



NATIONAL ACCOUNTS OF SRI LANKA

4th Quarter of 2015 and the Whole Year of 2015

By Production Approach

Base Year 2010

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

SRI LANKA

1.1 Annual National Accounts Estimates - 2015

The estimated annual Gross Domestic Product at constant price (2010) for Sri Lanka for the year 2015 (January to December) reportedly reached up to Rs. Million 8,622,825. The annual GDP value at constant price (2010) reported for the year 2014 was Rs. Million 8,228,986 resulting an expansion of the economy by 4.8 percent during the year 2015.

A Revision Policy for National Accounts was introduced with the implementation of Rebasing exercise. Accordingly, the economic growth rate of the country for the year 2014 was revised as 4.9 percent. According to the first estimates of 2014 annual GDP, it was reported as 4.5 percent.

The four major components of the economy: Agriculture, Industry, Services and Taxes less subsidies has contributed their share to the total GDP at Constant price (2010) by 7.9 percent, 26.2 percent, 56.6 percent and 9.3 percent respectively in the year of 2015.

When compared GDP growth rates of major economic activities with the year of 2014, all the three main activities, Agriculture, Industry and Services have shown positive growth rates. Accordingly agricultural activities and services activities have recorded a considerable positive growth rate of 5.5 percent and 5.3 percent respectively during the year of 2015. The industrial activities reported a less positive growth rate of 3.0 percent during the period of concern.

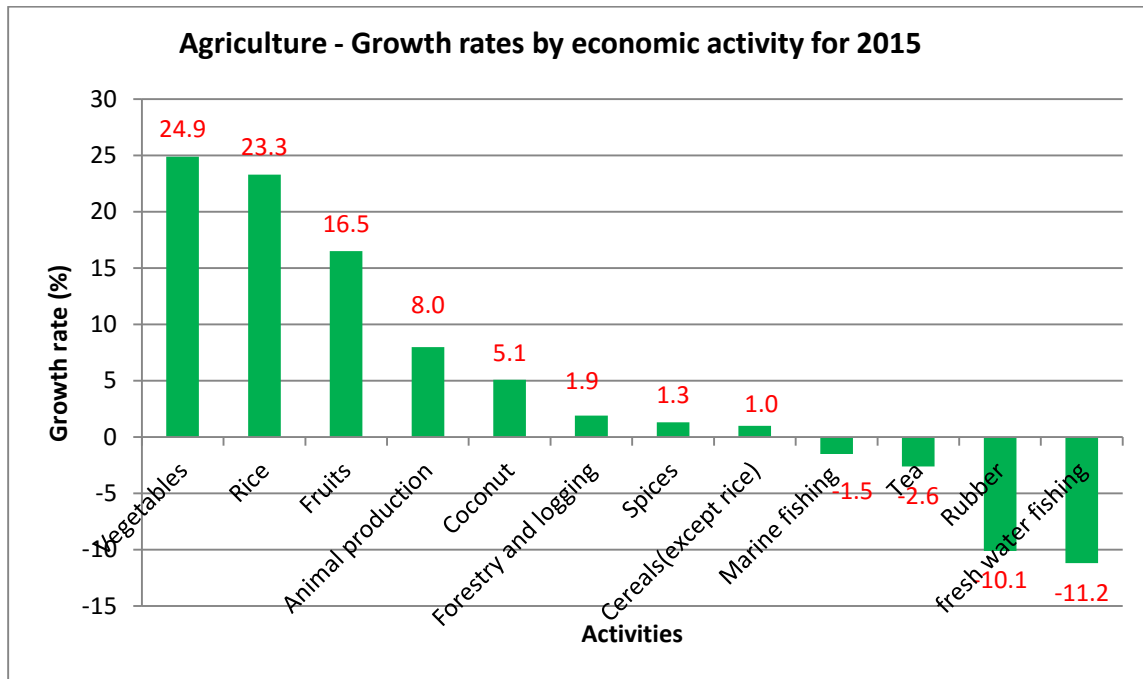
The value added of the each economic activity is derived by deducting intermediate consumption from the gross output value. Although the, Intermediate consumption is estimated at purchaser's price, the output of the economic activities is estimated at basic price. Hence the value added is reported at 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 year 2015, the share of the 'taxes less subsidies on products' is 9.3 percent.

