



NATIONAL ACCOUNTS OF SRI LANKA

1st Quarter of 2020

By

Production Approach

Base Year 2010

DEPARTMENT OF CENSUS AND STATISTICS

MINISTRY OF FINANCE, ECONOMY AND POLICY DEVELOPMENT

1.0 Economic Background

The Department of Census and Statistics (DCS) Sri Lanka, has released the estimated Gross Domestic Product (GDP) at current price and at constant (2010) price in Production approach with other macroeconomic indicators for the first quarter (January, February, March) of 2020. Following the global trends of economic downturn, Sri Lanka's GDP also contracted, with the exception of the Services sector which continued to expand by 3.1 percent. The remaining three sectors, Agriculture, Industry and Taxes less subsidies on products contracted, contributing to an overall economic downturn. Impact of the pandemic was felt severely in this quarter, as the economy which operates at the maximum capacity before the dawn of the New Year could not enable for some activities as usual due to the lockdown conditions which commenced at the end of the first quarter. Nevertheless, the deep impacts of Easter attack on the economy continued to trouble several activities which caused considerable reduction of growth prospects in those activities, further affecting the economy.

The year 2020 began in amidst of the global Covid-19 pandemic where many East Asian, European countries and countries in American continent were badly affected from the disease. Although Sri Lankan society survived for the first two months, the disease began to spread within the country in early March and country was in lock down by mid-March. As the economy of the country mainly depend on tourism, exports and imported raw materials, despite the good health situation in the country, the impact of the trauma on the economy started significantly from early January with global lockdown restrictions, and travel bans. The country recognized an economic catastrophe, mainly due to the decline in export orders from European market, collapse of tourism industry and disrupted manufacturing productions due to halted imports of raw materials.

The Covid-19 pandemic at global level in the first quarter of 2020 deeply impacted the Industrial sector, recording the lowest growth rate ever reported for the first quarter series since 2010. The deepest impacts are observed in 'Manufacture of textiles, wearing apparels', 'Construction', 'Mining and Quarrying' and 'Manufacture of coke and refined petroleum' sub activities while many other industries are also reported heavy contractions. Meanwhile 'Accommodation, food and beverage service activities' in Service sector also affected considerably in this period.

As a result of those, the GDP for the first quarter of 2020 contracted, and is estimated as negative 1.6 percent. This is the highest reported contraction since 2010. The Gross Domestic Product for Sri Lanka for the first quarter of 2020 at current price and constant (2010) price have reached up to Rs.3,845,900 million and Rs.2,292,589 million respectively against the current and constant (2010) prices of Gross Domestic Product reported for the first quarter of 2019 which was recorded as Rs.3,773,551 million and Rs.2,330,053 million respectively.

The four major components of the economy; Agriculture, Industry, Services and Taxes less subsidies on products contributed their shares to the GDP at current prices by 7.3 percent, 28.4 percent, 58.3 percent and 6.0 percent respectively in the first quarter of 2020 (Figure 1).

During the first quarter of 2020, the Agriculture activities and Industry activities contracted by 5.6 percent and 7.8 percent respectively compared to the 5.0 percent and 3.9 percent expansions reported in the first quarter of 2019 respectively. Services activities continued to expand further at slower rate by 3.1 percent (Figure 2) compared to the expansion of 3.7 percent in the first quarter of 2019.

Figure 1: Share of main components to the GDP in 2020 Q1

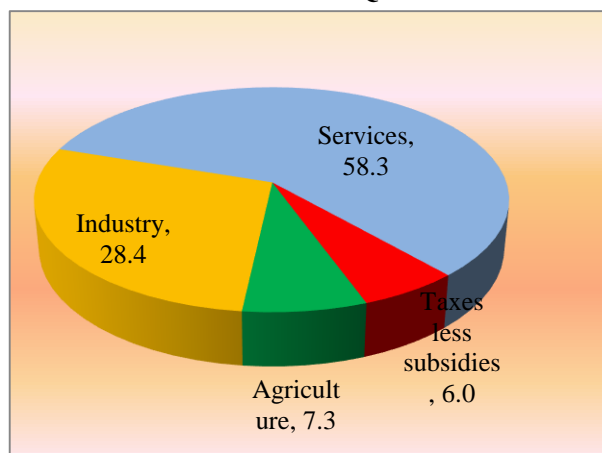
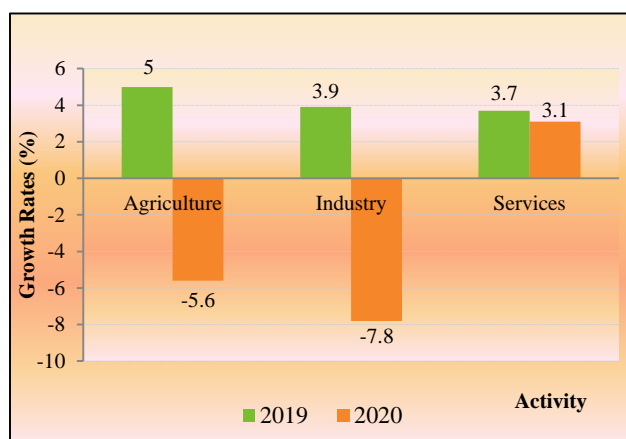


