

The Relationship of Insurance Premiums and Value Added of Agriculture Sector

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Abstract

Agricultural insurance by increasing farmer's security and reducing their risks, provides requirements for proper and efficient use of production factors and investment in use of modern technology and thus increase agricultural production. In this study, the effects of agricultural insurance on value added of agricultural sector and vice versa were investigated for panel data using Granger causality for 30 provinces during years 2004 to 2008. The results showed that there is no causal relationship between insurance and value added of agriculture and vice versa. Therefore, agricultural insurance fund must use measures for farmers willing to pay premium and therefore higher growth rate of agricultural sector will be provided.

Key words:

Agricultural Insurance, Growth of Agricultural Sector, Panel Data, Granger Causality.

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