

# ECONOMICS OF TURMERIC PRODUCTION AND MARKETING IN MAJOR TURMERIC GROWING DISTRICTS IN SRI LANKA

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Turmeric is one of the commercially cultivated minor export spice crop in Sri Lanka. This study examined the economics of turmeric production and marketing in Kandy, Kegalle and Kurunegala districts. The study was mainly based on primary data collected from 60 randomly selected turmeric farmers using a structured questionnaire and secondary data collected from key institutes. Data were analyzed using descriptive statistical methods and budgetary analysis. The results revealed that the average annual yield per hectare in Kandy, Kegalle and Kurunegala districts were 30, 30 and 36 MT respectively. Usually the farmers are selling their products in fresh form. Average selling price of fresh turmeric is Rs.40.00 per kg. Results of the budgetary analysis revealed that the net income gains from turmeric cultivation per hectare in these districts were Rs.554,705, Rs.604,705 and Rs.832,205. The highest income from Kurunegala district may be due to higher productivity. Cost of productions per hectare in these three districts are Rs.645,295, Rs.595,295 and Rs.607,795 respectively. Main cost component is labour cost, which accounted for 69.47% of total cost. The Benefit Cost Ratios (BCR) of these districts are 1.86, 2.02, 2.37 respectively, which indicate the crop is profitable in these districts. The major constraints of the turmeric production are lack of knowledge on proper cultivation and post-harvest handling, shortage of labour, low volume of production and lack of established marketing system. The seasonal analysis results indicate that turmeric price is high in September-October period with a peak in October. Coefficient of Variation (CV) of price fluctuates significantly over time indicating a price instability. The existing marketing channel of turmeric consists of producers, collectors, processors, wholesalers, retailers, importers and exporters. The study concludes that the labour cost is significantly high hindering financial benefits to farmers. Based on findings, it is suggested to introduce cultivation zones concept for turmeric which enables efficient use of resources and increase the productivity. Further, farmers need to adjust cropping calendar to sell their products in high pricing time period.

**Keywords:** Benifit Cost Ratio, Cost of production, marketing system, Net return