

## FOREWARD

Since 1987, the annual report on National Accounts Statistics of Bhutan is a regular publication of National Statistical Bureau (NSB), which was previously called as Central Statistical Organization (CSO). The report presents the estimates of Gross Domestic Product (GDP) and related macro-economic aggregates like, domestic consumption, investment, saving and external relation of Bhutan's economy. The main objective of the report is to measure the annual economic performance of Bhutan.

This report is the 14<sup>th</sup> in series. The salient feature of this report is that in it the base year has been shifted from 1980 to 2000, which has been a concern with our users. They are of the opinion that the base year 1980 for National Accounts Report was very remote and they felt it may misled the estimates. Further, shifting of the base year we have revised the earlier estimates based on the availability additional and more reliable information. This was necessary because the gross value added ratios have changed over the time. Also, the change in the classification of the balance of payment estimates, we revised the net capital inflow, gross domestic capital formation, transfer payments, net factor payments and gross domestic saving.

Therefore, we would like to request all the users to take note of the revised figures while using the national accounts report for analysis and planning purpose. For people seeking for revised time series data from 1980 to 1990, they are presented in Annex I of this report.

Finally, we would like to express our sincere appreciation to all the government and private agencies for assisting us by providing the requested information, which are necessary to bring this report out. In future too, we look forward to receive further co-operation and kind assistance.

November 2004

DIRECTOR  
Thimphu: Bhutan.

National Statistical Bureau

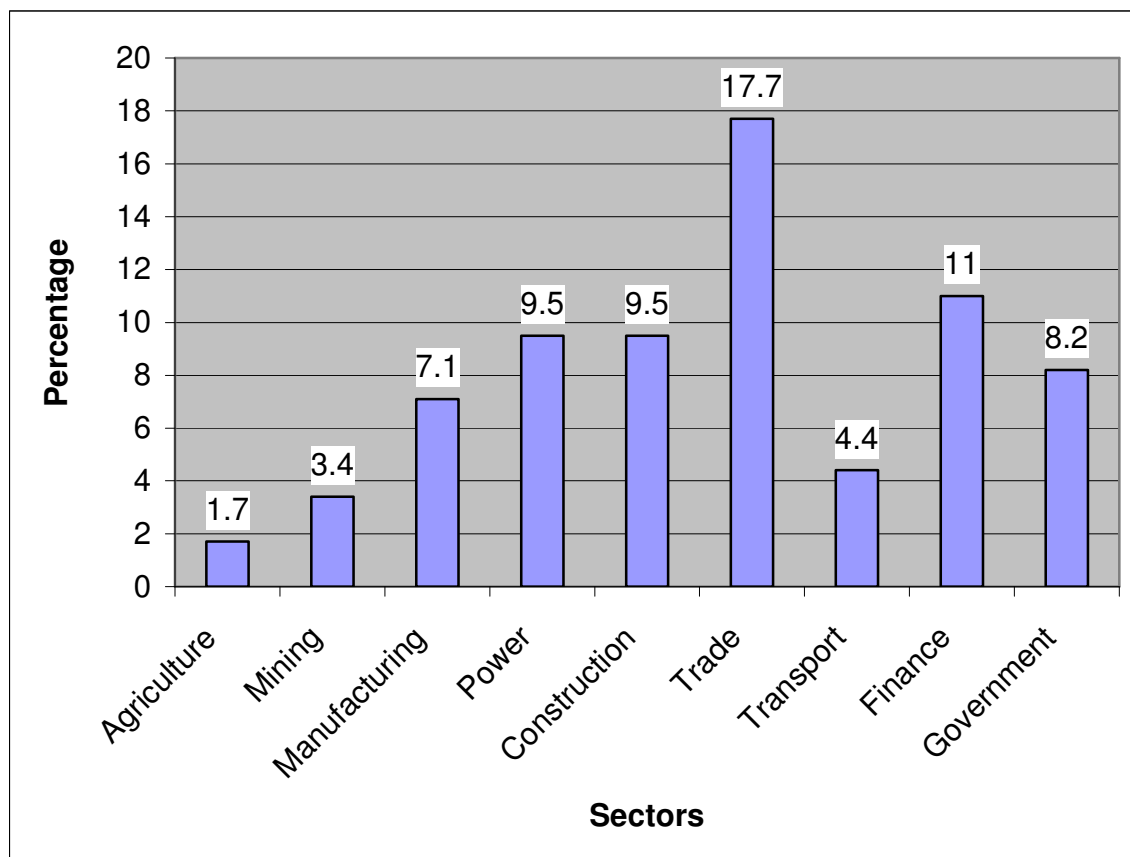
## 1. Economic performance during 2003

The real GDP growth during 2003 was estimated to be 6.8% as against the targeted growth of 7.9% during the 2<sup>nd</sup> year of the 9FYP. The shortfall was due to the low growth rate experienced in agriculture sector.

The revised nominal GDP at market price is estimated at Nu. 28,542 million. Therefore, with the estimated population of 0.734340 million, the estimated per-capita GDP is Nu. 38,868 which is equivalent to US\$ 834. The GNP per-capita is estimate at Nu. 35,411 or equivalent to US\$ 760.

During 2003, the trade sector with a growth rate of 17.7%, power sector with a growth rate of 10% and manufacturing sector with a growth rate of 7.1% were the main driving force of the economy. The increase in government expenditure on construction activities was also a positive factor for high economic growth.

**Figure 1: Sector-wise real growth during 2003**



**The inflation** rate based on the GDP deflator was recorded at 4.3% as compared to the increase in the average Consumer Price Index (CPI) of 2.9%.

## 2. Sectoral performance

## Agriculture Sector

Agriculture sector comprises of agriculture husbandry, animal husbandry and forest exploitation activities. Agriculture is still the dominant sector with 27% of the GDP. However, its share has been gradually declining yielding place to manufacturing and service sectors. The growth of agriculture proper was 1.2%, livestock sub-sector by 1.4% and forestry by 3%. However, agriculture sector in total registered a growth of 1.7%. The agriculture products when bifurcated, the share of cereal products are declining, where the value added share of horticulture products are increasing gradually. (see Table below)

**Table 1 : Contribution of different crops to GDP of Agriculture sector**

*(Percent to total GDP of Agriculture sector)*

	2000	2001	2002	2003
Cereal Crop	63.5	62.4	58.8	58.0
Horticulture Product	31.6	32.8	36.8	37.7
Other Vegetable Product	4.9	4.8	4.5	4.3
Total	100.0	100.0	100.0	100.0

## Mining and quarrying

The mining sector registered a growth of 3.4% and its share to GDP was 2.3%. The major minerals mined in Bhutan are gypsum, dolomite, limestone and coal, which are mainly used as raw-materials by the cement industries within Bhutan. During 2003, limestone industry lead the mining industry followed by coal and gypsum mining.

**Table 2: The composition of GDP of Mining sector in percentage to total.**

*(percentage)*

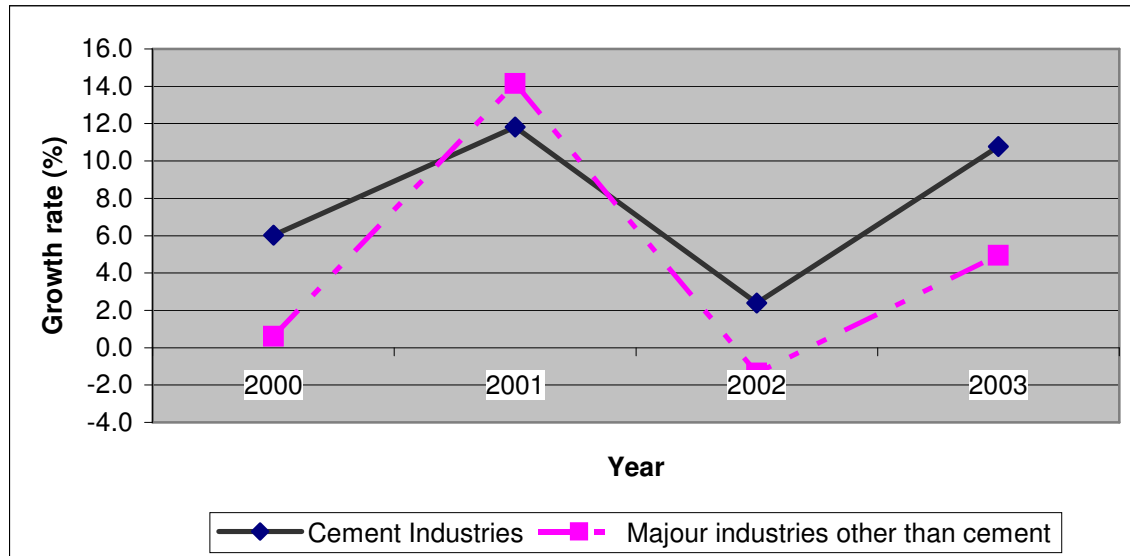
Type of mineral	2003
Dolomite	16
Lime stone	22
Gypsum	19
Coal	20
Talc mines	4
Quartzite	4
Stone Quarry	11
Others	4
Total	100

*Data source: Department of Geology and mines.*

## Manufacturing

The manufacturing sector re-bounced with growth of 7.1% as compared to low growth caused by natural disaster ( See graph below). However, its percentage share to GDP is 7.7% of GDP. The high growth of the sector was mainly due to good performance of cement and Bhutan Board Product industries.