As shown in the Figure I, most of the agricultural activities have experienced positive growth in their growth rates during the year 2015. Those are 'Growing of vegetables' by 24.9 percent

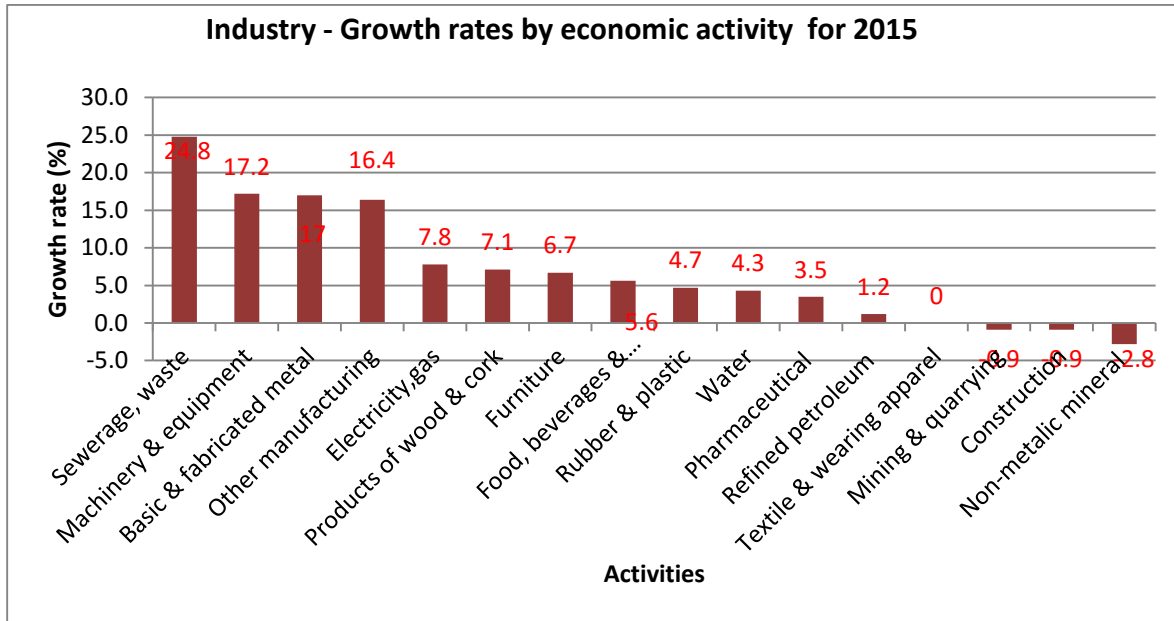
‘Growing of rice’ by 23.3 percent, ‘Growing of fruits’ by 16.5 percent, ‘Animal production’ by 8.0 percent and ‘Growing of Oleaginous fruits, including coconut’ by 5.1 percent. In the meantime the sub activities of, ‘Fresh water fishing’, ‘Growing of rubber’, ‘Growing of tea’, and ‘Marine fishing and marine aquaculture’, showed a negative growth rates as 11.2 percent, 10.1 percent, 2.6 percent and 1.5 percent respectively.

Figure I



Similar to Agricultural activities, the most of the industrial activities also reported positive growth rates in the year of 2015, when compared with the year of 2014 (Figur II). Specially the sub activities of, ‘Manufacture of machinery and equipment’, ‘Manufacture of basic metal and fabricated metal products’, ‘Other manufacturing’, ‘Electricity, gas, steam and air conditioning supply’ and ‘Manufacture of food, beverages and tobacco’ have shown a striking increase in their growth rates as 17.2 percent, 17.0 percent, 16.4 percent and 7.8 percent and 5.6 percent respectively during the year 2015. But during the last year, both the sub activities of ‘Construction’ and ‘Mining and quarrying’ have reported negative growth by 0.9 percent.

