

B-43: Effect of scale of cultivation on cost of production of betel in Kurunegala and Gampaha Districts

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Betel, (*Piper betel* L), a perennial vine, is cultivated throughout the country but widespread in Kurunegala, Gampaha and Kalutara districts. Betel has a traditional local market but it has been an important export commodity in the recent past. Pakistan is the largest betel importer and Sri Lanka exported 1138mt of betel leaves in 1996 valued at Rs 36.6 Mn.

Betel is a foliage crop which is harvested at 3 weekly intervals. Successful crop needs close attention and intensive management practises. Hence, cost of production can vary with the scale of cultivation which is usually defined in terms of number of stakes. This study was designed to find out the scale effect on cost of production of betel in Kurunegala and Gampaha districts.

In sampling, betel cultivations over 2000 stakes were considered as large scale, between 2000-500 stakes as medium scale and less than 500 stakes as small scale. Ten farmers from each category were interviewed with a schedule and information gathered. Analysis of Variance technique was used for the analysis.

No scale effect was detected for total cost of production. Fertilizer and irrigation cost show significant scale advantage for large scale cultivation. Cost of harvesting and grading does not show significant scale effect.

As a whole there is no economy scale in the betel industry, hence cost reduction strategies are important irrespective of the scale. Smallholders can increase profit margin by using more family labour. Research is important on the use of organic manure as substitute for the inorganic fertilizer, to reduce cost of production.