Scholars Journal of Agriculture and Veterinary Sciences OPEN ACCESS
Abbreviated Key Title: Sch J Agric Vet Sci
ISSN 2348–8883 (Print) | ISSN 2348–1854 (Online)
Journal homepage: www.saspublishers.com

Investigation of Importance of the Agriculture Sector in Sri Lanka

Vanitha Prasannath*

Department of Bio-systems Technology, Faculty of Technology, Eastern University, Sri Lanka

DOI: 10.36347/sjavs.2019.v06i08.002 | **Received:** 30.07.2019 | **Accepted:** 06.08.2019 | **Published:** 21.08.2019

***Corresponding author:** Mrs. Vanitha Prasannath

Abstract **Original Research Article**

The agriculture sector exists in a superior place in the Sri Lankan economy regardless of its comparatively lesser contribution to gross domestic product (GDP) and high employment rate. Agriculture sector which comprises of domestic and export sub-sectors remains a dynamic sector in the economy through the delivery of income, employment, foreign exchange, food and, raw materials. With this background the objective of this study is to highlight the importance and role of agriculture by analysing the following indicators: i) the share of agriculture in GDP, ii) labor force in agriculture, farming and agriculture production, iii) land use pattern and iv) volume of agricultural products. The study uses the secondary data which was collected from various issues of Central Bank of Sri Lanka Annual reports from 1950 to 2018, Department of Census and Statistics (Labor Force Statistics Division and Agriculture and Environment Statistics Division) and Department of Land Use Policy Planning. The data is first tabulated and then generated graphs and based on the observed patterns certain interpretations are furnished. The contribution of the agriculture sector to national GDP has diminished continuously since 1950. The percentage share of agriculture was just above 45% in 1950 and reduced drastically over the last six decades and reached 7% in 2018. Percentage of employed in this sector showed a decreasing trend from 48% in 1990 to 25% in 2018 which is the 50% reduction in job opportunities. The agricultural land area of Sri Lanka increased from 22,550 sq. km in 1967 to 27,400 sq. km in 2016 rising at an average annual rate of 0.42 %. Percentages of land use for the agricultural purpose was nearly 44% in 2015. Agriculture sector use almost 44% of the total land area for different cultivation purposes such as home garden, paddy, plantation crops (tea, rubber and coconut) and other field crops. The leading agricultural land use in Sri Lanka are home gardens, paddy and plantation crops account for 39%, 27% and 21% respectively. An Index of Agricultural Production is computed to provide a general measure of the yearly changes in the volume of Agricultural Production considering the year 2002 as the base. The minor export crops showed an increasing trend and increased dramatically after 2014. Rubber production decreased until 2016 and afterward, it stabilised. Likewise, both tea and coconut displayed as constant with frequent fluctuation for the above period. Production of coarse grains showed a dramatic increase from 200 to 850. For the other crops such as paddy, other field crops, fruits and vegetables remained around 100 with frequent fluctuations. But livestock and livestock production increase steadily over the mentioned period. The overall index combining agricultural crops and livestock products provides an indicator of the volume of agricultural production. It showed a growing trend with regular fluctuations between 111 and 184 for the last twelve years. The following can be concluded from the investigation. Contribution of agriculture to the GDP continues to be decreased and reached 7% in 2018. This sector currently provides employment for one-fourth of the population. Percentage of land use to agriculture purpose continue to be increased and mainly occupied for home gardens, paddy and plantation crops. Volume Index for coarse grains and minor export crops increased significantly over the last decade. But for the other crops and livestock, it is difficult to observe a drastic change. Even though the agriculture sector performs comparatively poor in some aspects, this sector still remains an important sector to the economy. Therefore, policy level consideration should be given to improve the efficiency and the sustainability of the agriculture sector.

Keywords: Agriculture sector, GDP, employment, agricultural land use, agricultural production.

