

AGRICULTURE

OVERALL TRENDS

The agricultural sector suffered a severe setback in 1989 with the output of most commodities recording decreases. The major factors contributing to this poor production performance were the drought conditions which prevailed in the early part of the year, heavy monsoonal rains experienced in the second quarter and the civil disturbances. The adverse impact of the civil disturbances was particularly severe on the tree crop sector. Tea production declined by 9 per cent, rubber by 10 per cent and only coconut showed some improvement in production among the tree crops. Meanwhile, paddy output also dropped significantly by 17 per cent in 1989. Performance of most of the minor export crops as well as minor food crops was also disappointing during the year.

MAJOR EXPORT CROPS

Tea

After two consecutive years of increases, tea production in 1989 declined by about 9 per cent to 207 million kgs. The decrease in production which started in the fourth quarter of 1988, continued to hold sway in the first three quarters of 1989. Production in the low grown areas and certain parts of the medium grown areas suffered the most. The drought conditions in the early part of the year delayed the expected recovery of production from the interruptions to pruning and plucking activities during the closing months of 1988. Heavy monsoonal rains experienced during the second quarter of 1989 also had an adverse impact on production. Another major contributory factor for the decline in production was the continuing civil disturbances during which the normal working pattern of the plantations was disrupted and a number of tea factories were damaged or destroyed. The drop in production was reflected in all three elevational categories of teas, but was more pronounced in the low grown areas where production fell by about 14 per cent to 83 million kgs. in 1989. However, low grown tea production continued to account for the largest share (40 per cent) of total production. The output of high grown tea fell by 4 per cent to 74 million kgs. in 1989, while that of medium grown tea fell by 8 per cent to 50 million kgs.

During 1989, more than 25 tea factories of the two state sector corporations were damaged due to subversive activities, while two factories of the Tea Small Holdings Development Authority were also damaged. In an effort to minimise production losses, the JEDBs and the SLSPCs diverted leaves of the affected plantations to their other factories which were operating below capacity. However, tea small holders experienced difficulties in selling their leaf due to the destruction of factories in close proximity to their holdings.

The production of 'orthodox' tea amounted to 201 million kgs. in 1989, recording a decrease of 10 per cent over the previous year. Production of unorthodox teas, viz. CTC (cut, tear and curl) and LTP (lowrie tea process) increased significantly by about 1.7 million kgs. or 42 per cent to 5.9 million kgs. in 1989. This was the combined effect of a substantial increase of about 3 million kgs. in CTC teas and a drop of about 1.2 million kgs. in LTP teas.

The state plantations and the private sector shared the production decrease unevenly. Tea production (including tea manufactured with bought leaf) of the JEDBs declined by 7 per cent to 69.4 million kgs., while that of the Sri Lanka State Plantations Corporation (SLSPCs) dropped by 9 per cent to 63.4 million kgs. Meanwhile, tea production in the private sector suffered a severe setback in 1989, after recording continuous growth since 1981.

Production in the private sector, dropped by 11 per cent to 74 million kgs. in contrast to an increase of 13 per cent in the previous year.

TABLE 1.10
Statistics on Tea Sector 1987-1989

Item	Unit	1987	1988(a)	1989(b)
1. Production	Mn. Kgs.	213.3	226.9	207.0
1.1 High grown	"	73.4	76.8	74.1
1.2 Medium grown	"	53.5	54.3	50.0
1.3 Low grown	"	86.4	95.8	82.9
2. Registered extent under tea	'000 Hectares	221	222	222
3. Fertilizer issues	'000 Mt. tons	136.7	138.0	124.6
4. Replanting	Hectares	1,503	1,592	1,551
5. Prices				
5.1 Colombo net	Rs./Kg.	38.06	41.59	52.16
5.2 Export f.o.b	"	52.97	55.95	66.91
6. Exports	Mn. Kgs.	201.1	219.8	204.2
7. Export earnings	Rs. Mn. (SDR Mn.)	10,653.5 (280)	12,298.7 (288)	13,663.9 (296)
8. Value added as % of GDP (c)		5.5	5.1	4.5

Sources : Sri Lanka Tea Board;
National Fertilizer Secretariat;
Central Bank of Sri Lanka.

(a) Revised.

(b) Provisional.

(c) In growing and Processing only.

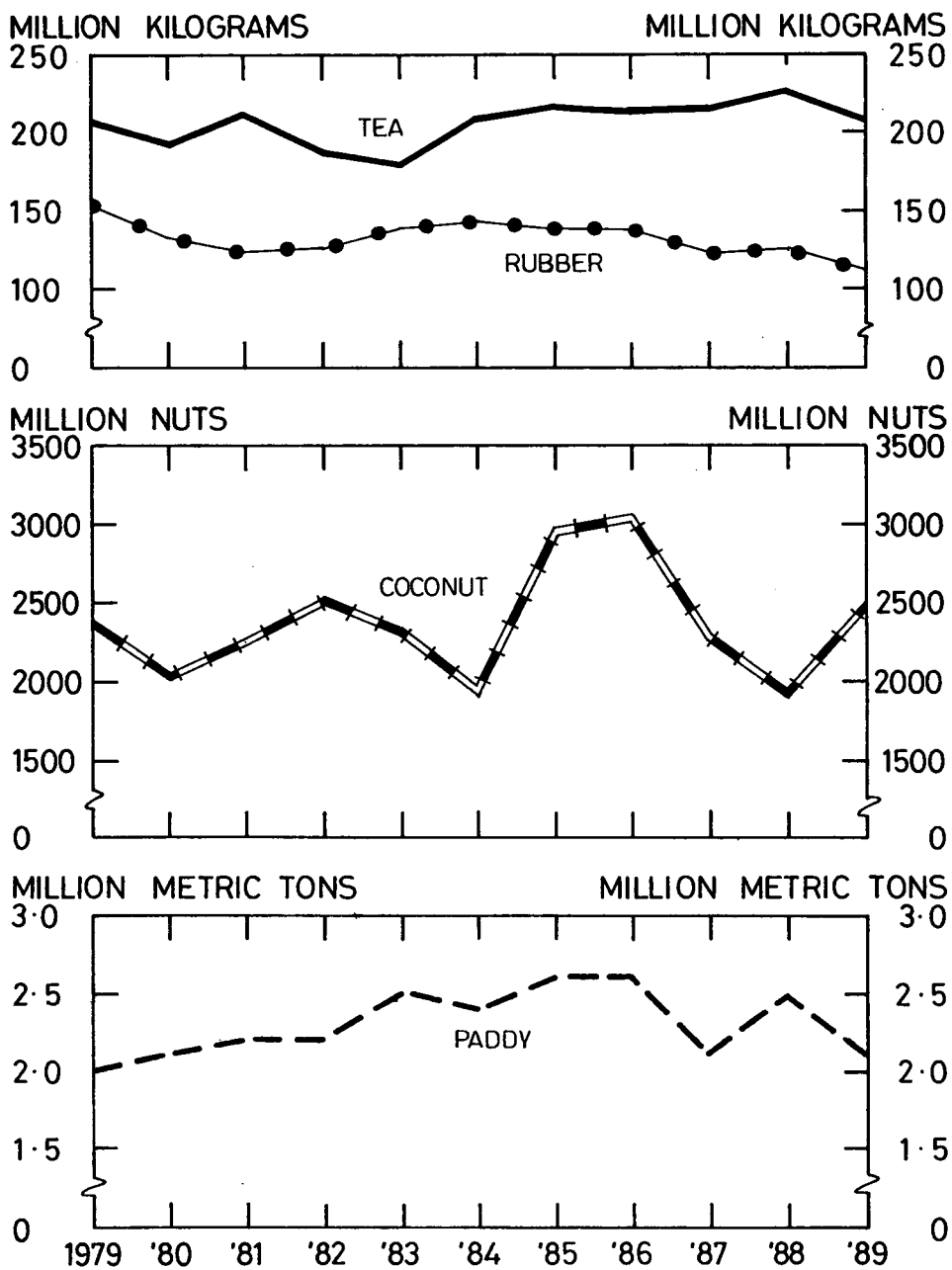
Note : Data on average yield per hectare and cost of Production are not available.

