



# **NATIONAL ACCOUNTS OF SRI LANKA**

**2<sup>nd</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 – Second Quarter of 2016**

The Gross Domestic Product for Sri Lanka for the second quarter of 2016 (April, May, June) at constant (2010) price reportedly reached up to Rs. Million 2,130,240. The GDP value reported for the second quarter of 2015 was Rs. Million 2,075,805 resulting a positive growth rate of 2.6 percent for the second 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 7.7 percent, 26.6 percent, 55.8 percent and 9.8 percent respectively in the second quarter of 2016.

During the second quarter of 2016, especially the Services activities have recorded a significant increase in their overall growth rates as 4.9 percent and meanwhile industrial activities have reported 2.2 Percent of growth rate, with compared to the growth rate recorded in second quarter of 2015. However the agricultural activities have reported 5.6 percent of negative growth rate.

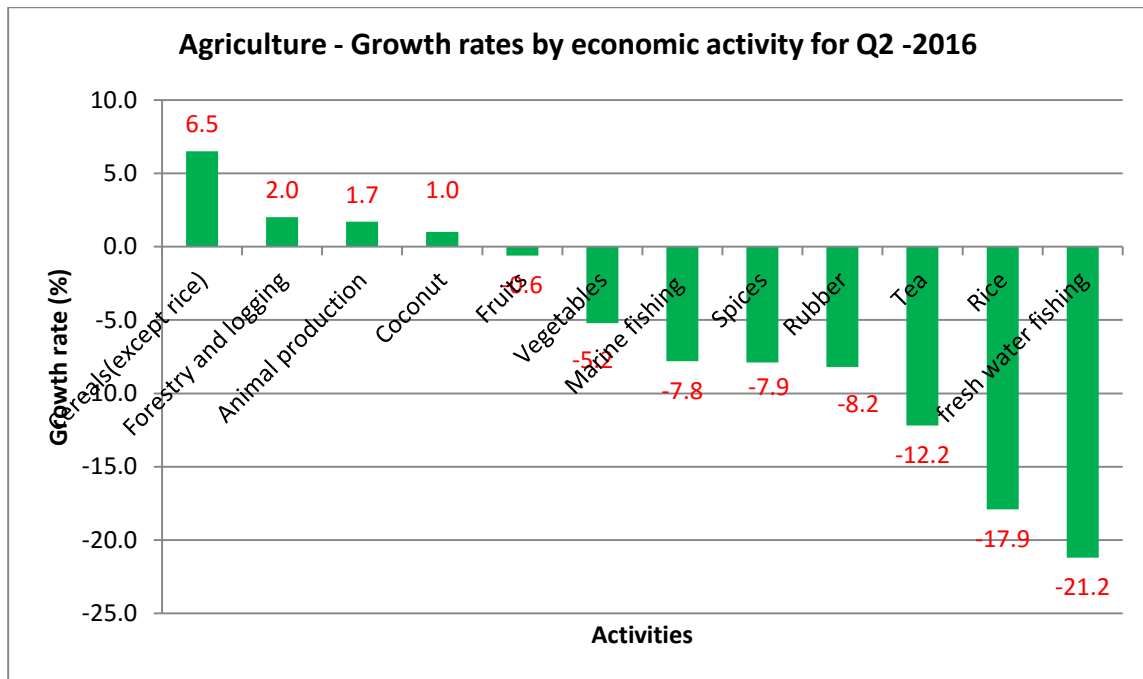
The value added of the each economic activity is derived by deducting intermediate consumption from the gross output value. Although the, Intermediate consumption is estimated at purchaser's price, the output of the economic activities is estimated at basic price. Hence the value added is reported at 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 second quarter of 2016, the share of the 'taxes less subsidies on products' is 9.8 percent. When compared with the second quarter of 2015, in the second quarter of 2016, the 'Taxes less subsidies on products' has decreased by 4.4 percent.

