

Tea Production in Sri Lanka

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ABSTRACT

Tea production of Sri Lanka is one of the main income sources of the country. It is the fourth largest producer of tea in the world, and the second largest exporter. This industry is one of the country's main sources of foreign exchange for Sri Lanka and accounts for 2% of GDP, contributing over US \$ 1.5 billion in 2013 to the economy of Sri Lanka. The tea sector employs, directly or indirectly over one million people in Sri Lanka and 1995 directly employed 215,338 on tea plantation and estates. The central highlands of the country, low temperature climate throughout the year, annual rainfall and the level of humidity are more favorable geographical factors for production in high quality tea. The industry was introduced to the country in 1867 by James Taylor, the British planter who arrived in 1852. This study examines how current situation of Sri Lanka's tea industry. The main objectives of this study are to find out what are the current trends in tea industry prevailing at Sri Lanka, to find out how does tea affect to maximize the Gross Domestic Production and find out what the criteria that will deteriorate the trend of the tea market. Secondary data was used only for data acquisition in the study method. Secondary data will be collected mainly from tea institute, journals, text books, prior research reports. Also, it will be used Central Bank Reports. The data obtained were analyzed using descriptive analysis techniques. Furthermore, regression analysis will be used to see the relationship between tea exports earnings and Gross Domestic Production. This study confirms that Sri Lanka tea production for the period January-December 2018 reached 303,843 MT showing a decrease of 3,237 MT against the volume of 307,080 MT registered during the same period of 2017, Sri Lanka tea exports for the period January-December 2018 reached 282,363 MT against the volume of 288,984 MT registered for 2017 showing a decrease of 6,621 MT and decline in tea exports is a result of some external and internal factors.

Key words: *Tea industry, tea production, exports, Gross Domestic Productin*

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