Fertilizer issues to the tea sector as a whole dropped by 13,400 metric tons to 124,600 metric tons in 1989. A salient feature of the drop in fertilizer issues was that it was confined to the first three quarters of the year. With the improvement in the weather and the security conditions coupled with higher tea prices, fertilizer issues to the tea sector increased in the fourth quarter of 1989. Fertilizer application on the estates managed by the JEDBs dropped by about 8 per cent to 43,603 metric tons in 1989, while that on estates managed by the SLSPCs declined substantially by 17 per cent to 27,467 metric tons. According to available data, fertilizer application in the private sector too has recorded a decline. The drought conditions and the unsettled conditions which caused supply/distribution problems had an important bearing on the drop in fertilizer usage.

Data on the average yield of the tea sector as a whole are not available. The average yield of the estates owned by the JEDBs declined by 5 per cent to 1,247 kgs. per hectare in 1989, while that of the SLSPCs recorded a drop of 8 per cent to 1,102 kgs. per hectare.

The total registered extent under tea in 1989, estimated at 222,110 hectares, recorded a marginal increase of 427 hectares over 1988. The extent under bearing in the plantations managed by the JEDBs and the SLSPCs declined by 2 per cent each to 51,599 hectares and 46,585 hectares, respectively. Meanwhile, the total extent replanted decreased by 3 per cent to 1,551 hectares in 1989. The decline in the extent replanted was entirely confined to the SLSPCs. The extent replanted by the SLSPCs fell by 173 hectares to 632 hectares in 1989.

PRODUCTION OF PRINCIPAL AGRICULTURAL CROPS



In contrast, the JEDBs recorded an increase of 82 hectares to 595 hectares. Unlike in the previous year, the area replanted by the private sector also rose by 50 hectares to 324 hectares in 1989.

The area brought under new planting in 1989 was 1,178 hectares, an increase of 102 hectares or 10 per cent over 1988. New planting of the JEDBs declined by 45 hectares, from 101 hectares in 1988 to 56 hectares in 1989, while that of the SLSPCs increased from 97 hectares to 111 hectares. Meanwhile, new planting in the private sector increased by 133 hectares to 1,011 hectares in 1989.

With a view to encouraging planting activities, a number of measures were introduced in January, 1989 to improve access to subsidy facilities. The replanting subsidy for high/mid grown areas was revised upwards to Rs. 48,000 per hectare, while that for the low grown areas was increased to Rs. 41,000 per hectare. The new planting subsidy for tea was also revised upwards to Rs. 30,000 per hectare and the scope of the scheme was broadened to cover new planting of clonal tea in old rubber lands. The infilling subsidy scheme was also revised, lowering the maximum number of plants to be infilled per hectare from 2000 to 750.

The Tea Smallholdings Development Authority (TSHDA) continued to serve the interests of the private sector by providing subsidies, plants, fertilizer and extension services. The total subsidy disbursed by the TSHDA for planting activities increased by 59 per cent to Rs. 71 million in 1989. Both the expansion in the area brought under planting activities and the higher rate of subsidy would have contributed to that increase. Reflecting the TSHDA's concern in strengthening extension services for the enhancement of productivity of the smallholder sector, the number of extension officers was increased from 80 to 115 in 1989. Financial assistance from the United Nations Development Programme (UNDP) was also utilised in 1989 for the provision of extension services. Preliminary work on the Smallholder Tea Development Project to be funded by the Asian Development Bank was carried out during the year. This project comprises of two parts. The first part will pay greater emphasis on the provision of funds for nursery and field development and for the rehabilitation of privately owned factories. The second part will give priority to institutional strengthening by improving extension services and extension research linkages.

The disbursements under the loan received by the Mercantile Credit Limited from the United States Agency for International Development to provide assistance to private sector tea producers, suffered a setback in 1989 due to the unsettled conditions that prevailed during the year. Loans up to Rs. 17 million were approved during 1989.

The average cost of production of made tea has been estimated to have increased by about 13 per cent to Rs. 49.70 per kg. in 1989. Increased wages, higher transport and fuel costs, production losses consequent to unsettled conditions were the major factors contributing to this increase. The average corporate cost of production (COP) of the JEDBs rose by 14 per cent to Rs. 54.59 per kg., while that of the SLSPCs increased by 20 per cent to Rs. 52.29 per kg.

Following the improvement in 1988, tea prices at the Colombo Auctions strengthened further during 1989. The average gross price of tea at the Colombo Auctions increased markedly to Rs. 54.61 per kg. in 1989, 28 per cent higher than the price level in 1988. Reduced world supply and increased diversion of tea to the domestic market by India were among the major factors contributing to the price upsurge. At the same time increased purchases of the U.S.S.R. in response to its own crop shortfall contributed to a strong demand at the Colombo Auctions. Another important factor which pushed-up the rupee price of tea was the depreciation of the exchange rate. As a result of better prices, the producer margin

of the JEDBs improved from a negative margin of Rs. 6.90 per kg. in 1988 to a positive margin of Re. 0.57 per kg. in 1989, while that of the SLSPCs also improved from a negative margin of Rs. 2.17 per kg. in 1988 to a positive margin of Rs. 3.15 per kg. in 1989.

A number of policy changes were effected during 1989 to improve the performance of the tea sector. A Tea Council consisting of representatives from all sectors of the trade was set up to obtain expert advice on policy formulation for the tea sector. A management committee was set up to administer the Tea Research Institute with a view to ensuring closer co-ordination between the planting community and the Tea Research Institute. During the year, registration of export contracts was suspended to permit greater freedom in tea trading. A series of new measures was also announced for the trading of refuse tea in order to prevent marketing of those teas as accepted off-grades.

The Ad-valorem sales tax on tea was revised several times during 1989. With a view to encouraging the production of quality teas in the context of increasing cost of production, the threshold price of the Ad-valorem sales tax on tea was raised from Rs. 44.00 per kg. to Rs. 48.00 per kg. with a maximum monthly levy of Rs. 10.00 per kg. with effect from 1st February, 1989. With the continuing indifferent performance of tea prices in mid-year, the Ad-valorem sales tax was abolished with effect from August 1, 1989. However, it was re-introduced on September 1, 1989 following a sharp revival of prices. Meanwhile, the threshold price for the sales tax was raised to Rs. 60 per kg. with a maximum monthly levy of Rs. 15 per kg. as from the same date.

