

வார्षிக கார்ப்பகாபன வார்ப்பால
வருடாந்த ஂசயலாற்றுகை அறிக்கை
Annual Performance Report

2016



வழிபு கார்ப்பாண் அமலாபாங்க
பெருந்தோட்ட கைத்தொழில் அமைச்சு
Ministry of Plantation Industries

Annual Performance Report - 2016

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Message of the Hon. Navin Dissanayake, Minister of Plantation Industries



The traditional plantation crops of Sri Lanka currently make a significant contribution to foster the national economy through the contribution to the economic process in the country and to the foreign exchange earnings. This report contains the progress achieved in the entire plantation sector and through the coordination activities of the Ministry in the year 2016 on the contribution of the Ministry of Plantation Industries which has been entrusted with the aforesaid responsibility and the institutions coming under its purview.

In particular, it can be satisfied with the role played in the field of plantation through the policy decisions made with the consent of the stakeholders related to the plantation sector, amidst the challenges such as drought conditions prevailed in the country due to the climatic changes, global impediments to the rubber sector and internal problematic situations in our tea buyer countries.

Accordingly, my prime objective is to bring the Ministry of Plantation Industries forward with a new facelift by using the development strategies in order to fame the Sri Lankan name in the international community, while establishing the economic, social and environmental productivity in our country.

In line with the experiences gained in this year, I wish it may be able to achieve the targets of the year 2017 through the new strategies and plans and I avail this opportunity to thank the Hon. Deputy Minister, Secretary and the staff of the Ministry, Heads and the staff of the institutions coming under the Ministry and all stakeholders related to the plantation sector who extended the fullest cooperation in fulfilling the responsibilities for the plantation sector in the year 2017.

**Navin Dissanayake (M.P.)
Minister of Plantation Industries**

**Message of the Hon. Lakshman Wasantha Perera, Deputy Minister of
Plantation Industries**



One of the duties of the Ministry of Plantation Industries is to fulfil the responsibilities on behalf of the plantation community who make a significant contribution through the cultivations, industries and researches in the plantation sector for the economic development process of Sri Lanka. The Performance Report 2016 contains the progress achieved in the plantation sector with a review on the entire plantation sector in the year 2016.

The Ministry of Plantation Industries was able to pursue action in the year 2016 making timely policy decisions to increase the foreign exchange earning while satisfying the local consumer, planters and industrialists and coordinating all stakeholders successfully. It has been planned to implement a number of programmes, drawing special attention to the export promotion in the plantation sector in the year 2017.

I extend my fullest cooperation for the courses of action pursued by the Hon. Minister in future for the betterment of the plantation sector and I highly appreciate the contribution made by the Secretary and the staff of the Ministry, Heads and the staff of the institutions coming under the Ministry and the plantation community.

**Lakshman Wasantha Perera (M.P.)
Deputy Minister of Plantation Industries**

Message of Mr. Upali Marasinghe, Secretary of the Ministry of Plantation Industries



Making contribution to reach towards a high growth in the national economy making structural adjustments to the plantation sector which is a major agricultural field in the country, leading the institutions coming under the Ministry and implementing development programmes in the plantation sector has been identified as the role of the Ministry of Plantation Industries.

During the year under review, the institutions coming under the Ministry of Plantation Industries have taken action for the betterment of the field fulfilling the responsibilities entrusted with them in respect of the plantation sector. Nevertheless, it is observed that the performance of the 'Tea' sector has decreased due to the drought conditions prevailed at the beginning and middle of the year. However, it was able to increase the export revenue of the three sectors; tea, rubber and coconut as against the last year and to enhance the capacity of the research institutes.

I extend my heartfelt gratitude to the staff of the Ministry and Chairmen and the staff of the institutions coming under the Ministry who contributed to perform the duties assigned to the Ministry and to utilize the financial provisions allocated for this year effectively, under the guidance of the Hon. Minister and the Hon. Deputy Minister of Plantation Industries.

**Upali Marasinghe
Secretary
Ministry of Plantation Industries**

VISION

Achieving national prosperity through development of the plantation industry

MISSION

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

Strategic Development Objectives of Tea, Rubber and Coconut Sector

- Increase of foreign exchange earnings.
- Retaining the cost of production at a low level.
- Enhancing profitability of tea small holders and Plantation Companies.
- Uplifting living standard of the plantation community.
- Supply of high quality products to the local consumers.
- Ensuring sustainable development through the environment conservation.
- Enhancing productivity of plantation lands.
- Promotion of intercropping and animal husbandry in plantation lands.
- Increasing the quality of plantation crop based products to be able to compete in the world market.
- Innovation and development of state of the art technology for plantation crop based industries.



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Introduction

This report contains the performance of the Ministry achieved in the year 2016, directing and coordinating the institutions coming under the Ministry and making necessary policy decisions for the development of tea, rubber and coconut sectors as well the sugarcane research field and coordination of oil palm cultivation.

➤ **Duties and Functions assigned to the Ministry as per the Gazette Extraordinary No.1933/13 dated 21st September**

- Provision of incentives and other facilities to increase yield of plantation crops
- Enhance international competitiveness for productivity in the plantation industry.
- Adoption of necessary measures to promote value addition industries based on plantation crops.
- Issuance of licences related to tea and rubber
- Issuance of permits for export of tea
- Issuance of licences related to fragmentation of tea and rubber estates, and their control
- Optimum utilization of plantation lands through multiple cropping and integrated farming, thereby increasing production and employment.
- Matters relating to the development, promotion and research activities of tea, rubber and coconut industries.
- Introduction of structural changes in respect of enterprises assigned to the Ministry

**Institutions affiliated to undertake functions of the
Ministry**

- Sri Lanka Tea Board
- Tea Research Institute
- Tea Small Holdings Development Authority
- Tea Shakthi Fund
- Kalubovitiyana Tea Factory Ltd.
- Sugarcane Research Institute
- Tea and Rubber Estates (Control of Fragmentation) Board
- Rubber Development Department
- Rubber Research Institute
- Thurusaviya Fund
- National Institute of Plantation Management
- Coconut Cultivation Board
- Coconut Development Authority
- Coconut Research Institute
- Sri Lanka Rubber Manufacturing and Export Corporation

Tea Sector

In Sri Lanka, tea cultivation has expanded to an extent of 202,839 hectares of which 121,740 hectares (60%) are contributed by the tea small holding sector. 71,796 hectares (35.4%) are contributed by 20 Regional Plantation Companies and 9,303 hectares (4.6%) are managed by the government institutions.

The total made tea production in the year 2016 was 292.36 mn kg, registering a drop of 11.1% as against the year 2015, which drop constitutes 9.1% of tea small holding sector, 16.2 of Regional Plantation Companies and 29.6% of the public sector. This drop was caused by the low rainfall prevailed in the tea growing areas as against the year 2015, especially the drop in the rain in the Southern province at the beginning of the year and in Ratnapura and Upcountry areas at the mid and third quarter of the year has caused to decline in the production. The issue arisen in the use of weedicides to control weeds in the cultivations under the Regional Plantation Companies has also caused to decrease in the capacity of tea plucking. However, the tea smallholders have contributed 75% to the total tea production.

The average price per kg of made tea at the beginning of the year amounted to Rs.414.74 and it had increased by 9.6% as Rs.454.36 per kg in the mid of the year and it had increased as Rs.579.82 per kg at the end of the year. Accordingly, the average price per kg had increased by 39.8% at the end of the year compared to the outset of the year. As a whole, the price fetched by the tea growers was a top satisfactory price as against the year 2015.

288.77 kg of the total tea production that is, 98.8% had been exported, registering a drop of 5.9% as against the last year. The decline in the tea production was the root cause for the drop.

Overall Performance of the Tea

Details	Year		
	2015	2016	2017 Targets
Tea Production (Mn. Kg.)	329.00	292.36	320.00
Productivity (Kg. Hectare)	1,690.50	1508.00*	1,651.00
Export Revenue (Rs.Bn)	182.05	184.78	
Re planting (Hectare)	1226.00	1140.00*	1500.00
New planting (Hectare)	495.00	128.00*	350.00
Average sale price of tea at Colombo Tea Auction (Rs. / Kg.)	402.14	470.85	-
F.O.B Price (Rs. / Kg.)	593.11	639.88	-

*Updated

Tea Small Holding

➤ Performance

Details	Year		
	2015	2016	2017 Targets
Production of tea small holders (Mn. Kg.)	239.86	217.86	240.00
Contribution to the total tea production (%)	72.92	75	75
Productivity (Kg / made tea / hectare)	2,059	1,820	2060.00

➤ Tea Production

Elevation	Year		Variance (%)
	2015 (Mn. Kg.)	2016 (Mn. Kg.)	
High Grown	14.068	12.558	-10.7
Medium Grown	31.329	28.481	-9.1
Low Grown	194.467	176.819	-9.1
Total	239.804	217.858	-9.17

The Sector of Regional Plantation Companies and Government

➤ Cultivation

Tea cultivation in 74,960 hectares has been undertaken by 21 Regional Plantation Companies (RPCs) out of 23 RPCs.

93.3 hectares under tea cultivation are owned by the government institutions such as Janatha Estate Development Board, Sri Lanka State Plantation Corporation and Tea Research Institute.

➤ Tea Production (By the estates of the institution)

- Regional Plantation Companies

Details	Year		
	2015	2016	Variance(%)
Total Tea Production (Mn. Kg.)	86.9	72.9	-16.1

- Public Sector

Details	Year		
	2015	2016	Variance(%)
Total Tea Production (Mn. Kg.)	2.1	1.4	-33.3

➤ Made Tea Production (Mn. Kg.)

Category of institution	Year		Variance (%)
	2015	2016	
Regional Plantation Companies	118.08	99.26	-15.9
Public Sector	5.72	3.58	-37.4
Cooperative, other & private	204.95	189.52	-1.5
Total	328.75	292.36	-11.1

Tea Production



➤ Agro Climatic Zone wise (Mn. Kg.)

