



Original Article

TEA CULTIVATION IN SRI LANKA AS A LEGACY OF THE BRITISH COLONIZATION: IMPACTS AND TRENDS

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Abstract

The structure of Sri Lanka's agricultural sector had changed under colonization especially during the British era with the introduction of plantation crops. Coffee, Tea, and Rubber were recognized as prominent plantation crops introduced by the British. Tea as a plantation crop at present plays a significant role not only in the economy but also as a socio-cultural and political legacy. This paper, therefore, attempts to examine the tea sub-sector development with the time and to evaluate its performance as a lifestyle determiner, using secondary data under qualitative and quantitative methods that are applied to illustrate the results. With regard to the first objective, the year 1824 British brought a tea plant (*Camellia sinensis*) from China and planted in the Royal Botanical Gardens, *Peradeniya*. Experimental tea plants from Assam and Calcutta (India) were brought the year 1839. Regarding performance of tea sector, the contribution of tea for GNP has been increased significantly from Rs million 10,332 (1996) to Rs million 74,065 (2012) respectively. Area cultivation has also increased by 17% from 1996 (189,354 ha) to 2012 (222,000 ha) while production has increased by 25.5% from 1996 (258.4 million kg) to 2012 (328.4 Million Kgs). After 2007, Sri Lanka became the fourth largest tea producer. Further, export income has also been increased significantly from Rs million 32,537 to Rs million 180,429 by 454.5% in the respective time period. A number of Tea Small Holders in the year 2012 was recorded as 390,346. In this context, tea as a crop contributes to providing more than 1.5 million job opportunities directly and indirectly. Therefore, tea has been the identical and most famous export; for generations, it has been contributing to the Sri Lankan economy and plays a major part, even today, in the country's fortunes.

Keywords: Economic, Export, Legacy, Tea

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INTRODUCTION

Sri Lankan agriculture was considered as self-sufficient subsistence-based agriculture with paddy as the major crops and other crops viz vegetables, fruits, yams, pulses and spices crops until western colonial powered on Sri Lanka about five hundred years ago. The structure of the Sri Lankan subsistence agricultural sector has, however, been changed during the period of colonization (1510 – 1948) especially in British era with the introduction of plantation crops. Coffee, Tea, and Rubber were recognized as prominent plantation crops introduced by British. It was empirically proved that several socio-economic and physical changes were too taken place with the introduction of tea plantations relatively faster that contribute much to the overall production, employment, and trade etc. in the country. The tea grown in Sri Lanka is classified in to three different elevation zones such as high grown (upcountry teas) which teas are grown in the Badulla and Nuwara Eliya districts generally fall above 1200 m elevation, low grown (Low country teas) are generally cultivated below 600 m elevation and found mainly in Galle, Matara, Ratnapura, Kegalle and Kalutara districts. Kandy and Matale districts fall into the middle-elevation zone (600 and 1200 m) and teas that are grown are known as Mid grown or Mid country tea. Tea as a plantation crop at present to contributes significant role not only for the economy of the country but also socio-cultural and political scenario. On this background, this paper attempted to examine the tea sub-sector development with the time and to evaluate the performance of tea sub-sector in the country.

METHODOLOGY

Secondary data were used for this study. Central bank annual reports, Economics and social statistics of Sri Lanka published by Central bank, Reports published by Tea Research Institute, Tea Board, Tea Small Holdings Development Authority, Department of Census and Statistics of Sri Lanka and research papers were used as secondary sources of data. Qualitative and quantitative methods were applied to analyze the data and illustrate the results. Objective one of the study was achieved by using qualitative information while the second objective was done by using quantitative data. Year wise land extent (ha), production (Kg million), export value (Rs million) were collected. According to Madridakis *et al.*, (1983) Time Series (TS) plots were used to identify the behaviour patterns of different variables against the time factor. Linear regression was applied to estimate the increment of the selected variables. The goodness of fit of the model was also tested by using coefficients of determination (r^2), (Majumdar, 2002).

RESULT AND DISCUSSION

With regard to the development of tea sub-sector, the year 1824 British brought a tea plant (*Camellia sinensis*) from China and planted in the Royal Botanical Gardens, *Peradeniya* as non-commercial tea plant. Experimental tea plants from Assam and Calcutta India were brought to Sri Lanka in the year 1839. At the same year, the Ceylon Chamber of Commerce was established. Nearly after two decades, the year 1867 *James Taylor* planted 19 acres of tea in the city of Kandy in Ceylon, at the *Loolecondra* Estate as the first commercial tea plantation. First tea consignment of *Loolecondra* Estate from Sri Lanka to London was done in 1873. This pioneering plantation was



practice by trial and error and improved over the years around 145 years via the introduction and improvement of tea plantation, processing machines, and methods, by different individuals and companies. Ceylon association of planters was founded in the year 1854. The year 1872, fully equipped tea factory was established.