The tea cess was increased by 50 cents to Rs. 2 per kg. with effect from October 17, 1989 in order to raise additional funds for the development of tea estates and smallholdings.

Rubber

Rubber production in 1989 has been provisionally estimated at 110.7 million kgs. which is a decrease of 12 million kgs. or 10 per cent from the previous year. Insurgent activity which damaged a number of factories and also interrupted normal tapping operations contributed to depress production. The drought conditions that prevailed in the first quarter of 1989, as well as the heavy monsoonal rains and floods which occurred in most rubber growing areas during the second quarter were among the other factors responsible for poor production performance.

The drop in production was more pronounced in the public sector plantations. In 1989, rubber production (including rubber manufactured with bought latex) in the two public sector corporations, the JEDBs and the SLSPCs, which accounted for about 31 per cent of the total rubber production, was 14 per cent lower than that of the previous year. The output of the JEDBs fell by 16 per cent to 15 million kgs., while that of the SLSPCs declined by 13 per cent to 19 million kgs. Meanwhile, in 1989 rubber production of the private sector amounted to 76 million kgs., 7 per cent lower than the production reported in 1988.

The average yield dropped by 74 kgs. or 9 per cent to 767 kgs. per hectare in 1989, when compared with the previous year. The JEDBs recorded a 16 per cent decline in average yield and the SLSPCs a 12 per cent decline.

The total registered extent under rubber fell marginally to 199,648 hectares in 1989. The underlying factor for this declining trend in registered area under rubber was the continuing switching from rubber to other economic purposes. The extent under tapping also dropped marginally to 144,416 hectares, reflecting largely the increased replanting undertaken in the recent past. The JEDBs recorded a marginal decrease of 7 hectares in the

extent under tapping, while the SLSPCs showed an increase of 42 hectares. The extent under tapping in the private sector declined by 1,114 hectares in 1989.

TABLE 1.11
Statistics on Rubber Sector 1987-1989

Item	Unit	1987	1988(a)	1989(b)
1. Production	Mn. Kgs.	121.8	122.4	110.7
2. Area				
2.1 Under cultivation	'000 Hectares	201.9	200.2	199.6
2.2 Under tapping	"	147.5	145.5	144.4
3. Yield	Kgs./Hectare	828	841	767
4. Fertilizer issues	'000 Mt. tons	23.4	25.0	21.7
5. Replanting	Hectares	5,635	4,167	4,925
6. Prices				
6.1 Export f.o.b	Rs./Kg.	27.63	37.33	36.17
6.2 Colombo RSS I	"	19.87	24.40	22.63
7. Cost of Production (c)	"	13.95	13.41	15.01
8. Exports	Mn. Kgs.	106.0	99.3	86.0
9. Domestic consumption	"	19.4	19.8	21.0
10. Export earnings	Rs. Mn. (SDR Mn.)	2,929.3 (77)	3,705.9 (87)	3,112.1 (87)
11. Value added as % of GDP (d)		1.4	1.7	1.6

Sources : Rubber Control Department;
National Fertilizer Secretariat;
Central Bank of Sri Lanka.

(a) Revised.

(b) Provisional.

(c) Weighted average cost of Production of Private Sector estates and small holdings.

(d) In growing and processing only.

Fertilizer issues to the rubber sector was 21,700 metric tons in 1989. This was 14 per cent lower than the quantity issued last year. The decrease in fertilizer issues was the combined result of the unfavourable weather conditions and the unsettled conditions that prevailed during the year. Fertilizer application on estates managed by the JEDBs rose marginally, while that on estates managed by the SLSPCs declined by about 14 per cent. The available data indicate that fertilizer usage in the private sector too declined substantially in 1989.

During 1989, 4,925 hectares were replanted. This was 18 per cent higher than the extent replanted in the previous year. The extent replanted by the JEDBs rose by 10 per cent, while that of the private sector increased by 42 per cent. In contrast, the area replanted by the SLSPCs fell by 19 per cent to 917 hectares in 1989. It appears that the increase in the rate of replanting subsidies during 1989, coupled with expanded replanting activities under the World Bank assisted Small holder Rubber Rehabilitation Programme have had a significant favourable impact on replanting performance particularly in the private sector. During the Year, 2,354 hectares were replanted under the World Bank Assisted Small holder Rubber Rehabilitation Programme. However, the extent replanted under this programme during

1989 failed to reach the targets. A substantially higher rate of replanting is essential to clear the backlog when considered against the slow pace recorded in the past.

During 1989, the area newly planted with rubber declined by 86 hectares or 10 per cent to 799 hectares in 1989 when compared with the previous year. The drop in the area newly planted was shared by both the public and the private sectors. The extent newly planted by the JEDBs dropped by 7 hectares to 119 hectares in 1989, while that of SLSPCs decreased by 104 hectares to 223 hectares.

In January, 1989 the rubber replanting and new planting subsidies for private estates and smallholders was increased to Rs. 32,100 per hectare and Rs. 30,250 per hectare respectively. Along with this revision, the number of instalments of the subsidy payments was also increased from 7 to 8, in order to ensure increased fertilizer application and the adoption of other cultural practices until the newly planted trees mature sufficiently for tapping.

The Cost of Production (COP) of rubber recorded substantial increases both in the public sector and the private sector mainly due to high wage costs and lower yields. The COP of the JEDBs rose by 18 per cent to Rs. 29.25 per kg. in 1989, while that of the SLSPCs increased by 16 per cent to Rs. 26.71 per kg. The COP of the private sector also increased by 12 per cent to Rs. 15.01 per kg. in 1989. The rate of increase in COP of the private sector estates and smallholdings was relatively lower due to their ability to keep wage rates below those on the public sector estates. Apart from the problem of high COP in 1989, the rubber sector also experienced lower prices.

The average export f.o.b. price of all varieties of rubber declined by 3 per cent to Rs. 36.17 per kg. in 1989. The average prices of all varieties of rubber at the Colombo Auctions also recorded decreases during 1989. The downward pressure on prices was mainly due to higher world supplies following increased production in major rubber producing countries such as Malaysia, Indonesia and Thailand, as well as less active demand from major rubber consuming countries in the wake of accumulated high stock levels. The average price of RSS 1 at the Colombo Auctions declined by 7 per cent to Rs. 22.63 per kg., while that of the RSS 2 dropped by 9 per cent to Rs. 21.77 per kg. when compared with the previous year. Latex crepe 1X also decreased by 10 per cent to Rs. 29.42 per kg. in 1989. Consequently, the producer margin of the JEDBs dropped from a positive margin of Rs. 3.05 per kg. in 1988 to a negative margin of Rs. 1.25 per kg. The producer margin of the SLSPCs also declined from Rs. 3.45 per kg. in 1988 to a negative margin of Rs. 1.14 per kg. in 1989.

Domestic consumption of rubber rose by 6 per cent to 21 million kgs. during 1989, accounting for 19 per cent of the overall rubber production.

During 1989 several measures were taken to increase the productivity of rubber smallholdings by improving the extension services and supply of high yielding clones. Preliminary work in respect of opening up of another plant nursery of 27 hectares was carried out by the Rubber Control Department in 1989. In addition, a credit scheme was introduced to encourage rubber smallholders to establish plant nurseries.

