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தேயிலை சிறு பற்றுநிலங்கள் அபிவிருத்தி அதிகாரசபை

Tea Small Holdings Development Authority

වාර්ෂික වාර්තාව

வருடாந்த அறிக்கை

ANNUAL REPORT

2017

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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

Message of the Chairman

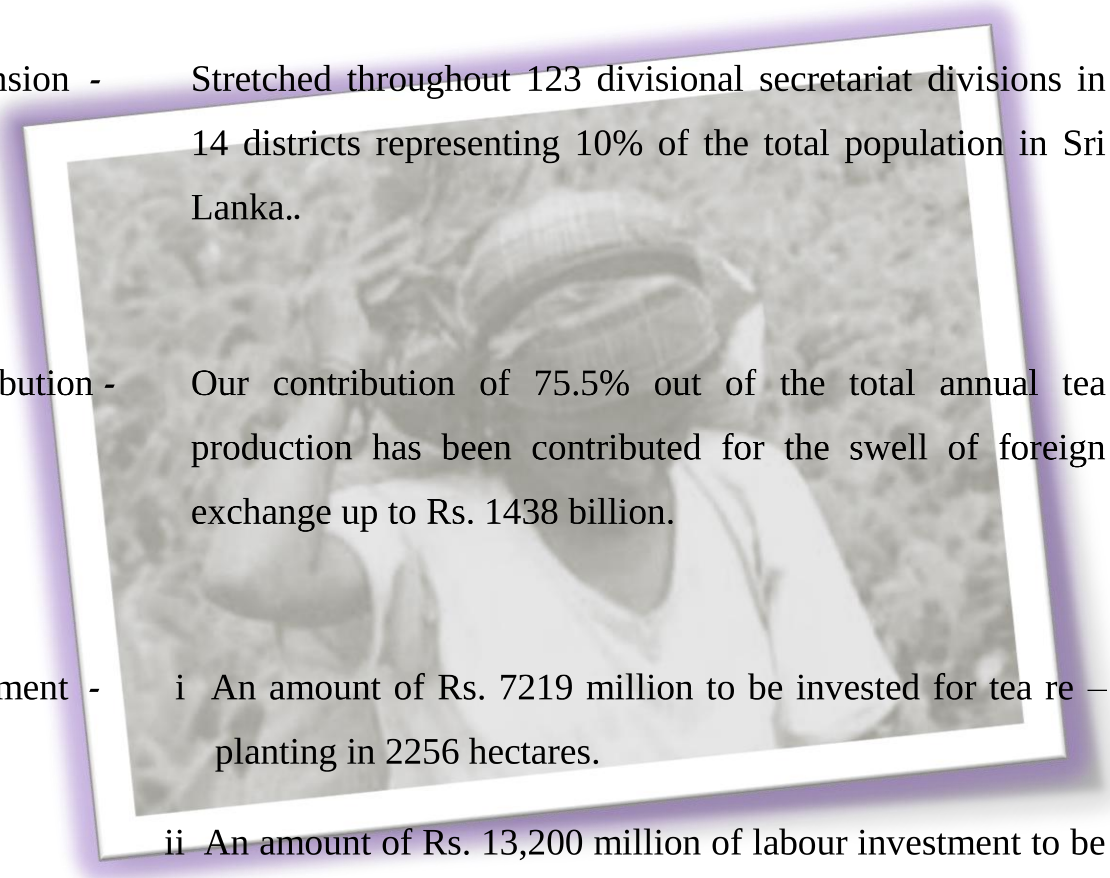
Tea is the principal export crop amongst the other plantation crops. Contributing 50.3% to the national production in year 1991, the contribution of tea smallholdings production had been developed up to 75.5% in 2017 slowly improving gradually. The national production in year 2009 which was the year reported the minimum national production during the past decade, was 291 million kilos. The production of tea smallholdings sector that year was 201.9 million kilos where as it was possible to augment national tea production up to 307.72 million kilos in year 2017 even though there was a retrogression in the national production considerably in year 2016. Parallel to that, the production in the tea smallholder's sector had been escalated in year 2017 by 30.52 million kilos compared to year 2009.

Tea smallholder's sector was sponsored by the government with financial subsidies in year 2017 as well. Rupees 903,894 million could be allocated in the year 2017 as tea fertilizer financial subsidy for tea smallholders as a financial subsidy subject to Rs. 15,000/- per each for 139,713 tea smallholders. The total extent of land under this provision was 60,259.6 hectares. Besides, the government took measures to distribute an amount of Rs. 225.6 million for 12,716 tea smallholders as compensation for damages caused to tea small holdings as a result of flood and landslides caused due to extreme weather conditions experienced in May of year 2017 in the districts of Ratnapura, Galle, Matara and Kaluthara. Throughout this process, actions had been taken to release state finance as the tea fertilizer subsidy as well as compensate the tea smallholders for flood and landslides centering the tea smallholder societies. By the end of year 2017, the number of registered Tea Small Holders Development Societies escalated up to 1435.

However, compared to the previous year (2016) the national production of tea escalated by 5.2% while production of tea smallholdings sector too was increased by 6.6%. There was an extent of 748 of tea re – planting. More fully, compared to the previous year, the annual median of price paid per kilo of raw leaves for tea smallholders was escalated by Rs. 22.15 which is up to Rs. 90.69. Another specific issue that had to be confronted with the tea smallholders' sector was the increase of escalation of tea re – planting cost once again in year 2017 due to hike in the input cost of facts such as labour cost and tea fertilizer.

Deshabandu Wijeratne Dewagedara,
Chairperson

Tea Smallholders Sector in Sri Lanka in the Year 2017...



Expansion - Stretched throughout 123 divisional secretariat divisions in 14 districts representing 10% of the total population in Sri Lanka..

Contribution - Our contribution of 75.5% out of the total annual tea production has been contributed for the swell of foreign exchange up to Rs. 1438 billion.

Investment - i An amount of Rs. 7219 million to be invested for tea re – planting in 2256 hectares.

ii An amount of Rs. 13,200 million of labour investment to be invested for maintenance of the crop.

Consequently, the tea smallholders development authority (TSHDA) is being supplying services for the tea small holdings sector that investigate an approximate annual financial investment of Rs. 20,000 million.

Performance Indicators of Tea Small Holdings Sector - 2017

	2015	2016	2017
1. Extent of Tea Smallholdings (Hectare)	121,740	121,967	122,169
2. Number of tea small holders	392,979	393,420	395,414
3. Number of tea small holders	239.86	218.068	232,417
4. Percentage of contribution of the tea smallholdings sector to the national production	73.0	74.5	75.5
5. General Productivity (made tea / Kg / per hectare)	2059	1872	1995
6. Extent of tea re – planted lands / Hectares (under incentive allowances	806	733	748
7. Extent of newly planted tea lands / Hectares (under incentive allowances)	479	109	202
8. Re – planting ratio (%)	0.80	0.73	0.75
9. Crop rehabilitation – no. of plants (millions)	0.309	0.369	0.564
10. Tea smallholdings development societies			
- No. of societies	1394	1403	1435
No. of members	271,272	340,006	329,778
11. Extension and advisory services			
No. of individual extension services	31,331	33,385	33,373
No. of group programmes	6,544	7,082	6680
No. of farmer participants	188,118	237,333	188,085
12. Monitoring expenditure of the institution (per development rupee)	0.54	0.56	0.52
13. Tea inspection extension officer: tea cultivator ratio	1:2748	1:2751	1:2751
14. General gross price in rupees per raw kilo of leaves	58.80	68.53	90.69

Contents

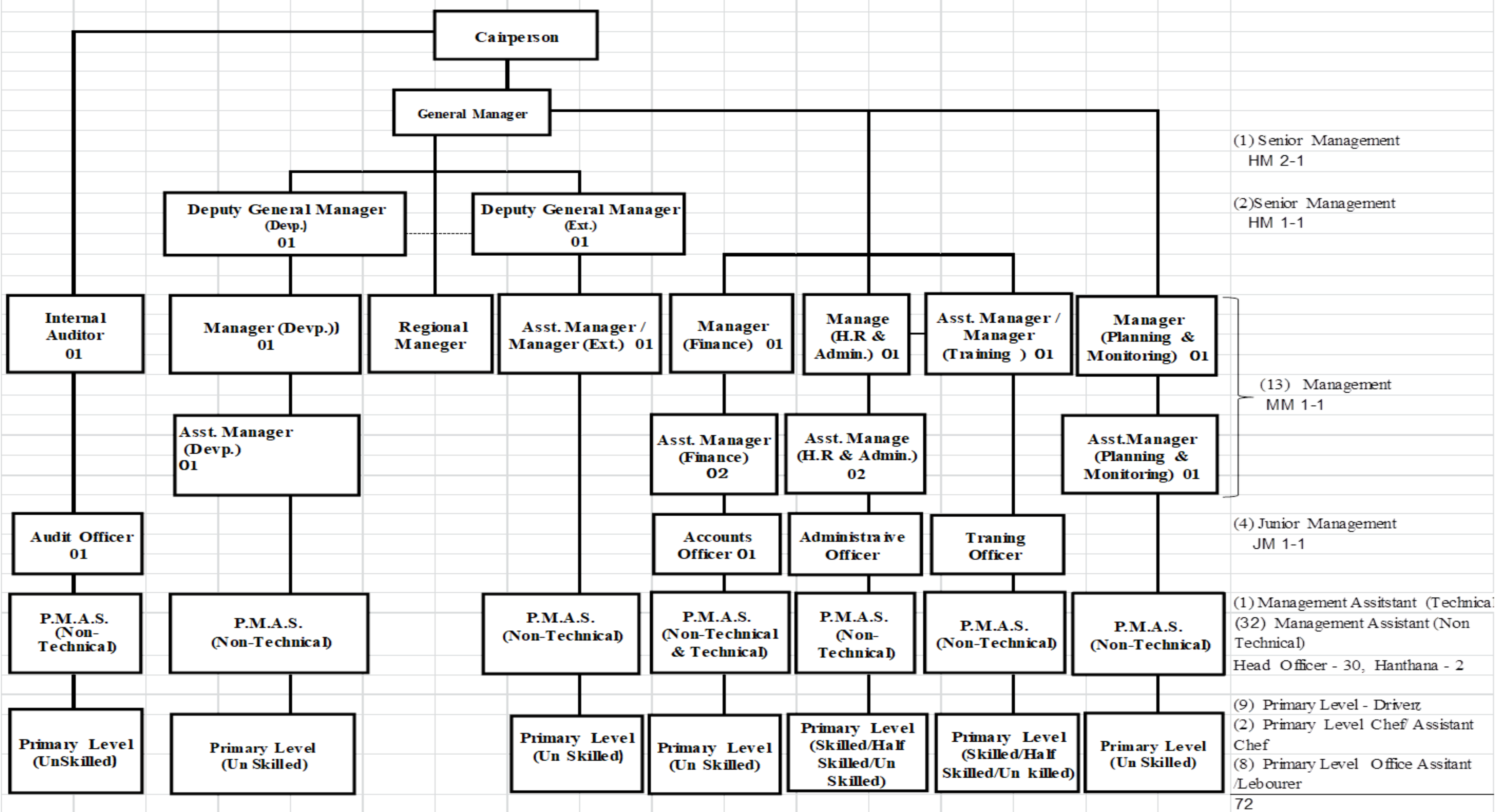
Schedules

No.

Diagram

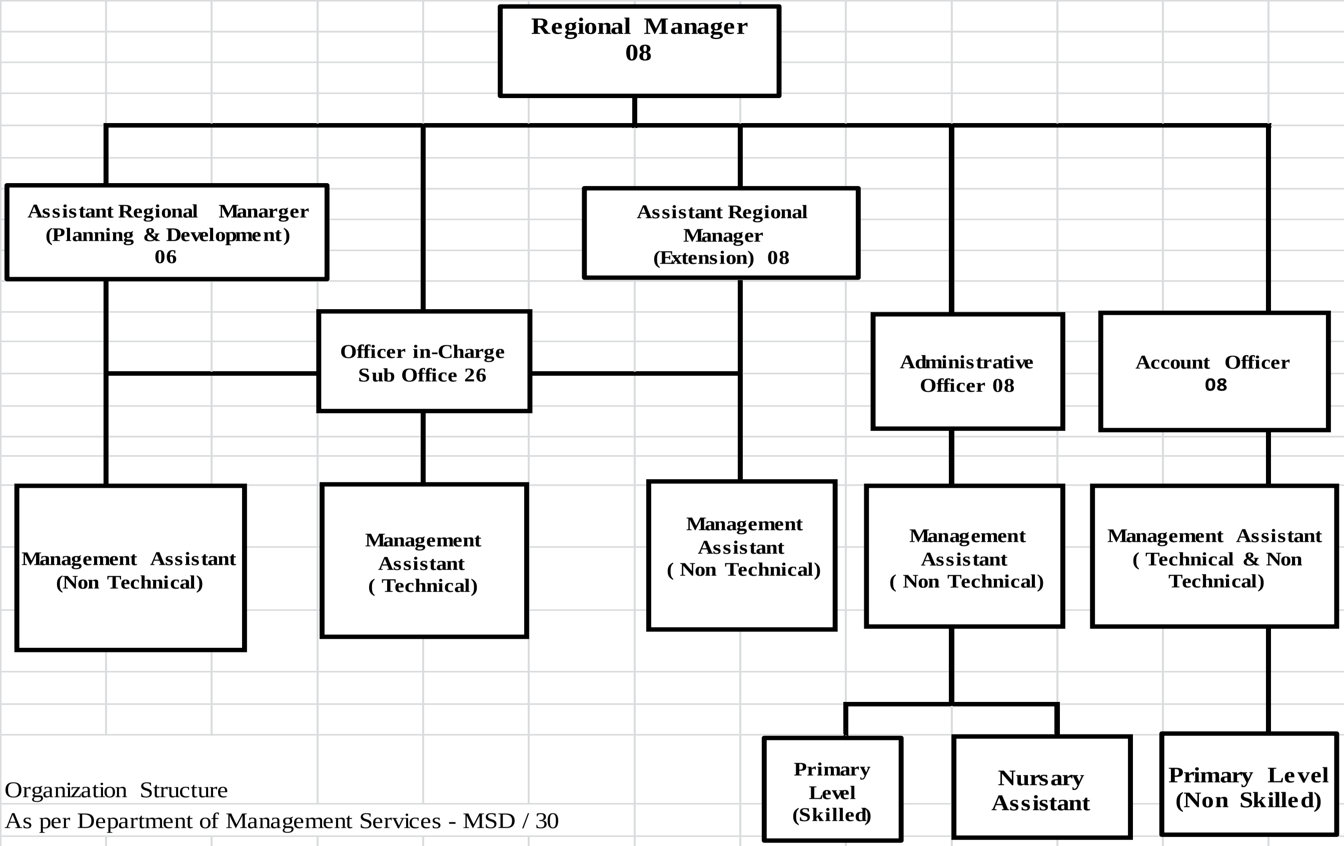
Diagram No.

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



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

Organization Chart - Regional Office



(22) Middle Management
MM 1-1

(42) Junior Management
JM 1-1

(152) Management Assistant (Technical)
(117) Management Assistant (Non Technical)

(17) Primary Level - Driver
(08) Nursary Assistant
(22) Primary Level

Office Assistant / Lebourer

380

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

Board of Directors

1. Cairperson - Mr. Deshabandu Wijerathne Dewagedara

Name	Designation	Institution	Telephone no.
2. Mr. Mr. B.L.A.J. Darmakirthi (to 2017-07-11)	Additional Secretary (Dev.)	Ministry of Plantation Industries	011-2186160
3. Mr. M J.S. Ravisingha (from 2017-07-11)	Director (Dev.)	Ministry of Plantation Industries	011-2186204
4. Mr. E.K.J.K. Edirisinghe	Tea Commissioner	Sri Lanka Tea Board	011-25801
5. Mr. T.V. Weerasena	Additional Director General	Department of Estate Enterprises	011-2484671
6. Dr. M.M.J.P. Gavargammana	Chairman	Tea Research Institute	052-2258201
7. Dr. I.S.B. Abesinghe	Director	Tea Research Institute	052-225820
8. Mr. K.L. Gunarathne	Hon. Secretary	All Island Society Organisation	077-7707623
9. Mr. Neville Rathnayake	Hon. Chairman	All Island Society Organisation	011-7909020
10. Mr. Roshan Rajadurei	Managing Director	Kelaniweli Plantations Ltd	011-2627700
11. Mr. W.T.K. Samarathunge	Representative of Trade Unions	-	071-4634132
12. Mr. Nuwan Weerasinghe	Representative to Hon. Ministrer of Plantation		0777-154816
13. Mrs. Kalyani Satharasinghe	Representative of Trade Unions		071-2934559

14. Mr Amara Dissanayaka	Representative of Private Factory Owners Association	071-4175592
15. Mr. C. Abeygunawardana	Observer / Member	077-8633802
16. Mr. R. S. Jayaratne	Observer / Member	071-9281182
17. Mr. Rohan G Petiyagoda	Observer / Member	011-2590968
18. Mr A.A. DarmaBandu	Observer / Member -	077-7274574

13 board meetings have been held during the relevant year .

