



News Release

National Accounts Estimates of Sri Lanka; 2nd Quarter – 2021

Economy of Sri Lanka grew by 12.3 percent in the 2nd 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 second quarter (April 1st to June 30th) of year 2021.

The performance of the Sri Lankan economy during the second quarter of the year 2021, was at satisfactory level, until the third wave came in late April, when compared to the same quarter in the previous year. Unlike in last year, people were able to celebrate the Sinhala and Tamil New year festival this year, even under some COVID – 19 health warnings and precautions. Many people in the society enjoyed this great relief after being under a long period of imposed restrictions, such as doing business activities, travel restrictions, health precautions. As a result of this, especially in the month of April, this peaceful environment, affected pleasantly to run most of the business activities well, except very few like, international tourist arrivals related businesses and entertainment related businesses and cultural activities.

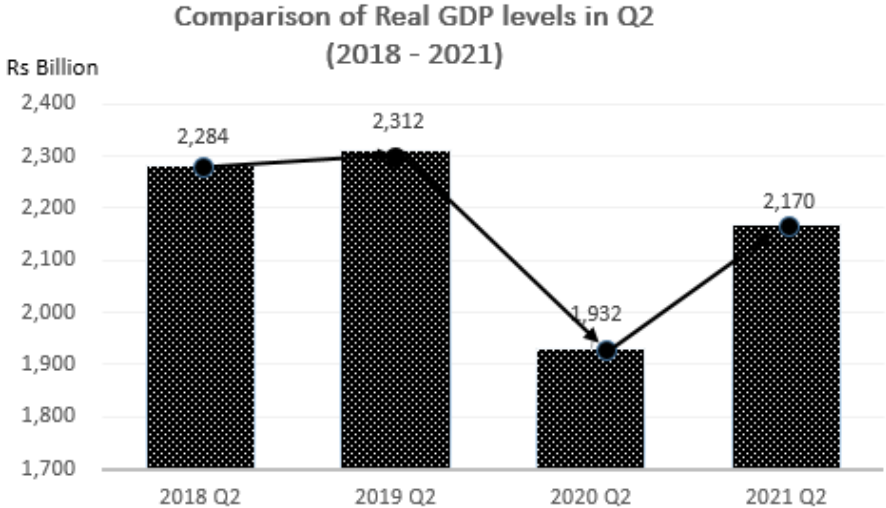
Soon after the end of Sinhala and Tamil New year festival, and end of the month of April, the third wave of the COVID – 19 pandemic raised up, while reporting high growing number of COVID confirmed patients from all the districts in the country. As a result of fast spreading of this COVID – 19 pandemic and the new variant of COVID – 19 Delta virus, government decided to impose again a travel restrictions since 21st of May, covering the whole country in order to prevent the spreading of this pandemic. However, when compared to the nature of the lock down period in the year 2020, it was not much strict in this year. 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 the second quarter in this year, when compared to the situation and the nature of the lockdown period in second quarter 2020. As a result, most of the economic and business activities, have reported expansions in their industries when compared to the second quarter in year 2020.

When consider the GDP estimates of second quarter last year, the real GDP level reduced up to Rs. 1,932,319 million, from Rs. 2,312,528 million which recorded in the second quarter of 2019. As a result, the GDP growth rate hit at 16.4 percent of negative growth rate and which was the largest drop in the series of GDP growth rates ever recorded in the Sri Lankan history. Accordingly, in the second quarter of 2021 the year on year GDP growth rate has been calculated based on that reduced level of real GDP.

Issuing a communiqué, on releasing National Accounts Estimates, the DCS states that the year on year GDP growth rate for the second quarter of 2021 has been estimated as 12.3 percent of positive growth rate. This positive growth comes against the backdrop of a 16.4 percent contraction in the economy reported in the second quarter of last year.

Further, the Gross Domestic Product for Sri Lanka for the second quarter of 2021 at constant price has increased up to Rs. 2,170,052 million from Rs. 1,932,319 million which recorded in the second quarter of 2020. However, the following Figure clearly show that the economy still has not reached at least the GDP level, reported in the second quarter of 2019. That indicates the level of GDP yet to be achieved to recover the economy.



