PROFITABILITY AND EFFICIENCY ANALYSIS OF RICE PROCESSING AND MARKETING IN NINTAVUR, ADDALAICHENAI AND SAMMANTHURAI DS DIVISIONS, AMPARA DISTRICT

BY

ALAVUDEEN ASMIYA

DEPARTMENT OF AGRICULTURAL ECONOMICS

FACULTY OF AGRICULTURE

EASTERN UNIVERSITY

SRI LANKA

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ABSTRACT

A study was done in Nintavur, Addalaichenai and Sammanthurai DS divisions of Ampara District to analyze the structure and costs of rice processing, determine the profitability of rice production, estimate the efficiency of processing and marketing and identify the constraints in rice production and supply to the market. Primary data was collected from 40 randomly selected rice mill owners by administrating a pre-tested questionnaire to rice millers comprising both par-boilers and millers. Descriptive statistics, frequency, ANOVA and regression analysis were used to analyze the data. The findings indicated that Net Profit per day was Rs 26,062 for only raw rice producers and Rs. 49,515 for the raw and parboiled rice producers while Value Added per kg of paddy was Rs.31.50, Processing Cost Efficiency was 58.71%, Gross Marginal Revenue was Rs. 55,706 per mill per day. It revealed that the productivity of the rice milling industry was significantly affected by the amount of paddy fed into machines, quantity loss in milling and total rice sales. According to the amount of investment and daily paddy milling capacity, Gross Marginal Revenue of rice mills significantly differed. As well as according to the daily milling capacity, Rice Processing Cost Efficiency, daily operating expenditure and Gross Revenue differed. The major limitations faced by the rice millers were the severe competition in purchasing paddy and marketing rice and selling the rice entirely for credit became a risk factor for the millers. Highly competitive market, high moisture and low-quality paddy were the main constraints in operating the rice mills. Technology improvement is highly recommended to increase the profit and efficiency of rice processing.

Keywords: Rice mills, Profitability, Efficiency, Marketing, Ampara
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Contents</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABSTRACT</td>
<td>i</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>ii</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>ii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>xi</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>xiii</td>
</tr>
<tr>
<td>ABBREVIATIONS</td>
<td>xiv</td>
</tr>
<tr>
<td>CHAPTER 1</td>
<td>1</td>
</tr>
<tr>
<td>1.0 INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Worldwide Rice Production and Economy</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Sri Lankan Rice Production And Economy</td>
<td>2</td>
</tr>
<tr>
<td>1.3 Rice mill industry in Sri Lanka</td>
<td>4</td>
</tr>
<tr>
<td>1.4 Research problem and justification</td>
<td>5</td>
</tr>
<tr>
<td>1.5 Research question</td>
<td>6</td>
</tr>
<tr>
<td>1.6 Hypothesis</td>
<td>7</td>
</tr>
<tr>
<td>1.7 Objectives</td>
<td>7</td>
</tr>
</tbody>
</table>
CHAPTER 2

2.0 LITERATURE REVIEW

2.1 Rice Milling

2.2 Types of Rice Mills

2.2.1 Modern rice mills

2.2.2 Semi-modern rice mills

2.2.3 Traditional rice mills

2.3 Economical Rice Mill Industries in Sri Lanka

2.4 Commercial Milling

2.5 Milling Systems

2.6 Paddy Processing Sequences

2.7 Shortcomings of The Rice Production Process

2.8 Main Rice Types

2.8.1 Raw rice

2.8.2 Parboiled rice

2.8.2.1 Advantages in parboiled rice production

2.8.2.2 Disadvantages in parboiled rice production

2.9 Quality Rice Production

2.9.1 Paddy Quality

2.9.1.1 Moisture content

2.9.1.2 Degree of purity

2.9.1.3 Varietal purity and grain dimension
2.9.1.4 Cracked grains
2.9.1.5 Immature grains
2.9.1.6 Damaged grains
2.9.1.7 Yellowing