Audit Committee

Name	Designation	Institution	Telephone no.
1. Chairperson -Mr T.V. Weerasena	Additional Director General	Department of Estate Enterprises	011-2484671
2. Member - Mr M.J.S. Ravisinghe	Director (Dev.)	Ministry of Plantation	011-2186204
3. Member -Mr. K.L. Gunaratne	Hon. Secretary	All Island Society Organisation	077-7707623
4. Member-Mrs. Kalyani Satharasinghe	Representative of of Trade Unions		071-2934559
5. Member - Mrs. S.D.Katuwawalage	Audit Superintendent	Department 0f Audit (Sri Lanka Tea Board)	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

<u>Executive Staff – Head Office</u>

Chairperson	:	Mr. Deshabandhu Wijerathne Devagedara
General Manager	:	Mr. C.J.I.T. Fernando (from 2016.06.02 upto 2017.07.12) Mr. G.J. Mahipala (from 2017.07.13)
Management Advsior (Contract))	:	Mr. A.N. Madawela
<u>Extension Division:</u>		
Deputy General Manager (Extensions)	:	Mr. C.J.I.T. Fernando
<u>Development Division:</u>		
Deputy General Manager (Dev.) Secretary to the Director Board	:	Mr.J.M.G.Jayasinghe
Manager (Dev.) (Act.)	:	Mr.R.A.Waidyaratne
Asst. Manager (Dev.)	:	Mr.A.A.D.P. Abethilaka
Assistant Regional Manager (Planning and Dev.)	:	Mrs.E.K.P.H.Piriyadarshani
<u>Planning & Monitoring Unit</u>		
Manager (Planning & Monitoring)	:	Mrs. M.I.M.J. Samawikrama (upto2017.11.04)
Asst. Manager (Planning & Monitoring)	:	Mr.R.A.Waidyaratne
<u>FinanceDivision:</u>		
Manager (Finance)	:	Mrs.D.G.P.Jayanthi
Assistant Manager (Finance)	:	Mr.P.R.Indika Perera Mrs. R.A.C.D.D. Jayatunga
<u>Human Resources and Administration Division</u>		
Manager (H R & Administration) (Act.)	:	Mr. Harshan De Silva
Assistant General Manager (Services)	:	Mr. Amitha Pasqual
Asst. Manager (H. R & Administration)	:	Mr. Harshan De Silva
Asst. Manager (H. R & Administration)	:	Mr. Chathura (upto 2017.10.25 දක්වා)
Administrative Officer	:	Mr. Sarathchandra Muramudalige
Internal Audit Division		
Internal Auditor	:	Mr.K.G.Narada
Internal Audit Officer (*covering duties*)	:	Mr.P.G.I. Surangika

Regional Office Galle - Administrative District- Galle

No 81, Light House Street, Fort- Galle
Telephone No. :- 091-7201126/28
Fax :- 091- 2244382 / E-mail - tshdaga@gmail.com

Regional Manager *(Actg.)*	:	Mr. E.R.S. Gunawardane
Assistant Regional Manager (Extensions)	:	Mr. I.U.H. Mohotti
Assistant Regional Manager (Planning and Dev.) (*covering duties)*	:	Mr.D.L.C.Sooriyaarachchi
Officer in Charge	:	Mr.D.L.C.Sooriyaarachchi Mr. T.M.S.L. Priyadarshaka Mr. T.M. Amararuwan
Officer in Charge *(Actg.)*	:	Mr. H.M.K.G.B. Herath
Officer in Charge *(Actg.)*	:	Mr. K.S.S. Dahanayaka
Administrative Officer	:	Mr. H.M.K.G.B. Herath
Accounts Officer	:	Mrs. U.L.M. Perera

Regional Office Matara - Administrative District- Matara, Hambantota
No. 31, Kalidasa Road, Matara
Telephone No. :- 041-7200799 - 041-7200394/96
Fax :- 041- 2226487 / E-mail - tshdamt@gmail.com

Regional Manager	:	Mr. G.G. Bandula
Assistant Regional Manager (Planning and Dev.)	:	Mr.Saliya Narangaspitiya
Officer in Charge	:	Mr. E.G.D. Santhasiri
	:	Mr. J.L.Edirisooriya
Officer in Charge *(Actg.)*	:	Mr.Sunil Sarath Deshapriya
Officer in Charge *(Actg.)*	:	Mr. Mahinda Batagoda
Administrative Officer	:	Mrs. N.V.P. Pushpakumari
Accounts Officer	:	Mrs. H.M.L. Pushpakamari

Regional Office Ratnapura - Administrative District- Ratnapura
No 1/28, New Town , Rathnapura
Telephone No. :- 045-7201243 - 045-7201904
Fax :- 045- 2228647 / E-mail - tshdarat@gmail.com

Regional Manager	:	Mr. K.A.B. Padmaraja
Assistant Regional Manager (Planning and Dev.)	:	Mr. H.K. Lalith Kumara
Assistant Regional Manager (Extensions) *(Actg.)*	:	Mr. D.M.G.S. Ekanayake
Officer in Charge	:	Mr G.D.K. Balachandra
Officer in Charge *(Actg.)*	:	Mr. A.K. Wijesekara
Officer in Charge *(Actg.)*	:	Mr. G.S.K. Perera
Administrative Officer	:	Mrs. M.D.A. Pushpakamari
Accounts Officer	:	Mrs. M.A. Piyasili

Regional Office Kandy - Administrative District- Kandy, Matale, Kurunegala
No 2/7/1 Gannoruwa Road, Peradeniya, Kandy
Telephone No. :- 081-7200827 - 081-7200821
Fax :- 081- 2389011 / E-mail - tshdakan@gmail.com

Regional Manager *(Actg.)*	:	Mr. W.H.P.S. Wijethunge
Assistant Regional Manager (Extensions)	:	Mr. M.R.N. Dhammika
Asst. Regional Manager (Planning & Dev.)(*(cov.du)*	:	Mr. D.M.R.K.B. Dasanayaka
Officer in Charge	:	Mr. D.M.W. Banda
	:	Mr. D.M.R.K.B.Dasanayaka
	:	Mr. W.J.W. Arambepola
	:	Mr. T. Amarasekara
	:	Mr. K.M.D.A. Kurruppu
Officer in Charge *(Actg.)*	:	Mr. U.J.B. Wijethunge
Administrative Officer	:	Mr. Chamila Bandara Diddeniya
Accounts Officer *(covering duties)*	:	Mr. Daminda Priyanjith
Public Relation Officer	:	Mr. Anura Dissanayaka

Regional Office N' Eliya - Administrative District- N' Eliya
New Town, Kotmale
Telephone No. :- 052-4930265/ 052-4930247
Fax :- 052-2259060 / E-mail - tshdane@gmail.com

Regional Manager	:	Mr. W.T.R.P. Wimalratne
Assistant Regional Manager (Planning and Dev.)	:	Mr. P.A.N. Pushpakumara
Asst. Regional Manager (Extensions) *(covering duties)*	:	Mr. D.V.K. Nandasiri
Officer in Charge	:	Mr. A.M.D.S. Ranaweera
Officer in Charge *(Actg.)*	:	Mr. M.A.I. Abesena
	:	Mr.A.T.A. Gunawardana
Administrative Officer	:	M.U.S.Wikramasingha
Accounts Officer	:	Mrs. Shyamali Premasun

Regional Office Uva - Administrative District- Badulla, Monaaraga
New Badulla Road, Bandarawela
Telephone No. :- 057-72000241/ 057-7200081
Fax :- 057- 2232237 / E-mail - uvatshda@gmail.com

Regional Manager	:	Mr. H.R. Aruna Shantha
Assistant Regional Manager (Planning and Dev.))	:	Mr. K.M.R.L. Bandara
Assistant Regional Manager (Extensions) (Actg.)	:	Mr. H.M. Premakumara
Officer in Charge	:	Mr. H.M. Premakumara
	:	Mr. M.M. Kumarasinghe
	:	Mr. R.M.A.D. Rathnayaka
Officer in Charge *(Actg.)*	:	Mr.K.N. Kumarasiri
Administrative Officer *(Actg.)*	:	Mr. Gunasiri Adikari
Accounts Officer	:	Mrs. Madushanka Lakshani Nawalage

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

Regional Manager	:	Mr. R.A.G.P. Ranasinghe
Asst. Regional Manager (Exts.)(*covering duties)*	:	Mr. G.N. Yagamuni
Officer in Charge	:	Mr. R.M.P.R. Bandara
Officer in Charge *(Actg.)*	:	Mr.P.G.P.C.Vijesingha
Administrative Officer	:	Mrs. E.M.D. Amunugama
Accounts Officer	:	Mr. R.R.M.J.B. Rathnayaka

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

Regional Manager *(Actg.)*	:	Mr. D.M.J. Nakandala (Acting)
Assistant Regional Manager (Extensions)	:	Mr. D.M.J. Nakandala
Assistant Regional Manager (Extensions) *(Actg.)*	:	Mr. S.C. Mudun Nayaka
Officer in Charge	:	Mr. T.M.S.L.Piriyadarshaka
Officer in Charge *(Actg.)*	:	Mrs. H.P. Pushpakumari
Administrative Officer	:	Mr.H.G.S.L.Pushpakumara

Rathnasiri Wickramanayaka National Training Institute
5th Milepost, Middle Division, Udawela, Hanthana
Telephone No. :- 081-7201760/081-7201873
Fax :- 081-3800679/ E-mail - tshdakalu@gmail.com

Manager (Training) *(Actg.)*	:	Mr. W.T.R.P. Wimalaratne
Asst. Manager (Training) *(Actg.)*	:	Mr. Anurudda Bandara
Training Officer (*covering duties)*	:	Mr. Chamila Bandara Diddeniya

Executive Summary

Extent of Tea Small Holdings

The estimated total extenet 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 maximium limit of 50 acres)Services were delivered as per the provisions in the Act, from year 2012. Development services and asociated 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.

1994 teas farmers have joined the small holder tea small holdings sector in year 2017 and the extent of land in which tea has been newly cultivated without subsidies is 202 h. The biggest part of the said extent of land, which is 53.7h and 363 farmers were reported from Kegalle district. The total extent of land of tea small holdings estimated by the end of year 2017 is 122169h.

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

The national tea production in year 2017 was 307.72 million kilos and the production of the tea small holdings was 232.417 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 75.5% 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 national tea production has increased by 5% and the production of tea small holdings sector has increased by 6.6% in comparison to year 2016. The tea production has been decreased by 6% in comparison to year 2014, in which the highest production of tea small holdings sector has been reported. However, the contribution of the tea small holdings sector to the national production has improved gradually and it has reached 75.5% by year 2017.

Productivity of the Tea Small Holding Sector

The productivity of the tea small holding sector has been reduced by 6.6% compared to the previous year. Accordingly the average productivity of year 2017 was 1995 kilos of made tea per hecare. The average productivity of the low country tea was 2132 kilos of made tea per hectare and of mid country tea was 1346 of made tea. The avaerage productivity of Uva was 1453 kilos of made tea and in up county it was 2213 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.

Tea plants cultivated in a land in extent of 2000 h should be removed annually for replanting, since the institution has restricted the provision of land development services and extension services to land in extent of less than 10 A. It has been targeted to remove tea plants in a land in extent of 840 h on annual provisions and land in extent of 1655 h under the smallholder tea and rubber revitalization project in year 2017. Licenses have been issued in relation to 1470 h under the project.
As per the data of the year, around 1052 hectares of land were uprooted with the subsidies for tea replanting and replanting has been done in around 834 hectares of land. As per the trend in the previous 3 years uprooting is done in around 1143 hectares of land and replanting is done in an exent of 762 hectares, annually.

Even though the target in year 2017 was to re plant tea in 1040 hectares, the completed extent was 748 hectares, Accordingly the percentage of te replanting in year 2017 was 0.75%.

Tea New Plantin

It was targetted to prepare the soil for tea new planting in 200 hectares of land in year 2017, the progress was 211 hectares. Tea new planting had been completed in 202 hectares of land. The annual targeted extent of land was determined considering the annual provisions allocated for the instituion.

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, 912500 plants were to be infliied and 564145 planted were infilled for year 2017.

Extension & Consultation Services.

7044 group extension programmes have been targeted for providing extension services and instructions with the objective of enhancing the productivity of smallholder tea land (Table 13-i), enhancing the quality of tea leaves (Table 14) and management of tea based farms (Table 16) and 6680 out of them (95%) have been implemented.

The expected participation of the farmers was 179859 and the actual participation was 188085. Its progress is 105%. 37200 Individual extension programmes were aimed and 90% 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, 1435 societies had been registered towards the end of year 2017. Total number of its members were 329778. Compared with year 2016, the number of societies has been increased by 2.3% in year 2017.

Operational Cost of the Institution.

The development cost of the institution in year 2017 is Rs. 643.09 million. The recurrent cost is Rs. 337.05 million. The development cost and recurrent cost have increased by Rs. 81.22 million and Rs. 22.5 million respectively in comparison to the previous year. Accordingly, the ratio between operational cost and development cost is 0.52.

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 2017 the price received for a kilo of normal raw leaves for tea small holders amounted at the end of the year was Rs. 88.71 for up country tea while Rs. 82.75 for mid country tea and Rs. 93.29 for low country tea and the median for all the regions was Rs. 90.69. The production margin was 21.64 for production of tea small holders in year 2017 for low country and for low country it was 19.04 as per the general prices.

01. Introduction

1.1. Institution and its Performance.

1.2. Activities of Audit and Management Committees.

1.3. Administrative Activities

Introduction

1.1 Institution and its Performance.

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

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

Objectives:

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

Activities of the Authority.

1. Support to develop or assumption for development in tea smallholdings and other tea lands where their own way of production lacks.

2. Accomplishment / establishment or development of tea factories required and other infrastructure facilities in order to make the harvest of these small tea holdings the produce.

3. Dealing with the responsibility of enhancing or marketing of the produce generated in the said tea smallholdings or in the said factories.

4. Taking every necessary measure with a view to supply or 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 farcicalities 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 01st January 1978.

1. Implementation of the following funding schemes for the development of lands existing under the management of the private sector.

   I Re – plantation of Tea.
   II Tea new planting.
   III Infilling

2. Implementation of supporting services such as distribution of tea fertilizer and provision of plantation materials, utensils and transport.

Implementation of extension and consultation activities.

1.2 Activities of Audit and Management Committees.

The audit plan prepared for year 2017 has been approved by the board of directors on the 31.12.2016 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.

1. Decisions on the progress of the audit reports regarding which further action has not been taken out of the audit reports issued by the Internal Audit Division.

2. Decisions relevant to the implementation of the decisions of the Board of Directors, which have not been implemented

The Audit Plan prepared for the year 2018 was approved by the Director Board on 26.12.2017. 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 quaries.

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

Ten (10) audit quarries and four (04) other inquiries have been completed during year 2017 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 Organizational Structure and Procedure of Recrutiment

Approval has been granted for 07 posts of Management Assistant (Non-technical) and 07 posts of Office Assistant and Secuirty Assistant, which have been approved by the letter of the Department of Management Services No. DMS/1714V-III(C) dated 31.10.2017 for the organizational structure of the Authority. Accrodingly, the toal number of posts of the Authority, which have been approved, has been increased up to 459.

Further, a new salary code as MA 2-3 has been approved for the post of Tea Taster/ Extension Officer by the lette of the Department of Management Services No. DMS/1714V-II dated 29.11.2016.

1.3.2 Policy Decisions

Approval of the board of directors was given to implement the divisional offices of Kandy district and N'Eliya district as one district services area in one 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 The consturction of a separate Divisional Office buidling for Nuwera Eliya district has been commenced in year 2017.

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.

Designation	Grade	No.
General Manager	HM 2-1	01
Asst. Rogional Manager (Planning & Dev.)	MM 1-1	03
Account Officer	JM 1-1	01
Administrative Officer	JM 1-1	03
Tea Inspector /Extension Officer	MA2-3	35
Book Keeper	MA 2-2	05
Management Assistant	MA 1-2	18
Drivver	PL 3	06
Total		**72**

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.

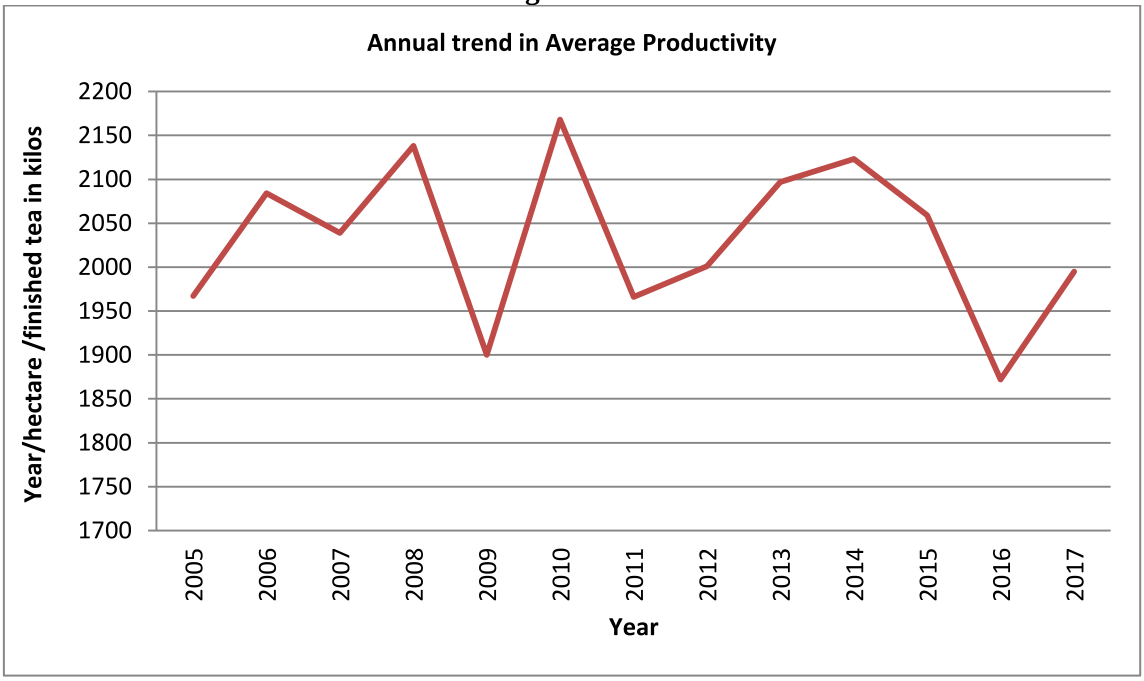
The productivity per hectare (finished tea in kilos) has been taken as the main criteria of performance indicator. Accoridngly, field work were directed to achieve results after setting annual goals to the field staff for upcountry, mid country and low country productivity. . (The national goal for year 2017 was *1800 Kilos of finsihed tea per hectare). The main development goals to measure the performance of year 2016 and 2017 progress of the performance have been indicated below.

Table No. 01

Expected Productivity Targets and Performance of the Institution – 2016/2017 (Kilograms of tea per hectare per year)

	2016			2017		
	Target	Output	Performance	Target	Output	Performance
Low conutry	2300	1984	86]	2300	2132	93]
Midcountry	1500	1335	89]	1500	1346	90]
Uva	1300	1188	91]	1400	1453	104]
Average	1800	1872	104]	1850	1995	108%

Diagram no 01



Development Results.

Long-term effect / result – Enhancing life standard of tea mall 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 three (03 years,

2. 2. Increasing the quality of row leaves by 60% at factory level in three (03) years.
3. Strengthening community based organizations by 50% in three (03) 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.

02. Tea Small Holdings Sector in Sri Lanka

2.1. Tea Small Holdings

2.2. Extent of Lands of Tea Small Holdings:

2.3. Tea Small Holders

2.4. Number of Tea Small Holdings.

2.5. Categorization of Lands:

2.6. Production in Tea Small Holdings Sector

2.7. Tea Smallholdings Production Composition

2.8. Productivity in the Tea Smallholdings Sector

2.9. Investments and Monitoring Review in Tea Smallholdings Sector

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 01st January 1978 to perform development activities for tea lands from 10 – 15 acres under the purview of Sri Lanka Tea Board. Therefore, the institution so far has provided assisting services relevant to the development of all the tea lands less than 50 acres extent under private ownership.

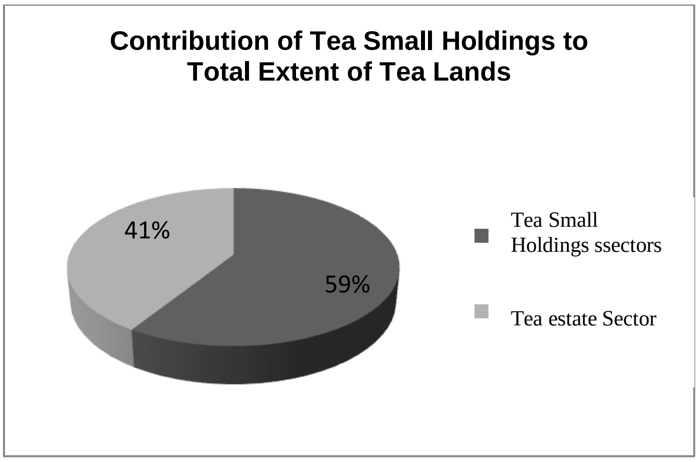
By the year 2012, Sri Lanka Tea Board has been entrusted with render land development services for lands from 10 to 50 acres while Sri Lanka Tea Research Institute has been entrusted with providing extension services. Accordingly, the institutions provided development and assistance related services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

2. 2 Extent of Lands of Tea Small Holdings: :

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

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

Diagram No: 02



Source: *Sri Lanka Survey Report on Tea Lands 1994 / 1995 – Sri Lanka Tea Board

- Census on tea small holdings 2005 – Department of Census & Statistics

2. 3 Tea Small Holders:

Number of tea small holders was 370,842 by year 2005. (Including cultivators of lands less than 20 perches). 82% of them are tea small holders with individual ownership and they own approximately 76% of the tea lands. By the end of year 2017, the number of tea small holders was 395414 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 2

Number of Tea Small Holdings per District of Sri Lanka

District	No. of tea small holders	No.of tea smallholdings	No. of Hac.
Colombo	478	491	246
Gampaha	9	9	2
Kaluthara	35,908	38,263	7,823
Kandy	29,224	30,747	16,058
Matale	1,387	1,408	1,672
N'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
Total	**370,842**	**397,223**	**132,329**

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 willbe 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.

