

# National Accounts Aggregates

## (1988 - 1991)

### 1. General

The main National Accounts tables, which provide key indicators on the performance of the economy, are prepared and published twice yearly, namely in March and September. This issue (March) contains revised estimates for the year 1989, preliminary estimates for 1990 and a first forecast for the current year 1991.

The overall growth rate of the economy for the year 1989 has been revised upwards to 4.4% rather than the 3.8% estimated last year, following higher growths registered in the EPZ Sector, (+6% instead of +4%) and the 'Other' Manufacturing Sector (+9% instead of +6%).

Preliminary data available on output produced in 1990 indicate that all sectors have sustained relatively higher growths. It is estimated that the overall growth last year was around 7%, a little higher than the forecast of 6.3% made in September 1990. The EPZ and the Tourism Sectors' growth were higher than expected: EPZ Exports reached around 11,450 million and tourists arrivals, around 292,000.

On the basis of past trends and information available, as at March 1991, on the likely performance of the main economic sectors, the economy in 1991, is forecast to grow by around 4.5%.

### 2. Output, 1990

#### 2.1 Sectoral Growth

GDP at factor cost increased to Rs 31,100 million from Rs 26,800 million in 1989. Analysis of value added by sector shows that the contribution of the Agricultural Sector to GDP was 12%, the Industrial Sector, (Manufacturing, Electricity and water and Construction) 33% and the Services Sector, 55%.

Almost all sectors recorded positive growth rates:-

After three successive years of negative growth, the Sugar Sector recovered partially in 1990 growing by 11%. Production of sugar reached 624,000 tonnes as compared to 568,000 tonnes in 1989.

The EPZ Sector picked up from the slow down registered in 1989 with growth rate rising from 6% to 9%, and exports increasing by more than 25% in nominal terms, from Rs 9,060 million to Rs 11,400 million.

The Tourism Sector continued on its upward trend with a growth rate of 10%. Some 292,000 tourists visited the country bringing Rs 3,500 million of gross foreign exchange earnings.

The Construction Sector sustained a growth of 12%, a fact reflected in the high sales of cement recorded in 1990, 453,000 tonnes as against 385,000 tonnes in 1989.

The Transport, Storage and Communications Sector and the Finance, insurance and business services Sector fared well with a growth rate of 7% and 8% respectively.

## 2.2 Cost Component of GDP

Compensation of employees as a proportion of GDP at factor cost remained at the previous year's level, i.e. at 48% and amounted to Rs 14,900 million of which Rs 3,755 million was paid out by General Government. Gross Operating Surplus (including depreciation) amounted to Rs 16,170 million.

## 2.3 Consumption and Savings

Aggregate final consumption expenditure reached Rs 29,000 million as against Rs 24,600 million in 1989, i.e. an increase of 18% in nominal terms. After removing the effects of price changes, this represents a real growth of 4.8% as compared to 6.3% in 1989 and 8% in 1988.

Gross Domestic Savings amounted to Rs 7,900 million and the Savings Rate, which is the ratio of Savings to GDP at market prices, dropped to 21.4% from 23.1% in 1989 and 25.5% in 1988.

## 2.4 Investment

There was a significant surge in Investment as measured by Gross Domestic Fixed Capital Formation (GDFCF). Investment expenditure reached Rs 11,600 million from Rs 8,565 million in 1989, recording an increase of nearly 21% in real terms. This high level of investment which represented more than 31% of GDP at market prices as compared to 27% in 1989, is mainly attributable to the purchase of aircraft and marine vessel by the public sector. The latter consequently saw its share of GDFCF rising to 36% from 27% in the previous year. Exclusive of aircraft and marine vessel, the growth rate of GDFCF works out to 13.2% as against 9.8% in 1989 and 17% in 1988.

The composition of GDFCF by type of goods is given below:

<u>Type of Goods</u>	<u>Investment 1990 (Rs Mn)</u>	
	Value	Real growth rate
Residential Buildings	2,045	+ 20%
Non-residential buildings	2,060	+ 11%
Other construction and works	1,415	+ 20%
Transport equipment	2,270	+ 72%
Machinery and equipment (other than transport equipment)	3,810	+ 7%
<u>Total GDFCF</u>	<u>11,600</u>	<u>+ 21%</u>

Investment in the EPZ Sector dropped to Rs 750 million from Rs 900 million in 1989. On the other hand, investment in new hotels and renovation or extension of existing ones continued to rise, reaching Rs 1,260 million from Rs 800 million in 1989. Investment in the Transport, storage and communications Sector rose significantly from Rs 1,855 million to Rs 3,275 million.

