

Macroeconomic Trends and Policy Implications: Evidence from Bhutan

*Mashrur Khan and Matthew Robson**

1. Introduction

Bhutan has performed remarkably well with an average growth rate of 7.72 percent from 2004-2014. This growth is heavily fuelled by its strong hydropower sector, particularly the exports of hydropower, which have grown at an average rate of 18.1 percent over the same period. In recent years, hydropower capacity has been increased substantially, leading to higher exports and electricity generation in the country. In addition, the tourism sector has grown rapidly over the last decade, which largely contributed to the generation of revenue for the country.

Despite these successes, the country has experienced some setbacks, particularly in recent years. The current account deficit has been on the rise, which was mainly due to increasing hydropower-related imports to facilitate the installation of new hydropower plants. In addition, rapid credit growth has led to a consumption and housing boom, which contributed to large non-hydropower related imports. Consequently, the total reserves for the country as a percentage of total external debt has declined - reducing their ability to service debt - which is concerning since their external debt as a ratio of GDP has risen to over 80 percent in 2013-14 from around 55 percent in 2007-08.

This paper focuses on the macroeconomic trends that Bhutan has experienced since the 1990s. The paper provides detailed graphs and tables on selected economic indicators, particularly on the budget, inflation and balance of payment estimates for the country. However, the data available from various sources

* Department of Economics and Related Studies, University of York, York, UK

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for Bhutan is largely inconsistent, which necessitates emphasis to be placed on the quality of the data. Data is collected from the International Monetary Fund (IMF), the World Bank, and the Royal Monetary Authority of Bhutan (RMA) and the differences in the trends have been noted and compared. In addition, the assumptions and methods of calculating data for the various estimates have been identified and documented in detail.

The paper is organised as follows. The next section provides details on the data sources and the issues therein. Section 3 provides details on the macroeconomic trends of Bhutan, with comparisons between the trends observed from the data collected from multilateral organisations and the RMA. Section 4 provides projections for the economy of Bhutan using IMF data. Section 5 addresses the existing issues for the economy, with recommendations, particularly for the external sector and inflation. Section 6 concludes the paper with some observations that may be useful for those considering policy recommendations.

2. Data

The World Bank data presented here is collected from its databank that is publicly available from their website. Additional sources are mentioned in the paper, which include the IMF, Government Statistics, their own estimates, etc. For the IMF, data was collected from their World Economic Outlook Database.

For the RMA, data was taken from the Key Economic Indicators section of the Annual Reports of different years. The report from the years 2000-2001, 2004-2005, 2008-2009, 2010-2011 and 2014-2015 were used, as they provided the most up to date reports to span the years from 1995/96-2014/15. This data covers the topics of GDP Growth and Prices, Government Budget, Money and Credit, Interest Rates, External Indicators and Memorandum Items; thereby covering the indicators which are key. An attempt was made to combine the data, while keeping account of the necessary notes and assumptions which changed from year to year. The years that were kept were always

those from the most recent Annual Report, as their statistics were the more revised versions.

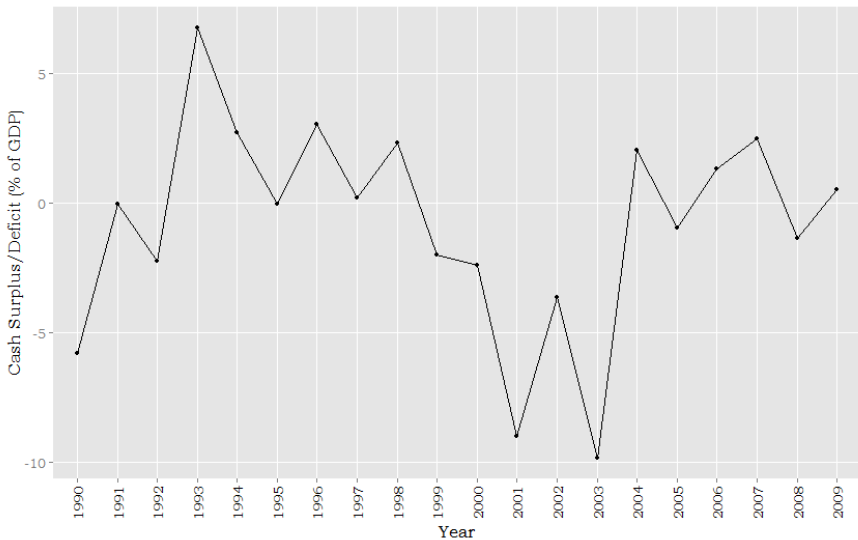
There was a major classification of data in 2002/03 and, according to the Annual Report of that year and after, data should not be compared before 2002 and after as that will be inconsistent. Another major discontinuity is the change that took place from the 2010/2011 report onwards. From August 2010 the Reserve Bank of India (RBI) revised its base year from 1993/94 to 2004/05, this creates a break in the continuity and comparison of data. The newly-recalculated weighted price index (WPI) commences from April 2004; with the reference period the same as for Bhutan Consumer Price Index (CPI). The second discontinuity is that the data till 2002/03 are based on the old half-yearly average CPI of the National Statistics Bureau (NSB) (1979 base year). This was replaced by a new quarterly CPI with a revised basket and Q3 of 2003 as the base. These issues are perhaps avoidable, and only really affect WPI. Moreover, Bhutan's BOP statistics were revised in line with the IMF's BMP6 Methodology from 2006/07, with the first statistics published in January 2014 (for more details, see RMA Annual Report 2013/14, pp. 44-45).

3. Macroeconomic Trends

Budget situation

Figure 3.1 provides Bhutan's cash surplus/deficit as a percentage of GDP for 1990-2009. Cash surplus or deficit is defined as the revenue (including grants) minus expense and net acquisition of nonfinancial assets. As the graph below shows, this has been very volatile for Bhutan, which are mainly due to the nature of hydropower projects' implementation and financing. However, more recently, the country has been able to recover and experience a positive cash surplus as a percentage of GDP, which is vital for the growth of the country. Due to Bhutan's high reliance on hydropower and external aid, emphasis should be placed on revenue generation, particularly through taxes, to provide an alternative source of income for the economy.

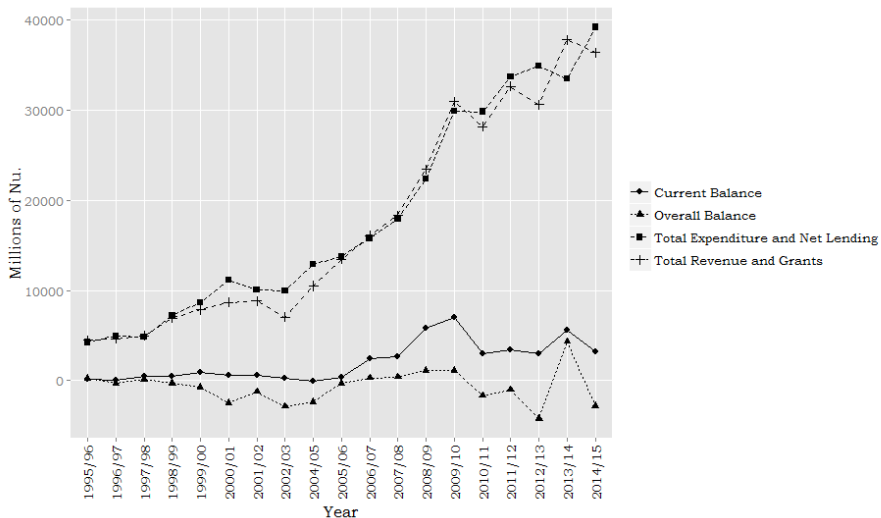
Figure 3.1: Cash surplus/deficit (% of GDP)



Source: International Monetary Fund, Government Finance Statistics Yearbook and data files, and World Bank and OECD GDP estimates

After 2009, no data is available for cash surplus or cash surplus as a percentage of GDP in the World Bank database. The IMF, in Bhutan's 2014 country report, only has estimates and projections for data after 2009/10. The RMA has data relating to the government budget for 1990-2014, shown in Figure 3.2. However, its estimates until 2009 are not similar to the estimates provided in the World Bank and IMF, so a direct comparison between their data and the aforementioned organisations' data will be inconsistent. In terms of government budget both Total Revenue and Grants, and Total Expenditure and Net Lending have been rapidly rising together. The current balance appears to have a slight upward growth, and has consistently remained above zero. The overall balance, on the other hand, with the exception of 2013/14, has dipped below zero for the past 5 years.

Figure 3.2: Government Budget, in Millions of Nu.

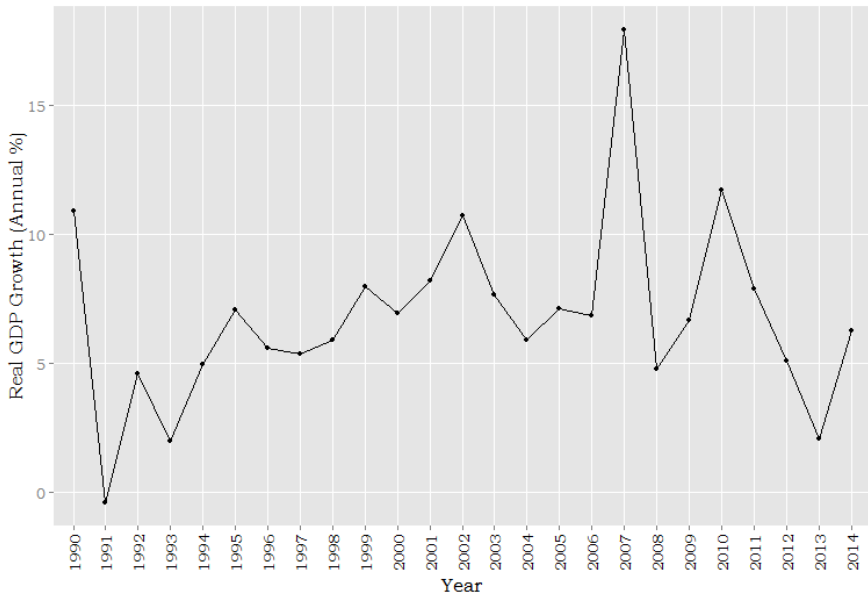


Source: Royal Monetary Authority (Various Annual Reports)

Structure of the Economy

Since the 1990s, Bhutan has experienced consistent GDP growth, year on year; with an average annual growth rate (based on constant 2005 dollars) of 6.79 percent, between 1990 and 2014, shown in Figure 3.3. This strong growth has had several notable leaps, foremost of which is seen in 2008. This was predominantly driven by the sharp rise in hydroelectric power production, as discussed below.