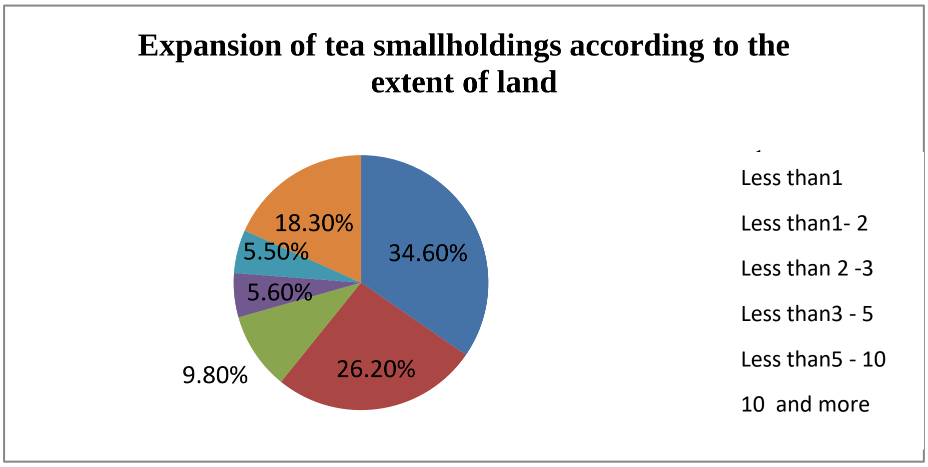
113,190 acres of land (34.6%) in the tea smallholdings sector are lands less than one acre while 198,707 (60.8%) acres of land are lands less than two acres. Lands more than ten (10) acres amount to 59,731 acres (18.3%). As per the following table 267,253 acres (108,200 hectares) are tea lands less than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

Table No 3

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 than1	113,190	34.6	297,342	75
Less than1- 2	85,517	26.2	74,314	18.7
Less than 2 -3	31,882	9.8	15,101	3.8
Less than3 - 5	18,413	5.6	5,299	1.3
Less than5 - 10	18,251	5.5	2,936	0.7
10 and more	59,731	18.3	2,231	0.5
	326,984		**397,223**	

Diagram No: 03



Source: Survey Report on Tea Lands in Sri Lanka

2. 6 Production in Tea Small Holdings Sector

National tea production in year 2017 is 307.72 million kilo grams. Compared to the previous year this is a deduction of 15.15 million kilo grams or 5.18% from the national production.

Moreover, the total tea production of tea smallholdings sector have been increased by 6.6% million kilograms that is 14.35% of the production.

The tea smallholders sector contributed 50% of the national tea production in year 1991 escalated its contribution up to 75.5% during the year under review.

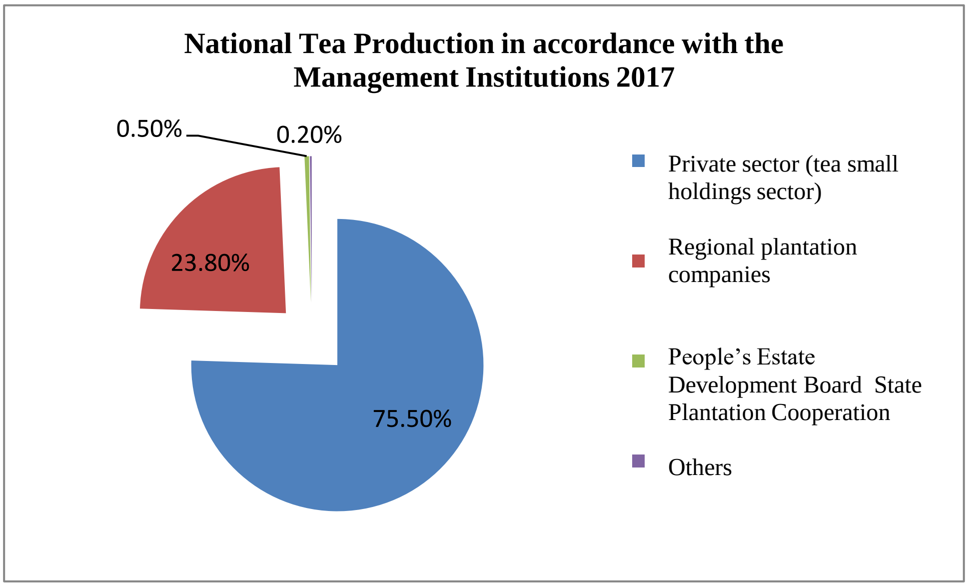
Table No: 04

National Tea Production in Sri Lanka – 2016 / 2017
Contribution per Management Institutions

	Management Institution	Tea Production M.T. 2016	%	2017	%
01	Private sector (tea small holdings sector)	218,068	74.53	232,417	75.5
02	Regional plantation companies	72,948	24.95	73,079	23.8
03	People's Estate Development Board State Plantation Cooperation	1,262	0.43	1,483	0.5
04	Others	295	0.10	741	0.2
	Grand Total	**292,573**		**307,720**	

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

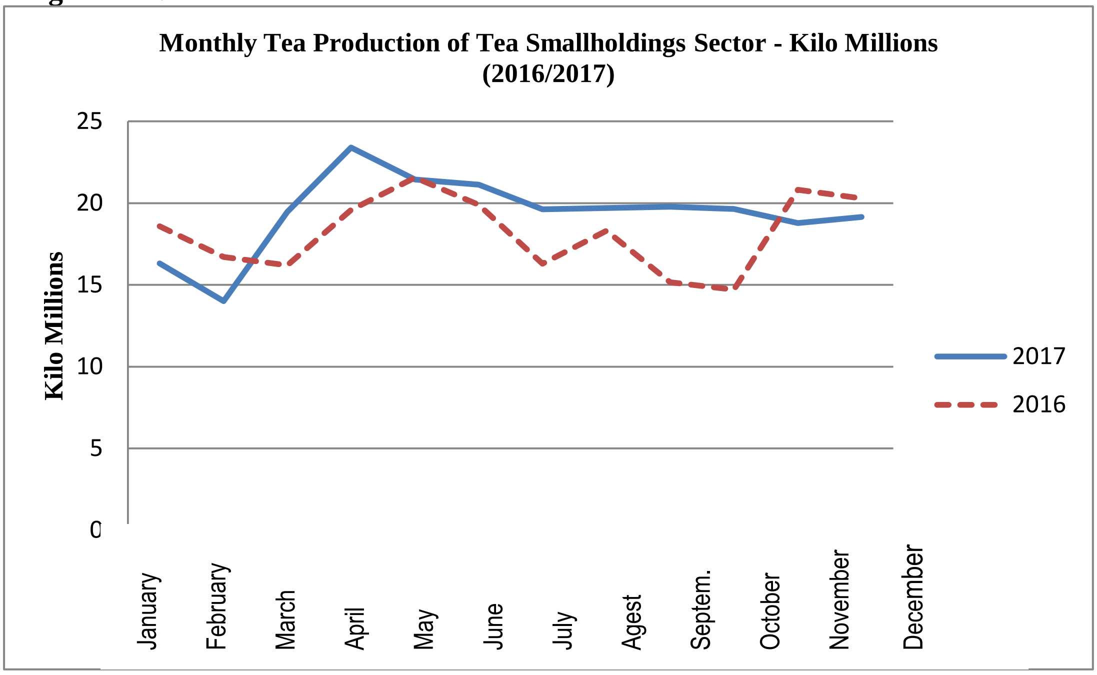
Diagram No: 04



Source: Sri Lanka Tea Board

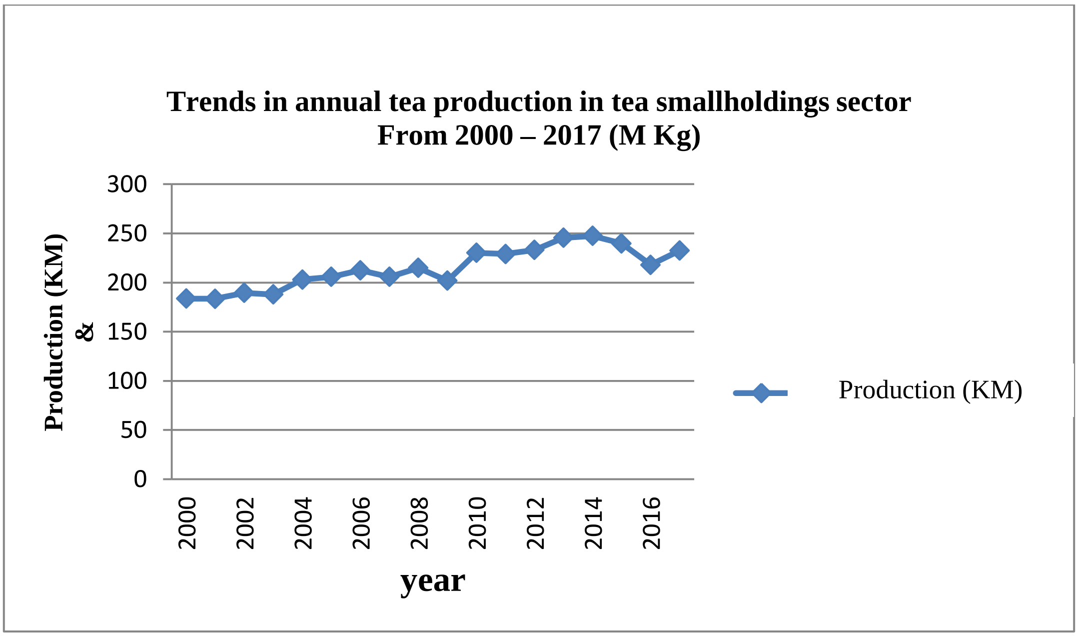
(All that purchased under categorization of institutions has been included in the production of tea smallholdings sector. The categorization under 'Private' is considered as the tea smallholdings sector.)

Diagram No. 05



Source: Sri Lanka Tea Board

Diagram No. 06



Source: Sri Lanka Tea Board

2.7 Tea Smallholdings Production Composition

Tea smallholdings sector contribution for national tea production in year 2017 consisted of 97% of total low country tea production, 63% of median country tea production, and 20% of the total up country tea production. (Table no. 04) In addition, 82% of the total private sector tea production even in year 2017 belonged to low country tea production.

Compared with year 2016, in 2017, up country tea production in the tea smallholdings sector has been decline by 4% while median country tea production has been escalated by 08% and low country tea production has been increased by 7.5%.

Table No. 05

Physical and Production Contribution of Tea Smallholdings Sector (per situated area)

<u>2016/ 2017</u>

		Year	Up country	Median country	Low country	Total
No. of tea smallholdings	(hectares)		5913	21403	89176	116492
Percentage of contribution			5%	18%	77%	
National Productivity	MT	2016	64,425	44,510	183,638	292,573
	%		22%	15%	63%	
	MT	2017	64,643	45,655	197,422	307,72
	%		21%	15%	64%	
Production of tea smallholdings	MT	2016	12558	28573	176937	218068
	%		5.8%	13.1 %	81.1%	
	MT	2017	13079	28811	190152	232417
	%		6%	12%	82%	
Contribution to national production	%	2016	4.3%	9.8%	60.4%	74.5%
		2017	4.3%	9.4%	61.8%	75.5%
Productivity	Made tea / per ha. / per annu	2016	1774	1335	1984	1872
		2017	2212	1346	2132	1995

Source

i. Survey on tea small holdings 2005 - Department of Census and Statistics
ii. Summary of monthly statistics - Sri Lanka Tea Board 2017

2. 8 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 2016 and 2017 too.

As per the data on production of tea in the Sri Lanka Tea Board, the general productivity of tea smallholdings sector in year 2017 is 1,995 kilo grams of made tea per hectare per year. An increase of 1872 kilo grams of made tea can be seen per hectare as the general productivity in the tea smallholdings sector for the year 2016 which is a increase of 6.6%.

Table No. 06

Productivity in the Tea smallholdings sector 2017 (made tea / kilos) Administrative District wise

Administrative District	Extent of tea smallholdings (ha)**	Highlands	Median	Low	Total	Productivity (made tea per 01 ha.)*
Badulla	7863	4,922,791	6,499,185	-	11,421,976	1453
Galle	25325	-	-	45,120,059	45,120,059	1782
Hambantota	492	-	-	186,320	186,320	379
Kaluthara	7588	-	-	19,926,368	19,926,368	2626
Colombo	246	-	-	784,544	784,544	3189
Kandy	12486	437,083	15,655,021	12,778,091	28,870,194	2312
Kegalle	5753	152,366	-	8,001,677	8,154,043	1417
Matale	1190	-	982,025	375,,540	1,357,565	1141
Matara	22971	-	249187	37011174	37,260,361	1622
N'Eliya	5971	7,566,431	4,859,290	735,233	13,160,954	2204
Ratnapura	28232		566,390	65,608,252	66,174,642	2344
Total		**13,078,671**	**28,811,098**	**190,151,718**	**232,417,026**	
Extent of lands based on survey 2005	-	**5913**	**21403**	**89176**	**116492**	
Estimated general productivity / per hectare	2016	1,774	1,335	1,984	1,872	-
	2017	2,212	1,346	2,132	1,995	-

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 1145.00 million consisted of Rupees 800.01 million as development and institutional capital expenditure and Rupees 345.00 million as recurrent expenditure in year 2017.

However, the total receipts were Rupees 784.45 million consisted of Rupees 455.00 million as the capital and Rupees 329.45 million as recurrent expenditure in year 2017.

Table No. 07

Tea Production in the Private Sector and Received treasury funds – -2007 - 2017

Year	Total Tea Production (M.Kg.)	Total Production Contribution % Private Sectors	Other Sectors	Allocated amount (Rs. M) for private sector (tea smallholdings sector)
2007	304.61	67.5	26.2	418.00
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	74.5	25.5	1009.45
2017	307.72	75.5	24.5	784.45

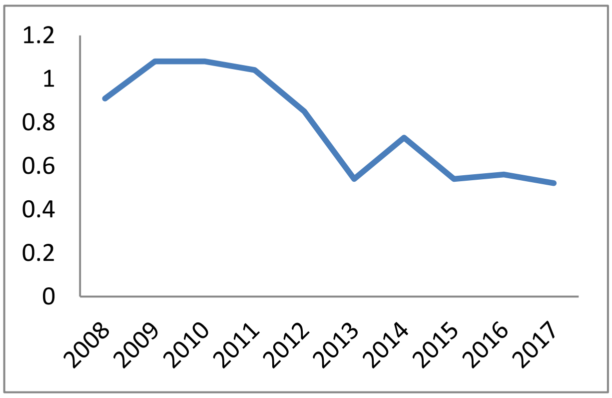
Operational Review

Estimated operational cost as per action plan of 2017 is Rs. 337.05 However, the operational cost of the year 2017 compared to year 2016 has been icrease by 22.11%.

Table No. 8

Operational Review (From 2007 to 2017)

Year	Development Cost Rs. 000	Operational Cost Rs. 000	Operational Cost per Rupee of Development
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
2017	643092	337053	0.52



03. Statutory Objectives and Results Based Development Functions

3.1 Mid term result based targets and achievements

3.2. Special Project activities to promote investments in small tea lands

3.3. Special Performance Indicator

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

The estimated development cost for the Action Plan prepared for the year 2017 in order to achieve the development results aimed through result based management approach for tea small holding sector is Rs. 717.77 million.

78.65% of the action plan was allocated for land development activities from the development capital cost of the action plan. An estimation of 3.14% for extension activities, 0.52% for strengthening community based organizations, 3.76% for strengthening institutional activities and 13.93% for Special development project for Nuwera Eliya Rural Development had been estimated.

Rs. 466.10 million was allocated for incentive allowances of encouraging tea replanting under Development Capital allocations, i.e. to uproot 800 hectares under tea replanting mentioned in the annual action plan 2017 on the requirement of maintaining replanting percentage on 2% on national requirement, 852 hectares for soil preservation- I, 1020 hectares for Soil Preservation-II, 1040 hectares for cultivation, 750 hectares for maintenance. It was able to pay Rs. 460.59 million out of this amount at the end of the year.

3.1 Mid term result based targets and achievements

Middle term results - 01

Increasing productivity in 03 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 2017, it was able to fix a target of 0.84% for the uprooting phase and the percentage achieved was 0.90%. Even though 1.04% was targeted in year 2017 for the tea re planting phase, the performance indicated as 0.75%.

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, which was 1850 kilos of made tea up to 1995 kilos of made tea per hectare. The average productivity value of made tea was 2123 kgs in year 2014, in which the maximum production has been reported

Figure No - 07 A

Increase of Subsidy for Replanting / Per Ha.

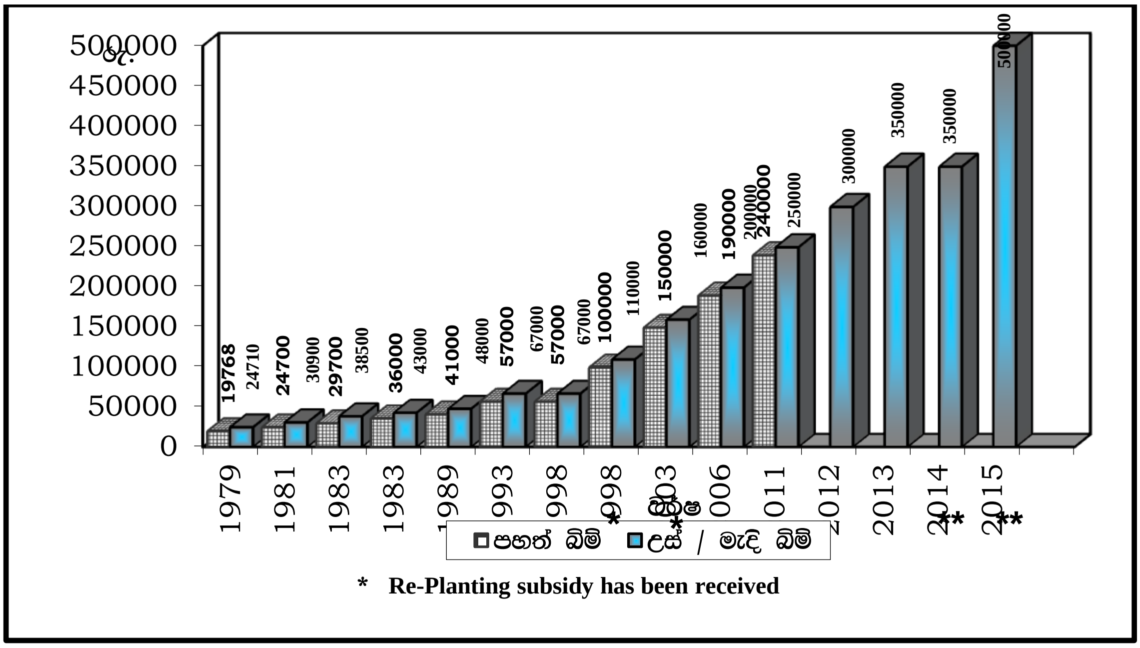
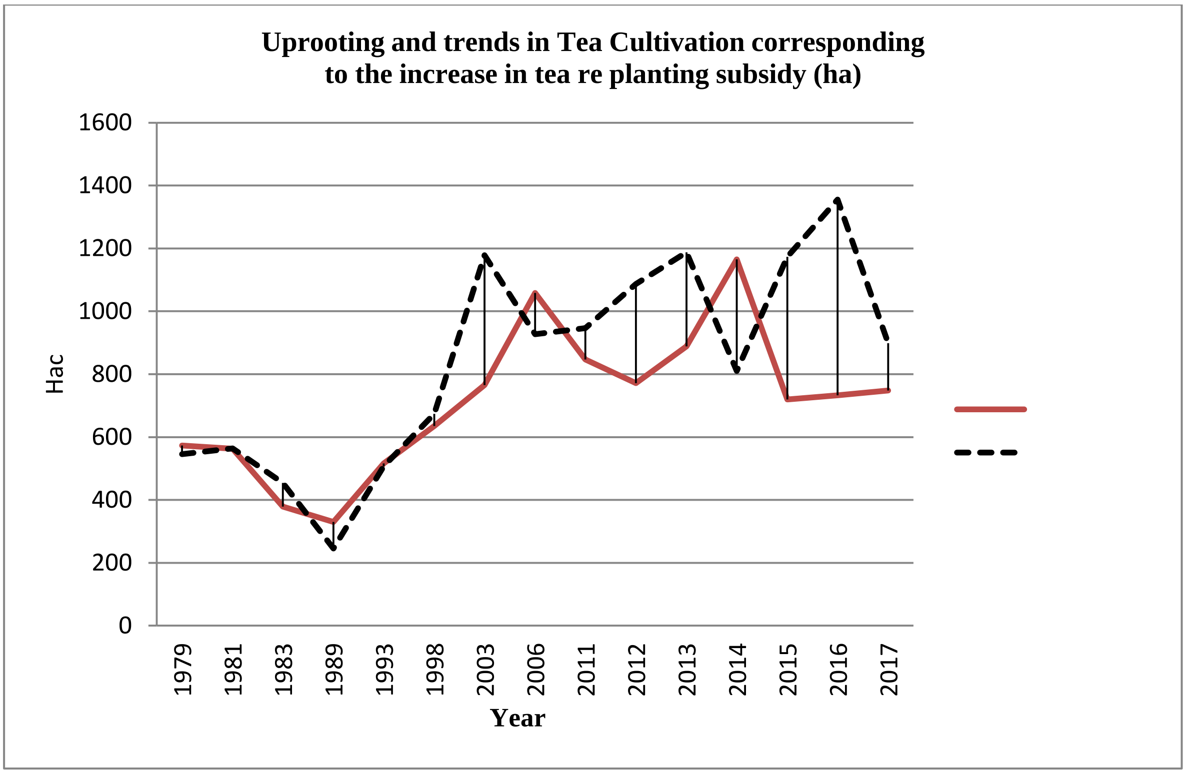


