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DECEMBER 2006

NATIONAL ACCOUNTS STATISTICS

2000-2005

**National Statistics Bureau
ROYAL GOVERNMENT OF BHUTAN**

SOURCES OF BASIC DATA

FOREWORD

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

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 organizations, corporation and private agencies for providing the requested information on time, which is very crucial for the timely production of this report.

We look forward to receiving further cooperation and kind assistance.

October 2006

**National Statistics Bureau
Thimphu.**

National Accounts Statistics - 2005

1.0.0. Background.

The goal of the National Statistics Bureau's (NSB) national income and product accounts is to provide timely, comprehensive and reliable description of the condition and performance of the Bhutanese economy by means of two measures – Gross Domestic Product (GDP) and Gross National Income (GNI). The accounts provide comprehensive set of information, which is indispensable for monitoring, analysis, and evaluation of the performance of the economy. The NSB keeps collecting all latest available information, as the sources of information have varying degree of timeliness and follow different revision schedule. In fact, it is standard international practice to update the accounts as additional data becomes available.

Moreover, since it is generally costly to collect primary information frequently, the NSB has to make use of secondary data and interpolation or extrapolation to estimate GDP for some sectors.

Until recently, most of the organizations or companies did not have systematic accounting practice. Therefore, the NSB has depended on alternative sources and used proxies in order to capture the missing information and calculate the output or the contribution to the Gross Domestic Product (GDP).

However, with the economic development the importance of maintaining accounts by every organization have been gaining momentum for the purpose of taxation and also their own analysis and planning.

So, based on the latest updated available information from various sources, the estimates of some sectors have been revised in this publication. This was to keep our users updated on actual progress of the economy. All the revisions were made in line with the United Nations System of National Accounts 1993 (SNA 93) and also with the aim to migrate from SNA 1968 to SNA 1993.

2.0.0. ECONOMIC PERFORMANCE – 2005

The economy of Bhutan recorded a real growth of 6.5 percent during 2005. This was slightly higher than the projected growth rate of 6.1 percent.

The estimated nominal GDP is Nu.36914.6 million for 2005. Therefore, with the average exchange rate of Nu.44.1 per 1 US\$, Bhutan's GDP in \$US is 837.1 million during 2005.

The nominal Gross National Income (GNI) is estimated at Nu.35019.7 million in 2005 as compared to Nu.28667.2 million in 2004 with the nominal growth of 22.2 percent.

The GDP growth rate of 6.5 per cent in 2005 over the previous year was achieved mainly, because of the better performance by the financial sector, which grew by 28.3 per cent over the previous year, followed by private, social and recreational services, hotel & restaurant and whole sale and retail trade. Further, the increased production of coal also marginally boosted the economic growth.

Another key feature in recent year is fast growth in the industry and the service sectors. However, Bhutan still being an agrarian country with more than 70 percent of its population engaged in the subsistence farming, the agriculture sector still dominates the economy with its share of 22.4 percent of GDP.

However, agriculture sectors share to GDP has been gradually decreasing since the last past five years. The other large contributors to GDP are construction sector with 17.2 percent of GDP, followed by community & social services and transport, storage & communication with a share of 12.1 per cent and 10.4 percent respectively.

The **inflation rate based on the implicit GDP deflator** is 7.7 percent during 2005 as against 3.0 per cent in 2004. This was a significant increase compared to the past years. This high inflation during 2005 may be attributed to the raise in the salary of civil servants and the corporate employees.

Fig 1: Growth rates of GDP in current and Constant 2000-2005.

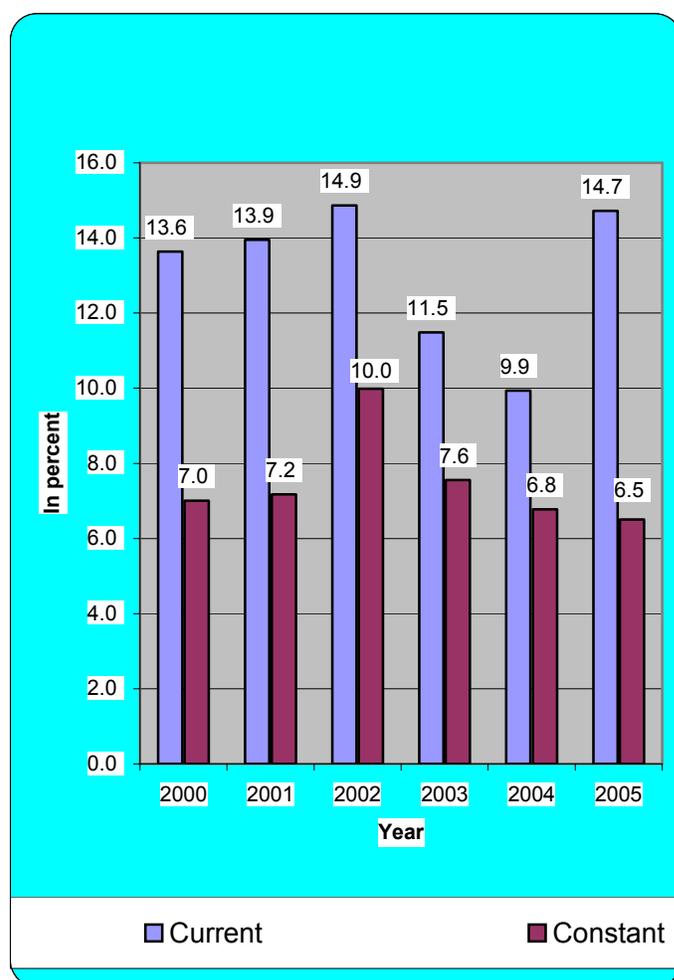


Table 1: Key economic Indicators.

Description	2003	2004	2005
1. GDP in current price (Million Nu.)	29269.1	32178.3	36914.6
2. Gross National Income in current price (Million Nu.)	26363.3	28667.2	35019.7
3. Annual real GDP growth (%)	7.6	6.8	6.5
4. Annual Gross National Income growth (%)	6.9	8.7	22.2
5. Percentage change of implicit GDP deflator (%)	3.7	3.0	7.7
4. Annual average exchange rate. (Calendar year)	46.6	45.3	44.1
<u>Sectoral share to GDP:</u>			
1. Primary	26.9	25.7	23.7
2. Secondary	35.5	34.4	34.6
3. Tertiary	37.6	39.8	41.7

Fig. 2: GDP in current and constant prices 2000 to 2005.

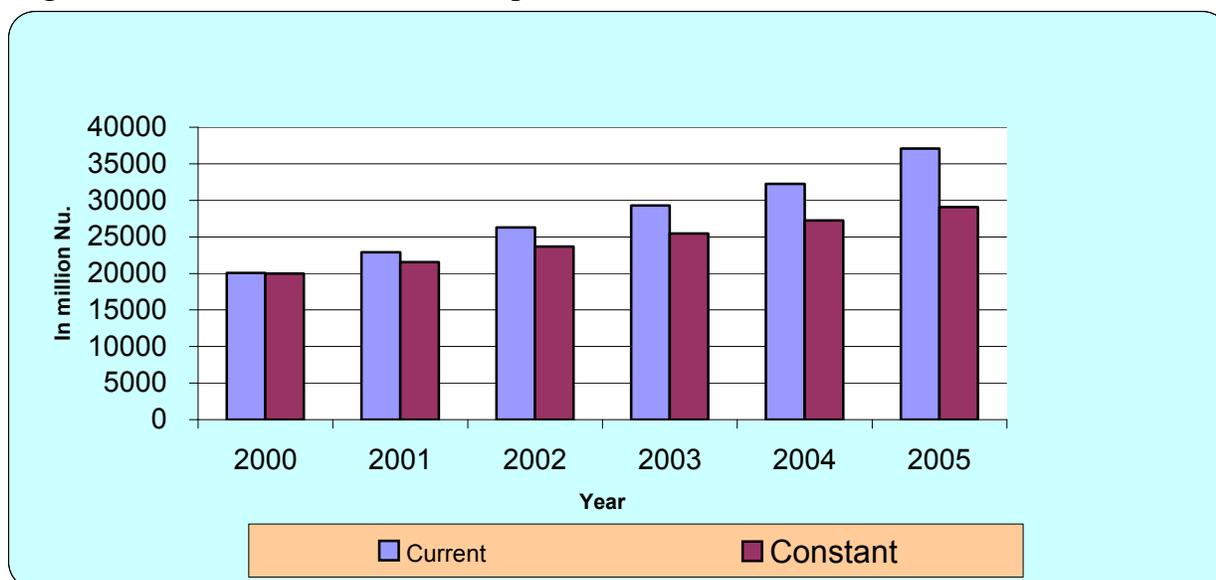


Fig 3: Share of GDP during 2000.

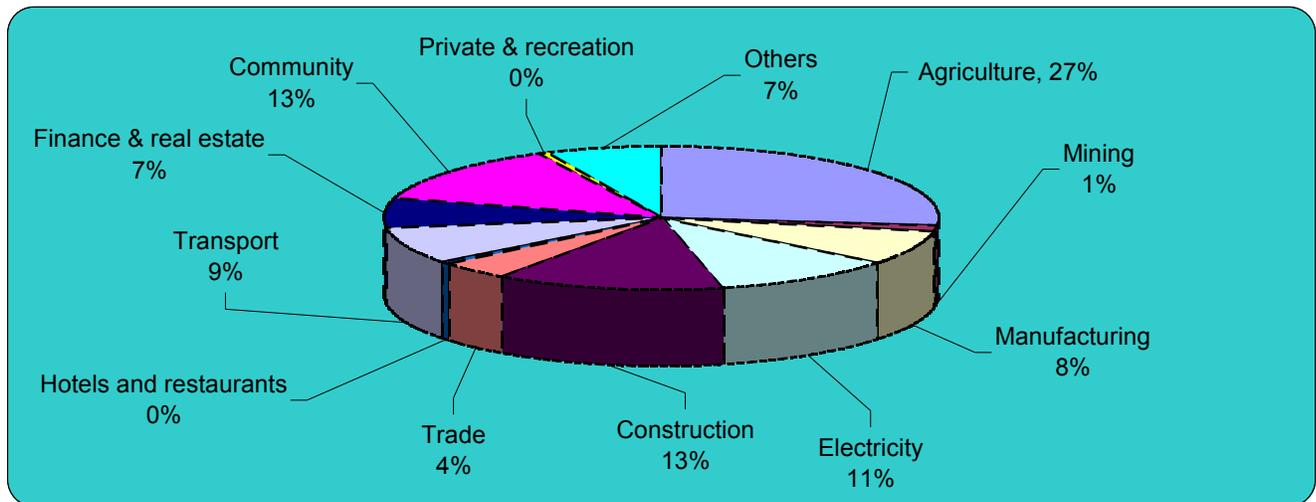
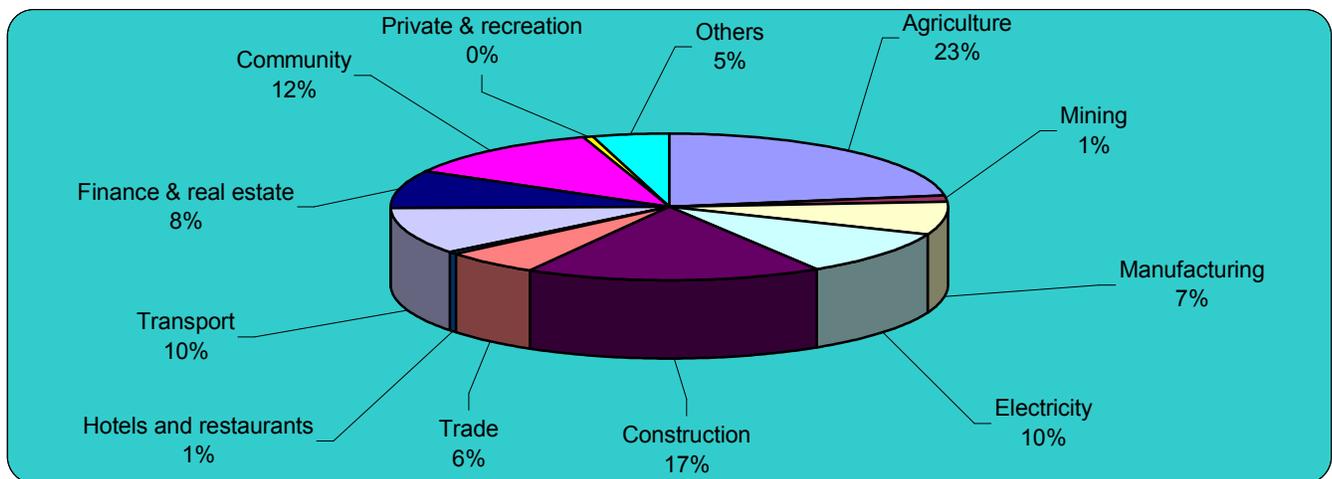


