



Lanka records 7.9 percent growth in Q1 2011

RAVI LADDUWAHETTY

The national economy has recorded a 7.9 percent economic growth for the first quarter of 2011 vis-a-vis the 7.1 percent for the corresponding period a year ago, according to the latest statistics of the Census and Statistics Department.

These growth statistics have been buttressed by a phenomenal growth in the industrial sector which has leaped to 11.1 percent from 6.9 percent between the two quarters of the two years while the service sector also has reported a growth of 9.5 percent from the 6.7 percent between the two years.

However, the only sore point in the economy is the

agricultural sector which has shown a dip and a negative figure of -5.1 percent from the 9.1 percent for the first quarter of the previous year -2010. However, agricultural sector is expected to show a strong rebound in the second quarter.

Central Bank Senior Deputy Governor Dharma Dheerasinghe said the reason for the dip in the agricultural sector was due to the crop damage following the spate of floods in the North Central, North West and Central Provinces.

"The spate of floods badly affected paddy production and coconut harvests while also affecting crop production to some extent," he said.

One of the reasons for the phenomenal growth in

the industrial sector has been the overall growth of the apparel sector which has shown tremendous development which includes the 54 percent increase in export earnings and a 75 percent growth in exports.

This was considered extremely decisive given the withdrawal of the General System of Preference (GSP) Plus in September 2010.

Of the services sector, there have been telecommunication, banking and financial services, local and international transport which also includes freight forwarding and cargo handling and the retail trade.

The telecommunication sector has now exceeded

the population density, inclusive of mobile phones and fixed lines. Of the others, tourism is also billed to make a striking case for development with the tourist arrivals increasing by 45 percent and the foreign exchange earnings increasing by 45 percent.

The construction sector is also expected to do well with the potential in the North and the East.

Growth is bound to increase to 8.5 percent for 2011, Dheerasinghe predicted, adding that the resources that were not hitherto available due to the war in terms of agricultural land, livestock, land and coastal fisheries have returned to the mainstream economy shifting the country's production frontier.