

**STUDY ON IMPACT OF PRICE INCENTIVE &
IDENTIFYING FACTORS AFFECTING GREEN
LEAF QUALITY IN RELATION TO REASONABLE
PRICE FORMULA FOR TEA SMALL HOLDER
SECTOR BASED ON KALUTARA DISTRICT**

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By

KULUGAMMANAGE PUBUDI TANUJA PREMADASA

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Uva Wellassa University of Sri Lanka**

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ABSTRACT

Study on Impact of Price Incentive & Identifying Factors Affecting Green Leaf Quality in Relation to Reasonable Price Formula for Tea Small Holder Sector Based on Kalutara District

In Sri Lanka Tea small holding sector plays major role in contributing to 74% of the national tea Production. Quality of green leaf supplied to the tea factories by this sector greatly affects on the quality of the final made tea. But at present, most of the tea processing factories receive only about 35 - 40% of best quality leaves. Having identified this fact the SLTB has incorporated a price incentive into the reasonable price formula through which payments for the green leaves are made, to motivate small holders to supply quality leaves. The present study was conducted to identify impact of price incentive on the motivation of small holders to quality build-in their products and the factors affecting on the best quality leaf percentage received to the factories. 75 tea small holders were selected randomly from the study area Baduraliya Tea Inspector range to represent the population and collection of the data was done through a semi structured questionnaire. Wilcoxon sign test was performed to analyze the small holders' motivation level and a linear regression analysis was done to identify the factors that affect on the best quality leaf percentage. The results of the Wilcoxon sign test revealed that there is significant effect of price incentive on motivating tea small holders to quality build-in their green leaf supply. According to the linear regression analyze reception of price incentive, mode of disposal, practicing fine plucking method, transport condition, age of the farmer and the education level of the farmers are main factors affect on the best quality leaf percentage received to the tea processing Factories.

Key Word: Price incentive, Quality of tea green leaf, Tea small holding sector