Rubber Development Department

Director General's

Performance Report

2012

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

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 cultivated lands in year 2012 was 130,780 hectares of which 82,170 hectares were owned by the rubber small holders and 48,610 hectares were owned by the Plantation Companies. The total rubber production in the year amounted to 152,049 mt and it shows a decline of 3.90% when compared with the previous year. 39% of the total rubber production is Sheet rubber and the percentages of the latex production, Crepe rubber production and Block Rubber production are 29% ,26% and 6% respectively. 25% of the total rubber production had been exported and the balance 72% had been used for the local consumption. The total value of the raw rubber exports amounted to Rs.15,726.00 million. Malaysia, Pakistan and India are main destinations of Sri Lankan raw rubber and the quantity of rubber purchased by these countries is more than 71% of the total exports. The average price of 01kg of Sheet rubber in year 2012 was Rs.416.61 and it was 19% decrease in the price when compared with 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.1051.83 million were allocated to the Rubber Development Department for the year 2012 and, the expenditure incurred was Rs.632.00 million and the progress achieved was 60%. The total plant production in the Government nurseries was 2.00 million in the year and the number of plants distributed was 1.36 million.

Accordingly, the year 2012 was a year in which a significant progress gained and the annual targets achieved in the rubber sector through enhancement of the performance of the Rubber Development Department. A rapid development has also been achieved in this year through optimizing the investment of the allocations to increase the rubber production, human and physical resources development, more contribution and commitment and satisfaction of the employees.

Under the programme for expansion of rubber cultivation in 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, arrangements were made to initiate rubber new planting in the areas of Vavuniya and Nedunkerny in Vavuniya District and the area of Oddusuddan in Mullativu district.

Under the Divineguma National Development Programme supplied 93,177 Rubber plants for infilling for Ampara, Monaragala, Badulla, Hambantota, Vavunia and Polonnaruwa Districts and supplied 74,406 Plantain and Pineapple plants for Intercropping.

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

R.B. Premadasa

Director General

Rubber Development Department

CONTENT

Thanks

Year 2012 was a unique year in the context of the performance of the Rubber Development Department. The Department was able to reach the highest levels during the recent history in the context of the number of plants produced, the area cultivated, the investments of the highest percentage of financial provisions allocated to develop cultivations, the improvement of human resources, the development of physical resources and more contribution and commitment and satisfaction of the employees .

We extent our heartfelt thanks to all, those who assisted in many ways in the aforesaid exercise.

R.B. Premadasa
Director General
Rubber Development Department

1. Introduction

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

1.1 Historical Background

During the British Colonial regime, that is, in 1876, the Englishman called "Hentry Wickhem" introduced the rubber tree to Sri Lanka by planting the first rubber plant at the Henarathgoda Botanical Gardens, 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 Britishers, in 1922 introduced the "Stevenson" procedure. Since this procedure fixed a production quota system and restrictions on cultivation, the rubber cultivators 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. In 1994, on a decision made by the Cabinet of Ministers, the name of the Department was changed as the "Rubber Development Department".

In 1953, The Rubber Replanting Subsidy Act No.36 of 1953 was implemented for replanting of rubber. 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 are being handled in terms of the said Act and the Rubber Replanting Subsidy Act No.36 of 1953.

Further, there are two institutions, the Rubber Research Institute which provides scientific and technical advices for development of the rubber industry and the Thurusaviya Fund which provides marketing and extension services for small holders, which contributes towards the Development of this Department.

1.2 Principal legal sources important for the Rubber Development Department

1.2.1 Rubber Replanting Subsidy Act No.36 of 1953

The following activities are now in progress under this Act.

- Rubber replanting, rubber newplanting, intercropping, modernization of rubber factories and system control.
- The Cess has been imposed under Section 7 of this Act.

1.2.2 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”.

The following activities are now in progress under this Act.

- Registration of all rubber estates and small holdings.
- Renewal of registrations where necessary.
- Issue of permits for newplanting and replanting of rubber.
- Issue of permits to rubber dealers and collection of information on purchase and sale of rubber.
- Issue of permits to rubber manufacturers.
- Issue of permits for the export of rubber seeds and plants.

- Imposition of export duty to collect money for the Rubber Control Fund which has been established for implementation of Rubber Control Legislations. (Section 36)
- Collection of statistics on the extent cultivated, production, consumption and export of rubber.
- Holding of membership of the International Rubber Study Group.

1.2.3 Regulations for Cess made under the Rubber Replanting Subsidy (Amendment) Act No.20 of 2006.

There was legal provision for the implementation of export duty in terms of Section 7 of the Rubber Replantation Funds Act No.7 of 1953. Accordingly, an export duty of 10 cents per each pound of rubber exported had been charged.

In terms of the Rubber Replanting Subsidies (Amendment) Act No.20 of 2006, there is provision for charging of a Cess on-

- raw natural rubber
- 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 Democretic Socialist Republic of Sri Lanka No.1518/18 dated 30th August 2007 containing the Cess Regulations on Natural Rubber No.01 of 2007, there is provision to charge a Cess of Rs.4/- per 01kg of raw material required for natural rubber based products manufactured for the purpose of export or local consumption.

The Director General of this Department is vested with powers to charge the above Cess directly. Accordingly, this results in,

- charging the above cess directly.
- registration of industrialists and manufacturers for the purpose of Cess.
- prosecution against Cess defaulters and unregistered persons.

1.3 The institutional composition of the 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, seven (07) 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)

1.3.1 Principal functions of the Head Office

- Implementation of the powers vested under principal statutes and legal sources.
- Registration of the rubber lands and their owners through the Regional Offices, granting permits and coordination of the distribution of plants, fertilizer and subsidies to the cultivations.
- Administration of the replanting and new planting subsidy schemes and coordination of the payment of subsidies through the Regional Offices.
- Issue of replanting permits to the Plantation Companies.
- Production of high quality rubber plants in Government and private rubber plant nurseries, and provision of assiatance and instructions to the private sector for the production of plants.
- Issuance of licences for sale of rubber, manufacturing of rubber based products and export of rubber.
- Granting of subsidies for modernization of the factories for manufacture of rubber.
- Collection of important data and information in respect of the extent under rubber, production, local consumption and exports of rubber.
- Providing advisory services to the farmers for development of the rubber cultivation and transport agricultural input require to the farmers.
- Making the rubber small holders aware of the available markets.
- Interaction with international organizations in the spheres of production, consumption and trade of natural rubber.
- Collection and administration of Cess funds.
- Providing the required knowledge and instructions to the small holders in respect of the each phase of the rubber cultivation and production.
- Organization and implementation of the activities for the economic uplift of the small holders.

