

HARTI

26 NOV 2012



ADMINISTRATIVE AND ACCOUNTS REPORT 2011



**Hector Kobbekaduwa
Agrarian Research and Training Institute**

**No. 114, Wijerama Mawatha,
Colombo 07**



Hector Kobbekaduwa Agrarian
Research and Training Institute,
114, Wijerama Mawatha,
Colombo 07.

6 September 2012

The Hon. Minister of Agriculture,
Ministry of Agriculture
"Govijana Mandiraya",
80/5, Rajamalwatta Avenue,
Battaramulla.

Administrative and Accounts Report 2011

In terms of section 14 (2) of the Finance Act No. 38 of 1971, I submit herewith on behalf of the Board of Governors, the following documents for the year ended 31st December 2011.

- (1) The Annual Report
- (2) The Audited Statement of Income and Expenditure
- (3) The Audited Balance Sheet
- (4) The observations made by the Auditor General on Accounts

Chairman
Board of Governors

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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 thirty five 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 economic use of land for agricultural purposes.
- v. To carry out socio-economic research relating to agricultural and rural development.
- vi. To provide or undertake or 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 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 questions.
- ii. To liaise closely with planners and policy makers in the government and with business and research communities.
- iii. To make policy formulation and implementation process more effective through knowledge generation and timely dissemination.
- 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. K.E. Karunathilake	Chairman	-	Secretary, Ministry of Agriculture and Chairman of the Board of Governors
Mr. Lalith Kantha Jayasekera	Director-		Director, HARTI
Mr. P.L. Nandasiri	Board Member	-	Senior Asst. Secretary, Ministry of Agriculture
Mrs. P.M. Shanthi Fernando	-do-	-	Director, Department of Land Use Policy Planning
Mr. D.C.A. Gunawardena	-do-	-	Director, Dept. of Census & Statistics
Mrs. P. Pushpa Rodrigo	-do-	-	Director General, Rural Economic Section, Ministry of Economic Development (16.12.2010 – 21.04.2011)
Mr.G.D.W. Jayawardena	-do-	-	Addl. Secretary, Ministry of Plantation Industries
Mr. N.H.M. Chithrananda	-do-	-	Addl. Secretary (Administration & Finance), Ministry of Education
Mr. D.D. Ariyaratne	}	-do-	Actg. Director (Planning), Ministry of Irrigation & Water Resources Management (from August 2011)
Mr. K.A.U.S. Imbulana		-	Addl. Secretary, Ministry of Irrigation & Water Resource Management (until May 2011)
Mr. Priyantha Mayadunne	-do-	-	Addl. Secretary, Ministry of Trade
Dr. K. Samarasinghe	-do-	-	Dean, Faculty of Agriculture, University of Peradeniya
Mr. K.N. Mankotte	-do-	-	Director General, Dept. of Agriculture
Mr. R.P.R. Rajapaksha	}	-do-	Land Commissioner General (from August 2011)
Mr. S.D.A.B. Boralassa		-	Land Commissioner General (until December 2010)
Mr. Ravindra Hewavitharana	-do-	-	Commissioner General of Agrarian Development
Eng. Dr. G.G.A. Godaliyadde	-do-	-	Director General of Irrigation

Mr. P.A. Ananda	}	-do-	-	Actg. Commissioner General of Co-op Development (from August 2011)
Mr. A.P.G. Kithsiri		-	-	Commissioner General of Co-op Development (until December 2010)
Mrs. A.I. Pathirana		-	-	Actg. Secretary, Board of Governors

MEETINGS OF BOARD OF GOVERNORS

	<u>Date of the Meeting</u>	<u>No. of Members Attended</u>
1.	7 March 2011	10
2.	26 May 2011	09
3.	17 August 2011	10
4.	31 October 2011	12
5.	22 December 2011	10

AUDIT & MANAGEMENT COMMITTEE

Mr. D.C.A. Gunawardena – Chairman	-	Director General, Dept. of Census and Statistics
Mr. P.L. Nandasiri – Member	-	Additional Secretary, Ministry of Agriculture
Mrs. P.M. Shanthi Fernando – Member	-	Director, Dept. of Land Use Policy Planning

MEETINGS OF AUDIT & MANAGEMENT COMMITTEE

<u>Date of the Meeting</u>	<u>No. of Members Attended</u>
2011.03.25	03
2011.05.24	03
2011.09.16	03
2011.12.05	03

OVERVIEW

Research is central to economic growth as it establishes the foundation for making decisions and designing effective policies and programmes. Decisions on national development should be made with the support of timely and reliable information. Since the establishment in 1972, HARTI has become widely recognized as key contributor to development issues of Sri Lanka. The institute proudly serves and collaborates with the government, development partners, academic institutions, civil society organizations, the media and private sector. This year's annual report is the second progress report of my tenure. During my second year of service I have paid more attention to training which was not so much in the past. The capacity building of human resources in agriculture is a prerequisite for its development. In 2012 a total of 17987 personnel including 15040 farmers and 2847 officers were trained by conducting 256 programmes. This is a record in the history of the institute.

The second record in 2011 was the implementation of the agri-village development model developed by the Institute. This model is visualized as a circle commencing from infrastructure and ending with marketing. Infrastructure provides a solid foundation for the agricultural development and marketing provides returns to the agricultural activities. The model has six major components: 1) infrastructure, 2) input supply, 3) support services, 4) production 5) processing and 6) marketing. Each component has sub-components. Land and labour were not included into the model deliberately, because these two resources are available in the agricultural sector and the need is for their utilization efficiently and effectively. To meet this, major and sub-components are required to operate smoothly. There are four major external components, namely livestock, fisheries, industries and services that stimulate the agricultural development by providing supplementary incomes to the farmers. Industries and services sectors provide off-farm employment opportunity. All these internal and external components with sub components need to be addressed in the development of projects. Simultaneously, activities to change the mindset of the villagers need to be organized

To test this model Konakubukwewa village in Rabawa Divisional Secretariat division of Anuradhapura district was selected to be developed in line with the Dayata Kirula national development programme. Here, an attempt was made to translate recommendations made in various studies conducted by HARTI into action by using the agri-village development model. At the outset, participatory Rural Appraisal (PRA) was conducted in the village to prepare an action plan. Accordingly an action plan was prepared. Renovation of the five village tanks, construction of a farm road, construction of ten roof rainwater harvesting tanks, implementation of self employment projects, development of 138 home gardens, renovation of school buildings, preparation of Palmyra nurseries to plant in order to build a fence to protect from wild elephants are among the activities completed in 2011.

Third record made in 2011 was taking necessary measures to offer degrees and diplomas which is one of the mandatory functions of the Institute but not implemented yet. Masters degree in agricultural development in collaboration with the University of Ruhuna and diploma in agricultural communication in collaboration with the University of Kelaniya are two programmes being developed. Course contents of both programmes have been drafted by the end of the year 2011.

With regard to progress of research, during the year under review the Institute carried out 18 research studies including 02 action research programmes. The institute was able to complete 12 studies. The two action research programmes are ongoing research though they started in 2011. The progress of the rest is over 80 percent. The reason for delay in these studies was involvement of research staff in special studies requested by various agencies from time to time. Two action research programmes on setting up a bio fuel plant and model village in Konakubukwewa village have been continuing up to 2012. A total of nine special studies were completed in 2011. Some of these reports addressed the current issues such as over use of fertilizer and agro chemicals, use of plastic crates and present status of potato market. Out of nine studies, eight were submitted to the Ministry of Agriculture and one was submitted to the Department of National Planning.

In the area of international relations, as a partner of World Food Programme (WFP) the institute assisted in conducting the second food security assessment survey which covered three provinces, North, Eastern and North Central. The Institute also organized a study tour for faculty members of National Institute of Rural Development (NIRD) in India on an exposure visit on best practices in rural development project covering community water supply, watershed management, rural roads and community development model etc. As link Institute of Center on Integrated Rural Development for Asia and the Pacific (CIRDAP), Institute contributed to prepare a Rural Development report by providing ten technical papers related to Sri Lanka.

Lalith Kantha Jayasekara
Director

Performance of the Institute

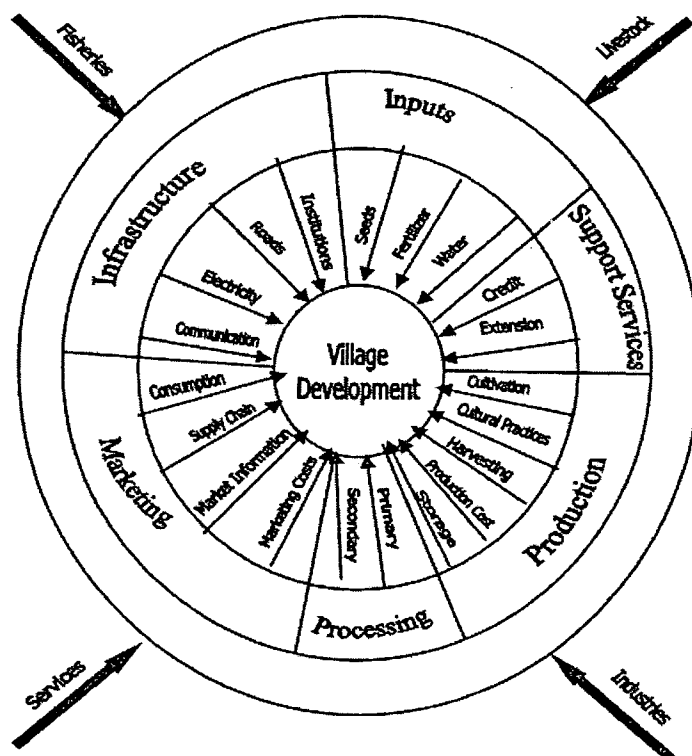
The financial and physical progress of the Institute during the year of 2011 is described in this section. In the physical progress section, research, training and publications have been described separately. Besides, development in local and international networks during this period was also mentioned.

Research Progress

For the first time, based on the knowledge gathered from research, an agro-village development model was designed in 2011. In line with the *Deyata Kirula* Programme, this was implemented in September 2011, as a pilot project at *Konakubukwewa* Grama Niladhari Division of the Anuradhapura District. According to this model, the four sections: production inputs, production, processing and marketing, were included in developing agricultural development programmes. Other than the development in agriculture, attention should be paid to other areas such as fishing, livestock, rural enterprises and services (Figure 1). There was an opportunity to implement the recommendations of previous research studies while carrying out the project activities. The project has been evaluated as a successful project.

Figure 1

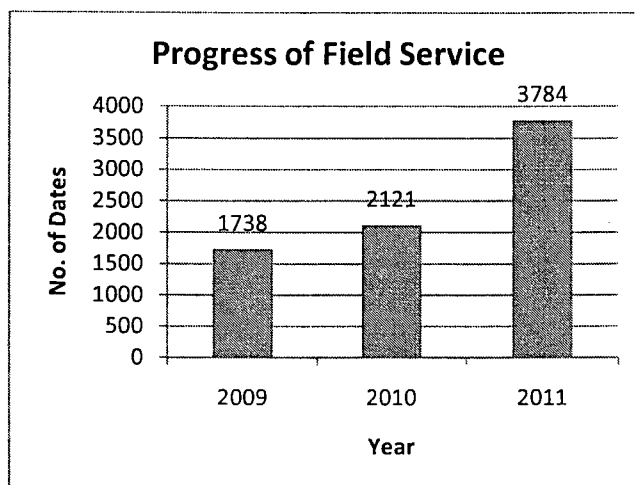
Agro-Village Development Project



A project to produce 'bio gas' using the kitchen waste of the Institute has been initiated in November 2011, and it was also implemented as a pilot project. At present disposing garbage is a major social issue. Therefore recycling of garbage is one of the prioritized areas of the government policies. After considering the above factors, the decision of making 'bio gas' was taken. As a result of this project, the money spent monthly to purchase LP gas for the canteen i.e. Rs. 84,000.00 could be saved. This project is successful and arrangements have been made to open the unit with the participation of the Honorable Minister of Agriculture.

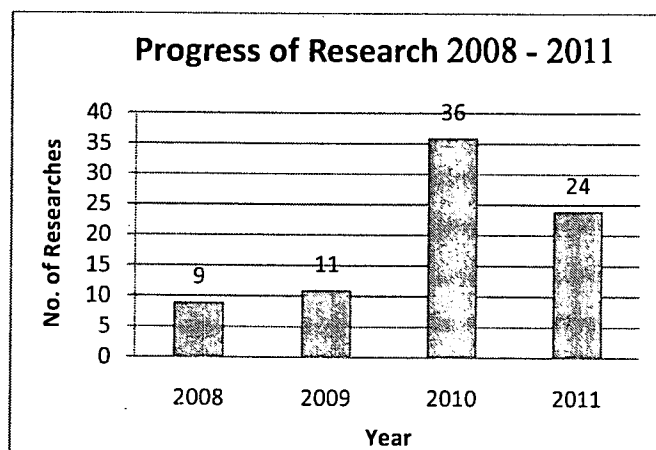
As an Institute undertaking research studies in the agrarian sector, it is very important for the researchers to go to the field and to collect data from the field. Therefore, the research team of the Institute was motivated to go to the field and to collect qualitative data by observing and conducting interviews with relevant stakeholders and thereby, increase the quality of the research studies. Not only that, an indicator to measure the number of field days of researchers was also developed. According to the indicator, it was noted that there is a significant increase in number of field days of researchers (Figure 2). In 2010, it was 2121 field days and in 2011, it has increased to 3,784.

Figure 2



In 2008, the Institute has been able to conduct only nine research studies, and in 2010 and 2011 it was increased to 36 and 24 respectively. (Figure 3).

Figure 3



As an extension of the programme of collecting and disseminating of market information, a project was launched to disseminate the wholesale prices of vegetables through mobile phones with the support of Sri Lanka Mobitel. This project was initiated in 2011 as a pilot project. From this project, Mobitel clients can get daily wholesale prices of 23 vegetables at eight main wholesale markets in the Island by dialing 6666. As a result of this project, the bargaining power of the farmers could increase and thereby they could obtain higher prices for their produce. At the same time, the price fluctuations could decrease leading to enhanced marketing efficiency. At the G20 conference held in France in 2011, ten suggestions have been provided by nine international organizations to minimize food price fluctuations. One of the suggestions provided by them was to establish an agricultural marketing information system. This suggestion was approved by the committee and now it has being implemented. Dissemination of wholesale prices of vegetables through mobile phones has been implemented in 2011 at experimental level and official launch will be scheduled in February 2012, by the Honorable Minister of Agriculture.

The research objectives, methodology, research findings and recommendations of each and every research study are described under the Divisional Progress.

Training

The training division of the Institute was strengthened since 2010. As a result in 2011, a total of 256 training programmes have been conducted and 17,987 participants have been trained it was evident that training programme increased compare with 2009 and 2010 (Figures 4 and 5).

Figure 4

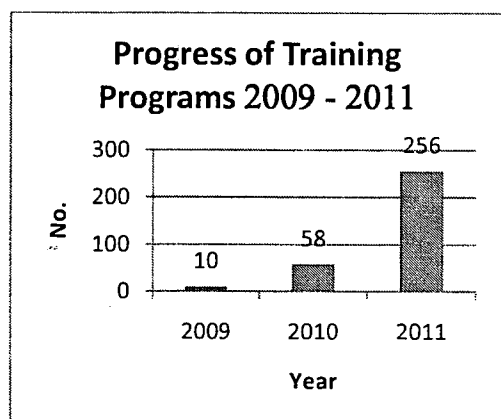
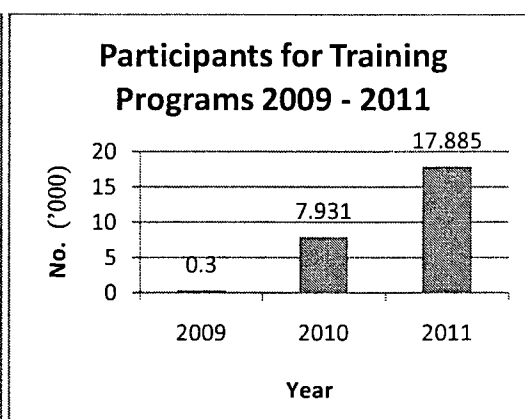


Figure 5



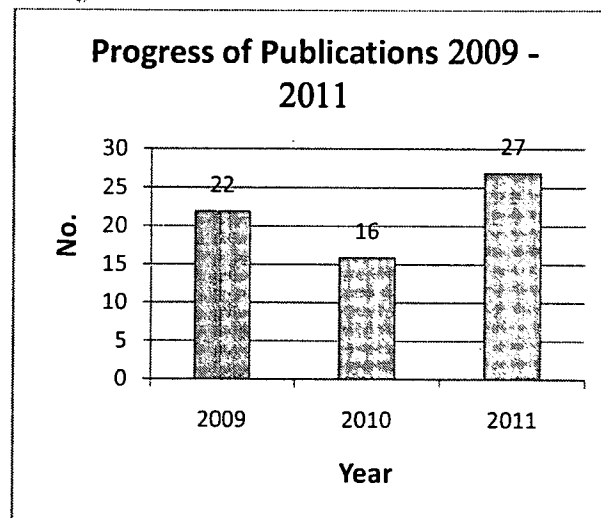
It is important to develop organizational skills, production skills, financial management skills and business skills of farming communities in order to achieve development in the agricultural sector. At present, priority has been given only to develop production skills. However, other three areas are also important as production skills. Therefore, programmes should be designed to give equal attention to all four areas. If not, the expected targets cannot be achieved. To address this issue, most of the training programmes of the Training Division were carried out to develop organizational skills, financial management skills and business skills.

Publications

In 2011 number of publications were 27 (Figure 6). At the same time, actions were taken to increase the number of publications written in *Sinhala*. Besides, in 2011, for the first time, research reports in *Tamil* were published. Arrangements have been made to publish 'Weekly Food Commodities Bulletin' not only in English and *Sinhala* but also in *Tamil*.

In June 2011, a conference was held for journalists with the objective of making them aware of the activities of the Institute and to get the participation of journalists in the development of the agrarian sector.

Figure 6



Local and International Networks

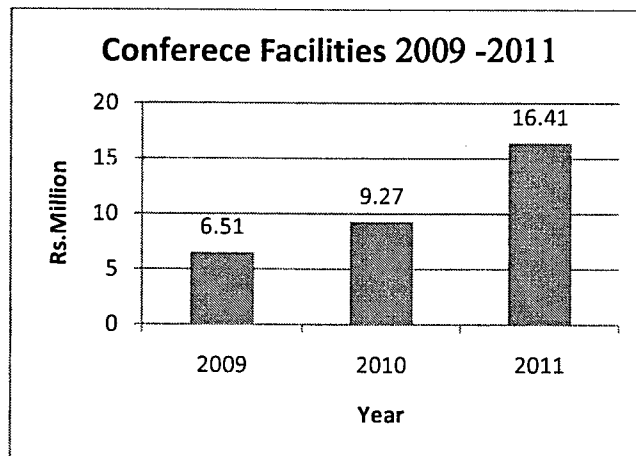
In the Parliament Act of 1972 No.5, the importance of local and international networks has been highlighted. At the same time, the legal authority has been given to the Institute to award Diploma and Degree programmes. However, the attention has not been paid to this area during the past four decades. In 2011, arrangements have been made to initiate a post graduate course on 'Agricultural Development' with the support of the Faculty of Agriculture, University of Ruhuna and a Diploma course on 'Agricultural Communication' with the support of the Department of Mass Communication, University of Kelaniya.

Two 'Food Security Assessments' in the Northern and Eastern provinces of Sri Lanka were conducted in 2011 in collaboration with the United Nations World Food Programme (WFP) and the Ministry of Economic Development. At the same time, during that period, two workshops were conducted at the Institute with the support of above organizations. As a result of the good rapport build up with the WFP, a jeep was granted to the Institute.

Financial Progress

The earnings of the Institute have increased significantly since 2010. In 2009, earnings of the Institute were Rs. 6.5 million and it was Rs. 16.4 million in 2011. During that period, the earnings have increased by 151.9%. The reasons identified for this development were positive changes in attitudes of employees, improvement in residential and conference facilities, and publicity.

Figure 7



The utilization rates of the conference and accommodation facilities are still low.

