

PRICE BEHAVIOUR OF VEGETABLES AT DAMBULLA DEDICATED ECONOMIC CENTRE: AN ECONOMETRIC ANALYSIS

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Vegetable is the second most important agricultural commodity next to rice. Price fluctuation is one of the major problems faced by the vegetable farmers around the country. This study aimed to identify the price behavior of major vegetables in *Dambulla* Dedicated Economic Centre which is the main trade centre for vegetables in Sri Lanka. Data of monthly nominal prices of vegetables from January 1996 to November 2018 were obtained from Hector Kobbekaduwa Agrarian Research and Training Institute. Based on the coefficient of variation, five highly price fluctuated vegetables were selected namely Snake gourd, Brinjal, Pumpkin, Tomato, and Cucumber. The nominal prices were converted to real prices using Colombo Consumer Price Index. According to analysis of trend, real prices of the vegetables have been increasing over time. The increased percentage of real price values for Snake gourd, Brinjal, Pumpkin, Tomato and Cucumber were 6.54%, 7.28%, 4.6%, 8.44%, and 3.54% respectively. Increased real prices over the years reveal that vegetable prices have increased above the inflation rate leading to inadequate supply to meet the annual demand. The prices obtained from the seasonal analysis were high during November-January and April-June. The highest price increase compared to the lowest values was reported for Snake gourd (122%) followed by tomato (106%). According to this study it reveals that the real prices of vegetables increase with the time and also there is a huge prices fluctuation within the year. In order to minimize the effects of high price fluctuation, it is recommended to make farmers aware of seasonal price variation so that farmers having water supply can cultivate vegetables during the off season. Market-led production planning should also be implemented. Increased vegetable supply is necessary to control the real prices to make prices affordable to the consumer.

Keywords: Price fluctuation, Price trend, Real price, Seasonal analysis, Vegetables