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வருடாந்த செயலாற்றுகை அறிக்கை
Annual Performance Report 2012

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பெருந்தோட்டக் கைத்தொழில் அமைச்சு
Ministry of Plantation Industries

55/75, වොක්ෂෝල් පටුමග, කොළඹ 02.

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No. 55/75, Vauxhall Lane, Colombo 02.

Annual Performance Report
2012

Ministry of Plantation Industries

No. 55/75, Vauxhall Lane, Colombo 02.

Content

01 Ministry of Plantation Industries

1.1 Introduction

Ministry of Plantation Industries was established in 1971 with the objective of developing the plantation crops including tea, rubber, coconut, palmyrah, sugarcane, mulberry and cashew. As per the amendment made by the Gazette No.1681/3 dated 22.11.2010, the functions assigned presently to the Ministry of Plantation Industries are formulation, implementation and handling of policies, programmes and projects related with the subjects of tea and rubber of the statutory bodies coming under the preview of the Ministry in line with the Mahinda Chinthana Idiri Dekma and the national policies to be implemented by the Government. And also the functions related with the development and researches of the tea and rubber industries and the issuance of licenses and control of the fragmentation of tea, rubber and coconut estates are assigned. Since the promotion and research activities of the plantation crops which were not specifically assigned to any other Ministry are also coming under the scope of this Ministry along with the development of the activities related with the oil palm cultivation.

In order to carry out the above mentioned activities Sri Lanka Tea Board, Tea Research Institute, Tea Small Holdings Development Authority, Tea Shakthi Fund, Kalubowitiyana Tea Factory Ltd, Rubber Development Department, Rubber Research Institute, Thurusaviya Fund, National Institute of Plantation Management and Tea, Rubber and Coconut Estates (Control of Fragmentation) Board come under the purview of the Ministry. In addition, the Smallholder Plantations Entrepreneurship Development Programme (SPEnDP) formulated by the International Fund for Agricultural Development (IFAD) under the consultation with the Government of Sri Lanka is executed by the Ministry of Plantation Industries.

1.2 Vision

"Achieving national prosperity through development of the plantation industry"

1.3 Mission

"To enhance the productivity, profitability and sustainability of the plantation industry through ensuring an economically, socially and environmentally viable plantation sector"

1.4 Policies of the Ministry

The policies implemented by the Ministry in comply with the Policy framework of the Government of Sri Lanka formulated in year 2010 by the Ministry of Finance and Planning in line with the Mahinda Chinthana Idiri Dekma, are given below.

I. Enhancement of the productivity in the Plantation Sector lands.
II. Increase of the annual rate of tea and rubber replanting.
III. Expansion of the cultivation in to the non-traditional areas.
IV. Implementation of research and development programmes.
V. Value addition and promotion of brand names.
VI. Expansion of intercropping

1.5 Strategic Development Objectives of the Ministry

I. Increase of foreign exchange earnings.
II. Retaining the cost of production at a minimal level.
III. Enhancement of the profitability of the tea small holders and the Plantation Companies.
IV. Uplifting the living standard of the plantation community.
V. Supply of high quality products to the local consumers.
VI. Sustainable development through the environmental conservation.
VII. Expansion of the international market share for tea and rubber products.

1.6 Performance Indicators of the Ministry

Six performance indicators have been identified for the purpose of achieving medium term development objectives of the Ministry.

I. The amount of foreign exchange earning from tea and rubber sectors.
II. Productivity (Increase in the yield per a land unit).
III. Replanting rate of tea and rubber lands.
IV. Extent of Land under new planting.
V. Quantity and value of value added products.
VI. Low production cost as against the market price.

1.7 Development Activities Undertaken During the Year 2012

I. Evaluation of the contribution made by the planters, manufacturers, exporters and societies of the tea and rubber sectors and conducting of National Plantation Awards Ceremony for the first time in history under the patronage of H.E. the President as a recognition for their achievements.

II. Conducting various types of training programmes under National Institute of Plantation Management, Tea Research Institute, Rubber Research Institute, Tea Small Holdings Development Authority and Rubber Development Department with the objective of making aware of the small holders, owners of the Regional Plantation Companies and the employees as well as the stakeholders in the plantation sector.

III. Publication of hand outs, periodicals and research materials on the plantation sector.

IV. Successful conclusion of the session of FAO/IGG on Tea in Colombo to deliberate on the issues of member countries related to production, marketing and consumption of tea as a food item. In addition, making necessary preliminary arrangements to host the Ministerial Conference of tea producing countries in Colombo at the outset of year 2013.

V. Continuation of other researches related to high quality special cultivars, soil and the cultivation conducted by the Tea and Rubber Research Institutes.

VI. Initiation of ground works to update the maps on tea, rubber and oil palm lands using the Geographical Information System in callabaration with the Department of Land Use Policy Planning.

VII. Taking necessary preliminary actions to re-start the Cadastral Surveying in the lands leased out to the Regional Plantation Companies and initiation of the same.

VIII. Taking necessary actions to reconstruct and repair the selected rural access roads in the plantation industry, coordinating with the Finance Commission.

IX. Taking necessary courses of action to amend the Acts related to the institutions coming under the Ministry in conformity to the current and future requirements to facilitate the achievement of aimed development activities.

X. Taking actions to identify suitable lands for new planting as per the preliminary census conducted on uncultivated lands owned by the Plantation Companies.
In pursuance of the instructions given by the Secretary to the President, preparation of a mechanism for distribution of identified lands by a Committee consists of the Secretaries to the relevant Ministries, respective District Secretaries and the officials of other Ministries/ Departments and submission of its report to the Secretary to the President and Secretary to the Ministry of Finance and Planning.

XI. Continuation of researches for expansion of rubber cultivation in Northern and Eastern provinces under the expansion of rubber cultivation in non traditional areas and identification of the areas suitable for the cultivation. Accordingly, planning and implementation of ground works necessary for expansion of the cultivation in Mullaitivu and Vavuniya Districts.

XII. Taking necessary preliminary actions, coordinating the Divisional Secretaries of Padiyathalawa, Mahaoya, Lahugala and Uhana, officials of the Mahaweli Development Authority, Department of Forest Conservation, Department of Land Use Policy Planning, Department of Wildlife, relevant Grama Niladharies and the officials of other relevant institutions including the District Secretary of Ampara to make success of the plan for rubber cultivation in 10,000 hectares in Ampara District in line with the Budget proposals 2012. Making arrangements to commence the rubber cultivation in 500 hectares in the above Divisional Secretaries' Divisions during the year 2012 as well.

XIII. Acquisition of lands for establishment of a new rubber nursery in Padiyathalawa and initiation of basic constructions.

XIV. Introducing a concessionary loan scheme jointly with the Bank of Ceylon for rubber small holders.

XV. Re-commencement of tea production in temporary closed tea factories.

- Bringing the management of Hiniduma Tea Factory which had been temporary closed incurring losses under the Tea Shakthi Fund, under the Kalubowitiyana Tea Factory Ltd. and carrying out its productions at profit

- Re-commencement of tea productions of the Gileemale Tea Shakthi Factory which had been temporary closed incurring losses, by Hindurangala Tea Small Holdings Society
- Completion of constructions of Daraniyagala Tea Factory of which the constructions had been initiated under the Tea Shakthi Fund and commencement of tea productions
- Re-commencement of constructions of Yatinuwara Tea Shakthi Factory of which the construction works had been ceased temporary.

2. Financial Progress Review

(Rs. Million)

Institution	Revised capital allocations for year 2012	Revised recurrent allocations for year 2012	Capital expenditure up to 31st December 2012	Recurrent expenditure up to 31st December 2012	Capital performance %	Recurrent performance %
Ministry	41.952	139.080	23.989	132.675	57	95
Sri Lanka Tea Board	63.560	117.600	21.000	117.110	33	100
Tea Research Institute	118.440	245.000	50.126	233.060	42	95
Tea Small Holdings Development Authority	221.373	224.178	199.000	219.832	90	98
Rubber Development Department	109.473	931.530	52.085	579.915	48	*62
Rubber Research Institute	54.600	196.000	46.000	185.705	84	95
Thurusaviya Fund	5.187	9.792	5.187	9.792	100	100
National Institute of Plantation Management	13.650	9.800	7.000	8.480	51	87
Smallholder Plantations Enterepreneurship Development Programme	523.000	-	371.905	-	71	-
Total	**1151.235**	**1872. 980**	**776.292**	**1486.569**	**67**	**79**

* Recurrent performance has decreased as allocations were not received for payment of rubber planting subsidies.

