

# **Ministry of Plantation Industries**

## **Rubber Development Department**

### **Director General's**

# **Performance Report**

## **2014**



# ***Vision***

*Management of the Rubber Plantation Industry for the Socio-Economic  
Development in Sri Lanka*

# ***Mission***

*Implementation of the legal provisions for the qualitative and quantitative development of the rubber plantation industry, supply of financial subsidies, agricultural inputs and extension services for the cultivation of rubber and the development of the rubber industry.*

# ***Objectives***

- ❖ *Enhance the productivity of existing rubber lands*
- ❖ *Increase the extent of rubber land area*
- ❖ *Reduce the rural poverty through expansion of rubber cultivation to non-traditional areas*
- ❖ *Increase employment opportunities and foreign exchange earnings through encouraging the production of finished products*

## **Preface**

As per the information of the census on rubber lands conducted by the Rubber Development Department in year 2010, the total estimated extent of rubber land area in year 2014 was 134,137 hectares of which 85,100 hectares were owned by the rubber small holders and 49,037 hectares were owned by the Plantation Companies. The total rubber production in the year amounted to 98,573mt and it shows a decline of 24% when compared to the previous year. 49% of the total rubber production is Sheet rubber and the percentages of the Latex production, Crepe rubber production and Block rubber production are 28%, 15% and 8% respectively. 13% of the total rubber production had been exported and the balance 87% had been used for the local consumption. The total value of the raw rubber exports amounted to Rs.5,916.12 million. Pakistan, India, Germany, Malaysia and Japan are main destinations of Sri Lankan raw rubber and the quantity of rubber purchased by these countries is 54% of the total exports. The average price of 01kg of Sheet rubber in the year 2014 was Rs.285.76 and it was 24% decrease in the price when compared to the previous year.

The measures taken by the Rubber Development Department on the intervention of the Government for enhancement of the rubber industry has caused for the improvement of the rubber production to some extent. Provisions of Rs.1098.80 million were allocated to the Rubber Development Department for the year 2014 and, the expenditure incurred was Rs.1071.57 million and the progress achieved was 98%. The total plant production in the Government rubber plant nurseries was 2.28 million in the year and the number of plants distributed was 1.37 million.

Under the programme for expansion of rubber cultivation to non-traditional areas, while contributing to the programme for development of the districts of Monaragala, Hambantota as well as Ampara, Anuradhapura, Polonnaruwa and also the Northern Province under a peaceful environment, initiatives which were taken in the year 2011 had been continued in the year 2014 as well to undertake rubber new planting in the areas of Vavuniya and Nedunkerny in Vavuniya District and the area of Oddusuddan in Mullativu district.

With the purpose of developing the rubber cultivation, under the DiviNeguma National Development Programme, 130,955 rubber plants were supplied for infilling and 12,359 banana plants and 51,079 pineapple plants were supplied for intercropping in traditional rubber growing areas including the non-traditional areas such as Ampara, Monaragala, Badulla, Hambantota and Vavuniya Districts.

I extend my heartfelt thanks to all, those who assisted me in many ways in the aforesaid exercise

**R.B. Premadasa**  
**Director General**  
**Rubber Development Department**

## **Thanking**

The year 2014 was a unique year in which the full amount of allocations made by the Treasury for the year could be utilized. Through the investment of these funds, the Department was able to reach the highest level in the context of human resource development, enhancement of physical resources and more contribution and commitment and satisfaction of the employees. We extend our heartfelt thanks to all, those who assisted in many ways in the aforesaid exercise.

**R.B. Premadasa**  
**Director General**  
**Rubber Development Department**

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# 1. Introduction

The rubber plantation has made a vigorous contribution to the economy of the country as a major economic plantation crop which contributes to the foreign exchange earnings of Sri Lanka for a several decades. Mainly, the rubber plantation has scattered in fourteen Administrative Districts of Sri Lanka and at present, the rubber plantation has been introduced to the Districts such as Mullaitivu, Vavuniya, Polonnaruwa and Anuradhapura.

## 1.1. Historical Background

The rubber plant is botanically known as "*Havea brasiliensis*". Natural rubber latex, harvested from this plant which was grown in the rainy forests in Brazil has become a natural raw material, utilized for a large number of products in all over the world at present.

During the British Colonial regime, that is, in 1876, the Englishman called "Henry Wickham" introduced the rubber tree to Sri Lanka by planting the first rubber plant at the Henarathgoda Botanical Garden, Gampaha. The cultivation of rubber which commenced 07 years thereafter, spread throughout the Southern Asia and its production very soon reached greater heights. However, on the contrary, the price of rubber declined, and with a view to stabilize the price level, the British, in 1922 introduced the "Stevenson" procedure. Since this procedure fixed a production quota system and restrictions on rubber new planting, the rubber growers themselves raised their objections and it was suspended in 1928. The immediate increase in supply resulted in decreasing prices and as a result, an agreement titled "International Rubber Regulation Agreement" was signed in 1934 with the concurrence of all countries involved in the rubber industry. For the purpose of implementing the various Sections in that agreement which consisted of conditions similar to the Stevenson Procedure, government institutions were established for controlling of rubber in rubber growing countries. Accordingly, the Rubber Control Department was established in this country by the Ordinance No.06 of 1934. Mr. P. Saravanamuthu was the first Rubber Controller of that Department.

"The Rubber Replanting Subsidy Act No.36 of 1953" was passed for development of the rubber industry. The Rubber Control Act No.11 of 1956 was passed by way of revising the Rubber Control Ordinance No.06 of 1934, making provision for replanting of rubber

and functions of the Rubber Development Department were performed in terms of the said Act and the Rubber Replanting Subsidy Act No.36 of 1953.

The Rubber Control Department was abolished in the year 1994 further expanding the functions of the Rubber Control Department and the Rubber Development Department was established in terms of a Cabinet Decision. Accordingly, except for the duties assigned then, the Rubber Development Department is able to provide a service at a wider range such as extension services, production of plants and distribution of fertilizer which are useful for development of the rubber planting sector.

Further, the Rubber Research Institute providing scientific and technical advices and the Thurusaviya Fund providing marketing and extension services for small holders make the contribution to the Rubber Development Department for development of the rubber industry.

## **1.2. Principal and important legal sources related to the Rubber Development Department**

### **1. Rubber Replanting Subsidy Act No.36 of 1953**

The activities such as rubber replanting, rubber new planting, intercropping, modernization of rubber factories and system control are carried out under this Act. Further, the Cess has been imposed under Section 7 of this Act.

Legal provisions had been made to charge the export duty in terms of Section 7 of the Rubber Replanting Subsidy Act No.36 of 1953. Accordingly, a sum of 10 cents per each pound of rubber exported had been charged as the export duty.

### **2. Rubber Control Act No.11 of 1956**

The maintenance of a register indicating the extent cultivated, the owners and the total extent of all rubber small holdings and estates under the provisions of the Rubber Control Act is a statutory duty of the Rubber Development Department. Under the Rubber Control Act, an extent of more than 10 acres (more than 4.04 hectares) cultivated with rubber is defined as an estate and while an extent of less than 10 acres (less than 4.04 hectares) is defined as a “small holding”.

### **3. Rubber Replanting Subsidy (Amendment) Act No.20 of 2006**

In terms of the Rubber Replanting Subsidy (Amendment) Act No.20 of 2006, provisions have been made to charge the Cess on raw natural rubber and synthetic rubber consumed locally.

Before the Cess Regulations No.01 of 2007 came into operation, the Cess was charged on the imported and exported natural raw rubber and rubber based products.

As per the Gazette Extraordinary of the Democratic Socialist Republic of Sri Lanka No.1518/18 dated 30<sup>th</sup> August 2008 containing the Cess Regulations on Natural Rubber No.01 of 2007, provisions have been made to charge a Cess of Rs.4/- per 01kg of raw rubber required for natural rubber based products manufactured for the purpose of export or local consumption.

The Director General of this Department has been vested with powers to charge the above Cess directly.

### **1.3. Rubber Development Department**

The Head Office of this Department which comes under the purview of the Ministry of Plantation Industries is situated at No.55/75, Vauxhall Lane, Colombo 2. Administrative and operational activities, collection of Cess and coordination with other institutions are carried out by the Head office. The functions of this Department have been decentralized with a view to provide the people more efficient services such as payment of subsidies, production and distribution of plants, distribution of fertilizer and advisory services which are rendered for development of the rubber cultivation and five Regional Offices have been established accordingly.

1. Office of the Regional Deputy Director, Kegalle  
(For the Districts of Kegalle, Kurunegala, Kandy, Matale and Gampaha)
2. Office of the Regional Deputy Director, Kalutara  
(For the Kalutara District)
3. Office of the Regional Deputy Director, Ratnapura  
(For the Districts of Ratnapura and Colombo)
4. Office of the Regional Deputy Director, Galle  
(For the Districts of Galle, Matara and Hambantota)
5. Office of the Regional Assistant Director, Monaragala  
(For the Districts of Monaragala, Badulla and Ampara)

Further, Eight (08) Government plant nurseries have been established to produce high quality budded rubber plants for the cultivation of rubber.

1. Mirigama (Gampaha District)
2. Welikadamulla (Gampaha District)
3. Egal Oya (Kalutara District)
4. Gurugoda (Kalutara District)
5. Karapincha (Ratnapura District)
6. Kumbukkana (Monaragala District)
7. Middeniya (Hambantota District)
8. Padiyathala (Ampara District)



