

# Investigating the Effect of Agricultural Insurance Development on Labor Productivity in Agricultural Sector

## A Case Study: Iran

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### Abstract

Increasing productivity in agricultural sector has become one of the most important programs of the government and the private sector in recent years. Nowadays, all countries in the world are seeking some developments regarding productivity; i.e. achieving a higher production rate while exploiting fewer resources. On the other hand, compared to other producers, farmers face a higher risk of uncertainty. Therefore, the Agricultural Insurance was established in 1984 as a suitable strategy to compensate the losses in this sector. In this study, after calculating Labor productivity in agricultural sector by using the Generalized Mean Productivity Index, the ARDL model was used to investigate the effect of Agricultural Insurance Development on Labor productivity in agricultural sector from 1984 to 2009. The findings indicate the positive effect of increasing insured cultivated area on Labor productivity in Agricultural sector. In this regard, it is suggested to employ some appropriate strategies in order to encourage farmers to adopt agricultural insurance so that their increased willingness for adopting agricultural insurance will cause an increase in Labor productivity in this sector.

### Keywords:

Agricultural Insurance, Labor Productivity, Agricultural Sector, Autoregressive Distributed Lag Model (ARDL), Iran.

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