3. Sectoral Review

3.1 Tea Sector

Tea plantation which was introduced to Sri Lanka by James Taylor in year 1867 has presently expanded in 123 Divisional Secretaries' Divisions of 14 Districts in Up - Country, Mid- Country and Low-Country in Sri Lanka. The vision of the tea industry is to ensure the future of the tea industry and make the Ceylon Tea the premier brand in the global beverage market through strengthening the tea small holding sector and the corporate sector for sustainable development. The Sri Lanka Tea Board, Tea Research Institute, Tea Small Holdings Development Authority, Tea Shakthi Fund and Kalubowitiyana Tea Factories Ltd. coming under the Ministry of Plantation Industries are government bodies functioning in the tea sector.

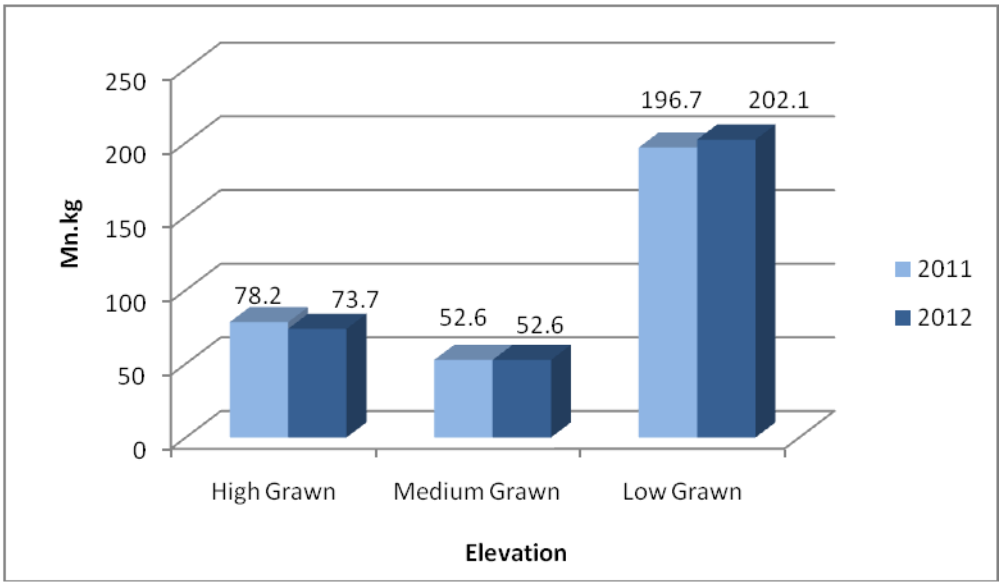
In year 2012, tea cultivation had expanded in the extent of 203,020 hectares of which 120,955 hectares (59%) are owned by the tea small holding sector. Further, 72,684 hectares (36%) are owned by 21 Regional Plantation Companies and 9,381 hectares (5%) are owned by the state plantations institutions.

The average yield per hectare of tea had increased from 1,662 kg in year 2011 to 1,688 kg in the year under review recording 1.6% increase as against the year 2011. The tea production had increased from 327.5mn kg in year 2011 to 328.4mn kg in year 2012 showing 0.3% slight increase as against the year 2011. Especially, the severe drought prevailed in Central and Uva provinces at the outset of year 2012 and the cold climatic conditions prevailed at the end of the year had limited the tea production to such slight increase.

As for the elevation wise tea production in the year under review, the low grown tea production amounted to 202.1mn kg showing 62% of the total tea production in the year. The high grown and medium grown tea productions were recorded as 73.7mn kg and 52.6mn kg respectively contributing 22% and 16% to the total tea production respectively. The elevation wise total tea production in the years of 2011 and 2012 is given in the Chart 3.1.

Chart 3.1

Elevation wise Tea Production in 2011 & 2012



Accordingly, the high grown tea production in the year 2012 has declined by 4.5mn kg as against the year 2011, mainly due to the unfavourable weather conditions prevailed in high grown areas as mentioned above. However, the low grown tea production has increased by 5.4mn kg (2.8) from 196.7mn kg in year 2011 to 202.1mn kg in year 2012.

As well, the total tea production in the years of 2011 and 2012 as per the main tea producing methodologies is given below.

Table 3.1

Category wise Tea Production in 2011 and 2012

Category	2011		2012	
	Mn kg.	% of the total production	Mn kg.	% of the total pro-duction
Orthodox Black Tea	302.0	92	302.1	92
C.T.C. Tea	22.5	7	23.3	7
Green Tea	3.0	1	3.0	1
Total	**327.5**	**100**	**328.4**	**100**

C.T.C. tea production has increased by 0.7mn kg (3%) in year 2012 as against year 2011. However, there is no significant variance in the comparative contribution of each category to the total tea production in year 2012 as against year 2011.

Even though the extent of lands under replanting in the tea small holding sector in year 2011 was 772 hectares, it has increased to 937 hectares in year 2012 of which 889 hectares and 48 hectares were cultivated under the Tea Small Holdings Development Authority and Smallholder Plantations Entrepreneurship Development Programme respectively. As well, new planting of tea in 239 hectares of the tea small holding sector has been undertaken by the Tea Small Holdings Development Authority during the year under review. The contribution of tea small holders has increased from 229mn kg in 2011 which was 70% of the total tea production to 234.2mn kg that is, 71% in the year under review. The sectoral tea production in the years of 2011 and 2012 is given below.

Table 3.2

Sectoral Tea Production in 2011 and 2012

Mn. Kg.

Sector	2011		2012	
Corporate Sector		**98.5**		**94. 2**
-Regional Plantation Companies	94.2		90. 2	
-JEDB, SLSPC, Elkaduwa & Other	4.3		4. 0	
Tea Small Holding Sector		229.0		234 .2
Total		**327.5**		**328.4**

Although the total tea production of the tea small holders in year 2011 amounted to 229mn kg, it has increased by 5.2 mn kg (2.27%) to 234.2mn kg in year 2012. The comparative contribution of the tea small holding sector has risen as tea new planting and replanting programmes, infilling programmes, extension & advisory services and training programmes for tea small holders were continuously implemented by the Tea Small Holdings Development Authority during the year under review. The fertilizer subsidy provided continuously under the National Fertilizer Subsidy Programme for planting of tea had also caused for the increase in the comparative contribution of the tea small holding sector and increase in the tea planting subsidy of the Government as Rs.300,000 and Rs.150,000 per hectare for tea replanting and new planting respectively by year 2012 was also a root cause for development of the tea cultivation.

During the year under review, the average sales price of tea per kg at the Colombo tea auction was recorded as Rs.391.64 showing 8.8% increase as against Rs.359.89 per kg of tea in the year 2011. Further, the FOB price in the year 2011 stood at Rs.511.08 per kg and it has increased by 10.3% to Rs.563.94 per kg in the year 2012.

The total quantity of tea exports including re-exports in the year 2012 was 319.9mn kg and the export income earned thereby amounted to Rs.180,430 mn. Exports and re-exports of tea in the years of 2011 and 2012 are given in the Table below.