**Graph 2: Growth rate of Cement and other major industries**



## Electricity, gas and water.

The power sector registered a growth of 9.5 % and its share to GDP is 12.1%. The high growth was mainly due to Chukha Hydro Power Corporation Ltd. (CHPCL), which has achieved a record high generation of power during 2003. According to CHPCL 2003 Annual Report, the good water inflow from the Wangchu river even during the dry season have contributed to the increased generation of power. The total generation of the power by Chukha Hydro Ppower Authority, KHP and Bashochu during the year was 2358.7 million units out of which 72 % has been exported.

## Construction

The construction sector has been very robust for the past five years. During 2003, it registered a growth of 10% and its share in GDP increased further from 15.6% in 2000 to 22% in 2003. The high growth in the sector are due to huge investment made in Tala power project, the low-income housing-project at Thimphu and Phuentsholing and Tashichho Dzong-Babesa expressway.

### **Wholesale & retail trade, restaurants and hotels**

The trade sector has registered the highest growth rate of 17.7% during 2003. This may be attributed to the increase in the income of the people and increase in the inflow of Indian tourist which gave good business to the medium and small hotels and restaurants. Further, the number of tourist from countries other than India also increased comparing to 2002.

### **Transport, storage and communication**

The transport sector's GDP increased by 4.4% and its share to GDP was 10.2%. This sector consists of surface, air transport and telecommunications.

### **Finance, insurance & real estate**

The finance and real estate sector rebounded with a growth of 11% as compared to the previous year's negative growth of -3.6%. Its share to GDP remained at 5%. The high growth of the sector was due to good income earnings of RMA, Bhutan National Bank and BDFC. The Bank of Bhutan's earning increased by just 2.7%. The GDP of the real estate increased by 18%.

**Table 3: Nominal growth and share of financial institutions to GDP of financial sector**

Institutions	Share of different financial institution The GDP of financial sector (%)	Nominal growth over previous year (%)
RMA	12.6	43.0
Bank of Bhutan	16.8	-2.2
Bhutan National Bank	10.2	36.9
BDFC	6.4	42.5
RICB	3.4	-12.5
NPPF	0.7	6.3

### **Community, social & personal services (Government administration and defense)**

The value added from the government sector has increased by 8.2% and its share of GDP was 8%.

## **3. Structural Changes**

The structure of the Bhutanese economy has undergone significant changes between 1980 to 2003. The share of primary sector consisting of agriculture and mining has declined from 56.3% in 1980 to 27% in 2003. On the other hand, the share of secondary sector consisting of manufacturing, energy and construction sectors increased to 41.7% in 2003 from 11.4%. The tertiary sector which is composed of all the service industries and being growing steadily over the past years, however its share to GDP remained around 33.3%. Therefore, it is evident that the decrease in the share of the primary sector is the

direct consequence of the expansion of secondary sector, even if marginal growth is registered over the past years.

### **3. GDP by expenditure**

The GDP by expenditure indicate how the total income generated in the country are used for various purposes. As per the System of National Accounts (SNA), the three main aggregate uses of GDP are consumption, investment and net export (Export *minus* import). The consumption and investment are further separated in private and government.

#### **Final Consumption Expenditure**

The total final consumption expenditure (Government *plus* Private) has increased by 6.5% in nominal terms over the previous year and its share to GDP was 53%. Out of the total consumption, government consumption consisted 32% and private consisted the rest 68% respectively.

#### **Gross Domestic Capital formation (Investment) and Savings**

Gross domestic capital formation (GDCF) comprises investment in machinery & equipment and in construction both by government and private sectors. During the year, GDCF increased by 8.8% in nominal term. However, in real term it decreased by (-) 0.1% as compared to the previous year. Its share to GDP was 63%.

The domestic saving increased by 6.4% and its share to GDP was 39%. The difference between GDCF and domestic savings are financed by net capital inflow in the form of loans and grants. Therefore, net capital inflow was about 24% of GDP.

### **4. Preliminary estimate of GDP for 2004 and projection for 2005**

The GDP is estimated to increase by 8.4% during 2004. However, the estimate are based on preliminary data supplied by some of the sectors. The growth is expected to be boosted by construction, trade and transport sectors.

**Table 4: Preliminary estimate of GDP for 2004 and projection for 2005**

Economic sector by kind of activity	Nominal GDP at factor cost (Nu. in million)		Real growth in 2000 prices Over the previous year (%)	
	2004 (pre)	2005 (pro)	2004 (pre)	2005 (pro)
1. Agriculture, livestock, and forestry	8136.2	8953.1	3.1	3.2
1.1 Agriculture proper	3459.9	3747.2	2.6	2.6
1.2 Livestock production	2387.9	2580.6	4.0	4.0
1.3 Forestry and logging	2288.4	2625.4	3.0	3.0
2. Mining and quarrying	701.9	848.8	7.0	7.0
3. Manufacturing	2312.0	2487.0	6.0	5.0
4. Electricity, gas & water	3814.0	4253.3	7.0	7.0
5. Construction	6888.9	8450.5	19.0	19.0
6. Wholesale and retail trade, hotel and restaurant	2793.3	3120.6	10.0	10.0
6.1. Wholesale and retail trade	2545.5	2844.7	10.0	10.0
6.2. Hotel and restaurant	247.9	275.9	10.0	10.0
7. Transport, storage and communications	3354.9	4002.8	10.0	10.0
8. Financing, insurance and real estate	1528.8	1629.3	3.6	3.6
8.1. Finance	782.2	783.4	2.0	2.0
8.2. Real estate	746.5	845.8	6.0	6.0
9. Community, social and personal services (govt)	2412.2	2924.0	2.0	18.0
<i>Less</i> :Imputed bank service charges	492.2	500.7	10.0	3.6
<b>Gross Domestic Product</b>	<b>31450.2</b>	<b>36168.7</b>	<b>8.4</b>	<b>10.1</b>

*(Pre) = Preliminary*

*(Pro) = Projection*

**Table 5: Gross and Net Domestic Product and its related aggregates***(Nu. in million )*

I	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>IN CURRENT PRICES</b>														
1. Net Domestic Product at factor cost	4253	4692	5381	5955	7104	8201	9517	11306	13028	15170	17464	20002	22365	24816
2. Consumption of fixed capital	492	550	639	720	840	992	1155	1368	1572	1831	2056	2371	2617	2929
3. Gross Domestic Product at factor cost	4745	5242	6020	6675	7944	9193	10673	12674	14600	17001	19521	22373	24982	27745
4. Indirect taxes less subsidies	134	159	176	185	351	358	359	506	546	621	583	910	1238	797
5. Gross Domestic Product at market prices	4879	5401	6196	6860	8294	9550	11031	13181	15146	17622	20104	23283	26220	28542
6. Net factor income From abroad	-326	-491	-734	-734	-634	-1208	-1247	-1141	-2323	-3083	-1980	-2697	-3328	-2538
7. Gross National Product at market prices	4553	4910	5462	6126	7660	8342	9785	12040	12822	14539	18124	20586	22892	26004
8. Net National Product at market prices	4061	4361	4823	5406	6820	7350	8629	10672	11251	12708	16067	18215	20275	23075
<b>IN 2000 PRICES</b>														
1. Net Domestic Product at factor cost	10508	10696	11154	11463	11792	12643	13373	13925	14741	15909	17464	18964	20349	21737
2. Add consumption of Fixed capital	1224	1250	1314	1371	1415	1531	1624	1704	1801	1915	2056	2238	2358	2525
3. Gross Domestic Product at factor cost	11732	11946	12468	12834	13207	14174	14997	15628	16542	17824	19521	21202	22707	24262

