

# HARTI



## ANNUAL REPORT

2015



Hector Kobbekaduwa Agrarian Research and Training Institute  
No 114, Wijerama Mawatha  
Colombo 07

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## ESTABLISHMENT

The Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI) was established in 1972 under the Agrarian Research and Training Institute Act No. 05 of 1972. It functions as a statutory body under the Ministry of Agriculture. It was established mainly for the promotion of policy-oriented research and training needs of the agrarian and rural sector. Being a pioneer of agrarian research in the country, HARTI has a wealth of experience spanning over forty years, in conducting socio-economic research and training and also providing information for the formulation of agrarian sector development policies since its establishment in 1972.

### Mandate

Under the provisions of section 3 (1) of the above Act, the general mandated objectives of the institute are as follows.

- i. To foster, assist, encourage and co-operate in agrarian research.
- ii. To co-ordinate agrarian research undertaken by government departments, local authorities, public corporations and other institutions.
- iii. To carry out investigations and research relating to institutional factors affecting the development of agriculture.
- iv. To undertake investigations, research and studies relating to economical use of land for agricultural purposes.
- v. To carry out socio-economic research relating to agricultural and rural development.
- vi. To provide undertake implement training activities and programmes relating to agrarian research either alone or in association with other institutions in Sri Lanka or abroad and to award diplomas, degrees, prizes and distinctions in connection therewith.
- vii. To sponsor and hold conferences, seminars, and workshops at local, regional and international levels.
- viii. To carry out such research relating to problems of agrarian structure in co-operation with Asian countries in order to serve their regional needs and provide a centre for the collection and dissemination of information on agrarian related issues problems.
- ix. To relate such research to problems connected with agrarian development and modernization with special reference to Sri Lanka and other Asian countries in general.

## **Vision**

Be the leader for generating and disseminating knowledge for sustainable agrarian and rural development.

## **Mission**

To strengthen agrarian and rural sector through conducting research and training activities

## **Goals**

- i. To be a centre of excellence in socio-economic research into agrarian issues.
- ii. To liaise closely with planners and policymakers in the government and with business and research communities.
- iii. To make the policy formulation and implementation process more effective through generation and timely dissemination of knowledge.
- iv. To keep the public informed by providing independent assessments on national policy issues.
- v. To strengthen the capacity for socio-economic policy analysis by investing in the capacities of its staff and the institute's knowledge base.
- vi. To increase the capacity of rural development stakeholders through training

## BOARD OF GOVERNORS

Mr. B. Wijyaratne	Chairman	-	Secretary, Ministry of Agriculture and Chairman of the Board of Governors
Mr. E.M. Abhayaratne	- Director	-	Director, HARTI (Until March)
Mr. Haputhanthri Dharmasena	- Director	-	Director HARTI ( from April)
Mr. N.P.V.V. Piyathilaka	Board Member	-	Addl. Secretary(Admin), Ministry of Agriculture
Mr. L.B.S.B. Dayaratne	-do-	-	Addl. Secretary (Lands), Ministry of Lands
Mr. M.R.V.R. Meepura	-do-	-	Director, Public Enterprises Department, Ministry of Finance Planning
Mrs. K. Piyaratne	-do-	-	Addl. Secretary (Reorganization), Ministry of Industries & Commerce Department,
Mrs. K.N.K. Somaratne	-do-	-	Addl. Secretary (Admin) Ministry of Plantation Industries
Mr. M.C. Gamage	-do-	-	Director, Ministry of Traditional Industries & Small Enterprises Development
Mrs. Anoja P. Guruge	-do-	-	Senior Asst. Secretary (Admin) Ministry of Education
Mrs. G.L.D. Dahanayaka	-do-	-	Senior Asst. Secretary (Development) Ministry of Food Security (From March)
Dr, (Mrs.) Y.M. Indraratne	-do-	-	Addl. Director, Economic Research Department, Central Bank of Sri Lanka
Prof. K. Samarasinghe	-do-	-	Dean, Faculty of Agriculture, University of Peradeniya
Dr. R.R.A. Wijekoon	-do-	-	Director General of Agriculture

Mr. R.P.R. Rajapaksha	-do-	-	Land Commissioner General
Mr. M.A.S. Weerasinghe	-do-	-	Commissioner General of Agrarian Dev.
Eng. Mr. Y. Abdul Majeed	-do-	-	Director General, Irrigation
Mr. Upul Shantha de Alwis	-do-	-	Commissioner General of Co-op Dev. & Registrar of Co-op Society
Mrs. D.N. Hettiarachchi	}	-	Actg. Secretary, Board of Governors (until 11 <sup>th</sup> May)
Mr. D.C. Siribaddana		-	Actg. Secretary, Board of Governors (from 12 <sup>th</sup> May)

#### **MEETINGS OF THE BOARD OF GOVERNORS**

<u>Date of the Meeting</u>	<u>No. of Members Attended</u>
1. 31 <sup>st</sup> March 2015	09
2. 5 <sup>th</sup> June 2015	10
3. 29 <sup>th</sup> July 2015	10
4. 22 <sup>nd</sup> December 2015	10

## AUDIT & MANAGEMENT COMMITTEE

- |  |   |   |
|--|---|---|
| 1. Mr. M.R.V.R. Meepura (Chairman)       | - | Director<br>Public Enterprise Dept.<br>Ministry of Finance and<br>Planning            |
| 1. Mr. A.L.A. Asoka Siriwardena (Member) | - | Addl. Secretary(Admin),<br>Ministry of Agriculture                                    |
| 2. Mr. M.C. Gamage (Member)              | - | Director, Ministry of<br>Traditional<br>Industries & Small Enterprises<br>Development |
| 3. Mrs. M.I. Pushpa Hemamali (Observer)  | - | Audit Superintendent<br>Auditor General's<br>Department                               |
| 4. Mr. N.P.V.C. Piyathilaka (Member)     | - | Addl. Secretary (Admin.)<br>Ministry of Agriculture                                   |
| 5. Ms. K.N.K. Somaratne (Member)         | - | Addl. Secretary (Admin.)<br>Ministry of Plantation<br>Industries                      |
| 6. Ms. G.H.I. Vindya (Observer)          | - | Audit Superintendent<br>Auditor General's<br>Department                               |
| 7. Mr. P.L. Namasena                     | - | Chief Internal Auditor<br>Ministry of Agriculture                                     |

## MEETINGS OF THE AUDIT & MANAGEMENT COMMITTEE

<u>Date of the Meeting</u>	<u>No. of Members Attended</u>
02.01.2015	04
13.07.2015	05
21.10.2015	04
28.12.2015	04

## Overview

Agriculture is still a major sector of the economy of Sri Lanka as it accounts for about 10% of the GDP and 30% of the labor force. From the point of ensuring food security and also reducing huge expenditure spent on the import of foods the development of agriculture has become major area that draws the government's attention.

With regard to agriculture and rural development new challenges have emerged. Some of those are low and stagnation of productivity, low profit and income, high production cost, shortage of labor, unstable market prices, sudden crop damages from adverse weather conditions and difficulties to obtain proper extension advice.

The new government is ambitious to follow new strategies to face these challenges with the purpose of boosting both income and employment related to agriculture while working vigorously for preparing a systematic policy for agricultural development.

HARTI as an institution engaged in policy oriented studies on issues related to agrarian and rural development undertook studies based on certain above mentioned key issues that need more analysis to present policy recommendations. In addition, the institute also undertook a number of studies to evaluate major development programmes of the Ministry of Agriculture to provide key guidelines for fine tuning them.

As explained above the institute had planned to conduct 16 research studies and 84 training programmes during the year concerned on the priority requests of the Ministry. Of these evaluation exercises two are related to the Ministry development programmes; one is the evaluation exercise of *Aware Ahawarai* home garden cultivation programme and the others are evaluation of Commercial farm programme and Youth Agri-Entrepreneurship programs. Another study is related to off season B onion production programme of the department of Agriculture. The studies on impact of mechanization on labour utilization of paddy sector and the impact on drought on rain-fed farmers and pesticide use in paddy production are based on emerging issues. Some studies are requests of other ministries and institutions. The study on livelihood development programme of Samurdhi Programme is conducted for the Economic Development Ministry and the other two programmes (related with floriculture and household income increasing avenues) are conducted for the District Secretariats such as Nuwara Eliya and Batticaloa. One study was conducted about a controversial issue of tobacco cultivation on the request of the Presidential Secretariat.

Out of 84 training programmes planned 59 were successfully conducted. A new programme titled *Neerogi Parapurak Sadaha Krushi karmanthaya*" (Agriculture for a healthy generation), specially designed for the farmers in areas where CKDu is acute was planned to educate the farmers in CKDu affected areas to keep up the health status and to protect environmental resources. Under this programme 39 training programmes were conducted. A video was also created with regard to this training programme for awareness creation.

**Haputhanthri Dharmasena**  
**Director**



## AGRICULTURAL POLICY AND PROJECT EVALUATION DIVISION

### COMPLETED STUDIES

#### 1. Evaluation of the program, *Aware Ahawarai*, executed by the Ministry of Agriculture to produce vegetables during off-season

**Research team:** Dr. W. A. R. Wickramasinghe - Co-ordinator

**Source of Funding:** Consolidated fund

#### **Scope and Objectives:**

*Awaraya Ahawarayi* program was a pilot project implemented by the Ministry of Agriculture to increase the availability of vegetables to households during vegetable off-season - May, June and July months. The program was implemented through ASC centers and ARPAs were officers involved in grass root level. AIs were involved in supplying vegetable plants. Therefore, the Department of Agriculture and the Department of Agrarian Services were organizations involved in implementing this program. In implementing, each ARPA was expected to provide vegetable plants for 50 beneficiaries. Each beneficiary was provided a set of 30 plants of 7 vegetables. A set of potted 30 vegetable plants provided for a beneficiary included 6 green chillie plants, 6 capsicum plants, 6 brinjal plants, 6 tomato plants, 2 bitter gourd plants, 2 winged bean plants and 2 cucumber plants. A set of 30 plants cost Rs. 150/= and a beneficiary paid this amount when buying plants.

Successes, failures and shortcomings of the process of implementation of this program should be identified to improve the present program and formulate the future program. There were three specific objectives - examining the process of implementation of this program, assessing effects of this program on the beneficiaries and understanding the beneficiaries' consensus about this program.

#### **Findings:**

More than 75% of DO said that plants were not good in quality due to low quality seed used for producing plants. Vine crops such as bitter gourds, winged bean and cucumber were potted and overgrown plants were damaged when transporting to beneficiary households. As per ARPAs from Ibbagamuwa ASC center, potting medium used for planting vegetables plants was not included a required potting mixture which contains necessary nutrients. Therefore, plants became weak and died soon after transporting to ASC center.

ARPAs selected beneficiaries from their divisions and sold plants. As people should pay for plants, they were reluctant to buy. Therefore, ARPAs selected people who are closed to them mostly farmers as beneficiaries. Most of ARPAs happened to pay a part or full of the amount of the value of 50 sets of plants. Although the program was planned for implementing every district, some ASC centers had not been provided plants. In some areas, plants were provided for farmers growing vegetables at commercial level especially in the Northern district.

This home garden program was planned without taking into account ideas of officers working at grass root level. With regard to the previous home garden programs, planting materials were provided free of charge. Therefore, people collected whatever provided by relevant authority. According to the evaluation studies conducted on the previous home garden programs, there was no considerable success reported of those programs. This program was also not successful because the effects made by this program on the beneficiary households were negligible. Therefore, the majority beneficiaries do not think that the program is so important that the program has caused a significant change of their household economies.

If the overall progress of this program is considered, this is not successful. Some beneficiaries who have taken benefits from this program are mostly farmers who cultivate vegetables at commercial level and those who are interested in practicing home gardening. Farmers do not think that this program is not important to them. However, people who are interested in growing crops for their consumptions grow crops without any incentives provided by any program.

When planning a home garden program, people with self-motivation for growing vegetables should be selected and supported.

**Recommendations:**

Their home gardens should be used as model home gardens for neighbours and other people. According to ARPAs, every village has such self-motivating people.

**2. Present Status and Future Prospect of Non-farm employments (NFE) in the Mahaweli Area**

**Research team:** Dr. W. A. R. Wickramasinghe- Co-ordinator

**Source of Funding:** Consolidated Fund

**Scope and Objectives:**

It seems that there have been arising some socio-economic issues pertaining to Mahaweli areas after second and third generations. Although settlers cannot legally divide lands obtained under Mahaweli Programme into smaller parcels for the posterity, they have informally divided original land extent among descendents as smaller parcels so that each descendent can cultivate. Therefore, there is a hidden land fragmentation<sup>1</sup> in Mahaweli areas thereby resulting in low levels of incomes insufficient to meet their requirements to live. But people in Mahaweli areas seem to be able to still manage their livelihood problems they encounter<sup>2</sup>. However, if this trend prevails further, Mahaweli areas will contribute to poverty of the country instead of contributing to the development of the country. Thus, it can be assumed that one day, if the Mahaweli systems can no longer provide the settlers the

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<sup>1</sup> Mr. Wellappili, the Director, the Planning and Monitoring Unit, Mahaweli Development Authority, Personal communication

<sup>2</sup> \_\_\_\_\_, Personal communication

opportunities to survive, settlers will leave the Mahaweli areas for seeking better opportunities in main cities. In addition, having a limited capacity of providing employment opportunities to increasing population in Mahaweli settlement schemes, future generations will have to be away from participation in the development process, which in turn, limits the opportunities necessary for strengthening the capabilities required for enhancing the development potential of the people (Sen, 1999). Therefore, there is a question what extent the Mahaweli system can support the livelihood of the settlers. Therefore, information of types of livelihood strategies Mahaweli farmers practice at present, sustainability of these livelihood strategies, and capacity of the Mahaweli system to provide employment opportunities in future is important for formulating development planning and policy.

The main objective of the study is to examine the present employment opportunities in the Mahaweli area, their sustainability and potentials of expanding non-farm employment opportunities in the Mahaweli area.

- (i) To identify types and number of existing employments in the Mahaweli areas.
- (ii) To assess contribution of non-farm sector to employment generation and household income in the Mahaweli area.
- (iii) To identify factors affecting settler-household involvement in non-farm employment opportunities in the Mahaweli area.
- (iv) To investigate potentials and barriers to expand non-farm employment opportunities in the Mahaweli area.

#### **Findings:**

Mahaweli areas are also same as other areas in the country except legal provision of transfer land right to heir. As this policy caused emerge other social problems with regard to some beneficiary households, this policy should be revisited for a better solution.

Availability of non-farm employment opportunities to households in Mahaweli areas is similar to other areas. When Mahaweli areas become populated with future generations, scarcity of resources for their livelihoods is another issue. This is similar to the areas that are not under Mahaweli authority. The industrial development was not observed in less developed countries in Asia, Africa and Latin America (Hosseini, 2012). With regard to Mahaweli scheme also, agricultural development has taken place except expansion of industrial or non-farm sector to absorb increasing labour supply from Mahaweli areas.

It seems that development of non-farm sector is not exclusively related to Mahaweli areas and it is linked with whole economy of the country. It seems that some families in Mahaweli areas were able to give their children a good education by which these children have been engaged in non-farm sector in other areas. The Mahaweli scheme has been more than 30 years and most of the officers working in Mahaweli authority are not from the beneficiary families of Mahaweli areas.

Most of the Mahaweli areas are close to with Historic cities in Sri Lanka such as System-B, System-C, and System-G are close to Polonnaruwa, Sigiriya, Mahiyanganaya etc. System-H is close to Anuradhpura. Walawa area is close to Kataragama. Thus, all areas have better infrastructure facilities such as road, water supply electricity etc.

**Recommendations:**

Attention should be paid not only for creating non-farm employment opportunities in Mahaweli areas but for providing more education facilities to uplift education level of children of beneficiary families in Mahaweli areas to find employments in other areas.

It seems that there are potentials for including these areas in to tourism industry. Hotel sector should be inspired to include agro-tourist activities to their tourist packages.

**3. Problems and Prospects of spices in Sri Lanka**

**Research Team:** Mr. R.L.N.Jayatissa Co-ordinator

**Source of Funding:** Consolidated Fund

**Scope of the Study**

Sri Lanka produces a range of spices, the major ones being pepper, cinnamon, cardamom, cloves, nutmeg and mace. Over 90% of these products are being exported to the main end users i.e. flavor, fragrance and pharmaceutical industries. However in the case of pepper Sri Lanka is one of the leading pepper producers, in the world. Currently, land extent of the pepper cultivation of the country is more than 30,000 ha. When compared to the other spices, pepper has a vast potential to further develop as an industry in Sri Lanka. This industry has generated ample socio-economic benefits to the rural farming sector and the urban economy. Nonetheless a lot of problems and constraints prevail in this crop sector. This study was conducted to understand this reality of the pepper subdivision. The scope of the project is vast since the socio-economic status of the pepper farmers, crop cultivation information such as land extent, cultivation practices are explored. Crop maintenance, marketing and marketing channel problems faced by the farmers' and their suggestions to remedy these problems are also investigated.

**Major Findings of the Study**

- An analysis of the study observed unsystematic crop management and due to that less productivity and low income.
- Environmental effects are the key reasons for the production fluctuation of the pepper. Many farmers do not have a better understand on how to face the problem successfully.
- Farmers do not have a better understanding on climate change and as a result crop production was less and farmers were in a difficult situation.
- Majority of the farmers of this sector belong to the over 50 age category and therefore this industry will face a severe labour shortage in the future.
- Although large quantities of production are produced in a harvesting season no value addition is done before being exported.

