

Economics of commercial level rice processing and marketing in coastal belt of Ampara District

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Rice Processing and Marketing is one of the largest and most important agro-based industry in Sri-Lanka. Of the total paddy production in Sri-Lanka 80% is available for rice processing by 77% custom mills and 23% commercial mills, of which 182 commercial mills are in coastal belt of Ampara District. Some of the mills were shutdown in recent times due to inadequate profits. This study used three data collection methods, based on primary, secondary and participatory data collection techniques to collect needed information. Eight Divisional Secretariat divisions were purposively selected from coastal belt of Ampara District. Random sampling techniques were used to select the sample rice mills in each Divisional Secretariat divisions. The collected data was analysed using the SPSS statistical package.

Two kinds of rice processing were done namely Parboiled and rice processing. Three types of costs were involved in rice processing and marketing, those of Capital investment, fixed salary and variable cost. Capital investment includes the land, building, drying structure and milling equipments. Fixed salary includes the operator, cashier and watcher's salary. Variable costs include the paddy purchasing cost, processing cost, marketing cost and maintenance cost. Income from parboiled rice and raw rice were Rs 17,062 and Rs 15,796 respectively. Gross margin of parboiled rice and raw rice were Rs 1,196 and Rs 662 respectively. The break-even point for parboiled rice and raw rice were 30.09 and 42.32, The ideal profit for parboiled rice and raw rice were Rs 346,262 and Rs 183,911. However the millers never achieved this target profit in the study area.

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