INTRODUCTION

In developing countries, the agriculture sector has been characterized as the pillar of the rural area, which means that there cannot be considered any development program without agriculture holding an important role [1]. At the same time, the development of agriculture sector is essential because it provides the basic food requirements to its population.

The agriculture sector reside in a superior place in the Sri Lankan economy regardless of its comparatively lesser contribution to gross domestic product (GDP) [2]. It contributes about 7.0% to the total GDP in 2018 [3] of which 5.8% to agriculture and forestry and 1.2% to fishing. This sector provides employment for 25.5% of the total population [3]. It is an observed fact that increased agriculture output and productivity tend to contribute substantially to overall economic development of Sri Lanka. Agriculture which comprises of domestic and export sub-sectors remains a dynamic sector in the economy through the delivery of income, employment, foreign exchange, food and, raw materials [4]. Therefore, sustainable development in agriculture sector is necessary due to its important and larger sector of the economy. With this background the objective of this study is to highlight the importance and role of the agriculture by analysing the following indicators: i) the share of agriculture in GDP, ii) labor force in agriculture, farming and agriculture production, iii) land use pattern and iv) volume of agricultural products.

MATERIALS AND METHODS

The study uses the secondary data which was collected from various issues of Central Bank of Sri Lanka Annual reports from 1950 to 2018, Department of Census and Statistics (Labor Force Statistics Division and Agriculture and Environment Statistics Division) and Department of Land Use Policy Planning [5-8]. The data is first tabulated and then generated graphs and based on the observed patterns certain interpretations are equipped.

RESULTS AND DISCUSSION

It can be seen from Figure 1 that the contribution of the agriculture sector to national GDP has diminished continuously since 1950. The percentage share of agriculture was just above 45% in 1950 and the figure showed a drastic reduction over the last six decades and reached 7% in 2018. This put forward that the sector offers a comparatively minor contribution to growing Sri Lanka's economic growth rate. Nevertheless, within agriculture, growth rates have been differed significantly across subsectors [3]. At the same time, the contribution from the service sector' has been continuously increased by approximately 35% in 1950 to 57% in 2018. But the contribution from the industry sector has been improved from 20% to 30% over the last seven decades.

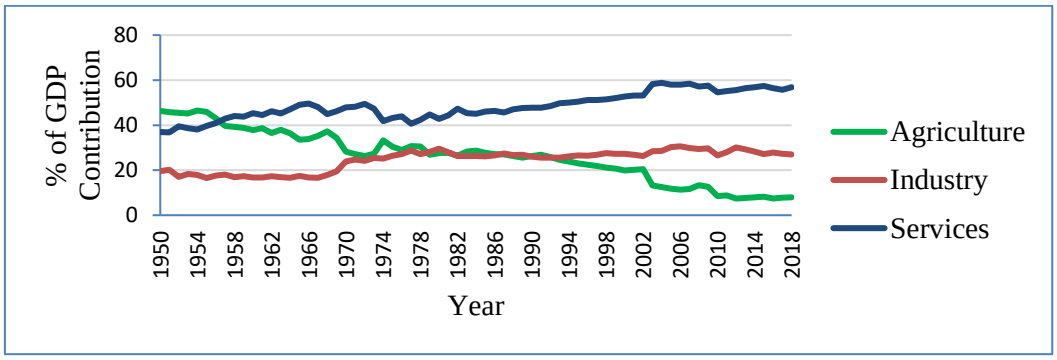

Fig-1: Percentage share of Agriculture, Industry and Services to the national GDP

As far as employment is concerned, the agriculture sector showed a decreasing trend from 48% in 1990 to 25% in 2018 which is the 50% reduction in job opportunities. Contrastingly, the other two sectors industry and services sector display an increasing trend. It means that 25.5% of the labor force was employed in the agriculture sector in 2018. Even though labor force employed in the agriculture sector reduced, the sector's contribution to employment was more than four times its contribution to the GDP. This shows the labor efficiency is low compared to other major sectors.