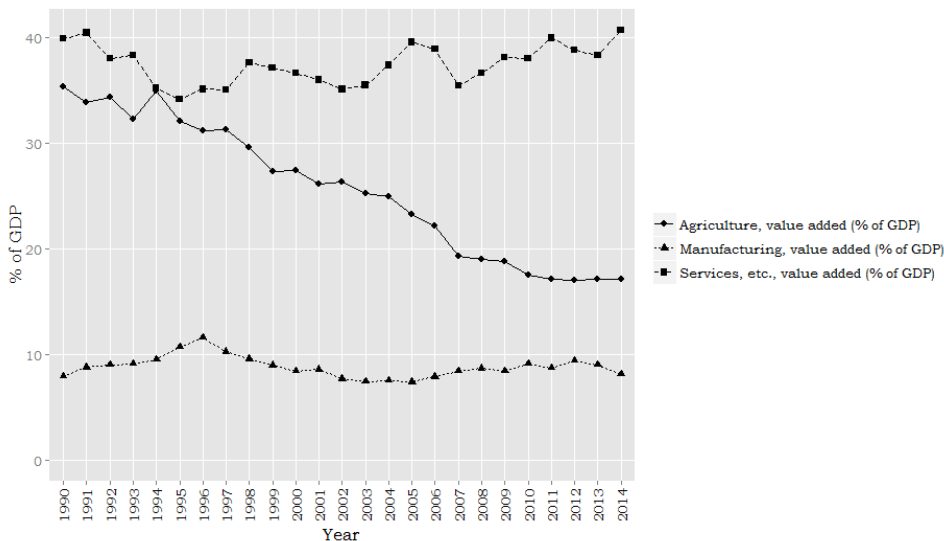
Figure 3.3: Real GDP growth (annual %)



Source: World Bank Databank

When decomposing GDP on a sectoral level, the contribution of the agriculture sector to Bhutan's GDP has declined, as is commonly observed among developing nations in Asia. Most of Bhutan's GDP comes from its services sector, which includes tourism, banking, etc. The contributions of manufacturing and services have remained fairly stable over the last two decades, as seen in Figure 3.4.

Figure 3.4: Sectoral Composition (% of GDP)



Source: World Bank national accounts data, and OECD National Accounts data files

Bhutan is a small open economy, which is highly reliant on its exports and imports with the rest of the world, particularly India. Figure 3.5 shows that Bhutan’s exports (as a percentage of GDP) have risen since 1990, although, they have been falling since 2006. As of 2014, hydropower contributed to 29.9 percent of exports (RMA 2014). Imports (as a percentage of GDP), however, has been on a steady rise, accounting for almost 70 percent of GDP as of 2014, see Figure 3.5. This is due to high levels of hydropower-related imports that have taken place in recent years to set up power plants.

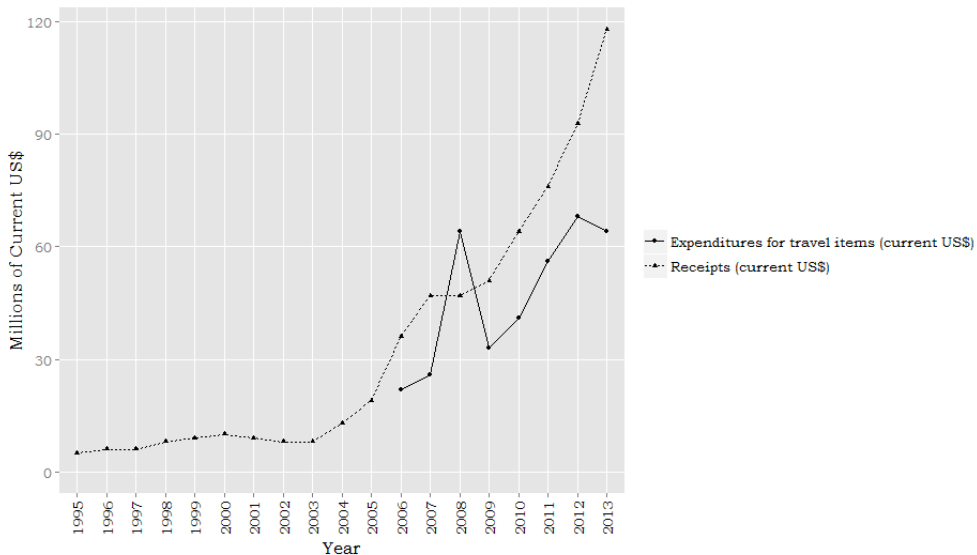
Figure 3.5: Exports and Imports of goods and services (% of GDP)



Source: World Bank national accounts data, and OECD National Accounts data files

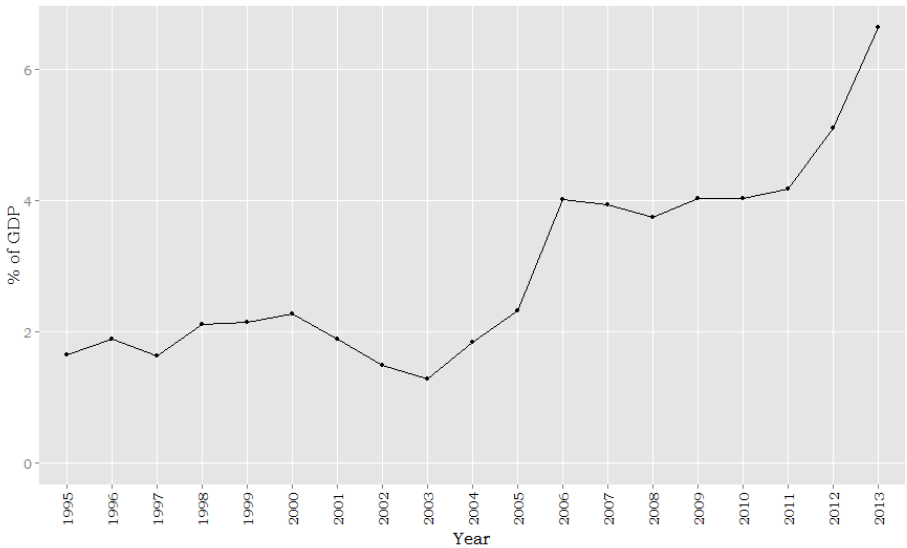
Tourism is a major source of revenue for the government of Bhutan. In addition to its remarkable landscapes, temples and rich cultural heritage, Bhutan has been able to maintain a stable political environment, with elections taking place smoothly in mid-2013, and to develop a 'high value' tourism sector which has attracted many visitors over the last two decades. Figure 3.6 shows the increase of both expenditure and receipts, with receipts far surpassing expenditure in recent years. As Figure 3.7 also highlights, tourism revenue, both in absolute terms and as a percentage of GDP, has grown rapidly since 2003.

Figure 3.6: International Tourism Expenditures (Imports) and Receipts (Exports)



Source: World Bank Databank

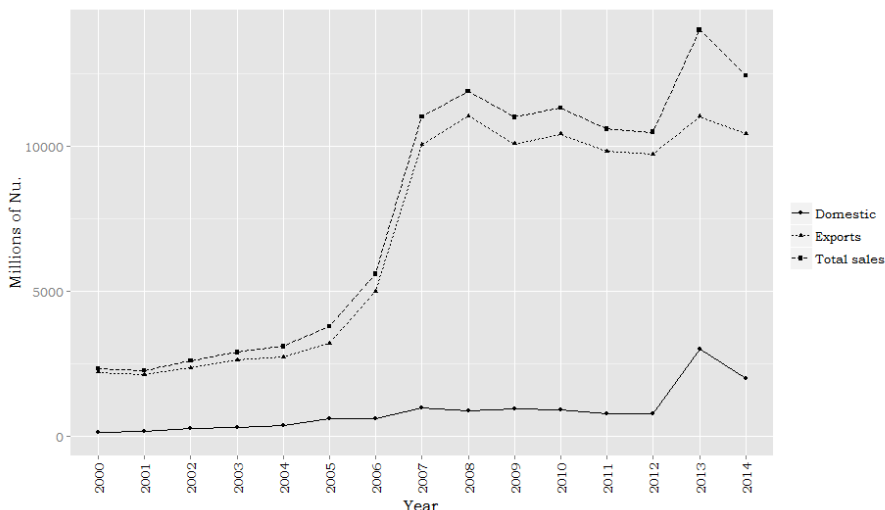
Figure 3.7: Tourism Revenue (% of GDP)



Source: World Tourism Organization, Yearbook of Tourism Statistics, Compendium of Tourism Statistics and data files (Collected from RMA)

Hydropower sales in Bhutan have risen steadily from 2000 with a sharper rise observed from 2005-2007, see Figure 3.8, which has been the result of more power plants being set up during this period.

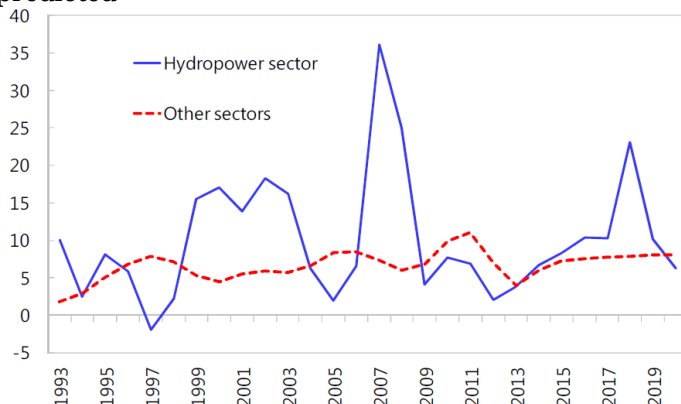
Figure 3.8: Hydropower Sales



Source: National Accounts Statistics, 2015, National Statistics Bureau (data from Table 4: RMA Annual Report 2014-15)

Despite its contribution to GDP, the reliance on hydropower for growth is concerning. Figure 3.9, taken from the IMF Country Report 2014, shows the reliance of Bhutan on hydropower. Dependence on the hydropower sector poses risks to Bhutan as the sector’s growth plays a vital role in the country’s growth. In addition, the volatility observed in the hydropower growth is translated to volatility in the overall growth levels. Hence, it is vital for the government of Bhutan to seek to improve and diversify production in other sectors, such as tourism, agriculture, etc.

Figure 3.9: Hydro vs. Non-Hydro GDP Growth (%) – actual and predicted

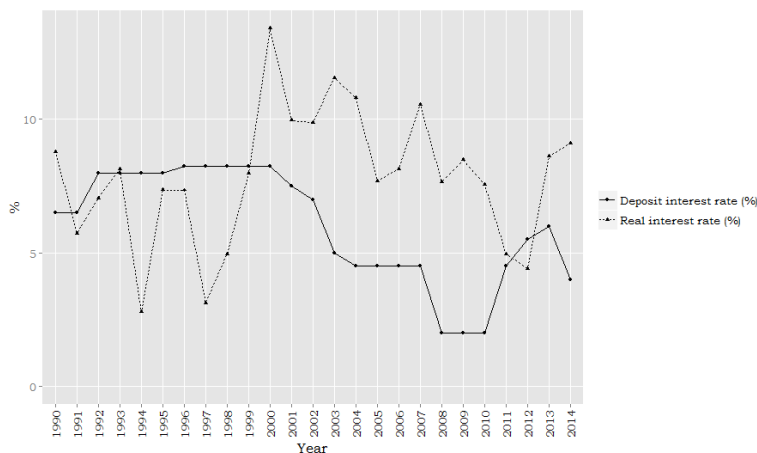


Source: IMF Country Report 2014

Foreign debt and interest rates

The deposit interest rates in Bhutan are relatively low, compared to other developing countries in Asia, which may induce investors in the country to invest outside of Bhutan. The real interest rate is more volatile, as Figure 3.10 shows. This is primarily due to the inflation fluctuations.

