



# Gross Domestic Product (GDP) by production Approach Annual & 4<sup>th</sup> Quarter of 2020 Base year 2010

Department of Census and Statistics  
Ministry of Finance

The Department of Census and Statistics (DCS) Sri Lanka has released the estimated Gross Domestic Product (GDP) at current and constant (2010) price by Production approach with the other macroeconomic indicators for the annual & fourth quarter of 2020.

The Gross Domestic Product at current price of the year 2020 reported as Rs.14, 972, 995 million as against the Rs.15,012,953 million reported for the year 2019. The Gross Domestic Product at constant (2010) prices for the year 2020 reported as Rs.9, 530, 606 million as against the Rs.9,883,350 million reported for the year 2019.

- ❗ Economy of Sri Lanka contracted by 3.6 percent in 2020 compared to 2019 and which is the ever recorded lower growth rate in the history.
- ❗ Compared the GDP growth rates of major economic activities in 2020 with the year of 2019, the 'Agricultural', 'Industry' and 'Services' activities contracted by 2.4 percent, 6.9 percent and 1.5 percent respectively.
- ❗ 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 8.4 percent, 26.2 percent, 59.7 percent and 5.7 percent respectively in the year of 2020.
- ❗ The GDP growth rate for the fourth quarter of 2020 has been estimated as 1.3 percent of positive growth rate when compared to the 1.6 percent of positive growth recorded in the fourth quarter of 2019.

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## Source Publication

[http://www.statistics.gov.lk/NationalAccounts/StaticallInformation/Reports/Detailed\\_note\\_Annual2020\\_en](http://www.statistics.gov.lk/NationalAccounts/StaticallInformation/Reports/Detailed_note_Annual2020_en)

## 1.0 General Description for the year of 2020

The Department of Census and Statistics (DCS) Sri Lanka, has released the estimated Gross Domestic Product (GDP) at current and constant (2010) price by Production approach with the other macroeconomic indicators for the annual & fourth quarter of 2020.

The 2020 year began in the midst of the global Covid-19 pandemic. Many East Asian, European and American countries were severely affected by the disease. Although Sri Lankan society did not survive for the first two months, the first wave of the Covid-19 pandemic began to spread in the country in early March and by mid-March the country was locked up. As a result, the first quarter recorded relatively a low negative growth rate of 1.8 percent.

In the second quarter, the Sri Lankan economy was hit hard by the Covid-19 pandemic. The country was totally under a lock down a period of nearly one month and until 26<sup>th</sup> of May, the two main districts (Colombo & Gampaha), where the major industrial zones and business places are situated, were under the imposed curfew until 26<sup>th</sup> of May. As a result, many economic sectors of the country recorded negative growth rates in their economic activities in this quarter. This led to an unprecedented fall in the economy by 16.4 percent in the second quarter of 2020.

The third quarter of 2020 began with satisfactory ground conditions. The business as well as the daily lives of the people began to recover gradually. This favourable condition in the third quarter productively impacted on most economic activities and helps them to perform well, and recorded 1.3 percent of economic expansion.

But unfortunately, with the start of the 4th quarter, the second wave of the pandemic began to spread again throughout the country, especially in the Western Province. The country was partially looked down during this period and people were able to lead a normal life with the pandemic by following healthcare measures. Apart from the police areas where the Covid-19 pandemic has spread, most of the business activities in other parts of the Island (except for a very small number of economic activities such as tourism) and the daily life of the people continued as usual. However in, economic expansion in fourth quarter of 2020 was recorded at 1.3 percent when compared to the 1.6 percent of growth rate recorded in the fourth quarter of 2019.

Under these circumstances described above, it recorded a negative growth rate of 3.6 percent for the year 2020 as compared to the 2.3 percent of positive growth rate recorded in the year of 2019.

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.

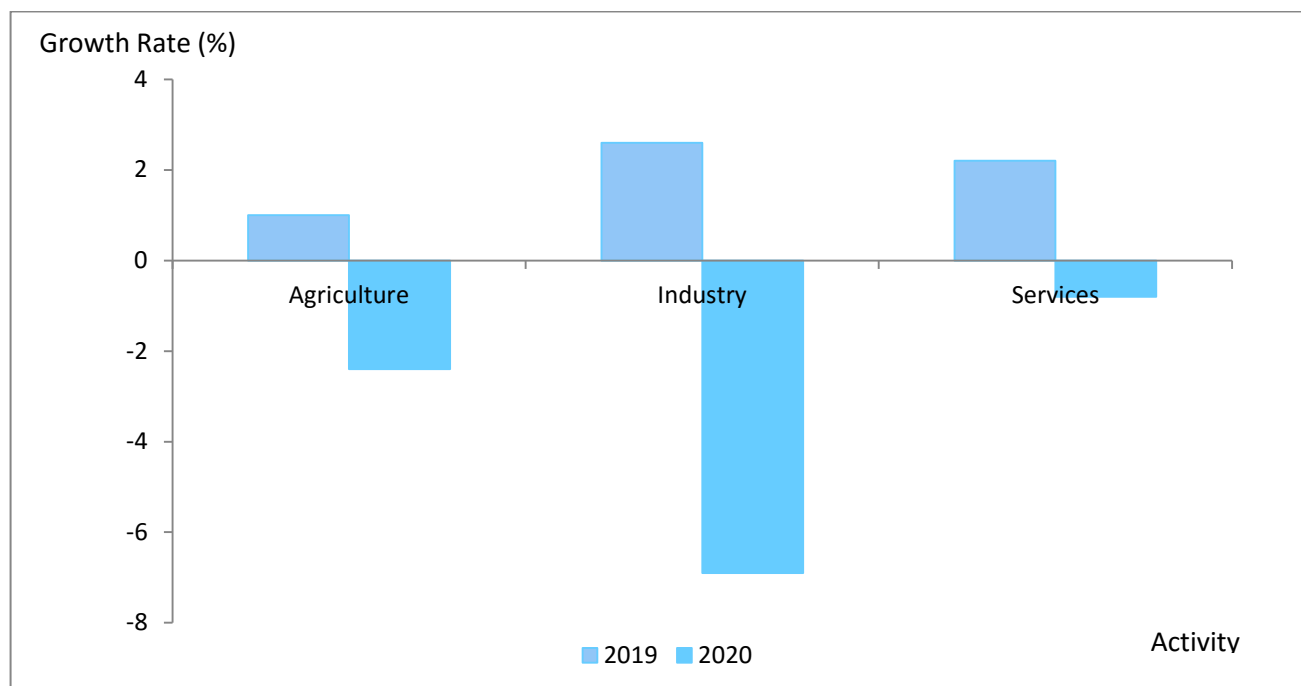
- The DCS conducted a quick survey to assess the impact of covid-19 on the country's economy at enterprise level during the period of mid of June until end of July, 2020.