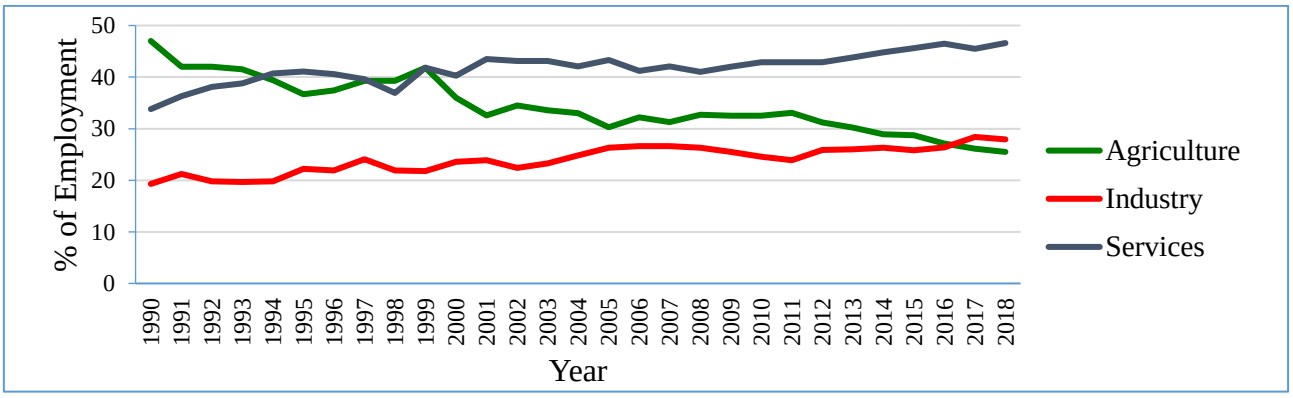

Fig-2: Percentage share of Agriculture, Industry and Services to the national employment

The agricultural land area of Sri Lanka increased from 22,550 sq. km in 1967 to 27,400 sq. km in 2016 rising at an average annual rate of 0.42 %. Percentages of land use for the agricultural purpose was nearly 27% of the total land area in 1961 which gradually rose up to 37% in 1967 and remained constant for a long period of time until 2003. After that, it showed a gradual increase with frequent fluctuation reached nearly 44% in 2015.

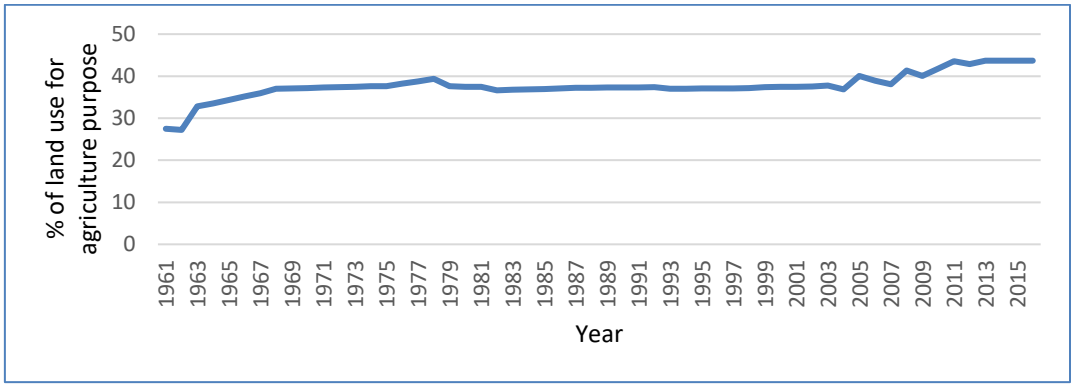

Fig-3: Percentage of land use for agriculture purpose

The agriculture sector use almost 44% of the total land area of Sri Lanka for different cultivation purposes such as home garden, paddy, plantation crops (tea, rubber, and coconut) and other field crops. The main agriculture land-use pattern in Sri Lanka for the year 2015 is shown in Figure-3 [8]. Figure-3 illustrates the dominant agricultural land use in Sri Lanka are home gardens, paddy accounts for 39% and 27% respectively. Plantation crops account for 21% of total land used by the agricultural sector while coconut, tea, and rubber utilize 8% 6% and 7% individually.