Fig 2: Comparison of Growth Rates in Q1 (2019, 2020)



Agriculture sector

The several main agricultural activities reported heavy contractions. ‘Growing of Tea’ (27.5 percent), ‘Forestry and Logging’ (13.3 percent), ‘Growing of Oleaginous fruits; including Coconut’ (12.8 percent), ‘Growing of Rubber’ (8.7 percent), and ‘Marine Fishing and marine aquaculture’ (8.1 percent) have been contracted in the first quarter of 2020 when compared to the first quarter of 2019. The contractions of ‘Growing of Tea’, ‘Growing of rubber’ and ‘Marine Fishing and marine aquaculture’ are largely attributed to direct or indirect “Covid 19” effects whilst the contractions of other agricultural activities are attributed to reasons subjective to each activity. ‘Growing of fruits’ ‘Growing of vegetables’, Growing of rice’ and ‘Animal production’, have reported expansions of 7.4 percent, 5.0 percent, 4.1 percent, 0.4 percent respectively in the first quarter of 2020.

Industry sector

The global Covid-19 pandemic has badly affected the overall industry activities in the first quarter of 2020 reporting a contraction by 7.8 percent. The 'Construction' sector has contracted by 16 percent. This is supported by the significant drop in local cement production and in cement imports. The industry activities, shrank by 'Construction' (16.0 percent), 'Mining and quarrying'(18.3 percent), 'Manufacture of textiles, wearing apparel and leather related products'(13.6 percent), 'Manufacture of coke and refined petroleum products'(19.2 percent), 'Manufacture of rubber and plastic products'(11.6 percent), 'Manufacture of chemicals and basic pharmaceuticals'(10.1percent) and 'Manufacture of furniture'(6.7 percent).

The downfall of export demand of European markets, especially including the United States, has had a considerable impact on the garment-related industries. At the same time, the decrease in imported raw materials also had a negative impact on many industries. When comparing the two respective quarters of 2020 and 2019, several activities recorded considerable expansions, 'Electricity, gas, steam and air conditioning supply' by 2.3 percent, 'Water collection and treatment' by 5.0 percent and 'Sewerage and waste treatment' by 1.8 percent.

Service sector

During the first quarter of 2020, overall Services activities have further expanded by 3.1 percent. An outstanding performance was reported by 'Telecommunication' showing an expansion of 15.2 percent within this quarter. The other major activities underpinned the Service sector in the first quarter of 2020 are 'IT programming consultancy and related activities'(9.6 percent), 'Financial service activities'(9.0 percent), 'Real Estate activities including ownership of dwelling'(4.2 percent) and 'Wholesale and retail trade'(4.1 percent) compared to the first quarter 2019. The heavy contraction of 6.2 percent is recorded for 'Accommodation, food and beverages service activity. This is mainly due to travel restrictions and travel bans on 'Tourism industry' from the beginning of the quarter. The total close down of the country for nearly two weeks had an adverse effect on accommodation and food and beverages services activities. 'Transportation of goods and passengers including ware housing' which give contribution of 10.1 percent to the total GDP, also reported a contraction in this quarter. The growth rate recorded as negative 0.1percent in this quarter compared to the first quarter of 2019 which was recorded as 2.7 percent. The major portion of transportation service covered by land transportation came to an almost standstill at the lock down period. The Air transport and water transport also affected from the beginning of the quarter due to global Covid-19 situation. Insurance reinsurance and pension funding activity also reported a considerable slow growth of 0.2 percent compared to the high growth rates reported continuously for first quarters since 2010.

Implicit price deflator which measures the price change in the economy with respect to a specific base year (2010=100), increased to 167.8 in the first quarter of 2020 from 162.0 recorded in the first quarter of 2019 indicating 3.6 percent of inflation rate for the first quarter 2020.

The Colombo Consumer Price Index (CCPI) (2013 = 100) increased to 225.3 in the first quarter of 2020, from 213.1 recorded in the first quarter of 2019, indicating 5.8 percent of inflation rate.

1.1 Agricultural Activities

Most agricultural crops are seasonal and growing according to a respective season in Yala and/or Maha seasons. Traditionally the Yala season lasts from May to September and Maha season runs from October to April. Therefore, the values added of these seasonal crops at the respective quarters are based on the estimates provided by the respective agencies.

In the first quarter of 2020 ‘Agriculture, forestry and fishing’ sector recorded a considerable contraction of 5.6 percent at constant (2010) price and shared 7.3 percent at current price to the total GDP when compared to the high growth of 5.0 percent and 6.7 percent share to the GDP recorded in the first quarter of 2019. The percentage growth rates of each agricultural activity for the first quarter of 2020 are illustrated in Figure 3.

The ‘Growing of cereals (except rice)’ recorded a sharp positive growth of 12.9 percent in the first quarter of 2020 compared to the first quarter of 2019 that reported a negative growth of 19.8 percent. Major proportion of this activity is shared by ‘Maize production’ which reported a production increase of 43.7 percent and price increase of 21 percent within the first quarter 2020, when compared to the first quarter of 2019. Further, ‘cowpea’ ‘green gram’ and ‘ground nuts’, productions also has increased by 39.8 percent, 4.0 percent and 3.5 percent respectively.