Gurugoda Rubber Plant Nursery

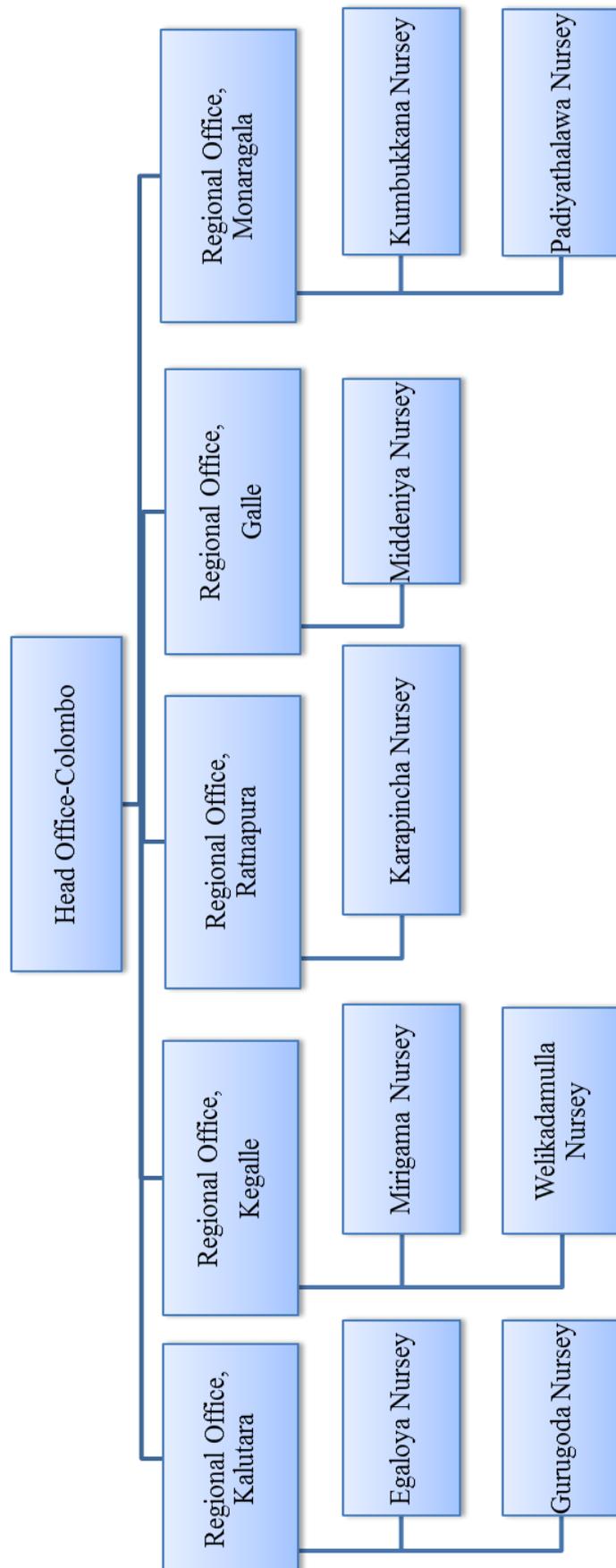


Kumbukkana Rubber Plant Nursery

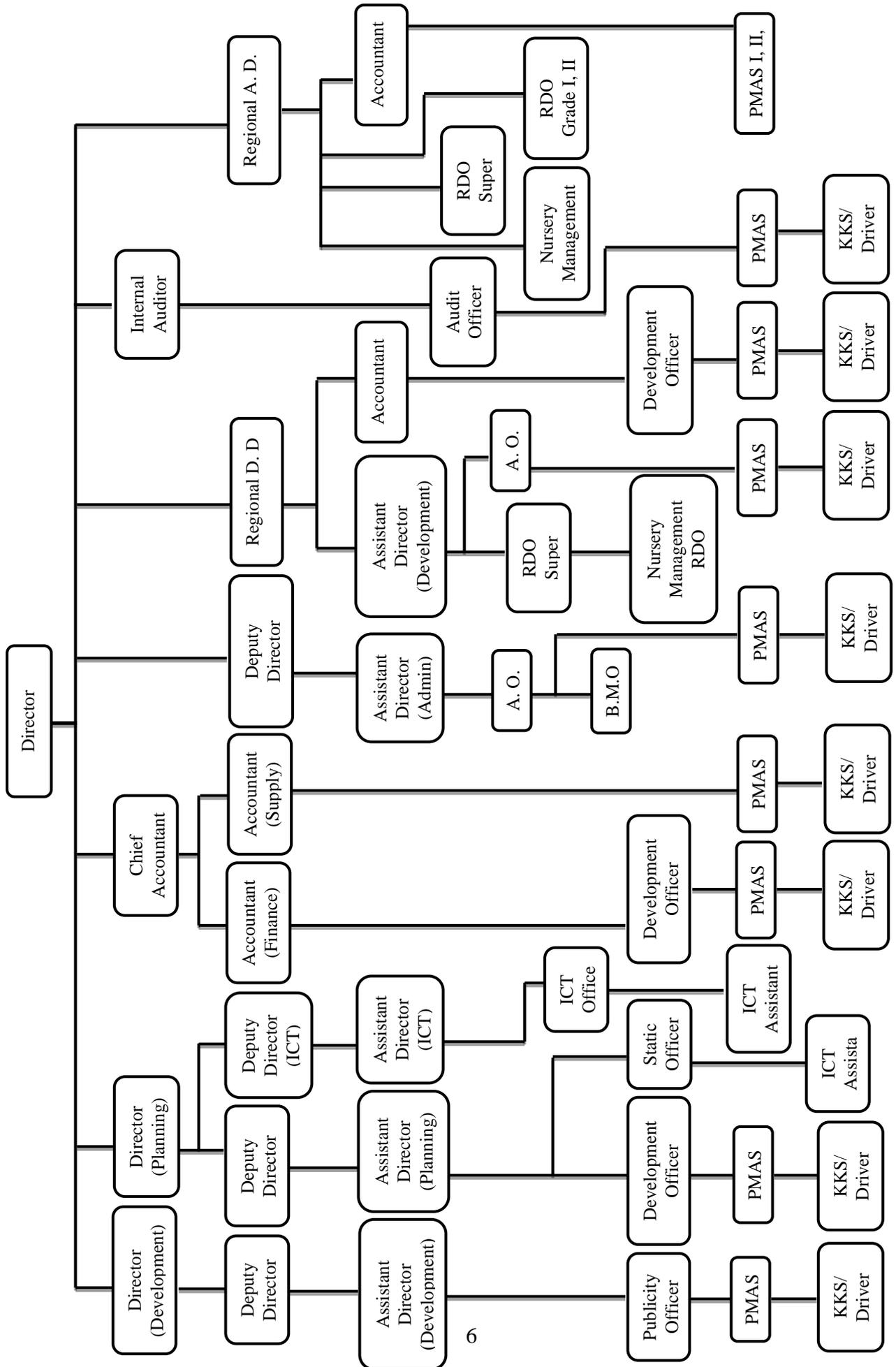


Kumbukkana Rubber Plant Nursery

## 1.4. Institutional Structure of the Department



## 1.5. Organizational Structure of the Rubber Development Department



## 1.6. Cadre Information of the Department

Serial No.	Designation	Approved Cadre	Present Cadre	Vacancies
01	Director General - S.L.A.S.	1	1	-
02	Director - S.L.A.S.	2	1	1
03	Chief Accountant - S.L.Ac.S.	1	1	-
04	Deputy Director - S.L.A.S. Assistant Director - S.L.A.S.	16	14	2
05	Assistant Director - S.L.P.S.	1	1	-
06	Accountant- S.L.Ac.S.	6	3	3
07	Asst. Director – Information Technology	2	1	1
08	Internal Auditor	1	1	-
09	Administrative Officer	4	3	1
10	Publicity Officer	1	1	-
11	Budget Assistant	1	1	-
12	Development Officer / Graduate Assistant	22	20	2
13	Nursery Manager	7	6	1
14	Rubber Development Officer : Special (Supra)	12	-	12
15	Development Assistant	05	05	-
16	Buildings Maintenance Officer	1	1	-
17	Public Management Assistant	139	121	18
18	Information and Communication Technology Assistant	5	2	3
19	Clerk	14	14	-
20	Audit Clerk	1	1	-
21	Rubber Development Officer	182	95	87
22	Office Employees' Service	28	26	2
23	Driver	36	36	-
24	Lorry Cleaner	8	8	-

**Table i**

## 2. Performance – Year 2014

The following activities were mainly carried out by the Department for development of the rubber industry.

- Rubber Planting Subsidy Programme
- Production of Plants
- Programme for Fixing of Rain Guards
- Intercropping Programme
- Training Programmes
- Divi Neguma National Development Programme

### 2.1. Rubber Planting Subsidy Programme

In the year 2014, there was a target of 7590 hectares for small holdings in traditional and non-traditional areas under Rubber New Planting Programme and out of the extent, 1428 hectares were cultivated. Under the foreign funded (IFAD) Project for cultivation of rubber in 5000 hectares in Moneragala District, 110 hectares were cultivated in this year as well. Accordingly, a sum of Rs.213.47 million has been paid as subsidies for rubber new planting in smallholdings in traditional and non-traditional areas.

The target for small holdings under the Rubber Replanting Programme was 2050 hectares of which 1342.91 hectares were cultivated. An extent of 1640 hectares was targeted under the Plantation Companies and 753.39 hectares were cultivated. Accordingly, the total land extent under rubber replanting was 2096 hectares. The subsidy payments under Rubber Replanting Programme amounted to Rs.353.80 million.



**Rubber cultivation under tapping - Monaragala**

## **2.2. Production of Plants**

The Rubber Development Department has established 08 rubber plant nurseries and plants are produced and distributed by 07 nurseries. Plant production activities at Padiyathala plant nursery in Ampara District are to be carried out in the year 2015.

## **2.3. Programme for Fixing of Rain Guards**

The target for small holdings under the Programme for Fixing of Rain Guards was 1500 hectares of which 308.88 hectares were fixed with rain guards. The subsidy payment for small holdings amounted to Rs.4.29 million and the Plantation Companies targeted 5000 hectares of which 4060.47 hectares were fixed with rain guards. A sum of Rs.22.48 million was spent as subsidies.



**A rubber land with rain guards**

## **2.4. Intercropping Programme**

600 hectares were targeted under the Intercropping Programme to fetch an additional income to the rubber growers with immature rubber cultivation and out of the said extent, 364.13 hectares were cultivated. An amount of Rs.1.33 million has been paid to the rubber smallholders as subsidies for the Intercropping Programme.



**Rubber plantation intercropped with Banana**



**Rubber plantation intercropped with Pineapple**

## **2.5. Training Programmes**

As training programmes, training programme for ordinary rubber tappers, training programme for professional rubber tappers and training programme for bud grafters were conducted. The number of persons targeted for ordinary rubber tappers under the tapper training programme was 2900 of which 2721 persons were trained. The expenditure incurred for the training programme for ordinary rubber tappers amounted to Rs.1.78 million. The number of persons targeted for professional rubber tappers was 330 and 333 persons were trained for the purpose in this year. The expenditure incurred for the training programme for professional rubber tappers amounted to Rs.2.83 million. A progress over the target was reported thereat and it is also a significant event in this year. The number of persons targeted for training of bud grafters was 270 of which 273 persons were trained. The expenditure incurred for the training programme for bud grafters amounted to Rs.0.22 million. The target for Field Officer Training of the Rubber Development Officers was 108 of which 98 persons had participated at the training. The expenditure for the purpose was Rs.0.81 million.



**Tapper Training programme**

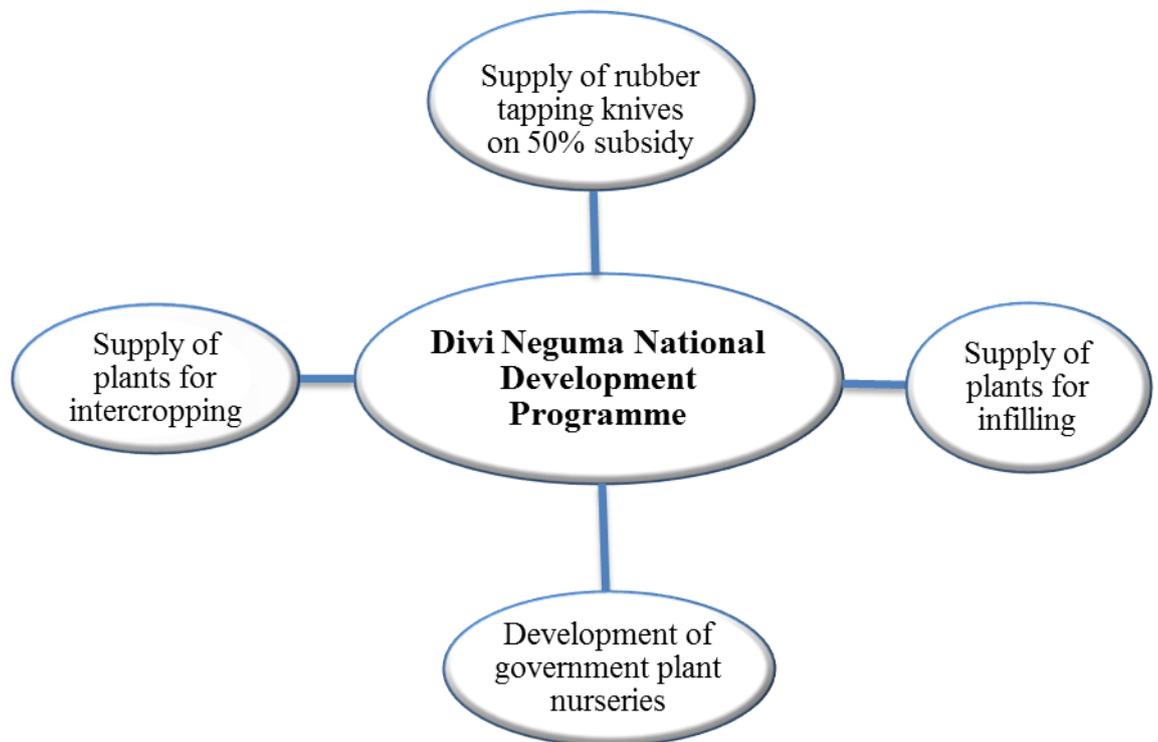
## **2.6. Rubber planting in non-traditional areas**

Under the programme for expansion of rubber cultivation to non-traditional areas, the total land extent cultivated with rubber in non-traditional areas in the year 2014 was 593.54 hectares as 235.93 hectares in Monaragala, 256.17 hectares in Ampara, 83.87 hectares in Badulla, 12.14 hectares in Vavuniya, 0.4 hectares in Anuradhapura and 5.03 hectares in Hambantota.



**A rubber land in a non-traditional area**

## **2.7. Divi Neguma National Development Programme**



- 2.7.1. A number of 100,000 rubber plants was targeted at infilling under this programme and 130,955 plants were distributed to the rubber planting traditional areas and non-traditional areas such as Vavuniya, Ampara, Badulla, Monaragala and Hambantota districts. An amount of Rs.7.86 million was spent for this purpose in this year.
- 2.7.2. Banana plants and pineapple plants were provided free of charge to cultivate as intercropping in immature rubber lands. 12359 banana plants and 51079 pineapple plants totaling to 63438 plants were distributed. The expenditure incurred for the purpose was Rs.1.73 million.
- 2.7.3. In this year, a number of 3230 persons were targeted at the training under the programme for distribution of tapping knives on 50% subsidies to those who attended the tapper training programmes and tapping knives were distributed among 3027 persons who completed the training. An amount of Rs.0.87 million was incurred for the purpose.
- 2.7.4. Under Divi Neguma Programme, the programme for development of government rubber plant nurseries was implemented in this year as well. In this context, identified development activities of 07 nurseries in five districts were completed successfully. A sum of Rs.2.07 million was spent for the purpose.