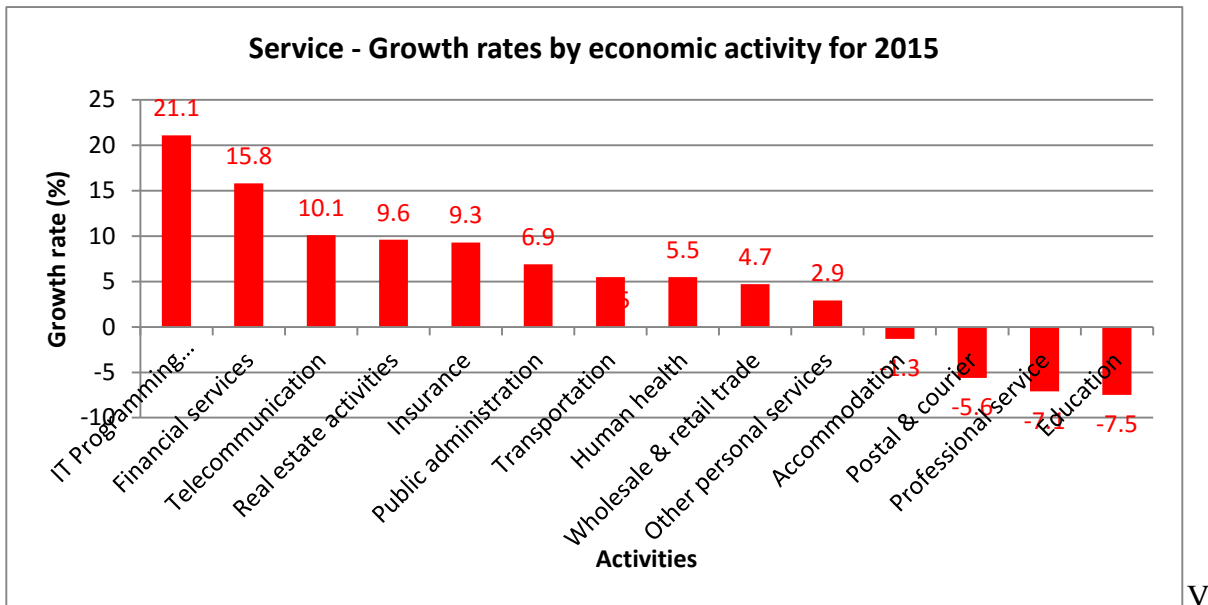
Figure II



Similar to the previous years, in year 2015, the growth rate in the overall services activities has increased by 5.3 percent. As shown in the Figure III, the ‘IT programming and consultancy’ has recorded a striking growth rate of (21.1 percent) in the value added in this year when compared with the previous year 2014. In addition, ‘Financial service activities and auxiliary financial services’, ‘Insurance, reinsurance and pension funding’ and ‘Real estate activities, including ownership of dwelling’ have recorded higher growth rates in the year of 2015, as 15.8 percent, 9.3 percent and 9.6 percent, respectively.

While, the sub activities of ‘Education’, ‘Professional services’ and ‘Accommodation, food and beverage serving activities’ showed a negative growth rates as 7.5 percent, 7.1 percent and 1.3 percent respectively in last year.

Figure III



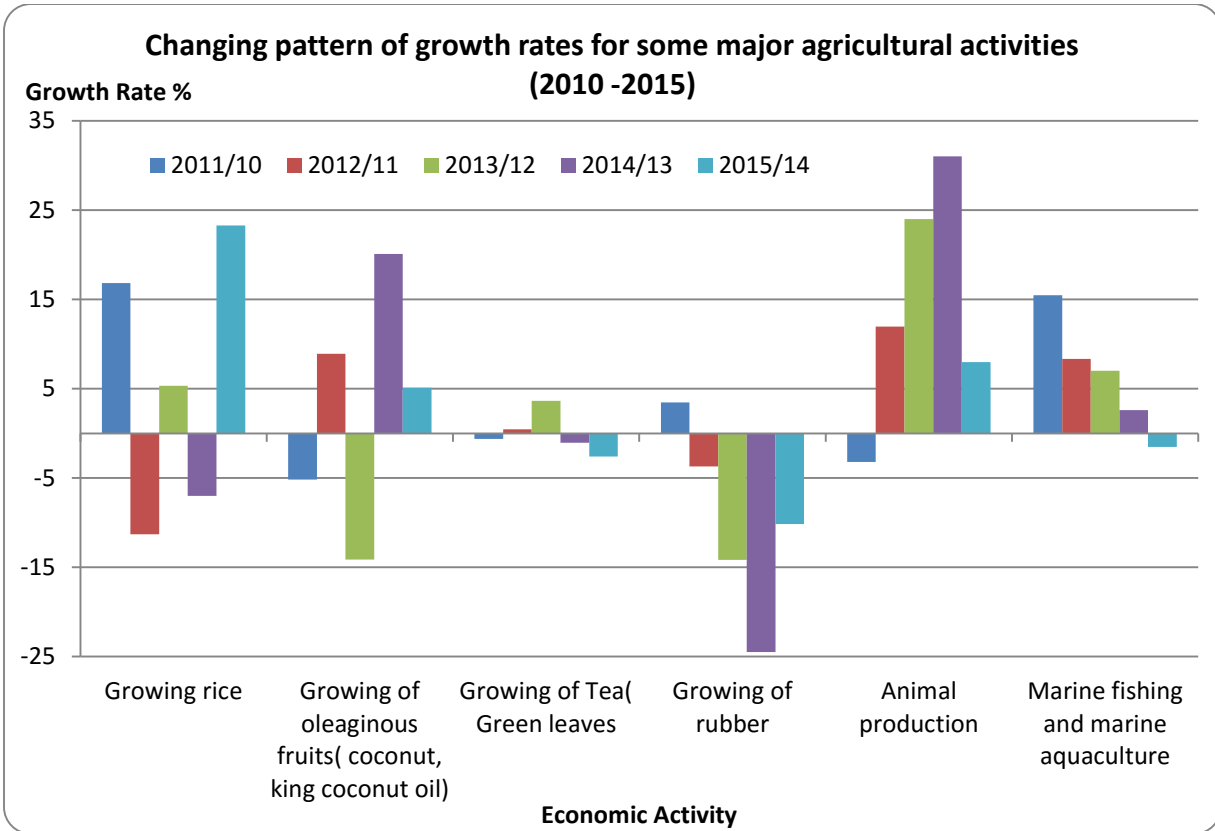
GDP implicit price deflator which measures the price change in the economy with respect to a specific base year (2010=100), increased to 129.7 in the year 2015 from 127.0 recorded in the year 2014, indicating 2.1 percent of inflation rate for the year 2015.