Figure 3.10: Interest Rates (%)

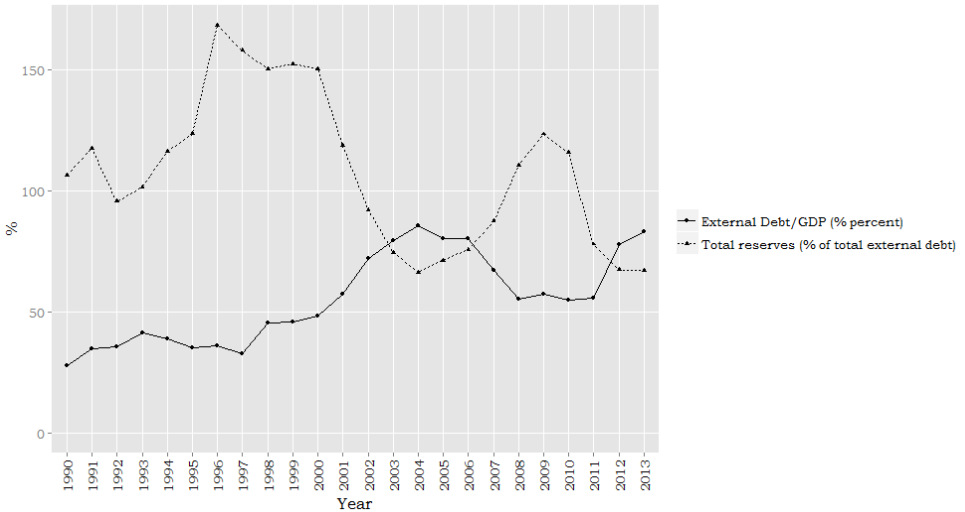


Source: International Monetary Fund, International Financial Statistics and data files using World Bank data on the GDP deflator

Figure 3.11 shows the ability of Bhutan to service its debts. Total reserves, as a percentage of total external debt, has declined quite sharply, starting in 2008, as shown below. External debt, on the other hand, has increased at an average rate of 17.1 percent since then. This was largely due to the rapid credit expansion which triggered an increase in imports for hydropower and non-hydropower activities in recent years, such as vehicles and construction materials from India. The RMA was forced to run down its reserves to meet payment obligations to India and eventually was led to borrowing to make the repayments. The result is that Bhutan's reserves reduced and debt accumulated despite strong growth. Another reason why debt has increased recently is due to the way hydropower plants are financed at present - 60 percent of the cost was received as grants from India earlier, 70 percent of the cost is loans currently - with difficult-to-verify but possibly excessively high interest rates of 10% to 12%. This poses a significant risk to Bhutan and needs to be addressed. In fact, the IMF predicts that external debt will increase even further¹ as new hydropower plants are being set up in the country. While the new plants will generate benefits for Bhutan in the medium term, it must be ensured that external debt is not allowed to rise beyond a threshold which makes it difficult for the country to repay its debt later.

¹ A confidential report suggests it will grow by as much as 21 percent annually in the near future.

Figure 3.11: Total Reserves (% of total external debt) and External Debt/GDP (%)

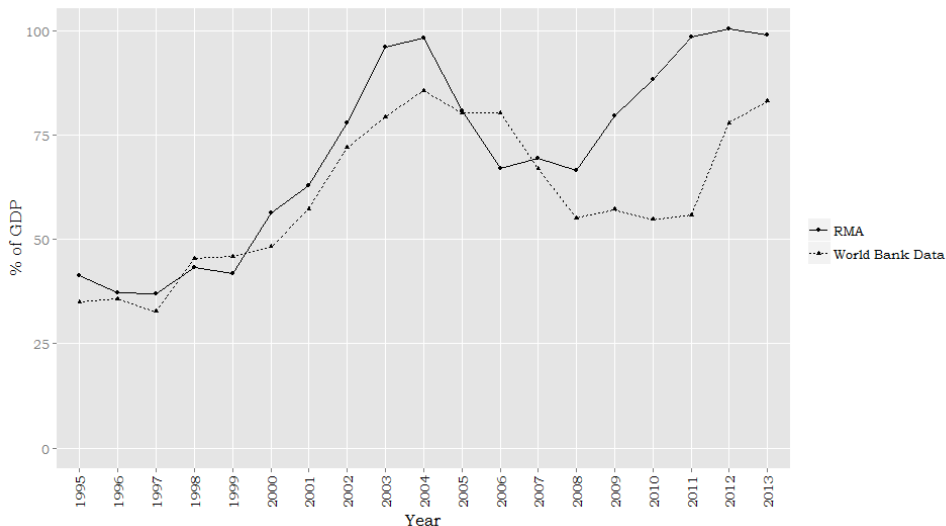


Source: World Bank, International Debt Statistics

A comparison was made with the RMA data for external debt as a percentage of GDP from 1995-2013 since these data are available.² We look at the trend of this indicator using the RMA and World Bank data, since that eliminates the issue of the indicators being in different units (RMA data is in Ngultrum; World Bank data is in USD). The trend observed using RMA data is similar for certain years but it is found to diverge from the World Bank, particularly in recent years, as shown in Figure 3.12.

² For other indicators, since GDP data is only available from 2004/05 and only in nominal terms, we are not able to derive the ratio of the indicator as a percentage of GDP. Hence, we were not able to compare the RMA data to the World Bank data for most indicators.

Figure 3.12: External Debt (% GDP)

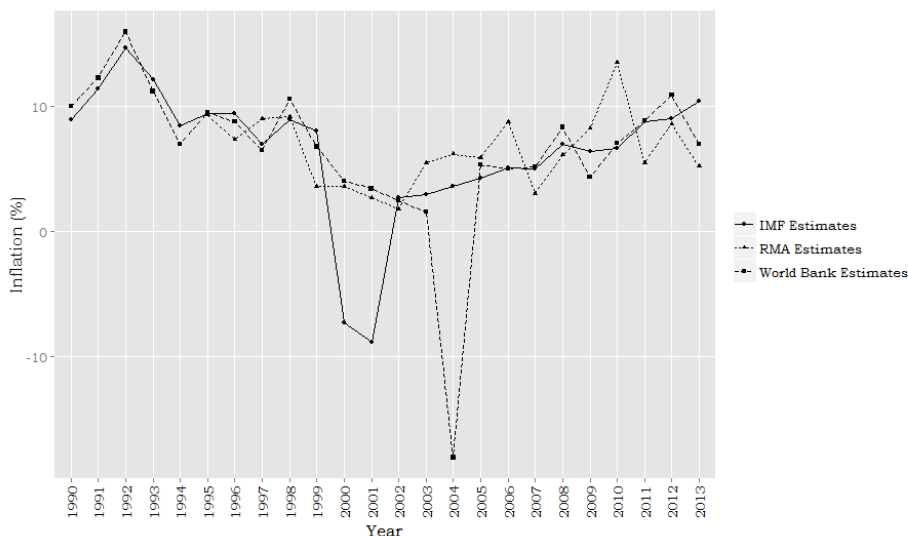


Source: World Bank, International Debt Statistics and RMA, Annual Reports

Inflation

Inflation data for Bhutan is inconsistent across different organisations. To make a comparison, Figure 3.13 shows estimates of inflation, which are year-on-year changes, from the World Bank and IMF. The data is consistent until 2000, after which the estimates from the two organisations are different. For example, according to the World Bank, Bhutan experienced a deflation of 18% in 2004. According to the IMF, Bhutan experienced deflation in 2000 and 2001. When comparing both estimates to the RMA further divergences in data occur. In the periods of record deflation by the World Bank or IMF, the RMA does not estimate a deflation. The estimates for the RMA, although, following a similar trend, appear to be more volatile in the more recent years.

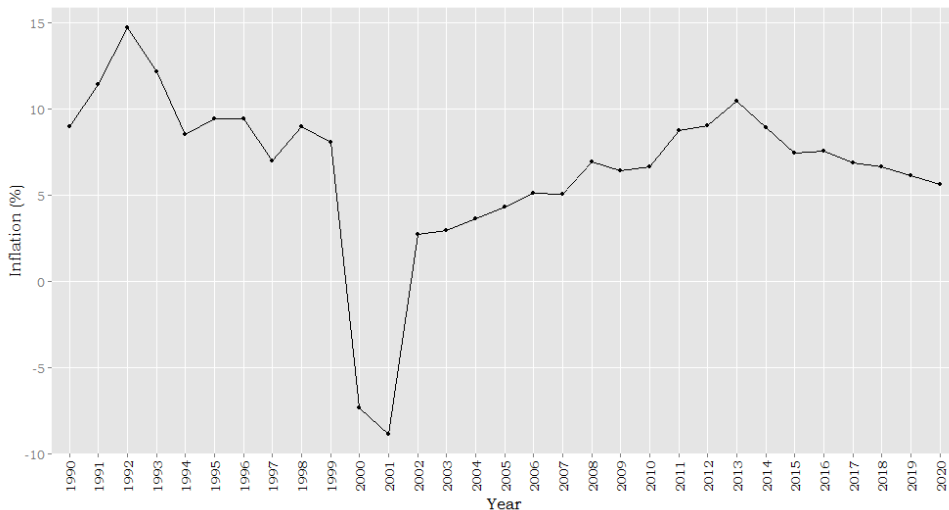
Figure 3.13: Inflation (%)



Source: World Bank and International Monetary Fund, World Economic Outlook

In general, over the last decade, the inflation rate for Bhutan has been around 5-12 percent. It rose to 12 percent in 2012 during the rupee crisis but it came down to under 10 percent in 2014. Part of the drop in prices is due to the change in the CPI weights between food and non-food items that took place in 2013. According to the IMF, inflation in Bhutan is correlated with the inflation in India, due to their strong trade relations. The IMF predicts that inflation for Bhutan will decline over the next five years to around five percent, as Figure 3.14 shows.

Figure 3.14: Inflation (%): IMF Projection

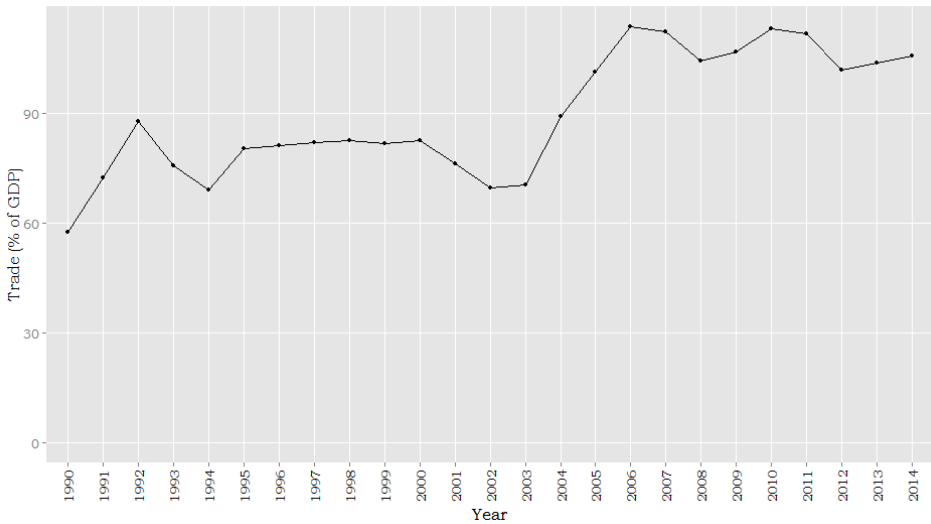


Source: International Monetary Fund, World Economic Outlook

Trade and investment levels

Trade statistics, shown in Figure 3.15, in Bhutan show that it is over a 100 percent of its GDP as of 2014. Exports and imports of hydropower and hydropower-related activities comprise most of the trade for Bhutan. As of 2014, hydropower comprised 29.9 percent of exports for Bhutan with 89.4 percent of its trade with neighbouring India. In terms of imports, 84.1 percent of its imports, the majority of which were hydropower-related, came from India.