Conference facilities - 15% - 30%

Accommodation facilities - 45% - 55%

Therefore, following strategies were further planned for year 2012.

1. Improve publicity (designing and printing of colorful brochures, sent letters to all customers with new greetings, meeting new customers).
2. Improve service components.
 - 2.1 Improve room facilities.
 - 2.2 Improve of service facilities.
 - 2.3 Plan training program on catering for the staff who serve during conference.

Agricultural Policy & Project Evaluation Division



AGRICULTURAL POLICY AND PROJECT EVALUATION DIVISION

COMPLETED STUDIES

1. Performance Evaluation of Farmer Banks

Research Team	: Mr.J.K.M.D. Chandrasiri	- Co-ordinator
	Ms.M.W.A.C.S. Wijethunga	- Co-researcher
	Ms.B.A.D.S. Bamunuarachchi	- Co-researcher

Source of Funding: Consolidated Fund

Scope and Objectives:

The Farmer Bank pilot project was initiated at the end of 1990s with the objective of promoting savings and providing investment credit requirements of the rural smallholder farmers. This study paid attention to the performance of Farmer Banks. The main objective of the study was to examine the extent of the operation of Farmer Bank to fulfill the rural agricultural credit needs. The specific objectives were;(i) To examine the performance of Farmer Bank as an institute that promote shareholding capital, savings and credit: (ii) To investigate the level of involvement of farmers to obtain service of Farmer Banks: (iii) To examine the opinions and suggestions of the farmers about the loan limit, material loans and group – lending system: iv) To give policy recommendations to strengthen the Farmer Bank agricultural credit scheme.

Findings

- i. Many Farmers (about 80%) had not joined the farmer bank due to insufficiency of the agricultural credit (30%), the lack of awareness about its services and benefits (28%) and the fear to obtain loans (15%).
- ii. Farmers as well as the farmer organizations had not proceeded in the direction of savings considerably because of the inability of withdrawing money easily and quickly.
- iii. Farmers as well as the researchers felt that the credit limit of Rs.5, 000/= per acre of paddy and the agricultural loan limit of Rs.25, 000/= for per farmer was not sufficient.
- iv. Farmers in isolated villages were appraised about the material loans, but a large number of other farmers (47%) were dissatisfied about them because of their higher interest.
- v. Some farmers (37%) expressed their dissatisfaction about group lending system due to non-repayment of credit by some members creating problems for others.

Recommendations

- i. Increase the membership of the Farmer Bank by creating awareness about it and its benefits
- ii. Provide the opportunity for quick and easy withdrawal of savings, a part in cash.
- iii. Increase the size of agricultural loans to suit each crop and area and provide a suitable amount in cash for land preparation.
- iv. Give more discounts to the farmers by purchasing chemicals for all Farmer Banks together.

2. Farmers Response on Agricultural Programmes Telecast by National Rupavahini under Sponsorship of Agriculture Department: Based on Kurunegala District

Research Team : Ms. M.D. SusilaLurdu- Co-ordinator
Mr. R.L.N. Jayatissa - Co-researcher

Source of Funding: Consolidated Funds

Scope and Objectives:

A large amount of funds are allocated for the agricultural programmes telecast by National Rupavahini under sponsorship of Agriculture Department. Hence, this study examined the effectiveness of these programmes. The major objective was to evaluate the response of farmers in Kurunegala District about agricultural programmes telecast by National Rupavahini under sponsorship of Agriculture Department and evaluating the productivity of those programmes. Under specific objectives the study examined the extent of farmers watching these programmes, desires of the farmers about their presentation style, the level of farmers' application of the knowledge gained through the programmes, the obstacles faced by the farmers in watching these programmes and the ideas of the farmers to make the programmes more productive.

Findings:

- i. Out of the farmers interviewed for the study (330), 97% watch National Rupavahini while 75% of them watch agricultural programmes.
- ii. 86% of those who watch the referenced programme's had known about them accidentally while others had known about them from Krupanisas, neighbouring farmers etc.
- iii. 41% did watch the programs occasionally, 33% often and 26% randomly.
- iv. As much as 80% of the farmers expressed their satisfaction about language, timeliness, presentation style and presenters' style of the programmes.
- v. 35% said programmes are "more beneficial" while 65% said they are beneficial". 88% out of those who said beneficial, mentioned that they could practice different crop growing methods known from those programmes.
- vi. Telecasting these in their busiest time was a major obstacle (96%) to watch them.
- viii. To make the programmes fruitful their suggestion was to telecast them between 9.00 p.m. - 10.00 p.m. (98%) and to extent their period over 15 minutes (95%).

Recommendations:

- i. Telecast the Rupavahini programmes at times as suggested by farmers (9.00-10.00 p.m).
- ii. Extend their time period also as suggested by farmers.
- iii. Reduce obstacles to watch the programmes by minimizing the commercial advertisements.
- iv. Make the farmers knowledgeable about Rupavahini agricultural programmes..
- v. Improve programmes to attract farmers.

3. Performance Evaluation of Farmer Organizations in Rain-fed Areas and under Small-tank Irrigation systems in Sri Lanka

Research Team : Mr. R.L.N. Jayatissa - Co-ordinator
Ms. K.P.I. Priyadarshani - Co-researcher

Source of Funding: Consolidated Funds.

Scope and Objectives:

There are about 13,980 Farmer Organizations in Sri Lanka and majority of them are in rain-fed areas. Most of these are also limited to performing few tasks instead of fulfilling broad objectives. The study was initiated for suggesting recommendations to make the farmer organizations more active in fulfilling expected objectives which are very broad. The main objective of the study was to examine the level of performance of the farmer organizations. The specific objectives were: (i) To categorize the farmer organizations according to operational level and fulfilling their objectives ;(ii) To identify the factors contributed to different levels of their performance

Findings:

- i. According to the criteria used for investigating the performance level of farmer organizations such as holding general meetings, maintaining books, mobilizing member savings, credit delivery etc. 36% of farmer organizations were more active and 42% were less active while 22% were weak.
- ii. Availability of dedicated and honest leaders, participatory works and their transparency, fulfilling the agricultural as well as other welfare needs of the members are the obvious factors contributed for higher performances of more active farmer organizations
- iii. Availability of leaders with traditional attitudes, their hesitation to operate more service activities are the factors contributed for being less active of the organizations
- iv. Bearing the leadership by unqualified people, less understanding of the members about the role of organization, and their lack of unity and lack of resources are the characteristics of weak organizations that contributed for their low progress.

Recommendations:

- i. Create an independent environment to select leadership of the farmer organizations.
- ii. Conduct agricultural development activities of the government through farmer organizations.
- iii. Make the members as well as the leaders knowledgeable about legislations and available legal power under them and maintain books respectively.
- iv. The farmer organizations should well responds to the request of the Agrarian Development Department while the department should recognize the organizations that provide a wider service.

ON-GOING STUDIES

1. Governance of the State Lands in the Context of Decentralization: A Case Study In Hambantota District

Research Team: Ms. M.K.N. Damayanthi – Co-ordinator
Ms. R.M.M.H.K. Rambodagedara – Co-Researcher

Source of Funding: Consolidated Funds

Scope and Objectives:

The study was requested by the Additional District Secretary of Hambantota district. In the present context number of agencies as well as Acts, Ordinances and circulars determine state land administration and service delivery process. But land administration and service delivery system seem to be inefficient and chaotic. This study has been conducted in order to identifying the factors affecting the chaotic land administration and service delivery as well as their socio- economic effects on service seekers. Field data were collected through questionnaire survey, in-depth interviews, key-informant discussions and observations in the 7 Divisional Secretariat Divisions (Hambantota, Tangalle, Ambalantota, Walasmulla, Tissamaharama, Lunugamvehera and Sooriyawewa) covering Provincial Council, Mahaweli and Inter Provincial Irrigation (Government) areas. Total sample size was 675 including 450 service seekers and 225 officers. The major objective of the study was to present suggestions to improve the land service delivery system by examination of factors affecting the chaotic land administration and service delivery system and their impacts on service seekers. The specific objectives were: (i) To identify and analyze the factors contributing to the chaotic land administration and service delivery system; (ii) To identify problems faced by service seekers on land service delivery system; (iii) To assess socio-economic effects of land service delivery system on service seekers; (iv) To identify and present better ways to establish an efficient and effective land administration and service delivery system

Preliminary Findings:

- i. Most of the allottees do not take action to nominate post holder/s, after his/her death. This tends to create disputes among family members. Therefore, officers as well as service seekers suggested that 3rd schedule of the Land Development Ordinance must be amended by considering present context of the agrarian society.
- ii. Lack of co-ordination among relevant agencies creates difficulties and long delay related to land service delivery.
- iii. Majority of the service seekers as well as a major proportion of officers (specially Grama Niladharis) do not have adequate knowledge on land laws. This creates a more complex situation in land service delivery.

Agricultural Resources Management Division



COMPLETED STUDIES

1. Seasonal Crop Diversification in Paddy Lands: Effects and Problems

Research Team:	Ms.P.R.Weerakkody	- Co-ordinator
	Ms. Sharmini K. Kumara	- Co-researcher
	Mr. S. Epasinghe	- Co-researcher

Source of Funding: Consolidated Fund

Scope and Objectives:

This study was carried out to analyze the patterns and determinants of seasonal diversification of crops in paddy landsto analyze various economics of diversified cropping systems, understand the constraints of shifting farmers from paddy to other crops and suggest appropriate strategies and policies for accelerated growth of crop diversification process. The study was carried out in Hasalaka inter-provincial area and in the Kurunegala district. Maize, beet, chillie, green gram and ground nut cropping systems came under the study.

Findings

- i. Seasonal crop diversification process has been more towards high value non-rice food commodities in order to augment income of farm households.
- ii. The formal agreement between the state and private institutions and farmers has played a vital role in the crop diversification process.
- iii. Largely food crops are well pronounced in diversified cropping systems and same crops are inherent to each location.
- iv. The varying degree of diversification (Simpson Diversity Index from 0.65 to and 0.36) depicts how farmers have exploited wider socio-economic, infrastructural, institutional, technological factors. The diversification process is characterized by small farm operation, unstable yield levels and large variation in input use.
- v. The economics of cropping systems show that the production of non-rice crops has yielded promising returns several times higher than paddy. This relative profitability has been an important determinant of crop diversification. Crop diversification has also been an opportunity for employment generation.
- vi. No evidence is available to show unfavorable effects on household food security. Instead it has assured food and nutrition security of rural households while contributing to reduce the import bill.
- vii. Inadequate availability, poor quality and high cost of seeds and agrochemicals, price uncertainty, lack of appropriate markets, limited capacity of reservoirs, pest infestations and threat from wild animals, limited use of new technologies and the presence of low priced imported commodities at the harvesting time are the main drawbacks of crop diversification.

Recommendations:

- i. Expansion and strengthening of local seed production programmes.
- ii. Promotion of agro-processing sector.
- iii. Upgrading sales outlets at Agrarian Services Centers.
- iv. Renovation of basic infrastructure facilities such as tanks and elephant fences.
- v. Research into improved agro-techniques that minimize the use of expensive chemical pesticides.
- vi. Exploration of ways of improving processing and post harvest technologies of pulses and other cereals.
- vii. Breeding of short term and less water demanding varieties, of OFCs.
- viii. Educating farmers towards optimum use of inputs and rational control of pest infestations and improving marketing intelligence.
- ix. Establishment of favorable tax structures for imports of pulses and other cereals in order to ensure elasticity of supply by local producers of these commodities.
- x. Maintenance of maximum retail prices to ensure increased affordability of consumers.

2. Changes in Other Field Crop Cultivation in North Western Province

Research Team: Dr. W.D. Wickramasinghe – Co-ordinator

Source of Funding: Consolidated Funds

Scope and Objectives:

To draw the issues which are impediments for the expansion of the other field crop sector in the North Western province. To examine changes taken place in the farming systems in Kurunegala and Puttlam districts over the years and to understand the factors influenced the change in cultivated extent and the shift in crop mix.

Findings

- i. There has been a continuous decline in absolute extent under other field crops in the three main OFC farming systems found in the area i.e, *chena*, diversified rice fields, and the homestead uplands in both districts. Abandoning of *chena* cultivation has significantly influenced the area under millet, gingelli, green gram and cowpea. Population pressure and legal restrictions have caused people either to abandon *chena* or to grow their *chena* surroundings with perennials crops. Coconut, cashew and banana are the main crops cultivated.
- ii. Though diversification programs during late 80's had made an impact on cultivation of green gram, cowpea and other subsidiary crops in the rice fields, liberalization of trade has reversed the trend and continuous decline of these crops are evident after mid 90's.
- iii. Diversification has also been constrained during yala in irrigation assured areas as large scale farmers were influenced to grow paddy as "yaya". Uncertainty and irregularity of rainfall, problems of catchment, filling of tank beds had caused water scarcity for cultivation during yala season.
- iv. Along the Kalpitiya belt, onion-chilli-tobacco farming system has changed to high-tech mixed crop cultivation. Several vegetables and fruits such as guava are cultivated.

- v. Liberalization of seed industry has caused significant influence in the farming systems. Farmers had moved away from long aged traditional varieties to monthly income earning short term crops in the region. Due to availability of hybrid seed imports new crops such as water melon are being cultivated. Malaysian varieties are commonly cultivated. Some diseases have caused to wiping out some crops from the fields (chilli).

Recommendations:

- i. Extension services, promotional programs and marketing agreements can promote farmers to cultivate OFC. Therefore those should be part and parcel of any development program of OFC.
- ii. It is a prerequisite to improve the genetic potential of local varieties and maintain a seed stock for the sustainability of the sector, as currently farmers depend totally on seeds from outside and don't maintain a seed stock.
- iii. Research on innovative farming systems is also needed to explore the potentials.

3. Identification of Production and Marketing Constraints for Ginger Cultivation

Research Team:	Mr. S. Epasinghe	- Co-ordinator,
	Ms. Sharmini K. Kumara	- Co-researcher
	Ms. Sagarika Hitihamu	- Co-researcher

Source of Funding: Consolidated Fund

Scope and Objectives:

The domestic ginger production is not sufficient to fulfill the demand of domestic and international markets. Hence this study aims to identify the current problems of ginger production and marketing, and to suggest ways and means of improving the supply and marketing. This study was carried out in three major ginger producing districts namely Kandy, Kurunegala, Gampaha.

Findings:

- i. Most farmers tend to cultivate ginger as it is a low cost and highly profitable crop.
- ii. There is a district wise variation in the average yield received by the farmers from 4033kg/ac to 5353kg/ac in low lands and 3658 kg/ac to 4145kg/ac in uplands.
- iii. Most farmers receive low yield levels which could be attributed to lack of practicing appropriate cultural practices, lack of quality planting materials, soil infertility and pest infestations.
- iv. The cost of production of ginger amounts to Rs.58/kg and Rs.42/kg including and excluding the cost of family labour respectively.
- v. Poor agricultural extension service is a major constraint for ginger cultivation.

Recommendations:

- i. Increase the production efficiency of ginger through the use of improved cultural practices such as optimum fertilization and use of organic manure.
- ii. Supply of high quality planting materials.
- iii. Increase the efficiency of extension services.
- iv. Provision of fertilizer subsidy for ginger cultivation.
- v. Introducing crop rotation in ginger cultivation.
- vi. Control of import of ginger during the local harvesting season.
- vii. Research into storage of ginger.
- viii. Farmer training on value addition.

4. Reasons for Underutilization of Agricultural Lands in the Northern Province

Research Team:	Ms.Sharmini.K.Kumara	- Coordinator
	Ms.P. R. Weerakoddy	- Co-researcher
	Mr. S. Epasinghe	- Co -researcher

Source of Funding : Consolidated fund

Scope and Objectives:

On the request of the Ministry of Agriculture a rapid assessment was carried out by HARTI in the Northern Province. The main objective of this assessment is to find out the reasons why still a large extent of uncultivated land exists in the Northern Province. Is it due to the lack of irrigation, agricultural equipment and services, or due to the lack of persons to farm the lands, or due to inaccessibility to production infrastructure and machinery such as water pumps, tractors, and other production and processing machinery? Or is it the lack of institutional support for agricultural support services such as Agrarian Service Centres, marketing and agro processing facilities?

Findings:

While there are specific problems pertaining to each district, the difficulties faced by the farmers in the Northern Province are:

- i. Large, medium and minor tanks are damaged or dilapidated and of lift irrigation systems, water pumps and tube wells are not repaired.
- ii. Cultivable lands are overgrown with jungle and certain areas have landmines and certain lands under the control of security forces and therefore there is no accessibility to such lands.
- iii. Economic conditions of farmers are very poor and there is an increased number of women headed households. Migration of persons outside the district or to foreign countries is still observable.
- iv. Institutional structures such as agrarian service centres are damaged and there is lack of proper marketing system.
- v. Large herds of cattle stray into land due to lack of fencing materials.

Recommendations:

- i. Rehabilitation of water tanks and canals.
- ii. Clearance of land mines and bunds built on agricultural lands.
- iii. Providing credit facilities through farmer banks to purchase agricultural implements.
- iv. Rebuilding Agrarian Services Centers to supply the services such as fertilizer.
- v. Strengthening paddy purchasing programme through PMB.
- vi. Designate a common area for stray cattle.
- vii. Rebuild access roads to agricultural fields.

ON-GOING STUDIES**1. Food Crop Situation Outlook for 2012-2016**

Research Team: Dr. W.D. Wickramasinghe – Co-ordinator

Source of Funding: Consolidated Fund

Scope and Objectives:

This study attempts to estimate the domestic demand- supply of major food crops for the next five years under current production, marketing, and trade policies (subsidies, taxes) and technology, investments in irrigation, climate change etc.,

Specific Objectives:

- i. Estimation of food demand at regional level for the next 5 years considering changing demand factors.
- ii. Estimation of regional food production under existing government policies (subsidies, taxes) and technology, investments in irrigation, climate change etc to support the decision makers.
- iii. Evaluate supply-demand outlook of major food crops until 2016, taking into account current policies.
- iv. Analyze production, marketing and trade policies for major food crops with respect to food security.
- v. Make recommendations for early preparedness.

Environment & Water Resources Management Division



ENVIRONMENT AND WATER RESOURCES MANAGEMENT DIVISION

COMPLETED STUDIES

1. Farmer Participation in Irrigation System Management: Achievement and Drawbacks

Research Team: Mr.M.M.M. Aheeyar - Co-ordinator
Mr. M.A.C.S. Bandara – Co-researcher
Ms. M.T. Padmajanee – Co-researcher

Source of Funding: Consolidated Fund

Scope and Objectives:

This research was aimed to study the achievements and drawbacks of current Participatory Irrigation Management (PIM) policy and the performance of institutional arrangements established for PIM under four different management models viz; Bulk water allocation programme (BWA), Integrated Management of Major Irrigation Schemes (INMAS), Management of Irrigation schemes (MANIS) and Mahaweli Model

Findings:

- i. Strength of FOs is highest under BWA in Mahaweli H followed by INMAS schemes. FOs in the MANIS shows lowest strength.
- ii. Agency supports for institutional strengthening is lowest in MANIS schemes mainly due to lack of physical and human resources available in the line agency.
- iii. The government has not established maintenance standards to ensure sustainable operation and Maintenance (O&M). Guidelines are necessary to mobilize resources in an equitable manner. PIM policy does not adequately cover O&M of the part of irrigation system operated by the state which affects the reliable and efficient water delivery in the scheme.
- iv. Willingness to pay for improved irrigation service exists in all the schemes among majority of the farmers for their respective FOs, but procedures are needed to make them mobilize the resources and proper utilization.
- v. PMCs exists and function in all INAMS schemes and Mahaweli schemes, but functioning of PMC at regular interval in majority of MANIS schemes are less progressive.
- vi. PMC lacks power and authority and therefore participation of officials of line agencies for PMC meetings is poor. They are not committed to implement the decisions taken.

Recommendations:

- i. FOs should be provided adequate awareness on the turnover agreement, their roles and responsibilities under PIM and the powers and authority given to FOs by the existing Acts.
- ii. Recognition and service priorities should be given for FOs in dealing of FO affairs with line agencies and other public departments.

