



ཀྲུལ་ཡོངས་ཚུལ་དཔྱད་བཀོད་འཛིན།



OCTOBER 2007

# NATIONAL ACCOUNTS STATISTICS

2000 - 2006

National Statistics Bureau  
ROYAL GOVERNMENT OF BHUTAN

## TABLE OF CONTENTS

	<b>Page.</b>
1. Contents	1
2. Foreword	2
3. Sources of data	3
4. Economic Indicators	5
5. Background	6
6. Economic performance	7
7. Consumer price index	8
8. Structure of the economy	9
9. GDP by expenditure	10
a. Private final consumption	11
b. Government final consumption	11
c. Gross domestic capital formation	12
10. Sector-wise performance	14
11. Statistical tables	22
12. BRIEF DESCRIPTION OF UNITED NATIONS’ <i>SYSTEM OF NATIONAL ACCOUNTS (SNA):</i>	39

## **FOREWORD**

Since 1987, the annual report on “National Accounts Statistics of Bhutan” has been a regular publication of the National Statistics Bureau (NSB), the then Central Statistical Organization (CSO). The report presents the estimates of Gross Domestic Product (GDP) and related macro-economic aggregates like final consumption of the households and the government consumption, investment, saving etc. The main objective of the report is to measure the annual economic performance of the country.

Based on the latest available information from various sources, the estimates of some sectors have been revised. The base year of the estimates is shifted from 1980 to 2000.

Attempts have also been made to derive the estimates of GDP using the expenditure approach. The differences between the **production approach** and the **expenditure approach** have been treated as statistical discrepancy.

We would like to request all users to take note of the revised figures while using this report for analysis and planning purposes as the base year of estimates is shifted from 1980 to 2000.

Finally, we would like to express our sincere appreciation to all the government agencies, corporations and private agencies for providing the requested information on time, which enabled the timely publication of this report.

We look forward in receiving the same spirit of co-operation and assistance in future also.

**October 2007**

**National Statistics Bureau  
Thimphu: Bhutan**

National Accounts Statistics Report 2000 – 2006, National Statistics Bureau, Thimphu

SOURCES OF DATA:

ARMY WELFARE PROJECT

ARMY WELFARE SAWMILL

BHUTAN BROADCASTING SERVICE CORPORATION

BHUTAN POST

BHUTAN TELECOM LIMITED

BHUTAN POWER CORPORATION

BASOCHU HYDRO POWER CORPORATION

BHUTAN NATIONAL BANK

BANK OF BHUTAN

BHUTAN DEVELOPMENT FINANCE CORPORATION

BHUTAN BOARD PRODUCTS LIMITED

BHUTAN BOARD EXPORT LIMITED

BHUTAN CARBIDE & CHEMICALS LIMITED

BHUTAN POLYTHENE COMPANY LIMITED

BHUTAN POLYMER COMPANY LIMITED

BHUTAN FERRO ALLOYS LIMITED

BHUTAN FRUIT PRODUCTS LIMITED

BHUTAN AGRO INDUSTRY LIMITED

BHUTAN MARBLES & CHEMICALS LIMITED

CHUKHA HYDRO POWER CORPORATION

DEPARTMENT OF AGRICULTURE

DEPARTMENT OF LIVESTOCK

DEPARTMENT OF PUBLIC ACCOUNTS

DEPARTMENT OF REVENUE & CUSTOMS

DRUK AIR CORPORATION LIMITED

DEPARTMENT OF GEOLOGY AND MINES

*National Accounts Statistics Report 2000 – 2006, National Statistics Bureau, Thimphu*

DRUK CEMENT PVT. LIMITED

DRUK PLASTERS & CHEMICALS PVT LIMITED

DRUK SATAIR CORPORATION

DAMCHEN GAS SUPPLY DEPOT

DRALA FLOUR MILL

EASTERN BHUTAN COAL COMPANY LIMITED

FORESTRY DEVELOPMENT CORPORATION LIMITED

FOOD CORPORATION OF BHUTAN

KARMA FEEDS

KURICHU HYDRO POWER CORPORATION

KARMA STEEL FACTORY

KUENSEL CORPORATION LIMITED

MUNICIPALS/CITY CORPORATION

NATIONAL PENSION & PROVIDENT FUND

PENDEN CEMENT AUTHORITY LIMITED

ROAD SAFTEY & TRANSPORT AUTHORITY

ROYAL MONETARY AUTHORITY

ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED

ROYAL SECURITIES EXCHANGE OF BHUTAN LIMITED

TASHI GAS SUPPLY DEPOT

WOOD CRAFT CENTRE

YANGZOM CEMENT INDUSTRY PVT. LIMITED

*National Accounts Statistics Report 2000 – 2006, National Statistics Bureau, Thimphu*

<i>Economic Indicators</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. GDP in current market prices (million Nu.)	29385.5	32320.0	36581.2	41443.3
2. GDP in current price (million US\$)	630.6	713.5	829.5	917.9
3. GNI in current prices (million Nu.)	29747.3	31352.5	32078.2	39639.3
4. GNI in current prices (million US\$)	638.4	692.2	727.4	875.0
5. Real GDP growth rate	7.2%	6.8%	7.1%	8.5%
6. Implicit GDP deflator (Base year 2000)	115.1	118.5	125.3	131.3
7. Exchange rate(calendar) Nu/US\$	46.6	45.3	44.1	45.3

**Share to GDP by major sector (%)**

1. Primary sector's contribution to GDP	26.8	25.7	24.1	23.7
2. Secondary sector's contribution to GDP	35.7	34.6	34.0	34.0
3. Tertiary sector's contribution to GDP	37.5	39.7	41.9	42.4

Note: Primary sector includes agriculture, livestock, forestry and mining sectors.

Secondary sector includes manufacturing, electricity and construction sectors.

Tertiary sector includes trade, hotels & restaurants, transport & communication, finance, general government and private and recreational service

## **National Accounts Statistics - 2006**

### **Background**

Human activities can be classified broadly into economic activities and non-economic activities. Economic activities are those which are devoted to making use of the scarce resources in the process of production and distribution of economic goods and services. Economic goods command a price in the market for their being scarce and transferable.

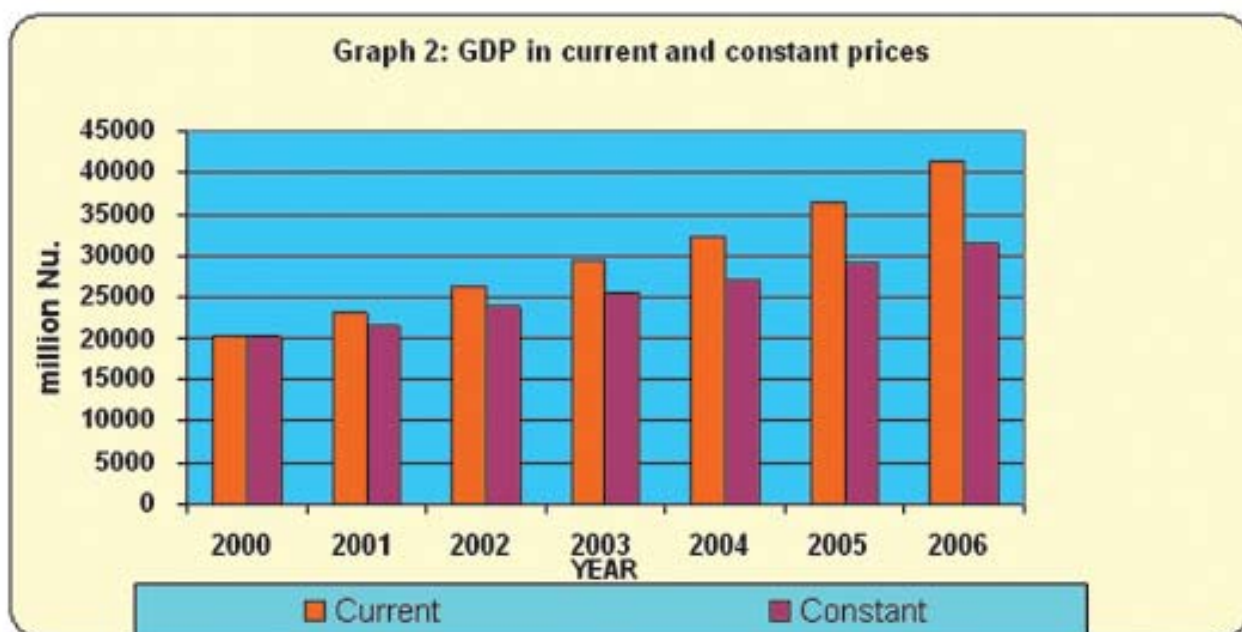
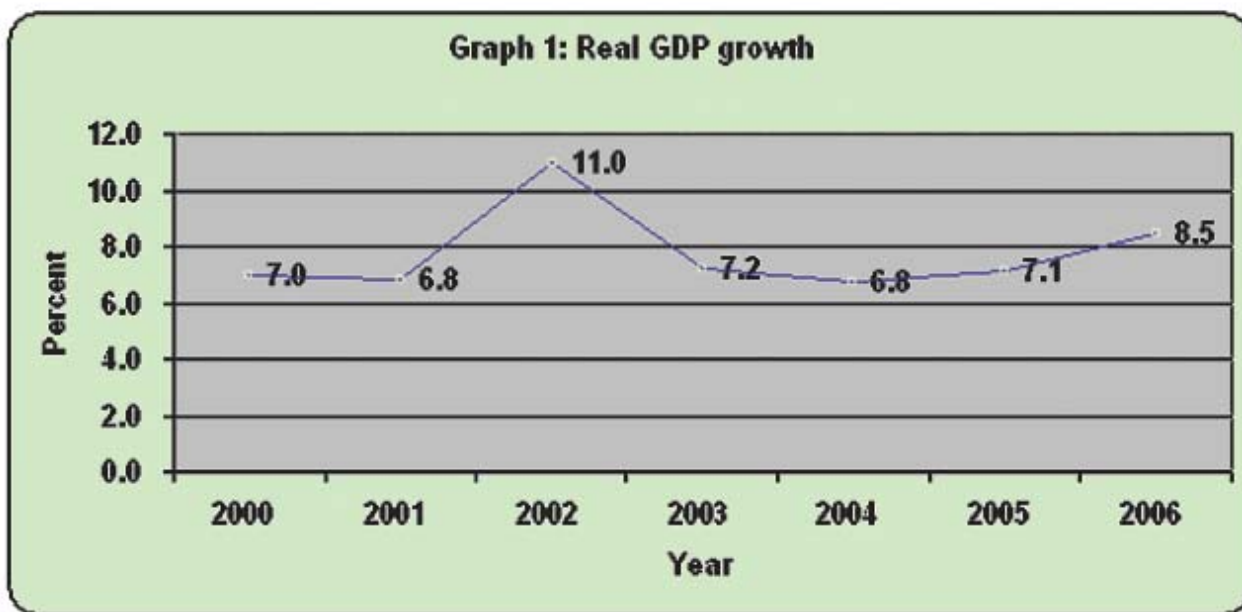
The end result of all the economic activities that has taken place in an economy during an accounting period is reflected in gross domestic product (GDP). GDP represents the money value of all the goods and services that have been produced within the territorial boundary of the country and are available for final uses like consumption, investment and exports.

