

FACTORS CONTRIBUTING TO FINANCIAL LOSS IN UPCOUNTRY TEA PLANTATION (CLUSTER - 1) OF ELPITIYA PLANTATION

**A.I.Y. Lankapura¹, Y.M. Wickramasinghe¹, A.M.K.R. Bandara¹ and
M.I. Izzadeen²**

*¹Department of Agricultural Systems, Faculty of Agriculture, Rajarata
University of Sri Lanka, Puliyankulama, Anuradhapura, Sri Lanka*

*²General Manager, Upcountry Cluster – 1, Elpitiya Plantations PLC, Aitken
Spence, Sri Lanka*

Though corporate sector tea plantations play a vital role in Sri Lanka's economy; majority of them are experiencing financial losses. This study examined factors contributing to the financial loss of cluster-1, Elpitiya Plantations to suggest appropriate remedial measures. Primary data were collected through a field survey and key informants interviews whilst secondary data were extracted from estate records. Descriptive analytical methods were used in the data analysis. Technological factors (Ageing of tea bushes-100%, a high proportion of old seedling tea-20-80%, uneconomical fields with high vacancy rates-100%) and environmental factors -100% (Adverse climatic changes and damage of major pest and diseases) have reduced productivity in tea lands. Low plucking intake and a considerable number of below norm pluckers-100% have caused underutilization of factory capacity. Social factors -100% (Absenteeism, worker shortage, high degree of unionization, lack of motivation and low satisfaction, prominence of aged and physically disable workers with low educational levels) and continuous decline in working hours of male workers -100% have contributed to reduce labour productivity. At the same time, increasing wage rates and prices of inputs-100%, inefficient utilization of energy-100% and cost involved in social benefits-100% have escalated the cost of production. Managerial factors-100% (high overheads, replanting at a slow pace, inefficient work norms and wage policies with lack of field level supervision) and economic factors like uncertain producer price at the auction-100% also have contributed to the financial loss. Therefore, upgrading existing technology, increasing the degree of mechanization and increase purchasing of quality bought leaves, diversifying marginal tea lands, value addition, product diversification, maintaining premium quality, accelerate the pace of replanting and vacancy filling, adopting integrated crop protection measures and effective monitoring are recommended. Adopting a cost centered approach, including cost-effective norms, raising worker dignity and morale is essential. Finally, it can be concluded that, the financial loss was mainly due to poor land and labour productivity, increasing cost of production, uncertain producer price and lack of collective role among the government, estate management, trade unions and workers.

Keywords: Absenteeism, Economic factors, Labour productivity, Social factors, Technical factors