### 3. Information related to the Natural Rubber Industry -2014

A gradual increase in the extent of land under rubber shows in last few years. The estimated total extent of land under rubber in the country in year 2014 has been calculated on the basis of the results of the rubber land Census conducted in year 2010.

#### 3.1. Extent of land under rubber

Extent of land under rubber – Year 2014

	Private Sector (Lands less than 20 hectares) Ha.	Regional Plantation Companies (Lands more than 20 hectares) Ha.	Total (Hectares)
Extent of land reported from the rubber land census conducted in year 2010	79,395	46,250	125,645
Extent of land estimated in year 2011	80,018	48,516	128,534
Extent of land estimated in year 2012	82,170	48,610	130,780
Extent of land estimated in year 2013	85,083	48,585	133,668
Extent of land estimated in year 2014	85,100	49,037	134,137

Table ii

63.44% of the total extent of land under rubber is prevailing as small and medium scale holdings and the remaining 36.56% extent of land is available as the estates owned by the Plantation Companies. It has been estimated that out of this extent of land, the immature extent of land is 23,237 hectares and the mature extent of land under tapping is 110,900 hectares and the total production from such cultivations is 98,573 metric tones. It has also been estimated that the average annual yield per hectare under rubber in year 2014 is 889 kg of dried rubber.

Out of 85,100 hectares of the small holding sector, the mature and immature extents of cultivated lands are 74,650 hectares and 10,450 hectares respectively. Out of 49,037 hectares of the Plantation Companies, the mature and immature extents of cultivated lands are 36,247 hectares and 12,790 hectares respectively.

## 3.2. Production and Cost of Production

### 3.2.1. Rubber Production

The total production of rubber in year 2014 was 98,573 metric tons. It shows a decrease of 31,848 kg when compared to the total production of 130,421 metric tons in the previous year. It is 24.42% drop as against the previous year. The main reasons for the decrease in the production were the decline in the rubber prices as against the year 2013 and the heavy rain prevailed. In the year 2014, the rubber productions of the small holding sector and the Plantation Companies were 76,073 mt and 22,500 mt respectively.

**Total Rubber Production in the years of 2013 and 2014 (Metric Tons)**

Year	Sheet Rubber	Scrap Crepe	Sole Crepe	Latex Crepe	Block Rubber T.S.R.	Latex and Other	Total
2013	62,800	2,379	2,440	15,373	9,566	37,863	130,421
2014	48,539	1,022	2,410	11,832	7,615	27,155	98,573

**Table iii**



**Production of Sheet rubber**



**Production of Crepe rubber**

### District wise Rubber Production in Year 2014

District	District Production Mt.	District contribution to the National Production %
Kalutara	23,894.90	24.24
Kegalle	30,076.58	30.51
Gampaha	3,162.75	3.21
Kurunegala	2,259.12	2.29
Kandy	1,538.80	1.56
Matale	1,051.44	1.07
Ratnapura	20,653.37	20.95
Galle	5,131.98	5.21
Matara	3,512.81	3.56
Hambanthota	67.42	0.07
Colombo	5,299.75	5.38
Monaragala	1,057.24	1.07
Badulla	856.79	0.87
Puttalam	10.06	0.01
<b>Total</b>	<b>98,573.01</b>	<b>100.00</b>

**Table iv**

#### 3.2.2. Cost of Production

The average cost of production to produce 01kg of dried rubber in the small holding sector was Rs.160.00 in the year 2014. The cost of production in the previous year was Rs.150.00. The cost of production for Plantation Companies was Rs.280.00 in the year 2014 and it was amounted to Rs.245.00 in the previous year. The cost of production should be high due to the decrease in the yield. The increase in the cost of production from the year 2002 is given in Table v.

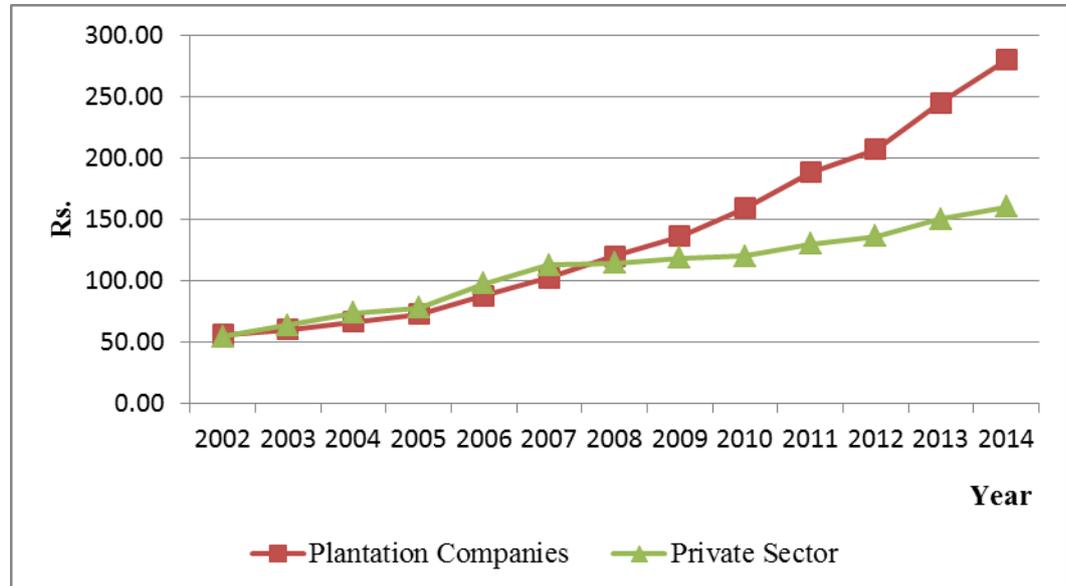
## Cost of Production of Rubber

(Rs. /kg.)

Year	Plantation Companies	Small Holding Sector
2002	55.74	54.00
2003	59.76	63.30
2004	65.98	73.37
2005	72.56	77.37
2006	87.65	97.20
2007	102.31	112.69
2008	119.89	114.00
2009	135.83	118.56
2010	158.94	119.83
2011	188.23	129.56
2012	207.00	136.00
2013	245.00	150.00
2014	280.00	160.00

**Table v**

### Cost of Production of Rubber 2002 – 2014



### 3.3. Local Consumption of Rubber

In the past, natural rubber produced in the country was as an important industrial raw material, mainly based on the export and at present, the situation has been changing gradually and a trend towards more utilization of natural rubber for production of local finished products can be seen today. Accordingly, the local consumption of natural rubber was 85,632 metric tons in the year 2014. This quantity is 86.87% of the total rubber production which was 98,573 metric tons in year 2014. Since the rubber production in this year has decreased as against the previous year, a certain quantity of the rubber bulk in the previous year has been utilized in this year for the local consumption and the export. The quantity of rubber imported in this year is 29,225.06 metric tons. This quantity has also been utilized for the local rubber consumption.

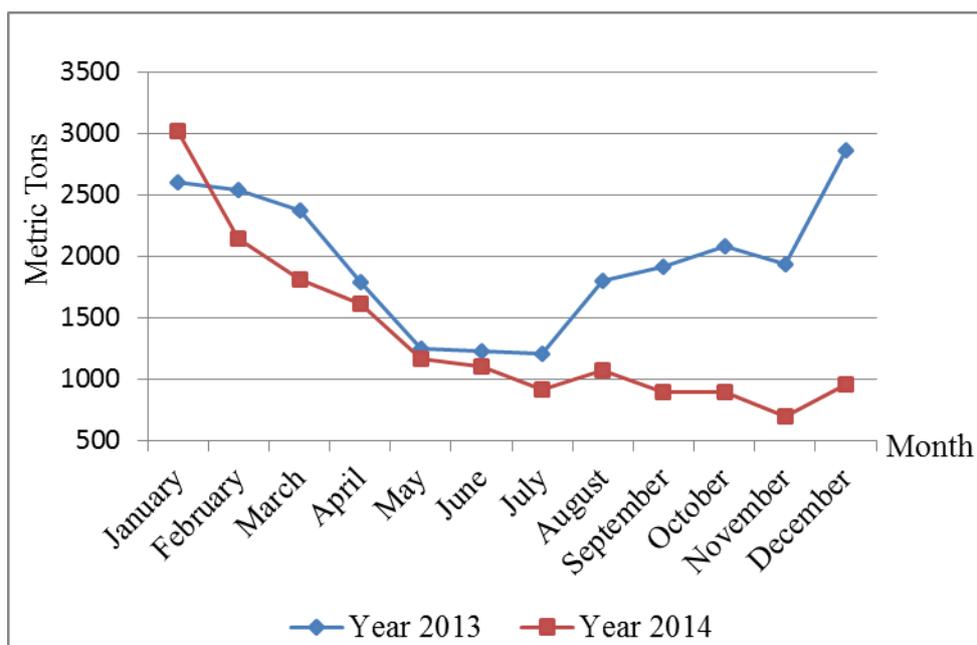
### 3.4. Export of natural rubber as a raw material

The export of rubber from Sri Lanka has significantly declined in year 2014 as against the year 2013.

#### Quantities of Rubber Exports from Sri Lanka in 2013 and 2014

Month	Shipment (Metric Tons)	
	Year 2013	Year 2014
January	2,606	3,023
February	2,535	2,141
March	2,373	1,808
April	1,793	1,613
May	1,247	1,169
June	1,225	1,109
July	1,213	915
August	1,799	1,071
September	1,912	895
October	2,082	898
November	1,937	705
December	2,864	959
<b>Total</b>	<b>23,586</b>	<b>16,306</b>

Table vi



**Rubber Exports 2013 - 2014**

Quantities of category wise rubber exports from Sri Lanka in 2013 & 2014 are given in the Table below.

**Quantities of category wise rubber exports in 2013 & 2014**

(Metric Tons)

Year	Sheet Rubber	Sole Crepe	Scrap Crepe	Latex Crepe	Block Rubber (T.S.R.)	Latex and Other	Total
2013	4574	2022	17	13171	2397	1405	<b>23586</b>
2014	1967	2296	17	9860	913	1253	<b>16306</b>

**Table vii**

The F.O.B. value of total rubber exports is given in the Table viii.

**F.O.B. Value of Total Rubber Exports**

(Rs. Million)

Year	Exports (Metric Tons)	Total Value (Rs. million)	Value Per Kg. (Rs. Cts.)
2013	23586	9194.00	390.00
2014	16306	5916.12	362.83

**Table viii**

Rubber is exported mainly by the private sector. A number of 114 registered exporters are in the private sector and all 114 exporters have been registered with this Department for the year 2014 as well.

### Major Destinations of Rubber Exports – 2014

(Metric Tons)

Country	Quantity purchased	%
Pakistan	2425	15
India	2018	12
Japan	1678	10
Germany	1583	10
Malaysia	1117	7
Italy	970	6
South Africa	763	5
America	711	4
China	699	4
Hong Kong	256	2
Spain	159	1
United Kingdom	138	1
Other	3789	23
<b>Total</b>	<b>16306</b>	<b>100</b>

Table ix

### 3.5. Quantities of Rubber Imports – Year 2014

Month	Quantity (Metric Tons)
January	540
February	0.06
March	1114
April	1753
May	381
June	1860
July	2657
August	3510
September	3970
October	4549
November	5747
December	3144
<b>Total</b>	<b>29,225.06</b>

Table x

### Quantities of category wise natural rubber imports in 2013 & 2014

(Metric Tons)

Year	Sheet Rubber	Sole Crepe	Scrap Crepe	Latex Crepe	Block Rubber (T.S.R.)	Latex and Other	Total
2013	7790	18	17	0	188	1886	<b>9899.00</b>
2014	21743	0	15	0	208	7259.06	<b>29,225.06</b>

**Table xi**

### Total Rubber Imports - 2014

(Metric Tons)

Category	Quantity of Imports (Mt.)	Value of Imports (Rs. Mn.)
Natural Rubber	29225.1	7227.7
Synthetic Rubber	42359.1	10580.1
Reclaimed Rubber	17369.9	1548.9
Scrap Rubber	5924.0	395.3
Compounded Rubber	4563.1	1570.0
Semi Processed Rubber	5995.8	865.1
Production of finished products	7080.2	5580.1
Production of finished products (Number)	6013.7	9572.8

**Table xii**

### 3.6. Rubber Prices

The rubber prices have been declining since year 2011 as the demand for natural rubber was dropped due to the slow growth in the global Gross National Product (GNP) and rubber prices in the years of 2013 and 2014 are given below.

