets to achieve identified development results, action is taken to assess to measure through prepared performance based indicators.

Results Based Medium Term Targets and Achievements

3.1 Medium Term Results – 01

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

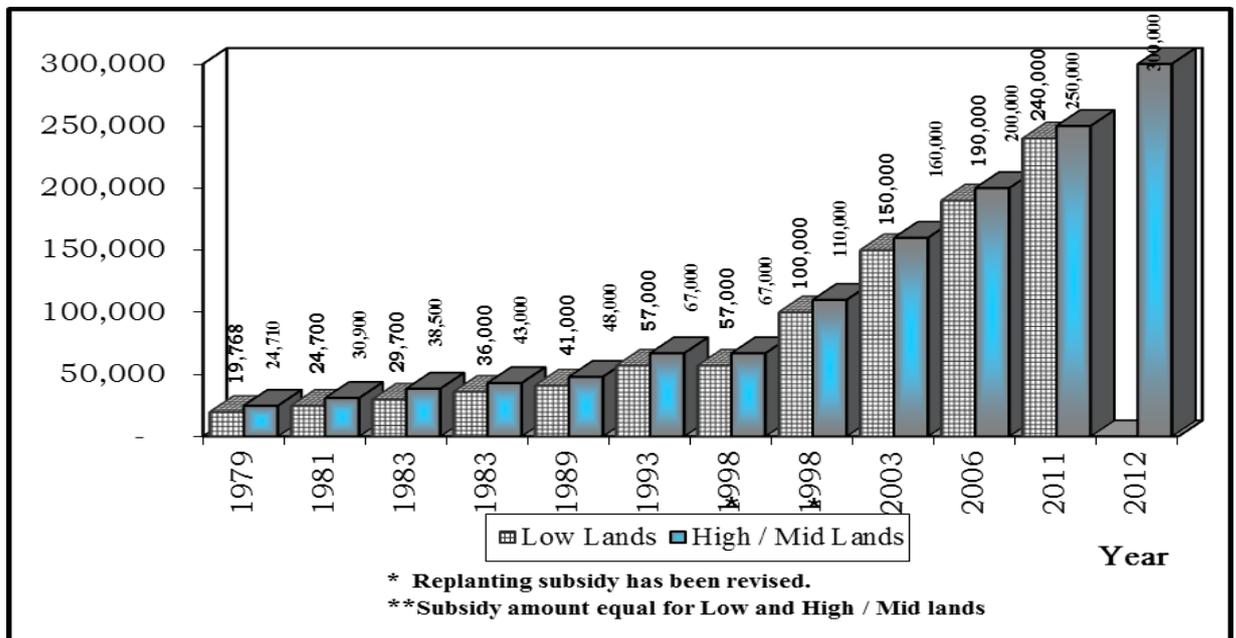
3.1.1 Maintaining tea replanting rate at 2% annually.

It is expected to motivate cultivation of approved vegetative propagated tea in low yielding old seedling tea fields to increase productivity and production of tea smallholdings under this incentive. Incentives were paid for a maximum extent of 1 Ha, at the rate of Rs. 300,000/- per Ha in all lands in High/Mid and Low elevations. Since it was not sufficient to cover only 12% of the total cultivation cost under cost conditions of replanting through incentive payments, a policy decision was taken to increase the relevant incentive amount.

Tea Replanting Subsidy Amount in Installments – Per Hectare

Uprooting old tea	Rs.80000
Soil rehabilitation 1 st installment	Rs.30000
Soil rehabilitation 2 nd installment	Rs.120000
Tea replanting	Rs.40000
First year maintenance	Rs.30000
Total amount	Rs.300000

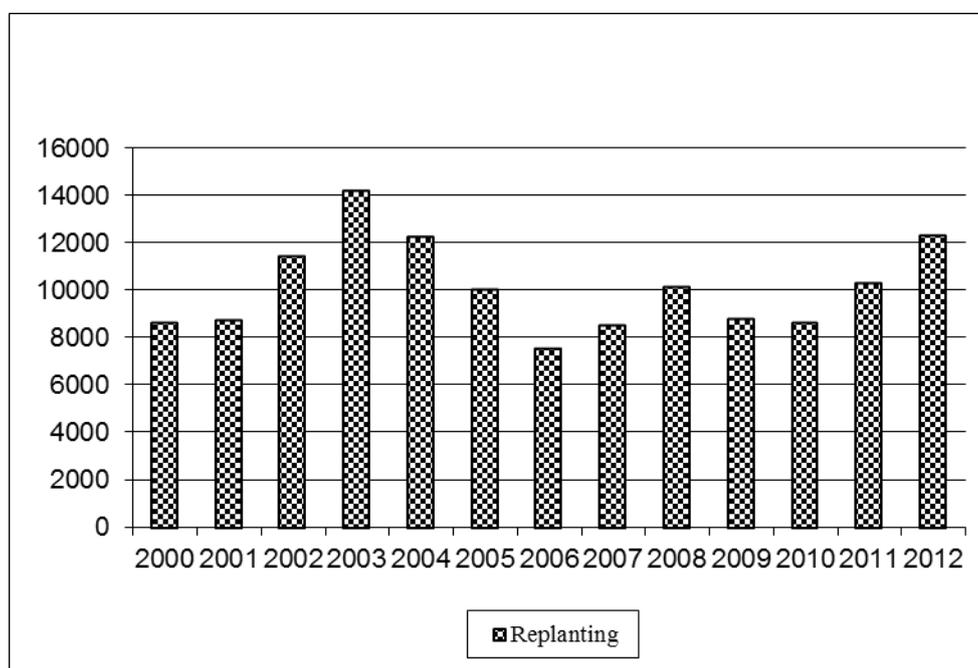
Figure No. 05
Increase of Subsidy for Replanting
From 1979



Application for Replanting

Though it was targeted to obtain applications from 13330 farmers for replanting under the action plan for 2012, 12349 farmers had applied for replanting. The extent expected to be uprooted under this was 3271 Ha. Out of this, 11889 farmers were issued with permits in the year 2012. The extent covered by this was 2648 hectares.

Figure No – 06
Applications for Cultivation Subsidies 2000 – 2012



Performance

Applying for replanting subsidy scheme had increased by 20% (Table No. 08) in comparison to previous year. Though the targeted extent to be uprooted was 1511 Ha according to the budget provision, only 1087 Ha had been uprooted. Even though progress on uprooting had increased by 15% in comparison to the previous year, a progress of 72% had been achieved on the targeted extent for the year. Target for first installment of soil rehabilitation was 1599 ha and a progress of 960 Ha had been achieved. This is an achievement of 71% of the targeted extent. Annual targets for second installment of soil rehabilitation and planting were 900 Ha each and the progress had been 889 Ha each. This is a 99% progress on the annual target.

The organization had paid Rs.226.83 million for tea replanting during the year. This had increased by 20.9% (On account of increase in subsidy) in comparison to the previous year. A total sum of Rs.Mil 230.898 had been spent for tea replanting including Rs.3.949 million for providing agricultural implements to farmers and Rs.0.112 million as interest subsidy paid to farmers who replanted tea under the Tea Development Project revolving fund loan scheme.

Table No 08
Tea Replanting Incentive Scheme
Physical Progress (Hectares) for the Year 2011/2012

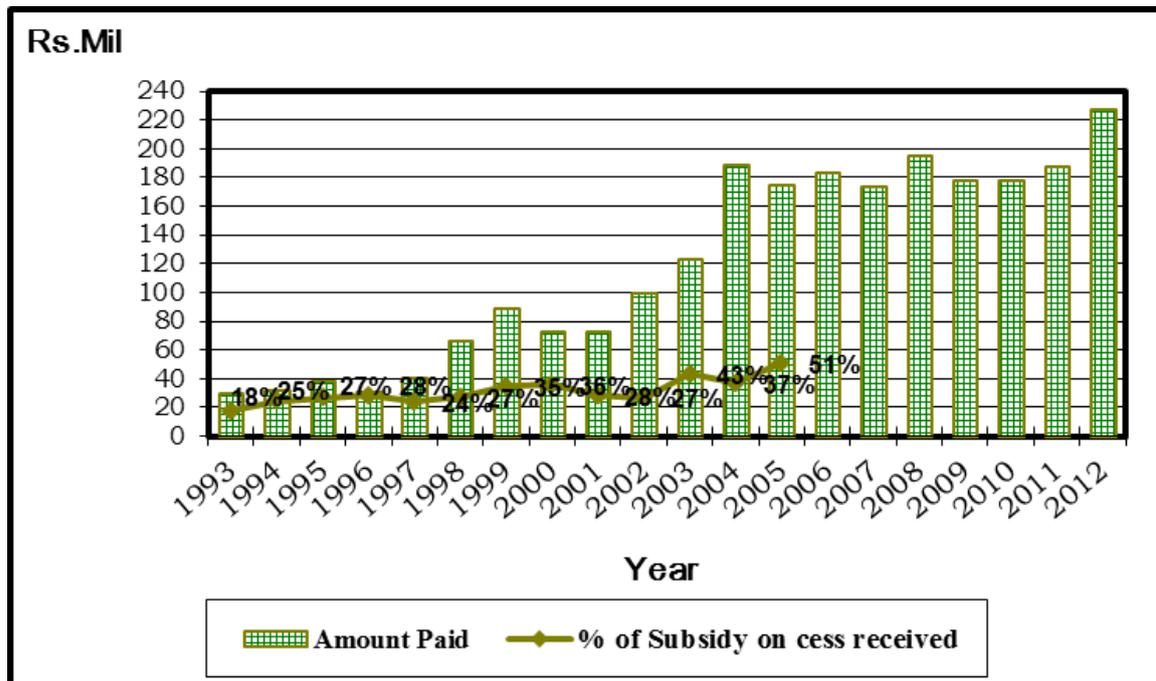
Activity	Year	Low Elevation					High/Mid Elevation			Total	Annual Target	% Increase/Decrease in Progress in comparison tot the previous Year
		Galle	Kalutara	Matara	Ratnapura	Kegalle	Kandy	N'Eliya	Uva			
1. No. of Applications received	2012	2305	526	2254	3052	941	1420	781	1070	12349	13330	20
	2011	1761	384	1549	2432	870	1366	731	1228	10321	11365	19
2. Permits Issued	2012	2145	517	2178	2938	901	1329	805	1076	11889	11200	30
	2011	1214	335	1476	2103	731	1296	847	1178	9180	10062	18
3. Extent covered by permits	2012	496	151	553	508	202	290	234	214	2648	1795	17
	2011	337	102	394	539	150	267	254	220	2263	1668	19
	2012	196	51	221	241	85	91	93	109	1087	1511	15
4. Land Preparation	2011	171	44	188	202	87	87	94	74	947	399	(7)
	2012	186	34	181	183	56	102	81	67	889	900	(1.3)
5. Soil Rehabilitation	2011	162	31	172	174	79	96	108	79	901	824	(6)
	2012	171	29	198	193	58	81	71	88	889	900	15
6. Tea Replanting	2011	167	30	154	141	74	69	90	47	772	845	(9)
	2012	44.13	7.82	45.75	52.63	16.57	22.56	19.59	17.77	*226.83	300.17	21
7. Subsidy Paid (Rs.Million)	2011	35.21	6.98	36.18	36.73	16.34	20.80	19.52	15.88	187.64	145.24	4.8

Source: Progress reports of Tea Small Holdings Development Authority

* Total subsidy amount is Rs.Mil.230.898 including Rs.Mil.8.949 for agricultural implements and Rs.Mil.0.112 for interest subsidy.

** Uprooting Ha 1183, soil rehabilitation Ha.942 and tea replanting Ha.987 had been completed in 2012 including IFAD project.

Figure No 07
Progress of Tea Replanting Incentive Payments (Rs.Million)
1993 – 2012



* % cannot be indicated due to change in subsidy amount

3.2.1 Crop Rehabilitation Subsidy Scheme

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

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

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

Performance

In comparison to the year 2011, applying for subsidy and issue of permits had increased by 34% and 44% respectively. However, annual target had decreased by 49% in relation to the previous year.

Though annual targets had to be limited to 377,400 plants in view of revision of budgetary estimates and limitation of funds, priority was rendered to the requirement of infilling as per the decision arrived at the progress review at the ministry. Thus, the targeted number of plants was 1,005,840. Therefore it was possible to increase the progress to up to 766,991 exceeding the initial target of 377,400 plants. Accordingly, progress on revised annual target is 76 % (Table No. 09).

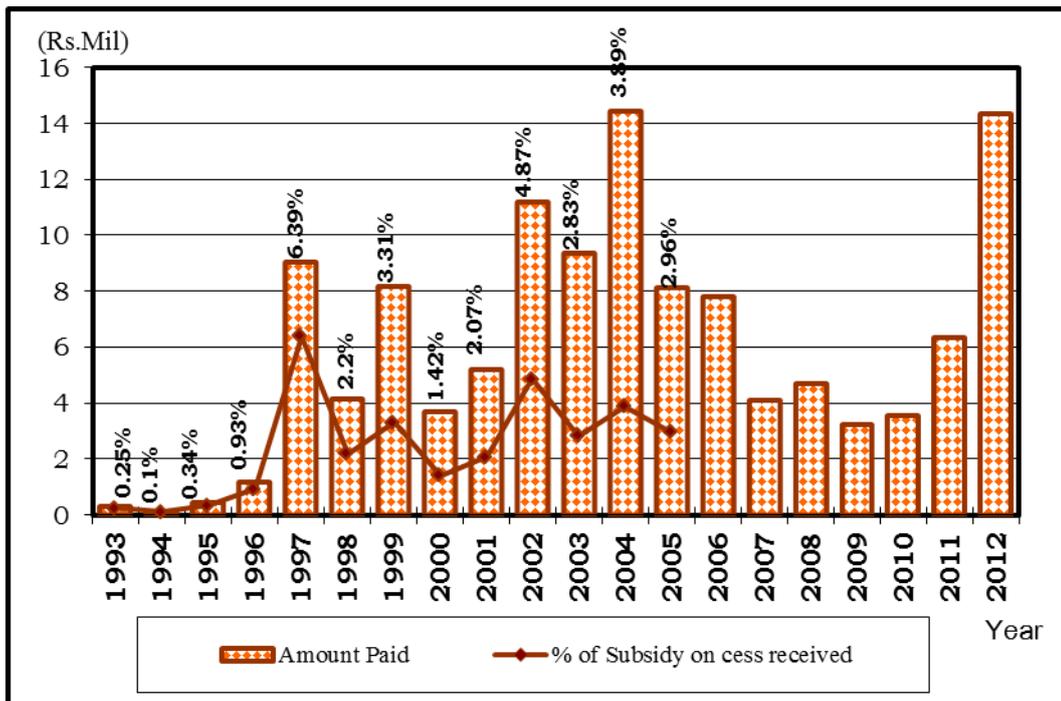
Number of plants qualifying for the second installment is 345,152. This is a progress of 67% on the targeted number of plants of 517,584 based on the above requirement of 43% out of the number of plants receiving first installment in year 2010. Rs.6.329 million had been paid as incentives for crop rehabilitation in 2011. The amount of subsidy paid had increased by 76% in comparison rendering priority. Rs. 14.355 million had been paid in 2012 as incentives for crop rehabilitation. The amount of subsidy paid had increased by 126% in comparison to the previous year.

