



NATIONAL ACCOUNTS OF SRI LANKA

2nd Quarter of 2020

By

Production Approach

Base Year 2010

DEPARTMENT OF CENSUS AND STATISTICS

Ministry of Finance

The Department of Census and Statistics (DCS) Sri Lanka, released the estimated Gross Domestic Product (GDP) of Sri Lanka for the second quarter (April 1st to June 30th) of 2020 at current price and at constant (2010) price in Production approach and other macroeconomic indicators.

The Department of Census and Statistics carefully observed the behavior of each and every economic sector of the economy during this pandemic before quantifying this impact in the GDP compilation process and took necessary initiatives on time to address this issue promptly.

The DCS conducted a quick survey to assess the impact of covid-19 on the country's economy at enterprise level during the period of mid of June until end of July, 2020. Sample consisted of approximately 18,000 enterprises covering large, medium, small and micro level businesses in Industry and Services sector of the country. The preliminary results of this survey have been very helpful when compiling the second quarter GDP of the country.

The compilation of GDP for second quarter of 2020 has been further improved with additional estimations especially with case studies, surveys and meeting with higher officials in respective areas by the National Accounts Division of Department of Census and Statistics to factor in the impact of lockdown due to Covid – 19 pandemic in all economic activities.

The annual and quarterly financial statements of Public Limited Companies registered at the 'Colombo Stock Exchange', for several selected activities helped to get insight of the behavior of large scale companies regarding Manufacturing industry, Hotels industry, Private hospitals, Real estate and Retail trade companies etc., during the lockdown period in the second quarter of 2020.

The ad-hoc telephone survey carried out by National Accounts Division of DCS helped to assess the impact of covid-19 on month of June in services sector businesses, like other personal services, professional services and real estate business, etc., in the country for the second quarter.

As the government's main priority was to ensure the health and safety in this period, the DCS had discussions with the higher officials of the Ministry of Health, to recognize the expenses incurred by the Ministry especially for the public health services, to accommodate transactions related to special services and facilities for covid-19 health services (quarantine centers services, data on

extra hours of working, outstanding bills relevant for the second quarter) in the national accounts estimates.

The National Accounts Division of DCS prepared a database by collecting information about mobile trade undertaken during the lockdown period in the country which reflected the behavioral pattern of retail trade activity and also the goods transport activity during the lockdown period in the whole country.

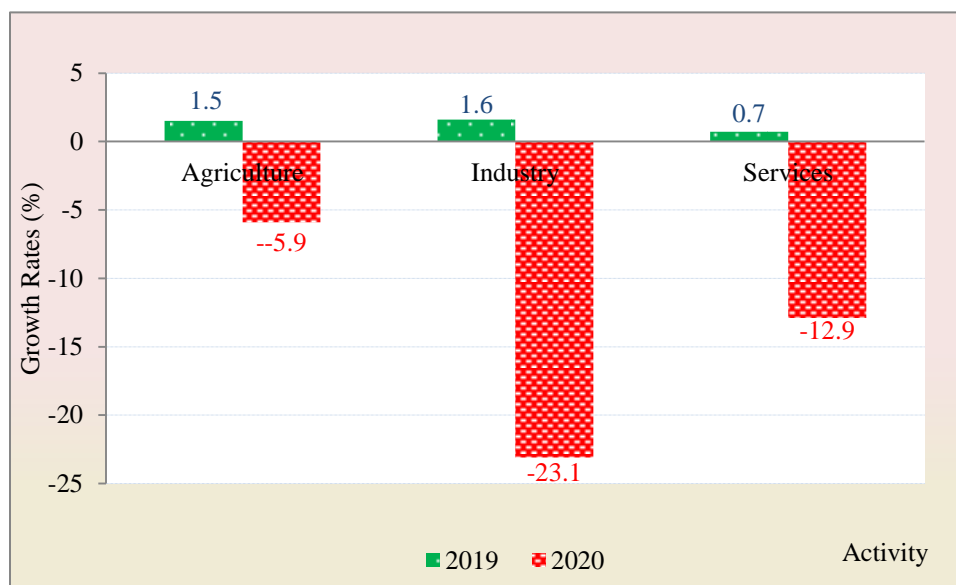
The second quarter GDP estimates, have shown unprecedented fall in real GDP by 16.3 percent, when compared to the 1.1 percent of growth rate recorded in the second quarter of 2019, and it is the largest drop ever recorded in the Sri Lanka history. In this quarter, all the economies in the whole world, except very few, have recorded severe contractions in their economies. When consider the second quarter of 2020, for more than half of the quarter, the country was under strict lock down in order to control the spread of this pandemic throughout the country. This has adversely affected every economic sector of the country and recorded negative growth rates in their economic activities, especially, manufacturing, construction, passenger transport (land and air), mining and quarrying, tourism, other personal services, professional services, retail trade and some activities of agriculture like forestry and marine fishing.

Issuing a communiqué, on releasing National Accounts Estimates for the second quarter of 2020, the DCS states that the Gross Domestic Product of the country had contracted by 16.3 percent in the second quarter of 2020 when compared to the 1.1 percent of slight expansion recorded in the second quarter of 2019. The Gross Domestic Product of Sri Lanka for the second quarter of 2020 at constant (2010) price has plummeted up to Rs. 1,936,273 million from Rs. 2,312,078 million that recorded in the second quarter of 2019. In addition, the Gross Domestic Product of Sri Lanka for the second quarter of 2020 at current price has decreased up to Rs. 3,012,013 million from Rs. 3,589,246 million recording 16.1 percent of shrinkage.