The first broking firm *John Brothers & Co.* was established in 1876 and the first public Colombo auction took place in 1883 under the guidance of the Ceylon Chamber of Commerce. Tea plantation became greater than the coffee plantations while Colombo Tea Traders' Association was formed in 1894 and Colombo Brokers' Association was formed in 1896. One million tea packets sold at Chicago World's Fair (1893). In 192, the Tea Research Institute was established and it helped boost the production and export of Ceylon Teas. The year 1932 Ceylon tea propaganda board was established and export of poor quality teas was prohibited. State plantation cooperation was established in the year 1954 while 1963 instant tea was introduced. The year 1965, Sri Lanka became a world's largest tea exporter for the first time. First international tea convention was held in Sri Lanka in 1966. Further, British own tea stats were nationalized by the Government of Sri Lanka in 1971. Sri Lanka Tea Board was the establishment in 1976. Export of Tea Bags was stated at in 1976. Addition to that, Tea Small Holdings Development Authority (TSHDA) was established on 1st February 1977 for effective coordination of support services, development of individual entrepreneurship of tea smallholders and inclusion of smallholder community into business inclined farmer organizations. The year 1980 Sri Lanka became the official supplier of the tea for the Moscow Summer Olympic Game. Export of Green Tea was

started in 1982. Many of Government own tea plantations were privatized in 1992. In the same year, Tea Export Duty and Ad Valorem Taxes were abolished. Tea Research Board was also the establishment in 1992. Tea production was exceeded over 300,000 metric tons in the year 2000 while total tea production was reached to 310 800 metric tons in 2006.

Regarding performance of tea sector, the contribution of tea for GNP has increased significantly from Rs million 10,332 (1996) to Rs million 74,065 (2012). Finger 1 clearly illustrates that contribution of tea for the GNP has significantly increased after the year 2005. With regard to the area, cultivation has increased by 17% from 1996 (189,354 ha) to 2012 (222,000 ha). After 2006, area cultivation of tea in Sri Lanka has reached up to maximum level (Finger 2). While considering the tea production, highest production of the country (331.4 Kg million) was the recorded the year 2010 and production have increased by 25.5% from 1996 (258.4 Million Kg) to 2012 (328.4 Million Kg). According to regression analyze, the increment of tea production (regression coefficient) was reported as 3.32 annually ($r^2 = 70.2\%$). Further, export income has also increased significantly from Rs million 32,537 to Rs million 180,429 by 454.5% in the respective time period. Export income of tea has increased (regression coefficient) by 9305.3 annually ($r^2 = 92\%$). Further, a number of Tea Small Holders in the year 2012 was recorded as 390346. In this context, tea as a crop contributes to providing more than 2 million job opportunities directly and indirectly. Rodrigo (2013) Research Economist of Institute for Policy Studies of Sri Lanka pointed out that several challenges to the tea industry and opportunities



Followings are the different challenges

- Restricted export competitiveness and market penetration
- Increased protectionism, tariff and Non-tariff barriers by importer country
- High competition (more than 40 countries are now producing tea)