Table No 09
Crop Rehabilitation Subsidy Scheme
Physical Performance of Year 2009 -2011 (Hectares)

Activity	Year	Low Elevations					High/Mid Elevations			Total	Annual Target	Comparison with Previous Year (%)
		Galle	Kalutara	Matara	Ratnapura	Kegalle	Kandy	N'eliya	Uva			
1.No. of Applications Received	2012	1193	411	713	493	216	612	278	314	4230	-	32
	2011	651	105	521	650	209	434	231	288	3089		
2.No. of Permits Issued	2012	932	409	621	852	198	490	212	311	3625	-	44
	2011	476	80	422	490	149	310	312	272	2511		
3.Number of plants targeted	2012	172500	106000	249440	100000	31200	243500	54600	48600	1005840	-	(23)
	2011	238122	40293	242823	289858	76243	197550	171479	123366	1379734		
4.1.Number of plants 1 st installment paid	2012	133644	60968	127287	122012	49787	118985	73210	81098	766991	1005840	(1.7)
	2011	82878	17047	93011	110643	46089	64648	57361	32645	504322	529372	19
2.Number of plants 2 nd installment paid	2012	67293	18969	58671	71151	23473	64893	22317	18385	345152	517584	9.6
	2011	15218	17698	24698	47010	7577	36735	30830	2635	182401	424227	(28)
5.Amount of subsidy Paid (Rs.Million)	2012	2.373	0.741	2.616	2.394	0.977	2.430	1.323	1.499	14.355	8.66	127
	2011	0.984	0.278	1.026	1.539	0.629	1.064	0.455	0.354	6.329	9.24	76

Source: TSHDA Progress Reports

Figure No – 08
Crop Rehabilitation Subsidy Scheme
Progress of Payments (1993-2012)



* Percentage cannot be indicated due to revision of cess amount.

3.2.3 Tea New Planting Subsidy Scheme

Steps have been taken to implement the new planting subsidy scheme again from 2010 which was stopped on a policy decision in 2003. Accordingly, action was taken to implement new planting under limited funding, in areas where alternate crops or other income avenues are absent. The amount of subsidy paid for new planting up to end of year 2011 was Rs.150,000/- per hectare.

Performance

In the year 2012 applications had been received for 735 hectares and permits were issued to cover 517 hectares. It was targeted to newly plant 200 Ha in 2012 and the extent completed under new planting was 239 Ha. The amount of subsidy paid for new planting Rs.Million 23.2.

Land owners had not moved for new planting under subsidy since the incentive paid was not sufficient. It was proposed in 2012 to increase this subsidy to Rs.250,000/- per hectare through the budget proposals for 2013.

Also, it was decided as a policy measure to increase the maximum land extent of ½ acre per new permit holder to one acre during the year.

Table No.10
Tea New Planting Incentive Scheme
Physical Performance (Hectares) in Year 2011/2012

Activity	Year	Low Elevation					Mid / High Elevations			Total	Targets
		Galle	Kalutara	Matara	Ratnapura	Kegalle	Kandy	N'Eliya	Uva		
1. No.of applications received	2011	-	270	-	-	212	-	-	-	482	
	2012	293	1113	423	598	549	158	65	109	3308	
2. No of Permits Issued	2011	-	256	-	-	174	-	-	-	430	
	2012	257	937	385	582	493	158	70	110	2990	
2 Land Preparation	2011	-	17.46	-	-	10.67	-	-	-	28.14	50
	2012	16.00	70.00	31.00	72.00	46.00	11.00	6.00	8.00	260.00	200
3 Planting	2011	-	17.80	-	-	10.58	-	-	-	28.38	50
	2012	16.00	69.00	31.00	60.00	45.00	6.00	5.00	7.00	239.00	
5. Amount of Subsidy Paid (Rs.Million)	2011	-	0.573	-	-	0.613	-	-	-	1.186	2.5
	2012	0.740	4.583	3.526	7.809	4.707	0.714	0.220	0.904	23.206	24

Source: Progress reports of the Tea Small Holdings Development Authority

Supply of Quality Tea Plants

Maintenance of Mother Bush Cultivations of New Improved Tea Cultivars

Provision of quality planting material to tea smallholders to improve tea production and productivity is another important strategy of the organization. Thus, the organization maintained mother bush extents with quality new improved cultivars and took steps to provide 249327 shoots to tea smallholders, commercial tea nursery operators and also institutional tea nurseries. Details of issues of shoots of new improved cultivars from mother bush sites are indicated in Annexure 9 A. An amount of Rs.1.246 million had been spent for these activities.

Commercial Tea Nurseries

It is very important to maintain commercial tea nurseries with quality as nurseries registered with the organization to facilitate availability of quality plants to tea smallholders with the objective of increasing tea production and productivity. Accordingly, 969 commercial tea nurseries were registered by all regional offices as follows and plant capacity of these nurseries was 39.41 million plants. The progress of number of certified plants from these nurseries is indicated in table no 9-C.

Table No – 10
Issue of Permits for Commercial Tea Nurseries and
Plant Capacity (2011 – 2012)

Area	No. of Permits Issued		Plant Capacity (Millions)	
	2011	2012	2011	2012
Matara	117	165	3.692	5.457
Ratnapura	82	176	4.385	8.378
Kegalle	110	52	5.982	2.880
Kandy	111	113	4.342	4.444
Galle	142	136	3.903	4.487
Nuwaraeliya	-	172	-	9.028
Uva	64	128	1.811	3.656
Kalutara	37	27	1.286	1.081
Total	663	969	25.401	39.412

Source: Progress reports of the Tea Small Holdings Development Authority

Institutional Tea Nurseries

Institutional tea nurseries are maintained with the objectives of demonstrating production of plants of good quality and controlling market prices when tea small holders buy plants. Thus, 591973 plants were produced by the 07 nurseries maintained in the year 2012. Total number of plants sold was 514676. Sale price of a plant by nursery is indicated on schedule No. 9-B.

3.1.4. Extension and Advisory Training Programmes

A total of 6846 extension and advisory programmes was planned for the year and 6508 programmes were implemented. Expected number of farmer participation was 175289. Actual participation was 143456.

The number of training programmes planned in 2012 to provide extension and advisory services to increase tea production and productivity is 5487. Number of programmes conducted is 5455. Thus annual progress based on targeted programmes is 99%. 131147 farmers were targeted for these programmes and number of farmers participated is 111640 (Table No. 11)

Table – 11-i
Extension and Advisory Services – Productivity Improvement
No. of Training Programmes –(1) and Participation –(2)

Regional Office	Programmes										Total
	Awareness for permit Holders	Training for Input Nurseries	Training of Commercial Nursery Owners	Training on Tea Planting	Training on Plucking	Training on Pruning	Pruning Skills Training	Training on Soil Management	Training on Shade Establishment & Management	Nutrient Mangement	
Galle 1	83	11	27	76	227	82	52	114	126	129	927
2	2068	182	427	2195	4431	1787	906	2471	2649	2825	19941
Matara 1	63	28	20	78	136	73	17	161	155	166	897
2	1889	514	326	2282	3089	1834	358	4185	4502	4984	23963
Kalutara 1	60	16	0	36	168	104	47	90	132	134	787
2	923	133	0	524	2267	1826	635	1379	1747	2485	11919
Kegalle 1	42	10	3	34	68	41	31	65	87	61	442
2	900	169	29	735	1257	771	643	1436	1617	1191	8748
Kandy 1	54	16	14	33	91	35	28	70	66	63	470
2	1128	181	153	672	1662	620	495	1283	1044	1462	8700
N'Eliyal	145	20	14	78	69	69	18	59	55	24	551
2	3691	308	192	1713	1315	1143	251	1293	892	529	11327
R'pura 1	62	21	24	38	143	113	52	133	111	128	825
2	1703	212	231	777	2432	2112	890	2433	1962	2571	15323
Uva 1	67	23	17	26	114	78	21	67	67	76	556
2	1340	324	169	544	2477	1743	429	1589	1533	1571	11719
Total 1	576	145	119	399	1016	595	266	759	799	781	5455
2	13642	2023	1527	9442	18930	11836	4607	16069	15946	17618	111640
Target 1	448	204	113	280	1106	614	283	733	839	867	5487
2	11808	3710	1053	6835	25419	14673	4316	17507	22033	23793	131147

Source : Tea Small Holdings Development Authority

In addition to above extension services 16325 testing of soil samples for soil acidity (Soil pH) in tea lands have been completed and the progress on targeted tests was 70%. Also, 31890 individual extension visits were planned and the progress was 27843. This is a progress of 87% on the targeted visits.

Table – 11-ii

Individual Extension Visits and Number of Soil Tests

Regional Office		Galle	Matara	Kalutara	Kegalle	Kandy	N’Eliya	R’Pura	Uva	Total
Individual	Target	6900	6100	2160	2170	2000	3000	7000	2560	31890
Extension	Progress	6448	5664	2064	2028	1738	1923	5552	2429	27843
Soil Testing	Target	4000	4500	1860	1959	1945	2300	2858	3835	23257
	Progress	2421	3351	1817	1562	1174	445	2511	2954	16235

Source : Progress reports of Tea Small Holdings Development Authority

Medium Term Result – 02

Increasing leaf quality to 75% at factory level in 5 years

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

To improve the leaf quality, it was expected to improve the use of shears and baskets, training of 10000 pluckers, promote legal provision making acceptance of only good quality leaf by factories compulsory, conducting awareness programmes for leaf suppliers, conducting factory based extension programmes and making smallholders aware of leaf quality were the programmes envisaged to achieve this result. Thus, 475 training programmes were planned in 2012 to improve quality of leaf and 313 programmes have been implemented. (Table No.12) Progress of this is 66% based on the annual target. Number who participated is 14974 and targeted number of farmers was 23280. Thus, progress on participation is 64%.

Table – 12
Number of Training Programmes for Improvement of Leaf Quality Farmer Participation

Regional Office	Item	Programmes			Total
		Training of Pluckers (2.2.2)	Awareness for Leaf Suppliers (2.3.4)	Awareness of Leaf Quality (2.5.2)	
Galle	Programmes	132	8	46	186
	Participation	2918	583	3129	6630
Matara	Programmes	93	37	52	182
	Participation	1895	1837	4786	8518
Kalutara	Programmes	66	17	13	96
	Participation	887	492	434	1813
Kegalle	Programmes	46	4	26	76
	Participation	807	59	559	1425
Kandy	Programmes	25	3	33	61
	Participation	405	108	1862	2375
Nuwaraeliya	Programmes	27	18	14	59
	Participation	495	437	458	1390
Ratnapura	Programmes	57	45	76	178
	Participation	1017	1280	1789	4086
Uva	Programmes	57	32	53	142
	Participation	1142	807	1957	3906
Total	Programmes	503	164	313	980
	Participation	9566	5603	14974	30143
Target	Programmes	602	150	475	1227
	Participation	11465	8249	23280	42994

Source: Progress reports of the TSHDA

To measure envisaged results the indicator of percentage of good leaf at the factory level is used and it is imperative that a joint effort be made by the Authority, Sri Lanka Tea Board, Tea Commissioner's Division and Sri Lanka Tea Research Institute.

A total of Rs.Million 4.655 had been spent for extension advice and training programmes. Out of this Rs.Million 0.196 had been spent on training material.

Medium Term Results – 03

Strengthening 50% of the Community Based Organizations within 06 years

To make Tea Small Holder Development Society system which was started in latter part of 1989 legal organizations, regulations on tea small holding development societies were declared by gazette extraordinary No 878 /15. This was done under the powers vested by the (O O) paragraph of the 2nd sub clause of the 15th clause in the act No. 35 of 1975, revised by act No. 36 of 1991 of the National State Assembly.

By the end of the year 2012, 1381 tea small holder development societies were under registration and the membership in those was 261493 as indicated below.

Table No. 13
Distribution of Tea Small Holder Development Societies
2010/2011

Regional Area	No. of Societies		No. of Members	
	2011	2012	2011	2012
Ratnapura	284	284	87,941	763,42
Uva (Badulla & Moneragala)	160	161	21,348	21,484
Nuwaraeliya	183	186	18,589	17,952
Kandy & Matale	144	141	12,336	12,379
Galle	208	208	47,790	46,293
Matara & Hambantota	176	177	45,638	43,176
Kegalle	127	127	18,660	18,671
Kalutara	97	97	21,859	25,196
Total	1,379	1381	274,161	261,493

Source: TSHDA Progress Reports

In comparison to year 2011, an increase of number of societies by 2 or 0.1% and a reduction of membership by 4.6% can be observed in year 2012. Rs. 1.5 million was allocated for society development activities and the total amount had been spent by the organization.