The survival of the rubber sector tends to rely on research and development which has a substantial bearing on the level of productivity, as production seems to have reached a plateau. Given the predominant position of the private sector, particularly smallholdings, in rubber cultivation and production, the long-term development of the rubber sector relies heavily on the high level of productivity in private sector holdings. Therefore, there is an urgent need for supplying the best planting materials, especially the high yielding clones suitable to varied agro climatic conditions, to the private sector. Also, smallholders are usually

reluctant to uproot rubber trees to plant high yielding varieties because of the fear of losing even a relatively low income. In this respect, there is an urgent need to intensify research activities to explore the possibility of reducing the period of maturity of rubber trees.

Coconut

After two years of successive decreases, coconut production recovered by 28 per cent to 2,486 million nuts in 1989. This was very largely due to the lagged effect of improved rainfall in the previous year. The return of the biological production cycle associated with coconuts is also reported to have contributed to this increase in production. However, production in 1989 was still substantially lower than the peak production of 3,039 million nuts recorded in 1986.

Reflecting the increased supply of nuts, production of the three major coconut products increased significantly during 1989. Accordingly, the production of desiccated coconut and coconut oil more than doubled, while the export volume of copra recorded a significant increase of 41 per cent. The export volume of fresh nuts also increased by about one million nuts. However, production of desiccated coconut and the export volume of copra in 1989 was lower than the levels recorded in 1987. In general, the unsettled conditions which adversely affected most of the crop sectors had only a marginal impact on nut production. However, work stoppages and transport difficulties appear to have delayed processing of harvested nuts on time resulting in a deterioration in the quality of nuts. This, in turn, had a bearing on the quality and the quantity of desiccated coconut and copra production. As a result, a large quantity of coconuts had to be processed into oil. Accordingly, the share of the nut equivalent of coconut oil in total production increased from 14 per cent in 1988 to 24 per cent in 1989.

Fertilizer issues to the coconut sector which recorded a marginal decrease in 1988 dropped further, by 11 per cent to about 37,500 metric tons in 1989. The drop in fertilizer issues to the coconut sector was confined entirely to the first three quarters of the year which coincided with the drought conditions and the civil disturbances. During the year, the Coconut Cultivation Board (CCB) maintained 37 fertilizer stores and distributed about 3,336 metric tons of fertilizer as against 3,137 metric tons in 1988.

During 1989, planting activities, with the exception of new planting activities, experienced a setback. Civil disturbances as well as the decline in the real value of the subsidy payments appear to have adversely affected planting activities. The extent of coconut lands rehabilitated in 1989 dropped by 1,142 hectares or 27 per cent to 3,035 hectares and the total subsidy paid for rehabilitation declined by 26 per cent to Rs. 5.6 million. The combined extent under planted and replanted in 1989 amounted to 1,619 hectares, reflecting a 21 per cent decline compared to that of the preceding year. In contrast, the total subsidy paid on this account increased by 23 per cent to Rs. 21 million. The extent brought under new planting increased significantly by about 75 per cent to 2,023 hectares in 1989 following increased new planting activities in the Mahaweli area. The subsidy payments for new planting also increased by 32 per cent to Rs. 17 million.

There was a lower level of inter-cropping of coconut lands in 1989 when compared with the previous year. In 1989, only about 89 hectares of coconut lands were inter-cropped with cocoa, coffee and pepper as against 143 hectares in the previous year. Under its programme of supplying seedlings, the CCB distributed about 1.2 million seedlings in 1989, which was a substantial increase of 62 per cent over the previous year. The CCB maintained 33 coconut seedling nurseries. During the year, the CCB experienced difficulties in obtaining funds for the payment of subsidies for planting activities under various cultivation schemes. However,

considering the fact that the planting activities are vital for the development of the coconut industry as well as its stability, the Stabilization Fund for Coconut granted Rs. 25 million to the CCB to supplement the funds to meet the commitments under the replanting schemes.

TABLE 1.12
Statistics on Coconut Sector 1987-1989

Item	Unit	1987	1988	1989(a)
1. Production (b)	Mn. nuts	2,291	1,936	2,486
1.1 Desiccated coconut	Mn. nuts (c)	350	155	318
1.2 Coconut oil	Mn. nuts (c)	573	276	597
1.3 Copra (d)	Mn. nuts (c)	44	29	41
1.4 Fresh nut exports	Mn. nuts	16	12	13
1.5 Domestic nut consumption (e)	Mn. nuts	1,368	1,449	1,477
2. Average export price f.o.b	Rs. /nut	2.64	4.00	3.35
3. Fertilizer issues	'000 Mt. tons	42.2	42.0	37.5
4. Cost of Production	Rs. /nut.	0.73	0.81	0.85
5. Replanting/Underplanting (f)	Hectares	2,922	2,049	1,619
6. New planting (f)	Hectares	1,858	1,153	2,023
7. Export earnings	Rs. Mn	2,140	1,539	2,865
	(SDR Mn.)	(56)	(36)	(62)
7.1 Kernel products	Rs. Mn.	1,423	896	1,920
	(SDR Mn.)	(37)	(21)	(42)
7.2 Other products	Rs. Mn	717	643	945
	(SDR Mn.)	(19)	(15)	(20)
8. Value added as % of GDP(g)		2.6	2.7	2.8

Sources : Coconut Cultivation Board;
Coconut Development Authority;
National Fertilizer Secretariat;
Central Bank of Sri Lanka.

- (a) Provisional.
(b) Estimated (breakdown does not add to total production due to adjustment for changes in copra stock).
(c) In nut equivalent converted at 1 Mt. ton DC = 6,800 nuts
1 Mt. ton Oil = 8,000 nuts and
1 Mt. ton Copra = 4,925 nuts.
(d) Exports only.
(e) Estimated on the basis of per capita household consumption of 90 nuts per year. Excludes industrial use.
(f) This excludes planting activities undertaken on holdings less than 0.4 hectares in size owing to lack of detailed data.
(g) In producing and processing only.

Following the increased supplies due to production recovery, the nut prices in the domestic market moved down in 1989. The average export f.o.b. price also dropped, from Rs. 4.00 per nut in 1988 to Rs. 3.35 per nut in 1989. Prices of the three major coconut kernel products recorded decreases in the international markets in response to improved supply position in the major coconut producing countries, slack demand and increased availability of substitutable products. The total export volume of coconut kernel products more than

doubled to 572 million nuts in 1989. The average cost of production of coconut in 1989, estimated at Re. 0.85 per nut was about 5 per cent higher than Re. 0.81 per nut in 1988, due mainly to increased wage costs.

OTHER AGRICULTURAL PRODUCTS

Minor Export Crops

Minor export crops comprise of a wide range of perennial crops other than tea, rubber and coconut. These crops are generally grown as mixed crops in home gardens and in smallholdings. Therefore, it is difficult to obtain reliable data on production. Hence, data on export volumes of these crops are used as a proxy to monitor their production performance assuming that the local consumption and stock changes of these products are negligible.

On the basis of export data, the production of all important minor export crops, except cinnamon and cashew, appeared to have suffered a severe setback in 1989. The export volume of cinnamon increased by 10 per cent in 1989, while that of cashew nuts rose by 19 per cent when compared with the previous year. However, three other important crops under this category, viz. pepper, cloves and coffee, reported marked decreases in volume of 41 per cent, 86 per cent and 57 per cent, respectively. The export volumes of cocoa (10 per cent), nutmeg and mace (20 per cent) and cardamom (9 per cent) also dropped indicating poor production performance.

