



PRESS NOTE

ON

QUARTERLY ESTIMATES OF GROSS  
DOMESTIC PRODUCT

**First Quarter - 2010**

**THE DEPARTMENT OF CENSUS AND STATISTICS**  
**MINISTRY OF FINANCE AND PLANNING**  
**SRI LANKA.**

The Gross Domestic product (GDP) of Sri Lanka for the first quarter 2010 at current and constant (2002) prices is hereby released by the Department of Census & Statistics.

The economic output of Sri Lanka as measured by Gross Domestic product (GDP) for the first quarter (Q1) (January-March), of 2010 at constant (2002) prices is estimated at Rs. million 643,539 as against Rs. million 601,084 in the first quarter of 2009, registering a 7.1 percent growth. The three major sectors of the economy namely, Agriculture, Industry, and Services registered significant growth as 9.0 percent, 6.9 percent, and 6.7 percent respectively, in the first quarter of 2010 over the same quarter of previous year. The sub sectors which registered relative significant growth among the sectors in the first quarter of 2010 are “Tea” 47.2 percent, “Rubber” 11.7 percent, “Minor Export Corps” 118.2 percent, “Construction” 8.5 percent, “Hotels and Restaurant ”61.0 percent , and “Transport and Communication ” 10.4 percent.

The percentage share of the three major sectors, the Agriculture, Industry and Services to the total GDP more or less remain unchanged being 13.8 percent, 28.4 percent and 57.8 percent respectively.

The index number of GDP implicit price deflator rose from 191.7 in the first quarter of 2009 to 213.2 in the same quarter of 2010, giving an inflation rate as 11.2 percent for the Q1 2010.

Colombo Consumers’ Price Index (2002=100) which reflects average price level of consumers goods increased to 216.0 in the Q1 2010 from 202.7 in the first quarter of 2009. Accordingly, the inflation rate is recorded as 6.6 percent in the first quarter of 2010 whereas it was 7.8 percent in the same quarter 2009.

### **Agriculture:**

The “Agriculture, Forestry and Fishing ” sector showed a 9.0 percent growth during the first quarter of 2010 as against the growth of 3.6 percent during the same quarter previous year.

The growth rate of Tea production is registered as 47.2 percent for the Q1 2010 as against (-) 39.7 percent for the Q1 2009, attributed to recovery driven by the favorable weather conditions, and increased demand along with the satisfactory prices in global market.

The value added of rubber production grew by 11.7 percent for this quarter as against the 2.6 percent the same quarter of the last year. The major reason for this growth was due to the increase in average price of rubber (at Colombo auction) from Rs 132.17 per Kg in Q1 2009 to Rs 321.24 per Kg in Q1 2010. This indicates 143.1 percent price increase in Q1 2010, which resulted the progress made in maintenance of rubber estates and tapping activities.

The value addition of Coconut production showed a 14.4 percent decrease in this quarter although it was 15.1 percent growth in the same quarter previous year. The fall in the growth in this quarter is attributable to the drought prevailed from the latter part of 2008 to end 2009, and significant higher growth achieved in Q1 2009.

The growth rate of Miner Export Crops (MEC), recorded as 118.2 percent during the Q1 2010 whereas it was (-) 5.3 percent for the same quarter previous year.

The paddy which forms rice, the staple food of Sri Lankans grew by 8.9 percent for the Q1 2010 as against the growth rate of 12.2 percent in Q1 2009. The highest ever recorded paddy production since 1952 was harvested during 2008/2009 “Maha Season” recording 114.3 million Bushels, further increased up to 124.5 million Bushels in 2009/2010 “Maha Season”. Eastern Province, Mannar and Jaffna districts recorded 10.6 percent, 65.1 percent, and 13.8 percent growth respectively. This significant growth in paddy production is mainly attributed to, restoration of peace, favorable weather and continuous government supported fertilizer subsidy.

The sub-sector of Livestock Production grew by 4.7 percent for the Q1 2010. The milk production increased from 42.7 million Liters in Q1 2009 to 48.9 million Liters in Q1 2010. The restored peace across the country supported the growth of livestock farming, especially in the East, North Central Province and Monaragala District which were badly exposed to the unrest for number of years.

The sub sector of Highland-crop for the Q1 2010 grew by 5.3 percent. The maize, red onion, and potatoes grew by 9.0 percent, 58.7, and 7.5 percent respectively.

