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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

Tel : 2477424, 2477423, 2477311

Fax: 2346257, 2477739

E-mail: dcommunications@cbsl.lk, communications@cbsl.lk

Web: www.cbsl.gov.lk

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Sri Lanka Prosperity Index

The Sri Lanka Prosperity Index (SLPI) was introduced by the Central Bank in 2008 in order to fulfill the need for a composite indicator to assess the overall status of prosperity in the country as a whole and in each of its provinces. The SLPI is a multi-dimensional indicator reflecting the economic and social developments in the country and the provinces on an annual basis. The SLPI consists of three (3) sub-indices, namely the Economy and Business Climate sub-index, the Well-Being of the People sub-index and the Socio-Economic Infrastructure sub-index. The performances of these three sub-indices are measured by using twenty six (26) proxy variables. Each sub-index has equal weightage in the SLPI. The variables in the sub-indices of the SLPI are given in Table 7.

The SLPI provides national policy makers, provincial authorities, business and community stakeholders with an index to measure the prosperity of provinces in a more holistic manner. The SLPI could also be used to identify their strengths and weaknesses in provinces and to formulate policies for attaining higher standards and to reduce regional disparities leading to balanced growth in the country.

2. Overall Prosperity

The SLPI and the three sub- indices for 2009 to 2011 are given in Table 1. The SLPI increased during this period, with an improvement in all three sub-indices. The SLPI rose by 4.1 per cent in 2011 up from 3.1 per cent in 2010. The most marked improvement for the period 2009 to 2011 was observed in the Socio-Economic Infrastructure sub-index which rose by 4.9 per cent in 2011 from 3.7 per cent in 2010. The Economy and Business Climate sub-index increased by 4.0 per cent in 2011 from 2.1 per cent in 2010. The Well-Being of the People sub-index increased by 3.6 per cent in 2011 compared with 3.7 per cent in 2010.

Table 1

Sri Lanka Prosperity Index (SLPI) 2009 – 2011

	2009	2010	2011
Sri Lanka Prosperity Index (SLPI)	56.5	58.2	60.6
Economy and Business Climate Sub-Index	66.0	67.4	70.1
Well-Being of the People Sub-Index	52.5	54.4	56.4
Socio – Economic Infrastructure Sub-Index	50.9	52.8	55.4

Chart 1 below gives the behaviour of the SLPI and its sub-indices from 2009 to 2011. All sub-indices have been on a rising trend with the Economy and Business Climate and Socio-Economic Infrastructure sub-indices increasing at a faster rate. More significantly, a decline in the disparity between the Western Province and the other provinces could be observed during the period (Table 2).