- Village level in production is unable to reach the organized market but at the moment an oligopoly market situation can be observed.
- Lack of private investment is the key problem for value added products on pepper based industries.
- Although a high price can be earned and other benefits are available if produced in the bio system, farmers are not members of the bio food production sector.
- Pepper cultivation based farmer organizations were not established in the production area hence any collective action for progress on crop management, post harvest and marketing could not be seen.

#### **Recommendations**

- Maintain a farmer society with new technology and cultivation practices.
- A fund to encourage pepper farmers for soil conservation methods fertilizer application and better farm practices needs to be set up.
- By establishing a subsidy programme, the private sector need to be encouraged to start spice based industries.
- Educate and provide facilities to attract farmers to the bio products farming sector.

#### **4. Value of ecosystems' services provided by the Jaffna lagoon and contribution of the lagoon to the livelihoods of peripheral villagers**

**Research team:** Dr. W. A. R. Wickramasinghe - Co-ordinator

**Source of Funding:** IUCN

#### **Scope and Objectives:**

Management of the Jaffna lagoon ecosystems is essential to ensure the sustainability of the ecosystem services as well as enhance the livelihood condition of the people. A lagoon management plan should be comprised of a component for human management (people depending on the lagoon). Therefore, management of lagoon ecosystems requires an integrated or holistic approach.

The prerequisite for crafting a resources management plan is based on data and information of present situation, which include type and size of existing resource bases, values of resources, rates of resource extraction, different activities implemented in the lagoon (uses of the lagoon), sustainability of present uses, impacts of present uses on sustainability of the ecosystems and the wellbeing of the dependent communities, existing ecosystem management and resource governance system etc. However, as per literature (Arudpragasam, 1974; Hoffmann, 1982 & 1985; arpowicz, 1985; Powell, 1984b; Sachithanathan, 1969; Sachithanathan & Perera, 1970; Selvarajah & Costa, 1978), information required for preparing a lagoon management plan is scanty.

Objective of the research is to develop and document Ecosystem value of the lagoon and the socioeconomic profile of dependent communities

**Findings:**

The services of ecosystems of the Jaffna lagoon have been estimated based on both market and non-market values of these services. Main identified services provided by the Jaffna lagoon are fish production, harbour facilities provided by the lagoon for anchor deep sea fishing crafts and use of the lagoon for coir production. These values were able to be measured based on market values. In the case of fish production, the estimated value includes only producer surplus. Due to difficulty in estimating consumer surplus for the lagoon fish production within the given time period, producer surplus was estimated. Therefore, value of fish production is an under estimation and in turn, the estimated total economic value of the Jaffna lagoon by this study is also an under estimation. Further, lack of scientific information of other ecosystem services such as carbon sequestration by the mangroves, biological relation between fish production and mangroves and mud flats, and role of biodiversity has caused the under estimation of the Jaffna lagoon.

Main livelihood activity of the majority lagoon fishers is fishing in the lagoon. Therefore, ecosystems of the Jaffna lagoon are the most important natural asset for peripheral villagers. Many of the lagoon fishers are engaged in supplementary employments to augment the total household income. That means that the income from fishing in the lagoon is not sufficient for living.

**ON-GOING STUDIES****1. Mechanization and Its Impact on Livelihood, Output and Cost of Production in Paddy Sector in Dry Zone Major Irrigation Schemes**

**Research Team:** Ms. B.A.D.S.Bamunuarachchi - Co-ordinator

**Source of Funding:** Consolidated Funds

**Scope and Objectives:**

Paddy is the most politically sensitive crop that has attracted more direct government intervention than any other commodity and known to be a labour intensive crop accounting for a significant percentage of the total cost of production. Although the agriculture sector presently accounts for the second largest share of the total workforce (nearly 30%) its contribution to the overall GDP is only 10.8 percent, reflecting a low level of labour productivity. Furthermore, the relative contribution of the rice sector to GDP is only 1.6 percent (CBSL 2013), while nearly half of the total agricultural employment population, directly or indirectly make their livelihood through the rice sector. This structural deficiency in resource utilization needs to be addressed through increased mechanization and directing the extra workforce to move from the agricultural sector to more productive sectors through proper education and training (CBSL, 2013). Despite an expansive body of research on the Sri Lankan rice sector, sufficient attention has not been paid to recent livelihood pattern of dry zone farming community with relation to mechanization. Simultaneously, paddy labour utilization should be more efficient and productive and rice productivity should be increased

and cost of production should be minimized to reduce rural poverty for the economic growth of Sri Lanka. Under above mentioned situation, this research provides an in-depth assessment of impact of mechanization on labour utilization and livelihood pattern, output and cost of production in commercial paddy sector in Sri Lanka.

The specific objectives of the study are;

- a) To identify impact on livelihood pattern (women and youth) due to mechanization in commercial paddy sector
- b) To find out impact of mechanization on production and productivity,
- c) To find out impact of mechanization on cost of production of paddy
- d) To propose policy recommendations.

Data collection (sample survey, focus group discussions and key informant interviews) have been completed. Primary data was collected from 382 paddy farmers of major commercial paddy cultivating districts such as Polonnaruwa, Anuradhapura and Ampara using structured questionnaires. The data analysis and report writing is in progress.

## **2. Present status and future prospects of large and small scale floriculturists in the Nuwara Eliya and Badulla District**

<b>Research Team</b>	Ms. M.D Susila Lurdu	- Coordinator
	Ms. R.N.K Rambukwella	- Co Researcher
	Mr. R.L.N Jayatissa	- Co- Researcher

**Source of Funding** consolidated funds

### **Scope of objectives**

The possibility of absorbing the unemployed youths and rural level women labour to the floriculture industry is in a higher degree due to the attractiveness of the contemporary floriculture and related industry. Therefore, the objective of this study is to make suggestions to promote floriculture by studying the problems and issues faced by the small and large scale floriculturists in Nuwara Eliya and Badulla Districts where there is a high potential for the industry.

### **Specific Objectives**

01. Investigating the socio- economic status of the small and large scale floriculturists in Nuwara Eliya and Badulla Districts
02. Examining the nature , production and marketing system of the floriculture with related to the area
03. Identifying issues and limitations faced by the floriculturists
04. Investigating ideas and suggestions of floriculturists to develop the industry

**Present Progress:** Sample survey of floriculturist was conducted in Badulla and Nuwera Eliya districts. Data analysis as well as report writing is in progress.

## AGRICULTURAL RESOURCE MANAGEMENT DIVISION

### ON GOING STUDIES

#### 1. Determination of Discrepancies in Wet Zone Paddy Land Data

**Research Team:** Mr. S. Epasinghe – Co-ordinator  
Ms. Renuka Weerakkody – Co-researcher  
Ms. Sharmini Kusum Kumara- Co-researcher

**Funding Source:** Consolidate Fund

#### **Scope & Objectives:**

Accuracy of data is a prerequisite for effective policy and programme planning. However, there are many instances in which planning and resource allocation has become ineffective due to data discrepancies. Presence of several contrasting sources of paddy land data in Sri Lanka is one such instance which has caused difficulties in the planning process. The document claiming the land ownership by the farmer- the deed, the certificate of ownership issued by the land title registration programme called 'Bim Saviya', the list of farmer details used by the agricultural research and production assistant for issuing subsidized fertilizers, paddy land register maintained at the agrarian services department and the P1 register maintained at the department of census and statistics are the different data sources are used for planning purposes at different sources and scales though dissimilarities in the extent of lands are evident. Therefore this study was initiated to determine the degree of discrepancies in these data sets aiming at identifying how far existing discrepancies have affected the resource use efficiency. The study was conducted in the wet zone districts where land titling programme was implemented including Galle, Matara, Gampaha, Kegalle, Ratnapura, Colombo and Kalutara.

#### **Objectives:**

The main objective of this study was to compare the paddy land extents in different data sources with the 'Bim Saviya' certificate assuming that it is the most accurate source among the different sources.

#### **Specific objectives:**

1. Identification of existing data discrepancies in each source of data on paddy lands.
2. Estimation of the degree of differences existing between data sources.
3. Identification of causality behind the existing differences.
4. Determination of resource use efficiency in development programmes relating to paddy lands (Fertilizer Subsidy Programme).
5. Determination of inefficiencies in generating income from paddy lands (tax).

#### **Present status:**

Data analysis of this study is in progress.



## 2. Hybrid Seeds and Vegetable Cultivation in Sri Lanka: Local Vs Imported

### Research Team:

Mr. Prasanna Wijesinghe – Co-ordinator  
Ms. Rasika Wijesinghe – Co-researcher

**Funding Source:** Consolidate Fund

### Scope and Objectives

Sole consideration of vegetable farmers in use of imported hybrid varieties is the higher yields in comparison to local varieties. However there are a number of constraints in the use of hybrid seeds, poor taste or rather the lack of taste, high cost of seed, susceptibility to major pests and diseases, and a lack of extension. In addition in the use of hybrid seeds most of vegetable farmers have not considered the net income of the cultivating the crop the only consideration being the gross income of the crop cultivation. The reason is difficult to calculate actual cost including non-cash cost because of poor record keeping nature of farmers. Problems and issues of health and environmental impacts of chemical agriculture which are inherent in the use of hybrid seeds have seen to cause environment and health issues to man and the land. The long run damages in the use of hybrid seed varieties seem to outweigh the short term gains. Therefore, this study attempts to identify the factors for farmers' preference for imported vegetable varieties over local varieties and suggest strategies for strengthening vegetable seed supply sector in Sri Lanka.

### Specific objectives

- I. Examine the determinants of farmer's preference for imported varieties (less preference for local varieties).
- II. To compare the cost and benefits of cultivating imported varieties against local varieties.
- III. To suggest strategies for strengthening vegetable seed supply sector in Sri Lanka.

Primary data was collected from Anuradhapura, Kurunegala, Badulla, Nuwara eliya, Monaragala and Hambantota District with representative sample. Sample size is three hundred and twenty farmers. Data gathered farmers who are cultivating selected crops which are Luffa, Bitter gourd, Pumpkin and Tomato from selected districts with respect to the sampling frame.

### Current progress

Primary data collection was completed. Data analyzing and report writing is in progress.

## ENVIRONMENT AND WATER RESOURCES MANAGEMENT DIVISION

### COMPLETED STUDIES

#### 1. Evaluation of Commercial farm program and Youth Agri-Entrepreneurship Program

**Research Team:** Mr. W.H.A. Shantha - Coordinator  
Ms. G.G.de.L.W. Samarasingha - Co-researcher

**Source of Funding:** Consolidated fund

#### **Scope:**

Ministry of Agriculture, as the main governmental body that oversees the country's agricultural mainstream and its sub sectors, has initiated a timely twin program; (i) Commercial Agriculture Program and (ii) Youth Agri-Entrepreneurship Program. These two programs have been initiated in the year 2013 as five-year continuous programs and implemented at district level under the supervision of the District Director (Agriculture). The Commercial Agriculture Program mainly addresses the issues of existing farmers and it assists such farmers to develop their agricultural activities to the commercial level. The Youth Agri-Entrepreneurship Program intends to attract more youth into agriculture through motivating and facilitating them to bloom as entrepreneurs.

While the programs are progressing at a satisfactory level the program implementing arm, the Development Division of the Ministry of Agriculture expects to increase the efficiency and the effectiveness of the programs by introducing new components to the programs and revising the existing terms and conditions. In order to formulate the new additions to the twin programs the program implementing agency expects to learn lessons through conducting an evaluation of the beneficiaries of the program in 2013 and 2014 financial years. Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI) has been entrusted to undertake this evaluation process.

#### **Objectives of the Evaluation:**

The two programs are expected to be evaluated with the objective of identifying the impact that has been made by the program interventions in farmlands and farm households.

The specific objectives of the evaluation are;

- to identify the sub-sectors in agriculture that the program has made program interventions.
- to identify the issues experienced by both the beneficiary farmers as well as implementing officers at the different program stages.
- to identify the effects and impacts of the program on farmer households.
- to make relevant recommendations through the lessons learned to make the program more effective and efficient.

### **Findings and Recommendations:**

- As the awareness of the general farmers on the twin program and its implementation procedure has been very poor the majority of the beneficiaries are contact farmers of the officers in the agricultural sector. Therefore, the effective communication channels such as conducting awareness programs with the involvement of the Development Officers attached to the Ministry of Agriculture, Agricultural Instructors and *Grama Niladhari* should be used to bring the message to the village.
- Farmers tend to deviate from the original project plan as the program interventions are made at the inappropriate time due to the delays in financial and institutional procedures. Therefore, it is recommend providing the program benefits within the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of the year while the project proposal and budgetary approval is completed in the first quarter.
- The program has immensely benefitted the farmers to increase their production, productivity and farm income. Some farmers further need assistance to expand and increase their agricultural activities. Therefore, the needy farmers should be provided the assistance, step by step, depending on their financial strength, until the sum of Rs. 500,000 is spent instead of disqualifying them once they receive benefits from the program.
- As far as the unsuccessful cases of the program intervention is concerned it seemed that the benefits have been provided without assessing the farmers background in relevant crop/s and the financial strength etc. prior to approval of the benefits. Therefore, it recommends to have a thorough investigation in all aspects that affects the success of the program
- The continuous monitoring and evaluation of the beneficiary farmers should be carried out through regular visits by the Development Officers while providing other assistance such as agricultural extension, facilitating input supply and marketing without letting farmers feel that they have been neglected or given up.

### **ON-GOING STUDIES**

- 1. Impact of drought on rainfed farmers and potential strategies to minimize the vulnerability: in case of farmers cultivating under rainfed and seasonal tanks**

**Research Team:** Mr. H.J.C.Jayasooriya - Coordinator  
Mr. W.A.R Wickramasinghe - Co-researcher

**Source of Funding:** Consolidated fund

**Scope and Objectives:**

The vulnerability and impact of drought on rain-fed farmers in Sri Lanka has not understood yet in detail and thereby, drawing effective adaptation recommendations could not be satisfied.

This study is conducting to understand the impact of drought on the sustainability of the livelihoods of farming community operating under rainfed and seasonal tank system, while identifying ways and means of coping with to narrow the gaps in enhancing their resilient capacity.

In order to achieve this, specific objectives are;

- To find out the level of vulnerability of the farmer households under rain-fed and seasonal tanks to the drought.
- To understand the impacts of drought on the sustainability of the livelihoods of farmers under rain-fed and seasonal tanks.
- To identify the strategies being practiced by the particular farming community to cope with drought related shocks.
- To identify suitable measures to enhance the resilient capacity of farmers under rain-fed and seasonal tanks to adapt to the consequences of drought

Collection of primary data required for the study has been completed and data analysis and report writing are being conducting at present.

**2. Farmer Perception and Demand for Pesticide in Rice Production Systems of Sri Lanka**

**Research Team:** Ms. Thilani Padmajani Munaweera - Coordinator  
Ms. J.A.U.P Jayasinghe - Co-researcher

**Source of Funding:** Consolidated fund

**Scope and Objectives:**

Agrochemical has been playing a key role in modern agriculture. However, with the negative externalities associated with pesticide misuse around the country serious concerns were raised with respect to the sustainability of the farming systems in Sri Lanka. With the need of moving towards more chemical free farming it does utmost important to have the clear understand on risk perception, farmers' behavior and attitude towards pesticides for any policy formulation. Therefore this study conducted to determine perceptions of paddy farmers on the harmful effects of pesticides and evaluate whether perception being translated to their practices and estimate the determinants of pesticides usage in rice production systems of Sri Lanka.

**General objective**

- To assess the pesticide usage and farmer perception in rice sector of Sri Lanka

**Specific objectives**

- To evaluate the extent of pesticide usage in rice production
- To determine the perception of farmers on the effects of pesticides
- To find out the major determinants of quantity of pesticide use

Field data collection was done in selected four districts, Ampara, Kurunegala, Matara and Anuradhapura that represent each agro-ecological zone and data analysis and report writing is in progress.

## **MARKETING FOOD POLICY AND AGRIBUSINES DIVISION**

Market Research Unit (MRU) now known as Marketing, Food Policy and Agribusiness Division (MFPAD) of the Hector Kobbekaduwa Agrarian Research and Training Institute" (HARTI), was established in 1979, with the assistance of the USAID. Further assistance was provided by the UNDP/FAO, during the period of 1993 – 1997 to strengthen its activities. The main role of the division is collection, compilation, analysis and dissemination of market statistics for state policy makers, farmers, traders, academics and others. Currently, the MFPAD provides market information to the Ministerial Sub Committee on Cost of Living Review and National Food Security which is located at the Presidential Secretariat. The MFPAD also essentially provides market information to the policy makers in the Ministries of Agriculture, Trade, Commerce and Consumer Affairs, Health, Finance and Planning and the Central Bank of Sri Lanka in formulating policies for stabilizing market prices.

In addition, the division provides market data and information to the government departments and other institutions at the national and provincial levels, state and private banks, foreign donor agencies and other institutes, embassies, universities, private trading companies, cooperatives and private traders, non-governmental organizations, media agencies and farmers. There are a number of other activities implemented by the MFPAD, such as conducting agricultural marketing research studies and training programs for farmers, traders and officials of the extension services.

### **1. Food Information & Market Intelligence Project Present Regular Work Program**

Weekly "Food Commodities Bulletin" (English and Sinhala) and Monthly "Food Information Bulletin" (English and Sinhala) are the two major periodicals prepared by the MFPAD. These provide price statistics and market information to the government, farmers, traders, consumers and others. These bulletins play a major role in the allocation of resources, reducing transaction cost, improving bargaining position of farmers, enhancing awareness of overall market conditions, supporting consumers to bargain and giving valuable statistics for policy makers to take into account in maintaining food stocks to ensure food security.

