

Ministry of Plantation Industries

Rubber Development Department

Performance Report

2016



Vision

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

Mission

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

Objectives

- ❖ Enhance the productivity of existing rubber lands.
- ❖ Increase the extent of rubber land area.
- ❖ Generate a permanent source of income to the people living in the areas through expansion of rubber cultivation in non-traditional areas.
- ❖ Increase employment opportunities through encouraging the production of finished products and higher value addition for raw rubber.
- ❖ Enhance the productivity through distributing high quality rubber plants.
- ❖ Ensure the sustainability of the rubber cultivation through providing extension services.

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Preface

As per the information of the census on rubber lands conducted by the Rubber Development Department in year 2010, the total estimated extent of rubber land area in year 2016 was 136,274 hectares of which 87,996 hectares were owned by the rubber small holders and 48,278 hectares were owned by the Plantation Companies. The total rubber production in the year amounted to 79099 mt and it shows a decline of 11% when compared to the previous year. 50% of the total rubber production is Sheet rubber and the percentages of the Latex production, Crepe rubber production and Block rubber production are 26%, 19% and 5% respectively. 20% of the total rubber production had been exported and the balance 80% had been used for the local consumption. Pakistan, Malaysia, Japan, Germany, Italy, America, India and China are main destinations of Sri Lankan raw rubber and the quantity of rubber purchased by these countries is 75% of the total exports. The average price for 01kg of Sheet rubber in the year 2016 was Rs.238.97 and it was 3% decrease in the price when compared to the previous year.

The measures taken by the Rubber Development Department on the intervention of the Government for enhancement of the rubber industry has caused for the improvement of the rubber production to some extent. Provisions of Rs.1479.32 million were allocated to the Rubber Development Department for the year 2016 and the expenditure incurred was Rs.1162.64 million and the progress achieved was 79%. The total plant production in the Government rubber plant nurseries was 1.20 million in the year and the number of plants distributed was 1.04 million.

The initiatives which were taken in the year 2011 to initiate rubber new planting in Monaragala, Badulla, Ampara and Hambantota districts under the programme for expansion of rubber cultivation to non-traditional areas, had been continued in the year 2016 as well.

I extend my heartfelt thanks to all, those who assisted me in many ways to perform the functions of the Rubber Development Department successfully in the year 2016.


R.B. Premadasa

Director General

Rubber Development Department

Thanking

The year 2016 was a unique year in which 79% of financial progress could be achieved from the amount of provisions allocated by the Treasury. These funds were invested to promote development activities of the rubber cultivation, human resource development and physical resource development. The training of employees and conducting of productivity programmes gave rise to motivate employees and create a satisfactory work environment and thereby, it was able to provide an efficient service.

However, I extend my heartfelt thanks to all, those who assisted in many ways to achieve financial and physical targets.



R.B. Premadasa

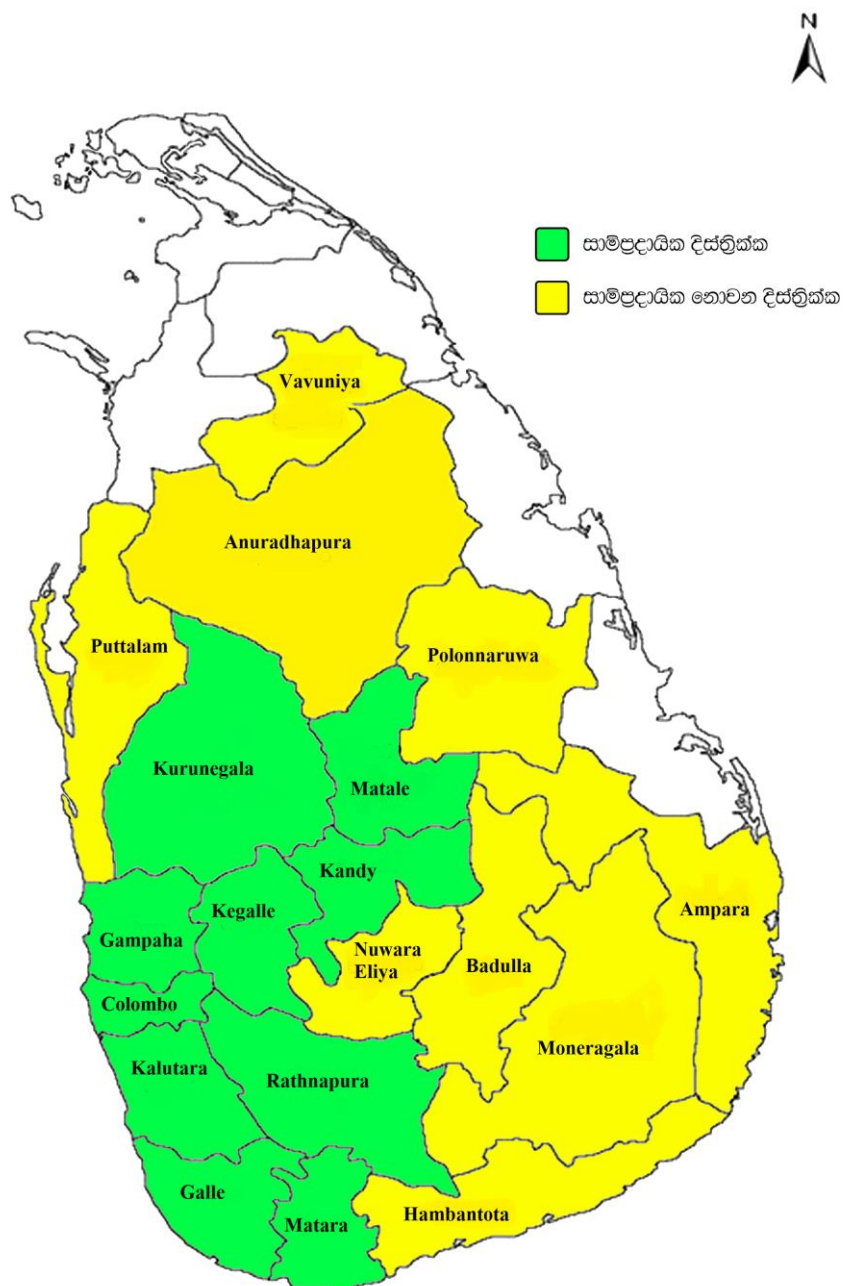
Director General

Rubber Development Department

1. Introduction

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

Rubber Growing Districts of Sri Lanka



1.1. Historical Background

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

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

"The Rubber Replanting Subsidy Act No.36 of 1953" was passed for development of the rubber industry. The Rubber Control Act No.11 of 1956 was passed by way of revising the Rubber Control Ordinance No.06 of 1934, making provision for replanting of rubber and functions of the Rubber Development Department were performed in terms of the said Act and the Rubber Replanting Subsidy Act No.36 of 1953.

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

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

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

1.2.1. Rubber Replanting Subsidy Act No.36 of 1953

Under this Act, subsidies are granted for the activities such as rubber replanting, rubber new planting, intercropping and modernization of rubber factories. Further, provisions have been made under Section 7 of this Act to levy Cess.

1.2.2. Rubber Control Act No.11 of 1956

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

1.2.3. Rubber Replanting Subsidy (Amendment) Act No.20 of 2006

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

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

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

The amount of Cess should be charged from the producer at the time of purchasing of raw rubber by the manufacturer of finished products and should be paid to the Rubber Development Department.

1.3. Rubber Development Department

The Head Office of this Department which comes under the purview of the Ministry of Plantation Industries is situated at No.465, Ganahena, Battaramulla. Administrative and operational activities, collection of Cess and coordination with other institutions are carried out by the Head office. With a view to provide the people more efficient services such as payment of subsidies, production and distribution of plants, distribution of fertilizer and advisory services which are rendered for development of the rubber cultivation, the said activities are carried out by five Regional Offices. The relevant Regional Offices cover the following districts.

