AN ANALYSIS OF EGG PRODUCTION AND PRICES IN BATTICALOA DISTRICT AND SRI LANKA

BY

JEYAGOPAL NIMALANATHAN

FACULTY OF AGRICULTURE

EASTERN UNIVERSITY

SRI LANKA

2009

ABSTRACT

Eggs play an important role in the daily diet of Sri Lankan households as a cheap protein source. Egg production in Sri Lanka has been a backyard activity in rural households for along time and in resent years commercial egg production has emerged as a major activity in the livestock sector. The per capita egg consumption in Sri Lanka is around53 eggs /person /year. This is primarily dependent on supply and prices of eggs, which will determine the future levels of production and consumption.

This study reveals the trends in egg production and prices in Sri Lanka and Batticaloa District for a twenty years period (1987-2007). It also reveals the retailers marketing margins for the above period to understand the profits to retailers, and made an attempt to predict the future levels of egg production using a fitted model. Secondary data was mainly used for the study, which were taken from the publication of the Dept. of Census and Statistics, Central Bank Reports and Dept. of Animal Production & Health.

There was an increasing trend in egg production up to 2004, both in Batticaloa and Sri Lanka; but later Batticaloa experienced a sharp fall in egg production, partly due to the impact of displacement after the 'Tsunami' in 2004. Producer prices for eggs in Batticaloa showed an increasing trend and higher compared to that elsewhere in Sri Lanka. But in contrast, the retail price of eggs, although showed an increasing trend, was almost similar in Batticaloa and Sri Lanka for the period investigated.

The marketing margin for eggs also showed an increasing trend both Batticaloa and Sri Lanka; which reflected the increasing level of profits expected by retailers. This has an impact on egg consumption at the household level, thereby having an indirect effect on egg supply in Sri Lanka. Various models (linear, quadratic, cubic and compound growth) were fitted to the egg production data for Batticaloa and Sri Lanka.

Based on the model R squared values, it was found that only the cubic and quadratic models best fitted the data for Batticaloa and Sri Lanka respectively. The fitted models were used to predict the level of egg production for the next two years, and results showed that egg production will decline both Batticaloa and Sri Lanka.

Declining egg production will have a significant impact on egg consumption in Batticaloa and Sri Lanka; which expected to raise the price of eggs too. Hence government should take immediate actions, particularly in Batticaloa district, to increase egg production through appropriate measures such as provision of credit better veterinary services and subsidized feeds.

TABLE OF CONTENTS