Chart 1

Sri Lanka Prosperity Index (SLPI) 2009 – 2011

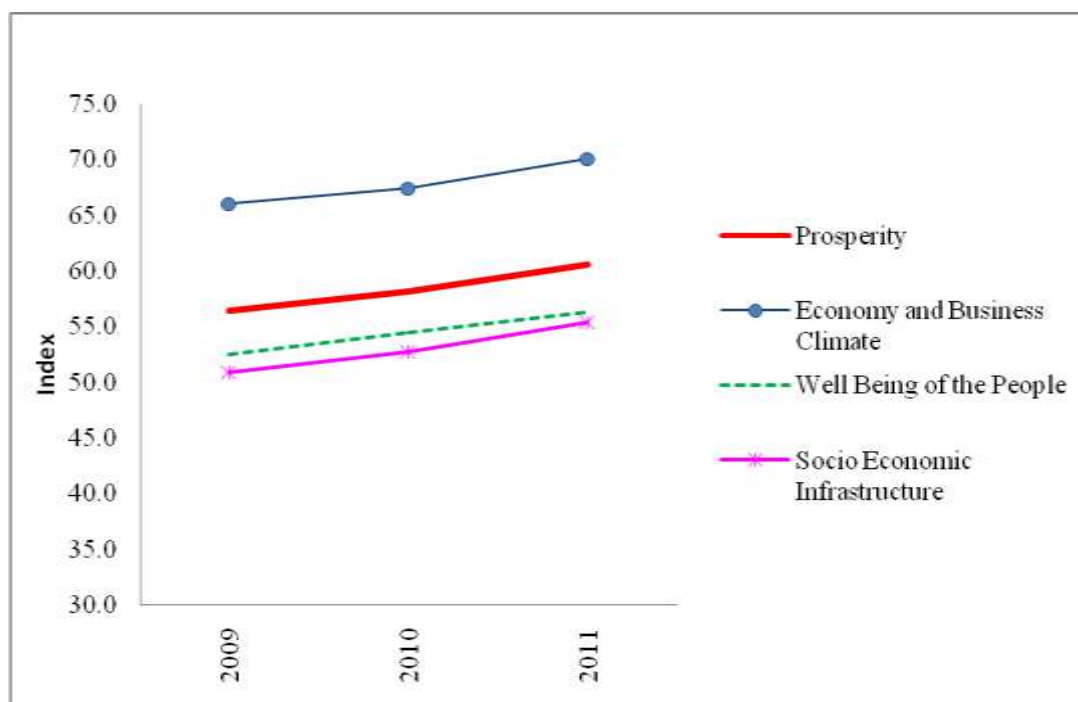


Table 2

Prosperity Indices as a per cent of Western Province 2009 – 2011

Province	2009	2010	2011
Western	100.0	100.0	100.0
Central	75.5	77.1	76.6
Southern	78.7	78.6	78.8
Northern	67.8	70.4	73.1
Eastern	69.2	72.5	71.8
North Western	73.8	74.9	75.0
North Central	70.5	72.1	72.2
Uva	70.5	71.5	71.6
S'gamuwa	71.7	73.3	73.4
All Provinces excluding Western Province	72.2	73.8	74.1

3. Provincial Prosperity

The Prosperity Index (PI) for the nine (9) provinces from 2009 to 2011 is presented in Table 3. Chart 2 shows the province wise SLPI for 2007, 2009 and 2011. The movements in the three sub-indices are given in Table 4, 5, & 6.

The PIs of all provinces increased during 2009-2011 with an improvement in all three sub-indices. During the period, the top five ranks in the SLPI were maintained by the Western, Southern, Central, North Western and Sabaragamuwa provinces respectively. The Northern Province recorded the highest growth rate, moving its province to 6 in 2011 from 9 in 2009. Although the prosperity levels in all provinces have continuously increased over the years, the relative position of some provinces declined due to greater improvements observed in other provinces.