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

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

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



Gurugoda Rubber Plant Nursery

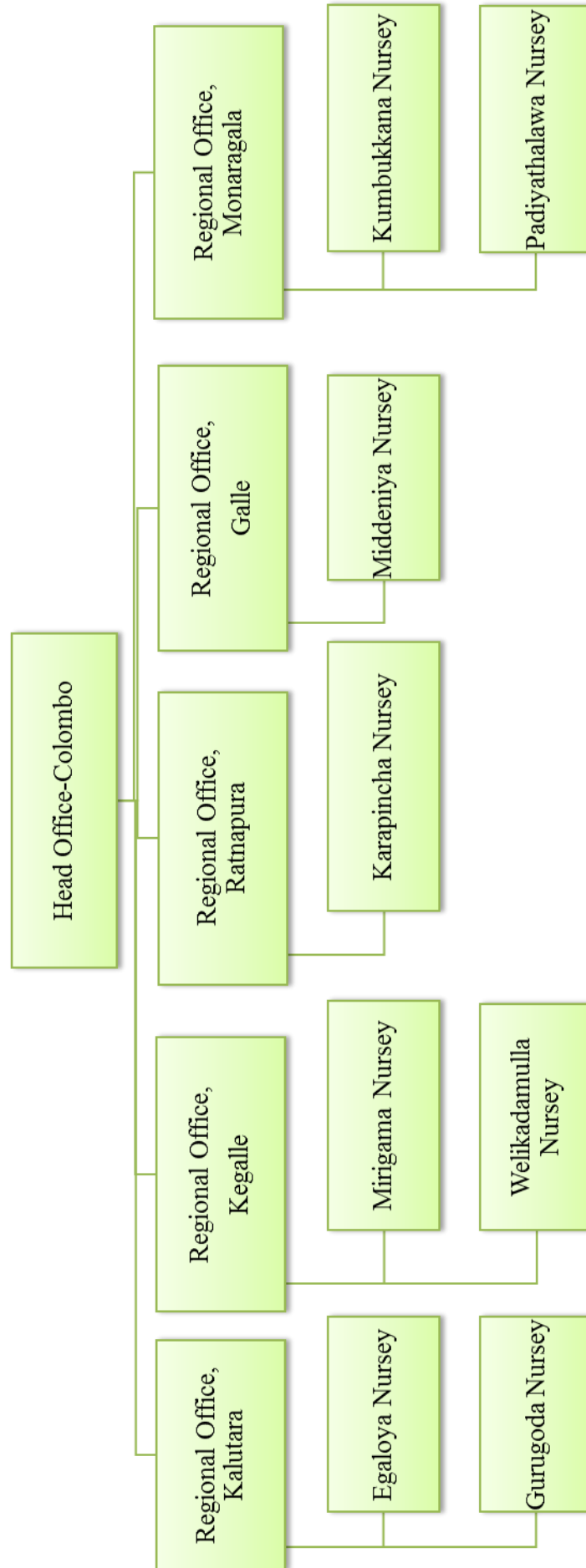


Middeniya Rubber Plant Nursery

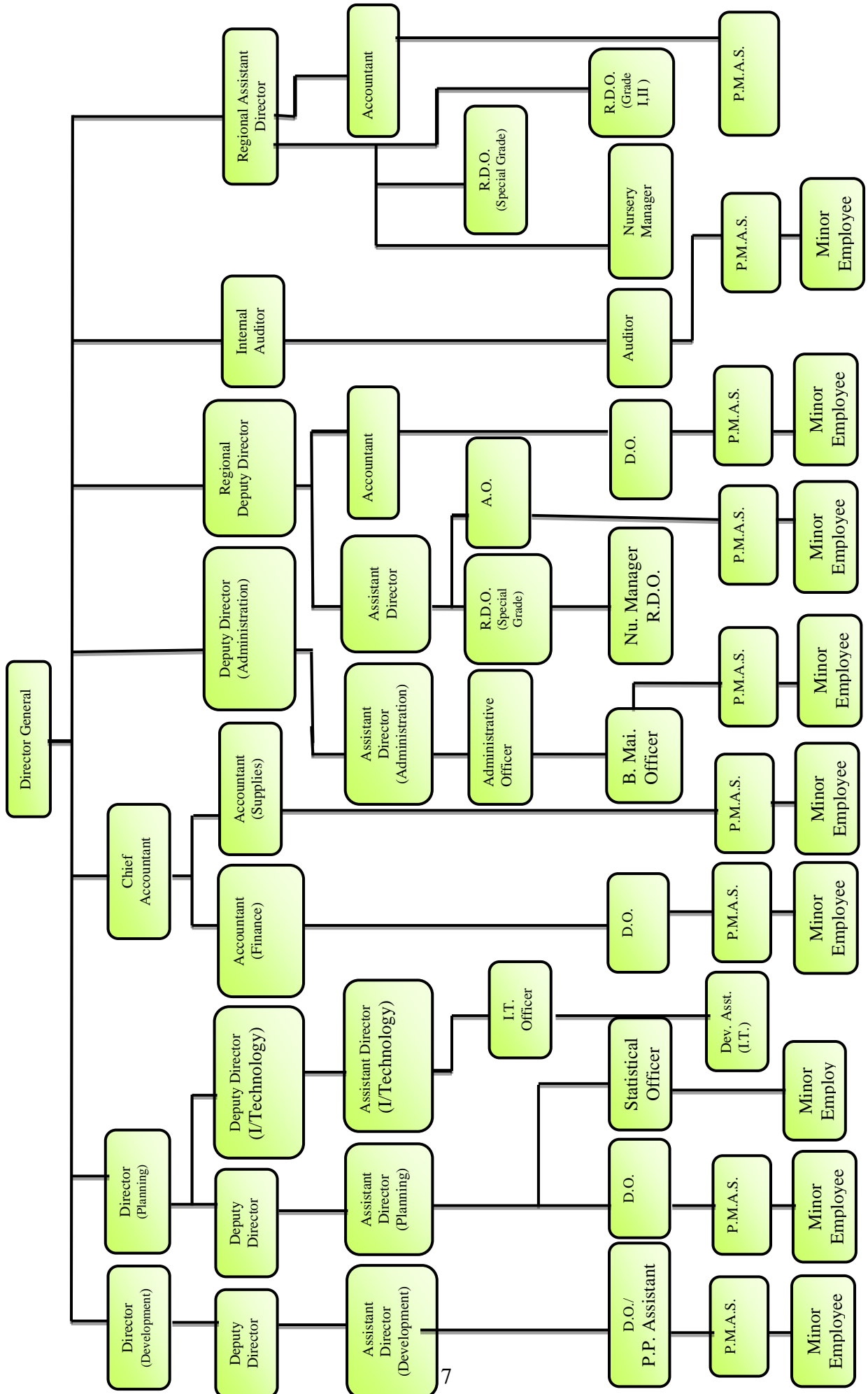


Karapincha Rubber Plant Nursery

1.4 Institutional Structure of the Department



1.5 Organizational Structure - Rubber Development Department



1.6 Cadre Information of the Department

Serial No.	Designation	Approved Cadre	Present Staff	Vacancies
01	Director General - S.L.A.S.	1	1	0
02	Director - S.L.A.S.	2	1	1
03	Chief Accountant - S.L.Ac.S.	1	1	0
04	Deputy Director - S.L.I.T.S.	1	0	0
05	Deputy Director - S.L.A.S. Assistant Director - S.L.A.S.	16	14	2
06	Assistant Director - S.L.P.S.	1	1	0
07	Accountant- S.L.Ac.S.	6	4	2
08	Assistant Director - S.L.I.T.S.	2	1	1
09	Internal Auditor	1	1	0
10	Information & Communication Technology Officer - S.L.I.C.T.S.	2	0	2
11	Audit Clerk	1	1	0
12	Administrative Officer	4	3	1
13	Publicity Officer	1	1	0
14	Budget Assistant	1	1	0
15	Development Officer	22	18	4
16	Development Assistant	5	3	2
17	Nursery Manager	7	6	1
18	Buildings Maintenance Officer	1	1	0
19	Public Management Assistant	139	115	24
20	Information and Communication Technology Assistant	5	2	3
21	Clerk/ Typist	11	11	0
22	Rubber Development Officer Projects - Supra	12	0	12
23	Rubber Development Officer	182	146	36
24	Office Employees' Service	28	26	2
25	Driver	36	32	04
26	Lorry Cleaner	8	8	0
27	Watcher	01	1	0
28	Tea Shakthi Fund		10	0
	Total	497	409	97

Table i

2. Performance – Year 2016

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

- Rubber Planting Subsidy Programme
- Production of Plants
- Programme for Fixing of Rain Guards
- Intercropping Programme
- Training Programmes
- Granting Fertilizer Subsidy

2.1. Rubber Planting Subsidy Programme

In the year 2016, there was a target of 2800 hectares for small holdings in traditional and non-traditional areas under Rubber New Planting Programme and out of the extent, 592 hectares were cultivated. In order to cultivate the extent of 592 hectares, a sum of Rs.179.90 million has been paid as subsidies to the smallholders for rubber new planting in traditional and non-traditional areas.

The target for small holdings under the Rubber Replanting Programme was 2700 hectares of which 538 hectares were cultivated. An extent of 1500 hectares was targeted under the Plantation Companies and 52.63 hectares were cultivated. Accordingly, the total land extent under rubber replanting was 590.63 hectares and the subsidy paid for the purpose amounted to Rs.337.51 million.



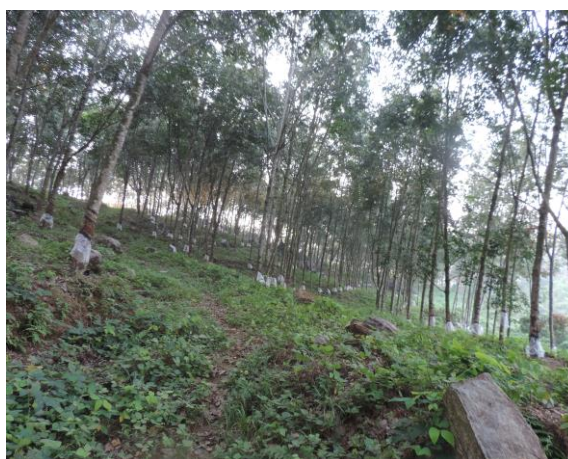
Rubber cultivation under tapping - Galle

2.2. Production of Plants

The Rubber Development Department has established 08 rubber plant nurseries and plants are produced and distributed by 07 nurseries. Plant production activities at Padiyathala plant nursery in Ampara District were started at the end of the year 2016.

2.3. Programme for Fixing of Rain Guards

The target for small holdings under the Programme for Fixing of Rain Guards was 1000 hectares of which 182.62 hectares were fixed with rain guards. The subsidy payment for small holdings amounted to Rs.2.69 million and the Plantation Companies targeted 3000 hectares of which 2452 hectares were fixed with rain guards. A sum of Rs.20.34 million was incurred as subsidies.



A rubber land with rain guards

2.4. Intercropping Programme

830 hectares were targeted under the Intercropping Programme to fetch an additional income to the rubber growers with immature rubber cultivation and out of the said extent, 183.50 hectares were cultivated. An amount of Rs.1.20 million has been paid to the rubber smallholders as subsidies for the Intercropping Programme.



Rubber plantation intercropped with Banana



Rubber plantation intercropped with Pineapple

2.5. Training Programmes

As training programmes, training programme for ordinary rubber tappers, training programme for professional rubber tappers and training programme for bud grafters were conducted. The number of persons targeted for ordinary rubber tappers under the tapper training programme was 2520 of which 2480 persons were trained. The expenditure incurred for the training programme for ordinary rubber tappers amounted to Rs.2.06 million. The number of persons targeted for professional rubber tappers was 300 and 305 persons were trained for the purpose in this year. The expenditure incurred for the training programme for professional rubber tappers amounted to Rs.2.50 million. The number of persons targeted for training of bud grafters was 210 and all of them were trained. The expenditure incurred for the training programme for bud grafters amounted to Rs.0.19 million. The target for Field Officer Training of the Rubber Development Officers was 182 all of them had participated in the training. The expenditure for the purpose was Rs.2.18 million.



Tapper Training programme



A rubber land in a non-traditional area

2.6. Rubber planting in non-traditional areas

Under the programme for expansion of rubber cultivation to non-traditional areas, the total land extent under rubber new planting in non-traditional areas in the year 2016 was 465.69 hectares as 197.72 hectares in Monaragala, 212.57 hectares in Ampara, 49.04 hectares in Badulla and 6.36 hectares in Hambantota.

3. Information related to the Natural Rubber Industry -2016

A gradual increase in the extent of land under rubber shows in last few years. The estimated total extent of land under rubber in the country in year 2016 has been calculated on the basis of the results of the rubber land Census conducted in year 2010.

3.1. Extent of land under rubber

Extent of land under rubber – Year 2016

	Private Sector (Lands less than 20 hectares) Ha.	Regional Plantation Companies (Lands more than 20 hectares) Ha.	Total (Hectares)
Extent of land reported from the rubber land census conducted in year 2010	79,395	46,250	125,645
Extent of land reported from the rubber land census conducted in year 2011	80,018	48,516	128,534
Extent of land estimated in year 2012	82,170	48,610	130,780
Extent of land estimated in year 2013	85,083	48,585	133,668
Extent of land estimated in year 2014	85,100	49,037	134,137
Extent of land estimated in year 2015	87,604	48,978	136,582
Extent of land estimated in year 2016	87,996	48,278	136,582

Table ii

65% of the total extent of land under rubber is prevailing as small and medium scale holdings and the remaining 35% extent of land is available as the estates owned by the Plantation Companies. It has been estimated that out of this total extent of land, the immature extent of land is 39,842 hectares and the mature extent of land under tapping is 96,432 hectares and the total production from such cultivations is 79,099 metric tones. It has also been estimated that the average annual yield per hectare under rubber in year 2016 is 819 kg of dried rubber.