- iii. The irrigation systems should be rehabilitated or repaired to be at farmer manageable level prior to turnover. All the relevant line agency officers should be educated about their roles and responsibilities under the PIM and PMCs.
- iv. The government must provide guidance and training to FOs to formulate rules and regulations to establish financial accountability and transparency and auditing supports.
- v. Each FOs should maintain a separate O&M fund from their resources. The fund should be utilized to the system improvement and the O&M activities of turnover system.
- vi. Catalytic efforts and allocation of more resources for organizational development are vital in MANIS schemes.

2. Assessment of Solar Powered Drip Irrigation (SPDI) Project (Phase -1)

Research Team: Mr.M.M.M. Aheeyar - Co-ordinator
 Mr. M.A.C.S. Bandara – Co-researcher
 Ms. M.T. Padmajanee – Co-researcher

Source of Funding: ConsolidatedFund

Scope and Objectives:

Solar powered drip irrigation (SPDI) technology is a new experience for the Sri Lankan farmers. The major objective of this evaluation is to assess the achievements of the aims of providing SPDI kits and fulfilling roles and responsibilities of different stakeholders of the project and the initial impacts.

Major Findings:

- i. The BP solar company has actively involved in promoting and giving false information about the programme dodging the government authorities in many places. The solar power company has rendered poor after sale services and has violated the agreement on many occasions.
- ii. Only about 20% of the beneficiaries have paid any installments after paying initial down payment, but none of the beneficiaries are making regular payment of installment. Farmers are not valuing the product for the given amount.
- iii. Only five percent of the farmers are using complete set of SPDI, while seven percent are using the drip system without fertigation unit. The non use of drippers by 88% of the farmers indicates the failure of the project in achieving the main objectives of the project.
- iv. The main reasons for the non use of drippers are, blocking of drippers, difficulties in cleaning of drippers, lack of knowledge to drip system, damage caused to drip lateral pipes by rodents, insufficient water supply from the drippers to crops, small land size and no water scarcity to use drip irrigation.
- v. Only 10% of farmers have utilized the drip irrigation for some kind of cultivation during *yala* 2010, and it was limited to 4% of farmers in *maha* 2009/10. Awareness on O&M of the system and the appropriate cultivation using drip system is lacking among farmers.

Recommendations:

As the degree of use of SPDI system for the given purpose is very poor and majority of the farmers are not making any payments other than initial down payments, it is **not recommended to continue** this project without fulfilling following recommendations.

- i Selection of beneficiaries should be done by the field level officers of the line agencies. The BP solar company should be completely withdrawn from the identification and selection of beneficiaries, if the field level officers are responsible for monitoring of the project and recovery of loan
- ii Alternatively BP solar company could be responsible for both beneficiary selection and the recovery of loan
- iii Capacity building and awareness of farmers and field level officers should be undertaken by the relevant parties as stipulated in the agreement.
- iv. The drippers should be removable to facilitate easy cleaning and the lateral pipes should be durable in harsh environmental conditions.
- v. The agreement signed between the beneficiary farmer and the government should be strengthened making compulsory of collateral arrangements for the loan granted and provisions to take legal actions against violators.

3. Adoption of Drip Irrigation Systems: Current Status, Problems and Options

Research Team: Ms.G.G.de.L.W. Samarasinha - Co-ordinator
Mr. M.A.C.S.Bandara - Co-researcher

Source of Funding: ConsolidatedFund

Scope and Objectives:

To satisfy the global demand for food by 2025, water requirements for agriculture is expected to increase by 12 times. Therefore to meet the anticipated water demand it is vital to adopt an appropriate irrigation technology which maximizes water use efficiency. The present study is aimed to identify the current status of adoption of drip irrigation and problems and options for adopting drip irrigation.

Findings:

- i. Only 38 per cent of the sample farmers were using their drip systems for irrigation, in which only 37 per cent were using the complete system including the fertigation unit.
- ii. In the government sponsored subsidy schemes 45 per cent have adopted drip irrigation. It was 63 per cent for the farmers who had purchased drip systems from their own funds.
- iii. Benefit of water saving has not significantly motivated towards adoption of drip irrigation.

- iv. The farmers who have drip system to irrigate more than 2 acres of land; adoption rate was 88 per cent while it was 40 per cent for the farmers who have less than 1 acre of drip extent.
- v. Main constraints experienced by the farmers in using drip irrigation systems was blockage of drippers, lack of access to spare parts, damages by animals to the drip system, breakage of pipes due to high water pressure and interference of the system during land preparation.

Recommendations:

- i. Promotion of drip irrigation systems should be focused more on targeting more than 2 acres of drip area
- ii. By providing the required technical knowledge on installation and maintenance of drip systems to the field level officers attached to Department of Agriculture, Agrarian Services Department and farmer organizations can benefit largely by provision of needed technical support services.
- iii. Availability of low cost spare parts at local level should be ensured.
- iv. It is recommended to change the theme of promoting drip irrigation from water saving to income improving technology

3. Pesticide Usage and the Current Regulatory Framework in Sri Lanka

Research Team: Mr.M.M.M. Aheeyar - Co-ordinator
Mr. M.A.C.S. Bandara – Co-researcher
Ms. M.T. Padmajanee – Co-researcher

Source of Funding: Consolidated Fund

Scope and Objectives:

The major objective of the study is to prepare a situation analysis report on current pesticide usage in Sri Lanka and the effectiveness of existing regulatory framework in order to propose recommendations for the formulation of effective and efficient pesticide regulations.

Findings:

- i. Farmers are not aware of or do not bother about the availability of different types of nozzles and requirement of adjustments to nozzles for different types of agro chemicals
- ii. Over use, under use, mixing of different chemicals and improper application of pesticides are commonly reported in many places.
- iii. Farmers seldom follow the suitable time and direction of pesticide application and do not wear protection equipment to reduce the health risk.
- iv. Most farmers are not aware of green band pesticides or safer products
- v. Enforcement officers are not much exposed to new knowledge and skills in the sector
- vi. Authorized Officers have to cover a large area making it difficult to provide satisfactory services while being engaged with other responsibilities

Recommendations

- i. Considering the development of new pesticide technologies and the safer products, it is recommended to permit smaller than 50 ml size packs taking into account the requirement of given pesticide per unit area.
- ii. Increase the penalty for adulteration of pesticides. Blacklist the unreliable parties such as manufacturer, formulator, packer, and seller in the sector to ensure health and safety.
- iii. Expand the pesticide technical committee accommodating at least one senior member from working committees of weed management, entomology and pathology.
- iv. Delist the high toxic and high persistent molecules when low toxic substances are available for the same target.
- v. Adapt regulations not only for active ingredient, but also adjuvants, technical grade materials and formulating materials.
- vi. Increase the capacity of ROP and enforcement officers in terms of human and physical resources with accredited lab facilities to work with the private sector on specified time schedule.
- vii. The commercial advertisements carried out by the companies must be regularized by establishing procedures and standards. Promote field level demonstrations by the relevant companies.
- viii. Most of the issues at user's level are linked to lack of awareness, poor attitudes and behaviours of farmers and weaknesses in the current extension system. Therefore, there is a need for strong awareness campaign through all possible means to educate the farmers.

ON-GOING STUDIES

1. Crop Production Performance in the Anicut schemes in Walawe basin

Research Team: Mr. M.M.M. Aheeyar - Co-ordinator
Ms. M.T. Padmajanee - Co-researcher

Source of Funding: Consolidated Fund

Scope and Objectives:

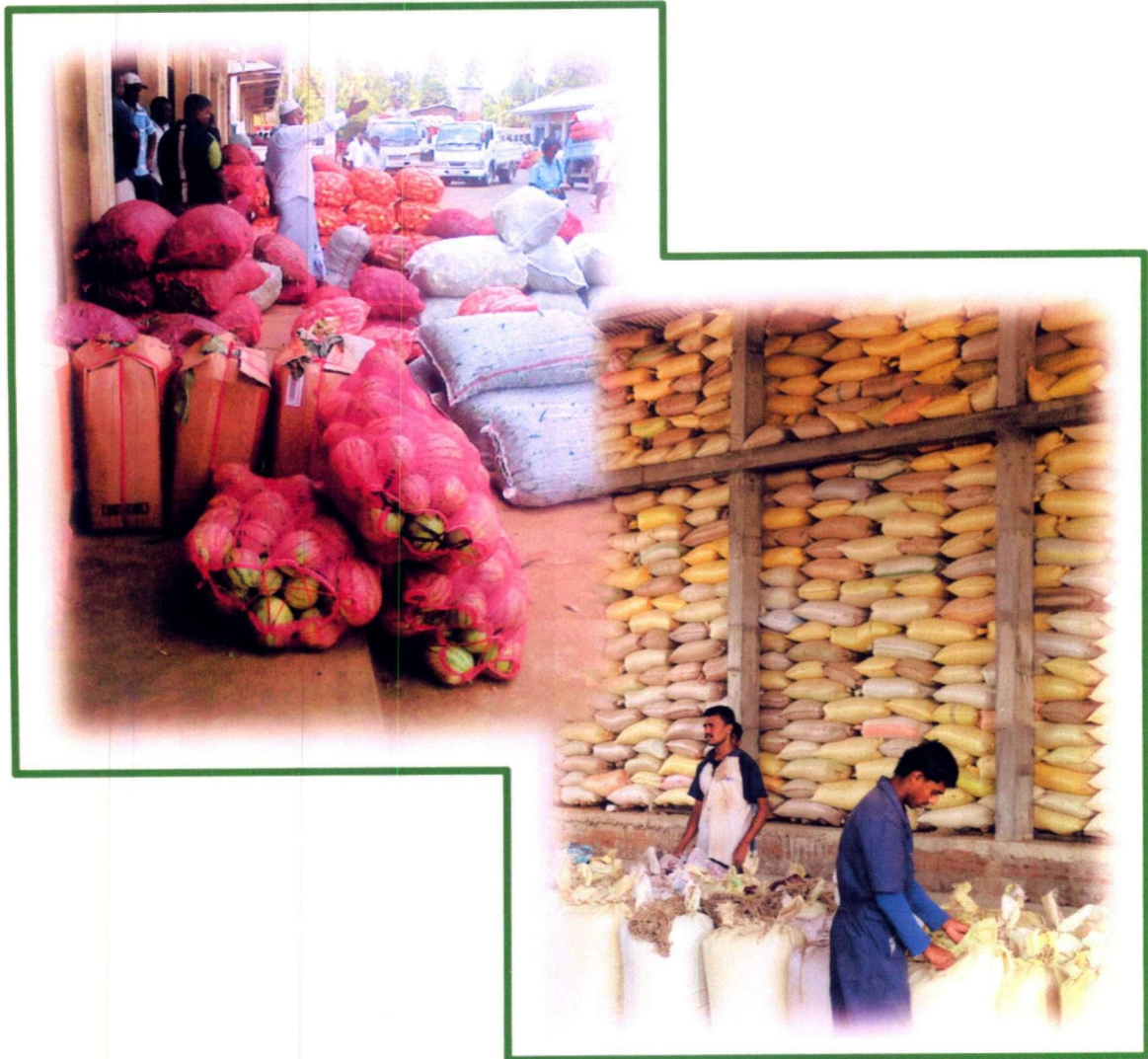
The government of Sri Lanka has taken action to rehabilitate and modernize the small irrigation systems including anicut schemes under the 'Mahinda Chintana' policy to increase the capacity of water storage structures in the country and ability to cope up the climate change effects. The government has estimated to spend Rs 500mn each year from 2010 until 2020 for rehabilitation of small irrigation schemes. The same document states that the performance of many irrigation schemes has not yet reached its threshold over the years and improving the performance of the systems has become a felt need. The need of intervention in small irrigation schemes has increased further after the breaching of over 200 tanks after severe floods occurred in the country in late 2010.

The major objective of the study is to assess the factors affecting the crop production performance in anicut schemes with special emphasis on changing agrarian and climate conditions. The other objectives are

- i. To examine the farmer's dependence on agriculture in anicut schemes
- ii. To assess the performances of existing water management and the institutional arrangements
- iii. To analyze the crop production performance
- iv. To document the traditional knowledge in climate change adaptation
- v. To find out the social barriers in climate change adaptation techniques
- vi. To develop strategies to improve the water management and crop production performance of anicut schemes

Data Collection (questionnaire survey, case studies and key informant interviews) and data analysis have been completed. The report writing is in progress.

Marketing Food Policy & Agribusiness Division



MARKETING FOOD POLICY AND AGRIBUSINESS DIVISION

Marketing, Food Policy and Agribusiness Division (MFPAD) of the Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI), was established in 1979. The main role of the division is collection, analysis, compilation, and dissemination of market information for policy makers, farmers, traders, academics and general readers. The division mainly provides market information to the Ministerial Sub Committee on National Food Security and Cost of Living Review which is functioning at the Presidential Secretariat of Sri Lanka. The MFPAD also provides market information to the Ministries of Agriculture, Trade, Commerce and Consumer Affairs, Health, Finance and Planning and the Central Bank of Sri Lanka in making policies for stabilizing market prices. In addition to that, the division provides market data and information to the other ministries, government departments and other institutions at national and provincial levels, state and private banks, foreign donor agencies and other institutes, embassies, universities, private trading companies, cooperatives and private traders, Nongovernmental organizations, electronic and printed media.

Conducting agricultural marketing research studies and training programs for farmers, traders and officials of the extension services are among the other principal activities of the division. Further, the MFPAD provide marketing extension service, marketing advisory service and dissemination of daily price; wholesale, retail and producer prices through the print and electronic media to the government and private institutions.

1. Food Information & Market Intelligence: Regular Work Program

Source of Funding: Consolidated Fund.

Research Team:

Mr. Lalith Kantha Jayasekara	Coordinator (From June to December - 2011)
Ms.C.P Hathurusinha	Coordinator (From January to June - 2011)
Ms. R.P.Vidanapathirana	Co-researcher
Mr. W.H.D.Priyadarshana	Co-researcher
Mr. N.P.G. Samantha	Co-researcher
Mr. W.A.N.Wijesuriya	Co-researcher
Ms .R.Y.D.M.R.N.K Rambukwella	Co-researcher (From March to December 2011)
Mr. E.A.C.Priyankara	Co-researcher (From August to December 2011)

Weekly "Food Commodities Bulletin" (English and Sinhala) and Monthly "Food Information Bulletin" (English and Sinhala) are the two major periodicals prepared for the dissemination of prices. Weekly Food Commodity Bulletin is released every Friday and preparation of the bulletin is done by the research and statistical staff of the division. Descriptive statistics such as range and average are worked out and price comparisons and made as compared to last week and last year of the corresponding period. The prices (wholesale, retail and producer) are mainly collected for the commodities of rice, chillies, onions, potatoes, green gram, cowpea, vegetables, fruits, coconut, egg, fish and dried fish.

The Monthly Food Information bulletin provides the overall food marketing situation of the country with average retail prices, wholesale prices, producer prices in major crop areas and quantity of food imports and their values, CIF prices and countries that Sri Lanka imports food from. Further, information on crops 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 patterns affected by natural causes like drought, floods, etc that damage crops are the key indicators and information that the monthly bulletin provides to the public.

Prices and relevant market information of food commodities are collected from nine retail markets in Colombo and the suburbs namely Pettah, Thotalanga, Dematagoda, Borella, Wellwatte, Kirulapone, Nugegoda, Kadawatha and Kiribathgoda, and the Pettah wholesale market (Colombo). The wholesale prices of food commodities were collected daily from Pettah, Kandy, Dambulla, Norochchola, Narahanpita, Marandagahamula and Meegoda markets on daily basis. In addition, data and information were collected from 28 markets in major food producing and food consuming districts. It has to be emphasized in the year 2011, the coverage of the market information and data collection range has been further expanded to include the five districts of Northern Province namely Vavuniya, Mannar, Mulativu, Kilonochchi and Jaffna.

PROGRESS FOR THE YEAR 2011

- i. Weekly Food Commodities Bulletin-52 in English and 52 Sinhala.
- ii. Monthly Food Information Bulletin - 12 in English and 12 Sinhala.
- iii. Daily Food Prices were provided to relevant institution throughout the year.
- iv. Provided daily and weekly information to the media in time.
- v. Provided price data and other market information on request - to government and private sector agencies throughout the year.
- vi. Food Commodity prices were collected on daily basis at Narahenpita Economic Centre and sent to the Ministry of Trade, Commerce and Consumers Affairs throughout the year.
- vii. Division provides food commodity prices with marketing information to the "Food Procurement and Monitoring Unit" throughout the year which is under the Presidential Secretariat.
- viii. Initiated a new program on daily vegetable wholesale Price dissemination of major food commodity (Market Information) system in connection with Pettah wholesale market and other 7 Dedicated Economic Centers, through mobile platform.

COMPLETED STUDIES

1. Assessment of the Agricultural Marketing Systems in the Northern Province of Sri Lanka.

Research Team: T.A. Dharmaratne – Co-ordinator

Source of Funding: Consolidated Fund.

Scope and Objectives:

One of the major challenges that need to be taken into consideration in terms of agricultural development in the Northern Province is “reconstruction of the suitable agricultural marketing systems. For restoration of the agricultural marketing systems, policy makers do not have adequate proper information about the agricultural marketing systems as well as on obstacles facing the market forces in the province. The overall objective of the survey is to undertake a market study aimed at generating information that would enable the authorities to gain understanding of the existing agricultural marketing systems, institutional arrangements, their management and operating procedures, and to propose strategies to improve the efficiency of the marketing mechanisms in the northern region of Sri Lanka.

Findings:

- i. Extended war & crisis situation and policy changes had caused damage to market systems and their infrastructures and its safety network. Less intervention and free imports of commodities severely affected the production and marketing systems.
- ii. Marketable surplus are smoothly growing for many crops. Total production of paddy was 82 % of the provincial consumption requirement, while, dry chili were 66 %, Pulses only 14 %, and Vegetables 60 % and production of red onion was 195 %.
- iii. Rural-regional- national market network and farmers participation in the marketing systems and their development activities have been abandoned. No supply / value chain approach and integration. Market value chain and supply chain was neglected or ruined.
- iv. Large untapped, unmarketed potential in the key agricultural crops of the area and livestock produce—creating better market linkages, better utilization of agricultural/farming capacity and skills, are needed as urgent measures.
- v. Banana, Grapes, mangoes and vegetables such as beetroot, carrots, cabbages and brinjal are more popular as commercial crops. The crop diversity is the prominent character in Jaffna, while the mono crop culture is a leading factor in other districts.

- vi. Farmers have their own marketing and production system and most of the marketing activities have been based on ad-hoc arrangements. Uneven development of the process of agricultural marketing systems is the prime characteristics. There are no proper marketing systems and operation activities in Kilinochchi, Mulative and Mannear.
- vii. The marketing systems in Jaffna and Vavuniya, are mostly neglected or ruined, due to the long term absences of farmers. Some improvements have been seen recently, while there is no proper political and economic atmosphere for the development of agricultural marketing systems in the region.
- viii. Land accessibility is the most essential policy issue for development of agricultural surplus production and markets. There is no social institutional framework for collective decision in coping with production and market challenges and dynamics.
- ix. Within the framework of present political and economic scenario, power devolution will meet only political aspiration of people interested with politics, but it will not bring tangible solution to economic problems faced by thousands of underprivileged poor farm producers in the province

Recommendations:

To institutionalize the marketing systems, to develop the infrastructure facilities, to regularize resource mobilization, to promote market-led crop production, to promote public and private market participation and investments, to introduce and operate agri-business more efficiently, to develop self reliance in production and marketing, to facilitate formation of cooperative societies, to empower cooperative governance in production and marketing are major recommendations. Further, action should be taken to ensure fair market access to all strata of the farming community.

3. Structure, Conduct and Performance of Rice Milling Industry in Polonnaruwa and Hambanthota Districts

Research Team: Mr.W.A.N.Wijesooriya - Co-ordinator
Mr.W.H.D.Priyadarshana - Co- researcher

Source of Funding: Consolidated Funds

Scope and Objectives:

Rice Milling Industry (RMI) is the largest agro based industry in Sri Lanka. Structure, Conduct and Performance (SCP) approach is widely used to analyze competitive conditions in food industries by examining how the structure of industry relates to the market conduct and performance. The main purpose of the study was to explore levels of concentration in rice milling industry in Polonnaruwa and Hambanthota which are the

major hubs of the country for rice milling. There had been no comprehensive study undertaken in order to understand the competitiveness of RMI.