The four major components of the economy; ‘Agriculture’, ‘Industry’, ‘Services’ and ‘Taxes less subsidies on products’ have contributed their share to the GDP at current prices by 9.7 percent, 24.8 percent, 61.2 percent and 4.3 percent respectively in the second quarter of 2020. As a result of the Covid – 19 outbreaks, many sectors in the economy severely affected and it led to slow-down country’s economic performance. Accordingly, the GDP estimates of the second quarter of

2020, have reported contraction in all three major economic activities of Agriculture, Industrial and Services by 5.9 percent, 23.1 percent and 12.9 percent respectively. In addition, in the second quarter of 2020, the ‘Taxes less subsidies on production’ has recorded 30.1 percent of decrease with compared to the second quarter in the year 2019. This is due to the major fall in tax revenues due to the amendments made in the Tax rates and the new thresholds applied. This has affected to slowdown the overall GDP growth rate of the country.

Fig1: Comparison of Growth Rates in Q2 (2019, 2020)



The agriculture sector was the least affected sector by this Covid – 19 pandemic and strict lockdown status of the country. The farmers were allowed to work on their paddy fields and vegetable gardens during this period. Generally, it is said that “High rainfall gives high GVA in Agriculture”. The decline in rainfall in the first half of 2020 had been unfavorable for many agricultural activities. Covid–19 pandemic and lockdown of the country has adversely interrupted the marketing network of the country. This situation has mainly affected on marine fish industry.

The activities of ‘Growing of cereals’ (124.7 percent), ‘Growing of rice’ (17.2 percent), ‘Fresh water fishing’ (11.0 percent), ‘Growing of fruits’ (6.3 percent), ‘Growing of vegetables’ (12.9 percent), and ‘Growing of spices’ (4.7 percent) were expanded further during this quarter of 2020. The contraction in the Agricultural activities were mainly driven by ‘Marine fishing’ (39.1 percent), ‘Forestry and logging’ (27.3 percent), ‘Growing of Oleaginous fruits; including Coconut’ (14.2 percent), ‘Growing of rubber’ (11.5 percent), ‘Growing of tea’ (10.5 percent), and ‘Animal

production’ (1.6 percent) in the second quarter of 2020 when compared to the same quarter in the previous year.

In the second quarter of 2020, due to Covid–19 pandemic, the overall industrial activities showed a continuous decline that started from first quarter of 2020. In the second quarter of 2020, the growth rate shrunk drastically by 23.1 percent, indicating the adverse impact of the pandemic on industry sector.

Sri Lanka’s overall manufacturing industries experienced a negative growth of 20.6 percent in the second quarter of 2020, following the downfall in the Industrial Production Index in the second quarter 2020. This is due to the halt of production as a result of imposed strict curfew in many districts of the country from April to mid of May. The contraction in manufacturing activities was mainly driven by the ‘Manufacture of textiles, wearing apparel and leather related products’ activity which recorded negative growth of 44.2 percent during this quarter. In addition, ‘Manufacture of rubber and plastic products’ (42.0 percent), ‘Manufacture of furniture’ (35.2 percent), ‘Manufacture of coke and refined petroleum products’ (25.4 percent), ‘Manufacture of other non-metallic metal products’ (20.9 percent), ‘Other manufacturing’ (20.6 percent) and ‘Manufacture of chemical products and basic pharmaceutical items’ (12.7 percent) have reported negative growth rates. Meanwhile the ‘Manufacture of food, beverage and tobacco products’ activity which is the highest share to the country’s industrial sector, has recorded a minor negative growth of 0.2 percent in the second quarter of 2020.

Among the ‘Industrial activities’, the ‘Construction’ activity, which corresponds to 6.8 percent of share to the GDP, recorded substantial contraction by 30.1 percent in this quarter showing unprecedented negative impact of the Covid – 19 pandemic on that industry. Following that decline in the construction activity, the ‘Mining and quarrying’ activity too recorded a sharp negative growth rate of 28.4 percent during the second quarter of 2020. In addition, ‘Electricity, gas, steam and air conditioning supply’ have recorded 10.3 percent of contraction within the industry and that is due to the low demand made from the industrial sector for the electricity. Meanwhile, the ‘Water collection, treatment and supply’ (3.7 percent) and ‘Sewerage, waste, treatment and supply’ (3.3 percent) activities have recorded positive growth rates in this quarter.

During the second quarter of 2020, the performance of Service sector has recorded significant drawback by 12.9 percent. Specially the ‘Accommodation, food and beverages service activity’ (63.5 percent), ‘Transportation of goods and passengers including warehousing’ (36.1 percent), ‘Other personal services’ (31.5 percent), ‘Real estate activities’ (16.9 percent), ‘Professional services’ (14.5 percent) and ‘Wholesale and retail trade’ (1.5 percent) have shown the collapse in their activities.

However, amidst this pandemic, the few service activities that reported significant expansions are ‘Telecommunication’ (19.6 percent), ‘IT programming consultancy and related activities’ (15.1 percent), ‘Financial service activities’ (9.9 percent).

