



# **NATIONAL ACCOUNTS OF SRI LANKA**

**1<sup>st</sup> Quarter of 2016**

**By Production Approach**

**Base Year 2010**

**DEPARTMENT OF CENSUS AND STATISTICS  
MINISTRY OF NATIONAL POLICY AND ECONOMIC AFFAIRS**

**SRI LANKA**

## **1.1 National Accounts Estimates – First Quarter of 2016**

The Gross Domestic Product for Sri Lanka for the first quarter of 2016 (January, February, March) at constant (2010) price reportedly reached up to Rs. Million 2,088,024. The GDP value reported for the first quarter of 2015 was Rs. Million 1,978,609 resulting a positive growth rate of 5.5 percent for the first quarter of 2016.

The four major components of the economy: Agriculture, Industry, Services and Taxes less subsidies on products has contributed their share to the GDP at Current price by 7.4 percent, 31.6 percent, 52.4 percent and 8.5 percent respectively in the first quarter of 2016. Especially in this quarter, the contribution of the industrial activities to the GDP has increased up to 31.6 percent, from 28.5 percent recorded in the first quarter of 2015.

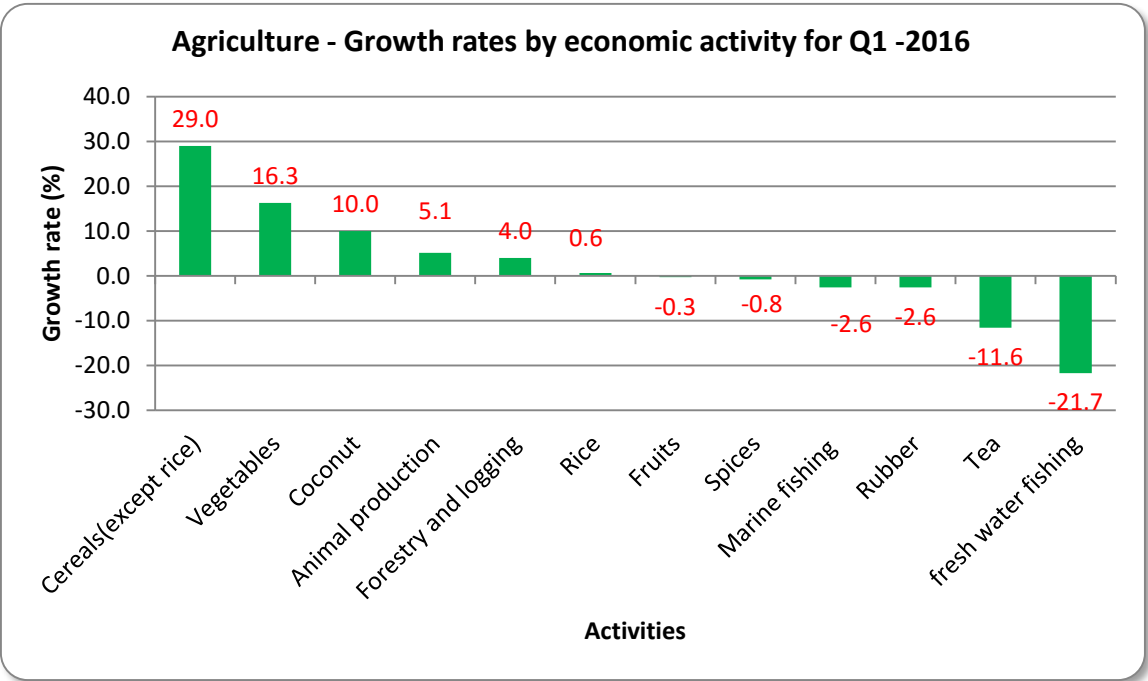
When compared economic growth rates of major economic activities with the first quarter of 2015, especially the industrial activities has recorded a remarkable growth rate of 8.3 percent during the first quarter of 2016. The services activities also reported a positive growth rate of 4.9 percent during this respective quarter. Meanwhile the agricultural activities has shown a slight increase in the growth rate, when it compared with the first quarter of 2015. It is reported as 1.9 percent.

