

# **RECENT ECONOMIC DEVELOPMENTS**

## **Highlights of 2015 and Prospects for 2016**



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

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## KEY ECONOMIC INDICATORS

Indicator	2011	2012	2013	2014 (a)	First Half (a)	
					2014	2015
<b>DEMOGRAPHY</b>						
Mid-year population ('000 persons) (a) (b)	20,869	20,424 (c)	20,579 (c)	20,771 (c)	-	-
Growth of mid-year population (per cent) (a) (b)	1.0	0.7 (c)	0.8 (c)	0.9 (c)	-	-
Population density (persons per sq.km.) (a) (b)	333	326 (c)	328 (c)	331 (c)	-	-
Labour force ('000 persons) (d) (e)	8,544	8,454	8,802	8,805	8,791	8,968
Labour force participation rate (per cent) (e)	53.0	52.6	53.8	53.3	53.5	54.0
Unemployment rate (per cent of labour force) (e)	4.2	4.0	4.4	4.3	4.3	4.6
<b>OUTPUT (f)</b>						
GDP at current market price (Rs. billion)	7,219	8,732	9,592	10,292	4,972	5,465
GNI at current market price (Rs. billion)	7,147	8,578	9,366	10,052	4,863	5,354
GDP at current market price (US\$ billion)	65.3	68.4	74.3	78.8	38.1	41.1
GNI at current market price (US\$ billion)	64.6	67.2	72.5	77.0	37.2	40.3
Per capita GDP at current market price (Rs.)	345,925	427,559	466,112	495,478	-	-
Per capita GNI at current market price (Rs.)	342,473	419,975	455,126	483,921	-	-
Per capita GDP at current market price (US\$)	3,129	3,351	3,610	3,795	-	-
Per capita GNI at current market price (US\$)	3,097	3,291	3,525	3,707	-	-
<b>REAL OUTPUT (percentage change) (f)</b>						
GNI	8.5	8.3	2.8	4.5	1.2	5.6
GDP	8.4	9.1	3.4	4.5	1.3	5.6
Sectoral classification of GDP						
Agriculture	4.6	3.9	3.2	-2.2	-0.7	3.3
Industry	9.3	9.0	4.1	1.2	-4.5	1.3
Services	8.9	11.2	3.8	6.5	4.2	7.1
<b>PRICES AND WAGES (percentage change)</b>						
Colombo Consumers' Price Index (2006/07 = 100) - annual average	6.7	7.6	6.9	3.3	4.9	1.7
Colombo Consumers' Price Index (2006/07 = 100) - year-on-year - end period	4.9	9.2	4.7	2.1	2.8	0.1
Wholesale Price Index (1974 = 100) - annual average	10.6	3.5	9.2	3.2	5.6	1.6
GNI deflator (f)	3.8	10.9	6.2	2.7	3.5	4.2
GDP deflator (f)	3.8	10.8	6.2	2.7	3.5	4.1
Nominal wage rate index (1978=100) for workers in all wages boards - annual average	4.6	22.2	5.7	3.7	4.6	4.7
Nominal wage rate index (2012=100) for central government employees - annual average	6.7	3.5	6.3	10.5	9.9	20.0
<b>EXTERNAL TRADE</b>						
Trade balance (US\$ million)	-9,710	-9,417	-7,609	-8,287	-3,535	-4,086
Exports	10,559	9,774	10,394	11,130	5,450	5,415
Imports	20,269	19,190	18,003	19,417	8,985	9,501
Terms of trade (percentage change)	-8.9	-1.5	4.6	4.3	4.1	6.5
Export unit value index (2010 = 100) (percentage change)	11.1	-7.3	-0.3	2.7	4.0	-6.0
Import unit value index (2010 = 100) (percentage change)	22.0	-5.8	-4.7	-1.5	-0.2	-11.7
Export volume index (2010 = 100) (percentage change)	10.2	-0.2	6.7	4.3	12.6	5.7
Import volume index (2010 = 100) (percentage change)	23.6	0.5	-1.5	9.5	-1.1	19.7
<b>EXTERNAL FINANCE (US\$ million)</b>						
Services and primary income account (net)	452	43	-572	41	130	164
Current private transfers (net)	4,583	5,339	5,619	6,199	2,948	3,010
Current official transfers (net)	60	53	21	28	22	7
Current account balance	-4,615	-3,982	-2,541	-2,018	-435	-905
Overall balance	-1,059	151	985	1,369	1,954	-792
Current account balance (per cent of GDP) (g)	-7.1	-5.8	-3.4	-2.6	-	-
Total foreign assets (months of the same year imports) (h)	4.7	5.4	5.7	6.1	7.2	5.6
Gross official reserves (months of the same year imports)	4.0	4.4	5.0	5.1	6.1	4.5
Overall debt service ratio (i)						
As a percentage of export of goods and services	12.7	19.7	23.5	20.2	18.7	21.9
As a percentage of current receipts	9.0	13.5	16.4	14.1	13.2	15.5
Total external debt and liabilities (per cent of GDP) (g)	50.2	54.2	53.7	54.5	-	-

(a) Provisional

(b) As reported by the Registrar General's Department

(c) Based on Census of Population and Housing 2012, covering the entire island

(d) Household population aged 15 and above is considered for the calculation of labour force

(e) Data covers the entire island

(f) Based on revised base year (2010) GDP estimates of the Department of Census and Statistics

(g) Based on GDP estimates in US dollars

(h) Excludes foreign assets in the form of 'Direct investments abroad' and 'Trade credit and advances received'

(i) Overall debt service ratios were reclassified to capture debt servicing of government: short-term debt (i.e. foreign holdings of Treasury bonds) in accordance with the External Debt Statistics Manual (2003) of the International Monetary Fund (IMF).