GDP implicit price deflator which measures the price change in the economy with respect to a specific base year (2010=100), increased to 155.56 in the second quarter of 2020 from 155.24 recorded in the second quarter of 2019 indicating 0.2 percent of inflation rate for the second quarter 2019.

The Colombo Consumer Price Index (CCPI) (2013 = 100) increased to 134.4 in the second quarter of 2020, from 128.7 recorded in the second quarter of 2019, indicating 4.4 percent of inflation rate.

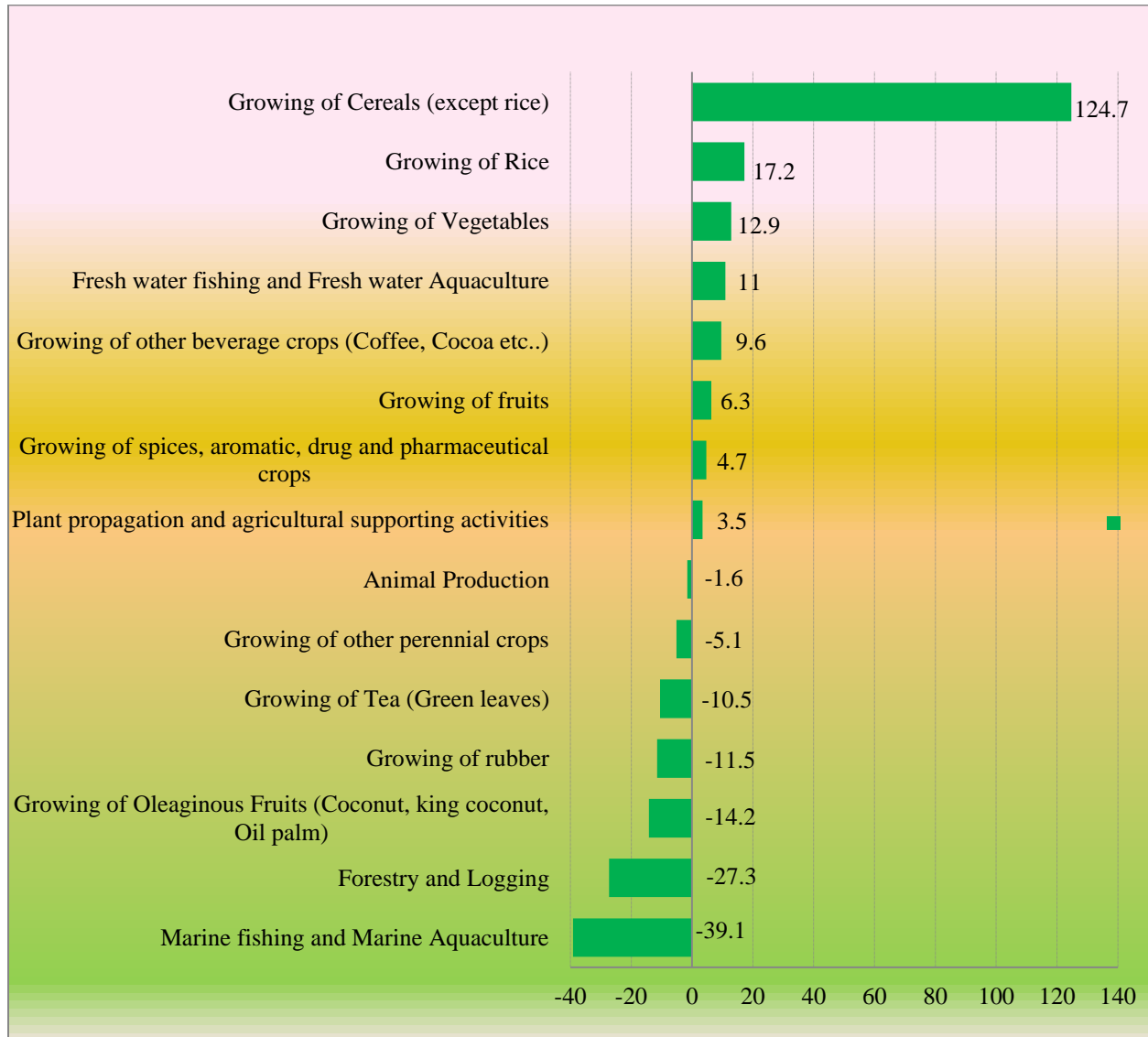
1.1 Agricultural Activities

In the second quarter of 2020 ‘Agriculture, forestry and fishing’ sector added Rs. 291,986 million at current prices and Rs.156,237 million in constant (2010) prices to the total GDP of Sri Lanka and recorded a contraction of 5.9 percent at constant (2010) price and shared 9.7 percent at current price to the total GDP when compared to the second quarter of 2019.

The “Growing of Cereals (except rice)” recorded a sharp positive growth rate of 124.7 percent in the second quarter of 2020 compared to the second quarter of 2019 that reported a negative growth of 8.7 percent. In second quarter of 2020 the production increases are stated as Maize (41 percent), Green gram (263 percent), Cowpea (236 percent), Soya beans (396 percent), Black-gram (250 percent), Gingerly (164 percent) and Ground-nuts (150 percent) when compared to the second

quarter of 2019. This activity contributed Rs. 5,182 million and shared 0.3 percent of GDP in this quarter.