Climatic Zone	Year		Variance(%)
	2015 (*)	2016	
Nuwara Eliya	3.85	5.08	31.7
Western Hill Country	53.60	42.53	-20.65
Mid-Country	47.82	44.25	-7.47
Udapussallawa	6.29	5.70	-9.38
Uva	27.85	23.96	-13.97
Low Country	189.33	170.83	-9.77
Total	328.72	292.36	-11.06

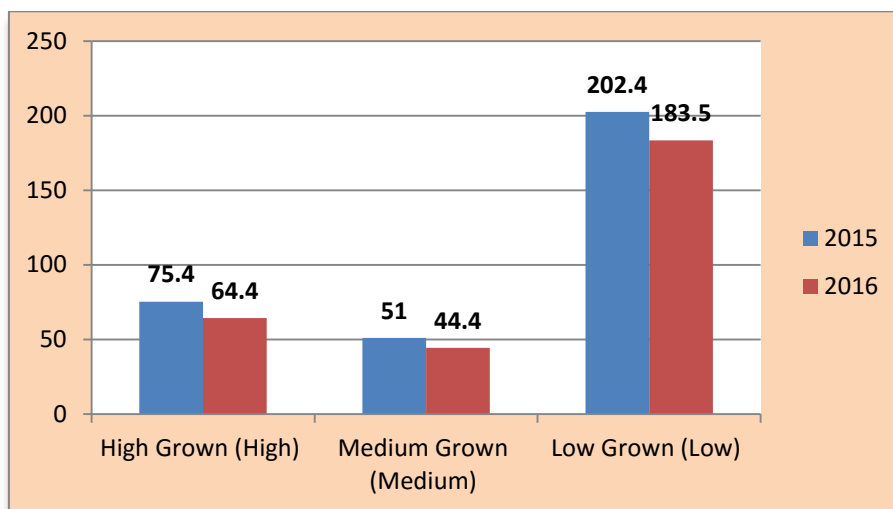
*Revised

However, the tea production in the agro climatic districts such as Western Hill Country - Pundaluoya (6.3%), Mid-Country - Watawala (9.3%), Gampola (8.2%), Madukele/ Knuckles (30.4%), Uva - Koslanda (30.0%) and Low Country – Kalutara (3.7%), Kandy/Matale (17.9%) has increased. Meanwhile, the total tea production in the agro climatic districts such as Western Hill Country - Agarapatana (-39.1%), Hunnasingiriya (-34.1), Uva – Welimada (-34.7%) has dropped by more than 30%.

➤ Elevation wise (Mn. Kg.)

Elevation	Year		Variance (%)
	2015 (*)	2016	
High Grown (High)	75.4	64.4	-14.6
Medium Grown (Medium)	51.0	44.4	-12.8
Low Grown (Low)	202.4	183.5	-9.3
Total	328.8	292.3	-11.1

*Revised



Tea Market – Colombo Tea Auction



➤ Average sale price

Elevation	Year		Variance(%)
	2015 (Kg/Rs)*	2016 (Kg/Rs)*	
High Grown	400.30	457.38	14.26
Medium Grown	362.69	420.67	15.99
Low Grown	417.41	487.16	16.71
Total	405.26	470.85	16.18

*Revised

All the issues on the price of tea arisen in the year 2014 was able to settle in the year 2016. Therefore, the average price in the year 2016 could exceed Rs.461.8 which was the average price in the year 2014.

➤ Quantity of sales

Elevation	Year		Variance(%)
	2015 (Kg/Mn)*	2016 (Kg/Mn)*	
High Grown	68.90	56.24	-18.37
Medium Grown	48.84	42.94	-12.08
Low Grown	198.80	177.87	-10.53
Total	315.51	277.06	-12.19

*Revised

Tea Export

➤ Data on Exports and Re-exports of Ceylon Tea

Details	Year		Variance (%)
	2015	2016	
Export Quantity (Mn.Kg)	306.9	288.8	-5.9%
Export Revenue (Rs.Bn)	182.05	184.78	1.5%
F.O.B Price (Rs.Mn)	593.11	639.88	7.9%

➤ Quantity of Tea exported to 12 Main Destinations in the year 2016

Country	Quantity (Mn. kg.)	*	Decrease / Increase	
			Quantity (Mn. kg.)	*
Russia	34.43	11.92	-2.31	-6.30
Iran	33.93	11.75	-3.88	-12.92
Iraq	32.56	11.27	1.19	3.80
Turkey	27.07	9.37	6.64	19.69
U.A.E	18.38	6.37	-5.06	-21.57
Libya	12.65	4.40	2.66	-26.65
Syria	12.11	4.19	1.02	9.16
Azerbaijan	10.56	3.66	0.62	-5.55
Japan	7.76	2.69	0.70	8.26
China	7.60	2.63	-0.15	-1.99
Germany	6.85	2.37	-0.14	-2.07
Chile	6.67	2.31	0.29	4.19
Sub Total	210.57	72.93	-	-

(* As % of the total export)

In the year 2016, only 3.25 mn kg has been exported to Kuwait which was at the 09th position in the year 2015, registering a drop of 5.2 mn kg (59.6%) as against the year 2015 and it has gone down to the 18th position among the main destinations. In addition to the above countries, 5.22 mn kg and 4.93 mn kg have been exported in the year 2016 respectively to USA which was at the 17th position and Ukraine which was at the 18th position in the year 2015 and the export has been increased by 0.89 mn kg (20.4%) and 0.72 mn kg (17.2) as against the year 2015.

Activities in the Tea Sector

- Subsidy Schemes for tea replanting, new planting and rehabilitation of cultivations were implemented.
- A subsidy amount of Rs.25.4 million was provided to 44 factories as subsidies for factory modernization.
- The Global Tea Promotion Campaign was launched.
- Registration of tea lands was initiated.
- Tea warehouses and packaging centres were monitored and GMP certification was granted.
- Preliminary action was taken to re-investigate the tea export standards established by the Sri Lanka Tea Board in the year 2010 and to formulate them to suit the current market needs.
- The methodology for certification of the Lion Logo was updated.
- International Trade Fairs for tea promotion were conducted and the tea exporters were made the participation in the Trade Fairs.
- Amendments to the Tea Research Board Act No.52 of 1993
The Legal Draftsman has submitted the amended Draft Bill to the Attorney General's Department and clarifications have been made on some matters inquired by the Attorney General's Department.
- Amendments to the Tea Small Holdings Development Law No.35 of 1975
The amendments identified having a discussion with the Tea Small Holdings Development Authority on the Draft Bill sent by the Legal Draftsman, have been referred to obtain the consent of the Tea Small Holdings Development Authority.
- Amendments to the Tea Control Act No.51 of 1957
The Tea Control Draft Bill referred by the Legal Draftsman has been submitted to the Legal Draftsman for observations.
- Entering into International Agreements
 - Observations of the Ministry of Foreign Affairs have been obtained for the Memorandum of Understanding on Technology Exchange in the Tea Sector to be entered into between the Sri Lanka Tea Board and the Chinese Academy of

Inspection and Quarantine (CAIQ) and accordingly, the Sri Lanka Tea Board has been informed to amend the Memorandum of Understanding.

- The Memorandum of Understanding on research and development activities to be entered into between the Kirin Company Limited, Japan and the Tea Research Institute of Sri Lanka has been submitted to seek the consent of the Ministry of Foreign Affairs.
- The Memorandum of Understanding to be entered into between the Shizuoka prefectural institute of Agriculture and Forestry, Tea Research Centre and Kawasaki Kiko Co. Ltd, Japan and the Tea Research Institute of Sri Lanka to conduct a survey on the feasibility to use the technology in Japan to strengthen the competitiveness in the tea industry through controlling the quality of tea, has been submitted to obtain the consent the Ministry of Foreign Affairs.
- The Memorandum of Understanding on development of integrated pest and soil management strategies to be entered into between the Synkromax Biotech Private Limited, India and the Tea Research Institute of Sri Lanka has been submitted to obtain the consent the Ministry of Foreign Affairs.

Special Policy Matters and Proposals to be implemented in the year 2017

- Commemoration of 150th Anniversary of the Ceylon Tea Industry in the year 2017

In this context, the following programmes have been intended to be conducted.

- Conducting Educational Fairs in Regions from February to August 2017.
- Conducting Charity Tea Auction on 15th June 2017 to collect funds for the welfare of plantation workers.
- Conducting International Tea Convention at BMICH from 9th to 11th August 2017.
- Conducting International Tea Festival.
- Issuing promotional souvenirs and various publications.
- Felicitation of James Taylor, Father of the Ceylon Tea Industry.
- Issuing First Day Cover and Commemorative Coin.
- Conferring awards and conducting sessions.
- Conducting Tea Museum related programmes and development of Tea Museum.

- Expanding tea promotion by hosting a global “Ceylon Tea Party” on a single day through Sri Lanka missions worldwide.
- To enhance the value of ‘Ceylon’ Tea through launching the Global Tea Promotion Campaign in 25 countries.
- To increase the export of new tea products (Such as ready to drink).
- To expand the capacity for experiments in the laboratories.
- To further expand the markets available.



Hon. Minister is visiting the Ceylon Tea Promotion Exhibition conducted in U.S.A.



Hon. Minister is granting the fertilizer subsidy to the tea smallholders



Rubber Sector

Overall Performance of the Rubber

The rubber cultivation in Sri Lanka has expanded to 136,274 hectares in 17 districts. However, the new planting has been undertaken only in 13 districts in the year 2016 and 33% and 36% of the new planting have been undertaken in the non-traditional areas such as Monaragala and Ampara. In line with the rubber cultivation in the said districts undertaken by the Smallholder Plantations Entrepreneurship Development Programme (SPEnDP) funded by the International Fund for Agricultural Development (IFAD) and the Smallholder Tea & Rubber Revitalization Project initiated in the year 2016, the extent under new planting will be further expanded in next years. The rubber small holding sector contributes 64.6% to the total extent under rubber.

The rubber production in the year 2016 was 79.1 mn kg registering a drop of 10.7% as against the last year. However, only the Latex Crepe rubber production had increased by 53% as against the previous year.

The price of rubber soared in June and July compared to the first months of the year and had gone down again and recorded the highest price determined in the year, from the beginning of November.

Although the production had declined, the export of raw rubber increased by 55.8% as against the last year. Out of the production of 79.1 mn kg, 20.4% was exported and the income from the raw rubber export was Rs.4.8 billion recording an increase of 37% as against the previous year.

