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1. National Accounts Estimates, 1983-1986
2. Agricultural Production, January - June 1986
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NATIONAL ACCOUNTS ESTIMATES, 1983 - 1986

1. Introduction

National Accounts figures are prepared and published twice a year namely in March and September. This issue contains estimates for the years 1983 to 1986, many of which have been revised since the March issue. The status of the figures presented here is as follows:-

<u>Year</u>	<u>Status</u>
1983	Definite estimates
1984	Final estimates
1985	Provisional estimates
1986	Revised forecast

2. Year 1985 Performance (provisional estimates)

2.1 General

Data relating to the year 1985 published in March this year indicated that the economy grew by 6.5%. Detailed data on the performance of the different sectors are now being collected through the 1985 - 1986 census of Economic Activities. However, all additional information gathered so far confirms the 6.5% growth rate published in March with almost no changes in the broad aggregates and slight ones in the different sectors.

2.2 Gross Domestic Product

Gross Domestic Product at current factor cost reached Rs 13,700 Million in 1985 as compared with Rs 12,050 Million in 1984, thus showing a nominal increase of 13.7%. In real terms, this represents a growth of 6.5%. The contribution of the different sectors to this growth are as follows :-

<u>Sector</u>	<u>%</u>
Sugar	15
E.P.Z.	30
Tourism	8
Other	3
Total	<u>6.5</u>

Net indirect taxes were estimated at Rs 2,680 Million thus bringing GDP at market prices to Rs 16,380 Million compared to Rs 14,360 Million the previous year.

2.3 Consumption and Investment

Final Consumption Expenditure grew by 3.9% and continued to decline as a ratio of GDP at market prices falling to 79.2% as compared with 81.7% in 1984 and 90% in 1980. In aggregate terms it amounted to Rs 12,965 Million in 1985 as against Rs 11,726 Million a year ago.

Gross Domestic Savings which amounted to Rs 2,634 Million in 1984 reached Rs 3,415 Million in 1985 and the savings rate increased from 18.3% to 20.8% in 1985.

Investment as measured by the Gross Domestic Fixed Capital Formation (GDFCF) reached Rs 3,110 Million, compared to Rs 2,595 Million the previous year. The growth rate in real terms which was estimated earlier at 7.2% has now been revised upwards to 10.1% in the light of the latest statistical information collected on the actual expenditure incurred in respect of different projects started in 1985.

An analysis of the table on investment by type of capital goods shows that there have been significant increases in volume terms in the following :- Non-Residential Buildings (+ 70.9%), Passenger Cars (+ 35.7%) Other Transport Equipment (+ 14.5%) and Machinery and Other Equipment (+ 14.1%). On the other hand investment in Residential Buildings and other Construction and Works declined by 4.7% and 20.2% respectively.

As regards investment by sector of industrial use, there have been substantial growth in Manufacturing (+33.6%), Construction (+ 65.5%), Wholesale and Retail Trade including Restaurants and Hotels (+ 63.6%), Producers of Government Services (+ 33.7%) and Other Services (+ 24.2%).

Of the investment of Rs 3,110 Million, the Public Sector contributed Rs 1,000 Million and the Private Sector Rs 2,110 Million. In volume terms, the real growth rates for the Public and Private Sectors were both around 10%.

2.4 Distribution of GDP at factor cost

The GDP at factor cost was distributed almost equally between the two main factors of production : Rs 6,800 Million as compensation of employees and Rs 6,900 Million as gross operating surplus.

3. YEAR 1986 (Revised forecast)

For the third year running, the economy is expected to achieve substantial growth. After a real increase of 6.5% last year, it was estimated in March of this year that GDP would rise by 4.6% in 1986. However, in the light of data obtained for the first nine months of the year, it is now believed that the rise in GDP initially forecast in the beginning of the year (Economic Indicators No.33) will be exceeded. In fact, conditions are all set for the economy to grow by around 5.5% this year. The cumulative growth rate of the economy for the four years to 1986 measured at constant 1982 prices, will thus work out to over 18%.

