

Country Report

Sri Lanka

M.H.S. Dilrukshi
Graduate School of Economics
Kyushu University



九州大学
KYUSHU UNIVERSITY

A topographic map of Sri Lanka and its surrounding regions, including parts of India to the west and the Indian Ocean to the south and east. The map shows the island's terrain with green and brown colors, and the surrounding water in shades of blue. A light blue rectangular box is overlaid on the map, containing text about Sri Lanka.

Democratic Socialist Republic of Sri Lanka

Area: 65,610.2 km²

Capital: Sri Jayewardenepura Kotte

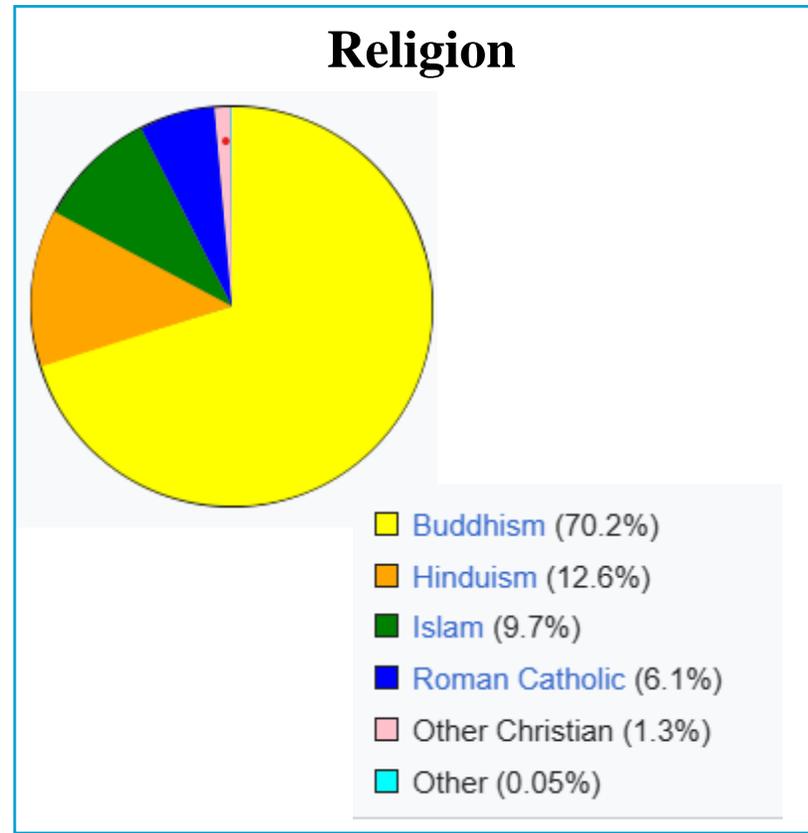
Population: 21,763,170

Currency: Sri Lankan Rupee

Recent Demographic Trends in Sri Lanka

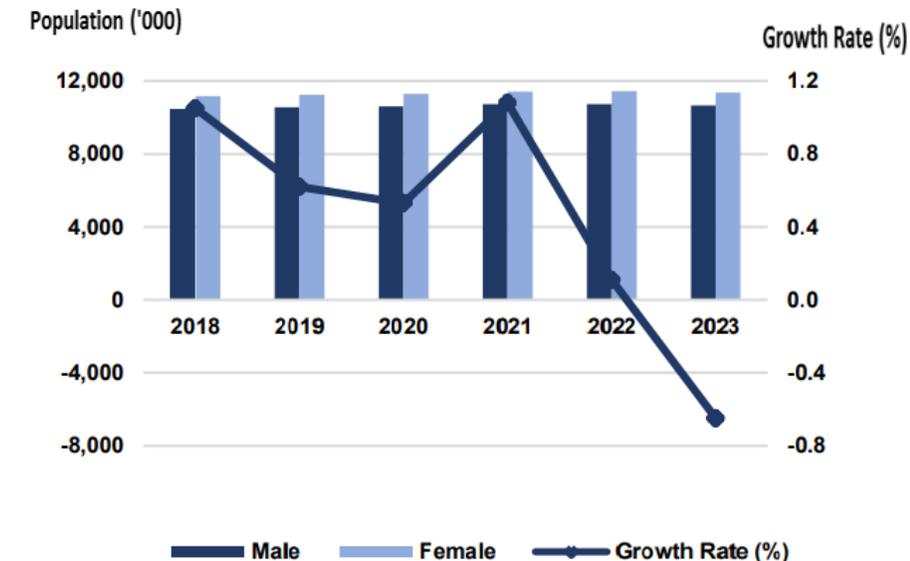
- ❖ Sri Lanka is currently experiencing a significant demographic shift characterized by,
 - declining fertility rates (1.97 in 2023)
 - population aging
 - changing migration patterns (230,000 to 250,000 labor migrants)