Making suitable legislative changes with regard to activities of tea small holder development societies, effectively improving functioning of 400 societies every three years, changing attitudes of society office bearers, establishing an effective monitoring scheme for societies and establish and implement a revolving fund to develop entrepreneurship in tea small holder development societies were planned to strengthen community based organizations under this.

In 2012 too 67 one day training programmes were conducted for all society areas for office bearers selected under reorganization of village level Tea Smallholder Development Societies. In this an understanding of role of societies, society affiliated extension role and conducting society affairs in a correct manner was imparted through lectures and open discussion sessions.

All Island Federation of Tea Smallholder Development Societies

This society system consists of 8 district organizations and an all island federation. The functions of the all island federation were facilitating work of the regional organizations, continuing tea Shakthi welfare process, intervening in the national fertilizer subsidy scheme when it was functional, assisting in extension programmes in collaboration with the Tea Small Holdings Development Authority to provide a better service to members for primary societies. The all island federation has the opportunity of holding board membership of Tea Small Holdings Development Authority, Sri Lanka Tea Board, Tea Research Institute of Sri Lanka, National Institute of Plantation Management and Tea Shakthi Fund. Also, observer membership of Sri Lanka Tea Council and affiliated membership of Colombo Tea Traders Association is granted.

Medium Term Result 04

Strengthening of organization within one year to function more effectively

Expected short term results

- 4.1 Maintaining cadre vacancies below 5% within one year
- 4.2 Decentralizing institutional activities to the maximum extent possible within one year
- 4.4 Establishing the Wide Area Network (WAN) within 2 years to link all units of the organization.
- 4.5 Integration of organizational data base with the national information system within 2 years.
- 4.6 All audit opinions being unqualified within 02 years
- 4.7 Introducing and institutionalizing a proper planning process at the beginning of the year
- 4.8 Improving and institutionalizing monitoring system.
- 4.9 Financial, administrative and disciplinary manuals/processes are ready within one year
- 4.11 75% of the staff uses computers for work within 02 years
- 4.13 Positive attitudes exist in organizational staff for official work
- 4.15 Providing professional training for 5% of the staff annually
- 4.16 Implement a performance based incentive scheme for the staff, Staff possesses required knowledge and skills to perform relevant duties and maintaining inter organizational relationships.

Physical and financial progress, percentage of deviation from budget and number of audit deficiencies have been identified as main performance indicators by the organization under his.

Staff Vacancies

Action was taken to absorb all staff to relevant positions and recruit personnel to vacant positions as per the approved organizational structure and the scheme of recruitment from 2010.01.31.

Providing e-services to Tea Smallholders

A centralized database had been developed with the objective of providing a better people oriented services to allow tea smallholders to acquire information about services provided daily by the Tea Small Holdings Development Authority through short message service (SMS) and online throughout 24 hours of the day. Accordingly, authority had made arrangements to provide following e-services to the tea smallholders.

- Providing facilities to obtain real time information through Short Message Service (SMS) of subsidy permits.
- Provide facilities to request for extension advice through Short Message Service (SMS).
- Providing facilities to tea smallholders to inform the relevant regional office once work on the various stages of field work.
- Informing tea smallholders through SMS automatically once subsidy installments are sent to the bank.
- Providing information on subsidy permits to smallholders through Lanka E-Gate (www.srilanka.lk) by the online database.
- Providing facilities to apply for cultivation subsidies (Online Application) through Lanka E-Gate (www.srilanka.lk).

Staff Appraisal

Field and office staff appraisal systems were used to appraise work force of the organization.

Staff Training

Under human resource training programmereducing audit problems in state institutions, implementation of Sri Lanka standards for financial management and reporting, management of legal issues in state organizations, scientific, diligent and safe driving, training for internal audit officers were conducted in 2012. In addition to this programmes have been conducted on role and responsibilities of multi-duty management assistants, introducing multi-duty management system, and role and responsibilities of officers in charge.(Schedule No. 12)

Rs.1.726 had been spent in 2012 on human resource training programmes for effective functioning of the organizational activities.

Medium Term Result 05

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

Directing towards additional income earning activities had been identified for improving livelihood of tea small holders. Thus introducing tea based farm management to 1000 smallholdings annually and establishing forestry in 1000 tea smallholdings are short term results identified under this. 132 programmes were planned under this during the year and 73 programmes have been implemented. Number of farmers who participated under this is 1673. During the year programmes have been implemented as follows.

Table – 13

No. of Programmes and Farmer Participation for TeaBased Farming Training Programmes

	Regional Office	Galle	Matara	Kalutara	Kegalle	Kandy	N'Eliya	R'pura	Uva	Total
Training on Tea Based Farming (5.1.4)	Programmes									
	Target	19	20	12	8	16	16	25	16	132
	Progress	2	10	6	14	7	4	16	14	73
	Participation									
	Target	23	200	240	100	160	108	172	145	1148
	Progress	76	462	246	222	79	69	384	135	1673

Source: Progress Reports of the TSHDA

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

Special Performances of the Decade

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Special Comments
1.Tea Replanting											
Tea Replanting (Ha)	765	891	1057	1001	1024	881	777	847	772	889	
Progress on target	98%	89%	101%	95%	94%	92%	92%	111%	91%	99%	
Incentive Paid (Rs Mil)	122.82	188.10	174.83	183.34	172.89	194.59	178.17	177.85	189.88	226.3	
2.Tea New Planting											
Tea New Planting (Ha)	642	12	8	0.83	*-	*-	*-	*-	28.38	239	*Not implemented on policy decisions
Incentive Paid (Rs Mil)	27.95	3.25	0.30	0.042	*-	*-	*-	*-	1.17	23.21	
3. Crop Rehabilitation											
Plants In-filled (Mil)	1.63	1.48	1.24	0.52	0.516	0.519	0.43	0.424	0.50	0.77	
Incentive Paid (Rs Mil)	9.38	14.46	8.11	7.794	4.13	4.84	3.25	3.586	2.44	14.35	
4.Tea with Rubber											
Tea With Rubber (Ha)	15	9	14.6	6.8	4.4	-	-	-	-	-	Low demand from tea smallholders
Incentive Paid (Rs Mil)	0.76	0.46	0.19	0.469	0.41	-	0.028	-	-	-	
5.Tea with Coconut											
Tea with Coconut (Ha)	-	-	-	0.8	-	-	-	-	-	-	- Do-
Incentive Paid (Rs Mil)	-	-	-	0.061	-	-	-	-	-	-	
6.Extension Services											
6.1.Group Programmes											
No.of Programmes	5219	5959	6619	8084	8226	8668	9170	7154	6970	6508	
Participation ('000)	138	154	163	236	242	223	219	210	176	143	
Individual Visits											
No.of Visits	7865	14795	31370	32261	33160	38545	37268	27346	26103	27843	
6.3 Supply of Planting Material											
6.4. Institutional Nurseries											
No.of Nurseries	8	7	7	8	7	7	6	6	6	7	
Plant Production ('000)	1106	1024	1113	1089	1043	1123	970	838	800	919	
6.5. Commercial Nurseries											
Registered Nurseries	783	1167	1667	900	418	678	535	651	663	969	
Plant Capacity (Mil)	43.79	32.12	41.58	38.26	38.75	25.57	23.25	24.28	25.40	39.41	
6.6. Input Supply											
6.6.1. Fertilizer Supply											
Total Supply (Mt)	9124	9007	9178	5712	5202	4538	1061	-	-	-	Not obtaining fertilizer due to National Fertilizer Subsidy Scheme
Supply on Credit Scheme (Mt)	8845	8480	8412	3800	1877	1378	969	-	-	-	
6.6.2.National Fertilizer Subsidy Scheme											
Quantity Recommended (Mt)	-	-	-	43,982	51,917	51,590	136,900	124,142	*35436	-	*Not operational from the 2nd half of the year
Value (Rs.Mil)	-	-	-	471	1,082	1,944	5,658	4478	*1507	-	
7. Human & Social Development Activities											
Tea Small Holder Development Societies											
No.of Societies	1256	1218	1276	1294	1309	1319	1348	1372	1379	1381	
Membership ('000)	163	161	165	192	202	219	220	283	274	261	
8. Production of Tea Smallholdings											
8. % Contribution to National Production	61.9	65.9	64.9	68.3	67.5	67.4	69.3	69.4	69.9	71.4	

Management for Developmental Results

Major Performance Based Indicators

Medium Term Results	Major Performance Based Indicators	Provision	Financial Progress	Base Year 2008	Performance based Indicators Target & Progress		Special Matters
					2012		
					Target	Progress	
Long-term Result	I. % Growth in Household Assets						
Improved livelihoods of Tea Smallholders	II. % of Secondary Education in Children			NA		NA	Socio Economic Survey
1 Increase yield in 6 years per hectare/annum made tea kilos	1.1 Increase in productivity at district level and elevation level	340.46	271.89				
	Up to 2700 in Low-Country			2085	2400	2142	Statistical data of Sri Lanka Tea Board
	Up to 1700 in Mid-Country			1050	1300	1447	
	Up to 1500 in Uva			1055	1350	1872	
	1.2 Growth in production of Tea Small Holdings Mil.Kilos			215	238	233	
	Sub Total	340.46	271.89				
2 Increase leaf quality at factory level up to 75%	2.1 % of good quality leaf at factory level	1.16	0.34	35%	55%	Data of Tea Commissioners Division
	Sub Total	1.16	0.34				
3 Strengthening 50% of the community based organizations in 6 years	3.1 Growth in assets value	1.50	1.500	NA			Socio economic survey
	3.2 No. of activities conducted by societies at all levels			100	230	227	
	3.3 Attitudes of members about effectiveness			NA			
	Sub Office	1.50	1.50				
4 Strengthen the organization within one year to function more effectively	4.1 % of target achievement Tea Replanting Scheme	7.65	2.550				
	a. Financial			102%	100%	77%	Institutional funds have been utilized due to non receipt of funds on physical progress
	b. Physical			92%	100%	99%	
	4.2 No. of audit deficiencies			True and Fair	True and Fair	Audit report had not been received
	4.3 % deviation from budget (Development Capital)			13%	0%	-21%	
	4.4 Attitude of staff on institutional effectiveness			NA			
	Sub Total	7.65	2.550				
5 Directing 10% of the lands towards additional income earning activities with one year	5.1 % lands with other crops	0.05	0.04	35%	37%		Socio Economic Survey
	5.2 % lands with livestock			NA		NA	
	Sub Total	0.05	0.04				
	Grand Total	350.82	276.32				

4. Production Cost and Green Leaf Price in the Tea Small Holdings Sector

4.1 Cost of Labour

According to information gathered at field level annually regarding conditions in the tea smallholdings sector, labour scarcity for activities such as plucking, pruning, weed management etc and that a daily wage rate exceeding the rate stipulated under the Wages Board Ordinance is being paid are the facts revealed. Also, instances where disparities in wage levels reported regionally are numerous. Thus, more than the daily wage rate in organized small holder sector had been reported as the price of labour in the unorganized sector in most instances.

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

4.2 Production Cost of a Kilo of Green Leaf

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

Table -14

Price Received and Production Cost of a Kilo of Green Leaf

1994 – 2011

Year	Average Price (RS/Kg)	Average Cost of Production (Rs/Kg)
1994	9.80	8.85
1995	11.20	7.37
1996	15.70	8.28
1997	18.04	9.69
1998	20.30	11.24
1999	16.86	16.81
2000	19.82	16.47
2001	21.05	16.64
2002	21.83	17.03
2003	21.79	17.04
2004	26.43	15.15
2005	27.17	20.29
2006	29.18	21.87
2007	40.88	30.64
2008	45.45	36.24
2009	52.71	37.24
2010	54.11	38.56
2011	52.63	44.43
2012	57.27	49.50

To calculate production cost of a kilo of green leaf in 2012, the average yield per hectare (Low country V.P.Tea) had been considered as 9965 Kg per Ha. (According to production data of Sri Lanka Tea Board) This yield level in 2011 had been estimated at 9732 Kg.

According to calculation based on cumulative prices, average price paid for a kilo of green leaf in 2012 had increased by Rs.4.64 or 8.8% in comparison to year 2011. Estimated cost of production had increased by about 11%. To minimize escalation of production costs, the national fertilizer subsidy scheme had contributed to a great extents and it had been possible to reduce the percentage cost level of fertilizer by about 11%.

Green Leaf Prices and Estimated Cost existent in 2012

According to Sri Lanka Tea Board data (Schedule No. 10-A), average price realized for all elevations had become the highest price recorded so far. Thus, prices had increased for low country teas by Rs.3.78, mid-country teas by Rs. 4.58 and up-country Rs.5.15.

Accordingly, price received for a kilo of green leaf was Rs.54.91 in high elevations, Rs.51.34 in mid elevations, Rs.59.54 in low elevations whilst overall average price for a kilo of green leaf was Rs.57.25. Estimated cost of production per kilo of tea in the low country (Including prices of fertilizer on national fertilizer subsidy) was Rs.49.35.(Refer schedule 10 - B).

4.3 Production Margin and Price

Average of production margin based on average productivity of the smallholdings for 2012, average green leaf prices existent during the year and estimated cost of production was Rs.7.77. This had increased by a marginal percentage of mere 0.67% in comparison to year 2011. High labour cost and the cost of labour being 90% of the total cost is the reason for this.

4.4 Replanting Cost of Tea

Increase in labour cost for replanting due to labour scarcity had specially influenced cultivation costs. It is revealed in estimates that 76% of the total cost is incurred as the cost of labour. (Schedule No. 11-A, 11-B)

The total cultivation cost in 2012 is equivalent to estimate in 2011 since all fertilizer mixtures could be obtained under subsidized prices and labour costs being similar to 2011.

