

Analysing agriculture sector- A Case study of Sri Lanka

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INTRODUCTION: -

- Agriculture is an effective sector to reduce poverty, raise incomes and improve food security.
- Over the years, Sri Lanka faced foreign reserves depletion and unfavourable geopolitical trends directly affecting the agriculture sector and lives of its citizens.
- Lankan government's aspiration to embrace organic farming for sustainable growth.

OBJECTIVES:-

- To analyse the growth of the agriculture sector in Sri Lanka for the period 1997 - 2019.
- To analyse the string of factors that lead to the downfall of the country.
- To examine the overall impact of shift to organic farming on agriculture sector.

EMPIRICAL MODEL: -

- Correlation matrix analysis
- Linear regression model

$$Y = \beta_1 + \beta_2 AP + \beta_3 AE + \beta_4 AL + \mu_i$$

Y= GDP% growth of agriculture of Sri Lanka

AP= Agricultural production scaled down by taking log

AE=Agricultural Exports in billions scaled down by taking logs

AL=percentage of labour force participation in agriculture

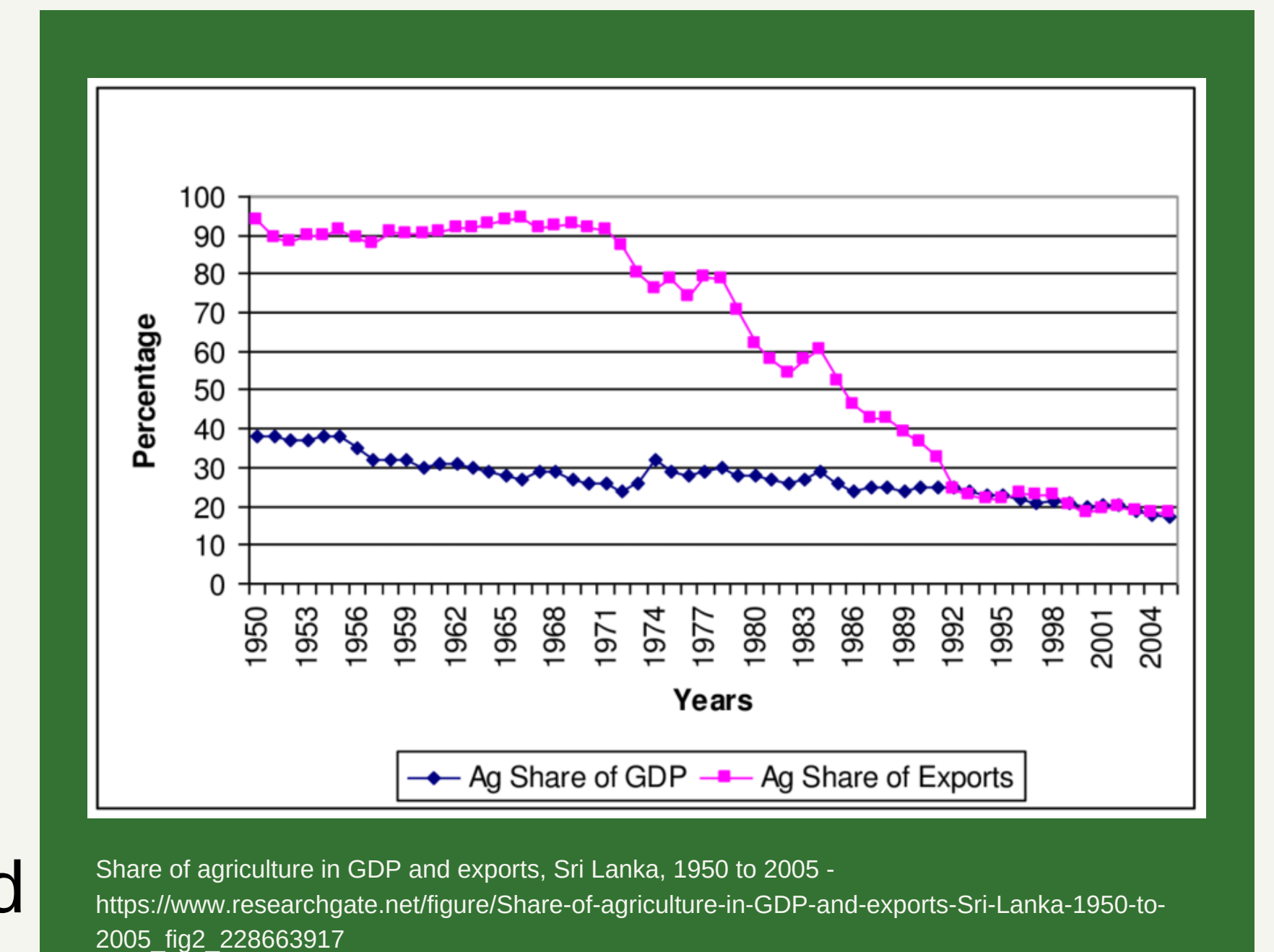
VARIABLES	Y	AP	AE	AL
MEAN	14.258	3.801	2.1289	33.952
MEDIAN	12.500	3.801	2.064	33.000
SD	4.857	0.054	0.251	2.606
MIN.	7.800	3.697	1.797	30.700
MAX	21.700	3.881	2.523	40.600
NO. OF OBS.	17	17	17	17
Y				
AP	-0.804			
AE	-0.901	0.928		
AL	0.841	-0.716	-0.758	