Fig 4: Share of GDP during 2005.



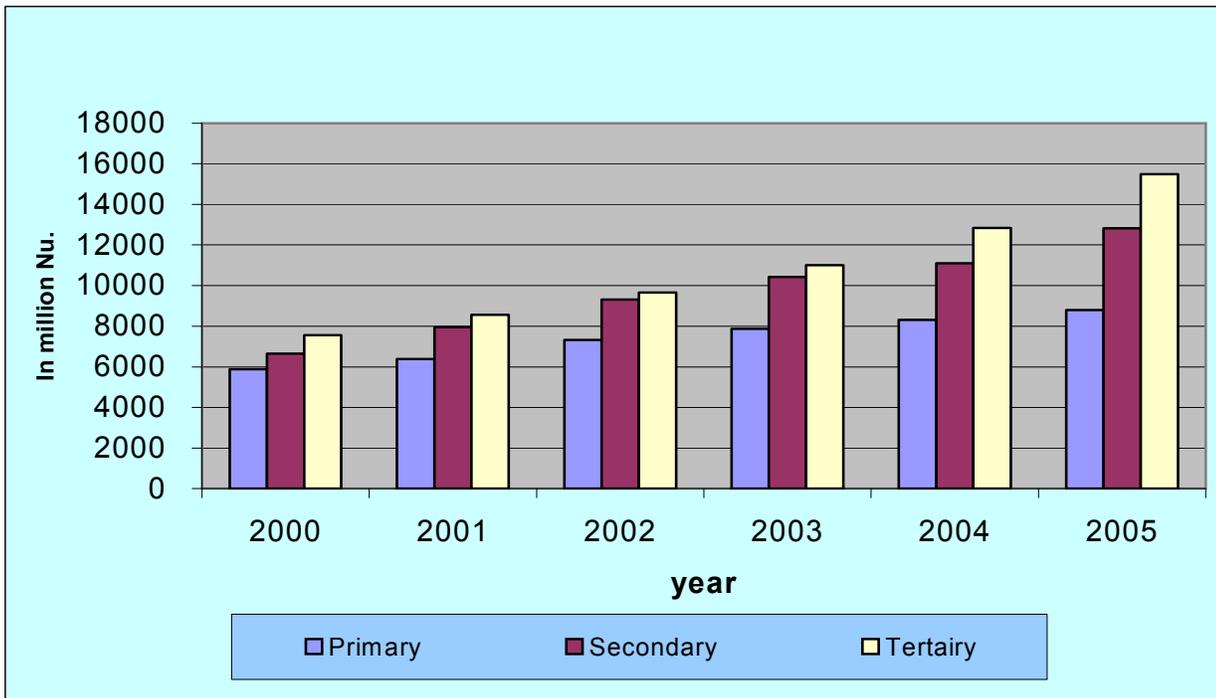
3.0.0. Structure of the Bhutanese Economy

The structure of the Bhutanese economy is transforming rapidly. The share of primary sector is decreasing drastically giving way to the secondary and service sectors. The percentage share of the primary sector decreased from 29.3 percent in 2000 to 23.8 percent in 2005. The value added by the primary sector was Nu.8793.5 million, with the real growth of 1.2 percent compared to registered growth of 1.6 percent in 2004.

The percentage share of secondary sector has increased from 33.1 percent in 2000 to 34.4 percent in 2005. Its contribution to the GDP is Nu.12702.3 million in 2005 with a growth of 3.4 percent during the year.

The share of service sector to GDP has increased from 37.6 percent in 2000 to 41.8 percent in 2005, which is about Nu.15418.8 million in 2005. This is mainly due to high growth in financial sector, tourism industry, wholesale, retail trade and community & social services.

Fig. 5: Structural changes of the economy 2000-2005



4.0.0. Gross Domestic Product by Industry:

4.1.0. Agriculture, livestock and forestry:

Agriculture sector which consists of crops, animal husbandry and forest is still the dominant sector of the economy with its contribution of 22.4 percent to the overall GDP. During 2005, it registered a growth of 5.0 percent in nominal terms and 0.42 in real terms.

4.1.1. Agriculture proper.

Due to lack of information on agriculture production, the growth rate of population of 1.3 percent has been used as an indicator to extrapolate the production estimates of 2005. Whereas in the past, the estimated population growth rate of 2.5 has been used with the 2000 Agriculture Census result as bench mark and an upward adjustment of 13.0 percent is made to capture under coverage.

The agriculture proper has increased by 1.3 percent in real terms in 2005 as against 2.1 percent growth in 2004. The share of this sub sector to total GDP has more or less remained same at 10 percent in 2005. Among the major food crops, paddy continuous to be the major product followed by maize, wheat & barley, buckwheat & millet, mustard, pulses, chili and others. Among the cash crops, potato has the highest share followed by oranges, apples and cardamom. See the table as shown below.

**Table II: Gross output of agriculture crops
(million. Nu.)**

Crops	2003	2004	2005
Paddy	1043.04	1090.29	1136.63
Maize	910.24	951.47	991.92
Wheat/barley	73.34	76.66	79.92
Buckwheat/millet	102.20	106.83	111.37
Apples	127.08	128.00	130.86
Oranges	547.42	730.00	746.34
Potatoes	467.35	495.39	572.84
Ginger	12.65	13.11	15.16
Mustard	33.48	33.00	38.16
Pulses	36.49	38.71	44.77
Chili	93.63	100.30	115.98
Cardamom	55.68	58.48	67.62

4.1.2. Livestock.

The estimate of GDP for the livestock sector is based on number of domestic animals and their produce in the economy. The fixed rates and ratios derived from the previous censuses and surveys were used to extrapolate the benchmark estimates.

In real terms, the value added in the Livestock sub sector increased by 2.24 per cent in 2005, compared to 0.34 percent growth in 2004. Its share to the total Gross Domestic Product (GDP) is 6.9 percent during 2005. Its share to GDP has been declining over the year.

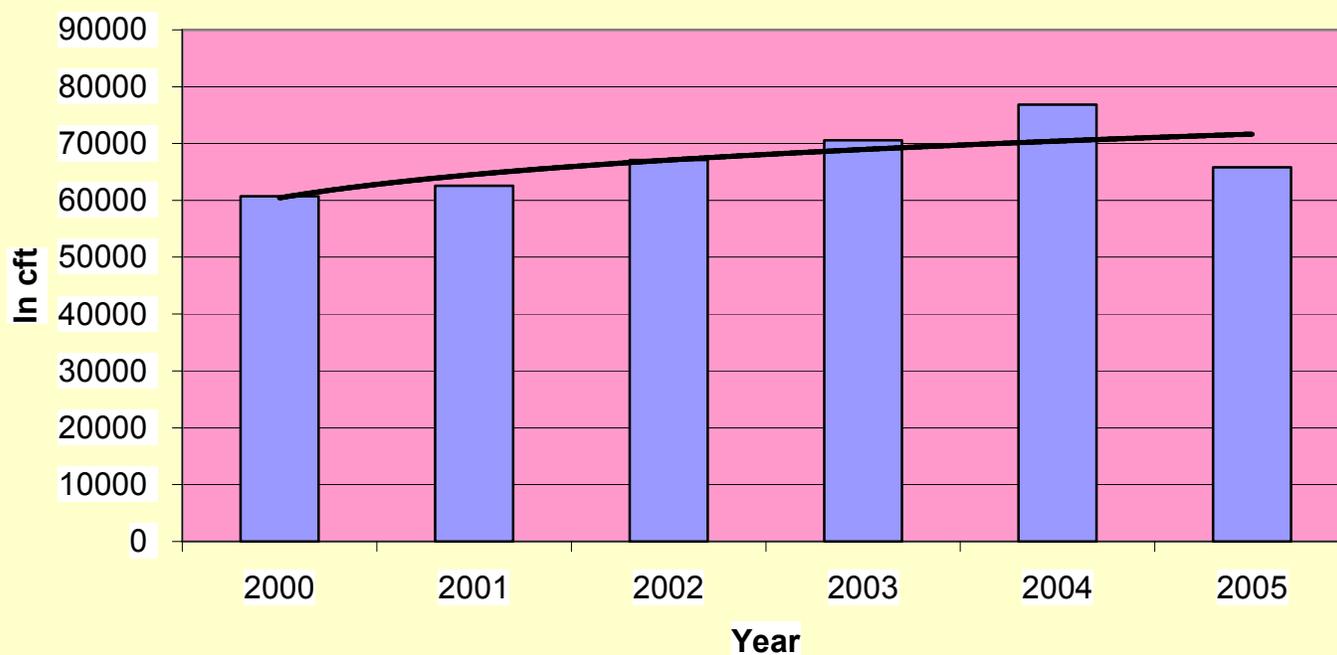
4.1.3. Forestry and Logging.

During 2005, the forestry sub sector has declined by (-) 1.9 percent in nominal terms and in real terms by (-) 3.6 percent. The drop may be due to the Government’s policy to maintain 70 percent of the area under forest cover.

The estimation is based on the information provided by the Forestry Development Corporation of Bhutan.

