

National Accounts estimates, 1984-1987
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1. Introduction

This issue contains the September revision of National Accounts estimates (series 1984-1987). The estimates for the year 1986 and the forecast for the year 1987 have been revised in the light of additional information now available on the performance of the different sectors of the economy last year and on the trends observed in exports, imports and employment during the first six months of this year.

2. The Performance of the Economy, 1986 (provisional estimates)

2.1 Growth Rates

The growth rate of the economy for the year 1986 has been revised upwards from 7.1% to 7.9%, mainly as a result of higher growth rates recorded in the activities of the wholesale and retail trade and other service sectors. The service sectors have in fact registered growth rates of 4.7%, instead of the 3.8% estimated earlier in March 1987.

The growth rates of the different sectors of the economy were as follows:

<u>Sector</u>	<u>Real growth rate</u> (%)
Agriculture	+ 8.1
of which Sugar	(+ 10.5)
Manufacturing	+ 16.8
of which E.P.Z.	(+ 32.0)
Electricity, Gas and Water	+ 9.0
Construction	+ 12.0
Services	+ 4.7
of which Hotels & Restaurants	(+ 14.0)
Overall growth rate	+ 7.9

2.2 Gross Domestic Product (GDP), 1986

GDP at factor cost reached Rs 16,055 million as compared to Rs 13,880 million in 1985, representing an increase in nominal terms of 15.7%. In real terms, the increase works out to 7.9%. Net indirect taxes amounted to Rs 3,185 million, thus bringing GDP at market prices to Rs 19,240 million.

2.3 Consumption

Private consumption expenditure of households grew by 5% in volume terms to reach Rs 11,845 million whilst government consumption expenditure totalled Rs 2,075 million, bringing aggregate consumption expenditure to Rs 13,920 million. Aggregate consumption expenditure as a ratio of GDP at market prices continued to fall and stood at 72.3% compared to 78.4% in 1985. It is worth pointing out that this ratio was 90% in 1980 and 81.3% in 1984.

2.4 Investment

Investment as measured by the Gross Domestic Fixed Capital Formation (GDFCF) reached Rs 3,915 million, compared to Rs 3,100 million the previous year. In March, it was estimated that investment would grow by 17.6%. However, this figure has now been revised upwards to 20.6% in the light of the latest data available on expenditure incurred in respect of different projects started in 1986.

An analysis of investment by type of capital goods shows that Other Construction and Works recorded an increase of almost 46% while Transport Equipment grew by nearly 64%. Passenger Cars and Machinery and Other Equipment registered a growth of 79% and 25% respectively.

As regards industrial use, investment in Transport, Storage and Communications amounted to Rs 955 million in nominal terms, as compared to Rs 435 million in 1985. In real terms, this represents a growth rate of 111%, arising mainly from the following projects: Acquisition of the ATR 42, Plaisance Airport Development Project, Motorway through Port Louis, Phoenix - Nouvelle France Road and First Highway Project.

In addition, investment in the construction sector grew by 62%, while the manufacturing sector registered a growth rate of 29%.

Out of the total investment of Rs 3,915 million, Rs 1,435 million were incurred by the Public Sector and Rs 2,480 million by the Private Sector.

2.5 Savings

Gross Domestic Savings consequently grew by 48.4% in nominal terms to reach Rs 5,220 million from Rs 3,585 million in 1985. The savings rate increased to 27.7% from 21.6% the previous year and 18.7% in 1984.

2.6 Distribution of GDP at factor cost

An amount of Rs 7,700 million was paid out as compensation of employees bringing the share of labour cost in total value added at factor cost to around 48%, thus maintaining the same level as that of 1985.

3. Year 1987 - Revised Forecast

3.1 General

It is estimated that the economic growth achieved during the last three years will be maintained in 1987. The GDP at factor cost is forecast to grow by 6.1% this year compared to 7.9% in 1986.

The revised forecast has been worked out on the basis of more reliable production data in respect of the main sectors of the economy namely the sugar sector, the manufacturing including the EPZ sector, the tourism and other services sector. Also exports, imports and employment data available for the first six months of the year point out to a higher growth of 6.1% rather than the 5.4% predicted earlier in March 1987.

3.2 Gross Domestic Product (GDP)

GDP at factor cost will reach Rs 18,020 million, net indirect taxes Rs 3,400 million bringing GDP at market prices to Rs 21,420 million.

