PERFORMANCE 2008 AND ACTIVITIES 2009

MINISTRY OF PLANTATION INDUSTRIES

28th November 2008

Ministry of Plantation Industries
55/75, Vauxhall Lane,
Colombo 02.

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.

PERFORMANCE 2008 AND ACTIVITIES 2009

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PERFORMANCE 2008 AND ACTIVITIES 2009

Abbreviations

ADB	Asian Development Bank
APCC	Asia Pacific Coconut Community
BCC	British Ceylon Corporation Ltd
CCB	Coconut Cultivation Board
CDA	Coconut Development Authority
CRI	Coconut Research Institute
CTC	Cut Tear and Curl
DC	Desiccated Coconut
ESC	Economic Service Charge
EU	European Union
FAO	Food and Agriculture Organization
FOB	Free on Board
GDP	Gross Domestic Production
GAP	Good Agricultural Practices
GMP	Good Manufacturing Practices
Ha.	Hectare
HACCP	Hazard Analysis Critical Control Point
HRD	Human Resource Development
HSCC	Harmonized Systems Classification Code
IFAD	International Fund for Agriculture Development
IRSG	International Rubber Study Group
Kg.	Kilograms
KTFL	Kalubovitiyana Tea Factories Limited
Mn.	Million
MIRC	Market Intelligence and Resource Center
MT	Metric Tons
NGO	Non-Governmental Organization
NIPM	National Institution of Plantation Management
NR	Natural Rubber
NSA	Net Sale Average
PDP	Plantation Development Project
PPM	Parts per Million
Qty	Quantity
RDD	Rubber Development Department
RPCs	Regional Plantation Companies
RRI	Rubber Research Institute
RSS	Rib Smoked Sheet
SHEnDP	Small Holder Plantation Entrepreneurship Development Program
SLRMEC	Sri Lanka Rubber Manufacturing & Export Corporation
SLTB	Sri Lanka Tea Board
SR	Synthetic Rubber
TASL	Tea Association of Sri Lanka
TRI	Tea Research Institute
TSHDA	Tea Small Holdings Development Authority
US$	United States Dollar
USDA	United States Development Agency
VAT	Value Added Tax

Message of the Hon. Minister of Plantation Industries

It is a great pleasure to issue this message for the publication which illustrates the progress achieved by the Ministry in 2008 and targets expected to be achieved in 2009.

The Ministry of Plantation Industries expects to contribute significantly to the economic prosperity through increasing the income of traditional plantation triplets - Tea, Rubber and Coconut. Sri Lanka tea industry received an income over US$ 1 billion in 2008, for the first time in its history of over hundred and forty years. That positive trend prevailed in year 2008 as well and there are clear signs of achieving a recorded yield in 2008. During this year Tea, Rubber and Coconut growers were fortunate to receive highest prices ever for their products. This situation encouraged the growers to invest more in plantations, in spite of certain problems arise which are temporary.

Under His Excellency the President's Mahinda Chinthana Program special attention has been paid to develop the plantation sector. There are several programs implemented to protect the global image of Sri Lanka as the best quality tea producer and to enhance the productivity of Rubber and Coconut industries.

Special programs have been launched to expand the Rubber and Coconut plantations to non-traditional areas and to plant ten million coconut seedlings under the Home gardening project as a solution to the prevailing shortage of nut supply.

D.M. Jayarathna
Minister of Plantation Industries

Message from the Secretary to the Ministry

The Ministry of plantation Industries has taken several measures to achieve its mission of enhancing the productivity, profitability and sustainability of plantation industries. A new plantation industry policy framework has been launched by the Ministry to effectively face the global challenges created by new technology and the market trends of the world.

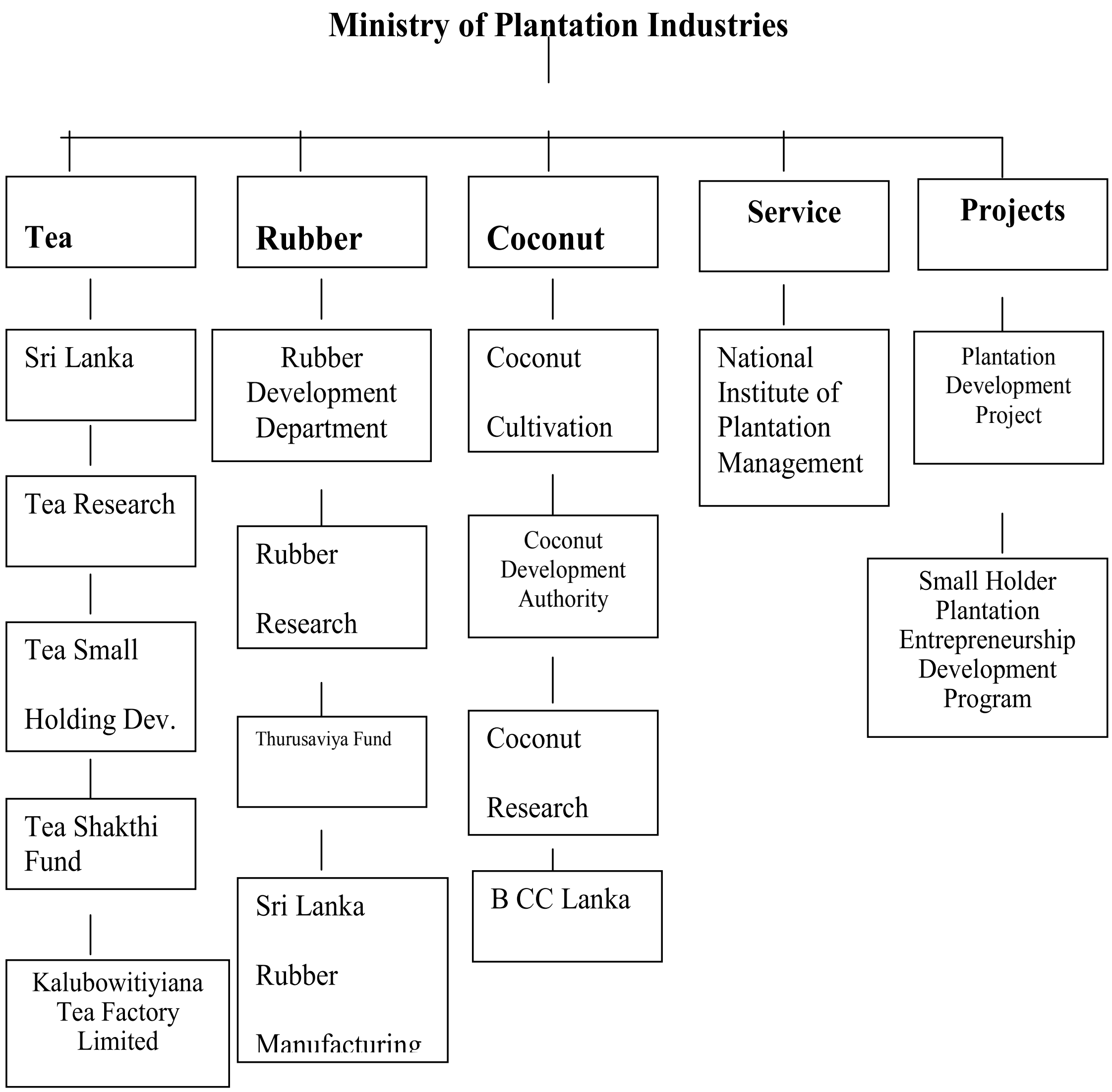
In view of this the Ministry has launched several demand driven programs to develop plantations and related industries.