### 3. Output 1991 (forecast)

#### 3.1 Sectoral Growth

A forecasting exercise was carried out for the year 1991 on the basis of past trends and other sources of information available as at March 1991. It is likely that the economy this year will grow by around 4.5% compared to around 7% in 1990.

#### Main Assumptions - Forecast 1991

<u>Sector</u>	<u>Real Growth Rate</u>	<u>Assumptions</u>
Sugar sector	- 4%	A reduced sugar crop of 600,000 tonnes, taking into account the effect of drought that prevailed during the vegetative stage of the 1991 crop.
EPZ sector	+ 7%	EPZ exports will continue on its upward trend and attain Rs 13,000 million.
Tourism sector	+ 8%	Tourist arrivals which was initially affected by the outbreak of the Gulf War at the beginning of the year will pick up to reach 315,000

In nominal terms, GDP at factor cost will increase by 12% to reach around Rs 34,800 million. Indirect taxes net of subsidies will yield some Rs 6,500 million, bringing GDP at market prices to Rs 41,300 million.

#### 3.2 Compensation of Employees

Compensation of employees is expected to increase by some Rs 2,000 million to reach Rs 16,900 million, with the share of General Government amounting to Rs 4,220 million.

#### 3.3 Consumption, Savings and Investment

Aggregate final consumption expenditure is expected to continue on its uptrend with, however, a lower growth of around 3% to reach Rs 32,400 million. As a percentage of GDP at market prices, total consumption is expected to stay at 78.5%.

Consequently Gross Domestic Savings will reach Rs 8,900 million and the savings rate will remain at the same level as last year i.e. at 21.5%.

A forecast of GDFCF, based on data on investment intentions by the public sector, on-going projects and past trends indicates that some Rs 11,700 million will be invested in 1991. In real terms GDFCF will drop by 4% over 1990. However, excluding investment in aircraft and marine vessel, GDFCF will continue to grow but at a reduced rate of 7% in 1991. The share of the public sector will drop slightly to 34% and will amount to Rs 4,000 million.