The above GDP figure has been arrived at on the basis of the following assumptions made in respect of the growth rate of the main sectors of the economy :-

<u>Sector</u>	<u>Real growth rate</u> (%)
Sugar	- 7.5 (based on sugar crop of 670.000 m/tons)
E.P.Z.	+ 30.0
Construction	+ 9.0
Services	+ 4.7
of which Hotels & Restaurants	(+ 12.0)
Overall growth rate	<u>+ 6.1</u> =====

3.3 Consumption

Private consumption expenditure is forecast to grow by around 10% in volume terms to reach Rs 13,145 million from Rs 11,845 million in 1986.

Government consumption expenditure will amount to Rs 2,450 million bringing aggregate consumption expenditure to Rs 15,595 million.

The ratio of total consumption to GDP at market prices will remain at the same level as that of 1986 (i.e. at around 73%).

3.4 Investment

Investment is expected to grow by around 10% (in real terms) to reach Rs 4,375 million. Investment in the Public Sector has been worked out from the Public Sector Investment Programme document. Data in respect of the Private Sector have been obtained from an Investment Intentions Survey of firms. Investment by the Public Sector will amount to Rs 1,530 million and that of the Private Sector to Rs 2,845 million.

3.5 Savings

Domestic Savings is expected to reach Rs 5,825 million representing an increase in nominal terms of 9.5%. The savings rate will remain at previous year's level i.e. at around 27%.

3.6 Distribution of GDP at factor cost

The amount paid as compensation of employees will increase by nearly 15% to reach Rs 8,850 million from Rs 7,700 million, the previous year. The share of labour cost in GDP at factor cost will be slightly over 49% compared to 48% in 1986.

Central Statistical Office,
ROSE HILL.

October, 1987

Table 1 - Main National Accounts Aggregates, 1984 - 1987

Main aggregates	Unit	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
1. Gross domestic product (G.D.P.) at factor cost	Rs Mn	12,050	13,880	16,055	18,020
Gross domestic product at market prices	"	14,360	16,618	19,240	21,420
Net factor income from the rest of the world	"	- 626	- 700	- 729	- 520
Gross national product (G.N.P.) at factor cost	"	11,424	13,180	15,326	17,500
Gross national product at market prices	"	13,734	15,918	18,511	20,900
2. Per capita GNP at factor cost	Rs	11,691	13,378	15,421	17,435
Per capita GNP at market prices	"	14,055	16,157	18,626	20,822
3. Compensation of employees	Rs Mn	5,915	6,650	7,700	8,850
4. Final consumption expenditure	"	11,676	13,033	13,920	15,595
of which private	"	(9,841)	(11,118)	(11,845)	(13,145)
public	"	(1,835)	(1,915)	(2,075)	(2,450)
5. Gross domestic fixed capital formation (GDFCF)	"	2,595	3,100	3,915	4,375
of which private	"	(1,770)	(2,100)	(2,480)	(2,845)
public	"	(825)	(1,000)	(1,435)	(1,530)
6. Gross domestic savings	"	2,684	3,585	5,320	5,825
7. Net exports of goods and non-factor services	"	- 481	- 315	+ 1,405	+ 1,050
Exports of goods and non-factor services	"	6,989	8,895	11,905	15,200
Imports of goods and non-factor services	"	7,470	9,210	10,500	14,150

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Table 2 - Derived rates and ratios (%), 1984 - 1987

	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
1. <u>Annual growth rate of</u>				
Gross domestic product (GDP) at factor cost	+ 4.7	+ 6.8	+ 7.9	+ 6.1
Final consumption expenditure : Private	+ 4.5	+ 5.1	+ 5.0	+10.0
Government	+ 3.7	0.0	+ 2.0	+ 1.0
Gross domestic fixed capital formation (GDFCF)	+ 6.1	+10.0	+20.6	+10.0
2. <u>Ratios</u>				
Compensation of employees as a % of GDP at factor cost	49.1	47.9	48.0	49.1
Aggregate consumption expenditure as a % of GDP at market prices	81.3	78.4	72.4	72.8
Private consumption expenditure as a % of GDP at market prices	68.5	66.9	61.6	61.4
Public consumption expenditure as a % of GDP at market prices	12.8	11.5	10.8	11.4
GDFCF as a % of GDP at market prices	18.0	18.6	20.4	20.4
Private GDFCF as a % of GDP at market prices	12.3	12.6	12.9	13.3
Public GDFCF as a % of GDP at market prices	5.7	6.0	7.5	7.1
Gross domestic savings as a % of GDP at market prices	18.7	21.6	27.6	27.2

