AGRICULTURE

OVERALL TRENDS

The agricultural sector which suffered a severe setback in 1989 showed a remarkable recovery during 1990. Favourable weather conditions and easing of civil disturbances in most parts of the country were among the factors contributing to this impressive performance. During 1990, tea production increased substantially by 13 per cent and reached the highest level ever recorded. Rubber and coconut production increased marginally by 3 per cent and 2 per cent, respectively while paddy production recorded a very sharp increase of 23 per cent in 1990. Sugar production recorded a 6 per cent growth. The improved performance of the minor food crops and minor export crops sectors have also contributed to the recovery of the agriculture sector.

MAJOR EXPORT CROPS

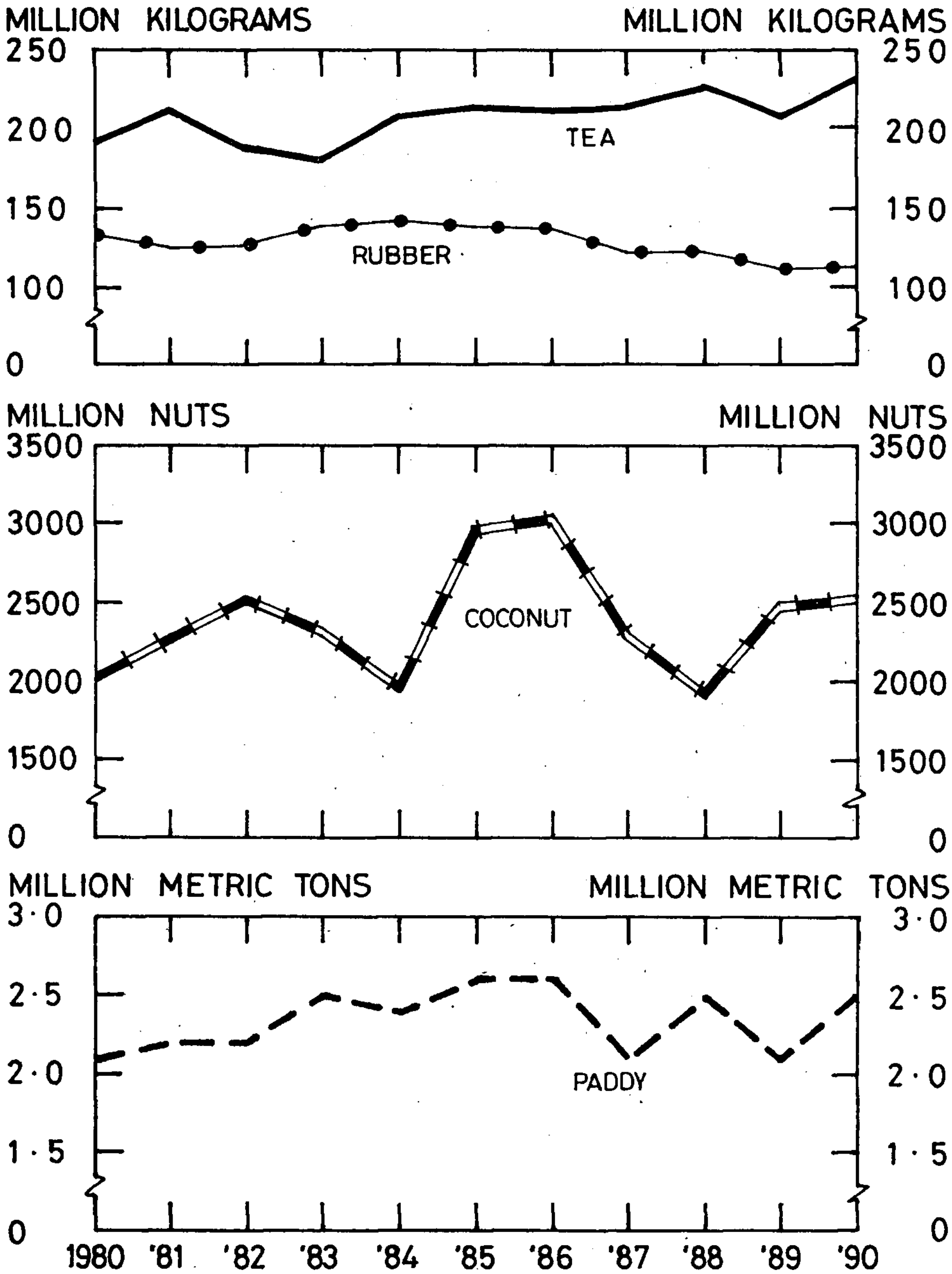
Tea

Tea production which had been fluctuating around an average of 205 million kgs. during the last 10 years recovered significantly in 1990 to reach 233 million kgs., the highest level ever recorded. This remarkable increase was primarily attributed to favourable weather conditions and the easing of civil disturbances. Full production recovery of the plantations in low grown areas and the adoption of better cultural practices in response to relatively higher prices would also have contributed to this expansion in production. The recovery in production was evident in all three elevational categories but was more pronounced in Low grown areas where the increase was as high as 27 per cent. Low grown tea production in 1990 at 105 million kgs. was the highest ever on record. High and Medium grown tea production recorded increases of 3 per cent and 4 per cent, respectively. The production of 'orthodox' tea (including LTP teas) rose by 12 per cent to 228 million kgs. The CTC (cut, tear and curl) tea production increased by 35 per cent to 5.7 million kgs. in 1990, accounting for about 2 per cent of the total tea production.

The combined production (including tea manufactured with bought leaf) of the Janatha Estate Development Boards (JEDBs) and the Sri Lanka State Plantation Corporations (SLSPCs) increased only by about 5 per cent to 139 million kgs., thereby lowering their relative share in the total tea production of the country from 64 per cent in 1989 to 60 per cent in 1990. Tea production of the estates managed by the JEDBs increased by 4 per cent to 72 million kgs., while that of the SLSPCs expanded by 5 per cent to 67 million kgs. Tea production of the private sector rose significantly by 27 per cent to 94 million kgs. in 1990. When the green leaf produced by the private sector and processed in the factories owned by the two state sector plantation corporations is included, the share of the private sector in total tea production rose from 44 per cent to 49 per cent.