Table 3.3

Data of Exports and Re-Exports of Tea in 2011 and 2012

Year	Exports			Re-Exports			Total Exports		
	Quantity Mn. kg.	FOB price Rs /kg	Income Rs. mn	Quantity Mn. kg.	FOB price Rs /kg	In-come Rs. mn	Quan-tity Mn. kg.	FOB price Rs /kg	Income Rs. mn
2011	303.2	500.64	151,777	19.4	674.18	13,077	322.6	511.08	164,854
2012	306.0	552.26	169,015	13.9	820.84	11,415	319.9	563.94	180,430

As per the Table above, even though the export income soared by Rs.15,576 million in the year 2012 as against Rs.164,854 million earned from the tea export of 322.6mn kg in the year 2011, total quantity of exports has declined by 2.7mn kg (0.8%) in the year 2012 as against the year 2011. The main reasons for the said decline were American embargoes against Iran, the second main destination of Ceylon Tea and the civil war in Syria, the third main destination.

The quantity of tea purchased by ten main destinations in the year 2012 amounted to 214.16mn kg and it is 67% of the total tea exports. The quantity and value of tea exported to main destinations in the year 2012 are given in the Table below.

Table 3.4

Quantity and Value of Tea Exports to Main Destinations in 2011 and 2012

Country	2011		2012	
	Quantity of Exports (Mn. kg)	Value (Rs. mn.)	Quantity of Exports (Mn. kg)	Value (Rs. mn.)
Russia	49.13	24,709	47.25	26,862
Iran	30.94	17,074	38.13	22,360
Syria	22.62	9,041	23.48	10,636
Iraq	19.17	8,493	23.13	11,459
Turkey	28.76	13,747	24.72	13,239
Libya	11.65	6,280	9.55	6,058
UAE	7.41	2,574	16.33	6,452
Azerbaijan	11.97	5,800	10.59	5,700
Japan	7.29	3,471	9.40	4,504
Kuwait	21.76	10,776	11.58	6201
Total	**210.70**	**101,965**	**214.16**	**113,471**

As well as the year 2011, Russia was the main destination of Ceylon tea exports in year 2011. Russia purchased 47.25mn kg of the total tea export during the year under review contributing 14.8% to the total tea export. Iran, the second main destination of Ceylon tea purchased 38.13mn kg during the year under review. Even though the Cess collection from the tea export in the year 2011 amounted to Rs.2,057, it has declined by about 0.3% to Rs.2051.4 million in year 2012

Principal activities carried out for development of the entire tea industry during the year under review are given below.

I. Taking action to establish a Fund of Rs.5 billion for a period of 5 years as Rs.1 billion per annum through charging the exporters a duty of Rs. 3.50 per kg of tea exported. In this context, necessary actions are being taken to launch a broad global and local marketing and promotional campaign.

II. Formulation and implementation of new policy guidelines required for activities in the tea sector.

III. Continuous expansion of the coordination with the stakeholders in the tea sector.

IV. Appointment of a special Committee for planting material and fertilizer mixtures in the tea sector and settlement of the issues.

V. Enacting regulations to increase the subsidies granted for replanting and new planting of tea.

VI. Registration of the name "Ceylon Tea" and the "Loin Logo" locally and internationally as per 7 geographical indicators such as, Nuwara Eliya, Udapussellawa, Dimbula, Uva, Kandy, Ruhuna and Sabaragamuwa.

VII. Diplomatic involvement to reduce the unfavourable conditions affected to the tea export due to the crisis arisen in the Middle-East countries..

VIII. Pursuing the researches necessary to introduce to the field new tea cultivars categorized under the series 5000 with high productivity and resistance to the changing climatic conditions.

IX. Taking necessary steps to the nursery development and establishment of new nurseries at district level for distribution of high quality tea plants in each district.

X. Promoting tea small holders to the tea new planting and infilling through the extension activities.

XI. Making recommendations to improve the soil fertility through conducting researches on soil.

XII. Taking necessary preliminary actions to make new fertilizer recommendations for improvement of the productivity on the findings of the adoptive researches conducted in 26 locations of the country, having considered the views and proposals of the tea small growers.

XIII. The Hon. Minister of Plantation Industries and the Heads of the all relevant institutions met the farmers and stakeholders who engage in the tea industry at district/regional level and settled their issues and taking necessary actions as per their views and proposals.

XIV. Undertaking the activities such as distribution of plastic crates under the subsidies to collect green leaf for avoiding post harvest damages and fixing racks in the vehicles transporting the green leaf.

XV. Quality control for the supply of quality tea to the market and implementation of the programmes for modernization of the tea factories.

XVI. Distribution of 453,656 tea plants, 19,418 pepper plants as intercropping in tea cultivation and 2,140 crates for improvement of quality and productivity of green leaf, among the tea small holders utilizing Rs.9.6 million received from the Miistry of Economic Development under Divi Neguma National Development Programme.

XVII. Aiming at Budget 2013, submission of new project proposal for promoting modern mechanical equipment to expand the productivity of tea plucking in tea small holdings.

3.2 Rubber Sector

The rubber plantation which was introduced to the country by Sir Henry Wickham in 1876 has expanded in the traditional rubber growing areas of Sri Lanka such as Colombo, Gampaha, Kalutara, Kandy, Matale, Galle, Matara, Kurunegala, Badulla, Ratnapura and Kegalle districts. In addition, the rubber cultivation has been initiated in non traditional areas such as Moneragala, Hambantota and Ampara districts and the relevant initiatives have been taken to expand the rubber cultivation in the districts of Mullaitivu and Vavuniya in Northern Province.

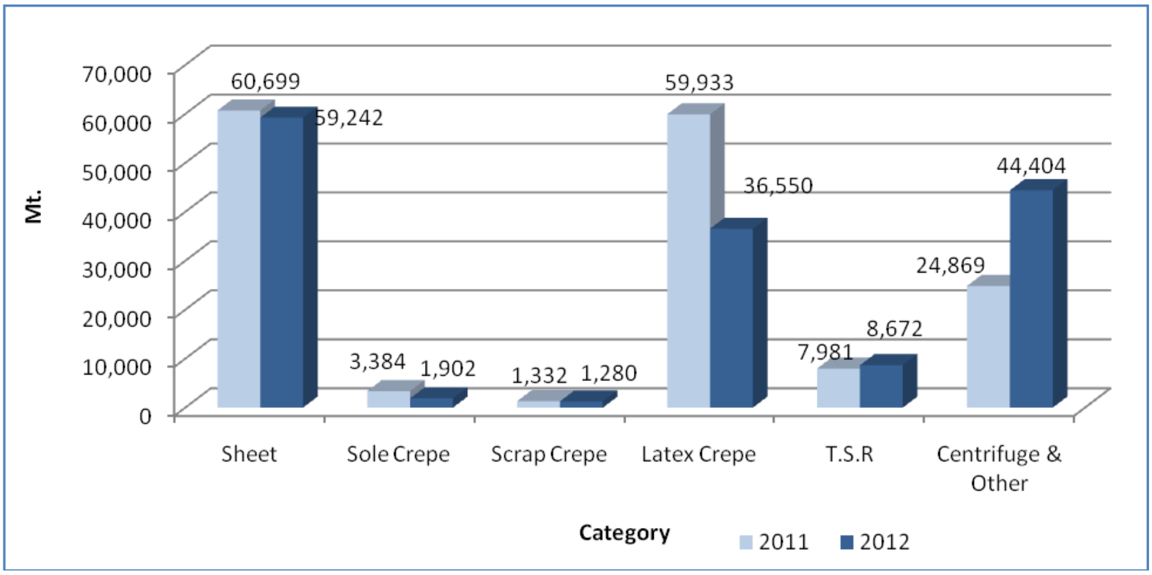
The vision of the rubber sector is to enhance the national production and increase of the foreign exchange earnings through expansion of the quality and productive plantation and creation of an environment conducive for the improvement of economic conditions and social status of the people who engage in the rubber industry. Necessary steps were taken to further develop the rubber plantation as productive plantation in quality and quantity through the various programmes implemented during the year under review by the Rubber Development Department, Rubber Research Institute and Thurusaviya Fund coming under the Ministry of Plantation Industries.

In year 2012, the rubber plantation had expanded in 128,120 hectares of which 79,604 hectares (62%) were owned by the rubber small holders. Further, 46,943 hectares (36.6%) were owned by 19 Regional Plantation Companies and 1,573 hectares (1.4%) were owned by the state plantation institutions. Out of the said extent under rubber cultivation, 101,700 hectares (79.4%) were mature (tapping) rubber land.