The Colombo Consumer Price Index (CCPI) (2006/2007 = 100) increased to 181.5 in year 2015, from 179.8 recorded in the year 2014, indicating a 0.9 percent of inflation rate.

1.1.1 Agriculture Activities

In the year of 2015 the main activity of ‘Agriculture, forestry and fishing’ grew by 5.5 percent, when compared with the respective year 2014. In the year 2015, the share of the Agriculture, forestry and fishing has reported as 7.9 percent to the total GDP. The sub activities of ‘Growing of rice’, ‘Growing of vegetables’, ‘Growing of tea’ and ‘Growing of oleaginous fruits including coconut’ and ‘Growing of spices’ has contributed in a range of 0.7 to 0.9 percent to the total GDP. The highest share of 1.2 percent was reported by Marine fishing and marine aquaculture activity.

Figure IV



In the year of 2015, the sub activity of ‘Growing of cereals (except rice)’ recorded a slight increase of 1.0 percent.

The value added of ‘Growing of rice’ has reported a considerable increase of 23.3 percent in the year of 2015. The favorable weather condition prevailed in both the Yala season and Maha season through out the country, is the major reason for the huge increase in paddy production. The Ampara district paddy production, which gives the highest contribution for the total paddy production in 2015, increased by 55.2 percent.

The value added of ‘Growing of vegetables’ has increased in a high rate of 24.9 percent during the year 2015. The total vegetable production which collected through all the districts in the country, has reported a 1.6 percent increase in the year 2015.

In this quarter, the value added of ‘Growing of Fruits’ has shown a high growth rate of 16.5 percent.

The sub activity of ‘Growing of Oleaginous fruits’ including coconut, king coconut and oil palms, have contributed Rs. Million 67,439 to the GDP at constant price in the year of 2015. The share to the GDP remains same as 2014 at 0.8 percent. This gives a positive growth rate of 5.1 percent compared to year 2014. The nut production has progressively increased by 186 million nuts between these corresponding years. The main reason reported for this increase in production of coconut was the favorable weather conditions prevailed throughout the year of 2015 in coconut growing areas. This promising weather conditions encouraged the coconut farmers to manure the plantations properly and keep up the traditional practices in coconut growing. The export statistics showed a decline in coconut exports by Rs. Million 20 in 2015 compared to 2014. The policy decision taken by Coconut Development Authority to cease the exports of coconuts in the early months of year 2015 was the reason for this decline reported.

When compared to the 2014, the activity of ‘Growing of Tea’ has dropped by 2.6 percent. The total tea production has dropped 2.7 percent in 2015 over the year 2014. The continues bad weather conditions prevailed throughout the tea production areas has been the main factor contributed for this decrease in the tea production. Out of the total production of Sri Lankan tea, more than 60 percent of the quantity is directly purchased by Russia, Middle East and the other European countries at a higher price. Wherever there is economic crisis in these countries will have a direct impact on Sri Lankan tea exports. According to the reports of the Sri Lanka Tea Board, the export quantity of tea in year 2015 amounted to 306.94 Mn. Kgs. In the year of 2015, it is recorded a decline of 6.2 percent. Further, the average price per one kilogram of tea in 2015 was Rs.402.14 in comparison to Rs. 461.86 in 2014. The low grown tea having the largest market share around 66.0 percent of total tea production recorded a 3.6 percent decline in year 2015.

In comparison with the year 2014, the sub activity of ‘Growing of other beverage crops, including coffee and cocoa’ has shown a 18.1 percent of decrease in the value added, in the year of 2015.

The value added of ‘Growing of Rubber’ which recorded a decline of 24.5 percent in the year 2014, has further declined by 10.1 percent in year 2015. Due to the heavy rain prevailed throughout the main rubber growing areas and high labor cost have been the major reasons for this reduction of tapping activities of rubber industry. Due to the price reduction of the crude oil,

the production of syntactic rubber has been increased during the year 2015. Therefore the demand for Sri Lankan natural rubber at the global market has been dropped. In 2015 the average price for one Kilogram of natural rubber at the global market has decreased by 5.7 percent against 2014.