3.2. Production and Cost of Production

3.2.1. Rubber Production

The total production of rubber in year 2016 was 79,099 metric tons. It shows a decrease of 9,488 kg when compared to the total production of 88,567 metric tons in the previous year. It is 11% drop as against the previous year. The main reasons for the decrease in the production were the decline in the rubber prices of our country gradually due to the drop in the global rubber prices during the past few years and the heavy rain prevailed in the first half of the year 2016 and the severe drought conditions prevailed in the latter half of the year.

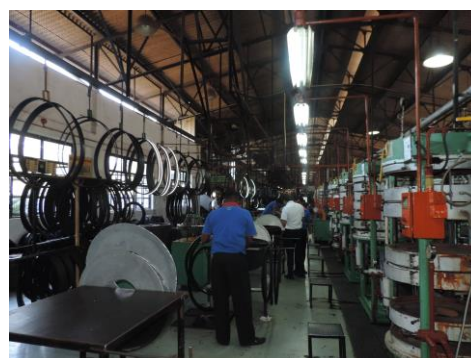
Total Rubber Production in the years of 2015 and 2016 (Metric Tons)

Year	Sheet Rubber	Scrap Crepe	Sole Crepe	Latex Crepe	Block Rubber T.S.R.	Latex and Other	Total
2015	44,392	886	1,939	8,266	7,606	25,478	88,567
2016	39,754	791	1,575	12,618	3,864	20,497	79,099

Table iii



Produced Sheet rubber



Production of Tyre

District wise Rubber Production in the Year 2016

District	District Production Mt.	District contribution to the National Production %
Kalutara	19379.26	24.50
Kegalle	24528.60	31.01
Gampaha	2388.79	3.02
Kurunegala	1700.63	2.15
Kandy	972.92	1.23
Matale	806.81	1.02
Ratnapura	16863.91	21.32
Galle	4041.96	5.11
Matara	2721.01	3.44
Hambanthota	31.64	0.04
Colombo	4049.85	5.12
Monaragala	854.27	1.08
Badulla	656.52	0.83
Puttalam	7.91	0.01
Ampara	94.92	0.12
Total	79099	100

Table iv

3.2.2. Cost of Production

The average cost of production to produce 01kg of dried rubber in the small holding sector was Rs.180.00 in the year 2016. The cost of production in the previous year was Rs.170.00. The cost of production for Plantation Companies was Rs.286.41 in the year 2016 and it was amounted to Rs.285.00 in the previous year. The cost of production should be high due to the decrease in the yield. The increase in the cost of production from the year 2002 is given in Table v.

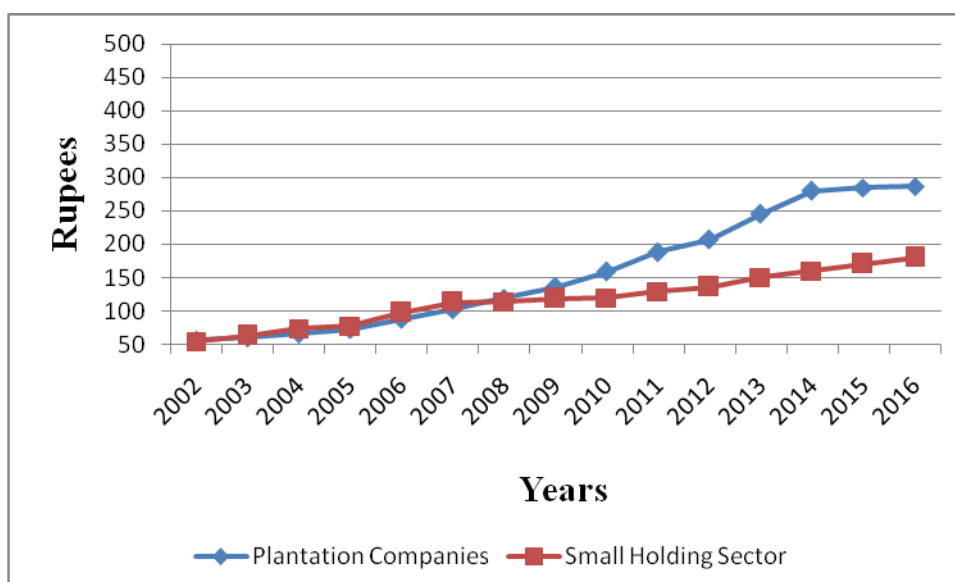
Cost of Production of Rubber 2002 - 2016

(Rs. /1kg.)

Year	Plantation Companies	Small Holding Sector
2002	55.74	54.00
2003	59.76	63.30
2004	65.98	73.37
2005	72.56	77.37
2006	87.65	97.20
2007	102.31	112.69
2008	119.89	114.00
2009	135.83	118.56
2010	158.94	119.83
2011	188.23	129.56
2012	207.00	136.00
2013	245.00	150.00
2014	280.00	160.00
2015	285.00	170.00
2016	286.41	180.00

Table v

Cost of Production of Rubber 2002 – 2016



3.3 Local Consumption of Rubber

In the past, natural rubber produced in the country was as an important industrial raw material, mainly based on the export and at present, the situation has been changing gradually and a trend towards more utilization of natural rubber for production of local finished products can be seen today. Accordingly, the local consumption of natural rubber was 141940 metric tons in the year 2016. Since the rubber production in this year has decreased as against the previous year, a certain quantity of the rubber bulk in the previous year has been utilized in this year for the local consumption and the export. The quantity of rubber imported in this year is 72985 metric tons. This quantity has also been utilized for the local rubber consumption.

3.4 Export of natural rubber as a raw material

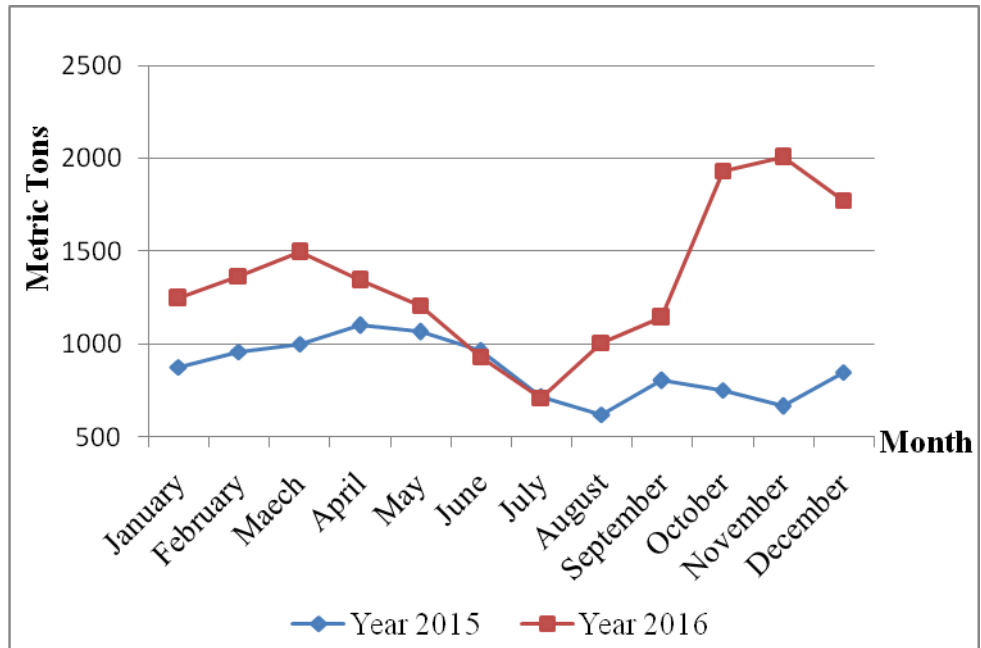
The export of rubber from Sri Lanka has significantly declined in year 2016 as against the year 2015.

Quantities of Rubber Exports from Sri Lanka in 2015 and 2016

Month	Shipment (Metric Tons)	
	Year 2015	Year 2016
January	875	1245
February	961	1367
March	1001	1495
April	1102	1344
May	1067	1207
June	964	930
July	713	711
August	621	1008
September	803	1142
October	751	1935
November	665	2007
December	850	1776
Total	10,373	16,167

Table vi

Rubber Exports – 2015 & 2016



Quantities of category wise rubber exports from Sri Lanka in 2015 and 2016 are given in the Table below.

Quantities of category wise rubber exports in 2015 & 2016

(Metric Tons)

Year	Sheet Rubber	Sole Crepe	Scrap Crepe	Latex Crepe	Block Rubber (T.S.R.)	Latex and Other	Total
2015	903	1847	13	6888	417	305	10373
2016	1630	-	1500	10515	1141	1381	16167

Table vii

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

F.O.B. Value of Total Rubber Exports

Year	Exports (Metric Tons)	Total Value (Rs. Million)	Value Per Kg. (Rs.)
2015	10373	3547.90	342.03
2016	16167	4758	294.33

Table viii

Rubber is exported mainly by the private sector. A number of 120 registered exporters are in the private sector and all 120 exporters have been registered with this Department for the year 2016 as well.

Major Destinations of Rubber Exports – 2016

(Metric Tons)

Country	Quantity purchased	%
Pakistan	3009	19
Malaysia	2595	16
Japan	1525	9
Germany	1474	9
Italy	1060	7
America	882	5
India	761	5
China	744	4
South Africa	548	3
Spain	162	1
United Kingdom	90	1
Hong Kong	85	1
Other	3232	20
Total	16167	100

Table ix

3.5. Quantities of Rubber Imports – Year 2016

Month	Quantity (Metric Tons)
January	5845
February	6398
March	3098
April	6495
May	12947
June	7202
July	5210
August	4482
September	4208
October	9605
November	4382
December	3113
Total	72985

Table x

Quantities of category wise natural rubber imports in 2015 & 2016

(Metric Tons)

Year	Sheet Rubber	Sole Crepe	Scrap Crepe	Latex Crepe	Block Rubber (T.S.R.)	Latex and Other	Total
2015	38182	0	0	0	892	15302	54,376
2016	51540	-	-	-	3152	18293	72,985

Table xi

Total Rubber Imports - 2016

(Metric Tons)

Category	Quantity of Imports (Mt.)	Value of Imports (Rs. Mn.)
Natural Rubber	72984.91	15,619.28
Synthetic Rubber	69491.34	15,351.75
Reclaimed Rubber	21962.93	1,978.92
Scrap Rubber	12155.94	743.00
Compounded Rubber	7530.21	2,075.88
Semi Processed Rubber	6549.66	765.71
Production of finished products (Kg.)	9582.27	8,523.04
Production of finished products (Number)	6787.30	12,708.02

Table xii

3.6. Rubber Prices

The rubber prices have been declining since year 2011 as the demand for natural rubber was dropped due to the slow growth in the global Gross National Product (GNP) and rubber prices in the years of 2015 and 2016 are given below.