#### Average price of category wise rubber products

(Rs. per Kg.)

Year	Annual average price		
	Sheet Rubber No.1	Scrap Crepe No.1.XBR	Latex Crepe No.1X
2013	376.78	309.04	397.33
2014	285.76	212.75	309.90

**Table xiii**

## Annual Average Price

### Monthly Rubber Prices in year 2014 Rupees

Month	Sheet Rubber (RSS)					Latex Crepe					Scrap Crepe					
	1	2	3	4	5	IX	1	2	3	4	1XBR	2XBR	3XBR	4	FB	SKIM
January	321.34	316.50	275.05	283.80	275.00	348.75	340.50	322.13	297.63	273.21	256.25	252.57	237.41	227.49	214.68	205.86
February	294.69	284.00	278.12	272.42	274.00	320.43	314.14	281.50	270.75	256.19	243.68	233.67	214.77	209.28	197.50	197.13
March	301.50	292.64	286.38	282.67	270.50	305.11	298.14	266.38	249.63	241.25	232.88	222.73	213.43	207.38	194.33	206.63
April	281.28	280.90	281.14	273.67	263.00	300.75	290.43	259.17	226.50	215.86	212.80	203.00	197.67	192.33	unq	198.55
May	289.54	287.75	279.50	274.33	275.00	306.50	299.50	269.86	215.86	196.94	193.81	188.00	198.21	190.64	179.50	193.56
June	313.47	305.00	290.25	278.80	262.50	322.17	314.57	263.57	230.00	219.29	212.00	207.75	209.80	199.71	188.40	198.33
July	289.86	279.40	268.33	259.50	272.00	326.15	315.13	274.50	235.22	219.78	212.93	206.50	206.30	198.89	191.03	197.64
August	263.52	256.00	257.00	254.25	242.00	296.67	287.20	257.31	231.25	205.31	197.63	190.00	193.36	185.40	176.00	185.67
September	261.08	256.06	240.50	238.00	unq	297.96	288.19	264.38	234.78	208.39	198.71	188.40	187.56	180.00	159.00	172.75
October	286.80	276.67	265.75	256.00	unq	292.60	287.63	268.00	244.00	205.63	199.83	195.00	192.14	184.56	177.75	173.75
November	263.21	257.78	252.00	250.50	245.00	306.00	301.28	275.25	257.06	207.69	198.06	193.30	186.17	182.21	176.67	169.43
December	262.83	263.25	248.00	248.50	235.00	295.70	288.00	267.25	245.13	204.50	194.43	186.67	183.64	176.86	168.67	160.75
<b>Average</b>	<b>285.76</b>	<b>279.75</b>	<b>268.50</b>	<b>264.37</b>	<b>262.40</b>	<b>309.90</b>	<b>302.06</b>	<b>272.44</b>	<b>244.82</b>	<b>221.17</b>	<b>212.75</b>	<b>205.63</b>	<b>201.71</b>	<b>194.56</b>	<b>183.96</b>	<b>188.34</b>

Table xiv

### 3.7. Rubber Dealers

Holding a permit for rubber trade is a legal requirement and 1033 rubber traders have renewed their permits in the year 2014 and 74 new permits have been issued. Accordingly, 1107 rubber dealers have been registered with the Department in the year 2014. The district wise issuance of the permits is given below.

<b>District</b>	<b>No.of permits renewed</b>	<b>No. of new permits issued</b>
Colombo	55	02
Gampaha	41	06
Kalutara	333	17
Ratnapura	223	12
Kegalle	228	23
Kurunegala	17	01
Kandy	10	02
Matale	04	-
Galle	68	06
Matara	34	05
Hambantota	01	-
Monaragala	18	-
Badulla	01	-
<b>Total</b>	<b>1033</b>	<b>74</b>

Table xv

### 3.8. Rubber Replanting/ New planting Subsidy Scheme

For the purpose of replanting or new planting of rubber under the aforesaid subsidy scheme, a permit should be obtained in terms of Section 07 of the Rubber Replanting Act No.36 of 1953. In terms of this Act, all rubber lands should be registered with the Department. When a rubber plantation in a registered rubber land exceeded 20 years, such land is qualified to receive a permit for replanting under the subsidy scheme.

The amount of subsidy for replanting / new planting which was Rs.125,000 per hectare was increased as follows in the year 2011 in order to further encourage those who engage in the rubber cultivation.

For new planting – Rs.150,000 per hectare

For replanting --- Rs.175,000 per hectare

The amount of subsidy will be paid in 08 instalments. The manner, in which the instalments are paid, is given in the Table below.

<b>Instalment</b>	<b>For new planting per hectare (Rupees)</b>	<b>For replanting per hectare (Rupees)</b>
First instalment (1)	6,000.00	8,000.00
Second instalment (2)	36,000.00	43,000.00
Third instalment (3)	12,000.00	15,000.00
Fourth instalment (4)	18,000.00	21,000.00
Fifth instalment (5)	18,000.00	21,000.00
Sixth instalment (6)	18,000.00	21,000.00
Seventh instalment (7)	19,000.00	22,000.00
Eighth instalment (8)	23,000.00	24,000.00
<b>Total</b>	<b>150,000.00</b>	<b>175,000.00</b>

**Table xvi**

### **3.9. Implementation of “Mahinda Chintana” Vision for the Future & Medium Term Economic Plan of the government and progress of rubber planting including new planting**

The functions, performed by the Rubber Development Department for the development of rubber under the “Mahinda Chintana” New Awakening in the Plantation Sector Programme, are given below. Accordingly, For the purpose of maintaining the rubber industry in Sri Lanka as a strong economic project, economically unproductive rubber plantations have to be removed and re-planted. In order to maintain productive rubber cultivation, at least 3% of the total extent of rubber lands should be replanted annually and the said extent is approximately 4,000 hectares. The estimated extent under rubber replanting / new planting in year 2014 was 11,280 hectares. The extent of lands targeted for replanting in year 2014 was 3,690 hectares of which 2,050 hectares under the Small Holding Sector and 1,640 hectares under the Plantation Companies. The target for new planting under the Small Holding Sector during the year was 7,590 hectares of which 1,920 hectares in traditional areas and 5,670 hectares in non-traditional areas.

The number of applications received for cultivation of rubber under replanting and new planting subsidy schemes, the number of permits issued and the actual extent of lands cultivated are given in Table xvii and xviii.

**Extent of lands replanted under Rubber Replanting Subsidy Scheme  
(Smallholders) – Year 2014**

*(Hectares)*

District	Applications received		Permits issued		Extent under replanting	
	No. of Holdings	Extent of lands (Hectares)	No. of Holdings	Extent of lands (Hectares)	No. of Holdings	Extent of lands (Hectares)
Kalutara	925	658.24	919	655.19	565	386.34
Kegalle	1312	786.92	1081	633.66	746	439.87
Gampaha	184	115.22	158	98.57	115	76.75
Kurunegala	24	39.23	23	38.76	07	14.38
Kandy	46	38.77	43	32.71	33	19.44
Matale	04	24.86	04	24.86	03	5.66
Ratnapura	421	281.82	499	357.36	300	207.71
Galle	48	37.05	38	26.42	13	18.35
Matara	44	37	40	30.99	21	16.04
Monaragala	06	8.47	05	7.67	05	7.67
Badulla	03	13.35	3	13.35	3	13.35
Colombo	237	155.17	238	167.56	193	137.35
<b>Total</b>	<b>3254</b>	<b>2196.11</b>	<b>3051</b>	<b>2087.11</b>	<b>2004</b>	<b>1342.91</b>

**Table xvii**

**Extent of lands new planted under Rubber New Planting Subsidy Scheme (Smallholders) – Year 2014**

*(Hectares)*

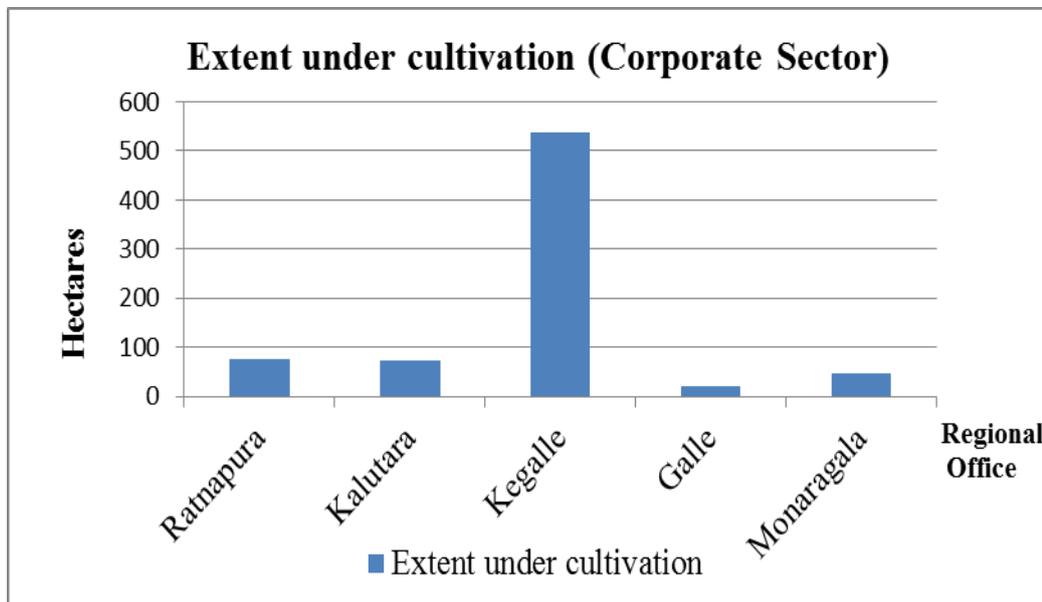
District	Applications received		Permits issued		Extent under new planting	
	No. of Holdings	Extent of lands (Hectares)	No. of Holdings	Extent of lands (Hectares)	No. of Holdings	Extent of lands (Hectares)
Kalutara	337	204.31	334	159.73	200	98.91
Kegalle	1006	447.26	864	343.28	579	250.55
Gampaha	162	87.68	123	61.7	91	49.76
Kurunegala	149	106.44	121	83.39	79	56.51
Kandy	52	25.36	51	24.79	40	17.91
Matale	14	26.18	13	18.85	03	6.47
Ratnapura	346	214.76	372	243.15	271	153.41
Galle	137	77.69	127	69.73	45	18.07
Matara	101	66.61	99	65.26	41	24.22
Hambantota	63	33.07	62	26.26	13	5.03
Colombo	119	63.88	110	60.02	81	48.63
Monaragala	728	490.52	719	479.52	378	235.93
Badulla	220	192.78	131	128.46	78	83.87
Ampara	987	1044.35	651	497.45	346	256.17
Vavuniya	03	19.02	03	19.02	01	12.14
Mullaitivu	-	-	-	-	-	-
Anuradhapura	43	18.6	43	18.6	01	0.40
Polonnaruwa	-	-	-	-	-	-
<b>Total</b>	<b>4467</b>	<b>3118.51</b>	<b>3823</b>	<b>2299.21</b>	<b>2247</b>	<b>1317.98</b>

**Table xviii**

**Extent of lands replanted under Rubber Replanting Subsidy Scheme  
(Corporate Sector) – Year 2014**

<b>Regional Office</b>	<b>Extent under cultivation (Hectares)</b>
Ratnapura	76.03
Kalutara	72.63
Kegalle	537.77
Galle	20.96
Monaragala	46.00
<b>Total</b>	<b>753.39</b>

**Table xix**



## Extent of lands under Rubber Replanting 1990-2014

(Hectares)

Year	Smallholding Sector	Plantation Companies	Total
1990	3584	1617	5201
1991	3507	1794	5301
1992	2028	1889	3917
1993	2419	2817	5236
1994	1623	2138	3761
1995	1778	1461	3239
1996	1983	1217	3200
1997	1172	2045	3217
1998	1173	2542	3715
1999	665	3866	4531
2000	770	1853	2623
2001	558	4584	5142
2002	712	2066	2778
2003	565	494	1059
2004	819	1264	2083
2005	1257	2329	3586
2006	1122	2331	3453
2007	993	4199	5192
2008	812	5293	6105
2009	1002	5360	6362
2010	1186	4755	5941
2011	1123	1927	3050
2012	1117	1044	2161
2013	1710	1007	2717
2014	1343	753	2096

Table xx

## Extent of lands under Rubber New planting 1990-2014

(Hectares)

Year	Smallholding Sector	Plantation Companies	Total
1990	1039	258	1297
1991	1602	202	1804
1992	612	302	914
1993	907	135	1042
1994	670	37	707
1995	651	45	696
1996	1208	35	1243
1997	793	21	814
1998	516	17	533
1999	223	48	271
2000	243	34	277
2001	150	14	164
2002	227	7	234
2003	451	7	458
2004	518	5	523
2005	1032	11	1043
2006	1603	297	1900
2007	1701	333	2034
2008	2755	414	3169
2009	1994	275	2269
2010	2857	96	2953
2011	2166	838	3004
2012	2297	179	2476
2013	2979	-	2979
2014	1428	-	1428

Table xxi

### 3.10. Smallholder Plantations Entrepreneurship Development Programme

Planting activities of the special programme for cultivation of rubber in 5000 hectares in Monaragala District were carried out during this year as well. Accordingly, this programme is now in operation in the Divisional Secretaries' Divisions of Bibile, Badalkumbura, Monaragala, Madulla and Medagama. Accordingly, an extent of 110 hectares was cultivated in the year 2014.

