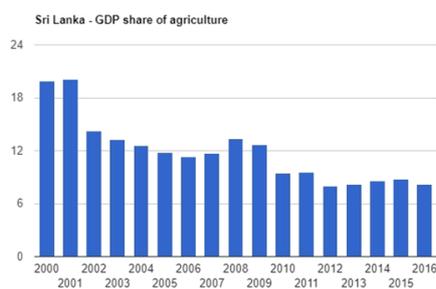


# Promotion of agro tourism in rural areas of Galle district in Sri Lanka

## 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 Figure 1.<sup>1</sup> Evidence from the production and price fluctuations during last three to four decades in both conventional agriculture sector with intensive production of rice, vegetables and other subsistence crops and plantation agriculture sector with intensive production of tea, rubber, coconut, coffee, etc in Sri Lanka shows that they are highly vulnerable to external factors such as internal and international politics, climate change and whether pattern changes, market and trade crumples, etc. Sudden and unanticipated influences of these external factors cause higher risks in sustainability of agriculture sector as a consequence both micro and macro economies in a country collapses.<sup>2</sup>



Source: TheGlobalEconomy.com, The World Bank

Figure 1 Sri Lanka GDP share of agriculture.

## 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

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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.<sup>2</sup>

**The main risks in farming can be categorized as follows:3**

- 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

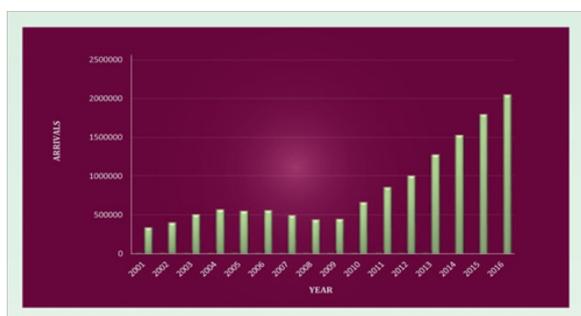
Risk management strategies Risk management should not concentrate on only one risk factor or only one solution. Diversification is a good strategy to reduce agricultural risk. Within the normal risk layer individual farmers are responsible and capable for managing their own business risk. Farmers adopt 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.<sup>4</sup>

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 method 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.<sup>5</sup>

### 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.<sup>6</sup> 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.<sup>2</sup>



Source – Sri Lanka tourism development authorities statistical report 2016.

Figure 2 Tourists Arrivals by Year – 2001 to 2016.

### What is agri tourism?

Agri tourism is the practice of attracting visitors to an area used basically for agricultural purposes. It attracts tourists to rural communities for a form of relaxation that follows the growing trend of tourism that is both educational and recreational. Also it is another option for farmers wanting to diversify their farming operations that will bring more economic activities to rural areas. Generally, the image of tourism stimulates of mass-produced travel that attracts a large number of travelers. This image of mass tourism may discourage small entrepreneurs who consider tourism as an alternative option for enhancing their revenues. However, agritourism can be viewed as small-scale, low impact, education focused, recreational and more importantly compensating income for agri tourism operators that are mainly farmers. Further, Agri tourism is a direct marketing activity which provides additional opportunities to farmers to reduce risks involved in farming via diversification in a competing and urbanizing economic environment. While farmers get separate income from agri tourism products that they sell to the visitors, they are more riskless than expecting income from one operation that is merely farming.<sup>2</sup>

### Agri tourism should ensure the following three basic principles

([https://www.researchgate.net/...can...agro\\_tourism...agricultural...rural.../4.pdf](https://www.researchgate.net/...can...agro_tourism...agricultural...rural.../4.pdf)).

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

games could create enough interest among visitors in Agri-Tourism.

2. Have something for visitors to do - Participating in agricultural operations, swimming, bullock cart riding, camel riding, buffalo riding, cooking and participating in the rural games are few activities to quote in which tourists can take part and enjoy.
3. Have something for visitors to buy - Rural crafts, dress materials, farm gate fresh agriculture products, processed foods are the few items which tourist can buy as memento for remembrance.

### 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.<sup>2</sup>

### 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 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<sup>7</sup> 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

farm and rural development (Figure 3).

Source - World travel and tourism council, 2017.

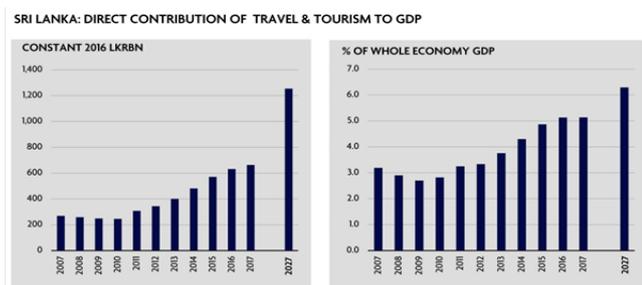


Figure 3 Sri Lanka direct contributions of travel & tourism to GDP.

### Objectives of introducing agri tourism to the rural areas of Galle district in Sri Lanka

- Minimizing the risk associated with agriculture and ensuring the farm income throughout the year
- Providing a supplementary income for the farm, to increase its total profit
- To increase the significance of agriculture sector for country's GDP
- Farm product diversification
- Eradicating unemployment among rural youth
- Prevention of migrating rural population to the urban areas seeking for jobs
- Ensuring rural development

### Discussion

In Sri Lanka we also have a brand identity for tourism, "A land like no other", which can attract visitors. At the same time Lonely Planet Magazine's Dream Trips 2016 has included Sri Lanka in its list of Top 10 destinations to visit in 2016. Dream Trips, featuring world's most beautiful travel experiences, is a special edition of Lonely Planet Magazine, the world's largest travel guide and the digital media publisher. Dream Trips has included Sri Lanka as one of the "World's most extraordinary places to add to your travel wish list". This publicity is extremely important for the country's tourism development. Also the prevalence of 46 agro ecological zones, which helps the cultivation of different crops and secures bio diversity, is important specially for developing agri tourism in Sri Lanka. Traditional paddy cultivation practices and chena cultivation practices, which are more than 2500 years old are specific things that can attract visitors. Agritourism sector of Sri Lanka is still in its initial stages. Sri Lanka is an agricultural country and it has also diverse agro-climatic conditions suitable for growing different types of crops, fruits, vegetables and trees. Very few agro-tourism destinations are operating at present with general facilities and services. The remarkable increase in the interest surrounding the concept of agro-tourism of other countries is influencing the development of Agritourism in Sri Lanka. However, although there is a huge potential for Sri Lanka to develop agri tourism, we have still not succeeded in obtaining the potential profit of it. Unavailability of a proper policy framework for agri tourism might be the reason for it. Although there are certain policies related to it, they are all linked to eco-tourism. So it is recommended to formulate a separate policy framework for agri

tourism at national level.

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-Lascurain,<sup>8</sup> 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 terms 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.,<sup>9</sup> & Catalino and Lizardo<sup>10</sup> 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.,<sup>11</sup> 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. Brscic<sup>12</sup> 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<sup>13</sup> 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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