Table III: Total wood production (‘000 cft)

Description	2004	2005
Log wood production	2241.64	1919.82
<u>Log wood disposition</u>		
a). Urban	1940.96	1925.87
b). Rural	317.95	285.03



4.2.0. Mining and Quarrying.

Mining and Quarry sector registered a growth of 13.4 percent in real terms. The non-metallic and iron ore industries were the main source of growth.

Of the non-metallic industries, the growth was largely due to the improved production of coal. Further, with the immergence of new iron ore mine also made significant impact on the growth of the sector. The mining and quarry sectors share is 1.5 percent of the total GDP. Although, the mining industry has shown a robust growth, its share to the total GDP has increased only marginally.

Table IV:GVA and the growth rate

	2004	2005
<u>Gross Value Added (million Nu.)</u>		
2000 Prices	381.24	432.47
Current Prices	439.50	538.00
<u>Growth in percent.</u>		
2000 Prices	-5.2	13.4
Current Prices	-24.3	22.4

Table V: Mineral production in Bhutan during 2004-2005

Minerals	Units.	2004	2005
1). Lime stone	MT	560807	536030
2). Dolomite	“	452336	388711
3). Gypsum	“	131236	150585
4). Coal	“	29631	85279
5). Quartzite	“	42599	52694
6). Talc	“	39797	42791
7). Marble(Slab)	sq.ft.	3385	4005
8). Marble(Chips)	m3	0	18
9). Slate	sq.ft.	126789	2909
10.). Granite	“	2152	9435
11). Iron Ore	MT	0	5679
12.). Pink & Green Shale	“	0	363
13). Stone	“	252207	146767

Source: Department of Geology and Mines, MTI, Thimphu.

Table VI. GVA of manufacturing industry

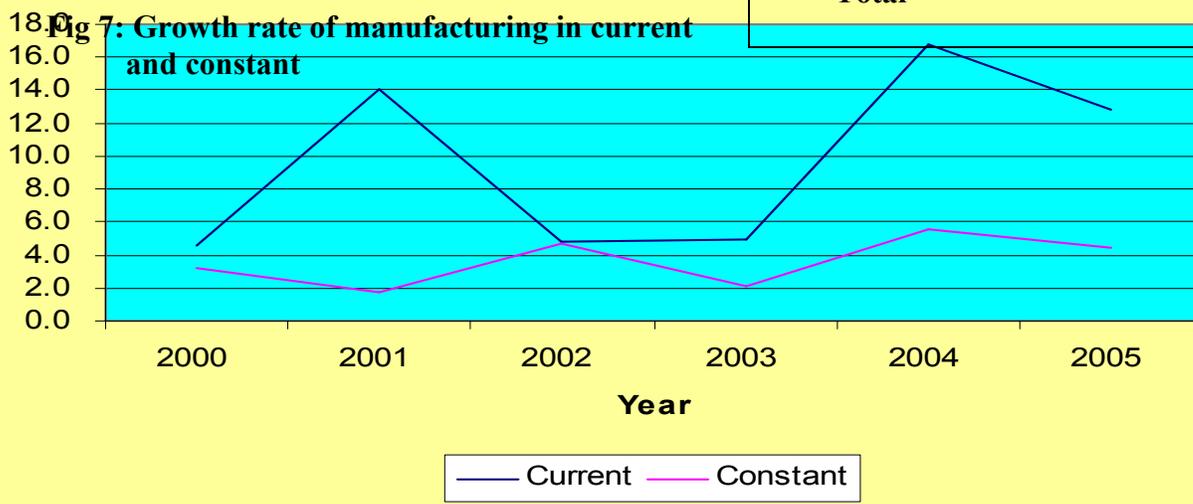
4.3.0. Manufacturing.

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 dominate manufacturing industry in the country.

The manufacturing sector has registered a growth rate of 4.4 per cent in real terms. Its share to the total GDP decreased from 7.4 percent to 7.3 percent in the year 2005.

The value added of a cement industry is Nu.1226.2 million at current prices, where as the other major industry excluding cement industry and the unregistered manufacturing sub sectors is Nu.619.1 million and Nu.402.0 million respectively.

Description	2004	2005
<u>GVA in current prices (million Nu.)</u>		
a) Cement industry	1081.0	1226.2
b) Major Industries	593.8	619.1
c) Cottage Industries	794.5	909.4
Less FISM	85.9	66.7
Total	2383.9	2688.3
<u>GVA in 2000 Prices (million Nu.)</u>		
a) Cement industries	855.5	898.6
b) Major Industries	470.0	454.0
c) Cottage Industries	629.0	667.0
Less FISM	86.7	68.0
Total	1868.0	1951.0
<u>Share in percent</u>		
a) Cement industries	46	46
b) Major Industries	25	23
c) Cottage Industries	34	34
Less FISM	-5	-3
Total	100	100



4.4.0. Electricity and Water

The electricity in Bhutan is all generated from the hydropower plants. So the generation depends largely on the monsoon rain and the snow fall in the winter.

Despite scanty rainfall and drop in the generation of power by Chukha Hydropower Corporation Ltd. (HPCL) and the shutdown of the some mini hydropower plants after the 2004 flood in the east, the power sub sector had recorded a growth of 13.4 percent in real terms during 2005. This high growth was largely due to the commissioning of the lower stage of the Basochu Hydropower Project with the installed energy capacity of 40 MW, with its mean annual energy generation of 105 million units.

The share of the electricity and water to the total GDP has shown a marginal increase from 9.6 percent in 2004 to 9.9 percent in 2005.

Further, the increase in the domestic tariff rate by 12.7 per cent and CHPCL export tariff rate to India from Nu.1.5 to Nu.2.0 per unit also boosted the growth by about 10 percent in real terms.

4.4.1. Water & sewerage

With increase in the outreach of the municipal services in the urban areas, especially the water supply and sewerage to the urban residence, the value added by the water sub sector is Nu.13.7 million during the year as compared to Nu.12.5 million in 2004. In real terms it has recorded an annual growth rate of 10 percent during the year.

Table VII: GVA and growth rate of electricity and water.

Description	2004	2005
Gross value added in current prices (million Nu.)		
Generation of electricity	2622.3	3161.9
Distribution and transmission of electricity	451.0	485.3
Purification and distribution of water	12.5	13.7
Total	3085.4	3660.9
Growth in %		
Generation of electricity	9.4	11.6
Distribution and transmission of electricity	-38.6	1.6
Purification and distribution of water	20.0	10.0

Fig 8: Value added of Electricity & Water 2000-2005.

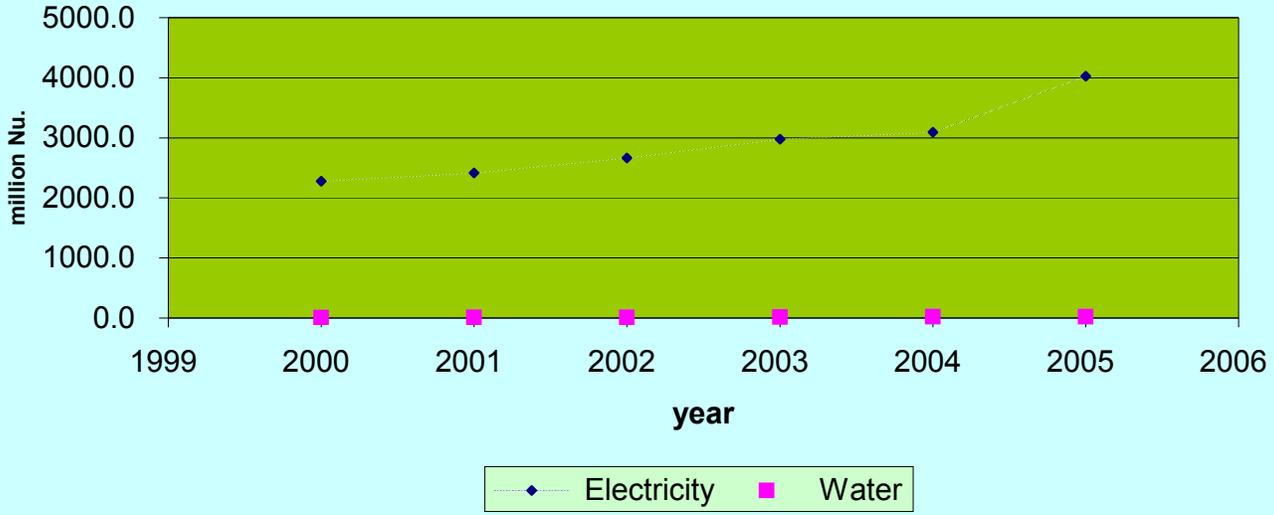
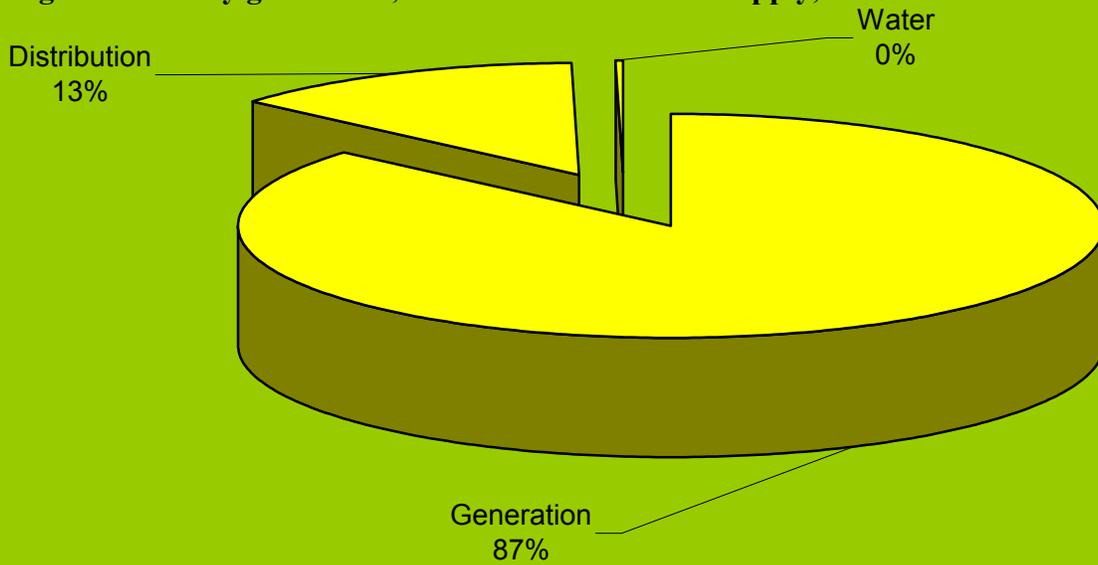


Fig 9: Electricity generation, distribution and water supply, 2005.



4.5.0. Construction

The real growth rate of construction sectors dropped by (-) 2.9 percent. This was mainly because of the end of the construction activities of the Tala Hydroelectric Power Project Authority, the low class income housing project and the Babisa express highway.

Despite the negative real growth, the construction sector has exhibited a high growth of 12.8 percent in current prices. This indicates that there was sharp rise in the cost of construction materials during the year.

The contribution by the sector to the total GDP stands at 17.2 percent and it remains to be the second highest contributor to the economy after the agriculture.

