

## ABSTRACT

Many people criticize the vegetable marketing system due to fluctuating prices. The consumer prices of vegetable are very high in Colombo and other urban areas. In this background, this research based on Dambulla Dedicated Economic Centre (DDEC) attempts to identify the influence of the intervening factors in vegetable marketing on the high vegetable prices. In order to establish the arguments, the attention was made to recognize the long-term behaviour of Market Margin (MM) of middlemen on vegetable marketing channels in Sri Lanka. This research was mainly done by using the primary data collected at the DDEC, Colombo wholesale markets and the Colombo retail markets. Secondary data were also used to prove the arguments which were collected from Hector Kobbekaduwa Agrarian Research and Training Institute, Central Bank of Sri Lanka, Department of Census and Statistics, Dambulla Dedicated Economic Centre and District Secretariat, Matale. The behaviour pattern of vegetable prices depends on the marketing efficiency and the market margins. Nominal market price, producers' price and MM of tomato, ladies fingers, pumpkin, brinjals, cucumber, snake gourd, bitter gourd and long beans have been fluctuating in varied percentages within the last decade and the MM for the all the vegetable was generally over 50 percent. It was also observed that usually when the Retail Prices (RP) and Producer Prices (PP) increase the MM decrease and vice versa. It is clear that when the RP and PP are high the middlemen try to control the market prices by reducing their MM. In most of the time, the wholesalers and retailers try to exploit the consumers when there is a shortage in vegetable supply. When the prices are low they try to get more benefits by increasing their MM as a rational entrepreneur. The transport cost and the labour and other overhead cost have increased at a considerably lower rate and the wastage percentage also varies at a constant rate. Therefore, it is clear that the prices of the vegetable have increased mainly due to the high profit margins added to the vegetable prices by both the wholesalers and retailers. A viable solution to minimize the middlemen intervention is paramount and the government should fulfil short term, medium term and long term policy responses to narrow market margin and total marketing costs and improve marketing efficiency in the vegetable market.