

**THE EVIDENCE OF AGRICULTURE RELATED SELF-  
EMPLOYMENT DECISIONS MAKING IN SRI LANKA**

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## **ABSTRACT**

Development of self-employment in agriculture sector is one of the critical pathway to achieve sustainable economic growth and alleviate poverty in Sri Lanka. Current government's policy framework is designed to supports the domestic agricultural sector especially, agricultural self-employment. However, the employed worker population in non-agriculture sector has surpassed the agriculture sector by absorbing the agriculture workers to both industry and service sectors. Consequently, there is a potential for these policies promoting agricultural self-employment that it might fail to generate the expected results. Therefore, this study was designed to determine factors influencing choice of occupation in agricultural & non-agricultural self-employment. A sample of 9,531 self-employed individuals were isolated from the nationally representative, Household Income Expenditure Survey in 2016. A multinomial logit model was estimated to analyze different occupational choices of agriculture self-employment. Results revealed that males highly tend to be self-employed in farming, fishery & service sector while females are in animal husbandry, value-added food processing and industrial sector. Well-educated individuals are less inclined to choose agricultural self-employment with the aim of engage in high-paid non-agricultural employments. Moreover, household size inversely influenced on choice of agricultural self-employment. Married women are more likely to be self-employed in value-added food processing. Lack of tenure ownership caused to reduce relative investment of tenure on agricultural self-employment. Lack of land holdings eliminates the basic requirement to be self-employed in agriculture. Moreover, insufficient credit facilities and inability to obtain loans are the main hurdles to be faced in agricultural self-employment. Therefore, the study suggests that the priority given for the agricultural self-employment when implementing national policies is limited despite the overarching considerations and should consider enhancing access to agricultural lands, rehabilitation of left alone agricultural lands and facilitating credit especially to the new labor market entrants.

**Keywords:** Agricultural self-employment; Choice of occupation; Determinants of agricultural self-employment; Multinomial logit model