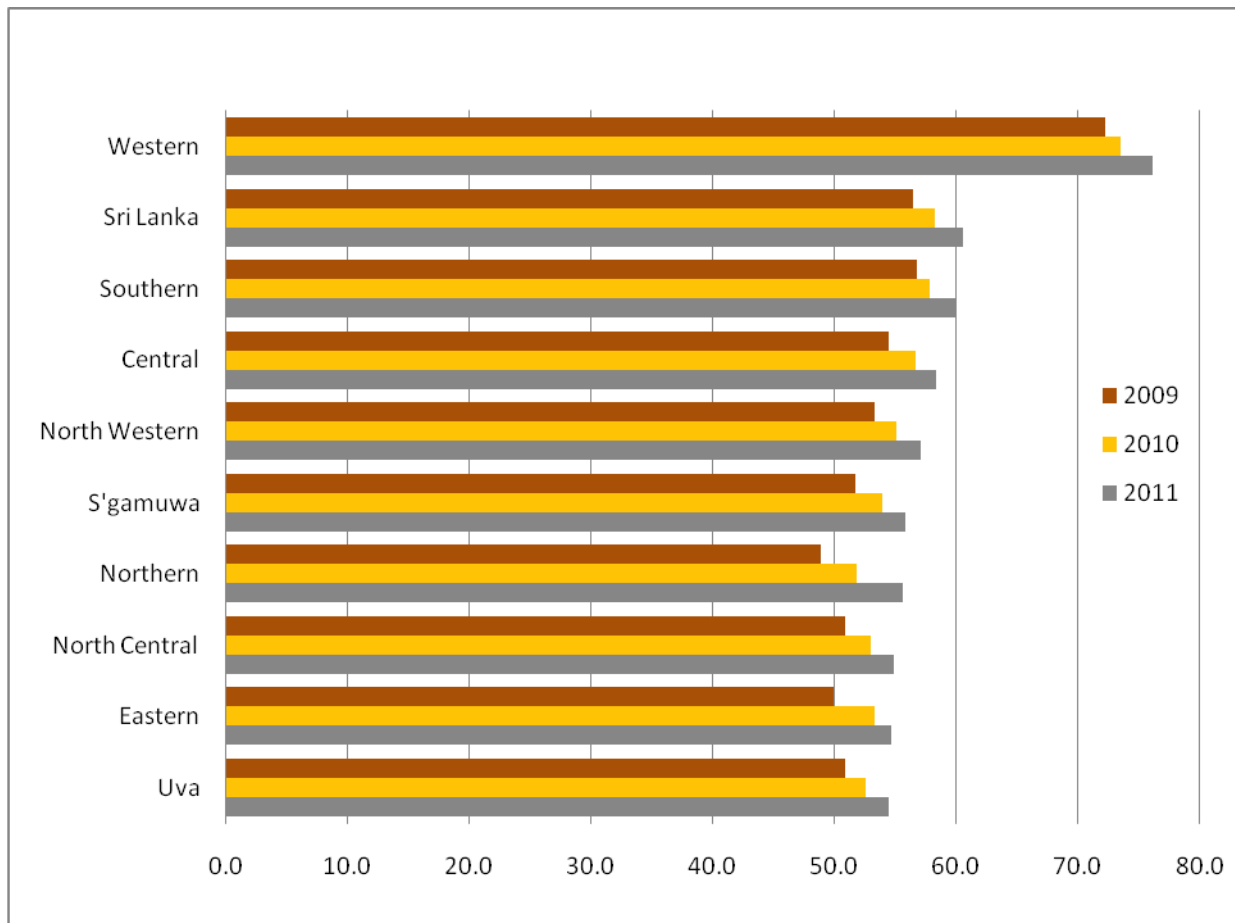
Table 4

Prosperity Index for the Provinces 2009-2011

Province	2009		2010		Growth	2011		Growth
	Index	Rank	Index	Rank	2010/09	Index	Rank	2011/10
Western	72.2	1	73.5	1	1.9	76.1	1	3.5
Central	54.5	3	56.7	3	4.1	58.3	3	2.9
Southern	56.8	2	57.8	2	1.8	60.0	2	3.7
Northern	48.9	9	51.8	9	5.8	55.6	6	7.5
Eastern	50.0	8	53.3	6	6.7	54.6	8	2.5
North Western	53.3	4	55.1	4	3.4	57.1	4	3.7
North Central	50.9	7	53.0	7	4.3	54.9	7	3.5
Uva	50.9	6	52.6	8	3.4	54.5	9	3.6
Sabaragamuwa	51.8	5	53.9	5	4.1	55.8	5	3.6
Sri Lanka	56.5		58.2		3.1	60.6		4.1

As depicted in Chart 2, a steady increase in the all island and provincial prosperity levels could be observed in 2009, 2010 and 2011.

Chart 2



SLPI Province wise for 2009, 2010 and 2011

The performance highlights of each province are briefly described below.

The **Western Province** continued to have the highest SLPI rank and was the only province above the national average. In 2011, Western Province experienced a growth rate of 3.5 per cent in its PI and occupied the top position in all three sub-indices. With regard to variables, notable improvements were made in per capita GDP, reduction in poor households, vehicle ownership, telephone density and schools having English medium classes and computer facilities. However, the pupil teacher ratio and number of reported crimes of the province remained highest of all provinces throughout the period of 2009-2011.

