

## **GROWTH PERFORMANCE OF SRI LANKAN AGRICULTURE**

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Lack of information on past growth performance in agriculture is a major problem in formulating development policies in Sri Lanka. This study attempts to investigate the past performance of agricultural sector by using exponential growth model and multiple regression models. Secondary data of agricultural Gross Domestic Product (GDP) from 1950 to 2017 were collected from Central Bank of Sri Lanka to estimate the models. Compound Growth Rate (CGR) for entire period and average annual growth rate for policy periods were computed. Coefficients of determination ( $R^2$ ) of all regression models were over 95% and all the coefficients were statistically significant. Overall growth analysis found that, annual agricultural growth rate was 2.36% compared to 4.26% of economic growth. Policy based growth analysis reveals that, the highest annual agricultural growth rate (AAGR) of 4.53% recorded during the period of 2005 to 2015. Sub sector analysis also implied the similar results. The lowest AAGR of 1.54% recorded during the period of 1989–1993. However, the lowest annual growth rate of crop sub sector recorded during the period of 1989–1993 followed by the livestock, forestry and fishing sub sectors during the period of 1994–2004. Decomposition growth analysis shows that, the crop sector was the highest growth contributor to the agricultural sector and the livestock was the lowest contributor. Open economic policies led slowdown the growth rate of agriculture. Trade agreements positively affected the agricultural growth. The study concludes that, the agricultural growth was not satisfactory during the post independent period but, the situation has been improved after 2005. This study suggests that the government should support more trade agreements to enhance agricultural exports and discourage tariff reduction of agricultural imports to develop domestic agriculture.

**Keywords:** Agricultural growth performance, Agricultural sub sectors, Agriculture Gross Domestic Product, Sri Lanka