GDP can be measured both in current and constant prices. The current price estimate reflects the money value of goods and services produced in an accounting year measured in the prices of that particular year, where as the constant price estimates reflects the money value of base year price or in other words, it can be said as volume increase or decrease.

The objective of National Accounts report is to provide timely, comprehensive and reliable description of the condition and performance of the Bhutanese economy by means of gross domestic product (GDP) and gross national income (GNI). The report provides comprehensive set of information, which is indispensable for monitoring, analysis, and evaluation of the performance of the economy.

### ECONOMIC PERFORMANCE – 2006

The real GDP of Bhutan increased from Nu.29200.8 million to Nu.31672.8 million, with a growth rate of 8.5 percent during 2006. The nominal GDP during 2006 is Nu.41443.3 million and Nu.36581.2 million in 2005 showing a rise of Nu.4862.1 million compared to 2005. With the average exchange rate of Nu.45.3 per 1 US\$, Bhutan’s GDP in US\$ is therefore estimated at US \$914.6 million during 2006.





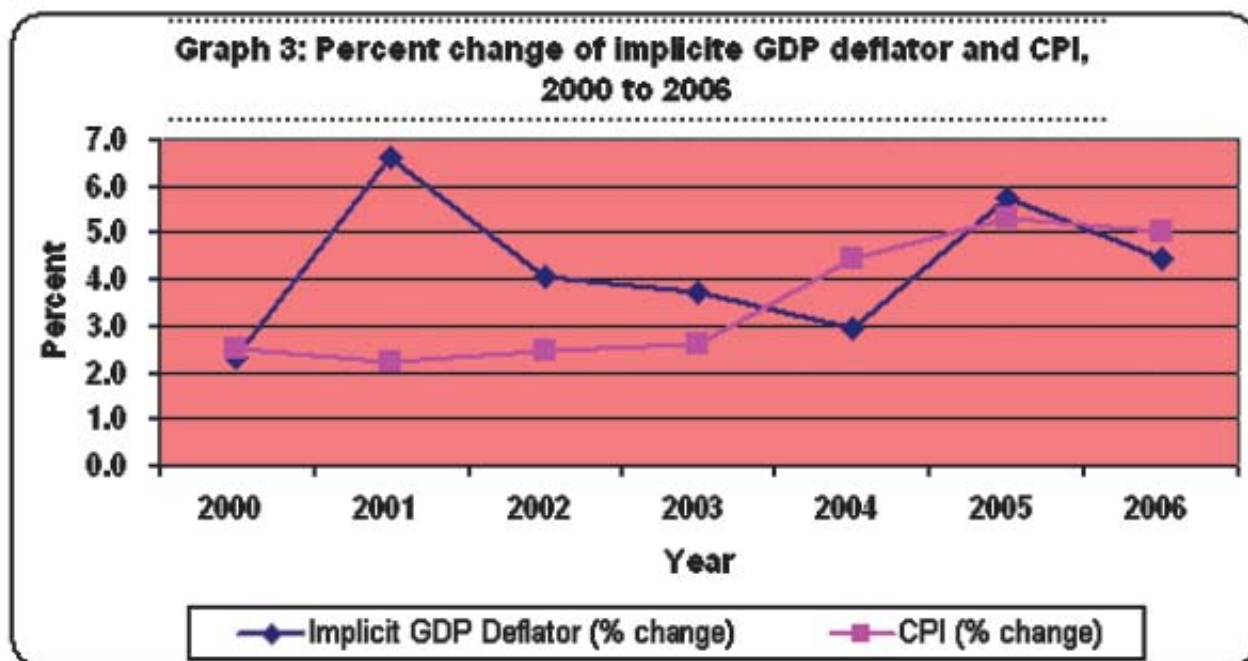
The nominal Gross National Income (GNI) is estimated at Nu.39639.28million in 2006 as compared to Nu.32078.24 million in 2005 with the current growth of 23.6 percent during the year, the high growth of GNI was mainly due to the completion of Tala Hydro Power Project which has substantially reduced the factor payments to India and at the same time increasing the electricity sector's contribution to the total GDP.

The GDP growth rate of 8.5 percent in the year 2006 over the previous year was achieved mainly, because of the electricity sector which showed 35.3 percent over the previous year, followed by mining and quarrying 63 percent, hotels & restaurant 32.3 percent, and finance, insurance and real estate 17.0 percent.

### CONSUMER PRICE INDEX

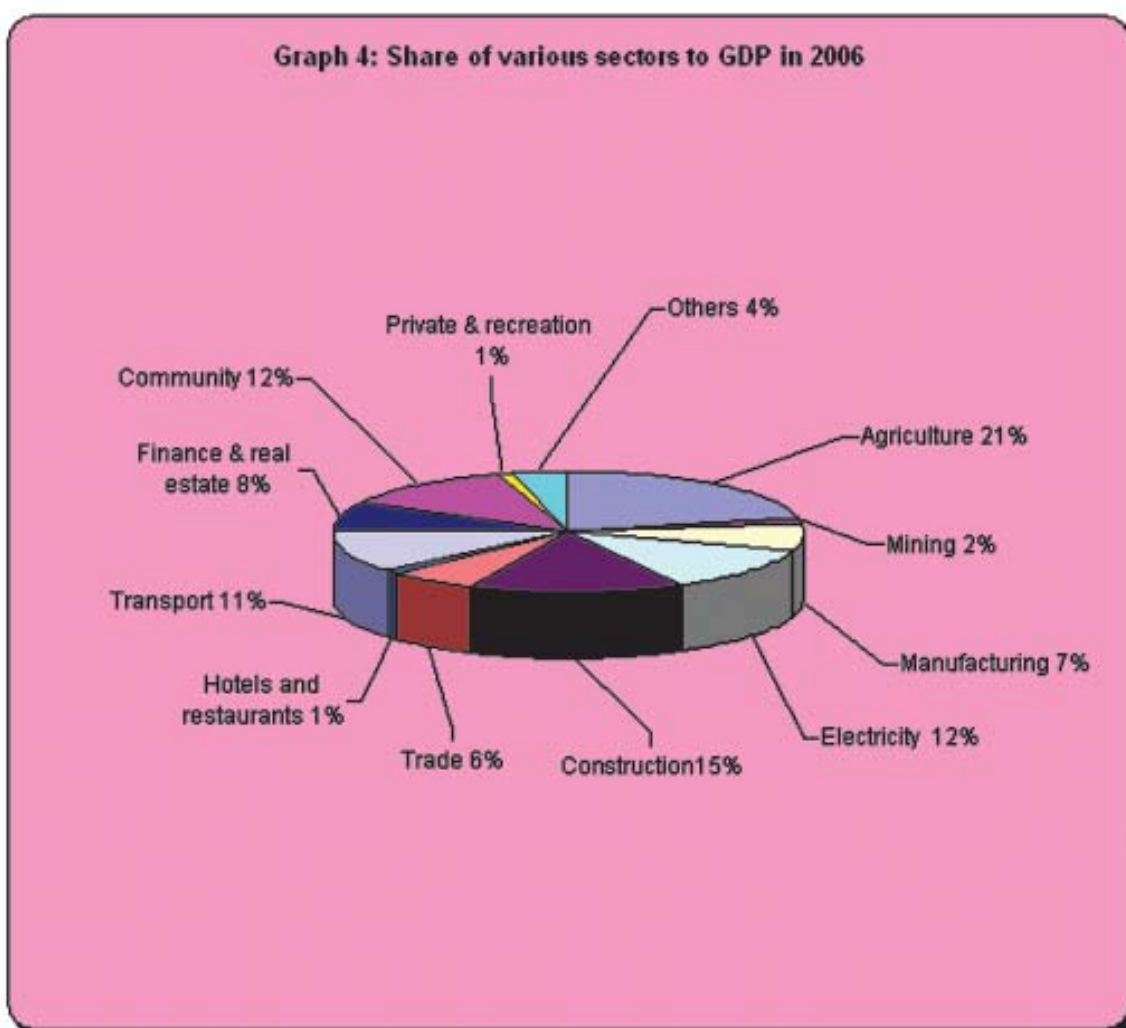
**The consumer price index is a single number used to measure changes in the average retail prices of a fixed market basket of goods and services commonly purchased by households. It shows how much, on an average, the prices of goods and services have increased or decreased from a particular reference base year.**

The inflation rate based on implicit GDP deflator (base year is 2000) increases to 131 in 2006 as against 125 in 2005 indicating 4.5 percent increase as against 5.8 percent in 2005. The consumer price index has shown an annual average price increase of about 5 percent in 2006.

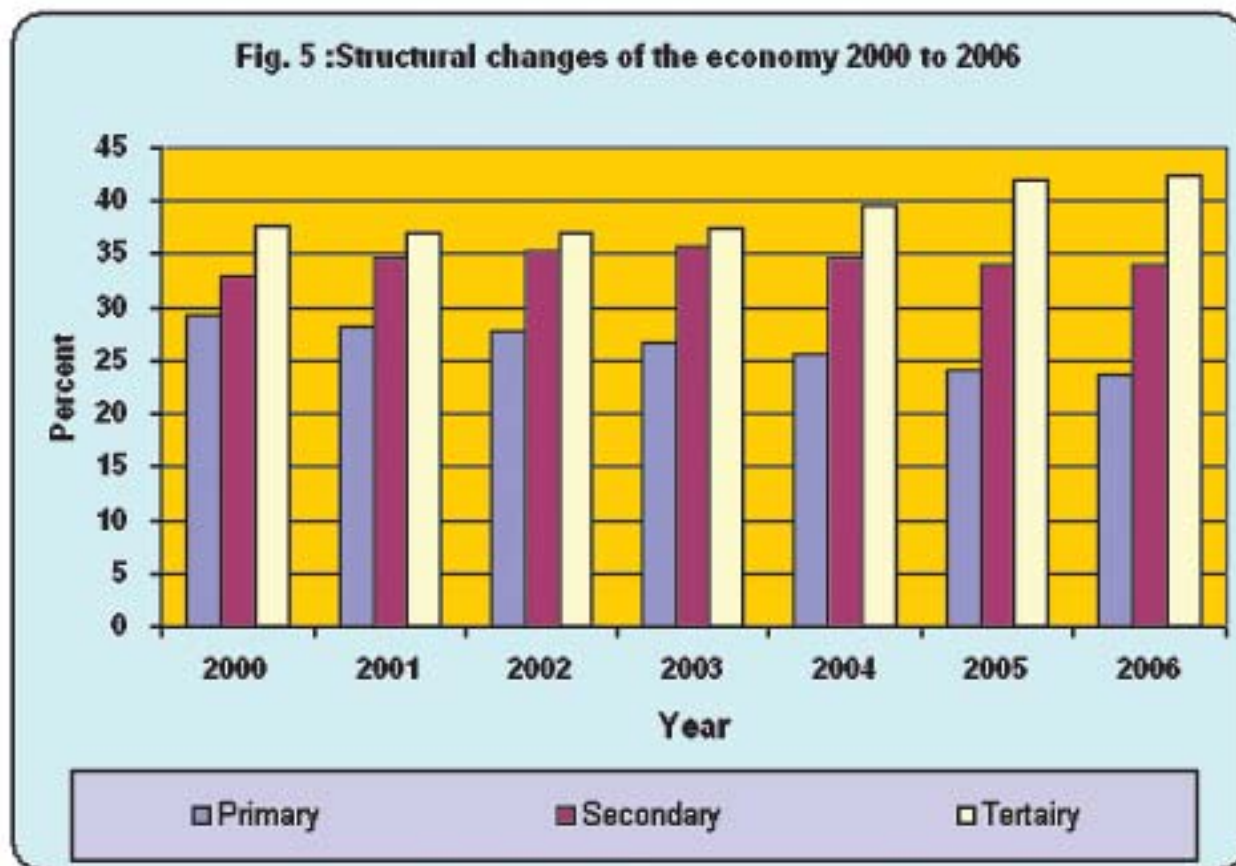


## STRUCTURE OF THE ECONOMY

The structure of Bhutanese economy has under gone significant changes over the past years. The share of primary sector consisting of agriculture and mining and quarrying has been gradually declining from 29.3 percent of the GDP in 2000 to 23.7 percent in 2006, whereas, the secondary sector which consists of manufacturing, electricity, and construction has shown a marginal increase from 33.0 percent in 2000 to 34.0 percent in 2006. The share of tertiary sector which is composed of the entire service providing sector has increased from 37.7 percent of the GDP in 2000 to 42.4 percent in 2006.