- The DCS had discussions with the higher officials at Ministry of Health, to recognize the special expenses incurred by the Ministry of Health, especially for the public health services, in order to treat for these special transactions related covid-19 health services.
- Further, the DCS began studying of annual and quarterly financial statements of major listed companies registered at Sri Lanka Colombo Stock Exchange, for selected several sectors, like Manufacturing industry, Hotels industry, Private hospitals, Real estate companies and Retail trade section, etc.,
- The ad-hoc telephone survey carried out by the DCS helped to assess the impact of covid-19 in services sector businesses, like other personal services, professional services and real estate business, etc., in the country.
- The 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.

Accordingly, the DCS was able to use the results of the above initiatives, specially the results of covid-19 economic impact survey and results of other special studies carried out by the staff of DCS, in the quarterly and annual GDP compilation processes of year 2020.

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 8.4 percent, 26.2 percent, 59.7 percent and 5.7 percent respectively in the year of 2020. Accordingly, for the first time in the history, in the year 2020, all three major economic activities of Agriculture, Industry and Services, have reported negative growth rates of 2.4 percent, 6.9 percent and 1.5 percent respectively, when compared to the previous year. (Figure 1).

Figure 1: Comparison of Growth Rates in Annual (2019, 2020)



The reported three negative growth rates of major economic activities mirrored the severity of the adverse impact of the Covid-19 pandemic on Sri Lanka's economy. Accordingly, the Covid-19 outbreak has affected unexpectedly in many sectors of the economy to record narrowing in many economic activities, specially, manufacturing, construction, mining and quarrying, transport, tourism, real estate, and other personal services activities and some activities of agriculture like fishing.

This year has shown slowdowns in several economic activities in the agricultural sector, but most of the economic activities have shown significant growth. The industrial sector is showing a recession due to the severe impact of the Covid-19 pandemic. In the service sector 'IT Services', 'Telecommunication Services' and 'Financial' services have grown significantly in this year and the 'Postal and Courier Service' and 'Human health activities' are also expanded further.

The Gross Domestic Product at current price and at constant (2010) price of the year 2020, reported as Rs.14,972,995 million and Rs.9,530,606 million respectively against the current and constant (2010) prices of Gross Domestic Product reported in 2019 which was recorded as Rs.15,012,953 million and Rs.9,883,350 million respectively.

In 2020, among the agricultural sub-activities in 2020, 'Growing of Cereals' and 'Growing of other beverage crops' recorded significant positive growth rates of 41.3 percent and 21.6 percent, respectively. In this year while many other agricultural activities reported noteworthy expansions compared to 2019. Among them 'Growing of sugarcane, tobacco and other non-perennial crops' (17.0 percent), 'Freshwater fishing' (12.7 percent), 'Growing of vegetable' (10.1 percent), 'Growing of fruit' (6.2 percent), 'Growing of rice' (5.7 percent), 'Growing of rubber' (4.6 per cent), 'Growing of Spices' (3.3 per cent) are the key activities. The activities such as 'Marine fishing', 'Growing of

Oleaginous fruits include Coconut' and 'Forestry and Logging', and ' Growing of tea' reported contractions of 21.7 percent, 10.2 percent, 8.1 percent and 7.1 percent, respectively.

The industrial sector, which was the most affected sector from Covid 19 pandemic during the year of 2020, recorded a 6.9 percent decline in this year compared to 2019. The manufacturing sector as a whole declined 3.9 percent in this year. However, 'Manufacture of food beverages and tobacco products' and ' Manufacture of chemical products and basic pharmaceutical products' expanded to 4.4 percent and 0.8 percent, respectively. 'Manufacture of rubber and plastic products', 'Manufacture of furniture' and 'Manufacture of textiles, wearing apparel and leather related products' which affected heavily due to Covid-19 pandemic in the year, showed contractions of 17.7 percent, 13.4 percent and 11.9 percent respectively in 2020. The activity of 'Water collection and treatment' has further expanded by 4.8 percent. In the year of 2020, 'Construction' and 'Mining and quarrying' activities reported considerable contractions of 13.2 percent and 12.5 percent respectively.