‘Animal production’ consists with several sub categories mainly the milk production, eggs production and value of slaughtered animals. The constant value added generated in 2015 was Rs. Million 51,782 and the share to the GDP was reported as 0.6 percent. The reported growth rate over the period was 8.0 percent. The milk production was the main contributor to the activity of animal production along with eggs production and poultry. In 2015 the milk production reported a 12.0 percent increase over 2014 and the highest milk production was reported from Nuwaraeliya and Kurunagala districts. Main reasons reported for the increase from the respective districts were the distribution of imported varieties of milch cows to the milk farmers instead of local ordinary cows and the increased milk prices that encouraged the farmers on milk farming and specially in paying more attention on feeding and caring of milch cows for producing more milk. Poultry production of the country also showed a notable increase of 9.0 percent in 2015 compare to 2014. Slaughtered number of cows reported a 5.0 percent decrease throughout the period. The eggs production of the country also showed an increase of 10.0 percent over the period and the highest productions were reported in kurunagala, Puttlam and Gampaha districts respectively.

The activity of plant propagation which includes the seeds and plants propagation of the country (except forest plants) showed a remarkable drop in 2015 compare to 2014. This is mainly due to lesser production of coconut and rubber plants from Coconut Development Board and Rubber Development Board. The main reasons for reducing the production of coconut plants was a policy decision of CDB to improve the quality of coconut plantations rather than extending the land for coconut cultivations. The continuous price drop and other major problems aroused in rubber cultivation in recent years has discouraged rubber farmers from growing new plantations. Hence the production of rubber plants from RDB also has been restricted,

The sub activity of ‘Marine fishing and marine aquaculture’ dropped slightly by 1.5 percent during the year 2015. This is due to the reduction of the coastal fish production. It has reduced by

3.5 percent due to the storm occurred in the months of January to April in year 2015 and latter parts in year 2015.

‘Inland fishing and inland aquaculture’ activity has decreased by 11.2 percent in 2015. Ministry of Fisheries and Aquatic Resources Development, reports that due to the heavy rain prevailed in Anuradhapura, Polonnaruwa, Ampara and Hambantota districts in the year 2015, the water tanks has overflow and it is caused to the drop in inland fish production.

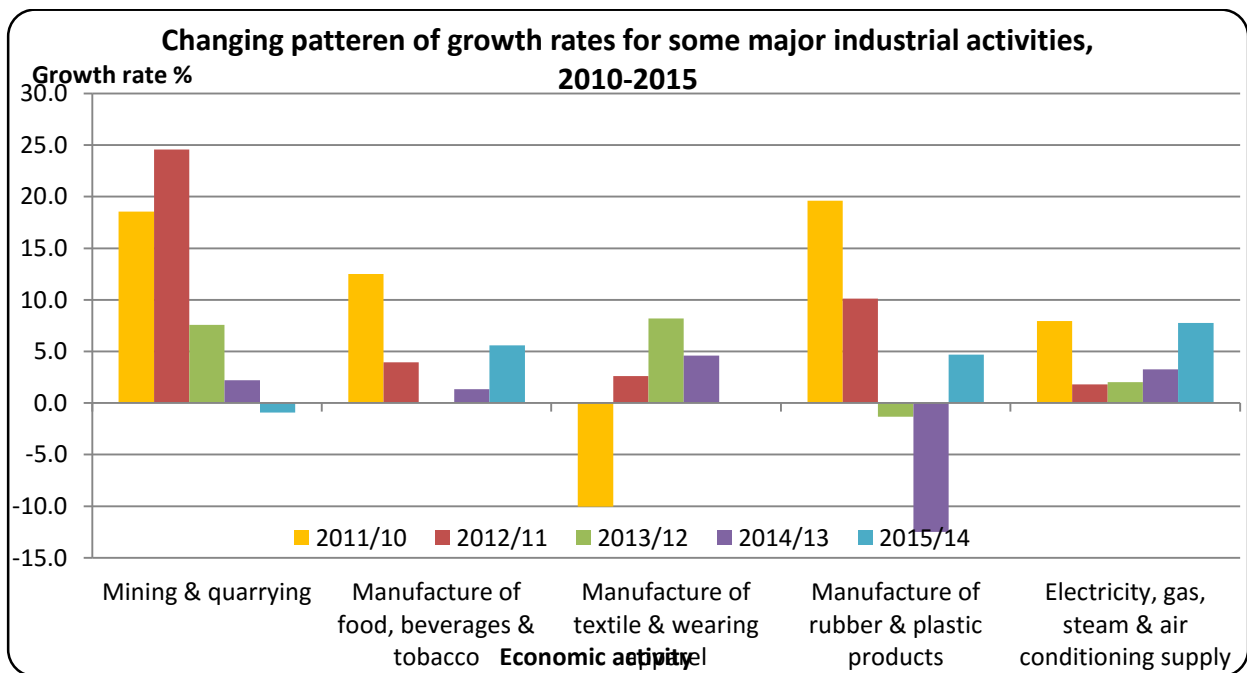
The growth of Marine fishing industry has been supported by increase of fish production in Western and Northern Provinces and the development of fishing industry related infrastructure facilities.