The production of domestic cement increased from 382351 MT in 2004 to 438853 MT during the year 2005' with a growth of 14.7 percent. The cement consumption one of the key indicator for estimating value added for construction sector. Despite the increase in the production, the cement consumption by the public and private sectors has dropped over the past three years. However, the low domestic demand was offset by the increase in the export of cement.

Table VIII. Total cement supply in MT.

Description	2004	2005
Cement supplied to Govt.	20558	15240
Cement supplied to Pvt.	211696	181943
Cement export	153935	217885
Total cement Production:	397547	417424

Table IX. GVA and growth rates of Construction Industry.

Description	2004	2005
<u>Gross value added in current (million Nu.)</u>		
Private Construction	4532.8	4947.1
Government Construction	1211.4	1529.5
Less FISM	113.8	123.4
Total GVA in current.	5630.4	6353.2
<u>Growth in 2000 prices (%)</u>		
Private Construction	7.6	-6.6
Government Construction	17.0	14.3
Total growth	9.3	-2.6

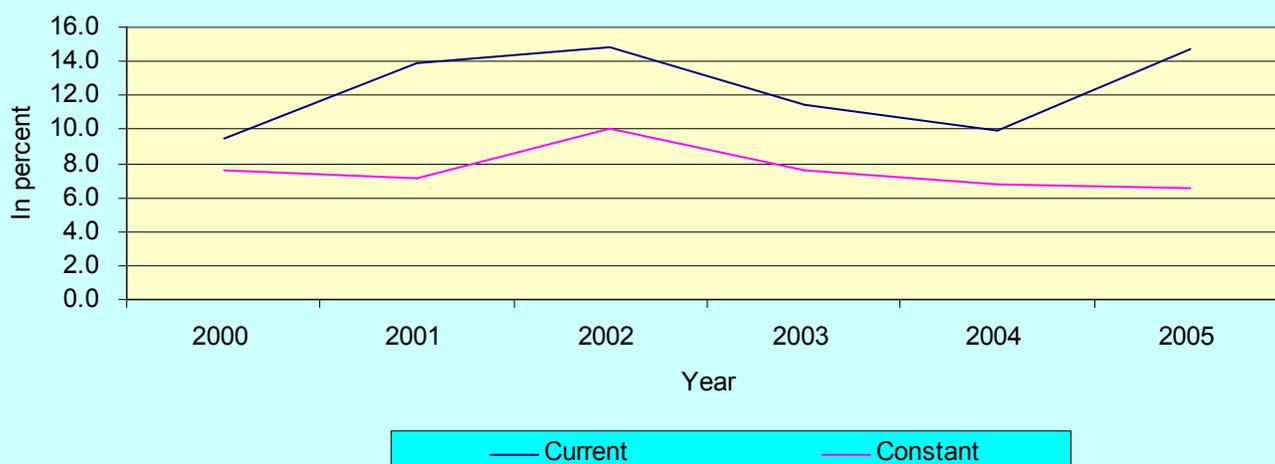
Table X. GVA of Wholesale & retail trade in current and growth rates.

4.6.0. Wholesale and Retail Trade

The value added of this sector at current prices is Nu.2088.9 million in 2005 with a nominal growth of 21.0 percent and real growth of 15.0 percent in 2005. The continuous double-digit growth in the trade sector in the recent years is mainly due to the continuous increase in the inflow of the tourist. Another reason for this high growth rate during the year 2005 was because of the increase in the remuneration of the civil servants by 45.0 percent in the form of allowance with effect from 1st January 2005 and the subsequent increase in wages and salaries by the corporate and private organization.

Though the trade sector was performing well in terms of its annual growth, however, the sectors share to the total GDP has increased to 5.7 percent in 2005 as compared to 5.4 percent in 2004.

Description	2004	2005
Gross value added in current prices (million Nu.)		
Wholesale and retail trade	1732.8	2080.0
Gas	4.7	6.1
Repair of motor vehicle and other household appliances	47.6	58.6
Less FISM	59.4	55.7
Total	1725.7	2088.9
Growth in 2000 prices (%)		
Wholesale and retail trade	20.3	14.2
Gas	18.1	23.2
Repair of motor vehicle and other household appliances	2.3	16.9
Total Growth	19.7	14.3



4.7.0. Hotels and restaurants

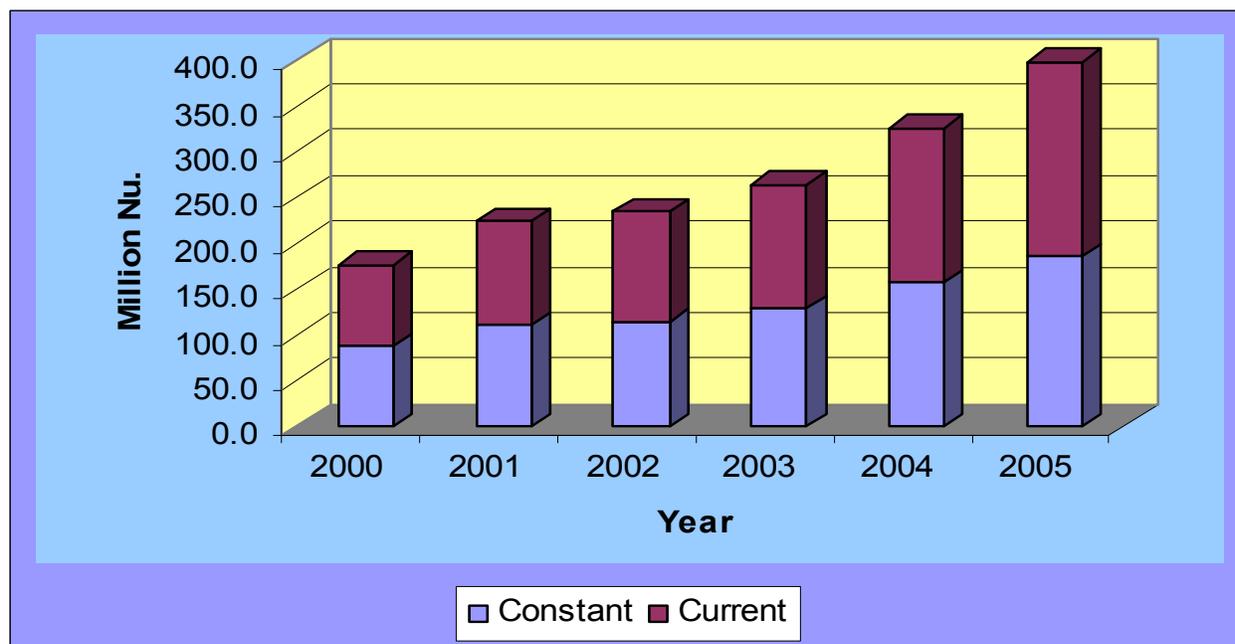
With the increase in the inflow of the dollar paying tourists and the completion of many tourist resorts and hotels in the country has triggered the high growth of hotel & restaurant industries.

The value added by the hotel and restaurant industries is estimated at Nu.211.7 million in 2005 with the real growth of 18.5 percent. The share of the sector to total GDP was estimated to be only 0.6 percent.

Table XI. GVA of Hotels & restaurant and its growths.

Description	2004	2005
Gross value added in current (million Nu.)		
Hotel and restaurant	174.5	206.1
Less FISIM	5.8	5.6
Total	168.7	211.7
Growth in 2000 prices (%)	21.9	18.7

Fig 11: Gross value added of Hotel & restaurant in current and constant prices.



4.8.0. Transport Storage and Communication

The total value added of the transport, storage and communication is Nu.3838.3 million in current prices during the year 2005, with a real growth of 7.3 percent as compared to 21.9 percent in 2004. The growth of the sector was mainly driven by air transport with the growth of 172.5 percent as against growth of 34.3 percent in 2004. This was due the commencement of the operation of two new airbuses 319 aircraft by the end of the year 2004.

The real growth of the land transport had recorded a diminishing growth of 2.9 percent as compared to recorded growth of 13.6 percent in 2004. This low growth rate can be attributed to nearing completion of big projects like Tala Hydroelectric project and

Babisa Express High way. However, the sub sector storage had revived from negative growth (-) 8.2 percent in 2004 to a high growth rate of 26.8 percent in 2005.

The value added component of sub sector communication is estimated to be Nu.630.39 million in current prices with the real growth of 23.1 percent.

The share contribution of the transport, storage and communication sector to the total GDP is 10.3 percent in 2005.

Table XII: Motor Vehicle Statistics, 2005.
(In units)

Description	2005
Heavy	4352
Light	15262
Earth Moving Equipments	509
Two Wheelers	7137
Taxi	2050
Others	292
Total	29914

Source: Road Safety & Transport Authority, MOIC, Thimphu

Table XIII: GVA and growth of Transport Storage & Communication.

Description	2004	2005
GVA in Current Prices (million Nu.)		
Transportation	2922.4	3402.7
Storage	20.7	27.8
Communication	502.0	630.4
Less FISIM	151.4	342.1
Total	3295.1	3838.3
Growth in 2000 prices (%).		
Transportation	19.0	24.0
Storage	-10.4	26.8
Communication	37.2	23.1

4.9.0. Finance, insurance and real estate

The value added of **finance, insurance and real estate** for the year 2005 is Nu.2976.4 million with a growth rate of 18.6 percent in real terms and its share of 8.0 percent to the total Gross Domestic Product.

4.9.1. Finance:

With the increasing financial activities, the sub sector finance consisting of both banking and non banking sectors made a total value added contribution of Nu.1564.2 million in 2005 with an average annual growth rate of 28.3 percent. This high growth during the year is due to better performance of the Royal monetary Authority (RMA) with Nu.344.7 million value added, followed by Bhutan National Bank (BNB) with Nu.340.0 million.

The share of the sector to the total GDP has increased to 4.2 percent in 2005 as compared to 3.8 percent in 2004.

4.9.2. Real Estate

With the rapid increase in the urban population, the demand for the real estate has been increasing. However, the value added by the real estate sub-sector is Nu.1412.2 million in 2005 with marginal growth of 1.2 percent. Its share to GDP is 3.8 percent in 2005 as compared to 3.1 percent in 2004.

Table XIV: GVA of Banking and Non Banking and real growth rates.

Description	2004	2005
Gross Value Added in Current (million Nu.)		
Banking Sector	530.2	626.4
Non Banking Sector	702.3	937.8
Total Gross Value Added	1232.5	1564.2
Growth in 2000 prices (%)		
Banking Sector	24.2	19.5
Non Banking Sector	13.8	35.0
Total Gross Value Added	18.1	28.3

4.10.0. Community and Social services (General Government)

The total value added by the general Govt. in current prices was estimated to be Nu.4471.7 million, with the nominal growth rate of 17 percent as against 4.3 percent in the previous year. Its contribution to Gross Domestic Product had increased to 12.1 percent as against the share of 11.9 percent in 2004.

The real growth of the sector was recorded to be 13.16 percent in 2005 compared to 0.61 percent in 2004. The significant increase in the growth was mainly due to the raise in the pay of the civil servants by 45 percent with effect from 1st January 2005.