Details	Year			
	2015	2016	Variance (%)	2017 Targets
Quantity of Production (Mn. Kg.)	88.6	79.1	-10.7	85.0
Productivity (Kg. /Hectare)	819.0	851.0	3.9	773.0
Export Revenue (Rs. Bn.)	106.8	116.6	9.2	123.4
Replanting (Hectare)	614	*538.0	-12.9	2700.0
New planting (Hectare)	769.0	592.5	-22.95	2760.0

*Related to rubber smallholders

Expansion of Rubber Cultivation



Except for the traditional rubber growing districts, the new planting of rubber was continued to undertake mostly in Monaragala and Ampara Districts during this year as well as the last few years.

➤ Extent of Rubber Lands

Sector	Extent under Rubber (Hectare)		
	2015	2016	2017 (Target)
Rubber Small Holding Sector	87,604	88,046	90,606
Corporate Sector	48,978	48,228	47,428
Total	136,582	136,274	138,038

➤ District wise Rubber New Planting

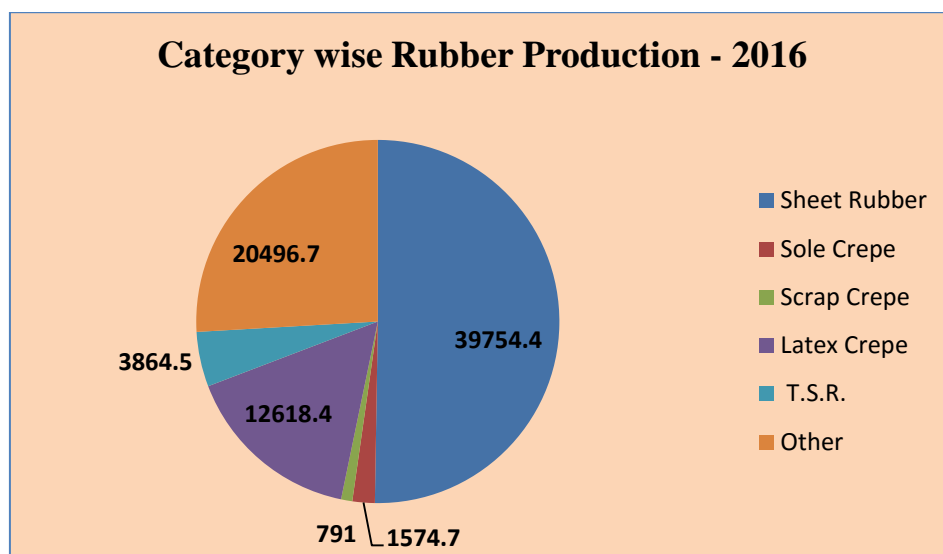
District	Year	
	2015	2016
Hambanthota	7.51	6.36
Matara	16.08	4.74
Galle	5.47	4.35
Kaluthara	28.67	25.65
Colombo	18.04	6.49
Gampaha	20.10	11.87
Kurunegala	12.49	4.58
Kegalle	72.28	46.55
Ratnapura	40.81	18.23
Kandy	5.37	4.32
Badulla	46.71	49.04
Monaragala	95.23	197.72
Ampara	400.29	212.57
Total	769.05	592.47

Rubber Production

The rubber production in the year 2016 was 79,099.7 mt, registering a drop of 10.07% compared to the previous year, as the farmers were not interested in tapping properly due to the decline in the price of rubber in Sri Lanka as a result of the further decrease in the global demand for natural rubber. However, there was a trend in soaring the price of rubber at the latter half of the year and in turn, it is projected that the rubber production will also be increased accordingly.

➤ Category wise Rubber Production

Category	Year		Variance (%)
	2015 (Kg. '000)	2016 (Kg. '000)	
Sheet Rubber	44,392.0	39,754.4	-10.45
Sole Crepe	1,939.0	1,574.7	-18.79
Scrap Crepe	885.7	791.0	-10.69
Latex Crepe	8,266.3	12,618.4	52.65
T.S.R.	7,605.6	3,864.5	-49.19
Other	25,478.3	20,496.7	-19.55
Total	88,567.2	79,099.7	-10.69



Productivity of the Rubber Sector

Year	Kg. / Hectare
2014	889
2015	819
2016	851

Rubber Market Price

- Average Auction Price

Price for R.S.S. (Ribbed Smoked Sheets) Rubber

Category	Year		Variance (%)
	2015 Rs./Kg.	2016 Rs./Kg.	
R.S.S. 1	245.93	238.97	-2.83
R.S.S. 2	241.02	229.28	-4.87
R.S.S. 3	235.18	231.36	-1.62
R.S.S. 4	224.60	223.330	-0.57
R.S.S. 5	236.52	226.30	-4.32

Raw Rubber Exports

➤ Rubber Production and Raw Rubber Export

Year	Rubber Production (Mn.Kg)	Quantity of Exports (Mn.Kg)	Export of the Production %	Export Revenue (Rs. Mn.)
2015	88.6	10.4	11.7	3.5
2016	79.1	16.2	20.4	4.8

1/5 of the total production has been exported. The income from raw rubber exports has also increased by 37%.

➤ Category wise Rubber Exports

Category	Year		Variance (%)
	2015 (Kg. '000)	2016 (Kg. '000)	
Sheet Rubber	903.4	1,029.7	13.9
Sole Crepe	1,847.0	1,499.7	-18.8
Scrap Crepe	12.5	0.0	-100.0
Latex Crepe	6,888.6	10,515.0	52.6
T.S.R	416.8	1,140.5	173.6
Other	305.0	1,381.4	352.9
Total	10,373.2	16,166.7	55.8

Special Activities carried out in the Rubber Sector

➤ Sri Lanka Rubber Industry Development Master Plan (2016 - 2025)

The Cabinet approval has been granted to the Cabinet Memorandum dated 29.02.2016. Further, Cabinet approval has been granted to the Cabinet Memorandum dated 03.08.2016 submitted to set up a Rubber Secretariat in collaboration with the private and public sectors for the purpose of implementation of this Master Plan, to recruit a staff with essential expertise and to appoint a Ministry level Steering Committee. Accordingly, action is being taken to set up the office and to recruit the relevant staff.

➤ **Liquidation of Rubber Replanting Subsidy Fund and Rubber Control Fund.**

Cabinet approval has been granted to the Cabinet Memorandum dated 25.02.2016 submitted on “Liquidation of Rubber Replanting Subsidy Fund and Rubber Control Fund”. Action was taken to appoint the Internal Auditor of the Rubber Development Department as the liquidator to expedite the activities of the liquidation. The interim report of the liquidator in respect of this matter has been submitted to the Ministry.

➤ **Revision of CESS levied on Export of Rubber**

Approval has been granted to the Cabinet Memorandum dated 30.03.2016 submitted for the purpose. Accordingly, action has been taken to reduce the CESS levied on export of raw rubber under Section 14 (1) of the Sri Lanka Export Development Act No.40 of 1970 from Rs.15.00 to Rs.4.00 per Kg, with effect from 15.06.2016.

➤ **Conducting the 3rd Meeting of Expert Group on Natural Rubber Price Stabilization of the Association of Natural Rubber Producing Countries (ANRPC) in Sri Lanka**

At the annual meeting of the Association held in 2015, it was decided to appoint a Committee to analyze the concern on the continuous decline in rubber prices faced by the Natural Rubber Producing Countries and to make recommendations to stabilize the rubber prices. Accordingly, the 1st and 2nd Meetings of the Expert Group were held in Singapore in December 2015 and Thailand in March 2016 respectively. The 3rd or the final meeting of the Expert Group was successfully conducted from 18-20 August 2016 in Wadduwa under the chairmanship of Sri Lanka.

➤ **Implementation of the decisions made by the International Rubber Study Group (IRSG) and the Association of Natural Rubber Producing Countries (ANRPC) and Studying the international analytical reports obtained through the IRSG and the ANRPC.**

Action was taken to utilize the said information in the process of making decisions as required.

➤ **Activities related to pay the arrears of EPF, ETF and Gratuity payments in the Rubber Research Institute**

The Cabinet approval was obtained to make the payments in respect of the Cost of Living Allowance to 244 employees who serve and 140 retired employees from 2006 to 2011.

➤ **Leasing out of Elpitiya Foam Rubber Factory belonging to Sri Lanka Rubber Manufacturing & Export Corporation Ltd.**

Approval has been granted to obtain a new valuation report in respect of the Cabinet Memorandum dated 14.09.2016 submitted to lease out the Elpitiya Foam Rubber Factory which has been remaining idle for a long time, belonging to the Sri Lanka Rubber Manufacturing & Export Corporation Ltd, to a suitable investor for a period of 30 years and to lease out to a suitable investor for a period of 30 years.

Special Policy Matters and Proposals to be implemented in the year 2017

- To implement special programmes to enhance the productivity in the rubber cultivation.
(The Rubber Development Department, Rubber Research Institute and Thrusaviya Fund will be joined for the purpose).
- To submit proposals to reinforce extension services in the rubber sector.
(A committee represented by the Rubber Development Department, Rubber Research Institute, Thrusaviya Fund, Department of Agriculture, Sri Lanka Federation of Rubber Smallholder Societies and Planters' Association has been established).
- To perform the duties assigned as a member of the Association of Natural Rubber Producing Countries.
- To perform the duties assigned as a member of the International Rubber Study Group.
- To implement special programmes to uplift living standard of the rubber growers.



Hon. Minister is handing over appointment letters to new officers of the Rubber Development Department



Hon. Minister is offering fertilizer subsidy cheques to rubber growers

Coconut Sector



The coconut cultivation is undertaken in 440,000 hectares in Sri Lanka of which 84% is contributed by coconut smallholders of less than 20 acres. Since the coconut cultivation has scattered throughout the country including the coconut triangle, action has been taken through various activities continuously to expand the new and re-planting in this year as well. Specially, preliminary action has been initiated to enhance the coconut cultivation in the Northern Province.

The coconut yield in this year was 3011 mn nuts, registering a drop of 1.5% compared to the previous year due to the low rainfall prevailed in the last year and a decrease in the yield as against the year 2015 could be seen only in the last few months of the year.

