

News Release

National Accounts Estimates of Sri Lanka; 4th Quarter and Annual – 2021

Economy of Sri Lanka expanded by 3.7 percent in the year 2021 and 1.8 percent in the 4th quarter of 2021

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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 1st to December 31st) of 2021 and for the year (January 1st to December 31st) of 2021.

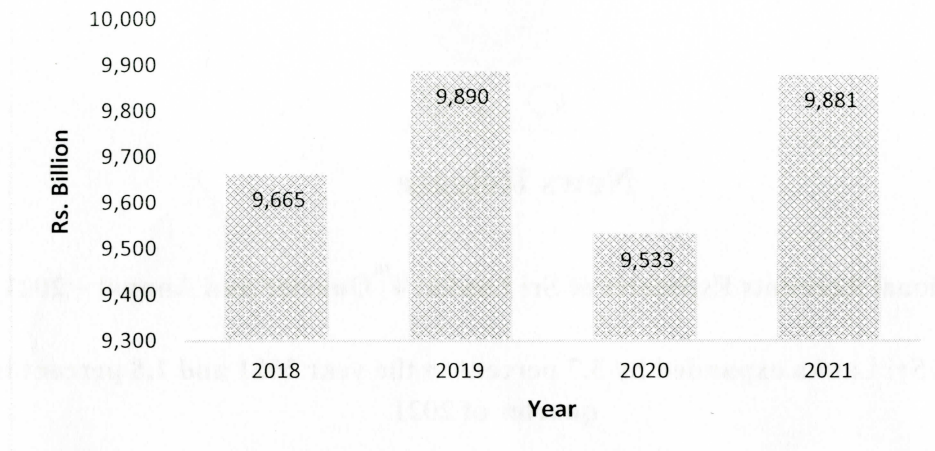
Executive summary

Issuing a communiqué, on releasing National Accounts Estimates, the DCS states that the year on year GDP growth rate for the year of 2021 has been estimated as 3.7 percent of positive growth rate. This positive growth comes against the backdrop of a 3.6 percent contraction in the economy reported in the year of 2020.

Further, the Gross Domestic Product for Sri Lanka for the year of 2021 at constant price has increased up to Rs. 9,881,397 million from Rs. 9,532,909 million which recorded in the year of 2020. However, in the year 2020, the real GDP level reduced up to this said level from Rs. 9,890,468 million which recorded in the year of 2019.

In the year of 2021 the year on year GDP growth rate has been calculated based on that reduced level of real GDP. Accordingly, the following Figure reflects the level of recovery of the economy in the year 2021, after the contraction reported in the economy in the year 2020.

Comparison of Real GDP levels (2018 - 2021), Rs. Bn



In addition, the Gross Domestic Product for Sri Lanka for the year of 2021 at current price has increased up to Rs. 16,809,309 million from Rs. 15,027,374 million which recorded in the year of 2020 registering 11.9 percent of positive change in the current price GDP.

The three major economic activities of the economy; 'Agriculture', 'Industry' and 'Services' have contributed their share to the GDP at current prices by 9.0 percent, 27.8 percent and 57.5 percent respectively, while 'Taxes less subsidies on products' component has contributed 5.7 percent of share to the GDP in the year of 2021.

During the year of 2021 all three major economic activities, recorded moderate positive growth rates of 2.0 percent, 5.3 percent and 3.0 percent respectively by Agriculture, Industrial and Services activities. These recorded high growth rates come back as a result of the contraction reported in these activities in the year of 2020.

Background

The previous National Accounts Estimates, released by the DCS for the First, Second and Third quarters of 2021 and as well as for the last year 2020, mirrored the severity of the adverse impact of the Covid - 19 pandemic on Sri Lanka's economy.

The pandemic started to spread globally since end of the year 2019 and during the year 2020, the Sri Lankan economy experienced adverse impacts with the spread of first and second wave of the pandemic. As a result, the economy contracted by 3.6 percent in year 2020. Further, the first and second two quarters of the year reported negative growth rates while the other two quarters were being reported as positive growth rates.

The year 2021 started amidst the second wave of the pandemic. However, the spreading of covid virus was at decreasing rate as it was in the ending of second wave. Therefore, throughout the first quarter of 2021, the favorable condition prevailed has been supported to continue to carry out most of the business activities. As well the people were able to enjoy their day to day life style to some extent, when compared to the condition prevailed in the year 2020. Unlike in last year, people were able to celebrate the Sinhala and Tamil New year festival in the year 2021, under some given COVID – 19 health warnings and precautions.

However, soon after the end of Sinhala and Tamil New year festival, the third wave of the COVID – 19 pandemics raised up, while reporting high growing number of COVID – 19 Delta variant confirmed patients from all the districts in the country. Moreover, the reported death rate for covid -19 cases were very high. Accordingly, second and third quarters of the year of 2021 were highly impacted due to the third wave of the pandemic again. Therefore, the government had to imposed travel restrictions through out the country and provinces and also imposed quarantine curfew to control the spreading of the disease through out the country.