Average price of category wise rubber

(Rs. per Kg.)

Year	Annual average price		
	Sheet Rubber No.1	Scrap Crepe No.1.XBR	Latex Crepe No.1X
2015	245.93	187.74	299.17
2016	238.97	179.56	262.38

Table xiii

Annual Average Price

Month	Sheet Rubber (RSS)					Latex Crepe				Scrap Crepe						
	1	2	3	4	5	IX	1	2	3	4	1XBR	2XBR	3XBR	4	FB	SKIM
January	228.00	188.67	Not sub.	Not sub.	Not sub.	285.60	284.00	267.38	225.13	161.21	159.11	157.67	155.88	153.84	150.00	124.67
February	194.00	189.25	186.00	179.25	Not sub.	289.38	286.31	267.86	227.25	144.94	141.84	141.33	142.34	140.43	Not sub.	116.36
March	208.68	205.47	190.00	181.50	182.00	287.14	283.14	258.63	243.67	149.89	145.31	142.25	147.13	142.50	136.50	116.50
April	232.63	Not sub.	230.50	Not sub.	212.00	278.75	276.00	252.42	227.33	179.17	169.83	164.56	166.25	159.33	155.50	126.56
May	245.33	239.00	240.00	Not sub.	Not sub.	274.01	272.17	237.25	210.67	179.17	169.29	162.75	165.70	158.98	137.00	135.63
June	268.92	Not sub.	255.00	Not sub.	232.13	270.00	262.71	226.50	205.78	181.00	172.33	167.43	162.21	157.06	135.00	134.06
July	254.38	247.50	243.33	Not sub.	233.25	264.83	259.57	226.07	214.00	213.63	188.57	179.63	168.44	160.36	142.05	141.28
August	229.33	228.47	215.50	214.00	214.50	234.71	231.00	208.75	200.10	189.81	174.33	171.80	175.11	166.78	152.00	143.58
September	225.23	221.38	218.50	216.80	Not sub.	222.43	218.88	205.63	193.00	175.31	172.13	171.00	170.64	162.96	152.50	132.90
October	236.40	233.08	232.25	226.50	Not sub.	228.00	220.63	210.50	203.38	190.75	183.50	180.75	179.05	172.50	164.00	142.22
November	259.57	257.03	250.88	248.23	Not sub.	235.33	234.52	230.40	228.69	226.92	220.88	217.04	204.28	202.26	173.50	189.81
December	285.21	283.00	283.00	297.00	284.00	278.33	275.00	269.07	265.21	266.45	257.60	252.67	242.50	240.00	219.50	223.00
Average	238.97	229.28	231.36	223.33	226.31	262.38	258.66	238.37	220.35	188.19	179.56	175.74	173.29	168.08	156.14	143.88

❖ Not sub. – Not submitted.

Table xiv

3.7. Rubber Dealers

Holding a permit for rubber trade is a legal requirement and 850 rubber traders have renewed their permits in the year 2016 and 28 new permits have been issued. Accordingly, 878 rubber dealers have been registered with the Department in the year 2016. The district wise issuance of the permits is given below.

District	No.of permits renewed	No. of new permits issued
Colombo	58	-
Gampaha	31	-
Kalutara	237	04
Ratnapura	164	08
Kegalle	270	10
Kurunegala	12	-
Kandy	08	-
Matale	03	-
Galle	30	02
Matara	25	-
Hambantota	-	-
Monaragala	11	04
Badulla	01	-
Total	850	28

Table xv

3.8. Rubber Replanting/ New planting Subsidy Scheme

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

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

For new planting – Rs.150,000 per hectare

For replanting – Rs.175,000 per hectare

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

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

Table xvi

3.9. Progress of rubber planting including new planting

The functions performed by the Rubber Development Department for the development of rubber are given below. Accordingly, For the purpose of maintaining the rubber industry in Sri Lanka as a strong economic project, economically unproductive rubber plantations have to be removed and re-planted. In order to maintain productive rubber cultivation, at least 3% of the total extent of rubber lands should be replanted annually and the said extent is approximately 4,000 hectares. The estimated extent under rubber replanting / new planting in year 2016 was 7,000 hectares. The extent of lands targeted for replanting in year 2016 was 4,200 hectares of which 2,700 hectares under the Small Holding Sector and 1,500 hectares under the Plantation Companies. The target for new planting under the Small Holding Sector during the year was 2,800 hectares of which 1,800 hectares in traditional areas and 1,000 hectares in non-traditional areas.

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

**Extent of lands replanted under Rubber Replanting Subsidy Scheme
(Smallholders) – Year 2016**

(Hectares)

District	Applications received		Permits issued		Extent under replanting	
	No. of Holdings	Extent of lands (Hectares)	No. of Holdings	Extent of lands (Hectares)	No. of Holdings	Extent of lands (Hectares)
Kalutara	479	320.23	476	317.79	251	151.07
Kegalle	684	478.1	506	351.13	276	163.26
Gampaha	100	80.89	65	44.67	43	28.11
Kurunegala	14	32.59	14	30.23	03	7.16
Kandy	28	28.85	26	27.99	08	5.18
Matale	01	7.91	01	7.91	-	-
Ratnapura	200	160.78	201	167.22	114	90.42
Galle	14	11.68	13	10.97	09	4.38
Matara	25	27.48	23	24.35	07	4.15
Monaragala	1	0.81	1	0.81	1	0.81
Colombo	130	93.94	137	108.50	108	83.46
Total	1676	1243.26	1463	1091.57	820	538

Table xvii

Extent of lands new planted under Rubber New Planting Subsidy Scheme (Smallholders) – Year 2016

(Hectares)

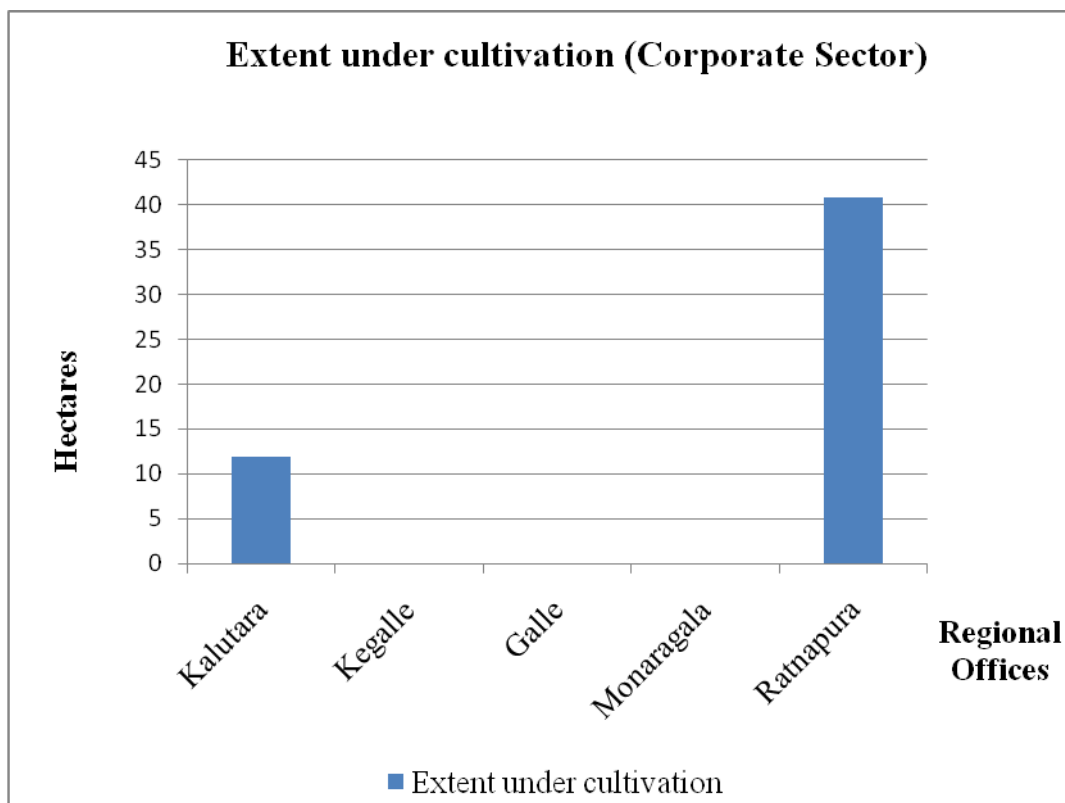
District	Applications received		Permits issued		Extent under new planting	
	No. of Holdings	Extent of lands (Hectares)	No. of Holdings	Extent of lands (Hectares)	No. of Holdings	Extent of lands (Hectares)
Kalutara	111	43.62	109	42.19	64	25.65
Kegalle	295	143.54	234	86.26	130	46.55
Gampaha	39	17.75	31	13.01	28	11.87
Kurunegala	17	15.02	14	12.26	07	4.58
Kandy	21	11.74	16	6.29	11	4.32
Matale	01	0.81	01	0.81	-	-
Ratnapura	100	57.28	82	47.99	37	18.23
Galle	23	12.16	23	12.04	06	4.35
Matara	17	16.56	14	14.64	06	4.74
Hambantota	20	14.54	20	12.83	08	6.36
Colombo	27	21.47	30	22.16	15	6.49
Monaragala	407	240.7	394	232.99	344	197.72
Badulla	78	61.10	70	55.84	58	49.04
Ampara	203	186.19	198	181.74	228	212.57
Total	1359	842.48	1236	741.05	942	592.47

Table xviii

**Extent of lands replanted under Rubber Replanting Subsidy Scheme
(Corporate Sector) – Year 2016**

Regional Office	Extent under cultivation (Hectares)
Kalutara	11.85
Kegalle	-
Galle	-
Monaragala	-
Ratnapura	40.78
Total	52.63

Table xix



Extent of lands under Rubber Replanting 1990-2016

(Hectares)

Year	Smallholding Sector	Plantation Companies	Total
1990	3584	1617	5201
1991	3507	1794	5301
1992	2028	1889	3917
1993	2419	2817	5236
1994	1623	2138	3761
1995	1778	1461	3239
1996	1983	1217	3200
1997	1172	2045	3217
1998	1173	2542	3715
1999	665	3866	4531
2000	770	1853	2623
2001	558	4584	5142
2002	712	2066	2778
2003	565	494	1059
2004	819	1264	2083
2005	1257	2329	3586
2006	1122	2331	3453
2007	993	4199	5192
2008	812	5293	6105
2009	1002	5360	6362
2010	1186	4756	5942
2011	1123	1927	3050
2012	1117	2126	3243
2013	1710	2784	4494
2014	1343	1554	2897
2015	614	1303	1917
2016	538	53	591

Table xx

Extent of lands under Rubber New planting 1990-2016

(Hectares)

Year	Smallholding Sector	Plantation Companies	Total
1990	1039	258	1297
1991	1602	202	1804
1992	612	302	914
1993	907	135	1042
1994	670	37	707
1995	651	45	696
1996	1208	35	1243
1997	793	21	814
1998	516	17	533
1999	223	48	271
2000	243	34	277
2001	150	14	164
2002	227	7	234
2003	451	7	458
2004	518	5	523
2005	1032	11	1043
2006	1603	297	1900
2007	1701	333	2034
2008	2755	414	3169
2009	1994	275	2269
2010	2857	96	2953
2011	2166	838	3004
2012	2297	1086	3383
2013	2979	912	3891
2014	1428	133	1561
2015	769	56	825
2016	592	-	592

Table xxi

3.10 Payment of Subsidies

During the year 2016 under review, the Department was able to pay subsidies for each such cultivation as follows.