Due to the unfavorable weather condition prevailed throughout the second quarter (April, May, June) of 2016, as a whole the entire agricultural activities declined during this period of concerned. Among the sub activities of Agriculture, the value added of 'Growing of rice', 'Growing of tea', 'Growing of rubber' and 'Marine fishing' decreased by 17.9 percent, 12.2 percent, 8.2 percent and 7.8 percent respectively during this quarter, when compared to the same

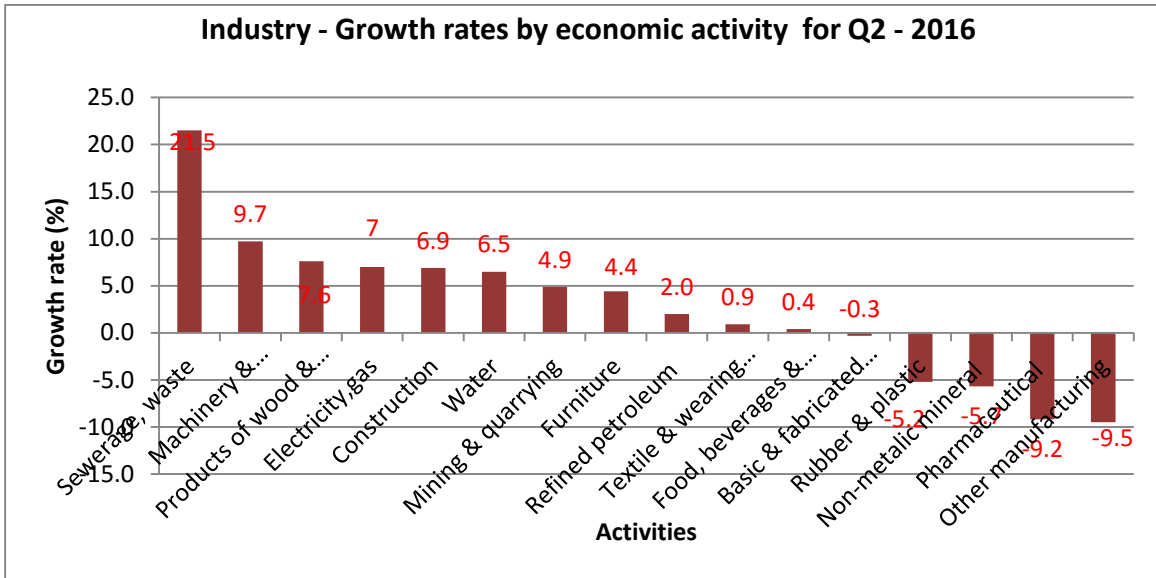
quarter in the previous year. (Figure I) Meanwhile the ‘Growing of oleaginous fruits; including Coconut’, ‘Animal production’ and ‘Forestry and logging’ have shown a slight increase in growth rates by 1.0 percent, 1.7 percent and 2.0 percent respectively, during the second quarter of 2016.

