



## News Release

### National Accounts Estimates of Sri Lanka; 4<sup>th</sup> Quarter and Annual – 2020

**Economy of Sri Lanka contracted by 3.6 percent in the year 2020 and grew by 1.3 percent in the 4<sup>th</sup> quarter of 2020**

**Department of Census and Statistics**

**Ministry of Finance**

Tel: 94-11-2147053      Fax: 94-11-2877938      e-mail: [national.accounts@statistics.gov.lk](mailto:national.accounts@statistics.gov.lk)

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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 and the other macroeconomic indicators for the fourth quarter (October 1<sup>st</sup> to December 31<sup>st</sup>) of 2020 and for the year (January 1<sup>st</sup> to December 31<sup>st</sup>) of 2020.

The previous National Accounts Estimates, released by the DCS for the First, Second and Third quarters of this year, reflected the adverse impact of Covid – 19 pandemic on Sri Lanka's economy.

The first wave of the Covid - 19 pandemic continued to spread throughout the country since early March of the year 2020. However, the disease started to spread globally since last quarter of the year 2019. As a result, the first quarter GDP recorded relatively a low negative growth rate of 1.8 percent.

The second quarter of the year 2020, the country was totally under a lock down for a period of nearly one month. 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 2020. As a result, many economic sectors of the country recorded negative growth rates in their economic activities in this second quarter. This has led to an unprecedented fall in the economy by 16.4 percent in the second quarter of 2020.

In the year 2020, after the first wave of the Covid-19 pandemic, in the third quarter, the country experienced a recovery of the economy after the contraction reported in the first and the second quarters of this year. The normalization of business activities and returning to new-normality in day to day life style of the people resulted in recording 1.3 percent of positive growth rate in the economy for the first time for the year 2020.

However, the beginning of the fourth quarter marked the starting and spreading of the second wave of the Covid – 19 pandemic and it continued to spread throughout the country and throughout the fourth quarter and beyond that as an outbreak. Though, amidst the second wave, economy continued to carrying out most of the business activities except very few; Such as tourism, even under the Covid – 19 imposed restrictions. This has been resulted in the expansion in the economy in the fourth quarter by 1.3 percent. Hence, as a whole, the GDP growth rate of the year 2020 recorded a shrinkage by 3.6 percent when compared to the 2.3 percent of expansion recorded in the year 2019.

When capturing the adverse impact of Covid – 19 outbreak on Sri Lanka economy, the DCS faced challenges in quantifying this impact in the GDP compilation process especially in the second quarter of 2020. Accordingly, the DCS suddenly took necessary initiatives to collect the required data and verified existing data sources.

- The DCS planned a very quick establishment level survey to assess the impact of Covid-19 on the country's economy.
- The DCS had discussions with the higher officials at Ministry of Health, to recognize the special expenses incurred by the Ministry of Health, specially for the public health services, in order to treat for these special transactions related to 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.,
- To capture online working and online learning, the DCS started to collect quarterly data usage information other than usual telecommunication industry information from the major telecommunication companies in the industry.
- The DCS prepared a database at district secretariat level by collecting information about mobile trade undertaken during the lockdown period in the 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 the DCS, in the quarterly and annual GDP compilation processes of the year 2020.

Issuing a communiqué, on releasing National Accounts Estimates for the year of 2020, the DCS states that the GDP growth rate for the year of 2020 has been estimated as 3.6 percent of negative growth rate when compared to the 2.3 percent of positive growth recorded in the year of 2019. The Gross Domestic Product for Sri Lanka for the year of 2020 at constant price has declined up to Rs. 9,530,606 million from Rs. 9,883,350 million which recorded in the year of 2019. In addition, the Gross Domestic Product for Sri Lanka for the year of 2020 at current price has declined up to Rs. 14,972,995 million from Rs. 15,012,953 million which recorded in the year of 2019 registering 0.3 percent of negative change in the current price GDP.

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. 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 Marine fishing.

## **Performance in Agricultural Activities**

In the year 2020, as a whole, the agriculture activities have recorded shrinkage by 2.4 percent when compared to the 1.0 percent positive growth recorded in the year 2019. This contraction in the agriculture activities were mainly driven by the ‘Marine fishing’ (21.7 percent), ‘Growing of Oleaginous fruits; including Coconut’ (10.2 percent), ‘Forestry and logging’ (8.1 percent), ‘Growing of tea’ (7.1 percent) and ‘Animal production’ (4.9 percent). However, during the year 2020, ‘Growing of cereals’ (41.3 percent), ‘Fresh water fishing’ (12.7 percent), ‘Growing of vegetables’ (10.1 percent), ‘Growing of fruits’ (6.2 percent), ‘Growing of rice’ (5.7 percent), ‘Growing of rubber’ (4.6 percent) and ‘Growing of spices’ (3.3 percent) have expanded further.



## **Performance in Industrial Activities**

In the year 2020, the overall industrial activities have reported a considerable level of contraction by 6.9 percent. This negative growth is basically underpinned by the shrinkage in the manufacturing, construction, mining and quarrying activities during the year as a result of the negative effect of the pandemic.

The overall manufacturing industry contracted by 3.9 percent during the year 2020 when compared to the previous year. The ‘Manufacture of rubber and plastic products’ (17.7 percent), ‘Manufacture of furniture’ (13.4 percent), ‘Manufacture of textiles, wearing apparel and leather related products’ (11.9 percent), ‘Manufacture of coke and refined petroleum products’ (10.9 percent), ‘Other manufacturing’ (7.2 percent) have reported negative growth rates during the year 2020. However, the ‘Manufacture of food, beverages and tobacco products’ activity which is the highest contributor (6.3 percent share for the GDP) to the country’s industrial sector, has recorded significant growth of 4.4 percent in the year 2020. In addition, the ‘Manufacture of chemical products and basic pharmaceutical items’ activity too grew by 0.8 percent in the year 2020.

Among the ‘Industrial activities’, the ‘Construction’ activity, which corresponds to 6.8 percent of share within the industry sector, recorded substantial contraction by 13.2 percent. Following that decline in the construction activity, the ‘Mining and quarrying’ activity too recorded negative growth rate of 12.5 percent during this year. Meanwhile ‘Electricity, gas, steam and air conditioning supply’ activity has reported negative growth rate of 1.6 percent as a result of less demand arise for the electricity from the industrial activities during the year. Though, the ‘Water collection, treatment and supply’ activity has recorded 4.8 percent of positive growth rate in the year.

## **Performance in Services Activities**

During the year 2020, the performance of the Service sector too recorded 1.5 percent of slowdown. The contraction in the services sector was underpinned specially by the sub activities of ‘Accommodation, food and beverages services’ (39.4 percent), Transportation of goods and passenger including ware housing’ ( 6.7 percent), ‘Other personal services’ (6.5 percent), ‘Professional services’ (2.7 percent) and ‘Real estate activities’ (1.2 percent). However, during the year 2020, ‘Telecommunication’ (15.4 percent), ‘Financial service activities’ (10.9 percent), ‘IT programming consultancy and related activities’ (10.0 percent), ‘Human health activities’ (4.3 percent) have reported outstanding performances when compared to the year 2019.

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

According to the DCS, detail information of GDP estimates for the fourth quarter of 2020 and year of 2020 have been published in the DCS website:  
[www.statistics.gov.lk/NationalAccounts/StaticalInformation/GDP](http://www.statistics.gov.lk/NationalAccounts/StaticalInformation/GDP)



P.M.P. Anura Kumara,  
Director General (Covering)