

**THE EVALUATION OF THE  
POST-PRIVATISATION PERFORMANCE OF THE  
REGIONAL PLANTATION COMPANIES  
IN THE TEA SECTOR IN SRI LANKA**

**by**

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## Executive Summary

During the early 1970's large extents of plantation lands were acquired by the Government of Sri Lanka and vested under the Janatha Estates Development Board (JEDB) and the Sri Lanka State Plantations Corporation (SLSPC) under the Land Reform Act No. 1 of 1972 and the State Agricultural Corporation Act 11 of 1975. The JEDB and the SLSPC consisted of 509 estates covering 272,902 ha and employed 389,549 workers. The two corporations performed poorly throughout most of their existence and relied heavily on government assistance to offset the mounting operational losses which had increased to approx. Rs. 1.5 billion per annum, for both corporations by 1992. During 1992/93, 461 estates managed by the JEDB and SLSPC were converted into 23 RPCs under the Companies Act No. 17 of 1982. However, the Government retained 100% ownership in these companies.

Although there has been as many as 58 reports done by many committees on the tea industry of Sri Lanka there has been no critical evaluation undertaken up to date on the RPCs. As such, this research study endeavours to evaluate the performance of the RPCs, and finally conclude and recommend measures that would assist to make this all-important export commodity viable in a volatile and highly competitive global market, which in turn would assist to boost the country's economy.

The aim of this research study is to evaluate the post-privatisation performance of the RPCs. It is the intention of the researcher that the recommendations made will assist to link the state and the privatised companies in such a manner so as to improve competitiveness internally and thereby make the entire industry more competitive on a global scale.

The first chapter is an introduction to the tea industry, the privatisation process in 1992 and the economic significance of the industry as a whole. It also explores the crux of the research – through the identification of the core research problem and its significance to the study.

The next chapter under literature review delves into a few selected theoretical models at first and thereon into various literature through journals and reports and thereby is able to categorise the study under two broad parameters to evaluate performance.

The third chapter gives an insight into the conceptual framework of the research and mainly covers the objective. The next chapter under methodology, focuses on the research design, data collection, method of qualitative research undertaken along with their scope and limitation.

Chapter five states the findings and discussion, again categorised under two broad parameters, namely financial and operational performances.

In the final chapter the researcher concludes the study with recommendations. What is deeply iterated in chapter six, is the necessity of continuous dialogue between the Golden shareholder and the private sector for mutual benefit to uplift an age-old industry without which, as the study endeavours to show, the tea sector would once again perform poorly.