



**Section F**

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**Comparison of economic benefits of organic and conventional modes of paddy cultivation: A study in the Kalutara District**

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There is a recent trend among farmers in Sri Lanka to practice organic paddy cultivation. This is due to higher market prices and demand for traditional rice varieties. However, studies to compare economic benefits of two systems are lacking. Therefore, the objectives of this study were a) to understand social and economic aspects which are pertinent for the adoption of organic rice production, and b) to compare economic profits between two paddy cultivation systems. Kalutara District was selected as the study area as farmers in the District practice both systems successfully. The survey was conducted in three divisional secretariat areas, Horana, Ingiriya and Madurawala that were randomly selected. One hundred and ten (110) and forty six (46) farmers practicing conventional and organic methods respectively were selected for the study. Data on quantities and prices of inputs and outputs during Yala season 2014, other farming practices, and socioeconomic information of farmers were collected using a structured survey schedule. Data were analyzed descriptively, all economic benefits and costs were valued and farm budgets were computed.

The results indicate that paddy cultivation in the area is mainly practiced as a secondary income generation activity. Contribution by female labour is 20% higher in organic cultivation. Farm size of conventional farmers is 0.4 ha while that of organic farmers is 0.2 ha. Costs for labor and organic fertilizer are higher in organic mode, whereas costs of machinery and agro-chemicals are higher in conventional mode. Total revenues are high for conventional farmers. However, the ratio of total returns to costs is higher in organic mode than in conventional mode with 2.15 and 2.06 as values for organic paddy and conventional paddy respectively. Higher environment benefits occur in organic cultivation. Based on the findings it can be concluded that the organic system of cultivation is economically and environmentally more profitable than the conventional system of cultivation. Implications for policy include the need to provide adequate incentives for practicing organic farming.

**Keywords:** Economic analysis, environmental benefits, cultivation practices, input use, traditional rice varieties