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இலங்கைத் தேயிலைச் சபை  
SRI LANKA TEA BOARD

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காலினி, கொழும்பு, இலங்கை  
Galle Road, Colombo 03, Sri Lanka.

Circular No. OR/2015/01

28<sup>th</sup> July 2015

To all Registered Manufacturers of Tea

Sirs,

Relief Package for the Tea Sector

The Government has decided to provide concessionary loan scheme on a short term basis for registered tea factory owners with a view to enabling them to meet their obligations to tea small holders on account of green leaf supplied to them. The Sri Lanka Tea Board will identify the registered tea factory owners who will qualify for consideration by commercial and development banks for such assistance in order that the objective of the Government is achieved. Lending institutions will process loan application of borrowers after receiving specific recommendation from the Sri Lanka Tea Board confirming the eligibility of the borrowers for the loan facility.

02. The Government will provide interest subsidy of 2% to banks through Regional Development Department of the Central Bank of Sri Lanka. This 2% interest subsidy would be made available only for 2 years time period for the eligible applicants of the loan under the scheme. The quantum of Loan will be dependent on the average turnover of the first quarter of 2015 (01<sup>st</sup> January to 31<sup>st</sup> March 2015) of the registered tea manufacturer/factory. The repayment should be within a maximum period of 2 years commencing from the first sale (Auction/Private Treaty) after obtaining the loan recoverable as a first charge on sales proceeds. Repayment installment shall be capital plus interest. Existing mortgages or any other security available with the respective bank in respect of the factories are to be extended to cover these loans.

03. Registered tea factory owners willing to avail of the above relief package are required to furnish their applications by using the prescribed form attached herein and address to the Chairman Sri Lanka Tea Board for evaluation and necessary recommendation to the Commercial Banks.

04. All registered Tea Factory Owners are hereby informed of the criteria for eligibility for working capital loans as follows ;

- ❖ Registered Manufacturers should have been in production during the past 2 years continuously; factory registration should have been obtained prior to 2013.
- ❖ Tea Manufacturers/Tea factories who have defaulted re-payment of any Government Loans previously on account of Working Capital Loans are not eligible.

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- ❖ Tea factories engaged in producing off grades exceeding 30% off grades in relation to the total quantity of teas sold during the period 01st January to 31st March 2015 and or recorded less than 90% of the Agro-climatic Average will not be eligible.
- ❖ Tea factories engaging in processing of Refuse Tea are not eligible
- ❖ Tea factories who have defaulted payment of reasonable price for green leaf suppliers are not eligible.
- ❖ Registered manufacturers/factories that have adulterated teas and paid a fine on or after 01<sup>st</sup> June 2013 to the Sri Lanka Tea Board and/or have paid a fine on account of any other malpractices are not eligible.
- ❖ Any Tea Factory which offered tea at the auction or private treaty which tea so offered has been proved to be below the Minimum Quality Standard ISO 3720 or contaminated are not eligible.
- ❖ Any manufacturer or Tea factory therefore contravened provisions of the Tea Control Act 51 of 1957 or any Regulation Framed under the Sri Lanka Tea Board Law No. 14 of 1957 are not eligible.

**Other conditions applicable**

1. The factories should not change the ownership without 100% settlement of loan obtained. This would include any leasing of factories where there would be a change of the tea manufacturer.
2. If any tea factory operates under a lease agreement or through an agent, they should forward a certifies copy of the valid agreement together with the application form.
3. Any tea factory operating on lease agreement terminable within 2 years of the date of loan applied will not be eligible for concessionary rate of interest.
4. Tea Factories should not change selling Broker after obtaining the Working Capital Loan.
5. Tea Factories who obtain Working Capital Loan would be prohibited from disposing of teas ex-factory other than 3% permitted and/or with Tea Board special approval.
6. Tea Manufacturers/Tea factories who obtain Working Capital Loan should procure green leaf only from licensed green leaf dealers.
7. If any factory/ Tea manufacturer ceased/operation/stop manufacturing process after obtaining the Working Capital Loan, the bank has the right to execute normal conditions applicable to loans.
8. It is recommended to file a Caveat for each tea factory at the time the loan is granted.
9. If any tea manufacturer/ tea factory has been detected for having utilized the working Capital loan obtained under the scheme for other purposes they will not be eligible for concessionary rate of interest.
10. False declarations and misuse of loans obtained under the Scheme, default of repayment will lead to blacklisting of borrowers for future concessions and subsidies for the industry.

11. The registered tea manufacturer/factory by submitting the application form (RPTS/01) for the loan facility introduced by the Government hereby acknowledges and accepts the conditions/criteria laid down in this circular for all intended purposes.
  12. Other than all above, the relief loan will be granted under the guidance of operating instructions issued by the Central Bank.
05. Any further clarification on the above scheme could be obtained from the undersigned or the Director General or Tea Commissioner of the Sri Lanka Tea Board. (Tel : 2508991).
06. This circular will be effective from 01<sup>st</sup> August 2015.

Yours truly,

  
**Y.G. Wijeratne**  
**Chairman**  
**Sri Lanka Tea Board**

- Copy : 1. Secretary, Ministry of Plantation Industries  
2. Secretary, Ministry of Finance & Planning  
3. Chairman, Sri Lanka Tea Factory Owners Association  
4. Chairman, Planters Association of Ceylon  
5. Chairman, Colombo Broker's Association  
6. Director -Regional Development Department, Central Bank of Sri Lanka  
7. CEO - All Commercial and Development Banks

**APPLICATION FOR WORKING CAPITAL LOAN SCHEME FOR THE TEA SECTOR**  
**INTRODUCED BY THE GOVERNMENT**

1. (a) Name and address of the **Registered Manufacturer** of tea:-

Name: .....

Address: .....

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(b) Whether owner or lessee or agent:-

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(c) If under a lease agreement, date of commencement of lease and date of expiry:-  
**(Please attach a certified copy of the lease agreement)**

Date of Commencement: .....

Date of Expiry: .....

2. Name, Registration Number (MF / BF No.) and Address of the **Registered Tea Factory**:-

Name: .....

MF / BF No.: .....

Address: .....

.....

.....

Tele No.: .....

(a) Elevation Category (High / Mid / Low):-

.....

(b) Management Type (Corporate / Private / Government / Corporative Sector):-

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(c) Whether the factory resorts to small holder leaf manufacture or own leaf manufacture or both:-

.....

(d) If under "c", please indicate average percentage of small holder leaf manufacture:-

.....

3. Has the factory obtained any Government loans as working capital or for any other purpose previously (Yes / No):-

.....

If yes:-

When: .....

Amount: .....

Name of Lending Institution: .....

Status of loan (fully / partially settled): .....

If partially settled, the outstanding: .....

4. (a) Do you have any outstanding payments due to any green leaf suppliers (Yes / No):-

.....

(b) If yes:-

Amount: .....

To Whom: .....

5. Approved made tea capacity of the factory (kilograms per month):-

.....

6. (a) Total annual production in calendar year 2014 (kilograms):-

.....

(b) Total sale volume (todate) recorded during the period 1<sup>st</sup> January to 31<sup>st</sup> March 2015 (kilograms):-

.....

Main Grade Quantity Sold (kg): .....

Off Grade Quantity Sold (kg): .....

Total Sale Volume (kg): .....

Percentage Off Grades (%): .....

7. Please provide the energy usage details in **AnnexureRPTS/01-A**.

8. Selling Marks of the Tea Factory:-

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9. Selling Brokers of the Teas against the selling marks:-

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