



News Release

National Accounts Estimates of Sri Lanka; Third Quarter 2021

Sri Lankan economy contracted by 1.5 percent in the 3rd 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 third quarter (July 1st to September 30th) of year 2021.

The third wave of the Covid-19 pandemic, which began in late April 2021, had intensified and peaked by August. The impact of the third wave intensified with a higher increase in the number of Covid-19 infected patients in every districts of the Island. Infected patients with the new Delta strain were reported to exceed the hospital capacity, with an increase in the number of deaths. This situation again had a negative impact on the expanding economic activities under the new-normal situation. Due to the spread of the epidemic throughout the country, the government-imposed quarantine curfew throughout the island from the midnight of August 20, 2021 to control the spread of the pandemic. The quarantine curfew was extended from time to time and lasted for 41 days until 1st of October.

The government allowed agricultural activities, many manufacturing industries, construction and selected services to continue even during the quarantine curfew period with the objectives of maintaining the essential commodity supply chain, protect foreign exchange inflow and ensure the household income. However, those economic activities were hampered by the pandemic and the quarantine curfew. It was observed that the majority of the people exercised self-restraint to escape the danger of this pandemic. During this period there was a clear decline in the economic activities, especially in the wholesale and retail trade, manufacturing industry, construction industry, transportation, accommodation & food serving and providing private services. At the

same time, increased input prices of producers due to import restrictions imposed as a solution for declining foreign money reserves also contributed to the slowdown in economic activity. Under this situation, many of economic activities reported negative growth rates in the third quarter of 2021 compared with the same quarter of previous year.

After the first wave of the Covid-19 pandemic in 2020 was well controlled by the government, businesses were carried out under the new normal situation as usual. At the same time the lifestyles of the people were restored. Accordingly, the Sri Lankan economy had grown by 1.3 percent in the third quarter of 2020. GDP growth in the third quarter of 2021 is calculated from the higher level of real GDP value recorded in the third quarter of 2020.

Issuing a communique for the National Accounts Estimates of third quarter of 2021, the Department of Census and Statistics revealed that the economic growth rate for the third quarter of 2021 is estimated as a negative growth rate of 1.5 percent.

The Department further states that, the Gross Domestic Product at constant prices (2010) has decreased to Rs.2,497,489 Mn by the third quarter of 2021 from Rs.2,536,490 Mn reported in the third quarter of 2020.

In addition, the Gross Domestic Product at current prices rose to Rs.4,132,955 Mn in the third quarter of 2021 from Rs.4,087,148 Mn reported in the same period of 2020, recording an increase of 1.1 percent.

The three main components of the economy, "Agriculture", "Industry" and "Services", contributed to the Gross Domestic Product at current price by 8.7 percent, 29.9 percent, and 57.4 percent respectively, meanwhile the "taxes less subsidies on products" contributed 4.1 percent in the third quarter of 2021.

In the third quarter of 2021, the overall Agricultural activities recorded a slight positive growth of 1.7 percent. This was positively affected by the fact that the government had allowed agricultural activities to continue throughout the country even under the quarantine curfew. Industry and services related activities recorded negative growth rates of 2.1 percent and 1.6 percent respectively during the relevant quarter. In the same quarter of last year, these activities recorded positive growth rates.

Performance in Agricultural Activities

The overall Agricultural activities recorded a slower growth of 1.7 percent in the third quarter of 2021, compared to the higher growth of 3.1 percent recorded in the same quarter of 2020. This slow growth in agricultural activities was particularly reflected in "Growing of cereals" (38.0 percent), "Plant propagation and agriculture supporting activities" (13.6 percent), "Animal

production”(8.9 percent) “Growing of oleaginous fruits including coconut” (8.8 percent), “Forestry & logging” (7.9 per cent), “Growing of fruits” (6.4 per cent), “ Growing of spices crops” (3.6 percent) and “Growing of tea” (2.8 percent). However, “Marine fishing” (10.0 percent), “Growing of vegetables” (9.8 percent), “Growing of rubber” (8.1 percent) and “Freshwater fishing” (5.2 percent) declined significantly during the quarter. And “Growing of rice” (1.0 percent) has also reported a slight decline.

Performance in Industrial Activities

Overall Industrial activities recorded a negative growth of 2.1 percent in the third quarter of 2021. This negative growth was mainly due to the contractions recorded in some Manufacturing activities, Construction and Mining & quarrying industries.

Overall Manufacturing industry contracted by 0.6 percent in the third quarter of 2021 compared to the third quarter of the previous year. This negative growth supported by the contractions recorded in “Manufacturing of furniture products” (20.4 percent), “Manufacturing of basic metal and fabricated metal product” (10.9 percent), “Manufacturing of chemical products” (6.3 percent), and “Manufacturing of coke & refined petroleum products” (6.2 percent) , “Other manufacturing” (1.4 percent) recorded negative growth rates in the third quarter of 2021. This contraction is mainly due to the negative growth of 2.8 percent recorded for “Manufacturing of Food, Beverage and Tobacco products”, which is the largest contributor to the total GDP (6.8%) in manufacturing industry.

However, some of the manufacturing activities recorded positive growth rates in the third quarter of 2021, such as “Manufacturing of Wood and wood products” (8.9 percent), “Manufacturing of rubber and plastic products” (7.6 percent), “Manufacturing of paper products, printing & reproduction of media products” (7.1 percent), “Manufacturing of machinery and equipment” (6.7 percent) and “Manufacturing of textiles, wearing apparel, leather & related products” (4.9 percent).

The “construction industry”, which contributes 6.7 percent to the Gross Domestic Product recorded a significant negative growth of 6.0 percent during the quarter. With the downturn in the construction industry, the “Mining and Quarrying” industry also recorded a negative growth of 6.9 percent in the third quarter of this year. However, other industrial activities of “Electricity generation, transmission and distribution” (1.8 percent) and “Water collection, treatment and supply” (7.3 percent) recorded positive growth rates in the relevant period.

Performance in Services Activities

Overall service sector slumped by 1.6 percent in the third quarter of 2021. This slowdown in the services sector was mainly due to the disruption in in “Transportation of goods & passenger service activities” and “other personal services activities” which are equally contributed (9.5 percent) to the Gross Domestic Product. These two industries recorded negative growth rates of

14.9 percent and 5.7 percent respectively in this quarter. This significant decline in services activities is mainly due to restricted public gathering under the quarantine curfew. “Accommodation and food serving industry” (19.9 percent) and “Professional services” (0.9 percent) also recorded a significant negative growth rates in the reference period.

However, in the third quarter of 2021, “Telecommunications services” (18.9 percent), “IT services” (16.1 percent), “Financial services” (12.9 percent) and “Human health activities” (12.3 percent) recorded positive growth rates compared to the third quarter of 2020.

According to the Department of Census and Statistics, detailed information on GDP estimates for the third quarter of 2021 has been published on the Department website.

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



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