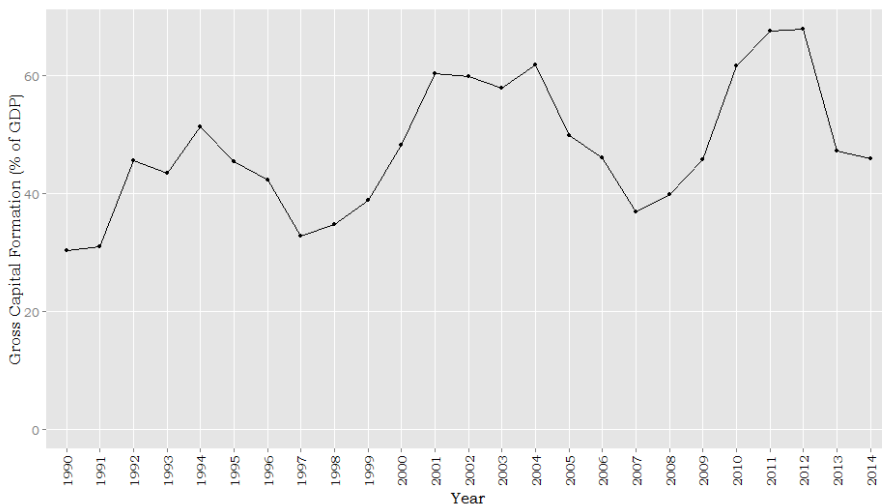
Figure 3.15: Trade (% of GDP)



Source: World Bank national accounts data, and OECD National Accounts data files

While investment levels for the country has increased in absolute value over the last two decades, gross capital formation shows that as a percentage of GDP, the ratio has remained consistent over the period. Bhutan is not very reliant on its domestic investment, which explains why gross capital formation as a percentage of GDP remained fairly constant.

Figure 3.16: Gross Capital Formation (% of GDP)

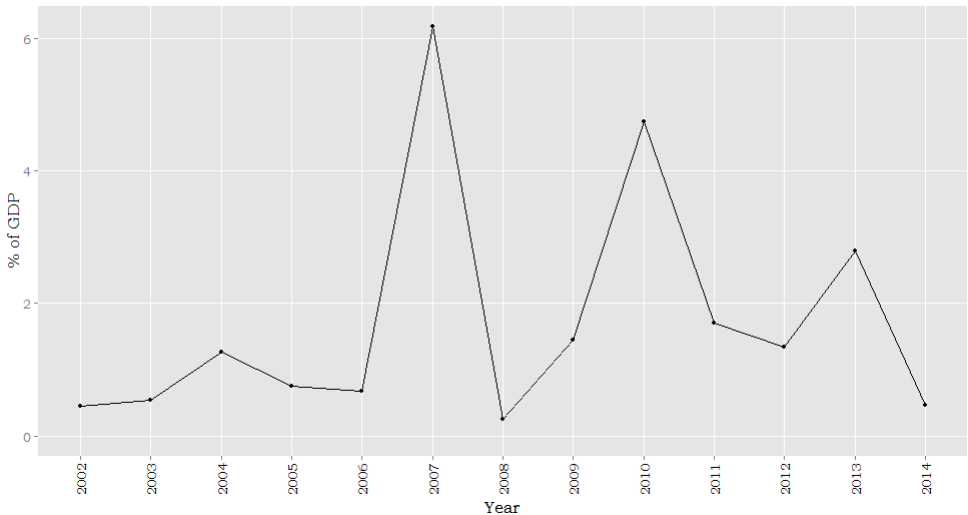


Source: World Bank national accounts data, and OECD National Accounts data files

Foreign Direct Investment

Data for foreign direct investment (FDI) is very irregular, even in the World Bank and IMF databases. Data from 2002 is relatively consistent, with substantial fluctuations, which may have actually occurred or could be a result of inaccurate data. Moreover, a large number of data points are missing. In general, FDI is claimed to have risen fairly sharply in the mid-2000s, although FDI, as a percentage of GDP, is at a lower level in 2014 than it was in 2002, see Figure 3.17.

Figure 3.17: Foreign Direct Investment, net inflows (% of GDP)



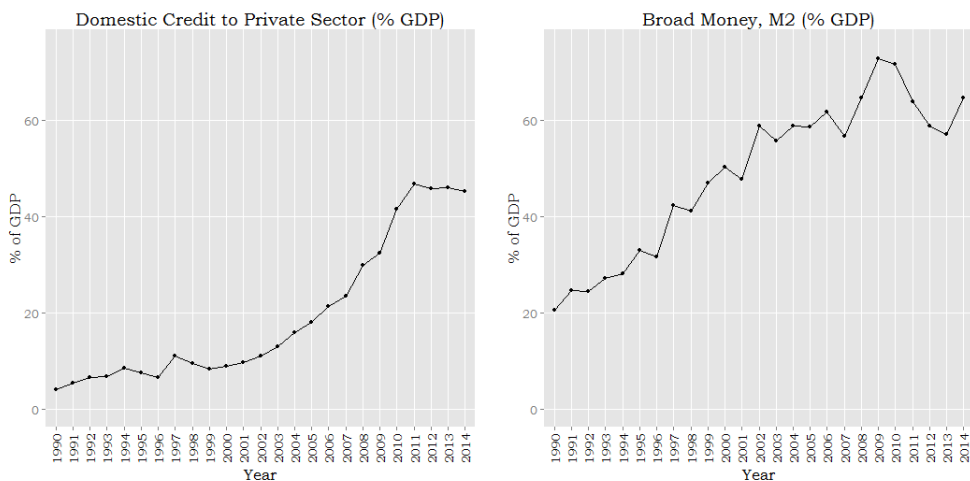
Source: International Monetary Fund, Balance of Payments database, supplemented by data from the United Nations Conference on Trade and Development and official national sources

Performance of Banking Sector

The banking sector of Bhutan, including the central bank, has performed well over the last few decades. As Figure 3.18 shows, domestic credit to private sector as a percentage of GDP has risen steadily over the entire period, which is commendable since GDP growth rate has increased as well. However, this was moderated since 2010 as it was deemed risky for the economy to have such a prolonged and rapid credit expansion. Broad money as a percentage of GDP, has also risen steadily since 1990. The rate of increase has fallen since 2010, which was an attempt by the Royal Monetary Authority to tighten liquidity due to high growth of rupee imports (IMF 2014); however, it is still almost 70 percent of GDP as of 2014. In fact, the rupee crisis of 2012 was triggered largely by the amount of credit that the banks had provided to the private sector, which led to a boom in imports, resulting in the rupee shortage.

In addition, the financial sector of Bhutan needs to be developed, by setting up markets for money and security, which will benefit the economy and the government. Macroprudential policies, which are widely used in developing countries to prevent financial risks, should continue to be implemented in Bhutan to contain vulnerabilities in the financial sector.

Figure 3.18: Domestic Credit to Private Sector and Broad Money, M2 (% GDP)

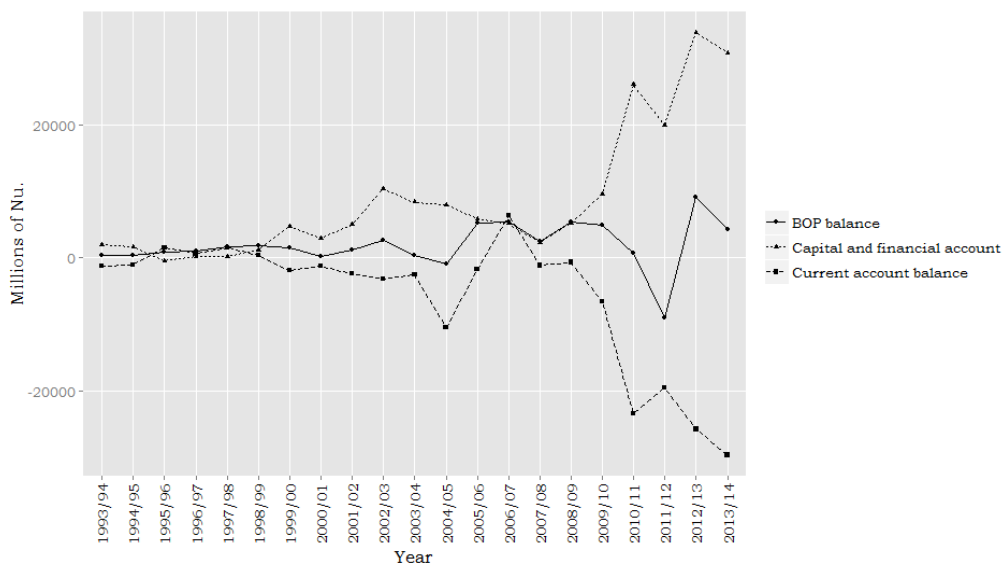


Source: International Monetary Fund, International Financial Statistics and data files, and World Bank and OECD GDP estimates

Balance of Payments

Due to Bhutan's high reliance on trade with the rest of the world, its balance of payment estimates are of great significance to the country. As Figure 3.19 shows, Bhutan has been able to achieve positive balance of payments since the 1990s. However, particularly after 2005, the current account deficit of Bhutan has risen, due to its low exports and high imports. The capital and financial account balance, which mainly comprises foreign aid inflows, has increased sharply since 2008, which has allowed for the balance of payments for the country to remain positive.