Consequent to this growth pace, it can now be ascertained that the timid signs of recovery witnessed in 1984 will persist and lead to a consolidation of the economy on a sound structural base.

AGRICULTURE

The agricultural sector will achieve a favourable performance in 1986, growing by 3% in real terms, mainly as a result of a bumper sugar harvest. The good climatic conditions prevailing during the season coupled with a relatively satisfactory extraction rate points towards a cane crop that will bring about a sugar production hovering around 700,000 tonnes. In fact, as at 13 September, 3.29 million tonnes of cane were crushed and with an extraction rate averaging 11.69% for the island, 384,844 tonnes of sugar were produced. It is worth noting that during the corresponding period last year, the extraction rate was 11.37% and 3.35 million tonnes of cane were crushed which yielded only 380,756 tonnes of sugar.

MANUFACTURING

Indicators of industrialisation clearly show the continued dynamism of the manufacturing sector. In 1986, value added of that sector at constant 1982 prices, is poised to grow by over 12%. The EPZ continues

to remain the driving force in that sector with an annual volume increase of 25% instead of 18% forecast earlier.

During the first half of 1986, 12,000 additional jobs were created in that sector. The 53 new firms that have come into operation during the same period have brought the total EPZ firms to 343. Moreover, EPZ exports as at June 30 amounted to Rs 2,200 m. According to information available, this represents less than 50% of total EPZ exports projected for the year. It seems evident, therefore, that the increased vitality shown by the EPZ in the preceding two years will persist in 1986.

TOURISM

Prompted by the tourism industry, the restaurants and hotels sector is expected to thrive by around 12%. During the first six months, 75,770 tourists have visited the country compared to 67,980 for the same period last year. Both the room and bed occupancy rates have also increased, the former rising from 69% to 71% and the latter moving up from 57% to 61%. As such, tourism earnings have surged from Rs 410 to Rs 570 m.

These data confirm the projections that tourist influx by the end of the year will amount to 165,000, while gross tourism earnings may well exceed the RS 1,000 million mark for the first time.

GROSS DOMESTIC FIXED CAPITAL FORMATION (GDFCF)

An intensification of the investment promotion campaigns by Government, the extensive package of incentives offered to potential investors, and increased investment in "other transport equipment" are expected to increase further total investment in the economy. GDFCF is, in fact, reckoned to grow from a revised 10% in 1985 to 11.5% this year. Investment in "machinery and other equipment" is expected to absorb about 32% of total economy.

investment, hence confirming the diversion of resources towards the productive sectors of the economy.

CONSUMPTION AND SAVINGS

Private consumption expenditure which rose by 4.6% in 1985 is expected to increase by 3.0% this year. In contrast, Government expenditure may undergo a higher rate of increase than in the previous year from 0.7% to 1.4%. As a percentage of GDP at market prices, however, aggregate consumption expenditure is estimated to decline from 79.2% to about 76%.

At the same time, the savings ratio (Gross Domestic Savings/GDP at mp) will continue its upward movement from 20.8% to about 24%.

Table 1 - Main National Accounts Aggregates, 1983 - 1986

Main aggregates	Unit	1983	1984	1985	1986
1. Gross domestic product (G.D.P.) at factor cost	Rs Mn	10,613	12,050	13,700	15,040
Gross domestic product at market prices	"	12,763	14,360	16,380	17,970
Net factor income from the rest of the world	"	- 485	- 626	- 700	- 660
Gross national product (G.N.P.) at factor cost	"	10,128	11,424	13,000	14,380
Gross national product at market prices	"	12,278	13,734	15,680	17,310
2. Per capita GNP at factor cost	Rs	10,456	11,691	13,195	14,455
Per capita GNP at market prices	"	12,676	14,055	15,915	17,401
3. Compensation of employees	Rs Mn	5,400	5,975	6,800	7,460
4. Final consumption expenditure	"	10,580	11,726	12,965	13,670
of which private	"	(8,874)	(9,891)	(11,035)	(11,590)
public	"	(1,706)	(1,835)	(1,930)	(2,080)
5. Gross domestic fixed capital formation (GDFCF)	"	2,300	2,595	3,110	3,650
of which private	"	(1,485)	(1,770)	(2,110)	(2,450)
public	"	(815)	(825)	(1,000)	(1,200)
6. Gross domestic savings	"	2,183	2,634	3,415	4,300
7. Net exports of goods and non-factor services	"	- 46	- 481	- 244	+ 630
Exports of goods and non-factor services	"	5,953	6,989	8,868	10,970
Imports of goods and non-factor services	"	5,999	7,470	9,132	10,340