VARIABLES	β_1	β_2	β_3	β_4
	(c)	(AP)	(AE)	(AL)
Coefficient	-67.818	24.67	-16.807**	0.7092**
	(-79.62584)	(-23.0081)	(-5.322596)	(-0.2737)
R ²	0.8821			
Adjusted R ²	0.855			
SE of Regression	1.8494			
F-statistic	32.45			
Prob.(F-statistic)	0.000003			
Durbin-Watson	1.0947			

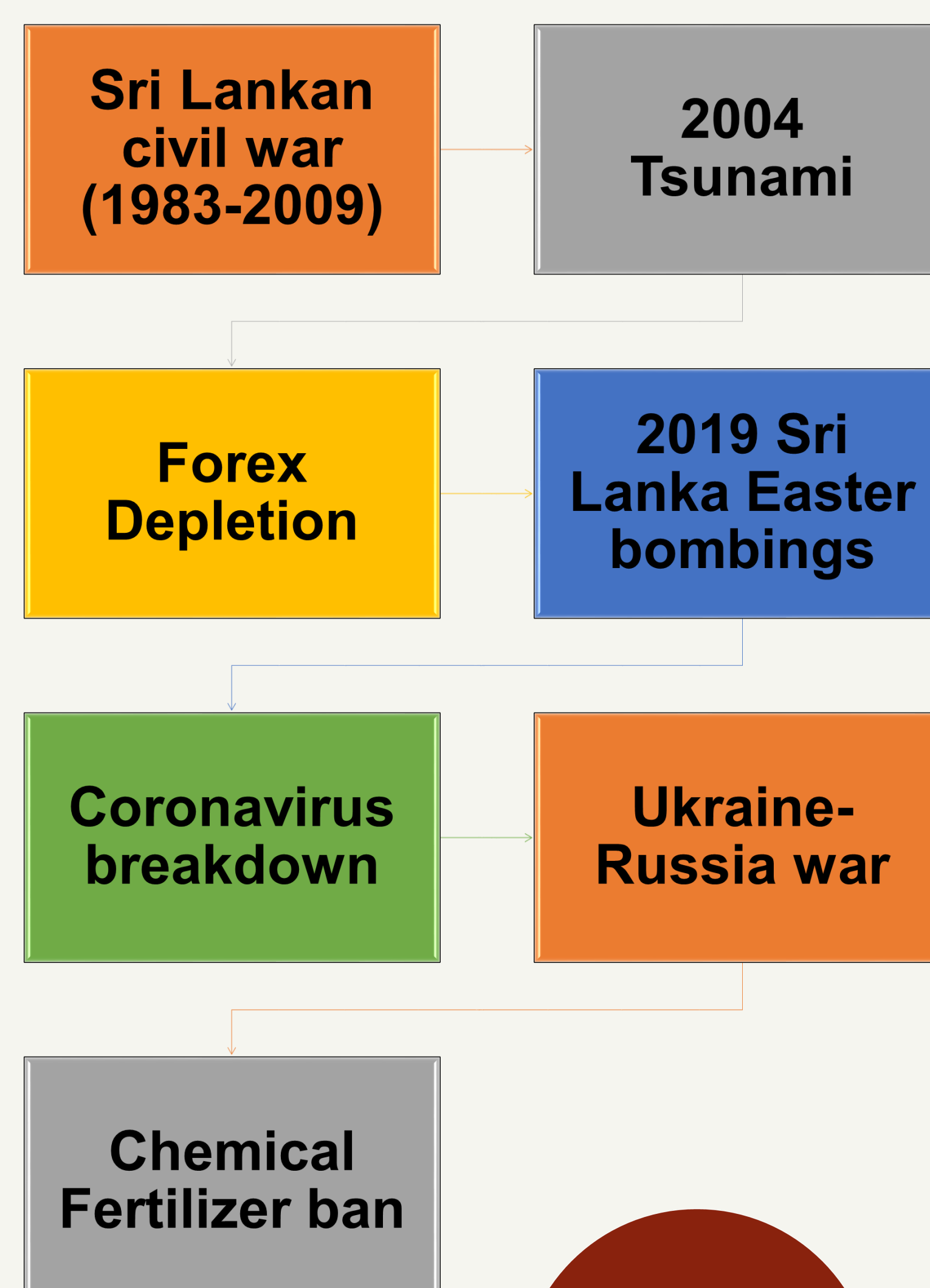
** significant at 95% confidence interval

FINDINGS:

- Agriculture sector - cultivation of tea, paddy, coconut and rubber; has significant contribution.
- Participation of the labour force in the agro sector has increased agro production and its contribution in GDP ; vice-versa.
- Increased agricultural production has increased exports and more foreign exchange products.