In 2009, we intend to prioratise the development activities such as replanting of tea in uneconomical areas, factory modernization, rehabilitation of internal roads in the plantation sector, new cultivation of 3,000 ha. of rubber in non-traditional areas, new planting and replanting of coconut and rubber and most needed research programes. It is expected the three "Policy Analysis and Advisory Committee" established in the Ministry, which are represented by all stakeholders in tea, rubber and coconut sectors to provide guidance for these development activities.

I take this opportunity to express my appreciation to the Hon. Minister & the Ministry officials, chairmen & officials of other institutes and all stakeholders for their cooperation.

Indrani Sugathadasa
Secretary
Ministry of Plantation Industries

Institutions under the Purview of Ministry of Plantation Industries



1. Plantation Industry

1.1 Overview

The plantation industry is a major foreign exchange earner and the biggest employment provider in the country. The plantation sector comprises of the traditional three crops-tea, rubber and coconut, and other important crops such as sugarcane, oil palm, cashew and palmyrah[1].

Plantation industry was the highest foreign exchange earner and the leading industry until the mid eighties when it was overtaken by foreign employment, garments and tourism. But it still plays a significant role by contributing to earn Rs.200 billion as foreign exchange. It also plays a pivotal role in national economy in terms of its contribution to GDP(2.7% mn2007) agro- based industries, employment generation, food security, rural development, poverty alleviation and environmental protection. The total land extent utilized in the plantation sector is about 750,000 hectares. The direct and indirect employment generated through the sector is about 1.5 million. (MPI, 2008).

1.1.1 Performance in 2008

Tea production recorded a significant growth of 17% in volume during the first seven months of 2008.

Total production was 199.9 Mn Kg surpassing the previous highest production of 190.7 Mn Kg. over the corresponding period in 2005. Export volume has also increased by 40% during this period.

Rubber sector also continued to perform extremely well during the first half of 2008. There is a 7% increase in production during this period. Most encouraging factor is the increase in value added rubber production, which is a good trend for the development of the industry.

Coconut sector in Sri Lanka experienced a severe setback in first quarter of 2008 resulting in price escalation of nuts and shortfall in nut supply for the industrial sector. Though there was a substantial improvement in the second and third quarters, total production was 9% lower than the previous year's production during the same period.

1.1.2. Development Initiatives

Having identified the issues such as low productivity, low investment, labour shortage, gap between research and extension and high production cost, Ministry of Plantation Industries introduced the National Plantation Industry Policy Framework in 2007 with the aim of ensuring long-term sustainable development in the plantation sector in line with 'Mahinda Chintana' program of the government.

Targeted research and development, human resource development, sustainable land use, modernization of facilities and infrastructure development are key areas identified in the development programs.

Further, it is expected to establish price stabilization funds to provide assistance to maintain constant price, market situation and production at an unexpected crisis situation which might arise in the future.

[1]Subjects of sugarcane, cashew and Palmyra come under the purview of Ministry of Supplementary Crop Development.

1.2 Tea

1.2.1 Overall Performance of the Tea Sector

Tea Sector review from January to July 2008 highlights that the aggregate tea production in 2008 has increased significantly compared to the previous year. Sri Lanka Tea production for the period from January to July is at the highest ever level of 199.9 Mn.kg (17% increase on the 2007 figure of 169.8 Mnkg). Previous record for the period was 190.7 Mn.kg in 2005 over the corresponding period. All three elevations have shown significant gains in 2008. Low Grown have produced a record of 115.8 Mn. Kg compared with 96.65 Mn. Kg in the last year and the previous record of 107.Mn.kg achieved in 2006. High Grown production is up by 16% and medium grown production has gained a 13% increase.

1.2.2 Tea Production

Out of the three major manufacturing methods of tea, the conventional form of Orthodox contributed to approximately 94.8% of the total tea crop, whilst CTC and Green tea shares contributed only 4.3% and 0.9% respectively.

1.2.3 Tea Exports

Sri Lanka Tea exports from January to August 2008 at 220.56 Mn. Kg is an increase of 19.89 Mn.kg on the previous year's exports of 200.66mn.kg for the same period. This is 40% increase in the first eight months and is on track to earn US$ 1.4 Billion this year. Tea shipments climbed 41% to US$ 881 Mn. from January to August 2008 over the same period a year earlier, helped by strong demand from Russia/ CIS and the Oil exporting nations of the Middle East.

1.2.4 Tea Production and Projection for 2008/2009

Projected tea production for the year 2008 is 330 Mn.kg while the Projected tea production for the year 2009 is 332 Mn.kg according to the predictions made by Sri Lanka Tea Board.

1.2.5 Tea Small Holder Sector

From last decade, the tea cultivation of Sri Lanka is dominated by tea small holders who cultivate 118,000 hectares of tea lands in 14 districts. The majority of the small holder production (76%) comes from the low elevation, 14 percent and 10 percent from mid and high elevations respectively. Contribution to the national production from Small Holder Sector (196.60 mn kg) was 74 percent (147 mn kg) as at July 2008. The tea small holdings sector has expanded by both area and number of holdings. The Census in 2005 reveals that 69.8 percent increase in small holdings and 40.5 percent increase in extent compared to Census in 1994.Tea Small Holdings Development Authority caters to the needs of the small holders by providing them extension services and financial and other support services.

1.2.6 Tea Marketing

Marketing of tea through Colombo Tea Auction reflected the following overall performance during the past three years and January to August 2008.

Colombo Tea Auction Net Sale Price: - (Per kg.)

Year	SLRs	US$
2005	185.84	1.85
2006	198.87	1.92
2007	279.52	2.74
2008	329.65	3.06 – as at end August 2008

Sri Lanka Tea Board has allocated approx: Rs. 100 million for tea promotion work in year 2008. The approved programmes include participation at thirty three International food & beverage fairs and Ceylon Tea Uni National (Lion Logo) promotion in selected foreign markets. SLTB has targeted main tea importing countries for this promotional work covering Russia, UAE, Ukraine, Libya, Syria, Jordan, Iran, Saudi Arabia, Japan, China, Poland, Australia, USA, Canada, France and Kazakhstan.

In year 2008, SLTB also launched a project to support the establishment of Tea Houses in China and India to promote Ceylon tea in the two markets under the special tariff concessions extended to Sri Lanka.

SLTB support will extend to promotion of Ceylon tea brands as well. Sixteen companies have applied for brand promotion incentive scheme under the export performance of 2007.

Sri Lanka participated at the FAO sponsored Inter Governmental Group on Tea meeting held in China in May 2008 to discuss global tea issues. Sri Lanka, India and Kenya and other leading tea producing countries signed a MOU to establish International Tea Producing countries Forum (ITPF) to discuss issues related to tea producing countries. The government of Sri Lanka has already approved Sri Lanka's participation in this forum.

1.2.7 Issues and Challenges

The issues & challenges in the tea industry can be identified as below.

1. Comparatively low yield in Sri Lanka tea plantation.
2. Re-planting and infilling below expected targets.
3. High cost of production due to high price of energy, labour and other inputs.
4. Lack of desirable fertilizer application due to high price.
5. Lack of investment in tea factory modernization and export warehouse modernization.
6. Shortage of labour.

1.2.8 Development Initiatives

It is targeted an income from tea export to be increased to US$ 1,500 million during the next a few years from the current income of US$ 1,100 million. The necessity of investment in the tea industry is very high owing to cater to the international market needs, particularly maintaining the demand driven quality of the product; packing, taste, etc.

A policy package has been prepared for tea sub sector considering the following policy instruments.