A number of 87 mn nuts was auctioned in the year 2016 and it was the highest number of coconuts auctioned after the year 1994 in which the Colombo coconut auction was initiated. This was caused by the auction of a large number of coconuts to control the loss to be incurred due to the decline in the coconut price prevailed in the first half of the year. The auction price, wholesale price and retail price declined by 19%, 5% and 1% respectively compared to the last year. However, the coconut price soared with the drop in the supply of coconuts at the end of the year.

The export revenue of coconut products was Rs.84.7 mn recording a growth of 13% as against the year 2015 and it was the highest revenue recorded up to now. The income of coconut kernel, coir fibre finished products and coconut shell products and the quantity of exports had increased as against the year 2015 due to direction to new destinations for coconut based products.

Overall Performance of the Coconut Sector

Details	Year		
	2015	2016	2017 Targets
Coconut yield (Mn. Nuts)	3,056.00	3,011.00	3,050.00
Export revenue (Rs. Bn.)	75.26	84.70	97.00
Coconut seedling production (Mn.)	2.71	3.03	5.00
Coconut auction price (Rs.)	33.64	27.26	-

Coconut Cultivation

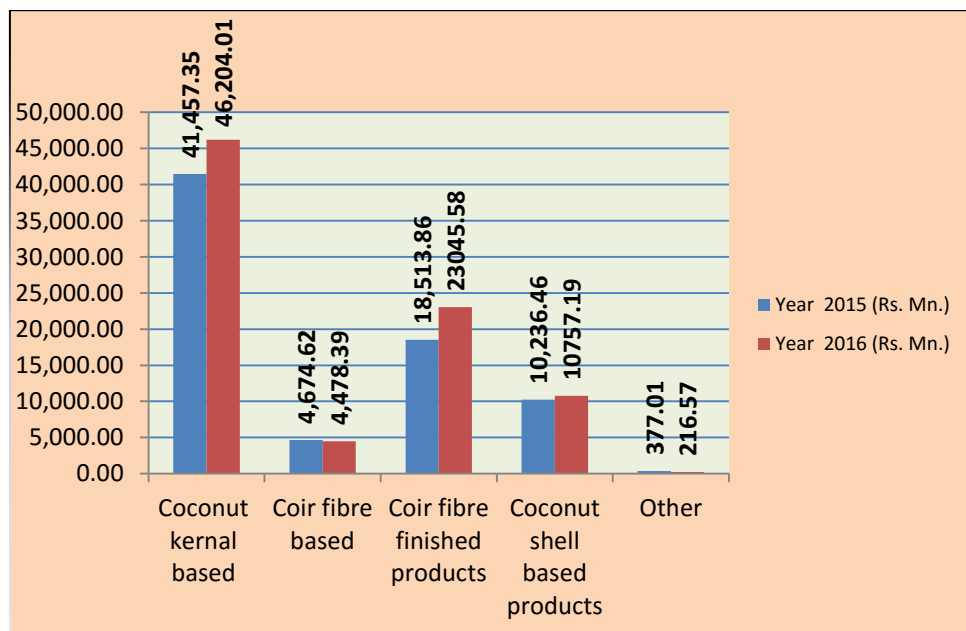
➤ Coconut Seedling Production

Year	Production (Mn.)
2012	7.8
2013	6.5
2014	6.4
2015	2.7
2016	3.3
2017 (Targets)	5.0

Export Revenue

Coconut related products can be divided into four main categories in exporting and the revenue earned thereby was as follows.

Product Category	Year		Variance %
	2015 (Rs.Mn)	2016 (Rs.Mn)	
Coconut kernal based	41,457.35	46,204.01	11
Coir fibre based	4,674.62	4,478.39	-4
Coir fibre finished products	18,513.86	23,045.58	24
Coconut shell based products	10,236.46	10,757.19	5
Other	377.01	216.57	-43
Total	75,259.30	84,701.74	13



Increase in Export Revenue

The export revenue of the following products continued to increase from the year 2014 -2016

Product	Revenue (Rs. Mn.)				
	Year 2014	Year 2015		Year 2016	
		Revenue	Increase %	Revenue	Increase %
King Coconuts	131.50	288.20	119	439.2	52
Poonac	153.70	251.50	64	688.5	174
Coconut Cream	783.60	1216.75	55	1375.3	13
Coconut Milk	3,204.10	4641.70	45	6451.7	39
Coconut Shell & Shell Powder	23.50	23.83	2	24.18	01
Coir Pith	6,489.00	7259.60	12	9407.5	30
Husk Chips	884.86	1036.50	17	1467.50	42

Increase in Export Quantity

The export quantity of the following products continued to increase from the year 2014 - 2016

Product	Year 2014	Quantity (Mt.)			
		Year 2015		Year 2016	
		Quantity	Increase %	Quantity	Increase %
Virgin Coconut Oil	7,278	13,353	83	15,585	17
King Coconuts	1,980,199	3,198,907	62	4,052,002	27
Poonac	2,556	4,184	64	17,122	309
Coconut Cream	1,923	2,874	49	3,652	27
Coconut Milk	15,491	21,957	42	30,497	39
Desiccated Coconut	3,793	3,995	05	5,730	43
Coconut Water	797	2,954	-	3,078	04
Coir Pith	157,177	169,544	08	186,820	10
Husk Chips	14,610	16,886	16	21,421	27

Special Activities carried out in the Coconut Sector

- Action was taken to formulate four year Coconut Development Plan 2017 – 2020.
- The following activities were carried out under the National Food Production Programme implemented under the guidance of the Presidential Secretariat.
 - Establishment of Coconut Model Gardens
 - Conducting district wise awareness programmes for farmers.
 - Conducting the competition for the best farmer in the coconut sector.
- Guidance was provided to take part in international exhibitions to promote the coconut product exporters and manufacturers for international trade affairs.
- Action was taken to select a formal auctioneer and to regularize the coconut auction thereby.

- The Kapruka Fund Programme was reinforced to mobilize the small scale coconut growers as a community based organization for coconut related small and middle scale industries.
- A new coconut nursery was established in Mullaitivu District to meet the requirement for coconut seedlings in the Northern Province and the guidance was provided to set up a new Regional Office and a Resource Centre of the Coconut Cultivation Board in Kilinochchi District.
- A special attention was drawn to produce high genetic and high yielding coconut seedlings in the year 2016 and accordingly, the guidance was provided to establish a seed garden at Maurapura in Hambantota District to produce high quality seeds through the hand pollination method.
- Action was taken to draft a Memorandum of Understanding between the Coconut Research Institute and the Coconut Cultivation Board for the seed garden to be established in Weligama in respect of the Programme for Control of Weligama Coconut Leaf Wilt and Rot Disease.
- The exporters were encouraged through reducing the annual registration fee for fresh nut exporters from Rs.500,000/- to Rs.50,000/- with the increase in the coconut yield.
- Action was taken to control the price of coconut in the local market through revoking the sum of Rs.5/- per nut on export of fresh nuts charged by the Coconut Development Authority.
- The contribution was made to develop the coconut related industries through the regulation of Tariff on imported edible oil.
- Approval was granted to establish another two desiccated coconut mills to expand the international market for desiccated coconuts.

Special Policy Matters to be implemented in the year 2017

- Taking action through some activities to expand the coconut cultivation development activities in Northern Province identified that a high potential is available for the coconut cultivation.
- Preliminary action is being taken by the Coconut Research Institute to establish a coconut sapling nursery in a land of 05 acres in Kothmale area suitable for Up-country wet zone climate.
- Designing a NVQ course in association with the Coconut Research Institute and NIPM.
- Standardization of coconut based products and to strengthen upgrading the standard of the factories.



Hon. Minister is distributing coconut saplings in Northern Province during 'Kaprukai - Sipnanai' Programme



Hon. Minister is distributing coconut saplings to coconut growers

Sugarcane Sector



The sugarcane cultivation is undertaken in 16,272 hectares in Sri Lanka in association with three main Plantation Companies. In addition, The cultivations at research level and aimed at sugarcane and jaggery production are undertaken in Kantale, Kilinochchi, Nuwara Eliya and Badulla districts.

The sugarcane yield was recorded as 811,593 Mt in the year 2016, registering a growth of 8.2% as against the year 2015 as a result of the advices and services provided by the Sugarcane Research Institute. Accordingly, a sugar yield of 8% could already be reaped from the sugarcane.

Overall Performance of the Sugarcane Sector

Details	Year		2017 argetsT
	2015	2016	
Extent under sugarcane (Hectares)	16,990	16,272	18,950
Sugarcane Yield (Mt.)	750,079	811,593	82,000
Sugarcane Productivity (Mt. /Hectare)	61	53	60
Introducing new varieties	01	-	02

Special Activities carried out in the Sugarcane Sector

- Suitable areas were identified to expand the sugarcane cultivation for producing sugar and jaggery.
- A sugarcane farmer meeting was conducted at the Sugarcane Research Institute under the Wawili Saviya Programme and the issues of the representatives of the sugarcane farmer organizations were discussed thereat.

- The livelihood of the farmers in Badulla, Kilinochchi and Nuwara Eliya was developed through the maintenance of sugarcane cultivation and establishment of 02 sugarcane jaggery manufacturing centres in Badulla district.
- A land in extent of 1.629 hectares in Siyambalanduwa was acquired on lease basis by the Sugarcane Research Institute to establish a research farm.
- Approval was granted for a training programme to the Sugarcane Research Institute in association with the Vasantdada Sugar Institute in India.
- A Manual of Procedure of the Sugarcane Research Institute was drafted and submitted to approval of the General Treasury.
- A Memorandum of Understanding with China was submitted for approval of the Ministry of Foreign Affairs.
- Policy guidelines for the betterment of the sugarcane sector were formulated and implemented.

Special Activities to be implemented in the year 2017

- Taking action to implement close programmes on technical and research activities of the sugarcane sector with Australia, China, Philippines and Pakistan.
- Taking action to facilitate the new investors to invest in suitable lands for sugarcane cultivation.

Plantation Management Monitoring Division**➤ Recovering lease rentals from the Regional Plantation Companies**

The estimated arrears of lease rentals to be collected in the year 2016 was Rs.933 million of which Rs.651 million has been recovered as at 31.12.2016.