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Table 2 - Derived rates and ratios (%), 1983.-1986

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
1. <u>Annual growth rate of</u>				
Gross domestic product (GDP) at factor cost	+ 0.4	+ 4.7	+ 6.5	+ 5.5
Final consumption expenditure : Private	+ 2.0	+ 4.5	+ 4.6	+ 3.0
Government	+ 2.5	+ 3.7	+ 0.7	+ 1.4
Gross domestic fixed capital formation (GDFCF)	+ 3.2	+ 6.1	+ 10.1	+ 11.5
2. <u>Ratios</u>				
Compensation of employees as a % of GDP at factor cost	50.9	49.6	49.6	49.6
Aggregate consumption expenditure as a % of GDP at market prices	82.9	81.7	79.2	76.1
Private consumption expenditure as a % of GDP at market prices	69.5	68.9	67.4	64.5
Public consumption expenditure as a % of GDP at market prices	13.4	12.8	11.8	11.6
GDFCF as a % of GDP at market prices	18.0	18.0	19.0	20.3
Private GDFCF as a % of GDP at market prices	11.6	12.3	12.9	13.6
Public GDFCF as a % of GDP at market prices	6.4	5.7	6.1	6.7
Gross domestic savings as a % of GDP at market prices	17.1	18.3	20.8	23.9

^{1/} Final estimates

^{2/} Provisional estimates

^{3/} Revised forecast

Table 3 - Gross domestic product by industry group at current factor cost, 1983 - 1986

Rs Million

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
Agriculture, hunting, forestry & fishing	1,465	1,736	2,080	2,145
of which sugar	(1,010)	(1,166)	(1,495)	(1,545)
other	(455)	(570)	(585)	(600)
/ Mining and quarrying	18	19	20	20
/ Manufacturing	1,678	2,183	2,740	3,320
of which sugar	(265)	(326)	(400)	(415)
E.P.Z.	(548)	(865)	(1,300)	(1,800)
other	(865)	(992)	(1,040)	(1,105)
/ Electricity, gas and water	245	296	425	485
/ Construction	655	690	775	845
Wholesale & retail trade & restaurants and hotels	1,455	1,640	1,840	2,015
of which wholesale and retail	(1,180)	(1,300)	(1,430)	(1,535)
restaurants and hotels	(275)	(340)	(410)	(480)
Transport, storage & communications	1,230	1,372	1,470	1,575
Financing, insurance, real estate and business services	1,890	2,050	2,175	2,295
of which ownership of dwellings	(1,360)	(1,460)	(1,535)	(1,610)
other	(530)	(590)	(640)	(685)
Producers of government services	1,327	1,379	1,460	1,590
Other services	650	685	715	750
Gross domestic product at factor cost	10,613	12,050	13,700	15,040
Indirect taxes (net of subsidies)	2,150	2,310	2,680	2,930
Gross domestic product at market prices	12,763	14,360	16,380	17,970

1/ Final estimates

2/ Provisional estimates

3/ Revised forecast

Table 4 - Gross domestic product by industry group at constant 1982 prices, 1983 - 1986

