

DEMAND FOR COWPEA, CHILLIE, GINGELLY
GROUNDNUT AND GREENGRAM IN SRI LANKA

By

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Thesis

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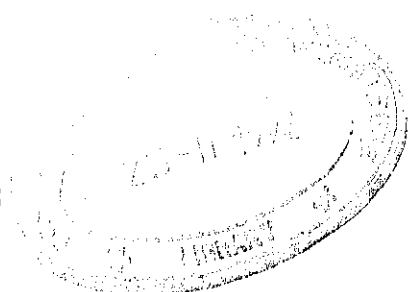
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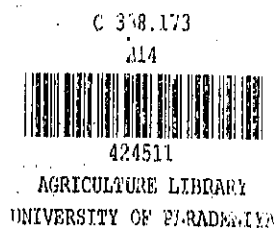
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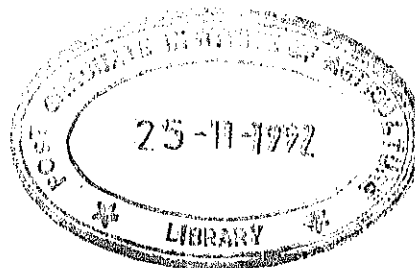
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I
ABSTRACT



Sri Lanka has achieved notable success in the development of the paddy sector. There has been rapid diffusion of new technology. Large areas of land have been brought under cultivation. However the same is not true in the case of the Other Field Crop (OFC) sector. It is difficult to achieve the goals of development programmes in the agricultural sector by expanding rice production alone. More emphasis, therefore, should be given to expand the OFCs production.

The objective of this study is to estimate the elasticities of demand for major OFCs, namely, cowpea, chilli, gingelly, groundnut and greengram. The elasticities of demand for these commodities would be useful as they would enable us to determine the effects of future changes in food policy on consumption pattern of OFCs and in terms of the estimation of the food supply requirements of the country. The Two Stage Least Square Method was used to estimate the demand models.

The findings suggested inelastic own-elasticities for gingelly, groundnut, greengram and chilli and elastic own-elasticity for cowpea. The estimated responses to income showed cowpea, chilli, gingelly, groundnut and greengram to be normal goods with income elasticities less than one.

In the food demand functions of cowpea, chilli and greengram own price and trend variables were statistically significant at 5% level while all other variables were statistically significant at 10% level. All the variables in the food demand functions of gingelly and groundnut were

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The price elasticity of demand for cowpea was -2.816 and the cross price elasticity of demand for cowpea with respect to mysoor dhal was 0.435. The income elasticity of demand was 0.238. The price and income elasticity of demand of gingelly were -0.436 and 0.559 respectively. Groundnut reported the lowest own-price elasticity, -0.164 and the income elasticity of demand was 0.403. The own-price and income elasticity of demand of greengram were -0.913 and 0.437 respectively. Chilli also reported inelastic own-elasticity, -0.845 and income elasticity was 0.257.