Table 15

Estimated Replanting cost per Hectare 2010 - 2012 (Rs)-(From Uprooting to Plucking)

Activity	2010		2011/2012	
	High & Mid	Low	High & Mid	Low
Uprooting (First Year)	372,655	302,935	449,874	363,328
Soil Rehabilitation (Second Year)	110,770	126,629	114,470	122,640
Planting Tea (Third Year)	631,452	619,452	690,152	675,152
First Year Maintenance (Fourth Year)	342,947	334,697	346,982	335,732
Second Year Maintenance (Fifth Year)	246,227	241,577	234,802	228,052
Total	1,704,051	1,625,290	1,836,280	1,724,904

4.5 Rate of Incentive per Hectare and Cultivation Cost

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

Table 16
Coat and Incentive Ratios
For Replanting per Hectare(1989 – 2012)

Year	Cultivation Cost (Rs)		Subsidy Rate		% of Cultivation Cost	
	High/Mid Elevation	Low Elevation	High/Mid Elevation	Low Elevation	High/Mid Elevation	Low Elevation
1989	140684	117490	48000	41000	34%	35%
1990	165611	145632	48000	41000	29%	28%
1991	182331	159936	48000	41000	26%	26%
1992	191066	167321	48000	41000	25%	25%
1993	222693	194953	67000	57000	30%	29%
1994	251038	224233	67000	57000	27%	25%
1995	249431	226088	67000	57000	27%	25%
1996	297622	270767	67000	57000	22%	21%
1997	361643	327769	67000	57000	18%	17%
1998	411564	347456	* 110000	*100000	27%	29%
1999	445504	377068	110000	100000	25%	27%
2000	485894	396186	110000	100000	23%	25%
2001	550744	513866	110000	100000	20%	19%
2002	653463	589916	110000	100000	17%	17%
2003	712815	643451	160000	150000	22%	23%
2004	796315	717351	160000	150000	20%	20%
2005	1026322	1009427	160000	150000	16%	15%
2006	1031377	1024287	200000	190000	19%	19%
2007	1148177	1125494	200000	190000	17%	17%
2008	1458989	1420360	200000	190000	14%	13%
2009	1516322	1452292	200000	190000	13%	13%
2010	1704051	1625290	200000	190000	12%	12%
2011	1836280	1724904	250000	240000	14%	14%
2012	1836280	1724904	300000	300000	16%	17%

* From 1998/07/01

5. Tea Development Project Revolving Fund Loan Scheme

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

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

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

Requests were made by the participating financing institutions through the Central Bank to obtain the interest subsidies due to loan recipients and payment of Rs.3.911 as interest subsidy was completed to loan recipients who qualified based on the progress of field inspection progress as noted below.

Tea Development Project Revolving Fund Loan Interest Subsidy Paid Through Participating Funding Institutions

Name of Bank	2009	2010	2011	2012	Total
Regional Development Bank			163,507.00		163,507.00
Commercial Bank	288,342.33		449,452.00		737,794.33
National Development Bank			48,006.00		48,006.00
DFCC Bank			1,418,373.00		1,418,373.00
Sampath Bank			277,119.00		277,119.00
Hatton National Bank			631,329.00		631,329.00
Seylan Bank		2,475.00	243,492.00		245,967.00
Peoples Bank		96,681.96	179,550.00		276,231.96
Sanasa Development Bank				81,528.00	81,528.00
Bank of Ceylon				31,154.00	31,154.00
					3,911,009.29

Source: TSHDA Progress Reports

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

Thus, organization had granted recommendations to 352 loan applicants for tea replanting by the end of the year 2012. The land extent covered by this was 230 Ha. Recommendations had been granted to 150 applicants forestablishing tea nurseries. The number of plants covered by loan recommendations was 8.7 million. Thus, the total amount of loan recommendations was Rs. 230 million.

Chapter 6 Special Projects in Regions

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

Regional Office – Kegalle/Nuwaraeliya

Development of tea replanting and input supply nurseries of tea small holders resident in Hadabima and Mahaweli colonies inside the project area was targeted under these project activities. An expenditure of Rs.23.9 million had been incurred during the year and the physical progress was as follows.

	<u>Kegalle Regional Office</u>			<u>N'Eliya Regional Office</u>		
	Extent (Ha)	No. of Beneficiaries	Financial Progress	Extent (Ha)	No of Beneficiaries	Financial Progress
Tea Replanting						
Uprooting & Soil Conservation	7.49	60	3,081,160.32	38.43	315	12,533,367.93
Soil Rehabilitation 1	4.07	37		42.11	349	
Soil Rehabilitation 2	5.99	42		46.74	392	
Planting	6.26	45		40.14	350	
1 year after planting	13.94	137		15.45	140	
Crop Rehabilitation						
1 st Installment (Plants)	7990	-		198,973	435	4,484,158.00
Supply of Inputs						
Tea Plants	29545	21	1,105,699.40			
Polythene (Sleeves)	7400	21				
Nursery Management						
Books	21	21				
Supply of Fertilizer& Dolomite						
U 625 50 Kg Bags	26	35	51,335.00	269	140	771,060.00
Dolomite 50 Kg Bags	159	35		823	140	
pH testing	79	101		-	-	
No. of Farmer Training Conducted	15	405		170	3414	253,955.50
Operational Cost			76,420.42			1,539,444.71
Grand Total			4,314,615.14			19,581,986.14

01. DiviNeguma Development Programme

Expected development activities under this programme implemented at the national level covering all regional offices were tea new planting, cultivating pepper as an intercrop in tea and motivating smallholders to use leaf baskets to improve leaf quality. Accordingly, the annual targets were cultivating 480,000 plants in 40 Ha and 25,000 pepper plants in 100 Ha. And supplying 2500 leaf baskets at 50% subsidized price.

Progress of DiviNeguma Development Programme

Regional Office	Tea New Planting			Intercropping (Pepper)			No. of Leaf Baskets
	No. of Beneficiaries	Extent (Ha)	No of Tea Plants Distributed	No. of Beneficiaries	Extent (Ha)	No of Pepper Plants Distributed	
Galle	80	04.00	47,327	100	11.00	2,500	114
Matara	50	04.58	55,000	75	9.51	2,350	360
Ratnapura	49	05.00	60,000	75	9.96	2,488	450
Kandy	55	05.00	60,000	17	4.09	1,000	270
N'Eliya	42	03.42	41,458	77	7.4	1,850	320
Uva	48	03.97	49,301	112	14.87	3,725	248
Kegalle	60	06.00	72,000	85	12.5	3,005	170
Kalutara	62	05.44	68,570	98	10.0	2,500	208
Total	446	37.40	453,656	639	79.33	19,418	2,140
Target	-	40.00	480,000	-	100	25,000	2,500

Schedule No. 01

Approved Cadre for Tea Small Holdings Development Authority

According to Letter No. DMS/E4/08/5/070/1 dated 2010-07-29 of the Management Services Department

	Position		Approved Cadre
1. Senior Mangers			
	General Manager	1	
	Deputy General Manager (Development)	1	
	Deputy General Manager (Extension)	1	
Sub Total			3
2. Managers			
	Internal Auditor	1	
	Manager (Finance)	1	
	Assistant Manger (Finance)	2	
	Assistant Manager / Manger (Human Resources & Administration)	1	
	Assistant Manager (Administration)	3	
	Manager (Development)	1	
	Assistant Manger (Development)	1	
	Assistant Manager / Manager (Extension)	1	
	Assistant Manager / Manager (Training)	1	
	Assistant Regional Manager (Extension)	8	
	Assistant Regional Manager (Planning & Development)	6	
	Regional Manager	8 (iii)	
	Manager (Planning & Monitoring)	1	
	Assistant Manager (Planning & Monitoring)	1	
Sub Total			36
3. Junior Manager			
	Accounting Officer	9	
	Internal Audit Officer	1	
	Administrative Officer	7	
	Officer In Charge (Sub Office)	26	
	Training Officer	1	
Sub Total			44
4. Management Assistant (Technological)			
	Tea Inspector / Extension Officer	157	
	Book Keeper	9	
Sub Total			166
5. Management Assistant (Non Technological)			
	Management Assistant	120 (i)	
	Nursery Assistant	7	
Sub Total			127
6. Primary Level (Skilled)			
	Driver	19	
Sub Total			19
7. Primary Level (Semi Skilled)			
	Cook / Assistant Cook	2	
Sub Total			2
8. Primary Level (Unskilled)			
	Office Aide / Labourer - Sanitary	25 (ii)	
Sub Total			25
Total			422

- (i) In addition to this number Management Assistant positions have been approved personal to the holder.
- (ii) 13 labourer positions have been approved personal to the holder.
- (iii) 02 positions of Regional Manager have been approved by letter No. dms/G3/38/3 dated 2011/11/17 of the Management Services Department

Schedule No 02

Tea Small Holdings Development Authority
Cadre Information (2012/12/31)

Position	Category	Grade	H O		Galle		Matara		R'Pura		Kandy		N'Eliya		Uva		Kalutara		Kegalle		Hantana		Total		
			APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	APR	ACT	
1	General Manager	HM 2-1		1	1																		1	1	
2	Deputy General Manager (Development)	HM 1-1		1	1																		1	1	
3	Deputy General Manager (Extension)	HM 1-1		1																			1	0	
4	Internal Auditor	MM 1-1	I	1	1																		1	1	
5	Manager (Finance)	MM 1-1	I	1	1																		1	1	
6	Manager (Planning & Monitoring)	MM 1-1	I	1	1																		1	1	
7	Manager (Human Resources & Administration)	MM 1-1		1																			1	0	
8	Manager (Development)	MM 1-1	I	1	1																		1	1	
9	Manager (Community Development)	MM 1-1	I	1	1																		1	1	
10	Manager (Extension)	MM 1-1		1																			1	0	
11	Manager (Training)	MM 1-1	I																		1	1	1	1	
12	* Assistant General Manager (Services)	MM 1-1			1																		0	1	
13	Assistant Manager (Finance)	MM 1-1	II	1	1								1										2	1	
14	Assistant Manager (Human Resources/Administration)	MM 1-1		1						1					1								3	0	
15	Assistant Manager (Planning & Development)	MM 1-1		1	1																		1	1	
16	Regional Manager	MM 1-1	I			1	1	1	1	1		1		1		1		1	1				8	3	
17	Assistant Regional Manager (Extension)	MM 1-1	II			1		1		1	1	1	1	1	1	1	1		1				8	3	
18	Assistant Regional Manager (Planning & Development)	MM 1-1	II			1		1		1		1		1		1							6	0	
19	Administrative Officer	JM 1-1	I/II	1	2	1	1	1		1	1	1	1		1		1	1		1			7	7	
20	**Assistant Project Manager				1																		0	1	
21	* Regional Planning Officer	JM 1-1										1											0	1	
22	Accounting Officer	JM 1-1	I	1	1	1	1	1	1	1	1	1	1	1	1	1	1		1	1			9	8	
23	Internal Audit Officer	JM 1-1		1	1																		1	1	
24	Training Officer	JM 1-1																			1		1	0	
25	Officer In Charge (Sub Offices)	JM 1-1				4	4	3	3	4	4	4	5	4	2	3	2	2	2	2	3		26	25	
26	* Public Relations Officer	JM 1-1												1									0	1	
	Sub Total			16	15	9	7	8	5	10	7	9	9	9	5	8	5	6	2	6	5	2	1	83	61

Position	Category	Grade	H.O		Galle		Matara		R'Pura		Kandy		N'Eliya		Uva		Kalutara		Kegalle		Hantana		Total	
			APR	ACT	APR	ACT	APR	ACT																
27	Tea Inspector / Extension Officer	MA 2-2			28	21	23	17	31	24	16	15	20	16	16	19	12	13	11	10			157	135
28	Book Keeper	MA 2-2	1		1	1	1		1		1		1		1		1		1				9	1
	Sub Total		1	0	29	22	24	17	32	24	17	15	21	16	17	19	13	13	12	10	0		166	136
29	Senior Management Assistant	MA 1-2		4		2				2		3							2				0	13
30	Management Assistant	MA 1-2	26	21	16	14	15	17	17	16	9	17	10	15	9	18	9	9	7	11	2	3	120	141
31	Tea Nursery Assistant	MA 1-2					1		1		2	2	1	1			1	1	1	1			7	5
	Sub Total		26	25	16	16	16	17	18	18	11	22	11	16	9	18	10	10	8	14	2	3	127	159
32	Driver	PL 3	6	5	2	2	1	1	1	1	2	2	2	1	2	2	1	1	1	1	1	1	19	17
33	Cook	PL 2																			1	1	1	1
34	Assistant Cook	PL 2																			1	1	1	1
35	Office Aide	PL 1	7	15	2	2	2	3	2	4	2	4	2	3	2		2	1	2	3			23	35
36	Labourer	PL 1	1	1							1	1											2	2
37	Circuit Bungalow Keeper (Contract)					1																	0	1
38	Management Assistant (Casual)			1		1				1		1			1								0	5
39	Management Assistant (Checkroll)										2												0	2
40	Receptionist/Telephone Operator (Contract)			1																			0	1
41	Tea Nursery Assistant (Checkroll)																1							1
42	Driver (Casual)			1				1		1														3
43	Driver (Checkroll)													1									0	1
44	Labourer (Casusla)																						0	0
45	Labourer (Checkroll)					1				4				2		3		1				1	0	12
	Sub Total		14	24	4	7	3	5	3	11	5	10	4	7	4	6	3	4	3	4	3	4	46	82
			57	64	58	52	51	44	63	60	42	56	45	44	38	48	32	29	29	33	7	8	422	438

APR- Approved - Approved cadre by letter No.s DMS/E4/08/5/070/1 of 2011/01/31 and 2011/11/17

ACT - Actual - Staff as at 2012/12/31

(i) In addition to this number, 55 Management Assistant positions have been approved personal to the holder