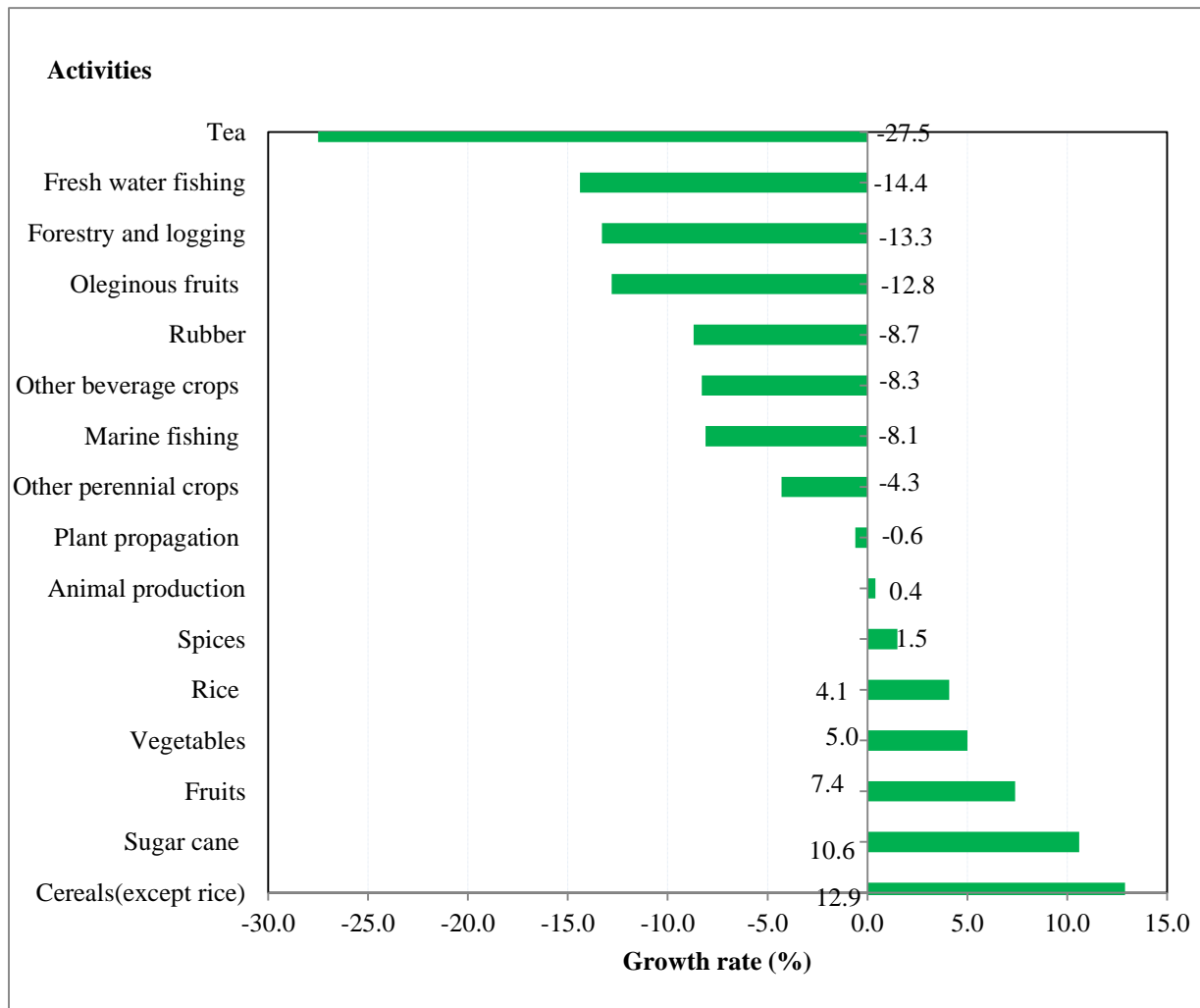
The value added of the activity of “Growing of rice” recorded a positive growth rate of 4.1 percent in the first quarter of 2020, compared to the first quarter of 2019. According to the latest estimates, paddy production of 2019/2020 Maha season has reported an increase of 4.1 percent. Paddy harvested extent also has reported an increase of 1.9 percent, during this period.

‘Growing of vegetables’ has recorded 5.0 percent real growth in the first quarter of 2020 compared to the first quarter of 2019. Owing to the bad weather conditions prevailed at the beginning of the growing period (latter part of 2019), temporary shortage of vegetables was experienced at the beginning of the first quarter of 2020. The producer prices of most vegetables also have increased at this period. But quarterly vegetable production in the first quarter is based on entire 2019/2020 Maha production which reported a considerable expansion. The manioc gave the highest contribution of 11 percent to the total vegetable production.

The sub activity of ‘Growing of Oleaginous fruits’ including coconut and king-coconut has contributed Rs 14,909 million to the GDP at constant (2010) price in the first quarter of 2020 reported a contraction of 12.8 percent compared to the first quarter of 2019. The share to the GDP was reported as 0.7 percent. The total nut production was reported as 679,310 thousand nuts at the first quarter of 2020 compared to the nut production of 777,915 thousand nuts in the same quarter of 2019.