1.1.2 Industry Activities

The Industry activities, which contribute nearly 26.2 percent to the total GDP, recorded a growth rate of 3.0 percent in the year of 2015.

The figure VI shows clearly, the changing pattern of some selected major industrial activities during the period 2010 to 2015.

Figure V



The 'Mining and quarrying' which recorded a 2.2 percent of growth rate in the year of 2014, has recorded negative growth rate of 0.9 in year 2015. When compared with the year 2014, the production of minerals has decreased by 24.4 percent during the year 2015.

The main sub activity of 'Manufacture of food, beverages and tobacco production' recorded 5.6 percent of growth rate in the year 2015. In 2014, this activity increased by 1.3 percent. According to the Trade indices of Central Bank of Sri Lanka, the export quantity of this industry has increased by 3.7 percent. In addition, according to the factory industry production index which is also released by the Central bank of Sri Lanka, has indicated considerable growth in this activity during the year 2015.

In year 2014, the sub activity of 'Manufacture of textiles, wearing apparel and leather products' grew by 4.6 percent indicating an expansion of the industry. In year 2015, the value added of this sub activity has reported the same value added value which recorded for the year 2014 by indicating 0 percent growth rate for this industry for year 2015. It shows that industry has been able to maintain the same level during the year 2015. During the year 2015, the export quantity of textile has increased by 4.3 percent. But export of wearing apparel and export of leather and leather products have decreased by 1.9 percent and 6.4 percent respectively.

When compared with year 2014, the sub activity of 'Manufacture of wood and products of wood and cork, except furniture' has shown 7.1 percent of considerable increase in the value added in year 2015. In year 2014, the value added of this activity declined by 8.4 percent. According to the Factory industry production index, the index value has grown by 11.0 percent during the year 2015.

The sub activity of 'Manufacture of paper, paper products, printing and reproduction of media products', which recorded a 0.2 percent of growth rate in year 2014, has expanded further by 9.4 percent. The export quantity of printing industry has recorded 46.2 percent growth in year 2015.

The sub activity of 'Manufacture of coke and refined petroleum products' which reported 4.4 percent growth rate in the year 2014, has shown a further increase by 1.2 percent in year 2015.

The 'Manufacture of basic metals and fabricated metal products (except machinery and equipment) grew by a higher rate of 17.0 percent in year 2015. It reported negative growth rate of 6.4 percent in year 2014.

The sub activity of 'Manufacture of machinery and equipment' which reported 4.0 percent of growth rate in the year 2014, has recorded remarkable growth rate of 17.2 percent for the year 2015. During the year 2015, the production of motor vehicles and semi-trailers, electrical goods and computers has been increased.

The real value added of 'Electricity, gas, steam and air conditioning supply' has increased by 7.8 percent in the year 2015. In previous year, it grew by 3.3 percent. The electricity power generation has increased from Gwh 12,408 to Gwh 13,090 indicating 5.4 percent growth rate within this period. The existed ratio of 39:61 hydro power and thermal power generation in the year 2014 has changed to 46:54 in this year. In the year 2015, the total revenue from sales of electricity has reduced by 16.1 percent.

