

Opportunity Cost of Producing Sugarcane, Sweet Orange and Soybean in Sri Lankan Context: An Economic Analysis

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Abstract : This study analyzed the decision on growing three different crops which suit dry zone of Sri Lanka using the opportunity cost concept in economics. The variable cost of production of sugar cane, sweet orange, and soybean was 112,418.76, 13,463 and 10,928.08 Sri Lankan Rs. (LKR) per acre in the dry zone of Sri Lanka. The yield of the sugar cane, sweet orange, and soybean were 49.33 tons, 25,595 fruits, and 1032 kg per acre. The market price of the sugar cane, sweet orange, and soybean were 4200 LKR/ton, LKR 14.66 per fruit and LKR 89.69 per kg. The market value or the total income of the sugar cane, sweet orange, and soybean were LKR 207194.4, 283090.74, and 92560.08. The accounting profit of the sugar cane, sweet orange, and soybean was 94,775.64, 269,627.74, and 81,632 LKR per acre. Therefore, the opportunity cost of sugarcane per acre in terms of accounting profit was LKR. 269,627.74 from sweet orange and LKR 81,632 from soybean. The highest opportunity cost per acre in terms of accounting profit was found when soybean is produced instead of sweet orange. The opportunity cost which compared among the crops in terms of market value for sugar cane per acre was LKR 283090.74 of sweet orange and LKR 92560.08 of soybean. The highest opportunity cost both in terms of accounting profit and market value was found when growing soybean instead of sweet orange by using the resource per acre of land. The economic profit of sugar cane production in place of sweet orange was LKR -188315.1 per acre. The highest economic profit LKR 177067.66 was found when sweet orange is produced in place of soybean. A positive value of economic profit was found in all combination of sweet orange production without considering the first harvest duration of the crop.

Keywords : agricultural economics, crop, opportunity cost, Sri Lanka

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