

An analysis of some aspects of rice market mechanism based in Polonnaruwa

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Rice marketing involves all the activities in the flow of paddy and rice moving from the producer to consumer. Almost 95 percent of rice marketing is handled by the private sector while around 5 percent is handled by the government sector (Central Bank, 2005). Paddy Collectors, Paddy millers and rice wholesalers are clustered under the concept of “middlemen”. Therefore study in the activities of middlemen will give a better picture of the performance of them with regard to the rice marketing mechanism. A research was conducted in this regard to study the cost and expenditure and economic behavior of rice middlemen in the rice marketing process. This research was based on a sample of fifty middlemen selected through Purposive Sampling Technique. Locations were selected from major paddy/rice marketing areas in *Polonnaruwa, Maradagahamula, Dambulla* and *Colombo Pettah* market. Field survey was done using questionnaires after harvesting of 2005/06 *Maha* season. The collector plays a prominent role in rice marketing at *Polonnaruwa*. A collector cost consists of two

elements namely transport cost and packaging cost. Miller's cost consists of transport cost, cleaning cost, parboiling cost, drying cost and processing cost. The study revealed that miller's cost in *Polonnaruwa* is lower than other locations considered, because of lower transport cost of paddy to the mill from producing areas. Analysis of the expenditure for milled rice between the miller and whole sale market in *Maradagahamula*, *Dambulla* and Colombo *Pettah* market showed that the wholesaler cost is higher in Colombo *Pettah* market than other locations because of existence of a commission agent unlike of other two markets. Farm gate prices of paddy vary between Rs.10.00 to Rs.16.00 per 1Kg of paddy in *Polonnaruwa*. Accordingly marketing margin of millers varies between 38.0% to 9.99%, 29.79% to (-) 1.35% and 35.6% to 4.86% in *Polonnaruwa*, *Maradagahamula* and *Dambulla* respectively. Marketing margin of millers vary depending on the farm gate price of paddy. Marketing efficiency in Colombo *Pettah* market, *Maradagahamula* market and *Dambulla* market was analysed taking *Polonnaruwa* market as base. Marketing efficiency is higher in Colombo *Pettah* market than other markets, because of receives rice directly to Colombo *Pettah* market. For 1 kg of rice, collector, miller and Wholesaler spent Rs.0.67, Rs.2.99 and Rs. 0.16 respectively within marketing channel of *Polonnaruwa* to Colombo (*Pettah*) market. According to the study, processing paddy in the producing areas and transporting to the markets is more profitable than transporting paddy, because when paddy is transported, the cost includes transport of paddy husk. Increased milling out –turn can reduce the cost of milling and accordingly this can be used as tool for reducing rice prices.