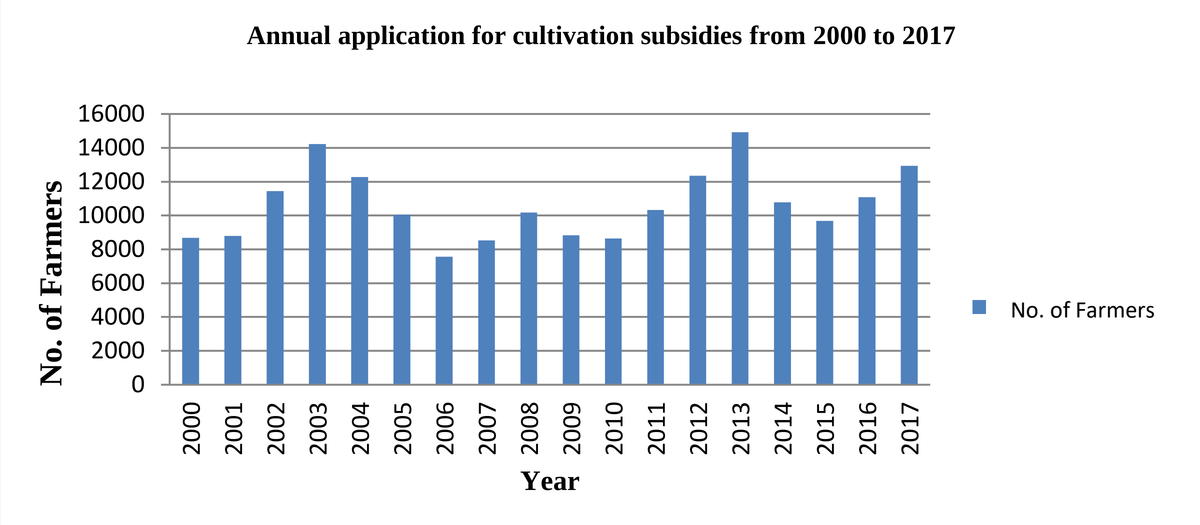
Diagram No - 07 B



Application for Tea replanting

It has been targeted to obtain applications of 12,530 farmers for tea replanting through the Action Plan of 2017, but 15567 have been applied for tea replanting. Permits have been issued for 12945 out of them within the year. Applying for scheme of providing subsidies for tea replanting has been decreased from 31% in 2017 in comparison to 2016.

Figure No - 08



Performance

Issuance of permits for tea replanting has been increased by 17% and the extent of hectares for which the permit holders applied to uproot old tea plants has been reduced by 41% compared to the previous year.

The extent of land in which old tea plants have been uprooted for replanting in year 2017 is 899 h. It is 107% progress from the targeted annual extent of land of 840h. Even though the percentage of uprooting the tea plants has been increased by 13% when compared to the previous year, the extent of land has been reduced by 457 h. The main reason for this reduction is that the target of the institution for uprooting has decreased to 840 h due to the target set under the Smallholder Tea and Rubber Revitalization Programme was 1655 h. The target of the institution for uprooting in year 2016 was 1450 h.

The extent of land in which soil rehabilitation has been completed in year 2017 was 1039 h. The extent of land in which soil rehabilitation has been completed in year 2016 was 868 h. Accordingly, this is an increase of 20% when compared to year 2016. Since the targeted extent of land for soil rehabilitation was 1020 h, it is a progress of 102%.

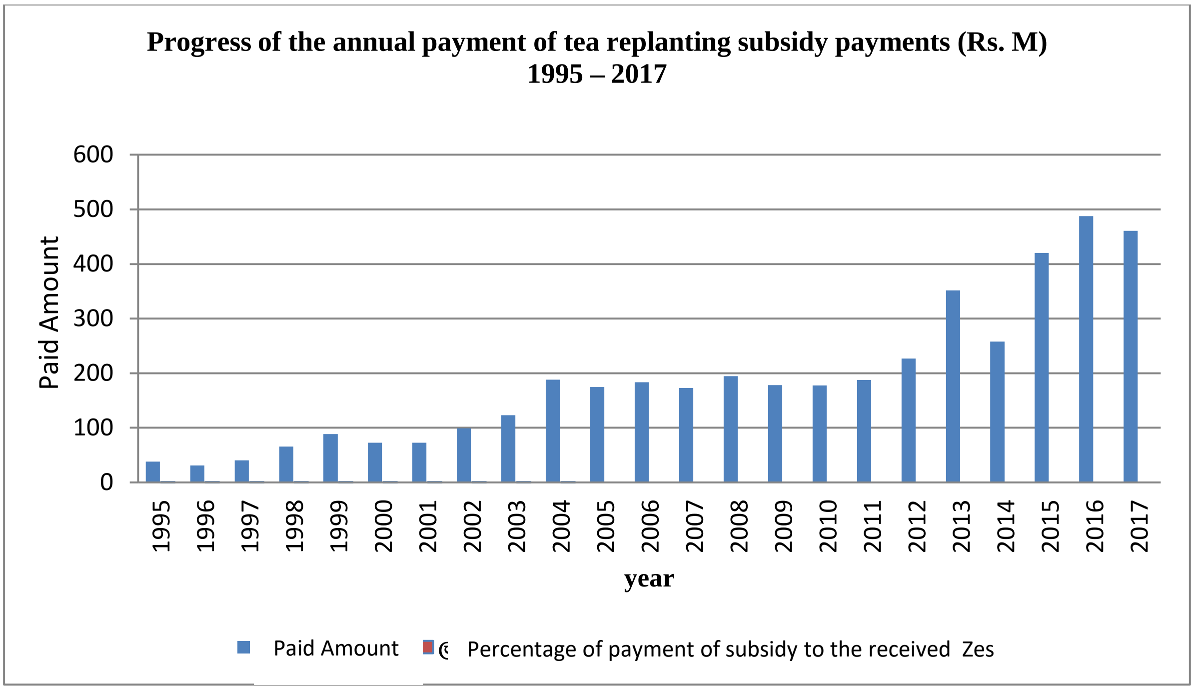
The extent of land where tea replanting took place is 748 h in year 2017. Since the targeted extent of hectares of the year was 1040, a progress of only 72% has been achieved within the year. The cultivated extent of hectares has also been increased by 2% compared to year 2016.

Table 09

Tea Replanting Subsidy Scheme
2016/2017 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
	2017	3204	570	3505	2833	584	1795	1503	1573	15567	12530	37
2. Number of permits issued	2016	2112	632	2752	1988	654	1164	794	980	11076	13895	23
	2017	2687	569	3133	2142	552	1534	1095	1233	12945	10662	17
3. Extent of land covered by the permits	2016	508	192	571	486	179	305	158	198	2597	2215	14
	2017	618	196	680	591	154	361	225	229	3054	1265	18
4. Preparation of Lands	2016	297	100	284	267	95	135	63	96	1356	1450	14
	2017	157	118	152	167	105	102	37	60	898	840	(34)
5. Soil Rehabilitation- Instalment I	2016	255	79	250	219	92	96	46	71	1108	1200	18
	2017	198	78	184	210	86	93	39	65	953	852	(14)
6. Soil Rehabilitation- Instalment II	2016	183	62	184	177	58	89	47	67	867	900	3
	2017	241	69	237	221	90	84	39	58	1039	1020	20
7. Tea Replanting	2016	160	44	169	147	60	61	39	53	733	1000	(9)
	2017	163	47	166	134	68	71	38	61	748	1040	2
8. Maintenance after a year	2016	181	50	195	155	48	67	43	72	811	950	0.4
	2017	139	41	159	111	58	62	28	57	655	750	(19)
9. 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
	2017	100.97	36.59	94.36	91.40	44.22	43.79	19.49	29.77	460.59	466.10	(5.6)

Figure No - 09

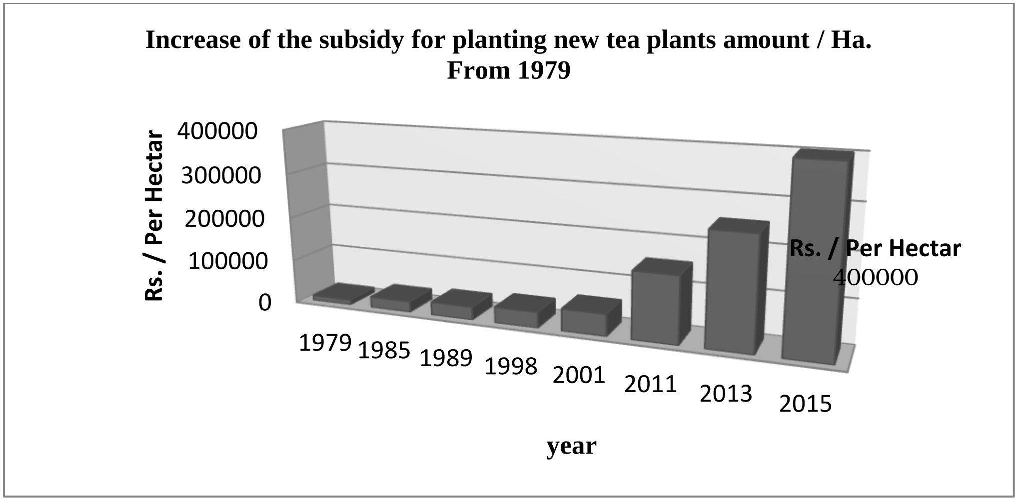


Rupees 460.59 million had been paid to the tea replanting subsidy beneficiaries in year 2017. When compared with year 2016 the amount of subsidy paid has been decreased by Rs. 27.29 million, that is 5.6%.

3.1.2 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 - 10



Performance

2508 applications had been received for planting new tea plants in 2017. Targeted number of applications is 2983. Permits have been issued for 2324 in considering the limit of provisions.

Preparation of land in extent of 200 ha had been targeted. Preparation of land in extent of 211 ha had been concluded. Thus, preparation of land had been concluded 106% according to the target 200 hectares were targeted for tea new planting and it has been completed in 202 hectares reaching a progress of 101%.

A total amount of Rs. 63.71 million has been paid for planting new tea plants in year 2017. Subsidy paid in comparison to the previous year has been increased by 31%.

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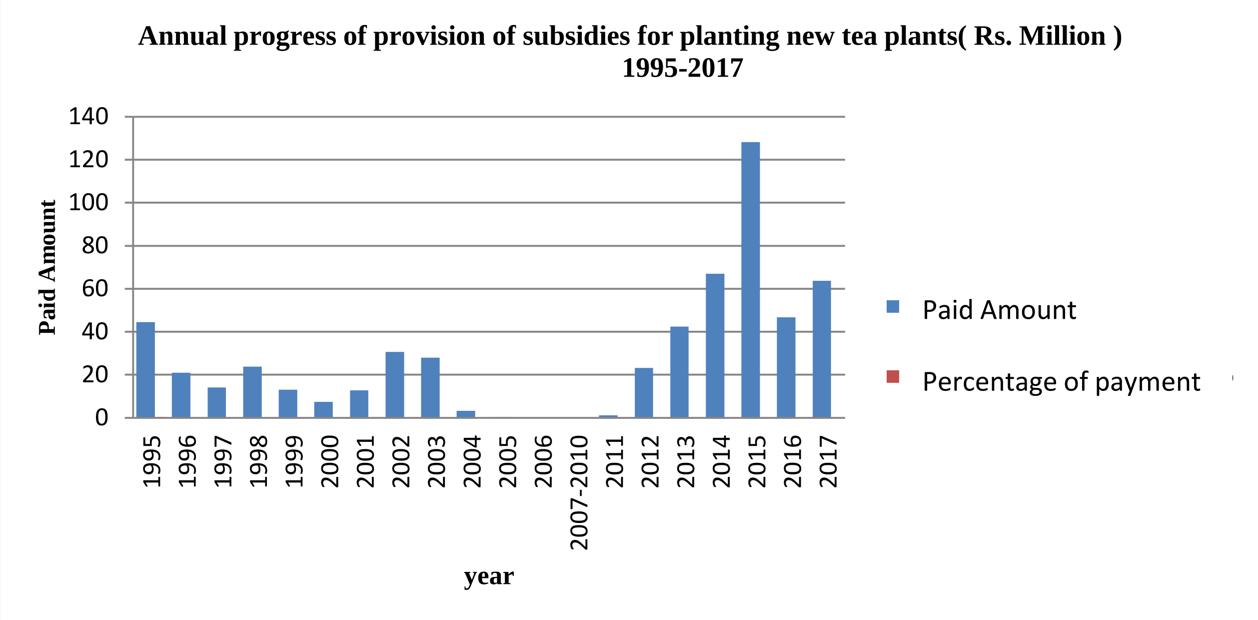
Table 10

Subsidy scheme for planting new tea plants
Physical performance in 2016/2017 (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	2016	5	446	3	2	67	8	6	8	545	1515	(88)
	2017	283	457	391	219	582	243	230	103	2508	2983	128
2. Number of permits issued	2016	-	450	-	-	0	1	1	6	458	1350	(89)
	2017	281	453	373	202	507	207	191	110	2324	1851	134
3. Preparation of land	2016	4.9	75.0	2.6	3.6	12.6	1.6	1.3	1.7	103	127	(79)
	2017	25.7	41.7	36.9	22.4	53.7	13.5	10.7	6.4	211	200	69
4. Cultivation	2016	4.5	73.0	2.6	8.1	13.0	2.2	1.3	4.8	109	104	(77)
	2017	23.7	41.3	36.4	20.1	53.7	11.7	9.3	5.9	202	200	60
5. Maintanance												
6. Funded amount (Rs. Million)	2016	40.8	109.0	48.6	90.0	63.3	13.0	3.5	10.7	378.9	269	25
	2017	19.6	51.2	8.1	29.8	7.8	1.7	0.11	4.8	123	166	(102)
	2016	4.88	24.59	1.85	5.18	7.34	0.76	0.36	1.77	46.72	49.77	(64)
	2017	9.2	14.17	10.28	6.96	15.21	3.44	2.59	1.85	63.71	71.12	31

Figure No - 11



- 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

2770 had been applied for crop rehabilitation subsidy scheme in 2017. Permits have been issued for 2509 out of them. This is a progress of 110% from the targeted number of permits. Compared to 2016, the number of applications had been increased by 30% while the number of permits issued had been increased by 37%. Number of seedlings to which the first instalment was paid was 564145 This is a progress 62% out of the targeted 912500 seedlings. The number of seedlings to which the first instalment was paid have been increased by 53% in comparison to the previous year.

The number of seedlings to which the second instalment was paid was 297068. This is a progress of 83% from the targeted 360,000 seedlings. Compared to previous year, the number of seedlings to which the first instalment was paid has been increased by 20%.

Subsidy of Rs. 11.7 million has been paid for crop rehabilitation in year 2017. It is a increase of 50% compared to the previous year.

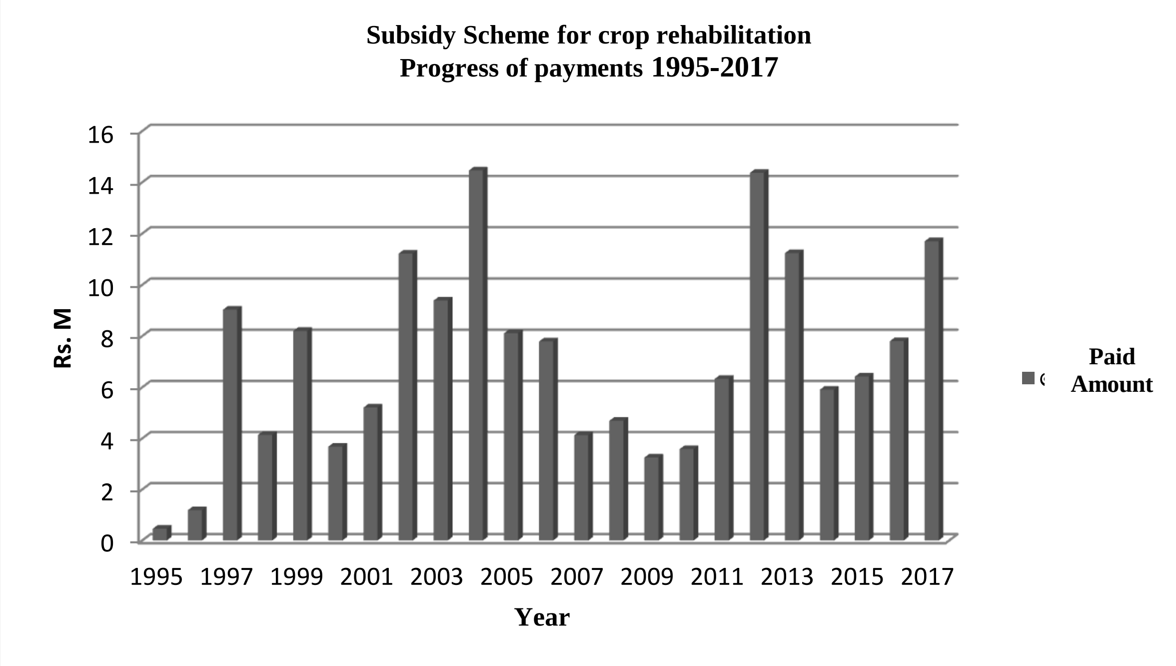
***Table No.* 11**

Subsidy Scheme for Crop Rehabilitation
Physical progress in 2016 - 2017 (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. Numberof applications received	2016	131	67	338	181	374	680	185	170	2126	2868	(22)
	2017	271	154	432	237	350	639	512	175	2770	2690	30
2. Number of permits Issued	2016	129	67	323	122	291	551	159	187	1829	2626	27
	2017	266	155	408	198	307	585	399	191	2509	2277	37
3. Targeted number of Plants	2016	40000	32000	85000	65000	65333	106000	50000	40000	483333	483333	73
	2017	100000	75000	90000	125000	110000	175000	137500	100000	912500	912500	89
4. Instalment 1Number of plants provided	2016	25503	15383	80398	25657	59866	107246	26425	27398	367876	483333	19
	2017	54842	33697	86921	53617	104371	132371	55484	42842	564145	912500	53
5. Installment 2 Number of plants provided	2016	21870	14920	36913	32438	19989	90779	9450	19980	246339	323000	23
	2017	34240	26768	60623	22830	42250	76969	12217	21171	297068	360000	20
6. 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
	2017	1.193	0.772	1.82	1.050	2.320	2.744	0.969	0.833	11.701	17.29	50

Source: Progress Report of Tea Small Holders Development Authority

Figure No - 12



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 wit quality new improved cultivars and took steps to provide 261,417 shoots to tea small holders, commercial tea nursery operators, and also the tea nurseries of the institution. This is an increase of 2% compared to the previous year. Annual target of the production of shoots from mother bush was 343600. It's a progress of 76%. Details of issuance of shoots of improved cultivars from mother bush sites are indicated in Annexure no: 8-A.

