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A considerable share of cost of production in rice is attributable to expenses on chemical inputs. Integrated Pest Management (IPM) reduces adverse environmental effects caused by pesticides. Lower quantities of chemicals reduce cost of production by reducing cost of chemicals as well as that of applications. The objective of this stud was to understand the economics of rice production using IPM at the farm level.

This study was carried out in a rice growing area in the dry zone of southern Sri Lanka. One hundred farmers selected at random participated in the study. Field investigations were conducted during 96/97 Maha season. Farm level gross income and cost of production in rice cultivation for IPM and non-IPM farmers were recorded separately.

Rice yield reported by two groups of farmers did not show a significant difference. However, cost of production of IPM farmers was significantly lower than that of non-IPM farmers. As a consequence the difference of average gross margin per hectare of rice, realized by an IPM farmer was Rs. 8000 higher than a non-IPM farmers was.

A detailed analysis of costs revealed that IPM farmers incurred as per hectare chemical costs for insect-pest control only an average fifteen percent of that of non-IPM farmers. Average spraying frequency per season has reduced from three to one. This indicates that farmers who use IPM techniques are prudent to reduce insecticide use and still to maintain yields.

The results indicate that IPM techniques lead to increase gross margins of rice production at the farm level. It is revealed that economic benefits of IPM at the farm level are derived from low expenditure on chemicals and labor. Thus dissemination of information on IPM techniques and its potential profitability will make more farmers to use it. Reduction of chemicals will have positive benefits on the environment and it will lead to saving of foreign exchange used on pesticide imports.