The rubber production in the year under review was dropped by 3.9% to 152,050mt compared to 158,198mt recorded in the previous year mainly owing to the decrease in the No. of tapping days due to the heavy rainfall prevailed in the traditional rubber growing areas in year 2012 and the decline in the prices of rubber in year 2012 as against the recorded higher prices in the year 2011. In year 2012, the sheet rubber production in the total rubber production was at a higher rate and the total production of sheet rubber in the year amounted to 59,242mt (39%). The quantities of category wise rubber products in the years of 2011 and 2012 are given in the Chart 3.2

Chart 3.2

Category wise Rubber Products in 2011 & 2012



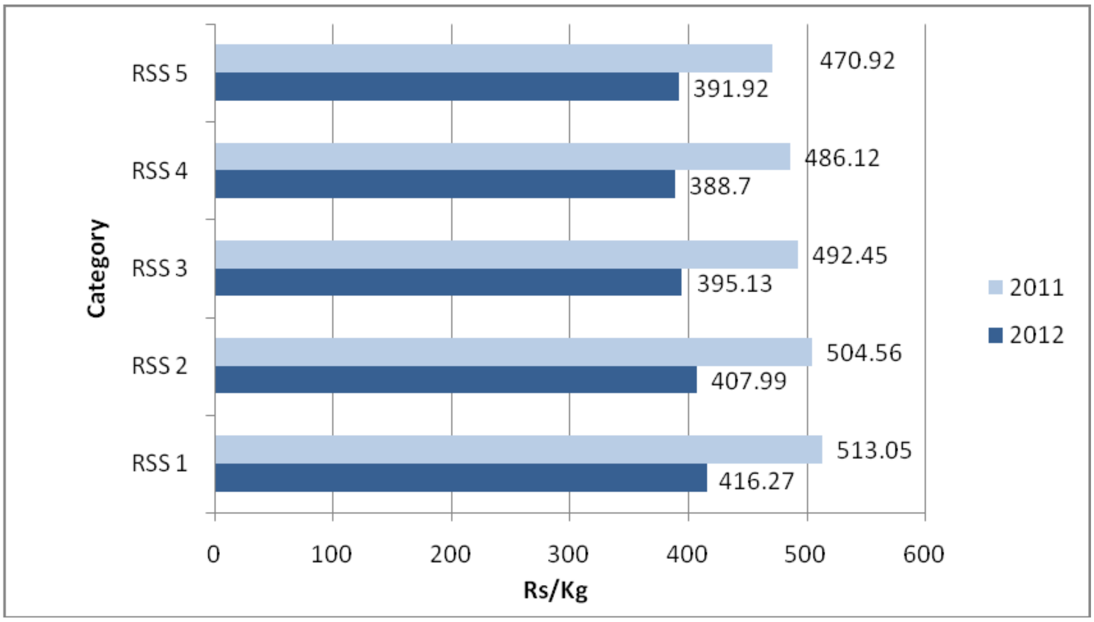
Production of Sheet rubber and Latex Crepe contributing highly to the total rubber production in the year 2012 has declined by 1,457mt (2.4%) and 23,383mt (39%) respectively compared to the year 2011, mainly due to the heavy rainfall prevailed during the year under review and as the rubber prices, dropped compared to the previous year had adversely affected to some extent to the adoption of good agricultural practices by the rubber small holders.

The small holders make a large contribution to the production of the rubber sector as well as the tea sector. Their contribution to the national rubber production is approximately 80%. A considerable downturn was not shown in the rubber production in year 2012 even amidst unfavourable weather conditions and relative low prices due to the fertilizer subsidy continuously provided to the rubber small holders under the National Fertilizer Subsidy Programme and the fertilizer subsidy of the government provided to the corporate sector as well with effect from May 2011.

The average price of all types of rubber dropped in year 2012 as against the year 2011. Colombo auction prices for various types of rubber in the years of 2011 and 2012 are given in the Chart 3.3.

Chart 3.3

Auction Prices for Various Types of Rubber in 2011 and 2012



The availability of excess rubber stocks in the global market in year 2012 and the enhancement of the rubber industry in other natural rubber producing countries with the decrease of the demand in the main tyre market in Eastern Asia basically affected to decline in the rubber prices.

The development of rubber cultivation was mainly resulted from providing subsidies of Rs.175,000 per hectare and Rs.150,000 per hectare respectively for rubber replanting and new planting by the government during the year under review. Under the said revised subsidy, the Rubber Development Department continued to implement rubber new planting and replanting programmes and the interest of rubber small holders in the rubber cultivation was further augmented due to the large amount of subsidy. Total extent of 2,161 hectares was replanted with rubber utilizing the subsidy of Rs.162 million granted under the rubber replanting subsidy programme of the Rubber Development Department during the year under review. Out of the said extent, 1,117 hectares that is, 51.7% were undertaken by the rubber small holding sector in the traditional areas and 1,044 hectares that is, 48.3% were undertaken by the corporate sector owned by the Plantation Companies. Further, value of the subsidy allocated for rubber new planting programme implemented in traditional and non-traditional areas in year 2012 amounted to Rs.125.43 million and the extent of land cultivated is 2,475 hectares of which 1,018 hectares (41%) were in the traditional areas and 251 hectares (10%) were in non-traditional areas. Further, cultivation of 1,027 hectares (41.5%) in non-traditional Monaragala District under the IFAD is a landmark victory. As well, new planting of rubber has been undertaken in 179 hectares (7%) in the corporate sector.

Further, the training programmes implemented by the Rubber Development Department, Rubber Research Institute, Thurusaviya Fund and National Institute of Plantation Management in the year 2012 continuously attracted the growers who engaged in the rubber cultivation, to the application of fertilizer, fixing of rain guards, production of quality rubber sheets and gaining of technical know-how.

The total foreign exchange earning from the export of rubber in the year 2012 amounted to Rs.125,179 million recording 3.8 growth compared to Rs.120,644 million of earning in the previous year. The export income through category wise rubber exports in the years of 2011 and 2012 is given in Table 3.5.

Table 3.5

Value of Category wise Rubber Exports in 2011 and 2012

Rs. Million

Category	**Value of Exports**	
	2011	**2012**
Raw rubber	22,811	15,726
Half finished	2,664	5,532
Finished products	95,169	103,921
Total	**120,644**	**125,179**

The quantity of raw rubber exports in year 2012 was 37,377mt and it is 2.5% as against 152,050mt of total rubber production in the year. However, about 12.3% drop had shown in the export of raw rubber during the year under review compared to 42,605mt of raw rubber exports in the year 2011, mainly due to the value addition of 110,038mt of rubber locally in the year 2012. Accordingly, Rs.109,453 million was earned from the export of value added rubber products during the year under review recording 10% growth as against Rs.97,833 million earned in the year 2011.

Special activities carried out in year 2012 for development of the entire rubber industry are given below.

I. Taking special measures to expand rubber cultivation in non traditional areas. In this context, the programme for cultivation of rubber in 10,000 hectares in Ampara District was launched in the year 2012 and, formulation of relevant policies, acquiring suitable lands and coordination between various institutions for the extension activities and review of the progress of extension programmes.

II. Appointment of a steering committee for the expansion of rubber cultivation in Northern Province and coordination between various institutions and formulation of policies.

III. Nursery development in the rubber sector and launching special programmes for improving the quality of plants and field inspection in the nurseries.

IV. Coordination with the stakeholders related to the rubber cultivation.

V. Supervising and facilitating the implementation of the special programme initiated for promoting the fixing of rain guards in rubber cultivations.

VI. Formulation and implementation of policy guidelines required for activities of the rubber sector.

VII. Taking relevant action to enact regulations for increase of subsidies granted for rubber new planting and replanting.

VIII. Conducting of researches for identifying suitable areas to cultivate rubber in non-traditional areas and identification of Vavuniya and Mullaitivu districts as cultivable areas through continuous expansion of researches on feasibility of rubber planting in the Northern Province.

