Keynote Address

223 Experiments and Extension Forum

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Sri Lanka Tea Production Jan-June 2011 According to the Agro-Climatic Regions

Agro-Climatic Region	Qty (Mn kg)		
	2010	2011	Change %
(A) Nuwara Eliya	2.63	2.65	0.76
(B) Westerns	26.30	31.48	19.70
(C) Mediums	25.53	26.21	2.66
(D) Uda Pussallawa	4.35	4.05	(6.80)
(E) Uva	17.42	16.10	(7.56)
(F) Low Growns	90.65	89.92	(0.80)
Grand Total	166.88	170.41	2.11

Source: Sri Lanka Tea Board

Country-wise classification of world tea production - 2011

Country	Production – Form January to April			
	2010	2011	Change	
			Qty(Mn kg)	%
India	162.31	163.16	0.85	0.52
Kenya	147.59	116.65	(30.94)	(21.00)
Sri Lanka	104.22	104.74	0.52	0.50
Indonesia Upto March	19.50	14.82	(4.68)	(24.0)
China	328.00	400.00	72.0	22.0

Source: Sri Lanka Tea Board

Impact of Fertilizer Subsidy & Wage Increase on Cost of Production in Corporate Sector

Estimated COP - Before wage revision (Rs/kg)

Elevation	Up	Mid	Low	Uva
Productivity (kg/ha/yr)	1626	1499	1472	1218
General charges	75.08	75.47	83.55	99.79
Plucking	126.61	127.16	119.86	143.89
Fertilizer application	27.61	27.82	22.26	34.68
Other field cultivation	46.10	45.08	55.76	55.35
Manufacturing cost	70.85	74.96	67.85	92.41
COP (Rs/kg)	346.25	350.49	349.28	426.12

Comparison of Fertilizer Cost With and Without Fertilizer Subsidy (VP Tea field)

Elevation	Fertilizer mixture	Productivity (kg/ha/yr)	Fertilizer cost without subsidy (Rs/ha)	Fertilizer cost with subsidy (Rs/ha)	Difference (Rs/ha)	Difference (Rs/kg)
Up	VP/UM	1800	41,483	23,920	22,172	11.09
Mid	VP/UM	2000	46,092	21,528	19,955	11.09
Low	VP/LC	1650	35,600	18,661	16,938	10.27
Uva	VP/UVA	1700	41,448	20,885	19,358	11.39

Average reduction of cost of production due to fertilizer subsidy is Rs.10.96 per kg of made tea (3.31 % decrease of total COP)

Comparison of Fertilizer Cost With and Without Fertilizer Subsidy (Seedling Tea field)

Elevation	Fertilizer mixture	Productivity (kg/ha/yr)	Fertilizer cost without subsidy (Rs/ha)	Fertilizer cost with subsidy (Rs/ha)	Difference (Rs/ha)	Difference (Rs/kg)
Up	ST/UM	1184	27,706	13,040	14,666	12.39
Mid	ST/UM	989	27,706	13,040	14,666	14.83
Low	ST/LC	875	18,702	9,360	9,342	10.68
Uva	ST/UVA	1011	30,853	14,080	16,773	16.59

Average reduction of cost of production due to fertilizer subsidy is Rs.13.62 per kg of made tea (3.8 % decrease of total cost of production)

Estimated COP - After wage revision (Rs/kg)

Elevation	Up	Mid	Low	Uva
Productivity (kg/ha/yr)	1626	1499	1472	1218
General charges	80.00	80.48	88.99	106.25
Plucking	159.64	160.07	151.24	181.37
Fertilizer application	28.57	28.74	23.06	35.65
Other field cultivation	55.86	54.87	68.44	67.35
Manufacturing cost	75.63	79.62	71.97	98.19
COP (Rs/kg)	399.71	403.77	403.68	488.82

Impact of Wage Increase on COP (Rs/kg)

Elevation	Up	Mid	Low	Uva
Productivity (kg/ha/yr)	1626	1499	1472	1218
General charges	4.92	5.00	5.43	6.47
Plucking	33.03	32.91	31.38	37.49
Fertilizer application	0.96	0.93	0.80	0.97
Other field cultivation	9.76	9.78	12.68	12.00
Manufacturing cost	4.78	4.66	4.12	5.78
COP (Rs/kg)	53.46	53.28	54.41	62.71
% increase	15.44	15.20	15.58	14.72

Cost of production increased by Rs.53 -63 per kg of made tea (15% increase of total cost of production)

Impact of Wage Increase & Fertilizer Subsidy on Cost of Production (Rs/kg)

Elevation	Up	Mid	Low	Uva
Productivity (kg/ha/yr)	1626	1499	1472	1218
Before wage increase	346.25	350.49	349.28	426.12
After wage increase & fertilizer subsidy	386.92	390.80	393.79	471.96
Difference	40.66	40.31	44.52	45.84
% increase	11.74	11.50	12.75	10.76