(ii) 13 Laboure positions have been approved personal to the holder

Schedule No 3-I

Categorization of Staff on Age Group

Age Group	Executive Grades						Technical Officers		Management Assistants			Drivers			Cook/Assistant Cook			Office Aide			Labourer		
	HM 2-1	HM 1-1	MM 1-1-1	MM 1-1-2	JM 1-1-1	JM 1-1-2	II	III	I	II	III	I	II	III	I	II	III	I	II	III	I	II	III
18-25							-	-															
25-35							-	10	11	11	1			3					6				
35-45				2		4	50	12	31	46	10			6		2		1	11	1			1
45-50				1	1	1	27	4	9	4	7			1					6				
50-55			5	1	3	17	27	-	9	2		2	1	1					6	1			1
55-60	1	1	4	2	3	13	5	-	18			2		1				1	2				
tl;=j	1	1	9	6	7	35	109	26	78	63	18	4	1	12	-	2	-	2	31	2	-	-	2

Schedule No. 3-II

Categorization of Executive Officers based On Educational Qualifications

Position	Category	GCE (O/L)	GCE (A/L)	Diploma	Degree	Post Graduate Degree/Diploma	Professional
Head Office							
General Manager	HM 2-1				√	√	
Deputy General Manager (Extension) Actg.	HM 1-1				√	√	
Deputy General Manager (Development)	HM 1-1				√	√	
Internal Auditor	MM 1-1				√		√
Manager (Finance)	MM 1-1				√		√
Manager (Planning & Monitoring)	MM 1-1				√		
Manager (Development)	MM 1-1				√	√	
Manager (Social Development)	MM 1-1				√		
Manager (Human Resource/Administration).	MM 1-1						
Manager (Human Resource/Administration) Actg.	JM 1-1	√		√			
Assistant General Manager (Services)	MM 1-1				√	√	
Assistant Manager (Finance)	MM 1-1		√				√
Assistant Manager (Planning & Monitoring)	MM 1-1				√		√
Assistant Project Manager	JM 1-1	√		√			
Accounting Officer	JM 1-1				√		
Audit Officer	JM 1-1	√	√				√
Administrative Officer	JM 1-1	√	√				
Administrative Officer	JM 1-1	√	√				

Position	Category	GCE (O/L)	GCE (A/L)	Diploma	Degree	Post Graduate Degree/Diploma	Professional
Galle Regional Office							
Regional Manager	MM 1-1			√			
Assistant Regional Manager (Extension) Actg.	MM 1-1			√			
Administrative Officer	JM 1-1	√					
Accounting Officer	JM 1-1	√	√				√
Officer In Charge - 4	JM 1-1			√			
Officer In Charge - Actg	MA 2-2			√			
Matara Regional Office							
Regional Manager	MM 1-1				√	√	
Assistant Regional Manager (Extension) Actg.	MM 1-1			√			
Administrative Officer	JM 1-1	√	√				
Accounting Officer	JM 1-1	√	√				√
Officer In Charge - 3	JM 1-1			√			
Kandy Regional Office							
Regional Manager	MM 1-1						
Regional Manager (actg)	MM 1-1			√			
Assistant Regional Manager (Extension) Actg.	MM 1-1			√			
Accounting Officer	JM 1-1	√	√				√
Regional Planning Officer	JM 1-1				√		
Administrative Officer	JM 1-1	√	√				
Officer In Charge - 5	JM 1-1			√			

Position	Category	GCE (O/L)	GCE (A/L)	Diploma	Degree	Post Graduate Degree/Diploma	Professional
Ratnapura Regional Office							
Regional Manager	MM 1-1						
Regional Manager (actg)	MM 1-2			√			
Assistant Regional Manager (Extension) Actg.	MM 1-2			√			
Administrative Officer	JM 1-1	√	√				
Accounting Officer	JM 1-1	√	√		√		
Officer In Charge - 4	JM 1-1			√			
Officer In Charge- Actg	MA 2-2			√			
Uva Regional Office							
Regional Manager	MM 1-1						
Regional Manager (Actg)	MM 1-1			√			
Assistant Manager (Human Resource & Admin)	MM 1-1				√		
Accounting Officer	JM 1-1	√					√
Officer In Charge -2	JM 1-1			√			
Officer In Charge – Actg - 2	MA 2-2			√			
Nuwaraeliya Regional Office							
Regional Manager	MM 1-1						
Regional Manager (Covering Up)	MM 1-2				√		
Assistant Regional Manager (Extension) Actg.	MM 1-2			√			
Assistant Manager (Finance)	MM 1-1	√	√				√
Administrative Office	JM 1-1	√					
Public Relations Officer	JM 1-1	√					
Officer In Charge - 2	JM 1-1			√			
Officer In Charge – Actg - 2	MA 2-2			√			

Position	Category	GCE (O/L)	GCE (A/L)	Diploma	Degree	Post Graduate Degree/Diploma	Professional
Kegalle Regional Office							
Regional Manager	MM 1-1				√		
Assistant Manager (Finance) Covering Up	MM 1-1	√	√				
Administrative Officer	JM 1-1						
Officer In Charge - 3	JM 1-1			√			
Kalutara Regional Office							
Regional Manager							
Regional Manager (Actg)	MM 1-1			√			
Assistant Regional Manager (Extension) Actg	MM 1-2			√			
Accounting Officer (Covering Up)	JM 1-1				√		
Administrative Officer (actg)	MA 1-2	√					
Officer In Charge - 2	JM 1-1			√			
Officer In Charge Actg - 1	MA 2-2			√			
RatnasiriWickramanayake Training Centre							
Manager (Training)	MM 1-1				√	√	
Accounting Officer (Covering Up)	JM 1-1						√

Schedule No: 04

**Production in the Tea Smallholdings Sector
1983 – 2012 (Million Kilograms)**

Year	National Production	Production of Tea		% Contribution to National Production
		Smallholdings Sector Production	Percentage Growth	
1983	62.40	34.8	-	55.76
1984	77.40	37.2	6.90	48.06
1985	214.09	82.0	120.4	38.3
1986	211.27	83.0	1.2	39.2
1987	213.32	91.1	9.75	42.7
1988	226.95	100.2	9.99	44.1
1989	206.98	92.2	(8.98)	44.5
1990	223.16	113.7	23.3	48.7
1991	240.74	121.1	6.51	50.3
1992	178.86	94.9	(21.63)	53.0
1993	231.87	125.3	32.02	54.0
1994	242.21	139.8	11.57	57.7
1995	245.96	140.0	0.14	56.9
1996	258.42	147.8	5.57	57.2
1997	276.86	149.3	1.01	53.9
1998	280.05	165.9	11.12	59.2
1999	283.76	164.0	(1.11)	57.8
2000	305.84	183.7	12.01	60.0
2001	295.09	183.4	(0.06)	62.1
2002	310.03	189.5	3.33	61.1
2003	303.23	187.9	(0.84)	61.9
2004	308.08	203.0	8.04	65.9
2005	317.19	205.8	2.95	64.9
2006	310.82	*212.4	*3.2	*68.3
2007	304.61	*205.7	*(3.1)	*67.5
2008	318.44	*214.8	*4.4	*67.4
2009	291.13	*201.9	*(6)	*69.3
2010	331.42	*230.1	*13.98	*69.4
2011	327.53	229.0	(0.48)	69.9
2012	326.27	233.1	1.78	71.4

Source: Sri Lanka Tea Board

Schedule No. 05

Activity of Tea Replanting Incentive Scheme
1978 – 2012

Year	No. of Permits Issued	Extent Covered by Permits (Ha)	Extent Uprooted (Ha)	Extent Planted (Ha)	Annual Expenditure (Rs.Mil)	Annual Provision (Rs.Mil)
1978	-	-	422	412	5.40	-
1979	-	-	546	573	8.10	5.10
1980	-	-	550	554	9.10	10.90
1981	1740	-	564	563	9.40	9.60
1982	1459	-	524	508	12.80	10.60
1983	1758	826	454	379	11.20	11.50
1984	2404	1317	466	340	11.80	13.00
1985	1160	823	615	414	16.40	8.10
1986	662	442	547	464	20.30	16.30
1987	630	390	346	349	14.00	22.80
1988	501	321	308	277	10.30	18.50
1989	758	455	246	330	18.90	17.40
1990	4827	2439	478	362	19.20	22.59
1991	3109	1423	581	304	20.49	33.91
1992	1348	526	662	409	20.33	27.00
1993	3699	1147	507	516	29.79	32.24
1994	2627	906	770	553	31.62	60.46
1995	3465	1267	1390	533	38.00	41.75
1996	4475	1319	724	508	31.05	43.41
1997	6235	1580	923	435	40.32	68.91
1998	5507	1586	674	635	65.64	61.69
1999	3660	955	861	767	88.82	77.95
2000	6930	1796	722	519	72.68	92.84
2001	7093	1952	841	574	77.76	98.85
2002	9983	2565	991	736	99.17	106.57
2003	11928	2892	1179	765	122.82	150.11
2004	10618	2621	1398	891	188.10	179.07
2005	9291	2127	1306	1058	174.83	182.13
2006	6755	1578	927	1001	183.34	181.90
2007	5274	1030	1008	1024	172.89	214.75
2008	6945	1337	1128	881	194.59	190.59
2009	6493	1610	925	777	178.17	190.17
2010	7781	1895	1015	847	177.85	153.00
2011	8033	2170	947	772	187.64	156.26
2012	11889	2647	1087	889	226.83	300.17

Source : Progress Report of the T.S.H.D.A.

Schedule No 06

Activity of Incentive Scheme for Crop Rehabilitation (Infilling) 1979 - 2012

Year	No of Plants Permitted	No of Plants 1 st Installment Paid	No of Plants 2 nd Installment Paid	Total Subsidy Paid (Rs.Mil)	Annual Provision (Rs Mil)
1979	858030	72938			1.00
1980	1436369	455351		0.44	2.60
1981	950558	477546		0.45	1.37
1982	1080257	1129	103392	0.67	1.07
1983	1391855	477230	166158	0.63	1.73
1984	5935521	799715	101773	1.99	2.30
1985	4260727	3330268	344545	8.78	4.37
1986	7123986	5087525	1242922	15.41	5.88
1987	5818170	5269971	2484684	16.57	8.16
1988	5121825	3861892	2496705	10.00	19.37
1989	3903899	4257670	3377046	13.30	19.60
1990	3847466	2986998	2975849	9.32	7.20
1991		1029987	3528586	8.95	9.04
1992		235404	1148371	2.49	5.00
1993		6607	1658	0.30	
1994		16432	46030	0.12	
1995		20298	7073	0.46	2.45
*1996		13278	3181	1.19	15.20
**1996	5600900	3867981			
**1997	6965923	5301839		9.03	12.00
1998		1707845		4.14	15.02
*1999			14012	8.20	11.16
**1999	617120	2454895	1846445		
2000	2713972	812174	389248	3.68	11.54
2001	1412860	1078708	209534	5.68	11.54
2002	4031727	2522872	486948	11.22	10.38
2003	3012892	1636901	380013	9.38	12.00
2004	2303061	1489167	593906	14.46	12.99
2005	1566327	1242648	776661	8.11	12.37
2006	972913	520610	540819	7.79	8.58
2007	1092856	516471	308325	4.13	6.00
2008	836729	519607	404331	4.84	3.00
2009	995822	431699	232217	3.25	3.59
2010	769104	424227	254715	3.58	5.00
2011	1379734	504322	182401	6.32	9.24
2012	1902051	766991	345152	14.35	8.66

Source : Progress Report of the T.S.H.D.A.

Schedule No. 07

Activity of Tea New Planting Incentive Scheme
1978 - 2012

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

* The subsidy scheme is not implemented fro 2003 to 2010

Source : Progress Report of the T.S.H.D.A.

Schedule No 08

**Incentive Scheme for Planting Tea with Rubber
1999 - 2009**

Year	No of Permits Issued	Extent Covered by Permits (Ha)	Land Preparation (Ha)	Planting (Ha)	Annual Expenditure (Rs. Mil)	Annual Provision (Rs.Mil)
1999	317	164	7.72	7.70	0.089	1.96
2000	153	92	30.00	30.00	0.57	3.01
2001	262	63	19.7	16.2	0.408	1.86
2002	96	52	9.02	7.88	0.92	1.90
2003	150	60	16	15	0.76	2.64
2004	135	51	8	9	0.46	0.86
2005	76	29	15	14.6	0.197	1.46
2006	18	7	8.8	6.8	0.469	0.69
2007	8	3	4.5	4.4	0.146	0.41
2008	8	3	-	-	-	-
2009	3	1.8	0.7	0.4	0.016	-

* This incentive scheme was not implemented from 2010

Source : Progress Report of the T.S.H.D.A.