According to the Coconut Research Institute, unfavorable weather conditions experienced in coconut triangle was the main reason for the low production of coconuts. The average producer price of a coconut increased from Rs.35 to Rs.45 within the respective quarters.

Fig 3: The percentage growth rates of Agricultural activities - Q1 (2020)



The ‘Growing of tea’ further contracted by 27.5 percent in first quarter of 2020 compared to the first quarter of 2019 that reported a contraction of 1.2 percent. The Black tea production has decreased by 27.5 percent in the first quarter of 2020 due to the unfavorable weather conditions prevailed in tea growing areas. The average price of one kg of ‘Black Tea’ at Colombo Auction has increased from Rs.585.83 to Rs.594.81 by 1.5 percent in this quarter, compared to the first quarter of 2019. The low grown tea which has the largest market share of around 57.9 percent of the total tea production, recorded a 34.5 percent decrease in this quarter.

The value added of “Growing of Rubber” recorded a decrease of 8.7 percent in the first quarter of 2020, compared to the increase of 3.3 percent recorded in the first quarter of 2019. Rubber Development Department reported that albeit the average price increase of latex, within this quarter by 48.0 percent from Rs.217.61 per Kg to Rs.322.00 per Kg, the rubber production reported a decrease. The total lockdown of the country in mid-March for Covid-19 pandemic had badly affected on rubber tapping activity where employees were not willing to come to work due to fear of infection.

The activity of “Growing of other perennial crops” consist with several sub activities viz; ‘Growing of areca-nut’, ‘Growing of Odeal’, ‘Growing of betel’, ‘Growing of Jak-fruit, bread-fruit’ and ‘Toddy tapping’. The overall activity has contributed Rs.3,870 million to the total GDP at constant (2010) prices, recorded a contraction of 4.3 percent in the first quarter of 2020.

‘Animal production’ comprised with several sub categories viz: ‘Raising animals for meat’, ‘Diary farming’ and ‘Eggs production’. The overall value addition in the first quarter of 2020 at constant (2010) price was Rs.15,629 million and the share to the GDP was reported as 0.9 percent. The ‘Animal Production’ activity was underpinned by poultry production alone in this quarter and reported a very slim increase of 0.4 percent compared to first quarter of 2019. Poultry production has healthily expanded by 12.8 percent during this period. According to Department of Animal Production and Health, ‘Hoof and mouth disease’ of cattle and the ‘PRRS disease’ of Swine in western province, badly affected the meat production as well as the milk production of the country. According to the Department of Animal Production and Health, the country has fulfilled the current need in eggs, and therefore compelled to restrict the importing layer birds to maintain the egg prices of the market. Hence it showed a decrease in egg production in the first quarter of 2020 compared to the first quarter of 2019.

The sub activity of ‘Forestry and Logging’ contributes Rs.11,914 million to the total GDP at constant (2010) price and shared 0.6 percent of GDP in the first quarter of 2020. It has reported a considerable contraction of 13.3 percent in the first quarter of 2020 when compared to the decrease of 5.5 percent recorded in the first quarter of 2019. According to the State Timber Corporation this is due to temporary restriction imposed on clearing the forest for timber. The log volume produced by ‘State Timber Corporation’ (STC) shows a decrease of 33.8 percent in this quarter compared to the first quarter of 2019. Total domestic log output comprise with STC and out of STC production as well.

The Covid-19 pandemic has directly affected the fish production of the country. The total marine fish production has reduced by 8.5 percent.

The main reason reported from the Ministry of Fisheries is the decline in deep sea fishing by multi-day vessels due to reduction in exports to European markets and thus the fall of prices of export fish. According to Ministry reports, in the first quarter of 2020, deep sea fish production has declined by 13.3 percent and exports of fish and fish products to foreign countries declined by 22.8 percent. Coastal fish production also has declined by 4.6 percent in this quarter. Therefore when compared to the first quarter of 2019, 8.1 percent contraction in value added is reported in the first quarter of 2020. The contribution to the GDP by 'Marine fishing and marine aquaculture' in this quarter is recorded as Rs.41,356 million which shared 1.1percent of the GDP. Due to heavy rains at the end of last year, all the tanks overflowed and the freshwater fisheries industry has declined by 14.4 percent.

1.2 Industry Activities

The Industry activities, which contribute 28.4 percent to the total GDP at current prices, reported a major contraction of 7.8 percent in the first quarter of 2020 quarter compared to the higher growth rate of 3.9 percent reported in the first quarter of 2019. Industry sector missed the production of last two weeks of March at the total lockdown due to Covid-19 pandemic. In Sri Lankan context this is a very important time period where manufacturing industries work to the maximum, before closing factories for the new year holidays. Meanwhile import/export data of manufacturing sector clearly shows the effect of global pandemic situation on Sri Lanka industries where, main export orders from USA and European Union cancelled and/or reduced, and imported raw materials especially from China came to a standstill which critically affected the Sri Lankan economy. The percentage growth rates of all industry activities for the first quarter of 2020 are illustrated in Figure 4.