The arrears of lease rentals which was included to Rs.933 million and to be recovered as at 01.01.2016 for the previous years was Rs.649 million and the said amount could be reduced to Rs.450 million.

➤ Financial Progress Review of the Regional Plantation Companies

Actions have been taken to regularly continue proper studying and analyzing of quarterly and annual accounts statements of the RPCs and thereby, instructing to the Companies to make rectifications where necessary. Moreover, a data base on the financial and physical progress of the Plantation Companies has been maintained.

➤ Sub-Leasing

Approval of the Golden Share Holder was granted to sub lease 10 plots of lands from the estates managed by Regional Plantation Companies to third parties.

➤ Monitoring of Timber Harvesting and Field inspections

Field inspections have been conducted in 45 estates owned by 07 Regional Plantation Companies in collaboration with other relevant institutions and approval has been granted for timber harvesting.

➤ Eviction of Squatters

In terms of the State Lands (Recovery of Possession) Act, action has been taken with regard to 395 cases relating to unlawful squatting and unauthorized occupancies in more than 400 estates managed by Regional Plantation Industries. The contribution has been made to the cases hearing at various courts with regard to this matter and about 06 field inspections have been conducted.

➤ Release of lands for public purposes of the government

Necessary actions have been taken in respect of 90 requests made to allocate lands from the estates managed by the Regional Plantation Companies for infrastructure development projects and other public purposes (Schools, playgrounds, community centres, religious places, houses).

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

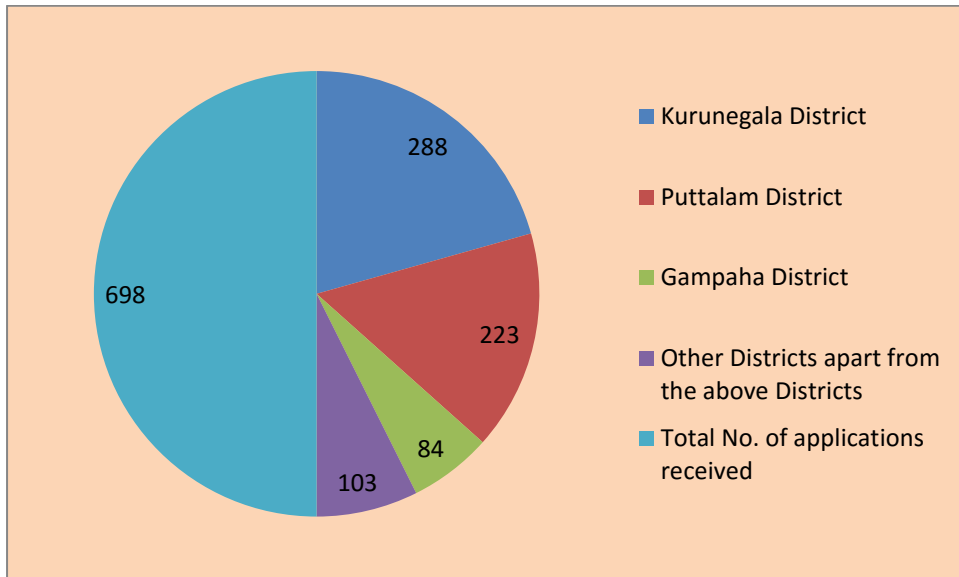
Physical Progress

No. of Applications received	Method of transfer	Extent of land applied			Extent of land approved up to 31.12.2016		
		Acres	Roods	Perches	Acres	Roods	Perches
210	Single units	3776	0	19.110	3188	1	14.15
488	Other transfers	8678	0	26.501	6089	0	19.80
698	Total	12454	0	45.611	9277	1	33.95

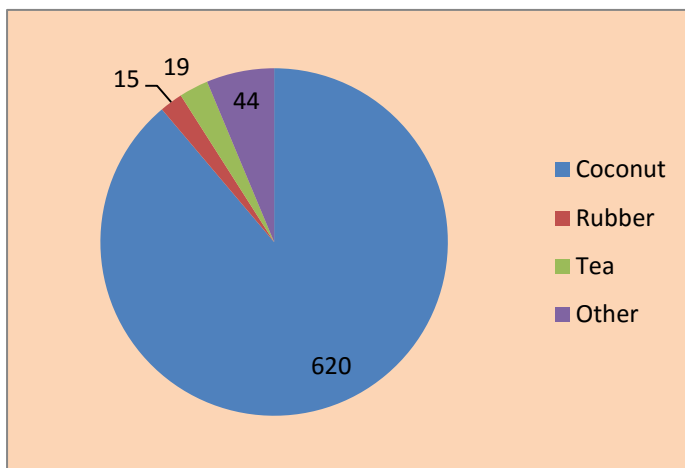
Receiving Applications

Description	Number
Total No. of applications received	698
No. of Board Meetings conducted	12
No. of Applications submitted to the Board of Directors	529
No. of Applications approved by the Board of Directors	524
No. of Applications rejected	5
No. of Applications inapplicable to the Act	5
Applications incomplete & referred to obtain reports	163

District wise applications received



Crop wise applications received



Crop Type	Number of Applications	Extent of Land		
		Acres	Roods	Perches
Coconut	620	10777	1	21.67
Rubber	15	388	1	31.12
Tea	19	716	2	27.213
Other	44	571	3	5.61
Total	698	12452	7	85.613

Smallholder Plantations Entrepreneurship Development Programme (SPEnDP)

The cumulative financial progress of the programme during the period of 09 years from January 2008 to 31.12.2016 has recorded as Rs. 2,852 Mn. which is 85% from the total project cost of Rs. 3,385.33 Mn. The cumulative physical progress as at 31.12. 2016 is 95%.

Financial Progress - 2016

Funding Source	Mid Country SPMU		Monaragala SPMU		NPCU		Total Allocation for the programme (Rs. Mn.)	Total Expenditure (Rs. Mn.)	% of Utilization
	Allocation (Rs. Mn.)	Expenditure (Rs. Mn.)	Allocation (Rs. Mn.)	Expenditure (Rs. Mn.)	Allocation (Rs. Mn.)	Expenditure (Rs. Mn.)			
IFAD	185.00	182.63	232.71	204.21	26.79	22.79	444.50	409.63	92.15%
GOSL	18.50	11.86	22	12.18	11.5	7.83	52.00	31.87	61.28%
Total Value	203.50	194.49	254.71	216.39	38.29	30.62	496.50	441.50	88.9%

Cumulative Physical Progress (2008 – 2016)

Component No.	Project Component	Physical Progress (%)		Average of Physical Progress of the Programme (%)
		Mid Country Programme	Monaragala Programme	
Com : 1	Community Development and Strengthening of Grass roots Institution	90	93	95%
Com : 2	Out Growers & Diversification Development	80	90	
Com : 3	Processing & Marketing	91	75	
Com : 4	Rural Financing & Credit	100	100	
Com : 5	Programme Management	80	93	

Mid Country Sub Programme

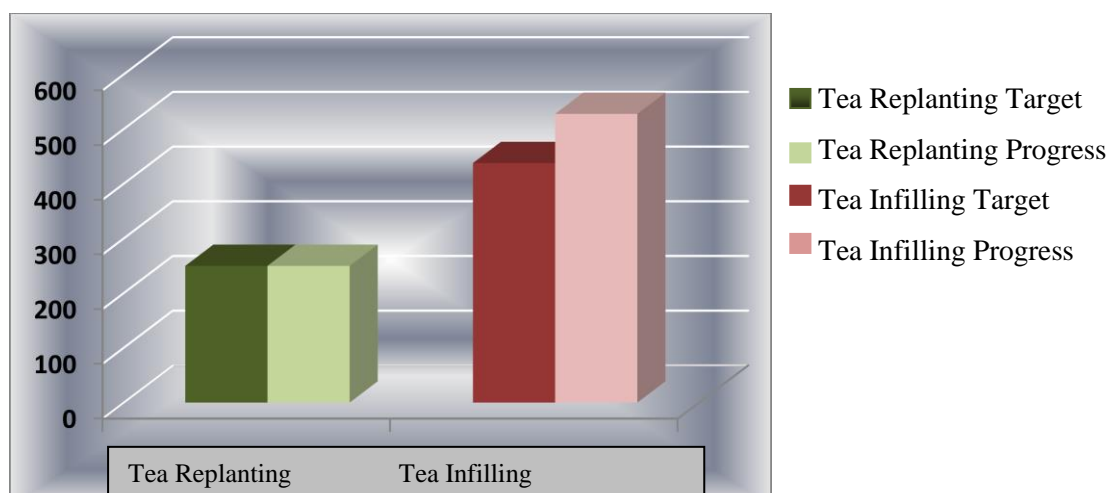
The Mid Country Sub Programme covers the D.S. Divisions of Udapalatha, Ganga Ihala Korale and Doluwa in Kandy District, D.S. Division of Kothmale in Nuwara Eliya District, D.S. Divisions of Aranayaka, Bulathkohupitiya and Kegalle in Kegalle District and provides service to 9,600 families.

Financial Progress (Rs. Mn.)

Financial Target	Progress	%
203.5	194.49	96

- The target for replanting of tea was 250 hectares and plants had been issued for replanting in 250 hectares by the end of the year under review. It is 100 % of the set target. 438 hectares were targeted for infilling of tea and plants had been issued for 528 hectares. The yielding in the tea estates replanted and infilled has already been started. A subsidy amount of Rs.6 million has been granted for tea replanting in the year 2016.

Cumulative Progress of Tea Planting (2008 - 2016)



- Rs.9,940,000.00 has been granted to increase income through self employments by distributing 199 matching grants among the low income families. 878 matching grants have been disbursed up to the year 2015 from the commencement of the programme and around 3,951 members of low income families have been benefited thereby.