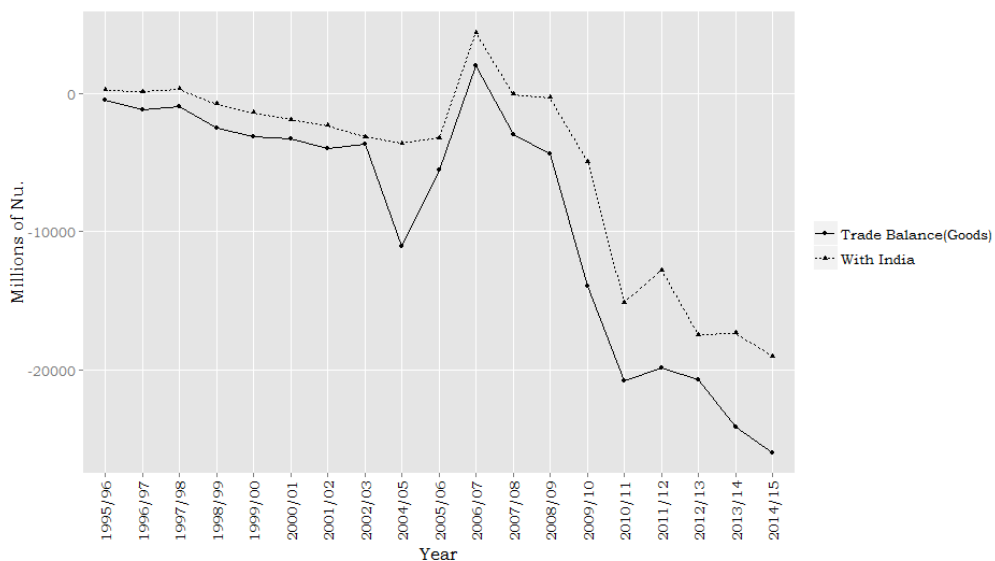
Figure 3.19: Balance of Payments



Source: Different tables in the RMA Annual Report, specifically, Table 18 (Annual report 2004-05, RMA), Table 20 (Annual report, 2010-11, RMA), Table 21 (Annual report, 2002-03, RMA), Table 17 (SEI, March 2003, RMA), and Table 20A (Annual report, 2014-15, RMA)

Due to Bhutan’s strong trading relationship with India, we also look at the BOP estimates between Bhutan and India. It is not surprising that the BOP analysis yield similar results compared to the overall BOP for Bhutan as almost 90 percent of Bhutan’s trade is with India. The trade balance, as shown in Figure 3.20, has become increasingly negative more recently which was due to its high imports of hydropower- and consumption-related activities from India.

Figure 3.20: Balance of Payments (with India)



Source: Royal Monetary Authority (Annual Report 2000/01, 2004/05, 2008/09, 2010/11, and 2014/15)

4. Future Projections

In terms of projections for the future the IMF Regional Economic Outlook provides statistics on several key indicators for the economy. For the current account, while the balance is becoming increasingly negative up until 2015, it is projected to stabilise and then rapidly fall towards the end of the decade. The volume of exports of goods and services is predicted to increase rapidly in 2018, where imports will slightly fall, then regain momentum. Similar to the current account, the gross debt position is predicted to increase, before slightly falling after 2017. GDP will continue its upward trend, and approach high levels of growth in 2018, while consumer prices are predicted to continue to increase, though not at the 2012-2014 levels.

Table 4.1: IMF Regional Economic Outlook: Asia and Pacific Projections

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Current Account, In Billions of US Dollars	-0.3	-0.4	-0.5	-0.6	-0.6	-0.7	-0.4	-0.2	-0.2
Current Account, Percent of GDP	-19	-22.7	-23.1	-26.8	-25	-26.2	-14.2	-5.6	-6.5
Volume of Exports of Goods and Services, % Change	-15.2	-6.6	-2.2	1.4	1.4	2	29	28.4	1.8
Volume of Imports of Goods and Services, % Change	-15.2	-9.3	0.1	1.8	7.3	3	-1.5	4.3	4.2
Gross Debt Position, Percent of FY GDP	72.2	89.2	107.5	115.9	122.5	122.6	117	116.9	119.6
Net Lending/Borrowing, Percentage of FY GDP	-1.3	-4	-3.8	-2.4	-1.5	-0.7	1.5	4.1	5.1
GDP \$ Current Prices, in Billions	1.8	1.9	2	2.2	2.5	2.7	3.1	3.5	3.8
GDP Constant Prices, % Change	6.4	4.9	6.4	7.7	8.4	8.6	11.2	7.6	6.5
Total Domestic Demand, Constant Prices, % Change	8.4	5.1	10	8.7	9.2	9.3	12.1	8.4	7.3
Consumer Prices (p.a.) % Change	10.1	8.6	9.6	7.2	6.1	6	5.8	5.6	5.6

Source: International Monetary Fund, Regional Economics Outlook: Asia and Pacific <http://data.imf.org/?sk=ABFF6C02-73A8-475C-89CC-AD515033E662&ss=1390030341854>

5. Preliminary Observations towards Policy Recommendations

Addressing the external imbalance

The rupee shortage of 2012 is a warning regarding the effect of internal imbalances on external imbalances. Domestic credit grew at an increasing rate, leading to a boom in the economy, which quickly led to higher imports and, consequently, current account deficit. Commercial banks of Bhutan, in October 2014, had a loan-to-deposit ratio of 98 percent, which is considerably high. While this ratio by itself is not an issue, the high amount of credit extended may lead to an unprecedented boom in the economy. Central banks need to ensure that commercial banks have a cap in loan-to-deposit ratio beyond which they are not able to lend – this will have the desirable effect of avoiding surge in imports. Similarly, tighter cash reserve ratio will curtail adverse domestic credit growth. These measures will ensure that future external imbalances are avoided.

Another lesson from the rupee shortage for Bhutan is the desirability of reliable forecasts of balance of payments. This is important for a small open economy like Bhutan where external debt is inevitable due largely to its reliance on hydropower-

related imports, particularly during project implementation. Reliable forecasts will assist Bhutan to plan the most desirable loan agreements and the currency in which the loan will be most beneficial to the economy. Longer-term forecasts will greatly assist to time the repayment such that the repayment obligations are not inexorably high. This will also help Bhutan to plan ahead of the reserves that they require to hold for future loan repayments, which will reduce the mismatch arising from the timing of cash outflows and inflows.

The hydropower plants that are currently in the pipeline will be vital to rectify the external imbalance that has adversely affected the economy of Bhutan recently. Once the power plants are set up, exports will be higher which will lead to higher revenue generation and have a positive effect on the current account and the balance of payments for the country. A reasonable forecast of the revenue that will be generated is crucial to effectively manage and utilise the revenue generated and the reserves accumulated in the economy.³

Addressing high inflation

High inflation has a substantial cost to Bhutan, given that it is a small economy and any change in the value of its currency has a large impact on its population, particularly in the poorer regions of the country. Bhutan's openness makes it difficult to avoid cost-push inflation, especially from India. To make sectors more competitive, the government of Bhutan may want to seek to improve on their Doing Business indicator, which has ranked Bhutan 71 out of 185 in 2015 (World Bank 2016). In addition, it may be beneficial for Bhutan to seek to add value through the use of improved technology in agriculture, raw minerals, etc.

6. Conclusion

Bhutan has managed to attain notable growth over the last decade due to strong hydropower generation capacity, booming tourism sector and sound macroeconomic management of fiscal

³ Since ngultrum is pegged to the Indian rupee on par and most of Bhutan's trade is with India, forecasts of the external sector is expected to be reasonably informative and accurate.

and monetary policies. It is expected that with newer hydropower plants in the pipeline, Bhutan will be able to sustain its growth in the near future, which, consequently, will help them to maintain reasonable inflation levels.

The external sector of Bhutan was largely affected by the rapid credit growth that took place in the country recently. Domestic credit, primarily to private sector, led to overheating pressures, which led to the current account deficit of the country to rise as there was a considerable increase in imports due to the surge in aggregate demand. However, the overall BOP has been maintained, mainly through aid received from India, which has to be paid in the near future. Once the new power plants are installed, the increase in hydropower exports is expected to ease the repayment obligations to India.

The reliance of Bhutan's economy on hydropower has its downsides and these must be contained. Over the last decade, it has been found on several occasions that new power plant implementation has resulted in large external debt and current account deficit. While revenue is generated when the power plants are set up and electricity is generated, it must be ensured that reserves are maintained to pay for hydropower-related imports during project implementation. The mismatch of timing for money outflows and inflows is crucial and must be taken into consideration as they have a significant impact on the business cycles of an economy. In addition, it may be beneficial for Bhutan to diversify and expand its range of commodities to offset losses during hydropower project implementation.

Central banks, through monetary policy measures, were able to quell the rapid credit expansion that triggered a housing and construction boom in the country. However, measures, particularly macroprudential policies, should be put in place to prevent any unwanted financial problems arising in the country. The financial sector should be developed as well, by improving the money and securities market. Moreover, open market operations need to be implemented, which will allow the central bank to issue treasury bonds/bills to raise revenue, which will

ease pressures on the banks to extend large amount of credit to the private sector.

In terms of the quality of the data, missing data and divergences of data between differing organisations the message is one of caution. While data from sources such as the World Bank and IMF are useful, appear consistent and are easy to acquire, often the assumptions behind the data is unclear. While the data tends to use consistent assumptions for the time period, the assumptions used depend upon the organisation, which perhaps explains the divergence in the data. For the RMA data, while perhaps more detailed, there are concerns of consistency. When using different report's statistics, the assumptions behind them vary as do estimates which are updated to different figures with each coming report. Re-classifications of data such as the 2006/07 change, which affects the BOP data, make comparisons over time difficult. Indeed, if the World Bank or IMF data is based upon RMA data, and converted to dollars, even the continuity and potential comparisons to be made will be questionable. Divergence of data appears often, such as the External Debt/GDP, and the reasons behind these divergences need to be addressed.

Efforts have been made here to combine the Key Economic Indicators, from numerous RMA reports, into a single consistent table, where the most recent data is used and the necessary assumptions mentioned. If this were something which could be a more uniform policy it would greatly benefit the data quality and available. Alongside this supplementary data for US\$ would prove useful. Comparisons between different organisations datasets could then be clearer, and issues such as the continuity in WPI and missing cash surplus data, could then be more easily overcome.

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8. Appendices

Table 8.1: World Bank Databank; Selected Indicators 1990-2001

	1990	1991	1992	1993	1994	1995	1996	1997
Budget								
Cash surplus/deficit (% of GDP)	-5.831	-0.051	-2.240	6.744	2.725	-0.051	3.021	0.193
Cash surplus/deficit (current LCU(millions))	-306.100	-2.900	-145.600	483.700	231.500	-5.000	338.700	25.700
Structure of the Economy								
GDP growth (annual %)	10.876	-0.408	4.601	1.986	4.952	7.074	5.565	5.374
Services, etc., value added (% of GDP)	39.869	40.396	37.970	38.245	35.175	34.132	35.073	35.000
Agriculture, value added (% of GDP)	35.278	33.829	34.355	32.227	34.868	32.011	31.164	31.200
Manufacturing, value added (% of GDP)	7.906	8.756	9.023	9.088	9.485	10.699	11.598	10.220
Imports of goods and services (% of GDP)	30.653	40.123	55.904	44.094	39.426	42.630	45.668	46.110
Exports of goods and services (% of GDP)	26.830	32.158	31.986	31.568	29.529	37.769	35.488	35.900
Foreign Debt and Interest Rates								
Total reserves (% of total external debt)	106.332	117.327	95.427	101.386	116.161	123.341	168.144	157.700
Debt/GDP (% percent)	27.868	34.530	35.567	41.073	38.593	34.901	35.725	32.680
Inflation								
Inflation, consumer prices (annual %)	10.000	12.281	15.980	11.206	6.993	9.496	8.790	6.510
Inflation, GDP deflator (annual %)	5.709	8.764	9.297	8.186	12.852	8.048	8.056	12.480
Trade and Investment								
Trade (% of GDP)	57.483	72.281	87.890	75.662	68.955	80.398	81.156	82.020
Gross capital formation (% of GDP)	30.387	31.006	45.584	43.461	51.293	45.377	42.283	32.740
Foreign Direct Investment								
Foreign direct investment, net inflows (% of GDP)	0.534	0.240	0.000	0.000	0.000	0.016	0.442	-0.190
Banks and Foreign Deposit								
Domestic credit to private sector (% of GDP)	4.113	5.383	6.549	6.815	8.521	7.638	6.675	11.080
Broad money (% of GDP)	20.551	24.585	24.413	27.076	28.196	33.056	31.573	42.230