The value added of the each economic activity is derived by deducting intermediate consumption from the gross output value. Although the, Intermediate consumption is estimated at purchaser's price, the output of the economic activities is estimated at basic price. Hence the value added is reported at Basic price. The Gross Domestic Product of an economy is valued only at market price. Therefore to calculate the Gross Domestic Product, the taxes should be added up to the gross value added of the total economy and then the subsidies should be deducted. Accordingly, in the new series of National Accounts, the Gross Domestic Product of the economy has been derived by adjusting the 'taxes less subsidies on products' to the total Gross Value Added.

In the first quarter of 2016, the share of the 'taxes less subsidies on products' is 8.5 percent. When compared with the first quarter of 2015, in the first quarter of 2016, the 'Taxes less subsidies on products' has increased by 1.9 percent.

As shown in the Figure I, some of the agricultural activities have experienced positive growth, as well as negative growth in their growth rates during the first quarter of 2016. Those are ‘Growing of cereals (except rice)’ by 29.0 percent, ‘Growing of vegetables’ by 16.3 percent, ‘Growing of oleaginous fruits; including coconut, by 10.0 percent, ‘Animal production’ by 5.1 percent and ‘Forestry and logging’ by 4.0 percent. In the meantime the sub activities of, ‘Growing of tea’ declined by 11.6 percent and ‘Growing of rubber’, and ‘Marine fishing and marine aquaculture’ reported a negative growth rate of 2.6 percent by each activity.