Prices and relevant market information of food commodities were collected from nine retail markets in Colombo and the suburbs such as Pettah, Thotalanga, Dematagoda, Borella, Wellwatte, Kirulapone, Nugegoda, Kadawatha and Kiribathgoda and from the (Colombo) Pettah wholesale market. In addition, data and information were collected from 30 markets in major food producing districts and food consuming districts.

The outstation Markets covered in the year 2015 were Kurunegala, Nikawereatiya, Dambulla, Anuradhapura, Thambuttegama, Polonnaruwa, Nuwara Eliya, Kandy, Badulla, Keppetipola, Ratnapura, Embilipitiya, Hambantota, Tissamaharama, Mullativu, Matara, Galle, Kalutara, Moneragala, Dehiattakandiya, Puttalam, Meegoda, Marandagahamula, Jaffna, Killinochchi, Vavunia, Batticaloa. Wholesale prices of food commodities were collected daily from Pettah, Kandy, Thambuithtegama, Kappettipola, Dambulla,

Norochcholai, Marandaghamula and Meegoda markets. These data were disseminated daily through electronic media to enable producers and traders to know the commodity prices in main wholesale markets in time.

Weekly Food Commodities Bulletin issued on every Friday contains wholesale and retail prices in Colombo and outstation markets along with producer prices in major producing areas. The prices of main commodities collected are rice, chilies, onions, potatoes, vegetables, fruits, egg, fish and dried fish. In addition the bulletin also provides a statistical description of ranges, averages and prices comparison of the previous week and the year.

The Monthly Food Information Bulletin which is another major contribution of the division provides a brief summary of the key indicators, prices, production, crop situation and food stocks of the past month. It also provides to the public the overall food marketing situation of the country with averages and retail prices, wholesale prices, producer prices in major crop areas and the quantity of food imports and their values, CIF prices and countries that Sri Lanka imports food from. Further, the information on crop stage in major producing areas, cultivation extents and target crop growing extents, actual crop extents, achievements, water levels of major irrigation tanks, rainfalls and climate conditions and natural causes like drought, floods, etc that damage crops are the key indicators and information.

The regular work programme was assisted by three statistical officers, ten statistical assistants and 19 casual investigators. The team comprised of a statistical officer with seven statistical assistants and 22 casual investigators was assigned with the collection of data in the field.

## **2. HARTI Deliverables MIS at the Initial Stage**

- Wholesale, Retail and Farm gate prices of Vegetables and Fruits in major markets island wide and the prices at Dedicated Economic Centers.
- The varieties, markets and the daily data collection details of 50 varieties with 08 wholesale markets with Dedicated economic centers  
[http://www.harti.gov.lk/images/download/market\\_information/2016/january/daily\\_16-02-2016.pdf](http://www.harti.gov.lk/images/download/market_information/2016/january/daily_16-02-2016.pdf)

The locations, varieties and the prices of weekly data collection details (See Annex 01)  
[http://www.harti.gov.lk/images/download/market\\_information/Weekly\\_Price\\_list/weekly-042016.pdf](http://www.harti.gov.lk/images/download/market_information/Weekly_Price_list/weekly-042016.pdf)

In addition to that the details of current MIS dissemination Programme through Mobitel is as follows;

### **Mobitel "6666" Agri Price Information Index**

Hector Kobbekaduwa Agrarian Research and Training Institute provides daily whole sale price information collected from Pettah, Kandy, Dambulla, Meegoda, Norochcholai, Thambuththegama, Nuwaraeliya and Kappetipola markets. Information

is fully verified and validated by HARTI and entered to the system according to the market and product availability.

Customer needs to dial 6666 to connect in to the IVR which is available in Sinhala and Tamil Languages. Information can be browsed product wise or market wise. If product wise selected, required product code needs to be entered. In the case of a wrong code is entered, the list of products will be readout to the customer. If customer wishes to select by the market, they can get all the products of Pettah, Kandy, Dambulla, Meegoda, Norochcholai, Thambuththegama, Nuwara Eliya and Kappetipola.

### **Progress for the Year 2015**

- i. Weekly Food Commodities Bulletin–52 bulletins were issued (Sinhala, and English).
- ii. Monthly Food Information Bulletin – 12 bulletins were issued (English and Sinhala)
- iii. Daily and weekly Food Prices were provided to Tamil market participants and media in time.
- iv. Provided price data and other market information on request to government and private sector agencies throughout the year.
- v. Providing up to date the food commodity prices to the “Food Procurement and Monitoring Unit” under the Presidential Secretariat throughout the year

### **Completed Studies**

#### **1. Government Intervention in Paddy Marketing in Sri Lanka: Issues in Purchasing and Post Stock Management**

**Research Team:**

Mr. W.A.N. Wijesooriya	- Co-ordinator
Ms. R.P. Vidanapathirana	- Co-researcher
Mr. W H D Priyadharshana	- Co-researcher
Ms. P A J Champika	- Co-researcher

**Source of Funding:** Consolidated Fund

#### **Scope and Objectives**

Government intervention in Paddy/Rice marketing system in order to stabilize the market is common in most of the rice producing countries in Asia. The type of intervention varies in the form of support prices for farmers and issue prices for the distribution of food grains to consumers. Government of Sri Lanka intervenes in paddy marketing mainly through the Paddy Marketing Board (PMB) by the form of procurement at a guaranteed price, selling and buffer stocking. PMB was re-established and started operations in year 2008. This report examines the role and performance of the PMB in Sri Lankan paddy marketing by using secondary data. Specifically, the study explores whether the PMB has reached its broader



objective of purchasing and post stock management of paddy and provides options for its reforms. Initiatives of the PMB have been helpful for consumers to obtain their food requirement at reasonable prices while the farmer community is given the opportunity to enhance their living conditions through government's guaranteed price scheme for paddy, introduced through the Paddy Marketing Board.

The purpose of the study is to review the overall situation and identify the current issues of the government intervention on paddy marketing.

1. To examine the impact of paddy purchasing programme in order to stabilize the farm gate prices.
- 2 To examine the post stock management process by the PMB.
- 3 To identify the key policy initiatives need to increase the efficiency of government intervention on paddy marketing.
4. This study entirely based on the secondary data analysis and key informant interviews

### **Findings**

The paddy purchasing quantity was gradually increased by the PMB from 2% of the total paddy production in 2008 to nearly 5% in 2013. The number of stores in PMB increased from 51 in 2008 up to 219 with the capacity of 228,000mt in 2013. However the analysis of farm gate prices by Divisional Secretary level in major producing districts shown that the purchasing programme was not able to stabilize the farm gate prices of paddy in peak harvesting periods successfully. During the peak harvesting month more than 50 percent of the DS division's farm gate prices of paddy were below the guaranteed price in most of the districts especially in Ampara and Batticaloa. The situation is more or less the same in all major producing districts.

Following the procurement programme prices increased, becoming an incentive for the farmers, thereby encouraging them to produce quality paddy. In addition in most of the seasons PMB is able to maintain the minimum level of buffer stocks of paddy to ensure the food security of the country. The main paddy/rice selling process is through Cooperative Wholesale Establishment (CWE) during 2012 and 2013 and PMB is incurring a huge loss from this process. PMB has failed to cover its costs with its revenues mainly due to the failure to selling paddy at a price above the minimum cost and non-recovery of the dues from the private millers.

### **Recommendations**

The above issues require reconsideration of the role of PMB in the paddy/Rice marketing system and which would warrant a reform of PMB in order to improve its operational efficiency and financial management.

Literature does not provided detailed study with the views of the farmers as the main stakeholders in this important subject. Therefore, further detailed research needed to identify the ground level issues.

And also study suggests government set up a high level committee to restructuring of PMB.

## **ON GOING STUDIES**

### **1. Consumer buying behavior, preferences and demand for fluid milk and powdered milk**

**Research Team:** Ms. Ruvini Vidanapathirana – Coordinator  
Ms. Roshini Rambukwella – Co-researcher  
Ms.E.A.C. Priyankara - Co-researcher

**Source of Fund:** Consolidated funds

#### **Scope of the Study:**

The dairy sector in the country has performed well with annual increase of production and imports. Currently, there are limited data available or comprehensive study devoted to the dairy consumption patterns and how consumers' buying behaviour reacts to demographic and socio-economic factors in the country. The dairy sector has passed through a very onerous period in 2013 after the detection of DCD (diçyandiamide) in imported milk powder. This has significantly impacted consumers' buying behavior, their attitudes, needs and demand for dairy products. The total import of milk powder has also declined by 16.9 percent in 2013 compared to 2012. Following the detection of DCD in imported milk powder, consumers are more and more cautious when they choose imported milk products for their consumption. Marketing has broadened its concept; contemporary marketers include the study of transfer behavior as well as transaction of consumer behavior (Kotler, 2002). Having information on consumers' buying behavior, their preferences, attitudes, needs and demand for dairy products are considered to be key determinant factors for the efficiency of the dairy sector. However, the dairy industry in Sri Lanka lacks information on consumers' buying behavior and demand for dairy products level as well as impact on consumers' buying behavior with the contamination issues of imported milk powder. Analyses of changes in consumption patterns and consumption trends are very important and applicable for policy modeling purposes. Having an accurate analysis and good estimates of demand for dairy products helps projection of the future development of the dairy sector in Sri Lanka.

Market and demand are likely to play major roles in the development of the sector but detailed information on the nature of demand and preferences of consumers for various product attributes is unavailable. Such information is needed for producers and market actors to take market-oriented production decisions to benefit from growing markets. In order to fill this knowledge gap, a survey was conducted to understand consumer preferences for milk and milk powder and trends in consumption and their impact on determining dairy production and marketing opportunities.

**Objectives:**

The overall objective of this study is to determine consumer buying behaviour, preferences and demand for fluid milk and milk powder with new market trends.

1. To identify the existing consumption pattern, buying behaviour and preferences towards fluid milk and milk powder
2. To evaluate the impact of contamination issue on consumer buying behaviour, preferences towards milk powder and new market trends
3. To model the influence of different factors on purchasing of fresh milk and milk powder

The study was conducted in Colombo, Kandy and Matara districts. The data required for the study was collected from the selected 400 households by personnel interview method using well-structured and pre-tested questionnaire.

**2. Consumer Preference for Different Rice Varieties in Sri Lanka**

**Research Team:** Ms. Roshini Rambukwela - Co-ordinator  
Mr. Duminda Priyadarshana - Co-researcher  
Mr. Nalaka Wijesooriya - Co-researcher

**Scope and Objectives**

Rice is the staple food in the Sri Lankan diet. Sri Lankan rice market is consisted of number of rice type and grades in the practice. Consumption of different rice varieties will be determined by preference of individual consumer. The consumer is the basic economic unit that determines which commodities are purchased and in what quantities. Consumer research is very important to market strategy, because knowledge of the factors influencing consumer buying behaviour and consumers' preference towards a product can help increase market share. Understanding consumer preference is useful in positioning products favorably in the market and aids in product matching. Sri Lanka has reached to self-sufficient in rice. In this environment, consumer preference will be an important driver in the future rice market. In the production process, farmer may prefer to select type of paddy depending seed availability and some attribute of the crop such as pest and disease resistance, yield, easy of harvesting etc. But the consumer preference may differ from it. Number of rice varieties are available in the market and they are having different attributes and different level of preferences. Department of Census and Statistics are reporting the per capita consumption of different rice varieties in different districts. But what are the real reasons for that preference cannot address through it. To fill that gap we are planning to do this research. Further, having an accurate analysis on preference and good estimates of demand for different rice varieties helps projection of the future development of the rice market in Sri Lanka. It is also help to give the correct direction for the seed paddy production programme in future.

## **Objectives**

The overall objective of this study is to determine consumer buying behavior and preferences on different rice varieties. Specific objectives are,

- To identify consumption pattern and buying behavior for different rice varieties
- To model the determinants of consumer preference, districts wise.

### **3. Livelihood Development of Beneficiaries of the Samurdhi Programme: Strategies, Outcomes, Impacts and Challenges**

**Research Team:** Ms. Indika Edirisinghe – Coordinator

**Source of Funding:** Consolidated Funds

#### **Scope and Objectives:**

Poverty in Sri Lanka is an issue in all three sectors: rural, urban and estate. However, it focuses very heavily on rural and estate populations. Looking at urban poverty from a national point of view provides a very favourable picture. The urban sector has the lowest rates of poverty in Sri Lanka. Even though the percentages are lower in absolute numbers, urban poverty is also a significant issue in the urban cities in Sri Lanka. Therefore, poverty is an issue in all three sectors in the country. To address the issue of poverty, the national poverty alleviation programme, '*Samurdhi*' has been initiated in 1995 with the objective to mobilize youth, women and disadvantaged groups for economic and social development activities to promote their social stability and thereby to eradicate poverty. By year 2015, they are completing 20 years of operations. The programme operates in three approaches. They are safety net, rural development and microfinance and banking. Subsidies and insurance scheme / social welfare components come under the safety net approach. Rural development approach consists of infrastructure, social and livelihood development components while deposit collection, micro credit and social empowerment components come under the microfinance and banking approach.

This study focuses on the livelihood development component of the rural development approach. It is very much important to study this intervention to identify its contribution in uplifting the living standards of poor and to find out constraints, barriers upon the growth and development of these entrepreneurs to fine-tune the programme in the future as the government is spending a considerable amount of money on this. Further, no independent evaluations have been done in the recent past with respect to this component of the programme. At the same time, the request to conduct the study also came by the implementers. The main objective of the study is to evaluate the present situation of *Samurdhi* entrepreneurs with the aim of identifying factors affected for their success and also to identify the contribution of this intervention in alleviating poverty with respect to all three sectors in the country: rural, estate and urban.

#### 4. Prospects and Constraints of Off Season Big Onion Production Programme in Hambantota District.

**Research Team:** Ms. P.J Jayamini Champika – Co-ordinator

**Source of Funding:** Consolidated Funds

##### **Scope & Objectives**

Big Onion (*Allium cepa*) is one of the most popular condiment and vegetable of Sri Lankan daily diet. As the current situation is concerned, off season's (or *Maha* seasons' cultivation which extend from January to March) B' onion cultivation is mostly done for the seed purpose hence, national requirement is totally fulfilled by *Yala* (which extend from May to August) seasons' production. However, the harvest obtains during the *Yala* season is sufficient to fulfill only 35% of the national requirement. However, government intended to increase this amount to 50%, in 2016. To achieve the set target, the country needs to increase the production by around 55,000 mt, which is equivalent to 3,500ha increase (assuming the productivity of *Maha* season is equal to *Yala* season). By conducting series of field trials, the department of agriculture has identified Hambantota and Monaragala districts as the most suitable locations for cultivating B' onion in off season (*Maha* season - January to March) for the consumption purposes.

Even though the target was to commence the cultivation in 2,000ha of land in Hambantota district in 2014, the achievement was far below the target, around 350ha by the end of *Maha* season, 2014. Achieving Hambantota district's target is very crucial to achieve the national target in scheduled time frame. Therefore, not only the agronomic suitability but also the socio - economic acceptability and financial viability is equally important to achieve the sustainability of the programme. Thus, this research study intends to identify the socio - economic barriers for further expansion of big onion cultivation within the district.

**Main objective:** To evaluate the prospects and constraints of off season big onion production programme in Hambantota district.

##### **Specific Objectives:**

1. To assess how far the off season big onion production programme in Hambantota district has been successful in increasing big-onion production in the country.
2. To evaluate the financial viability of off season big onion production
3. To predict the changes in land use pattern and cropping pattern in the district, due to big onion production programme
4. To study the barriers for further expansion of season big onion
5. To make suggestions to ascertain the long term sustainability of the programme

**Current progress**

Primary data was collected through a sample survey of both categories, farmers who cultivate big onion and who do not engage in cultivation of big onion, either in *Maha* 2013 or *Maha*2014 seasons, in selected Agrarian services divisions namely Beralihela ,Weeravila,Ambalantota, Bandagiriya Lunama Yodhakandiya Meegahajandura West, Meegahajandura East and Weeraketiya. Total number of the sample was 280 farmers. The data analysis also completed and report writing was in progress.

## HUMAN RESOURCES AND INSTITUTIONAL DEVELOPMENT DIVISION

The objective of the training programmes conducted by HARTI is to develop knowledge attitude and skills of adults involved in agrarian and rural development activities, and there by improve the socio economic standing of the farming community in Sri Lanka.

The clients of HARTI's training programmes belongs to a broad range which includes field officers, higher officers of GOs and NGOs involved in development activities in the rural sector and farming community in Sri Lanka.

Training programs conducted by the Human Resources and Institutional Development Division are structured on the following:

1. Co-ordinating, organizing and preparation of general training programs based on the needs of the farming community and national development programme.
2. Co-ordinating and preparation of training programs at the request of various organizations related to the agrarian and rural sector
3. Providing training expertise to other requesting organizations.
4. Designing and conducting Action Research Project under National Development programme.

Besides national and international trainings, seminars and workshops are organized and co-ordinate collaboratively with other national and international organizations.

