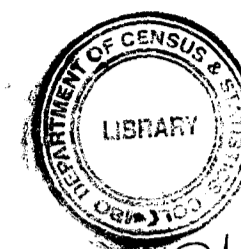


Business & Finance VIII

Northern province topped GDP growth rate in 2012



Palmyrah products

Sri Lanka GDP at constant prices (real terms) grew by 6.4 percent in 2012, while the GDP at current market prices (nominal terms) grew by 15.9 percent 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 Department of Census and Statistics (DCS).

As in the previous year, the Western Province provided the highest contribution to GDP in 2012. However, in line with recent trends, its share declined further to 43.4 percent from 44.2 percent in 2011, reducing regional disparity.

The PGDP of the Western Province grew at a rate of 13.7 percent benefiting 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.

Benefitting from the increases in agriculture, mining and quarrying, construction and financial services sectors, the Eastern Province registered the second highest growth in GDP with an increase in its GDP share to

6.3 percent in 2012 from 5.8 percent in 2011. The third highest growth rate was observed in the Southern Province due to expansions in manufacturing, construction, government services, electricity and financial services.

The GDP share of the 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, quarrying and electricity sectors.

Provincial GDP growth rates

In line with improvements in the 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 percent, 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 percent and 21.3 percent in 2012. The growth rates of the Northern, Eastern and Southern Provinces were higher than the country's nominal growth rate of 15.9 percent in 2012.

The main reason for high growth in the Northern Province was the improved performance in the Industry and Services sectors. The construction sector of the province expanded due to construction activities such as

Northern road connectivity project, road widening projects, Kankasanturala harbour project and water projects, in 2012.

This high growth was also supported by the expansion of banking services, with 25 new branches being set up in 2012. Passenger kilometres of private bus services and SLCTB bus services grew by 2.8 percent and 5.9 percent.

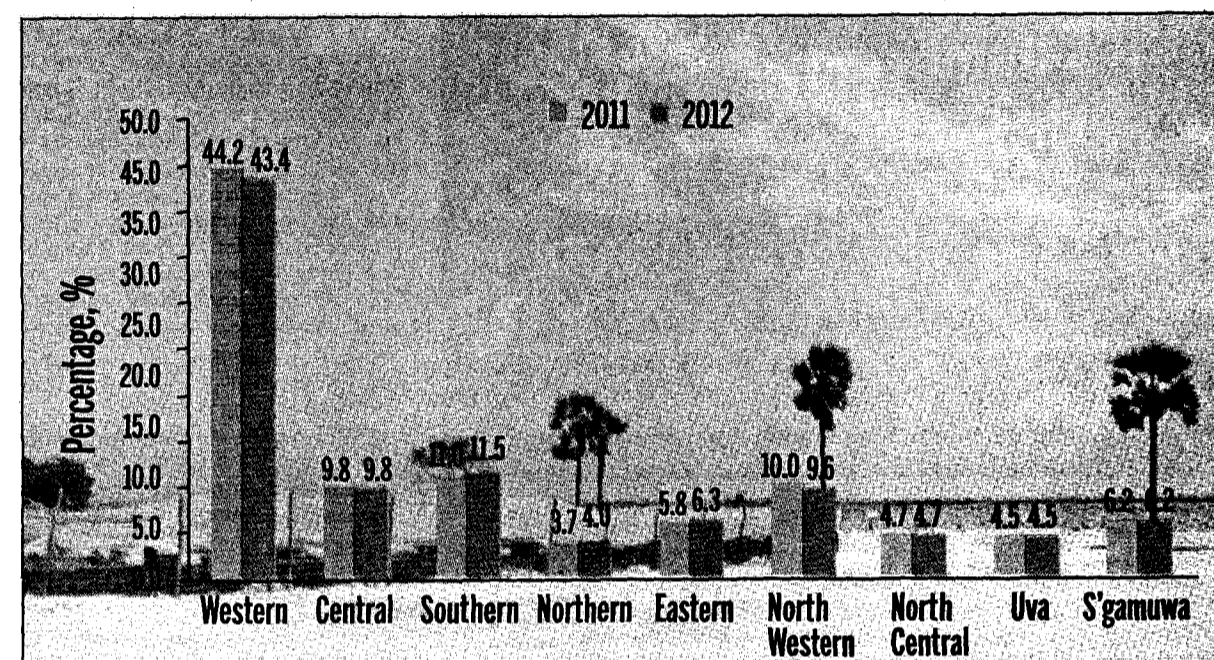
Increases in the paddy production to 259.9 million kilograms and marine fish production to 59,340 mt in 2012 supported the significant improvements in the province.

In the Eastern Province, Agricultural and Industrial sectors contributed to the high growth of 25 percent in 2012. Paddy production of the province increased by 62.5 percent 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. Increased economic activities due to mining and quarrying, electricity, construction and financial services also contributed to high growth in the Eastern Province.

The noticeable growth in the Industrial sector of the Southern Province contributed to the 21.3 percent growth observed in 2012.

Electricity sales revenue from medium and large scale industries of the province reported a growth of 13.9 percent in 2012 while there was noticeable increase in growth in electricity



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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 expansion 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 contribution to GDP remained unchanged at 4.5 percent. Improvements in the financial services, mining and quarrying and agriculture sectors



Fisherfolk laying out their catch.

helped the Uva Province to achieve a healthy growth rate in 2012.

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

Provincial GDP Shares in overall GDP in 2012

Reflecting high growth performances in other provinces, the share of the Western Province to the overall GDP declined to 43.4 percent in 2012 from 44.2 percent in 2011. The Southern Province accounted for the second highest contribution of 11.5 percent in 2012, compared to 11.0 percent in 2011. The contribution of the Northern Province to GDP increased to 4.0 percent in 2012 from 3.7 percent in 2011 while the share of the Eastern Province increased to 6.3 percent in 2012.

Sectoral contributions to the PGDP

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 percent in 2012 from 10.0 percent in 2011.

The Agriculture sector accounted for 2.9 percent of the GDP in the Western Province in 2012, whereas it accounted for 13.1 to 27.5 percent of the GDP in the other provinces.

The contribution of the Agricultural sector to the PGDP decreased in all provinces except the Eastern Province, in 2012.

The Industrial sector's contribution to PGDP increased in 2012 in all provinces. In 2012, the largest contribution to PGDP from the industrial 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 percent and 62.0 percent 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.