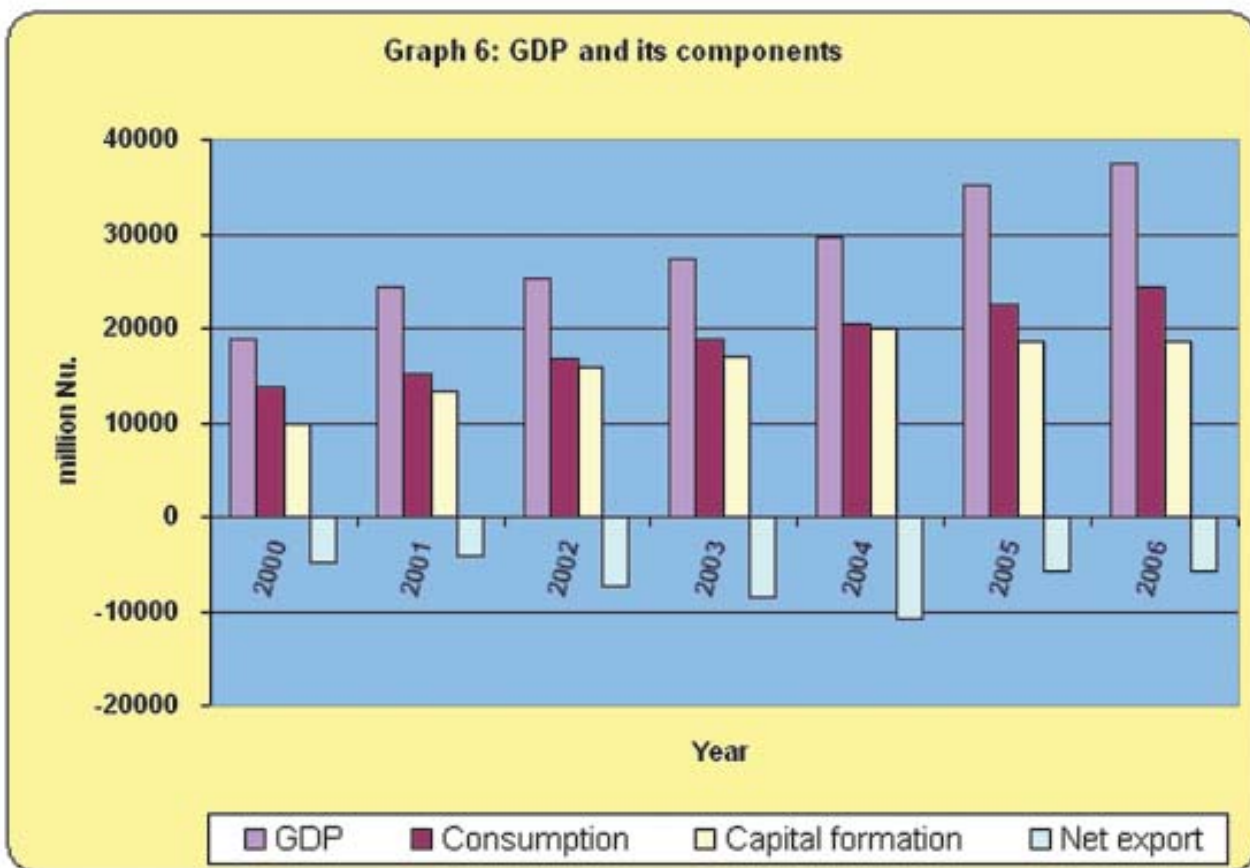
*Note: Others in the graph are taxes less subsidies.*



In real term, the primary sector has shown an increase of 4.3 percent over the previous year and the secondary and tertiary sector showing 7.6 percent and 10.6 percent respectively during 2006. The growth of 4.3 percent shown by the primary sector during 2006 is attributed to the better performances of the mining and quarrying sector.

### **GDP BY EXPENDITURE**

**GDP by expenditure** indicates how the incomes generated in the country are being used for various purposes. According to the System of National Accounts (SNA), the three main aggregate uses of GDP are consumption and investment of government and private households and net export. *(The GDP estimates using the expenditure approach, in almost all the years under review, have revealed that the estimates are understated and needs to be reviewed.)*



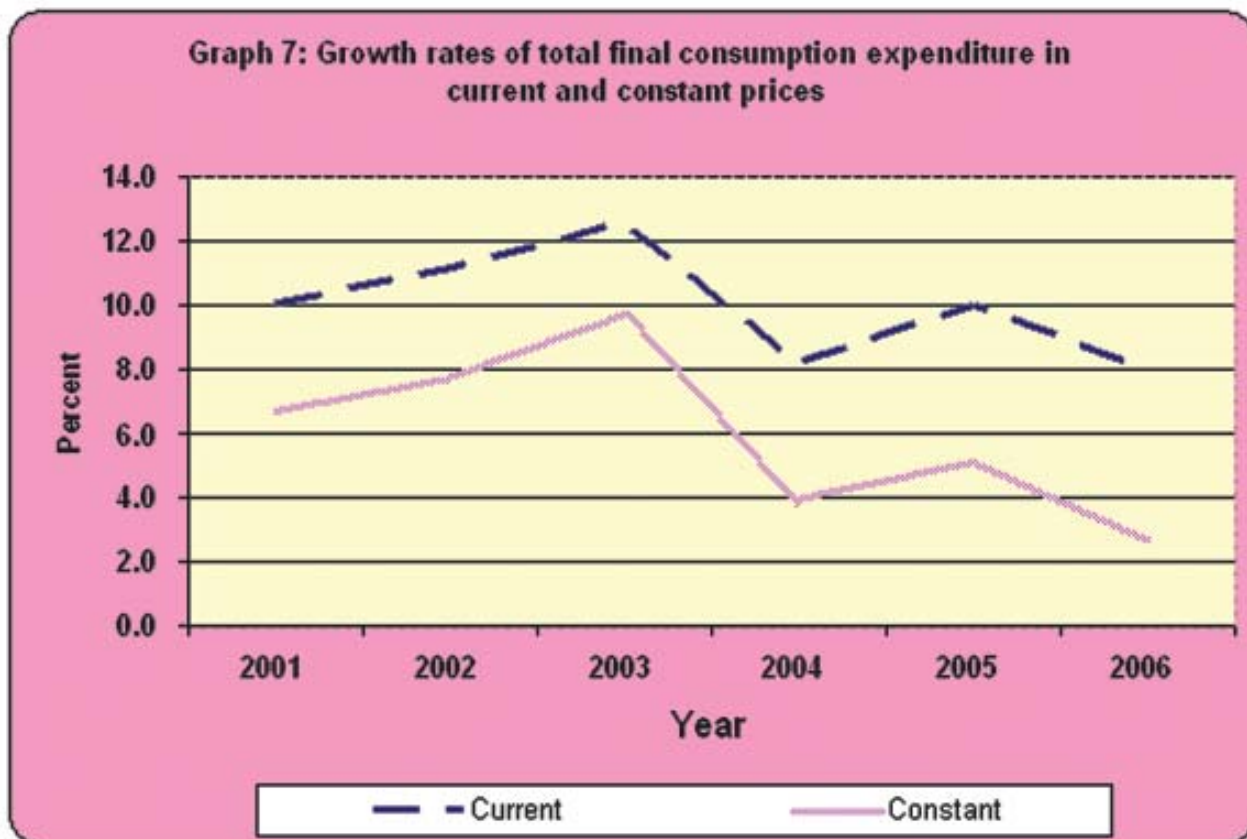
*Note: Net export includes both good and services*

The **final consumption expenditure** is divided into private household final consumption and government final consumption expenditures.

**Private household final consumption expenditure** was estimated based on the 2000 Household Income and Expenditure Survey (HIES) and 2003 Bhutan Living Standard Survey (BLSS). The estimates are then interpolated between the two surveys and extrapolated using population and consumer price index. The two sets of data were adjusted for under coverage in the sample population.

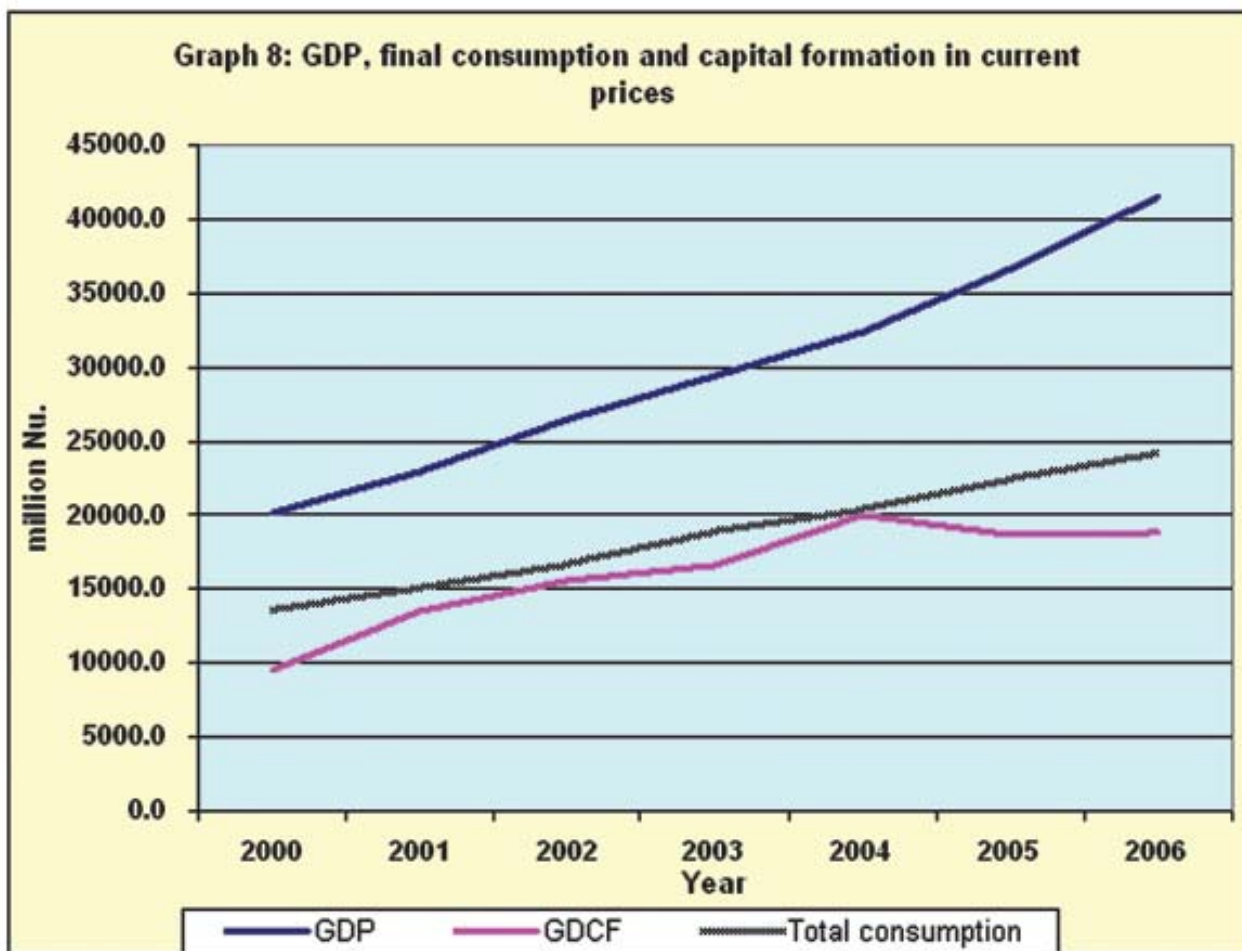
The level of the private household final consumption expenditure in 2006 rose to Nu.15554 million from Nu.14586 million in 2005. In real term the private expenditure stood at Nu.12438 million as against Nu.12279 million in 2005, with the growth rate of 1.3 percent.

