

**Socio-economic impacts of tea price fluctuation: A study on tea
small holder farmers**

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ABSTRACT

Ceylon tea is a giant competitor for other tea producing countries in world tea market due to its good quality. Anyhow, tea market price is not stable and always fluctuating due to several market, economic and environmental reasons. Therefore this study was carried out with randomly selected 200 of tea small holder farmers in Matara district with the aim of investigating the socio-economic impact of tea price fluctuation on tea small holder farmers who are involving with tea cultivation as their main household income generating source and the alternative strategies which they have used to mitigate those socio-economic impacts. Tea price change has significantly affected to farmers' life style those who cultivate tea as their main income source. So the price change has significantly affected on their assets/income and their consumption pattern. But there is no any significant effect from tea price change to the debtness of the farmers. In order to mitigate the impacts of tea price change most of farmers used to crop diversification as an alternative income source and majority of them have selected pepper, cinnamon and areca nut to having an additional income while growing other crops like betel, banana, coconut etc. in small extent. Although they have moved for an alternative income earning strategies those alternatives could not be able to significantly contribute to the household income to solve their problems.

Key words: Socio-economic impacts, Tea smallholder, price fluctuation, alternatives, income