



**කුඩා හේ වතු සංවර්ධන අධිකාරිය**  
சிறு தேயிலைத் தோட்ட அபிவிருத்தி அதிகார சபை  
**Tea Small Holdings Development Authority**

**වාර්ෂික වාර්තාව**  
**வருடாந்த அறிக்கை**  
**ANNUAL REPORT**  
**2016**

කො 70, පාර්ලිමේන්තු පාර, පැලවත්ත, බත්තරමුල්ල  
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# **Vision**

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

# **Mission**

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

**Tea Small Holdings Development Authority**  
**Annual Report 2016**  
**Message of the Chairman**

Tea is the main export crop out of the plantation crops in Sri Lanka. Contribution of the tea small holdings to the national economy in year 1991 was 50.3% and it developed gradually until it reached up to 74.5% in year 2016. Year 2009 was the year which reported the lowest production of tea and it was Million 291 kg and the production of the tea small holders faced a considerable drop in year 2016 and therefore the production was reduced to 292.57 Million Kgs. However, it marked an increase in the production by 16.1 Million Kgs. Compared to year 2009.

Tea Small Holders sector was sponsored by the government with financial subsidy in year 2016. It was able to provide fertilizer financial aid of Rs.1275.91 million for 204,554 tea small holders, with Rs. 15,000.00 each, who own lands with the extent of less than 1 hectare. The extent of land covered was 83,865 hectares. Actions were taken under this step to provide financial fertilizer subsidy to Tea Small Holders focusing on the Tea Small Holding Development Societies. In year 2016, the registered number of Tea Small Holding Development Societies was 1403 and the membership reached 340,006, which is a 25.33% growth from the previous year.

However, due to the unfavourable weather conditions in year 2016 the national tea production dropped by 11.4% and the Tea Small Holding Sector faced a drop of 9%. The extent of land where tea was replanted decreased up to 733 hectares which is a drop by 9%. Nevertheless, the average annual price paid to the tea small holders per a raw kilo of leaves was Rs.68.53 which is an increase by Rs.9.73. The major issues faced by the Tea Small Holding sector is the increase of labour cost and input costs such as tea fertilizer which led to an increase in cost of re planting of tea and the decrease of productivity.



**Deshabandhu Wijerathne Devagedara,**  
Chairman.

# I

## Performance Indicators of Tea Small Holdings Sector -2016

	2014	2015	2016
1 Extent of Tea Smallholdings (Hectare)	121,429	121,740	121,967
2 Number of tea small holders	392,108	392,979	393,420
3 Production of tea smallholdings (M Kg)	247.38	239.86	218.068
4 Percentage of contribution to national production	73.1	73.0	74.5
5 General Productivity (made tea / Kg / per hectare)	2,123	2,059	1,872
6 Extent of tea re – planted lands / Hectares (under incentive allowances)	720	*806	*733
7 Extent of newly planted tea lands / Hectares (under incentive allowances)	401	479	109
8 Re – planting ratio (%)	**0.72	0.80	0.73
9 Crop rehabilitation – no. of plants (millions)	0.271	0.309	0.369
10 Tea smallholdings development societies	1,383	1,394	1,403
- No. of societies	266,480	271,272	340,006
No. of members			
11 Extension and advisory services			
No. of individual extension services	25,490	31,331	33,385
No. of group programmes	7,064	6,544	7,082
No. of farmer participants	315,973	188,118	237,333
12 Monitoring expenditure of the institution (per development rupee)	0.73	0.54	0.56
13 Tea inspection extension officer: tea cultivator ratio	1:2742	1:2748	1:2751
14 General gross price in rupees per raw kilo of leaves	67.54	58.80	68.53

\* 5 hectares of tea have been replanted under Tea Small Holdings Entrepreneurship Programme. A total of 738 hectares of replanting of tea have been taken place including the above extent.

## II

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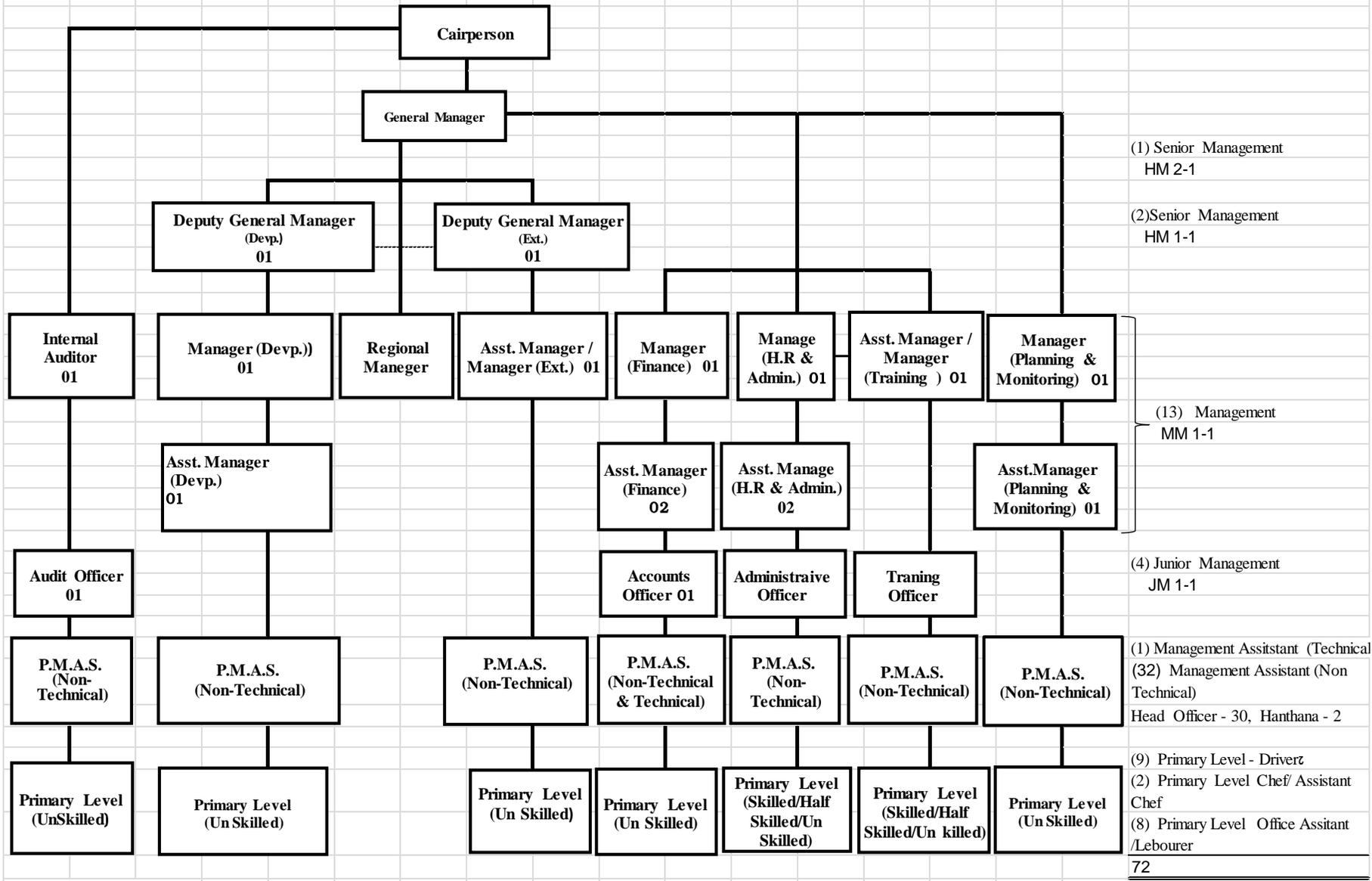
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## IV

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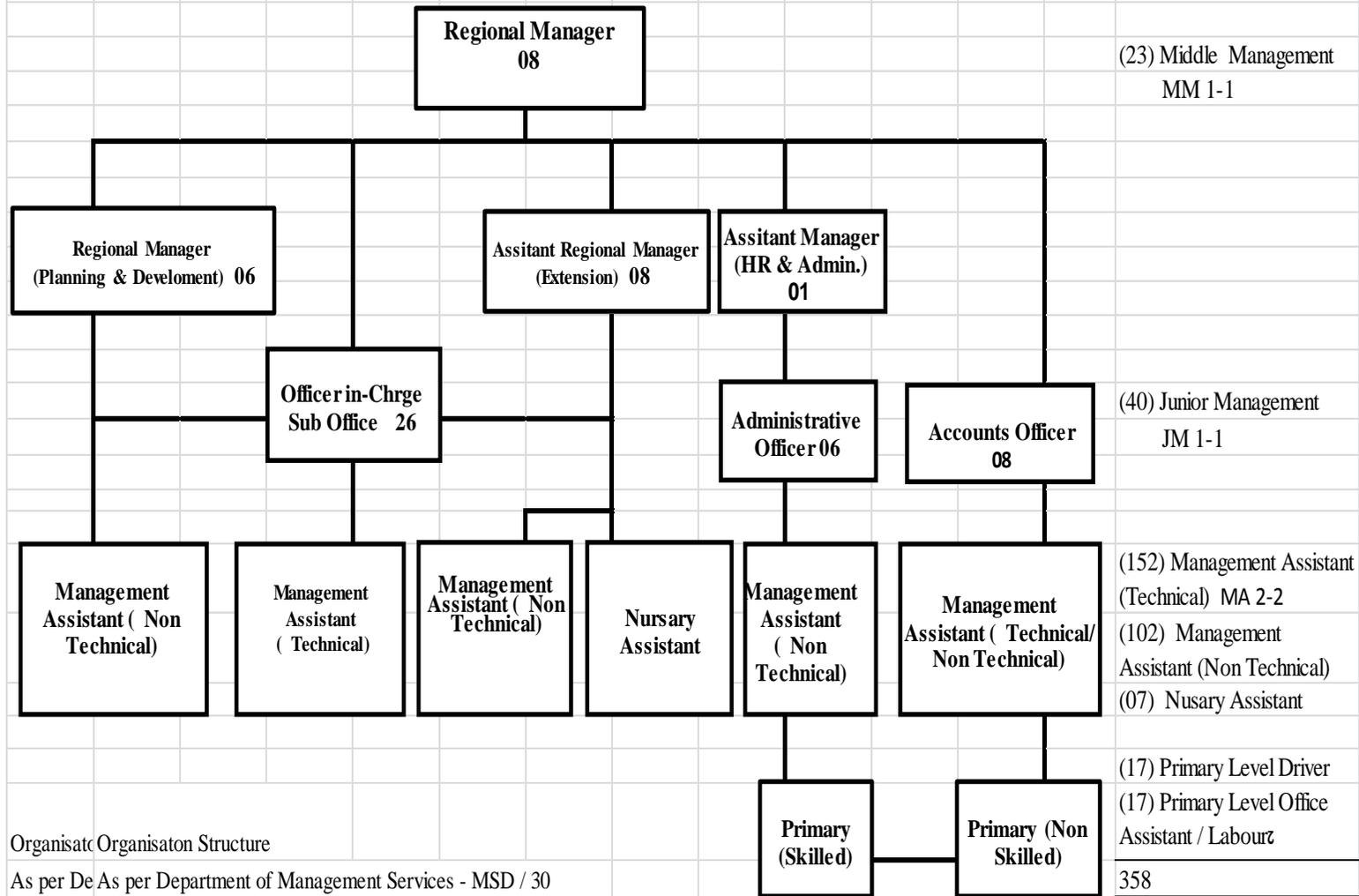
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**Tea Small Holdings Development Authority**  
**Organisation Chart - Head Office and Hantana Training Centre**



Organisaton Structure  
 As per Department of Management Services - MSD / 30

## Tea Small Holdings Development Authority Organisation Chart - Regional Offices



**Board of Directors**

Chairman - Mr. Deshabandu Wijerathne Dewagedara

<b>Name</b>	<b>Designation</b>	<b>Institution</b>	<b>Telephone no.</b>
1 <sup>st</sup> Mr. D.G.M.V. Hapuarachchi (from 2015-11-26 to 2016-02-02)	Additional Secretary	Ministry of Plantation Industries	011-2186160
2 <sup>nd</sup> Mr. B.L.A.J. Darmakirthis (to 2016-06-10 )	Additional Secretary (Devp.)	Ministry of Plantation Industries	011-2186160
3 <sup>rd</sup> Mr. E.K.J.K. Edirisinghe	Tea Commissioner	Sri Lanka Tea Board	011-2580182
4 <sup>th</sup> Mr. T.V. Weerasena	Director	Department of State Enterprises	011-2484671
5 <sup>th</sup> Dr. M.M.J.P. Gavargammana	Chairman	Tea Research Institute	052-2258201
6 <sup>th</sup> Dr. I.S.B. Abesinghe	Director	Tea Research Institute	052-2258201
7 <sup>th</sup> Mr. M. Widanapathirana ( from 2015-11-17 to 2016-09-23)	Representative of Private Factory Owners Association		077-6031000
Mr. Amara Disanahake ( to 2016-10-10 )			071-4175592
8 <sup>th</sup> Mr. K.L. Gunarathne	Hon. Secretary	All Island Society Organisation	077-7707623
9 <sup>th</sup> Mr. Neville Rathnayake	Hon. Chairman	Hon. Chairman Organisation	011-7909020
10 <sup>th</sup> Mr. Roshan Rajadurei	Managing Director	Kelaniweli Plantations Ltd	011-2627700

<b>Name</b>	<b>Designation</b>	<b>Institution</b>	<b>Telephone no.</b>
11“ Mr. Nuwan Weerasinghe	Representative to Hon. Ministrer of Plantation	-	0777-154816
12“ Mr. W.T.K. Samarathunge	Representative of Trade Unions	-	071-4634132
13“ Mrs. Kalyani Satharasinghe	to of Trade Unions	052-235334	
14“ Mr. Rohan G Petiyagoda	Observer / Member	Chairman Sri Lanka Tea Board	011-2590968 011-2590968
C. Abeygunawardana	Observer / Member		077-8633802
16“ Mr. R. S. Jayaratne ( to 2016-02-29 )	Observer / Member		-

11 board meetings have been held during the relevant year.

### **Audit Committee**

<b>Name</b>	<b>Designation</b>	<b>Institution</b>	<b>Telephone no.</b>
1“ Chairperson - Mr.T.V. Weerasena	Director	Department of Public Enterprises	011-2484671
2“ Member Mr. B.L.A.P. Darmakirthi ( to 2016-06-10 )	Additional Secretary	Ministry of Plantation	011-2186160
3“ Member - Mr. M. Vidanapathirana ( from 2015-11-17 to 2016-09-)	Representative	Private Factory Owners Association	077-6031000
4“ Member - Mr. K.L. Gunarathne	Hon. Secretary	All Island Tea Small Holdings Development Authority Society Organisation	077-7707623
5“ Observer ඒ Mrs. S.D. Katuvavalage	Audit Superintendent	Sub Office of the Audit	011-2583687

04 Audit Committee meetings have been held in the relevant year

“

**Executive Staff and District Administrative Office**  
**Head Office**

**No: 70, Parliament Road,**  
**Pelawatta, Battaramulla.**  
**Telephone : 7909020 – 21**

**Executive Staff – Head Office**

Chairman :Mr. Deshabandhu Wijerathne Devagedara  
General Manager :Mrs. S.R.S. De Silva ( upto 2016-06-01) Acting  
:Mr. C.J.I.T. Fernando ( from 2016-06-02 ) Acting Advicer - Management  
:Mr. A.N. Madawela ((from 2016“11“01 ) Contrect

**Extension Division:**

Deputy General Manager (Extensions) : Mr.C.J.I.T. Fernando  
Assistant Manager (Extensions) : Mr.R.A.G.P. Ranasingha ( upto 2016“10“30 )

**Development Division:**

Deputy General Manager (Devp.) } :Mr.J.M.G.Jayasinghe (from 2016“05“02 )  
Secretary to the Director Board } : (from 2016“06“01 to 2016“11“29 )  
Manager (Community Devp.) } : ( upto 2016“05“01 )  
Manager (Devp.) :Mr.R.A.Waidyaratne ( from 2016“06“01 ) Acting  
Asst. Manager (Devp.) :Mr.A.A.D.P. Abethilaka ( from 2016“05“02 )

**Planning & Monitoring Unit**

Manager (Planning & Monitoring) :Mrs. M.I.M.J. Samawikrama  
Asst. Manager (Planning & Monitoring)/ } :Mr.R.A.Waidyaratne  
Secretary to the Director Board ( from 2016“12“30 )

**FinanceDivision:**

Manager (Finance) :Mrs.D.G.P.Jayanthi  
Assistant Manager (Finance) :Mr.P.R.Indika Perera  
:Mr.B.H.C.A.Batagoda

**Human Resources and Administration Division:**

Assistant General Manager (Services)/ } :Mr.Amitha Pasqual  
Secretary to the Director Board ( to 2016“05“06 )  
Manager (H. R & Administration) :Mr. Harshan De Silva ( from 2016“06“02 Acting  
Asst. Manager (H. R & Administration) :Mr. Harshan De Silva

**Administrative Officer**

:Mr. K.A.C.S.P. Fernando  
:Mr. Sarathchandra Muramudalige  
:Mr.W.A. Jayathissa ( upto 2016“02“04 )

**Internal Audit Division:**

Internal Auditor :Mr.K.G.Narada  
Internal Audit Officer :Mr.Daminda Priyanjith ( upto 2016“08“02 )  
Internal Audit Officer :Mr.P.G.I. Surangika ( from 2016“08“03) covering duties

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Regional Manager	:Mr. G.G. Somasiri (upto 2016-05-14) covering duties :Mr. E.R.S. Gunawardane (from 2016-06-01) covering duties
Assistant Regional Manager (Extensions)	:Mr. E.R.S. Gunawardane ( from 2016-06-01 ) :Mr. I.U.H. Mohotti ( from 2016“03“01 )
Assistant Regional Manager (Planning and Devp.)	:Mr. G.G. Somasiri ( upto 2016-05-14 ) :Mr.D.L.C.Sooriyaarachchi (from 2016“06“01) covering duties
Officer in Charge	:Mr. D.L.C. Sooriyaarachchi :Mr. G Sisira Kumara ( upto 2016“05“30 ) :Mr. T.M.S.L. Priyadarshaka :Mr. T.M. Amararuwan :Mr. H.M.K.G.B. Herath ( from 2016“06“01) covering duties :Mr. K.S.S. Dahanayaka ( from 2016“06“01) covering duties
Administrative Officer	:Mr. H.M.K.G.B. Herath ( from 2016“11“15 ) :Mrs. N.A. Piyaseeli ( upto 2016-11-14) covering duties
Accounts Officer	:Mrs. U.L.M. Perera

**Estension Center**

Tea Small Holding Developemtn Authority  
Regional extension Center  
Walahanduwawatta, Galle  
Telephone No- 091-7200815

<b>Sub Offices</b>	<b>Service Divisions</b>
Waduramba	Kurupanawa Unanwitiya Udugama Baddegama Waduramba
Elpitiya	Ethkandura Pitigala Niyagama Elpitiya Batapola Kahaduwa
Hingalgoda	Dellawa Mawanana Neluwa Habarakada Halvitigala Hiniduma Opatha
Akmeemana	Imaduwa Kottawa Yakkalamulla Beranagoda Akmeemana

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Assistant Regional Manager (Extensions)	:Mr. L.K. Weerasekara
Assistant Regional Manager (Planning and Devp.)	:Mr. E.G.D. Santhasiri ( from 2016“06) covering duties
Officer in Charge	:Mr. G.D.K. Balachandra
	:Mr. E.G.D. Santhasiri
	:Mr.D.M.R.K.B. Dasanayake (from 2016“02“17) covering duties
	:Mr.Sunil Sarath Deshapriya (from 2016“06“01) covering duties
	:Mr. Mahinda Batagoda ( from 2016“06“01) covering duties
Administrative Officer	:Mrs. N.V.P. Pushpakumari
Accounts Officer	:Mrs. H.M.L. Pushpakumari

**Extension Center**

Tea Small Holding Developemtn Authority  
Regional extension Center  
Morawaka, Alapaladeniya

**Sub Offices**

Kotapola

Akuressa

Pasgoda

**Service Divisions**

Deniyaya  
Kalubovitiyana  
Morawaka  
Derangala  
Kolawenigama  
Kotapola  
Pitabeddara

Kananke  
Akuressa  
Thelijjavila  
Thibbatuvava  
Ketanvila  
Kaburupitiya

Beralapanathara  
Varapitiya  
Kirilipana  
Dampahala  
Pasgoda  
Urubokka  
Deyyandara

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Assistant Regional Manager (Extension)	:Mr. K.A.B. Padmaraja ( from 2016“06“01 ) Acting :Mr. K.A.B. Padmaraja ( from 2016“06“01 ) :Mr. D.M.G.S. Ekanayake (from 2016“06“01 ) Acting
Assistant Regional Manager (Planning and Devp.)	: Mr. H.K. Lalith Kumara :Mr. S.S.B. Disanayake ( upto 2016“07“10 )
Officer in Charge	:Mr. S.C. Mudannayaka :Mr. D.V.K. Nandasiri ( from 2016-02-01 to 2016“05“30 ) :Mr. K.M.R.L. Bandara ( from 2016-02-14 ) :Mr. A.K. Wijesekara ( from 2016-06-01 ) Acting :Mr. G.S.K. Perera ( from 2016-06-01 ) Acting
Accounts Officer	:Mrs. M.A. Piyasili

**Extension Center**

Tea Small Holding Developemtn Authority  
Regional Extension Center  
Sannasgama, Rathnapura.  
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**Sub Offices**

**Service Divisions**

Nivitigala

Nivitigala  
Ratnapura  
Veddagala  
Kalawana  
Ayagama  
Kukulegama

Balangoda

Opanayaka  
Pinnawala  
Rassagala  
Imbulpe  
Ellarawa  
Weligepola  
Balangoda

Rakwana

Pothupitiya  
Madampe  
Kolonna  
Rakwana  
Pelmadulla  
Kahawatta

Kuruvita

Eheliyagoda  
Gallella  
Gilimale  
Erathna  
Kiriella  
Wewelwatta

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Assistant Regional Manager (Extension)	:Mr. S.M.K.B. Kapugedera ( from 2016“04“29 to 2016“05“30) :Mr. M.R.N. Dhammika
Assistant Regional Manager (Planning and Devp.)	: Mr. W.H.P.S. Wijethunge ( from 2016-02-15 to 2016“04“28) :Mr. D.M.R.K.B. Dasanayaka ( from 2016“06“01)
Officer in Charge	:Mr. D.M.W. Bandara :Mr. T.M.J. Herath ( upto 2016“04“02 ) :Mr. D.M.R.K.B. Dasanayaka ( from 2016“01“01 upto 2016“02“17 ) ( from 2016“06“01) :Mr. W.J.W. Arambepola :Mr. T. Amarasekara :Mr. K.M.D.A. Kurruppu ( from 2016“01“01 ) :Mr. U.J.B. Wijethunge ( from 2016“06“01 ) Acting :Mrs. A. W.J. Nandawathi
Administrative Officer	:Mr. Daminda Priyanjith
Accounts Officer	:Mr. Anura Dissanayaka
Public Relation Officer	

**Extension Center**

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Regional Extension Center  
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**Sub Offices**

**Service Starion**

Giragama

Wattegama

Matale

Gampola

Gangaehala

Galagedara  
Gannoruwa  
Dandure  
Menikdiwela  
Gandessa  
Wattappola  
Wattegama  
Poojapitiya  
Theldeniya  
Werellgama  
Hewaheta  
Elawathugoda  
Ukuwela  
Rattota  
Matale  
Gampola  
Nilambe  
Panwilatenna  
Pupuressa  
Pussellawa  
Kurunduwatte  
Ullappane  
Dolesbage  
Weligampola  
Nawalapitiya

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Assistant Regional Manager (Extension)	:S.M.K.B Kapugedara ( upto 2016“04“28) :Mr. D.G.W.M.K. Anurudha Bandara ( from 2016“04“29 ) Acting.
Assistant Regional Manager (Planning & Devp):M.M. Wijebandara ) ( upto 2016“02“03 )	:Mr. D.V.K. Nandasiri ( from 2016“06“01 )
Officer in Charge	:Mr. A.M.D.S. Ranaweera :Mr. D.G.W.M.K.A. Bandara ( from 2016“01“01 upto 2016“04“28 ) :Mr. G.N. Yagamnuni ( upto 2016-05-30 ) :Mr. M.A.I. Abesena ( from 2016“06“01 ) Acting
Administrative Officer	:Mr. G.I.U Somasiri
Accounts Officer	: Mrs. Shyamali Premasun

<b>Extension Center</b>	<b>Sub offices</b>	<b>Service Divisions</b>
Tea Small Holding Developemtn Authority Regional Extension Center Regional Extension Center Telephone No: 0817201950	Kotmale	Helboda Harangala Thispane Ruwanpura Pudaluoya
	Ginigathhena	Lakshapana Polpitiya Ginigathhena
	Hanguranketa	Hanguranketa Walapane Madaram Nuwara

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Regional Manager	:Mr. H.R. Aruna Shantha
Assistant Regional Manager (Extension)	: Mr. I.U.H. Mohotti ( upto 2016“02“28 ) : Mr. H.M. Premakumara ( from 2016“06“01) Acting
Assistant Regional Manager (Planning and Develp)	:Mr. K.M.R.L. Bandara ( from 2016-02-15 )
Officer in Charge	:Mr. H.M. Premakumara ( from 2016“06“01) :Mr. M.M. Kumarasinghe :Mr. R.M.A.D. Rathnayaka :Mr.P.G.P.C.Wijesinghe (from 2016“06“01) Acting
Administrative Officer	:Mr. M.G. Somadasa ( upto 2016-03-31 ) :Mr. Gunasiri Adikari ( from 2016-12“01 ) Acting
Accounts Officer	:Mr.W.M. Dhanapala