The **Southern Province** maintained its rank of second position while indicating higher performance in the two sub-indices - Economy and Business Climate and Socio-Economic Infrastructure. The areas in which improvements were made were per capita GDP, banking density, G.C.E. O/L pass rate and schools having English medium classes, safe drinking water and computer facilities, though a higher increase in provincial inflation was observed in 2011 compared to other provinces.

The **Central Province** maintained its rank of third position, while its PI growth rate declined in 2011. However, it occupied higher positions in the Well-Being of the People and Socio-Economic Infrastructure sub-indices due to higher levels in school density, supermarket density, road density and a reduction in reported crimes. On the other hand, the lower position of the Central Province in the Economy and Business Climate sub-index was due to lower informal sector wages and higher provincial inflation.

The **North Western Province** ranked in fourth position in the SLPI and its three main sub-indices. Improvements in the areas of per capita GDP, industrial density, G.C.E. O/L pass rate, vehicle ownership, electricity usage, and safe drinking water facilities were the main reasons for the higher performance. However, compared to other provinces, lower performance was observed in areas such as, provincial inflation, secondary school attainment, and schools with computer facilities.

The **Sabaragamuwa Province** maintained its rank of fifth position in the SLPI with higher performances in the two sub-indices - Well-Being of the People and Socio-Economic Infrastructure due to improvements in schools density, pupil teacher ratio, road density and safe drinking water facilities. However, lower performance in the Economy and Business Climate sub-index was due to lower per capita GDP, informal sector wages and banking density, compared to other provinces.

The **Northern Province** recorded the highest growth rate and improved its rank to sixth position in 2011 from ninth position in 2010 mainly on account of an increase in per capita GDP, bank density, road density and schools with English medium classes and computer facilities. Compared to other provinces, lower performance was recorded in G.C.E. (O/L) pass rate and an increase in reported crimes.

The **North Central Province** was in seventh position and its growth rate declined in 2011. Among the three sub-indices, the Economy and Business Climate sub-index performed better than the other two sub-indices due to improved performance in employment and informal sector wages. Compared with other provinces, North Central Province indicated lower performance in school density, facilities for studying English, road density and safe drinking water facilities, which adversely affected the ranks of the other two sub-indices.

The **Eastern Province** recorded the lowest growth rate and its relative position declined to eight in 2011 from six in 2010 on account of lower performance in employment, poor household percentage, secondary school attainment, G.C.E. O/L pass rate and telecommunication and computer facilities, comparative to other provinces. All three sub- indices recorded lower positions, while the Socio-Economic Infrastructure ranked the lowest.

The **Uva Province** rank declined to ninth position and compared to other provinces, its lower performance in the areas of informal sector wages, industrial density, university admissions, G.C.E. O/L pass rate, school density and safe drinking water facilities were the main reasons for the decline. Among the three sub-indices, Economy and Business Climate and Well-Being of the People sub-indices indicated lower performance than the Socio-Economic Infrastructure sub-index.

Table 4

Economy and Business Climate Sub- Index 2009-2011

Province	2009		2010		Growth	2011		Growth
	Index	Rank	Index	Rank	2010/09	Index	Rank	2011/10
Western	80.9	1	83.4	1	3.1	86.0	1	3.1
Central	60.5	5	61.5	5	1.7	62.3	7	1.2
Southern	62.7	2	64.2	2	2.4	66.7	2	3.9
Northern	56.1	9	59.5	8	6.1	62.8	6	5.6
Eastern	59.5	6	61.4	6	3.3	63.3	5	3.0
North Western	61.1	4	62.2	4	1.8	64.0	4	2.9
North Central	61.5	3	63.5	3	3.2	65.4	3	3.0
Uva	57.1	8	58.6	9	2.6	60.4	9	3.1
Sabaragamuwa	57.8	7	60.1	7	3.9	61.8	8	2.9
Sri Lanka	66.0		67.4		2.1	70.1		4.0

