

# RECENT ECONOMIC DEVELOPMENTS

## Highlights of 2020 and Prospects for 2021



**CENTRAL BANK OF SRI LANKA**  
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# *KEY ECONOMIC INDICATORS*

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KEY ECONOMIC INDICATORS						
Indicator	2016	2017	2018	2019 (a)	First Half (a)	
					2019	2020
<b>DEMOGRAPHY</b>						
Mid-year population ('000 persons) (b)(c)	21,203 (a)	21,444 (a)	21,670 (a)	21,803	-	-
Growth of mid-year population (per cent) (b)	1.1 (a)	1.1 (a)	1.1 (a)	0.6	-	-
Population density (persons per sq.km.) (b)	338 (a)	342 (a)	346 (a)	348	-	-
Labour force ('000 persons) (e)(f)	8,311	8,567	8,388	8,592	8,603	8,470
Labour force participation rate (per cent) (e)(f)	53.8	54.1	51.8	52.3	52.6	50.6
Unemployment rate (per cent of labour force) (e)(f)	4.4	4.2	4.4	4.8	4.8	5.6
<b>OUTPUT (g)</b>						
GDP at current market price (Rs. billion)	11,996	13,328 (d)	14,366 (a)(d)	15,016	3,774 (i)	3,846 (i)
GNI at current market price (Rs. billion)	11,676	12,975 (d)	13,977 (a)(d)	14,584	3,681 (i)	3,746 (i)
GDP at current market price (US\$ billion)	82.4	87.4 (d)	88.4 (a)(d)	84.0	21.0 (i)	21.1 (i)
GNI at current market price (US\$ billion)	80.2	85.1 (d)	86.0 (a)(d)	81.6	20.5 (i)	20.5 (i)
Per capita GDP at current market price (Rs.) (h)	565,773	621,531 (d)	662,949 (a)(d)	688,719	-	-
Per capita GNI at current market price (Rs.) (h)	550,697	605,076 (d)	644,970 (a)(d)	668,894	-	-
Per capita GDP at current market price (US\$) (h)	3,886	4,077 (d)	4,079 (a)(d)	3,852	-	-
Per capita GNI at current market price (US\$) (h)	3,782	3,969 (d)	3,968 (a)(d)	3,741	-	-
<b>REAL OUTPUT (percentage change) (g)</b>						
GDP	4.5	3.6 (d)	3.3 (a)(d)	2.3	3.7 (i)	-1.6 (i)
Major economic activities of GDP						
Agriculture	-3.7	-0.4 (d)	6.5 (a)(d)	0.6	5.0 (i)	-5.6 (i)
Industry	5.7	4.7 (d)	1.2 (a)(d)	2.7	3.9 (i)	-7.8 (i)
Services	4.8	3.6 (d)	4.6 (a)(d)	2.3	3.7 (i)	3.1 (i)
GNI	4.3	3.6 (d)	3.2 (a)(d)	2.2	3.7 (i)	-1.7 (i)
<b>AGGREGATE DEMAND AND SAVINGS (percentage of GDP) (g)</b>						
Consumption	79.4	75.6 (d)	77.0 (a)(d)	78.7	75.2 (i)	79.8 (i)
Private	71.0	67.1 (d)	67.8 (a)(d)	69.3	66.7 (i)	70.5 (i)
Government	8.5	8.5 (d)	9.1 (a)(d)	9.4	8.5 (i)	9.2 (i)
Investment	27.9	31.6 (d)	30.4 (a)(d)	27.4	26.9 (i)	25.3 (i)
Net exports of goods and services	-7.3	-7.2 (d)	-7.4 (a)(d)	-6.1	2.0 (i)	-5.0 (i)
Exports of goods and services	21.2	21.8 (d)	22.9 (a)(d)	23.1	26.7 (i)	22.0 (i)
Imports of goods and services	28.5	29.1 (d)	30.3 (a)(d)	29.2	28.7 (i)	27.0 (i)
Domestic savings	20.6	24.4 (d)	23.0 (a)(d)	21.3	24.8 (i)	20.2 (i)
Net primary and secondary income from rest of the world	5.2	4.6 (d)	4.2 (a)(d)	4.0	4.2 (i)	4.0 (i)
National savings	25.7	29.0 (d)	27.3 (a)(d)	25.3	29.0 (i)	24.2 (i)
<b>PRICES AND WAGES (percentage change)</b>						