Figure 1: Contribution of tea for country GNP from 1996 to 2012

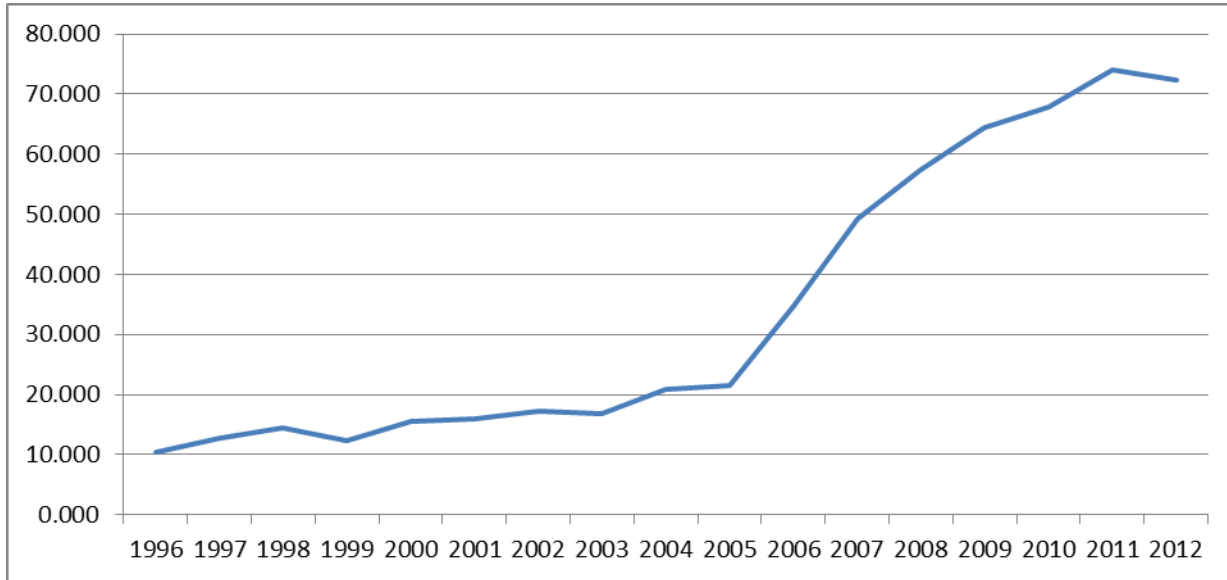
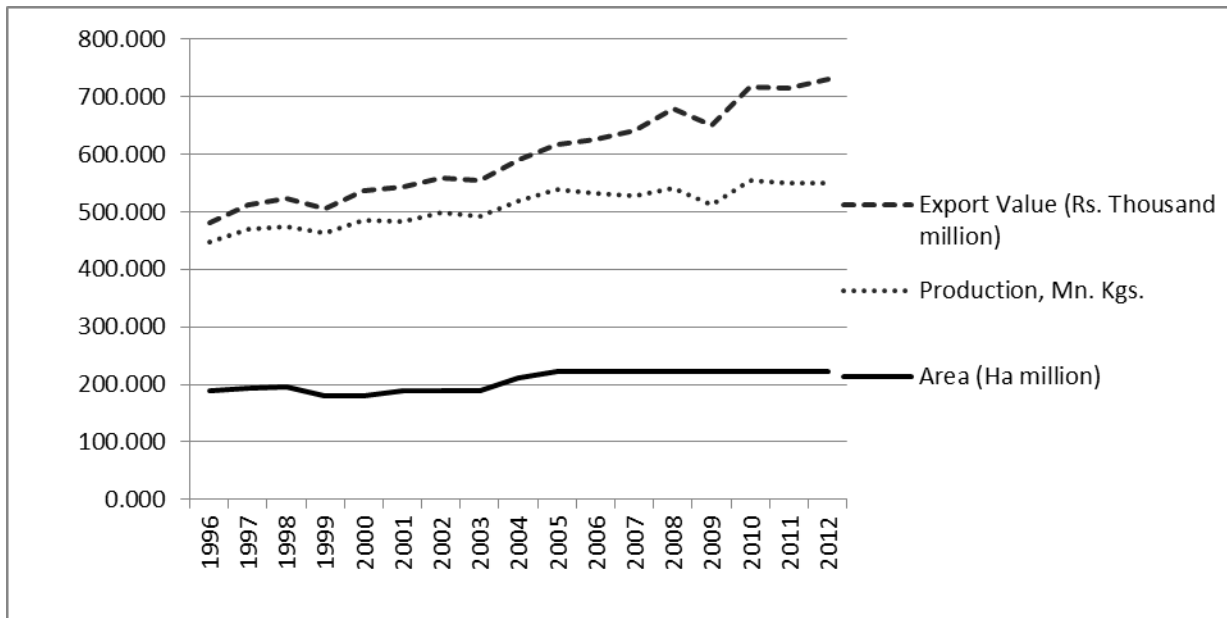


Figure 2: Increment of Area cultivation, Production, and Export Value of tea from 1996 to 2012





- Limited involvement in regional and bilateral agreement, especially in comparison with other Asian countries
- Highly overvalued currency continues to adversely impact the competitiveness
- High electricity, fuel costs for industry and stringent labour regulations pose significant barriers on firms' ability to compete in the global market.
- Increased transportation costs, fertilizer costs
- Low productivity of old lands, but can new lands be viable (longer gestation period of new lands)
- Higher food safety standards to be fulfilled by the producers to export food items such as tea
- Increased cost of production: Low labour productivity including absenteeism, shortage of workers coupled with low levels of social recognition For plantation workers
- Low yielding varieties
- Lack of financial support for small tea holders
- Poor technology transfers
- Climate Change
- Further, followings are the opportunities and way forward to the development of tea industry in Sri Lanka
- Tea is the largest agrarian industry in Sri Lanka and provides direct and indirect employment more than two million people or nearly 10% of the population.
- Research in developing new varieties that can withstand impacts of climate change through Tea Research Institute
- Different types of value-added products such as organic tea, tea bags flavored tea etc.
- Use of renewable energy to address higher energy costs
- Financial assistance to upgrade factories to become more energy efficient, replace old machinery.
- Testing facilities for external compliance
- Government support: subsidies the cost of replanting
- High possible to have carbon credits
- The government, the regional plantation companies, trade unions and workers have to play a collective role
- Provide support for exchange rate fluctuations, tariff, and non - tariff barriers
- Reduce tax from importer by trade agreements
- Sri Lanka has about 500,000 tea smallholders who support close to two million people. This as well as the second generation needs to be protected.
- A majority of Sri Lanka's tea smallholdings (approximately 80%) are below one acre. Land expansion might be an issue so we need to improve land productivity
- It is important to increase the productivity of the factories as well, energy savings, carbon and water footprints are good options
- For the development of the sector, three things are needed which are leadership, innovation, and face to competitiveness different level viz., local, regional and global context.



CONCLUSION

James Taylor planted 19 acres of tea in the city of Kandy, at the *Loolecondra* Estate as the first commercial tea plantation in the year 1867. After that cultivation of tea was increased gradually and tea has been the

principal and most famous export; for generations, it shouldered the Sri Lankan economy, and plays a major part, even today, in the country's fortunes. On this background, tea cultivation in Sri Lanka, therefore, can be considered as a dowry of the Western Colonization.

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