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, 487 commercial tea nurseries were registered by all regional offices for 2016 / 2017. Capacity of the said nurseries was 19.15 million seedlings. Out of these, 380 nurseries had obtained recommendations for 6.29 million plants at the first examination, 264 nurseries for 4.3 million plants at the second examination and 71 nurseries for 1.12million plants at the third examination.

At the end of the year, 449 commercial nurseries had finally got registered for year 2017 / 2018. Estimated plant capacity is 20.3 million. First examination had been completed in 141 nurseries.

Schedule no: 8-C_1 and 8-C_2 indicates a detailed description of information of the number of plants that have been certified

Table No. 12

Commercial Tea Nurseries
Issuance of Permits for and Plant Capacity
(2016 / 17) and (2017 / 18)

District	No. of permits issued		Plant capacity (M)	
	2016/17	2017/18	2016/17	2017/18
Galle	101	114	3,921,250	6,044,470
Matara	143	187	4,201,000	6,209,000
Kaluthara	23	35	1,614,000	1,665,000
Ratnapura	30	24	3175200	1,453,000
Kegalle	12	20	870,000	1,425,000
Kandy	93	53	3,428,000	2,968,000
N'Eliya	11	8	527,000	312,000
Uva	74	8	1,409,000	220,000
Total	**487**	**449**	**19,145,450**	**20,296,470**

Source: Progress Report of Tea Small Holders Development Authority

Institutional Tea Nurseries

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

Accordingly 1,227,856 plant shoots had been produced by the 08 nurseries for the South Western and North Eastern agricultural seasons in 2016 / 17. Total number of plants sold was 961,856 Selling price of a plant by nursery level is indicated in schedule no: 8 - B.

Even though, the estimated normal cost of a plant is Rs. 17.73, the actual cost of a plant is Rs. 1561. 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 7,044 extension and advisory training programmes were planned for the year under review. Target number of tea small holders for the said programme was 179,859.

The number of training programmes planned for year 2017 to escalate the production and productivity of tea smallholdings is 5807 and out of that 5575 programmes could be implemented. Accordingly, the progress of the said programmes had been increased up to 96%. Estimated number of farmer participation is 134860. Number of participation is 144897.

Table - 12- i

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

Regional Office	Galle		Matara		Kalutara		Ratnapura		Kegalle		Kandy		N'Eliya		Uva		**Total**		**Target**	
Programme	1	2	1	2	1	2	1	2	1	2	1	2	1	2	1	2	**1**	**2**	**1**	**2**
Training to make aware permit holders	54	1689	67	2338	36	988	56	2040	64	1960	124	3055	43	1308	32	649	**476**	**14027**	**228**	**5599**
Training for input nurseries	22	412	21	447	15	140	14	203	10	135	22	172	11	129	5	58	**120**	**1696**	**151**	**1429**
	19	283	15	306	9	29	20	387	11	195	24	184	5	69	8	140	**111**	**1593**	**141**	**1101**
Training on tea re - planting	62	1765	75	1970	36	1095	50	1226	27	544	47	884	31	659	26	699	**354**	**8842**	**331**	**7037**
Programmes to train license holders for new plantation	17	325	49	1070	23	508	13	252	11	188	11	172	18	317	8	316	**150**	**3148**	**232**	**4122**
Training on plucking tea leave	174	4375	141	3717	118	2541	193	4618	78	1998	126	2553	73	1798	87	2215	**990**	**23815**	**1089**	**23206**
Training on use of machinery	20	606	22	1162	15	462	18	536	14	462	20	795	10	315	18	720	**137**	**5058**	**144**	**7200**
Training on operating of machinery	4	29	4	131	4	22	4	72	2	25	8	287	1	0	3	295	**30**	**861**	**10**	**144**
Training on cutting	96	2160	111	3045	66	1431	104	2332	63	1574	105	2511	52	1079	69	1991	**666**	**16123**	**721**	**21955**
Training on cutting skills	27	530	26	765	18	298	36	779	11	228	28	542	19	400	12	655	**177**	**4197**	**155**	**2770**
Programmes to train owners of licenses for crop rehabilitation	19	357	21	431	8	141	11	218	9	254	9	168	14	348	7	324	**98**	**2241**	**144**	**2500**
Training on Soil Management	161	4996	154	4306	97	2696	115	3415	69	1438	134	4573	44	1069	106	3307	**880**	**25800**	**974**	**21155**
Training on shades estallishment and Management	106	3106	111	2843	69	1569	114	2886	82	1822	135	3065	44	1112	76	2043	**737**	**18446**	**803**	**18192**
Nutrient Management	49	1739	110	2903	74	2174	122	3686	77	1995	111	3178	46	1242	60	2133	**649**	**19050**	**684**	**18450**
Total	**830**	**22372**	**927**	**25434**	**588**	**14094**	**870**	**22650**	**528**	**12818**	**904**	**22139**	**411**	**9845**	**517**	**15545**	**5575**	**144897**	**5807**	**134860**

Source :Progress Report of theTSHA

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 65810 samples of soil as follows and it was able to these 55138 samples (83.78% tested).

Table No. 13 -ii

Number of Individual Extensions and Soil Tests

Regional Office		**Galle**	**Matara**	**Kalutara**	**Kegalle**	**Kandy**	**Nuwara eliya**	**Rathna pura**	**Uva**	**Total**
Individual Extensions	Target	11500	10000	6500	5000	8300	4000	12500	8010	**65810**
	Progress	7208	10084	5796	5078	7583	4007	8012	7370	**55138**
Individual Extensions	Target	6900	6000	3900	3000	4500	2200	7500	3200	**37200**
	Progress	6388	6108	4141	3121	3779	2204	4785	2847	**33373**

Source:- Progress Report of Tea Small Holding Development Authority

Midterm Results -02

Improving the quality of the green leaves by 60% within 3 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 12107 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, 1093 training programmes were planned to be carried out in year 2017 and 1093 have already been conducted (Table No 14). Number of farmers who participated at the programmes was 40332 and the targeted number was 43265. The progress of the participation therefore was 93%.

Table No. 14

Number of training programmes on the quality of tea leaves and the number participants-2017

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 (2.5.1)	**Total**
Galle	**Programmes**	80	47	43	170
	Participation	1914	2916	4816	9646
Matara	**Programmes**	89	52	40	181
	Participation	1990	2833	2964	7787
Kalutara	**Programmes**	42	13	25	80
	Participation	990	344	1166	2500
Kegalle	**Programmes**	41	10	18	69
	Participation	949	291	763	2003
Kandy	**Programmes**	80	25	41	146
	Participation	1567	1061	1524	4152
N'Eliya	**Programmes**	37	16	15	68
	Participation	1004	714	868	2586
Ratnapura	**Programmes**	90	43	30	163
	Participation	2412	2614	2084	7110
Uva	**Programmes**	53	27	32	112
	Participation	1281	1535	1732	4548
Total	**Programmes**	512	233	244	989
	Participation	12107	12308	15917	40332
Target	**Programmes**	585	221	287	1093
	Participation	10932	17325	15008	43265

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.

A total of rupees 16.56 million had been spent as, rupees 12.695 million for extension instructions and training programmes, rupees 659.76 for training materials and rupees 16.56 for exhibitions / prize awarding ceremonies.

Midterm Results – 03

Strengthening community based organizations by 50% within 03 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.

By the end of year 2017, 1435 tea smallholder development societies had been registered while its number of members amounted to 329778. Accordingly, the number of societies escalation by 2.3% in year 2017 compared to year 2016.

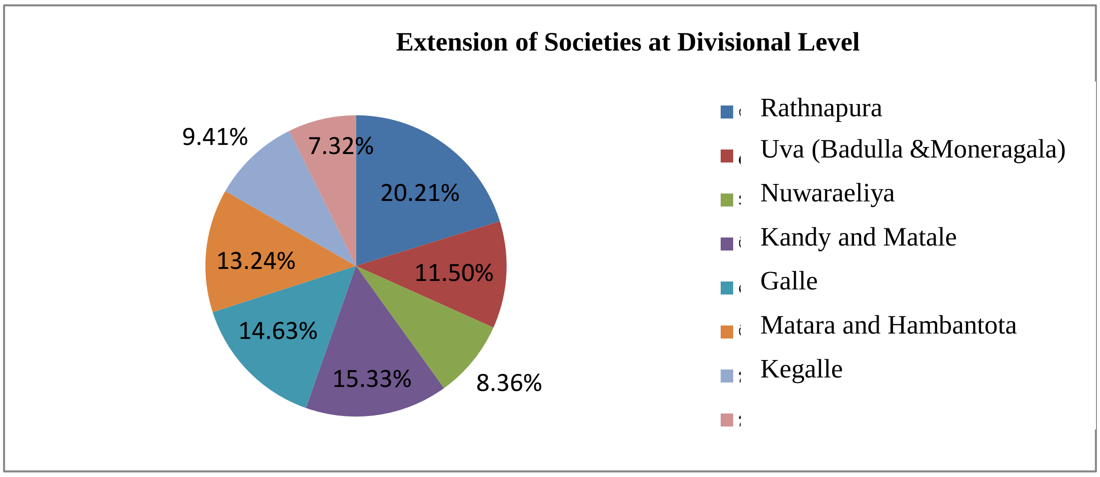
The system of societies are implemented with an all island society organization along with 08 district organizations. An election of all society organizations and all island organization was conducted in year 2015.

Table No. 15 - i

Extension of Tea Small Holders Development Societies

Official Jurisdiction	2016/2017 Number of Societies 2016	2017	Number of Members 2016	2017
Rathnapura	285	290	97,197	98,281
Uva (Badulla and Moneragala)	162	165	26,907	25,804
Nuwaraeliya	117	120	13,758	13,083
Kandy and Matale	218	220	23,332	22,696
Galle	209	210	64,179	62,557
Matara and Hambantota	180	190	59,770	56,480
Kegalle	132	135	20,334	21,152
Kalutara	100	105	34,529	29,725
Total	**1,403**	**1,435**	**340,006**	**329,778**

Diagram No: - 13



Source:- Progress report of the Tea Small Holding Authority

The number of newly registered societies in year 2017 has been escalated by 32 compared to year 2016 but obtaining the society membership has been declined by 3% (10228). It has been observed the reasons for decline in the number of membership had been occurred due to decline in the number of programmes implemented through the societies such as fertilizer subsidy, soil subsidiary etc, as well as the lethargic attitude of some tea smallholders with regard to updating the membership etc.

With a view to strengthen the implementation of tea smallholder development societies more productively, various training programmes for chief officers in each tea smallholder development society had been launched covering every district in year 2017 as follows. The institution had spent rupees 3.047 million for strengthening the community based organizations as a whole.

Table No. 15- ii

Progress in conducting training programmes for chief officers in tea smallholder societies - 2017

Training	No. of Programmes
Training for Hon. Treasurers of 1403 societies on maintaining society accounting activities at sub offices level covering all the districts	26
Awareness on prevention of narcotic drugs. Training on attitude development	06
Conducting 3 day academic training programmes at NIPM for Hon. Chairmen, Secretaries and Treasurers of 50 societies newly registered.	06 03

Apart from the above training programmes, following activities have been performed in year 2017 for the enhancement of the operation of the societies apart from the above training programmes.

- Inter - district journey programmes to exchange knowledge and experience among societies. Engage 50 selected society officers of Ratnapura / Kalutara in a society inspection journey in Uva province.
- Measures taken for the amendment process of society statutes.
- Measures taken to print and distribute 1500 copies of the manual on efficient society management
- Taking steps to grade all the registered societies

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 2017 was 1.04%, even though only 0.75% could be achieved. The financial progress targeted was 100% but the achieved was 98%.
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 2017 was 9.67%.

Even though the audit opinion is unqualified, it is accepted that the qualified audit opinion of year 2017 reflects a true and fair view of the financial position as per the Sri Lanka Public Service Accounting Standards.

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.

Task based evaluation scheme was implemented in year 2017 for the field staff and Rs.15.45 million was spent for the said task and the activities conducted for the strengthening of the institution.

Midterm Results 05

Directing 10% of the lands for additional income generation activities within 03 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. 144 programmes were planned for the year under review and 116 out of them were implemented. The target number of farmers for the purpose was 1734 and the participation was 2856. Programmes have been implemented as follows during the relevant year.

Table No.16

Training of tea based farms (5.1.4)
Number of programmes and participants -2017

	Divisional Office								
	Galle	**Matara**	**Kalutara**	**Kegalle**	**Kandy**	**Nuwaraeliya**	**Rathnapura**	**Uva**	**Total**
Programmes									
Target	23	20	13	11	25	11	25	16	**144**
Progress	19	18	9	13	22	8	19	8	**116**
Participation									
Target	230	200	174	220	250	250	250	160	**1734**
Progress	472	327	277	298	501	261	409	311	**2856**

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 indictors 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 2016/2017. Accordingly, it was able to obtain a finanacial subsidy of Rs. 15,000 (maximum) per tea cultivated hectare. The annual progress is given below.

Table No. 17

Progress of the Subsidiary of Tea Fertilizers - 2017

Regional Office	District	Total Amount (Rs.Mn)	Number of Beneficiaries	Land (Hac.)
Galle	Galle	173.734	27003	11582.3
Matara	Matara and Hambantota	154.251	23724	10283.4
Ratnapura	Rathnapura	287.732	39980	19182.2
Kandy	Kandy, Matale and Kurunegala	36.318	5607	2421.2
Nuwaraeliya	Nuwaraeliya	5.899	1107	393.3
Uva	Badulla and Moneragala	45.376	7957	3025.1
Kegalle	Kegalle and Gampaha	100.217	16328	6681.1
Kalutara	Kalutara and Colombo	100.365	18007	6691
Total		**903.894**	**139713**	**60259.6**

3.2.2 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.248.51 Million for 750 land owners. Accordingly, loan recommendations were given as for Rs.174,896 million for 527 farmers to tea replanting, Rs. 41,595 million for 117 farmers for tea nursery development and Rs. 30.198 for 97 farmers for tea new planting.

3.2.4 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.

3.2.5 Special Project in Alleviation of Poverty

Table No. 18

Special Project in Alleviation of Poverty -2017

Regional Office	Expected number of beneficiaries	land (Ha)	Expected number of beneficiaries	Number of permits issued	Number of permits been paid	Payment of incentives	
						Preparation of land (Ha))	Crop (Ha)))
Galle	84	6	67	52	7.7548	2.3089	1.9035
Matara	98	7	73	34	8.288	3.1721	3.1721
Kandy	140	10	98	27	9.6795	3.139	2.0563
N'ealiya	126	9	122	71	10.5633	4.7326	4.7326
Uva	112	8	60	23	4.9029	1.6845	1.4316
Ratnapura	140	10	107	14	11.00	1.0219	0.4908
Kegalle	140	10	122	93	8.8693	6.2301	6.2301
Kalutara	140	10	125	86	9.8891	6.5531	6.5531
Total	**980**	**70**	**774**	**400**	**70.9469**	**28.8422**	**26.5701**

It has been observed a delay in planting the expected / targeted extent of land due to shortage of seedlings for cultivators who completed the preparation of lands, because of the damage caused to tea nurseries as a result of insufficient rain and unexpected flood in the divisional secretariat divisions.

3.2.6 Rural Development Special Project - Nuwara Eliya

With a view to formally maintain the soil and water management in the tea lands of tea cultivators, agricultural equipment such as motor, forks, thistle, cropping knives, liquid sprayers, water moters, water tanks as well as water pipes were supplied spending Rupees 100 million under the special project implemented for tea smallholders in central province.

3.2.7 Distribution of flood subsidiary.

An amount of Rupees 225.606 million was distributed as compensation among tea smallholders devastated by flood and landslides occurred as a result of unfavourable extreme weather conditions in May 2017.

Table No 19

Regional Office	No. of Tea Small Holders	Extent of lands been damaged (Ha)	Allocated sum (Ha)	Amount paid	
				benefisher	Amount (R.M)
Ratnapura	3782	311.2	112.9	1963	43.944
Kalutara	3155	692.5	94.9	1358	45.001
Matara	4080	739.2	99.6	3691	38.885
Galle	6213	549.4	109.6	5704	97.768
Total	**17230**	**2292.2**	**417.0**	**12716**	**225.598**

3.2.8 Tea plantation insurance

With the objective of minimizing the loss occurred due to damages taking place to the crops of tea smallholders who contribute 75.5% to the total tea production of the country, as an outcome of the natural or other disasters, a tea crop insurance scheme in conjunction with an insurance company was introduced within yea 2017. It has been proposed to compensate a maximum of Rs. 12 million per hectare of crop land that is damaged.

Table No. 20

3.3 Management for Development Result

Main Performance Indicat

	Mid term results	Major performance indicator	Expected	Financial Progress	Base year 2008	Indicator based Activity Target & Progress		Remarks
						Target	Progress	
	Long term results	I Percentage of developing individual unit assets						Socio economic surveys
	Upgrading life standard of tea smallholders	II Percentage of children's secondary education			NA		NA	
1	Increase kilos of made tea per year / per ha. In 03 years	1.1.Developing unit productivity at district level and suitability level	685.89	623.12				Statistical data of Sri Lanka Tea Board
	Low country up to 2500				2085	2300	2134	
	Mid country up to 1700				1050	1500	1343	
	Uva up to 1500				1055	1300	1438	
		1.2Increase production in tea smallholdings (M.kg)			215	250	232	
2	Increase the raw leaves quality up to 60 % at factory level in 03 years	2.1. Better leaves percentage at factory level	0.55	0.94	35%	52%		Data of Tea Commissioner branch of SLTB
3	Development 50% of community based organisations in 03 years	3.1.Development of assets value	3.74	3.05	NA	20%		Socio economic surveys
		3.2.No. of societies monitoring identified activities			100	400		
		3.3. Member attitudes pertaining to productivity			NA			
4	Strengthening the institution to operate more profuctively within a year	4.1.Percentage of fulfilling targets	27.00	15.446		100%		
		Tea re – planting loan scheme						
		a. Finance			102%	100%	0.98%	
		b. Physical			92%	100%	0.75%	
		4.2. No. of audit weaknesses			True & fair			....
		4.3. Percentage of deviation from budget (Development Capital)			13%			
		4.4.Attitudes of the staff on productivity of the institution			NA			
5	Directing 10% of lands for additional income generation activities within 03 years	5.1.Percentage of lands with other crops	0.59	0.54	35%			Socio economic surveys
		Percentage of lands with animal husbandary			NA			
	Sub Total		**717.77**	**643.09**				

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

4.1. Labour Cost.

4.2. Production cost for a one kilo of green leaf

4.3. Production Margin and Price

4.4. Replanting Cost of Tea

4.5. Rate of Incentive per Hectare and Cultivation Cost

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

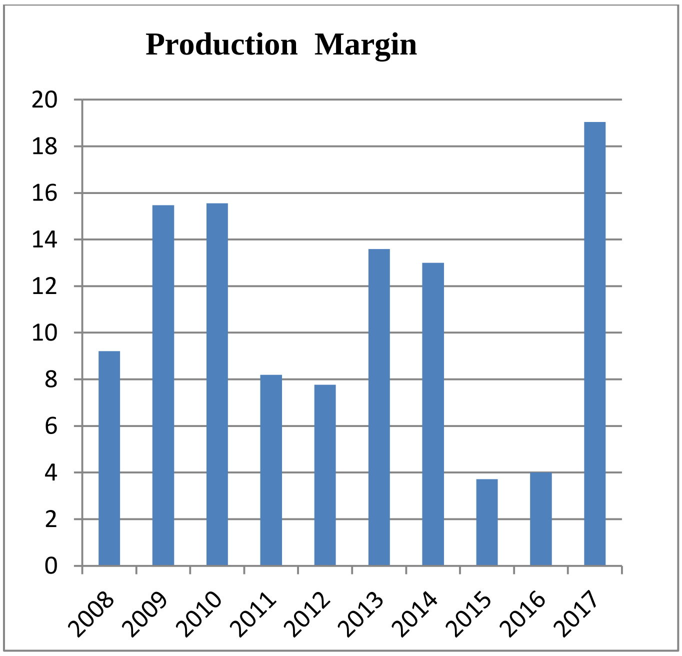
The estimated production cost calculated as per the price at the tea auction Colombo (Schedule No 9- A) based on the location and the average price of one kilo of green leaves as per the data of Sri Lanka Tea Board are given below.