Fig. 1

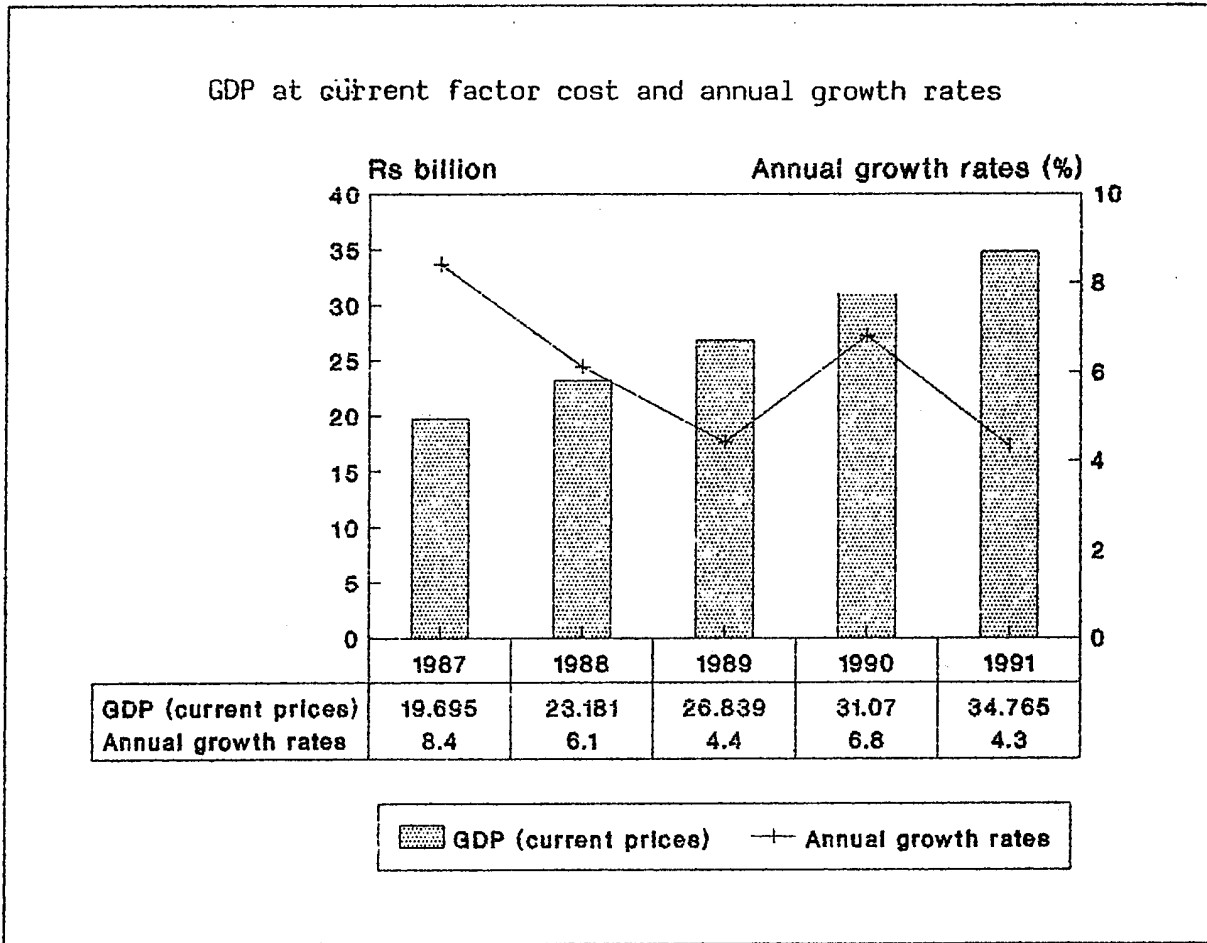


Fig. 2

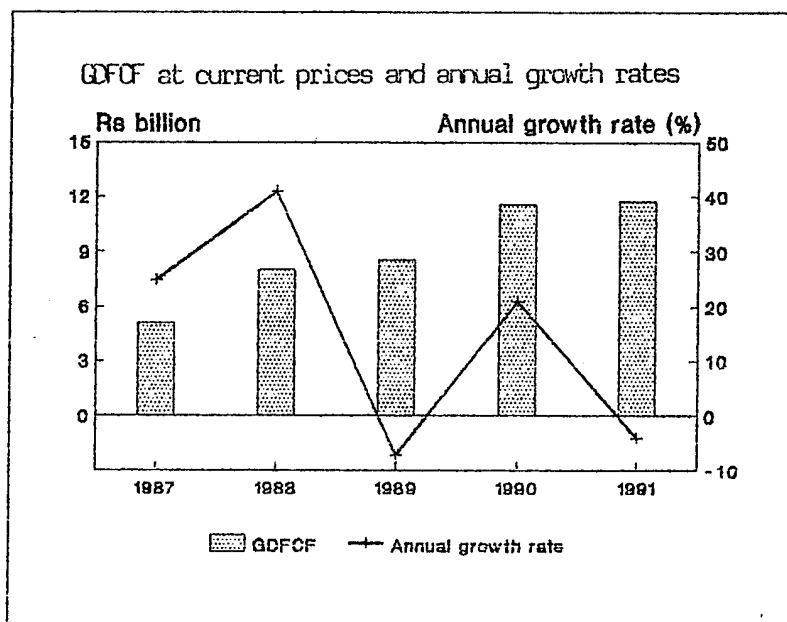


Table 1 - National Accounts - Main aggregates, 1988 - 1991

Main aggregates	Unit	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
1. Gross domestic product (GDP) at factor cost	Rs Mn	23,181	26,839	31,070	34,765
Gross domestic product at market prices	"	27,803	32,015	36,945	41,265
Net factor income from the rest of the world	"	- 593	- 303	- 170	- 175
Gross national product (GNP) at factor cost	"	22,588	26,536	30,900	34,590
Gross national product at market prices	"	27,210	31,712	36,775	41,090
2. Per capita GNP at factor cost	Rs	22,219	25,843	29,803	33,037
Per capita GNP at market prices	"	26,766	30,884	35,470	39,245
3. Compensation of employees	Rs Mn	10,915	12,900	14,900	16,900
4. Final consumption expenditure	"	20,724	24,635	29,025	32,390
private	"	(17,215)	(20,705)	(24,565)	(27,330)
government	"	(3,509)	(3,930)	(4,460)	(5,060)
5. Gross domestic fixed capital formation (GDFCF)	"	7,990 <sup>4/</sup>	8,565	11,600 <sup>4/</sup>	11,760
private sector	"	(4,610)	(6,280)	(7,460)	(7,760)
public sector	"	(3,380) <sup>4/</sup>	(2,285)	(4,140) <sup>4/</sup>	(4,000)
6. Gross domestic savings	"	7,079	7,380	7,920	8,875
7. Net exports of goods and non-factor services	"	- 1,423	- 2,474	- 3,276	- 2,400
Exports of goods and non-factor services	"	18,565	21,347	24,864	27,600
Imports of goods and non-factor services	"	19,988	23,821	28,140	30,000

<sup>1/</sup> revised estimates

<sup>2/</sup> preliminary estimates

<sup>3/</sup> forecast

<sup>4/</sup> includes purchase of aircraft and marine vessel

Table 2 - Derived rates and ratios, 1988 - 1991

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
1. Annual real growth rate of (%):				
Gross domestic product (GDP) at factor cost	+ 6.1	+ 4.4	+ 6.8	+ 4.3
Final consumption expenditure	+ 8.0	+ 6.3	+ 4.8	+ 3.1
Private	+ 8.6	+ 6.8	+ 5.0	+ 3.0
Government	+ 5.2	+ 3.5	+ 4.0	+ 4.0
Gross domestic fixed capital formation (GDFCF)	+ 41.0 <sup>4/</sup>	- 7.1	+ 20.8 <sup>4/</sup>	- 4.1
