

## **SUSTAINABILITY OF CULTIVATING TRADITIONAL RICE VARIETIES AS A PROFIT MAKING VENTURE FOR NICHE MARKETS**

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In recent times, Sri Lankan traditional rice cultivation has come to the lime light, which was neglected subsequent to the introduction of improved and hybrid varieties. This study attempted to investigate the profitability, sustainability and factors influencing production of traditional rice in North Central and Sabaragamuwa provinces of Sri Lanka. Two districts from each province were selected purposively considering the intensity of traditional rice cultivation. Among the total of 173 traditional rice farmers, 60 were randomly selected. The study used cross sectional data for the last cultivation season in year 2012, collected through a pretested questionnaire and structured interviews. Testing several models, Cobb-Douglas production function fitted the data best. Among the impact of factors of production examined, for the whole sample, machinery, seeds, fertilizers and pesticides have affected the rice production significantly. There was no significant difference between the two provinces. Most of the significant inputs had elasticity figures less than one, indicating that farmers were already producing in the stage two of production. The significance of organic fertilizer is important for recommending its use as an input to enhance production and also to popularize traditional rice as an organic food. Farmers received approximately Rs 51 per kg with the intervention of the outside organizations while, it is Rs 18-22 per kg for normal paddy. The average production was 872.2 kg ha<sup>-1</sup> and the average cost with and without imputed labor costs were Rs 53,581 and Rs 29,204 per hectare, respectively. This produced an average profit of Rs 22,907 and Rs 17,520 per hectare with and without imputed cost respectively. Introduction of machinery for row seeding and transplanting is essential in reducing the cost of production, since most of the head of households are females. Local organizations had contributed significantly towards traditional rice cultivation by giving advice and assuring a premium market price. For continued sustenance of this system, alternative marketing strategies with private sector intervention, farmer training and popularization has to be explored, so that niche markets can be assured.

**Key words:** Cobb-Douglas production function, Profitability, Sustainability, Traditional rice