**Table 6: Gross Domestic Product at factor cost in current prices by economic activities***(Nu. in million)*



Sectors	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Compound Growth Rate 1980-2003
1. Agriculture, livestock, forestry and fishing	1943.7	2266.5	2343.8	2968.1	3161.0	3540.1	4229.9	4702.3	5047.5	5568.7	6037.2	6909.2	7400.5	<b>12.7</b>
1.1 agriculture proper	842.6	1044.7	1073.6	1412.3	1555.4	1752.9	1895.8	2122.6	2290.7	2516.1	2682.0	3000.7	3196.2	<b>12.6</b>
1.2 livestock	585.3	647.4	644.7	857.6	801.5	975.2	1351.0	1485.9	1607.2	1747.5	1930.1	2031.7	2209.6	<b>13.4</b>
1.3 forestry and logging	515.8	574.4	625.6	698.2	804.0	811.9	983.1	1093.8	1149.6	1305.1	1425.2	1876.8	1994.7	<b>12.0</b>
1.4 fishing	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	
2. Mining and quarrying	88.9	98.1	124.2	145.8	205.9	268.1	306.5	312.3	359.6	301.4	403.7	439.5	580.5	<b>21.3</b>
3. Manufacturing	484.0	571.0	635.0	772.0	1013.0	1259.0	1307.0	1433.0	1557.0	1659.0	1889.0	1937.0	2129.0	<b>20.4</b>
4. Electricity and water	478.1	536.6	686.2	732.2	1026.3	1122.9	1594.2	1788.7	2312.9	2475.2	2674.2	2963.3	3420.1	<b>36.9</b>
5. Construction	504.4	622.4	697.6	871.7	984.5	1046.9	1218.3	1476.0	2056.4	3042.9	4093.1	5061.0	5616.0	<b>18.3</b>
6. Wholesale and retail trade, restaurants and hotels	492.9	605.4	695.6	818.0	893.7	1120.9	1266.2	1449.2	1597.8	1833.8	2091.0	2105.5	2500.4	<b>12.8</b>
6.1 Wholesale & Retail Trade	435.5	519.6	597.1	695.9	734.2	943.9	1077.1	1230.6	1346.2	1574.7	1806.3	1895.4	2277.7	<b>12.7</b>
6.2 Hotels and restaurants	57.4	85.8	98.5	122.1	159.5	177.1	189.1	218.6	251.6	259.2	284.7	210.1	222.7	<b>14.2</b>
7. Transport, storage and communications	399.0	471.2	611.1	638.0	713.5	849.2	1016.2	1233.3	1636.7	1881.1	2261.2	2559.0	2812.0	<b>19.1</b>
8. Financing, insurance and real estate	326.6	355.5	369.1	428.2	528.5	558.5	679.8	983.9	985.8	1195.8	1324.1	1248.1	1440.0	<b>14.1</b>
8.1. Finance and Insurance	166.7	176.8	150.0	191.0	282.2	289.8	395.4	671.1	621.5	742.8	816.3	662.1	781.1	<b>17.0</b>
8.2. Real Estate & dwellings	159.9	178.7	219.1	237.2	246.3	268.7	284.4	312.8	364.3	453.0	507.8	586.0	658.9	<b>12.0</b>
9. Community, social & services (Government)	552.5	572.3	592.5	661.0	757.3	935.3	1182.8	1365.2	1640.6	1773.1	1949.9	2079.8	2302.2	<b>13.7</b>
Less : Imputed bank service charges	28.0	78.6	79.9	91.1	91.1	28.3	126.4	144.0	192.8	210.3	350.4	320.7	455.7	<b>14.8</b>
<b>Gross domestic product</b>	<b>5242.0</b>	<b>6020.4</b>	<b>6675.2</b>	<b>7943.9</b>	<b>9192.6</b>	<b>10672.6</b>	<b>12674.4</b>	<b>14599.9</b>	<b>17001.4</b>	<b>19520.6</b>	<b>22373.0</b>	<b>24981.7</b>	<b>27744.9</b>	
<b>Growth rate of GDP in %</b>	<b>10.5</b>	<b>14.8</b>	<b>10.9</b>	<b>19.0</b>	<b>15.7</b>	<b>16.1</b>	<b>18.8</b>	<b>15.2</b>	<b>16.4</b>	<b>14.8</b>	<b>14.6</b>	<b>11.7</b>	<b>11.1</b>	

**Table 7: Gross Domestic Product at factor cost 2000 prices by economic activities**

(Nu. In million)

Sectors	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	Compound Growth Rate 1980-2003
1. Agriculture, livestock, forestry and fishing	4703.2	4732.9	4720.9	4763.7	4833.8	4932.5	5124.0	5243.8	5323.3	5568.6	5849.5	6033.0	6134.1	3.5
1.1 Agriculture proper	2009.0	2056.4	2113.9	2145.2	2173.0	2238.7	2273.6	2318.5	2403.3	2516.1	2617.0	2689.6	2721.4	3.8
1.2 Livestock production	1531.9	1492.0	1477.0	1474.1	1470.4	1584.0	1617.5	1642.6	1663.2	1747.5	1887.8	1942.6	1969.3	3.7
1.3 Forestry and logging	1162.3	1184.5	1130.0	1144.4	1190.3	1109.8	1232.9	1282.7	1256.8	1305.1	1344.6	1400.8	1443.4	2.8
1.4 Fishing	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	
2. Mining and quarrying	188.6	197.5	193.5	211.2	280.9	325.0	322.0	308.9	310.2	301.4	352.4	389.1	402.2	12.6
3. Manufacturing	916.0	942.0	977.0	1087.0	1317.0	1486.0	1529.0	1532.0	1590.0	1659.0	1839.0	1848.0	1980.0	11.6
4. Electricity, gas & water	1982.2	2193.3	2170.8	2185.4	2393.5	2450.8	2284.2	2292.5	2501.0	2475.2	2496.6	2759.0	3021.0	26.1
5. Construction	754.7	971.0	1079.9	1126.6	1243.3	1244.6	1316.1	1544.7	2149.2	3042.9	3768.8	4681.1	5127.3	10.2
6. Wholesale & retail trade,	952.6	998.2	1085.1	1180.6	1149.3	1342.0	1470.8	1504.1	1615.8	1833.8	2056.6	2027.7	2386.8	5.0
6.1. Wholesale and retail trade	847.8	857.7	934.0	1010.5	947.7	1130.1	1261.9	1279.4	1361.2	1574.7	1776.8	1824.0	2172.0	4.8
6.2. Hotel and restaurant	104.8	140.4	151.0	170.1	201.6	211.9	208.9	224.7	254.6	259.2	279.8	203.8	214.8	6.4
7. Transport, storage and communications	827.8	916.6	1124.8	1132.6	1184.4	1303.9	1480.0	1658.0	1775.4	1881.1	2019.5	2111.7	2203.8	10.4
8. Financing, insurance & real estate	469.8	489.2	488.7	520.6	734.7	630.5	743.8	1048.5	1010.4	1195.8	1276.1	1229.8	1364.7	9.2
8.1. Finance	238.0	231.8	189.8	229.7	336.4	329.1	436.6	721.7	632.4	742.8	805.0	689.7	825.1	13.6
8.2. Real estate	231.8	257.4	298.9	290.9	398.3	301.4	307.2	326.8	378.0	453.0	471.1	540.1	539.6	6.2
9. Community, social & personal services (Government)	1191.5	1130.6	1094.6	1108.7	1145.4	1313.7	1497.8	1564.4	1744.8	1773.1	1889.2	1962.0	2123.8	5.5
Less : Imputed bank service charges	40.0	103.0	101.1	109.6	108.6	32.1	139.5	154.9	196.2	210.3	345.6	334.1	481.4	11.5
<b>Gross Domestic Product</b>	<b>11946.4</b>	<b>12468.3</b>	<b>12834.2</b>	<b>13206.9</b>	<b>14173.7</b>	<b>14996.9</b>	<b>15628.2</b>	<b>16542.0</b>	<b>17823.9</b>	<b>19520.6</b>	<b>21202.1</b>	<b>22707.3</b>	<b>24262.2</b>	
<b>Growth of GDP in %</b>	<b>1.8</b>	<b>4.4</b>	<b>2.9</b>	<b>2.9</b>	<b>7.3</b>	<b>5.8</b>	<b>4.2</b>	<b>5.8</b>	<b>7.7</b>	<b>9.5</b>	<b>8.6</b>	<b>7.1</b>	<b>6.8</b>	

**Table 8: Sector-wise GDP Growth rate over the preceding year in 2000 prices (Real growth)**

Sectors	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Agriculture, livestock, forestry and fishing	-0.7	0.6	-0.3	0.9	1.5	2.0	3.9	2.3	1.5	4.6	5.0	3.1	1.7
1.1 Agriculture proper	1.4	2.4	2.8	1.5	1.3	3.0	1.6	2.0	3.7	4.7	4.0	2.8	1.2
1.2 Livestock production	1.5	-2.6	-1.0	-0.2	-0.3	7.7	2.1	1.6	1.3	5.1	8.0	2.9	1.4
1.3 Forestry and logging	-6.5	1.9	-4.6	1.3	4.0	-6.8	11.1	4.0	-2.0	3.8	3.0	4.2	3.0
1.4 Fishing													
2. Mining and quarrying	52.2	4.7	-2.0	9.1	33.0	15.7	-0.9	-4.1	0.4	-2.8	16.9	10.4	3.4
3. Manufacturing	-1.2	2.8	3.7	11.3	21.2	12.8	2.9	0.2	3.8	4.3	10.8	0.5	7.1
4. Electricity, gas & water	0.0	10.6	-1.0	0.7	9.5	2.4	-6.8	0.4	9.1	-1.0	0.9	10.5	9.5
5. Construction	11.9	28.7	11.2	4.3	10.4	0.1	5.7	17.4	39.1	41.6	23.9	24.2	9.5
6. Wholesale & retail trade,	5.8	4.8	8.7	8.8	-2.7	16.8	9.6	2.3	7.4	13.5	12.1	-1.4	17.7
6.1. Wholesale and retail trade	4.7	1.2	8.9	8.2	-6.2	19.2	11.7	1.4	6.4	15.7	12.8	2.7	19.1
6.2. Hotel and restaurant	15.8	34.0	7.5	12.6	18.5	5.1	-1.4	7.6	13.3	1.8	8.0	-27.2	5.4
7. Transport, storage and communications	4.0	10.7	22.7	0.7	4.6	10.1	13.5	12.0	7.1	6.0	7.4	4.6	4.4
8. Financing, insurance & real estate	6.2	4.1	-0.1	6.5	41.1	-14.2	18.0	41.0	-3.6	18.3	6.7	-3.6	11.0
8.1. Finance	16.3	-2.6	-18.1	21.0	46.5	-2.2	32.7	65.3	-12.4	17.4	8.4	-14.3	19.6
8.2. Real estate	-2.4	11.0	16.1	-2.7	36.9	-24.3	1.9	6.4	15.7	19.8	4.0	14.6	-0.1
9. Community, social & personal services (Govt.)	-3.2	-5.1	-3.2	1.3	3.3	14.7	14.0	4.4	11.5	1.6	6.5	3.9	8.2
Less :Imputed bank	-14.9	-49.8	157.4	-1.8	8.4	-0.9	-70.4	334.6	11.0	26.7	7.2	64.3	-3.3

