

■ **Mid-Year Fiscal Report presented to Parliament gives overview of economic situation**

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SRI Lanka's economy is expected to rebound in the remaining quarters of 2019, due to policy measures taken by the Government to restore normalcy and support affected sectors in the aftermath of the Easter Sunday attack, the Mid-Year Fiscal Report submitted to Parliament said.

The economy has accelerated to 3.7% in the first quarter of 2019, compared to 1.8% recorded in the last quarter of 2018 and the real GDP growth moderated in the first quarter of 2019, compared to 4% recorded in the same quarter of 2018, the report said.

According to the Government, this growth was supported mainly by the expansion of agriculture activities, which recorded a growth of 5.5%, construction activities, with a growth of 6.9%, together with the expansion of wholesale and retail trade, and financial services. Industry and service activities grew by 3% and 4.1% respectively in the first quarter of 2019.

The benign weather condition which prevailed in major cultivation areas has enhanced the performance of agriculture activities, which grew by 5.5% in the first quarter of 2019,

# SL economy likely to rebound later in the year

ing of cereals, tea and marine fishing sector contracted in the first quarter of 2019," explained the Ministry of Finance in the report.

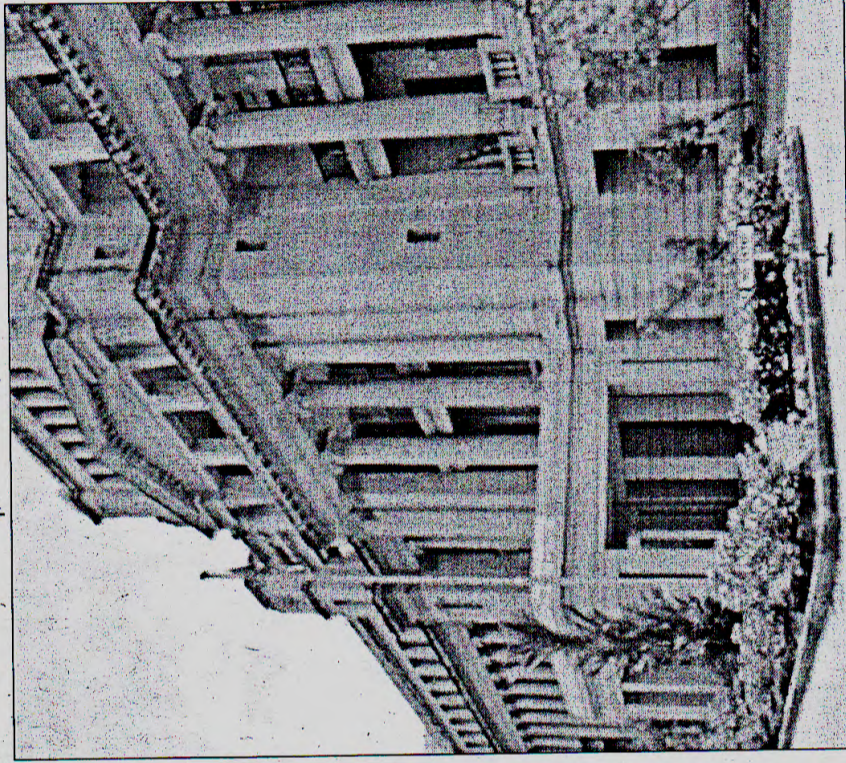
Headline inflation, as measured by the year-on-year change in the National Consumer Price Index, has remained mid-single-digit level during the period in focus. "The inflation increased to 3.5% in May 2019 from 2.1% in May 2018. The inflation showed an increasing trend in the first five months of 2019 and it accelerated to 3.5% in May 2019 from 1.2% in January 2019 due to the lagged effect of the sharp depreciation of the rupee in 2018. However, the inflation is expected to remain at 4-6% range during the year and the increase of the recent uptick will be temporary. The change in the NCPI measured on an annual average declined notably to 2% in May 2019 from 5.7% in May 2018," revealed the report.

Earnings from tourism increased marginally by 2.2% to \$ 1,704 million in the first four months of 2019, partly due to the decline in earnings from tourism in April 2019 with the impact of the Easter

Sunday attacks. Tourist arrivals increased by 2.2% to 907,575 persons at end April 2019 from 888,353 persons at end April 2018. However, tourist arrivals in the month of April 2019 declined by 7.5% to 166,975 persons from 180,429 persons in April 2018. The remittances from overseas employment declined by 13.8% to \$ 2,171 million in the first four months of 2019, compared to \$ 2,520 million in the same period of 2018.

In terms of Section 10 of the Fiscal Management (Responsibility) Act, No. 03 of 2003, the Minister of Finance is required to present the Mid-Year Fiscal Position Report to the public by the last day of June of the year, and thereafter lay it before Parliament. The purpose of the report presented in the Parliament yesterday is to provide updated information on the Government's fiscal performance, as per the fiscal strategy of the Government.

The report contains the performance of Government revenue, expenditure, cash flow operations and borrowings during the first four months of the year 2019. The report also provides provisional budget outcome for the first four months of 2019, updated information, depending on the availability of information, relating to macroeconomic performance, price developments, foreign financing, government debt and official reserves as well as the performance of state-owned business enterprises. (AH)



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compared to 5.1% in the same quarter of 2018. "This was mainly attributable to the substantial increase in the growing of rice, vegetables, fruits

and coconut. Further, animal production, freshwater fishing and plant propagation contributed positively to the growth of agriculture. However, growth