- Implementation of the Government policies aimed at the enhancement of the productivity and production in the rubber sector and acting as the leading institution for that purpose.
- Co-ordination between the Regional Offices and the Ministry for the purpose of implementing special development proposals of the Government such as Mahinda Chinthanaya, Gama Neguma, Nagenahira Navodaya and 'Let us grow and uplift the country'.
- Estimation, collection and accounting of Government revenue relevant to the rubber sector.

1.3.2 Principal services rendered by the Regional Offices

- Registration of lands for rubber cultivation.
- Issuance of licences for replanting and new planting of rubber.
- Issuance of licences for the mixed cropping of tea / rubber.
- Issuance of licences for intercropping.
- Payment of subsidies to the rubber growers to whom licences were issued.
- Issuance of trading permits for rubber shops.
- Distribution of fertilizer to immature and mature rubber cultivations.
- Assisting to maintain societies of the rubber estate owners.
- Maintenance of Government rubber plant nurseries and production of plants.
- Issuance of permits for private rubber plant nurseries and supervision them.
- Provision of necessary technical advices to the farmers and the estate owners.
- Distribution of rubber plants.
- Making aware the Rubber Research Institute of Sri Lanka about the diseases affecting the rubber cultivation and taking necessary measures.
- Implementation of the special development proposals of the Government such as Gama Neguma, Mahinda Chinthanaya, Negenahira Navodaya, 'Let us grow and uplift the country'
- Provision of active assistance for the functions of the Thurusaviya Fund.

1.3.3 Principal functions of the government plant nurseries are;

1. For the achievement of national targets,

- Production and distribution of required standard high quality budded rubber saplings in comply with the recommendations of the Rubber Research Institute of Sri Lanka for the plant requirement of replanting and new planting.
- Introduction of the new clones found by the Rubber Research Institute of Sri Lanka, to the rubber growers.

2. Other administrative activities of the nurseries.

2. Performance – Year 2012

Taking into account of the performance of the Rubber Development Department for the year 2012, it can be considered as a significant year in which annual targets of the rubber sector were achieved through high performance. The following programmes were implemented as special substantial programmes contributed to increase the performance.

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

2.1 Rubber Planting Subsidy Programme

1269.633 hectares of the target for 3000 hectares under the Rubber New Planting Programme, 1027 hectares through the Special Programme for cultivation of rubber in 5000 hectares in Moneragala District under the foreign funded (IFAD) Project which was implemented in this year as well and 179 hectares under the Plantation Companies were cultivated with rubber. Accordingly, the total extent under new planting is 2475.633 hectares. The subsidy payments for new planting of rubber amounted to Rs.144.23 million.

The target for small holdings under the Rubber Replanting Programme was 1800 hectares of which 1117.139 hectares were cultivated. An extent of 1500 hectares was targeted under the Plantation Companies and 1044 hectares were cultivated. Accordingly, the total extent cultivated under rubber replanting was 2161.139 hectares. The subsidy payments under Rubber Replanting Programme amounted to Rs.144.23 million.

2.2 Programme for Fixing of Rain Guards

The target for small holdings under the Programme for Fixing of Rain Guards was 3400 hectares of which 726.075 hectares were fixed with rain guards. The subsidy payment for small holdings amounted to Rs.7.67 million and the Plantation Companies targeted 5480 hectares and an amount of Rs.27.356 million was incurred as subsidies for fixing of rain guards in 5702.39 hectares on more interest in the purpose.

2.3 Intercropping Programme

400 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, 262.54 hectares were cultivated. An amount of Rs.0.963 million was spent as subsidies for the Intercropping Programme.

2.4 Training Programmes

As training programmes, the training programme for ordinary rubber tappers, the training programme for professional rubber tappers and the training programme for bud grafters were conducted. The number of persons targeted for ordinary rubber tappers under the training programme for rubber tappers was 2400 of which 2320 persons completed the training. The expenditure incurred for the training programme for ordinary rubber tappers amounted to Rs.1.596 million. The number of persons targeted for professional rubber tappers was 300 of which 296 persons were trained. The expenditure incurred for the training programme for professional rubber tappers amounted to Rs.2.87 million. The number of persons targeted for training of bud grafters was 250 of which 218 persons were trained. The expenditure incurred for the training programme for bud grafters amounted to Rs.0.18 million.

2.5 Divi Neguma National Development Programme

1. A number of 100,000 rubber plants was targeted for infilling under this programme and 93,177 plants were distributed to the districts of Monaragala, Badulla, Ampara, Hambantota, Vavuniya and Polonnaruwa. An amount of Rs.5.59 million was incurred for this purpose.

2. Banana plants and pineapple plants were provided free of charge to cultivate as intercropping in immature rubber lands. The No. of plants targeted was 67,000 and 27,451 banana plants and 46,955 pineapple plants totaling to 74,406 plants were distributed. The expenditure incurred for the purpose was Rs.1.92 million.

3. A number of 2600 persons were targeted for training under the programme for distribution of tapping knives on 50% subsidies to those who attended the training programmes for rubber tappers and tapping knives were distributed among 2,528 persons who completed the training. An amount of Rs.0.73 million was incurred for the purpose.

4. An amount of Rs.1.16 million was incurred to purchase machines for the activities such as manufacturing of spare parts, shoes, rubber bushes and rubber moulding to five industrialists related with rubber finished products under the programme for providing 50% subsidies to purchase equipment for manufacturing of rubber based finished products.

3. Information related with the natural rubber industry - 2012

3.1 Extent of lands under rubber cultivation

The estimated total extent of rubber lands in the country in year 2012 has been calculated on the basis of the results of the rubber land Census conducted in year 2010.

