

## Northern Province records highest GDP growth rate in 2012

Sri Lanka GDP at constant prices (real terms) grew by 6.4 per cent in 2012, while the GDP at current market prices (nominal terms) grew by 15.9 per cent to Rs. 7,582 billion with a per capita income of Rs. 373,001 (US \$ 2,923). Provincial Gross Domestic Product (PGDP) for 2012 computed by the Statistics Department of Central Bank of Sri Lanka (CBSL) by disaggregating the Gross Domestic Product (GDP) at current market prices estimated by the Depart-

ment of Census and Statistics (DCS).

As in the previous year, Western province provided the highest contribution to GDP in 2012. However, in line with recent trends, its share declined further to 43.4 per cent from 44.2 per cent in 2011, reducing the regional disparity. The PGDP of the Western province grew at a rate of 13.7 per cent benefitting from the continuous growth in the manufacturing, construction, transportation and trade sectors. In 2012,



the highest nominal GDP growth rate was observed in the Northern province with improved contribution to the national GDP from construction, financial services, transportation, paddy

and fish production sectors, the Central Bank said yesterday. Benefitting from the increases in agriculture, mining and quarrying, construction and financial services sectors, the Eastern province registered the second highest growth in the GDP with an increase in its GDP share to 6.3 per cent in 2012 from 5.8 per cent in 2011. The third highest growth rate was observed in the Southern province due to expansions in the areas of manufacturing, construction, govern-

ment services, electricity and financial services. The GDP share of Central, North Central, Uva and Sabaragamuwa provinces remained unchanged in 2012. The nominal growth of the North Western province GDP decelerated and its share declined, mainly due to poor performance in the agriculture, mining and quarrying and electricity sectors.

In line with improvements in country's economic environment, all provinces recorded double digit

nominal growth rates in their PGDP in 2012. The Northern province recorded the highest growth rate of 25.9 per cent, in nominal terms, in 2012 which was similar to the trend observed in 2011. The PGDP of Eastern and Southern provinces grew by 25.0 per cent and 21.3 per cent respectively in 2012. The growth rates of the Northern, Eastern and Southern provinces were higher than the country's nominal growth rate of 15.9 in 2012. To page iv

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The main reason for high growth in Northern province was the improved performance in Industry and Services sectors. The construction sector of the province expanded due to construction activities such as Northern road connectivity project, Road widening projects, Kankasanturai harbor project, Water projects, etc carried out in 2012. This high growth was also supported by the expansion of banking services, with 25 new branches being established in 2012. In addition, Passenger kilometers of private bus services and SLCTB bus services grew by 2.8 per cent and 5.9 per cent respectively.

Increases in the paddy production to 259.9 Mn kg and marine fish production to 59,340 MT in 2012 supported the significant improvements observed in the province. In the Eastern province, Agriculture and Industry sectors contributed to the high growth of 25.0 per cent in 2012. The paddy production of the province increased by 62.5 per cent to 1,062 million kilograms in 2012 compared to 2011. Significant increases in highland crops, vegetables, fruit and marine fish production also contributed to this

high growth in 2012. The increased economic activities due to mining and quarrying, electricity, construction and financial services also contributed to the high growth in the Eastern province. The noticeable growth in the Industry sector of the Southern province contributed to the 21.3 per cent growth observed in 2012. Electricity sales revenue from medium and large scale industries of the province reported a growth of 13.9 per cent in 2012 while there were noticeable increase in growth observed in the electricity distribution, construction and financial services of the province. The significant growth in the Services sector helped the North Central province to record 15.9 percent growth in its GDP in 2012.

This growth was largely underpinned by the expansions in the financial services, government services, construction and electricity sectors. In 2012, the Uva province reported a growth rate of 15.4 percent while its share to GDP remained unchanged at 4.5 per cent. Improvements in the financial services, mining and quarrying and agriculture sectors helped the Uva province to

achieve a healthy growth rate in 2012. Meanwhile, North Western province growth decelerated in 2012, where the setbacks in agriculture and industry sectors affected the performance of the province, adversely.

Reflecting high growth performances in other provinces, the share of the Western province to the overall GDP declined to 43.4 per cent in 2012 from 44.2 per cent in 2011.

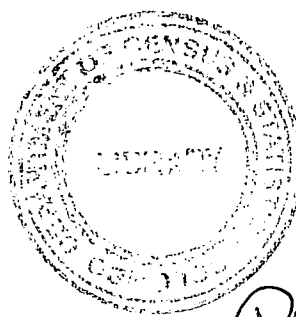
The Southern province accounted for the second highest contribution of 11.5 per cent in 2012, compared to 11.0 per cent in 2011. The contribution of the Northern province to GDP increased to 4.0 per cent in 2012 from 3.7 per cent in 2011 while the share of the Eastern province increased to 6.3 per cent in 2012. The contribution of the Central, North Central, Uva and Sabaragamuwa provinces remained unchanged in 2012. The North Western province contribution to GDP declined to 9.6 per cent in 2012 from 10.0 per cent in 2011.

Provincial Per Capita Income  
The Per capita incomes of all provinces increased in 2012. The per capita income of the Western province at Rs. 564,132 was 1.5

times the national per capita income in 2012.

#### Sectoral Contributions to the PGDP

The sectoral contribution to PGDP of the provinces is shown in Table 2. There were considerable variations in the structure of the PGDP across the provinces. The Agriculture sector accounted for 2.9 per cent of the GDP in the Western province in 2012, whereas it accounted for 13.1 to 27.5 per cent of the GDP in the other provinces. The contribution of the Agriculture sector to the PGDP decreased in all provinces in 2012, except in the Eastern province. The Industry sector contribution to PGDP increased in 2012 in all provinces. In 2012, the largest contribution to PGDP from industry sector was observed in the Western province and the lowest from the Uva province. The Services sector was the most dominant sector accounting for between 49.0 per cent and 62.0 per cent of the PGDP in different provinces in 2012. The contribution from the Services sector declined in the Western, Southern, and Eastern provinces, but increased in all other provinces during 2012.



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