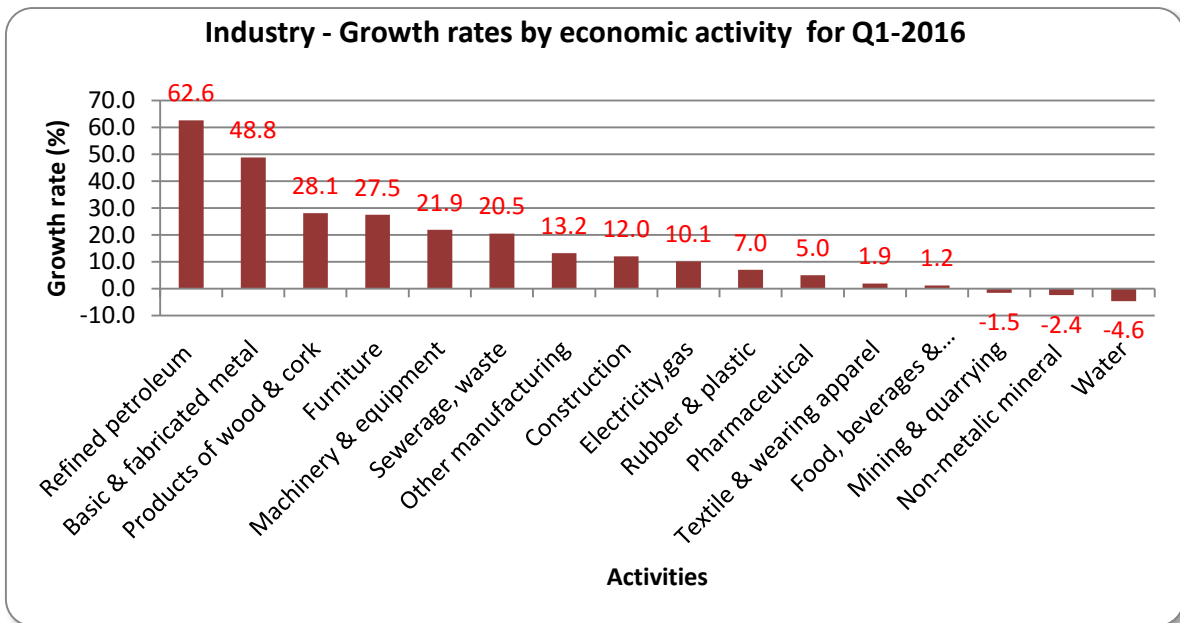
**Figure I**



As shown in figure II, most of the industrial activities have shown positive growth in the first quarter of 2016, when compared with the same quarter in 2015. Especially the sub activity of ‘Construction’ has grown significantly by 12.0 percent during the first quarter of 2016, when compared it with the first quarter of 2015. In addition, the sub activities, which contribute a higher share to the industrial activities, have shown a considerable growth in their growth rate during the period of concerned. Mainly, the sub activities of ‘Electricity, gas, steam and air conditioning supply’, ‘Manufacture of rubber and plastic products’, ‘Manufacture of food, beverages and tobacco’ and ‘Manufacture of textile and wearing apparel’ have shown a considerable growth rates of 10.1 percent, 7.0 percent 1.2 percent and 1.9 percent respectively,

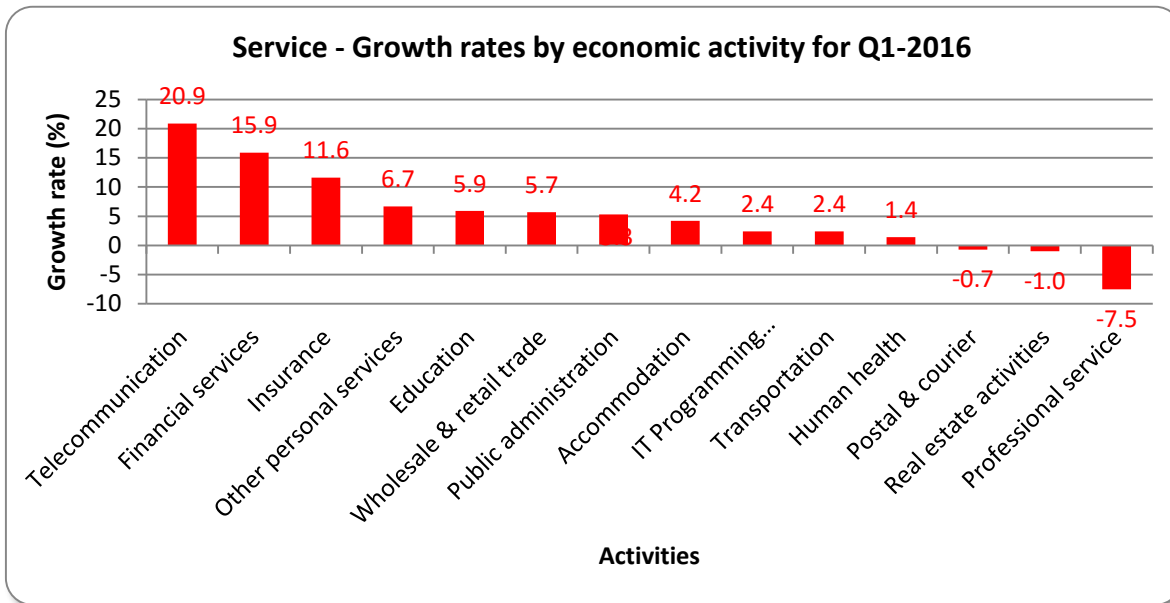
during the first quarter of 2016. Meanwhile the ‘Mining and quarrying’ activity have suffered a fall in the industry by 1.5 percent, over the period under consideration.

Figure II



Same as in the previous quarters, in this quarter also, the growth rate in the overall services activities has reported a significance increase by 4.9 percent. As shown in the Figure III, the ‘Telecommunication’, ‘Financial service activities and auxiliary financial services’ and ‘Insurance, reinsurance and pension funding’ have recorded a striking growth rates of 20.9 percent, 15.9 percent and 11.6 percent respectively in the value added in this quarter when compared with the first quarter in 2015. In addition, ‘Wholesale and retail trade’, ‘Education’, ‘Other personal services’, ‘Accommodation, food and beverage serving activities’ and ‘IT programming and consultancy services’ have expanded in a considerable growth rate in the first quarter of 2016, when compared them with the first quarter of 2015.