Figure 2: A comparison of percentage growth rates of Agricultural activities Q2- 2020



‘Growing of rice’ is one out of two activities that achieved 1.1 percent share of GDP in agriculture sector. It has contributed Rs. 33,132 million in current price and Rs.14,946 million in constant (2010) price to the GDP. “Growing of rice” has expanded by an impressive 17.2 percent in the second quarter of 2020, compared to the second quarter of 2019. Both the gross extent sown and gross extent harvested in year 2020 have increased, “Yala” season by 22.5 percent and ‘Maha’ season by 30.2 percent respectively. Similarly, the paddy production in “Yala” season 2020 has increased by 18.0 percent.

In the second quarter 2020, the value addition of growing of vegetables was estimated considering the production of last month of Maha season -2020/2019 (April) and the first two months of Yala season 2020 (May and June), based on cultivation extents reported by the Department of Agriculture. At the lockdown period, the people started growing vegetables in their home gardens and there were many government projects to support it.

All these factors were considered when estimating the total vegetable production of the country. It was recorded as an expansion, especially in low country vegetable production. The producer price index of vegetables indicates an increase in this period. Hence, this activity contributed Rs. 31,519 million and Rs. 15,489 million at current price and constant price (2010) respectively to the total GDP, holding a share of 1.0 percent. The real growth rate was reported as 12.9 percent in this quarter compared to the second quarter of 2019.

The sub activity of 'Growing of Oleaginous fruits' including coconut and king-coconut has contributed Rs. 29,533 million at current price and Rs.15,089 million at constant (2010) price to the GDP in the second quarter of 2020 and the share to the GDP was reported as 1.0 percent at current price. The current change is estimated as 39.5 percent while constant growth rate is estimated as negative 14.2 percent when compared to the second quarter of 2019. The coconut production of the country reported as 689 million nuts in the second quarter of 2020 recording more than one million drop of nut production compared to the second quarter of 2019. This reduction is mainly due to comparative higher yield observed in 2nd quarter of 2019 as well as the unfavorable temperature conditions prevailed in major coconut growing areas at inflorescences stage according to 'Coconut Research Institute'. The producer price of a coconut has increased by 49 percent from Rs.32 to Rs.48 within the respective two quarters. A fresh coconut export has declined by 38 percent in the second quarter of 2020 compared to the second quarter of 2019.

The value added of 'Growing of Tea' to the GDP in the second quarter of 2020 is recorded as Rs.30,490 million at current prices and Rs.16,880 million at constant (2010) prices sharing 1.0 percent of GDP at current prices. The growth rate has declined by 10.5 percent in this quarter compared to the second quarter of 2019, which reported a positive growth of 1.9 percent. The 'Made Tea' production has decreased by 10.5 percent in the second quarter of 2020. The average price of one kg of 'Made Tea' at 'Colombo Tea Auction' has increased from Rs.533.71 to

Rs.656.18 by 22.9 percent in this quarter, compared to the second quarter of 2019. The low grown tea which has the largest market share around 58.6 percent of the total tea production, recorded a 13.2 percent decrease in this quarter.

The activity of Growing of Rubber has contributed Rs. 5,236 million at constant (2010) price to the GDP in the second quarter of 2020 sharing 0.1 percent of the GDP at current price. This activity has recorded a drop of 11.5 percent in the second quarter of 2020, compared to the positive growth of 4.7 percent recorded in the second quarter of 2019. According to the 'Rubber Development Department', the latex production has contracted by 11.5 percent due to COVID restrictions prevailed during the period. The average price received for one kilogram of latex increased by 12.8 percent from Rs.258.4 per Kg to Rs.291.4 per Kg in the second quarter of 2020 compared to the second quarter of 2019.

The activity of "Growing of other perennial crops" is consisted with 'growing of areca-nut', 'growing of odeal', 'growing of betel', 'growing of jak-fruit, bread-fruit' and 'toddy tapping'. This activity is mainly shared by the coconut toddy tapping activity which reported a contraction of 60 percent in this quarter compared to the 2nd quarter of 2019. The betel production also has lowered significantly in this quarter. The betel export has declined by 36 percent and local demand also has considerably dropped down especially during the strict lockdown period in April at New Year season. Therefore overall growth rate of the activity has declined by 5.1 percent.

'Animal production' which comprised with: 'Raising animals for meat', 'Diary farming' and 'Eggs production' has reported a minor contraction of 1.6 percent during the second quarter of 2020. The overall value addition at constant (2010) price is Rs. 15,524 million and the share to the GDP has increased up to 1.1 percent at current price. According to the "Department of Animal Production and Health", the milk production of the country has increased substantially around 30 percent in this quarter. The main sharer of Animal production activity, the poultry production, affected noticeably by 6 percent during this period due to distribution constraints experienced at the lockdown period. The producer price of 'Poultry Production' has increased significantly by 12 percent in this quarter. The eggs production has lowered marginally by 0.5 percent while price of an egg also has reduced by 16 percent in this period.

The activity of 'Forestry and Logging' has reported a further contraction of 27.3 percent in the second quarter of 2020 when compared to the decrease of 7.7 percent recorded in the second

quarter of 2019. This activity contributes Rs.10,624 million to the total GDP at constant (2010) prices and shared 0.7 percent of GDP at current price in second quarter 2020. The 'State Timber Corporation' (STC) has reported a decrease in log volume produced, by 64.3 percent with increase of 17 percent in average producer price of round timber in this quarter compared to the second quarter of 2019. The main reason reported is that logging activity becomes almost standstill at the general lock down period for COVID 19.