**Figure I**



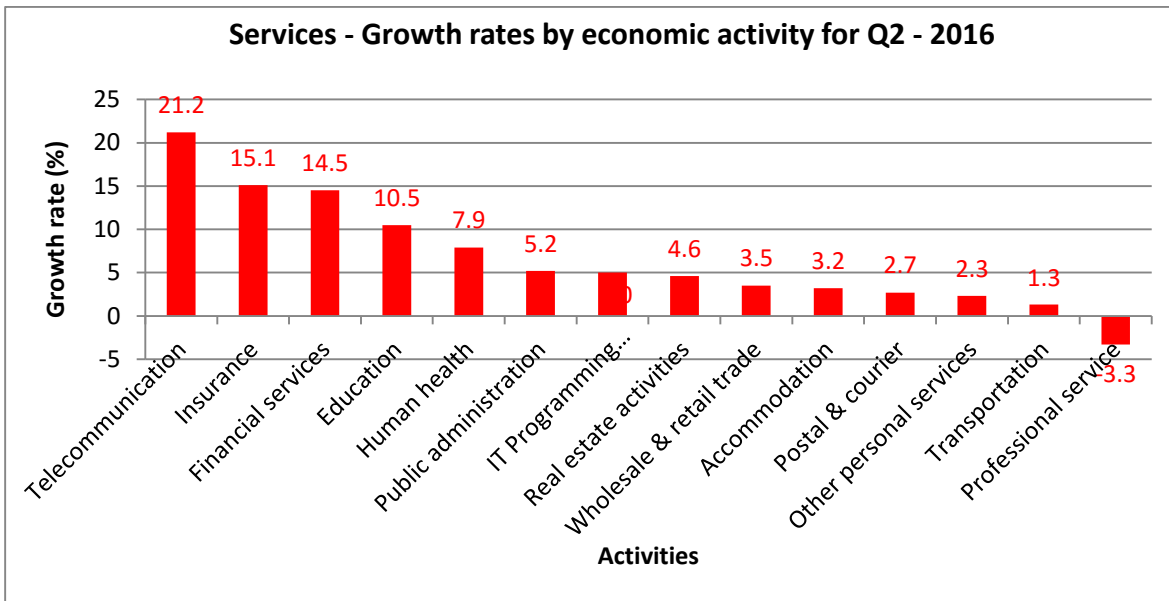
The industrial activities which shared the GDP by 26.6 percent at current price, has recorded a positive growth rate of 2.2 percent in the overall industrial activities in this quarter. As shown in figure II, among the industrial activities, the ‘Construction’ activity, which corresponds to the highest share, increased by 6.9 percent during this quarter, compared to the second quarter of 2015. In addition, the sub activities of ‘Electricity, gas, steam and air conditioning supply’ and ‘Manufacture of furniture’ have shown a considerable growth rates of 7.0 percent, 4.4 percent respectively. Activities of ‘Manufacture of food, beverages and tobacco’ and ‘Manufacture of textile and wearing apparel’ which contribute considerably to industrial activities, experienced growth in each activity by 0.4 percent and 0.9 percent respectively during the second quarter of 2016, when compared the same quarter in the previous year. Meanwhile the ‘Mining and quarrying’ activity have reported a 4.9 percent of positive growth rate, over the period considered.

Figure II



Same as in the previous quarters, in this quarter also, the services activities gave their highest contribution to achieve a positive GDP growth rate. Accordingly the services activities have 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 21.2 percent, 14.5 percent and 15.1 percent respectively in the value added in this quarter when compared with the first quarter in 2015. In addition, ‘Education’, ‘Human health activities’, ‘Wholesale and retail trade’, ‘Accommodation, food and beverage serving activities’ and ‘IT programming and consultancy services’ have expanded in a considerable growth rate in the second quarter of 2016, when compared them with the second 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 138.2 in the second quarter of 2016 from 130.5 recorded in the second quarter of 2015 recording a 6.0 percent of inflation rate for the second quarter of 2016.

The Colombo Consumer Price Index (CCPI) (2006/2007 = 100) increased to 188.4 in the second quarter of 2016, from 179.9 recorded in the second quarter of 2015, indicating a 4.7 percent of inflation rate.

### 1.1.1 Agriculture Activities

Agriculture activities were affected badly due to the dry weather condition prevailed from October 2015 to May 2016 and high rain falls experienced in upcountry and wet zone areas. As a result of that the agricultural activities have contracted thoroughly during this quarter of 2016, and it has resulted in reporting a negative growth in the entire industry by 5.6 percent.

In the second quarter of 2016, the sub activity of ‘Growing of cereals (except rice)’, which recorded a slight increase in the value added by 6.5 percent when compared to the 14.1 percent of striking growth rate recorded in the same quarter in 2015. This is due to the increase in the

production of Ground Nuts and Cowpea by 11.0 percent and 10.7 percent respectively during this quarter.

The value added of ‘Growing of rice’, which recorded a striking growth rate of 70.1 percent in the second quarter of 2015, has reported a decline in the value added of this activity by 17.9 percent in this quarter. The reported paddy production was 76.59 million bushels for the Yala season in year 2016. The total paddy sown extent and the harvested extent has reported a decline of 10.6 percent and 14.2 percent respectively, during this period. Ampara, Polonnaruwa, Anuradhapura and Hambantota are the districts which give the higher paddy contribution to the total paddy production in this season, have shown a decrease in the paddy production by 10.0 percent, 10.7 percent, 30.4 percent and 11.9 percent respectively.