Fertilizer issues to the tea sector increased by 5 per cent to 134,287 metric tons in 1990. However, fertilizer application on the tea plantations managed by the JEDBs declined by 11 per cent to 38,599 metric tons, while that on the SLSPCs dropped by 19 per cent to 22,209 metric tons in 1990. On the other hand, the fertilizer use in privately owned tea lands had increased considerably in 1990. Relatively higher tea prices may have encouraged increased fertilizer application on privately owned tea lands.

PRODUCTION OF PRINCIPAL AGRICULTURAL CROPS



Central Bank of Sri Lanka.

TABLE 1.9
Statistics on Tea Sector 1988-1990

Item	Unit	1988	1989(a)	1990(b)
1. Production	Mn.Kgs.	226.9	207.0	233.2
1.1 High grown	"	76.8	74.1	76.1
1.2 Medium grown	"	54.3	50.0	51.9
1.3 Low grown	"	95.8	82.9	105.1
2. Registered extent under tea	'000 Hectares	222	221	222
3. Fertilizer issues	'000 Mt.tons	138.0	127.9	134.3
4. Replanting	Hectares	1,592	1,551	1,586
5. Prices				
5.1 Colombo net	Rs./Kg.	41.59	52.16	65.72
5.2 Export f.o.b.	"	55.95	66.91	91.78
6. Cost of Production	"	43.98	49.70	57.65
7. Exports	Mn.Kgs.	219.8	204.2	216.0
8. Export earnings	Rs.Mn.	12,298.7	13,663.9	19,823.3
	(SDR Mn.)	(288)	(296)	(364)
9. Value added as % of GDP (c)		5.1	4.5	4.4

(a) Revised.
(b) Provisional.
(c) In growing and processing only.

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

The average yield in the plantations managed by the JEDBs increased by 6 per cent to 1,315 kgs. per hectare in 1990, while that of the SLSPCs rose by about 2 per cent to 1,136 kgs. per hectare.

The total registered area under tea in 1990, estimated at 221,758 hectares, recorded a marginal increase of 648 hectares over 1989. The increase was entirely reflected in the private sector. The extent under tea in plantations belonging to the JEDBs and the SLSPCs in 1990 declined marginally to 56,491 hectares and 50,705 hectares, respectively. The extent under bearing in the plantations owned by the JEDBs increased marginally in 1990 to 51,990 hectares, while that of the SLSPCs declined slightly to 45,923 hectares.

The total extent replanted recorded a marginal increase of 2 per cent to 1,586 hectares in 1990. The extents replanted by the JEDBs and the private sector in 1990 rose by 3 per cent and 12 per cent to 611 hectares and 362 hectares, respectively, while the area replanted by the SLSPCs declined by 3 per cent to 613 hectares in 1990.

The extent brought under new planting in 1990 was 1,753 hectares, indicating an increase of 575 hectares or 49 per cent over 1989. This expansion came entirely from the private sector with a newly planted area of 1,647 hectares in 1990 which was an increase of 63 per cent over the previous year. The higher level of new planting was largely concentrated in smallholder dominated Low grown areas. Relatively higher tea prices and favourable weather conditions, coupled with increased planting activities by the Tea Smallholder Development Project assisted by the Asian Development Bank had been the contributory factors for the higher level of new planting in the private sector. The area newly planted by the JEDBs fell from 56 hectares in 1989 to 45 hectares in 1990, while that of the SLSPCs declined from 111 hectares in 1989 to 61 hectares in 1990.

A new subsidy scheme was introduced in 1990, in which a subsidy payment of approximately Rs.46,000 per hectare was given to plant tea as an intercrop with rubber. Subsidy rates for various planting activities remained unchanged in 1990. The total amount of subsidies disbursed by the Tea Small Holdings Development Authority (TSHDA) under various schemes increased from Rs.71 million in 1989 to Rs.79 million in 1990.

The TSHDA continued to provide support services, viz. provision of subsidies, inputs, advisory and extension services to smallholders. With a view to encouraging the establishment of private commercial nurseries and smallholder nurseries, various inputs were made available by the TSHDA at concessionary prices. A new constitution was drawn up to facilitate the establishment of tea smallholdings development societies in the Uva, Sabaragamuwa, Galle and Matara regions.

The Tea Smallholder Development Project assisted by the Asian Development Bank commenced in 1990 with a view to providing financial assistance to improve productivity of the tea smallholdings as well as the tea factories in the private sector and reinforcing effective extension services. In 1990, 2,438 permits were issued for replanting under the Tea Smallholder Development Project. The extent newly planted under this scheme in 1990 amounted to 624 hectares, exceeding the target by 64 hectares.

The average cost of production (COP) of made tea has been estimated to have risen by about 16 per cent to Rs.57.65 per kg. in 1990. This increase was largely due to high fertilizer prices and wage costs.

Tea prices at the Colombo Auctions which improved in 1989 strengthened further in 1990, reflecting relatively buoyant market conditions in response to increased demand and the reduced world tea supplies. The average gross price of all teas at the Colombo Auctions increased significantly by 30 per cent to Rs.70.97 per kg. in 1990 from Rs.54.61 per kg. in 1989. The average export (f.o.b.) price of tea also rose by 37 per cent to Rs.91.78 per kg. in 1990.

In July, 1990 the threshold price of the Ad-valorem Sales Tax on tea was revised upwards from Rs.60 per kg. to Rs.65 per kg. with a maximum levy of Rs.15 per kg. The tea cess was further increased by Rs.1.50 per kg. to Rs.3.50 per kg. with effect from April, 1990. From this increase a sum of Re.1 per kg. was earmarked for augmenting the resources of the Stabilization Fund for Tea.