**Table 9: Sector wise percentage share of GDP in current prices**

Sectors	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Agriculture, livestock,	37.1	37.6	35.1	37.4	34.4	33.2	33.4	32.2	29.7	28.5	27.0	27.7	26.7
1.1 agriculture proper	16.1	17.4	16.1	17.8	16.9	16.4	15.0	14.5	13.5	12.9	12.0	12.0	11.5
1.2 livestock	11.2	10.8	9.7	10.8	8.7	9.1	10.7	10.2	9.5	9.0	8.6	8.1	8.0
1.3 forestry and logging	9.8	9.5	9.4	8.8	8.7	7.6	7.8	7.5	6.8	6.7	6.4	7.5	7.2
1.4 fishing	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>	<i>Neg.</i>
2. Mining and quarrying	1.7	1.6	1.9	1.8	2.2	2.5	2.4	2.1	2.1	1.5	1.8	1.8	2.1
3. Manufacturing	9.2	9.5	9.5	9.7	11.0	11.8	10.3	9.8	9.2	8.5	8.4	7.8	7.7
4. Electricity and water	9.1	8.9	10.3	9.2	11.2	10.5	12.6	12.3	13.6	12.7	12.0	11.9	12.3
5. Construction	9.6	10.3	10.5	11.0	10.7	9.8	9.6	10.1	12.1	15.6	18.3	20.3	20.2
6. Wholesale and retail trade, restaurants and hotels	9.4	10.1	10.4	10.3	9.7	10.5	10.0	9.9	9.4	9.4	9.3	8.4	9.0
6.1 Wholesale & Retail Trade	8.3	8.6	8.9	8.8	8.0	8.8	8.5	8.4	7.9	8.1	8.1	7.6	8.2
6.2 Hotels and restaurants	1.1	1.4	1.5	1.5	1.7	1.7	1.5	1.5	1.5	1.3	1.3	0.8	0.8
7. Transport, storage and communications	7.6	7.8	9.2	8.0	7.8	8.0	8.0	8.4	9.6	9.6	10.1	10.2	10.1
8. Financing, insurance and real estate	6.2	5.9	5.5	5.4	5.7	5.2	5.4	6.7	5.8	6.1	5.9	5.0	5.2
a. Finance and Insurance	3.2	2.9	2.2	2.4	3.1	2.7	3.1	4.6	3.7	3.8	3.6	2.7	2.8
b. Real Estate & dwellings	3.1	3.0	3.3	3.0	2.7	2.5	2.2	2.1	2.1	2.3	2.3	2.3	2.4
9. Community, social & services (Government)	10.5	9.5	8.9	8.3	8.2	8.8	9.3	9.4	9.6	9.1	8.7	8.3	8.3
Less : Imputed bank service charges	-0.5	-1.3	-1.2	-1.1	-1.0	-0.3	-1.0	-1.0	-1.1	-1.1	-1.6	-1.3	-1.6
Gross domestic product	100	100	100	100	100	100	100	100	100	100	100	100	100

**Table 10: Percentage share major sector to GDP in current prices**

Sector	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Primary	40.9	39.5	38.3	37.7	36.3	35.1	34.8	33.6	31.6	30.1	29.3	28.3	26.9
2. Secondary	30.6	32.9	32.9	33.3	35.2	34.6	32.8	32.5	35.0	36.8	38.2	40.9	41.7
3. Tertiary	28.8	28.3	29.6	29.9	29.2	30.6	33.2	34.9	34.5	34.2	34.2	32.3	33.3
4. Less: imputed bank service charges	-0.3	-0.8	-0.8	-0.8	-0.8	-0.2	-0.9	-0.9	-1.1	-1.1	-1.6	-1.5	-2.0
5. Gross Domestic Product	100	100	100	100	100	100	100	100	100	100	100	100	100

**Table 11: Growth rate of major sector in 2000 prices**

Sector	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Primary	0.7	0.8	-0.3	1.2	2.8	2.8	3.6	2.0	1.5	4.2	5.7	3.6	1.8
2. Secondary	1.9	12.4	3.0	4.1	12.6	4.6	-1.0	4.7	16.2	15.0	12.9	14.6	9.0
3. Tertiary	2.2	2.7	7.3	3.9	4.4	11.6	13.1	11.2	6.4	8.7	8.3	1.2	10.2
4. Gross Domestic Product	1.8	4.4	2.9	2.9	6.6	6.6	4.2	5.8	7.7	9.5	8.6	7.1	6.8

**Table 12: Estimates of final consumption in current prices**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Government consumption	775.1	935.2	1178.5	1263.0	1772.5	2332.9	2913.9	3039.1	3273.2	3848.2	4068.1	3638.6	4926.1
Private final consumption	3218.7	3685.3	3791.0	3543.7	3977.1	4767.8	7165.1	8645.7	10380.7	7706.7	8155.8	10655.0	10300.9
Total final consumption	3993.7	4620.6	4969.5	4806.7	5749.6	7100.8	10079.0	11684.7	13653.9	11554.8	12223.9	14293.6	15226.6
G D P at market prices	5401.5	6196.4	6860.2	8294.4	9550.1	11031.6	13180.5	15145.6	17622.1	20103.6	23283.0	26219.7	28542.1
Percentages of consumption to GDP	73.9	74.6	72.4	58.0	60.2	64.4	76.5	77.1	77.5	57.5	52.5	54.5	53.3

**Table 13: Estimates of Gross Domestic Saving in current prices**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Gross domestic capital formation	1734.7	2579.7	3117.3	4357.3	4459.7	4740.2	4350.5	5408.3	7004.2	12156.2	15158.6	16549.1	18005.0
2. Net capital inflow	639.6	1953.2	1272.2	1071.5	1272.5	2011.4	1787.0	4170.0	5837.0	4151.0	5695.0	6441.0	7272.0
3. Gross domestic saving	1269.4	1283.3	1504.6	3185.4	3287.7	3098.3	2451.3	2429.8	2000.7	7162.2	10235.6	10481.1	11148.5
4. Total Government revenue receipt	1076.0	1403.5	1658.5	1771.5	2002.5	2276.0	2778.5	3395.0	4121.0	4780.5	5027.0	4931.5	5473.5
5. Government final expenditure	775.1	935.2	1178.5	1263.0	1772.5	2332.9	2913.9	3039.1	3273.2	3848.2	4068.1	3638.6	4926.1
6. Government saving	300.9	468.3	480.0	508.5	230.0	-56.9	-135.4	355.9	847.8	932.3	958.9	1292.9	547.4
7. Private saving	968.4	815.0	1024.6	2677.0	3057.7	3155.2	2586.7	2073.9	1152.9	6229.9	9276.7	9188.2	10600.7

**Table 14: Gross Domestic Capital Formation at current prices**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Machinery and equipment	948.8	1516.7	2070.2	2335.6	2302.1	2489.7	2465.9	2606.2	3002.5	3030.5	3642.3	3646.8	3655.8
Govt.	451.7	530.4	643.5	551.3	349.8	435.4	689.7	1009.5	1109.1	1131.0	1332.8	1504.6	1132.9
Private	497.1	986.3	1426.6	1784.4	1952.3	2054.2	1776.2	1596.7	1893.4	1899.5	2309.5	2147.1	2522.9
2. Construction	892.6	1113.1	1173.7	1527.0	1931.9	2282.9	2583.2	3230.8	4825.1	9062.8	11338.2	13456.6	14531.0
Govt	576.1	756.1	805.8	956.1	1176.1	1294.3	1457.1	1742.0	2102.6	2600.6	3298.4	3746.5	3780.0
Private	316.5	357.0	367.9	570.9	755.8	988.6	1126.1	1488.8	2722.5	6462.2	8039.7	9710.1	10750.9
Gross fixed capital formation	1841.5	2629.8	3243.8	3862.7	4234.0	4772.6	5049.1	5837.0	7827.6	12093.3	14980.5	17135.7	18217.0
Change in stock	-106.8	-50.1	-126.6	494.7	225.7	-32.3	-698.6	-428.7	-823.4	63.0	178.2	-586.6	-211.6
Gross domestic capital formation	1734.7	2579.7	3117.3	4357.3	4459.7	4740.2	4350.5	5408.3	7004.2	12156.2	15158.6	16549.1	18005.0

**Table 15: Gross Domestic Capital Formation in 2000 prices**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
1. Machinery and equipment	1865.9	2495.8	3220.5	3401.3	2948.4	2972.9	2905.6	2716.1	3032.3	3030.5	3568.9	3536.0	3508.9
Govt.	885.7	869.5	1005.5	799.0	448.4	518.4	811.4	1051.6	1120.3	1131.0	1306.6	1446.8	1078.9
Private	980.2	1626.3	2215.0	2602.4	2500.0	2454.5	2094.2	1664.5	1911.9	1899.5	2262.2	2089.2	2430.0
2. Construction	1689.1	2057.9	2059.2	2187.4	2685.3	2797.5	2952.2	3491.7	5133.2	9062.8	10054.6	11881.8	11532.0
Govt	1090.2	1397.8	1413.8	1369.6	1634.8	1586.1	1665.2	1882.7	2236.9	2600.6	2925.0	3308.1	3000.0
Private	598.9	660.1	645.4	817.9	1050.5	1211.4	1287.0	1609.0	2896.3	6462.2	7129.6	8573.7	8534.0
Gross fixed capital formation	3555.0	4553.7	5279.7	5588.8	5633.7	5770.4	5857.8	6207.7	8165.5	12093.3	13623.5	15417.8	15041.0
Change in stock	-223.1	-102.4	-232.2	694.9	327.6	-39.8	-890.0	-489.6	-861.4	63.0	172.2	-554.2	-196.0
Gross domestic capital formation	3331.9	4451.3	5047.5	6283.7	5961.3	5730.6	4967.8	5718.1	7304.0	12156.3	13795.7	14863.6	14845.0