- Targeted research and development and demand driven extension policy package
- Human resource development of the plantation community
- Sustainable land use
- Building financial capital
- Replanting of tea
- Investment in factory modernization
- Tea based product integration and value addition
- Crop diversification
- Registration of land under tea cultivation
- Global generic and uni-national promotion
- Control/regulatory mechanisms on the supply of tea
- Regional specialization production
- Market and product diversification
- Strengthening brand promotion
- Introducing good agricultural practices (GAP) and good manufacturing practices (GMP) as mandatory requirements.

1.3 Rubber

1.3.1 Overall Performance

The Natural Rubber (NR) production from January to May 2008 was 56,618 MT. The production for the same period in 2007 was 52,829 MT. Hence, in year 2008 there is a 7.2% increase in the production over the previous year for the same period (Table 1). This increase in rubber production in 2008 is despite of relatively unfavorable weather conditions for tapping than in the previous year. Therefore the production increase could be attributed to the enhanced rate of adoption of important agronomic practices such as fertilizer use, rainguards and tapping techniques driven by the high return on investments assisted by good prices. During the year 2008 the mature rubber extent in the country has also increased by 1.3% over the 2007 extent. Hence increase in rubber production is partly due to the increase in mature rubber extent of the country as well.

Table: 01 Different types and quantities (000'MT)of production up to May in years 2007 & 2008.

Type	2008	2007
Sheet	25.2	23.6
Sole Crepe	1.6	1.6
Scrap Crepe	0.7	0.6
Latex Crepe	10.6	9.8
T.S.R.	5.0	4.7
Latex & other	13.5	12.6
Total	**56.6**	**52.8**

Source : IRSG

1.3.2 Rubber Prices

From January to August the natural rubber prices had been significantly higher in 2008 than in 2007. For RSS 1 the average monthly price ranged from Rs. 205 to 236 per kg up from January to August 2007 whilst it was Rs. 258 to 352 in 2008. For latex crepe for the same period price ranged from Rs. 221 to 247 per kg in 2007 and from Rs. 249 to Rs. 398 in 2008. Also within the year 2008 the prices have shown an increasing trend from January to June (Fig 01). Anyhow the prices have shown a slight dip since then. The price increases in 2008 had been most significant during the South West monsoon period possibly due to constraints in the supply situation and high crude oil prices.

The above shows that whilst the rubber prices were attractive it also showed an increasing trend in year 2008. This will continue to attract and motivate growers to invest on growing rubber and to adopt important agronomic practices.

1.3.3 Industry Vision

For the period up to May 2008, the raw rubber exports had been 40% of the total NR production whilst in 2007 it had been 43.52% as per the available records. Therefore the Natural Rubber consumption in the country has shown a significant increase in the current year. This is a healthy trend for the rubber industry in the country and the vision of the country should be to further increase the value addition with in the country by attracting more investors. This has to be done through a ready supply of the raw material to them at a competitive price. The supply has to be increased through enhancing raw rubber production by increasing extents under rubber.

1.3.4 Rubber Yield

The rubber yield for the period January to May in 2008 is 592 kilogrammes per hectare. This figure for the same period in 2007 had been 560 Hence the rubber yield has increased by 5.7% in 2008 over the 2007 figure for the period from January to May.

1.3.5 Rubber Value Addition

The exports of raw Natural Rubber during the period from January to May 2008 had been 22,656Mt. (Table 2). This is 40.02% of the total production for the period. The export of raw Natural Rubber for the corresponding period in 2007 had been 43.52%. Hence the domestic consumption of raw Natural Rubber for value addition has shown a dramatic increase in 2008. This is a good trend in the Natural rubber industry of the country.

Table 2. Rubber exports by different types up to May in the year 2008 Source: IRSG

Rubber Type	Exports ('000 MT)	
	2008	**2007**
Sheet	7.8	8.5
Sole Crepe	1.4	1.2
Scrap Crepe	0.3	0.3
Latex Crepe	7.2	8.1
T.S.R.	2.5	2.5
Latex & other	3.6	2.5
Total	**22.7**	**23.1**

1.3.6 Global Demand and Supply

For the period from January to May 2008 the global Natural Rubber production had been 3.9525 million MT. In 2007 for the corresponding period the global Natural

Rubber production had been 3.8790 million MT. Hence the global Natural Rubber production has increased by 1.9% in 2008 for the period of January to May.

The global Natural Rubber consumption for the same period is 3.9683 million MT. This is a very marginal increase of 0.2% over the same period in the previous year. The Natural Rubber consumption has increased significantly in both North and Latin American countries. It had declined in the other regions whilst in the Asia/Pacific region there had been no significant change.

The global Natural Rubber consumption for the period January to May 2008 has exceeded the Natural Rubber production for the same period. This is an indication that the global demand for Natural Rubber remains very high. Due to this scenario in the supply and demand situation of the Natural rubber, prices will continue to remain high in the future as well.

1.3.7 Development Initiatives

A development policy has been prepared for the rubber sub sector considering the following policy instruments.

- Improving the productivity and production
- Quality improvement in primary processing
- Production and market integration
- Human resource development and taper training
- Institutional reforms
- Environmental protection by raw rubber processing factories

1.4 Coconut

1.4.1 Overall Performance of the Coconut Sector

Coconut is one of the most important plantation crops in Sri Lanka, providing livelihood for nearly 0.5 million people. It is grown in an extent of 394,836 hectares, which is equivalent to 20% of the cultivable land in the country. Coconut being a smallholder's crop, approximately 82% of the extent comes under small holdings having an area less than 8 ha. Coconut benefits people of all socio economic strata in numerous ways through its multitude of uses. It is internationally recognized as one of the most important categories tree crops in the world securing food and shelter for millions of people living in the tropics in addition to its vast range of value added products reaching the global market.

Coconut sector in Sri Lanka experienced a severe set back in the 1st Quarter of 2008. As a result of severe shortfall in nut supply whole sale price of coconut escalated to the level of Rs. 30,800/1000 nuts in February 2008. Invariably most of the coconut kernel based industries came to a stand still situation. However substantial improvement in performance observed in the 2nd and 3rd Quarters of 2008, almost cushioned off the lower performance of the sector during the 1st Quarter.

Total coconut production over the period under review, January to September – 2008, estimated at 2069 Mn nuts (Provisional) and in 2007 January to September nut production was 2,264.11 Mn nuts. Estimated production was 9% lower than the performance of the corresponding year 2007 and less than 103 Mn nuts against forecast by Coconut Research Institute. Non kernel based industries have shown a rapid growth in the recent past surpassing the export earnings from kernel products in the recent years. The value of the coconut industry in Sri Lanka is approximately Rs. 70.00 billion the value of domestic consumption of fresh nuts, coconut oil & coir fibre products is approximately Rs. 46.0 billion while export earnings is Rs. 24.0 billion in 2007.

Emergence of the incurable disease Weligama Coconut Leaf Wilt in the Southern Province has created an alarming situation as a possible threat for the country's coconut industry. Immediate steps were taken to prevent further spread of the disease to unaffected areas by declaring it as a quarantine pest and issuing special Gazette Notification to prevent transport of palms and palm material from infected areas to outside. A disease free boarder is maintained to prevent movement of the disease.

Present Status of the Industry

Highlights (A)	**2007**	**2008** *(Predicted)*	**2009** *(Forecast)*
Extent under Coconut (Ha)	394,836	410,836	430,000
Nut Production (Mn)	2,869	2,776	2800-3000#
Total Export Earnings (Rs. Billion) (Kernel, Fiber, Shell & Others)	24.09	28.00	32.00
Average Retail Price of a Nut (Rs.)	20.00	29.00#	29.00#
Cultivation Subsidies Area benefited (Ha) Amount Rs. Mn	 9,478 219	 29,337 250	 35,000 300

(Predicted)(Forecast)

 # - Provisional

Quantities are in mn. of nuts

Highlights (B)	**2007**	**2008** *(Predicted)*	**2009** *(Forecast)*
Nut Production (Mn. nuts)	2,869	2,776	2800-3000
House hold Fresh Nut Consumption	1,900	1,800**	1,819**
Used by Industry	969	976	1,081

***** - Computed based on per Capita Coconut Consumption Survey by Dept. of Census & Statistics, 2005/2006***

1.4.2 Coconut Extent

Coconut extent as per 2007 published figures stands at 394,836 hectares of which 71,347 hectares are held by Estate sector and 323,489 hectares among Small holders.