Table No. 21

Price of one kilo of green leaf and production cost 2006 - 2017

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
2017	90.69	71.65

Diagram No: - 14



To calculate production cost of a kilo of green leaf in 2017, the average yield per hectare (Low country V.P. tea) has been considered as 9918 kg per ha. (low country stem tea).

(According to production date of Sri Lanka Tea board). This yield level in 2016 had been estimated at 9226 kg.

According to calculation based on cumulative prices, average price paid for a kilo of green leaf in 2017 had increased by Rs.22.16 or 32.33% in comparison to year 2016. 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 2017

According to Sri Lanka Tea Board data (Schedule No. 9-A), average price of made tea realized for all elevations had become lower in year 2017 compared to year 2016.

Payment of a kilo gram of raw up country tea in year 2017 has been deteriorate back to Rs. 65.78 while for median country it was Rs. 88.71 and the price for the low country kilo gram of tea is Rs. 71.18 to93.29 making it to a total average price from Rs. 68.53 to Rs. 90.69

4. 3 Production Margin and Price

Average of production margin based on average productivity of the smallholdings for 2017, average green leaf prices existent during the year and estimated cost of production was Rs.19.04. The productivity increased comparatively by 15.28% when considered with year 2016, as it was Rs.3.76.

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. 10-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 2017.

Table No. 22

Estimated Replanting cost per Hectare
2016/ 2017 (Rs)-(From Uprooting to Plucking)

Activity	2016		2017	
	High & Mid	Low	High & Mid	Low
Uprooting (First Year)	704,889	572,805	872,498	711,307
Soil Rehabilitation (Second Year)	183,850	197,941	230,930	249,343
Planting Tea (Third Year)	992,992	968,992	1,177,032	1,147,032
First Year Maintenance (Fourth Year)	561,852	541,602	664,692	638,442
Second Year Maintenance (Fifth Year)	380,152	367,102	448,302	431,052
Total	**2,823,735**	**2,648,442**	3,393,454	3,177,175

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 2017, it had been possible to cover about 17% of the total cultivation cost from the incentive for replanting.

Table No. 23

Year	Cultivation Cost (Rs)		Subsidy Rate		Percentage covered by Cultivation Cost (%)	
	High & Mid	Low	High & Mid	Low	High & Mid	Low
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%
2017	3393454	3177175	500000	500000	15%	16%

* From 1998 / 07 / 01

Schedule No - 01

Approved Cadre of the Tea Small Holding Development Authority
2017-12-31

	Post	Approved cadre	
1. Senior Managers			
	General Manager	1	
	Deputy General Manager (Development)	1	
	Deputy General Manager (Extension)	1	
	Sub total		**3**
2. Managers			
	Internal Auditor	1	
	Manager (Finance)	1	
	Assistant Manager (Finance)	2	
	Manager (Human Resources and Administration)	1	
	Assistant Manager (Human Resources & Administration)	1	
	Manager (Development)	1	
	Assistant Manager (Development)	1	
	Assistant Manager/ Manager (Extension	1	
	Assistant Manager / Manager (Training)	1	
	Assistant Regional Manager (Extension)	8	
	Assistant Regional l Manager (Planning and Dev.)	6	
	Regional Manager	8(i)	
	Manager (Planning and Monitoring)	1	
	Assistant Manager (Planning and Monitoring)	1	
	Sub total		**34**
3. Junior Officers			
	Accounts Officer	8	
	Internal Auditor	1	
	Administrative Officer	7	
	Officer in charge-Sub Office	26	
	Training Officer	1	
	Technical Officer	1	
	Computer Date entry Officer	1	
	Sub total		**47**
4. Management Assistant - Technical			
	Tea Inspector / Extension Officer	144(ii)	
	Book Keeper	9	
	Sub total		**153**
5. Management Assistant - Non Technical			
	Management Assistant	149(iii)(iv)	
	Sub total		**149**
6. Primary Level- Trained			
	Driver	26(iv)	
	Sub total		**26**

7. Primary Level - Partially Trained			
	Cook / Assistant Cook	2	
	Nursery Assistant	8	
Sub total			**10**
8. Primary Level- Untrained			
	Office Assistant / Labourer - Sanitary	37(vi)	
Sub total			**37**
Total			**459**

i. 2 Regional Managers have been approved by the letter No. DMS/G3/38/3 of 17/11/2011 of the Department of Management Services

(i) The posts of Tea Inspector/ Extension Officer have been revised as 144 by the letter of the Department of ManagementServices 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 No DMS/1714 V-1 dated 18/08/2016.

(iii) 7 Regional Managers have been approved by the letter No. DMS/1714 V-II of 15/03/2015 of the Department of Management Services

(iv) 432 Regional Managers have been approved by the letter No. DMS/1714 of 22/06/2017 of the Department of Management Services

(v) Total number of cadre has been approved as 459 with the combination of 149 posts of management assistants and 37 posts of office assistants as well as security personnel by the latter No. DMS/1714 V-III (C) dated 31.10.2017 of the Department of Management Services.

(vi) 07 driver Posts have been approved by the letter of the Department of Managemant Services No DMS/1714 dated 15/03/2016In 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 (2017/12/31)

	Post	Service Catego	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																			1	1
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	Manager (Planning & Monitoring)	MM 1-1	I	1	0																			1	0
8	Manager (Human Resources & Administration)	MM 1-1	-	1																				1	0
9	Manager (Develpment)	MM 1-1	I	1																				1	0
10	Regional Manager	MM 1-1	I			1		1	1	1	1	1	1	1	1	1	1	1		1				8	5
11	Assistant Manager/ Manager (Training)	MM 1-1	-																			1		1	0
12	Assistant Manager (Finance)	MM 1-1	II	2	2																			2	2
13	Assistant Manager (Human Reso. & Admin	MM 1-1	II	1	1																			1	1
14	Assistant Manager (Planning & Monitoring)	MM 1-1	II	1	1																			1	1
15	Assistant Manager (Extension)	MM 1-1	II	1																				1	0
16	Assistant Manager (Development)	MM 1-1	II	1	1																			1	1
17	Assistant Regional Manager (Exten.)	MM 1-1	II			1	2	1		1	1	1		1		1		1	1	1				8	4
18	Assistant Regional Manager (Planning & Devel	MM 1-1	II		1	1		1	1	1	1	1	1	1		1	1				1			6	6
19	* Assistant General Manager (Services)	MM 1-1	II		1																			0	1
20	Administrative	MM 1-1	I/II	1	1	1	1	1	1	1	1	1	1		1			1	1	1	1			9	8
21	Officer	JM 1-1	I/II	1	1	1	1	1	1	1	1	1		1	1	1	1	1		1	1			8	7
22	Accounts Officer	JM 1-1	II	1									1											1	1
23	Internal Auditor	JM 1-1	II																			1		1	0
24	Training Officer	JM 1-1	II			4	2	3	2	4	2	5	5	3	2	3	3	2	2	2	2		1	26	21
25	Internal Auditor	JM 1-1	II																					1	0
26	Information & Technology Officer	JM 1-1	II																					1	0
27	* Public Relation Officer	JM 1-1	II										1											0	1
	Sub Total			**17**	**15**	**9**	**6**	**8**	**6**	**9**	**7**	**10**	**10**	**7**	**5**	**7**	**6**	**6**	**4**	**6**	**5**	**2**	**1**	**84**	**65**

28	Tea Inspector / Extension Officer	MA 2-3	I/II/III			23	23	20	20	25	25	24	23	12	11	16	16	13	13	11	12			144	143
29	Book Keeper	MA 2-2	I/II/III	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1			9	9
	Sub Total			**1**	**1**	**24**	**24**	**21**	**21**	**26**	**26**	**25**	**24**	**13**	**12**	**17**	**17**	**14**	**14**	**12**	**13**	**0**	**0**	**153**	**152**
30	Management Assistant	MA 1-2	I/II/III	30	28	19	12	17	12	19	15	9	23	13	11	9	15	9	8	7	9	2	3	149	136
	Sub Total			**30**	**28**	**19**	**12**	**17**	**12**	**19**	**15**	**9**	**23**	**13**	**11**	**9**	**15**	**9**	**8**	**7**	**9**	**2**	**3**	**149**	**136**
31	Driver	PL 3	I/II/III	8	8	2	3	2	1	2	2	2	2	2	2	2	2	2	1	2	1	1	1	26	26
32	Chef	PL 2	I/II/III																			1	1	1	1
33	Assistant Chef	PL 2	I/II/III																			1	1	1	1
34	Nursery Assistant	PL 2	I/II/III					1		1		2	2	1				1	1	1	1			8	4
35	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	35	34
36	Labourer	PL 1	I/II/III	1	2		1				2	1	1		1		1							2	8
37	Management Assistant (Casual)						1																		1
38	Management Assistant				8		4		4		5				1				1		1				24
39	Management Assistant (Chequeroll)						4																		4
40	Driver (Cantract)				1																				1
41	Field Officer (Cantract)																						1		1
42	Tea Nursery Assistant (Chequeroll)								1																1
43	Office Assistant (Casual)				1																				1
44	Office Assistant /Labourer (Contract)				2		1						3		4		1				2				13
45	Labourer (Chequeroll)						1		1						1		1						3		7
	Sub Total			**16**	**35**	**4**	**15**	**5**	**10**	**5**	**13**	**7**	**11**	**5**	**12**	**4**	**7**	**5**	**6**	**5**	**7**	**3**	**8**	**73**	**127**
	Total			**64**	**79**	**56**	**51**	**51**	**47**	**59**	**57**	**51**	**68**	**38**	**37**	**37**	**42**	**34**	**32**	**30**	**34**	**7**	**11**	**459**	**480**

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, 22.06.2017, 31.10.2017 of the Department of Management Services .

ACT -Actual - Cadre as at 31.12.2017

* Has been approved as personal to those bearing the office

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

Schedule No - 03

Categorizing as per the Highest Education Qualifications of Executive Officers

No.	Service Category	Diploma	Proffesional Qualifications	Degree	Postgraduate Diploma	Postgraduate Degree	PhD
1	HM 2-1					1	
2	HM 1-1			1		1	
3	MM 1-1-1	1		2		3	1
4	MM 1-1-11	6	1	7	1	4	
5	JM 1-1-1	5	1	2			
6	JM 1-1-11	11	1	10			
Total		**23**	**3**	**22**	**1**	**9**	**1**

Schedule No - 04

Tea Production of Tea Small Holdings Sector

From 1983 - 2017 (KgM)

Year	National production	Production of Tea Small Holdings Sector		Contribution to national production%
		Production	Percentage of Development	
1983	179.28	62.4	-	34.8
1984	208.05	77.4	6.90	37.2
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
2017	307.72	232.42	6.6	75.5

Source: Sri Lanka Tea Board

Schedule No - 05

Operation of Tea Replanting Subsidy Scheme
1980 - 2017

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
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
2017	12945	3053	899	748	460.59	466.10

Source: Progress report of Tea Small Holdings Development

Schedule No - 06

Operation of crop rehabilitation (pruning) subsidy scheme of tea lands 1985-2017

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
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
2017	1290408	564145	297068	11.70	17.29

**Pruning scheme from societies
Source: Progress report of TSHDA

Schedule No - 07

Operation of Tea new planting subsidy scheme

1980 - 2017

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
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
2017	2324	349	211	202	63.71	71.12

*This subsidy scheme was not implemented from year 2003 to 2010
Source: Progress report of Tea Small Holdings Development

Schedule No - 08-A

Issuance of shoots of new species of modified mother plants - 2017

District	Venue	Commercial nurseries	%	Tea small holders	%	Societies and other	%	Institutional nurseries	%	Production		
										Production	%	Target
Galle	Walahanduwa	-	-	3550	14.17	-	-	21500	85.83	25050	9.58	52000
Hanthana	Hanthana	3500	12.82	11800	43.22	-	-	12000	43.96	27300	10.44	106300
Kaluthara	Wogan	2750	3.55	12970	16.74	-	-	61750	79.71	77470	29.63	100000
Kandy	Nelligolla and Sooriyagoda	1000	3.86	8700	33.59	-	-	16200	62.55	25900	9.91	25000
Kegalle	Hingula	-	-	-	-	-	-	-	-	-	-	13000
N'Eliya	Rahathungoda and Thispane	3900	4.37	-	-	-	-	85360	95.63	89260	34.14	47300
Uva	Bandarawela and Haliela	8185	49.80	7412	45.09	840	5.11	-	-	16437	6.29	0
Grand Total		**19335**	**7.40**	**44432**	**17.00**	**840**	**0.32**	**196810**	**75.29**	**261417**	**100.00**	**343600**

Source: Progress report of Tea Small Holdings Development

Schedule No - 08- B

Operation of Institutional Tea Nurseries - 2017 (Rupees)

Description		Hanthana	Rahathungoda	Walahanduwa	Hingula	Hedilla	Wogan	Tispane	Mawarala	Nelligolla	Totla
Stock as at 2017.01.01	**No. of shoot**	-	97,176	75,359	187,129	31,341	94,010	174,110	18,460		**677,585**
	Value	327,175	1,494,170	916,156	2,582,380	538,105	1,389,386	1,971,429	573,737		**9,792,538**
Planted during the year	**No. of shoot**	84,754	184,970	108,000	129,985	73,995	218,893	178,590	50,000		**1,029,187**
	Value	910,417	2,794,732	1,955,148	2,489,258	1,095,141	2,722,147	2,652,697	1,268,015	439,709	**16,327,262**
Dead Plants		775	18,463	38,778	15,139	23,226	8,890	0	24,407		**129,678**
Stock as at 2017.12.31	**No. of shoot**	31,154	44,418	65,605	162,302	38,479	138,033	128,516	10,364		**618,871**
	Value	430,750	637,398	1,056,633	2,349,411	378,466	1,314,836	1,331,937	433,294	439,709	**8,372,434**
Cost of Sale	**No. of shoot**	52,825	219,265	78,976	139,673	43,631	165,980	224,184	33,689		**958,223**
	Value	806,842	3,651,503	1,814,671	2,722,227	1,254,780	2,796,696	3,292,189	1,408,458		**17,747,366**
Production cost of a plant (Estimate)		15.27	16.65	22.98	19.49	28.76	16.85	14.69	41.81		**18.52**
Sold plants	**No. of shoot**	52,825	219,265	78,976	139,673	43,631	165,980	224,184	33,689		**958,223**
	Value	1,162,150	4,823,830	1,737,472	3,072,806	959,882	3,651,560	4,932,048	735,042		**21,074,790**
Cost of a plant on sale		22.00	22.00	22.00	22.00	22.00	22.00	22.00	21.82		**21.99**
Profit / Loss		355,309	1,172,327	(77,199)	350,579	(294,898)	854,864	1,639,859	(673,416)		**3,327,424**

Source: Progress report of Tea Small Holdings Development

Schedule No - 08– C_1

Function of Commercial Tea Nurseries - 2016/2017

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 Sucess
Galle	101	3,921	88	1,323,580	34	47	652,075	49	-	-	-
Matara	143	4,201	128	1,759,645	42	99	975,552	55	30	84,945	9
Kaluthara	23	1,614	15	328,000	20	14	574,300	175	9	371,300	65
Rantapura	30	3,175	4	474,000	15	4	448,000	95	-	-	-
Kandy	93	3,428	90	1,062,730	31	64	660,050	62	-	-	-
N'Eliya	11	527	4	402,970	76	2	264,270	66	1	175,000	66
Uva	74	1,409	48	861,360	61	31	655,200	76	30	460,560	70
Kegalle	12	870	3	69,000	8	3	67,000	97	1	27,500	41
Total	**487**	**19,145**	**380**	**6,281,285**	**33**	**264**	**4,296,447**	**68**	**71**	**1,119,305**	**26**

Source: Progress report of Tea Small Holdings Development

Schedule No - 08- C_2

Function of Commercial Tea Nurseries - 2017/2018

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 Sucess
Galle	114	6,044,470	4	240,000	4	-	-	-	-	-	-
Matara	187	6,209,000	31	287,350	5	-	-	-	-	-	-
Kaluthara	35	1,665,000	-	-	-	-	-	-	-	-	-
Rantapura	24	1,453,000	-	-	-	-	-	-	-	-	-
Kandy	53	2,968,000						-	-	-	-
N'Eliya	8	312,000	2	211,000	68			-	-	-	-
Uva	8	220,000			-	-	-	-	-	-	-
Kegalle	20	1,425,000	4	125,000	9	-	-	-	-	-	
Total	**449**	**20,296,470**	**41**	**863,350**	**4**			**-**	**-**	**-**	**-**

Source: Progress report of Tea Small Holdings Development

Schedule No - 09- A

Prices of Tea at the Colombo Tea Auction Based on Elevation
1988 - 2017 Average Gross Price
(Price - Rupees per 1kg)

Year	Up country	Mid country	Low country	Total average
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	449.8	419.59	486.74	468.61
2017	606.59	565.85	637.95	620.17

Source: Sri Lanka Tea Board

Schedule No 9 - B

Estimation of Production Cost for a Kilo of Green Leaf 2017 (Low Country)

9918 Kg of Green Leaf Per Annum / Hectar (2132 kg of Processed Tea)

(With Subsidy)

	Activity	Frequency of Practice	Labour units	Green Leaf	Total Cost	%
1	i.Plucking (20kg per individual per day)	1/2 Labour 45 times	496	-	347130	55.69
	ii Leaf Transportation		23		24840	3.99
2	Weeding	10 labourers per month	60	-	64800	10.40
3	Fertilizer mixure and application					
	i Adding the fertilizer mixure to matured tea crops	8 labourers each (Up to 2-4 occasions	24	42304	68224	10.95
	ii Adding Dolamite	4 labourers each (2 occasions cycle)	2	4135	6295	1.01
	iii Adding Zinc	5 labourers each(2 times)	10	1375	12175	1.95
4	Shade Management	5 labourers each (2 times)	10		10800	1.73
5	Prunning	30-40 labourers each (2 occasions cycle)	20		30000	4.81
6	Mossing	12-20 labourers each (2 occasions cycle)	10		10800	1.73
7	Tipping	12-20 labourers each (2 occasions cycle)	10		10800	1.73
8	Draining	36 labourers each (2 occasions cycle)	18		19440	3.12
9	Infilling	For 16 Labourers and 375 plants	8	9375	18015	2.89
			691	**57189**	**623319**	100

Average Production Cost per kilo of Greenleaf	62.85	**(Without General Expenses)**
General Expenditure	7.00	(General Charges)
Transport Cost	1.80	
Production Cost	**71.65**	

*	Two year time circle has been used for the low country lands		
*	Fertilizer mixures 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.	1080
*	Daily Wages for Prunning	Rs.	1500
*	Dolamite 1MT	Rs.	6200
*	Zinc Sulphate 1kg	Rs.	125
*	UT-397/VPLC/U 709/ UT 752 MT 1 Rs		58000
*	o¿ fk,Su	Rs.	700