**Table 16: Gross Domestic Capital Formation by institutional sector in current prices**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
I. Construction:	892.6	1113.1	1173.7	1527.0	1931.9	2282.9	2583.2	3230.8	4825.1	9062.8	11338.2	13456.6	14531
1. Government	576.1	756.1	805.8	956.1	1176.1	1294.3	1457.1	1742.0	2102.6	2600.6	3298.4	3746.5	3780.0
2. Non-government Sector	316.5	357.0	367.9	570.9	755.8	988.6	1126.1	1488.8	2722.5	6462.2	8039.7	9710.1	10751.0
II. Machinery & equipment	948.8	1516.7	2070.2	2335.6	2302.1	2489.7	2465.9	2606.2	3002.5	3030.5	3642.3	3679.1	3685.8
1. Government	451.7	530.4	643.5	551.3	349.8	435.4	689.7	1009.5	1109.1	1131.0	1332.8	1504.6	1132.9
2. Non-government Sector	497.1	986.3	1426.6	1784.4	1952.3	2054.2	1776.2	1596.7	1893.4	1899.5	2309.5	2174.5	2552.9
III. Change in stocks	-106.8	-50.1	-126.6	494.7	225.7	-32.3	-698.6	-428.7	-823.4	63.0	178.2	-586.6	-211.6
1. Government													
2. Non-government Sector	-106.8	-50.1	-126.6	494.7	225.7	-32.3	-698.6	-428.7	-823.4	63.0	178.2	-586.6	-211.6
IV. Total	1734.7	2579.7	3117.3	4357.3	4459.7	4740.2	4350.5	5408.3	7004.2	12156.2	15158.6	16549.1	18005.0
1. Government	1027.8	1286.5	1449.3	1507.4	1525.9	1729.8	2146.8	2751.5	3211.7	3731.6	4631.2	5251.2	4912.9
2. Non-government	706.8	1293.2	1667.9	2850.0	2933.8	3010.5	2203.7	2656.8	3792.4	8424.7	10527.4	11297.9	13092.3



**Table 17: Gross Domestic Capital Formation by institutional sector in 2000 prices**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
I. Construction:	1689.1	2057.9	2059.2	2187.4	2685.3	2797.5	2952.2	3491.7	5133.2	9062.8	10054.6	11881.8	11532.0
1. Governemnt	1090.2	1397.8	1413.8	1369.6	1634.8	1586.1	1665.2	1882.7	2236.9	2600.6	2925.0	3308.1	3000.0
2. Non-government	598.9	660.1	645.4	817.9	1050.5	1211.4	1287.0	1609.0	2896.3	6462.2	7129.6	8573.7	8534.0
II. Machinery & equipment	327.0	415.2	559.8	490.2	500.1	494.9	450.4	421.9	467.7	468.5	3568.9	3536.0	3508.9
1. Governemnt	885.7	869.5	1005.5	799.0	448.4	518.4	811.4	1051.6	1120.3	1131.0	1306.6	1446.8	1078.9
2. Non-government	980.2	1626.3	2215.0	2602.4	2500.0	2454.5	2094.2	1664.5	1911.9	1899.5	2262.2	2089.2	2430.0
III. Change in stocks	-223.1	-102.4	-232.2	694.9	327.6	-39.8	-890.0	-489.6	-861.4	63.0	172.2	-554.2	-196.0
1. Governemnt													
2. Non-government	-223.1	-102.4	-232.2	694.9	327.6	-39.8	-890.0	-489.6	-861.4	63.0	172.2	-554.2	-196.0
IV. Total	3331.9	4451.3	5047.5	6283.7	5961.3	5730.6	4967.8	5718.1	7304.0	12156.3	13795.7	14863.6	14847
1. Governemnt	1975.9	2267.3	2419.3	2168.5	2083.2	2104.5	2476.7	2934.2	3357.2	3731.6	4231.7	4754.8	4079.0
2. Non-government	1356.0	2184.0	2628.2	4115.1	3878.1	3626.2	2491.2	2783.9	3946.8	8424.7	9564.0	10108.7	10768.0

## 5. CONSOLIDATED ACCOUNTS FOR THE NATION AND ITS SUPPORTING TABLES

The National Accounting got its inspiration from Commercial Accounting practices on the double entry system of accounts followed in industry and commerce. It is extremely useful for a systematic presentation of different types of transactions entered in such a way that the results of transactions in terms of the profits and losses, the position of the assets and liabilities, the inter-relationship of transactions and significant components of the transactions may be clearly seen. This has led economists and economic statisticians to develop a system of economic accounts for the nations as a whole. Such accounts enable a National Accountants to classify innumerable economic transactions of the economic system into meaningful categories or sectors and present them in a comprehensive accounting form so that the working of the economic system and the inter-relationship between various sectors of the economic system could be brought out clearly. With this background, the United Nations developed a System known as *the United Nations System of National Accounts* (SNA) which consists a number of standard accounts. These may be placed into three broad groups :-

- (I) **Consolidated accounts for the nation,**
- (ii) ***Production, consumption expenditure & capital formation accounts and***
- (iii) ***Income & outlay and capital finance accounts.***

Each of these main groups covers a number of accounts. Each account is assigned with a code number as follows :-

<b>ACCOUNTS</b>	<b>CODE NUMBER</b>
Production account	Account 1
Consolidated expenditure	Account 2
Income and outlay account	Account 3
Capital formation account	Account 4
Capital finance account	Account 5
All accounts - external Transactions	Account 6

**The consolidated accounts for the nation** are designed to summarize the transactions, which take place in the economy so that attention is focussed on the main features of the economic conditions and strategic relationships between various facets of the economy. They exhibit the aggregated picture of the product, income and expenditures. The accounts presented under this group bearing their code numbers are as follows :-

Account 1. Gross domestic product and expenditure

Account 3. National disposable income and its appropriation

Account 5. Capital finance

Account 6. All accounts - external transactions.

**Account 1** is the Gross Domestic Product and Expenditure account which focuses attention on the emergence of GDP at market prices in terms of factor payments like *compensation of employees & operating surplus, consumption of fixed capital (depreciation) and indirect taxes less subsidies* as outgoing and the sources of demand for the product for *final consumption expenditure, Gross capital formation and net export* as incoming as indicated in Table 19.

**Account 3** is the National disposable income and its Appropriation account, which explains national aggregates. The disposable income is formed in Incomings side by the sum of *compensation of employees & operating surplus, net factor of income from rest of the world*<sup>1</sup> /, *net indirect taxes*<sup>2</sup> / and *net other current transfer from rest of the world*<sup>3</sup> /. When the final expenditure from Outgoing side is deducted from the Disposable income, the net national saving<sup>4</sup> / is derived as displayed in Table 20.

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<sup>1</sup>-/ *Factor income received from rest of the world less factor income payment to rest of the world.*

<sup>2</sup>-/ *Indirect taxes less Subsidies*

<sup>3</sup>-/ *Current transfers received from rest of the world less current transfers payment to rest of the world.*

<sup>4</sup>-/ *Net saving is derived when consumption of fixed capital (depreciation) is deducted from Gross saving.*

**Account 5** is Capital finance account exhibiting an account of capital accumulation by the nation in Outgoing side financed by *Saving, Consumption of fixed capital*<sup>5</sup> / and *Capital transfers from the rest of the world (net)*. The Net acquisition of financial assets is the sum of *net lending from the rest of the world and net incidence of foreign Liabilities* as reflected in Table 21.

**Account 6** is the All Accounts- External Current transactions account and Capital Transactions account which explain the external transactions of residents' economic agents. Each external transaction indicated in the above accounts has got its counterpart in this account. Thus in the accounting system as a whole, each item in an account has its counterpart in some other account as appeared in Tables 22 and 23.