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Table 3 - Gross domestic product by industry group at current factor cost,
1984-1987

	Rs Million			
	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
Agriculture, hunting, forestry and fishing	1,736	2,123	2,395	2,495
of which sugar	(1,166)	(1,538)	(1,800)	(1,875)
other	(570)	(585)	(595)	(620)
Mining and quarrying	19	20	22	25
Manufacturing	2,183	2,864	3,730	4,530
of which sugar	(326)	(438)	(490)	(515)
E.P.Z.	(865)	(1,333)	(2,000)	(2,675)
others	(992)	(1,093)	(1,240)	(1,340)
Electricity, gas and water	296	397	462	510
Construction	690	775	895	1,015
Wholesale and retail trade and restaurants and hotels	1,640	1,834	2,210	2,420
of which wholesale and retail	(1,340)	(1,494)	(1,805)	(1,950)
restaurants and hotels	(300)	(340)	(405)	(470)
Transport, storage and communications	1,372	1,510	1,700	1,875
Financing, insurance, real estate and business services	2,050	2,190	2,300	2,435
of which ownership of dwellings	(1,460)	(1,535)	(1,580)	(1,625)
other	(590)	(655)	(720)	(810)
Producers of government services	1,379	1,447	1,565	1,885
Other services	685	720	776	830
Gross domestic product at factor cost	12,050	13,880	16,055	18,020
Indirect taxes (net of subsidies)	2,310	2,738	3,185	3,400
Gross domestic product at market prices	14,360	16,618	19,240	21,420

^{1/} Final estimates

^{2/} Provisional estimates

^{3/} Revised forecast

Table 4 - Gross domestic product by industry group at constant 1982 prices,
1984 - 1987

Rs Million

	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
Agriculture, hunting, forestry and fishing	1,341	1,492	1,613	1,550
of which sugar	(376)	(1,008)	(1,110)	(1,027)
other	(465)	(484)	(503)	(523)
Mining and quarrying	17	17	18	19
Manufacturing	1,768	2,038	2,380	2,755
of which sugar	(244)	(293)	(320)	(305)
E.P.Z.	(650)	(845)	(1,115)	(1,450)
others	(874)	(900)	(945)	(1,000)
Electricity, gas and water	267	315	343	365
Construction	646	698	780	858
Wholesale and retail trade and restaurants and hotels	1,455	1,527	1,665	1,796
of which wholesale and retail	(1,163)	(1,215)	(1,310)	(1,400)
5 restaurants and hotels	(292)	(312)	(355)	(396)
Transport, storage and communications	1,209	1,260	1,348	1,440
Financing, insurance, real estate and business services	1,872	1,935	1,990	2,060
of which ownership of dwellings	(1,335)	(1,366)	(1,393)	(1,421)
other	(537)	(569)	(597)	(639)
Producers of government services	1,320	1,330	1,343	1,355
Other services	646	652	675	700
Gross domestic product at factor cost	10,541	11,264	12,155	12,898
% Annual real growth rate of gross domestic product	+ 4.7	+ 6.8	+ 7.9	+ 6.1

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Table 5 - Gross domestic product by industry group - sectoral real growth rates, 1984 - 1987

(Base year 1982 = 100)

	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
Agriculture, hunting, forestry and fishing	87.6	97.5	105.4	101.2
of which sugar	(76.8)	(88.3)	(97.6)	(90.3)
other	(119.2)	(124.0)	(129.0)	(134.2)
Mining and quarrying	100.0	105.0	105.0	105.0
Manufacturing	113.3	130.6	152.5	176.6
of which sugar	(78.0)	(93.6)	(102.6)	(97.5)
E.P.Z.	(144.8)	(188.2)	(248.4)	(322.9)
others	(109.5)	(112.8)	(118.4)	(125.5)
Electricity, gas and water	102.7	121.2	132.1	140.0
Construction	103.4	111.7	125.1	137.6
Wholesale and retail trade and restaurants and hotels	112.8	118.4	129.1	139.2
of which wholesale and retail	(110.8)	(115.8)	(125.1)	(133.9)
restaurants and hotels	(121.7)	130.2	(148.4)	(166.2)
Transport, storage and communications	108.7	113.3	121.2	129.7
Financing, insurance, real estate and business services	106.7	110.3	113.6	117.6
of which ownership of dwellings	(105.1)	(107.5)	(109.6)	(111.8)
other	(110.7)	(117.3)	(123.2)	(131.8)
Producers of government services	103.5	104.5	105.5	106.6
Other services	108.4	109.5	113.9	118.5
Gross domestic product at factor cost	105.2	112.4	121.3	128.7
% Annual real growth rate of gross domestic product	+ 4.7	+ 6.8	+ 7.9	+ 6.1