Figure III



GDP implicit price deflator which measures the price change in the economy with respect to a specific base year (2010=100), increased to 142.7 in the first quarter of 2016 from 137.7 recorded in the first quarter of 2015 recording a 3.6 percent of inflation rate for the first quarter of 2016.

The Colombo Consumer Price Index (CCPI) (2006/2007 = 100) increased to 183.5 in the first quarter of 2016, from 180.1 recorded in the first quarter of 2015, indicating a 1.9 percent of inflation rate.

### 1.1.1 Agriculture Activities

In the first quarter of 2016 the main activity of 'Agriculture, forestry and fishing' grew by 1.9 percent, when compared with the respective quarter in year 2015. In this quarter, the share of the Agriculture, forestry and fishing has reported as 7.4 percent to the GDP. The sub activities of 'Growing of rice', 'Growing of vegetables', 'Growing of fruits', 'Growing of tea', 'Growing of oleaginous fruits including coconut' and 'Animal production' have contributed in a range of 0.5 to 0.8 percent to the GDP. The highest share of 1.3 percent was reported by Marine fishing and marine aquaculture activity.

In the first quarter of 2016, the sub activity of ‘Growing of cereals (except rice)’ recorded a striking increase of 29.0 percent when compared to the 4.4 percent of growth rate recorded in the first quarter of 2015. This is due to the increase of the production of ground nuts, cowpea and kurakkan by 33.5 percent and 14.9 percent and 14.6 percent respectively during the first quarter of 2016.

The value added of ‘Growing of rice’, which recorded as 28.7 percent of high increase in the first quarter of 2015, has reported a further increase of 0.6 percent in this quarter. Due to the favorable weather condition prevailed in paddy growing areas in the Maha season, in the first quarter of 2016, the paddy production has increased slightly and the reported paddy production was 2,884,223 Metric tons. The paddy production in Anuradhapura district, which gives the highest contribution for the total paddy production in 2015/16 Maha season, has recorded as 347,437 Metric tons.

The value added of ‘Growing of vegetables’ has increased by 16.3 percent in this quarter, when compared to the first quarter of 2015. In the first quarter of 2016, even under the dry weather condition prevailed throughout the country, the production of capsicum, pumpkin, beans and bitter guard has increased remarkably.

In this quarter, the value added of ‘Growing of Fruits’ has shown a slight decline of the growth rate by 0.3 percent.

The sub activity of ‘Growing of Oleaginous fruits’ mainly consists with coconut production has contributed Rs.18,442 million to the GDP at constant prices in the first quarter of 2016. The coconut nut production has increased by 12.8 percent over the period. When considering the quarterly patterns, the growth rate of this activity has increased from negative 0.9 percent to 10.0 percent within the first quarters of 2015 and 2016. The share to the GDP from the activity of “growing of Oleaginous fruits” was recorded as 0.9 percent in this quarter. The Coconut Research Institute of Sri Lanka stated that the continuous rainy climate which prevailed throughout the period in the coconut growing areas had been the main contributor for this increase. In 2010 - 2015 period nearly 30,000 coconut seedlings has been distributed among farmers through “Kapruka Nawodya” programme for replanting, under planting and filling purposes and for new planting in the Eastern province of the country. CRI stated that the fruiting of these new cultivations also contributed to the increase of coconut production in this quarter.

Further, the use of fertilizers with favorable climatic conditions and other cultural rituals and practices have contributed towards the increase of coconut production in the country.

The sub activity of ‘Growing of tea’, which reported 7.6 percent of positive growth rate in the first quarter of 2015, has declined by 11.6 percent in this first quarter of 2016. When compared with the first quarter of 2015, in the first quarter of 2016 the average price per 1 Kg of tea in the Colombo auction has decreased to Rs. 409.21 from Rs.419.04 by 2.3 percent. In the first three months of 2016, the production of tea leaves has declined due to the dry weather condition prevailed in the tea growing areas. The low grown tea having the largest market share around 65.0 percent of total tea production, recorded a 11.2 percent decline in this quarter.