Findings:

- i. According to per day milling quantity of paddy millers in Polonnaruwa district 53% is greater than 8 Mt /day while 19% of those mills greater than 20mt/day. In Hambanthota nearly 50% of the mills belong the range of 8-20 Mt. /day.
- ii. Concentration Indices concludes that in general RMI in Polonnaruwa operates in weak oligopsony or in a slightly concentrated situation. The industry in Hambanthota can be considered highly competitive
- iii. Lack understanding, experience, and knowledge on rice milling technology are the major entry barriers for the rice millers. Unstable output market and high competition of the industry are also perceived as important barriers for entry. Besides, investing a huge capital is a major consideration.
- iv. During the last decade thirty eight mills commenced operations and it implies that there are new entrants to the industry. Most of those millers belong to the category of less than 10 Mt. per day production.
- v. Rice millers who have more than 20 years experience in the industry were 30% in Polonnaruwa. It indicates that the large scale millers have experience in the industry and most of them have started as small scale millers.
- vi. More than 80% of the millers in Polonnaruwa which is the major parboiling rice producing area have mechanical dryers. Less than 30% of millers have Color separators and Weighing bridges which are expensive. All major scale millers have Water Jet Polishers and rice graders which indicate that the polishing and grading are popularized in commercial rice milling. A major problem faced by all the rice millers is the lack of a uniform electricity supply.
- vii. Major paddy purchasing method of large scale millers in Polonnaruwa is through brokers. In Hambanthota major channel is miller purchasing from farmers. Larger millers in both districts have major selling markets in Colombo and suburbs.
- viii. Huge variation can be observed in the amount of pledged loans. In Polonnaruwa Government Banks dominate the industry while Private Banks dominate in Hambanthota. Series of market margins data shows that farmers' share on rice consumer price is stable or slightly increases in both districts. In Hambanthota a greater share goes to the farmer. Only four mills have obtained the Good Manufacturing Practices Certification from Sri Lanka Standards Institute. Those millers are small quantity rice exporters.

Recommendations:

- i. Establishment of a separate unit for research, training and monitoring is needed. Incentive schemes are required for scaling up small and medium scale millers to new improving machineries, to storage facilities and to increase of paddy buying capacity. Priority should be given for the Small and Medium Scale millers in distribution of storage paddy of PMB during the off season. The industry further needs a proper rice grading system operative in most of other rice producing countries. Consideration required to Millers who process improved rice using proper grading and Sri Lanka standards certification should be given an opportunity to sell their products with exemption of ceiling price to some extent.
- ii. Color sorters, water jet polishers, and modern graders are used as heavy expensive machineries. Two millers found color sorting, polishing and grading rice under hire basis from millers who had those machineries. This is a method found in Vietnam RMI. This mechanism can be promoted in order to enhance the capacity of small millers.
- iii. There is a Need to upgrade the competency of personnel in milling industry for new milling technologies as per the needs of changed environment. Awareness programs are essential for farmers and harvesting machine operators, Paddy buyers and all other stakeholders in supply chain to ensure a quality production. When new mills are established they must be centralized in major rural producing areas.
- iv. Encouraging investment for establishing a rice bran manufacturing plant in Polonnaruwa area is highly recommended. Measures should be taken to find out the ways and means of utilizing paddy husk that is wasted in large scale in Hambantota district. The present taxation procedure needs to be restructured and further research needed in this area in order to ensure the sustainability of the industry.

3. Analysis of Market Margin of Potato and Red onion

Research Team: Mr. W.H.D.Priyadarshana - Coordinator
Ms. R.P. Vidanapathirana - Co-researcher
Mr. N.P.G. Samantha - Co-researcher

Source of Funding: Consolidated Funds

Scope and Objectives:

The importance of marketing costs and margins is quite evident in agribusiness planning and strategy design. This study provides a consistent theoretical foundation on their usefulness as evaluation techniques could help researchers in generating sensible alternative measures that answers the most important questions in relation to performance and efficiency criteria in Sri Lanka's agricultural markets for potato and red onion. The overall objective of the study is to evaluate marketing margins; marketing

cost and marketing efficiency of selected other field crops to suggest measures to improve the system.

Findings:

- i. The net price received by potato farmers in the consumer price is 68 % and 60 % respectively in channel supplies potato from Nuwara Eliya and Welimada to Colombo. Cost of production of potato has decreased by 10%, as a result of fertilizer subsidy given by the government.
- ii. Price margins show that farmers in Nuwara Eliya had benefited more than Welimada farmers. Wholesalers' net margins were 9 % and 10 % in channel I and channel II of the Nuwara Eliya farmers and retailers' net margins were 23 % and 27 % in channel I and channel II of the
- iii. The marketing efficiency is 9 and 7 for channel I and channel II of Nuwara Eliya which indicates that channel I is more efficient as it has less intermediaries. Similarly wholesalers' net margins were 4 % and 7 % in channel I and channel II of the Welimada farmers and retailers' net margins were 25 % and 20 % in channel I and channel II of the Welimada farmers.
- iv. The marketing efficiency is 6 and 8 for channel I and channel II which indicates that channel one is more efficient. Retailer's net margin is higher due to wastage (4%) at that level. Wholesaler's net margin is high for Nuwara Eliya potato compared to Welimada potato as prices are not based on the commission basis.
- v. For red onion, the net price received by farmers in the consumer price is 67% and 65% respectively in channel supplies of red onion from Puttalam and Jaffna to Colombo.
- vi. Price margins show that Puttalam farmers had benefited more than Jaffna farmers with good quality products. Marketing efficiency is 4.18 and 3.78 for red onion supplied from Puttalam and Jaffna which indicates that Puttalam channel is more efficient. Retailer's net margin is higher due to wastage (6%) at that level.

Recommendations:

- i. There is a great need to improve the marketing systems for both red onion and potatoes in terms of increasing direct participation of farmers and providing better market infrastructure facilities.
- ii. Traders and farmers need to be organized. Dissemination of market information system should be expanded to introduce new measures for reduction of transport costs and postharvest losses, to promote market-led crop production, to promote public and private market participation and investments, to introduce and operate agri-business more efficiently are major recommendation.

Human Resources & Institutional Development Division



Scope of Trainings:

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
2. Co-ordinating and preparation of training programs at the request of various organizations related to the agrarian sector
3. Providing training expertise to other requesting organizations.

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

The training programs conducted during the year 2011 by the Human Resources and Institutional Development Division are as follows:

1. Training Programme on Participatory Techniques (RRA, PRA & PCM) for Planning & Management of Rural/Community Development Projects, (No. of Programs conducted-07)

- Co-ordinator:** Mr. N S B Epakanda - RO/HRID
- Training Team:** Dr. M S Senanayake - Head/HRID
 Mr. J K M D Chandrasiri - Head/APPED
 Mr. S M A Samarakoon - SOR/HRID
 Mr. R L N Jayatissa - RA/APPED
 Mr. S Epasinghe - RO/ARMD
 Mr. N S W Nawaratne - SSO/HRID

Objectives:

- i. The main objective of the training program was to enhance the knowledge of preparing the Participatory Community Action Plans of the officers who are directly involved in the Agrarian and Community Development Process.
- ii. The other objective was to enhance the participants' knowledge on the concepts and methods used in Participatory Planning & Management.

Details of the programs conducted

	Participant	No. of Programs	No. of Participants
1.	Extension Officers of the Dept. of Export Agriculture (24-28 Jan. 2011; 25-29 Apr' 2011).	02	51
2.	Extension Officers and Asst. Directors of the Provincial Agriculture, Ministry of Sabaragamuwa Province (28 Mar' 2011 to 01. Apr' 2011).	02	70

3.	Extension Officers, of the Dept. of Agriculture of the North Central Province (26-27.09.2011).	01	44
4.	Divisional Level Officers/Field Officers in Velipitiya D.S. area Matara District (Development Officers, Asst. Directors, Samurdhi Managers & Officers (20-24.06.2011).	01	41
5.	Divisional Level Officers in the Dikwella Pradeshiya Sabha Division (17.10.2011).	01	41
	TOTAL	07	247

2. Training Program on Marketing Extension (No. of Programs conducted-05)

Co-ordinators: Dr. L P Rupasena - DDR/Mr. N S B Epakande - RO/HRID

Training Team: Dr. L P Rupasena - Deputy Director (Research)
 Dr. T A Dharmaratne - Head/MFPAD
 Mr. W H D Priyadharshana - RO/MFPAD
 Mr. E A C Priyanka - RO/MFPAD
 Mr. N G P Samantha - RO/MFPAD
 Mr. W A N Wijesuriya - RO/MFPAD
 Mr. N S W Nawaratne - SSO/HRID

This training program was designed to train the extension staff on marketing extension in order to promote market-oriented production system.

Principle Objectives were:

1. To enhance the participant's knowledge about the concepts on marketing extension and preparation of business plan;
2. To understand ways and means of delivering marketing extension among farmers;
3. To understand the use of market information on production and marketing planning.

Details of the programs conducted:

	Participants/Data	No. of Programs	No. of Participants
1.	Extension Officers of the Dept. of Export Agriculture – Matale (12-17 Jan 2011 & 06-08 April 2011).	02	48
2.	Extension Officers of the Provincial Agricultural Dept. – Western Province (18-20 July, 2011).	01	26
3.	Extension Officers of the Provincial Ag. Dept., Northern Province-(12-14 Dec & 13-17 Dec. 2011).	02	87
	TOTAL:	05	161

3. Training Programme on Social Mobilization (No. of Programs conducted-04)

Training Team:	Mr. S M A Samarakoon	- Co-ordinator
	Dr. M S Senanayake	- Head/HRID
	Dr. N S B Epakande	- RO/HRID
	Mr. P C J De Silva	- RO/HRID
	Mr. H M J K Herath	- RO/HRID
	Mr. N S W Nawaratne	- SSO/HRID

This training program was mainly designed for Agricultural and Rural Development Officers who were involving in agrarian and rural development activities as social mobilizers.

Objective:

The objective of this training program was to enhance and strengthen participants' theoretical and practical knowledge on social mobilization and participatory development.

Details of the programs conducted

No.	Participants	No. of Programs	No. of Participants
1	Agriculture and Rural Development Officers from the Sabaragamuwa Provincial Council (14.11.2011).	1	32
2	Rural Development Officers from the Wayamba Gami Saviya (29-31.08.2012).	1	59
3	Department Officers and Research Officers from the Export Agriculture Dept. (09-11.05.2011).	1	31
4.	Agricultural Research and Production Assts. from the Agrarian Development Dept. (14-16.12.2012).	1	53
	Total	4	175

4. Training of Farmer Leaders on Strengthening of Farmer Organizations

Training Team:	Dr. M S Senanayake	- Co-ordinator
	Mr. S M A Samarakoon	- SRO/HRID
	Mr. P C J De Silva	- RO/HRID
	Mr. J. Dikmadugoda	- External Resource Person
	Mr. R M Jayatilleka	- External Resource Person

Farmer organization is „only one community based organization among other organizations in Sri Lanka which have legal power with the Government Act to do various kinds of development activities in Rural Farming Community. There are about 14000-15000 farmer organizations formed in Sri Lanka as indicated by various sources. But only about 6000 farmer organizations actively work and registered under the Agrarian Development Act. Among these, most of the organizations still could not identify their role to the farming community.

The Objective:

The objective of this program was to empower the farmer leaders and strengthening farmer organization to get maximum benefits from the organizations to the farming communities.

The topics discussed:

- i. Leadership for success of organization;
- ii. Social Mobilization;
- iii. Role of Farmer Organizations and their legal framework;
- iv. Making aware of the records should be maintained and kept by the Farmer Organizations;
- v. Nature Farming.

This program was aimed to train all farmer organization leaders in the relevant districts, specially the Chairman, Secretary, Treasurer and the Action Committee members. During the year 2011, this program was conducted only in two (02) districts, namely Matara and Anuradhapura.

According to official sources in the Agrarian Development Department in Matara district, there are 600 active farmer organizations in operation in Matara district. These were divided to train all action committee members of the farmer organizations. The total action committee members of the Matara district is (12 x 600), and we trained them in 120 training programmes.

In Anuradhapura district, prior to the Deyata Kirula 2012, we trained 4500 farmer organization leaders in the district. According to official sources, there are about 1500 farmer organizations implemented throughout the district. Anuradhapura District Office of the Agrarian Development fully assisted with the organization activities as well as providing resource persons for the training programs.

There are 11700 farmer organization leaders in the Matara and Anuradhapura districts who are trained by the above program during the year 2011 and it had empowered the 2100 farmer organizations in both districts to get their maximum services to the farming community as well as for the rural development activities.

5. Training Programme on “Empowerment of Farmer Leaders on Traditional Farming Technology (Nature Farming)”

Training Team:	Dr. M S Senanayake	– Co-ordinator/Head/HRID
	Mr. N S B Epakande	- RO/HRID
	Mr. S M A Samarakoon	- SRO/HRID
	Mr. P C J De Silva	- RO/HRID
	Mr. Thilak Kandegama	– Chairman/Jathika Govi Samuluwa.

Nature Farming Training Program is specially designed for all kinds of farmers, farmer leaders and other field level officers who are directly involved in the agriculture sector, and the higher ,middle level officers as well as policy-makers and political leaders.

Objective:

The objective of this one-day awareness training program was to provide participants with the knowledge in the following areas:

- Organizational Leadership;
- The farming system based on organic tradition
- Customs, ethics and values prevailed in the traditional indigenous agriculture
- The effect of astrology on agriculture

The Training Programs consisted of lectures, presentations, video films as well as discussions. They had very high responses from various level officials as well as farmer leaders. Within this year 2011, more than 82 training programs were conducted, and about 7775 people were trained. Different kinds of groups of people participated in these programs such as Farmer Leaders, Field Level Officers, Administrative Level Officers, Teachers, University Students, Armed Force Officers and many other groups.

There were several districts covered by this program; specially, Matara, Galle, Hambantota, Moneragala, Nuwara-Eliya, Matale, Anuradhapura, Polonnaruwa, Mullativu and Ratnapura. These districts completely covered this programme, and there were many farmers and farmer organizations experimentally started to implement this system of agriculture.

Meanwhile, there were two (02) Model Nature Farming villages implemented in Matara and Ratnapura districts. These two model villages completely refused the chemical fertilizer and agro-chemicals for their crops. The Southern Development Authority helped the "Kananka" Model Village in the Matara District. They provided local variety seeds namely Suwandel (31/2 months variety) at 50% subsidy price for the farmers. The second village “Diyavinna” in Ratnapura district were assisted by the Sabaragamuwa Provincial Council. These provide local seeds valued of Rs.100.000/= to the farmers free of charge, and other extension and training activities to develop the village.

Details of the programs conducted:

District	Training Programs	Output (Officers and Farmers)
Matara	22	1930
Galle	04	310
Hambantota	02	301
Moneragala	06	371
Ratnapura	02	355
Matale	17	1313
Anuradhapura	04	288
Polonnaruwa	08	988
Nuwara-Eliya	04	695
Mullativu	04	410
Colombo	02	122
Kandy	07	691
TOTAL:	82	7774

There are demands for this program from various institutions and farming communities, but limited resources and time constraints limit the program. The above 22 training programs in Matara district was funded by the Ministry of Agriculture.

6. Training Program on Capacity Development of Agrarian Development Officers (No. of programmes conducted-04)

Training Team:	Mr. N S B Epakanda	- Co-ordinator
	Dr. M S Senanayake	- Head/HRID
	Mr. J K M D Chandrasiri	- Head/APPED
	Mr. S M A Samarakoon	- SRO/HRID
	Mr. R L N Jayatissa	- RA/APPED
	Mr. P C J De Silva	- RO/HRID
	Mr. H M J K Herath	- RO/HRID
	Mr. N S W Nawaratne	- SSO/HRID

Objective:

To enhance knowledge, attitudes and skills of the Agricultural Development officers enabling them to better perform their duties.

Details of the Programs Conducted:

No.	Participant	No. of Participants
1.	Agrarian Development Officers of Kurunegala District (12.09.2011 to 15.09.2011).	44
2.	Agrarian Development Officers of Galle District (10.10.2011 to 13.10.2011).	47
3.	Agrarian Development Officers of the Badulla & Moneragala Districts (31.10.2011 to 03.11.2011).	34
4.	Agrarian Development Officers of Kandy District (21.11.2011 to 24.11.2011).	28
	Total :	153

7. Sanwardhana Kathikawatha

Two (02) "Sanwardhana Kathikawatha" programs were conducted by the division during the period of 2011. One is 'friendly use of computers and simple maintenance'. It is a very useful program for all computer users in the institute. It has highlighted the computer hardware technology and frequently need maintenance activity.

The second program was 'childhood development' program by the Ministry of Women Affairs and Childhood Protection. This program is also very popular among all staff members of the institute. It was planned to conduct several programs under "Sanwardhana Kathikawatha", but the availability of time was the main problem to limit two (02) programmes in 2011.

8. Dayata Kirula – 2012 (Konakubukwewa Village Development Project)

Project Team: Mr. Lalith Kantha Jayasekera - Director/HARTI
Dr. L.P. Rupasena - Deputy Director (Research)
Dr. M S Senanayaka - Head/HRID
Mr. E.A.C.Priyankara - RO/MFPAD
Mr. C.U Senanayaka - IPO/Publ. Unit.
Mr. M.N.M. Naleem - Stat. Asst.

The institute has developed an agri-village development model by applying knowledge gained through research during the last three decades. It was developed by adopting a holistic approach. The model focuses on infrastructure, input supply, support services, processing and marketing which need to be developed simultaneously for agricultural development. In addition to this, generating off farm employment opportunities by developing non-farm sectors such as livestock, fisheries and service sectors was

highlighted in the model. The model also included development of attitudes of the people.

The Institute decided in September 2011 to test this model at Konakubukweawa village in Auradhapura district under the *Dayata Kirula* national development programme. Initially, an action plan was prepared with the participation of villagers. By the end of the year, renovation of five village tanks, construction of a farm road, establishment of 138 home gardens, construction of ten rain water harvesting tanks, renovation of existing 38 rain water harvesting tanks, renovation of the village school, introduction of self employment projects, mango nursery with 1000 plants to distribute among villagers, mee nursery to plant in the catchment area and establishment of the Palmyrah nursery for construction of fence for protecting human-elephant conflict were completed in collaboration with the relevant agencies. The major role of the institute was planning, organizing, directing and monitoring of activities of the project.

OTHER ACTIVITIES

Publications & Presentations

Chandrasiri, J.K.M.D.,(2011)Land Tenure Patterns of the Colonization Schemes in Sri Lanka, Their Changing Aspects and Future Challenges, / *GoviKatayuthuAdyana*,10 (1)

Damayanthi, M.K.N., (2011) Service delivery and service seekers' satisfaction in the context of Decentralization: A study on Land Subject, /*GovikatayuthuAdyanaya*, 10 (1).

Padmajani, M.T.,Growth Performance and Structural Change in the Paddy Sector in Sri Lanka: Comparison between pre and post Liberalization Periods /*Sri Lanka Journal of Agrarian Studies*,/ 14, (1&2).

Lurdu, S., (2011) SRI System, It's importance and Constraints of Dissemination/,*GoviKatayuthuAdyana*, 10(1).