The main source of information to estimate the **government final consumption** is the annual budget documents of the Ministry of Finance.



The total final consumption expenditure of the government stood at Nu. 8738 million in 2006 in current prices showing an increase of 19 percent compared to 2005 and in constant prices, the consumption rose to Nu.6973.0 million with 5.0 percent increase over the previous year.

The estimates of **gross domestic capital formation (GDCF)** consists of purchase of machinery & equipments, construction activities and change in stock. For machinery and equipment, the sources of data are mainly from trade documents and in absence of trade documents historical trends were used.



The estimates of total investment in current prices is work out to Nu.18827 million in 2006 compared to Nu.18677 million, showing an increase of about 1 percent. In constant 2000 price, the investment has slid down to negative growth of (-) 1.5 percent due to the completion of Tala Hydro Power Project and other major construction activities.

Investment on machinery and equipments, in current prices, has increased to Nu. 5472.0 million in 2006 from Nu. 5080.0 million in 2005. In real term, it has shown an increase of 2.5 percent over the previous year.

## SECTOR-WISE PERFORMANCE

The **agriculture sector** consists of crops, animal husbandry and forest. The agriculture sector dominates the economy with its share of 21.4 percent of the GDP. However, its share to GDP has been gradually declining over the years. The agriculture sector has shown a growth rate of about 1.7 percent in 2006 in real term. The basis of this estimates are from 2000 agriculture census. The farm gate prices of the commodities were extrapolated with the change in retail prices of the CPI.

**Table 2: Gross value of output of major crops in current prices (million Nu.)**

<i>C R O P S</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Paddy	891	953	1018	1043	1090	1137	1189
2. Maize	789	813	847	910	951	992	1038
3. Wheat/barley	65	67	70	73	77	80	84
4. Buckwheat/millet	91	93	97	102	107	111	117
5. Apples	87	108	111	127	128	131	141
6. Oranges	336	346	531	547	730	746	801
7. Potatoes	340	396	454	467	495	573	644
8. Ginger	12	12	12	13	13	15	16
9. Mustard	27	29	31	33	33	38	41
11. Pulses	25	34	35	36	39	45	52
12. Chili	72	79	83	94	100	116	123
13. Cardamom	52	52	55	56	58	68	72

**The mining and quarrying** sector has performed a record growth of 63 percent during 2006 compared to 17.0 percent in 2005 in real term. The extraction of stone has jumped by 58.2 percent during 2006 followed by gypsum 35.5 percent, and dolomites 22.6 percent.

In Bhutanese context, this sector has been treated as primary sector as no separate information on extraction and processing of minerals are available.

**Table 3: Production of major minerals in MT**

<i>Minerals</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Dolomites	283744	335945	387056	376809	448280	388711	476516
Lime	434920	507554	506268	550736	560807	536030	581332
Gypsum	86951	105000	105658	122829	131236	150585	204198
Slate	0	0	6100	57970	126789	2908	5873
Coal	65818	84596	88567	66324	29631	85279	97965
Marble	33548	37990	37990	6228	3385	4023	4032
Stone quarry	4712.8	10327	31916	316055	245460	146767	232187

**Manufacturing sector** has been subdivided into forest based, agro based, cement and chemical based industries. The major registered industries under manufacturing sector are cement, food, basic iron & steel, wood based industries. It also covers other small-unregistered industries such as weaving, thangka painting and clay work etc. However, the cement industry is the dominant manufacturing industry in the country. This sector has recorded an increase of 3.0 percent during 2006 compared to previous year in real terms.

**Table 4: Gross value output of the major industries in current prices (million Nu.)**

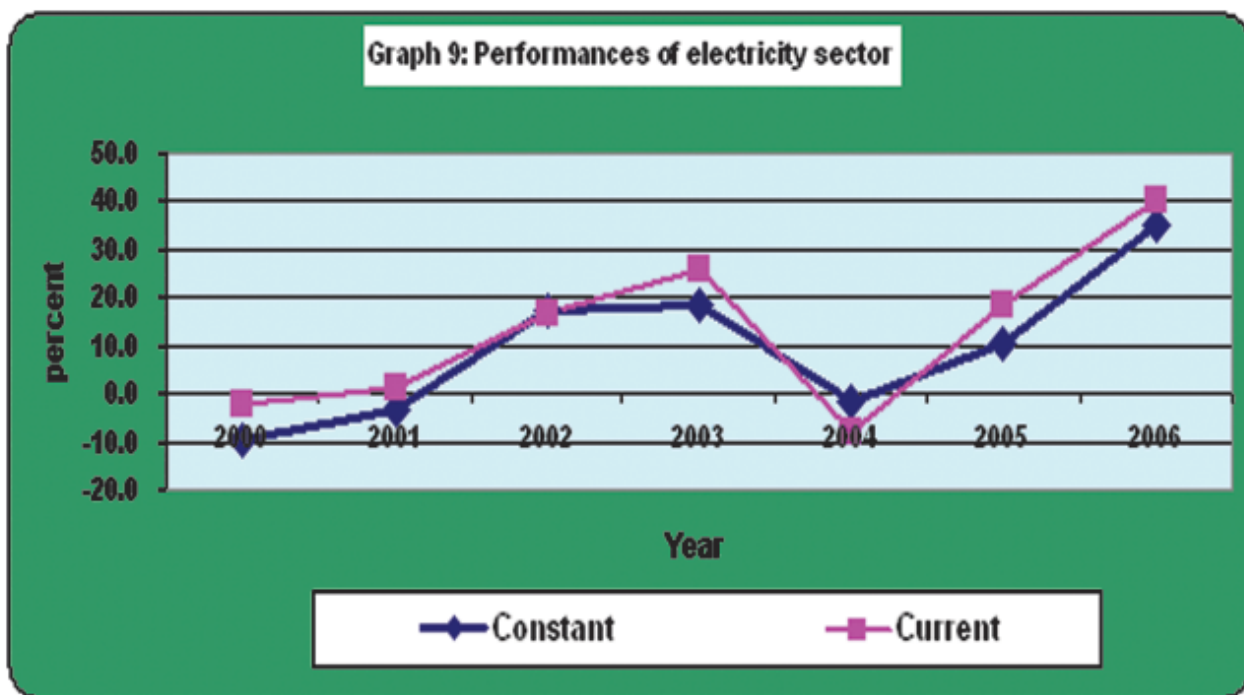
<i>Industries</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Cement	843	952	965	1128	1308	1372	1614
2. Wood	707	551	432	486	629	685	742
3. Agro	406	490	551	499	509	486	806
4. Chemical	997	1406	1483	1544	1596	1656	1753



The output of the cement and wood based industries in current prices has increased by 13.4 percent and agro industries by 66 percent as compared to 2005.

The **electricity sector** is subdivided into electricity and water. Gas supply, which is mainly the refilling of LPG cylinder, has been merged with the wholesale and retail trade.

The **electricity** in Bhutan is all generated from the hydropower plants and the generation of power is purely depends on the availability of rainfall during monsoon and the snowfall in winters.



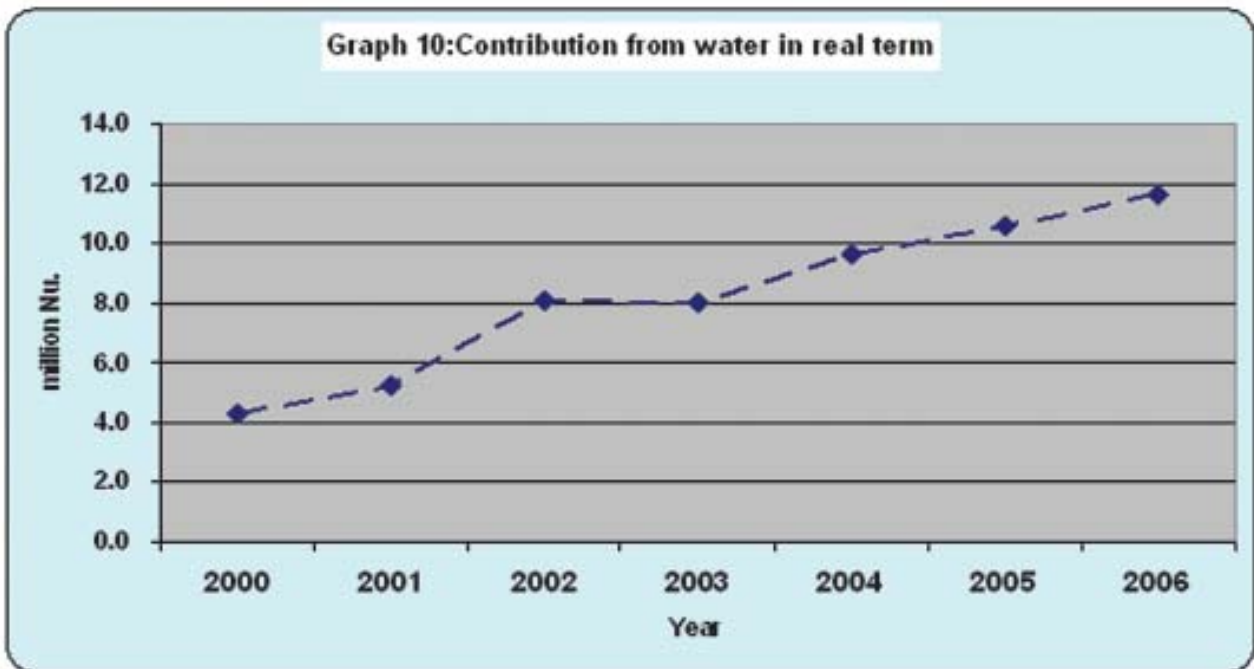
The country has so far four generating plants: Chukha Power Authority, Kurichu Power Authority, Basochu and Tala Hydro Power Authority. The Bhutan Power Corporation is mainly involved with the activities of distribution and transmission of electricity in the country.