The growth rates for the ‘Growing of rubber’ activity reported negative growth rates since the first quarter of 2012 and it has further declined by 2.6 percent during the first quarter of 2016. The Department of Rubber Development reported that, the drop of the average price levels for one kilogram of natural rubber at the global market and the high labor cost, have been the major reasons for reduction of tapping activities of rubber industry.

The sub activity of “Animal Production” which consists with three main items, growing animals for meat, milk production and eggs production has contributed Rs. 12,704 million of value added to the GDP of the country in the first quarter of 2016. This denotes a 5.1 percent growth in this activity when compared to the first quarter of 2015. Milk, eggs and beef productions reported an increase of 9.4 percent 11.2 percent and 6.8 percent respectively during this period. The share of this activity to the GDP was reported as 0.6 percent.

The agriculture sub activity of “Forestry and Logging” showed a negative growth of 4.0 percent during the first quarter of 2016 compared to the first quarter of 2015. The contribution and share of this activity to the GDP was reported as Rs.20,297 million and 0.68 percent.

Even though in year 2011, 2012, 2013 and 2014 the sub activity of ‘Marine fishing and marine aquaculture’ showed a positive trend in the annual growth rates, in the first quarter of 2016 it reported a negative growth rate of 2.6 percent. The marine fish production has decreased during the first quarter of 2016. According to the Reports of the Ministry of Fisheries and Aquatic Resources Development, hot weather condition prevailed in the country in early months of this

year and due to the impact of the long-term use of banned methods-scales, coastal zones fish harvest has declined.

Compared to the 1<sup>st</sup> quarter of 2015, freshwater Fishing and Aquaculture activity reported 21.7 percent of negative growth in the first quarter of 2016.

### **1.1.2 Industry Activities**

In the first quarter of 2016, the contribution of the Industrial activities to the GDP has increased up to 31.6 percent and has recorded a striking growth rate of 8.3 percent.

The ‘Mining and quarrying’ which recorded a 5.7 percent decline in the first quarter of 2015, has further decreased slightly by 1.5 percent in this quarter of 2016. When compared with the first quarter of 2015, the gem industry has shown negative growth in this quarter.

The main sub activity of ‘Manufacture of food, beverages and tobacco production’ recorded 1.2 percent of growth rate in the first quarter of 2016. In the first quarter of 2015, this activity increased by 13.4 percent. When compared with the first quarter of 2015, the output value of this activity increased by 4.3 percent in the first quarter of 2016.

The sub activity of ‘Manufacture of textiles, wearing apparel and leather products’ recorded a growth rate of 1.9 percent in this quarter when compared with the respective quarter in 2015. The output value of this activity has increased by 5.1 percent in the first quarter of 2016.

When compared with the first quarter of 2015, the sub activity of ‘Manufacture of wood and products of wood and cork, except furniture’ has shown 28.1 percent of striking increase in the growth rate in the first quarter of 2016. The output value of this activity has increased by 23.8 percent during the respective quarter.

The sub activity of ‘Manufacture of paper, paper products, printing and reproduction of media products’, which recorded a growth rate of 8.0 percent in the first quarter of 2015, has increased again from that level by 45.6 percent in this quarter. The output value of this activity has increased by 17.8 percent.

The sub activity of ‘Manufacture of coke and refined petroleum products’ which reported 16.2 percent growth rate in the first quarter of 2015, has shown a further increase by 62.6 percent in



this quarter. The petroleum production quantity has increased by 56.7 percent in the first quarter of 2016.

The ‘Manufacture of basic metals and fabricated metal products (except machinery and equipments)’ grew by 48.8 percent in the first quarter of 2016. It reported 12.3 percent growth rate in the respective quarter of 2015. The output value of the basic metals and the fabricated metal products has increased by 41.5 percent respectively in the first quarter of 2016, when compared it with the respective quarter of 2015.