The value added by the Health and Education sector was estimated to be Nu.1009.0 million with the annual real growth of 8.2 percent.

4.11.0. Private social and recreational services:

Rapid expansions in the output of the sector private social and recreational services are mainly due to increase in the other economic activity.

The value added by the private social and recreational services was estimated to be Nu.163.7 million in current prices with a recorded nominal growth of 20.1 percent in 2005. However, the sector has exhibited a real growth of 18.7 percent in 2005 as compared to the growth of 9.6 percent. This significant growth during the year can be attributed to increasing number of recreational services that has sprung up in the past two years.

The percentage composition of this sector to the Gross Domestic Product is only 0.4.

Table XV: GVA and real growth rate of Public administration and Health & Education.

Description	2004	2005
GVA in current (million Nu.)		
General Government	3822.9	4471.7
Public administration	2866.8	3462.7
Health and Education	956.0	1009.0
Growth in 2000 prices (%)		
General Government	0.6	13.2
Public administration	-1.3	14.7
Health and Education	7.6	8.2

5.0.0. Gross Domestic Product by Expenditure

The Gross Domestic Expenditure (GDE) is the alternative approach to measure Gross Domestic Product. It's also an approach to examine final uses of the GDP by estimating private consumption expenditure, government consumption expenditure, capital formation, change in stock and net export (export less import).

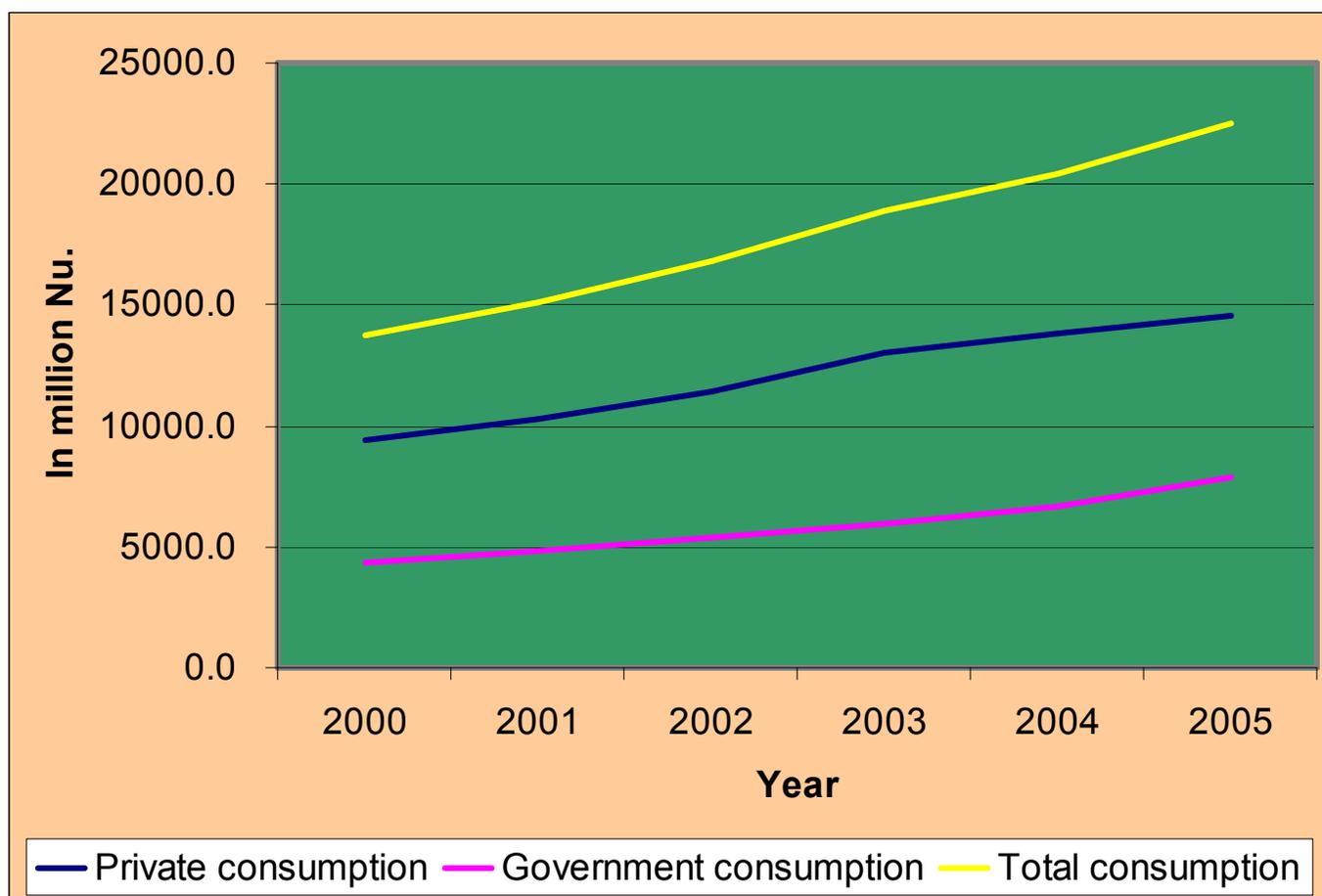
The value of Gross Domestic Expenditure is same as the value of GDP derived by using production approach. The difference between the production and the expenditure approach is treated as the statistical discrepancy.

However, any discrepancies that occur between the two approaches are reflected separately as statistical discrepancies.

5.1.0. Total Final Consumption Expenditure

The Total Final Consumption Expenditure is estimated at Nu.22497.7 million in 2005 as compared to Nu.20456.4 million in 2004. The total final consumption expenditure in 2005 has increased by 9.9 percent in current prices compared to the previous year.

Fig 12: Final consumption of Govt. and private in current prices.



5.1.1. Government Final Consumption Expenditure

With the increasing number of development activities undertaken by the government, the consumption expenditure of the government has exhibited an increase by 13 percent in 2005 compared to 7.4 percent in 2004. The total government consumption expenditure is Nu.7911.5 million during 2005. The increase in the expenditure attributes to large scale spending in the sphere of education and health.

Further, the construction of rural farm roads, provision of rural water supply were some of the other main cause of the increase in the government expenditure.

5.1.2. The Private Final Consumption Expenditure

The private final consumption expenditure is estimated at Nu.14586.2 million in current prices during the year 2005 with a nominal growth of 6.0 percent over the previous year.

In real terms, the PCE has recorded an annual growth of 1.3 percent and much of the expenditure was incurred on the housing, water, electricity, gas and other fuels followed by the expenditure on transport.

5.2.0. Gross Domestic Capital Formation

The Gross Domestic Capital Formation consisting of construction activities, purchase of machinery & equipments and change in stock is estimated at Nu.18959.5 million in 2005 compared to Nu.19722.5 in the year 2004 in current. Therefore, the GDCF experienced a negative growth of (-) 11.9 percent. This is the result of decline in both the construction activities and purchase of machinery &

equipments. However, the **change in stock** increased to Nu.99.2 million. The drop in the capital formation in 2005 was mainly because of the purchase of two-air bus in the year 2004 which push up capital formation in the previous year.

5.3.0. Export of Goods and Services

The total receipt from the export of goods and services in the year 2005 is Nu.12946.6 million in current prices with the growth rate of 33.5 percent. In the real terms, the total value of export is Nu.10870.7 million with the growth rate of 26.8 percent. This high growth in export is due to increase in the receipts from sale of power to India from Chukha and Kurichu.

5.4.0. Import of Goods and Services

The total payment made for the import of goods and services is Nu.18796.2 million in the year 2005 compared to Nu.20464.4 in 2004 which is a decline in imports by (-) 8.2 percent. This was mainly due to the import of two new aircraft in 2004. Further, the import by Tala Power project also declined as it was nearing completion.

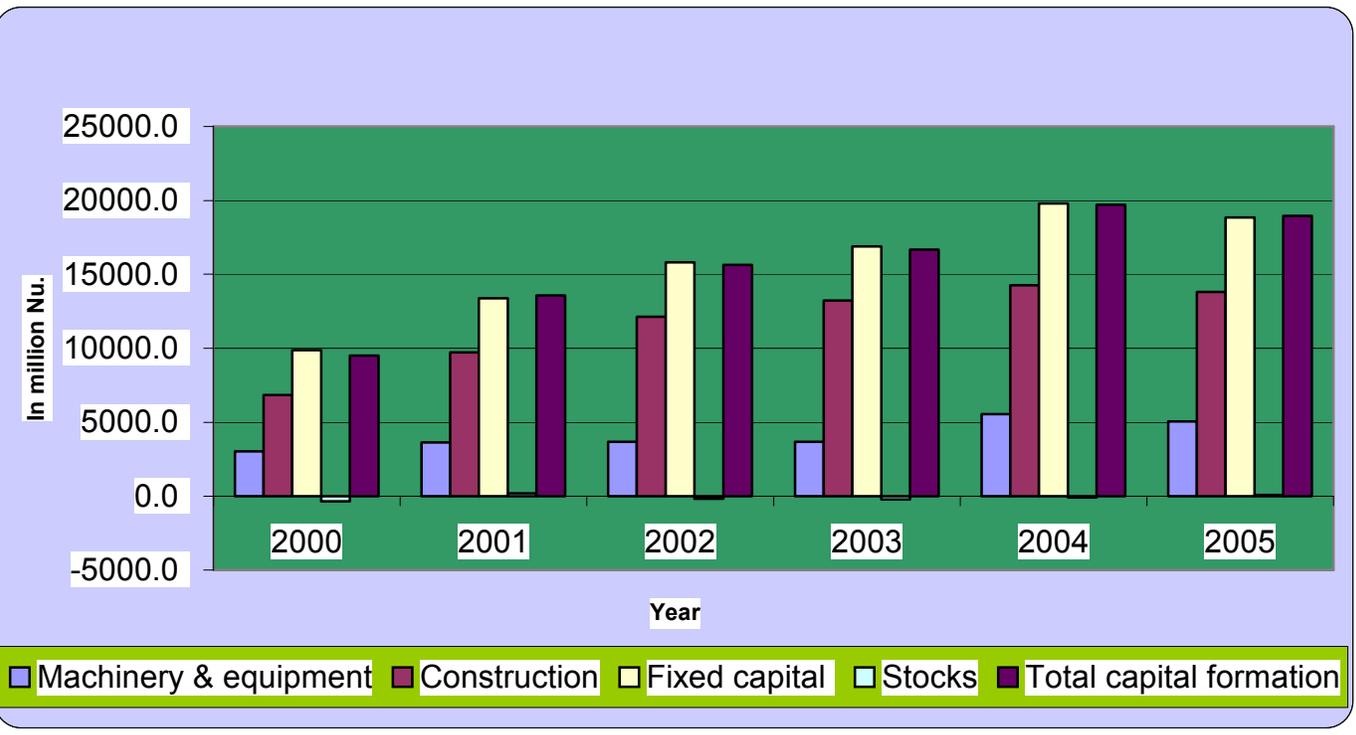


Fig. 14: GDP and its aggregates, 2000-2005.