Source: World Bank DataBank; *World Development Indicators*. Available at <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>

Table 8.2: World Bank Databank; Selected Indicators 2002-2014

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Budget									
Cash surplus/deficit (% of GDP)	-3.653	-9.837	2.018	-0.987	1.322	2.462	-1.386	0.500	
Cash surplus/deficit (current LCU(millions))	-953.727	-2850.129	642.738	-356.384	537.882	1217.739	-758.668	306.389	
Structure of the Economy									
GDP growth (annual %)	10.728	7.664	5.896	7.123	6.849	17.926	4.768	6.657	11.111
Services, etc., value added (% of GDP)	35.059	35.447	37.334	39.528	38.879	35.392	36.580	38.083	37.879
Agriculture, value added (% of GDP)	26.340	25.188	24.923	23.183	22.135	19.232	18.969	18.749	17.879
Manufacturing, value added (% of GDP)	7.656	7.429	7.495	7.389	7.876	8.400	8.646	8.430	9.000
Imports of goods and services (% of GDP)	44.639	44.164	57.802	62.926	59.178	57.281	57.677	62.204	70.000
Exports of goods and services (% of GDP)	24.920	26.193	31.293	38.250	54.419	54.970	46.559	44.702	42.000
Foreign Debt and Interest Rates									
Total reserves (% of total external debt)	91.944	74.266	66.291	71.189	75.623	87.246	110.277	123.253	111.000
Debt/GDP (% percent)	71.883	79.358	85.575	80.184	80.326	66.988	55.115	57.150	54.000
Inflation									
Inflation, consumer prices (annual %)	2.483	1.566	-18.109	5.312	5.000	5.156	8.327	4.361	7.000
Inflation, GDP deflator (annual %)	4.881	3.085	3.791	5.858	5.411	3.111	5.653	4.851	5.000
Trade and Investment									
Trade (% of GDP)	69.560	70.358	89.094	101.176	113.597	112.251	104.236	106.906	111.000
Gross capital formation (% of GDP)	59.872	57.983	61.909	49.912	46.130	36.899	39.799	45.737	61.000
Foreign Direct Investment									
Foreign direct investment, net inflows (% of GDP)	0.452	0.542	1.261	0.758	0.682	6.175	0.250	1.447	4.000
Banks and Foreign Deposit									
Domestic credit to private sector (% of GDP)	11.109	12.984	15.815	18.070	21.410	23.421	29.961	32.423	43.000
Broad money (% of GDP)	58.744	55.619	58.787	58.576	61.713	56.730	64.663	72.766	73.000

Source: World Bank DataBank; *World Development Indicators*. Available at <http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators>

Table 8.3: International Monetary Fund; World Economic Outlook 1990-2004

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Gross Domestic Product									
GDP, constant prices (Nu. Billions)	11.804	12.382	12.64	13.043	13.501	14.316	15.203	16.023	16.916
GDP, constant prices (% Change)	9.098	4.896	2.083	3.192	3.511	6.037	6.194	5.397	5.57
GDP, current prices (Nu. Billions)	4.925	5.539	6.177	6.929	7.944	9.29	10.663	12.449	14.677
GDP, current prices (US\$ Billions)	0.281	0.244	0.238	0.249	0.253	0.296	0.311	0.348	0.382
GDP, deflator	41.727	44.732	48.871	53.127	58.84	64.896	70.14	77.696	86.764
GDP per capita, constant prices (10,000 Nu.)	2.2033	2.3148	2.3925	2.5129	2.6390	2.8120	2.9659	3.0746	3.1693
GDP per capita, current prices (10,000 Nu.)	0.9194	1.0354	1.1692	1.3350	1.5528	1.8249	2.0803	2.3889	2.7498
GDP per capita, current prices (US\$10,000)	0.0525	0.0455	0.0451	0.0480	0.0495	0.0581	0.0607	0.0668	0.0716
GDP based on PPP valuation of country GDP (Current \$ Billions)	0.757	0.82	0.856	0.905	0.956	1.035	1.119	1.2	1.281
GDP based on PPP per capita GDP (Current \$10,000)	0.1412	0.1533	0.1621	0.1743	0.1869	0.2033	0.2184	0.2303	0.2399
GDP based on PPP share of world total (%)	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003
GDP corresponding to fiscal year, current prices (Nu. Billions)	4.925	5.539	6.177	6.929	7.944	9.29	10.663	12.449	14.677
Implied PPP conversion rate (Nu. Per Current \$)	6.51	6.754	7.214	7.66	8.307	8.975	9.526	10.375	11.461
Budget									
General government revenue (Nu. Billions)	1.469	1.749	1.993	2.881	3.123	3.93	4.491	4.657	4.95
General government revenue (% of GDP)	29.819	31.584	32.271	41.577	39.307	42.3	42.117	37.403	33.726
General government total expenditure (Nu. Billions)	1.859	1.796	2.241	2.569	3.168	3.776	4.253	4.958	4.806
General government total expenditure (% of GDP)	37.738	32.432	36.274	37.071	39.874	40.648	39.885	39.825	32.746
General government net lending/borrowing (Nu. Billions)	-0.39	-0.047	-0.247	0.312	-0.045	0.154	0.238	-0.302	0.144
General government net lending/borrowing (% of GDP)	-7.918	-0.849	-4.003	4.505	-0.568	1.653	2.233	-2.422	0.979
General government primary net lending/borrowing (Nu. Billions)	-0.347	-0.007	-0.196	0.514	0.138	0.342	0.48	0.169	0.588
General government primary net lending/borrowing (% of GDP)	-7.054	-0.131	-3.167	7.414	1.731	3.681	4.498	1.358	4.005
General government gross debt (Nu. Billions)				4.322	4.377	3.729	4.07	4.253	5.535
General government gross debt (% of GDP)				62.373	55.104	40.142	38.171	34.164	37.71
Current account balance (US\$ Billions)	-0.028	-0.025	-0.07	-0.04	-0.034	0.045	0.045	0.018	0.039
Current account balance (% of GDP)	-9.916	-10.139	-29.458	-16.017	-13.489	15.342	14.595	5.249	10.136
Inflation									
Inflation, average consumer prices	228.653	254.25	267.98	304.357	322.335	348.753	381.249	411.177	441.398
Inflation, average consumer prices (% change)	9.415	11.195	5.4	13.575	5.907	8.196	9.318	7.85	7.35
Inflation, end of period consumer prices	230.755	257.123	294.906	330.849	358.962	392.925	430.094	460.047	501.368
Inflation, end of period consumer prices (% Change)	8.978	11.427	14.695	12.188	8.497	9.461	9.46	6.964	8.982
Trade									
Volume of imports of goods and services (% Change)	-34.132	0.32	-38.605	39.092	-32.71	1.457	9.964	10.099	1.247
Volume of Imports of goods (% Change)	-32.59	-0.094	-40.104	42.705	-37.899	4.629	1.312	16.449	-5.185
Volume of exports of goods and services (% Change)	-10.865	-6.37	-34.72	0.134	-17.883	8.732	18.539	-1.682	10.022
Volume of exports of goods (% Change)	-14.802	-1.504	-34.156	-0.346	-20.159	10.41	24.495	-0.384	2.422
Total investment (% of GDP)	34.519	33.144	45.696	43.363	52.351	45.827	44.306	33.28	37.155
Gross national savings (% of GDP)	29.107	23.689	18.155	30.865	42.249	40.918	33.64	22.899	19.719
Miscellaneous									
Unemployment rate (% of total labour force)									
Population (Millions)	0.536	0.535	0.528	0.519	0.512	0.509	0.513	0.521	0.534

Source: International Monetary Fund (IMF); World Economic Outlook.
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I%2CPCPIPCH%2CPCPIE%2CPCPIEPCH%2CTM_RPCH%2CTMG_RPCH%2CTX_RPCH%2CTXG_CGGR%2CGGR_NGDP%2CGGX%2CGGX_NGDP%2CGGXCNL%2CGGXCNL_NGDP%2CGGXONI%2CGGXWDG%2CGGXWDG_NGDP%2CNGDP_FY%2CBCA%2CBCA_NGDPD&grp=0&a=

Table 8.4: International Monetary Fund; World Economic Outlook 2005-2020

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gross Domestic Product										
GDP, constant prices (Nu. Billions)	27.919	29.868	33.623	37.238	39.369	43.041	47.375	50.411	52.884	56.275
GDP, constant prices (% Change)	6.527	6.981	12.571	10.752	5.722	9.327	10.069	6.407	4.905	6.412
GDP, current prices (Nu. Billions)	33.979	38.393	45.068	52.102	58	66.869	79.196	92.684	106.086	121.888
GDP, current prices (US\$ Billions)	0.762	0.858	1.02	1.291	1.214	1.433	1.747	1.844	1.934	1.983
GDP, deflator	121.704	128.54	134.04	139.915	147.323	155.359	167.167	183.858	200.603	216.599
GDP per capita, constant prices (10,000 Nu.)	4.2925	4.4877	4.9492	5.3800	5.5879	6.0035	6.4948	6.7955	7.0142	7.3444
GDP per capita, current prices (10,000 Nu.)	5.2242	5.7684	6.6339	7.5275	8.2323	9.3270	10.8572	12.4941	14.0708	15.9066
GDP per capita, current prices (US\$10,000)	0.1171	0.1289	0.1501	0.1865	0.1723	0.1999	0.2395	0.2485	0.2565	0.2588
GDP based on PPP valuation of country GDP (Current \$ Billions)	2.465	2.719	3.142	3.548	3.779	4.182	4.698	5.092	5.428	5.871
GDP based on PPP per capita GDP (Current \$10,000)	0.3790	0.4085	0.4625	0.5126	0.5364	0.5834	0.6441	0.6864	0.7200	0.7662
GDP based on PPP share of world total (%)	0.004	0.004	0.004	0.004	0.005	0.005	0.005	0.005	0.005	0.005
GDP corresponding to fiscal year, current prices (Nu. Billions)	33.979	38.393	45.068	52.102	58	66.869	79.196	92.684	106.086	121.888
Implied PPP conversion rate (Nu. Per Current \$)	13.782	14.123	14.345	14.686	15.347	15.989	16.856	18.203	19.543	20.766
Budget										
General government revenue (Nu. Billions)	10.439	13.328	16.083	18.197	19.027	30.99	28.172	32.646	30.664	33.141
General government revenue (% of GDP)	30.723	34.714	35.686	34.926	32.805	46.344	35.572	35.223	28.905	27.189
General government total expenditure (Nu. Billions)	12.893	13.771	15.795	18.065	19.31	29.889	29.842	33.806	34.9	37.773
General government total expenditure (% of GDP)	37.944	35.668	35.048	34.673	33.294	44.698	37.682	36.475	32.898	30.999
General government net lending/borrowing (Nu. Billions)	-2.454	-0.443	0.288	0.132	-0.283	1.101	-1.671	-1.16	-4.235	-4.633
General government net lending/borrowing (% of GDP)	-7.221	-1.154	0.638	0.253	-0.488	1.646	-2.11	-1.252	-3.993	-3.801
General government primary net lending/borrowing (Nu. Billions)	-2.048	-0.061	0.731	1.851	1.451	2.844	0.123	0.923	-1.087	-1.676
General government primary net lending/borrowing (% of GDP)	-6.028	-0.159	1.622	3.553	2.501	4.253	0.156	0.996	-1.024	-1.375
General government gross debt (Nu. Billions)	28.725	31.661	34.24	30.52	41.002	38.44	54.301	66.932	94.655	131.044
General government gross debt (% of GDP)	84.539	82.467	75.973	58.576	70.693	57.486	68.566	72.216	89.224	107.511
Current account balance (US\$ Billions)	-0.235	-0.038	0.145	-0.028	-0.026	-0.142	-0.41	-0.35	-0.439	-0.459
Current account balance (% of GDP)	-30.865	-4.417	14.239	-2.177	-2.18	-9.922	-23.485	-18.973	-22.699	-23.151
Inflation										
Inflation, average consumer prices	606.701	636.612	670.007	712.216	762.976	799.797	868.198	956.017	1,038.69	1,138.5
Inflation, average consumer prices (% change)	4.822	4.93	5.246	6.3	7.127	4.826	8.552	10.115	8.648	9.612
Inflation, end of period consumer prices	523.442	550.258	577.966	618.179	657.958	701.544	763.008	831.821	918.878	1,000.7
Inflation, end of period consumer prices (% Change)	4.292	5.123	5.035	6.958	6.435	6.624	8.761	9.019	10.466	8.914
Trade										
Volume of imports of goods and services (% Change)	52.645	-12.853	12.093	25.473	-15.284	29.829	29.467	-15.217	-9.275	0.112
Volume of Imports of goods (% Change)	67.32	-10.646	16.129	22.095	-14.17	31.829	30.566	-17.747	-9.275	0.982
Volume of exports of goods and services (% Change)	31.007	35.333	67.02	-1.182	-16.779	1.578	13.198	-15.187	-6.611	-2.154
Volume of exports of goods (% Change)	28.235	39.352	76.195	0.062	-18.144	0.044	13.558	-18.741	-7.151	-1.599
Total investment (% of GDP)	56.386	44.582	39.128	48.149	48.047	63.092	53.204	55.111	57.162	55.206
Gross national savings (% of GDP)	29.62	43.703	39.191	38.707	30.849	34.5	27.194	26.749	28.494	22.164
Miscellaneous										
Unemployment rate (% of total labour force)	2.3	3.2	3.7	4	4	3.3	3.1	3.2	3.2	3.2
Population (Millions)	0.65	0.666	0.679	0.692	0.705	0.717	0.729	0.742	0.754	0.766