The sub activity of ‘Manufacture of machinery and equipment’ which reported 29.8 percent of growth rate in the first quarter of 2015 has further increased by 21.8 percent in this quarter. The output values of ‘Manufacture of computers electronic and optical product, manufacture of electrical equipment, ‘Manufacture of machinery and equipments, ‘Manufacture of motor vehicles and semi trailers’and Manufacture of other transport equipment’ have increased by 40.3 percent, 17.6 percent 5.6 percent 20.0 percent and 42.0 percent respectively in this quarter.

The real value added of ‘Electricity, gas, steam and air conditioning supply’ has increased by 10.1 percent in the first quarter of 2016. In the respective quarter of the previous year, it grew by 6.2 percent. The electricity power generation has increased from Gwh 3129 to Gwh 3439 indicating 9.9 percent growth rate within this period. The existed ratio of 45:55 hydro power and thermal power generation in the first quarter of 2015 has changed to 36:64 in this quarter. In the first quarter of 2016, the total revenue from sales of electricity has increased by 12.0 percent.

The sub activity of ‘Water collection, treatment and supply’ has reduced by 4.6 percent in the first quarter of 2016. The volume of water supply for the first quarter of 2015, was cubic meter thousands 144,695. In the first quarter of 2016 it has reduced to cubic meter thousands 138,107 registering 4.6 percent of negative growth rate. The total revenue has increased by 18.8 percent.

In comparison with the first quarter of 2015, in the first quarter of 2016, the ‘Construction’ activity grew by 12.0 percent. The total cement supply has increased by 23.3 percent during this quarter. The total imports of cement and the domestic supply of cement has grown by 24.1 percent and 21.8 percent respectively in the first quarter of 2016.

### **1.1.3 Services Activities**

The Service activity, which is the highest contributor (52.4 percent) to the GDP, has reported a significant growth rate of 4.9 percent in the first quarter of 2016.

The ‘Wholesale and retail trade’ which contributes nearly 10.3 percent to the total GDP, reported a 5.7 percent growth rate in the first quarter of 2016, when compared to the growth rate of 3.8 percent recorded in the first quarter of 2015. The value added of wholesale and retail trade activity is affected by fluctuations in total imports and total domestic production. Therefore the growth rate of this activity is depended on the variations in above three variables of Imports, Agricultural production and Industrial production.

According to the Balance of Payment Statistics of Central Bank of Sri Lanka the total import expenditure in the first quarter of this year has increased up to Rs. Million 661,342 from Rs. Million 634,338 in the same quarter of the last year resulting a 4.3 percent of growth. In addition, the total Output value of Agriculture activity has increased by 5.1 percent in the first quarter of 2016 when compared with the respective quarter of 2015. The total output value of industrial activities has increased up to Rs. Million 208,246 from Rs. Million 196,720 in the first quarter of 2016 by 5.8 percent when compared it with the first quarter of 2015.

The sub activity of ‘Transportation’ is a combination of land transport, water transport and air transport. This activity has recorded a slight growth rate of 2.4 percent in this quarter, when compared it with the respective quarter of 2015. According to the Civil Aviation reports, the total revenue of this quarter has increased by 4.8 percent. In the first quarter of 2016, the revenue of water transport services has been increased by 20.1 percent. In addition, when compared with first quarter of 2015, the real value added of land transport service activities, have grown by 2.5 percent.

When compared to the first quarter of 2015, in this quarter the total amount of registered vehicles has decreased by 32.6 percent. The registration of motor vehicles, dual purpose vehicles, lorries, three wheelers and buses have decreased by 40.9 percent, 56.5 percent, 1.2 percent, 63.6 percent and 54.3 percent respectively in the first quarter of 2016. The total revenue of the Department of Railway has increased by 10.6 percent and the total cost incurred in this quarter has increased by

14.9 percent. In the first quarter of 2016, the revenue of the Sri Lanka Transport Board has grown by 18.0 percent and the passenger kilometers have increased by 12.5 percent.

The sub activity of 'Postal and courier activities' has recorded a negative growth rate of 0.7 percent in the first quarter of 2016 with compared to the respective quarter of last year. According to the reports of the Department of Postal, in the first quarter of 2016, the total expenditure has increased up to Rs. Mn. 2938 and it is a 6.8 percent growth when compared it with the first quarter of 2015.

