



ABSTRACT

In Sri Lanka, the petroleum industry is one of the major contributors to the country's GDP. At the same time, changes in oil prices cause major drawbacks in Sri Lankan economy. In the recent years changes in diesel, kerosene, petrol and fuel oil prices created a massive challenge for the motorists, businesses like haulage companies, service station retailers and power generation industry to run viable, sustainable and profitable businesses because these price increases raise their operational costs in many different ways.

Sri Lankan petroleum prices are largely depending on the international crude oil market conditions. These changes ultimately affect on the poor people inside the country. Therefore, today the industry faces immense changes and challenges. These challenges increase with the future uncertainties in the petroleum industry like risk of finishing the crude oil stocks in OPEC countries. As the population grows, the energy demand also exerts another pressure on petroleum industry. However, in order to cater for these immense challenges, we have to find out factors which effect for the petroleum sales volumes in the country.

The primary aim of this study is to find out those quantitative factors, especially the economic and demographic factors, which can show the actual outcomes with the changes in the petroleum industry. Population, per capita GDP, service GDP, government expenditure, annual vehicle registration volumes are some of those factors which have clear impact on petroleum sales volumes in the country. Therefore, this study first descriptively and inferentially analyses those factors to assess actual impact of them on petroleum sales volumes. Then it introduces recommendations and policy implications to outcome from above prescribed difficulties and challenges in the economy.

Key Words: Petroleum Sales, Macroeconomic Factors, Regression Analysis