Cost of production increases by Rs.40.66, 40.31, 44.52 & 45.84 per kg of made tea respectively in up, mid, low and uva (11.7 % increase of total cost of production)

Major components of Cost of Production

Component	Share to COP	Labour component (%)
Plucking	39	88
Other field cultivation	22	58
General charges	21	23
Manufacturing	17	22

Strategies to cope up with high cost of production

Improvement of land productivity

Infilling of vacancies
Replanting
Burying of pruning in mature tea field

Improvement of worker productivity

Improve plucker intake
Reduce below-norm pluckers
Offer contract work with proper supervision
Mechanization of plucking

Increase NSA

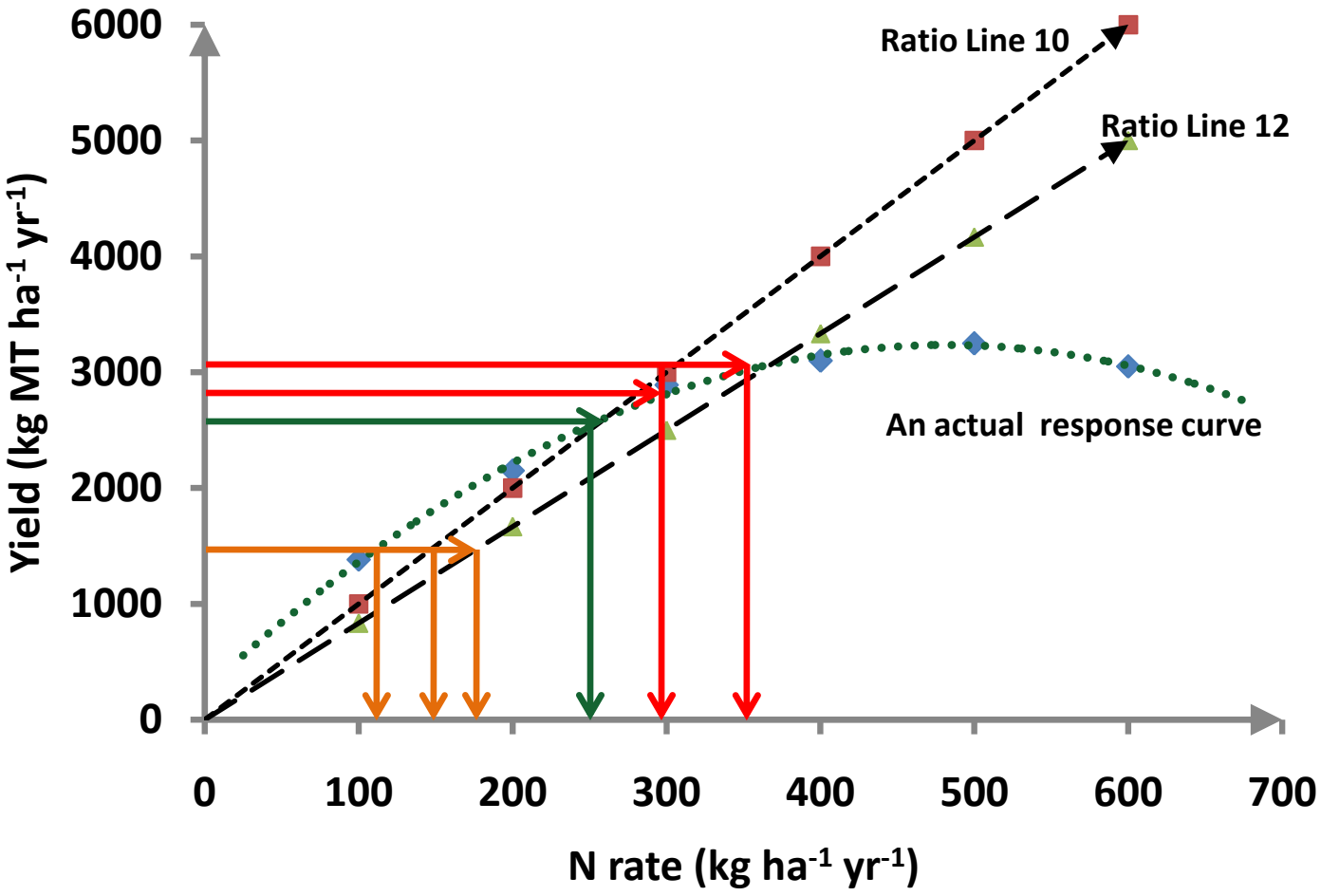
Adopt labour /cost saving technologies

- Mechanization of agricultural practices
- Adopt SSFR – to reduce cost of fertilizer application
- Integrated/rational approach of fertilizer application

Estimation of N requirement based on potential yield

Potential yield categories (MT kg ha^{-1} yr^{-1})	Annual N Requirement (N kg ha^{-1} ha^{-1})	
< 900	90	Seedling tea
900 - 1300	140	
1300 - 1500	160	
1500 - 1700	180	
1700 - 1900	200	Vegetatively propagated tea
1900 - 2000	220	
2000 - 2500	270	
2500 - 3000	320	
3000 - 3500	360	
3500 >	400	