Rubber

Rubber production in 1990 has been provisionally estimated at 114 million kgs. which is an increase of 3 per cent over the previous year. The improved level of production was entirely due to a higher average yield achieved during the year, in the context of a marginal decline in the area under tapping.

The increase in rubber production was reflected entirely in the state sector which produced 39 million kgs. in 1990, an increase of 13 per cent over the preceding year. Output of the JEDBs and the SLSPCs which accounted for 34 per cent of the total rubber production increased each by 13 per cent to 17 million kgs. and 22 million kgs., respectively in 1990. Despite a marginal increase in the average yield, production in the private sector declined by 2 per cent to 75 million kgs., reflecting a continuous decline in the area under tapping.

The average yield increased by 4 per cent to 779 kgs. per hectare in 1990 when compared with the previous year, mainly due to a larger number of tapping days on account of relatively favourable weather conditions and easing of civil disturbances. The average yield of the estates owned by the JEDBs and the SLSPCs increased by 14 per cent and 16 per cent to 998 kgs. and 894 kgs. per hectare, respectively in 1990.

During the year under review, the need to replant with higher yielding clones was stressed as a means of increasing productivity. In pursuit of this, planting of the clone 'PB 86' was discontinued in the state sector estates in 1990.

The total area registered under rubber declined marginally to 199,048 hectares in 1990. The combined area belonging to the JEDBs and the SLSPCs fell by 2 per cent to 59,560 hectares, while the area under the private sector rose marginally to 139,488 hectares.

The extent under tapping also declined marginally to 146,325 hectares in 1990. The drop was recorded in both public and private sectors. In 1990, the total area under tapping remained more or less at the same level of 74 per cent of the total area under rubber as in the previous year.

TABLE 1.10
Statistics on Rubber Sector 1988-1990

Item	Unit	1988	1989(a)	1990(b)
1. Production	Mn. Kgs.	122.4	110.7	114.0
2. Area				
2.1 Under cultivation	'000 Hectares	200.2	199.6	199.0
2.2 Under tapping	"	145.5	147.3	146.3
3. Yield	Kgs./Hectare	841	752	779
4. Fertilizer issues	'000 Mt. tons	25.1	22.6	21.4
5. Replanting	Hectares	4,167	6,147	5,203
6. Prices				
6.1 Export f.o.b.	Rs./Kg.	37.33	36.18	35.50
6.2 Colombo RSS 1	"	24.40	22.63	22.93
7. Cost of production (c)	"	13.41	15.06	17.96
8. Exports	Mn. Kgs.	99.3	86.0	86.8
9. Domestic consumption	"	19.8	21.0	23.5
10. Export earnings	Rs. Mn.	3,705.9	3,112.1	3,080.2
	(SDR Mn.)	(87)	(67)	(57)
11. Value added as % of GDP (d)		1.7	1.6	1.1

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 smallholdings.
(d) In growing and processing only.

Fertilizer issues to the rubber sector amounted to 21,438 metric tons in 1990, indicating a marginal decrease of 1 per cent over the previous year. Fertilizer application in the estates owned by the public sector recorded an increase of 8 per cent in 1990. Thus, it was evident that the entire drop in the fertilizer issues to the rubber sector occurred in the private sector.

Replanting activities which experienced a significant upsurge in 1989 suffered a setback in 1990. Consequently, the extent replanted during 1990 dropped by 15 per cent to 5,203 hectares. The area replanted by the JEDBs and the SLSPCs declined by 31 per cent and 6 per cent to 754 hectares and 864 hectares, respectively, while replanting in the private sector plantations dropped by 14 per cent to 3,584 hectares in 1990. Under the second World Bank Assisted Smallholder Rubber Rehabilitation Programme, 3,015 hectares were replanted in 1990 as against 2,354 hectares in 1989. However, the extent replanted under this programme in 1990 failed to reach the targets envisaged. The total area newly planted with rubber dropped by 19 per cent from 1,335 hectares in 1989 to 1,083 hectares in 1990. The extent newly planted by the JEDBs declined by 11 per cent to 106 hectares in 1990, while that of the SLSPCs decreased by 32 per cent from 223 hectares in 1989 to 152 hectares in 1990. The extent newly planted by the private sector dropped by 168 hectares or 17 per cent to 825 hectares in 1990.

In 1990, the cost of production (COP) of rubber increased both in the public and the private sectors mainly due to increased prices of fertilizer and chemicals, and higher wage costs. In the private sector, the COP is estimated to have increased by 19 per cent, from Rs.15.06 per kg. in 1989 to Rs.17.96 per kg. in 1990.

During the year, less active demand by the major rubber consuming countries coupled with increased supply by major rubber producing South East Asian countries, viz. Malaysia, Thailand and Indonesia, depressed the market conditions in all international auction centres and exerted an adverse impact on rubber prices. The average price of RSS 1 at the Colombo Auctions rose very marginally from Rs.22.63 per kg. in 1989 to Rs.22.93 per kg. in 1990. In contrast, the average prices of RSS 2 and latex crepe 1X declined marginally to Rs.21.36 per kg. and Rs.28.88 per kg., respectively over the prices prevailing in the previous year. The average export f.o.b. price of all varieties of rubber declined marginally by 2 per cent to Rs.35.50 per kg. in 1990.

Domestic consumption of rubber recorded an increase of 12 per cent to 23.5 million kgs. in 1990, accounting for 21 per cent of the total rubber production during the year.

The rubber export duty was revised downwards in September, 1990 to ensure a better producer margin amidst low rubber prices. Accordingly, the threshold price for export duty was raised from Rs.17 per kg. to Rs.21 per kg. in September, 1990.

During 1990, the subsidy rate for replanting of the private estates and smallholders was increased from Rs.32,098 per hectare to Rs.37,068 per hectare, while that for new planting was raised from Rs.30,250 per hectare to Rs.35,829 per hectare. In addition, an incentive payment of Rs.2,471 per hectare was introduced under the subsidy scheme for the cultivators whose plantations will reach mature phase within five years after planting.

