

Sri Lanka Tea Board,
Tea Commissioner's Division,
P.O.Box 363,
Colombo 1.

8^{1/2} August, 1988.

To: All Registered Tea Manufacturers.

Dear Sir/Madam,

Payment of a Reasonable Price for Green Leaf
purchased by a Tea Factory

Further to my Circular No. MF/BL.74 dated 10.04.1987 sent to you on the above subject.

2. When the Monthly Net Sale Price per kilogram of Made Tea of a Tea Factory exceeds the net elevational average for that month the Reasonable price payable for green tea leaf supplied during that month should be determined in the following manner :-

Example

- | | |
|--|-----------|
| (i) Net Elevational Average for the month
(excluding samples) | Rs. 35.00 |
| (ii) Average Net Sale Price realised by the
Tea Factory for the month (including samples) | Rs. 39.60 |

The method of calculation

- | | |
|---|---------------------------|
| (a) Quantity of tea sold during the month
(including samples) | 1,000 Kgs. |
| (b) Net Value realised (less advalorem sales tax) | Rs. 39,600 |
| (c) Therefore, the average net sale price
realised by the factory for the month | Rs. $\frac{39,600}{1000}$ |
| | = Rs. 39.60 |
| (iii) The monthly net sale average price
(excluding samples) that should be taken into
account to determine the incentive allowance | Rs. 40.00 |

The method of calculation

- | | |
|--|--------------------------|
| (a) The quantity of tea sold during the
month (excluding samples) | 990 Kgs. |
| (b) Net value (less advalorem sales tax) | Rs. 39,600 |
| (c) Therefore, the monthly net sale average
price realised by the factory for the
month. | Rs. $\frac{39,600}{990}$ |

- (iv) Manufacturer's share of the incentive allowance at 50% of the difference between (i) and (iii)

Rs. 2.50

- (v) Calculation of the price payable for Green leaf supplied -

- (a) Manufacturer's share for a kilogram of Made Tea - Monthly Elevational Net Sale

Average price upto the limit of Rs. 35.00 $\text{Rs } 35.00 \times \frac{32}{100}$

= Rs. 11.20

Incentive allowance as at (iv) = Rs. 2.50

Total = Rs. 13.70
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- (b) The green tea leaf supplier's share on a kilogram of Made Tea

Rs. 39.60 - 13.70

= Rs. 25.90

Therefore, in order to determine the Reasonable price payable on a kilogramme of green tea leaf, the above said Rs. 25.90 should be divided as the case may be by 4.5% or 4.65% as per Circular No. 12/LL.35 dated 02.10.1935.

Yours faithfully,

Sgd/R.L. Weerasakera
TEA COMMISSIONER.

- cc to: 1) S/P.I.
2) Director General, Sri Lanka Tea Board
3) Internal Auditor, Sri Lanka Tea Board
4) General Manager - T.S.M.D.A./J.E.D.B./S.L.S.P.C./L.R.C.
5) All Assistant Tea Commissioners
6) All Field Officers.