Wickramasinghe, W.D.,(2011)Modelling and Simulations for Policy Analysis Capacity Building Workshop on Agricultural Policy Research Sustainable Agriculture for Food Security and Poverty reduction, CAPSA-UNESCAP

Wickramasinghe, W.D., (2011)Food Security, Economic Growth and Food Insecure and Vulnerable Profiles, Coordinating Workshop on Food Security- Identification of Research Gaps and Priorities, National Science Foundation

Wedisinghe, I.M., Wickramasinghe, W.D.,Abeywickrama, L.M.,(2011) Drought Incidence in Paddy Producing Areas: An Empirical Assessment using Standard Precipitation Index (SPI), Fifth Annual Research Forum, Sri Lanka Agricultural Economics Association,

Mapatunage, O., Wickramasinghe, W.D. Abeywickrama, L.M.,(2011)Evaluation the Role of Dedicated Economic Centers on Vegetable Marketing in Sri Lanka: A Case Study of Meegoda Dedicated Economic Centre, Fourth Annual Research Forum, Sri Lanka Agricultural Economics Association

Dharmarathne, T.A. Wimalarathna.,(2011) Agricultural Marketing Statistics: Problems of Measuring Transaction Cost in Agricultural Marketing of Sri Lanka., 4th Global Conference on Agricultural and Rural Household Statistics, Rio de Janeiro, Brazil, 9-11 November 2011. Available at http://4thwyeconferencerio.ibge.gov.br/images/Papers/S6_Poster_40_Dharmaratne_Wimalaratana.pdf

Dharmarathne, T.A. (2011), Understanding of Lethargic Development on Small Holder Farming Sector in Sri Lanka: An Analysis from New Institutional Economics 7th Asian Agricultural Economist International Conference on Meeting the Challenges Facing Asian Agriculture and Agricultural Economics toward a Sustainable Future, Hanoi, Vietnam,13-15 October 2011.

Wijetunga, M.W.A.C.S., (2011), Import Tariff in Major Food Commodities in Sri Lanka (1995-2010): Performance and Issues, International Symposium on Agriculture and Environment (ISAE), Faculty of Agriculture, University of Ruhuna, 9th November 2011.

Wijetunga, M.W.A.C.S., (2011), Terms of Trade in Paddy production sector in Sri Lanka, Annual Scientific Sessions of the Sri Lanka Association for the Advancement of Science (SLAAS) University of Sri Jayawardhana, 9th December 2011.

Serving in Expert Committees

Dr. Wasanthi Wickramasinghe, Consultant of procurement committee of mid-term evaluation of Dam Safety and Water Resource Planning Project of the World Bank

Dr. Wasanthi Wickramasinghe, Committee member of the research panel of science and technology committee and the thematic area on Food security of the National Science Foundation (NSF)

Mr. M.M.M Aheeyar, Vice Chairman of Lanka Rainwater Harvesting Forum.

Mr. M.M.M. Aheeyar, Steering committee member of Sri Lanka National Water Partnership (Lanka Jalani).

Ms. G.G. de. L. W. Samarasingha, Steering committee member of Young scientist Forum of National Science and Technology commission.

Mr. M.M.M. Aheeyar, Member of panel of reviewers for the papers submitted for the annual symposium of Young Scientist Forum and one of the evaluators of the symposium sessions

Mr. M.A.C.S. Bandara, Member of curriculum development board of the National Institute of Education for the subject on Agricultural Technology (Grade 1-13).

Ms.C.P. Hathurusinghe , Member of Technical Evaluation Committee for the procurement of Food Items to the Armed Forces, Hospitals and Prison

Ms.C.P. Hathurusinghe, Participated at the Food Security Committee meeting at The Ministry of Trade and Consumer Affairs.

Dr. T.A.Dharmaratne, Continued as a trust member of the Trust Board meeting of the Meegoda Dedicated Economic Centre in year 2011.

R.P. Vidanapathirana, A committee member of the "Feasibility Study on Construction of Cold Storage Facilities for vegetables, fruits, eggs and meat", organized by the Department of National Planning of the Ministry of Finance and Planning. Participated for meetings and prepared a report on "Need Assessment" I May – June, 2011.

Mr. W.H. Duminda Priyadarshana, As a team leader, conducted and assisted the field survey on "Food Security Assessment in North, North central and Eastern Province in

Sri Lanka” in Polonnaruwa, Anuradhapura and Batticaloa district that organized by the World Food Program and HARTI.

Special Reports

Dr.T.A.Dharmaratne prepared a document on “Rural Development: Perspectives of Sri Lanka” for the Governing Council Meeting of the Centre on Integrated Rural Development for Asia and the Pacific on October 2011, which was represented by the honorable Agricultural Minister of the government of Sri Lanka -

Mrs. C.P. Hathurusinghe, Mr. W.A.N.Wijesuriya and U.A.S.Edussooriya, “Present Status of Potato Market” the report submitted to Ministry of Agriculture, January 2011 -.

Mrs. C.P.Hathurusinghe, Mr. W.A.N.Wijesuriya and U.A.S. Edussooriya“Paddy and Rice Situation in Sri Lanka” the report submitted to Ministry of Agriculture, March 2011

Ms.R.P. Vidanapathirana Prepared the report on “Present Situation of Vegetable Prices” for the Ministry of Agriculture in March, 2011.

Ms. R.P. Vidanapathirana Prepared a report on “Present Situation of Vegetable Prices” for the Food Security and cost of living meeting in September, 2011.

Ms.C.P.Hathurusinghe, Dr.T.A.Dharmaratne, Dr. W.D. Wickramasinghe, prepared “Explanatory note on use of plastic crates in vegetable markets” submitted to the Director, HARTI, December 2011.

A monograph on “Research and Training Institutions specialized in Rural Development and Poverty Alleviation in Sri Lanka”was prepared by the HARTI and CIRDAP – March 2011

The EWRMdivision Prepared a literature review report on “Over use of Fertilizers and Agro chemicals” as per request made by the Hon. Minister of Agriculture

The EWRM division prepared a report on “performance of the use of Solar Powered drip irrigation project implemented by Ministry of Agriculture” as per request made by National Planning Department.

Ms. P.R. Weerakkody presented a report of mid season green gram cultivation to the ministry of agriculture.

Undergraduate and Postgraduate Supervision & Functioning as Examiners

Dr. Wasanthi Wickramasinghe, External supervisor and examiner of undergraduate students of Ruhuna University and Rajarata University

Dr.Wasanthi Wickramasinghe, Examiner of postgraduate students of PGIA, university of Peradeniya

Coordinated and conducted the series of lectures, final exams and other evaluation activities for the course on "Development Planning and Project Management" to the fourth year students in the special degree program of Economics conducted by the Department of Economics, University of Sri Jayewardenepura, in the academic year 2011

Conducting of Training programmes and Lectures

Mr. N.P.G.Samantha, Conducted a lecture on "Production and Marketing of Fresh Fruit and Vegetable in Sri Lanka" for the third year student of Department of Economics of University of Colombo on 24th November, 2011.

Mr. W.H.D.Priyadarshana, Conducted a lecture on "Impact on food crisis for food & nutrition security in Sri Lanka" to the students in the general degree programs of Economics of the Department of Economics, University of Colombo, in the academic year of 2011.

Mr. W.A.N.Wijesooriya, Delivered a lecture entitled "World Food Crisis: Challenges and Opportunities" on request of Aitekan Spence Company Private Limited Hotel Management Staff through the M-Learning communication Technology on 13th December, 2011.

The ARM Division conducted the evaluation of implementation mechanism of "DiviNaguma" program at *Udubaddawa, Pasyala and Milleniya* agrarian development centers.

The ARM Division conducted women in development activities at *Konakumbukwewa* rural development program under the model village development of the ministry of agriculture.

- Initiation of coordinated program with women and child development ministry
- Establishment of *Diriya Shakthi* women organization and a revolved fund
- Training programs for livelihood development
- Organizing an exhibition of women crafts and products

The ARM conducted a training program on "ginger cultivation" for *Diriya Shakthi* organization in collaboration with department of minor export.

The EWRM division successfully coordinated a collaborative programme on "Experience sharing in rural development efforts of Sri Lanka" with the faculty members of the National Institute of Rural Development (NIRD) of India from 11-17 December 2011. The programme was attended by seven faculty members of NIRD.

The EWRM division successfully implemented Rainwater Harvesting project as a means to solve drinking water problem and Palmyra bio-fencing project to solve the Human-elephant conflict in Kona Kumbukwewa village in Rambewa DS division under the "DeyataKirula" village development project implemented by HARTI.

The MFPAD coordinated and conducted the following agricultural marketing training programs for the Dry Zone Agricultural Development project officials at field level and farmers in their project areas and fulfilled the requirements from other agencies. The division provided the Resource Persons¹ and produced relevant training materials for the programs.

Duration	Agency	Participants	No. of Participants
January 2011	International Fund for Agriculture Development (IFAD) and Ministry of Agriculture	Farmers in Moneragala and Butthala areas and field officers in the project of the Dry Zone Agricultural Development in Moneragala district	100
February 2011	IFAD and Ministry of Agriculture.	Field officers in the Dry Zone Agricultural Development project in Badulla and Hambantota district.	50
March 2011	IFAD and Ministry of Agriculture	Field officers in the Dry Zone Agricultural Development project in Kandy, Kurunegala and Anuradapura district	50
20 – 24 June 2011	Market Information Project: Regular Work Program	Training program on market information, for HARTI Investigators in the Northern Province	10
26 August 2011	Department of Economics, University of Sri Jayewardenepura /HARTI	Socio-economic research and Development Planning, the workshop conducted for University student who followed the Economic Special Degree program in final year, 2011.	50

¹ Mrs. C.P. Hathurusinha, T.A. Dharmaratne, Mr. DumindaPriyadarshana , Mr. N. P.G. Samantha, Mr. W.A.N. Wijesuriya and MsRuwiniVidanapathirana, MsRoshiniRambukwella, Mr. E.A.C. Priyankara.



Units Support to Research Work

DATA AND INFORMATION MANAGEMENT (DIM) UNIT

This unit comprises of data bank, information and communication technology section and data processing section. Data Bank has data and information related to the agricultural sector collected by various agencies including Department of Census and Statistics and Department of Customs. The purpose the data bank is to provide agricultural statistics under one roof. Information and communication technology section prepares and implements annual ICT plan for the Institute. Data processing section is involved in data processing activities related to research undertaken by the Institute. Progress of (DIM) unit in the year 2011 is briefed below.

Data Bank and its Activities

The Data Bank has been conceived of as a facility for social science research, planning and policy making for development in the Agrarian Sector. It is ideally located within a social science oriented research environment, where researchers collect data from diverse sources and also generate data through their own studies. Collecting and restoring of data relating to agrarian situation in Sri Lanka is routine work of the Data Bank.

The Data bank activities that have been carried out by the divisions mainly fall under of six tasks

1. Data collecting
2. Coding
3. Verification
4. Storing
5. Retrieving
6. Analysis

The Data is collected from primary sources such as information provided by the Department and census and statistics, Central bank, Department of agriculture and through web sites and text books published by relevant Organizations.

During the year, the data storing, and retrieving systems were modified as a result of the Network failure in the division. The indexes were regenerated to check the availability of past data.

Data Indicators updated during the year.

The following Information was collected, coded and verified during the year.

1. Marketing – Retail prices, producer prices and wholesale prices -2010
2. Exports -2010
3. Land use – Extent cultivated – paddy -2010 Yala, extent of paddy by system of Tenure – 2010 Yala, Extent of other field crops – 2010 Yala and 2009/10 Maha
4. Crop care – Extent harvested – 2010 Yala –paddy
5. Production – Quantity produced, paddy -2010 Yala, Other field crops 2010 Maha and Yala.
6. Use of Agro chemicals, cost of production, income, propagation materials.

During the year a total number of records collected and coded was 46422 and 45000 records were verified. The computerized data bank was appended 44070 numbers of records during the year. During the year a total of 129 requests were received for the use of agricultural information and out of that 65 by internal users while the balance was from outside users.

Data processing activities carried out by the Division

During the year Analyses of following research studies were carried out by the division.

- R377 : Farmer participation in Irrigation System under different management Models: Achievements and Drawbacks.
- R381 : Information land Fragmentation in Settlement Schemes.
- R389 : Production and Marketing constraints and Problems of Ginger and Turmeric.
- R387 : Assessment of Solar power Micro Irrigation project Implemented by Ministry of Agriculture – Phase I.
- R390 : Farmers' Responses on T.V Programmes on Agriculture.
- R391 : Effects and Problems of Crop Diversification in the Food Crop Sector.
- R380 : Assessment on Rural Financial Market of Selected Commercial Crops.

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 agencies. During the year, the staff borrowed 1049 books and 154 issues of journals for their reference requirements. The number of visitors to the library during the year was 265.

Acquisition of books, Journals and Reports

During the year 253 books were added to the book collection, consisting 62 purchased books, 20 bound volumes and 171 books received on complimentary basis and under exchange of publications program. A large number of periodicals, newsletters, annual reports from foreign and local institutions were also received on a complimentary or on an exchange basis. The library also subscribed to 11 foreign journal titles (which included 125 issues) and 10 local journal titles.

Library Services

Requests for information and documentation services 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 have been further extended for the research staff with the ADSL facility in the Library.

Collection of newspaper articles on various subjects and indexing of the articles for quick reference was 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.

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)

Ten (10) library books were borrowed by other libraries on Inter Library Loan services.

Publications Exchange Programme

Forty five (45) institute's publications (books/journals) were sent to seven (7) libraries on exchange and received twenty 20 publications were received from five (5) libraries.

- R392 : Performance evaluation of Farmer Organizations.
- G30 : Socio – Economic study conducted for a model Agriculture village for the proposed “Deyata Kirula” Program -2012
- R394 : Structure, Conduct & Performance of Rice Milling Industry in Polonnaruwa & Hambantota Districts.
- R403 : Governance of State Land in the Context of Decentralization: A case Study in Hambantota District.
- R398 : Adoption of Drip Irrigation Systems: Current Status, Problems and Options.

PUBLICATION UNIT

The Publication Unit, which functions under the purview of the Deputy Director (Research) is engaged in editing and publishing Research Reports, Occasional Reports, Journals, Newsletter, Bulletins, Manuals, Brochures and other informational materials in all three languages. During the year, it also conducted print and electronic media programmes.

A total of 14 research reports were released in Sinhala and English during the year. The details are as follows:

1. Runoff Rainwater Harvesting Intervention in Sri Lanka (ER 133)
2. Economic Evaluation of Institutional Level Rainwater Harvesting (ER 134)
3. Fertilizer Policy on Paddy Farming and Evaluation of 2005 Subsidy Programme (ER 135)
4. PulEliya Re-Visited: A Case Study of Agrarian Changes (ER 136)
5. Terms of Trade in Paddy Production Sector in Sri Lanka (ER 137)
6. Changing Role of Women in Rural Agrarian Communities (ER 138)
7. Public-Private Partnership in Irrigation Management: Experiences of the RidiBadiEla Farmer Company Model (ER 139)
8. Adoption of Parachute Technology by the Farmers in Anuradapura District (ER 140)
9. Transformation of Smallholder Agriculture Sector in Sri Lanka; An Annotated Compendium of Statistics (ER 141)
10. Marketing of Vegetables through Supermarkets; Implication of Procurement Practices for Farmers (ER 142)
11. Small Anicut Systems in Nilwala River Basin (ER 143)
12. Alternative Approaches to Substitute Chemical Fertilizers in Food Crop Sector; Integrated Farming System Approach and Beyond (Working Paper 4)
13. Study on Use of Plastic Crates for Vegetable/Fruit Transportation (Sinhala Report) (SR 45)
14. The Impact Using ICT for Agricultural Extension in Smallholder Farming Sector Specially Focused on Cyber Agricultural Extension Units (Sinhala Report) (SR 46)

In addition the following publications were released during the year:

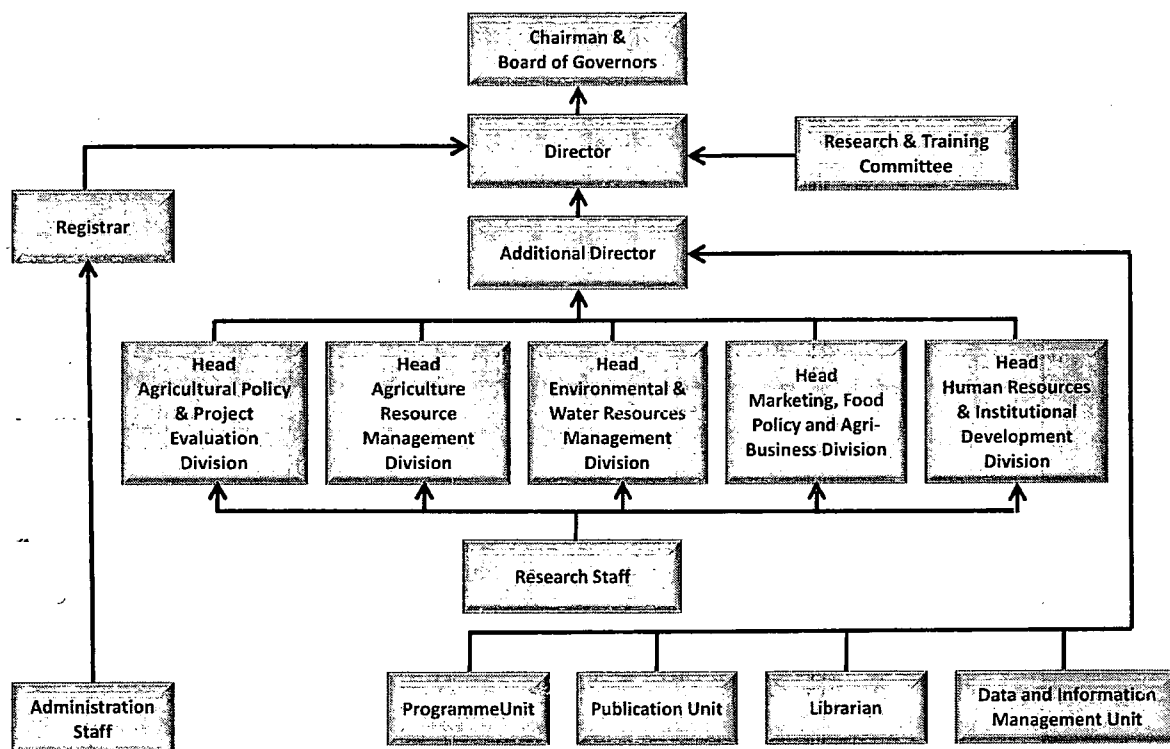
1. *Sri Lanka Journal of Agrarian Studies* Vol.14 No. 1&2
2. *Sri Lanka Journal of Agrarian Studies* Vol.15 No. 1
3. "SamuluSanvada"
4. "GoviKatauthuAdhyanaya" Vol. 8, No.2
5. "GoviKatauthuAdhyanaya" Vol. 10, No.1
6. "GoviJanathawa – October – December, Vol. 14, No. 4
7. "GoviJanathawa – January-March, Vol. 15, No. 1
8. "PuwathHasuana" Vol. 31 No. 1 & 2
9. "PuwathHasuana" Vol. 31 No. 3
10. Annual Report 2010 (Sinhala)
11. Annual Report 2010 (Tamil)
12. Annual Report 2010 (English)
13. "SobadhamaGoviLitha" - 2011

The Unit participated in the following exhibitions and organized workshops, media conferences and produced documentary films during the period concerned.

1. “*DayataKirula*” National Programme – 02.02.2011 to 11.02.2011 at Buttala
2. Industrial Exhibition organized by Chamber of Commerce – 10.06.2011 – 12.06.2011 at BMICH
3. National Farmers Week (“*GoviSathiya*”) at Vauvnia - 2011.08.01 to 2011.08.05
4. Media Workshop for Journalists under the topic “Task of Journalist in Agri Communication”
5. Media Conference
6. Documentary Film on “Nature Farming”

STAFF

HECTOR KOBBEKADUWA AGRARIAN RESEARCH & TRAINING INSTITUTE ORGANIZATIONAL STRUCTURE



AGE ANALYSIS OF STAFF

Table 1: Age Analysis of staff as at 31st December 2011

Age Group	Managerial Staff	Research Staff	Statistical, Data Analyst Staff	Clerical & Allied	Minor Grades	Total
51-60	04	07	03	10	14	38
41-50	04	03	10	11	10	38
31-40	05	28	09	10	23	75
21-30	-	01	04	23	13	41
Total	13	39	26	54	60	192

The table 1 illustrates that majority of persons in staff and technical grades are in the age group 31-40. This has been a good sign for productivity of the institute. Professionalism and maturity are blended in this age group. Most of the clerical and minor grades are in 21-30 age groups.