Schedule No – 9 A

Issue of Shoots of New Improved Cultivars from Mother Bush Sites - 2012

District	Location	Commer cial Nurserie s	%	Tea Small holders	%	Society & Others	%	Instituti onal Nurserie s	%	Production		
										Number	%	Target
Galle	Neluwa&Walahanduwa			45,065		7,700		11,000		63,765	18.18	116,000
Hantana	Hantana	-	-	44,950		-	-	-	-	44,950	13.02	158,500
Kalutara	Vogan	18,050		11,600		10		23,650		53,310	21.51	125,000
Kandy	Rahatungoda&Sooriyagoda	1,800				-		24,840		26,640	6.38	39,500
Kegalle	Hingula	-		2,000		-		-		2,000	0.71	13,000
N'Eliya	Nelligolla&Tispane	1,000		5,800		-		4,310		11,110	5.54	247,000
Uva	Bandarawela&Haliela	16,665		30,787		100		-	-	47,552	7.34	70,000
Grand Total		37,515	9.53	140,202	41.39	7,810	26.53	63,800	22.55	249,327	72.68	769,000

Schedule No: 9 - B

Performance of Institutional Tea Nurseries
Year 2012 (Rupees)

Description		Hantana	Rahatungoda	Walahanduwa	Hingula	Vogan	Tispane	Hedigalla	Total
Stock as at 2012.01.01	Plants	23,870	9,120	52,000	219,324	134,230	168,801	85,550	692,895
	Value	103,193	76,699	266,985	1,724,651	730,885	1,332,992	504,268	4,739,674
Planted during the Year	Plants	19,066	236,390	50,000	107,037	108,768	50,488	20,224	591,973
	Value	164,376	2,205,292	643,148	1,683,362	1,463,306	1,042,483	889,696	8,091,662
Casualties		2,150	97,374	6,009	115,001	5,823	56,044	23,916	306,317
Stock as at 2012.12.31	Plants	19,066	45,206	53,890	118,347	111,498	87,222	26,805	462,034
	Value	101,285	773,478	340,071	1,105,536	850,033	920,556	449,400	4,540,359
Saleable Plants	Number	21,720	102,930	42,101	93,013	125,677	76,023	55,203	516,667
	Value	166,283	1,508,513	570,062	2,302,478	1,344,158	1,454,918	944,564	8,290,977
Production cost of a plant		7.65	14.65	13.54	24.75	10.69	19.14	17.11	16.04
Plants sold	Number	21,720	102,930	40,310	93,013	125,677	76,023	55,003	514,676
	Value	325,800	1,543,950	603,750	1,395,195	1,885,192	1,140,345	825,045	7,719,277
Cost per plant based on sales		15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Profit/Loss		159,517	35,437	33,688	(907,283)	541,034	(314,573)	(119,519)	(571,700)

Source: Progress reports of TSHDA

Schedule No: 9 – C

Progress of Commercial Nurseries - 2012

Regional Office	Issue of Permits		First Inspection (CN -04)			Second Inspection (CN – 05)			Third Inspection (CN – CN 06)		
	Nurseries	Plant Capacity	Active Nurseries	Plants Established	% on Capacity	Active Nurseries	Successful Plants	% on Planted	Nurseries	Certified Plants	Success %
Galle	136	4,487,000	112	2,040,700	45.48%	73	1,521,760	33.91%	30	607,300	13.53%
Matara	165	5,457,000	161	987,000	18.09%	153	1,455,440	26.67%	68	680,775	12.48%
Kalutara	27	1,081,500	23	482,250	44.59%	17	395,150	36.54%	12	26,700	2.47%
Ratnapura	176	8,378,000	123	3,576,810	42.69%	31	1,103,400	13.17%	10	166,000	1.98%
Kandy	113	4,444,000	103	1,672,550	37.64%	85	1,526,336	34.35%	59	1,047,200	23.56%
N'Eliya	172	9,028,400	140	4,450,480	49.29%	126	3,414,680	37.82%	83	2,288,000	25.34%
Uva	128	3,656,600	104	2,783,905	76.13%	100	2,192,100	59.95%	54	957,100	26.17%
Kegalle	52	2,880,000	40	1,178,146	40.91%	35	846,137	29.38%	22	283,920	9.86%
Total	969	39,412,500	806	17,171,841	43.57%	620	12,455,003	31.60%	338	6,056,995	15.37%

Source : Progress Report of TSHDA

Schedule No: 10 – A

**Elevation wise Price of Tea at Colombo Auctions
Gross Average Price 1985 – 2012
(Price Rs/Kg)**

Year	Up Country	Mid Country	Low Country	All Elevations Average
1985	39.55	35.93	40.60	39.01
1986	31.58	28.49	31.26	30.68
1987	38.76	35.09	42.46	39.30
1988	44.88	40.73	42.36	42.77
1989	56.75	50.03	50.59	55.20
1990	68.10	62.69	77.47	71.03
1991	57.95	50.74	61.08	58.08
1992	65.99	54.43	61.89	61.22
1993	67.63	63.14	71.31	68.46
1994	65.89	57.71	67.29	64.89
1995	69.17	63.11	78.07	72.31
1996	93.38	89.70	114.35	103.88
1997	109.43	107.94	124.47	119.40
1998	127.60	121.45	141.45	134.35
1999	106.17	100.68	125.74	115.31
2000	128.40	119.08	144.79	135.53
2001	135.56	122.63	154.50	143.96
2002	135.65	125.45	163.19	149.30
2003	138.31	126.18	160.86	149.05
2004	171.78	157.96	189.86	180.74
2005	170.85	161.37	198.59	185.84
2006	204.32	175.12	204.19	199.58
2007	253.41	245.72	299.34	279.52
2008	273.83	270.13	336.38	310.81
2009	321.28	316.79	388.44	360.45
2010	337.82	330.88	393.40	370.61
2011	340.27	319.77	381.27	359.89
2012	375.53	351.08	407.14	391.64

Source: Sri Lanka Tea Board

Schedule No. 10 - B

Cost of Production Estimate of a Kilo of Green Leaf 2012 (Low Country)

9965 Kg of Green Leaf / Hectare / Annum (2092 Kg of Made Tea)

(With Subsidy)

Activity	Frequency of Parctice	Labour Units	Material Cost	Total Cost	%
1 Plucking (20 Kg Per Person per Day)	45 times at 1/2 labour units	498	-	261581	64.49
ii Leaf Transport		23		12075	2.98
2 Weeding	At 10 labour units per month	60	-	31500	7.77
3 Fertilizer mixture & Application					
i Application of VP-LC/UT-752	At 8 labour units (Up to 4 Applicati	24	25688	38288	9.44
ii Dolomite Application	At 4 labour units (2 applications/cyc	2	4002	5052	1.25
iii Zinc Application	At 5 labour units (2 Applications)	10	1067	6317	1.56
4 Shade Management	At 5 labour units (2 occasions)	10		5250	1.29
5 Prunning	At 30-40 labour units (2 year cycle)	20		12000	2.96
6 Mossing	At 12-20 labour units (2 year cycle)	10		5250	1.29
7 Tipping	At 12-20 labour units (2 year cycle)	10		5250	1.29
8 Draining	At 36 labour units (2 year cycle)	18		9450	2.33
9 Supplying vacancies	16 lab. Units & 375 plants	8	9375	13575	3.35
		693	40132	405588	100
Average prodcuton cost per kilo of green leaf		40.70	(Excluding General Charges)		
General charges		7.00	(General Charges)		
Transport cost		1.80			
Cost of producton		49.50			
* 2 year cycle had been used for the low country					
i Fertilizer mixturesdosages are in conformity to TRI recommendations and prices are that existed during the year					
* Price of a VP Tea plant is Rs 15.00					
* Transport cost has been added to material cost					
* Daily labour wage		Rs. 525			
* Daily wage rate for prunning		750			
* Dolomite Mt 1		Rs. 6000			
* Zinc Sulphate Kg 1		Rs. 97			
* UT-397/VPLC/U 709/ UT 752 Mt 1 (With Subsidy)		26000			

Schedule No. 11 - A

Replanting Cost Estimate for High and Mid Elevations - 2012
(From Uprooting to Plucking Stage) Rs/Hectare
Daily Wage Rate Rs. 750

	Quantity	Cost	Uprooting First Year			Soil Rehabilitation Second Year			Tea Planting Third Year			First Year Maintenance Fourth Year			Second Year Maintenance Fifth Year			Total Cost			% of Total Cost
			Lab. Units	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	
1 Uprooting old tea and clearing (40 bushes per day in a land with 50% stand)			132		99000													132		99000	5.39
2 Forking, leveling and removal of roots			200		150000													200		150000	8.17
3 Preparation of slope, draining and lining			100		75000	40		30000	10		7500	5		3750	5		3750	160		120000	6.53
4 Application of dolomite (@ Rs.5.00 per kilo)	3952	23712	2	23712	25212													2	23712	25212	1.37
5 Planting Gautamala (500 cuttings per day)			54		40500													54		40500	2.21
6 Fertilizer application for grass (989 Kg at Rs.51 per kilo)	1300	33800	4	9620	12620	4	16120	19120	1	8060	8810							9	33800	40550	2.21
7 Lopping grass (At 1 lab.unit per lopping)			14		10500	56		42000										70		52500	2.86
8 Weeding (At 10 lab. Units per round)			30		22500	20		15000	100		75000	120		90000	120		90000	390		292500	15.93
9 Planting of shade (740 Accasia & Dadaps at Rs.1.00 per cutting) and 370 Kg of Dolomite	740	2960	6	2960	7460	1	242	992										7	3202	8452	0.46
10 Planting high shade (100 Grevillia at Rs.6/-) and 100 Kg Dolomite	100	2082	4	2082	5082	1	108	858										5	2190	5940	0.32
11 Removal of Grass									20		15000							20		15000	0.82
12 Lining, pegging and holing									180		135000							180		135000	7.35
13 Planting of tea (At Rs.15/- per plant)	12500	312500							60	187500	232500							60	187500	232500	12.66
14 Management of shade (Twic a year)						6		4500	12		9000	15		11250	15		11250	48		36000	1.96
15 Blister Blight Control (200 g of Perenox at Rs.93/-, 10 rounds at 280 g per round)	3	1302							40	1302	31302	40	1302	10302	40	1302	31302	120	3906	93906	5.11
16 Bringing in to plucking												12		9000	15		11250	27		20250	1.10
17 Mulching									100		75000	75		56250				175		131250	7.15
18 Fertilizer application (T 200 Third year)	1200	31200							20	31200	46200	20	63180	78180				40	94380	124380	6.77
Fourth Year	2430	63180							60		45000	60		45000	32		24000	152		114000	6.21
T 750 Fifth year	1750	45500													45500				45500	45500	2.48
19 Supplying vacancies	2000	25										12	11250	20250	6	11250	15750	18	22500	36000	1.96
20 Nematode control (7 g per planting hole) Supply of Curator	88	4840							4	4840	7840							4	4840	7840	0.43
21 For pest control & equipment				2000	2000		2000	2000		2000	2000		2000	2000		2000	2000		2000	10000	0.54
Total			546	40374	449874	128	18470	114470	607	234902	690152	359	77732	346982	233	60052	234802	1873	431530	1,836,280	100

* Cost estimates are in conformity to TRI recommendations and includes material and transport costs

Schedule No. 11 - B

**Replanting Cost Estimate for Low Elevation - 2012
(From Uprooting to Plucking Stage) Rs/Hectare
Daily Wage Rate Rs. 750**

Sl. No.	Description	Quantity	Cost	Uprooting First Year			Soil Rehabilitation Second Year			Tea Planting Third Year			First Year Maintenance Fourth Year			Second Year Maintenance Fifth Year			Total Cost			% of Total Cost
				Lab. Units	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	Lab. Cost	Material Cost	Total Cost	
				1	Uprooting old tea and clearing (40 bushes per day in a land with 50% stand)			104		78000												
2	Forking, leveling and removal of roots			125		93750												125		93750	5.44	
3	Preparation of slope, draining and lining			100		75000	40		30000	10		7500	5		3750	5		3750	160		120000	6.96
4	Application of dolomite (@ Rs.5.00 per kilo)	1976	11856	2	11856	13356												2	11856	13356	0.77	
5	Planting Gautamala (500 cuttings per day)			54		40500												54		40500	2.35	
6	Fertilizer application for grass (989 Kg at Rs.51 per kilo)	1610	41860	4	9620	12620	4	24180	27180	1	8060	8810						9	41860	48610	2.82	
7	Lopping grass (At 1 lab.unit per lopping)			14		10500	56		42000									70		52500	3.04	
8	Weeding (At 10 lab. Units per round)			30		22500	20		15000	100		75000	120		90000	120		90000	390		292500	16.96
9	Planting of shade (For 300 Accasia & Dadaps at Rs.1.00 per cutting and 370 Kg of Dolomite)	300	2520	8	2520	8520	1	252	1002									9	2772	9522	0.55	
10	Planting high shade (100 Grevillia at Rs.6/-) and 100 Kg Dolomite	100	2082	6	2082	6582	1	208	958									7	2290	7540	0.44	
11	Removal of Grass									20		15000						20		15000	0.87	
12	Lining, pegging and holing									180		135000						180		135000	7.83	
13	Planting of tea (At Rs.15/- per plant)	12500	312500							60	187500	232500						60	187500	232500	13.48	
14	Management of shade (Twic a year)						6		4500	12		9000	15		11250	15		11250	48		36000	2.09
15	Blister Blight Control (200 g of Perenox at Rs.93/-, 10 rounds at 280 g per round)	3	1302							20	1302	16302	20	1302	16302	20	1302	16302	60	2604	47604	2.76
																		0	1302	1302	0.08	
16	Bringing in to plucking												12		9000	15		11250	27		20250	1.17
17	Mulching									100		75000	75		56250			175		131250	7.61	
18	Fertilizer application (T 200 Third year)	1200	31200							20	31200	46200	20	63180	78180			40	94380	124380	7.21	
	Fourth Year	2430	63180							60		45000	60		45000	32		24000	152		114000	6.61
	T 750 Fifth year	1750	45500												45500				45500	45500	2.64	
19	Supplying vacancies	2000	25										12	15000	24000	12	15000	24000	24	30000	48000	2.78
20	Nematode control (7 g per planting hole)	88	4840							4	4840	7840						4	4840	7840	0.45	
	Supply of Curator																					
21	For pest control & equipment				2000	2000		2000	2000		2000	2000		2000	2000		2000	2000		2000	10000	0.58
Total				447	28078	363328	128	26640	122640	587	234902	675152	339	81482	335732	219	63802	228052	1720	434904	1,724,904	100

* Cost estimates are in conformity to TRI recommendations and includes material and transport costs