National Consumer Price Index (2013 = 100) - annual average	4.0	7.7	2.1	3.5	2.0	5.6
National Consumer Price Index (2013 = 100) - year-on-year (end period)	4.2	7.3	0.4	6.2	2.1	6.3
Colombo Consumer Price Index (2013 = 100) - annual average	4.0	6.6	4.3	4.3	4.2	4.7
Colombo Consumer Price Index (2013 = 100) - year-on-year (end period)	4.5	7.1	2.8	4.8	3.8	3.9
Colombo Consumer Price Index (2006/07 = 100) - annual average (j)	3.7					
Colombo Consumer Price Index (2006/07 = 100) - year-on-year (end period) (j)	4.1					
Producer's Price Index (2013 Q4 = 100) - annual average	1.7	17.0	6.3	2.9	3.8	3.8
GDP deflator (g)	4.8	7.3 (d)	4.3 (a)(d)	2.2	1.0 (i)	3.6 (i)
GNI deflator (g)	4.9	7.3 (d)	4.3 (a)(d)	2.1	0.9 (i)	3.5 (i)
Nominal wage rate index for workers in all wages boards (1978 Dec = 100)	0.0	0.0	0.6	2.9	2.3	1.3
Nominal wage rate index for public sector employees (2016 = 100)			0.2	4.7	0.7	10.6
Nominal wage rate index for public sector employees (2012 = 100) (k)	3.9	0.0	0.1	3.2	0.4	-
Nominal wage rate index for informal private sector employees (2012 = 100)	7.9	9.5	13.2	6.2	10.8	4.0
<b>EXTERNAL TRADE</b>						
Trade balance (US\$ million)	-8,873	-9,619	-10,343	-7,997	-3,597	-3,262
Exports	10,310	11,360	11,890	11,940	5,999	4,413
Imports	19,183	20,980	22,233	19,937	9,596	7,675
Terms of trade (percentage change)	4.0	1.2	0.02	-1.6	-1.4 (d)	4.4
Export unit value index (2010 = 100) (percentage change)	-1.5	2.4	4.2	-6.3	-5.8 (d)	-4.0
Import unit value index (2010 = 100) (percentage change)	-5.3	1.2	4.1	-4.8	-4.5	-8.0
Export volume index (2010 = 100) (percentage change)	-0.7	7.6	0.5	7.2	11.1 (d)	-23.4
Import volume index (2010 = 100) (percentage change)	7.0	8.1	1.8	-5.8	-12.2	-13.1
<b>EXTERNAL FINANCE (US\$ million)</b>						
Services and primary income account (net)	678	984	1,381	423	426	-141
Current private transfers (net)	6,434	6,316	6,155	5,757	2,813	2,610
Current official transfers (net)	19	11	8	9	7	0.4
Current account balance	-1,742	-2,309	-2,799	-1,808	-351	-792
Overall balance	-500	2,068	-1,103	377	1,827	-760
(a) Provisional	(g) Rebased GDP estimates (base year 2010) of the Department of Census and Statistics have been used					
(b) As reported by Registrar General's Department	(h) Estimates updated with latest population figures					
(c) Based on the Census of Population and Housing - 2012	(i) First quarter provisional estimates					
(d) Revised	(j) Compilation of this index was discontinued since January 2017					
(e) Household population aged 15 and above is considered for the calculation of labour force	(k) Compilation of this index was discontinued since June 2020					
(f) In July 2016, Department of Census and Statistics published a re-weighted and revised labour force data series for 2011 onwards						