The training programs conducted all over the country during the year 2015 by the Human Resources and Institutional Development Division are as follows:

### **01. Training Programme on Participatory Techniques (RRA, PRA & PCM) for Planning & Management of Rural Community Development Projects**

<b>Training Team :</b>	Mr. R.L.N. Jayatissa	- RA/APPE (Co-ordinator)
	Mr. S.M.A. Samarakoon	- Head/HRID
	Mr. P.C.J. de Silva	- SRO/HRID
	Mr. H.M.J.K. Herath	- SRO/HRID
	Mr. S. Epasinghe	- RO/ARMD

Rapid Rural appraisal (RRA) and participatory rural Appraisal (PRA) are relatively new techniques which can be used to collect more accurate and up to date Data and information on rural conditions in a quick manner and a low cost today, these methods are being successfully used to many fields not only for data collection but also for successful completion of various stage of development projects including project identification planning, implementation monitoring and evaluation.

PRA has become a popular techniques for obtaining people's participation in development work. In this sense, it functions firstly as a method to identify people's ideas, attitudes and aspirations secondly as an empowering mode. Hence, provision of sufficient knowledge on the application of RAA/PRA techniques would provide all those involved in rural development activities a number of competencies such as collections of accurate information about rural concessions obtaining of people's participation in activities to match those with their aspirations and empowering of beneficiaries.

The main objective of this training programme is to convenience the participants about the value of the people participation. In terms of local level planning and management of development projects and help them to achieve said aim through enhancing their knowledge and skill and ability to carry out PRA/RRA techniques.

The number of programme conducted year 2015 was one and 30 farmer beneficiates were trained. The main objective of this programme was to educate the selected beneficiaries from the kothmalle divisional secretariat on a natural resource management model village and preparing community action plan for the natural resource model village which is implemented in the area as a pilot project.

## **02 Training Programme on Social Mobilization**

**Training Team :** Mr. S.M.A. Samarakoon – Head/HRID (Co-ordinator)  
Mr. P.C.J. De Silva - SRO/HRID (Assistant Co-ordinator)  
Mr.H.M.J.K. Herath - SRO/HRID  
Mr.H.J.C. Jayasooriya- RO/EWRM

In order to obtain the maximum participation of the people in any rural development programme, the beneficiaries' should be given an opportunity to participate actively in the development process.

The main objective of any rural development programme is to enhance the understanding of the community on the factors that influence progress furthermore, Its to show ways in which they can enter the development process. The success of development programmes depend also on the degree of knowledge skill and attitudes of the development workers.

However, traditional attitudes of people, lack of positive attitudinal change, leadership issues, communication weaknesses, management issues, weaknesses in technological flow and weaknesses in rural participation in rapid rural development process are directly influenced in rural development process.

This training programme was mainly designed for the agricultural and rural development officers who were involving in agrarian and rural development activities as a social mobilizers. The objective of this training programme was to enhance and strengthen



participants theoretical and practical knowledge on social mobilization and participatory development.

The number of programmes conducted the year 2015 was one. This programme was conducted for the officers attached to the Ministry of Economic Development of Nochichiyagama divisional secretariat in Anuradhapura and around 40 economic development officers were trained.

### **03. One day Training Programme on “Agriculture for Healthy Generation”**

**Training Team :** Mr. S.M.A. Samarakoon – Head/HRID (Co-ordinator)  
Mr. P.C.J. De Silva - SRO/HRID (Assistant Co-ordinator)  
Mr.H.M.J.K. Herath - SRO/HRID

Currently, the major challenge that Sri Lankan agriculture has to face is health and environmental issues caused due to the high usage of Agro chemical. Chronic kidney disease and some other unidentified diseases are rapidly spreading most part of the country. Therefore, there is a high tendency of generating of social and economical issues among the community.

The chronic kidney disease which has spread in Anuradhapura, Polonnaruwa, Hambantota, Kurunegla districts and most parts of the country has caused numerous health, economical and social issues within the agrarian community.

The Hector Kobbekaduwa Agrarian Research and Training Institute conduct a research on the socio economic impacts of chronic kidney disease and presented several suggestions to minimize its impact. Educating farmers on agro chemical usage, impact of agro chemicals on human health, early symptoms of the kidney disease and importance of identifying the disease at the early stages are some of the facts included in findings.

Special attention of HE President Maithreepala Sirisena has been drawn regarding the kidney disease. Therefore, it's a contemporary need to aware farmers and farmer organization for creating healthy generations and to get maximum benefits from the agriculture. This awareness programme is organized to fulfill that objective.

The main objective of this one day awareness training programme was to empower the farmer leaders and strengthening of farmer organization for creating healthy generation and to get maximum benefits from the agriculture.

During the year 2015 the number of programme conducted were 39. This programme was conducted only in two districts , namely Anuradhapura and Polonnaruwa.

Details of the programme conducted Anuradhapura district.

<b>Agrarian Development Center</b>	<b>No. of Programme</b>	<b>No.of Participants</b>
Padaviya		122
Kabithigollawa		88
Ethakada	04	72
Punawa		82
Madawachchiya		122
Rabawewa		58
Parangiya Wadiya	05	74
Horow pathana		60
Kapugollawa		104
Kahatagasdigiliya		59
Rathmalgahawewa	04	89
Thanthirimale		63
Wilachchiya		50
Gambirigaswewa		115
Ranorawa		40
Nochchiyagama	04	35
Elayapapathuwa		58
Rajanganaya	01	90
Madutugama		75
Muriya kadawata	04	110
Palugaswewa		88
Kakiriwa		85
Konwewa		75
Galen bidunuwawa	04	140
Thirappane		63
Maradankadawala		112
<b>TOTAL</b>	<b>26</b>	<b>2149</b>

Details of Programme conducted in Polonnaruwa district

<b>Agrarian Development Center</b>	<b>No.of Programme</b>	<b>No.of Participants</b>
Bakamuna	05	80
Highrakgoda		56
Shewagama		103
Siripura		65
Manampitiya		40
Walikanda	04	67
Nawanagaraya		35
Giritale		94
Pulasthigama		108
Abagaswewa	04	95
Galamuna		105
Maditigiriya		97
Madirigiriya/Abagaswewa		90
<b>TOTAL</b>	<b>13</b>	<b>935</b>

District office of the Agrarian Development in Anuradhpura and Polonnaruwa fully assisted with the organization activities of the programme. Agriculture department and provincial health department provided Resource persons for the training programmes.

**04. Training Programme on Use of Information and Communication Technology for Agrarian and Rural Development**

Training Team : Mr. H.M.J.K. Herath – SRO/HRID (Co-ordinator)

Information and Communication Technology can be introduced as a key factor of country's development in 21<sup>st</sup> century with rapid technological advances. Thus development of that sector directly contributes to fast development in a country and today the world becomes a universal village because of improvement in information and communication technology. People can enjoy many social benefits from the use of this technology. It shares world wide news on politics, education and entertainment through thousands of web pages in the internet. Further it influences on the development of agriculture, industry health, business and economics. It shows that information technology plays an important role in economic and social development of a country.

Therefore information technology centers are needed to facilitate infrastructure facilities for information and communication technology. Thereby it can be established proper linkage between government and private sector to provide better service to the society.

This training programme is designed to enhance rural development with combination of information and communication technology. It is expected to provide wider technological contribution in administrative tasks and strengthen the common development of the country.

The main objective of this training programme was to enhance the participants theoretical and practical knowledge on use of information and communication technology in agriculture and rural development.

The number of programme conducted for the year 2015 was three (3) and around 88 officers were trained.

Details of the programmes conducted

No.	Participated	No.of Programme	No.of Participants
01.	The lectures of agriculture school in Gannoruwa	01	18
02.	The officers of export Agriculture Department in Matale	01	32
03.	The officers of district planning officers in Puttalam	01	28
	TOTAL	03	88

#### 05. Training Expertise Provided to Other requesting Organizations

No.	No.of Officer	Lectures Delivered	No.of lecture	Organization
01.	H.M.J.K. Herath	Use of Information and communication technology for agriculture and rural development	02	Export Agriculture Department, Matale
02.	H.M.J.K. Herath	- do -	03	District Health Department, Kandy
03.	P.C.J. de Silva	Issues and Challenges of the contemporary agriculture chronic kidney disease	01	Farmer organization Padaviya, Anuradhapura
04.	S.M.A. Samarakoon	Empowerment and Social mobilization	01	CIC, Colombo
05.	H.J.C. Jayasooriya	Role of Extension Officer	01	CIC, Colombo

## **ON GOING STUDIES**

### **01. Finding potentials of increasing the income of Samurdhi beneficiary agricultural households in the Batticaloa district**

**Research Team :** S.M.A.Samarakoon - Coordinator  
P.C.J. De Silva - Co-researcher

**Source of Funding:** Consolidated Funds

#### **Scope of the Study**

It is a fact that agricultural productivity in the Batticaloa district due to climatic reasons and other agronomic reasons is low. This is supposed to have led the income of the majority of the district's population to go under the poverty line. Also the less diversification of the income sources of the agricultural households seems contributing this. Less diversification of income sources can be cited as a main contributing factor for poverty in rural and agricultural areas in Sri Lanka. For example while poverty is low in more urbanized and less agricultural districts like Colombo and Gampaha it is high in less urbanized and more agricultural districts like Moneragala and Batticaloa. Also in contrast to among districts the same situation can be seen even among divisional Secretariat divisions in the same districts. For example in Batticaloa district while the DS divisions like Manmunai-West and Koralai Pattu South has high poverty rates likes 45.1% and 37.7% respectively in Kanthakkudy DS division which is highly urbanized Estimated Head Count Index of poverty for 2012/13 by the Dept. of Census and Statistics is 5.26%.

Further, the three decades of war prevailed in the district has obviously hampered the socio-economic and infrastructure development in the district. In case of livelihoods, war not only did not permit to emerge the new avenues of income, it also directly and indirectly deprived the people from their traditional livelihoods or means of developing their livelihoods. This reality as well had its share in the prevailing condition of low income and high level of poverty in the district.

In the agriculture sector also the impact of war is significantly obvious. Transmission of new knowledge and technology to the farmers has almost been non-existent. This deprived both the officers as well as farmers from the opportunities of skill development or access to the new knowledge through training and other means of awareness during the period of war. Also research studies which bring up the new knowledge and information required for the policy makers and authorities concerned to improve the living standard of the agrarian community in the district seems to have been neglected for years.

All these together have directly or indirectly caused the agricultural households to have a low income contributing to the high poverty in the Batticaloa district. As a result it has been required to take urgent initiatives in the direction of improving the income of the agricultural households of the Batticaloa district as it would account for the socio and economic well being

of the majority of the population in the district. Because improving the income of agricultural households means improving the income of majority of the households in the district. As a result research of this nature which directly aimed at finding solutions for a core issue which is poverty in the district is very much important.

As mentioned above, majority of the population in the Batticalo district is poor and engaged in agriculture as their livelihood. As a result to reduce the poverty in the district it is very important to increase the income of the agricultural households. Therefore this study looks into what potentials there are to increase the income of the low income agricultural households in the Batticalo district.

### **Main Objective**

The main objective of the study was to find the potentials of increasing household income of the samurdhi beneficiary agricultural households in the Batticaloa district

### **Other Objectives**

- ▶ Assessing the household expenditure
- ▶ Calculating the cost of production of the main crop cultivated by the households
- ▶ Finding the Agriculture related problems faced by the farmers
- ▶ Finding the preference and potentials of the households for alternative means of income
- ▶ Looking into the opportunities available for alternative means of income in the area

**Current Progress:** Data analyzing

## OTHER ACTIVITIES

### 1. Publications & Presentations

Mr W.A.N.Wijesooriya Presented the paper on titled “Forward Contracts as Pre Harvest Commodity Marketing: The case of Maize Forward Contracts in Sri Lanka” at International Research Sessions (Ipurse), University of Peradeniya, on 5th July, 2014.

Mr. W.H.A. Shantha, presented a paper on Assessing the Rate of Annual Soil Loss under Upland Crop Cultivation System in the Mountainous Region of Sri Lanka at the Annual Symposium of Tropical Agriculture and Development, 14-15 March 2015, Tsukuba, Japan.

Mr. H.J.C. Jayasooriya presented a paper on Adoption and factors affecting adoption of integrated pest management among vegetable farmers in Sri Lanka at the International Conference organized by the Sabaragamuwa University of Sri Lanka, 19-20<sup>th</sup> November 2015.

### 2. Serving a committee

Mrs.G.G.de.L.W.Samarasinha, served as a steering committee member to the Sri Lanka Water Partnership in 2015.

Mrs.G.G.de.L.W.Samarasinha, participated at the consultative meeting to draft the intended nationally determined contributions on potential sectors, organized by the Ministry of Environment.

Mr. W.H.A. Shantha, served as a member of the Jury for Evaluation of Inventions for Presidential Awards in the field of agriculture for 2013 and 2014 organized by the Sri Lanka Inventors Commission.

Mr. W.H.A. Shantha, served as a member of the Jury for Evaluation of Inventions for Presidential Awards in the field of Field of Food Technology for 2013 and 2014 organized by the Sri Lanka Inventors Commission.

Mr. H.J.C. Jayasooriya, took part at the technical working committee meeting for the development of drought risk reduction strategies and plan for Sri Lanka organized by the Ministry of Disaster Management.

### **3. Special Reports**

Mr. W.A.N.Wijesooriya prepared a report to the Honorable Minister of Agriculture titling “Root Causes affected to the abnormal rice prices increase during the period of January, 2014”.

Mr. W.A.N.Wijesooriya prepared a report to the Ministry of Agriculture titling “Present Situation of Rice Market” in December, 2014.

### **5. Training**

Mr. S. Epasinghe (SRO) contributed to the Participatory Rural Appraisal Programme Organized by the Department of Agriculture in Kothmale from 21<sup>st</sup> to 23<sup>rd</sup> September 2015 as a Resource Person.

Mr. S. Epasinghe (SRO) contributed to the policy discussion on The Present Situation and Problems of Ginger and Turmeric Production held at the Department of Export Agriculture in November 2015.

Mrs. G.G.de.L.W. Samarasinha, Ms. M.T. Padmajani, and Mr. H.J.C. Jayasooriya prepared course modules for the proposed degree programme by HARTI and University of Colombo in Agricultural Economics.

Mr. H.J.C. Jayasooriya served as a Resource Person in a Training Programme on Social Mobilization for grass root level officers in Nochchiyagama Divisional Secretariat area.

Mr. W.A.N.Wijesooriya delivered a lecture on “Millennium Development Goals “for the third year BA (Economics) students of University of Colombo.

Mr. W.A.N.Wijesooriya delivered a lecture on “Organization and Operation of Paddy/Rice Market in Sri Lanka “ to the Agricultural officers, Agricultural instructors and other relevant field officers of the North Western Province in June, 2014 under the Marketing Extension Training Programme.



## DATA AND INFORMATION MANAGEMENT (DIM) UNIT

This unit comprises of two sections namely the Agrarian data bank and data processing unit. The data bank has been conceived as a facility for social science research, planning and policy making for development in the agrarian sector. The basic principles which underline the establishment of the data bank are;

1. To facilitate ready and equal access to the existing quantitative data, such data should be centrally located and the services should be automated.
2. Servicing as a coordinating agency for quantitative data to identify gaps in information and new data needs and activate generation of new series of data.
3. Data collected through special survey and studies can be used for various purposes in addition to those for which they were collected, and thus be valuable resources to social scientists both in the present and the future and that the value of the data becomes enhanced when information regarding the characteristics of the data is also available.

The data base is ideally located within a social science oriented research environment, where researchers collect data from diverse sources and also generate information through their studies. The Department of Census and Statistics, Department of Agriculture, department of Customs and Central bank are major sources from which the data is currently collected. The activities related to data bank fall in to following six categories.

- i. Data Collecting
- ii. Coding
- iii. Verification
- iv. Storing
- v. Retrieving
- vi. Analyzing

Data collection is carried out from the above said sources together, their website and text books published by relevant organizations. Some of data coming under prices of food commodities are collected from marketing and Food Policy Division of HARTI.

During the year, the computer based information system was further implemented to run over stand alone environment and also for better performance. Conversion and verifications of standard units of Agrarian data were done for selected commodities enabling units to be brought to an equal flat form. The data verification along with regeneration of indices was carried out to increase the performance of the computerized data base. The yearend backup process was done to assure the availability updated data. The following indicators were updated during the year.

- Extent and production of other field crops year 2013.
- Paddy statistics under extent and production, extent cultivated and extent harvested.
- Cost of production of paddy and other field crops
- Extent, production and average yield of paddy and annual crops for the year 2014.
- Producer prices of food crops have been entered and verified.

#### **Books referred to Collect Data**

- a) Annual report of Central Bank – 2014
- b) Economic and Social Statistics for central Bank – 2014
- c) Statistical abstract of Dept. of Census and Statistics – 2014.
- d) Cost of cultivation of paddy and other field crops 2012 yala.
- e) External trade statistics of Dept. of Custom – 2013.

Apart from maintaining agrarian data bank, analysis of data collected from sample surveys carried out by the institution, have been done by this unit.

- R-485 - Current situation of backyard poultry farming of small scale of farmers.
- R-490 - Determination of discrepancies in Paddy land data – pilot project in low country wet zone.
- R-491 - Consumer buying behavior preferences and demand for fluid milk and Powder
- R-492 - Prospect and constraints of off season big onion production program in Hambantota district.

#### **Computer Maintenance**

Computer maintenance assistants were fully involved for maintenance of computers and related peripherals installed in the institute. They have been carried out the all installations of computer hardware and software and also for purchasing and repairing. The technical specifications were prepared whenever required and participated in the capacity of chairman of technical evaluation committees. Reports had been prepared saying current situation of infrastructure and development suggested.

The following Networks had also been implanted as per the requests made by following divisions.