The Marine Fishing Activity reported the highest contraction of 39.1 percent in this quarter compared to the second quarter in 2019. It has contributed Rs.30,065 million at current prices and Rs.14,216 million at constant (2010) price to the total GDP and shared 1.0 percent of the GDP at current price in the second quarter of 2020. "Ministry of Fisheries and Aquatic Resources Development" reported the overall marine fish production in the second quarter of 2020 decreased by 39.3 percent compared to the second quarter of 2019. Ministry has stated that Coastal fishing and Deep Sea fishing activities have contracted by 41.5 percent and 36.4 percent respectively.

Downfall of fish exports and the interruption of the fish marketing network from landing centers to consumers are the main factors for this decline as reported by the 'Ministry of Fisheries and Aquatic Resources'. Difficulty to fulfill the minimum requirements (ice, fuel, food etc.) of multiday fishing and the requirement to comply instructions of the health sector and to maintain the social distance is the other factors for heavy drop experienced in coastal and net fishing activities. Meanwhile the Inland fishery activities reported a healthy expansion of 11.0 in this period. The existence of tanks and reservoirs near to the villages, the easiness of trade within the villages and the favorable weather conditions for fresh water fishing has been the main causes for this increase.

1.2 Industry Activities

Compared to the second quarter of 2019 which reported an expansion of 1.6 percent, in the second quarter of 2020, a massive contraction of 23.1 percent is recorded due to the country's lockdown due to COVID-19. The Industry activities, which shared one-fourth of the total GDP at current price, contributed Rs.746,611 million and Rs.447,613 million at current price and constant (2010) price respectively to the total GDP in this quarter compared to the second quarter of 2019.

1.2.1 Manufacturing Activities

The COVID-19 health crisis has badly impacted on the manufacturing activities in the second quarter of 2020. However, the overall manufacturing industry activities contributed Rs.255,723 million of value addition at real terms to the total GDP in the second quarter of 2020 showing a considerably high contraction of 20.6 percent in the second quarter of 2020 compared to the second quarter of 2019. All the manufacturing activities have reported contractions more or less in this quarter.

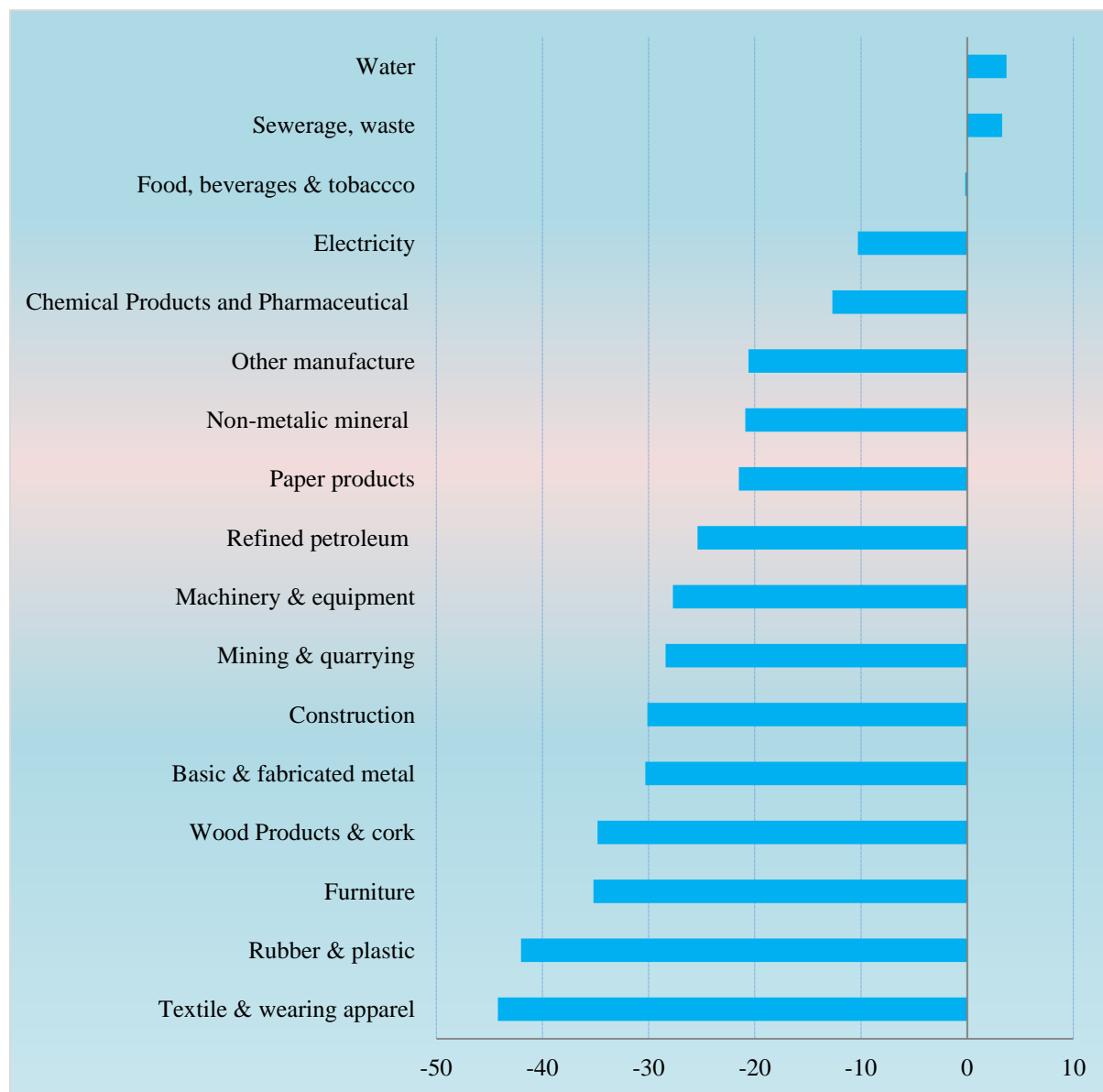
The sub-activity of 'Manufacture of food, beverages and tobacco products' has contributed Rs.115,140 million at constant (2010) price and shared 6.6 percent of GDP at current price. When compared to the second quarter of 2019, which recorded 0.3 percent growth, in the second quarter of 2020 it has contracted by 0.2 percent.