Following the trend in the three previous years, fertilizer issues to the minor export crops sector increased substantially by 19 per cent to 5,600 metric tons during 1989.

According to the Department of Export Crops, the total extent newly planted, replanted and rehabilitated under the Minor Export Crop Assistance Scheme (MECAS) increased by about 5 per cent from 1,765 hectares in 1988 to 1,860 hectares in 1989. The newly planted extents with pepper and cinnamon increased by 153 hectares and 18 hectares, respectively in 1989, while those of cocoa, cardamoms and cloves declined by 56 hectares, 28 hectares and 22 hectares over the previous year. The extent replanted with cocoa, cinnamon and cardamoms also dropped marginally in 1989. However, the extent rehabilitated in respect of cinnamon and cocoa recorded increases of 97 hectares and 10 hectares to 531 hectares and 20 hectares, respectively during 1989.

The total amount of subsidies paid under the MECAS registered a marked increase of 36 per cent, from Rs. 14.1 million in 1988 to Rs. 19.1 million in 1989. As in the previous year, subsidy payment to planting activities in respect of pepper accounted for about 40 per cent of the total subsidy payments.

Paddy

Paddy production which recorded an impressive 16 per cent growth in 1988 suffered a severe setback in 1989. The output of paddy in 1989 was provisionally estimated at 2.06 million metric tons (99 million bushels of paddy or 1.44 million metric tons of rice). This was the lowest production since 1979 and represents a decrease of 17 per cent over the output in the previous year. Paddy production in 1989, accounted for only about 70 per cent of the targetted level of production. The fall in production was reflected in both Maha 1988/89 and Yala, 1989 seasons. The drop was largely attributed to a substantially reduced extent sown and harvested, as well as the marginally lower average yield mainly due to drought

conditions which prevailed in the major paddy producing areas. The civil disturbances are also reported to have adversely affected the paddy production in 1989.

In 1989, the availability of domestically produced rice for consumption, which is equal to the rice equivalent of the total paddy production after adjusting for wastage and seed paddy requirements, amounted to 1.23 million metric tons. This accounted for only about 73 per cent of the estimated domestic rice requirements, as against 88 per cent provided in the previous year. The deficit of the requirement was met primarily through imports of 316,000 metric tons of rice.

Paddy production in Maha 1988/89 estimated at 1.34 million metric tons (64.3 million bushels) was a decrease of 182,224 metric tons or 12 per cent when compared with that of the previous Maha season. The drop in output was primarily due to the reduced extent cultivated as well as harvested, as the average yield per hectare recorded only a very marginal drop. Drought conditions experienced by major paddy producing areas in the Dry Zone in late 1988, delayed issue of water from the tanks, civil disturbances and reduced fertilizer application adversely affected both the extent sown, which fell substantially by 16 per cent, as well as the average yield, which declined marginally. Substantial decreases in production were observed in the districts of Kurunegala, Anuradhapura, Mannar, Hambantota and Trincomalee.

Paddy production in Yala, 1989 estimated at 0.72 million metric tons (34.5 million bushels) was also 230,952 metric tons or 24 per cent lower than that of the previous Yala season. The drop in output was largely attributed to the drought conditions which prevailed in the Yala season. Unseasonal rains, floods and lower fertilizer usage further accentuated the adverse effects of the drought conditions on the paddy sector. Considerable production decreases were recorded in the Dry Zone districts. The Kurunegala district reported the highest absolute production decline in Yala season amounting to 92,100 metric tons (58 per cent), followed by the Ampara district by about 56,700 metric tons (34 per cent).

The annual average yield per hectare in the cultivation year 1989, declined marginally by one per cent to 3,374 kgs., when compared with the previous year. In Maha, 1988/89 the average yield per hectare fell slightly to 3,429 kgs. while in Yala, 1989 it decreased by 3 per cent to 3,279 kgs. over the corresponding season in 1988. During Maha, except in minor irrigation schemes, other paddy producing regions (major and rainfed) reported lower average yields. The area under major irrigation schemes recorded the highest decline of 3 per cent. Productivity in the minor irrigation schemes increased by about 3 per cent. In Yala, 1989 the average yield in areas under major irrigation and rainfed areas dropped by 5 per cent and 8 per cent, respectively, while that in the areas under minor irrigation schemes increased by about 3 per cent. As in the previous year in both Maha and Yala seasons the highest average yield was reported from the Udawalawe area which amounted to 5,125 kgs. per hectare in Maha, 1988/1989 and 5,249 kgs. per hectare in Yala, 1989.

The total gross extent sown during the cultivation year 1989 fell by 16 per cent or 140,852 hectares to 726,958 hectares. The gross extent sown in Maha 1988/89, declined by 14 per cent or 75,778 hectares to 468,850 hectares, while that of Yala 1989 dropped by 20 per cent or 65,074 hectares to 258,108 hectares, mainly due to the drought conditions experienced in both seasons. Substantial decreases in the extent sown were recorded in the major paddy producing districts of Kurunegala, Anuradhapura, Mannar, Trincomalee and Batticaloa. The decrease in gross extent sown in Maha 1988/89 was more pronounced in the areas under the minor irrigation schemes which declined by 25 per cent. The areas under major irrigation and rainfed also registered decreases of 12 per cent and 9 per cent, respectively when compared with the previous Maha season. In Yala, 1989 the gross extent

TABLE 1.13
Statistics on Paddy Sector 1988-1989

Item	Unit	1988			1989(a)		
		Maha	Yala	Total	Maha	Yala	Total
Gross extent sown	'000 Hectares	545	323	868	469	258	727
Fertilizer issues (b)	'000 Mt. tons	134	70	204	105	51	156
Credit granted	Rs. Million	190	55	245	91	57	148
Gross extent harvested	'000 Hectares	499	317	816	440	250	690
Yield per hectare (c)	Kgs.	3,440	3,370	3,413	3,429	3,279	3,374
Net extent harvested	'000 Hectares	443	282	725	392	220	612
Production	'000 Mt. tons	1,525	952	2,477	1,342	721	2,063
	('000 Bushels)	(73,059)	(45,617)	(118,876)	(64,330)	(34,550)	(98,880)
Purchases under GPS (d)	'000 Mt. tons	102	03	105	05	—	05
Rice Imports	'000 Mt. tons	—	—	189	—	—	292
(Paddy equivalent)	('000 Mt. tons)	(—)	(—)	(278)	(—)	(—)	(429)

- (a) Provisional.
- (b) The fertilizer issues during cultivation year and calendar year are invariably different. Cultivation year comprises Maha (September/October -March/April) and Yala (April/May-August/September).
- (c) Yield per hectare for Maha and Yala are calculated using data from the Department of Census and Statistics which are based on crop cutting surveys while total yield is calculated by dividing total production by the net extent harvested.
- (d) Maha paddy harvest is purchased during the period from January to July, while Yala harvest is purchased during the period from August to December.