Macroeconomic Trends and Policy Implications

Table 8.5: Royal Monetary Authority Bhutan; Key Economic Indicators 1995-2003**

Key Economic Indicators	Annual Report 2000-2001					Annual Report 2004-2005			
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04
GDP Growth and Prices (percent change)									
Real GDP at factor cost (b/d)	7.4	6	7.3	5.5	5.9	9.5	8.6	7.1	6.8
GDP at Constant (2000) Price (k)(l)(s)(t)(aa)(b)									
Consumer Prices (a)(u)(bb)	9.3	7.4	9	9.2	3.6	3.6	2.7	1.8	4.6
Wholesale Prices (India) (g)(n)(v)(cc)						6.6	1.7	5.7	5.6
Government Budget (in millions of Nu.) (h)(o)(y)(dd)									
Total Revenue and Grants	4491.3	4656.5	4949.3	6919.5	7859.5	8,686.70	8,826.70	7,054.30	10,618.50
Of which: Foreign Grants	2363.6	2232.1	1816.3	3262.6	3274.1	3,711.00	3,748.50	2,269.10	4,456.20
Total Expenditure and Net Lending	4252.7	4957.2	4806	7224.4	8624.1	11,177.60	10,052.10	9,945.30	12,479.60
Current Balance	159.5	83.2	505.2	478.6	883.3	540.10	610.30	204.40	593.20
Overall Balance	238.6	-300.7	143.3	-304.9	-764.5	-2,490.90	-1,225.40	-2,891.00	-1,861.10
(in percent of GDP)									
Money and Credit (percent change, end of period)									
Broad Money, M2	30.4	30.9	41.7	21.4	21.4	6.4	17.6	28.7	4
Credit to Private Sector	5.1	-3.5	13.2	5.2	4.1	57.1	27.7	23.4	32.8
Interest Rates (end of period)									
One Year Deposits	10	10	10	10	9-10	9-10	9	7	6
Lending Rate	13-16	13-16	13-16	13-16	12-16	12.0-16.0	12.0-16.0	12.0-16.0	10.0-16.0
91-day RMA Bills/ Treasury Bills	8	8.5	8.5	4	8.5	6.9	4.7	3.5	3.5
Balance of Payments (in millions of Nu.)									
Trade Balance(Goods)	-453.2	-1143.4	-951.9	-2453.7	-3087.3	-3,259.10	-3,995.50	-3,681.00	-3,966.00
With India	288.4	158.8	357.2	-738.3	-1354.5	-1,854.30	-2,288.30	-3,111.30	-3,020.70
Current Account Balance	-1272.5	-2011.9	-1787.5	-4170.1	-5668.4	-1,224.60	-2,327.40	-3,211.90	-2,518.00
(In percent of GDP)	13.2	17.7	12.8	26.2	31.1	-6.3	-10.4	-12.9	-9.1
With India	-205.5	-461.1	-981	-3063.5	-4373.6	-1,118.30	-1,527.10	-3,679.30	-2,620.80
(In percent of GDP)	2.1	4.1	7	19.2	24	-5.7	-6.8	-14.7	-9.4
Foreign Aid (Concessional Loans net)	2396.5	2867.4	3538.2	6550.8	7547.3	2,310.00	2,846.20	4,527.50	4,666.20
RGOB Loans									
Of which: India	682.1	1364.2	2366.1	5030.6	5981.3	1,707.90	1,863.20	3,116.00	3,258.60
Errors and Omissions	-190.8	-50.6	81.8	-245.4	-289.8	-1,508.90	-1,398.70	-4,639.00	-5,508.30
Overall Balance	855.8	794.1	1742	1882.5	1589.1	236.20	1,242.70	2,613.60	370.10
(In percent of GDP)	8.9	7	12.5	11.8	8.7	1.2	5.6	10.5	1.3
External Indicators (end of period)									
Gross Official Reserves in millions of USD	145.1	176.1	216.7	259	292.6	292.6	315.3	373.3	383.3
Reserves in months of merchandise imports	16	16.1	21	19.4	19.4	21	20.6	23	18.8
External Debt outstanding (USD millions)									
External Debt (percent of GDP)	41.4	37.2	36.9	43.3	41.7	56.30	62.90	77.80	86.60
CC debt outstanding (USD millions)									
CC debt (percent of GDP)									
Rupee debt outstanding (INR millions)									
Rupee debt (percent of GDP)									
Debt-service ratio (c)(i)(p)(x)	20.8	8.5	6.8	10.2	4.1	4.7	4.9	5	4.2
Memorandum Items									
(in millions of Nu. unless otherwise indicated)									
Nominal GDP (k)(l)(s)(t)(aa)(bb)	9610.6	11354.7	13971.1	15927.5	18201.8	19520.7	22373.1	24981.7	27745
Ngultrum per USD (fiscal year average)	34.3	35.8	38.4	42.6	43.6	46.40	48.20	47.90	45.40
Money Supply, M2 (end of period)	3268.5	4277.7	6063.1	7359.2	8930.5	9419.8	11076.9	14255.1	14832.3
Money Supply, M1 (end of period)	1315.6	1973.2	2500.2	2868.4	3691.7	4,477.90	5,019.50	6,793.70	7,737.00
Counterparts									
Foreign Assets (Net)	5017.9	6233.2	9088	11335.9	13248.3	12788.9	14348.5	17519.8	16456.8
Domestic Credit	794.3	1535	1245.6	380.9	752.1	2,017.90	2,280.50	3,707.50	4,169.10
Claims on Private Sector	532.9	1097.1	1242.1	1306.5	1360	2,137.10	2,728.90	3,366.70	4,470.50
Components									
Currency Outside Banks	455	617	1050.3	852.8	1119.4	1483.1	1600.2	1699	2015.2
Demand Deposits	860.6	1331.9	1327.1	1832.6	2474.8	2,889.70	3,313.60	5,094.70	5,721.70
Transferable Deposits									
Quasi Money	1952.8	2304.5	3562.9	4490.8	5238.9	4,942.00	6,057.50	7,461.30	7,095.30
Other Deposits									
Reserve Money, M0 (end of period)	2567.1	2122.6	3318.5	4464	4950.9	4,631.90	5,937.60	8,008.00	9,370.30
of which: Banks' Deposits	-1419.1	2082.7	3350.1	3686	3045.3	3,045.30	4,222.90	6,242.90	7,261.70
Money Multiplier (M2/M0)						2.00	1.90	1.80	1.60
Income Velocity (GDP/M2)						2.1	2	1.8	1.9
Population Growth Rate (d)(e)(k)(q)(r)(s)(z)(aa)(bb)						-	3.1	2.4	1.3
Currency Issued	455	617	1050.3	852.8	1119.4				
Unemployment Rate (d)(j)(k)(q)(r)(s)(z)(aa)(ff)						-	1.9	-	1.8
Per Capita Income (USD) (dj)(e)						450.9	499.7	545.2	623.7

Source: Royal Monetary Authority Bhutan; *Amalgamated Annual Reports: 2000-2001, 2004-2005*

