

# ECONOMIC INDICATORS

Sri Lanka recorded an overall growth rate of 5 percent in 1985 mainly as a result of increased production in the agriculture and manufacturing sectors; while the country's Gross National Product(GNP) increased by 5.3 percent in 1985 compared to a 5.1 percent increase in 1984 and 4.1 percent in 1983, according to the Central Bank's Annual Report for 1985. The report also states that per capita GNP increased by 3.7 percent (in rupee terms) and at current prices was Rs.9,219 (US Dollars 339) in 1985 as against Rs.8,759 in 1984. However the reports table of Basic Economic Indicators reveals that (in US Dollar terms) the per capita GNP came down from US Dollars 344 in 1984 to US Dollars 339 in 1985.

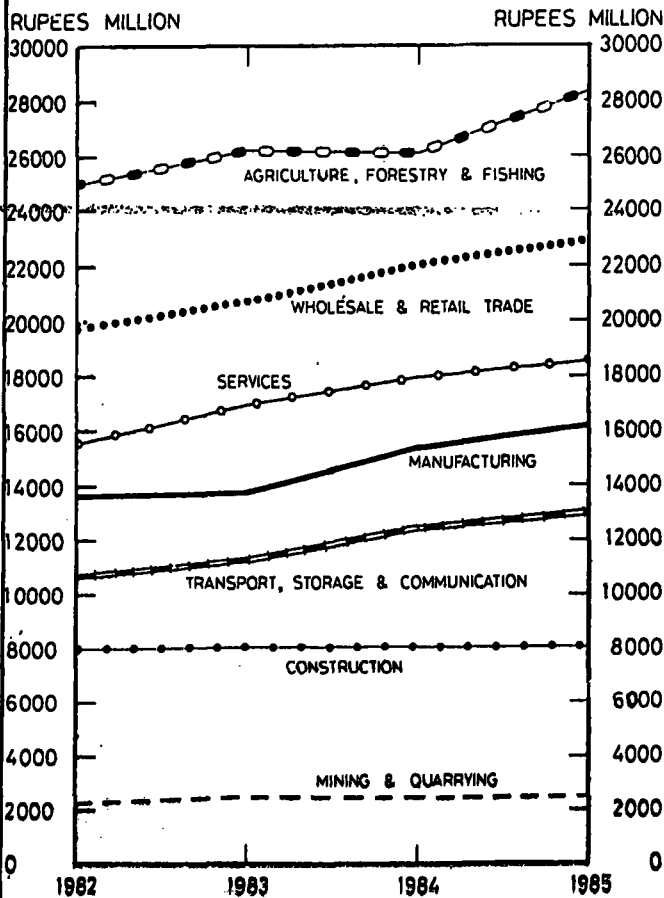
In 1985, real Gross Domestic Product(GDP) increased by 5.0 percent compared with 5.1 percent in 1984. The rate of expansion of Gross Domestic Expenditure (GDE) continued to slow down - it was 10.0 percent in 1985 compared with growth rates of 18.6 percent in 1983 and 16.4 percent in 1984.

Furthermore, in contrast to the two previous years, in 1985 domestic savings decreased by 28.3 percent from Rs.30.6 billion in 1984 to Rs. 21.9 billion in 1985. The ratio of national savings to GDP fell from 22.2 percent in 1984 to 16.1 percent in 1985.

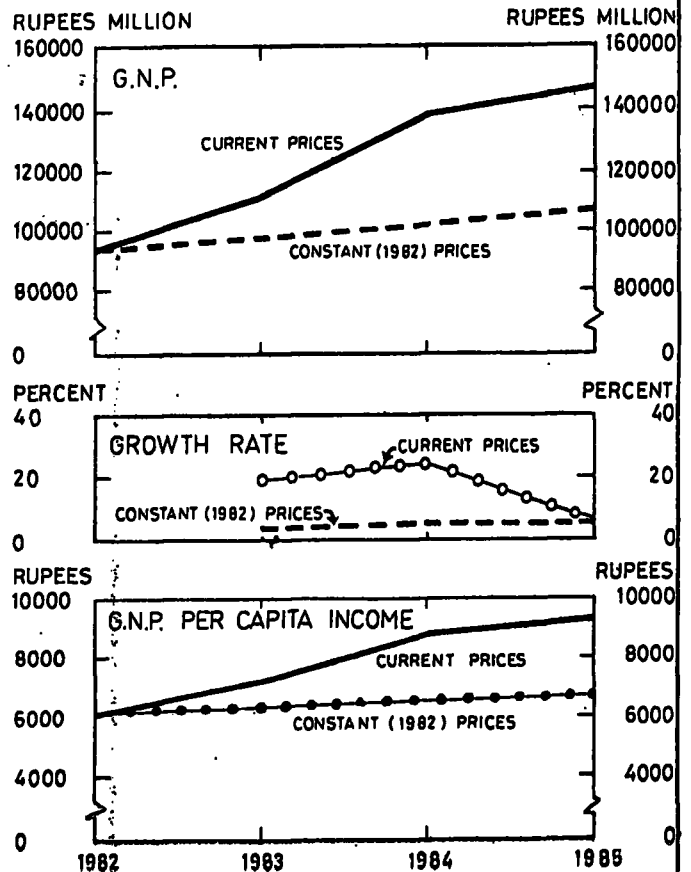
Despite the series of adverse factors affecting the economy in 1985, the report maintains that the economy grew at an impressive rate owing to the continued expansion in the agricultural sector which accounts for about one fourth of the country's GDP. The most pronounced increases in 1985 were recorded in coconut and paddy production, both of which had declined in the previous year.

Among the other unfavourable economic developments the economy had to contend with in 1985 were the decline in commodity prices, particularly of tea and coconut; the continuing drop in tourist traffic and consequent decrease in tourism related services; the increased expenditure on defence activities; a slowing down of foreign investment; and the disruption of economic activities in the northern and eastern parts of the country. The substantial deterioration in Sri Lanka's balance of payments in 1985 is regarded as one of the most serious adverse developments. There was also a reversal in government fiscal operations compared to the previous two years, with budgetary operations in 1985 getting more expansionary. Meanwhile, Sri Lanka recorded an unfavourable trade performance in 1985, with export earnings declining for the first time since 1972.

GROSS DOMESTIC PRODUCT BY INDUSTRIAL ORIGIN  
AT CONSTANT (1982) FACTOR COST PRICES



GROSS NATIONAL PRODUCT



Central Bank Of Sri Lanka