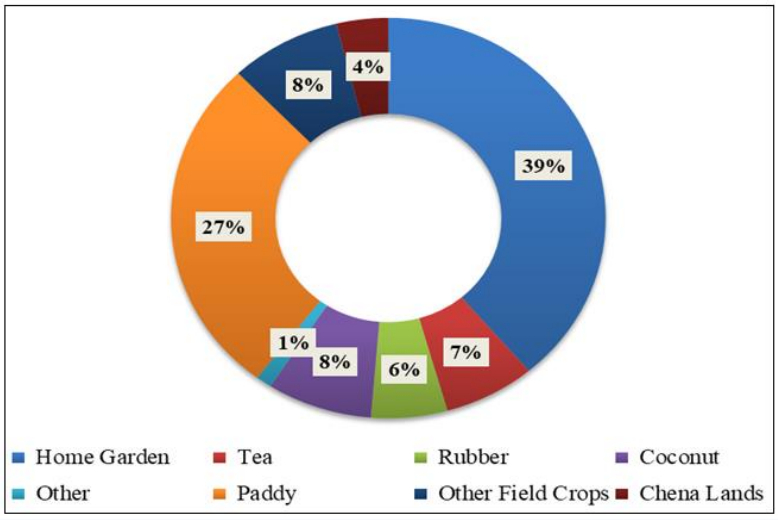

Fig-4: Percentage of land use for different purposes in total agricultural land

An Index of Agricultural Production is computed to provide a general measure of the yearly changes in the volume of Agricultural Production. The current index is calculated as the base of 2002. Indices for tea, rubber, coconut and paddy, pulses, other food crops, vegetables, fruits, livestock and livestock products, and small export crops are computed separately by comparing production volume in 2002. Figure 4 and Figure 5 spectacles how the volume index of agricultural production change over a period of twelve years from 2007 to 2018. When considering the internationally traded crops production trend, the minor export crops showed an increasing trend and increased dramatically after 2014. Rubber production decreased until 2016 and afterwards, it stabilised. Likewise, both tea and coconut displayed as constant with frequent fluctuation for the above period.

Figure-5 exhibits Agricultural production volume index for other crops including coarse grains which showed a dramatic increase from 200 to 850. For the other crops such as paddy, other field crops, fruits and vegetables remained around 100 with frequent fluctuations. But livestock and livestock production increase steadily over the mentioned period.