Ethnicity	Percentage (%)
Sinhala	74.9
Tamil	15.27
Moors	9.3
Malays	0.22
Burgers	0.19
Others	0.12



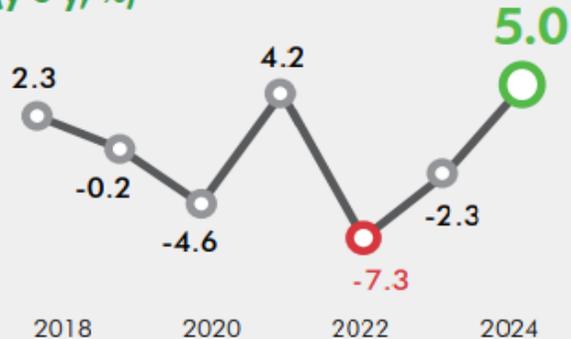
Population

Year	Mid-Year Population ('000)			Population Growth Rate (%)
	Total	Male	Female	
2018	21,670	10,492	11,178	1.05
2019	21,803	10,556	11,247	0.62
2020	21,919	10,613	11,306	0.53
2021	22,156	10,727	11,429	1.08
2022	22,181	10,740	11,441	0.11
2023	22,037	10,670	11,367	0.65



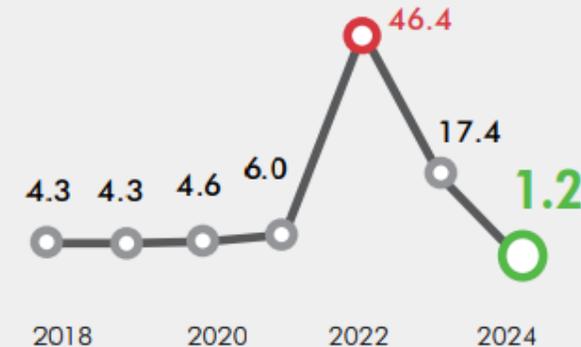
Economic Performance of Sri Lanka

Real GDP Growth
(y-o-y, %)



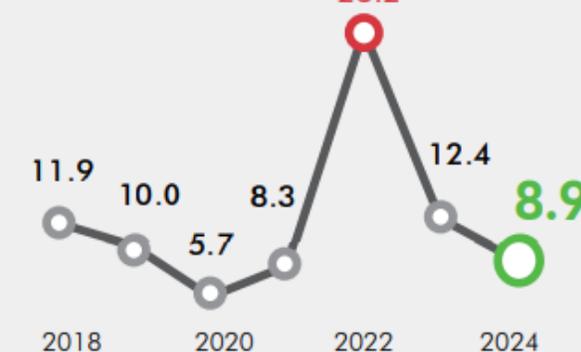
<u>GDP Growth (%)</u>	
-7.3 (2022)	5.0 (2024)

Inflation
(CCPI, annual average, %)



<u>Per Capita GDP (US \$)</u>	
3,464 (2022)	4,516 (2024)

Interest Rate
(end year, AWPR, %)



<u>Exchange Rate (Rs. / US \$)</u>	
363 (2022)	293 (2024)

<u>Inflation (CCPI, %)</u>	
46.4 (2022)	1.2 (2024)

<u>Interest Rate (AWPR, %)</u>	
28.2 (2022)	8.9 (2024)

Overall Fiscal Balance
(% of GDP)



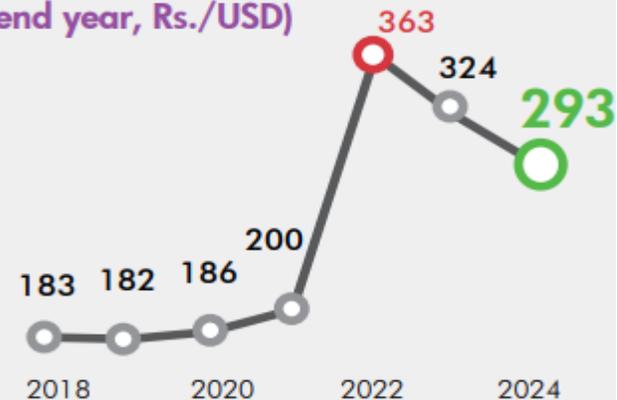
<u>Overall Fiscal Balance (% of GDP)</u>	
3,464 (2022)	4,516 (2024)

Source: Central Bank Report (2024)

Per Capita GDP
(USD)



Exchange Rate
(end year, Rs./USD)



Household Income trends in Sri Lanka

Pre-2020 Growth:

- Sri Lanka experienced an increase in household income per capita, reaching USD 1,422.182 in June 2019.
- The Household Income and Expenditure Survey (HIES) in 2019 showed an average monthly household income of LKR 76,414, a rise from LKR 62,237 in 2016.