The sub-activity of 'Manufacture of textiles, wearing apparel and leather products' has recorded a highest contraction of 44.2 percent in the second quarter of 2020. High frequency indicators suggest that growth has faltered due to the lockdown of the country and the global low demand pertained at this period.

When considering all other manufacturing activities, abysmal situations are reported. The contraction percentages were recorded as 'Manufacture of wood and product of wood and cork, except furniture' (-34.8 percent), 'Manufacture of paper products, printing and reproduction of media products' (-21.5 percent), 'Manufacture of Coke and refined petroleum products' (-25.4 percent), 'Manufacture of chemical products and pharmaceutical products' (-12.7), 'Manufacture of rubber and plastic product' (-42.0 percent), 'Manufacture of other non-metallic mineral product' (-20.9 percent), 'Manufacture of basic metals and fabricated metal products' (-30.3 percent),

'Manufacture of machinery' (-27.7 percent), 'Manufacture of furniture' (-35.2 percent), Other manufacturing and repairs (-20.6) in the second quarter of 2020 when compared to the second quarter of 2019.

Figure 3: A comparison of percentage growth rates of Industrial activities Q2- 2020



1.2.2. Other Industry Activities:

The mining and quarrying activity has contributed Rs.64,195 million at current price and Rs.39,767 million in constant (2010) price to the total GDP and shared 2.1 percent of GDP, recorded a further decline of 28.4 percent in the second quarter of 2020 compared to the slight contraction of 0.5 percent recorded in 2019. This is mainly due to the pandemic COVID-19 and the decline in the construction industry.

The constant (2010) gross value added of 'Electricity, gas, steam and air conditioning supply' is reported as Rs.23,859 million to the total GDP and the share reported as 1.0 percent at current

price. This activity has contracted by 10.3 percent in the second quarter of 2020 compared to the second quarter of 2019, which reported an 8.4 percent growth. The electricity power generation decreased by 10.4 in this quarter from GWH 4,023 to GWH 3,605. The existed ratio of 17: 83 (Hydro: Thermal) power generation in the second quarter of 2019 has changed to 26: 64 (Hydro: Thermal) in this quarter. In the second quarter of 2020, the total revenue of sales of electricity has decreased by 2.1 percent. Out of this, sales of electricity for industry use have decreased by around 20 percent in the second quarter of 2020.

The real gross value added of sub activity of ‘Water collection, treatment and supply’ has increased by 3.7 percent in the second quarter of 2020. The volume of water supply for the second quarter of 2019 was reported as cubic meter 188,813 thousands has increased to cubic meter 195,639 thousands in the second quarter of 2020 indicating an increase of 3.6 percent in this quarter. In addition, the total revenue also increased by 15.6 percent in this quarter.

The construction industry contributed Rs.203, 806 million at current price and Rs.115, 925 million at constant price to the total GDP and shared 6.9 percent of GDP in the second quarter of 2020, recorded a decline of 30.1 percent compared to the second quarter of 2019. Total cement supply declined by 32 percent during this quarter. Cement imports fell by 52.7 percent and domestic production by 1.4 percent. Imports of building materials also reported a decline of 38 percent. The major construction companies reported the difficulty in maintaining workers' hostels at construction sites due to reluctance and influence of the surrounding area residents due to health hazard of COVID 19. As well as these companies who depended on Chinese workers had to a delay the large-scale constructions until they come to the country.

1.3 Service Activities

The total contribution of service activities at current price and constant (2010) price to the total GDP are reported as Rs.1,843,670 million and Rs.1,212,730 million respectively for the second quarter of 2020 recording a massive drawback of 12.9 percent. The share to the GDP in service activities is reported as 61.2 percent in this quarter. .

The ‘Wholesale and retail trade’ which contributes nearly 15.8 percent to the GDP, reported a 1.5 percent of negative growth rate in the second quarter of year 2020 when compared to the 1.6

percent of growth rate recorded in the second quarter of 2019, showing adverse impact in all trading activities in the country due to the pandemic.