- 12,000 meters lengths of 56 access roads were rehabilitated at a cost of Rs.60,712,000 covering 07 DS Divisions and the Project Community Contribution would be Rs.12,142,400. It covers 2,950 acres under tea cultivation and the No. of beneficiary families is 3,933.
- Under the Dairy Development programme, it had been targetted to distribute 300 hybrid cattles and 118 cattles have been distributed among the beneficiaries during the year. The cumulative progress of distributing cattles by the end of the year is 400. On an average, 12 liters of milk could be obtained per day per cow. The project has established 2 milk processing and collection centres in Kothmale and Bulathkohupitiya D.S. Divisions.
- During the year 2016, 1,075 special green leaf baskets recommended by the Tea Research Institute were distributed among the beneficiaries and the total cost was Rs.908,000.
- Since it was unable to grant deeds to the lands of a large No.of beneficiaries resettled within Mahaweli Project during past 30 years, there has been a lapse in the regularization of lands and the project has taken action to grant deeds to more than 4,000 blocks of lands. Rs.22.5 million has been incurred for surveying the blocks of lands in the year 2016 only. The Land Reform Commission has already issued 849 deeds to the beneficiaries. The Land Reform Commission has agreed to take necessary action to issue the remaining number of deeds in due course.
- Under Rural Credit Programme, loans have been granted to 289 beneficiaries at an interest rate of 7% in the year 2016 with the purpose of creating self-employment opportunities, improving agriculture, initiating small projects and developing livelihoods.

Monaragala Sub Programme

9,514 families in 247 Grama Niladhari Divisions of 08 D.S. Divisions have been benefited.

Financial Progress (Rs. Mn.)

Target	Progress	(%)
254.71	216.84	85

- Rs. 6.273 Mn worth 73801 certified high yielding rubber plants were issued for infilling at the end of the year 2016.
- A subsidy amount of Rs.50,002,771.29 has been paid to the farmers for cultivation of rubber in the year 2016. 5% - 10% of



5,087 hectares under rubber cultivation contributed by the project are under tapping and this will be increased to 100% by the year 2025. The cumulative income projected from the rubber production during the period from 2016 – 2025 is Rs.6,500 million (Rs.200/- per 1kg of rubber). However, the income would be further increased, if the hike in the price of rubber is continued.

- 18 drinking water wells have been constructed and the total expenditure for the purpose is Rs.3.37 Mn. Total of 416 beneficiaries are getting the benefits of drinking water projects.
- Under the 08 DS Divisions 106 (102 Kms) community roads were rehabilitated by spending the total amount of Rs.120 Mn. This development exercise was benefited for 8834 households of 2846.96 hectares of rubber lands. 12.36 Km of 12 roads has been rehabilitated at a cost of Rs.22.2 million in the year 2016 only.
- Matching grants were distributed among the beneficiaries for mushroom production. Average mushroom production per farmer per week is 300 packs (200gms.) and can obtain average income of Rs. 12,000 per week.
- The project has distributed 41 high quality hybrid cattles during the year. The cumulative value of the cattles distributed is 396. On an average, 12 liters of milk could be obtained per day per cow.
- Six milk collecting centers have been constructed in Buttala, Badalkubura, Wellawaya, Monaragala, Madulle and Medagama and 788 liters of milk could be obtained per day from 373 milking cows (Including 155 pregnant cows) of 244 registered dairy farmers.
- RSS rubber sheet processing activities have been commenced in 31 Group Rubber Processing Centres. The expenditure for construction of Rubber Processing Centres by the end of the year is Rs.31.61 million.
- The training required from rubber tapping to rubber processing were given to the members of VRDC in collaboration with the Rubber Research Institute. In this context, the training has been given to 3114 beneficiaries spending Rs.5,431 million under 88 basic programmes.
- Loans have been provided to 2,355 beneficiaries by the end of the year. The total financial value of the loans provided during the entire period of the programme implemented amounts to Rs. 310.38 Mn.



Oil Palm Cultivation



Approval of the Cabinet Sub-Committee on Economic Management was granted to expand the oil palm cultivation up to 20,000 hectares. Accordingly, approval has been granted to 14 Regional Plantation Companies to import 916,352 seeds in the year 2016. In terms of the decision made by the Cabinet of Ministers in the year 2009, recommendations are made to provide tariff concessions to import oil palm seeds. In year 2016, recommendations have been made for tariff concessions to import 384,930 seeds.

Making recommendations to import seeds

Year	Amount of seeds permitted to import
2013	51,000
2014	102,000
2015	66,827
2016	384,930

Palm Oil Production

Type	Production in 2016 (Mt.)
Crude Palm Oil	18,083
Crude Palm Kernel Oil	941
Kernel Oil	776

Coconut Land Rehabilitation Programme

A sum of Rs.250 million was allocated for this programme by the Budget Speech 2016 and the Coconut Cultivation Board is the implementing agency. Under this programme, subsidies are provided for intercropping in coconut lands and construction of stone terrace or contour ditches for soil conservation in coconut lands. Out of the said allocation, Rs.05 million was allocated for the project to produce hybrid coconut seedlings in home gardens to meet the requirement for hybrid coconut seedlings in Northern Province.

Physical Progress

Programme	Beneficiaries
Granting subsidies for construction of stone terrace or contour ditches for soil conservation	8132
Granting subsidies for intercropping in coconut lands	3698
Construction of coconut husk pits for soil moisture	3778

Financial Progress

Approved Amount (Rs. Mn.)	Expenditure (Rs. Mn.)
250.00	145.41

The variance in the receipt of imprests made an interruption to achieve the financial target.

National Food Production Programme

In parallel to the National Food Production Programme implemented by the Presidential Secretariat, the “Coconut Model Garden Programme” was implemented under this Ministry to demonstrate the manner in which the coconut cultivation is maintained productively, a maximum yield is reaped and the income of growers is increased in order to make a contribution to the national food production through the coconut sector. Under this

programme, the activities such as preparation of coconut planting holes, construction of fences, intercropping, soil conservation, application of fertilizer, irrigation, animal husbandry, control of diseases and pests were carried out in this Model Garden.

Progress

Physical	Financial (Rs. Mn.)	
	Approved Amount	Expenditure
51 growers (74.5 acres)	28.00	28.00

Cadastral Survey Programme

The Survey Department and Land Reform Commission act as implementing agencies of the Cadastral Survey Programme of the Regional Plantation Companies.

Physical Progress

04 maps of an estate of a Plantation Company have been received. The maps of 2112 hectares in 04 estates of 04 Plantation Companies are to be received. The preparation of maps in 390 hectares of a Plantation Company is in progress.

Financial Progress

Approved Amount (Rs. Mn.)	Expenditure (Rs. Mn.)
5.0	1.54

Programme for Development of a biochemical approach to control the tea Shot –Hole Borer

Tea Research Institute of Sri Lanka acts as the implementing agency of this programme implemented from the year 2016 – 2018. In this context, Researches are conducted to biologically control the Shot-Hole Borer who is a threat to the tea cultivation.

Physical Progress

Sample collection and analysis is in progress.

A HCLP machine has been purchased to mix chemical substances. As well, the equipment for sample collection and analysis has also been purchased.

Financial Progress

Approved Amount (Rs. Mn.)	Expenditure (Rs. Mn.)
16.08	16.05

Plantation Management Monitoring Programme

The Plantation Management Monitoring Division which is operated under the Ministry to expand the monitoring activities of the Regional Plantation Companies, is strengthened under this programme. In addition to the allocations made for the year 2016, a sum of Rs.03 million has been approved.

Physical Progress

03 training programmes were conducted and 109 officers have been trained. A series of training programmes in 17 estates owned by the Thalawakele Plantations Ltd has been initiated as a pilot project. The equipment required for the Plantation Management Monitoring Division has been furnished.

Financial Progress

Revised approved Amount (Rs. Mn.)	Expenditure (Rs. Mn.)
9.00	9.00

Soil and Water Conservation Productivity Development Programme for Tea Small Holdings

Although the Tea Small Holdings Development Authority acted as the implementing agency during last two years, this programme was implemented directly under the guidance of the Ministry in the year 2016 and the programme was implemented only in the two districts of Matara and Galle within the ceiling of approved provisions, considering the number of tea smallholders. A subsidy of Rs.5,000/- was granted, if a land owner of less than 01 hectare had carried out the activities related to the soil conservation in his land.

Physical Progress

District	No. of Beneficiaries
Galle	16,977
Matara	14,726
Total	31,703

Financial Progress

The programme implemented in the field had to be restricted at the latter half of the year on the nature of releasing the imprests from the Treasury.

Approved Amount (Rs. Mn.)	Expenditure (Rs. Mn.)
200.00	160.23

**Programme for Control of Weligama Coconut
Leaf Wilt & Rot Diseases**

Since control of the fatal disease called “Weligama Coconut Leaf Wilt and Rot Disease” which has spreaded in the Southern Province has been expedited since year 2011, spread of the disease outside the diseased area has been controlled successfully at present. As well, spread of the disease in the diseased area has been managed successfully and the number of infected palms found has gradually decreased.

The identified marked infected palms are removed by the land owners themselves and the infected palms identified in the unsettled lands and the infected palms marked and not removed by the land owners will be injected and destroyed. In the year 2016,

- Marking of infected palms - 7,943
- Removal of infected palms - 11,716 (With the trees marked in the last year)

Meetings have been conducted to make the land owners and Grama Niladharies aware of the disease and control of the disease and methodologies to make aware through leaflets and posters have been implemented.

- No. of meetings conducted – 82

Intercrops have been distributed to uplift the living standard of the land owners who removed the infected palms.

- Cinnamon plants - 41,485
- Pineapple plants - 200,000
- Pepper plants - 43,000
- D x T Coconut seedlings - 11,462

The researches on the disease spread, soil components in the diseased area and disease resistant hybrid coconut varieties, which were conducted continuously by the Coconut Research Institute have become successful and arrangements have been made to assign the Weligama Coconut Nursery owned by the Coconut Cultivation Board to the Coconut Research Institute to establish a coconut seed garden to produce disease resistant coconut seedlings.

The Coconut Cultivation Board and Coconut Research Institute are implementing agencies.

Financial Progress

Revised approved Amount (Rs. Mn.)	Expenditure (Rs. Mn.)
67.00	52.81

Since the number of infected palms found was decreased and it was delayed to acquire the land of disease resistant coconut seed garden, the provisions allocated for the purpose remain unused.

Fertilizer Subsidy Programme

Providing financial subsidies to apply fertilizer to the tea, coconut and rubber cultivation was initiated in the year 2016 on the following criteria.