Table 2: Service Analysis of Employees as at 31st December 2011

Service (Number of Years)	Managerial Staff	Research Staff	Statistical, Data Analyst Staff	Clerical & Allied	Minor Grades	Total
Above 20	02	07	06	16	16	47
16-20	06	05	07	06	07	31
11-15	02	04	03	04	09	22
06-10	02	11	03	02	08	26
Below 05	01	12	07	26	20	66
Total	13	39	26	54	60	192

The Table 2 shows that 1/3rd of the staff have more than 16 years of service within the institute. This situation is significant mostly in managerial research staff. There are 07 research staff having more than 20 years service.

STAFF POSITION AS AT 31ST DECEMBER 2011

	Position as at 31.12.2010	Termination, Resignation During the year	Appointment	Position as at 31.12.2011
Director	01	-	-	01
Deputy Director (Research)	01	-	-	01
Head of Division	05	-	-	05
Research Staff	27	03	10	34
Administrative Staff	06	02	02	06
Senior Staff of Library	02	-	-	02
Data Development Unit	01	-	-	01
Computer Unit	02	01	-	01
Publications Unit	01	-	-	01
Statistical Staff	18	01	07	24
Technical Staff	02	01	-	01
Clerical, Secretarial & Parallel Grades	48	05	21	64
Operative & Allied Grades	35	02	18	51
TOTAL	148	14	58	192

STAFF DEVELOPMENT

The following Research Officers were engaged in Post-Graduate studies.

- Mr. W.H. A. Shantha - M Sc in Environmental Science and Technology
Faculty of Agriculture
University of Ryukyus, Japan
(from April 2008 to March 2011)
Ph.D in Socio economic and Geo spatial Analysis
on Farmers' Options on the Soil Erosion on Potato
Farmlands in Upper Watershed Area in Sri Lanka"
The University of Tokyo, Japan
(0th April 2011 to 31st March 2014)
- Ms. M.K.N. Damayanthi - M Sc in Public Policy and Governance
North South University
Dhaka, Bangladesh
(from August 2009 to July 2011)
- M. E.A.C. Priyankara - Post Graduate Diploma in Rural Development
Management 2010 -2011 Organized by NIRD,
Hyderabad, India (from August 2010 to July 2011)

Participation at International Training

Programmes/Seminar/Workshops/Conferences/Meeting etc.

Mr. W.H.D. Priyadarshana – Research Officer attended the “Geo-Informatic applications in Rural Development for Sharing Innovative and Best practices” held in Hyderabad from 24 January – 4th February, 2011

Mr. N.P.G. Samantha – Research Officer attended the “ Geo-Informatic applications in Rural Development for Sharing Innovative and Best Practices” held in Hyderabad from 24 January – 4th February, 2011

Mr. N.S.B. Epakanda – Research Officer attended the “Decentralized Governance: Pro – Poor Initiatives” held in Hyderabad from 14 – 23 February, 2011.

Mr. S.M.A. Samarakoon – Senior Research Officer attended the “Decentralized Governance: Pro – Poor Initiatives” held in Hyderabad from 14 – 23 February, 2011.

Mr. W.H.D. Priyadarshana – Research Officer attended the “Training Course on Thailand Food and Nutrition Security” held in Thailand 13 – 26 June, 2011.

Mr. R.L.N. Jayatissa – Senior Research Officer attended the “Result Base Management : Performance Indicators monitoring and Evaluation” held in Hyderabad, from 17 – 27 August, 2011.

Mr. W.A.N. Wijesooriya- Research Officer attended the “Result Base Management : Performance Indicators Monitoring and Evaluation” held in Hyderabad, from 17 – 27 August, 2011.

Ms. M.W.A.C.S. Wijetunga – Research Officer attended the “Agriculture as a Driver of Economic and Social Development” held in Brazil from 17 – 28 October, 2011.

Dr. T.A. Dharmarathne – Research Fellow attended the “7th Asian Society of Agricultural Economists International Conference” held in Hanoi, Vietnam from 13 – 15 October, 2011.

Mr. M.M.M. Aheeyar – Research Associate attended the “Watershed Management for Agriculture Growth and Environmental Conservation” held in Hyderabad from 24 November – 3 December 2011.

Mr. M.A.C.S. Bandara – Research Officer attended the “Watershed Management for Agriculture Growth and Environmental Conservation” held in Hyderabad from 24 November – 3 December 2011.

Ms. M.T. Pathmajani – Research Officer attended the “Climate Change for Developing Countries” held in China from 29 November – 19 December 2011.

Mr. J.K.M.D. Chandrasiri – Research Fellow attended the “Public Policies of Credit and Technical Assistance to Strengthen Family Agriculture and Rural Development” held in Brazil from 30 November – 7 December 2011.

Participation at Local Training Staff Grade

Mr. P.P. Watudura – Accountant attended the Capital Budgeting and Financial Decisions held in Central Bank of Sri Lanka from 1st and 2nd of February 2011.

Ms. A.I. Pathirana – Personal Assistant to the Director attended the Workshop on Employee Performance Appraisal held in Sri Lanka Institute of Development Administration from 24 – 26 January 2011.

Ms. N.C. Ekanayake – Internal Auditor attended the Internal Controls and Auditing for Financial Institutions held in Central Bank of Sri Lanka from 10th and 11th of February.

Mr. R.L.N. Jayathissa – Senior Research Officer and Ms. B.A.D.S. Bamunuarachchi, Ms. K.P.I. Priyadarshani, Ms. M.W.A.C.S. Wijethunga, Mr. W.H.D. Priyadarshana, Ms. M.D.S. Lurdu, Mr. W.A.N. Wijesooriya, Mr. N.P.G. Samantha – Research Officers attended the Effective Proposal Writing held in National Science Foundation from 25th of February 2011.

Ms. P.G.S.P. Nanayakkara – Senior Assistant Registrar and Ms. N.W.H.W.J.P. Nanayakkara – Assistant Accountant attend the Occupational Stress Management held in Sri Lanka Foundation from 23rd June 2011.

Ms. C. Dahanayake – Senior Assistant Registrar and Ms. A.I. Pathirana attended the Modern Office Management for Work Life Productivity held in Central Bank of Sri Lanka from 1st and 2nd September 2011.

Mr. K.T.U. Kamburugoda – Accountant and Ms. N.C. Ekanayake – Internal Auditor attended the Certificate in Procurement Management held in Sri Lanka Institute of Development Administration from 26 September to 07 October 2011.

Ms .N.C. Ekanayake – Internal Auditor and Mr. J.J.S. Jayamanna – Assistant Registrar (Administration) attended the Workshop on Disciplinary Procedure held in Sri Lanka Institute of Development Administration from 17 October to 21 October 2011.

Clerical Grades

The English Language Teaching Unit at the University of Colombo conducted an English course for clerical grade officers. It was designed for 70 staff members and 44 members successfully completed the course. The staff gained good knowledge and skills on office routine work, communication and effective writing.

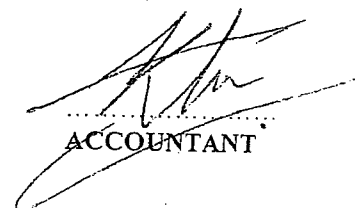
HECTOR KOBBEKADUWA AGRARIAN RESEARCH & TRAINING INSTITUTE

BALANCE SHEET AS AT 31.12.2011

ASSETS	Notes	31.12.2011		31.12.2010	
		Rs.	Rs.	Rs.	Rs.
Non Current Assets					
Property, Plant & Equipment	2	54,070,094.43		41,351,215.85	
Investments - Fixed Deposit	3	4,651,817.36		6,122,285.65	
Treasury Bills				8,699,757.00	
Staff Development	4	21,618,550.52		20,691,565.02	
			80,340,462.31		76,864,823.52
Current Assets					
Stocks	5	4,178,865.66		2,950,800.48	
Debtors	6	21,852,636.01		28,385,521.67	
Deposits	7	662,070.00		662,070.00	
Prepayments	8	452,187.52		278,091.96	
Advance	9	607,441.12		660,757.95	
Cash at Bank	10	3,695,075.29		4,411,904.99	
Cash in Hand		10,000.00		10,000.00	
			31,458,275.60		37,359,147.05
Total Assets			111,798,737.91		114,223,970.57
EQUITY & LIABILITIES					
Capital & Reserve					
Government Grant-Capital	11	135,377,986.00		126,207,761.00	
Contribution from savings		1,102,372.79		1,102,372.79	
Capital Contribution from Ministry		2,342,835.00		2,342,835.00	
Project Capital Fund	12	15,177,206.09		15,177,206.09	
Capital Reserve		3,242,284.40		3,242,284.40	
Project General Reserve	13	16,301,977.47		16,301,977.47	
Incentive Fund		137,061.91		137,061.91	
Training Fund - Projects		396,261.91		396,261.91	
Incentive Fund - Institute share		2,161,902.03		2,161,902.03	
Net Deficit Carried Forward	14	(108,139,177.13)		(95,129,440.49)	
			68,100,710.47		71,940,222.11
LIABILITIES					
Non - Current Liabilities					
Gratuity Provision		28,134,437.50		27,907,195.00	
			28,134,437.50		27,907,195.00
Current Liabilities					
Creditors	15	7,886,183.79		7,327,661.63	
State Mortgage Bank - Housing Loans	16	-		1,629,394.41	
Accrued Expenses		7,677,406.15		5,419,497.42	
			15,563,589.94		14,376,553.46
Total Equity & Liabilities			111,798,737.91		114,223,970.57


CHAIRMAN

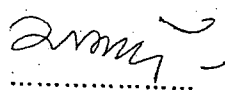

DIRECTOR

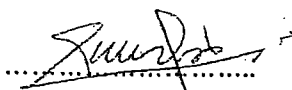

ACCOUNTANT

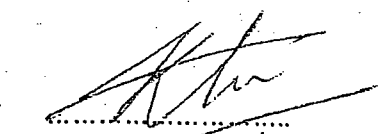
HECTOR KOBBEKADUWA AGRARIAN RESEARCH & TRAINING INSTITUTE

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	31.12.2011 Rs.	31.12.2010 Rs.
INCOME			
Funds from General Treasury		106,302,500.00	84,930,000.00
Hostel & Conference hall charges	17	15,163,667.57	9,430,441.53
Sales of publications		109,431.00	138,774.00
Interest on investments		1,162,906.47	1,384,011.22
Interest on staff loan		941,653.02	1,006,250.33
Scholarship Debtors		1,435,594.52	1,399,273.81
Contribution From Projects	18	2,574,126.23	1,826,528.85
Miscellaneous income	19	412,747.27	395,291.70
		128,102,626.08	100,510,571.44
EXPENDITURE			
Administration & Establishment expenditure	20	(110,204,925.49)	(100,110,184.75)
Depreciation		(7,170,854.53)	(4,423,637.86)
Research and Training Activities		(23,985,536.27)	(9,167,130.35)
Bad Debt over/(under) provision		272,203.57	(70,547.93)
Net deficit from operations before Financing cost		(12,986,486.64)	(13,260,929.45)
Financing cost		(23,250.00)	(38,034.43)
Net deficit before Taxation		(13,009,736.64)	(13,298,963.88)
Taxation			
Expenditure over income		(13,009,736.64)	(13,298,963.88)


CHAIRMAN


DIRECTOR


ACCOUNTANT

HECTOR KOBBEKADUWA AGRARIAN RESEARCH & TRAINING INSTITUTE

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2011

	Notes	Rs.	
Cash flow used in operating activities			
Net deficit for the year			(13,009,736.64)
Adjustment for			
Depreciation		7,170,854.53	
Investment income		(1,162,906.47)	
State Mortgage Bank – Housing Loans		(1,629,394.41)	
Provision for Gratuity		3,049,565.36	
			7,428,119.01
Operating loss before working capital changes			(5,581,617.63)
Working Capital Changes			
Stocks		(1,228,065.18)	
Debtors		6,532,885.66	
Prepayment		(174,095.56)	
Advances		53,316.83	
Creditors		558,522.16	
Accrued expenses		2,257,908.73	8,000,472.64
Cash used in operating activities			2,418,855.01
Payment of Gratuity			(2,822,322.86)
Net cash used in operations			(403,467.85)
Cash Flow from Investing Activities			
Purchase of property, plant & equipment		(19,889,733.11)	
Investment income		1,162,906.47	
Staff Development cost		(926,985.50)	
Net cash used in investing activities			(19,653,812.14)
Cash Flow from Financing Activities			
Government Grant capital		9,170,225.00	
Net cash from financing activities			9,170,225.00
Net Decrease in Cash & Cash equivalents			(10,887,054.99)
Cash & Cash Equivalent at the Beginning of Period	I		19,243,947.64
Cash & Cash Equivalent at the End of Period	II		8,356,892.65
Notes:			
Cash & Cash Equivalent		1	11
		01.01.2011	31.12.2011
Investment - Fixed deposits		6,122,285.65	4,651,817.36
Treasury bills		8,699,757.00	-
Cash at bank		4,411,904.99	3,695,075.29
Cash in hand		10,000.00	10,000.00
Total		19,243,947.64	8,356,892.65

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2011

	Government Grant Capital Rs.	Contribution from Savings Rs.	Capital Contribution from Ministry Rs.	Project Capital Fund Rs.	Capital Reserve Rs.	Project General Reserve Rs.	Incentive Fund Rs.	Training Fund Projects Rs.	Incentive Fund - Institute Share Rs.	Accumulated Revenue Rs.	Total Rs.
Balance as at 01/01/2011	126,207,761.00	1,102,372.79	2,342,835.00	15,177,206.09	3,242,284.40	16,301,977.47	137,061.91	396,261.91	2,161,902.03	(95,129,440.49)	71,940,222.11
Funds received from Treasury	9,170,225.00										9,170,225.00
Income & Expenditure										(13,009,736.64)	(13,009,736.64)
Total	135,377,986.00	1,102,372.79	2,342,835.00	15,177,206.09	3,242,284.40	16,301,977.47	137,061.91	396,261.91	2,161,902.03	(108,139,177.13)	68,100,710.47

Notes to the Financial Statements For the year ended 31st December 2011

1. Accounting Policies

1.1 General

The Financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles and the applicable Sri Lanka Accounting standards.

1.2. Valuation of Assets

(i). Property, Plant & Equipment

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 ½ % 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.

(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. Provision 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 realized value. Cost of the stocks is valued using FIFO method.

1.3. Gratuity

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

1.4. Income and Expenditure Account

The income over expenditure (expenditure over income) is stated after;

- a. 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.
- b. Charging all expenses incurred in the year.

Note 2

Schedule of Depreciation of Assets - 31.12.2011

Particulars	Cost as at 01.01.2011 Rs.	Additions/ (Disposals) during the Year 2011 Rs.	Total Cost as at 31.12.2011 Rs.	Acc/Dep. as at 01.01.2011 Rs.	Dep.for the year 2011 Rs.	Accu/Dep. ended 31.12.2011 Rs.	Net Value as at 31.12.2011 Rs.
Land	1,716,667.00	-	1,716,667.00	-	-	-	1,716,667.00
Buildings	31,328,314.99	3,048,664.29	34,376,979.28	10,580,670.11	859,424.48	11,440,094.59	22,936,884.69
Equipment/Furniture	32,818,723.93	2,250,026.33	35,068,750.26	21,344,329.62	1,227,850.65	22,572,180.27	12,496,569.99
Computer Installation	18,368,677.58	1,902,735.00	20,271,412.58	15,796,870.99	800,747.14	16,597,618.13	3,673,794.45
Motor Vehicles	12,308,988.06	12,145,460.00	24,454,448.06	9,675,539.06	3,772,492.00	13,448,031.06	11,006,417.00
Books	10,125,512.22	542,847.49	10,668,359.71	7,918,259.15	510,340.26	8,428,599.41	2,239,760.30
Welfare Equipment	3,734.55	-	3,734.55	3,733.55	-	3,733.55	1.00
Total	106,670,618.33	19,889,733.11	126,560,351.44	65,319,402.48	7,170,854.53	72,490,257.01	54,070,094.43

	2011	2010
3 HARTI Investments - Fixed Deposits	Rs.	Rs.
Fixed Deposits at State Mortgage & Investment Bank	4,385,031.71	5,855,500.00
Call Deposit	266,785.65	266,785.65
	4,651,817.36	6,122,285.65
4 Staff Development		
Balance as at 01/01/2011	20,691,565.02	20,445,068.72
Expenses incurred during the year	926,985.50	246,496.30
	21,618,550.52	20,691,565.02
5 Stocks		
Publication and journals	1,825,682.00	1,456,482.00
Consumables	1,967,087.66	1,161,989.48
Sales Center	386,096.00	332,329.00
	4,178,865.66	2,950,800.48
6 Debtors		
.. Staff Debtors		
Housing Loan	2,361,943.59	3,991,338.00
Consolidated loan	19,070,701.42	23,277,802.91
Special Advance	2,550.00	900.00
Festival Advance	134,627.50	136,860.00
Due from displaced persons	6,723.32	6,723.32
Salary Advance	265,931.81	613,496.04
Scholarship debtors	20,895,859.97	22,331,454.49
	42,738,337.61	50,358,574.76
Other Debtors		
Investment income receivable	175,533.12	355,500.00
In-Services Training Institute	6,806.38	6,806.38
K N U Gunasekara	12,100.00	12,100.00
Ministry of Agriculture	109,738.31	85,527.16
Recoverable from resigned employees	389,677.10	234,731.72
Sarasavi Book Shop	4,272.25	21,832.25
Insurance claim	173,700.00	173,700.00
Debtors - Welfare Society	99.00	-
R - 405 Konakubukwewa Model Village	163,731.31	-
Receivable From CIRDAP	-	124,450.00
Upatissa Paranamana - Caterer	-	12,434.43
Ministry of Agriculture - Training activities	-	589,022.12
Asian Productivity Organization	-	40,000.00
	1,035,657.47	1,656,104.06
	43,773,995.08	52,014,678.82
Less:		
Provision for bad & Doubtful Debtors	(915,125.41)	(1,187,328.97)
Provision for debtors (Bond)	(110,373.69)	(110,373.69)
Provision for scholarship	(20,895,859.97)	(22,331,454.49)
	21,852,636.01	28,385,521.67

7	Deposits		
	Fixed - Caterer	70,000.00	70,000.00
	Fixed - Cashier	1,500.00	1,500.00
	Sundry - Filix Pereira and Sons	147,500.00	147,500.00
	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
		662,070.00	662,070.00
8	Pre Payments		
	Vehicle Insurance	452,187.52	278,091.96
		452,187.52	278,091.96
9	Advances		
	Purchase Advance	49,904.40	197,712.95
	Other Advance	557,536.72	463,045.00
		607,441.12	660,757.95
10	Cash at Bank		
	Bank of Ceylon - A/C No - 2323293	690,848.92	524,881.84
	Bank of Ceylon - A/C No - 2323292	756,139.72	666,965.08
	Bank of Ceylon - A/C No - 2323317	38,863.07	3,204,702.20
	Bank of Ceylon - A/C No - 2323315	2,209,223.58	15,355.87
		3,695,075.29	4,411,904.99
11	Government grant - Capital		
	Balance as at 01/01/2011	126,207,761.00	122,382,500.00
	Capital contribution during the year	9,170,225.00	3,825,261.00
		135,377,986.00	126,207,761.00
12	Project capital fund		
	Balance as at 01/01/2011	15,177,206.09	14,886,206.09
	Additions during the year	-	291,000.00
		15,177,206.09	15,177,206.09
13	Project general reserve		
	Balance as at 01/01/2011	16,301,977.47	16,301,977.47
	Additions during the year	-	-
		16,301,977.47	16,301,977.47
14	Net deficit		
	Balance as at 01/01/2011	95,129,440.49	81,830,476.61
	Expenditure over income as at 31.12.2011	13,009,736.64	13,298,963.88
		108,139,177.13	95,129,440.49