The electricity sector's share to the GDP in 2006 stands at 14 percent compared to 11.2 percent during 2005. With the partial commissioning of the Tala, its growth has jumped by 35.3 percent in 2006 compared to 10.2 percent in 2005.

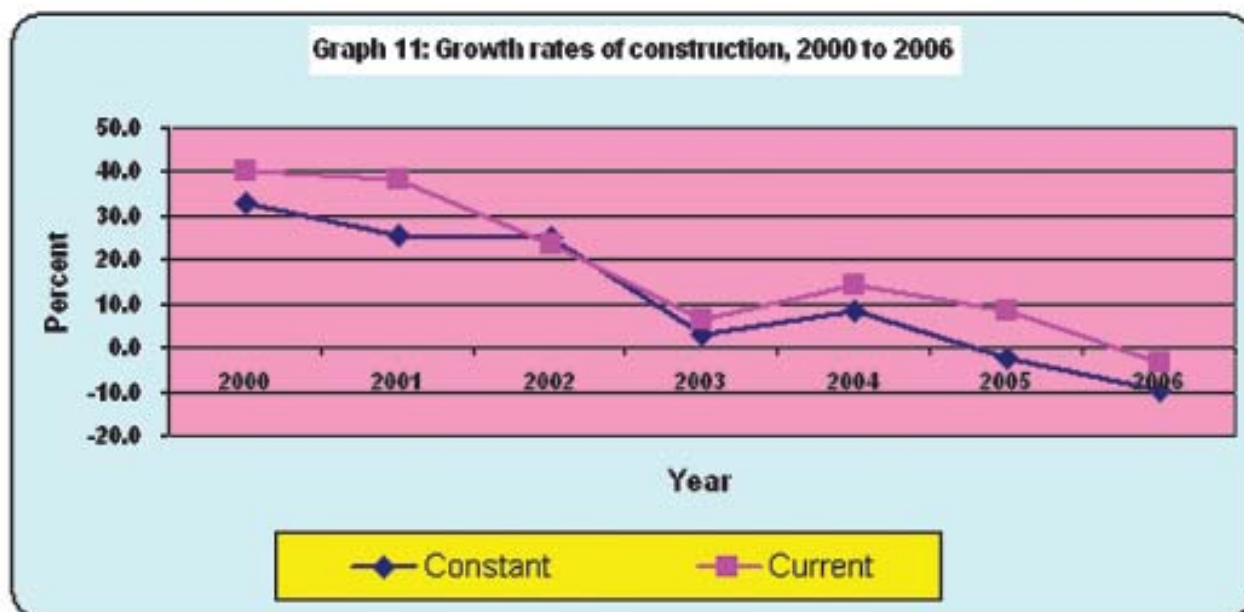
The total power export in 2006 was Nu.5582 million compared to Nu.3782 million during 2005 <sup>1</sup>\_/The total revenue generation increased from Nu.4025.2 million to Nu.4595.5 million.

With increase in the outreach of the municipal services in the urban areas, the water supply and sewerage contributed Nu.17.4 million during the year as compared to Nu.13.7 million in 2005. In real terms it has increased by 27 percent as against 10.3 percent in 2005.

<sup>1</sup> \_/ Source: Selected Economic Indicators, March 2007, RMA



**The Construction** growth rate dropped by (-) 9.7 percent in real term during 2006. The negative growth was mainly due to the completion of construction of Tala Hydro Power Project, the low cost housing project and the Babisa Express Highway. However, the sector still holds 2<sup>nd</sup> position in terms of its share to the GDP.



The **wholesale and retail** trade sector has contributed Nu.2374.2 million in 2006 up from Nu. 2088.9 million in 2005 showing 13.7 percent increase in nominal term. In real term, this sector has grown by 3.7 percent over the previous year. Its share to the total GDP stands at 5.7 percent during 2006.

The performance of **hotels and restaurants** has a direct link to the number of tourist arrival. With the robust increase in the inflow of tourist and the completion of many tourist resorts and hotels in the country, the sector has experienced high growth.

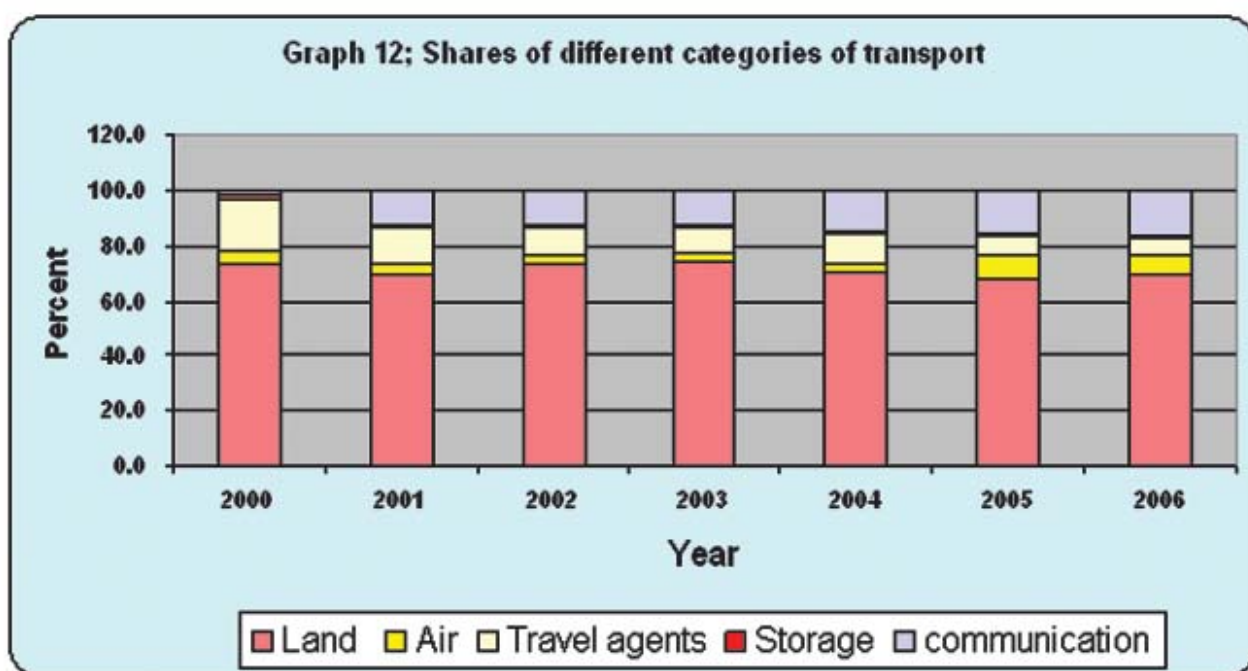
**Table 5; Number of tourist arrival and revenue receipts, 2002-2006**

	2002	2003	2004	2005	2006
Total no. of tourist (persons)	5599	6261	9249	13626	17342
Tourism revenue receipts					
Ngultrum (million)	387.9	387.6	589.0	821.0	1083.6
US Dollars (million)	7.98	8.3	13.0	18.5	23.9

Source; World Tourism Organization (UNWTO)

The contribution of this sector to the total economy during 2006 in current prices stood at Nu.301.0 million as against Nu.211.7 million in 2005 showing 42.0 percent increase. In real term, it has shown an increase of 32.3 percent in 2006 compared to 18.5 percent in 2005. The food price index has been used to deflate the current estimates to convert it to constant estimates. However, its share to the GDP during the year is only 0.8 percent in 2006.

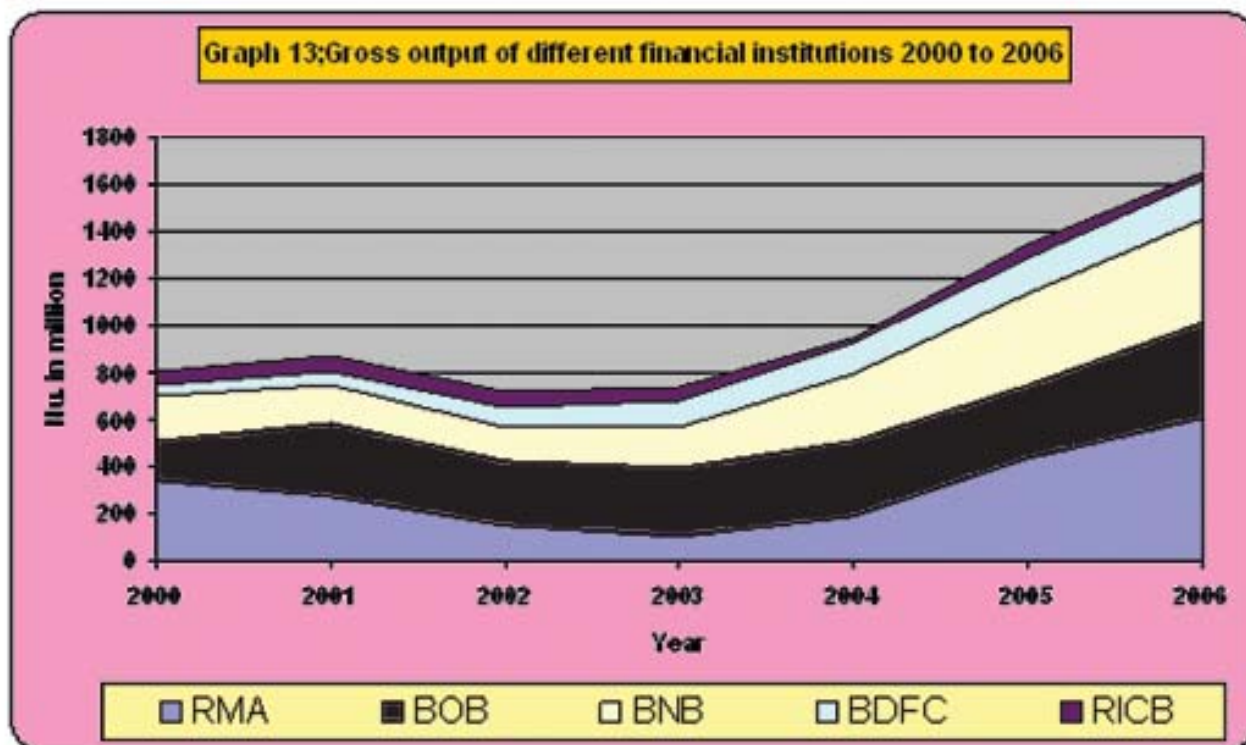
The **transport, storage and communication** are subdivided into transport by Air, buses, trucks, taxis and telecommunications. The main source of information is from RSTA, Bhutan Telecom Annual Report, Druk Air Annual Report and Department of Revenue and Custom’s sales turnover information. In case of trucks and taxis, their revenues are extrapolated by using the parameters obtained through case studies or sometimes the past trends are being applied.