1.2.1 Manufacturing Activities

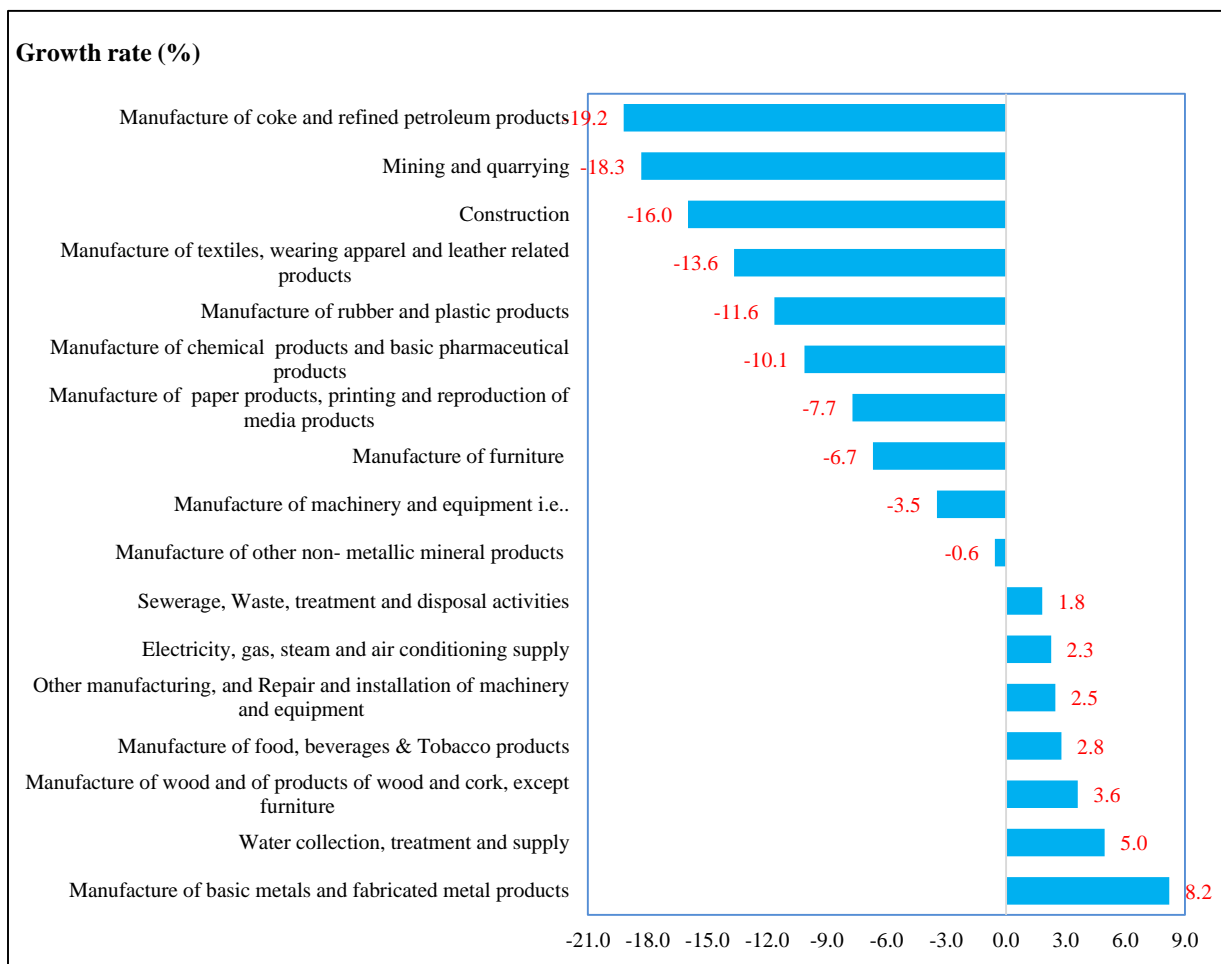
The Overall Manufacturing industries added of Rs.440,618 millions of value added at real terms to the total GDP in the first quarter of 2020 compared to Rs.459,553 million value added at the first quarter of 2019 in real terms. This indicates 4.1 percent overall contractions in manufacturing industries within the corresponding first quarters of 2019 and 2020.

The main sub activity of 'Manufacture of food, beverages and tobacco production' recorded 2.1 percent growth rate in the first quarter of 2019 and further increased by 2.8 percent in the first quarter of 2020. The output value of food products has increased by 7.7 percent, the output value of tobacco products has increased 10.9 percent and the output value of beverage products has decreased by 4.5 percent in first quarter of 2020.

The sub activity of ‘Manufacture of textiles, wearing apparel and leather products’ has recorded a substantial growth rate of 3.9 percent in the first quarter of 2019. It has contracted by 13.6 percent in first quarter of 2020. The total export quantity of ‘Textile’ has decreased by 14.9 percent and ‘Wearing apparels’ decreased by 21.2 percent in first quarter of 2020.

The sub activity of ‘Manufacture of Wood and wood products’ has recorded 3.6 percent growth rate in first quarter of 2020. The output value of this activity has increased by 5.9 percent in this quarter.