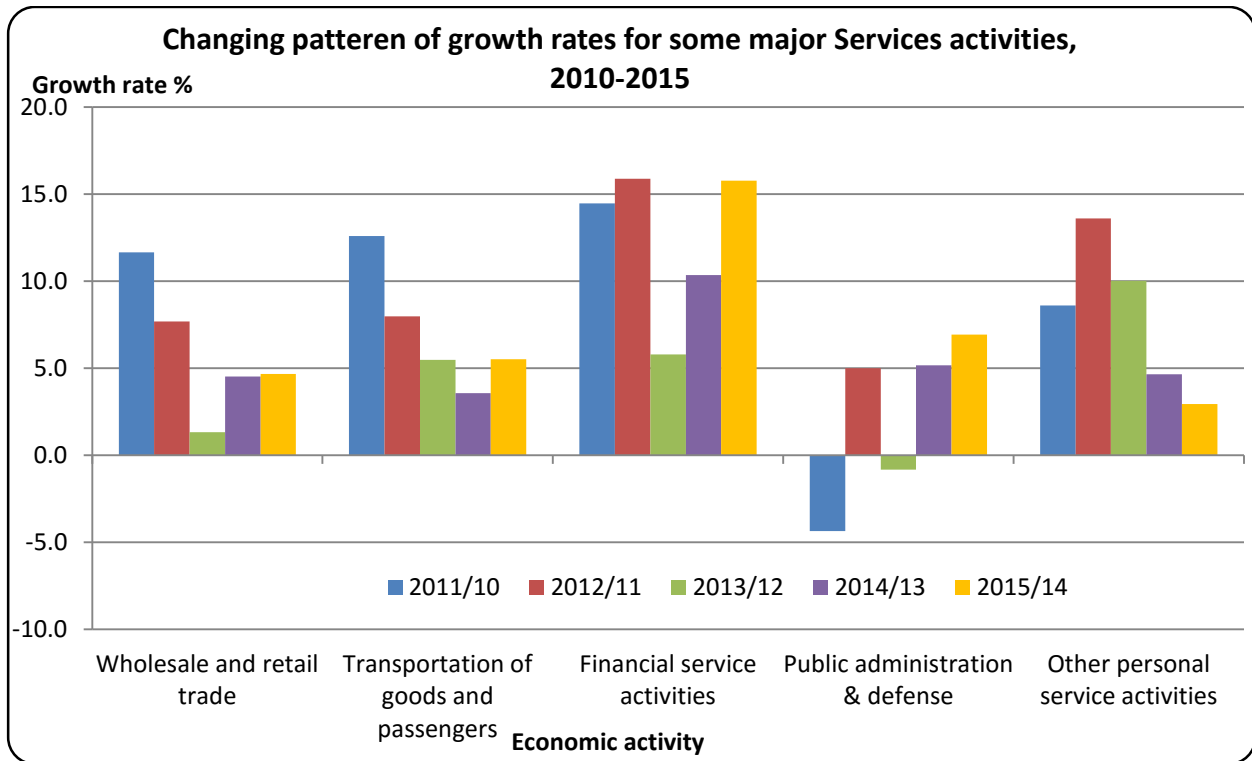
The sub activity of 'Water collection, treatment and supply' has grown by 4.3 percent in the year of 2015. The volume of water supply for the year 2014, was cubic meter thousands 574,999. In the year 2015 it has increased up to cubic meter thousands 599,766 registering 4.3 percent growth rate. The total revenue has increased by 4.3 percent.

In comparison with the year 2014, in year 2015, the 'Construction' activity has reported 0.9 percent of negative growth rate. The total cement supply has increased by 2.1 percent during the year 2015. The total imports of cement has dropped by 6.2 percent and the domestic supply of cement has increased by 21.1 percent in the year 2015.

1.1.3 Services Activities

The Service activity, which is the highest contributor (56.6 percent) to the total GDP, has reported a considerable growth rate of 5.3 percent for the year of 2015.

Figure VI



The behavior of growth rates of some selected services activities during the period of 2010 to 2015, can be observed in the figure vii.

The ‘Wholesale and retail trade’ which contributes nearly 10.9 percent to the total GDP, reported a 4.7 percent growth rate for the year 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 annual total import expenditure for the year 2015 has increased up to Rs. Million 2,572,466 from Rs. Million 2,535,163 recorded in the year 2014. In addition, the total trading Output value of Agriculture, forestry and fishing activity has increased by 5.8 percent in the year of 2015 when compared with the year 2014. The total trading output value of industrial activities has increased up to Rs. Mn. 771,822 from Rs. Mn. 682,606 in the year 2015 by 13.1 percent.

The sub activity of ‘Transportation’ is a combination of land transport, water transport and air transport. This activity has recorded a considerable growth rate of 5.5 percent for the year 2015, when compared it with the respective year of 2014. According to the Civil Aviation reports, the total revenue for the year 2015, has decreased by 30.9 percent. In the year of 2015, the revenue of water transport services has been decreased by 14.1 percent. In addition, the real value added value of warehousing and supporting service activities and land transport service activities, have grown by 4.3 percent and 5.8 percent respectively.

When compared to the year 2014, in year 2015, the total amount of registered vehicles has increased by 11.9 percent. The registration of motor vehicles, dual purpose vehicles, lorries, three wheelers, buses and land vehicles have increased by 172.4 percent, 263.6 percent, 40.6 percent, 63.9 percent, 7.5 percent and 33.3 percent respectively in the year 2015. The total revenue of the Department of Railway has increased by 7.2 percent and the total cost incurred in this year has decreased by 17.1 percent. In the year of 2015, the revenue of the Sri Lanka Transport Board has grown by 6.4 percent and the passenger kilometers have increased by 19.6 percent.

The sub activity of ‘Postal and courier activities’ has recorded a negative growth rate of 5.6 percent for the year 2015. According to the reports of the Department of Postal, in year 2015, the total expenditure has increased up to Rs. Mn. 11,952.0 and it is a 23.4 percent growth when compared it with the year 2014.