**Extension Center**

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

**Sub Offices**

**Sub Offices**

Bandarawela

Bandarawela  
Ella  
Haputale  
Ballaketuwa  
Liyangahawela  
Haldummulla

Haliela

Pelgahahenthenna/  
Badulla  
Atampitiya  
Haliela  
Passara/  
Monaragala  
Lunugala/  
Pitamaruwa  
Wepassawela

Welimada

Boralanda  
Welimada  
Lunuwatta  
Babarapana

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

Regional Manager	:Mr. M.M. Wijebandara ( from 2016“02“03 upto 2016“10“24 ) Acting :Mr. K.A.B. Padmaraja ( upto 2016“05“30 ) Acting :Mr. R.A.G.P. Ranasinghe ( from 2016“11“01 ) Acting
Assistant Regional Manager (Extension)	:Mr. K.A.B. Padmaraja ( upto 2016“05“30 ) :Mr. G.N. Yagamuni ( from 2016“06“01 ) covering duties
Officer in Charge	:Mr. R.M.P.R. Bandara :Mr. R.M.A.D. Rathnayaka :Mr. P.K.J. Fonseka ( from 2016“06“01) Acting
Administrative Officer	:Mrs. E.M.D. Amunugama
Accounts Officer	:Miss. P.G.I Surangika ( upto 2016“08“02 ) :Mr. R.R.M.J.B. Rathnayaka ( from 2016“11“15 )

**Extension Center**

**Sub Offices**

**Service Divisions**

Tea Small Holding Development Authority  
Regional Extension Center  
Hingula

Deraniyagala

Dehiovita  
Deraniyagala  
Yatinyanthota

Maliboda  
Nuriya  
Dikella

Kegalle

Aranayaka  
Bulathkohupitiya  
Kegalle  
Kitulgala  
Malalpola

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

Regional Manager	:Mr. D.M.J. Nakandala (Acting)
Assistant Regional Manager (Extension)	:Mr. W.T.R.P. Wimalarathne ( upto 2016“02“02) : Mr. D.M.J. Nakandala
Officer in Charge	: Mr. G. Sisira Kumara ( upto 2016“06“01 ) Acting :Mr.D.V.K. Nandasiri ( upto 2016-01-31 ) :Mr. A.A.D.G. Abeythilaka ( upto 2016-05-01 ) :Mrs. H.P. Pushpakumari ( from 2016“06“01 ) Acting
Administrative Officer	:Ms. M.U.S. Eickramasinghe ( from 2016“11“15 ) :Mrs. P.K. Chadralatha ( from 2016-04-22) covering duties
Accounts Officer	:Mrs. R.A.C.D.D. Jayatunga

**Extension Center**

**Sub Offices**

**Service Divisions**

Horana	}	Agalawatta
		Mahagama
		Bulathsinhala
		Mathugama
		Horana
		Kelinkanda
	Sithavaka	

Meegahatenna	}	Yattapatha
		Pelawatta
		Hedigalla
		Pelawatta
		Baduraliya
		Megahatenna

**Rathnasiri Wickramanayaka National Training Institute**  
**5<sup>th</sup> Milepost, Middle Division**  
**Udawela, Hanthana**

Telephone No: 034- 7200183/ 034-7201630

Fax:- 034- 2249690 /Email - [tshdakalu@gmail.com](mailto:tshdakalu@gmail.com)

Manager (Training)	:Mr S.M.K.B. Kapugedarar ( uptp 2016“06“01 ) Actinng
Training Officer	: Mr. S.C.E. Narangaspitiya

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

Mr.Nevil Ratnayake	- Hon. President
Mr.K.L.Gunaratne	- Hon Chief Secretary
Mr.P.H.Susantha de Silva	- Hon. Treasurer
Mr.J.M.B.J.Bandara	- Hon. Deputy President
Mr.K.Weerasinghe	- Hon Deputy Secretary

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

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

**02“ Matara Tea Small Holder Development Regional Organization**

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

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

Mr.K.L.Gunaratne	- Hon. President
Mr.K.T.Piyadasa	- Hon Secretary
Mr.P.V. Amarasinghe	- Hon. Treasurer

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

Mr.Jagath Senarath Pathirana	- Hon. President
Mr.T.B. Makelwela	- Hon Secretary
Mr.O.K.Rathnathilaka	- Hon. Treasurer

**05“ Kegalle Tea Small Holder Development Regional Organization**

Mr.N.M.R.Jayathilaka	- Hon. President
Mr.A.A.C.A. Adikari	- Hon Secretary
Mr.H.D.Anura Jayaratne	- Hon. Treasurer

**06“ Kandy Tea Small Holder Development Regional Organization**

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

**07“ Nuwaraeliya Tea Small Holder Development Regional Organization**

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

**08“ Uva Tea Small Holder Development Regional Organization**

Mr.A.M.Gunarathna	- Hon. President
Mr.H.M.Dayananda	- Hon Secretary
Mr.S.B. Ekanayaka	- Hon. Treasurer

## **Executive Summary**

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

The estimated total extent of Tea lands, excluding the dilapidated tea lands, was 125019 hectares as per the Consensus of tea small holdings in year 2005 (as per the maximum limit of 50 acres) Services were delivered as per the provisions in the Act, from year 2012. Development services and associated services are provided for the lands less than 10 acres. No tea holding survey has been done after year 2005. Under the programme to register small tea lands launched in collaboration of Sri Lanka Tea Board, the physical data of tea small holdings are to be updated at the end of year 2016.

441 Tea Small Holders are newly involved in tea cultivation as per the information collected by a questionnaire distributed at the level of tea taster/extension officer's divisions and the extent of land cultivated without the subsidies is 227 hectares. Out of this extent 88 hectares have been cultivated by 409 tea small holders in Kalutara District. The estimated extent of the tea small holdings at the end of year 2016 is 121967 hectares.

### **Production of the Tea Small Holding Sector and the Contribution to the National Economy**

The national tea production in year 2016 was 292.57 million kilos and the production of the tea small holdings was 218.06 million kilos. This makes it clear that the larger portion of the total tea production in the country has been covered by the tea small holding sector which is 74.5% in figures. The maximum production so far reported in the tea small holding section is 247.4 million kilos, which was in year 2014 and the maximum output of the national tea production was 340.22 million kilos which was reported in year 2013. The tea production in year 2016 faced a special backdrop due to unfavourable weather conditions. A backdrop of 11% has been reported compared to year 2015 and the production of the tea small holdings was decreased by 9%. A reduction of 11.8% can be observed compared to the maximum production of the tea small holding sector which was reported in year 2014. However, the contribution to the national production has been improved and it has come to a level of 74.5% as at year 2016.

### **Productivity of the Tea Small Holding Sector**

The productivity of the tea small holding sector has been reduced by 9% compared to the previous year. Unfavourable weather conditions have been the cause behind this. Accordingly the average productivity of year 2016 was 1872 kilos of made tea per hectare. The average productivity of the low country tea was 1872 kilos of made tea per hectare and of mid country tea was 1335 of made tea. The average productivity of Uva was 1188 kilos of made tea and in up county it was 1774 kilos of made tea.

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

Annually 2% of tea re – plantation should be performed in existing tea lands as per the national policy with a view to steadily maintain the extent of tea lands while obtaining the maximum harvest. Accordingly, extent of land in which replanting of tea should be carried out annually is 2300 hectares.

Since provisions of lands development services and extension services were limited up to 10 acres, from year 2012, 2000 hectares of land should be uprooted per year 2016 for tea re – planting. As per the annual provisions it was targeted to uproot 1450 hectares (1.45%) of land.

As per the data of the year, around 1064 hectares of land were uprooted with the subsidies for tea replanting and replanting has been done in around 862 hectares of land. As per the trend in the previous 3 years uprooting is done in around 1107 hectares of land and replanting is done in an extent of 753 hectares, annually.

Even though the target in year 2016 was to re plant tea in 1000 hectares, the completed extent was 733 hectares, Accordingly the percentage of tea replanting in year 2016 was 0.73%.

### **Tea New Planting**

It was targeted to prepare the soil for tea new planting in 127 hectares of land in year 2016, the progress was 103 hectares. Tea new planting had been completed in 109 hectares of land. The annual targeted extent of land was determined considering the annual provisions allocated for the institution.

### **Crop Rehabilitation**

Crop rehabilitation incentive allowance is paid for performing the consolidated activities of trimming, applying soil conservation methods, and shade control along with infilling of tea plants. Accordingly, 483333 plants were to be infilled and 369876 plants were infilled (76%) for year 2016.

### **Extension & Consultation Services.**

It was targeted to hold 7084 group extension programmes to provide extension and consultation services for tea small holders, and 7082 were conducted, i.e. 99.9%.

The expected participation of the farmers was 177806 and the actual participation was 240343. Its progress is 135%. 36375 Individual extension programmes were aimed and 92% of progress has been reported.

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

Tea smallholdings development societies initiated from year 1989 are a cluster of statutory establishments. Under this society system equipped with eight (08) regional organizations and the all island society organization, 1403 societies had been registered towards the end of year 2016. Total number of its members were 340,006. Compared with year 2015, the number of societies has been increased by 0.64% in year 2015. Number of members has been escalated by 25.33%.

### **Soil and Water Conservation Productivity Promotion Programme**

A number of 213,542 tea smallholders were benefitted by 1335 tea smallholder development societies as a whole in year 2016 and by this programme, implemented by national budget allocations in year 2014 and the extent of lands covered was a 162203.5 acres (65669 ha.). Rs. 799.83 million had been paid . The total subsidiary paid during the year 2016 to 22890 beneficiaries was amounted to Rs. 41.98 million. An area of 15392 acres (6232 ha) was covered under this.

### **Operational Cost of the Institution.**

Development cost of the institution in year 2016 is Rs. 561.87 million. Recurrent expenditure is Rs. 314.55 million. Development cost when compared with year 2015 has been increased by Rs. 216,386 million. Recurrent expenditure has been increased by Rs. 11.1 million. Accordingly, the ratio between monitoring expenditure and development expenditure is 0.56. Monitoring cost has been increased by 0.02 when compared to the previous year.

### **Tea Cultivator and Tea Inspector / Extension Officer Ratio**

Even though the ratio of number of extension committees and cultivators were 1:1000, the ratio of extension officers and tea farmers in the tea small holding sector is 1:2751. Accordingly, to reduce the number of farmers, the number of officers should be increased. However, due to the limitations in provisions and costs it has become difficult to increase the number of officers. Therefore, actions have been taken by the institution to obtain the assistance of the Tea Small holding Development Societies in providing services.

### **Price for Raw Leaves**

According to the prices received for Sri Lankan tea in year 2016 the price received for a kilo of normal raw leaves for tea small holders amounted at the end of the year was Rs. 65.78 for up country tea while Rs. 61.36 for mid country tea and Rs. 71.18 for low country tea and the median for all the regions was Rs. 68.53. The production margin was 6.41 for production of tea small holders in year 2016 for low country and for low country it was 2.47 as per the general prices.

## **Introduction**

### **1.1. Institution and its Performance.**

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

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

#### **Objectives:**

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

#### **Activities of the Authority.**

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

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

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

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

## **1.2. Activities of Audit and Management Committees.**

The audit plan prepared for year 2016 has been approved by the board of directors on the 02.02.2016 and four (04) audit and management committee meetings have been conducted during the year under review.

Following are the major decisions taken at those audit and management committee meetings.

Deciding on recovering Rs. 5.9 million and Rs. 7.6 million respectively as shortage of money to be recovered from colour separation machines for private tea factories and vehicles provided for tea smallholders' societies based on the national budget 1998.

The committee during the year under review carried out an initial inquiry on the following subject areas during the relevant year.

3“ Deciding on implementing director board meetings that had not been implemented.

The Audit Plan prepared for the year 2017 was approved by the Director Board on 30.12.2016. The Audit and Management Committee conducted the preliminary examinations of the following areas during the year under review.

1. Inquiring and approval of the internal audit annual plan.
2. Reviewing the particulars revealed by the internal audit reports and taking measures to accelerate the implementation of proposals.
3. Reviewing the Auditor General's reports and taking steps to make corrections required for prevention of recurrence of shortages pointed out by the reports.
4. Examination of progress of submitting answers to audit queries.
5. Reviewing annual budget documents and internal financial statements and evaluation of achieving goals on the performance.
6. Ensuring the timely submission of final accounts and annual reports.
7. Reviewing the administration and development activities of human resources and other resources and taking decisions with regard to them.
8. Reviewing particulars pertaining to maintenance of discipline of the staff, drawing attention for thrifting of institutional expenses.

9. Inquiring whether instructions of circulars and regulations are adhered / followed and taking necessary steps to correct / deal with shortcomings.

Ten (10) audit quarries and eighteen (18) other inquiries have been completed during year 2016 under conducting and reporting of audit quarries.

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

### **1.3 Administrative activities.**

#### **1.3.1 Policy Decisions**

Approval of the board of directors was given to implement the divisional offices of Kandy district and N<sup>o</sup> Eliya district as one district services area in one administrative district with a view to be parallel with each government development that is performed with the district development priority, to ease the service coordination activities performed with the external institutions, and to maintain the institutional information system more formally, since (2016.01.01.) the activities of the two districts were blended with each other.

#### **1.3.2 Organizational Structure and Recruitment Procedure**

By the letter of the Department Management Services No DMS/1714 dated 15.03.2016, 13 posts of Tea Inspector/extension officers which are approved for the organizational structure of the authority have been suppressed and approved 13 posts of Management Assistants and 07 posts of Drivers. Further, a Post of Management Assistant has been approved for the post of Personal Assistant to the Chairman by the letter of the Department of Management Services No DMS/1714 V-I dated 18.08.2016. Accordingly, the total number of posts has been increased up to 430.

The new Recruitment Procedure of the Authority has been referred to the Department of Management Services through the Ministry of Plantation Industries by the letter dated 20.12.2016.

#### **Appointments made during the year**

Measures were taken to make following appointments during the year after calling applications as per approval of the Department of Management Services and the Ministry of Plantation Industries for filling vacancies of the Authority.

<b>Designation</b>	<b>Grade</b>	<b>No.</b>
Deputy General Manager (Devp.)	HM 1-1	01
Asst. Manager (Devp.)	MM 1-1	01
Account Officer	JM 1-1	01
Administrative Officer	JM 1-1	02
Tea Inspector /Extension Officer	MA 2-2	20
Management Assistant	MA 1-2	09
Driver	PL 3	02
<b>Total</b>		<b>36</b>

### 1.3.3 Management Strategies Based on Results for Statutory Objectives

The long - term development result / outcome of the institution has been identified as upgrading the life standard of tea smallholders. Actions were taken through annually implemented plans to perform statutory objectives and the said annual implemented plans were implemented updating from year 2010 to 2016 under result based management institutional strategies.

The productivity per hectare (finished tea in kilos) has been taken as the main criteria of performance indicator. Accordingly, field work were directed to achieve results after setting annual goals to the field staff for upcountry, mid country and low country productivity. The unfavourable weather conditions in year 2015 and 2016 have affected the decrease of tea production. (The national goal for year 2016 was \*1800 Kilos of finished tea per hectare). The main development goals to measure the performance of year 2015 and 2016 progress of the performance have been indicated below.

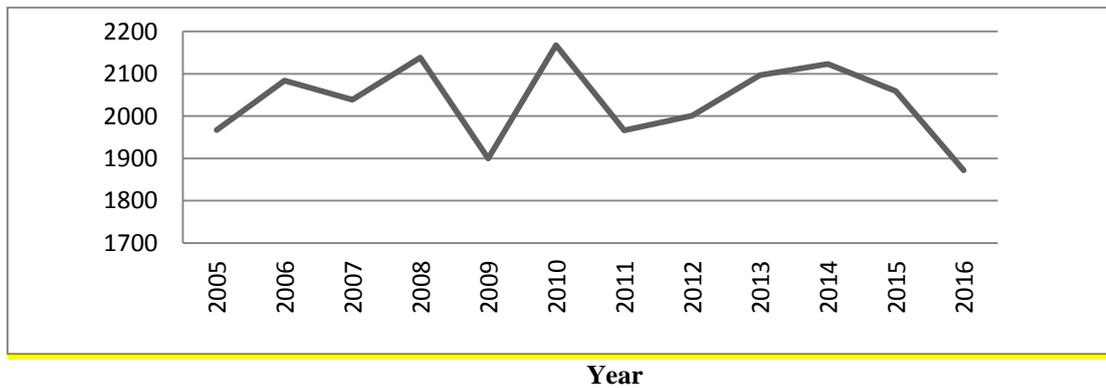
#### Expected Productivity Goals and Performance 2015/2016

(Finished Tea Kg per hectare per year)

	2016			2015		
	Target	Output	Performance	Target	Output	Performance
Low country	2300	1984	86]	2300	2181	95]
Midcountry	1500	1335	89]	1650	1463	87]
Uva	1300	1188	91]	1450	1262	87]
Average	*1800	1872	104]	1800	2059	114]

**Diagram no 01**

Annual trend in Average Productivity



#### Development Results.

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

#### Medial Results –

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

## Tea Small Holdings Sector in Sri Lanka

### 2.1 Tea Small Holdings

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

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

### 2.2 Extent of Lands of Tea Small Holdings:

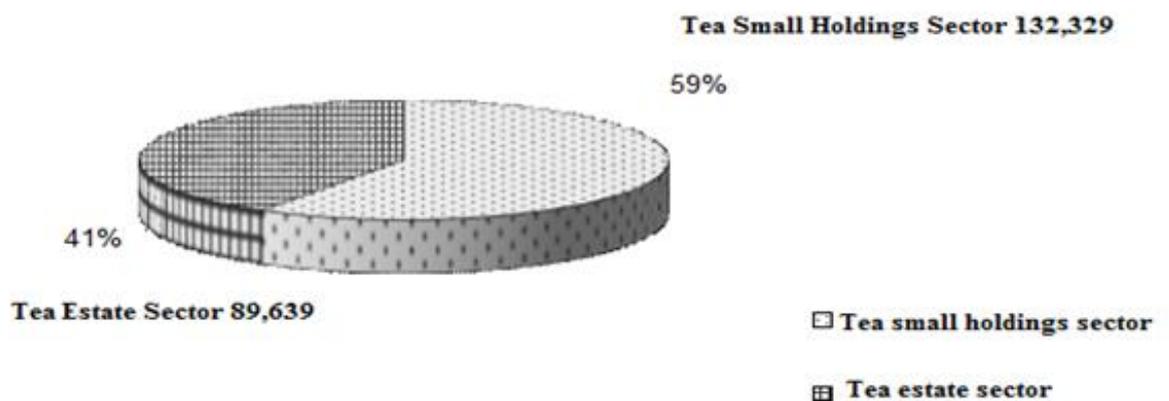
Total tea lands in Sri Lanka amounted to \* 221,968 hectares including 132,329 hectares (with lands less than 20 perches in extent) of tea small holdings as per the census of tea small holdings in year 2005. Accordingly, 59% of the total tea lands in Sri Lanka belong to tea smallholdings sector.

When comparing tea smallholdings, census details of 1994 / 95, land extent under tea smallholdings of Sri Lanka has been escalated by 40%, which is from 82,919 hectares to 116,492 hectares (only lands more than 20 perches) within a period of a decade.

A land in extent of 277 hectares has been added to tea plantation in year 2016 as per the information survey - 2016 based on tea inspection extension officer regions. By the end of year 2016, the total extent of tea small holdings with tea amounted to 121,967 hectares Information with regard to Tea Small Holdings Sector is due to be updated by the programme to register tea small holdings commenced at the end of year 2016)

**Diagram no: 02**

#### Contribution of Tea Small Holdings to Total Extent of Tea Lands



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

### 2.3 Tea Small Holders

Number of tea small holders was 370,842 by year 2005. (Including cultivators of lands less than 20 perches). 82% of them are tea small holders with individual ownership and they own approximately 76% of the tea lands. By the end of year 2016, the number of tea small holders was 393,420 as per annual information based on tea inspection extension officer regions.

### 2.4 Number of Tea Small Holdings.

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

As per the census of 2005, following is the spread of entire plots of tea smallholdings 397223 and the extent of tea lands 132329. Tea smallholdings are spreaded in 3692 grama niladhari divisions under 123 divisional secretariat divisions.

**Table No: 01**

#### **Number of Tea Small Holdings per District of Sri Lanka**

District	No. Of tea small holders	No.of tea smallholdings	No. of Ha.
Colombo	478	491	246
Gampaha	9	9	2
Kaluthara	35,908	38,263	7,823
Kandy	29,224	30,747	16,058
Mathale	1,387	1,408	1,672
N <sup>o</sup> Eliya	16,875	17,547	7,205
Galle	81,491	90,524	27,427
Matara	63,273	67,613	25,417
Hambantota	2,386	2,533	546
Kurunegala	145	151	180
Badulla	28,101	29,679	9,020
Monaragala	634	637	199
Ratnapura	92,038	97,984	30,441
Kegalle	18,893	19,637	6,093
<b>Total</b>	<b>370,842</b>	<b>397,223</b>	<b>132,329</b>

Source: Sri Lanka Survey Report on Tea Lands – 2005

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

## 2.5 Categorization of Lands:

Actions will be taken in the future to update the data and information under the programme to register tea small holdings in collaboration with Sri Lanka Tea Board and till then the information of the Census carried out in year 2005 was used for development activities in the institution.

113,190 acres of land (34.6%) in the tea smallholdings sector are lands less than one acre while 198,707 (60.8%) acres of land are lands less than two acres. Lands more than ten (10) acres amount to 59,731 acres (18.3%). As per the following table 267,253 acres (108,200 hectares) are tea lands less than 10 acres in extent.

**Table no: 02**

### **Categorization per extent of tea smallholdings and the number of plots in Sri Lanka- 2005**

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

Source: Sri Lanka Survey Report of Tea Lands.

## 2.5 Production in Tea Small Holdings Sector

National tea production in year 2016 is 292.57 million kilo grams. Compared to the previous year this is a deduction of 36.39 million kilo grams or 11% from the national production.

Moreover, the total tea production of tea smallholdings sector have been declined by 21.8% million kilograms that is 9% of the production. Major reason for this decline was the extreme weather conditions prevailed with showers during the end of the year 2016 and as a result, the unfavorable situation for leaves production.

The tea smallholders sector contributed 50% of the national tea production in year 1991 escalated its contribution up to 74.5% during the year under review.

**Table No: 03**  
**National Tea Production in Sri Lanka – 2015 / 2016**  
**Contribution per Management Institutions**

Management Institution	Tea Production M.T.			
	2015	%	2016	%
01 Private sector (tea small holdings sector)	239,864	72.92	218,068	74.53
02 Regional plantation companies	86,924	26.42	72,948	24.95
03 People's Estate Development Board	1,842	0.56	1,263	0.43
State Plantation Cooperation				
04 Others	330	0.10	295	0.10
<b>Grand Total</b>	<b>328,960</b>		<b>292,573</b>	

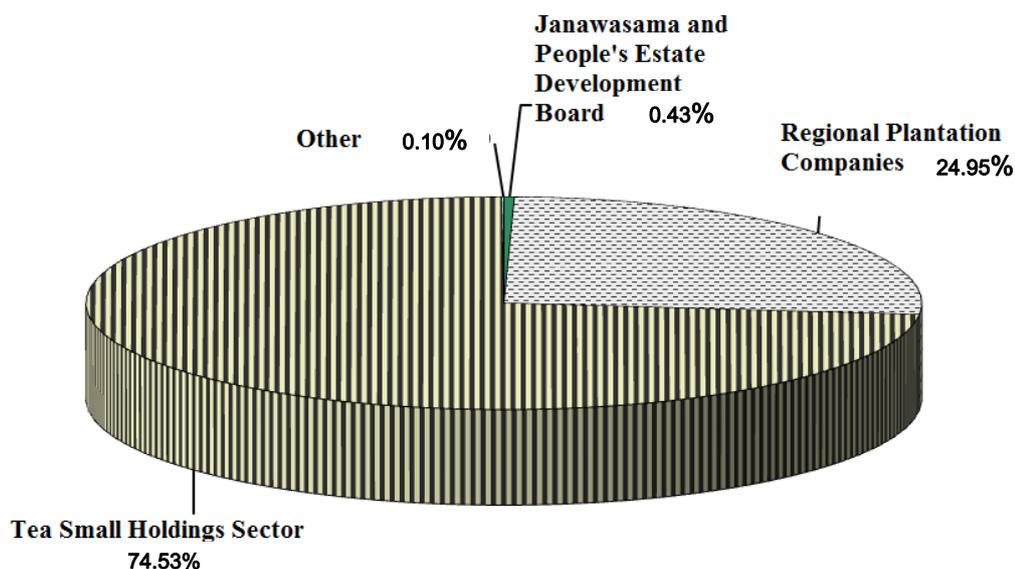
(Others: Tea Shakthi, Tea Small Holders' Factories Ltd., Tea Research Institute of Sri Lanka, Corporative Societies, Elkaduwa Plantations Co., Kalubowitiyana Tea Factories Co.)

