

RESOURCE USE EFFICIENCY OF RED ONION FARMING IN KALPITIYA PENINSULA, SRI LANKA

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Onion is one of the important cash crops grown in Sri Lanka and its cost of production is higher than that of other Asian countries and is a major factor that has contributed to low farm income and low production. As these problems could be solved by evaluating resource use efficiency this study investigated the resource use efficiency in red onion production in the Kalpitiya peninsular to suggest alternatives to resource use efficiency. A total of 100 farmers were randomly selected from ten Grama Niladari divisions in the Palakuda Agrarian Service center area and data were collected using a structured questionnaire. The partial budgeting technique was used to analyze cost and returns and frontier production function analysis was used to analyze resource use efficiency. Further, descriptive analysis was done to review socio economic status. Results showed that all red onion farmers were male and 35% of them were below 30 years of age. Majority (70%) had less than 10 years of experience in red onion farming. Results of the regression analysis explained 77% of the variation of red onion production was due to extent of cultivated, quantity of seed used, quantity of fertilizer applied, and cost of agrochemical, number of labour used and cost of water. Except agrochemical, labour and water, all other variables were positively related with production indicating that increase in extent, seed and fertilizer would increase red onion production, whereas increase in agrochemicals and water requirement would decrease the production. According to results of the frontier production function analysis the mean technical efficiency of the farmers was 0.89 showing that production in the area can be increased by 11% adopting the best farmers' practices without adding cost. Allocative efficiency analysis showed that profitability can be increased by increasing seed rate, quantity of fertilizer, extent, and reducing usage of other variables concerned. The cost –benefit ratio was 1:4.44, which show that one rupee invested generates Rs.4.44 as return. The study concludes that although red onion cultivation is profitable farmers use resources inefficiently. As suggested by farmers, the study recommends that the present extension service should be strengthened to reduce resource use inefficiency in red onion cultivation.

Keywords: Allocative efficiency, Kalpitiya, Production efficiency, Profitability, Red onion