## KEY ECONOMIC INDICATORS (Contd.)

Indicator	2016	2017	2018	2019 (a)	First Half (a)	
					2019	2020
Current account balance (per cent of GDP) (g)(l)	-2.1	-2.6	-3.2	-2.2	-	-
Total foreign assets (months of the same year imports) (m)	5.3	6.0	5.2	6.3	6.8	6.3
Gross official reserves (months of the same year imports)	3.8	4.6	3.7	4.6	5.2	4.5
Overall debt service ratio (n)						
As a percentage of export of goods and services	25.6	23.9	28.9	29.7	36.0 (d)	28.5 (d)
As a percentage of current receipts	18.0	17.3	21.3	21.9	26.8	19.7
Total external debt (per cent of GDP) (g)(l)	56.8	59.0	59.2	66.6	-	-
<b>EXCHANGE RATES</b>						
Annual average	145.60	152.46	162.54	178.78	177.91	185.68
Rs/US\$	202.39	211.49	229.90	246.97	247.01	254.63
Rs/SDR (o)	104.89	100.00	94.05	88.18	88.07	86.73
NEER (2017 = 100) (24 - currency basket) (p)	100.79	100.00	95.45	90.30	89.65	91.85
REER (2017 = 100) (24 - currency basket) (p)(q)						
Period end						
Rs/US\$	149.80	152.85	182.75	181.63	176.54	186.23
Rs/SDR (o)	201.38	217.69	253.51	251.17	245.43	256.20
<b>GOVERNMENT FINANCE (percentage of GDP) (g)(r)</b>						
Revenue and grants	14.1	13.8	13.5	12.6	5.9	4.2
Revenue	14.1	13.7	13.4	12.6	5.9	4.2
o/w Tax revenue	12.2	12.5	11.9	11.6	5.4	3.7
Grants	0.1	0.1	0.1	0.1	...	...
Expenditure and net lending	19.5	19.3	18.7	19.4	9.4	8.9
Recurrent expenditure	14.7	14.5	14.5	15.3	7.5	7.9
Capital expenditure and net lending	4.8	4.8	4.2	4.1	1.9	1.0
Current account balance	-0.6	-0.7	-1.2	-2.7	-1.5	-3.6
Primary balance	-0.2	0.02	0.6	-0.8	-0.4	-1.6
Overall fiscal balance	-5.3	-5.5	-5.3	-6.8	-3.5	-4.7
Deficit financing	5.3	5.5	5.3	6.8	3.5	4.7
Foreign	3.3	3.3	2.3	2.1	0.4	-0.9
Domestic	2.1	2.2	3.0	4.7	3.1	5.6
Central government debt	79.0	77.9	83.7	86.8	-	-
Foreign	33.7	35.4	41.5	42.6	-	-
Domestic (s)	45.3	42.5	42.3	44.1	-	-
<b>MONETARY AGGREGATES (year-on-year percentage change)</b>						
Reserve money	27.1	9.8	2.3	-3.0	-12.4	-0.6
Narrow money (M <sub>1</sub> )	8.6	2.1	4.7	4.2	-0.1	24.7
Broad money (M <sub>2b</sub> )	18.4	16.7	13.0	7.0	8.7	14.0
Net foreign assets of the banking system	22.4	152.6	-155.1	291.4	7.2 (d)	-78.1
Net domestic assets of the banking system	15.9	9.8	16.3	4.2	8.8	15.4
Domestic credit from the banking system to						
Government (net)	12.1	10.0	16.1	9.9	17.3	33.5
Public corporations	-3.2	4.5	40.7	8.3	17.9	30.3
Private sector	21.6	14.7	15.9	4.3	8.5	4.3
Money multiplier for M <sub>2b</sub> (end year)	6.31	6.71	7.42	8.18	8.39	9.63
Velocity of M <sub>2b</sub> (average for the year) (g)	2.43	2.26	2.12	2.04	-	-
<b>INTEREST RATES (per cent per annum at end of period)</b>						
Standing Deposit Facility Rate (SDFR)	7.00	7.25	8.00	7.00	7.50	5.50
Standing Lending Facility Rate (SLFR)	8.50	8.75	9.00	8.00	8.50	6.50
Bank Rate (t)	15.00	15.00	15.00	15.00	15.00	9.50
Legal Rate of Interest / Market Rate of Interest (u)	5.98	7.06	9.08	11.50	11.50	11.64
Money market rates						
Average weighted call money rate (AWCMR)	8.42	8.15	8.95	7.45	7.86	5.52
Treasury bill yields						
91-day	8.72	7.69	10.01	7.51	8.24	5.50
364-day	10.17	8.90	11.20	8.45	8.70	5.66
Deposit rates						
Commercial banks' average weighted deposit rate (AWDR)	8.17	9.07	8.81	8.20	8.94	7.38
Commercial banks' average weighted fixed deposit rate (AWFDR)	10.46	11.48	10.85	10.05	11.07	9.00
Commercial banks' average weighted new deposit rate (AWNDR)	11.17	10.06	10.94	8.89	9.85	7.20
Commercial banks' average weighted new fixed deposit rate (AWNDFDR)	11.44	10.65	11.27	9.17	10.13	7.37
NSB savings rate	4.25	4.00	4.00	4.00	4.00	4.00
NSB 12 month fixed deposit rate	11.00	11.00	10.50	9.83	10.50	7.25
Lending rates						
Commercial banks' average weighted prime lending rate (AWPR)-Weekly	11.52	11.55	12.09	9.74	11.52	8.48
Commercial banks' average weighted lending rate (AWLR)	13.20	13.88	14.40	13.59	14.36	12.64
Commercial banks' average weighted new lending rate (AWNLR)	13.94	14.31	14.54	12.80	14.43	11.18
<b>CAPITAL MARKET</b>						
All share price index (ASPI) (1985 = 100)	6,228.3	6,369.3	6,052.4	6,129.2	5,372.3	5,149.6
S&P SL20 index (2004 Dec = 1,000)	3,496.4	3,671.7	3,135.2	2,937.0	2,496.6	2,268.8
Value of shares traded (Rs. million)	176,935	220,591	200,069	171,408	63,789	104,405
Net purchases by non nationals (Rs. million)	338	17,655	-23,239	-11,735	-6,371	-20,954
Market capitalisation (Rs. billion)	2,745.4	2,899.3	2,839.5	2,851.3	2,523.4	2,404.7