In this way, it may be stated that *the United Nations System of National Accounts* is a closed and fully articulated system in which every transaction is recorded twice as an "<sup>6</sup> / *incomings*" and "*outgoings*". Each flow is linked with other flows. In this system for recording transactions of the residents with the non-residents we have a sector termed as "*Rest of the world*"

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<sup>5</sup>-/ *Consumption of fixed capital(depreciation) is to convert net saving to gross saving.*

<sup>6</sup>-/ *In our presentation we have mentioned "Outgoings" above the "Incomings" due to lack of space. As a rule "Outgoings" should be in right side and "Incomings" should be in left side.*



**Table 18: Gross Domestic Product and its expenditure in current prices**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<b>OUTGOINGS</b>													
Compensation of employees & Operating Surplus	4689.9	5378.6	5951.9	7091.4	8198.8	9516.5	11304.6	13026.6	15168.9	17456.7	20001.0	22361.2	24818.9
Consumption of fixed capital	552.2	641.9	723.3	852.6	993.7	1156.1	1369.8	1573.3	1832.6	2063.9	2372.1	2620.5	2926.0
Indirect taxes less subsidies.	159.4	176.0	185.0	350.5	357.5	358.9	506.1	545.6	620.6	582.9	910.0	1238.0	797.2
Gross Domestic Product at market prices	5401.5	6196.4	6860.2	8294.4	9550.1	11031.6	13180.5	15145.6	17622.1	20103.6	23283.0	26219.7	28542.1
<b>INCOMINGS</b>													
Govt. final consumption expenditure	775.1	935.2	1178.5	1263.0	1772.5	2332.9	2913.9	3039.1	3273.2	3848.2	4068.1	3638.6	4926.1
Private final consumption expenditure	3218.7	3685.3	3791.0	3543.7	3977.1	4767.8	7165.1	8645.7	10380.7	7706.7	8155.8	10655.0	10300.9
Increase in stocks	-106.8	-50.1	-126.6	494.7	225.7	-32.3	-698.6	-428.7	-823.4	63.0	178.2	-586.6	-211.6
Gross fixed capital Formation	1841.5	2629.8	3243.8	3862.7	4234.0	4772.6	5049.1	5837.0	7827.6	12093.3	14980.5	17135.7	18217.0
Net export	-327.0	-1003.8	-1226.6	-869.6	-659.2	-809.5	-1249.0	-1947.4	-3036.0	-3607.5	-4099.5	-4623.0	-4689.5
Expenditure on the Gross Domestic Product	5401.461	6196.432	6860.197	8294.417	9550.052	11031.56	13180.51	15145.58	17622.11	20103.59	23283.03	26219.67	28542.1

**Table 19: National disposable income and its appropriation**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	<b>OUTGOINGS</b>												
Govt. final consumption expendt.	775.1	935.2	1178.5	1263.0	1772.5	2332.9	2913.9	3039.1	3273.2	3848.2	4068.1	3638.6	4926.1
Private final consumption expendt.	3218.7	3685.3	3791.0	3543.7	3977.1	4767.8	7165.1	8645.7	10380.7	7706.7	8155.8	10655.0	10301.0
Net Saving	719.8	644.2	784.2	2335.8	2297.5	1944.8	1085.3	860.5	172.2	5103.1	7867.5	7866.6	10380.0
<b>Appropriation of disposable income</b>	<b>4713.5</b>	<b>5264.8</b>	<b>5753.7</b>	<b>7142.5</b>	<b>8047.1</b>	<b>9045.5</b>	<b>11164.3</b>	<b>12545.2</b>	<b>13826.2</b>	<b>16658.0</b>	<b>20091.4</b>	<b>22160.1</b>	<b>23456.2</b>
	<b>INCOMINGS</b>												
Compensation of employees & operating surplus	4689.9	5378.6	5951.9	7091.4	8198.8	9516.5	11304.6	13026.6	15168.9	17456.7	20001.0	22361.2	24818.9
Compensation of employees from rest of the world (net)	-573.6	-861.9	-928.7	-805.4	-1427.6	-1440.9	-1668.3	-2830.8	-3738.6	-2765.7	-3192.6	-3902.1	-2987.5
Property and entrepreneurial income from rest of the world (net)	31.4	38.1	-91.8	-70.4	-12.4	-2.6	403.2	446.0	514.0	657.0	357.0	424.0	247.0
Indirect taxes <b>Less</b> subsidies	159.4	176.0	185.0	350.5	357.5	358.9	506.1	545.6	620.6	582.9	910.0	1238.0	797.2
Current transfers from rest of the world (net)	406.4	533.9	637.2	576.5	930.8	613.7	618.8	1357.8	1261.3	727.0	2016.1	2039.1	580.7
<b>Disposable Income</b>	<b>4713.5</b>	<b>5264.8</b>	<b>5753.7</b>	<b>7142.5</b>	<b>8047.1</b>	<b>9045.5</b>	<b>11164.3</b>	<b>12545.2</b>	<b>13826.2</b>	<b>16658.0</b>	<b>20091.4</b>	<b>22160.1</b>	<b>23456.2</b>

**Table 20: Income and outlay account in current prices**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
	<b>OUTGOINGS</b>												
Increase in stock	-106.8	-50.1	-126.6	494.7	225.7	-32.3	-698.6	-428.7	-823.4	63.0	178.2	-586.6	-211.6
Gross Fixed Capital Formation	1841.5	2629.8	3243.8	3862.7	4234.0	4772.6	5049.1	5837.0	7827.6	12093.3	14980.5	17135.7	18217
Purchase of intangible assets n.e.c.	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Lending to the rest of the World	718.8	628.0	185.0	335.0	1081.0	549.0	1657.0	531.0	-1974.7	796.9	-3023.7	-5743.5	-375.1
Gross Accumulation	2453.5	3207.7	3302.3	4692.3	5540.7	5289.2	6007.5	5939.3	5029.4	12953.1	12134.9	10805.6	17630
Net acquisition of financial Assets	747.1	660.5	99.8	332.0	665.3	743.1	1824.8	3194.0	1746.3	4813.4	1685.7	1900.0	7268.5
	<b>INCOMINGS</b>												
Net Saving	719.8	644.2	784.2	2335.8	2297.5	1944.8	1085.3	860.5	172.2	5103.1	7867.5	7866.6	10380.0
Consumption of fixed capital	552.2	641.9	723.3	852.6	993.7	1156.1	1369.8	1573.3	1832.6	2063.9	2372.1	2620.5	2926.0
Capital transfer from rest of the world (net) +	1181.6	1921.6	1794.9	1504.0	2249.5	2188.3	3552.4	3505.5	3024.6	5786.1	1895.3	318.5	4324.0
Finance of Gross Accumulation	2453.5	3207.7	3302.3	4692.3	5540.7	5289.2	6007.5	5939.3	5029.4	12953.1	12134.9	10805.6	17630.0
Net Lending to the rest of the World	718.8	628.0	185.0	335.0	1081.0	549.0	1657.0	531.0	-1974.7	796.9	-3023.7	-5743.5	-375.1
Net incurrence of liabilities @	28.3	32.5	-85.2	-3.0	-415.7	194.1	167.8	2663.0	3721.0	4016.5	4709.4	7643.6	7643.6
Net incurrence of liabilities plus net lending to the rest of the world	747.1	660.5	99.8	332.0	665.3	743.1	1824.8	3194.0	1746.3	4813.4	1685.7	1900.0	7268.5



**Table 21: All Accounts – External current transfer in current prices**

	<i>Nu. in million</i>													
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	
	<b>OUT GOINGS</b>													
Exports of goods and services	1828.5	2079.3	2264.2	2508.5	3711.9	3978.5	4771.1	5148.1	5614.2	5446.9	5787.6	6087.7	8035.2	
Compensation of employees from rest of the world	-	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	
Property and entrepreneurial income from rest of the world	31.4	38.3	-91.8	-70.3	-12.4	-2.6	403.2	445.7	513.6	656.5	356.8	424.0	247.2	
Other current transfers from rest of the world	1634.6	4331.6	3191.1	2788.1	3190.2	4595.7	4409.1	9092.6	10014.4	8458.7	11489.4	13081.6	12800.7	
<b>Current receipts</b>	<b>3494.5</b>	<b>6449.1</b>	<b>5363.5</b>	<b>5226.2</b>	<b>6889.7</b>	<b>8571.6</b>	<b>9583.4</b>	<b>14686.4</b>	<b>16142.2</b>	<b>14562.1</b>	<b>17633.8</b>	<b>19593.3</b>	<b>21083.1</b>	
	<b>INCOMINGS</b>													
Imports of goods and services	2281.4	3634.1	3162.6	3349.3	4189.6	5119.8	6128.0	7686.0	9148.4	9127.9	10306.0	10815.4	12686.2	
Compensation of employees to rest of the world	522.1	772.6	642.5	564.0	1195.3	1243.9	1544.1	2769.0	1209.0	1295.0	1628.0	2324.0	1031.0	
Property and entrepreneurial income to rest of the world	51.5	89.3	286.2	241.4	232.4	196.5	124.3	61.9	-52.0	-12.0	5.0	13.0	94.0	
Other current transfers to the rest of the world -	-	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus of the Nation on current transaction	639.6	1953.2	1272.2	1071.5	1272.5	2011.4	1787.0	4169.6	5836.8	4151.2	5694.8	6441.0	7271.9	
<b>Disposal of current receipts</b>	<b>3494.5</b>	<b>6449.1</b>	<b>5363.5</b>	<b>5226.2</b>	<b>6889.7</b>	<b>8571.6</b>	<b>9583.4</b>	<b>14686.4</b>	<b>16142.2</b>	<b>14562.1</b>	<b>17633.8</b>	<b>19593.3</b>	<b>21083.1</b>	