The Rubber Council commenced its operations in 1990 to ensure policy co-ordination in the rubber sector. The main objective of the council is to provide a forum for better co-operation among all institutions involved in the rubber industry.

Coconut

Coconut production which recorded a significant increase of 28 per cent in 1989, rose only marginally by 2 per cent to 2,523 million nuts in 1990. The poor performance of the coconut sector was primarily an outcome of the severe drought conditions that prevailed in the second and third quarters of the year which caused considerable damage to a large number of coconut palms in the northern parts of the Puttalam and Kurunegala districts and in the Hambantota district.

The nut equivalent of oil production recorded only a marginal increase, from 597 million nuts in 1989 to 598 million nuts in 1990. Lower international prices and producer margins had an adverse impact on oil production. In contrast, the nut equivalent of desiccated coconut (DC) production recorded a sharp increase of 17 per cent to 374 million nuts in 1990 when compared with 1989. This was mainly due to higher international demand for the Sri Lankan DC. The nut equivalent of copra exports declined from 41 million nuts in 1989 to 31 million nuts in 1990. Fresh nut exports increased from 16 million nuts in 1989 to 19 million nuts in 1990. Domestic consumption of fresh coconuts in 1990 estimated at around 1,500 million nuts accounted for 59 per cent of the total nut output.

TABLE 1.11
Statistics on Coconut Sector 1988-1990

Item	Unit	1988	1989	1990(a)
1. Production (b)	Mn.nuts	1,936	2,484	2,523
1.1 Desiccated coconut	Mn.nuts (c)	155	319	374
1.2 Coconut oil	Mn.nuts (c)	276	597	598
1.3 Copra (d)	Mn.nuts (c)	29	41	31
1.4 Fresh nut exports	Mn.nuts	12	16	19
1.5 Domestic nut consumption(e)	Mn.nuts	1,449	1,477	1,500
2. Average export price f.o.b.(f)	Rs./nut	4.00	3.36	3.63
3. Fertilizer issues	'000 Mt.tons	42.0	38.5	22.8
4. Cost of production	Rs./nut	0.81	0.85	1.11
5. Replanting/Underplanting (g)	Hectares	2,049	1,933	2,724
6. New planting (g)	Hectares	1,153	1,757	2,042
7. Export earnings	Rs.Mn.	1,539	2,865	2,783
	(SDR Mn.)	(36)	(62)	(51)
7.1 Kernel products (f)	Rs.Mn.	896	1,920	1,843
	(SDR Mn.)	(21)	(42)	(34)
7.2 Other products	Rs.Mn.	643	945	941
	(SDR Mn.)	(15)	(20)	(17)
8. Value added as % of GDP (h)		2.7	2.8	1.9

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

(a) Provisional.
(b) Estimated (breakdown does not add upto 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) Three major coconut kernel products only.
(g) This excludes planting activities undertaken on holdings less than 0.4 hectares in size owing to lack of detailed data.
(h) In producing and processing only.

Fertilizer issues to the coconut sector dropped substantially by 41 per cent to 22,793 metric tons in 1990. Increased prices of fertilizer had an important bearing on the quantum of fertilizer used in this sector. The Coconut Cultivation Board (CCB) maintained 37 fertilizer stores and distributed about 2,929 metric tons of fertilizer in 1990. This reflected a decrease of 21 per cent when compared with the previous year. The CCB issued 1.23 million seedlings to cultivators in 1990 as against 1.26 million in 1989.

Planting activities carried out under various subsidy schemes witnessed an improvement in 1990. The extent of coconut lands rehabilitated in 1990 increased by 3 per cent to 3,206 hectares and the total subsidy paid on this account rose by approximately 15 per cent to Rs.7 million. The combined area under planted and replanted also increased substantially by about 41 per cent to 2,724 hectares. The total subsidy paid on this account at Rs.22 million was 12 per cent higher than that of the previous year. During 1990, the area newly planted with coconut increased by 285 hectares or 16 per cent to 2,042 hectares. However, the total subsidy paid on this account rose only marginally, from Rs.15.5 million in 1989 to Rs.15.8 million in 1990. The total extent of coconut lands inter-cropped with other crops, viz. cocoa, coffee, pepper and pasture declined from 175 hectares in 1989 to 149 hectares in 1990.

With a view to arresting the substantial decreases in farm-gate prices for fresh coconuts and the export prices of three major coconut kernel products during the peak season, the Coconut Development Authority (CDA) implemented a Price Stabilization Scheme for coconut during 1990. The CDA operated this scheme through the British Ceylon Corporation Lanka Ltd. and intervened in the market at a threshold price of Rs.15,500 per metric ton for coconut oil. A sum of Rs.50 million was released by the Stabilization Fund for Coconut to the CDA to implement the scheme.

In order to upgrade the existing desiccated coconut factories to the level of modern food processing factories, the CDA introduced a scheme in 1990 to enable the DC millers to import modern machinery and equipment.

The average export f.o.b. price of the three major coconut kernel products increased from Rs.3.36 per nut in 1989 to Rs.3.63 per nut in 1990, largely due to higher prices fetched by DC. Meanwhile, the average cost of production in 1990 estimated at Rs.1.11 per nut showed a significant rise of about 31 per cent as compared with Re.0.85 per nut reported in 1989, mainly due to higher fertilizer prices and increased wage costs.

OTHER AGRICULTURAL PRODUCTS

Minor Export Crops

Minor export crops consist of a wide range of economically important spice and beverage crops. Most of these crops are mainly grown as mixed crops in home gardens and in smallholdings. Therefore, it is difficult to obtain accurate data on the extent under these crops as well as their production. However, given the fact that the bulk of the production of these crops are exported, the export volumes are used as a proxy for production. The production estimates of minor export crops are somewhat tentative since the local consumption and stock changes are assumed to be negligible.

Export data indicate that the production of most of the important minor export crops, except cloves and cocoa, have declined in 1990 compared with the previous year. The quantity of cloves exported recorded a more than six-fold increase to 2,137 metric tons in 1990 compared to 312 metric tons exported in the previous year. The volume of cocoa exported during 1990 also increased by 39 per cent to 168 metric tons. However, the export volumes of cardamoms, nutmeg and mace, coffee and pepper reported marked decreases of 73 per cent, 31 per cent, 28 per cent and 17 per cent, respectively in 1990 indicating considerable decreases in production.