Table 5

Well-Being of the People Sub-Index 2009-2011

Province	2009		2010		Growth	2011		Growth
	Index	Rank	Index	Rank	2010/09	Index	Rank	2011/10
Western	66.4	1	67.4	1	1.5	70.4	1	4.4
Central	51.9	2	53.8	2	3.8	54.6	2	1.4
Southern	51.5	3	51.3	5	-0.4	53.0	5	3.4
Northern	45.1	9	50.7	6	12.6	54.0	3	6.5
Eastern	46.6	6	51.6	4	10.8	52.4	6	1.6
North Western	50.4	4	51.8	3	2.7	53.6	4	3.4
North Central	45.1	8	46.8	9	3.7	48.7	9	4.0
Uva	45.5	7	48.0	8	5.5	49.5	8	3.1
Sabaragamuwa	48.8	5	50.3	7	3.2	52.2	7	3.7
Sri Lanka	52.5		54.4		3.7	56.4		3.6

Table 6

Socio-Economic Infrastructure Sub-Index

Province	2009		2010		Growth	2011		Growth
	Index	Rank	Index	Rank	2010/09	Index	Rank	2011/10
Western	69.2	1	69.8	1	0.9	71.9	1	3.1
Central	51.0	3	54.7	3	7.1	58.1	3	6.3
Southern	56.1	2	57.9	2	3.2	60.1	2	3.8
Northern	45.7	8	45.1	9	-1.3	50.0	8	11.1
Eastern	43.8	9	46.9	8	7.0	48.2	9	2.8
North Western	48.2	6	51.1	6	6.0	53.8	4	5.1
North Central	45.9	7	48.8	7	6.2	50.6	7	3.8
Uva	50.1	4	51.2	5	2.3	53.6	5	4.6
Sabaragamuwa	48.7	5	51.2	4	5.2	53.5	6	4.5
Sri Lanka	50.9		52.8		3.7	55.4		4.9

Table 7
Variables of the Sri Lanka Prosperity Index

Sub- Index		No.	Variables
Economy and Business Climate	Economy	1.	Per Capita GDP
		2.	Employment Rate
		3.	Informal Sector Wages
		4.	Percentage of Poor Households
		5.	All Island/ Provincial CPI
	Business Climate	6.	Number of Industrial Enterprises per 1,000 Population (Density)
		7.	Number of Bank Branches per 100,000 Population (Density)
Well-Being of the People	Health	8.	Government Hospital Beds per 1,000 Population
		9.	Government Medical Officers per 100,000 Population
		10.	Low Weight Births per 1,000 Live Births
	Education	11.	Schools per sq km
		12.	Pupil Teacher Ratio
		13.	Dropouts from Secondary Education (Secondary School Attainment)
		14.	G.C.E. O/L Pass Rate and Number of University Admissions per 100,000 Population
		15.	Percentage of Schools with English Medium Classes
	Wealth	16.	Number of Vehicles per 1,000 Population
		17.	Number of Supermarkets per 1 Million Population
	Entertainment	18.	Average Number of Film-goers per Month as a Percentage of Population
	Quality of Environment	19.	Number of Persons Treated for Respiratory Diseases per 1,000 Population
		20.	Per Capita Mosquito Coil Usage
Socio-Economic Infrastructure	21.	Per capita Electricity Usage	
	22.	Number of Telephone Connections per 1,000 Population	
	23.	Road Density	
	24.	Number of Reported Crimes per 1,000 Population	
	25.	Percentage of Schools with Safe Drinking Water Facilities	
	26.	Percentage of Schools with Computer Facilities	

Methodology for the computation of the Sri Lanka Prosperity Index (SLPI) >>