When compared with the first quarter in 2015, in this quarter the sub activity of 'Accommodation, food and beverage serving' activity has reported a positive growth rate of 4.2 percent. When compared to the first quarter of 2015, the number of tourist arrivals has increased by 22.2 percent and the room occupancy rate has been increased slightly to 79.1 from 78.9, during the first quarter of 2016. The Department of Census and Statistics, estimated the output value of this industry based on the Value added tax national level data, provided by the Department of Inland Revenue. According to the estimated output, this activity has been increased by 4.2 percent in the first quarter of 2016, when compared it with the first quarter of 2015.

The sub activity of 'Programming and broadcasting activities and audio video productions' has reported a negative growth rate of 10.9 percent in the first quarter of 2016. Most of the television broadcasting companies has experienced reduction of revenue during this period.

The real value added of the 'Telecommunication' has reported a striking increase by 20.9 percent in the first quarter of 2016. According to the revenue reports, the total revenue of leading companies in the industry has increased at significant rates.

The sub activity of 'IT programming consultancy and related activities' which reported a striking growth rate of 27.8 percent in the first quarter of 2015, has shown a further expansion in the industry by 2.4 percent during the first quarter of 2016.

The sub activity of 'Financial service activities and auxiliary financial services' has reported a 15.9 percent of growth rate for this quarter. In the respective quarter in last year, this activity grew by 14.2 percent. The total value of Staff cost has increased by 8.8 percent and the profit

before tax of Licensed Commercial Banks and Licensed Specialized Banks has increased together by 17.2 percent during this period. The usage of financial services during the period of concerned is denoted by ‘the value of loan and advances’ and the ‘value of total deposits’. Accordingly, ‘the value of loan and advances’ and the ‘value of total deposits’ increased by 20.7 percent and 16.8 percent respectively in the first quarter of 2016. In the first quarter of 2016, the Average Weighted Lending Rate (AWLR) and the Average Weighted Deposits Rate (AWDR) have reported as 11.4 percent and 6.4 percent respectively. In the first quarter of 2015, these were 11.5 percent and 5.8 percent respectively.

The real value added of ‘Insurance, reinsurance and pension funding’ which reported an increase of 2.3 percent in the first quarter of 2015, has reported a high growth rate of 11.6 percent in this quarter. During this period, the staff cost and the profit before tax of insurance companies have increased. The usage of this activity is represented by the total of the values of premiums and the claims earned, has increased by 14.9 percent in this quarter.

‘Ownership of dwelling and real estate’ activity is sharing 5.3 of the GDP, in the first quarter of 2016. The overall growth rate of the activity ‘Ownership of dwelling and real estate’ declined by 1.0 percent in this quarter with respect of 18.4 percent growth rate recorded in the first quarter 2015.

The sub activity of ‘Professional service’ is a combination of eight compilation categories. It is mainly comprised by ‘Legal and accounting activities’, ‘Architectural and engineering activities’, ‘Scientific research and development’, ‘advertising and market research, other professional, scientific and technical activities and publishing activities’, ‘Veterinary activities’, ‘Rental and leasing activities’, ‘Employment, travel agency, security and investigation activities’ and ‘Services to building and landscape activities’. The output value of all these activities are estimated by using value added tax data released by the Department of Inland Revenue. The real value added of professional service activity has reported a negative growth rate of 7.5 percent in this quarter.

The sub activity of ‘Other personal service activities’ which is also a combination of two compilation categories’ and is comprised by ‘Arts entertainment and other recreation activities’ and ‘other personal service activities’ mainly. The output value of this activity is also estimated

by using value added tax data released by the Department of Inland Revenue. When compared with the first quarter of 2015, in first quarter of 2016, the real value added value of this activity increased by 6.7 percent. The Value added tax payable for this activity has increased by nearly 17.0 percent in this quarter when compared it with the respective quarter of 2015.

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