Fertilizer issues to the minor export crops sector recorded a substantial increase of 38 per cent to 7,734 metric tons in 1990 when compared with the previous year. The implementation of the Fertilizer Block Demonstration Programme appears to have been the main contributory factor for the increase in the use of fertilizer. During the year, the Department of Export Agriculture issued 1,876 metric tons of fertilizer under the Fertilizer Block Demonstration Programme to the minor export crops sector.

According to the data provided by the Department of Export Agriculture, the extents under important minor export crops, with the exception of nutmeg, recorded increases during 1990. The area under pepper increased substantially by 9 per cent to 9,069 hectares in 1990 when compared with the previous year.

The Department of Export Agriculture continued to operate the assistance schemes for the promotion of planting activities of minor export crops during 1990. The performance of planting activities carried out under the Export Agriculture Crop Assistance Scheme (EAC) was rather mixed in 1990. Under the EAC, the total extent replanted increased by 56 per cent to 53 hectares in 1990 while the total extent newly planted declined by 8 per cent to 903 hectares. The newly planted extents of pepper, coffee and cloves during 1990 decreased by 3 hectares, 66 hectares and 11 hectares, respectively when compared with the previous year. The extent rehabilitated in respect of cinnamon and cocoa recorded decreases of 83 hectares and 15 hectares, respectively.

The Mid Country Perennial Crops Development Project (PERCRODEP) which was initiated in late 1989 with the assistance of the Asian Development Bank, commenced its operations in 1990. This project intends to promote commercial production and improve marketing facilities of perennial crops which includes most of the important minor export crops, viz. pepper, nutmeg, cocoa, coffee and cardamoms.

Paddy

Paddy production which suffered a severe setback in 1989, recovered significantly in 1990. The output of paddy in 1990 was provisionally estimated at 2.54 million metric tons (122 million bushels of paddy), showing a substantial increase of 23 per cent when compared with the previous year. However, the production in 1990 was 5 per cent lower than the peak production of 2.66 million metric tons recorded in 1985. Higher paddy production in both Maha, 1989/90 and Yala, 1990 contributed to the production increase. The improvement in production was primarily a result of favourable weather conditions and improved security conditions in the country which led to a substantial expansion of area sown as well as harvested and a marginal increase in the average yield.

Paddy production in Maha, 1989/90, estimated at 1.65 million metric tons (79 million bushels) was an increase of 23 per cent when compared with that of the previous Maha season. This production gain was achieved mainly as a result of increased gross extents sown, relatively low crop failures and higher average yields. The Anuradhapura district recorded the highest absolute production increase in the Maha season amounting to 73,354 metric tons.

TABLE 1.12

Statistics on Paddy Sector 1989-1990

Item	Unit	1989			1990(a)		
		Maha	Yala	Total	Maha	Yala	Total
Gross extent sown	'000 Hectares	469	258	727	531	326	857
Fertilizer issues (b)	'000 Mt.tons	105	51	156	98	46	144
Credit granted	Rs.Million	119	88	207	206	155	361
Gross extent harvested	'000 Hectares	440	250	690	519	309	828
Yield per hectare (c)	Kgs.	3,429	3,279	3,374	3,564	3,265	3,452
Net extent harvested	'000 Hectares	392	220	612	462	273	735
Production	'000 Mt.tons	1,342	721	2,063	1,647	891	2,538
	('000 Bushels)	(64,330)	(34,550)	(98,880)	(78,924)	(42,681)	(121,605)
Purchases under GPS (d)	'000 Mt.tons	5	-	5	31	-	31(e)
Rice Imports	'000 Mt.tons	-	-	316	-	-	172
(Paddy equivalent)	('000 Mt.tons)	(-)	(-)	(451)	(-)	(-)	(246)

Sources: Department of Census and Statistics;
Department of Agriculture;
Ministry of Agricultural Development and Research;
Paddy Marketing Board;
Customs, Sri Lanka;
Central Bank of Sri Lanka.

(a) Provisional.
(b) The fertilizer issues during cultivation year and calender 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.
(e) Includes paddy purchased by the PMB above the GPS from 23rd March,1990 to 7th May, 1990.

Paddy production in Yala, 1990 estimated at 0.89 million metric tons (43 million bushels), was a substantial increase of 24 per cent over that of the preceding Yala season. This increase was achieved despite a marginal drop in the average yield per hectare, mainly as a result of substantially increased gross extents sown and harvested in response to favourable weather conditions. The Kurunegala, Anuradhapura, Polonnaruwa, Ampara districts and Mahaweli 'H' area accounted for about 67 per cent of the total increase in production during Yala, 1990.

The annual average yield per hectare in 1990 estimated at 3,452 kgs., was an increase of 2 per cent over that of the previous year. The average yield in Maha, 1989/90 increased by 4 per cent to 3,564 kgs. per hectare, while that in Yala, 1990 dropped marginally to 3,265 kgs. per hectare when compared with those of the corresponding seasons of the previous year. Uda Walawe area recorded the highest average yield in both seasons for the fifth consecutive year. During the Maha season, all paddy producing areas, viz. major, minor irrigation and rainfed, recorded higher average yields, with the area under major irrigation recording the highest increase of 8 per cent. The increase in average yield showed a broad based recovery with the return of favourable weather conditions and the improved security conditions in most of the paddy producing areas.

In 1990, the total gross extent sown with paddy increased substantially by 18 per cent to 856,708 hectares mainly due to favourable weather conditions experienced in both seasons. The recovery in the gross extent sown was more pronounced in the districts of Kurunegala, Anuradhapura, Mannar, Trincomalee and Batticaloa, which were severely affected by drought conditions in 1989. The gross extent sown in Maha, 1989/90 and Yala, 1990 increased significantly by 13 per cent and 26 per cent to 530,726 hectares and 325,982 hectares, respectively.

