

Study of Effects of Agricultural Insurance on Economic Growth of Iran`s Agriculture Sector (Using Hsiao Method)

Dr. N. Khani Gharie Gapi*, Z. Fooladian**
& A. Ramezani***

Abstract

Agricultural insurance is a type of insurance according to which agricultural products are guaranteed against agricultural risks as well as plant diseases and incidents such as fire and the financial damage sustained to the insured farmers would be compensated up to the amount the insurer has undertaken. According to the theories and empirical studies, insurance of agricultural products has left positive effects on growth of the Iran`s Agriculture sector which, in its turn, would lead to the development of crop insurance. Through this research, efforts have been made to determine obstacles, challenges and methods for the development of insurance of agricultural products in the agriculture sector through econometrics and study of the effects of insurance of agricultural products and economic growth in the agriculture sector. Also, to find out if theories pertaining to the insurance and growth in the agriculture sector have practically implemented in the country. Finally, by using the results gained through this research, obstacles and challenges facing development of insurance of agricultural products would be studied and mechanisms would be suggested for the development of insurance. To this end, the data pertaining to the period 1363-1384 (1984-2005) in the software Eviews5 as well as the Hsiao method were used. Estimation results in this research suggest that in Iran there is only a one-way relationship between economic growth of the agriculture sector and the development of agricultural products and the reverse relationship does not exist at all.

Keywords :

Insurance of Agricultural Products, Economic Growth, Agriculture Sector, Hsiao Test.

* Faculty member, Tarbiyat Modarres University E-mail: nooshin.hani@gmail.com

** MS, Economic Development and Planning, Al-Zahra University
E-mail: Zahra.fooladian@gmail.com

*** MS, Social Welfare Planning, Tehran University