During the year of 2020, the performance of Service sector was underpinned mainly by the sub activities of 'Telecommunication', 'Financial service activities' and 'IT programming consultancy related activities' which reported significant expansions within the year by 15.4 percent, 10.9 percent and 10.0 percent respectively compared to 2019. The 'Wholesale and retail trade' which shared 11.7 percent of GDP at current price expanded by 1.4 percent in this year. The highest share holder of GDP in 2020, the service of 'Transportation of goods and passengers including ware housing' which collapsed in this year, has recorded contraction of 6.7 percent when compared to 2019. The 'Postal and courier activities', 'Human health activities', 'Programming and broadcasting activities and audio video productions', and 'Public administration and defence compulsory social security' have reported expansions of 4.7 percent, 4.3 percent, 2.4 percent, and 1.6 percent respectively. 'Other personal service' activity has recorded a significant contraction of 6.5 percent compared to the year of 2019. 'Accommodation, food and beverage service activity has heavily affected by the Covid- 19 pandemic reported 39.4 percent contraction compared to 2019.

GDP implicit price deflator which measures the price change in the economy with respect to a specific base year (2010=100), increased to 157.1 in 2020 from 151.9 recorded in 2019 indicating 3.4percent of inflation rate in 2019.

The Colombo Consumer Price Index (CCPI) (2013 = 100) increased to 135.4 in 2020, from 129.5 recorded in 2019, indicating 4.6 percent of inflation rate.

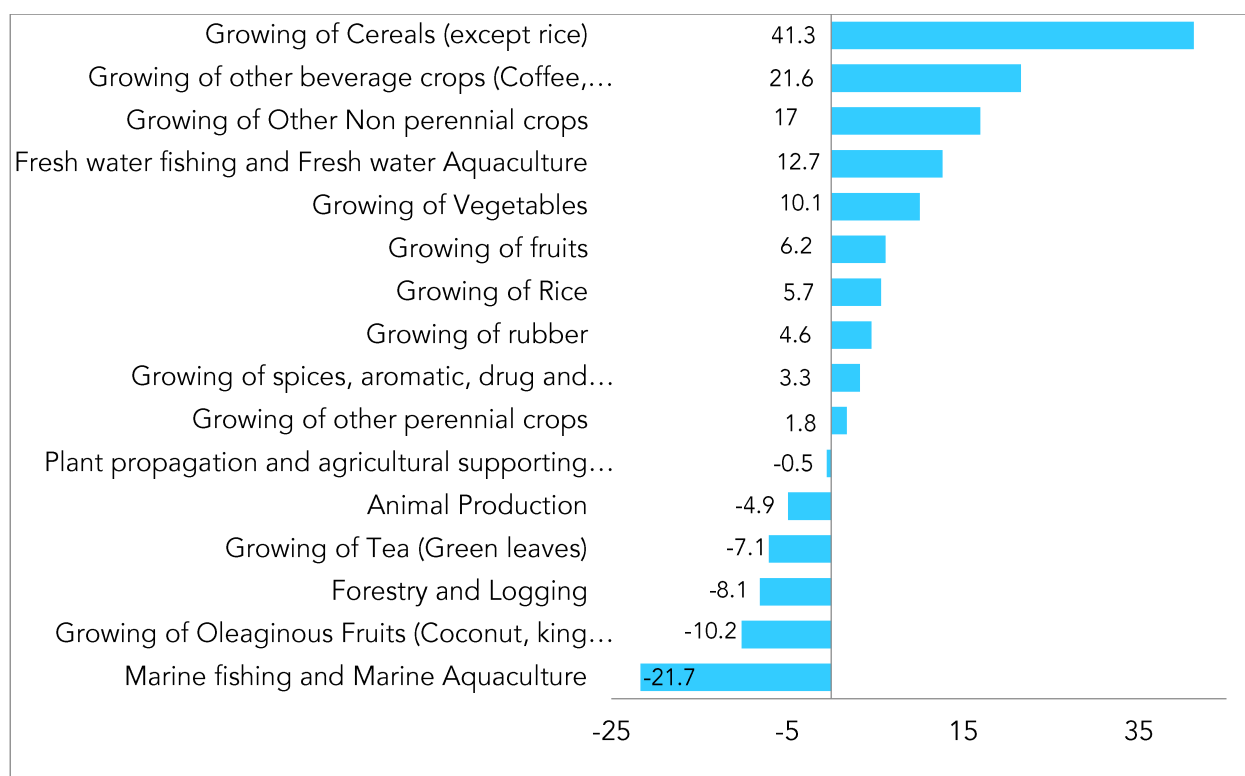
## 1.1 Agricultural Activities

Most agricultural crops are seasonal and growing according to a respective season in Yala and/or Maha seasons. Traditionally the Yala season lasts for five months 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 2020 'Agriculture, forestry and fishing' sector recorded decline of 2.4 percent at constant price(2010) and shared 8.4 percent of GDP at current price when compared to 1.0 percent growth and 7.5 percent share to the GDP recorded in 2019.

The 'Growing of Cereals (except rice)' has grown by 41.3 percent in 2020 compared to the year of 2019 that reported a negative growth of 10.5 percent. When consider this growth rate of some major crops of production recorded Kurakkan (40 percent), Maize (34 percent), Green gram (81 percent), Cowpea (52 percent), Soya beans (269 percent), Black gram(110 percent), Gingerly (40 percent) & Groundnuts (44 percent). According to the Department of Agriculture, some major crops have achieved above 90 percent of their target area.