Crop	Criteria, subsidy granted	Subsidy (Rs.)
Tea	Farmers less than 01 hectare	15,000
Rubber	Farmers up to 02 hectares Up to 01 acre	5,000
Coconut	Farmers up to 02 hectares Up to 01 acre	9,000

Progress

Crop	Physical Progress (Beneficiaries)	Financial Progress
Tea	207,170	1273.25
Rubber	38,472	91.10
Coconut	72,384	495.00

Sugarcane Nursery Programme

The Sugarcane Research Institute acts as the implementing agency of this programme and Under the programme, it is expected to produce high quality sugarcane plants suitable to the soil conditions available. Nurseries have been established in Kantale and Kilinochchi areas.

Physical Progress

- Kantale Sugarcane Nursery – A nursery in 35 hectares has been established and is being maintained. The repairs to the buildings have been completed. The electric fencing and supply of water and electricity have been completed.
- Kilinochchi Sugarcane Nursery – A nursery in 04 hectares has been established and is being maintained. The required constructions and electric fencing have been completed. The water supply process have been completed.

Financial Progress

Nursery	Approved Amount (Rs. Mn.)	Expenditure (Rs. Mn.)
Kantale	9.61	9.61
Kilinochchi	2.39	2.39
Total	12.00	12.00

Programme for strengthening Tea, Rubber and Coconut Research Institutes

A sum of Rs.200.00 million for two years was allocated in the Budget 2016 out of which Rs.90.00 million has been allocated to three institutes Rs.30 million each for the year 2016 to procure required machinery and equipment and to upgrade laboratory facilities of the institutes.

Progress

Institute	Physical Progress	Financial Progress (Rs. Mn.)
Coconut Research Institute	30 machinery & equipment	30.00
Tea Research Institute	27 machinery & equipment	30.00
Rubber Research Institute	11 machinery & equipment. Machines have been installed and a Field Exchange Centre was established.	30.00

**Programme for strengthening Sugarcane
Research Institute**

A sum of Rs.50 million was allocated in the Budget 2016. Action has been taken to upgrade the laboratory facilities of the institute.

Progress

Physical Progress	Financial Progress (Rs. Mn.)
87 machinery & equipment and required chemicals have been procured.	50.00

**Project to improve effective management techniques for
Identification of the potential pest and disease problems
of Rubber in non-traditional areas of Sri Lanka**

The objective of this project is to enhance the productivity of the rubber cultivation through introducing improved management techniques to control the diseases that impede the increase of the economic value of the rubber cultivation in non-traditional areas.

The Rubber Research Institute acts as the implementing agency.

Progress

Physical Progress	Financial Progress	
	Allocation (Rs. Mn.)	Progress (Rs. Mn.)
95% of the selection of places for sample collection and analysis has been completed.	5.00	4.996

Restructuring of Tea Shakthi Fund

In terms of the Cabinet approval, restructuring process of the Tea Shakthi Fund was carried out during the year. A sum of Rs.167.87 million was allocated by the General Treasury to pay the loans and the arrears of the salaries of the employees.

- Raigamkorale, Deraniyagala, Deniyaya and Gileemale Tea Shakthi Factories owned by the Tea Shakthi Fund has already been leased out to the outsiders. Action is being taken to lease out Passara, Keppetipola, Mahaweli, Mawarala, Kotmale, Walahanduwa, Elpitiya, and Balangoda Tea Shakthi Factories, Tea Estate in extent of 100 acres at Mawarala and the fertilizer store at Aramanagolla, Horana to the outsiders.
- The responsibility to maintain the Tea Shakthi Insurance Project has been entrusted with the Tea Small Holdings Development Authority.
- Action has been taken to attach the employees in the permanent staff of the Head office of the Tea Shakthi Fund to the other institutions coming under the Ministry on their performance and qualifications.
- The sum of Rs.167.87 million allocated by the General Treasury has been utilized to pay the outstanding amounts of loans, the arrears of salaries of the employees and outstanding amounts payable to various institutions and green leaf owners.
- The services of the factory staff and the staff of the Head office who was not attached to the institutions have been terminated on 31.12.2016 subject to a Compulsory Retirement Scheme.

Human Resource Management

Staff related activities

The Administration Division basically performs and coordinates administrative and establishment matters of the Ministry of Plantation Industries and the institutions coming under its purview. The cadre of the Ministry is approved and maintained, office related activities are carried out following office procedures, functions of the institutions coming under the Ministry are coordinated, the guidance is provided to regularly carry out daily works efficiently and effectively and all establishment and internal administrative matters of the Ministry are performed by the Administration Division.

Conducting Special Meetings

- Staff Meetings
- Meetings conducted for all the officers in the staff of the Ministry
- Urgent Meetings called at special occasions

Cadre Information – As at 31.12.2016

Serial No.	Designation	Service Category	Grade/ Class	Approved Cadre	No. of employees in service as at the date	No. of Vacant Posts
01	Secretary	S.L.A.S	Special	01	01	-
02	Additional Secretary	S.L.A.S	Special	03	03	-
03	Senior Assistant Secretary	S.L.A.S	I	01	01	-
04	Director	S.L.A.S	I	04	04	-
05	Director	S.L.P.S	I	01	01	-
06	Chief Accountant	S.L.Ac.S	I	01	01	-
07	Chief Internal Auditor	S.L.Ac.S	I	01	01	-
08	Deputy Director/ Assistant Director	S.L.A.S	III/II	04	02	02

09	Deputy Director/ Assistant Director	S.L.P.S	III/II	03	03	-
10	Assistant Secretary	S.L.A.S	III	02	02	-
11	Assistant Director	S.L.P.S	Supernumerary	01	01	-
12	Accountant	S.L.Ac.S	III/II	03	02	01
13	Internal Auditor	S.L.Ac.S	III/II	01	-	01
14	Assistant Director/ Deputy Director	Departmental	III	02	02	-
15	Legal Officer	Departmental	III/II	01	01	-
16	Administrative Officer	P.M.A.S.	Supra	01	01	-
17	Translator	Translator's Service	I/II	02	01	01
18	Statistical officer	-		01	01	-
19	Development Officer	Development Officers' Service	-	503	433	70
20	Plantation Monitoring Officer	Associated Services	-	18	-	18
21	Legal Assistant	Departmental	-	02	-	02
22	Public Management Assistant	P.M.A.S.	I/III/II	55	43	12
23	Computer Programme Assistant	Sri Lanka Information Technology Service	I/III/II	01	-	01
24	Receptionist	Departmental	-	01	-	-
25	Coordinating Secretary to Secretary	Temporary	-	01	01	-
26	Video Cameraman	Temporary	-	01	01	-
27	Still Cameraman	Temporary	-	01	01	-
28	Camera Assistant	Temporary		01	01	-
29	Driver	Drivers' Service		35	30	05
30	KKS	Office Employees' Service	III/II	30	30	-
	Total			682	568	113

Staff Movements

Serial No.	Service Category	Recruitments	Transfers	Retirements
01	S.L.A.S (Special Grade)	-	01	-
02	S.L.A.S - Class I		01	
03	Assistant Director (Departmental)	02	-	-
04	Development Officers' Service	-	73	-
05	Public Management Assistant Service	-	07	03
06	Receptionist	-	01	-
07	Office Employees' Service	-	04	01
08	Drivers' Service	-	07	01

Training Programmes

Participation in local training courses in the year 2016

Course	Venue/ Institution	Number of Participants
Maintenance of Personal File	SDFL	2
Master in Public Management	SLIDA	1
Workshop on Conflict Management and Negotiations for Managers and Executives	Comfort International	1
Best Practice in Planning and Monitoring Project	Distance Learning Center Ltd.	1
Postgraduate Diploma in Economic Development	University of Colombo	1
Diploma in Public Procurement and Contract Administration	MILODA	1
Advance Payment for Government Officers	SDFL	1
Career Development Process of KKS and Drivers	National Institute of Labour Studies	2
Kaizen Workshop	National Productivity Secretariat	2

Workshop on Knowledge Management	National Productivity Secretariat	4
Procurement Process	National Institute of Labour Studies	2
Residential Training Programme on Skill Development	National Institute of Plantation Management	105
Leadership for Productivity Improvement	National Productivity Secretariat	1
Sinhala Language Course	Department of Official Languages	1
Attitudes and Skills Development Programme for Drivers and KKS	National Institute of Plantation Management	62
Productivity Promotion Training Programme	Construction Industry Development Authority	190
Team Building Training Workshop	Ministry of Plantation Industries	186
Programme on Productivity Improvement in the Field of Plantation	Uva Management Development Training Institute	48
Balance Scorecard	National Institute of Plantation Management	58
Productivity Promotion Training Programme	Ministry of Plantation Industries	123
Training Workshop for Development Officers	SANASA Kegalle	96

Participation in foreign training courses in the year 2016

Course	Number of Participants	Country	Duration
Collaboration Works with the Indian Institute of Plantation Management	03	India	17.01.2016 to 20.01.2016
IPM-2016 (International Exhibition for Horticulture)	01	Germany	26.01.2016 to 29.01.2016
The International Fund for Agricultural Development (IFAD)	01	Italy	17.02.2016 to 18.02.2016
Exposure visit by the staff of SPEnDP to Vietnam "Tam Nong Support Project" in Tuyen Quang Province, Vietnam	04	Vietnam	28.02.2016 to 06.03.2016
2 nd Meeting of Expert Group on Price Stabilization of the Association of Natural Rubber Producing Countries (ANRPC)	01	Thailand	15.03.2016 to 17.03.2016

IRSG focus on Sustainability	01	Singapore	09.05.2016 to 13.05.2016
The Session of FAO/IGG on Tea/Tea Conference	01	Kenya	23.09.2016 to 27.09.2016
International Programme on Policy Planning, Implementation & Evaluation-Batch II. Open University of Malaysia	03	Malaysia	03.05.2016 to 10.05.2016
49 th ISO Council Meeting	01	Turkey	24.05.2016 to 26.05.2016
Ceylon Tea Promotional Tour	01	USA	23.06.2016 to 30.06.2016
Tea Promotional Tour	01	China	01.08.2016 to 06.08.2016
The Session of the Association of Natural Rubber Producing Countries	02	India	16.10.2016 to 24.10.2016
SIAL Paris 2016	01	Paris	16.10.2016 to 20.10.2016
Regional Study Tour from the Sri Lanka Stakeholders of the Sustainable Biomass Energy Project	01	China	21.10.2016 to 31.10.2016
International Plants Expo Middle East	01	Dubai	13.11.2016 to 15.11.2016



A training workshop conducted for the staff of the ministry

Internal Auditing

Activities carried out

- Audit inquiries and special investigations were conducted relating to the functions performed by the Ministry and the institutions coming under the Ministry.

