

ASSESSING WHETHER NET EARNINGS OF SRI LANKAN PADDY FARMERS SUFFICIENT FOR THEIR HOUSEHOLD EXPENDITURE

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The major debate in paddy cultivation is whether the net earnings from paddy cultivation were inadequate to sustain household expenditure throughout the season. The net earning of a farmer varies based on production costs, paddy prices, and the increase in the price of consumer goods. Therefore, the study aims to assess whether the farmers' net earnings are adequate to sustain their household expenditure. The average production, unit cost, price of produce, guaranteed price, and average monthly household expenditure were analyzed using Microsoft Excel and linear regression models. Five major paddy-producing districts were selected and considered for the project for 2024 and 2025 based on the situation from 2019 to 2023. The study revealed that the price of produce and the guaranteed price during the study period were higher than the cost of production, confirming that cultivation was profitable. In addition, the study showed that if a farmer has 3 ac paddy land and sells his paddy at Rs. 120 in 2024 and Rs. 130 in 2025, the net earnings in the Maha seasons will be adequate for around two months and in the Yala season for around one to one and a half months household expenditure which confirmed that net earning was not adequate. Since the cost of production varies mainly with land holding and either rainfed or irrigated, further study is needed to generalize the results. This study analyzed the average condition of the five major paddy-producing districts that have not yet been studied. Therefore, policymakers need to consider how to enhance the livelihood of paddy farmers.

Keywords: Guaranteed price, Net earnings, Price of produce, Paddy price, Sri Lankan paddy farmers