**Figure2: A comparison of percentage growth rates of Agricultural activities in 2020**



The sub activity of 'Growing of rice' reported a growth rate of 5.7 percent in the year of 2020 compared to previous year. This activity has contributed Rs. 78,417 million to the GDP at constant (2010) price in the year 2020. The share of this activity to the total GDP has reported as 1.1 percent in 2020.

'Growing of Vegetables' agriculture sub activity recorded a 10.1 percent positive growth for the year 2020. Meantime, finalized figures in both the Maha and Yala seasons of 2020 showed increases in production for majority of items and the forecast for the 2021 Maha season by the Department of Agriculture also showed an increase of cultivation area for almost all of the items of vegetables. Meanwhile there was an increase in producer's prices for most of the vegetables.

The sub activity of 'Growing of Oleaginous fruits' including coconut and king coconut has contributed Rs. 60,804 million to the GDP at constant (2010) price in the year of 2020 and the share to the GDP was reported as 0.7 percent. The coconut production has contracted by 3,086 million nuts to 2,792 million nuts in 2020. The main reason for this decrease is reported as the drought prevailed during the relevant period in coconut growing areas that had badly affected on growing of button nuts. But this estimate is fairly close to the forecasted value of Coconut Research Institute for 2020. Therefore overall contraction of the 'Growing of Oleaginous fruits' was reported as 10.2 percent in 2020 compared to 2019. The average producer price of a coconut increased from Rs.32 to Rs.46 and retail price increased from Rs.43 to Rs.66 within this period. Total coconut exports in 2020 was reported as 15,838 thousand nuts, which reported a decrease of 26 percent compared to the 2019, Export of king coconut has decreased by 9 percent in this year compared to the 2019.

When compared to 2019, the value added of 'Growing of Tea' activity decreased by 7.1 percent in year 2020. The total tea production also dropped by 7.1 percent in 2020 compared to the previous year. The low grown tea having the largest market share around 61.0 percent of total tea production recorded a 10.5 percent decline in year 2020. The bad weather conditions prevailed from end of January to March in tea growing areas has been the main factor contributed for this decrease in the tea production. According to the statistics provided by Sri Lanka Tea Board, only 265.6 million kilograms exported which indicate a decline of 9.3 percent in 2020. The annual average price per kilogram of tea in Colombo Tea Auction increased up to Rs.626.62 in 2020 compared to the average price of Rs.543.82 reported in 2019.

The value added as well as the production of 'Growing of Rubber' activity recorded the increase of 4.6 percent in the year 2020, compared to the previous year. This activity has contributed Rs. 23,831 million to the GDP at constant (2010) price in the year 2020. The share of this activity to the total GDP has reported as 0.1 percent in 2020. According to the statistics of Rubber Development Department, the average price of Latex increased by 8.1 percent in 2020.

The activity of "Growing of other perennial crops" consist with several sub activities viz; 'growing of areca-nut', 'growing of odial', 'growing of betel', 'growing of jack-fruit, bread-fruit' and 'toddy



tapping' . The overall activity has contributed Rs. 16,681 million to the total GDP at constant (2010) prices, recorded a 1.8 percent increase in the 2020. The 'Betel production', 'Arecanut production' and 'Jak-fruit and Bread-fruit production' has increased by 2.7 percent, 19.3 percent, 1.4 percent and 17.3 percent respectively in 2020 compared to 2019. Overall 'Toddy production' of the country has contracted by 2.4 percent in 2020 compared to 2019.

'Animal production' comprised with several sub categories viz: 'Raising animals for meat', 'Diary farming' and 'Eggs production'. The Animal Production activity has generated Rs.61, 566 million to the total GDP at constant (2010) price, sharing 0.9 percent of GDP. The highest contraction for last ten years was recorded in this year for 'Animal production' activity which was recorded as 4.9 percent. With the annual estimate, the values of all quarters in 2020 were revised due problems faced at ground level at the data collection stage regarding to the government Covid-19 restrictions pertained in the country Department of Animal Production and Health reported. The slaughtered number of Cows, Swine and Poultry has decreased by 29.1 percent, 4.1 percent and 3.5 percent respectively in 2020 compared to 2019. The adverse effect of Covid-19 on Tourism industry has circuitously negatively affected on Animal Production Industry was the main reason reported by the Department of Animal Production and Health. According to the Annual Survey conducted by the Department of Census and Statistics, the milk production has expanded and eggs production has contracted in year 2020 compared to the year 2019.

The activity of 'Plant Propagation' and 'Supporting activities of Agriculture' which includes the seeds and plants propagation of the country (except forest plants) and the hired labour used in agricultural activities (except paddy) has contributed Rs. 8,363 million to the total GDP at constant (2010) prices, recorded a 0.5 percent decrease in the 2020. The activity of "plant propagation" mainly includes the production of saplings of coconut, tea, rubber and fruits used for propagation activities in the country. Compared to year 2019, the productions of saplings in all items were decreased in 2020.

The activity of 'Forestry and Logging' has contributed Rs.54, 066 million at constant (2010) in the year 2020 sharing 0.7 percent to the total GDP at current price. Compared to year 2019, this activity has contracted by 8.1 percent in 2020. The heavy decline in the log production recorded in the first three quarters due to various restrictions experienced with Covid- 19 pandemic was the main reason reported for this significant contraction.

