

The Impact of COVID-19 on Major Sectors in the Sri Lankan Economy

KGN Senanayaka^{1#} and RAB Abeygunawardana¹

¹Faculty of Science, University of Colombo, Colombo 03, Sri Lanka

#gangasenayake12697@gmail.com

Abstract

The COVID-19 pandemic significantly impacted both public health and the economy of Sri Lanka, leading to a prolonged economic recession. Enforcement of control measures, such as lockdowns and trade restrictions, adversely affected various sectors of the economy. To foster recovery and enhance resilience in the face of future pandemics, policymakers must gain a comprehensive understanding of the specific impacts of COVID-19 on each sector. Therefore, this study aims to analyze the performance of the seven major sectors of the Sri Lankan economy during the pandemic period and to quantify the effect of different factors of the pandemic such as lockdown, number of COVID patients, and deaths, individually on each sector. To analyze the performance of sectors (dependent variable), a panel regression was utilized considering the aforementioned factors of the pandemic as independent variables. Additionally, a descriptive representation was used to provide further insight into the results. The research considered the contribution to the GDP of sectors in the Sri Lankan economy as a measure of the performance of each sector. The results of the panel regression imply that both the health and education sectors had been negatively affected by the number of COVID patients. The lockdowns have reduced the performance of the manufacturing and agriculture sectors, but the pandemic has not affected the construction, fishing, and transportation sectors. Thus, the pandemic has resulted in diverse impacts on various sectors, with some remaining unaffected and others experiencing different effects, emphasizing the importance of developing sector-specific strategies to address their unique challenges.

Keywords: *COVID-19, Panel regression, GDP contribution*