The manner in which the said extent of 5000 hectares was cultivated is given in the Table below.

<b>Year</b>	<b>Extent of lands cultivated (Hectares)</b>
2008	625
2009	838
2010	1540
2011	709
2012	1113
2013	262
2014	110
<b>Total</b>	<b>5197</b>

**Table xxii**

### 3.11. Rubber Plant Nurseries and Supply of Plants

During past period, the planters had drawn a greater interest for cultivation of rubber. As a result, the demand for rubber plants also continued to increase. Therefore, the Department took a special interest in the production of rubber plants. Rubber plant nurseries of the Department as well as private rubber plant nurseries were established for the purpose.

A permit should be obtained from the Department for the establishment of private rubber plant nurseries and commercial rubber plant nurseries. At the preliminary stage, the

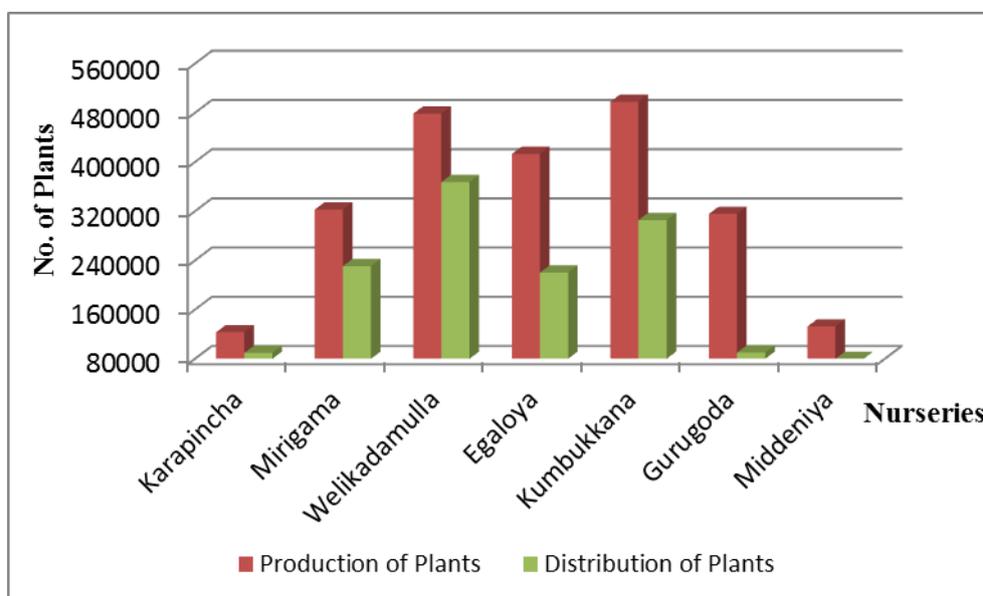
planting material required for the establishment of high quality budwood nurseries in the said nurseries is provided from the nurseries of the Department.

### 3.11.1. Government Plant Nurseries

#### Production of plants and issue of plants in the Government Nurseries - 2014

Name of the Nursery	District of the Nursery	Production of Plants	Distribution of Plants
Karapincha	Ratnapura	123,108	89,447
Mirigama	Gampaha	322,521	230,548
Welikadamulla	Gampaha	478,446	367,273
Egaloya	Kalutara	412,993	220,100
Kumbukkana	Monaragala	497,749	305,409
Gurugoda	Kalutara	315,449	90,059
Middeniya	Hambantota	132,475	65,038
<b>Total</b>		<b>2,282,741</b>	<b>1,367,874</b>

Table xxiii



The projected plant production from the nurseries of the Department in the year 2014 was 2.45 million. The total plant production of the year was 2.28 million and only 1.37 million plants could be distributed during the year. The Department has established a new rubber plant nursery at Padiyathalawa in Ampara District. At present, the infrastructure of the

nurseries is being developed. It is expected to commence the production of budded rubber plants in this nursery since the coming year 2015.

### 3.11.2. Private and Commercial Nursery Permits 2014

One of the main objectives of the Department is to provide high quality budded plants to the planters. The Department carried out several No. of nursery development activities with the purpose of expanding the capacity for production of plants in the nurseries of the Department, improvement of the quality of plants and infrastructure development of the nurseries. The motivation of the private sector nurseries to the production of high quality plants is also a role of the Department. Permits for the nurseries established as recommended are issued by the Department. The private nurseries to which permits were issued are subjected to regular supervision of the Rubber Research Institute and the required instructions are given to maintain the plant nurseries as recommended. The Rubber Development Officers follow up whether the plant nurseries are being maintained as recommended.

#### Production of Plants (Private Nurseries)-2014

Area of Regional Office	No. of Registered Nurseries	Production of Plants	Distribution of Plants
Kegalle	51	1,345,248	604,579
Gampaha	08	106,800	38,306
Matale	02	8,000	-
Kandy	01	-	-
Kalutara	30	507,636	294,280
Monaragala	05	362,500	121,000
Galle	07	60,560	4,800
Matara	06	50,558	17,285
Ratnapura	22	879,037	359,495
Colombo	08	98,700	7,150
<b>Total</b>	<b>140</b>	<b>3,419,039</b>	<b>1,446,895</b>

Table xxiv

### 3.12. Intercropping

On the recommendation of the Rubber Research Institute of Sri Lanka, the Department continues to pay a subsidy of Rs.4,000.00 per an acre to the small holders who undertake intercropping with rubber. Accordingly, a sum of Rs.1.33 million was paid as subsidies for intercropping in the year 2014.

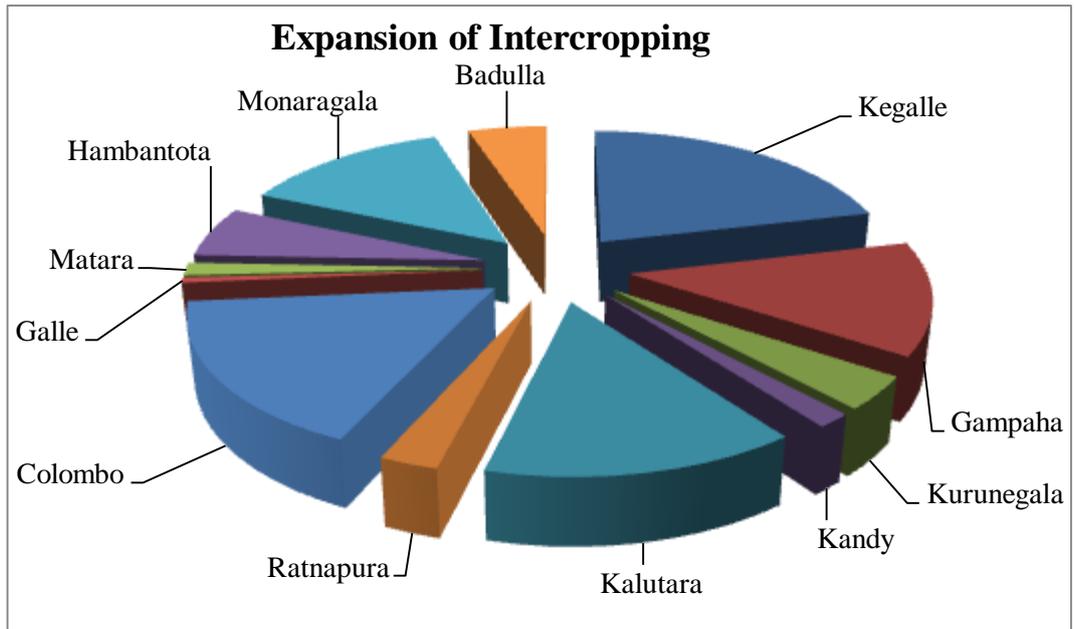


**Rubber plantation intercropped with banana**

#### **Extent of lands under intercropping in year 2014**

<b>District</b>	<b>Extent cultivated (Hectares)</b>
Kegalle	77.49
Gampaha	47.49
Kurunegala	13.78
Kandy	6.00
Kalutara	51.72
Ratnapura	9.79
Colombo	61.57
Galle	2.21
Matara	5.37
Hambantota	21.49
Monaragala	48.81
Badulla	18.41
<b>Total</b>	<b>364.13</b>

**Table xxv**



### 3.13. Popularization of Fixing of Rain Guards

This programme was implemented to promote rubber growers to use rain guards for improvement in the productivity of lands under mature rubber cultivations. 50% of the amount of expenditure incurred for fixing of rain guard to a rubber tree that is; a sum of Rs.30 is paid as subsidies to a rubber tree fixed with rain guards successfully.

Subsidies were paid to the rubber small holders and the Plantation Companies under this programme. The progress of the programme is given in the Table below.

**Fixing of Rain Guards**

Sector	Extent of lands under fixing of rain guards (Hectares)	Amount paid as subsidies (Rs. Million)
Small Holdings	308.88	4.29
Plantation Companies	4060.47	22.48
<b>Total</b>	<b>4369.35</b>	<b>26.77</b>

**Table xxvi**

### 3.13.1. District Wise Fixing of Rain Guards

<b>District</b>	<b>Plantation Companies (Hectares)</b>	<b>Small Holdings (Hectares)</b>
Ratnapura	65.34	63.85
Colombo	103.60	65.51
Kegalle	2974.80	65.59
Gampaha	29.95	11.92
Kurunegala	545.95	-
Kandy	-	4.65
Galle	14.23	14.79
Matara	5.58	37.8
Hambantota	-	1.08
Kalutara	321.03	43.69
<b>Total</b>	<b>4060.48</b>	<b>308.88</b>

Table xxvii

### 3.14. Functions of the Tea, Rubber and Coconut Estates (Control of Fragmentation) Board

A Control of Fragmentation Board was established under the Tea and Rubber Estates (Control of Fragmentation) Act No.02 of 1958. Approval of this Board should be obtained for blocking out or selling of any rubber estate of more than 20 hectares or a portion of the estate. In this process, the applications received from the respective organization were scrutinized and recommendations were submitted to the aforesaid Board. The number of recommendations submitted during the year was five.

We rendered the duties assigned in terms of the appointment as a member of the Board of Directors of this Board, made by the Hon. Minister.

### 3.15. International Affairs

Sri Lanka is a member of the International Rubber Study Group (IRSG) and the Association of Natural Rubber Producing Countries (ANRPC). A sum of Rs.1,010,870 paid to the Association of Natural Rubber Producing Countries and Rs.5,485,595.61 to the International Rubber Study Group by Sri Lanka as membership fees in year 2014.

Holding of the membership in such organizations enables direct and active participation in the activities of the respective organizations resulting in a situation beneficial to the uplift of the rubber industry reciprocally. In addition, the all required information including the local rubber prices, production and market intelligence, the extent of lands under rubber cultivation, the number of persons employed in the field was reported to the said organizations on time throughout the year. Likewise, the information of other countries was obtained through those organizations and distributed among the relevant persons.

The annual conference of the Association of Natural Rubber Producing Countries (ANRPC) was hosted in Malaysia in last year with the participation of the member countries such as Sri Lanka, India, Cambodia, Thailand, Vietnam, Indonesia, Malaysia and China.

At this conference, Malaysia was selected for the Chairmanship in the next year.

### **3.16. Legal matters**

Every applicant who has, under the Rubber Replanting Subsidy Act availed of a permit for replanting rubber and has obtained the subsidy is bound by the rubber replanting subsidy regulations to maintain the plantation in a satisfactory condition and complete the necessary work until all installments of the subsidy are drawn. If the permit holders neglect their plantations, or do not maintain the plantations well until the last installment of the subsidy is drawn, they are ordered to refund the amount of subsidy drawn, to the Department.