15	Creditors		
	Tender deposit refundable	133,462.20	118,462.20
	Canteen deposit refundable -Upatissa Paranamana	50,000.00	50,000.00
	Upathissa Paranamana -	827.15	-
	Unpaid expenditure	139,170.21	63,088.39
	Payable to Resigned Employees	154,320.08	150,015.00
	Employees and restaurant deposit	13,084.50	13,084.50
	Stamp Fees Payable	7,175.00	5,600.00
	Retention	85,087.41	85,087.41
	Supply Creditors	642,539.27	54,531.25
	Creditors against projects		
	Book on Rice Production	501,269.66	644,767.68
	R - 300 - A comparative analysis of Samurdhi & non Samurdhi	234,996.50	234,996.50
	R - 322 - Proposal to study the Feasibility for Establishment of a Dedicated Economic Centre at Wariyapola	26,119.08	26,119.08
	R-324 - Economic Viability of Rice Processing at Household level	-	42,568.10
	R - 332 - Study on Improvement of Pola Markets in Western Province	1,535,452.72	1,535,452.72
	T - 294 - FIVIMS	217,946.87	217,946.87
	R-318 - Food Security & Vulnerability Information Mapping System in Sri Lanka	22,450.07	22,450.07
	R- 334 - Feasibility Study - Proposed Economic centre at Balangoda	24,048.32	24,048.32
	T - 228 - Workshops on "Strategies for Development Work in Conflict Affected Areas"	613,680.24	613,680.24
	R-330- Feasibility Study - Proposed economic centre at Kurunduwatta	163,057.26	163,057.26
	R - 356 - Pre-Feasibility Study of the proposed Moneragala, Siyambalanduwa Sugar Project	163,945.94	163,945.94
	T - 226 - Programs for Community based Leaders on Creating Awareness of Advocacy Messages	387,068.94	387,068.94
	T-239 - In-Country Training Programme on Agricultural Marketing Extension	461,285.95	461,285.95
	T-236 - Consulative Workshop on Sri Lanka Water Development Report	41,749.05	41,749.05
	T-232 - Training Programme	443,078.38	443,078.38
	T-245 - Regional Training Programme on New and Emerging Challenges in Rural Development for Addressing Poverty Alleviation	889,205.68	889,205.68
	R - 371 - Pre-Feasibility Study of the Proposed Sugar Project in Anuradhapura and Trincomalie Districts	691,562.20	-
	R-371 - Free Feasibility Study of the Proposed Sugar Project in Anuradhapura and Trincomalie Districts	-	691,562.20
	T - 281 - Food Programme on Food Security Surveillance System	-	148,500.00
	T - 274 - Farmer Empowerment	-	36,309.90
	T- 329 - Training Programme	62,443.22	-
	T -338 - Training Programme	181,157.89	-
		7,886,183.79	7,327,661.63

16	State Mortgage Bank - Housing Loans		
	Balance as at 01.01.2011	1,629,394.41	1,629,394.41
	Setoff against Housing Loan account	(1,629,394.41)	-
	Balance as at 31.12.2011	-	1,629,394.41
	State Mortgage Bank - Housing Loans amounting to Rs. 1,629,394.41 in year 2010 set off against Housing Loan Balance in year 2011.		
17	Auditorium, Conference hall & Hostel charges		
	Auditorium & Conference hall charges	6,683,607.34	4,193,620.80
	Hostel charges	8,480,060.23	5,236,820.73
		15,163,667.57	9,430,441.53
18	Project income		
	Administrative cost & project income	2,574,126.23	1,826,528.85
19	Miscellaneous income		
	Bungalow fees and room rent	72,414.00	143,531.57
	Palwehera Room rent	15,700.00	22,800.00
	Computer income	4,206.85	2,749.68
	Tender fees	2,500.00	7,250.00
	Other income	317,926.42	218,960.45
		412,747.27	395,291.70
20	Administration & establishment expenditure		
	Salaries - Permanent staff	42,688,999.42	43,032,164.74
	Investigator salary	8,677,301.16	7,290,227.08
	EPF	7,589,918.83	7,408,602.23
	ETF	1,518,557.27	1,481,720.38
	Overtime	2,436,268.72	2,046,021.34
	Holiday pay	26,363.04	21,177.29
	Cost of Living & Other Allowance	19,329,236.56	14,802,169.32
	Gratuity	3,049,565.36	2,613,736.50
	Travelling & Subsistence	1,103,991.18	550,051.71
	Foreign Travel Allowance	374,760.07	618,853.97
	Stationery and office requisites	1,682,093.48	2,327,890.80
	Fuel and lubricants	2,058,860.01	1,076,383.28
	Uniforms	313,208.40	273,346.20
	Vehicle repairs	2,774,475.21	2,001,965.27
	Maintenance of Building	1,174,449.65	607,848.12
	Plant machinery and equipment repairs	864,323.49	1,174,546.66
	Telephone charges	1,379,382.27	993,300.60
	Electricity	4,430,650.23	3,219,684.11
	Water bills	974,249.53	945,755.52
	Balance c/d	102,446,653.88	92,485,445.12

Balance c/f	102,446,653.88	92,485,445.12
Taxes to local authorities	274,888.80	274,888.80
Postal charges	530,573.00	405,000.00
Transport	358,440.00	355,370.00
Legal activities on defaulters	120,000.00	120,000.00
Technical Advice for Computers	-	72,000.00
Newspapers	281,558.40	234,238.00
License and insurance	674,425.82	579,755.90
Security charges	1,796,395.54	1,555,793.06
Cleaning services	542,293.91	482,384.60
Laundry services	328,470.00	331,790.00
Audit fees	300,000.00	300,000.00
- Medical charges	292,352.93	14,741.93
Canteen charges	110,304.00	103,175.00
Miscellaneous expenses	604,917.16	602,929.77
Legal charges	2,680.00	361,375.00
Welfare	456,063.00	369,440.00
Advertisement	155,447.20	167,014.40
Interview charges	7,000.00	2,000.00
Board of governors	157,000.00	40,000.00
Printing & Publication	190,809.85	223,977.42
Entertainment	5,119.00	4,769.00
Annual Subscription Fee	-	89,187.00
38th Anniversary Expenses	-	144,383.00
Dissemination of information	377,910.00	154,800.00
Bad Debts Written Off	-	386,901.75
Cost of Sales - Publications	101,623.00	123,930.00
Damage Stock Written Off	-	124,895.00
Technical Advice for Vehicles	90,000.00	-
	110,204,925.49	100,110,184.75



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கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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எனது இல } AF/D/HARTI/
My No } FA/2011

ඔබේ අංකය }
உமது இல }
Your No }

දිනය }
திகதி } 24 August 2012
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 2011 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 2011 comprising the balance sheet as at 31 December 2011 and the income statement, 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 furnished to the Chairman of the Institute on 31 May 2012.

1:2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka 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.

අංක 306/72 පොල්දූව පාර,
වත්තරමුල්ල, ශ්‍රී ලංකාව

දුරකථනය }
தொலைபேசி } 2887028 - 34
Telephone }

இல. 306/72, பொல்துவ வீதி,
புத்தரமுல்லை இலங்கை

ෆැක්ස් අංකය }
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#. மெயில் } oaggov@sltnet.lk
E-mail }

1:3 Auditor's Responsibility

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. 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 judgements, 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 power to the Auditor General to determine the scope and the extent of the audit.

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

1:4 Basis for Qualified Opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial statements

2:1 Qualified Opinion

In my opinion, except for the effects 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 2011 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

2:2 Comments on Financial Statements

2.2.1 Sri Lanka Accounting Standards

The following observations were made.

(a) Sri Lanka Accounting Standards No.3

- (i) The change in the policy adopted up to the preceding year to provide for employees' gratuity only for those employees who had completed 05 years of service to be applicable to officers completing one year service from the year under review had not been disclosed in the financial statements.
- (ii) Statement on Responsibility for Financial Statements had not been presented with the Financial Statements.
- (iii) Even though the Institute had filed 10 cases against those who had breached the scholarship holders agreements and 02 cases relating to an officer dismissed from service and on an accident to a motor vehicle, those had not been disclosed in the financial statements.

(b) Sri Lanka Accounting Standard No.18

- (i) Even though 09 motor vehicles costing Rs.4,990,324 fully depreciated had been in use continuously, action had not been taken to revalue and account for them.
- (ii) Expenditure totalling Rs.21,618,551 spent over a number of years on the training programmes, scholarships and workshops for the improvement of knowledge and skills of the officers of the Institute had been shown as non-current assets in the balance sheet instead of being written off against income.

(c) Sri Lanka Accounting Standard No.24

The capital provisions amounting to Rs.40,861,902 shown in the financial statements as capital and reserves had not been brought to account in terms of the Standard.

2.2.2 Accounting Deficiencies

- (a) The unidentified debtors credit balance of Rs.110,374 brought forward from the years prior to the year 2008 had been brought to account in the financial statements for the year under review as a deduction from the debtors.
- (b) A fixed deposit of Rs.2,000,000 had been made with a State Bank in the year 1993 for granting housing loans without obtaining the approval of the Treasury. The fixed deposit and the interest thereon as at 31 December 2011 amounting to Rs.2,419,708 had not been shown in the Financial Statements for the year under review.

2.2.3 Unreconciled Control Accounts

The following differences were observed between the balance in the Financial Statements and the balances shown in the schedules presented in that connection.

Item	Balance according to Financial Statements	Balance according to Schedules	Difference
-----	-----	-----	-----
	Rs.	Rs.	Rs.
Publications and Journals	1,825,682	1,826,647	965
Sales Centre	386,096	407,882	21,786
Consumable Materials	1,967,088	1,580,549	386,539
Furniture and Equipment	2,250,026	2,260,926	<u>10,900</u>
			<u>420,190</u>

2.2.4 Accounts Receivable and Payable

The following observations are made.

- (a) Loans amounting to Rs.234,732 remained outstanding from 02 employees who had left the service over 05 years ago.
- (b) The loan balances receivable from external institutions and an individual older than 05 years amounted to Rs.104,434.
- (c) A sum of Rs.5,061,028 remaining after the completion of 13 research projects and training programmes had been shown under the creditors in the financial statements from the year 2009. The Institute had not taken action either to settle those amounts or to write back to income.

2.2.5 Lack of Evidence for Audit

A schedule showing the make up of the housing loans amounting to Rs.2,361,941 according to the balances of persons who had obtained the loans, had not been presented to audit.

2.2.6 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
-----	-----
(a) Inland Revenue Act, No.38 of 2000	The shortfall in the tax remitted due to not taking into consideration the sum of Rs.138,950 received by 03 officers as allowances for resource contributions in the payment of Pay As Year Earn Tax amounted to Rs.17,126.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka: Financial Regulations 371(2)

Advances amounting to Rs.506,537 had been granted in 05 instances exceeding the limit of Rs.20,000 specified for ad hoc sub-imprest.

(c) Establishments Code of the Democratic Socialist Republic of Sri Lanka
Chapter VII Section 12.2.6

Even though a sum of Rs.145,279 had been spent in the year under review for acting in the post of Secretary and Data Analyst, the approval of the Ministry Secretary had not been obtained for the payment.

(d) Circulars

(i) Public Administration
Circular No.22/99 of 08
October 1999 - Paragraph 1.2

The Deputy Director of the Institute had used the official motor vehicle No.65-1280 for duty travel between the office and residence.

(ii) Public Administration Circular
No.22/99 of 08 October 1999 -
Paragraph 1.3.1(iii)

Two motor vehicles had been deployed from 10 January 2011 for 07 officers not entitled to group transport facilities for travel between office and residences and the daily travelling done in that connection amounted to about 168 kilometers.

(e) Procurement Guidelines of 01
March 2006

Section 2.14.1

- (i) Even though 03 quotations should be obtained from 03 suppliers for work costing less than Rs.100,000, repairs to 10 motor vehicles valued at Rs.1,434,513 had been done through an institution which had not submitted quotations.
- (ii) An advance of Rs.200,000 had been paid to the institution which carried out repairs to a motor vehicle.
- (iii) The approval of the Department Procurement Committee had not been obtained for the repairs costing Rs.1,325,326 carried out to the Circuit Bungalow at Pelvehera carried out in two stages.

Section 5.4.4(i)

Advances amounting to 20 per cent of the construction estimate can be granted at the commencement of work. Nevertheless, advances of Rs.250,000 which exceeded 55 per cent of the contract value had been paid in two instances in connection with stage one of the contract for repairing the Circuit Bungalow at Pelvehera.

Repair works carried out should be inspected by a qualified Engineer or a Technical Officer and certified that the work had been completed according to specifications before making payments. But it had not been so done in connection with repairs to the Circuit Bungalow at Pelwehera.

2.2.7 Transactions not Supported by Adequate Authority

Without obtaining the Treasury approval and contrary to the provisions in the Establishments Code, the Director of the Institute had approved leave of one day to each of the 48 daily paid employees of Institute. Thus a sum of Rs.144,415 had been paid as salary for the leave obtained by those employees.

2.2.8 Transactions of Contentious Nature

The following observations are made.

- (a) The Institute had called for quotations in two instances for the purchase of computers. The quotation submitted by an institution which had not submitted quotations in both earlier instances, had been evaluated by a Technical Evaluation Committee and recommended the purchase of 12 computers for Rs.706,000 from that company.
- (b) Two institutions had submitted quotations on 20 January 2011 and 18 January 2011 for carrying out repairs to the front boundary wall of the Institute. According to the files, the Technical Evaluation Committee had approved those quotations on 14 January 2011. As such the accuracy of that report was subjected to a challenge.

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.13,009,737 as compared with the corresponding deficit of Rs.13,298,964 for the preceding year. The improvement of the financial results for the year under review by a sum of Rs.289,227 as compared with the preceding year had been mainly due to the receipt of Rs.9,170,225 as Treasury grants.

3.2 Analytical Financial Review

The variances in the financial results for the year under review and the preceding year are given in the following table.

<u>Particulars</u>	<u>For the year ended 31 December</u>		<u>Variance</u>
	<u>2011</u>	<u>2010</u>	<u>Rs.</u>
Income	128,102,626	100,510,571	27,592,055
Expenditure	141,089,112	113,771,501	27,317,611
(excluding Finance Expenditure)			
Net Operating Profit before payment of interest	12,986,486	13,260,930	(274,444)
Current Assets	31,458,276	37,359,147	(5,900,871)
Current Liabilities	15,563,590	14,376,553	1,187,037

4. Operating Review

4:1 Performance

The Institute had commenced 17 Research Projects in the year 2011 and five projects of the year 2010 had been completed in the year under review. Out of the total projects implemented in the year 2011 the total number completed had been 14 and 08 projects remained without being completed by 31 December 2011.

4.2 Management Inefficiencies

The following observations are made.

- (a) Servicing of motor vehicles had not been done through the suppliers registered for servicing of motor vehicles by the Institute during the year under review. Instead, servicing had been done through another institution on the instructions of the Director and a sum of Rs.90,015 had been paid in that connection.
- (b) Delays in taking legal action against 06 scholarship holders who had breached the agreements after following postgraduate courses in foreign Universities ranged between 20 to 51 months and as such the value of bonds recoverable as at 31 December 2011 amounted to Rs.11,900,868.
- (c) The officer serving as the Librarian of the Institute had been allowed 02 years from 1998 to 2000 to follow the special degree on the Master of Science Course in Library and Information Science of the University of Kelaniya and she had not completed that course. Action had not been taken even by 31 December 2011 for the recovery of the sum of Rs.207,830 spent by the Institution in that connection.
- (d) A sum of Rs.917,882 which exceeded the estimated expenditure amounting to Rs.565,000 had been spent on the Seminar (T-302) Access to Attitude Changes of the Role of Media Personnel in Agricultural Communications held in Nuwara Eliya due to the failure to make hotel reservations on time and the non-preparation of the number of participants and the programme thereof. Such a seminar had not been included in the Action Plan for the year 2011 while the approval of the Board of Directors as well had not been obtained.

- (e) The Director had approved the payment of a sum of Rs.943,417 to a retired officer who is not an officer of the Institute to meet all expenditure on the Farmers' Organizations Empowerment Project. A sum of Rs.61,000 had also been paid to three resource persons not included in the Project Estimate.
- (f) A sum of Rs.200,000 had been paid without the approval of the Board of Directors for the Seminar on Information Technology for Agriculture (T-341) held in collaboration with the Faculty of Agriculture of the University of Ruhuna and the Faculty of Information Technology of the University of Moratuwa.

4.4 Operating Inefficiencies

The following matters were observed.

- (a) Even though a period of 07 years had elapsed after the handing over of the Circuit Bungalow at Pelvehera which was under the purview of the Ministry of Agriculture and Livestock Resources, its legal ownerships had not been secured even by 31 December 2011.
- (b) Even though the double cab motor vehicle No.WPCR0111 which belonged to the World Food Programme Project had been handed over to the Institute on 25 July 2011, the legal ownership of the motor vehicle had not been secured up to date.

4.5 Deficiencies in Contract Administration

The following matters were observed.

- (a) Even though a list of names of suppliers registered for the purposes of the Institute is available, the services relating to improvements to the front boundary wall of the Institute, repairs to the bathroom of the official quarters of the Director and repairs to the restaurant costing Rs.796,840 had been done through other institutions and individuals.
- (b) The Institute had purchased 03 laptop computers for Rs.237,000 by deviating from provisions of the Procurement Guidelines.

4.6 Resources of the Institute Supplied to other Government Institutes

The Institute had spent a sum of Rs.173,495 as salaries of a Research Officer and two Drivers attached to other institutes.

4.7 Staff Administration

The following observations are made.

- (a) Salaries amounting to Rs.4,704,592 had been paid in the year under review to 57 employees recruited to 06 posts before obtaining approval for the Scheme of Recruitment and Promotion contrary to the Paragraph 04 of the letter No.DMS/E/1/4/7/118/1 dated 13 July 2011 of the Department of Management Services.
- (b) (i) The approvals of the Department of Public Enterprises and the Department of Management Service had not been obtained for the recruitment of officers for attending to the duties of vacant posts in Staff Grades, on the by assignment of work basis.
- (ii) Officers had been recruited on the assignment of work basis for the posts of the Senior Assistant Secretary and the Senior Research Officer and a sum of Rs.578,200 had been paid to them as salaries and allowances during the year under review.

5. Accountability and Good Governance

5.1 Composition of the Board of Directors

According to the Act establishing the Institute, the Board of Directors should comprise 21 Directors to represent different fields. Nevertheless, only 16 Directors had been appointed by the end of the year under review while 05 Directors representing 05 fields had not been appointed.

5.2 Budgetary Control

The variances between the budgeted data and the actual data ranged between 26 per cent to 100 per cent and as such the budget had not been made use of as an effective instrument of management control.

6. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Director of the Institute from time to time. Special attention is drawn to the following areas of control.

- (a) Staff Management
- (b) Payment of Advances
- (c) Recovery Loans
- (d) Constructions

H.A.S Samaraweera
Auditor General

THE REPORT OF REPLIES ON THE AUDITOR GENERAL'S REPORT MADE IN TERMS OF SECTION 14(2) (C) OF FINANCE ACT NO.38 OF 1971 WITH REGARD TO FINANCIAL STATEMENTS FOR YEAR ENDING 31ST DECEMBER 2011 OF THE HECTOR KOBBEKADUWA AGRARIAN RESEARCH AND TRAINING INSTITUTE

2.2.1 Sri Lanka Accounting standards

(a) Sri Lanka Accounting Standard No.03

- i. Noted to reveal in financial statements 2012 the change of the policy of allocating gratuity allowances as per Accounting standard No.3.
- ii. Noted to submit a statement along with Accounts 2012 that the accountability of Financial Statements would be accepted.
- iii. Instructed to note in financial statement 2012 a detailed revelation on 10 cases filed by the institution against scholarship debtors, cases filed against the Institution and Labour Tribunal Case No.2/1511/2008 and High Court Case No.HCALT No.96/2010 of Miss K.G.Shirani Wanigasinghe who was dismissed from service.

Upon the receipt of Insurance Compensation of Rs.173,700/- for vehicle No.53-3287 to this institution under Receipt No.2616,accounts have been settled.

A case is pending at the District Court Moneragala on the accident of the vehicle bearing number 53-3287 at Moneragala and necessary instructions were issued to reveal this in Financial Statements of 2012.

(b) Sri Lanka Accounting Standard No.18

- i. Action has been initiated to revalue those vehicles in 2012 as per Sri Lanka Accounting Standard No.18.
- ii. Funds were made available for staff development in 2011 as capital expenditure. Therefore the expenditure made on staff development upto 2011 has been indicated in the balance sheet under Assets. However from 2012 onward funds are approved for staff development under recurrent expenditure. Accordingly from 2012 onwards this expenditure will be accounted as expenditure and not as Assets.