Table 8.6: Royal Monetary Authority Bhutan; Key Economic Indicators 2004-2014**

Key Economic Indicators	Annual Report 2008-2009			Annual Report 2010-2011				Annual Report 2014-2015			
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
GDP Growth and Prices (percent change)											
Real GDP at factor cost (b)(d)											
GDP at Constant (2000) Price (k)(l)(s)(t)(aa)(b)	8	7	6.4	17.9	4.7	6.7	11.7	7.9	5.1	2.1	5.4
Consumer Prices (a)(u)(bb)	5.5	6.2	5.9	8.8	3	6.1	8.3	13.5	5.5	8.6	5.2
Wholesale Prices (India) (g)(n)(v)(cc)	5.2	4.6	5.4	9.6	0.5	10.6	9.9	7.4	4.9	5.6	-2.2
Government Budget (in millions of Nu.) (h)(o)(y)(dd)											
Total Revenue and Grants	10,501.10	13,452.20	16083.1	18,316.90	23,443.00	30,990.70	28,171.80	32,646.40	30,656.10	37,819.10	36,400.10
Of which: Foreign Grants	4,373.10	6,424.70	6,000.90	5,935.40	6,575.10	11,118.90	10,497.70	12,501.50	9,562.60	14,236.40	11,153.30
Total Expenditure and Net Lending	12,893.70	13,770.90	15,795.40	17,913.40	22,350.50	29,888.90	29,842.40	33,688.00	34,900.80	33,522.80	39,211.00
Current Balance	-42.60	355.10	2,390.80	2,655.80	5,806.50	6,969.10	2,939.00	3,439.20	2,996.90	5,641.60	3,202.70
Overall Balance	-2,392.60	-318.70	287.70	403.50	1,092.50	1,101.80	-1,670.70	-1,041.70	-4,244.70	4,296.30	-2,819.00
(in percent of GDP)				0.8	2	1.8	-2.3	-1.2	-4.4	4.1	-2.4
Money and Credit (percent change, end of period)											
Broad Money, M2	10.7	26.3	8.6	2.3	24.6	30.1	21.2	-1	18.6	6.6	7.8
Credit to Private Sector	26.3	32.2	35.5	37.4	31.1	38.6	29.4	30.1	7.1	6.4	14
Interest Rates (end of period)											
One Year Deposits	4.5	4.5	4.5	4.8	4.8	4.8	5.3	5.0-6.0	5.0-6.5	5.0-6.5	4.0-7.0
Lending Rate	10.0-16.0	10.0-16.0	10.0-16.0	10.0-16.0	10.0-16.0	10.0-16.0	10.0-16.0	10.0-16.0	10.0-16.0	10.0-16.0	11.7-17.0
91-day RMA Bills/ Treasury Bills	3.5	3.5	3.5	6	6	2	2	4.1	3	2.3	0.1
Balance of Payments (in millions of Nu.)											
Trade Balance(Goods)	-11,099.00	-5,496.70	2,061.80	-2,921.60	-4,322.40	-13,938.20	-20,835.30	-19,880.60	-20,708.50	-24,170.50	-26,021.60
With India	-3,601.20	-3,170.70	4,447.60	-27.80	-278.60	-4,933.60	-15,160.00	-12,795.10	-17,468.80	-17,362.40	-19,048.70
Current Account Balance	-10,487.40	-1,695.70	6,417.20	-1,134.30	-664.30	-6,634.90	-23,431.10	-19,600.60	-25,769.30	-29,694.10	-36,084.70
(in percent of GDP)	-32.4	-4.7	15.9	-2.3	-1.2	-10.8	-32.3	-23.1	-26.4	-30.2	-30.2
With India	-5,255.90	-2,344.60	5,882.10	-157.30	-798.80	-3,493.70	-17,981.10	-15,482.80	-26,625.80	-28,750.80	-29,981.00
(in percent of GDP)	-16.3	-6.4	14.5	-0.3	-1.5	-5.7	-24.8	-18.2	-27.3	-24.7	-25.1
Foreign Aid (Concessional Loans net)	2,939.40	3,474.70	783.30	-517.20	1,207.10	3,859.90					
RGOB Loans							11,784.40	11,232.10	17,933.70	18,710.00	24,217.70
Of which: India	1,853.10	2,324.80	-30.30	-1,049.70	163.10	794.20	7,186.50	9,675.40	14,275.70	16,347.50	22,890.00
Errors and Omissions	1,552.40	1,057.70	-6,091.40	1,235.10	919.60	1,987.00	-1,823.40	-9,487.30	1,079.10	3,158.00	-2,342.80
Overall Balance	-918.60	5,209.10	5421.20	2445.40	5,479.20	4,973.40	797.50	-9,068.40	9,212.20	4,280.50	-560.40
(in percent of GDP)	-2.9	14.7	13.7	4.9	10	8.1	1.1	-10.7	9.5	4.1	-0.5
External Indicators (end of period)											
Gross Official Reserves in millions of USD	363.4	486.4	608.4	589.1	704.4	791.6	796.2	674.3	916.9	997.9	958.5
Reserves in months of merchandise imports	9.2	13.8	12.8	12.8	13.9	11.2	8.4	9	13	12.6	11.8
External Debt outstanding (USD millions)							1,289.30	1,333.70	1,606.80	1,759.00	1,854.60
External Debt (percent of GDP)	96.10	98.30	80.80	66.90	69.50	66.60	79.5	88.4	98.4	100.3	98.9
CC debt outstanding (USD millions)							527.6	524.7	579.3	629.5	581.2
CC debt (percent of GDP)				28.6	30.3	29.4	32.5	34.8	35.5	35.9	31
Rupee debt outstanding (INR millions)							34,062.30	45,550.90	61,341.70	67,870.20	81,183.60
Rupee debt (percent of GDP)				38.3	39.1	37.2	47	53.6	62.9	64.4	67.9
Debt-service ratio (c)(i)(p)(x)	11.9	7.6	3.6	18.3	30.5	29.7					
Memorandum Items											
(in millions of Nu. unless otherwise indicated)											
Nominal GDP (k)(l)(s)(t)(aa)(bb)	31284.6	35496.9	39571.2	49,456.50	54,713.00	61,222.60	72,496.60	84,950.00	97,453.00	105,378.40	119,545.80
Ngultrum per USD (fiscal year average)	44.60	44.70	44.20	40.4	47.8	46.7	45.3	50.3	54.9	61.5	62.1
Money Supply, M2 (end of period)	18376.9	23208.7	25208.7	25,781.50	32,114.80	41,778.70	50,209.40	50,122.90	59,451.20	63,387.80	68,344.30
Money Supply, M1 (end of period)	9,331.90	10,678.10	13,542.30	14,393.20	18,375.00	22,537.70	27,901.50	31,960.20	37,794.10	39,701.80	41,675.50
Counterparts											
Foreign Assets (Net)	16397.2	22505	24881.3	26,101.20	32,720.60	34,918.50	35,144.50	35,532.10	48,566.40	53,886.50	58,248.70
Domestic Credit	6,553.70	8,651.90	10,063.30	13,362.10	16,259.90	23,136.50	30,705.70	46,466.10	52,432.30	52,299.00	56,255.10
Claims on Private Sector	5,645.40	7,462.50	10,111.70	13,890.40	18,216.00	25,246.10	33,625.20	43,734.60	46,824.60	49,838.70	56,820.50
Components											
Currency Outside Banks	2303.4	2614.9	3166	3,641.60	4,541.80	5,386.50	5,812.30	6,390.70	5,681.20	5,704.60	5,946.10
Demand Deposits	7,028.50	8,063.10	10,376.30	10,751.60	13,833.20	17,151.20					
Transferable Deposits							22,089.20	25,569.50	32,112.90	33,997.30	35,729.40
Quasi Money	9,045.10	12,530.60	11,666.40	11,388.30	13,739.80	19,241.00					
Other Deposits							22,307.90	18,162.70	21,657.10	23,686.00	26,668.80
Reserve Money, M0 (end of period)	9,340.10	13,474.70	13,319.60	12,871.00	14,697.90	20,574.70	19,727.60	16,743.10	23,997.40	26,338.20	26,248.80
of which: Banks' Deposits	6,929.50	10,703.00	9,982.30	8,685.70	9,810.20	14,683.90	11,927.40	9,397.70	16,607.60	18,543.70	16,916.60
Money Multiplier (M2/M0)	2.00	1.70	1.90	2	2.2	2.03	2.5	3	2.5	2.4	2.6
Income Velocity (GDP/M2)	1.7	1.5	1.6	1.92	1.7	1.47	1.4	1.7	1.6	1.7	1.7
Population Growth Rate (d)(c)(k)(q)(r)(y)(aa)(bb)	2.5	1.3	1.3	1.3	1.3	1.3	2.5	2.4	3	1.5	1.3
Currency Issued											
Unemployment Rate (d)(j)(k)(q)(r)(s)(z)(aa)(ff)	2.5	2.3	3.2	3.7	n/a	4	3.3	3.1	2.1	2.9	2.6
Per Capita Income (USD) (d)(e)											

Source: Royal Monetary Authority Bhutan; Amalgamated Annual Reports: 2008-2009, 2010-2011, 2014-2015

Macroeconomic Trends and Policy Implications

**Notes for
RMA Tables
Annual
Report
2000-2001

a) June, - b) On a calendar year basis, e.g., the entry under 2000/01 is for 2000, c) Debt Service Payments in percent of exports of goods and services.

Annual
Report
2004-2005

d) On a calendar year basis, e.g., the entry under 2000/01 is for 2000. - e) Source: National Accounts Statistics (November 2004) & Comparative Socio-Economic Indicators for Bhutan (June 2005), NSB. - f) Data till 2002/03 refer to the old CPI (average of the first half of the calendar year) of the NSB with the 1979 base year. Since rates of change (year-to-year) for the newly introduced quarterly CPI (Q3, 2003 = 100) are not available prior to the third quarter of 2004, the CPI for 2003/04 is based on NSB's new quarterly CPI and refers to the average for the third quarter of 2004 and 2004/05 refers to second quarter 2005. - g) Average of first 6 months, except for December 2004 which refers to the fourth quarter average. Source: Reserve Bank of India. Wholesale Price Index of All Commodities, Base 1993-94 = 100. - h) Data for 2003/04 are revised estimates. - i) Debt service payments in percent of exports of goods and services. - (j) National Labour Force Survey (2003,2004), Ministry of Labour & Human Resources.

Annual
Report
2008-2009

k) On a calendar year basis, e.g., the entry under 2006/07 is for 2006. - l) Source: National Accounts Statistics(2007), NSB - m) Data till 2002/03 are based on the old half-yearly average CPI of the NSB (1979 base year). This was replaced by a new quarterly CPI with a revised basket and Q3 of 2003 as the base. Rates of change (year-to-year) for the quarterly CPI are therefore not available prior to Q3, 2004. The CPI reflected in this table is for the last quarter of the fiscal year. - n) Source: Reserve Bank of India. Wholesale Price Index of All Commodities, 1993-94 base; reference period same as for Bhutan CPI payments in percent of exports of goods and services. - o) Data for 2006/07 are revised estimates. - p) Debt service (q) Data for 2005 is from the Population & Housing Census of Bhutan 2005.- (r) Source: Comparative Socio-Economic Indicators for Bhutan (June 2005), NSB; Statistical Yearbook of Bhutan 2008, NSD; Labour Market Information Bulletin (2007), Labour Force Survey (May

2007) and Labor market indicators 2009, MoLHR.

Annual Report 2010-2011 s) On a calendar year basis, e.g., the entry under 2010/11 is for 2010. t) Source: National Accounts Statistics 2010, NSB u) The CPI reflected in this table is for the last quarter of the fiscal year. v) Source: Reserve Bank of India. Wholesale Price Index of All Commodities, Base = 2004-05. Effective August 2010, the RBI revised the base year from 1993-04 to 2004-05, creating a break in the continuity and comparison of data. The newly-recalculated WPI commences from April 2004; reference period same as for Bhutan CPI. w) Data for 2010/11 are revised estimates. x) Debt service payments in percent of exports of goods and services. y) Data on CY basis; sourced from NSB; z) Updates sourced from Labour Market Information System, MOLHR.

Annual Report 2014-2015 aa) On a calendar year basis (eg: entry under 2014/15 is for 2014). bb) Source: National Statistics Bureau cc) Source: Reserve Bank of India. Wholesale Price Index of All Commodities, Base = 2004-05. Effective August 2010, the RBI revised the base year from 1993-04 to 2004-05, creating a break in the continuity and comparison of data. The newly-recalculated WPI commences from April 2004; reference period same as for Bhutan CPI. dd) Data for 2013/14 are revised estimates. ee) Debt service payments in percent of exports of goods and services. ff) Updates sourced from Labour Force Survey Report (2014), MOLHR.