Source: Sri Lanka Tea Board

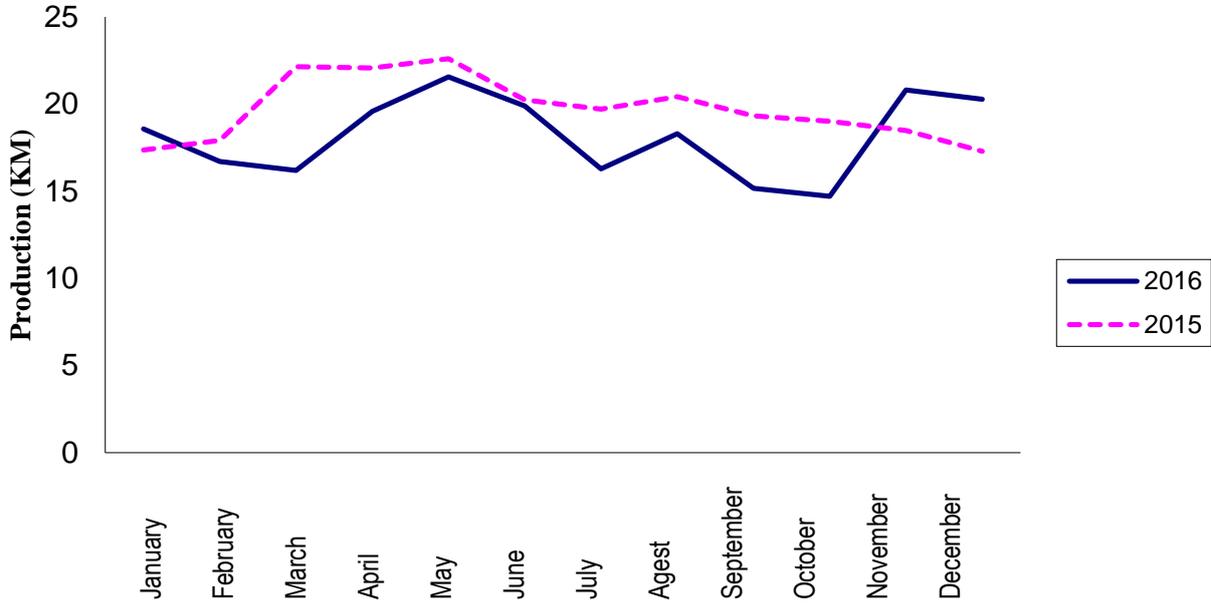
(All that purchased under categorization of institutions has been included in the production of tea smallholdings sector. The categorization under 'Private' is considered as the tea smallholdings sector.)

**Diagram No. 03**

**National Production Contribution Percentage per Management Institutions - 2016**

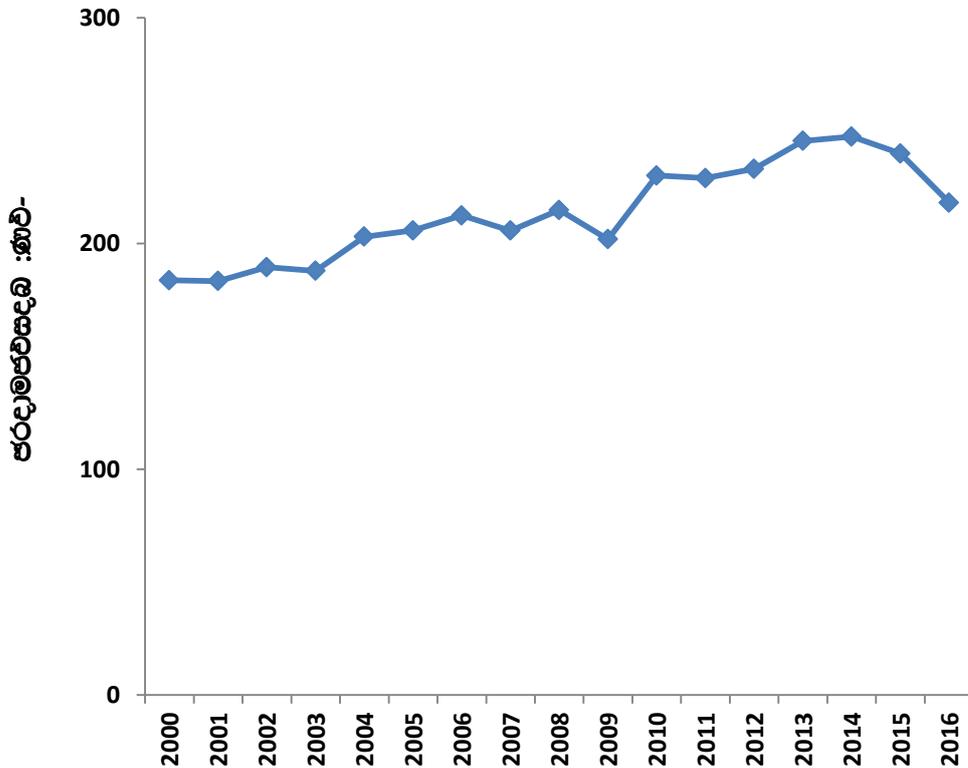


**Diagram No. 04**  
**Monthly Tea Production of Tea Smallholdings Sector - Kilo Millions**  
**( 2015 / 2016 )**



Source: Sri Lanka Tea Board

**Diagram No. 05**  
**Trends in annual tea production in tea smallholdings sector**  
**From 2000 – 2016 (M Kg)**



Source: Sri Lanka Tea Board

## 2.6 Tea Smallholdings Production Composition

Tea smallholdings sector contribution for national tea production in year 2016 consisted of 96% of total low country tea production, 61% of median country tea production, and 19% of the total up country tea production. (Table no. 04) In addition, 81% of the total private sector tea production even in year 2016 belonged to low country tea production.

Compared with year 2015, in 2016, up country tea production in the tea smallholdings sector has been decline by 10.7% while median country tea production has been escalated by 8.8% and low country tea production has been declined by 9%.

**Table No. 04**  
**Physical and Production Contribution of Tea Smallholdings Sector (per situated area)**  
**2015 / 2016**

		Year	Situating area			Total
			Up country	Median country	Low country	
No. of tea smallholdings	(hectares)		5913	21403	89176	116492
Percentage of contribution			5%	18%	77%	
National Productivity	MT	2015	76890	49711	202359	328960
	%		23%	15%	62%	
	MT	2016	64425	44510	183638	292,573
	%		22%	15%	63%	
Production of tea smallholdings	MT	2015	14068	31330	194466	239864
	%		6%	13%	81%	
	MT	2016	12558	28573	176937	218068
	%		5.8%	13.1%	81.1%	
Contribution to national production	%	2015	4.3%	9.50%	59.10%	72.90%
		2016	4.3%	9.8%	60.4%	74.5%
Productivity	Made tea / per ha. / per annum	2015	1973	1463	2181	2059
		2016	1774	1335	1984	1872

### Source

- i. Survey on tea small holdings 2005 - Department of Census and Statistics
- ii. Summary of monthly statistics - Sri Lanka Tea Board 2016

## 2.7 Productivity in the Tea Smallholdings Sector

Increase in the production and productivity in the tea smallholdings sector mainly caused the increase in the national tea production both in years 2015 and 2016 too.

As per the data on production of tea in the Sri Lanka Tea Board, the general productivity of tea smallholdings sector in year 2016 is 1,872 kilo grams of made tea per hectare per year. An increase of 2,059 kilo grams of made tea can be seen per hectare as the general productivity in the tea smallholdings sector for the year 2015 which is a deduction of 9%.

**Table No.. 05**

### **Productivity in the Tea smallholdings sector 2016 (made tea / kilos)**

#### **Administrative District wise**

Administrative District	Extent of tea smallholdings (ha)**	Highlands	Median	Low	Total	Productivity (made tea per 01 ha.)*
Badulla	7,863	3,955,454	5,384,592	-	9,340,046	1188
Galle	25,325	-	-	42,182,189	42,182,189	1666
Hambantota	492	-	-	220,411	220,411	448
Kaluthara	7,588	-	-	18,005,507	18,005,507	2373
Colombo	246	-	-	603,278	603,278	2452
Kandy	12,486	473,779	16,004,058	12,520,727	28,998,564	2322
Kegalle	5,753	309,814	-	7,031,821	7,341,635	1276
Matale	1,190	-	1,050,591	398,126	1,448,717	1217
Matara	22,971	-	-	32,715,688	32,715,688	1424
N'Eliya	5,971	7,802,098	5,496,918	793,864	14,092,880	2360
Ratnapura	28,232	17,308	636,863	62,465,456	63,119,627	2236
<b>Total</b>	-	<b>12,558,453</b>	<b>28,573,022</b>	<b>176,937,067</b>	<b>218,068,542</b>	
Extent of lands based on survey 2005	-	<b>5913</b>	<b>21403</b>	<b>89176</b>	<b>116492</b>	
Estimated general productivity / per hectare	2016	1,774	1,335	1,984	1,872	-
	2015	1,973	1,463	2,181	2,059	-

Source: Sri Lanka Tea Board

\*Lands in exten of less than 20 perches have been excluded in calculating the productivity.

\*\* Including the lands less than 20 perches in extent

\* Data not realistic on the basis of purchase of raw leaves to factories apart from administrative district basis.

## 2.9 Investments and Monitoring Review in Tea Smallholdings Sector

Institutional action plan has been prepared for an amount of Rupees 1039.00 million consisted of Rupees 700 million as development and institutional capital expenditure and Rupees 339.00 million as recurrent expenditure in year 2016.

However, the total receipts were Rupees 1009“45 million consisted of Rupees 674“25million as the capital and Rupees 335“20 million as recurrent expenditure in year 2016.

**Table No. 06**  
**Tea Production in the Private Sector and**  
**Received treasury funds – 2007 - 2016**

Year	Total Tea Production (M.Kg.)	Total Production Contribution %		Allocated amount (Rs. M) for private sector (tea smallholdings sector)
		Private Sector	Other Sectors	
2007	304.61	67.5	26.2	418
2008	318.46	67.4	25.9	405.30
2009	291.13	69.3	24.8	367.80
2010	331.42	69.4	23.8	394.93
2011	327.53	69.9	30.1	391.59
2012	326.27	71.4	28.6	418.83
2013	340.02	72.2	27.8	520.14
2014	338.03	73.1	26.9	742.94
2015	328.96	72.9	27.1	969.72
2016	292.57	72.7	25.5	1009.45

### Operational Review

Estimated operational cost as per action plan of 2016 is Rs. 314.55 However, the operational cost of the year 2016 compared to year 2015 has been deteriorated by 11.1%. Operational cost has been increased due to decline of subsidy amount paid per hectare since several recent years.

**Table No. 07**  
**Operational Review (From 2007 to 2016)**

Year	Development Cost	Operational Cost	Operational Cost per Rupee of Development
	Rs. 000	Rs. 000	
2007	183782	178985	0.97
2008	208255	188725	0.91
2009	185660	202146	1.08
2010	189194	205385	1.08
2011	208407	218527	1.04
2012	276324	233738	0.85
2013	440060	238823	0.54
2014	345104	252774	0.73
2015	561490	303435	0.54
2016	561868	314547	0.56

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

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

#### Statutory Objectives:

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

##### Development Activities:

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

02. Acquire other facilities for tea factories required to make productions from the harvest obtained from the tea lands.

##### Development activities

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

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

##### Development activities

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

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

**Development Activities**

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

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

**Development Activities**

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

## **06. Promotion of Investments of Tea Small Holdings**

### **Development Activities**

- I. Implementation of special projects apart from institutional subsidies (Such as Small Plantation Entrepreneurship Programme, Divineguma)
- II. Providing facilities for the implementation of special loan schemes (Tea Development Project Revolving Loan Funding Scheme, Bank of Ceylon Special Loan Scheme)
- III. Implementation of fertilizer loan scheme
- IV. Maintaining institutional tea nurseries
- V. Maintaining mother plantations
- VI. Registration of commercial tea nurseries and providing knowledge and training.
- VII. Providing facilities required to minimize the cost of investment, which is increasing timely.
- VIII. Making necessary arrangements to maintain the replanting ratio, which is 2%, at a maximum level according to the antigoal policy.

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

### **Development Activities**

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

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

### **Development Activities:-**

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

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

The estimated development cost for the Action Plan prepared for the year 2016 in order to achieve the development results aimed through result based management approach for tea small holding sector is Rs. 644“83 million.

94% of the action plan was allocated for lands development activities from the development capital cost of the action plan. An estimation of 3.04% for extension activities, 0.7% for strengthening community based organizations and 2.23% for strengthening institutional activities had been allocated.

Rs. 546 million was allocated for incentive allowances of encouraging tea replanting under Development Capital allocations, i.e. to uproot 1450 hectares under tea replanting mentioned in the annual action plan 2016 on the requirement of maintaining replanting percentage on 2% on national requirement, 1200 hectares for soil preservation- I, 900 hectares for Soil Preservation-II, 900 hectares for cultivation, 1000 hectares for maintenance. It was able to pay Rs. 487.88 million out of this amount at the end of the year.

## Mid term result based targets and achievements

### 3.1. Middle term results - 01

**Increasing productivity in 06 years to 2500 kg in low country, 1700 kg in mid country and 1500 kg in Uva, processed tea / Ha./ annum**

#### 3.1.1 Maintaining re plantation of tea at the level of 2% annually

It is expected to motivate cultivation of approved vegetative propagated tea in low yielding old seedling tea fields to increase productivity and production of tea small holdings under this incentive.

In order to provide relief in the high cost to be borne in the re plantation, the subsidy provided has been increased up to Rs.500000/- per ha. Since year 2015.

In line with the provisions received by the institutions in year 2016, it was able to fix a target of 1.45% for the uprooting phase and the percentage achieved was 1.34%. Even though 1% was targeted in year 2016 for the tea re planting phase, the performance indicated as 0.73%.

Further, as per the results based management approach commenced in year 2010, it was targeted to bring the average productivity of the tea small holdings up to 2500 kilos of made tea per hectare. However the unfavourable weather conditions the amount has reduced to 1872 kilos per hectare. However, the year 2014, when the maximum production was reported, the average productivity value of made tea was 2123 kgs.

**Figure No - 06 A**  
**Increase of Subsidy for Replanting / Per Ha.**

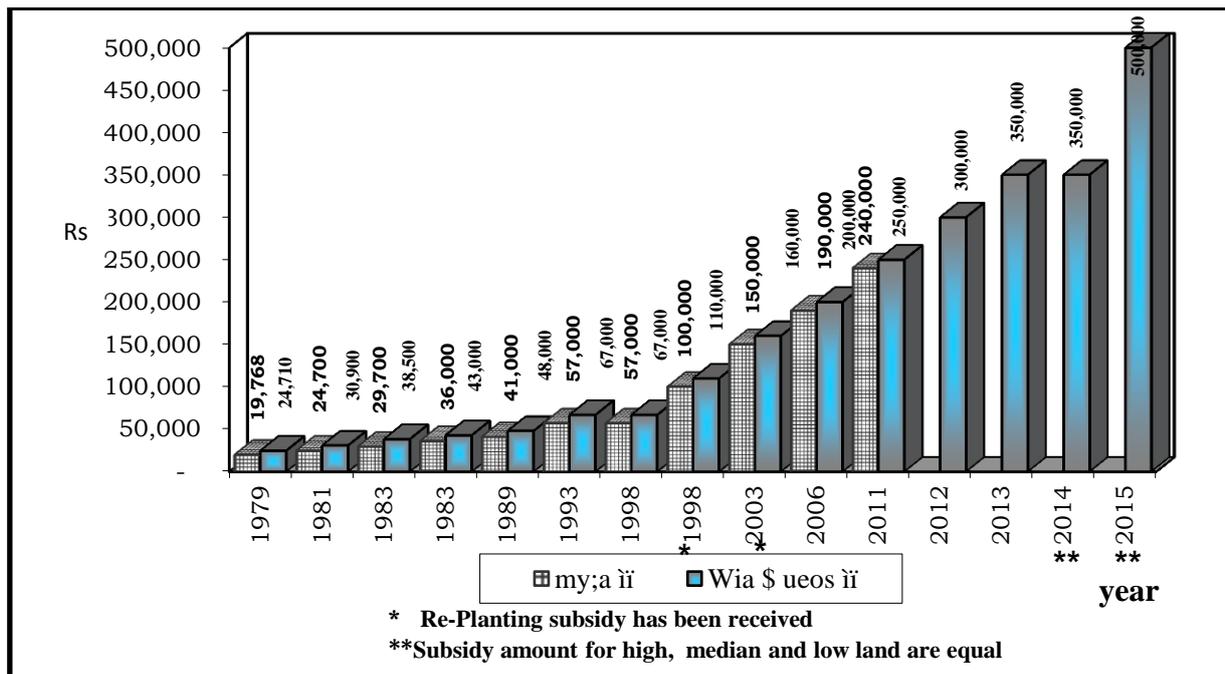
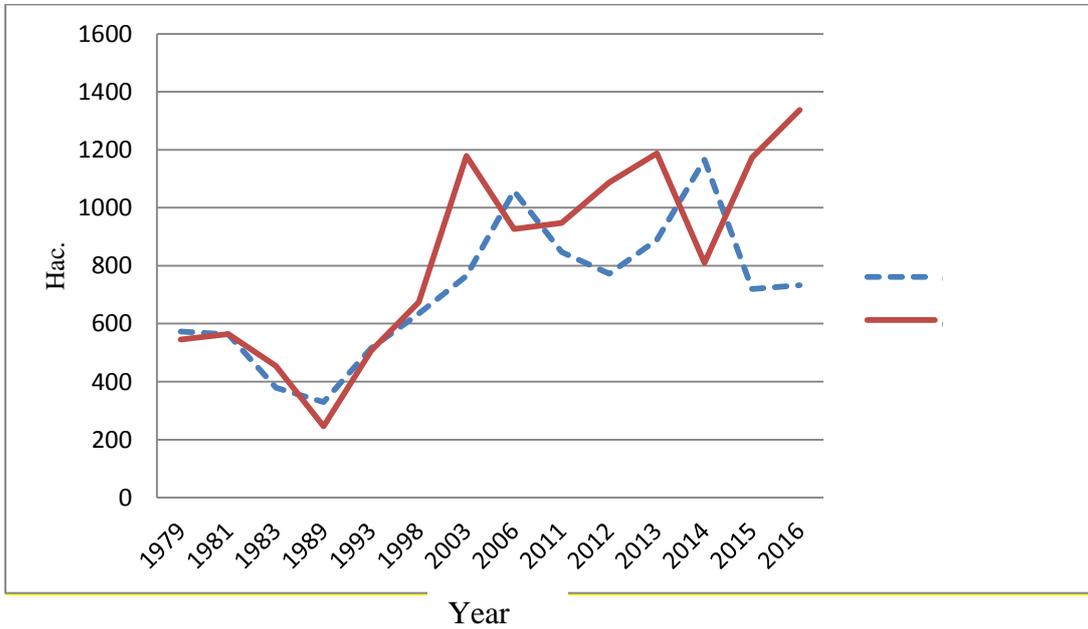


Diagram No -06 B

**Uprooting and trends in Tea Cultivation corresponding to the increase in tea re planting subsidy (ha)**

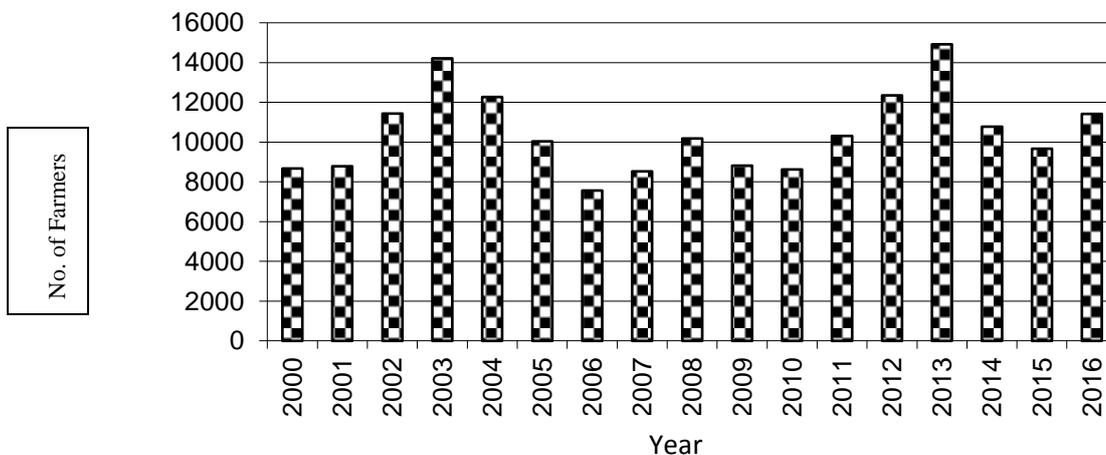


**Application for Tea replanting**

It has been targeted to obtain applications of 17,340 farmers for tea replanting through the Action Plan of 2016, but 11,076 (66%) have been applied for tea replanting. Permits have been issued for 11,076 (97%) out of them within the year. Applying for scheme of providing subsidies for tea replanting has been decreased from 18% in 2016 in comparison to 2015.

Figure No - 07

**Annual application for cultivation subsidies from 2000 to 2016**



## **Performance**

Issuance of permits for tea replanting has been reduced by 23% and the extent of hectares for which the permit holders applied to uproot old tea plants has been reduced by 14% compared to the previous year.

The extent of hectares where tea plants have been uprooted for replanting in year 2016 is 1,356. It is 93.5% from the annual targeted extent of hectares of 1,450. This progress in year 2015 was 73%. The percentage of the progress relative to the above target and compared to the previous year has been increased by 14%.

The extent of hectares where soil has been rehabilitated in year 2016 is 868. This is an increase by 24% compared to year 2014. Since the targeted extent of hectares of the year was 1500, its performance is a progress of 63%.

The extent of land where tea replanting took place is 733 h in year 2016. Since the targeted extent of hectares of the year was 1000, a progress of only 73% has been achieved within the year. The cultivated extent of hectares has also been increased by 9% compared to year 2015.

**Table 08**  
**Tea Replanting Subsidy Scheme**  
**2015/2016 Physical Performance of Year ( Hectares)**

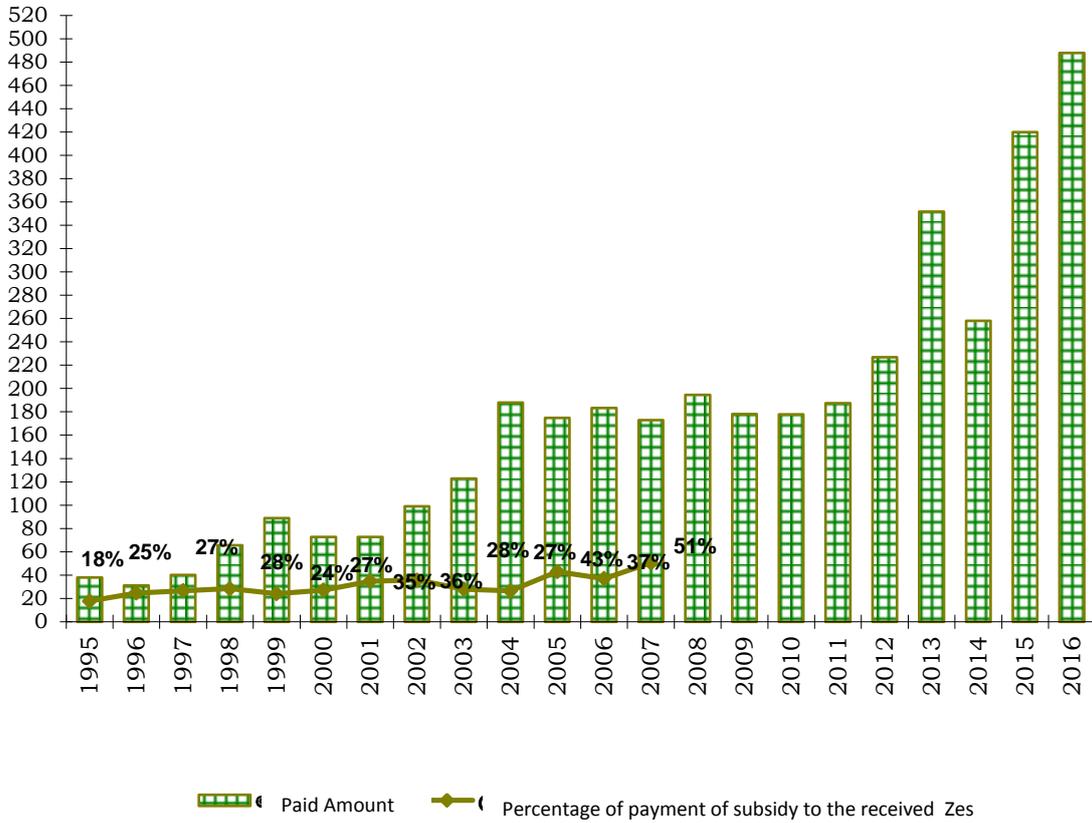
Activity	Year	Low country					Up/ Mid country			Total	Annual Target	Percentage of decrease / increase of progress compared to previous year
		Galle	Kaluthara	Matara	Rathnapura	Kegalle	Kandy	N'Eliya	Uva			
1. Number of applications received	2016	2141	636	2811	2093	716	1254	814	938	11403	17340	18
	2015	2078	541	2015	2067	673	718	872	710	9674	17059	(10)
2. Number of permits issued	2016	2112	632	2752	1988	654	1164	794	980	11076	13895	23
	2015	1945	540	1953	1911	543	642	779	693	9006	15715	(11)
3. Extent of land covered by the permits	2016	508	192	571	486	179	305	158	198	2597	2215	14
	2015	466	174	430	523	168	175	186	156	2278	2252	(10)
4. 4 <sup>th</sup> Preparation of Lands	2016	297	100	284	267	95	135	63	96	1356	1450	14
	2015	258	92	258	257	76	78	74	80	1173	1598	45
5 <sup>th</sup> Soil Rehabilitation- Instalment I	2016	255	79	250	219	92	96	46	71	1108	1200	18
	2015	202	71	198	190	63	77	69	71	941	1500	24
6 <sup>th</sup> Soil Rehabilitation- Instalment II	2016	183	62	184	177	58	89	47	67	868	900	3
	2015	172	50	186	161	67	65	65	80	846	1200	15
7 <sup>th</sup> Tea Replanting	2016	160	44	169	147	60	61	39	53	733	1000	(9)
	2015	152	52	205	146	56	59	66	70	806	1200	12
8 <sup>th</sup> Maintenance after a year	2016	181	50	195	155	48	67	43	72	811	950	0.4
	2015	161	44	185	169	49	72	68	60	808	1090	(3)
9 <sup>th</sup> Subsidies for cultivation paid (Rs.M)	2016	106.92	34.85	106.62	96.77	34.20	46.89	23.50	38.13	487.88	546.00	16
	2015	87.47	29.15	93.93	84.79	28.04	31.68	31.32	33.69	420.07	464.69	63

Source: Progress Report of Tea Small Holders Development Authority

\* Uprooting of 1339 Ha., soil rehabilitation of 882 Ha. and tea replanting of 738 Ha. had been completed in 2016 including physical activities of IFAD project .