As per the provisions in the regulations published in the Gazette of the Democratic Socialist Republic of Sri Lanka in terms of the relevant Act, any rubber land which is assisted under this subsidy scheme can not be alienated without the permission of the Director General of the Rubber Development Department.

Accordingly, permit holders are given sufficient time to complete the planting activities, by extending the valid period of their permits. The permit holders (drawn subsidies), who fail to maintain the rubber plantations successfully so that the objectives of the Rubber Replanting Subsidy Act are achieved, will be informed to refund the subsidy payments already drawn. As a final step, the Department prosecutes against the permit holders who fail to refund the subsidy.

### Charging for unsuccessful cultivations – Year 2014

District	No.of growers recovered	Amount recovered sending final notices (Rs.)	Amount recovered filling cases (Rs.)
Galle	20	44,702.18	
Matara	34	70,688.90	-
Hambantota	02	9500.00	
Kegalle	141	704,335.34	719,780.14
Monaragala	-	-	-
Colombo	7	45,339.50	-
Ratnapura	18	133,888.36	-
Kalutara	111	753,750.46	-
<b>Total</b>	<b>333</b>	<b>1,762,204.74</b>	<b>719,780.14</b>

**Table xxviii**

Further, provisions of the Act were implemented in respect of the growers whose cultivations were unsuccessful due to climatic and other reasonable reasons and action was taken to write off the amount of subsidies with approval of the Advisory Board.

### 3.17. Payment of Subsidies

During the year 2014 under review, the Department was able to pay subsidies for each such cultivation as follows.

#### Payment of Subsidies for Rubber Cultivation

Project	Total Amount Paid (Rs. Million)
Replanting Subsidy 2014 (Smallholder Sector)	219.07
New planting Subsidy 2013 (Smallholder Sector)	213.47
Replanting Subsidy 2013 (Plantation Companies)	134.73
<b>Total</b>	<b>567.27</b>

**Table xxix**

## **3.18. Special Development Programmes**

### **3.18.1. Expansion of rubber cultivation in Ampara District**

As per the decision made to expand the rubber cultivation in Ampara District in line with the Budget Proposals 2012, it has been targeted to cultivate rubber in 10,000 hectares. As the initial step, 550 hectares were targeted for rubber cultivation in the year 2012 and 137.5 hectares were cultivated with rubber by the end of the year. The rubber planting programme has been expanded into three Divisional Secretary's Divisions such as Mahaoya, Padiyathalawa and Uhana.

As the second step thereof, 402.93 hectares were cultivated in the year 2013. As the third step, 256.17 hectares were cultivated in the year 2014. Accordingly, a total extent of 796.60 hectares has been cultivated up to now.

### **3.18.2. Expansion of rubber cultivation in Northern Province**

Steps have been taken to expand a programme for cultivation of rubber in 3200 hectares in Vavuniya and Mallaitivu Districts under the programme for expansion of rubber cultivation in Northern Province. Accordingly, in order to render an effective service to the people in the province, office of the Department was opened in the premises of Vavuniya District Secretariat under the patronage of Hon. Minister of Plantation Industries.

At present, permits have been issued for 19.02 hectares in Vavuniya District and 12.14 hectares have been new planted.

### **3.18.3. Divi Neguma National Development Programme-2014**

Functions of the Ministry of Economic Development are expanding the basic infrastructure required for strengthening the rural economy, while developing the livelihood of the low-income families, creating conducive environment for their education, health and social development and encompassing infrastructure enabling to fulfil market requirements of the rural people and to derive maximum national economic benefits.

Accordingly, Divi Neguma National Development Programme which is launched with financial assistance of the Ministry of Economic Development was also implemented in the rubber sector in the year 2014 as well. Under this programme, during this year too, the Rubber Development Department implemented the programmes such as distribution

of rubber plants free of charge for infilling, providing plants free of charge to cultivate bananas, pineapples as intercropping in the immature rubber lands, distribution of tapping knives on 50% subsidy to those who attended the training programme for Harvest Assistants and providing assistance for enhancement of the activities of the rubber plant nurseries owned by the Department. Rubber plants for infilling were distributed in this year as well in all rubber growing districts including the non-traditional areas such as Monaragala, Ampara, Hambantota, Vavuniya and Badulla districts. The intercropping programme and the programme for distribution of tapping knives were launched covering all rubber growing areas. 07 rubber plant nurseries owned by the Department have been established in 05 districts and financial assistance was provided for their development activities during this year as well. It was undertaken this year at the second time under the Divi Neguma National Development Programme. As a result, it was able to make necessary arrangements to produce and distribute high quality rubber plants with the assistance of this programme. Under the Divi Neguma Programme, an amount of Rs.12.53 million had been allocated to the Department this year and its progress is given in the Table below.

### **Financial and Physical Progress under Divi Neguma Programme**

<b>Programme</b>	<b>Financial Progress</b>			<b>Physical Progress</b>		
	Allocation Rs. Mn	Expenditure Rs. Mn	%	Physical Target	Physical Progress	%
Supply of rubber plants for infilling (Plants)	6.00	7.86	131	100,000	130,955	131
Intercropping (Plants)	2.1	1.73	82	46,200	63,438	137
Distribution of Tapping Knives (No. of Knives)	0.93	0.87	93	3,230	3,027	94
Development activities of government nurseries	3.50	2.07	59	7		
<b>Total -2014</b>	<b>12.53</b>	<b>12.53</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Table xxx**

### 3.19. Consolidated Fund

Object Code	Total provision received (Rs. Million)	Net Expenditure (Rs. Million)
<b>Recurrent Expenditure</b>		
Personal Emoluments	178.10	170.01
Travelling	10.00	9.79
Supplies	4.90	4.25
Maintenance Expenditure	6.04	5.91
Services	17.51	17.21
Fuel	4.65	4.35
Transfers (Subscriptions and property loan interests)	8.10	7.99
<b>Total</b>	<b>229.3</b>	<b>219.51</b>
<b>Capital Expenditure</b>		
Capital Assets Rehabilitation and improvements	31.70	27.02
Acquisition of Capital Assets	2.80	2.12
Development Subsidies	787.00	786.36
Capacity Building	1.00	0.50
Other Capital Investments (2502)	47.00	36.06
<b>Total</b>	<b>869</b>	<b>852.06</b>
<b>Grand Total</b>	<b>1098.80</b>	<b>1071.57</b>

Table xxxi

### 3.20. Cess related matters

#### (1) Registration

No. of registered institutions	144
Total No. of companies to be paid Cess	57
No. of companies that paid Cess	55

#### Cess charged on local consumption

<b>Relevant month</b>	<b>Income (On local consumption) Rs. Million</b>
January	31.90
February	18.70
March	16.80
April	16.10
May	10.20
June	23.50
July	13.60
August	23.50
September	18.63
October	13.10
November	14.74
December	28.86
<b>Total</b>	<b>229.63</b>

Table xxxii

Details of the Cess charged on imports and exports of rubber are given below.

**Cess charged on imports and exports - 2014**

<b>Relevant month</b>	<b>On imports Rs. Mn</b>	<b>On exports Rs. Mn.</b>
January	118.20	50.90
February	105.80	36.80
March	134.20	31.00
April	122.00	26.10
May	144.40	19.00
June	119.70	20.90
July	127.80	17.60
August	137.10	19.90
September	162.60	17.50
October	185.60	18.30
November	159.90	15.10
December	180.70	20.70
<b>Total</b>	<b>1,698.00</b>	<b>293.80</b>

**Table xxxiii**

### **3.21. Replanting Advisory Board**

This Advisory Board has been established in terms of Section 10 of the Rubber Replanting Subsidy Act No.36 of 1953 and Sections 40 and 41 of the Rubber Control Act No.11 of 1956.

The main objective of the establishment of this Advisory Board is to provide advice to the Hon. Minister of Plantation Industries with regard to the matters arising out of the Rubber Replanting Subsidy Act and to advise the Director General on the administration of the Rubber Replanting Subsidy Scheme.

The Director General of the Rubber Development Department is the ex- officio Chairman of this Board and its other members are appointed by the Hon. Minister of Plantation Industries.

### **3.22. Internal Audits**

- Internal Audit – Regional Office, Kalutara.
- Verification of stores goods – Head Office, Colombo.
- Checking of payment vouchers – Head Office, Colombo.
- Preliminary inquiry about the irregularities of the Rubber Development Deputy Director, Monaragala.
- Internal Audit – Karapincha Rubber Plant Nursery.
- Not inventorying regularly new constructions and repairs carried out by the Department annually.
- Not inventorying regularly the equipment purchased for the Publicity Division of the Head Office.
- Checking of payment vouchers – Head Office, Colombo.
- Checking of leave and attendance - Head Office, Colombo.
- Checking of Bank Reconciliations of the Head Office and Regional Offices.
- Checking of the estimates for the year 2014 - Head Office, Colombo.
- Checking of the purchases and inventories - Head Office, Colombo.
- Checking of payment vouchers – Head Office, Colombo.
- Checking of daily running charts of the vehicles – Head Office, Colombo.

### **3.23. Activities carried out by the Publicity Division**

- An exhibition stall was presented for 07 days at Dayata Kirula National Development Exhibition which was held in Kuliapitiya Technical College.
- An exhibition stall was presented for 10 days at the Agriculture Training Centre of Thelijjiwila for “National Farmers’s Week”.
- An exhibition stall was presented for 02 days at the Tharunodaya exhibition organized by the Sabaragamuwa Provincial Council.
- Arrangements were made to conduct one day workshop for officials of the Rubber Development Department at the office of Agalawatta of the Rubber Research Institute.
- Conducting publicity programmes to make the farmers aware of the fixing of rain guards.
- Taking actions to conduct 11 training programmes for professional rubber tappers and providing necessary assistance participating at the inaugural day and the final day of the programme.
- Making arrangements to conduct 145 training programmes for ordinary rubber tappers.
- Making arrangements to conduct 07 training programmes for bud grafters.
- Conducting service revision course for the Rubber Development Officers.
- Assisting the Sri Lanka Rupavahini Corporation to produce a video film to portrait the development of the rubber plantation.
- Participating every week at the consultative programmes for development of the rubber industry with the Farm Broadcasting Service of the Department of Agriculture.
- Designing 30 notice boards in all three languages.

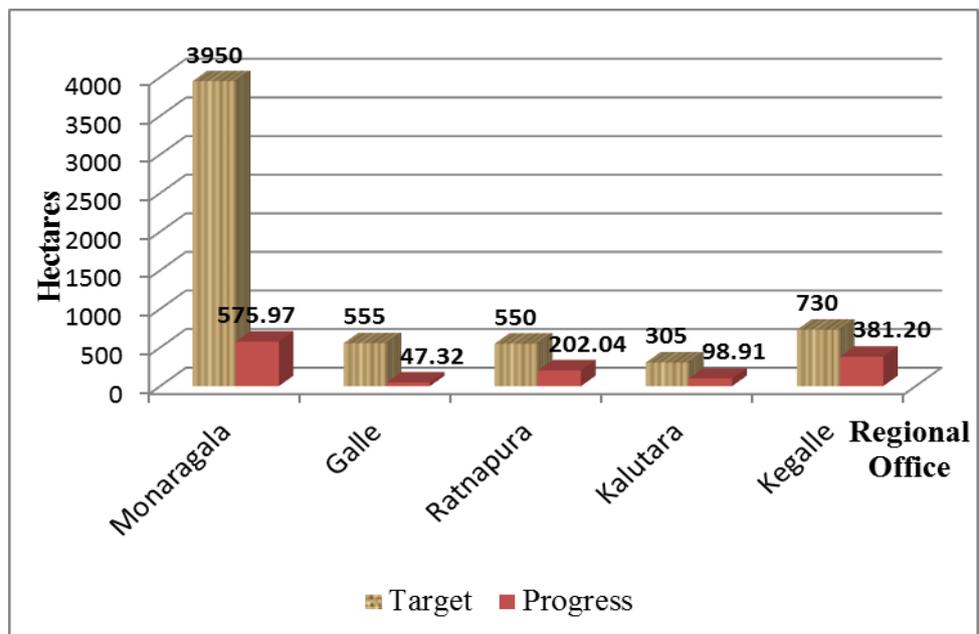
### **3.24. Activities carried out by the IT Section**

- The project to create suitable upgraded computer software to manage the payment of rubber planting subsidies, details of plant nurseries and information on trade permits of the Rubber Development Department was initiated in consultation with the Information and Communication Technology Agency (ICTA). The project consists of two stages and the system study in the first stage should be done through a selected instructor and it has been completed at present. Software development activities under the second stage are to be carried out in the year 2015.
- Providing required training for the officials while addressing the issues of the computer programmes of the Regional Offices for payment of subsidies.
- Implementing the project for providing details of rubber prices of the Department through the Short Message System (SMS) in consultation with the Information and Communication Technology Agency (ICTA).
- Maintaining web-site of the Department updating the rubber prices and Coordinating with the Information and Communication Technology Agency (ICTA) to create modernized web-site in future.