Payment of Subsidies for Rubber Cultivation

Project	Total Amount Paid (Rs. Million)
Replanting Subsidy 2016 (Smallholder Sector)	192.98
New planting Subsidy 2016 (Smallholder Sector)	179.90
Replanting Subsidy 2016 (Plantation Companies)	144.53
Total	517.41

Table xxii

3.11 Rubber Plant Nurseries and Supply of Plants

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

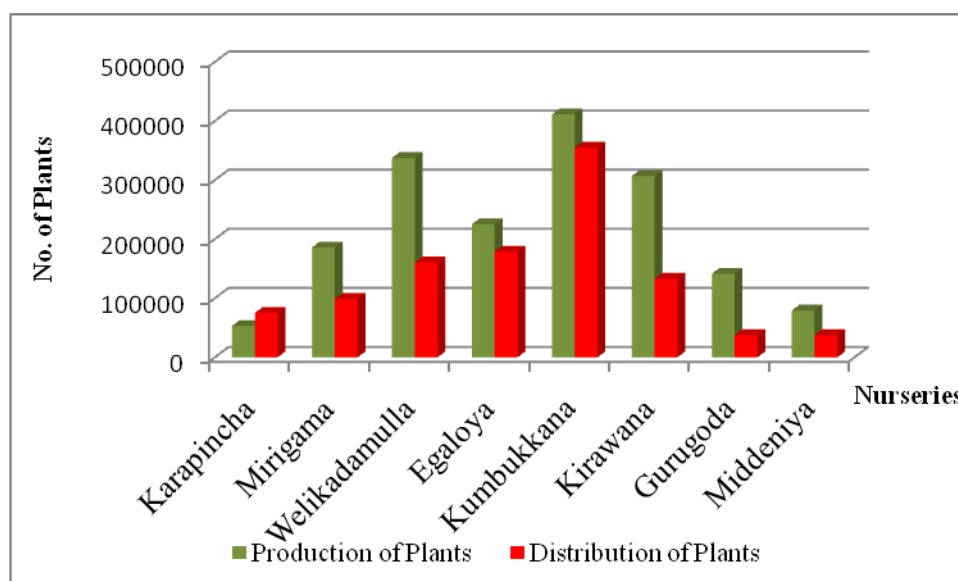
A permit should be obtained from the Department for the establishment of private rubber plant nurseries and commercial rubber plant nurseries. At the preliminary stage, the planting material required for the establishment of high quality budwood nurseries in the said nurseries is provided from the nurseries of the Department.

3.11.1. Government Plant Nurseries

Production of plants and issue of plants in the Government Nurseries - 2016

Name of the Nursery	District of the Nursery	Production of Plants	Distribution of Plants
Karapincha	Ratnapura	52987	74923
Mirigama	Gampaha	90968	98539
Welikadamulla	Gampaha	173582	160451
Egaloya	Kalutara	225093	178742
Kumbukkana	Monaragala	411121	354471
Kirawana	Ampara	30606	-
Gurugoda	Kalutara	141330	132737
Middeniya	Hambantota	79061	37400
Total		1204748	1037263

Table xxiii



The projected plant production from the nurseries of the Department in the year 2016 was 1.65 million of which the total plant production of the year was 1.20 million plants and only 1.04 million plants could be distributed during the year. The Department has established a new rubber plant nursery at Padiyathalawa in Ampara District. At present, production of plants has been commenced in this nursery. The initial plant production in the nursery was 30606 plants in the year 2016.

3.11.2. Private and Commercial Nursery Permits 2016

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

Production of Plants (Private Nurseries) - 2016

Area of Regional Office	No. of Registered Nurseries	Production of Plants	Distribution of Plants
Kegalle	92	386618	99793
Gampaha	12	23750	4163
Kalutara	07	65426	30171
Monaragala	01	31461	-
Galle	06	47015	8357
Matara	01	1700	1700
Ratnapura	07	135400	36550
Colombo	09	213500	2900
Total	135	904870	183634

Table xxiv

3.12 Intercropping

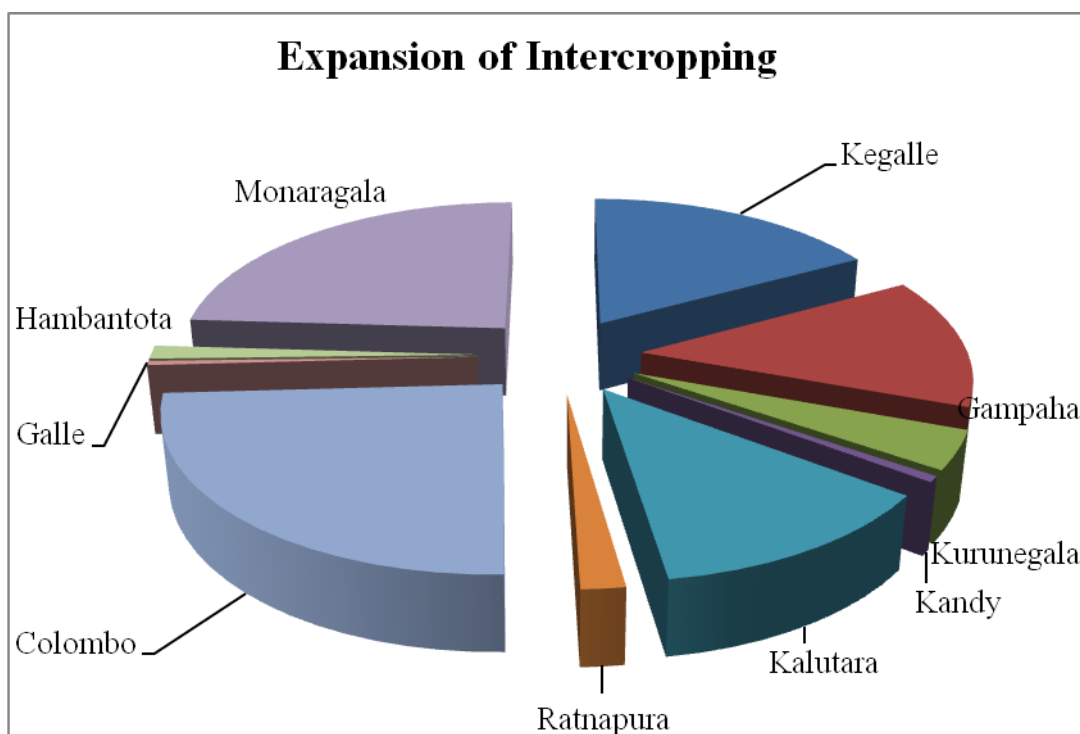
On the recommendation of the Rubber Research Institute of Sri Lanka, the Department continues to pay a subsidy of Rs.4,000.00 per an acre to the small holders who undertake intercropping with rubber. Accordingly, a sum of Rs.1.20 million was paid as subsidies for intercropping in the year 2016.



Rubber plantation intercropped with banana

Extent of lands under intercropping in year 2016

District	Extent cultivated (Hectares)	No. of farmers cultivated
Kegalle	31.26	23
Gampaha	24.83	26
Kurunegala	7.30	07
Kandy	1.11	04
Kalutara	23.02	30
Ratnapura	3.37	03
Colombo	45.16	52
Galle	0.81	01
Hambantota	2.53	05
Monaragala	44.11	62
Total	183.50	213



3.13 Popularization of Fixing of Rain Guards

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

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

Fixing of Rain Guards

Sector	Extent of lands under fixing of rain guards (Hectares)	Amount paid as subsidies (Rs. Million)
Small Holdings	182.65	2.69
Plantation Companies	2452.52	20.34
Total	2635.17	23.03

Table xxvi

3.13.1. District Wise Fixing of Rain Guards

District	Plantation Companies (Hectares)	No. of Plantation Companies used Rain Guards	Small Holdings (Hectares)	No. of Farmers used Rain Guards
Ratnapura	73.39	01	60.98	15
Colombo	-	-	24.10	06
Kegalle	1840.52	01	51.97	28
Gampaha	-	-	4.56	06
Kurunegala	355.71	01	-	-
Kandy	-	-	2.02	03
Galle	9.88	01	3.69	01
Matara	-	-	14.53	11
Kalutara	173.02	01	20.80	08
Total	2452.52	05	182.65	78

Table xxvii

3.14 Granting Fertilizer Subsidies for Rubber Cultivation

The global rubber production had declined due to the drop in the world rubber prices during the past few years. As a result, the rubber production of Sri Lanka had also decreased. In turn, the attraction of the rubber growers to the rubber cultivation had reduced. Hence, the government implemented a Fertilizer Subsidy Programme for rubber in the year 2016 to attract the rubber growers to the rubber cultivation. This fertilizer subsidy was granted to the rubber smallholders of less than 01 hectare. Accordingly, a fertilizer subsidy of Rs.5000.00 per hectare was provided.

The progress is given in the Table below.

