



## **News Release**

### **National Accounts Estimates of Sri Lanka; 1<sup>st</sup> Quarter – 2022**

#### **Economy of Sri Lanka contracted by 1.6 percent in the 1<sup>st</sup> quarter of 2022**

##### **Department of Census and Statistics**

##### **Ministry of Finance, Economic Stabilization and National Policies**

Tel: 94-11-2147071      Fax: 94-11-2877938      e-mail: [national.accounts@statistics.gov.lk](mailto:national.accounts@statistics.gov.lk)

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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 (2015) price in Production Approach with the other macroeconomic indicators for the first quarter (January 1st to March 31st) of 2022.

Issuing a communiqué, on releasing National Accounts estimates, the DCS states that the year on year GDP growth rate for the first quarter of 2022 has been estimated as negative 1.6 percent which indicated a considerable contraction of the economy compared to the first quarter of 2021.

At the dawn of the year 2022, the Sri Lankan economy began to improve slowly, after a difficult period of the Covid-19 pandemic in 2020 and 2021, with new expectations of economic recovery. Unfortunately, within the first quarter of 2022, the economic growth rate was reported to slow down compare to the first quarter of 2021 due to adverse effects of some factors such as inflation, foreign exchange devaluation and dollar deficit.

The shortage of chemical fertilizers during this period had a severe impact on agriculture productions and especially the production of rice, the country's staple food crop, declined significantly. Thus, the agricultural economy recorded the highest decline in this quarter since year 2015.

Also, restrictions imposed on fuel import which is essential for many industries and services, have reduced the production in all manufacturing industries, including the construction industry as well. Accordingly, the industrial sector has also reported a significant decline in the first quarter of 2022.

However, despite all the adverse conditions prevailed in the country, service activities recorded a mild increase in the first quarter in 2022 when compared to the first quarter of 2021.

The Gross Domestic Product of Sri Lanka for the first quarter of 2022 at constant (2015) price reported as Rs.3,463,101 million, compared to Rs.3,519,921 million recorded in the first quarter of 2021, which recorded a decline of 1.6 percent in the GDP growth rate in the first quarter of 2022 against the 4.0 percent of incline reported in the first quarter of 2021.

Further, the GDP at current price for the first quarter of 2022 has increased up to Rs.5,368,465 million from Rs.4, 573,080 million recording a positive change of 17.4 percent.

The three major economic activities of the economy; ‘Agriculture’, ‘Industry’ and ‘Services’ have contributed their share to the GDP at current prices by 8.1 percent, 31.1 percent and 55.6 percent respectively, while ‘Taxes less subsidies on products’ component has contributed 5.2 percent of share to the GDP in the first quarter of 2022.

Meanwhile in the first quarter of 2022, Agriculture and Industrial sectors recorded contractions of 6.8 percent and 4.7 percent respectively while Service sector recorded a trivial expansion of 0.7 percent, when compared to these values with the first quarter of year 2021.

### **Performance in Agricultural Activities**

In the first quarter of year 2022, the overall agriculture sector recorded 6.8 percent of considerable contraction when compared to the 6.4 percent expansion recorded in the first quarter of 2021. The shortage of chemical fertilizers severely affected on the yield of most agricultural activities in this quarter. Hence, the contractions were reported for most of the agriculture activities. These contractions were recorded as ‘Growing of Rice (33.8 percent), ‘Growing of Tea (Green leaves)’ (15.0 percent), ‘Growing of Rubber’ (13.1 percent), ‘Growing of Cereals (except rice)’ (9.4 percent), ‘Growing of vegetables’(8.4 percent) and ‘Growing of Fruits’ (3.8 percent).

However, the activities of ‘Plant propagation’ and ‘Growing of Oleaginous Fruits (including coconut), recorded considerable expansions by 30.3 percent and 16.7 percent respectively during the first quarter of 2022, compared to the first quarter in 2021. In addition, the activity of ‘Animal production’ reported a minor expansion while ‘Marine fishing and Marine Aquaculture’ and ‘Fresh water fishing and Fresh water Aquaculture’ have recorded a negative growth rates of 0.5 percent and 9.3 percent respectively during the first quarter of year 2022.

### **Performance in Industrial Activities**

The overall industrial activities have reported a considerable contraction of 4.7 percent in this quarter compared to the high expansion of 6.0 percent reported in the first quarter of year 2021.

All the manufacturing activities have recorded contractions during this period and as a whole manufacturing activities indicates 6.9 percent contraction during the first quarter of year 2022, when compared to the first quarter of year 2021. The ‘Manufacture of coke and refined petroleum product’ has reported the highest contraction of 24.3 percent in this quarter. The highest contributors of the GDP in manufacturing sector, the ‘Manufacture of food, beverages and tobacco products’ and the ‘Manufacturing of Textiles, wearing apparels and leather products’ also reported contractions of 9.1 percent and 0.9 percent respectively in this quarter. Further, ‘Manufacture of Chemical products and basic pharmaceutical products’, ‘Manufacture of Furniture’ and ‘Manufacture of Basic metals and fabricated metal products’ contracted considerably by 16.0 percent, 13.0 percent and 10.4 percent respectively during the first quarter of 2022 compared to the first quarter of 2021.

In addition, the manufacturing activities of ‘Manufacture of Paper products, printing and reproduction of media products’, ‘Manufacture of Rubber and plastic products’, ‘Other manufacturing, and Repair and installation of machinery and equipment’ and ‘Manufacture of textiles, wearing apparel, leather and other related products’ also reported negative growth rates of 8.8 percent, 7.0 percent, 6.5 percent and 0.9 percent respectively during the first quarter of 2022 compared to the first quarter of the previous year.

‘Construction industry’ which has the highest share of 9.3 percent to the GDP among the industry activities, and the ‘Mining and quarrying’ activity both recorded contractions of 2.2 percent and 1.5 percent during the first quarter of the year 2022. Meanwhile the ‘Electricity, gas, steam and air conditioning supply’ activity has reported positive growth rate of 3.7 percent in this quarter.

### **Performance in Services Activities**

During the first quarter of year 2022, the performance of the overall Service sector recorded 0.7 percent of slight growth rate in overall services related activities. The expansion in the services sector was underpinned specially by the sub activities of ‘Accommodation, Food and beverage service activities’ (25.2 percent), ‘IT programming consultancy and related activities’ (12.3 percent), ‘Telecommunication’ (7.9 percent), ‘Real estate activities, Including Ownership of dwelling’ (3.9 percent), ‘Public administration and defense; compulsory social security’ (3.4 percent), ‘Postal and courier activities’ (3.3 percent), ‘Wholesale and retail trade’ (1.0 percent) and ‘Education’ (0.6 percent).

In addition, all other services related sub activities have reported contractions in their overall performances during the first quarter of year 2022. Among them, ‘Programming and broadcasting activities and audio video productions’ (8.7 percent), ‘Professional services’ (5.5 percent), ‘Insurance, reinsurance and pension funding’ (4.4 percent), ‘Other personal service activities’ (4.0 percent) and ‘Transportation of goods and passengers including warehousing’ (1.0 percent) have

recorded considerable negative growth rates in this quarter compared to the first quarter of the previous year.

According to the DCS, detail information of GDP estimates for the first quarter of 2022 has been published in the DCS website:

[www.statistics.gov.lk/NationalAccounts/StaticInformation/GDP](http://www.statistics.gov.lk/NationalAccounts/StaticInformation/GDP)



P.M.P. Anura Kumara,  
Director General