However, when compared to the nature of the lock down period in the year 2021, it was not much strict as in the year 2020. The government permitted to all the agriculture related activities, all the manufacturing activities, construction work and many services related businesses to continue their work even under this lock down period. This created some sort of favorable environment to continue businesses in all quarters of the year.

The fourth quarter of year 2021, started amidst the fourth wave of covid-19. Unlike previous waves, the fourth wave was not much harmful and did not affect adversely to block businesses and day to day activities of people. Further, the death rate started to report at a low rate due to the successful vaccination programs conducted by the government through out the country.

The favorable conditions prevailed throughout the year when compared to the year 2020, have been caused to reported growth rates of first, second and fourth quarters of the year 2021 to be positive except in the third quarter. Accordingly, the reported growth rates for the first, second, third and fourth quarters of year 2021, were 4.2 percent, 12.4 percent, -1.5 percent and 1.8 percent respectively.

Performance in Agricultural Activities

In the year 2021, the agriculture activities have recorded 2.0 percent of moderate positive growth in overall agriculture sector when compared to the 2.2 percent of negative growth recorded in the year 2020. The expansion in the agriculture activities were mainly driven by the ‘Growing of Oleaginous fruits; including Coconut’ (11.2 percent), ‘Plant propagation and agriculture

supporting activities' (10.6 percent), 'Growing of cereals' (9.7 percent), 'Animal production' (9.7 percent), 'Growing of tea' (7.4 percent), 'Forestry and logging' (5.1 percent), 'Growing of spices' (4.5 percent) and 'Marine fishing' (1.7 percent). However, during the year 2021, 'Growing of fruits' (7.8 percent), 'Growing of rice' (6.7 percent), 'Growing of vegetables' (2.5 percent) and 'Growing of rubber' (1.7 percent) have reported contractions.

Performance in Industrial Activities

In the year 2021, the overall industrial activities have reported a considerable level of growth by 5.3 percent compared to the contraction reported in the year of 2020.

The overall manufacturing industry expanded by 7.2 percent during the year 2021 when compared to the previous year. The two main manufacturing industries of 'Manufacture of textiles, wearing apparel and leather related products' and 'Manufacture of food, beverages and tobacco products' have reported significant expansions of 13.8 percent and 3.1 percent in their activities during the year of 2021. In addition, 'Manufacture of rubber and plastic products' (20.0 percent), 'Manufacture of other non-metallic mineral products' (16.8 percent), 'Manufacture of machinery and equipment' (12.7 percent), 'Other manufacturing and repair and installation' (15.8 percent) and 'Manufacture of chemical products and basic pharmaceutical products' (4.0 percent) have reported positive growth rates when compared to the year 2020.

However, the activity of 'Manufacture of coke and refined petroleum products' has reported 30.5 percent of negative growth rate in the year 2021.

Among the 'Industrial activities', the 'Construction' activity, which corresponds to 6.8 percent of share within the industry sector, recorded slight positive growth rate of 1.9 percent during the year 2021. Further, the 'Mining and quarrying' activity too recorded positive growth rate of 2.8 percent during this year. Meanwhile the 'Electricity, gas, steam and air conditioning supply' activity has reported positive growth rate of 6.1 percent and the 'Water collection, treatment and supply' activity has recorded 4.3 percent of positive growth rate in this year.

Performance in Services Activities

During the year 2021, the performance of the Service sector too recorded 3.0 percent of moderate growth rate in overall services related activities. The expansion in the services sector was underpinned specially by the sub activities of 'IT programming consultancy and related activities' (21.7 percent), 'Telecommunication' (16.2 percent), 'Financial service activities' (7.5 percent), 'Insurance activities' (5.1 percent), 'Human health activities' (5.7 percent) and 'Educational services' (4.3 percent). In addition, all other services related activities have reported moderate expansions in their overall performances during the year 2021. However, the Accommodation,

food and beverage serving activities and all activities related to the entertainment are yet to be achieved growth in their individual level activities.

Performance in 4th quarter of 2021

Issuing a communiqué, on releasing National Accounts Estimates for the fourth quarter of 2021, the DCS states that the GDP growth rate for the fourth quarter of 2021 has been estimated as 1.8 percent of positive growth rate when compared to the 1.3 percent of positive growth recorded in the fourth quarter of 2020. The Gross Domestic Product for Sri Lanka for the fourth quarter of 2021 at constant price (2010) has increased up to Rs. 2,814,879 million from Rs. 2,766,420 million which recorded in the fourth quarter of 2020. In addition, the Gross Domestic Product for Sri Lanka for the fourth quarter of 2021 at current price has increased up to Rs. 4,574,030 million from Rs. 4,050,859 million which recorded in the fourth quarter of 2020 registering 12.9 percent of change in the current price GDP. During the fourth quarter of 2021, the overall services activities have reported 3.8 percent of considerable level of growth rate while the agriculture and Industrial activities have reported negative growth rates of 4.9 percent and 0.2 percent.

According to the DCS, detail information of GDP estimates for the year of 2021 and for the fourth quarter of 2021 has been published in the DCS website:

www.statistics.gov.lk/NationalAccounts/StaticalInformation/GDP



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