District	No. of farmers paid fertilizer subsidy	Hactares paid fertilizer subsidy	Amount of fertilizer subsidy paid (Rs. Mn.)
Kegalle	9136	4172	20.86
Gampaha	1019	498	2.49
Kalutara	8125	3550	17.75
Ratnapura	5630	2440	12.20
Colombo	1420	898	4.49
Galle	862	404	2.02
Matara	1195	592	2.96
Hambantota	266	134	0.67
Monaragala	7517	4558	22.79
Kurunegala	424	234	1.17
Kandy	641	284	1.42
Matale	36	20	0.10
Ampara	301	246	1.23
Badulla	355	190	0.95
Total	36927	18220	90.10

Table xxviii



Providing Cheques of Fertilizer Subsidy in Monaragala

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

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

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

3.16 International Affairs

Sri Lanka is a member of the International Rubber Study Group (IRSG) and the Association of Natural Rubber Producing Countries (ANRPC). A sum of Rs.1,065,298.10 paid to the Association of Natural Rubber Producing Countries and Rs.6,832,896.01 to the International Rubber Study Group by Sri Lanka as membership fees in year 2016.

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

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

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

3.17 Legal matters

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

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

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

Charging for unsuccessful cultivations – Year 2016

District	No.of growers recovered	Total amount to be recovered (Rs.)	Amount recovered sending final notices (Rs.)	Amount recovered filling cases (Rs.)	No.of growers to be recovered	Amount to be recovered (Rs.)
Galle	14	4,414,126.82	113,106.90	-	303	4,301,019.92
Matara	48	3,226,351.43	262,905.58	-	170	2,963,445.85
Hambantota	16	717,793.56	62,388.88	-	52	655,404.68
Colombo	1	185,592.17	19,627.69	-	09	165,964.48
Ratnapura	10	763,052.17	123,364.02	-	33	639,688.15
Kalutara	20	754,785.11	515,946.71	-	-	238,838.40
Monaragala	01	25,200.00	25,200.00	-	-	-

Badulla	01	13,200.00	13,200.00	-	-	-
Ampara	02	49,920.00	49,920.00	-	-	-
Kegalle	34	940,770.37	244,575.26	15,000.00	30	681,195.11
Gampaha	02	229,987.74	229,987.74	-	-	-
Kurunegala	01	53,810.50	53,810.50	-	-	-
Total	150	10,619,804.76	1,714,033.28	15,000.00	597	9,645,556.59

Table xxix

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

3.18 Special Development Programmes

3.18.1 Expansion of rubber cultivation in Ampara District

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

As the second step thereof, 402.93 hectares were cultivated in the year 2013. As the third step, 256.17 hectares were cultivated in the year 2014 and 400.29 hectares were cultivated in the year 2015. As well, the extent of land cultivated in the year 2016 was 212.57 hectares. Accordingly, a total extent of 1409.46 hectares has been cultivated up to now.

3.19 Consolidated Fund

Object Code	Total provision received (Rs.)	Net Expenditure (Rs.)
Recurrent Expenditure		
Salaries & Wages	243,698,000	229,669,274.31
Travelling	9,240,000	9,191,057.63
Supplies	6,060,000	5,766,889.23
Maintenance Expenditure	5,900,000	5,039,183.83
Contracted Services	31,600,000	30,576,806.93
Fuel	3,500,000	3,499,747.49
Subscriptions	13,800,000	13,773,244.18
Property loan interests	1,500,000	1,349,209.05
Total	315,298,000	298,865,412.65
Capital Expenditure		
Capital assets rehabilitation and improvements	16,500,000	15,093,868.08
Acquisition of capital assets	12,000,000	11,620,548.85
Development assistance	1,000,000,000	710,831,106.74
Capacity building	1,000,000	995,516.00
Other investments	40,000,000	35,131,787.03
Total	1,069,500,000	773,672,826.70
Grand Total	1,384,798,000	1,072,538,239.35

Table xxx

3.20 Cess collections and the method of collection

Cess is levied on the raw rubber purchased locally by the manufacturers who produce rubber based finished products.

In terms of the Cess Regulations No.01 of 2007, a Cess of Rs.4/- per kg of raw rubber is levied. This Cess will be paid by Cheques drawn in favour of “Director General, Rubber Development Department”. A monthly purchasing summary (Rcess 4A) indicating the quantity of raw rubber purchased in the relevant month will be obtained from the relevant manufacturer.

(1) Registration

No. of registered institutions	153
Total No. of companies to be paid Cess	56
No. of companies that paid Cess	49
No. of exporters registered	120

Cess charged on local consumption

Relevant month	Income (On local consumption) Rs. Million
January	7.55
February	12.07
March	11.46
April	21.85
May	9.10
June	10.01
July	8.42
August	20.16
September	13.49
October	20.35
November	17.03
December	19.86
Total	171.35

Table xxxi

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

Cess levied on imports and exports - 2016

Relevant month	On imports Rs. Mn	On exports Rs. Mn.
January	198.2	6.9
February	189.2	8.2
March	170.4	10.9
April	230.6	11.9
May	248.7	10.0
June	199.0	5.5
July	218.7	3.1
August	252.2	5.0
September	238.5	6.9
October	217.8	8.8
November	206.3	9.0
December	255.2	7.8
Total	2624.8	94

Table xxxii

3.21 Replanting Advisory Board

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

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

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

3.22 Internal Audits

- Checking of the payment of guaranteed price – M.D.S. Rubber Stores
- Checking of the payment of guaranteed price – Nelundeniya Rubber Stores
- Checking of the payment of guaranteed price – Aroma Traders
- Checking of the payment of guaranteed price – T.K. Traders
- Checking of the payment of guaranteed price – Marangoni (Pvt.) Ltd.
- Checking of the payment of guaranteed price – R.A. M.L. Ranasinghe
- Checking of the payment of guaranteed price – Chathuranga Rubber Stores
- Checking of the payment of guaranteed price – Kiriella Rubber Stores
- Not opening of Rubber Development Officer's Office – Rubber Development Officer - Egaloya
- Identifying as a CESS payable institution – Starco Lanka (Pvt.) Ltd.
- Checking of the payment of guaranteed price – Kiriella Rubber Stores (July – September 2015)
- Checking of the payment of guaranteed price – Loadstar (Pvt.) Ltd.
- Making procurement decisions incurring losses to the Department – Monaragala Regional Office
- Checking of the payment of guaranteed price – Thalduwa Rubber Stores
- Checking of the payment of guaranteed price – Colombo Rubber Kade (December 2014 – February 2015)
- Checking of the payment of guaranteed price – Colombo Rubber Kade (July – September 2015)
- Checking of the payment of guaranteed price – Colombo Rubber Kade (LD/KG/798)

3.23 Activities carried out by the Publicity Division

Training Programmes

01. 360 professional rubber tappers were trained through the training programme for professional rubber tappers.
02. Under the training programme for Harvest Assistants, 117 programmes were conducted in traditional rubber growing areas and 22 programmes were conducted in non-traditional areas.
03. Under the Bud Grafting Training Programme, 07 programmes were conducted in association with the nurseries of the Department.
04. A number of exhibitions on rubber cultivation and the industry were conducted in various places. The venues and dates conducted are given below.
 - i. At the University of Sri Jayewardenepura on 15th and 16th May 2016.
 - ii. An exhibition to mark the World Environment Day was held at Monaragala Kotawehera Mankada Vidyalaya on 05th and 06th June 2016.
 - iii. Under the National Food Production Programme in line with a concept of His Excellency the President, an exhibition was held at Ampara Playground on 29th and 30th August 2016.
 - iv. An exhibition was conducted at Sri Lanka School of Agriculture, Kundasale on 08th, 09th, 10th and 11th August 2016.
 - v. An exhibition was conducted at the Uva Wellassa University from 08th to 10th September 2016.
 - vi. An exhibition was conducted at the Library Auditorium, Monaragala on 25th September 2016.
 - vii. An exhibition was conducted at the Mahajana Buddhi Mandapaya, Embilipitiya on 09th, 10th and 11th October 2016.
05. A large No. of programmes was conducted in the rubber growing areas in collaboration with the Rubber Research Institute of Sri Lanka, National Institute of Plantation Management and the Institute of Drug Prevention.

06. A large No. of training programmes for manufacturing of rubber based finished products were conducted in 07 Rubber Development Officers' Divisions.
07. A large No. of awareness programmes on fixing of rain guards were conducted in 16 Rubber Development Officers' Divisions.
08. A large No. of programmes for attitude development of the farmers in the rubber industry was conducted in 14 Rubber Development Officers' Divisions.
09. Residential training courses for newly recruited Rubber Development Officers were conducted in two stages.
10. A course for other Rubber Development Officers was conducted in the Rubber Research Institute of Sri Lanka.
11. A number of newspaper advertisements were published.
 - i. A four-colour advertisement on Wawili Saviya Gamin Gamata Praja Sathkara Mobile Service was published in half page of the Divaina Newspaper on 25.09.2016.
 - ii. A four-colour advertisement on Government Fertilizer Subsidy was published in half page of the Lankadeepa Newspaper on 27.09.2016.
12. Preliminary actions such as script writing, location scouting for producing a documentary were taken in collaboration with the Sri Lanka Rupavahini Corporation in the year 2016 for development and expansion of the rubber industry.

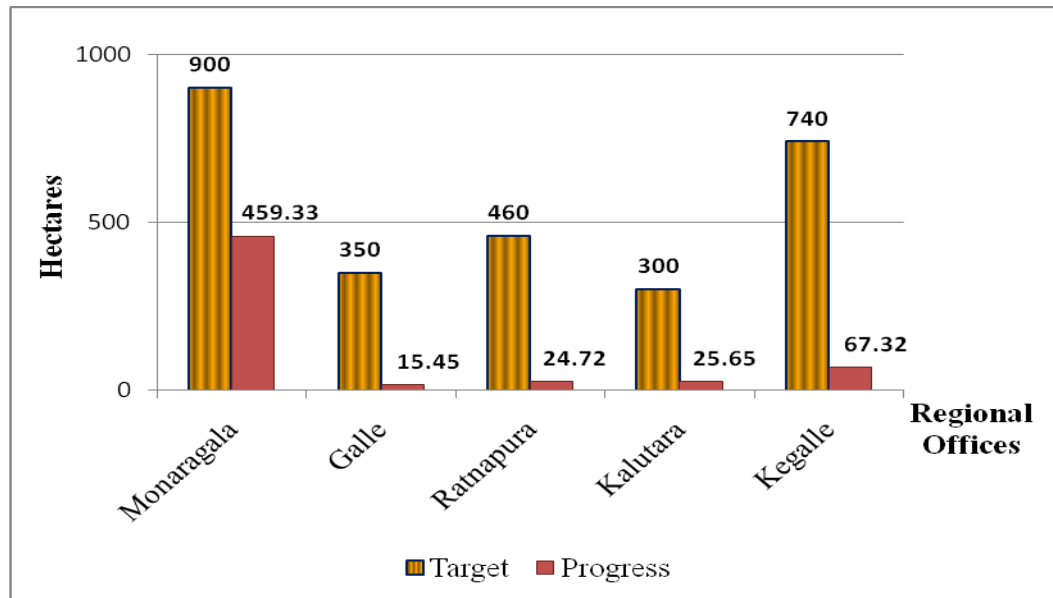
3.24 Activities carried out by the IT Section

- Coordinating with the private institution namely Price Water House Coopers Lanka which is engaging in software development of the project for Rubber Information Management System and handling the activities of the project successfully.
- Purchasing computers and accessories in the year in line with the requirements of the Head Office and the Regional Offices.
- Handling the entire process including the software development based on the new methodology implemented for payment of Rubber Fertilizer Subsidies of the Department, software development and trainings of the Regional Offices, submission of required reports to the top management.
- Monitoring and handling the entire process of the computer programme implemented for payment of Rubber Planting Subsidies of the Department.