Sources: Department of Census and Statistics;
Department of Agriculture;
Ministry of Agriculture Food, and
Co-operatives;
Paddy Marketing Board;
Food Commissioner's Department;
Central Bank of Sri Lanka.

sown under minor irrigation schemes and rainfed areas dropped sharply by 36 per cent and 25 per cent, respectively, while that in major irrigation schemes also recorded a considerable decline of 10 per cent. The total gross extent harvested during the cultivation year 1989 too fell by 15 per cent to 689,753 hectares. The harvested area in Maha, 1988/89 and Yala, 1989 dropped substantially by 12 per cent and 21 per cent respectively. The incidence of crop failure which is the difference between the gross extent sown and the gross extent harvested was 29,063 hectares or 6 per cent of the gross extent sown in Maha, 1988/89. The comparable rate in the previous Maha season was 8 per cent. The rate of crop failure in Yala, 1989 estimated at 3 per cent was marginally higher than that of the previous Yala season.

There was a substantial decline in fertilizer issues to the paddy sector in 1989. According to the Ministry of Agriculture, Food and Co-operatives, fertilizer issues to the paddy sector during the cultivation year, amounted to about 156,212 metric tons. This represents a decline of 24 per cent when compared to the quantity issued in 1988. Issues in Maha 1988/89 decreased by 22 per cent, while those during Yala, 1989 dropped by 27 per cent. The average quantity of fertilizer used per sown hectares declined by 9 per cent in Maha season, while that in Yala dropped by 8 per cent.

Purchases of paddy under the Guaranteed Price Scheme (GPS) by the Paddy Marketing Board (PMB) in 1989 declined significantly by 95 per cent to 5,036 metric tons (241,325 bushels), the lowest level of purchases ever recorded under the GPS. This significant decline in purchases under the GPS was largely attributed to the lower purchases from the drought affected major paddy producing districts in the Dry Zone. Lower paddy production, higher open market prices and unsettled conditions that prevailed in the country adversely affected the usual purchasing activities of the PMB. Paddy purchases from the Ampara and Badulla districts accounted for 89 per cent of the total purchases of the PMB in 1989.

The guaranteed price of paddy remained unchanged at Rs. 80 per bushel during 1989. Unlike in the previous years, the open market prices of paddy remained well above the guaranteed price of paddy throughout 1989, mainly due to the active role played by the private sector dealers in purchasing paddy in the major paddy producing areas. Reflecting the lower rice availability, the average retail price of rice at the Colombo market increased substantially by about 35 per cent to Rs. 14.96 per kg. in 1989 when compared with the previous year.

Sugar

Sugar production which improved significantly by 83 per cent to 53,521 metric tons in 1988, recorded only a marginal increase of about one per cent to 53,983 metric tons in 1989. Hingurana and Kantale factories accounted for the entire increase in production. Sugar production at the Hingurana factory increased for the third consecutive year by 29 per cent mainly due to increased area harvested, higher average yield, as well as larger private cane purchases. The Kantale factory reported a production increase of 62 per cent to 2,305 metric tons in 1989, after three consecutive years of decreases. The improvement in production of the Kantale factory was a result of higher average yield. The increase in production at both factories is commendable, considering the adverse impact of civil disturbances which led to work stoppages, restricted hours of work, shortage of seasonal labour for harvesting from outside areas and the abandonment of lands by certain allottees. Further wild elephants were also reported to have damaged crops, since the crop security system to some extent was weakened following the withdrawal of guns from crop watchers for security reasons. In contrast, sugar production at the Sevanagala factory dropped by 18 per cent to 9,078 metric tons, while that at Pelwatte factory declined by 5 per cent to 28,350 metric tons in 1989. The drop in production at both factories was a result of reduced areas harvested, as well as a drop

TABLE 1.14

Statistics on Sugar Production Sector 1988-1989

Item	Unit	Hingurana Sugar Factory		Kantale Sugar Factory		Sevanagala Sugar Factory		Pelwatte Sugar Factory		Total	
		1988	1989	1988	1989	1988	1989	1988	1989	1988	1989
1. Total area under cane (with ratoons)	Hectares	2,898	2,560	1,115	1,302	3,059	1,443	4,585	4,700	11,657	10,005
2. Area harvested	Hectares	2,075	2,409	1,006	904	1,772	1,440	4,258	3,944	9,111	8,697
3. Cane harvested	Mt. tons	109,993	132,118	28,002	38,166	153,262	117,174	268,400	210,822	559,657	498,280
4. Average yield	Mt. tons/Hectare	26.97	29.92	28.00	40.45	69.89	36.90	63.03	53.45	61.43	57.29
5. Private cane purchased	Mt. tons	47,317	54,163	10	13	854	—	116,508	133,153	164,689	187,329
6. Sugar production (without sweepings)	Mt. tons	11,084	14,250	1,427	2,305	11,038	9,078	29,972	28,350	53,521	53,983
7. Sugar recovery rate	%	7.05	7.65	5.09	6.08	7.26	7.77	7.91	8.2	7.39	7.87

Sources: Sri Lanka Sugar Corporation;
Pelwatte Sugar Co. Ltd.

in the average yield, mainly due to civil disturbances which curtailed normal planting activities and caused labour shortages.

The total extent under sugar cane cultivation (including ratoonnings) fell by 14 per cent to 10,005 hectares in 1989. The fall in the area under sugar cane was confined to Hingurana and Sevanagala factories. The extent under sugar cane at Hingurana and Sevanagala factories dropped by 12 per cent and 53 per cent, respectively to 2,560 hectares and 1,443 hectares in 1989. However, the area under sugar cane managed by the Kantale and Pelwatte factories increased by 17 per cent and 3 per cent, respectively.

The total extent harvested also recorded a decrease of 5 per cent to 8,697 hectares in 1989. The extent harvested by the Kantale, Sevanagala and Pelwatte factories dropped by 10 per cent, 19 per cent and 7 per cent, respectively, to 904 hectares, 1,440 hectares and 3,944 hectares in 1989, when compared with the previous year. In contrast, the extent harvested by Hingurana factory increased by 16 per cent to 2,409 hectares in 1989.

The total volume of cane harvested decreased by about 11 per cent to 498,280 metric tons in 1989. The quantity of cane harvested by the Sevanagala and Pelwatte factories dropped by 24 per cent and 21 per cent, respectively when compared with the previous year. In contrast, the quantity of cane harvested by the Hingurana and Kantale factories increased by 20 per cent and 36 per cent, respectively to 132,118 metric tons and 38,166 metric tons in 1989.

The total volume of cane purchased by all sugar factories from the private cultivators increased substantially by 14 per cent to 187,329 metric tons in 1989. This reflected the development activities promoted by the Sri Lanka Sugar Corporation and the Pelwatte Sugar Co. Ltd. to assist the out-growers by allocating lands and providing various incentives. Pelwatte Sugar Co. Ltd. assisted the out-growers by providing incentives, viz. higher cane prices, transport subsidies, seed cane, fertilizer and technical know-how.

The average sugar recovery rate for all sugar factories increased from 7.39 per cent in 1988 to 7.87 per cent in 1989. All sugar factories recorded increases in their sugar recovery rates with the Pelwatte factory reporting the highest rate of 8.2 per cent.

As in the previous year, the procurement of sugar through imports and in the domestic market continued to be handled by the private sector and the Co-operative Wholesale Establishment (CWE). During the year, the CWE imported about 114,750 metric tons of white sugar and purchased about 2,729 metric tons of local white sugar.