<b>Division</b>	<b>Status</b>
Marketing and Food Policy and Agri-business	Completed
Environmental and Water Resource Management	Completed
Human Resources and Institutional Development	Partly Completed
Publication and Library	Proposed

#### **Institution Website**

The HARTI website had been updated with necessary dynamic information timely receive by the unit. This comprises of information received from marketing Food Policy and Agri-Business Division and Administration Unit and also latest news receive from Program Unit. The regular uploading information consists of;

Daily prices - Bulletin  
Weekly prices- Bulletin  
Monthly prices- Bulletin  
Publication and events

### **Computer Lab**

The re-established computer lab was maintained providing computer facility for HARTI staff as a resource center.

## **LIBRARY**

The main objective of the library is to collect, compile, retrieve and disseminate information related to the agrarian sector for the benefit of HARTI Research staff and other interested persons and organizations. During the year, the staff borrowed 483 books, 29 reference books and 56 issues of journals for their reference requirements. The numbers of visitors to the library during the year were 245.

### **Acquisition of books, journals and reports**

During the year 165 books were added to the book collection which consisted of 42 purchased books and 123 books received on complimentary basis and under the publication exchange program. A large number of periodicals, newsletters, annual reports from foreign and local institutions were also received either on complimentary or exchange basis. The library also subscribed to 08 foreign journals titles (which included 96 issues) and 06 local journal titles during the year.

### **Library Services**

Requests for information and documentation services such as literature searches, reference services, current awareness services and photocopying services were provided to the research staff and also to the outside users.

Access to internet based information facilities has been further extended for the research staff with the ADSL facility being set up in the library. Collection of newspaper articles on various subjects and indexing of the articles for quick reference continued for the use of research staff and outside users.

### **Inter Library Cooperation (ILC)**

The library is a member of the Agricultural Libraries Information Network (AGRINET) and the CARP Library functions as the focal point. The library continued to participate in AGRINET SDPC scheme (Selective Dissemination of Content Pages database).

Supplied bibliographical references from the library collection to the following databases maintained by AGRINET

1. National Agricultural Bibliography (NAB)
2. Bibliography on Indigenous knowledge ( With reference to Agriculture)

To update the National Union Catalogue for year 2014 bibliographical references were supplied from the library database to the National Library and Services Board

### **Digitization of Institute Publications**

The National Digitization Project of the National Science Foundation digitized our institute publications up to 2013 successfully and our site can be accessed on (<http://harti.nsf.ac.lk/>).

The aim of this project is to establish an institutional e- repository and provide a fast and enhanced online access to institute's publications.

### **Publication Exchange Programme**

Two hundred (200) Institute's publications (books/journals) were sent to under the mentioned **libraries** on exchange basis.

- 1) Post Graduate Institute of Agriculture
- 2) Social Economic Center of Department of Agriculture
- 3) Department of Census and Statistics.
- 4) Center of Department of National Planning (Development Information)
- 5) Center for Poverty Analysis (CEPA)
- 6) Parliament Library
- 7) National Library & Services Board
- 8) National Science Foundation
- 9) Forest Department
- 10) Jaffna Public Library
- 11) International Water Management Institute
- 12) Central Environment Authority
- 13) Mahaweli Authority of Sri Lanka
- 14) University of Colombo
- 15) University of Kelaniya
- 16) University of Ruhuna
- 17) University of Sri Jaywardenapura
- 18) University of Peradeniya
- 19) University of Jaffna
- 20) University of Uva Wellassa
- 21) University of Rajarata
- 22) University of Sabaragamuwa
- 23) Eastern University
- 24) University of Moratuwa
- 25) University of Wayamba
- 26) Bihikshu University, Anuradhapura
- 27) Buddhist and Pali University.

We received hundred and twenty three (123) publications from the above libraries.

## **PUBLICATION UNIT**

The Publication Unit of the Institute which functions under the purview of the Head , SDP/Publication Library is engaged in editing and publishing of Research Reports, Occasional Reports, Journals, Newsletters, Bulletins, Manuals, Brochures and other information materials in all three languages.

A total of 25 Research Reports were released in Sinhala and English during the year. The details are as follows.

1. Export market for Organic Food: Present Status, Constraints and Future Scope
2. Vegetable Collection Centers in Badulla and Monaragala Districts: Impacts and Lessons
3. Food Consumption Patterns in Sri Lanka.
4. Evaluation of Divinaguma Agriculture Component Home Gardens
5. Impact and Lessons of Dairy Development intervention: Dry Zone Livelihood Support and Partnership Programme
6. Present Status and Future Prospects of Kithul industry
7. Evaluation of “Api Wawamu – Rata Namagu” Programme
8. Present Status and Future prospects of Spiced Based oil Industry in Sri Lanka: The Case of Cinnamon Leaf Oil and Citronella Oil Industries
9. Identification of potentials and Constraints for promoting Indigenous yams as a Subsidiary Food Crop
10. Municipal Solid Waste Composting: Potentials and Constraints
11. An Overall Assessment of the Agricultural Marketing Systems in Northern Province of Sri Lanka
12. Fruit and Vegetable Export growth instability and diversification
13. Application of integrated pest management (IPM) in Vegetable Cultivation: Past Experiences and Suggestions for Promotion
14. Comparative Study on Consumer Preferences of Fruit Drinks and Carbonated Drinks in Sri Lankan Beverage Market
15. Socio Economic Factors Affecting the Productivity of Green Gram
16. Agricultural Forward Contract As Pre-Harvest Commodity Marketing : Problems and Prospects
17. Viability of Controlled Environmental Agriculture for Vegetable Farmers in Sri Lanka.
18. Socio Economic Condition of Dairy industry in Mahaweli H Area
19. Impact and Lessons of Uda Walawe Bank Irrigation upgrading and Extension Project for Water resources management
20. Value Chain of High Value Highly Perishable Vegetables
21. Reasons for Low Adoption of Selected OFC and Vegetable Varieties released by the Department of Agriculture
22. Socio Economic Impact of Chronic Kidney disease of unknown Etiology
23. Technical Efficiency of Paddy farming

24. Effects of Rural Road Development on Household Agricultural income and Farming Systems in Hambantota District
25. Analysis of Vegetable Export Supply Chain

In addition, following Publication were also released during the year

1. Sri Lanka Journal of Agrarian Studies Vol. 17 No. 01, 02 and 03
2. Govi Janatha, 17 Volume, 1-2 issues, Jan-Jun, 2015  
Govi Janatha, 17 Volume, 3<sup>rd</sup> Issue, July-Sept, 2015  
Govi Janatha, 17 Volume, 4<sup>th</sup> issue, Oct-Dec, 2015
3. 'Puwath Hasuna' Vol.35 No. 02 and Vol. 36 No. 01

**Staff Positions as at 31st December 2015**

	<b>Position as at 31.12.2014</b>	<b>Termination, Resignation during the year</b>	<b>Appointments</b>	<b>Position as at 31.12.2015</b>
Director	1	1	1	1
Additional Director	1	-	-	1
Head of Divisions	6	2	1	5
Research Staff	26	4	-	22
Administrative Staff	6	1	-	5
Senior Staff of Library	2	-	-	2
Data Development Bank	-	-	-	0
Computer Unit	2	-	1	3
Publication Unit	2	-	1	3
Statistical Staff	24	-	-	24
Technical Staff	-	-	-	0
Clerical, Secretarial & Parallel Grades	53	2	-	51
Operative & Allied Grades	49	-	-	49
<b>Total</b>	<b>172</b>	<b>10</b>	<b>4</b>	<b>166</b>



## STAFF DEVELOPMENT

In 2015, The Institute has invested Rs. 1.9 Mn for Staff development. And 57 staff and non staff members had undergone local training and 10 staff members had opportunity in participating foreign training.

### **The following Research officers were engaged in post – Graduate studies.**

- Mr. M.A.C.S.Bandara - Masters Degree on Environment Science  
University of Melbourne, Australia  
06<sup>th</sup> January 2014 to 07<sup>th</sup> January 2016
- Ms. Sagarika Hittihamu – Masters Degree on Rural Development  
University of Queensland, Australia  
19<sup>th</sup> January 2015- 18<sup>th</sup> January 2017
- Mr. E.A.C. Priyankara - Doctoral Degree on International Trade  
Huazhong University of Science & Technology,  
China. 31<sup>st</sup> August 2015- 30<sup>th</sup> August 2018
- Mr. N.P.G.Samantha - Doctoral Degree on International Trade  
Huazhong University of Science & Technology,  
China. 31<sup>st</sup> August 2015- 30<sup>th</sup> August 2018

### **Participation at International Training**

#### **Programmes / Seminar / Workshops / Conferences / Meeting etc.**

Ms. J.A.U.P.Jayasinghe – Research Officer attended the “Sustainable Agricultural Strategies for Rural Development” held in India, from 06<sup>th</sup> January – 2<sup>nd</sup> February 2015.

Ms. S.Senanayaka – Statistical Officer attended the “Information and Communication Technology (ICT) Application for Rural Development” held in Hyderabad, India from 09<sup>th</sup> March – 18<sup>th</sup> March 2015.

Mr. Haputhanthrige Dharmasena - Director attended the “Efficacy of initiatives/Programmes on Rural Income and Poverty Alleviation” held in Islamabad, Pakistan from 5<sup>th</sup> May – 8<sup>th</sup> May 2015

Dr. T.A.Dharmaratne – Research Fellow attended the “Efficacy of initiatives/Programmes on Rural Income and Poverty Alleviation” held in Islamabad, Pakistan from 5<sup>th</sup> May – 8<sup>th</sup> May 2015

Mr. W.A.N.Wijesooriya – Senior Research Officer attended the “Seminar on Quality and Safety Management of Agricultural Exports” held in China, from 06<sup>th</sup> June – 30<sup>th</sup> June 2015

Mr. J.K.M.D.Chandrasiri – Additional Director attended the “Capacity Building on Agricultural & Rural Development” held in Korea, from 08<sup>th</sup> September – 17<sup>th</sup> September 2015

Mr. S.M.A.Samarakoon, Senior Research Officer and Ms. M.D.Susila Lurdu, Senior Research Officer attended the “DFAT Fellowship on Understanding /Promoting Links between Traditional Culture/Knowledge, Food Security and Sustainability” held in Australia, from 26<sup>th</sup> September – 18<sup>th</sup> October 2015.

Ms. P.R.Weerakkody, Senior Research Officer and Mr. I.P.P.M.Wijesinghe, Research Officer attended the “Sustainable Agriculture for Rural Development” held in Vientiane, from 25<sup>th</sup> September – 06<sup>th</sup> October – 2015.

### **Participation at Local Training**

Research Officers attended the training Course including session (45 Hours) on Data Analysis Using SPSS held in HARTI from March – December 2015

Ms.Indika Edirisinghe - Research Officer and Mr.P.C.J. Silva Research Officer attended the “Work life Balance for Scientists; Key to Success” held in National Science & Technology from 27<sup>th</sup> March – 2015

Ms.Chandrika Dahanayake - Assistant Registrar (Programme) attended the “Conflict Resolution in the Workplace for Institutional Good Governance” held in Sri Lanka Foundation from 1<sup>st</sup> & 2<sup>nd</sup> April – 2015.

Mr.H.J.C.Jayasooriya – Research Officer attended the “Ecosystems Resilience in a Changing Climate” held in CARP from 6<sup>th</sup> – 9<sup>th</sup> April 2015.

Mr.N.P.G.Samantha – Senior Research Officer attended the “Business Proposal Writing” held in NSF from 29<sup>th</sup> May 2015

Ms.L.T.H.Jayasinghe, Mr.L.P.Gunaratne, Ms.D.Hewavitharane , Ms.G.M.V.Padmini, Ms.U.P.C.Ramyalatha ,Ms.K.G.D.K.S.Karunarathne – Management Assistant attended the “Improving Staff Contribution towards Institutional Development” held in Sri Lanka Foundation from 6<sup>th</sup> – 7<sup>th</sup> July 2015.

All Drivers – Training programme on Capacity development of drivers held in HARTI on 13<sup>th</sup> June 2015

Mr. R.L.N.Jayatissa – Senior Research Officer, Ms.M.T.Padmajani – Research Officer, Ms.K.S.N. Perera – Editor, Ms.P.A.J.Champika – Research Officer attended the “Writing a impact Research Article” held in HARTI from 9<sup>th</sup> - 10<sup>th</sup> July 2015.

Ms. I. Edirisinghe – Research officer attended the “Paper Presentation at the International Conference on Promoting Socio Economic Equity in South Asia” held in National Science Foundation from 15<sup>th</sup> – 16<sup>th</sup> July – 2015

Ms. Amila Tennakoon – Accountant attended the “Expenditure and Payment Procedure” held in PRAG Institute from 23<sup>rd</sup> July 2015.

Mr. Gallage Dishan Saliya Dharmadasa – Management Assistant attended the “Transport Management” held in Construction Equipment Training Centre from 16<sup>th</sup> – 17<sup>th</sup> July 2015.

Ms. K.M.R.Sanjeewani – Management Assistant attended the “Secretariat Practice” held in Skills Development fund Limited from 4<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup> August – 2015

Ms. G.L.Herath – Librarian attended the “International Conference on Strengthening Co-operation among National Libraries in south Asia” held in National Library & Documentation Service Department from 06<sup>th</sup> August 2015.

Mrs. R.D.W.C.Rajapaksha – IPO attended the “Attitudes and skills Development” held in University of Colombo from 09<sup>th</sup> September 2015.

Mr. Chinthaka Jayasooriya – Research Officer attended the “Evaluating Social Programs through impact Evaluation” held in Institute of Participatory Interaction in Development from 10<sup>th</sup> – 12<sup>th</sup> June 2015.

Ms. H.M.T.G.L.Herath – Librarian, Ms .K.Y.P.Weeraratne – Assistant Librarian attended the “International Conference on Library & Information Science (SLPSAS) 2015” held in Galadari Hotel from 17<sup>th</sup> – 18<sup>th</sup> September – 2015.

Ms. Amila Thennakoon – Accountant attended the “Preparation of Financial Statements (Final Accounts) for 2015” held in PRAG Institute from 29<sup>th</sup> September – 2015.

Ms. J.P.Nanayakkara – Assistant Accountant, Ms.N.C.Ekanayaka – Internal Auditor attended the “Public Procurement Management” held in Association of Public Finance Accounts of Sri Lanka from 28<sup>th</sup> & 29<sup>th</sup> September – 2015.

Ms. Amila Thennakoon, Accountant, W. D.G. Perera, Account Officer “අලාභ වාර්තා කිරීම, හානි පූර්ණය හා කපා හැරීම පිළිබඳ වැඩමුළුව - SDFL from 21<sup>th</sup> – 22<sup>th</sup> September 2015.

Ms. J.P.Nanayakkara – Actg. Accountant, N.C.Ekanayaka – Internal Auditor attended the “Sri Lanka Public Sector Accounting Standards” (SLPSAS) held in Association of Public Finance Accounts of Sri Lanka from 13<sup>th</sup>, 14<sup>th</sup>, 20<sup>th</sup>, 21<sup>th</sup>, 27<sup>th</sup>, 28<sup>th</sup> & 29<sup>th</sup> November 2015.

Mr. B.M.T. Sameera – Management Assistant attended the “Procurement Planning” held in PRAG Institute from 19<sup>th</sup> November 2015.

Ms. S.A.K.M.Jayalath – Book Keeper attended the “Unserviceable Items” held in PRAG Institute from 2<sup>nd</sup> December 2015.

Hector Kobbekaduwa Agrarian Research & Training Institute  
Statement of Financial Position as at December 31, 2015

LKR

ASSETS	Notes	2015	2014 Restated
<b>Current assets</b>			
Cash and cash equivalents	2	14,710,732.69	7,793,755.93
Receivables-Debtors	3	21,380,622.99	21,517,920.19
Receivables-Deposits	4	774,423.44	773,795.97
Inventories	5	5,371,267.40	4,536,001.56
Prepayments	6	375,506.23	173,642.65
Other current assets	7	171,427.80	155,920.00
		<b>42,783,980.55</b>	<b>34,951,036.30</b>
<b>Nun-current assets</b>			
Other financial assets	8	6,242,329.61	5,497,130.79
Infrastructure, plant and equipment	9	62,676,795.22	65,628,113.77
Land and buildings	10	32,569,179.58	27,846,572.28
<b>Total assets</b>		<b>101,488,304.41</b>	<b>98,971,816.84</b>
		<b>144,272,284.96</b>	<b>133,922,853.14</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	11	14,235,551.08	9,454,972.84
		<b>14,235,551.08</b>	<b>9,454,972.84</b>
<b>Non-current liabilities</b>			
Employee benefits	12	36,372,580.00	36,088,145.00
<b>Total liabilities</b>		<b>36,372,580.00</b>	<b>36,088,145.00</b>
<b>Net Assets</b>		<b>50,608,131.08</b>	<b>45,543,117.84</b>
		<b>93,664,153.88</b>	<b>88,379,735.30</b>
<b>NET ASSETS/EQUITY</b>			
Government Grant - Capital	13	182,143,835.19	160,092,835.19
Capital contributed by Ministry		1,874,268.00	2,342,835.00
Reserves	14	33,855,313.31	42,015,085.68
Revaluation Reserve		35,003,646.00	35,003,646.00
Incentive and Training Fund	15	426,659.06	533,323.82
Accumulated surplus/(deficits)	16	(159,639,567.68)	(151,607,990.39)
<b>Total net assets/equity</b>		<b>93,664,153.88</b>	<b>88,379,735.30</b>

These Financial Statements are in compliance with the requirements of the Finance Act, No.38 of 1971, Public Sector Accounting Standards and Generally accepted Accounting Principles.