GDFCF (excluding aircraft and marine vessel)	+ 17.0	+ 9.8	+ 13.2	+ 6.9
2. Ratios				
Compensation of employees as a % of GDP at factor cost	47.1	48.1	48.0	48.6
Final consumption expenditure as a % of GDP at market prices	74.5	76.9	78.6	78.5
Private	61.9	64.6	66.5	66.2
Government	12.6	12.3	12.1	12.3
GDFCF as a % of GDP at market prices	28.7 <sup>4/</sup>	26.8	31.4 <sup>4/</sup>	28.5
Public sector's investment as a % of GDFCF	42.3 <sup>4/</sup>	26.7	35.7 <sup>4/</sup>	34.0
Gross domestic savings as a % of GDP at market prices	25.5	23.1	21.4	21.5

<sup>1/</sup> revised estimates

<sup>2/</sup> preliminary estimates

<sup>3/</sup> forecast

<sup>4/</sup> includes purchase of aircraft and marine vessel

Table 3 - Gross domestic product by industry group at current factor cost, 1988 - 1991

Rs Million

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
Agriculture, hunting, forestry and fishing	3,067	3,385	3,820	3,890
Sugar	(2,177)	(2,355)	(2,640)	(2,540)
Other	( 890)	(1,030)	(1,180)	(1,350)
Mining and quarrying	27	30	35	40
Manufacturing	5,627	6,365	7,450	8,377
Sugar	( 597)	( 652)	( 730)	( 702)
E.P.Z.	(3,125)	(3,450)	(4,070)	(4,615)
Other	(1,905)	(2,263)	(2,650)	(3,060)
Electricity, gas and water	517	577	540	640
Construction	1,370	1,720	2,185	2,455
Wholesale & retail trade, restaurants and hotels	3,785	4,540	5,390	6,225
Wholesale and retail trade	(3,125)	(3,725)	(4,390)	(5,025)
Restaurants and hotels	( 660)	( 815)	(1,000)	(1,200)
Transport, storage and communication	2,425	2,915	3,340	3,770
Financing, insurance, real estate and business services	2,723	3,150	3,580	4,040
Ownership of dwellings	(1,715)	(1,900)	(2,095)	(2,310)
Other	(1,008)	(1,250)	(1,485)	(1,730)
Producers of government services	2,680	2,985	3,360	3,773
Other services	960	1,172	1,370	1,555
Gross domestic product at factor cost	23,181	26,839	31,070	34,765
Indirect taxes (net of subsidies)	4,622	5,176	5,875	6,500
Gross domestic product at market prices	27,803	32,015	36,945	41,265