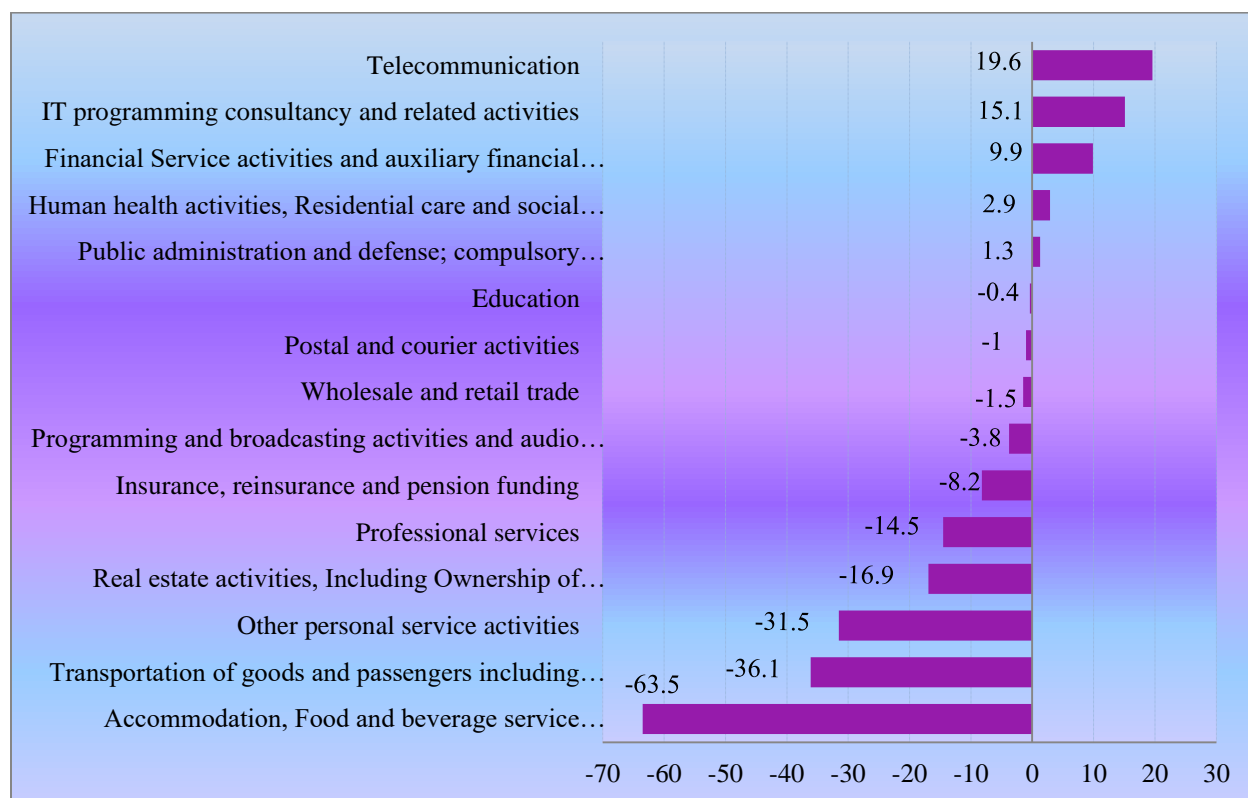
The 'Wholesale and retail trade' activity covers trade of food and non-food essential consumer goods as well as other categories such as clothing, footwear and accessories, fashion and jewelry, electronics, household and consumer durables, entertainment, shelter and housing. However, during the covid-19 lockdown period we noticed an increase of sales especially in the food and non-food items. The other product categories did not reach the expected sales levels as in the previous quarter in the year 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.

According to the External Trade Statistics of Central Bank of Sri Lanka (CBSL), the total import expenditure for the second quarter of 2020 has decreased up to Rs. 599,730 million from Rs. 840,828 million reported for the second quarter of 2019, by 28.7 percent. Also, the value of consumer goods import expenditure has decreased by 2.4 percent during this quarter from Rs. 158,115 million to Rs.154,399 million. According to the Trade Indices released by the Central Bank of Sri Lanka, the import volume index value of consumer goods has decreased by 10.2 percent, further the total import volume index has decreased by 25.4 percent during the second 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. Million 213,921 from Rs. Million 253,648 in the second quarter of 2020 by 15.7 percent when compared with the second quarter of 2019.

In addition, according to the External Trade Statistics of CBSL, the total export value to the rest of the world has been decreased substantially by 33.9 percent during this first quarter of 2020, when compared to the second quarter in 2019. According to the CBSL Trade Indices, the total export volume index has decreased drastically by 31.3 percent. Among the exports, the volume indices of industrial exports and the agricultural exports have contracted by 35.6 percent and 11.4 percent respectively during this quarter, showing the adverse impact of covid-19 pandemic on Sri Lankan exports to the world.

Fig 4: A Comparison of percentage growth rates of Service activities Q2- 2020



The sub activity of ‘Transportation of goods and passengers (Land, Water and Air) & Warehousing’ activities is a combination of land transport, water transport, air transport and warehousing and support activities for transportation. Transport activities in the country affected heavily during the first two months of the second quarter owing to lockdown restrictions imposed due to Covid-19 pandemic. Hence, this activity has plummeted by 36.1 percent in this quarter, when compared it with the respective quarter of 2019. The contribution to the total GDP in nominal and real terms of this activity is reported as Rs.244,704 million and Rs.133,722 million respectively. Compared to the second quarter of 2019 the share to the GDP of this activity has descended in this quarter and shared 8.1 percent of total GDP. According to the Civil Aviation reports, total revenue has decreased by 76.3 percent.