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Table 6 - Gross domestic product by industry group - sectoral deflators, 1984-1987
(Base Year 1982 = 100)

	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
Agriculture, hunting, forestry and fishing	129.5	142.3	148.5	161.0
of which sugar	(133.1)	(152.6)	(162.2)	(182.6)
other	(122.6)	(120.9)	(118.3)	(118.5)
Mining and quarrying	111.8	117.6	122.2	131.6
Manufacturing	123.5	140.5	156.7	164.4
of which sugar	(133.6)	(149.5)	(153.1)	(168.9)
E.P.Z.	(133.1)	(157.8)	(179.4)	(184.5)
Others	(113.5)	(121.4)	(131.2)	(134.0)
Electricity, gas and water	110.9	126.0	137.0	142.5
Construction	106.8	110.0	114.7	118.2
Wholesale and retail trade and restaurants and hotels	112.7	120.1	132.7	134.7
of which wholesale and retail	(115.2)	(123.0)	(137.8)	(139.3)
restaurants and hotels	(102.7)	(109.0)	(114.1)	(118.7)
Transport, storage and communications	113.5	119.8	126.1	130.2
Financing, insurance, real estate and business services	109.5	113.2	115.6	118.2
of which ownership or dwellings	(109.4)	(112.4)	(113.4)	(114.4)
other	(109.9)	(115.1)	(120.6)	(126.8)
Producers of government services	104.5	108.8	116.5	139.1
Other services	106.0	110.4	113.8	117.9
Gross domestic product at factor cost	114.3	123.2	132.1	139.8

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Table 7 - Expenditure on gross domestic product at current prices, 1984 - 1987

Rs Million

	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
Private consumption expenditure on goods and services	9,841	-11,118	11,845	13,145
General government consumption expenditure on goods and services	1,835	1,915	2,075	2,450
Gross domestic fixed capital formation of private enterprises	1,770	2,100	2,480	2,845
Gross domestic fixed capital formation of government and public enterprises	825	1,000	1,435	1,530
Increase in stocks*	+ 570	+ 800	-	+ 400
Exports of goods and non-factor services	6,989	8,895	11,905	15,200
Goods (f.o.b. value)	(5,201)	(6,639)	(9,043)	(...)
Non-factor services	(1,788)	(2,256)	(2,862)	(...)
Less Imports of goods and non-factor services	7,470	9,210	10,500	14,150
Goods (f.o.b. value)	(5,727)	(7,056)	(8,200)	(...)
Non-factor services	(1,743)	(2,154)	(2,300)	(...)
Gross domestic product at market prices	14,360	16,618	19,240	21,420

*All adjustments have been made in this line which, therefore contains not only changes in stock, but also all statistical discrepancies

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Table 8 - Expenditure on gross domestic product at constant 1982 prices, 1984 - 1987

	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
Private consumption expenditure on goods and services	8,844	9,295	9,760	10,735
General government consumption expenditure on goods and services	1,727	1,727	1,762	1,780
Gross domestic fixed capital formation of private enterprises	1,573)))
Gross domestic fixed capital formation of government and public enterprises	727)))
		2,530	3,051	3,356
Increase in stocks*	+ 220	+ 434	+ 903	- 124
Exports of goods and non-factor services	5,810	6,504	8,494	10,957
Goods (f.o.b. value)	(4,235)	(4,819)	(6,438)	(...)
Non-factor services	(1,575)	(1,685)	(2,056)	(...)
Less Imports of goods and non-factor services	6,578	7,305	9,676	11,572
Goods (f.o.b. value)	(4,843)	(5,424)	(7,246)	(...)
Non-factor services	(1,735)	(1,881)	(2,430)	(...)
Gross domestic product at market prices	12,323	13,185	14,294	15,132

*All adjustments have been made in this line, which therefore contains not only changes in stock, but also all statistical discrepancies

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Table 9 - Cost components of the gross domestic product at current prices, 1984 - 1987