Extent of lands under rubber cultivation – Year 2012

	Private Sector (Lands less than 20 hectares) Ha.	**Regional Plantation Companies (Lands more than 20 hectares) Ha.**	**Total (Hectares)**
Extent of lands reported from the rubber land Census conducted in year 2010	79395	46250	125645
Extent of lands estimated in year 2011	80018	48516	128534
Extent of lands estimated in year 2012	82170	48610	130780

Table i

62.83% of the total extent under rubber cultivation is prevailing as small and medium scale blocks of lands and the balance is remaining as estates of the Plantation Companies. It has been estimated that out of this extent of lands, the immature extent of lands amounts to 26,580 hectares and the mature extent of lands under tapping amounts to 104,200 hectares and, the total production of such cultivations amounts to 152,049 metric tons. It has also been estimated that the average annual yield of a hectare under rubber in year 2012 is 1459 kg.

3.2 Production and Cost of Production

3.2.1 Production

The total production of rubber in year 2012 was 152,049 metric tons. It shows an decrease of 3.9% when compared with the total production of 158,198 metric tons in the previous year. The main reasons for the decrease in the production was the continuous rapid decrease in the rubber prices in year 2011.

Total Rubber Production in 2012 (Metric Tons)

Year	Sheet Rubber	Scrap Crepe	Sole Crepe	Latex Crepe	Block Rubber T.S.R.	Latex and Other	Total
2011	60699	1332	3384	59933	7981	24869	158198
2012	59242	1280	1902	36550	8672	44403	152049

Table ii

3.2.2 Cost of Production

The average cost of production of the private sector for production of 01kg of dried rubber in year 2012 was Rs.136.00. It shows an increase of Rs.4.97 when compared with Rs.129.56 which was the cost of production in the previous year. The increase in the cost of production from year 2002 is given in Table iii.

Cost of Production of Rubber

(1kg./Rs.)

Year	Plantation Companies	Private 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

Table iii

3.3 Local Consumption of Rubber

Natural rubber produced in the country was available in the past as an important industrial raw material based on the export mainly and at present, the situation has been changing gradually and it can be seen a tendency in more utilization of rubber for production of local finished products. Accordingly, the local consumption of natural rubber was 110,038 metric tons in the year 2012. This quantity is 72% of the total rubber production which was 152,049 metric tons in year 2012.

The use of raw rubber as a percentage of the respective type of products and items produced is given below.

The percentage of consumption of raw rubber for finished products – 2012

Type of Finished Product	Percentage of rubber Consumption as per the type of product (%)
Production of tyres	37.6
Rebuilding of tyres	17.0
Balloons and gloves	42.0
Accessories for footwears	0.4
Household Furniture	0.3
Motor Spare Parts	0.7
Others	2.0
Total	**100**

Table iv

3.4 Exports

Exports of rubber from Sri Lanka in 2011 and 2012 are given in Table v.

Quantity of rubber exports from Sri Lanka in 2011 and 2012

Month	Shipment (Metric Tons)	
	Year 2011	Year 2012
January	4590.7	4053
February	4958.6	4940
March	4503.4	5994
April	4131.4	3524
May	2381.4	2342
June	2151.1	1731
July	2838.3	1391
August	4524.4	1778
September	3438.7	2988
October	3312.6	2637
November	2285.6	2470
December	3489.8	3529
Total	**42606**	**37377**

Table v

The total exports of rubber from Sri Lanka in 2011 and 2012 are given in the Table below, according to the type of products.

Quantity of rubber exports from Sri Lanka in 2011 and 2012 are given in type

(Metric Tons)

Year	Sheet Rubber	Sole Crepe	Scrap Crepe	Latex Crepe	Block Rubber (T.S.R.)	Latex and Other	Total
2011	13561	2471	-	20904	3656	2014	**42606**
2012	11235	1401	-	17431	4669	2641	37377

Table vi

The F.O.B. value of total rubber exports is shown in Table vii.

F.O.B.Value of Total Rubber Exports

(Rs.million)

Year	**Exports (Metric Tons)**	**Total Value (Rs.million)**	**Value Per Kg. (Rs.Cts.)**
2011	42606	22811.26	535.40
2012	37377	15726.00	421.00

Table vii

Rubber is exported mainly by the private sector. A number of 102 registered exporters are in the private sector and all 102 exporters have been registered with this Department for also the year 2012.

Major Rubber purchasing countries – 2012

(Metric Tons)

Country	**Quantity purchased**	**%**
Malaysia	11640	31
Pakistan	5382	14
India	5792	16
United States of America	1723	5
Germany	1951	5
Japan	1413	4
Italy	1267	3
China	722	2
South Africa	476	1
Spain	191	1
United Kingdom	388	1
Other Countries	6432	17
Total	**37377**	100

Table viii

3.5 Rubber Prices

Rubber prices in 2011 and 2012 are as follows.

Average Price in Types

(Rs. Per Kg.)

Year	**Annual Average Price**		
	Sheet Rubber No.1	**Scrap Crepe No.1.XBR**	**Latex Crepe No.1X**
2011	513.05	461.83	575.65
2012	416.61	377.09	410.84

Table ix

3.6 Salaries of employees in the rubber sector

A salary increment was given with effect from July 2011 to the employees who worked in the plant nurseries. Accordingly, the basic daily wage paid to an adult employee was Rs.380/-. In addition, an employee with 80% attendance in the month was paid a sum of Rs.220/- per day. Owing to the aforesaid wages and incentives increased and implemented on the recommendation of the Wage Councils, it was able to improve the attendance and performance of the nursery employees.

3.7 Export of rubber planting material

No permits have been issued during this year for the export of rubber planting material.

3.8 Rubber Dealers

Permits were issued to 1141 rubber dealers in year 2012. The district wise issue of permits is as follows.

District	No.of permits renewed	No. of permits newly issued
Colombo	48	06
Gampaha	08	0
Kalutara	307	67
Ratnapura	259	36
Kegalle	362	46
Kandy	09	0
Matale	24	0
Galle	76	06
Matara	32	01
Monaragala	16	04
Total	**1141**	**166**

Table x

3.9 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 is paid in 08 instalments.