The total gross extent harvested in 1990 recorded a 20 per cent increase to 828,248 hectares when compared with the previous year. The gross extent harvested in Maha, 1989/90 and Yala, 1990 rose by 18 per cent and 24 per cent, respectively. The degree of crop failure, which is the difference between the gross extent sown and the gross extent harvested, was only 2 per cent of the gross extent sown in Maha, 1989/90. The comparable rate in the previous Maha was 6 per cent. In contrast, the rate of crop failure in the Yala season was marginally higher with 5 per cent as against 3 per cent reported in the previous Yala season. The relatively lower incidence of crop failure also explains the higher level of paddy production in 1990.

The Ministry of Agricultural Development and Research has estimated the issues of fertilizer to the paddy sector during the cultivation year, 1990 at 143,565 metric tons. This represented a further drop of 8 per cent over the fertilizer issues in the previous year. Issues during Maha declined by 7 per cent and those during Yala dropped by 10 per cent. The increase of fertilizer prices which came into effect as a result of the removal of the subsidy at the beginning of 1990 appear to have adversely affected the issues in Yala, 1990. Lower fertilizer issues amidst a remarkable increase in the extent sown had a bearing on the quantity of fertilizer used per sown hectare. The average quantity of fertilizer issued per sown hectare declined by 18 per cent in Maha, 1989/90, while that in Yala, 1990 decreased substantially by 29 per cent.

Paddy purchases by the Paddy Marketing Board (PMB) which declined by 95 per cent in 1989 showed a six-fold increase to 31,000 metric tons in 1990, compared to the previous year. This improvement in purchases was the outcome of a decision made by the PMB in 1990 to purchase paddy at competitive prices above the guaranteed price (GPS) from 23rd March, 1990 to 07th May, 1990. Paddy purchases made by the PMB above the GPS during 1990 amounted to 28,000 metric tons or 90 per cent of the total purchases made during the year.

The guaranteed price of paddy was revised upwards from Rs.80 per bushel to Rs.110 per bushel in February, 1990. As in 1989, the open market prices of paddy remained well above the guaranteed price throughout 1990. The average retail price of rice at the Colombo market increased substantially by about 23 per cent to Rs.18.44 per kg. in 1990 when compared with the previous year.

Reflecting the higher paddy production, the availability of domestically produced rice for consumption (after adjusting for wastage and seed paddy requirements) amounted to 1.5 million metric tons. This accounted for about 88 per cent of the domestic rice requirement, as compared with 73 per cent achieved in 1989. The deficit of the domestic requirement was met largely through imports and the quantity imported in 1990 was 172,000 metric tons of rice.

Sugar

Sugar production which rose marginally to 53,839 metric tons in 1989, recorded a further increase of 6 per cent to 57,171 metric tons in 1990. Improved security conditions, adequate rainfall and the expansion in planting activities of the outgrowers were the main contributory factors to the higher level of production in 1990. The Kantale, Sevanagala and Pelwatte factories contributed to this improvement in production, though unevenly. The Kantale factory which reported a 62 per cent increase in production in 1989 reported a further increase of 3 per cent to 2,364 metric tons in 1990. The Sevanagala factory which showed a 19 per cent decrease in production during 1989, recorded an 8 per cent increase, from 8,928 metric tons in 1989 to 9,648 metric tons in 1990. Despite the reduced availability of cane for crushing at both Kantale and Sevanagala factories, the production increased mainly in response to the improved sugar recovery rates in 1990. The Pelwatte factory which recorded a 5 per cent drop in production during 1989, reported a 16 per cent increase to 33,020 metric tons. The growth in production was attributable to the increased availability of sugar cane for crushing which in turn was largely due to the larger quantity of cane purchased. The Pelwatte factory which accounted for 53 per cent of the total sugar production in 1989 consolidated its position further in 1990 by increasing its share to 58 per cent. After three consecutive years of increases, production of the Hingurana factory declined by 15 per cent to 12,139 metric tons in 1990. Reduced availability of cane for processing resulting mainly from the abandonment of lands by certain allottees and damages to the crop caused by fire as well as wild animals appeared to have contributed to the poor production performance at this factory.

In 1990, the total extent under sugar cane (including ratoonings) managed by the factories of the Sri Lanka Sugar Company Ltd. and the Pelwatte Sugar Company Ltd. together with their allottees fell marginally to 10,501 hectares. The area under sugar cane cultivation of the Hingurana and Pelwatte factories declined by 8 per cent and 2 per cent, respectively to 2,438 hectares and 4,590 hectares in 1990. In contrast, the extents under Kantale and Sevanagala factories increased by 12 per cent and 5 per cent, respectively to 1,510 hectares and 1,963 hectares, in 1990.

TABLE 1.13

Statistics on Sugar Production 1989-1990

Item	Unit	Hingurana Sugar Factory		Kantale Sugar Factory		Sevanagala Sugar Factory		Pelwatte Sugar Factory		Total	
		1989	1990(b)	1989	1990(b)	1989	1990(b)	1989	1990(b)	1989	1990(b)
1. Total area under cane (with ratoons) (a)	Hectares	2,644	2,438	1,345	1,510	1,868	1,963	4,700	4,590	10,557	10,501
2. Area harvested (a)	Hectares	2409	2,050	906	1,044	1,440	1,091	3,944	3,899	8,699	8,084
3. Cane harvested (a)	Mt.tons	132,201	120,401	38,179	35,808	117,174	107,072	210,822	189,903	498,376	453,184
4. Average yield (a)	Mt.tons/ Hectare	54.88	58.73	42.14	34.30	81.37	98.14	53.45	48.71	57.29	56.06
5. Private cane purchased	Mt.tons	54,079	55,866	—	13	737	1,244	133,153	249,464	187,969	306,587
6. Sugar production (without sweepings)	Mt.tons	14,256	12,139	2,305	2,364	8,928	9,648	28,350	33,020	53,839	57,171
7. Sugar recovery rate	%	7.65	6.88	6.04	6.60	7.57	8.91	8.24	7.52	7.84	7.52

(a) Includes nucleus estates and the allottees.
(b) Provisional.

