



PRESS NOTE

**QUARTERLY ESTIMATES OF GROSS
DOMESTIC PRODUCT**

THIRD QUARTER 2011

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

The Gross Domestic Product (GDP) of Sri Lanka for the third Quarter (Q3) 2011 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 Q3 (July-September), of 2011 at constant (2002) prices is estimated at Rs. Million 748,423 as against Rs. Million 690,160 in the Q3 of 2010, registering a 8.4 percent growth.

The agriculture, Industry and Services sectors recorded significant growth of 6.2 percent, 10.8 percent and 7.8 percent respectively, in the Q3 2011 over the same quarter of previous year. The sub sectors which registered relative significant growth among the major sectors in the Q3 2011 are “Paddy” 12.4 percent, “Fishing” 17.3 percent, “Mining & Quarrying” 19.6 percent, “Construction” 17.3 percent, “Wholesale & Retail Trade” 9.5 percent, “Hotels & Restaurant” 27.2 percent, “Transport & Communication” 9.9 percent.

The percentage share of the three major sectors, the Agriculture, Industry, and Services to the total GDP reported as usual at 11.7 percent, 29.1 percent and 59.2 percent respectively.

The index number of GDP implicit price deflator (2002=100) rose to 220.1 in the Q3 of 2011, from 203.9 in the same quarter of 2010 registering the inflation rate of 7.9 percent for the Q3 2011.

Colombo Consumers’ Price Index (2006/2007=100) which reflects the average price level of consumers’ goods is increased to 151.6 in the Q3 2011 from 141.7

in the Q3 of 2010. Accordingly, the inflation rate is recorded as 6.9 percent for the Q3 of 2011 whereas it was 5.0 percent in the corresponding quarter of 2010.

Agriculture

The growth of “Agriculture, Forestry and Fishing” sector grew by 6.2 percent in the Q3 2011, as against 6.0 percent growth the year before.

This growth of total Agriculture sector is mainly due to increased agriculture production which had gone down due to heavy rain in the latter part of 2010 and first quarter of 2011 and higher fish production.

The value addition of Tea growing has decreased by 6.9 percent in the Q3 2011. It shows that this sector is growing further as it grew by 15.9 percent in the Q3 2010 also. Drought weather condition in Q3 2011 hindered the growth of Tea production.

The value added of Rubber production grew by 2.2 percent in this quarter as against the 15.9 percent growth in the same quarter of the last year. The increase in average price of Latex which rose to Rs 485.66 in Q3 2011 from Rs 379.00 in Q3 2010 indicating 28.1 percent increase.

The value addition of Coconut grew by 5.1 percent in Q3 2011. It was also recorded a 22.1 percent negative growth for the same quarter of last year. This sector moved in to increasing direction is significant.

The value addition of Minor Export Crops (MEC) has decreased by 7.9 percent in Q3 2011 as against negative 22.1 percent growth in the Q3 2010. This drop is mainly due to decrease of cloves productions.

The value addition of Paddy production in the Q3, 2011 recorded a 12.4 percent drop. It grew by 31.8 percent in the same quarter of 2010. Paddy production of 2011 *Yala* recorded as the highest ever recorded Paddy extent sown, extent harvested and production in a *Yala* season since 1952. The average yield of Paddy production has decreased by 0.6 percent recording 85.6 bushels per acre. The prevailing peace across the country and the government fertilizer subsidy maintaining the proper water supply and drought weather condition in Q3 of the year supported positively for the Paddy cultivation. Although, paddy production of Northern Province in *yala* season in 2011 which contributed 2.8 percent it has increased by 284.9 percent. This significant increase was due to Paddy extent sown and extent harvested increased by 296.1 percent and 294.0 percent respectively.

The value addition of Livestock production grew by 6.7percent for the Q3 2011. This was mainly due to increase in Poultry, egg and Milk production.

Other food crops sub sector which covers Highland crops, Vegetable and Fruits recorded a growth of a 6.0 percent in Q3 2011. Highland crops recorded a 7.2 percent growth in Q3 2011. Vegetable production grew by 5.2 percent in this quarter.

The overall fishing industry grew by 17.3 percent in Q3 2011. Of these “Inland fishing” grew by 32.6 percent and “Marine fishing” grew by 14.3 percent. The growth of Marine fishing industry has been supported by the restored peace in Northern and Eastern provinces, favorable weather, and strictly checked illegal fishing activities by the law enforcement officers.

Inland fish production was in unsatisfactory level due to heavy rains during the first half of the year. Although inland fish production has increased remarkably

due to breeding and extension activities which has been implemented during this period and drought weather in Q3 2011.

Industry

The real terms value added of the industry sector grew by 10.8 percent in the Q3 2011 against the 8.8 percent growth in Q3 of 2010. The manufacturing sub sector which is the highest contributor of industry sector grew by 7.7 percent in the Q3 of 2011.