**Figure No - 08**  
**Progress of the annual payment of tea replanting subsidy payments (Rs. M)**  
**1995 – 2016**

Rs. M



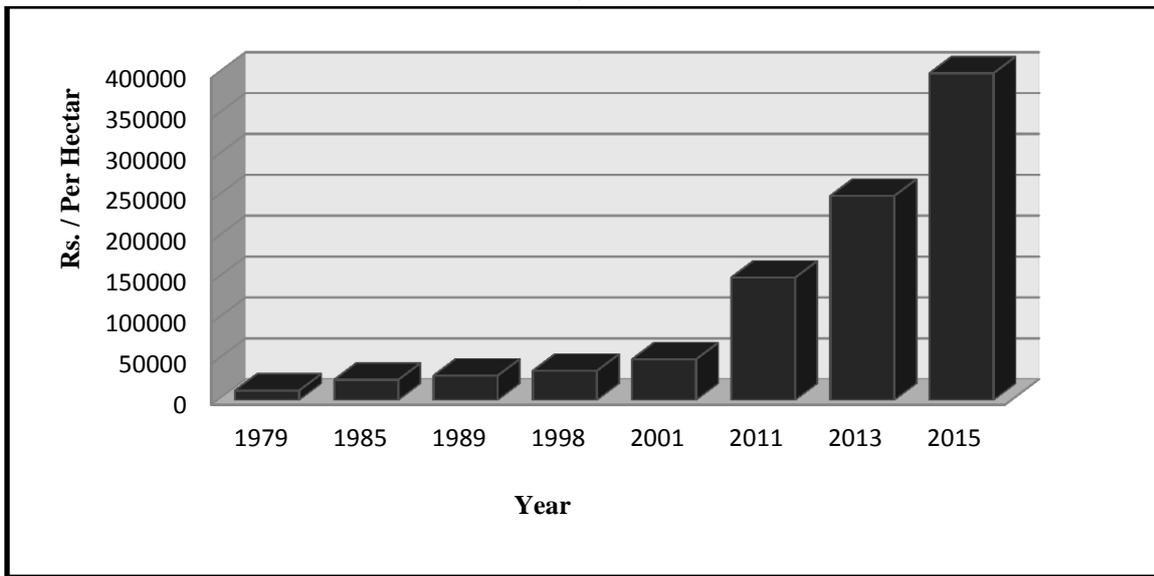
\* Percentage cannot be indicated due to change in the zes amount.

Rupees 487.879 million had been paid to the tea replanting subsidy beneficiaries in year 2016. When compared with year 2015 the amount of subsidy paid has been increased by Rs. 67.8 million, that is 16%.

### 3.2.1 Subsidy Scheme for Planting New Tea Plants

Action has been taken to re-implement the subsidy scheme for planting new tea plants which was suspended in year 2003 on policy decisions from year 2010. Accordingly, action has been taken to make provisions for planting new tea plants in areas with no perennial crops or limited income sources. Maximum extent of land for which permits have been issued for planting new tea plants is 01 acre. Subsidiary amount paid for tea new planting has been increased up to Rs. 400,000/- per hectare with effect from 01.01.2015.

**Figure No - 09**  
**Increase of the subsidy for planting new tea plants amount / Ha.**  
**From 1979**



### Performance

511 applications had been received for planting new tea plants in 2016. Targeted number of applications is 1515. Permits have been issued for 458 in considering the limit of provisions.

Preparation of land in extent of 127 ha had been targeted. Preparation of land in extent of 103 ha had been concluded. Thus, preparation of land had been concluded 81% according to the target hectares were targeted for tea new planting and it has been completed in 109 hectares reaching a progress of 104%.

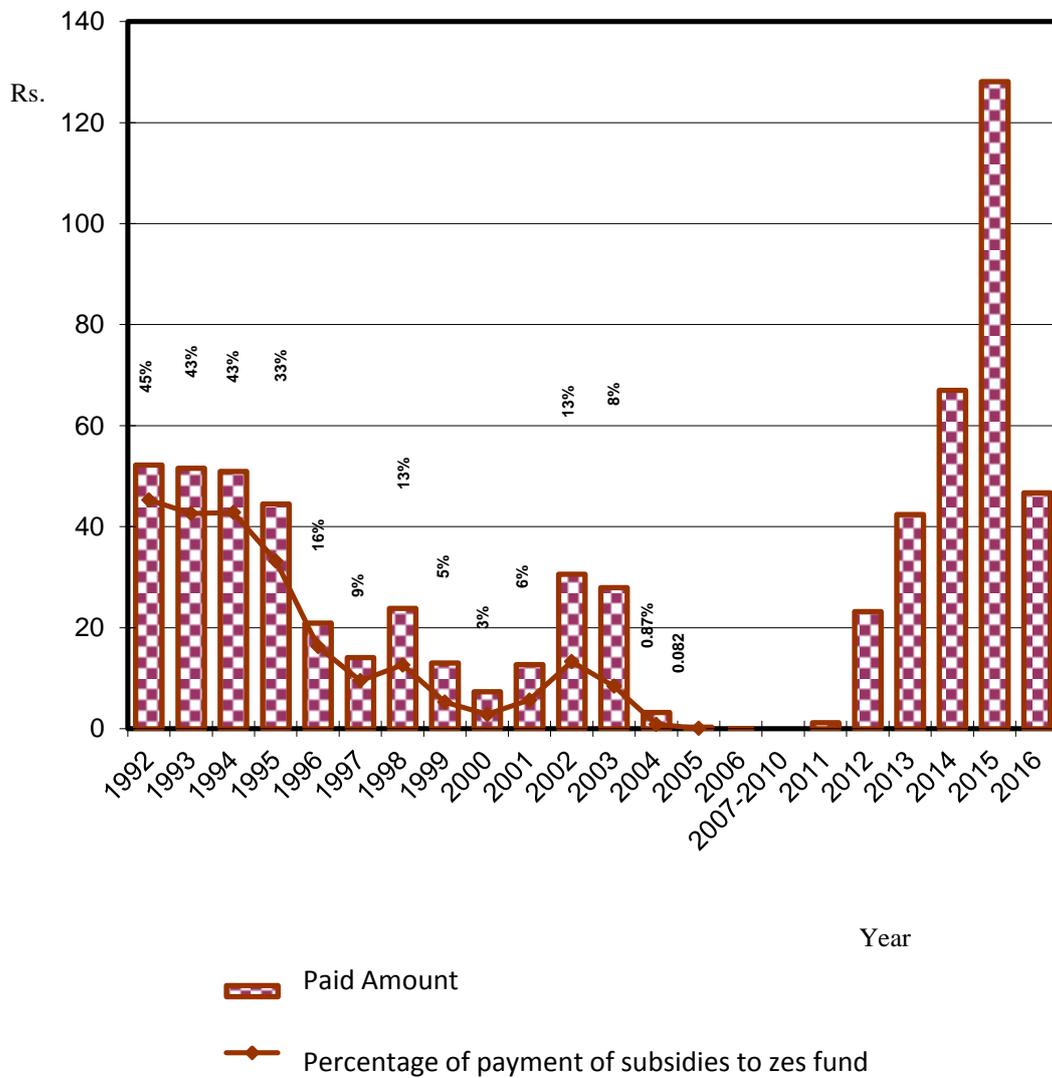
A total amount of Rs. 46.726 million has been paid for planting new tea plants in year 2016. Subsidy paid in comparison to the previous year has been decreased by 64%.

**Table 09**  
**Subsidy scheme for planting new tea plants**  
**Physical performance in 2015/2016 ( Hectare )**

Activity	Year	Low country lands					Up / Mid country lands			Total	Target	Percentage of increase/ decrease in comparison to the previous year
		Galle	Kaluthara	Matara	Ratnapura	Kegalle	Kandy	N'Eliya	Uva			
1. Number of applications received	2015	563	1012	605	1144	1114	99	135	169	4841	4707	(22)
	2016	5	446	3	2	67	8	6	8	545	1515	(88)
2. Number of permits issued	2015	516	1011	584	998	771	90	102	167	4239	4707	(20)
	2016	-	450	-	-	0	1	1	6	458	1350	(89)
3. Preparation of land	2015	61	130	67	112	68	10	13	14	475	453	6
	2016	4.9	75.0	2.6	3.6	12.6	1.6	1.3	1.7	103	127	(79)
4. Cultivation	2015	61	131	67	117	68	10	13	12	479	426	19
	2016	4.5	73.0	2.6	8.1	13.0	2.2	1.3	4.8	109	104	(77)
5. Maintenance	2015	47.3	88.4	37.8	70.8	31.3	11.2	7.4	10.3	304.5	252	198
	2016	40.8	109.0	48.6	90.0	63.3	13.0	3.5	10.7	378.9	269	25
6. Funded amount ( Rs. Million )	2015	16.77	32.57	18.94	32.20	18.45	2.78	3.44	2.97	128.12	128.88	150
	2016	4.88	24.59	1.85	5.18	7.34	0.76	0.36	1.77	46.72	49.77	(64)

Source: Progress Report of Tea Small Holders Development Authority

**Figure No- 10**  
**Annual progress of provision of subsidies for planting new tea plants( Rs. Million )**  
**1992 – 2016**



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

### **3.1.3 Subsidy scheme for crop rehabilitation**

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

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

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

#### **Performance**

2126 had been applied for crop rehabilitation subsidy scheme in 2016. Permits have been issued for 1829 out of them. This is a progress of 86% from the targeted number of permits. Compared to 2015, the number of applications had been decreased by 22% while the number of permits issued had been increased by 27%. According, to the permits, the number of seedlings was 981,075.

Number of seedlings to which the first instalment was paid was 367,876 This is a progress 76% out of the targeted 483,333 seedlings (subject to revision of budget allocations). The number of seedlings to which the first instalment was paid have been increased by 19% in comparison to the previous year.

The number of seedlings to which the second instalment was paid was 246,339. This is a progress of 76% from the targeted 323,000 seedlings. Compared to previous year, the number of seedlings to which the first instalment was paid has been decreased by 23%.

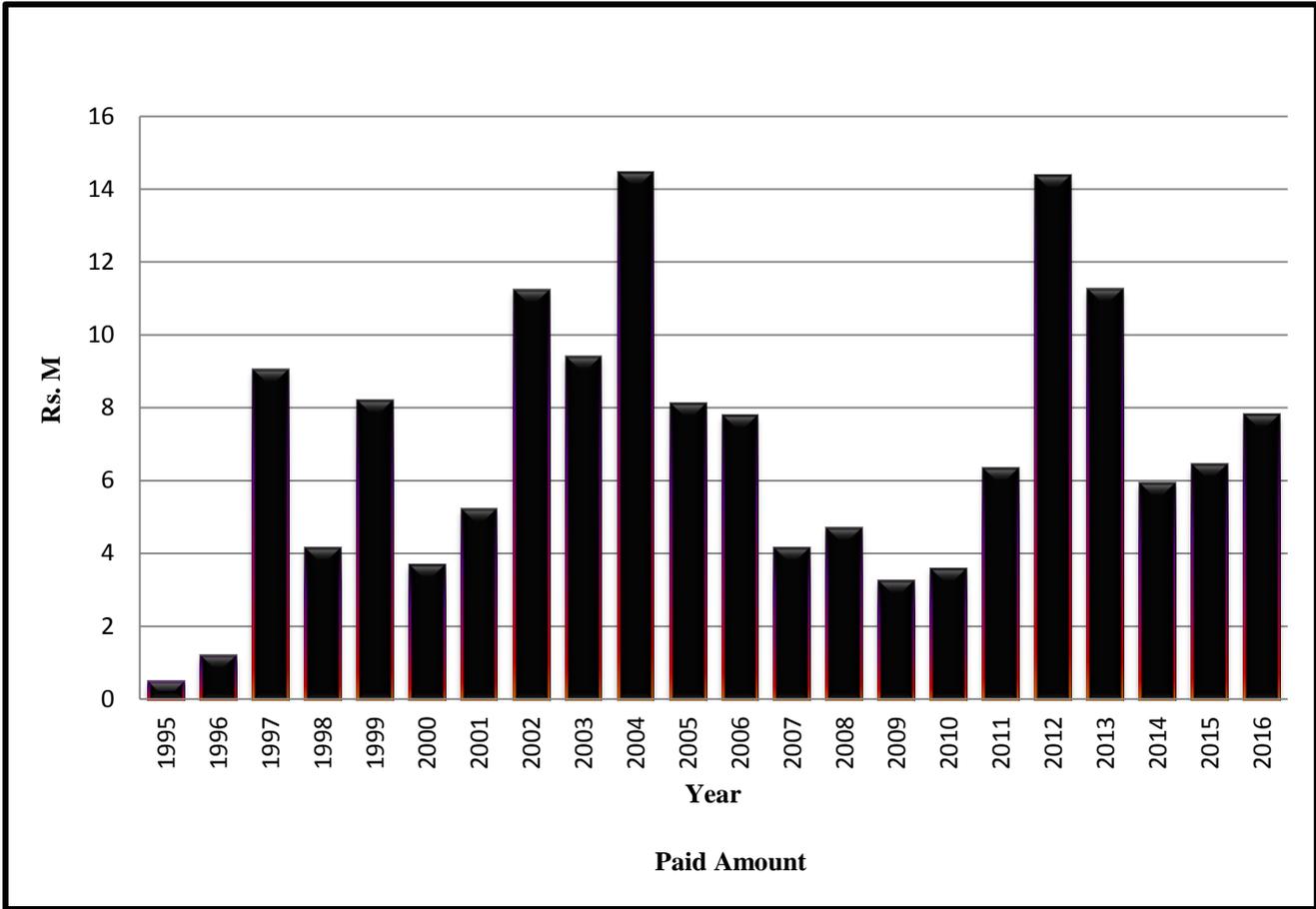
Subsidy of Rs. 7.8 million has been paid for crop rehabilitation in year 2016. It is a increase of 21% compared to the previous year.

**Table 10**  
**Subsidy Scheme for Crop Rehabilitation**  
**Physical progress in 2015 - 2016 ( Number of plants)**

Activity	Year	Low country lands					Up / Mid country lands			Total	Target	Percentage of increase/ decrease in comparison to the previous year
		Galle	Kaluthara	Matara	Ratnapura	Kegalle	Kandy	N'Eliya	Uva			
1. Number of applications received	2016	131	67	338	181	374	680	185	170	2126	2868	(22)
	2015	174	111	231	301	167	387	229	149	1749	3023	(3)
2. Number of permits Issued	2016	129	67	323	122	291	551	159	187	1829	2626	27
	2015	141	113	218	200	108	354	152	155	1441	3023	(4)
3 Targeted number of Plants	2016	40000	32000	85000	65000	65333	106000	50000	40000	483333	483333	73
	2015	20575	17462	26210	47046	56810	51859	34074	25964	280000	*754170	(65)
4 Instalment 1 Number of plants provided	2016	25503	15383	80398	25657	59866	107246	26425	27398	367876	483333	19
	2015	33740	18464	46213	45050	25616	92603	27843	19421	308950	280000	14
5 Installment 2 Number of plants provided	2016	21870	14920	36913	32438	19989	90779	9450	19980	246339	323000	23
	2015	31863	18007	25582	16132	6402	73575	13147	15215	199923	180000	(14)
6. Subsidy amount paid (Rs. Million ))	2016	0.928	0.379	1.59	0.777	0.851	2.269	0.351	0.651	7.800	10.48	21
	2015	0.834	0.457	0.860	0.847	0.388	2.067	0.550	0.424	6.427	6.00	8.75

Source: Progress Report of Tea Small Holders Development Authority

**Figure No - 11**  
**Subsidy Scheme for crop rehabilitation**  
**Progress of payments ( 1995 - 2016 )**



## Supply of Quality Tea Plants

### Maintenance of Mother Bush Cultivations of new improved Tea cultivars

Provision of quality planting material to tea small holders to improve tea production and productivity is the objective of maintaining nurseries.

Thus, the organization maintained mother bush extents with quality new improved cultivars and took steps to provide 256,417 shoots to tea small holders, commercial tea nursery operators, and also the tea nurseries of the institution. This is an increase of 17% compared to the previous year. Annual target of the production of shoots from mother bush was 364,215. It's a progress of 70%. Details of issuance of shoots of improved cultivars from mother bush sites are indicated in Annexure no: 9-A. An amount of Rs. 0.97 million has been spent for this task.

### Commercial Tea Nurseries

The objective is to maintain and supervise commercial tea nurseries with quality as nurseries registered under the organization to make it easy for the tea small holders to obtain tea seedlings with quality with the aim of increasing tea production and productivity.

Accordingly, 701 commercial tea nurseries were registered by all regional offices for 2015 / 2016. Capacity of the said nurseries was 24.67 million seedlings. Out of these, 519 nurseries had obtained recommendations for 7.01 million plants at the first examination, 390 nurseries for 5.85 million plants at the second examination and 145 nurseries for 2.05 million plants at the third examination.

At the end of the year, 330 commercial nurseries had finally got registered for year 2016 / 2017. Estimated plant capacity is 19.0 million. First examination had been completed in 153 nurseries.

Schedule no: 9-C<sub>1</sub> and 9-C<sub>2</sub> indicates a detailed description of information of the number of plants that have been certified.

**Table – 11**  
**Commercial Tea Nurseries**  
**Issuance of Permits for and**  
**Plant Capacity ( 2015 / 2016 ) and ( 2016 / 2017 )**

Region	No. of permits issued		Plant capacity (M)	
	2016/17	2015/16	2016/17	2015/16
Matara	141	193	4.0	5.4
Ratnapura	7	14	5.6	0.8
Kegalle	4	26	0.1	1.7
Kandy	66	93	4.2	3.4
Galle	84	160	3.3	6.0
N'Eliya	5	25	0.09	1.0
Uva	2	147	0.02	3.3
Kaluthara	21	43	1.4	2.6
<b>Total</b>	<b>330</b>	<b>701</b>	<b>19.0</b>	<b>24.2</b>

### **Institutional Tea Nurseries**

Institutional tea nurseries are maintained with the objective of demonstrating production of qualitative plants and controlling market prices when tea small holders buy plants.

Accordingly 1,121,154 plant shoots had been produced by the 08 nurseries for the South Western and North Eastern agricultural seasons in 2015 / 16. Total number of plants sold was 728,907 Selling price of a plant by nursery level is indicated in schedule no: 9 - B.

Even though, the estimated normal cost of a plant is Rs. 16.72, the actual cost of a plant is Rs. 14.11. The actual cost had been less than the estimated cost of certain nurseries and in the mean time, the actual cost had been higher than the estimated cost of some nurseries.

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

A total of 7,084 extension and advisory training programmes were planned for the year under review. Target number of tea small holders for the said programme was 240,343.

The number of training programmes planned for year 2016 to escalate the production and productivity of tea smallholdings is 5838 and out of that 5916 programmes could be implemented. Accordingly, the progress of the said programmes had been increased up to 101%. Estimated number of farmer participation is 177806. Number of participation is 240343.

**Table - 12- i**  
**Extension and Advisory Services – Productivity Promotions**  
**Number of Training Programmes –(1) and Number of Participants - 2**

Regional Office	Programms											Total
	Training to make aware permit holders(1*1*6)	Training for input nurseries (1*1*15)	Training Commercial nursery owners (1*1*19)	Training on Tea plantation (1*1*25)	Training on plucking tea leave (1*2*6)	Training on cutting (1*3*3)	Training on cutting skills (1*3*7)	Training on Soil Management (1*4*2)	Training on shades establishment and Management (1*5*2)	Nutrient Management (1*6*1)		
Galle	1	94	31	25	65	222	127	31	207	152	166	<b>1120</b>
	2	3335	494	485	1881	7253	3752	750	12248	8054	11626	<b>49878</b>
Matara	1	81	20	17	81	142	110	32	159	133	126	<b>901</b>
	2	3015	375	281	2633	4706	2919	901	6418	4876	6028	<b>32152</b>
Kalutara	1	32	12	9	50	139	83	17	103	78	83	<b>606</b>
	2	844	56	93	1436	3609	1910	349	4741	2227	3955	<b>17220</b>
Kegalle	1	55	10	11	26	86	60	11	91	73	67	<b>490</b>
	2	1408	199	142	559	2314	1370	275	2147	1801	1809	<b>12024</b>
Kandy	1	102	27	20	62	151	83	46	161	114	135	<b>901</b>
	2	2574	174	184	1263	3842	2003	1119	4612	2830	3739	<b>22340</b>
N'Eliya	1	47	10	9	27	60	41	20	48	48	44	<b>354</b>
	2	1148	77	104	877	1301	961	432	1853	1327	1333	<b>9413</b>
Ratnapura	1	81	22	24	50	210	110	39	174	129	140	<b>979</b>
	2	2600	239	291	1553	6252	3394	849	5861	4355	4628	<b>30022</b>
Uva	1	43	15	13	28	86	75	18	116	87	84	<b>565</b>
	2	1102	174	114	646	2407	1958	502	3564	2561	2997	<b>16025</b>
<b>Total</b>	<b>1</b>	<b>535</b>	<b>147</b>	<b>128</b>	<b>389</b>	<b>1096</b>	<b>689</b>	<b>214</b>	<b>1059</b>	<b>814</b>	<b>845</b>	<b>5916</b>
	<b>2</b>	<b>16026</b>	<b>1788</b>	<b>1694</b>	<b>10848</b>	<b>31684</b>	<b>18267</b>	<b>5177</b>	<b>41444</b>	<b>28031</b>	<b>36115</b>	<b>191074</b>
<b>Target</b>	<b>1</b>	<b>499</b>	<b>138</b>	<b>146</b>	<b>341</b>	<b>1099</b>	<b>673</b>	<b>182</b>	<b>981</b>	<b>792</b>	<b>805</b>	<b>5838</b>
	<b>2</b>	<b>13769</b>	<b>1402</b>	<b>1102</b>	<b>6915</b>	<b>23242</b>	<b>20360</b>	<b>3088</b>	<b>20990</b>	<b>17595</b>	<b>18018</b>	<b>129519</b>

Source: Progress Report of the Tea Small Holding Development Authority

The acidity of the soil is to be regularly maintained in order to improve the production and productivity of the tea small holdings and therefore it was targeted to test 34475 samples of soil as follows and it was able to these 33247 samples (96% tested).

**Table - 12-ii**

**Number of Individual Extensions and Soil Tests**

<b>Regional Office</b>		<b>Galle</b>	<b>Matara</b>	<b>Kalutara</b>	<b>Kegalle</b>	<b>Kandy</b>	<b>Nuwaraeliya</b>	<b>Rathnapura</b>	<b>Uva</b>	<b>Total</b>
Individual	Target	6825	6000	3900	3300	3809	1661	5200	3780	<b>34475</b>
Extensions	Progress	7769	6333	3672	2955	3465	1551	4280	3222	<b>33247</b>
Soil Tests	Target	6900	6000	3575	3000	4445	1955	7500	3000	<b>36375</b>
	Progress	7165	6360	3265	2523	4001	1529	5582	2960	<b>33385</b>

Source:- Progress Report of Tea Small Holding Development Authority

## **Midterm Results -02**

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

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

The expected activities were to train 14,011 tea leave pluckers to improve the quality of the leaves, promote rules and regulations to make it compulsory for the factories to accept only quality leaves, to carry out awareness programmes for the tea small holders and to make aware the tea small holders on the quality of the leaves. Accordingly, 1082 training programmes were planned to be carried out in year 2016 and 1047 have already been conducted (Table No 13). Number of farmers who participated at the programmes was 43328 and the targeted number was 46120. The progress of the participation therefore was 94%.

**Table - 13**

**Number of training programmes on the quality of tea leaves and the number participants- 2016**

Regional Office	Item	Training of tea pluckers (2.2.2.)	Training on making aware the tea leave providers (2.3.4.)	Training on the quality of tea leaves (2.5.2.)	Total
Galle	<b>Programmes</b>	83	44	57	184
	<b>Participation</b>	1970	3558	3558	9086
Matara	<b>Programmes</b>	84	57	56	197
	<b>Participation</b>	2601	3744	3760	10105
Kalutara	<b>Programmes</b>	53	17	26	96
	<b>Participation</b>	1904	860	1101	3865
Kegalle	<b>Programmes</b>	46	11	24	81
	<b>Participation</b>	1119	347	807	2273
Kandy	<b>Programmes</b>	60	24	38	122
	<b>Participation</b>	1273	767	1880	3920
N'Eliya	<b>Programmes</b>	34	11	19	64
	<b>Participation</b>	818	422	956	2196
Ratnapura	<b>Programmes</b>	99	44	45	188
	<b>Participation</b>	2884	2903	1927	7714
Uva	<b>Programmes</b>	61	22	32	115
	<b>Participation</b>	1442	1043	1684	4169
Total	<b>Programmes</b>	520	230	297	1047
	<b>Participation</b>	14011	13644	15673	43328
Target	<b>Programmes</b>	573	221	288	1082
	<b>Participation</b>	11005	19765	15350	46120

**Source:- Progress report of the Tea Small Holding Authority**

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

As a whole, Rs. Million 3.88 has been spent on extension advises and training programmes. Rs. 0.42 million out of the said amount has been spent on training material making it Rs. 4.31 million as the total.