The value added of ‘Growing of vegetables’ has decreased by 5.2 percent in this quarter. The total vegetable production declined due to the heavy rain prevailed in month of May in this year throughout the country.

In this quarter, the value added of ‘Growing of Fruits’ has shown a slight decrease of 0.6 percent. In the year 2015, in the respective quarter this activity grew by 22.3 percent.

The sub activity of ‘Growing of Oleaginous fruits’ mainly consists with coconut production has contributed Rs.18,473 million to the GDP at constant prices in the second quarter of 2016. The share to the GDP from the activity of “growing of oleaginous fruits” was recorded as 0.7 percent in this quarter. When considering the quarterly patterns, the growth rate of this activity has further increased marginally by 1.0 percent within the second quarter of 2016. The nut production has reported a slight increase by 0.9 percent over the period. The comparatively low growth rate of nut production experienced in the 2016 second quarter, was mainly due to the drought that continued throughout the fourth quarter of 2015 and the first quarter of 2016 in coconut growing areas had badly affected the fruiting stage of coconuts, reports the Coconut Research Institute of Sri Lanka.

When compared to the second quarter of 2015, the sub activity of ‘Growing of tea’ has dropped by 12.2 percent in this quarter. The total tea production has recorded a decrease of 11.9 percent over the corresponding quarter of 2016. According to the Tea Board reports, due to the dry weather conditions prevailed in the country since last months of 2015, was the main reason for

the reduction of tea production. Sri Lanka tea exports for this quarter of 2016 amounted to 72,005 MT and it's a decline of 8.1 percent against with the same period last year. The Colombo Auction average price per 1 Kg of tea in second quarter of 2016 was Rs.433.23 in comparison to Rs.405.37 for the same period of 2015. The low grown tea having the largest market share around 60.5 percent of total tea production, recorded a 7.0 percent decline in this quarter.

In comparison with the second quarter of 2015, the sub activity of 'Growing of other beverage crops; including coffee and cocoa' has shown a 4.2 percent of decrease in the second quarter of 2016.

The value added of 'Growing of rubber', which recorded a decline of 24.0 percent in second quarter of 2015, has further decreased by 8.2 percent in this quarter. 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. Further to those reasons the heavy rain occurred in the month of May in this quarter, also affected to rubber tapping activities. When compared to the second quarter of 2015, in second quarter of 2016, the average price for 1 Kg of rubber has reduced from Rs. 257.02 to Rs. 248.19 by 3.4 percent.

The sub activity of "Animal Production" which consists of growing animals for meat, production of milk and production of eggs has contributed Rs. 12,897 million of value added to the GDP in the second quarter of 2016. A slight positive growth of 1.7 percent was reported comparatively to the second quarter of 2015. Milk and egg production reported an increase by 9.4 percent and 11.2 percent respectively during this period. The meat production of this quarter has been reported low according to the Department of Animal Production and Health. The share of this activity to the GDP was reported as 0.7 percent.

The plant propagation activity of rubber and coconut seedlings has reported a decline in production in this quarter compared to 2015 second quarter as reported by Rubber Development Board and Coconut Development Board.

The agriculture sub activity of "Forestry and Logging" showed a positive growth of 2.0 percent during the second quarter of 2016 compared to the second quarter of 2015. The contribution and share of this activity to the GDP was reported as Rs.13,050 million and 0.8 percent respectively.

In comparison with the second quarter of 2015, in second quarter of 2016 the sub activity of ‘Marine fishing and marine aquaculture’ has recorded a 7.8 percent decrease and the sub activity of ‘Fresh water fishing and fresh water aquaculture’ has reported a sharp decline of 21.2 percent. According to the Ministry of Fisheries, fishermen are informed to avoid fishing due to heavy rain and wind in the month of May in year 2016, and as a result, those marine fishing operations were limited.