<sup>1/</sup> revised estimates

<sup>2/</sup> preliminary estimates

<sup>3/</sup> forecast

Table 4 - Gross domestic product by industry group at constant 1987 prices,

1988 - 1991

Rs Million

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
Agriculture, hunting, forestry and fishing	2,732	2,518	2,736	2,700
Sugar	(1,924)	(1,684)	(1,869)	(1,798)
Other	(808)	(834)	(867)	(902)
Mining and quarrying	26	27	28	30
Manufacturing	5,225	5,478	5,935	6,266
Sugar	(608)	(532)	(590)	(568)
E.P.Z.	(2,895)	(3,069)	(3,345)	(3,579)
Other	(1,722)	(1,877)	(2,000)	(2,119)
Electricity, gas and water	509	569	563	602
Construction	1,223	1,357	1,520	1,596
Wholesale & retail trade, restaurants and hotels	3,305	3,552	3,774	3,984
Wholesale and retail trade	(2,706)	(2,896)	(3,052)	(3,204)
Restaurants and hotels	(599)	(656)	(722)	(780)
Transport, storage and communication	2,262	2,429	2,599	2,729
Financing, insurance, real estate and business services	2,599	2,735	2,856	2,970
Ownership of dwellings	(1,644)	(1,685)	(1,722)	(1,756)
Other	(955)	(1,050)	(1,134)	(1,214)
Producers of government services	2,116	2,193	2,280	2,372
Other services	907	966	1,015	1,055
Gross domestic product at factor cost	20,904	21,824	23,306	24,304
Indirect taxes (net of subsidies)	4,269	4,415	4,676	4,877
Gross domestic product at market prices (Production approach)	25,173	26,239	27,982	29,181

<sup>1/</sup> revised estimates

<sup>2/</sup> preliminary estimates

<sup>3/</sup> forecast



Table 5 - Gross domestic product by industry group - sectoral growth rates  
(indices), 1988 - 1991 (Base year : 1987 = 100)

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
Agriculture, hunting, forestry and fishing	94.7	87.3	94.9	93.6
Sugar	(90.6)	(79.3)	(88.0)	(84.7)
Other	(106.3)	(109.7)	(114.1)	(116.7)
Mining and quarrying	104.0	108.0	112.0	120.0
Manufacturing	107.9	113.2	122.6	129.4
Sugar	(89.9)	(78.7)	(87.3)	(84.0)
E.P.Z	(112.0)	(118.7)	(129.4)	(138.5)
Other	(109.0)	(118.8)	(126.6)	(134.1)
Electricity, gas and water	103.9	116.1	114.9	122.9
Construction	117.0	129.9	145.5	152.7
Wholesale & retail trade, restaurants and hotels	111.6	119.9	127.4	134.5
Wholesale and retail trade	(111.5)	(119.3)	(125.8)	(132.0)
Restaurants and hotels	(112.0)	(122.6)	(135.0)	(145.8)
Transport, storage and communication	109.0	117.1	125.3	131.5
Financing, insurance, real estate and business services	104.7	110.2	115.1	119.7
Ownership of dwellings	(102.1)	(104.7)	(107.0)	(109.1)
Other	(109.5)	(120.4)	(130.0)	(139.2)
Producers of government services	104.0	107.8	112.0	116.6
Other services	106.0	112.9	118.6	123.2
Gross domestic product at factor cost	106.1	110.8	118.3	123.4
Annual growth rate of the gross domestic product (%)	+6.1	+4.4	+6.8	+4.3

1/ revised estimates

2/ preliminary estimates

3/ forecast

Table 6 - Gross domestic product by industry group - sectoral deflators, 1988 - 1991

(Base year : 1987 = 100)