Schedule No 10 -A

Production cost estimate for replanting at High and Mid elevations – 2017
(From uprooting to pluking stage) Rs./Hectate
Daily wage Rs. 1500

		njhif	nryT	fisgpLq;Fjy; Kjyhk; Mz;L			kz; Gduikg;G ,uz;lhk; Mz;L			Njapiy gapuply; %d;whk; Mz;L			Kjyhz;L Ngzy; ehd;fhk; Mz;L			,uz;lhkhz;L Ngzy; Ie;jhk; Mz;L			nkhj;jf; fpuak;			Nkh. Fpua tPjk; %
				njhop. myF	%.ngh. nryT	nkh. nryT	njhop. myF	%.ngh. nryT	nkh. nryT	njhop. myF	%.ngh. nryT	nkh. nryT	njhop. myF	%.ngh. nryT	nkh. nryT	njhop. myF	%.ngh. nryT	nkh. nryT	njhop. myF	njhop. myF	%.ngh. nryT	
1	Gioa Njapiy gpLq;fy;>Rj;jkhf;fy; (50% nrbAs;s epyj;jpy; xU ehisf;F 40 gw;iw tPjk;			132		198000													132		198000	5.83
2	kz;izf; fpsWjy; kl;lkply;> fis gpLq;Fjy;>			200		300000													200		300000	8.84
3	kr;Rf; fl;Ljy;> tbfhdply; epuw;gLj;jy;			100		150000	40		60000	10		15000	5		7500	5		7500	160		240000	7.07
4	nlhyikl;bly; (1fp.fp- &.6.20 tPjk;)	3952	24502	2	24502	27502													2	24502	27502.4	0.81
5	Nfhjkhyh Gy; ely;(500 nkhl;Lf;fs; tPjk; xU ehisf;F)			54		81000													54		81000	2.39
6	Gw;fSf;F cukply;(1fp.fp. &. 48.000 tPjk; 989 fpNyh fpuhKf;F)	1300	76700	4	21830	27830	4	36580	42580	1	18290	19790							9	76700	90200	2.66
7	Gy; ntl;Ljy; (Xuhz;Lf;F 1 myF njhopyhsu;fs; tPjk;)			14		21000	56		84000										70		105000	3.09
8	fhl;L nrbfis mfw;wy; (Xuhz;Lf;F 10 myF njhopyhsu;fs; tPjk;)			30		45000	20		30000	100		150000	120		180000	120		180000	390		585000	17.24
9	epoyhf;fk; (740 mNfrpah> nlnlg;];f;F 1 fpisf;F &.1.00)> nlhyikl; 370fp.fp	740	3034	6	3034	12034	1	242	1742										7	3276	13776	0.41
10	cau; epoyhf;fk; (100 rpuntypah &.10 tPjk;)kw;Wk; 100fp.fp.	100	2131	4	2131	8131	1	108	1608										5	2239	9739	0.29
11	Gy; gpLq;fy;									20		30000							20		30000	0.88
12	Fop Njhz;ly;> fapwpOj;jy;>									180		270000							180		270000	7.96
13	Njapiy eLif (1 nrb &.25 tPjk;)	12500	312500							60	187500	277500							60	187500	277500	8.18
14	epoyhf;f kuq;fis fl;Lg;gLj;jy; (Xuhz;bw;F ,U jlitfs; tPjk;)						6		9000	12		18000	15		22500	15		22500	48		72000	2.12
15	ntspwy; Nehiaf; fl;Lg;gLj;jy; (200 gunjhf;]; fp. &. 93 tPjk; Xuhz;Lf;F 280 fp. 10 jtizf;F)	3	1302							40	1302	61302	40	1302	19302	40	1302	61302	120	3906	183906	5.42
16	nfhOe;J gwpf;Fk; epiyf;Ffe;jthW tbtikj;jy;												12		18000	15		22500	27		40500	1.19
17	fhtply;									100		150000	75		112500				175		262500	7.74
18	Njapiy cukply; (up-200- %d;. Mz;L	1200	52600							20	52600	82600	20	111640	141640				40	164240	224240	6.61
	ehd;fhk; Mz;L	2430	111640							60		90000	60		90000	32		48000	152		228000	6.72
	uP. 750 Ie;jhk; Mz;L	1750	84250														84250	84250		84250	84250	2.48
19	,ileLif	2000	25										12	11250	29250	6	11250	20250	18	22500	49500	1.46
20	tl;lg;GO njhy;iy fl;Lg;gLj;jy; (xU Fopf;F 7 fp. tPjk;) FNul;lu; toq;fy;	88	4840							4	4840	10840							4	4840	10840	0.32
21	fpUkp njhy;iy fl;Lg;gLj;jy; kw;Wk; cgfuzq;fs; toq;fy;				2000	2000		2000	2000		2000	2000		2000	2000		2000	2000		10000	10000	0.29
	nkhj;jk;			**546**	**53498**	**872498**	**128**	**38930**	**230930**	**607**	**266532**	**1177032**	**359**	**126192**	**664692**	**233**	**98802**	**448302**	**1873**	**583954**	**3393454**	**100**

Dolomite	6200	6.20
U 625	59000	59.00
T 750	51000	51.00
T 200	48000	48.00

Shedule 11 –B

Production cost estimate for replanting at Low elevations – 2017
(From uprooting to pluking stage) Rs./Hectate
Daily wage Rs. 1500

		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 fifthe year			Total cost			Percent age 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		15000													104		15000	4.91
2	Forking, leveling &removing root			125		187500													125		1875	5.90
3	Preparition of slope,drains &lining			100		150000	40		60000	10		15000	5		7500	5		7500	160		240000	7.55
4	Application od Dolamite (Rs.6.20 per 1 kg)	1976	12251	2	12251	15251													2	12251.2	15251.2	0.48
5	Planting Gauthalama grass (500 cuttings per day)			54		81000													54		81000	2.56
6	Applying fertilizer for grass (Rs.48.00 per 1 kg fpr 989 kg)	1610	94990	4	21830	27830	4	54870	60870	1	18290	19790							9	94990	108490	3.41
7	Lopping grass (1 labour unit per lopping)			14		21000	56		84000										70		105000	3.30
8	Weeding (10 labour unit at a time)			30		45000	20		30000	100		15000	120		180000	120		180000	390		585000	18.41
9	Planting tress for a shade (Rs. 1.00 per shoot for 300 Accasia & Dolamite 150kg	300	2594	8	2504	14594	1	250	1759										9	2853	16535	0.51
10	Planting tall tress for a shade (100 Gravelia trees, Rs. 6 each) & Dolamite 100kg	100	2131	6	2131	11131	1	213	1713										7	2345	12845	0.40
11	Removing grass									20		30000							20		30000	0.94
12	Digging holes, lining and pegging									180		270000							180		270000	8.50
13	Planting tea (Rs. 25/- each)	12500	312500							60	187500	277500							60	187500	277500	8.73
14	Management of shade (two ocacasions per year)						6		9000	12		18000	15		22500	15		22500	48		72000	2.27
15	Controlling Blister Blight (Rs. 93/- 200 g of Perenox, 10 times 280g at a time)	3	1302							20		31302	20	1302	31302	20	1302	31302	60	2604 1302	92604 1302	2.91 0.04
16	Bringingh 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 yoar 750 T Fifth year	1200 2430 1750	52600 111640 84250							20 60	52600	82600 90000	20 60	111640	141640 90000	32	84250	48000 84250	40 152	164240 22800 84250	224240 84250	7.06 7.18 2.65
19	Infilling	2000	25										12	1500	33000	12	15000	33000	24	30000	66000	208
20	Nematode control (7 g per hole) applying Curater	88	4840							4	4840	10840							4	4840	10840	0.34
21	For pest control and equipment				2000	2000		2000	2000		2000	2000		2000	2000		2000	2000		2000	10000	0.38
	Total			447	40807	711307	128	57346	249343	587	266532	1147032	339	129942	638442	219	102552	431052	1720	597175	3,177.175	100

Schedule No: - 11

Tea Exports and Foreign Exchange Earnings
1995 - 2017

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
2017	288.9	233338	

With re-export earnings

** Including imported tea

*** Excluding re-export earnings

Source: Central Bank of Sri Lanka

Schedule No: 12

Progress of STaRR Project
2017/12/31

Regional Office	Replanting				Preparation of land (Ha)	
	No. of. Application	Receive application	Number of issued permits	Number of licensed lots		land
Galle	1909	468.84	1557	333.4	98	15.5
Matara	2318	560.53	1986	407.4	206	29.3
Ratnapura	1741	475.69	1112	290.0		
kandy	999	266.81	788	169.7	84	12.2
E'eliya	946	227.18	570	119.9	1	0.0556
Uva	1089	335.38	738	136.8	17	2.1
Total	**9002**	**2334.42**	**6751**	**1457.48**	**406**	**59.3**

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL POSITION AS AT 31st December 2017

	Schedule No.	2017		(Rs'000) 2016	
ASSETS					
Current Assets					
Cash and Cash equivalants	7	234,318		315,421	
Receivables	4,5	120,661		102,974	
Inventories	3	58,831		16,451	
Prepayments	6	340		520	
Other Current Assets	2B	7,933	422,083	9,793	445,159
Non- Current Assets					
Investments (Fixed Deposit)	2		12,591		11,356
Other financial assets	2A		13,166		12,648
Property, Plant and Equipment	1	473,744		428,070	
Less: Acc. Depreciation		(156,589)	317,155	(135,305)	292,765
Total Assets			**764,994**		**761,927**
LIABILITIES					
Current Liabilities					
Payables	8	234,680		74,323	
Accrued Expenses	9	253,576	488,256	194,827	269,151
Non - Current Liabilities					
Employee benefits (Gratuity)	10		157,103		166,242
Total Liabilities			**645,359**		**435,392**
Net Assets			**119,635**		**326,535**
NET ASSETS/EQUITY					
Capital contributed by government	01A	105,316		93,291	
Revaluation Surplus	01B	124,109		124,109	
Accumulated surplus/(deficits)		(169,801)	59,624	(40,267)	177,133
Grants	01C		60,010		64,469
Government Grant for Development Ex.					84,934
Total Net Assets / Equity			**119,635**		**326,535**

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)	Finance Manager

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st DECEMBER 2017

(Rs'000)

	Schedule No.		**2017**		**2,016**
Government Grant					
Development Capital			518,927		561,868
Recurrent			329,453		335,200
					897,068
Other Income	15		848,380		
Interest - F/D		2,799			
Interest - C/D		5,695		2,306	
Interest on Loan to Employees		3,286		3,547	
Surplus (Deficit) in Tea Field & Mother Bush	17	(207)		(1,285)	
Miscellaneous Income		3,180		3,465	
Surplus (Deficit) in Nurseries	18	3,327		1,041	
Income Over Expenditure Hanthana	15 A	2,118	20,198	2,845	11,918
			868,578		908,986
Development Expenditure	12				
Subsidies		(608,037)		(542,521)	
Extension		(16,562)		(6,795)	
Social Development		(3,047)		(3,307)	
Institution Strengthening		(15,446)		(9,245)	
			(643,092)		(561,868)
Operating Expenses	13				
Personal Emoluments					
Salaries Allowance E.P.F, E.T.F,ect.		(254,350)		(244,542)	
O/T, H/pay		(4,172)		(4,761)	
Travelling		(9,424)		(9,506)	
Supplies and consumable used		(4,878)		(3,598)	
Maintenance		(21,342)		(21,176)	
Communication		(8,340)		(5,847)	
Rent , Rates & Electricity		(6,196)		(6,354)	
Other Operating expenses		(28,195)		(19,159)	
Total operating expenses			(336,896)		(314,943)
Surplus / (Deficit) from operating activities			(111,410)		32,175
Gratuity		(8,331)		(13,716)	
Depreciation and amortization expenses		(22,102)		(24,233)	
Provisions for Bad Debt/written off debtors		1,222		(716)	
Provision of Contingency		(2,352)	(31,563)	(600)	(39,265)
			(142,973)		(7,090)
Gain on sales of property plant and equipment					
IFAD, Fertilizer & Other - Rrcurrent Grants	14	1,133,467		1,335,091	
Recurrent Expenses		(1,133,467)	0	(1,335,091)	0
Net surplus / (Deficit) before extra ordinary items			(142,973)		(7,090)
Prior year Adjustment					
Deferred Income			13,440		10,413
Net surplus / (Deficit) for the period			**(129,533)**		**3,323**

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. There is no adjustments has been made for inflationary factors affecting those accounts. Further the appropriate specific policies has adopted. The adaptations are explained in the notes there are given in bellow.

1.1.2 Post Balance Sheet Events

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

1.1.3 Comparative Figures

The changes of comparative figures have been confirmed and adjusted were it is necessary.

1.1.4 Extraordinary Items

Some of the debtors have been settled, such has fertilizer, Re schedule vehicle loan etc. during the financial year. Hence the some of Rs. 1,222,147 has been adjusted over provision in year 2017.
Out of the total receivable which were identified as not settled in recovery process and reschedule were provided as bed debts. The details of the above has been given below.

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

(2) Assets and their bases of valuation

2.1 Property, Plant & Equipment

Property Plant & Equipment are stated in the Balance Sheet at cost minus accumulated depreciation. Therefore 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%
Machinery	20%

Since the depreciation policy was new assets acquired were depreciated beginning from the date of acquisition.
According to the Sri Lanka public sector accounting standard 07, Fully depreciated assets are still using. Hence the revaluation process will be started with the assistance of department of valuation.

2.2 Investment

Investments include fixed deposit for gratuity fund.

2.3 Other Financial Assets

The expenditure build a net house cost 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 Rs. Mn. 13.17 has been shown as at 31.12.2017.

2.4 Other Current Assets

The plant stock as at 31.12.2017 of Rs.Mn.7.933 has shown under Other Current Assets. The plant stock is valued on accumulated cost of production up to 31st December 2017.

2.5 Stocks & Inventories

Stocks & Inventories have been valued at the lowest cost or net realizable value, using 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.
Cash balances as at 31.12.2017 was Rs. 69.225 million.
Rs. 336.24 million Capital provision and Rs. 17 million were not received by the trasuary at the end of the financial year. Therefore a significant outstanding payments is in the Balance Sheets. Due to lack of funds accrued expenditure and payment for creditors has been increased.
During the year, Rs. 417.58 million has been received as flood Incentive, Rs. Mn 225.61 was paid to the small holders and Rs. Mn 100 was given to Ministry of Plantation Industries. Balance was invested in Seven day call deposits temparally.
From the fund received for soil conservation incentives Rs. Mn 32 is included in seven day call deposites.
Under Divinaguma project. Rs. 3.2 million has included which is collected fund for plucking baskets and plucking shears as at 31.12.2017

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 Balance Sheet date have been included in the accounts and adequate provision has been made for liabilities which are known to exist, Liabilities classified as current liabilities on the Balance sheet, are those which are due for payment on demand.
As identified, amount of Rs. 1,588,480 has been provided for contingent liability for the year 2017.

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.12.59 million 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 liabilities of approximately Rs.6.25 million exists in respect of L.T. & court cases against following persons.

Court Case	**Liability (Rs.Mn)**
Mr.S.R.Gunawardena	1.363
Mr.A.S.M.Rodrigo	1.588
Mr.T.A.Muhandiram	0.472
Mr. Mullegama	0.600
Mr. N. J. Pathirana	0.909
Mr.B.H.C.A. Batagoda	0.500
W.V.B.S. Surasinghe	0.818

Rs. 1,363,693 was deposited in Kaduwela Court for the legal case of Mr. S.R. Gunawardana which was held in 2017 at LT. The parliament public petition committee has directed to pay sum of Rs. 909880 for Mr.N. J. Pathirana's after considering his grievance.

(4) **Capital Grant**

Funds Received from 1981 to 2014 for IRDP, SHTDP, TDP, Other Projects and treasury grant had been amortized. Accordingly Rs.13.44 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 has not been transferred to the Authority yet.

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

(7) During this year development programmes for small holders were undertaken and Rs. 912.35 million has been paid for small holders. The operating expenses for the Fertilizer programme had been born by under the recurrent expendirute.

(8) Brought Forward Fertilizer capital surplus on 2017 was transferred to development capital provision in statement of financial performance.

(9) Funds Rs. 417.58 million was receved as flood incentives for the flood occrued in year 2017. Cost at Rs Mn 225 for Galle, Matara Kalutara and Rathnapura districts and was pay for small holders in the year. From the balance Rs. 100 million was given to ministry of plantation industries.

(10) Tea shakthi welfare division has been transferred to T.S.H.D.A. by cabinet decision Insurance preium was received by Ministry and Rs. Mn 5.7 was paid as insurance claim for Tea Shakthi members.

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

CONSOLIDATED CASH FLOW STATEMENT FOR YEAR ENDED 31st DECEMBER , 2017

Cash Flow from Operating Activities	**2017**	**2016**
Surplus/(deficit) from ordinary activities	(129,533)	3,323
Non-cash movements		
Deferred Income	(13,440)	(10,413)
Depreciation	22,102	24,233
Provision For Gratuity	8,331	13,716
Increase/decrease in provision for doubtful debts	(1,222)	716
Contingency Payment	(1,364)	
Provision of Contingency	2,352	600
Interest Income	(8,494)	(2,306)
Increase /decrease in payables	218,117	35,108
Revaluation Loss		
Increase in provisions relating to employee costs		
(Gains)/losses on sale of property, plant and equipment	32	(66)
Increase /decrease in other assets	108	(3,566)
Increase /decrease in receivables	(19,307)	21,376
Increase /decrease in Inventory Item	(42,380)	(2,547)
Net cash flows operating activities	35,301	80,234
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(46,141)	(63,784)
Proceeds from sale of plant and equipment	33	50
Net cash flows investing activities	(46,108)	(63,734)
Interest received	6,642	1,865
Gratuity Paid	(17,469)	(12,530)
CASH FLOWS FROM FINANCING ACTIVITIES	(10,828)	(10,665)
Government Grant for Development Ex.	(84,934)	53,783
Capital Grants	4,459	12,780
Government Contribution	21,006	58,600
Net Cash flow from financing activities	(59,469)	125,163
Net increase/(decrease) in cash and cash equivalents	(81,103)	130,998
Cash and cash equivalents at beginning of period	315,421	184,423
Cash and cash equivalents at end of period	234,318	315,421

Tea Small Holdings Development Authority
Statement of Changes in Net Assets/Equity
for the Year Ended 31/12/2017

Rs.'000

	Attributable to owners of the controlling entity				
Description	contributed capital	Other Reserves	Revaluation Reserves	Accumulated Surpluses (Deficits)	Total net assets/equity
Balance as at 31/12/2016	178,225	64,469	124,109	(40,267)	326,535
Surplus/(Deficit) for the year				(129,533)	(129,533)
Gain on property revaluation					-
Government Grant for the year	21,007				21,007
Government Grant for Developm	(84,934)				(84,934)
Other Grant for the year					-
Deferred Income for the year	(8,981)	(4,458)			(13,440)
					-
					-
Balance as at 31/12/2016	105,317	60,011	124,109	(169,800)	119,636

TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 31st December 2017
NOTE 01

PROPERTY PLANT & EQUIPMENT 2017

Rs.

DESCRIPTION	COST AS AT 01.01.17	ADDITIONS FOR THE YEAR	TRANSFER / DISPOSAL	COST AS AT 31.12.17
Land	74,364,245.39	-	-	74,364,245.39
Buildings	212,976,247.30	30,915,285.34	-	243,891,532.64
Motor Vehicles	69,705,153.61	1,325,572.61	402,750.00	71,433,476.22
Project Motor Vehicle	13,945,935.00	4,004,750.00	-	17,950,685.00
Furniture Fittings & Office Equip.	31,070,963.14	4,364,240.20	(364,942.59)	35,070,260.75
Computer	25,409,248.36	1,839,265.50	(504,572.00)	26,743,941.86
Plant & Machinery	597,729.00	3,691,730.00	-	4,289,459.00
Total	428,069,521.80	46,140,843.65	(466,764.59)	473,743,600.86

DEPRECIATION

Rs.