### **1.1.2 Industry Activities**

In the second quarter of 2016, Industrial activities shared the GDP by 26.6 percent and recorded a 2.2 percent of positive growth rate.

The ‘Mining and quarrying’ which recorded a 1.7 percent of decline in the second quarter of 2015, has increased by 4.9 percent in this quarter of 2016. When compared with the second quarter of 2015, in this quarter the construction industry expanded by 6.9 percent. The expansion of the construction industry has a direct impact on mining and quarrying.

The main sub activity of ‘Manufacture of food, beverages and tobacco production’ recorded 0.4 percent of growth rate in the Second quarter of 2016. In the Second quarter of 2015, this activity increased by 4.6 percent. When compared with the Second quarter of 2015, the output value of this activity increased by 6.1 percent in the Second quarter of 2016.

The sub activity of ‘Manufacture of textiles, wearing apparel and leather products’ recorded a growth rate of 0.9 percent in this quarter when compared with the respective quarter in 2015. The output value of this activity has increased by 5.4 percent in the Second quarter of 2016.

When compared with the Second quarter of 2015, the sub activity of ‘Manufacture of wood and products of wood and cork, except furniture’ has shown 7.6 percent increase in the growth rate in the Second quarter of 2016. The output value of this activity has increased by 4.2 percent during the respective quarter.

The sub activity of ‘Manufacture of coke and refined petroleum products’ which reported 6.8 percent negative growth rate in the Second quarter of 2015, has shown a increase by 2.0 percent in this quarter. The petroleum production quantity has increased by 4.2 percent in the Second quarter of 2016.



The ‘Manufacture of basic metals and fabricated metal products (except machinery and equipment’s)’ has decreased by 0.3 percent in the Second quarter of 2016. It reported 21.1 percent growth rate in the respective quarter of 2015. The output value of the basic metals and the fabricated metal products has decreased by 2.1 percent respectively in the Second quarter of 2016, when compared it with the respective quarter of 2015.

The sub activity of ‘Manufacture of machinery and equipment’ which reported 7.1 percent of growth rate in the Second quarter of 2015 has further increased by 9.7 percent in this quarter. The output values of ‘Manufacture of computers electronic and optical product, manufacture of electrical equipment, ‘Manufacture of machinery and equipment, ‘Manufacture of motor vehicles and semi-trailers ‘and Manufacture of other transport equipment’ have increased by 21.0 percent, 5.3 percent, 3.6 percent, 14.0 percent and 16.9 percent respectively in this quarter.

The real value added of ‘Electricity, gas, steam and air conditioning supply’ has increased by 7.0 percent in the second quarter of 2016. In the respective quarter of the previous year, it grew by 7.4 percent. The electricity power generation has increased from Gwh 3,258 to Gwh 3,485 indicating 7.0 percent growth rate within this period. The existed ratio of 47:53 hydro power and thermal power generation in the second quarter of 2016 has changed to 41:59 in this quarter. In the second quarter of 2016, the total revenue from sales of electricity has increased by 10.2 percent.

The sub activity of ‘Water collection, treatment and supply’ has increased by 6.5 percent in the second quarter of 2016. The volume of water supply for the second quarter of 2015, was cubic meter thousands 150,314. In the second quarter of 2016 it has increased to cubic meter thousands 160,317 registering 6.7 percent of positive growth rate. The total revenue has increased by 22.3 percent.

In comparison with the second quarter of 2015, in the second quarter of 2016, the ‘Construction’ activity grew by 6.9 percent. The total cement supply has increased by 23.0 percent during this quarter. The total imports of cement and the domestic supply of cement has grown by 26.9 percent and 16.5 percent respectively in the second quarter of 2016.

### **1.1.3 Services Activities**

The Service activity, which is the highest contributor (55.8 percent) to the GDP, has reported a significant growth rate of 4.9 percent in the second quarter of 2016.