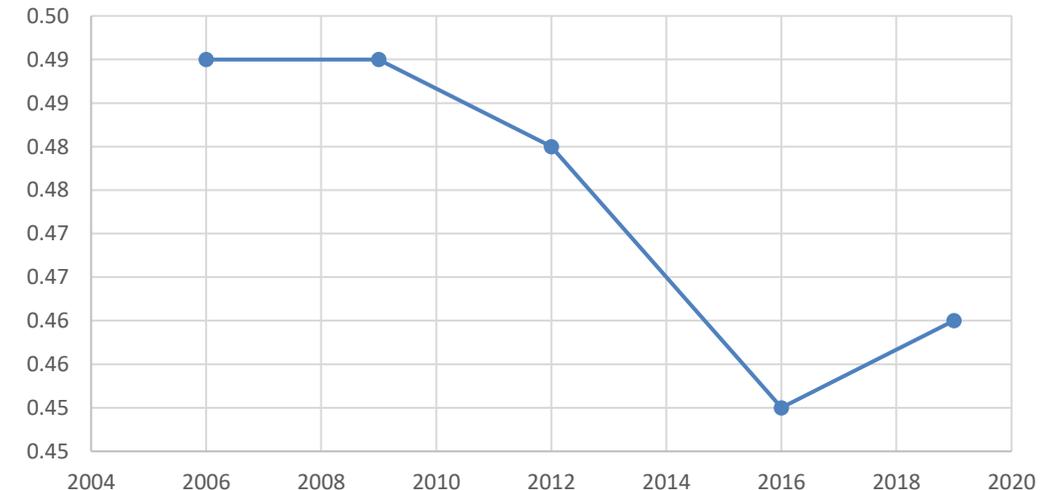
Post-2020 Challenges:

- Real wages in both the private and public sectors have contracted significantly, with a 16.9 and 22 percent decrease between 2021 and 2024, respectively.
- This decline is attributed to factors such as tax and price increases, as well as job and income losses.

Income Distribution

- Gini coefficient of household income (2019) : **0.46**
- Mean household income (2019) : **Rs. 76,414 per month**
- Median household income (2019) : **Rs. 53,333 per month**

Gini coefficient



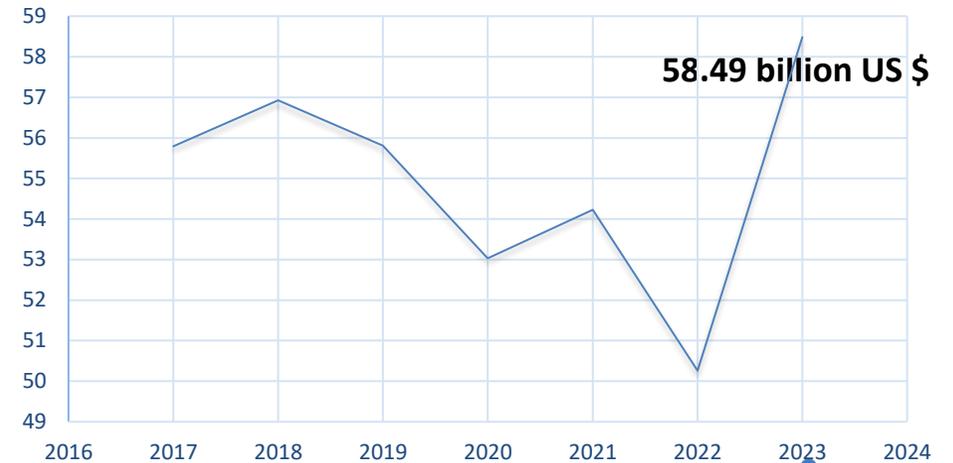
Source: Household Income and Expenditure Survey (as presented in Statistical Pocket Book 2023)

Recent consumption trends in Sri Lanka

- ❖ A rebound in private consumption expenditure, with a notable increase in the ratio of private consumption to GDP. By the end of 2024,
 - Private Consumption (as a % of GDP) is 75.7%.
 - Government Consumption as a % of GDP is 68.7%
 - The total consumer spending in Sri Lanka is forecast to amount to US\$75.76bn in 2025 (Statista, 2025).