Action is being taken to delete from Balance Sheet the expenditure on staff development which has been indicated in Final Accounts 2011 as non current assets.

(c) Sri Lanka Accounting Standard No.24

In this regard report will be prepared within 03 months examining past records and action taken to rectify same in preparing accounts for 2012.

2.2.2 Accounting Deficiencies

It was observed that the sum of Rs.110, 374 has been indicating in Final Accounts since 2000. Therefore instructions were issued to correct the under-stating debtors in financial statements 2011 when preparation Accounts for 2012.

2.2.3 Non-reconciled Control Account

Corrections have been made in respect of Rs.173,100 on consumable commodities. The difference being Rs.10,900/-indicated on furniture is the value of the mobile phone. Accordingly instructed to include this in financial statements 2012 under Assets.

Officials who were in charge of publications/journal and the sale centre were instructed to look into this difference.

2.2.4 Accounts receivable and payable

(a) T.G.S.Wickramasinghe	Rs. 21,911.82
M.G.M.Rasak	<u>Rs.212,819.90</u>
	<u>Rs.234,731.72</u>

Reminders have been sent to recover those dues and action taken to recover from guarantees.

(b) Ministry's Debtors	Rs. 85,527.16
K.N.U.Gunsekara	Rs. 12,100.00
In-Service Training Institute	<u>Rs. 6,806.38</u>
	<u>Rs.104,433.54</u>

In service Training Institution has been informed in writing to make these payments.

(d) Following the implementation of research projects and training programmes utilizing funds made available by other institutions, the balance money were invested in deposits, term deposits and Treasury Bills.

2.2.5 Lack of Evidence for Auditing

Housing Loans – Rs.2,361,941.00 (Annexure 01)

2.2.6 Non-Compliance with Laws, Rules, Regulations and Management Decisions

- (a) Action will be taken to recover dues from those 03 officers and remitted same to the Dept. of Inland Revenue within a month.

By doing away with these shortcomings, PAYE tax have been paid in terms of Inland Revenue Act No.38 of 2000 based on the gross salary plus all other aiwances from 2012.

- (b) At present only Rs.20,000/- is paid as Interim Imprest in terms of Financial Regulation 371 (2). However, a request has been made to the General Treasury through the Line Ministry requesting special permission to spend exceeding Rs.20,000.00 in instances where it is necessary in conducting training.

- (c) No prior approval has been obtained from the Secretary of the Ministry as per Establishment Code for payment of salaries for acting in the post of Registrar. Therefore approval was obtained at the Board Meeting of 320 dated 23.05.2012. As per Establishment code, acting salary (Rs.25,279) has been paid only for 03 months. Since then she has been performing duties voluntarily. (Annexure 02) services of Retired Data Analyst employed in a F-A.O related project on assignment basis was terminated after three months.

- (d) i. As per Sub Section 4 of Section 1.1.6 of the Public Administration Circular No.22/99, the Additional Director of the Institution comes under the Senior Officer category Accordingly the Secretary of the Ministry has approved the Board decision to provide him an official vehicle to which he is qualified.

- ii. In terms of Section 1.3 (iii) of the P.A.Circular 22/99, group transport facilities have been provided to Senior Executive Officers of state corporations for travel up and down upto a distance of 40 km. However in instances where officers have traveled in excess of the 40 km limit, action has been taken to recover the excess amount from the officer who travels. The officers who enjoy this facility should report for duty ½ hour earlier before the commencement of duties and leave the office 45 minute later after normal duty hours.

- 2.14.1 i. Vehicles unable to drive due to certain defects had been parked in the garage. Drivers in charge of those vehicles had informed in writing on certain defects and the Technical officer having examined those defects recommended repairs.

Vehicles have to be deployed frequently for research activities of our institution. However the few vehicles which were in roadworthy

condition were insufficient for duties. Therefore on the urgency of getting them repaired, a few vehicles had been repaired in the premises of the institutin by engaging technicians from U.R.P.Auto Mart Ltd.

Estimates have been submitted by that Institution for repairs which were recommended by the Technical Officer. As the repairs were carried out in the premises itself, an advance of Rs.75,000/- had to be made available in considering estimates submitted by U.R.P. Auto Mart.

As the repairs were done in the premises itself by engaing Technicians from the above-mentioned institution, it was possible to save time & labour whereby minimizing repair/maintenance cost.

ii. Voucher No.1433

In the ordering of spare parts for urgent repairs to vehicle No.CR-0111, the U.R.P Auto Mart had requested an advancc of Rs.200,000 to pay the relevant Agency. The payment was made upon the approval of the Director.

iii. Quotations were called from those whose past dealings with our Institution proved satisfactory.

In this activity the total amount of Rs.250,000/- was not made available to the contractor at once but paid as advances on two occasions in the sum of Rs.150,000/- and Rs.100,000/- respectively. Accordingly payments were made depending on the progress of the performance.

5.4.4 (i) In this activity the total amount of Rs.250,000/- was not made available to the contractor at once but paid as advances on two occasions in the sum of Rs.150,000/- and Rs.100,000/- respectively. Accordingly payments were made depending on the progress of the performance.

8.12.2 Whereas the final bill of the file was forwarded to the relevant Engineer of the Department of Agrarian Development for approval, those officials have informed their inability of granting approval for activities already completed.

1.2.8 Disputed Transactions

(a) Quotations were called on 19.04.2010 for purchase of 13 Computers. Accordingly action was taken to purchase 13 computers at a cost of Rs.532,220/- (at the rate of 40,940 per one) from the lowest tenderer Are Tech Lanka (Pvt) Ltd. subject to the Procurement Committee Report and approval of the Director.

Quotations were invited on 04.11.2010 from 06 Institutions for purchase of 07 computers. The Technical Evaluation Committee by its TEC report dated 26.11.2010 has recommended that the lowest Tenderer, E-W Information Technology's offer is in conformity with all our specifications except WSB Mouse and Key Board.

Accordingly the Technical Evaluation Committee by its report dated 02.12.2010 has recommended the purchase of computers from the lowest tenderer E-W Information Technology subject to the supply of WSB Mouse and Key Board.

M/s E-W Information Technology had informed their inability to supply Dual Care Computers for which quotations were called as that type of Computers due to non availability of stocks with them. Furthermore quotations called for same were disregarded due to the higher value of purchasing price of Dual Care Computers (Rs.76,267 per unit) and decrease of market demand for same.

On the instructions of the Director, action has been taken to obtain quotations for Dual Care computers from New Metro Computers.

In view of the defects appearing in arrival & departure time marking machine of the Institution, action has been taken for the installation of Finger Print machine. Accordingly quotations were called from New Metro computers to purchase 02 computers for same on the instructions of the Director. Their quoted price was Rs.48,000/= per one which were less than price of E-W Information Technology. Therefore action was taken to purchase 02 Dual Care Computers at a total cost of Rs.96,000/-.

Quotations were invited from 09 Institutions on 22.12.2010 for purchase of 07 Intel Core i3, i5 or i7 computers and 01 Lap Top Computer. The Technical Evaluation Committee in its TEC report dated 17.01.2011 has indicated that the lowest offer has been received from Are Tech Lanka (Pvt) Ltd.

However, the Technical Evaluation Committee by its report dated 26.01.2011 had recommended prices and specifications given by New Mrtro Computers for Intel Care i3

Based on the Procurement Committee report and reports of the Technical Evaluation Committee, action was taken to purchase 10 computers from New Micro Computers on two occasions.

- (b) A difference is appeared as to the dates of submission of offers invited for repair of the wall of the Institution. This has to be got done urgently in view of the SAARC Conference scheduled to be held in that year. It

had to be completed within few days. However the Technical Evaluation Committee alerted to avoid such inadvertent mistakes in future. (Awareness was made in keeping with Audit meeting on 01.03.2012)

3.0 Financial Review

3.1 Financial Result

Reason for this is Treasury Grants, Contributions from Projects and institutions' own fund generations

3.2 Analytical Financial Review

	2011.12.31	2010.12.31
Income	128,102,626	100,510,571
Expenditure (Except financial expenditure)	141,089,112	113,771,501
Net operation profit before interest payment	12,986,486	13,260,930
Current Assets	31,458,275.60	37,359,147.05
Current Liabilities	8,903,071.97	5,959,366.17

04 Operation Review

4.1 Performance

The institution has initiated 17 research studies in 2011 (Annexure 03) In addition Marketing Information Project continued. Four of the 05 research studies undertaken in 2010 were completed in 2011. (Annexure 04) and the remaining studies have been completed in March 2012 (Annexure 04 & 05) The total number of research studies completed in 2011 is 14 (Annexure 05)

It has been planned to complete on-going 08 research work in 2012 (No. 1 & 2 of Annexure 06. The reason for inability to complete the remaining 06 researches during the year under review (by 31.12.2011) was the Research Officers having joined in studies in addition to those in the Action Plan. Out of the non-completed 06 studies 03 were completed in January and 02 in March 2012. The remaining study is scheduled to be completed in July 2012. (Annexure 06)

It was planned and implemented at research level to publish the prices of 23 vegetables in 08 whole-sale markets in Sinhala and Tamil through mobile phone. In addition action was taken utilizing the institution's 40 year experience to develop Konakumbukwewa Village in the Rambewa Divisional Secretariat Division in Anuradhapura district at a cost of Rs.08 Million with the Patronage of the Ministry and other institutions under the Integrated Rural Development Programme in parallel to Deyata Kurula 2011.

4.2 Management Inefficiencies

- (a) Activities relating all registered vehicles were implemented within the limits of authority of the Director. The relevant vehicles were used by the Director. As the Director and his driver are residing in Matara, selected services were undertaken outside the Institution selected by the Institution.
- (b) At present there are 12 debtors with dues who have obtained post graduate scholarships during the period from 1988 to 2006. 02 of whom are repaying their loans upon agreements. Legal action is being taken against the remaining 10 debtors. They include 06 debtors referred to in this letter, a summary of which is attached. (Annexure 07)

In addition management of this institution have taken possible legal action against the respective scholarship debtors while recoveries are being made from guarantors. Furthermore every possible action has been taken against debtors whose addresses could not be found. For example on the advice of the Attorney General, enquiries have been made from the Dept. of Immigration and Emigration on such debtors and action is being pursued still with the Attorney General's Department.

- (c) Enquires were made from Miss S.L.Katugampola as to why she did not complete the course. Based on her revelations action has been taken to recover her dues amounting to Rs.207,830/- on the assumption that she has vacated the course. This amount is being deducted from her salary at the rate of Rs.20,783.00 per month.
- (d) Action was taken to submit a revised estimate of Rs.885,000/- at the commencement of the above mentioned training workshop by revising the original estimate of Rs.565,000/- and given below are the reason for having made expenditure in excess of that estimate.
 - It was not possible to obtain necessary lodging & other facilities at one location due to other parties having made booking at the time of our enquiring hotel and lodging charges for the above course. Therefore it has become necessary to seek alternative facilities (Hotel & lodging) on urgency of the programme.
 - Additional expenditure had to be made to add new features to the programme to ensure quality of the programme while achieving anticipated targets and productivity. (for example group photos certificates, memorial plaques, photos and photo copies for media person.)
- (e) A letter has been received by the Director on 25 October 2011 which sought contributions for annual session for Agricultural Information Technology being held by the University of Ruhuna. (Annexure 08)

Prior to that letter, Professor Mangala de Soysa, Dean of the Faculty of Agriculture of the same University had verbally requested assistance for same from the Director.

During the year 2010/2011 the following research based academic relations had been established between the University of Ruhuna and the Hector Kobbekaduwa Agrarian Research and Training Institute.

- Providing advisory services for research
- Development of research reports
- Representing research and training committees.

Accordingly, the Director, HARTI has decided to assist annual session on Agricultural Information Technology of that University. In addition to attending the session, financial contribution of Rs.200,000 was also made (Annexure 09)

The number of Research Officers attended the Session was 07. (Annexure 10)

- The owner of the air-conditioned bus for which the quotations were called to provide transport facilities agreed to provide up & down transport for media persons who were due to participate at the programme in Nuwara Eliya. However due to subsequent necessity of undertaking field study of the programme which include visiting co-operative society of reputed potato cultivators, the supplier rejected providing transport facilities at the quoted rates. Therefore it was necessary to turn to other alternative (At that time the normal transport charge for 05 day trip from Colombo to Nuwara Eliya exceeded one Lakh of rupee. Accordingly even this spending is advantageous.
- The programme was successful due to the participation of invitees from local political authority, state officials and stake-holders. Therefore facilities had to be increased (Due to the procurement of electronic equipment/supporting tools etc. on hiring basis)
- The programme had to be extended beyond the original planning on the advices of experts which required the increase of participation of the staff of the institution for successful management of the programme.
- This enormous task was planned by Mr.Poojitha de Mel (who resigned from the institution later) with a short span of 08 months from his appointment as Chief of the Publication Unit

4.4 **Operational Inefficiencies**

(a) Legal process for acquisition of Palvehera Circuit Baingalow to the Institution has been over. The Gazette Notification to this effect has been sent to the Government Press by the Ministry of Land. (The relevant letter attached as Annexure 11)

(b) Action is being taken to take over the Jeep bearing No.WPCR 0111

4.5 **Deficiencies in Contract Administration**

(a) Repairs completed

Improvement to the wall was done according to circular instructions issued by Secretary of Defense. Quotations were invited outside the normal procedure as the repair had to be completed within a few days on an urgent basis. (an undertaking, completion of which required in a few days)

In view of the satisfactory performance in respect of the previous repairs to the wall by the contractor who had completed the undertaking within the specified period to the entire satisfaction to the institution, quotations were obtained from them and other institutions for other purposes too.

(b) **Purchase of 03 Lap-top Computers**

Considering the essentiality to use in the on-going projects and research work, 03 Lap-op computers were purchased on an urgent basis subject to the approval of the Director.

Whereas the opening of quotations should be done in the presence of procurement committee officer, in certain instances, they are not in a position to attend due to their busy schedules. However the subject clerk has been informed to make the opening in such situation at the scheduled time of opening in the presence of the officer in charge of the supply.

With regard to the purchase of 03 Lap-Top computers any of the bidders were not participated at the opening of quotations. Therefore action was taken to make the relevant openings as schedule with day-stamping with the knowledge of the Administrative Officers.

4.6 **Resources of the Board made available to other institutions**

Mrs.Sagarika Hitihamu, Research Officer has been informed in writing to report for duty of the Institution on 13.09.2012. (Annexure 12)

Mr.A.M.D.M.Thennakoon, Driver has been informed to report for duty of the institution on 20.04.2012. (Annexure 13)

4.7 Staff Administration

(a) Only 21 vacancies existed as at 30th June 2011 have been filled in terms of old procedure of recruitment for the post of Management Assistant as per letter of approval No.DMS/E/1/14/7/118/1 dated 13th July 2011 of the Department of Management Services.

In view of the large number of projects and programmes being implemented in the island particularly in areas in the North and East in 2011, 06 drivers had been recruited to the Institution on assignment basis to ensure the efficient implementation of the same. Considering the satisfactory performance of 04 of those drivers, action was taken to recruit them under new recruitment procedure.

Two individuals were employed on assignment basis as non-technical primary grade employees. In view of their satisfactory service over a period of one year, they were recruited to the cadre subject to the approval of the Department of Management Services.

No recruitment was made so far the post of Statistics Officer.

Ten (10) individuals have been recruited to the post of Research Officer under the old recruitment procedure for vacancies existed upto 30th June 2011 subject to a formal procedure of recruitment.

At the time of the receipt of the letter No.2/1/3/2/35 dated 24th August 2011, the permanent appointments had been granted by the Hon; Minister in the early hours on that day. Moreover relevant particulars had been forwarded to the Secretary of the Ministry of Agriculture by letters dated 18,19 August 2011 and the letter dated 24th August 2011.

- As regards the filling of vacancies for the post of Management Assistant, the accepted method is to invite applications through a press notice. However a memorandum was submitted on 17th August 2011 to the Board of Governors to get the approval for holding an examination under the old recruitment procedure to consider the recruitment of employees to the permanent cadre who were serving on assignment basis at that time. Accordingly, it was decided to submit all the relevant information including the qualifications of Management Assistants who had been recruited on assignment basis. The relevant information were forwarded to the Secretary of the Ministry by the letter dated 18, August 2011 and the letter dated 24th August 2011. Accordingly approval has been granted by letter No.2/1/15/2/17- (1) dated 09.09.2011 to make recruitments subject to a formal procedure.

No recruitments have been made so far for the post of store keeper under old Scheme of Recruitment.

- All Drivers recruited have fulfilled the relevant qualifications and the subject clerk has been instructed to file letters of confirmation to that effect.
- Two applicants have been recruited for the Post of Office Maintenance Assistants, for which the educational qualifications under old Scheme of Recruitment have been a pass in 8th standard. However these two applicants have sat for G.C.E.(A.L) Examination and one has passed all 03 subjects while the other has passed 02 subjects. The latter has also passed G.C.E.(O.L.) with credits for Mathematics and English. Accordingly, considering their one-year satisfactory performance, they were recruited to the permanent service.
- Having considered the qualifications of the Office Garden Labourers recruited on assignment basis, only the qualified persons were recruited subject to the approval of the Department of Management Services.

Mr.N.S.Wickramarachchi has been appointed as Management Assistant-Grade (III) and presently he has been entrusted duties of the post of Store Keeper.

Miss H.R.Kumanayeka has obtained a credit pass for English Language at the G.C.E. (O.L.) Examination of 2008. However the certificate of confirmation had not been entered in her personal file by that time and it has now been entered.

Mr.B.M.T.Sameera has passed in all three subjects at the G.C.E.(A.L.) Examination of 2004 and the letter of confirmation had been entered in his file by that time.

- (b) i. Mrs.Chandrika Dahanayake had been appointed to act in the post of Assistant Registrar (Programme) with effect from 27.05.2011 on assignment basis and approval was obtained for same at the Board meeting of 320 held on 23.05.2012. (Annexure 13)

Mrs.D.A.B.N.Amarasekara, Senior Research Officer has been appointed to that post with the approval of the Board of Governors.

- ii Senior Assistant Registrar is in the service and Senior Research Officer has not in the service since September 2011.

05. Accountability and Good governance

05.1 Composition of Board of Governors

A letter has been sent to the Secretary of the Ministry of Agriculture on 30.06.2011 requesting to take action to represent vacant fields in terms of the Incorporation Act of the Institution. Accordingly an officer has been nominated to represent the World Food and Agriculture Organization and noted to fill the remaining vacancies in future.

5.2 Budgetary Control

The institute has taken every effort to control actual expenditure within the budgetary expenditure. However due to reasons beyond control of the Institute, expenditure could exceed over the estimated amounts or not exceed on certain occasions. In such instances action will be taken to obtain the approval of the Board of Governors.

06. Systems and Control

i. Staff Management

Instructions have been issued to make recruitments in keeping with the approved Scheme of Recruitment and submit all recruitments for approval of the Board of Governors.

ii. Payment of Advance

Advance Payments and Settlement are strictly monitored since 2004 and there are no unsettled balances thereafter. Advances existed prior to 2004 have been written off with the approval of the Board of Governors. New advances will be given following the settlement of previously obtained advances. Surcharges will be made on advances exceeding 03 days without justifiable reason.

iii. Recovery of Loans

Instructions have been issued to update loan files.

Necessary arrangements are being made to ensure proper co-ordination between the Administration Division and the Accounts Division in issue of loans. Steps have also been made to enter information such as numbers/dates of the cheque as well as photocopy of the voucher in the loan file.

All information available in respect of loan balances recoverable from employees resigning from service have been submitted to the Audit Division and relevant officers have been instructed to submit all detail in future.

All possible measures have been taken to recover non paid loan balances from officers who have resigned from service since 2009 and almost all loan balances have already been recovered.

Actual loan balances have been categorized in the loan register from 01.01.2010

With regard to loan agreements between the Institution & the Debtor the subject clerk has been instructed to obtain initials of both parties in front of all completed blank spaces of the Agreement in respect of each matter, values and dates and this procedure is now in operation.

iii. Constructions

In terms of financial regulation 371(2) only Rs.20,000.00 is paid as Interim Imprest. However, special approval has been sought to deal with instances where the Imprest requirement exceeds Rs.20,000.00 limit.