## 4. Progress of Regional Offices

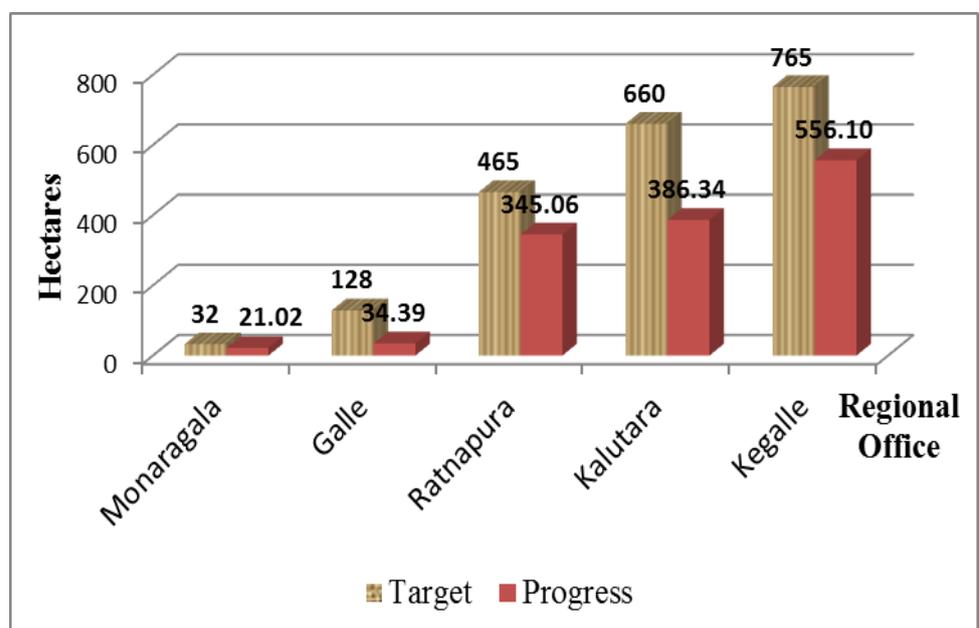
05 Regional Offices have been established to provide services in 14 rubber growing districts in the country and the progress achieved by the said offices in the year 2014 is given below.

### 4.1 Progress of Rubber New planting

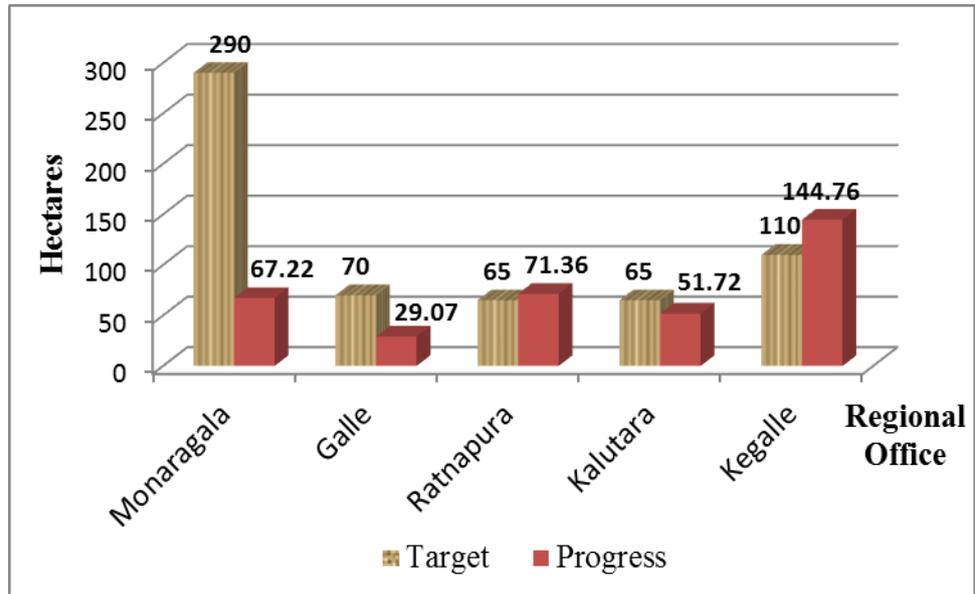


The target for planting in Ampara District was 3000 hectares. It was unable to reach towards the target as the lands of the Department of Forest Conservation and Mahaweli could not be settled.

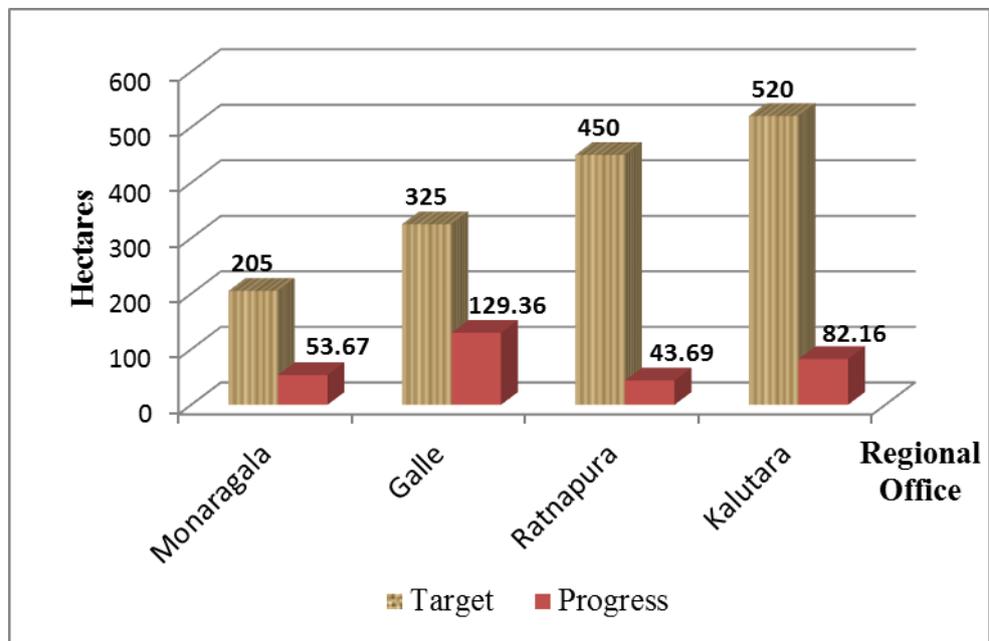
### 4.2. Progress of Rubber Replanting



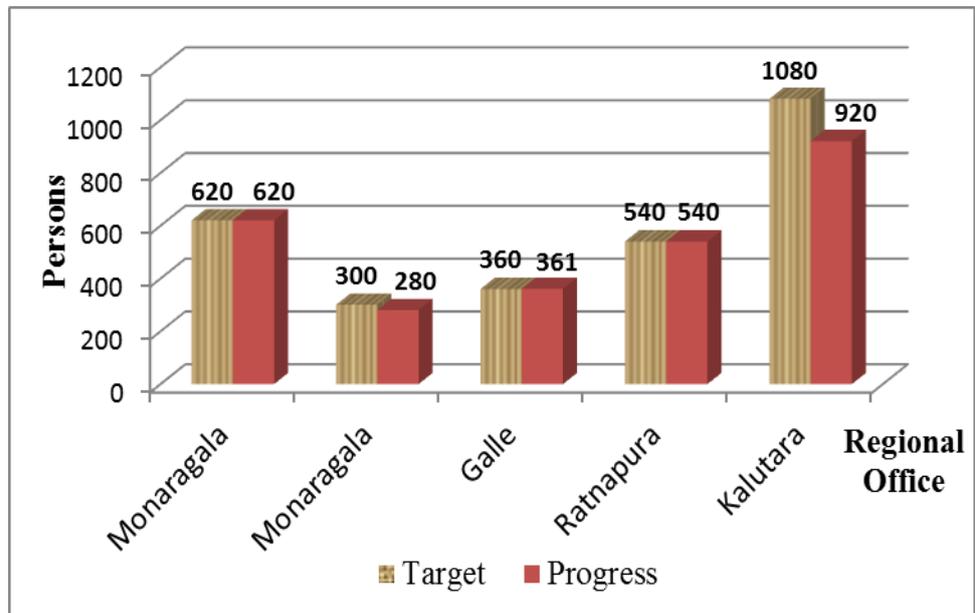
### 4.3. Progress of Intercropping



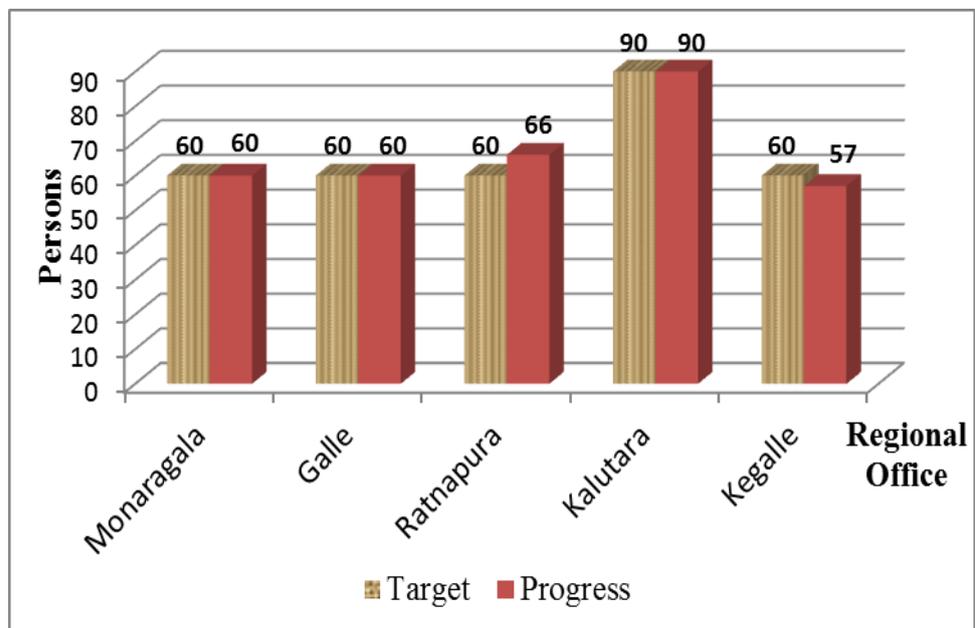
### 4.4. Fixing of Rain Guards



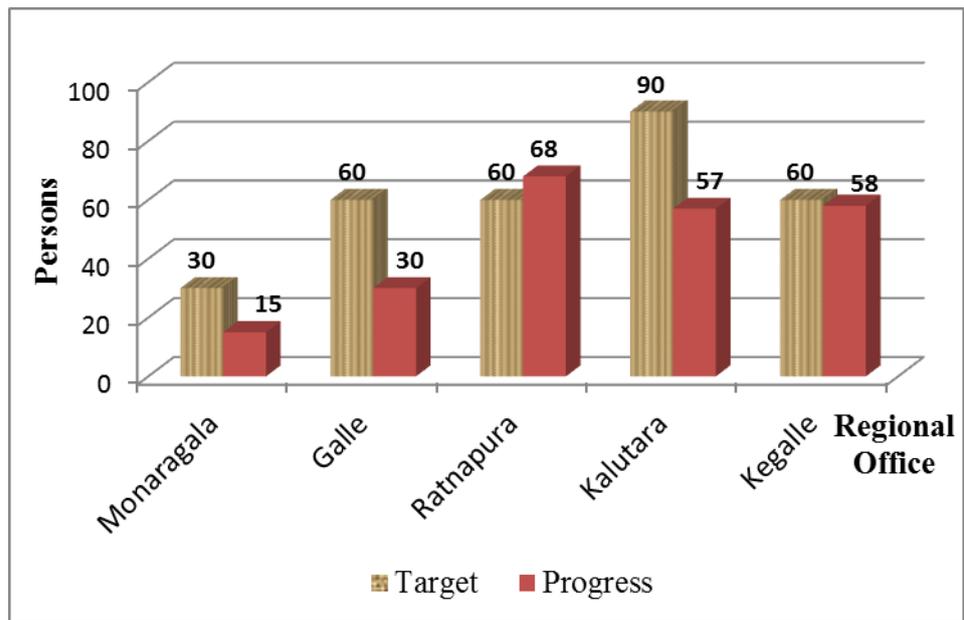
#### 4.5. Training Programme for rubber tappers



#### 4.6. Professional Training Programme for rubber tappers



#### 4.7. Training Programme for bud grafters



**Conducting Training Programmes by the Regional Offices**

## **5. Rendering services of other institutions**

In terms of the appointments made by the Hon. Minister of Plantation Industries, while holding the membership of the Board of Directors in the institutions indicated hereunder, the duties assigned were performed.