In addition, the Gross Domestic Product for Sri Lanka for the second quarter of 2021 at current price has increased up to Rs. 3,626,482 million from Rs. 3,007,345 million which recorded in the second quarter of 2020 registering 20.6 percent of 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 9.2 percent, 27.0 percent and 57.9 percent respectively, while ‘Taxes less subsidies on products’ component has contributed 5.8 percent of share to the GDP in the second quarter of 2021.

During the second quarter of 2021 all three major economic activities, recorded significant positive growth rates of 8.1 percent, 22.1 percent and 7.5 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 second quarter last year.

Performance in Agricultural Activities

In the second quarter of 2021, due to the permission given by the government to continue their work in all the agriculture related activities even under this lock down period, the agriculture activities as a whole have reported a substantial expansion by 8.1 percent when compared to the 8.2 percent of negative growth recorded in the second quarter of 2020. Most of the agriculture activities have reported positive growth rates. Specially, ‘Marine fishing’ (24.7 percent), ‘Animal production’ (18.0 percent), ‘Growing of rubber’ (15.7 percent), ‘Growing of Oleaginous fruits; including Coconut’ (14.0 percent), ‘Growing of tea’ (13.4 percent), ‘Fresh water fishing’ (7.6 percent), ‘Growing of cereals’ (6.6 percent), ‘Growing of fruits’ (6.5 percent), ‘Growing of spices’ (4.7 percent), ‘Forestry and logging’ (4.2 percent).

However, during this quarter, ‘Growing of rice’ (5.1 percent) and ‘Growing of vegetables’ (4.5 percent), have contracted slightly.

Performance in Industrial Activities

During the second quarter of 2021, the overall industrial activities have reported a considerable level of growth by 22.1 percent. However, the level of value of Gross value addition in the industrial sector, has not reached even the 2019 level. This high positive growth is basically due to the drawback in the second quarter in the year 2020.

The overall manufacturing activities grew by 26.5 percent during the second quarter of 2021 when compared to the same quarter in previous year. The ‘Manufacture of textiles, wearing apparel and leather related products’ which accounting to 4.4 percent to the overall GDP grew by 60.7 percent, while all other manufacturing activities have reported high positive growth rates; such as

‘Manufacture of rubber and plastic products’ (66.8 percent), ‘Manufacture of furniture’ (54.4 percent), ‘Manufacture of other non-metallic mineral products’ (41.3 percent), ‘Other manufacturing, repair and installation’ (28.1 percent), ‘Manufacture of chemical products’ (13.0 percent).

Among the ‘Industrial activities’, the ‘Construction’ activity, which corresponds to 6.8 percent of share within the industry sector, recorded a substantial growth by 18.2 percent, when compared to the second quarter in year 2020. Following that growth in the construction activity, the ‘Mining and quarrying’ activity too recorded positive growth rate of 17.9 percent during this year. Meanwhile ‘Electricity, gas, steam and air conditioning supply’ activity has reported positive growth rate of 12.8 percent. Further, the ‘Water collection, treatment and supply’ activity has recorded 3.2 percent of positive growth rate in this quarter.

Performance in Services Activities

The Service sector too reported a moderate growth of 7.5 percent. However, still the many services activities are in the stage of recovering and has not met the expected levels. This 7.5 percent of expansion in the services sector was supported specially by the sub activities of ‘IT programming consultancy and related activities’ (24.2 percent), ‘Transportation of goods and passenger including ware housing’ (20.4 percent), ‘Telecommunication’ (19.6 percent), ‘Insurance Services’ (14.4 percent), ‘Financial service activities’ (14.3 percent)). In addition, the ‘Real estate activities’ (5.5 percent), ‘Professional services’ (3.4 percent) ‘Other personal services’ (2.6 percent) and ‘Wholesale and retail trade’ (1.0 percent), were expanded.

In addition, the ‘Accommodation, food and beverage serving activities’ reported 42.6 percent of growth this quarter. It does not show a recovery in this activity. The 42.6 percent recorded growth is due to the sharp drawback (63.6 percent) recorded in the second quarter last year. When compared to that quarter, the situation prevailed in the second quarter 2021 was favorable for the accommodation, food and beverage serving activity. Further, the gross value addition from this activity in the second quarter 2019 was Rs. Mn. 34,123. In the second quarter of last year, it reduced sharply up to Rs. Mn. 12,437. However, in this quarter, it has increased again up to Rs. Mn. 17,738.

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

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



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