Rs Million

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
Agriculture, hunting, forestry & fishing	1,331	1,341	1,491	1,539
of which sugar	(912)	(876)	(1,007)	(1,040)
other	(419)	(465)	(484)	(499)
Mining and quarrying	17	17	17	17
Manufacturing	1,576	1,768	2,014	2,263
of which sugar	(250)	(244)	(281)	(291)
E.P.Z.	(489)	(650)	(845)	(1,056)
other	(837)	(874)	(888)	(916)
Electricity, gas and water	243	267	307	342
Construction	633	646	691	732
Wholesale & retail trade & restaurants and hotels	1,373	1,455	1,525	1,614
of which wholesale and retail	(1,118)	(1,163)	(1,210)	(1,261)
restaurants and hotels	(255)	(292)	(315)	(353)
Transport, storage & communications	1,151	1,209	1,247	1,297
Financing, insurance, real estate and business services	1,312	1,872	1,927	1,935
of which ownership of dwellings	(1,302)	(1,335)	(1,367)	(1,408)
other	(510)	(537)	(560)	(577)
Producers of government services	1,300	1,320	1,350	1,380
Other services	627	646	653	666
Gross domestic product at factor cost	10,063	10,541	11,222	11,835
% annual real growth rate of gross domestic product	+0.4	+4.7	+6.5	+5.5

1/ Final estimates

2/ Provisional estimates

3/ Revised forecast

Table 5 - Gross domestic product by industry group - sectoral real growth rates, 1983 - 1986

(Base year 1982 = 100)

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
Agriculture, hunting, forestry & fishing	87.0	87.6	97.5	100.6
of which sugar	(80.0)	(76.8)	(88.3)	(91.2)
other	(107.4)	(119.2)	(124.1)	(127.9)
Mining and quarrying	100.0	100.0	100.0	100.0
Manufacturing	101.0	113.3	129.1	145.1
of which sugar	(79.9)	(78.0)	(89.8)	(93.0)
E.P.Z.	(108.9)	(144.8)	(188.2)	(235.2)
other	(104.9)	(109.5)	(111.3)	(114.8)
Electricity, gas and water	93.5	102.7	118.1	131.5
Construction	101.3	103.4	110.6	117.1
Wholesale & retail trade & restaurants and hotels	106.4	112.8	118.2	125.1
of which wholesale and retail	(106.5)	(110.8)	(115.2)	(120.1)
restaurants & hotels	(106.3)	(121.7)	(131.3)	(147.1)
Transport, storage and communications	103.5	108.7	112.1	116.6
Financing, insurance, real estate and business services	103.2	106.7	109.8	113.1
of which ownership of dwellings	(102.5)	(105.1)	(107.6)	(110.9)
other	(105.2)	(110.7)	(115.5)	(119.0)
Producers of government services	102.0	103.5	105.9	108.2
Other services	105.2	108.4	109.6	111.7
Gross domestic product at factor cost	100.4	105.2	112.0	118.1
% Annual real growth rate of gross domestic product	+ 0.4	+ 4.7	+ 6.5	+ 5.5

1/ Final estimates

2/ Provisional estimates

3/ Revised forecast

Table 6 - Gross domestic product by industry group - sectoral deflators, 1983-1986

(Base year 1982 = 100)

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
Agriculture, hunting, forestry & fishing	110.1	129.5	139.5	139.4
of which sugar	(110.7)	(133.1)	(148.5)	(148.6)
other	(108.6)	(122.6)	(120.9)	(120.2)
Mining and quarrying	105.9	111.8	117.6	117.6
Manufacturing	106.5	123.5	136.0	146.7
of which sugar	(106.0)	(133.6)	(142.3)	(142.6)
E.P.Z.	(112.1)	(133.1)	(153.8)	(170.5)
other	(103.3)	(113.5)	(117.1)	(120.6)
Electricity, gas and water	100.8	110.9	138.4	141.8
Construction	103.5	106.8	112.2	115.4
Wholesale & retail trade & restaurants & hotels	106.0	112.7	120.7	124.8
of which wholesale and retail	(105.5)	(111.8)	(118.2)	(121.7)
restaurants and hotels	(107.8)	(116.4)	(130.2)	(136.0)
Transport, storage and communications	106.9	113.5	117.9	121.4
Financing, insurance, real estate and business services	104.3	109.5	112.9	115.6
of which ownership of dwellings	(104.5)	(109.4)	(112.3)	(114.3)
other	(103.9)	(109.9)	(114.3)	(118.7)
Producers of government services	102.1	104.5	108.1	115.2
Other services	103.7	106.0	109.5	112.6
Gross domestic product at factor cost	105.5	114.3	122.1	127.1