The contribution of 'Marine fishing and marine aquaculture' activity has contributed Rs. 135409 million to the total GDP at current price and shared 0.9 percent of total GDP in year 2020. Compared to the annual of 2019, the value added at constant price (2010) this activity has recorded a contraction of 21.7 percent. 'Ministry of Fisheries' has reported contractions in both deep sea fish production and coastal fish production by 16.5 and 24.7 percent. This is mainly due to Covid-19 pandemic experienced throughout the year 2020. Especially due to second wave in the Western Province from October, Peliyagoda Central Fish Market and the main fishing harbours were temporarily closed and therefore



the distribution network within the country collapsed. Meanwhile the warnings and restrictions issued by the 'Department of Meteorology in midyear about heavy wind and bad weather conditions due to "buravi" prevailed around coastal areas, caused low production in marine fishing activity.

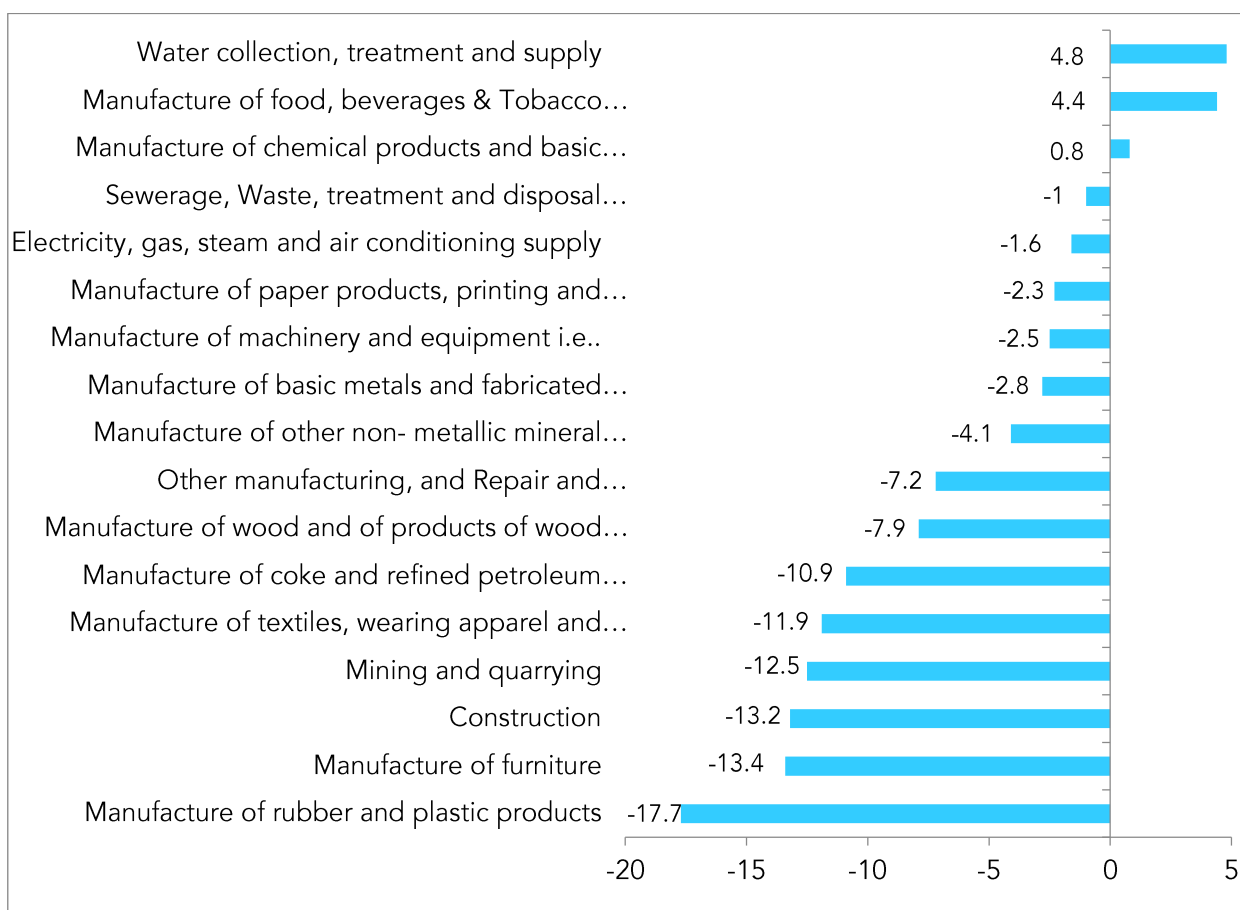
According to the 'Ministry of Fisheries' Inland fishery has increased by 12.7 percent in the year of 2020 when compared to the 3.0 percent growth recorded in year of 2019.

## **1.2 Industry Activities**

Compared to the year 2019 which reported an expansion of 2.6 percent, in the year 2020, a massive contraction of 6.9 percent is recorded due the country's lockdown due to COVID 19. The Industry activities, which shared one fourth of the total GDP at current price, contributed Rs 3,930,042 million and Rs.2,427,844 million at current price and constant (2010) price respectively to the total GDP in this year compared to the year 2019.

The 'Mining and Quarrying' activity which contributes nearly 2.2 percent to the total GDP, reported 12.5 percent negative growth in the year 2020, when compared to the year 2019. 'Mining and Quarrying' activity consists mainly with three sub activities, 'Mining of Construction Materials', 'Gem Mining' and 'Mining of other minerals'. Out of these three sub activities 'Gem mining' recorded 51.9 percent decline. The value added of 'Mining of construction materials' which gives the highest contribution to the overall 'Mining and Quarrying' activity, recorded 10.9 percent contraction. The decline in the construction industry has directly negatively affected to the 'Mining and Quarrying' activity and report a negative growth rate.