- 1) Rubber Research Institute of Sri Lanka
- 2) Thurusaviya Fund
- 3) Sri Lanka Rubber Manufacturing and Export Corporation
- 4) Tea, Rubber and Coconut Estates (Control of Fragmentation) Board

The functions performed here included participation in the Board Meetings, submission of views and suggestions, assistance in arriving at decisions, expression of required consents and approvals, investigation into the activities and contribution to the implementation of programmes in those institutions.

In addition, the Department provided services, information and assistance sufficiently to the all Ministries, Departments, other government institutions, private institutions and personnel on their requests. School exhibitions, support lectures and information assistance and providing of statistics, clarifications and technical advices required to institutions and personnel are significant among them.

The services and information were provided with the assistance of the Head Office, Regional Offices, Field Officers and Nursery Managers.



# විගණකාධිපති දෙපාර්තමේන්තුව

கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்

**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல.  
My No. }

LP/J/RCF/FA/2014/01

මගේ අංකය  
உமது இல.  
Your No. }

දිනය  
திகதி  
Date }

19 June 2015

The Director General

Rubber Development Department

Report of the Auditor General on the Financial Statements of the Rubber Control Fund for the year ended 31 December 2014.

The audit of financial statements of the Rubber Control Fund for the year ended 31 December 2014 comprising the balance sheet as at 31 December 2014 and a summary of significant accounting policies and other explanatory Information was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 39(a) (3) of the Rubber Control Act, (Cap. 436) No. 11 of 1956 amended by the Rubber Control Act (Amendment) No.45 of 1957 .My comments and observations which I consider, appear in this report.

## 1.2 Management's Responsibility for Financial Statements

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

### 1.3 Auditor's Responsibility

-----

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000-1810).

### 1.4 Basis for Disclaimer of Opinion

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As a result of the matters described in paragraph 2.2 of this report I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items ,and the elements .

## 2. Financial Statements

-----

### 2.1 Disclaimer of Opinion

-----

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion . Accordingly, I do not express an opinion on these financial statements.

### 2.2 Comments on Financial Statements.

-----

#### 2.2.1 Accounting Deficiencies

-----

A sum of Rs.1,864,559 credited to the Consolidated Fund had been shown as a current asset instead of shown deduct from the Rubber Control Fund.

**2.2.2 Lack of Evidence for Audit**

The following items could not be satisfactorily vouched or accepted in audit due to non-submission of documentary evidences indicated against each item.

Item	Value	Observations
	Rs	
(a) Fixed Assets	985,925	Even though it was informed to audit that those assets had been given for the use of the Rubber Development Department before 17 years , a Register of Assets or an evidence of physically existence of those assets had not been presented .
(b) Current Assets	635,272	(i) Advances amounting to Rs.287,378 supplied for various purposes had been outstanding for over a period exceeding 17 years and details of the parties from whom they were recoverable had not been presented to audit.  (ii) Action had not been taken to recover and settle the amount of Rs.210,010 recoverable from the Rubber Replanting Subsidy Fund controlled under the same management .  (iii) Any evidence whatsoever ensure to the balances of Rs. 137,884 actually should have been. receivable from various institutions had not been presented to audit.
(c) Current Liabilities	239,784	(i) Advances payable amounting to Rs.222,031 for which the reason was not revealed for the commitment had been



outstanding for over a period exceeding 17 years while the details of the parties payable thereto had not been presented to audit.

- (ii) Any documents relevant to the general deposits of Rs.5,448 brought forwarded in the accounts over a period exceeding 17 years had not been presented to audit.
- (iii) Accrued stamps and telecommunication fees of Rs.10,689 which could have been easily settled by exchanging the information with the Postal Department had been brought forwarded in the accounts over a period exceeding 17 years.
- (iv) Accrued expenditure amounting to Rs.1616 outstanding over a period exceeding 17 years for which any information was not available about the receivable parties had not been removed from books.

### 3. Financial and Operating Review

---

#### 3.1 Financial Results

---

An interest income for the fixed deposits and savings deposits belonging to the Fund as at 31 December in the preceding year had obtained and it had been the only source of income of the Fund. As the relevant 2 fixed deposits amounting to Rs.10,961,943 as at the end of the year under review and savings deposit amounting to Rs.3,599,113 had been withdrawn and credited to the Consolidated Fund, there was no operating activity of the Fund furthermore. Accordingly, Income and Expenditure Account and the Cash Flow Statement for the year under review had not been prepared.

### 3.2 **Operating Review**

---

#### 3.2.1 **Present Status of Activities of the Fund**

---

It had been informed by the letter No.RDD/02/10/ අයිඊඊ (නැ. ඩ) dated 04 July 2014 of the Director General of the Rubber Development Department to the Secretary to the Ministry of Plantation Industries that it was expected to complete the winding up activities of the Rubber Control Fund within 06 months period which is not in operation at present and a committee for settlement of balances had also been appointed on 01 December 2014. On the recommendation of that Committee, only the balances of savings deposits and fixed deposits belonging to the Fund had been transferred to the Consolidated Fund in the year under review and necessary action for the settlement of existing assets and liabilities had not been taken.

### 4. **Systems and Controls**

---

The deficiencies in system and controls observed during the course of audit were brought to the notice of the Director General from time to time. Special attention is needed in respect of the following areas of control.

- (a) Accounting
- (b) Fixed Assets
- (c) Receivable and Payable Balances

W.P.C Wickramaratne

Acting Auditor General



**විගණකාධිපති දෙපාර්තමේන්තුව**  
**கணக்காய்வாளர் தலைமை அறிப்பறி திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය } LP/J/RRSF/FA/2014/01  
எனது இல. }  
My No. }

මබේ අංකය }  
உமது இல. }  
Your No. }

දිනය } 15 July 2015  
திகதி }  
Date }

The Director General,  
Rubber Development Department.

Report of the Auditor General on the Financial Statements of the Rubber Replanting Subsidy Fund for the year ended 31 December 2014 .

-----  
The audit of financial statements of the Rubber Replanting Subsidy Fund for the year ended 31 December 2014 comprising the balance sheet as at 31 December 2014 and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 6(2) (Cap. 437) of the Rubber Replanting Subsidy Fund Act, No. 36 of 1953. My comments and observations on the above financial statements appear in this report.

**1.2 Management's Responsibility for the Financial Statements**

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

**1.3 Auditor's Responsibility**

-----  
My responsibility is to express an opinion on these financial statements based on my audit conducted in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI 1000 – 1810).

#### 1.4 Basis for Disclaimer of Opinion

-----

As a result of the matters described in paragraph 2.2 of this report, I am unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded items, and the elements making up the balance sheet.

### 2. Financial Statements

-----

#### 2.1 Disclaimer of Opinion

-----

Because of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

#### 2.2 Comments on Financial Statements

-----

##### 2.2.1 Accounting Deficiencies

-----

The following observations are made.

- (a) A sum of Rs.70,659,527 credited to the Consolidated Fund had been shown as a current asset instead of a deduction from the Rubber Replanting Subsidy Fund.
- (b) Notwithstanding the settlement of audit fees bills up to the year 2010, provision amounting to Rs.1,181,126 had been made for the audit fees as at 31 of the preceding year. Although provisions due to be made for the four years from 2011 to 2014 amounted to Rs.160,000 at the rate of Rs.40,000 per year, overprovision of Rs.1,021,126 had been made.

**2.2.2 Lack of evidence for Audit**

The following items could not be satisfactorily vouched or accepted in audit due to non-submission of any evidence for confirmation.

Item	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) Fixed Assets	17,766,770	Although the audit had been informed that these assets had been granted to the Rubber Development Department for its utilization prior to 17 years, either a register including those assets or an evidence in support of the physical existence of those assets had not been furnished.
(b) Current Assets	102,158,631	<p>(i) Sufficient information with regard to the balances of 12 Advance Accounts totalling Rs.15,220,514 given to various purposes and brought forward over a period of 17 years and the details on the parties from which those balances should be receivable had not been furnished to audit.</p> <p>(ii) A sum of Rs.17,066,956, Rs.286,059 and Rs.4,260 receivable from the General Treasury, the Department of Customs and the Sri Lanka Army respectively have been brought forward as current assets over a period of 17 years without consulting the respective institutes and any evidence had not been furnished to the audit to ensure that those balances were remaining as authentically receivable balances.</p>

- (iii) Although the invested money and the interests had been withdrawn and credited to the Consolidated Fund during the year under review, evidence had not been furnished to the audit that the investment interests receivable amounting to Rs.102,890 shown in the accounts for more than a period of 17 years had been settled.
- (iv) No documentary evidence whatsoever had been furnished to audit on the balances of Rs.3,647,219 and Rs.65,477,579 relating to the two accounts named as Receipts for Group Processing Centres and the Project No.02 respectively.
- (v) The person who obtained the postal imprest of Rs.1,800 brought forward over a period of 17 years as a receivable amount, had not been specifically identified.
- (vi) The reason had not been explained for recognizing 05 balances totalled Rs.351,353 as assets of which the recovery had been completely doubtful and brought forward over 17 years.

Current Liabilities	18,868,119	(i)	No documents whatsoever had been furnished to audit relating to the sundry deposits of Rs.9,988,530 brought forward in the accounts for more than a period of 17 years.
		(ii)	Evidence for brought forward of an impractical balance of Rs.483 nominated as Advances of Consolidated Fund since a period exceeding 17 years had not been furnished to audit.
		(iii)	Reasons for the failure to eliminate Medical Aid loan of Rs.57,526 of which information on the receivable parties was not available and brought forward for more than a period of 17 years and other Departmental loans of Rs.416,313 from the books had not been furnished to audit
		(iv)	Although it was functioned under the same management, action taken for the settlement of a sum of Rs.281,210 and Rs.15,449 payable to Rubber Control Fund and the Rubber Development Department respectively had not been revealed in the audit.
		(v)	Although the party and the payable amount had been specifically recognized, the action taken for the settlement of Rs.22,087 to the Rubber Research Institute was not revealed in the audit.

- (vi) Even though any employee had not been employed since a period exceeding 17 years, to show an employee gratuity commitment of Rs.90,706 under the current liabilities of which payable party had not been specifically stated could not be satisfied in audit.
- (vii) The balances of Rs.119,550 and Rs.4,779,564 named as Sapling Advances and Fertilizers to Matured Cultivations respectively had been brought forward for exceeding a period of 17 years, whereas any documents relating to those balances had not been furnished to audit.
- (viii) Although a sum of Rs.3,096,701 specified as receipts of loan not belonging to the Fund had been shown as a current liability, either the reason attributed to that abnormal commitment or the details on the payable party had not been furnished to audit.

### 3. Financial Review

---

#### 3.1 Financial Results

---

An interest income of Rs.497,051 for the fixed deposits of the Fund had been received as at 31 December of the preceding year and it had been the only source of income of the Fund. Since the relevant fixed deposit of Rs.9,307,910 as at 31 December had been withdrawn and credited to the Consolidated Fund, operations of the fund had become inoperative. Accordingly, Income and Expenditure Account and the cash flow statement had not been prepared for the year under review.

#### 4. Operating Review

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##### 4.1 Current Activities of the Fund

-----

The Secretary to the Ministry of Plantation had been informed by the letter of the Director General of the Rubber Development Department No.RDD/02/10/අදවර(නැ.ව) dated 04 July 2014 that since the Rubber Replanting Subsidy Fund is inoperative at present, its liquidation activities are expected to be finalized within a period of one year and a committee for the settlement of balances had also been appointed as at 01 December 2014. On the recommendations of that committee, only the fixed assets and the balances of the investments accounts of the Fund had been transferred to the Rubber Development Department and the necessary steps for the settlement of the remaining assets and liabilities had not been taken.

#### 5. Systems and Controls

-----

Deficiencies in systems and controls observed during the course of audit were brought to the attention of the Director General from time to time. Special attention is needed in respect of following areas of systems and controls.

- (a) Accounting
- (b) Fixed Assets
- (c) Receivable and Payable Balance

W. P. C. Wickramaratne  
Acting Auditor General