IX. Identification of lands for expansion of rubber new planting in 10,000 hectares in Ampara district in line with the Budget Proposals 2012, taking action to release lands and making preliminary arrangements for initiation of extension activities and planting activities.

X. Acquisition of lands to establish a new plant nursery in Padiyathalawa for supply of plants to the non-traditional areas and initiation of its constructions.

XI. Continuation of payment of subsidies to the farmers who own small holdings and the Plantation Companies for further expansion of fixing of rain guards on the rubber cultivation and further conducting of awareness programmes for the purpose.

XII. Distribution of rubber plants, fruit plants as intercropping and 2528 tapping knives of modern technology among small scale farmers, encouragement of 05 small scale industrialists, taking actions to construct 04 Group Processing Centres at Hadigalla, Yattapatha, Karavita Settlement and Pandeniya and promote rubber cultivation as a home garden, utilizing Rs.18.4 million received from the Ministry of Economic Development under the Divi Neguma Project.

XIII. Development of infrastructure in the government rubber nurseries and taking necessary steps to increase the plant production.

XIV. Encouragement of intercropping at immature stage in the rubber cultivated lands and providing required facilities.

XV. Continuation of training programmes for tappers at each field.

XVI. Conducting of training programmes for awareness of the farmers on good agricultural practices and correct methodologies for application of fertilizer.

XVII. The Hon. Minister accompanied by the relevant officials held farmers' meetings in each relevant district and settled their issues and obtained their views and Proposals for the future plan.

3.3 Oil Palm Sector

Contribution to the national economy through development of oil palm as a commercial crop to meet the local edible oil requirement and saving the foreign exchange for import of edible oil. The oil palm cultivation has expanded in 7,533 hectares of which 7,514 hectares were owned by the Regional Plantation Companies and 18.85 hectares were owned by the Sri Lanka State Plantation Corporation.

Table 3.6

Expansion of the Oil Palm Cultivation

Hectares

Plantation Company	Extent under mature	Extent under immature	Total extent
Agalawatta	947.00	354.00	1301.00
Watawala	1909.51	1161.6	3071.11
Namunukula	1061.21	536.29	1597.50
Elpitiya	781.63	427.82	1209.45
Kotagala	-	334.76	334.76
SLSPC	18.85	-	18.85
	4,718.20	**2,814.47**	**7,532.67**

Making recommendations to import under tariff concessions the seeds required for oil palm cultivation of the Plantation Companies and coordination of studies and promotional campaigns on the use of oil palm cultivation and importance of its expansion are carried out by this Ministry. Accordingly, the recommendation has been made to import of 176,000 seeds required for the Plantation Companies to cultivate during the year 2012.

3.4 Foreign Funded Development Projects

3.4.1 Smallholder Plantations Entrepreneurship Development Programme

The Smallholder Plantations Entrepreneurship Development Programme (SPEnDP) was formulated by the International Fund for Agricultural Development (IFAD) in consultation with the Government of Sri Lanka and is executed by the Ministry of Plantation Industries. The SPEnDP seeks to achieve sustainable increase of incomes and living standards of the marginalised smallholder tea producers in the mid-county region and poor upland food crop farmers in the intermediate zone of Moneragala region who wish to take up rubber plantation.

The objective of the programme is the improvement of livelihoods and social conditions of smallholder crop producers on sustainable manner. It is expected to achieve this through implementation of series of interventions aiming to strengthen beneficiaries' capacity and skills through the formation of groups at the grassroots level, improve land tenure status and develop profitable and sustainable smallholder farming systems in accordance with the land suitability, increase land productivity via introducing suitable crop/livestock models with advance management technologies, increase profits for producers by improving post harvest handling, storage, and processing, marketing and public-private partnerships, rural finance and credit services developed and expanded to finance investments by beneficiaries in agricultural and income generating activities.

The National Programme Coordinating Unit (NPCU) in Colombo, Mid-country sub-programme Management Unit (SPMU) in Gampola, and Moneragala SPMU in Moneragala implement SPEnDP.

The total cost of this programme is US$ 28.04 million and this includes the funds from IFAD (US$ 22.540 Mn), GOSL (US$ 3.763 Mn), Beneficiaries (US$ 1.0103 Mn), and PFIs (US$ 0.715 mn) . The programme ended its fifth year of implementation in December 2012.

3.4.1.1 The financial Progress of year 2012

The financial allocation approved for the year 2012 was Rs.573 million and the expenditure was Rs.450.09 million. This was 79% of annual financial progress against 2012 allocation. At the same time, 44% of cumulative financial progress has been achieved as at the end of December, 2012. Even though the financial progress in 2012 was to be increased more than this, it could not be reached as the payments to certain activities had to be made next year although the physical progress was achieved due to the implementation of rubber planting programme in Moneragala with the raining commenced in November.

Table 3.7

Financial Information of the SPEnDP

Rs. Mn.

Donor	Cumulative Progress			Progress in 2012		
	Total Estimate Cost	Cumulative Expenditure as at end of 4th Quarter 2012	% Utilized as at end of 4th Quarter 2012	Budgetary allocation for 2012	Expenditure as at end of 4th Quarter2012	% expenditure as at end of 4th Quarter
GOSL	383.98	93.01	24%	37.00	25.08	68%
IFAD	2,300.79	1082.08	47%	486.00	378.19	78%
PFIs	73.06	20.68	28%	20.00	14.36	72%
Beneficiaries Contribution	103.06	69.63	68%	30.17	32.45	108%
Total	**2,860.89**	**1,265.40**	**44%**	**573.17**	**450.09**	**79%**

3.4.1.2 The Physical Progress of year 2012

The physical progress of the programme carried out at SPM levels in 2012 has been summarized in Table 3.8.

Table 3.8

Physical progress measured against Annual Work Plan & Budget (AWPB) -2012

	AWPB target	Physical Progress achieved	% Progress
1. Number Community groups (EGs in MC & VRDCs in Moneragala)) formed	110	110	100
2. Number People in community groups formed	2800	1525	54.5
3. Number of Matching grants disbursed	252	450	178
4. Number of People train in Income Generating Activities (IGAs) and/or crop production practices and technologies	1850	1730	93.5
5. Number of S & C groups registered (MC)	75	47	62.6
6. Length (Km) of the total Roads constructed/rehabilitated in 2012	18.5	19.24	104
7. Number of community water projects completed (MC)	5	5	100
8. Number of exposure visits	6	4	66.6
9. Tea re-planting prog.(MC)			
• Extent (Ha) of tea Lands under improved management practices	66	55	83.3
• Extent (Ha) of replanted tea lands in 2012	40	47	117.5
• Extent (Ha) of tea intercropped with other crops	100	110	110
• Extent (Ha) of vegetable/fruit lands cultivated	80	85	106.3
10. Rubber Cultivation Programme. (Moneragala)			
• Extent of Rubber lands (Ha) under improved Mgt practices	3,797	2868	75.5
• Extent of land (Ha) under improved crop modals ➢ Rubber Mono Crop	900	1026.8	114
➢ Rubber with Cocoa	200	93.36	46.7
➢ Rubber with Fruit	50	30	60
➢ Rubber with maize (cash crop)	200	364.4	182.2
➢ Rubber with medicinal Plants	10	1.07	10.7
11. Number of People trained in post-production, processing and marketing	472	493	104.4
12. Number of Marketing groups formed	19	24	126.3
13. Number of Market channels/linkages formed	15	10	66.6
14. Number of People trained in business & entrepreneurship	1570	1334	85
15. No. of loans issued by PFIs	672	822	122.3
16. Value (Rs. Million) of refinanced loans from PFIs	80	57.432	71.8
17. Staff of financial institutions trained (M/F)	30	43	143
18. Number of Financial institutions participating in the project	7	7	100
19. Number of Active borrowers (M/F)	672	670	99.7
20. Number of Individuals receiving project services(men)		4364	
21. Number of Individuals receiving project services(women)		1739	
22. Number of Individuals receiving project services(men& women)		6103	

By the end of 4th Quarter of 2012, feasible weighted average of % Cumulative Physical progress was 49.5%.