**Table 22: Account 6: External capital transaction in current prices**

	<i>Nu. in million</i>												
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Surplus of the Nation on current Transfers	639.6	1953.2	1272.2	1071.5	1272.5	2011.4	1787.0	4169.6	5836.8	4151.2	5694.8	6441.0	7271.9
Capital transfers from rest of the world (Net)	1181.6	1921.6	1794.9	1504.0	2249.5	2188.3	3552.4	3505.5	3024.6	5786.1	1895.3	318.5	6474.3
Net incurrence of foreign liabilities	28.0	33.0	-85.4	-3.4	-416.0	194.4	167.8	1781.6	4701.4	4016.5	4709.4	7643.6	333.2
RECEIPTS	1849.1	3907.8	2981.7	2572.1	3105.9	4394.1	5507.2	9456.7	13562.8	13953.8	12299.5	14403.1	14079.3
Purchases of intangible assets nec. From rest of the world nec.	-	-	-	-	-	-	-	-	-	-	-	-	-
Net acquisition of foreign financial Assets	1849.1	3907.8	2981.7	2572.1	3105.9	4394.1	5507.2	9456.7	13562.8	13953.8	12299.5	14403.1	14079.3
DISBURSEMENTS	1849.1	3907.8	2981.7	2572.1	3105.9	4394.1	5507.2	9456.7	13562.8	13953.8	12299.5	14403.1	14079.3

## 5. BRIEF DESCRIPTION OF UNITED NATIONS *System of National Accounts* (SNA):

The United Nations *System of National Accounts* (SNA) gives a complete description of the economic system. It consists of a coherent, consistent and integrated set of macroeconomic accounts and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules for the purposes of economic analysis and policy-making. The certain key aggregates of the System, such as GDP / GNP and NDP per capita have acquired an identity of their own and are widely used by analysts, politicians, press, business community and public at large as summary for the global indicators of economic activity and welfare. Movements of such aggregates, and their associated price and volume measures are used to evaluate the overall performance of an economy and hence to judge the relative success or failure of economic policies pursued by the nation.

**Gross Domestic Product** (GDP) is a measure of production. The level of production is important because it largely determines how much a country can afford to produce, generate income, consume and save. It represents the aggregated final results of the production activities of all the production entities (Units) located within the territorial or geographical boundary of a country in a year or in an accounting year. Production activities are normally those, which result in the production of goods and services for sale in the market and for own use. The Government activities related to public administration, defence and activities of non-profit institution should also be counted as economic activities even when their output is not sold in the market on a commercial basis. GDP includes the construction of buildings by households and enterprises for their own use, and the production of crops and livestock in the farms for self-consumption. This is simply because there are usually close market parallels for these activities. However, unpaid services rendered by housewives and other household members are not included in GDP.

The variants of GDP are *Net Domestic Product* (NDP), *Gross National Product* (GNP) and *Net National Product* (NNP). All these can be estimated at factor cost and at market prices. Further,

all the above flows are measured in current and constant prices. Inter-relations among these flows can be seen from the Table 1 presented in this report.

The establishments producing goods and services can be classified upon the nature of goods and services produced by them into various categories termed as groups, major groups, divisions and major divisions. Major divisions represent the largest categories into which production activities can be classified. For measuring gross domestic product, *the UN System of National Accounts* (SNA) suggests the classification of the producers activities into nine major divisions like :-

- (1) *Agriculture, hunting, forestry and fishing.*
- (2) *Mining and quarrying.*
- (3) *Manufacturing.*
- (4) *Electricity, gas and water.*
- (5) *Construction.*
- (6) *Wholesale and retail trade, hotels and restaurants.*
- (7) *Transport, storage and communication.*
- (8) *Financing, insurance, real estate and business services.*
- (9) *Community, social and personal Services (Govt.).*

The above classification is also briefly known as *the Industrial classification of all Economic Activity*.

Generally some part of the total output of each sector is purchased by other sectors to be used in the process of production as an intermediate consumption. Therefore, to estimate the value of gross domestic product of that particular sector, the total value of output of the sector minus its intermediate consumption is taken as its contribution to GDP. The GDP is represented by the

aggregated value of gross domestic product of all the sectors and is also equal to the value of goods and services produced domestically which are available for final uses like consumption, saving and export.

### **Methods/ Approaches:**

As per the SNA, there are three approaches for the measurement of GDP, which are known as

- (i) *the Production approach*,
- (ii) *the Income approach* and
- (iii) *The Expenditure approach* explained briefly below.

***The Production approach*** is a simple method. In economics, production means making a thing more useful by processing or addition to the utility which can be valued and which is scarce in relation to demand is known as value added or product. Thus, ***production*** means "***value added***". The gross value of output (GVO) minus the value of intermediate consumption (IC) is equal to gross value added or GDP. e.g. :-  **$GVO - IC = GDP$** .

***The Income approach*** can be measured as the sum of incomes paid out to employees by the producer known as compensation of employees (CE), operating surplus (OS) of the producer and the consumption of the fix capital (CFC) which is also known as depreciation. The sum of all the three elements covering payments to the factors of production is also equal to gross value added at factor costs. If we add indirect taxes (IT) less subsidies on production, the measurement would be at producer's values.

e.g. :-  **$CE + OS + CFC + (IT) = GDP$** .

***The Production approach and the Income approach*** give the same results. Thus, in an accounting year value of product (total value added) is the same as income earned by Factors of production.

***The Expenditure approach*** is an aggregated approach, which accounts private consumption, government consumption, capital formation and net export <sup>7</sup>/ during an accounting year. In other words, it is the sum of final consumption expenditure (FCE) of households / private and

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<sup>7</sup>-/

*Export of goods and services less import of goods and services*

Government, Gross domestic capital formation (GDCF) or investment and Net export (export-import).

E.g.: - **FCE + GDCF + Net Export = GDP.**

**The Final uses of GDP: -**

*The Final uses of GDP are Final consumption expenditure (FCE); Gross domestic capital formation and Net export (Export minus Import).*

***The Final consumption expenditure:-***

The ultimate objective of economic activity is the final consumption of goods and services by households or persons, which may be paid directly by households or organized or financed collectively by government or by Private non-profit institutions. The final consumption consists of those goods or services, which are acquired and used either collectively or individually, by households in order to satisfy the needs or wants of the persons of which they are composed, during an accounting period. An individual consumption good or service is one acquired by an individual households for the exclusive use of that households. A collective consumption service is a service provided to the community as a whole or to a particular section of the community and which is acquired and used by all members of the community. The final consumers are **(a) Households**<sup>8</sup> /, **(b) Non-profit bodies**<sup>9</sup> / and **(c) Government**<sup>10</sup> /.

In Bhutan, non-profit bodies form part of the government sector. Therefore, final consumers consist of only general government bodies and resident households. In other words, the final

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<sup>8</sup>-/ *The household consumption expenditure consists of the total expenditure, both actual and imputed, made by resident households for the purpose of acquiring individual consumption goods and services.*

<sup>9</sup>-/ *The Non-profit institution consumption expenditure is also like government consumption expenditure, which consists of expenditure on current non-durable goods and services serving households in the domestic market and abroad reduced by their sales of second hand goods, scraps and wastes. The consumption expenditures of non-resident households in the domestic market are excluded from consumption estimate as they are treated as export.*

<sup>10</sup>-/ *The total expenditures made by general government on both individual government goods and services and collective consumption services. It consist expenditures of the government on all types of goods and services of current nature (non-durable goods) including their purchases abroad for their embassies and extra-territorial bodies excluding goods of current nature sold by them in the accounting year and their expenditures on compensation of employees. Government consumption expenditure do not include transfers made by the government to the households and to the business communities ; and expenditure of government on gross capital formation of assets.*

consumption of the households is measured as the outlays of resident households on new durable and non-durable goods and services less their net sales of second hand goods, scraps and wastes.

***The Gross Capital Formation*** is made up of ***Gross Fixed Capital Formation*** (GFCF) and ***increase/decrease in stocks***. GFCF is measured as outlays (purchases and own-account production) of industries, general government (producers of government services) and non-profit bodies on additions of new durable goods to their stocks of fixed assets less their net sales of similar second-hand and scrapped goods. Excluded are the outlays of government services on durable military goods <sup>11</sup>\_/\_. Included are the outlays on acquisitions of reproducible and non-reproducible durable goods, the outlays on the reclamation, clearing and leveling of land for purposes of agriculture or construction, the outlays on clearing of forest for timber tracts, plantations, vineyards until they become productive, the acquisition of breeding stock, drought animals, dairy cattle and the transfer costs in connection with purchases and sales of land, mineral deposits and wells etc.

***Increase / decrease in stocks*** is measured as the difference between the stocks of materials, semi-processed or finished products or supplies held by producers pending their sale or for other use; work-in-progress in construction projects, livestock raised for slaughter, merchandise held by resident industries; stocks of strategic materials and emergency stocks of important products held by the government bodies, at the beginning and at the end of the accounting period, both valued at approximate average prices ruling over the period.

***The consumption of fixed capital*** (depreciation) accounts the difference between flows recorded "gross" and flow recorded "net" in the system. E.g. gross capital formation less consumption of fixed capital derives net capital formation. The consumption of fixed capital is the declining value of the durable goods between the beginning and end of the accounting period. The decline in value is attributed by the deterioration in the physical qualities in the course of production, deterioration due to passage of time, normal accidental damage and normal obsolescence due to technological progress in production method.

