EFFICIENCY IN SMALL SCALE SUGAR CANE CULTIVATION IN SRI LANKA

M. H. B. Herath Banda

Introduction

The modern sugar cane industry in Sri Lanka was started in the late 1950s. Since then, several steps have been taken by the Government to develop the sugar cane industry. However, the country yet produces only about 10% of its total annual sugar requirments. The entire local production is produced by the two sugar factories at Kantalai and Hingurana. They work at 50% capacity and past experience shows that their is no possibility of obtaining self sufficiency in sugar even by using the total capacity of these factories.

With the increasing population and incomes in Sri Lanka the demand for sugar also increases. Per capita consumption of sugar is 20 Kg. per year. Import is not a suitable solution to fill the supply gap because it is constrained by foreign exchange problems. Moreover, sugar is a major food commodity and it is the declared policy of the present Government to achieve self sufficiency in major food items such as rice and milk. Therefore, it is necessary to enhance the domestic supply by expanding the area under sugar cane by increasing the per acre yield by adopting advanced techniques and sufficient level of inputs together with better management. In view of limited area available for sugar cane cultivation under irrigation policy makers should have to consider cultivating sugar cane under rain - fed conditions as well. In the early 1970s sugar cane cultivation under rain - fed conditions had spread over the districts of Monaragala, Badulla, Ratnapura and Galle. After the late 1970s this development collapsed, especially in small scale farming under rain fed conditions, because of the removal of import restrictions on sugar in 1977. This resulted in an increase in the volume of sugar imports, an increase in the domestic consumption of sugar and the collapse of the market for local sugar cane products and the small scale sugar cane cultivation.However, the Government has once again realized the importance of incentives to attract private sector participation in the field of sugar cane cultivation and processing. There were indications in 1982 that the private sector would respond positively to those incentives and mobilize its resources to devleop the sugar industry in the country. In addition, a new state - owned factory at Sevanagala is being constructed and the Pelawatta project is being implemented. However, the problem in this sector is not only a result of the lack of incentives but also of low productivity and high opportunity cost. The contribution

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