

FACTORS AFFECTING ON VALUE ADDED TEA EXPORTS OF CEYLON TEA

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ABSTRACT

This study was conducted to determine the factors affecting on value added tea exports of Ceylon tea. Tea industry plays a vital role in Sri Lankan economic development. However, Sri Lanka has competing with other country while tea industry is associated with a number of problems. Some of the problems are declining productivity, labor intensity, increasing cost of production, declining world share of production, when compare to world price with auction price auction price is continually increasing and declining export share in world market. Those problems of industries can be solving by earning export revenue from exports of bulk tea and VAT. In the production of the value added tea, productive efficiency will become an important determinant of the future of the Sri Lanka's value added tea exports. Objective of the study is to identify factors affecting on value added tea exports of Ceylon tea. The research was carried out in Colombo district 34VAT exporters. In this research study; sampling process and sample size were specified, questionnaire was constructed and pre- tested steps were done to collect the primary data. Relevant secondary data for the study was gathered from the statistical bulletin, annual report, research papers, survey reports and other related documents. Than the multiple linear regressions analysis (OLS estimation) was used to quantify the relationship between dependent variable and independent variable. Analysis was done by using "Minitab 15" Statistical software. The result of this study is there are seven factors which significantly affect Ceylon value added tea exportation. Those are alliance with other country, tariff and non-tariff barriers, exporters' category, company experience, brand ownership, bilateral agreement and number of skill laborers. Suggestions were suggested in following manner. Government should focus more on value added tea export and allocate more resources for value added tea export and activity on bilateral agreement. It can be providing by reduce taxes to value added export & government rules and regulations.

Key words: VAT, factors, OLS, alliance& tariff and non-tariff.