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<sup>11</sup> -/ *Consist of durable goods, which are purely for military use such as destructive military weapons, ships, planes, vehicles and others, the sole purpose of which is to use in, armed conflicts, a process which is evidently not production. It is proposed that durable military goods should be treated as capital goods if the same kind of good is acquired by civilian users for the purpose of production and if the good is regularly use in a same way as civilian.*

***The Net Export*** is the difference between export and import. The export of goods and services consists of actual or imputed sales, or gifts or grants, of goods and services from resident to non-resident economic units and vice versa. The exports & imports of goods and services in balance of payments are related to movement of goods and services and other flows between custom frontiers or the territorial limits of the country. Thus, in national accounts, exports of goods and services consist of the outward movement of merchandise across the custom frontier and of other goods across the boundaries of the domestic territory including the direct purchases in the country of extra-territorial organizations and non-resident persons. Exports of services include the cost of transport and insurance services provided by the resident producers of the country. Merchandise exports are expressed in f.o.b. (free on board). Import of goods and services include the value of inward movement of merchandise across the custom frontier of a country and of other goods across the boundaries of the domestic territory including direct purchases of the government services and the residents of the country abroad. Imports also include the charges of resident producers for transport and insurance services in respect of these imports. Merchandise imports are valued at C.I.F. (cost, insurance and freight).





**ANNEX I:**

**Table 23 : Gross and Net Domestic Product and its related aggregates from 1880 to 1990.**

	<i>Nu. in million</i>										
<b>IN CURRENT PRICES</b>	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. Net Domestic Product at factor cost	913.0	1130.9	1300.9	1554.9	1708.6	1921.4	2321.5	2850.4	3303.4	3708.5	4252.8
2. Consumption of fixed Capital	99.0	124.2	141.4	167.6	188.2	206.4	253.0	311.5	365.1	419.5	491.9
3. Gross Domestic Product at factor cost	1012.0	1255.1	1442.2	1722.4	1896.8	2127.8	2574.5	3161.9	3668.5	4127.9	4744.7
4. Indirect taxes less subsidies	17.9	21.2	23.6	34.8	45.6	41.8	43.0	76.7	82.8	73.7	134.4
5. Gross Domestic Product at market prices	1029.9	1276.3	1465.8	1757.2	1942.4	2169.6	2617.5	3238.6	3751.3	4201.6	4879.1
6. Net factor income from abroad	-200.0	-264.2	-315.6	-447.1	-376.1	-427.7	-452.4	-406.2	-365.4	-212.2	-326.1
7. Gross National Product at market prices	829.9	1012.1	1150.2	1310.1	1566.3	1741.9	2165.2	2832.4	3386.0	3989.4	4553.0
8. Net National Product at market prices.	730.9	887.9	1008.9	1142.5	1378.1	1535.5	1912.1	2520.9	3020.8	3570.0	4061.1
<b>IN 2000 PRICES</b>											
1. Net Domestic Product at factor cost	4774.5	5458.2	5604.6	6209.0	6303.3	6582.1	7394.3	9261.9	9578.8	10281.4	10508.2
2. Add consumption of fixed capital	509.5	596.2	610.1	668.6	691.4	727.4	817.5	1036.1	1078.6	1178.6	1223.6
3. Gross Domestic Product at factor cost	5284.0	6054.4	6214.7	6877.5	6994.7	7309.5	8211.7	10298.0	10657.5	11460.0	11731.8

**Table 24 : Gross domestic product at factor cost by kind of activity at current prices from 1980 to 1990**

Sectors	<i>Nu. in million</i>										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. Agriculture, livestock, forestry and fishing	477.4	539.1	615.5	726.6	837.1	949.7	1099.7	1229.8	1482.2	1629.6	1872.6
1.1 agriculture proper	207.7	238.9	272.8	342.4	381.1	421.6	487.4	514.1	616.0	694.1	809.2
1.2 livestock	121.4	141.4	175.3	204.8	241.0	287.9	345.7	408.3	474.2	490.0	559.0
1.3 forestry and logging	148.3	158.8	167.5	179.3	214.9	240.3	266.6	307.5	392.0	445.5	504.4
1.4 fishing	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
2. Mining and quarrying	6.8	9.0	12.4	10.1	22.9	19.9	37.5	37.0	34.0	41.8	44.9
3. Manufacturing	30.0	71.0	78.0	105.0	122.0	124.0	129.0	186.0	210.0	333.0	404.0
4. Electricity and water	2.5	2.9	3.5	7.6	7.1	8.3	89.7	308.0	340.6	352.1	453.9
5. Construction	118.7	201.3	274.0	359.3	336.4	337.6	380.8	422.5	415.7	410.4	441.4
6. Wholesale and retail trade, restaurants and hotels	155.3	198.8	206.4	216.5	231.0	256.6	286.2	313.9	328.0	359.1	410.7
6.1 Wholesale & Retail Trade	144.7	185.0	189.2	197.6	206.2	227.2	251.9	276.9	295.3	319.8	367.8
6.2 Hotels and restaurants	10.6	13.8	17.2	18.9	24.8	29.5	34.3	37.0	32.8	39.3	42.9
7. Transport, storage and communications	50.1	60.7	69.6	83.0	86.4	111.2	122.7	136.0	198.2	242.6	347.2
8. Financing, insurance and real estate	70.0	80.0	83.9	99.5	128.5	147.6	168.9	204.0	259.8	303.6	290.3
8.1. Finance and Insurance	21.2	31.2	26.3	33.1	52.8	60.6	67.8	89.9	135.8	167.4	136.0
8.2. Real Estate & dwellings	48.8	48.8	57.6	66.4	75.7	87.0	101.1	114.1	124.0	136.2	154.3
9. Community, social & services (Government)	120.3	120.9	130.7	147.5	166.8	220.3	306.5	383.4	461.9	516.5	532.8
Less : Imputed bank Service charges	19.0	28.6	31.8	32.6	41.4	47.5	46.4	58.8	62.0	60.7	53.0
<b>Gross domestic product</b>	<b>1012.0</b>	<b>1255.1</b>	<b>1442.2</b>	<b>1722.4</b>	<b>1896.8</b>	<b>2127.8</b>	<b>2574.5</b>	<b>3161.9</b>	<b>3668.5</b>	<b>4127.9</b>	<b>4744.7</b>
<b>Growth rate of GDP in %</b>	<b>-</b>	<b>24.0</b>	<b>14.9</b>	<b>19.4</b>	<b>10.1</b>	<b>12.2</b>	<b>21.0</b>	<b>22.8</b>	<b>16.0</b>	<b>12.5</b>	<b>14.9</b>

**Table 25 : Gross Domestic Product at factor cost by kind of activity in 2000 prices from 1980 to 1990**

Sectors	<i>Nu. in million</i>										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
1. Agriculture, livestock, forestry and fishing	2762.1	2916.9	3056.8	3291.8	3462.2	3610.2	3791.6	3965.8	4263.9	4502.4	4734.1
1.1 Agriculture proper	1146.3	1223.6	1289.5	1445.1	1529.8	1583.4	1656.2	1739.3	1815.9	1931.5	1981.7
1.2 Livestock production	858.0	901.4	954.5	1012.5	1076.1	1147.9	1233.3	1310.5	1371.7	1474.0	1509.2
1.3 Forestry and logging	757.8	791.9	812.7	834.2	856.3	878.9	902.1	916.0	1076.3	1096.9	1243.2
1.4 Fishing	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg
2. Mining and quarrying	26.0	43.7	58.0	46.3	105.6	97.5	145.4	147.4	122.3	136.2	123.9
3. Manufacturing	160.0	393.0	342.0	387.0	399.0	371.0	357.0	550.0	565.0	850.0	927.0
4. Electricity, gas & water	14.5	15.5	17.4	31.2	27.1	30.8	487.4	1932.5	1998.7	2014.6	1982.8
5. Construction	552.4	807.7	916.3	1288.2	1117.9	1004.5	954.3	870.3	771.0	773.3	674.5
6. Wholesale & retail trade,	784.4	889.6	833.4	766.8	749.0	856.9	916.8	1068.8	841.8	852.1	900.3
6.1. Wholesale and retail trade	733.3	829.7	767.2	700.4	665.9	762.3	813.1	966.5	759.2	760.6	809.8
6.2. Hotel and restaurant	51.1	59.9	66.2	66.3	83.2	94.6	103.7	102.3	82.6	91.5	90.5
7. Transport, storage and communications	224.4	258.3	276.5	325.9	319.7	385.9	406.5	440.9	572.9	663.8	795.7
8. Financing, insurance & real estate	180.0	195.5	210.8	255.1	293.2	332.6	374.2	394.7	450.8	504.0	442.2
8.1. Finance	43.9	62.5	51.3	66.7	92.1	104.7	111.7	143.2	215.1	258.4	204.6
8.2. Real estate	136.1	133.0	159.5	188.4	201.1	227.9	262.5	251.5	235.7	245.6	237.6
9. Community, social & personal services (Govt.)	619.6	591.5	565.6	551.0	593.2	702.1	855.0	1021.2	1169.3	1257.3	1230.9
Less :Imputed bank service charges	39.5	57.3	62.1	65.7	72.2	82.1	76.5	93.6	98.2	93.7	79.7
<b>Gross Domestic Product</b>	<b>5284.0</b>	<b>6054.4</b>	<b>6214.7</b>	<b>6877.5</b>	<b>6994.7</b>	<b>7309.5</b>	<b>8211.7</b>	<b>10298.0</b>	<b>10657.5</b>	<b>11460.0</b>	<b>11731.8</b>
<b>Growth of GDP in %</b>	<b>-</b>	<b>10.0</b>	<b>5.3</b>	<b>8.0</b>	<b>7.0</b>	<b>3.7</b>	<b>10.2</b>	<b>25.4</b>	<b>1.2</b>	<b>7.5</b>	<b>2.4</b>