Recently completed 'Nadsa road No. 09, under MC SPMU's Intervention for Community Infrastructure Development at Parapaha in Doluwa DS Division, Kandy District.

A beneficiary who received a MG for mushroom cultivation as an Income Generating Activity implemented by MC SPMU/SPEnDP at Kothmale DS Division.

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MC SPMU has recorded 83% of expenditure against AWPB in 2012 and Moneragala SPMU has recorded 77% of expenditure against the AWPB in 2012. However, there was another Rs.33.6mn worth of unsettled invoices for rubber plants due to insufficient funds in the dollar account at CBSL on December 31, 2012. Having paid the outstanding amount the performance could have reached 84% against 77% accounted for financial year 2012 in Monaragala.

An access road assisted by SPEnDP – Monaragala under community development component (2012) at Thelabogalla, Veheragalain Moneragala District.

A Maize cultivator assisted by SPEnDP-Monaragala under agriculture develop-ment activities of the Programme (2012) at Mahagodayaya GN Division in Buttala.

Further, Moneragala SPMU has been successful in completing new rubber plantation of 1,100 Ha approximately. Project also has provided over 200,000 plants for infilling. With this achievement, Moneragala SPMU has completed 95% of its physical target (5000 ha) by December. Loans to the value (Refinanced total) of Rs.83 million have been granted for the implementation of income generating projects, starting of self- employments, animal husbandry.

4. Divisional Performance

4.1 Administration Division

All institutional and internal administrative affairs of the Ministry were handled by the Administration Division. In this context, taking necessary action regarding parliamentary questions, building and equipment maintenance, affairs of staff, duties in respect of the administrative affairs of the institutions coming under the Ministry and productivity promotion activities etc. are carried out by this Division.

I. Affairs of Staff: (Training & Development)

The total staff drawn salaries of the Ministry, is 112. The activities related to personal files of the all officers such as salary increments, transfers, release, retirement and leave are properly carried out. Efficiency Bar Examinations for the staff in the services of KKS and drivers have been conducted on due date.

The officers have been continuously led for training courses with the objective of improving knowledge, skills and efficiency of the staff. In this context, 11 officers for Tamil training programmes, 02 officers for leadership and personality development programmes and 10 officers for the programmes on subject matters have been led.

04 Ministry officials for foreign training courses and 07 Ministry officials for seminars and workshops have been participated.

Actions have been taken to attach 35 graduate trainees to the Ministry and the institutions coming under the Ministry in line with the policy decision of the government to join unemployed graduates to the government service.

II. Buildings & Machinery

Maintenance activities are continued to maintain the office premises clean and neat and beautifully. Repairs and maintenance to official quarters have been made. Repairs and services to air-conditioners, computers, photocopy machines and fax machines have been made properly. As well, the requisites were evaluated and accordingly, required computers and other equipment were purchased.

III. Transports

Total No. of vehicles owned by the Ministry is 48. One vehicle has been purchased to the Ministry on approval of the Treasury during the year and 03 Double Cabs have been provided to the Ministry by the Department of National Budget. Transport Division has made significant contribution to coordinate the entire activities of the Ministry efficiently. Further, action has been taken to sell 04 unusable idle vehicles by calling tenders.

IV. Operational activities of the institutions

Necessary actions have been taken by the Administration Division in respect of the administrative and institutional affairs of the institutions coming under the Ministry, such as Sri Lanka Tea Board, Tea Research Institute of Sri Lanka, National Institute of Plantation Management, Kalubowitiyana Tea Factory Ltd, Tea Small Holdings Development Authority, Tea Shakthi Fund, Rubber Development Department, Rubber Research Institute of Sri Lanka and Thurusaviya Fund.

In this context, appointment to the Boards of Directors of the institutions, appointment of staffs, extension of services, official foreign tours, private foreign tours, foreign scholarships, annual reports and preparation of Cabinet Memorandums pertaining to each institution have been carried out. As well, the Administration Division has taken action in respect of the issues of staffs submitted to the Ministry by the Trade Unions.

Appointment of officers to the Smallholder Plantations Entrepreneurship Development Programme funded by the International Fund for Agricultural Development (IFAD) and implemented under the Ministry of Plantation Industries, extension of services, providing salary increments and maintenance of personal files of the officers are also carried out by the Administration Division.

V. Productivity Promotions

Productivity promotions of the Ministry were pursued for efficient public service and to create an attractive office premises. Quality Circles have been established with the purpose of reducing employees' problems, promoting teamwork and improving the amicability. The officers have been directed to the awareness programmes and training programmes to inculcate the concept of productivity in the staff. The Docudrama "Aluth Sir" was screened in this year with the objective of expanding the productivity concept from the office to home. As well, many productivity changes were made in the Ministry and presented to the National Productivity Award Competition.

4.2 Accounts Division

I. The financial progress in the year 2012 is given in Annex 1. The financial progress is 82% of the net allocation. It was difficult to achieve 100% financial progress due to the constraints met when the total estimated amount to the institutions coming under the Ministry was received from the Treasury.

II. Rs.4.5 million has been provided to the officers of the Ministry as loans and advances within the approved limits of the Advance Account "B" for Public Officers during the year 2012.

III. Since the total amount of imprests requested from the Treasury was not received as expected, some purchases could not be made as per the Procurement Plan 2012. However, only essential items for the year could be purchased on priority basis.

IV. Follow-up activities in line with the report of inventory survey in year 2011 were finalized. The inventory survey activities were completed as at 31.12.2012 and reports of the Board of Survey had been submitted as at 31.03.2012.

V. Answers to all 12 audit queries received in respect of the activities of the Ministry in year 2012 have been sent. The Auditor General's report for the year 2010 of the Smallholder Plantations Entrepreneurship Development Programme coming under the purview of the Ministry have been submitted to the IFAD for necessary actions.

VI. The Appropriation Account for the year 2012 and the Advance Account "B" for Public Officers have been submitted to the Auditor General on 28.03.2011.

4.3 Internal Audit Division

<u>Functions of the Internal Audit Division</u>

I. Auditing the administrative affairs and accounting of each Division of the Ministry (including special projrcts) and reporting the same.

II. Ascertaining whether the system of internal check and control obtaining in the Ministry for the prevention of errors and frauds is effective in design as well as in actual operation and making observations and proposals thereof..

III. Ascertaining the reliability of the accounting and other records and ascertaining the extent to which the assets of the Ministry are safeguarded from losses of all kinds and reporting the same.

IV. Auditing the functions of the Kalubowitiyana Tea Factory Ltd, National Institute of Plantation Management and Thurusaviya Fund and reporting the same.

V. Conducting Audit and Management Committee Meetings once in three (03) months for progress review of the following activities of the institutions coming under the Ministry.

a. Functions of the Internal Audit Divisions.
b. Answering to the Audit queries / reports issued by the Auditor General.
c. Conducting Audit and Management Committee Meetings of each institution.
d. Implementation of Annual Procurement Plan.
e. Preparation of Performance Reports / Annual Reports.
f. Conducting Annual Board of Surveys.
g. Other financial activities and administrative affairs of each institution

VI. Carrying out investigations on the fields of issues caused to delay in execution of works of the institutions coming under the Ministry in line with the work plans and reporting the same.

VII. Carrying out special investigations on the functions of the institutions coming under the Ministry as the case may be and reporting the same.

Progress of the functions of Internal Audit Division

I. Auditing has been carried out in respect the functions of the Moneragala Sub- Office of the Smallholder Plantations Entrepreneurship Development Programme (SPEnDP) coming under the Ministry and necessary steps have been taken to rectify the deficiencies revealed thereby.

II. (a) Audit inquiry has been conducted in respect of the sale of tea of the Kalubowitiyana tea factory owned by the Kalubowitiyana Tea Factory Ltd and necessary actions have been taken to rectify the deficiencies revealed thereby.

(b) Audit inquiries have been conducted in respect of the administrative affairs and vehicle maintenance of the National Institute of Plantation Management and necessary steps have been taken to rectify the deficiencies revealed thereby.