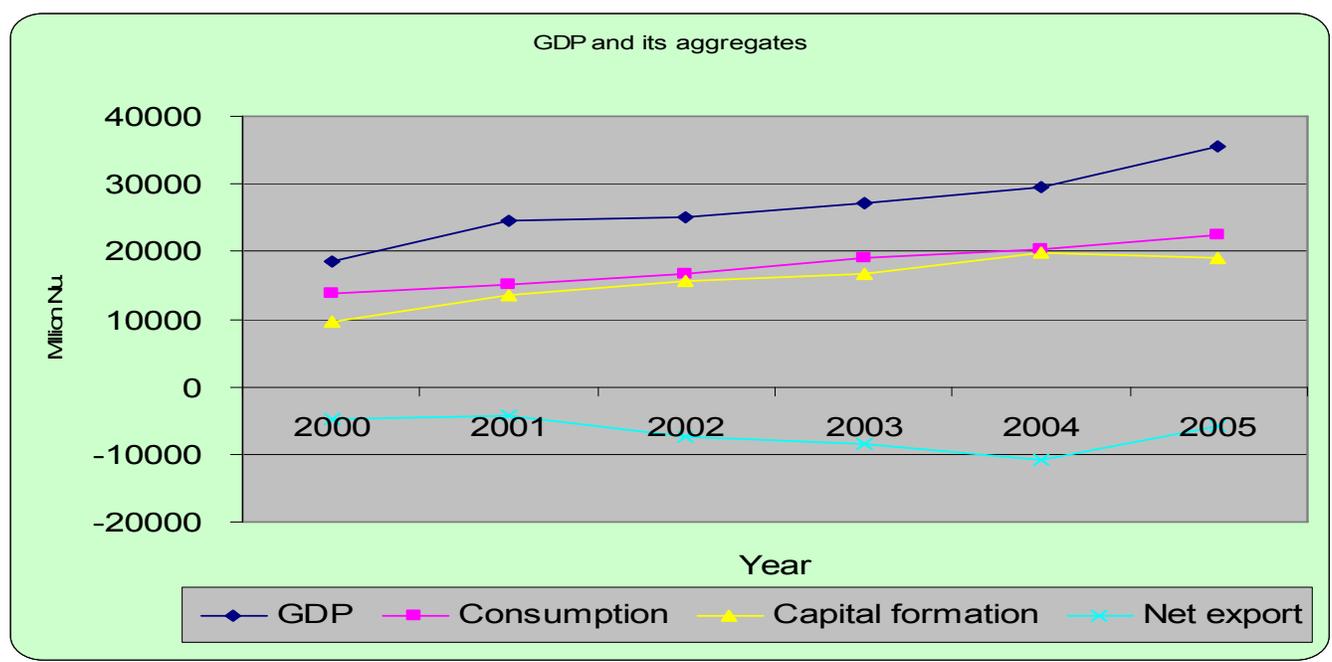
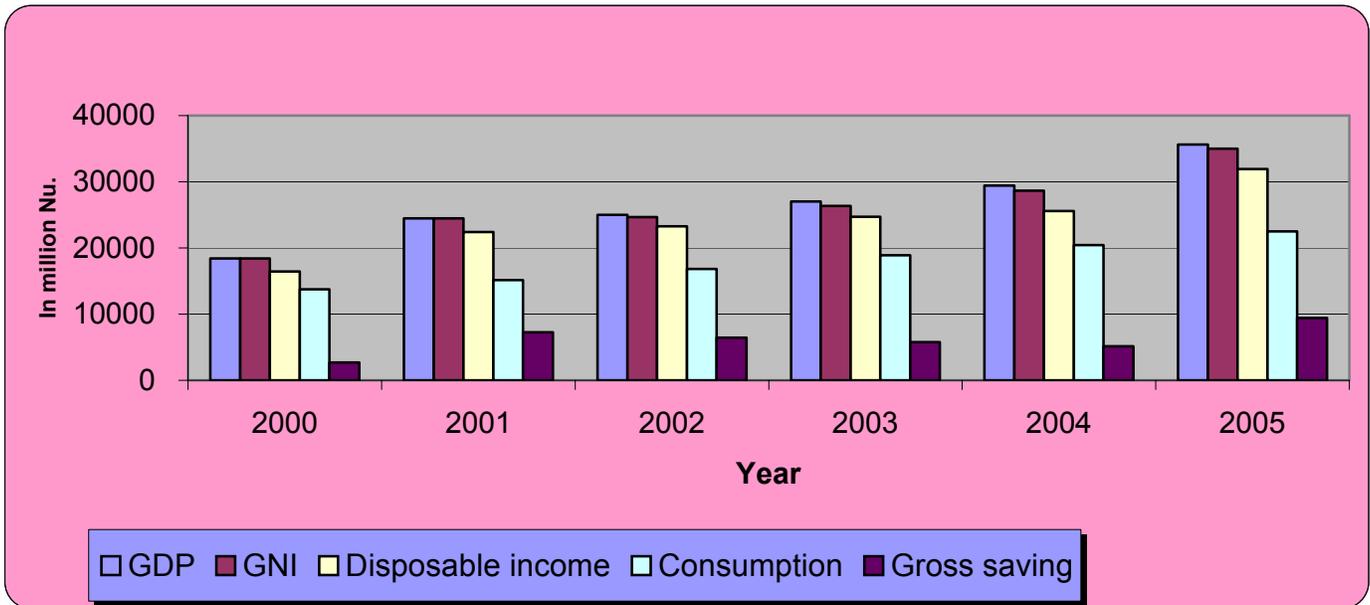


Fig. 15: GDP and related aggregates, 2000-2005.



6.0.0. Consumer Price Index.

The inflation rate as measured by CPI during 2005 is 5.3 percent as compared to 4.4 % in 2004. Among the food and non-food, the food has shown the highest rate of 5.7 % in 2005 and the non-food of 9.24 % in 2000. The implicit GDP deflator is 7.7 percent in 2005.

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 figure calculated in Table No. 23 is an annual average inflation rate till 2005 and for 2006. The latest figure for quarter 1 and quarter 2 is shown. The annual average inflation rate is widely used as an indicator to measure the changes in prices and also to monitor the price movement in the economy.

STATISTICAL TABLES

Table 1: Gross Domestic Product and its related aggregate. (million Nu.)

Description	2000	2001	2002	2003	2004	2005
GDP at current market prices	18,423.7	24,484.9	25,019.1	27,033.1	29,414.2	35,607.6
Net Income from abroad	(22.3)	(11.2)	(369.9)	(669.8)	(747.0)	(587.9)
Income received	704.7	663.4	542.2	498.9	444.0	484.0
Income paid	727.0	674.6	912.2	1,168.7	1,191.0	1,071.9
Gross National Income	18,401.4	24,473.7	24,649.2	26,363.3	28,667.2	35,019.7
Net Current Transfer from Abroad	1,982.9	2,091.7	1,384.4	1,669.0	3,082.0	3,082.0
Current transfer received	3,945.0	4,208.0	3,659.0	3,991.0	5,718.0	5,718.0
Current transfer paid	1,962.1	2,116.3	2,274.6	2,322.0	2,636.0	2,636.0
Gross Disposable Income (GDI)	16,418.5	22,382.0	23,264.8	24,694.3	25,585.2	31,937.7
Final Consumption Expenditure	13,746.9	15,122.4	16,805.5	18,914.4	20,456.4	22,497.7
PCE	9,416.0	10,281.3	11,415.1	12,994.9	13,806.7	14,586.2
GCE	4,331.0	4,841.1	5,390.4	5,919.5	6,649.7	7,911.5
Gross Saving (S)	2,671.5	7,259.6	6,459.3	5,779.9	5,128.7	9,440.0
Gross Domestic Capital Formation(I)	9,512.1	13,559.1	15,638.3	16,682.4	19,722.5	18,959.5
Net Lending or (net borrowing)	(6,840.6)	(6,299.5)	(9,179.0)	(10,902.6)	(14,593.8)	(9,519.5)

Note. PCE = Private consumption expenditure
 GCE = Government consumption expenditure

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

Sectors	2000	2001	2002	2003	2004	2005
1. Agriculture, livestock & forestry	5568.4	6036.9	6884.1	7292.2	7864.1	8255.5
1.1 agriculture proper	2516.0	2681.9	3000.4	3191.7	3480.7	3684.9
1.2 livestock	1747.4	1930.0	2007.0	2163.0	2331.2	2556.7
1.3 forestry and logging	1305.1	1425.1	1876.7	1937.6	2052.1	2013.9
2. Mining and quarrying	301.4	343.6	439.5	580.5	439.5	538.0
3. Manufacturing	1627.3	1855.1	1945.1	2041.7	2383.9	2688.3
4. Electricity and water	2255.3	2279.2	2657.7	3352.0	3085.3	3660.9
5. Construction	2761.4	3818.4	4711.2	5020.3	5630.4	6353.2
6. Wholesale & Retail Trade	882.1	1045.2	1282.9	1446.6	1725.7	2088.9
7. Hotels and restaurants	88.1	113.2	119.7	135.3	168.7	211.7
8. Transport, storage & communication	1799.7	2083.0	2452.0	2626.0	3295.1	3838.3
9. Financing, insurance and real estate	1374.5	1595.5	1433.5	1924.2	2233.8	2976.4
9.1. Finance and Insurance	743.4	950.2	717.2	1002.3	1232.5	1564.2
9.2. Real Estate & dwellings	631.1	645.3	716.3	921.9	1001.3	1412.2
10. Community, social services	2813.8	3037.3	3342.0	3663.6	3822.9	4471.7
10.1 Public administration	2049.6	2262.4	2556.1	2778.0	2866.8	3462.7
10.2 Education and health	764.2	774.9	785.8	885.6	956.0	1009.0
11. Private social, personal & recreational Services	96.2	99.3	108.3	118.6	136.3	163.7
12. Plus: taxes net of subsidies	491.4	550.7	878.1	1067.9	1392.6	1668.2
Gross domestic product	20059.7	22857.3	26254.1	29269.1	32178.3	36914.6

Table 3: Gross Domestic Product by kind of activity in 2000 prices. (million Nu.)