## Midterm Results – 03

### Strengthening community based organizations by 50% within 06 years

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

1403 Tea Small Holder Development societies were registered as at year 2016 and the membership of the said societies was increased up to 340,006, which is by 25.33%. Number of societies was increased by 0.64%.

The system of societies are implemented with an all island society organization along with 08 district organizations. An election of all society organizations and all island organization was conducted in year 2015.

**Table 14 i**  
**Extension of Tea Small Holders Development Societies**  
**2015/2016**

Official Jurisdiction	Number of Societies		Number of Members	
	2015	2016	2015	2016
Rathnapura	285	285	79,578	97,197
Uva (Badulla and Moneragala)	162	162	28,902	26,907
Nuwaraeliya	187	117	19,378	13,758
Kandy and Matale	145	218	10,575	23,332
Galle	208	209	49,319	64,179
Matara and Hambantota	179	180	44,577	59,770
Kegalle	130	132	17,621	20,334
Kalutara	98	100	21,322	34,529
<b>Total</b>	<b>1,394</b>	<b>1,403</b>	<b>271,272</b>	<b>340,006</b>

**Source:- Progress report of the Tea Small Holding Authority**

In order to strengthen and make the tea small holding development societies efficient, attitude and skills development training programmes were held in 2016 as follows for 3066 office bearers out of the total number of 4203 (73%) covering 1213 societies out of 1403 (87%) covering all the districts. The institution spent Rs.1.43 million for this purpose. In addition Rs.3.3 million has been spent to strengthen community based organizations.

**Progress of Attitude and Skills Development Training Programme for Chief Office bearers of Tea  
Small Holding Development Societies - 2016**

**Table 14 ii**

<b>Regional Office</b>	<b>Sub Office</b>	<b>Number of Societies</b>	<b>Number of Memebers</b>	<b>Amount</b>
Uva	3	125	269	149080.00
Nuwaraeliya	3	94	223	127345.00
Kandy	5	182	474	248202.00
Ratnapura	4	251	754	283160.00
Kegalle	2	111	313	124350.00
Kalutara	2	81	202	95699.00
Galle	4	188	429	220595.00
Matara	3	181	402	184161.00
<b>Total</b>	<b>26</b>	<b>1213</b>	<b>3066</b>	<b>1432592.00</b>

## **Midterm results 04**

### **Strengthening the institution within one year to perform productively**

As per the objectives of the institution, the development of tea lands became a priority and the percentage of tea replanting is a special performance indicator. Tea replanting target in 2016 was 1%, even though only 0.74% could be achieved. The financial progress targeted was 100% but the achieved was 90%.

The expectation of the institution was to maintain the vacancies of the staff at a level less than 5%, the percentage of vacancies in year 2016 was 11.5%.

Although the audit opinion expected by the institute was not satisfactory, the audit opinion achieved in 2016 was unfavourable.

In order to make the institution more efficient, it was essential to conduct censuses for tea small holdings sector. Even though it was planned to conduct a census for 2015/2016, this cannot be achieved due to inadequacy of provisions. Accordingly, it is expected to obtain data required for the planning activities of the institution, from the programme to register tea small holdings in collaboration with Sri Lanka Tea Board conducted in 2016.

Actions have been taken in this year to conduct inbound and outbound trainings with the participation of various grades and levels of the staff to improve positive attitudes of the staff of the institution. (Detailed information is in Schedule 15)

Task based evaluation scheme was implemented in year 2016 for the field staff and Rs.8.13 million was spent for the said task and the activities conducted for the strengthening of the institution. In addition, Rs.1.1 Million has been sent to maintain the data base of the institution.

## Midterm Results 05

### Directing 10% of the lands for additional income generation activities within 05 years.

Directing for additional income generation activities for enhancing living conditions of tea smallholders have been identified. Therefore, the identified short term result is to annually introduce 1000 lands with tea based farm management system, and to forestation of 1000 tea smallholdings. 164 programmes were planned for the year under review and 119 out of them were implemented. The target number of farmers for the purpose was 2167 and the participation was 2931. Programmes have been implemented as follows during the relevant year.

Table - 15

#### Training of tea based farms (5.1.4) Number of programmes and participants -2016

	Divisional Office							Total	
	Galle	Matara	Kalutara	Kegalle	Kandy	Nuwaraeliya	Rathnapura		Uva
<b>Programmes</b>									
Target	23	20	13	11	39	17	25	16	<b>164</b>
Progress	24	18	18	8	10	4	24	13	<b>119</b>
<b>Participation</b>									
Target	230	200	150	220	692	300	250	125	<b>2167</b>
Progress	564	406	633	170	217	56	572	313	<b>2931</b>

Source- Progress Report of Tea Small Holdings Development Authority

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

### 3“ 2 Special Project activities to promote investments in small tea lands

#### 3.2.1 Government Financial Subsidy for Tea Fertilizer for Tea Smallholdings.

Government financial subsidy for tea fertilizer was provided for the tea small holders who own a land with the extent of one hectare or less, in year 2016. Accordingly, it was able to obtain a financial subsidy of Rs. 15,000 (maximum) per tea cultivated hectare. The annual progress is given below.

**Table - 16**

**Progress of the Subsidiary of Tea Fertilizers - 2016**

Regional Office	District	Total Amount (Rs.Mn)	Number of Beneficiaries	Land (Acres)
Galle	Galle	288“44	46734	18864“6
Matara	Matara and Hambantota	246“89	38202	16162
Ratnapura	Rathnapura	318“00	44209	21185“3
Kandy	Kandy, Matale and Kurunegala	104“00	16853	6902
Nuwaraeliya	Nuwaraeliya	68“69	11465	4112
Uva	Badulla and Moneragala	80“69	15468	5377“3
Kegalle	Kegalle and Gampaha	64“80	11633	4302
Kalutara	Kalutara and Colombo	104“40	19990	6959“3
Total		1275“91	204554	83864“5

### 3“2“2 Special Productivity Programme on Soil and Water Conservation

Special programme to promote soil and water conservation is a project inaugurated on the national budget allocations of year 2014. Under this special project, 1 tea smallholder was given Rs. 5000/- per one hectare of land for a maximum of one hectare of land (for lands exceeded 10 years of cultivation) subject to completion of land conservation activities in 2 stages.

An allocation of Rs.472.31 million was granted for these projects for year 2014 and the amount paid in year 2014 was Rs. 429.82 million and the total provisions granted for the year 2015 was Rs.323.47 million and Rs.328.03 million was paid in year 2015.

Altogether, this project was granted with an allocation of Rs.795.78 million and at the end of year 2015 Rs.757.85 had been paid. The balance of the amounts was paid to 22,890 tea small holders in Galle and Matara District for 15391.97 acres, being Rs.2500.00 per acre (Rs.1000 for the land owners with less than 64 perches). 66 Societies in Galle District and 43 Societies in Matara District were included here. Total amount paid Rs.41.98 million.

### 3“2“3 Special Loan Scheme of Bank of Ceylon for Tea Smallholders

The tea smallholdings development authority signed the loan agreement for the above loan scheme implemented by Bank of Ceylon in October of year 2013.

By this loan scheme implemented covering all districts where tea is being cultivated, the bank supplies loan grants under a timely concessionary interest rate for the major development activity for tea re - planting, tea new planting, and establishment of tea nurseries and generation of additional income purposes up to a maximum of Rs. 05 lacks subject to a maximum of 01 acre.

The institution has given recommendations for a loan amount of Rs.227.8 Million for 692 land owners. Accordingly, loan recommendations were given as for Rs.156.49 million for 476 farmers to tea replanting, Rs. 40.43 million for 114 farmers for tea nursery development and Rs. 29.17 for 93 farmers for tea new planting.

### 3“2“4 Small Plantation Entrepreneurship Development Programme (SPEnDP) – (IFAD) Nuwaraeliya District

It was expected to develop tea replantation and input tea nursery development activities in order to improve the entrepreneurship of tea small holders in Hadabima and Mahaweli C Zone areas.

A cost of Rs. Million 11.27 has been borne in the year 2016 for projects and the physical progress had been as follows.

**Table 17**

	N' Eliya			Kegalle			Kamdy		
	Extent of Lands Ha.	Number of Beneficiaries	Financial Progress (Rs)	Extent of Lands Ha.	Number of Beneficiaries	Financial Progress (Rs)	Extent of Lands Ha.	Number of Beneficiaries	Financial Progress (Rs)
<b>Tea re - plantation</b>									
Uprooting Soil conservation	4.5630	34		0.9243	4		1.4061	12	
Fertilizing the soil 1	7.4665	47	3,336,013	1.6578	10	905,071	5.0075	42	2,161,346
Fertilizing the soil 2	3.4553	26		2.5392	14		9.6391	70	
Cultivation	3.4654	27		0.3600	2		6.4901	47	
After one year from the cultivation	6.9029	54		3.3798	25		15.7661	131	
<b>Supplying stem shoots</b>									
Number of Plants	77990	75	1,442,826					98132	1,815,457
Travelling Expenses			49,750						
Number of farmer training programmes	50	1200	60,200	4	30	10255	6		98,129
Dolomite, Zinc Sulphate and trimming knives		516 160	629,680						
Operational Expenses			509,660			14,566			232,637
<b>Grand Total</b>			<u>6,028,129</u>			<u>929,892</u>			<u>4,307,569</u>

### **3.2.5 Smallholders Tea & Rubber Revitalization (STaRR) Project) (2016-2021)**

The total investment of this project is Rs.8052 million and it is comprised of Rs 4259 of Sri Lanka Government and Rs. 3349 million of IFAD. The investment cost for tea small holding sector is Rs. 5777 million, that means 69% of the total investment.

The objectives of the project are to improve the food security of the project districts and to empower the tea small holders by increasing their income. The project is implemented in Galle, Matara, Kandy, Nuwaraeliya, Rathnapura and Badulla districts. Accordingly, it is expected to develop tea small holding secotr as follows.

Strengthening Tea Small Holding Development Societies with regard to production and sale of tea leaves, providing assistance for market operated tea products and diversification of income and market for tea small holders. It has also been targeted to carry out tea re planting in 5500 hectares and to provide infilling up to 15% of the lands. In addition to these, improving the women participation in 200 tea small holding committees and increasing the product capacity, providing technical knowledge to the tea small holders, providing training for tea nursery owners, renovation of farm roads with the extent of 90 km, improving the capacity of obtaining loans from banks for tea small holders are some other expectations to be achieved.

Further, it is expected to uproot 1655 hectares of tea lands for tea re planting.

**Table 18**  
**Management for Development Result**  
**Main Performance Indicators**

Mid term results	Major performance indicator	Provisions		Financial Progress	Base year 2008	Indicator based Activity Target & Progress		Remarks
		Expected	Allocated			2016		
						Target	Progress	
1 Long term results Upgrading life standard of tea smallholders Increase kilos of made tea per year / per ha. In 06 years Low country up to 2700 Mid country up to 1700 Uva up to 1500	I Percentage of developing individual unit assets							Socio economic surveys
	II Percentage of children's secondary education				NA		NA	
	1.1.Developing unit productivity at district level and suitability level	895.63	623.93	560.05				Statistical data of Sri Lanka Tea Board
					2085	2300	1984	
					1050	1500	1335	
					1055	1300	1188	
	1.2.Increase production in tea smallholdings (M.kg)				215	252	218	
2 Increase the raw leaves quality up to 60 % at factory level in 05 years	2.1. Better leaves percentage at factory level	2.00	1.93	1.26	35%	60%	48%	Data of Tea Commissioner branch of SLTB
3 Development 50% of community based organisations in 06 years	3.1.Development of assets value	8.5	4.5	4.38	NA			Socio economic survey census
	3.2.No. of societies monitoring identified activities				100	327	.....	
	3.3. Member attitudes pertaining to productivity				NA	10%		
4 Strengthening the institution to operate more productively within a year	4.1.Percentage of fulfilling targets	164.71	14.38	10.32				Audit opinion was unfavourable in the report of 2015
	Tea re – planting loan scheme							
	a. Finance				102%	100%	89%	
	b. Physical				92%	100%	73%	
	4.2. No. of audit weaknesses				True & fair	unqualified	.....	
	4.3. Percentage of deviation from budget ( Development Capital)				13%	0%	(-10)%	
	4.4.Attitudes of the staff on productivity of the institution				NA			
5 Directing 10% of lands for additional income generation activities within 05 years	5.1.Percentage of lands with other crops	0.25	0.09	0.02	35%	40%	NA	Socio economic survey census
	Percentage of lands with animal husbandary				NA			
<b>Sub Total</b>		<b>1071.09</b>	<b>644.83</b>	<b>576.03</b>				

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

### 4.1 Labour Cost.

According to annual information obtained at field level on tea smallholdings sector, it is revealed that an amount more than the wages limit due to be paid as per the wages control ordinance is paid when considered the daily wages level for plucking leaves in tea smallholdings sector, pruning, weeding

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

### 4.2 Production cost for a one kilo of green leaf

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

**Table - 19**  
**Price of one kilo of green leaf and production cost 2006 - 2016**

Year	Average Price (Rs. Per 1 kilo)	Average Production Cost (Rs. Per 1 kilo)
2006	29.18	21.87
2007	40.88	30.64
2008	45.45	36.24
2009	52.71	37.24
2010	54.11	38.56
2011	52.63	44.43
2012	57.27	49.50
2013	64.99	51.40
2014	67.54	54.54
2015	58.80	55.08
2016	68.53	64.52

To calculate production cost of a kilo of green leaf in 2016, the average yield per hectare (Low country V.P. tea) has been considered as 9226 kg per ha. (low country stem tea). (According to production date of Sri Lanka Tea board). This yield level in 2015 had been estimated at 10,140 kg.

According to calculation based on cumulative prices, average price paid for a kilo of green leaf in 2016 had increased by Rs.9.73 or 16.5% in comparison to year 2015. Estimated cost of production had increased by Rs. 11.00. To minimize escalation of production costs, the national fertilizer subsidy scheme which is Rs.15,000 per hectare, had contributed to a great extents and it had been possible to reduce the percentage cost level of fertilizer.

### **Green Leaf Prices and Estimated Cost existent in 2016**

According to Sri Lanka Tea Board data (Schedule No. 10-A), average price of made tea realized for all elevations had become lower in year 2016 compared to year 2015.

Payment of a kilo gram of raw up country tea in year 2016 has been deteriorate back to Rs. 56.79 while for median country it was Rs. 59.98 and the price for the low country kilo gram of tea is Rs. 60.88 making it to a total average price from Rs. 67.54 to Rs. 58.80.

#### **4“ 3 Replanting Cost of Tea**

Average of production margin based on average productivity of the smallholdings for 2016, average green leaf prices existent during the year and estimated cost of production was Rs.3.76. The productivity increased comparatively by 4% when considered with year 2015, as it was Rs.3.72.

#### **4“ 4 Replanting Cost of Tea**

Increase in labour cost for replanting due to labour scarcity had specially influenced cultivation costs. High cost and lack of financial subsidies to cover fertilizer subsidy are some of the factors affecting the cost. It is revealed in estimates that 80% of the total cost is incurred as the cost of labour. (Schedule No. 11-A and -B) The cost borne for all fertilizer mixtures could be obtained from the National Fertilizer subsidy scheme, which is Rs.15,000/- per hectare, in year 2016

**Table - 20**  
**Estimated Replanting cost per Hectare 2015/ 2016 (Rs)-(From Uprooting to Plucking)**

<b>Activity</b>	<b>2016</b>		<b>2015</b>	
	<b>High &amp; Mid</b>	<b>Low</b>	<b>High &amp; Mid</b>	<b>Low</b>
Uprooting (First Year)	704,889	572,805	586,374	475,078
Soil Rehabilitation (Second Year)	183,850	197,941	146,470	154,640
Planting Tea (Third Year)	992,992	968,992	841,902	821,902
First Year Maintenance (Fourth Year)	561,852	541,602	436,732	420,482
Second Year Maintenance (Fifth Year)	380,152	367,102	293,052	282,802
<b>Total</b>	<b>2,823,735</b>	<b>2,648,442</b>	<b>2,304,530</b>	<b>2,154,904</b>

#### 4“5 Rate of Incentive per Hectare and Cultivation Cost

It is apparent from the following table that in considering the ratio between cultivation incentive and cultivation cost existent in year 2016, it had been possible to cover about 19% of the total cultivation cost from the incentive for replanting.

**Table - 21**

Year	Cultivation Cost (Rs)		Subsidy Rate		Percentage covered by 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	1516332	1452292	200000	190000	13%	13%
2010	1704051	1625290	200000	190000	12%	12%
2011	1836280	1724904	250000	240000	14%	14%
2012	1836280	1724904	300000	300000	16%	17%
2013	1929930	1810904	350000	350000	18%	19%
2014	1929930	1810904	350000	350000	18%	19%
2015	2304530	2154904	500000	500000	22%	23%
2016	2823735	2648442	500000	500000	18%	19%

\* From 01 / 07 / 1998

Schedule No 01

**Approved Cadre of the Tea Small Holding Development Authority**

**2016-12-31**

	Post	Approved cadre
<b>1" Senior Managers</b>		
	General Manager	1
	Deputy General Manager (Development)	1
	Deputy General Manager (Extension)	1
	<b>Sub total</b>	<b>3</b>
<b>2" Managers</b>		
	Internal Auditor	1
	Manager (Finance)	1
	Assistant Manager (Finance)	2
	Manager Human Resources and Administration)	1
	Assistant Manager (Human Resources & Administration)	3
	Manager (Development)	1
	Assistant Manager (Development)	1
	Assistant Manager/ Manager (Extension)	1
	Assistant Manager / Manager ( Training)	1
	Assistant Divisional Manager (Extension)	8
	Assistant Divisional Manager (Planning and Development)	6
	Divisional Manager	8(i)
	Manager (Planning and Monitoring)	1
	Assistant Manager (Planning and Monitoring)	1
	<b>Sub Total</b>	<b>36</b>
<b>3" Junior Officers</b>		
	Accounts Officer	9
	Internal Auditor	1
	Administrative Officer	7
	Officer in charge-Sub Office	26
	Training Officer	1
	<b>Sub Total</b>	<b>44</b>
<b>4" Management Assistant - Technical</b>		
	Tea Inspector / Extension Officer	144(ii)
	Book Keeper	9
	<b>Sub Total</b>	<b>153</b>
<b>5" Management Assistant - Non Technical</b>		
	Management Assistant	134(iii)
	Nursery Assistant	7
	<b>Sub Total</b>	<b>141</b>
<b>6" Primary Level- Trained</b>		
	Driver	26(iv)
	<b>Sub Total</b>	<b>26</b>
<b>7" Primary Level - Partially Trained</b>		
	Cook / Assistant Cook	2
	<b>Sub Total</b>	<b>2</b>
<b>8" Primary Level- Untrained</b>		
	Office Assistant / Labourer - Sanitary	25(v)
	<b>Sub Total</b>	<b>25</b>
	<b>Total</b>	<b>430</b>

- (i) The posts of Tea Inspector/ Extension Officer have been revised as 144 by the letter of the Department of Management Services No DMS/1714 dated 15/03/2016
- (ii) 13 Management Assistants Posts have been approved by the letter of the Department of Management Services No DMS/1714 dated 2016.03.15 and one post of Management Assistant has been approved as the Personal Assistant of the Chairman by te letter of the MDepartment of Management Services dated 18/08/2016.
- (iii) 07 driver Posts have been approved by the letter of the Department of Managemant Services No DMS/1714 dated 15/03/2016 In addition, 02 posts, namely a post of Assistant General Manager (Services) and a post of Public Relations Officer at Management level have been approved so as to personal to the persons holding the posts.

Schedule No: 02

Tea Small Holding Development Authority  
Cader as at (2016/12/31)

Post	Service Category	Grade	Main		Galle		Matara		Ratnapura		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	0	
2	** Management advisor	-	-	1																			0	1	
3	Deputy General Manager (Development)	HM 1-1	II	1	1																		1	1	
4	Deputy General Manager (Extension)	HM 1-1	II	1	1																		1	1	
5	Internal Auditor	MM 1-1	I	1	1																		1	1	
6	Manager (Finance)	MM 1-1	I	1	1																		1	1	
7	Assistant Manager (Planning & Monitoring)	MM 1-1	I	1	1																		1	1	
8	Assistant Manager (Human Resources & Administration)	MM 1-1	-	1																			1	0	
9	Manager (Devopment)	MM 1-1	I	1																			1	0	
10	Regional Manager	MM 1-1	I			1		1	1	1		1		1	1	1		1					8	2	
11	* Assistant General Manager (Services)	MM 1-1	II		1																		0	1	
12	Assistant Manager/ Manager ( Training)	MM 1-1	-																		1		1	0	
13	Assistant Manager (Finance)	MM 1-1	II	2	2																		2	2	
14	Assistant Manager (Human Reso. & Admin)	MM 1-1	II	2	2									1									3	2	
15	Assistant Manager (Planning & Monitoring)	MM 1-1	II	1	1																		1	1	
16	Assistant Manager (Extension)	MM 1-1	II	1															1				1	1	
17	Assistant Manager (Development)	MM 1-1	II	1															1				1	1	
18	Assistant Regional Manager (Exten.)	MM 1-1	II			1	2	1	1	1	1	1	1	1	1	1	1	1			1		8	8	
19	Assistant Regional Manager (Planning & Development)	MM 1-1	II			1		1		1	1	1		1	1								6	3	
20	Administrative Officer	MM 1-1	I/II	1	1	1	1	1	1	1	1	1	1	1		1	1	1	1				7	7	
21	Accounts Officer	JM 1-1	I/II	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1				9	8	
22	Internal Auditor	JM 1-1	II	1							1												1	1	
23	Training Officer	JM 1-1	II																	1	1		1	1	
24	Officer in charge (Sub Office)	JM 1-1	II			4	4	3	1	4	3	4	5	4	3	3	3	2	1	2	2		26	22	
25	* Public Relation Officer	JM 1-1	II									1											0	1	
<b>Sub Total</b>				<b>18</b>	<b>14</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>5</b>	<b>9</b>	<b>6</b>	<b>9</b>	<b>10</b>	<b>8</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>6</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>83</b>	67

26	Tea Inspector / Extension Officer	MA 2-2	I/II/III			23	22	20	15	25	22	25	19	11	8	16	14	13	12	11	8			144	120	
27	Book Keeper	MA 2-2	I/II/III	1	1	1	1	1		1		1		1	1	1	1	1		1				9	4	
<b>Sub Total</b>				<b>1</b>	<b>1</b>	<b>24</b>	<b>23</b>	<b>21</b>	<b>15</b>	<b>26</b>	<b>22</b>	<b>26</b>	<b>19</b>	<b>12</b>	<b>9</b>	<b>17</b>	<b>15</b>	<b>14</b>	<b>12</b>	<b>12</b>	<b>8</b>	<b>0</b>		<b>153</b>	<b>124</b>	
28	Management Assistant	MA 1-2	I/II/III	30	23	19	10	17	14	19	18	9	20	13	11	9	19	9	8	7	11	2	2	134	136	
29	Nursery Assistant	MA 1-2	I/II/III				1	1		1		2	2	1			1	1	1	1			7	5		
<b>Sub Total</b>				<b>30</b>	<b>23</b>	<b>19</b>	<b>11</b>	<b>18</b>	<b>14</b>	<b>20</b>	<b>18</b>	<b>11</b>	<b>22</b>	<b>14</b>	<b>11</b>	<b>9</b>	<b>19</b>	<b>10</b>	<b>9</b>	<b>8</b>	<b>12</b>	<b>2</b>	<b>2</b>	<b>141</b>	<b>141</b>	
30	Driver	PL 3	I/II/III	8	5	2	3	2	1	2	2	2	2	2	2	2	2	2	1	2	1	1	1	26	20	
31	Chef	PL 2	I/II/III																			1	1	1	1	
32	Assistant Chef	PL 2	I/II/III																			1	1	1	1	
33	Office Assistant	PL 1	I/II/III	7	13	2		2	3	2	4	2	3	2	3	2	2	2	3	2	2		1	23	34	
34	Labourer	PL 1	I/II/III	1	2		1				2	1	1		1		1							2	8	
35	Management Assistant (Casual)				3		3								2										8	
36	Management Assistant										1														1	
37	Management Assistant (Chequeroll)				3		2		1																6	
38	Tea Nursery Assistant (Chequeroll)								1																1	
39	Driver (Casual)				2				1				1		1								1		6	
40	Labourer (Chequeroll)								1														3		4	
<b>Sub Total</b>				<b>16</b>	<b>28</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>8</b>	<b>4</b>	<b>9</b>	<b>5</b>	<b>7</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>53</b>	<b>90</b>
<b>Total</b>				<b>65</b>	<b>66</b>	<b>56</b>	<b>51</b>	<b>51</b>	<b>42</b>	<b>59</b>	<b>55</b>	<b>51</b>	<b>58</b>	<b>38</b>	<b>35</b>	<b>38</b>	<b>45</b>	<b>34</b>	<b>29</b>	<b>30</b>	<b>30</b>	<b>7</b>	<b>11</b>	<b>43</b>	<b>0</b>	<b>422</b>

Approved cadre as per the letters No. DMS/E4/08/5/070/1 , DMS/1714, DMS/1714 V-1 dated 31.01.2011, 15.03.2016, 18.08.2016 of the Department of Management Services