3.10 Implementation of "Mahinda Chinthanaya" and progress of the rubber cultivation including new planting

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 3,900 hectares. The estimated extent under rubber replanting / new planting in year 2012 was 6,300 hectares. The extent of lands targeted for replanting in year 2012 was 3,300 hectares of which 1,800 hectares in the private sector and 1,500 hectares in the state plantation sector. The target for new planting in the private sector during the year was 3,000 hectares of which 1,750 hectares in traditional areas and 1250 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 xi and xii.

The extent of lands replanted (Small holders) under the rubber replanting subsidy scheme – Year 2012

(Hectares)

District	Applications received		Permits issued		Extent under replanting	
	No. of Holdings of lands	**Extent of lands (Ha.)**	**No. of Holdings of lands**	**Extent of lands (Ha.)**	**No. of Holdings of lands**	**Extent of lands (Ha.)**
Kalutara	1049	614.770	992	597	459	288.670
Kegalle	1275	798.530	1003	614.69	609	355.190
Gampaha	179	120.150	137	95.31	103	73.160
Kurunegala	45	74.670	41	47.79	32	32.880
Kandy	105	99.500	50	25.85	34	14.140
Matale	23	63.000	10	34.72	-	2.024
Ratnapura	625	445.130	558	380.55	275	198.412
Galle	66	69.933	63	56.402	34	32.392
Matara	68	49.068	37	44.437	28	32.621
Monaragala	04	2.830	04	2.83	04	2.830
Colombo	240	160.010	204	139.312	124	84.820
Total	**3679**	**2497.591**	**3099**	**2038.891**	**1702.0**	**1117.139**

Table xi

The extent of lands newly planted (Small holders) under the rubber new planting subsidy scheme – Year 2012

(Hectares)

District	Applications received		Permits issued		Extent under newplanting	
	No. of Holdings of lands	Extent of lands (Ha.)	No. of Holdings of lands	Extent of lands (Ha.)	No. of Holdings of lands	Extent of lands (Ha.)
Kalutara	764	357.870	715	329.990	307	145.160
Kegalle	1397	639.940	1164	508.380	667	279.920
Gampaha	230	126.000	178	91.980	125	66.990
Kurunegala	137	93.580	90	68.350	46	38.360
Kandy	78	69.960	46	24.620	21	11.270
Matale	44	74.150	24	34.380	-	11.330
Ratnapura	1012	646.020	749	441.180	393	254.019
Galle	364	209.116	273	168.889	79	61.097
Matara	362	189.910	318	170.026	191	92.453
Hambantota	163	94.766	156	88.691	48	26.102
Colombo	227	129.590	182	78.908	105	57.822
Monaragala	558	345.640	329	204.780	93	48.510
Badulla	248	153.460	198	113.110	58	39.100
Ampara	755	435.750	738	422.500	241	137.500
Total	**6339**	**3565.752**	**5160**	**2745.784**	**2374**	**1269.633**

Table xii

Extent of lands under Rubber Replanting 1990-2012

(Hectares)

Year	Private 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

Table xiii

Extent of lands under Rubber New planting 1990-2012

(Hectares)

Year	Private 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	2130	414	2544
2009	715	74	789
2010	1317	96	1413
2011	2166	838	3004
2012	2297	179	2476

Table xiv

3.11 Foreign funded (IFAD) special programme in Monaragala

Smallholder Plantations Entrepreneurship Development Programme (SPEnDP)

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. An extent of 1027 hectares was cultivated during this year.

3.12 Rubber Plant Nurseries and Supply of Plants

The day by day increase in the price of rubber led to a greater interest among rubber growers 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.

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 required planting material is provided from the nurseries of the Department for the establishment of nurseries producing high quality budded plants.

3.12.1 Private and Commercial Nursery Permits 2012

Since an attractive fixed price was fetched for natural rubber for last few years, the interest and demand of the planters for rubber cultivation was at a higher level in year 2012 as well. A greater responsibility to produce plants to meet the demand was entrusted with the Department. Nurseries of the private sector also made a contribution in producing the required plants.

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 activites with the purpose of expanding the capacity for production of plants in Departmental nurseries, improvement of the quality of plants and development of infrastructure of the nurseries. The motivation of the private sector nurseries also to the production of high quality plants is 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 in the Government nurseries and issue of plants - 2012

Name of the nursery	District	Production of plants
Karapincha	Ratnapura	102109
Mirigama	Gampaha	346692
Welikadamulla	Gampaha	417287
Egaloya	Kalutara	306705
Kumbukkana	Monaragala	413038
Gurugoda	Kalutara	310460
Middeniya	Hambantota	105081
Total		**2001372**

Table xv

The projected plant production of the Departmental nurseries in the year 2012 was 2.2 million. The total plant production of the year was 2 million and it was able to distribute only 1.36 million plants during the year.

Production of plants (In private nurseries)-2012

Territory of Regional Offices	**No. of registered nurseries**	**Distribution of plants**
Kegalle	12	561774
Kalutara	05	85740
Monaragala	38	609498
Galle	20	44189
Ratnapura	08	568214
Total	**83**	**1869415**

Table xvi

RRIC 121 Clone was mostly issued by the Departmental nurseries as well as the private sector nurseries and the production of RRISL 203 Clone had been increased as against the previous year.

3.13 Intercropping

The Department continues to pay a subsidy of Rs.4,000.00 per an acre on the recommendation of the Rubber Research Institute of Sri Lanka to the small holders who have been cultivating inter crops with rubber from year 2006 to date. In the years of 2006 and 2007, this subsidy was paid only for the cultivation of plantains. Since year 2008, it was also initiated to pay subsidies for pineapple cultivation on the above basis. In year 2011, passion fruits were also included to this subsidy scheme. A sum of Rs.963,000 was paid as subsidies for inter crops in year 2012.

Extent of lands under intercropping in year 2012

District	Extent cultivated (hectares)
Kegalle	59.330
Gampaha	45.790
Kurunegala	7.070
Kandy	5.500
Kalutara	38.240
Ratnapura	16.774
Colombo	20.786
Galle	8.370
Matara	10.375
Hambantota	24.560
Monaragala	3.740
Total	**240.535**

Table xvii

3.14 To promote fixing of rain guards

This programme was implemented to promote the rubber growers to use rain guards for improvement in the productivity of the lands under mature rubber cultivations as per the Budget Proposals of the year 2011. 50% of the amount of expenditure incureed for fixing of rain guard that is; a sum of Rs.30 is paid as subsidies to a rubber tree fixing with rain guards successfully.