Schedule No : 12

Tea Small Holdings Development Authority – Training Programmes in 2012

External and Internal Programmes

Serial No.	Staff Category	Time Period Training Conducted	Training Organization	Training Subjects/Needs	No. of Trainees
1	General Manager Manager (Finance)	2012.01.06	Sri Lanka Foundation Institute	How to minimize audit queries in state organizations	2
2	Management Assistants	2012.03.15-17	Hantana National Training Center	Role/ responsibilities of Multi duty management assistants	50
3	Management Assistants	2012.03.22-24	Hantana National Training Center	Role/ responsibilities of Multi duty management assistants	50
4	Management Assistants	2012.03.29-31	Hantana National Training Center	Role/ responsibilities of Multi duty management assistants	50
5	Management Assistants	2012.04.19-21	Hantana National Training Center	Role/ responsibilities of Multi duty management assistants	50
6	Drivers	2012.07.13	Construction Training and Development Center	Scientific, conservative and safe driving	08
7	A.R.M. (Uva)	From 2012.07.09 to 2012.07.13	Polgahawela D.S. Office under Ministry of Justice	Training programme on mediation skills and technical advise	01
8	Accountant	2012.07.10	Prag Service Pvt. Ltd	Awareness programme on implementation of Sri Lanka Financial reporting Standards in place of Sri Lanka Accounting Standards	01
9	Internal Audit Officer	2012.07.19	Skill Development Trust Ltd., Ministry of Youth Affairs and Skills Development	Training Seminar for Internal Audit Officers	01
10	Administrative Officers	2012.07.12 to 2012.07.13	Sri Lanka Foundation Institute	Problem Solving in the Work Place	05
11	Officers In Charge	2012.06.15-18	Hantana National Training Center	Introducing Multi Duty system and Role of O.I.C	30
12	Manager (Finance) Internal Auditor Asst. Manager (Finance) Asst. Accountant Internal Audit Officer Accounting Officer	2012.09.16	Prag Services Pvt Ltd.	Awareness programme on Implementation of Sri Lanka Accounting Management Standards	10
13	Manager (Finance) Internal Auditor Asst. Manager (Finance) Asst. Accountant Internal Audit Officer	2012.12.09	Prag Services Pvt Ltd.	Awareness programme on Implementation of Sri Lanka Accounting Management Standards	09
14	A.G.M. (Human Resources & Admin) Asst. Manager (Human Resources & Admin) Administrative Officer	From 2012.10.31 to 2012.11.02	Sri Lanka Foundation Institute	Managing legal matters in state organizations	08

Schedule No. 13

Issue of Fertilizer to Tea Smallholders under Credit Scheme
Metric Tons (1993 - 2009)

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

+ With Dolomite

* Without Dolomite

** Issuing fertilizer subsidy excluded from the functions of the authority from 2009.

Schedule No: 14

Tea Exports and Foreign Exchange Earnings
1995 – 2012

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

*Including earnings from re-exports

** Including imported teas

*** Excluding earnings from re-exports

Source : Central Bank of Sri Lanka

Schedule No : 15

**Value Added to Gross Domestic Product by Tea
(1992–2012)**

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

Source : Central Bank of Sri Lanka

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2012

	Schedule No.	2012		2011	
ASSETS					
Current Assets					
Cash and Cash equivalents	7	40,633		70,392	
Receivables	4,5	131,191		215,307	
Inventories	3	22,381		19,610	
Prepayments	6	290		224	
Other Current Assets	2A	<u>4,540</u>	199,035	<u>4,740</u>	310,273
Non- Current Assets					
Investments (Fixed Deposit)	2		7,891		6,702
Other financial assets	2A		1,484		965
Property, plant and equipment	1		332,731		314,454
Less: Acc. Depreciation			<u>56,983</u>	<u>275,749</u>	<u>77,362</u>
Total Assets			484,159		555,032
LIABILITIES					
Current Liabilities					
Payables	8		24,116		26,782
Accrued Expenses	9		<u>99,529</u>	123,645	<u>24,744</u>
Non - Current Liabilities					
Employee benefits (Gratuity)	10		115,902		108,871
Total Liabilities			239,547		160,397
Net Assets			244,613		394,635
NET ASSETS/EQUITY					
Capital contributed by government	01A		6,164		-
Other Grants	01B		176,645		212,473
Revaluation Surplus	01C		143,664		109,857
Accumulated surplus/(deficits)			<u>(81,860)</u>		<u>72,305</u>
			244,613		394,635
Total Net Assets / Equity			244,613		394,635

.....
(Chairman)

.....
(Finance Manager)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st DECEMBER 2012

	Schedule No.	2012		2011(Rs'000)
Operating Revenue				
Funds Received from Consolidated Fund during the year			412,669	391,594
Other Income	15			
Interest - C/D		2,231	1,925	
Interest on Loan to Employees		3,824	3,858	
Miscellaneous Income		3,815	2,697	
Surplus (Deficit) in Disposal Vehicle		1,086	1,627	
Surplus (Deficit) in Fertilizer Distribution	16	(79)	(444)	
Surplus (Deficit) in Nurseries	17	(572)	871	
Income Over Expenditure Hanthana		1,568		
			<u>11,874</u>	<u>12,210</u>
			424,542	403,804
Development Expenditure				
Subsidies	13	(268,460)	(202,059)	
Extension	14	(4,617)	(2,717)	
Social Development	13	(1,500)	(2,310)	
Insitution Strenathering		(1,727)	(928)	
			<u>(276,304)</u>	<u>(208,014)</u>
Operating Expenses	12			
Personal Emoluments				
Salaries Allowance E.P.F, E.T.F,ect.		(178,549)	(167,635)	
O/T, H/pay		(2,274)	(2,485)	
Travelling		(7,728)	(7,109)	
Supplies and consumable used		(3,517)	(2,930)	
Maintenance		(15,135)	(13,545)	
Communication		(4,188)	(3,863)	
Rent , Rates & Electricity		(4,844)	(4,505)	
Other operating expenses		(17,441)	(16,455)	
Total operating expenses			<u>(233,675)</u>	<u>(218,527)</u>
Surplus / (Deficit) from operating activities			(85,436)	(22,737)
Gratuity		(14,908)	(16,309)	
Depreciation and amortization expenses		(11,744)	(21,424)	
Provisions for Bad Debt/written off debtors		(48,022)	(2,476)	
			<u>(74,675)</u>	<u>(40,209)</u>
			(160,111)	(62,946)
Gain on sales of property plant and equipment				
IFAD - Recurrent Grants	14	23,618	24,344	
- Recurrent Expenses		(23,618)	(24,344)	
Written off Creditors			46,677	
Net surplus / (Deficit) before extra ordinary items				46,677
Extra ordinary items				
Deferred				
Income	01D		5,946	3,512
Net surplus / (Deficit) for the period			<u>(154,165)</u>	<u>(12,757)</u>

NOTES TO THE FINANCIAL STATEMENTS

(1) **Accounting Policies**

1.1 **Generals**

1.1.1 **Basic of Accounting**

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

1.1.2 **Post Balance Sheet Events**

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

1.1.3 **Comparative Figures**

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

1.1.4 **Extraordinary Items**

During the year, certain debtors were paid some of their outstanding balances such as Fertilizer debtors. The method of bad debts provisions was changed and bad debts provision of Rs.9.465 million is allocated for this year. Certain debtors who were identified as uncertain of recovery have been provided for in the manner detailed below. Bad debt provision has not been made for non representative balances.

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

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

2.1 **Property, Plant & Equipment**

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

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

Whilst depreciation is charged in the year of purchase, those disposed of during the year are not depreciated.

Three Double cabs were received last year from the treasury and has been valued cost, market value of the vehicle Rs.16.8 million, had been taken to the accounts. adjustment has been done this year.

Revaluation of Motor vehicle had been done during the year. The effective date of the revaluation is 31.12.2012

This Valuation had been done government certified vehicle valuation organization.

2.2 **Investment**

Investments include fixed deposit for gratuity fund.

2.3 **Stocks & Inventories**

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

2.4 **Trade Debtors & Receivables**

Balance of the Tea Shakthi Fund Rs.75.2 million had been written off this year Rs.36.66 million had been capitalized against the budget grant and Rs38.56 Million had charged to the income and expenditure account.

2.5 **Other Receivables**

Receivables other than Trade Debtors are stated at their amounts estimated to be realized.

2.6 **Cash & Cash Equivalents**

Cash & Cash equivalent includes cash in hand and at Bank, Call Deposits.

2.7 **Cash Flow**

Cash Flow statement has been prepared using the indirect method.

2.8 **Accounting for Funds Received**

Since year 2007 Cess Fund have been remitted from the Treasury through the Consolidated Fund. Funds have been received for purchases of Capital Assets. That Rs. 6.164 Million Capital Expenditure disclosed as grant in financial statement from this Year.

(3) **Liabilities**

All material liabilities as at the Balance Sheet date have been included in the accounts and adequate provision has been made for liabilities which are known to exist, but the amounts of which cannot be determined accurately. Liabilities classified as current liabilities on the Balance sheet, are those which are due for payment on demand.

Rs.46 million had been included as income due to non payment of creditors and other balances on liabilities.

3.1 **Provision for Gratuity**

Full provision is made in the accounts for the retiring gratuity payable to all employees commencing from the 6th year of service. However, Rs.6.7 million only is kept in a fixed deposit against this provision. It is not possible increase the deposits in view of inadequacy of funds.

3.2 **Taxation**

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

3.3 **Contingent Liability**

A contingent liability of approximately Rs.3 million exists in respect of L.T. & court cases.

Grants

- (4) Funds Received from 1981 to 2011 for IRDP, SHTDP, TDP, Other Projects treasury grant and assets from SLTB had been amortized in accordance with SLAS 24. Accordingly Rs.5.945 million had been accounted as deferred income and remaining balances has been brought forward amortizing by future years.

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY
CONSOLIDATED CASH FLOW STATEMENT FOR YEAR
ENDED 31st DECEMBER

(Rs,000)

Cash Flow from Operating Activities	2012	2011
Surplus/(deficit) from ordinary activities	(154,165)	(12,757)
Non-cash movements		
Depreciation	11,744	21,424
Provision For Gratuity	14,908	16,309
Increase in provision for doubtful debts	9,465	2,476
Written off Debtors		(2,594)
Interest Income	(2,231)	(1,925)
Increase /decrease in payables	72,119	(87,364)
Revaluation Loss		
Increase in provisions relating to employee costs		
(Gains)/losses on sale of property, plant and equipment	(1,129)	(1,594)
Increase /decrease in other assets	(1,508)	(6,764)
Increase /decrease in receivables	73,171	15,574
Increase /decrease in Inventory Item	(2,771)	5,214
Net cash flows operating activities	173,768	(39,242)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(16,806)	(20,634)
Proceeds from sale of plant and equipment	1,281	1,634
Net cash flows investing activities	(15,525)	(19,000)
Interest received	3,705	3,275
Gratuity Paid	(7,877)	(4,714)
CASH FLOWS FROM FINANCING ACTIVITIES	(4,172)	(1,439)
Capital Grants	(29,664)	5,126
Net Cash flow from financing activities	(29,664)	5,126
Net increase/(decrease) in cash and cash equivalents	(29,759)	(67,312)
Cash and cash equivalents at beginning of period	70,392	137,704
Cash and cash equivalents at end of period	40,633	70,392

- (5) The Circuit Bungalow & the land of Walahanduwa has 10.54 Hectare. This belongs to the Land Reform Commission and ownership had not yet been transferred to the Authority.
- (6) **Legal**
Rs.1.0 million had been paid during the year as settlement of the labour case for Mr.Jayantha DE Alwis.
- (7) Annual Work plan has been prepared according to the past performance of the replanting, Crop rehabilitation subsidy scheme and original action plan and the budget has been prepared accordingly. However due to non receipt of supplementary funds from the treasury, Authority has used own funds Rs.28 million for the payment of subsidy during the year.
- (8) With effect from 1st January 2012, subsidy rate has been increased as follows.
- Replanting - from Rs. 250,000 to Rs.300,000 Per Ha.
 - New Planting - from Rs.50,000 to Rs.150,000
- (9) During this year development programme for small holders was undertaken with “Divineguma” funding. The total cost incurred was Rs.9.3 million.
- (10) During the year development programme for kalutara district 1000 income women tea small holders was undertaken. The fund has been received by provincial council of western province. The total cost incurred was Rs.3.75 million.



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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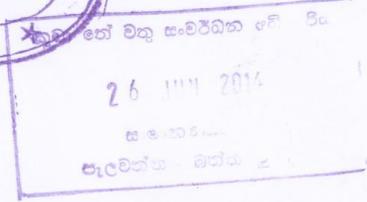
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 Date }

19 June 2014

Handwritten: TSHDA
 5/5/14



The Chairman,
 Tea Small Holdings Development Authority.

Report of the Auditor General on the Financial Statements of the Tea Small Holdings Development Authority for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act No.38 of 1971.

The English version of the above mentioned report is sent herewith.

H.A.S.Samaraweera
 Auditor General

Handwritten: FM/1A
 Pl. assign a briefing
 to the Chairman &
 Secy of Staff. Pre final
 on a RM memo. - def
 (Signature)

- Copies to : 1. Secretary, Ministry of Plantation Industries
 2. Secretary, Ministry of Finance and Planning



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

LP/D/TSHDA/FA/2012

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

19 June 2014

The Chairman,
Tea Small Holdings Development Authority.

Report of the Auditor General on the Financial Statements of the Tea Small Holdings Development Authority for the year ended 31 December 2012 in terms of Section 14(2)(c) of the Finance Act No.38 of 1971.

The audit of financial statements of the Tea Small Holdings Development Authority for the year ended 31 December 2012 comprising the statement of financial position as at 31 December 2012 and the statement of financial performance and cash flow statement and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act No.38 of 1971 and Section 15 of the Tea Small Holdings Development Authority Act, No.35 of 1975. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Authority on 23 January 2014.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

1.4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2:2 of this report.

2. Financial Statements

2.1 Opinion

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Tea Small Holdings Development Authority as at 31 December 2012 and its financial performance and cash flow for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Unexplained Differences

The following observations are made.

- (a) Differences totaling Rs.362,909 were observed between six cash book balances and the cash book balances shown in the relevant Bank Reconciliation Statements.

- (b) The following differences were observed between ledger accounts and related schedules of the Head Office and the Regional Offices.