The 'Wholesale and retail trade' which contributes nearly 12.4 percent to the total GDP, reported a 3.5 percent growth rate in the second quarter of 2016. 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 for the second quarter of this year has increased up to Rs. Million 685,249 from Rs. Million 634,507 in the same quarter of the last year resulting a 8.0 percent of growth. In addition, the total Output value of Agriculture activity has decreased by 5.1 percent in the second quarter of 2016 when compared with the respective quarter of 2015. The total output value of industrial activities has increased up to Rs. Million 930,635 from Rs. Million 893,297 in the second quarter of 2016 by 4.2 percent when compared it with the second 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 1.3 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 3.4 percent. In the second quarter of 2016, the revenue of water transport services has been increased by 228.3 percent. In addition, when compared with second quarter of 2015, the real value added of land transport service activities, have grown by 1.3 percent.

When compared to the second quarter of 2015, in this quarter the total amount of registered vehicles has decreased by 17.4 percent. The registration of motor vehicles, dual purpose vehicles, lorries, three wheelers and buses have decreased by 41.2 percent, 66.5 percent, 30.3 percent, 48.4 percent and 11.9 percent respectively in the second quarter of 2016. The total revenue of the Department of Railway has decreased by 6.2 percent and the total cost incurred in this quarter has increased by 15.8 percent.

The sub activity of 'Postal and courier activities' has recorded a positive growth rate of 2.7 percent in the second quarter of 2016 with compared to the respective quarter of last year. According to the reports of the Department of Postal, in the second quarter of 2016, the total expenditure has increased up to Rs. Mn. 2950 and it is a 2.7 percent increase when compared it with the second quarter of 2015.

When compared with the second quarter in 2015, in this quarter the sub activity of 'Accommodation, food and beverage serving' activity has reported a positive growth rate of 3.2 percent. When compared to the second quarter of 2015, the number of tourist arrivals has increased by 8.0 percent and the room occupancy rate has been increased slightly to 69.2 from 68.0, during the second 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 3.2 percent in the second quarter of 2016, when compared it with the second quarter of 2015.

The sub activity of 'Programming and broadcasting activities and audio video productions' has reported a positive growth rate of 6.5 percent in the second quarter of 2016. Most of the television broadcasting companies has experienced increase of revenue during this period.

The real value added of the 'Telecommunication' has reported a further increase by 21.1 percent in the second quarter of 2016. According to the revenue reports, the total revenue of leading companies in the industry has remained same during the second quarter of 2015.

The sub activity of 'IT programming consultancy and related activities' which reported a striking growth rate for the second quarter of 2015, has shown a further expansion in the industry by 5.0 percent during the second quarter of 2016.

The sub activity of 'Financial service activities and auxiliary financial services' has reported a 14.5 percent of growth rate for this quarter. In the respective quarter in last year, this activity grew by 16.6 percent. The total value of Staff cost has increased by 10.3 percent and the profit before tax of Licensed Commercial Banks and Licensed Specialized Banks has increased together by 23.6 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 19.7 percent and 15.1 percent respectively in the second quarter of 2016. In the second quarter of 2016, the Average Weighted Lending Rate (AWLR) and the Average Weighted Deposits Rate (AWDR) have reported as 12.1 percent and 6.9 percent respectively. In the second quarter of 2015, these were 11.3 percent and 6.0 percent respectively.

The real value added of 'Insurance, reinsurance and pension funding' which reported an increase of 6.6 percent in the second quarter of 2015, has reported a high growth rate of 15.1 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 19.7 percent in this quarter.

'Ownership of dwelling and real estate' activity is sharing 5.6 of the GDP, in the second quarter of 2016. The overall growth rate of the activity 'Ownership of dwelling and real estate' grew by 4.6 percent in this quarter with respect of 8.4 percent growth rate recorded in the second 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 3.3 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 second quarter of 2015, in second quarter of 2016, the real value added value of this activity increased by 2.3 percent.

**National Accounts Division - Department of Census & Statistics**

**Tel: 94-011-2147071 Fax: 94-011-2877938**

**E-mail: [national.accounts@statistics.gov.lk](mailto:national.accounts@statistics.gov.lk)**

**Web: [www.statistics.gov.lk](http://www.statistics.gov.lk)**