

FACTORS INFLUENCING FARMERS' USE OF THE WAREHOUSE RECEIPTS FINANCING SYSTEM IN SRI LANKA: A CASE OF EMBILIPITIYA GRAIN PRESERVATION CENTER

P.S. Kolambage and L.P. Rupasena

Department of Agricultural Systems, Faculty of Agriculture, Rajarata University of Sri Lanka, Anuradhapura, Sri Lanka.

Warehouse Receipt Financing System (WRFS) is an instrument for farmers to extend the sales period of grains well beyond the harvesting period providing credits to meet immediate cash demands holding the harvest as a collateral guarantee. For this purpose, six warehouses have been established in six districts with a total storage capacity of 48,000Mt in Sri Lanka including *Embilipitiya* Grain Preservation Center (EGPC). However, only 11.4% of the capacity was utilized by 2,104 farmers from 2015 to 2019. According to the literature, the success of WRFS is largely affected by; the existence of a proper legal framework, awareness of the benefits of the system, and strong partnership among partners. This study was initiated to find out the factors that contributed to the adoption of WRFS by farmers using data collected from all 15 farmers who used EGPC and 37 non users selected purposively from the same area. The binary logistic regression analysis was employed to determine the factors affecting the adoption of the WRFS by farmers. The Weighted Average Index (WAI) was employed to measure the farmers' perception of WRFS. Results of the WAI showed that farmers' perception is high for the statements; "quality remains the same", "there are no storage losses" and, "storage cost is not high", and low perception for the statements; "storing product is profitable", and "storing products is easy". Logistic regression results showed that marketed quantity ($p \leq 0.05$), awareness about the EGPC ($p \leq 0.05$) and education of the farmer ($p \leq 0.1$) were positively significant and distance to EGPC ($p \leq 0.1$) was negatively significant for the adoption of WRFS. This study concludes that marketed quantity, awareness about WRFS and the distance to the EGPC are the major factors that affected the adoption of WRFS. Hence attention should be given to organizing awareness programs and group marketing.

Keywords: *Embilipitiya* Grain Preservation Center, Farmers' perception, Logistic regression model, Warehouse Receipts Financing System, Weighted Average Index