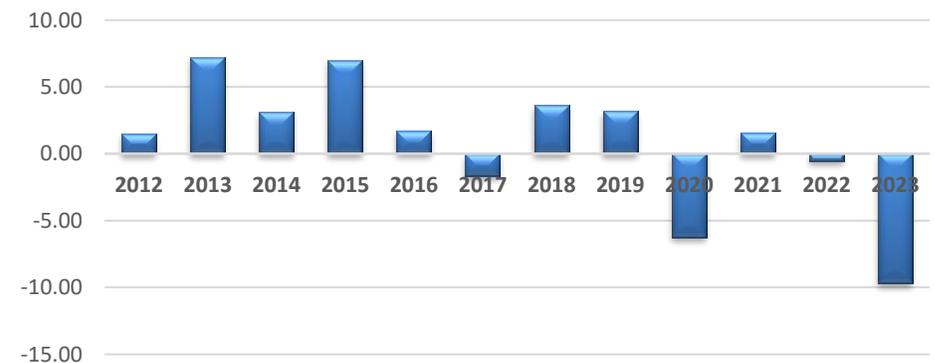
- ❖ Declining trend of household consumption per capita growth (annual %) and it remains negative.
 - Households and NPISHs Final consumption expenditure per capita growth (annual %) was reported at (0.96749 %) in 2023.
 - The benefits of the economic recovery are not yet evenly distributed across all households.

Consumer Spending (US \$ Billions)



Source: World Development Indicator (2024)

Household Final Consumption Expenditure per Capita Growth (Annual %)



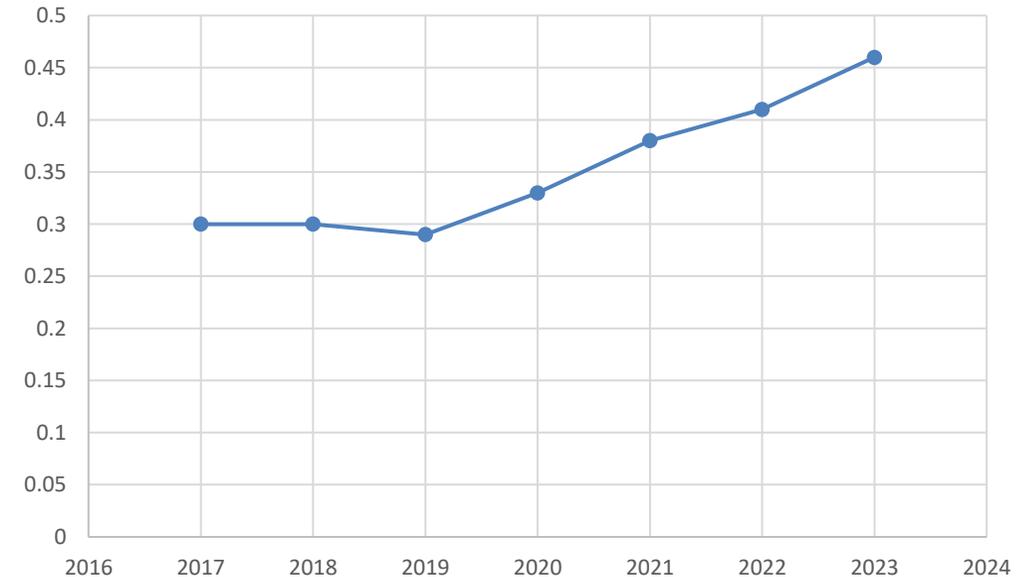
❖ Notable shifts in consumer purchasing power and spending habits driven by,

- Defaulted international loans
- Rampant fuel and energy shortages
- High borrowing cost and rising inflation
- Reduced tourism
- Implementation of various tax reforms

❖ Digital Consumption patterns

- Sri Lanka's Digital Economy was 4.37 percent of GDP in 2022
- According to the Central Bank of Sri Lanka, the value of mobile and internet-based transactions increased by over 20% in 2023.
- Approximately 43 percent of the estimated 11 million internet users have made online purchases.

**Digital Commerce Transaction per user
(Thousands)**



Source: Statista(2024)

Policy Implications

- ❖ National Policy on Sustainable Consumption & Production for Sri Lanka
“doing more economically and environmentally friendly manner with less,”
- ❖ Sustainable Consumption and Production (SCP) aims at improving economic development and social welfare while protecting the environment and managing natural resources sustainably.

Thank You !



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