

The Impact of COVID-19 on Agribusiness Sector: Views of Selected Agribusiness Companies in Sri Lanka

D.M.M. Sandeepani*, P.N.M.M. Wijerathna and G.C. Samaraweera

Department of Agricultural Economics, Faculty of Agriculture, University of Ruhuna, Sri Lanka

*madusha0906@gmail.com

COVID-19 is an ongoing threat to all over the world and causes the worst economic tremor in recent years. Sri Lanka is one of the most vulnerable developing countries that can be observed a detrimental effect on the economy with a reduction of GDP growth rate in 2020. As agriculture is the backbone of the Sri Lankan economy, the study aims to identify the effects of COVID-19 on the agribusiness sector in Sri Lanka and to examine their coping strategies. The pre-tested questionnaire was sent to purposively selected 50 agribusiness companies in Sri Lanka and 32 responses were received within 7 days of data collection. Collected primary data were analyzed by using descriptive statistics and Chi-square test. According to the responses, COVID-19 has a negative impact on 59.4% industries and 56.3% of businesses' monthly revenue was badly affected. Chi-square test illustrates that the economic impact of COVID-19 has a significant association with the scale of the business ($p=0.043$), while no relationship is shown with the business type ($p=0.186$). A significant relationship was exhibited between the impact of COVID-19 on the business' monthly revenue and its scale ($p=0.013$). Majority (40.6%) have no significant changes in their business mind and mainly they have faced labor shortage problems (65.6%). Further, 46.9% industries were worried about the impact. The agribusiness sector implemented web advertising (71.9%), e-commerce platforms (53.1%), door-to-door delivery mechanism (31.3%) and explored alternatives/new markets for their products (25%) as the coping strategies during COVID-19. Moreover, they have implemented sanitation practices (81.3%) as the employee management strategy. Financial support (75%) helped them to mitigate the pandemic effect while they have gained the opportunities of repayment of capital by banks under refinance schemes (65.6%). At present, the majority of the agribusiness companies (25%) are facing transportation/shipping problems. The research findings have discovered that the novel pandemic has a negative impact on Sri Lankan agribusiness industries. Even though the agribusiness companies have taken immediate measures to withstand this sudden unexpected risky situation, the government assistance is further required for them to have continuous business operations and market access.

Keywords: Agribusiness companies, Coping strategies, COVID-19, Impact