1.4.3 Coconut Production & Projection for 2009

In the year 2007 land productivity was recorded as 7,266 nuts/ha per year. This may reduce further due to very low usage of fertilizer for coconut as a result of escalating prices of inorganic fertilizers. To overcome this situation to some extent, Ministry has launched a special programme through CRI to popularize organic manure usage among coconut growers especially in the small holder sector.

An initiative by the Hon. Minister of Plantation Industries and jointly carried out by CCB, CRI & CDA is on the way to issue 10 Mn coconut seedlings under National Home Gardening Programme, by

which it is expected to improve the production in a short spell of time to ensure sufficient coconut is available for the consumption & industry.

1.4.4 Coconut Yield

The annual coconut production is within the range of 2,700 Mn - 2,900 Mn nuts. The estimated coconut production in 2007 was 2,869 Mn nuts and according to the forecast of Coconut Research Institute (CRI) production in 2008 to be about 2,776 Mn nuts. However based on the estimates by the CDA the coconut production over the first half of 2008 remained at about 1,279 Mn nuts and this figure was 7% less as compared to the corresponding previous years value of 1,449 Mn nuts. However coconut production during the 2nd half of 2008 registered signs of improvement and in July 2008 coconut production recorded 6.6% increase to register 272 Mn nuts as against the corresponding previous years value of 255 Mn nuts. The same positive momentum is anticipated to continue over the remaining period of 2008

1.4.5 Coconut Exports

Export earnings from all coconut products in Jan - Sep 2008 compared with the same period in 2007 is given in the following Table.

Product	**Export Earnings**		**Change (%)**
	2007 (Jan-Sep)	*** 2008 (Jan-Sep)**	
Kernel Products	8,632.79	8,472.00	-1.9
Fibre Products	2,066.59	2,059.00	-0.4
Shell Products	1,938.55	2,107.00	8.7
Fiber Finished Products	5,296.99	6,272.00	18.4
Other Products	72.77	106.00	45.7
Total	**18,007.69**	**19,016.00**	**5.6**

2008 September (Provisional)

1.4.6 Issues and Challenges

Main Issues

1. Rising cost of production due to high prices of inputs such as cost of fertilizer.
2. Low fertility of coconut lands due to continuous cultivation and lack of implementation of soil conservation measures.
3. Indiscriminate fragmentation of productive coconut lands.
4. Recurrent droughts experienced in main coconut-growing areas.
5. Yield losses due to pests and diseases including Mite, Weligama Coconut Leaf Wilt disease, Coconut Leaf Rot disease, etc.
6. Declining supply of raw materials for processing industries.
7. Difficulties in retaining skilled labour.
8. High energy cost for irrigation and processing industries.

Challenges

1. Increasing coconut production to cater to the dietary needs of the increasing population and supply of adequate raw material to coconut-based industries (To reach a minimum target of 3,500 Mn Nuts per annum)
2. Increasing coconut production and land productivity by planting high yielding coconut cultivars and promoting appropriate technology adoption

1.4.7 Development Initiatives

A policy package has been prepared for coconut sub sector considering following policy instruments.

1. Targeted Research and development.
2. Genetic improvement of coconut.
3. Strengthening model mill concept for coir based products.
4. Increasing the crop extent in non- traditional areas.
5. Sustainable land use.
6. Crop diversification.
7. Market and product diversification.

The contributions for the preparation of this chapter received from the TRI, SLTB, TSHDA, RRI, RDD, CDA, CCB, CRI, are greatly appreciated.

2. Performance of the Ministry of Plantation Industries

2.1 Performance of the Ministry and institutions

The total budget allocation for the Ministry and institutions come under the Ministry for year 2008 is Rs. 5,187.88 million and the details are given in Table 2.1. (Rs. Million)

Table: 2.1 Financial Performance of the Ministry and institutions (Rs.Million)

Institution	Allocation for the year 2008	Expenditure up to Sep. 2008	Performance%
Ministry	192.14	95.86	49.89
SLTB	440.00	253.93	57.71
TRI	290.00	231.46	79.81
TSHDA	458.00	269.13	58.76
RDD	544.94	372.78	68.41
RRI	216.00	145.53	67.38
Thurusaviya Fund	21.40	12.98	60.65
CRI	318.00	52.52	16.52
CDA	220.00	140.81	64.00
CCB	958.00	721.19	75.28
NIPM	21.00	14.37	68.43
Foreign Funded Projects			
PDP	1353.00	377.00	27.86
SHEnDP	155.40	20.56	13.23
Grand Total	**5187.88**	**2708.12**	**52.20**

Note1: Allocation and expenditure for both capital and recurrent activities are given above. The expenditure up to 30th September 2008 was Rs. 2,708.12 million, which is 52.20 percent of the total allocation for the year 2008.

Commercial enterprises come under the Ministry namely, Kalubovitiyana Tea Factory Ltd, Tea Shakthi Fund, Rubber Manufacturing and Export Co-operation and B.C.C. Lanka Ltd do not obtain Treasury Funds for their operations.

2.2 Mahinda Chinthana programme-2008

Following programs are conducted by institutions coming under the Ministry as per the Mahinda Chintana Policy framework.

Sri Lanka Tea Board
- Providing financial assistance and tax concession to encourage modernization of tea factories.
- Provision of capital and knowledge to private sector to increase the production of value added tea.

Tea Small Holdings Development Authority
- Re-investment of proceeds of the cess levied on tea small holdings.

Tea Research Institute
- Providing expert knowledge to tea growers.

Tea Shakthi Fund
- Modernization of Tea Shakthi Factories.

Plantation Development Project
- Providing financial assistance to encourage modernization of tea factories.

Rubber Development Department
- Extending rubber cultivation to non wet zone areas.

Rubber Research Institute
- Extending rubber cultivation to non wet zone areas (Providing research support)

Small Holder Plantation Entrepreneurship Development Program
- Extending rubber cultivation to non wet zoon areas.(Monaragala District)

Coconut Cultivation Board
- Development of coconut cultivation outside coconut triangle areas.
- Grant of financial assistance to undertake coconut cultivation under drip irrigation.
- Increase the subsidy for replanting.
- Restoration of destroyed coconut plantations in the North.

Coconut Development Authority

- Development of the coconut oil industry.
- Introduction of program to develop a market for desiccated coconut.

Coconut Research Institute

- Development of coconut cultivation outside coconut triangle areas. (Research and extension support)
- Development of high yielding varieties and popularizing existing improved cultivars.

2.3 Regional Plantation Companies (RPCs)

- In 1972, when the Land Reform Law restricted land ownership to 20 hectares, the nationalization of the plantation sector took place with the management of about 500 estates being entrusted to the two state-owned corporations, the JEDB and SLSPC.

- The formation of 23 Regional Plantation Companies (RPCs) in 1992 to undertake the management of tea, rubber and coconut estates, previously managed under the government owned JEDB/SLSPC marked the beginning of a new era in the plantation industry.