2.9.2 Rice Quality
2.9.2.1 Milling degree
2.9.2.2 Head rice recovery
2.9.2.3 Whiteness
2.9.2.4 Chalkiness

2.10 Byproducts of paddy milling
2.10.1 Paddy husk
2.10.2 Rice Bran
2.10.3 Broken rice

2.11 Energy Consumption In Rice Mills
2.11.1 Electrical energy consumption
2.11.2 Thermal energy consumption

2.12 Improvement of output of the rice mill
2.12.1 Related to raw input material
2.12.2 Related to technology and management
2.12.3 Related to training programmes

2.13 Constraints of Rice Processors
2.13.1 Technical performance of rice mills
2.13.2 Access to repair facilities
2.13.3 Quantity and quality of paddy received in rice mills
2.13.4 Quality and marketing of milled rice
2.13.5 Financial constraints
2.14 Challenges of Rice Millers to Improve Rice Processing
2.15 Market Structure, Conduct and Performance of Rice Milling Industry

2.15.1 Structure-conduct-performance model
2.15.1.1 Structure
2.15.1.2 Conduct
2.15.1.3 Performance
2.15.2 Pricing
2.16 Rice Marketing Chains
2.16.1 Value chain
2.16.2 Supply chain
2.17 Marketing Efficiency

CHAPTER 3

3.0 METHODOLOGY

3.1 Study area and rice mills
3.1.1 Nintavur DS Division
3.1.2 Addalaichenai DS Division
3.1.3 Sammathurai DS Division 35
3.1.4 Location of the study area 35
3.2 Sampling technique 36
3.3 Data collection 37
  3.3.1 Primary data 37
  3.3.2 Secondary data 38
3.4 Data analysis 38
  3.4.1 Net Profit Model 38
  3.4.2 Value Added and Measure of Efficiency Models 38
  3.4.3 Processing Cost Efficiency 39
  3.4.4 Productivity of the rice mill 39
  3.4.5 By-product percentage from paddy processing 40
  3.4.6 Gross Marginal Analysis 40
  3.4.7 Multiple Regression Analysis 41
    3.4.7.1 Factors affecting the rice productivity of rice mills 41
    3.4.7.2 Factors affecting the Net Profit of rice mills 42
3.4.8 Hypothesis testing 42
CHAPTER 4

4.0 RESULTS AND DISCUSSION

4.1 Socioeconomic Characteristics of Rice Mill Owners

4.2 Structure of Rice Processing Sector

4.2.1 Land area used

4.2.2 Age of the rice mills

4.2.3 Initial investment

4.2.4 Milled rice output variability

4.2.5 Machinery usage

4.2.5.1 Raw rice production

4.2.5.2 Parboiled rice production

4.2.5.3 Rice mill machinery costs

4.2.5.4 Annual maintenance cost of machines

4.2.6 Milling duration

4.3 Milling Operations

4.3.1 Purchase of raw paddy

4.3.1.1 Paddy varieties purchased

4.3.1.2 Frequency and price of paddy purchases

4.3.1.3 Amount of paddy purchased

4.3.1.3.1 Daily purchase

4.3.1.3.2 Annual paddy purchase

4.3.1.4 Storage of paddy for milling
4.3.1.5 Problems in paddy purchase

4.3.2 Labour Use

4.3.2.1 Source of labour and food cost

4.3.2.2 Labour wages

4.4 Milling Capacity and Output

4.4.1 Milling capacity of rice mills

4.4.2 Rice output from rice mills

4.4.3 Rice Processing Output Efficiency

4.4.4 By-product utilization in rice mills

4.4.5 Packeting of milled rice

4.4.6 Storage of milled rice

4.5 Marketing of Milled Rice

4.5.1 Marketing channel of milled rice

4.5.2 Frequency of rice sale

4.5.3 Sale price of rice by the type of rice and buyers.

4.5.4 Quantity of rice sold by the type of rice and buyers

4.6 Daily Operating Expenditure of Rice Mills

4.7 Gross Revenue in Operating the Rice Mill

4.8 Net Profit from Processing of Paddy per Day

4.9 Value Added per kg of Paddy

4.9.1 Value Added variations between raw rice and parboiled rice production.