Fig 3: A comparison of percentage growth rates of Industrial activities in 2020



### 1.2.1 Manufacturing Activities

The COVID-19 health crisis has badly impacted on the manufacturing activities in year 2020. However, the overall manufacturing industry activities contributed Rs.1,481,305 millions of value addition at real terms to the total GDP in year 2020 showing considerably contraction of 3.9 percent in year 2020 compared to the year 2019. Most of the manufacturing activities have reported contractions more or less in this year.

The sub activity of 'Manufacture of food, beverages and tobacco products' has contributed Rs.599,902 million at constant (2010) price and shared 6.3 percent of GDP at current price. It recorded 2.8 percent growth, in year 2019; further 4.4 percent grow in year 2020.

The sub activity of 'Manufacture of textiles, wearing apparels and leather products' has recorded a contraction of 11.9 percent in year 2020. High frequency indicators suggest that growth has faltered due to lockdown of the country and the global low demand pertained at this period.

When consider the all other manufacturing activities, pathetic situations are reported. The contraction of growth rates were recorded as 'Manufacture of wood and product of wood and cork, except furniture' (-7.9 percent) 'Manufacture of paper products, printing and reproduction of media products'

(-2.3 percent), 'Manufacture of Coke and refined petroleum products' (-10.9 percent), 'Manufacture of rubber and plastic product' (-17.7 present), 'Manufacture of other non-metallic mineral product' (-4.1 percent), 'Manufacture of basic metals and fabricated metal products' (-2.8 percent), 'Manufacture of machinery' (-2.5 percent), 'Manufacture of furniture' (-13.4 percent), Other manufacturing and repairs (-7.2 percent) in the year 2020 when compared to the year 2019.

The real gross value added of 'Electricity, gas, steam and air conditioning supply' activity has recorded a contraction of 1.6 percent in the year of 2020. Meanwhile Electricity power generation has decreased from Gwh 15,777 recorded in 2019 to Gwh 15,540 recorded in 2020. Within electricity uses there was a decrease in industrial use of electricity throughout year 2020.

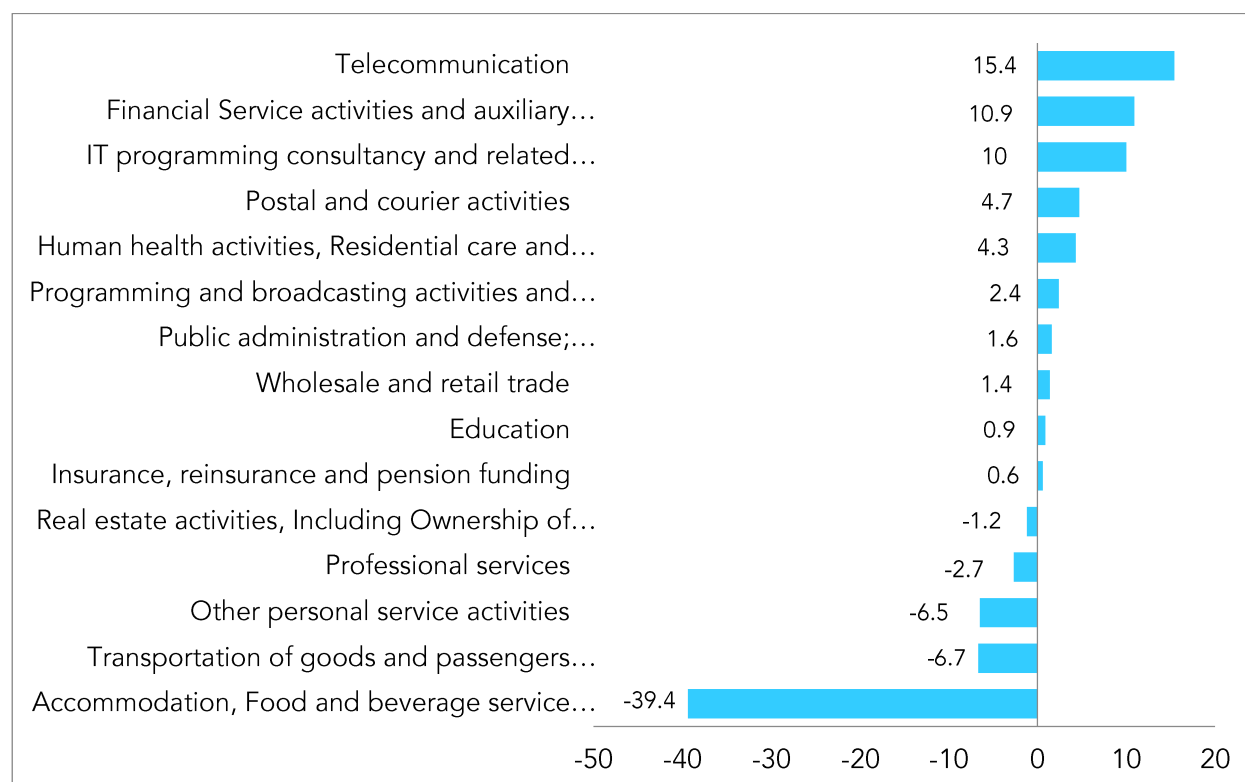
The real gross value added of sub activity of 'Water collection, treatment and supply' has increased by 4.8 percent in 2020. The volume of water supply for the year of 2019 was reported as 746,195 thousand cubic meters and it has increased up to 781,042 thousand cubic meters in the year of 2020 registering an increase of 4.3 percent. The total revenue has increased by 4.3 percent.