The total value added of the transport, storage and communication is Nu.4496.2 million in current prices during the year 2006 compared to Nu.3890.5 million in 2005. In constant term, its level reached to Nu.3148.8 million in 2006 from Nu.2660.6 million in 2005 with a real growth of 18.3 percent during 2006.

During 2006, the share of land transport to the total transport is recorded 68.0 percent followed by telecommunications 16.0 percent and air and other transport by 8.0 percent. Its share to the total GDP is 10.8 percent in 2006 compared to 10.6 percent in 2005 showing a marginal increase of 0.2 percent.

**Finance, insurance and real-estate** sector covers activities of the Central Bank, commercial banks, agricultural credit institution (BDFC), investment companies etc. Also included are the renting, management and operation of real-estate activities.



The required information to estimate the gross value of output, intermediate consumption and components of value added of the financial institutions were compiled from the annual reports published by them.

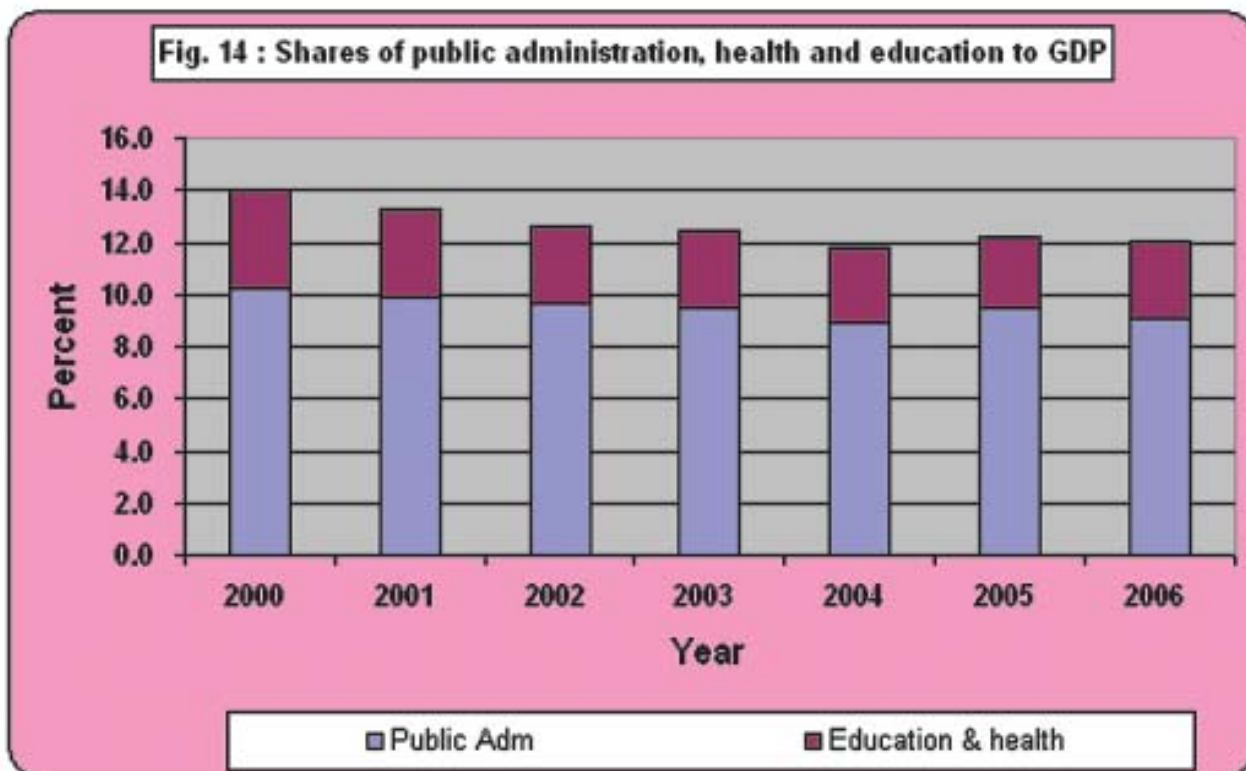
The current price estimates of the financial institutions were converted to constant price by using the composite index of lending rates, deposit rates and consumer price index

In case of real-estates, the activities are broken down into two parts: rural and urban dwellings. To estimate the gross output of rural dwellings, the receipts from the rural house tax was used as the bases and for the urban dwellings the BLSS 2003 were used as the bases.

.In current prices, the contribution of the financial instructions and real-estate sector to the GDP rose from Nu.2872.8 million in 2005 to Nu.3400.1 million in 2006. In constant prices the finance sub-sector achieved a real growth of 23.0 percent over the previous year and the real estate by 1.7 percent in 2006. Its share to the GDP is 8.2 percent.

**Community and social services (general government)** produce services by engaging in activities such as public administration, defense, sanitary, education, medical and welfare services. The main source of information is the Annual Budget documents of the Ministry of Finance.

In SNA, the gross output of the government is defined as equal to its cost of production i.e. the sum of intermediate consumption, compensation of employees and consumption of fixed capital.



The contribution of this sector during 2006 rose to Nu. 4988.6 million in current prices from Nu. 4471.7 million in 2005. In constant prices it has achieved a growth rate of 6.4 percent. The overall share of this sector to the GDP stood at 12.0 percent in 2006.

**Private, social and recreational services** include services such as private health, recreation, personal etc. The main sources of information to estimate its contribution to the total GDP were from Bhutan Living Standard Survey 2003 and the estimates were moved forward with the help of population growth and the consumer price index.

In current prices, its share to the GDP during 2006 was Nu.212.6 million as against Nu. 172.2 million in 2005. In real term it has observed a marginal increase to Nu.146.2 million in 2006 from Nu.144.3 million during the previous year.

## **STATISTICAL TABLES**

**Table 1. GDP and its aggregates in current prices (million Nu.)**

<i>Description</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
GDP by expenditure at current market prices	18425.0	24484.9	27295.9	30390.0	32103.0	32619.0	39771.2
Net Income from abroad	(22.3)	(11.2)	(391.0)	(642.6)	(750.5)	(540.8)	(131.9)
-income received	704.7	663.4	542.3	498.9	486.8	671.1	897.2
-income paid	727.00	674.61	933.2	1141.5	1237.3	1211.9	1029.1
Gross National Income	18401.4	24554.2	26904.9	29747.3	31352.5	32078.2	39639.3
Net Current Transfer from abroad	1982.9	2091.7	1969.3	2184.6	3018.8	4274.1	5082.8
-Current transfer received	3945.0	4208.0	4393.6	4615.2	5398.2	6824.4	7471.0
-Current transfer paid	1962.1	2116.4	2424.4	2430.7	2379.4	2550.3	2388.3
Gross Disposable Income (GDI)	20384.3	26565.4	28874.1	31931.9	34371.3	36352.4	44722.0
Final Consumption Expenditure	13746.9	15122.4	16805.5	18914.4	20456.4	22497.7	24291.6
PCE	9416.0	10281.3	11415.1	12994.9	13806.7	14586.2	15553.7
GCE	4331.0	4841.1	5390.4	5919.5	6649.7	7911.5	8737.9
Gross Saving(S)	6637.4	11443.0	12068.6	13017.5	13914.9	13854.7	20430.5
Gross Domestic Capital Formation (I)	9512.1	13559.1	15638.3	16682.4	20000.4	18677.4	18827.3
<b>Net Lending or (net borrowing) (NL)</b>	<b>(2875)</b>	<b>(2116)</b>	<b>(3570)</b>	<b>(3665)</b>	<b>(6086)</b>	<b>(4823)</b>	<b>(1603)</b>

*Note: PCE= Pvt. Consumption Expenditure GCE= Govt. Consumption Expenditure*



**Table 2. Gross domestic product by kind of activity in current prices (million Nu.)**

<i>Sectors</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Agriculture, livestock & forestry	5568.4	6036.9	6884.1	7292.2	7864.1	8255.5	8858.9
1.1 agriculture proper	2516.0	2681.9	3000.4	3191.7	3480.7	3684.9	3927.9
1.2 livestock	1747.4	1930.0	2007.0	2163.0	2331.2	2556.7	2730.4
1.3 forestry and logging	1305.1	1425.1	1876.7	1937.6	2052.1	2013.9	2200.6
2. Mining and quarrying	314.9	421.6	457.1	580.7	439.6	549.8	960.3
3. Manufacturing	1627.3	1855.1	1945.1	2127.3	2360.7	2560.0	2924.3
4. Electricity and water	2255.3	2279.2	2657.7	3352.0	3085.3	3660.9	5126.6
5. Construction	2761.4	3818.4	4711.2	5021.5	5741.1	6219.2	6019.7
6. Wholesale & Retail Trade	882.1	1045.2	1282.9	1446.6	1725.7	2088.9	2374.2
7. Hotels and restaurants	88.1	113.2	119.7	135.3	168.7	211.7	301.0
8. Transport, storage & communication	1799.7	2083.0	2452.0	2626.0	3295.1	3890.5	4496.2
9. Financing, insurance and real estate	1413.0	1553.6	1580.9	1948.5	2280.0	2872.8	3400.1
9.1. Finance and Insurance	781.9	908.3	864.7	1026.6	1278.7	1764.2	2221.9
9.2. Real Estate & dwellings	631.1	645.3	716.3	921.9	1001.3	1108.5	1178.2
10. Community, social services	2813.8	3037.3	3342.0	3663.6	3822.9	4471.7	4988.6
10.1 Public administration	2049.7	2262.4	2556.1	2778.0	2866.8	3462.7	3751.7
10.2 Education and health	764.2	774.9	785.8	885.6	956.0	1009.0	1236.9
11. Private social & recreation	96.2	100.7	111.4	123.8	144.1	172.2	212.6
12. Plus: taxes on products less subsidies	491.4	550.7	878.1	1067.9	1392.6	1628.0	1781.0
<b>Gross domestic product</b>	<b>20111.7</b>	<b>22894.8</b>	<b>26422.3</b>	<b>29385.5</b>	<b>32320.0</b>	<b>36581.2</b>	<b>41443.3</b>

**Table 3. Sectoral growth rates over the preceding year in current prices ( % ).**

<i>Sectors</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Agriculture, livestock & forestry	10.3	8.4	14.0	5.9	7.8	5.0	7.3
1.1 agriculture proper	9.8	6.6	11.9	6.4	9.1	5.9	6.6
1.2 livestock	8.7	10.4	4.0	7.8	7.8	9.7	6.8
1.3 forestry and logging	13.5	9.2	31.7	3.2	5.9	-1.9	9.3
2. Mining and quarrying	-15.5	33.9	8.4	27.0	-24.3	25.1	74.7
3. Manufacturing	4.5	14.0	4.9	9.4	11.0	8.4	14.2
4. Electricity and water	-2.5	1.1	16.6	26.1	-8.0	18.7	40.0
5. Construction	40.3	38.3	23.4	6.6	14.3	8.3	-3.2
6. Wholesale & Retail Trade	24.6	18.5	22.7	12.8	19.3	21.0	13.7
7. Hotels and restaurants	0.8	28.5	5.7	13.1	24.6	25.5	42.2
8. Transport, storage & communication	10.0	15.7	17.7	7.1	25.5	18.1	15.6
9. Financing, insurance and real estate	17.2	9.9	1.8	23.2	17.0	26.0	18.4
9.1. Finance and Insurance	25.8	16.2	-4.8	18.7	24.6	38.0	25.9
9.2. Real Estate & dwellings	8.0	2.3	11.0	28.7	8.6	10.7	6.3
10. Community, social services	-6.7	7.9	10.0	9.6	4.3	17.0	11.6
10.1 Public administration	-6.7	10.4	13.0	8.7	3.2	20.8	8.3
10.2 Education and health	-6.7	1.4	1.4	12.7	8.0	5.5	22.6
11. Private social, personal & recreation services		4.7	10.6	11.1	16.5	19.5	23.5
12. Plus taxes on products less subsidies	-20.9	12.1	59.5	21.6	30.4	16.9	9.4
<b>Gross Domestic product</b>	<b>9.7</b>	<b>13.8</b>	<b>15.4</b>	<b>11.2</b>	<b>10.0</b>	<b>13.2</b>	<b>13.3</b>