Sectors	2000	2001	2002	2003	2004	2005
1. Agriculture, livestock & forestry	5568.4	5849.2	6009.2	6138.4	6266.0	6292.1
1.1 Crops	2516.0	2616.9	2689.4	2765.6	2824.1	2860.9
1.2 Livestock	1747.4	1887.7	1919.1	1926.5	1933.1	1976.4
1.3 Forestry and logging	1305.1	1344.6	1400.8	1446.3	1508.8	1454.8
2. Mining and quarrying	301.4	352.4	389.1	402.2	381.2	432.5
3. Manufacturing	1627.3	1655.9	1732.8	1769.5	1868.0	1951.0
4. Electricity and water	2255.3	2184.6	2560.7	3030.3	2980.2	3284.1
5. Construction	2761.4	3460.9	4328.7	4447.8	4818.9	4678.7
6. Wholesale and retail trade	882.1	1028.7	1233.8	1378.0	1633.1	1878.1
7. Hotel and restaurant	88.1	111.5	115.1	128.8	157.0	186.0
8. Transport, storage & communication	1799.7	1843.7	2000.3	2007.4	2447.9	2627.0
9. Financing, insurance & real estate	1374.5	1534.1	1296.1	1745.2	1944.2	2305.0
9.1. Finance	743.4	937.0	747.2	1054.4	1244.7	1597.2
9.2. Real estate	631.1	597.2	548.9	690.8	699.4	707.7
10. Community, social& personal services	2813.9	2847.4	3050.7	3287.8	3307.9	3743.4
10.1 Public administration	2049.7	2187.7	2412.1	2567.8	2533.6	2905.5
10.2 Education and health	764.2	659.7	638.6	720.0	774.3	837.8
11. Private social & recreational services	96.2	97.2	100.3	109.5	119.9	142.4
12. Plus indirect taxes less subsidies	491.4	532.5	828.6	987.1	1230.7	1400.7
Gross Domestic Product	20059.7	21498.3	23645.6	25432.0	27155.0	28920.9

Table 4 : Sectoral growth rates over the preceding year in current Prices. (in %)

Sectors	2000	2001	2002	2003	2004	2005
1. Agriculture, livestock & forestry	10.3	8.4	14.0	5.9	7.8	5.0
1.1 agriculture proper	9.8	6.6	11.9	6.4	9.1	5.9
1.2 livestock	8.7	10.4	4.0	7.8	7.8	9.7
1.3 forestry and logging	13.5	9.2	31.7	3.2	5.9	-1.9
2. Mining and quarrying	-16.2	14.0	27.9	32.1	-24.3	22.4
3. Manufacturing	4.5	14.0	4.9	5.0	16.8	12.8
4. Electricity and water	-2.5	1.1	16.6	26.1	-8.0	18.7
5. Construction	40.3	38.3	23.4	6.6	12.2	12.8
6. Wholesale & Retail Trade	24.6	18.5	22.7	12.8	19.3	21.0
7. Hotels and restaurants	0.7	28.5	5.7	13.1	24.6	25.5
8. Transport, storage & communication	10.0	15.7	17.7	7.1	25.5	16.5
9. Financing, insurance and real estate	14.0	16.1	-10.2	34.2	16.1	33.2
9.1. Finance and Insurance	19.6	27.8	-24.5	39.8	23.0	26.9
9.2. Real Estate & dwellings	8.0	2.3	11.0	28.7	8.6	41.0
10. Community, social services	20.2	7.9	10.0	9.6	4.3	17.0
10.1 Public administration	-6.7	10.4	13.0	8.7	3.2	20.8
10.2 Education and health	-6.7	1.4	1.4	12.7	8.0	5.5
11. Private social, personal & recreational. Services		3.2	9.1	9.5	14.9	20.1
12. Plus indirect taxes, net subsidies	-20.9	12.1	59.5	21.6	30.4	19.8
Gross Domestic product	12.4	13.9	14.9	11.5	9.9	14.7

Table 5: Sectoral growth rates over the preceding year in 2000 Prices. (in %)

Sectors	2000	2001	2002	2003	2004	2005
1. Agriculture, livestock & forestry	4.60	5.04	2.74	2.15	2.08	0.42
1.1 Crops	4.69	4.01	2.77	2.83	2.11	1.30
1.2 Livestock	5.06	8.03	1.66	0.39	0.34	2.24
1.3 Forestry and logging	3.84	3.03	4.18	3.25	4.32	-3.58
2. Mining and quarrying	-2.85	16.96	10.40	3.38	-5.22	13.44
3. Manufacturing	3.23	1.76	4.64	2.12	5.57	4.44
4. Electricity & water	-9.82	-3.13	17.21	18.34	-1.65	10.20
5. Construction	32.82	25.33	25.07	2.75	8.34	-2.91
6. Wholesale and retail trade	23.63	16.62	19.94	11.68	18.51	15.00
7. Hotel and restaurant	-0.41	26.53	3.23	11.84	21.91	18.53
8. Transport, storage & communication	1.37	2.45	8.50	0.35	21.95	7.31
9. Financing, insurance & real estate	18.57	11.61	-15.52	34.66	11.40	18.56
8.1. Finance	17.55	26.03	-20.25	41.12	18.05	28.32
8.2. Real estate	19.79	-5.37	-8.09	25.86	1.25	1.19
10. Community, social& personal services	1.60	1.19	7.14	7.77	0.61	13.16
10.1 Public administration	-21.12	6.74	10.26	6.46	-1.33	14.68
10.2 Education and health	-21.12	-13.68	-3.19	12.74	7.55	8.20
11. Private social & recreational services		1.03	3.15	9.13	9.55	18.73
12. Plus indirect taxes less subsidies	-24.03	8.37	55.60	19.12	24.68	13.81
Total GDP Growth	5.90	7.17	9.99	7.55	6.78	6.50

Table 6 : Sector-wise Shares to GDP in current prices. (in %)

Sectors	2000	2001	2002	2003	2004	2005
1. Agriculture, livestock & forestry	27.8	26.4	26.2	24.9	24.4	22.4
1.1 agriculture proper	12.5	11.7	11.4	10.9	10.8	10.0
1.2 livestock	8.7	8.4	7.6	7.4	7.2	6.9
1.3 forestry and logging	6.5	6.2	7.1	6.6	6.4	5.5
2. Mining and quarrying	1.5	1.5	1.7	2.0	1.4	1.5
3. Manufacturing	8.1	8.1	7.4	7.0	7.4	7.3
4. Electricity and water	11.2	10.0	10.1	11.5	9.6	9.9
5. Construction	13.8	16.7	17.9	17.2	17.5	17.2
6. Wholesale & Retail Trade	4.4	4.6	4.9	4.9	5.4	5.7
7. Hotels and restaurants	0.4	0.5	0.5	0.5	0.5	0.6
8. Transport, storage & communication	9.0	9.1	9.3	9.0	10.2	10.4
9. Financing, insurance and real estate	6.9	7.0	5.5	6.6	6.9	8.1
9.1. Finance and Insurance	3.7	4.2	2.7	3.4	3.8	4.2
9.2. Real Estate & dwellings	3.1	2.8	2.7	3.1	3.1	3.8
10. Community, social services	14.0	13.3	12.7	12.5	11.9	12.1
10.1 Public administration	10.2	9.9	9.7	9.5	8.9	9.4
10.2 Education and health	3.8	3.4	3.0	3.0	3.0	2.7
11. Private social, personal & recreational services	0.5	0.4	0.4	0.4	0.4	0.4
Plus: taxes net of subsidies	2.4	2.4	3.3	3.6	4.3	4.5
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0

Table 7: Sector-wise Shares to GDP in 2000 prices. (in %)

Sectors	2000	2001	2002	2003	2004	2005
1. Agriculture, livestock & forestry	27.8	27.2	25.4	24.1	23.1	21.8
1.1 Crops	12.5	12.2	11.4	10.9	10.4	9.9
1.2 Livestock	8.7	8.8	8.1	7.6	7.1	6.8
1.3 Forestry and logging	6.5	6.3	5.9	5.7	5.6	5.0
2. Mining and quarrying	1.5	1.6	1.6	1.6	1.4	1.5
3. Manufacturing	8.1	7.7	7.3	7.0	6.9	6.7
4. Electricity, gas & water	11.2	10.2	10.8	11.9	11.0	11.4
5. Construction	13.8	16.1	18.3	17.5	17.7	16.2
6. Wholesale and retail trade	4.4	4.8	5.2	5.4	6.0	6.5
7. Hotel and restaurant	0.4	0.5	0.5	0.5	0.6	0.6
8. Transport, storage & communication	9.0	8.6	8.5	7.9	9.0	9.1
9. Financing, insurance & real estate	6.9	7.1	5.5	6.9	7.2	8.0
9.1. Finance	3.7	4.4	3.2	4.1	4.6	5.5
9.2. Real estate	3.1	2.8	2.3	2.7	2.6	2.4
10. Community, social& personal services	14.0	13.2	12.9	12.9	12.2	12.9
10.1 Public administration	10.2	10.2	10.2	10.1	9.3	10.0
10.2 Education and health	3.8	3.1	2.7	2.8	2.9	2.9
11. Private social & recreational services	0.5	0.5	0.4	0.4	0.4	0.5
12. Plus indirect taxes less subsidies	2.4	2.5	3.5	3.9	4.5	4.8
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0	100.0

Table 8: Gross Domestic Product by Major sector in current prices (million Nu)

Current prices	2000	2001	2002	2003	2004	2005
1. Primary	5869.8	6380.5	7323.6	7872.8	8303.6	8793.5
2. Secondary	6644.0	7952.6	9314.1	10414.0	11099.6	12702.3
3. Tertiary	7545.9	8524.2	9616.4	10982.3	12775.1	15418.8
Total GDP	20059.7	22857.3	26254.1	29269.1	32178.3	36914.6

Table 9: Gross Domestic Product by major sector in 2000 prices (million Nu.)

Constant prices	2000	2001	2002	2003	2004	2005
1. Primary	5869.8	6201.6	6398.3	6540.6	6647.2	6724.6
2. Secondary	6644.0	7301.4	8622.2	9247.6	9667.1	9913.8
3. Tertiary	7545.9	7995.3	8625.0	9643.7	10840.7	12282.5
Total GDP	20059.7	21498.3	23645.6	25432.0	27155.0	28920.9

Table 10: Share to GDP in current Prices by major sector. (in %)

Current prices	2000	2001	2002	2003	2004	2005
1. Primary	29.3	27.9	27.9	26.9	25.8	23.8
2. Secondary	33.1	34.8	35.5	35.6	34.5	34.4
3. Tertiary	37.6	37.3	36.6	37.5	39.7	41.8
Total GDP	100.0	100.0	100.0	100.0	100.0	100.0

Table 11: Shares to the GDP in 2000 Prices by major sector. (in %)

Constant prices	2000	2001	2002	2003	2004	2005
1. Primary	29.3	28.8	27.1	25.7	24.5	23.3
2. Secondary	33.1	34.0	36.5	36.4	35.6	34.3
3. Tertiary	37.6	37.2	36.5	37.9	39.9	42.5
Total GDP	100.0	100.0	100.0	100.0	100.0	100.0

Table 12: Financial Intermediary Services (FISM) in Current Prices. (million Nu.)

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Economic Sector	2000	2001	2002	2003	2004	2005
Agriculture	0.24	0.31	0.5	0.42	0.35	0.07
Manufacturing	31.78	42.8	42.6	53.5	85.9	66.7
Building & Construction	24.46	38.9	50.9	63.6	113.8	123.4
Trade & commerce	21.55	37.6	40.4	37.5	65.2	61.4
Transport	41.40	50.8	44.9	44.5	57.0	42.1
Personal Consumption Exp.	39.99	127.4	62.1	147.9	93.1	180.6
Total FISIM	159.43	297.84	241.36	347.40	415.24	474.19

Table 13: Financial Intermediary Services (FISM) in Constant Prices. (million Nu.)