Type of Loan	Balance according to Ledger Accounts	Balance according to Schedules	Difference
	Rs.	Rs.	Rs.
Distress Loans	17,422,814	15,404,232	2,018,582
Housing Loans	41,253,692	41,412,838	(159,146)
Debt Relief Loans	99,691	53,810	45,881
Motor Cycle Loans	364,233	237,326	126,897
Cycle Loans	63,230	330,927	(267,697)
Festival Advances	86,106	57,000	29,106
Salary Advances	-	106,000	(106,000)
Special Salary Advances	67,950	9,000	58,950
ADB Loans	-	744,528	(744,528)
Welfare Loans	-	3,650	(3,650)
Sundry Advances	9,900	-	9,900

2.2.2 Accounts Receivable and Payable

The following observations are made.

- (a) Debtors amounting to Rs.5,925,956 of the Head Office and Rs.4,908,112 of the Regional Offices remained unrecovered for over 5 years.
- (b) Creditors of Kalutara, Kegalle and Uva Regional Offices aggregating Rs.1,288,967 remained unsettled for over 5 years.
- (c) An advance amounting to Rs. 12,968,728 paid to a contractor for the construction of Hanthana Training Centre had not been recovered over a period of 10 years. It was observed that the construction of the Training Centre was completed in 2001. The Chairman of the Authority stated that the unrecoverable amount will be adjusted in 2013 accounts according to the instructions given by the Department of National Budget.
- (d) Outstanding Re-scheduled Motor Vehicle Loans amounting to Rs. 8,147,878 had been carried forward for over 05 years without being recovered.
- (e) According to the information made available to audit, loans and advances receivable from retired officers and interdicted officers and other non-operating loans as at 31 December 2012 amounted to Rs.1,625,916.

2.2.3 Lack of Evidence for Audit

The following documentary evidence were not made available for audit.

Description	Amount	Evidence not made available
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	Rs.	
Cost of Project Motor Vehicles	8,518,625	} Schedules and supporting documents
Motor Cycle Loans given to Tea Inspectors/Extension Officers	6,955,347	
Deposits Payable	225,100	
Motor Vehicle Loans	17,309	
Flood Relief Loans	20,452	
Welfare Loans and Advances	11,070	
Budget Grants for Smallholders	93,610,309	

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

Instances of non-compliance with the following laws, rules, regulations observed in audit are given below.

Reference to Laws, Rules, Regulations and Management Decisions	Non compliance
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<u>Treasury Circulars</u>	
(a) Circular No.842 of 19 December 1978	A Register of Fixed for the Head Office had not been properly maintained as required by the Circular.
(b) Circular No.IAI/2002/02 of 28 November 2002	The value of computer accessories and software had not been recorded in the Register of Assets in terms of the circular.

3. Financial Review**3.1 Financial Results**

According to the financial statement presented, the operating activities of the Authority for the year ended 31 December 2012 had resulted a net deficit of Rs.154.16 million as compared with the corresponding net deficit of Rs.12.76million for the preceding year, thus indicating a further deterioration of Rs.141.4 million in the financial results. The increase in the operating expenditure and bad debits written off by Rs.83.44 million and Rs.45.54 million respectively had been the reasons for increase in the deficit.

4. Operating Review**4.1 Performance****(a) Tea Smallholders Contribution to Tea Production**

According to the information made available to audit, the total tea production in Sri Lanka during the year under review had been 326.28 million kilograms and the tea smallholders contribution thereto had been 233.10 million kilograms or 71.4 per cent. The total tea production in Sri Lanka during the preceding year had been 328.37 million kilograms and the tea smallholders contribution thereto had been 229.94 million kilograms or 70 per cent. As such the contribution of the tea smallholders had increased by 1.4 per cent during the year under review.

(b) Tea Plantation Developments

According to the statement of financial performance presented, subsidies amounting to Rs.276.3 million had been given for development activities such as tea replanting and new planting, extension services and social development and institutional strengthening during the year under review.

The plantation development cost and the cost of implementation per one rupee of the development cost for the year under review and for the preceding four years are given below.

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Development cost (Rs. millions)	208.3	185.7	189.2	208.0	276.3
Implementation cost (Rs. millions)	188.7	202.1	205.4	218.5	233.5
Implementation cost per Rupee of the Development cost (Rs.)	0.91	1.08	1.08	1.04	0.85

The following observations are made in this connection.

(i) Tea Replanting Under Subsidy Schemes

According to the national requirement, 2,300 hectares should be replanted annually to get maximum yield and to sustain tea lands. However, according to the information made available, 889 hectares only had been replanted during the year under review under Subsidy Scheme and represented 0.76 per cent out of the matured tea lands totaling 116,492 hectares.

(ii) Extension and Advisory Services

* According to the draft Annual Report, the staff of the extension services had conducted 6,508 Group Programmes during the year under review and indicated 6.6 per cent decrease as compared with the previous year.

* The participation of 143,456 farmers in the extension and advisory services during the year under review indicated a decrease of 18 per cent as compared with the preceding year.

* According to the information made available, the ratio of Extension Officers to farmers should be 1:1000 to achieve an effective extension service. However the actual ratio had been 1:2730. According to the cadre position of the Authority as at the end of the year under review, vacancies in 22 posts of Extension Officers existed.

* According to the Internal Audit Reports, it was observed that the Extension officers had had committed the following irregularities relating to subsidy payments.

Regional Office	Permit Number	Particulars of the Irregularity
Uva	RP/HP/10/28 RP/HP/11/ 29	Subsidy overpayments made amounted to Rs.189,824.
N'Eliya	RP/NE/2004/DO/66, 68 RP/NE/2005/DO/32, 34, 36 RP/NE/2007/DO/04,05,08,15,17 RP/NE/2008/DO/18	Subsidy overpayments made amounted to Rs.519,503
	RP/NE /2004/ DO/ 62 RP/NE /2005/ DO /33	Subsidy payments amounting to Rs.117,363 made for the permits on which any development activities had been done.
	RP/NE/2007/ DO /07 RP/NE/2007/ DO /06 RP/NE/2008/ DO /16 RP/NE/2008/ DO/ 19	Subsidy payments amounting to Rs.267,102 made to the permits issued twice for the same land.
Kalutara	RP/KAL/2010/MAHA/21	Subsidy overpayments made amounted to Rs.64,752 .

The Chairman of the Authority had stated that some overpayments had been recovered or deducted from the next installment payments and disciplinary action had been taken against the officers for other irregularities.

* According to the Internal Audit Reports, out of the total subsidy payments made by the eight Regional Offices amounting to Rs. 1,187.6 million during the period of 2003 to 2009, a sum of Rs.168.5 million had not been reported as they were paid for the replanting activities up to 31 August 2012. Therefore, it was observed that this unreported replanting subsidy payments were considered as fruitless.

The Chairman of the Authority had stated that the farmers had faced problems such as weather, economic, social, etc. during the cultivation period. Hence, some farmers take long period to cultivate and some had abandoned their cultivation. Therefore, the remedial actions had been taken by the Authority for eliminate these problems in future.

(c) Institutional Plant Nurseries

The following observations are made.

- (i) According to the financial statements, the operations of 07 Plant Nurseries had resulted in a loss of Rs. 571,700 during the year under review as against the profit of Rs.870,639 for the preceding year, thus indicating a decrease of Rs. 1,442,339 in the operating results.
- (ii) The Tispane Nursery had incurred losses continuously and losses amounting to Rs.314,573 and Rs. 64,054 were observed during the year under review and previous year respectively.
- (iii) The number of perished plant of 07 nurseries of the Authority in the year under review had been 306,317 and represented 33 per cent of the total plants. The perished plants of Rahathungoda, Higuloya, Hedigalla and Tispane Nurseries had abnormally increased during the year under review.

(d) Registration of Commercial Plant Nurseries

According to the information made available, 969 nurseries had been registered by the Regional Offices of the Authority during the year under review. Out of that, the plants of the 338 nurseries only were recommended for selling.

The Chairman had stated that, the actual satisfactory seedlings were produced by 620 registered nurseries and some plants were sold before the C.N.05 test due to the delay of recommendation of the officers of the Tea Research Institute.

(e) Distribution of Tea Fertilizer

According to the Tea Fertilizer Distribution Account, the profit/ (loss) of the Tea Fertilizer Distribution Centres as compared with the previous year are given below.

Fertilizer Centre	Net profit / (loss)for the year	
	2012 Rs.	2011 Rs.
Sarasaviyana	closed	(174,121)
Poramadulla	(33,009)	(132,161)
Hingulla	closed	(269,247)
Gampola	(43,168)	134,044
Bandarawela	(3,275)	(2,219)

It was observed in audit that these Fertilizer Centres had not functioned after the establishment of Government National Fertilizer Scheme in 2010. A fertilizer stock valued at Rs.81,800 (442 kgs) at the Sarasaviyana Fertilizer Centre had remained in the stores from the beginning of the year under review. Even though the distribution of 985 metric tons of dolomite among the 08 Regional offices through the Loan Scheme had been envisaged in the Action Plan, only 632 metric tons had been distributed among 04 regional offices.

The Chairman had stated that the Fertilizer Centres had not functioned as Fertilizers were available freely in the island at concessionary prices. Although it was planned to distribute dolomite among farmers, the farmers had not requested dolomite as it was available sufficiently at tea fields and not necessary to provide loan facilities to them.

(f) Tea Small Holdings Development Societies

According to the draft Annual Report, 1,381 Tea Small Holdings Development Societies had been registered and the total registered members had been 261,493 as at the end of the year under review. As compared with the previous year, an increase of 02 Societies and the decrease of 12,668 members were observed. However, according to the Statistical Report and the information received from 1,240 Societies, 82 Societies had not been in operation while the operations of 319 Societies had been poor.

Range Development Committee Programmes were being conducted for strengthening the community based organizations of tea smallholders such as Revolving Fund and Society monitoring system to enhance productivity. According to the progress reports, only 120 Programmes had been conducted during the year under review although 836 Range Development Committee Programmes were targeted. It was observed that no Range Development Committee Programmes had been conducted in Galle, Matara and Kandy Regional Offices although 383 programmes were targeted.

4.2 Assets Management

The following observations are made.

- (a) Staff quarters valued at Rs.485,736 at Pothupitiya of Rathnapura Regional Office had not been utilized over a long period.
- (b) The ownership of the office building, staff quarters and a tea land at Alapaladeniya of Matara Regional Office had not been undertaken by the Authority up to the date of audit on 30 May 2013. However, this tea land had been leased out for a monthly rental of Rs.6,000 for 05 years from the year 2011 without obtaining approval from the Board of Directors of the Authority. However, the Chairman had stated that the lease agreement had been cancelled in the year 2013.
- (c) It was observed in audit that an excess stocks of publications valued at Rs.484,641 were in the stores without being distributed to the stakeholders as at the end of the year under review due to the printing delays.

4.3 Resources of the Authority Provided to other Public Sector Institutions

Two motor vehicles had been released to the line Ministry from 11 August 2011 contrary to Section 8:3:9 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

4.4 Human Resource Management

Particulars of the approved and actual cadre of the Authority as at 31 December 2012 are given below.

Category	Approved Cadre	Actual Cadre	Vacancies
Senior Level	39	16	23
Secondary Level	44	41	03
Tertiary Level	293	261	32
Primary Level	46	44	02
Total	422	*362	60

* 76 redundant posts had not been included in the actual cadre.

The following observations are made in this connection.

- (a) There were 60 vacancies including 23 Executive Grades as at 31 December 2012.
According to the Chairman's comments, 13 vacancies of senior level and 27 vacancies of tertiary level had been filled on 30 September 2013. Fifty posts out of redundant posts had been approved as personal to them as they were in the service at the time.
- (b) An Assistant Manager (Project) had been appointed according to the letter dated 26 December 2011 of the Department of Management Service out side the cadre. It was observed that a separate duty list was not issued to him and there were no specific duties assigned to him to perform in the Authority during the year under review.
- (c) A Management Assistants and a Receptionist had been appointed on a casual basis and contract basis respectively without following the Scheme of Recruitment of the Authority.
- (d) Educational and service certificates of the staff had not been referred to the respective institutions to obtain confirmation.
- (e) Post of Human Resources and Administration Manager was vacant since 27 April 2010 and an officer had been appointed as Acting Manager from 02 August 2010 on the payment of a monthly allowance of Rs.1,100. No action had been taken to recruit a suitable person to fill this post up to the date of audit on 31 August 2013.
- (f) Action had not been taken to fill five posts of Regional Managers and eleven posts Assistant Regional Managers for Extension, Planning and Development activities which were vacant as at the end of the year under review.

4.5 Utilization of Motor Vehicles

The following observations are made in connection with the Motor Vehicles fleet of the Authority consisting of 26 motor vehicles and 115 motor cycles.

- (a) Two motor vehicles had been lying idle from the year 2011 without being repaired.
- (b) The ownership of three vehicles received under IRDB Project had not been transferred to the Authority.
- (c) A motor vehicle which did not belong to the Authority had been lying idle in the Authority premises from 2012 up to the date of audit on 05 September 2013.
The Chairman had stated that although the letters had been sent to the owner of the motor vehicle to remove it from the premises on 06 November 2012, 06 March 2013 and 09 October 2013, the motor vehicle had not been removed by him.
- (d) A motor vehicle which had met with an accident on 30 March 2012 had not been repaired and obtained insurance claim. The value of the estimated damage amounted to Rs.20,850.

4.6 Investment of Gratuity Provision

Out of the total provision of gratuity amounting to Rs.115.9 million, a sum of Rs.7.89 million of 6.8 per cent only had been invested up to 31 January 2014. Hence, the Authority had not invested adequate funds to meet future liability as stipulated in the Payment of Gratuity Act, No.12 of 1983.

The Chairman had stated that adequate funds were not allocated by the Treasury for the gratuity investments. However, annual allocation will be received from the Treasury for the payment of Gratuity.

5. Accountability and Good Governance
-----**5.1 Presentation of Financial Statements**

According to the comments and observations made by the audit, the Authority had withdrawn the financial statements for the year 2012 and resubmitted on 07 May 2014.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority by my detailed report issued in terms of Section 13(7)(a) of the Finance Act. Special attention is needed in respect of the following areas of control.

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


H.A.S. Samaraweera
Auditor General