- Major activities under the RPCs are planting and marketing of tea, rubber and coconut. Apart from that, RPCs have implemented various diversification programmes such as inter planting of coffee in uneconomic tea lands, planting of cloves, potato cultivation, high value timber planting and installation of mini hydro power projects.

2.4 Foreign Funded Projects

2.4.1 Plantation Development Project (PDP)

Donor : Asian Development Bank (ADB)/Japan Bank of International Corporation (JBIC)
Nature of funding : Loan
Project duration : 2003-2008
Total project cost : US$ 140.8 mn.

2.4.1.1 The objectives of the project

The objectives of the Plantation Development Project are to, enhance profitability and financial position of the sector and improve the living and working conditions of the estate workers. The Project area covers 14 districts and 23 RPCs and is expected to benefit 265,000 estate workers.

2.4.1.2 Major Achievement during 2008

- As at September, 2008, the Apex Body and the Participating Financing Institutions (PFIs) have approved 80 loans to the value of Rs.2,396 mn., for 14 RPCs covering areas like, field development.

- Under worker amenities, the cumulative progress as at September, 2008, by way of financial disbursements is Rs.104 mn.

- Ergonomic Equipment for easing the task of the workers and reduce their drudgery, are assisted by the Project and the cumulative progress by way of amounts disbursed as at September, 2008 amount to Rs.32.226 mn.

- Rehabilitation of Internal Roads of Estates is a new activity, that was started during the year 2007, as per Government priority, with an allocation of Rs.1,950 mn., and with no counterpart contribution from the RPCs. The programme for the year 2007 covers plantation estates in 12 districts, with a targeted road length of 707 km. This work continued in 2008 and cumulative progress by September 2008 was 465 km., at the expense of Rs.306.6 mn.

- With respect to Social Awareness Programmes, (covering 7 specific programmes), the cumulative progress as at September,2008, is Rs.25 mn., by way of fund disbursement. Expenditure during January to September 2008 is Rs. 20.10 mn.
- Training provided for 3,729 management staff, 2,282 other staff and 5,823 workers of RPCs at a cost of Rs. 18.090mn.

2.4.1.3 Expected output in 2009

Under the ADB funded, Plantation Development Project, activities have to physically close by 31/12/2008 and there will be no development task for the year 2009, other than meeting the disbursements till 30/06/2009 and monitoring and review of the activities completed.

However, the parallel Project funded by the JBIC will continue in the year 2009, for civil works(worker amenities), rehabilitation of internal roads of estates and social awareness programmes, on a demand-driven basis, as practiced in the preceding years.

Social and Environmental Component

- The worker amenities: For the year 2009, the funding for worker amenities under the JBIC is expected to be approximately Rs. 150 million, and implementation will be on a demand-driven basis.
- Ergonomic equipments: Remaining funds out of the JBIC component will be utilized in 2009, approximately Rs. 55 million for the same purpose, based on the demand of the RPCs.
- The rehabilitation of internal roads**:** In respect of the year 2009, the expected funding under the JBIC will be Rs. 37 million covering 350 km of roads and the program will be carried out on the same basis as in 2008, with 100 % support, subject to an upper limit of RS. 1.25 million per km.
- The social awareness programmes: the target is to achieve the expected coverage in the year 2009, by utilizing Rs. 100 M that will be provided by the JBIC and the GOSL

2.4.2 Smallholder Plantations Entrepreneurship Development Program

Donor	: The International Fund for Agricultural Development
Date of Loan Effectiveness	: 05/11/2007
Date of Loan Closing	: 11/06/2014
Total project Cost	: USD 40.7 mn

Program Description

1. Programme and Functions

The Programme aims at improving the livelihoods of marginalized smallholder tea producers in the mid-country region and poor upland food crop farmers in the intermediate zone of Moneragala region wishing to take up rubber cultivation. It includes components for a) community development and institution building; b) out-growers and diversification development; c) processing and marketing; d) rural finance and credit; and e) programme management.

The objectives of the programme are to increase the share of the smallholder in the total plantation industry, while ensuring the sustainable upliftment of social, economic and general living status of smallholder families. SPEnDP is not the first project implemented for the benefit of tea and rubber smallholders in the country. Yet, project is working towards making SPEnDP a pioneering project implemented for the benefit of tea and rubber smallholders. The project would start assisting smallholders during the project period and it will end up in developing them as entrepreneurs.

The program covers six DS divisions in Kegalle, Kandy, Nuwara Eliya districts and the entirety of Monaragala district. The project beneficiaries include 8700 households embodying 39,250 persons. The beneficiary households will be encouraged to produce tea, rubber and diversified crops. Under the program a total of 3500 ha of settlement lands under perennial crops in mid-country and 3800 ha of rubber in Monaragala district will be developed.

2. Major activities & achievements with physical output during January - September 2008

a). Community Development and Institution Building

- Program implementation areas have been demarcated. This includes 65 GN divisions in 6 DS Divisions in the Mid-country and 20 GN divisions in 5 DS Divisions in Moneragala.

b). Out-growers and Diversification Development

- In the Mid-country program, evaluation of land suitability has commenced. Information required for land regularization has been collected and discussions commenced with appropriate state organizations.
- In Monaragala, lands and beneficiaries have been identified for the cultivation of rubber and other crops.
- Issuance of permits to plant rubber for farmers who do not possess land ownership has commenced.
- Land Quality Certification (LQC) has been completed for 1270 lots by theRubber Research Institute(RRI) and Rubber Development Department (RDD).

c). Processing and Marketing

- In mid-country, identification of potential agricultural crops for value addition has been initiated with the service providers.
- Private sector entities have been contacted to establish market linkages and requirements in processing interventions required.
- Tea Research Institute has been given the responsibility to identifying tea factories that need refurbishment in order to improve quality of the final product and to enhance the benefits of the small holders.
- 20 milking cows were distributed among the farmers who have been opted to offer dairy farming in Kandy District.

3. Development task with the physical output to be completed during the year 2009

- Expected budget for the project activities in Mid-country is Rs. 80 million and Rs. 250 million for Moneragala.
- Community development and grassroots institutions – Rs. 58.1 mn.
- Smallholder development and agriculture development – Rs. 33.4 mn.
- Processing, value addition & marketing – Rs. 33 mn.

3. Performances of the Institutions of the Ministry

3.1 Sri Lanka Tea Board

The main objective of the Sri Lanka Tea Board (SLTB) is to ensure sustainable development of the tea industry for the satisfaction of all stakeholders. Accordingly, SLTB is responsible for the supervisory functions of the tea industry of Sri Lanka

Major achievements in- 2008

- Reviewed legal frame work to meet with the present and future needs of the Tea industry.
- Established Market Intelligence and Resource Division to provide easy access to affordable up to date market intelligence for the benefit of the industry.
- Implemented Subsidy Scheme for replanting to improve present re-planting rate of 0.7% - in corporate sector.
- Implement Subsidy Scheme for Tea Factory Modernization (Corporate & Private) towards fulfilling the basic requirements for HACCP certification which gives value addition to their products in specific consumer markets.
- Constructed 5 storied building for Analytical laboratory for conducting Chemical, Microbial and Pesticide residue tests for tea.
- Constructed New Office Building for Regional Office of Ratnapura and functioning.
- Introduced the Implementation of Geographical Information System for the Tea Industry.
- With the assistance from the Ministry of Plantation Industries, the Tea Board and the Sri Lanka Standard Institution introduced GAP & GMP for the Tea Industry as SL Standard.
- Capacity building of work force by automation of systems, procedures and process of activities.

Performance of Promotional activities of the Board:

- Carried out 27 Uni-national Promotional campaigns in different markets.
- Carried out Generic Promotional campaigns wherever required.
- Incentive scheme for Brand Promotion implemented.
- Participated 22 numbers of identified major international Trade Fairs globally sponsoring a few carefully selected exporters of tea.
- Published health benefits of tea through media and conducted 6 work shops.
- PR activities in major markets.