Under this programme, subsidies were paid to the rubber small holders and the Plantation Companies.The progress of this 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	726.075	7.67
Plantation Companies	5702.39	27.356
Total	6428.465	35.026

Table xviii

3.15 Functions of the Tea, Rubber and Coconut Estates (Control of Fragmentation) Board

(i) 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 confined to five.

(ii) 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.

3.16 Membership in the International Organizations

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.947, 692.79 paid to the Association of Natural Rubber Producing Countries and Rs. 5,645,358.67 to the International Rubber Study Group by Sri Lanka as membership fees in year 2012.

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 year 2012, the Director General and the Deputy Director (Galle Regional Office) of the Rubber Development Department participated in the Annual Conference of the said organizations.

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.

3.17 Prosecutions under the main statutes

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.

Year 2012

District	No.of growers recovered	Amount recovered sending final notices (Rs.)	Amount recovered filling cases (Rs.)
Galle			
Matara			228364.30
Hambantota			
Kegalle	36	386314.58	30000.00
Monaragala	04	12797.39	-
Colombo	08	37477.44	-
Ratnapura	26	200782.21	-
Kalutara	83	616254.68	-
Total	**157**	**1253626.30**	**258364.30**

Table xix

Further, the 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 the approval of the Advisory Board.

3.18 Payment of subsidies

During the year 2012 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 2012 (small holder sector)	95.73
Newplanting Subsidy 2012 (small holder sector)	125.43
Replanting Subsidy 2012 (Plantation Companies)	66.27
Total	**287.43**

Table xx

3.19 Special Development programmes

3.19.1 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. Accordingly, rubber planting programmes were planned this year projecting to reach towards the target by the year 2015. As the initial step, 550 hectares were targeted for rubber cultivation this year 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.

3.19.2 Divi Neguma National Development Programme-2012

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 2012. Under this programme, 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, passion fruits 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 granting 50% subsidy to those who engage in manufacturing of rubber based finished products as a self-employment to purchase equipment required for enhancement of their industries. Rubber plants for infilling were distributed this year in the non-traditional areas such as Monaragala, Hambantota, Vavuniya and Polonnaruwa districts. The intercropping programme and the programme for distribution of tapping knives were launched covering all rubber growing areas. Under the programme for providing 50% subsidies to purchase equipment for manufacturing of rubber based finished products, subsidies were granted to five persons to purchase equipment required for manufacturing of motor spare parts, rubber bushes, hydraulic oil seals, rubber mounts, spare parts for Trawlers and footwear products. As a result, it has been reported that it was able to manufacture high quality products, uplift their living standard and provide new employment

opportunities. Under the Divi Neguma Programme, an amount of Rs.10 million had been allocated to the Department this year and its progress is given

Programme	Finanacial Progress			Physical Progress		
	Financial Targets Rs.Mn	Expenditure Rs.Mn	%	Physical Target	Physical Progress	%
Rubber Plant Supply for infilling Plants (Plants)	6.00	5.59	93	100,000	93,177	93
Intercropping (Plants)	2.00	1.92	96	67,000	74,406	111
Distribution of Tapping Knives (No.of Knives)	0.80	0.73	92	2600	2528	97
Rubber End Product (Person)	1.20	1.16	97	10	5	50
Total	10.00	9.40	94	-	-	-

Table xxi

3.20 Consolidated Fund

Object Code	Total provision received (Rs. Million)	Net Expenditure (Rs. Million)
Salaries and Wages	144.8	140.83
Travelling Expenditure	7.60	7.42
Supplies	3.08	2.64
Maintenance Expenditure	3.70	3.50
Contractual Services	15.35	13.85
Fuel	3.00	2.91
Other Recurrent Expenditure	746.05	400.99
Capital Assets	2.3	0.71
Subscriptions	7.95	7.78
Other Capital Expenditure	18.00	15.76
Other Investments	100.00	35.61
Total	**1051.83**	**632.00**

Table xxii

3.21 Promotion Campaigns

- An exhibition stall was maintained at the “Deyata Kirula**”** National Development Exhibition held at Oyamaduwa in Anuradhapura District.

- An exhibition stall was maintained (04 days) at the “Deyata Jawaya “Educational and Trade Exhibition held at Anura Central College, Yakkala.

- An exhibition stall was maintained (04 days) at the Kalutara District Domestic Industry Promotion Exhibition held at Tissa Central College, Kalutara North under the Divi Neguma National Programme for Development of Domestic Economic Units.

- Designing of three kinds of Certificates for the purpose of awarding to the persons who were trained at the Training Programme for Bud Grafters, Training Programme for Professional Rubber Tappers and Training Programme for Harvest Assistants.

- Printing of banners, posters and leaflets (60 banners, 3000 posters and 5000 leaflets) for the purpose of expanding the rubber cultivation in 550 hectares in Northern Province.

- Conducting one day workshop for the officials of the Rubber Development Department at the National Institute of Plantation Management, Athurugiriya.

- Publishing Newspaper Advertisements on the fixing of rain guards to the grown rubber cultivation and production of rubber plants.
- Conducting promotion campaigns to make the farmers aware of the rain guards.

- Taking actions to conduct 10 training programmes for professional rubber tappers and providing required assistance participating at the inaugural day and the final day of the course.

- Making arrangements to conduct 115 training programmes for ordinary rubber tappers.

- Taking actions to conduct 07 training programmes for bud grafters.

- Making arrangements to conduct service revision course for the Rubber Development Officers at the National Institute of Plantation Management. (This training was given to all officers on three occasions)

- Mobile promotinal activities were carried out to conduct 28 meetings to make the farmers aware of the rubber new planting in 550 hectares in 03 Divisional Secretaires' Divisions, Padiyathalawa, Mahaoya and Uhana in Ampara District and the lectures on the importance of the rubber industry were conducted.

- Coordinating activities were carried out to produce the video film on " Rubber" which was produced by the Sri Lanka Rupavahini Corporation. (This video film aimed at expanding the rubber cultivation into Northern Province. Action was taken to broadcast it three times on the Jathika Rupavahini).

- Assisting to provide financial assistance under Divi Negauma to small scale industrialists who manafacture rubber based finished products.

