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business

GDP grows at 7.8 pct in Q3, inflation eases to 5.8 pct

The Gross Domestic production recorded a 7.8 percent growth in the third quarter this year as against the same quarter last year, supported by 7 percent growth in Agriculture, 8.1 percent growth in Industry and 7.9 percent growth in services, while head line inflation has eased to 5.8 percent in the quarter compared to 8.2 last year, the Department of Census and Statistics said.

The percentage share of the three major sectors, the Agriculture, Industry and Services to the total GDP reported as usual at 11.1 percent, 29.9 percent and 59.0 percent respectively.

Economic activities which registered relatively significant growth among the major sectors in the third quarter 2013 were 'Paddy' 56.5 percent, 'Marine Fishing' 17.5 percent, 'Hotels and Restaurant' 13.6 percent, 'Mining and Quarrying' 12.5 percent, 'Electricity' 12.1 percent, 'Transport and Communication' 11.8 percent, 'Construction' 10.0 percent, 'Vegetable' 9.9 percent, 'Livestock' 7.3 percent and 'Banking Insurance and Real Estate' 6.7 percent.

According to GDP Implicit Price Deflator the rate of inflation which measured average level of price changes of all goods and

services in the economy, has been dropped from 8.2 in the third quarter 2012 to 5.8 in the third quarter of 2013.

Agriculture Sector

The Agriculture sector i.e. Agriculture Forestry and Fishing sector grew by 7.0 percent in the third quarter of 2013. This sector recorded a 0.5 percent decrease in the same quarter 2012.

Tea sector has dropped by 5.1 percent in this quarter. Production of Green leaves decreased due to unfavorable weather conditions. This sector recorded a 5.1 percent growth in the same quarter of previous year.

Rubber sector dropped by 28.1 percent in the third quarter of 2013 due to lower prices for rubber and unfavorable rainfall for tapping activities. This sector recorded a 4.7 percent decline in the same quarter in 2012.

Coconut production sector declined by 32.3 percent in the third quarter 2013 and it recorded a 10.2 percent growth in third quarter of previous year. According to the Coconut Development Authority, a significant coconut yield reduction due to severe drought prevailed in major coconut growing areas in

first half of the year 2012.

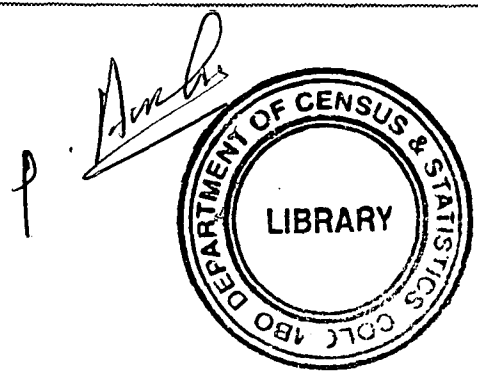
Minor Exports Crops sector (MEC) grew by 2.9 percent in this quarter. This is mainly due to increase of cloves production. MEC grew by 15.7 percent in the third quarter of 2012.

Paddy production sector recorded 56.5 percent growth in the third quarter of 2013. The sown and harvested extent recorded a 22.0 percent and a 38.4 percent increases respectively in 2013 Yala season. It indicated a further increase over the last Yala season which decreased by 39.9 percent. Paddy production of Northern and Eastern provinces has contributed more than 34.0 percent the total production in Yala 2013.

Livestock sector grew by 8.3 percent in this quarter. It was mostly contributed by the increase of milk production in the Northern and Eastern provinces and increase of Egg production.

Other food crops sub sector which includes Highland crops, Vegetables and Fruit recorded an 8.3 percent growth in the third quarter 2013. The value addition of Highland crops decreased by 3.0 percent and vegetables grew by 9.9 percent in this sector.

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Fitch Affirms Sri Lanka's...

Capitalisation as measured by the Fitch core capital ratio (FCC) remained stable at 12.1 percent at end-September 2013 (11.9 percent at end-March 2013). The FCC ratio is derived from SFC's balance-sheet equity and reflects provisioning in line with accounting standards. The regulatory Tier 1 capital ratio deteriorated to 10.3 percent at end-September 2013 from 12 percent at end-September 2012 with the adoption of