In year 2015, the sub activity of ‘Accommodation, food and beverage serving’ activity has reported a negative growth rate of 1.3 percent. In the year of 2014, this reported a positive growth rate of 4.0 percent. when compared to the year 2014, although the number of tourist arrivals has been increased in high rate, the room occupancy rate has increased slightly to 74.5 from 74.3, during the year 2015. The Department of Census and Statistics, is estimated the output value of this industry based on the Value added tax national level data, provided by the Department of Inland revenue. Accordingly the estimated output of this activity has been dropped by 1.3 percent during the year 2015.

The sub activity of ‘Programming and broadcasting activities and audio video productions’ has increased by 5.5 percent in year 2015. Most of the television broadcasting companies has experienced fluctuations in the revenue during this period.

The real value added value of the ‘Telecommunication’ has reported a striking increase by 10.1 percent for the year 2015. Sri Lanka Telecom, Dialog and the Mobitel companies are the highest share contributors to the total output value of this industry. According to the revenue reports, the total revenue of all telecommunication companies has increased by 3.3 percent.

The sub activity of ‘IT programming consultancy and related activities’ which reported a positive growth rate of 9.3 percent in the year 2014, has shown a further expansion of the industry by reporting 21.1 percent of growth rate for the year 2015.

The sub activity of ‘Financial service activities and auxiliary financial services’ have reported a 15.8 percent of striking growth rate for the year 2015. In the year 2014, this activity grew by 10.4 percent. The total value of Staff cost has increased by 19.3 percent and the profit before tax of Licensed Commercial Banks and Licensed Specialized Banks has increased by 11.7 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 22.6 percent and 15.4 percent respectively in the year 2015. In year 2015, the Average Weighted Lending Rate (AWLR) and the Average Weighted Deposits Rate (AWDR) have reported as 11.0 percent and 6.2 percent respectively. In year 2014, these were 11.9 percent and 6.2 percent respectively.

The real value added of ‘Insurance, reinsurance and pension funding’ which reported 5.8 percent growth rate for the year of 2014, has reported a considerable growth rate of 9.3 percent for the year 2015. During this period, the staff cost has decreased by 0.9 percent slightly and the profit before tax of insurance companies has increased by 9.7 percent. The usage of this activity is represented by the total of the values of premiums and the claims realized. In this year premium earned and claims earned have increased by 16.0 percent and 7.8 percent respectively.

‘Ownership of dwelling and real estate’ activity is sharing 5.6 of the total GDP in year 2015. The overall growth rate of the activity ‘Ownership of dwelling and real estate’ has recorded as 9.6 percent in year 2015, with respect to the 6.5 percent growth rate recorded in year 2014.

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 national level data released by the Department of Inland Revenue. Accordingly the estimated output value of these activities have decreased by 7.8 percent during the year 2015, when compared it with the year 2014. As a result, the real value added of professional service activity has reported a negative growth rate of 7.1 percent for the year 2015.

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 national level data released by the Department of Inland Revenue. Accordingly, the estimated output value of these activities has increased slightly by 1.3 percent during the year 2015. When compared with the year 2014, in 2015, the real value added value of this activity increased by 2.9 percent.

1.2.) National Accounts Estimates – 4th Quarter

The estimated Gross Domestic Product at constant (2010) prices for the fourth quarter of 2015 (October, November, December) was Rs. Million 2,387,136 recording a slight positive growth rate of 2.5 percent compared to the fourth quarter of 2014 which was estimated as Rs. Million 2,328,588.

Similar to the previous quarters, the three major activities of the economy, Agriculture, Industries and Services have shared the GDP at constant price (2010) by 7.5 percent, 23.9 percent and 53.3 percent respectively in the fourth quarter of 2015.

When compared economic growth rates of major economic activities with the 4th quarter of 2014, the agricultural activities has dropped down slightly by 0.5 percent during the 4th quarter

of 2015. The industrial activities and Services activities have reported minor increase by 1.9 percent and 2.7 percent respectively during the 4th quarter of 2015.

During the 4th quarter of 2015, among the sub activities of the economy, specially ‘Growing of rubber’, ‘Animal production’, ‘Wholesale and retail trade’, ‘IT Programming and consultancy related activities’ and ‘Financial services activities’ have recorded a remarkable increase in the estimates by 4.5 percent, 7.7 percent, 8.4 percent, 8.9 percent and 18.0 percent respectively, when compared with 4th quarter of 2014. Meanwhile the sub activities of ‘Growing of rice’, ‘Growing of tea’, ‘Mining and quarrying’, ‘Construction’ and ‘Transportation of goods and passengers’ have recorded negative growth rates for the 4th quarter of 2015.

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