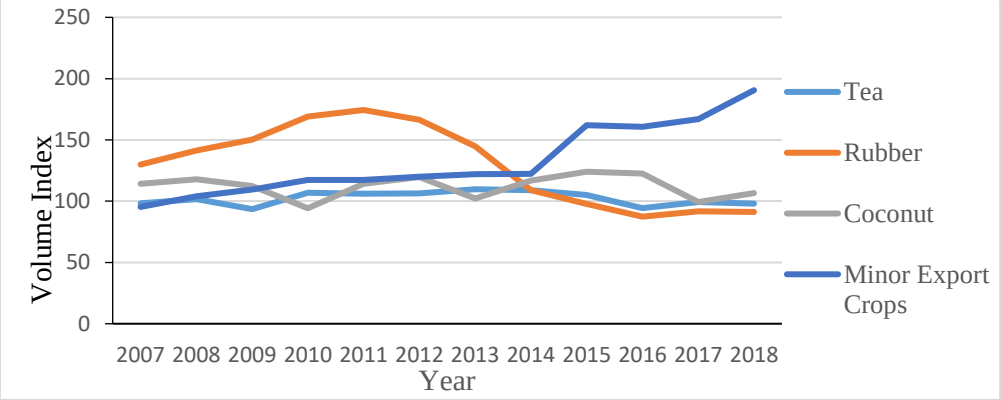

Fig-5: Percentage of land use for different purposes in total agricultural land

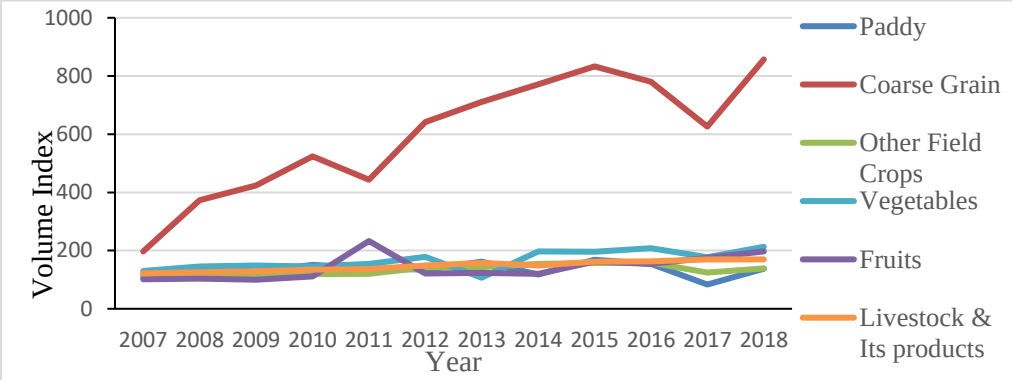

Fig-6: Percentage of land use for different purposes in total agricultural land

The overall index combining agricultural crops and livestock products provides an indicator of the volume of agricultural production. It showed a growing trend with regular fluctuations between 111 and 184 for the last twelve years.

CONCLUSION

Contribution of Agriculture to the GDP continues to be decreased and reached 7% in 2018 which is comparatively low. Despite the fact, this sector currently provides employment for one-fourth of the population. Percentage of land use to agriculture purpose continue to be increased and mainly occupied for home gardens, paddy and plantation crops. Volume Index for coarse grains and minor export crops increased significantly over the last decade. But for the other crops and livestock, it is difficult to observe a drastic change. Even though the agriculture sector performs comparatively poor in some aspects, this sector still remains an important sector to the economy. Therefore, policy level consideration should be given to improve the efficiency and sustainability of the agriculture sector.

REFERENCES

1. Mănescu C, Cristina AF, Sicoe-Murg O, Găvruța A, Mateoc T, Toth A, Mateoc-Sirb N. Analysis of the importance of agriculture sector in Romanian economy. Scientific Papers Series "Management, Economic Engineering in Agriculture and Rural Development. 2016 Jan 1;16(1):271-278.
2. Abeyratne S, Abeysinghe S, Athukorala PC, Cham MR, Ginting E, Gunawardena A, Guruge A, Hill H, Kelly R, Khatri Y, Knight M. The Sri Lankan Economy: Charting a New Course. 2017.
3. Central Bank of Sri Lanka, Sri Lanka. Annual report 2018 [online] https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report-2018
4. Thibbotuwawa M, Hirimuthugodage, D. Sri Lanka State of the Economy Report. Chapter 11, Policy Reforms for a Productive Agriculture Sector. 2015. [online] www.ips.lk/wp-content/.../07/Policy-Reforms-for-a-Productive-Agriculture-Sector.pdf
5. Central Bank of Sri Lanka, Sri Lanka. Annual report several years 2018. [online] https://www.cbsl.gov.lk/en/publications/economic-and-financial-reports/annual-reports/annual-report
6. Department of Census and Statistics, Sri Lanka. Sri Lanka Labor Force Survey Annual Report several years [online] http://www.statistics.gov.lk/page.asp?page=Labour%20Force
7. Department of Census and Statistics, Sri Lanka. Agriculture and Environment Statistics Division.
8. Department of Land Use Policy Planning. Land Use Data. 2015.