The COVID -19 pandemic, which has spread in Sri Lanka in the year of 2020 as well as around the world, has had a severe impact on the construction industry. In comparison with the year 2019, the 'Construction' activity decreased by 13.2 percent in the year of 2020. The share of construction activity to the GDP reported as 6.8 percent in this year. The total cement supply has decreased by 11.48 percent during the year of 2020. The imports of building materials also have decreased by 26 percent in this year. The all construction cost index has increased by 2.6 percent.

### **1.3 Service Activities**

In 2020 'Service' sector recorded decline of 1.5 percent at constant (2010) price and shared 59.7 percent of GDP at current price when compared to 2.2 percent growth and 58.1 percent share to the GDP recorded in 2019.

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



The 'Wholesale and retail trade' which contributes nearly 11.7 percent to the GDP, reported 1.4 percent of positive growth rate in year 2020 when compared to the 3.0 percent of growth rate recorded in the year 2019.

The value added of wholesale and retail trade activity is affected by fluctuations in total domestic production and total imports. 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. 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.

After the first wave of the covid-19 pandemic, since mid of year 2020, the country experienced the normalization of business activities and returning to new-normality in day to day life style of the people. However, in early October, again the country faced the spreading of the second wave of the Covid – 19 pandemic and it continued to spread throughout the country as an outbreak. Though, amidst the second wave, economy continued to carrying out most of the business activities except very few, even under the Covid – 19 imposed restrictions. As a result, the wholesale and retail trade activity recorded this 1.4 percent of positive growth rate during the year 2020, amidst the pandemic.

According to the External Trade Statistics of Central Bank of Sri Lanka (CBSL), the total import expenditure for the year of 2020 has decreased up to Rs. 2,974,915 Million from Rs. 3,565,028 million

reported for the year of 2019, by 16.6 percent. Also, the value of consumer goods import expenditure has decreased by 10.8 percent during this quarter from Rs. 707,594 million to Rs. 631,052 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 12.0 percent, further the total import volume index has decreased by 11.4 percent during the year of 2020 when it compared with the values of the 2019. In addition, when compare to the 2019, during the year 2020, the total trade margin value of domestic industrial production has increased marginally up to Rs. Million 1,210,970 from Rs. Million 1,199,003 by 1.0 percent.

According to the External Trade Statistics of CBSL, the total export value to the rest of the world has been decreased by 12.7 percent during the year 2020, when compared to the year 2019. In addition, the total export volume index has declined substantially by 9.6 percent. Among the exports, the volume indices of industrial exports and the agricultural exports have declined by 10.0 percent and 7.4 percent respectively during this quarter.

The sub activity of 'Transportation of goods and passengers & Warehousing activities' is a combination of the activities namely, land transport, water transport, air transport, warehousing and support service activities for the transportation. This activity as a whole has recorded a contraction of 6.7 percent in the year 2020. Moreover, land transport which is contributed around 94 percent of the total transport value addition, contracted by 6.0 percent and other sub components of transport; air transport, water transport and warehousing and support services to transport all in all contracted by 35percent, 19 percent and 3.8 percent respectively. Meanwhile transport as a whole generated 1616 billion rupees value addition in the year 2020 and shared 10.8 percent to the country's total gross value addition. In the year 2019 those values were recorded as 1715 billion rupees and 11.4 percent respectively. More importantly, transport activity had recorded 1.4 percent positive growth in the year 2019. When compared to the number of newly registered vehicles in 2019, new vehicle registration in all vehicle categories except agriculture vehicles (mostly tractors) recorded decrease in 2020.

The sub activity of 'Postal and courier activities' has recorded a positive growth rate of 4.7 percent for the year 2020 compared to the year 2019. In the reports, the total expenditure of the Department of Posts decreased by 27 percent compared to the previous year but courier activities showed an increase in their operations within the year 2020.

In the year 2020, the 'Accommodation, food and beverage serving' activity which is the main sector of the tourism industry, declined drastically further due to the covid-19 pandemic. Even in the year 2019, Sri Lanka's tourism industry suffered due to the adverse effects of Easter Sunday attack. As the Covid – 19 pandemic 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. In addition,

due to the spread of first wave of the Covid – 19 in Sri Lanka in early March of the year 2020, the government imposed nationwide lockdown restrictions. This caused to shrink the domestic tourism industry too. However, after the first wave, most of the luxury hotels in the country, were able to get the domestic tourist attraction through attractive promotional packages to their hotels and this led to reduce the decline in the turnover to some extent. Moreover, with the spread of second wave, again tourist hotels ran to trouble. Hence, as a whole this industry recorded a drastic decline by 39.4 percent during the year 2020. According to the year 2020 quarterly financial statements of listed companies of hotels registered at Sri Lanka Colombo Stock Exchange, the year 2020 annual turnover of hotels altogether has been declined by 53 percent, when compared to the turnover of the year 2019.

The sub activity of ‘Programming and broadcasting activities and audio video productions’ has reported a positive growth rate of 2.4 percent in this year 2020 with compared to the year 2019. In the reports, total expenditure of most of the television and broadcasting companies decreased during the year 2020. Meanwhile entertainment sub index in the CCPI recorded a decrease from 119.4 in 2019 to 109.7 in 2020.

