

THE STATUS OF PADDY MILLING INDUSTRY :
PROBLEMS AND PROSPECTS

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Increasing paddy production in recent years led to the expansion of the paddy milling industry, which underwent changes to meet the new situation. The liberalized new economic policy after 1977 created an open market for rice and this market expanded rapidly over the late 1970's and early 1980's. In this period private sector involvement in paddy milling and

rice trading increased dramatically and paddy milling on the whole became a prosperous industry. By 1988, however, this industry began to face various problems.

This study was conducted to ascertain the major problems faced by different private sector paddy millers who mill more than 90 percent of paddy available for milling in the country at present. The necessary data was obtained by interviewing a (purposive) sample of different types of paddy millers (quota millers, non-quota millers and customs millers) and officials of the organisations and institutions related to the paddy milling industry; and studying the relevant documents.

The study revealed that among the major problems faced by millers are a lack of working capital; the increasing number of mills and higher under-utilized milling capacity, coupled with inadequacy of raw material; the poor quality of paddy available in the open market and also at the Paddy Marketing Board (PMB) Stores; the exploitation of paddy millers by commission agents in the wholesale market; transportation problems; corruption and malpractices operating at the PMB Stores from where quota millers obtain paddy and at Food Commissioner's Stores to where they deliver rice; inappropriate technology and old machinery; problems related to ineffective management and planning by millers. Analysing these problems, the paper, makes suggestions as to what measures should be adopted to mitigate the problems of the industry as a whole.