DEMAND FOR FERTILIZER IN SRI LANKA : AN ANALYSIS OF THE PAST GROWTH PATTERN

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Application of fertilizer is a standard practice associated with most agricultural production systems in Sri Lanka. The use of fertilizer in a significant scale, first began in this country in the 1930's and was mainly associated the plantation crops. However, with the expansion of the domestic food production sector, particularly after 1960 demand for fertilizer in Sri Lanka showed a remarkable growth. This growth was primarily associated with the paddy sector.

The growing demand for fertilizer during the last 2-3 decades is a consequence of the operation of a number of factors. Among them, the more important are; spread of high yielding crop varieties, expansion of irrigated land under cultivation and the existence of a government fertilizer subsidy programme.

This paper primarily aims to analyses the pattern of growth of fertilizer use in the recent past. The analysis is based on aggregate data as well as farm level data. Since paddy accounts for the most important user of fertilizer, a special emphasis is placed on analysing fertilize use data relating to paddy. The investigation examined the key trends underlying the changes in fertilizer demand as well as the role of fertilizer as a determinant of crop productivity.

The analysis suggest that the productivity of main agricultural crops is largely determined by fertilizers. Increased fertilizer application can be identified as a powerful means of increasing agricultural production, particularly in the short-run. However further intensification of fertilizer use at the farm level is unlikely to take place in a significant scale. This is mainly because of the current status of increasing costs of production faced by agricultural producers and low producer incentives associated with most crops. Furthermore, in the small holder sector, most farmers face the problem of gaining access to cash.

Given these circumstances, it seems likely that the demand for fertilizer in the near future would show a slower pace than witnessed earlier.