Minor Food Crops

Minor food crops comprise of coarse grains, pulses, oil seeds, roots and tubers and certain spices. Most of these crops are cultivated in very smallholdings, home gardens and chenas under rainfed conditions, particularly in the Dry and Intermediate zones. However, high value crops, viz. chillies, onions and potatoes are extensively cultivated in irrigated areas. The nature of cultivation of these crops has rendered difficult the collection of reliable data on the extent cultivated or their production. Therefore, most of the data available in respect of cultivation of these crops are crude estimates.

According to tentative data provided by the Ministry of Agriculture, Food and Co-operatives, production of most of the minor food crops, except big onions recorded significant decreases in 1989. The drought conditions and civil disturbances which resulted in substantially lower extents cultivated, particularly in Maha, 1988/89 may have contributed largely to this poor production performance.

Production of all the important minor food crops recorded significant decreases in Maha, 1988/89. However, during Yala, 1989 production of maize (31 per cent), red onions (7 per cent), greengram (11 per cent), soyabeans (7 per cent), potatoes (9 per cent), and big onions (47 per cent) reported substantial increases with the improvement of weather and security conditions in the growing areas. In addition, inadequate rainfall or late rains which induced farmers in certain areas to shift from paddy to minor food crops cultivation, appears to have contributed to the higher production of these crops during Yala, 1989. The production of big onions recorded a significant increase of 45 per cent in 1989. The entire increase in production was in the Yala season and was mainly due to increased extent cultivated.

Except for the substantial increase observed in big onions production, the output of all the other important minor food crops declined substantially in 1989. The production of soyabeans accounted for the highest percentage decrease of 71 per cent due to the fall in extent under cultivation during both the Maha and Yala seasons and reduced average yield per hectare in the Maha season. Significant decreases were also recorded in the production of chillies (34 per cent), groundnuts (24 per cent), gingelly (66 per cent), cowpea (23 per cent) and blackgram (53 per cent) during 1989, due mainly to the reduced extent cultivated. The production of maize (48 per cent), red onions (11 per cent), greengram (22 per cent), and kurakkan (54 per cent) showed substantial decreases in 1989. The production of potatoes which successively declined in the previous two years, again recorded a marginal decrease of 2 per cent in 1989. This was despite increased availability of seed potatoes following the entrusting of the importation of seed potatoes to the private sector.

In continuation of the trend experienced in the past few years, fertilizer issues to the minor food crops sector rose significantly by 34 per cent to about 35,000 metric tons in 1989.

TABLE 1.15
Floor Price Scheme for Subsidiary Food Crops

(Rs. per kg.)

Crop	From 1st January, 1989 to 31st December, 1989
Maize	4.00
Kurakkan	4.50
Groundnut (with shell)	8.00
Soyabean	7.00
Gingelly	
Black	8.00
White	9.50
Chillies (dried)	
Chillies I	28.00
Chillies II	26.00
Cowpea	8.50
Greengram	11.00
Blackgram	7.00

Source : The Ministry of Agriculture, Food and Co-operatives.

The Floor Price Scheme (FPS) operated by the Paddy Marketing Board (PMB) continued to be in operation in respect of eight selected minor food crops during the year. Floor prices in respect of ground nuts, gingelly, greengram and blackgram were revised upwards in 1989 with a view to encouraging the cultivation of these crops. The prices paid for groundnuts, greengram and blackgram were increased by Rs. 1 each to Rs. 8 per kg. Rs. 11 per kg. and Rs. 7 per kg., respectively. The prices of black gingelly and white gingelly were raised by 50 cents each to Rs. 8 per kg. and Rs. 9.50 per kg., respectively. However, the PMB was able to purchase only about 9,964 metric tons of maize and 226 metric tons of soyabeans during 1989. The purchases of maize and soyabeans showed significant decreases of 77 per cent and 80 per cent in 1989 when compared with those in the previous year. In 1989, the Co-operative Wholesale Establishment (CWE) purchased about 1,369 metric tons of big onions, 387 metric tons of greengram, 47 metric tons of red onions, 39 metric tons of potatoes and 28 metric tons of blackgram in the domestic market. The CWE imported about 6,302 metric tons of dried chillies, 44,649 metric tons of red dhal and 23,770 metric tons of big onions during 1989.

FISH AND LIVESTOCK

The Ministry of Fisheries and Aquatic Resources has provisionally estimated fish production in 1989 at 205,286 metric tons. This showed a 4 per cent increase over the previous year. Fish production of the coastal fishery sub-sector, which usually accounts for the bulk of the production (77 per cent) increased only by one per cent, from 155,099 metric tons in 1988 to 157,411 metric tons in 1989. Fish production of the inland fishery sub-sector also rose by 4 per cent in 1989 to reach 39,720 metric tons. In contrast, the fish production of the off-shore and deep sea sub-sector improved significantly by 84 per cent, mainly in response to expanded off-shore fishing activities with the rapid conversion of day-boats into multi-day boats. Although the situation in the Northern and Eastern provinces showed some recovery in 1989, various fisheries activities and several fisheries projects were adversely affected by the unsettled conditions which prevailed during most of the year. Three fresh water fish breeding stations were reported to have been damaged during the civil disturbances. Further, the transportation of fish seed for stocking in water bodies was also adversely affected due to limited availability of vehicles as the vehicles attached to some fisheries stations were taken over by the security forces. Therefore, fingerlings production declined from about 5,402,000 in 1988 to 3,886,000 in 1989. The quantity of fingerlings stocked in 1989 also dropped substantially to 3,567,000 as against 4,870,000 in 1988. Under the Seasonal Tank Aquaculture Programme, only about 215,000 fingerlings were stocked in 39 seasonal tanks. This shows a setback when compared with about a million fingerlings stocked in 148 seasonal tanks during 1988.

The implementation of several fishery development projects, viz. East Coast Fishery Development Project, West Coast Fishery Development Project, Fishing Ports Maintenance Project and Sri Lanka Aquaculture Development Project continued in 1989. Under the Sri Lanka Aquaculture Development Project the construction work of a shrimp hatchery in Kurukkapone was in progress during the year.

TABLE 1.16
Fish Production 1985-1989

Mt. tons

Sub-Sector	1985	1986	1987	1988	1989(a)
Coastal	140,266	144,266	149,278	155,099	157,411
Deep Sea and Offshore	2,400	3,400	4,259	4,425	8,155
Inland	32,743	35,390	36,465	38,012	39,720
Total	175,409	183,056	190,002	197,536	205,286

(a) Provisional.

Source: Ministry of Fisheries
and Aquatic Resources.

Efforts to increase fish production through the issue of new fishing crafts and increased productivity of existing vessels continued in 1989. However, the subsidy payments for the issue of new boats and for mechanisation of traditional crafts in the marine sector declined from Rs. 29 million in 1988 to Rs. 14 million in 1989. Under various subsidy schemes, 40 boats, 434 traditional crafts, 197 motors and 1 vessel hull were issued to the marine sector.

In 1989, about Rs. 423,000 was paid to the inland fishery sub-sector to construct 137 pounds under the Pond Subsidy Scheme and 20 boats were issued under the Boat Subsidy Scheme. Payments under various subsidy schemes recorded decreases in 1989 since the processing of new applications was temporarily suspended pending a decision on the devolution of these activities to the provinces. A policy decision which was taken during year to channel these subsidies through fisheries co-operative societies also had a bearing on the performance of these schemes during the year under review.