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

The combined extent under sugar cane harvested by the Sri Lanka Sugar Company Ltd. and the Pelwatte Sugar Company Ltd. declined by 7 per cent to 8,084 hectares during 1990. The extents harvested by the Sevanagala, Hingurana and Pelwatte factories decreased by 24 per cent, 15 per cent and 1 per cent, respectively to 1,091 hectares, 2,050 hectares and 3,899 hectares during 1990 when compared with the previous year. The extent of cane harvested by the Kantale factory increased by 15 per cent to 1,044 hectares during the year. The average sugar recovery rate of all sugar factories dropped from 7.84 per cent in 1989 to 7.52 per cent in 1990, mainly as a result of the decrease in sugar recovery rates of Hingurana and Pelwatte factories to 6.88 per cent and 7.52 per cent, respectively. However, sugar recovery rates of Kantale and Sevanagala factories increased to 6.60 per cent and 8.91 per cent, respectively.

The combined volume of cane harvested in all factories decreased by 9 per cent to 453,184 metric tons during 1990 owing to a drop in the average yield as well as lower extent harvested. All factories shared this decrease. The quantity of cane harvested at both Hingurana and Sevanagala factories declined by 9 per cent each in 1990, while those of Kantale and Pelwatte factories decreased by 6 per cent and 10 per cent, respectively. However, the supply of cane to the factories by the private cultivators reported a remarkable increase of 63 per cent to 306,587 metric tons in 1990 when compared with the previous year. The volume of cane purchased by the Pelwatte factory in 1990 increased by 87 per cent to 249,464 metric tons, accounting for about 81 per cent of the total purchases of all four factories.

Recognizing the vast potential as well as the need for the promotion of sugar cultivation of the outgrowers, the Sevanagala and Hingurana factories accorded high priority to the expansion of the existing outgrower schemes. During the year, a decision was taken to introduce an outgrowers' scheme at Kantale as well. The Kantale and Hingurana factories revised their fresh sugar cane purchasing prices taking into account the sugar recovery rates reflecting the compositional quality of cane.

Minor Food Crops

Except for a few high value crops such as potatoes, chillies and onions which are intensively cultivated in irrigated areas, most of the minor food crops are cultivated in smallholdings or home gardens under rainfed conditions. This manner of cultivation of minor food crops has rendered extremely difficult the collection of reliable data on area under cultivation and production. Therefore, any analysis of the performance of minor food crops are based on tentative estimates.

According to data provided by the Ministry of Agricultural Development and Research, production of most of the minor food crops recorded a substantial improvement during 1990 when compared with the depressed production levels prevailing in the previous year. Production of soyabeans and gingelly more than doubled during 1990, while the output of blackgram and maize showed substantial increases of 69 per cent and 58 per cent, respectively. This significant expansion in production was mainly attributed to increased extents under those crops as well as higher average yields, resulting from favourable weather conditions and the improved security situation in the producing areas. Substantial increases recorded in the production of greengram and cowpea in 1990 were mainly due to increases in the extents cultivated.

In the category of high value minor food crops, output of chillies and big onions recorded substantial increases of 75 per cent and 70 per cent, respectively in 1990, while the production of red onions and potatoes showed decreases. The poor production performance of red onions was a result of substantially reduced average yield and the extent under cultivation in 1990. Production of potatoes in 1990 declined marginally by about 2 per cent despite an increase in the extent cultivated mainly as a result of reduced average yield.

TABLE 1.14
Floor Price Scheme for Subsidiary Food Crops

(Rs.per kg.)

Crop	From 1st January, 1990 To 31st December, 1990
Maize	4.25
Kurakkan	5.00
Groundnut (with shell)	8.15
Soyabean	7.30
Gingelly	
Black	8.00
White	9.90
Chillies (dried)	
Chillies I	32.00
Chillies II	30.00
Cowpea	9.00
Greengram	12.00
Blackgram	7.50

Source: Ministry of Agricultural Development and Research.

Most of the important minor food crops reported significant increases in production during both seasons. However, the entire increase in production of cowpea, kurakkan and blackgram was observed in Maha, 1989/90.

In contrast, to the increasing trend observed during the past few years, the fertilizer issues to the minor food crops sector declined by 6 per cent to 26,971 metric tons during 1990.

The floor price scheme operated by the Paddy Marketing Board (PMB) was in operation in respect of 9 selected minor food crops during 1990 as well. During the year, the floor prices of all the crops, except black gingelly, were revised upwards.

The purchases of maize and soyabeans by the PMB in 1990 declined by 91 per cent and 32 per cent, respectively to 916 metric tons and 154 metric tons when compared with the previous year. The purchases of greengram by the Cooperative Wholesale Establishment (CWE), showed about a three-fold increase to 1,139 metric tons in 1990 when compared with the previous year. The purchases of big onions by the CWE in the local market during 1990 declined by 93 per cent to 92 metric tons. The CWE imported 31,447 metric tons of big onions in 1990 recording a 32 per cent increase over 1989. The import volumes of red dhal and dried chillies by the CWE during 1990 declined by 25 per cent and 45 per cent to 33,665 metric tons and 3,488 metric tons, respectively.

FISH AND LIVESTOCK

The Ministry of Fisheries and Aquatic Resources has provisionally estimated fish production of the marine fishery sector during 1990 at 145,798 metric tons. This was about a 12 per cent drop when compared with the production in the previous year. Production in the coastal fishery sub-sector which accounted for about 92 per cent of the fish production of the marine fishery sector decreased by about 15 per cent, while that in the deep sea and off-shore fishery sub-sector increased by 43 per cent. The substantial drop in the production of the coastal fishery sub-sector was a result of the unsettled conditions which restricted fishing activities in the Northern and Eastern provinces in the second half of 1990. As in the previous year, the private sector accounted for a major share of the total fish production in 1990, while the Ceylon Fisheries Corporation supplied only about 2,000 metric tons.

