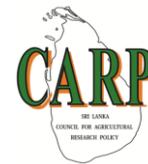


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Editorial

Labour Productivity in Agriculture: A Case from Sri Lanka and Some Food for Thoughts

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Introduction

Feeding the growing population of the world requires capacity building of the practitioners/farmers. Enhancing agricultural productivity at a higher level of resource use efficiency is a need to increase overall agricultural production with a sustainability focus. However, the value added contribution of world agriculture, forestry and fishing to the global Gross Domestic

Product (GDP) has shown a sharp decrease from 7.6% in 1995 to 3.4% in 2018 (WB 2019). In developed countries such as the Netherlands, the contribution of the agriculture sector to GDP has declined from 5.9% in 1969 to 1.6% in 2018. Table 1 shows the significant reduction in the contribution of Agriculture to the GDP in selected developing countries.

Table 1. Contribution of the agriculture sector to the Gross Domestic Production (GDP) and employment in agriculture (% total employed) in three selected countries in South Asia

Country	% share of agriculture to GDP		% employment in Agriculture	
	1991	2018	1991	2018
India	28.5	14.5	63.0	43.9
Bangladesh	31.68	13.1	69.5	40.5
Sri Lanka	25	7.9	42.8	25.5

Sources: WB 2019; http://planningcommission.nic.in/data/datatable/data_2312/DatabookDec2014%2043.pdf; https://www.theglobaleconomy.com/Bangladesh/Share_of_agriculture/

It is a known fact that with the economic growth, the proportion of the labour force that employment in agriculture decreases. Increasing agricultural productivity releases labour for employment in more productive sectors (UNCTAD 2015). According to the ILO (2019), employment in agriculture in the global scale has reduced from

43% in 1991 to 28.3% in 2018. In Netherlands, for example, 19% of the labour force worked in agriculture in 1947, which has declined to 4.2% in 1991 and then to about 2.2% in 2017, despite having a large increase in the export of agricultural products.



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In a developing country such as Sri Lanka, the employment in agriculture has shown a steady decline since 2015 in terms of numbers and % to total employment, signalling a structural shift in employment (Figure 1). The dip in agriculture growth in 2006 and 2017 is largely owing to climate change (Abeysekera *et al.* 2019), where the impacts have cuts across sectors.

The ADB (2017) also reported that people employed in agriculture during 2006 to 2014 have moved into a range of service activities. With the shift of employment away from agriculture to industry, agriculture’s share of the working poor has fallen while industry’s share actually increased

(from 14% to 18%) in contrast to the quite large decline in working poverty in the service sector (from 31% to 21%) in both formal and informal sectors. Working poverty in agriculture has declined substantially, from 22.1% to 9.6% between 2006/07 and 2012/13.

During 2011–2014, employment in agriculture declined despite an annual average output growth of 4.2%. This indicates that, during 2011–2014, agriculture’s productivity rose but its employment contracted. The share of low-skilled workers has declined in agriculture and in services, but increased slightly in industry and construction.

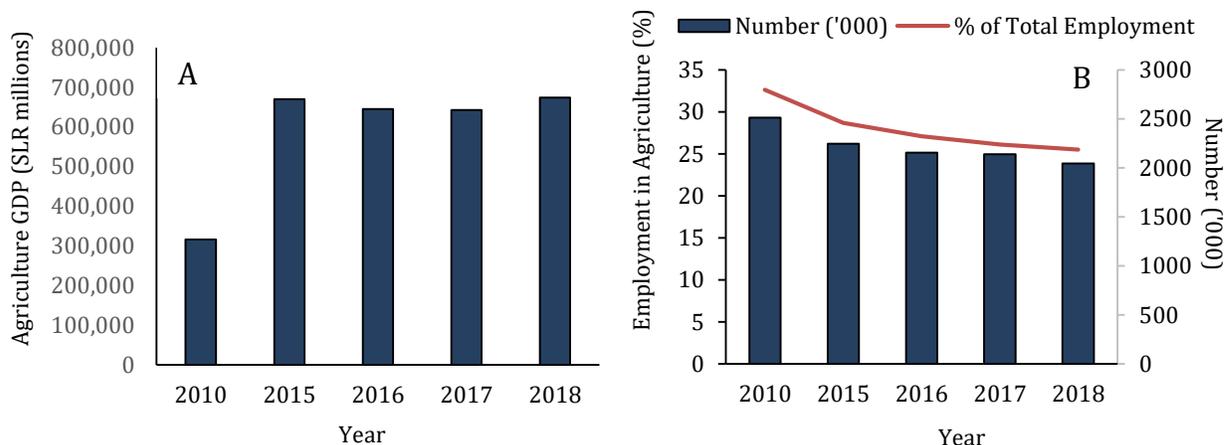


Figure 1. Agriculture GDP (A) and employment in agriculture (B) in Sri Lanka (Source: CBSL – various issues)

An expansion in value-added output across all sectors of the economy has helped in the economic growth in Sri Lanka, but expansion in construction and services appear to have been the principal

driver (CBSL 2019). The labour productivity in Sri Lanka in agriculture has increased over the years (Figure 2).

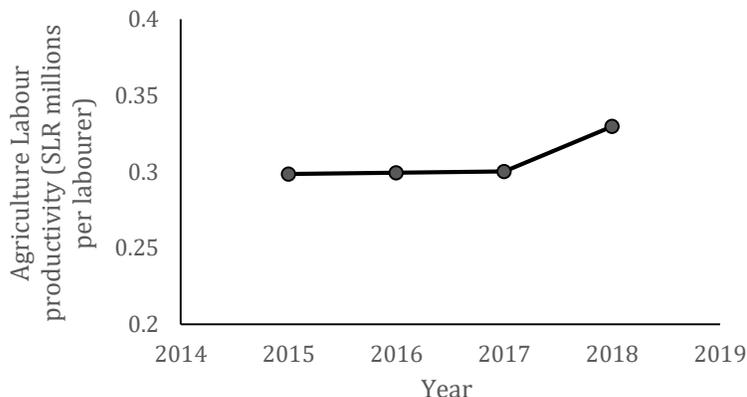


Figure 2. Agriculture labour productivity in Sri Lanka (author calculation from dividing agriculture GDP in SLR millions by the number of employed population in the agriculture sector of a given year) (Source: CBSL - various issues)

Improving labour productivity is an important aspect for growth of a country. Economic transformation in agriculture such as increased mechanization, adoption of advanced technologies including information and communication technologies, would reduce the labour-dependence in agriculture-related work. The technical efficiency in agricultural production fosters agricultural labour productivity (Giannakis 2013). This will help re-allocation of labour that is concentrated in the agriculture sector towards other sectors stimulating the overall economic growth. However, the ageing population phenomenon, poses further challenges to the economic growth (Yoshino *et al.* 2019) of the

developed and developing nations, including the agriculture sector.

Country policies should be geared towards moving away from low productive agriculture to a high productive modern agriculture systems, and from traditional service-oriented functions to providing professional services with private sector involvement to further growth with generation of high-value employment. This transition should be coupled with better education and health care to support the generation of workers to continue their contribution to increase the labour productivity further and thus the overall economic development.

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