	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{2/}
Compensation of employees of which paid by government	5,915 (1,604)	6,650 (1,680)	7,700 (1,820)	8,850 (2,180)
Operating surplus of which government industries	6,135 (67)	7,230 (92)	8,355 (98)	9,170 (110)
Consumption of fixed capital
Gross domestic product at factor cost	12,050	13,880	16,055	18,020
Net indirect taxes	2,310	2,738	3,185	3,400
Indirect taxes paid	(2,355)	(2,784)	(3,285)	(3,510)
Subsidies received	(- 45)	(- 46)	(- 100)	(- 110)
Gross domestic product at market prices	14,360	16,618	19,240	21,420

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Table 10 - Composition of gross domestic fixed capital formation at current prices,
(1984 - 1987

Rs Million

	1984	1985 1/	1986 2/	1987 3/
A. By type of capital goods				
(a) Residential buildings	740	730	775	850
(b) Non-residential buildings	350	635	660	760
(c) Other construction and works (including land improvement)	495	425	645	745
(d) Transport equipment				
(i) Passenger cars	56	85	155	175
(ii) Other equipment	145	185	330	370
(e) Machinery and other equipment	809	1,040	1,350	1,475
Gross domestic fixed capital formation	2,595	3,100	3,915	4,375
B. By industrial use				
1. Agriculture, hunting, forestry and fishing	123	130	130	190
2. Mining and quarrying	-	-	-	-
3. Manufacturing	503	740	1,070	1,210
4. Electricity, gas and water	316	285	230	235
5. Construction	29	80	135	160
6. Wholesale & retail trade and restaurants and hotels	184	330	300	385
7. Transport, storage & communications	453	435	955	850
8. Financing, insurance, real estate and business services	788	815	875	970
of which ownership of dwellings	(740)	(730)	(775)	(850)
9. Producers of government services	104	150	145	245
10. Other services	95	135	75	130
Gross domestic fixed capital formation	2,595	3,100	3,915	4,375

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Table 11 - Composition of gross domestic fixed capital formation at constant

1982 prices, 1984 - 1987

(Rs Million)

	1984	1985 1/	1986 2/	1987 3/
A. By type of capital goods				
(a) Residential buildings	662	631	651	700
(b) Non-residential buildings	311	540	542	606
(c) Other construction and works (including land improvement)	445	364	531	589
(d) Transport equipment				
(i) Passenger cars	42	55	98	116
(ii) Other equipment	125	130	213	254
(e) Machinery and other equipment	715	810	1,016	1,091
Gross domestic fixed capital formation	2,300	2,530	3,051	3,356
B. By industrial use				
1. Agriculture, hunting, forestry and fishing	122	120	115	165
2. Mining and quarrying	-	-	-	-
3. Manufacturing	442	580	805	903
4. Electricity, gas and water	280	231	180	180
5. Construction	25	60	97	112
6. Wholesale & retail trade and restaurants and hotels	162	269	236	295
7. Transport, storage & communications	388	341	721	630
8. Financing, insurance, real estate and business services	704	697	725	786
of which ownership of dwellings	(662)	(631)	(651)	(700)
9. Producers of government services	91	122	113	185
10. Other services	86	110	59	100
Gross domestic fixed capital formation	2,300	2,530	3,051	3,356

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Table 12 - Gross domestic fixed capital formation - real growth rates, 1984-1987

(Base year 1982 = 100)

	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
Residential buildings	90.1	85.9	88.6	95.2
Non-residential buildings	126.9	220.4	221.2	247.3
Other construction and works (including land improvement)	92.7	75.8	110.6	122.7
Transport equipment				
(i) Passenger cars	93.3	122.2	217.8	257.8
(ii) Other equipment	166.7	173.3	284.0	338.7
Machinery and other equipment	137.5	155.8	195.4	209.8
Gross domestic fixed capital formation	109.5	120.5	145.3	159.8
% annual real growth rate of Gross domestic fixed capital formation	+ 6.1	+10.0	+20.6	+10.0

Table 13 - Gross domestic fixed capital formation - deflators by type of capital goods, 1984 - 1987

(Base year 1982 = 100)

	1984	1985 ^{1/}	1986 ^{2/}	1987 ^{3/}
Residential buildings	111.7	115.7	119.0	121.4
Non-residential buildings	112.5	117.6	121.8	125.4
Other construction and works (including land improvement)	111.2	116.8	121.5	126.5
Transport equipment				
(i) Passenger cars works	133.3	154.5	158.2	150.9
(ii) Other equipment	116.0	142.3	154.9	145.7
Machinery and other equipment	113.1	128.4	132.9	135.2
Gross domestic fixed capital formation	112.8	122.5	128.3	130.4

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