**Table 4. Sectoral shares in current prices ( % ).**

<i>Sectors</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Agriculture, livestock & forestry	27.7	26.4	26.1	24.8	24.3	22.6	21.4
1.1 agriculture proper	12.5	11.7	11.4	10.9	10.8	10.1	9.5
1.2 livestock	8.7	8.4	7.6	7.4	7.2	7.0	6.6
1.3 forestry and logging	6.5	6.2	7.1	6.6	6.3	5.5	5.3
2. Mining and quarrying	1.6	1.8	1.7	2.0	1.4	1.5	2.3
3. Manufacturing	8.1	8.1	7.4	7.2	7.3	7.0	7.1
4. Electricity and water	11.2	10.0	10.1	11.4	9.5	10.0	12.4
5. Construction	13.7	16.7	17.8	17.1	17.8	17.0	14.5
6. Wholesale & Retail Trade	4.4	4.6	4.9	4.9	5.3	5.7	5.7
7. Hotels and restaurants	0.4	0.5	0.5	0.5	0.5	0.6	0.7
8. Transport, storage & communication	8.9	9.1	9.3	8.9	10.2	10.6	10.8
9. Financing, insurance and real estate	7.0	6.8	6.0	6.6	7.1	7.9	8.2
9.1. Finance and Insurance	3.9	4.0	3.3	3.5	4.0	4.8	5.4
9.2. Real Estate & dwellings	3.1	2.8	2.7	3.1	3.1	3.0	2.8
10. Community, social services	14.0	13.3	12.6	12.5	11.8	12.2	12.0
10.1 Public administration	10.2	9.9	9.7	9.5	8.9	9.5	9.1
10.2 Education and health	3.8	3.4	3.0	3.0	3.0	2.8	3.0
11. Private social, personal & recreational services	0.5	0.4	0.4	0.4	0.4	0.5	0.5
12. Plus: taxes on products less subsidies	2.4	2.4	3.3	3.6	4.3	4.5	4.3
<b>Gross domestic product</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 5. Gross domestic product by kind of activity at constant (2000) prices (million Nu.)**

<i>Sectors</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Agriculture, livestock & forestry	5568.4	5849.2	6009.2	6138.4	6250.1	6273.8	6378.3
1.1 Crops	2516.0	2616.9	2689.4	2765.6	2808.2	2860.9	2900.0
1.2 Livestock	1747.4	1887.7	1919.1	1926.5	1933.1	1976.4	1994.2
1.3 Forestry and logging	1305.1	1344.6	1400.8	1446.3	1508.8	1436.5	1484.1
2. Mining and quarrying	314.9	370.4	406.8	402.4	381.3	446.6	728.0
3. Manufacturing	1627.3	1655.9	1732.8	1844.1	1943.8	2008.2	2067.6
4. Electricity and water	2255.3	2184.6	2560.7	3030.3	2980.2	3284.1	4442.2
5. Construction	2761.4	3460.9	4328.7	4448.7	4819.8	4701.2	4247.5
6. Wholesale and retail trade	882.1	1028.7	1233.8	1378.0	1633.1	1878.1	1948.2
7. Hotel and restaurant	88.1	111.5	115.1	128.8	157.0	186.0	246.1
8. Transport, storage & communication	1799.7	1843.7	2000.3	2007.4	2447.9	2660.6	3148.8
9. Financing, insurance & real estate	1413.0	1492.8	1449.7	1770.8	1990.8	2507.5	2933.2
8.1. Finance	781.9	895.6	900.8	1079.9	1291.4	1799.8	2213.4
8.2. Real estate	631.1	597.2	548.9	690.8	699.4	707.7	719.7
10. Community, social & personal services	2813.9	2847.4	3050.7	3287.8	3307.9	3743.4	3982.7
9.1 Public administration	2049.7	2187.7	2412.1	2567.8	2533.6	2905.5	2994.4
9.2 Education and health	764.2	659.7	638.6	720.0	774.3	837.8	988.3
11. private social & recreational services	96.2	98.6	103.3	114.2	126.8	144.3	146.2
12. Plus taxes on product less subsidies	491.4	532.5	828.6	987.1	1230.7	1367.0	1404.0
<b>Gross Domestic Product</b>	<b>20111.8</b>	<b>21476.4</b>	<b>23819.8</b>	<b>25537.9</b>	<b>27269.5</b>	<b>29200.8</b>	<b>31672.8</b>

**Table 6. GDP growth rates in constant (2000) price (%).**

<i>Sectors</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Agriculture, livestock & forestry	4.6	5.0	2.7	2.1	1.8	0.4	1.7
1.1 Crops	4.7	4.0	2.8	2.8	1.5	1.9	1.4
1.2 Livestock	5.1	8.0	1.7	0.4	0.3	2.2	0.9
1.3 Forestry and logging	3.8	3.0	4.2	3.2	4.3	-4.8	3.3
2. Mining and quarrying	-2.8	17.6	9.8	-1.1	-5.2	17.1	63.0
3. Manufacturing	3.2	1.8	4.6	6.4	5.4	3.3	3.0
4. Electricity & water	-9.8	-3.1	17.2	18.3	-1.7	10.2	35.3
5. Construction	32.8	25.3	25.1	2.8	8.3	-2.5	-
9.7							
6. Wholesale and retail trade	23.6	16.6	19.9	11.7	18.5	15.0	3.7
7. Hotel and restaurant	-0.4	26.5	3.2	11.8	21.9	18.5	32.3
8. Transport, storage & communication	1.4	2.4	8.5	0.4	21.9	8.7	18.3
9. Financing, insurance & real estate	21.9	5.6	-2.9	22.1	12.4	26.0	17.0
8.1. Finance	23.6	14.5	0.6	19.9	19.6	39.4	23.0
8.2. Real estate	19.8	-5.4	-8.1	25.9	1.2	1.2	1.7
10. Community, social & personal services	1.6	1.2	7.1	7.8	0.6	13.2	6.4
9.1 Public administration	1.6	6.7	10.3	6.5	-1.3	14.7	3.1
9.2 Education and health	1.6	-13.7	-3.2	12.7	7.5	8.2	18.0
11. private social & recreational services		2.5	4.7	10.6	11.1	13.7	1.3
12. Plus taxes on product less subsidies	-24.0	8.4	55.6	19.1	24.7	11.1	2.7
<b>Total GDP</b>	<b>7.2</b>	<b>6.8</b>	<b>10.9</b>	<b>7.2</b>	<b>6.8</b>	<b>7.1</b>	<b>8.5</b>

**Table 7. GDP by major sector in current prices (million Nu.)**

<i>Sectors</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Primary	5883.3	6458.5	7341.3	7873.0	8303.7	8805.3	9819.2
2. Secondary	6644.0	7952.6	9314.1	10500.8	11187.2	12440.1	14070.6
3. Tertiary	7584.4	8483.7	9767.0	11011.7	12829.1	15335.7	17553.6
<b>Total GDP</b>	<b>20111.7</b>	<b>22894.8</b>	<b>26422.3</b>	<b>29385.5</b>	<b>32320.0</b>	<b>36581.2</b>	<b>41443.3</b>

*Note: Tertiary sector includes Taxes less of subsidies*

**Table 8. Shares of the major sectors in current prices**

<i>Sectors</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Primary	29.3	28.2	27.8	26.8	25.7	24.1	23.7
2. Secondary	33.0	34.7	35.3	35.7	34.6	34.0	34.0
3. Tertiary	37.7	37.1	37.0	37.5	39.7	41.9	42.4
<b>Total GDP</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

**Table 9. GDP by major sector in constant prices (million Nu.)**

<i>Sectors</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Primary	5883.3	6219.6	6416.0	6540.8	6631.5	6720.4	7106.4
2. Secondary	6644.0	7301.4	8622.2	9323.1	9743.7	9993.5	10757.3
3. Tertiary	7584.4	7955.4	8781.6	9674.0	10894.3	12486.9	13809.1
<b>Total GDP</b>	<b>20111.8</b>	<b>21476.4</b>	<b>23819.8</b>	<b>25537.9</b>	<b>27269.5</b>	<b>29200.8</b>	<b>31672.8</b>

**Table 10. GDP by expenditure in current prices (million Nu.)**

<i>Description</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
Final consumption expenditure	13746.9	15122.4	16805.5	18914.4	20456.4	22497.7	24291.6
-Household and NPISH	9416.0	10281.3	11415.1	12994.9	13806.7	14586.2	15553.7
-General government	4331.0	4841.1	5390.4	5919.5	6649.7	7911.5	8737.9
Gross domestic capital formation	9512.1	13559.1	15638.3	16682.4	20000.4	18677.4	18827.3
- Construction	6835.2	9724.1	12133.3	13227.0	14523.5	13494.8	13248.6
- Machinery and equipment	3030.5	3642.3	3671.6	3679.2	5554.7	5079.6	5471.5
-Change in inventory	(353.5)	192.8	(166.6)	(223.7)	(77.8)	103.0	107.2
Net export of goods and services	(4835.4)	(4116.2)	(5147.9)	(5206.9)	(8353.8)	(8556.0)	(3347.7)
- Export of goods and services	5720.3	6425.2	6505.6	7589.3	10053.2	14105.7	21206.9
- Imports of goods and services	(10556)	(10622)	(11654)	(12796)	(18407)	(22662)	(24555)
<b>Total Expenditure on GDP</b>	<b>18423.7</b>	<b>24484.9</b>	<b>27295.8</b>	<b>30389.9</b>	<b>32103.0</b>	<b>32619.0</b>	<b>39771.2</b>
<b>GDP by production</b>	<b>20111.73</b>	<b>22894.84</b>	<b>26422.33</b>	<b>29385.45</b>	<b>32319.98</b>	<b>36581.15</b>	<b>41443.34</b>
Statistical discrepancy	1688.04	-1590.1	-873.52	-1004.47	216.94	3962.14	1672.15