(c) Audit inquiry has been conducted in respect of the payment of subsidies to the Thurusaviya Societies by the Thurusaviya Fund and necessary measures have been taken to rectify the deficiencies revealed thereby.

III. Three (03) Audit and Management Committee Meetings have been conducted for progress review of the activities referred to in 4.3 (V) of the institutions coming under the Ministry and implementation of the decisions made thereat regarding the relevant institutions was followed up regularly.

IV. Safety of the stores goods and equipment of other Divisions of the Ministry was studied and a report containing the recommendations on the courses of action to be taken for confirmation of the safety was submitted and the said recommendations are in progress in the Ministry.

V. Reports of the special investigations conducted on the complaints made in respect of the functions of the Tea Small Holdings Development Authority, Tea Shakthi Fund and Kalubowitiyana Tea Factory Ltd, have been handed over.

4. 4 Development Division

The following measures were taken by the Development Division in year 2012 to develop tea and rubber cultivations and also to develop related industries and value added products.

I. Conducting National Plantation Awards Ceremony in 2012 under the patronage of His Excellency the President in the first time in the history. Coordination of the activities such as organizing the competitions for this ceremony, guiding and organizing the ceremony were basically carried out by the Development Division.

II. Taking further actions to amend the Acts of all institutions coming under the Ministry to meet the current needs, in terms of the Cabinet Decision dated 06.10.2012. Convening the Committees appointed by the Cabinet of Ministers in this regard under the Chairmanship of the Secretary to the Ministry and with the participation of the Ministry of Finance and Planning, Ministry of Economic Development, Ministry of Technology and Research, Ministry of Industry and Commerce and the representatives of the Central Bank, execution of the decisions and facilitation were undertaken. Accordingly, the amendments to be made to the Acts of the Tea Small Holdings Development Authority, Tea Research Institute and Tea Shakthi were submitted to the Cabinet of Ministers and action was taken to obtain final committee recommendations on the amendments to the Acts of other institutions.

III. Formulation of the policies related to the Smallholder Plantations Entrepreneurship Development Programme funded by the International Fund for Agricultural Development, guidance and coordination.

IV. Participation with all institutions coming under the Ministry, at the Dayata Kirula National Development Exhibition held in February 2012 at Oyamaduwa in Anuradhapura.

V. Providing policy guidelines for research and development activities carried out by the institutions and taking action to settle the issues arisen in that regard.

VI. Making preliminary arrangements required to the programme for development of access roads in the plantation sector implemented in the year 2012 with the assistance of the Financial Commission and the Provincial Councils and facilitating the relevant decision making process.

VII. Progress review of the all institutions and foreign funded projects coming under the Ministry of Plantation Industries and taking necessary steps to retain high performance.

VIII. Updating the web-site of the Ministry.

IX. Coordination with the international organizations related to tea and rubber and coordination of the implementation of agreements entered into.

X. Taking action in respect of the impact on the plantation industry caused by the climatic changes.

XI. Providing information on the development activities of the Ministry to the media and exchanging information.

XII. Taking necessary action to establish a fund of Rs.05 billion from the contribution of tea exporters with the purpose of marketing and promoting of tea in the local and foreign markets.

XIII. Taking action in consultation and coordination with the stakeholders in the tea sector.

XIV. Appointment of a special Committee for planting material and fertilizer mixtures in the tea sector and settlement of the issues.

XV. Enacting regulations to increase the subsidies granted for replanting and new planting of tea.

XVI. The Hon. Minister of Plantation Industries and the Heads of the all relevant institutions met the farmers and stakeholders who engage in the tea industry at district/regional level and settled their issues and taking necessary actions as per their views and proposals.

XVII. Taking special measures to expand rubber cultivation in non traditional areas. In this context, the programme for cultivation of rubber in 10,000 hectares in Ampara District was launched in the year 2012 and, formulation of relevant policies, coordination between various institutions and review of the progress.

XVIII. Appointment of a steering committee for the expansion of rubber cultivation in Northern Province and coordination between various institutions and formulation of policies.

XIX. Nursery development in the rubber sector and launching special programmes for improving the quality of plants and field inspection in the nurseries.

XX. Coordination with the stakeholders related to the rubber cultivation.

XXI. Taking relevant action to enact regulations for increase of subsidies granted for rubber new planting and replanting.

XXII. Identification of lands for expansion of rubber new planting in 10,000 hectares in Ampara district in line with the Budget Proposals 2012 and making preliminary arrangements for initiation of extension activities and planting activities.

XXIII. Representing Sri Lanka at the Meetings of the Association of Natural Rubber Producing Countries (ANRPC) and the Conferences of the International Rubber Study Group.

4.5 Planning Division

The summery of the principal activities carried out by the Planning Division in 2012 is given below.

I. Formulation of the Action Plan of the Ministry for the year 2012 and submission of the same to the Ministry of Finance and Planning and the relevant institutions.

II. Preparation and submission of the quarterly progress reports of the institutions coming under the Ministry.

III. Submission of the decisions made at three Progress Review Meetings chaired by the Hon. Minister to the relevant officers for the execution and preparation of the reports related to its progress analysis and arranging discussions.

IV. Submission of 15 project proposals of each institution for the year 2012 to the Department of National Budget.

V. Preparation of the Progress Report - 2012 relevant to the budget discussion of the Ministry of Plantation Industries held on 23rd November 2012 and presenting it in the Parliament.

VI. Preparing the progresses of the plantation sector as per the required formats pertaining to Current Economic Trends – 2012 of the Central Bank of Sri Lanka and Annual Report - 2012 of the Central Bank of Sri Lanka and submission of the same to the Central Bank of Sri Lanka.

VII. Coordination of the updating process of five year Plan of the institutions coming under the Ministry.

VIII. Providing relevant information to the District Development Committee Meetings presided by H.E. the President.

IX. Implementation of the programme for tea and rubber sectors utilizing Rs.28 million under the Divi Neguma National Development Programme implemented by the Ministry of Economic Development.

X. Preparation of the Annual Performance Report for the year 2011 and submission for approval of the Cabinet of Ministers.

XI. Coordination of the activities to initiate the pilot project for mapping of the tea and rubber lands in Galle District using the Geographical Information Technology through utilizing the provisions of RS.03 million.

4.6 Plantation Management Monitoring Division

A number of 439 large scale estates managed by the Janatha Estates Development Board (JEDB) and Sri Lanka State Plantation Companies (SLSPC) was vested under the management of 23 Regional Plantation Companies in year 1992 and privatized. The ownership of these lands of the said estates still remains with the JEDB and SLSPC and the management of the estates and the plantations thereon has been handed over to the Regional Plantation Companies on the lease basis of 53 years. The role of this Division is to execute the powers entrusted with the Secretary to the Treasury, as the Golden Shareholder of these RPCs.

Performance of the Plantation Management Monitoring Division - 2012

I. Identification of cultivable but uncultivated lands managed by the Regional Plantation Companies.

(a) After the survey on cultivable but uncultivated lands owned by 20 Regional Plantation Companies (RPCs) was conducted during the year 2011, a field inspection was re-conducted at the outset of the year 2012 and its final report has been prepared and submitted on 31.08.2012 to the relevant institutions for necessary actions.

(b) As per the instructions of the Presidential Secretariat, a Committee chaired by the Secretary to the Ministry of Plantation Industries and consists of the senior officials of the relevant Ministries and the District Secretaries of the Districts where the cultivated lands are located, was appointed to prepare a formal mechanism for distribution of the identified lands and the report prepared by the Committee has been submitted to the Presidential Secretariat on 05.07.2012. These lands are to be distributed under the Ministry of Economic Development.

II. Recovering lease rentals from the Regional Plantation Companies.

(a) The estimated amount of lease rentals to be collected during the year 2012 is Rs.928 million of which Rs.771 million has been recovered as at 31.12.2012.

(b) The arrears of lease rentals to be recovered as at 01.01.2012 for the previous years was Rs.376 million of which Rs.289 million has been recovered as at 31.12.2012 .