The growth of Mining & quarrying grew by 19.6 percent as against 21.4 percent in Q3 2010. The export quantity and value of precious stones increased by 21.4 percent and 42.0 percent respectively during the reference period.

The Factory Industry grew by 7.9 percent in the Q3 of 2011. “Food and beverages products”, “Textile, wearing apparel & leather products”, “Chemicals, petroleum, rubber & plastic products” grew by 7.2 percent, 10.2 percent and 8.1 percent respectively. Factory industry which contributes more than 70.0 percent of the total export earnings (in Rupee terms) grew by 78.8 percent.

Electricity, Gas and Water sub sector recorded growth of 7.1 percent in Q3 2011 as against the 8.5 percent growth in the same quarter of 2010. Electricity which is the largest contributor in this sub sector grew by 7.0 percent. The Hydro power generation decreased by 51.8 percent and therefore demand for Thermal power generation increased by 89.5 percent.

In real terms, the construction sub sector recorded ever highest quarterly growth rate in the Q3 of 2011 indicating 17.3 percent by surpassing the earlier highest record in the Q1 of this year which stood at 14.3 percent . This sector grew by 11.3 percent for the Q3 of 2010. This growth was mainly driven by the large scale

Development projects in the country and rehabilitation, and resettlement programmes especially in Northern and Eastern provinces.

The total cement Supply increased from 1,010,080 Mt. to 1,486,408 Mt. indicating 47.2 percent increase in this period. The disbursement of Loans for the constructions, such as houses, business premises, other buildings and property development increased by 25.2 percent at the end of Q3 2011. Imported building materials quantity index increased from 183.5 Q3 2010 to 261.1 Q3 2011 indicating a 42.3 percent increase.

Services

The overall Service sector grew by 7.8 percent in the reference quarter. It was mainly driven by higher growth rates of Wholesale & Retail trade, Transport & Communication and Hotels & Restaurants. However this sector has grown by 8.0 percent in the same quarter of previous year.

The Export trade sector recorded 7.5 percent growth in real terms, as against 1.2 percent lower growth in the same quarter of previous year. According to Balance of Payment statistics of Central Bank of Sri Lanka, Export earnings recorded as Rs 303,390 Million in the Q3 of 2011 against Rs 268,599 Million in the Q3 of 2010 indicating a 13.0 percent increase. According to Trade indices of Central Bank of Sri Lanka, volume and unit value indices for exports increased by 7.6 percent and 4.9 percent respectively.

The import trade sector grew by 14.2 percent in the Q3 of 2011. This sector grew by 11.4 percent growth rate for the same quarter of 2010. The import expenditure recorded as Rs 589,779 Million in the Q3 2011 against Rs 373,750 Million in the Q3 of previous year recording a 57.8 percent increase. Volume and

unit value indices for imports increased by 15.7 percent and 36.4 percent in the reference period.

Domestic trade sector grew by 6.7 percent in the Q3 of 2011 as against that of 7.8 percent growth rate in the Q3 of 2010.

Hotels and Restaurants sector recorded 27.2 percent growth in this quarter compared with higher growth of 32.2 percent for the same quarter of 2010. Tourists arrivals increased to 216,468 from 166,576 recording a 30.0 percent increase and tourist earnings increased by 38.3 percent in this period.

Transport and Communication sector indicated 9.9 percent growth as against that of 12.1 percent growth in the reference period of previous year. The “passenger and goods transportation”, “Cargo handling” and “Post and Telecommunication” sub sectors grew by 10.8 percent, 1.3 percent and 8.4 percent respectively.

Total number of new registration of vehicles has increased by 38.8 percent in the reference period as against 90.0 percent increase in the previous year. Registration of Buses, Three wheelers and Motor cars increased by 43.8 percent, 45.6 percent and 78.2 percent respectively in this period. Passenger income and passenger kilometers flown by Sri Lankan airlines increased by 20.1 percent and 15.1 percent respectively in the reference period compared to the same period of the last year.

While the container handling decreased by 0.9 percent, the amount of total cargo throughput of Port Authority increased by 3.5 percent. Cargo carriages of Sri Lankan air lines increased by 6.4 percent during the period of Q3 2011.

Total telephone connections increased by 10.7 percent in this period due to expansion of telecommunication services especially in newly liberated areas of Northern Province.

Banking, Insurance and Real estate sector grew by 7.4 percent in the Q3 of 2011 as against 8.5 percent growth in the same quarter of 2010. This significant growth is mainly due to recorded higher profit and interest income of Licensed Commercial Banks (LCBs) and Register finance companies. Gross Loans & advances and Total deposits also increased during the Q3 of 2011 for all Commercial Banks, Licensed Specialized banks and Registered financial companies.

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