

# Economic growth slumps in Q1 Agriculture tumbles, services sector dips, industries stuck

## ● Tea, paddy growth cropped, and apparels, banking and ports take a dip

Economic growth slowed down to 6 percent during the first quarter of this year with growth in the agriculture sector falling sharply, the services sector recording a dip and industries stagnant, data released yesterday by the Department of Census and Statics showed.

The country's Gross Domestic Product grew by 6 percent year-on-year to Rs. 795.4 (at constant prices 2002) during the first quarter of 2013, down from an 8 percent growth rate a year earlier.

The Agriculture sector grew by 2 percent during the quarter, down sharply from 12 percent a year ago. The services sector grew by 4.3 percent, down from 5.8 percent a year ago and the industrial sector grew by 10.7 percent, virtually unchanged from a 10.8 percent growth for the first quarter of last year.

Export earnings during the first quarter of 2013 fell 1.9 percent and imports fell 10.5 percent from a year earlier.

Imports of investment goods (building materials, vehicles, machinery and equipment) fell by 5.4 percent.

Factor income fell sharply

by 65.3 percent while factor income paid grew by 60.6 percent with net factor income received from abroad falling sharply by 222.3 percent during the quarter, as against an 8.1 percent drop a year earlier.

Tea industry growth fell sharply to 0.9 percent during the first quarter of 2013 from 12.6 percent a year earlier and paddy production grew by 8.1 percent after declining by 3.1 percent a year ago.

Paddy production fell sharply from 36.1 percent growth rate during the first quarter of last year to 0.1 percent this year.

The manufacturing sector slipped to 6.4 percent growth rate from 6.7 percent a year ago.

The apparel sector fell to a 6.8 percent growth rate from 7.4 percent.

Cottage industries recorded a 5.2 percent growth rate, down from 5.9 percent a year ago.

The banking, insurance and real estate sector slumped to 6.1 percent during the first quarter of 2013, down from a 7.2 percent growth rate a year earlier.

The hospitality sector recorded an 18.6 percent growth

rate, down from 22 percent a year ago.

Cargo handling, ports and civil aviation growth declined by 0.5 percent from a 3.1 percent growth rate a year earlier.

The economy grew by 6.4 percent in 2012 after averaging over 8 percent since 2009.

The Central Bank has projected economic growth at 7.5 percent for 2013 and 8 percent for the medium term.

The IMF has forecast the growth rate would reach 6.3 percent this year, recovering slightly to 6.7 percent in 2014 and tapering out to 6.5 percent by 2018.

The Asian Development Bank (ADB) earlier this year said Sri Lanka's economy could remain sluggish this year, growing at 6.8 percent constrained by the balance of payments and tighter monetary policy, before recovering to 7.2 percent in 2014.

The United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP), has forecast Sri Lanka's economy would grow by 6.5 percent this year.

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