Since the termination of state sponsorship to the inland fishery sub-sector, the Ministry of Fisheries and Aquatic Resources has not collected data on the production performance of the inland fishery sub-sector. However, according to the available data for the first half of the year, the fish production of the inland fishery sub-sector decreased by about 8 per cent to 17,866 metric tons when compared with the first half of the previous year.

TABLE 1.15
Fish Production 1986 - 1990

Mt. tons

Sub-Sector	1986	1987	1988	1989	1990(a)
Coastal	144,266	149,278	155,099	157,411	134,132
Deep Sea and Off-shore	3,400	4,259	4,425	8,155	11,666
Inland	35,390	36,465	38,012	39,720	n.a.(b)
Total	183,056	190,002	197,536	205,286	145,798(c)

Source: Ministry of Fisheries and Aquatic Resources.

(a) Provisional.
(b) Data on inland fishery sub-sector is not available since July, 1990 after the termination of state sponsorship for the inland fishery sub-sector.
(c) This excludes fish production of the inland fishery sub-sector.

The implementation of the West Coast Fishery Development Project continued into 1990. The work on the East Coast Fishery Development Project suffered a setback in 1990 due to the unsettled conditions in the Eastern Province. Consequently, the expenditure of the project during the year was only Rs.95,420 which was about 48 per cent of the allocation for the year.

In order to ensure greater participation of the fishery communities in the development process, 739 Fishery Co-operative Societies (FCSS) were formed in 1990 with a total membership of 64,813. Boats, engines and motors were issued to the members of the FCSS using the funds allocated under various subsidy schemes. The total amount of subsidy disbursed to the marine fishery sector in 1990 was Rs.11 million compared to Rs.14 million in 1989. Under various subsidy schemes 254 boats, 377 traditional crafts and 483 motors were issued to the marine fishery sector during the year.

The Department of Animal Production and Health and the National Livestock Development Board continued with their programmes of providing assistance and extension services to improve the national livestock population and strengthen animal breeding services. The work on the Sri Lanka West German Goat Development Project was completed in June, 1990, while the Sri Lanka ADB Livestock Development Project was in progress during the year.

The Department of Census and Statistics has provisionally estimated the milk production (including buffalo milk) in 1990 at 288 million litres, an increase of 21 per cent over the previous year. The Milk Industries of Lanka Co. Ltd. (MILCO Ltd.) was able to collect 64 million litres of milk showing an increase of 5 per cent over 1989. The drop in collection from the Northern and Eastern provinces was largely reflected in the relatively poor performance in 1990. In June, 1990 the MILCO Ltd. increased its raw milk purchasing price by approximately 80 cents per litre in view of the increased cost of production.

The Department of Census and Statistics has provisionally estimated egg production at 818 million which showed a decrease of 2 per cent when compared with the production of the previous year.

According to the available data, the combined animal feed production of the Ceylon Oils and Fats Ltd., the British Ceylon Corporation Lanka Ltd. and Ceylon Grain Elevators Ltd. increased by 6 per cent to 157,597 metric tons in 1990 when compared with the previous year.

FERTILIZER

The total quantity of fertilizer issued to the different crop sectors which declined marginally by about 1 per cent in 1989 dropped sharply by 18 per cent to 429,455 metric tons in 1990. Fertilizer issues to all the crop sectors decreased except for tea and minor export crops. Issues to the paddy sector which accounted for the largest share of 39 per cent of the total issues, dropped significantly by 29 per cent. Increased fertilizer prices in response to the removal of the fertilizer subsidy in January, 1990 and high international prices may have contributed largely to this decline in fertilizer issues.

TABLE 1.16
Fertilizer Issues by Crops 1987-1990

'000 Mt.tons

Crop	1987	1988	1989	1990(a)
1. Paddy	217.1	226.2	238.1	169.2
2. Tea	136.7	138.0	127.9	134.3
3. Rubber	23.2	25.1	22.6	21.4
4. Coconut	42.2	42.0	38.5	22.8
5. Minor Food Crops	22.2	26.1	28.7	27.0
6. Minor Export Crops	3.2	4.7	5.6	7.7
7. Others	60.7	63.1	60.9	47.1
Total	505.3	525.2	522.3	429.5

(a) Provisional

Source: National Fertilizer Secretariat.

With a view to minimising the adverse impact of higher fertilizer prices on farmers, fertilizer recommendations for paddy were revised by the Department of Agriculture in 1990 and the use of 'straight' fertilizers were recommended in place of fertilizer mixtures.

The volume of fertilizer issued by the public and private sector fertilizer wholesalers in 1990 decreased significantly by 17 per cent and 20 per cent to 348,088 metric tons and 81,367 metric tons, respectively when compared with the previous year.

According to the National Fertilizer Secretariat, the total quantity of fertilizer imported in 1990 amounted to 507,626 metric tons, recording a significant increase of 39 per cent over the imports in 1989. With the exception of Colombo Commercial Fertilizers Ltd. and the Anglo-Asian (Fertilizers) Ltd. all the other importers contributed to the increase in imports.

TABLE 1.17

Issues of Fertilizer by Wholesalers 1989-1990

Sector	1989				1990(a)				% Change in Quantity
	Quantity(Mt.tons)		%		Quantity(Mt.tons)		%		
1. Public Sector	420,926		81		348,088		81		-17.3
1.1 Ceylon Fertilizer Corporation		232,648		45		189,770		44	-18.4
1.2 Janatha Estate Development Board		105,325		20		98,512		23	- 6.5
1.3 Colombo Commercial Fertilizers Ltd.		82,953		16		59,806		14	-27.9
2. Private Sector	101,386		19		81,367		19		-19.7
2.1 A. Baur & Co. Ltd.		57,071		11		44,235		10	-22.5
2.2 Others		44,315		08		37,132		09	-16.2
Total	522,312		100		429,455		100		-17.8

(a) Provisional.

Source: National Fertilizer Secretariat.