**Table 11. Expenditures on GDP at constant price (million Nu.)**

<i>Description</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
<b>Final consumption expenditure</b>	13746.9	14662.1	15790.9	17323.4	17997.7	18917.1	19411.1
Household and NPISH	9416.0	9980.6	10704.2	11851.7	12121.0	12278.5	12438.2
General Government	4331.0	4681.5	5086.7	5471.7	5876.8	6638.6	6973.0
Gross domestic capital formation	9512.2	12378.4	14084.5	13956.6	16244.2	13987.5	13774.4
-Construction	6835.2	8623.3	10712.9	10661.3	11272.3	9564.9	9244.2
-Machinery and equipment	3030.5	3568.9	3529.3	3503.0	5037.0	4333.0	4441.8
-Change in inventory	(353.5)	186.3	(157.7)	(207.7)	(65.1)	89.6	88.4
Net export of goods and services	(4835.4)	(3980.5)	(4857.9)	(4813.0)	(7382.8)	(7184.2)	(2639.1)
-Export of goods and services	5720.3	6213.3	6139.1	7015.1	8884.6	11844.0	16718.2
-Imports of goods and services	(10555)	(10271)	(10997)	(11828)	(16267)	(19028)	(19357)
<b>Total Expenditure on GDP</b>	<b>18423.7</b>	<b>22982.3</b>	<b>25017.5</b>	<b>26467.1</b>	<b>26859.1</b>	<b>25720.4</b>	
<b>30546.4</b>							
<b>GDP by production</b>	<b>20111.8</b>	<b>21476.4</b>	<b>23819.8</b>		<b>25537.9</b>	<b>27269.5</b>	
<b>29200.8 31672.8</b>							
Statistical discrepancy	1,688.0	(1505.9)	(1,197.7)	(929.1)	410.3	3,480.3	1,126.4



**Table 12. Gross domestic capital formation in current prices (million Nu.)**

<i>Description</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Machinery and equipment	3030	3642	3672	3679	5555	5080	5472
Govt.	973	1,035	1,368	655	813	611	1,084
Private	2058	2608	2304	3025	4741	4469	4388
2. Construction	6835	9724	12133	13227	14523	13495	13249
Govt.	2108	2530	2728	1993	2423	3059	4109
Private	4728	7194	9406	11234	12101	10436	9140
Gross fixed capital formation	9866	13366	15805	16906	20078	18574	18720
Change in stock	(354)	193	(167)	(224)	(78)	103	107
Gross domestic capital formation	9512	13559	15638	16682	20000	18677	18827

**Table 13. Gross domestic capital formation in constant price (million Nu.)**

<i>Description</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
1. Machinery and equipment	3031	3569	3529	3503	5037	4333	4442
Govt.	973	1014	1315	623	738	523	883
Private	2058	2554	2214	2879	4299	3810	3558
2. Construction	6835	8623	10713	10661	11272	9565	9244
Govt.	2108	2243	2408	1607	1880	2168	2867
Private	4728	6380	8304	9055	9392	7397	6377
Gross fixed capital formation	9866	12192	14242	14164	16309	13898	13686
Change in stock	(354)	186	(158)	(208)	(65)	90	88
Gross domestic capital formation	9512	12378	14084	13957	16244	13987	13774

**Table 14. GDP projection in current and constant prices (million Nu.)**

<i>Description</i>	<i>Current</i>		<i>Constant</i>	
	<b>2006</b> (Actual)	<b>2007</b> (Proj.)	<b>2006</b> (Actual)	<b>2007</b> (Proj.)
<b>GDP at market Prices</b>	<b>41443</b>	<b>52183</b>	<b>31673</b>	<b>39147</b>
Net taxes on products	1781	1937	1404	1474
GDP at basic price	39662	50247	30269	37673
<b>Agriculture, livestock, and forestry</b>	8859	9496	6378	6471
Agriculture proper	3928	4186	2900	2938
Livestock	2730	2932	1994	2034
Forestry and logging	2201	2378	1484	1499
<b>Industry</b>	15031	23083	11485	16797
Mining and quarrying	960	1041	728	757
Manufacturing	2924	3223	2068	2171
Electricity and water	5127	11900	4442	10695
Construction	6020	6918	4248	4407
<b>Services</b>	15773	17669	12405	13172
Wholesale and retail trade	2374	2618	1948	2046
Hotel and restaurant	301	341	246	266
Transport, storage and communications	4496	5366	3149	3464
Financing, insurance and real estate	3400	3648	2933	3027
Finance	2222	2362	2213	2293
Real estate	1178	1286	720	734
Community, social and personal services (govt.)	4989	5473	3983	4222
Private social & recreational services	213	223	146	148

**Table 15. Sectoral growth and its share to GDP (%)**

<i>Description</i>	<i>Growth</i>		<i>Shares</i>	
	<b>2006 (Actual)</b>	<b>2007 (Proj.)</b>	<b>2006 (Actual)</b>	<b>2007 (Proj.)</b>
<b>GDP at market Prices</b>	<b>8.5</b>	<b>23.6</b>	<b>100.0</b>	<b>100.0</b>
Net taxes on products	2.7	5.0	4.3	3.7
<b>Agriculture, livestock, and forestry</b>	1.7	1.4	21.4	18.2
Agriculture proper	1.4	1.3	9.5	8.0
Livestock production	0.9	2.0	6.6	5.6
Forestry and logging	3.3	1.0	5.3	4.6
<b>Industry</b>	10.0	57.0	36.3	44.2
Mining and quarrying	63	4.0	2.3	2.0
Manufacturing	3.0	5.0	7.1	6.2
Electricity and water	35.3	140.8	12.4	22.8
Construction	-9.7	3.8	14.5	13.3
<b>Services</b>	11.6	6.2	38.1	33.9
Wholesale and retail trade	3.7	5.0	5.7	5.0
Hotel and restaurant	32.3	8.0	0.7	0.7
Transport, storage and communications	18.3	10	10.8	10.3
Financing, insurance and real estate	17.0	3.2	8.2	7.0
Finance	23.0	3.6	5.4	4.5
Real estate	1.7	2.0	2.8	2.5
Community, social and personal services (govt.)	6.4	6.0	12.0	10.5
Private social & recreational services	1.3	1.3	0.5	0.4

**Table 16: Account 1, Gross Domestic Product and expenditure in current prices  
(million Nu)**

<i>Description</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
<b>OUT GOING</b>							
Compensation of employees & operating surplus	16472	22273	24529	27215	28377	28316	34868
Consumption of fixed capital	1460	1661	1889	2107	2333	2675	3122
Indirect taxes less subsidies.	491	551	878	1068	1393	1628	1781
<b>Gross Domestic Product</b>	<b>18424</b>	<b>24485</b>	<b>27296</b>	<b>30390</b>	<b>32103</b>	<b>32619</b>	<b>39771</b>
<b>INCOMING</b>							
Govt. final consumption	4331	4841	5390	5920	6650	7912	8738
Private final consumption	9416	10281	11415	12995	13807	14586	15554
Increase in stocks	-354	193	-167	-224	-78	103	107
Gross fixed capital formation	9866	13366	15805	16906	20078	18574	18720
Exports of Goods & Services Less import of goods and services	5720 10556	6425 10622	6506 -11654	7589 -12796	10053 18407	14106 22662	21207 -24555
<b>Expenditure on the Gross domestic product</b>	<b>18424</b>	<b>24485</b>	<b>27296</b>	<b>30390</b>	<b>32103</b>	<b>32619</b>	<b>39771</b>

**Table17. Account 3: Income and its appropriation National Disposable. (million Nu.)**

<i>Description</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
<b>OUT GOING</b>							
Govt. final consumption	4331	4841	5390	5920	6650	7912	8738
Private final consumption	9416	10281	11415	12995	13807	14586	15554
Net Saving	5177	9782	10180	10910	11582	11180	17309
Appropriation of disposable income	<b>18924</b>	<b>24904</b>	<b>26985</b>	<b>29824</b>	<b>32038</b>	<b>33677</b>	<b>41600</b>
<b>INCOMING</b>							
Compensation of employees & operating surplus	16472	22273	24529	27215	28377	28316	34868
Compensation of employees from ROW(net)							
Property and entrepreneurial income from ROW (net)	-22	-11	-391	-643	-750	-541	-
132							
Taxes less of subsidies	491	551	878	1068	1393	1628	1781
Current transfers from ROW(net)	1983	2092	1384	1669	3082	3082	3082
<b>Disposable Income</b>	<b>18924</b>	<b>24904</b>	<b>26985</b>	<b>29824</b>	<b>32038</b>	<b>33677</b>	<b>41600</b>

**Table 18: Account 5: Income and outlay account in current prices (million Nu.)**

<i>Description</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
<b>OUT GOING</b>							
Increase in stock	-354	193	- 167	-224	-78	103	107
Gross Fixed Capital Formation	9866	13366	15805	16906	20078	18574	18720
Purchase of intangible assets							
Net Lending to the rest of the world	-2875	-2116	-3570	-3665	-6086	-4823	-
1603							
<b>Gross Accumulation</b>	<b>6637</b>	<b>11443</b>	<b>12069</b>	<b>13017</b>	<b>13915</b>	<b>13855</b>	<b>20430</b>
<b>INCOMING</b>							
Net Saving	5177	9782	10180	10910	11582	11180	17309
Consumption of fixed capital	1460	1661	1889	2107	2333	2675	3122
Capital transfer from ROW (net)							
<b>Finance of Gross Accumulation</b>	<b>6637</b>	<b>11443</b>	<b>12069</b>	<b>13017</b>	<b>13915</b>	<b>13855</b>	<b>20430</b>

**Table 19: Account 6: All accounts -External current transactions in current prices.**

(million Nu.)

<i>Description</i>	<i>2000</i>	<i>2001</i>	<i>2002</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>
<b>OUT GOING</b>							
Exports of goods and services	5720	6425	6506	7589	10053	14106	21207
Compensation of employees from ROW							
Property and entrepreneurial from ROW	-22	-11	-391	-643	-750	-541	-132
Other current transfers from ROW	3945	4208	3659	3991	5718	5718	5718
Current receipts	9643	10622	10508	11562	14701	20389	28546
<b>INCOMING</b>							
Imports of goods and services	10556	10622	-11654	-12796	-18407	-22662	-24555
Compensation of employees to ROW	2309	5773	23113	25719	37628	44672	47240
Property and entrepreneurial to ROW	-22	-11	-370	-670	-747	-588	-437
Other current transfers to ROW	1962	2116	2275	2322	2636	2636	2636
Surplus of the Nation on current transaction	-5161	-7878	-2985	-3149	-6149	-3630	3604
Disposal of current receipts	9643	10622	10508	11562	14701	20389	28546

**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, defense 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. Interrelations 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 and water.*
- (5). *Construction.*
- (6). *Wholesale and retail trade*
- (7). *Hotels and restaurants.*
- (8). *Transport, storage and communication.*
- (9). *Financing, insurance, real estate and  
business services.*
- (10). *Community, social and personal Services  
(Govt.).*
- (11). *Private, social and recreational services*

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 approaches* are 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. :-

$$\mathbf{GVO - IC = GDP.}$$

**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. :-  $\mathbf{CE + OS + CFC + (IT) = GDP.}$

**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>2</sup> / during an accounting year. In other words, it is the sum of final consumption expenditure (FCE) of households / private and Government, Gross domestic capital formation (GDCF) or investment and Net export (export-import).

E.g.: -  $\mathbf{FCE + GDCF + Net Export = GDP.}$

**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 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 individual households for the exclusive use of those 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

---

<sup>2</sup>-/ Export of goods and services less import of goods and services

all members of the community. The final consumers are (a) *Households*<sup>3</sup> /, (b) *Non-profit bodies*<sup>4</sup> / and (c) *Government*<sup>5</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 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>6</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

---

<sup>3</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>4</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>5</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.*

<sup>6</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.*

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.

**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).