Economic Sector	2000	2001	2002	2003	2004	2005
Agriculture	0.24	0.30	0.51	0.44	0.36	0.07
Manufacturing	31.78	42.2	44.3	56.2	86.7	68.0
Building & Construction	24.46	38.4	53.0	66.9	114.8	125.8
Trade & commerce	21.55	37.1	42.1	39.4	65.8	62.5
Transport	41.40	50.1	46.7	46.7	57.5	42.9
Personal Consumption Exp.	39.99	125.7	64.6	155.5	93.9	299.2
Total FISIM	159.43	293.83	251.19	365.29	419.09	598.40

Table 14: Gross Domestic Product by expenditures in current prices (million Nu.)

Description	2000	2001	2002	2003	2004	2005
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Final consumption expenditure	13,746.9	15,1224.4	16,805.5	18,914.4	20,456.4	22,497.7
Household and NPISH	9,416.0	10,281.3	11,415.1	12,994.9	13,806.7	14,586.2
General government	4,331.0	4,841.1	5,390.4	5,919.5	6,649.7	7,911.5
Gross domestic capital formation	9,512.1	13,559.1	15,638.3	16,682.4	19,722.5	18,959.5
Construction	6,835.2	9,724.1	12,133.3	13,227.0	14,249.5	13,796.0
Machinery and equipment	3,030.5	3,642.3	3,671.6	3,679.2	5,554.7	5,064.3
Change in inventory	(353.5)	192.8	(166.6)	(223.7)	(81.7)	99.2
Net export of goods and services	(4,835.4)	(4,196.7)	(7,424.7)	(8,563.7)	(10,764.8)	(5,850)
Export of goods and services	5,720.3	6,425.2	4,436.5	4,894.2	9,699.6	12,946.6
Imports of goods and services	10,555.7	10,621.9	11,861.2	13,457.9	20,464.4	18,796.2
Total Expenditure on GDP	18,423.7	24,484.9	25,019.1	27,033.1	29,414.2	35,607.6
Total GDP by production	20,059.7	22,857.3	26,254.1	29,269.1	32,178.3	36,914.6

Table 15: Gross Domestic Product by Expenditure in 2000 Prices. (million Nu.)

	2000	2001	2002	2003	2004	2005
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Final consumption expenditure	13,746.9	14,662.1	15,790.9	17,323.4	17,997.7	18,917.1
Household and NPISH	9,416.0	9,980.6	10,704.2	11,851.7	12,121.0	12,278.5
General Government	4,331.0	4,681.5	5,086.7	5,471.7	5,876.8	6,638.6
Gross domestic capital formation	9,512.2	12,378.4	14,084.5	13,956.6	16,028.1	14,108.5
Construction	6,835.2	8,623.3	10,712.9	10,661.3	11,059.7	9,689.6
Machinery and equipment	3,030.5	3,568.9	3,529.3	3,503.0	5,037.0	4,333.1
Change in inventory	(353.5)	186.3	(157.7)	(207.7)	(68.5)	85.8
Net export of goods and services	(4,835.4)	(4,058.3)	(7,006.4)	(7,915.8)	(9,513.5)	(4,911.6)
Export of goods and services	5,720.3	6,213.3	4,186.5	4,523.9	8,572.1	10,870.7
Imports of goods and services	10,555.7	10,271.5	11,192.9	12,439.7	18,085.6	15,782.4
Total Expenditure on GDP	18,423.7	22,982.2	22,869.0	23,364.3	24,512.3	28,114.0
Total GDP by production	20,059.7	21,498.3	23,645.6	25,432.0	27,155.0	28,920.9

Table 16: Estimates of government and private savings (million Nu.)

Year	2000	2001	2002	2003	2004	2005
Revenue	4677.3	4668.2	5061.9	4820.4	5411.0	7055.8
Government consumption	4,331.0	4,841.1	5,390.4	5,919.5	6,649.7	7,911.5
Government saving	346.3	-172.9	-328.5	-1099.1	-1238.8	-855.7
Gross saving	2671.5	7259.6	6459.3	5779.9	5128.7	9440.0
Private saving	2325.3	7432.5	6787.8	6879.0	6367.5	10295.7

Table 17: Gross Domestic Capital Formation in current Prices. (million Nu.)

Description	2000	2001	2002	2003	2004	2005
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1. Machinery and equipment	3,030	3,642	3,672	3,679	5,555	5,064
Govt.	973	1,035	1,368	655	813	611
Private	2,058	2,608	2,304	3,025	4,741	4,454
2. Construction	6,835	9,724	12,133	13,227	14,250	13,796
Government	2,108	2,530	2,728	1,993	2,423	3,059
Private	4,728	7,194	9,406	11,234	11,827	10,737
Gross fixed capital formation	9,866	13,366	15,805	16,906	19,804	18,860
Change in stock	(354)	193	(167)	(224)	(82)	99
Gross domestic capital formation	9,512	13,559	15,638	16,682	19,723	18,960

Table 18: Gross Domestic Capital Formation in 2000 prices. (million Nu.)

Description	2000	2001	2002	2003	2004	2005
1. Machinery and equipment	3,031	3,569	3,529	3,503	5,037	4,333
Government.	973	1,014	1,315	623	738	523
Private	2,058	2,554	2,214	2,879	4,299	3,811
2. Construction	6,835	8,623	10,713	10,661	11,060	9,690
Government	2,108	2,243	2,408	1,607	1,880	2,148
Private	4,728	6,380	8,304	9,055	9,179	7,541
Gross fixed capital formation	9,866	12,192	14,242	14,164	16,097	14,023
Change in stock	(354)	186	(158)	(208)	(69)	86
Gross domestic capital formation	9,512	12,378	14,084	13,957	16,028	14,109

Table 19: Account 1: Gross Domestic Product and Expenditure in Current Prices. (million Nu.)

Description	2000	2001	2002	2003	2004	2005
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OUT-GOING						
Compensation of employees & operating surplus	15969	21691	21668	23146	24946	30363
Consumption of fixed capital	1964	2243	2473	2819	3075	3576
Indirect taxes less subsidies.	491	551	878	1068	1393	1668
Gross Domestic Product	18424	24485	25019	27033	29414	35607

INCOMING						
Govt. final consumption	4331	4841	5390	5920	6650	7912
Private final consumption	9416	10281	11415	12995	13807	14586
Increase in stocks	-354	193	-167	-224	-82	99
Gross fixed capital formation	9866	13366	15805	16906	19804	18860
Exports of Goods & Services	5720	6425	4436	4894	9700	12947
Less import of goods and services	10556	10622	11861	13458	20464	18796
Expenditure on the Gross domestic product	18424	24485	25019	27033	29414	35607

Table 20: Account 2: National Disposable Income and its Appropriation. (million Nu.)

Description	2000	2001	2002	2003	2004	2005
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OUT - GOING						
Govt. final consumption	4331	4841	5390	5920	6650	7912
Private final consumption	9416	10281	11415	12995	13807	14586
Net Saving	2366	3427	5262	5235	4889	7351
Appropriation of disposable income	16112	18549	22067	24149	25346	29849

INCOMING						
Compensation of employees & operating surplus	15969	21691	21668	23146	24946	30363
Compensation of employees from ROW(net)	-2309	-5773	-1493	-1665	-3328	-4676
Net Property and entrepreneurial income from ROW	-22	-11	-370	-670	-747	-588
Indirect taxes less of subsidies	491	551	878	1669	1393	1668
Current transfers from ROW (net)	1983	2092	1384	1669	3082	3082
Disposable Income	16112	18549	22068	24149	25346	29849

Table 21: Account 3: Income and outlay account in current prices. (million Nu.)

Description	2000	2001	2002	2003	2004	2005
OUTGOING						
Increase in stock	-354	193	-167	-224	-82	99
Gross Fixed Capital Formation	9866	13366	15805	16906	19804	18860
Purchase of intangible assets nec.						
Net Lending to the rest of the world	-6841	-6300	-9179	-10903	-14594	-9520
Gross Accumulation	2672	7260	6459	5780	5129	9440

INCOMING						
Net Saving	2366	3427	5262	5235	4889	7351
Consumption of fixed capital	1964	2243	2473	2819	3075	3576
Capital transfer from ROW (net)	-1657	1590	-1275	-2273	-2836	-1487
Finance of Gross Accumulation	2672	7260	6460	5780	5129	9440

Table 22: Account 4: All accounts - External current transactions in current prices. (million Nu.)

Description	2000	2001	2002	2003	2004	2005
OUTGOING						
Exports of goods and services	5720	6425	4436	4894	9700	12947
Compensation of employees from ROW						
Property and entrepreneurial from ROW	705	663	542	499	444	484
Other current transfers from ROW	3945	4208	3659	3991	5718	5718
Current receipts	10370	11297	8638	9384	15862	19149

INCOMING						
Imports of goods and services	10556	10622	11861	13458	20464	18796
Compensation of employees to ROW	2309	5773	1493	1665	3328	4676
Property and entrepreneurial to ROW	727	675	912	1169	1191	1072
Other current transfers to ROW	1962	2116	2275	2322	2636	2636
Surplus of the Nation on						
Surplus of the Nation on current transaction	-5184	-7889	-7903	-9230	-11758	-8032
Disposal of current receipts	10370	11297	8638	9384	15862	19149

TABLE 23. CONSUMER PRICE INDEXES - FOOD AND NON FOOD COMPONENTS, BHUTAN. 3rd Qtr. 2003=100

ITEM	2000	2001	2002	2003	2004	2005	2006	
	INDEX						Q1	Q2
FOOD	95.60	97.06	99.14	100.39	102.49	108.37	110.32	114.63
NON - FOOD	87.64	93.22	96.23	99.89	105.42	110.82	113.97	116.61
TOTAL	92.34	95.49	97.86	100.27	104.49	110.04	112.81	115.98
ANNUAL AVERAGE INFLATION RATE								
FOOD	0.95	1.53	2.15	1.46	2.29	5.74	2.13	6.76
NON - FOOD	9.24	6.41	3.23	3.74	5.79	5.12	3.58	5.90
TOTAL	4.01	3.41	2.48	2.60	4.43	5.31	3.13	6.13
PURCHASING POWER OF NGULTRUM (PPN)	1.08	1.05	1.02	1.00	0.96	0.91	0.89	0.86

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

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

boundary of a country in a year or in an accounting year.

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*

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 above classification is also briefly known as *the Industrial classification of all Economic Activity*. Generally some part of the total output of

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. :-

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

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

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.

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The Expenditure approach is an aggregated approach, which accounts private consumption; government consumption, capital formation and net export ¹/ 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.: - $\text{FCE} + \text{GDCF} + \text{Net Export} = \text{GDP}.$

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 all members of the community. The final consumers are (a)

¹-/ *Export of goods and services less import of goods and services*

Households² /, **(b) Non-profit bodies**³ / and **(c) Government**⁴ /.

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**

²-/ *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.*

³-/ *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.*

⁴-/ *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.*

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 goods⁵ /.

Included are the outlays on

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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

⁵-/ *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.*

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

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

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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

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).