## KEY ECONOMIC INDICATORS (Contd.)

Indicator	2011	2012	2013	2014 (a)	First Half (a)	
					2014	2015
<b>EXCHANGE RATES</b>						
Period average						...
Rs/US\$	110.57	127.60	129.11	130.56	130.59	132.93
Rs/SDR (j)	174.54	195.38	196.19	198.35	201.52	186.35
NEER (2010 = 100) (24 - currency basket) (k)	99.84	90.44	91.39	91.99	90.84	97.48
REER (2010 = 100) (24 - currency basket) (k) (l)	101.84	95.80	100.61	101.94	100.73	106.96
End Period						
Rs/US\$	113.90	127.16	130.75	131.05	130.30	133.70
Rs/SDR (j)	174.87	195.31	201.36	189.86	201.43	188.04
<b>GOVERNMENT FINANCE (per cent of GDP) (f)</b>						
Revenue and grants	13.6	12.2	12.0	11.7	5.3	5.4
Revenue	13.4	12.0	11.9	11.6	5.2	5.4
o/w Tax revenue	11.7	10.4	10.5	10.2	4.7	4.9
Grants	0.2	0.2	0.2	0.1	0.1	...
Expenditure and net lending	19.9	17.8	17.4	17.4	9.0	8.9
Recurrent expenditure	14.2	13.0	12.6	12.9	6.3	6.8
Capital expenditure and net lending	5.7	4.9	4.8	4.6	2.7	2.1
Current account deficit (-) / surplus (+)	-0.8	-0.9	-0.7	-1.2	-1.1	-1.4
Primary deficit (-) / surplus (+)	-1.3	-0.9	-0.8	-1.5	-1.5	-1.3
Overall deficit (-) / surplus (+) (m)	-6.2	-5.6	-5.4	-5.7	-3.7	-3.6
Deficit financing	6.2	5.6	5.4	5.7	3.7	3.6
Foreign	3.0	3.3	1.3	2.1	2.4	-0.4
Domestic	3.2	2.3	4.1	3.7	1.3	3.9
Government debt	71.1	68.7	70.8	71.8	n.a.	n.a.
Foreign	32.3	31.7	30.9	30.2	n.a.	n.a.
Domestic	38.8	37.0	40.0	41.6	n.a.	n.a.
<b>MONETARY AGGREGATES (year-on-year percentage change)</b>						
Reserve money	21.9	10.2	0.9	18.3	1.5	19.8
Narrow money (M <sub>1</sub> )	7.7	2.6	7.7	26.3	16.9	21.2
Broad money (M <sub>2b</sub> )	19.1	17.6	16.7	13.4	13.3	15.3
Net foreign assets of the banking system	-74.0	-126.3	-195.5	119.8	196.8	-225.6
Net domestic assets of the banking system	39.7	23.4	18.3	10.5	2.7	26.8
Domestic credit from the banking system to						
Government (net)	32.9	25.4	24.5	10.3	9.0	21.5
Public corporations	37.3	47.3	24.8	22.2	4.5	38.2
Private sector	34.5	17.6	7.5	8.8	2.0	19.4
Money multiplier for M <sub>2b</sub> (end year)	5.67	6.05	7.00	6.71	7.08	6.81
Velocity of M <sub>2b</sub> (average for the year) (f)	3.15	3.17	2.99	2.83	-	-
<b>INTEREST RATES (per cent per annum at year end)</b>						
Standing Deposit Facility Rate (SDFR) (n)	7.00	7.50	6.50	6.50	6.50	6.00
Standing Lending Facility Rate (SLFR) (o)	8.50	9.50	8.50	8.00	8.00	7.50
Treasury bill yields						
91 - days	8.68	10.00	7.54	5.74	6.51	6.11
364 - days	9.31	11.69	8.29	6.01	6.99	6.28
Deposit rates						
Commercial banks' average weighted deposit rate (AWDR)	7.24	10.10	9.37	6.20	7.40	6.02
Commercial banks' average weighted fixed deposit rate (AWFDR)	8.95	13.21	11.78	7.33	8.96	7.29
National Saving Bank's savings rate	5.00	5.00	5.00	5.00	5.00	5.00
National Saving Bank's 12 - months fixed deposit rate	8.50	12.50	9.50	6.50	7.50	6.50
Lending rates						
Commercial banks' average weighted prime lending rate (AWPR)	10.77	14.40	10.13	6.26	7.91	7.00
Commercial banks' average weighted lending rate (AWLR)	13.44	15.98	15.18	11.91	13.83	11.25
<b>CAPITAL MARKET</b>						
All share price index (ASPI) (1985 = 100)	6,074.4	5,643.0	5,912.8	7,299.0	6,378.6	7,020.8
Milanka price index (MPI) (1998 Dec = 1,000)	5,229.2	5,119.1	-	-	-	-
S&P SL20 index (2004 Dec. = 1,000) (p)	-	3,085.3	3,263.9	4,089.1	3,534.4	3,908.0
Value of shares traded (Rs. million)	546,256	213,827	200,468	340,917	115,741	122,985
Net purchases by non nationals (Rs. million)	-19,039	38,661	22,783	21,217	5,891	1,509
Market capitalisation (Rs. billion)	2,213.9	2,167.6	2,459.9	3,104.9	2,673.0	2,983.0

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

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

(l) 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.

(m) Grants are classified as a revenue item

(n) Repurchase rate was renamed as Standing Deposit Facility Rate (SDFR) with effect from 02 January 2014

(o) Reverse Repurchase rate was renamed as Standing Lending Facility Rate (SLFR) with effect from 02 January 2014

(p) With effect from 01 January 2013, the MPI was replaced by a newly introduced index, namely, S&amp;P SL 20 index. This index was introduced on 27 June 2012 and its base period is December 2004=1,000