^{1/} Final estimates

^{2/} Provisional estimates

^{3/} Revised forecast

Table 7 - Expenditure on gross domestic product at current prices, 1983 - 1986

Rs Million

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{2/}
Private consumption expenditure on goods and services	8,874	9,891	11,035	11,590
General government consumption expenditure on goods and services	1,706	1,835	1,930	2,080
Gross domestic fixed capital formation of private enterprises	1,485	1,770	2,110	2,450
Gross domestic fixed capital formation of government and public enterprises	815	825	1,000	1,200
Increase in stocks	- 71	+ 520	+ 549	+ 20
Exports of goods and non-factor services	5,953	6,989	8,888	10,970
Goods (f.o.b. value)	(4,346)	(5,201)	(6,632)	(8,455)
Non-factor services	(1,607)	(1,788)	(2,256)	(2,515)
Less Imports of goods and non-factor services	5,999	7,470	9,132	10,340
Goods (f.o.b. value)	(4,516)	(5,727)	(6,988)	(8,090)
Non-factor services	(1,483)	(1,743)	(2,144)	(2,250)
Gross domestic product at market prices	12,763	14,360	16,380	17,970

1/ Final estimates
 2/ Provisional estimates
 2/ Revised forecast

Table 8 - Expenditure on gross domestic product at constant 1982 prices, 1983 - 1986

(Rs million)

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
Private consumption expenditure on goods and services	8,463	8,844	9,250	9,400
General government consumption expenditure on goods and services	1,665	1,727	1,739	1,763
Gross domestic fixed capital formation of private enterprises	1,401	1,573	2,533	2,824
Gross domestic fixed capital formation of government and public enterprises	766	727		
Increase in stocks	2 167	+ 220	+ 534	...
Exports of goods and non-factor services	5,580	5,810	6,639	...
Goods (f.o.b. value)	(4,022)	(4,235)	(4,866)	(...)
Non-factor services	(1,558)	(1,575)	(1,773)	(...)
Less Imports of goods and non-factor services	6,035	6,578	7,571	...
Goods (f.o.b. value)	(4,443)	(4,843)	(5,574)	(...)
Non-factor services	(1,592)	(1,735)	(1,997)	(...)
Gross domestic product at market prices	11,770	12,323	13,124	13,846

1/ Final estimates

2/ Provisional estimates

3/ Revised forecast

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Table 9 - Cost components of the gross domestic product at current prices

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
Compensation of employees of which paid by government	5,400 (1,547)	5,975 (1,604)	6,800 (1,690)	7,460 (1,840)
Operating surplus of which government industries	5,213 (61)	6,075 (67)	6,900 (92)	7,580 (100)
Consumption of fixed capital
Gross domestic product at factor cost	10,613	12,050	13,700	15,040
Net indirect taxes	2,150	2,310	2,680	2,930
Indirect taxes paid	(2,180)	(2,355)	(2,730)	(2,985)
Subsidies received	(-30)	(-45)	(-50)	(-55)
Gross domestic product at market prices	12,763	14,360	16,380	17,970

1/ Final estimates

2/ Provisional estimates

3/ Revised forecast

Table 10 - Composition of gross domestic fixed capital formation at current prices
1983 - 1986

(Rs Million)