- Taking actions to submit 1050 copies of the Performance Report of the Rubber Development Department on CDs.

- Taking necessary pleminary actions to produce photoes related with the rubber industry to hang in the auditorium of the Ministry of Plantation Industries.

3.22 Cess related matters

(1) Registration:

No. of registered institutions	160
Total No. of companies to be paid Cess	55
No. of companies that paid Cess	51

Table xxiii

Cess charged on local consumption - 2012

Relevant month	**Income (on local consumption) Rs.**
January	17453711.22
February	21859435.92
March	30879550.64
April	20263985.03
May	14389241.64
June	29785387.65
July	15226900.63
August	17060860.51
September	17844473.40
October	18686135.50
November	15990014.97
December	16008110.23
Total	**235447807.34**

Cess Table xxiv

Details of the Cess charged on rubber imports and exports are as follows.

Cess charged on imports and exports - 2012

Relevant month	On imports Rs.	On exports Rs.
January	112228743.00	5643290.00
February	72426125.00	2021204.00
March	96882386.00	21084484.00
April	7174220.00	295872.00
May	6331013.00	52934.00
June	4998962.00	84506.00
July	5559007.00	312374.00
August	5595829.00	100.00
September	3842663.00	13236.00
October	4921037.00	279.00
November	4586553.00	79940.00
December	3,631,149.00	3768.00
Total	**328,177,687.00**	**29,591,987.00**

Cess Table xxv

3.23 Information Technology and Computer Activities

- Maintaining the Rubber Planting Subsidy Programme regularly with necessary amendments providing required instructions to the officers who serve in the computer sections of the Regional Offices, when issues are arisen.

- Providing reports and information on the Rubber Planting Subsidy Programme to the Head Office and the Regional Offices.

- Maintaining the mailing programme of the Department regularly establishing the safeguard of the information.

- Tenders have been invited for the selection of Instructor to the step of System Study of the RIMS project implemented under instructions of the Information and Communication Technology Agency (ICTA) and the Technical Evaluation Report of the Advisory Services Procurement Committee on the said matter has been completed.

- Maintaining web-site of the Department including necessary Circulars, information and updating the price of rubber twice a week.

- Purchase of computers, UPS for the Head office and the Regional offices for the year 2012 has been completed.

3.24 Administrative Functions

- 07 drivers were recruited.
- 07 employees were recruited for the Office Employment Service (KKS).
- 07 Tractor drivers were recruited.
- Action was taken to obtain approval for 19 graduate positions and approval of the Public Service Commission was obtained for the Scheme of Recruitment for Building Maintenance Officer.
- The Scheme of Recruitment for Rubber Development Officers has been submitted to the Ministry of Public Administration.
- Approval of the Public Service Commission was obtained for the Scheme of Recruitment for Lorry Cleaners and initial steps were takan to make the recruitments.
- Action was taken to absorb Development Assistants under the Service Minute of the Development Officers' Service.

- Necessary actions were taken to promote Rubber Development Officers to Class I.
- 05 vehicles were repaired.
- A software was used to maintain the mail regularly.
- Necessary Circular instructions were issued to maintain leave regularly.
- Training was given to 20 graduate trainees at the Regional Offices including the Head office.
- Service contracts for air conditioners and fax machines of the Department were entered into and necessary actions were taken to service them for their durability.
- Quality Circles were formed.

Disciplinary Actions

- Rubber Development Officers – 06 preliminary investigations were conducted.
  One of the Rubber Development Officers was dismissed from the service.
  Drivers – 04 preliminary investigations were conducted.
- Development Assistant – Action was taken to conduct a preliminary investigation.

Infrastructure Development of Nurseries

- Construction of the stores in Welikadamulla Plant Nursery.
- Construction of the stores in Mirigama Plant Nursery.
- Constructing a water pump house in Mirigama Plant Nursery.
- Preparation of seedling beds in Karapincha Plant Nursery.
- Repairing the official quarters of the Nursery Manager of Karapincha Plant Nursery.
- Fixing of the shade net for Karapincha Plant Nursery.
- Construction of the water pump house and water supply system in Karapincha Plant Nursery.
- Construction of the water tower in Middeniya Plant Nursery.
- Construction of the plant stores in Gurugoda Plant Nursery.
- Constructing the fence and gate for Kumbukkana Plant Nursery.
- Constructing the side wall of the water tank in Welikadamulla Plant Nursery.
- Construction of the agriculture well (No.01) in Egaloya Plant Nursery.

Building Development Activities

- Repairing the official quarters of the Rubber Development Officer, Deraniyagala.
- Repairing the official quarters of the Rubber Development Officer, Dehiowita.
- Repairing the official quarters of the Rubber Development Officer, Yatiyantota.
- Repairing the official quarters of the Rubber Development Officer, Anguruwella.
- Repairing the official quarters of the Rubber Development Officer, Amithirigala.
- Repairing the official quarters of the Rubber Development Officer, Nagoda.
- Repairs to the front side wall of the Regional Office, Ratnapura.
- Repairing the official quarters of the Rubber Development Officer, Gatahatta.
- Repairs to the Paradise No.01 official quarters.
- Repairing the official quarters of the Rubber Development Officer, Kamburupitiya.
- Repairing the official quarters of the Rubber Development Officer, Thunadahena.
- Repairing the official quarters of the Assistant Director, Siyambalapitiya, Kegalle.
- Repairing the official quarters of the Rubber Development Officer, Pelawatta, Kalutara.
- Repairing the official quarters of the Rubber Development Officer, Monaragala.
- Repairing the official quarters of the Rubber Development Officer, Badalkumbura.

3. 25 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.

3.26 Auditing

- Checking of the running charts – Year 2011 (LI-0668, LI-0669, LI-0683 and LI-0684)
- Internal Audit Inquiry - Mirigama Plant Nursery
- Internal Audit preliminary and first quarter report -2012
- Investigating the distribution of plants in the year 2011 – Regional Office, Monaragala.
- Investigation into the irregularities of Mirigama Plant Nursery.
- Checking of the payment vouchers – Head Office – First quarter.
- Internal Audit Inquiry - Welikadamulla Plant Nursery
- Checking of the payment of attendance allowances - Kumbukkana Plant Nursery, Monaragala
- Internal Audit second quarter report -2012
- Internal Audit Inquiry – Regional Office, Kegalle - 2012
- Checking of the Tender documents on constructions.