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
Agriculture, hunting, forestry and fishing	112.3	134.4	139.6	144.1
Sugar	(113.1)	(139.8)	(141.3)	(141.3)
Other	(110.1)	(123.5)	(136.1)	(149.7)
Mining and quarrying	103.8	111.1	125.0	133.3
Manufacturing	107.7	116.2	125.5	133.7
Sugar	(98.2)	(122.6)	(123.7)	(123.6)
E.P.Z	(107.9)	(112.4)	(121.7)	(128.9)
Other	(110.6)	(120.6)	(132.5)	(144.4)
Electricity, gas and water	101.6	101.4	95.9	106.3
Construction	112.0	126.8	143.8	153.8
Wholesale & retail trade, restaurants and hotels	114.5	127.8	142.8	156.2
Wholesale and retail trade	(115.5)	(128.6)	(143.8)	(156.8)
Restaurants and hotels	(110.2)	(124.2)	(138.5)	(153.8)
Transport, storage and communication	107.2	120.0	128.5	138.1
Financing, insurance, real estate and business services	104.8	115.2	125.4	136.0
Ownership of dwellings	(104.3)	(112.8)	(121.7)	(131.5)
Other	(105.5)	(119.0)	(131.0)	(142.5)
Producers of government services	126.7	136.1	147.4	159.1
Other services	105.8	121.3	135.0	147.4
Gross domestic product at factor cost deflator	110.9	123.0	133.3	143.0

1/ revised estimates

2/ preliminary estimates

3/ forecast

Table 7 - Expenditure on gross domestic product at current prices, 1988 - 1991

Rs Million

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
Private consumption expenditure on goods and services	17,215	20,705	24,565	27,330
General government consumption expenditure on goods and services	3,509	3,930	4,460	5,060
Gross domestic fixed capital formation of the private sector	4,610	6,280	7,460	7,760
Gross domestic fixed capital formation of the public sector	3,380 <sup>4/</sup>	2,285	4,140 <sup>4/</sup>	4,000
Increase in stocks**	+512	+1,289	-404	-485
Exports of goods and non-factor services	18,565	21,347	24,864	27,600
Goods (f.o.b value)	(13,455)	(15,164)	(17,500)	(19,100)
Non-factor services	(5,110)	(6,183)	(7,364)	(8,500)
Less Imports of goods and non-factor services	19,988	23,821	28,140	30,000
Goods (f.o.b value)	(15,628)	(18,384)	(21,924)	(22,800)
Non-factor services	(4,360)	(5,437)	(6,216)	(7,200)
Gross domestic product at market prices	27,803	32,015	36,945	41,265

<sup>1/</sup> revised estimates

<sup>2/</sup> preliminary estimates

<sup>3/</sup> forecast

<sup>4/</sup> includes purchase of aircraft and marine vessel

\*\* includes all statistical discrepancies

Table 8 - Expenditure on gross domestic product at constant 1987 prices, 1988 - 1991

Rs Million

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
Private consumption expenditure on goods and services	15,633	16,696	17,531	18,057
General government consumption expenditure on goods and services	2,863	2,964	3,082	3,205
Gross domestic fixed capital formation of the private sector*	4,140	4,890	5,160	5,100
Gross domestic fixed capital formation of the public sector*	3,035 <sup>4/</sup>	1,780	2,875 <sup>4/</sup>	2,625
Increase in stocks**	+125	+243	+637	+1,013
Exports of goods and non-factor services	17,531	18,110	18,979	19,681
Less Imports of goods and non-factor services	18,154	18,444	20,282	20,500
Gross domestic product at market prices	25,173	26,239	27,982	29,181

1/ revised estimates

2/ preliminary estimates

3/ forecast

4/ includes purchase of aircraft and marine vessel

\* proportionate to investment at current prices

\*\* includes all statistical discrepancies

Table 9 - Cost components of the gross domestic product at current prices, 1988 - 1991