4. Progress of Regional Offices

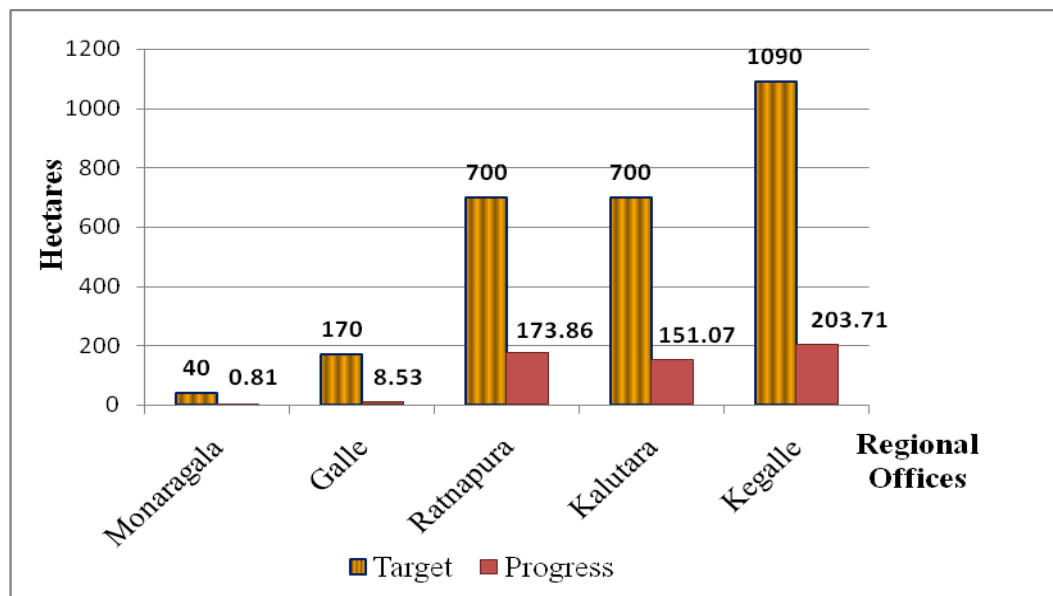
05 Regional Offices have been established to provide services in 14 rubber growing districts in the country and the progress achieved by the said offices in the year 2016 is given below.

4.1. Progress of Rubber New planting

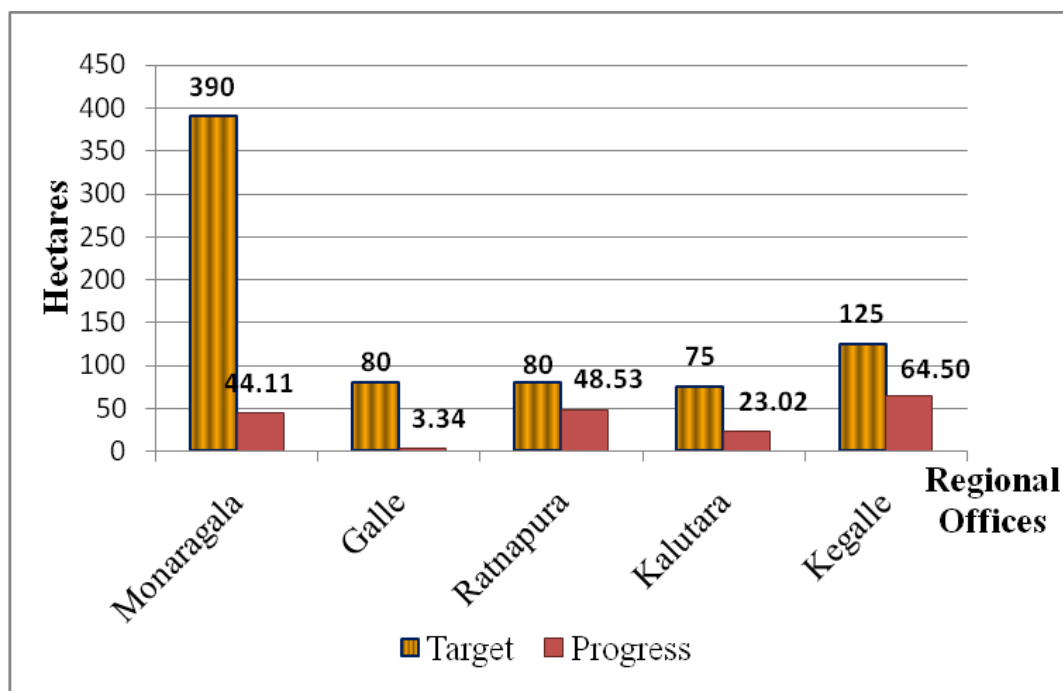


The target for planting in Ampara District was 500 hectares. It was unable to reach towards the target as the lands of the Department of Forest Conservation and Mahaweli could not be settled.