Institution	No. of Reports
Ministry of Plantation Industries	02
Rubber Research Institute	02
Coconut Development Authority	01
Tea Small Holdings Development Authority	01

- In order to discuss the course of action to be taken to enhance the performance of the institutions coming under the Ministry, the meetings of 09 institutions chaired by the Secretary were conducted.

01. Suagrcane Research Institute
02. Tea Small Holdings Development Authority
03. Coconut Development Authority
04. Coconut Research Institute
05. National Institute of Plantation Management
06. Sri Lanka Tea Board
07. Kalubovitiyana Tea Factory Ltd.
08. Rubber Development Department
09. Thurusaviya Fund

- 03 Audit and Management Committee Meetings were held to make discussions on the activities relating to the financial and audit subjects of the institutions coming under the Ministry.

Answers to Audit Queries

The number of audit queries received in the year 2016 in respect of the functions of the Ministry is 14 and answers have been given to all during the year.

Planning and Operations

➤ Submission of Project Proposals to Department of National Planning

- 29 project proposals for development and enhancement of the productivity of the tea, rubber, coconut and sugarcane sectors were submitted to the Department of National Planning of which 15 project proposals were recommended by the Department to obtain Treasury allocations. As well, 05 project proposals made and recommended in the year 2015 were updated and submitted to the Department of National Budget and approval was granted for the allocations.

➤ Preparation of Review Reports on Auction Prices

- A report including auction prices of tea, rubber and coconut was prepared weekly and forwarded.

➤ Preparation and Submission of Progress Reports

- In line with the Zero- based budgeting system implemented by the Department of National Budget with effect from the year 2016, 03 fortnightly progress reports, 04 monthly progress reports and 02 quarterly progress reports relating to the Ministry and the affiliated institutions were prepared and submitted to the said Department.
- Preparation of hard copies of quarterly and annual descriptive progress reports and audio visual presentations for the Progress Review Meetings.
- Preparation of weekly progress reports on the progress of granting tea, coconut and rubber fertilizer subsidy.
- Preparation and submission of quarterly progress reports to the Presidential Secretariat and the Department of Project Management.
- Biannually progress and review reports relating to the plantation sector were prepared and submitted to the Central Bank of Sri Lanka.

➤ Preparation of Ministry Publications

- Statistical Handbook of the Plantation Sector – 2014 was published and Statistical Handbook - 2015 was prepared and submitted for printing.
- Performance Report of the Ministry - 2015
- Progress Report of the Ministry – 2016 for the Budget Debate

➤ Formulation of Action Plan

- Formulation of Action Plan of the Ministry
- Observation and review of Action Plans of the affiliated institutions

➤ Special reports prepared to obtain foreign funds

- A special project proposal was made and submitted to the Export Development Board to obtain World Bank grants to strengthen Tea, Rubber,

Coconut and Sugarcane Research Institutes and to upgrade the laboratory of the Coconut Development Authority.

- A project proposal was submitted to the Presidential Secretariat to seek funds from the International Fund for Agricultural Development for the special coconut development projects in the Northern Province.

➤ **Submission of Special Reports**

- When the consents are given, having categorized the items imported by Sri Lanka in line with the China – Sri Lanka Free Trade Agreement, the items relating to the plantation sector were reviewed and submitted to the Department of Commerce.
- Celebration of the presidential induction and in parallel, programmes for the poverty alleviation year were formulated and submitted to the Presidential Secretariat.

➤ **Conducting Meetings**

- Progress Review Meetings - 04
- Action Plan Formulation and Review Meetings - 03
- Rubber Master Plan Implementation Meetings - 04
- Zero- Based Budgeting System Implementation Review Meetings - 04
- Programme for Control of Weligama Coconut Leaf Wilt and Rot Disease
 - Meetings in the Ministry - 04
 - Meetings outside the Ministry - 03
- Soil Conservation Programme in Tea Smallholdings
 - Meetings in the Ministry - 03
 - Meetings outside the Ministry - 03
- Smallholder Tea and Rubber Revitalization Project
 - Programmes - 04
 - Meetings - 12
- Smallholder Plantations Entrepreneurship Development Programme
 - Meetings - 06
 - Programmes - 02
- Meetings on Sri Lanka – China Free Trade Agreement - 01

Submission of Performance Report of the Ministry in parliament

The Performance Report for the year 2015 was submitted to the Cabinet of Ministers on 02.06.2016 and tabled in Parliament on 24.08.2016.

Accounting

Financial Progress – As at 31/12/2016

➤ Ministry

Expenditure Head	Description	Approved Amount as per the Revised Estimate 2016		Expenditure			
		Capital (Rs. Mn.)	Recurrent (Rs. Mn.)	Capital		Recurrent	
				Amount (Rs. Mn.)	Expenditure %	Amount (Rs. Mn.)	Expenditure %
1-1-135	Minister's Office	55.700	55.90	8.706	15.63	54.266	97.07
2-1-135	Administrative Affairs	12.300	391.736	10.095	82.07	381.027	97.26
3-2-135	Development Programmes	3.600	38.112	1.868	51.88	37.154	97.48
3-2-135	Projects	4690.950*	19.203	3043.25*	64.87*	-	-
4-2-135	Affiliated Institutions	1844.300	2442.206	1697.129	92.02	2232.169	91.39

*Including Fertilizer Subsidy Programme and Tea Shakthi Restructuring Programme

➤ Affiliated Institutions

Institution	Approved Amount as per the Revised Estimate 2016 (Rs. Mn.)		Expenditure (Rs. Mn.)	
	Capital	Recurrent	Capital	Recurrent
Sri Lanka Tea Board	70.00	285.00	70.00	147.50
Tea Research Institute	85.00	338.00	71.00	338.00
Tea Small Holdings Development Authority	700.00	339.00	674.250	335.20
Rubber Development Department	1164.50	314.82	863.78	298.86
Rubber Research Institute	84.80	363.33	84.80	359.81
Thurusaviya Fund	7.50	14.00	7.50	16.87
National Institute of Plantation Management	25.00	40.00	32.68	38.96

Coconut Cultivation Board	600.00	420.00	561.290	415.00
Coconut Development Authority	110.00	135.00	89.00	124.50
Coconut Research Institute	100.00	255.00	53.60	206.32
Sugarcane Research Institute	53.00	250.00	53.00	250.00

Provisions approved for the year 2017

Institution	Capital (Rs. Mn.)	Recurrent (Rs. Mn.)
Ministry		
Minister's Office	5.00	47.5
Administrative Affairs	15.1	476.43
Development Programmes	1808.87	-
Tea, Rubber & Coconut Estates (Control of Fragmentation) Board	0.50	2.00
Total	1828.88	525.93
Affiliated Institutions		
Sri Lanka Tea Board	80.00	190.00
Rubber Research Institute	80.00	404.00
Tea Research Institute	95.00	340.00
National Institute of Plantation Management	30.00	40.00
Tea Small Holdings Development Authority	800.00	345.00
Thurusaviya Fund	7.50	17.45
Coconut Research Institute	100.0	265.00
Coconut Cultivation Board	750.00	430.00
Coconut Development Authority	120.00	140.00
Sugarcane Research Institute	60.00	255.00
Rubber Development Department	1018.00	298.65
Total	6798.85	3778.96

Provisions allocated for Special Projects

Project	Allocation for 2017 (Rs. Mn.)
Smallholder Plantations Entrepreneurship Development Programme (Foreign funded)	70.00
Smallholder Tea & Rubber Revitalization Project (STaRR) (Foreign funded)	1300.00
Programme for Control of Weligama Coconut Leaf Wilt and Rot Disease	30.00
Programme for Establishment of Sugarcane Nurseries	10.00
Kapruka Fund	20.00
Plantation Management Monitoring Programme	12.00
Development of a biochemical approach to control the tea Shot-hole borer	0.78
Strengthening of Tea, Rubber and Coconut Research Institutes	90.00
Programme for implementation of the Rubber Industry Master Plan	10.00
Identification of the potential disease problems in rubber cultivations in non-traditional areas	4.095
Establishment of a mechanism to multiply and disseminate quality planting materials of newly developed tea cultivars and improved seed materials among tea smallholders	5.00
Development/ Upgrading of laboratory and infrastructure in Tea Research Institute	10.00
Investigation on adaptive responses of tea plants to climate changes	14.15
High performance natural rubber with increased economic value	3.40
Modification of fertilizer recommendations of heave with reference to plant, soil and field parameters	4.00
Developing a model estate for rubber at Dartonfield to demonstrate how to meet the global competitiveness in plantation industries with locally available technology	5.45
Upgrading the facilities of National Institute of Plantation Management in accordance with the university college concept	10.00
Modernizing the Coconut Processing Division of the Coconut Research Institute	10.00
Production of high yielding coconut seedlings for National Replanting Programme	59.00
Detailed mapping on major pest attacks on coconut	16.00
Rehabilitation of rural agricultural access roads in tea small holdings in the up-country	100.00
Establishment of tea nurseries and infrastructure development to generate additional income sources to tea smallholders	100.00

**Special activities to be carried out in year 2017 for
development of the Sector**

- To review the structure of Research Institutes and to restructure as required.
- Taking action to prepare National Vocational Qualification (NVQ) course in collaboration with the Coconut Cultivation Board, Coconut Research Institute and National Institute of Plantation Management (NIPM).
- To review changes to the structure of the Coconut Development Authority and to restructure as required.
- Conducting an international exhibition on plantation industry in Sri Lanka. Approval has been granted to the Cabinet Memorandum submitted for the purpose and The exhibition is scheduled to be conducted from 11th to 13th August 2017 at BMICH Colombo.
- Taking action to prepare National Vocational Qualification (NVQ) course in collaboration with the Coconut Research Institute and NIPM.
- Making timely amendments to the Acts of the affiliated institutions to enable the development in the field.