  
J P Nanayakkara

ASST.ACCOUNTANT

Date March 30, 2016

The Board of Directors is responsible for preparation of these Financial Statements. Approved and signed on behalf of the Board of Directors

  
HAPUTHANTHRI DHARMASENA

DIRECTOR

  
B WIJERATHNE

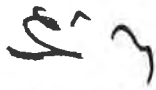
CHAIRMAN

Hector Kobbekaduwa Agrarian Research & Training Institute  
Statement of Financial Performance for the year ended December 31, 2015


LKR

Revenue	Notes	2015	2014 Restated
Funds from government Treasury		152,543,107.00	124,782,000.00
Funds from Outsiders for Research and Training Activities		1,201,860.60	3,547,757.21
Other revenue	17	30,748,898.10	31,346,417.36
<b>Total Revenue</b>		<b>184,493,865.70</b>	<b>159,676,174.57</b>
<b>Expenses</b>			
Wages, salaries and employee benefits	18	(138,658,607.87)	(102,418,163.60)
Research and Training Activities		(11,620,405.47)	(15,791,268.14)
Funds to Outsiders for Research and Training Activities		(1,201,860.60)	(3,547,757.21)
Depreciation *	9, 10	(19,095,645.72)	(16,382,550.70)
Other expenses	19	(29,688,488.43)	(31,870,481.60)
Bad Debt over/(under) Provision		5,720.72	50,583.49
Bank Charges		(74,910.00)	(80,900.00)
<b>Total expenses</b>		<b>(200,334,197.37)</b>	<b>(170,040,537.76)</b>
<b>Deficit for the period</b>		<b>(15,840,331.67)</b>	<b>(10,364,363.19)</b>

\* Rs.1,047,601.60 amount transferred from project capital fund GL P-01.



CHAIRMAN



DIRECTOR



ASST. ACCOUNTANT

Hector Kobbekaduwa Agrarian Research & Training Institute  
Cash Flow Statement for the year ended December 31, 2015

2014		Notes	2015 (LKR)	
	<b>Cash flow used in operating activities</b>			
(10,364,363.19)	Net deficit for the year			(15,840,331.67)
	<b>Adjustment for</b>			
16,382,550.70	Depreciation		19,095,645.72	
(175,143.97)	Depreciation Adjustment			
4,180,890.00	Provision for Gratuity		3,595,007.50	
553,029.12	Investment Income		435,112.22	
(29,318.46)	Prior year adjustment			
-	Profit on vehicle disposal		(2,209,960.00)	20,915,805.44
<b>10,547,644.20</b>	<b>Operating loss before working capital changes</b>			<b>5,075,473.77</b>
	<b>Working Capital Changes</b>			
1,214,003.89	Receivables		137,297.20	
367,676.35	Inventories		(835,265.84)	
30,515.61	Prepayments		(201,863.58)	
(142,358.68)	Other current assets		(15,507.80)	
(931,041.75)	Payables		4,780,578.24	
(321,514.60)	State Mortgage Bank-Housing Loans			3,865,238.22
<b>10,764,925.02</b>	<b>Cash used in operating activities</b>			<b>8,940,711.99</b>
<b>(4,347,617.50)</b>	<b>Payment of Gratuity</b>			<b>(3,310,572.50)</b>
<b>6,417,307.52</b>	<b>Net cash used in operations</b>			<b>5,630,139.49</b>
	<b>Cash Flow from Investing Activities</b>			
(908.19)	Receivables		(627.47)	
(532,734.44)	Other financial assets		(745,198.82)	
(5,495,191.67)	Infrastructure, plant and equipment		(4,106,504.56)	
(2,327,406.88)	Land and buildings		(5,880,831.51)	
(553,029.12)	Investment Income		(435,112.22)	
<b>(8,909,270.30)</b>	<b>Net cash used in investing activities</b>			<b>(11,168,274.58)</b>
	<b>Cash Flow from Financing Activities</b>			
6,475,330.00	Government Grant - Capital Received		9,271,000.00	
1,438,008.00	Project Capital Fund (Project No R 470)			
-	Vehicle Disposal		3,062,760.00	
-	Incentive Fund Institute Share (Project No R 489)		121,351.85	
<b>7,913,338.00</b>	<b>Net cash from financing activities</b>			<b>12,455,111.85</b>
5,421,375.22	<b>Net Increase in Cash &amp; Cash equivalents</b>			6,916,976.76
2,372,380.71	<b>Cash &amp; Cash Equivalent at the Beginning of Period</b>	I		7,793,755.93
<b>7,793,755.93</b>	<b>Cash &amp; Cash Equivalent at the End of Period</b>	II		<b>14,710,732.69</b>
	<b>Notes:</b>			
	<b>Cash &amp; Cash Equivalent</b>		1	11
			01.01.2015	31.12.2015
7,783,755.93	Cash at bank		7,783,755.93	14,700,732.69
10,000.00	Cash in hand		10,000.00	10,000.00
<b>7,793,755.93</b>	<b>Total</b>		<b>7,793,755.93</b>	<b>14,710,732.69</b>

Hector Kobbekaduwa Agrarian Research & Training Institute  
Statement of Changes in Net Assets/Equity  
for the year ended December 31, 2015

LKR

	Government Grant Capital	Capital Contribution from Ministry	Reserves	Revaluation Reserve	Incentive and Training Fund	Accumulated Surplus/(Deficits)	Total
Balance as at January 01, 2015	160,092,835.19	2,342,835.00	42,015,085.68	35,003,646.00	533,323.82	(151,607,990.39)	88,379,735.30
Funds received & vehicles donated from Treasury	22,051,000.00						22,051,000.00
Written back of computer purchased & vehicle donated (COD & FAO Projects)			(1,047,601.60)				(1,047,601.60)
Incentive Fund Institute Share (Project No R 489)			121,351.85				121,351.85
Written back of capital grants reserves & funds account balances		(468,567.00)	(6,814,022.62)		(106,664.76)	7,389,254.38	-
Written back of computer purchased & received (R 318 & R 319 projects)			(419,500.00)			419,500.00	-
Income & Expenditure						(15,840,331.67)	(15,840,331.67)
Balance as at December 31, 2015	<b>182,143,835.19</b>	<b>1,874,268.00</b>	<b>33,855,313.31</b>	<b>35,003,646.00</b>	<b>426,659.06</b>	<b>(159,639,567.68)</b>	<b>93,664,153.88</b>

Notes to the Financial Statements  
For the year ended 31<sup>st</sup> December 2015

I Significant Accounting Policies

I.1 General

The Financial statements are prepared under the historical cost convention in accordance with the applicable Sri Lanka Public Sector Accounting Standards (SLPSAS). Generally accepted accounting principles were used in other instances.

I.2 Valuation of Assets

(i) Property, Plant & Equipment

- a) Depreciation - Property, Plant and Equipment are stated on the balance sheet at cost less accumulated depreciation. Depreciation is provided on the straight-lines method at the following rates per annum.

Buildings	2 1/2 per annum
Equipment/Furniture	10% per annum
Computer	20% per annum
Welfare Equipment	10% per annum
Books	10% per annum
Vehicles	20% per annum

A full year's depreciation is charged in the year of purchase.

- b) In the year 2014 all the vehicles owned by the institute has revalued and vehicle No.65-1280 donated by Food and Agricultural Organization (FAO) in year 2012 has taken to accounts in year 2014 base on the revaluation amount.
- c) According to the instruction of the Auditors depreciation has not provided for motor cycle No.141-5655 revaluation amounting to Rs.15,000/- until a decision to be taken.

(ii) Debtors

Debtors are stated at the amounts at which they are expected to be realized. Adequate provision has been made in the accounts for bad and doubtful debts. Provisions for doubtful debts are made at 4% of debtors balance as at the date of reporting.

(iii) Stocks

Stocks of consumable items are valued at cost. Other stocks are valued at lower of cost and net realizable value. Cost of the stocks is valued using FIFO method.

I.3 Gratuity

Provision has been made in Financial Statements for Gratuity payable under the payment of Gratuity Act No. 12 of 1983.

In the year 2015 gratuity has been calculated base on Basic Salary and Cost of Living Allowance.

I.4 Transport and Printing cost

Transport and printing expenditures have to be accounted for all divisions and research and training. Therefore that expenditure has been valued at an approved rate and that cost is adjusted to a percentage between those relevant expenditures.



## 1.5 Depreciation of Capital Grants Reserves and Funds

- a. The balance of Capital Grants reserves and Funds accounts available from the establishment of the institute up to 2005 was written back to the accumulated deficit account in equal amounts within 5 years are as follows.

	(Rs.)				
	2015	2016	2017	2018	2019
Capital contribution from savings	220,474.56	220,474.56	220,474.56	220,474.56	220,474.55
Project Capital Fund	2,919,328.52	2,919,328.52	2,919,328.52	2,919,328.52	2,919,328.51
Capital Reserves	313,456.88	313,456.88	313,456.88	313,456.88	313,456.88
Project General Reserve	3,260,395.49	3,260,395.49	3,260,395.49	3,260,395.49	3,260,395.51
Capital Contribution from Ministry of Agriculture	468,567.00	468,567.00	468,567.00	468,567.00	468,567.00
Training Fund	79,252.38	79,252.38	79,252.38	79,252.38	79,252.39
Incentive Fund	27,412.38	27,412.38	27,412.38	27,412.38	27,412.39
Incentive Fund Institute share 40%	100367.17	100367.17	100367.17	100367.17	100367.18
	<b>7,389,254.38</b>	<b>7,389,254.38</b>	<b>7,389,254.38</b>	<b>7,389,254.38</b>	<b>7,389,254.41</b>

- b. Two nos of computer purchased from R-318 project in year 2007 and 3 nos of computer received from R-359 project in year 2008 completely written back to accumulated deficit account in year 2015 based on the depreciation rate are as follows.

R-318 Project (Year 2007)	128,500.00
R-359 Project (Year 2008)	291,000.00
	<b>419,500.00</b>

- c. Computers purchased from the COD funds in 2014 and the vehicle (No.65-1280) received from the FAO project and accounted in 2014 written back equally to the depreciation rate for 2014 and 2015 are as follows:

	Year 2014	Year 2015
Computers Purchased from COD Project	287,601.60	287,601.60
Vehicle donated from FAO	760,000.00	760,000.00
	<b>1,047,601.60</b>	<b>1,047,601.60</b>

## 1.6 Statement of Financial Performance

The statement of financial performance is stated after;

- Providing bad and doubtful debts and all expected future expenses in day - to- day operation of the Institute and maintaining the property plants and equipment in a state of efficiency.
- Charging all expenses incurred in the year.

2 Cash and cash equivalents	2015	2014
Cash in hand	10,000.00	10,000.00
Cash at bank - A/c No 2323292	1,638,481.62	735,015.44
Cash at bank - A/c No 2323293	481,148.21	1,929,973.28
Cash at bank - A/c No 2323315	81,226.60	538,787.59
Cash at bank - A/c No 2323317	12,499,876.26	4,579,979.62
	<b>14,710,732.69</b>	<b>7,793,755.93</b>

### 3 Receivables

#### Staff Debtors

Housing Loan	1,966,261.85	2,401,069.05
Consolidated loan	17,919,014.28	17,274,495.96
Special Advance	695.47	4,945.47
Festival Advance	22,429.05	154,929.05
Auditorium Income Receivable	356,565.00	411,412.50
Hostel Income Receivable	513,304.75	107,301.00
Due from displaced persons	6,723.32	6,723.32
Scholarship debtors	19,593,320.10	20,005,859.97
	<b>40,378,313.82</b>	<b>40,366,736.32</b>

#### Other Debtors

Investment income receivable	159,743.05	184,667.18
In-Services Training Institute	6,806.38	6,806.38
K N U Gunasekara	12,100.00	12,100.00
Ministry of Agriculture	85,527.16	85,527.16
Recoverable from resigned employees	606,795.87	558,866.21
Sarasavi Book Shop	4,272.25	4,272.25
Receivable From Election Department	-	54,592.24
Debtors - Miscellaneous	161,831.68	123,332.65
R-481 Value of Ecosystems' Services Provided by the Jaffna Lagoon and Contribution of the Lagoon to the Livelihoods of Peripheral Villages	111,921.59	1,023,459.78
Baseline Food Security & Market Assessment	337,490.58	-
	<b>1,486,488.56</b>	<b>2,053,623.85</b>
	<b>41,864,802.38</b>	<b>42,420,360.17</b>
<b>Less:</b>		
Provision for Bad & Doubtful Debtors	(890,859.29)	(896,580.01)
Provision for scholarship	(19,593,320.10)	(20,005,859.97)
	<b>21,380,622.99</b>	<b>21,517,920.19</b>

### 4 Receivables

#### Deposits

Fixed - Caterer	70,000.00	70,000.00
Fixed - Cashier	11,353.44	10,725.97
Sundry - Sri Lanka Telecom (Internet facility)	3,125.00	3,125.00
Sundry - Post Master General	24,945.00	24,945.00
Sundry - Colombo Gas and Water Co.	4,750.00	4,750.00
Sundry - Water supply and Drainage Board	500.00	500.00
Sundry - Celltel Lanka Ltd.	3,500.00	3,500.00
Sundry - Ceylon Electricity Board	406,250.00	406,250.00
Sundry - MG Samsons & Sons	250,000.00	250,000.00
	<b>774,423.44</b>	<b>773,795.97</b>

LKR

5 Inventories	2015	2014
Publication and journals	2,757,389.00	2,393,087.00
Consumables	1,755,811.40	1,647,184.06
Sales Center	858,067.00	495,730.50
	<b>5,371,267.40</b>	<b>4,536,001.56</b>

6 Prepayments		
Vehicle Insurance	375,506.23	149,826.71
Building Insurance	-	23,815.94
	<b>375,506.23</b>	<b>173,642.65</b>

7 Other current assets		
Purchase Advance	171,427.00	100,920.00
Advance	0.80	55,000.00
	<b>171,427.80</b>	<b>155,920.00</b>

8 Other financial assets		
Call Deposits	1,500.00	1,500.00
Fixed Deposits at State Mortgage & Investment Bank	5,613,145.18	5,336,889.16
Fixed Deposits at State Mortgage & Investment Bank-Housing Loan Scheme	627,684.43	158,741.63
	<b>6,242,329.61</b>	<b>5,497,130.79</b>

9 Infrastructure, plant and equipment

Schedule of Depreciation of Assets - December 31, 2015

Particulars	Cost as at 01.01.2015	Additions / (Disposal) during the Year 2015	Total Cost as at 31.12.2015	Acc/Dep as at 01.01.2015	Dep. for the year 2015	Accu/Dep. ended 31.12.2015	Net Value as at 31.12.2015
Equipment/Furniture	44,209,526.50	1,320,487.17	45,530,013.67	31,885,129.81	2,383,423.05	34,268,552.86	11,261,460.81
Computer Installation	25,901,532.58	1,726,780.00	27,628,312.58	21,367,731.85	1,875,531.00	23,243,262.85	4,385,049.73
Motor Vehicles	58,332,665.00	13,277,900.00 (1,066,000.00)	70,544,565.00	11,763,862.00 (213,200.00)	14,081,580.00	25,632,242.00	44,912,323.00
Books	12,273,207.46	561,337.39	12,834,544.85	10,072,095.11	644,489.06	10,716,584.17	2,117,960.68
Welfare Equipment	3,734.55	-	3,734.55	3,733.55	-	3,733.55	1.00
<b>Total</b>	<b>140,720,666.09</b>	<b>15,820,504.56</b>	<b>156,541,170.65</b>	<b>74,879,352.32</b>	<b>18,985,023.11</b>	<b>93,864,375.43</b>	<b>62,676,795.22</b>

10 Land and buildings

Schedule of Depreciation of Assets - December 31, 2015

Particulars	Cost as at 01.01.2015	Additions/ (Disposals) during the Year 2015	Total Cost as at 31.12.2015	Acc/Dep as at 01.01.2015	Dep. for the year 2015	Accu/Dep. ended 31.12.2015	Net Value as at 31.12.2015
Land	1,716,667.00	-	1,716,667.00	-	-	-	1,716,667.00
Buildings	40,448,136.75	5,880,831.51	46,328,968.26	14,318,231.47	1,158,224.21	15,476,455.68	30,852,512.58
	<b>42,164,803.75</b>	<b>5,880,831.51</b>	<b>48,045,635.26</b>	<b>14,318,231.47</b>	<b>1,158,224.21</b>	<b>15,476,455.68</b>	<b>32,569,179.58</b>

Palwehera circuit bungalow have been acquired on 12.12.2011 under the 30 years operating lease