(l) Based on GDP estimates in US dollars

(m) Excludes foreign assets in the form of direct investments abroad and trade credit and advances received

(n) Overall debt service ratios were reclassified to capture debt servicing in accordance with the External Debt Statistics Manual (2003) of the International Monetary Fund (IMF)

(o) Special Drawing Rights (SDR), the unit of account of the IMF

(p) Exchange rates have been defined in terms of indices so that the appreciation/depreciation of the rupee relative to other currencies is reflected by a rise/fall in the values of the effective exchange rate indices

(q) CCPI is used for the computation of the Real Effective Exchange Rate (REER). The REER is computed by adjusting the Nominal Effective Exchange Rate (NEER) for inflation differentials with the countries whose currencies are included in the basket

(r) Values for 2017 and 2018 are based on revised GDP estimates for 2017 and 2018 released by the Department of Census and Statistics on 31 March 2020

(s) Outstanding balance of Treasury bonds issued to State Owned Business Enterprises (SOBEs) has been included

(t) The rate at which the Central Bank grants advances to banking institutions as the lender of last resort

(u) The Legal rate is defined under the Civil Procedure Code (Amendment) Act No. 6 of 1990 and is applicable to any legal action for the recovery of a sum of money. The Market rate is defined under the Debt Recovery (Special Provisions) Act No. 2 of 1990 and is applicable only in relation to legal actions instituted by lending institutions for the recovery of debt exceeding Rs. 150,000 arising out of commercial transactions, where there is no agreed rate of interest. The Monetary Board of the Central Bank determines the Legal rate and Market rate for each year and publishes in the Government Gazette in the month of December to be applicable for the forthcoming year.



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