Development tasks in - 2009

- Regulatory amendments of existing laws/regulations to over come statutory barriers.

- Development
  *Obtain accreditation for the Analytical Laboratory of the Tea Board.
  *Continuation of MIRC project under the SLTB.
  *Continuation of Process & Quality Certification under the SLTB.
  *Subsidy Scheme for tea factory modernization will continue as an on going project.

- Promotional
  *New financial assistance scheme for trade fair participation in untapped emerging markets for Ceylon Tea and establishment of Tea Houses in USA, China & India.
  *Conduct awareness programme for tea manufacturers how to enter tea export market as manufactures cum exporters with the assistance of the National Chamber of Exporters of Sri Lanka

3. 2 Tea Research Institute

The objectives of the Tea Research Institute (TRI) are to improve the productivity of smallholdings and corporate sector both in production and processing through scientific approaches.

Major Activities and Achievements (January - September 2008)

- Assembling of a core collection of tea genetic resources in Sri Lanka.
- Pistil characteristics of the flowers in the working collection of the breeding stock were studied.
- Proanthocyanidins were isolated from tender tea leaves and their structures were elucidated as these have an effect on resistance to blister blight. Five known proanthocyanidins were isolated and their structures were confirmed.
- Factors affecting sulphur (S) availability in soils of different tea growing regions have been identified, which could be used in Integrated Nutrient Management (INM).
- A new method to assess sulphur availability in soil using Potassium di-hydrogen phosphate was evaluated and validated for all soil series in the tea growing regions.
- A preliminary investigation to find the presence of allelochemicals in tea soils had revealed the presence of allelochemicals.
- Preliminary field investigations were completed where Propargite, the currently recommended pesticide for mites was tested against the new Lauric acid based natural pesticide. Both had similar efficacies.
- A study was conducted to find microbial contamination and aflatoxin production in made in the low country factories.
- A declining field trial on Imidacloprid was completed. The residue level after the recommended pre harvest interval (7 days) was 6.4 mg/kg. This was below the Japanese MRL of 10 mg/kg indicating that Imidacloprid could be safely used for exporting tea to Japan. However, EU MRL is the default value of 0.01 mg/kg.

Publications

- Handbook on Tea – 1st Edition
- Annual Report 2006 – English, Sinhala, and Tamil
- Sri Lanka Journal of Tea Science – Volume 72 Part 1 and Part 2 (of year 2007)
- Tea Bulletin – Volume 20 Part 1 (of year 2008)
- TRI Update – Volume 12 Part 2 (of year 2007)
- Advisory Circulars (PM 6 and PM 9)
- Guidelines on Site-Specific Fertilizer Recommendations (SSFR) for mature tea lands.

Planting material distribution

Approximately 6.9 million cuttings distributed among stakeholders for the propagation of recently developed cultivars.

Patents

A patent was obtained for the control of passali kodi (*Anredera cordifolia*) using an aqueous extract of 'Gini Sapu' (*Mechaelia chanpaca*) seeds as a natural herbicide.

Development Task/Activity with physical output to be completed in year 2009

1. Continuing balance construction of guest house & a staff quarters for Regional Advisory Station at Deniyaya & furnishing Them.

2. Construction of 02 more staff quarters for Regional Advisory station at Deniyaya.

3. Renovation of Regional Advisory Station and guest house buildings at Talgampola.

3.3 Tea Small Holdings Development Authority

Functions of the institution

Tea Small Holdings Development Authority (TSHDA) has been established under the parliamentary act No.35 of 1975, to promote and facilitate Tea Small Holders.

Major activities & achievements with physical out put during January - August 2008

Tea Replanting Incentive Scheme

Total permits issued up to August were 3569 and the area completed under land preparation was 505 hectares. Total area rehabilitated at stage I and stage II were 646 hectares and 586 hectares respectively. The area replanted was 374 hectares. Total incentives recommended was Rs.105 million. This was 17% increase in comparison to the previous year.

Input Package System for nurseries

During the period 1656 kgs of polythene, 620mt of fertilizer and 104000 no's of cuttings of new cultivars have been given to the small holders under the input package system .

Distribution of tea fertilizer under the credit scheme

Distributed 990 Mt. of tea fertilizer mixtures including 470 Mt. of Dolomite during the period.

National Fertilizer Subsidy Scheme

Total recommended quantity during the first half was 28,000 mt and this was 118% increase when compared to the same period in 2007.

Distribution of cuttings of New Cultivars

Distributed 294,817 no's of shoots of new cultivars through the institution nurseries during the period.

Soil PH Testing

During the period 7,063 soil samples were checked by the TSHDA field staff.

Advisory & Extension Services

5247 farmers in group programs and 22705 individual farm visits were conducted by TSHDA field staff during the period.

Development tasks in- 2009

- Tea replanting subsidy program
  Land Preparation - 1,500 ha
  Soil Rehabilitation - 2,400 ha
  Planting - 100 ha

- Distribution of Cuttings - 909,250 cuttings
- Soil P.H. Testing - 24,845 samples
- Extension Programmes - 8,640 programs
  - 220,300 participants
  - 42,020 individual visits

3.4 Tea Shakthi Fund

TSF is an organization which is financed and owned by the Tea Small Holders with the objective of harnessing the full potential of a large community of enterprising small tea cultivators. TSF operates in a network of 1,200 strong tea small holders' societies, covering a tea growing population of 1.5 million, spanning over 88,000 hectares.

Progress up to September 2008

	2008 (Up to Sep)	
	Unit	Rs mn
No. of factories	13	
Made tea (mt)	3,301.3	953.8
Profit on factory operation (Rs mn)		11.68
Fertilizer sold (mt)	1886.2	129.2
Fertilizer selling profit (Rs.mn)		27.55
Local tea sale (mt)	18.64	6.57
Profit		1.47
Overall Profit		40.7

Development tasks – 2009

Activity	Unit	Rs mn
Made tea (mt)	5,325	1,697
Fertilizer sold (mt)	7,763	780.92
Local tea sale (mt)	79.56	30.88

3.5 Kalubowitiyana Tea Factory Limited

Kalubowitiyana Tea Factory Limited was incorporated on the 30th September 1992 under the Companies Act No.17 of 1982. It began commercial operations with the commencement of manufacture at the newly built CTC Tea Factory at Kalubowitiyana on 01st August 1994. The Company commissioned its second factory at Derangala to produce Orthodox teas in March 2000.

Financial Position

The Company's Profit & Loss position for the period from January '08 to September '08 is given below.

	Rs.Million
Net Sales	375.14
Cost of Sales	(337.87)
Gross Profit	37.27
Other Income	5.71
Gross Profit and Other Income	42.98
H/Office and Meewanapalana Packeting Centre Expenses	(15.33)
Net Profit for the period	27.65

Development Plans 2009

- To obtain Hazard Analysis Critical Control Point System Certificate - HACCP Certificate.
- The company intends to increase the production of CTC teas by 5% during the next year.
- To own a land to construct new office premises to Head Office.
- To run the Derangala tea factory at a profit.
- To carry out the survey to find out the possibility to enter into local market.

Physical out put to be completed during the Year 2009

Estimated made Tea production	**Kg.**
Kalubowitiyana Tea Factory	1,214,000
Derangala Tea Factory	389,000
Total	1,603,000

3.6 Rubber Development Department

The mandate of Rubber Development Department is to secure the well being of country's Rubber Industry, by means of regulatory as well as development approaches, with perticular attention to the Smallholder Sector.