LKR

	2015	2014
<b>11 Payables</b>		
Accrued expenses	9,525,273.73	7,335,757.19
Tender deposit refundable	136,462.20	124,462.20
Canteen deposit refundable -Upatissa Paranamana	50,000.00	50,000.00
Salary Advance	10,232.91	10,232.91
Unpaid expenditure	192,344.11	179,728.18
Payable to Resigned Employees	218,090.29	177,907.92
Employees and restaurant deposit	13,084.50	13,084.50
Stamp Fees Payable	16,000.00	11,975.00
Retention	258,253.18	85,087.41
Creditors	2,082,081.16	833,300.00
Mobitel (Pvt) Limited	-	56,013.96
Received in advance - Hostel	108,921.25	-
Received in advance - Auditorium	86,250.00	-
Welfare Society	3,197.00	4,321.00
Gratuity Payable	126,912.50	-
Paye Tax Payable	15,300.00	-
Payable to Ministry	94,358.05	-
Upathissa Paranamana	61,788.37	-
<b>Creditors against projects</b>		
R-470 Minimum Cost of Diet in Sri Lanka	423,823.94	573,102.57
Rapid food Security & need Assessment	7,774.28	-
R - 505 Addressing Climate Change Impacts on Marginalized Agriculture Communities Living in the Mahaweli River Basin of Sri Lanka	805,403.61	-
	<b>14,235,551.08</b>	<b>9,454,972.84</b>
<b>Employee benefits</b>		
<b>12</b> Balance as at January 01,	36,088,145.00	36,254,872.50
Payments during the year	3,310,572.50	4,347,617.50
Provision for the year	3,595,007.50	4,180,890.00
Balance as at December 31,	<b>36,372,580.00</b>	<b>36,088,145.00</b>
<b>Government Grant - Capital</b>		
<b>13</b> Balance as at January 01,	160,092,835.19	153,617,505.19
Capital Contribution During the year	22,051,000.00	6,475,330.00
Balance as at December 31,	<b>182,143,835.19</b>	<b>160,092,835.19</b>
<b>Reserves</b>		
<b>14</b> Contribution from savings	881,898.23	1,102,372.79
Project Capital Fund	14,820,118.87	19,206,548.99
Capital Reserve	2,928,827.52	3,242,284.40
Project General Reserve	13,041,581.98	16,301,977.47
Incentive Fund - Institute share	2,182,886.71	2,161,902.03
	<b>33,855,313.31</b>	<b>42,015,085.68</b>
<b>Incentive and Training Funds</b>		
<b>15</b> Incentive Fund	109,649.53	137,061.91
Training Fund - Projects	317,009.53	396,261.91
	<b>426,659.06</b>	<b>533,323.82</b>

Hector Kobbekaduwa Agrarian Research & Training Institute  
Notes to the Statements for the year ended December 31, 2015

LKR

<b>Accumulated deficits</b>		<b>2015</b>	<b>2014</b>
16	Balance as at January 01,	151,607,990.39	141,214,308.74
	Depreciation correction for Previous Years	-	(175,143.97)
	Prior year adjustment - Interest Receivable on Call & Fixed deposits	-	26,857.43
	Prior year adjustment - Receivable Hostel & Auditorium Income	-	177,605.00
	Written back of capital grants reserves & funds account balances	(7,808,754.38)	-
	Expenditure over income as at December 31,	15,840,331.67	10,364,363.19
	Balance as at December 31,	<b>159,639,567.68</b>	<b>151,607,990.39</b>

<b>Other Revenue</b>			
17	Hostel charges	13,563,914.60	12,410,375.33
	Conference hall charges	12,499,408.00	12,948,035.75
	Income From Mobitel Customer service	94,512.99	70,532.15
	Sales of publications	150,092.00	133,330.50
	Interest on investments	435,112.22	553,029.12
	Interest on staff loan	735,587.95	739,034.40
	Recurrent contribution from projects	140,530.43	3,510,935.03
	Scholarship Debtors	412,539.87	320,000.00
	Bungalow fees and room rent	21,260.25	-
	Palwehera Room rent	150,300.00	62,600.00
	Computer income	4,026.00	254.00
	Tender fees	10,000.00	9,750.00
	Consultancy Income	-	328,000.00
	Computer Cost & Staff Time	-	94,628.93
	Other income	321,653.79	165,912.15
	Profit on Sale of Vehicles	2,209,960.00	-
		<b>30,748,898.10</b>	<b>31,346,417.36</b>

<b>Wages, salaries and employee benefits</b>			
18	Salary -Permanent staff	43,960,156.52	44,290,101.04
	Salary - Investigators	6,161,103.03	6,407,127.05
	Cost of Living Allowance,Special Allowance & other	51,298,540.32	32,686,338.66
	EPF	10,171,934.82	10,134,549.69
	ETF	2,034,386.98	2,026,883.45
	EPF & ETF Arrears	14,376,238.87	-
	Overtime	2,750,879.83	2,692,273.71
	Gratuity	6,854,467.50	4,180,890.00
	Gratuity Surcharges	1,050,900.00	-
		<b>138,658,607.87</b>	<b>102,418,163.60</b>

Other expenses		2015	2014
19	Local subsistence & Local transport	1,740,496.63	1,526,975.25
	Foreign Travel Allowance	208,098.00	327,619.60
	Stationery and office requisites	1,004,002.10	1,502,335.37
	Fuel and lubricants	1,469,975.45	2,161,253.33
	Uniforms	373,546.82	295,242.68
	Vehicle repairs	1,183,707.89	1,054,975.85
	Maintenance of Building	752,944.49	1,132,705.25
	Plant machinery and equipment repairs	1,439,427.92	1,973,887.88
	Telephone charges	1,656,485.41	1,468,786.30
	Electricity	5,516,558.28	5,679,232.06
	Water bills	1,023,867.11	834,980.43
	Taxes to local authorities	315,601.20	315,601.20
	Postal charges	410,500.00	401,070.00
	Transport	567,507.50	428,770.00
	Legal activities on defaulters	8,000.00	12,000.00
	Technical Advice for Vehicles	82,500.00	120,000.00
	Technical Advice for Construction	165,000.00	37,500.00
	Newspapers	256,670.00	271,060.00
	License and insurance	1,034,597.27	889,379.10
	Security charges	2,097,530.00	2,133,107.20
	Cleaning services	697,722.68	705,650.00
	Laundry services	702,205.00	445,515.00
	Audit fees	270,000.00	330,000.00
	Medical charges	662,832.62	557,040.48
	Canteen charges	56,393.00	141,340.00
	Miscellaneous expenses - Others	649,676.55	357,389.76
	Legal charges	122,750.00	34,970.00
	Welfare	324,827.00	336,670.00
	Advertisement	359,889.75	1,365,759.99
	Interview charges	21,000.00	22,000.00
	Board of governors	180,400.00	582,500.00
	Printing & Publication	1,116,159.91	1,294,956.31
	Entertainment	4,705.00	5,841.00
	Dissemination of information	982,050.00	1,140,305.00
	Cost of Sales - Publications	146,712.00	133,330.50
	Withholding Tax	37,570.08	48,124.89
	Audit & Mgt Committee	100,400.00	63,600.00
	Staff Development	1,946,178.77	1,739,007.17
		<b>29,688,488.43</b>	<b>31,870,481.60</b>

## 20 Contingent Assets & Liabilities

### Scholarship Debtors

#### Ms.S.D Aberathna

Court case is laid by due to non availability of the present address.

#### Dr. U.L.J.J Perera

Court case is laid by due to non availability of the present address

#### Ms.R Athukorala

Full bond value is recovered from guarantors. The case has been handed over to the Attorney General's Department in 2002 to recover the balance amount. However, due to non availability of the present address the Court case is laid by.

#### Dr.R.B Senakarachchi

Court decision given in favour of HARTI in 2006. An appeal against the court decision has filed in the High court of the Western Province on 12.01.2007 and it was dismissed. Though it was agreed to pay Rs.2,000,000 in an agreement the Board of Directors are not approved since it is unable to recover the total due amount.

#### Dr.G Wickramasinghe

The court verdict on 24.11.2010 was in favour of the Institute. A petition of appeal has been filed by the defendant and the case is being heard.

#### Ms.A.C.K Sepala

Agreed to pay the amount in October 2013 Rs.450,000/- has been paid so far.

#### Mr.P.D.R Kumarasiri

The court verdict was given in 2011 to recover from the guarantors.

#### Ms.V.Sathgunarajah

Unable to find the preset address. Recovering from guarantors monthly.

#### Mr.M.S Gowrisanker

Unable to find he present address. Recovering form guarantors monthly.

#### Mr.P.D.J Ananda

Court case is laid by due to non availability of he present address. Full bond value recovered from the guarantors.

#### Dr.W.G Somarathna

Payment had been made according to a settlemt. Rs.9877/- has to be paid.



## **Cases Against the HARTI**

### **Mr. A.M.D. Tennakoon**

A case has been filed in the Department of Labour against the institute for deducting the salary due to a road accident.

### **Mr. Hasith Ranga**

A case has been filed in the Department of Labour against the institute for deducting the salary due to a road accident.

### **Mrs. W.A.I. Devendra**

A case has been filed in the Department of Labour against the institute for depriving her of the due salary scale.

### **Mr. S.J. Rosa and Mrs. Jayanetti**

A case has been filed in the Department of Labour against the institute for not absorbing to the Data Analyst post.

### **Mrs. R.A.D.N. Rupasinghe and Mr. S.T.G. Aravinda**

A case has been filed in the Department of Labour against the institute for being interdicted from the Post of Administrative Officer.

### **Mr. J. Chandrawansa**

The case on the vehicle accident (vehicle No.53-3287) is pending at the District Court, Moneragala (Case No.4269M).

### **Mr. A.K. Alawatta**

The case on the dispute over a vehicle is pending at the Magistrate Court, Matara.

### **Miss. K.G.S. Wanigasinghe**

Hearing of the appeal case made by Ms. Shirani Wanigasinghe is over and court submissions should be made to the Labour Department.

### **Ms. B.L. Sirimathi**

According to the Labour Court decision on 06-01-2016 the gratuity amounting to Rs.58880 and surcharge amounting to Rs.8832/- was paid to Ms. Sirimathi on 08-02-2016.

### **Mr. Jayamanna**

A case has been filed in the Department of Labour against the institute for being interdicted from service.



**විගණකාධිපති දෙපාර්තමේන්තුව**  
**கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



AGL/D:HARTI/1/15/04

30 July 2016

මගේ අංකය }  
எனது இல. }  
My No. }

ඔබේ අංකය }  
உமது இல. }  
Your No. }

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திகதி }  
Date }

The Chairman

Hector Kobbekaduwa Agricultural Research and Training Institute.

Report of the Auditor General on the Financial Statements of the Hector Kobbekaduwa Agricultural Research and Training Institute for the year ended 31 December 2015 in terms of Section 14(2) (C) of the Finance Act, No. 38 of 1971.

The audit of financial statements of the Hector Kobbekaduwa Agricultural Research and Training Institute for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13 (1) of the Finance Act, No. 38 of 1971 and Section 24 of the Hector Kobbekaduwa Agricultural Research and Training Institute Act, No. 5 of 1972. My comments and observations which I consider should be published with the Annual Report of the Institute in terms of Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7) (a) of the Finance Act, was issued to the Chairman of the Institute on 26 May 2016.

**1.2 Management's Responsibility for the Financial Statements**

The management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.



### 1.3 Auditor's Responsibility

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My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institute's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements. Sub-sections (3) and (4) of Section 13 of the Finance Act, No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### 1.4 Basis for Qualified Opinion

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My opinion is qualified based on the matters described in paragraph 2:2 of this report.



## 2. Financial Statements

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### 2.1 Qualified Opinion

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In my opinion, except of the matters described in paragraph 2:2 of this report, the financial statements give a true and fair view of the financial position of the Hector Kobbekaduwa Agricultural Research and Training Institute as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

## 2.2 Comments on Financial Statements

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### 2.2.1 Accounting Deficiencies

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The following observations are made.

- (a) The 10 per cent contribution to the Employee Provident Fund, amounting to Rs. 5,134,370 that had been computed for the period from January 2006 to December 2011 by taking into account the cost of living allowance, and holiday pay, had not been recovered from the relevant employees. It had been accounted as an expense of the Institute instead.
- (b) The cash flow statement had not been prepared by showing cash in-flows, and out-flows, and the following deficiencies were observed in the cash flow statement presented.
  - i. The investment income received in cash for the year under review amounting to Rs. 258, 365, had been shown in the cash flow statement as a cash out-flow of Rs. 435,112.
  - ii. In the preparation of cash flow statement following the indirect method, the investment income of Rs. 435,112 should have been deducted under the notes of the accounts that had been adjusted to the deficit of the year. However, it had been added.



(c) The sum of Rs. 1,029,200 paid in the years 2011, and 2013 for the construction of bio-gas unit that remains functional since the year under review, and the expense of Rs. 225,000 incurred for purchasing a waste container, had been treated as expenses of the year instead of being capitalized. This asset, which was an expense of capital nature, was still in use.

### 2.2.2 Unexplained Differences

Although the balance of the consumable items included in the financial statements amounted to Rs. 1,755,811 by the end of the year under review, it amounted to Rs. 1,681,024 as per the schedules made available in that connection. As such, a difference of Rs. 74,787 was observed.

### 2.3 Accounts Receivable and Payable

The total debtors and creditors balances older than 5 years amounted to Rs. 20,005,156, and Rs. 947,652 respectively. An effective methodology had not been implemented in order to settle those balances.

## 3. Financial Review

### 3.1 Financial Results

According to the financial statements presented, the operations of the Institute for the year under review had resulted in a deficit of Rs.15, 840,332 as compared with the corresponding deficit of Rs.10, 364,363 for the preceding year. The financial result for the year under review, as compared with the preceding year, indicated a deterioration of Rs.5, 475,969. Increase in the Government grants by Rs. 27,761,167, salaries and allowances by Rs. 36,240,444, depreciations by Rs. 2,713,095, and decrease in training expenses by Rs. 5,829,137 had mainly attributed to the deterioration of the financial result. Despite a deficit in the financial result had been indicated in analyzing the financial results of the year under review and 04 preceding years, the contribution of the year 2011 amounting to Rs. 79,477,329, had improved up to Rs. 141,913,921 by 79 per cent during the year under review in considering the employee remunerations and the depreciation of noncurrent assets.



To relate such research to problems connected with agrarian development and modernization with special reference to Ceylon and other Asian countries in general.

(a) Although, the Institute remained functional since the year 1972, action had not been taken to achieve the following objectives.

- i. Providing sponsorships for seminars, colloquiums, and workshops at regional, or international level.
- ii. Conducting researches on the issues relating to agrarian activities with the cooperation of Asian countries so as to fulfil the regional requirements, and acting as a center for collection and dissemination of information relating to the problems faced by the farmers.
- iii. Using the issues relating to agricultural development and renovation of other Asian countries for researches.

(b) Considerable delays were observed when research projects were implemented by the Institute in line with plans. It was observed that reports in respect of 21 research projects on which a sum of Rs. 11,571,000 had been incurred in the years 2010, 2012, 2013, and 2014, had not been disseminated even by 26 April 2016. As it is not possible to disseminate the results of the researches to the relevant fields, due to delay of the final report of the researches relating to the agrarian field, it was observed that the objectives expected from the researches could not be achieved.

(c) Of the 14 research projects that had been planned to complete during the year under review, 12 projects had not been completed by 26 April 2016. The estimated provision for those projects amounted to Rs. 7,672,000, and a sum of Rs. 7,297,000 had been spent



#### 4. Operating Review

##### 4.1 Performance

The main objectives of establishing the Institute, are as follows:

- i. Strengthening, assisting and encouraging agrarian researches, and ensuring uniformity.
- ii. Co-ordination of agrarian researches through Government Departments, Local Authorities, Government Corporations and other institutions.
- iii. Investigating and conducting researches on institutional issues that affect the development of agriculture.
- iv. Investigating, Studying and conducting researches on the utilization of lands in an economically productive manner so as to achieve objectives relating to agriculture.
- v. Undertaking socio-economic researches on agriculture and rural development.
- vi. Providing or implementation of training facilities and programmes relating to agrarian research, either alone or in association with other institutions in Ceylon or abroad and to award diplomas, degrees, prizes and distinctions in connection therewith.
- vii. Sponsoring and conducting conferences and seminars, and publish journals and magazines in connection with agrarian research and training.
- viii. Carrying out such research relating to problems of agrarian structure in co-operation with Asian countries in order to serve their regional needs and provide a centre for the collection and dissemination of information on agrarian problems.



- (d) Research and training which are the main activities of the Institute, should have been carried out on the recommendations, proposals, and evaluations of the Committee of Research and Training. However, the representation of the said Committee had been minimal as only one and two sessions of the Committee meetings had been held in the years 2014 and 2015 respectively.
- (e) Only 43, out of the 80 training programs that had been planned for the year under review as per the action plan of the Institute, had been conducted.

#### 4.2 Management Inefficiencies

The following observations are made.

- (a) The official quarters of the Director had been occupied by external parties, and a sum of Rs.73,543 had been spent by the Institute during the year under review on electricity and water bills.
- (b) In spite of being interdicted on financial misconduct, the Assistant Registrar (Administration) had been reinstated. The Board of Control had ordered that the preliminary investigation carried out in that connection be annulled and a new investigation should be carried out. The reinstatement of officers alleged to have committed financial fraud, without taking disciplinary action contradicts with Section 31 in Chapter XLVIII of Volume 2 of the Establishments Code. It was also observed that the investigations could be hampered due to the situation arisen therefrom.
- (c) A possible income of interest had been deprived as a sum of Rs. 12,499,876 had been retained in a bank current account throughout the year under review without being invested.
- (d) A vehicle owned by the Institute had been dispatched to the Ceylon German Technical Training Institute, in the year 2013 for repairs. Although, a sum of Rs. 116,628 had been paid in that connection, the Institute had not brought back the vehicle even by 26 April 2016 after being repaired.





(c) As the rooms of the hostel owned by the Institute had been allowed for external persons without being charged, the Institute had been deprived of a sum of Rs. 1,287,655 during the year under review.

#### 4.3 Human Resource Management

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The following observations are made,

- (a) The post of Registrar of the Institute had remained vacant over a period of more than 05 years since 03 January 2011 up to date of audit, on 22 April 2016.
- (b) A newspaper advertisement had been published on 20 July 2014 by incurring a sum of Rs. 247,296 for the recruitment of a Senior Statistical Officer and five Research Officers to the Institute, and an applicant had been selected for the post of Statistical Officer by conducting an interview on 29 October 2014. However, recruitment had not been made even by 20 April 2016, whereas action had not been taken to conduct an interview even by April 2016 for recruiting Research Officers.