Fig 4: The percentage growth rates of Industrial activities - Q1 (2020)



The ‘Manufacture of coke and refined petroleum products’ recorded considerably high growth rate of 94.8 percent in the first quarter of 2019 but recorded a sharp decline of 19.2 percent in the first quarter in 2020. The total petroleum production has decreased by 19.0 percent in the first quarter of 2020.

The sub activity of ‘Manufacture of furniture’ which reported a growth rate of 5.9 percent in the first quarter of 2019 has decreased by 6.7 percent in the first quarter of 2020. The output value of this activity has decreased by 4.5 percent in this quarter.

When compare to the first quarter 2019 ‘The Manufacture of basic metals and fabricated metal products’ has increased by 8.2 percent in the first quarter of 2020. The output value of basic metals and fabricated metal products separately reported increases of 8.9 percent, and 7.9 percent respectively in this quarter.

1.2.2 Other Industrial Activities

The ‘Mining and quarrying’ activity which contributes nearly 2.2 percent to the total GDP, reported 18.3 percent negative growth rate in the first quarter of 2020, when compared to the first quarter of 2019. The ‘Mining and quarrying’ activity consists mainly three sub activities, ‘Mining of construction materials’, ‘Gem mining’ and ‘Mining of other minerals’. Out of these three sub activities value added of ‘Mining of construction materials’ gives the highest contribution to the overall ‘Mining & Quarrying’ activity. The decline in the construction industry has directly affected on Mining & Quarrying to report a negative growth rate. ‘Gem export of Sri Lanka’ and ‘Mining of other minerals’ also reported the negative growth rates during this quarter (Figure 4).

In comparison with the first quarter of 2019, the construction activity has contracted by 16.0 percent in the first quarter of 2020. The share of construction activity to the GDP reported as 6.4 percent in this quarter. This contraction in the construction activity is clearly indicated by the decrease of total cement supply by 16.5 percent during the first quarter of 2020. The cement import has decreased by 27.5 percent while domestic supply of cement reported a slight increase by 0.56 percent in this quarter. The value of imports of building materials also has declined by 20.4 percent.

The real value added of ‘Electricity, gas, steam and air conditioning supply’ has increased by 2.3 percent in the first quarter of 2020. In the first quarter of previous year, it grew by 1.9 percent. The electricity power generation has increased from GWh 3,887 to GWh 3,947 indicating 1.5 percent growth rate within this period. The previous ratio of 25:75 for hydro power: Thermal and NCRE power generation in the first quarter of 2019 has changed to 23:77 in this quarter. In the first quarter of 2020, the total revenue from sales of electricity has decreased by 3.1percent.

The sub activity of ‘Water collection, treatment and supply’ has increased by 5 percent in the first quarter of 2020 . The volume of water supply in the first quarter of 2019 was cubic meter 182,645 thousands and

in the first quarter of 2020 it has increased up to cubic meter 191,742 thousands recording a growth of 5.0 percent. The total revenue has decreased by 4.7 percent.

1.3 Service Activities

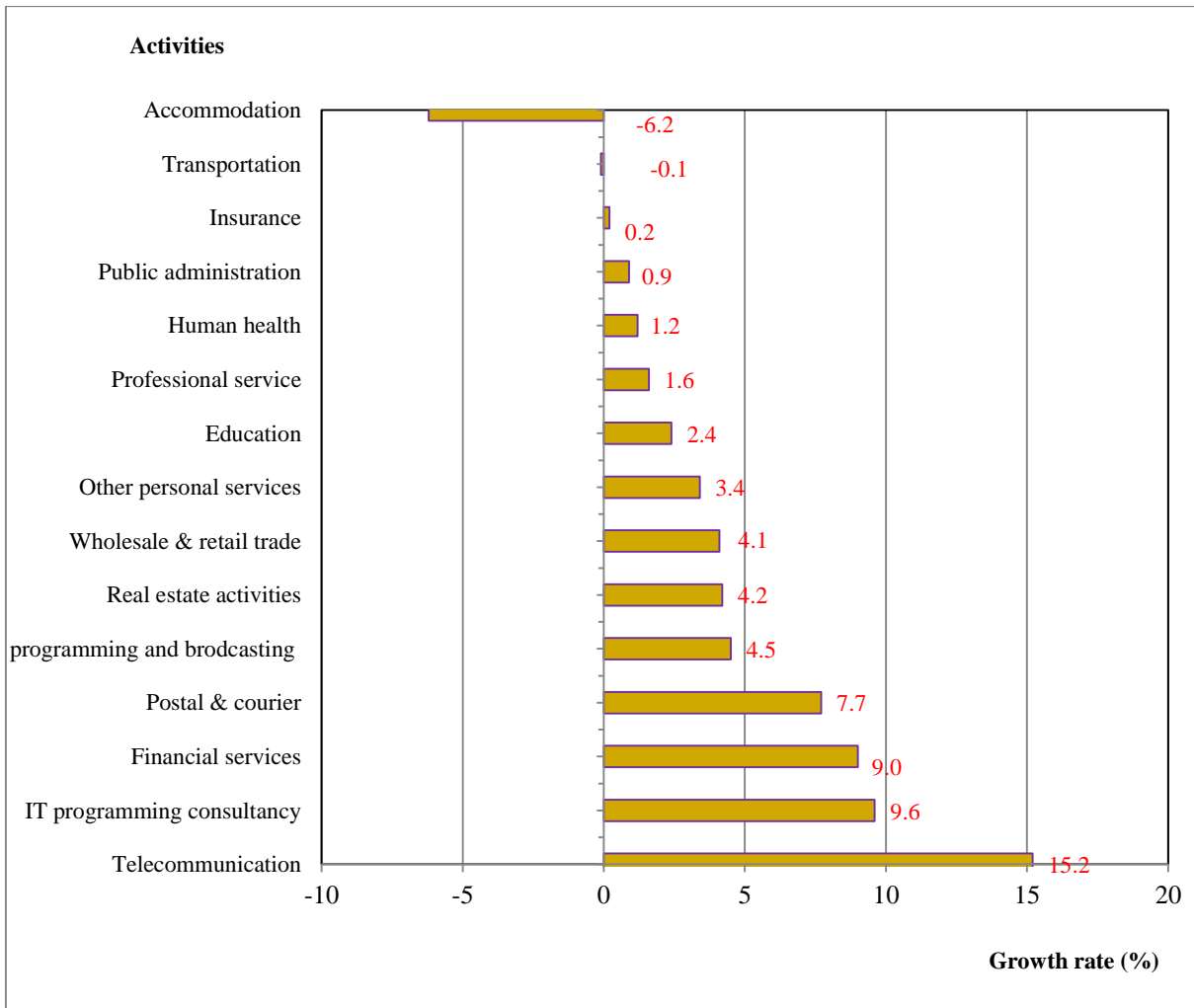
The Overall Services activities has further expanded by 3.1 percent in the first quarter of 2020 and added Rs.1,367,107 millions of value addition at real terms to the total GDP in the first quarter of 2020. The share to the GDP of Service activities has reached up to 58.3 at current price. The percentage growth rates of all service activities for the first quarter of 2020 are illustrated in Figure 5.