ACT -Actual - Cadre as at 2016.12.31

\* Has been approved as personal to those bearing the office

\*\* Management Conculatant is post for one year on contract basis

**Categorizing Employees as Per Age Category :Except contract and chequeroll)**

Age Group	Executive Grade						Technological Officers			Management Assistants			Drivers			Chef / Assistant Chef			Office Assistant			Labourer			Total
	HM 2-1	HM 1-1	MM 1-1-1	MM 1-1-2	JM 1-1-1	JM 1-1-2	I	II	III	I	II	III	I	II	III	I	II	III	I	II	III	I	II	III	
18-25																									
26-35				1		1			31			15			5						1			3	57
36-45				5	2	6	17	5		44	2	4		2	6			1	2	10	2			1	109
46-50				3	5	4	28	5		23	2	4	1		2		1		2	6	1			1	88
51-55		1		3	4	8	23	3		22	3	1							1	3					72
56-60		1	5	7	3	8	11	1		21			4						3	3			1	2	70
<b>Total</b>	<b>0</b>	<b>2</b>	<b>5</b>	<b>19</b>	<b>14</b>	<b>27</b>	<b>79</b>	<b>14</b>	<b>31</b>	<b>110</b>	<b>7</b>	<b>24</b>	<b>5</b>	<b>2</b>	<b>13</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>22</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>396</b>

Schedule No. - 03 II

Categorizing as per the Highest Education Qualifications of Executive Officers

Post	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/ Diploma	Post Graduate Degree
<b>Head Office</b>							
General Manager- Acting	HM 2-1				√		√
Advisor ( Management) - Contrect)					√		
Deputy General Manager (Development)	HM 1-1				√		
Internal Auditor	MM 1-1-1				√		
Manager (Finance)	MM 1-1-1				√		
Manager (Planning and Monitoring)	MM 1-1-1				√		
Manager (Community Development) Acting	MM 1-1-11			√			
Manager ( Development) Acting	MM 1-1-11				√		√
Assistatnt General Manager (Services)	MM 1-1-11				√		√
Assistant Manager :Human Resources / Administration	MM 1-1-11				√		
Assistatnt Manager (Finance) - Mr. P.R.I. Perera	MM 1-1-11			( √ )*			
Assistatnt Manager (Finance) - Mr. B.H.C.A. Batagoda	MM 1-1-11				√		
Assistant Manager (Development)	MM 1-1-11			√			
Internal Audit Officer (Covering duty) - Ms.P.G.I. Surangika	JM 1-1-11				√		
Administrative Officer - Mr. Sarachchandra Muramudalige	JM 1-1-11			√			

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

Post	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/ Diploma	Post Graduate Degree
<b>Galle Regional Office</b>							
Regional Manager Accting - Mr. E.R.S. Gunawardhane	MM 1-1			√			
Assistant Regional Manager (Exten.) – Mr. I.U.H. Mohotti	MM 1-1				√		
Accounts Officer - Mrs. U.L.M. Perera	JM 1-1			( √ )*			
Administrative Officer -	JM 1-1				√		
Officer in charge - Mr. D.L.C. Suriyarachchi	JM 1-1			√			
Officer in charge - Mr. T.M.S.L. Priyadarshaka	JM 1-1				√		
Officer in charge - Mr. M.T. Amararuwan	JM 1-1			√			
Officer in charge (Acting) – H.M.K.G.B. Herath	JM 1-1			√			
Officer in charge (Acting) – K.S.S. de Dahanayake	JM 1-1			√			
<b>Matara Regional Office</b>							
Regional Manager - Mr. G.G. Bandula	MM 1-1				√		√
Assistant Divisional Manager (Extensions)- Mr. L.K. Weerasekara	MM 1-1			√			
Asst. Regional Manager (Acting) - Mr. E.G.D. Shanthasiri	JM 1-1			√			
Administrative Officer -	JM 1-1	√					
Accounts Officer	JM 1-1				√		
Officer in charge- Mr. J.L. Edirisuriya	JM 1-1			√			
Officer in charge (Acting) – Mr. Sunul Sarath Deshpriya	JM 1-1			√			
Officer in charge (Acting) – Mr. Mahinda Batagoda	JM 1-1			√			

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

Post	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/ Diploma	Post Graduate Degree
<b>Ratnapura Regional Office</b>							
Regional Manager (Acting)	MM 1-1				√	√	
Assitant Regional Manager ( Planning and Development)	MM 1-1				√	√	
Asst. Regional Manager (Ext.) Acting – D.M.G. Ekanayake	JM 1-1			√			
Accounts Officer	JM 1-1				√		
Administrative Officer (Covng duties) - Mr. K.M. Senarathna	JM 1-1		√				
Officer in Charge - Mr. S.C. Mudannayake	JM 1-1				√		
Officer in charge – Mr. P.D.K. balachandra	JM 1-1			√			
Officer in charge ( Acting) – Mr. P.S.K. Perera	JM 1-1			√			
Officer in charge (Acting) – A.K. Wijesekara	JM 1-1			√			
<b>Kandy Regional Office</b>							
Divisional Manager (Acting) - Mr. W.H.S.P. Wijethunge	JM 1-1				√		
Assistant Divisional Manager (Extensions)	MM 1-1				√	√	
Assistant Regional Manager ( Planning and Development ) Mr.D.M.R.K.B. Dahanayake	JM 1-1	√					
Administrative Officer -	JM 1-1		√				
Accounts Officer (Coverring duties) – D.D. Piriyangith	JM 1-1-11			( √ )*			
Public Relations Officer	JM 1-1	√					
Officer in Charge - Mr. W.J.W. Arambepola	JM 1-1			√			
Officer in charge – Mr. T. Amarasekara	JM 1-1			√			
Officer in Charge - Mr.K.M.A.D.S. Kuruppu	JM 1-1				√		
Officer in Charge - Mr. D.M.W. Banda	JM 1-1			√			
Officer in charge (Acting) - Mr. W.H.S.P. Wijethunge	JM 1-1			√			

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

Post	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/ Diploma	Post Graduate Degree
<b>N'Eliya Regional Office</b>							
Regional Manager (Acting)	MM 1-1				√		
Assistant Regional Manager (Extensions) - Mr. Anuruddha Bandara	JM 1-1				√		
Assistant Regional Manager ( Planning and Development ) Mr. C.V.K. Nandasiri	JM 1-1			√			
Administrative Officer - Mr. G.I.U. Somasiri	JM 1-1	√					
Accounts Officer - Mrs. Shayamali Premasundara	JM 1-1				√		
Officer in charge - D.S. Ranaweera	JM 1-1			√			
Officer in charge (Acting) – M.A.I. Abesena	JM 1-1			√			
<b>Uva Regional Office</b>							
Regional Manager	MM 1-1			√			
Asst Regional Manager (Extensions) - Mr. K.M.R.L. Bandara	JM 1-1			√			
Assistant Regional Manager ( Planning and Development ) Mr. H.M. Premakumara	JM 1-1			√			
Accounts Officer	JM 1-1			√			
Administrative Officer (Covering duties) Mr. Gunasiri Adhikari	MM 1-1		√				
Officer in Charge - Mr. M.M. Kumarasinghe	JM 1-1			√			
Officer in Charge - Mr. R.M.A.D. Rathnayake	JM 1-1			√			
Officer in charge – Mr. P.G.C.P. Wijesinghe	JM 1-1			√			

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

Post	Service Category	G.C.E. (O/L)	G.C.E. (A/L)	Diploma	Degree	Postgraduate Degree/ Diploma	Post Graduate Degree
<b>Kegalle Regional Office</b>							
Regional Manager (Acting) Mr. R.A.G.P. Ranasinghe	MM 1-1				√		√
Asst. Regional Manager (Extensions) (Covering duties) Mr. G.N. Yagamuni	JM 1-1				√		
Administrative Officer - Mrs. E.M.D. Amunugama	JM 1-1		√				
Accounts Officer – Mr. R.R.M.J.B. Ratnayaka	JM 1-1				√		
Officer in Charge - Mr. R.M.P.R. Bandara	JM 1-1			√			
Officer in charge (Acting) – P.K.J. Fonseka	JM 1-1			√			
<b>Kalutara Regional Office</b>							
Regional Manager (Acting) - Mr. D.M.J. Nakandala	MM 1-1			√			
Asst. Regional Manager (Acting) – M. G. Sisira Kumara	JM 1-1			√			
Accounts Officer - Mrs. R.A.C.D.D. Jayathunga	JM 1-1				√		
Administrative Officer – Ms. M.U.S. Wikramasinghe	JM 1-1				√		
Officer in charge (Acting) – Mr. H. Maddahetti	JM 1-1			√			
Officer in charge (Acting) – Mrs. H.P. Pushpakumari	JM 1-1			√			
<b>Ratnasiri Wickramanayake Training Centre</b>							
Manager ( Training) Acting – Mr.S.M.K.K.B. Kapugedera	MM 1-1				√	√	
Training Officer-	JM 1-1				√	√	

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

Schedule No: - 04

**Tea Production of Tea Small Holdings Sector  
From 1983 - 2016 ( KgM )**

Year	National production	Production of Tea Small Holdings Sector		Contribution to national production%
		Production	Percentage of Development	
1983	179.28	62.4	-	55.76
1984	208.05	77.4	6.90	48.06
1985	214.09	82.0	120.4	38.3
1986	211.27	83.0	1.2	39.2
1987	213.32	91.1	9.75	42.7
1988	226.95	100.2	9.99	44.1
1989	206.98	92.2	(8.98)	44.5
1990	223.16	113.7	23.3	48.7
1991	240.74	121.1	6.51	50.3
1992	178.86	94.9	(21.63)	53.0
1993	231.87	125.3	32.02	54.0
1994	242.21	139.8	11.57	57.7
1995	245.96	140.0	0.14	56.9
1996	258.42	147.8	5.57	57.2
1997	276.86	149.3	1.01	53.9
1998	280.05	165.9	11.12	59.2
1999	283.76	164.0	(1.11)	57.8
2000	305.84	183.7	12.01	60.0
2001	295.09	183.4	(0.06)	62.1
2002	310.03	189.5	3.33	61.1
2003	303.23	187.9	(0.84)	61.9
2004	308.08	203.0	8.04	65.9
2005	317.19	205.8	2.95	64.9
2006	310.82	212.4	3.2	68.3
2007	304.61	205.7	(3.1)	67.5
2008	318.69	214.8	4.4	67.4
2009	291.13	201.9	(6)	69.3
2010	331.42	230.1	13.98	69.4
2011	327.53	229.0	(0.48)	69.9
2012	326.27	233.1	1.78	71.4
2013	340.22	245.4	5.3	72.2
2014	338.03	247.4	0.8	73.1
2015	328.96	239.86	(3.0)	72.9
2016	292.57	218.06	(9.0)	74.5

Source: Sri Lanka Tea Board

Schedule No - 05

Operation of Tea Replanting Subsidy Scheme

1978 - 2016

Year	No. of permits issued	Extent of land covered by permits (Ha)	Extent of uprooted lands (Ha)	Extent of planted land	Annual expenditure Rs.M	Annual allocations Rs.M
1978	-	-	422	412	5.40	-
1979	-	-	546	573	8.10	5.10
1980	-	-	550	554	9.10	10.90
1981	1740	-	564	563	9.40	9.60
1982	1459	-	524	508	12.80	10.60
1983	1758	826	454	379	11.20	11.50
1984	2404	1317	466	340	11.80	13.00
1985	1160	823	615	414	16.40	8.10
1986	662	442	547	464	20.30	16.30
1987	630	390	346	349	14.00	22.80
1988	501	321	308	277	10.30	18.50
1989	758	455	246	330	18.90	17.40
1990	4827	2439	478	362	19.20	22.59
1991	3109	1423	581	304	20.49	33.91
1992	1348	526	662	409	20.33	27.00
1993	3699	1147	507	516	29.79	32.24
1994	2627	906	770	553	31.62	60.46
1995	3465	1267	1390	533	38.00	41.75
1996	4475	1319	724	508	31.05	43.41
1997	6235	1580	923	435	40.32	68.91
1998	5507	1586	674	635	65.64	61.69
1999	3660	955	861	767	88.82	77.95
2000	6930	1796	722	519	72.68	92.84
2001	7093	1952	841	574	77.76	98.85
2002	9983	2565	991	736	99.17	106.57
2003	11928	2892	1179	765	122.82	150.11
2004	10618	2621	1398	891	188.10	179.07
2005	9291	2127	1306	1058	174.83	182.13
2006	6755	1578	927	1001	183.34	181.90
2007	5274	1030	1008	1024	172.89	214.75
2008	6945	1337	1128	881	194.59	190.59
2009	6493	1610	925	777	178.17	190.17
2010	7781	1895	1015	847	177.85	153.00
2011	8033	2170	947	772	187.64	156.26
2012	11889	2647	1087	889	226.83	300.17
2013	13802	2928	1188	1165	351.87	236.75
2014	10134	2540	810	720	258.09	391.75
2015	9006	2278	1173	806	420.07	464.69
2016	11076	2597	1356	733	487.87	546.00

Source: Progress report of Tea Small Holdings Development

**Schedule No: - 06**

**Operation of crop rehabilitation (pruning) subsidy scheme of tea lands 1979 - 2016**

Year	Allowed no. of plants	No. Of plants to which first instalment was paid	No. Of plants to which second instalment was paid	Paid subsidy Rs.M	Annual allocations Rs.M
1979	858030	72938			1.00
1980	1436369	455351		0.44	2.60
1981	950558	477546		0.45	1.37
1982	1080257	1129	103392	0.67	1.07
1983	1391855	477230	166158	0.63	1.73
1984	5935521	799715	101773	1.99	2.30
1985	4260727	3330268	344545	8.78	4.37
1986	7123986	5087525	1242922	15.41	5.88
1987	5818170	5269971	2484684	16.57	8.16
1988	5121825	3861892	2496705	10.00	19.37
1989	3903899	4257670	3377046	13.30	19.60
1990	3847466	2986998	2975849	9.32	7.20
1991		1029987	3528586	8.95	9.04
1992		235404	1148371	2.49	5.00
1993		6607	1658	0.30	
1994		16432	46030	0.12	
1995		20298	7073	0.46	2.45
*1996		13278	3181	1.19	15.20
**1996	5600900	3867981			
**1997	6965923	5301839		9.03	12.00
1998		1707845		4.14	15.02
*1999			14012	8.20	11.16
**1999	617120	2454895	1846445		
2000	2713972	812174	389248	3.68	11.54
2001	1412860	1078708	209534	5.68	11.54
2002	4031727	2522872	486948	11.22	10.38
2003	3012892	1636901	380013	9.38	12.00
2004	2303061	1489167	593906	14.46	12.99
2005	1566327	1242648	776661	8.11	12.37
2006	972913	520610	540819	7.79	8.58
2007	1092856	516471	308325	4.13	6.00
2008	836729	519607	404331	4.84	3.00
2009	995822	431699	232217	3.25	3.59
2010	769104	424227	254715	3.58	5.00
2011	1379734	504322	182401	6.32	9.24
2012	1902051	766991	345152	14.35	8.66
2013	1060634	497592	420611	11.24	6.00
2014	776271	271015	232034	5.91	17.50
2015	754170	308950	199923	6.43	6.00
2016	981075	367876	246339	7.80	10.48

\*\*Pruning scheme from societies

Source: Progress report of TSHDA

Schedule No - 07

Operation of Tea new planting subsidy scheme  
1978 - 2016

Year	No. of permits issued	Extent of land covered by permits (Ha)	Extent of uprooted lands (Ha)	Extent of planted land	Annual expenditure Rs.M	Annual allocations Rs.M
1978	-	-	129	40	0.3	-
1979	-	-	210	110	0.5	-
1980	-	-	185	118	1	7.7
1981	1878	-	328	239	1.9	2.1
1982	1992	-	388	316	2.9	2.4
1983	2757	866	393	264	2.7	4
1984	7754	2667	461	279	2.4	3.2
1985	7754	1764	857	599	9.5	6.3
1986	4999	1982	1586	1430	30.5	9.3
1987	3939	1375	1218	1183	26.5	13.5
1988	3737	1323	814	878	19.7	29.7
1989	4532	1837	1013	1011	34.9	34.2
1990	12680	3937	1676	1647	44.6	39.9
1991	3785	1120	2088	1843	57.8	42
1992	10533	4163	1954	1948	52.2	58
1993	12318	2720	1753	1622	51.57	50.57
1994	8106	1803	2339	1661	50.95	66.50
1995	5822	134	2407	1237	44.52	49.80
1996	2176	378	486	450	20.91	18.78
1997	3797	576	340	293	14.08	9.08
1998	4284	632	315	381	23.82	13.50
1999	6694	952	484	405	13.04	12.24
2000	3674	671	433	256	7.36	9.03
2001	6353	1084	419	399	15.58	11.91
2002	12338	2542	567	562	30.62	20.86
2003*	-	654	647	642	27.95	24.94
2004	-	-	-	12	3.25	7.94
2005	-	-	1.42	8	0.30	2.42
2006	-	-	0.33	0.83	0.042	0.37
2011	430	45	28.14	28.38	1.18	2.08
2012	2990	517	260	239	23.20	24.00
2013	2872	543	258	263	42.41	3.60
2014	5315	1034	426	401	66.98	51.50
2015	4239	846	475	479	128.12	128.88
2016	458	75	103	109	46.72	49.77

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

Source: Progress report of Tea Small Holdings Development

Schedule No: - 08

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

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

\* This subsidy scheme was not implemented from year 2010

Source: Progress report of Tea Small Holdings Development

Schedule No: 09-A

Issuance of shoots of new species of modified mother plants - 2016

District	Venue	Commercial nurseries		Tea small holders		Societies and other		Institutional nurseries		Production		
			%		%		%		%	Production	Production	Production
Galle	Neluwa and Walahanduw	-	-	12,800	30.62	1,400	3.35	27,600	60.03	41,800	16.30	65,000
Hanthana	Hanthana	-	-	18,000	41.38	-	-	25,500	58.62	43,500	16.96	109,450
Kaluthara	Wogan	-	-	1,750	2.21	2,000	2.53	75,350	95.26	79,100	30.85	100,000
Kandy	Rahathungoda and Sooriyagoda	2,000	12.86	1,000	6.43	-	-	12,550	80.71	15,550	6.06	23,700
Kegalle	Hingula	-	-	-	-	-	-	-	-	-	-	13,000
N'Eliya	Nelligolla and Thispane	6,525	14.28	-	-	-	-	39,174	85.72	45,699	17.82	47,300
Uva	Bandarawela and Haliela	18,238	59.28	6,730	21.87	5,800	18.85	-	-	30,768	12.00	5,765
<b>Grand Total</b>		<b>26,763</b>	<b>10.44</b>	<b>40,280</b>	<b>15.71</b>	<b>9,200</b>	<b>3.59</b>	<b>180,174</b>	<b>70.27</b>	<b>256,417</b>	<b>100.00</b>	<b>364,215</b>

**Schedule No: 9 - B**

**Operation of Institutional Tea Nurseries – 2016 (Rupees)**

Description		Hanthana	Rahatungoda	Walahan duwa	Hingula	Hedigalla	Wogan	Thispane	Marawala	Total
Stock as at 2016.01.01	No. of shoot	55,201	31,300	9,375	188,039	31,175	89,566	182,072	19,913	<b>606,641</b>
	Value	418,873	373,722	235,338	2,389,062	397,488	772,440	1,990,428	520,199	<b>7,097,551</b>
Planted during the year	No. of shoot	-	195,029	143,000	100,022	85,918	188,998	133,221	64,010	<b>910,198</b>
	Value	631,804	2,310,927	1,775,011	2,171,618	1,430,788	3,399,049	2,800,209	1,288,967	<b>15,808,373</b>
No. of shoot		3,230	6,925	26,816	36,755	3,440	5,514	1,954	25,713	<b>110,347</b>
Stock as at 2016.12.31	No. of shoot	-	97,176	75,359	187,129	31,341	94,010	174,110	18,460	<b>677,585</b>
	Value	327,175	1,494,170	916,156	2,582,380	538,105	1,389,386	1,971,429	573,737	<b>9,792,538</b>
Cost of Sale	No. of shoot	51,971	122,228	50,200	64,177	82,312	179,040	139,229	39,750	<b>728,907</b>
	Value	723,503	1,190,479	1,094,193	1,978,300	1,290,170	2,782,103	2,819,209	1,235,429	<b>13,113,387</b>
Production cost of a plant (Estimate)		13.92	9.73	21.80	30.82	15.67	15.54	20.25	31.08	<b>17.99</b>
Sold plants	No. of shoot	51,971	122,228	50,200	64,177	82,312	179,040	139,229	39,750	<b>728,907</b>
	Value	961,464	2,400,487	1,053,900	1,411,894	1,615,718	3,379,335	2,578,887	752,350	<b>14,154,034</b>
Cost of a plant on sale		18.50	19.64	21.00	22.00	19.63	18.87	18.52	18.93	<b>19.42</b>
Profit / Loss		237,960	1,210,008	(40,293)	(566,406)	325,548	597,232	(240,322)	(483,079)	<b>1,040,647</b>

-75-

Source: Progress report of Tea Small Holdings Development

**Schedule No: 9 - C<sub>1</sub>**

**Function of Commercial Tea Nurseries – 2015/2065**

Regional Office	Issuance of permits		First Examination (CN - 04)			Second Examination (CN - 05)			Third Examination (CN - 06)		
	No. of Nurseries	Plant Capacity (000)	No. of Actives Nurseries	No. of Planted Stems	Capacity as per %	No. of Actives Nurseries	No. of Successful Plants	% as per Planted stems	No. of Nurseries	No. of Certify plants	% of Success
<b>Galle</b>	160	6,073	86	977,403	16	53	1,148,780	117*	-	-	-
<b>Matara</b>	193	5,467	172	1,343,650	25	144	1,110,167	83	44	33,9875	31
<b>Kalutara</b>	43	2,622	37	777,695	30	27	661,031	85	19	*790,836	120
<b>Ratnapura</b>	14	875	4	316,000	36	3	262,000	83	-	-	-
<b>Kandy</b>	93	3,443	90	911,200	26	47	555,500	61	8	29,200	5
<b>N'Eliya</b>	25	1,097	13	326,000	30	11	298,100	91	8	12,950	4
<b>Uva</b>	147	3,353	104	2,004,045	60	98	1,495,333	75	62	799,125	53
<b>Kegalle</b>	26	1,745	13	358,920	49	7	327,300	91	4	81,700	25
<b>Total</b>	<b>701</b>	<b>24,765</b>	<b>519</b>	<b>7,014,913</b>	<b>28</b>	<b>390</b>	<b>5,858,211</b>	<b>84</b>	<b>145</b>	<b>2,053,686</b>	<b>4</b>

\* Including extra plants

Source: Progress report of Tea Small Holdings Development

Schedule No: 9 – C<sub>2</sub>

functioning of commecial tea nursery - 2016/2017

Regional Office	Issuance of permits		First Examination (CN - 04)			Second Examination (CN - 05)			Third Examination (CN - 06)		
	No. of Nurseries	Plant Capacity	No. of Actives Nurseries	No. of Planted Stems	Capacity as per %	No. of Actives Nurseries	No. of Successful Plants	% as per Planted stems	No. of Nurseries	No. of Certify plants	% of Sucess
Galle	84	3,392,500	-	-	-	-	-	-	-	-	-
Matara	141	4,076,000	126	1,490,437	37	-	-	-	-	-	-
Kalutara	21	1,444,000	-	-	-	-	-	-	-	-	-
Ratnapura	7	5,676,000	-	-	-	-	-	-	-	-	-
Kandy	66	4,211,000	16	606,500	14	13	373,500	-	-	-	-
N'Eliya	5	94,000	11	296,000	*315	9	279,100	-	-	-	-
Uva	2	24,000	1	2,300	-	-	-	-	-	-	-
Kegalle	4	130,000	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>330</b>	<b>19,047,500</b>	<b>154</b>	<b>2,395,237</b>	<b>13</b>	<b>22</b>	<b>652,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Number of extra plants

**Schedule No: 10 - A**

**Prices of Tea at the Colombo Tea Auction Based on Elevation  
1985 - 2015 Average Gross Price  
( Price - Rupees per 1kg)**

<b>Year</b>	<b>Up country</b>	<b>Mid country</b>	<b>Low country</b>	<b>Total average</b>
1985	39.55	35.93	40.60	39.01
1986	31.58	28.49	31.26	30.68
1987	38.76	35.09	42.46	39.30
1988	44.88	40.73	42.36	42.77
1989	56.75	50.03	50.59	55.20
1990	68.10	62.69	77.47	71.03
1991	57.95	50.74	61.08	58.08
1992	65.99	54.43	61.89	61.22
1993	67.63	63.14	71.31	68.46
1994	65.89	57.71	67.29	64.89
1995	69.17	63.11	78.07	72.31
1996	93.38	89.70	114.35	103.88
1997	109.43	107.94	124.47	119.40
1998	127.60	121.45	141.45	134.35
1999	106.17	100.68	125.74	115.31
2000	128.40	119.08	144.79	135.53
2001	135.56	122.63	154.50	143.96
2002	135.65	125.45	163.19	149.30
2003	138.31	126.18	160.86	149.05
2004	171.78	157.96	189.86	180.74
2005	170.85	161.37	198.59	185.84
2006	204.32	175.12	204.19	199.58
2007	253.41	245.72	299.34	279.52
2008	273.83	270.13	336.38	310.81
2009	321.28	316.79	388.44	360.45
2010	337.82	330.88	393.40	370.61
2011	340.27	319.77	381.27	359.89
2012	375.53	351.08	407.14	391.64
2013	402.98	398.65	469.91	444.42
2014	420.36	410.13	488.06	461.86
2015	388.38	362.57	416.32	402.14
2016	449.85	419.59	486.74	468.61