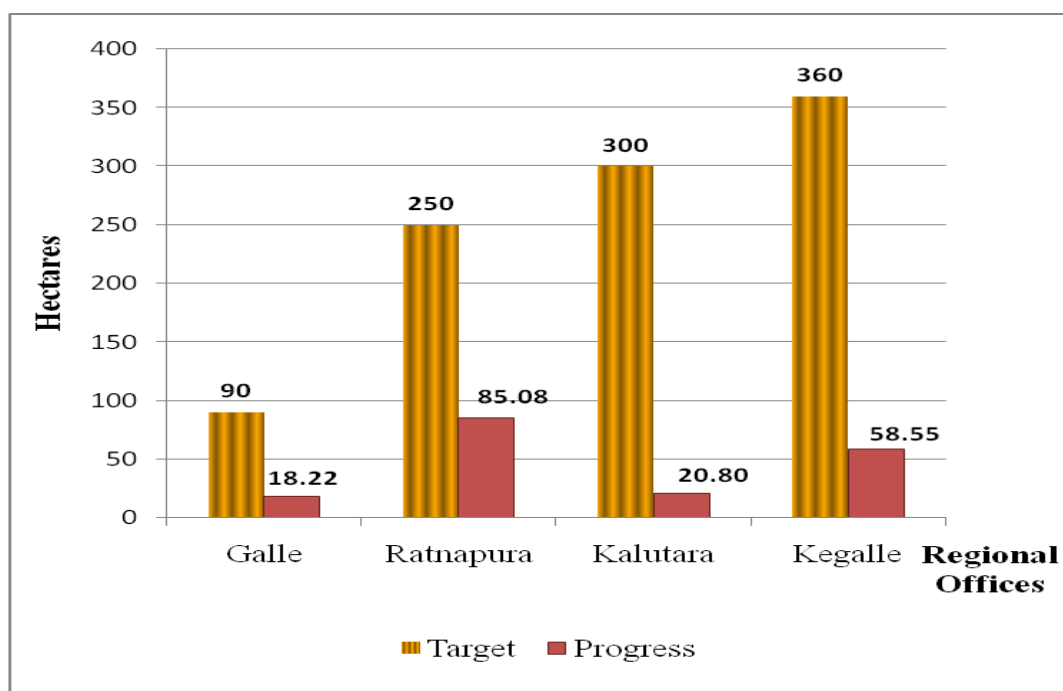
4.2. Progress of Rubber Replanting



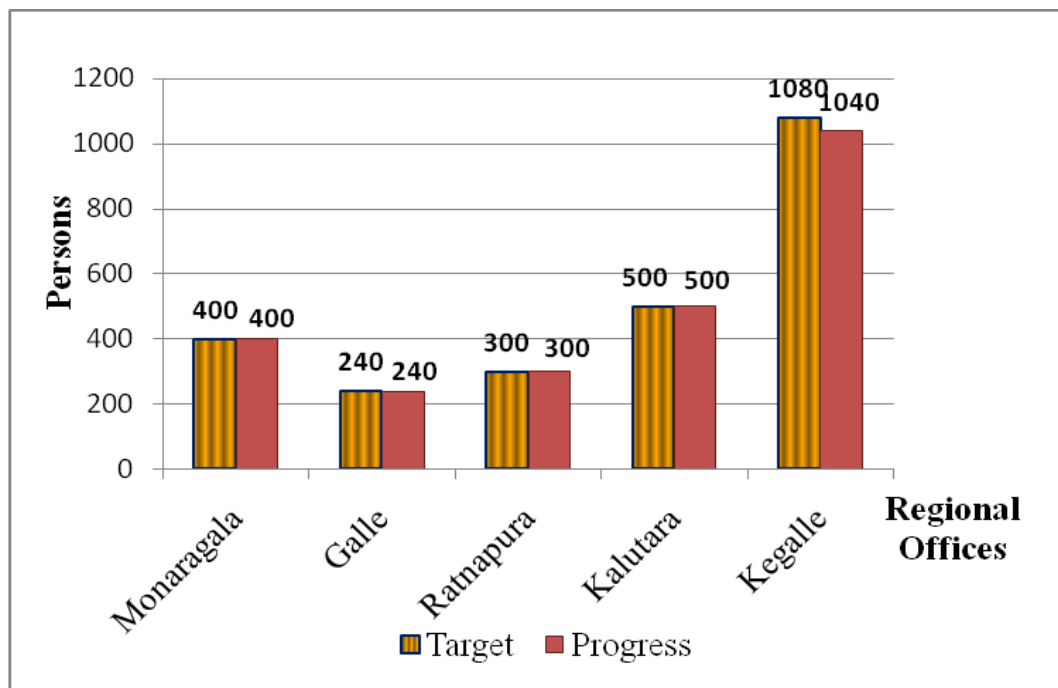
4.3. Progress of Intercropping



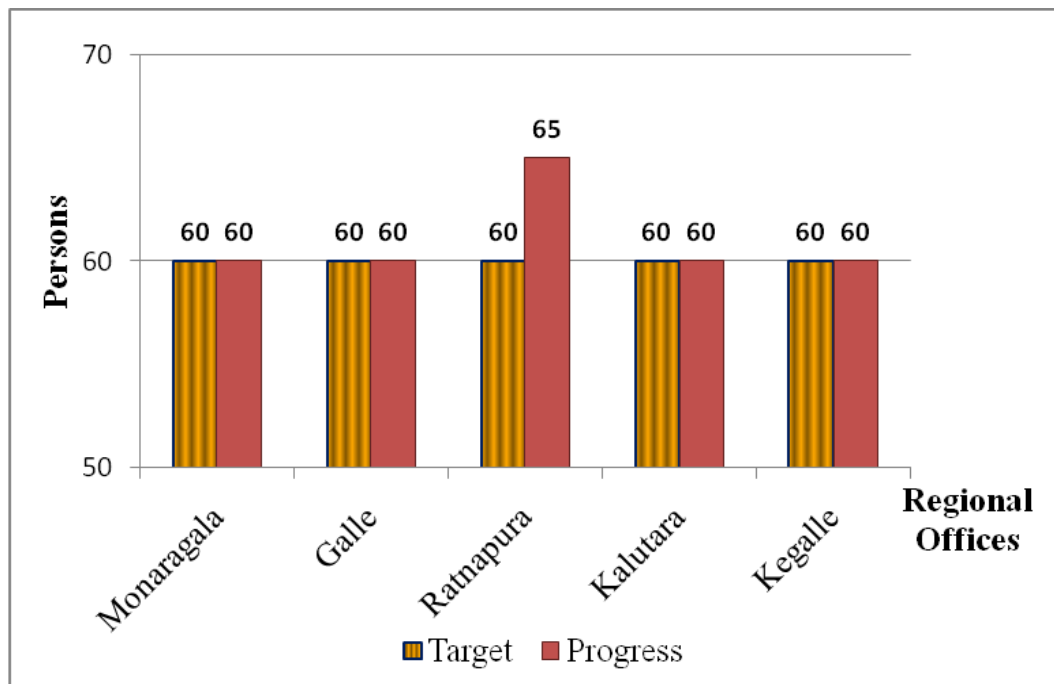
4.4. Fixing of Rain Guards



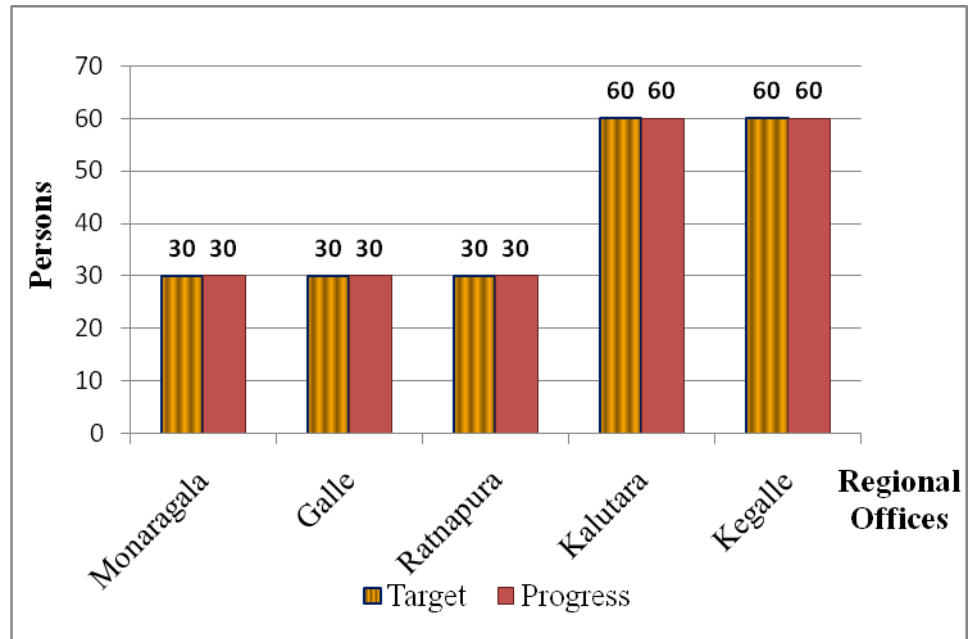
4.5. Training Programme for rubber tappers



4.6. Professional Training Programme for rubber tappers



4.7. Training Programme for bud grafters



Conducting Training Programmes by the Regional Offices

5. Rendering services of other institutions

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

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

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

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

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



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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



මගේ අංකය
எனது இல.
My No.

PLA/C/RCF/06/16/01

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

30 September 2017

Director General

Department of Rubber Development

Report of the Auditor General on the Financial Statements of the Rubber Control Fund for the year ended 31 December 2016

The audit of financial statements of the Rubber Control Fund for the year ended 31 December 2016 comprising the balance sheet as at 31 December 2016 and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 39(a) (3) of the Rubber Control Act, (Cap. 436) No. 11 of 1956 as amended by the Rubber Control (Amendment) Act No.45 of 1957 .My comments and observations on these financial statements appear in this report.

1.2 Management's Responsibility for Financial Statements

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

1.3 Auditor's Responsibility

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

1.4 **Basis for Disclaimer of Opinion**

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

2. **Financial Statements**

2.1 **Disclaimer of Opinion**

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

2.2 **Comments on Financial Statements.**

2.2.1 **Accounting Deficiencies**

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

2.3 **Receivable and Payable Accounts**

The following observations are made.

- (a) Balances of 13 current assets totalling Rs.635,271 had been brought forward without changing in the financial statements for more than 19 years and action had not been taken to settle advance balances amounting to Rs.287,378 included therein.
- (b) Balances of 05 items of current liabilities totalling Rs.239,784 had been brought forward for more than 19 years and steps had not been taken to settle advances payable amounting to Rs.222,031 including therein.

2.4 Lack of Evidence for Audit

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

Item	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) Fixed Assets	985,925	- Confirmation Reports - Registers of Fixed Assets
(b) Current Assets	635,271	- Schedules - Age Analysis - Confirmation of Balances
(c) Current Liabilities	239,784	- Schedules - Age Analysis - Confirmation of Balances

3. Financial Review

3.1 Financial Results

The Statement of Financial Performance for the year under review had not been prepared as there were no operating activities of the Fund.

4. Operating Review

4.1. Present Status of Activities of the Fund

Even though it had been ordered to liquidate the Fund at the Committee on Public Accounts held on 23 July 2009, the cabinet memorandum therefore had been presented only on 26 February 2016. A liquidator had been appointed in terms of the Decision of the Cabinet of Ministers held on 09 March 2016. The necessary constitutional drafts had not been prepared by 30 June 2017 with the concurrence of the legal draftsman to liquidate the functions of the Fund in compliance with the observations of the Ministry of Finance.

The Institutions pertaining to the current assets and current liabilities brought forward from the balance sheet presented for the year 1997 as the last active year of the fund up to the balance sheet of the year under and under liquidation, had been identified as Inoperative Institutions at present. As such, it was observed that the assets and liabilities shown in the balance sheet do not reflect true and fair items of accounts.



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கணக்காய்வாளர் தலைமை அதிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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My No.

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දිනය
திகதி
Date

30 September 2017

The Director General,
Rubber Development Department

Report of the Auditor General on the Financial Statements of the Rubber Replanting Subsidy Fund for the year ended 31 December 2016

The audit of financial statements of the Rubber Replanting Subsidy Fund for the year ended 31 December 2016 comprising the balance sheet as at 31 December 2016 and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(3) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 6(2) (Cap. 437) of the Rubber Replanting Subsidy Fund Act, No. 36 of 1953. My comments and observations on the above financial statements appear in this report.

1.2 Management's Responsibility for the Financial Statements

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

1.3 Auditor's Responsibility

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

1.4 Basis for Disclaimer of Opinion

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



2. Financial Statements

2.1 Disclaimer of Opinion

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

2.2 Comments on Financial Statements

2.2.1 Accounting Deficiencies

A sum of Rs.70,659,526 credited to the Consolidated Fund in a preceding year had been shown as a current asset instead of showing as a deduction from the Fund.

2.2.2 Lack of Evidence for Audit

As the evidence indicated against the following items had not been made available to audit, those could not be satisfactorily vouched or accepted.

Item	Value	Evidence not made available
-----	-----	-----
	Rs.	
(a) Assets eliminated from the accounts upon transferring to the Rubber Development Department.	63,438,232	Schedules of the assets and the register of receiving assets.
(b) Current Assets		

Balances pertaining to 12 Advance Accounts.	15,220,514	Registers on advances and the name list of the receivable parties.
Balances due from the General Treasury and the Department of Customs.	17,353,015	} Supporting documents
Account of the Project No.02	65,477,579	
Total of other 07 current assets accounts	4,101,462	



(c) Current Liabilities

Sundry Deposits	9,988,530	Supporting Documents
Loans Receivable	473,839	Particulars on receivable parties
Rubber Control Fund	281,210	Supporting Documents
Gratuity Commitments	90,706	Particulars on receivable parties
Advances to Fertilizer for Plants	119,550	Supporting Documents
Fertilizer for Matured Plantation	4,779,564	Supporting Documents
Loans not belonged to the Fund	3,096,701	Particulars on the payable parties.
		Reasons for incurring commitments.

3. Financial Review

3.1 Financial Results

Since there was no operational functionality of the Fund, Statement of Financial Performance had not been prepared.

4 Operating Review

4.1 Current Position of the Activities of the Fund

Even though a directive had been given by the Committee on Public Accounts held on 23 July 2009 to wind up the Fund, the Cabinet Memorandum therefor had been presented only on 26 February 2016. According to the Cabinet Decision dated 09 March 2016, a liquidator had been appointed, whereas winding up activities had not been completed even up to 31 August 2017. Statutory drafts required to wind up the activities of the Fund in compliance with the observations of the Ministry of Finance had not been made in consultation with the Legal Draftsman even by 30 June 2017.

As it had been identified that the institutions belonged to current assets and current liabilities subject to liquidation and brought forward from the balance sheet presented for the year 1997, in which the Fund was in operation last, up to the balance sheet of the year under review were



not in operative at present, it is observed that the assets and liabilities stated in the balance sheet do not reflect a true and fair view as items of accounts.

5. Accountability and Good Governance

5.1 Presentation of Financial Statements

Even though the financial statements should be furnished to the Auditor General within a period of 02 month from the close of the financial year in terms of the Public Finance Circular No.PF/423 dated 22 December 2006, the financial statements of the Fund had been furnished to audit on 15 June 2017, after a delay of 107 days.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Director General from time to time. Special attention is needed in respect of fixed assets and the settlement of receivable and payable balances.

H.M. Gamini Wijesinghe

Auditor General

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General