

**AN ANALYSIS ON ECONOMIC IMPACT OF THE
GREEN INITIATIVES IMPLEMENTED IN TEA
INDUSTRY OF SRI LANKA**

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ABSTRACT

Green Initiatives (GIs) have been implemented in Sri Lankan tea industry through Haritha Lanka programme (HLP) to ensure its sustainable growth. According to HLP, organic tea cultivation (GI₁), off- grid renewable energy utilization in the manufacturing process (GI₂) and ozone friendly pure Ceylon tea certification system (GI₃) are the major green initiatives. Though positive environment impact of these GIs has proven, yet no study has been carried out to find the economic impact after implementation. Therefore this study attempts to review the current situation and estimate the economic impact of the green initiatives (GI) implemented in Tea industry of Sri Lanka. Descriptive statistic techniques were used to review the current situation. By considering the annual income and cost of production (COP) as dependent variables two multiple regression models were used to estimate the economic impact of GIs on tea estate sector category. However as there is not a significance difference in COP between GI adopted and non – adopted category of Tea Small Holders (TSH), a separate multiple linear regression model was used to measure the impact by taking annual income as the dependent variable. Descriptive statistical analysis proves that dissemination of GI₁ is very low in tea industry of Sri Lanka. Meanwhile, only 55% of technical potential of GI₂ is being utilized. Regression models for estate category suggest that COP has decreased due to the adoption of GI₂ although there is no impact on annual revenues. However adoption to GI₁ has lead to increase both COP and annual revenues. Hence, based on the regression results, it can be concluded that adoption to GIs at TSH level has increased the annual revenue generations.

Key words: *Haritha Lanka Programme, Green Initiatives, Tea Industry, Economic Impact*