4. Details of the staff of the Department

The overall staff of the Rubber Development Department in the year 2012 was as follows. The total No. of the permanent staff during the year 2012 (as at 31.12.2012) was 346.

Designation	**Present Staff**
Director General - S.L.A.S.	1
Director - S.L.A.S.	2
Chief Accountant - S.L.Ac.S.	1
Deputy Director - S.L.A.S Asst. Director - S.L.A.S.	10
Asst. Director - S.L.P.S.	1
Accountant - S.L.Ac.S.	3
Computer System Analyst	1
Internal Auditor	1
Audit Assistant	1
Administrative Officer	3
Budget Assistant	1
Public Management Assistant	116
Information Technology Assistant	1
Clerk	16
Publicity Officer	1
Asst. Press Officer	-
Development Officer	-
Development Assistant	6
Driver	33
Lorry Cleaner	1
Karyala Karya Sahayaka	25
Rubber Development Officer:Special	-
Senior Rubber Development Officer	-
Rubber Development Officer	114
Nursery Manager	7
Labourer	-
Buildings Maintenance Officer	-
Vehicle Maintenance Assistant (Motor Mechanic)	-
Watcher	1
Watcher (substitute)	-

Staff Table xxvi

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.

6. General Matters

6.1 Inaugurating duties of the New Year

As well as the previous years, all staff of the Head Office and the all Regional offices of the Department gathered together and hoisted the National Flag and recited the National Anthem prior to the initiation of the duties at the inception of the year 2012 as well. Subsequently, the all staff gave the pledge of the government service and determined to dedicate to the service. After following the religious practices, at the commencement of the day's functions, a meeting was held with the participation of all employees, where the Director General and the Heads of the Regional Offices explained the targets to be achieved and the responsibilities to be discharged by the Rubber Development Department during the year.

6.2 Festivals

Annual Vesak programmes and decorations were undertaken at the Head Office, the Regional Offices and the plant nurseries of the Department. The staff participated in this work with greater interest than the previous years and the decorations were very attractive and colourful. A sermon was preached by a Thero at the Regional Office, Kegalle for Vesak Poya and Pirikara was offered there at. Further, bulbs and Vesak lamps were lighted while decorating the premises. As well, Vesak lanterns were made by the officials' Circles of the Regional Office, Galle. Awarding the first place for the Best Rubber Small Holding to the Regional Office, Galle at the National Plantation Awards Ceremony 2012 could be stated as one of the significant events in this year.

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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

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02. ඉහත සඳහන් ලිපිය සමඟ එවන ලද මාගේ වාර්තාවේ ඉංග්‍රීසි අනුවාදය මේ සමඟ එවා ඇත.

ඩබ්ලිව්.පී.සී.වික්‍රමරත්න

වැඩ බලන විගණකාධිපති

පිටපත් : 01. ලේකම් - වැවිලි කර්මාන්ත අමාත්‍යාංශය.

02. ලේකම් - මුදල් හා ක්‍රම සම්පාදන අමාත්‍යාංශය.

අංක 306/72 පොල්දූව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை இலங்கை
No.306/72, Polduwa Road, Battaramulla , Sri Lanka

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ඉලෙක්ට්‍රොනික් තැපැල් / ஈ- மெயில் / E-mail. oaggov@sltnet.lk

විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No: LPE/RCF/FA/2012
ඔබේ අංකය / உமது இல / Your No.:
දිනය / திகதி / Date: 3 September 2013

The Director General
Department of Rubber Development

Report of the Auditor General on the Financial Statements of Rubber Control Fund for the year ended 31 December 2012

The audit of financial statements of the Rubber Development Fund for the year ended 31 December 2012 comprising the balance sheet as at 31 December 2012 and the income and expenditure account and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 39(3)(a) of the Rubber Control Act, No. 11 of 1956 (Cap.436) as amended by the Rubber Control (Amendment) Act, No. 45 of 1957. 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 Generally Accepted Accounting Principles and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1:3 Auditor's Responsibility

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

අංක 306/72 පොල්දූව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை இலங்கை
No.306/72, Polduwa Road, Battaramulla , Sri Lanka

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ඉලෙක්ට්‍රොනික් තැපැල් / ஈ- மெயில் / E-mail: oaggov@sltnet.lk

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

1:4 Basis for Qualified Audit Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2:1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Rubber Control Fund as at 31 December 2012 and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2:2 Comments on Financial Statements

2:2:1 Accounting Deficiencies

Seven items of assets not physically existing valued at Rs.985,925 had been brought to account as fixed assets.

2:2:2 Accounts Receivable and Payable

Thirteen current assets balances totalling Rs.652,775 and 05 current liabilities balances totalling Rs.239,784 had been brought forward in the financial statements continuously over a period exceeding 08 years.

2:2:3 Lack of Evidence for Audit

The evidence indicated against the following items had not been furnished to audit.

	Item	Value	Evidence not made available
		Rs.	
(a)	Credit Council Fund	130,328	Detailed Schedules, Confirmation of Balances
(b)	Balances relating to 06 Advance Accounts	287,379	Notes of Explanations
(c)	Rubber Trade Register Stocks	6,360	Stock Registers
(d)	Advances Payable	22,031	Detailed Schedules Confirmation of Balances
(e)	Other Current Liabilities	17,753	Confirmation of Balances

3. Financial Review

3:1 Financial Results

A surplus of Rs.463,652 was shown as the operating results for the year under review and that of the preceding year had been Rs.275,280. As such the increase in the surplus of the financial results amounted to Rs.188,372. Nevertheless, the total income of the Fund comprised only the interest income on fixed deposits and the interest on savings deposits and those amounted to Rs.347,199 and Rs.147,686 respectively.

4. Operating Review

4:1 Present Status of Activities of the Fund

The letter dated 21 October 2011 issued by the Department of Public Finance had instructed that the assets and liabilities appearing in the report on accounts prepared in accordance with the provisions in the relevant Act for the liquidation of the Rubber Control Fund not in operation at present should be settled and concurrence of the Auditor General for that should be obtained.