III. Financial Progress Review of the Regional Plantation Companies.

Proper studying and analyzing of quarterly and annual accounts statements of the RPCs and thereby, instructing to the Companies to make rectifications where necessary are being undertaken and arrangements have been made to continue it more regularly. Moreover, a data base on the financial and physical progress of the Plantation Companies is maintained and action has been taken to furnish the required details to the relevant sectors.

IV. Granting approval for timber felling in the estates managed by the Plantation. Companies, with the involvement of the other relevant government institutions

The field inspections and other necessary actions have been taken in respect of the timber felling in 61 estates managed by 10 Plantation Companies during the year 2012. In addition, approval has been granted for the removal of trees in other various occasions (Ex: - Trees dangerous for lives and other properties, trees to be removed for establishment of high tension power lines, trees to be removed for other public purposes such as housing projects and playgrounds etc., trees to be removed whenever required for crop diversification and unnecessary trees shading to the cultivations).

V. **Taking necessary actions to obtain approval of the Golden Share Holder on the consent of the Plantation Companies in respect of the release of estate lands managed by the Regional Plantation Companies for development activities of the government and other public purposes and conducting relevant field inspections as the case may be.**

During the year 2012, actions have been taken in respect of around 65 requests made to this Division regarding the acquisition of estate lands for the activities such as highways, industrial parks, supply of water facilities and other infrastructure development and further, actions have been taken in respect of 75 requests made for 30 housing projects, 20 schools, 03 estate hospitals, 40 religious places, 25 cemeteries, playgrounds and other welfare activities. In addition, 06 field inspections related to the cases hearing at the court in respect of the release of lands for public purposes have been conducted.

VI. **Taking action in respect of the squatters and unauthorized constructions in the estate lands managed by 23 Plantation Companies in terms of the provisions of the State Lands (Recovery of Possession) Act No.7 of 1979 pertaining to the recovery of possession of the state lands to the government.**

During the year 2012, actions have been taken by this Division in respect of 1,100 such cases in the estates managed by 23 Plantation Companies.

VII. **As per the conditions referred to in 04 (a) of the Lease Agreement entered into between the government and the Regional Plantation Companies, the Plantation Companies reserve the right to sub lease the said lands to a 3rd party for various activities aiming at the development of the country (Eg:- Construction of Telecommunication towers and Mini hydro power stations). These activities are carried out by this Division as per approved specific procedure.**

Accordingly, approval of the Golden Share Holder has been obtained for 12 plots of lands and actions are being taken in respect of another such 23 requests.

VIII. Conducting about 15 field inspections for monitoring of the operations and the progress of the estates and tea factories managed by the Regional Plantation Companies as well as, pertaining to the cases hearing at the court in respect of the unauthorized occupancies in the estate lands.

IX. Taking action to obtain provisions from the Budget 2013 for the re-commencement of the cadastral surveying in the estate lands to be conducted with the involvement of the Surveyor General's Department and the Regional Plantation Companies.

X. Taking necessary actions with the assistance of the Plantation Companies in respect of about 775 various complaints and requests on the estate sector made by the people to H.E. the President and the Hon. Minister of Plantation Industries.

XI. Appointment of a Committee chaired by the Secretary to the Ministry to take action for reducing the cost of production in the tea industry in terms of the Decision made at the Golden Share Holder's Meeting presided by the Hon. Minister of Plantation Industries and thereby, making decisions in respect of the short term, medium term and long term strategies.

XII. The discussions on the short term and long term economic and social issues in the estate sector and the practical solutions to be taken for the issues, were held at the monthly Golden Share Holder's Meetings chaired by the Hon. Minister of Plantation Industries and attended by the Regional Plantation Companies, Planters' Association and other relevant government institutions, and the special attention was drawn and necessary courses of action were taken by this Division in respect of the matters discussed on the estate sector at the District Development Committee Meetings presided by H.E. the President.

4. 7 Tea, Rubber & Coconut Estates (Control of Fragmentation) Board

Although the Tea, Rubber & Coconut Estates (Control of Fragmentation) Act was passed in Parliament in year 1958, provisions were not made available for control of fragmentation of coconut lands. As a result, coconut estate owners and land sale agents undertake the fragmentation and sale of large scale coconut estates without any control, and it caused to decline in the coconut production and coconut based production. Further, various environment and social issues have arisen due to the above situation.

Taking into consideration the above facts, the Control of Fragmentation Act No.02 of 1958 was amended by the Control of Fragmentation Act No.20 of 2005. Under the provisions of this Act, approval of the Control of Fragmentation Board should be obtained for transfer of the ownership, sale, assigning as a gift or exchange of the tea and rubber estates more than 20 hectares and coconut lands more than 04 hectares. The Board of Directors reserves the authority to grant approval for transfer of these estates.

Since approval of the Board should be obtained under the provisions of Section 8 (1) (B) of the Act in transferring of lands as a single unit even not resulting a fragmentation, approval of the Cabinet of Ministers has been granted to amend the Act of Fragmentation relevant to Section 3, 5 and 8 (1) (A) having considered the requirement to transfer lands without delay and to minimize the difficulties faced by the people. Therefore, discussions are being held with the Legal Draftsman to reduce the limit of 9 Acres 3 Roods 21.44 Perches stipulated for coconut lands at present.

Progress of Tea, Rubber & Coconut Estates (Control of Fragmentation) Board from January to December 2012

I. 12 Board Meetings have been held from January to December 2012.

II. Details of the applications forwarded to the Tea, Rubber & Coconut Estates (Control of Fragmentation) Board during the year 2012.

District	No. of Applications
Kurunegala	204
Puttalam	186
Gampaha	98
Other	78
Total No. of applications	**566**

III. Approval has been granted for transfers during the year as follows.

No. of applications submitted for transfers as single units	110
No. of applications submitted for other transfers	411
No. of applications submitted for approval for Bank mortgages	25
No. of applications rejected	20
No. of applications received in the year 2012	566
No. of applications not submitted for approval in the previous year due to shortcomings in the applications	133
Total No. of applications submitted to the Board of Directors	**699**

Annex 1

Financial Progress in year 2012

1. Estimate of Expenditure: Rs.'000

	135-1-1 Minister's Office		135-1-2 Administration and establishment services		135-2-3 Plantation Development programmes		135-2-4 Plantation Development Institutions		Total
	Recurrent	capital	Recurren	capital	Recurren	capital	Recurren	capital	
1. Estimated provision	53,750	8,350	55,345	12,200	32,700	547,750	814,992	505,700	2,030,787
2. Transfers and supplementary provision under F.R.66	1,011	9,555	(0,066)	0	1,000	3,000	0	0	11,500
Savings of provisions in terms of Budget Circular 155	737	752	648	1,098	275	14,058	12,622	28,890	59,080
3. Net provision	54,024	17,153	51,631	11,102	33,425	536,692	802,370	476,810	1,983,207
4. Expenditure	53,835	13,044	48,219	4,904	30,621	377,947	773,979	328,313	1,630,862
5.% of the expenditure	100%	76%	93%	44%	92%	69%	96%	69%	82%

Financing for the expenditure is given below. Rs.'000

Financing of expenditure	Expenditure
11 - Domestic funds	1,258,957
12 - Foreign loans	346,865
17 – Domestic funds connected with foreign aids	25,040
Total	**1,630,862**

2. Revenue – Lease rentals collected from Regional Plantation Companies

Revenue to be received for year 2012 Rs.'000

Revenue Head	Annual Revenue Estimate	Revised Revenue Estimate	Income received	Percentage of income receipt
20.02.01.04	762,108	927,825	771,317	83%

Arrears of Income as at 31.12.2012 Rs.'000

Revenue Head	Arrears of Income as at 31.12.2012	Recoveries in year 2012	% of recovering the arrears of income
20.02.01.04	376,017	289,128	77%

Advance Account "B" for Public Officers Rs.'000

	Maximum limit of the expenditure	Minimum limit of the receipt	Maximum limit of debit balance
Limits authorized by the Appropriation Act	6,000	3,000	31,000
Actual Values as at end of the year	4,498	3,066	16,603