DESCRIPTION	DEPRECIATION AS AT 01.01.17	DEPRECIATION FOR THE YEAR	TRANSFER / DISPOSAL	ACCUMULATED DEPRECIATION	WRITTEN DOWN VALUE
Land	166,631.62	10,293.34	-	176,924.96	74,187,320.43
Buildings	38,749,346.40	4,344,393.57	-	43,093,739.97	
Motor Vehicles	51,995,104.36	10,542,904.61	3,002.00	62,541,008.97	8,892,467.25
Project Motor Vehicle	12,282,443.00	950,562.00	-	13,233,005.00	4,717,680.00
Furniture Fittings & Office Equip.	15,471,991.83	2,829,954.48	(316,830.74)	17,985,115.57	17,085,145.18
Computer	16,183,316.62	3,354,683.98	(504,305.33)	19,033,695.27	7,710,246.59
Plant & Machinery	456,154.04	69,240.13	-	525,394.17	3,764,064.83
Total	135,304,987.87	22,102,032.11	(818,134.07)	156,588,883.91	317,154,716.95

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TEA SMALL HOLDINGS DEVELOPMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31st December 2017

NOTES

Description	Rs.
Note 02	
INVESTMENTS -	12,590,855.67
Fixed Deposit - Gratuity	12,590,855.67
Note 02 A	
Other Financial Assets	
Staggered Cost	13,165,776.94
	13,165,776.94
Other Current Assets	
Plants Stocks	7,932,725.11
Note 03	
Inventories	
Stationary	2,716,451.42
Sundry Stocks	26,389,463.36
Tea	460,234.48
Fertilizer	3,750.00
Basamid/Methum sodiam	135,180.47
Polythene	740,306.69
Sprayers	5,029.55
Nursery Equipment	1,071,317.64
Rural Development Project stock	26,107,733.13
Scales	41,675.00
Plucking Seizers/Basket	247,692.20
Aid Package	512,881.09
Tyre & Tube	331,947.21
Training Equipments	3,982.50
Other Stocks	63,538.30
	58,831,183.04
Note 04 05	
Receivables	
Debtors	20,706,081.45
Loan and Advances	108,442,579.82
Deposits and Advances	678,710.84
Other Balance	12,391,797.31
Total	142,219,169.42
Less Bad Debts Provition	(21,557,633.49)
Total	120,661,535.93

Description	Rs.
Note 06	
Pre Payments	340,062.01
Note 07	
Cash Bank Balances	6,456,189.85
Cash Iin Transit	69,225,308.50
Cash in Hand & at Bank	158,636,863.56
Deposits	
Total	234,318,361.91
Note 08	
Payables	
Creditors	67,773,350.97
Deposit payable	3,990,875.10
Other Provisions	4,280,819.82
Other Balance	158,634,679.66
Total	234,679,725.55
Note 09	
Accrued Expenditure	
Annual Trip	190,000.00
Union	7,254.00
EPF & ETF	6,168,428.99
Electricity	211,169.12
Maintenance of Computer	203,890.00
Seminars & Conference	150.00
Rates & Taxes	53,766.37
Fuel	858,970.12
Holiday Payments	6,336.23
Medical Care	644,610.81
Motor Cycle Maintenance	269,350.00
Newspapers	17,160.00
Welfare	
Office Equipment Maintenance	65,172.22
Overtime	384,884.99
Postage	20,956.00
Rent	519,445.50
Salaries / Wages	1,255,175.45
Security	427,885.53
P.A.Y.E.	21,112.56
News Paper Advertising	477,595.00
Building Cleaning / Maintenance	242,046.03
Free Cup Of Tea	1,178.00
Telephone	464,985.21
T.S.H.S.F.	
Transport Charges	61,500.00
Travelling & Subsistence	1,311,649.73
Legal	975,430.46
Board Member Administration Fees	77,233.60
Uniforms & Boots	39,005.00

Description	Rs.
Stationery	95,550.71
Library	47,000.00
Water	39,419.29
Vehicle Maintenance	1,068,144.00
Stamp Duty	86,175.00
Re Planting Subsidy	182,142,897.76
New Planting Subsidy	35,123,391.85
Crop Rehabilitation	6,627,073.00
Fertilizer Subsidy	5,095,883.50
Flood Incentive	5,612,064.00
Extension Program	771,870.00
Operational Leasing	580,000.00
Dolamite subsidy	117,010.00
Sundry	464,049.88
Nursary & Mother Bush	326,018.10
Other	402906.64
	253,575,794.65
Note 10	
Employee Benefits (Gratuity)	157,103,352.56

මගේ අංකය / எனது இல. / My No.	PLA/B/TSHDA/01/2017 /FA/08	ඔබේ අංකය / உமது இல. / Your No.	දිනය / திகதி / Date: 28 August 2018

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 2017 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 2017 comprising the statement of financial position as at 31 December 2017 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 31 May 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.

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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 2017 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 Standard

As the useful life of non-current assets had not been reviewed annually in terms of paragraph 65 of the Sri Lanka Public Sector Accounting Standard 07, assets valued at Rs.41,661,551 were being further used though they had been fully depreciated. The estimated error thereon had not been revised in terms of Sri Lanka Public Sector Accounting Standard 03.

2.2.2 Accounting Deficiencies

As a result of non-payment a vehicle loan given to the Teashakthi Fund under the rescheduled loan by the Authority, that vehicle had been sold by the Authority to recover the loan balance and the profit earned from that sale amounting to Rs.672,000 had been shown as payable to the Teashakthi Fund.

2.2.3 Unexplained Differences

Although 7 accounts receivable balances as at the last date of the year under review totalled Rs.89,112,762, that value in accordance with confirmation letters made available amounted to Rs.89,849,404, thus observing a difference of Rs.736,642.

2.3 Accounts Receivable and Payable

The value of accounts receivable elapsed for more than 5 years as at the end of the year amounted to Rs.21,071,,890 and that balance had been shown continuously in the accounts without taking action to recover same.

The following observations are made in respect of balances totalling Rs.17,016,838 of the above balance.

(a) Out of the money given for the purchase of fertilizer, fertilizer sprinkling machines and sales to Small Tea Holdings Development Societies, a sum of Rs.4,436,965 was receivable and it had remained for more than 12 years.

(b) A sum of Rs.6,663,284 was receivable to the Authority as at the end of the year under review in respect of giving motor vehicles on credit basis to Tea Smallholdings Societies in the year 1998 and action had not been taken to recover that balance. In addition, out of the money given to 4 factories in the same year for the purchase of coulor differentiation machines, a sum of Rs.5,916,589 was receivable. As non-availability of formal agreements, the recovery of debts could pose problems.

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 deficit of Rs.129,532,198 as against the Surplus of Rs.3,332,996 for the preceding year thus indicating a deterioration of Rs.132,855,194 in the financial results of the year under review as compared with the preceding year. Increase of development expenses by Rs.81,224,000 in the year under review had mainly attributed to this deterioration.

In analyzing the financial results of the year under review and the preceding 4 years, the deficit existed in the year 2015 had become a surplus in the year 2016 but it had become a deficit again in the year under review. However, when the employees remunerations, depreciation on non-current assets and taxes paid to the government had been readjusted to the financial results, the contribution of the Authority had been a favourable value from 2013 to 2017 but the contribution of Rs.420,947,000 in the year 2014 had gradually deteriorated in the year 2017 up to Rs.127,723,000.

3.2 Analytical Financial Review

According to the statement of financial position presented, the current ratio of the Authority in the years 2017 and 2016 had been 0.86:1 and 1.65:1 respectively. Accordingly, the current ratio had deteriorated in the year under review as compared with that of the preceding year.

3.3 Legal cases initiated against or by the Authority

Six cases had been filled by the employees of the Authority against the Authority and 2 cases had been filed by the Authority against employees. Those cases were pending even up to the end of the year under review.

4. Operating Review

4.1 Performance

4.1.1 Operations and Review

The following observations are made in respect of the achievement of objectives established by the Authority.

(a) Of the tea replanting target of 1040 hectares in the year under review, only 748 hectares had been achieved. Even though, the permits issued by the Authority to obtain tea re-planting subsidy since the year 2015 had increased annually, inclination of tea replanting had dropped after landscaping and soil conservation by tea planters. The main reason therefor was that the Authority had not taken sufficient action to incline the subsidy holders thereon.

(b) A sum of Rs.11,701,644 had been paid in the year under review as subsidies for crops rehabilitation and it had been an increase of 40 per cent as compared with the previous year. However, of that subsidy, 912,500 plants had been targeted for the crops rehabilitation during the year under review but only 564,145 plants had been rehabilitated, showing a progress of only 62 per cent.

(c) Even though, it was targeted to issue 1035 metric tons of dolomite to farmers in the year under review, only 25.3 metric tons, representing 2.4 per cent had been supplied to farmers. Accordingly, sufficient steps had not been taken to improve the inclination of small tea holders for the use of dolomite for a successful crop as the use of dolomite for a successful crop was very important for plantation.

(d) A sum of Rs.16,561,557 had been spent during the year under review for the implementation of extension and consultancy services programs and the soil management programs and it had been an increase by Rs.9,766,842 or 143 per cent as compared with that of the previous year. However, the number of training programs conducted according to the progress report of the Authority in the year under review had dropped by 4 per cent as compared with the previous year.

(e) Even though, the Authority had received a sum of Rs.914,568,156 for the distribution of fertilizer subsidy among the tea small holders so as to minimize the production cost of tea small holders, the amount issued to the tea planters during the year had been Rs.902,019,098. The balance of Rs.7,407,698 had been retained in the Head office and the regional offices without being issued. Action should be taken by the Authority according to the Circular No.MP1/DEV.01/08/FERILIZER/01 dated 03 June 2016 of the Secretary to the Ministry of Plantations. Contraventions thereto are as follows.

(i) Even though, the minimum and the maximum extent of lands available for giving fertilizer subsidy should be 20 perches and less than one hectare respectively in terms of paragraph 2 of the circular, contrary to that. the Galle Regional Office had paid a sum of Rs.100,696.

(ii) In terms of the paragraph 7 of the circular, payments had to be made after being established the correctness of information stated in the applications forwarded by farmers for obtaining subsidies. As a result of not being done so, cheques totalling Rs.21,183,489 issued had been dishonoured by banks.

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(iii) A list of planters including their particulars who had been qualified for subsidies had not been published in the Authority's website in terms of paragraph 9 of the circular.

(e) The following observations are made in respect of the maintenance of institutional tea nurseries by the Authority in order to purchase quality tea plants in purchasing plants by small tea holders and to control market prices.

(i) Even though, the dead percentage of tea plants in the nurseries should be maintained at a level less than 10 per cent in terms of paragraph 4.2 of the Nurseries Management Instructions, the dead plant percentages in Hadigalle, Walahanduwa and Mawarala nurseries at the end of the year under review had been 25.7 per cent 31.4 per cent and 35.6 per cent respectively.

(ii) According to the instructions letter No. වසා/4/1 dated 22 September 2005 of the Deputy General Manager (extension), of the plants planted in the nurseries of the Authority, the minimum sales should be 85 per cent. Nevertheless, 5 nurseries out of 8 maintained by the Authority at the end of the year 2016/ 2017 had failed to reach that sale percentages and the sales of those nurseries had been 48 per cent, 49 per cent, 64 per cent, 74 per cent and 77 per cent.

(iii) It was emphasised in the tea nurseries management instructions manual that at least the expenditure incurred on production should be covered even though nurseries are operated for the purpose of providing services. However, three tea nurseries at Hadigalla, Walahandawa and Mawarala had incurred an expenditure of Rs.1,045,513 in excess of the revenue.

(f) The Authority operates and supervises commercial tea nurseries of external parties registered with the Authority for the purpose of obtaining quality tea plants by tea small holders to increase the tea production and productivity. The number of permits issued for commercial tea nurseries in the years 2015, 2016 and 2017 amounted to 701, 487 and 449 respectively, being decreasing gradually. Accordingly, it was observed that the proper supervision over commercial tea nurseries had not been made by the Authority.

4.2 Management Activities

The following observations are made.

(a) Within the period of 3 years from the date of issue of plantation subsidy to Tea small holders, growing of tea plants should be completed but there were instances where it was failed to complete planting. In that case, the Authority should take action to recover the subsidies already paid but the Authority had not taken necessary action in respect of tea small holders who had obtained the first 2nd and the 3rd installments and abandoned plantation subsequently or who had not sent plantation records.

(b) Action had not been taken to remit taxes, on fixed deposit interest income of Rs.8,494,376 having being recognized, to the Department of Inland Revenue.

(c) Even though, payment of gratuities should be made within 30 days in terms of payment of gratuities Act No.12 of 1983, a surcharge of Rs.74,602 had been paid by the Authority due to delay in paying gratuities to an officer who had retired on 17 July 2017.

(d) Action had not been taken to vest and account the ownership of lands belonged to Walahanduwa sub-office, nursery and the mother plantation extension centre at Akmeemana attached to the Galle Regional Office of the Authority. Furthermore, two motor cycles belonged to the Ministry of Plantation Industries used by the Authority but action had not been taken get the ownership of them transferred in the name of the Authority even by the end of the year under review.

4.3 Idle and Under-utilization Assets

Four official quarters belonged to the Authority which were in repairable condition had been idle without being used for 5 years and action had not been taken to get it repaired and used.

4.4 Commencement of projects in the lands/ properties not legally vested

Action had not been taken to vest the ownership of lands in 4 regional officers valued at Rs.23,280,986 and the buildings valued at Rs.58,220,553 had been constructed in those lands by the end of the year under review.

4.5 Resources of the Authority given to other government entities

Three vehicles belonged to the Authority had been released to the Ministry of Plantation Industries and a sum of Rs.250,150 had been spent thereon in the year under review.

4.6 Personnel Administration

According to the information made available by the Authority, the approved cadre and the actual cadre as at 31 December 2017 had been 459 and 480 respectively. Further, 8 posts, personal only to the holder of the post had been approved by the Department of Management Services. The following observations are made in this regard.

(a) Posts of Manager (Development), Manager (Training) since the year 2014 and the posts of Information Technology Officer and the Technology Officer since 6 months had fallen vacant.

(b) Without the approval of the Department of Management Services, the Authority had recruited 51 employees for the posts of Management Assistants (MA 1-2) drivers, office Security Assistants on casual, check roll and contract basis in the year under review and a sum of Rs.7,900,689 had been paid as salaries during the year under review.

(c) According to the annual report of the Authority, 1000 there should be planters per 01 extension officer for an effective extension service. However, that ratio in the year under review was 1:2751. Therefore, being supervised a large number of planters by one extension officer had an obstacle to an effective extension service.

(d) Action had not been taken in terms of Sections 13.1.2 and 13.4 of Chapter II of the Establishments Code in recruiting for the acting post of Manager (Development) and Manager (Human Resources).

(e) Under the Management Services Circular No.30 of 22 September 2006, the Assistant Project Manager should be placed in the 11^{th} salary step of the Junior Management Service JM (1-1) category and the salary increments earned should be given by using salary steps stated under column meant for promotions not being received, in the absorption for a new grade. Nevertheless, as action had not been taken accordingly in the payment of salaries to this officer, salaries had been over paid.

5. Sustainable Development

5.1 Reaching Sustainable Development Goals

Every public entity should act in accordance with the United Nations 2030 agenda on Sustainable Development and the Authority was aware about how to act in respect of functions come under the scope of the Tea Small Holdings Development Authority relating to the year under review. The following observations are made in this connection.

(a) Functions recognized by the Authority to reach Sustainable targets had not been included in the annual plan and the financial provisions required for the achievement of these tasks had not been annually included in the budget.

(b) As a proper coordination with other related entities had not been maintained in preparing for reaching Sustainable Development targets, it was observed that planning and preparedness process for reaching targets had been very slow.

6. Accountability and Good Governance

6.1 Presentation of Financial Statements

The financial statements should be presented for audit within 30 days after the closure of the financial year in terms of paragraph 6.5.1 of the Public Enterprises Circular No.PED/12 of 02 June 2003. But the financial statements for the year under review had been presented to audit on 23 March 2018.

6.2 Procurements and Contract Process

6.2.1 Procurements

The following observations are made.

(a) According to the Guideline 4.2.1 (b) of the Government Procurement Guidelines No.08 of 25 January 2006, anticipate procurement functions should be listed in the master procurement plan at least for a period of 3 years but action had not been taken accordingly. Moreover, the master Procurement Plan should be periodically, not more than the period of 6 months updated in terms of Guideline 4.2.1 (e) but action had not been taken accordingly.

(b) Six contracts, the total value of Rs.5,948,591 and the purchase of furniture and equipment valued at Rs.590,700 performed during the year under review had not been included in the Procurement Plan prepared for the year under review by the Authority and the constructions valued at Rs.14.8 million included in the Procurement Plan had not been implemented.

(c) Even though, the approval of the Chief Accounting Officer should be obtained before awarding the contract according to the decision of the Departmental Procurement Committee in terms of Section 2.14.1 of the Procurement manual, it had not been so done in the purchase of a motor vehicle at Rs.12,000,000 for 5 years under the operating leasing method.

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(d) In terms of Guideline 5.6.1 and section 2.14.1 of the Procurement Guidelines, specifications for goods to be procured should be prepared in order to achieve the Procurement objectives. However, specifications had been prepared after calling for bids for the purchase of office equipment valued at Rs.609,348.

(e) The following observations are made relating to the purchase of agro-equipment valued at Rs.100,390,089 to be distributed among the farmers in the Nuwaraeliya District.

(i) A person with the knowledge of relevant subject had not been appointed to the Ministerial Procurement Committee appointed for the purchase of agro-equipment in terms of guideline 2.7.4 of the Procurement Manual. Moreover, according to the guideline 2.8.1 of the Procurement Guidelines, a specialist on the subject matter and at least one member with a sufficient knowledge in Procurements should be included in a Technical Evaluation Committee. Unless otherwise the Technical Evaluation Committee should obtain specialized instructions from an external member or from an institution but the Authority had not taken action in terms of the above guidelines.

(ii) In terms of Guideline 5.4.8 of the Procurement Guidelines, the performance bonds should be obtained before the order for goods is placed but action had not been taken accordingly.

(iii) All 20 water tanks with the capacity of 5000 liters had been stored in the centre belonged to the Regional Office even up to 13 March 2018.

(iv) According to the data of the Authority, the number of tea small holders in the Nuwaraeliya District by the year 2017 was 16,875, but the units of goods purchased was 38,970 and the number of undistributed units by the end of the year under review amounted to 13,467. Accordingly, it was observed that the number of units to be purchased being identified the requirement had not been determined.

(f) In terms of the National Budget Circular No.01/2016 of 17 March 2016, motor vehicles can be obtained under the operating leasing method only new vehicles or unregistered vehicles which had run the distance of less than 1000 km. at the time of leasing. However, the vehicle obtained by the Authority under this method for 60 months at a monthly payment of Rs.200,000 had been registered in the name of a person.

(g) Agreements had been entered into with a private entity for a sum of Rs.4,458,663 for the provision of day and night security services to the Head Office and the Hanthana Training Centre and for the provision of night security service to all regional offices in the year under review and a sum of Rs.5,011,149 had been paid therefor. However, a sum of Rs.329,819 to an another private security firm at Matara Regional Office and a sum of Rs.796,874 to the employees of the Authority for the supply of Security Service to the Kaluthara and Uva Regional Offices had been paid.

6.2.2 Weaknesses in the Contract Administration

Garden ornamentation at the Head Office premises had been carried out in the previous year, spending a sum of Rs. 4,366,397. In laying rubbles, soil stratum had not been sufficiently leveled and the work not carried out at a proper standard and as such rubbles were sunk. However, a sum of Rs.164,500 had been paid to the first contractor for re-laying rubbles in the year under review without being set off that amount from the retention monthly.

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6.3 Budgetary Control

The following observations are made.

(a) As variations ranging from 67 per cent to 86 per cent had been observed between the budgeted income and actual income, the budget had not been made use of as an effective instrument of management control.

(b) Out of a sum of Rs.18.04 million allocated for crops rehabilitation subsidy according to the budget, it was proposed and approved to obtain Rs.0.75 million, but it had not been included in the revised budget.

7. 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	The existence of vacancies in the posts, recruitments made without proper approval.
(b) Payment of Subsidies	Follow up action not done after being given subsidies.
(c) Assets Control	Assets not properly vested and the useful life of assets not reviewed.

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

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