Telecommunication; one of the sub services in services, has recorded the highest growth rate among all the sub activities in the GDP in the year 2020. Annual growth rate for this activity recorded as a remarkable 15.4 percent in 2020. In the company reports, the majority of the companies recorded an increase in their revenue in 2020. Meanwhile reports of TRC (Telecommunication Regulatory Commission) showed a 31 percent annual increase in data based services in telecommunication.

The ‘IT programming and consultancy’ is one of the major emerging industry in Sri Lanka recorded substantial performance of 10.0 percent of growth during the year of 2020, amidst Covid-19 pandemic. It is one of the main industry which recorded substantial positive growth rate for every quarters in the year 2020. 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 12.2 percent from Rs. 160,602 million to Rs. 180,201 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 10.9 percent real growth rate of 2020, recording Rs 778,258 million value added at constant prices in this year over the value of Rs. 721,891 million recorded of 2019. The value of loans, advances and deposits of financial institutions has recorded an increase by 11.9 percent and 21.6 percent respectively in this Year. ‘Average Weighted Lending Rate’ (AWLR) and average ‘Average Weighted Deposit Rate’ (AWDR) compiled by Central Bank of Sri Lanka recorded 10.29 percent and 5.80 percent respectively in this year.

The real value added of 'Insurance, reinsurance and pension funding' activity which reported a 0.6 growth rate in 2020. This activity has contributed Rs.118, 134 million to the GDP at constant (2010) price in the year 2020. The share of this activity to the total GDP has reported as 1.4 percent in 2020. During this period, the staff cost and the profit before taxes of insurance companies have increased by 15.8 percent. Profitability of the General Insurance segment has recorded a notable growth 130% in the year 2020 compared to year 2019. This was mainly due to the large reduction (30%) in the claims incurred.

The total values of premium earned and claims paid which represent the usage of insurance activity also have increased by 6.3 percent and decreased by 15.3 percent respectively in 2020. But Premium earned has shown a reduction of 2 Bn. in the year in general insurance business. This was largely impacted due to the strict import controls imposed by the Government in 2020 resulting a reduction in number of new motor car registration as well.

The 'Real estate and Ownership of dwelling' activity has contributed Rs. 572,799 million at constant (2010) and shared 6.2 percent of the total GDP. The real estate activities were extremely affected by Covid 19 pandemic in the second quarter of the 2020. Considerable recovery was recorded in third and fourth quarters but overall growth rate for the whole activity was recorded a contraction of 2.4 % compared to the year 2019.

The activity of "Professional services" has contributed Rs.164,949 million at constant (2010) price and shared 1.8 percent to the total GDP at current price. This activity 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'. Due to the adverse effects of the covid – 19 pandemic, the real value added of these sub activities in this year has declined by 2.7 percent compared to the year of 2019.

The "Other personal service activities", which contributes 9.6 percent to GDP, consists of the two economic activities "arts and public entertainment" and "other personal activities". But in the face of the Covid-19 pandemic that engulfed the country, day-to-day lifestyles as well as business activities have suffered a setback due to the strict social policies and regulations imposed for the welfare of the people, while the real value added of this activity decreased by 6.5 percent for the year of 2020.

## **2.1 National Accounts Estimates – 4<sup>th</sup> Quarter , 2020**

Issuing a communiqué, on releasing National Accounts Estimates for the fourth quarter of 2020, the DCS states that the GDP growth rate for the fourth quarter of 2020 has been estimated as 1.3 percent



of positive growth rate when compared to the 1.6 percent of positive growth recorded in the fourth quarter of 2019.

The Gross Domestic Product for Sri Lanka for the fourth quarter of 2020 at constant price has increased up to Rs. 2,766,364 million from Rs. 2,731,174 million which recorded in the fourth quarter of 2019. In addition, the Gross Domestic Product for Sri Lanka for the fourth quarter of 2020 at current price has increased up to Rs. 4,034,422 million from Rs. 3,836,327 million which recorded in the fourth quarter of 2019 registering 5.2 percent of change in the current price GDP.

During the 4<sup>th</sup> quarter of 2020, the Agricultural and Industrial activities have reported 1.3 percent of similar expansion and Services activities have recorded a positive growth rate of 1.9 percent.

During the 4<sup>th</sup> quarter of 2020 among the sub activities of the economy, specially 'Growing of Cereals' showed a growth rate of 44.4. 'Fresh water fishing', 'Growing of Rubber', 'Growing of other beverages crops', 'Forestry and Logging', , 'Manufacture of coke and refined petroleum products', 'Manufacture of chemical products', 'IT programming consultancy and related activities', 'Telecommunication' and 'Financial services activities' have recorded a remarkable increase in the estimates by 29.7 percent, 29.6 percent, 23.3 percent, 19.4 percent, 12.6 percent, 11.4 percent, 23.0 percent, 17.8 percent and 14.6 percent respectively, when compared with 4<sup>th</sup> quarter of 2019. Meanwhile the sub activities of 'Marine fishing', 'Manufacturing of rubber and plastic products' and 'Accommodation, Food and beverages' have recorded high negative growth rates of 27.5 percent, 12.2 percent and 49.1 percent respectively for the 4<sup>th</sup> quarter of 2020.

**The Vision of DCS**

“To be the leader in the region in producing timely statistical information to achieve the country’s development goals.”

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**The Mission of DCS**

“Making contribution in the socioeconomic development of the country by providing accurate timely statistics, more Effectively by means of new technology, and utilising the services of dedicated staff under a strategic leadership to become a prosperous nation in the globalised environment.”

**This publication is produced by the National Accounts Division**

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