Promotion of agro tourism in rural areas of Galle district in Sri Lanka

Agriculture Sector of Sri Lanka

Spanning 65,000sq km and with a moderate climate, fertile soil and an abundant supply of groundwater, Sri Lanka has long benefitted from favorable agricultural conditions. The sector remains an economic mainstay and primary national employer. As manufacturing and industrial activities have expanded, agriculture’s position as the primary economic engine has been eroded in recent years, although it remains a major strength, with high-value tea, rubber and coconut and spice production contributing significantly to export earnings. This is despite falling global commodities prices and reduced production hitting export crops in recent years. Favorable weather conditions have afforded agricultural production a considerable amount of diversification in Sri Lanka. Although tea production remains the greatest agricultural strength, accounting for 13% of total exports in 2015, the country is also the world’s leading exporter of cinnamon and coconut fiber, while its abundance of natural rubber allowed rubber export earnings to peak at over $1bn in 2011. The sector also produces high-quality horticultural exports, notably tropical fruits and fresh-cut flowers. Its two largest cereal crops – rice and maize – meet the bulk of domestic demand, but Sri Lanka is not food self-sufficient, and relies on imports of wheat, rice and maize to meet domestic demand

Types of risks faced by farming sector

Farming activities are subject to wide range of risks due to biological, physical and economic environment in which farming operates. Most of these risks are specific to agriculture and they affect to the overall production and economic efficiency of agricultural production system. Further, these risks cause to fall of farm incomes, welfare of agricultural workers with potential to constraint future investment and growth of farm production. Therefore, it is important to understand how the presence of risks in agricultural production affects the economy and how these risks can be mitigated.

The main risks in farming can be categorized as follows:

1) Production or yield risk: this is uncertainty about the volume or quantity of agricultural production due to weather related factors such as heavy rains, floods, droughts, cyclones and typhoons, tornadoes, frosts, heavy snow falls, hails, etc, crops and livestock diseases, pest outbreaks and change of technology.

2) Market or price risk: uncertainty and fluctuations of prices of both inputs and outputs (agricultural production) due to market instabilities, trade policies of the governments, new markets, etc.

3) Regulatory risk: unexpected changers of national agricultural policies, environmental regulations, provincial government laws, and trade policies. This may happen due to change of rulers or any other political reasons.

4) Financial and management risk: changers of bank policies and its credit facilities, change of interest rates, fluctuations in the share market, international and national financial crisis, management change.

5) Personal risk: personal hazards such as illness, death, theft, injuries, family crisis, etc.

Risk management strategies Risk management should not concentrate on only one risk factor or only one solution. Diversification is a good strategy to reduce agricultural risk. Within the normal risk layer individual farmers are responsible and capable for managing their own business risk. Farmers adopt various strategies to manage risk affecting their production and income. These strategies depend on the characteristics of risk they face, their attitude to risk and the risk management instruments and tools available.

There are four main types of risk management strategies available in the literature. They are financial strategies, marketing strategies, production strategies and insurance. Other than the financial and...
marketing strategies, production strategies such as diversification geographic dispersion, variety selection, timeliness, the use of cultural practices best suited to particular areas, etc. are important ways to manage risk. Diversification has been one of the more important and useful methods to reduce risk and uncertainty. The chance of a large economic loss from a given hazard is reduced if there is more than one enterprise in the farm business. However, enterprises included in the business should not be subject to the same hazards or at least not to the same degree, if this strategy to be more effective in risk management.¹

Agri tourism as a risk managing strategy

Although the significance of agriculture on country’s GDP is being declined the significance of tourism on it is being increased Figure 2.⁴ So agri tourism is an enterprise that can be introduced to diversify farm business successfully. While agri tourism is a mix of two major sectors- agriculture and tourism, agri tourism farms are not subject to the same hazards faced by agriculture only farms.²

Benefits of agri tourism

a. Supplementary income for the farmer apart from farming.

b. Continuous cash flow all around the year including the off-season.

c. Opportunity to sell products grown and harvested in the farmer’s agricultural operation.

d. Opportunity to sell the “experience” of farmers agricultural venue.

e. Managing the risk in farming occurred due to uncertainties of production and marketing.²