Further, in the second quarter of 2020 the vehicle registrations have declined sharply, such as buses (86.1 percent), lorries (43.1 percent), dual purpose vehicles (23.1 percent), hiring cars (40.9 percent), three wheelers (40.5 percent) and land vehicles (45.4 percent), which impacted the performance of land transport activities severely. The total revenue of the ‘Department of Railway’

has dropped by 75.4 percent within this period while traveling distance also has decreased by 67.2 percent. In addition, the revenue and the passenger kilometers of 'Sri Lanka Transport Board' reported decline by 48.2 percent and 68.5 percent respectively. The revenue of 'Sri Lankan Airlines Limited' has decreased by 77.2 percent with the drop of passenger kilometers by 97.4 percent. The revenue of water transport services has decreased by 18.3 percent while revenue of support activities including warehousing for transportation reported a drop of 12.3 percent.

Postal and courier activities recorded a minor contraction of 1.0 percent at constant (2010) price in this quarter when compared to the other service activities within the lockdown restrictions in the country. According to the reports of 'Department of' Postal', total expenditure decreased approximately by 4.0 percent and total staff cost decreased marginally by 1.0 percent compared to the second quarter of 2019.

The 'Accommodation, food and beverage serving' activities sector declined drastically due to the covid-19 pandemic and nationwide lockdown restrictions. As the outbreak continued to spread globally, all inbound passenger flights to the island were banned by the Sri Lankan government. This led to record zero percent international tourist arrivals. Hence, the generated gross value addition from 'Accommodation, food and beverage serving activity' contracted by 63.5 percent in the second quarter of 2020, when compared to the second quarter of 2019. According to the second quarter (April to June) financial statements of listed companies of hotels registered at Sri Lanka Colombo stock exchange, the reported quarterly turnover of their hotels altogether has been declined by 78 percent during this second quarter when compared to the second quarter financial (April to June) statements of the year 2019.

Telecommunication services showed a striking growth in the second quarter of 2020 amidst the country's lockdown status and COVID 19 health restrictions. This sub activity recorded a growth of 19.6 percent at constant (2010) price compared to growth of 14.6 at constant (2010) price recorded in the second quarter of 2019. Although, the total revenue of this industry decreased around 4.0 percent in this quarter, the intermediate cost components also had decrease considerably. Hence, profit of some major players has increased significantly in this quarter. In addition, the new data communication connections have increased by 11 percent and the communication sub index in the NCPI also reported a decrease in this quarter.

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 2020, amidst Covid-19 pandemic. It is one of the main industries which recorded substantial positive growth rate of 15.1 percent even in the lockdown period of the country. Most of the companies in this industry were able to continue their work following working from home concept. According to the CBSL Balance of Payment Statistics, credit value of export revenue from computer services has increased by 22.6 percent from Rs.40,095 million to Rs.49,176 million during this period.

Financial intermediation is the principal activity in providing financial services by financial institutions such as Central Bank of Sri Lanka, Deposit-taking corporations such as licensed commercial banks (LCB's) and licensed specialized banks (LSBs), other registered financial companies, Colombo stock exchange (CSE) and money lenders service to households in Sri Lankan economy. This activity recorded 9.9 percent real growth for the second Quarter of 2020, recording Rs205,114 million value added at constant price over the value of Rs225,426 million recorded in the second Quarter of 2019. The value of loans, advances and deposits of financial institutions has recorded an increase by 12.3 percent and 13.6 percent respectively in this quarter. 'Average Weighted Lending Rate' (AWLR) and 'Average Weighted Deposit Rate' (AWDR) compiled by Central Bank of Sri Lanka recorded 12.6 percent and 7.4 percent respectively in the second Quarter of 2020.

The real value added of 'Insurance, reinsurance and pension funding' reported a decrease of 8.2 percent in the second quarter of 2020 compared to the second quarter of 2019 which was reported as 6.4. During this period, the staff cost and the profit before tax of insurance companies have increased by 14.5 percent. The usage of this activity is represented by the total of the values of premiums and the claims earned, has decreased by 12.5 percent in this quarter.

'Real estate activity' represents two sub sectors as Real estate and Ownership of Dwellings of the country. Real estate part is another economic activity, adversely affected due to lock down of the country. It showed a negative growth of 16.9 percent at real terms in the second quarter of 2020 compared to the second quarter of 2019. The preliminary results of 'COVID survey 2020' conducted by the Department of Census and Statistics clearly showed the activities of Micro sector and Small and Medium sectors of real estates has severely affected in the first two months of the second quarter. In general, the Public Listed Real Estate Companies registered in Colombo Stock Exchange also showed a substantial decline within this quarter compared to the second quarter of 2019.

The 'Other personal service activities' is an economic activity that has been severely affected by the closure of the country. It has been a major contributor to the GDP which plummeted by 31.5 percent in the second quarter of 2020 and shared 8.9 percent of total GDP. This activity consists of two economic activities "arts and public entertainment" and "other personal activities."

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