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Press Release

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The Economy on Track to Achieve 7.5 per cent Growth in 2013

The economy grew by 6.8 per cent in the second quarter of 2013 according to the GDP estimates published by the Department of Census and Statistics. Both Industry and Services sectors contributed positively towards growth while the Agriculture sector contracted. The Industry sector maintained its growth momentum registering an expansion of 10.1 per cent. This was supported by growth in construction, manufacturing, mining and quarrying and electricity, gas and water sub sectors. The expansion of 6.6 per cent in the Services sector emanated mainly from the wholesale and retail trade and transport and communication sub sectors. The growth in the wholesale and retail trade sub sector was supported by both the expansion in external and domestic trade activities. However, the Agriculture sector contracted by 1.1 per cent mainly due to the drop in coconut and rubber production with adverse weather conditions while domestic agricultural crops such as paddy and other food crops recorded lower than expected output. With this second quarter growth, the economy achieved a 6.3 per cent growth in the first half of 2013.

The growth momentum is expected to accelerate in the second half of the year with the anticipated recovery in the global economy. The recovery in the global economy is likely to generate a healthy demand for exports while supporting growth in the tourism industry. Together with the improved external demand, domestic demand is also expected to rise with enhanced purchasing power impacting favourably on the manufacturing sub sector. Meanwhile,

trade, transport and financial services would also expand in tandem during the second half of the year with further expansion in the manufacturing sector. The banking, real estate and insurance activities sub sector would benefit from relaxed monetary policy measures introduced from end 2012. The recent growth momentum seen in the construction sector is also expected to continue during the second half of the year supported by the infrastructure development drive in the country. The recovery in the Yala harvest of agricultural products from the drought affected harvest of the previous year is also expected to augment growth. Further, the expected growth in private sector credit from commercial banks would also provide a stimulus to economic activities. In addition, as seen in the recent past the private sector could access alternative sources of finance, such as non-bank credit, debenture issues and funds from international capital markets, further strengthening the growth momentum. With these anticipated developments in the external sector and domestic economy, the projected growth of 7.5 per cent for 2013 is likely to be realized, thereby moving the economy towards its potential growth path in the medium term.