

## **PRICE BEHAVIOUR OF SELECTED UP-COUNTRY VEGETABLES G.S.**

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Next to rice, vegetable is the most important food commodity in Sri Lanka but, uncontrollable price fluctuations do occur in vegetable market. Diverse agro-ecological regions of Sri Lanka are well suited for the cultivation of different types of vegetable crops and vegetables are mainly divided into two categories as low-country vegetables and up-country vegetables. High number of middlemen, seasonal price fluctuations, increasing population, highly perishable nature, consumer preference and low level of farmers' knowledge about price behaviour are the major issues in vegetable sector. During this analysis, monthly wholesale and retail price data of 27 years of selected five up country vegetables (Beet, Cabbage, Carrot, Leeks and Tomato) were analyzed. The prices were converted to real prices, using the Colombo Consumer Price Index (CCPI). All analyzes were done using the software package Eviews7. Monthly prices of vegetables were forecasted using the Box-Jenkins (BJ) methodology. As prices were non-stationary first difference of prices were used to make them stationary. The effects of previous year's prices  $(p_{t-1})$ , price at establishment stage and rainfall on current price were  $(p_t)$  calculated by applying the Ordinary Least Square (OLS) regression method. According to the graphical analyzes both yearly and monthly real prices of selected vegetables were comparatively high during 1994-1996 and it has dropped during 2008-2009. Higher prices of five vegetables were reported from November to January and from May to July, while peak price of tomato was reported in February. Annual, island wide rainfall has not affected much directly on vegetable prices. Price during the establishment stage and during the same time period of the previous year have influenced the vegetable prices to a considerable level.

**Key words:** Price analysis, Price fluctuation, Price forecast, Real price, Vegetables