4.2 Budgetary Control

A budget for the year under review had not been prepared as no expenditure is incurred from the Fund.

5. Systems and Controls

Special attention is needed in respect of the following areas of control.

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

H.A.S. Samaraweera
Auditor General

-/dk

විගණකාධිපති දෙපාර්තමේන්තුව
கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය / எனது இல. / My No: එල්පී/ඊ/ආර්ආර්එස්එෆ්/එෆ්ඒ/ 2012

ඔබේ අංකය / உமது இல / Your No.

දිනය / திகதி / Date: 2013 දෙසැම්බර් 05 දින

06 DEC 2013

අධ්‍යක්ෂ ජනරාල්,
රබර් සංවර්ධන දෙපාර්තමේන්තුව.

රබර් නැවත වගා කිරීමේ සහනාධාර අරමුදලේ 2012 දෙසැම්බර් 31 දිනෙන් අවසන් වර්ෂය සඳහා වූ මූල්‍ය ප්‍රකාශන පිළිබඳ විගණකාධිපති වාර්තාව.

මාගේ සමාංක හා 2013 සැප්තැම්බර් 30 දිනැති ලිපියට යොමු වේ.

02. ඉහත සඳහන් ලිපිය සමඟ එවන ලද මාගේ වාර්තාවේ ඉංග්‍රීසි අනුවාදය මේ සමඟ එවා ඇත.

එච්.ඒ.එස්. සමරවීර,
විගණකාධිපති.

පිටපත් :
01. ලේකම් - වැවිලි කර්මාන්ත අමාත්‍යාංශය.
02. ලේකම් - මුදල් හා ක්‍රම සම්පාදන අමාත්‍යාංශය.

අංක 306/72 පොල්දූව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை இலங்கை
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ඉලෙක්ට්‍රොනික් තැපැල් / ஈ- மெயில் / E-mail: oaggov@sltnet.lk

විගණකාධිපති දෙපාර්තමේන්තුව

கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்

AUDITOR GENERAL'S DEPARTMENT

මගේ අංකය எனது இல. My No	LP/E/RRSF/ FA/2012	
ඔබේ අංකය உமது இல Your No.		
දිනය திகதி Date	30 September 2013	

Director General
Department of Rubber Development

Report of the Auditor General on the Financial Statements of the Rubber Replanting Subsidy Fund for the year ended 31 December 2012.

The audit of financial statements of the Rubber Replanting Subsidy Fund for the year ended 31 December 2012 comprising the balance sheet as at 31 December 2012 and the income and expenditure account and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 6(2) of the Rubber Replanting Subsidy Fund Act, No. 36 of 1953 (Cap. 437). My comments and observations on the above financial statements appear in this report.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditors 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. These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

අංක 306/72 පොල්දූව පාර, බත්තරමුල්ල , ශ්‍රී ලංකාව
இல. 306/72, பொல்துவ வீதி, பத்தரமுல்லை இலங்கை
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ඉලෙක්ට්‍රොනික් තැපැල් / ஈ- மெயில் / E-mail: oaggov@sltnet.lk

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor`s judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund`s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund`s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

1:4 Basis for Adverse Opinion

Had the matters described in paragraph 2.2 of this report been adjusted, many elements in the accompanying financial statements would have been materially affected.

2. Financial Statements

2.1 Adverse opinion

Even though accounts on the non-going concern basis, should have been presented in accordance with the provisions in the Act for liquidation of the Fund in dormant condition, it had not been so done.

In my opinion, because of the significance of the matters described in paragraph 2.2 of this report, the financial statements do not give a true and fair view of the financial position of the Rubber Replanting Subsidy Fund as at 31 December 2012 and its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

2:2 Comments of Financial Statements

2:2:1 Accounting Deficiencies

The following observations are made.

(a) The fixed assets valued at Rs.63,433,233 belonging to the Rubber Replanting Subsidy Fund had not been physically identified. Provision for depreciation amounting to Rs.904,699 had been made in the year under review for these assets not utilized for operating activities.

(b) Air-conditioners and furniture amounting to Rs.7,609,866 had been posted in one account.

2:2:2 Lack of Evidence for Audit

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

	Item	Value Rs.	Evidence not made available
(a)	Fixed Assets	63,438,233	Board of Survey Reports, Register of Fixed Assets and Title Deeds.
(b)	Advances	15,220,514	Detailed Schedules, Confirmation of Balances.
(c)	Advances to Public Officers	9,617,628	Detailed Schedules, Confirmation of Balances.
(d)	Balances Receivable	96,544,110	Source Documents, Confirmation of Balances.
(e)	Balances Payable	18,871,810	Detailed Schedules and confirmation of Balances.

2:2:3 Accounts Receivable and Payable

The following observations are made.

(a) Action had not been taken over a period of 08 years for identification and recovery of 13 balances amounting to Rs.96,544,110 shown under the current assets.

(b) Fourteen items of liabilities amounting to Rs.18,871,810 exist over a period of about 07 years. Action had not been taken to identify and settle the liabilities.

3. Financial Review

3:1 Financial Results

According to the financial statements presented, the operations of the Fund for the year under review had resulted in a deficit of Rs.383,580 as compared with the corresponding deficit of Rs.392,390 for the preceding year, thus indicating an improvement of Rs.8,810. The total income of the Fund had been earned from interest on investments and that amounted to Rs.561,119.

4. Operating Review

4:1 Performance

4:1 Going Concern of the Fund

The letter dated 21 October 2011 issued by the Department of Public Finance had instructed that action should be taken to liquidate the Fund not in operation at present in accordance with the provisions in the relevant Act, and to settle the assets and liabilities appearing in the audited accounts prepared as at 31 December 2010 and obtain the concurrence of the Auditor General for that. Nevertheless, action in accordance had not been taken even up to 28 June 2013.

5. Accountability and Good Governance

5:1 Budgetary Control

A budget had not been prepared for the year under review as no expenditure is incurred annually under the Fund.

6. Systems and Controls

Special attention is needed in respect of the following areas of control.

(a) Accounting
(b) Settlement of Advances
(c) Debtors/Creditors Control
(d) Fixed Assets

H.A.S. Samaraweera
Auditor General

-/dk.