A fishery development plan which covers a 5 year period (1990-1994) was prepared during 1989. The main objective of this development plan was the achievement of higher production. Under this plan fishermen are being organised into fisheries co-operative societies, which will be the main instrument for the delivery of all development assistance to fishermen. These co-operative societies will be strengthened with financial resources and managerial capabilities to enable them to organise economic activities for the social and economic betterment of their membership. This plan emphasizes, among others, the hitherto neglected improvement of welfare facilities and income supplementary activities for fishermen and their families. This can be considered a welcome step towards upgrading living standards of fishermen.

According to the provisional estimates of the Department of Census and Statistics, milk production (including buffalo milk) in 1989 was 238 million litres, an increase of 6 per cent over the previous year. The total amount of milk collected by the local processors, Milk Industries of Lanka Co. Ltd., (MILCO) and Nestle Lanka Ltd. amounted to 85 million litres. The volume of milk collected by MILCO Ltd., which declined by 2 million litres in 1988, dropped further by 4 million litres to 61 million litres in 1989. This decline in milk collection was mainly attributed to the unsettled conditions which prevailed in 1989. In order to ensure adequate income for farmers, the raw milk purchasing price was revised upwards by about 50 cents per litre in August and November 1989. With a view to developing the dairy sector,

an initiative was taken to train dairy farmers and organise pilot dairy projects in selected areas to extend financial assistance as well as other inputs.

The Department of Animal Production and Health and the National Livestock Development Board continued with their assistance programmes, viz. the provision of breeding materials, extension services and immunization against infectious diseases. The National Livestock Development Board was able to commence two new poultry units for broilers and layers. The hatchery at Miriswatte Farm commenced operations during 1989. The National Livestock Development Board replanted 668 hectares of pasture in the Coconut Triangle and in the Dry Zone. The efforts to develop the livestock sector through the implementation of special development projects, viz. Sri Lanka - West German Goat Development Project, the Sri Lanka-ADB Livestock Development Project and Sri Lanka - Netherlands Livestock Development Programme were continued in 1989. The Integrated Rural Development Programme also extended assistance for livestock development in certain districts. However, the performance under special development projects failed to meet the expected targets and activities of the projects were confined to certain parts of the country due to civil disturbances. Further, the lack of domestic funds and required staff also exerted an adverse impact on the performance of these projects.

The Department of Census and Statistics has provisionally estimated egg production in 1989 at 834 million, indicating an increase of 7 per cent over the preceding year.

According to the available data from the Ceylon Oils and Fats Corporation and the Government Owned Business Undertaking of the British Ceylon Corporation Lanka Ltd., the combined animal feed production of the two major state sector corporations decreased by 7 per cent to 52,858 metric tons in 1989.

Animal husbandry is an important source of income for a large number of poor farmers. It is equally important as an additional income source for farmers who grow field crops and some perennial crops. There is also a great deal of potential in the livestock sector, particularly in the dairy sub-sector for substantial expansion. However, the realization of this potential depends on the development of dairy activities as commercial farming. It must be emphasised that only the progressive development of village level farmer organizations, as well as the promotion of effective procurement, processing and marketing mechanisms would promote an efficient domestic dairy industry.

FERTILIZER

Total fertilizer issues in 1989 amounted to 505,878 metric tons showing a decrease of 4 per cent over the previous year. During 1989, fertilizer issues to all the sectors decreased except for paddy, minor food crops and minor export crops sectors. Fertilizer issues to the paddy sector which accounted for the highest share of 45 per cent in the total issues increased marginally to 227,562 metric tons. Issues to minor food crops and minor export crops sectors rose substantially by 34 per cent and 19 per cent, respectively. However, fertilizer issues to the tea sector, whose relative share was about 25 per cent of the total issues, dropped by 10 per cent in 1989. Issues to the rubber, coconut and unspecified crop sectors fell significantly by 14 per cent, 11 per cent and 15 per cent, respectively. The reduced fertilizer issues to most of these crop sectors could be largely attributed to drought conditions that prevailed in the first quarter of 1989 and civil disturbances which disrupted cultivation activities and fertilizer distribution.

TABLE 1.17
Fertilizer Issues by Crops 1986-1989

'000 Mt. tons

Crop	1986	1987	1988	1989
1. Paddy	232.6	217.1	226.2	227.6
2. Tea	128.8	136.7	138.0	124.6
3. Rubber	26.3	23.2	25.1	21.7
4. Coconut	31.6	42.2	42.0	37.5
5. Minor Food Crops	21.4	22.2	26.1	35.0
6. Minor Export Crops	2.4	3.2	4.7	5.6
7. Others	54.0	60.7	63.1	53.9
Total	497.1	505.3	525.2	505.9

Source: National Fertilizer Secretariat.

The selling prices of the main fertilizer ingredients and mixtures remained unchanged during 1989. Meanwhile, the production of Rock Phosphate increased by 6 per cent to 24,458 metric tons in 1989.

The annual budgetary provision for the fertilizer subsidy remained at Rs. 600 million during 1989. Of this sum, Rs. 346 million was utilized to settle claims for fertilizer imported during 1988.

The amount of fertilizer issued by the public sector declined marginally by one per cent to 420,811 metric tons in 1989 when compared with the previous year, due mainly to significantly lower issues by the Janatha Estates Development Board. During 1989, fertilizer issues by the private sector dropped substantially by 15 per cent to 85,067 metric tons when compared with the previous year.

The total quantity of fertilizer imported in 1989 amounted to 364,919 metric tons reflecting a substantial decrease of 33 per cent over that of the previous year. The fall in imports was largely due to unsettled conditions, high stock levels, as well as the absence of fertilizer subsidy payments. Approximately, 39 per cent of the total fertilizer imports in 1989 were by the Ceylon Fertilizer Corporation (CFC) compared with 47 per cent in 1988. The Janatha Estates Development Board, Colombo Commercial Company (Fertilizer) Ltd. and A. Baur & Co. Ltd. accounted for 28 per cent, 16 per cent and 8 per cent, respectively. Imports of Urea declined by 32 per cent to 142,691 metric tons in 1989. Fertilizer imports under foreign assistance programmes, which accounted for about 82 per cent of the total volume imported in 1988 dropped to 59 per cent in 1989.

TABLE 1.18
Issues of Fertilizer by Wholesalers 1988-1989

Sector	1988		1989		% Change in Quantity
	Quantity (Mt. tons)	%	Quantity (Mt. tons)	%	
1. Public Sector	424,798	81	420,811	83	- 0.9
1.1 Ceylon Fertilizer Corporation	217,106	41	232,574	46	+ 7.1
1.2 Janatha Estate Development Board	125,632	24	105,325	21	- 16.2
1.3 Colombo Commercial Company (Fertilizers) Ltd.*	82,060	16	82,912	16	+ 1.0
2. Private Sector	100,372	19	85,067	17	- 15.2
2.1 A. Baur & Co. Ltd.	66,476	13	57,051	11	- 14.2
2.2 Others	33,896	06	28,016	06	- 17.3
Total	525,170	100	505,878	100	- 3.7

* Government of Sri Lanka, Successor to the
Business Undertaking of Colombo Commercial
Company (Fertilizers) Ltd.

Source: National Fertilizer Secretariat.