Rs Million

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
Compensation of employees of which paid by government*	10,915 (3,050)	12,900 (3,365)	14,900 (3,755)	16,900 (4,220)
Operating surplus of which government industries	12,266 (79)	13,939 (37)	16,170 (60)	17,865 (...)
Consumption of fixed capital	...	...	...	...
Gross domestic product at factor cost	23,181	26,839	31,070	34,765
Net indirect taxes	4,622	5,176	5,875	6,500
Indirect taxes paid	(4,889)	(5,521)	(6,260)	(6,885)
Subsidies received	(267)	(345)	(385)	(385)
Gross domestic product at market prices	27,803	32,015	36,945	41,265

<sup>1/</sup> revised estimates

<sup>2/</sup> preliminary estimates

<sup>3/</sup> forecast

\*. Government includes producers of government services, government industries and departmental enterprises

Table 10 - Composition of gross domestic fixed capital formation at current prices,  
1988 - 1991

Rs Million

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
<b>A. By type of capital goods</b>				
(a) Residential buildings	1,075	1,495	2,045	2,600
(b) Non-residential buildings	1,215	1,620	2,060	2,100
(c) Other construction and works (including land improvement)	915	1,025	1,415	1,350
(d) Transport equipment				
(i) Passenger cars	295	380	475	500
(ii) Other equipment	1,970 <sup>4/</sup>	815	1,795 <sup>4/</sup>	650
(e) Machinery and other equipment	2,520	3,230	3,810	4,560
<b>Gross domestic fixed capital formation</b>	<b>7,990</b>	<b>8,565</b>	<b>11,600</b>	<b>11,760</b>
<b>B. By industrial use</b>				
1. Agriculture, hunting, forestry and fishing	230	200	230	285
2. Mining and quarrying	-	-	-	-
3. Manufacturing	1,875	2,130	2,140	2,100
4. Electricity, gas and water	455	605	420	1,015
5. Construction	165	250	470	310
6. Wholesale & retail trade, restaurants and hotels	750	1,305	1,095	1,810
7. Transport, storage and communication	2,860 <sup>4/</sup>	1,855	3,275 <sup>4/</sup>	2,540
8. Financing, insurance, real estate and business services	1,205	1,690	2,265	2,870
of which: ownership of dwellings	(1,075)	(1,495)	(2,045)	(2,600)
9. Producers of government services	275	325	760	670
10. Other services	175	205	145	160
<b>Gross domestic fixed capital formation</b>	<b>7,990</b>	<b>8,565</b>	<b>11,600</b>	<b>11,760</b>

<sup>1/</sup> revised estimates

<sup>2/</sup> preliminary estimates

<sup>3/</sup> forecast

<sup>4/</sup> includes purchase of aircraft and marine vessel

Table 11 - Composition of gross domestic fixed capital formation at constant 1987 prices, 1988 - 1991

Rs Million

	1988	1989 <sup>1/</sup>	1990 <sup>2/</sup>	1991 <sup>3/</sup>
A. By type of capital goods				
(a) Residential buildings	975	1,190	1,430	1,715
(b) Non-residential buildings	1,100	1,270	1,405	1,335
(c) Other construction and works (including land improvement)	820	815	980	880
(d) Transport equipment				
(i) Passenger cars	270	300	340	340
(ii) Other equipment	1,760 <sup>4/</sup>	630	1,260 <sup>4/</sup>	435
(e) Machinery and other equipment	2,250	2,465	2,640	3,020
Gross domestic fixed capital formation	7,175	6,670	8,055	7,725
B. By industrial use				
1. Agriculture, hunting, forestry and fishing	205	155	160	190
2. Mining and quarrying	-	-	-	-
3. Manufacturing	1,680	1,635	1,485	1,385
4. Electricity, gas and water	405	470	285	655
5. Construction	150	195	330	205
6. Wholesale & retail trade restaurants and hotels	680	1,025	1,320	1,190
7. Transport, storage and communication	2,560 <sup>4/</sup>	1,440	2,275 <sup>4/</sup>	1,675
8. Financing, insurance, real estate and business services	1,095	1,345	1,585	1,895
of which: ownership of dwellings	(975)	(1,190)	(1,430)	(1,715)
9. Producers of government services	245	250	520	430
10. Other services	155	155	95	100
Gross domestic fixed capital formation	7,175	6,670	8,055	7,725

1/ revised estimates

2/ preliminary estimates

3/ forecast

4/ includes purchase of aircraft and marine vessel