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
<u>A. By type of capital goods</u>				
(a) Residential buildings	700	740	730	770
(b) Non-residential buildings	277	350	625	675
(c) Other construction and works	527	495	415	500
(d) Transport equipment				
(i) Passenger cars	40	56	87	104
(ii) Other equipment	111	145	205	345
(e) Machinery and other equipment	645	809	1,048	1,256
Gross domestic fixed capital formation	2,300	2,595	3,110	3,650
<u>B. By industrial use</u>				
1. Agriculture, hunting, forestry and fishing	102	123	130	135
2. Mining and quarrying	-	-	-	-
3. Manufacturing	337	503	755	935
4. Electricity, gas and water	467	316	260	275
5. Construction	36	29	55	70
6. Wholesale & retail trade and restaurants and hotels	131	184	325	320
7. Transport, storage and communications	330	453	495	790
8. Financing, insurance, real estate and business services	744	788	810	865
of which ownership of dwellings	(700)	(740)	(730)	(770)
9. Producers of government services	90	104	150	135
10. Other services	63	95	130	125
Gross domestic fixed capital formation	2,300	2,595	3,110	3,650

1/ Final estimates

2/ Provisional estimates

3/ Revised forecast

Table 11 - Composition of gross domestic fixed capital formation at constant 1982 prices, 1983 - 1986

(Rs Million)

	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
<u>A. By type of capital goods</u>				
(a) Residential buildings	667	662	631	652
(b) Non-residential buildings	263	311	531	551
(c) Other construction and works (including land improvement)	502	445	355	409
(d) Transport equipment				
(i) Passenger cars	35	42	57	68
(ii) Other equipment	101	125	143	230
(e) Machinery and other equipment	599	715	816	914
Gross domestic fixed capital formation	2,167	2,300	2,533	2,824
<u>B. By industrial use</u>				
1. Agriculture, hunting, forestry and fishing	107	122	119	118
2. Mining and quarrying	-	-	-	-
3. Manufacturing	314	442	590	690
4. Electricity, gas and water	438	280	212	213
5. Construction	33	25	40	48
6. Wholesale & retail trade and restaurants and hotels	123	162	265	249
7. Transport, storage and communications	300	388	385	583
8. Financing, insurance, real estate and business services	708	704	694	723
of which ownership of dwellings	(667)	(662)	(631)	(652)
9. Producers of government services	84	91	122	105
10. Other services	60	86	106	95
Gross domestic fixed capital formation	2,167	2,300	2,533	2,824

1/ Final estimates

2/ Provisional estimates

3/ Revised forecast

Table 12 - Gross domestic fixed capital formation - real growth rates, 1983 - 1986
(Base year 1982 = 100)

Type of capital goods	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
Residential buildings	90.7	90.1	85.9	88.7
Non-residential buildings	107.3	126.9	216.7	224.9
Other construction and works (including land improvement)	104.6	92.7	74.0	85.2
Transport equipment				
(i) Passenger cars	77.8	93.3	126.7	151.1
(ii) Other equipment	134.7	166.7	190.7	306.7
Machinery and other equipment	115.2	137.5	156.9	175.8
Gross domestic fixed capital formation	103.2	109.5	120.6	134.5
% annual real growth rate of Gross domestic fixed capital formation	+ 3.2	+ 6.1	+ 10.1	+ 11.5

Table 13 - Gross domestic fixed capital formation - deflators by type of capital goods
1983 - 1986

(Base year 1982 = 100)

Type of capital goods	1983	1984 ^{1/}	1985 ^{2/}	1986 ^{3/}
Residential buildings	104.9	111.7	115.7	118.1
Non-residential buildings	105.3	112.5	117.7	122.5
Other construction and works (including land improvement)	105.0	111.2	116.9	122.2
Transport equipment				
(i) Passenger cars	114.3	133.3	152.6	152.9
(ii) Other equipment	109.9	116.0	143.4	150.0
Machinery and other equipment	107.7	113.1	128.4	137.4
Gross domestic fixed capital formation	106.1	112.8	122.8	129.2

1/ Final estimates

2/ Provisional estimates

3/ Revised forecast