Actual or potential Vs ratio manuring

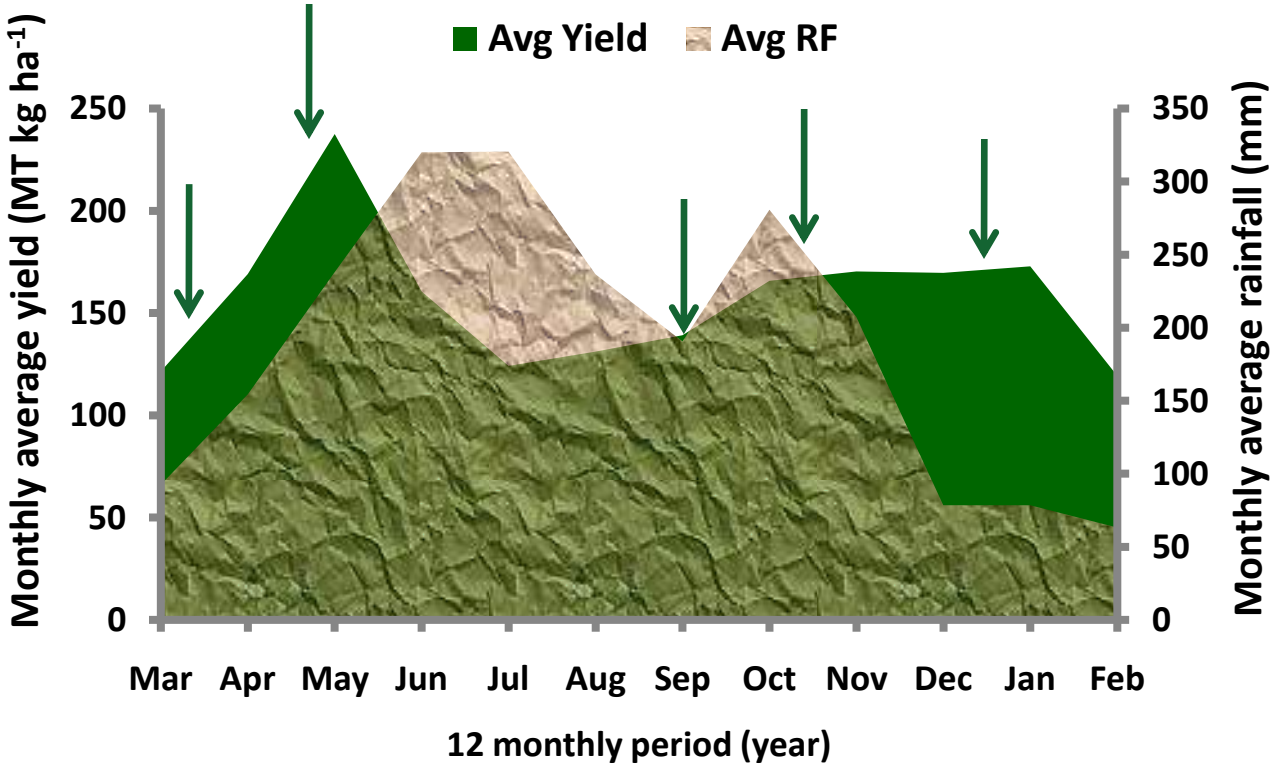


Actual or potential Vs ratio manuring

Disadvantages of Fertilising based on a Crop to N ratio			
Yield (MT kg ha $^{-1}$ yr $^{-1}$)	Quantity of N (kg N ha $^{-1}$ yr $^{-1}$)		Value of Harvestable Crop or Extra Cost (SLR ha $^{-1}$ yr $^{-1}$)
	Actual Response	Ratio Based	
2750	3000 (350)	3000 (300)	250 x 325 = 81,250 (MT kg ha $^{-1}$ yr $^{-1}$)
1500	110	150	40 x 86 = 3440 (kg N ha $^{-1}$ yr $^{-1}$)

* Average of NSA – 325 SLR per MT kg
* Average Cost of VP Tea Mixtures – 86 SLR per unit of N

Timing for fertiliser applications in the up country western slopes



Update on Pesticide Use and MRL Issue

EU MRL Changes - May 2011

Sulphur – MRL is not required(previous MRL 5ppm)

Fenthion – new MRL 0.05ppm (previous MRL 0.1ppm)

Chlorfluazuron – Removed from the EU list
should be below 0.01ppm

Field Trials to revise MRLS - Progress

Trials on 13 TRI recommended chemicals were completed

Applications were submitted to Japan to enhance MRLs – Bitertanol, Propiconazole and MCPA

Applications for EU and CODEX are being prepared - Bitertanol, Propiconazole, Tebuconazole, Imidachloroprid and Chlorfluazeuron

Copper (40ppm) – Joint application with India to EU

Diuron and Pyroclostrobin – Field trials are in progress

Thank You