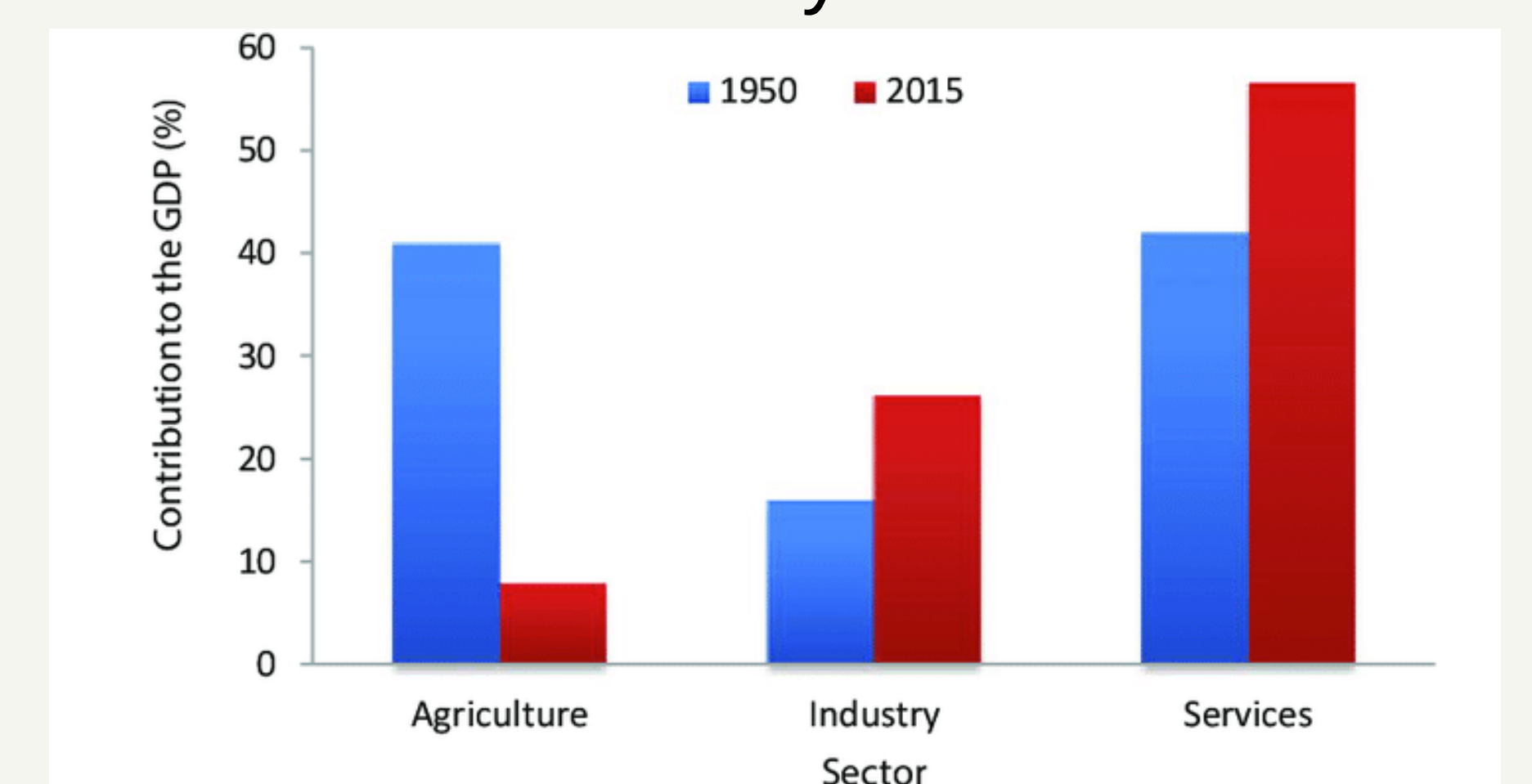
FACTORS



CONCLUSION:-

The agriculture sector is underrated in Sri Lanka, though it is not the highest contributor to the GDP of the economy, yet it is one of the most significant contributors to the utility of its citizens.

Out of the four major crops of the country, tea accounts for two-thirds of total export earnings, and it is one of the largest producers. Accelerating the production of these four major crops will not only lead to increases in employment, export earnings, and contribution to the GDP but also growth in Sri Lanka's per capita income. For their higher production, fertilisers are also necessary for the time being, which can be balanced by exporting the produced crops. The island nation of Sri Lanka, which has seen a lot of ups and downs, the government should have been mindful of the impact that an abrupt decision to ban synthetic fertilisers could have had on the economy.



Contribution of main economic sectors to the GDP of Sri Lanka in 1950 and 2015 (CBSL-various issues) - https://www.researchgate.net/figure/Contribution-of-main-economic-sectors-to-the-GDP-of-Sri-Lanka-in-1950-and-2015_fig1_319948547

REFERENCES:-

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