

### **B-43: Growth and decline of tea production in Sri Lanka**

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The overall declining national trend of tea production at around - 0.6% since the late 1960s (1965 - 1969) and a continuing decline at - 0.7% in the 1970s (1970 - 1979), showed a reassuring slow positive growth rate at 1.5% in the 1980s (1980 - 1989). This turn around of production performance was caused mainly as a result of the promising rising production in the low grown tea areas, which showed a remarkable growth rate of 4.2% per annum in the 1980s, which laudable increasing growth rate was comparable to that in South India and Kenya. Nevertheless, it is on account of the poor production growth rate at 0.2% in the high elevation tea areas and the disappointingly continuing declining rate of mid-grown tea production at - 0.7%, that the overall national production performance during the 1980s (1980 - 1989) was stifled to a marginal increase at a mere 1.4% per annum.

The main cause for such variations in the trends of annual rates of growth and decline in production of tea in the different elevational categories during the respective periods, is attributable to the varied rising costs of production, the varied yields per unit land and the consequent profitability achieved per unit of produce in these respective categories. The larger proportion of tea produced in the low country is from the private sector (over 60%), the cost of production of which sector is comparatively low (approximately Rs.5 to 10 cheaper per unit of produce than the state sector, which is mainly attributable to the lower wage structure). Such an advantage in costs is fortuitously linked to an overall higher yield situation that is influenced to a significant extent by the warmer air temperature and the availability of a higher proportion of effective solar radiation (resulting in a mean yield of over 1,500 kg/ha). Further, the steady Gulf market is continuing to absorb an increasing quantity, with the present quota being more than 60% of the total national production, with an overall average price increment of over 4% per annum during the 1970s and 1980s. Such a favourable position continues to motivate the low-country producer to increase production, by even opening up new lands under tea.

The above performance situation in the low-grown tea areas has a close parallel to what is seen in our neighbouring tea producing country (S.India), where the healthy production rise is motivated very largely as a consequence of the rapidly expanding internal demand, with assured profits. The profits earned in that country is assured as a result of the lower cost of production which is mainly accounted for by the significantly lower labour wage structure, amounting to almost half of what it is in this country.