Introducing agri tourism to the rural areas of Galle district in Sri Lanka

Although agriculture is the most important sector of the Sri Lankan economy, its contribution to the gross domestic product declined substantially during the past 3 decades. At the same time it is the most important source of employment for the majority of the Sri Lankan workforce. Farming activities are subject to wide range of unexpected risks. Therefore so many farmers, specially the youth are being dissociated from agriculture and the rural population is migrating to the urban areas seeking for jobs. Unemployment is another problem in the country and the migration of rural youth to the urban areas doubles this problem. Although the significance of agriculture on country’s GDP is being declined, the significance of tourism on it is being increased. Therefore these two particular sectors, agriculture and tourism can be incorporated to optimize the profit in agriculture and for rural development. It is an enterprise that can be introduced to diversify farm business successfully and it can be introduced as a risk management strategy for agriculture. And the most important thing is that it can create employment opportunities to rural youth, so that they do not need to migrate to urban areas seeking for jobs. In Galle district, Sri Lanka, there are the estates that have cultivated tea, rubber, cinnamon, pepper and horticultural crops in an integrated manner. These available resources can be used for agri tourism. Other than the available resources, some practices like traditional paddy cultivation, chena cultivation, bee keeping, mushroom cultivation, cattle rearing and goat rearing can be introduced in addition. Also the farm stay facilities can be established including traditional farm houses. A traditional food processing center where the visitors can learn about traditional foods in Sri Lanka also can be established. A cafeteria and tourism. Other than the available resources, some practices like traditional paddy cultivation, chena cultivation, bee keeping, mushroom cultivation, cattle rearing and goat rearing can be introduced in addition. Also the farm stay facilities can be established including traditional farm houses. A traditional food processing center where the visitors can learn about traditional foods in Sri Lanka also can be established. A cafeteria where the visitors can enjoy fresh meal and a retail shop where they can buy farm products and souvenirs can be constructed, so that the basic principles of agri tourism can be fulfilled. The government organizations like Department of Agriculture – Southern Province and Sri Lanka Tourism Development Authority can support for providing advisory services and supervising the project. The ultimate goal of the project is diversifying the farm activities to increase the profit of the games could create enough interest among voters in Agri-Tourism.

1. Have something for visitors to see - Animals, birds, farms and nature are few things which Agri-Tourism could offer to the tourist. Apart from these, culture, dress, festivals and rural

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As agri tourism is very much closer to organic agriculture, farmers should be encouraged to maintain organic farming activities. Then not only the economic sustainability, but also the food safety can be achieved at farm level. When a farm is maintained for agri tourism, a priority should be given to the environmental protection. Therefore environmental pollution should be prevented in the farm and the waste should be disposed in proper manner. Although agri tourism is introduced as a risk management strategy it has both positive and negative aspects. Ceballos-Lascurna,\textsuperscript{3} wrote a report on Tourism, Ecotourism and Protected Areas. Gland, Switzerland IUCN in 1996 and has mentioned the positive aspects of agri tourism as follows: “In term of positive aspects, agri tourism through green agriculture is a main expectation of agri tourism promotion. The farmers tend to reduce agricultural inputs from outside by means of organic farming or natural farming development as tourists attractions. Hence, environmental and natural resources available in the farm will serve as tourism resources instead of using for intensive agriculture”. Schilling et al.,\textsuperscript{7} & Catalino and Lizardo\textsuperscript{10} also mentioned some other positive aspects about agri tourism. They have mentioned “This will help to conserve available natural resources for effective management of agricultural risks faced by farmers. Farmers lose their income due to any kind of agricultural risk and it is important that any solution to manage these risks must compensate these income losses. Agri tourism is proven as a successful supplementary income source to the farmers”. Some of the researchers have mentioned about the negative aspects of agri tourism. Sznajder et al.,\textsuperscript{11} mentioned that relationships between the farming and agri tourism activities may be competitive that may concern the use of agricultural resources of the farm, i.e. land, human resource, infrastructure and capital. He further mentioned that for instance, a farmer growing commodity crops intend to develop agri tourism activity has to exclude part of the area of land from agricultural production and use it for agri tourism. Bysic\textsuperscript{12} mentioned in 2006 that in terms of tourism business model, it is a negative impact that most of agricultural resources are used for tourism and some cases the development of agri tourism activities is not an increasing factor of agricultural productivity and it is a negative aspect. Busby & Rendle\textsuperscript{13} revealed in 2000 that the link between agri tourism and farming is getting weaker. In this view, farmers who engage in farm based tourism as an alternative source of income to manage risks in farming slowly dissociate themselves from agricultural activities.

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Conflict of interest

Author declares that there is no conflict of interest.

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