Achievement during 2008

Rubber Replanting and New planting Subsidy Schemes. Altogether 5750 ha. of Rubber will be planted under subsidy during 2008. This consists 1800 ha. of Replanting, 2100 ha of New planting (in the smallholder sector), and 1850 ha. of Replanting in the Corporate Sector. The issue of permits been completed and follow up is going on.

Progress of Replanting and New planting(ha)

Type of Subsidy Achieved	Permitted	Planted	Annual Target
Replanting (Traditional)	1,593	466	1,800
New planting (Traditional)	1,082	434	500
New planting (Non-Trad.)	1,266		1,600
Replanting (corporate)	1,047		1,850

The planting season of non-traditional regions will start at the latter part of the year.

Non Traditional New Planting

The department has exercised an extra effort to promote Non-Traditional New Planting, in complying with the priorities stipulated under "Mahinda Chintana" development programme. The Monaragala was the first project which successfully implemented. The Hambantota and Padiyatalawa projects had started during the near past.

Production of Plants

The Department operates seven plant nurseries in growing regions, to produce quality plants. It targeted 2.36 Million plants in 2008.

Provision of Mature Fertilizer Subsidy

The Department provides a 30% cost subsidy for the application of fertilizer to mature trees. Out of 2000 Metric Tones of annual target, some 40% was achieved.

Farmer Training

The training of tapers and Bud grafters are held throughout the year. In 2008 the target of taper training is 3000 farmers, of which 63% been achieved during January – September.

Development Targets – 2009

	Rs. Mn.
Planting Subsidy Payments	329.50
Nursery Development	8.98
Inter Cropping	3.50
Fertilizer Distribution	27.00
Tapper Training	4.53
Publication & Publicity	4.68
IT-Subsidy Database Management	0.80
Legal Division Cost	0.30
Factory Modernization Subsidy	5.72
Subsidy Management Cost	5.00
Nursery Operating Cost	10.00
Total	**400.00**

3.7 Rubber Research Institute

The mandate of the Rubber Research Institute is to develop and disseminate technology to uplift the rubber industry, both the plantations and the products manufacturing sectors.

Major Activities and Achievements during January to September 2008

- Evaluations on new germplasm were continued and 2007 hand pollinated progeny was planted in the field.
- Island wide survey was carried out on the wintering pattern, flowering and seed production in many clones in different agro-climatic regions.
- New sprinkler irrigation systems for Kuruwita and Moneragala sub stations were designed and their installation were commenced.
- Recommended *Mucuna bracteata* cover crop to substitute 50% of N fertilizer requirement for the 6 year immature period and thereby to cut down N fertilizer cost by Rs. 31,300 for one hectare rubber land.
- Introduced environmentally friendly "Power Mat" for weed control in rubber cultivations.
- Site specific fertilizer recommendations for 6000 ha were issued saving Rs. 30 million for the year.
- More than 400 ha were surveyed for suitability for planting rubber.
- Two economically viable repellant formulations were recommended for stakeholders to minimize wild boar and porcupine attacks in rubber plantations.
- Preliminary investigation on an extended low frequency tapping system, d/4 were completed.
- Eighty seven training programmes were completed giving high priority for skill development of rubber tappers.
- Advisory and technology transfer programmes were conducted to all categories of stakeholders on important aspects of rubber cultivation and processing.
- A tapping knife which can control both the thickness and the depth of the bark was introduced with the view of improving the quality of tapping of semi skilled Latex Extraction Officers.

Development tasks with physical out put to be completed in the year 2009

- Register five new clones for the industry to commemorate 100 years of rubber research.
- Continue the monitoring of nurseries for quality improvement.
- Testing new chemicals to see the effectiveness in curing TPD.
- Slow release fertilizer capsule using rubber wastes.
- Biofilmed biofertilizers for rubber nurseries with the objective of cutting down of the use of high cost chemical fertilizers.
- GIS technology to further improve site-specific fertilizer recommendation to rubber sector in Sri Lanka.
- Development of a prototype of an appliance to measure the dry rubber content digitally in field latex.
- Rubber conference to commemorate the hundred years of research.
- Fifteen revised advisory circulars including latest recommendations of the Rubber Research Institute of Sri Lanka.
- Five revised video documents on cultivation of rubber and two new videos on manufacture of RSS and rubber based industries.
- Crop clinics and exhibitions in all rubber growing regions to increase the awareness of stakeholders in rubber cultivation and to solve their problems.
- Cultivate 100 acres of rubber in the Eastern Province.
- Development of creping battery for crepe rubber manufacture

3.8 Thurusaviya Fund

Major objective of the Thurusaviya Fund is to enhance social status and income level of rubber small holders through increase productivity.

Major achievements in 2008

- Distribution of resources
  75 rubber rollers, 75 diamond rollers buckets, 1,400 tapping knives, 40,000 plastic cups to be distributed.
- Quality improvement of RSS
  Built up 27 smoke houses.
- Establishment and strengthening of societies
  Established 03 new societies and a new programme has been designed to strength the societies.
- Conducted 26 program to educate farmers.

Development task 2009

- Distribution of resources
  150 rubber rollers, 2,100 tapping knives and 20,000 plastic cups are to be distributed.
- Strengthen societies
  Programs is to be conducted to strengthen societies and educate farmers.

3.9 Sri Lanka Rubber Manufacturing and Export Co-operation

Business of manufacturers of all type of technically classified rubber including crumb rubber and block rubber, all type of product made out of raw rubber, synthetic rubber, sheet rubber crape rubber, all other product of rubber derivatives, substitute, synthetic and by product of rubber are the main commercial activities of the corporation.SLRMEC has six factories but at the moment only centrifuged latex factory at Mawanella is functioning.

Achievements in 2008

- Starting the RSS production.
- Starting the Rubber plant Nursery with 500 Bud wood plants.
- Developing Business plan for the corporation for next five years.
- Implementing the cleaner production program in Mawanella factory and reduce 5% production cost.

- Physical progress

Physical progress	(Dry kg)
Rubber latex purchase	243,246
Centrifuged latex production	175,828
Recovery rate	86.26%
Skim crepe production	22,149
Latex crepe production	743
Wastage Rubber Quantity	1633
Overall loss	2.1%

- Financial progress (up to September 30th)

	Rs.million
Turnover	81.31
Cost of production	68.67
Gross profit	12.63
Total Expenses	14.88
Net Profit/Loss	-2.25

Development task 2009

- Expanding the production of ongoing centrifuged Latex at Mawanella factory to its maximum capacity from 40,000kg to 100,000kg per month (Business plan – SLRMEC, 2009 – 2013).
- Re-start the scrap crepe production
- Construction of an effluent treatment plant

3.10 Coconut Research Institute

The Coconut Research Institute (CRI) was established in 1929 with the objective of conducting research and development programs to serve the coconut industry in the areas of coconut production, crop protection and processing technologies for the sustainable development of the coconut industry.