The sub sector of vegetables production grew by 5.6 percent. This growth was pushed by the increase of up-country vegetables as well as by the extension of home gardening.

The fishing industry grew by 3.7 in Q1 2010. Of these “Inland fishing” grew by 0.6 percent and “Marine-fishing” grew by 4.2 percent. The prevailed drought weather, hence the low storage of water in inland reservoirs badly affected to fish production. The growth of “Marine fishing” industry was at a satisfactory level in the wake of imposed time restrictions for fishing was gradually lifted. Nevertheless, unfavorable climate changes impeded the industry to a certain extent. Marine fish production in Northern and Eastern provinces increased by 122.4 percent and 82.4 percent respectively, although overall fish production in other regions except the North and the East decreased by 27.7 percent in the first quarter of 2010.

### **Industry:**

The real terms value added of the industry sector grew by 6.9 percent in the Q1 2010 compared with a 1.9 percent growth in Q1 of 2009. The manufacturing sector which is the largest portion of industry sector grew by 5.8 percent in the first quarter of 2010.

The export value of precious stones was increased by 27.9 percent during the reference period.

The factory industry grew by 5.4 percent. Food and beverages industry registered exceptional growth of 6.8 percent. Textile, wearing apparel, and leather products grew by 0.8 percent for the reference period.

The growth rate for the sub sector of “Electricity Gas and Water” was 6.4 percent for the reference quarter. The overall electricity generation grew by 10.1 during the quarter while Hydro power generation recorded 58.5 percent growth and the Thermal power recorded (-) 7.8 percent growth.

In real terms, the construction sub sector indicated an 8.5 percent high growth rate for Q1 of 2010 compared with the growth of 3.0 percent in the Q1 last year.

This growth was driven by the introduction of new development projects and the large scale projects already in operation.

The loans disbursed for development of Houses, business premises and other buildings etc. grew by 1.5 percent in the Q1 2010. The cement production grew by 11.6 percent in this quarter against the same quarter previous year which recorded (-)15.6 percent.

### **Services:**

The recorded 6.7 percent higher growth rate has been achieved Q1 2010 due to recovering position of its major subsectors such as Wholesale & Retail trade, Hotels & Restaurants, and Transport, and Communication sectors. The growth rate in the same quarter of 2009 however, was as low as 1.0 percent.

The Export trade sector recorded a 4.0 percent decrease due to lower export volumes. Export earnings recorded as US \$ 1,764 million in the first quarter of 2010 against US \$ 1,647 million in the first quarter of 2009 indicating a 7.1 percent growth.

The import trade sector grew by 5.8 percent in the reference period. The import expenditure recorded to US \$ 3,225 million in Q1 2010 against US \$ 2,312 in the same quarter of previous year recording 39.5 percent increase. Import expenditure fell by 30.3 percent for the same quarter of 2009.

Domestic trade sector grew by 8.3 percent higher rate compared with Q1 2009 which was only 3.8 percent.

Hotels and Restaurants sector experienced the fastest growth in economic output in Q1 2010, as its value addition jumped 61.0 percent on the heels of a (-) 16.7 percent for the same quarter 2009. Tourists' arrival increased from 106,702 in the Q1 2009 to

160,409 in the Q1 2010 indicating 50.3 percent growth. This promising growth was mainly backed by prevailing peace across the country and also easing off the global economic recession to a certain extent. Tourist earnings increased by 70.2 percent and room occupancy rate increased from 41.6 percent in Q1 2009 to 78.4 percent in Q1 2010.

Transport and Communication sector indicated 10.4 percent growth in the first quarter of 2010 as against that of 3.9 percent for the same quarter of the last year. Passengers and goods transportation, Cargo handling, Ports and Civil Aviation and Post & Telecommunications are the main sub sectors which contributed improvements for this growth.

Cargo handling, ports and civil aviation recorded 20.0 percent high growth in this quarter as a result of the performance of international trade sector along with the gradual recovery of the global economy. The amount of total cargo throughput of port authority and cargo carriages of Sri Lankan air lines increased by 40.5 percent and by 11.0 percent respectively in the first quarter of 2010.

Total number of new registrations of vehicles increased by 56.5 percent in this quarter of 2010 and it was declined by 30.5 percent in the first quarter of 2009.

Interest income of Commercial banks decreased mainly due to drop in lending rates while interest expenses decreased as deposit rates drop. These led to increase net interest income of many banks thereby increasing profit of the overall banking sector.

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