The 'Wholesale and retail trade' which contributes nearly 11.6 percent to the GDP, reported a 4.1 percent of moderate growth rate in the first quarter of year 2020 when compared to the 4.6 percent of growth rate recorded in the first quarter of 2019. 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, domestic Agricultural production and domestic Industrial production.

However, in the first quarter of 2020, the domestic wholesale and retail trade activity adversely affected to some extent, due to the spread of Covid-19 disease since early of March this year. All super markets and groceries reached their expected sales level, may be more than the expected margin during this period by selling all essential consumer products (food and non-food products) in the month of March. However, all other categories, such as; clothing, footwear and accessories, fashion and jewelry, electronics, household and consumer durables, entertainment, shelter and housing were experienced reduced sales in March as it is usually a month of reporting high sales due to the Sinhala new year festival.

According to the External Trade Statistics of Central Bank of Sri Lanka (CBSL), the total import expenditure for the first quarter of 2020 has decreased up to Rs.821,457 million from Rs.866,034 million reported for the first quarter of 2019, by 5.1 percent. However, the value of consumer goods import expenditure has increased by 7.5 percent during this quarter from Rs.163, 966 million to Rs.176, 285 million. According to the Trade Indices released by the Central Bank of Sri Lanka, the import volume index value of consumer goods has increased by 5.7 percent; however the total import volume index has decreased by 1.1 percent, during the first quarter of 2020 when it compared with the values of the same quarter in 2019. However, due to the draw back in industrial production during this quarter, the total trade margin value of domestic industrial production has decreased up to Rs.351,618 million from Rs.358,900 million in the first quarter of 2020 by 2.0 percent when compared with the first quarter of 2019.

Fig 5: The percentage growth rates of Service activities - Q1 (2020)



However, according to the External Trade Statistics of CBSL, the total export value to the rest of the world had decreased substantially by 14.8 percent during the first quarter of 2020, when compared to the first quarter in 2019. According to the CBSL Trade Indices, the total export volume index has decreased remarkably by 16.4 percent. Among the exports, the volume indices of industrial exports and the agricultural exports have contracted by 20.0 percent and 15.6 percent respectively during this quarter, showing the adverse impact of covid-19 pandemic on Sri Lankan exports to the world.

The sub activity of ‘Transportation of goods and passengers and Warehousing activities’ is a combination of four items; land transport, water transport, air transport and warehousing and support activities for transportation. This activity faced the adverse effects of Covid-19 pandemic both globally and locally. According to the Civil Aviation reports, the total revenue of first quarter of 2020 decreased by 22.8 percent

and this may be due to limitations of air passenger services and air cargo services. These reductions reported from the beginning of the quarter. The revenue of water transport services has increased by 7.2 percent and the revenue of support activities including warehousing for transportation reported negative change of 12.7 percent.