### 5. Accountability and Good Governance

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#### 5.1 Budgetary Control

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As the budget had been amended on 05 December 2015 based on actual information by the end of the year, the budget had not been made use of as an effective instrument of management control.





(b) Cases had been filed against 10 scholarship holders who had breached agreements and read for post graduate studies at foreign universities. I had been informed by the management that recovery of a sum of Rs. 8,539,799 from 06 of them had remained doubtful.

#### 5.4 Presentation of Accounts

The financial statements should be presented to the Auditor General within 60 days from the closure of the year of accounts in terms of Section 6.5.1 of the Public Enterprises Circular. No. PED/12 dated 02 June 2003. However, the financial statements had been presented on 05 April 2016.

#### 6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Institute from time to time. Special attention is needed in respect of the following areas of control.

<u>Areas of Controls</u>	<u>Observations in Brief</u>
(a) Financial Administration	Failure to take action to settle loans
(b) Control of Research Projects	Failure to implement as planned, and delays in publishing the reports.
(c) Control of Assets	Failure to utilize funds to achieve objectives effectively, and weaknesses in controlling vehicles.
(d) Staff Administration	Failure to make substantive appointments for long-term acting posts, failure to implement the recommendations of the examinations carried out on appointments, reinstatement of officers with accusations without preliminary disciplinary inquiries.

H.M. Gamini Wijesinghe.

Auditor General

Auditor General  
Auditor General's Department  
No 306/72, Polduwa Road,  
Battaramulla.

**Report of the Auditor General on the Financial Statements of the Hector Kobbekaduwa Agrarian Research and Training Institute for the year ended 31 December 2012 in terms of section 14 (2) ( C ) of the Finance Act, 38 of 1971**

**Explanations with regard to the above report dated on 30.07.2016 are presented herewith.**

## **2. Financial Statement**

### **2.2 Expressing views on Financial Statement**

#### **2.2.1 Sri Lanka Accounting Standards**

(a) When paying Employees Provident Fund our institute deducts 10% from the employees' salary and the institutes' contribution is 15%. In accordance with the Employees Provident Fund Act Provision 10- (1) the employee should contribute 10% from his total earnings to the Employees Provident Fund. According to the Provision No: 10- (2) employer is liable to pay to the Fund on or before the last day of the succeeding month, a contribution of an amount equal to 15% of such employee's total earnings from that employment during that month

The employer must deduct the contribution amount of payee when paying salaries to the employee.

The employer should pay the total amount of employer-employee contribution to the employees' Trust Fund by filling relevant forms.

The act has not mentioned that it is possible to deduct from the employee's salary, if the employer has not deducted the contribution amount from the employee from the salary

Since the employer should pay the total amount of contribution fund at once, the employer will have to bear the total amount of employer - employee contribution. Therefore, the institute has paid the total amount of contribution fund and the contribution fund has being correctly deducted from May 2013 from employees. A Written request has been sent seeking clarification regarding this from the Senior Legal Adviser of the Department of Labour and no response has been received so far. A reminder has also been sent in this regard.

(b) (i) Agreed.

It is noted to include only the investment income received in cash to the cash flow statement.

(ii) Agreed .

It is noted to prepare Cash flow statement in the coming year.

(c)

- Bio Gas Unit was established as a pilot project. The main objective of establishing this Unit is to produce bio gas from kitchen waste and finding the possibility use that gas to fulfill the part of the institutes' / kitchen power requirement.
- This was named as a research project (R-404) and this asset was not capitalized as it was improved time to time and was under the research and study level.
- Since it is in the operational level now and according to the observations presented by the Audit action will be taken to capitalize this asset when preparing 2016 accounts.
- The Medical Officers' Office in a written notice on 16.06.2015 had informed to remove the garbage room close to the kitchen within 21 days. In order to deal with the garbage issue this waste container had been purchased at a cost of Rs.249,700 on 22.07.2016. This has been treated as expense of the year and actions will be taken to correct it as a capital expenditure in 2016.

### **2.2.2. Unexplained differences**

#### **Consumable Items**

The main reason behind this difference is the difference in store goods reported during the former store keeper N.S Wickramarachchi's tenure. This difference has been recovered from him by including it in his financial report.

### **2.3 Accounts Receivable and Payable**

The balance of the scholarship debtors from the total debtors and creditors balance older than 5 years amounted to Rs.19,593,320.10 and the institute has taken proper procedure to recover those balances. The letters have been sent to recover the balances amounted to Rs.286,532.75, from those who have left the service. Accordingly, a total debtors and creditors balance of Rs.121,085.91 is remain to investigate and appropriate measures will be taken in the future.

From the debtors and creditors balance older than 5 years Rs. 646,965.00 is remain as accumulated balance and it is identified as payable Auditing charges. Steps will be taken to settle that balance. Furthermore, a sum of Rs.150,015 has to be paid to the former research officer of the institute Mr. Ravichandran this amount should be in accounts as this amount is guaranty for scholarship debtor Ms. V.Sathgunaraja. and also the amount of Rs.50,000, the deposit for catering services by the canteen owner Mr. Upathissa Paranamanna should also be in accounts. Accordingly, only Rs. 100,671.91 has to be settled from the debtors and creditors balance older than 5 years and measures will be taken to settle this in future.

### 3. Financial Review

#### 3.1 Financial Result

When compared with the preceding year increase in the wages, salaries and employee benefits and increase in annual depreciation has attributed to the deterioration of financial result.

### 4. Operating Review

#### 4.1. Performance

(a) The below mentioned programmes will prove that our institute since its establishment has been a center for holding regional and international level conferences, academic programmes and workshops .

#### (i) **Regional conferences, seminars, training programmes and academic tours organized by the institute**

1. The institute has facilitated as a training center for providing field experience to international trainees under the international course on Development of the Agriculture sector and Research. This programme was cordianted by the Wageningen University of Agriculture in Netherlands. This programme was carried out for 4 years from 1984.
2. An international Training course on “Rural Project Development” was organized by the institute with the collaboration of National Institute of Business Management and with the support of Asian Productive Organization in Oct 3-31 in 1986.
3. A course and an academic tour on ‘Agricultural Marketing and Food information’ has been prepared and conducted by this institute for government officers in Myanmar in 1999.
4. An international Training Programme on Participatory approaches in Rural Development Project Planning (RRA/PRA and PCM) was designed and conducted by the institute with the collaboration of Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) located in Bangladesh in 2005.
5. The institute with the collaboration of the National Institute of Rural Development (NIRD) in India and CIRDAP planned and conducted an International Training Programme on ‘Using Information and Communication Technology in Rural Development. This programme was conducted from November 14 to 23 in 2006.
6. An academic tour was organized by the institute for expert at the National Institute of Rural Development (NIRD) in India in 2011. The tour was to study the rural water supply methods.
7. Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) and Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI) jointly organized an international workshop on ‘Reduction of Postharvest losses in Fruit and Vegetable Supply Chains’ on 17-20 March 2014.
8. Following a request made by our institute from the Bandaladesh Rural Development Institute an academic Tour was organized for Indian Rural Development experts. This successful tour was organized to get experience on Sri Lankan Rural Development Projects.

(ii)/(iii) Studies have been carried out on the issues related to agrarian activities with the cooperation of Asian countries so as to fulfill the regional requirements and issues related to agricultural development and renovation of other Asian countries.

Below mentioned are some of studies which conducted with the collaboration of CIRDAP and other organizations with related to the above.

01. Asian survey on Agrarian reformation and Rural Development – 1973
02. Role of Rural organizations on Rural Development in Asia -1976
03. Local study of the regional study on Agrarian reformation and Administration sponsored by CIRDAP -1977
04. Regional Study organized and coordinated by the East-West Centre in Hawaii ,1980– The study was on the fertilizer marketing and distribution in countries such as Sri Lanka, India and Pakistan
05. The Institute joined the functional Research on Promoting Community participation in Integrated Rural Development conducted by the CIRDAP. This Research was conducted in two stages (1984 and 1990) with the participation of all 14 CIRDAP member countries.
06. Participating in the study conducted by the CIRDAP regarding the productivity and effects on employment of small scale farming methods. This study was conducted in 1985 with the participation of allo CIRDAP member countries.
07. Participating in the study on ‘Organization and Management Activities of Agricultural Services working for small farmer of Asia’ conducted by CIRDAP in 1989 for all member countries.
08. Participation in the feedback Functional Research on opportunities in South Asia to implement small scale Irrigation and its impact on rural communities conducted by the CIRDAP in 1990.
09. The institute participated in the study of Integrated Rural Development (MVRD) project conducted by the CIRDAP in all CIRDAP member countries from 1992.
10. Participating to the studies on ‘strengthening Agricultural Service supply systems for small famers’ conducted by the CIRDAP in all member countries from 1994 and 1998. Those studies were conducted in two stages.
11. Representation of Sri Lanka at the Pro-poor policy formulation dialogue organized by the World Food Programme in 2008.

The institute is actively working for collecting and distribution of information related to the Agrarian issues from the beginning of the 1980s. A Statistics and Data Processing center has been established in the institute with the help of USAID for this purpose. The objective is to provide data for local and international claimants.

In addition to this, providing the information related to the poverty and Rural development in Sri Lanka to the “CIRDAP Rural Development Report” is carried out by our institute. The information in the report is updated once in two years and the report is published under a special theme.

The foreign entities which expected to conduct various studies in which our institute is competent with, consider our institute as a resource center and therefore they seek the help of our institute. Examples are as follows.

01. Wageningen University of Agriculture in Netherlands has joined our institute to conduct their study on planning the Agricultural Sector in Sri Lanka in 1979.
02. In 1979 Reading University of United Kingdom has get the support of our institute to conduct a study on Water Usage and decision making aspects in Farms in dry zone in 1979.

In addition, following example will prove that this institute is act as a center for obtaining library information.

1. As an International Library information service center, the library of Asia Pacific information network in social sciences has concerned our library to use as an center to represent Sri Lankan Libraries in 1970-80.
2. This Institute has work as an center of Asia Pacific network for scientific and technological information and experience sharing center which was initiated by the UNESCO in 1987.

- (b) Of research studies conducted during 2010-2014 which scheduled to publish 12 have been published so far and considerable number of studies also have been sent to the publication unit by the Researchers to publication process. However, the delay in filling vacancies at the publication unit has affected in delay in publishing those reports.

Progress of the studies which conducted and scheduled to publish during 2010 – 2014

Current Progress	Amount	Percentage
1. Published	12	41
2. Ready to Published (Proof reading)	8	28
3. Language Editing	2	7
4. Include External reviews and comments	4	14
5. Sent for external reviews	2	7
6. Improved furthermore	1	3
Total	29	100

Some studies scheduled to publish and mentioned above have been won the attention of the policy makers once the policy briefs of those studies were prepared and sent to the policy makers. Those studies therefore have helped in some policy decisions too. Ex : An important decision has been made regarding the cardamom cultivators in Knuckles forest based on the findings of the study.



- (C) The approval for the Research Plan – 2015 was obtained on 12.05.2015 as changes to the plan had to do with the comments of the Hon. Minister. Accordingly, the field work of studies had to complete at the end of the year delaying the report composition work. Two research officers leaving the institute at the beginning of the year and another two officers leaving the country for higher education in the middle of the year were also critical factors affecting this delay. The report preparation process was further delayed as the studies scheduled for 2016 being commenced. The progress of the research studies in 2015 has mentioned below.

Current Progress	Amount	Percentage
7. Published	1	7
8. Completed and reports sent to the Ministry	2	13
9. Sent for external reviews	1	7
10. First draft completed	6	40
11. First draft being prepared	5	33
Total	15	100

- (D) Even though only two Research and Training committee meetings had been held during the year, the instructions and advises are constantly being obtaining from the committee when necessary. All the research reports are reviewed by the committee members and research reports are sent to external reviewers only when there is no competent personal in the research committee. Those reports are also first reviewed and get recommendations by the committee before sent to the external reviewers.

The committee members are constantly meeting when there is a need to get instructions regarding the selection of sample and other advices. Instruction and views from the committee members are being taken regarding the research proposals and improvements to the proposals at the beginning and the middle of the year. It is very difficult to gather them always as they are very busy.

- (E) All the training programmes planned for the year 2015 were unable to conduct with the delay in approving the action plan. Therefore, all the research officers concerned on their research projects and it was unable to get their contribution to conduct programme. Thus the officers in Research division had to conduct training programmes on their own.

#### 4.2 Management Inefficiencies

- (a) Measures has been taken to charge telephone bills from the officer who occupied the official quarters of the director. As per the notification from the Deputy Auditor General, steps have been taken to inform the Ministry to vacant the official Quarters.
- (b) The decision taken at the 351<sup>th</sup> Board Meeting is to implemented in near future.
- (c) The income from selling the old vehicle of the institute and institute earnings are include in the current account No 2323317. The institute expected to purchase a new vehicle using that money and therefore a letter was sent to the Treasury through the Ministry in seeking the approval for the purpose in 2015. It was not purchased since the approval was not received during the year. However, approval has been sought again in 2016 and the money is temporary invested as 7 day call deposits until the approval is granted.
- (d) The maintenance work of the vehicle No 32-5590 which was sent to Germen Technical College has been completed. Technical Officer has already checked the vehicle. Payment had already made in that connection to the German Technical Training Institute. Although there is another payment to be made to the German Technical Training Institute for separate repair Measures will be taken to make the payment and bring the vehicle No 32-5590 to the institute.
- (e) The Ministers' Security Division was informed to pay this amount and as per their instructions the request has been directed to the Anuradhapura Police Division. Further measures will be taken according to their response.

#### 4.3 Human Resource Management

- (a) Applications were called several times by publishing newspaper advertisements for this. But it was unable to recruit a person for the post according to the Scheme of Recruitment. Recruitment process is currently undergoing to fill this vacancy.
- (b) Senior Statistical Officer

Instructions are being seeking from the Management Services Department to fill this vacancy from a suitable qualified person internally.

Research Officer

Written test had been conducted after calling applications and measures will be taken to interview those who passed the exam.

### 5. Accountability and Good Governance

#### 5.1 Budgetary control

Measures will be taken to control variations between estimates and existing value.

#### 5.2 Procurement and contract

- (a) The Procurement Plan is updated monthly and it is prepared in accordance with Guideline 4.2.1 of the Government Procurement Guidelines.

- (b) This variation was occurred due to the changes in the requirement at purchase and being able to purchase at a lower rate than the estimated rate.
- (c) measures have been taken to appoint three members to the bid opening committee in accordance with the 6.3.3 of the Government Procurement Guidelines.
- (d) According to the 7.8 paragraph of the Government Procurement Guidelines it has not been described that the service provider not having 6 year experience in the field is a main reason to reject a bid of a bidder. There is no scientific reasoning for this rejection .Therefore, the Department procurement committee has approved to purchase computers at the lower cost . This purchase was made after consulting the agriculture ministry which has purchased computers from the same company and no complaints had been reported.  
The relevant service provider has informed regarding those computers and necessary arrangements have been made by the said company. No error has been reported so far regarding those computers.
- (e) according to the 2.9.1 paragraph of the Government Procurement Guidelines assistant accountant would be able to participate as an alternative member when the accountant is resigned from the post. Steps have been taken to appoint other officer in the future procurement activities.

### 5.3 Unresolved Audit Paragraphs

- (a) The government has reduced the custom tax up to Rs.325,000/- at our request and the World food programme was in the process of transferring the ownership to our institute by paying the tax. However, while we are in the process of acquiring the ownership the government has increased this amount by ten times. The World Food Programme has directed their country representative to pay this amount. If the WFP is not able to pay this amount measures will be taken to pay this amount by the institute and acquire the ownership.
- (b) Legal actions have been taken in 1998-2008 against 10 scholarship holders and read for post graduate studies in foreign universities who had breached agreements. The legal status and receipts from those 10 scholarship holders are as follows.
  - The court verdict on 04 sholarship holders was in favor of the Institute. One of them is paying the due amount upon an agreement before the court. Others have appealed in the appeal court.
  - Court case is laid by due to non availability of the present addresses of 06 scholarship holders.

Following actions have been taken regarding those 06 scholarship recipients.

- Recover due amounts from guarantors
- Inform the Emigration and Immigration Departments
- Obtaining information from Divisional Secretariats regarding the registration
- Informed the Australian High Commission in Sri Lanka (information have reached that majority of them are settled in Australia)
- Informed the CID

Therefore the recovery of a sum of Rs.8,539,799 from 06 scholarship holders whose residential addresses cannot be found have remain doubtful due to this condition.

#### 5.4 Presentation of Accounts

There was a 35 days delay in presenting the financial statement of 2015 to you after presenting to the Audit and Management Committee and the director to obtain the approval. Steps will be taken to present the financial accounts on time in future.

#### 6. System and Controls

##### (a) **Financial Administration**

Proper controlling methods have been introduced regarding the financial control and work accordingly.

##### (b) **Research Projects**

Control methods are in place to conduct research projects as planned and publish research report without delay.

##### (c) **Assets control**

Controlling methods are been in action in purchasing assets, maintaining assets and protecting assets.

##### (d) **Staff administration**

Vacancies of the staff will be filled in order to achieve the performance objectives of the institute.

Director/ Chief Executive Officer

Copies - 01. Secretary, Agriculture Ministry  
- 02. Secretary, Ministry of Finance