

LALIN I DE SILVA

Plantations in Sri Lanka are a type of commercial farming where a single crop of tea, rubber, coconuts, sugarcane, cashew, cinnamon, timber, and oil palm is grown. This exercise is an attempt to understand the interventions required to harvest the untapped potential of the industry through the factors of production (land, labour, capital, and entrepreneurship) perspective to earn a tangible profit from the plantation industry.

The land as a factor of production includes the natural resources used to create a good or service. The resources can be renewable resources like forests or non-renewable resources like oil, water, precious stones, minerals, and precious metals.

The plantation companies are entitled to use only above-ground resources like the crops cultivated but the below-ground assets are remaining unutilized which is a great loss to the crisis-hit national economy. The haphazard policy decisions taken purely looking from the political point of view on the above ground cultivations have already created more than Rs.27 billion losses for the RPC sector alone. The suspected over 30% crop loss due to untimely stoppage of much-needed fertilizer for large scale and labour-intensive plantation agriculture has also lost a sizeable income of forex due to the national economy.

POLICY

It is not a secret that Sri Lanka is absent from important national policies when compared to many developed countries in the world. The agriculture policy, Biodiversity policy, Land policy, clean soil policy and national wage policy are a few that can be identified easily. If a common consensus can be arrived at by Parliament in identifying a reasonable GDP after due consideration of the budget deficits, then the national policies can be drafted to bridge the gaps by allocating resources meaningfully. We have had a stagnating GDP of 80 billion USD for several years and borrowing has been a deadly option. Sadly, the country is not short of resources.

The national policy of the plantation industry seems to be the biggest need of the hour of the industry as the policy has been absent from the aforesaid national policies since its very inception. The main aim of such a policy should be the sustainable growth of the industry. The plantation policy will also help to attract FDIs. The leasehold rights of the RPC sector could be increased to 99 years as tea, and rubber crop cycles alone are running into 30 years of each crop. Investor confidence must be looked at in business decisions.

The policy also will have to address issues arising from the life cycle analysis of all crops cultivated at present. We are happy that the ministry has started on this, but the exercise must be completed soon. The degree of the need for the plantation policy is well visible in the following Table. (See Table) Although the numbers published below speak of a very low level of around 2.7% contribution to the GDP, these numbers have been unable to capture the value addition component fully. The Ministry is trying its level best to get the relevant data collected for some time now.

GDP CONTRIBUTIONS

The labour is responsible for transforming resources into goods or services available for purchase. The outmigration trend of the RPC sector from 300,000 employees in 1992 to a little over 110,000 as of today is alarming. Once the policy is developed it is going to be easy to distinguish workable annual revenue goals. This will lead to the identification of the skill inventory of the employees of the industry. This will help the National Institute of Plantations Management to deliver objectively driven skill transfer programs to all categories of employees such as the daily paid category of employees and monthly paid categories. Also, the industry will be able to generate high-value jobs in the information age. With the residential workforce with plenty of talents and logistics inbuilt such as infrastructure, the Industry is a potential candidate for an influx of FOREX. In the modern world, human capital is an asset that can propel economies but an enabling environment must be created.

The capital is the company's

PLANTATIONS POLICY AND THE FACTORS OF PRODUCTION



physical paraphernalia and the money it uses to buy resources. The need for a cash injection to gain from the transformation of the agriculture age to the industrialisation age is very much urgent. The industry needs funding for objectively driven R & D programmes to develop high market products with advanced technologies into attractive markets. Climate-smart agriculture is another area where huge investments are urgent.

Entrepreneurship is the secret sauce that combines all the other factors of production into a product or service for the consumer market. An example of entrepreneurship is the evolution of the social media behemoth Meta (META), formerly Facebook. Another example of entrepreneurship is Starbucks Corporation (SBUX). The retail coffee chain needs land (prime real estate in big cities for its coffee chain), capital (large machinery to produce and dispense coffee), and labour (employees at its retail outposts for service). Entrepreneur Howard Schultz, the company's founder, provided the fourth factor of pro-

duction by being the first person to realize that a market for such a chain existed and figuring out the connections among the other three factors of production.

TECHNOLOGY

While not directly listed as a factor, technology plays a vital role in influencing production. In this context, technology has a broad definition and can refer to software, hardware, or a combination of both used to streamline organizational or manufacturing processes. Plantations are heavily dependent on spatial information although such are not used objectively. Satellite-based monitoring is one such catalyst for sure. The Ceylon Planters Society which comprises working planters on the ground has submitted a wire frame indicating the 10 billion USD earning potential per year. The goal was set by considering the factors of production including the accelerator, and technology.

Our collective aim through the compilation of facts above was to lobby for the much-needed national plantation policy and regulation without which the industry cannot make a required impact on the GDP that is crying for forex. We believe that our appeal will be heard this time and acted upon as quickly as possible. The Ceylon Planters are always ready to shoulder the wheel. Let us put our best foot forward to regain Sri Lanka.

(The writer is a Senior Planter/ Agricultural Adviser and consultant/Secretary General of the Ceylon Planters' Society.)

Plantation Sector Contribution to the GDP as a Percentage 2011-2021											
Crops	year										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tea	1.0	0.9	0.9	0.9	0.7	0.7	0.9	0.8	0.7	0.7	0.7
Rubber	0.9	0.5	0.3	0.2	0.1	0.1	0.1	0.2	0.1	0.1	0.2
Coconut	1.0	0.7	0.8	0.8	0.9	0.6	0.8	0.8	0.5	0.8	1.0
Spice Crops	0.6	0.6	0.5	0.7	0.7	0.7	0.7	0.6	0.6	0.6	0.8