When compared to the first quarter of 2019, in 2020 first quarter except the registration of dual purpose vehicles which increased by 18.8 percent all other vehicles reported considerably less registrations. Buses, lorries, hiring cars, three wheelers and land vehicles have decreased by 26.4 percent, 34.4 percent, 23.1 percent, 26.5 percent and 45.5 percent respectively in the first quarter of 2020. The land transport activities came to a standstill in the last two weeks of March (1/6th period of the quarter) at the country's initial lockdown period where all public transportation services prohibited for public. Within the quarter, total revenue of the Department of Railway has decreased by 18.8 percent and traveling distance decreased by 23.3 percent. In the first quarter of 2020, the revenue of the Sri Lanka Transport Board has decreased by 11.8 percent and the passenger kilometers have decreased by 13.0 percent. Revenue of Sri Lankan Airlines Limited has decreased by 15.4 percent and the passenger kilometers have decreased by 19.3 percent. Therefore the sub activity of 'Transportation of goods and passengers and Warehousing activities' activity has recorded a slight negative growth rate of 0.1 percent in this quarter, when compared to the respective quarter of 2019.

The sub activity of 'Postal and courier activities' has recorded a positive growth rate of 7.7 percent in the first quarter of 2020 with compared to the same quarter of last year. According to the reports of Postal Department, , the total expenditure recorded 40 percent decrease and therefore gross value added at current prices increased by 9.5 percent in the first quarter of 2020.

The Sri Lankan tourism industry severely suffered from adverse impact of Easter Sunday attack since the second quarter of 2019. The industry is still recovering and however the entire industry once again in danger due to the Covid-19 outbreak. As a result, the generated gross value addition from 'Accommodation, food and beverage serving activity' contracted by 6.2 percent in the first quarter of 2020, when compared to the first quarter of 2019. According to the reports of 'Sri Lanka Tourism Development Authority' (SLTDA), it is observed a decline in international tourist arrivals since month of January in this year. Accordingly, the tourist arrivals to Sri Lanka declined by 6.5 percent, 17.7 percent and 70.8 percent during the months of January, February and March respectively when compared to the same months in the year 2019. As the outbreak continued to spread globally, all inbound passenger flights to the island were banned by the Sri Lankan government. In addition, the room occupancy rate of SLTDA registered classified and unclassified accommodation establishments were reported as 52.0 during this quarter, with compared to the 76.4 recorded in the first quarter of 2019.

The sub activity of ‘Programming and broadcasting activities and audio video productions’ has reported a positive growth rate of 4.5 percent in the first quarter of 2020 with compared to the same quarter of last year. Most of the television broadcasting Companies’ has revenues increased in during this period.

Telecommunication sub activity has recorded the highest growth among all the sub activities in Gross Domestic Product for the 1st quarter of 2020. It was 15.2 percent and the current price increase was 13.0 percent. The Telecommunication sub activity contributed around 0.6 percent of the GDP and the value was 23,993 million rupees in the 1st quarter of 2020. When it comes to growth in telecommunication sub activity, the mobile broadband connections showed a remarkable increase of 19.4 percent and fixed broadband connections showed a healthy increase of 6.5 percent.

The ‘IT programming and consultancy including IT BPM is one of the major emerging industry in Sri Lanka recorded substantial performance during this second quarter of 2019, amidst Covid-19 pandemic. It is one of the main industries which recorded substantial positive growth rate of 9.6 percent even in the time of spreading the disease throughout the world and in the country. According to the CBSL Balance of Payment Statistics, credit value of export revenue from computer services has increased by 5.5 percent from Rs.41,208 million to Rs.43,468 million during this period.

Financial intermediation is the main service, provided by financial institutions supplied by licensed commercial banks (LCB’s), licensed specialized banks (LSBs), other registered financial companies, Central Bank of Sri Lanka, Colombo stock exchange (CSE) and persons representing household in Sri Lankan economy. This activity recorded 9.0 percent real growth rate for the 1st Quarter of 2020, recording Rs.152,822 million value added at constant prices in this Quarter over the value of Rs.140,166 million recorded in the 1st Quarter of 2019. The value of loans, advances and deposits of financial institutions has recorded an increase by 11.4 percent and 12.2 percent respectively in this Quarter. ‘Average Weighted Lending Rate’ (AWLR) and average ‘Average Weighted Deposit Rate’ (AWDR) compiled by Central Bank of Sri Lanka recorded 13.2 percent and 7.9 percent respectively in the 1st Quarter of 2020.

The real value added of ‘Insurance, reinsurance and pension funding’, which reported an increase of 7.4 percent in the first quarter of 2019, further, grew by 0.2 percent in the first quarter of 2020. During this period, the staff cost and the profit before tax of insurance companies have increased by 2.5 percent. The usage of this activity is represented by the total of the values of premiums and the claims earned, has decreased by 0.3 percent in this quarter, with the decrease of 11.3 General claims earned.

The 'Real Estate Activities including Ownership of dwellings' expanded further by 4.2 percent in the first quarter of 2020, compared to the first quarter of 2019. This activity reported a value addition of Rs.151,068 million in real terms to the total GDP, sharing 6.2 percent at nominal terms.

The sub activity of 'Other personal service activities' is a combination of two compilation categories 'Arts entertainment and other recreation activities' and 'Other personal service activities'. 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 2019, the first quarter of 2020, the real value added of this activity has increased by 3.4 percent.

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