Major achievements during 2008

- As an activity of the enrichment of coconut germplasm with exotic varieties, 80 coconut plants raised from embryos brought from Papua New Guinea and Ivory Coast were field planted at Bandirippuwa Estate
- In order to develop new hybrid varieties, a crossing program was initiated by using imported pollen of 3 exotic varieties namely Rannel Isolated Tall, Tegnan Tall and Malaysian Red Dwarf obtained from Ivory Coast to cross with Sri Lankan tall palms
- Screening of coconut varieties for *Aceria* coconut mite tolerance was continued. Dwarf Yellow x Tall and Gonthembili showed satisfactory tolerance to coconut mite
- Thirty seven adaptive trials in farmers' fields were established to evaluate the performance of new hybrids namely Tall x Dwarf Brown, Tall x San Ramon and Dwarf Green x San Ramon in farmers' fields
- Three hundred Dwarf Red x Tall seedlings were planted in the field for the genome mapping program
- Tissue culture protocol was further improved and maximum number of plantlets obtained from a single callus was 110. This is a significant achievement
- For the first time in the world, haploid coconut plants were produced using coconut anthers
- Forty embryo cultured dikiri coconut plants were planted at Middeniya Research Station

Development Tasks for the -2009

- Development of new hybrids using exotic pollen will continue and these hybrid nuts will be used to the establishment of field trials
- Expansion of seed nut selection program and production of more seed nuts from seed gardens to provide better quality seedlings for Eastern Province coconut development program
- Development of coconut pest control strategies specially in the Eastern Province in collaboration with CCB
- Development of integrated pest management program
- Identification of causative pathogen for leaf rot and leaf yellowing in the South and development of pest management strategy to control further spreading of diseases.

3.11 Coconut Development Authority

The CDA functions its operations and activities, in terms of the provisions of Coconut Development Act No. 46 of 1971, including its subsequent amendments and the Extraordinary Gazette Notification No. 69/4 of 31.12.1979.

Accordingly, the CDA has been vested with powers and functions in the industry as it's apex body which will provide regulatory services, supervision, governance, guidelines, technology, approval of projects and programmes and financial assistance in respect of the processing, quality control and quality assurance, marketing development & research for both local & overseas and other affiliated functions including advising the Hon. Minister in formulating policy matters concerning the industry.

Progress up to September 2008 & Action Plan for 2009

	Activity	Progress Jan- Sep in 2008		Physical Target for 2009
		Target	Progress	
	Processing Development Activities			
1	Development of Desiccated Coconut Industry			
	Updating of processing lines	7 units	10 units	6 units
	Implementation of HACCP System	3 units	1 unit	5 units
	Introduction of bio fuel fired boiler	4 units	4 units	4 units
	Establishment of wastewater treatment plants	7 units	2 units	5 units
2	Development of Copra Industry	8 units	16 units	14 units
3	Development of Coconut Oil Industry			
	Improvement of Coconut Oil /Virgin Coconut Oil Industry for good quality	10 units	16 units	11 units
4	Development of Coconut Milk, Cream, Paste and other value added coconut products	2 units	5 units (In progress)	6 units
5	Development of Sap Products	2 units	1 unit	1 unit
6	Development of Shell Products Shell based handicrafts & ornamental products	2 units	1 unit	10 units
7	Fiber extraction	27 units	26 units	20 units
	Finish products	16 units	14 units	15 units
8	Microbiological Test Kernel Products	7050	5395	8550
9	Microbiological Test Non Kernel Products	575	603	750
10	Physical / Chemical Test	7250	5595	8750
11	Laboratory Services	160	120	250
12	Quality improvement Test	355	181	400
13	Consultancy Services	450	376	600
14	Water Analysis Services	180	179	200
	Marketing Development and Research Activities			
15	Supervising & Facilitation of Coconut Industry			
	Auctions (Fresh Coconut / Copra)	90	80	96
16	Publications & Dissemination of Information	46	45	60
17	Market Promotional Services			
	Participation and Collaboration of Trade fairs / Exhibitions / Free Trade Agreements (Local & Foreign)	15	5	15

3.12 Coconut Cultivation Board

Coconut Cultivation Board is established under the Act number 46 of 1971 by Gazette notification 502 dated March, 1972 with the objective of providing necessary guidance and support to the coconut growers spreaded around the country.

Coconut Cultivation Board has launched several programs to achieve following objectives.

1. Increase the area under coconut up to 01 million Ac by year 2010.
2. Increase the annual coconut production up to 3,500 mn. nuts within next 05 years.
3. Increase the productivity and profitability by crop diversification.
4. Provide seedlings, fertilizer and other inputs to the coconut growers on a concessionary price.
5. Sthrengthen small holder societies.
6. Expend coconut cultivation to new areas.
7. Provide new technology to coconut growers.

Major activities and achievements with physical outputs during Jan – August 2008

Development Programme	Target	Progress
1. Seedling production (Seedlings)	4.00 Mn	2.477 Mn
2.Re/New/Under Planting Scheme	12,595 Ac	5,932 Ac.
3. Land rehabilitation	9,375 AC	2,100 Ac
4. Home Gardening Program (Seedlings)	903,900	165,058
5. Kapruka program	3,900 Ac	1,917 Ac
6. Rain Water Harvesting Program	140 units	23 units
7. Organic fertilizer	650 units	275 units
8. Extension (Persons)	100,000	76,904

Development Task for the 2009

1.Seedlings production	4 Mn. Seedlings
2. Re/ New/ Under Planting scheme	20,000 Ac.
3. Land rehabilitation	16,000 Ac.
4. National home gardening programme	1 mn seedlings
5. Promotion of organic fertilizer	20000 Ac
6. Control of Weligama wilt disease	
7. Gliricidia subsidy	5000 Ac
8. Rain water harvesting programme	50 units

3.13 B C C Lanka Limited

Main Functions

The main business activities of BCC Lanka Limited involve in manufacturing, distribution and marketing of coconut oil related products detergents toiletries and other personal care products. BCC Lanka Limited produces Steel Drums for the purpose of storing oil greases and Industrial Products such as Asphalt etc.

During the period from January to September 2008 following products were produced.

- Soap- Sovereign bar, Soft soap and Shaving soap.
- White oil and Cook-Joy

The Company has been marketing products mainly in Colombo District, Kandy, Kalutara and other suburban areas. Company has recorded a profit of Rs. 2.947 Million during the period of January to September 2008.

Development Tasks - 2009

- Updating the oil refinery.
- Upgrade the machinery in the drum plant.
- Increase the production of Laundry soap

3.14 National Institute of Plantation Management

The National Institute of Plantation Management (NIPM) was established in 1979 with a mission to increase the productivity of the resources and quality of end products by providing training and consultancy services to the Plantation Sector Personnel including the smallholders.

Activities and achievements during 2008

Conducted the following academic courses and training programmes

- Academic Courses - 12
- Skill Development Programmes - 02
- Worker Development Programmes- 53
- Published two newsletters and-01 journal.
- Provided hostel facilities for 18 outside programmes.
- Earned Rs. 6.3 Million from various activities mentioned above.

Development tasks with the physical output to be completed during the year 2009

1. It is expected to conduct all the Academic Courses and Training Programmes mentioned above. The total No. of programmes to be conducted in 2009 is 105 and participants to be trained is 4500.

2. To conduct Induction Course for Planter Trainees and produce 25 trainees whom can be recruited as Junior Assistant Superintendent in the Plantation Sector.

3. Issue NIPM Journal, Newsletter and other periodicals.

3.Construct a two storied building to be utilized as the new office complex.

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

Although the Act for the Control of Fragmentation of Tea and rubber estates was passed in Parliament in 1958 no provisions were in place to control the fragmentation of Coconut estates. This resulted in the owners of coconut estates and land sales agents blocking out large extents of coconut estates and selling without any control, and this has caused a drop in the output of coconut and coconut related production. Further there have been several environmental and social issues sprang up due to this situation.

Taking these factors into consideration the Control of Fragmentation Act no 02 of 1958 was amended by the Control of fragmentation Act no 20 of 2005. Under the provisions of this Act the approval of the Board of the Control of Fragmentation has to be obtained to sub divide or transfer of ownership of Tea and rubber estates which are over 20 hectares, and coconut estates which are over 4 hectares in extent. The board of Directors has the authority to approve the fragmentation of these estates.

From January to September 2008, the board has received 766 applications to fragment lands.