Source: Sri Lanka Tea Board

**Schedule No: 10 - B**

**Estimation of Production Cost for a Kilo of Green Leaf 2016 (Low Country)**

**9226 Kg of Green Leaf Per Annum / Hectar (1984 kg of Processed Tea)**

**(With Subsidy)**

	<b>Activity</b>	<b>Frequency of Practice</b>	<b>Labour units</b>	<b>Green Leaf</b>	<b>Total Cost</b>	<b>%</b>
1	i.Plucking (20kg per individual per day)	1/2 Labour 45 times	461	-	313684	61.02
	ii Leaf Transportation		23		15640	3.04
2	Weeding	10 labourers per month	60	-	40800	7.94
3	Fertilizer mixture and application					
	i Adding the fertilizer mixture to matured tea crops	8 labourers each (Up to 2-4 occasions)	24	42304	58624	11.40
	ii Adding Dolomite	4 labourers each (2 occasions cycle)	2	4336	5696	1.12
	iii Adding Zinc	5 labourers each(2 times)	10	1375	8175	1.59
4	Shade Management	5 labourers each (2 times)	10		6800	1.32
5	Pruning	30-40 labourers each (2 occasions cycle)	20		24000	4.67
6	Mossing	12-20 labourers each (2 occasions cycle)	10		6800	1.32
7	Tipping	12-20 labourers each (2 occasions cycle)	10		6800	1.32
8	Draining	36 labourers each (2 occasions cycle)	18		12240	2.38
9	Infilling	For 16 Labourers and 375 plants	8	9375	14815	2.88
			<b>656</b>	<b>57390</b>	<b>514074</b>	<b>100</b>

Average Production Cost per kilo of Greenleaf	55.72	<b>(Without General Expenses)</b>
General Expenditure	7.00	<b>(General Charges)</b>
Transport Cost	<u>1.80</u>	
<b>Production Cost</b>	<b><u>64.52</u></b>	

\* Two year time circle has been used for the low country lands

\* Fertilizer mixtures and volumes are as per recommendations of Tea Research Institute and the prices are that existed during the year

\* Price of a VP tea plant is Rs. 25/-

\* Transport cost has been included in the raw material cost

\* Daily Wages of Labourers -

Rs. 680

\* Daily Wages for Pruning

Rs. 1200

\* Dolomite 1MT

Rs. 6500

\* Zinc Sulphate 1kg

Rs. 125

\* UT-397/VPLC/U 709/ UT 752 MT 1(with subsidy)

Rs. 58000

**Shedule 11 –A**

**Production cost estimate for replanting at High and Mid elevations – 2016  
(From uprooting to plucking stage) Rs./Hectate  
Daily wage Rs. 1200**

		Amount	expenditure	Uprooting first year			Soil rehabilitation second year			Planting of Tea third year			Intenance in the second first fourth year			Intenance in the second fifth year			Total cost			Percentage of the total cost %
				Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	
1	Uprooting old tea plant & clearing (40 bushes per day in a land with 50%			132		158400												132		158400	5.61	
2	Forking, leveling &removing root			200		240000												200		240000	8.50	
3	Preparation of slope,drains &lining			100		120000	40		48000	10		12000	5		6000	5		6000	160		192000	6.80
4	Application od Dolomite (Rs.6.00 per 1 kg)	3952	25688	2	25688	28088												2	25688	28088	0.99	
5	Planting Gauthalama grass (500 cuttings per day)			54		64800												54		64800	2.29	
6	Applying fertilizer for grass (Rs. 26.00 per 1 kg fpr 989 kg)	1300	58500	4	16650	21450	4	27900	32700	1	13950	15150						9	58500	69300	2.45	
7	Lopping grass ( 1 labour unit per lopping)			14		16800	56		67200									70		84000	2.97	
8	Weeding ( 10 labour unit at a time)			30		36000	20		24000	100		120000	120		144000	120		144000	390		468000	16.57
9	Planting tress for a shade (Rs. 1.00 per shoot for 740 Accasia & Dadaps) & 370	740	3145	6	3145	10345	1	242	1442									7	3387	11787	0.42	
10	Planting tall tress for a shade (100 Gravelia trees, Rs. 6 each) & Dolomite 100kg	100	2206	4	2206	7006	1	108	1308									5	2314	8314	0.29	
11	Removing grass									20		24000						20		24000	0.85	
12	Digging holes, lining and pegging									180		216000						180		216000	7.65	
13	Planting tea (Rs. 25/- each)	12500	312500							60	187500	259500						60	187500	259500	9.19	
14	Management of shade (two ocaasions per year						6		7200	12		14400	15		18000	15		18000	48		57600	2.04
15	Controlling Blister Blight (Rs. 93/- 200 g of Perenox, 10 times 280g at a time)	3	1302							40	1302	49302	40	1302	15702	40	1302	49302	120	3906	147906	5.24
16	Stage												12		14400	15		18000	27		32400	1.15
17	Mulching									100		120000	75		90000			175		210000	7.44	
18	Applying fertilizer (200 T third year) Fourth year 750 T Fifth year	1200 2430 1750	55000 116500 86000							20 60	55000 72000	79000 72000	20 60	116500	140500 72000	32		38400 86000	40 152	171500 86000	219500 182400 86000	7.77 6.46 3.05
19	Infilling	2000	25										12	11250	25650	6	11250	18450	18	22500	44100	1.56
20	Nematode control (7 g per hole) applying Curater	88	4840							4	4840	9640						4	4840	9640	0.34	
21	For pest control and equipment				2000	2000		2000	2000		2000	2000		2000	2000		2000	2000	4	2000	10000	0.35
	<b>Total</b>			546	49689	704889	128	30250	183850	607	264592	992992	359	131052	561852	233	100552	380152	1873	576135	2823735	100

**Shedule 11 –B**

**Production cost estimate for replanting at Low elevations – 2016  
(From uprooting to plucking stage) Rs./Hectate  
Daily wage Rs. 1200**

		Amount	expenditure	Uprooting first year			Soil rehabilitation second year			Planting of Tea third year			Intenance in the second first fourth year			Intenance in the second fifth year			Total cost			Percentage of the total cost %
				Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	Labour	Material Cost	Total Cost	
1	Uprooting old tea plant & clearing (40 bushes per day in a land with 50%			104		124800												104		124800	4.71	
2	Forking, leveling &removing root			125		150000												125		150000	5.66	
3	Preparation of slope,drains &lining			100		120000	40		48000	10		12000	5		6000	5		6000	160		192000	7.25
4	Application od Dolomite (Rs.6.00 per 1 kg)	1976	12844	2	12844	15244												2	12844	15244	0.58	
5	Planting Gauthalama grass (500 cuttings per day)			54		64800												54		64800	2.45	
6	Applying fertilizer for grass (Rs. 26.00 per 1 kg for 989 kg)	1610	72450	4	16650	21450	4	41850	46650	1	13950	15150						9	72450	83250	3.14	
7	Lopping grass ( 1 labour unit per lopping)			14		16800	56		67200									70		84000	3.17	
8	Weeding ( 10 labour unit at a time)			30		36000	20		24000	100		120000	120		144000	120		144000	390		468000	17.67
9	Planting tress for a shade (Rs. 1.00 per shoot for 300 Accasia & Dolomite 150kg)	300	2705	8	2705	12305	1	271	1471									9	2976	13776	0.52	
10	Planting tall tress for a shade (100 Gravelia trees, Rs. 6 each) & Dolomite 100kg)	100	2206	6	2206	9405.5	1	221	1421									7	2426	10826	0.41	
11	Removing grass									20		24000						20		24000	0.91	
12	Digging holes, lining and pegging									180		216000						180		216000	8.16	
13	Planting tea (Rs. 25/- each)	12500	312500							60	187500	259500						60	187500	259500	9.80	
14	Management of shade (two ocasions per year)						6		7200	12		14400	15		18000	15		18000	48		57600	2.17
15	Controlling Blister Blight (Rs. 93/- 200 g of Perenox, 10 times 280g at a time)	3	1302							20	1302	25302	20	1302	25302	220	1302	25302	600	26041302	746041302	2.820.05
16	Bringinh the teaplants into the plucking stage												12		14400	15		18000	27		32400	1.22
17	Mulching									100		120000	75		90000				175		210000	7.93
18	Applying fertilizer (200 T third year) Fourth year 750 T Fifth year	1200 2430 1750	55000 116500 86000							20 60	55000	79000 72000	20 60	116500	140500 72000	32	86000	38400 86000	40 152	171500 86000	219500 182400 86000	8.29 6.89 3.25
19	Infilling	2000	25										12	1500	29400	12	15000	29400	24	30000	58800	2.22
20	Nematode control (7 g per hole) applying Curater	88	4840							4	4840	9640						4	4840	9640	0.36	
21	For pest control and equipment				2000	2000		2000	2000		2000	2000		2000	2000		2000	2000		2000	10000	0.38
	<b>Total</b>			447	36405	572805	128	44341	197941	587	264592	968992	339	134802	541602	219	104302	367102	1720	584442	2648442	100

Schedule no: 12

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

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

\* With Dolomite

\* Without Dolomite

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

Schedule No: 13

Tea Exports and Foreign Exchange Earnings  
1995 – 2016

Year	**Exported Amount ( KgM )	* Amount of Export Earnings ( Rs. M )	% of Contribution to Total Export Earnings
1995	240	24638	12.62
1996	244	34068	15.02
1997	269	42533	15.51
1998	272	50280	16.19
1999	269	43728	13.44
2000	288	53133	12.06
2001	294	61602	14.31
2002	291	63105	14.00
2003	298	65937	13.30
2004	300	74890	12.08
2005	309	81480	12.70
2006	***315	***86337	12.80
2007	***294	***106217	13.20
2008	320	137585	15.60
2009	280	136183	16.70
2010	315	155608	16.60
2011	323	164869	14.10
2012	320	180430	14.48
2013	319.6	199446	14.80
2014	327.3	212588	14.60
2015	306.9	182054	12.80
2016	288.7	184778	12.30

With re-export earnings

\*\* Including imported tea

\*\*\* Excluding re-export earnings

Source: Central Bank of Sri Lanka

**Schedule No : 14**

**Value Added by Tea to the Gross National Product.**

**( 1992 - 2016 )**

Year	Value Added %
1992	2.0
1993	2.4
1994	2.3
1995	2.1
1996	2.2
1997	2.4
1998	2.8
1999	2.4
2000	2.6
2001	2.3
2002	2.4
2003	2.3
2004	2.2
2005	2.0
2006	1.8
2007	1.2
2008	1.6
2009	1.7
2010	1.6
2011	1.3
2012	1.3
2013	0.9
2014	0.9
2015	0.8
2016	0.7

Schedule No - 15

<b>Training Programme and Date</b>	<b>Venue</b>	<b>Participants</b>	<b>No</b>
01. Training Programme on Development of Skills required for Operation of Institutional Tea Nurseries 19/09/2016 and 20/09/2016	Training Center, Hantana	1. Officer in charge 2. Tea Inspector/ Extension Officer 3. Nursery Assistant Relevant to the Nursery Division	37
02. Programme on Extension Communication and Field Development 29 and 30.09.2016 03 and 04 10.2016 11 and 12 10.2016	Training Center, Hantana	1. Officer in charge 2. Tea Inspector/ Extension Officer 3. Assistant Regional Managers (Extension) 4. Assistant Regional Manager	227
03 Training Programme on Office System 2016“09“24	Office Head Office	Newly Recruited Management Assitants	20
04 Preparation of bidding documents 2016“09“20	Prag Institution	1“ Mr. P.R.I. Perera - Assitant Management ( Finance) 2. Mr. Sarathchandra Muramudalige – Administrative Officer 3. Mrs. E.M.D. Amunugama- Administrative Officer 4. Mr. P.I.U. Somasiri- Administrative Officer 5. Mrs. A.W.G. Nandawathi - Administrative Officer 6. Mrs. N.V.P. Pushpakumari- Administrative Officer 7. Mrs. N.A. Piyasily - Administrative Officer (Actg.) 8. Mr. K.M. Senaratna 9. Mrs. P.K. Chandralatha - Administrative Officer	09
05 Bid evaluation 2016’09’28	Prag Institution	1“ Mrs. M.I.M.J. Samaravickrama – Manager (Planning & Monitoring) 2. Amitha Pesqual- Assistant General Manager (Service) 3. R.A. Waidyaratna - Manager (Devp.) Actg.	06

4. Mr. B.H.C. A. Batagoda - Assistant Manager (Finance)
5. Mr. A.A.D.G. - Assistant Manager (Devp.)
6. Mr. Sarathchandra Muramudalige – Administrative Officer

06	Financial Statement 2016 (Final Accounts) 2016'10'27	Prag Institution	<ol style="list-style-type: none"><li>1. Mr. P.R.I. Perera - Assitant Management ( Finance)</li><li>2. Mr.B.H.C.A. Batagoda Assitant Management ( Finance)</li><li>3. Mr. D.D. Priyanjith Accounts Officer</li><li>4. Ms. P.G.I. Surangika Internal Audit Officer</li><li>5. Mr. W.M. Danapala Accounts Officer</li><li>6. Mrs. R.A.D.D. Jayatunga Accounts Officer</li><li>7. Mrs. U.L.M. Perera Accounts Officer</li><li>8. Mrs. H.M.L. Pushpakumari Accounts Officer</li><li>9. Mrs. M.A. Piyasily Accounts Officer</li><li>10. Mrs. Shiyamali Premasundara Accounts Officer</li><li>11. Mrs. K.W.W. Perera Management Assistant</li></ol>	11
07	Training Programme on Development of Skills 2016'10'28"29	Bentota Richar Side Araliya Hotel	Senior Management Officers	35
08	Training Programme on Development of Skills 2016'12'03"04	Bentota Richar Side Araliya Hotel	Junior Management Officers	39
09	Training Programme on Attitude Improvement and Recreation	Training Center, Hantana	Management Assistants	137

**Schedule No : 16**

**Participation for foreign training programmes in 2016**

<b>Serial No.</b>	<b>Name and Designation</b>	<b>Training programmes</b>	<b>Country</b>
01	Mr. S.S.B. Dissanayake - Regional Manager (Acting) –Ratnapura	Pollution Free Tea Production for Developing Countries From 25 <sup>th</sup> April to 19 <sup>th</sup> June 2016	China
02	Mrs. M.I.M.J. Samarawickrama-Manager (Planning & Monitoring)	International Programme on Policy Planning, Implementation & Evaluation at Open University of Malaysia From 3 <sup>rd</sup> to May 2016	Malaysia
03	Mr. R.A.G.P. Ranasighe- Assistant Manager ( Extension)	FAO/IGG - From 22 <sup>nd</sup> to 29 <sup>th</sup> May 2016	Kenya
04	Mr. Nevil Ratnayake – Chairman All Island Tea Small Holdings Development Authority Society Organisation	FAO/IGG From 22 <sup>nd</sup> to 29 <sup>th</sup> May 2016	Kenya
05	Mr. G.G. Bandula - Regional Manager - Matara	Training Course on Grain and Oil Crop and Irrigation System Comprehensive Utilization Technology for Developing Countries - China - From 8 <sup>th</sup> of July 2016 to 5 <sup>th</sup> of September 2016	China
06	Deshabandhu Wijerathne Devagedara, Chairperson	Programme on Development of Tea Small Holders in Sri Lan	Japan
07	1. Mr. Amitha Pesquel – Assistant General Manager ( Service) 2. Mr. P.R.I. Perera – Assistant Manager (Finance) 3. Mr. K.A.B. Padmaraja – Regional Manager (Actg.), Ratnapura 4. Mr. M.R.N. Dhammika - Assistant Regional Manager ( Extension), Kandy 5. Mr. D.L.C. Sooriyarachchi - Officer in Charge, Galle 6. Mr. T.M.S.L. Priyadarshaka - Officer in Charge, Galle 7. Mr. J.L. Edirisooriya - Officer in Charge 8. Mr. B.G.W.M.K.A. Bandara - Assistant Regional Manager ( Extension), N' Eliya 9. Mr. G.N. Yagamuni - Assistant Regional Manager ( Extension), Covering duties, Uva 10. Mr. H.M. Premakumara - Assistant Regional Manager ( Extension), Actg., Uva 11. Mr. D.V.K. Nandasiri - Officer in Charge, Kalutara 12. Mr. D.M.G.S. Ekanayake - Officer in Charge, Kegalle Tea Small Holdings Development Authority Society Organisation, Management committee members	Programme on Sustainable Tea Production & Management System for small Tea Growers- Indian Institute of plantation Management	India

## TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

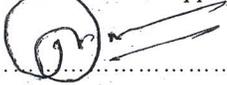
## STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2016

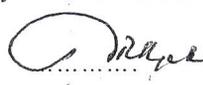
	Schedule No	2016	2015 (Adjusted)		(Rs'000) 2015
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash equivalents	7	315,421		184,423	184,423
Receivables	4,5	102,974		124,428	124,428
Inventories	3	16,451		13,904	13,904
Prepayments	6	520		717	717
Other Current Assets	2B	9,793	445,159	7,098	330,570
					7,098
<b>Non- Current Assets</b>					
Investments (Fixed Deposit)	2		11,356	10,668	10,668
Other financial assets	2A		12,648	12,464	12,464
Property, Plant and Equipment	1	428,070		364,996	
Less: Acc. Depreciation		(135,305)	292,765	(111,795)	253,201
<b>Total Assets</b>			<b>761,927</b>	<b>606,902</b>	<b>606,902</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	8	74,323		105,084	105,084
Accrued Expenses	9	194,827	269,151	128,299	233,383
<b>Non - Current Liabilities</b>					
Employee benefits (Gratuity)	10		166,242	165,056	165,056
<b>Total Liabilities</b>			<b>435,392</b>	<b>398,439</b>	<b>398,439</b>
<b>Net Assets</b>			<b>326,535</b>	<b>208,463</b>	<b>208,463</b>
<b>NET ASSETS/EQUITY</b>					
Capital contributed by government	01A	93,291		40,646	37,718
Revaluation Surplus	01B	124,109		124,109	124,109
Accumulated surplus/(deficits)		(40,267)	177,133	(43,590)	121,165
Grants	01C		64,469	56,147	56,147
Government Grant for Development Ex.			84,934	31,151	-
<b>Total Net Assets / Equity</b>			<b>326,535</b>	<b>208,463</b>	<b>208,463</b>

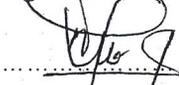
The Accounting policies on pages 03 to 04 and Notes on pages 07 to 24 form an integral part of these Financial Statements.

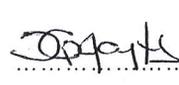
The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These

Financial Statements were approved by the Board of Directors and signed on their behalf.

  
.....  
(Chairman)

  
.....  
(Director)

  
.....  
(General Manager-Act.)

  
.....  
(Finance Manager)

## TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st DECEMBER 2016

(Rs'000)

	Schedule No.	2016		2015 (Adjusted)	2015
<b>Government Grant</b>					
Development Capital		561,868		561,490	633,615
Recurrent		335,200		319,723	319,723
<b>Other Income</b>	15	897,068			
Interest - C/D		2,306		2,037	2,037
Interest on Loan to Employees		3,547		3,358	3,358
Surplus (Deficit) in Tea Field & Mother Bush	17	(1,285)		(626)	(626)
Miscellaneous Income		3,465		2,522	2,522
Surplus (Deficit) in Nurseries	18	1,041		2,669	2,669
Income Over Expenditure Hanthana	15 A	2,845	11,918	1,731	1,731
			908,986	892,903	965,028
<b>Development Expenditure</b>					
Subsidies	12	(542,521)		(554,818)	(554,818)
Extension		(6,795)		(2,154)	(2,154)
Social Development		(3,307)		(2,055)	(2,055)
Institution Strengthening		(9,245)		(2,462)	(2,462)
			(561,868)	(561,490)	
<b>Operating Expenses</b>					
Personal Emoluments	13				
Salaries Allowance E.P.F, E.T.F,ect.		(244,542)		(245,493)	(245,493)
O/T, H/pay		(4,761)		(2,281)	(2,281)
Travelling		(9,506)		(8,513)	(8,513)
Supplies and consumable used		(3,598)		(3,516)	(3,516)
Maintenance		(21,176)		(16,751)	(16,751)
Communication		(5,847)		(4,197)	(4,197)
Rent , Rates & Electricity		(6,354)		(5,401)	(5,401)
Other Operating expenses		(19,159)		(17,284)	(17,284)
<b>Total operating expenses</b>			(314,943)	(303,435)	
<b>Surplus / (Deficit) from operating activities</b>			32,175	27,978	100,103
Gratuity		(13,716)		(36,713)	(36,713)
Depreciation and amortization expenses		(24,233)		(19,681)	(19,681)
Provisions for Bad Debt/written off debtors		(716)		(284)	(284)
Provision of Contingency		(600)	(39,265)	(56,677)	
			(7,090)	(28,699)	43,425
Gain on sales of property plant and equipment					
IFAD, Fertilizer & Other - Rrcurrent Grants	14	1,335,091		342,904	342,904
Recurrent Expenses		(1,335,091)	(0)	(342,904)	0
					(342,904)
Net surplus / (Deficit) before extra ordinary items			(7,090)	(28,699)	43,425
Prior year Adjustment					
Deferred Income			10,413	8,844	8,638
<b>Net surplus / (Deficit) for the period</b>			<b>3,323</b>	<b>(19,855)</b>	<b>52,064</b>

**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 have settled some of their outstanding balances such as Fertilizer debtors. Bad debts provision of Rs.715 Thousand is allocated for this year. Out of the total receivable balances were identified as uncertain of recovery balances have been provided as a bad debt for in the manner detailed below

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

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

2.1 **Property, Plant & Equipment**

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

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

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

2.2 **Investment**

Investments include fixed deposit for gratuity fund.

2.3 **Other Financial Assets**

Major Building Repair Activities of Head Office has been commenced in year 2015 and work finished up to 31.12.2016 has been presented as Work in Progress.

The expenditure/cost have done for the material use in Institutional Nurseries has been categorized in to useful lifetime and the relevant cost for the period has been brought forward as straggled cost. The balance of 31.12.2016 is Rs.Mn. 10.26

2.4 **Other Current Assets**

The plant stock as at 31.12.2016 of Rs.Mn.9.792 has shown under Other Current Assets. The plant stock is valued on accumulated cost of production up to 31<sup>st</sup> December 2016.

2.5 **Stocks & Inventories**

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

2.6 **Trade Debtors & Receivables**

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

2.7 **Other Receivables**

Receivables other than Trade Debtors are also stated at their amounts.

2.8 **Cash & Cash Equivalents**

Cash & Cash equivalent includes cash in hand, Bank and Call Deposits. The analysis of cash balances for the period of 31.12.2016 as follows.

	<b>Rs.Mn.</b>
Capital	
Administration	
Soil conservation	32.07
Divinaguma	3.19

As at 22.12.2016. Rs.Mn. 251.25 has been received as Capital Provision and Rs.Mn.37 received as Recurrent Provision.

Capital Funds for the month of December has been received end of December 2016. Therefore Cash in hand Balance has been remained.

Under Soil conservation programme all the payments to Tea Small Holders were unable to pay during the year therefore those payments will be paid in year 2016. The money received under Divinaguma Programme will be continued year 2016 under same objectives.

2.9 **Cash Flow**

Cash Flow statement has been prepared using the indirect method.

2.10 **Accounting for Funds Received**

Since year 2007 Funds have been remitted from the Treasury through the Consolidated Fund.

(3) **Liabilities**

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

3.1 **Provision for Gratuity**

In year 2015 the policy of Gratuity provision has been changed. Under that every employee has been completed one year of service period will be provided for gratuity payments.

Rs.11.356 million only is kept in a fixed deposit against this provision. It is not possible increase the deposits in view of inadequacy of funds.

3.2 **Taxation**

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

3.3 **Contingent Liability**

A contingent liability of approximately Rs.5.929 million exists in respect of L.T. & court cases against following persons.

<b>Court Case</b>	<b>Liability (Rs.Mn)</b>
Mr. Ravindra Nonis	1.219
Mr.S.R.Gunawardena	1.140
Mr.A.S.M.Rodrigo	1.588
Mr.T.A.Muhandiram	0.472
Mr. Mullegama	0.600
Mr. N. J. Pathirana	0.909

(4) Funds Received from 1981 to 2014 for IRDP, SHTDP, TDP, Other Projects and treasury grant had been amortized. Accordingly Rs.9.6 million had been accounted as deferred income and remaining balances have been brought forward amortizing by future years.

(5) The land of Walahanduwa belongs to the Land Reform Commission and ownership had not yet been transferred to the Authority.

(6) Action plan for the year was prepared to fall line with the national requirements of replanting etc.

(7) With effect from 1<sup>st</sup> January 2015, subsidy rate has been increased as follows.

-	Replanting	-	from Rs. 350,000 to Rs.500,000 Per Ha.
-	New Planting	-	from Rs.250,000 to Rs.400,000 Per Ha.

(8) During this year development programmes for small holders were undertaken with water and soil conservation programme. The total cost incurred on these is Rs.44.02 million.

## TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

## CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED 31st DECEMBER , 2016

(Rs,000)

Cash Flow from Operating Activities	2016	2015(Adjusted)	2015
Surplus/(deficit) from ordinary activities	3,323	(19,855)	52064
<b>Non-cash movements</b>			
Deferred Income	(10,413)	(8,844)	
Depreciation	24,233	19,681	19681
Provision For Gratuity	13,716	36,713	36713
Increase in provision for doubtful debts	716	284	284
Written off Debtors	-	(276)	(276)
Provision of Contingency	600		
Interest Income	(2,306)	(2,037)	(2037)
Increase /decrease in payables	35,168	33,802	33802
Increase in provisions relating to employee costs			
(Gains)/losses on sale of property, plant and equipment	(66)	(58)	(58)
Increase /decrease in other assets	(3,566)	(10,155)	(10155)
Increase /decrease in receivables	21,376	(5,337)	(5337)
Increase /decrease in Inventory Item	(2,547)	1,758	1758
<b>Net cash flows operating activities</b>	<b>80,234</b>	<b>45,676</b>	<b>126438</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of plant and equipment	(63,784)	(16,177)	(16177)
Proceeds from sale of plant and equipment	50	118	118
<b>Net cash flows investing activities</b>	<b>(63,734)</b>	<b>(16,059)</b>	<b>(16059)</b>
Interest received	1,865	1,849	1849
Gratuity Paid	(12,530)	(11,106)	(11106)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(10,665)</b>	<b>(9,257)</b>	<b>(9257)</b>
Government Grant for Development Ex.	53,783	70,819	
Capital Grants	12,780	299	(4452)
Government Contribution	58,600	17,690	12498
Net Cash Flow From Financing Activities	125,163	88,808	8045
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>130,998</b>	<b>109,167</b>	<b>109167</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>184,423</b>	<b>75,256</b>	<b>75256</b>
<b>Cash and cash equivalents at end of period</b>	<b>315,421</b>	<b>184,423</b>	<b>184423</b>

**Tea Small Holdings Development Authority**  
**Statement of Changes in Net Assets/Equity**  
**for the Year Ended 31/12/2016**

Rs.'000

Description	Attributable to owners of the controlling entity				Total net assets/equity
	contributed capital	Other Reserves	Revaluation Reserves	Accumulated Surpluses (Deficits)	
Balance as at 31/12/2015	71,797	56,147	124,109	(43,590)	208,463
Surplus/(Deficit) for the year				3,323	3,323
Gain on property revaluation					-
Government Grant for the year	58,599				58,599
Government Grant for Development Ex.	53,783				53,783
Other Grant for the year		12,780			12,780
Deferred Income for the year	(5,955)	(4,458)			(10,413)
					-
					-
<b>Balance as at 31/12/2016</b>	<b>178,225</b>	<b>64,469</b>	<b>124,109</b>	<b>(40,267)</b>	<b>326,535</b>

**TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended 31st December 2016**

**NOTE 01**

**PROPERTY PLANT & EQUIPMENT 2016**

DESCRIPTION	COST AS AT 01.01.16	ADDITIONS FOR THE YEAR	TRANSFER / DISPOSAL	COST AS AT 31.12.16
Land	74,139,601.69	224,643.70	-	74,364,245.39
Buildings	179,019,717.41	33,956,529.89	-	212,976,247.30
Motor Vehicles	54,465,643.00	15,239,510.61	-	69,705,153.61
Project Motor Vehicle	13,945,935.00	-	-	13,945,935.00
Furniture Fittings & Office Equip.	21,739,170.46	9,454,167.83	(122,375.15)	31,070,963.14
Computer	21,161,032.72	5,015,765.89	(767,550.25)	25,409,248.36
Plant & Machinery	551,129.00	46,600.00		597,729.00
<b>Total</b>	<b>365,022,229.28</b>	<b>63,937,217.92</b>	<b>(889,925.40)</b>	<b>428,069,521.80</b>

**DEPRECIATION**

DESCRIPTION	DEPRECIATION AS AT 01.01.16	DEPRECIATION FOR THE YEAR	TRANSFER / DISPOSAL	ACCUMULATED DEPRECIATION	WRITTEN DOWN VALUE
Land	156,338.28	10,293.34		166,631.62	74,197,613.77
Buildings	35,092,825.78	3,656,520.62	-	38,749,346.40	174,226,900.90
Motor Vehicles	37,556,925.42	14,438,178.94	-	51,995,104.36	17,710,049.25
Project Motor Vehicle	11,196,981.00	1,085,462.00		12,282,443.00	1,663,492.00
Furniture Fittings & Office Equip.	13,252,832.04	2,335,065.28	(115,905.49)	15,471,991.83	15,598,971.31
Computer	14,104,765.52	2,685,184.68	(606,633.58)	16,183,316.62	9,225,931.74
Plant & Machinery	434,067.62	22,086.42		456,154.04	141,574.96
<b>Total</b>	<b>111,794,735.66</b>	<b>24,232,791.28</b>	<b>(722,539.07)</b>	<b>135,304,987.87</b>	<b>292,764,533.93</b>

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS**

Year Ended 31st December 2015

**NOTES**

Description	Rs.
<b>Note 02</b>	
<b>INVESTMENTS -</b>	
Fixed Deposit - Gratuity	11,356,492.10
<b>Note 02 A</b>	
Other Financial Assets	
Working Progress	2,389,609.85
Staggered Cost	10,257,908.24
	12,647,518.09
Other Current Assets	
Plants Stocks	9,792,537.58
<b>Note 03</b>	
Inventories	
Stationary	2,432,046.37
Sundry Stocks	10,687,614.78
Tea	480,674.92
Fertilizer	93,800.00
Basamid/Methum sodiam	171,695.47
Polythene	321,152.62
Sprayers	28,563.96
Nursery Equipment	582,619.15
Scales	78,658.35
Plucking Seizers	574,639.25
Aid Package	704,299.35
Tyre & Tube	124,108.00
Training Equipments	3,982.50
Other Stocks	167,583.58
Total	16,451,438.30
<b>Note 04 05</b>	
<b>Receivables</b>	
Debtors	19,440,291.20

Loan and Advances	99,934,208.32
Deposits and Advances	649,000.24
Other Balance	5,730,324.43
Total	125,753,824.19
Less Bad Debts Provision	(22,779,780.78)
Total	102,974,043.41
<b>Note 06</b>	
Pre Payments	519,511.13
<b>Note 07</b>	
Cash Bank Balances	
Cash in Transit	835,322.18
Cash in Hand & at Bank	258,170,834.51
Deposits	56,415,000.00
Total	315,421,156.69
<b>Note 08</b>	
Payables	
Creditors	22,895,000.96
Deposit payable	3,222,510.57
Other Provisions	3,628,838.08
Other Balance	44,577,087.95
Total	74,323,437.56
<b>Note 09</b>	
Accrued Expenses	
Annual Trip	27,000.00
Union	1,390.00
EPF & ETF	7,070,845.81
Electricity	161,058.91
Maintenance of Computer	85,467.90
Seminars & Conference	150.00
Rates & Taxes	74,739.00
Fuel	375,027.60
Holiday Payments	57,381.81
Medical Care	599,871.19
Motor Cycle Maintenance	172,870.00
Newspapers	7,020.00
Office Equipment Maintenance	57,218.25
Overtime	320,807.75
Postage	7,806.33

Rent	463,403.90
Salaries / Wages	1,701,424.60
Security	251,791.08
P.A.Y.E.	24,807.16
News Paper Advertising	710,223.00
Building Cleaning / Maintenance	68,145.00
Free Cup Of Tea	8,262.00
Telephone	280,330.53
T.S.H.S.F.	300,000.00
Transport Charges	39,763.64
Travelling & Subsistence	716,837.93
Legal	62,075.00
Board Member Administration Fees	98,576.00
Uniforms & Boots	15,287.50
Stationery	21,875.00
Water	58,625.15
Vehicle Maintenance	584,910.61
Stamp Duty	82,706.00
Re Planting Subsidy	156,378,378.05
New Planting Subsidy	5,897,231.01
Crop Rehabilitation	3,737,118.00
Fertilizer Subsidy	12,846,510.80
Bank Charge	25,000.00
Extension Program	232,261.61
Soil Conservation	271,000.00
Dolomite subsidy	117,010.00
Radio Programme	512,932.50
Nursary & Mother Bush	148,300.00
Other	153,657.00
<b>Total</b>	<b>194,827,097.62</b>
<b>Note 10</b>	
Employee Benefits (Gratuity)	166,241,610.58



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**கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



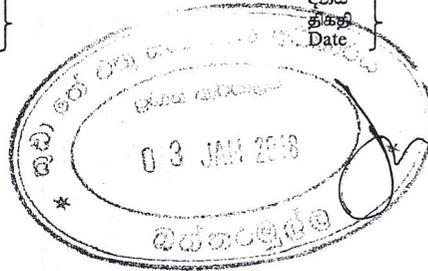
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 திகதி }  
 Date }

19 October 2017

The Chairmen,  
 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 2016 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 2016 comprising the statement of financial position as at 31 December 2016 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act, No.38 of 1971 and Section 15 of the Tea Small Holdings Development Authority Act, No.35 of 1975. My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report. A detailed report in terms of Section 13(7)(a) of the Finance Act was issued to the Chairmen of the Authority on 21 August 2017.

**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 such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

**1.3 Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

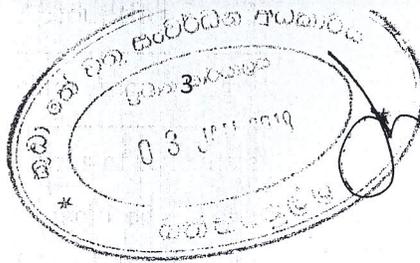
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud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

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

**1.4 Basis for Qualified Opinion**

My opinion is qualified base on the matters described in Paragraph 2.2 of this report.





## 2. Financial statements

### 2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in Paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Tea Small Holdings Development Authority as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

### 2.2 Comments on Financial Statements

#### 2.2.1 Sri Lanka Public Sector Accounting Standards

##### (a) Sri Lanka Public Sector Accounting Standard - 01

Even though when items of revenue and expense are material, their nature and amount should be disclosed separately in terms of Paragraph 106 of the standard, the revenue of Rs.228,375 and expense of Rs.999,375 of mother bush at Hanthana Regional Office had not been disclosed in the statement of comprehensive income and its net result of Rs.762,100 had been posted as development expenses.

##### (b) Sri Lanka Public Sector Accounting Standard – 02

In the preparation of cash flow statement in terms of paragraph 25 (b) of the standard, proceeds from sale of non-current assets amounting to Rs.31,000 had been understated and that difference had been adjusted to the receivable balance under the working capital.

##### (c) Sri Lanka Public Sector Accounting Standard – 07

As the residual value and the useful life of non-current assets had not been reviewed annually in terms of Paragraph 65 of the standard, assets totalling Rs.15,340,175 which had been fully depreciated were being further utilised. The estimated error arisen accordingly, had not been revised in terms of Sri Lanka Public Sector Accounting Standard 03.



(d) Sri Lanka Public Sector Accounting Standard – 08

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The present position of the court cases filed by the Authority had not been disclosed in the financial statements in terms of Paragraph 100 of the standard.

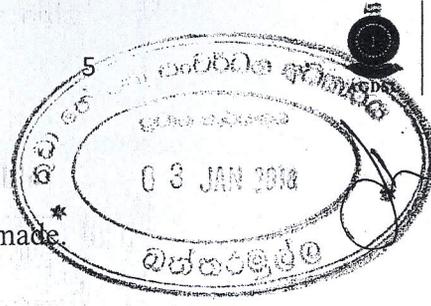
**2.2.2 Accounting Deficiencies**

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The following observations are made.

- (a) Even though the interest receivable on fixed deposits and demand deposits of the Head Office for the year under review amounted to Rs.1,786,031, it had been accounted as Rs.1,467,246 and as such, the interest income of the year under review had been under stated by Rs.318,785.
- (b) Instead of posting the expense of Rs.655,439 incurred by the Ratnapura Regional Office for Soil Conservation to the expense account, it had been accounted as payments made to creditors.
- (c) Despite the gratuity had been paid on 08 April 2016 to a retired officer who had retired on 07 December 2015 in the Hanthana Regional Office, a provisions of Rs.167,860 as gratuity had been made again for the year under review.
- (d) Instead of posting a sum of Rs.327,175 incurred on plant nursery belonging to the Hanthana Regional Office in the year under review as works in progress it had been posted as closing stock.
- (e) Out of a sum of Rs.624,400,000 received from the Treasury for incurring development expenditure in the year under review, only a sum of Rs.570,617,000 had been spent and the balance of Rs.53,783,000 had been brought to accounts under equity capital as grants received for development expenses instead of posting as a liability to be remitted to the Treasury.





**2.2.3 Unexplained Differences**

The following observations are made.

- (a) Differences ranging from Rs.105 to Rs.109,972 were observed between the 6 ledger accounts in the year under review and the corresponding schedules presented.
- (b) According to the accounts of the Tea Small Holding Development Authority for the year ended 31 December 2016, a sum of Rs.340,300 had been shown as receivable from the St. Kumbas Tea Factory belonging to the Tea Research Institute, that value in accordance with the accounts of that factory had been shown as Rs.256,641.

**2.3 Accounts Receivable and Payable**

The value of debtors elapsed for more than 5 year by the end of the year under review amounted to Rs.22,191,909, representing 94 of the total debtors.

The following observations are made in this connection.

- (a) Out of the loans given to 11 Small Tea Holding Societies for the provision of motor vehicles on credit basis in the year 1998, a sum of Rs.7,131,430 was due to the Authority.
- (b) Out of the loan given by the program for the supply of colour differentiation machines for tea factories in the year 1998, a sum of Rs.5,916,589 was due to the Authority from 4 factories by the end of the year under review.

As the transfer of the above assets and granting loans had not been made under formal agreements, a difficult position had arisen in the recovery of relevant loans.





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

The following non-compliance with Laws, Rules, Regulations etc. were observed.

Reference to Laws, Rules, Regulations	Non-compliance
(a) Public Finance Circular No.03/2015 of 14 July 2015.	Advances taken by an officer for any purpose should be settled immediately after the completion of that purpose. Nevertheless, advances of Rs.636,865 obtained in 8 instances had not been settled even by 9 February 2017 the date of audit, though 11 to 275 days had delayed.
(b) Public Finance Circular No.02/2015 of 10 July 2015.	Action in terms of the Circular had not been taken in respect of 3 motor vehicles eliminated from running.
(c) Supplement No.28 of 04 July 2014 of the National Procurement Guidelines of 2006.	Even though the approval of the Secretary to the Ministry should be obtained for motor vehicle repairs, exceeding the value of Rs.200,000, action had not been taken accordingly, in respect of 2 motor vehicle repairs in 2 occasions made by incurring an expenditure of Rs.527,467.

### 3. Financial Review

#### 3.1 Financial Results

According to the financial statements presented, the financial result of the Authority for the year under review had been a surplus of Rs.3,322,996 as against the deficit of Rs.19,855,934 for the preceding year. Accordingly, the financial result for the year under review had indicated an improvement of Rs.23,178,930 as compared with the preceding year. The decrease of provision for gratuity by Rs.22,996,714 for the year under review had mainly attributed to this improvement.



In analyzing the financial results for the year under review and the preceding 4 years, the deficit of Rs.154,165,000 in the year 2012 had converted into a surplus of Rs.3,322,996 in the year 2016 with fluctuations. However, employees remuneration, depreciation on non-current assets and taxes paid to the government had been re adjusted to the financial results, the contribution of the Authority amounting to Rs.54,784,000 in the year 2012 had increased up to Rs.277,053,385 in the year 2016.

### 3.2 Legal cases initiated by the Authority or against the Authority

The employees of the Authority had filled 7 court cases against the Authority and the Authority had filled 2 court cases against the employees of the Authority. But they had not been finalized even by the end of the year under review.

## 4. Operating Review

### 4.1 Performance

In terms of Sub section 14 of the Tea Small Holding Development Authority Act No.35 of 1975 and the amendment Act No.34 of 2003, the functions of the Tea Small Holding Development Authority are as follows.

- \* To promote or to undertake the development of Tea Small Holdings and of other Tea Holdings which do not possess their own means of manufacture.
- \* To acquire or to develop tea factories and other facilities required for the manufacture of the produce of such tea lands.
- \* To promote or to undertake the marketing of the produce of such factories or of such tea lands.
- \* To take all steps for the wellbeing of Tea Small Holdings and to promote investment on small tea lands.
- \* To provide instructions on appropriate policies to the Ministry and to coordinate with other relevant agencies.





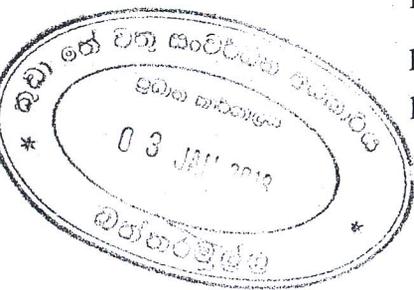
The following observations are made relating to the achievement of the above functions.

- (a) According to the information made available for audit, the contribution of the owners of Small Tea Holdings to the total tea production in Sri Lanka in the year under review had been 74.5 per cent as compared with 72.91 per cent in the preceding year. Even though the contribution of the owners of tea small holdings for the national product had increased as compared with the preceding year, production of the Tea Small Holdings owners in the year under review had dropped by 21.79 million kg or 9 per cent as compared with the preceding year, being the production of owners of Tea Small Holdings during the year under review and the previous year amounted to 218.06 million kg and 239.86 million kg respectively.
- (b) The average productivity per hectare of finished tea in the Small Tea Land Sector in the year under review amounted to 1872 kg and it had been 2059 kg in the previous year. Accordingly, the average productivity of the year under review had dropped by 187 kg or 09 per cent.

It was observed that bad weather condition prevailed in the year under review had also been the reason for the matters stated in paragraphs (a) and (b) above.

- (c) A subsidy of Rs.624,000,000 had been given during the year under review for the development activities such as replantation and new plantation of tea extension services, social development and institutional strengthening etc. The progress achieved as compared with the expenditure incurred is given below.

- (i) According to the annual report of the Authority, it is the national policy to replant 2 per cent of the existing tea small holdings in maintaining stability in the extent of tea planted lands by yielding maximum crop, setting targets had been limited in line with the provisions received in the year. Accordingly, the targeted extent of land to be replanted during the year under review amounted to 1000





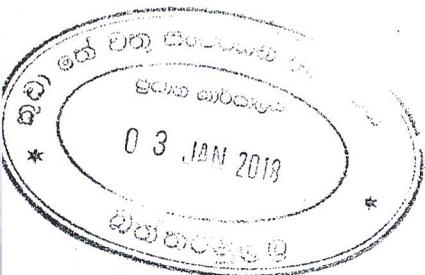
hectares but only 741 hectares of land had been used for replanting in the year under review, indicating 74 per cent performance in the year under review. Even though it had been less than 8 per cent as compared with the previous year, the subsidy given had increased by 16 per cent as compared with the preceding year. Bad weather factors and tea planters had not inclined for landscaping and replanting after soil rehabilitation had attributed to this position.

(ii) Even though it was targeted to plant 483,333 plants during the year under review under the crops rehabilitation subsidy scheme given for the use of Soil Conservation methods, prune, shade control and desolation supply, the finished percentage was 76 as the number of plants for which desolation supply had been completed amounted to 367,876.

(iii) Although the performance on the target of new Tea Planting in the year under review had been successfully achieved, landscaping and setting targets for the maintenance had been reduced by 72 per cent and 76 per cent respectively as compared with the previous year and the amount of subsidy paid had decreased by Rs.81,395,256 or 64 per cent

(d) The following observations are made in respect of 8 Institutional tea nurseries maintained by the Authority in order to purchase quality tea plants in purchasing tea plant by tea small holdings owners and to control market prices.

(i) Even though, the minimum marketing level in a plant nursery should be maintained at 85 per cent in accordance with tea nurseries instructions, the anticipated level had been reached only by Hanthana nursery. Even though all efforts had to be made to market before the end of the year, being properly maintained plants, the balance plants remained in the nursery had been 27 per cent to 74 per cent of the input plants. As the quality of plants could not be maintained due to weather



fluctuations of each province, decrease in demand of the tea planters had attributed to this position.

- (ii) In terms of No.4.2 of the Nurseries Management Instructions, the dead percentage of plant nurseries had to be maintained at a less than 10 per cent level, but in 3 nurseries the recommended plant destruction percentage in the year under review had been 13 to 31. The difficulty in supplying plants and the soil used had been unsuitable for planting had caused to this.
- (iii) It was emphasized in the Tea Nurseries Management Instructions that at least the expenses incurred for the production of plants should be covered. Nevertheless, out of the 8 institutional nurseries, expenses had been incurred over the income of 4 nurseries.
- (e) In considering the operation and supervision of Commercial Tea Plant nurseries registered with the Authority in order to obtain quality tea plants by the owners of tea small holdings to increase tea production and yield, during the previous 3 years, the number of licenses issued in the year 2016/ 2017 had decreased by 66.5 per cent as compared with the year 2014/2015.

#### 4.2 Procurement and Contract Process

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A sum of Rs.4,366,397 had been spent for the park beautifying in the Head Office premises of the Authority and the following observations are made in this connection.

- (a) Instead of the agreed rate of Rs.6,000 according to the agreement for one square meter for building the point wall by using stone instead of cement block under item c-2 of the BOQ, a sum of Rs.8,141 had been paid for one square meter and as such an over payment of Rs.220,643 had been made.



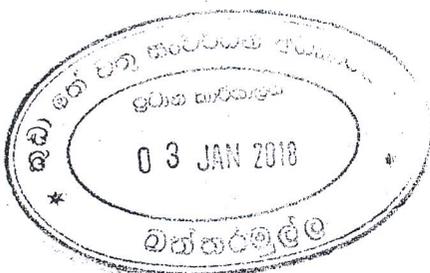


- (b) Even though the Authority owns 9 Institutional tea nurseries operated for the supply of quality tea plants, the Authority had purchased tea plants from external suppliers for garden beatification by incurring an expenditure of Rs.116,385.

### 4.3 Management Activities

The following observations are made.

- (a) In granting tea replanting subsidy for the owners of Tea Small Holdings, growing plants should be completed within 3 months since the date of issue of licenses. If they failed to do so, the tea replanting subsidy already paid should be recovered back or required to take alternate action to complete the replanting. Nevertheless, a total sum of Rs.1,608,384 had been obtained comprising the first, second and the third installments amounting to Rs.678,204, Rs.209,779 and Rs.720,381 respectively from the Kaluthara Regional Office and abandoned replanting half way, but no action had been taken by the management in this regard.
- (b) Action had not been taken to acquire the lands valued at Rs.14,091,861 in which 4 regional officers were located by the Authority and buildings valued at Rs.58,220,553 had been constructed on these lands by the end of the year under review.
- (c) Action had not been taken to acquire and account lands and buildings to the Authority where Walahanduwa sub office belonging to the Galle Regional Office, nursery and Akmeemana Mother Planting Extension Centre etc. were located.





### **Under utilization of Funds**

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The following observations are made.

- (a) Out of a sum of Rs.795.47 million received by the Head Office and Regional Offices in the year 2014 and 2015 to Soil Assistance Project, a sum of Rs.32.08 million had not been utilized for the intended purpose even by the end of the year under review.
- (b) Out of the government grants of Rs.624,400,000 received in the year for development activities, a sum of Rs.62,532,020 had not been utilized.

### **4.5 Idle and Under utilized Assets**

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Six official quarters belonged to the Authority had not been used and idled for more than 5 years.

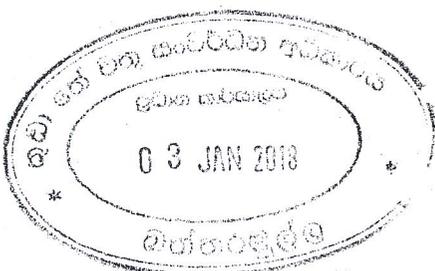
### **4.6 Personnel Administration**

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According to the information made available by the Authority, the approved cadre and the actual cadre as at 31 December 2016 stood at 430 and 395 respectively. Furthermore, 12 Management Assistants posts and 17 Karyala Karya Sahayaka posts had been approved by the Department of Management Services as personnel to the bearer of the post.

The following observations are made in this connection.

- (a) Posts of Manager (Development), Manager (Training) since 2014 and Manager (Human Resources and Administration) since 2010 had fallen vacant up to the end of the year under review.



- (b) Without obtaining the approval of the Department of Management Services 26 employees on casual, check roll and contract basis had been recruited by the Authority during the year under review. For those recruitments a sum of Rs.1,024,980 for check roll employees and a sum of Rs.829,536 for casual employees had been paid during the year 2016 without the approval.
- (c) According to the annual report of the Authority, number of planters per Extension Officer should be 1:1000 for an effective extension service. This ratio of 1:2748 existed in the previous year had increased to 1:2751 in the year under review.
- (d) In terms of sections 13.1.2 and 13.4 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, the officer who is recommended for the acting post should have full qualifications in terms of the scheme of recruitments and an officer who has no full qualification should not be recruited. However, action had not been taken accordingly, in respect of acting appointments of Manager (Development) post and Manager (Human Resources) post.

## 5. Accountability and Good Governance

### 5.1 Presentation of Financial Statements

In terms of Paragraph 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003, financial statements should be presented to audit within 60 days after the close of the financial year, but the financial statements for the year under review had been presented to audit on 09 May 2017.



**Internal Audit**

Even though 24 internal audit reports, including observations identified by the Internal Audit Division during the year under review had been issued, the management had not taken action in respect of 15 reports therefrom and the decisions taken by the Board of Directors in respect of 5 internal audit queries issued in the years 2013 and 2014 had not been implemented.

**5.3 Procurement Plan**

Even though the Authority had prepared a Procurement Plan, procurements could not be performed within the specific time periods and procurements had been delayed for 4 months since the dates planned.

**5.4 Budgetary Control**

As variations between the budgeted figures and actuals ranging from 67 per cent to 86 per cent were observed, the budget had not been made use of as an effective instrument of management control.

**6. Systems and Controls**

Weaknesses in systems and controls observed during the course of audit were brought to the attention of the Chairmen of the Authority from time to time. Special attention is needed in respect of the following areas of Systems and Controls.





**Area of Systems and Control**

**Observations**

(a) Personnel Administration

Existence of vacancies in posts, recruitments made without formal approval.

(b) Payment of Subsidy

Non-utilization of money received for the payment of subsidies.

(c) Assets Control

Assets not properly acquired, useful Lifetime of assets not reviewed annually.

W.P.C. Wickramaratne  
Acting Auditor General

